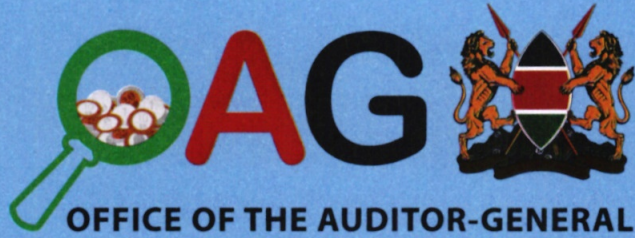


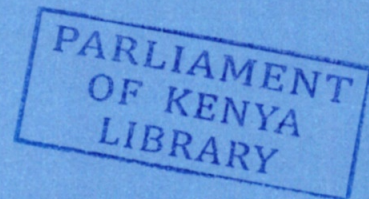
REPUBLIC OF KENYA



Enhancing Accountability

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COMMITTEE	-
CLERK AT THE TABLE	Angela

REPORT



OF

THE AUDITOR-GENERAL

ON

**LAMU COUNTY EXECUTIVE STAFF
HOUSING FUND**

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



LAMU COUNTY EXECUTIVE STAFF HOUSING FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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



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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
----------------------	---

2. Key Entity Information and Management

a) Background information

Lamu County Executive Staff Housing Fund is established by and derives its authority and accountability from Lamu County Executive Staff Housing Regulations, 2019. The Fund is wholly owned by the County Government of Lamu and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to:

- a) Provide Loans for the Purchase, Development, Renovation, or repair of residential Houses to members of Staff.
- b) Raise fund for the implementation of the Objectives stated in paragraph (a)

c) Fund Administration Committee

No.	Name	Position
1	H.E Amb. Ali Abbas	Chairperson
2	CPA Salma Omar Ahmed	Chief Officer Finance - Fund Administrator
3	Ms. Khadija Fumo	Chief Officer Public Service Management and Administration – Member
4	Mr. Alex Katana Jimbi	Chief Officer Infrastructure, Roads Housing and Urban Development - Member
5	Ms. Kulthum Harith	Director Legal Service - Member
6	CHRP Paul Waluba	Director Human Resource Management - Secretary

d) Key Management Team

No.	Name	Position
1	H.E Amb. Ali Abbas	Chairperson
2	CPA Salma Omar Ahmed	Chief Officer Finance - Fund Administrator
3	Ms. Khadija Fumo	Chief Officer Public Service Management and Administration – Member

4	Mr. Alex Katana Jimbi	Chief Officer Infrastructure, Roads Housing and Urban Development - Member
5	Ms. Kulthum Harith	Director Legal Service - Member
6	CHRP Paul Waluba	Director Human Resource Management - Secretary
7	CPA Mohamed Omar	Fund Accountant

e) Fiduciary Oversight Arrangements

NO.	Position	Name
1.	Directorate of Accounting Services	CPA Mohamed Abbas Abubakar
2.	Directorate Internal Audit	CPA David Njoroge
3.	County Assembly of Lamu	Public Accounts Investment Committee
4.	Office of Auditor General	Office of Auditor General

f) Registered Offices

P.O. Box 74-80500
County Head Quarter
Mombasa-Lamu Highway
Mokowe, Kenya

g) Fund Contacts

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

h) Fund Bankers

1. Kenya Commercial Bank
Lamu Branch
P.O Box 121-80500

2. Diamond Trust Bank
P.O Box 120 -80500
Lamu Branch



i) Independent Auditors

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

j) Principal Legal Adviser

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

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>H.E Amb. Ali Abbas MBS County Secretary and Head of Public Service</p>	<p>Hails from Faza Ward in Lamu East, Amb. Ali Abbas is a career diplomat having in the Ministry of foreign affairs of the Republic of Kenya for over 30 years. He holds Bachelor Degree in Arts from university of Nairobi and Postgraduate Diploma in International Relations and Economic Cooperation from Deutsche Stiftung Fur Internationale Entwcklung in West Berlin..He was awarded title of Moran of the order of the Burning Spear (MBS) by H.E President Mwai Kibaki in year 2011. He served as Ambassador of Kenya to the Islamic Republic of Iran and the State of Kuwait. He also served in Kenya Missions in Abu Dhabi, Islamabad, Canberra and Dar es Salaam.</p>
 <p>CPA Salma Omar Chief Officer Finance, Budget, Strategy & Economic Planning</p>	<p>CPA Salma Omar Ahmed is a Certified Public Accountant of Kenya and holds Bachelor’s degree in Business Administration in Finance and Accounting from Moi University. She also holds certificate in Senior Management and Strategic Leadership from Kenya School of Government. She is a member of ICPAK. Prior to her appointment as Chief Officer, she was Ag. Director Accounting Service, Principal Finance Officer for the for the County Treasury and served. She is Redcross Lamu Branch Treasurer from year 2015 upto date. CPA Salma brings to the Board vast experience in technical and senior managerial skills having worked in both Private and Public Institutions</p>



Ms. Khadija Fumo

Chief Officer - Public Service
Management and Administration

Mrs Khadija Fumo Holds a bachelor of Commerce from the University of Nairobi.

Before joining the County Government, she served as an associate consultant in Deloitte. She now appointed as Chief Officer Public Service Management and Administration.



Mr. Alex Katana

Chief Officer Infrastructure,
Housing and Roads and Public
works

Mr. Alex Jimbi holds Master of science in Construction engineering management from Universidad Emresarial de Costa Rica and Bachelor of science in architectural studies from University of Nairobi. Mr. Alex has vast experience in building and construction management. He worked with Mombasa Old Town & conservation a Unit under the umbrella of National Museum of Kenya. He was transferred to Lamu Museums in 2004 as an Architect and Conservator due to emerging planning and development control issues he was seconded to the Local Authority Lamu County Council as Chief building inspector and development control officer. In 2013 he served as Chief Building Inspector with the County Government of Lamu and later in the year 2018 he was appointed as County Chief Officer for Lands, Physical Planning Infrastructure and Urban Development



Ms. Kulthum Harith
Director legal Services

Ms. Kulthum Harith Swaleh holds a bachelor degree in law from Moi university and a diploma from Kenya School of Law. She was admitted to the bar on 12th October 2006 and has over 16 years of legal practice. She is the director legal affairs County Government of Lamu from January 2015 to date



Mr. Paul Waluba Mumaina
CHRP(K), MIHRM(K)
Director Human Resource
Management

A highly motivated Human Resource Practitioner, Trainer and Management Development Coach with over than 15 years of hands-on experience in HR matters.

A holder of MSc. in Human Resource Development, BSc. in Human Resource Management, both from Moi University, Diploma in HRM, UoN, Certified Human Resource Professional, CHRP(K) currently pursuing PhD in Business Administration, Human Resource Management from the University of Nairobi. A licensed practicing corporate member of the Institute of Human Resource Management of Kenya, in good standing.

4. Management Team

Name	Details of qualifications and experience
 <p data-bbox="252 712 651 824">H.E Amb. Ali Abbas MBS County Secretary and Head of Public Service</p>	<p data-bbox="708 293 1401 1043">Hails from Faza Ward in Lamu East, Amb. Ali Abbas is a career diplomat having in the Ministry of foreign affairs of the Republic of Kenya for over 30 years.He holds Bachelor Degree in Arts from university of Nairobi and Postgraduate Diploma in International Relations and Economic Cooperation from Deutsche Stiftung Fur Internationale Entwcklung in West Berlin..He was awarded title of Moran of the order of the Burning Spear (MBS) by H.E President Mwai Kibaki in year 2011.He served as Ambassador of Kenya to the Islamic Republic of Iran and the State of Kuwait.He also served in Kenya Missions in Abu Dhabi, Islamabad, Canberra and Dar es Salaam.</p>
 <p data-bbox="245 1529 654 1641">CPA Salma Omar Chief Officer Finance, Budget, Strategy & Economic Planning</p>	<p data-bbox="708 1081 1401 1832">CPA Salma Omar Ahmed is a Certified Public Accountant of Kenya and holds Bachelor’s degree in Business Administration in Finance and Accounting from Moi University. She also holds certificate in Senior Management and Strategic Leadership from Kenya School of Government. She is a member of ICPAK. Prior to her appointment as Chief Officer, she was Ag. Director Accounting Service, Principal Finance Officer for the for the County Treasury and served. She is Redcross Lamu Branch Treasurer from year 2015 upto date. CPA Salma brings to the Board vast experience in technical and senior managerial skills having worked in both Private and Public Institutions</p>



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5. Fund Chairperson's Report

In our pursuit to improve on transparency and accountability in public financial management, I present the 2022/2023 of the financial year report for the Lamu County Executive Staff Housing Fund. The fund has and will continue to manage its finances in accordance with the principles of fiscal responsibility as spelt out in the Public Finance Management Act (2012) and its regulations and other applicable laws.

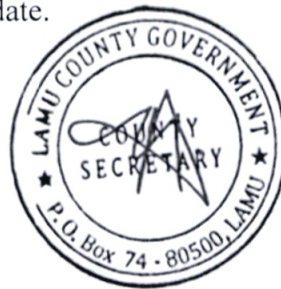
In addition, the County Treasury will endeavour to comply with the Lamu County Executive Staff Housing Fund Act, 2019. The Fund financial statements for the financial year ended June 30, 2023 provide in summary statements of receipts and payments, assets and liabilities and statement of cash flows.

I would like to express my deepest appreciation to His Excellency the Governor and Lamu County Executive Staff Housing Fund Management Committee for their continued support and cooperation that has made the Fund to achieve its mandate.



AMB. ALI ABBAS, (MBS)
CHAIRPERSON

LAMU COUNTY EXECUTIVE STAFF HOUSING FUND.



6. Report of the Fund Administrator

Lamu County Executive Staff Housing Fund receives money from the County Treasury through the Department of Finance to enable payments to be made in respect to members of staff for purchases, development, renovation or repair of residential houses. As the Lamu County Executive Staff Housing Act, 2019 dictates the payment are made upon approval by the fund administration committee.

Financial Performance Trend

A) Revenue

The fund was established in May 2019 and started with an initial amount of Ksh. 40,000,000.00. During the year under review the fund received revenue from exchange transactions amounting to Ksh. 182,090. In total the fund had received Ksh. 1,046,073.00 from the past three financial year. The table below shows revenue performance from financial year 2020/2021 to 2022/2023.

FY	Interest Income
	Ksh
2022/2023	182,090.00
2021/2022	476,200.00
2020/2021	387,783.00
TOTAL	1,046,073.00

Below is the graphical presentation of budget allocation for the last three financial years



With no active operation and committee sittings the only expenditure was only on bank charges.

Lamu County Executive Staff Housing Fund has and will continue to manage its finances in accordance with the principles of fiscal responsibility as spelt out in the Public Finance Management Act (2012) and its Regulations and other applicable laws. In addition, the County Treasury will endeavour to comply with the Lamu County Executive Staff Housing Act, 2019.



.....
CPA SALMA OMAR
FUND ADMINISTRATOR
LAMU COUNTY EXECUTIVE STAFF HOUSING FUND

7. Statement of Performance Against the County Fund’s Predetermined Objectives

Section 164 (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 County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the Lamu County Executive Staff Housing Fund are to:

- a) Provide Loans for the Purchase, Development, Renovation, or repair of residential Houses to members of Staff.
- b) Raise fund for the implementation of the Objectives stated in paragraph (a)

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number of mortgages successfully applied	% of staff taking Mortgage facilities	-

8. Corporate Governance Statement

Lamu County Executive Staff Housing Fund is a Fund kitty for Lamu County Executive Staff to take up loans to acquire affordable homes. The loans will be accessed at a fair interest rate; the Fund is established under the Staff Housing Fund Act, 2019 which was assented by the County Assembly on May 2019.

The Fund is wholly owned by the county government of Lamu and is domiciled in Kenya.

Principal Activities

- (a) Provide loans for the purchase, development, renovation, or repair of residential houses to members of Staff.
- (b) Raise Funds for the implementation of the objectives stated in paragraph (a)

Appointment of members

The Lamu County Executive Staff Housing fund regulations of 2019 established a committee to be known as Housing Loan Management Committee which shall consist of:

- a). The County Secretary who is the Chairperson
- b). Chief Officer Finance who shall be Fund Administrator and the Secretary to the committee
- c). County Chief Officer in charge of Public Service Management and Administration.
- d). County Attorney or person in charge of County Legal Service
- e). County Housing Officer
- e). County Director in charge of Human Resource

Fund Meetings

The Housing Loan Management Committee meetings is convened by the Chairperson or by a member designated by the Chairperson as such a time as may be necessary. The quorum for a meeting shall be the Chairperson and any three members. There was no meeting held during the financial year 2022/2023.

Internal Control and Risk Management

Internal Control Framework

The Fund continues to review its internal control to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. No significant failings or weaknesses were identified during the FY 2022/2023.

Risk Management

The Fund target to develop a risk management framework which will guide the Fund in identifying, assessing and managing the risks and prescribe mitigating measures of all the risks both external and internal was facing the Fund.

Management Team

The management team headed by the Fund Chairperson implements the committee decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Fund's objectives are achieved effectively and efficiently.

Auditor

The Fund is audited by the Office of the Auditor General.

9. Management Discussion and Analysis

Lamu County Executive Staff Housing Fund receive money from the County Treasury through the Department of Finance to enable payments to be made in respect to members of staff for purchases, development, renovation, or repair of residential houses. As the Lamu County Executive Staff Housing Act of 2019 dictates the payments are made upon approval by the fund administration committee.

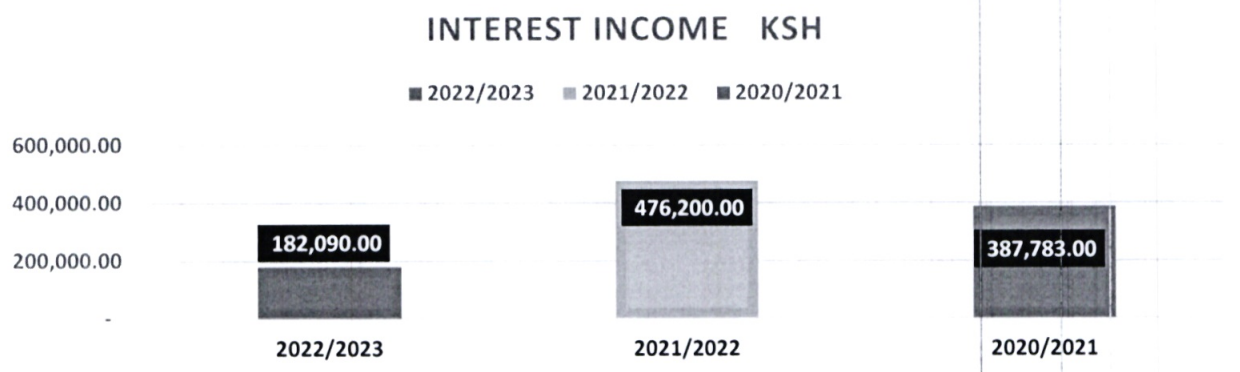
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2020/2021		387,783.00
TOTAL		1,046,073.00

Below is the graphical presentation of budget allocation for the last three financial years



10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

The Lamu County Executive Staff Housing Fund is established and mandated through the Lamu County Executive Staff Housing Fund Regulation 2019 of the County Assembly of Lamu. This Act has put in place good governance structure. The Fund is independent. It has a fund administrator and an independent fund administration committee.

2. Community Engagements

The Fund was not involved in any corporate social responsibility activities in Financial Year 2022/2023.

11. Report of the Fund Administration Committee

The Fund Administration Committee submits their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide loans for the purchase, development, renovation, or repair of residential houses to members of Staff.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1-4

Fund Administration Committee

The members of the Fund Administration Committee who served during the year are shown on page vi - xi.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



AMB. ALI ABBAS, MBS
CHAIRPERSON
LAMU COUNTY EXECUTIVE STAFF HOUSING FUND.



Date: 25th September 2023

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of Lamu County Executive Staff Housing Fund established by Lamu County Executive Staff Housing Act of 2019 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Lamu County Executive Staff Housing Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Fund;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Lamu County Executive Staff Housing Fund accepts responsibility for the Fund'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 Lamu County Executive Staff Housing Act of 2019. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's

transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Lamu County Executive Staff Housing Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Lamu County Executive Staff Housing Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 25th September 2023 and signed on its behalf by:



.....
CPA SALMA OMAR
FUND ADMINISTRATOR
LAMU COUNTY EXECUTIVE STAFF HOUSING FUND.

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON LAMU COUNTY EXECUTIVE STAFF HOUSING FUND FOR THE YEAR ENDED 30 JUNE, 2023

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, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lamu County Executive Staff Housing Fund set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Lamu County Executive Staff Housing Fund 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 Lamu County Executive Staff Housing Regulation, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unexplained Variance in Outstanding Loan Balance and Defaulted Loan Repayment

The statement of financial position reflects receivables from exchange transactions balance of Kshs.5,763,403 comprised of current portion of long-term receivables from exchange transactions of Kshs.1,603,403 and long term receivables from exchange transactions of Kshs.4,160,000 respectively as disclosed in Note 13 to the financial statements.

Review of loan records revealed that a loan of Kshs.23,400,000 was disbursed to an officer on 11 July, 2019 with a thirty six (36) months repayment period from July, 2019 to July, 2023. However, the bank statement and the amortization schedule indicated a monthly loan repayment of Kshs.481,000 for forty (40) months totalling to Kshs.19,240,000, out of Kshs.24,498,010 which was the principal amount plus interest resulting to unpaid balance of Kshs.5,258,010. This differs with the reported balance of Kshs.5,763,403 resulting to unexplained variance of Kshs.505,393.

In addition, the loan repayment had been stopped from October, 2023 and the borrower was no longer employed by the County Government of Lamu. Further, the title deed that was to be charged to the loan and used as collateral in case of default was not deposited with the Housing Loans Management Committee.

In the circumstances, the recoverability, accuracy and completeness of long-term and current receivables from exchange transactions balance of Kshs.5,763,403 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lamu County Executive Staff Housing Fund 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 audit 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.

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.

Other Matter

Unresolved Prior Year Audit Matters

Various prior year audit issues remained unresolved as at 30 June, 2023. Further, Management did not provide evidence of any action taken to address the recommendation in the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Effectively Utilize Appropriated Funds

The statement of financial position reflects cash and cash equivalents balance of Kshs.35,628,352. Included in this amount was the opening balance of Kshs.33,705,492. Management did not provide an explanation for keeping public funds idle at the expense of effective service delivery to staff. In addition, Management did not disburse any loan during the year under review.

In the circumstances, the effectiveness of service delivery to the staff could not be confirmed.

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 Housing Loans Management Committee

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 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 cease operations.

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

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

The Housing Loans Management Committee is 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 control 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 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 control 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's 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 continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the 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 the 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

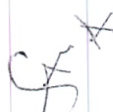
15 January, 2024


Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022 -2023	2021 -2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	182,090	476,200
		182,090	476,200
Total Revenue		-	-
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	1,140	1,317
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		1,140	1,317
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		180,950	474,883

(The notes set out on pages 16 to 25 form an integral part of these Financial Statements)


 Fund Administrator
 Name: CPA Salma Omar Ahmed
 ICPAK Member No: 15009


 Fund Accountant
 Name: CPA Mohamed Omari Mohamed
 ICPAK Member No: 24281

15. Statement of Financial Position as At 30th June 2023

Description	Note	2022 -2023	2021 -2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	35,628,352	33,705,492
Current Portion of Long- Term Receivables From Exchange Transactions	13	1,603,403	1,422,313
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		37,231,755	35,126,805
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	4,160,000	6,084,000
Investment Property	19		
Total non- current assets		4,160,000	6,084,000
Total Assets		41,391,755	41,210,805
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		-	-

Lamu County Executive Staff Housing Fund
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Description	Note	2022 -2023	2021 -2022
		Kshs	Kshs
Net Assets		41,391,755	41,210,805
Revolving Fund		40,000,000	40,000,000
Reserves		-	-
Accumulated Surplus		1,391,755	1,210,805
Total Net Assets and Liabilities		41,391,755	41,210,805

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25th September 2023 and signed by:

Fund Administrator
Name: CPA Salma Omar Ahmed
ICPAK Member No: 15009

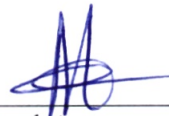
Fund Accountant
Name: CPA Mohamed Omari Mohamed
ICPAK Member No: 24281

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	40,000,000	-	735,922	40,735,922
Surplus/(Deficit) For the Period	-	-	474,883	474,883
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	40,000,000	-	1,210,805	41,210,805
Balance As At 1 July 2022	40,000,000	-	1,210,805	41,210,805
Surplus/(Deficit) For the Period	-	-	180,950	180,950
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	40,000,000	-	1,391,755	41,391,755



Fund Administrator
Name: CPA Salma Omar Ahmed
ICPAK Member No: 15009



Fund Accountant
Name: CPA Mohamed Omari Mohamed
ICPAK Member No: 24281

17. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts		-	-
Payments			
Use of goods and service		1,140	1,317
Total payments		1,140	1,317
Net cash flows from operating activities	24	(1,140)	(1,317)
Cash flows from investing activities			
Proceeds from loan principal repayments		1,924,000	6,253,000
Net cash flows used in investing activities		1,924,000	6,253,000
Cash flows from financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		1,922,860	6,251,683
Cash and cash equivalents at 1 July		33,705,492	27,453,809
Cash and cash equivalents at 30 June		35,628,352	33,705,492



 Fund Administrator
 Name: CPA Salma Omar Ahmed
 ICPAK Member No: 15009



 Fund Accountant
 Name: CPA Mohamed Omari Mohamed
 ICPAK Member No: 24281

18. Statement of Comparison of Budget and Actual Amounts for the Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	b	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Interest Income	182,090	-	182,090	182,090	-	100
Total Income	182,090	-	182,090	182,090	-	100
Expenses						
Use of goods and service	182,090	-	182,090	1,140	180,950	0.6
Total Expenditure	182,090	-	182,090	1,140	180,950	0.6
Surplus For the Period	-	-	-	180,950	180,950	
Capital expenditure	-	-	-	-	-	

19. Notes to the Financial Statements

1. General Information

Lamu County Executive Staff Housing Fund is established by and derives its authority and accountability from Lamu County Executive Staff Housing Fund Act, 2019 of the county assembly of Lamu. The Fund is wholly owned by the County Government of Lamu and is domiciled in Kenya.

Principal Activities

The principal activity/mission/ mandate of the Fund is to ...

- a) Provide Loans for the Purchase, Development, Renovation or repair of residential Houses to members of Staff
- b) Raise fund for the implementation of the Objectives stated in paragraph (a)

2. Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant</p>

Lamu County Executive Staff Housing Fund
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Standard	Effective date and impact
	<p>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"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on

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Standard	Effective date and impact
	<p>hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st 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</p>

Standard	Effective date and impact:
	<p>information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st 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 Entity did not early – adopt any new or amended standards in the financial year 2022/2023

a) Revenue recognition

i. Revenue from exchange transactions

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.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly. 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 to conclude the final budget. Accordingly, the Fund recorded no additional appropriations on the FY 2022-2023 budget following the governing body's approval.

The entity'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 18 of these financial statements.

d) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction

costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is

Significant Accounting Policies (Continued)

Recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

e) 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.

f) Related parties

The Entity 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors.

g) 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.

h) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) 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.

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

6. Notes to the Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

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

3. Fines, penalties and other levies

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

4. Interest income

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
Interest received	182,090	476,200
Total Interest Income	182,090	476,200

5. Other income

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
Total Other Income	-	-

6. Employee Costs

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

7. Use of Goods and Services

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
Bank Charges	1,140	1,317
Total	1,140	1,317

8. Depreciation and Amortization Expense

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

9. Finance costs

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

10. Gain/(loss) on disposal of assets

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

11. Gain/ (loss) on Fair Value Investments

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
Total Gain	-	-

12. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	35,628,352	33,705,492
Total Cash And Cash Equivalents	35,628,352	33,705,492

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Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1258957574	-	33,705,492
Diamond Trust Bank	0904554001	35,628,352	-
Grand Total		35,628,352	33,705,492

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	1,603,403	1,421,313
Total Current Receivables	1,603,403	1,421,313
Non-Current Receivables		
Long Term Loan Repayments Due	4,160,000	6,084,000
Total Non- Current Receivables	4,160,000	6,084,000
Total Receivables From Exchange Transactions	5,763,403	7,505,313

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable	1,603,403	1,421,313
Interest receivable from current portion of long-term loans of previous years	1,421,313	945,113
Interest receivable from current portion of long-term loans issued in the current year	182,090	476,200
Current loan repayments due	4,160,000	6,084,000
Current portion of long-term loans from previous years	4,160,000	6,084,000

14. Prepayments

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

15. Inventories

Description	2022-2023	2021-2022	
	Kshs	Kshs	
Total Inventories at The Lower of Cost and Net Realizable Value	-	-	

16. Investments in financial assets

Description	2022-2023	2021-2022	
	Kshs	Kshs	
Grand total	-		-

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements For the year ended 30th June 2023

17. Property, plant and equipment

	Land and buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Description					
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values					
At 30 th June 2022	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-

18. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
NBV	-	-

19. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At end of the year	-	-

20. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Total Trade and Other Payables	-	-

21. Provisions

Description	Leave provision	Bonus provision	Other provision	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance At The End of The Year	-	-	-	-	-

22. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At End of The Period	-	-

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Total	-	-	-	-	-

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24. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Total (tie to totals above)	-	-

25. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	180,950	474,883
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	(182,090)	(476,200)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	1,603,403	1,421,313
Increase In Payables	-	-
Net Cash Flow From Operating Activities	1,602,263	1,419,996

14. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Lamu County Executive Housing Fund include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund is related to the following entities:

- a) The County Government
- b) The Parent County Government Ministry
- c) Key management
- d) Fund administration committee

15. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables,

estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Lamu County Executive Staff Housing Fund Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

i. Interest rate risk

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

Management of interest rate risk

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

d) Capital risk management.

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

Description	2022 -2023	2021-2022
	Kshs	Kshs
Revolving fund	40,000,000	40,000,000
Accumulated surplus	1,391,755	1,210,805
Total funds	41,391,755	41,210,805
Less: cash and bank balances	(35,628,352)	(33,705,492)
Net debt/(excess cash and cash equivalents)	5,763,403	7,505,313
Gearing		

16. Events after the reporting period

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

17. Ultimate and Holding Entity

The Lamu County Executive staff housing fund is a County Public Fund established by Lamu County Executive Staff Housing Fund Act 2019 under the Department of Public Service Management and Administration. Its ultimate parent is the County Government of Lamu.

18. Currency

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

20. Annexes

Annex I: Progress on Follow Up of Prior Year 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)
2.0	Defaulted Loan Repayment	The Management still working on it to resolve the issue	Not Resolved	FY 2023/2024
1.1	Unutilized Funds	The management put mechanism to resolve the issue	Not Resolved	FY 2023/2024



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 CPA Salma Omar Ahmed
 Chief Officer – Finance, Budget, Strategy and Economic Planning
 Fund Administrator
Lamu County Executive Staff Housing Fund

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Annex II: Inter-Fund Confirmation Letter



THE COUNTY GOVERNMENT OF LAMU
Finance, Strategy & Economic Planning
COUNTY TREASURY



Telephone: +254-715555111/772576122
E-mail: treasury@lamu.go.ke

LAMU COUNTY
 P.O. Box 74-80500
 LAMU

Lamu County Executive Staff Housing Fund
P.O Box 74-80500
Lamu County, Mokowe

The Lamu County Treasury wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Lamu County Executive Staff Housing Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Lamu County Treasury (Kshs) as at 30 th June 2023				Amount Received by Lamu County Executive Staff Housing Fund (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total		=	-	-	=	=	-
In confirm that the amounts shown above are correct as of the date indicated.							
Head of Accountants department of beneficiary Fund:							
Name <u>Mohammed Abbas</u> Sign <u>[Signature]</u> Date <u>25/9/2023</u>							

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Annex III: Reporting of Climate Relevant Expenditures

No climate relevant expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

No disaster management expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments