

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 09 APR 2025 DAY: Wednesday
TABLED BY: Hon. Naomi Wago, MP
Deputy Majority Party Whip
Halima Ahmed

THE AUDITOR-GENERAL



ON

KENYA MARITIME AUTHORITY

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

OFFICE OF THE AUDITOR GENERAL
P.O.Box 95262 MOMBASA
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KENYA MARITIME AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
30 JUNE 2024

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

**Kenya Maritime Authority
Annual Reports and Financial Statements
For the year ended June 30, 2024**

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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

ADF&A	Assistant Director Finance & Accounts
CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICDN	Inland Container Depots - Nairobi
ICPAK	Institute of Certified Public Accountants of Kenya
ICZM	Integrated Coastal Zone Management
IMO	International Maritime Organization
IOPC	International Oil Pollution Compensation Fund
IPSAS	International Public Sector Accounting Standards
ISPS	International Ship and Port Facility Security
KEMRI	Kenya Medical Research Institute
KIFWA	Kenya International Freight and Warehousing Association
KMA	Kenya Maritime Authority
KPA	Kenya Ports Authority
KPI	Key Performance Indicator
KRC	Kenya Railways Corporation
LPG	Liquefied Petroleum Gas
MARPOL	International Convention for the Prevention of Pollution from Ships
MSA	Merchant Shipping Act
MSC	Mediterranean Shipping Company
MTCC	Maritime Technology Cooperation Centre
NCTTCA	Northern Corridor Transit and Transport Coordination Authority
NEMA	National Environment Management Authority
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OPRC	International Convention on Oil Pollution Preparedness, Response and Co-operation
OSHA	Occupational Safety and Health Act of 2007

1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS (Continued)

PFM	Public Finance Management
PFSP	Port Facility Security Plan
PPE	Property Plant & Equipment
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
RSO	Recognized Security Organization
SAGAs	Semi-Autonomous Government Agencies
SECO	Southern Engineering Co. Ltd
SC	State Corporations
SGR	Standard Gauge Railway
SME	Small & Medium Enterprises
TOS	Terminal Operating System
UN	United Nations
WIO	Western Indian Ocean

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.

2. KEY AUTHORITY INFORMATION AND MANAGEMENT

(a) Background Information

Kenya Maritime Authority (KMA) was established on 21st June 2004 vide Legal Notice Number 79 of 2004. The Board is in charge of giving strategic direction and the Director General is charged with the day-to-day affairs of the Authority.

(b) Principal Activities

The mandate of KMA is to regulate, co-ordinate and oversee maritime affairs. Our Vision is to be a “*leading maritime administration transforming Kenya into a globally competitive nation*” and the Mission is to “*ensure sustainable safe, secure, clean and efficient water transport for the benefit of stakeholders through effective regulation, coordination and oversight of maritime affairs*”.

Key objectives

The following are the key objectives of KMA:-

- (i) To develop an appropriate legal and regulatory framework and partnerships for maritime development.
- (ii) To strengthen the Authority’s institutional capacity to deliver on its mandate.
- (iii) To enhance maritime safety, security and protection of marine and aquatic environment.
- (iv) To advocate for the provision of a globally competitive maritime education and training.
- (v) To promote maritime research and development.
- (vi) To create a conducive environment for supply of competitive and quality commercial maritime services.

(c) Key Management

The Authority’s day-to-day management is under the following key organs:

- The Director General
- The Senior Management

2. KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Director General	Eng. Martin Dzombo Munga
2.	Director, Maritime Safety	Eng. Julius Koech
3.	Director, Maritime Education Training & Labour	Capt. Peter Munga
4.	Director Maritime Trade and Development	Mr. Joseph Kapeku
5.	Corporation Secretary and Director Legal Services	Ms. Jessica Mbae
6.	Asst. Director Finance & Accounts	Mr. Julius Ogutu
7.	Asst. Director Human Resource & Administration	Mr. Henry Mwasaru
7.	Asst. Director Supply Chain Management	Ms. Bevaline Lundu

(e) Fiduciary Oversight Arrangements

Finance and Investment Committee

The committee's activities include;

- a) Ensuring that KMA observes good financial governance in all its activities.
- b) Ensure that KMA complies with the relevant laws.
- c) Establish policies, procedures and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals and financial reporting.
- d) Reviewing quarterly financial reports for adoption by the Board.
- e) Reviewing annual financial statements for adoption by the Board.
- f) Improving the quality of reporting on financial management.
- g) Ensuring integrity of the assets of KMA.
- h) Overseeing and recommending investments of KMA to the Board.
- i) Reviewing and making recommendations on issues of management of the Staff Pension Fund on behalf of the Board to ensure that the obligations of KMA are discharged.
- j) Considering and recommending budget proposals to the Board.

2. KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)

- k) Reviewing the Finance and Investment Committee terms of reference and work plan where applicable.
- l) Reviewing annual procurement plans and schedule of assets due for disposal for the Committee's consideration and recommendation to the Board.
- m) To approve any policy or proposed course of action that will have a significant impact on the financial or budgetary position of KMA.
- n) To monitor key risks and performance indicators for those areas within the remit of the Committee.
- o) Review periodically and if appropriate, recommend amendments to the Board for approval of the Finance Manual.
- p) Ensure that the Management has allocated sufficient resources to comply with social and ethics policies, codes of best practice and all other regulatory requirements.
- q) Perform any other tasks and assignments as may be directed by the Board.

Maritime Industry Development Committee

The committee's activities include;

- a) Setting targets and negotiating on performance contracts;
- b) Reviewing and reporting on performance contract obligations to the Board;
- c) Ensuring that KMA's maritime safety and security obligations are effectively discharged;
- d) Facilitating, monitoring and overseeing the implementation of the maritime education and training curriculum in various institutions;
- e) Enhancing the legal framework;
- f) Setting strategic direction for KMA and monitoring the implementation of the strategic plan;
- g) Raising the standards of corporate governance on behalf of the Board;
- h) Overseeing the development, preparation and implementation of corporate communication policies and recommending management publicity programmes to the Board; and
- i) Providing guidance on Corporate Social Responsibility activities and monitoring their implementation.

2. KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)

Audit and Risk Assurance Committee

The committee's activities include;

- (a) Review with the internal and external auditors the co-ordination of audit effort to ensure completeness of coverage, avoid duplication of effort, and promote the effective use of audit resources.
- (b) Provides oversight over governance, risk management and control processes;
- (c) Review the legal and regulatory matters that may have a material impact on the financial statements, related compliance policies, and reports received from consultants.
- (d) Give guidelines on risk management.

Human Resource and Environmental Social Governance Committee

The committee's activities include;

- (a) to enhance corporate affairs and communication within and outside KMA;
 - (b) to monitor KMA's compliance with Corporate Governance principles;
 - (c) to monitor and have an oversight role in KMA's Corporate Social Responsibility activities;
 - (d) to safeguard the image of KMA by ensuring that ethical governance is upheld at all times;
 - (e) assist in ensuring that the law is complied with; and
 - (f) ensuring good governance for the KMA Board.
- (f) Kenya Maritime Authority Headquarters**
P.O. Box 95076 – 80104
KMA Bahari Towers,
Mbaraki road,
Mombasa, Kenya.
- (g) Contacts**
Telephone: (254) 041 2318398/9
E-mail: info@kma.go.ke
Website: www.kma.go.ke
- (h) Bankers**
- i. Kenya Commercial Bank
Kilindini Branch
P O Box 90300
Mombasa.

2. KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)

- ii. Kenya Commercial Bank
Kisumu Branch
P. O. Box 4117-40100
Kisumu.
- iii. National Bank of Kenya
P. O. Box 87770-80100,
Mombasa.
- iv. Kenya Commercial Bank
P.O Box4087
Lamu.
- v. Kenya Commercial Bank
P.O Box4021
Lodwar.
- vi. Family Bank of Kenya,
Nkurumah Road Branch,
P.O Box 81630-80100
Mombasa.
- vii. Consolidated Bank of Kenya
Nkrumah Road Branch,
P.O Box 82342 - 80100,
Mombasa

(i) Independent Auditors

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

3. THE BOARD OF DIRECTORS


The Directors who served during the period under review are:

Mr. Hamisi M. Mwanguya	Chairman-Appointed on 18 th November,2022
Eng. Martin Dzombo Munga	Director General
Prof. Njuguna Ndung’u, CBS	Cabinet Secretary, National Treasury & Economic Planning
Hon. Geoffrey Kaituko	Principal Secretary, State Department for Shipping and Maritime Affairs
Hon. Justin B. N. Muturi E.G.H	Attorney General
Ms. Janet Lang’at Chepkorir Wasike	Alternate to the Attorney General
Mr. Daniel M. Ndolo OGW	Alternate to the Cabinet Secretary, National Treasury & Planning, Appointed on 23 rd April 2020
Mr. Isaiah Nakoru	Alternate to the Principal Secretary, State Department for Shipping and Maritime Affairs
Hon. Qalicha Guyo	Appointed on 6th March 2023
Ms. Annistain Kemunto Mogaka	Appointed on 6th March 2023
Mr. Rishad Hamid Ahmed	Appointed on 6th March 2023
Dr. Lillian Apadet	Appointed on 6th March 2023
Mr. Ezekiel Kibor	Appointed on 6th March 2023
Mr. Ali Abdalla Mondo	Appointed on 31st May 2023


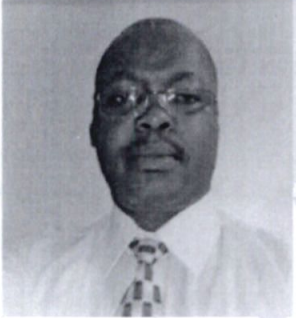
3. THE BOARD OF DIRECTORS (Continued)

Ref	Directors	Details
1.	 <p data-bbox="375 857 651 902">Mr. Hamisi Mashobo Mwanguya Chairman Board of Directors</p>	<p data-bbox="810 526 1396 1025">Mr. Hamisi M. Mwanguya born on 12th December, 1973, assumed the role of Chairperson for the Board of Directors at the Kenya Maritime Authority on November 17, 2022. With a career spanning over two decades in both public and multinational corporate sectors, Mr. Mwanguya is a dedicated and seasoned development and economics professional. His extensive expertise lies in strategic policy formulation and implementation, public finance management, and strategic human capital management.</p> <p data-bbox="810 1048 1396 1451">Prior to his appointment, Mr. Mwanguya held the position of Director at Kenya National Trading Corporation Limited and chaired various committees, including the Economics Stimulus Programme Committee, Constituency Road Committee, and Constituency Development Fund Committee. Throughout his career, he has also served in numerous capacities within the maritime sector, amassing valuable experience in the field.</p> <p data-bbox="810 1473 1396 1877">In addition to his maritime background, Mr. Mwanguya possesses an in-depth understanding of government operations, having held multiple positions within the Office of the Governor in Mombasa County. His roles encompassed advising the Governor on urban development and planning, overseeing trade, energy, and investments, acting as Chief of Staff, and serving as County Secretary and Economic Advisor.</p> <p data-bbox="810 1899 1396 1966">As Chairperson, Mr. Mwanguya brings a wealth of knowledge and leadership acumen to the Kenya</p>



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		Maritime Authority, positioning him as a key driver of its strategic direction and continued success
2.	 <p data-bbox="384 882 568 931">Dr. Lilian Apadet Director</p>	<p data-bbox="804 555 1391 837">Dr. Lilian Apadet Osamong born on 28.9.1980, assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023. With a distinguished career in the medical field, Dr. Apadet brings a wealth of expertise to the board. Her nine-year tenure at the Kenya Medical Research Institute (KEMRI) underscores her commitment to advancing healthcare in Kenya.</p> <p data-bbox="804 846 1391 1128">Dr. Apadet is not only a respected medical professional but also an accomplished author, renowned for her contributions to scholarly articles recognized throughout the East African region. Her outstanding research endeavors have garnered her prestigious accolades, including the Pierre Fauchard Academy Fellowship Awards, a testament to her past achievements in the medical domain.</p> <p data-bbox="804 1146 1391 1541">Currently, Dr. Lilian holds the position of Assistant Lecturer at Moi University, where she imparts her extensive knowledge and skills to the next generation of medical professionals. Her multifaceted skill set extends beyond the medical realm, encompassing strong leadership and guidance capabilities. As a Member of the Board of Directors, Dr. Apadet brings her wealth of experience and expertise to contribute to the strategic direction and success of the Authority, ensuring that it continues to thrive in its mission within the maritime industry.</p> <p data-bbox="804 1559 1391 1697">She is an independent Director and chair of the Human Resource, Environment and Social Governance Committee and a member of the Maritime Industry Development Committee.</p>


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Ref	Directors	Details
3.	 <p data-bbox="400 801 699 943">Mr. Isaiah Nakoru <i>Alternate Director Principal Secretary, State Department for Shipping and Maritime Affairs</i></p>	<p data-bbox="810 454 1398 640">Mr. Isaiah Nakoru, born on 1.1.1965, is the Alternate Director to the Principal Secretary, State Department for Shipping and Maritime Affairs. Born in 1965, Mr. Nakoru has 30years experience in national government administration and the former provincial administration.</p> <p data-bbox="810 674 1398 768">Education masters of arts in peace studies and international relations from the costa Rica San Juan Delarosa University.</p> <p data-bbox="810 801 1257 831">He is a member of all board committees.</p>
4.	 <p data-bbox="339 1350 646 1424">Mr. Daniel M. Ndolo <i>Alternate Director representing the Cabinet Secretary National Treasury</i></p>	<p data-bbox="810 1010 1398 1469">Mr. Daniel M. Ndolo, bron on 1.1.1970, is the Alternate Director of the Board of Directors of the Kenya Maritime Authority representing the Cabinet Secretary for National Treasury and Planning. Mr. Ndolo has over 25 years' experience working in public sector institutions in Kenya. He has expertise in corporate governance, capital market operations, debt market development, projects management, financial risk management and stakeholder management. He has also served as senior advisor to senior public sector officials in public policy, public debt, public investments and stakeholder engagement.</p> <p data-bbox="810 1503 1270 1532">He is a member of all Board Committees.</p>


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Ref	Directors	Details
5.	 <p data-bbox="352 837 608 943">Ms. Janet Lang'at Chepkorir Wasike <i>Alternate Director representing the Attorney General</i></p>	<p data-bbox="802 450 1390 1234">Ms. Janet Langát, born on 21.1.1980, is an Alternate Member of the Board of Directors Kenya Maritime Authority representing the Hon. Attorney General. She is a holder of a Master's degree in Business Administration (Strategic Management) from Maseno University and a degree in Law from Moi university. She also has undertaken various trainings in Mediation and Negotiation from International Law Institute and has vast experience in management. Ms. Langát has 20 years of experience working in the Public and the Private Legal Sector. She has worked in different capacities in the Office of the Attorney General and is currently the Regional Head in Mombasa. She has also successfully defended the Government in high level litigation and brings to the Authority a vast wealth of legal knowledge and experience.</p> <p data-bbox="802 1249 1390 1420">She is a member of the Human Resource, Environment and Social Governance Committee and a member of the Maritime Industry Development Committee.</p>
6.	 <p data-bbox="387 1720 632 1776">Ms. Annistain Kemunto Director</p>	<p data-bbox="802 1440 1390 1686">Ms. Annistain Mogaka, born on 7.12.1974, assumed the role of Board Member at the Kenya Maritime Authority, commencing on March 10, 2023. As an innovative and forward-thinking leader, Ms. Mogaka is deeply committed to driving development and nation-building initiatives, making her a valuable addition to the Authority's board.</p> <p data-bbox="802 1709 1390 1883">Her leadership style is characterized by a strategic and visionary approach, which aligns seamlessly with the Authority's mission and goals. Ms. Mogaka's unique perspective and expertise contribute to the board's ability to steer the organization effectively.</p> <p data-bbox="802 1906 1390 2002">In terms of her qualifications, Ms. Mogaka has a background in computer studies, reflecting her technological acumen and the ability to leverage</p>


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Ref	Directors	Details
		<p>digital solutions in the maritime sector's evolving landscape. Furthermore, she has obtained certification in Ministry from the JCC School of Ministry, showcasing her dedication to personal and professional development.</p> <p>With her blend of innovation, strategic thinking, and a commitment to community development, Ms. Annistain Mogaka is well-prepared to play a vital role in shaping the Authority's future and fostering its mission to advance the maritime sector and contribute to the nation's growth.</p> <p>She is an independent Director and member of the Audit, Risk and Assurance Committee and a member of the Maritime Industry Development Committee.</p>
7.	 <p>Mr. Rishad Hamid Ahmed Director</p>	<p>Mr. Rishad Hamid Ahmed born on 2.3.1963, assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023. With an impressive thirty-three years of entrepreneurial experience spanning various sectors of the economy, Mr. Ahmed brings a wealth of expertise to the board.</p> <p>Currently, he serves as a Director at Amana Freights Company and holds the position of Managing Director at Richlands Properties Limited, showcasing his active involvement in the business world. In the past, he was the sole proprietor of Rajaco Ship Contractors and a partner at Golden Freights Company from 2003 to 2005. Mr. Ahmed's dynamic career also includes a significant leadership role as Chairman of the Seafarers Union.</p> <p>Mr. Ahmed's educational journey includes graduation from Bandari College, Nairobi Aviation College, and the Bush Town School, underscoring his commitment to continuous learning and professional development. Beyond his business endeavors, he is the esteemed founder of the Muslim Youth of Kenya, highlighting his dedication to community and social initiatives.</p> <p>With his extensive entrepreneurial background, leadership acumen, and commitment to community welfare, Mr. Ahmed is poised to make valuable</p>


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		<p>contributions to the Authority's strategic vision and mission.</p> <p>He is an independent Director and chair of the Finance and Investment Committee of the Board and a member of the Human Resource, Environment and Social Governance Committee.</p>
8.	 <p><i>Mr. Ezekiel Kibor Director</i></p>	<p>Mr. Ezekiel Kibor born on 12.6.1980 assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023, bringing with him a wealth of experience in finance, purchasing, and supply management spanning over eleven years. His expertise extends to accounting, procurement, and logistics, making him a versatile professional in these domains.</p> <p>Currently, Mr. Kibor holds the position of General Manager at Loita Farms LTD, where he has consistently demonstrated his leadership prowess. Throughout his career, he has served in various managerial capacities within his field of expertise, accumulating a deep understanding of effective management practices.</p> <p>Mr. Kibor is distinguished by his aptitude for teamwork and his problem-solving abilities. He places a strong emphasis on ensuring service delivery aligns with the highest standards of quantity, quality, cost-effectiveness, and timely service delivery. This commitment to excellence has been a hallmark of his professional journey.</p> <p>With his comprehensive background in financial and supply chain management, Mr. Ezekiel Kibor is well-prepared to contribute to the strategic vision and mission of the Authority. His experience, management skills, and dedication to delivering outstanding service make him a valuable asset to the board.</p> <p>He is an independent Director and chair of the Maritime Industry Development Committee of the</p>



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		Board and a member of the Finance and Investment Committee of the Board.
9.	 <p data-bbox="402 853 612 904"><i>Hon. Qalicha Gufu Director</i></p>	<p data-bbox="810 600 1394 770">Mr. Qalicha Gufu Wario born on 12.5.1975, assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023, bringing with him a rich and diverse experience spanning twenty-four years across various fields.</p> <p data-bbox="810 804 1394 1263">His career journey reflects a versatile professional who has excelled in multiple roles. Mr. Gufu's expertise includes serving as a marketing expert in research and advisory services, where he provided invaluable insights. Previously, he held the position of Program Manager at the Livestock Marketing Council and later ascended to the role of Chief Executive Officer within the same organization, underscoring his leadership and management capabilities. Moreover, he served as the Member of Parliament for Moyale in the 12th Parliament of Kenya, demonstrating his commitment to public service and governance.</p> <p data-bbox="810 1285 1394 1637">Mr. Gufu's academic background is equally impressive, with a Bachelor of Education in economics and commerce from the University of Nairobi, complemented by a Master's degree in Economics from the same institution. Currently, he is an active member of the National Research Taskforce on Agriculture Research Systems, tasked with developing Kenya's National Research Systems, showcasing his dedication to advancing research and innovation in the country.</p> <p data-bbox="810 1659 1394 1832">Mr. Qalicha Gufu Wario's multifaceted experience, educational qualifications, and active involvement in shaping research systems position him as a valuable contributor to the Authority, enriching the board's expertise and strategic direction.</p> <p data-bbox="810 1906 1394 1966">He is an independent Director and chair of the Audit and Risk Assurance Committee of the Board and</p>

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Ref	Directors	Details
		member of the Human Resource Environment and Social Governance Committee of the Board.
10.	 <p data-bbox="379 958 624 1014"><i>Mr. Ali Abdalla Mondo</i> <i>Director</i></p>	<p data-bbox="804 582 1391 1010">Mr. Ali Abdalla Mondo born on 1.1.1970, assumed the role of a Director on the Kenya Maritime Authority's Board on June 2, 2023, bringing to the Authority a wealth of experience and a commitment to diverse, inclusive, and human rights-focused perspectives. His multifaceted skill set encompasses mentoring, coaching, and a keen entrepreneurial acumen, particularly in incubation and management of Small and Medium Enterprises. These attributes promise to be invaluable assets for the Authority as it aspires to implement the Bottom-up Economic Transformation Agenda.</p> <p data-bbox="804 1032 1391 1279">Mr. Mondo's qualifications extend into research, leadership training, gender issues, and development, all of which stand to enrich the Authority's skills repertoire. With a Bachelor of Science Degree in Science and Humanity, his academic foundation further bolsters his capacity to contribute meaningfully to the maritime sector.</p> <p data-bbox="804 1301 1391 1547">Notably, Mr. Mondo is a certified Mediator, underlining his dedication to conflict resolution and negotiation. His involvement in youth empowerment initiatives and active engagement with the Kenya Red Cross demonstrate his commitment to fostering peaceful coexistence, making him a driving force behind several pivotal projects across Kenya.</p> <p data-bbox="804 1570 1391 1816">In summary, Mr. Mondo's appointment brings a fresh perspective and a robust skill set to the Authority's Board of Directors. His dedication to human rights, inclusivity, and youth empowerment, combined with his expertise in management of SMEs and mediation, positions him as a valuable asset in furthering the Authority's mission and objectives.</p> <p data-bbox="804 1839 1391 1973">He is an independent Director and member of the Audit and Risk Assurance Committee of the Board and member of the Maritime Industry Development Committee of the Board.</p>

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Ref	Directors	Details
11.	 <p data-bbox="363 808 659 860">Eng. Martin Dzombo Munga DIRECTOR GENERAL</p>	<p data-bbox="810 456 1398 831">Eng. Martin Dzombo Munga born on 20.2.1956, holds a Master's Degree in Naval Architecture and Ocean Engineering from the Bremen University of Applied Sciences. He is also a Microsoft Certified Systems Engineer having received qualifications from GFN Training in Hamburg, Germany. As a distinguished Naval Architect and Ocean Engineer he is projected to bring a vast array of international experience and expertise to KMA. His extensive background in the maritime and shipping sectors across Europe is projected to steer KMA into new heights of success.</p> <p data-bbox="810 869 1398 1115">Eng. Munga's career has been marked by his involvement in ground breaking maritime projects. His work in Green Ship Breaking and leadership in Euro Offshore Projects have underscored his commitment to sustainable maritime practices. His expertise in heavy cargo freight shipping design has also been critical in shaping contemporary shipping logistics.</p> <p data-bbox="810 1149 1398 1451">Throughout his professional journey, Mr. Munga has held senior positions with leading organizations such as Beluga Shipping GMBH in Bremen, Germany, Siemens AG in the Energy Sector, Airbus at Finkenwerder in Hamburg, Germany, and Kroger Werft GMBH & Co. Kg in Rotterdam, Netherlands. His roles in these companies have honed his skills in maritime engineering and project management, making him an exemplary leader for the Kenya Maritime Authority.</p>
12.	 <p data-bbox="363 1872 659 1951">Ms. Jessica Mbae Corporation Secretary and Director Legal Services</p>	<p data-bbox="810 1462 1398 1630">CS Jessica Mbae, born on 29th September, 1986, is an Advocate of the High Court of Kenya of eleven (11) years standing and a member of the Law Society of Kenya and the Institute of Certified Secretaries of Kenya.</p> <p data-bbox="810 1641 1398 1854">She has a Bachelors Degree in Law from the Catholic University of Eastern Africa and a Masters Degree in Public Policy and Management from the Strathmore University Business School. She is also a Certified Professional Mediator certified by the Nairobi Centre for International Arbitration (NCIA).</p> <p data-bbox="810 1888 1398 2027">She has over a decade experience in the Roads Sector and Corporate Governance having worked in various positions in the Legal Services Directorate of the Kenya National Highways Authority.</p>

4. KEY MANAGEMENT TEAM



Eng. Martin Dzombo Munga
DIRECTOR GENERAL

Responsible for setting and executing the overall business strategy for Kenya Maritime Authority (KMA) and translating Board and Shareholder mandates to the business and representing Management in the board. The position ensures that the Authority meets its strategic objectives to achieve its overall goals.



Eng. Julius Koech
Director, Maritime Safety

Responsible for the implementation of the provisions of the Merchant Shipping Act, KMA Act, relevant national legislation/policies/directives and International Conventions, in relation to maritime safety, security and protection of the marine environment.



Capt. Peter Munga
Director, Maritime Education
Training & Labour

Responsible for the implementation of the provisions of the Merchant Shipping Act, KMA Act, relevant national legislation/policies/directives and International Conventions, in relation to training and certification of seafarers, engagement and welfare of seafarers and training on maritime transport logistics.

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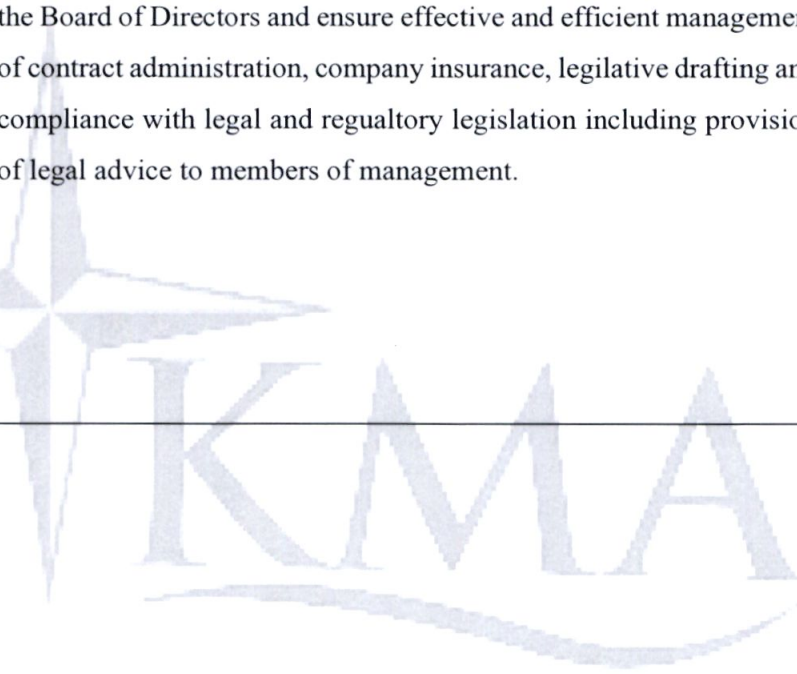
Joseph Kapeku
Ag. Director Maritime Trade
and Development

Responsible for coordinating and implementing strategies towards orderly development of an efficient and effective framework for provision of optimal commercial maritime services. Oversee the development and implementation of efficiency monitoring framework for maritime transport services. Assist in policy formulation and implementation of commercial maritime services cluster.



Ms. Jessica Mbae
Corporation Secretary and
Director Legal Services

Responsible for providing Board Secretarial and related services to the Board of Directors and ensure effective and efficient management of contract administration, company insurance, legislative drafting and compliance with legal and regulatory legislation including provision of legal advice to members of management.



5. CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors, Management and Staff of Kenya Maritime Authority, I am pleased to present the Annual Report and Financial Statements for the Financial Year ended 30th June 2024. The report reflects the Authority's performance, during the period and is in line with the functions and objectives as stipulated in the Kenya Maritime Authority Act, 2006 and the Strategic plan 2018-2023.

This report seeks to highlight the Authority's achievements and steps undertaken towards the continued actualization of its mandate and commitment to transforming Kenya into a globally competitive nation in line with the Kenya's Vision 2030.

Among the key milestone the Authority accomplished in line with the Merchant Shipping Act are:

1. 447 new seafarers in the 'Officer' and 'Rating' cadres were Registered during the 2017/18-2022/23 period raising the number from 187 in June 2017 to 634 in June 2024.
2. Number of Maritime Education and Training (MET) Institutions approved to offer MET Courses increased from 5 in June 2017 to 9 in June 2024
3. Registered/ Licensed Maritime Transport Operators (MTOs) increased by 57 from 101 in June 2017 to 158 in June 2024
4. Promoted the recruitment and placement of over 2000 Seafarers through partnerships with financial institution and fund managers.
5. Development of National strategy for implementation of IMO instruments and implementation of the corrective action plan following the IMSAS audit.
6. Contributed to the development of international maritime instruments at the International Maritime Organization and International Labour Organization and International Telecommunication Union.
7. Hosted and coordinated the Sustainable Blue economy conference whose resolution led to the Inclusion of Blue Economy as the 8th sector of the Economic pillar of vision 2030.
8. Development of legal and regulatory framework (including KMA Act and Merchant Shipping Act, merchant shipping labour regulations
9. Coordinated the development of sector policies including National maritime transport policy, Maritime education and training policy, maritime investment policy, Maritime security policy, National Emergency Response plan.
10. Construction of the Kenya Maritime Authority Headquarters (KMA Towers).
11. Enhanced the capacity of the Authority through the Development of internal policies, upgrading of systems and ISO 9001-2015 Certification.
12. Establishment of MET Support programme
 - a) Support of MET institutions to acquire training facilities and equipment's.
 - b) Collaboration with HELB to provide loans to students undertaking Basic STCW COURSES
13. Spearheaded the election of Kenya into Category C of the IMO

5. CHAIRPERSON'S STATEMENT (Continued)

14. Conducted the independent evaluation of Maritime Education and Training as per the STCW convention.
15. Enhanced environmental protection through assessment of environmental effects of projects, establishment of partnerships on marine environment protection, development of ship fuel oil standards, supporting activities of MTCC Africa on climate change and mitigation of the shipping sector, human resource capacity development for oil spill response and preparedness, and spearheaded the development of national guideline on IMO sulphur limit.
16. Contributed to the removal of Kenyan maritime zones from designation as a High-Risk Area (HRA).

The Authority faces challenges in proper regulation of the industry due to delays in enactment of relevant regulations. Human resource constraints have hampered delivery of services to stakeholders. With the enactment of the above regulations, recruitment of staff to fill the establishment as per the approved HR instruments and projected completion of the Headquarters, the Authority will fortify its drive to efficient and effective service delivery.

My sincere gratitude goes to members of the Board, KMA staff, strategic partners, stakeholders and the general public for their continued support in the realization of our mandate in the sector.


**CHAIRMAN
BOARD OF DIRECTORS
KENYA MARITIME AUTHORITY**



6. REPORT OF THE DIRECTOR GENERAL

Introduction

The Kenya Maritime Authority Annual Report and Financial Statements for 2023/2024 financial year has been prepared pursuant to the Public Finance Management Act and in line with International Public Sector Accounting Standards.

Kenya Maritime Authority in its regulatory role is committed to leading the transformation of Kenya into a globally competitive maritime nation. As guided by its own Act, Merchant Shipping Act and other key policy documents such as the “2050 Africa’s Integrated Maritime Strategy (2050 AIM Strategy)”, integrated transport policy, international treaties and conventions that Kenya has acceded to, the Authority put in place various measures to raise awareness on the significant role the maritime sector plays in the economy and the need for its enhanced development. Highlighted below are some of Authority's accomplishments during the stipulated period:

Projects

During the year the Authority was able to achieve key milestones on some of the projects being implemented and on the other hand faced a few drawbacks on others as indicated;

On the Kenya Lake Victoria Transport and Communication Project, the Kenya Ports Authority (KPA) allocated a suitable land at Kisumu port to the Authority, leading to the relocation of the construction site for the Kisumu Regional office and SAR center from Dunga to the new site.

Project Elea commenced in June having 220 trainees drawn from Lamu, Kilifi, Taita Taveta Kwale, Mombasa and Turkana enrolling to the program at NITA.

The KMDB project contract was successfully signed on 21st March, 2024 between KMA (“the Client”) and Centric Technology Solutions Ltd (“the Consultant”).

Registration of Ships, Inspection & Survey Authority

During the year of the Authority inspected 285 small vessels all of which were found to be in compliant with the requirements of the Merchant Shipping (Small Vessel Safety) Regulations, 2012, and were issued with seaworthiness certificates and licenses. This brings the total number of

6. REPORT OF THE DIRECTOR GENERAL(Continued)

compliant small vessels inspected this year to 921. Free vessel inspections were conducted in Migori, Kilifi, Tana River, Naivasha and Lamu County where 435 vessels were inspected and 285 of which were compliant and registered. The Authority also conducted dry dock inspections of three (3) Kenyan flagged vessels and finalized ISM audits of Globalogy as well as approval for fire plans and stability booklets for the same. The Authority also undertook Audit of the 4 recognized Organizations authorized to issue statutory certificates on behalf of the Authority and were found to be compliant with the RO Code.

Maritime Search and Rescue Department

During the year, the Authority implemented workplan/PC activities in addition to the operations of the RMRCC. The Authority conducted SAR asset inventory update in Kilifi and Kwale Counties. The Authority hosted a delegation from the Communications Authority to a retreat to review the MoU between the entities. The revision was aimed at strengthening the areas of collaboration and in particular to map out modalities of how to engage with GSM network service providers not only provide extended network coverage over the Indian Ocean & Victoria but also to provide location of call origination to aid in SAR. Further, the Authority developed a Concept Note for National Maritime Communication and SAR project with the aim to develop and equip SAR centers along the coastal strip as well as in Lake Turkana and Lake Naivasha.

Marine Environment Protection Department

Following a significant increase of request to the authority to approve vessel recycling in the country, the department developed draft guidelines on ship breaking and recycling, drafted a business case for ship recycling business in Kenya and a cabinet memo for ratification of Hong Kong Environmentally Sound and Safe Ship Recycling. This will provide the framework for regulation of ship recycling in the country. The Authority processed and issued IOPC Fund Clearance Letters to various oil Companies in implementation of the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992. The Authority further developed a draft Charter for Marine Spills Preparedness and Response Coordination. The Charter aims to formalize and provide modalities for collaboration

6. REPORT OF THE DIRECTOR GENERAL(Continued)

of the various institutions and entities, both public and private, who have a role or mandate in oil spill response

Implementation of Trade Facilitation and Maritime Investment Programmes

During the financial year, the Authority conducted one Trade Facilitation and Maritime Investment Workshop. The workshop was held from 16th to 17th April 2024 at the Kenya Institute of Curriculum Development (KICD), Nairobi. The workshop was undertaken in collaboration with Shippers Council of Eastern Africa, Kenya Ports Authority, Kenya Revenue Authority, Special Economic Zones Authority, Equity Bank, Kenya Trade Network Agency, The Maritime Organization for Eastern, Southern, and Northern Africa (MOESNA), Weights and Measures Department, Kenya Revenue Authority, Kenya Bureau of Standards, Kenya National Chamber of Commerce and Industry and Kenya Export Promotion and Branding Agency.

In recognition of the fact that quality and cost of maritime transport services is highly dependent on involvement of traders in contracting transportation and insurance, the workshop was part of awareness campaigns undertaken by the Authority across the country to empower international traders and local players in the industry with regard to taking charge of key decisions in transport logistics services aimed at reducing related transaction costs through expedited movement of clearance and release of goods while eliminating all unnecessary elements and duplication in processes.

Licensing of Maritime Transport Service Providers

Within the year, the Authority received and processed licenses for 36 shipping line, 77 shipping Agents and 82 cargo consolidator's applications. The Authority continued engaging the developer to address some of the persistent challenges especially at approval levels of the licensing module. The moving of the MSPs licensing to an online platform has reduced the licensing turnaround time from an average of 10.9 days in 2023 to 6.1 days in 2024.

6. REPORT OF THE DIRECTOR GENERAL(Continued)

Coordination of compliance with the Mombasa Port and Northern Corridor Community Charter (MPNCCC)

During the period under review, the Authority in collaboration with the NCTTCA held 3^h quarterly Monitoring & Evaluation (M&E) Sub-Committee meeting. The meetings received progress reports on the implementation of the 2023/24 M&E work plan, finalized the draft Inception Report of the MPNCCC Impact evaluation. The M&E sub-committee also engaged the services of an expert to peer review the inception report for the MPNCCC impact assessment before proceeding to the data collection phase. The exercise is meant to ensure a thorough and effective peer review process, contributing to the improvement and validation of charter evaluation process. The MPNCCC marks 10 years since it was launched in June 2014 and in view of that, the Communication sub-committee commenced planning for the commemoration of the 10 years. This will be marked to recognize the stakeholders who have been instrumental in making the MPNCCC successful and provide an opportunity for stakeholders to reflect on achievements, contributions to the industry, recognize challenges and set new goals for the future. The MPNCCC impact assessment will be undertaken in the FY 2024/25.

During the period under review the MPNCCC website was re-instated. The Authority engaged Konza Metropolis for the cloud space hosting and ICT Authority for the provision of a new domain name for the website. The Authority's ICT team worked on the reinstating process of the website which is now back up and running and can be accessed through mpnccc.go.ke

Coordination of the Multi-Agency Action Plans On Blue Economy Initiatives

During the quarter, the Authority, in collaboration with the Frontier Counties Development Council (FCDC) and the County governments of Turkana, Lamu and Marsabit conducted the FCDC Blue Economy Stakeholder's public participation workshops in Lamu, Turkana and Marsabit Counties on 5th June, 13th June and 20th June respectively. During the workshops, presentations were made on the mandate of the Authority, the Frontier Counties Development Council and the County governments on matters of Blue Economy. The presentations highlighted on the blue economy potential in the 10 FCDC counties which surround the Lake Turkana and the Indian Ocean. Challenges impeding effective harnessing of the blue economy resources in FCDC region and how the proposed framework will address the proposed solutions was presented to the stakeholders. The next steps will involve the

6. REPORT OF THE DIRECTOR GENERAL(Continued)

consideration of stakeholder's feedback, validation and launch of the FCDC Blue Economy Multi-agency Action Plan.

Development of Kenya Maritime Databank (KMDB)

The KMDB project initiatives are captured under the strategic plans for the State Department for Shipping and Maritime Affairs and the Kenya Maritime Authority. Further, the Medium-Term Plan IV (MTPIV) has outlined the establishment of the Kenya Maritime Databank as one of the maritime flagship projects. Under the MTPIV, Kenya seeks to increase access to information on maritime investment opportunities, operations and topical issues through an integrated information sharing platform (KMDB). The KMA is the mandated lead implementation agency supported by the State Department of Shipping and Maritime Affairs (SDSMA), State Department of ICT (SDICT) and ICT Authority.

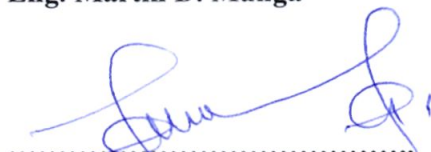
The goal of the KMDB project is to establish an enabling environment for ease of access to data by aggregating information in a centralized information system for all maritime sector initiatives and activities.

KMA has engaged a consultant to carry out consultancy services for business analysis and design of the Kenya Maritime Data Bank (KMDB) system. KMDB is a centralized web-based and multi-user solution that will provide a platform for maritime information collection, classification/organization, coding, analysis, storage, easy retrieval and dissemination to the various stakeholders.

II. Financial Performance

In the year under review the Authority collected a total of Kshs 2.23Billion in terms of revenue as compared to Kshs. 2.008 Billion from the previous year which translates to 11% increase. Operation Surplus decreased from Kshs. 903 Million in FY2022/2023 to Kshs 794 Million translating to a 12% decrease.

Eng. Martin D. Munga



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DIRECTOR GENERAL

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY2023/2024

Kenya Maritime Authority has 12 strategic issues and objectives within the current Strategic Plan for the FY 2023/2024-2027/2028. These strategic issues are as follows:

1. Low revenue as a result of low tonnage in the ship register;
2. Low Safety Compliance;
3. Growing threats to maritime security;
4. Inadequate Capacity for Effective Search & Rescue and Radio communication;
5. Inadequate Aids to Navigation and Hydrographic Services;
6. Increased Marine Pollution incidences;
7. Climate Change as a result of Increased GHG emissions from Shipping and maritime activities;
8. Inadequate capacity for delivery of quality Maritime education and training, examination and certification;
9. Low number of Kenyan seafarers in the global maritime industry;
10. Low level of participation in maritime Transport Services;
11. Inadequate Legal and Regulatory Framework for the sustainable development of the maritime sector; and
12. Insufficient Institutional Capacity to effectively deliver on the Authority's Mandate.

KMA develops its annual work plans based on the above 12 issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2023/2024 period for its 12 strategic pillars, as indicated in the table below:

S/N	Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
1	Low revenue as a result of low tonnage in the ship register	Increase the tonnage of the Kenyan Register	Increase in registered tonnage in the Kenyan Ship Register	Assess and audit performance of Recognized Organizations on Surveys and Inspections	Performance of four (4) Recognized Organizations assessed as per

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S/N	Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
					performance contract
				Inspect ships in the Kenyan Ship Register	31 ships inspected against a target of 35 in the performance contract
2	Low Safety Compliance	Increase small vessel compliance to safety standards	% of Increase in seaworthiness certificates issued	Conduct Safety inspections for small vessels	1,700 small vessels inspected against a target of 2500 in the performance contract
3	Growing threats to maritime security	Enhance compliance with maritime security requirements	% Compliance with the International Ship and Port Facility Security Code (ISPS Code)	Conduct security assessment for port facilities	Security assessments done for 10 Facilities against a target of 4 in the performance contract
4	Inadequate Capacity for Effective Search & Rescue and Radio communication	Improve maritime Search and Rescue (SAR) and Radio-communication capacity	No. of Counties with Maritime SAR services	Train Search and Rescue responders in both coastal and inland waters	Forty (40) Search and Rescue responders trained in various counties

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S/N	Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
					as per performance contract
5	Inadequate Aids to Navigation and Hydrographic Services	Improve safety of Navigation and availability of hydrographic services	% of functional Aids to Navigation (AtN)	No activity targeted in the FY 2023/2024	N/A
			% Coverage of hydrographic charts – coastal region	No activity targeted in the FY 2023/2024	N/A
			% Coverage of hydrographic charts - Lake Victoria region	No activity targeted in the FY 2023/2024	N/A
6	Increased Marine Pollution incidences	Enhance capacity to prevent and effectively	% decrease in marine pollution	Develop guidelines on ship recycling	draft guidelines developed
		respond to marine pollution incident	Increase in spill response capability	Conduct oil spill response training on oiled wildlife rehabilitation	Training Conducted in collaboration with the International Fund for Animal Welfare (IFAW)

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S/N	Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
7	Climate Change as a result of Increased GHG emissions from Shipping and maritime activities	Reduce GHG emission from shipping and maritime activities	% reduction in GHG emission from shipping and maritime activities	No activity targeted in the FY 2023/2024	N/A
8	Inadequate capacity for delivery of quality Maritime education and training, examination and certification;	Strengthen oversight and regulation of standards of Maritime Education and Training	Improvement in Kenyan Seafarers' employment index	Conduct audit of Maritime Education and Training (MET) Institutions	4 Maritime Education and Training (MET) Institutions audited
			Improvement in Maritime Training Standards Compliance index	Conduct awareness workshop for MET institutions on seafarer training standards	workshop conducted as per performance contract
9	Low number of Kenyan seafarers in the global maritime industry;	Strengthen oversight of labour standards and promote employment of Kenyan seafarers	Increase in the No. of Kenyan Seafarers employed globally	Conduct audit of Seafarers Recruitment and Placement Services	13 (Thirteen) Seafarers Recruitment and Placement Services audited

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S/N	Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
			Improvement in Maritime labour standards Compliance index	Conduct sensitization workshops on seafarer training standards & MLC for MET students & seafarers	3 sensitization workshops conducted as per performance contract target
10	Low level of participation in maritime Transport Services;	Facilitate trade and investment in the maritime sector	% Level of awareness of maritime trade facilitation and investment opportunities	Conduct workshop on trade facilitation and maritime investments	Trade facilitation and maritime investments workshop conducted as per performance contract
			% Level of Compliance with maritime transport service standards	Conduct survey on status of implementation of SOLAS VGM for export containerized shipments	Survey conducted as per performance contract target

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S/N	Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
			% reduction in maritime transport and logistics costs	No activity targeted in the FY 2023/2024	N/A
11	Inadequate Legal and Regulatory Framework for the sustainable development of the maritime sector; and	Strengthen Policy Legal and Regulatory regime	% Compliance with all international maritime instruments	No activity targeted in the FY 2023/2024	N/A
			% of International Maritime Instruments domesticated	Develop regulations	2 regulations drafted against a target of 2 in the performance contract
12	Insufficient Institutional Capacity to effectively deliver on the Authority's Mandate.	Strengthen institutional capacity	Customer satisfaction index	survey targeted in the FY 2024/2025	N/A
			% Level of automation	On-board Seafarer government services on e-citizen	82 Services on boarded against a target of 2 in the performance contract
			Performance contract score	Establish KMA's Productivity Index	Productivity Index established

8. CORPORATE GOVERNANCE STATEMENT

The Kenya Maritime Authority is committed to the values and principles of good Corporate Governance as an integral part of the Corporate Culture. This guides the way its Directors, Management and Staff conduct the business of the organization.

As a public sector organization dedicated to providing quality service to its stakeholders, the Authority's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, the Leadership and Integrity Act, the Mwongozo Code of Governance for State Corporations and Board's Code of Conduct.

The Authority endeavours to develop, strengthen and sustain the trust that the Government, employees and the public have bestowed on it. The Board is committed to regularly evaluating national and international standards in responsible, transparent and efficient manner with a view of enhancing Corporate Governance at the Authority and consistently delivering on its statutory mandate.

ROLE AND FUNCTION OF THE BOARD OF DIRECTORS

The role and functions of the Board inter alia includes, to:

- i. Set and oversee the overall strategy and approve significant policies of the Authority; (ii) Approve the organizational structure;
- ii. Approve the annual budget of the organization;
- iii. Monitor the Authority's performance and ensure sustainability;
- iv. Ensure availability of adequate resources for the achievement of the Authorities objectives

In line with the provisions of the Kenya Maritime Authority Act, 2006, the Chairman and other members of the Board, other than designated public officers, hold office for a period of three (3) years from the date of appointment and may be eligible for re-appointment for one (1) further term.

The appointment of all members of the Board as first constituted and at every change in membership is by notice published in the Kenya Gazette.

The Director General is appointed by the Board in consultation with the Cabinet Secretary in charge of Maritime Affairs following a competitive recruitment process.

New Directors are provided with extensive materials on the Authority and its operations, the procedures relating to the Board and its Committees and their duties and responsibilities as Directors.

The primary function of the Board of Directors' (the Board) is to provide effective strategic leadership and direction to enhance the long-term value of the Authority to its stakeholders. The Board has the overall responsibility for overseeing the development and implementation of the strategic plan, performance objective, financial plans, annual budget, key operation initiatives, financial performance reviews and corporate governance practices. They are also responsible for instilling the appropriate culture, value and behaviour throughout the organization. The Board is therefore committed to maintaining very high standards of corporate governance and ethical conduct.

8. CORPORATE GOVERNANCE STATEMENT (Continued)

The Board has established four (4) Committees from among its Members to assist in the execution of its responsibilities. These are the Audit and Risk Assurance Committee, the Human Resource Environment and Social Governance Committee, the Maritime and Industry Development Committee and the Finance and Investment Committee. Each of these Committees operates pursuant to approved Terms of Reference delegated to them by the Board. The Board and each Committee have scheduled meetings held in every quarter of the Financial Year. The Chairman of each Committee regularly reports to the full Board on the Committee's deliberations at quarterly meetings of the Board.

SUCCESSION PLANNING

The Authority recognizes that succession planning forms an integral part of the Authority Human Resource Strategy and ensures the presence of a 'talent pipeline' that guarantees continuity of business in the event that key persons exit the Authority. It allows for the selection and preparation of individuals to ascend to the next level in the organization through appropriate Human Resource Intervention.

Succession Planning on the Board is implemented by ensuring that the Parent Ministry is informed six (6) months prior to the expiry of the term of any of the Directors, for appointment, to ensure the Board is always fully constituted.

BOARD CHARTER

The Authority maintains a Board Charter that is a guide for Directors of the Authority when executing their mandate. It expounds and sets out the Directors' collective and individual powers, rights, duties, obligations, responsibilities and liabilities.

The Charter enshrines the requirements of good Corporate Governance applicable to the Authority that meets the requirements of the enabling legislation and the Code of Governance for State Corporations (Mwongozo). It serves to facilitate and promote effective Governance that is responsible and responsive to the Government's policies and guidelines on State Corporations.

It also provides a framework through which the Board carries out its statutory mandate in compliance with the international principles of corporate governance, Laws, Regulations and Policies of state corporations.

INDUCTION AND TRAINING OF THE BOARD

The Authority ensures that the Board's capacity is continually built through trainings and workshops and encourages Board Members to be up to date with continuous Professional Development in their respective professional bodies. The Authority further prepares and implements an annual Board Training Plan to ensure capacity building of the Board as regards their needs.

8. CORPORATE GOVERNANCE STATEMENT (Continued)

An induction process is undertaken for all new Board Members to familiarize themselves with their role as Directors and acquaint themselves with the Authority's mission, vision, core values, mandate, strategic direction, code of conduct and ethics, best Corporate Governance practices and approved policies and procedures.

BOARD AND MEMBER PERFORMANCE

The Board undertakes an annual Board Self Evaluation exercise facilitated by the State Corporations Advisory Committee (SCAC) that enables the Board evaluate the Performance of the full Board, the individual Members, the Director General and the Corporation Secretary.

Subsequent to the Self Evaluation the Board prepares a Board Performance Improvement Plan that enable the Board strategize and implement measures to enhance its performance in areas requiring improved performance. The Board evaluation for FY2022/2023 was conducted by State Corporations Advisory Committee on 12th October, 2023

BOARD REMUNERATION

Board Remuneration by the Authority is guided by the relevant statutory Guidelines from the State Corporations Advisory Committee (SCAC) and Circulars issued from time to time by SCAC. The Authority endeavours to remunerate the Board members fairly, ethically and responsibly.

CONFLICT OF INTEREST

The Board is under obligation to act in the best interest of the Authority and uphold the fiduciary responsibilities and duty of care. This obligation involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the Authority over other interests. The Board members are expected to act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency. The Authority has in place two separate Conflict of Interest Registers- one for the Board and the other for members of staff.

GOVERNANCE AUDIT

The Board subjects the Authority to an annual Governance Audit. The Governance Audit covers the areas of, Leadership and Strategic Management, Transparency and disclosure, Compliance with Laws and Regulations, Communication with stakeholders, Board Independence and Governance and Board systems and procedures.

CORRUPTION PREVENTION

There is a Corruption Prevention Policy in place that reiterates Chapter 6 of the Constitution of Kenya, 2010, the Anti- Corruption and Economic Crimes Act, 2003, Public Officer Act, 2003 and the Leadership and Integrity Act, 2012 with regards to issues of conflict of interest.

8. CORPORATE GOVERNANCE STATEMENT (Continued)

BOARD MEETINGS

The Board discharges its responsibilities through the Maritime Industry Development Committee, Finance and Investment Committee, the Human Resource and Environmental Social Governance Committee and the Audit and Risk Assurance Committee. In the Financial Year 2023/2024 the Board held the following meetings:

a) Full Board Meetings

During the period under review a total of Five (5) meetings were held. It is noted that the attendance to the meetings are listed from when members were appointed until exit;

S/No.	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE
1.	Mr. Hamisi Mwangya	Chairman	5	5
2.	Mr. Daniel Ndolo	Alternate	5	5
3.	Mr. Charles Mutinda	Alternate	5	1
4.	Ms Janet Chepkorir	Alternate	5	2
5.	Dr. Lillian Apadet	Member	5	5
6.	Mr. Isaiah Nakoru	Member	5	2
7.	Mr. Rishad Ahmed	Member	5	5
8.	Mr. Mathias C. Chishambo	Alternate	5	2
9.	Mr Ezekiel Kibor	Member	5	5
10.	Mrs. Annistain K. Mogaka	Member	5	5
11.	Hon Qalicha G. Wario	Member	5	5
12.	Mr. Ali Mondo	Member	5	5

b) Special Board Meetings

A total of Twenty (20) special board meetings were held during the period under review. It is noted that the attendance to the meetings are listed from when members were appointed until exit. All the Special Board and Board Committee Meetings were held subsequent to the receipt of approval as per the requirements of Head of Public Service, Circular Ref No. OP/CAB.9/1A dated 11th March, 2020:

8. CORPORATE GOVERNANCE STATEMENT (Continued)

S/No.	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE
1.	Mr. Hamisi Mwanguya	Chairman	20	20
2.	Mr. Daniel Ndolo	Alternate	20	17
3.	Mr. Charles Mutinda	Alternate Member	20	14
4.	Ms Janet Chepkorir	Alternate Member	20	7
5.	Dr. Lillian Apadet	Member	20	20
6.	Mr. Isaiah Nakoru	Member	20	6
7.	Mr. Rishad Amana	Member	20	20
8.	Mr. Mathias C. Chishambo	Alternate Member	20	14
9.	Mr Ezekiel Kibor	Member	20	20
10.	Mrs. Annistain K. Mogaka	Member	20	20
11.	Hon Qalicha G. Wario	Member	20	20
12.	Mr. Ali Mondo	Member	20	20

c) Finance and Investment Committee Meetings

This Committee formerly referred to as Finance and General-Purpose Committee held a total of Eleven (11) meetings during the period under review. It is noted that the attendance to the meetings is listed from when members were appointed until exit.

S/No	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE
1.	Mr Rishad Ahmed	Member	11	11
2.	Mr Mathias C. Chishambo	Alternate Member	11	8
3.	Mr Ezekiel Kibor	Member	11	11
4.	Mr Isaih Nakoru	Member	11	4
5.	Mr Daniel Ndolo	Alternate Member	11	10

8. CORPORATE GOVERNANCE STATEMENT (Continued)

d) Maritime Industry Development Committee Meetings

This Committee formerly referred to as Technical and Operations Committee held a total of **Four (5)** meetings during the period under review. It is noted that the attendance to the meetings is listed from when members were appointed until exit.

S/No	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE
1.	Mr. Ezekiel Kibor	Chair	5	5
2.	Mrs. Annistain K. Mogaka	Member	5	5
3.	Mr. Mathias C. Chishambo	Alternate Member	5	3
4.	Dr. Lillian Apadet	Member	5	5
5.	Mr. Ali A. Mondo	Member	5	5
6.	Mr Isaih Nakoru	Alternate Member	5	2
7.	Ms Janet Chepkorir	Alternate Member	5	1

e) Human Resource and Environmental Social Governance Committee Meetings

This Committee formerly referred to as Human Resource and Governance Committee held a total of Twenty (23) meetings during the period under review. It is noted that the attendance to the meetings is listed from when members were appointed until exit;

S/No.	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE
1.	Dr. Lillian Apadet	Chair	23	23
2.	Mr. Qalicha G. Wario	Member	23	23
3.	Mr. Mathias C. Chishambo	Alternate Member	23	11
4.	Mr. Rishad Amana	Member	23	23
5.	Ms Janet Chepkorir	Alternate Member	23	7
6.	Mr Daniel Ndolo	Alternate Member	23	19
7.	Mr Isaih Nakoru	Alternate Member	23	7
8.	Mr Charles Mutinda	Alternate Member	23	9

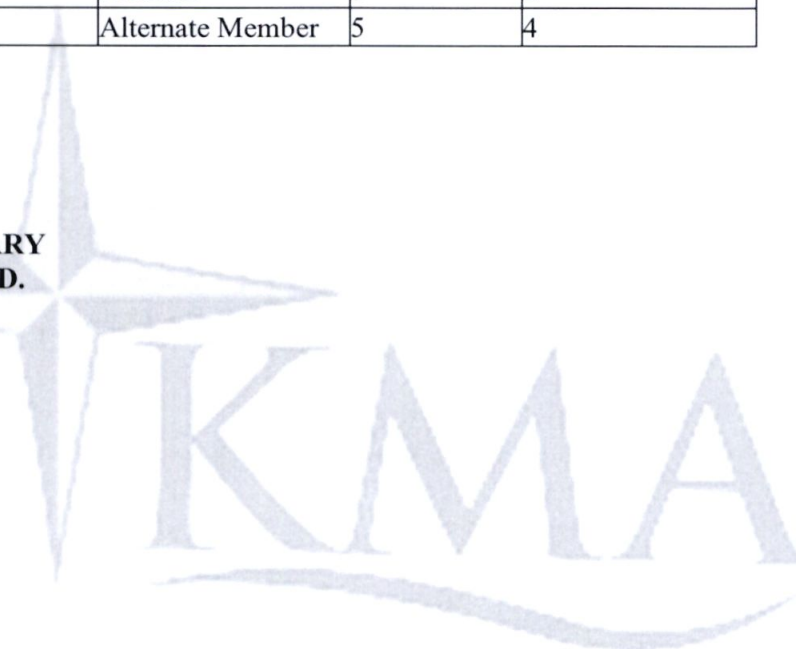
Kenya Maritime Authority
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8. CORPORATE GOVERNANCE STATEMENT (Continued)

f) Audit and Risk Assurance Committee Meetings

During the period under review the Audit and Risk Assurance Committee held a total of Five (5) meetings. It is noted that the attendance to the meetings are listed from when members were appointed until exit;

S/No	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE
1.	Mrs. Annistain K. Mogaka	Member	5	5
2.	Mr. Qalicha G. Wario	Member	5	5
3.	Mr. Mathias C. Chishambo	Alternate Member	5	2
4.	Mr Ali Mondo	Member	5	5
5.	Mr Isaih Nakoru	Member	5	2
6.	Mr Daniel Ndolo	Alternate Member	5	4


 CS - Mrs. Jessica Mbae
CORPORATION SECRETARY
BY ORDER OF THE BOARD.



9. MANAGEMENT DISCUSSION AND ANALYSIS

The Authority Operational and Financial performance

Kenya Maritime Authority (the “Authority”) was established through Legal Notice No.79 of 2004 to regulate, co-ordinate and oversee maritime affairs in Kenya. To strengthen Kenya’s maritime administration, Parliament enacted the Kenya Maritime Authority Act in 2006.

The Authority’s Vision is “*To be a leading maritime authority transforming Kenya into a globally competitive nation*” and its Mission Statement is “*To ensure sustainable safe, secure, clean and efficient water transport for the benefit of stakeholders through effective regulation, coordination and oversight of maritime affairs in Kenya.*”

I. Operation Performance

1. Legislative drafting

A key function of the Authority is to administer and enforce the provisions of the Merchant Shipping Act, 2009 and any other legislation relation to the Maritime Sector for the time being in force in Kenya. Further, Kenya being a member State of the IMO which is a specialized Agency of the United Nations having submitted the Instrument of Acceptance of the Convention on the International Maritime Organization, 1948 on 22nd August 1973, has ratified a number of IMO Conventions. IMO is the global standard-setting Authority for safety, security and environmental performance of international shipping. Owing to the global nature of shipping, its main role is to create a regulatory framework for the shipping industry that is fair and effective, universally adopted and implemented.

Noting that the IMO instruments are not self-executing or immediately operative in Kenya although the Constitution of Kenya 2010 provides that any international instrument ratified by Kenya forms part of the laws of Kenya, the Authority in consultation with the Kenya Law Reform Commission (KLRC) has developed the following Regulations to domesticate ratified international instruments to meet Kenya’s international obligations under the International Maritime Organization (IMO).

For the period under review, the following laws were finalized and gazetted on 24th May, 2024, and are currently being implemented by the Authority: -

- i. Merchant Shipping (Recognized Organizations) Regulations 2024;
- ii. Merchant Shipping (Load Line) Regulations, 2024;
- iii. Merchant Shipping (Prevention of Collision) Regulations, 2024;
- iv. Merchant Shipping (Tonnage) Regulations, 2024;
- v. Merchant Shipping (Maritime Labour) Regulations 2024.
- vi. Merchant Shipping (Maritime Transport Operators) Regulations 2024.

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The drafting process for the regulations below was concluded and public participation undertaken pursuant to the provisions of Section 5 of the Statutory Instruments Act, 2013, which obligates a regulation making Authority to undertake appropriate consultations with the persons who are likely to be affected by the proposed instruments: -

- i. Merchant Shipping (Prevention of Pollution by Harmful Substances in Packaged Form in Bulk) Regulations 2024;
- ii. Merchant Shipping (Prevention of Pollution by Sewage) Regulations 2024;
- iii. Merchant Shipping (Prevention of Pollution by Garbage) Regulations 2024
- iv. Merchant Shipping (Control of Pollution by Noxious Liquid Substance) Regulations 2024;
- v. Merchant Shipping (Waste Reception) Regulations, 2024
- vi. Merchant Shipping (Port State Control) Regulations 2024

2. Inspection of small vessels

To ensure compliance with small vessel's safety requirements, the Authority during the financial year 2023/24, inspected a total of nine hundred and twenty-one (921) small vessels operating in the navigable inland waters and Kenyan coastal waters. This was an increase from the 712 ships inspected in the 2023/23 financial year.

The increase of the number of small vessels inspected was attributable to the Safety Campaigns and sensitization workshop conducted by the Authority across various counties bordering the Kenyan coastal and navigable inland waterways. Further the Authority conducted free vessel inspection in certain counties and certified those that were compliant.

3. Port State Control

To ensure that foreign ships calling the Kenyan ports comply with the requirements of international maritime safety, security and environmental regulations and the ships are manned and operated in compliance with the rules, the Authority conducted inspections of 120 foreign ships in accordance with the Indian Ocean Memorandum of Understanding on Port State Control (IOMOU). Out of the 120 inspections, 22 inspections had deficiencies, and a total of 41 deficiencies were noted and raised. One ship was detained during the period. Majority of the deficiencies raised related to working conditions, watertight conditions and safety of navigation.

4. Flag State Survey and Oversight of Recognized Organizations

To ensure Kenyan registered ships comply with the provisions of the Merchant Shipping Act and subsidiary regulations in regard to safety, prevention of pollution of the marine environment, the Authority inspected 31 Kenyan registered vessels.

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Worth noting is the enhanced inspection of seven ferries operated by Kenya Ports Authority and plying the Kilindini channel from island to Likoni mainland, in order to enhance their safety while noting their risk potential and need to conduct additional inspection and follow up.

In verification of conformance with the requirement of the Code for Recognized Organization (RO) guiding the authorization of recognized organizations to carry out survey and issue certificates on behalf of the maritime administration, the Authority conducted review of the performance of delegated functions by the four recognized organizations during the financial year. Further the Authority conducted final review of three previously pending applications to conclusion and five additional new applications.

5. Facilitation of Crew Change

A total of 1964 seafarers were recruited in the financial year through the approved recruitment and placement agents. The Authority continues to review the procedures for sign on and sign off including fast tracking the issuance of Seafarers Identity document which will significantly cut down on sign on formalities by excluding the need for visa application for seafarers

6. Maritime Search and Rescue

Within the financial year the Authority undertook the review of National Search and Rescue (SAR) Plan and the National Aeronautical & Maritime SAR Plan. The Authority further updated the search and rescue asset inventory for the counties with water bodies and continued with the capacity development for search and rescue with the local community and stakeholders.

The Authority continues to ensure its available for receipt and coordination of search and rescue services both for the inland waters and coastal waters to cover the small vessels and the foreign going ships. This will be further enhanced by the Kenya Lake Victoria Maritime Communication project being undertaken in Lake Victoria. Further, the Authority developed a Concept Note for National Maritime Communication and SAR project with the aim to develop and equip additional SAR centres along the coastal strip as well as in Lake Turkana and Lake Naivasha. In addition, the project seeks to enhance the communication system between vessel operators and the SAR centres.

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

7. Seafarer Registration

During the year, 2023/2024 the Authority issued 3587 Seafarers Continuous Discharge and record book (CDC) and renewed 349 CDC. A total of 4774 Seafarers Medical certificate issued by Authorized medical practitioners were endorsed by the Authority. Further, the Authority undertook verification of 293 certificates issued by other maritime Administration.

In monitoring to ensure compliance of the provisions of the Maritime Labour Convention and national regulations, the Authority conducted 12 inspections of Recruitment and placement services agents as well as 10 medical practitioners conducting medical examination for seafarers.

The Authority was also able to migrate seafarer registration processes online including the payment for certificates issued to the E-Citizen platform.

8. Maritime Education and Training

During the Financial year, the Authority carried out audits for 10 Maritime Training Institutions to establish the availability and suitability of the systems, processes, facilities and resources to conduct the maritime trainings. This included approval of 1 new maritime training institution in Kilifi county approved to offer Basic Safety Trainings.

The Authority facilitated training and issuance of coxswain certificates to 6170 boat operators in 5 coastal and 3 inland counties under the presidential directive.

The Authority also conducted an IMO STCW independent audit which ensures that the country retains status in the STCW white list of countries complying with International Training Standards.

The Authority has set up and staffed a separate Directorate that deals specifically with issues of Maritime Training and Labour to handle seafarer issues of Training and Labour.

The Authority set up a syllabus committee, sector skills advisory committee that led to development and conversion to competency based Training of 8 curriculums, development of a National training standards for maritime courses level 4, 5 and 6. This was done for Marine Engineering, Nautical and Maritime Electrical courses.

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

9. Oral Examination

During the financial year, the Authority conducted 6 oral exams leading to issuance of 2 Marine engineer officer Certificate of competency (Engine Department) and 4 Officer of the Watch certificate of Competency (Deck Department) in accordance with the requirements of the Merchant Shipping (Training and Certification) Regulation 2016.

In the same period, the Authority conducted oral and Practical examination on request from training institutions for 525 candidates leading to the issuance of Coxswain certificates.

10. Marine Environment

During the financial year the Authority organized and conducted marine litter awareness campaign that was held along the Kenya Coastline covering Malindi, Watamu, Kilifi, Shimoni, Diani, Lamu and Mombasa. The campaign involved conducting beach cleanup events and sensitization on impacts and sustainable use of marine plastic litter. Approximately 6 tons of plastic waste was collected during the campaign.

The Authority further developed a draft Charter for Marine Spills Preparedness and Response Coordination and conducted stakeholder sensitization on the parties to the charter from 3rd to 14th June 2024. The Charter aims to formalize and provide modalities for collaboration of the various institutions and entities, both public and private, who have a role or mandate in oil spill response.

The Authority further progressed the draft MARPOL Regulations developed under the International Convention for the Prevention of Pollution from ship (MARPOL), 73/78 that Kenya has ratified. The regulations aim is to domesticate the convention and develop national law to govern ship source pollution. The drafts are now awaiting publication after incorporating public participation comments.

As part of the implementation of the International Convention on Oil Pollution Compensation Fund, the Authority issued IOPC Fund Clearance letters to various oil importers in compliance with the convention. Further, the Authority provided technical support to the activities conducted by MTCC Africa during the period.

The Authority reviewed Environmental Impacts Assessment Study Reports for proposed projects with maritime components and submitted comments to NEMA to ensure marine environment protection. The Authority continues to respond to the emerging environmental challenges including marine litter,

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

recycling of ships and de-carbonization of shipping sector, and to build capacity for the sector. Further the Authority contributes to discussions both nationally and internationally including at the International Maritime Organization.

11. Security of Ships and Port Facilities

The Authority conducted audit and certification of port facilities for compliance with the International Ships and Port Facility Security (ISPS) Code. This was following the assessment by the Recognized Security Organization (RSO), development of the Port Facility Security Plan (PFSP) and audit and certification of the plan and its implementation. The Ports are Mombasa (KPA Facilities), Base Titanium, SECO and Lamu.

Further the Authority continues to be an active participant in the development of the national maritime security strategy, being spearheaded from the national government with relevant stakeholders and International Maritime Organization facilitating the discussion.

12. Licensing of Maritime Transport Service Providers

During the financial period, the Authority licensed 36 shipping Lines, 78 Shipping agents and 94 cargo consolidators. Towards enhancing the ease of doing business, the Authority has fully migrated to an online platform. Two service providers training sessions were held on the use of the public portal. The payment process for the licensing related fees was also fully on boarded to the E-citizen payment gateway. The moving of the MSPs licensing to an online platform has reduced the licensing turnaround time from an average of 10.9 days in 2023 to 6.1 days in 2024.

13. Implementation of Trade Facilitation and Maritime Investment Programmes

During the financial year, the Authority conducted one Trade Facilitation and Maritime Investment Workshop. The workshop was held from 16th to 17th April 2024 at the Kenya Institute of Curriculum Development (KICD), Nairobi. The workshop was undertaken in collaboration with Shippers Council of Eastern Africa, Kenya Ports Authority, Kenya Revenue Authority, Special Economic Zones

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Authority, Equity Bank, Kenya Trade Network Agency, The Maritime Organization for Eastern, Southern, and Northern Africa (MOESNA), Weights and Measures Department, Kenya Revenue Authority, Kenya Bureau of Standards, Kenya National Chamber of Commerce and Industry and Kenya Export Promotion and Branding Agency.

In recognition of the fact that quality and cost of maritime transport services is highly dependent on involvement of traders in contracting transportation and insurance, the workshop was part of awareness campaigns undertaken by the Authority across the country to empower international traders and local players in the industry with regard to taking charge of key decisions in transport logistics services aimed at reducing related transaction costs through expedited movement of clearance and release of goods while eliminating all unnecessary elements and duplication in processes.

14. Maritime service performance delivery framework

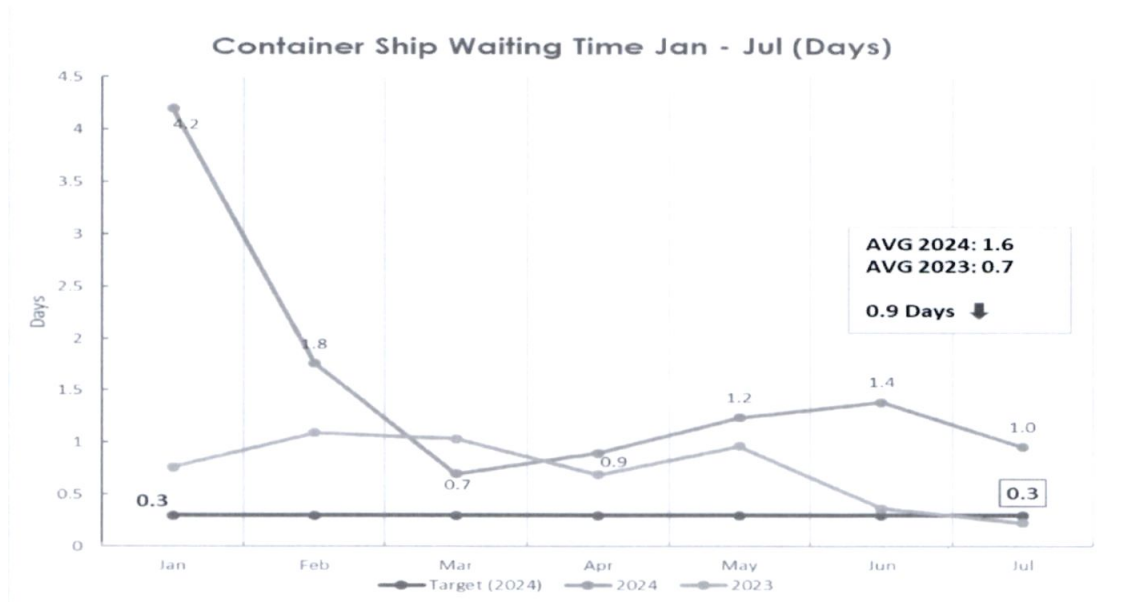
During the period under review, the Authority in collaboration with the NCTTCA held 3 quarterly Monitoring & Evaluation (M&E) Sub-Committee meeting. The meetings received progress reports on the implementation of the 2023/24 M&E work plan, finalized the draft Inception Report of the MPNCCC Impact evaluation. The M&E sub-committee also engaged the services of an expert to peer review the inception report for the MPNCCC impact assessment before proceeding to the data collection phase. The exercise is meant to ensure a thorough and effective peer review process, contributing to the improvement and validation of charter evaluation process. The MPNCCC marks 10 years since it was launched in June 2014 and in view of that, the Communication sub-committee commenced planning for the commemoration of the 10 years. This will be marked to recognize the stakeholders who have been instrumental in making the MPNCCC successful and provide an opportunity for stakeholders to reflect on achievements, contributions to the industry, recognize challenges and set new goals for the future. The MPNCCC impact assessment will be undertaken in the 2024/25 FY.

During the period under review the MPNCCC website was re-instated. The Authority engaged Konza Metropolis for the cloud space hosting and ICT Authority for the provision of a new domain name for the website. The Authority's ICT team worked on the reinstating process of the website which is now back up and running and can be accessed through mpnccc.go.ke.

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

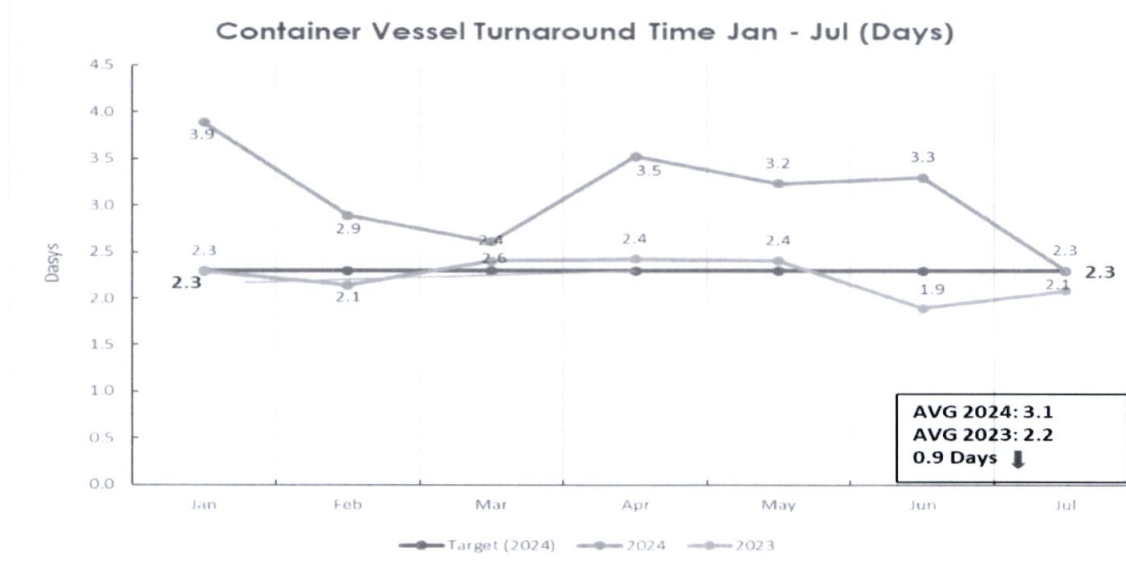
Below is an analysis of how the Key Performance indicators performed in the period under review:

a) Container Ship Waiting Time (Days)



The Ship Waiting Time Increased owing to the bunching arrival of container Vessels in the period under review upon avoiding Dar-es-salaam port. This is mainly attributed to the vessels' diversion around Cape of Good Hope due to Red Sea crisis.

b) Container Vessel Turnaround Time (Days)

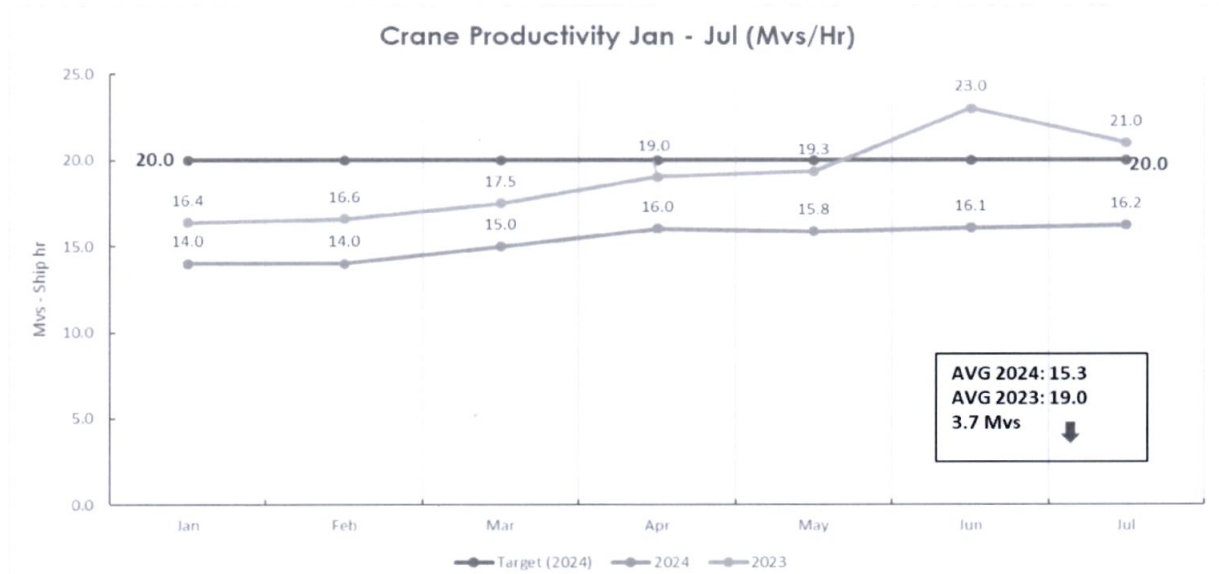


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9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

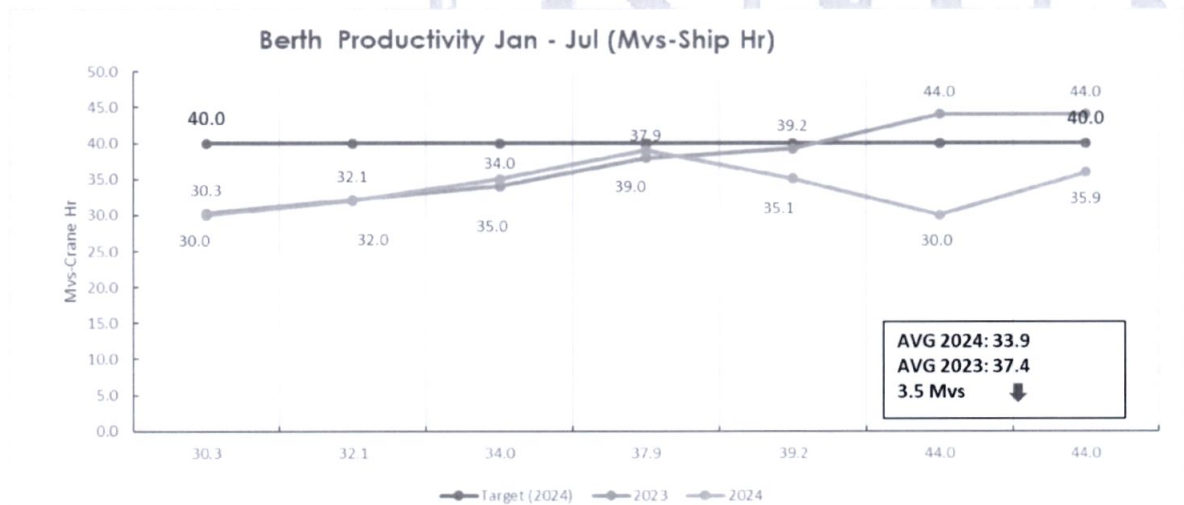
The Container Ship Turnaround Time increased and this was attributed to high influx of traffic arising from the diversion around Cape of Good Hope due to Red Sea crisis, with the Month of June recording the highest traffic ever of 184,112 TEUs.

c) Crane Productivity (Mv/Hr)



Gross Crane Productivity reduced due to the high influx of container traffic arising from transshipment boom has which has put considerable pressure on yard planning and late acceptance of export containers.

d) Berth Productivity (Mvs/Ship/Hr)

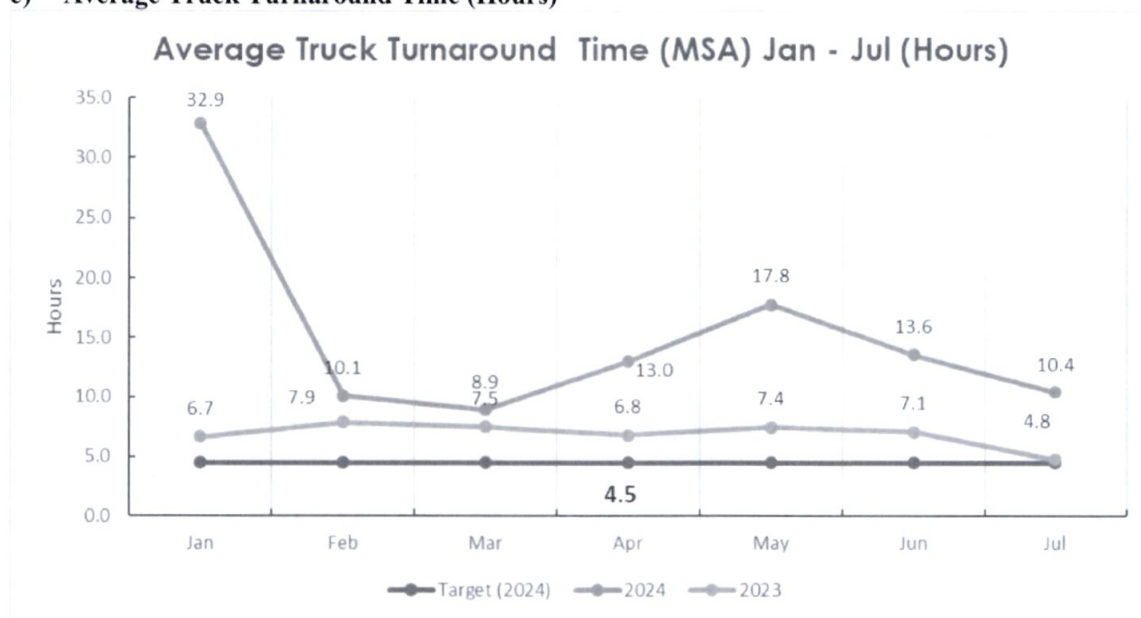


Discussions: Berth Productivity target was achieved. The high influx of container traffic arising from the transshipment boom. These vessels are small, non-cellular vessels hence slow to handle as they use

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

ship gear /HMC. The productivity on such vessels doesn't match up those that use Ship to Ship Shore Gantry (STS) Crane. In addition, there is considerable pressure on yard planning and late acceptance of export containers.

e) Average Truck Turnaround Time (Hours)

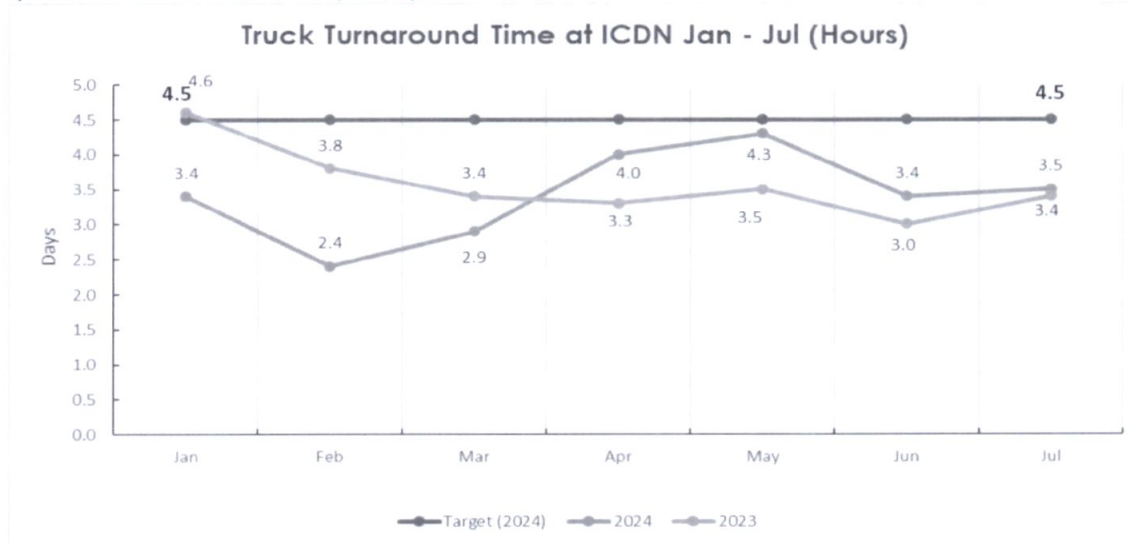


The Truck Turnaround Time in Mombasa Port did not meet the target. This is mainly attributable to:

- i. The Regional Electronic Cargo Tracking System (RECTS) challenges and the demand for seals outweighs supply which forces loaded trucks to stay longer at the Port to await arming.
- ii. Delayed vessel boarding by Customs officers especially during weekends, Public holidays and often at night shift
- iii. Lengthy scanning process especially the double verification of transit cargo
- iv. Delayed release of overstayed trucks/ Haphazard planning
- v. Machines breakdown, Trimming and KRA SYSTEM down time occurrences
- vi. Rain & Bad weather among others

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

f) Truck Turnaround Time (Hours)



The Truck Turnaround Time was achieved at ICDN .The negative variance in the period under review is attributed to adverse weather during loading and offloading of trucks due to heavy rainfall and flooding of the yard, delays in arming of transit trucks due to manpower and RECTS seals shortages on KRA side.

15. Coordination of the Multi-Agency Action Plans On Blue Economy Initiatives

During the quarter, the Authority, in collaboration with the Frontier Counties Development Council (FCDC) and the County governments of Turkana, Lamu and Marsabit conducted the FCDC Blue Economy Stakeholder’s public participation workshops in Lamu, Turkana and Marsabit Counties on 5th June, 13th June and 20th June respectively. During the workshops, presentations were made on the mandate of the Authority, the Frontier Counties Development Council and the County governments on matters of Blue Economy. The presentations highlighted on the blue economy potential in the 10 FCDC counties which surround the Lake Turkana and the Indian Ocean. Challenges impeding effective harnessing of the blue economy resources in FCDC region and how the proposed framework will address the proposed solutions was presented to the stakeholders. The next steps will involve the consideration of stakeholder’s feedback, validation and launch of the FCDC Blue Economy Multi-agency Action Plan.

16. Development of Kenya Maritime Databank (KMDB)

The KMDB project initiatives are captured under the strategic plans for the State Department for Shipping and Maritime Affairs and the Kenya Maritime Authority. Further, the Medium-Term Plan IV (MTPIV) has outlined the establishment of the Kenya Maritime Databank as one of the maritime flagship

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9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

projects. Under the MTPIV, Kenya seeks to increase access to information on maritime investment opportunities, operations and topical issues through an integrated information sharing platform (KMDB). The KMA is the mandated lead implementation agency supported by the State Department of Shipping and Maritime Affairs (SDSMA), State Department of ICT (SDICT) and ICT Authority.

The goal of the KMDB project is to establish an enabling environment for ease of access to data by aggregating information in a centralized information system for all maritime sector initiatives and activities.

KMA has engaged a consultant to carry out consultancy services for business analysis and design of the Kenya Maritime Data Bank (KMDB) system. KMDB is a centralized web-based and multi-user solution that will provide a platform for maritime information collection, classification/organization, coding, analysis, storage, easy retrieval and dissemination to the various stakeholders.

II. Financial Performance

Introduction

Management presents an analysis of the Authority's financial performance for the period ended 30 June 2024.

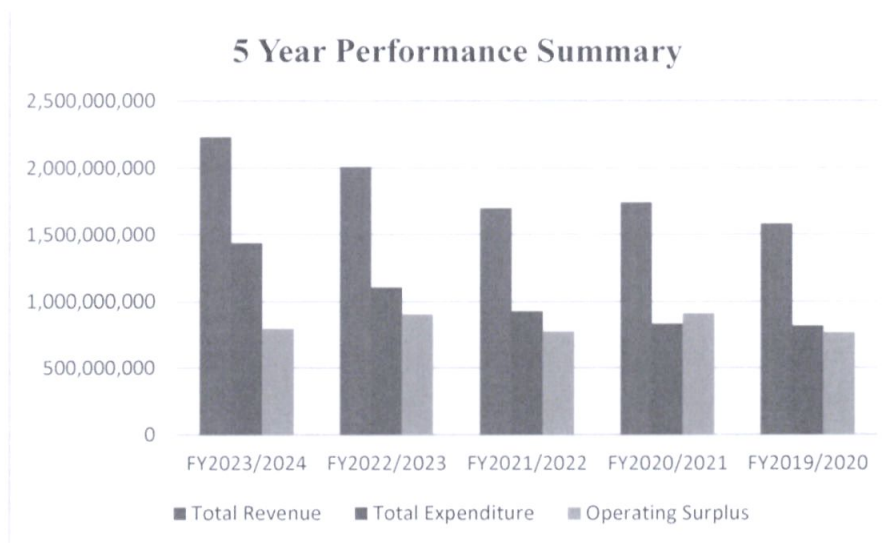
End Year Performance Summary Overview

The table below summarizes the Authority's performance as at 30th June on revenue, expenditure and operating surplus over the last 5-year period.

Description	FY2023/2024	FY2022/2023	FY2021/2022	FY2020/2021	FY2019/2020
Total Revenue	2,231,736,904	2,008,535,745	1,697,134,124	1,742,256,439	1,581,450,470
Total Expenditure	1,437,785,887	1,105,401,016	926,443,010	833,056,713	816,024,998
Operating Surplus	793,951,017	903,134,729	773,954,297	909,716,784	766,781,979

There was an 11.04% increase in total revenues on comparison of FY2023/2024 revenues and FY2022/2023 driven majorly by increase of Merchant Shipping fees collection by Kshs 235 Million. On the other hand, recurrent expenditure increased by 30% through the increase in Use of Goods and Services by Kshs 4.9Million, Employee costs by Kshs 35.6Million, Board Expenses by Kshs 13.5Million, Repairs and maintenance Kshs 2.6Million, Administrative Expenses by Kshs 154Million, Contracted Services by Kshs 9.5Million, Depreciation and Amortization Expense by Kshs 112.4Million while Project Costs decreased by by Kshs 2.9Million. The year under review Operating surplus decreased by 12% in comparison to FY2022/2023 owing to the marked increase in Operating expenditure.

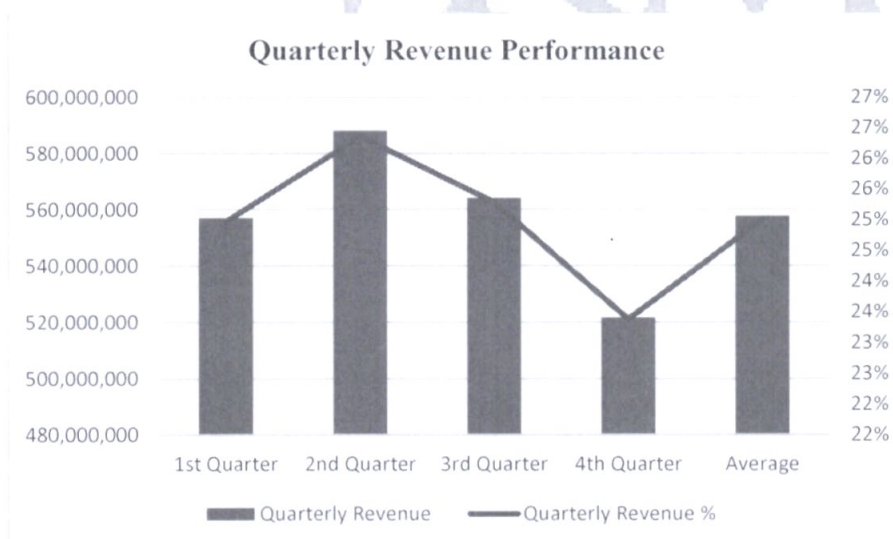
9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)



Revenue Collection Monthly Performance

Quarterly Revenue collection averaged at Kshs 558 Million over the reporting period. The best performing quarters were the second and third quarters.

Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Average
Quarterly Revenue	556,958,588	588,014,590	564,039,214	521,513,302	557,631,424
Quarterly Revenue %	25%	26%	25%	23%	25%



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9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

5 Year Review of Statement of Financial Performance

Revenues from Non-exchange transactions increased by Kshs 229 Million contributed by the increase in MS Fees collection over the period while revenues from Exchange transaction decreased by Kshs 7.5Million emanating from the reduction of Finance income by Kshs 16Million and increases in Rendering of service income by Kshs 4Million, Rental Revenue by Kshs 2Million and Other Income by Kshs 2.5Million. The cumulative effect of the movements in the two revenue categories led to an increase of Total revenue by Kshs 222 Million over the two financial years.

Expenses increased by Kshs 332 Million on comparison of the FY2023/2024 to FY2022/2023 recurrent expenditures. Over the period employee costs increased by Kshs 36 Million, Use of goods and services expenditure increased by Kshs 300 Million, Board of Directors expenses increased by Kshs 15 Million and Depreciation and amortization increased by Kshs 112 Million which arose from the depreciation of the Authority's Bahari Towers worth Kshs 2.5Billion, acquired furniture and computer equipment for a total of Kshs 155Million during the financial year.

5 Year Review of Statement of Financial Performance (Continued)

	FY2023/2024	FY2022/2023	FY2021/2022	FY2020/2021	FY2019/2020
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenues					
Revenue from non-exchange transactions	2,139,201,153	1,909,660,833	1,608,592,702	1,691,498,595	1,535,112,184
Revenue from exchange transactions	92,535,751	98,874,912	88,541,422	50,757,844	46,338,286
Total Revenue	2,231,736,904	2,008,535,745	1,697,134,124	1,742,256,439	1,581,450,470
Expenses					
Employee costs	421,491,757	385,809,067	450,847,010	403,929,064	384,364,234
Board of Directors Cost	66,280,541	51,308,198	37,930,104	31,863,186	37,242,625
Use of Goods and Services	819,003,966	649,379,124	420,383,580	374,802,537	367,771,642
Depreciation	131,009,623	18,904,627	17,282,316	22,461,926	26,646,497
Total Expenses	1,437,785,887	1,105,401,016	926,443,010	833,056,713	816,024,998
Surplus from Operating Activities	793,951,017	903,134,729	770,691,114	909,199,726	765,425,472
Other Gains					
Gain on sale of assets	-	-	-	-	-
Gain on foreign exchange transactions	-7,353,591	6,412,649	3,263,183	517,058	1,356,507
Surplus for the Period	786,597,426	909,547,378	773,954,297	909,716,784	766,781,979

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9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

5 Year Review of Statement of Financial Position

Total assets increased by 14% from Kshs 4.04 Billion in FY2022/2023 to Kshs 4.33 Billion in FY2023/2024 majorly as a result of increase in Property, Plant and Equipment by a net book value of Kshs 407Million. Current Assets reduced by Kshs 117 Million from decrease in Cash and Cash Equivalents by Kshs 92 Million and Trade receivables by Kshs 25 Million.

The decrease in current liabilities from Kshs 631 Million in FY2022/2023 to Kshs 424Million in FY2023/2024 is attributed to decrease of Trade Payables by Kshs 108Million, decrease of Gratuity payable by Kshs 2.1 Million and Kshs 158 Million decrease in Surplus Remission Payable having made an advance payment of Kshs 220Million. There was no change in Non-Current liabilities.

	FY2023/2024	FY2022/2023	FY2021/2022	FY2020/2021	FY2019/2020
	Kshs	Kshs	Kshs	Kshs	Kshs
Assets					
Total Current Assets	1,033,696,833	1,150,200,446	1,656,229,303	1,720,946,629	1,107,975,262
Total Non-Current Assets	3,293,437,143	2,886,397,916	2,468,756,696	2,297,181,222	1,892,425,887
Total Assets	4,327,133,976	4,036,598,362	4,124,985,999	4,018,127,851	3,000,401,149
Liabilities					
Total Current Liability	424,153,146	630,601,319	644,184,611	777,850,826	228,534,303
Total Non-Current Liability	0	0	5,101,821	10,203,642	15,305,463
Total Liabilities	424,153,146	630,601,319	649,286,432	788,054,468	243,839,766
Net Assets					
Total Net Assets	3,902,980,830	3,405,997,043	3,475,699,567	3,230,073,383	2,756,561,383
Total Net Assets & Liabilities	4,327,133,976	4,036,598,362	4,124,985,999	4,018,127,851	3,000,401,149

Key Projects

During the financial year the Authority continued implementing the two major projects. The KMA HQ and Kenya Maritime Databank (KMDB) projects. KMA HeadOffice (Bahari Towers) is complete and occupied while the KMDB is at 15% completion as at the close of the year.

Major risks facing the Authority.

The Authority has no major risk facing it.

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Material arrears in statutory /financial obligation

The only arrears that the Authority is due to clear is the 90% surplus of approximately Kshs 202 Million. This will be cleared in the second quarter of FY2024/2025 after submitting financial report to the OAG in line with the PFM regulation requirements.



10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Kenya Maritime Authority (KMA) is committed to carrying out its affairs in a socially responsible, sustainable and meaningful way while creating shared value in a way that benefits the society by addressing its needs and challenges.

The Authority therefore regards CSR as a strategic means to:

- i. create shared value and make a positive contribution to the society;
- ii. build trust and confidence in the organization;
- iii. foster teamwork among employees and commitment to the Authority;
- iv. enhance responsibility for the environment, and society.

During the financial year 2023/2024, the Authority's expenditure towards its CSR activities countrywide amounted to Kshs.5,500,000. Priority was given to activities pertaining to the KMA mandate, seafarers' welfare and training, community involvement & charitable projects and environmental protection in line with the Authority's CSR policy. The activities are as outlined below.

a) Community Involvement & Charitable projects

The Authority supported community and charitable initiatives in order to improve health standards of the beneficiaries in the country. This was in line with the Sustainable Development Goals (SDG) '3' on ensuring healthy lives and promoting well-being for all ages as well as the Vision 2030 under the Social Pillar and the Authority's CSR policy 6 (vi) on health. This year's community involvement and charitable initiatives under Health included;

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

i. Support towards Cerebral Palsy Foundation

The Authority supported the Cerebral Palsy Foundation with a donation of Kshs.200,000/- to support towards rehabilitation programmes and special needs education for children with cerebral palsy condition and promoting the well being of Persons with Disability (PWD).



KMA staff participating in Cerebral Palsy Foundation Annual walk held on 3rd March, 2024 in Mombasa County.

ii. Support towards Mater Heart Run

Since its inception in 1995, the Mater Heart Run program has screened over 147,090 children across Kenya and enabled 2,242 heart surgeries and 3,206 cardiac catheterization/intervening procedures. The Authority supported the Annual Mater Heart Run to aid children from economically disadvantaged backgrounds with cardiac ailments who are unable to seek

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

treatment. Through this initiative, the Authority’s employees volunteered their time to walk to raise funds for needy children with heart ailments to undergo heart procedures, worked together with the community, engaged the public , created public awareness on its mandate, demonstrated shared value and shared commitment to address societal challenges. The donation towards this initiative was Kshs.250,000.00.



KMA staff participating at the Annual Mater Heart Run held on 18th May, 2024 in Mombasa County.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

b) Seafarers' Welfare

i. Provision of Wi-Fi at the Mission to Seafarers Centre

The Authority supported Seafarers through a donation of free wifi at a cost of Kshs.66,000/- at the Mission to Seafarers Centre. The fully paid internet has assisted both local and international Seafarers visiting the centre with an opportunity to communicate with their families around the globe at no cost. In most cases, the internet provided onboard the ships is usually expensive, therefore the free wi-fi provided by KMA provided has greatly improved the welfare of Seafarers docked at the Mombasa port and stayed at the Mission to Seafarers Centre. In addition, the free Wi-fi has aided Kenyan Seafarers online search for work onboard international vessels.

According to records from the Mission to Seafarers, the estimated number of Seafarers who have benefitted from the KMA donated wifi at the Mission to Seafarers have been as follows:

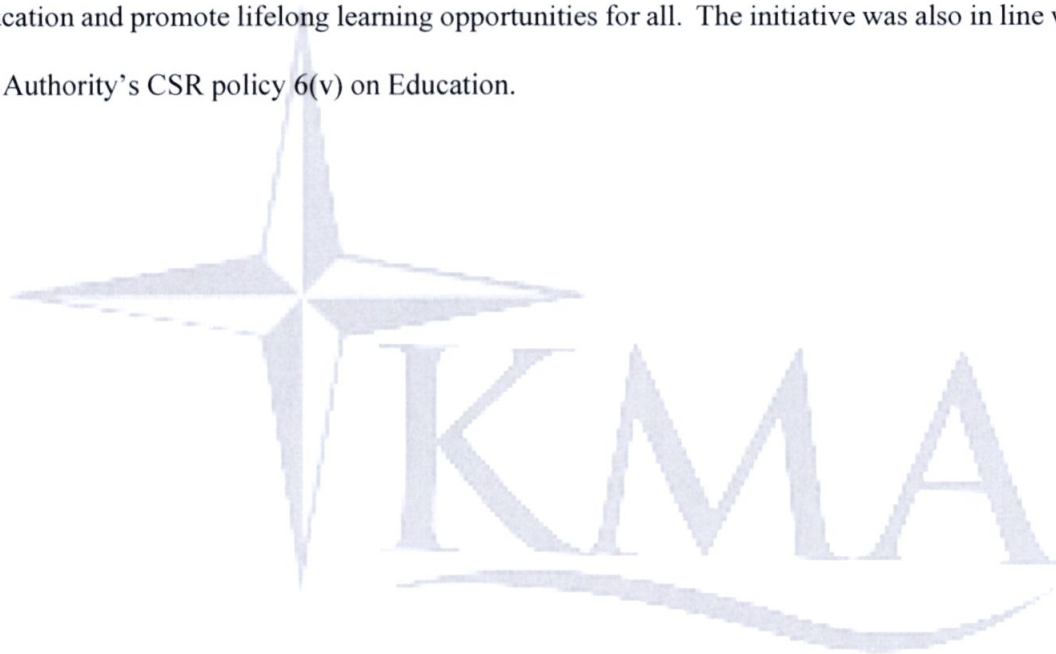
Local Seafarers: 780

International Seafarers: 1628

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

c) Support towards Kenyan Cadets onboard MV Logos

The competency of Seafarers is crucial for safe and efficient operation of ships and directly impacts on the safety of life at sea and the protection of the marine environment. Seafarers' competency boosts their employability in the highly competitive and international crew labour market. The Authority supported the attainment of the required sea-time by three Kenyan cadets on board MV Logos Hope for a period of six months at a cost of USD.2, 775.00 per cadet totalling to Ksh 1,200,000. This was in line with the SDG goal 4; to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The initiative was also in line with the Authority's CSR policy 6(v) on Education.



10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)



Handing over ceremony during the World Maritime Day Celebrations held on 29th September, 2023 where the Authority supported Sea time for Kenyan Cadets onboard MV Logos Hope for a period of six (6) months.

d) Marine Environment Protection

The Authority is committed to implementing the Presidential directive on planting 15 billion trees by 2032 aimed at reducing greenhouse emissions, stopping and reversing deforestation and, restoring 5.1 million hectares of deforested and degraded landscapes. In this regard, the Authority supported marine environmental conservation initiatives aimed at protecting the marine environment and reducing climate change effects.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

i. Planting of Trees

KMA partnered with the Kenya Forest Services and the Community Forest Associations to plant trees on the Authority's 7 hectares adopted KFS land for mangrove rehabilitation in Mtongani Kidundu in Kilifi. The Authority planted 25,000 mangroves together with its employees, Kenya Forest Services, the Mtakimau Community Forest Association and other stakeholders to restore the marine environment. The species of mangrove planted were rhizophora mucronata, ceriops tagal and bruguiera gymnorhiza. The cost of the initiative was Kshs.1,056,465.52. The mangrove restoration project has promoted a shared commitment in the preservation of the marine environment to support the nation's Blue Economy agenda.



KMA staff and the Kenya Forest Services team, Mtakimau Community Forest Association and other KMA stakeholders during planting of mangrove held on 15th November, 2023 at Mtongani, Kidundu in Kilifi County.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

ii. Marine Environment Partnerships in Beach Clean-up Activities & Planting mangrove

The Sustainable Development Goal (SDG) 14 calls for the conservation and sustainable use of the oceans, seas and marine resources for sustainable development. Cleaner oceans provide a good environment for fish breeding hence improving economic activities and the livelihoods of the community. The Authority e partnered with Akili Kadhaa, a community based organized in efforts to eradicate pollution and promote cleaner oceans and preserve the marine environment. The Authority supported the initiative through a beach clean-up exercise and planting of 300 mangroves at a cost of Ksh. 300,000.00.



KMA partnership with Akili Kadhaa on marine environment protection activities: The Authority's employees join the community in planting mangroves and beach clean-up exercise held on 9th March, 2024 at Manyani Beach, Junda Ward in Mombasa County.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

iii. Bahari Huru Project

The Authority partnered with Jukwaa Arts and other organizations in the 2nd edition of Bahari Huru project to advocate against ocean marine pollution through community theatre, street art installations, beach cleanups and visual arts within Mombasa, Kwale and Kilifi counties by taking up the Pweza (Octopus) sponsor package of Ksh.250,000 which entailed the achievement of the following objectives of the pollution prevention campaign:

- i. Promoted conversations on marine pollution in the Coast with the aim of seeking collective solutions
- ii. Created a communication bridge between the community and policy makers in order to foster relevant and sustainable solutions to ocean pollution.
- iii. Actively engaged community response by mirroring their actions on ocean pollution to allow them to reflect and find local solutions to the vice
- iv. Celebrated the marine environment and emphasized its importance in sustaining our in sustaining our livelihoods.
- v. Over 2000 community members attended the Bahari Huru educational events for sensitization on protection of the marine environment and over 745,163 audiences were engaged virtually on the same
- vi. The Bahari Huru project brought together scientists, academicians and artists to discuss pertinent marine environmental issues and collaborate to find solutions.



11. REPORT OF THE DIRECTORS

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

i) Principal Activities

The principal activity of the Authority is to regulate, co-ordinate and oversee maritime affairs.

ii) Results

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

iii) Directors

The members of the Board of Directors who served during the year are shown on page vi to xii in accordance with section 6(1) of the Kenya Maritime Authority Act. During the year two directors retired, one resigned and one was appointed.

iv) Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory 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. During the financial year the Authority remitted **Kshs 600,594,362** to The National Treasury being payment of 90% surplus funds of Kshs 380,594,362 for the Financial Year 2022/2023 and an advance payment of Kshs 220Million for FY2023/2024. This financial year **Kshs 201,670,973** is the realized surplus due to the National Treasury that will be transferred in the second quarter of Financial Year 2024/2025.

v) Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with article 229 of the Constitution of Kenya and section 35 of the Public Audit Act 2015.

By Order of the Board

Name: Mrs. Jessica Mbae



20/12/2024

CORPORATION SECRETARY

SIGNATURE

DATE

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81(5) of the Public Finance Management Act, Cap 412C (PFMA) and section 14(3) of the State Corporations Act, Cap 446 (SCA) require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.


The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (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 Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Public Sector Accounting Standard (IPSAS), and in the manner required by the PFMA and the SCA. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2024, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

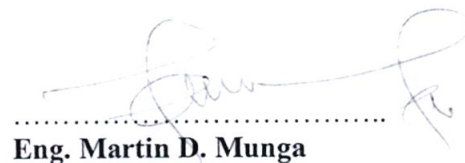
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of financial statements

The Authority's financial statements were approved by the Board on18/09/2024..... and signed on its behalf by:


.....
Mr. Hamisi M. Mwanguya

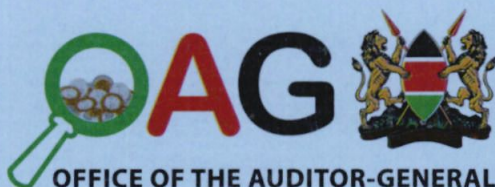
Chairperson of the Board


.....
Eng. Martin D. Munga

Director General

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON KENYA MARITIME AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 Government achieves value for money and that such funds are applied for 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Maritime Authority set out on pages 1 to 47 which comprise the statement of financial position as at 30 June,

Report of the Auditor-General on Kenya Maritime Authority for the year ended 30 June, 2024

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

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

Basis for Qualified Opinion

1. Unapproved Excess Board Expenditure

The statement of financial performance and Note 15 to the financial statements reflect board expenses of Kshs.66,280,541. The expenditure incurred exceeded the approved capping of Kshs.30,000,000 by Kshs.36,280,541 (or 121%). Further, the approved budget for board expenses was Kshs.19,000,000 resulting in over expenditure of Kshs.46,487,096 (or 245%) of the budget. This is contrary to the provisions Circular No. OP/CAB,9/1A of March 11, 2020 which states that Board expenses for a financial year shall be capped at Kshs.30 million or 5% of the operations and maintenance budget of the state corporation, whichever is less and any exceeding budgets shall require approval of the Cabinet Secretary from The National Treasury.

In addition, as disclosed in the corporate governance section of the annual report, the Board held twenty-five (25) meetings comprised of five (5) full Board sittings and twenty (20) special Board sittings. However, Management did not provide for audit review approval of the extra sittings by the Cabinet Secretary in consultation with State Corporations Advisory Committee (SCAC). This is contrary to the provisions of Paragraph A(3) of Circular No. OP/CAB,(/1A of March 11, 2020 which provides that approval for any extra Board meetings (including special Board meetings) above the maximum number specified shall require a justification by the Board as to the source of funds, and implications thereof, and reasons why the same cannot be adjudicated in regular meetings, and requests submitted for approval by the relevant Cabinet Secretary, in consultation with SCAC.

In the circumstances, the propriety and the regularity of the Board expenditure of Kshs.66,280,541 could not be confirmed

2. Unsupported Payments on Motor Vehicles Repairs and Maintenance

The statement of financial performance and Note 16 to the financial statements reflects repairs and maintenance expenses of Kshs.7,404,302. The expenditure includes Kshs.4,151,114 incurred in respect to motor vehicles. However, an expenditure totaling Kshs.1,447,661 was not supported with work tickets, pre-inspection and post inspection reports, motor vehicle log book (GP 55) entries and ETR receipts for payments.

In the circumstances, the accuracy and completeness of the repairs and maintenance expenditure of Kshs.4,151,114 could not be confirmed.

3. Unsupported and Unapproved Use of Taxi Services

The statement of financial performance and Note 15 to the financial statements reflect Board of Directors Costs of Kshs.66,280,541 which includes travel and accommodation expenditure of Kshs.38,811,092. Review of records provided for audit in support of travel and accommodation revealed that the Authority incurred Kshs.4,806,000 on taxi services for 177 days during the year covering a distance of 16,666 kilometers on the Board Chairperson's travel. However, the itinerates and activities were not supported by an approved Board work plan, invitations and justification for use of taxi services instead of the official vehicle allocated to the Board Chairperson.

In the circumstances, the propriety of the Board expenditure on travel and accommodation of Kshs.38,811,092 could not be confirmed.

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

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.1,824,500,000 and Kshs.2,231,736,904 respectively resulting to over funding of Kshs.407,236,904 or 22% of the budget. Similarly, Management spent Kshs.1,788,425,690 against actual receipt of Kshs.2,231,736,904 resulting to under absorption of Kshs.443,311,244 or 20% of actual receipts.

The under absorption may have affected implementation of the planned activities and programs and may have impacted negatively on services delivery to the public.

My opinion is not modified in respect to 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. Except for the matters described in the basis of qualified opinion section, I have determined that there were no other key audit matters to report in the year under review.

Unresolved Prior Year's Audit Matters

In the audit report for the previous year, issues were raised under Report on the Financial Statements and the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or provided explanation for failure to implement the recommendations.

Other Information

Management is responsible for the other information set out on page iv to lxvii which comprise of Key Authority Information and Management, Chairperson's statement, Report of the Director General, Statement of performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of the Directors' Responsibilities. The other information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm

that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Noncompliance with the Kenya Maritime Authority Act on Board Appointments

The annual report indicates that six (6) members of the Board were appointed by the Minister in charge of the State Department for Shipping and Maritime Affairs on 6 March, 2023. However, no evidence was provided for audit to confirm that the Board members have knowledge and experience in matters relating to the regulation of shipping industry, pilotage, maritime security, seafarer's welfare, ports and harbours as required under section 6(d) of the Kenya Maritime Authority Act, 2012 for appointment to the Authority's Board.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management

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 the 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, the Management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Kenya Maritime Authority
Annual Reports and Financial Statements
For the year ended June 30, 2024


14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024


		2023-2024	2022-2023
	Note	Kshs	Kshs RESTATED
Revenue from non-exchange transactions			
Levies	6	2,139,201,153	1,904,559,012
Deferred Income	7	-	5,101,821
		<u>2,139,201,153</u>	<u>1,909,660,833</u>
Revenue from exchange transactions			
Rendering service	8	23,146,092	18,412,563
Finance income	9	21,252,596	37,757,424
Rental Revenue from facilities and Equipment	10	3,086,207	980,462
Other income	11	45,050,856	41,724,463
		<u>92,535,751</u>	<u>98,874,912</u>
Total Revenue		<u>2,231,736,904</u>	<u>2,008,535,745</u>
Expense			
Use of Goods and Services	13	272,167,213	266,230,382*
Employee costs	14	421,491,757	385,809,067
Board Expenses	15	66,280,541	51,308,198*
Repairs and maintenance	16	7,404,302	4,458,546
Administrative Expenses	17	501,732,774	345,217,431*
Project Costs	18	14,645,787	18,562,730*
Contracted Services	19	23,053,890	14,910,035
Depreciation and Amortization Expense	20	131,009,623	18,904,627
Total Expenses		<u>1,437,785,887</u>	<u>1,105,401,016</u>
Surplus from Operating Activities		<u>793,951,017</u>	<u>903,134,729</u>
Other Gains			
Gain/(Loss) on foreign exchange transactions	12	(7,353,591)	6,412,649
Surplus for the Period		<u>786,597,426</u>	<u>909,547,378</u>
Remission to National Treasury	37	442,180,653	420,707,026
Net Surplus for the year		<u>344,416,773</u>	<u>488,840,352</u>

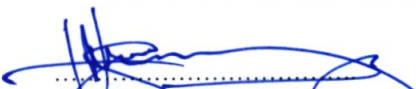
NOTE: The amounts marked in asterisk (*) have been restated as explained in the respective Notes to the Financial Statements

The notes set out on pages 9 to 50 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 50 were signed on behalf of the Board of Directors by:


 Eng. Martin D. Munga


 Mr. Julius Ogutu
 ICPAK Member No:9877


 Mr. Hamisi M. Mwanguya

Director General

Asst. Director Finance & Accounts

Board Chairman

Date: 20/12/2024

Date: 20/12/2024

Date: 20/12/2024

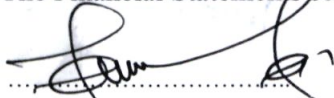
Kenya Maritime Authority
Annual Reports and Financial Statements
For the year ended June 30, 2024

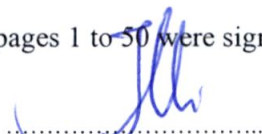
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

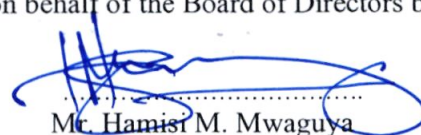
		2023-2024	2022-2023
Assets	Note	Kshs	Kshs
Current Assets			RESTATED
Cash and cash equivalents	21	766,159,305	858,378,850
Trade receivable from exchange	22	51,971,190	42,358,835
Trade receivable from non-exchange	23	211,398,034	245,587,376
Inventories	24	4,168,304	3,875,385
Total Current Assets		1,033,696,833	1,150,200,446
Non-Current Assets			
Property, plant & equipment	27	2,990,748,048	2,638,245,785
Intangible assets	26	27,478,784	13,138,068
Mortgage Guarantees	25	275,210,311	235,014,063
Total Non-Current Assets		3,293,437,143	2,886,397,916
Total Assets		4,327,133,976	4,036,598,362
Liability			
Current Liability			
Trade and Other Payables	28	125,965,731	233,772,866
Current Provision	29	84,324,767	19,525,785
Refundable Deposits from Customers	30	6,752,244	9,669,891
Gratuity	31	5,439,431	7,548,093
Surplus Remission Payable	37	201,670,973	360,084,682
Total Current Liability		424,153,146	630,601,317
Non-Current liability			
Deferred Government Grant	32	-	-
Total Non-Current liability		-	-
Total Liabilities		424,153,146	630,601,317
Net Assets			
Capital Reserve		76,771,434	76,771,434
Revenue Reserve		3,439,268,912	3,094,852,139
Revaluation Reserve		156,940,484	4,373,470
Specific Reserve		230,000,000	230,000,000
Total Net Assets		3,902,980,830	3,405,997,043
Total Net Assets and Liabilities		4,327,133,976	4,036,598,360

NOTE: The amounts marked in asterisk (*) have been restated as explained in the respective Notes to the Financial Statements

The Financial Statements set out on pages 1 to 50 were signed on behalf of the Board of Directors by:


 Eng. Martin D. Munga


 Mr. Julius Ogutu
 ICPAK Member No:9877


 Mr. Hamisi M. Mwangi

Director General

Asst. Director Finance & Accounts

Board Chairman

Date: 20.12.2024

Date: 20/12/2024

Date: 20/12/2024

Kenya Maritime Authority
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16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

Notes	Capital	Revenue reserves	Fair Value Adjustment Reserve	Revaluation reserves	Proposed Dividends	Specific reserves	Total
	Kshs	Kshs		Kshs		Kshs	Kshs
Balance as at 30th June 2022	76,771,434	3,164,554,663	-	4,373,470	-	230,000,000	3,475,699,567
Surplus for the year	-	909,547,378	-	-	-	-	909,547,378
Revaluation Reserve	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Oil Spill Response Mobilization Fund	-	-	-	-	-	-	-
Donated assets	-	-	-	-	-	-	-
90% Operating Surplus	-	(420,707,026)	-	-	-	-	(420,707,026)
Revenue Reserves Remission	-	(558,542,876)	-	-	-	-	(558,542,876)
Balance as at 30th June 2023	76,771,434	3,094,852,139	-	4,373,470	-	230,000,000	3,405,997,043
Surplus for the year	-	786,597,426	-	-	-	-	786,597,426
Revaluation Reserve	-	-	-	17,940,392	-	-	17,940,392
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Oil Spill Response Mobilization Fund	-	-	-	-	-	-	-
Donated assets	-	-	-	134,626,622	-	-	134,626,622
90% Operating Surplus	-	(442,180,653)	-	-	-	-	(442,180,653)
Revenue Reserves Remission	-	-	-	-	-	-	-
Balance as at 30th June 2024	76,771,434	3,439,268,912	-	156,940,484	-	230,000,000	3,902,980,830

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024 (Continued)

Nature and Purpose of Reserves

Revenue Reserves

These are surplus/deficits which the Authority has accumulated over the years.

Revaluation Reserves

The revaluation reserves are created by the revaluation surplus emanating from revaluation of Authority's assets from time to time.

Specific Reserves

i. Oil Spill Mobilization Reserve

This is a reserve set up for mobilizing services providers to conduct a cleanup in case of an oil spill incidence. This would minimize the response time to contain an oil spill and the impact on marine environment thereof. There was no change this financial year.

ii. Search and Rescue Mobilization Reserve

This is a fund set up for mobilizing services providers to conduct a search and/or rescue in case of an accident at sea. This would minimize the response time to save lives and loss of life thereof. There was no change this financial year.

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17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Note	2023-2024 Kshs	2022-2023 Kshs RESTATED
Cash Flows From Operating Activities			
Receipts			
Levies		2,172,760,088	1,856,537,007
Deferred Income		-	5,101,821
Rendering service		22,998,191	23,046,678
Finance Income		16,208,051	32,370,283
Rental Revenue from facilities and Equipment		3,086,207	980,462
Other income		45,268,052	25,014,635
Total Receipts		2,260,320,589	1,943,050,886
Payments			
Use of Goods and Services		272,167,213	266,230,382
Employee Costs		418,718,123	389,799,309
Board Expenses		66,246,991	51,474,398
Repairs And Maintenance		7,404,302	4,458,546
Administrative Expenses		626,874,036	282,361,881
Project Costs		14,645,787	18,562,730
Contracted Services		23,053,890	14,910,035
Total Payments		1,429,110,342	1,027,797,281
Net Cash Flows From/(Used In) Operating Activities	33	831,210,247	915,253,605
Cash Flows From Investing Activities			
Purchase of PPE and Intangible assets		(275,285,590)	(446,504,047)
Investment in Fixed Deposits and Long-Term Deposits		(40,196,248)	9,958,199
Foreign Exchange Gain /(Loss)		(7,353,591)	6,412,649
Net Cash Flows From/(Used In) Investing Activities		(322,835,429)	(430,133,199)
Cash Flows From Financing Activities			
90% Operating Surplus Remission		(600,594,362)	(506,235,298)
Revenue Reserves Remission		-	(558,542,876)
Net Cash Flows From Financing Activities		(600,594,362)	(1,064,778,174)
Net Increase/(Decrease) In Cash & Cash Equivalents		(92,219,544)	(579,657,768)
Cash And Cash Equivalents At 1 July	21	858,378,850	1,438,036,617
Cash And Cash Equivalents At 30 June	21	766,159,305	858,378,850

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Revenue	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Change
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
MS Levy	1,708,675,000	-	1,708,675,000	2,139,201,153	430,526,153	125.2%
Rendering Service	61,500,000	-	61,500,000	23,146,092	(38,353,908)	37.6%
Finance Income	37,925,000	-	37,925,000	21,252,596	(16,672,404)	56.0%
Other Income	16,400,000	-	16,400,000	48,137,063	31,737,063	293.5%
Total income	1,824,500,000	-	1,824,500,000	2,231,736,904	407,236,904	122.3%
Expense						
Employee Costs	440,000,000	-	440,000,000	421,491,757	18,508,243	95.8%
Board of Directors Cost	19,000,000	-	19,000,000	66,280,541	(47,280,541)	348.8%
Insurance and Medical	43,186,240	-	43,186,240	39,986,010	3,200,230	92.6%
Contracted Services	24,500,000	-	24,500,000	23,053,890	1,446,110	94.1%
Use of Goods and Services	256,345,140	-	256,345,140	272,167,213	(15,822,073)	106.2%
Administrative Expenses	249,274,000	-	249,274,000	461,746,764	(212,472,764)	185.2%
Repairs and Maintenance	9,550,000	-	9,550,000	7,404,302	2,145,698	77.5%
Depreciation	55,000,000	-	55,000,000	131,009,623	(76,009,623)	238.2%
Total Expenditure	1,096,855,380	-	1,096,855,380	1,423,140,100	(326,284,720)	129.7%
Surplus for the period	727,644,620	-	727,644,620	808,596,804	(80,952,184)	111.1%
Capital Expenditure						
KMA Headquarters	212,000,000	-	212,000,000	180,317,601	31,682,399	85.1%
Blue Economy Data System	120,169,440	-	120,169,440	18,562,730	101,606,710	15.4%
Capital Items	202,145,000	-	202,145,000	166,405,259	35,739,741	82.3%
Total Capital Expenditure	534,314,440	-	534,314,440	365,285,590	169,028,850	68.4%

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Reconciliation Statement

Description	Amount Kshs	Amount Kshs
Surplus for the period as per the Statement of Comparison of Budget		808,596,804
Project Costs	(14,645,787)	
Capital Expenditure Items		(14,645,787)
Add: Other Gains		
Gain on Sale of Assets	-	
Loss on foreign exchange transactions	(7,353,591)	
Total Other Gains		(7,353,591)
Surplus for the period as per the Statement of Financial Performance		786,597,426

Explanation of differences between Actual and Budgeted amounts (10% over/ under)

1. Ms Levy's positive variance of 25.2% is attributed to the increase in US Dollar exchange rate from an average of Kshs 126.25 in FY2022/2023 to Kshs 140.27.
2. Revenue collection from Rendering Service had a negative variance of 63% due to projected revenues from the projected number of compliant vessels inspected was not attained, Detention and follow up fees were lower due to few vessels with detainable deficiencies, Low applications were received for New training facilities application for accreditation as training institutions and Nine recruitment and placements agents were licensed in the year against a target of Sixteen
3. Finance Income did attain the Budgeted amount by 44% due to reduced funds available for Investment as Kshs 220M was transferred to National Treasury. Further, a delay in approval for opening CSD Dhow to facilitate T-Bills placement from manual to online delayed placement of investments in T-Bills. Interest earned from Family Bank Staff Car Loan and KCB Staff Mortgage schemes' unutilized funds reduced due to the Authority's requirement to transfer the funds to its current account.

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Continued)

4. Revenue from Other Income surpassed target as a result of receipt of donation towards co-sponsorship of event by Kshs1,000,000. Training levy recovered from long term staff training and bad debts recovered during the period contributed to the good performance.
5. Board of Directors' Costs surpassed budget by 245% due to meetings to facilitate recruitment and promotion of staff to fill critical vacant positions.
6. Administrative Expenses surpassed budget by 85.2% due to as a result of participation in International Maritime Organization (IMO) meetings and events including Kenya@50 which marked 50 years since Kenya joined IMO, Campaigns and support for Kenya's candidature for IMO Secretary General's position and Committees/Subcommittees and technical working groups' meetings. Increased Merchant Shipping Fees collection also led to increase in commission paid to KRA. Electricity cost was higher than budgeted having moved to the new offices.
7. The budget absorption for Repairs and maintenance was below target by 22.7% as a result of delay in servicing and repair of the Authority's Boats by Kenya Shipyard Ltd. New furniture bought for the Head office kept the utilization of the vote low.
8. Depreciation and amortization surpassed the Budget by 138.2% due to depreciation of new assets during the financial year. This included Bahari Towers Kshs 2.5Billion, newly donated Search & Rescue vessels worth Kshs 138Million, Computer & ICT equipment Kshs 67Million, Furniture & Equipment Kshs 88Million.
9. The Budget on the Blue Economy Data System/ Kenya Maritime Data Bank was under-absorbed due to procurement challenges experienced in the tender for procurement of Consultancy for Business Analysis whereby the tender was advertised twice without getting a responsive bidder. The Business analysis commenced in April after a successful procurement of a vendor.
10. Capital Items was under absorbed by 17.7% as Seafarer Identity Document (eSID) procurement was not concluded during the period.

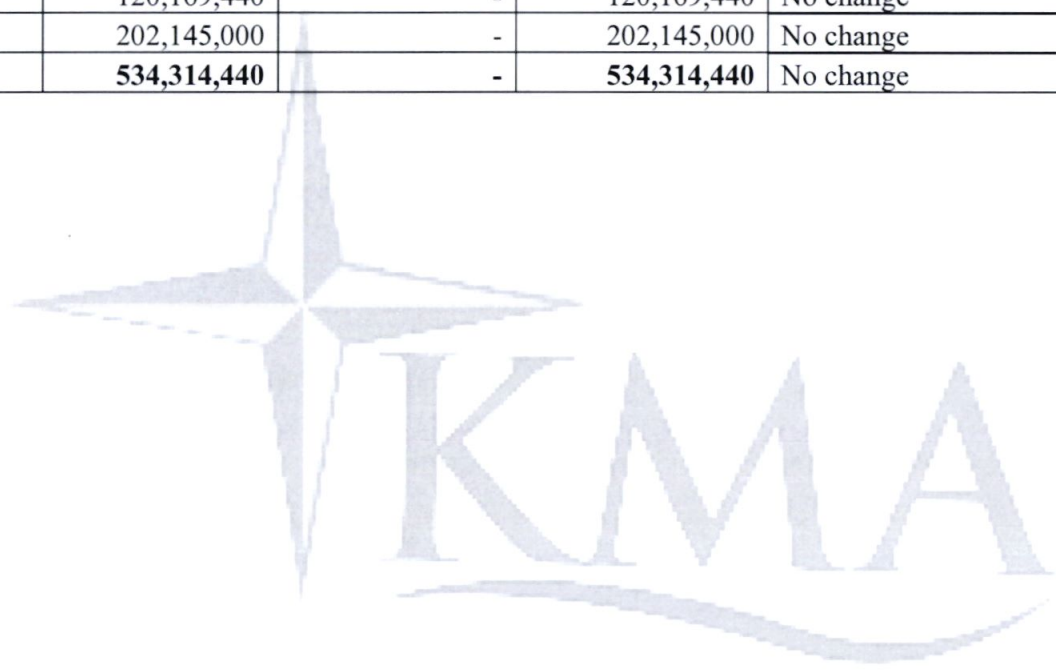
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Continued)

Explanation of Changes between Original and Final Budget

Revenue	Original budget	Adjustments	Final budget	Reason for adjustment
	2023-2024	2023-2024	2023-2024	
MS Levy	1,708,675,000	-	1,708,675,000	No change
Rendering Service	61,500,000	-	61,500,000	No change
Finance Income	37,925,000	-	37,925,000	No change
Other Income	16,400,000	-	16,400,000	No change
Total income	1,824,500,000	-	1,824,500,000	No change
Expense		-		
Employee Costs	440,000,000	-	440,000,000	No change
Board of Directors Cost	19,000,000	-	19,000,000	No change
Insurance and Medical	43,186,240	-	43,186,240	No change
Contracted Services	24,500,000	-	24,500,000	No change
Use of Goods and Services	256,345,140	-	256,345,140	No change
Administrative Expenses	249,274,000	-	249,274,000	No change
Repairs and Maintenance	9,550,000	-	9,550,000	No change
Depreciation	55,000,000	-	55,000,000	No change

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Revenue	Original budget	Adjustments	Final budget	Reason for adjustment
Total Expenditure	1,096,855,380	-	1,096,855,380	No change
Surplus for the period	727,644,620	-	727,644,620	No change
Capital Expenditure				
KMA Headquarters	212,000,000	-	212,000,000	No change
Blue Economy Data System	120,169,440	-	120,169,440	No change
Capital Items	202,145,000	-	202,145,000	No change
Total Capital Expenditure	534,314,440	-	534,314,440	No change



19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

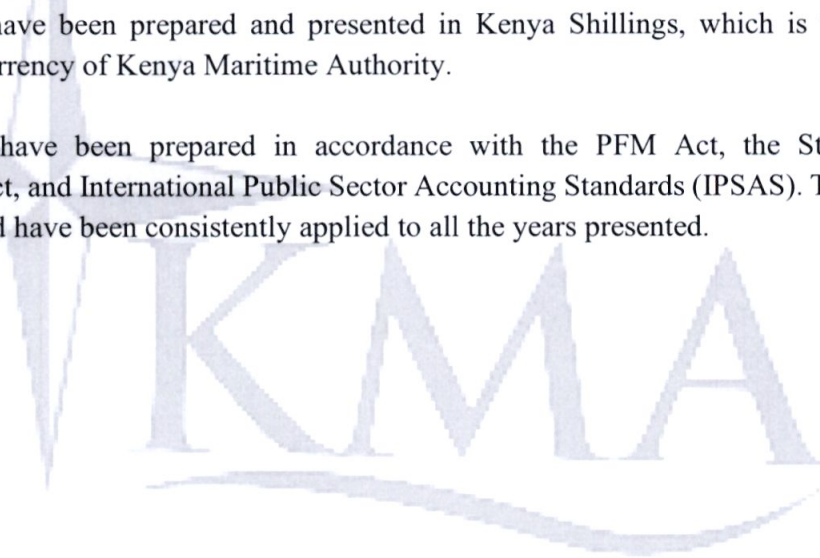
Kenya Maritime Authority is established by and derives its authority and accountability from KMA Act. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. Kenya Maritime Authority's principal activity is to regulate, co-ordinate and oversee maritime affairs.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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




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 2024*
There were no new and amended standards issued in the financial year.
- 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> <p>The standard has no impact to the Authority yet.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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: 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> <p>The standard has no impact to the Authority yet.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an</p>

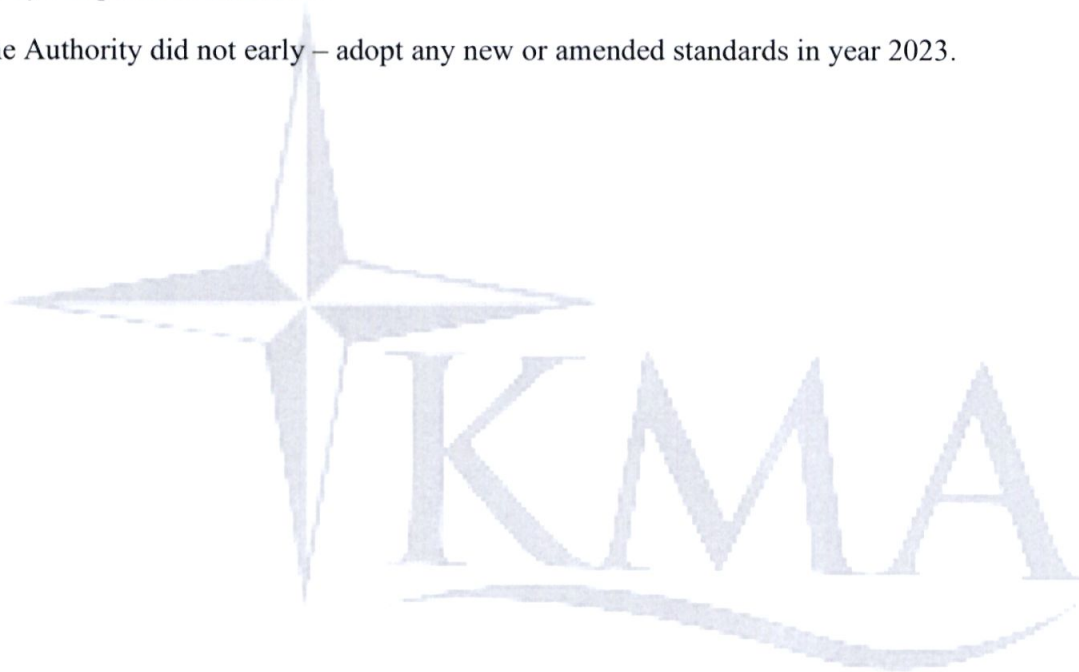
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Standard	Effective date and impact:
	<p>additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The standard has no impact to the Authority yet.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The standard has no impact to the Authority yet.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard has no impact to the Authority yet.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities</p>

Standard	Effective date and impact:
	<p>geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard has no impact to the Authority yet.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The standard has no impact to the Authority yet.</p>

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2023.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees/Levy

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

Transfers from the Government

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

ii) Revenue from exchange transactions

Rendering of services

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Inspection fee is recognized only after the vessel is compliant with all the safety requirement and the related cost can reliably be measured. Where the inspection outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

Interest income is accrued using the negotiated interest rate. The negotiated interest rate estimated future cash receipts through the expected life of the financial asset to that asset's net applicable taxes (withholding tax). The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Budget information

The original budget for FY 2023-2024 was approved by the National Assembly on 5th August 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

The actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance are similar therefore no reconciliation statement has been presented.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value using independent external valuers.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized when incurred and expensed in relevant period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

f) Financial instruments

Financial assets

Initial recognition and measurement

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

Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Authority has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

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

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

h) Provisions

Provisions are recognized when the Authority 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.

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

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

Contingent liabilities

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

Contingent assets

The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. Authority has got two reserves in place: Oil spill and mobilization reserves for emergency SAR service. The two reserves are meant to cushion against any emergency that might arise due to oil spill in our Ocean and inland waters. The Authority has policy to gradually build these reserves annually. All held in Kenya Commercial bank savings account.

j) Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. There was no change in any accounting policy during the financial year.

k) Employee benefits

Retirement benefit plans

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

The scheme is being administered by Zamara Fanaka Retirement Fund (formerly Alexander Forbes Retirement Funds - Pension and Sections)

Rate of contribution for the period under audit is -

- Self-10% of basic pay
- Employer 20% of basic pay

Gratuity

The Authority provides gratuity to Employees serving on contract terms at a rate of 31% of their Basic salary. Gratuity is payable at the end of the contract net of applicable taxes. Gratuity are charged against income in the year in which they have been earned with corresponding liability created for the year.

l) Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

m) Related parties

The Authority regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa.

The Authority regarded the Ministry of Mining, Blue Economy and Maritime Affairs and Board of directors as related parties during the year. The following are transaction with related party for the year.

- Board of Directors-Incurred the following cost for the board **Kshs 66,280,541**.

n) 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 amount 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 public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

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

p) Subsequent events

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority'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 Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Useful lives and residual values

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

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

Fixed Assets are stated at cost or valuation less accumulated depreciation/amortisation.

Depreciation and amortisation is calculated on a straight line method.

The Annual depreciation/amortisation rates are as stated below:

i.	Motor Vehicles	20%
ii.	Computers and IT Equipment	33.3%
iii.	Furniture & Equipment	12.5%
iv.	Software	33.3%
v.	Boats	12.5%
vi.	Buildings	2.5%

q) Taxation

Kenya Maritime Authority is a Government Agency fully owned by Ministry of Mining, Blue Economy and Maritime Affairs thus exempt from Income Tax.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Levies

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Merchant Shipping Levy	2,089,542,519	1,860,364,654
Collection cost (KRA commission)	49,658,634	44,194,358
Total Levies	2,139,201,153	1,904,559,012

The Merchant Shipping levy is a charge on all imported goods destined for the local market (Kenya) and export goods that are sea bound. The levies are collected by Kenya Revenue Authority on behalf of Kenya Maritime Authority through an agency agreement. The fees are based on the Fourth schedule of the Merchant Shipping (Fees) Regulations (2011).

7. Deferred Income

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Deferred Income Recognized	-	5,101,821
Total Deferred Income	-	5,101,821

8. Rendering of service

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Boat survey fees	11,062,278	7,591,692
Shipping agents fees	12,083,814	10,820,871
Total Rendering of Service Income	23,146,092	18,412,563

Boat survey fees are charges for inspection of ships and issuance of requisite certificates/licenses in accordance with First and Second schedules of the Merchant Shipping (Fees) Regulations (2011).

Shipping agents' fees are the oversight and monitoring fees through issuance of requisite licenses in respect of Cargo consolidators, Shipping agents and Shipping lines in accordance with the Fourth schedule of Merchant Shipping (Fees) Regulations (2011).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Finance Income

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Interest from Bank Deposits	79,301	1,252,633
Interest from Govt Securities	21,173,295	36,504,791
Total Finance Income	21,252,596	37,757,424

Interest income from deposits is revenue earned on placing surplus funds in fixed deposits with Commercial Banks at competitively sought return rates while interest from Government securities are earned from investing in treasury bills.

10. Rental Revenue from facilities and equipment

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Office Rentals	3,086,207	980,462
Total Rental Revenue	3,086,207	980,462

Rental income is earned from letting out Office space to tenants at contracted rates over a period of occupancy.

11. Other Income

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Agency fee	4,108,399	3,928,909
Sale of books	8,124,079	8,169,425
Others	32,818,378	29,626,129
Total Other Income	45,050,856	41,724,463

Agency fees are revenue earned from acting as a collection agent for the Government of DRC in respect to levy on cargo destined/from the Democratic Republic of Congo (DRC). Sale of books are revenue earned from sale of curriculum books. Others include STCW & Medical Certificates fees, Training Fees, Accreditation Fees and Other Miscellaneous Income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Gain on Foreign Exchange Transactions

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Loss on foreign exchange transaction	(7,353,591)	6,412,649
Total Gain on Foreign Exchange Transactions	(7,353,591)	6,412,649

Foreign currency exchange gain/loss are as result of exchange differences in revenues received and/or payments made in foreign currencies. The Authority's Merchant Shipping (Fees) Regulations (2011) provides for fees to be charged in USD.

13. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Staff Training	106,813,127	130,473,905*
Professional & Consultancy Fees	2,555,636	531,851
Office Incidentals	4,367,749	2,805,406*
Collaborations & Partnerships	118,554,701	127,657,865
Maritime Sector Support	39,876,000	4,761,355
Total Use of Goods and Services	272,167,213	266,230,382

A double posted training cost of Kshs 237,183 has been reversed

Description	Amount
Amount as per Audited Financial Statements	130,473,905
Training expense	-237,183
Restated	130,236,722

A double posted petty cash expenses totalling Kshs 4,445 has been reversed

Description	Amount
Amount as per Audited Financial Statements	2,809,851
Petty cash expenses	-4,445
Restated	2,805,406

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Employee Costs

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Basic Salaries	258,449,240	241,723,433
House Allowances	39,365,164	35,332,640
Other Allowances	13,388,462	14,965,510
Leave Allowances	5,348,099	4,882,166
Commuter Allowances	24,584,873	22,597,763
Internship	-	599,355
Entertainment	895,806	360,000
Induction and Orientation	-	70,075
Pension Expenditure	60,914,520	58,751,352
Gratuity	4,971,719	2,518,860
Recruitment	2,194,188	789,213
Fringe Benefit	6,114,320	2,978,700
Personal Guide	240,000	240,000
Affordable Housing Levy	5,025,366	-
Total Employee Costs	421,491,757	385,809,067

15. Board of Directors Costs

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Chairman's Honoraria	960,000	584,000
Sitting Allowances	17,160,000	12,780,000*
Medical Insurance	419,643	277,208
Induction and Training	2,818,392	3,502,379
Travel & Accommodation	38,811,092	29,518,819*
Other Allowances & Expenses	6,111,414	4,645,792
Total Board of Directors Costs	66,280,541	51,308,198

Reversal of erroneous unpaid Sitting allowances on confirmed non-attendance.

Description	Amount
Amount as per Audited Financial Statements	13,940,000
Erroneous sitting allowance provision	-1,160,000
Restated	12,780,000

Accommodation allowance issued during the period was accounted for and posted in the respective period.

Description	Amount
Amount as per Audited Financial Statements	29,029,428
Surrendered Imprest	489,391
Restated	29,518,819

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Motor vehicle	4,151,114	2,053,037
Boats	1,286,587	796,449
Computer	1,609,101	1,515,464
Building	357,500	93,596
Total Repairs and Maintenance	7,404,302	4,458,546

17. Administrative Expenses

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Domestic and Overseas Air Travel	19,760,939	19,162,917
Duty Travel Allowances - Domestic and Foreign	145,297,532	100,117,889*
Conference and Seminars	21,149,726	18,102,359*
Advertising	7,403,020	5,287,785
Publicity & Awareness	93,697,633	37,401,058*
Library Expenses	541,131	5,043,491
Office Rent	7,101,842	12,069,866
Transport Hire	22,864,369	20,854,767
Fuel Costs	11,956,659	12,253,777
Community Support	16,938,766	5,437,452
Bank Charges	489,556	521,600
KRA Commissions	49,658,634	44,194,358
Printing and Stationery	10,498,592	6,219,482
Bad and Doubtful Debts Increase	-	2,922,865
Other Admin Expense	27,320,816	14,327,539
Communication Costs	7,211,277	7,292,325
Insurance and Medical	39,986,010	28,819,146
Water	820,982	408,572
Electricity	17,689,638	4,780,183
Contingency & Disaster Management	1,345,652	-
Total Administrative Expenses	501,732,774	345,217,431

The expense items were restated to capture the expenditures in the periods spent;

Description	Restated	Audited	Change
Duty Travel Allowances - Domestic and Foreign	100,117,889	100,004,489	113,400
Conference and Seminars	18,102,359	18,002,359	100,000
Publicity & Awareness	37,401,058	37,334,358	66,700
Total	155,621,306	155,341,206	280,100

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Project Costs

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Direct Payments of Project Expenses	14,645,787	18,562,730
Total Project Costs	14,645,787	18,562,730

The expenditure of Kshs 504,000 had been erroneously captured in the financial year 2023/2024 thus corrected to FY2022/2023 expense

Description	Amount
Amount as per Audited Financial Statements	18,058,730
Corrected expenditures	504,000
Restated Amount	18,562,730

19. Contracted Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Security Services	10,421,286	6,411,806
Audit Fees	1,400,000	1,400,000
Office Carpet and Curtain Cleaning	11,232,604	7,098,229
Total Contracted Services	23,053,890	14,910,035

20. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property, Plant and Equipment Depreciation	123,231,870	12,335,593*
Intangible Assets Amortization	7,777,753	6,569,034
Total Depreciation and amortization	131,009,623	18,904,627

An Airconditioning Unit of Kshs 95,000 had not been captured as an asset. The asset has been depreciated at 12.5% and expense recognized in the year.

Description	Amount
Amount as per Audited Financial Statements	12,323,718
Air Conditioning unit depreciation at 12.5%	11,875
Restated	12,335,593

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Current Account	345,275,324	68,194,906
Treasury Bills < 3 Months	386,979,700	733,871,250
Others	33,904,281	56,312,694
Total Cash and Cash Equivalents	766,159,305	858,378,850

21 (a). Detailed Analysis of the Cash and Cash Equivalents

Financial Institutions	Account Number	2023-2024	2022-2023
		Kshs.	Kshs.
a) Current Account			
KCB Current Account (Ksh)	1101575093	268,465,391	22,076,977*
KCB Current Account (Dollar)	1167698452	75,313,965	37,870,248*
KCB Current Account-Kisumu (Ksh)	1111688923	1,383	513
KCB Current Account-Lamu (Ksh)	1215829051	19,547	82,089
KCB Current Account-Lodwar (Ksh)	1218308931	39,770	22,139
NBK Current (Dollar)	02003057729100	1,435,268	8,142,940
Sub-Total		345,275,324	68,194,906
c) Treasury Bills < 3 Months			
Central Bank of Kenya		386,979,700	733,871,250
Sub-Total		386,979,700	733,871,250
e) Others			
Petty Cash-Mombasa Office		7,500	131
Petty Cash-Lamu Office		3,885	688
Petty Cash-Turkana Office		650	1,070
Petty Cash-Kisumu Office		1,579	2,969
KCB Savings Account	1107477549	3,391,780	3,391,780
e-Citizen		9,509,870	-
Standing Imprests		352,845	-
Outstanding Imprest-Staff		17,948,447	50,990,750
Outstanding Imprest-Directors		2,687,725	1,925,306
Sub-Total		33,904,281	56,312,694
Grand Total		766,159,305	858,378,850

A receipt of USD 1,000 was posted as Kshs 1,000 to the KCB Kenya Shillings account instead of USD 1,000 to the KCB USD cashbook thus the reversal.

Description	Amount
Amount as per Audited Financial Statements	22,077,977
Reversal of Erroneous Receipt	-1,000
Restated	22,076,977

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Cash and Cash Equivalents (Continued)

A payment of USD 2,814 was erroneously posted twice to the KCB USD cashbook thus the reversal

Description	Amount
Amount as per Audited Financial Statements	37,475,162
Reversal of Double Posting	<u>395,086</u>
Restated	<u>37,870,248</u>

Surrendered imprests were posted to update the ledger's relevant financial year

Description	Amount
Amount as per Audited Financial Statements	51,351,745
Posted Imprest Surrenders	<u>-360,995</u>
Restated	<u>50,990,750</u>

Posted imprest surrender and reversed an erroneous double posting

Description	Amount
Audited Amount	2,625,152
Reversal of Double Posting	(346,323)
Surrendered Imprest	<u>(353,523)</u>
Restated	<u>1,925,306</u>

22. Trade Receivable from exchange transaction

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Trade	18,539,827	18,582,598
Interest receivable	13,029,031	7,984,486
Prepayments	35,479,295	31,325,201
Others non trade	2,557,260	2,291,445
Less: Provision for Doubtful debts	<u>(17,634,223)</u>	<u>(17,824,895)</u>
Total Trade Receivable from exchange transactions	<u>51,971,190</u>	<u>41,954,787</u>

The customer accounts were updated upon reconciliation to capture the invoices on service consumed.

Description	Amount
Amount as per Audited Financial Statements	18,178,550
Customer Invoices	<u>404,048</u>
Restated	<u>18,582,598</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Description	2023-2024		2022-2023	
	Amount (Kshs.)	% of the Total	Amount (Kshs.)	% of the Total
Less than 1 year	50,987,326	73%	41,173,719	68%
Between 1-2 Years	866,031	1%	1,503,267	2%
Between 2-3 Years	14,447,218	21%	10,388,554	17%
Over 3 Years	3,304,838	5%	7,118,189	12%
Total	69,605,413	100%	60,183,730	100%

Provision for Doubtful debts Movement Schedule	2023-2024	2022-2023
Description	Kshs.	Kshs.
Balance as at 1st July	17,824,895	14,902,030
Increase/decrease recognized in Statement of Financial Performance	(190,672)	2,922,865
Balance as at 30 June	<u>17,634,223</u>	<u>17,824,895</u>

23. Receivable from Non-Exchange Transaction

Description	2023-2024	2022-2023
	Kshs.	Kshs.
MS Levy fees	156,149,141	189,708,076
Staff Debt	3,640,185	3,937,419
Salary Advance	482,777	332,939
Training Levy	1,125,931	1,554,150
Other	50,000,000	50,054,792
Total Receivable from non-exchange transaction	<u>211,398,034</u>	<u>245,587,376</u>

Description	2023-2024		2022-2023	
	Kshs.		Kshs.	
	Amount	% of the Total	Amount	% of the Total
Less than 1 year	156,149,141	74%	210,041,015	86%
Between 1-2 Years	5,248,893	8%	54,792	0%
Between 2-3 Years	0	0%	30,000,000	12%
Over 3 Years	50,000,000	24%	5,491,569	2%
Total	211,398,034	100%	245,587,376	100%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Inventories

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Supplies	3,880,872	3,587,953
Publications & Library Books	287,432	287,432
Total Inventories	4,168,304	3,875,385

25. Mortgage Guarantees

Description	2023-2024	2022-2023
	Kshs.	Kshs.
House Loan Guarantee	237,961,907	204,301,622
Car Loan Guarantee	37,248,404	30,712,441
Total Mortgage Guarantees	275,210,311	235,014,063

Mortgage Guarantees Movement Schedule

Description	House Mortgage	Car Loan	Total
	Kshs	Kshs	Kshs
Balance as at 1st July 2023	204,301,622	30,712,441	235,014,063
Transfers	33,660,285	6,535,963	40,196,248
Interest Earned	-	-	-
Balance as at 30 June 2024	237,961,907	37,248,404	275,210,311

26. Intangible Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At beginning of the year	102,938,860	98,529,942
Additions	3,626,158	-
At end of the year	106,565,018	98,529,942
Additions–Work in Progress	18,492,311	4,408,918
At end of the year	125,057,329	102,938,860
Amortization And Impairment		
At beginning of the year	89,800,792	83,231,758
Amortization	7,777,753	6,569,034
At end of the year	97,578,545	89,800,792
Impairment loss	-	-
At end of the year	97,578,545	83,231,758
NBV	27,478,784	13,138,068

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. Property, Plant and Equipment

Assets	Land	Building	Motor vehicles	Computers & IT Equipment	Furniture & Equipment	Capital in Progress	Total
Cost or Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022	237,716,383	4,390,414	57,815,468	78,668,163	155,242,609	1,944,636,074	2,478,469,111
Disposal	-	-	-	-	-	-	-
Additions	-	-	-	4,381,705	385,830	437,327,593	442,095,128
Re allocation	-	-	-	-	-	-	-
As at 30 June 2023	237,716,383	4,390,414	57,815,468	83,049,868	155,628,439	2,381,963,667	2,920,564,239
Disposal	-	-	-	-	-	-	-
Additions	-	-	-	66,666,785	222,622,609	168,504,348	457,793,742
Re allocation	-	2,477,279,639	17,940,392	-	-	(2,477,279,639)	17,940,392
As at 30 June 2024	237,716,383	2,481,670,053	75,755,860	149,716,653	378,251,048	73,188,376	3,396,298,373
Depreciation and impairment							
As at 30 June 2022	-	768,322	57,815,467	76,247,572	135,151,500	-	269,982,861
Disposal	-	-	-	-	-	-	-
Charge for the year	-	109,760	-	1,217,137	11,008,696	-	12,335,593
Adjustments	-	-	-	-	-	-	-
As at 30 June 2023	-	878,082	57,815,467	77,464,709	146,160,196	-	282,318,454
Disposal	-	-	-	-	-	-	-
Charge for the year	-	62,041,751	3,588,078	24,473,506	33,128,535	-	123,231,870
Adjustments	-	-	-	-	-	-	-
As at 30 June 2024	-	62,919,833	61,403,545	101,938,215	179,288,731	-	405,550,325
Net Book values							
As at 30 June 2024	237,716,383	2,418,750,220	14,352,314	47,778,438	198,962,318	73,188,376	2,990,748,048
As at 30 June 2023	237,716,383	3,512,332	1	5,585,159	9,468,243	2,381,963,667	2,638,245,785

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. Property, Plant and Equipment (Continued)

Furniture and Equipment

An Air Conditioning Unit had not been capitalized thus the update of the PPE schedule.

Description	Amount
Amount as per Audited Financial Statements	155,533,439
Capitalization of Air Conditioning Unit	95,000
Restated	155,628,439

Capital Work in progress

Retention amounting to Kshs 3,409,946 were erroneously invoiced and captured as Capital Work in progress instead of payment being made from retention account. These have been corrected as illustrated

Description	Amount
Amount as per Audited Financial Statements	2,385,373,613
Reversed Retention Invoices	-3,409,946
Restated	2,381,963,667

Property plant and Equipment includes the following assets that are fully depreciated:

Asset Class	Cost	Normal Annual Depreciation Charge
Computers & IT Equipment	78,668,162	26,222,721
Software	83,231,759	27,743,920
Furniture & Equipment	116,052,023	14,506,503
Total	277,951,944	68,473,143

28. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Trade Payables	114,533,461	215,988,164*
Audit Fees Payable	1,400,000	-
Staff payables	5,707,398	972,498
Statutory	3,516,827	14,493,766
Other payable	808,045	2,318,438
Total	125,965,731	233,772,866

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. Trade and Other Payables (Continued)

Trade payable was revised to separate Payable and Accruals from Provisions in order to conform to categorization requirements under IPSAS 19. Trade payable was divided into two other notes i.e Note 29 Current Provisions and Note 30 Refundable Deposits and Prepayments from Customers. Update of vendors accounts to match invoices and payments.

Description	Amount
Amount as per Audited Financial Statements	215,837,415
Posted Outstanding Invoices	150,749
Restated	<u>215,988,164</u>

Audit Fees Payable

The amount of Kshs 4,700,000 has been transferred to new Note Current provision in order to conform to categorization requirements under IPSAS 19

Description	Amount
Amount as per Audited Financial Statements	4,700,000
Transfer to Current Provisions	-4,700,000
Restated	<u>-</u>

Staff payables

Claims amounting to Kshs 504,000 for the FY2022/2023 were captured as payables as they had not been settled as at the close of the financial year thus increasing the staff payables amount.

Description	Amount
Amount as per Audited Financial Statements	468,498
Accrued Claims	504,000
Restated	<u>972,498</u>

Statutory

This was to effect a reversal of PAYE on the unpaid Directors sitting allowances which had been reversed

Description	Amount
Amount as per Audited Financial Statements	14,839,766
Transfer to Current Provisions	(346,000)
Restated	<u>14,493,766</u>

Other payable

Other payable was revised to separate Payable and Accruals from Provisions in order to conform to categorization requirements under IPSAS 19. Other payable was divided into two other notes i.e Note 29 Current Provisions and Note 30 Refundable Deposits and Prepayments from Customers. Further, the correction of retention also reduced the Retention balance.

Description	Amount
Amount as per Audited Financial Statements	30,770,318
Transfer to Provisions	(28,451,880)
Restated	<u>2,318,438</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. Trade and Other Payables (Continued)

	2023-2024		2022-2023	
	Kshs.		Kshs.	
Description	Amount	% of the Total	Amount	% of the Total
Less than 1 year	90,346,211	72%	231,677,771	99%
Between 1-2 Years	35,607,793	28%	2,083,368	1%
Between 2-3 Years	0	0%	0	0%
Over 3 Years	11,727	0%	11,727	0%
Total	125,965,731	100%	233,772,866	100%

29. Current Provisions

Description	2023-2024 Kshs.	2022-2023 Kshs.
Payroll Provision	11,024,767	11,024,767
Trade Provision	3,300,000	4,700,000
Other Provisions	70,000,000	3,801,018
Total	84,324,767	19,525,785

30. Refundable Deposits and Prepayments from Customers

Description	2023-2024 Kshs.	2022-2023 Kshs.
Third Party Deposits	566,680	166,680
Direct Bank Deposits	4,547,201	4,547,201
Refundable Deposits	1,638,363	4,956,010
Total	6,752,244	9,669,891

31. Gratuity

Description	2023-2024 Kshs.	2022-2023 Kshs.
As at 1 July	7,548,093	9,276,880
Charge for the year	4,971,719	2,518,860
Payment during the year	(7,080,381)	(4,247,647)
As at 30 June	5,439,431	7,548,093

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. Deferred Government Grant

Description	2023-2024 Kshs.	2022-2023 Kshs.
Deferred Income	-	5,101,821
Less: Deferred Income Recognized	-	(5,101,821)
Total Deferred Government Grant	-	-

33. Cash Generated from Operations

	Note	2023-2024 Kshs	2022-2023 Kshs
Cash flow from operating activities			
Surplus for the Year		786,597,426	909,547,378
Adjusted for:			
Depreciation	20	131,009,623	18,904,627
Foreign Exchange (Gain) Loss	12	7,353,591	(6,412,649)
Working Capital Adjustments			
Increase in Trade Receivables	22 & 23	24,576,987	(73,071,754)
Decrease in Inventories	24	(292,919)	(557,156)
Increase in Trade Payables	28	(107,807,137)	67,418,838
Decrease in Gratuity	31	(2,108,662)	(1,728,787)
Decrease in Deferred Income	32	-	(5,101,821)
Decrease in Current Provisions	29	(5,201,018)	2,401,018
Decrease in Refundable Deposits	30	(2,917,647)	3,853,911
Net cash generated from operating activities		831,210,244	915,253,605

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	51,971,190	34,336,967	17,634,223	-
Receivables from non-exchange transactions	211,398,034	211,398,034	-	-
Bank balances	766,159,305	766,159,305	-	-
Total	1,029,528,529	1,011,894,306	17,634,223	-
At 30 June 2023				
Receivables from exchange transactions	42,358,835	24,533,940	17,824,895	-
Receivables from non-exchange transactions	245,587,376	245,587,376	-	-
Bank balances	858,378,850	858,378,850	-	-
Total	1,146,325,061	1,128,500,166	17,824,895	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. FINANCIAL RISK MANAGEMENT (Continued)

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 Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the Authority'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 Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	43,238,100	17,127,500	54,167,862	114,533,462
Provisions	-	3,300,000	11,024,767	14,324,767
Deferred Government Grant	-	-	-	-
Total	43,238,100	20,427,500	65,192,629	128,858,229
At 30 June 2023				
Trade payables	180,177,667	25,435,892	10,374,605	215,988,164
Provisions	-	8,501,018	11,024,767	19,525,785
Deferred Government Grant	-	-	-	-
Total	180,177,667	33,936,910	21,399,372	235,513,949

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Authority 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 Authority'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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. FINANCIAL RISK MANAGEMENT (Continued)

The Authority'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 Authority's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Authority has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

FY2024

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial assets			
Cash	679,900,202	86,259,103	766,159,305
Debtors	265,758,673	13,686,275	279,444,948
Total Financial Assets	949,835,691	99,582,544	1,049,418,235
Liabilities			
Trade and other payables	424,016,497	136,649	424,153,146
Net foreign currency asset/(liability)	525,819,194	99,445,895	625,265,089

The Authority manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

FY2023

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial assets			
Cash	812,365,662	46,013,188	858,378,850
Debtors	288,508,869	17,262,237	305,771,106
Total Financial Assets	1,100,874,531	63,275,425	1,164,149,956
Liabilities			
Trade and other payables	628,743,566	1,857,753	630,601,319
Net foreign currency asset/(liability)	472,130,965	61,417,672	533,548,637

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Authority's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in Currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024			
USD	10%	9,944,590	9,944,590
2023			
USD	10%	6,141,767	6,141,767

b) Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from bank deposits. This exposes the Authority to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Authority's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Authority analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 7,661,593 (2023: Kshs 8,583,789). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 38,307,965 (2023 – Kshs 42,918,943).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. FINANCIAL RISK MANAGEMENT (Continued)

iv) Capital Risk Management

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

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	156,940,484	4,373,470
Retained earnings	3,439,268,912	3,094,852,139
Capital reserve	76,771,434	76,771,434
Specific reserves	230,000,000	230,000,000
Total funds	3,902,980,830	3,405,997,043
Total borrowings	0	0
Less: cash and bank balances	766,159,305	858,378,850
Net debt/(excess cash and cash equivalents)	(766,159,305)	(858,378,850)
Gearing	0%	0%

35. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Authority, 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;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. Related Party Balances (Continued)

	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify) e.g Interest and Bank charges	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	17,689,638	4,780,183
Purchase of water from Govt service providers	820,982	111,545
Rent expenses paid to Govt agencies	5,818,214	9,132,670
Training and conference fees paid to govt. agencies	9,745,520	1,990,880
Others (specify)	-	-
Total	34,074,354	34,074,354
b) Grants /Transfers from the Government		
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	37,904,597	26,458,791
Compensation to key management	25,732,351	20,870,351
Total	63,636,948	47,437,142

36. Capital Commitments

Capital Commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised and contracted for	738,747,355	738,747,355
Total	738,747,355	738,747,355

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory 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. In line with this legal requirement the Authority remitted Kshs **600,594,362** (FY2022 Kshs **506,235,298**).

The Surplus Remission has been computed as follows:

	2023-2024	2022-2023
DESCRIPTION	Kshs.	Kshs.
Surplus for the Year	786,597,426	909,547,378
Less: Allowable deductions by NT		
Purchase of Assets	(275,285,590)	(442,095,128)
Oil Spill & SAR Fund Transfer	-	-
Mortgage & Car Loan Guarantees	(20,000,000)	-
Total Allowable deductions	(295,285,590)	(442,095,128)
Realised Surplus Funds	491,311,836	467,452,250
90% of Realised Surplus Funds	442,180,653	420,707,026

Surplus Remission Payable

	2023-2024	2022-2023
Description	Kshs.	Kshs.
As at 1 July	360,084,682	445,612,954
Realized Surplus Funds	442,180,653	420,707,026
Paid during the year	(600,594,362)	(506,235,298)
As at 30 June	201,670,973	360,084,682

38. Events After the Reporting Period

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

39. Ultimate and Holding Authority

Kenya Maritime Authority is a State Corporation under the Ministry of Mining, Blue Economy and Maritime Affairs. Its ultimate parent is the Government of Kenya.


40. Currency

The financial statements are presented in Kenya Shillings (Kshs).


41. APPENDICES

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
Basis for Qualified Opinion				
1.1	<p>The statement of financial performance reflects Board expenses of Kshs.51,984,807 as disclosed in Note 15 to the financial statements. The expenditure incurred exceeded the approved expenditure capping of Kshs.30,000,000 by Kshs.20,620,407 (or 68%). This is contrary to the provisions of Circular No. OP/CAB,9/1A of March 11, 2020 which provides that Board expenses for a financial year shall be capped at Kshs.30 million or 5% of the operations and maintenance budget of the state corporation, whichever is less and any exceeding budget shall require approval of the Cabinet Secretary for The National Treasury.</p> <p>In addition, as disclosed in the corporate governance section of the annual report, the Board held eighteen (18) meetings comprised of four (4) full Board sittings and fourteen (14) special Board sittings. However, Management did not provide for audit review approval of the extra sittings by the Cabinet Secretary in consultation with State Corporations Advisory Committee (SCAC). This is contrary to the provisions of Paragraph A(3) of Circular No. OP/CAB,9/1A of March 11, 2020 which provides that approval for any extra Board meetings</p>	<p>During the period under review, the Board conducted the following Board activities outside the KMA headquarters and received approval for all the activities as attached. The Board held these activities outside the Authority's headquarters due to the nature of the agenda being discussed in terms of their confidentiality or the same being Trainings by the Kenya School of Government as shown below. In addition, meetings held in 2022 required the Board to sit outside the Authority Headquarters to ensure compliance with the protocols issued by the Ministry of Health and Circulars by the Head of Public Service on mitigation of the Covid 19 pandemic. This is due to the fact that the Authority premises as at the time, could not accommodate the</p>		

 Kenya Maritime Authority
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For Year Ended June 30, 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	<p>(including special Board meetings) above the maximum number specified shall require a justification by the Board as to the source of funds, and implications thereof, and reasons why the same cannot be adjudicated in regular meetings, and requests submitted for approval by the relevant Cabinet Secretary, in consultation with SCAC.</p> <p>In the circumstances, the propriety of the Board expenditure of Kshs.51,984,807 could not be confirmed and Management was in breach of the guidelines.</p>	<p>required 1.5M distance between participants to hold physical meetings.</p>		
1.2	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.1,800,000,000 and Kshs.2,008,535,745 respectively, resulting in an over-collection of Kshs.208,535,745 or 12% of the budget. Similarly, the Authority expended Kshs.1,550,459,986 against an Report of the Auditor-General on Kenya Maritime Authority for the year ended 30 June, 2023 approved budget of Kshs.1,813,588,100, resulting in an under-expenditure of Kshs.263,128,114 or 15% of the budget. The under expenditure may have impacted negatively on service delivery to the public.</p>	<p>The Authority uses zero-based approach to budgeting as such, the budget prepared is based on the Authority's strategic priorities in the coming financial year. The budget for the financial year 2022/2023 was premised on not only a clear plan of activities that the Authority intended to undertake in the said financial year but also on basic assumption of stability of exchange rates within the year. However, the change in exchange rate led to increase revenue collection emanating from higher than</p>		

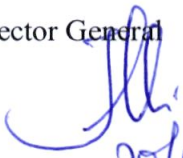
 Kenya Maritime Authority
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
		<p>projected exchange rates.</p> <p>The under-expenditure did not affect delivery of services to the public.</p>		
1.3	<p>The prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, there was no evidence provided to support the resolving of various prior year issues indicated as having been resolved under the progress on follow up of auditor's recommendations section of the financial statements.</p>	<p>Recommendations from the prior year issues have been implemented and evidence towards this to be availed during follow up audit.</p>		
2.	<p>The Authority's approved staff establishment had total staff of two hundred and thirty-six (236) against the current in-post of one hundred and sixteen (116) resulting to a shortfall of one hundred and twenty (120). In addition, it was observed that the Authority did not have ship surveyors who are responsible for; among other duties inspection, certification and licensing of small vessels on which revenue for the organisation is dependent. In the circumstances, understaffing may have impacted negatively on service delivery..</p>	<p>The Authority acknowledges the low number of staff and has taken measures to remedy this.</p> <p>Due to limited budgetary allocations the Authority has instituted a plan to fill the vacant positions over a period of 5 years. The Authority has advertised and is in the process of filling 37 positions in the FY2023/2024.</p> <p>Currently the Authority has a total of 16 employees in charge of inspection, certification and licensing of small vessels as per the attached list. Service delivery has further</p>	Ongoing.	

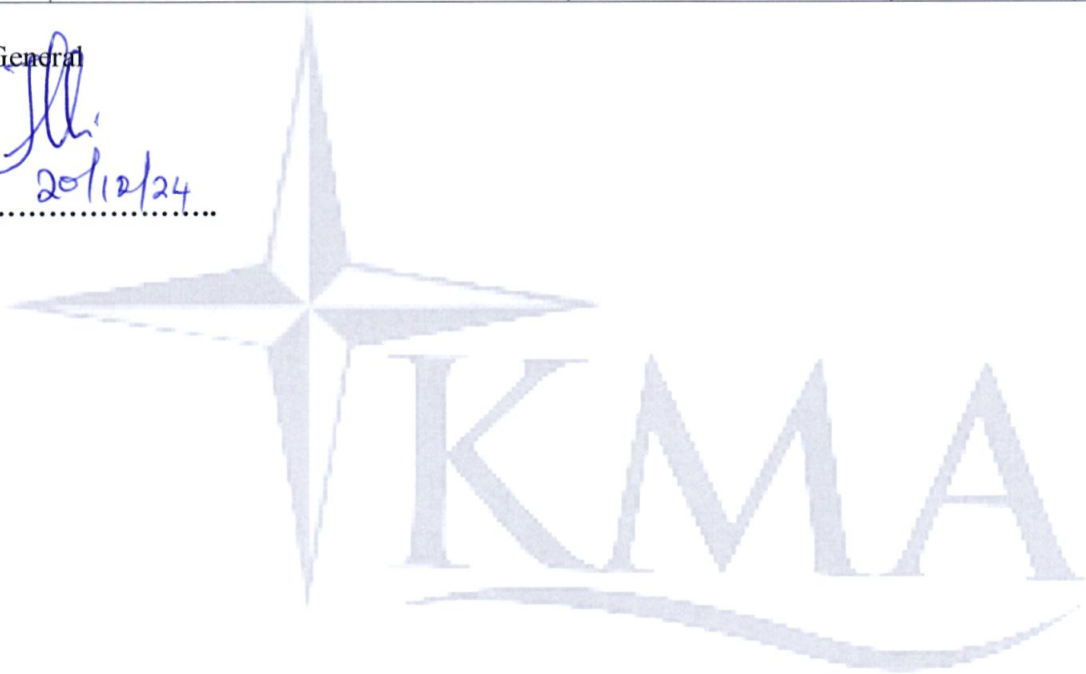
Kenya Maritime Authority
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
		<p>been remedied by deployment of technology to reduce the need of extensive period of human interaction. Our customers access services through Self-service portals which enable them to make applications online.</p>		

Director General



Date:
 20/12/24



APPENDIX II: PROJECTS IMPLEMENTED BY KENYA MARITIME AUTHORITY

Project Title	Project Number	Donor	Period/Duration	Donor Commitment	Separate Donor reporting required as per the Donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Multinational Lake Victoria Maritime Communication and Transport		AFDB	4years		Yes	Yes

Status of Projects completion

	Project	Total Project Cost	Total Expended To Date	Completion % To Date	Budget	Actual	Sources of Funds
1.	Construction of KMA HQs-Phase II	628M	584M	99%	212M	132M	KMA
2.	Kenya Lake Victoria Maritime Communication & Transport Project	1.6B	285M	5%	350M	0	KMA
3	Kenya Maritime Data Bank	332M	18.5M	15%	120M	18	KMA

APPENDIX III: INTER-AUTHORITY TRANSFERS

ENTITY NAME:		KENYA MARITIME AUTHORITY		
Break down of Transfers from the State Department for Shipping and Maritime				
FY 2023/2024				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	N/A
			-	N/A
			-	N/A
		Total	-	N/A
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	-	N/A
		Total	-	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	N/A
			-	N/A
			-	N/A
		Total	-	N/A
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	N/A
			-	N/A
			-	N/A
		Total	-	N/A

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

Finance Manager
Kenya Maritime Authority

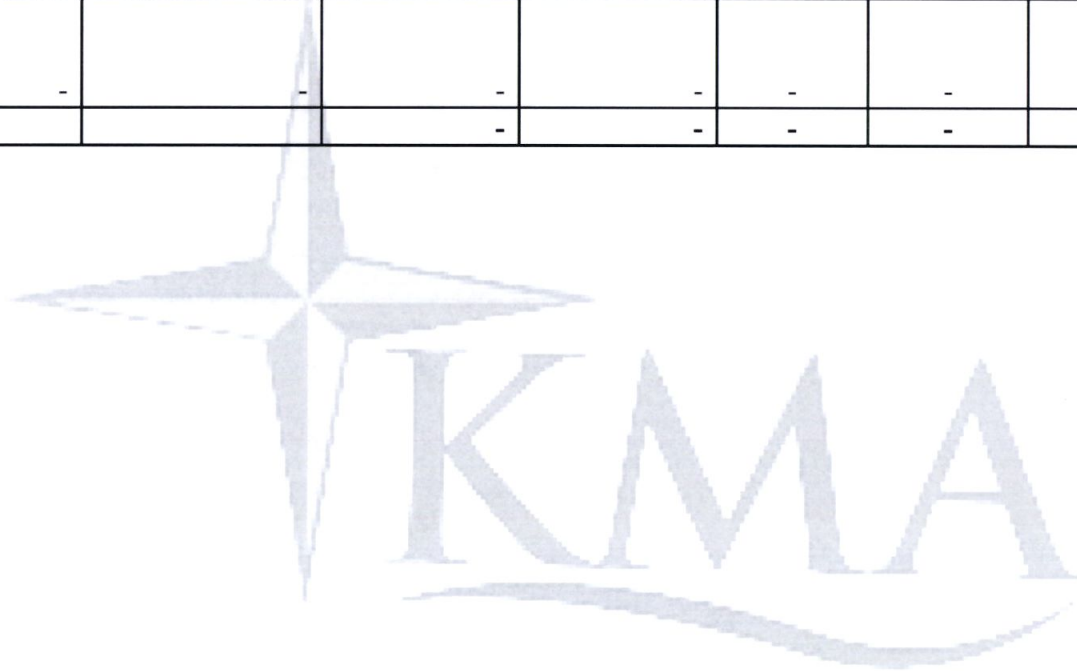
Sign -----

Head of Accounting Unit
Ministry of Mining, Blue Economy and
Maritime Affairs

Sign-----

APPENDIX IV: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Mining, Blue Economy and Maritime Affairs	-	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-



APPENDIX V- INTER-ENTITY CONFIRMATION

[Insert your Letterhead]

[Insert name of beneficiary Entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2024				Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name **Sign** **Date**

APPENDIX VI: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Kenya Maritime Authority
 (254) 041 2318398/9
 info@kma.go.ke
 Eng. Martin D. Munga

Name and contact details of contact person (in case of any clarifications)N/A.....

There were no projects with climate relevant expenditures during the Financial Year.

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



APPENDIX VII: DISASTER EXPENDITURE REPORTING

Date: 30 June 2024

Kenya Maritime Authority

Period to which this report refers (FY)	Year 2023/2024			Quarter		
Name of Reporting Officer	Eng. Martin D. Munga					
Contact details of the reporting officer:	Email info@kma.go.ke			Telephone 0724319344		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
-	-	-	-	-	-	-