

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY PAPERS LAID		<b>REPORT</b>
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	INZORU MURALE	

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OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KENYA MARITIME AUTHORITY**

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

OFFICE OF THE AUDITOR - GENERAL  
P.O.Box: 95202, MOMBASA .

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KENYA MARITIME AUTHORITY

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**KENYA MARITIME AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30 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 Maritime Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2023**

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**1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS**

**A: Acronyms and Abbreviations**

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

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

**B: Glossary of Terms**

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

**Comparative Year-** Means the prior period.

## **2. KEY AUTHORITY INFORMATION AND MANAGEMENT**

### **(a) Background Information**

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

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

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

### **Key objectives**

The following are the key objectives of KMA:-

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

### **(c) Key Management**

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

- The Director General
- The Senior Management

**2. KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)**

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Ag. Director General	<b>Mr. John Omingo</b>
2.	Ag. Director, Maritime Safety	<b>Eng. Luke Samba</b>
3.	Director Maritime Trade and Development	<b>Mr. John Omingo</b>
4.	Corporation Secretary and Director Legal Services	<b>Mrs. Jane Florence Otieno</b>
5.	Asst. Director Finance & Accounts	<b>Mr. Edwin Were</b>
6.	Asst. Director Supply Chain Management	<b>Ms. Bevaline Lundu</b>

**(e) Fiduciary Oversight Arrangements**

**Finance and Investment Committee**

The committee's activities include;

- a) Ensuring that KMA observes good financial governance in all its activities.
- b) Ensure that KMA complies with the relevant laws.
- c) Establish policies, procedures and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals and financial reporting.
- d) Reviewing quarterly financial reports for adoption by the Board.
- e) Reviewing annual financial statements for adoption by the Board.
- f) Improving the quality of reporting on financial management.
- g) Ensuring integrity of the assets of KMA.
- h) Overseeing and recommending investments of KMA to the Board.
- i) Reviewing and making recommendations on issues of management of the Staff Pension Fund on behalf of the Board to ensure that the obligations of KMA are discharged.
- j) Considering and recommending budget proposals to the Board.
- k) Reviewing the Finance and General Purpose Committee terms of reference and work plan where applicable.
- l) Reviewing annual procurement plans and schedule of assets due for disposal for the Committee's consideration and recommendation to the Board.
- m) To approve any policy or proposed course of action that will have a significant impact on the financial or budgetary position of KMA.
- n) To monitor key risks and performance indicators for those areas within the remit of the Committee.
- o) Review periodically and if appropriate, recommend amendments to the Board for approval of the Finance Manual.
- p) Ensure that the Management has allocated sufficient resources to comply with social and ethics policies, codes of best practice and all other regulatory requirements.
- q) Perform any other tasks and assignments as may be directed by the Board.

## **2. KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)**

### **Maritime Industry Development Committee**

The committee's activities include;

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

### **Audit and Risk Assurance Committee**

The committee's activities include;

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

## **2. KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)**

### **Human Resource and Environmental Social Governance**

The committee's activities include;

- (a) to enhance corporate affairs and communication within and outside KMA;
- (b) to monitor KMA's compliance with Corporate Governance principles;
- (c) to monitor and have an oversight role in KMA's Corporate Social Responsibility activities;
- (d) to safeguard the image of KMA by ensuring that ethical governance is upheld at all times;
- (e) assist in ensuring that the law is complied with; and
- (f) ensuring good governance for the KMA Board.

#### **(a) Kenya Maritime Authority Headquarters**

P.O. Box 95076 - 80104  
White House Building, Next to MSC Plaza  
Moi Avenue  
Mombasa.

#### **(b) Contacts**

Telephone: (254) 041 2318398/9  
E-mail: [info@kma.go.ke](mailto:info@kma.go.ke)  
Website: [www.kma.go.ke](http://www.kma.go.ke)

#### **(c) Bankers**

- i. Kenya Commercial Bank  
Kilindini Branch  
P O Box 90300  
Mombasa.
- ii. Kenya Commercial Bank  
Kisumu Branch  
P. O. Box 4117-40100  
Kisumu.
- iii. National Bank of Kenya  
P. O. Box 87770-80100,  
Mombasa.
- iv. Kenya Commercial Bank  
P.O Box4087  
Lamu.

**2. KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)**

- v. Kenya Commercial Bank  
P O Box4021  
Lodwar
  
- vi Family Bank of Kenya,  
Nkurumah Road Branch,  
P O Box 81630-80100  
Mombasa
  
- vii Consolidated Bank of Kenya  
Nkrumah Road Branch,  
P.O Box 82342 - 80100,  
Mombasa

**(d) Independent Auditors**

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

**(e) Principal Legal Adviser**

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

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**3. THE BOARD OF DIRECTORS**

The Directors who served during the period under review are:

Mr. Hamisi Mashobo Mwanguya	Chairman-Appointed on 18 <sup>th</sup> November,2022
Mr. John Omingo	Ag. Director General
Prof. Njuguna Ndung'u, CBS	Cabinet Secretary, National Treasury & Economic Planning
Mr. Shadrack M. Mwadime, EBS, MBS	Principal Secretary, State Department for Shipping and Maritime Affairs
Hon. Justin B. N. Muturi E.G.H	Attorney General
Mr. Charles Mutinda	Alternate to the Attorney General
Mr. Daniel M. Ndolo OGW	Alternate to the Cabinet Secretary, National Treasury & Planning, Appointed on 23 <sup>rd</sup> April 2020
Mr. Mathias Chiro Chishambo	Alternate to the Principal Secretary, State Department for Shipping and Maritime Affairs
Hon. Qalicha Guyo	Appointed on 6th March 2023
Ms. Annistain Kemunto Mogaka	Appointed on 6th March 2023
Mr. Rishad Hamid Ahmed	Appointed on 6th March 2023
Dr. Lillian Apadet	Appointed on 6th March 2023
Mr. Ezekiel Kibor	Appointed on 6th March 2023
Mr. Ali Abdalla Mondo	Appointed on 31st May 2023

### **3. THE BOARD OF DIRECTORS (Continued)**



**Mr. Hamisi Mashobo Mwanguya**  
Chairman Board of Directors

Mr. Hamisi Mwanguya assumed the role of Chairperson for the Board of Directors at the Kenya Maritime Authority on November 17, 2022. With a career spanning over two decades in both public and multinational corporate sectors, Mr. Mwanguya is a dedicated and seasoned development and economics professional. His extensive expertise lies in strategic policy formulation and implementation, public finance management, and strategic human capital management.

Prior to his appointment, Mr. Mwanguya held the position of Director at Kenya National Trading Corporation Limited and chaired various committees, including the Economics Stimulus Programme Committee, Constituency Road Committee, and Constituency Development Fund Committee. Throughout his career, he has also served in numerous capacities within the maritime sector, amassing valuable experience in the field.

In addition to his maritime background, Mr. Mwanguya possesses an in-depth understanding of government operations, having held multiple positions within the Office of the Governor in Mombasa County. His roles encompassed advising the Governor on urban development and planning, overseeing trade, energy, and investments, acting as Chief of Staff, and serving as County Secretary and Economic Advisor.

As Chairperson, Mr. Mwanguya brings a wealth of knowledge and leadership acumen to the Kenya Maritime Authority, positioning him as a key driver of its strategic direction and continued success



**Dr. Lilian Apadet**  
Director

Dr. Lilian Apadet Osamong assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023. With a distinguished career in the medical field, Dr. Apadet brings a wealth of expertise to the board. Her nine-year tenure at the Kenya Medical Research Institute (KEMRI) underscores her commitment to advancing healthcare in Kenya.

Dr. Apadet is not only a respected medical professional but also an accomplished author, renowned for her contributions to scholarly articles recognized throughout the East African region. Her outstanding research endeavors have garnered her prestigious accolades, including the Pierre Fauchard Academy Fellowship Awards, a testament to her past achievements in the medical domain.

Currently, Dr. Lilian holds the position of Assistant Lecturer at Moi University, where she imparts her extensive knowledge and skills to the next generation of medical professionals. Her multifaceted skill set extends beyond the medical realm, encompassing strong leadership and guidance capabilities. As a Member of the Board of Directors, Dr. Apadet brings her wealth of experience and expertise to contribute to the strategic direction and success of the Authority, ensuring that it continues to thrive in its mission within the maritime industry.

**3. THE BOARD OF DIRECTORS (Continued)**



**Mr. Mathias Chiro Chishambo**  
*Alternate Director representing PS  
State Department Shipping &  
Maritime*

Mr. Mathias Chiro Chishambo serves as the Alternate Director to the Principal Secretary from the State Department of Shipping and Maritime Affairs.

With an extensive career spanning two decades, Mr. Chishambo has honed his expertise in diverse fields. From 2003 to 2022, Mr. Mathias Chiro Chishambo held progressively responsible roles within the Ministry of Interior and National Administration, focusing on national administration and governance. He began his service as an Assistant County Commissioner a role he held for over a decade, demonstrating unwavering commitment to public service. Subsequently, he dedicated six years of service as a Deputy County Commissioner from 2016 to 2022, before assuming his new role at the State Department where he plays a crucial role in administration governance and coordination of the SAGAS under the State Department. Mr. Chishambo holds a Master of

Science in Governance and Leadership from the Jomo Kenyatta University. Further, he possesses a Bachelor's degree in Economics and Strategy, which adds depth to his multifaceted skill set. Mr. Chishambo's impressive career and educational qualifications make him a valuable asset, ensuring effective representation and decision-making within Authority.



**Mr. Daniel M. Ndolo**  
*Alternate Director representing the  
Cabinet Secretary National Treasury*

Mr. Daniel M. Ndolo is the Alternate Director of the Board of Directors of the Kenya Maritime Authority representing the Cabinet Secretary for National Treasury and Planning. Mr. Ndolo has over 25 years' experience working in public sector institutions in Kenya. He has expertise in corporate governance, capital market operations, debt market development, projects management, financial risk management and stakeholder management. He has also served as senior advisor to senior public sector officials in public policy, public debt, public investments and stakeholder engagement.

### **3. THE BOARD OF DIRECTORS (Continued)**



**Mr. Charles Mutinda**  
Alternate Director  
representing the Hon.  
Attorney General

Mr Charles Mutinda is an Alternate Member of the Board of Directors of Kenya Maritime Authority representing the Hon. Attorney General. Mr. Mutinda has over 15 years of experience working in the Public and the Private Legal Sector. He has worked in different capacities in the Office of the Attorney General as the Head of General Civil Law and Claims Section, Head of Land and Environment Section, Regional Head in Mombasa, and currently the Head of Constitutional Petitions Enforcement and Interpretation section and the Ag. Deputy Head of Civil Litigation Department and Head of Petitions Section. Mr. Mutinda is currently the Deputy Chief Litigation Counsel at the Office of the Attorney General and Department of Justice. In his tenure at the Attorney General's office, he has been appointed to serve in various Tribunals, Working Groups and Taskforce Commissions. Mr Mutinda successfully defended the Government in high level litigation and brings to the Authority a vast wealth of legal knowledge and experience.

Mr Charles Mutinda is an Alternate Member of the Board of Directors of Kenya Maritime Authority representing the Hon. Attorney General. Mr. Mutinda has over 15 years of experience working in the Public and the Private Legal Sector. He has worked in different capacities in the Office of the Attorney General as the Head of General Civil Law and Claims Section, Head of Land and Environment Section, Regional Head in Mombasa, and currently the Head of Constitutional Petitions Enforcement and Interpretation section and the Ag. Deputy Head of Civil Litigation Department and Head of Petitions Section. Mr. Mutinda is currently the Deputy Chief Litigation Counsel at the Office of the Attorney General and Department of Justice. In his tenure at the Attorney General's office, he has been appointed to serve in various Tribunals, Working Groups and Taskforce Commissions. Mr Mutinda successfully defended the



**Ms. Annistain Kemunto**  
Director

Ms. Annistain Mogaka assumed the role of Board Member at the Kenya Maritime Authority, commencing on March 10, 2023. As an innovative and forward-thinking leader, Ms. Mogaka is deeply committed to driving development and nation-building initiatives, making her a valuable addition to the Authority's board.

Her leadership style is characterized by a strategic and visionary approach, which aligns seamlessly with the Authority's mission and goals. Ms. Mogaka's unique perspective and expertise contribute to the board's ability to steer the organization effectively.

In terms of her qualifications, Ms. Mogaka has a background in computer studies, reflecting her technological acumen and the ability to leverage digital solutions in the maritime sector's evolving landscape. Furthermore, she has obtained certification in Ministry from the JCC School of Ministry, showcasing her dedication to personal and professional development.

With her blend of innovation, strategic thinking, and a commitment to community development, Ms. Annistain Mogaka is well-prepared to play a vital role in shaping the Authority's future and fostering its mission to advance the maritime sector and contribute to the nation's growth.

### **3. THE BOARD OF DIRECTORS (Continued)**



**Mr. Rishad Hamid Ahmed**  
Director

Mr. Rishad Hamid Ahmed assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023. With an impressive thirty-three years of entrepreneurial experience spanning various sectors of the economy, Mr. Ahmed brings a wealth of expertise to the board.

Currently, he serves as a Director at Amana Freights Company and holds the position of Managing Director at Richlands Properties Limited, showcasing his active involvement in the business world. In the past, he was the sole proprietor of Rajaco Ship Contractors and a partner at Golden Freights Company from 2003 to 2005. Mr. Ahmed's dynamic career also includes a significant leadership role as Chairman of the Seafarers Union.

Mr. Ahmed's educational journey includes graduation from Bandari College, Nairobi Aviation College, and the Bush Town School, underscoring his commitment to continuous learning and professional development. Beyond his business endeavors, he is the esteemed founder of the Muslim Youth of Kenya, highlighting his dedication to community and social initiatives.

With his extensive entrepreneurial background, leadership acumen, and commitment to community welfare, Mr. Ahmed is poised to make valuable contributions to the Authority's strategic vision and mission.



**Mr. Ezekiel Kibor**  
Director

Mr. Ezekiel Kibor assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023, bringing with him a wealth of experience in finance, purchasing, and supply management spanning over eleven years. His expertise extends to accounting, procurement, and logistics, making him a versatile professional in these domains.

Currently, Mr. Kibor holds the position of General Manager at Loita Farms LTD, where he has consistently demonstrated his leadership prowess. Throughout his career, he has served in various managerial capacities within his field of expertise, accumulating a deep understanding of effective management practices.

Mr. Kibor is distinguished by his aptitude for teamwork and his problem-solving abilities. He places a strong emphasis on ensuring service delivery aligns with the highest standards of quantity, quality, cost-effectiveness, and timely service delivery. This commitment to excellence has been a hallmark of his professional journey.

With his comprehensive background in financial and supply chain management, Mr. Ezekiel Kibor is well-prepared to contribute to the strategic vision and mission of the Authority. His experience, management skills, and dedication to delivering outstanding service make him a valuable asset to the board.

### **3. THE BOARD OF DIRECTORS (Continued)**



**Hon. Qualicha Gufu**  
*Director*

Mr. Qalicha Gufu Wario assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023, bringing with him a rich and diverse experience spanning twenty-four years across various fields.

His career journey reflects a versatile professional who has excelled in multiple roles. Mr. Gufu's expertise includes serving as a marketing expert in research and advisory services, where he provided invaluable insights. Previously, he held the position of Program Manager at the Livestock Marketing Council and later ascended to the role of Chief Executive Officer within the same organization, underscoring his leadership and management capabilities.

Moreover, he served as the Member of Parliament for Moyale in the 12th Parliament of Kenya, demonstrating his commitment to public service and governance.

Mr. Gufu's academic background is equally impressive, with a Bachelor of Education in economics and commerce from the University of Nairobi, complemented by a Master's degree in Economics from the same institution. Currently, he is an active member of the National Research Taskforce on Agriculture Research Systems, tasked with developing Kenya's National Research Systems, showcasing his dedication to advancing research and innovation in the country.

Mr. Qalicha Gufu Wario's multifaceted experience, educational qualifications, and active involvement in shaping research systems position him as a valuable contributor to the Authority, enriching the board's expertise and strategic direction.



**Mr. Ali Abdalla Mondo**  
*Director*

Mr. Ali Abdalla Mondo assumed the role of a Director on the Kenya Maritime Authority's Board on June 2, 2023, bringing to the Authority a wealth of experience and a commitment to diverse, inclusive, and human rights-focused perspectives. His multifaceted skill set encompasses mentoring, coaching, and a keen entrepreneurial acumen, particularly in incubation and management of Small and Medium Enterprises. These attributes promise to be invaluable assets for the Authority as it aspires to implement the Bottom-up Economic Transformation Agenda.

Mr. Mondo's qualifications extend into research, leadership training, gender issues, and development, all of which stand to enrich the Authority's skills repertoire. With a Bachelor of Science Degree in Science and Humanity, his academic foundation further bolsters his capacity to contribute meaningfully to the maritime sector.

Notably, Mr. Mondo is a certified Mediator, underlining his dedication to conflict resolution and negotiation. His involvement in youth empowerment initiatives and active engagement with the Kenya Red Cross demonstrate his commitment to fostering peaceful coexistence, making him a driving force behind several pivotal projects across Kenya.

In summary, Mr. Mondo's appointment brings a fresh perspective and a robust skill set to the Authority's Board of Directors. His dedication to human rights, inclusivity, and youth empowerment, combined with his expertise in management of SMEs and mediation, positions him as a valuable asset in furthering the Authority's mission and objectives.

**3. THE BOARD OF DIRECTORS (Continued)**



**Mrs. Jane Florence  
Otieno**  
*Corporation Secretary and Head  
of Legal Services*

Mrs. Jane Florence Otieno holds an MBA from Strathmore University, Bachelor of Laws from the University of Nairobi and Post Graduate Diploma from the Kenya School of Law. Mrs. Otieno joined the Authority on the 10<sup>th</sup> January 2017 as the Corporation Secretary and Head of Legal Services. She previously worked in the same capacity in various Organizations for over 29 years. She held other international positions as Vice-Chairperson of the Legal Affairs – Telematics Co-operative Universal Postal Union. Mrs. Otieno is a member of WOMESA, the Federation of Women Lawyers of Kenya, Law Society of Kenya, Institute of Certified Public Secretaries, Notary Public and Commissioner for Oaths.

**4. MANAGEMENT TEAM**



**Mr. John Omingo**  
Ag. Director General

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



**Eng. Luke Samba**  
Ag. Director, Maritime Safety

Responsible for overseeing and implementing Port State Control, Flag State, pollution prevention and control, search and rescue, receiver of wrecks, casualty investigation and development of ship Construction standards and ensuring compliance.



**Mr. John Omingo**  
Director Maritime Trade

Responsible for coordinating, regulating and overseeing the orderly development and optimal provision of commercial maritime services in the country. Responsible for liaising with maritime organization/institutions on commercial matters of national, regional and international and conduct public awareness campaigns on the carriage of goods by sea. Ensuring the regulation of commercial maritime services in the country.



**Mrs. Jane Florence Otieno**  
Corporation Secretary and  
Director Legal Services

Providing legal advice to the Board and the Authority, legal compliance, corporate governance, making administrative arrangements for the board, preparation of board papers, minute taking and custody of Board minutes.

## **5. CHAIRPERSON'S STATEMENT**

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

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

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

1. Ratification of the International Convention on Standards of Training, Certification and Watch-keeping for Fishing Vessel Personnel, 1995 (STCW-F 1995).
2. Development of Guides and Manuals for the competency based Maritime Transport Logistics curriculum, tools for assessment, evaluative & mentoring of training programs.
3. Conduct of training workshops for Trainers.
4. Development of maritime labour regulations for enhancement of employment opportunities and improvement of welfare of Kenyan Seafarers.
5. Ratification of Seafarers' Identity Documents Convention and initiation of its development.
6. Development of a National Search and Rescue Plan and collaboration framework to enhance maritime safety and security.
7. Development regulations for prevention of Pollution from ships (MARPOL).
8. Initiation of development of Maritime Data Bank Project in support of information availability on the Blue Economy.
9. Development of a multi-agency collaboration framework for the implementation of a five-year action plan on blue economy initiatives in the Lake Victoria Region.
10. Construction of the KMA Headquarters.

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

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

**CHAIRMAN**  
**BOARD OF DIRECTORS**  
**KENYA MARITIME AUTHORITY**

## **6. REPORT OF THE DIRECTOR GENERAL**

### **Introduction**

The Kenya Maritime Authority Annual Report and Financial Statements for 2022/2023 financial year has been prepared pursuant to the Public Finance Management Act and in line with International Public Sector Accounting Standards.

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

Highlighted below are some of Authority's accomplishments during the stipulated period:

### **I. Operational Performance**

#### **a) Construction of KMA Headquarters**

The Authority sustained steady progress in construction of its Headquarters in Mombasa Island. The premise will strengthen the Authority’s physical capacity and enable it to deliver on its mandate. The overall completion as at 30<sup>th</sup> June 2023 was 99%.

#### **b) Safety of Life at Sea (SOLAS)**

The Authority is under obligation enhance safety of life at sea and raise safety compliance levels for all vessels in Kenyan waters in line with the SOLAS and national legislation. In the financial year 2022/23 the Authority inspected a total of seven hundred and fifty-three (753) vessels in comparison to 439 in FY2021/22. The Authority also instituted a monthly inspection program to ensure only compliant vessels operate.

During the period and pursuant to the IMO Ship crew change protocol, the Authority facilitated crew change for a total of 1565 (FY2021/2022: 729) crew at the Port of Mombasa.

#### **c) Maritime Search and Rescue**

Within the financial year the Authority undertook the review of National Search and Rescue Plan, National Aeronautical & Maritime SAR Plan and development of Plan of Cooperation between Search & Rescue Services and Passenger ships. The Authority’s Regional Maritime Rescue and Coordination

**6. REPORT OF THE DIRECTOR GENERAL (Continued)**

Centre (RMRCC) received and disseminated operational messages to relevant stakeholders. Safety and security awareness campaigns were conducted in the coastal and inland waters in December 2021 and during Easter Holidays.

**d) Oversight on Seafarer's Training**

In order to ensure adequately qualified and certificated Kenyan Seafarers to the local and global maritime industry, in the FY 2022/2023 the Authority supported the training and certification of seafarers through ensuring compliance with the requirements for approval and monitoring of Maritime Education and Training institutions. Towards this the Authority carried out initial and renewal audits for Pioneer International University and Kisumu Maritime Center, Jomo Kenyatta University of Agriculture and Technology (JKUAT) offer BSC in Marine Engineering and Bandari Maritime Academy and Kenya Coast National Polytechnic to offer Diploma in Marine Engineering (DME), Diploma in Nautical Science (DNS), Craft in Marine Engineering (CME), Craft in Nautical Science (CNS), mandatory STCW Basic Safety Training and Coxswain courses.

**e) Prevention of Ship-source Marine Pollution**

The Authority reviewed the draft MARPOL Regulations developed under the International Convention for the Prevention of Pollution from ship (MARPOL), 73/78 that Kenya has ratified. The regulations aim is to domesticate the convention and develop national law to govern ship source pollution. The objective of the review was to incorporate comments received from technical assistance offered by the International Maritime Organization.

The Authority issued IOPC Fund Clearance letters to various oil importers in compliance with the International Convention on Oil Pollution Compensation Fund. The Authority also provided technical support to the activities conducted by MTCC Africa during the period. As part of the technical committee for the Implementation of Sustainable Ports Project in the Western Indian Ocean Region being spearheaded by the MTCC Africa, the Authority participated in the development of the work plan for the project that is to be implemented within a period 8 months.

**6. REPORT OF THE DIRECTOR GENERAL (Continued)**

The Authority reviewed Environmental Impacts Assessment Study Reports for the proposed projects on LPG terminals in Mombasa County and submitted comments to NEMA to ensure marine environment protection.

The Authority conducted validation workshop on the National Oil Spill Response Contingency Plan, Oil Spill response training and drills. The objective of the workshop was to sensitize the stakeholders on the reviewed contingency plan and conduct oil spill response training and exercise.

Amendment to the Merchant shipping act, 2009 was drafted to include a substantive part on Marine Pollution section so as to transpose the various conventions related to marine environment that Kenya has ratified into national laws. Further, within the quarter, the Authority finalized data collection for the MTCC-Africa Pilot project on estimation of emission within the Port of Mombasa.

The Authority also participated in the Integrated Coastal Zone Management (ICZM) Committee to review the status of implementation of various coastal and marine activities.

**f) Security of Ships and Port Facilities**

The Authority carried out a security assessment of the Liwatoni floating bridge and issued SECO port facility with ISPS statement of Compliance. Further, the Authority participated in the development of Kenya's National Plan of Action for addressing Illegal, Unreported and Unregulated (IUU) fishing, attended multi-agency meeting on the security and safety of the Likoni Ferry and Liwatoni floating bridge, participated in the multi-agency IKATERE (Interpol Global Law Enforcement Operation) 30 days at sea operation for combating IUU and other maritime related crimes at the coast and inland waters, hosted and facilitated a sensitization workshop for the International Ship and Port Security Code (ISPS) for port security personnel and conducted annual security audit for Base Titanium Limited Port Facility.

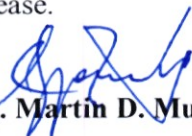
Authority staff participated in a training on port security conducted by UNODC, hosted a workshop for the International Ship and Port Security Code (ISPS) for port security personnel at the Lamu port, conducted Port Facility Security Assessment of Lamu port Berths 2 and 3, and KPA Mombasa port in conjunction with the UK Department of Transport.

The Authority also participated in the formulation of the national maritime security strategy held in Naivasha, participated in the technical working group workshop on formulation of SOPs for coordinated border management in Naivasha and conducted port facility security assessments for Lamu Kipevu Container Terminal (CT2), and Kisumu Port.

**6. REPORT OF THE DIRECTOR GENERAL (Continued)**

**II. Financial Performance**

In the year under review the Authority collected a total of Kshs 2.008 Billion in terms of revenue as compared to Kshs. 1.697 Billion from the previous year which translates to 18% increase. Operation Surplus increased from Kshs. 771 Million in FY2020/2021 to Kshs 904 Million translating to a 17.2% increase.

  
**Eng. Martin D. Munga**

.....  
**DIRECTOR GENERAL**



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**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY2022/2023**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Kenya Maritime Authority has 6 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2021/2022. These strategic pillars are as follows:

Pillar 1: Maritime Education and Training      Pillar 4: Marine Environment

Pillar 2: Seafarers' welfare      Pillar 5: Maritime Trade Facilitation and Development

Pillar 3: Maritime Safety and Security      Pillar 6: KMA Institutional Governance

Kenya Maritime Authority develops its annual work plans based on the above 6 pillars. Assessment of the Authority's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2022/2023 period for its 6 strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Maritime Education and Training	Control the Quality of Maritime Education and Training, Examination and Certification.	Periodic quality assurance audits	Conducting of periodic audits of Maritime Education and Training (MET) Institutions	6 Maritime Education and training institutions (METIs) were audited. 2 Additional METIs were approved.
		Maintain Kenya on the IMO STCW Whitelist	Conduct of STCW independent evaluation	Independent evaluation was conducted and report submitted to IMO
		Increase number of Kenyan Certificates of Competency	Examination and certification of candidates	20 Kenyan certificates of competency issued to successful candidates
	Enhance Maritime Education and Training Capacity	Report of support provided to MET	Supporting students undertaking maritime courses	Kshs 20 Million was disbursed to 137 students undertaking maritime courses
	Oversight of Maritime Transport Logistics (MTL) Training	MTL Guides and Training Manuals	Develop guides for the MTL competency-based curriculum	Draft guides developed
		MTL assessment, evaluative & mentoring tools	Develop MTL assessment, evaluation and mentoring tools	MTL assessment, evaluation & mentoring tools developed
		One Training of Trainers Workshops	Conduct one training of trainers Workshop	One Training of Trainers workshop conducted in Kisumu
		One audit of MTL training Institution	Undertake one audit of MTL training institution	One audit of MTL training institution undertaken in Mombasa

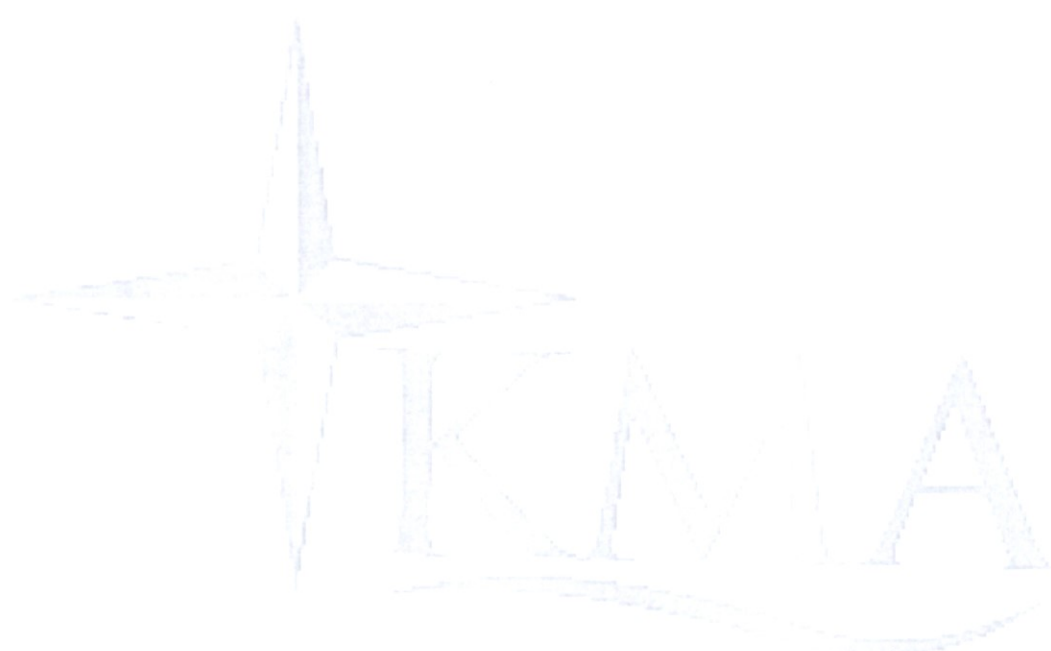
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**7. REVIEW OF KENYA MARITIME AUTHORITY PERFORMANCE FOR FY2022/2023**  
**(Continued)**

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 2: Seafarers' welfare	Enhance international employability of Kenyan seafarers	Issued Seafarers identity document	Issuing of Seafarers' Identity Documents.	Servers procured, System procurement preliminaries concluded
	Awareness on MLC by seafarers and RPSs	Awareness workshop	Awareness workshop for seafarers conducted in Nairobi, Lamu, Kisumu and Mombasa	Increased awareness of MLC 2006
	Enhance Employment and Improve Welfare of Kenyan Seafarers	Audit reports and approved RPS	Overseeing effective seafarers' recruitment and placement service (RPS)	6 approved seafarers' recruitment and placement services were audited. 8 additional recruitment and placement services were audited and approved
Pillar 3: Maritime Safety and Security	Enhance Safety of small vessels/boats	Inspection reports	Undertaking inspection and licensing of boats compliance campaign in 5 counties	813 small vessels were inspected. Enhanced safety compliance campaign resulted in increase in compliant vessels
	Effective Ship Surveys and Certification Regime	Inspection, Survey and certification reports	Undertaking inspection, survey and certification of Kenyan registered ships	38 Kenyan Registered ships were inspected.
	Technical human resource capacity for Flag State Implementation (FSI)	Number of trained surveyors and developed programme	Facilitate training programme for Flag state surveyors to include theoretical and practical knowledge	15 surveyors were sponsored by the Authority to undergo surveyors training programme.
	Safety of non-Convention Vessels	Developed Surveyor's note book	Developing Surveyors' Note Book for non-Convention ships	Surveyors notebook for non-convention ships was finalized.
		Number of safety compliance campaigns.	Conducting enhanced safety compliance campaigns	7 enhanced safety compliance campaigns were conducted.
	Maritime Security	Audits and assessment reports.	Conducting port facility security assessments	Conducted assessments for Lamu, Kipevu Container Terminal (CT2), Kisumu Port, AMGECO, COMARCO. Base Titanium.
			Conducting port facility security audits	Conducted port security survey for the Port of Mombasa. Simulation exercise conducted for Mombasa
Enhance	Exercise reports	Conduct Search and Rescue exercises	Conducted Search and Rescue drill exercises in Kisumu and Mombasa	

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Coordination of Maritime Search & Rescue Capabilities	Training reports	Conduct Search and Rescue training	SAR training conducted in Naivasha, Kilifi, Siaya, Lamu
	Developed Search and Rescue(SAR) plan	Update the Mombasa RMRCC SAR Plan	Mombasa SAR Plan updated
Comply with Port State Control obligations	Ship inspection reports	Inspection of foreign vessels calling to Kenyan ports	388 foreign ships were inspected
		Designation of additional Port State Control Officers	2 Additional PSCOs were designated
Enhance Flag State Implementation	Recognized Organization (RO) agreements	Oversight of recognized organization	Conducted oversight of four (4) recognized organization.
	Regulations and procedures	Development of regulations for implementation of IMO Instruments	Regulations for implementation of SOLAS convention were drafted and forwarded to parent ministry



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**7. REVIEW OF KENYA MARITIME AUTHORITY PERFORMANCE FOR FY2022/2023**  
**(Continued)**

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 4: Marine Environment	Prevent and minimize pollution from ships both accidental and from operational discharges	Developed regulations	Development of regulations for implementation of International Convention for prevention of Pollution from ships (MARPOL)	The MARPOL Regulations under the International Convention for the Prevention of Pollution from ship (MARPOL), 73/78 were drafted.
		Inventory of Oil spill equipment	Assessment of inventories for oil spill response in Lamu and Mombasa	Inventory updated
		Reports of drills and training exercises	Conduct periodic drills and training exercises	Pollution response training and exercise conducted for Kisumu, Mombasa and Lamu
	Promote marine scientific research and assessments, technical cooperation and transfer of marine technology	Established collaboration framework	Collaboration with Maritime Technology Cooperation Centre (MTCC-AFRICA)	The Authority continued to offer technical support to the activities conducted by MTCC Africa during the period.
Pillar 5: Maritime Trade Facilitation and Development	Support Blue Economy Initiatives	Maritime Information System	Implement Maritime Data Bank Project	Concept note submitted to line ministry and National Treasury
	Increase opportunities for investment in the maritime sector	Multi-agency action plan	Coordinate the development and implementation of multi-agency action plans on Blue Economy initiatives	Multi-agency action plan for the Lake Victoria Region developed.
			Promotion of investment in the maritime sector	Draft maritime investment and incentive regime policy developed
			Operationalization of maritime cluster development fund	proposal on establishment of a maritime Cluster developed
	Enhance domestic participation for investment shipping	Number of Kenyans operating/owning shipping services	Develop Cabotage Regime	Zero draft of the Merchant Shipping (Restriction on Trade) Regulations, 2023 was developed
	Enhance oversight on maritime transport operators	Maritime service operators service delivery framework	Monitor MPNCCC performance and its impact on trade.	Monitoring and Evaluation of the MPNCCC signatories undertaken and performance score card report of the KPI's developed.
Enhance awareness on maritime industry and opportunities therein	Level of awareness	Awareness on trade facilitation and investment issues	Trade facilitation and awareness workshops held in Nairobi & Kisumu	

## **8. CORPORATE GOVERNANCE STATEMENT**

The Authority in the execution of its mandate is guided by the Constitution of Kenya 2010, relevant local legislations, ratified international Conventions, Government Directives and the Mwongozo Code of Governance as read together with the Board Manual and Code of best practices. The Constitution of Kenya (2010) not only enshrines the national principles of governance but also provides criteria for appointments and institutions and procedures which create a way for citizenry to ethical and public good in public service. Chapter 6 of the Constitution provides for leadership and integrity as core principles to govern the conduct of state officers in public service delivery. As part of this commitment, the Board adheres to good corporate governance by embracing the principles of high standards of ethical and moral behaviour, acting in the best interest of the Authority while recognizing that the Authority acts as an exemplary good corporate citizen.

### **Role and Function of the Board of Directors**

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

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

The Board also reviews and approves the Authority's strategic and financial plans respectively.

### **Performance Evaluation and Governance Audit**

The Board conducts an annual self – evaluation process to measure its own performance, to ensure that it is constantly adhering to the objectives and mandate of the Authority. The last Board evaluation was last conducted by S.C.A.C on 14<sup>th</sup> July 2022. The Director General is an *ex officio* member of the Board and is accountable to the Board for the management of the Authority as prescribed in the Act and more specifically in the Mwongozo Code and the Board manual and code of best practice. The Board monitors the performance of the Authority's senior Management by reviewing the financial performance on a quarterly, half-yearly and annual basis. The Performance contract and the strategic plan are key documents towards fulfilling these principles and are anchored in the Kenya Maritime Authority Act, the Merchant Shipping Act and subsidiary legislation, Treaties and Conventions which Kenya has acceded to, and other applicable legislations in Kenya that the Authority is subservient to.

### **Conflict of Interest**

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

## **8. CORPORATE GOVERNANCE STATEMENT (Continued)**

### **Corruption Prevention**

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

### **Board Structure**

The Board presently has a Chairman and six (6) independent Directors appointed in accordance with section 6 (1) (d) of the Kenya Maritime Authority Act and representatives of the Government as per section 6 (1) (b) of the Kenya Maritime Authority Act. The members have diverse qualifications suitable for leading the Authority in the execution of its mandate. Directors' terms of appointment to office are governed by the Kenya Maritime Authority Act, State Corporations Act and Executive order no. 7 as detailed in the *Mwongozo* and the Code of Governance for state Corporations, 2015.

### **Appointment and Removal of the members of the Board**

The Chairman is appointed by the President whereas the members of the Board are appointed by the Cabinet Secretary of the Ministry of Mining, Blue Economy and Maritime Affairs for a duration of three years, renewable for a further three-year term.

The Kenya Maritime Authority Act provides that Board may vacate office through written resignation to the Cabinet Secretary. There are specified circumstances under which Board may be removed from Office and includes absence from three consecutive meetings of the Board without permission from the Chairperson, where a member is adjudged bankrupt or enters into a composition scheme or arrangement with his creditors, or where a member is convicted of an offence involving dishonesty or fraud and is convicted of a criminal offence.

### **Board Induction**

All the Board members have undergone the compulsory induction training by the State Corporations Advisory Committee (SCAC). In addition, all Directors are members of the Institute of Directors and have all been trained in Good Corporate Governance.

### **Board Remuneration**

The Directors are remunerated as per prevailing government Circulars and official directives.

### **Board Meetings**

The Board discharges its responsibilities through the Maritime Industry Development Committee, Finance and Investment Committee, the Human Resource and Environmental Social Governance Committee and the Audit and Risk Assurance Committee. In the Financial Year 2022/2023 the Board held the following meetings:

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**8. CORPORATE GOVERNANCE STATEMENT (Continued)**

**a) Full Board Meetings**

During the period under review a total of Four (4) meetings were held. It is noted that the attendance to the meetings are listed from when members were appointed until exit;

S/No.	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE	%AGE
1	Mr. Hamisi Mwangi	Chairman	4	2	50%
2	Mrs. Nancy Karigithu	P.S	4	1	25%
3	Rev. Joseph Kariuki Gatimu	Member	4	3	75%
4	Mr. Salaah S. Balala	Member	4	2	50%
5	Mr. Daniel Ndolo	Alternate Member	4	4	100%
6	Mr. Charles Mwanzia Mutinda	Alternate Member	4	4	100%
7	Mr. Adan Harakhe HCS	Alternate Member	4	2	50%
8	Mr. Stephen Kiarie Murugi	Member	4	2	50%
9	Mr. Joshua Mwangemi	Member	4	2	50%
10	Ms. Roselyn V. Amadi	Member	4	2	50%
11	Eng. Charles Kombe Charo	Member	4	3	75%
12	Mr. Rishad Amana	Member	4	1	25%
13	Mr. Mathias C. Chishambo	Alternate Member	4	1	25%
14	Ezekiel Kibor	Member	4	1	25%
15	Mrs. Annistain K. Mogaka	Member	4	1	25%
16	Hon Qalicha G. Wario	Member	4	1	25%

**b) Special Board Meetings**

A total of fourteen (14) special board meetings were held during the period under review. It is noted that the attendance to the meetings are listed from when members were appointed until exit;

S/No.	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE	%AGE
1	Mr. Hamisi Mwangi	Chair	14	4	29%
2	Mr. Shadrack M. Mwadime	P.S	14	1	7%
3	Mrs. Nancy Karigithu	P.S	14	1	7%
4	Rev. Joseph Kariuki Gatimu	Member	14	13	93%
5	Mr. Salaah S. Balala	Member	14	13	93%
6	Mr. Daniel Ndolo	Alternate Member	14	13	93%
7	Mr. Charles Mwanzia Mutinda	Alternate Member	14	10	71%
8	Mr. Adan Harakhe HCS	Alternate Member	14	10	71%
9	Mr. Stephen Kiarie Murugi	Member	14	9	64%
10	Mr. Joshua Mwangemi	Member	14	8	57%
11	Ms. Roselyn V. Amadi	Member	14	11	79%
12	Eng. Charles Kombe Charo	Member	14	13	93%
13	Mr. Mathias C. Chishambo	Alternate Member	14	1	7%

**8. CORPORATE GOVERNANCE STATEMENT (Continued)**

**c) Finance and Investment Committee Meetings**

This Committee formerly referred to as Finance and General-Purpose Committee held a total of Five (5) meetings during the period under review. It is noted that the attendance to the meetings is listed from when members were appointed until exit.

S/No.	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE	%AGE
1	Rev. Joseph Kariuki Gatimu	Chair	5	4	80%
2	Mr. Salaah S. Balala	Member	5	4	80%
3	Mr. Daniel Ndolo	Alternate Member	5	5	100%
4	Mr. Charles Mwanzia Mutinda	Alternate Member	5	3	60%
5	Mr. Adan Harakhe HCS	Alternate Member	5	3	60%
6	Mr. Stephen Kiarie Murugi	Member	5	1	20%
7	Mr. Joshua Mwangemi	Member	5	1	20%
8	Rishad Amana	Member	5	1	20%
9	Mathias C. Chishambo	Alternate Member	5	1	20%
10	Ezekiel Kibor	Member	5	1	20%

**d) Maritime Industry Development Committee Meetings**

This Committee formerly referred to as Technical and Operations Committee held a total of Four (4) meetings during the period under review. It is noted that the attendance to the meetings is listed from when members were appointed until exit.

S/No	NAME OF DIRECTOR	POSITION	MEETING S HELD	ATTENDANC E	%AG E
1	Eng. Charles Kombe Charo	Chair	4	3	75%
2	Mr. Daniel Ndolo	Alternate Member	4	4	100%
3	Mr. Adan Harakhe HCS	Alternate Member	4	3	75%
4	Mr. Salaah S. Balala	Member	4	1	25%
5	Mr. Stephen Kiarie Murugi	Member	4	2	50%
6	Mr. Joshua Mwangemi	Member	4	2	50%
7	Mr. Ezekiel Kibor	Chair	4	1	25%
8	Mrs. Annistain K. Mogaka	Member	4	1	25%
9	Mr. Mathias C. Chishambo	Alternate Member	4	1	25%
10	Dr. Lillian Apadet	Member	4	1	25%
11	Mr. Ali A. Mondo	Member	4	1	25%

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**8. CORPORATE GOVERNANCE STATEMENT (Continued)**

**e) Human Resource and Environmental Social Governance Committee Meetings**


This Committee formerly referred to as Human Resource and Governance Committee held a total of Five (5) meetings during the period under review. It is noted that the attendance to the meetings is listed from when members were appointed until exit;

S/No.	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE	%AGE
1	Rev. Joseph Kariuki Gatimu	Chair	5	3	60%
2	Mr. Salaah S. Balala	Member	5	3	60%
3	Mr. Daniel Ndolo	Alternate Member	5	5	100%
4	Mr. Charles Mwanzia Mutinda	Alternate Member	5	3	60%
5	Mr. Adan Harakhe HCS	Alternate Member	5	2	40%
6	Ms. Roselyn V. Amadi	Member	5	3	60%
7	Dr. Lillian Apadet	Chair	5	2	40%
8	Mr. Qalicha G. Wario	Member	5	2	40%
9	Mr. Mathias C. Chishambo	Alternate Member	5	2	40%
10	Mr. Rishad Amana	Member	5	1	20%

**f) Audit and Risk Assurance Committee Meetings**

During the period under review the Audit and Risk Assurance Committee held a total of four (4) meetings. It is noted that the attendance to the meetings are listed from when members were appointed until exit;

S/No	NAME OF DIRECTOR	POSITION	MEETINGS HELD	ATTENDANCE	%AGE
1	Ms. Roselyn V. Amadi	Chair	4	3	75%
2	Mr. Daniel Ndolo	Alternate Member	4	4	100%
3	Mr. Adan Harakhe HCS	Alternate Member	4	3	75%
4	Eng. Charles Kombe Charo	Member	4	2	50%
5	Mr. Stephen Kiarie Murugi	Member	4	2	50%
6	Mr. Joshua Mwangemi	Member	4	2	50%
7	Mrs. Annistain K. Mogaka	Member	4	1	25%
8	Mr. Qalicha G. Wario	Member	4	1	25%
9	Mr. Mathias C. Chishambo	Alternate Member	4	1	25%

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

## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

### **The Authority Operational and Financial performance**

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

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

### **I. Operation Performance**

#### **1. Legislative drafting**

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

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

For the period under review, the following laws were finalized and submitted to the Office of the Honourable Attorney General for further review: -

- i. Merchant Shipping (Recognized Organizations) Regulations 2023;
- ii. Merchant Shipping (Load Line) Regulations, 2023;
- iii. Merchant Shipping (Collision Prevention and Distress Signals) Regulations, 2023;
- iv. Merchant Shipping (Tonnage) Regulations, 2023;
- v. Maritime Laws (Amendment) Bill, 2023;
- vi. Merchant Shipping (Maritime Labour) Regulations 2023.

## **9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

The drafting process for the regulations below is ongoing and in line with the constitutional imperative of public participation and pursuant to the provisions of Section 5 of the Statutory Instruments Act, 2013, which obligates a regulation making Authority to undertake appropriate consultations with the persons who are likely to be affected by the proposed instrument; the Authority conducted public participation and submitted the regulation to the State Department for Shipping and Maritime Affairs:

- i. Merchant Shipping (Construction) Regulations, 2023.
- ii. Merchant Shipping (Fire Safety) Regulations, 2023.
- iii. Merchant Shipping (Life Saving Appliances and Arrangements) Regulations, 2023.
- iv. Merchant Shipping (Radio Communication) Regulations, 2023.
- v. Merchant Shipping (Safety of Navigation) Regulations, 2023.
- vi. Merchant Shipping (Carriage of Cargoes and Oil Fuels) Regulations, 2023.
- vii. Merchant Shipping (Carriage of Dangerous Goods) Regulations, 2023.
- viii. Merchant Shipping (Nuclear Ships) Regulations, 2023.
- ix. Merchant Shipping (Safe Operations of Ships) Regulations, 2023.
- x. Merchant Shipping (Safety of High-Speed Craft) Regulations, 2023.
- xi. Merchant Shipping (Enhancement of Maritime Safety and Security) Regulations, 2023.
- xii. Merchant Shipping (Bulk Carrier Safety) Regulations, 2023.
- xiii. Merchant Shipping (Safety of Ships Operating in Polar Waters) Regulations, 2023; and
- xiv. Merchant Shipping (Maritime Transport Operators) Regulations 2023.

The process of the development of the following regulations is ongoing:

- xv. Merchant Shipping (Prevention of Pollution by Oil from Ships) Regulations, 2023.
- xvi. Merchant Shipping (Control of Pollution by Hazardous Noxious Liquids Substances in Bulk) Regulations, 2023.
- xvii. Merchant Shipping (Prevention of Pollution by Harmful Substances Carried by Sea in Packaged Form) Regulations, 2023.
- xviii. Merchant Shipping (Prevention of Pollution by Sewage from Ships) Regulations, 2023.
- xix. Merchant Shipping (Prevention of Pollution by Garbage from Ships) Regulations, 2023.
- xx. Merchant Shipping (Prevention of Air Pollution from Ships) Regulations, 2023.
- xxi. Merchant Shipping (Waste Reception Facilities) Regulations, 2023; and
- xxii. Merchant Shipping (Port State Control) Regulations, 2023.

### **2. Inspection of small vessels**

To ensure compliance with small vessel's safety requirements, the Authority during the financial year 2022/23, inspected a total of seven hundred and thirteen (713) small vessels operating in the navigable inland waters and Kenyan coastal waters. This was a 5% increase compared to the 2021/22 financial year.

## **9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

The increase of the number of small vessels inspected was attributable to the Safety Campaigns and sensitization workshop conducted by the Authority across various counties bordering the Kenyan coastal and navigable inland waterways.

The Authority instituted an inspection program geared towards conducting inspection at least once every month in each landing site to ensure that boats that miss out or fail inspections on scheduled dates are given another chance to comply hence do not operate unregulated for a long period. After vessel inspection exercise, an Enhanced Safety Compliance Campaign was undertaken to ensure non-compliant vessels are barred from operating.

### **3. Port State Control**

To ensure that the condition of foreign ships calling the Kenyan ports comply with the requirements of international regulations and the ships are manned and operated in compliance with the rules, the Authority conducted inspections of 438 foreign ships in accordance with the Indian Ocean Memorandum of Understanding on Port State Control (IOMOU). Out of the 438 inspections, 64 inspections had deficiencies, and a total of 185 deficiencies were noted and raised.

### **4. Flag State Survey and Oversight of Recognized Organizations**

To ensure Kenyan registered ships comply with the provisions of the Merchant Shipping Act and subsidiary regulations in regard to safety, prevention of pollution of the marine environment, the Authority inspected 38 Kenyan registered vessels.

In verification of conformance with the requirement of the Code for Recognized Organization (RO) guiding the authorization of recognized organizations to carry out survey and issue certificates on behalf of the maritime administration, the Authority conducted review of the performance of delegated functions by the recognized organizations during the financial year.

### **5. Facilitation of Crew Change**

During the year, the Authority in conjunction with shipping agents and other Government agencies dealing with mandates related to clearance of seafarers to join or sign off ships at the Port of Mombasa, facilitated a total of 1565 crew to join or sign off ships in accordance with the guideline for crew change. The Authority continues to review the protocols in consultation with the shipping agents and the relevant Government agencies to ensure the crew change is smoothly undertaken in a safe manner as per guidelines issued by the Ministry of Health.

### **6. Maritime Search and Rescue**

Within the financial year the Authority undertook the review of National Search and Rescue Plan, National Aeronautical & Maritime SAR Plan and development of Plan of Cooperation between Search & Rescue Services and Passenger ships.

## **9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

Within the same period the Authority's Regional Maritime Rescue and Coordination Centre received the following operational messages via both terrestrial and Inmarsat C.

Strong winds and Stormy weather experienced over the Western Indian Ocean region and Nav Area 8-, which covers our SAR Region, saw an increase of safety messages sent as adverse weather warnings and Navigational broadcasts. However, distress incidents were minimal.

### **7. Seafarer Registration**

During the year, 2022/2023 the Authority issued 3587 Seafarers Continuous Discharge and record book (CDC) and renewed 349 CDC. A total of 4617 Seafarers Medical certificate issued by Authorized medical practitioners were endorsed by the Authority. Further, the Authority undertook verification of 293 certificates issued by other maritime Administration in accordance with the provisions of the International Convention for training and certification of seafarers were verified and authenticated.

As per the seafarer embarkation reports received from the approved recruitment and placement agents a total of 1836 seafarers were recruited in the financial year.

In monitoring to ensure compliance for the provisions of the Maritime Labour Convention and national regulations for certification and employment of seafarers, the Authority conducted 12 inspections of Recruitment and placement services agents and 10 medical practitioners on the conduction of medical examination for seafarers in accordance with the Merchant Shipping (Seafarers' Medical Examination and Certification) 2016.

### **8. Maritime Education and Training**

To ensure compliance with the requirements for approval and monitoring of Maritime Education and Training institutions, during the second quarter the Authority carried out a audit for Kisumu Maritime to establish the availability and suitability of the systems, processes, facilities and resources to conduct the STCW basic safety training courses and Security Awareness Training, from the 31<sup>st</sup> October to 5<sup>th</sup> November 2022.

During the third quarter, the Authority conducted audit of Indian Ocean maritime Training Centre to verify the institutions compliance with the requirements as outlined in the Merchant Shipping (Training and Certification) Regulations 2016 to offer for approval to offer Basic Safety and Security awareness Training for all Seafarers from 12<sup>th</sup> to 13<sup>th</sup> January 2023.

During the Fourth quarter period, the Authority conducted initial audit of Premier Maritime Training Institute for approval to offer Basic Safety and Security awareness Training for all Seafarers from 3<sup>rd</sup> to 5<sup>th</sup> April 2023. During the same period the Authority conducted initial audit of Technical University of Mombasa for approval to offer Basic Training for liquefied gas tanker cargo operation and Basic Training for oil and chemical tanker Cargo operations. Further the Authority conducted the Initial Audit

## **9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

of Technical University of Mombasa from 16<sup>th</sup> to 20<sup>th</sup> April 2023 for approval to offer Security Awareness Training for Seafarers with Designated Security Duties, Ship Security Officer and Security Awareness Training for All Seafarers.

### **9. Oral Examination**

During the financial year, the Authority conducted 5 oral exams leading to issuance of 5 Marine engineer officer Certificate of competency (Engine Department) and One Officer of the Watch certificate of Competency (Deck Department) in accordance with the requirements of the Merchant Shipping (Training and Certification) Regulation 2016.

In the same period, the Authority conducted oral and Practical examination of 525 leading to the issuance of 525 Coxswain certificates.

### **10. Marine Environment**

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

The Authority reviewed the draft MARPOL Regulations developed under the International Convention for the Prevention of Pollution from ship (MARPOL), 73/78 that Kenya has ratified. The regulations aim is to domesticate the convention and develop national law to govern ship source pollution.

The objective of the review was to incorporate comments received from technical assistance offered by the International Maritime Organization.

In collaboration with UN Environment, the Authority organized and conducted Regional part 2 Training of Trainers training of IMO OPRC Model Training courses. The objective of the course was to train Trainers of IMO OPRC Model Courses in the Western Indian Ocean (WIO) Region. A total of 18 participants from different countries in the WIO were trained.

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

The Authority reviewed Environmental Impacts Assessment Study Reports for the proposed projects on LPG terminals in Mombasa County and submitted comments to NEMA to ensure marine environment protection.

## **9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

In the 2<sup>nd</sup> quarter the Authority conducted validation workshop on the National Oil Spill Response Contingency Plan, Oil Spill response training and drills. The objective of the workshop was to sensitize the stakeholders on the reviewed contingency plan and conduct oil spill response training and exercise.

As part of the technical committee for the Implementation of Sustainable Ports Project in the Western Indian Ocean Region being spearheaded by the MTCC Africa, the Authority participated in the development of the work plan for the project that is to be implemented within a period 8 months.

In the Second quarter, the Authority drafted amendment to the Merchant shipping act, 2009 to include a substantive part on Marine Pollution section so as to transpose the various conventions related to marine environment that Kenya has ratified into national laws. Further, within the quarter, the Authority finalized data collection for the MTCC-Africa Pilot project on estimation of emission within the Port of Mombasa.

In the third quarter, the Authority participated in the Integrated Coastal Zone Management (ICZM) Committee to review the status of implementation of various coastal and marine activities.

### **11. Security of Ships and Port Facilities**

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

### **12. Licensing of Maritime Transport Service Providers**

During the financial period, the Authority licensed 21 shipping Lines, 70 Shipping agents and 85 cargo consolidators.

### **13. Maritime service performance delivery framework**

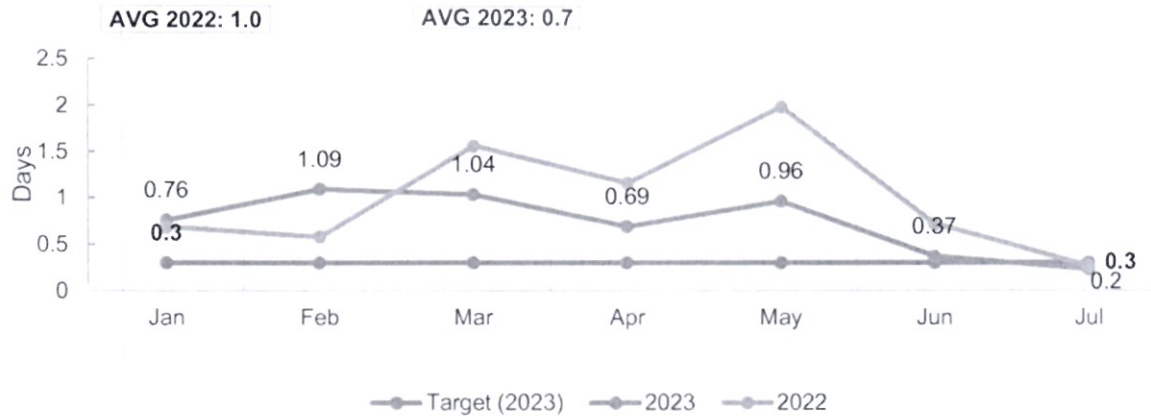
The Authority in collaboration with the industry players developed maritime service operator's service delivery framework under the Mombasa Port and Northern Corridor Community Charter named the "The Charter". The Charter monitors the performance of service providers through clearly defined Key performance indicators (KPIs). Under the financial year, the performance of key indicators was as discussed below:

#### **a) Container Ship Waiting Time**

This indicator is measured from the time the vessel arrives at the port area (Fairway Buoy) to the time it leaves the port area demarcated by the fairway buoy.

**9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**Figure 1: Container Ship Waiting Time Jan-July (Days)**

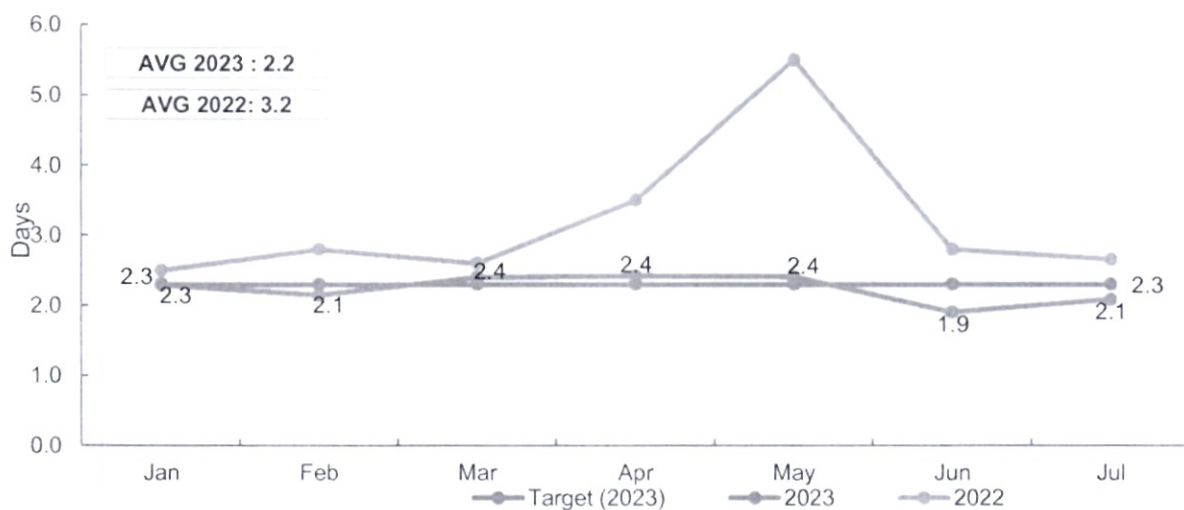


The target for container ship waiting time is 0.3 days. The performance for the indicator reported an average performance of 1.0 and 0.7 days for the year 2022 and 2023 for the same period under review respectively showing minimal improvement in the KPI. The performance of the indicator has greatly been impacted by the equipment breakdown due to aging Ship to Shore Gantries at berth 16. To address the decline in performance the port has acquired Four Ship to Shore Gantries (STS) and Reach Stackers. There is need for the purchase More RTG's and Terminal Tractors at Container Terminal 2.

**b) Container Vessel Turnaround Time**

These refers to the average time difference between ships entering the port area and exiting.

**Figure 2: Container Vessel Turnaround Time Jan-Jul (Days)**



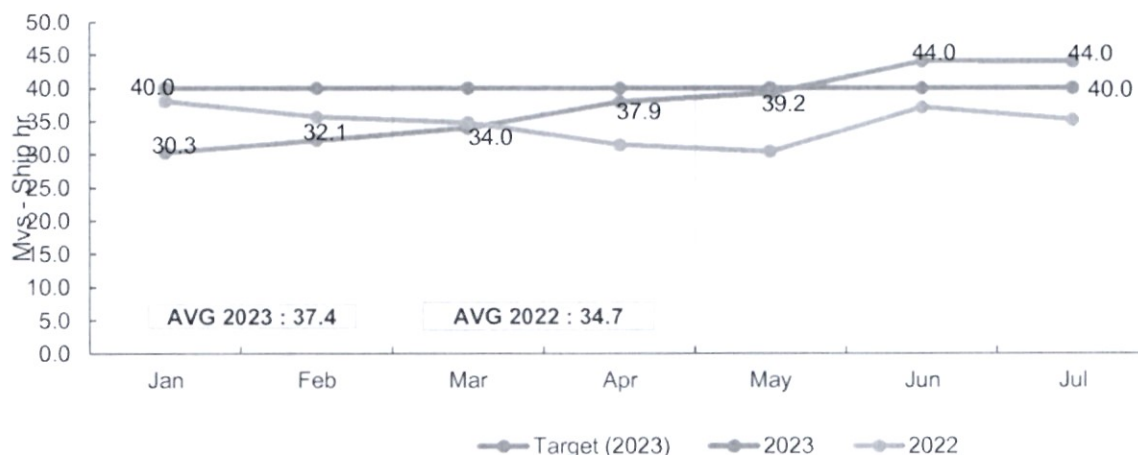
**9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

The target for container vessel turnaround time is 2.3days. The performance for the indicator reported an average performance of 2.2 and 3.2 days for the year 2022 and 2023 for the same period under review respectively showing a decline in the performance of the KPI. The decline in performance is attributed mainly to lack of multi skilled labour which has resulted in the under-utilization of System. There is need to upgrade the existing Terminal Operating System (TOS) & acquire new systems to support operations namely Smart gates & smart tally.

**c) Berth Productivity**

Berth productivity is the average number of container moves per crane per hour while a ship is at berth. High berth productivity means that many containers have been moved per crane per hour.

**Figure 3: Berth Productivity Jan-Jul (MVS/Ship/Hr)**



The target for berth productivity is 40 Moves per-ship, per-hour. In the period under review the KPI registered average performance of 34.7 and 37.4 Moves per-ship, per-hour in 2022 and 2023. This comparison represents improved performance in the KPI.

**d) Average Container Dwell Time**

This time is the measure of time elapsed from when the cargo arrives in the port to when the goods leave the port premises after all permits and clearances have been obtained.

**9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**Figure 4: Average Container Dwell Time Jan-Jul (Mombasa) (Days)**

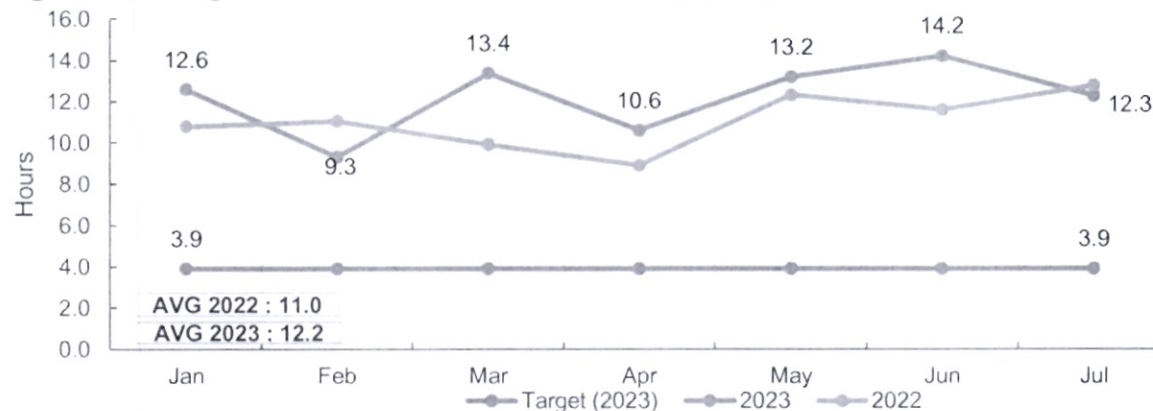


The target for container dwell time is 60 hours. The KPI registered average performance of 3.9 and 3.5 days for the year of 2022 to 2023 respectively for the period under review which is way above the set target. There is need for continuous Stakeholders engagement especially KIFWA to sensitize its members on the need for prompt evacuation of cargo from the port.

**e) Average Train Turnaround Time**

This refers the average time from the train’s arrival to the train’s departure at the ICDN

**Figure 5: Average Train Turnaround Time Jan-Jul (Hours)**



**9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

The Target for the train turnaround time is 4hrs, the KPI reported average performance of 11.0 and 12.2 hours for 2022 and 2023 hours respectively which is way above the set target. Delays associated with empty container clearance have contributed immensely to the increment in the dwell time.

**f) SGR Loading Performance**

These refers to the SGR working time.

**Figure 6: SGR Loading Performance Jan-Jul (Hours)**



The SGR loading performance target is 4.8 hours. In the period under review the KPI registered average performance of 6.4 and 5.9 hours for 2022 and 2023 respectively which is way above the set target. The performance is attributed to the lack of available wagons from KRC and absence of direct loading of empty containers necessitating for waiting for trucks to offload at rail side.

**a) Trade facilitation and awareness workshops**

The Authority held a trade facilitation and maritime investment workshop on 27th to 28th April 2023 in Kisumu Hotel. A similar workshop was held on 29th to 30th May at Nyali Sun Africa Beach Resort & Spa, Mombasa. The workshops are part of the Authority contribution towards addressing the availability of quality and cost-effective maritime transport services in the country. The workshops also provide an avenue for sustained engagement with SMES, importers, exporters, traders, manufacturers and key agencies involved in decision making that help reduce cost and enhance efficiency along the supply chain.

In the period under review, the Authority collaborated with Northern Corridor Transit and Transport Coordination Authority (NCTTCA) and held the Northern Corridor Trade and Multimodal Transport Summit at Panari Hotel, Nairobi. The summit brought together key stakeholders, industry leaders, policymakers, and experts from the Northern Corridor Member States, including Ministries of Transport, Regional Economic Communities, Development Partners, Government Agencies, Private Sector Associations, and Academia, among others. The general objective of the workshop was to create a platform for policy dialogue on trade facilitation and the promotion of multimodal transport in the region.

**9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**II. Financial Performance**

**Introduction**

Management presents an analysis of the Authority’s financial performance for the period ended 30 June 2023.

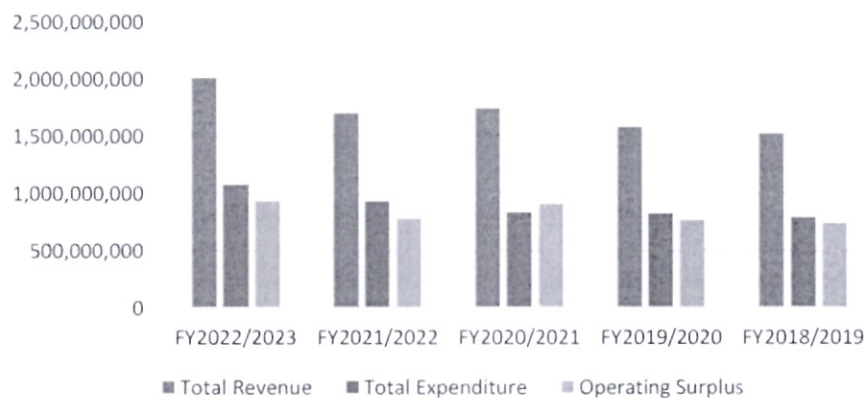
**End Year Performance Summary Overview**

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

Description	FY2022/2023	FY2021/2022	FY2020/2021	FY2019/2020	FY2018/2019
Total Revenue	2,008,535,745	1,697,134,124	1,742,256,439	1,581,450,470	1,521,905,508
Total Expenditure	1,105,049,912	926,443,010	833,056,713	816,024,998	788,537,689
Operating Surplus	903,485,833	773,954,297	909,716,784	766,781,979	733,367,819

There was an 18.4% increase in total revenues on comparison of FY2022/2023 revenues and FY2021/2022 driven majorly by increase of Merchant Shipping fees collection by Kshs 301 Million. On the other hand, recurrent expenditure increased by 19.29% through the increase in Use of Goods and Services, Employee costs, Board Expenses, Administrative Expenses, Project Costs, Contracted Services, Depreciation and Amortization Expense by Kshs 126,346,653, Kshs 13,368,530, Kshs 14,127,503, Kshs 12,714,131, Kshs 15,996,444, and Kshs 1,610,436, respectively while Repairs and maintenance decreased by Kshs 5,492,352. Operating surplus increased by 16.74% in comparison to FY2021/2022 owing to the marked increase in revenue. The increase in surplus is majorly attributed to the increase in revenue from levies.

**5 Year Performance Summary**



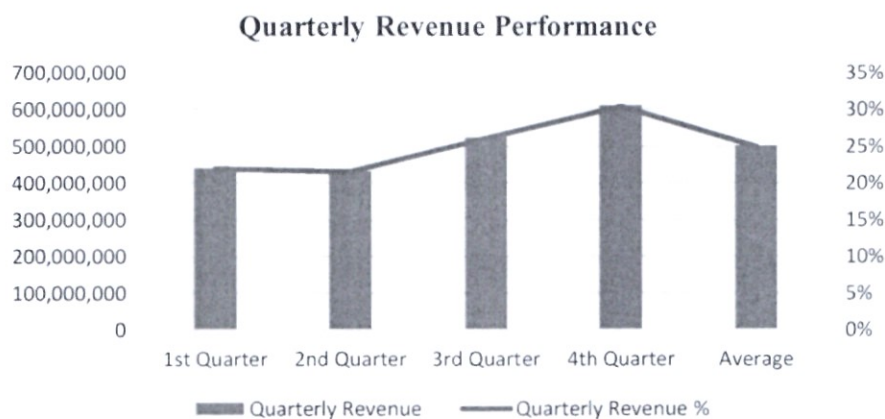
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**9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**Revenue Collection Monthly Performance**

Revenue collection averaged at Kshs 502 Million per quarter over the reporting period. The best performing quarters were the third and fourth quarters.

Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Average
Quarterly Revenue	441,000,493	432,791,474	524,400,315	610,343,463	502,133,936
Quarterly Revenue %	22%	22%	26%	30%	25%



**5 Year Review of Statement of Financial Performance**

Revenues from Non-exchange transactions increased by Kshs 301 Million being increase in MS Fees collection over the period. There was an increase of Kshs 110 Million from rendering of service emanating majorly from other income. The cumulative effect of the movements in the two revenue categories led to an increase of Total revenue by Kshs 311 Million over the two financial years.

Expenses increased by Kshs 178 Million on comparison of the FY2022/2023 to FY2021/2022 recurrent expenditures. Over the period employee costs increased by Kshs 65 Million, Use of goods and services expenditure increased by Kshs 97 Million, Board of Directors expenses increased by Kshs 14 Million and Depreciation and amortization increased by Kshs 1.6 Million due to amortization of intangible assets.

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**9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**5 Year Review of Statement of Financial Performance (Continued)**

	FY2022/2023	FY2021/2022	FY2020/2021	FY2019/2020	FY2018/2019
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenues</b>					
Revenue from non-exchange transactions	1,909,660,833	1,608,592,702	1,691,498,595	1,535,112,184	1,456,310,728
Revenue from exchange transactions	98,874,912	88,541,422	50,757,844	46,338,286	65,594,780
<b>Total Revenue</b>	<b>2,008,535,745</b>	<b>1,697,134,124</b>	<b>1,742,256,439</b>	<b>1,581,450,470</b>	<b>1,521,905,508</b>
<b>Expenses</b>					
Employee costs	516,045,789	450,847,010	403,929,064	384,364,234	414,957,795
Board of Directors Cost	51,984,807	37,930,104	31,863,186	37,242,625	35,048,326
Use of Goods and Services	518,126,564	420,383,580	374,802,537	367,771,642	298,751,893
Depreciation	18,892,752	17,282,316	22,461,926	26,646,497	39,779,675
<b>Total Expenses</b>	<b>1,105,049,912</b>	<b>926,443,010</b>	<b>833,056,713</b>	<b>816,024,998</b>	<b>788,537,689</b>
<b>Surplus from Operating Activities</b>	<b>903,485,833</b>	<b>770,691,114</b>	<b>909,199,726</b>	<b>765,425,472</b>	<b>733,367,819</b>
<b>Other Gains</b>					
Gain on sale of assets			-	-	1,050,000
Gain on foreign exchange transactions	6,003,619	3,263,183	517,058	1,356,507	57,251
<b>Surplus for the Period</b>	<b>909,489,452</b>	<b>773,954,297</b>	<b>909,716,784</b>	<b>766,781,979</b>	<b>733,425,070</b>

**5 Year Review of Statement of Financial Position**

Total assets decreased by 2% from Kshs 4.12 Billion in FY2021/2022 to Kshs 4.04 Billion in FY2022/2023 as a result of decrease in Cash and Cash equivalents. There was an overall decrease of Kshs 85 Million which is attributed to Kshs 506 Million decrease in current assets and Kshs 421 Million increase in non-current assets. The decrease in current assets emanated from reduced cash balances while the increment in non-current assets is attributed to additions in regard to the construction of the headquarters.

The decrease in current liabilities from Kshs 644 Million in FY2021/2022 to Kshs 631 Million in FY2022/2023 is attributed to increase of Trade Payables by Kshs 77 Million, decrease of Gratuity payable by Kshs 1.7 Million and Kshs 86 Million decrease in Surplus Remission Payable. Non-Current liabilities decreased by Kshs 5,101,821 due to full transfer of deferred income to revenue.

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**9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**5 Year Review of Statement of Financial Position (Continued)**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>	<b>FY2020/2021</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
<b>Assets</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Total Current Assets	1,150,463,153	1,656,229,303	1,720,946,629	1,107,975,262	1,125,257,235
Total Non-Current Assets	2,889,724,737	2,468,756,696	2,297,181,222	1,892,425,887	1,791,989,700
<b>Total Assets</b>	<b>4,040,187,890</b>	<b>4,124,985,999</b>	<b>4,018,127,851</b>	<b>3,000,401,149</b>	<b>2,917,246,935</b>
<b>Liabilities</b>					
Total Current Liability	631,213,187	644,184,611	777,850,826	228,534,303	347,676,355
Total Non-Current Liability	0	5,101,821	10,203,642	15,305,463	20,407,284
<b>Total Liabilities</b>	<b>631,213,187</b>	<b>649,286,432</b>	<b>788,054,468</b>	<b>243,839,766</b>	<b>368,083,639</b>
<b>Net Assets</b>					
<b>Total Net Assets</b>	<b>3,408,974,702</b>	<b>3,475,699,567</b>	<b>3,230,073,383</b>	<b>2,756,561,383</b>	<b>2,549,163,296</b>
<b>Total Net Assets &amp; Liabilities</b>	<b>4,040,187,889</b>	<b>4,124,985,999</b>	<b>4,018,127,851</b>	<b>3,000,401,149</b>	<b>2,917,246,935</b>

**Key Projects**

During the financial year the Authority continued implementing the two major projects. The KMA HQ and Multinational Lake Victoria Maritime Communication and Transport project which are at 99% and 3% completion as at the close of the year.

**Major risks facing the Authority.**

The Authority has no major risk facing it.

**Material arrears in statutory /financial obligation**

The only arrears that the Authority is due to clear is the 90% surplus of approximately Kshs 381 Million. This will be cleared in the second quarter of FY2023/2024 after submitting financial report to the OAG in line with the PFM regulation requirements.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Authority exists to transform lives. This is our purpose; the driving force behind everything we do. It's what 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 Authority has been at the fore front in ensuring that the Maritime Industry is vibrant and contributes to the National GDP by capacity building of our Seafarers through training to meet the international standards, improvement of Port efficiency through Port Charter where all the key parties make commitment. In addition, the Authority has ensured that the Kenya rectify all the key international conventions to attract international player to do business with us and remain competitive globally.

The Authority is committed to best marketplace and business practice by:

- i. Ensuring that clear information is availed to all suppliers for fair competition in procurements.
- ii. Giving of equal opportunities to all Authority suppliers
- iii. Ensuring that issues are settled between parties within a reasonable time in case of any misunderstanding.
- iv. Ensuring that both parties understand clearly their contractual obligations
- v. Ensuring the suppliers are paid on time for the goods/services/works rendered to the Authority.

### **ii) Environmental Performance**

Guided by an elaborate Environmental Policy, the Kenya Maritime Authority (KMA) is committed to protecting the marine environment by incorporating best environmental practices in all its functions and work environment. The Authority's Board of Directors, management and staff recognize that the protection of the marine environment and environment in general is of paramount importance to the well-being of the planet and the nation.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

### **a) Commitment to the Protection of the Environment**

In its commitment to the protection of the environment, KMA seeks to prevent pollution and degradation of the air, sea and navigable marine and inland waters by:

- i. Establishing an effective environmental protection system which is underpinned by Management commitment and meaningful involvement of staff.
- ii. Ensuring that every member of staff and stakeholders are sensitized on the importance of protection of the environment.
- iii. Ensuring that all personnel who have a responsibility for the prevention of pollution of the environment have necessary competence.
- iv. Collaborating with key institutions such as the National Environment Management Authority (NEMA) to enhance cross and inter-sectoral linkages.
- v. Contributing to the global response to environmental challenges such as climate change and unsustainable use of natural resources in collaboration with stakeholders.
- vi. Advising Government on domestication of relevant international and regional environmental policies into the national policy, strategy and action plan.
- vii. Ensuring compliance with statutory and strategic plan requirements as well as Vision 2030 obligation.
- viii. Implementing environmental obligations under part 2 of Chapter Five on Environment and Natural Resources of the Constitution of Kenya 2010.

### **b) Successes in Environmental Performance**

Some of the Authority's successes in environmental performance include:

- i. Going paperless through implementation of Electronic Document Management System for communication and storing documents
- ii. Use of Enterprise Resource Planning for client undertaking and storage of files
- iii. Installation of storage tanks for rainwater harvesting
- iv. Servicing of air conditioners, generators and vehicles to reduce Greenhouse gas emission.
- v. Repair and maintenance of worn-out pipes and toilets to avoid leakages.
- vi. Sensitization of staff on environmental sustainability, for example closing tap after use to ensure economical use of water.

**10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

- vii. Construction of Windows large enough to allow more light during the day and reduce power consumption.
- viii. Purchase of waste collection baskets.

**iii) Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

**Corporate Communication**

The Authority takes part in both regional and international meetings and ensures that the country meets her obligation as a maritime nation. The Authority also undertakes stakeholder engagements and public participation in development of various policies and regulatory frameworks.

To increase visibility and publicise its mandate the Authority was involved in the following corporate communication initiatives; publicity; stakeholder engagement; public participation, Corporate Social Responsibility and exhibitions.

**Publicity Activities**

During this financial year, the Authority produced a series of TV documentaries to show case and sensitize the public on the mandate of the Authority. The documentaries produced included CSR documentary, Inter-national Maritime Organisation (IMO) Council documentary for Kenya's re-election in category C:2, World Maritime Day documentary, Day of the Seafarer documentary and KMA short educational videos.

The Authority also sensitized the public through safety awareness videos on Television and radio stations during the festive seasons' (Easter and December holidays).

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

### **Stakeholder Engagement**

The Authority continued to engage stakeholders in various initiatives and forums aimed at developing the Maritime sector. During the year, the Authority held stakeholder forums namely; Stakeholders Forum on Maritime Trade Facilitation & Investment in Kisumu, Lamu and Turkana; The 2022 HELB TVET consultative forum; Seafarers Rights awareness workshop; Stakeholders Workshop for CEO's on Blue Economy Initiatives in Kisumu County; Issuance of Coxswain Certificates in Lamu County; Oil spill preparedness & response workshop; Search and Rescue (SAR) Exercise on Lake Baringo, Lake Turkana, Kilifi and Kwale Counties; International Ships and Ports Security(ISPS) Code stakeholders workshop in Mombasa & Lamu; December Maritime safety patrols in Mombasa, Kilifi, Tana River, Kwale, Lamu, Migori, Siaya, Kisumu, Busia and Turkana.

### **Public Participation Forums**

In line with the requirements of the Constitution of Kenya 2010 on public participation in policymaking process, the Authority undertook public and consultations to ensure that its regulatory interventions reflect the diverse interests of stakeholders in the sector and are in the interest of the public. The public consultations included:

- a) Public Participation on Draft Maritime Regulations in Kisumu, Lamu, Turkana and Mombasa
- b) Public participation on Draft Maritime Transport Operators Regulations, 2020 in Lamu, Mombasa, Kilifi, Kisumu, Nairobi and Turkana.
- c) Public participation on Maritime Draft Law

### **Exhibitions**

The Authority continued to sensitize the public by participating the following exhibition forums; 8th Annual Kenya Diaspora Convention on Investments in the Kenyan Maritime Sector; Jumuiya ya Kaunti za Pwani Conference on Blue Economy; Celebrating Public Service Transformation 10 years journey and beyond.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

### ***iv) Corporate Social Responsibility / Community Engagements***

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

The Authority therefore regards CSR as a strategic means to:

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

During the financial year 2022/2023, the Authority's expenditure towards its CSR activities countrywide amounted to Kshs.2,876,000.00. Priority was given to activities pertaining to the KMA mandate, seafarers' welfare, community involvement & charitable projects and environmental protection in line with the Authority's CSR policy. These are outlined here below.

#### **a) Community involvement & Charitable projects**

The Authority supported community and charitable initiatives in order to improve health standards of the beneficiaries in the country. This was in line with the Sustainable Development Goals (SDG) '3' on ensuring healthy lives and promoting well-being for all ages as well as the vision 2030 under the social pillar. This year's community involvement and charitable initiatives included support to Kwale county drought relief assistance.

The KMA supported the Kwale County Drought Relief Assistance by donating 300 bales of maize flour to support the needy in the community affected by Drought worth Ksh. 840,000.

## 10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)



*KMA staff donating towards the Kwale County Drought Relief Fund*

### **b) Seafarers' Welfare**

The Authority supported the Seafarers through donation of free wifi at Ksh. 66,000 and two KMA donated computers at Ksh. 400,000 to the Missions to Seafarers and the Seafarers Port Welfare Board to assist both local and international seafarers visiting the Mission to Seafarers Centre.

Since then, the computers have been in operations with a fully paid internet. This has aided Kenyan seafarers in their recruitment process to go work onboard international cruise ships. Most of them have used the computers to submit their documents and sit for their online exams. The computers have also been helpful to young Kenyans who visit the centre to search for jobs online and many have been successful to get these jobs and are already onboard cruise ships working. The availability of Wi-Fi donated by KMA at the seafarers' centre has not only benefited the local seafarers searching for jobs online but also seafarers who docked at the Mombasa port and stayed at the centre. In most ships the internet provided onboard is expensive, therefore the free wi-fi donated by KMA provided the seafarers an opportunity to communicate with their families around the globe at no cost.

Apart from the benefits to seafarers, the computers have also aided in the daily running of the welfare Board activities especially when not in use by seafarers. They have also given an opportunity for mission staff members who were not computer literate to learn basic computer skills.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

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

- Local seafarers: 3360
- International seafarers: 6720



*KMA staff donating towards Seafarers Welfare*

### **c) Marine Environment Protection**

The Authority is committed to minimizing harmful impacts on the marine environment. In this regard, the Authority supported marine environmental conservation initiatives aimed at safeguarding the marine environment. KMA also engaged in partnerships with environmental agencies to promote marine environmental protection and preservation within communities.

#### **Planting of Trees**

KMA partnered with the Kenya Forest Services and the Community Forest Associations in Kilifi to adopt of 5 hectares of KFS Mangrove Forest for mangrove rehabilitation in Mtongani Kidundu. The Authority planted 33,000 mangroves together with its employees, Kenya Forest Services, the Mtakimau Community Forest Association and other stakeholders to restore the marine environment and put-up educative billboards on marine environment protection. The cost of the initiative was Ksh. 1,320,000.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

Noteworthy, the following species of mangroves were planted:

- i. Rhizophoramucronata- local name: Mkoko (23,000)
- ii. Ceriopstagal- local name: Mkandaa (10,000)

Planting mangroves has enabled the Authority to implement the Presidential directive and National Strategy for achieving and maintaining over 10% Tree Cover by 2022. In addition, planting mangroves enabled KMA reinforce its commitment towards the Blue Economy Initiative by shared responsibility in addressing public concerns with regard to continued deforestation, mangrove degradation and the need for enhanced protection, conservation and sustainable management of forest and marine resources. Mangrove seedlings planted in 2022/2023 had a survival rate of 80% and assisted in rehabilitation of the degraded areas in Mtongani Kidundu, thus providing a good environment for fish breeding. The presence of KMA has empowered the Community Forest Association group members to come together and with the collaboration with KFS rangers, protection and conservation of the ecosystem has improved while incidences of illegal charcoal burning and cutting of mangroves have reduced.

Notably, planting mangroves form a significant part of the Kenya Maritime Authority mandate of promoting the preservation of the marine environment and will also go a long way in the achievement of the KMA Strategic Plan.



*KMA employees planting mangroves with Kenya Forest Services, Mtakimau Community Forest Association and other stakeholders.*

## 10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

### Bahari Huru Project

The Authority partnered with Jukwaa Arts and other organisations in the 1<sup>st</sup> edition of Bahari Huru project to advocate against ocean marine pollution through community theatre, street art installations, beach cleanups and visual arts within Mombasa, Kwale and Kilifi counties by taking up the Pweza (Octopus) sponsor package of Ksh.250,000 which entailed the achievement of the following objectives of the pollution prevention campaign:

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

Bahari Huru in pictures....



## **11. REPORT OF THE DIRECTORS**

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

### **i) Principal Activities**

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

### **ii) Results**

The results of the Authority for the year ended June 30, 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 to xii in accordance with section 6(1) of the Kenya Maritime Authority Act. During the year two directors retired, one resigned and one was appointed.

### **iv) Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. During the financial year the Authority remitted **Kshs 506,235,298** to The National Treasury being payment of 90% surplus funds for the Financial Year 2021/2022. This financial year **Kshs 357,049,097** is the realized surplus due to the National Treasury that will be transferred in the second quarter of Financial Year 2023/2024.

### **v) Auditors**

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

### **By Order of the Board**

Name: Mrs. Jessica Mbae

  
.....

7/3/24.  
.....

**CORPORATION SECRETARY**

**SIGNATURE**

**DATE**

## **12. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

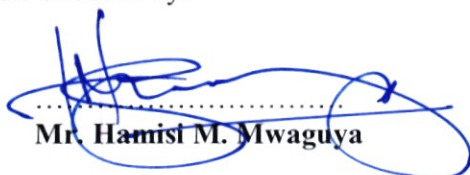
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate 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 Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Public Sector Accounting Standard (IPSAS), and in the manner required by the PFMA and the SCA. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of financial statements**

The Authority's financial statements were approved by the Board on **18<sup>th</sup> September 2023** and signed on its behalf by:



.....  
**Mr. Hamisi M. Mwanguya**

**Chairperson of the Board**



.....  
**Eng. Martin D. Munga**

**Director General**

**Kenya Maritime Authority**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2023**

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# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA MARITIME AUTHORITY 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 the 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 Maritime Authority set out on pages 1 to 50, which comprise the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Maritime Authority as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Kenya Maritime Authority Act, 2006.

### **Basis for Qualified Opinion**

#### **Unapproved Excess Board Expenditure**

The statement of financial performance reflects Board expenses of Kshs.51,984,807 as disclosed in Note 15 to the financial statements. The expenditure incurred exceeded the approved expenditure capping of Kshs.30,000,000 by Kshs.20,620,407 (or 68%). This is contrary to the provisions of Circular No. OP/CAB,9/1A of March 11, 2020 which provides that Board expenses for a financial year shall be capped at Kshs.30 million or 5% of the operations and maintenance budget of the state corporation, whichever is less and any exceeding budget shall require approval of the Cabinet Secretary for The National Treasury.

In addition, as disclosed in the corporate governance section of the annual report, the Board held eighteen (18) meetings comprised of four (4) full Board sittings and fourteen (14) special Board sittings. However, Management did not provide for audit review approval of the extra sittings by the Cabinet Secretary in consultation with State Corporations Advisory Committee (SCAC). This is contrary to the provisions of Paragraph A(3) of Circular No. OP/CAB,9/1A of March 11, 2020 which provides that approval for any extra Board meetings (including special Board meetings) above the maximum number specified shall require a justification by the Board as to the source of funds, and implications thereof, and reasons why the same cannot be adjudicated in regular meetings, and requests submitted for approval by the relevant Cabinet Secretary, in consultation with SCAC.

In the circumstances, the propriety of the Board expenditure of Kshs.51,984,807 could not be confirmed and Management was in breach of the guidelines.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.1,800,000,000 and Kshs.2,008,535,745 respectively, resulting in an over-collection of Kshs.208,535,745 or 12% of the budget. Similarly, the Authority expended Kshs.1,550,459,986 against an approved budget of Kshs.1,813,588,100, resulting in an under-expenditure of Kshs.263,128,114 or 15% of the budget.

The under expenditure may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

The prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, there was no evidence provided to support the resolving of various prior year issues indicated as having been resolved under the progress on follow up of auditor's recommendations section of the financial statements.

## **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, I confirm that, nothing 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**

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 matter 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 governance were not effective.

## **Basis for Conclusion**

### **Staff Under Establishment**

The Authority's approved staff establishment had total staff of two hundred and thirty-six (236) against the current in-post of one hundred and sixteen (116) resulting to a shortfall of one hundred and twenty (120). In addition, it was observed that the Authority did not have ship surveyors who are responsible for; among other duties inspection, certification and licensing of small vessels on which revenue for the organisation is dependent.

In the circumstances, understaffing may have impacted negatively on service delivery.

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

### **Responsibilities of Management and Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Authority'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 Authority or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control 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 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 Authority's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority 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 control 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**

**17 April, 2024**

**Kenya Maritime Authority**  
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**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

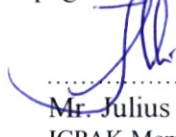
		2022-2023	2021-2022
		Kshs	Kshs RESTATED
<b>Revenue from non-exchange transactions</b>	<b>Note</b>		
Levies	6	1,904,559,012	1,603,490,881
Deferred Income	7	5,101,821	5,101,821
		<u>1,909,660,833</u>	<u>1,608,592,702</u>
<b>Revenue from exchange transactions</b>			
Rendering service	8	18,412,563	21,037,152
Finance income	9	37,757,424	38,365,218
Rental Revenue from facilities and Equipment	10	980,462	985,962
Other income	11	41,724,463	29,139,052
		<u>98,874,912</u>	<u>89,527,384</u>
<b>Total Revenue</b>		<u>2,008,535,745</u>	<u>1,698,120,086</u>
<b>Expense</b>			
Use of Goods and Services	13	265,997,644	139,498,212
Employee costs	14	385,809,067	372,440,537
Board Expenses	15	51,984,807	37,930,104
Repairs and maintenance	16	4,458,546	9,950,898
Administrative Expenses	17	344,938,331	332,540,921
Project Costs	18	18,058,730	1,961,286
Contracted Services	19	14,910,035	14,838,736
Depreciation and Amortization Expense	20	18,892,752	17,282,316
<b>Total Expenses</b>		<u>1,105,049,912</u>	<u>926,443,010</u>
<b>Surplus from Operating Activities</b>		<u>903,485,833</u>	<u>771,677,076</u>
<b>Other Gains</b>			
Gain/(Loss) on foreign exchange transactions	12	6,003,619	3,263,183
<b>Surplus for the Period</b>		<u>909,489,452</u>	<u>774,940,259</u>
Remission to National Treasury	33	417,671,441	528,328,113
<b>Net Surplus for the year</b>		<u>491,818,011</u>	<u>246,612,146</u>

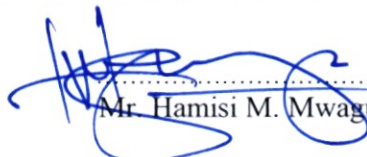
The restatement of the FY2021/2022 has been necessitated by the reclassification of the expenses to conform to the PSASB-K reporting template.

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

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

  
 Eng. Martin D. Munga

  
 Mr. Julius Ogutu  
 ICPAK Member No:9877

  
 Mr. Hamisi M. Mwanguya

**Director General**

**Asst. Director Finance & Accounts**

**Board Chairman**

Date: 07/03/24

Date: 07/03/2024

Date: 8/2/24

**Kenya Maritime Authority**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2023**

**15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

Assets	Note	2022-2023 Kshs	2021-2022 Kshs
<b>Current Assets</b>			
Cash and cash equivalents	21	859,045,605	1,438,036,617
Trade receivable from exchange	22	41,954,787	33,976,927
Trade receivable from non-exchange	23	245,587,376	180,897,530
Inventories	24	3,875,385	3,318,229
<b>Total Current Assets</b>		<b>1,150,463,153</b>	<b>1,656,229,303</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	27	2,641,572,606	2,208,486,250
Intangible assets	26	13,138,068	15,298,184
Mortgage Guarantees	25	235,014,063	244,972,262
<b>Total Non-Current Assets</b>		<b>2,889,724,737</b>	<b>2,468,756,696</b>
<b>Total Assets</b>		<b>4,040,187,890</b>	<b>4,124,985,999</b>
<b>Liability</b>			
<b>Current Liability</b>			
Trade and other payables from exchange	28	266,615,998	189,294,777
Gratuity	29	7,548,093	9,276,880
Surplus Remission Payable	33	357,049,097	445,612,954
<b>Total Current Liability</b>		<b>631,213,188</b>	<b>644,184,611</b>
<b>Non-Current liability</b>			
Deferred Government Grant		-	5,101,821
<b>Total Non-Current liability</b>		<b>-</b>	<b>5,101,821</b>
<b>Total Liabilities</b>		<b>631,213,188</b>	<b>649,286,432</b>
<b>Net Assets</b>			
Capital Reserve		76,771,434	76,771,434
Revenue Reserve		3,097,829,798	3,164,554,663
Revaluation Reserve		4,373,470	4,373,470
Specific Reserve		230,000,000	230,000,000
<b>Total Net Assets</b>		<b>3,408,974,702</b>	<b>3,475,699,567</b>
<b>Total Net Assets and Liabilities</b>		<b>4,040,187,890</b>	<b>4,124,985,999</b>

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

  
 Eng. Martin D. Munga

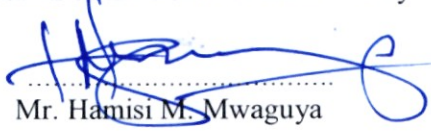
**Director General**

Date: 07/03/24

  
 Mr. Julius Ogutu  
 ICPAK Member No:9877

**Asst. Director Finance & Accounts**

Date: 07/03/2024

  
 Mr. Hamisi M. Mwanguya

**Board Chairman**

Date: 03/24

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**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023**

Notes	Capital	Revenue reserves	Fair Value Adjustment Reserve	Revaluation reserves	Proposed Dividends	Specific reserves	Total
	Kshs	Kshs		Kshs		Kshs	Kshs
<b>Balance as at 30th June 2021</b>	<b>76,771,434</b>	<b>2,918,928,479</b>	-	<b>4,373,470</b>	-	<b>230,000,000</b>	<b>3,230,073,383</b>
Surplus for the year	-	773,954,297	-	-	-	-	773,954,297
Revaluation Reserve	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Oil Spill Response Mobilization Fund	-	-	-	-	-	-	-
Donated assets	-	-	-	-	-	-	-
90% Operating Surplus	-	(528,328,113)	-	-	-	-	(528,328,113)
Adjustment (Prior Year)	-	-	-	-	-	-	-
<b>Balance as at 30th June 2022</b>	<b>76,771,434</b>	<b>3,164,554,663</b>	-	<b>4,373,470</b>	-	<b>230,000,000</b>	<b>3,475,699,567</b>
Surplus for the year	-	909,489,452	-	-	-	-	909,489,452
Revaluation Reserve	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Oil Spill Response Mobilization Fund	-	-	-	-	-	-	-
Donated assets	-	-	-	-	-	-	-
90% Operating Surplus	-	(417,671,441)	-	-	-	-	(417,671,441)
Revenue Reserves Remission	-	(558,542,876)	-	-	-	-	(558,542,876)
<b>Balance as at 30th June 2022</b>	<b>76,771,434</b>	<b>3,097,829,798</b>	-	<b>4,373,470</b>	-	<b>230,000,000</b>	<b>3,408,974,702</b>

**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE**

**2023 (Continued)**

**Nature and Purpose of Reserves**

**Revenue Reserves**

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

**Revaluation Reserves**

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

**Specific Reserves**

**i. Oil Spill Mobilization Reserve**

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

**ii. Search and Rescue Mobilization Reserve**

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

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**17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2022-2023 Kshs	2021-2022 Kshs
<b>Cash Flows From Operating Activities</b>			
<b>Receipts</b>			
Levies		1,856,537,007	1,597,054,405
Deferred Income		5,101,821	5,101,821
Rendering service		23,450,726	23,280,029
Finance Income		32,370,283	50,307,210
Rental Revenue from facilities and Equipment		980,462	985,962
Other income		25,014,635	26,993,853
<b>Total Receipts</b>		<b>1,943,454,934</b>	<b>1,703,723,280</b>
<b>Payments</b>			
Use of Goods and Services		265,997,644	139,498,212
Employee Costs		390,303,309	363,627,114
Board Expenses		51,464,624	37,736,904
Repairs And Maintenance		4,458,546	9,950,898
Administrative Expenses		278,617,711	494,872,418
Project Costs		18,058,730	1,961,286
Contracted Services		14,910,035	14,838,736
<b>Total Payments</b>		<b>1,023,810,599</b>	<b>1,062,485,568</b>
<b>Net Cash Flows From/(Used In) Operating Activities</b>	28	<b>919,644,335</b>	<b>641,237,712</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of PPE and Intangible assets		(449,818,992)	(186,923,060)
Investment in Fixed Deposits and Long Term Deposits		9,958,199	(1,934,730)
Foreign Exchange Gain /(Loss)		6,003,619	3,263,183
<b>Net Cash Flows From/(Used In) Investing Activities</b>		<b>(433,857,174)</b>	<b>(185,594,607)</b>
<b>Cash Flows From Financing Activities</b>			
90% Operating Surplus Remission		(506,235,298)	(511,122,944)
Revenue Reserves Remission		(558,542,876)	-
<b>Net Cash Flows From Financing Activities</b>		<b>(1,064,778,174)</b>	<b>(511,122,944)</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents</b>		<b>(578,991,013)</b>	<b>(55,479,839)</b>
Cash And Cash Equivalents At 1 July	18	1,438,036,617	1,493,516,456
<b>Cash And Cash Equivalents At 30 June</b>	18	<b>859,045,604</b>	<b>1,438,036,617</b>

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Revenue	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Change
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
MS Levy	1,712,000,000	(21,315,867)	1,690,684,133	1,904,559,012	213,874,879	112.7%
Rendering Service	20,000,000	36,019,651	56,019,651	18,412,563	(37,607,088)	32.9%
Finance Income	22,000,000	16,807,682	38,807,682	37,757,424	(1,050,258)	97.3%
Other Income	26,000,000	(11,511,466)	14,488,534	47,806,746	33,318,212	330.0%
<b>Total income</b>	<b>1,780,000,000</b>	<b>20,000,000</b>	<b>1,800,000,000</b>	<b>2,008,535,745</b>	<b>208,535,745</b>	<b>111.6%</b>
<b>Expense</b>						
Employee Costs	405,000,000	-	405,000,000	385,809,067	19,190,933	95.3%
Board of Directors Cost	30,000,000	-	30,000,000	51,984,807	(21,984,807)	173.3%
Insurance and Medical	41,430,000	(6,430,000)	35,000,000	28,819,146	6,180,854	82.3%
Contracted Services	68,500,000	(52,500,000)	16,000,000	14,910,035	1,089,965	93.2%
Use of Goods and Services	252,989,600	86,660,400	339,650,000	265,997,644	73,652,356	78.3%
Administrative Expenses	227,668,400	-	227,668,400	316,119,185	(88,450,785)	138.9%
Repairs and Maintenance	8,000,000	(1,230,300)	6,769,700	4,458,546	2,311,154	65.9%
Depreciation	40,000,000	(26,500,000)	13,500,000	18,892,752	(5,392,752)	139.9%
<b>Total Expenditure</b>	<b>1,073,588,000</b>	<b>100</b>	<b>1,073,588,100</b>	<b>1,086,991,182</b>	<b>(13,403,082)</b>	<b>101.2%</b>
<b>Surplus for the period</b>	<b>706,412,000</b>	<b>19,999,900</b>	<b>726,411,900</b>	<b>921,544,563</b>	<b>(195,132,663)</b>	<b>126.9%</b>
<b>Capital Expenditure</b>						
MLVMCT Project Costs	180,360,000	(180,360,000)	-	-	-	#DIV/0!
KMA Headquarters	363,200,000	256,936,000	620,136,000	440,737,539	179,398,461	71.1%
Blue Economy Data System	149,960,000	(98,576,000)	51,384,000	18,058,730	33,325,270	35.1%
Capital Items	46,480,000	22,000,000	68,480,000	4,672,535	63,807,465	6.8%
<b>Total Capital Expenditure</b>	<b>740,000,000</b>	<b>-</b>	<b>740,000,000</b>	<b>463,468,804</b>	<b>276,531,196</b>	<b>62.6%</b>

**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

**Reconciliation Statement**

Description	Amount Kshs	Amount Kshs
<b>Surplus for the period as per the Statement of Comparison of Budget</b>		<b>921,544,563</b>
Project Costs	(18,058,730)	
<b>Capital Expenditure Items</b>		<b>(18,058,730)</b>
<b>Add: Other Gains</b>		
Gain on Sale of Assets	-	
Gain on foreign exchange transactions	6,003,619	
<b>Total Other Gains</b>		<b>6,003,619</b>
<b>Surplus for the period as per the Statement of Financial Performance</b>		<b>909,489,452</b>

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

1. Ms Levy's positive variance of 12.7% is attributed to increased cargo import volumes (particularly grains) over the Financial Year due to waiver of import duty on white maize granted to millers by the Government during the second half of the FY2022/2023 to mitigate the effects of prolonged drought.
2. Revenue collection from Rendering Service did not meet target due to the deferment of roll-out of Unique Vessel Identification Number (UVIN) which was expected to bring onboard 6,000 vessels, resulting in increased revenue from issuance of annual licenses and Safety Certificates. The deferment in roll-out was in response to the outcome of the pilot project of 26 vessels which indicated the need for review of the framework.
3. Revenue from Other Income surpassed targets as a result of recruitment drive that saw approximately 2,000 seafarers recruited to join Mediterranean Shipping Company (MSC), Royal Princes and Royal Caribbean ships which resulted in increase in revenue from issuance of STCW certificates and Continuous Discharge Certificates.

**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Continued)**

4. Board of Directors' Costs surpassed budget due meetings which were critical to deal with emerging issues such as disciplinary hearings for the former Director General.
5. Under-absorption of budget on Insurance and Medical emanated from extension of defect liability period for major items of plant and machinery such as Reverse Osmotic Plant (RO) and Sewer Treatment Plant (STP) at the new Head Office premises (KMA Towers) due to delayed service commissioning and handover. This meant the items continued to remain under the care of the relevant contractors hence the Authority did not insure them during the FY2022/2023.
6. The expenditure on Use of Goods and Services was below target as a result of deferment of the decision to establishment of a Maritime Attache' office at the International Maritime Organization (IMO) in London under strategic partnerships and collaboration.
7. Administrative Expenses surpassed budget as a result of increased travel and accommodation particularly participation in International Maritime Organization (IMO) meetings and events including Kenya@50 which marked 50 years since Kenya joined IMO, Campaigns and support for Kenya's candidature for IMO Secretary General's position and Committees/Subcommittees and technical working groups' meetings.
8. The budget absorption for Repairs and maintenance was below target as a result of inadvertent delays in servicing and repair of the Authority's Boats by Kenya Shipyard Ltd due to lengthy process including importation of spare parts.
9. Under-absorption of KMA Headquarters Project was attribute to procurement challenges that led to 4 out of 6 nominated sub-contractors of the Office Fit Outs Phase of the Project being brought onboard during the 4<sup>th</sup> Quarter of the F2022/2023. As a result, substantial parts of the contracts spilled over into the FY2023/2024.
10. The Budget on the Blue Economy Data System/ Kenya Maritime Data Bank was under-absorbed due to procurement challenges experienced in the tender for procurement of Consultancy for Business Analysis whereby the tender was advertised twice without getting a responsive bidder.

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

Explanation of Changes between Original and Final Budget

Revenue	Original budget	Adjustments	Final budget	Reason for adjustment
	2022-2023	2022-2023	2022-2023	
MS Levy	1,712,000,000	(21,315,867)	1,690,684,133	The adjustment was occasioned by the trend established in the first 6 months of the financial year which indicated an average collection of Kshs. 136.6 Million per month
Rendering Service	20,000,000	36,019,651	56,019,651	The adjustment was in anticipation of increased revenue from the roll-out of Unique Vessel Identification Number (UVIN) which was expected to bring 6,000 vessels, resulting in increased revenue from issuance of annual licences and Safety Certificates
Finance Income	22,000,000	16,807,682	38,807,682	The adjustment in finance income projection was in response to change in cash flow projections of the ongoing projects which indicated increased excess liquidity that could be invested in short-term investments such as 91-day Treasury Bills
Other Income	26,000,000	(11,511,466)	14,488,534	The downward adjustment of Other Income projection was in response change in timing for disposal of obsolete, unserviceable and surplus assets at KMA Towers from FY2022/2023 to FY2023/2024 in line with the revised dates for completion of office fit outs and furnishing of ne Head office at KMA Towers.
<b>Total income</b>	<b>1,780,000,000</b>	<b>20,000,000</b>	<b>1,800,000,000</b>	
<b>Expense</b>				
Employee Costs	405,000,000	-	405,000,000	
Board of Directors Cost	30,000,000	-	30,000,000	
Insurance and Medical	41,430,000	(6,430,000)	35,000,000	The downward adjustment of the budget was in line with the market response when the tenders were floated.

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Revenue	Original budget	Adjustments	Final budget	Reason for adjustment
Contracted Services	68,500,000	(52,500,000)	16,000,000	The downward adjustment of the budget on contracted services was as a result of a number of planned consultancies e.g. Consultancy for open ship register, ICT audit, STCW Independent Audit and Water craft census as the framework underpinning the said consultancies were being reviewed.
Use of Goods and Services	252,989,600	86,660,100	339,649,700	The adjustment of the budget was in response to increase in availability of training opportunities for surveyors including deck and engine surveyors, leading to increase in surveyor training expenses. Further, the government's support for the candidate for the Secretary General of International Maritime Organization indicated potential increase in collaboration expenses hence increase in budget.
Administrative Expenses	227,668,400	-	227,668,400	
Repairs and Maintenance	8,000,000	(1,230,300)	6,769,700	The downward revision of the budget was in response to the Authority's decision to shelve the planned fit outs of Turkana branch office at Kalokol and Lamu Office and instead seek to acquire a new branch office spaces within Rift Valley region and Lamu town respectively.
Depreciation	40,000,000	(26,500,000)	13,500,000	The revision of the budget downwards was in response to the adjustment in the completion dates for the Authority's new Head office Building (KMA Towers) indicating that the depreciation of the building will take effect from FY2023/2024 and not FY2022/2023 as anticipated.
<b>Total Expenditure</b>	<b>1,073,588,000</b>	<b>(200)</b>	<b>1,073,587,800</b>	
<b>Surplus for the period</b>	<b>706,412,000</b>	<b>20,000,200</b>	<b>726,412,200</b>	
<b>Capital Expenditure</b>				
MLVMCT Project Costs	180,360,000	(180,360,000)	-	Adjustment of the budget was in response to the AfDB's decision to cancel the Project's loan following the recommendation of the Project's mid-term review to have the Project split into two. The

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Revenue	Original budget	Adjustments	Final budget	Reason for adjustment
				adjustment was also meant reallocate funds to the KMA Headquarters Project.
KMA Headquarters	363,200,000	256,936,000	620,136,000	Adjustment in order to provide adequate funds for the Office Fit Outs Phase of the Project which was carried over from the previous financial year due to procurement challenges (Failure to get responsive bids)
Blue Economy Data System	149,960,000	(98,576,000)	51,384,000	The adjustment was meant as part of rationalization in order to reallocate funds to the KMA Headquarters Project which required over Kshs. 600 Million but had a budget of Kshs. 363 Million.
Capital Items	46,480,000	22,000,000	68,480,000	The adjustment was in order to provide adequate budget for the procurement of Servers and Data Centre Equipment for Seafarer Identity Document Processing Centre.
<b>Total Capital Expenditure</b>	<b>740,000,000</b>	<b>-</b>	<b>740,000,000</b>	

## 19. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. ADOPTION OF NEW AND REVISED STANDARDS**

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

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 entity’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 entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>The standard has no impact to the Authority as yet due to limitation in financial instruments the Authority is allowed to hold.</p>

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 entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p>The standard has no impact to the Authority as provision of social benefits isn't within its mandate.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <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>The standard has no impact to the Authority as yet due to limitation in financial instruments the Authority is allowed to hold.</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>

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. The standard has no impact to the Authority as yet.</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 Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard has no impact to the Authority as yet.</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> <p>The standard has no impact to the Authority as there are neither Non-Current Assets Held for Sale nor indications of Discontinued operations.</p>

### iii. Early adoption of standards

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Revenue recognition

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

###### **Fees/Levy**

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

###### **Transfers from the Government**

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

##### ii) Revenue from exchange transactions

###### **Rendering of services**

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

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

###### **Interest income**

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

###### **Rental income**

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

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **b) Budget information**

The original budget for FY 2022-2023 was approved by the National Assembly on 5<sup>th</sup> August 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

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

### **c) Property, plant and equipment**

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

### **d) Intangible assets**

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

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

### **e) Research and development costs**

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### f) Financial instruments

#### *Financial assets*

##### **Initial recognition and measurement**

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

##### **Receivables**

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

##### **Held-to-maturity**

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

##### **Impairment of financial assets**

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

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

### g) Inventories

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

### **h) Provisions**

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

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

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

#### ***Contingent liabilities***

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

#### ***Contingent assets***

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**i) Nature and purpose of reserves**

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

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

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

**k) Employee benefits**

**Retirement benefit plans**

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

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

Rate of contribution for the period under audit is -

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

**Gratuity**

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

**l) Foreign currency transactions**

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### m) Related parties

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

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

- Board of Directors-Incurred the following cost for the board **Kshs 51,984,807**.

### n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amount at various commercial banks at the end of the financial year.

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

### o) Comparative figures

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

### p) Subsequent events

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

## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### *Estimates and assumptions*

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### *Useful lives and residual values*

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

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

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

Depreciation and amortisation is calculated on a straight line method.

The Annual depreciation/amortisation rates are as stated below:

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

### **q) Taxation**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. Levies**

	<b>2022-2023</b>	<b>2021-2022</b>
<b>Description</b>	<b>Kshs.</b>	<b>Kshs.</b>
Merchant Shipping Fees	1,860,364,654	1,566,213,749
Collection cost (KRA commission)	<u>44,194,358</u>	<u>37,277,132</u>
<b>Total Levies</b>	<b><u>1,904,559,012</u></b>	<b><u>1,603,490,881</u></b>

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

**7. Deferred Income**

	<b>2022-2023</b>	<b>2021-2022</b>
<b>Description</b>	<b>Kshs.</b>	<b>Kshs.</b>
Deferred Income Recognized	<u>5,101,821</u>	<u>5,101,821</u>
<b>Total Deferred Income</b>	<b><u>5,101,821</u></b>	<b><u>5,101,821</u></b>

**8. Rendering of service**

	<b>2022-2023</b>	<b>2021-2022</b>
<b>Description</b>	<b>Kshs.</b>	<b>Kshs.</b>
Boat Survey Fees	7,591,692	12,293,952
Shipping Agents' Fees	<u>10,820,871</u>	<u>8,743,200</u>
<b>Total Rendering of Service Income</b>	<b><u>18,412,563</u></b>	<b><u>21,037,152</u></b>

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. Finance Income**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Interest from Bank Deposits	1,252,633	1,934,730
Interest from Govt Securities	36,504,791	36,430,488
<b>Total Finance Income</b>	<b>37,757,424</b>	<b>38,365,218</b>

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

**10. Rental Revenue from facilities and equipment**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Office Rentals	980,462	985,962
<b>Total Rental Revenue</b>	<b>980,462</b>	<b>985,962</b>

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

**11. Other Income**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Agency fee	3,928,909	4,198,010
Sale of books	8,169,425	4,252,299
Others	29,626,129	19,702,781
<b>Total Other Income</b>	<b>41,724,463</b>	<b>28,153,090</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. Gain on Foreign Exchange Transactions**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Gain on foreign exchange transaction	6,003,619	3,263,183
<b>Total Gain on foreign exchange transaction</b>	<b>6,003,619</b>	<b>3,263,183</b>

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

**13. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
		<b>RESTATED</b>
Staff Training	130,236,722	78,406,473
Professional & Consultancy Fees	531,851	5,985,069
Legal Fees	-	844,714
Office Incidentals	2,809,851	5,203,134
Collaborations & Partnerships	127,657,865	49,058,822
Maritime Sector Support	4,761,355	-
<b>Total Use of Goods and Services</b>	<b>265,997,644</b>	<b>139,498,212</b>

The FY2021/2022 balances have been reclassified to match the PSASB-K templates.

**14. Employee Costs**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
		<b>RESTATED</b>
Basic Salaries	241,723,433	235,998,620
House Allowances	35,332,640	36,119,355
Other Allowances	14,965,510	10,446,977
Leave Allowances	4,882,166	4,387,198
Commuter Allowances	22,597,763	22,640,000
Internship	599,355	285,484
Entertainment	360,000	475,161
Induction and Orientation	70,075	-
Pension Expenditure	58,751,352	54,206,686
Gratuity	2,518,860	4,879,550
Recruitment	789,213	541,045
Fringe Benefit	2,978,700	2,220,461
Personal Guide	240,000	240,000
<b>Total Employee Costs</b>	<b>385,809,067</b>	<b>372,440,537</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. Board of Directors Costs**

Description	2022-2023	2021-2022
	Kshs.	Kshs. <b>RESTATED</b>
Chairman's Honoraria	584,000	640,000
Sitting Allowances	13,940,000	12,696,400
Medical Insurance	277,208	542,325
Induction and Training	3,502,379	1,349,540
Travel & Accommodation	29,029,428	20,899,896
Other Allowances & Expenses	4,651,792	1,801,943
<b>Total Board of Directors Costs</b>	<b>51,984,807</b>	<b>37,930,104</b>

The FY2021/2022 balances have been reclassified to match the PSASB-K templates.

**16. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Motor vehicle	2,053,037	3,570,657
Boats	796,449	5,000
Computer	1,515,464	4,623,579
Building	93,596	1,751,662
<b>Total Repairs and Maintenance</b>	<b>4,458,546</b>	<b>9,950,898</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**17. Administrative Expenses**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
		<b>RESTATED</b>
Domestic and Overseas Air Travel	19,162,917	24,344,636
Duty Travel Allowances - Domestic and Foreign	100,004,489	109,938,934
Conference and Seminars	18,002,359	32,512,824
Advertising	5,287,785	1,929,088
Publicity & Awareness	37,334,358	26,535,411
Library Expenses	5,043,491	5,879,802
Office Rent	12,069,866	10,724,650
HIV and AIDs related Awareness	-	1,097,460
Transport Hire	20,854,767	11,284,500
Fuel Costs	12,253,777	4,417,766
Community Support	5,437,452	2,178,772
Bank Charges	521,600	436,719
KRA Commissions	44,194,358	37,277,132
Marine Safety & Env. Protection	-	256,760
Uniform and Clothing	-	50,000
Entertainment	-	1,303,793
Printing and Stationery	6,219,482	4,198,098
Bad and Doubtful Debts Increase	2,922,865	9,192,074
Other Admin Expense	14,327,539	- 230
Communication Costs	7,293,325	12,151,454
Insurance and Medical	28,819,146	32,372,118
Water	408,572	341,973
Electricity	4,780,183	4,117,187
<b>Total Administrative Expenses</b>	<b>344,938,331</b>	<b>332,540,921</b>

The FY2021/2022 balances have been reclassified to match the PSASB-K templates.

**18. Project Costs**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Direct Payments of Project Expenses	18,058,730	1,961,286
<b>Total Project Costs</b>	<b>18,058,730</b>	<b>1,961,286</b>

**19. Contracted Services**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
		<b>RESTATED</b>
Security Services	6,411,806	6,455,952
Audit Fees	1,400,000	2,500,000
Office Carpet and Curtain Cleaning	7,098,229	5,882,784
<b>Total Contracted Services</b>	<b>14,910,035</b>	<b>14,838,736</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**20. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property, Plant and Equipment	12,323,718	17,282,316
Intangible Assets	6,569,034	-
<b>Total Depreciation and amortization</b>	<b>18,892,752</b>	<b>17,282,316</b>

**21. Cash and Cash Equivalents**

	2022-2023	2021-2022
	Kshs.	Kshs.
Current Account	67,800,820	113,595,550
Treasury Bills < 3 Months	733,871,250	1,278,585,100
Others	57,373,535	45,855,967
<b>Total Cash and Cash Equivalents</b>	<b>859,045,605</b>	<b>1,438,036,617</b>

**19 (a). Detailed Analysis of the Cash and Cash Equivalents**

Financial Institutions	Account Number	2022-2023	2021-2022
		Kshs.	Kshs.
<b>a) Current Account</b>			
KCB Current Account (Ksh)	1101575093	22,077,977	102,339,024
KCB Current Account (Dollar)	1167698452	37,475,162	2,216,164
KCB Current Account-Kisumu (Ksh)	1111688923	513	496
KCB Current Account-Lamu (Ksh)	1215829051	82,089	288
KCB Current Account-Lodwar (Ksh)	1218308931	22,139	23,534
NBK Current (Dollar)	02003057729100	8,142,940	9,016,044
<b>Sub-Total</b>		<b>67,800,820</b>	<b>113,595,550</b>

**c) Treasury Bills < 3 Months**

Central Bank of Kenya	733,871,250	1,278,585,100
<b>Sub-Total</b>	<b>733,871,250</b>	<b>1,278,585,100</b>

**e) Others**

Petty Cash-Mombasa Office		131	8,645
Petty Cash-Lamu Office		688	-
Petty Cash-Turkana Office		1,070	-
Petty Cash-Kisumu Office		2,969	25,908
KCB Savings Account	1107477549	3,391,780	3,392,845
Outstanding Imprest-Staff		51,351,745	42,428,569
Outstanding Imprest-Directors		2,625,152	-
<b>Sub-Total</b>		<b>57,373,535</b>	<b>45,855,967</b>
<b>Grand Total</b>		<b>859,045,605</b>	<b>1,438,036,617</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**22. Trade Receivable from exchange transaction**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Trade	18,178,550	20,293,848
Interest receivable	7,984,486	2,597,345
Prepayments	31,325,201	22,572,440
Others non trade	2,291,445	3,415,324
Less: Provision for Doubtful debts	(17,824,895)	(14,902,030)
<b>Total Trade Receivable from exchange transactions</b>	<b>41,954,787</b>	<b>33,976,927</b>

**Ageing Analysis for Receivables from Exchange Transactions**

Description	2022-2023		2021-2022	
	Amount (Kshs.)	% of the Total	Amount (Kshs.)	% of the Total
Less than 1 year	40,769,671	68%	33,700,320	56%
Between 1-2 Years	1,503,267	3%	1,374,758	3%
Between 2-3 Years	10,388,554	17%	3,415,324	7%
Over 3 Years	7,118,189	12%	10,388,554	21%
<b>Total</b>	<b>59,779,682</b>	<b>100%</b>	<b>48,878,957</b>	<b>100%</b>

**Provision for Doubtful debts Movement Schedule**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Balance as at 1st July	14,902,030	5,709,956
Increase/(Decrease) recognized in Statement of Financial Performance	2,922,865	9,192,074
<b>Balance as at 30 June</b>	<b>17,824,895</b>	<b>14,902,030</b>

**23. Receivable from Non-Exchange Transaction**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
MS Levy fees	189,708,076	141,686,071
Staff Debt	3,937,419	4,239,214
Salary Advance	332,939	1,197,010
Training Levy	1,554,150	2,081,150
Other	50,054,792	31,694,085
<b>Total Receivable from non-exchange transaction</b>	<b>245,587,376</b>	<b>180,897,530</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Ageing Analysis for Receivables from Non-Exchange Transactions**

Description	2022-2023		2021-2022	
	Amount (Kshs.)	% of the Total	Amount (Kshs.)	% of the Total
Less than 1 year	210,041,015	86%	144,577,166	80%
Between 1-2 Years	54,792	0%	30,000,000	17%
Between 2-3 Years	30,000,000	12%	-	0%
Over 3 Years	5,491,569	2%	6,320,364	3%
<b>Total</b>	<b>245,587,376</b>	<b>100%</b>	<b>180,897,530</b>	<b>100%</b>

**24. Inventories**

Description	2022-2023 Kshs.	2021-2022 Kshs.
General supplies	3,587,953	3,030,927
Publications & library books	287,432	287,302
<b>Total Inventories</b>	<b>3,875,385</b>	<b>3,318,229</b>

**25. Mortgage Guarantees**

Description	2022-2023 Kshs.	2021-2022 Kshs.
House Loan Guarantee	204,301,622	212,934,613
Car Loan Guarantee	30,712,441	32,037,649
<b>Total Mortgage Guarantees</b>	<b>235,014,063</b>	<b>244,972,262</b>

**Mortgage Guarantees Movement Schedule**

Description	House Mortgage Kshs	Car Loan Kshs	Total Kshs
Balance as at 1st July 2022	212,934,613	32,037,649	244,972,262
Transfers	-	-	-
Interest Earned	(8,632,991)	(1,325,208)	(9,958,199)
<b>Balance as at 30 June 2023</b>	<b>204,301,622</b>	<b>30,712,441</b>	<b>235,014,063</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**26. Intangible Assets**

Description	2022-2023 Kshs	2021-2022 Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	<b>98,529,942</b>	<b>94,121,024</b>
Additions	-	-
<b>At end of the year</b>	<b>98,529,942</b>	<b>94,121,024</b>
Additions–Work in Progress	4,408,918	4,408,918
<b>At end of the year</b>	<b>102,938,860</b>	<b>98,529,942</b>
<b>Amortization And Impairment</b>		
<b>At beginning of the year</b>	<b>83,231,758</b>	<b>83,231,758</b>
Amortization	6,569,034	-
<b>At end of the year</b>	<b>89,800,792</b>	<b>83,231,758</b>
Impairment loss	-	-
<b>At end of the year</b>	<b>83,231,758</b>	<b>83,231,758</b>
<b>NBV</b>	<b>13,138,068</b>	<b>15,298,184</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**27. Property, Plant and Equipment**

Assets	Land	Building	Motor vehicles	Computers & IT Equipment	Furniture & Equipment	Capital in Progress	Total
Cost or Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at 1 July 2021</b>	237,716,383	4,390,414	57,815,468	76,296,135	155,242,609	1,764,493,960	2,295,954,969
Disposal	-	-	-	-	-	-	-
Additions	-	-	-	2,372,028	-	180,142,114	182,514,142
Re allocation	-	-	-	-	-	-	-
<b>As at 30 June 2022</b>	237,716,383	4,390,414	57,815,468	78,668,163	155,242,609	1,944,636,074	2,478,469,111
Disposal	-	-	-	-	-	-	-
Additions	-	-	-	4,381,705	290,830	440,737,539	445,410,074
Re allocation	-	-	-	-	-	-	-
<b>As at 30 June 2023</b>	237,716,383	4,390,414	57,815,468	83,049,868	155,533,439	2,385,373,613	2,923,879,185
<b>Depreciation and impairment</b>							
<b>As at 1 July 2021</b>	-	658,562	55,369,807	74,030,401	122,641,775	-	252,700,545
Disposal	-	-	-	-	-	-	-
Charge for the year	-	109,760	2,445,660	2,217,171	12,509,725	-	17,282,316
Adjustments	-	-	-	-	-	-	-
<b>As at 30 June 2022</b>	-	768,322	57,815,467	76,247,572	135,151,500	-	269,982,861
Disposal	-	-	-	-	-	-	-
Charge for the year	-	109,760	-	1,217,137	10,996,821	-	12,323,718
Adjustments	-	-	-	-	-	-	-
<b>As at 30 June 2023</b>	-	878,082	57,815,467	77,464,709	146,148,321	-	282,306,579
<b>Net Book values</b>							
<b>As at 30 June 2023</b>	237,716,383	3,512,332	1	5,585,159	9,385,118	2,385,373,613	2,641,572,606
<b>As at 30 June 2022</b>	237,716,383	3,622,092	1	2,420,591	20,091,109	1,944,636,074	2,208,486,250

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**27. Property, Plant and Equipment (Continued)**

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

Asset Class	Cost	Normal Annual Depreciation Charge
Motor Vehicles	57,815,468	11,563,094
Computers & IT Equipment	76,296,134	25,432,045
Furniture & Equipment	113,061,144	14,132,643
<b>Total</b>	<b>247,172,746</b>	<b>51,127,782</b>

**28. Trade and Other Payables**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Trade Payables	215,837,415	86,530,783
Audit Fees Payable	4,700,000	6,100,000
Staff payables	468,498	4,399,819
Statutory	14,839,766	15,556,883
Other payable	30,770,318	76,707,292
<b>Total</b>	<b>266,615,997</b>	<b>189,294,777</b>

**Ageing Analysis: Trade and Other Payables**

Description	2022-2023		2021-2022	
	Amount (Kshs.)	% of the Total	Amount (Kshs.)	% of the Total
Less than 1 year	266,162,679	99.22%	145,719,231	76.98%
Between 1-2 Years	2,083,368	0.78%	43,563,819	23.01%
Between 2-3 Years	0	0.00%	0	0.00%
Over 3 Years	11,727	0.00%	11,727	0.01%
<b>Total</b>	<b>268,257,774</b>	<b>100.00%</b>	<b>189,294,777</b>	<b>100.00%</b>

**29. Gratuity**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
As at 1 July	9,276,880	4,397,330
Charge for the year	2,518,860	4,879,550
Payment during the year	(4,247,647)	-
<b>As at 30 June</b>	<b>7,548,093</b>	<b>9,276,880</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**30. Deferred Government Grant**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Deferred Income	5,101,821	10,203,642
Less: Deferred Income Recognized	<u>(5,101,821)</u>	<u>(5,101,821)</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>5,101,821</u></b>

**31. Cash Generated from Operations**

	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flow from operating activities</b>			
Surplus for the Year		909,489,452	773,954,297
<b>Adjusted for:</b>			
Depreciation	18	18,892,752	17,282,316
Foreign Exchange (Gain) Loss	10	(6,003,619)	(3,263,183)
<b>Working Capital Adjustments</b>			
Increase in Trade Receivables	20 & 21	(72,667,706)	9,061,829
Decrease in Inventories	22	(557,156)	175,658
Decrease in Trade Payables	26	77,321,220	(155,750,934)
Increase in Gratuity	27	(1,728,787)	4,879,550
Decrease in Deferred Income	28	<u>(5,101,821)</u>	<u>(5,101,821)</u>
<b>Net cash generated from operating activities</b>		<b><u>919,644,335</u></b>	<b><u>641,237,712</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**32. FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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

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

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	41,954,787	24,129,892	17,824,895	-
Receivables From Non-Exchange Transactions	245,587,376	245,587,376	-	-
Bank Balances	859,045,605	859,045,605	-	-
<b>Total</b>	<b>1,146,587,768</b>	<b>1,128,762,873</b>	<b>17,824,895</b>	<b>-</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	48,878,957	33,976,927	14,902,030	-
Receivables From Non-Exchange Transactions	180,897,530	180,897,530	-	-
Bank Balances	1,438,036,617	1,438,036,617	-	-
<b>Total</b>	<b>1,667,813,104</b>	<b>1,652,911,074</b>	<b>14,902,030</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 30. FINANCIAL RISK MANAGEMENT (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### (ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade payables	180,177,667	25,435,892	10,223,856	215,837,415
Provisions	-	4,700,000	11,024,767	15,724,767
Deferred Government Grant	-	-	-	-
<b>Total</b>	<b>180,177,667</b>	<b>30,135,892</b>	<b>21,248,623</b>	<b>231,562,182</b>
<b>At 30 June 2022</b>				
Trade payables	26,332,384	43,827,670	16,370,729	86,530,783
Provisions	-	6,100,000	57,429,950	63,529,950
Deferred Government Grant	-	-	5,101,821	5,101,821
<b>Total</b>	<b>26,332,384</b>	<b>49,927,670</b>	<b>78,902,500</b>	<b>155,162,554</b>

#### (iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**30. FINANCIAL RISK MANAGEMENT (Continued)**

The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

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

**FY2023**

	<b>Ksh</b>	<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2023</b>			
Financial assets			
Cash	813,427,503	45,618,102	859,045,605
Debtors	5,316,767	17,262,237	22,579,004
<b>Total Financial Assets</b>	<b>818,744,270</b>	<b>62,880,339</b>	<b>881,624,609</b>
Liabilities			
Trade and other payables	629,355,434	1,857,753	631,213,187
<b>Net foreign currency asset/(liability)</b>	<b>189,388,836</b>	<b>61,022,586</b>	<b>250,411,422</b>

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

**FY2022**

	<b>Ksh</b>	<b>Other Currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2022</b>			
Financial assets			
Cash	1,426,804,409	11,232,208	1,438,036,617
Debtors	211,955,135	17,262,237	229,217,372
<b>Total Financial Assets</b>	<b>1,638,759,544</b>	<b>28,494,445</b>	<b>1,667,253,989</b>
Liabilities			
Trade and other payables	644,021,308	163,303	644,184,611
<b>Total Financial Liabilities</b>	<b>644,021,308</b>	<b>163,303</b>	<b>644,184,611</b>
<b>Net foreign currency asset/(liability)</b>	<b>994,738,236</b>	<b>28,331,142</b>	<b>1,023,069,378</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 30. FINANCIAL RISK MANAGEMENT (Continued)

#### Foreign currency sensitivity analysis

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

	Change in Currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2023</b>			
USD	10%	4,593,552	4,593,552
<b>2022</b>			
USD	10%	2,833,114	2,833,114

#### b) Interest rate risk

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

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

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

##### *Sensitivity analysis*

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 8,590,456 (2022: Kshs 14,380,366). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 42,952,280 (2022 – Kshs 71,901,831).

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**30. FINANCIAL RISK MANAGEMENT (Continued)**

**iv) Capital Risk Management**

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

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	4,373,470	4,373,470
Retained earnings	3,097,829,798	3,164,554,663
Capital reserve	76,771,434	76,771,434
Specific reserves	230,000,000	230,000,000
<b>Total funds</b>	<b>3,408,974,702</b>	<b>3,475,699,567</b>
Total borrowings	0	0
Less: cash and bank balances	859,045,605	1,438,036,617
Net debt/(excess cash and cash equivalents)	(859,045,605 )	(1,438,036,617)
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**33. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

Other related parties include:

- i) The Parent Ministry;
- ii) County Governments;
- iii) Other SCs and SAGAs
- iv) Key Management;
- v) Board of Directors;

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**31. Related Party Balances (Continued)**

	2022-2023	2021-2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify) e.g Interest and Bank charges	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>b) Purchases from related parties</b>		
Purchases of electricity from KPLC	4,775,183	3,731,369
Purchase of water from Govt service providers	111,545	5,570
Rent expenses paid to Govt agencies	9,132,670	8,732,424
Training and conference fees paid to govt. agencies	1,990,880	22,367,110
Others (specify)	-	-
<b>Total</b>	<b>16,010,278</b>	<b>34,836,473</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in kind	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>d) Key management compensation</b>		
Directors' emoluments	26,458,791	26,320,557
Compensation to key management	20,870,351	30,473,500
<b>Total</b>	<b>47,437,142</b>	<b>56,794,057</b>

**34. Capital Commitments**

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised and contracted for	738,747,355	1,728,176,418
<b>Total</b>	<b>738,747,355</b>	<b>1,728,176,418</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 35. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement the Authority remitted Kshs **511,122,944** (FY2021 Kshs **114,701,539**).

The Surplus Remission has been computed as follows:

	<b>FY2022-2023</b>	<b>FY2021-2022</b>
<b>DESCRIPTION</b>	<b>Kshs.</b>	<b>Kshs.</b>
Surplus for the Year	909,489,452	773,954,297
Less: Allowable deductions by NT		
Purchase of Assets	(445,410,074)	<b>(186,923,060)</b>
Oil Spill & SAR Fund Transfer	-	-
Mortgage & Car Loan Guarantees	-	-
<b>Total Allowable deductions</b>	<b>(445,410,074)</b>	<b>(186,923,060)</b>
Realized Surplus Funds	464,079,378	587,031,237
<b>90% of Realized Surplus Funds</b>	<b>417,671,441</b>	<b>528,328,113</b>

### Surplus Remission Payable

	<b>2022-2023</b>	<b>2021-2022</b>
<b>Description</b>	<b>Kshs.</b>	<b>Kshs.</b>
As at 1 July	445,612,954	428,407,785
Realized Surplus Funds	417,671,441	528,328,113
Paid during the year	<u>(506,235,298)</u>	<u>(511,122,944)</u>
<b>As at 30 June</b>	<b><u>357,049,097</u></b>	<b><u>445,612,954</u></b>

### 36. Events After the Reporting Period

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

### 37. Ultimate and Holding Authority

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

### 38. Currency

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


### 39. APPENDICES

#### APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
<b>Basis for Qualified Opinion</b>				
1.1	Statement of Financial Performance for the year ended 30 June 2022 reflect employee costs of Kshs 450,847,010 which included training expenses of Kshs 78,406,473. Training expenses of Kshs 1,856,000, Kshs 2,166,314, Kshs 2,182,704, Kshs 33,643,551, 6,372,789, Kshs 2,415,270 , Kshs 2,350,269 and Kshs 2,565,277 were not supported	The supporting documents were availed to the Auditor General for review.	Ongoing	31 <sup>st</sup> Dec 23
2.1	Kshs 3,187,000 paid as Daily Subsistence Allowance to individuals who are not staff of the Authority staff had no requests by the respective accounting officers for facilitation of their staff.	The supporting documents were availed to the Auditor General for review.	Ongoing	31 <sup>st</sup> Dec 23
2.2	Kshs 22,192,069 paid to various staff of the State Department of Shipping and Maritime had not been accounted for as at 30 June 2022.	The supporting documents were availed to the Auditor General for review.	Ongoing	31 <sup>st</sup> Dec 23
	During presentation of merchant shipping regulations to parliamentary committee from 2 to 6 June 2022, an amount of Kshs 3,160,800 was irregularly paid to 41 members of parliamentary committee of Transport and Delegated Legislation as Daily Subsistence Allowances for 4 days and Kshs 750,000 incurred for hiring 30	The Authority received request to facilitate the committee members through letter Reference NA/DAA&OSC/CDL/2022/042 dated 2 <sup>nd</sup> June 2022. The approved memo was in reference to the communications in regard to the meetings. The	Ongoing	31 <sup>st</sup> Dec 23

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	vehicles for members of parliament. The approved memo did not indicate the members of parliament involved and paid.	membership list has been availed.		
3	The expenditure of the Board of Directors of Kshs 37,930,104 exceed the approved budget of Kshs 30,000,000 by Kshs 7,930,104 or 26% contrary to the provisions of the circular no OP/CAB.9/1A of March 11, 2020.	There were various urgent emerging issues that necessitated convening of board meetings including the disciplinary proceedings of the former Director General. Approval was sought and obtained from the parent Ministry.	Ongoing	31 <sup>st</sup> Dec 2023
<b>Lawfulness And Effectiveness In Use Of Public Resources</b>				
1.1.	Statement of Financial Position reflects a balance of Kshs. 2,208,486,250 in respect to Property, Plant and Equipment which includes additions of Kshs 180,142,114 in it an amount of Kshs 98,600,000 was paid to a contractor for construction of KMA Headquarters building.  The contract period was extended seven times which pushed the expected completion date to 17 September 2021. However, the project was completed in March 2022, six months past the contract period without a contract extension approval.	The failure by the contractors to complete the project by 17 <sup>th</sup> September 2021 was not properly justified for an extension which would have attracted additional costs in terms of extended preliminaries. The project manager and client deemed not fit to approve request for extension of contract period and instead the contractors were urged to complete the works without any cost to the client.	Ongoing	31 <sup>st</sup> Dec 2023
1.2	Payment of Kshs 98,600,000 to the contractor under certificate No. 30 was for reimbursement of price deviation for works	The legal opinion was received on 16th June 2022 and the DG approved payment of	Ongoing	31 <sup>st</sup> Dec 2023

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For Year Ended June 30, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	associated with labor subject to price deviations of Kshs 926,801,538. The payment was not approved by the accounting officer or the Project Implementation Committee and works worth Kshs 142,702,303 done before the lapse of one year from the contract signing date were not subject to variation as per sections 139(3) of the PPADA, 2012.	Interim Certificate No.30 and No.21 on 27 <sup>th</sup> June, 2022. Legal opinion by the Office of the AG, dated 16 <sup>th</sup> June 2022. The works worth Kshs 142,702,303 related to raft piling which was procured independent of the existing contract since the law did not provide for variation of contract before lapse of 12 months.		
1.3	The Final project appraisal and acceptance of goods, works and services certificate had not been raised by the Project Implementation Committee which was more than 4 months after the end of projects defect liability period against Regulation 142(2)(a) and (b).	The meeting was held on 26 <sup>th</sup> of October, 2022, discussed the end of defect liability Period and a certificate of making good issued on 2 <sup>nd</sup> November, 2022	Ongoing	31 <sup>st</sup> Dec 2023
2.	The financial statements for the year ended 30 June 2022 were submitted on 3 October 2022 after the deadline of 30 September 2022 contrary to section 81(4)(a) of the Public Finance Management Act, 2012.	The financial statements were delivered on 30 <sup>th</sup> September however the Officer confused Office of Attorney General with Office of Auditor General which are domiciled on the same floor at the NSSF building.	Closed	

Director General



Date: 18 September 2023

**APPENDIX II: PROJECTS IMPLEMENTED BY KENYA MARITIME AUTHORITY**

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

**Status of Projects completion**

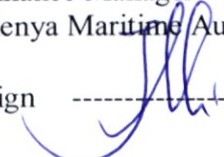
	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of Funds
1	Construction of KMA Headquarters	2,043M	1,945M	99%	896M	180M	KMA
2	Multinational Lake Victoria Maritime Communication and Transport	860M	30M	3%	79M	15M	AFDB

**APPENDIX III: INTER-AUTHORITY TRANSFERS**

ENTITY NAME:		KENYA MARITIME AUTHORITY		
Break down of Transfers from the State Department for Shipping and Maritime				
FY 2022/2023				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	N/A
			-	N/A
			-	N/A
		<b>Total</b>	-	N/A
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	-	N/A
		<b>Total</b>	-	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	N/A
			-	N/A
			-	N/A
		<b>Total</b>	-	N/A
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	N/A
			-	N/A
			-	N/A
		<b>Total</b>	-	N/A

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

Finance Manager  
Kenya Maritime Authority

Sign 

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

Sign-----

**APPENDIX IV: TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

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



**APPENDIX V- INTER-ENTITY CONFIRMATION**

*[Insert your Letterhead]*

*[Insert name of beneficiary Entity]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Entity]</i> as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2023				Amount Received by <i>[beneficiary Entity]</i> (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

**Head of Accountants department of beneficiary Entity:**

Name ..... Sign .....Date .....

**APPENDIX VI: REPORTING OF CLIMATE RELEVANT EXPENDITURES**

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

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

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

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

**APPENDIX VII: DISASTER EXPENDITURE REPORTING**

Date: 30 June 2023

Kenya Maritime Authority

<b>Period to which this report refers (FY)</b>	<b>Year</b> 2022/2023			<b>Quarter</b>		
<b>Name of Reporting Officer</b>	Eng. Martin D. Munga					
<b>Contact details of the reporting officer:</b>	<b>Email</b> info@kma.go.ke			<b>Telephone</b> 0724319344		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
-	-	-	-	-	-	-