

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 12 JUN 2024 DAY: Wednesday

TABLED BY: Deputy Majority Leader  
Hon. Owen Bwalya, MP

CLEAR AT THE TABLE: Miriam Nduro

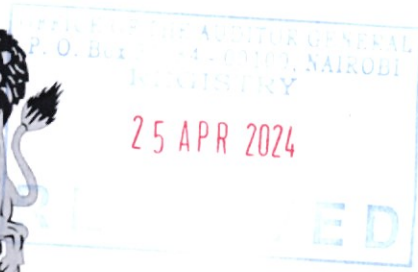
PARLIAMENT  
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**THE AUDITOR-GENERAL**

**ON**

**KENYA FISH MARKETING AUTHORITY**

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



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**KENYA FISH MARKETING AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

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

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

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***Kenya Fish Marketing Authority***  
**Annual Report 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**

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

**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.

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**2. Key Entity Information and Management**

**(a) Background information**

Kenya Fish Marketing Authority was established under Section 198 of the Fisheries Management and Development Act, No. 35 of 2016, on 29<sup>th</sup> September 2016. The Entity is domiciled in Kenya and has its Head Office in Museum Hill Nairobi.

The Authority is represented by the Board of Directors whose responsibility is to ensure that there is proper and effective performance of the functions of the Fish Marketing Authority.

The Authority was categorized as Parastatal Category 3C by the State Corporations Advisory Committee in March 2022 with 5 departments and 2 Divisions namely.

1. Marketing Development and Client Services Department
2. Marketing Research and Information Management Department
3. Corporate Services Department
4. Corporation Secretary and Legal Services Department
5. Internal Audit Department
6. Strategy and Planning Division
7. Supply Chain Management Division.

***Vision Statement***

To be the leading agency in marketing fish and fishery products in Africa.

***Mission***

To facilitate fish and fishery products marketing at all levels for socio-economic development of Kenya.

***Mandate***

The Authority is mandated to Market Fish and Fisheries Products from Kenya.

***Core Values***

In order to fulfil its mandate and realize its vision and mission, the operation of the Kenya Fish Marketing Authority will be guided by the following principles: -

- i. Integrity.
- ii. Reliability.
- iii. Transparency.
- iv. Professionalism; and
- v. Accountability.

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***Core Functions.***

- a) Develop, implement and co-ordinate a national fish marketing strategy.
- b) Identify fish market needs and trends and advise fisheries stakeholders accordingly.
- c) Ensure that fish and fisheries products from Kenya enjoy market access at local, national, regional, and international levels as premier products and, to this end, that the products and markets are developed and diversified.
- d) Organize stakeholders to ensure smooth marketing of fish and fishery products.
- e) Collaborate with national and international trade related bodies.
- f) Advise the cabinet secretary on issues related to national and international trade trends; and
- g) Promote the sustainable use of fish by preventing, deterring, and eliminating to the extent possible trade in illegal, unreported and unregulated fishing.
- h) Enforce National Fisheries trade laws and international fisheries related trade rules; and
- i) Perform any other functions that are ancillary to the object and purpose for which the fish marketing authority is established.

**(b) Key Management**

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

- The Board of Directors.
- The Chief Executive Officer.
- Department of Market Research and Information Management.
- Department of Market Development and Client Services.
- Corporate Services Department
- Corporation Secretary and Legal Services Department

**(c) 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. Chief Executive Officer	Samuel Onyango
2.	Head of Corporate Services	None
3.	Head of Finance (Senior Chief Finance Officer, State Department for Blue Economy and Fisheries)	Martin Wamwea (State Department)

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4.	Chief Supply Chain Officer, State Department for Blue Economy and Fisheries	Sammy Okonji (State Department)
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**(d) Fiduciary Oversight Arrangements**

**a) Audit and Risk Committee, Finance Committee, Technical Committee and Human Resource Committee.**

The Authority's Risk and Audit Committee, Finance Committee, Technical Committee and Human Resource Committee have been active vide the Mwongozo Code of Governance for State Corporations 2015.

**b) Parliamentary Committee activities**

The Authority handled various issues at the National Assembly of Parliament:

**National Assembly – Agriculture, Livestock and Fisheries Committee**

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

**c) Authority's Headquarters**

P. O. Box 47170-00100  
Museum Hill  
Nairobi, KENYA

**(e) Entity Contacts**

Telephone: (254) 713906169  
E-mail: [info@kfma.go.ke](mailto:info@kfma.go.ke)  
Website: <http://www.kfma.go.ke> (under construction)

**(f) Entity Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P. O. Box 60000  
City Square 00200



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**NAIROBI, KENYA**

**(g) Independent Auditor**

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

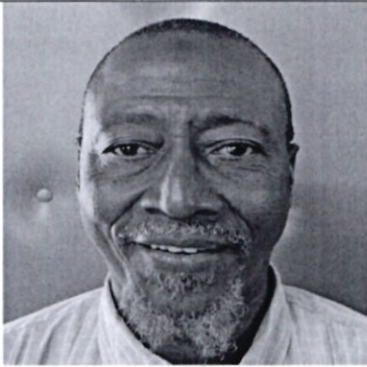


**(h) Principal Legal Adviser**

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



### 3. The Board of Directors/Council

Ref	Directors	Details
1.	 <p>Hon. Martin Ogindo. Chairperson</p>	<p>Board Chairperson.</p> <p>Hon. Martin Ogindo, a renowned Public Finance Consultant, was born on 28<sup>th</sup> December 1966 and holds a Master of Science (Finance) degree from the University of Nairobi.</p> <p>He was Member of Parliament for Rangwe Constituency during the period 2008-2013.</p> <p>He served as the Chairman of the Budget Committee of the Kenya National Assembly.</p> <p>He has held other senior roles as the Advisor Public Finance and Budget to the Council of Governors and at the Office of the Governor, Nairobi City County as the Advisor Planning, Finance and Strategy.</p>
2.	 <p>Dr. Gilbert Kimutai Arap Bor.</p>	<p>Independent Board Member. Vice-Chairperson</p> <p>Dr. Bor was born in 1953.</p> <p>He holds a Doctor of Philosophy in Business Management (Marketing) from Moi University where he also Lectures in Marketing Management.</p> <p>He also holds an MSc International Community Economic Development (Marketing Track) degree and a Bachelor of Business Management (Micro-Enterprise Development – Marketing)</p> <p>He is an expert in Marketing Management , Principles of Marketing, Marketing Strategy and Research.</p>



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		<p>He previously worked for Rift Valley Bottlers as a Marketing Executive.</p> <p>He is the Chairperson of the Technical Committee</p>
3.	 <p>Mr. Hamid Mohammed Omar</p>	<p>Independent Member</p> <p>Mr. Hamid Omar was born in 1963. Mr. Hamid Omar is a seasoned expert in the Hospitality Industry.</p> <p>He is the Chairperson of Wavuvi Association of Kenya and currently the Chairperson of the Audit and Risk Committee.</p>
4.	 <p>Mr. Joseph Mwangi.</p>	<p>Independent Board Member.</p> <p>Joseph Mwangi was born on 22<sup>nd</sup> September, 1978. He is a seasoned Lawyer in Civil/Commercial litigation Conveyancing and Arbitration and Holds a Bachelor of Laws Degree from Moi University. He is an advocate of the High Court of Kenya, Commissioner of Oaths, and an associate member Chartered Institute of Arbitrators.</p> <p>Currently chairs the Finance Committee</p>
5.		<p>Alternate Board Member, State Department for the Blue Economy and Fisheries.</p> <p>Mr. Katumo was born on 4<sup>th</sup> June 1964 and Holds a Master's Degree in Economics from the University of Nairobi. He is currently the Director of Planning at the State Department for Blue Economy and Fisheries and has expertise in Project Development and Management, Policy</p>



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	<p>Mr. Joseph M. Katumo.</p>	<p>formulation and implementation, Performance Contracting and Capacity Building. He is a member of the Technical and Human Resources Committee.</p>
<p>6.</p>	 <p>Mr. Robert Kiteme</p>	<p>Representative, Council of Governors. Mr. Robert Kiteme was born on 28<sup>th</sup> February, 1988. Robert holds a Master of Science in Agricultural Resource Management and a Bachelor of Science Agriculture (Economics) from the University of Nairobi.  He is an agricultural economist with 10 years' experience, with a good understanding of agricultural sector, policy, legal frameworks and government protocols and processes and bilateral and multi-lateral negotiations and programming. He is the Chairperson of the Human Resources Committee</p>
<p>7.</p>	 <p>Mr. Robert Kungu</p>	<p>Representative, Office of the Attorney General Mr. Robert Kungu was born on 28<sup>th</sup> October, 1973. Robert currently serves as a Chief State Counsel whose responsibilities include Negotiating, Drafting and Vetting Complex Local and International Documents, Agreements and Treaties for and behalf of government ministries and departments.  Undertaking interpretation of local and international Agreements and Treaties for and on behalf of government ministries and departments.  Provision of legal advice to the Government on the activities of bodies, commissions and other international organizations that require submission of a country position.  Robert Holds a Bachelor of Laws Degree and Masters in International Studies and Relations.  Robert is an advocate for the High Court of Kenya</p>

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		and a member of the Law Society of Kenya.
8.	 <p>Ms. Catherine Njoroge.</p>	<p>Alternate director to the Principal Secretary, National Treasury.</p> <p>Catherine Njoroge was born on 26<sup>th</sup> April, 1978. She holds a Master of Arts in Communications Degree and an experience professional in Government Communications with over 20 years' experience. She is a member of Public Relations Society of Kenya.</p> <p>She is a member of the Finance, Risk and Audit Committees.</p>
9.	 <p>Mr. Benson K. Kimani.</p>	<p>Benson was born in 1965 and is the Alternate Member of the Board representing the Principal Secretary, State Department for Economic Planning. He is the Director, Central Planning and Project Monitoring Directorate, in the State Department.</p> <p>He has over 32 years' experience in the Public Sector in Kenya with a bias on public sector development planning coordination at the national and sub-national levels. He has also been involved in preparing key documents such as the Medium-Term Plans of Kenya Vision 2030 as well as spearheading production of various guidelines on integrated county development.</p> <p>He holds a Master of Arts degree in Economic Policy Management from Makerere University and Bachelor of Arts degree (Economics) from the University of Nairobi. He is also a certified Project Management Professional (PMP). He has attended various courses including the Strategic Leadership Development Programme (KSG-Kenya); Monitoring and Evaluation of Public Sector Projects and Programmes (University of East Anglia, Norwich); and</p>


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		Integrated and Sustainable Coastal Development (Gothenburg University, Sweden).
10.	 <p>Mr. Joel Mwangi Munyiri</p>	<p>Alternate Director, PS State Department for Trade and Enterprise Development</p> <p>Mr. Munyiri was born in 1969. He is a holder of a master’s degree in international Trade and Economic Cooperation and a Bachelor’s degree in economics and Sociology.</p> <p>He has wide experience in trade promotion, Inter-Governmental co-ordination, and promotion of Small and Medium Enterprises.</p> <p>He is a member of the HR and Technical Committees.</p>
11.	 <p>Mr. Charles Ogwang</p>	<p>Ag. Chief Executive Officer and Secretary to the Board (FMDA, 2016 Section 201 (h))</p> <p>He was born on 25/05/1975. He is a graduate with a Bachelor in Agribusiness. He is a result driven value chain development specialist with extensive experience in value chain analysis and implementation of upgrading strategies that drive competitiveness. Proficient in; market research, action planning, capacity building, resource mobilization, market systems improvement and partnerships development for climate resilient value chains.</p> <p>Charles has extensive years of experience in Development, review and implementation of fisheries and blue economy policies, regulations, plans and strategies; Promoting value chain development in aquaculture and fisheries; Promoting innovations and technologies that enhance productivity and profitability; Promoting fisheries management, conservation and sustainable utilization and Climate change</p>

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		mitigation and adaptation for resilient fishing communities.
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**4. Key Management Team**

	<b>Management</b>	<b>Details</b>
1.	 <p>Mr. Charles O. Ogwang            Bachelor of Agribusiness Management            With Certifications in:</p> <ol style="list-style-type: none"> <li>1. Senior Management.</li> <li>2. Global Strategy to Improve agricultural and rural statistics</li> <li>3. Value chain development for sustainable use of fisheries resources.</li> <li>4. Illegal unreported unregulated (IUU) fishing management.</li> <li>5. Public Private Partnership (ppp) project proposal development.</li> <li>6. Business case development</li> <li>7. Value chain upgrading strategy - value links</li> </ol>	<ol style="list-style-type: none"> <li>i. Policy, Procedures, Strategies, standards and guidelines formulation, implementation/execution, and review.</li> <li>ii. Liaison between Board and Secretariat.</li> <li>iii. exercise the roles of Accounting and Authorized officer.</li> <li>iv. Day to day management and administration.</li> <li>v. Oversee Preparation of annual budgets and establishment of proper internal monitoring and control systems and procedures</li> <li>vi. Strategic leadership.</li> <li>vii. Capacity Building and Performance Management</li> <li>viii. Ensure Compliance with relevant laws.</li> <li>ix. Promote Corporate Image and enhance collaboration.</li> </ol>



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**5. Chairman's Statement**

It is with great pride and enthusiasm that I present the inaugural Chairman's Report as part of the Kenya Fish Marketing Authority's Annual Report and Financial Statements for the Financial Year 2022/23. This marks a significant milestone for both our organization, the Board and myself, as it is our first endeavour into this essential documentation.

**Strategic Implementation and Budget Allocation**

In the pursuit of our mission to promote the marketing of Fish and Fisheries Products, we remained steadfast in our commitment to implementing our Strategic Plan (2018-2022). However, during the Financial Year 2021/22, we faced a notable budgetary challenge. While we had an approved budget of Kshs 16,000,000, only 79 percent of this budget was absorbed, leaving a substantial amount of Kshs 2,122,709,853 unutilized. During the year 2022/23, the approved budget was KSh. 31 Million which was fully absorbed as presented in the detailed report.

**Annual Financial Statements (AFS)**

The Annual Financial Statements (AFS) for the Financial Year 2022/23 stand as a comprehensive record of our financial activities, shedding light on the allocation and utilization of funds. These statements also delve into an assessment of target achievements and the underlying factors behind any unmet goals. Our commitment to transparency is evident in the meticulous extraction of data from records related to budget implementation.

**Major Achievements**

The past fiscal year was not without its accomplishments. Foremost among these achievements was the development of the draft National Fish Marketing Strategy. This all-encompassing strategy aims to bolster our local and international market presence by enhancing the competitiveness of Kenyan fish and fisheries products. It is our goal to launch and implement the Strategy during the next fiscal year.

**Transformation of Beach Management Units**

To align with the Kenya Kwanza Government's Bottom-Up Economic Transformation Agenda, we embarked on a transformational journey. Seventy-five Beach Management Units were successfully converted into Marketing Cooperatives. Collaboratively, with the State Department for Blue Economy and Fisheries and the State Department for Co-operatives, we identified 445 Beach Management Units in all our water bodies to undergo transformation. This initiative is poised to strengthen our supplier base, improve earnings, and provide better access to financial services and shared cold storage facilities to the fishermen.

**Promotional Activities**

We actively engaged in nationwide promotional endeavours, both physically and through various digital platforms. Our objective was to heighten awareness, stimulate demand, and foster increased consumption of fish. Our outreach extended to local, regional, and international platforms, including exhibitions and shows. The Authority's participation in six local shows further amplified our efforts.

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**Implementation Challenges and Steps Forward**

Throughout the year, we encountered several implementation challenges, including unpredictability in exchequer disbursements and delays. Our institutional capacity faced limitations, stemming from issues such as office space, technical staff shortages, and funding shortfalls. In response, we have undertaken several measures to address these challenges:

- We have sought additional technical staff support from the State Department for Blue Economy and Fisheries.
- The development and finalization of the National Fish Marketing Strategy is a key priority.
- Capacity-building initiatives have been initiated for Beach Management Units, focusing on marketing, value addition, and investment in the fisheries sector.

Moreover, we have put forth the following recommendations to further enhance our ability to fulfil our mandate:

- i. Adequate funding of planned activities.
- ii. Allocation of a Development Budget by The National Treasury to improve program and project efficiency.
- iii. Approval by the National Treasury for the recruitment of critical staff to bridge skill gaps.
- iv. Funding for an end-to-end Fish Marketing Information System to enhance market efficiency, transparency, and support sustainable fisheries management.
- v. Deployment of containerized solar-powered mini fish processing and cold storage facilities, modernization of fish landing sites, and commercialization of key value chain players to reduce post-harvest losses and prevent forced fish sales.

**Future Focus**

As we look ahead, the Authority's focus remains on enhancing its capacity. This will be achieved through the recruitment of a substantive Chief Executive Officer, critical staff, and provision of office accommodation. Our primary objective is the transformation of remaining Beach Management Units and other fisheries value chain actors into viable Marketing Co-operatives and Savings and Cooperatives Societies, aligning with the Bottom-Up Economic Transformation Agenda and providing them with the necessary facilities and infrastructure that will drive the fisheries contribution to the GDP from KSh. 37 Billion to 100 Billion.

**Brand Identity**

In the forthcoming year, 2023/24, we anticipate the completion and adoption of the KFMA Brand Identity manual. This manual will serve as a definitive guide, ensuring that our organization is represented with clarity, consistency, and purpose. We understand the significance of our brand uniquely standing out as a symbol of trust, quality, and sustainability. The Brand manual will embody our unwavering commitment to sustainable fishing practices, in line with our mandate, and the promotion of our world-class fish and fisheries products. This unified brand identity will consolidate our diverse efforts into a singular, powerful entity.

In closing, I extend my heartfelt gratitude to the dedicated members of Kenya Fish Marketing Authority, the State Department for Blue Economy and Fisheries, our stakeholders, and the larger community for their unwavering support. Together, we will continue to champion the marketing of Fish and Fisheries Products and contribute to the prosperity of our beloved nation.

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Thank you.

**HON. MARTIN O. OGINDO  
CHAIRMAN OF THE BOARD**

## **6. Report of the Chief Executive Officer**

I am honoured to present to you the Chief Executive Officer's report for the Kenya Fish Marketing Authority for the fiscal year 2023. As we look back on our journey, I am proud to report significant progress and achievements in fulfilling our mandate to market fish and fish products from Kenya. Our commitment to addressing the challenges in Kenya's fisheries value chain remains unwavering, and I am excited to share our accomplishments, strategies, and prospects with you.

Our goal is to transform the fisheries sector in Kenya by organizing Value Chain Stakeholders into viable marketing Co-operatives and Saccos, Promoting the consumption of fish, reducing post-harvest losses, enhancing the utilization of Management Information Systems (MIS), and Driving value addition initiatives to boost the fisheries sector's contribution to the Gross Domestic Product from KES 30 billion to KES 100 billion

**Achievements and Milestones** In the face of these challenges, I am pleased to highlight our noteworthy achievements in the fiscal year 2022/23:

1. **Market Promotion and Education:** We launched a successful fish consumption campaign using online promotions and exhibitions, targeting both urban and rural communities to increase awareness of the nutritional benefits of fish. Our efforts have contributed to a considerable rise in fish consumption and general awareness.
2. **Development of Marketing System:**

Recognizing the importance of data in decision-making, we have embarked on a journey to collect fish marketing data exercise that will inform the development of MIS. There is currently very limited use of Fish Marketing Information Systems within the Fish value chain. This poses a challenge in determining the daily actual catch by species and makes it impossible to link the producers with the buyers. The lack of transparency along the value chain results in an uneven distribution of gains.

The Authority intends to put in place an end-to-end Fish Marketing information System that will enhance market efficiency, promote transparency, support sustainable fisheries management, and improve the livelihoods of those involved in the fisheries sector. This will help align the sector with modern business practices and ensure that it operates efficiently and profitably while contributing to food security and economic development.

3. **Transformation of Beach Management Units (BMUs):** In line with the Governments Bottom-Up Economic Transformation Agenda (BETA) we embarked on and mapped 445 BMUs across the country for transformation into Fish Marketing Co-operatives. During the year we transformed 75 Beach Management Units into Fish Marketing Co-operatives. Further, we initiated partnerships with local and international stakeholders to promote value addition in the fisheries sector. This includes training programs for fisherfolk.

**Financial Highlights** During the year 2022/23, the Authority received Exchequer grant of KES 31 million to conduct its activities. Our utilization and achievements reflect our commitment to fiscal responsibility and transparency. We require substantial allocation of resources to our mission while ensuring sustainable growth:

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- a) **Exchequer Grant:** We received KES 31M compared to the previous year allocation of 16M.
- b) **Cost Control:** We have maintained stringent cost control measures, resulting in improved operating margins and financial stability.

**Market Challenges** Before diving into our accomplishments, it is essential to acknowledge the challenges we face in the fisheries value chain:

- a. **Low investment in value addition and marketing;** the sector has limited investments in production of value-added products for both national, regional, and international markets. Most fish and fish products are sold in raw form in the local markets without further processing and or without any form of value addition like packaging. This results in reduced income for fisher folk and missed opportunities in export earnings. We aim to promote value addition initiatives to enhance the value chain's overall profitability.
- b. **Weak infrastructure to support fish processing;** for instance, poor roads to fish landing beaches, insufficient ice to preserve fish and fish transport boats.
- c. **Low per capita fish consumption in Kenya;** Kenya's per capita consumption of fish (4.5kg) remains significantly below the African and global average of 10Kg and 20Kg respectively. We recognize the need to educate and raise awareness about the nutritional benefits of fish and its importance in a balanced diet.
- d. **High Post-Harvest Losses:** The fisheries sector in Kenya has long suffered from high post-harvest losses (up to 30%) due to inadequate storage and processing facilities. This leads to significant economic losses for both fisherfolk and the nation.
- e. **Limited application of Marketing Information System;** There is currently very limited use of Fish Marketing Information Systems within the Fish value chain. This poses a challenge in determining the daily actual catch by species and makes it impossible to link the producers with the buyers. The lack of transparency along the value chain results in an uneven distribution of gains.
- f. **Weak legal, policy and institutional framework;** There is no National fish marketing policy in place. This leads to a lack of the enabling environment for the sector and inadequate policies to guide fish marketing in the country.

**Outlook:** As we look ahead, the Kenya Fish Marketing Authority remains dedicated to its mission. We have set ambitious goals for the upcoming year:

- 1. **Expanded Market Access:** We will continue to explore new markets and partnerships, both locally and internationally, to further expand the reach of Kenyan fish and fish products.
- 2. **Innovation and Technology:** We will promote partnerships and investments in cutting-edge technology for processing, packaging, and distribution to ensure product quality and reduce post-harvest losses.

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3. **Sustainability:** Environmental sustainability is a core value. We will work towards responsible fishing practices including deterring to the extent possible trade in Illegal, Unreported and Unregulated fish and environmental conservation.
4. **Capacity Building:** We will focus on strengthening the capacity of our workforce and fisherfolk through training and skill development programs.

In conclusion, the Kenya Fish Marketing Authority has made significant strides in addressing the challenges of the fisheries value chain in Kenya. We are grateful for the support and trust of our stakeholders, partners, and the dedicated efforts of our team. Together, we are confident that we can unlock the full potential of Kenya's fisheries sector and create a brighter future for all.

Thank you for your continued support.

**CHARLES OGWANG**  
**Ag. CHIEF EXECUTIVE OFFICER**  
**KENYA FISH MARKETING AUTHORITY**

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

### **Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that at the end of each Financial Year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of Kenya Fish Marketing Authority 2018-2022 plan are to:

- a. To develop, implement and review policies, strategies, plans, regulations, guidelines, and operational standards on marketing of fish and fishery products.
- b. To diversify fish and fishery products and markets
- c. To ensure prevention, deterrence and elimination of trading and marketing of fish and fishery products from IUU fishing.
- d. To establish fish marketing information management system.
- e. To develop capacity of the KFMA and relevant stakeholders

### **Progress on attainment of Strategic development objectives**

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

<b>MDA Program (Strategic Focus Area)</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Policy and legal frameworks on marketing of fish and fishery products	To develop, implement and review policies, strategies, plans, regulations, guidelines and operational standards on marketing of fish and fishery products	Conducive environment for marketing of fish and fishery products	Percentage level of Developed national fish marketing strategy	A draft National Fish Marketing Strategy has been developed and awaits launching.
Diversification of fish and fishery products and markets	To diversify fish and fishery products and markets	Increased earnings from marketing of fish and fish products	Number of organized stakeholders to ensure smooth marketing of fish and fishery	Seventy-five (75) Beach Management Units (BMU) have been transformed into Fish Marketing

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			products	Co-operatives.
			Number of collaborated national and international trade related bodies	
Fish marketing database and information management	To establish fish marketing information management system	Efficient Market Information Management	Percentage level of development of the Marketing Information System.	GPS coordinates, BMU details, Phone numbers, membership, species landed were collected which constitutes 10% level of development.
Capacity Development	To develop capacity of the KFMA and relevant stakeholders	Efficient and effective Marketing of fish and fishery products	Number of developed KFMA operational instruments.	Three (3) operational instruments have been developed and approved by SCAC. I. KFMA Career Guidelines II. KFMA Organization Structure and Establishment. III. KFMA HR Policy and Procedures Manual



## **8. Corporate Governance Statement**

The Kenya Fish Marketing Authority (KFMA) is dedicated to maintaining the highest standards of corporate governance in its operations. This Corporate Governance Statement outlines the governance framework, policies, and practices for the year 2023, as well as the commitment of KFMA to responsible governance.

The Kenya Fish Marketing Authority Board is established under section 201 of the Fisheries Management and Development Act, 2016. During the year under review, the Board had one vacancy under FMD Act, 2016 section 201 (1)(i)(i). The First Chairperson's Hon. Ochieng Mbeo's term ended on 16<sup>th</sup> October 2022 and H.E. The President Appointed Hon. Martin Ogindo as the Chairperson on 29<sup>th</sup> April 2023 under section 201 (1)(a).

KFMA maintains a comprehensive and dynamic Board Work Plan. This plan serves as a guiding document, setting out strategic priorities, key tasks, and objectives for the Board of Directors to ensure alignment with the organization's mission and vision.

The Board of Directors plays a pivotal role in guiding KFMA's activities. Their responsibilities include:

- i. Approving and monitoring the implementation of strategic plans
- ii. Overseeing financial performance and budgeting
- iii. Ensuring compliance with legal and regulatory requirements
- iv. Appointing, evaluating, and retaining senior management
- v. Safeguarding the interests of various stakeholders

KFMA is dedicated to enhancing the skills and knowledge of its directors. A structured induction program is in place to familiarize new directors with the organization's operations and governance procedures. Furthermore, continuous education and training opportunities are provided to directors to keep them informed about industry trends, governance best practices, and evolving legal requirements.

KFMA recognizes the importance of effective succession planning to ensure continuity and leadership development. The organization has established a succession plan that identifies potential future leaders within the organization and outlines a process for their development and advancement.

Directors are appointed in strict accordance with the provisions of the Fisheries Management and Development Act, 2016 and other relevant laws. The appointment process is thorough and transparent, ensuring that directors possess the requisite skills, experience, and integrity. The process involves nominations, vetting, and approval by the relevant authorities.

The removal of directors is conducted in adherence to the Fisheries Management and Development Act and Mwongozo code of Conduct. Grounds for removal may include breaches of fiduciary duties, conflicts of interest, or other misconduct that could harm the organization's interests. Decisions to remove directors are made with the utmost care and consideration of the organization's stakeholders.

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KFMA conducts regular and rigorous performance evaluations of the Board, its committees, and individual directors. These evaluations are conducted by the State Corporations Advisory Committee annually to ensure impartiality and objectivity. The results of these evaluations are used to identify areas for improvement and to recognize outstanding contributions.

KFMA maintains a robust Conflict of Interest register that requires directors to disclose any potential conflicts. The various policies outline procedures for managing conflicts of interest and emphasizes the importance of transparency and accountability in dealing with such situations.

KFMA adheres to principles of fairness and transparency in board remuneration. Director compensation is determined based on the prevailing government rates from time to time. The Chairperson is paid a monthly Honoraria as prescribed from time to time.

During the year 2023, the KFMA Board of Directors convened a total of 4 full board meetings and 1 special Board Meeting in addition to 8 Committee meetings and one retreat to review the National Fish Marketing Strategy and a working tour of the Lake Victoria Fishery. These meetings were held to deliberate on various strategic, financial, and governance matters of the organization.

KFMA places a significant emphasis on director attendance at board meetings. In 2023, the average attendance rate of board members at regular meetings was 90%, reflecting their commitment to fulfilling their fiduciary duties.

The Kenya Fish Marketing Authority remains steadfast in its commitment to the highest standards of corporate governance. Through transparency, accountability, and ethical conduct, we endeavour to fulfil our mandate of marketing fish and fisheries products from Kenya effectively and responsibly. This Corporate Governance Statement reflects our unwavering dedication to responsible governance practices.

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**9. Management Discussion and Analysis**

Kenya Fish Marketing Authority (KFMA) is a State corporation established in 2016 with a critical mandate to promote and market fish and fisheries products from Kenya. This Management Discussion and Analysis provides an in-depth analysis of KFMA's performance and financial standing for the fiscal year ending 2023, highlighting key developments and strategic objectives.

KFMA's governance structure is crucial to its success. The first Board of Directors was appointed in September 2018 and re-appointed in 2021 for an additional three-year term, providing continuity and stability in leadership. In April 2023, the Authority welcomed a new Chairperson to guide its endeavours over the next three years.

KFMA's commitment to human resource development is evident. In March 2022, the Authority achieved a significant milestone by developing and securing approval for the Human Resources instruments. The imminent hiring of an approved workforce of 60, pending National Treasury approval, marks a pivotal moment. This strategic move will greatly enhance KFMA's operational capacity, enabling it to better fulfill its mandate and serve the Kenyan fisheries sector.

While KFMA's performance is commendable, the challenge of inadequate funding persists. In the past three years, the Authority received Exchequer grants of KSh. 10 million in 2021, KSh. 16 million in 2022, and KSh. 31 million in 2023. However, there's a positive outlook with the approved estimates for the year 2023/24 set at KSh. 51 million, reflecting a substantial increase in funding.

KFMA's strategic objectives are ambitious and forward-looking. Over the next five years, the Authority aims to elevate per capita fish consumption from 4.5 kilograms to an impressive 10 kilograms. This objective aligns with broader goals of improving nutrition and food security within Kenya. Furthermore, KFMA seeks to drive the contribution of the fisheries sector to the Gross National Product from KSh. 37 billion to a remarkable KSh. 100 billion within the same timeframe. These objectives underscore KFMA's unwavering commitment to fostering economic growth and development.

Over the last 3 years, the annual fish landing in tonnage and value has been as presented below.

Annual Fish Landings	2018		2019		2020		2021		2022	
	M. Tons	Value '000 KSh	M. Tons	Value '000 KSh	M. Tons	Value '000 KSh	M. Tons	Value '000 KSh	M. Tons	Value '000 KSh
Aquaculture	15,120	4,480,875	18,542	5,581,142	19,945	6,303,617	20,973	6,711,360	27,833	8,735,512
Lakes & Rivers	109,553	15,632,950	103,038	13,143,212	105,641	14,565,179	115,353	16,624,601	108,308	18,511,485
Total Fresh Water	124,673	20,113,825	121,580	18,724,354	125,586	20,868,796	136,326	23,335,961	136,141	27,246,997
Total Marine	24,248	4,543,855	27,740	4,923,867	25,741	5,662,564	27,409	7,060,396	38,141	10,320,470
Grand Total	148,921	24,657,680	149,320	23,648,221	151,327	26,531,360	163,735	30,396,357	174,282	37,567,467
Exports		3,017,394		3,446,123		2,775,194		4,221,335	801,477	6,383,563
Imports	26,383	2,974,678	22,813	2,798,951	19,892	2,251,861	19,601	2,478,751	12,694	1,819,400

Over the next 3 years, we will ambitiously drive both the fish production and earning to KSh. 100 billion as presented below and in line with the presidential directive on the increase of Fisheries contribution to the Gross Domestic Product.

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Projected Annual Fish Landings	2023		2024		2025	
	M. Tons	Value '000 KSh	M. Tons	Value '000 KSh	M. Tons	Value '000 KSh
Aquaculture	41,750	13,103,268	62,624	19,654,902	93,936	29,482,353
Lakes & Rivers	70,777	22,213,782	84,933	26,656,538	101,919	31,987,846
Total Fresh Water	<b>112,527</b>	<b>35,317,050</b>	<b>147,557</b>	<b>46,311,440</b>	<b>195,856</b>	<b>61,470,199</b>
Total Marine	<b>52,613</b>	<b>16,512,752</b>	<b>84,180</b>	<b>26,420,403</b>	<b>126,271</b>	<b>39,630,605</b>
Grand Total	<b>165,140</b>	<b>51,829,802</b>	<b>231,737</b>	<b>72,731,844</b>	<b>322,126</b>	<b>101,100,804</b>
Exports		10,213,701		16,341,921		26,147,074

KFMA recognizes the challenges it faces, including the need for consistent and increased funding. However, these challenges are viewed as opportunities for innovation and improvement. The Authority will actively seek alternative sources of revenue and explore partnerships to bolster its financial stability.

In conclusion, Kenya Fish Marketing Authority remains dedicated to its mission and strategic goals. Despite financial constraints, the organization is poised for growth, with a new Chairperson and a reinforced workforce on the horizon. KFMA's commitment to elevating fish consumption and its contribution to the nation's economy by uplifting the bottom of the pyramid fisherfolk underscores its pivotal role in Kenya's development. As we move forward, the Authority remains steadfast in its pursuit of excellence and positive impact on the fisheries sector and the nation.

## **10. Environmental and Sustainability Reporting**

The Authority exists to contribute towards food and nutritional security and to improve both the living standards and incomes of fisher-folks and other stakeholders. In carrying out its mandate of Marketing of Fish and Fisheries products, we have adopted five strategic areas namely, Policy and legal frameworks on marketing of fish and fishery products, Diversification of fish and fishery products and markets, Sustainable use of fish and fishery products, Fish marketing database and information management and Capacity Development

Our performances in the strategic areas are as outlined below:

### **a) Sustainability Strategy and Profile**

The fisheries sub-sector is currently experiencing several challenges. This includes but not limited to the high HIV and AIDS prevalence rate among fisher-folks, the Covid-19 pandemic that has greatly affected both the production and demand for fish and fisheries products, climate change that has resulted into intermittent flooding and swamping of fish landing sites in our inland water bodies thereby negating their construction and rehabilitation, among others.

However, there is a ray of hope for the sub-sector especially with the per capita consumption of fish going up. The sub-sector has been allocated resources to finance the upgrading of fisheries infrastructure facilities, operationalization of institutions created by the Fisheries Development and Management Act, 2016, and these will help realize our mandate.

### **b) Environmental Performance**

Climate change affects fisheries and aquaculture through acidification of the water bodies, changes in sea temperatures and circulation patterns, the frequency and severity of extreme events, and sea-level rise and associated ecological changes, which affect barrier islands, beaches, salt marshes, mangrove stands, and flood plains, have the potential of altering the physic-chemical properties of the fish habitats. Consequently, fish feeding, migration and breeding behaviour will be directly affected while indirectly the changes will affect growth, mortality and reproduction. This has the potential to limit the realization of development targets in the fisheries subsector.

The positive correlation between fish production and the climate has necessitated the Authority in collaboration with the State Department to initiate several tree-planting exercises, among other initiatives, in a bid to conserve the environment. The State Department is also fast tracking the climate change mitigation and adaptation measures implementation in line with Kenya Climate Smart Agriculture Strategy 2017-2026; Kenya Climate Smart Agriculture Implementation Framework 2018-2027; National Adaptation Plan 2015-2030; and National Action Plan 2018-2022.

The increase in human population, high prices of fish and fishery products coupled with the open access of capture fisheries has led to over-fishing and the rise in Illegal, Unreported and Unregulated fishing. As a result, the Fisheries Management and Development Act, 2016 was enacted to protect, manage, use and develop the aquatic resources in a manner which is consistent

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with ecologically sustainable development, to uplift the living standards of the fishing communities and to introduce fishing to traditionally non-fishing communities to enhance food security.

**e) Employee Welfare**

The process of recruitment of staff, both technical and non-technical, for the Authority at entry level and in senior positions falls within the purview of the Public Service Commission of Kenya. The recruitment is thus guided by the guidelines issued by the Commission from time to time. The Board of Management, in consultation with the Commission, oversees promotions of junior and middle-level staff that is carried out in accordance with the guidelines issued by the Commission on delegated authority.

The Board Chair is appointed by the President, vetted by the National Assembly and gazetted. Of paramount importance during recruitment and promotions is the need to consider gender parity as envisaged in the Constitution of Kenya, 2010 and the Diversity Policy for the Public Service, 2016. The Authority has thus ensured that it does not contravene the aspirations of the Kenyan people during recruitment and promotions.

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

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

**d) Market Place Practices**

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

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

The Authority is aware of the need to ensure that the market, both local and international, has access to quality fish and fish products and is planning to develop fish markets in Coast, Western and Rift Valley regions. We also plan to establish containerized fish outlets across the country to enhance market access and promote fish consumption.

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**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 activities of the Authority are to market fish and fisheries products.

**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 x to xiv. During the year first Chairman retired and a new one was appointed with effect from April, 2023.

**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

**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 the Public Audit Act 2015.

**By Order of the Board**

**CHARLES OGWANG  
AG. CHIEF EXECUTIVE OFFICER**

**Date:**

## **12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in 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 thereof. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position. 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 as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the *Entity*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The 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 Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 14 of the State Corporations Act. 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 financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Corporation'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 *Entity* will not remain a going concern for at least the next twelve months from the date of this statement.

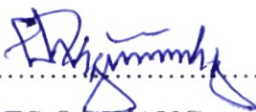


**Kenya Fish Marketing Authority  
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**Approval of the financial statements**

The Authority's financial statements were approved by the Board on \_\_\_\_\_ 2024 and signed on its behalf by:

.....  
**HON. MARTIN O. OGINDO**  
**CHAIRPERSON OF THE BOARD**

  
.....  
**CHARLES OGWANG**  
**AG. CEO, KFMA**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON KENYA FISH MARKETING 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

#### Opinion

I have audited the accompanying financial statements of Kenya Fish Marketing Authority set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Fish Marketing 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 Fisheries Management and Development Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Fish Marketing 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 opinion.

### **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.

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

### **Conclusion**

#### **1. Non-Conformity with the Prescribed Financial Statements Reporting Format**

The financial statements submitted for audit were not dated and signed by the Board chair contrary to Section 81(3) of the Public Finance Management Act, 2012 which requires that an Accounting Officer of a National Government entity to prepare financial statements in a format that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standard Board.

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

#### **2. Non-Compliance with Framework for the Approved Establishment and Compliment Controls**

The Authority was categorized as Parastatal Category 3C by the State Corporations Advisory Committee in March, 2022 with 5 departments and 2 Divisions namely; Marketing Development and Client Services Department, Marketing Research and Information Management Department, Corporate Services Department, Corporation

Secretary and Legal Services Department, Internal Audit Department, Strategy and Planning Division and Supply Chain Management Division.

Review of the Kenya Fish Marketing Authority's organization structure and staff establishment document approved by SCAC in March, 2022 revealed that the Authority had an approved staffing of sixty (60) members while currently five (5) or 7% in-post are seconded from the State Department of Fisheries.

Further, the Authority has not been able to establish the departments because it does not have employees to fill in the positions created. Therefore, it has not been able to carry out its core mandate of fish marketing, publicity and capacity building and may not be able to achieve its mandate of marketing fish and fishery products from Kenya.

In the circumstances, the Authority may not function properly and effectively with a deficit of 93% of the staff establishment and the going concern of the Authority is in doubt.

### **3. Procurement Irregularities**

As disclosed in Note 8 to the financial statements the statement of financial performance reflects an amount of Kshs.7,214,687 in respect of board expenses. The following procurement irregularities were noted;

#### **3.1 Irregular Procurement of Conference Facilities and Entertainments**

Included in the amount is Kshs.1,738,500 being payment of Board meetings out of which includes total payments of Kshs.355,000 comprising conference facility amount of Kshs.300,000 and entertainment amount of Kshs.55,000. However, request for quotations, evaluation and award were not provided to support the expenditures. Further, it was noted that the supplier's invoice had inconsistencies as was raised on 04 August, 2022 and signed on 01 August, 2022.

#### **3.2 Use of Imprest in Procurement of Goods and Services**

Further, the amount also includes Kshs.2,559,584 being payment of Board tour to western region out of which payments of Kshs.200,000, Kshs.120,000 and Kshs.23,000 were made for dinner, air ticket and a Guards Company respectively. However, the above payments were not supported by relevant procurement documents but instead, the Authority used imprest to procure the above services against the provisions of Public Procurement Asset Disposal Act, 2015.

Under the circumstances, the regularity of payments totalling Kshs.1,048,000 in respect of Board expenses could not be confirmed.

### **4. Payment of Daily Subsistence Allowance to Non-KFMA Staff Members**

Disclosed in Note 7 to the financial statements is an amount of Kshs.23,508,444 in respect of use of goods and services. The balance includes travel, subsistence and other allowances amount of Kshs.16,610,195 out of which an amount of Kshs.624,800 was paid to officers who were not staff of the Authority and no approval for the payments was provided.

In the circumstances, the regularity of payment Kshs.624,800 made to the officers could not be confirmed.

## **5. Inadequacies in the Delivery of the Authority's Mandate**

Kenya Fish Marketing Authority is mandated to market fish and fish products from Kenya. However, field verifications during the month of February, 2024 in sampled Beach Management Units (BMU) at Western and Coastal regions revealed the following;

- i) There is limited market information system making it difficult to determine the daily actual catch by species and impossible to link the producers with the buyers.
- ii) Mapping of landing sites which was aimed at getting the spatial distribution and related fish species and the status in terms of ownership and accessibility of the sites has not picked up in all the visited BMUs.
- iii) No capacity building to both the BMUs officials and members to enhance their fishing skills and trainings for deep sea fishing and market needs has not been done.
- iv) Though several BMUs have been transformed to Fish Marketing Co-operatives since the exercise begun during the month of February, 2023 most of BMUs have not been issued the certificates despite paying for the certificate and no follow-up has been made to educate the members and operationalize the cooperatives.

In the circumstances, the intended benefits to the community in the fishing industry may not be achieved.

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

### **Basis for Conclusion**

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed except for the matter(s) described in the Basis for Conclusion, I

confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Marketing Strategies**

The Authority was established to develop and implement competitive marketing systems for fish and fishery products from Kenya. However, it was noted that National Fish Marketing Strategy developed for 2021-2030 was developed in September, 2022. However, the above document is still in draft form to date. It was not clear why the document has taken long to be finalized.

In the circumstances, the Authority will not be able to develop and implement competitive marketing systems for fish and fishery products from Kenya in time.

### **2. Lack of an Approved Budget**

Management did not have an itemized budget approved by the Board for financial year 2022/2023 therefore, confirmation could not be made as to whether there was consistency between budget uploaded in IFMIS and the budget that was approved by the Board. In addition, work plan approved by the Board was not provided for audit review.

In the circumstances, the effectiveness of the budgetary measures as an expenditure control tool could not be confirmed.

### **3. Lack of Finance Manual and Standard Operating Procedures**

During the year under review, it was noted that, the authority failed to develop and adopt standard operating procedures including the finance manual resulting to weak controls on the expenditure.

In the circumstances, the effectiveness of internal controls over Management of the Authority's financial operations could not be confirmed.

### **4. Lack of a Board Charter**

During the year under review, it was noted that Kenya Fish Marketing Authority Board did not have a Board charter in place. In addition, there was no evidence that the Authority carried out governance audit for the year in contravention with the Mwongozo code of governance for state corporations.

In the circumstances, the effectiveness the Authority's governance structure could not be confirmed.

### **5. Lack of Board of Survey Report**

The statement of financial position reflects cash and cash equivalents balance of Kshs.134,572. However, although certificate of bank balance and bank reconciliations were provided, it was noted that the board of survey report confirming the bank balance was not provided.

Under the circumstances, the effectiveness of the controls on management of cash and cash equivalents could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 the Management and the Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the 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 comply 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 controls which might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts which 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 which 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 which 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 Institute to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the Authority's financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner which 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 controls which are identified during the audit.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

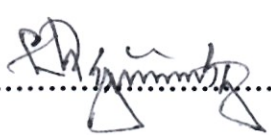
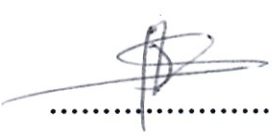
15 May, 2024

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

	Notes	FY 22/23	FY 21/22
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	31,000,000.00	-
		<b>31,000,000.00</b>	-
<b>Revenue from exchange transactions</b>			
<b>Total revenue</b>		<b>31,000,000.00</b>	-
<b>Expenses</b>			
Use of goods and services	7	23,508,444.95	-
Board Expenses	8	7,214,687.00	-
Depreciation and amortization expense	9	59,686.87	-
Repairs and maintenance	10	142,296.00	-
<b>Total expenses</b>		<b>30,925,114.82</b>	-
<b>Other gains/(losses)</b>			
<b>Surplus/ (deficit) before tax</b>		-	-
Taxation	-	-	-
<b>Surplus/(deficit) for the period/year</b>		<b>74,885.18</b>	-

The notes set out on pages 11 to 27 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

		
.....	.....	.....
<b>Name</b>	<b>Name</b>	<b>Name</b>
<b>Ag. Chief Executive Officer</b>	<b>Mathews Ouko</b>	<b>Chairman of the Board</b>
<b>Charles Ogwang</b>	<b>ICPAK Member No: 6747</b>	<b>Martin Ogindo</b>
<b>Date:</b>	<b>Date: 28/3/2024</b>	<b>Date:</b>

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**15 Statement of Financial Position as at 30 June 2023**

	Notes	FY 22/23	FY 21/22
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	11	134,572.05	-
<b>Total Current Assets</b>		<b>134,572.05</b>	-
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12	270,013.30	-
<b>Total Non- Current Assets</b>		<b>270,013.30</b>	-
<b>Total Assets</b>		<b>404,585.18</b>	-
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	13	329,700.00	-
<b>Total Current Liabilities</b>		<b>329,700.00</b>	-
<b>Non-Current Liabilities</b>			
<b>Total Non- Current Liabilities</b>		-	-
<b>Total Liabilities</b>		<b>(329,700.00)</b>	-
<b>Net Assets</b>		<b>74,885.18</b>	
Reserves		-	-
Accumulated Surplus		74,885.18	-
Capital Fund		-	-
<b>Total Net Assets</b>			-
<b>Total Net Assets and Liabilities</b>		<b>74,885.18</b>	-

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

.....  


**Name**  
**Ag. Chief Executive Officer**  
**Charles Ogwang**

**Date:**

.....  


**Name**  
**Mathews Ouko**  
**ICPAK Member No: 6747**

**Date:** 28/3/2024

.....

**Name**  
**Chairman of the Board**  
**Martin Ogindo**

**Date:**

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

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022	-	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	-	74,885.18	-	-	74,885.18
As at June 30, 2023	-	-	-	74,885.18	-	-	74,885.18

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

	Notes	FY 22/23	FY 21/22
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities		31,000,000.00	-
<b>Total receipts</b>		<b>31,000,000.00</b>	-
<b>Payments</b>			
Use of goods and services	7	23,508,444.28	-
Employee costs		-	-
Board Expenses	8	7,214,687.00	-
Repairs and maintenance	10	142,296.00	-
<b>Total payments</b>		<b>30,865,427.28</b>	-
<b>Net cash flows from/(used in) operating activities</b>		<b>134,572.72</b>	-
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	13	-	-
Proceeds from sale of PPE		-	-
Purchase of investments		-	-
Sale of investments		-	-
<b>Net cash flows from/(used in) investing activities</b>			-
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>			-
Cash and cash equivalents at 1 July	11	-	-
<b>Cash and cash equivalents at 30 June 2023</b>		<b>134,572.05</b>	-

**Kenya Fish Marketing Authority**  
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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from Other Governments entities	31,000,000.00	-	31,000,000.00	31,000,000.00	-	100%
<b>Total Income</b>	<b>31,000,000.00</b>	<b>-</b>	<b>31,000,000.00</b>	<b>31,000,000.00</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Use of Goods and Services	23,508,444.28	-	23,508,444.28	23,508,444.28	-	100%
Employee costs	-	-	-	-	-	100%
Remuneration of Directors	7,214,687.00	-	7,214,687.00	7,214,687.00	-	100%
Repairs and Maintenance	142,296.00	-	142,296.00	142,296.00	-	100%
Contracted Services	-	-	-	-	-	100%
Grants and Subsidies	-	-	-	-	-	100%
<b>Total Expenditure</b>	<b>30,865,427.28</b>	<b>-</b>	<b>30,865,427.28</b>	<b>30,865,427.28</b>	<b>-</b>	<b>100%</b>
<b>Surplus for the period</b>	<b>134,572.05</b>	<b>-</b>	<b>134,572.05</b>	<b>134,572.05</b>	<b>-</b>	<b>100%</b>

**Kenya Fish Marketing Authority  
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**19. Notes to the Financial Statements**

**1. General Information**

Kenya Fish Marketing Authority is established by and derives its authority and accountability from the Fisheries Management and Development Act. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to promote fish and fisheries products.

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

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

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

**Kenya Fish Marketing Authority  
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**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

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

Standard	Effective date and impact:
<p><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.</p> <p>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><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</p>



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Standard	Effective date and impact:
	financial statements and general-purpose financial reports assess: <ol 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> </ol>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> <ol 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 guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ol>
Other improvements to IPSAS	<b>Applicable 1<sup>st</sup> January 2023</b> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

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

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

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

- iii. *Early adoption of standards*

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Kenya Fish Marketing Authority  
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Notes to the Financial Statements (Continued)**

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

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

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

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

**Budget information (continued)**

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. A statement to reconcile 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 has been presented under section xxx of these financial statements.

**c) Taxes**

**Current income tax**

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

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Notes to the Financial Statements (Continued)**

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

*Sales tax*

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

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

**d) Investment property**

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

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Notes to the Financial Statements (Continued)**

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity 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.

**f) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**g) Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of



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expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**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.

**i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**j) Contingent liabilities**

The Entity 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.

**k) Contingent assets**

The Entity 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 Entity 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)**

**Kenya Fish Marketing Authority  
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Summary of Significant Accounting Policies (Continued)**

**l) Nature and purpose of reserves**

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

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

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

**Kenya Fish Marketing Authority**  
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**Notes to the Financial Statements (Continued)**

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

**n) Related parties**

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

**o) Cash and cash equivalents**

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

**p) Comparative figures**

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

**q) 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.

**Kenya Fish Marketing Authority  
Annual Report and Financial Statements  
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Notes to the Financial Statements (Continued)**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	FY 22/23	FY 21/22
	KShs	KShs/
<b>Unconditional Grants</b>		
Operational Grant	31,000,000.00	-
Unconditional development grants	-	-
Other Grants	-	-
<b>Total Unconditional Grants</b>	<b>31,000,000.00</b>	-
<b>Conditional Grants amortised/ transferred to revenue</b>		
<b>Total Government Grants and Subsidies</b>	<b>31,000,000.00</b>	-

The exchequer was issued to fund KFMA's day to day operations and to help achieve its core mandate as set out in FMDA, 2016.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	FY 22/23	FY 21/22
	KShs	KShs	KShs	KShs	KShs
SDFABE	31,000,000.00	-	-	31,000,000.00	-
					-
<b>Total</b>	<b>31,000,000.00</b>	-	-	<b>31,000,000.00</b>	-

**Kenya Fish Marketing Authority**  
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**Notes to the Financial Statements (Continued)**

**7. Use of Goods and Services**

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Water	107,783.28	-
Professional Services	498,000.00	-
Advertising	975,906.00	-
Admin Fees	1,926,360.00	-
Conferences and Delegations	1,073,000.00	-
Fuel and Oil	1,751,555.00	-
Postage	7,175.00	-
Printing and Stationery	140,250.00	-
Hire Charges	357,000.00	-
Telecommunication	41,500.00	-
Travel, Subsistence & Other Allowances*	16,610,195.00	-
Bank charges	19,720.00	-
<b>Total</b>	<b>23,508,444.28</b>	<b>-</b>

**8. Board Expenses**

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Chairman/Directors' Honoraria	315,000.00	-
Sitting Allowances	1,197,000.00	-
Travel and Accommodation	3,074,498.00	-
Other Allowances	2,628,189.00	-
<b>Total</b>	<b>7,214,687.00</b>	<b>-</b>

Kenya Fish Marketing Authority  
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Notes to the Financial Statements (Continued)

9. Depreciation and Amortization Expense

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Property, plant and equipment	59,686.87	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>59,686.87</b>	<b>-</b>

10. Repairs and Maintenance

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Property and equipment	-	-
Investment Property	-	-
Equipment and Machinery	-	-
Vehicles	142,296.00	-
Furniture and Fittings	-	-
Computers and Accessories	-	-
Others (specify)	-	-
<b>Total Repairs and Maintenance</b>	<b>142,296.00</b>	<b>-</b>

**Kenya Fish Marketing Authority**  
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**Notes to the Financial Statements (Continued)**

**11. Cash and Cash Equivalents**

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Current Account	134,572.05	-
Savings Account	-	-
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Staff Car Loan/ Mortgage	-	-
Others (Specify)	-	-
<b>Total Cash and Cash Equivalents</b>	<b>134,572.05</b>	<b>-</b>

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	FY 22/23	FY 21/22
		Kshs	Kshs
<b>a) Current Account</b>			
Co-operative Bank	1141866205100	134,572.05	-
<b>Sub- Total</b>		<b>134,572.05</b>	<b>-</b>



**Kenya Fish Marketing Authority**  
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**Notes to the Financial Statements (Continued)**

**12. Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Smart TV and Printer	Other Assets	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As At 1 July (Previous FY)</b>	-	-	-	-	-	-	-
Additions during FY 22/23	-	-	-	20,000.00	309,700.00	-	<b>329,700.00</b>
Disposals	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June (Current FY)</b>	-	-	-	<b>20,000.00</b>	<b>309,700.00</b>	-	<b>329,700.00</b>
<b>Depreciation and Impairment</b>							
Depreciation	-	-	-	(1,560.00)	(58,126.87)	-	<b>(59,686.87)</b>
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June (Current FY)</b>	-	-	-	<b>(1,560.00)</b>	<b>(58,126.87)</b>	-	<b>(59,686.87)</b>
<b>Net Book Values</b>	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June (Current FY)</b>	-	-	-	<b>18,440.00</b>	<b>251,573.13</b>	-	<b>270,013.13</b>

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

**12 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant and Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers and Related Equipment	309,700.00	58,126.87	<b>251,573.13</b>
Office Equipment, Furniture, And Fittings	20,000.00	1,560.00	<b>18,440.00</b>
<b>Total</b>	<b>329,700.00</b>	<b>59,686.87</b>	<b>270,013.13</b>

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 Notes to the Financial Statements (Continued)

13. Trade and Other Payables

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Trade payables	329,700.00	-
Payments received in advance	-	-
Employee payables	-	-
Third-party payments	-	-
Other payables	-	-
<b>Total trade and other payables</b>	<b>329,700.00</b>	<b>-</b>

**Kenya Fish Marketing Authority  
Annual Report and Financial Statements  
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**Notes to the Financial Statements (Continued)**

**14. Events after the Reporting Period**

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

**15. Ultimate and Holding Entity**

The Entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of State Department for Blue Economy and Fisheries. Its ultimate parent is the Government of Kenya.

**16. Currency**

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

**Kenya Fish Marketing Authority  
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**17. Appendices:**

**Appendix I: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department of Blue Economy and Fisheries	2022/2023	Recurrent	31,000,000	Recognized in the Statement of Financial Performance.	-	-	-	-	31,000,000
<b>Total</b>			<b>31,000,000</b>		-	-	-	-	<b>31,000,000</b>

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 Appendix II- Inter-Entity Confirmation Letter

ENTITY NAME:				
Break down of Transfers from the State Department of Blue Economy and Fisheries.				
FY 2021/2022				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		08-Jul-2022	10,000,000.00	2022/2023
		22-Sep 2022	5,250,000.00	2022/2023
		15-Nov-2022	5,250,000.00	2022/2023
		03-Feb-2023	5,250,000.00	2022/2023
		09-Jun-2023	5,250,000.00	2022/2023
		<b>Total</b>	<b>31,000,000.00</b>	
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	<b>31,000,000.00</b>	

The above amounts have been communicated to and reconciled with the ministry:

Sign: .....  
 Charles Ogwang  
 Ag. CEO, KFMA

Sign: .....  
 Head of Accounting Unit  
 State Department of Blue Economy and Fisheries