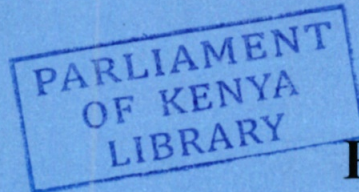


REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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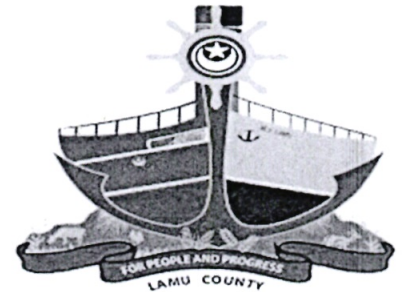
THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

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

COUNTY GOVERNMENT OF LAMU



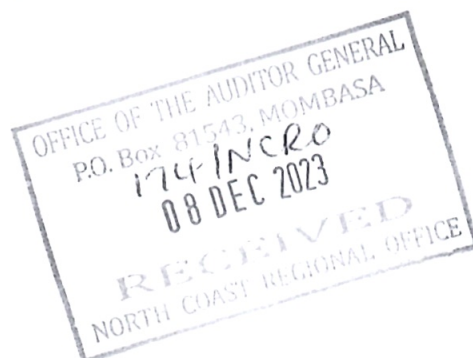
COUNTY REVENUE FUND

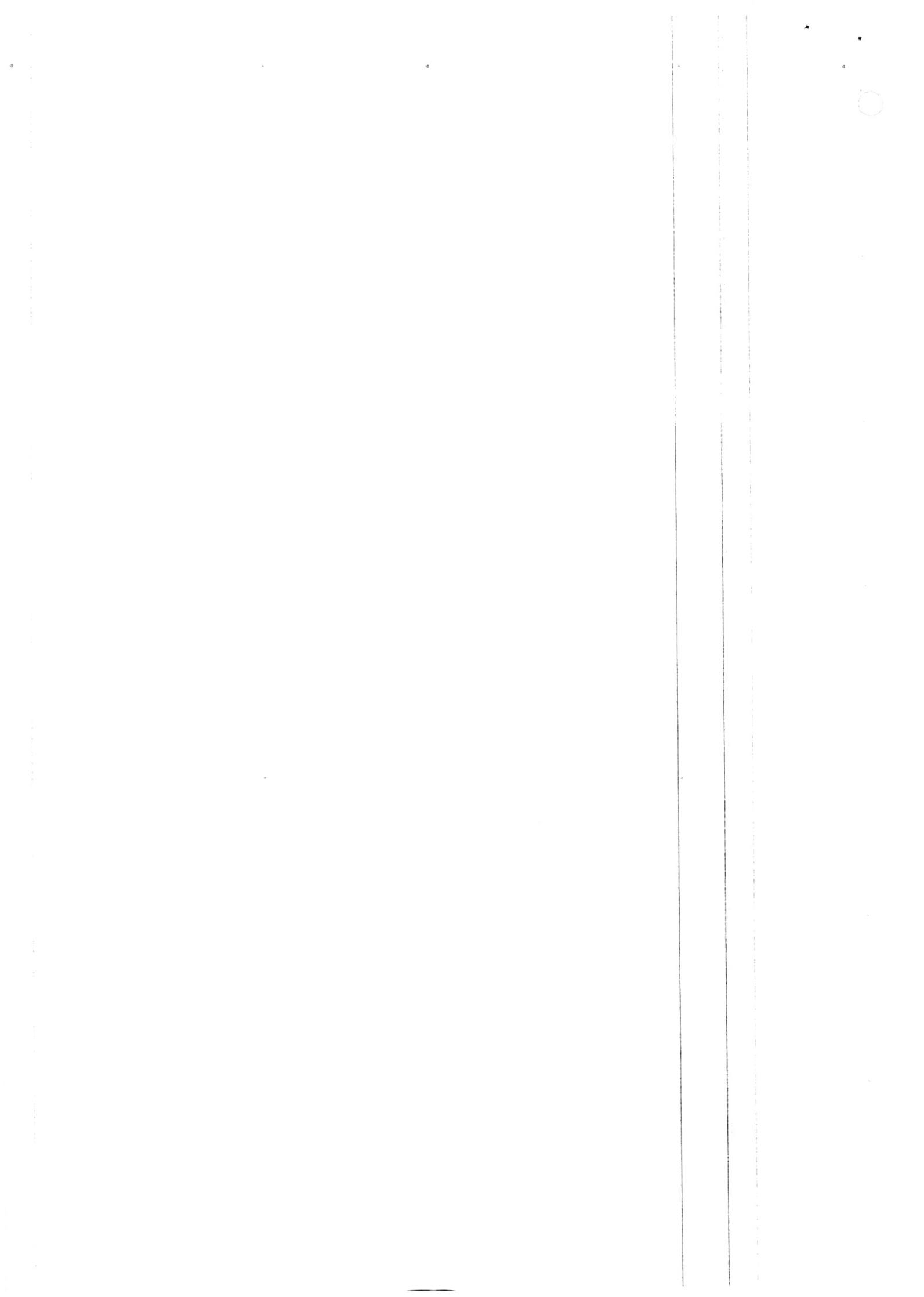
County Government of Lamu

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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





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1. Acronyms and Glossary of Terms

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
Kshs	Kenya Shillings

b) Glossary of terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

Article 207 of the Constitution of Kenya 2010 provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

b) Key Management Team

The County Revenue Funds day-to-day management is under the following key organs:

No.	Name	Designation/Office
1.	CECM Finance, Budget, Strategy and Economic Planning	Hon. Mohamed Mbwana Ali
2.	Chief Officer - Finance, Budget Strategy and Economic Planning	CPA Salma Omar Ahmed
3.	Director Accounting Services	CPA Mohamed Abbas Abubakar

c) Fiduciary Management

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

No.	Name	Designation/Office
1.	CECM Finance, Budget, Strategy and Economic Planning	Hon. Mohamed Mbwana Ali
2.	Chief Officer - Finance, Budget Strategy and Economic Planning	CPA Salma Omar Ahmed
3.	Director Accounting Services	CPA Mohamed Abbas Abubakar

d) Fiduciary Oversight Arrangements

The County Executive Fiduciary oversight arrangements are under the listed below oversight bodies.

- Internal Audit and Audit committee activities
- Office of the Controller of Budget
- Office of the Auditor General
- Parliamentary committee activities
- County Assembly of Lamu
- Development partner oversight activities
- Commission on Revenue Allocation
- National Treasury

e) County Headquarters

P.O. Box 74-80500
Mokowe Headquarter
Lamu-Malindi Road
Lamu, Mokowe

f) County Executive Contacts

Telephone: (+254) 715555111/758005005
E-mail: treasury@lamu.go.ke
Website: www.lamu.go.ke

g) County Executive Bankers

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

h) Independent Auditor

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

i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O.BOX 40112
City Square 00200
NAIROBI, KENYA.

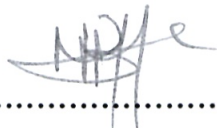
3. Statement by the CECM Finance

In our pursuit to improve on transparency and accountability in Public Financial Management, I present the County Revenue Fund financial statements for the financial year 2022/23 of the County Government of Lamu.

Article 202 of the Constitution of Kenya 2010 provides that revenue raised nationally shall be shared equitably among National and County Government. Each County Government's equitable share of revenue raised nationally is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation (CRA) and approved by parliament in accordance with Article 217 of the constitution.

In financial year 2022/2023 the County received Ksh. 3,354,101,613 as the equitable share of the revenue raised nationally, raised Ksh. 156,484,041 as own source revenue, Ksh. 102,529,473 Transfers from other government agencies, Ksh. 17,439,806 as return from CRF issues. The County was able to increase the own source revenue by Ksh. 29,487,235 from the previous collection of Ksh. 126,996,806 in the financial year 2021/2022. The county continues to explore new and innovative ways of increasing its local revenues collections.

We were able to disburse a total of Ksh. 3,386,225,339 from the County Revenue Fund. Ksh. 3,023,748,939 was transferred to County Executive and Ksh. 362,476,400 to the County Assembly. The amount transferred to County Assembly was for recurrent expenditure only while for County Executive Ksh. 639,658,021 was for development use, Ksh. 2,286,061,445 for recurrent and Ksh. 98,029,473 for conditional grant use.



.....
HON. MOHAMED MBWANA ALI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, BUDGET, STRATEGY AND ECONOMIC PLANNING
COUNTY GOVERNMENT OF LAMU

4. Management Discussion and Analysis

Financial Performance

a) Budgeted Revenue

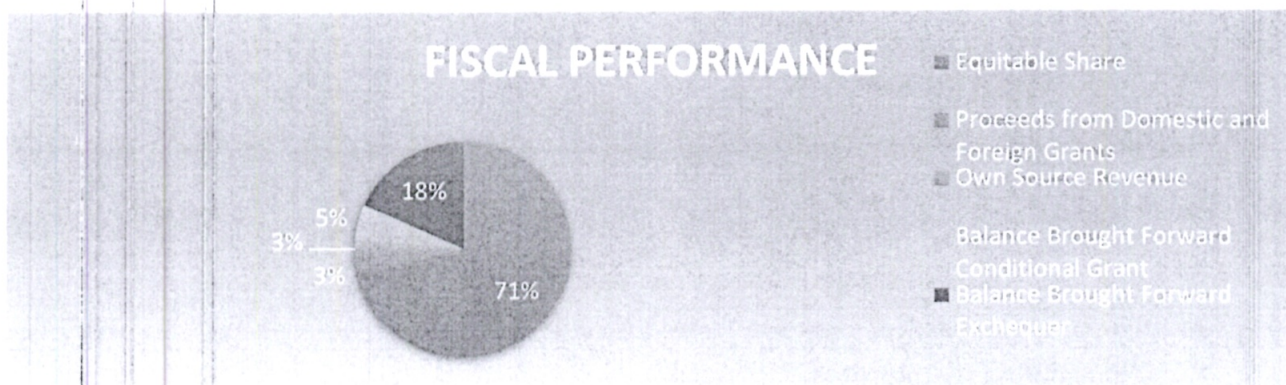
In FY 2022/23 the County Government of Lamu Approved Supplementary Budget amounted to **Kshs 4,367,634,672** Comprising of **Kshs 3,001,203,629** and **Kshs. 1,366,431,043** for Recurrent and Development expenditure respectively. To Finance the budget, the county expected to receive **Kshs 3,105,649,643 (71%)** as equitable share of revenue raised nationally, **Kshs 228,047,258 (5%)** as Balance brought forward from Conditional Grants, **Kshs 102,529,473 (3%)** as Conditional Allocations from Loans and Grants from Development Partners, **Kshs 131,000,000 (3%)** as Own Source Revenue and **Kshs 800,408,298 (18%)** being cash balances from previous Financial Year (2021/22).

The expected sources of budget financing are as shown in figure 1.

TABLE 1: *Summary Fiscal Performances*

Revenue Classification	Revenue Budget	Actual	Realisation %
Equitable Share	3,105,649,643	3,105,649,643	100%
Proceeds from Domestic and Foreign Grants	102,529,473	102,529,473	100%
Own Source Revenue	131,000,000	156,484,041	119%
Balance Brought Forward Conditional Grant	228,047,258	228,047,258	100%
Balance Brought Forward Exchequer	800,408,298	800,408,298	100%
TOTAL	4,367,634,672	4,393,619,557	101%

Figure 1: *Expected revenue sources to finance budget in FY 2022/23*

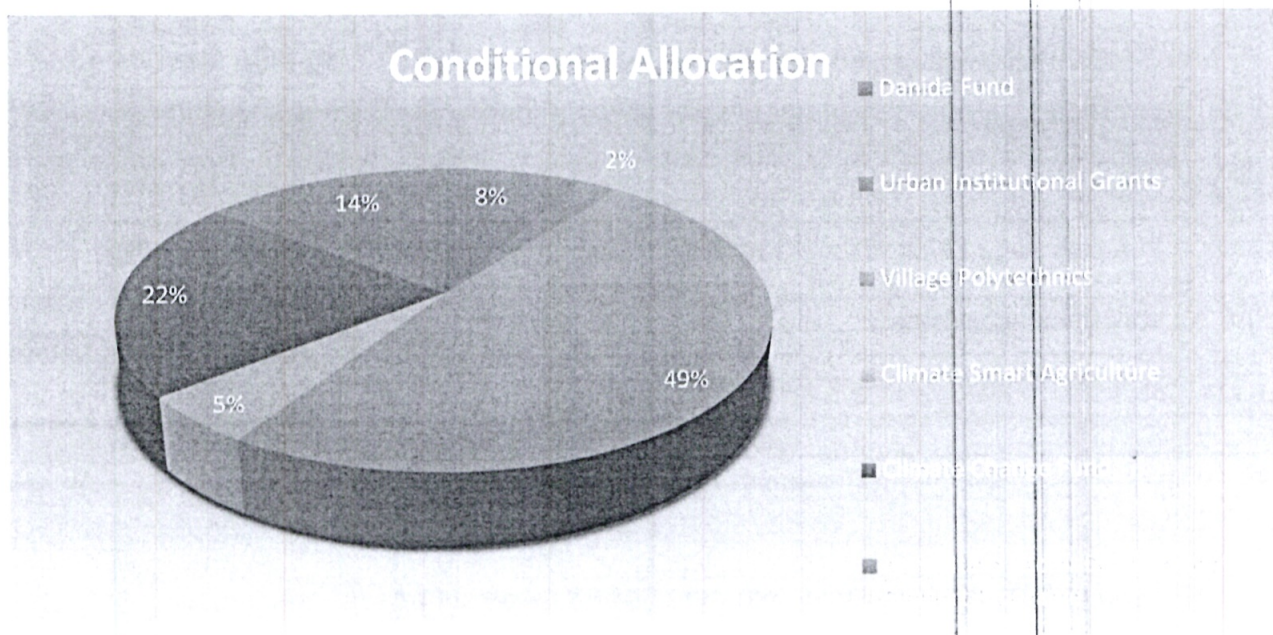


The Conditional Allocation from Loans and Grants from National Government and Development Partners as contained in the CARA, 2022 are as shown in figure 2.

Table 2: *Conditional Grants*

S/No.	Description	Amount
1	DANIDA Grant Primary Health Care in Devolved Context	8,348,625
2	Urban Institutional Grants	2,339,915
3	Kenya Informal Settlements Improvement Project (KISIP) II	50,000,000
4	Kenya Climate Smart Agriculture Project	5,236,636
5	Financing Locally Led Climate Action Program-Flloca	22,000,000
6	Agriculture Sector Development Support Programme II	14,604,297
Total		102,529,473

Figure 2: *Conditional Allocation from Loans and Grants from National Government and Development Partners.*



b) Actual performance

Through the County Revenue Fund Account, the County Government of Lamu received Ksh. 3,354,101,613 as the equitable share of the revenue raised nationally, raised Ksh. 156,484,041 as own source revenue, Ksh. 102,529,473 Transfers from other government agencies, Ksh. 17,439,806 as return from CRF issues.

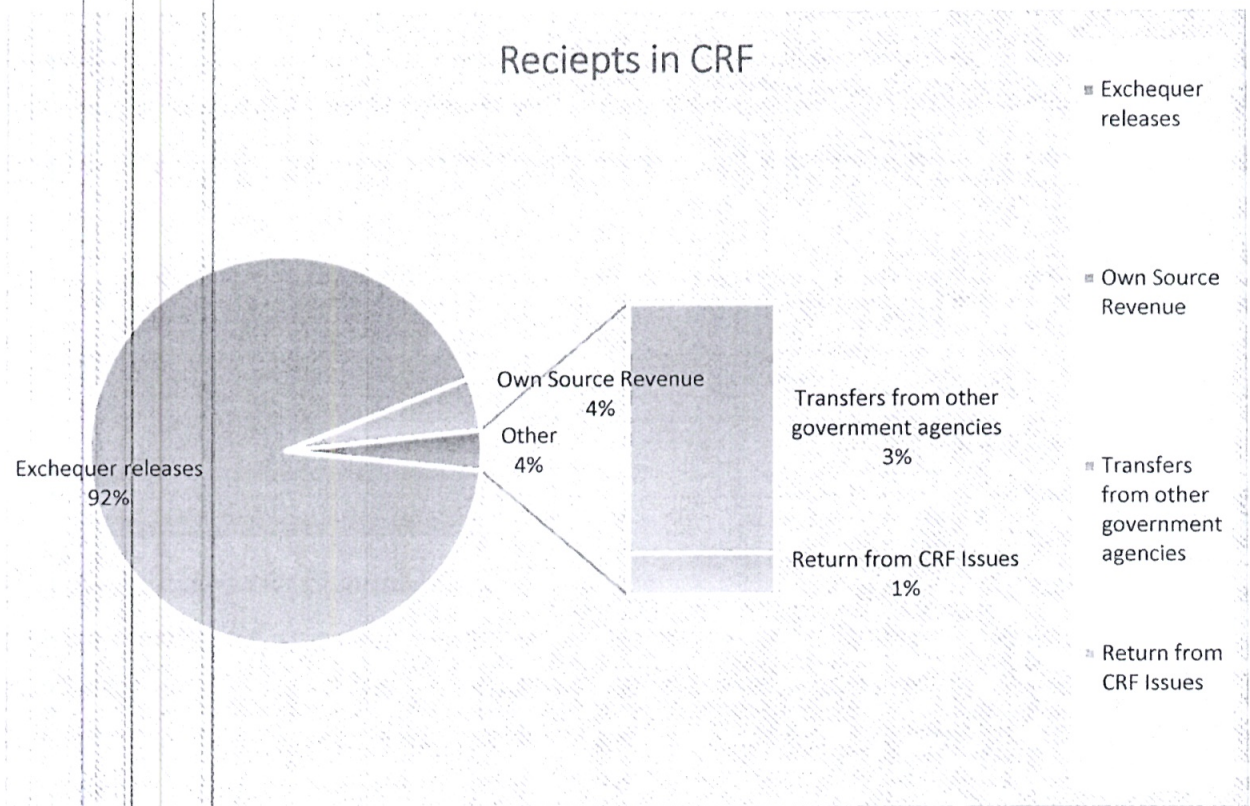


Figure 3: Receipts in the CRF Account FY 2022/23

Own Source Revenue Trend

The County Government own source revenue (OSR) have been on the increase trend for the five years despite the amounts being low as per the Commission of Revenue Allocation (CRA). The various challenges that hinder actualization of revenue collection have been addressed and measures taken. For the coming financial year 2023/2024 the County targets to collect Ksh. 350 million as own source revenue. Below table shows OSR performance from the financial 2020/21 to 2022/23

Description	Financial Year		
	2020/2021	2021/2022	2022/2023
Target	100,000,000	120,000,000	131,000,000
Actual Collection	108,433,650	126,996,806	156,484,041
% actualization targeted	109%	106%	119%

For the financial year 2022/2023 there have been an increase of Ksh. 25,484,041.00 which translate to 119% actualization against the target of Ksh. 131,000,000

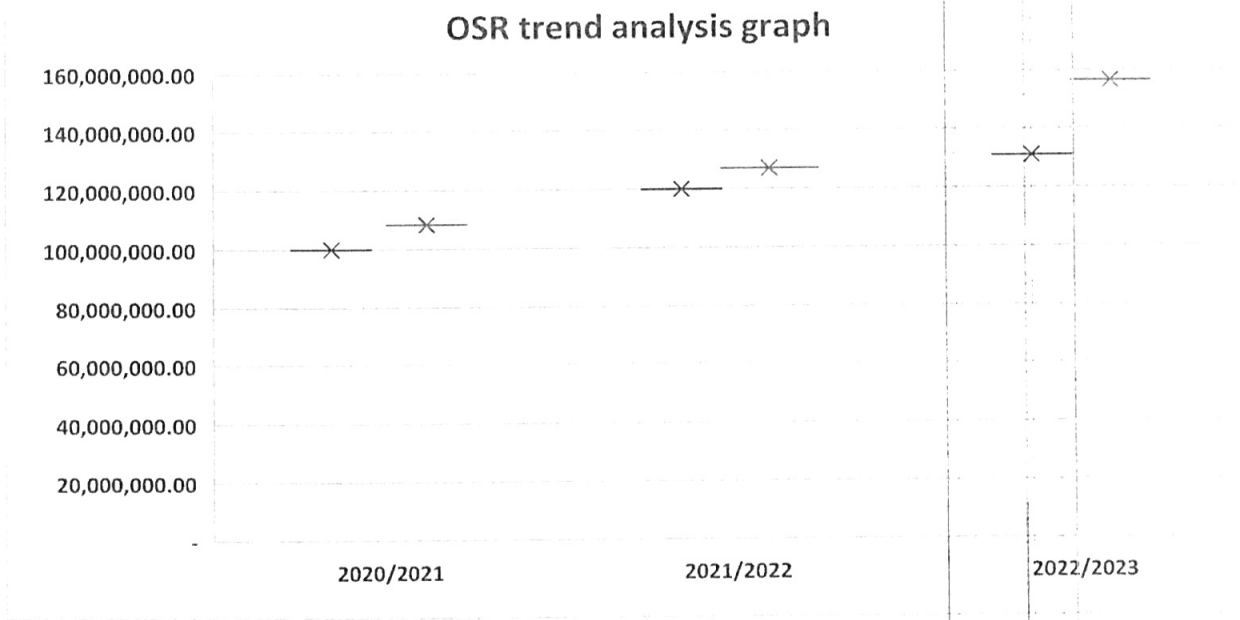


Figure 4: OSR trend for FY 2020/21, 2021/2022 and 2022/23

5. Overview of the County Revenue Fund Operations

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

Receipts into the County Revenue Fund

County Government revenue is received through appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Receipts include Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

Financial Reporting Requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation. This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2023.



HON. MOHAMED MBWANA ALI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, BUDGET, STRATEGY AND ECONOMIC PLANNING
COUNTY GOVERNMENT OF LAMU

6. Statement of Management Responsibility

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation to prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

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

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended *June 30, 2023*, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants (*where applicable*). Further, Accounting Officer confirms that the County Revenue Fund's Financial Statements have been prepared in a

form that complies with relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 25TH September 2023.



**CPA SALMA OMAR AHMED
CHIEF OFFICER FINANCE, BUDGET, STRATEGY AND ECONOMIC PLANNING
COUNTY GOVERNMENT OF LAMU**

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF LAMU

PREAMBLE

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

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

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 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Lamu set out on pages 1 to 9, which comprise of the statement of receipts and payments and the statement of comparison of budget and actual amounts for the year ended 30 June, 2023 and a summary of significant accounting policies and other

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

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Revenue Fund – County Government of Lamu as at 30 June, 2023, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

Unreconciled Fund Balance

The statement of receipts and payments reflects closing fund balance of Kshs.779,667,820 while the statement of comparison of budget and actual amounts reflects a closing fund balance of Kshs.1,006,893,374 resulting to unexplained variance of Kshs.227,225,554.

In the circumstances, the accuracy of the fund balance could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.4,393,118,713. However, total amount transferred to the County Executive and County Assembly was Kshs.3,386,225,339 leaving unutilized balance of Kshs.1,006,893,374 or 23% of the available resources.

My opinion is however, not modified in respect of the above matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund'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 the Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund'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 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

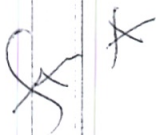
Nairobi

11 January, 2024

County Government of Lamu
 County Revenue Fund
 For The Financial Year Ended 30th June 2023

8. Statement of Receipts and Payments for The Year Ended 30th June 2023.

Description	Notes	2022-2023	2021 -2023
		Kshs.	Kshs.
Receipts			
Exchequer releases	1	3,354,101,613	2,857,197,673
Transfers from other government agencies	2	102,529,473	23,455,050
Other grants	3	-	-
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5	-	-
Own Source Revenue	6	156,484,041	126,996,806
Return to CRF issues	7	17,439,806	20,293,994
Total Receipts		3,630,554,933	3,027,943,523
Payments			
Transfers to County Executive	8	3,023,748,939	3,138,788,455
Transfers to County Assembly	9	362,476,400	346,897,160
Other Transfers	10	-	-
Total Payments		3,386,225,339	3,485,685,615
Net increase/decrease in cash for the period		244,329,594	(457,742,092)
Add: Opening fund balance b/f for the year ended	11	535,338,226	993,080,318
Closing Fund balance for the period	11	779,667,820	535,338,226



Chief Officer Finance
 Name: CPA Salma Omar Ahmed
 ICPAK Member No: 15009
 Date: 25th Sep 2023



Director Accounting Services
 Name: CPA Mohamed Abbas Abubakar
 ICPAK Member No: 23585
 Date: 25th Sep 2023

County Government of Lamu
 County Revenue Fund
 For The Financial Year Ended 30th June 2023

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June 2023.

Receipt/Payments	Original Budget	Adjustments during the period	Final Budget for the period	Actual on Comparable Basis	% of Realisation
	a	b	c=a+b	d	e=d/c %
Receipts	Kshs.	Kshs.	Kshs.	Kshs.	%
Exchequer releases	3,381,049,643	525,008,298	3,906,057,941	3,906,057,941	100%
Transfers from other government agencies	196,533,917	134,042,814	330,576,731	330,576,731	100%
Other grants	-	-	-	-	-
Proceeds from Domestic Borrowing	-	-	-	-	-
Proceeds from Foreign Borrowing	-	-	-	-	-
Own Source Revenue	120,000,000	11,000,000	131,000,000	156,484,041	119%
Return to CRF issues	-	-	-	-	-
Total Receipts	3,697,583,560	670,051,112	4,367,634,672	4,393,118,713	101%
Payments					
Transfers to County Executive	3,109,583,560	693,801,112	3,803,384,672	3,023,748,939	80%
Transfers to County Assembly	588,000,000	-23,750,000	564,250,000	362,476,400	64%
Others	-	-	-	-	-
Total Payments	3,697,583,560	670,051,112	4,367,634,672	3,386,225,339	78%
Balance				1,006,893,374	

Note: The row for Exchequer Release includes amount brought forward and Exchequer release for the previous Financial Year of Ksh 551,956,328 and 248,451,970 respectively. The amounts of Ksh 330,576,731 for transfer from other Government Agencies are included amount of Ksh 228,047,258 balances from previous Financial Year that has already been transferred to the respective conditional grant account.

10. Significant Accounting Policies

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the Cash-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012.

The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund; all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

This report relates to financial operations of the County Revenue Fund domiciled at the County Treasury and bank account maintained at Central Bank of Kenya.

c) Receipts

Receipts include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012.

The receipts collected include Exchequer releases, own source revenue, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Exchequer Account.

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

d) Payments

Payments are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately.

e) Fund Balances

Fund balances comprise bank balances in County Exchequer Account held at Central Bank of Kenya.

f) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

County Government of Lamu
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11. Notes to the Financial Statements

1. Exchequer releases

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Equitable Share (a)	3,354,101,613	2,857,197,673
Total	3,354,101,613	2,857,197,673

The amounts of Ksh 3,354,101,613 consist of Ksh. 248,451,970 being exchequer balance for previous financial year that has been received during the reporting year.

2. Transfers from other government agencies

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Agriculture Sector Development Support Project (ASDSP) II	14,604,297	9,882,313
Kenya Climate Smart Agriculture Project (KCSAP)	5,236,636	10,697,612
Urban Institutional Grant	2,339,915	-
Financing Locally Led Climate Action Program-(Filloca)	22,000,000	-
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	8,348,625	2,875,125
Kenya Informal Settlements Improvement Project (KISIP) II	50,000,000	-
Total	102,529,473	23,455,050

4. Proceeds from Domestic borrowing

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Total	-	-

5. Proceeds from Foreign Borrowing

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Total	-	-

County Government of Lamu
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6. Own Source Revenue

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Business Permit Current Year	13,173,600	12,501,700
Health Centres	94,087,121	62,192,682
Training/Learning Centres (ATC)	336,400	358,210
Market Stalls Rent	933,800	12,600
Fruits & Vegetables/Produce Cess	748,550	611,950
Meat Inspection Fees	144,200	186,850
Council Vehicles Hire (AMS Tractors)	14,449,514	6,070,725
Open Air Market Fee	697,800	538,800
Slaughtering Fee	945,050	419,140
Livestock Cess	313,070	265,050
Fish Cess	1,961,300	1,527,644
Street Parking Fee	1,709,700	1,588,100
Sales Of Flowers, Miraa, Etc	3,453,975	20,101,758
Vetenary	1,800	35,800
Forest Cess	578,700	599,200
Metal Scrap	100,700	40,850
Sign Boards & Advertisement Fee	2,785,130	3,374,628
Physical Planning	3,699,095	2,829,017
Sand, Gravel, and Ballast Extraction Fees	5,697,079	3,647,011
Fisheries License	25,050	305,400
Land Rates	7,388,702	6,789,675
Public Health	1,151,600	749,070
Hides And Skins Fee	4,500	4,300
Water Desalination Plant	20,000	-
Salary Commission	1,968,131	2,029,956
Other miscellaneous	109,474	216,690
Total	156,484,041	126,996,806

7. Return to CRF Issues

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	16,132,108	15,763,096.00
Development Account (<i>County Executive</i>)	26	2,295,663.00
Recurrent Account (<i>County Assembly</i>)	1,307,673	2,235,235.00
Development Account (<i>County Assembly</i>)	-	-
Total	17,439,806	20,293,994.00

These are unspent balances from the previous Financial Year that are transferred back to the CRF account from operational account.

County Government of Lamu
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8. Transfers to County Executive

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Recurrent Account	2,286,061,445	2,292,267,387
Development Account	639,658,021	806,438,911
ASDSP I1	20,104,297	15,382,313
Primary Health Care	8,348,625	2,875,125
Financing Locally Led Climate Action Program (FLLOCA)	11,000,000	-
Urban Institutional Grant	2,339,915	11,127,107
Village Polytechnic	36,000,000	
Kenya Climate Smart Agriculture Project (KCSAP)	20,236,636	10,697,612
Total	3,023,748,939	3,138,788,455

9. Transfers to County Assembly

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Recurrent Account	362,476,400	331,823,340
Development Account	-	15,073,820
Total	362,476,400	346,897,160

10. Other Transfers

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Total	-	-

11. Fund balance

Description	2022-2023	2021-2022
	Kshs.	Kshs.
County Exchequer Account /CRF Account - (CBK Account number 1000171588)	779,667,820	535,338,226

Notes to the Financial Statements (Continued)

1. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2022-2023	2021-2022
			Kshs	Kshs
KCB Transition Auth-Lamu County Revenue Account 1140750615	Ksh	-	304,983	-102
DTB Lamu County Revenue Account 1 A/C 022266001	Ksh	-	-	1,886
DTB Lamu County Revenue Account 2 A/C 022266002	Ksh	-	-	30
EQUITY Lamu County Revenue Account A/C 1590265264918	Ksh	-	-367	-371
KCB Lamu County Medical Superintendent A/C 1211409341	Ksh	-	99,994	1,126,177
KCB Medical Superintendent Mpeketoni A/C 1211639363	Ksh	-	17,507	940,708
KCB Medical Superintendent Faza A/C 1211503658	Ksh	-	1,087	815
KCB Mokowe Health Centre A/C 1103677756	Ksh	-	-	230,705
KCB Mokowe Health Centre A/C 1104838044	Ksh	-	-	17,542
Total			423,204	2,317,390

12. Annexes

Annex 1: Progress on follow up of Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
01	Budgetary Control and Performance	Management has taken necessary action	Resolve	-



Salma Omar Ahmed
CHIEF OFFICER FINANCE
COUNTY GOVERNMENT OF LAMU

County Government of Lamu
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Annex 2. Analysis of Receipts from the National Treasury Exchequer Releases

Period (2022/2023)	Quarter 1 (Kshs.)	Quarter 2 (Ksh)	Quarter 3 (Ksh)	Quarter 4 (Ksh)	Total
A. Transfers from the National Exchequer					
Equitable Share	760,884,161	263,980,220	760,884,162	1,568,353,070	3,354,101,613
Level 5 Hospitals	-	-	-	-	-
Total (As per Note 1)	760,884,161	263,980,220	760,884,162	1,568,353,070	3,354,101,613
B. Transfers from Other Government Agencies					
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	3,259,500	5,089,125	8,348,625
Kenya Urban Support Programme	-	-	-	2,339,915	2,339,915
Agriculture Sector Development Support Project (ASDSP)	-	14,297,122	-	307,175	14,604,297
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	5,236,636	-	5,236,636
Financing Locally Led Climate Action Program-Flloca	-	-	-	22,000,000	22,000,000
Kenya Informal Settlements Improvement Project (KISIP)	-	-	-	50,000,000	50,000,000
Total (As per note 2)	-	14,297,122	8,496,136	79,736,215	102,529,473
Grand Total (A+B)	760,884,161	278,277,342	769,380,298	1,648,089,285	3,456,631,086

County Government of Lamu
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Annex 3. Analysis of Receipts from Own Source Revenue per Quarter

Description	Quarter 1 (Ksh)	Quarter 2 (Ksh)	Quarter 3 (Ksh)	Quarter 4 (Ksh)	Total
Business Permit Current Year	593,200	714,400	8,546,800	3,319,200	13,173,600
Health Centres	2,602,365	38,297,510	22,229,645	30,957,601	94,087,121
Training/Learning Centres (ATC)	250,400	20,000	45,000	21,000	336,400
Market Stalls Rent	231,300	90,400	287,600	324,500	933,800
Fruits & Vegetables/Produce Cess	376,150	128,200	103,850	140,350	748,550
Meat Inspection Fees	29,400	50,950	23,850	40,000	144,200
Council Vehicles Hire (AMS Tractors)	365,461	3,153,528	2,776,825	8,153,700	14,449,514
Open Air Market Fee	100,590	108,440	344,610	144,160	697,800
Slaughtering Fee	120,270	239,270	256,520	328,990	945,050
Livestock Cess	94,250	135,990	25,000	57,830	313,070
Fish Cess	186,793	361,747	717,750	695,010	1,961,300
Street Parking Fee	309,800	285,800	597,100	517,000	1,709,700
Sales Of Flowers, Miraa, Etc	1,578,000	838,475	503,000	534,500	3,453,975
Veterinary	800	1,000	-	-	1,800

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Forest Cess	128,600	106,600	194,250	149,250	578,700
Metal Scrap	24,000	21,400	28,300	27,000	100,700
Sign Boards & Advertisement Fee	83,000	89,000	1,943,630	669,500	2,785,130
Physical Planning	272,697	315,272	750,161	2,360,965	3,699,095
Fisheries License	5,000	8,100	7,950	4,000	25,050
Land Rates	83,183	2,207,340	4,088,379	1,009,800	7,388,702
Public Health	88,850	168,650	767,800	126,300	1,151,600
Hides And Skins Fee	1,000	-	1,000	2,500	4,500
Water Desalination Plant	20,000	-	-	-	20,000
Salary Commission	515,114	523,099	475,744	454,174	1,968,131
Other miscellaneous	-	-	-	109,474	109,474
TOTAL COLLECTION	8,449,168	48,123,730	48,673,314	51,738,673	156,484,041

Annex 4: Analysis of Transfers from the County Revenue Fund

2022 -2023	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive - Rec	467,309,190	529,651,101	606,956,061	682,145,093	2,286,061,455
County Executive - Dev	-	2,214,092	43,461,461	593,982,468	639,658,021
County Assembly - Rec	29,052,700	76,312,400	127,358,400	129,752,900	362,476,400
DANIDA Grant Primary Health Care in Devolved Context	-	-	-	8,348,625	8,348,625
Financing Locally Led Climate Action Program (FLLOCA)	-	-	-	11,000,000	11,000,000
Agricultural Sector Development Support Programme (ASDSP II)	-	-	5,500,000	14,604,297	20,104,297
Urban Institutional Grant (UIG)	-	-	-	2,339,915	2,339,915
Kenya Climate Smart Agriculture Project	-	-	15,000,000	5,236,636	20,236,636
Village Polytechnic	-	-	-	36,000,000	36,000,000
Total	496,361,890	608,177,593	817,809,679	1,483,409,934	3,386,225,339

