

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

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BY:

Deputy Majority Leader  
Hon. Owen Bayo, MP  
Miniam modal

**THE AUDITOR-GENERAL**

**ON**

**KENYA FISHERIES SERVICE**

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

*Revised Template 30<sup>th</sup> June 2023*



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**KENYA FISHERIES SERVICE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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

**Kenya Fisheries Service  
Annual Report and Financial Statements  
For the year ended June 30, 2023.**

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**Kenya Fisheries Service  
Annual Report and Financial Statements  
For the year ended June 30, 2023.**

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## **1. Key Service Information and Management**

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

Kenya Fisheries Service (KeFS) was established by an Act of Parliament (**Fisheries Management and Development (FMD) Act, No. 35 of 2016 of the Laws of Kenya (herein after the Act)**) in September 2016 after the repeal of the Fisheries Act, Cap 378, Trout Ordinance Act and the Fisheries Protection Act, Cap 380 on 23<sup>rd</sup> September 2016.

KeFS is domiciled in Kenya, headquartered in Nairobi NHIF Building and has Regional offices Nairobi Metropolitan, Central Region, Eastern region, Coastal region, Lake Victoria Region, Lake Turkana Region, Western Region, Central Rift Region and Boarder offices of Busia, Malava, Isebania, Namanga, Kiunga, Lunga Lunga and Jomo Kenyatta International Airport (JKIA).

KeFS has 5 major departments namely:

1. Capture Fisheries
2. Aquaculture;
3. Fish Quality Safety & Trade;
4. Kenya Fishing School; and
5. Corporate Services Directorate.

### **(b) Principal Activities**

#### **Functions of KeFS**

Pursuant to section 9 of the Act, the principal KeFS main functions are to:

- a) Ensure the appropriate conservation, development of standards on management, sustainable use, development and protection of the fisheries and aquaculture resources;
- b) Formulate and monitor the implementation of policies regarding the conservation, management and utilization of all fisheries and aquaculture resources;
- c) Develop standards for the management of all fisheries and aquaculture activities and fishing related activities;
- d) Develop guidelines for the preparation of fisheries specific management plans for the Kenya fishery waters;
- e) Provide education to create public awareness and support for fisheries conservation, management, development and sustainable use;
- f) Set and meet goals for fisheries conservation, management, development and sustainable use;
- g) In consultation with the Kenya Marine and Fisheries Research Institute, approve and co-ordinate research activities;

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- h) Collect and analyse data in relation to resources and activities; identify manpower requirements and recruit manpower at all levels for the Service;
- i) Liaise as appropriate with agencies and persons, including stakeholders, industry, government agencies, regional and international organizations and experts, whether local or foreign;
- j) To act on behalf of the government, subject to the Treaty Making and Ratification Act, 2012 in relation to all domestic and international agreement relating to fishing, fishing related activities or any matter falling within the scope of this Act, to which Kenya is or may become a party;
- k) Administer and co-ordinate international protocols, conventions and treaties regarding fisheries in all its aspects in consultation with the Cabinet Secretary pursuant to the Treaty Making and Ratification Act, 2013;
- l) Subject to the Public Health Act and the Food, Drugs and Substance Act, control and regulate fish safety and quality;
- m) Raise revenue through levies, fees, investments and other means in accordance with the Act including solicitation by public appeal or otherwise, and accept and receive subscriptions, donations, devices and bequests, whether of movable or immovable property and whether absolute or unconditional for the general or special purposes of the Service or subject to any trust;
- n) Undertake the development of appropriate fisheries and aquaculture resources infrastructure, that relates to its mandate under this Act and the Constitution;
- o) Facilitate investment in commercial fisheries, in collaboration with relevant agencies, persons or bodies, including Government departments;
- p) Promote development and introduction of appropriate technologies in aquaculture production, processing and preservation in collaboration with relevant agencies, county governments and stakeholders;
- q) Identify and promote construction of any works deemed necessary for the sustainable development and economic utilization of fisheries and aquaculture resources;
- r) In collaboration with county government and the Fish Marketing Authority established under section 201 of the Act, identify opportunities and promote all aspects of fisheries marketing;

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- s) Arrange and enter into joint ventures or any other forms of investment arrangement for purposes of performing any of its functions;
- t) Co-ordinate fish quality assurance and operations of the marine and coastal fisheries, aquaculture and inland and riverine fisheries;
- u) Coordinate and or undertake monitoring, control and surveillance of all activities; and
- v) Perform such other duties and functions consistent with the provisions of the FMD Act 2016.

**Vision**

A leading agency for sustainable development of fisheries and aquaculture resources for enhanced livelihoods

**Mission**

To facilitate sustainable management and development of fisheries and aquaculture resources for accelerated socio-economic growth in Kenya.

**Strategic Objectives**

The mandate of the Kenya Fisheries Service as per the Fisheries Management and Development Act, No. 35 of 2016 is to conserve, manage and develop Kenya's fisheries and aquaculture resources. To achieve the above mandate, KeFS mobilizes resources from various local and international partners. The development of this Strategic Plan was guided by the following strategic objectives:

- a) To manage and protect fisheries resources and the aquatic environment;
- b) To facilitate increased national fish production to enhance food and nutrition security in the country;
- c) To create a conducive environment for increased investment and employment opportunities in fisheries, aquatic resources and related industries;
- d) To improve quality and safety of fish and fishery products and minimize post-harvest losses; and
- e) To strengthen institutional structure and capacity

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**(c) Key Management**

KeFS' day-to-day management is under the following key organs:

- Board of Directors;
- Director General/ CEO;
- Management; and
- Staff.

During the period, KeFS Board of directors was composed of the following members:

No	Name (BoD)	Role
1.	Col (Rtd) Noor Musa, MBS	Chairperson
2.	Ms. Margaret Righa	Deputy Chairperson
3.	Prof. Christopher Nyagah, PhD	Director
4.	Mr. Paul Huka Kalla	Director
5.	Ms. Jessica Gakinya	Director
6.	Mr. Allan Machari	Director (Alternate to PS SDBE&F)
7.	Mr. B. M. Wambua	Director (Alternate to PS Defence)
8.	Mr. Timothy Mburu	Director (Alternate to PS National Treasury)
9.	Mr. Daniel Mungai	DG/Secretary to the Board

**(d) Fiduciary Management**

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

No	Designation	Name
1.	Director General (DG), Chief Executive Officer (CEO)	Mr. Daniel Mungai
2.	Director, Aquaculture	Dr. Simon Macharia, PhD
3.	Director, Capture Fisheries	Mrs. Lucy Obungu
4.	Ag. Director, Fish Quality Safety and Trade	Ms. Daisy Muriuki



**Audit, Risk and Governance Committee (ARGC)**

This Committee is comprised of 3 members of the Board including the Head of internal Audit at the State Department for Fisheries, Aquaculture and the Blue Economy (SDFA&BE) who is the Committee secretary. Its main function is to consider and process on behalf of the Board all matters relating to audit, audit queries and management letters from Office of Auditor General or the duly appointed external auditors. It also considers matters of quality assurance of systems and processes in the Institute's operations and reviewing the risk management framework and the periodic performance contract reports, and governance matters of the service. The members to this committee include:

1. Prof. Christopher Nyaga      Independent Director
2. Ms. Margaret Righa      Deputy Chairperson
3. Mr. Timothy Mburu      Rep PS National Treasury
4. Mr. Geoffrey Esembwe      Head, Internal Audit (SDBE&F)

**(f) Service Headquarters**

NHIF Building, 13<sup>th</sup> Floor  
Ragati Road,  
P.O. Box 48511 - 00100  
Nairobi, KENYA

**(g) Service Contacts**

Telephone No.: +254 20 2716102  
Email: [kefs@kilimo.go.ke](mailto:kefs@kilimo.go.ke); [info@kefs.go.ke](mailto:info@kefs.go.ke)  
Website: <http://www.kefs.go.ke>

**(h) Service Bankers**

The following are the Bank Accounts operated by the Service during the Financial Year ending 30<sup>th</sup> June, 2023

- i. Kenya Commercial Bank-Capital Hill Branch-NRB Headquarters –A/C No: 1266312323
- ii. Kenya Commercial Bank-Kisumu Branch-Lake Victoria Region-A/c No:1294556290

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- iii. Kenya Commercial Bank-Treasury Square-Marine and Coastal Region-A/c  
No:1294569155
- iv. Kenya Commercial Bank-Karatina-Kenya Fishing School Sagana-A/c No: 1294418858
- v. Kenya Commercial Bank-Nyeri-National Trout Centre, Kiganjo-A/c No: 1294393316
- vi. Kenya Commercial Bank-Eldoret-North Rift Region-A/c No: 1294422219
- vii. Kenya Commercial Bank-Kakamega-Western-A/c No: 1294495763
- viii. Kenya Commercial Bank-Nakuru-Central and South Rift-A/c No:1294535188
- ix. Kenya Commercial Bank-Embu-Eastern Region-A/c No: 1294536974
- x. Kenya Commercial Bank-Capital Hill-Nairobi Metropolitan-A/c No:1294423959
- xi. Kenya Commercial Bank-Busia-Busia Border Post-A/c No: 1294371991
- xii. Kenya Commercial Bank-Lodwar-Lake Turkana Region-A/c No: 1294268198
- xiii. Kenya Commercial Bank-Isebania-Isebania Border Post-A/c No: 1294386336
- xiv. Kenya Commercial Bank-Capital Hill-Nairobi Head Quarters Euro A/C-A/c  
No:1294424823


**(i) Independent Auditors**



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

**(j) Principal Legal Adviser**


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



**2. The Board of Directors**


Ref	Directors	Details
1.	 <p><b>Col. (Rtd) Noor Musa, MBS Chairman, KeFS Board of Directors</b></p> <p><b>Key Academic Qualifications</b></p> <ul style="list-style-type: none"> <li>• Bachelors in Cooperative leadership and Governance Costa Rica South America</li> <li>• Bachelor of Arts (Peace and Conflict resolution) - Egerton University</li> <li>• Diploma in international relations – East African Institute</li> <li>• Certificate in ICT</li> <li>• Certificate in Military science</li> <li>• Senior Management Course form Kenya Institute of Administration</li> </ul>	<p><b>Date of Appointment</b> 5<sup>th</sup> August 2022</p> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• He served as Chairman Marhab Foundation and Executive Director of NGO Horn of Africa Peace advocacy</li> <li>• He worked as Chief Consultant/Advisor/ liason at Mandera County Government</li> <li>• He rose in various ranks in Kenya Defence Forces including the Liason Officer of Kenya Army in charge of over 40,000 staff</li> <li>• Liaison officer for Kenya Contigement in Namibia UNTAG</li> <li>• Senior instructor in the school of combat</li> <li>• Colonel Training Directorate at Kenya Army</li> <li>• Colonel Personnel at Kenya Army</li> </ul>

2.	 <p><b>Ms. Margaret Righa</b> <b>Independent Director</b> <b>Deputy Chairperson, KeFS Board of Directors</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• PhD Scholar in Administration, Leadership and Governance (JKUAT)</li> <li>• Master in Education – Education Leadership and Administration (Aga Khan University)</li> <li>• Bachelor of Education - English and Literature (Moi University)</li> <li>• She has attended Strategic Leadership Development Programme and Senior management Course at Kenya School of Government and other community empowerment seminars including a seminar of Dialogue, Negotiation and Mediation at International Peace Support Training centre</li> </ul>	<p><b>Date of Birth</b> 29<sup>th</sup> December 1978</p> <p><b>Date of Appointment</b> 8<sup>th</sup> October 2021</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• She is an experienced Professional in Civil Service and in and a passionate educationist and gender equity and community empowerment</li> <li>• She had been Director at Industrial and Commercial Development Corporation (ICDC)</li> <li>• Prior to this appointment she served as Chief Officer and Sub- County administrator at Taita Taveta County Government,</li> <li>• She successfully taught in various capacities as a Lecturer at Coast Institute of Technology, Taita Taveta University and Mwangeka Girls School</li> </ul>
3.	 <p><b>Ms. Jessica Gakinya</b> <b>Independent Director</b> <b>Chairperson, KeFS Technical Committee</b></p> <p><b>Key Qualifications:</b></p>	<p><b>Date of Birth</b> 20<sup>th</sup> May 1980</p> <p><b>Date of Appointment</b> 27<sup>th</sup> May 2022</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• A dynamic and experienced Business Development and Customer Relations Professional with over 15 years of quality work experience acquired in various challenging roles with a leading</li> </ul>

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	<ul style="list-style-type: none"> <li>• Master of Arts in Project Planning and Management (University of Nairobi)</li> <li>• Bachelor of Arts (Sociology and Communication)</li> </ul>	<p>telecommunication company Safaricom Ltd.</p> <ul style="list-style-type: none"> <li>• Strong sales professional skilled in Digital Strategy, Coaching, Sales, Communication, and Mentoring.</li> </ul>
4.	 <p><b>Prof. Christopher Gathu Nyagah, PhD Independent Director Chairman Audit, Risk and Governance Committee</b></p> <p><b>Key Qualifications</b></p> <ul style="list-style-type: none"> <li>• PhD in Environmental Analytical Chemistry (UoN)</li> <li>• Postgraduate Diploma, University of Uppsala, Sweden</li> <li>• MSc. in Analytical Chemistry (UON)</li> <li>• Bacleor of Education – Chemistry and Physices (UoN)</li> <li>• S1 Teaching Certificate in Chemistry (KU)</li> </ul>	<p><b>Date of Birth</b> 12<sup>th</sup> December 1948</p> <p><b>Date of Appointment</b> 8<sup>th</sup> October 2021</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Prof. Nyaga is a renowned Full Professor of Analytical Chemistry, Scholar, researcher and Educationist with over 50 years' wealth of experience</li> <li>• He has shown exemplary leadership skills as Director Alternative Degree Programme at JKUAT having successfully trained and supervised over 30 MSc. and PhD students and has published widely having over 30 publications in local and international peer reviewed journals</li> <li>• He also served in various capacities as in academia as Departmental Chairman and external examiner</li> <li>• He has taught Chemistry at JKUAT and Catholic University and Kenyatta University</li> </ul>

5.	 <p><b>Mr. Paul Huka Kalla</b> <b>Independent Director</b> <b>Chairperson Finance, Strategy and Administration Committee</b></p> <p><b>Key Qualifications</b></p> <ul style="list-style-type: none"> <li>• Ongoing PhD in Education Research Evaluation at Catholic University of East Africa (CUEA)</li> <li>• Masters of Education (hons) – Research and evaluation Logistics &amp; (CUEA)</li> <li>• Bachelor of Education (Hons) (CUEA)</li> </ul>	<p><b>Date of Birth</b> December 1965</p> <p><b>Date of Appointment</b> 8<sup>th</sup> October 2021</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Mr. Kalla is a highly resourceful and focused teaching professional with exceptional management capabilities</li> <li>• He is highly trained with over 25 years’ experience</li> <li>• He is currently a lecturer at Meru university of Science and technology (MUST)</li> <li>• He ably serves as Chief of staff in the Office of the Governor- Marsabit County Government from 2014-2017</li> <li>• Prior to this appointment he had served in various educational capacities as BOM Chair, Head teacher and Trainer of trainers.</li> <li>• He has attended many national capacity development workshops and seminars to sharpen his management skills.</li> </ul>
6.		<p><b>Date of Birth</b> 1969</p> <p><b>Date of Appointment</b> 30<sup>th</sup> March 2023</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Secretary Administration with vast experience in Public Administration</li> </ul>

	<p style="text-align: center;"><b>Mr. Alan Njagi Machari</b> <b>Secretary administration</b> <b>Alternate Director to PS –</b> <b>SDFA&amp;BE</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Master in public Administration</li> <li>• BA in Government and Public Administration from Moi University</li> <li>• Other Achievements in Public Administration includes: Strategic Leadership Development Programme (SLDP), Senior Management Course (SMC), Advanced Public Administration (APA) and Paramilitary Course</li> <li>• Member of the Kenya Association of Public Administration Management (KAPAM)</li> </ul>	<ul style="list-style-type: none"> <li>• Representative to the PS, SDFA&amp; BE</li> <li>• He has excelled in Public Administration from the rank of District Officer (DO) climbing the ranks of that cadre up to District Commissioner, County Commissioner and to the current position of Secretary Administration</li> </ul>
7.	<div style="text-align: center;">  <p><b>Mr. B. Muthama Wambua</b> <b>Secretary Administration</b> <b>Alternate Director to PS – Defence</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Arts Degree</li> <li>• Other Achievements in Public Administration includes: Strategic Leadership Development Programme (SLDP), Senior Management Course (SMC), Advanced Public Administration (APA) and Paramilitary Course</li> </ul> </div>	<p><b>Date of Birth</b> 31<sup>st</sup> January 1964</p> <p><b>Date of Appointment</b> 17<sup>th</sup> April 2023</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Secretary Administration with over 33 years' experience in Public Administration</li> <li>• Representative to the PS, Defence</li> <li>• He has excelled in Public Administration from the rank of District Officer (DO) climbing the ranks of that cadre up to District Commissioner, County Commissioner and to the current position of Secretary Administration</li> </ul>



**Mr. Timothy Mburu MBA (Finance & Accounting), B.com (Accounting), CPA (K), CIA, CISA, CRMA  
Alternate Director to PS – National treasury**

**Key Qualifications:**

- He holds a Master's of Business Administration (MBA) from University of Nairobi and Bachelors of Commerce (Accounting Option) from the Catholic University of Eastern Africa (CUEA).
- He is also a Certified Public Accountant (Kenya), Certified Internal Auditor, Certified Information Systems Auditor and Certified Risk Management Assurance.

**Date of Birth**

1979


**Date of Appointment**

10<sup>th</sup> March 2022



**Work Experience**

- He is a Deputy Accountant General in National Treasury, Kenya.
- Currently working with National Assets and Liabilities Department in the Directorate of Public Investment and Portfolio Management in the National Treasury with the mandate of managing assets and liabilities in Public sector entities in Kenya.
- He has 18 years' experience in public sector working previously as internal auditor in the Department of Internal Auditor General for 15 years.


8.

9.	 <p><b>Mr. Daniel N. Mungai</b> <b>DG/ Secretary to the KeFS Board of Directors</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"><li>• M.Sc. in Microbiology (Kenyatta University)</li><li>• B.Sc. in Botany and Zoology, (Kenyatta University)</li><li>• Member International Association of Fish Inspectors (IAFI)</li></ul>	<p><b>Date of Birth</b> 23<sup>rd</sup> February, 1968</p> <p><b>Date of Appointment</b> 1<sup>st</sup> October 2020</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"><li>• Director General/Chief Executive Officer of the Service.</li><li>• Accounting Officer of the Service</li><li>• Secretary to the KeFS Board of Directors.</li></ul>
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3. Management Team

	Management	Details
1.	 <p><b>Mr. Daniel N. Mungai</b>  <b>DG/CEO</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• M.Sc. – Microbiology (Kenyatta University)</li> <li>• B.Sc. - Botany and Zoology, (Kenyatta University)</li> </ul>	<p><b>Date of Birth</b>                  23<sup>rd</sup> February, 1968</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Director General and Chief Executive Officer</li> <li>• Accounting Officer of the Service</li> </ul>
2.	 <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• MSc. in Food Science (from the University of Strathclyde, Scotland)</li> </ul>	<p><b>Date of Birth</b>                  8<sup>th</sup> November 1965</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Ag. Director (Capture Fishery)</li> <li>• In-charge of Capture Fishery Directorate</li> </ul>


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	<ul style="list-style-type: none"> <li>• BSc. Honours (University of Nairobi)</li> <li>• Member International Association of Fish Inspectors (IAFI)</li> <li>• Member African Network on Fish Technology and Safety (ANFTS)</li> </ul>	
3.	 <p><b>Dr. Simon Macharia, PhD</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• PhD in Natural Resources Management (Egerton University)</li> <li>• MSc. in Environmental Science (Egerton University)</li> <li>• BSc. Fisheries (Moi University)</li> </ul>	<p><b>Date of Birth</b> 15<sup>th</sup> April 1972</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Director (Aquaculture)</li> <li>• In-charge of Aquaculture Directorate</li> </ul>

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4.	 <p><b>Ms. Rosaline Daisy Muriuki</b> <b>'ndc'(K)</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Pursuing PhD in Biotechnology at Kenyatta university</li> <li>• MSc. Biotechnology (Kenyatta University)</li> <li>• BSc. Biochemistry (Kenyatta University)</li> </ul>	<p><b>Date of Birth</b> 13<sup>th</sup> November 1971</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Director (Fish Quality, Safety and Trade)</li> <li>• In-charge of Fish, Quality, Safety and Trade Directorate</li> <li>• In-Charge of Fish Quality and safety Laboratories in Nairobi, Mombasa and Kisumu</li> </ul>
5.	 <p><b>CPAK Agnes Lily Bwire</b></p> <p><b>Key Qualifications:</b></p>	<p><b>Date of Birth</b> 1<sup>st</sup> March 1983</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Ag. Head of Finance</li> <li>• Responsible for all matters finance within the Service</li> </ul>

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	<ul style="list-style-type: none"> <li>• Master of Business Administration (Finance)</li> <li>• Bachelor of Business Management (Accounting Option)</li> </ul>	
6.	 <p><b>CPAK Mathew Maweu</b> <b>ICPAK REG. NO. 16723</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Commerce (Finance Option)</li> <li>• Certified Public Accountant (K) Member No: 16723</li> </ul>	<p><b>Date of Birth</b> 19<sup>th</sup> April 1985</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Ag. Head of Accounts</li> <li>• Responsible for all matters Accounting within the Service</li> </ul>

#### **4. Chairman's Statement**

KeFS is a regulatory State Corporation created under the Fisheries Management and Development Act, 2016. During the reporting period, KeFS continued to play its critical role in conservation, management and development of fisheries resources in Kenya pursuant to the Act. I thank the Government for the granting the much-required finances to operationalize and delink the operations of KeFS.

#### **ACHIEVEMENTS DURING THE FINANCIAL YEAR 2022/2023**

The Service continued to implement its fisheries conservation, management and development mandate during the year under review and achieved its Performance Contract targets as set out in the signed KeFS Performance Contract for the FY 2022/2023 and the Service Strategic Plan (2018-2022). In particular, KeFS managed the capture fisheries of the Indian Ocean and inland waters by granting access through licensing and registration; Monitoring, Control and surveillance (MCS) was enhanced; promotion of aquaculture technologies and innovations progressed; promotion of fish quality, safety and trade; capacity building initiatives and collaboration with other agencies internationally, regionally and nationally within KeFS mandate.

#### **ONGOING INITIATIVES**

In order to operationalize the Act, the Service is actively participating in the development of subsidiary fisheries legislation and fisheries management plans in collaboration with counties. Of particular interest, the Service developed 5-year Strategic plan (2023-2027) that is set to be aligned to the *Kenya Kwanza* Bottom-Up economic Transformation Agenda (BETA) and other key national development priorities.

#### **FUTURE PROSPECTS OF THE SERVICE**

The Service will continue to play its role nationally, regionally and internationally pursuant to the Fisheries Management and development Act, 2016. To realize well managed fisheries and aquaculture

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the Service will endeavour develop programs and activities that are aligned with the enormous mandate of the Service. The sound Management of the physical, human and financial resources will contribute to the realization of the aforementioned mandate powered with efficient financial systems which the Service will establish and run to ensure fiduciary responsibility and accountability.

In conclusion, I take this opportunity to thank members of the KeFS Board of Directors and Management for providing leadership over the past year. I am greatly indebted to the committed Staff of the Service for their unwavering support in delivering our mandate. The commitment of this dedicated team contributed immensely to the Service performance. I am confident that they will spare no effort to attain and surpass the targets set for the next financial year.



Col. (Rtd) Noor Musa, MBS  
Chairman

**KeFS Board of Directors.**

## **5. Report of the Chief Executive Officer (CEO)**

It gives me great pleasure to present the second Annual Report and Financial Statements for the Kenya Fisheries Service (KeFS) for the period ended 30<sup>th</sup> June, 2023.

The Service has steadily taken up the role of Management and Development of Fisheries Resources as per the Fisheries Management and Development Act, of 2016. The Act mandates the Service to conserve, manage and develop marine and freshwater fisheries and aquaculture for sustainable exploitation of fisheries and other aquatic resources.

For the period under review, the Service has continued to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development.

### **ACHIEVEMENTS DURING THE PERIOD**

During the period, the Service Implemented the performance Contract for the FY 2022-2023 successfully that saw all the performance targets successfully achieved as negotiated with the Parent Ministry of Mining, Blue Economy and Maritime Affairs and vetted by the Performance Contracting Secretariat. The main achievements included:

#### **A. Capture Fishery**

1. The eight fisheries regulations were further reviewed by a team of legal officers from the Ministry of Mining, Blue Economy and Maritime Affairs (MMBEMA), Attorney General Office and Kenya Law Reform Commission (KLRC) and technical fisheries officers from the SDBEF and KeFS. These regulations include:
  - i. Fisheries General Regulations, 2023;
  - ii. Inland Fisheries Regulations, 2023;
  - iii. Marine Fisheries Regulations, 2023;
  - iv. Fisheries (Beach Management Units) Regulations, 2023;
  - v. Fisheries (Fish Safety and Quality) Regulations, 2023;
  - vi. Fisheries (Aquaculture) Regulations, 2023
  - vii. Fisheries (Inland and Riverine Recreational Fisheries) Regulations, 2023; and

- viii. Fish Levy Trust Fund Regulations, 2023.
2. 875 fishing crew trainees from 42 counties in the country have been trained for the Fisheries Management course;

**B. Aquaculture**

1. The Empowering Novel Agribusiness-Led Employment (ENABLE) Youth Kenya Program aims at creating business opportunities and decent employment for youth along priority agricultural value chains. Kenya Fisheries Service participates through the Kenya Fishing School as one of the Youth Agri-Business Incubation Centres (YABICs).
2. Aquaculture programs that were implemented included: Tilapia and Catfish breeds improvement; and Aquaculture Technologies development and innovations transfer; and Upgrading of the centre by construction of the Aquaculture Technology and Innovations facility

**C. Kenya Fishing School**

The school accomplished a number of activities that were projected. These included but were not limited to the training of fish farmers, provision of conferencing facilities/lecture halls, and training of learners from various institutions of learning across the country including management of all aquaponic units nationally.

**D. Fish Quality, Safety and Trade**

1. The competent authority standing committee (CASC) convened to issue Certificates of compliance (COC);
2. 31 new Beach Inspectors based in Marine and Coastal Region on inspection procedures of fish landing sites and were issued with certificates;
3. Inspections were carried out during the period under review so as to ensure that the fish and fishery products being distributed in both the local and international markets meet the required standards;
4. Trade in fish and fish products were facilitated during the reporting period.

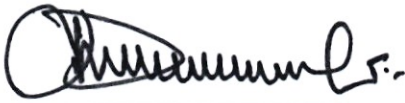
## **COMPLIANCE WITH THE LAWS AND REGULATIONS**

During the FY 2022-2023, the Service complied with the set budgetary levels for the year. All the funds released by the government and donor partners to the Service were expensed towards the intended and approved work-plan of the Service.

### **KeFS Budget**

Kenya Fisheries Service received over Ksh 507,570,107 as a grant from the National Treasury and Ksh 10 million from COMESA through the national treasury as external grant. The funds were utilised for personal emoluments, recurrent expenditure and Board Expenses as per the work plan for the FY. However, due to the strained budget the service is yet operationalize all her regional offices and critical boarder stations. On the other, hand the Service will continue work with the national treasury and development partners start development activities within the mandate of the Service.

In conclusion, the Service mandate remains critical and I applaud the staff and with the unwavering support of the Board of Directors, who have shown immense commitment to the achievement of the goals set for the reporting period.



Mr. Daniel Mungai

**DIRECTOR GENERAL/CEO KeFS**

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

KeFS performance for the period under review was guided by its Strategic Plan of 2018-2022 which has the following four key strategic issues to be addressed:

- a) Inadequate policy, legal and institutional framework for management and development of fisheries
- b) Low fish production, overfishing and IUU
- c) Undeveloped markets and marketing systems
- d) Poor fisheries data and information management system
- e) Weak collaboration and cooperation mechanisms at national, regional and international level

The Service develops its annual work plans and performance targets based on the above strategic issues and the assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Service performance targets for the FY 2022/2023 period for its 8 key strategic issues, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Inadequate policy, legal and institutional framework for management and development of fisheries	To formulate and monitor the implementation of policies and regulations regarding conservation, management and utilization of all fisheries resources	Draft regulations	Formulate and review laws, regulations, standards and guidelines governing the fisheries	- Finalized 8 fisheries regulations and submitted them to the attorney general for gazette
	To operationalize	Deploy and train newly	Establishment of manpower	Various training initiatives were

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	the Kenya Fisheries Service (KeFS) Institutional Framework.	recruited officers	requirements and Recruitment of Staff	conducted to various members of staff and in support of key development partners
Strategic Issue 2	Strategic Objective	Key Performance Indicators	Activities	Achievements
Low fish production, overfishing and IUU	To increase fish production from capture fisheries	Domestic fleet in Kenya's marine waters	Reflagging of foreign flagged vessels Registration under KMA Licensing for local fishing	6 long liners, 8 trawlers and 2 crab vessels were licensed to operate in Kenyan marine waters
		Development of sea-going capacity	Recruitment and training of fish crews	875 Kenyan were trained local on deep sea fishing and are ready for employment
	To Strengthen Fisheries Resource Governance	Implementation of Port State Measures Agreement (PSMA)	Development of tools to implement PSMA	Sensitization on the new guideline on Transshipment was conducted
Strategic Issue 3	Strategic Objective	Key Performance Indicators	Activities	Achievements

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Undeveloped markets and marketing systems	To ensure safety and quality of fish and fishery products	Training reports	Training of beach inspectors	31 Coastal Region beach inspectors were trained and commissioned
		Sample Analysis	Operationalization of fish quality control laboratories	Lab Reagents were procured for the Kisumu and Nairobi Labs
Strategic Issue 4	Strategic Objective	Key Performance Indicators	Activities	Achievements
Poor fisheries data and information management system	To Establish data and information management system	A functional data and information management unit	Establish a data and information management unit	Production of Fisheries Statistical Bulletin (2022) and KNBS Report (2022)
Strategic Issue 5	Strategic Objective	Key Performance Indicators	Activities	Achievements
Weak collaboration and cooperation mechanisms at national, regional and international level	Honour and update Regional and International obligations	Enhance compliance to regional and international fisheries management	Participate in IOTC, SWIOFC, FAO, WTO forum.	Participated in IOTC, SWIOFC, FAO, WTO forum to enhance compliance

## **7. Corporate Governance Statement**

Good corporate governance entails establishment and enhancement of sustainable value for stakeholders through adoption of ethically driven procedures and processes. The Board of Directors ensures that corporate governance guidelines and best practices are followed, and that all corporate affairs are managed in a fair and transparent manner. In this regard, we believe it is our inherent responsibility to disclose timely and accurate information on our financials and performance as well as leadership and governance of the Service. The Board of Directors and KeFS Management remains steadfastly committed to the adoption of corporate governance best practices in support of our vision to provide world-class services that delight our customers, create value and meet stakeholders' expectations. This statement sets out the main corporate governance practices and structures in the Service and actions taken towards achievement of our goals.

During the reporting period the Board held the following meeting and developed three policy documents: namely the Board Charter; the Risk Management Policy; and Risk Management Plan.

<b>S/No</b>	<b>Type of Meeting</b>	<b>Frequency</b>
1.	Full Board	6
2.	Technical Committee	5
3.	Finance, Strategy and Administration Committee	5
4.	Audit Committee	5
5.	Board Charter and Risk Mitigation Policy Workshop	1
6.	Board visit to Coast Region	1
7.	Board Self Evaluation	2
8.	Board Training	1

### **i. Board of Directors**

The KeFS Board of Directors consists of five (5) independent non-executive members, representatives of the PS National Treasury, State Department for Fisheries Aquaculture and the Blue Economy and Defence and the Director General KeFS who is the Board Secretary. The Board composition draws a good mix of skills, experience and proficiencies in various fields.

### **ii. Board work plan and meetings**

Dates for Board almanac in the ensuing year were decided in advance and scheduled in the Board's work plan. The Board meets at least four times in a financial year to monitor and transact the business

of the Service. Board Members receive adequate notice and detailed papers on issues to be discussed in good time to enable them prepare for the meetings.

**iii. Board Committees**

The Board has three standing committees that assist to effectively discharge various business functions and responsibilities. However, *ad hoc* committee can be constituted to deal with pertinent issues as they arise as provided for by the Resolutions of the Board. The Board defines terms of reference under which the respective committees operate. The committees submit reports of their activities to the Board.

During the year, the Board established and supervised the following three committees:

**a. The Finance, Strategy and Administration Committee (FSAC)**

The Committee is comprised of 3 members of the Board including the DG. Its main function is to review and monitor KeFS financial position on behalf of the Board, including review of the liquidity status, all the Service' Accounts, Budgets, Financial Statements and statutory reports as well as bank reconciliation. It also ensures compliance with the financial reporting requirements and proper keeping of all the financial records of the Service. Further the Committee is also mandated to advise the Board of Management on Human Resource and Administration governance issues of the Service.

**b. The Technical Committee (TC)**

The committee is composed of 3 members including the DG. Its main function is to advise the Board on all technical matters of the Service including, the development and implementation of annual Performance Contract, development and review of the Service Strategic Plan, Service Charter and annual work plan. Secondly, the Committee ensure that the Service meets her mandate to Kenyans.

**c. Audit, Risk and Governance Committee (ARGC)**

This Committee is comprised of 3 members of the Board including the Head of internal Audit at the State Department for Fisheries, Aquaculture and the Blue Economy (SDF&BE) who is the Committee secretary. Its main function is to consider and process on behalf of the Board all matters relating to audit, audit queries and management letters from Office of Auditor General or the duly appointed external auditors. It also considers matters of quality assurance of systems and processes in the Institute's operations and reviewing the risk management framework and the periodic performance contract reports, and governance matters of the service.

## **8. Management Discussion and Analysis**

### **Operational performance**

During the period under review, KeFS continued to implement its Performance Contract for the financial year 2022/2023 as negotiated with the Parent Ministry and vetted by the Performance Contracting Secretariat. The Service implemented the fisheries conservation, management and development of fisheries and aquaculture resources in Kenya. On the other hand quality assurance, trade and value addition was promoted nationwide.

The Service continued with its core mandate by management and development of the fisheries resources; this was achieved by ensuring faster authorisations for import/export of fisheries products, enhancement of locals into deep sea fishing expeditions by training 875 fish crews who are now employed in the deep-sea fishing vessels; promoted aquaculture technologies and innovations; and assured quality and safety of fish and fish products.

With regards to budgetary resources, the government released exchequer grants to the Service, though with unprecedented delays as per the government printed estimates for the 2022-2023 financial year.

## **9. Environmental and Sustainability Reporting**

KeFS purpose is to transform lives. This being the driving force behind everything we do. It guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

The Service draws its agenda from the national development goals, Vision 2030, the *Kenya Kwanza Bottom-up Economic Transformation Agenda* (BETA), and the UN sustainable Development Goals (SDGs) and AU Agenda 2063. The consideration of the aforesaid instruments led to the 5-year commitment of the KeFS strategic plan 2018-2022 that the

Service was concluding and chatting forward for the next planning period (2023-2027). The Service collaborated with the devolved governments in meeting her mandate in aquaculture development, granting of fisheries access, development of policies and legislations, quality assurance, trade and co-management of fisheries resources.

**ii) Environmental performance**

The Service remained compliant to the provision of the Environmental Management and Conservation Act (EMCA) Cap 387 and subsidiary legislation in establishment and management of fisheries business and aquaculture production. The principle of Ecosystem approach to fisheries management is applied in all fisheries to ensure sustainable aquatic ecosystem. On the other hand, reduction of pollution by industrial fishing vessels was ensured by implementing the International Maritime Organisation (IMO) Marpol convention and enforcement of the Merchant Shipping Act No. 4 of 2009 in collaboration with Kenya Maritime Authority (KMA). During the reporting period the Service planted trees in all its station rallying the Government agenda to achieve 10% forest cover by the year 2030.

**iii) Employee welfare**

KeFS adheres the provisions of the Employment Act, 2007 in granting equal opportunities to all Kenyans without discrimination based on gender and ethnicity. In view of this, the Service advanced capacity building of the staff at all levels. In compliance to the Performance Contracting requirements KeFS implemented the crosscutting issue of Gender Mainstreaming in all its departments and ensured a 1:1 gender ratio in the Senior Management level. The Individual Performance Appraisal system was upheld. KeFS adhere to the provisions of the Occupational Safety and Health Act of 2007, (OSHA) with reference to safety and well-being of the employees.

**iv) Market place practices-**

KeFS have put in place the following:

**a) Responsible competition practice.**

KeFS is a non-political institution respecting the governance structures as a SAGA within the national Government. The Service consults and collaborates with the County Governments through the County Departments responsible for fisheries in

executing its mandate. On the other hand, KeFS has mainstreamed the anti-corruption policy in all her service delivery, ensures fair competition and have set up a mechanism to address the public complaints. The KeFS contracts to entrench responsible practices in the performance contract for the Service.

**b) Responsible Supply chain and supplier relations**

KeFS adhere to the provisions of the Public Procurement and Disposal Act Revised 2016 and subsidiary legislation.

**c) Responsible marketing and advertisement**

KeFS practise open-door policy in advertisement and marketing of KeFS products and Services. The employment opportunities are advertised in the Service website, Ministry website and widely circulated printed newspapers.

**d) Product stewardship**

KeFS disclose all its Services rendered to citizens in the Citizen's Service Delivery Charter.

**v) Corporate Social Responsibility / Community Engagements**

KeFS acknowledges the need to give back to society to promote harmonious relations given the contribution made by surrounding communities in creating a conducive environment for her extension and management activities. This has been pioneered successfully by the Sagana Fish Farm which has ensured the neighbouring community benefits from the un-skilled casual labour. The farm has also been involved in supporting vulnerable fish farmers who suffer from flash floods by helping restock their ponds. Further, Sagana Fish Farm has been undertaking a long-term partnership with the Catholic Diocese of Embu in supporting philanthropic fish farming activities to targeted orphans and widows who have benefitted from high quality fingerlings and feeds produced at the Farm. These outreach programs will be enhanced to use them as avenues for ensuring the members of public especially the vulnerable segment of society appreciate the work done by the Service coupled with the benefits of the fish industry.

## **10. Report of the Directors**

The Board of Directors has the pleasure to submit the annual report and audited financial statements for the year ended June 30, 2023 in accordance with the International Financial Reporting Standards, the State Corporations Act (Cap 446) of 1986 and the PFM Act, 2012 which discloses the state of affairs of the Service.

### **f) Principal activities**

The Mandate of KeFS as per the Kenya Fisheries Management and Development Act, 2016 is to conserve, manage and develop marine and freshwater fisheries and aquaculture for sustainable exploitation of fisheries and other aquatic resources. It is our responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is our undertaking to ensure that Kenya Fisheries Service has a credible Strategic Plan and Performance Contract that will deliver the desired goals.

### **ii) Results**

The financial results of the Service for the year ended June 30, 2023 are set out on page 1.

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page vi. The Chairman of the Board and Board Members who served during the year was appointed by the President and Cabinet Secretary of the Ministry of Mining, Blue Economy and Cooperatives. The founding Chairman Term of office expired on 6<sup>th</sup> February 2022 and was not renewed. This followed appointment of Col (Rtd) Noor Musa, MBS as the Chairperson of KeFS Board of Directors on 5<sup>th</sup> August 2022. On the other hand, Prof. Christopher Nyagah upon resignation of Dr. Francis Mutegi and Ms. Jessica Gakinya was re-appointed to the Board by the Cabinet Secretary on 2020

**Kenya Fisheries Service  
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**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Service did not make any surplus during the year (FY 2022-20223KShs. Nil) and hence no remittance to the Consolidated Fund.

**v) Auditors**

The Auditor General is responsible for the statutory audit of the Service in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Service for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

**By Order of the Board**

Mr. Daniel Mungai

**DIRECTOR GENERAL/SECRETARY - KeFS Board of Directors**

Signature: 

Date: 

## **11. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, - require the Directors to prepare financial statements in respect of KeFS, which give a true and fair view of the state of affairs of KeFS at the end of the financial year/period and the operating results of KeFS for that year/period. The Directors are also required to ensure that the Service keeps proper accounting records which disclose with reasonable accuracy the financial position of the Service. The Directors are also responsible for safeguarding the assets of the Service.

The Directors are responsible for the preparation and presentation of KeFS' financial statements, which give a true and fair view of the state of affairs of KeFS for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Service; (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 Service; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the KeFS's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the KeFS's financial statements give a true and fair view of the state of KeFS's transactions during the financial year ended June 30, 2023, and of the KeFS's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Service, which have been relied upon in the preparation of the KeFS's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

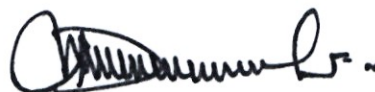
The Kenya Fisheries Service's financial statements were approved by the Board on 27<sup>th</sup> September 2023 and signed on its behalf by:



.....

**Col (Rtd) Noor Musa, MBS**

**Chairman of the Board of Directors**



.....

**Mr. Daniel Mungai**

**Director General/CEO – KeFS**

# REPUBLIC OF KENYA

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HEADQUARTERS  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA FISHERIES SERVICE FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kenya Fisheries Service set out on pages 1 to 52 which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

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

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

## **Basis for Qualified Opinion**

### **1. Variances in the Use of Goods and Services Expenditure**

The statement of financial performance reflects an expenditure of Kshs.79,026,855 in respect to use of goods and services and as disclosed in Note 3 to the financial statements. However, review of the general ledger revealed variances with the financial statements reported amounts as shown below:

<b>Expenditure Component</b>	<b>Financial Statement Amount (Kshs.)</b>	<b>General Ledger Amount (Kshs.)</b>	<b>Variance (Kshs.)</b>
Administration Fees	572,992	1,286,300	713,308
Domestic Travel, Accommodation Subsistence and Other Allowances	35,425,225	45,589,712	10,164,487
Office and Other General Supplies	4,157,755	2,941,814	1,215,941
Training	6,130,824	33,086,754	26,955,930

In the circumstances, the accuracy and completeness of the use of goods and services expenditure totaling to Kshs.79,026,855 could not be confirmed.

### **2. Overstated Employees Costs**

The statement of financial performance reflects an expenditure of Kshs.366,806,142 in respect of employee costs as disclosed in Note 4 to the financial statements. However, included in the expenditure is a payment of the Board Chairman honoraria allowance of Kshs.836,129 which should have been charged under Board expenses.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.836,129 in respect to Board Chairman honoraria allowance charged in the payroll could not be confirmed.

### **3. Lack of Motor Vehicles Ownership Documents**

The statement of financial position reflects property, plant and equipment balance of Kshs.15,756,747 which includes motor vehicles valued at Kshs.9,544,000 as disclosed in Note 13 to the financial statements. Review of the asset register provided revealed that Kenya Fisheries Service included a list of motor vehicles held by the entity at the headquarters. However, the logbooks were not provided in support of ownership of the motor vehicles.

In the circumstances, ownership and completeness of the motor vehicles valued at Kshs.9,544,000 could not be confirmed.

### **4. Inaccuracies in the Statement of Cash Flows**

The statement of cash flows reflects cash and cash equivalents balance of Kshs.47,017,651. However, further scrutiny of the statement revealed the following: -

- i. The net cash flows from operating activities is indicated as Kshs.57,231,805 instead of Kshs.49,808,836 resulting to an unreconciled variance of Kshs.7,422,969.
- ii. The training of fishers' expenditure totaling to Kshs.31,640,330 is not been supported by a note or ledger and the accuracy and existence could therefore not be confirmed.
- iii. The statement reflects net increase in cash and cash equivalents totaling to Kshs.35,546,656 while the statement of financial position reflects increase in cash and cash equivalents amount of Kshs.19,390,821 resulting to an unreconciled variance of Kshs.16,155,835.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.47,017,652 could not be confirmed.

### **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. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **1. Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved all the prior year matters contrary to Section 68(2)(l) of the Public Finance Management Act, 2012 which states that the Accounting Officer shall "take appropriate measures to resolve any issues arising from audit which may remain outstanding". Management has not provided satisfactory explanation for the delay in resolving the issues.

## **2. Conflicting Roles with County Governments**

Review of the Kenya Fisheries Service functions revealed that they have been devolved. This means that the National Government may be performing functions that are to be performed by County Governments. The role of National Government has been limited to policy but a review of the functions of the entity reveal that it performs more than policy. This may lead to a conflict between Counties and the entity when Counties begin to take a more active role in fisheries management. Additionally, there may be duplication of projects or programmes targeting the same groups of people. Further, there exists an obligation for the Director-General to consult the Counties, however, there is no forum created under the Act to coordinate County and Kenya Fisheries Services activities and objectives of Section 22 of the Fish Management and Coordination Act.

In the circumstances, the conflict may result in the mandate of the entity and value for money not being achieved and litigation in the Courts which may hamper the entity's operations.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Payment Made on Expired Contract**

Note 3 to the financial statements reflects use of goods and services expenditure amounting to Kshs.79,026,855 which include Kshs.16,840,193 incurred on rental. However, the Service had paid for twenty (20) parking spaces in the NHIF building amounting to Kshs.1,357,200 during the year, although the lease agreement which had provided for 15 parking spaces at quarterly license fee of Kshs.292,500 had expired in December, 2022 and had not been renewed or extended. Management explanation for non-extension of the lease agreement due to change of the agents of the landlord did not suffice.

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

#### **2. Non- Implementation of E-Procurement**

Review of expenditure for the year revealed payments in respect of procurement of general supplies which was not done through e-procurement. It was noted that the Service had not migrated its procurement systems to e-procurement platform developed by the National Treasury during the financial year under review. This is in contravention

of the Executive Order No. 2 of June, 2018 which obligated the National Treasury to ensure that all procurement is undertaken through the e-procurement module by 01 January, 2019.

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

### **3. Non-Adherence to the Data Protection Act, 2019**

During the year, it was established that the Service has not appointed a Data Protection Officer as per the requirements of the Data Protection Act, 2019, to carry out the functions as provided for in Section 24 of the Act. Further, the Service had not registered itself as either a Data Controller or Data Processor or both with the Data Protection Commissioner's Office in Line with Section 18 of the Act.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Understaffing at the Kenya Fisheries Service**

Examination of the Service's approved staff establishment revealed an optimal staff level of nine hundred and sixty-five (965) employees. However, only four hundred and eighty-six (486) employees were in post resulting in a variance of four hundred and seventy-nine (479) staff. Further, the Service does not have sufficient non-technical staff such as accountants, finance officers, procurement officers and drivers as most of these staff have either been seconded from the State Department of Fisheries or Technical staff have been forced to perform the duties of the non-technical staff in addition to their own duties.

A key function noted to have been missing in this establishment is an internal auditor among others. This inadequate staffing poses a challenge to the attainment of the objective set out by the entity.

## **2. Lack of a Strategic Plan**

Review of the Service strategic plan revealed that it expired in the year 2022. Management was yet to develop another strategic plan to cover the current period. Therefore, achievement of the entities strategic goal may not be possible.

In the circumstances, the effectiveness and direction of the Corporations' strategy could not be confirmed.

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the Service'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 overall governance and risk management and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**15 May, 2024**

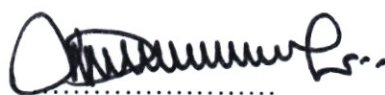
**Kenya Fisheries Service**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

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

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	1a)	567,857,961	426,755,850
Public contributions and donations	2	10,000,000	26,821,728
<b>Total</b>		<b>577,857,961</b>	<b>453,577,578</b>
<b>Revenue from exchange transactions</b>			
<b>Total revenue</b>		<b>577,857,961</b>	<b>453,577,578</b>
<b>Expenses</b>			
Use of goods and services	3	79,026,855	75,433,071
Employees Costs	4	366,806,142	333,968,982
Board Expenses	5	8,042,400	3,727,356
Depreciation and amortization expense	6	4,286,437	730,387
Other Transfers and Payments	7	29,239,011	3,093,898
Contracted services-Security	8	-	278,400
Repairs and maintenance	9	6,015,228	1,192,060
Training of fishers		31,640,330	-
<b>Total expenses</b>		<b>525,056,403</b>	<b>418,424,154</b>
<b>Surplus/(deficit)for the period/year</b>		<b>52,801,558</b>	<b>35,153,424</b>
Remission to National Treasury		-	-
<b>Net Surplus for the year</b>		<b>52,801,558</b>	<b>35,153,424</b>

The notes set out on pages 9 to 52 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

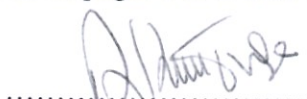


Accounting Officer

Mr. Daniel Mungai

Date

18/04/24

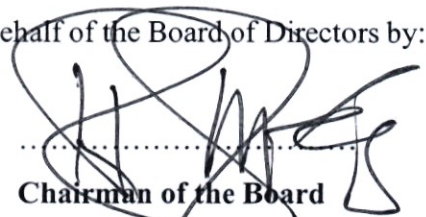


Ag. Head of Accounts

Mr. Mathew Maweu

ICPAK Member Number: 16723

Date



Chairman of the Board

Col (Rtd) Noor Musa, MBS

Date

17/04/2024

**Kenya Fisheries Service  
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for the year ended June 30, 2023.**

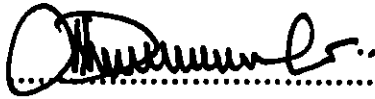
**14. Statement of Financial Position as at 30 June 2023**

	Note	2022-2023	2021-2022
	s	Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11	47,017,650	27,626,829
Receivables from non-exchange transactions	12	6,266,769	6,266,769
Inventories	13	-	421,210
<b>Total Current Assets</b>		<b>53,284,419</b>	<b>34,314,808</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	14	15,756,747	3,388,327
<b>Total Non- Current Assets</b>		<b>15,756,747</b>	<b>3,388,327</b>
<b>Total Assets</b>		<b>69,041,166</b>	
<b>Current Liabilities</b>			
Payables	15	580,000	4,080,000
<b>Total Current Liabilities</b>		<b>580,000</b>	<b>4,080,000</b>
<b>Total Liabilities</b>		<b>580,000</b>	<b>4,080,000</b>
<b>Net assets</b>		<b>68,461,166</b>	<b>33,623,135</b>
<b>Financed by:</b>			
<b>Reserves</b>	17	15,659,608	6,435,481
Accumulated surplus		52,801,558	33,623,135
<b>Total Net Assets and liabilities</b>		<b>68,461,166</b>	<b>33,623,135</b>

**Kenya Fisheries Service  
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for the year ended June 30, 2023.**

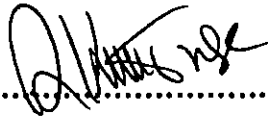
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The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



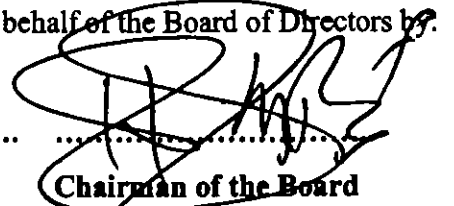
Accounting Officer  
Mr. Daniel Mungai

Date 12/01/24



Ag. Head of Accounts  
Mr. Mathew Maweu

ICPAK Member Number:  
16723  
Date



Chairman of the Board  
Col (Rtd) Noor Musa, MBS

Date 17/04/2024

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

	Retained earnings	Total
<b>As at 1st July 2021</b>	473,385	473,385
Surplus/ deficit for the previous year	35,153,423	35,153,423
Total Surplus as at end of year	34,679,658	34,679,658
changes during the year	(3,922,969)	(3,922,969)
<b>As at June 30, 2022</b>	<b>30,756,689</b>	<b>30,756,689</b>
<b>As at 1st July 2022</b>	30,756,689	30,756,689
Surplus/ deficit for the year	82,801,558	82,801,558
<b>As at June 30, 2023</b>	<b>52,801,558</b>	<b>52,801,558</b>

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

		2022-2023	2021-2022
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	1	552,200,000	426,755,850
Balance b/d		15,657,961	
Public contributions and donations	2	10,000,000	26,821,728
Other income			
<b>Total Receipts</b>		<b>577,857,961</b>	<b>453,577,578</b>
<b>Payments</b>			
Use of goods and services	3	86,306,014	76,292,631
Compensation of Employees	4	366,806,142	333,968,982
Remuneration of directors	5	8,042,400	3,727,356
Other Transfers and payments	7	29,239,011	3,093,898
Contracted services-Security	8	-	278,400
Repairs and maintenance	9	6,015,228	1,192,060
Training of fishers		31,640,330	
<b>Total Payments</b>		<b>528,049,125</b>	<b>418,553,327</b>
<b>Net Receipts</b>		<b>49,808,836</b>	<b>35,024,251</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>57,231,805</b>	<b>35,024,251</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	14	(14,262,180)	(876,000)
Adjustment			(6,555,850)
<b>Cash flows from/(use din)investing activities</b>		<b>35,546,656</b>	<b>(7,431,850)</b>
<b>Net cash flows from/(use din)investing activities</b>		<b>42,969,625</b>	
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>35,546,656</b>	<b>11,446,565</b>
Cash and cash equivalents at 1 <sup>st</sup> July		11,470,995	34,430
<b>Cash and cash equivalents at 30<sup>th</sup> June</b>		<b>47,017,651</b>	<b>11,470,995</b>

(IPSAS 2 allows a Service to present the cash flow statement using the direct or indirect method but encourages the direct method. Entities should use the direct method of cash flow preparation as shown above)

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

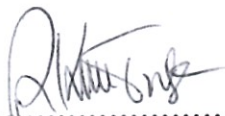
**Kenya Fisheries Service  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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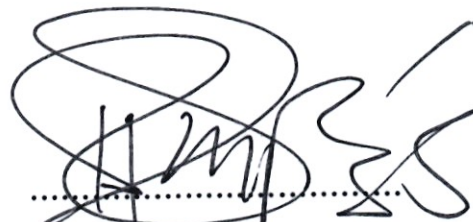
.....  
**Mr. Daniel Mungai**  
**Accounting Officer**

**Date** 17/04/24



.....  
**Mr. Matthew Maweu**  
**Ag. Head of Accounts**  
**ICPAK M/No: 16723**

**Date**



.....  
**Col (Rtd) Noor Musa, MBS**  
**Chairman of the Board**

**Date** 17/04/2024

**Kenya Fisheries Service**  
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**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023**

	Notes	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
		Kshs	Kshs	Kshs	Kshs	Kshs	
		a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Revenue</b>							
Transfers from other governments entities	1	480,200,000.00	72,000,000.00	552,200,000	552,200,000	-	100%
Public contributions and donations	2	10,000,000.00	-	10,000,000	10,000,000	-	100%
Balance b/f		-	15,657,961.00	15,657,961	15,657,961	-	100%
<b>Total income</b>		<b>490,200,000.00</b>	<b>97,657,961.00</b>	<b>577,857,961</b>	<b>577,857,961</b>	<b>-</b>	
<b>Expenses</b>							
Use of goods and services	3	68,522,120	11,948,115	80,470,235	79,026,855	-	95%
Compensation of employees	4	358,180,540	9,585,602	367,766,142	366,806,142	-	99%
Remuneration of directors	5	5,300,000	3,422,625	8,722,625	8,042,400	-	88%
Other Transfers and Other Payments	7	29,239,010	-	29,239,010	29,239,011	-	100%
Repairs and maintenance	9	6,005,228	-	6,005,228	6,015,228	-	100%
Capital expenditure	14	18,666,665	(2,298,381)	16,368,284	14,262,180		87%
Depreciation and amortization expense	13	4,286,437	-	4,286,437	4,286,437		
Training of fishers			75,000,000	65,000,000	31,640,330		
<b>Total expenditure</b>		<b>490,200,000</b>	<b>97,657,961</b>	<b>577,857,961</b>	<b>539,318,583</b>		98%
<b>Surplus for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>38,539,378</b>		



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

### **1. General Information**

Kenya Fisheries Service is established by and derives its authority and accountability from Fisheries Management and Development Act, 2016. The Service is wholly owned by the Government of Kenya and is domiciled in Kenya. The Service's principal activity is Conservation, Management and Development of fisheries resources in Kenya.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *KeFS* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *KeFS*

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*  
 IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.
- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

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

**Kenya Fisheries Service  
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Standard	Effective date and impact:
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Service provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Service. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Service’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

**Kenya Fisheries Service  
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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Service.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**iii. Early adoption of standards**

The Service did not early – adopt any new or amended standards in year 2021/2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Service and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Rendering of services**

The Service recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Service.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**ii) Revenue from exchange transactions**

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Service's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for FY 2022-2023 was approved by the National Assembly June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Service upon receiving the respective approvals in order to conclude the final budget.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance is presented as below;

**Reconciliation of expenditure in statement of financial performance to the expenditure in the budget**

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Service operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Service and the same taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an *xx*-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Service. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Service also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Service will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Service. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**h) Research and development costs**

The Service expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Service can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

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

**Loans and receivables**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Held-to-maturity.**

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

**Impairment of financial assets**

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

- i) The debtors or a Service of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Service determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Summary of Significant Accounting Policies (Continued)**

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Service*.

**k) Provisions**

Provisions are recognized when the Service has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Service expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**l) Contingent liabilities**

The Service 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.

**m) Contingent assets**

The Service does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Service in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**n) Nature and purpose of reserves**

The Service creates and maintains reserves in terms of specific requirements.

**o) Changes in accounting policies and estimates**

The Service recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**p) Employee benefits**

**Retirement benefit plans**

The *Service* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an *Service* pays fixed contributions into a separate *Service* (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**q) Foreign currency transactions**

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

**r) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**s) Related parties**

The *Service* regards a related party as a person or an *Service* with the ability to exert control individually or jointly, or to exercise significant influence over the *Service*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

**t) Service concession arrangements**

The *Service* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Service* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Service* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**v) Comparative figures**

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

**w) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Service based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Service. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Notes to the Financial Statements (Continued)**

**Significant Judgments and Sources of Estimation Uncertainty (Continued)**

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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**Notes to the Financial Statements (Continued)**

**1. a) Transfers from Other Government Entities**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Un conditional grants</b>		
Operational grant	487,200,000	426,755,850
Other grants(training of fishers)	65,000,000	-
<b>Total Unconditional Grants</b>	<b>552,200,000</b>	<b>426,755,850</b>
Balance b/d	15,657,961	
<b>Conditional grants</b>	-	
<b>Total government grants and subsidies</b>	<b>567,857,961</b>	<b>426,755,850</b>

**b) Transfers from Other Government Entities**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Total government grants and subsidies</b>	<b>552,200,000</b>	426,755,850
Receivable	3,922,969	-
<b>Total government grants and subsidies Cash received</b>	<b>558,755,850</b>	<b>426,755,850</b>

**c) Transfers from Ministries, Departments and Agencies (MDAs)**

Name of the Service sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Period ended 30th June 2023	Period ended 30th June 2022
	KShs	KShs	KShs	KShs	KShs
SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	40,016,667			40,016,667	32,375,000

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SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	40,016,667			40,016,667	32,375,000
SDBE&F	42,350,000			42,350,000	32,375,000
SDBE&F	42,350,000			42,350,000	32,375,000
SDBE&F	42,350,000			42,350,000	15,850,000
SDBE&F	-			-	48,225,000
SDBE&F	-			-	6,555,850
<b>Total</b>	<b>487,200,000</b>			<b>487,200,000</b>	<b>426,755,850</b>

**2. Public Contributions and Donations**

Description	2022-2023	2021-2022
COMESA	10,000,000	10,000,000
MESTP	-	665,894
EU-Ecofish Project		16,155,834
<b>Total transfers and sponsorships</b>	<b>10,000,000</b>	<b>26,821,728</b>
<b>Reconciliation of public contributions and donations</b>		
Balance unspent at beginning of the year	-	-
Current year receipts	10,000,000	26,821,728
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	<b>10,000,000</b>	<b>26,821,728</b>

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**Notes to the Financial Statements (Continued)**

**3. Use of Goods and Services**

Description		2022-2023	2021-2022
	notes	KShs	KShs
Advertising and printing services		1,358,805	-
Admin fees		572,992	3,403,715
Insurance costs		802,947	-
Fuel and oil		4,037,750	4,358,000
Hospitality		4,739,287	1,299,200
Rental		16,840,193	16,840,193
Audit fees		1,160,000	580,000
Utility supplies and other services		147,077	617,202
Telecommunication		1,325,200	548,450
Training		6,130,824	19,228,168
Domestic Travel, accommodation and subsistence allowances		35,425,225	24,668,022
Foreign Travel, accommodation, subsistence and other allowances		2,262,750	1,925,796
Office and Other general expenses		4,157,755	1,932,791
Bank Charges		-	31,534
Specialized materials		66,050	-
<b>Total</b>		<b>79,026,855</b>	<b>75,433,071</b>

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Notes to the Financial Statements (Continued)

3a) Use of Goods and Services as used in Cash flows

Description	2022-2023	2021-2022
	KShs	KShs
Total use of Goods and services	79,026,855	75,433,071
Add back inventory	-	421,210
Receivables Previous year	(2,066,400)	(4,683,900)
Receivables Current Year	6,266,769	6,266,769
Accruals Previous year	4,080,000	580,000
Accruals Current year	(580,000)	(4,080,000)
Decrease in Inventory	(421,210)	-
<b>Total use of goods and services as used in cash flows</b>	<b>86,306,014</b>	<b>73,937,150</b>

Notes to the Financial Statements (Continued)

4. Compensation of Employees

Description	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	366,806,142	333,968,982
<b>Total cash and cash equivalents</b>	<b>366,806,142</b>	<b>333,968,982</b>

5. Board Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Chairman/Directors' Honoraria	960,000	454,500
Sitting allowances	1,974,000	
Board travel and accommodation	4,942,187	
Other Board Expenses	166,213	1,696,200
<b>Total</b>	<b>8,042,400</b>	<b>3,727,356</b>

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**Notes to the Financial Statements (Continued)**

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**6. Depreciation Expense**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Charge for the year	4,286,437	730,387
<b>Total</b>	<b>4,286,437</b>	<b>730,387</b>

7. Other Transfers and Other Payments

Description	2022-2023	2021-2022
	KShs	KShs
KEFS-NAIROBI	1,825,483	195,325
KEFS-MOMBASA	4,380,402	487,235
KEFS-KISUMU	5,172,932	588,620
KEFS-LODWAR	1,717,098	265,385
KEFS-ELDOROT	1,511,618	204,636
KEFS-NAKURU	1,561,817	201,176
KEFS-EMBU	1,359,831	203,380
KEFS-NYERI	3,936,463	446,460
KEFS-KAKAMEGA	1,321,641	295,680
KEFS-ISEBANIA	2,328,487	206,001
KEFS-SAGANA	2,626,599	-
KEFS- BUSIA	1,496,640	-
<b>Total</b>	<b>29,239,010</b>	<b>3,093,898</b>

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**Notes to the Financial Statements (Continued)**

**8. Contracted Services.**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Security Services	-	278,400
<b>Total</b>	<b>-</b>	<b>278,400</b>

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Notes to the Financial Statements (Continued)

9. Repairs and Maintenance

Description	2022-2023	2021-2022
	KShs	KShs
Maintenance of Motor Vehicles	970,600	1,192,060
Maintenance other assets	54,418	-
Renovation of building	4,990,210	
<b>Total</b>	<b>6,015,228</b>	<b>1,192,060</b>

Notes to the Financial Statements (Continued)

10. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	KShs	KShs
KCB Bank	47,017,651	27,626,829
<b>Total cash and cash equivalents</b>	<b>47,017,651</b>	<b>27,626,829</b>

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

		2022-2023	2021-2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
KCB-NAIROBI-HQ	1266312323	45,708,292	10,991,894
KCB-KEFS-NAIROBI REGION	1294423959	6,595	1,674
KCB-KEFS-MOMBASA	1294569155	4,956	2,764
KCB-KEFS-KISUMU	1294556290	4,092	1
KCB-KEFS-LODWAR	1294268198	96,865	24,615
KCB-KEFS-ELDOROT	1294422219	461	2,364
KCB-KEFS-NAKURU	1294535188	4,400	2,824
KCB-KEFS-EMBU	1294536974	441	620
KCB-KEFS-NYERI	1294393316	7,498	798
KCB-KEFS-KAKAMEGA	1294495763	597	111
KCB-KEFS-ISEBANIA	1294386336	51,103	999
KCB-KEFS-SAGANA	1294418858	1,128,014	442,331
KCB-KEFS-BUSIA	1294371991	4,337	-
<b>Grand total</b>		<b>47,017,651</b>	<b>27,626,829</b>

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Notes to the Financial Statements (Continued)

11. Receivables from Non- Exchange Transactions (Current)

Description	2022-2023	2021-2022		
	KShs	KShs		
Un received Exchequers for the Year		3,922,969		
Surrendered imprests as at 30th June	6,266,759	2,066,400		
<b>Total</b>	6,266,759	5,989,369		
Ageing Analysis- Receivables from non- Exchange Transactions	2022-2023	% of Total	2021-2022	% of Total
Less than 1 year	6,266,759	100%	5,989,369	100%
<b>Total</b>	6,266,759		5,989,369	

Notes to the Financial Statements (Continued)

12. Inventory

Description	2022-2023	2021-2022
	KShs	KShs
Inventory		421,210
<b>Total</b>	-	<b>421,210</b>

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**Notes to the Financial Statements (Continued)**

**13. Property, Plant and Equipment**

Description	Furniture and fittings (12.5%)	Computers (33.3%)	Motor vehicle (20%)	Total
Cost	Kshs	Kshs	Kshs	Kshs
As At 1 July 2022	2,261,300	1,857,414		4,118,714
Additions				
Headquarters	833,730.00	1,498,450	11,930,000	14,262,180
Regional Offices	757,150	905,140		1,662,290
Disposals	-	-	-	-
Transfers/Adjustments	-	-	-	-
<b>As At 30<sup>th</sup> June 2023</b>	<b>3,852,180</b>	<b>4,261,004</b>	<b>11,930,000</b>	<b>20,043,184</b>
Depreciation And Impairment				
At 1 July 2022	0	0	-	0
Depreciation	481,523	1,418,914	2,386,000	4,286,437
<b>As At 30<sup>th</sup> June 2023</b>	<b>481,523</b>	<b>1,418,914</b>	<b>2,386,000</b>	<b>4,286,437</b>
Net Book Values				
As At 1st July 2022	2,261,300	1,857,414	-	4,118,714
<b>As At 30<sup>th</sup> June 2023</b>	<b>3,370,658</b>	<b>2,842,090</b>	<b>9,544,000</b>	<b>15,756,747</b>

Note:

- Depreciation has been computed using the rates contained in the Draft Finance Manual for Kenya Fisheries Service.

Notes to the Financial Statements (Continued)

14a) Property, Plant and Equipment at Cost

Description	Cost or valuation	Accumulated Depreciation	NBV
		Kshs	Kshs
Motor Vehicles including Motorcycles	11,930,000	2,386,000	9,544,000
Computers and Related Equipment	4,261,004	1,418,914	2,842,090
Office Equipment, Furniture and Fittings	3,852,180	481,523	3,370,658
<b>Total</b>	<b>20,043,184</b>	<b>4,286,437</b>	<b>15,756,747</b>

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**Notes to the Financial Statements (Continued)**

**14. Payables**

Description	2022-2023	2021-2022		
	KShs	KShs		
	Kshs	Kshs		
Provision for audit fee	580,000	580,000		
Unpaid Training expense	-	3,500,000		
<b>Total provisions year end</b>	<b>580,000</b>	<b>4,080,000</b>		
<b>Ageing analysis: (Trade and other payables)</b>	<b>2022-2023</b>	<b>% of the Total</b>	<b>2021-2022</b>	<b>% of the Total</b>
Under one year	580,000	100%	4,080,000	100%
<b>Total</b>	<b>580,000</b>		<b>4,080,000</b>	

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**15. Cash Generated from Operations activities**

Description	2022-2023	2021-2022
	KShs	KShs
REPORTED SURPLUS	52,801,558	35,153,423
ADD BACK DEPRECIATION	4,286,437	730,387
Adjustment during the year (15 a)	(7,039,741)	1,259,561
<b>NET CASHFLOWS FROM OPERATING ACTIVITIES</b>	<b>49,808,836</b>	<b>38,524,250</b>

**15(a) Cash movement from Operations activities**

Description	2022-2023	2021-2023	2021-2022
	KShs	KShs	KShs
LESS INCREASE IN RECEIVABLES	(3,960,951)	(277,400)	(4,238,351)
LESS INCREASE IN INVENTORY	421,210	421,210	(421,210)
LESS DECREASE IN PAYBLES	(3,500,000)	-	3,500,000
<b>NET CASHFLOWS FROM OPERATING ACTIVITIES</b>	<b>(7,039,741)</b>		<b>1,259,561</b>

**9. Reserves**

Description	2022-2023	2021-2022
	KShs	KShs
balances b/d 1 <sup>st</sup> July 2022	15,657,961	
<b>70,298</b>	<b>15,657,961</b>	

**10. Financial Risk Management**

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

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

**i) Credit risk**

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

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of allowances for doubtful receivables, estimated by the Service's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

### **Financial Risk Management**

The carrying amount of the Kenya Fisheries Service foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

### **Financial Risk Management**

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

#### **b) Interest rate risk**

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

#### **Management of interest rate risk**

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

### **Financial Risk Management**

#### **Sensitivity analysis**

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

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**Financial Risk Management**

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Kenya Fisheries Service market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Kenya Fisheries Service considers relevant and observable market prices in its valuations where possible.

**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

**Notes to the Financial Statements (Continued)**

**18. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

- i) The State Department for fisheries Aquaculture and the Blue Economy.
- ii) Key management.
- iii) Board of directors.

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**Notes to the Financial Statements (Continued)**

**19. Events after the Reporting Period**

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

**20. Ultimate And Holding Service**

The Service is a State Corporation/ or a Semi- Autonomous Government Agency under the State Department for Fisheries Aquaculture and the Blue economy.

**21. Currency**

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

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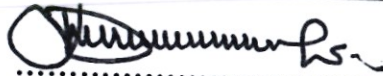
**19. Appendix**

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

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

Reference No. in the External Audit Report	Issue / Observation / Audit	Management Comments	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Failure to provide journals for Amended Financial Statements.	Journals Provided.	Resolved	
2.	Failure to have a depreciation Policy	The service has already developed a Finance and procurement manual which is to undergo stakeholder engagement and later to the Board of Directors for approval which contain among other things, the Depreciation Policy to be adopted on all assets	The manual was presented to the full board for approval	
3.	Failure to recognize Assets held at the Regional Offices	-Ownership of such assets still yet to be transferred to the Service. -Management still pursuing the matter -These Assets held at the Regional Offices belong to State Department for Blue Economy and Fisheries until the process of Transfer is completed. Such Assets will be included in the Main Asset register once ownership `is Transferred to Kenya Fisheries Service. Furniture and computers from regional offices has been integrated in the integrated register	A team of officers was tasked with the compilation of asset register which was completed. the same has been factored in the asset register for the current financial year. See note 13 and 14	
4	Unsupported budget figures.	The budget figures were adequately Supported.	resolved	

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Mr. Daniel Mungai  
Director General/C.E. O

Date 17/04/24

Appendix II: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
SDBE&F	18/08/2022	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667
SDBE&F	22/09/2022	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667
SDBE&F	29/09/22	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667
SDBE&F	15/11/22	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667

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SDBE&F	5/12/2022	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667
SDBE&F	30/12/22	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667
SDBE&F	7/2/2023	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667
SDBE&F	23/03/23	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667
SDBE&F	14/04/23	Recurrent	40,016,667	40,016,667	-	-	-	-	40,016,667
SDBE&F	6/6/2023	Recurrent	42,350,000	42,350,000	-	-	-	-	42,350,000
SDBE&F	30/06/23	Recurrent	42,350,000	42,350,000	-	-	-	-	42,350,000
SDBE&F	3/7/2023	Recurrent	42,350,000	42,350,000	-	-	-	-	42,350,000
<b>Total</b>			<b>487,200,000</b>	<b>487,200,000</b>	-	-	-	-	<b>487,200,000</b>