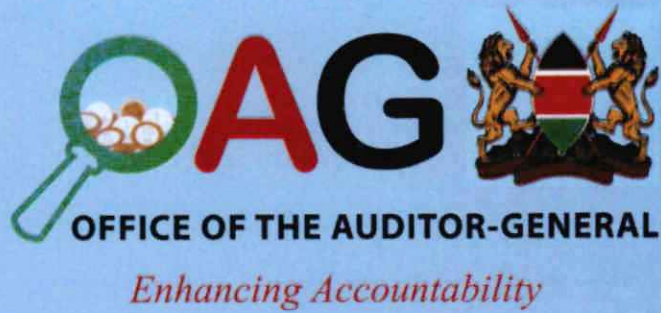


REPUBLIC OF KENYA



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REPORT


OF

THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR CULTURE, THE
ARTS AND HERITAGE**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 14 MAR 2025	
DAY: FRIDAY	
TABLED BY:	DEPUTY MAJORITY LEADER (HON. OWEN BANYA, MP)
CLERK-AT THE-TABLE:	IRENE NDIKU

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

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STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
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JUNE 2024

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1. Acronyms and Glossary of Terms

Provide a list of acronyms and glossary of terms used in your report.

e.g.:

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 Entity Information and Management

(a) Background information

The State Department 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, the Arts and Heritage was formed through Executive Order No.2 of November, 2023 in the Ministry of Gender, Culture, The Arts and Heritage under the Prime Cabinet Secretary, Ministry of Foreign Affairs and Diaspora Affairs and Acting Cabinet Secretary for Ministry Gender, Culture, The Arts and Heritage, Hon. Dr. Musalia Mudavadi, EGH 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".

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

1.1 Vision:

A world leader in celebrating cultural diversity and inspiring creativity for sustainable development

1.2 Mission:

To develop, promote and preserve culture, the arts and heritage for national pride and sustainable development

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1.3 Mandate

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. Library Services;
5. Language Management Policy;
6. National Archives/Public Records Management;
7. Research and Conservation of Music;
8. Management of National Museums and Monuments; and 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, the Arts and Heritage Day-to-day management is under the following key organs: -

Departments

1. Department 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

Semi-Autonomous Government Agencies (SAGA's) in the State Department are:

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

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(c) Fiduciary Management

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

No.	Designation	Name
1.	Cabinet Secretary	Hon. Musalia Mudavadi EGH
2.	Principal Secretary	Ms. Ummi Bashir, CBS
3.	Secretary Administration	Mr. Herman Shambi 'nde' (K)
4.	Coordinator/Ushanga Initiative	Ms. Dorothy Mashpei
5.	Director National Archives	Mr. Francis Mwangi
6.	Head/Human Resource Management	Ms. Nancy Wachira
7.	Director Culture	Dr. Ivan Kiprop Lagat
8.	Director Library Services	Mr. Stephen G. Mau
9.	Director PPMC	Dr. Donald Otoyoy
10.	Head/ICT	Mr. George Muhoro
11.	Head/Finance	Mr. Joseph Gikonyo
12.	Director Planning	Mr. Kenneth Malel
13.	Head/Accounts	CPA,CS,FA. Joseph Koech
14.	Head/Supply Chain Management Unit	Ms. Christine Lugongo
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 are to strengthen the effectiveness of the Internal Audit Function including regular review of its capacity, review and approval of Internal Audit Charter and Internal Audit Annual Work Plan.

The Ministry is in the process of recruiting and appointing the Audit committee albeit the process has been long

Budget Implementation Committee – The Committee key responsibility is to oversee budget implementation process.

This committee is composed of the following members: -

1. CPA Joseph Gikonyo (Chairperson)
2. CPA CS FA Joseph Koech
3. Mr. Herman Shambi 'ndc' (K)
4. Ms. Nancy Wachirra
5. Dr. Langat Kiplagt
6. Ms. Mashipei Dorothy
7. Dr. Donard Otoyoy
8. Mr. Malel Kenneth
9. Ms. Christine Lugongo

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 advice 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

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Human Resources Management Advisory Committee Activities

This committee is composed of the following members: -

1. Mr. Herman Shambi 'ndc' (K) (Chairperson)
2. Ms. Nancy Wachira (Secretary)
3. Mr. Francis Mwangi
4. Dr. Kiprop Lagat
5. Mr. Stephen Mau
6. Dr. Donald Otoyoy
7. Mr. Kenneth Malel
8. Ms. Mashipei Dorothy
9. Dr. Naftali Chweya
10. Mr. Joseph Gikonyo
11. CPA CS FA Joseph Koech
12. Ms. Christine Lugongo

Human Resources Management Advisory Committee Activities

The duties of the committee include:

- Review of promotions of officers in Job Group N below
- 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.

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, the Arts and Heritage Headquarters

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

(f) State Department for Culture, the Arts and Heritage Contacts

Telephone: (254) 020-2217508
E-mail: pscultureheritage@tourism.go.ke
Website: www.go.ke

(g) State Department for Culture, the Arts 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

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3. Statement of Governance



Hon. Musalia Mudavadi,EGH
Ag. Cabinet Secretary,
Ministry of Gender, Culture,
the Arts and Heritage

H.E. Hon. Dr Musalia Mudavadi, EGH Kenya's Prime Cabinet Secretary epitomizes liberality and soberness in Kenya's often turbulent and bare-knuckled political scene. Many concur that he is the gentleman of Kenyan politics. He is a thoroughbred moderate liberal democrat, reflective, sober, pragmatic, and an experienced politician and leader, all rolled into one.

As minister for finance at 33 years old, he is reputed to have single-handedly shepherded the liberalization of Kenya's economy in the early 1990s.

Born on 21 September 1960, politician and economist, H.E. Mudavadi currently serves as Prime Cabinet Secretary of Kenya, since 2023, and the Cabinet Secretary for Foreign & Diaspora Affairs. He is also the acting Cabinet Secretary for Gender, Culture, Arts, and Heritage, and also acting as the Cabinet Secretary for Interior and National Administration.

H.E. Mudavadi, a Land Economist whose Alma Mater is the University of Nairobi, moved to distinguish himself as the key player in the protracted negotiations that would usher in a devolved system of Government, thus earning himself the moniker, "the Architect of devolution" under the then new Constitution 2010. He was awarded a Doctorate of Letters Degree for his peace efforts, by Masinde Muliro University of Science and Technology (MMUST).



Ms Ummi Bashir
Principal Secretary, State
Department for Culture the
Arts and Heritage

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, the 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, honouring 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

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	<p>identity and ensure that Kenya's cultural heritage remains relevant in digital age through innovation and technology.</p>
 <p>Mr. Herman Shambi 'ndc' (K) Secretary Administration</p>	<p>Mr. Herman Shambi 'ndc' joined the State Department on 7th May 2023 as Secretary Administration.</p> <p>He is a holder of MA (International Studies) from University of Nairobi, BA (History and Government) from University of Nairobi.</p> <p>He has held various positions in the field of Administration rising to the position of being a County Commissioner. He has attended various courses including Security Studies and Strategy of the National Defence College, Karen and Strategic Leadership Development programme at KSG Kabete</p>
 <p>Ms Nancy Wachira Head/Director Human Resource</p>	<p>Nancy N. Wachira joined the State Department in August, 2023. She is a Deputy Director HRM&D and Head of HRM&D of the Department. She has over 30 years of experience in the civil service. She holds a Master's degree in Educational Planning and a Higher Diploma in Human Resource Management. She possesses other professional qualifications such as SLDP, Senior Management Course, Project Formulation, Monitoring and Evaluation among others from Kenya School of Government. She is a certified ISO Auditor and a member of the Institute of Human Resource Management (IHRM) and Africa Association for Public Administration and Management (AAPAM) –Kenya.</p>
 <p>Mr. Stephen Mau Director, Library</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>Mr. Francis Mwangi, Director, Kenya National Archives & Documentation</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.</p> <p>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>

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 <p>Dr Naftal Chweya Director Records Management</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.</p> <p>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>Ms Dorothy Mashipei, MBS National Coordinator/Ushanga Kenya Initiative</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.</p> <p>Previously she served as an advisor to the Office of the Deputy President on social economic, women and youth empowerment</p> <p>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>CPA, CS, FA Joseph Kipronoh Koech Head Accounting Unit</p>	<p>CPA CS FA Joseph Kipronoh Koech joined the Department in April, 2024. He is a Deputy Accountant General with over 26 (Twenty-Six) years' experience in Finance and Accounting in Public Service. He is currently pursuing PhD BA Finance writing his thesis. He holds MBA Finance and B.com Finance. He is a certified Public Accountant and member of ICPAK; A Certified Public Secretary of Kenya with a practicing certificate from ICPSK and member of ICPSK in good standing; A Certified Investment and Financial Analyst with a practicing certificate from ICIFA and member of ICIFA in good standing. Has under taken various promotional courses among them SLDP, SMC, Public Sector Financial Management (PSFM) all from Kenya School of Government (KSG); Governance Auditor Course by ICPSK with a practicing certificate and Pedagogy from JKUAT.</p>

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Joseph Gikonyo
Chief Finance Officer

Joseph Mararo Gikonyo is a Senior Principal Finance Office and Head of Finance Unit in the State Department for Culture, the Arts and Heritage. He has over 15 years in Public Service as an Economist and Finance/ Budget Officer in various National Government Ministries and Department.

Mr. Gikonyo holds a Master Degree in Economics (Economic Policy and Management) from Kenyatta University and a Bachelor Degree in Economics and Mathematics. He is a certified Public Accountant of Kenya from KASNEB and a certified Public Policy Analyst from KIPPRA. He is a member of Encomiast Society of Kenya (ESK) and Institute of Certified Public Accountant of Kenya (ICPAK).

He has previously served as an alternate member to the Principal Secretary in various Board of Management of Government Agencies.



Dr. Donald O. Ondieki
Director PPMC

Dr. Donald Otoy Oondieki 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 (PASMAGE), 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.




Dr. Kiprop Lagat
Director Culture

Kiprop Lagat is the Director of Culture in the Ministry of Gender, Culture, the Arts 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.

Dr. Lagat has over 27 years of experience in the heritage sector and has participated in numerous projects focused on the research, documentation, preservation and curation of cultural practices and their associated heritage collections. He has previously worked as the Assistant Director in charge of the Nairobi National Museum and as a Principal Research Scientist in the Department of Cultural Heritage at the National Museums of Kenya.

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	<p>Dr. Lagat is Alternate Director representing the Principal Secretary, State Department of Culture, the Arts and Heritage in the Boards of the National Museums of Kenya (NMK) and the Kenya National Commission for UNESCO (KNATCOM).</p>
 <p>Ms. Christine Lugongo Head of Procurement</p>	<p>Christine Lugongo is an Assistant Director and Head of Supply Chain Management Services Unit in the State Department for Culture, the Arts and Heritage. She has over 20 years in Supply Chain Management Services in various National Government Ministries and Department.</p> <p>Ms. Lugongo holds a Master's Degree in Supply Chain Management and Bachelor Degree from Jomo Kenyatta University. She also has a Diploma in Supply Chain Management from Kenya National Examinations Council and is a member of Kenya Institute and Supply Management.</p>
 <p>Mr. George Muhoro Head of ICT</p>	<p>Duties and responsibilities:</p> <ul style="list-style-type: none"> ✓ Overall management and coordination of ICT function and Head of ICT Unit ✓ Planning, directing and coordinating ICT operations ✓ Implementing and ensuring adherence to ICT policies, guidelines and standards ✓ Providing technical advice on ICT and emerging technologies ✓ Continuously liaising with the Ministry of ICT on ICT related matters ✓ Developing and implementing ICT programmes and projects in liaison with business process owners ✓ Coordinating analysis of ICT systems requirements and business process reengineering ✓ Ensuring ICT capacity building of ICT officers
 <p>Ms. Lorna Kerubo Head of Legal Unit</p>	<p>Lorna is an Advocate of the High Court of Kenya with over 10 years' experience post admission. She holds a Bachelor of Laws (LL.B) Degree from Moi University and a Post-Graduate Diploma in Legal Studies from the Kenya School of Law. She is a member of the Law Society of Kenya (LSK).</p> <p>Her areas of practice include Alternative Dispute Resolution/Arbitration, Employment & Labour, Corporate & Commercial Law, Intellectual Property Law, Banking, Finance & Securities Law and Constitutional & Human Rights Law.</p> <p>Lorna is a Senior State Counsel from the Office of the Attorney General and Department Justice; currently based at the State Department for Culture, the Arts & Heritage as the Head of the Legal Unit.</p> <p>The Legal Unit operates under the Administration Department within the State Department. It provides support services to the technical Departments in matters related to;</p> <p>a. Advise on Legislative matters, Bills & Subsidiary Legislation;</p>

	<p>b. Advice on Legal Policy issues and ensuring compliance with Regional & International instruments, Accountability and Good Governance;</p> <p>c. Management of court cases through submission of instructions to the Attorney General’s Office;</p> <p>d. Drafting & Reviewing complex documents, Contracts, Memorandum of Understandings and International Agreements in consultation with the Attorney General’s Office; and</p> <p>e. Handling routine legal work & general correspondence, attending negotiations, conventions and advising thereon.</p>
 <p>Mr. Kenneth Malel Director Planning</p>	<p>Mr. Kenneth Malel is an Economist by profession with over 15 years’ experience in Public Sector. He holds Master Degree Economics (M.A Economics) Makerere University, Bachelor of Economic (B.A-Economic) Degree from Kenyatta University, Certified Public Accountant (CPA-K). He is a member of the Economist Society of Kenya (ESK), Member of ICPAK.</p> <p>DUTIES AND RESPONSIBILITIES:</p> <ol style="list-style-type: none"> 1. Coordinate the formulation, implementation and review of sub sector development plans, policies and strategies 2. Ensure linkage between the national and sub sectoral policies, plans and budget 3. Monitor, evaluate and report progress on implementation of the national development blueprints, policies, programmes and projects 4. Develop, coordinate implement and report on state department strategic plan and performance. 5. Ensure conformity to norms and standards on economic development planning 6. Coordinate prefeasibility and feasibility studies in the State Department

3.1 Management Committees Established and their roles

During the financial year 2023/2024 the State Department of Culture, The Arts 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

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- 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 resignation
- Recommendation for renewal of contract
- Discipline

(b) Performance Management Committee

The role of performance management committee includes 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 to undertake tender opening exercise during the financial year 2023/2024. The committee was established pursuant to section 78(i) of the Public Procurement and Asset Disposal Act, 2015.

(a) Tender Evaluation Committee

This committee role was to undertake Tender Evaluation exercises during the financial year 2023/2024. This is an ad-hoc committee which was established pursuant to section 46 of the Public Procurement and Asset Disposal Act, 2015.

(b) 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 2023/2024. These are ad-hoc committees which were established pursuant to section 48 (i) of the Public Procurement and Asset Disposal Act, 2015.

(c) 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.

3.2 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.

Audit committee:
Ongoing recruitment

3.3 Risk Management, Compliance, Conflict of Interest

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

3.4 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.

3.5 Public Participation Activities

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

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3.6 Compliance with Laws and Regulations

The State Department for Culture, The Arts and Heritage complied with all statutory and regulatory requirements. This includes and not limited to: The Constitution of Kenya, 2010, Executive Order No.2 of 2023-, 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, The Arts 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



Introduction

The Ministry is mandated to promote and coordinate gender mainstreaming, the fight against Gender Based Violence, social economic empowerment, promotion and preservation of cultural & national heritage, undertaking census to collect data on Culture and Heritage for sustainable development.

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 and BETA, keeping in mind the specific priorities of the Ministry of Gender, Culture, The Arts 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 Identity by State Department for Culture, the Arts 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.

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.

A handwritten signature in black ink, appearing to read 'Musalai Mudavadi'. The signature is written in a cursive style and is positioned above a horizontal line.

Hon. Musalai Mudavadi, EGH

PRIME CABINET SECRETARY AND AG. CABINET SECRETARY

Ministry of Gender, Culture, The Arts and Heritage

**STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024**

5. Statement by the Principal Secretary/Accounting Officer

1. Budget Execution by Programmes and Sub-Programmes

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

Programme Sub-programme	Original Budget	Adjustments	Final Budget	Actual cumulative to date (June)		Outcomes
	2024		2024	2024	% of Utilization	
	a	b	c=a+b	d	e=d/c %	
	Kshs	Kshs	Kshs	Kshs		
CULTURE	2,432,684,283.00		2,432,684,283.00	2,389,907,350.55	98%	
Conservation of Heritage	1,613,210,000.00		1,613,210,000.00	1,597,285,000.00	99%	
Public Records and Archives Management				(1,198,725.00)		
Development and Promotion of Culture	435,307,745.00		435,307,745.00	418,527,043.90	96%	
General Administration, Planning and Support Services	384,166,538.00		384,166,538.00	375,294,031.65	98%	
THE ARTS				(5,445,377.85)		
Film services				(5,445,377.85)		
Arts				0		
Culture				0		
LIBRARY SERVICES				0		
Library services				0		
GENERAL ADMINISTRATION, PLANNING AND SUPPORT SERVICES	213,508,677.00		213,508,677.00	201,750,865.45		
General administration and support services	213,508,677.00		213,508,677.00	201,750,865.45	95%	
0916000000	138,719,238		138,719,238	118,552,567.60	85%	
	18,684,105		18,684,105	15,359,534.80	82%	
	120,035,133		120,035,133	103,193,032.80	86%	
Total	2,784,912,198.00		2,784,912,198.00	2,704,765,405.75	97%	

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

The following is the budget performance against actual amounts for the year ending 30th June 2024 based on economic classification and programmes.

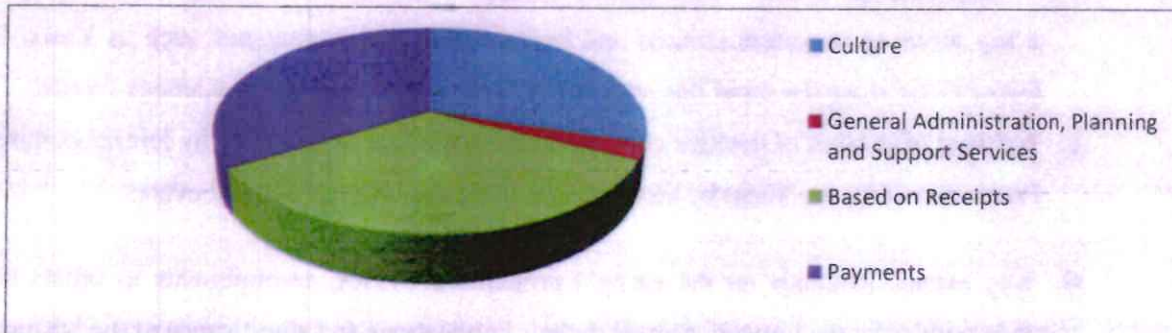
1.1 Budget Allocation

In the financial year 2023/2024 the State Department for Culture and Heritage had an approved budget (after supplementary number 2) of Kshs. 2,784,912,198.00 made up of Kshs. 2,632,062,198 and Kshs.152, 850,000 for Recurrent and Development Vote respectively.

**STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
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A. Budget Allocation as per Programmes:

PROGRAMME	Budget for the year	Actual for the year	Utilization in %
Culture	2,432,684,283	2,389,907,351	98%
General Administration, Planning and Support Services	213,508,677	201,750,865	95%
Based on Receipts	2,784,912,198	2,765,219,286	99%
Payments	2,784,912,198	2,704,765,406	97%



We were able to utilize 98% of our budget in our core mandate of culture and heritage development, promotion and conservation. We also did 95% of our budget on general administrative and support service.

In the Financial year we had a surplus of Ksh. 60,453,880 for the whole budget which we could not absorb as a result of lengthy procurement processes and unique nature of services/requests.

2. Key Achievements

The State Department had the following key achievements in the FY 2023/24 as shown below:

a) Culture Development

- i. Conservation of Heritage- we achieved 99% of our budget
- ii. Development, Promotion of Culture and Heritage- we achieved 96%
- 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)

A. Implementation Challenges and Emerging Issues:

1. **Poor appreciation** of the significant role and contribution that culture and heritage can make in National Development Agenda. This has led to the low and inadequate budget allocation;
2. **Lack of data** to support the creative and cultural industries and the impact on the economy.

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3. **Austerity measures:** This leads to non-achievement of set targets non funding of ongoing projects and non-funding of stalled Projects.
4. **Encroachment and vandalism of monuments** and ancient historical sites, cultural and heritage facilities for instance Malindi Museum and Shimoni Site.
5. **Climate change:** Global warming and subsequent rise in sea water levels and flooding are a key threat to important cultural and heritage sites and monuments such as Vasco Da Gama Pillar along the coast line sites in Rift Valley, the Kaya and Kakamega forests.
6. **A threat of erosion** of positive cultural values in the face of influence by foreign cultures. Promotion of local content by media outlets and promotion of cultural events

- B.** Key events, demands on the entity's principal activities, commitments to others and uncertainties on the horizon, as well as their implications and significance to the business.

Emerging Issues:

- Enhanced **consciousness** with raised demand on the need to add value to our cultural and artistic resources for national development as exemplified by Natural Products Industry Initiative and the vibrant creative artistic practice.
- Changes in demographic composition i.e. young, middle age and elderly necessitating expansion and customizing social amenities to accommodate these changes. For instance, the need to provide for library services, recreational and entertainment facilities for the different age groups particularly the elderly and the children.
- High demand to have the Ushanga Kenya Initiative to cover all the 47 counties. Currently, the initiative covers only 7 counties. Leadership from the other counties have been calling to have the same rolled in their counties.

C. Compliance and Governance

i Non-Compliance with Statutory Requirements:

The state Department is always compliant with payment of statutory deductions as and when they fall due.

i. On-going or potential court cases, default/material arrears in statutory/financial obligations

The State Department has no known court cases.

ii. Financial Improbability and Serious Governance Issues:

The State Department has no known financial improbity and serious governance issues.



.....
Ummi Bashir Mohamed, (Ms.)
Principal Secretary
State Department for Culture, the Arts and Heritage

**STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
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6. Statement of Performance Against Predetermined Objectives for FY 2023/2024

The State Department for Culture, The Arts and Heritage under the Ministry of Gender, Culture, The Arts and Heritage has a Strategic Plan 2023-2027 as a successor of the Strategic Plan 2018-2022. 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 objective 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 2023/24 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 2023/24 we targeted to install lift, paint the building and install shelves	This project was 100% done
	Enhanced heritage and culture knowledge, appreciation and conservation	Improved heritage sites	No. of new sites and monuments submitted for Gazettement	In FY 2023/24 we targeted to 2 have to sites submitted for gazettement but achieved 12	Overachievement was a result of collaboration with counties

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7. Management discussion and Analysis

Achievements for the Sub Sector

- Repatriation of the migrated Archives 'Migrated Archives,' five (5) hard drives, 2660 folders and 308,098 files (9.7 terabytes) of data from the UK Government to Kenya (February 2023)
- Increased the number of Ushanga Kenya Initiative outreach Counties from 7 to 10 Counties and addition of up to 150 Cooperatives (May 2023)
- Intensified efforts to document and digitize indigenous knowledge on Culture, food sources and traditional products through the Natural Products Industry creating jobs for youth in 15 Counties as Culture Champions (June 2023)
- Repatriation of Kenya's Cultural artifacts (85 vigangos) from Illinois State Museum (July 2023)
- Represented Kenya at the United Nations General Assembly on Generation Equality Accountability Moment (November 2023)
- Election of Kenya in the Powerful UNESCO World Heritage Committee (WHC) (November 2023)
- Devolutionalised The National Language Policy for establishment of National Kiswahili Council (December 2023)
- Achieved the ratification of the 1970 UNESCO Convention on the means of prohibiting and preventing the illicit import, export and transfer of ownership of Cultural Property by the National Assembly - February 2024
- Improved Cultural diplomacy through negotiations on various corporation agreements, with 24 signed and 16 at various stages of approval
- Expedited the approval of the Culture Bill in Cabinet which is now with Parliament

Budget Execution highlight for the Year

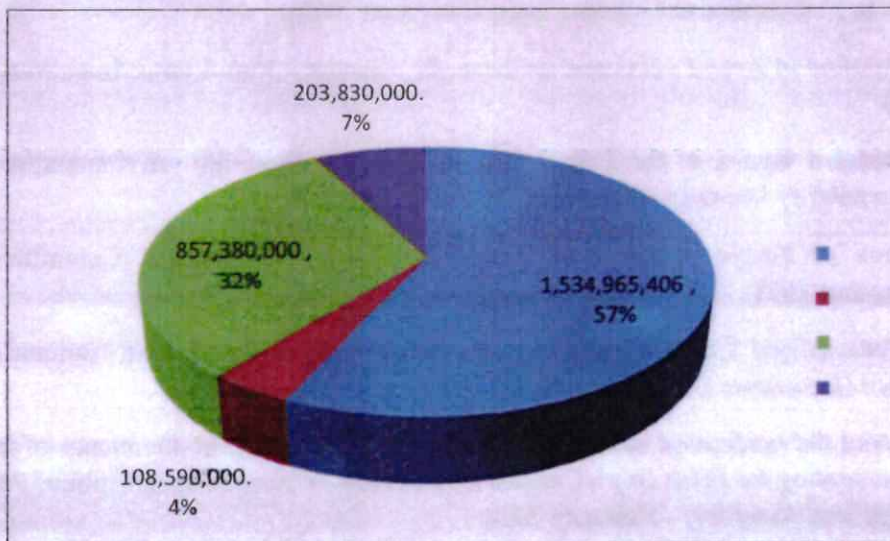
Details	Final Budget	Actual Cumulative to Date	Utilisation%
	Kshs	Kshs	
Receipts	2,784,912,198	2,765,219,286	99%
Payments	2,784,912,198	2,704,765,406	97%
Surplus/ Deficit	0	60,453,880	

From the above, the approved recurrent budget was Kshs.2, 632, 06 million while development budget was Kshs. 152.85million. The cumulative expenditure for recurrent allocation was Kshs. 2,570.12 million while for development was Kshs.134.64 million.

With the above budget we implemented we implemented 4 sub-programmes namely;

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- (a) Conservation of Heritage **Kshs.1,534.96M**
- (b) Public Records and Archive management **Kshs. 108.59 M**
- (c) Development and Promotion of Culture **Kshs. 857.38M**
- (d) General Administration, Planning and Support Services **Ksh.203.83M**



8. Environmental and Sustainability Reporting

Global warming and subsequent rise in sea water levels and flooding are a key threat to important cultural and heritage sites and monuments such as Vasco Da Gama Pillar along the coast line sites in Rift Valley, the Kaya and Kakamega forests. This has led to encroachment and vandalism of monuments and ancient historical sites, cultural and heritage facilities for instance Malindi Museum and Shimoni Site.

The rise in carbon emission and greenhouse gases causes the ocean to absorb more heat thereby causes water to warm and expand leading rise in sea the level that affect heritages sites like fort Jesus in Mombasa. Global warming is causing global mean sea level to rise in two ways. First, glaciers and ice sheets worldwide are melting and adding water to the ocean. Second, the volume of the ocean is expanding as the water warms.

Global warming further also causes frequent droughts and floods which distort human settlement and food chain. Warmer air sucks moisture out of the soil leading to more frequent and severe droughts. Warmer air similarly hold more water leading to heavier rainfall and more extreme floods. Climate change is changing the geographical distribution of droughts and floods. Arid regions are experiencing more floods, while humid areas are becoming more vulnerable to droughts.

There are sudden and real changes in demographic composition i.e. young, middle age and elderly necessitating expansion and customizing social amenities to accommodate these changes. For instance, the need to provide for library services, recreational and entertainment facilities for the different age groups particularly the elderly and the children.

Global climate warming poses risks and challenges to the continuity of the many varied human cultures that exist in relationship to particular, diverse environmental contexts and natural resources. Cultural groups that are already economically and politically disadvantaged may face the greatest dangers and losses. These include indigenous and island populations, ethnic and cultural minorities, and economically impoverished groups.

Cultural effects of global warming flow from: agricultural decline and the generation of environmental refugees; disruption of cultural continuity due to increased mortality from infectious diseases, mental dysfunction, stunted child development from malnutrition, and the disruption of family life. Complex interactions exist between military activity and its contribution to environmental pollution, its use of world resources that could be devoted to human social development, and the spiraling cycle of social violence which gravely threatens cultural stability and continuity. All humanity is impoverished when cultural diversity is diminished.

To address the cultural effects of global warming, policy and research priorities include alternative energy and transportation, population control and women's social development, and expanded support for organic agriculture not dependent on fossil fuels. Policy-making processes at all levels must be democratized to include all cultural groups in global political and economic decision-making. Principles of social justice require redistribution of wealth so that social resources are directed to poverty alleviation and social development as a key component in worldwide efforts to mitigate and reverse the current climate warming trend.

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The changes in the global ecosystem caused by climate warming will have profound effects upon the varied human cultures embedded in natural environments. The technologically advanced modern societies have developed in such a way that many people can easily ignore their ultimate dependence on the resources and normal functioning of the natural environment. Societies and cultures that are poorer, by economic measures, are often more directly aware of their dependence on predictable, traditional climate patterns

Due to increased access to technology and sophisticated devices the interaction within the world is real time and thus the world has become a global village. This has the effect of divergent and mix of cultures of positive cultural values in the face of influence by foreign cultures.

9. Statement of Management Responsibilities

Section 83 (1) of the Public Finance Management Act, 2012 requires that, at the end of Financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 83 (2) (b) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Culture, the Arts and Heritage is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the period ended on June 30th, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (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, the Arts and Heritage accepts responsibility for the entity'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 entity's financial statements give a true and fair view of the state of entity's transactions during the period ended June 30th 2024, and of the entity's financial position as at that date. The Accounting Officer charge of the State Department for Culture, the Arts and Heritage further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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, the Arts and Heritage confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 entity'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.

Approval of the financial statements

The financial statements were approved and signed by the Accounting Officer on 9/12/2024.



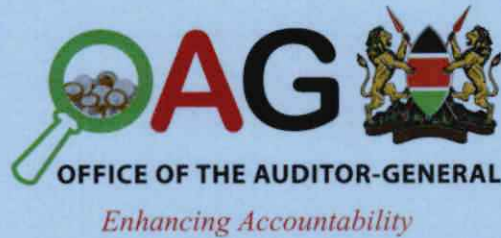
Ummi Bashir (Ms), CBS
Principal Secretary



CPA, CS, FA Joseph K. Koech
Deputy Accountant General
ICPAK Member No.4289

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified

I have audited the accompanying financial statements of State Department for Culture, The Arts and Heritage set out on pages 1 to 24, which comprise of the statement of

financial assets and liabilities as at 30 June, 2024 and statement of receipts and payments, statement of cash flows and the statement of comparison of budget versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section, the financial statements present fairly, the financial position of the State Department for Culture, The Arts and Heritage as at 30 June, 2024, 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. Long Outstanding Accounts Payables

The statement of financial assets and liabilities and Note 10 to the financial statements reflects accounts payables balance of Kshs.103,573,269. However, included in the balance is amount totalling Kshs.1,526,114 which had been outstanding for more than two (2) years.

In the circumstances, the accuracy and completeness of the balance of Kshs.1,526,114 could not be confirmed.

2. Lack of Land Ownership Documents

Review of documents revealed that the State Department owns two parcels of land, that is Permanent Presidential Music Commission (PPMC) grounds and Kenya National Archives and Documentation Department (KNADS) Headquarters whose values had not been determined for inclusion in the financial statements. Further, the ownership documents were not provided for audit review.

In the circumstances, the completeness, accuracy and ownership of the land and buildings could not be confirmed.

3. Incomplete Fixed Asset Register

Annex 2 of the financial statements reported Kshs.189,651,574 balance on the total assets of the State Department for Culture, The Arts and Heritage. However, the values of land and building reflects nil balances. No explanation was provided for the delay in updating the fixed assets register to include value of land and buildings.

In the circumstances, the accuracy and completeness of fixed assets balance of Kshs.189,651,574 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Culture, The Arts and Heritage Management in accordance with ISSAI 130 on the Code of Ethics. I

have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

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

Other Information

Management is responsible for the other information set out on page ii to xxxii which comprise of entity information and overall performance, statement of governance, statement of the Cabinet Secretary, statement of the Principal Secretary, management discussion and analysis, statement of performance against predetermined objectives, environmental and sustainability reporting and statement of management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Failure to Maintain a Separate Accounting Record for United Nations Educational Scientific and Cultural Organization (UNESCO) Grant

The statement of financial assets and liabilities and Note 10 to the financial statements reflects accounts payables balance of Kshs.103,573,269. Included in the balance was Kshs.61,070,914 for deposits which further includes US Dollar 45,000 (approximately Kshs.6,750,000) received from UNESCO through a funding contract agreement. The contract agreement No.4500471706 of 12 October, 2022 between the State Department and UNESCO for funding for strengthening community capacity in safeguarding intangible cultural heritage in Kenya required a separate accounting record to be maintained for activities supported with the grant.

However, review of the bank statements, cashbook, payment vouchers and financial records revealed that no cashbook and separate bank account were maintained for the fund deposit as required by article 11,2.1(h), (i), of the agreement. Instead, receipts and payments in respect to the Fund Deposit were recorded and accounted for in the deposits/retention's cashbook and bank account.

In the circumstances, Management was in breach of the funding agreement.

2. Anomaly in Construction of Wundanyi Youth Resource Centre

The statement of receipts and payments and Note 7 to the financial statements reflects acquisition of assets expenditure of Kshs.50,003,295. Included in the balance was Kshs.34,297,045 incurred as part payment for the Construction of Wundanyi Youth Resources Centre. The State Department had entered into a contract with a contractor at a contract sum of Kshs.140,989,860 during the year under review.

However, review of the project file and physical verification revealed that the ownership of the parcel of land on which the project stands could not be confirmed since the document of title and or allotment letter from the County Government of Taita Taveta was not provided for audit review.

In the circumstances, the regularity and value for money to be realized from the expenditure of Kshs.34,297,045 could not be confirmed.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the 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) and 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 December, 2024

11. Statement of Receipts and Payments for the period Ended 30th June, 2024

	Note	June 2024 Kshs	June 2023 Kshs
RECEIPTS			
Exchequer releases	1	2,362,097,391	2,494,216,163
Other Receipts	2	403,121,895	455,368,469
TOTAL RECEIPTS		2,765,219,286	2,949,584,633
PAYMENTS			
Compensation of Employees	3	197,083,668	240,871,877
Use of goods and services	4	258,203,920	229,964,564
Transfers to Other Government Units	5	2,196,310,000	2,449,107,955
Social Security Benefits	6	3,164,523	12,847,070
Acquisition of Assets	7	50,003,295	16,187,480
TOTAL PAYMENTS		2,704,765,406	2,948,978,946
SURPLUS/DEFICIT		60,453,880	605,687

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 9/12 2024 and signed by:



Ummi Bashir (Ms), CBS
Principal Secretary



CPA, CS, FA Joseph K. Koech
Deputy Accountant General
ICPAK Member No.4289

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2024

12. Statement of Financial Assets and Liabilities as at 30th June, 2024

	Note	June 2024	June 2023
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8A	164,027,149	89,485,232
Cash Balances	8B	-	-
Total Cash and cash equivalent		164,027,149	89,485,232
Accounts Receivables	9	-	-
TOTAL FINANCIAL ASSETS		164,027,149	89,485,232
FINANCIAL LIABILITIES			
Accounts Payables	10	(103,573,269)	(88,879,545)
NET FINANCIAL ASSETS		60,453,880	605,687
REPRESENTED BY			
Fund balance b/fwd	11	605,687	28,409,901
Prior period adjustment	12	(605,687)	605,687
Surplus/Deficit for the period		60,453,880	(28,409,901)
NET FINANCIAL POSITION		60,453,880	605,687

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 9/10 2024 and signed by:


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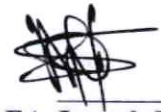
STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2024

13. Statement of Cash Flows for the period Ended 30th June, 2024

		June 2024 Kshs	June 2023 Kshs
Receipts for operating income			
Exchequer Releases	1	2,362,097,391	2,494,216,163
Other Revenues	2	403,121,895	455,368,469
Payments for operating expenses			
Compensation of Employees	3	197,083,668	240,871,877
Use of goods and services	4	258,203,920	229,964,564
Transfers to Other Government Units	5	2,196,310,000	2,449,107,955
Social security Benefits	6	3,164,523	12,847,070
Adjusted for:			
Adjustments during the period			
Decrease/(Increase) in Accounts receivable:	13	-	-
Increase/(Decrease) in Accounts Payable:	14	14,693,724	(214,289,550)
Prior Period Adjustments	12	(605,687)	(28,409,901)
Net cash flow from operating activities			
		117,970,212	-225,906,284
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(50,003,295)	(16,187,480)
Net cash flows from Investing Activities			
		(50,003,295)	(16,187,480)
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENT			
		74,541,917	(242,093,764)
Cash and cash equivalent at BEGINNING of the period	8	89,485,232	331,578,996
Cash and cash equivalent at END of the period	8	164,027,149	89,485,232

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 9/12 2024 and signed by:


Ummi Bashir (Ms), CBS
Principal Secretary


CPA, CS, FA Joseph K. Koech
Deputy Accountant General
ICPAK Member No.4289

14. Statement of Comparison of Budget and Actual Amounts Financial Year 2023/2024 (Recurrent and Development Combined)

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	2,534,450,000	(154,537,802)	2,379,912,198	2,362,097,391	17,814,807	99%
Other Receipts	405,000,000	-	405,000,000	403,121,895	1,878,105	100%
Total Receipts	2,939,450,000	(154,537,802)	2,784,912,198	2,765,219,286	19,692,912	99%
Payments						
Compensation of Employees	208,365,872	(7,000,000)	201,365,872	197,083,668	4,282,204	98%
Use of goods and services	388,738,441	(87,048,416)	301,690,025	258,203,920	43,486,105	86%
Transfers to Other Government Units	2,295,810,000	(37,000,000)	2,258,810,000	2,196,310,000	62,500,000	97%
Social Security Benefits	5,040,000	(1,866,542)	3,173,458	3,164,523	8,935	100%
Acquisition of Assets	41,495,687	(21,622,844)	19,872,843	50,003,295	(23,555,452)	251%
Grand Total	2,939,450,000	(154,537,802)	2,784,912,198	2,704,765,406	80,146,792	97%
Surplus/Deficit	-	-	-	60,453,880	(60,453,880)	

The financial statements were approved on 9/1/24 2024 and signed by:



Ummi Bashir (Ms), CBS
Principal Secretary



CPA, CS, FA Joseph K. Koech
Deputy Accountant General
ICPAK Member No. 4289

14.A Summary Statement of Appropriation: Recurrent

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
	RECEIPTS						
	Exchequer releases	2,441,600,000	(214,537,802)	2,227,062,198	2,227,062,198	-	100%
	Other Receipts	405,000,000		405,000,000	403,121,895	1,878,105	100%
	Total Receipts	2,846,600,000	(214,537,802)	2,632,062,198	2,630,184,093	1,878,105	100%
	PAYMENTS						
21	Compensation of Employees	208,365,872	(7,000,000)	201,365,872	197,083,668	4,282,204	98%
22	Use of goods and services	388,738,441	(87,048,416)	301,690,025	258,203,920	43,486,105	86%
263	Transfers to Other Government Units	2,216,110,000	(97,000,000)	2,119,110,000	2,114,110,000	5,000,000	100%
27	Social Security Benefits	5,040,000	(1,866,542)	3,173,458	3,164,523	8,935	100%
31	Acquisition of Assets	28,345,687	(21,622,844)	6,722,843	2,556,250	4,166,593	38%
	Grand Total	2,846,600,000	(214,537,802)	2,632,062,198	2,575,118,361	48,149,491	98%
	Surplus/Deficit	-	-	-	55,065,732	(55,065,732)	

Notes:

- Underutilization of Use of good and services of 86% is due to system shut down on procurement procedures.
- Underutilization of Acquisition of Assets of 38% is due to delay in exchequer.

The financial statements were approved on 9/12 2024 and signed by:


Ummi Bashir (Ms), CBS
Principal Secretary


CPA, CS, FA Joseph K. Koech
Deputy Accountant General
ICPAK Member No.4289

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
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14.B Summary Statement of Appropriation: Development

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	92,850,000				17,814,810	88%
		60,000,000	152,850,000	135,035,190		
Total Receipts	92,850,000	60,000,000	152,850,000	135,035,190	17,814,810	88%
Payments						
Transfers to Other Government Units	79,700,000	25,000,000	104,700,000	82,200,000	22,500,000	79%
Acquisition of Assets	13,150,000	35,000,000	48,150,000	47,447,045	702,955	99%
Grand Total	92,850,000	60,000,000	152,850,000	129,647,045	23,202,955	85%
Surplus/Deficit	-	-	-	5,388,145	(5,388,145)	

The entity financial statements were approved on 9/12 2024 and signed by:



Ummi Bashir (Ms), CBS
Principal Secretary



CPA, CS, FA Joseph K. Koech
Deputy Accountant General
ICPAK Member No.4289

14.C Budget Execution by Programmes and Sub-Programmes

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual cumulative to date (June)	% of Utilization	Outcomes
	2024		2024	2024		
	a	b	c=a+b	d	e=d/c %	
	Kshs	Kshs	Kshs	Kshs		
CULTURE	2,432,684,283.00		2,432,684,283.00	2,389,907,350.55	98%	
Conservation of Heritage	1,613,210,000.00		1,613,210,000.00	1,597,285,000.00	99%	
Public Records and Archives Management				(1,198,725.00)		
Development and Promotion of Culture	435,307,745.00		435,307,745.00	418,527,043.90	96%	
General Administration, Planning and Support Services	384,166,538.00		384,166,538.00	375,294,031.65	98%	
THE ARTS				(5,445,377.85)		
Film services				(5,445,377.85)		
Arts				0		
Culture				0		
LIBRARY SERVICES				0		
Library services				0		
GENERAL ADMINISTRATION, PLANNING AND SUPPORT SERVICES	213,508,677.00		213,508,677.00	201,750,865.45	95%	
General administration and support services	213,508,677.00		213,508,677.00	201,750,865.45	95%	
0916000000	138,719,238		138,719,238	118,552,567.60	85%	
	18,684,105		18,684,105	15,359,534.80	82%	
	120,035,133		120,035,133	103,193,032.80	86%	
Total	2,784,912,198.00		2,784,912,198.00	2,704,765,405.75	97%	

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024

Significant Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

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 periods 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.

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.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the periods presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

i) Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

ii) 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.

iii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Significant Accounting Policies (Continued)

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 period ended 30th June, 2024 there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised 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.

Compensation of Employees

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

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.

1. Interest on Borrowing

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

i) Repayment of Borrowing (Principal Amount)

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

ii) 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 by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
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2. 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

Significant Accounting Policies (Continued)

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.

3. Third Party Payments

Included in the receipts and payments, are payments made on its 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.

4. 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 reporting period.

a) 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.

5. Accounts Receivable

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 reporting period 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 AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

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 by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. Pending Bills

Pending bills consist of unpaid liabilities at the end of the reporting period arising from contracted goods or services during the period 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 to provide a sense of the overall net cash position of the Entity at the end of the reporting period. 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.

8. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, 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 on June 2023 for the period 1st July 2023 to 30th June 2024 as required by Law.

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.

9. Comparative Figures

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

10. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented. During the period, errors that have been corrected are disclosed under note 25 explaining the nature and amounts.

11. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

12. Contingent Liabilities

Section 148 (9) of the PFM Act regulations 2015 requires the Accounting officer of a National Government entity to report on the payments made, or losses incurred, by the National Government entity to meet contingent liabilities as a result of loans during the reporting period.

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024

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
- 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, and indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, the entity 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.

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
 JUNE 2024**

15. Notes to the Financial Statements

1. Exchequer Releases

Description	June 2024	June 2023
	Kshs	Kshs
Total Exchequer Releases for quarter 1	369,731,065	641,524,403.40
Total Exchequer Releases for quarter 2	781,222,809	736,121,667.90
Total Exchequer Releases for quarter 3	438,951,250	376,977,602.20
Total Exchequer Releases for quarter 4	772,192,264	739,592,490.00
Total	2,362,097,388	2,494,216,164

2. Other Receipts

Description	June 2024	June 2023
	Kshs	Kshs
Receipts from Administrative Fees and Charges		351,143,000
Receipts from Administrative Fees and Charges - Collected as AIA	403,121,895	104,225,469
Total	403,121,895	455,368,469

3. Compensation of Employees

	June 2024	June 2023
	Kshs	Kshs
Basic salaries of permanent employees	130,682,799	153,132,483.55
	4,599,966	
Basic wages of temporary employees		11,284,900
	61,800,904	
Personal allowances paid as part of salary		76,454,493
Total	197,083,668	240,871,877

**STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024**

Notes to the Financial Statements (Continued)

4. Use of Goods and Services

	June 2024	June 2023
	Kshs	Kshs
Utilities, supplies and services	3,837,734	4,268,989
Communication, supplies and services	5,530,561	4,590,225
Domestic travel and subsistence	55,311,738	45,405,974
Foreign travel and subsistence	10,643,900	2,262,133
Printing, advertising and information supplies & services	15,775,983	9,492,708
Rentals of produced assets	46,755,399	50,928,660
Training expenses	19,637,166	21,996,361
Hospitality supplies and services	38,236,642	43,199,236
Specialized materials and services	25,395,312	24,060,535
Office and general supplies and services	2,961,494	2,227,621
Fuel Oil and Lubricants	9,596,623	4,114,666
Other operating expenses	21,711,675	10,846,272
Routine maintenance – vehicles and other transport equipment	2,338,193	1,174,774
Routine maintenance – other assets	471,500	5,396,410
Total	258,203,920	229,964,564

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024

Notes to the Financial Statements (Continued)

5. Grants and Transfers to other Government Entities

Description	June 2024	June 2023
	Kshs	Kshs
Current grants to government agencies and other level of government	2,114,110,000	2,430,584,355
Capital grants to government agencies and other level of government	82,200,000	18,523,600
Other current transfers grants and subsidies	0	0
Total	2,196,310,000	2,449,107,955

5 b: Transfers to self – reporting entities in the period

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

Description	Recurrent	Development	Period ended 30 th June, 2024
Transfers to SAGAs and SCs			
Kenya National Library Services	-	-	-
Kenya Cultural Centre	-	12,500,000.00	12,500,000.00
Institute of Primate Research	-	-	-
National Museum of Kenya	1,413,010,000	-	1,413,010,000.00
Natural Product	160,200,000	-	160,200,000.00
Heroes Council	188,360,000	-	188,360,000.00
Bomas of Kenya	352,540,000	69,700,000.00	422,240,000.00
TOTAL	2,114,110,000	82,200,000.00	2,196,310,000.00

6. Social Security Benefits

Explanation	June 2024	June 2023
	Kshs	Kshs
Government pension and retirement benefits	3,164,523	12,847,070
Total	3,164,523	12,847,070

**STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024**

Notes to the Financial Statements (Continued)

7. Acquisition of Assets

Non-Financial Assets	June 2024	June 2023
	Kshs	Kshs
Construction of Buildings	34,297,045	-
Refurbishment of Buildings	13,150,000	8,976,400
Purchase of office furniture and General Equipment	2,556,250	5,311,100
Purchase of Specialized plant, Equipment and Machinery	-	1,899,980
Total	50,003,295	16,187,480

8A: Bank Accounts

Name of Bank, Account No. & currency	Currency	Nature of account	June 2024	June 2023
			Kshs	Kshs
Central Bank of Kenya,1000386207	Kshs	Recurrent	55,065,735	605,687
Central Bank of Kenya,1000386215	Kshs	Development	5,388,145	0
Central Bank of Kenya,1000386223	Kshs	Deposit	61,070,914	24,974,742
Central Bank of Kenya,1000442239	Kshs	Deposit	42,502,355	63,904,803
Central Bank of Kenya, 165 - 1000386231	Kshs	CBK Cash for Office Use	-	
Total			164,027,149	89,485,232

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
 JUNE 2024**

Notes to the Financial Statements (Continued)

8B: Cash in Hand

	June 2024	June 2023
	Kshs	Kshs
Cash in Hand – Held in domestic currency	0	0
Total	0	0

9. Accounts Receivable

Description	March 2024	June 2023
	Kshs	Kshs
Government Imprests	-	-
District suspense	-	-
Prepayments	-	-
Total	-	-

10. Accounts Payable

Description	June 2024	June 2023
	Kshs	Kshs
Deposits	61,070,914	20,430,074
Retention		4,544,668
Deposits (sports fund)	42,502,355	63,904,803
Other Liabilities		-
Total	103,573,269	88,879,545

Other payables consist of those payments that were processed in IFMIS but had not been paid by 30th June, 2024.

11. Fund Balance Brought Forward

Description	June 2024	June 2023
	Kshs	Kshs
Bank accounts	89,485,232	331,578,996
Cash in hand	0	0
Accounts Receivables		
Accounts Payables	(88,879,445)	(303,169,095)
Total	605,687	28,409,901

STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024

Notes To The Financial Statements (Continued)

12. Prior Year Adjustments

	Balance b/f FY 2023/2024 as per audited financial statements	Adjustments during the quarter relating to prior periods	Adjusted ** Balance b/f
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	89,485,232	(605,687)	88,879,45
Cash in hand	-		
Accounts Receivables			
Accounts Payables	(88,879,445)	-	
	605,687		88,879,45

13. Changes in Receivable

Description of the error	June 2024	June 2023
	KShs	KShs
Opening Receivables as at 1 st July, 2023	-	-
Closing account receivables as at June, 2024	-	-
Change in Receivables	-	-

15. Changes in Accounts Payable

	June 2024	June 2023
	Kshs	Kshs
Accounts payable as at 1 st July 2023	88,879,545	303,169,095
Closing accounts payables as at 30 th June, 2024	103,573,269	88,879,545
Change in payables	14,693,724	(214,289,550)

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16. Annexes

ANNEX 1 – Breakdown of Receipts and payments per Quarter

	Sep	Dec	Mar	Jun	Cumulative**	Comparative**
	Q1	Q2	Q3	Q4	Amount	Prior year
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS						
Exchequer releases	369,731,065	781,222,809	438,951,250	772,192,267	2,362,097,391	2,494,216,163
Other Receipts	152,190			402,969,705	403,121,895	455,366,469
TOTAL RECEIPTS	369,883,255	781,222,809	438,951,250	1,175,161,972	2,765,219,286	2,949,584,633
PAYMENTS						
Compensation of Employ	45,529,601	47,579,732	51,849,936.00	52,124,399	197,083,668	240,871,877
Use of goods and service	7,386,738	19,699,431	47,312,128	183,805,623	258,203,920	229,964,564
Transfers to Other Gover	0	906,554,994	504,777,497	784,977,509	2,196,310,000	2,449,107,955
Social Security Benefits	0	0	1,913,458	1,251,065	3,164,523	12,847,070
Acquisition of Assets	0			50,003,295	50,003,295	16,187,480
TOTAL PAYMENTS	52,916,339	973,834,157	605,853,019	1,072,161,891	2,704,765,406	2,948,978,946
SURPLUS/	316,966,916	-192,611,348	-166,901,769	103,000,081	60,453,880	605,687
DEFICIT						

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ANNEX 2 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2023/2024	Additions during the period (Kshs)	Disposals during the period (Kshs)	Transfers in/(out) during the period	Historical Cost c/f (Kshs) 2022/2023
Land					
Buildings and structures					
Transport equipment	64,522,000				
Office equipment, furniture and fittings	62,577,630				
ICT Equipment	4,489,000				
Machinery and Equipment	58,062,944				
Refurbishment of Buildings					
Biological assets					
Purchase of specialised plant, equipment and machinery					
Total	189,651,574				

Annex 3- Reports Generated from IFMIS

The following financial Reports Generated from IFMIS should be generated and 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 Flow
- vi. GOK IFMIS Budget Execution by Programmes and Sub-programmes

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Annex 4 – Progress on Follow-up of Prior Year Auditor General Recommendations

Para.	Issue	Action Taken
1381	Unsupported Other Revenues	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 four (4) entities reported collections totalling Kshs.840,605,366 resulting in an unreconciled and unexplained variance of Kshs.385,236,897	<p>It is true that the Department reported Kshs 455, 368,469, as other receipts from its SAGAS. This was the cumulative amount appropriated as AIA in their respective budgets for FY 2022/2023</p> <p>However, the SAGAS do reports under accrual base accounting whereas the Department report under Cash basis. The under accrual basis the SAGAS are required to recognize the actual revenue (receipts) and that explains the variance.</p>
1382	Pending Accounts Payable	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 14,596,148 for supply of vaious services which has been outstanding since 2019/2020 financial year and no explanation was provided for the delay in setting the amount. The pending accounts payables balance also includes Kshs.10,650,723 relating to expenditure committed after 31 May without written approval of the Accounting Officer contrary to Regulations 51(1) of the Public Finance Management (National Government) Regulations, 2015. This Regulation provides 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	<p>We wish to state that the amount of Ksh.14,596,148 relate to a pending bill due to the Standard Group Limited dating back to financial year 2014/2015 when the State Department had not been established. On examination of the pending bill it was realized that it was not supported by duly executed contract agreement, hence could not be paid. Vide this committee recommendations under other matter paragrapg 1175. Pending bills page 716 ((Annex 1382 (A) extract of PAC report) we wrote to the Office of the Attorney General vide letter Ref: SDCH 5/2 Vol.IV(26) on the advice of the Auditor General to seek for further direction. So far we have not received any response. However the same bill has been forwarded to the pending bills committee appointed by the president vide Gazette Notice No.13355 of 30th September 2023.</p> <p>It is true that Kshs. 10,650,723.00 was committed after 31st May 2023 as observed by the audit team. This was because the last supplementary budget was loaded in June 2023.</p>
Other Matter		

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1383	Unresolved Prior Year Matters	Unresolved Prior Year Matters
	<p>In the audit of the previous year, several issues were raised under the Report on Financial Statements and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or provided reasons for the delays in resolving the prior year audit issues as required by the Public Sector Accounting Standards Boards template and The National Treasury's Circular Ref.AG.3/88 Vol.VII (28) of 09 May 2023.</p>	<p>We confirm to have appeared before your committee on 30th April 2024.vide your invitation letter Ref.NA/DAA&GPC/PAC/2024/075 (Annex1383). As of this date 20th September 2024, we are yet to receive your committee report to inform your way forward on issues that may remain outstanding.</p>
1384	Unregistered National Security Fund (NSSF) Office Lease	Unregistered National Security Fund (NSSF) Office Lease
	<p>The statements of receipts and payments and as disclosed in Note 5 to the financial statements reflects an amount of Kshs.229,964,563 in respect to purchase of goods and services. The amount includes rental of produced assets expenditure of Kshs.50,928,660 which in turn 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.</p>	<p>We wish to state that the said lease of six years signed between the State Department and NSSF in 2021 was duly registered with the Land Registrar on 10th June, 2021 as per section 54(5) of the Land Registration Act 2012. The copy has been shared with the auditors for noting and necessary action</p>
1385	Irregular Procurement of Goods from Non- Prequalified Suppliers	
	<p>The statement of receipts and payments reflects an amount of Kshs.229,964,563 in respect to purchase of goods and services which includes hospitality, supplies and services amount of Kshs.43,199,236 as disclosed in Note 5 to the financial statements. However, the later amount includes an expenditure of Kshs.2,709,580 incurred on procurement of attires and medals for heroes from non-prequalified suppliers. Further, the Management did not demonstrate that they sought in writing to use another State Organ's registration list of all registered persons in the category as required by Section 56(1) of the Public Procurement and Asset Disposal Act, 2015</p>	<p>We wish to state that the companies used to procure traditional attires and medals for heroes and heroines had not been updated in the list of supplies for FY 2022/2023. The bidders were considered pursuant to section 145(3) of the Public Procurement and Asset Disposal Regulations 2020 which states that; all small, micro and medium enterprise groups that have been registered by the National Treasury shall automatically be included in the list of registered suppliers of a procuring entity upon submission of the National Treasury Registration Certificate.</p>

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1386	Irregular Direct Procurement of Services	Irregular Direct Procurement of Services
	The hospitality, supplies and services amount of Kshs.43,199,236 also includes Kshs.3,238,000 incurred on accommodation services procured through direct procurement method without justification. Further, the procurements did not meet the condition 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 Regulation, 2020 which stipulates that procurement method shall not be used to avoid completions.	It is true that Direct Procurement method was used to source for hotels to accommodate the heroes and the heroines during Mashujaa day. This was not to avoid competition but due to the nature of the event at the time and limited facilities offering the service(s). We had two hundred and thirty (230) heroes and heroines to accommodate hence our action to identify the three (3) hotels.
1387	Internal Audit Function and Audit Committee	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 also not been approved by the Ministerial Audit Committee	It is true that the observation of the auditors is factual. However, we have since taken steps towards enhancement of the internal controls which include recruitment of the membership of internal audit committee. The process was halted mid-way due to dissolution of the cabinet.
1388	Weak Controls in ICT Department	Weak Controls in ICT Department
	Review of the State 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.	I can confirm that the server room cannot be accessed freely. The ICT office maintains a lock and key manual system whereby access is granted in presence of an ICT officer. The State Department maintains accessibility through use of biometric data system whereby you can identify the accessed sessions. However, the state department can only improve the security of the system by upgrading the current controls in place with facilitation of funds.

OTHER ANNEXES TO BE ATTACHED MANUALLY

5. Annex 5: Age analysis for accounts payables
6. Annex 6: List of projects implemented.
7. Annex 7: List of SCs, Sagas and Public Funds under the entity.