

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID **REPORT**

DATE: 13 AUG 2024 DAY.

TABLED
BY:

Hon. Anson Bayning **OF**
Deputy Leader of Majority

CLERK-AT
THE-TABLE:

Chebet Kar Keni

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

NATIONAL MUSEUMS OF KENYA

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

OFFICE OF THE AUDITOR GENERAL
P. O. BOX 304 - 00100, NAIROBI

11 APR 2024



NATIONAL MUSEUMS OF KENYA

WHERE HERITAGE LIVES ON

NATIONAL MUSEUMS OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

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

Table of Contents		Page
1.	Acronyms, Abbreviations and Glossary of Terms.....	iii
2.	Key Entity Information and Management	v
3.	The Board of Directors	xi
4.	Key Management Team.....	xviii
5.	Chairman’s Statement.....	xxi
6.	Report of the Chief Executive Officer	xxiii
7.	Statement of Performance against Predetermined Objectives for FY 2022/2023	xxvii
8.	Corporate Governance Statement	xlii
9.	Management Discussion and Analysis	xlvii
10.	Environmental and Sustainability Reporting	liii
11.	Report of the Directors.....	lx
12.	Statement of Directors Responsibilities.....	lxi
13.	Report of the Independent Auditor for the Financial Statements of the National Museums of Kenya. lxiii	
14.	Statement of Financial Performance for the year ended 30 June 2023	1
15.	Statement of Financial Position as at 30 June 2023	2
16.	Statement of Changes in Net Assets for the year ended 30 June 2023	3
17.	Statement of Cash Flows for the year ended 30 June 2023.....	4
18.	Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.	5
19.	Notes to the Financial Statements.....	7

i. Acronyms, Abbreviations and Glossary of Terms

a) Acronyms and Abbreviations

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

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

b) Glossary of Terms

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

Comparative Year- Means the prior period.

I. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

The principal activities of National Museums of Kenya are:

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

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

Our Mission

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

Our Vision

To be a global leader in heritage research and management.

Our Mandate

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

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

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

(c) Key Management

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

No.	Designations	Name
1.	Chairman Board of Directors	Mr. Edwin Jacob Abonyo
2.	Board Member	Mr. Anthony Peter Wainaina Kamau
3.	Board Member	Dr. Eric Thomas Ogora
4.	Board Member	Mr. John Nderitu Mwangi,
5.	Board Member	Mr. Omar Osogo,
6.	Board Member	Mr. Mudathir Ahmed Abdulkarim
7.	Board Member	Mr. Abdi Aden Korio
8.	Accounting officer/ DG	Prof. Mary Wanjiku Gikungu
9.	Director Administration and Human Resource	Mr. Stanvas Opijah Ongalo
10.	Director National Repository and Research	Dr. Esther Kioko
11.	Director Antiquities, Sites and Monuments	Dr. Fredrick Kyalo Manthi
12.	Director Institute of Primate Research	Dr. Peter Gichuhi Mwethera

(d) Fiduciary Management

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

No.	Designations	Name
1.	DG	Prof. Mary Wanjiku Gikungu
2.	Corporation Secretary and Head of Legal Services	Ms. Metrine Wakhungu
3.	Financial Controller	Mr. Geoffrey Namachanja
4.	Chief Procurement Officer.	Mr. Mwanja Mutinda

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

Board Committees

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

i. Audit Committee

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

ii. Finance and Establishment committee

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

iii. Research Committee

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

iv. Ad hoc Committees

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

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

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

1. Kenya Commercial Bank

Sarit Centre, Westlands Branch

P.O. Box 14959

Nairobi, Kenya

2. Standard Chartered Bank of Kenya

Westlands Branch

P.O. Box 14438

Nairobi, Kenya.

3. **Other Banks**

Co- Operative Bank

University Way Branch

P.O. Box. 48231-00100

Nairobi, Kenya

(i) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue


P.O. Box 40112



City Square 00200


Nairobi, Kenya


National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

1. The Board of Directors



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


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

		<p>academic scholar with 16 years of teaching and research experience in universities and higher learning institutions across World. An author of two (2) books in the area of Epistemology, and one (1) in Philosophy of Education. He is well published in peer refereed journal in multidisciplinary areas such as epistemology, ethics, Philosophy of Education, Political Thought, Governance and Democracy. Has taught and supervised more than 30 students in PhD and Masters till completion. He has deep knowledge and skills in matters dealing with culture, leadership and political development. He is also highly skilled in board matters especially in strategic planning, procurement and finance risk management, handling of human resource matters and in monitoring and evaluation. In addition, he has training and certification as a professional mediator.</p>
4.		<p style="text-align: center;">Board Member</p> <p>Mr. John Nderitu Mwangi, born on 20th October 1965. PhD in Economics ongoing at the University of Nairobi. Holds an MSc in Entrepreneurship from JKUAT, Post Graduate Diploma in E.C. Competition Policy & Law, Kings College-University of London and BA (Economics and Business Studies from Kenyatta University.</p> <p>He has attended various management courses including Strategic Leadership at the Kenya</p>

		<p>School of Government, Corporate Governance and Risk Management.</p> <p>He is a Principal Economist in the Directorate of Budget, Fiscal and Economic Affairs of the National Treasury. He is also the Secretary to the Competition Tribunal of Kenya. He has served in several national and regional committees in Economics Policy & Competition Policy.</p>
5.		<p style="text-align: center;">Board Member</p> <p>Mr. Omar Osogo, born on 23 August 1968. He holds an Executive MBA and Advanced Dealer Management Certificate.</p> <p>He is currently the General Manager, Hino Division July 2019 at CFAO Motors Kenya Limited.</p> <p>He has attended various courses including: The Overseas Human Resources and Industry Development Association [HIDA] Training (March 2014 Japan); Tencho - General Manager Training (September 2011 UK); Advance Dealer Management Program (South Africa/ USA August 2010 to July 2011) ; Cornell University – Studies in Executive Leadership – includes Strategic Thinking, Scenario Planning, Executive Decision Making and Leading Through Creativity (Professional online courses MBA Level); Chartered Institute of Marketing- Customer Communication- 2000; Solution</p>

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

		selling – Short Course World Space South Africa -1999; Computer/ IT Skills- ICDL Certificate.
6.		<p>Board Member- Alternate to Principal Secretary State Department of Culture and Heritage, Ministry Tourism, Wildlife and Heritage</p> <p>Mr. Mudathir Ahmed Abdulkarim was born on 30th April 1977. His area of specialization is Marketing. He holds a Masters of Business Administration.</p>
7.		<p>Board Member</p> <p>Mr. Abdi Aden Korio was born in 1973 holds a Masters’ degree in Epidemiology from Kenya Methodist University, a Bachelor of Science in Environmental Health from Mt. Kenya University.</p> <p>He is a seasoned and accomplished Environmental, Public Health, Nurse and Security Operations Professional with over 13 years of quality work experience acquired in diverse challenging roles with the Kenya Army.</p> <p>Currently the Managing Director of Sangole Construction Company Limited.</p>

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

9.





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




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



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

2. Key Management Team

No.	Management	Details
1.		<p>Prof. Mary Gikungu holds a PhD in Natural Science and Mathematics (University of Bonn, Germany), M.Sc. in Conservation Biology (University of Nairobi) and B.Sc. in Botany and Zoology (University of Nairobi).</p> <p>The Director General chairs and supervises the Directors Executive Team (D.E.T) and A.I.E holder.</p>
2.		<p>Mr. Stanvas Opija Ongalo holds a Masters' degree in Business Administration from Moi university, Bachelor degree in Government Administration, a Higher National Diploma in Human Resource Management and a Senior Management Certificate in Human Resource and Management.</p> <p>The Director Administration and Human Resource responsible for human capital, planning, recruitment, development, performance management, reward and wellness. Also responsible for harmonious employee relations, management of all organizations' logistics, fleet and facilities.</p>

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

3.		<p>Dr. Fredrick Kyalo Manthi (EBS) obtained his PhD from the University of Cape Town, South Africa, in 2006. He is currently the Director, Antiquities Sites and Monuments thus oversees operations in all sites, monuments and museums across the country.</p>
4.		<p>Dr. Peter Gichuhi Mwethera, PhD, MBS holds a PhD (Bristol, UK); MPhil (Bristol, UK); Post Doc (North Carolina, USA); IVF (Leuven, Belgium); BSc (Hons, Kenya)</p> <p>Director at the Institute of Primate Research offering overall directions for the institution.</p>
5.		<p>Dr. Esther Kioko holds a PhD in Agricultural Entomology (Kenyatta University), MSc in Agricultural Entomology (Kenyatta University), MSc in Environmental Management (South Eastern Kenya University), Bachelor of Education in Botany and Zoology (Kenyatta University) and a Postgraduate Diploma in Applied Insect Taxonomy (University of Wales).</p> <p>Currently, she is the acting Director National Repository and Research.</p>

<p>6.</p>		<p>Ms. Metrine Wakhungu is a certified secretary and a member of the Institute of Certified Public Secretaries of Kenya(ICPSK),an advocate of the High Court of Kenya and member of the Law Society of Kenya admitted to the Kenyan bar in 2004. She holds a Master of Laws Degree (LL.M), (specialty in Law Governance and Democracy) and Bachelor of Laws Degree (LL.B.), both from the University of Nairobi.</p> <p>She also holds a postgraduate diploma in Law from the Kenya School of Law, a Diploma in Human Resources Management from the Kenya Institute of Management.</p> <p>She is the legal advisor to the NMK Board of Directors and management and responsible for Board secretariat services.</p>
<p>7.</p>		<p>Mr. Geoffrey Namachanja is a graduate of Business Management (Finance Option) and holds a Bachelor of Business Management (Accounting option) from Moi University, Certified Public Accountant of Kenya and a member of Institute of Certified Public Accountants of Kenya. Certified Trainer of Trainers by Centre for Parliamentary Studies and Training (CPST).</p> <p>He is the Financial Controller.</p>

3. Chairman's Statement

I am extremely honoured to have been appointed to serve as the Chairman of the National Museums of Kenya (NMK) during the period under review 2022/2023. I would like to thank the entire NMK Board and Management team for the support given during this Financial Year.

NMK receives grants from the Government of Kenya for both recurrent and development budgets through the Parent Ministry of Tourism, Wildlife and Heritage. The recurrent and development grants cater for personnel emoluments and capital projects respectively. The National Museums of Kenya generates internal revenue which caters for operations and maintenance. The grants and internally generated revenue are reflected in the NMK financial statements for period ending 2022/2023 financial year.

In the fiscal reporting period 2022/ 2023, NMK received Kshs.1, 308.21million in recurrent and Kshs. 18,523,600 in Development grants respectively. NMK also secured funding from the Sports, Arts and Social Development Fund to a tune of Kshs.38,790,233 that funded the construction and rehabilitation of heritage sites and monuments.

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

It is worth noting that during the period under review, NMK managed to deliver on the following seven (7) major areas of operations:

- i. Natural Products Industry initiative – Vision 2030 flagship project
- ii. Documentation and dissemination of knowledge
- iii. Kipepeo Programme
- iv. Directorate of National Repository and Research
- v. Directorate of Antiquities, Sites and Monuments
- vi. Institute of Primate Research
- vii. Marketing

NMK fully recognizes the responsibility bestowed on them of safeguarding the Country's cultural and Natural heritage is becoming increasingly challenging and complex due to threats of sea waves and effects of climate change on historical sites and monuments. Encroachment and land use changes, urbanization and development as well as low funding are some of the threats that impact heavily on the gazetted sites and monuments countrywide. The Board of Directors and Management of the National Museums of Kenya prioritized the preservation of Fort Jesus historical site that is a major tourist attraction in the Coast Region, which was under threat from erosion by the sea waves.

In addition, NMK has experienced a myriad of other challenges including; budgetary cuts leading to financial constraints, heritage collection gaps, inadequate funds for conservation of heritage sites, poorly equipped laboratory facilities, storage space is limited therefore there is need to put up an ultra- modern

Collection Centre for the heritage collections. NMK, as a priority also needs to digitize and standardize the Heritage collections in order to leverage on digital economy.

The process of transferring the devolved museum function has not been fully completed, despite budgetary resources having been transferred from the National level to County level. It's in this regard that NMK is working tirelessly to ensure that the institution aligns with the Constitution 2010. The Heritage and Museums Bill 2023 is undergoing review through public participation as was developed to repeal the National Museums and Heritage Act 2006 and enact a new Bill that conforms to the Constitution 2010. The Bill proposes to retain the National Museums of Kenya, already established under the National Museums and Heritage Act 2006.

Going forward, NMK will endeavour to achieve her mission and the national goal through the Strategic Plan (2023-2027) aimed at achieving the set-out objectives as outlined in the Government blue –print of Bottom-up Economic Transformation Agenda (BETA) and Vision 2030.

I wish to congratulate the Director General and her entire team of Management for putting NMK back on track. My Board will continue to support the management in heritage conservation and management together with the priceless collections of Kenya's living cultural and natural heritage.

I wish to express gratitude to my fellow board members for their contribution, dedication and support as we together propel this great institution to higher heights.

I look forward to the coming year and we have a great deal to do.



Mr. Edwin Jacob Abonyo
Chairman Board of Directors
Date: March 19, 2024

4. Report of the Chief Executive Officer

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

The post covid-19 pandemic has been a period for reflection for the Management on how to manage the organizations operations amid financial cash inflow challenges. NMK has internally generated funds which still cannot finance the deficit gap. The fortunes have recently been put to great test. The slump in tourism due to the political situation that have prompted frequent travel advisories by Western Governments, have led to decline in revenue collection. In addition, the Covid-19 pandemic has had a serious impact on our revenue from March 2020 to date. As at 30th June 2023, NMK internal generated revenue stood at Kshs.295,953,197 against annual budgeted revenue of Kshs.300, 000, 000.

NMK holds our Collective National Memory spanning over hundreds of years. However, in the past few years, NMK has received budget cuts from The National Treasury which have caused a financial dent in its operations that requires an immediate intervention from the government. NMK received budget cuts through the Presidential Directive whereby personnel and emoluments realized a deficit of Kshs 53,220,000. Others that were affected by this directive include grants for the support of Natural Product Industry initiative and Institute of Primate Research (IPR) where it was reduced by Kshs.16,200,000 and Kshs. 6,680,000 respectively.

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

I am delighted to note that NMK staff have worked tirelessly in seeking external funding to operationalize projects to enhance NMK capabilities. Through focused fundraising efforts, NMK secured funding from the Sports, Arts and Social Development Fund to a tune of Kshs.38,790,233 and Kshs. 18,523,600 from Government of Kenya (GOK) as shown below:

- i. The Kshs. 16,733,276.50 to cater for backfilling & Land scaping of Fort Jesus Sea Wall.
- ii. The Kshs. 12,085,410.70 Construction and Rehabilitation Njuri Ncheke Shrine, Meru County.

- iii. The Kshs. 5,585,434.80 to cater for ablution block, paving works and landscaping works at Vasco Da Gama, Malindi, Kilifi County.
- iv. The Kshs. 4,386,110.80 to cater for redecoration and refurbishment to the National Museums of Kenya buildings externally.
- v. The Kshs. 18,523,600 for Institute of Primate Research (IPR) infrastructure upgrade.

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

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

- viii. Documentation and dissemination of knowledge

- 67,609 heritage collections were standardized and digitized for user needs.
 - 103 scientific research papers, book chapters and technical reports were published.
 - 226 conferences/ scientific expo/ workshops/ seminars and or exhibitions were held.
 - 84,372 collections were curated, updated and maintained.
 - 145 field expeditions on natural and cultural heritage were carried out.
 - 16,754 new materials/ Objects/ specimens were acquired.
- ix. Kipepeo Programme
- Two international markets in Netherlands for export were identified.
 - 1000 pollinator friendly crop seedlings were planted.
 - 500kg of quality honey was produced and sold and Kenya Bureau of Standards (KEBS) certificate is in place to ensure quality.
 - Fruit trees plant nurseries and gardens were set up in 5 schools.
- x. Directorate of National Repository and Research
- Mushroom was promoted as an underutilized food for commercialization.
 - Beekeeping was promoted by undertaking training and value addition of hive products in four counties.
 - Edible insects' farming was promoted in two counties through training.
- xi. Directorate of Antiquities Sites and Monuments
- Two sites, Jamia Mosque Railway Ladhies and Kenya National Theatre were submitted for gazettelement.
 - Lamu museum was fully rehabilitated.
 - 103 interactive public programmes, 24 temporary exhibitions and 6 cultural festivals in collaboration with counties were held.
 - 30 artisans were trained on indigenous wood carving techniques and Kiswahili language.
 - Draft nomination dossier for Gede Historic Town was submitted to the UNESCO Secretariat for completeness check in October 2022.
 - Outdoor signage was designed and printed sponsored by EASCO Africa Limited and Safari link respectively.

xii. Institute of Primate Research

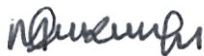
- 22 candidate drugs and vaccines as potential health interventions were tested.
- 33 people were trained on Infectious Diseases and Reproductive health.
- 120 snakebite rescue missions were undertaken and 340 victims successfully rescued from snakebites

xiii. Marketing

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

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

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



Prof. Mary Gikungu
Director General
Date: March 19, 2024

5. Statement of Performance against Predetermined Objectives for FY 2022/2023

National Museums of Kenya had three (3) key strategic pillars and fourteen (14) strategic objectives within its Revised 2020-2023 Strategic Plan.

The strategic objectives include:

1. To improve institutional capacity through training of 175 staff for effective management of biomedical, natural, and cultural heritage.
2. To strengthen management framework by developing and reviewing 10 policies.
3. To achieve 100% compliance and corporate governance through effective performance management.
4. To enhance infrastructural developments by 50%.
5. To provide proof-of-concept through biomedical research for six products towards improvement of national health.
6. To undertake research on four natural and cultural heritage resources for enhanced nutrition and food security.
7. To enhance conservation and preservation of natural cultural heritage through innovative research.
8. To enhance knowledge sharing on research and development through at least three platforms.
9. To create new partnerships including multilateral, bilateral, collaborative research agreements, and community-based agreements.
10. To enhance the visibility of NMK's products and services.
11. To identify and develop route to market for 5 entrepreneurial opportunities.
12. To enhance 5 strategic partnerships with key stakeholders in heritage management value chain.
13. To grow income from multiple and diverse sources by 0.5%.
14. Establish an Anti- Doping Laboratory at IPR to test all sportsmen and women for doping.

The strategic pillars are as follows:

- i. Pillar 1: Enhancing an innovative research and development environment.
- ii. Pillar 2: Enhancing institutional capacity for effective and sustainable heritage management.
- iii. Pillar 3: Promoting entrepreneurial opportunities arising from Research and Development for sustainable heritage management.

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

NMK develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. NMK achieved its performance targets set for the FY 2022/2023 period for its 3 strategic pillars as indicated in the table below:

NMK's Strategic Pillars and Objectives

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Enhancing an innovative research and development environment	To enhance conservation and preservation of natural cultural heritage through innovative research	No. of field schools	Conduct one field school on paleontological, archaeological, and paleoecology research	1 field school on paleontological, archaeological and paleoecology research was conducted
		% work completed	Document and develop the Taita Taveta world war I heritage complex	90% of the documentation and development of the Taita Taveta World War I heritage complex was completed
		No. of nomination dossiers	Finalize preparation of Gede nomination dossier for listing and extension onto the world heritage list	Draft nomination dossier for Gedi Historic Town was prepared and submitted to the UNESCO Secretariat for completeness check
		No. of local people	Undertake conservation education outreach on primates and biodiversity to at least 200 local people	Conservation education outreach on primates and biodiversity was carried out in Tana River and Samburu Counties to 280 people

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		No. of Cultural and natural objects documented, preserved, and digitized	Document, preserve and digitize 12,000 cultural and 1 natural tangible objects and intangible heritage	67,609 heritage collections were standardized and digitized
		No. of county registers and national repository	Document, digitize and set up county registers in thirteen counties and one national repository of indigenous knowledge and associated assets	5 county digital registers & 1 national repository were set up
	To enhance knowledge sharing on research and development through at least three platforms	No. of publications	Publish 58 publications (manuscripts and technical reports)	132 publications were published
		No. of open science forums	Hold 40 Open science forums	268 workshops, seminars, and conferences were held
		No. of temporary exhibitions	Hold 20 temporary Exhibitions	23 temporary exhibitions for cultural exchange were held
		No. of public programs	Hold 80 Interactive Public programs	97 interactive public programs were held
		No. of cultural festival conventions held	Hold 1 Cultural festivals Conventions	10 Festivals were held
		No. of online databases maintained	Maintain Online database for publication of Biodiversity Data	2 online databases for publication of biodiversity data were maintained
		No. of internal symposiums held	Hold 4 Internal Symposiums	This was not done due to lack of funds

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
	To provide proof-of-concept through biomedical research for six products towards improvement of national health	No. of reports	Analyze the chemical composition and identify the active components of <i>A. precatorius</i> for testing in an animal model for use as a contraceptive to prevent pregnancy	Analysis of chemical composition of <i>A. precatorius</i> and identification of active components for testing in animal model was done and a report on the chemical profile prepared
		No. of reports	Carry out preliminary tests to determine the capacity of at least one <i>A. precatorius</i> active component to prevent pregnancy in the animal model	Preliminary testing to determine capacity of <i>A. precatorius</i> active components to prevent pregnancy in the baboon model was undertaken and a report on scientific data prepared
		No. of reports	Analyze the chemical composition and identify the active components of herbal formulations for testing in an animal model for use as immune boosters against respiratory diseases including COVID-19	Analysis of chemical composition of herbal formulations and identification of active components for testing in the vervet model was done and a report on the

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
				chemical profile prepared
		No. of reports	Carry out preliminary tests to determine the capacity of at least one active herbal formulation to boost immune response against respiratory diseases including COVID-19	Preliminary testing of active components of the herbal formulations for boosting immune responses, engendering anti-inflammatory effects in vervets that display COVID-like symptoms was undertaken and a report on scientific data prepared
		No. of drugs and diagnostics developed	Test at least one candidate drug against infectious diseases	1 candidate drug against infectious diseases was tested
		No. of diagnostic tool against infectious diseases tested	Test at least one diagnostic tool against infectious disease	1 diagnostic tool against infectious diseases was tested
		No. of antibacterial phage products tested	To test at least one antibacterial phage product	1 antibacterial phage product was tested
	To undertake research on four natural and cultural heritage	No. of farmers trained	Train farmers on honey production	145 farmers were trained on honey production

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
	resources for enhanced nutrition and food security	No. of farmers identified, recruited, trained and supplied with certified AIV seeds	Identify, recruit, and train 6000 farmers and supply them with African indigenous vegetables (AIV) certified seeds	12,600 farmers were identified, recruited, trained and supplied with Certified seeds of African indigenous vegetables
		No. of farmers trained	Produce 90kg of spawn mushrooms and training of 150 farmers	This was not done due to lack of funds
		No. of groups	Introduce prawn farming to at least three groups in Kilifi and Kwale through introduction of culturing technologies and training of farmers (Blue Economy)	Preliminary work to introduce prawn farming at coastal region was done
	To create new partnerships including multilateral, bilateral, collaborative research agreements, and community-based agreements	No. of multilateral environmental agreements and conventions	Participate in at least two multilateral environmental agreements and conventions	Participated in 3 multilateral environmental agreements and conventions
		No. of PIC-MAT Agreements	Negotiate, prepare and sign at least one PIC-MAT agreement	5 PIC-MAT agreements were negotiated, prepared and signed to enable indigenous knowledge documentation and digitization in 5 counties
		No. of collaborative agreements	Negotiate, prepare and sign at least two collaborative agreements	1 collaborative agreement was negotiated, prepared and signed

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		No. of collaborative agreements with communities	Sign at least one collaborative agreement with the community.	1 collaborative agreement with the community was signed
Pillar 2: Enhancing institutional capacity for effective and sustainable heritage management	To improve institutional capacity through training of 175 staff for effective management of biomedical, natural, and cultural heritage	No. of Committees whose members are trained	Undertake statutory related trainings (Road Safety, Disability Mainstreaming, Complaints handling, Gender, HIV, Asset Management, National Cohesion, Business Process Re-Engineering, Science Technology and Innovation, Alcohol and Drug Abuse)	198 staff were trained on HIV and Mental Health Awareness, 3 were trained on asset management and 64 employees were sensitized on Alcohol and Drug Abuse
		No. of P&S staff and regional champions trained	Train 20 Planning and Strategy Staff and regional champions on ISO 9001:2015 standard.	18 P&S staff and regional champions were trained on ISO 9001:2015
		No. of ISO 9001:2015 Certificates acquired	Acquire ISO 9001:2015 certification	ISO 9001:2015 Certification was not acquired
		No. of senior management and internal auditors trained	To train 20 senior management and internal auditors on internal audit function for effective heritage management	35 Senior Management Staff and Internal Auditors were trained
		No. of P&S staff trained	To train 10 Planning and Strategy staff on integrated monitoring and evaluation framework including PC target setting training	Training of Planning and Strategy staff did not take place
		No. of drivers trained	Train 10 Drivers on defensive driving skills to support field-based research	Training was not undertaken due to lack of funds

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		No. of security guards trained	Training of 10 security guards on fire-fighting techniques to enhance conducive research environment	Training was not undertaken due to lack of funds
		No. of HR and senior management staff members trained	Train 20 human resource and senior management staff on new legislations and best practices for supporting research and effective heritage management	9 Senior Management Staff were trained
		No. of senior staff members sensitized	Sensitize 20 senior staff members on procurement processes to support research function	47 Senior Staff were trained
		No. of customer care staff trained	Train 20 Customer Care staff on customer experience skills to support heritage management	Training was not undertaken due to lack of funds
		No. of staff trained	Train 10 staff members on new technology for heritage collection, management, and dissemination of information	Training was not undertaken due to lack of funds
		No. of staff trained	Train 20 staff on animal welfare and ethics for scientific research.	200 staff were trained
		No. of staff trained	Train 15 staff on neuroscience techniques	Training was not undertaken due to lack of funds
		No. of ICT and AIV personnel trained	A14: Train 20 ICT and AV personnel across the region on New Technologies (Security, Database, Cloud, Video Photography, Video Editing, Network and Web Management	Training was not undertaken due to lack of funds
		No. of staff trained	Train 10 staff on Lithic Analysis to enhance archeological collection	10 staff were trained on Lithic Analysis to enhance archeological collection

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		No. of SP developed	Development of New Strategic Plan	Development of 2023-2027 SP process was initiated
	To strengthen management framework by developing and reviewing 10 policies	No. of intellectual policies developed	Develop Intellectual Property Policy	Draft Intellectual Property Policy was developed
		No. of policies developed	Develop Financial Management Policy	Draft Financial Management Policy was developed
		No. of internal audit charter and audit procedures manual reviewed	Review internal audit charter and audit procedures Manual.	Internal Audit Charter and Draft Audit Procedures Manual were developed
		No. of reviewed Career Progression Guidelines	Review Career Progression Guidelines	Process of reviewing Career Guidelines was initiated
		No. of Policies reviewed	Review Research Policy	50% of the Research Policy review work was completed
		No. of ICT Policies reviewed	Review Institutional ICT Policy Document and guidelines including awareness	ICT Policy review was initiated
		No. of Policies developed	A26: Develop Human Resource Training Policy	Draft Human Resource Training Policy was developed
		To achieve 100% compliance and corporate	No. of quarterly reports	Procure goods, services, and works & submit quarterly reports in line with laid down legal framework (PPRA)

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
	governance through effective performance management	No. of quarterly reports submitted	Undertake regular internal audit assignments and submit monthly reports to management and quarterly reports to the Board of directors	4 quarterly reports were submitted to BARMC
		No. of quarterly financial reports submitted	Prepare and submit quarterly financial reports in line with legislative requirements	4 quarterly financial reports were submitted to The National Treasury and Economic Planning
		management committee quarterly reports submitted	Implementation of activities by management committees and submission of quarterly reports to the board of directors and relevant statutory agencies	Implementation of activities by management committees and submission of quarterly reports to the board of directors and relevant statutory agencies was done
		No. of reports submitted	Monthly and quarterly submission of reports to various statutory agencies	Monthly and quarterly submission of reports to various statutory agencies was done
		No. of volumes updated	Update 22 volumes of Kenya Law Report Volumes	There were no new issues for updating
		No. of reviewed NMK and Heritage ACT 2006	Review NMK ACT 2006	The Heritage and Museums Bill, 2021 was put before the Senate and National

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
				Assembly for review
		Percentage of renovation and restoration of Gede Ruins	Renovate and restore 100% of the Gede Ruins.	35% of renovation and restoration work was completed
		No. of animal breeding cages constructed	Construction of 10 animal breeding cages at IPR	12 animal breeding cages were constructed
		Percentage of work Completed	100% erection and completion of an ablution block, paving works, and landscaping works at Vasco Da Gama	60% of the work was completed
		Percentage of construction work Completed	100% Construction of staff offices at IPR	25% of the construction work of staff offices at IPR was completed
		Percentage of renovation work completed	Renovation of Kenyatta House Maralal.	This was not done due to lack of funds
		Percentage of renovation work completed	Renovation of Lokitaung Kenyatta House.	70% of the renovation work was completed
		Percentage of construction work completed	Construction of ablution block at Fort Ternan.	10% of the construction work was completed
		Percentage of renovation work completed	Renovation of Jaramogi Oginga Odinga Mausoleum	80% of the renovation work was completed

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		No. of building with asbestos replaced with alternative roofing material	Removal of asbestos and re-roofing at IPR	A proposal for funding was prepared and submitted to the Sports, Arts, and Social Development Fund. Proposal is awaiting approval
		percentage of restoration works completed	Restoration of Thim-lich Ohinga for conservation of Heritage.	25% of the restoration works at Thimlich Ohinga was completed
		Percentage of restoration works completed	Restore Lamu Museum for conservation of heritage.	Restoration works at Lamu Museum 100% completed
		Financial management system 100% operational	Strengthening Financial Management System	Migration to a higher version of the system was effected, accountants were trained and Sub business module procured
		Percentage of internet access enhancement	Upgrade Institutional Technology Network equipment and enhance Internet access	Internet connection bandwidth was upgraded to 100mbs
		No. of sites with branded signages installed	Installation of Branded Signage for 3 NMK Sites and Museums	Installation of Branded Signage for 3 NMK Sites and Museums was done

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 3: Promoting entrepreneurial opportunities arising from Research and Development for sustainable heritage management	To enhance the visibility of NMK's products and services	No. of museum stations FAM trips conducted	Conduct FAM (Familiarization Trips) for 20 Journalists from various media houses to 2 NMK Stations	Familiarization Trips were not conducted due to lack of funds
	To identify and develop route to market for 5 entrepreneurial opportunities	No. of market research conducted	Conduct market research for at least 5 identified NMK products	5 market research for identified products were undertaken
		No. of products validated and developed	Validate and Develop at least 2 products for the market	Potential candidate drugs are underwent testing for the market
		No. of farmers trained	Train 300 farmer groups (6000 farmers) in African indigenous vegetables value chain and supply certified seeds to them	12,600 farmers were trained on African indigenous vegetables value chain and also supplied with certified seeds
		No. of articles and engagement activities	Public engagement and sensitization as well as media engagement to determine product potential in the market	10 articles and engagement activities took place
	To enhance 5 strategic partnerships with key stakeholders in heritage management value chain	No. of MOUs signed	Implement 4 MOUs with learning institutions through which learners (students on attachment, internship, students on degree programs) pay for training at IPR and DNRR	1 MOU was implemented (MOU between IPR and Rongo University)
		No. of exhibitions in various international events	Showcase Kenya's cultural Heritage, Sporting legends, Trade and Invest through the "Kenya House" Program (Digital and Physical)	1 international exhibition took place

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
	To grow income from multiple and diverse sources by 0.5%	No. of Expos attended	Attend 2 Expos to showcase NMK's achievements and seek out new potential partnerships to promote NMK's heritage research and products	This did not take place due to lack of funds
		No. of lecture series held	Hold 3 lecture series as part of internally developed events for awareness creation and expansion of revenue stream	One lecture on Parkinson's disease at IBRO School was carried out by IPR
		No. of meetings attended	Enhance engagement of 5 stakeholders in the Tourism and MICE industry to increase sales of facility hire by 10%	20 meetings were attended
		No. of monthly social media reports	Enhance digital presence through 5 social media platforms to continuously create awareness of various entrepreneurial opportunities	5 social media reports were prepared
		No. of interactive website developed and operationalized	Develop and operationalize a new interactive NMK website for marketing and brand promotion.	1 interactive NMK website was developed and operationalized
		No. of international markets identified and supplied with butterfly pupae	Identify and supply to two new international markets for export of butterfly pupae during the year.	1 international market was identified and supplied with butterfly pupae
		No. of internal proposal evaluation systems developed	Develop an internal proposal evaluation system to increase success in grant applications by holding inter-directorate consultative meetings	This was not accomplished

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
	Establish an Anti- Doping Laboratory at IPR to test all sportsmen and women for doping	Percentage of construction work completed	Construct and equip an Anti-Doping Laboratory	Proposal to construct and equip Anti-Doping laboratory and BQs were done. Funds are being sought from the Sports, Arts, and Social Development Fund

NMK monitors the progress towards achievement of the Revised Strategic Plan (2020-2023) through:

- i. Preparation of annual implementation plans for the period 2022-2023 by all offices and directorates.
- ii. Translation of the annual implementation plans into annual performance contracts and annual monitoring plans.
- iii. Development and issuance of progress reports at all levels.

In addition, NMK will undertake a rigorous and independent evaluation of completed and/or ongoing activities to determine the relevance and fulfilment of strategic objectives, development efficiency, effectiveness, impact and sustainability. The evaluation of performance has been done and the 2023-2027 Strategic Plan is under development in line with the revised guidelines for the preparation of the fifth-generation strategic plans.

6. Corporate Governance Statement

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

BOARD OF DIRECTORS

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

BOARD MEETINGS

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

BOARD COMMITTEES

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

The Audit Committee

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

The Finance and Establishment committee

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

Research Committee

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

Ad hoc committee (as and when formed)

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

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

INTERNAL CONTROLS

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

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

The Management

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

Board of Directors

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

CUSTOMER SERVICE CHARTER

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

DIRECTORS' ALLOWANCES AND LOANS

The aggregate amount paid to Directors allowances for services rendered during 2022/2023 financial year are disclosed in the notes to the financial statements. There were no Directors loans at any time during the year.

Board meetings

During the financial year 2022-2023 (1st July, 2022- 30th June, 2023), National Museums of Kenya Board of Directors a total of ten (10) board meetings were held. All Board members attended the meetings as required. Among the main topics discussed in the meetings were budgets and financial reports, performance contract reports, human resource matters, development projects, internal audit reports and reports on the core mandate of heritage research and strategic issues.

Appointment and removal of a member, succession plan

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

Board induction, training and development

During the Financial year 2022-2023, Board Members underwent induction in April, 2023. The induction was delivered by the State Corporations Advisory Committee (SCAC) in conjunction with the Institute of Certified Public Secretaries of Kenya (ICS).

Board and Member performance:

In line with "Mwongozo", the Board conducted self-evaluation for Financial year 2022-2023 (1st July, 2022-30th June, 2023) under the guidance of the SCAC officials. Board self-evaluation is an internal tool to assist the Board to improve on its performance and that of NMK by instituting appropriate remedial strategies.

Conflict of interest

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

Board remuneration

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

Ethics and conduct

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

Governance Audit

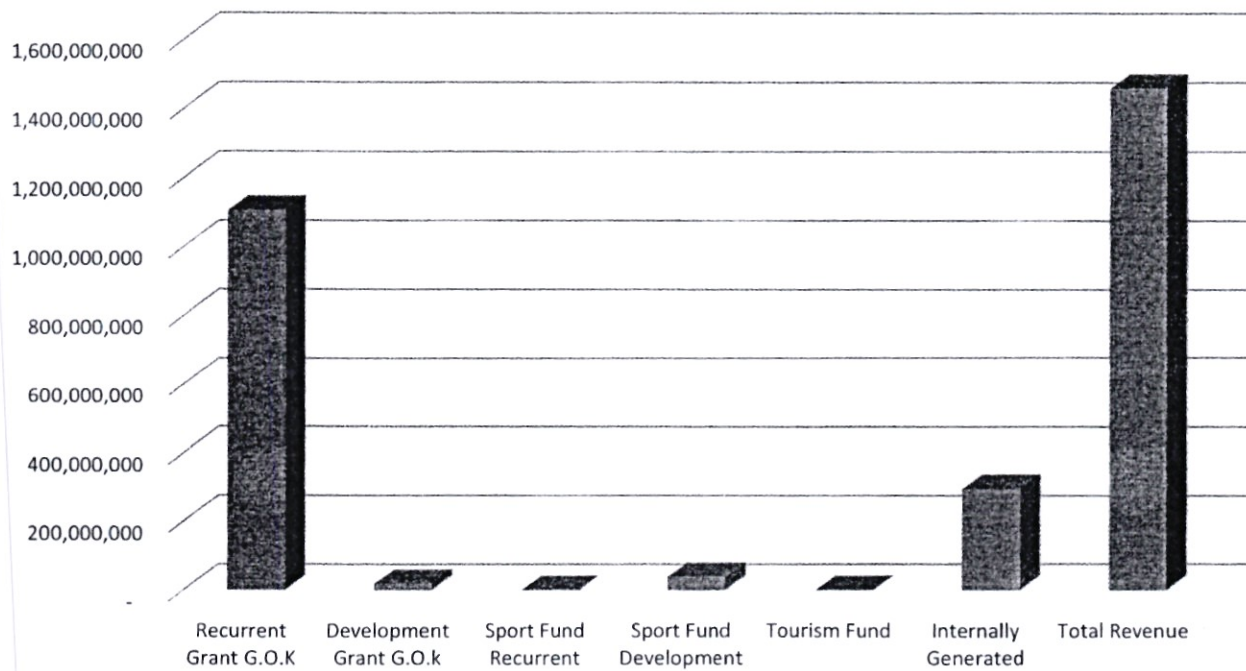
Mwongozo requires Governance Audit to be conducted by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose. The Board looks forward to undertake Governance Audit once the list of accredited governance auditors with the requisite guidelines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

7. Management Discussion and Analysis

a) THE ENTITY’S OPERATIONAL AND FINANCIAL PERFORMANCE

The National Museums of Kenya internally generated revenue for twelve months stood at Kshs. 295,953,197 Government of Kenya Recurrent and development grants of Kshs.1,106,790,000 and Kshs.18,523,600 respectively and Kshs. 38,790,233 from Sports, Arts & Social Development Fund. The Management noted that the organization heavily relies on revenue from non-exchange transactions, which caters for its personnel emoluments and operation and maintenance. The operational and financial performance of the organisation for the year under review and last five-year period as indicated in the table/charts below.

REVENUE GENERATION FY 2022-2023

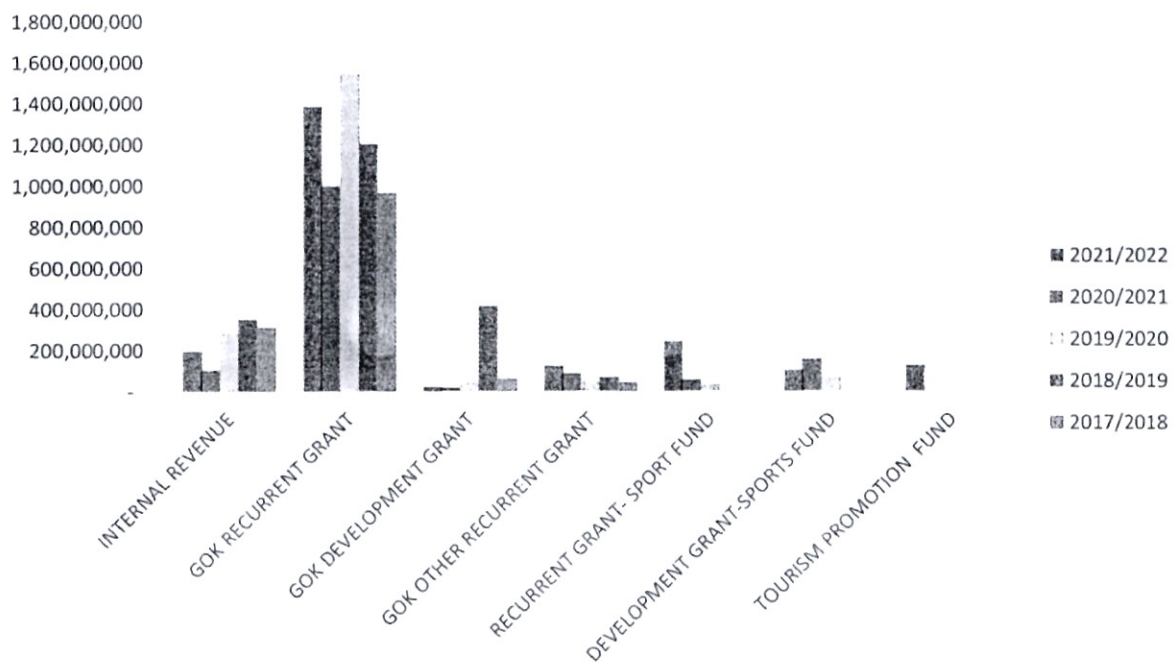




REVENUE ANALYSIS FOR THE PAST FIVE YEARS

FINANCIAL YEARS	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
INTERNAL REVENUE	193,925,399	102,277,855	280,793,995	352,372,923	309,725,428
RECURRENT GRANT	1,384,010,000	996,210,000	1,544,200,000	1,201,600,000	965,900,000
OTHER RECURRENT	124,000,000	84,000,000	48,500,000	68,500,000	42,250,000
DEVELOPMENT GRANT	19,100,000	15,300,000	41,000,000	415,000,000	59,993,500
RECURRENT - SPORT FUND	244,696,554	54,037,592	31,541,746	-	-
DEVELOPMENT -SPORTS FUND	101,509,747	154,027,100	64,133,600	-	-
TOURISM PROMOTION FUND	124,789,414	-	-	-	-
TOTAL	2,192,031,114	1,405,852,547	2,010,169,341	2,037,472,923	1,377,868,928

• **ORGANIZATIONAL OUTLOOK FROM JULY 2018- JUNE 2022**



b) Entity's key projects

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

Renovation of Prehistoric sites.

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

c) Entity's compliance with statutory requirements

The NMK Management has over the years 5 years managed to comply to the statutory requirements except for the amendments made on filing of PAYE in May, 2023 for the years 2016 to 2023. The arrears amounting to Kshs.139,491,661 which relates to principal amount of Kshs1,230,244 accumulated penalties of Kshs. 134,566,779 and accrued interest of Kshs.3,694,638. National Social Security Fund (N.S.S.F) arrears amounting to Kshs.155,214,718 which relates to accrued interest and penalties. Pension arrears relating to accumulated interest accrued amounting to Kshs,388,996,203.

d) Major risks facing the organization

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

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

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

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

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

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2023.

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

e) Material arrears in statutory and other financial obligations

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

Description	Principal	Penalties	Interest	Total Amount
National Social Security Fund Arrears	-		155,214,718	155,214,718
Pension Arrears	-		388,996,203	388,996,203
Income Tax	-	1,254,561	6,217,108	7,471,669
Value Added Tax	-	2,094,855	6,885,770	8,980,625
Pay as You Earn	1,230,244	134,566,780	3,694,638	139,491,662
Total	1,230,244	137,916,196	561,008,437	700,154,877

8. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The National Museums of Kenya will require a projected total budget of about Kshs 17.55 billion over the next three years to implement the planned development programmes and activities in this Strategic Plan (2020-2022). These resources are anticipated that 50%, (Kshs 8.8 billion), 30% (Kshs.5.3billion) and 20% (Kshs.3.5 billion) will come from external sources, internally generated and the exchequer respectively. Mobilizing external resources will require appropriate collaboration and linkages with industry players. The resource mobilization will be enhanced through the following key strategies:

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

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

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



ii) Environmental performance

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

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

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

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

continuity. We are continually refining our disaster response plans and we recently constructed the sea wall to protect the Fort Jesus Museum.

- vii. **Environmental audits:** Environmental audits are undertaken as per the regulatory standards and sound environmental practice.
- viii. **Stakeholder engagement:** NMK has a systematic approach to stakeholder engagement. Every two years, NMK runs open days/scientific conferences to share the research activities and findings with key stakeholders which range from research partners, NGOs, community groups, government agencies, research institutions and scientific academies. This engagement has been essential in aiding NMK stay abreast of current trends, perspectives and policy matters that affect our service, customers and collaborators.
- ix. **Physical structures:** NMK has provided for adequate signage and visitor information within the Museum compound.
- x. **Dust management:** NMK has provided for well paved roads and car parks limiting dust emission from vehicles within the compound.

iii) *Employee welfare*

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

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

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

Policies are reviewed after every five (5) years.

Efforts made in:

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

c) Reward systems-award of salary bonus

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

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

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

iv) Market place practices-

a) Responsible competition practice:

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

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

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

b) Responsible Supply Chain and Supplier relations:

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

c) Responsible marketing and advertisement:

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

d) Product stewardship:

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

v) Corporate Social Responsibility / Community Engagements

Mushroom Research, Culture and Promotion in Kenya

Mushroom cultivation is an emerging crop in Kenya as an agribusiness opportunity and a climate smart agricultural biotechnology that converts waste to nutritious, protein rich food. There are two main mushrooms that are cultivated in Kenya commonly known as *Agaricus bisporus* (Button mushrooms) and *Pleurotus* species (oyster mushrooms). *Agaricus bisporus* is the most cultivated mushroom globally and in Kenya it accounts for 95% of the cultivated mushrooms. The second most cultivated mushroom species is *Pleurotus ostreatus*, *Pleurotus florida* and *Pleurotus abalonus*. Mushrooms are highly recognized due to their good flavor, economic gains (high market demand), high nutritional value and medicinal attributes. National Museums of Kenya through Botany Department, mycology section is involved in production of high quality, low cost mushroom spawn since 2005. Mycology section offers advice and trains farmers and school pupils in mushroom cultivation and promotes mushroom cultivation, utilization, consumption and commercialization in Kenya. Mycology plays key role in collection, identification, domestication, conservation of wild mushrooms.



Photos showing students at Canon Kituri secondary school in Taita County being trained on mushroom cultivation process. (a) Substrate preparation process (b) Preparation of buckets for holding mushroom substrate (c) Buckets filled with substrate at incubation stage and a bag with ready mushrooms. The training was held 8th February 2023.

Coastal Forest Conservation Unit

Kipepeo Program Butterfly Farming and Promotion of Beekeeping

Kipepeo project links conservation and development at Arabuko Sokoke Forest (ASF), on the North coast of Kenya in Kilifi County. The objective of the Kipepeo project is to help develop positive attitudes towards conservation of the ASF by creating conservation incentives that include income generating opportunity from forest butterflies. The Forest adjacent communities breed and export live butterflies all over the World through Kipepeo which also markets other nature-based products locally like honey. The nature-based enterprise, Butterfly farming and Beekeeping has contributed immensely to forest conservation and also improved its status internationally. Butterfly farmers have a positive attitude to forest conservation and have been instrumental in monitoring the forest and reporting illegal activities in the forest.

Kipepeo (Swahili for butterfly) is a nature based enterprise project providing income and livelihood to people living Arabuko Sokoke in coastal Kenya, The project is administered by National Museums of Kenya. This provides an incentive for the local rural population to conserve the high diversity forests from

which the products are derived. Kipepeo seeks to provide a tangible link between conservation and livelihood.

The project markets and exports butterfly pupa, also undertake insects propagation , value addition to honey and honey products supplied by the community. The butterfly pupa are exported to the butterfly exhibit industry to the clients in the temperate regions Europe and North America where the butterflies add welcome tropical colour to the exhibits. The pure organic honey produced by local population leaving adjacent the forest are processed, packaged and sold at Kipepeo domestically.

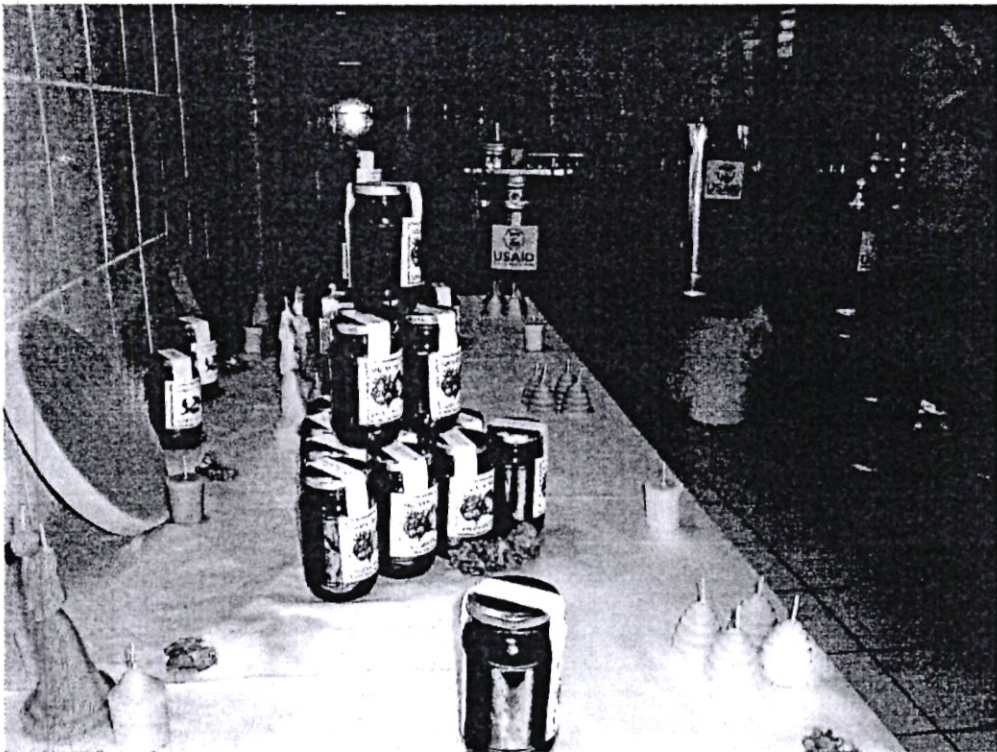


Photo: Processing of honey and some honey products for Kipepeo program

9. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Organizations affairs.

Results

The results of the Organizations for the year ended June 30, 2023 are set out on page 1 to 4.

Board of Directors

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

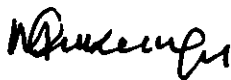
Surplus remission

In accordance with Regulation 219(2) of the Public Financial Management (National Government) Regulations, regulatory did not make any surplus entities shall remit into consolidated fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each Financial Year. The entity during the year (FY 2023 Kshs. Nil) and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board



Name: *Prof. Mary Gikungu* Signature: *Prof. Mary Gikungu* Date: *5/4/2024*
Corporate Secretary to the Board

10. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year ended on June 30, 2023.

This responsibility includes:

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

The Directors accept responsibility for the organizations financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the organization's financial statements give a true and fair view of the state of organization's transactions during the financial year ended June 30, 2023 and of the organization's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the organization, that have been relied

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

The Organization's financial statements approved by the Board on 19th March 2024 and signed on its behalf by:



Mr Edwin Abonyo
Chairman of the Board



Prof. Mary Gikungu
Director General

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of the National Museums of Kenya set out on pages 1 to 34 which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the National Museums of Kenya as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the National Museums and Heritage Act, 2006.

Basis for Adverse Opinion

1. Unsupported and Undisclosed Property, Plant and Equipment

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.3,886,285,106 as disclosed in Note 14 to the financial statements. Included in the balance is land with net book value of Kshs.1,575,127,445 which has not been valued since 1990. The National Museums of Kenya has one hundred and fifty (150) parcels of land spread across the Country, out of which only forty-three (43) parcels had title deeds and the remaining 107 parcels have no ownership documents.

Further, property, plant and equipment net book value of Kshs.3,886,285,106 includes heritage assets whose value could not be verified due to lack of fixed assets register. The Museums has not disclosed the heritage assets that have future economic benefits or service potential other than their current heritage value, and those heritage assets whose future economic benefit or service potential is limited to their heritage characteristics.

In the circumstances, the accuracy and ownership of property, plant and equipment balance of Kshs.3,886,285,106 as at 30 June, 2023 could not be confirmed.

2. Variance Between Financial Statement Amounts and Supporting Schedules

The statement of financial performance reflects amounts that differed with the supporting schedules as detailed below:

Description	Financial Statement (Kshs.)	Supporting Schedule (Kshs.)	Variance (Kshs.)
Other Incomes	295,953,197	296,017,387	(64,190)
Transfers from Government - Recurrent	1,106,790,000	1,107,617,040	(827,040)
Project Income	452,917,988	-	452,917,988
Repairs/Maintenance	28,865,813	19,111,172	9,754,641

Description	Financial Statement (Kshs.)	Supporting Schedule (Kshs.)	Variance (Kshs.)
Remuneration Directors	15,864,680	15,871,680	7,000
General Expenses	629,073,897	416,554,821	212,519,076

No reconciliation has been provided by Management.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

3. Unsupported Staff Costs

As disclosed in Note 6 to the financial statements, the statement of financial performance reflects employees' costs amount of Kshs.1,240,418,116. The amount includes expenditure on salaries amounting to Kshs.972,803,798 and gratuity and pension of Kshs.142,265,356 all totaling Kshs.1,115,069,154 which was processed through a payroll controlled by the vendor. Management had no access to due to a system error. Further, the amount includes payments of Kshs.4,870,763 made to casuals through imprest issued to staff that were not supported by casual employee payroll or expenditure returns.

In the circumstances, the accuracy and completeness of employee cost of Kshs.1,240,418,116 could not be confirmed.

4. Long Outstanding Trade Receivables - Rent Debtors

The statement of financial position reflects trade receivables from exchange transactions balance of Kshs.10,995,940 which, as disclosed in Note 12a to the financial statements includes in the reported balance are debts owed by tenants to museums buildings amounting to Kshs.8,877,341 which have been outstanding for more than three (3) years as per the aging analysis and efforts to recover the debts have not been successful.

In the circumstances, the recoverability of the debts is in doubt.

5. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.299,447,752 as disclosed in Note 11 to the financial statements. However, review of the bank reconciliation statements for the month of June, 2023 for eight bank accounts revealed that the cash book balances differed with the financial statement balances as detailed below:

Excel	Reconciled cash Book Balance (Kshs.)	Amounts as per Financial Statement (Note 11) (Kshs.)	Variance (Kshs.)
Fort Jesus Project	1,287,762	16,646,017	(15,358,255)
Fort Jesus	6,210.40	4,286,751	(4,280,541)
Development Hqs	1,760,956	2,047,826	(286,870)
Narok	343,539	61,301	282,238
IPR-Predict	23,114,718	74,822,467	(51,707,749)
Natural Products	135,193,494	106,843,312	28,350,182
Salaries	2,704,155	9,704,156	(7,000,001)
Dollar Hqs	(3,135,357.75)	699,362	(3,834,720)

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.299,447,752 as at 30 June, 2023 could not be confirmed.

6. Unsupported Staff Debtors

The statement of financial position reflects receivables from non exchange transactions balance of Kshs.287,406,460 in respect of staff debtors and as disclosed in Note 12b to the financial statements. However, the supporting schedule reflects an amount of Kshs.21,386,297 resulting to unreconciled variance of Kshs.266,020,163.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions balance of Kshs.287,406,460 could not be confirmed.

7. Unsupported Accumulated Surplus

The statement of financial position reflects a debit accumulated surplus balance of Kshs.95,807,085. However, the balance has been changed from the prior year balance of Kshs.414,131,697 resulting to unreconciled variance of Kshs.509,938,782.

In the circumstances, the accuracy and completeness of the debit accumulated surplus balance of Kshs.95,807,085 could not be confirmed.

8. Inaccuracies in the Statement of Cash Flows

The statement of financial position reflects opening bank balance of Kshs.543,842,736 whereas the statement of cash flow reflects Kshs.428,996,406 resulting to an unreconciled balance of Kshs.114,846,330. Further, the statement of financial position items with a cash inflow or outflow changes have also not been reflected in the statement of cash flows.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts of Kshs.1,665,523,833 against actual receipts of Kshs.2,114,395,018 resulting in an under-funding of Kshs.448,871,185 or 127% of the budget. Similarly, the Museums actual expenditure of Kshs.1,995,890,632 against approved budget of Kshs.1,718,743,833 resulting in over-expenditure of Kshs.277,146,799 or 116% of the approved budget. However, Management did not provide approval for the over-expenditure by the Board of Directors.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

1. Pending and Active Court Cases

The former Director General and four others including three employees of the National Museums and a private individual have been arraigned before the Anti-Corruption Court following investigations relating to employees' costs processed through the payroll between the year 2016 and 2022.

The Ethics and Anti-Corruption Commission has two cases that are active relating to the National Museums of Kenya.

- i. Case No. HCACECS/E027/2023 of 02 October, 2023 (EACC Vs 4 Others on misappropriation of Kshs.468,390,241; and
- ii. Case No. MCAC/E011/2024 filed on 16 August, 2024 (Republic Vs 8 Others).

However, Management has not recognised or made any provision by way of contingent liability to cushion the Corporation in the event the staff win and lay a counter-claim against the Museum.

2. Unresolved Prior Year Matters

In the previous audit report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved most of the issues or given any explanation for delay to resolve the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unauthorized Bank Overdraft

The statement of financial position reflects a bank overdraft of Kshs.9,733,781 as disclosed at Note 16 to the financial statements. However, there was no Board authorization to overdraw the account contrary to Section 28(4) and (5) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a national government entity shall not cause a bank account of the entity to be overdrawn beyond the limit authorized by The National Treasury or a Board of a national government entity, if any.

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

2. Cash Procurements Using Imprests

The statement of financial performance reflects general expenses amount of Kshs.629,073,897 out of which Kshs.3,534,286 incurred on cash procurement of services were over and above the threshold matrix for low value procurements as required by Regulation 92(a) of the Public Procurement and Asset Disposal Regulations, 2020.

Further, the amount includes Kshs.242,449,032 incurred on transport and travel costs out of which imprest of Kshs.2,332,480 issued to the Natural Product Industry Project accountants during the month of June, 2023 was inadequately supported. Further, it was noted that officers were holding more than one imprest.

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

3. Irregular Transfer of Funds from Salary Account

The statement of financial performance reflects employees' costs of Kshs.1,240,418,116. It was noted that the Management transferred Kshs.93,469,394 from the salaries account to the other accounts contrary to Regulation 48(1) of the Public Finance Management (National Government) Regulations, 2015 which states that for purposes of section 43(3) of the Act, Accounting Officers, may authorize reallocation of funds within programmes or sub-votes provided that the reallocation does not affect the voted provisions from wage to non-wage expenditure or from capital to recurrent expenditure.

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

4. Status of Implementation of Projects

4.1 Delay in Completion of Gate and Renovation of Administration Block at Gede

The contract for the construction of gate and renovation of administration block at Gede was awarded to a local contractor at a contract sum of Kshs.33,309,622 on 24 August, 2022. The completion date was February, 2023 which was later revised to June, 2023. Site visit in the month of March, 2024 revealed that the project had stalled and the contractor was not on site.

In the circumstances, value for money may not be realized from the expenditure of Kshs.9,200,000 so far incurred on the project.

4.2 Development of Tourist Visitor Safety Facilities

A contract for the construction of tourism safety facilities at world war one heritage monument at Maktau was awarded at a contract sum of Kshs.68,497,794 on 13 June, 2022. Site visit to the project in the month of March, 2024 revealed that the contractor was not on site but research activities which were part of the contract were still on-going as;

- i. Research, collection, documentation and restoration of World War One Heritage Monument.
- ii. Collection of artefacts, exhibition development, design and installation of World War One Heritage exhibition with audio-visuals and educational programmes.
- iii. Development of marketing and promotional materials of World War One Heritage Monument.

In the circumstances, the regularity and value for money may not be realized from the expenditure of Kshs.53,238,504 already incurred on the project.

4.3 Poor Workmanship at Vasco Da Gama Pillar

Management awarded a contract for the construction of sea wall and concrete repair works at Vasco Da Gama Pillar at contract sum of Kshs.59,349,235 being phase 1 which had been fully paid as at 30 June, 2023. Site visit in March, 2024 revealed that there was no access for vehicles to the pillar but a narrow walk way. Further, the sea wall had collapsed a sign of poor workmanship making the place not safe for visitors. In addition, there seem to be no ownership documents for the area which has signs of encroachment.

In the circumstances, the regularity and value for money may not be realized from the expenditure incurred on the Project.

4.4 Delay in Completion of Njuri Ncheke Shrine

Management awarded a contract for the construction of Njuri Ncheke Shrine in Meru town (Tender No. NMK/T/NNS/19/2020 of 05 June, 2020) at a contract sum of Kshs.58,976,000 on 05 June, 2020 for a period of 48 weeks ending on 04 June, 2021. During the year under review, an amount of Kshs.39,560,475 or 67% of the contract sum had been paid to the contractor. However, physical verification in the month of March, 2024 revealed that the project has stalled and the site abandoned. No explanation was given for the delay in the completion of the Project.

In the circumstances, value for money may not be realized from the expenditure of Kshs.39,560,475 incurred on the project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of a Staff Tokens Policy

A memo dated 22 November, 2022 to the Acting Director General from the Coordinator, Natural Product Industry NPI Flagship Project; States, a token of appreciation for

contributing to the successful implementation of various project activities of the (NPI) Programme during the 2022–2023 financial year. However, payments of Kshs.1,279,000 were made to eighty two (82) staff (ranging from Kshs.5,000 and Kshs.100,000 during the year under review without the existence of approved staff token policy. Further, the amounts paid were not included in the approved budget and Management did not indicate the procedure applied or followed in payment of the staff tokens to staff members.

In the circumstances, the effectiveness of internal controls on Natural Product Industry Project procedures could not be confirmed.

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

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Museum's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services, and using the applicable basis of accounting unless Management is aware of the intention to terminate the Museum or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Museum's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Museum to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Museum to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


21 June, 2024

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

12. Statement of Financial Performance for the year ended 30 June 2023


	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers from governments			
Recurrent	3 (a)	1,106,790,000	1,384,010,000
Sports, Arts & Social Development Fund	3 (a)	4,386,111	244,696,554
Tourism Promotion Fund	3	-	124,789,414
Development	17(b)	1,246,018	5,986,112
Project Income	4	452,917,988	351,058,455
Total Revenue from non-exchange transactions		1,565,340,117	2,110,540,535
Revenue from Exchange Transaction			
Other Incomes	5	295,953,197	202,198,890
Total revenue from exchange transaction		295,953,197	202,198,890
Total Revenue		1,861,293,314	2,312,739,425
Expenses			
Employee costs	6	1,240,418,116	1,325,411,277
Depreciation	7	42,877,893	43,820,508
Repairs and maintenance	8	28,865,813	31,843,103
Remuneration of directors	9	15,864,680	9,367,579
General expenses	10	629,073,897	488,165,261
Total Expenses		1,957,100,399	1,898,607,728
Surplus/(Deficit) for the Period		(95,807,085)	414,131,697

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



Name: Prof. Mary Gikungu
 Director General


Date 5/4/2024



Name: Geoffrey Namachanja
 Financial Controller

ICPAK M/No: 7763

Date 5/04/2024



Name: Edwin Abonyo
 Chairman of the Board

Date 05/4/24

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

13. Statement of Financial Position as at 30 June 2023

		2022-2023	2021-2022
Assets		KShs	KShs
Current Assets			
Cash and cash equivalents	11	299,447,752	543,842,736
Receivables from exchange transactions	12(a)	10,995,940	16,336,843
Receivables from non- exchange transactions	12(b)	287,406,460	301,132,796
Inventories	13	768,134	884,000
Total Current Assets		598,618,286	862,196,375
Non-current Assets			
Property, plant and equipment	14	3,886,285,106	3,800,925,071
Total Assets		4,484,903,392	4,663,121,446
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	15	412,988,124	394,526,698
Bank Overdraft	16	9,733,781	114,846,330
Total Current Liabilities		422,721,905	509,373,028
Non-current Liabilities			
Deferred Development Grant	17	250,119,482	283,366,480
Project Deposits	18	156,269,691	203,711,241
Total non-current Liabilities		406,389,173	487,077,721
Total Liabilities		829,111,078	996,450,749
Net Assets		3,655,792,314	3,666,670,697
Reserves		3,751,599,399	3,252,539,000
Accumulated surplus		(95,807,085)	414,131,697
Total Net Assets And Liabilities		3,655,792,314	3,666,670,697

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



Name: Prof. Mary Gikungu
Director General

Date 5/4/2024



Name: Geoffrey Namachanja
Financial Controller

ICPAK MNO.: 7763

Date 5/4/2024



Name: Edwin Abonyo
Chairman of the Board

Date 05/4/2024

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

14. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Capital Reserve	Revenue Reserves	Revaluation Reserve	Total Kshs.
Balance as at 1st July 2021	3,530,492,122	(421,723,823)	14,635,150	3,123,403,449
Capitalized government grant (17a)	131,385,551	-	-	131,385,551
Total comprehensive income for the year	-	414,131,697	-	414,131,697
Prior Year adjustments	(2,250,000)	-	-	(2,250,000)
Balance as at 30th June 2022	3,659,627,673	(7,592,126)	14,635,150	3,666,670,697
Balance as at 1st July 2022	3,659,627,673	(7,592,126)	14,635,150	3,666,670,697
Capitalized government grant (17b)	84,928,702	-	-	84,928,702
Total comprehensive income for the year	-	(95,807,085)	-	(95,807,085)
Prior Year adjustments	-	-	-	-
Balance as at 30th June 2023	3,744,556,375	(103,399,211)	14,635,150	3,655,792,314

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

15. Statement of Cash Flows for the year ended 30 June 2023

	Note	2022-2023	2021-2022
	Notes	Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	3(a)	1,198,176,951	1,676,495,128
Project income	4	452,917,988	351,058,455
Other income	5(a)	301,294,100	202,541,442
Total receipts		1,952,389,039	2,230,095,025
Payments			
Employee costs	6(a)	1,311,051,095	1,383,085,658
Repairs and maintenance	8	28,865,813	31,843,103
Board expenses	9	15,864,680	9,367,579
General expenses	10(a)	613,138,130	505,340,877
Total payments		1,968,919,718	1,929,637,217
Net cash flows from operating activities	22	(16,530,679)	300,457,808
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(128,237,928)	(162,058,008)
Net cash flows from investing activities		(128,237,928)	(161,058,008)
Cash flows from financing activities			
Development grant from GOK	17	52,927,722	120,609,747
Project deposits		(47,441,550)	80,479,628
Net cash flows from financing Activities		5,486,172	201,089,375
Net increase/(decrease) in cash & Cash equivalents		(139,282,435)	340,489,175
Cash and cash equivalents at 1 July 2022	11	428,996,406	88,507,231
Cash and cash equivalents at 30 June 2023	11	289,713,971	428,996,406

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

16. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	B	C=(a + b)	d	e=(c-d)	F=d/c*100
Revenue						
Transfers from Other Governments entities						
Recurrent Grant	1,160,010,000	(53,220,000)	1,106,790,000	1,106,790,000	-	100%
Development Grant	35,000,000	(16,476,400)	18,523,600	18,523,600	-	100%
Sports Fund	-	-	38,790,233	38,790,233	-	100%
Other Recurrent	224,000,000	(22,580,000)	201,420,000	201,420,000	-	100%
Other incomes:				-		
Internally Revenue	300,000,000	-	300,000,000	295,953,197	4,046,803	98.65%
Project Revenue	-	-	-	452,917,988	(452,917,988)	100%
Total income	1,719,010,000		1,665,523,833	2,114,395,018		
Expenses						
Employees Costs	1,211,232,776	-	1,211,232,776	1,240,418,116	(29,185,340)	105.0%
Depreciation	45,573,332	-	45,573,332	42,877,893	2,695,439	94.1%
Repairs & Maintenance	85,742,724	-	85,742,725	28,865,813	56,876,912	33.7%
Remuneration to Board of Directors	18,167,914	917,427	19,085,341	15,864,680	3,220,661	84.0%
General Expenses	323,293,254	(23,497,428)	299,795,826	629,073,897	(329,278,071)	209.8%
Development Expenses (GOK)	35,000,000	(16,476,400)	18,523,600	-	18,523,600	0%
Sports Fund Expenses	-	-	38,790,233	38,790,233	-	100%
Total expenditure	1,719,010,000		1,718,743,833	1,995,890,632		
Surplus/ (Deficit) for the period			(53,220,000)	118,504,386	-	

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

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

Repair and maintenance decreased due to less activities as a result of decrease in internal revenue.

In relation to Board Expenses, overall, they were within budgetary allocation. The savings on budgetary allocation was as a result of fewer meetings held during the year.

The general expenses exceeded the ceiling due to project / donor funded activities carried out during the year.

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

17. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a</p>

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

Standard	Effective date and impact:
	<p>reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

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

Standard	Effective Date and Impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

- iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year 2022/2023.

Summary of Significant Accounting Policies

a) Revenue recognition

Transfers from government entities

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

Government Grants

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

Project income

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

a) Taxation

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

b) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

Interest income is accrued using the negotiated rate.

Rental income

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

c) Property, Plant and Equipment

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

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

d) Exhibits and Collections

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

e) Purchase of Animals

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

f) Financial Instruments

(i) Financial Assets

Initial recognition and measurement

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

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

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

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

Derecognition

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

(ii) Financial Liabilities

Initial Recognition and Measurement

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

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

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

g) Employee Benefits

(i) Short Term

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

(ii) Retirement Benefits

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

contributions are determined by local statute and are currently vary according to basic salary per employee per month.

h) Nature and Purpose of Reserves

(a) Capital Reserve

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

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

(b) Revenue Reserve

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

(c) Revaluation Reserve

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

i) Branches

The regional stations reports are incorporated in these financial statements.

j) Translation of Foreign Currency

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

k) Research and Development

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

l) Budget Information

The annual budget for the period 2022/2023 was prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

m) Related Parties

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

n) Comparative Figures

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

q) Provisions

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

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

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

r) Cash and Cash Equivalents

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

s) Inventories

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

t) Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

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

assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful Lives and Residual Values

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

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

u) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

3. Transfers from Other Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
Operational Grant -Recurrent	1,106,790,000	1,384,010,000
-Development	18,523,600	19,100,000
Sports, Arts & Social Development Fund – Recurrent	4,386,111	244,696,554
- Development	34,404,122	101,509,747
Tourism Fund	-	124,789,414
Total	1,164,103,833	1,874,105,715

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

3 (a) Transfers from Other Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Operational Grant -Recurrent	1,106,790,000	1,384,010,000
Add: prior year grant receivable	87,000,840	10,000,000
Less: receivable for the year	0	(87,000,840)

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

Sports, Arts & Social Development Fund – Recurrent	4,386,111	244,696,554
Tourism Fund	0	124,789,414
Total	1,198,176,951	1,676,495,128

Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending the Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	FY 2021-2022
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Ministry of Wildlife, Tourism and Heritage	1,106,790,000	-	-	1,106,790,000	1,384,010,000
Ministry of Wildlife, Tourism and Heritage	-	18,523,600	-	18,523,600	19,100,000
Ministry of Youth, Sports and The Arts	4,386,111	-	-	4,386,111	244,696,554
Ministry of Youth, Sports and The Arts	-	-	34,404,122	34,404,122	101,509,747
Ministry of Wildlife, Tourism and Heritage	-	-	-	-	124,789,414
Ministry of Wildlife, Tourism and Heritage	201,420,000			201,420,000	124,000,000
Total	1,312,596,111	18,523,600	34,404,122	1,365,523,833	1,998,105,715

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

4. Project Income

Details	2022-2023	
	KShs	KShs
Project Income HQ	293,456,500	243,687,114
Project Admin Income	-	6,381,540
Project income IPR	159,461,488	100,989,801
Total	452,917,988	351,058,455

5. Other Incomes

Admission fee	224,505,411	142,890,334
Rental income	20,363,606	16,982,207
Sale of publication and artefacts	15,844,210	6,594,053
Sale of soft drinks	493,026	402,310
Sale of casts	10,029,212	5,662,404
Sundry income	24,717,732	29,667,582
Total	295,953,197	202,198,890

5 (a)

Total other incomes	295,953,197	202,198,890
Add: prior year trade receivables	16,336,843	11,474,523
Less: trade receivables for the year	(10,995,940)	(11,131,971)
Total	301,294,100	202,541,442

6. Employee Costs

Salaries	972,803,798	1,050,678,625
Gratuity and pensions	142,265,356	186,619,990
Medical	53,181,024	54,593,057
Training	67,256,426	30,445,323
Staff welfare and uniforms	4,911,512	3,074,282
Total	1,240,418,116	1,325,411,277

6(a)

Total Employee costs	1,240,418,116	1,325,411,277
Less: prior year staff debtors	(214,131,956)	(21,610,060)
Add: staff debtors for the year	287,406,460	214,131,956
Add: Third party payment prior year	57,376,262	19,224,916
Less: Third party payment for the year	(57,871,403)	(57,376,262)
Add: Other payables prior year	172,750,433	76,054,264
Less: Other payables for the year	(174,896,817)	(172,750,433)
Total	1,311,051,095	1,383,085,658

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

7. Depreciation

PPE (note 14)	42,877,893	43,820,508
Total	42,877,893	43,820,508

8. Repair and Maintenance

Details	2022-2023	2021-2022
	KShs	KShs
Vehicle expenses- Maintenance/spares	10,315,116	7,168,926
Equipment repairs and maintenance	5,084,293	3,135,546
Maintenance of buildings	7,939,137	15,711,203
Maintenance of monuments	5,492,767	5,683,828
Cage maintenance	34,500	143,600
Total	28,865,813	31,843,103

9. Board of Directors Expenses

Lunch	412,000	230,000
Phone expenses	74,000	35,000
Insurance /Medical	1,317,225	3,368,381
Sitting allowance	5,440,000	3,040,000
Accommodation/Per diem	4,167,800	1,001,000
Airfare fare	67,952	131,005
Car Hire	140,480	-
Board meeting expenses	1,016,508	306,694
Mileage	2,298,715	695,499
Honoraria for Chairman	920,000	560,000
Total	15,854,680	9,367,579

10. General Expenses

Administrative costs	40,311,408	23,885,649
Transport and travel	242,449,032	163,569,648
Contracted professional Services	99,838,842	35,666,256
Office and other expenses	142,141,561	139,783,601
Advertising and publicity	9,968,698	5,261,510
Telephone and postage	11,350,408	19,613,881
Electricity and water	26,087,965	19,130,119
Purchases and other direct inputs	56,925,983	81,254,597
Total	629,073,897	488,165,261

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

10(a)

Total General expenses	629,073,897	488,165,261
Less: prior year inventory	(884,000)	(878,882)
Add: Inventory for the year	768,134	884,000
Add: prior year Trade payables	163,062,003	180,232,501
Less: trade payables for the year	(178,881,904)	(163,062,003)
Total	613,138,130	505,340,877

11. Cash and Cash Equivalent

	2022-2023	2021-2022
Current accounts	299,436,902	543,829,736
Others (cash at hand)	10,850	13,000
Sub Total	299,447,752	543,842,736
Bank Overdraft (note 16)	(9,733,781)	(114,846,330)
Total cash and cash equivalents	289,713,971	428,996,406

Detail Analysis of the cash and cash Equivalents		2022-2023	2021-2022
Financial Institution	Account Number	Kshs	Kshs
a) Current Account			
Nairobi Museum, HQs, SCB	0108035107801	240,855	172,882
Recurrent HQs, SCB	0108035107900	-	-
Development HQs, KCB	1106829379	2,047,826	3,449,819
Salaries	01080-337464-00	9,704,156	4,791,436
Commercial HQs	01080-354365-00	323,603	4,726,775
Fund A/C	01080-345937-00	1,800,239	1,774,755
Project HQs	01080-351078-00	526,261	15,225,317
Lodwar	1107592267	88,706	139,971
Karen Blixen Savings	01520-929447-00	490,379	477,639
Dollar HQs (Kshs equivalent)	87080-351079-00	699,362	3,730,158
Karen Blixen Recurrent	01020-448886-00	272,279	372,682
Natural Products Industry HQs	01080-351079-01	106,843,312	2,137,575
Sports, Arts & Social Development Fund A/C	1104778343	512,029	201,091,313
National Museums of Kenya – NAGOK	1141174387800	54,800	10,000
Recurrent IPR	01020-447000-01	11,297,004	27,579,491
Dollar IPR (Kshs equivalent)	87020-447000-00	21,607,456	21,117,998
IPR Project A/C,	0102044700000	1,115,425	-
CNHR Project A/C	01020-447000-02	3,092,425	5,723,513
IPR MMUST	0108044700000	3,441,052	664,555.
IPR Predict A/C	0102044700004	74,822,467	44,500,001
IPR GCC, SCB Karen	0102044700003	6,700,630	4,085,468
Snake bite	0108035107802	28,228,809	53,300,285
Fort Jesus KCB Treasury	1106548876	4,286,751	66,733
Fort Jesus Project	1106548809	16,646,017	19,939,617

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

Detail Analysis of the cash and cash Equivalents		2022-2023	2021-2022
Financial Institution	Account Number	Kshs	Kshs
Gede Ruins- KCB Malindi	1108000584	1,725	102,750
Lamu KCB	1104778173	12,768	19,139
Lamu Projects	1104778505	3,261,595	2,787,705
Meru SCB	0102063108500	121,618	-
Kapenguria	1106216474	97,988	71,813
Baringo	1103642324	2,015	5,369
Kisumu	0102055059500	1,023,588	9,062
Narok	1107720796	61,301	124,789,135
Nakuru Hyrax	0152054858500	-	958,158
Kitale	0102036056900	12,460	8,622
Sub-Total		299,436,901	543,829,736
BANK OVERDRAFT			
ACCOUNT			
Recurrent HQs	0108035107900	9,733,781	3,599,899
IPR Project, SCB Karen	01020-044700000	-	111,245,626
Meru SCB	0102063108500	-	805
Total		9,733,781	114,846,330
b) Others (cash in hand)			
		-	-
IPR		5,100	200
Olorgesaille		5,750	12,800
Sub-Total		10,850	13,000

12. **Receivables**

	2022-2023	2021-2022
	Kshs	Kshs.
(a) Receivables from Exchange Transactions		
Trade Receivables	9,025,445	11,131,971
Prepayments	463,127	3,697,504
Deposits	1,507,368	1,507,368
Total	10,995,940	16,336,843
(b) Receivables from Non- Exchange Transactions		
Staff Debtors	287,406,460	214,131,956
GOK Grant	-	87,000,840
Total	287,406,460	301,132,796

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

13. Inventories

Publications	431,160	511,738
Crafts	278,570	338,709
Soft Drinks	58,404	33,553
Total inventories at the lower of cost and net realizable value	768,134	884,000

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

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

	PROPERTY		PLANT AND EQUIPMENT				TOTAL
	LAND	BUILDINGS	WORK IN PROGRESS	FURNITURE	COMPUTERS	VEHICLES	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
COST/ VALUATION							
As at 1st July, 2021	1,575,127,445	1,183,085,581	895,346,950	350,301,319	97,731,761	162,268,035	4,263,861,091
Additions during the year	-	-	131,385,552	16,338,483	6,441,185	6,892,788	161,058,008
Completed works during the year	-	-	-	-	-	-	-
Adjustment during the year			(2,250,000)				(2,250,000)
As at 30th June 2022	1,575,127,445	1,183,085,581	1,024,482,502	366,639,802	104,172,946	169,160,823	4,422,669,099
DEPRECIATION							
As at 1st July 2021	-	173,340,936	-	208,648,750	77,634,775	118,299,059	577,923,520
Charge for the Year	-	10,097,446	-	17,706,571	5,024,247	10,992,244	43,820,508
As at 30th June,2022	-	183,438,382	-	226,355,321	82,659,022	129,291,303	621,744,028
COST/ VALUATION							
As at 1st July, 2022	1,575,127,445	1,183,085,581	1,024,482,502	366,639,802	104,172,946	169,160,823	4,422,669,099
Additions during the year	-	-	84,928,702	13,184,865	30,124,361	-	128,237,928
Completed works during the year	-	-	-	-	-	-	-
As at 30th June 2023	1,575,127,445	1,183,085,581	1,109,411,204	379,824,667	134,297,307	169,160,823	4,550,907,027
DEPRECIATION							
As at 1st July 2022	-	183,438,382	-	226,355,321	82,659,022	129,291,303	621,744,028
Charge for the Year	-	9,996,472	-	17,535,560	5,378,481	9,967,380	42,877,893
As at 30th June 2023	-	193,434,854	-	243,890,881	88,037,503	139,258,683	664,621,921
NET BOOK VALUES							
As at 30th June 2023	1,575,127,445	989,650,727	1,109,411,204	135,933,786	46,259,804	29,902,140	3,886,285,106
NET BOOK VALUES							
As at 30th June, 2022	1,575,127,445	999,647,199	1,024,482,502	140,284,481	21,513,924	39,869,520	3,800,925,071

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

15. Trade and other Payables from Exchange Transactions

	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	178,881,904	163,062,003
Payments received in advance	1,338,000	1,338,000
Third party payments	57,871,403	57,376,262
Other payables	174,896,817	172,750,433
Total	412,988,124	394,526,698

16. Bank overdraft

Details	2022-2023	2021-2022
	Kshs	Kshs
Bank overdrafts	9,733,781	114,846,330
Total	9,733,781	114,846,330

17. Deferred Development Grant

Details	2022-2023	2021-2022
	Kshs	Kshs
National government	250,119,482	283,366,480
Total	250,119,482	283,366,480

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

17(a)

Details	2022-2023	2021-2022
	Kshs	Kshs
Balance b/f	283,366,480	300,128,396
G.O.K development Grant received during the year	52,927,722	120,609,747
Transfer to Capital fund	(84,928,702)	(131,385,551)
Transfer to Income statement	(1,246,018)	(5,986,112)
Balance c/f	250,119,482	283,366,480

18. Project Deposits

Details	2022-2023	2021-2022
	Kshs	Kshs
Opening balance	203,711,241	123,231,613
Add receipts during the year	405,476,438	431,538,083
Total Deposits	609,187,679	554,769,696
Less expenditure (note 4)	452,917,988	351,058,455
Balance c/f	156,269,691	203,711,241

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

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

19. Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs.	Kshs.	Kshs.
Land	1,575,127,445	-	1,575,127,445
Buildings	1,183,085,581	193,434,854	989,650,727
Motor Vehicles, Including Motorcycles	169,160,823	139,258,683	29,902,140
Computers and Related Equipment	134,297,307	88,037,503	46,259,804
Office Equipment, Furniture, And Fittings	379,824,667	243,890,881	135,933,786
Total	3,441,495,823	664,621,921	2,776,873,902

20. Trade and Other Payables

Description	2022/ 2023		2021/2022	
	Kshs.		Kshs.	
Trade payables	178,881,904		163,062,003	
Payments received in advance	1,338,000		1,338,000	
Third-party payments	57,871,403		57,376,262	
Other payables	174,896,817		172,750,433	
Total trade and other payables	412,988,124		394,526,698	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	256,876,487	62.2%	294,238,330	74.6%
1-2 years	10,275,068	2.5%	34,471,541	8.7%
2-3 years	112,572,355	27.3%	11,228,105	2.8%
Over 3 years	33,264,214	8.0%	54,588,722	13.9%
Total (tie to above total)	412,988,124		394,526,698	

21. Refundable Deposits and Prepayments from Customers

Description	2022/2023		2021/2022	
	Kshs.		Kshs.	
Prepayments	463,127		3,697,504	
Other deposits	1,507,368		1,507,368	
Total deposits	1,970,495		5,204,872	

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

Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Over 3 years	1,970,495	100%	5,204,872	100%
Total	1,970,495		5,204,872	

22. Cash Generated from Operations

Description	2022/2023	2021/2022
	Kshs	Kshs
Surplus for the year before tax	(95,807,085)	414,131,697
Adjusted for:		
Depreciation	42,877,893	43,820,508
Working capital adjustments	(52,929,192)	457,952,205
Increase in inventory	115,866	(5,118)
Increase in receivables	19,067,239	(269,180,184)
Increase in payables	18,461,426	117,677,017
Development expenditure	(1,246,018)	(5,986,112)
Net cash flow from operating activities	(16,530,679)	300,457,808

Financial Risk Management

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

Notes to the Financial Statements (Continued)

i) Credit risk

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

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

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

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

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

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

The amount that best represents the Centre's maximum exposure to credit risk as at 30 June 2022 is as follows:

	Fully Performing	Past Due	Total
	Kshs.	Kshs.	Kshs.
Bank Balances	428,996,406	-	428,996,406
Trade Receivables	16,336,843	-	16,336,843
Staff Debtors	214,131,956		214,131,956
Total	659,465,205		659,465,205

Financial Risk Management

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

Interest Rate Risk

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

At 30 June 2023, if the interest rates on the bank balances had decreased/increased by 5 percentage points with all other variables held constant, the impact on surplus for the year would have been Kshs.14,485,699 (2022: Sh. 21,449,820) higher/lower.

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

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

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

Description	Total Amount	Fully performing	Past Due	Impaired
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30th June 2023				
Receivables from exchange transactions	10,995,940	10,995,940	-	-
Receivables from non-exchange transactions	287,406,460	287,406,460	-	-
Bank balances	289,713,971	289,713,971	-	-
Total	588,116,371	588,116,371	-	-
As at 30 June 2022				
Receivables from exchange transactions	16,336,843	16,336,843	-	-
Receivables from non-exchange transactions	301,132,796	301,132,796	-	-
Bank balances	428,996,406	428,996,406	-	-
Total	746,466,045	746,466,045	-	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Organization's directors, who have built an appropriate liquidity risk management framework for the management of the Organization's short, medium and long-term funding and liquidity management requirements. The Organization manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

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

As at 30 June 2023

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

As at 30 June 2022

	Less than 1 Year	Over 1 Year	Impaired	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Payables	64,111,635	-	-	64,111,635
Payables	-	98,950,368	-	98,950,368
Total	64,111,635	98,950,368		163,062,003

iii) Market risk

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

iv) Capital Risk Management

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

	2022 – 2023	2021 – 2022
	Kshs.	Kshs.
Revaluation Reserve	14,635,150	14,635,150
Retained earnings	(103,399,211)	(7,592,127)
Capital Reserve	3,744,556,375	3,659,627,673
Total funds	3,655,792,314	3,666,670,696

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

Total borrowings	-	-
Less: Cash and bank balances	289,713,971	428,996,406
Net debt (Excess cash and cash equivalents)	(289,713,971)	428,996,406
Gearing	(100%)	8.9%

23. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

24. Events after the Reporting Period

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

25. Ultimate and Holding Entity

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

26. Currency

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

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

27. Appendices

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

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

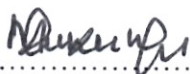
Reference No. on the external audit report	Issue/Observations from Auditor	Management comments	Status (Resolved/Not Resolved)	Timeframe
1. Unsupported and undisclosed Property, Plant and Equipment Balance	The statement of financial position reflects property, plant and equipment balance of Kshs. 3,800,925,071 which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.1,575,127,445 In respect of land which has however, not been valued since 1990. As previously reported, the National Museums of Kenya has one hundred and fifty (150) parcels of land spread across the Country, out of which only forty-three (43) parcels had title deeds and the remaining 107 parcels had no ownership documents. Further, the property, plant and equipment net book value of Kshs.3,800,925,071 includes heritage assets whose value could not be verified due to lack of a fixed assets register.	The Management engaged Ministry of Lands on matters valuing of land and building with ownership documents. Title deeds still pending while Fixed asset register is maintained.	Partially Resolved	30/06/2024

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

<p>2. Unsupported Employee Costs Balance</p>	<p>The statement of financial performance reflects employee cost of Kshs. 1,325,411,277 which as disclosed in Note 6 to the financial statements, includes salaries totalling Kshs. 1,050,678,625. However, supporting documents by way of payroll summaries and corresponding payment vouchers were not provided for audit. In the circumstances, the accuracy and validity of the employee costs of Kshs. 1,325,411,277 could not be confirmed.</p>	<p>The supporting documents and corresponding payment vouchers are with the Ethics and Anti-Corruption (EACC) and will be provided once returned to the organization.</p>	<p>Not Resolved</p>	<p>30/06/2024</p>
<p>3. Unsupported Bank Overdraft Balance</p>	<p>The statement of financial position and as disclosed in Note 16 to the financial statements, reflects a bank overdraft balance of Kshs. 114,846,330 which was however, not supported by way of Board minutes approving the overdraft, bank confirmation certificates, bank reconciliation statements and cash book extracts. In the circumstances, the completeness, accuracy, validity and the fair statement</p>	<p>The overdraft was as a result of previous unreconciled amount due to system crash which is still undergoing reconciliation.</p>	<p>Not yet Resolved</p>	<p>30/06/2023</p>

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

	<p>of the bank overdraft balance of Kshs. 114,846,330 could not be confirmed.</p> <p>The Audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Museums of Kenya in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p>			
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--



.....
Director General

Date: 5/4/2024

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

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2023

Appendix II: Projects implemented by National Museums of Kenya

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

Status of Projects completion

SN	Project	Total Project Cost	Total Expended To date	Completion % to date	Budget	Actual	Sources of Funds
1.	NMK Renovation of Vasco Da Gama Pillar Phase I	64,133,600.00	61,456,433.95	95.8	64,133,600.00	61,456,433.95	Sports Fund
2.	Backfilling of Fort Jesus Sea wall	246,000,000.00	196,980,751.07	80.1	246,000,000.00	196,980,751.07	Sports Fund
3.	Rehabilitation of Gede Complex Building in Kilifi County	33,309,622.72	-	-	33,309,622.72	-	Sports Fund
4.	Rehabilitation of Vasco Da Gama Pillar Phase II in Kilifi County	20,885,325.00	5,585,434.80	26.7	20,885,325.00	5,585,434.80	Sports Fund
5.	Renovation and rehabilitation of Maktau in Taita Taveta County.	68,497,974.00	53,520,640.40	78.1	68,497,974.00	53,520,640.40	Tourism Promotion Fund
6.	Digitization of the collections, sites and monuments.	56,291,440.00	45,213,909.50	80.3	56,291,440.00	45,213,909.50	Tourism Promotion Fund

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2023

Appendix 1: INTER-ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA				
Break down of Transfers from the State Department of Culture and Heritage				
FY 22/23				
a.	Recurrent Grants			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to Which the Amounts Relate
	Ministry of Tourism, Wildlife and Heritage	01.08.2022	96,667,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	07.09.2022	96,667,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	28.09.2022	96,667,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	18.11.2022	96,667,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	06.12.2022	96,667,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	29.12.2022	96,667,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	08.02.2023	83,927,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	24.03.2023	84,927,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	13.04.2023	82,927,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	10.05.2023	91,667,500	2022/2023
	Ministry of Tourism, Wildlife and Heritage	09.06.2023	92,667,500	2022/2023

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2023

Ministry of Tourism, Wildlife and Heritage	09.06.2023	90,667,500	2022/2023
Total		1,106,790,000	
b. Other Recurrent Grants			
Natural Product Industry			
Ministry of Tourism, Wildlife and Heritage	01.08.2022	13,350,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	07.09.2022	13,350,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	28.09.2022	13,350,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	18.11.2022	13,350,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	06.12.2022	13,350,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	29.12.2022	13,350,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	08.02.2023	7,950,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	01.03.2023	8,950,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	13.04.2023	6,950,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	17.05.2023	13,350,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	09.06.2023	13,350,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	09.06.2023	13,350,000	2022/2023

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2023

	Total		144,000,000

Institute of Primate Research			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
Ministry of Tourism, Wildlife and Heritage	11.08.2022	5,316,660	2022/2023
Ministry of Tourism, Wildlife and Heritage	07.09.2022	5,316,660	2022/2023
Ministry of Tourism, Wildlife and Heritage	22.09.2022	5,316,680	2022/2023
Ministry of Tourism, Wildlife and Heritage	18.11.2022	15,950,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	08.02.2023	9,570,000	2022/2023
Ministry of Tourism, Wildlife and Heritage	16.05.2023	5,316,666.70	2022/2023
Ministry of Tourism, Wildlife and Heritage	05.06.2023	10,633,333.30	2022/2023
	Total	57,420,000	

c. Development Grants			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
Ministry of Tourism, Wildlife and Heritage	31.05.2023	18,523,600	2022/2023
	Total	18,523,600	

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2023

NOTES:


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

Financial Controller
National Museums of Kenya

Sign 
CPA Geoffrey Namachanja

Date: 19th March, 2024

Head of Accounting Unit
State Department of Culture and Heritage

Sign 
CPA Henry K. Mayabi

Date: 19th March, 2024

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2023

Appendix 2: INTER- ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA			
Break down of Transfers from the State Department for Sports. FY 22/23			
Development Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to Which the Amounts Relate
Ministry of Youth Affairs, The Arts and Heritage	14.09.2022	16,733,276.50	2022/2023
Ministry of Youth Affairs, The Arts and Heritage	17.11.2022	16,471,521.50	2022/2023
Ministry of Youth Affairs, The Arts and Heritage	08.12.2022	5,585,434.80	2022/2023
Total		38,790,232.80	

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

Financial Controller
National Museums of Kenya

Sign 
CPA Geoffrey Namachanja

Date: 19th March, 2024

Head of Accounting Unit
State Department of Sports

Sign 
CPA Antony N. Njenga

Date: 19th March, 2024