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THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR THE BLUE
ECONOMY AND FISHERIES**

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

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MINISTRY OF MINING, BLUE ECONOMY AND MARITIME AFFAIRS
STATE DEPARTMENT FOR THE BLUE ECONOMY AND FISHERIES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024

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



Table of Contents	Page
1. Acronyms and Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. Statement of Governance	vii
4. Statement by the Cabinet Secretary	viii
5. Statement by the Principal Secretary	xii
6. Statement of Performance Against Predetermined Objectives for the FY2023/24 ...	xv
7. Management Discussion and Analysis	xviii
8. Environmental and Sustainability Reporting	xxi
8. Statement of Management Responsibilities	xxiv
9. Report of the Independent Auditors of the Financial Statements for the State Department for the Blue Economy and Fisheries:	xxvi
10. Statement of Receipts and Payments for the Year ended 30 th June 2024	1
11. Statement Of Financial Assets And Financial Liabilities As At 30 th June 2024	2
12. Statement of Cash Flows For The Year Ended 30 th June 2024	3
13. Statement of Comparison of Budget and Actual Amounts for FY 2023/24	5
14. Notes to the Financial Statements	12
15. Annexes	31



1. Acronyms and Glossary of Terms

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
SC	State Corporations
C.E.O	Chief Executive Office
KMFRI	Kenya Marine Fisheries Institute
KFMA	Kenya Fish Marketing Authority
FLTF	Fish Levy Trust Fund
KFIC	Kenya Fishing Industry Corporation
KEMFSED	Kenya Marine Fisheries and Social Economic Development Project
ABDP	Aquaculture Business Development Project
IFAD	International Fund for Agricultural Development

2. Key Entity Information and Management

(a) Background information

The *State Department for the Blue Economy and Fisheries* was established vide Executive Order No.1 of January, 2023 under the Ministry of Mining, Blue Economy and Maritime Affairs. At cabinet level, the *State Department* is represented by the Cabinet Secretary, who is responsible for the general policy and strategic direction of the *State Department*.

Vision Statement

To be a global leader in governance and development of the blue economy and fisheries resources

Mission Statement

To facilitate sustainable management and development of the blue economy and fisheries resources for accelerated socio- economic development

Mandate

The State Department is mandated to coordinate the development of policy, legal, regulatory and institutional framework for fisheries, aquaculture and the blue economy management and development

Core Values

In order to fulfil its mandate and realize its vision and mission, State Department's operation is guided by the following principles: -

- i). Integrity;
- ii). Team Spirit;
- iii). Fairness and equity;
- iv). Efficiency;
- v). Professionalism; and
- vi). Accountability.

Core Functions

- i. Co-ordination of the development of national oceans and blue economy strategy and policy;
- ii. Fisheries and aquaculture policy;
- iii. Co-ordination of the development of policy, legal, regulatory and institutional framework for the fisheries industry and the Blue Economy;
- iv. Drive sustainable transformation and diversification of the ocean's economy by promoting research and innovation;
- v. Increase local participation and investment in the blue economy by promoting through private sector engagement and partnerships;
- vi. fisheries marketing policy;
- vii. Promote fish consumption;
- viii. Development of fisheries;

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

- ix. Fish quality assurance;
- x. Enhancement of technical co-operation with partner states;
- xi. Management and licensing of local and foreign fishing trawlers in Kenya waters;
- xii. Overall policy for exploitation of agro-based marine resources;
- xiii. Policy on development of fishing ports and associated infrastructure;
- xiv. Capacity building for Sustainable Exploitation of agro-based marine resources;
- xv. Protection of aquatic ecosystems; and
- xvi. Promotion of Kenya as a centre of Aquaculture, and
- xvii. economic development-oriented fisheries research.

(b) Key Management

The *State Departments'* day-to-day management is under the following key organs:

- The Principal Secretary;
- Administration
- Technical Services
-

(c) Fiduciary Management

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

No.	Designation	Name
1	Accounting Officer	Ms. Betsy Muthoni Njagi
2	Fisheries and the Blue Economy Secretary	Mr. Rodrick Kundu
3	Senior Deputy Secretary	Mr. Elvis Korir

(d) Fiduciary Oversight Arrangements

a) Audit and Finance Committees

The Ministerial Audit Committee has been active vide Treasury Circular No.16/2005 dated 4th October, 2005 before introduction of PFM Act, 2012. During the Financial Year 2017/18, the PFM Regulations covering the State Departments' Audit Committee was finalised and approved by Parliament for effective application as required.

b) Parliamentary Committee activities

The State Department handled various issues both at the National Assembly and the Senate of Parliament:

National Assembly – Blue Economy, Irrigation and Water

- Public Accounts Committee (PAC)

- Statements -
- Petitions -
- Motions -
- Workshops/Seminars -
- Meetings with Departmental Committees -

Senate Agriculture, Livestock and Fisheries Committee

- Statements -
- Petitions -
- Motions -
- Workshops/Seminars -
- Meetings with Departmental Committees -

c) Development partner oversight activities

IFAD and The World Bank, provide implementation support missions that occur at least twice a year. An aide-memoire is developed from these missions by both IFAD and World Bank, in agreement with the National Project Coordinating Unit, before being shared with the Kenyan Government through The National Treasury.

(e) Entity Headquarters

NHIF Building
Ragati Road
P.O. Box 58187-00200
NAIROBI, KENYA

Entity Contacts

Telephone: (254)020718870
E-mail: ps@blueeconomy.go.ke
Website: www.mibema.go.ke

(f) Entity Bankers (All Accounts)

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

3. Statement of Governance

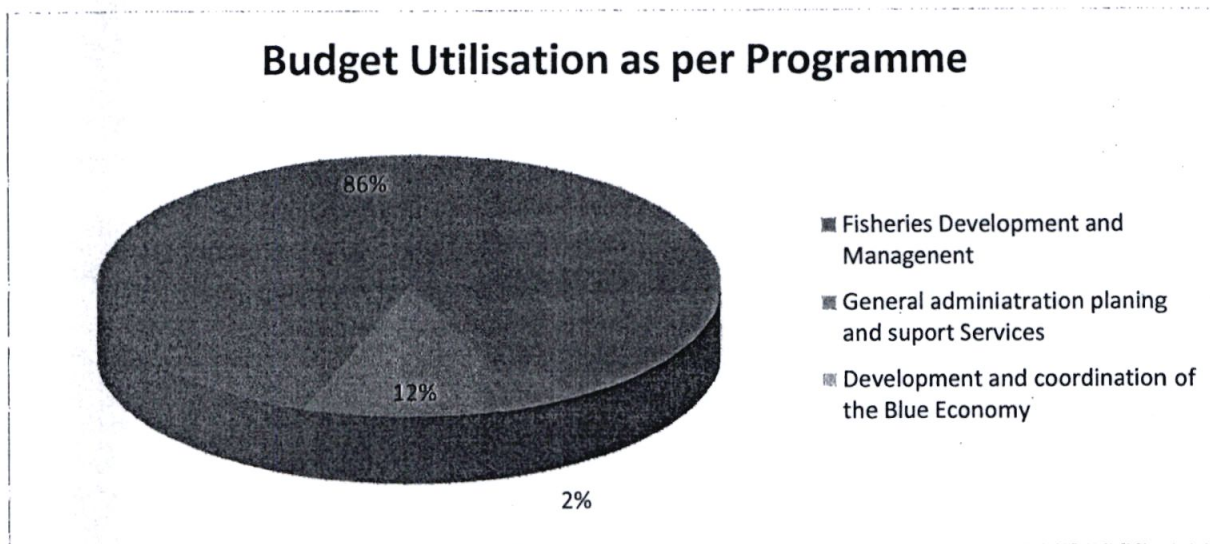
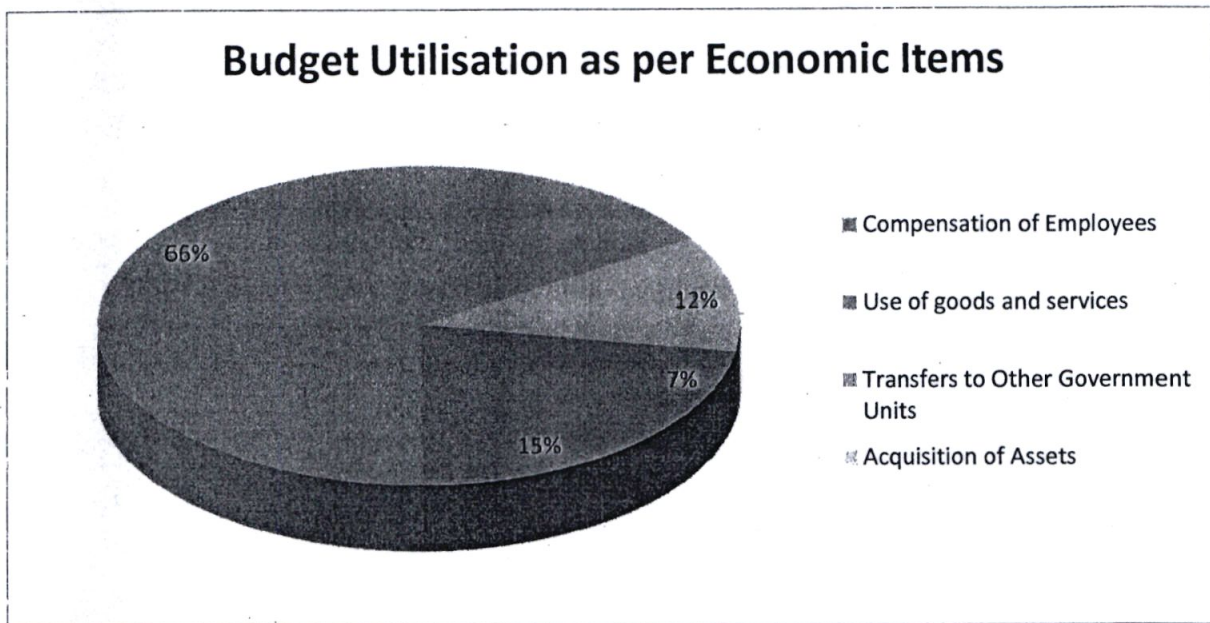
The State Department for the Blue Economy and Fisheries is responsible for the governance of activities related to the blue economy and fisheries jurisdiction.

1. **Leadership Structure:** The top management of the State Department include: -
 - Cabinet Secretary: Hon Hassan Ali Joho, EGH
 - Principal Secretary: Betsy Muthoni Njagi
2. **Management Committees:** The State Department has two major management committees, namely the Administration Committee and the Technical Committee. The Administration Committee's membership is drawn from the Technical, Planning, Finance, HRM&D, Accounts, Legal, and Procurement Divisions. The Technical Committee's membership is drawn from the Directorate of Blue Economy Development and the Directorate of Fisheries and Aquaculture Development and General Administration. The main role of these committees is to provide an overview of the implementation of the State Department's mandate as stipulated in vide Executive Order No.2 of November, 2023, which established the State Department.
3. **Audit Committee:** The audit committee is responsible for ensuring financial transparency and accountability within the State Department. It is formed in accordance with relevant regulations and consists of qualified individuals from the Internal Audit Unit. The composition of the committee members includes members with expertise in finance, audit, and governance. The committee holds regular meetings to review financial reports and audit findings.
4. **Risk Management, compliance and Conflict of Interest:** The State Department has established robust risk management processes to identify, assess, and mitigate potential risks. Compliance with relevant laws and regulations is a top priority. Conflict of interest policies are in place to ensure that all employees and leaders act in the best interest of the State Department and the public.
5. **Training and Development in Governance:** Key leadership regularly participates in training and development programs related to governance. These programs are designed to enhance their knowledge and skills in effective governance, leadership, and ethical conduct.
6. **Public Participation Activities:** The State Department actively engages with the public through various means, such as public forums, consultations, and surveys, to ensure that their views and concerns are considered in decision-making processes.
7. **Compliance with Laws and Regulations:** The State Department is committed to adhering to all relevant laws and regulations governing the blue economy and fisheries sector. Regular audits and assessments are conducted to ensure compliance.

4. Statement by the Cabinet Secretary

The State Department for the Blue Economy and Fisheries under the Ministry of Mining, Blue Economy and Maritime Affairs continued to implement the government Bottom up Economic Transformation Agenda and its Strategic Plan (2023-2027) with the goal of ensuring sustainable utilization of fisheries resources in natural water bodies and expanding fish farming through technology development and transfer. The State Department’s approved budget for Financial Year 2023/24 was Kshs. 10,091,406,592 out of which total payments for the year amounted to Kshs. 10,040,479,358 representing absorption of 92 per cent.

The budget performance by economic classification is as depicted in Figure 1 below:



The Annual Financial Statements (AFS) provide a detailed assessment of the composition, allocation, and utilisation of funds covering the Financial Year 2023/24. The Annual Financial Statements assess the extent to which targets set were achieved and the underlying reasons for non-achievement of some targets.

1.0 Fish Landing Site Infrastructure

- 1.1 Fish Landing site infrastructure are being developed to reduce fish post-harvest losses and promote value addition
- 1.2 The infrastructure is equipped with cold storage, ice plant and fish handling and processing area. The completed landing sites are:
 - 1.3 The following landing sites have been completed
 - a) Sori in Migori County
 - b) Luanda K'Otieno in Siaya County
 - c) Kichwa cha Kati in Kilifi County
 - d) Ngomeni in Kilifi County
 - e) Mulukhoba in Busia County
 - f) Gazi in Kwale County
 - g) Vanga in Kwale County
 - h) Kibuyuni in Kwale County

2.0 Fish Markets

- 2.1 We are developing two fish markets; The markets are:
 1. Likoni Fish Market in Mombasa County
 2. Malindi Fish Market in Kilifi County

3.0 Liwatoni Ultra-Modern Fish Processing Hub in Mombasa County

- 3.1 The Liwatoni Ultra-Modern Fish Processing Hub is under development to encourage fish landings from Marine waters for processing and value addition thus creating jobs, providing food and nutrition security and generating revenues for the government.
- 3.2 Phase 1 of the project is under development
- 3.3 Phase 2 will be completed through Public Private Partnership (PPP).

4.0 Aquaculture Business Development Programme (ABDP)

- 4.1 ABDP is an eight-year project funded by the Government in partnership with International Fund Agriculture Development (IFAD)
- 4.2 To increase incomes, food security and nutritional status of the rural poor households through fish farming.

Beneficiaries: 15 Counties in Western, Central and Eastern region (Busia, Kakamega, Siaya, Homa Bay, Migori, Kisumu, Kisii, Nyeri, Kirinyaga, Kiambu, Meru, Embu, Tharaka Nithi, Machakos and Kajiado).

5.0 Kabonyo Regional Fisheries and Aquaculture Centre of Excellence in Kisumu County

- 5.1 Kabonyo Fisheries and Aquaculture Centre of excellence is being developed to increase food and nutrition security, promote research, innovation and technology in fisheries and aquaculture development. The centre will have a capacity to produce 7 million fingerlings per quarter.
- 5.2 The centre will produce fresh water fish seed and includes adoption, domestication and selective breeding of fish to increase the number of cultured species available to small- and large-scale farmers. It will be a seed multiplication and selective breeding centre.
- 5.3 The project will be implemented in two phases. Phase I of the project is funded by the Government of Hungary under Tied Aid Agreement.
- 5.4 The contract has been awarded and the project handed over to the contractor who is currently mobilising equipment to begin the work.

6.0 National Mariculture Resource and Training Centre at Shimoni Kwale County.

- 6.1 The World bank through Kenya Marine Fisheries Socioeconomic project (KEMFSED) will fund completion of the stalled project.
- 6.2 The centre will undertake marine fish research and innovation, seed breeding and multiplication for mariculture and provide training for fish farmers and students in mariculture.

7.0 Sagana Aquaculture Centre of Excellence in Kirinyaga County

- 7.1 Sagana is a warm water fish breeding and multiplication centre. It houses a resource centre equipped with laboratories and facilities for research and innovation, aquaculture technology transfers and training.

8.0 Fish quality laboratories

The State Department is operationalizing the three national laboratories. These laboratories are:

- a) Nairobi Fish quality control laboratory
- b) Kisumu Fish quality laboratory
- c) Mombasa Fish quality laboratory

Implementation Challenges

The key challenges are: inadequate skills for fish quality assurance; capacity and skills for management of deep sea fisheries; lack of an integrated policy framework for development of the Blue Economy;

Measures to address the challenges

To address the aforementioned challenges, the State Department has continued to recruit and train technical staff members to bolster the capabilities of the technical wing within the State Department. The primary objective behind this strategic move was to effectively tackle the growing concerns related to food security and the intricate management of the entire food supply chain, encompassing not only the production and distribution of fish but also various fish-related products along the comprehensive fish value chain.

The overarching goal of this initiative was to ensure that safe, sufficient, and nutritionally valuable food remains consistently available, accessible, and affordable for all our citizens. State Department aims to leverage the skills and expertise of the staff to enhance our nation's ability to safeguard food security, thereby addressing a fundamental aspect of our citizens' well-being and contributing to the overall prosperity and resilience of our society.

Recommended Way Forward

The following recommendations are important based on the implementation of fisheries programmes and projects:

- i. Participatory monitoring and evaluation of programmes and projects including mid-term and terminal review is key to effective delivery of desired outputs and outcomes; and
- ii. The National Treasury to ensure that disbursement of the exchequer is in line with the approved cash flow plans to minimize disruptions and delays in implementation of projects and programmes.
- iii. Lack of adequate funding

HON. HASSAN ALI JOHO, EGH

CABINET SECRETARY

MINISTRY OF MINING, BLUE ECONOMY AND MARITIME AFFAIRS

5. Statement by the Principal Secretary

Kenya's Blue Economy Sector is dedicated to sustainably managing, conserving, and developing aquatic and marine resources to enhance socio-economic benefits for its citizens. It encompasses various sectors, including fisheries, aquaculture, tourism, transport, shipbuilding, energy, bio prospecting, and underwater mining.

Abundant Maritime Resources: Kenya boasts significant coastal and maritime resources, with a vast Exclusive Economic Zone (EEZ) covering 142,000 km². Its marine waters are home to substantial tuna stocks, estimated to yield annual revenues of up to \$150 million, with potential links to wealth creation, employment, food security, and manufacturing sectors.

Fisheries Contribution: The fisheries sub-sector plays a vital role in Kenya's economic and social development, directly supporting over 500,000 people and indirectly impacting over 2 million. Despite fluctuations, its contribution to GDP has generally maintained at 0.7% in 2022.

Fish Production and Exports: in the year 2023 a total of 161,307 metric tonnes of Fish valued at Kshs. 35,904 million was landed. A total of 19,868 metric tons of fish and fishery products were exported earning the country Kshs. 3.6 billion in foreign exchange. driven by demand in Europe and China, supported by domestic deep-sea fisheries development.

Key achievements for the State Department the Blue Economy and Fisheries on Flagship Programs:

1. Development of the Blue Economy Programme:

- Objective: Sustainable management and development of Blue Economy resources.
- Achievements (2023/2024): 323 coxswains were trained and issued with certificates development of critical regulations, development of the National Marine Spatial Plan, and stakeholder consultations.
- Challenges: Policy integration, legislative gaps, and training facility limitations.
- Recommendations: Harmonize policy provisions policies, training facilities, funding, and technology utilization.

2. Fisheries and Maritime Infrastructure Development Programme:

- Objective: Provide infrastructure for sustainable Blue Economy exploitation.
- Achievements (2023/2024): Completion of fish landing sites.
- Challenges: Late budget releases and monitoring.
- Recommendations: Enhance stakeholder cooperation and monitoring systems.

3. Exploitation of Living Resources under Blue Economy Programme:

- Objective: Increase socio-economic benefits from EEZ and aquaculture.
- Achievements (2023/2024): Licensing of fishing vessels
- Challenges: Capacity and skills, policy framework, funding delays, and natural disasters.

- Recommendations: Adequate funding and timely disbursement.
- 4. Aquaculture Business Development Programme (ABDP):**
- Objective: Enhance incomes and food security in aquaculture.
 - Achievements (2023/2024): supported farmers with aquaculture inputs and trained them, Developed Aqua park concept & framework.
 - Challenges: Donor conditionality and funding delays.
 - Recommendations: Expedite donor processes and disburse funds promptly.
- 5. Kenya Marine Fisheries and Socio-Economic Development (KEMFSED) Programme:**
- Objective: Improve fisheries management and livelihoods.
 - Achievements (2023/2024): Grants for social welfare and environmental projects.
 - Challenges: Delayed planning and consultation.
 - Recommendations: Strengthen stakeholder involvement and sensitization.
- 6. Aquaculture Technology and Development and Innovation Transfer Programme:**
- Objective: Promote aquaculture technologies and safety.
 - Achievements (2023/2024): Facility construction and technology dissemination.
 - Challenges: Fund disbursement delays.
 - Recommendations: Ensure timely fund disbursement.
- 7. Monitoring, Control and Surveillance Programme:**
- Objective: Combat illegal fishing.
 - Achievements (2023/2024): Establishment of surveillance units and operationalize them and mapping critical habitats
 - Challenges: Equipment shortages and funding for Vessel Monitoring System (VMS).
 - Recommendations: Allocate adequate budgets for VMS and train skilled personnel.
- 8. Development of Fish Quality Laboratories Programme:**
- Objective: Enhance fish safety.
 - Achievements (2023/2024): equipment installation and reagents procured, recruited 51 laboratories staff and Training for accreditation is ongoing
 - Challenges: Resource shortages and accreditation delays.
 - Recommendations: Accelerate accreditation and resource provision.
- 9. Rehabilitation of Fish Landing Sites in Lake Victoria Programme:**
- Objective: Improve fish handling facilities.
 - Achievements (2023/2024): Completion of landing site construction.
 - Challenges: Climate-related disruptions, delayed payments, and monitoring.
 - Recommendations: Timely fund disbursement, climate change consideration, and enhanced monitoring.

Emerging issues related to the State Department for Fisheries Aquaculture and the Blue Economy

- i). Insecurity and conflicts at transboundary resources;
- ii). New invasive species in water bodies e.g Egeria Densa species originating from South America in Lake Victoria; and
- iii). Pests and Diseases
- iv). Rising water level in major water bodies

Highlight key risk management strategies

- i. Enhancement of critical skills through recruitment and training especially on the technical staff;
- ii. Succession management at the Top/Senior management levels of technical staff; and
- iii. Lengthy process and delays in development of necessary policies, legislation and regulations to facilitate sustainable management and development the blue Economy and fisheries

Way forward

To address the above challenges, it is recommended that: -

- i The State Department to recruit the necessary technical staff, develop diverse skills and competencies for management and development of the blue economy;
- ii The State Department to coordinate and fast track the development of relevant policies, legal, regulatory, institutional framework and strategies/plans for the blue economy development and management.



BETSY MUTHONI NJAGI
PRINCIPAL SECRETARY

6. Statement of Performance Against Predetermined Objectives for the FY2023/24

Introduction

Guidance

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each entity Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the National government entity's performance against predetermined objectives. (This guidance should be removed in the final set of financial statements).

The key development strategic objectives of the State Department for the Blue Economy and Fisheries 2023-2027 plan are to:

- a) Strengthen policy, legal and regulatory framework
- b) Build necessary capacity of the State Department;
- c) Enhance development and investment in the blue economy, fisheries and aquaculture development and reduce fish post- harvest losses; Enhance regional and international fish and fishery products market access and
- d) Fast track implementation of the Leadership and Integrity Act (LIA) 2012;
- e) Enhance fisher folk and fish farmers capacities;
- f) Enhance sustainable fisheries resource management and development;
- g) strengthen Monitoring, Control and Surveillance; and
- h) enhance fish quality assurance and standards

Progress on the attainment of Strategic Objectives through Performance Contracting

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

MDA Program	Objective	Outcome	Indicator	Performance
Fisheries Development and Management	To sustainably maximize the contribution of fisheries and aquaculture to poverty reduction, food and nutrition security, employment and wealth creation	Increase Food Security and Income	Percentage level of review of the National Oceans and Fisheries Policy 2008	Kenya Fisheries Policy 2023 was finalized and approved by the Cabinet in readiness for implementation.
			Percentage level of review of the National Aquaculture Policy 2011	The National Aquaculture Policy 2011 review is at 30% County stakeholders consultations done, the draft awaits National Validation, Cabinet consideration
			Percentage review of Tuna management and development strategy	The strategy review is at 72%

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

			Percentage Development of Inland Fisheries Infrastructure	Construction of Mulukhoba and Luanda K'otieno fish landing in L. Victoria was completed.
			Level of operationalization of new institutions namely: - Kenya Fisheries Service (KeFs); Fish Levy Trust Fund (FLTF); Kenya Fish Marketing Authority (KFMA); and Kenya Fishing Industries Corporation (KFIC)	FLTF has no Board of Trustees, while KFMA has Boards of Management in place. However, both institutions are yet to recruit their own staff and substantive chief executive officers. KeFS is operational
			Number of aquaculture innovation and technologies promoted	The target of three (3) aquaculture innovation and technologies was achieved. These were namely:- the Aquaponics; Recirculating Aquaculture System (RAS); and Cage culture
			Percentage completion of Aquaculture facility at Sagana	90% of the facility was completed. The target was affected by delayed ex-chequer release and budget cuts. The project is on-going and
			Number of fish markets outlets established	construction of fish Markets in Likoni and Malindi is ongoing
			Number of Marine Fish Stock Assessments conducted	The target was achieved. Kenya Marine and Fisheries Research Institute (KMFRI) undertook one Marine Fish Stock Assessment Study
			Number of Government Legislative Initiatives (Regulations) enacted	Number of Government Legislative Initiatives (Regulations) 8 regulations namely:- Marine Fisheries Regulations; Recreational Regulations; General Fisheries Regulations; Fish Safety and Quality Assurance Regulations; Beach Management Unit Regulations; Fish Levy Trust Fund Regulations; Aquaculture Regulations and Inland Fisheries Regulations were finalized.

*State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024*

General Administration, Planning and Support Services	To provide efficient and effective support services	Efficient and effective support services	Number of monitoring and evaluation reports	Monitored and evaluated;- Fish landing sites in Lake Victoria; Coastal Infrastructure in Kwale and Mombasa; Coastal Infrastructure in Kilifi and Lamu; and conducted Performance Contracts Mid-Term reviews for the State Department and State Corporations for FY 2022/23
			Percentage reduction in corruption and corruption related activities	The achievement was 42.5%. The target not achieved since the draft departmental corruption risk prevention plan is still a draft and any intervention measures are based on the draft.
			Percentage adoption of national cohesion and values	The target was achieved 100% as per the score given by the Directorate of National Cohesion and Values
Development and Coordination of the Blue Economy	Create conducive environment for sustainable development of the Blue Economy	Conducive Environment for Sustainable Development of the Blue Economy	Percentage development of coastal fisheries infrastructure	The average completion was on 80% on the development of coastal fisheries infrastructure the target was not achieved due to budget cuts. The following fish landing sites are complete Gazi. Kichwa cha Kati, Ngomeni, and Vanga other infrastructure are ongoing
			Number of demonstration farms established	2 demonstration farms established in Kilifi one for milkfish and the other for prawns and mud crab
			Number of sea-weed farmers supported	565 Sea-Weed Farmers capacity built on mariculture in conjunction with partners.
			Number of Fishing crew trained	875 deep sea fishers (coxswains) were trained and issued with certificates

7. Management Discussion and Analysis

1. Operational and Financial Performance

The State Department for the Blue Economy and Fisheries is committed to the sustainable management and development of the blue economy, including fisheries, maritime transport, and ocean conservation. Over the last three to five years, the State Department has made significant strides in achieving its objectives while ensuring sound financial stewardship.

1.1 Operational Performance

1.1.1 Fisheries Management: The State Department continued to focus on the sustainable management of fisheries resources. It successfully implemented comprehensive fisheries management plans, resulting in improved stock assessments and the preservation of our marine ecosystems. Our efforts led to a notable reduction in overfishing and a healthier marine environment.

1.1.2 Blue Economy Promotion: The State Department actively promoted the blue economy through various initiatives, including the expansion of maritime transport infrastructure and the facilitation of aquaculture development. These efforts contributed to increased economic activities in coastal regions and enhanced food security through sustainable fisheries practices.

1.1.3 Research and Conservation: The State Department's commitment to ocean conservation remained unwavering. We collaborated with scientific institutions and NGOs to conduct research on marine biodiversity, leading to the establishment of marine protected areas and the conservation of critical habitats.

1.1.4 International Cooperation: The State Department engaged in fruitful international partnerships to address global challenges related to the blue economy. We participated in negotiations for international treaties and agreements, further solidifying our commitment to responsible maritime governance.

1.2 Financial Performance

The following key financial highlights reflect the State Department's commitment to fiscal responsibility and transparency:

1.2.1 Revenue Generation: Over the past five years, our revenue streams diversified, with increased revenue from fishing licenses, aquaculture permits, and maritime services. This diversification reduced our dependency on a single revenue source, making our finances more resilient.

1.2.2 Cost Management: The State Department maintained strict cost control measures while ensuring the efficient allocation of resources. This allowed us to fund critical projects and initiatives while remaining within budget.

1.2.3 Investment in Infrastructure: The State Department invested in the development and maintenance of critical maritime infrastructure, including ports and fish landing sites, to support the growth of the blue economy. These investments were instrumental in facilitating trade and improving the livelihoods of coastal communities.

2. Key Projects and Investments

The State Department initiated several key projects and investments in the last three to five years:

2.1 Maritime Infrastructure Enhancement: The State Department embarked on a multi-year project to upgrade and expand our maritime infrastructure, including the construction of modern ports and the rehabilitation of existing fish landing sites. These projects aimed to enhance trade and increase the efficiency of fisheries-related activities. Funding for these projects primarily came from government allocations, international grants, and loans.

2.2 Aquaculture Development: Recognizing the potential of aquaculture to boost seafood production, we initiated an aquaculture development program. This program involved the establishment of aquaculture zones, provision of technical support to farmers, and promotion of sustainable aquaculture practices. Funding for this program was mainly sourced from government budgets and donor organizations.

2.3 Marine Conservation: The State Department actively pursued marine conservation projects in collaboration with international partners. We established several marine protected areas, conducted research on endangered species, and implemented measures to combat illegal, unreported, and unregulated (IUU) fishing. Funding for these conservation efforts primarily came from international grants and partnerships.

3. Future Developments and Other Relevant Information

Looking ahead, the State Department is committed to advancing its mission through several key developments and initiatives in the coming years:

Climate Change Resilience: With the increasing threats posed by climate change, we are developing strategies to enhance the resilience of our coastal communities and fisheries to climate-related challenges. This includes adaptation and mitigation measures, disaster preparedness, and sustainable fisheries practices.

Technology Integration: The State Department plan to leverage advanced technology, including satellite monitoring and data analytics, to improve fisheries management and combat IUU fishing. This will enhance our ability to enforce regulations and monitor the health of our marine ecosystems.

International Engagement: The State Department will continue to actively engage in international negotiations and collaborations to address global marine issues. We aim to promote sustainable fishing practices, protect marine biodiversity, and ensure responsible maritime governance on the global stage.

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

In conclusion, the State Department has made significant progress in the last three to five years, both operationally and financially. The State Department remains committed to the sustainable development of the blue economy, fisheries management, and marine conservation.

8. Environmental and Sustainability Reporting

The State Department contributes towards food and nutrition security and improving both the living standards and incomes of fisher-folks and other stakeholders. In carrying out its mandate of coordinating and facilitating the blue economy development and management, conservation and development of fisheries resources, we have adopted three programmes namely; Fisheries Development and Management; Development and Coordination of the Blue Economy; and General Administration, Planning and Support Services.

Our performances in the three programmes are as outlined below:

a) Sustainability Strategy and Profile –

The blue economy and fisheries sector is currently experiencing several challenges. These include; climate change, pollution, habitat degradation and biodiversity losses, IUU Fishing, post-harvest losses, overfishing and limited skilled human capital to venture into deep sea fishing.

The sector has been allocated resources to develop fish landing sites, fish markets, and aquaculture research centres, training of deep-sea going fishing crew and seaweed farmers.

b) Environmental Performance

Climate change significantly affects blue economy resources and fisheries management through; acidification of the water bodies, changes in sea temperatures and circulation patterns. The frequency and severity of extreme weather conditions, and sea-level rise and associated ecological changes affect barrier islands, beaches, salt marshes, mangrove stands, and flood plains, have the potential of altering the physio-chemical properties of the fish habitats. Consequently, fish breeding, migration and feeding behaviour is directly affected, while indirectly the changes affect growth, mortality and reproduction. This has the potential to limit the realization of development targets in the fisheries subsector.

The correlation between fish production and the climate has necessitated the State Department to initiate several adaptation actions that include; use of climate smart aquaculture technologies, diversification of livelihoods, restoration of fisheries habitat initiatives including coral reef, mangrove forests, seagrass and salt marshes. among other initiatives, in a bid to conserve the environment. The State Department is also fast tracking the climate change mitigation and adaptation measures implementation in line with Kenya Climate Smart Agriculture Strategy 2017-2026; Kenya Climate Smart Agriculture Implementation Framework 2018-2027; National Adaptation Plan 2015-2030; and National Climate Change Action Plan 2023-2027.

c) Employee Welfare

The process of recruitment of staff, both technical and non-technical, for the State Department at entry level and in senior positions falls within the purview of the Public Service Commission of Kenya. The recruitment is thus guided by the guidelines issued by the Commission from time to time. The Authorized Officer of the State Department, in consultation with the

Commission, is in charge of promotions of junior and middle-level staff that is carried out in accordance to the guidelines issued by the Commission on delegated authority.

The recruitment of the Cabinet Secretary and the Principal Secretary usually involves stakeholder engagement during the vetting exercise by the relevant Departmental Committee of the National Assembly.

Of paramount importance during recruitment and promotions is the need to consider gender parity as envisaged in the Constitution of Kenya, 2010 and the Diversity Policy for the Public Service, 2016. The State Department has thus ensured that it does not contravene the aspirations of the Kenyan people during recruitment and promotions.

The performance of the public service is key to the attainment of our development goals. Consequently, the State Department gauges the performance of its staff annually as per the guidelines on Staff Performance Appraisal System in the Public Service, 2016 and the appropriate sanctions and rewards applied where necessary.

With regard to training, we put emphasis on group training in those courses that facilitate upward mobility of our staff to motivate them, build a culture of teamwork and to ensure cost effectiveness. The State Department has also ensured that the working environment is safe.

d) Market Place Practices-

The State Department, being an apolitical organisation that embraces the culture of integrity, is principally charged with the responsibility of reviewing and advising the National Government on all matters relating to fisheries resources. This it does by formulating appropriate policies to ensure that the country makes a paradigm shift from artisanal to commercial fishing while bringing under control the rampant Illegal, Unreported and Unregulated fishing that leads to depletion of fish stocks.

To encourage fair market practices, we are currently implementing a number of projects whose sole objective is to reduce production, storage, distribution and marketing costs. The modernization of fish landing sites in Lake Victoria and in the coastal strip will address the storage challenges that has led to high post-harvest losses thereby increasing the attendant production costs. We are also constructing ultra-modern markets in Kisumu, Mombasa and Kilifi counties to help address marketing challenges in addition to experimenting with digital and online marketing initiatives.

The State Department is aware of the need to ensure that the market, both local and international, has access to quality fish and fish products and is thus constructing modern fish quality laboratories in Mombasa, Kisumu and Nairobi. Besides, we have developed a good working relationship with our suppliers and contractors by settling their bills and certificates when they fall due and this has ensured that we do not carry unnecessary pending bills from one fiscal year to the next.

e) Community Engagements-

Public participation is one of the pillars of the Constitution of Kenya, 2010. The State Department has also not been left behind in seeking the views of the Beach Management Units and the wider public in identifying sites for the construction of fish landing sites. Besides, we have initiated and participated in tree-planting exercises in various parts of the country as part of our environment conservation efforts. Furthermore, we have empowered seaweed farmers at the coast by training them in their craft and facilitating small processing facilities so that they can add value to their raw products

8. Statement of Management Responsibilities

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

The Accounting Officer in charge of the *State Department for The Blue Economy and Fisheries* is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

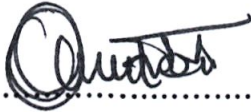
The Accounting Officer in charge of the *State Department for The Blue Economy and Fisheries* accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the department's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2024, and of the entity's financial position as at that date. The Accounting Officer in charge of the *State Department for The Blue Economy and Fisheries* further confirms the completeness of the accounting records maintained for the department, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

Approval of the financial statements

The *State Department for the Blue Economy and Fisheries*' financial statements were approved and signed by the Accounting Officer on 6th December, 2024.



.....
Betsy Muthoni Njagi
Principal Secretary



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Mathews Ouko
Deputy Accountant General
ICPAK M/No...6747....

REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR THE BLUE ECONOMY AND FISHERIES FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of State Department for the Blue Economy and Fisheries set out on pages 1 to 30, which comprise the statement of

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

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

Basis for Qualified Opinion

1. Unsupported Pending Accounts Payable

The statement of financial assets and financial liabilities reflects an amount of Kshs.61,606,266 in respect of accounts payables-third party deposits as disclosed in Note 11 to the financial statements. However, the payables were not supported by requisite documents such as Local Purchase Orders (LPOs) and Local Service Orders (LSOs), requisition memos, invoices, inspection and acceptance reports, certificates of executed works, and an ageing analysis.

In the circumstances, the accuracy and completeness of pending accounts payable balance of Kshs.61,606,266 could not be confirmed.

2. Lack of Land Ownership Documents

Annex 1 to the financial statements reflects a summary of fixed assets with a historical cost of Kshs.8,054,878,381. The assets include land valued at Kshs.8,500,000. Review of an asset register provided in support of the summary revealed that the State Department owned 393 parcels of land whose ownership documents were not provided for verification. In addition, the asset register lacked key information such as land description and location, fair value, acquisition and registration date, and ownership document number.

In the circumstances, the ownership of the assets owned by the State Department amounting to Kshs.8,054,878,381 could not be confirmed.

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

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

Emphasis of Mater

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.10,757,025,845 and Kshs.10,091,406,592 respectively, resulting to an underfunding of Kshs.665,619,253 or 6% of the budget. Similarly, the Department spent an amount of Kshs.10,041,290,340 against a final budget of Kshs.10,091,406,592 resulting to an under expenditure of Kshs.50,116,252 or 0.4 % of the actual receipts.

The underfunding affected implementation of planned activities during the year under review which may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Other Matter

Unresolved Prior Year Issues

In the audit of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although Management indicated as having resolved those matters no evidence was provided to support that status.

Other Information

Management is responsible for the other information set out on pages iii to xxv which comprise of Key Entity Information and Management, Statement of Governance, Statement by Cabinet Secretary, Statement by Principal Secretary, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis,

Environmental and Sustainability Reporting and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the State Department's 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delays in Implementation of Projects

1.1 Kabonyo Regional Fisheries and Aquaculture Service and Training Centre of Excellence

The Government of the Republic of Kenya signed a framework agreement with the Government of Hungary on 28 May, 2020 for designing, building and equipping a Fisheries and Aquaculture Training Centre of Excellence at Kabonyo Regional Office, financed through a tied aid credit from Hungarian Exim Bank.

The State Department, which was implementing the contract, awarded a contract for Phase I construction works to an International Company on 4 April, 2023 at a cost of USD 9,997,000 (Kshs.1,329,601,000). Review of documents provided in respect to the project revealed that construction works had not started as at 30 June, 2024. Further, The National Treasury only allowed execution of the project on 20 May, 2024, more than a year after the contract was signed. The delay in implementation of the contract beyond one year was contrary to Section 151(2) of the Public Procurement Assets and Disposal Act, 2015 which provides that, for the purpose of managing complex and specialized procurement contracts the contract implementation team shall be responsible for monitoring the performance of the contractor, to ensure that all delivery or performance obligations are met or appropriate action is taken by the procuring entity in the event of obligations not being met.

In the circumstances, the value for the loan obtained to finance the project could not be confirmed.

1.2 Hazard Analysis Critical Control Point Compliant Ultra-Modern Tuna Fish Hub at Liwatoni

The Management contracted a Local Construction Company to undertake Phase 1 construction of a Hazard Analysis Critical Control Point (HACCP) compliant ultra-modern tuna fish hub at Liwatoni in Mombasa County, on 7 April, 2022, at a contract sum of Kshs.1,434,559,682. The works were scheduled to be completed within a period of 26 weeks ending 10 November, 2022.

Review of documents provided in respect of the project revealed that the initial completion date lapsed before completion of the project. The contractor subsequently requested for an extension to 31 December, 2023 which was granted. However, no works were undertaken during the extension period, and on 8 December, 2023, another extension application was made by the contractor, which Management declined.

The contractor subsequently petitioned the High Court and successfully obtained an order stopping handover of the site to a new contractor until the matter is determined.

In the circumstances, the value for the money paid in respect of the contract could not be confirmed.

2. Penalties on Delayed Contractor Claims

During the year under review, an amount of Kshs.14,605,981 was paid to three local firms in respect of penalties on late payment of contractor claims. According to Management, the delay in making the payments was occasioned by unavailability of funds. This was contrary to Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020 which provides that subject to the availability of funds and after proper certification of the goods, services or works have been done, a procuring entity shall make prompt payments for all performed contracts including enterprises owned by youth, women or persons with disabilities and shall make payment within sixty days from the date of receipt of the invoice.

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

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

Analysis of the payroll data revealed that at least five (5) employees were paid a net salary which was less than a third (1/3) of their basic pay. This contravened section 19(3) of the Employment Act, 2007 which requires that the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages. No sufficient explanation was given for breach of law on payment of salaries and allowances.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Unimplemented Internal Audit Workplan

During the year under review, the Internal Audit Department of the State Department planned to undertake seven (7) audit assignments as per the approved annual work plan. However, only two (2) assignments were carried out during the year.

In addition, there was no Audit Committee during the year which affected deliberations and issuance of recommendations on the issued audit reports. This was contrary to section 73 (5) of the Public Finance Management Act, 2012 which requires every National Government public entity to establish an audit committee whose composition and functions are prescribed in the Public Finance Management Regulations.

In the circumstances, the effectiveness of internal controls, risk management and governance of the state Department could not be ascertained.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue as a going concern, disclosing, as applicable, matters

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 December, 2024

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

10. Statement of Receipts and Payments for the Year ended 30th June 2024

	Note	2023- 2024	2022-2023
		Kshs	Kshs
RECEIPTS			
Transfers from National Treasury	1	9,405,842,078	4,143,322,501
Proceeds from Foreign Borrowings	2	636,067,544	2,527,112,660
Other Revenues (AIA)	3	49,496,970	-
TOTAL REVENUES		10,091,406,592	6,670,435,161
PAYMENTS			
Compensation of Employees	4	241,018,870	160,136,877
Use of goods and services	5	556,775,295	1,096,585,570
Transfers to Other Government Units	6	7,298,500,767	4,880,593,092
Social Security Benefits	7	3,147,337	22,969,157
Acquisition of Assets	8	1,941,848,071	408,054,221
TOTAL PAYMENTS		10,041,290,340	6,568,338,917
SURPLUS/DEFICIT		50,116,252	102,096,244

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 6th December, 2024 and signed by:



.....
Betsy Muthoni Njagi
Principal Secretary



.....
Mathews Ouko
Deputy Accountant General
ICPAK M/No...6747....

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

11. Statement Of Financial Assets And Financial Liabilities As At 30th June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9A	111,722,519	99,164,973
Cash Balances	9B	-	255
Total Cash And Cash Equivalents		111,722,519	99,165,228
Accounts Receivables	10		102,000,000
TOTAL FINANCIAL ASSETS		111,722,519	201,165,228
LESS: FINANCIAL LIABILITIES			
Accounts Payables – Third Party Deposits	11	61,606,266	99,068,984
NET FINANCIAL ASSETS		50,116,253	102,096,244
REPRESENTED BY			
Fund balance b/fwd	12	102,096,499	11,140,494
Prior year adjustments fy 2022/2023	13	(102,096,499)	(11,140,494)
Surplus/Deficit for the year		50,116,252	102,096,244
NET FINANCIAL POSSITION		50,116,253	102,096,244

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 6th December, 2024 and signed by:

.....

Betsy Muthoni Njagi
Principal Secretary

.....

Mathews Ouko
Deputy Accountant General
ICPAK M/No...6747....

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

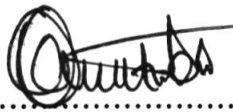
12. Statement of Cash Flows For The Year Ended 30th June 2024

Description	Note	2023-2024 Kshs	2022-2023 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Exchequer Releases	1	9,405,842,078	4,143,322,501
Other Revenues (AIA)	3	49,496,970	-
		9,455,339,048	4,143,322,501
Payments for operating expenses			
Compensation of Employees	4	241,018,870	160,136,877
Use of goods and services	5	556,775,295	1,096,585,570
Transfer to other Government Units	6	7,298,500,767	4,880,593,092
Social Security Benefits	7	3,147,337	22,969,157
		8,099,442,269	6,160,284,697
Adjusted for:			
Prior Year Adjustments	13	(102,096,499)	(11,140,494)
Decrease/(Increase) in Accounts receivables:	14	102,000,000	(102,000,000)
Increase/(Decrease) in Accounts Payable	15	(37,462,463)	(26,377,910)
		1,318,337,817	2,156,480,600
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(1,941,848,071)	(408,054,221)
Net cash flows from Investing Activities		(1,941,848,071)	(408,680,221)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	2	636,067,544	2,527,112,660
Net cash flow from financing activities		636,067,544	2,527,112,660
NET INCREASE IN CASH AND CASH EQUIVALENT		12,557,290	(37,421,906)

*State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024*

Cash and cash equivalent at BEGINNING of the year	9A+ B	99,165,228	136,587,133
Cash and cash equivalent at END of the year	9A+ B	111,722,519	99,165,228

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 6th December, 2024 and signed by:



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Betsy Muthoni Njagi
Principal Secretary



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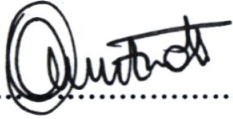
Mathews Ouko
Deputy Accountant General
ICPAK M/No...6747....

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

13. Statement of Comparison of Budget and Actual Amounts for FY 2023/24

Co de	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS						
	Exchequer releases	11,784,220,000	(1,755,772,490)	10,028,447,510	9,405,842,078	572,615,410	94%
	Proceeds from Foreign Borrowings	0	658,578,335	658,578,335	636,067,544	22,510,791	97%
	Other Receipts	70,000,000	0	70,000,000	49,496,970	20,503,030	71%
	Total Receipts	11,854,220,000	(1,097,194,155)	10,757,025,845	10,091,406,592	545,629,231	94%
	Payments						
21	Compensation of Employees	254,000,000	0	254,000,000	241,018,870	12,981,130	95%
22	Use of goods and services	959,581,783	(348,538,242)	611,043,541	556,775,295	55,079,228	92%
26 3	Transfers to Other Government Units	8,558,540,000	(723,261,665)	7,835,278,335	7,298,500,767	536,777,568	93%
27	Social Security Benefits	0	3,147,337	3,147,337	3,147,337	0	100%
31	Acquisition of Assets	2,082,098,217	(28,541,585)	2,053,556,632	1,941,848,071	111,708,561	95%
	Grand Total	11,854,220,000	(1,097,194,155)	10,757,025,845	10,041,290,340	716,546,487	93%
	Surplus/Deficit	-	-	-	50,116,252		

The entity financial statements were approved on 6th December, 2024 and signed by:



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Betsy Muthoni Njagi
Principal Secretary



.....
Mathews Ouko
Deputy Accountant General
ICPAK M/No...6747....

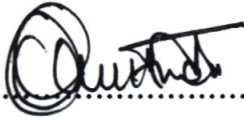
State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

13 (a) Statement of Comparison of Budget and Actual Amounts: Recurrent for FY 2023/24

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference f=d/c %
		a	b	c=a+b	d	e=d-c	
	RECEIPTS						
	Exchequer releases	2,778,580,000	(27,432,490)	2,751,147,510	2,686,261,292	64,886,219	98%
	Other Receipts	70,000,000	-	70,000,000	49,496,970	20,503,030	71%
	Total Receipts	2,848,580,000	(27,432,490)	2,821,147,510	2,735,758,262	85,389,248	97%
	PAYMENTS						
21	Compensation of Employees	254,000,000	-	254,000,000	241,018,870	12,981,130	95%
22	Use of goods and services	202,081,783	(47,688,242)	154,393,541	108,136,592	47,067,931	75%
263	Transfers to Other Government Units	2,378,100,000	1,000,000	2,379,100,000	2,358,546,959	20,553,041	99%
27	Social Security Benefits		3,147,337	3,147,337	3,147,337	0	100%
31	Acquisition of Assets	14,398,217	16,108,415	30,506,632	24,252,210	6,254,422	79%
	Grand Total	2,848,580,000	(27,432,490)	2,821,147,510	2,735,101,968	86,856,524	97%
	Surplus/Deficit	-	-	-	656,294	-	

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

The entity financial statements were approved on 6th December, 2024 and signed by:



.....
Betsy Muthoni Njagi
Principal Secretary



.....
Mathews Ouko
Deputy Accountant General
ICPAK M/No...6747....

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

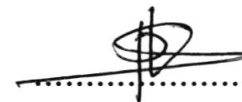
13 (b) Statement Of Comparison of Budget and Actual Amounts: Development for FY2023/24

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS			-			
	Exchequer releases	9,005,640,000	(1,728,340,000)	7,277,300,000	6,719,580,787	557,719,214	92%
	Proceeds from Foreign Borrowings	-	658,578,335	658,578,335	636,067,544	22,510,791	97%
	Total Receipts	9,005,640,000	1,069,761,665	7,935,878,335	7,355,648,330	580,230,005	93%
	Payments			-			
22	Use of goods and services	757,500,000	(300,850,000)	456,650,000	448,638,703	8,011,297	98%
263	Transfers to Other Government Units	6,180,440,000	(724,261,665)	5,456,178,335	4,939,953,808	516,224,527	91%
31	Acquisition of Assets	2,067,700,000	(44,650,000)	2,023,050,000	1,917,595,861	105,454,139	95%
	Grand Total	9,005,640,000	1,069,761,665	7,935,878,335	7,306,188,372	629,689,963	92%
	Surplus/Deficit	-	-	-	49,459,958	-	

The entity financial statements were approved on 6th December, 2024 and signed by:



.....
Betsy Muthoni Njagi
Principal Secretary



.....
Mathews Ouko
Deputy Accountant General
ICPAK M/No...6747....

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

13 (c) Budget Execution by Programmes and Sub-Programmes for FY2023/24

Programme/Sub-programme	Original Budget	Actual on comparable basis	Budget utilization difference
	2024	2024	
	Kshs	Kshs	Kshs
Fisheries Development and Management 0111000000	8,298,447,060	7,712,563,480	585,883,580
Fisheries policy strategy and capacity building 0111010000	958,924,745	936,368,947	22,555,798
Aquaculture Development 0111020000	2,429,418,850	1,921,806,759	507,612,091
Management and Development of capture fisheries 0111030000	195,525,130	173,296,034	22,229,096
Assurance of fish safety value addition and marketing 0111040000	20,000,000	19,700,789	299,211
Marine and fisheries research 011105000	4,694,578,335	4,661,390,952	33,187,383
General administration planning and support Services 0117000000	270,894,666	233,109,988	37,784,678
General administration planning and support Services 0117000000	270,894,666	233,109,988	37,784,678
Development and coordination of the Blue Economy 0118000000	2,187,684,119	2,095,616,872	92,067,247
development and management of fishing ports and its infrastructure 0118030000	69,500,000	19,477,467	50,022,533
Blue economy policy strategy and coordination 0118040000	11,984,119	10,587,112	1,397,007
Promotion of Kenya as a center for AGRO Base Blue 0118050000	2,106,200,000	2,065,552,293	40,647,707
TOTAL	10,757,025,845	10,041,290,340	715,735,505

14. Notes to the Financial Statements

1. Statement of Compliance and Basis of Preparation

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

2. Reporting Entity

The financial statements are for the . The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

- i. Kenya Marine and Socio-Economic Development Project(KEMFSED)*
- ii. Aquaculture Business Development Project(ABDP)*

3. Reporting Currency

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

Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by State Department for The Blue Economy and Fisheries for all the years presented.

a) Recognition of Receipts

The *State Department for the Blue Economy and Fisheries* recognises all receipts from the various sources when the event occurs, and the related cash has been received.

(i) Transfers from the Exchequer

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

(ii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment. During the year ended 30th June 2024, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

(iii) Miscellaneous receipts

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

Significant Accounting Policies (Continued)

b) Recognition of payments

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

i) Compensation of Employees

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

ii) Use of Goods and Services

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

iii) Interest on Borrowing

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

iv) Principal on borrowing

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

v) Acquisition of Fixed Assets

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

Significant Accounting Policies (Continued)

vi) In-kind contributions

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

vii) Third Party Payments

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

c) Cash and Cash Equivalents

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

Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2024, this amounted to Kshs compared to Kshs99,068,984 in prior period as indicated on note 61,606,266. There were no other restrictions on cash during the year.

Significant Accounting Policies (Continued)

d) Imprests and advances

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

e) Third party deposits and retention

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

f) Pending Bills

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

g) Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget

was approved by Parliament in *June 2023 for the period 1st July 2023 to 30th June 2024* as required by Law and there were two number of supplementary adjustments to the original budget during the year.

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

h) Comparative Figures

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

i) Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended *30th June 2024*.

j) Prior Period Adjustment

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

k) Related Party Transactions

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

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

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

Significant Accounting Policies (Continued)

l) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The department does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements

1 Exchequer releases

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers from Exchequer	9,405,842,078	4,143,322,501
Total	9,405,842,078	4,143,322,501

2 Proceeds from Foreign Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
Foreign Borrowing - Direct payments	636,067,543.85	2,527,112,660
Foreign Currency and Foreign Deposits	-	-
Other foreign accounts payable	-	-
Total	636,067,543.85	2,527,112,660

3 Miscellaneous Receipts

Description	2023-2024	2022-2023
	Kshs	Kshs
Receipts from Administrative Fees and Charges - AIA	49,496,970	-
Total	49,496,970	-

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (continued)

4 Compensation to Employees

Description	2023-2024	2022-2023
	Kshs	Kshs
Basic salaries of permanent employees	161,315,970	105,279,659
Personal allowances paid as part of salary	79,702,900	54,857,218
Total	241,018,870	160,136,877

5 Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Utilities, supplies and services	499,366	-
Communication, supplies and services	20,264,200	6,757,593
Domestic travel and subsistence	8,818,216	11,559,750
Foreign travel and subsistence	2,279,344	3,150,155
Printing, advertising and information supplies & services	170,000	1,827,840
Rentals of produced assets	13,291,200	511,000
Training expenses	408,577,851	974,928,165
Hospitality supplies and services	3,014,249	4,349,196
Specialized materials and services	48,943,161	61,916,720
Office and general supplies and services	1,947,970	1,431,937
Fuel Oil and Lubricants	4,381,011	3,755,822
Other operating expenses	41,278,758	22,753,661
Routine maintenance – vehicles and other transport equipment	3,309,969	3,725,328
Routine maintenance – other assets	-	468,305
Total	556,775,295	1,096,585,570

*State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024*

Notes to the Financial Statements (Continued)

6 Transfers to other Government Entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers to National Government entities		
Current grants to government agencies and other level of govt	2,358,546,959	1,937,380,432
Capital grants to government agencies and other level of govt	3,356,921,004	1,622,723,001
Other Capital transfers grants and subsidies	1,583,032,804	1,320,489,659
Total	7,298,500,767	4,880,593,092

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

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

Description	Recurrent	Development	2023-2024
	Kshs	Kshs	Kshs
Transfers to SAGAs and SCs			-
FISH LEVY TRUST FUND (FLTF)	30,000,000		30,000,000
KENYA FISH MARKETING AUTHORITY (KFMA)	51,000,000		51,000,000
KENYA FISHERIES SERVICE	650,099,992		650,099,992
KENYA FISHING INDUSTRIES CORPORATION-RECURRENT ACCOUNT	69,999,999		69,999,999
KENYA MARINE AND FISHERIES RESEARCH INSTITUTE	1,507,949,998		1,507,949,998
AQUACULTURE BUSINESS DEVELOPMENT PROGRAMME (ABDP)		1,828,911,924	1,828,911,924
KENYA MARINE FISHERIES SOCIO ECONOMIC DEVELOPMENT PROJECT (KEMFSED)		3,111,041,885	3,111,041,885
AIA Allocation in Budget: KEFS	22,000,000		-
AIA Allocation in Budget: KFIC	12,525,931		-
AIA Allocation in Budget: KEMFRI	14,971,039	-	-
TOTAL	2,358,546,958	4,939,953,809	7,298,500,767

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

7 Social Security Benefits

	2023-2024	2022-2023
	Kshs	Kshs
Government pension and retirement benefits	3,147,337	22,969,157
Total	3,147,337	22,969,157

8 Acquisition of Assets

Non - Financial Assets	2023-2024	2022-2023
	Kshs	Kshs
Construction of Buildings	5,723,566	-
Refurbishment of Buildings	23,605,250	16,646,296
Construction of Roads	9,108,595	-
Construction and Civil Works	236,713,663	335,158,190
Purchase of Vehicles and other Transport Equipment	53,534,358	26,470,670
Purchase of Office Furniture and General Equipment	413,000	1,225,700
Purchase of Specialized Plant, Equipment and Machinery	10,556,310	1,918,900
Research, Studies, Project Preparation, Design & Supervision	1,602,193,329	27,260,886
Sub-total	1,941,848,071	408,054,221
Financial Assets		
Sub-total	-	-
Total	1,941,848,071	408,054,221

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

9 Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Accounts (Note 9 A)	111,722,519	99,164,973
Cash on hand (Note 9 B)	-	255
Total	111,722,519	99,165,228

9A: Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	2023-2024	2022-2023
			Kshs	Kshs
<i>REC-CBK-1000384077</i>	Kshs	Recurrent	8,540	46,044
<i>DEV-CBK-100038408</i>	Kshs	Development	50,107,713	50,200
<i>DEPOSIT-CBK-100038409</i>	Kshs	Deposits	61,606,266	99,068,729
Total			111,722,519	99,164,973

9B: Cash Balance

Description	2023-2024	2022-2023
	Kshs	Kshs
Cash in hand – Held in domestic currency	-	255
Total	-	255

*State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024*

Notes to the Financial Statements (Continued)

Detailed Cash is as follows:

Description	2023-2024	2022-2023
	Kshs	Kshs
Location 1	-	255
Total	-	255

10 : Accounts Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
District suspense	-	102,000,000.00
Clearance accounts	-	-
Total	-	102,000,000.00

11 Third party deposits and retention

Description	2023-2024	2022-2023
	Kshs	Kshs
Retention	-	-
Deposits	61,606,266	99,068,729
Total	61,606,266	99,068,729

*State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024*

Notes to the Financial Statements (Continued)

12 Fund Balance Brought Forward

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Accounts	99,164,973	136,391,878
Cash in hand	255	195,255
Imprests and advances	102,000,000	
Third party deposits and retention	(99,068,729)	(125,446,639)
Total	102,096,499	11,140,494

13 Prior Year Adjustments

	2022-2023	Adjustments during the year 2023/2024 relating to prior periods	Adjusted Balance b/f 23/24
Description of the error	Kshs	Kshs	Kshs
Bank Account Balances	99,164,973	(96,244)	99,068,729
Cash In Hand	255	(255)	-
Receivables		(102,000,000)	(102,000,000)
TOTAL	99,165,228	(102,096,499)	(2,931,272)

14 (Increase)/ Decrease Accounts Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
Receivables As At 1 st July (A)	102,000,000	-
Receivables As At 30 th June (B)	-	102,000,000
(Increase)/ Decrease in Receivables (C=(B-A))	102,000,000	(102,000,000)

15 Increase/ (Decrease) in Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
Payables As At 1 st July	99,068,729	125,446,639
Payables As At 30 th June	61,606,266	99,068,729
Increase/ (Decrease) In Payables	(37,462,463)	(26,377,910)

Notes to the Financial Statements (Continued)

16 Related Party Disclosures

The following comprise of related parties to the State Department for the Blue Economy and Fisheries:

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

17 Other Important Disclosures

17.2 Pending Accounts Payable

	Balance b/f	Additions for the period	Paid during the year	Balance c/f
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings			-	
Construction of Civil Works	80,743,586.52	-	-	110,373,272.8
Supply of Goods	24,433,693.89	-	-	44,485,492
Supply of Services	31,208,721.76	-	-	51,811,013
Total	136,386,002.17	-	-	206,669,777.8

Notes to the Financial Statements (Continued)

18. Progress on follow-up of Prior Years Auditor-General’s recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/A&L/SDFABE/2022-2023	Unsupported Balances from the Prior Year Adjustments of 11,140,494	Prior year adjustments included KShs.10,945,239 and Kshs.195,255 which were balances cleared by National Treasury after closure of financial year 2021/2022.	The necessary bank statements regarding the issue were presented to the Auditors for confirmation	
OAG/A&L/SDFABE/2022-2023	Unauthorized Re-Allocations	The re-allocation of expenditure was as a result of inadequate and timely budget.	This was necessary in order to avoid the pending bills tag.	
OAG/A&L/SDFABE/2022-2023	Irregular Payment of Security Services	The payment was made to Stallion Group Africa Limited for provision of security services to Kenya Fisheries Services. The Payment was	The LSO’s raised for the observed amounts and the Contract were	

*State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		generated from the State Department because the existing contract is between the State Department and Stallion Group which was signed before the de-linking between KEFS and the State Department.	availed to the External Auditors.	



Betsy Muthoni Njagi
Principal Secretary



Mathews Ouko
Deputy Accountant General
ICPAK M/No...6747....

15. Annexes

Annex 1– Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the period (Kshs)	Disposals during the period (Kshs)	Historical Cost c/f (Kshs)
Land	8,500,000.00			8,500,000.00
Buildings and structures	1,379,301,411.00	38,437,411.00		1,417,738,822.00
Transport equipment	3,013,778,244.00	53,534,358		3,067,312,602.00
Office equipment, furniture and fittings	13,795,663.00	413,000		14,208,663.00
ICT Equipment	5,104,120.00			5,104,120.00
Other Machinery and Equipment	188,669,043.00	10,556,310		199,225,353.00
Biological assets	137,499,998.00			137,499,998.00
Construction and Civil Works		236,713,663.40		236,713,663.40
Heritage and cultural assets				
Intangible assets	1,366,381,831.00	1,602,193,329.00		2,968,575,160.00
Work in Progress				
Total	6,113,030,310.00	1,941,848,071.00		8,054,878,381.00

Annex 2 – List of Projects implemented by *State Department for The Blue Economy and Fisheries*

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements (yes/no)
1	KENYA MARINE FISHERIES AND SOCIAL ECONOMIC DEVOPMENT PROJECT (KEMFSED)	To improve management of priority fisheries and mariculture and strengthen access to complementary livelihoods in coastal communities	PS State Department for Fisheries, Aquaculture and the Blue Economy	NO
2	Aquaculture Business Development Project (ABDP)	Enhancing value addition in aquaculture value chain	PS State Department for Fisheries, Aquaculture and the Blue Economy	NO

State Department for The Blue Economy and Fisheries
Annual Report and Financial Statements for the year ended 30th June 2024

Annex 3 – List of SCs, Sagas and Public Funds Under State Department for The Blue Economy and Fisheries

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Kenya Marine Fisheries Research Institute (KMFRI)	Research	Director General-KMFRI	1,507,949,998	Yes
2	Kenya Fisheries Service (KeFS)	Management of Kenya Fisheries and Aquaculture resources	Director General - KeFS	650,099,992	Yes
3	Fish Levy Trust Fund (FLTF)	Build Capacity for Fisheries to achieve the best accepted standards	Ag. C.E.O-FLTF	30,000,000	Yes
4	Kenya Fish Marketing Authority (KFMA)	To market Kenyan Fish and Fisheries products.	Ag. C.E.O-KFMA	51,000,000	Yes
5	Kenya Fishing Industries Corporation (KFIC)	Exploitation of fisheries resources in the Kenya fishery waters and high seas by promoting establishment and efficiency of businesses engaged in fishing related activities.	Ag. C.E.O-KFIC	69,999,999	Yes

Annex 10- Reports Generated from IFMIS

IFMIS financial reports to be presented on request.

