

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

PAPERS LAID	
DATE	02/05/2023
TABLED BY	Deputy Majority Leader
COMMITTEE	_____
CLERK AT THE TABLE	Mr. Innocent Njaya

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

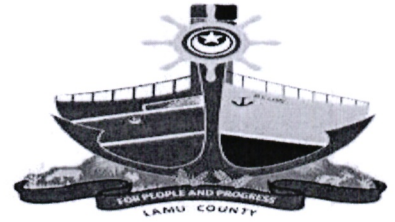
**COUNTY REVENUE FUND**

**FOR THE YEAR ENDED**

**30 JUNE, 2022**

**COUNTY GOVERNMENT OF  
LAMU**

1900



---

# COUNTY REVENUE FUND

*County Government of Lamu*

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022.

---

<b>Table of contents</b> .....	<b>Page No.</b>
1. Key Entity Information and Management.....	ii
2. Statement by the CECM Finance .....	vi
3. Management Discussion and Analysis.....	vii
4. Statement of Management Responsibility.....	x
5. Overview of the County Revenue Fund Operations.....	xii
6. Report of the Independent Auditor on the CRF of County Government of Lamu.....	xiii
7. Statement of Receipts and Payments for the year ended 30 <sup>th</sup> June 2022 .....	1
8. Statement of Comparison of Budget Actual Amounts for the year ended 30 <sup>th</sup> June, 2022.....	2
9. Significant Accounting Policies .....	4
10. Notes to the Financial Statements .....	6
11. Annexes .....	10

## 1. Key Entity Information and Management

### a) Background information

The County is constituted as per the constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the Defunct County Council and the ones that have been transferred from the national government. The county is headed by the County Governor, who is responsible for the general policy and strategy direction of the county. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution. The County Executive Committee Member for Finance, Strategy and Economic Planning is in charge of the County Treasury. One of the functions of the CEC Finance is financial reporting at the county level.

#### Vision

A nationally competitive county offering good quality life for all its citizens through prudent use of resources, equitable provision of services and implementation of sustainable development.

#### Mission

To provide services and ensure socio-economic development to the people of Lamu County through prudent utilization of resources and the implementation of key projects and programmes.

### b) Key Management

The County Executive's day to day management is under the following key organs:

No.	Name	Designation/Office
1.	H. E Hon. Fahim Yasin Twaha	The Governor
2.	H. E Hon. Abdulhakim Aboud	Deputy Governor/CECM Public Services Management and Administration
3.	Hon. Abdu Godana Dae	CECM Finance, Budget, Strategy and Economic Planning
4.	Hon. Ahmed Mohamed Hemed	CECM Lands, Physical Planning, Urban Development, Infrastructure and Energy
5.	Hon Paul Thairu Kamau	CECM Education, Technology, Youth Affairs, Sports, Gender and Social Services

No.	Name	Designation/Office
6.	Hon. Fahima Araphat	CECM Food Security, Cooperative Development, Fisheries, Blue Economy and Water Services
7.	Hon Dr. Ann Gathoni	CECM Medical Services
8.	Hon. Dismas Polle	CECM Trade, Tourism, Development and Industrialization

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended **30<sup>th</sup> June 2022** and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Officer - County Public Service Management & Adm.	Mrs. Malika Ali Omar
2.	Chief Officer - Finance	Mr. Fadhil Maamun
3.	Chief Officer - Agriculture, Water and Livestock	Mr. Charles Gichohi
4.	Chief Officer - Lands and Physical Planning	Mr. Said Bwanamkuu
5.	Chief Officer - Education and Vocational Training	Mr. Abdallah Ahmed
6.	Chief Officer - Medical Services	Dr. Victor Tolle
7.	Chief Officer - Trade, Culture and Industrialisation	Mr. Atwaa Salim
8.	Chief Officer - Gender, Sports, Youth and Social Services	Dr. Kuria Joseph Nganga
9.	Chief Officer - Infrastructure and Roads	Mr. Joseph Ndovoi
10.	Chief Officer - Budget and Economic Planning	Mrs. Salma Omar
11.	Chief Officer - Fisheries, Development and Blue Economy	Mr. Abdulafatah Hassan
12.	Chief Officer - Public Health and Sanitation	Mr. Rashid Dirie
13.	Chief Officer - Municipality	Mr. Alex Jimbi
14.	Ag. Secretary/CEO - County Public Service Board	Mr. Mwenyeali Mwenye
15.	Manager - Municipality	Mr. Omar Mohamed Famau
16.	Director Accounting Services	Mr. Mohamed A. Abubakar
17.	Ag. Director Supply Chain Management	Mr. Swaleh Salad
18.	Ag. Head of Internal Audit	Mr. David Njoroge Gicheru
19.	Deputy Director Human Resource	Mr. Paul Waluba

**d) Fiduciary Oversight Arrangements**

The County Executive fiduciary oversights are under the listed below:

- Office of Auditor General
- Office of the Controller of budget
- Audit and finance committee activities
- Parliamentary committee activities
- County Assembly of Lamu
- Development partner oversight activities

**e) County Executive 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](mailto:treasury@lamu.go.ke)

Website: [www.lamu.go.ke](http://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
2. Kenya Commercial Bank  
P. O. Box 121-80500  
Lamu Branch  
Kenyatta Avenue
3. Equity Bank

P. O. Box 60-80500

Lamu Branch,

Kenyatta Avenue

4. Diamond Trust Bank

P. O. Box 120-80500

Lamu Branch

Kenyatta Avenue

5. Gulf African Bank

P. O. Box 191-80500

Lamu Branch

Kenyatta Avenue

6. Corporative Bank

Mpeketoni Branch

Lamu, Kenya

**h) Independent Auditors**

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**

## **2. Statement by the CECM Finance**

In our pursuit to improve on transparency and accountability in Public Financial Management, I present the financial statements for the financial year 2021/22 of the County Government of Lamu. The County Executive of Lamu has and will continue to manage its finances in accordance with the principles of fiscal responsibilities as spelt out in the Public Finance Management Act, 2012. The report compares actual performance against budgeted revenues and expenditure and also provides the recommendation to the County Executive for improvement of budget execution. The County has developed strategic partnership with the public by involving them in development of the County Integrated Development Plan (CIDP) which highlights the programmes and projects to be implemented in successive county budgets. In this regard the County Government has been able and continues to put more emphasis into development activities which are responsive to the citizens' needs.

### **FINANCING FOR COUNTY GOVERNMENT**

Article 202 of the constitution of Kenya 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.

The county also finances its operations through Own Source Revenues (OSR). These are revenues collected within the county. The key local revenue sources include single business permits, health facilities, land rates, cesses amongst others. The county continues to explore new and innovative ways of increasing its local revenues collections.



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

### 3. Management Discussion and Analysis

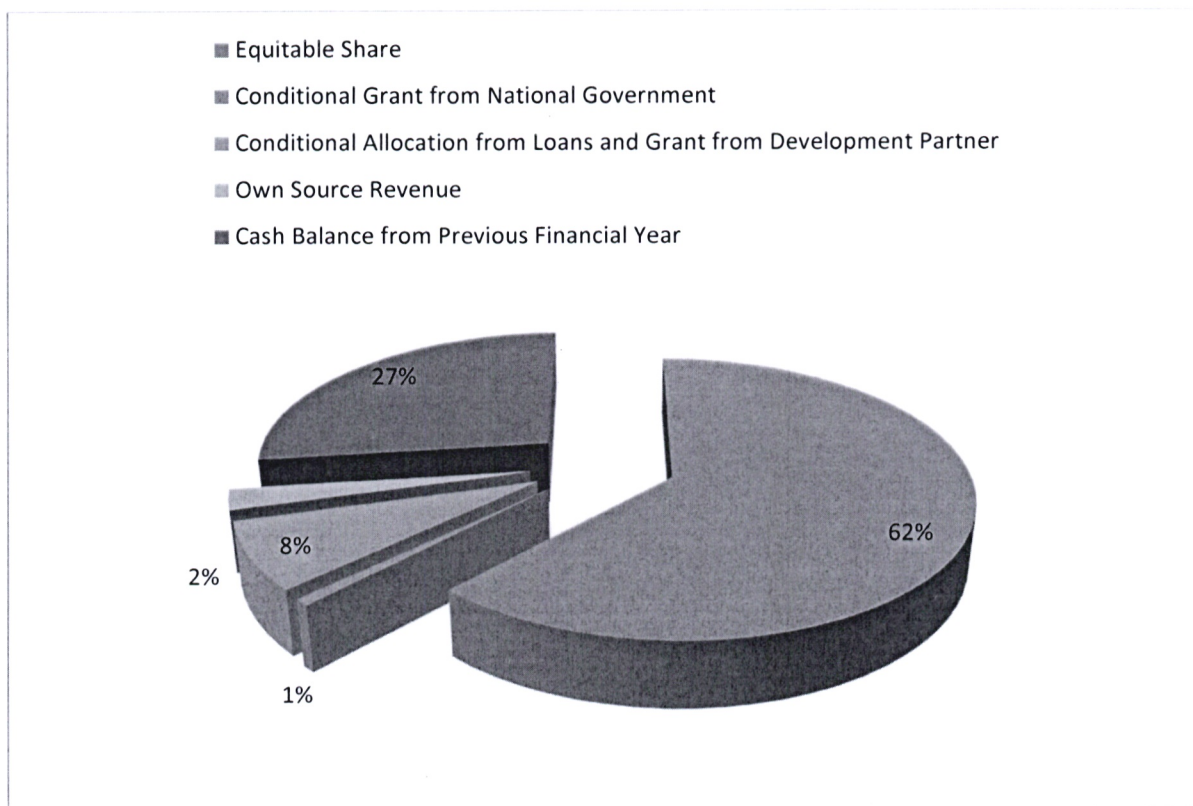
#### Financial Performance

**Revenue:** In FY 2021/22 the County Government of Lamu approved supplementary budget amounted to **Kshs 4,997,376,337** Comprising of **Kshs 3,115,706,089** and **Kshs. 1,881,670,248** for Recurrent and Development expenditure respectively.

To Finance the budget, the county expected to receive **Kshs 3,105,649,643 (62%)** as equitable share of revenue raised nationally, **Kshs 38,000,000 (1%)** as Conditional Grants from National Government Revenue, **Kshs 387,821,812 (8%)** as Conditional Allocations from Loans and Grants from Development Partners, **Kshs120,000,000 (2%)** as Own Source Revenue and **Kshs 1,345,904,881 (27%)** being cash balances from previous Financial Year (2020/21).

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

*Figure 1 Expected revenue sources to finance budget in FY 2021/22*

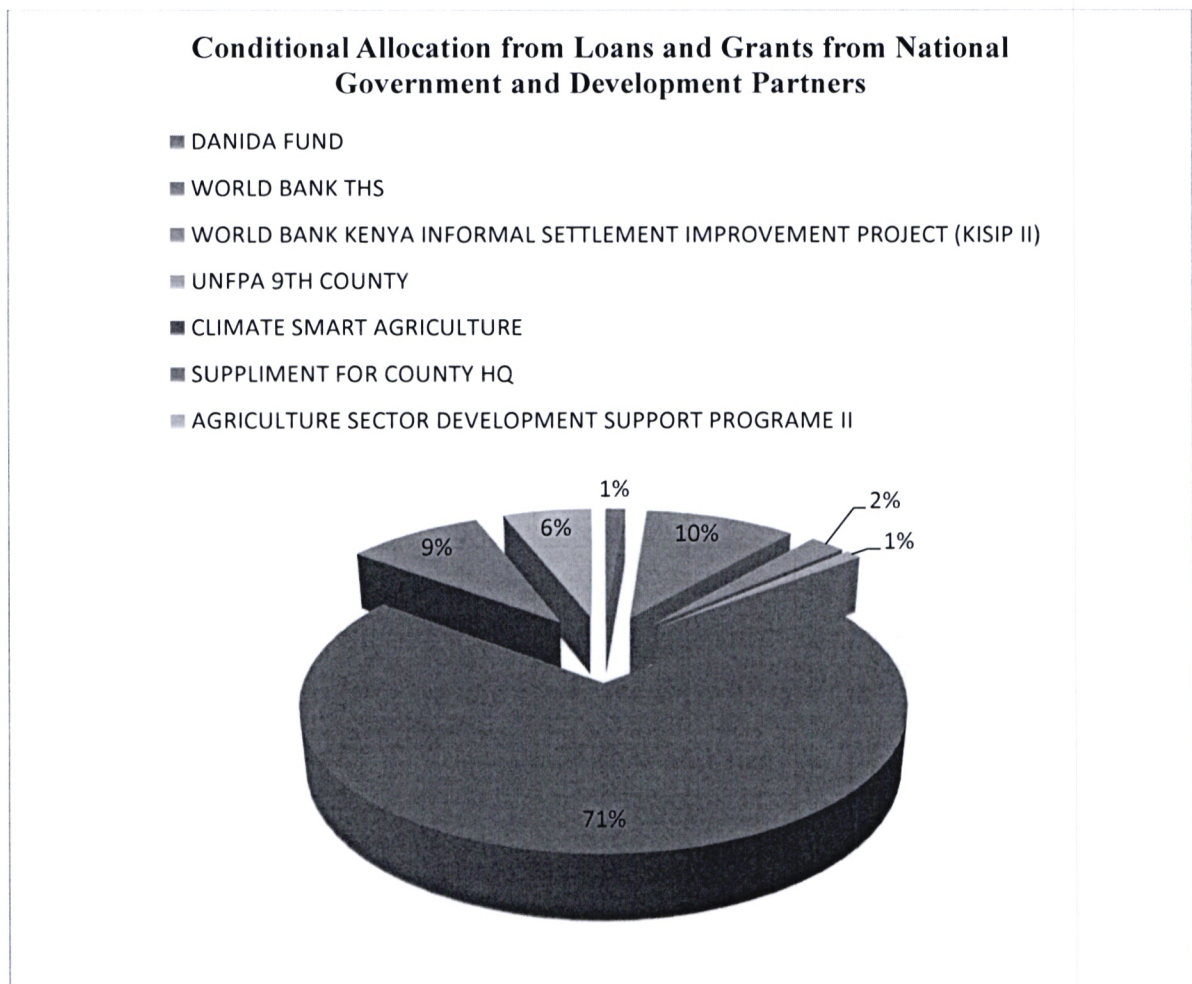


The Conditional Allocation from Loans and Grants from National Government and Development Partners as contained in the CARA, 2021 are as shown in figure 2.

**Table: 1 Conditional Grant**

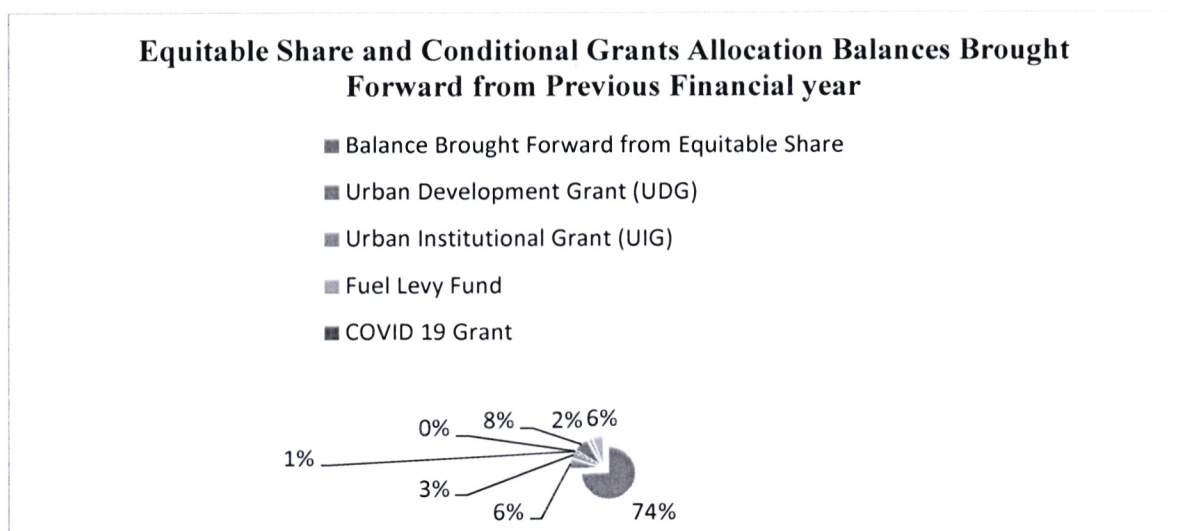
S/No.	Description	Amount
1	Danida Fund	5,750,250
2	World Bank Ths	42,427,244
3	World Bank Kenya Informal Settlement Improvement Project (KISIP II)	10,000,000
4	Unfpa 9th County	4,432,000
5	Climate Smart Agriculture	300,102,326
6	Suppliment For County Hq	38,000,000
7	Agriculture Sector Development Support Programe Ii	25,109,992
<b>Total</b>		<b>425,821,812</b>

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



**Table: 2 balances brought forward from previous year**

S/No.	Description	Amount
1	Balance Brought Forward from Equitable Share	1,000,348,097
2	Urban Development Grant (UDG)	76,994,198
3	Urban Institutional Grant (UIG)	41,779,689
4	Fuel Levy Fund	8,631,794
5	COVID 19 Grant	2,839,717
6	World Bank THS	112,397,169
7	Agriculture Sector Development Support Program II	26,379,311
8	Kenya Devolution Support Program (KDSP)	76,534,906
<b>Total</b>		<b>1,345,904,881</b>

**Figure 3 Equitable Share and Conditional Grants Allocations Balances Brought forward from previous Financial Year.****Table: 3 Summary Fiscal Performances**

REVENUE CLASSIFICATION	REVENUE		REALISATION
	BUDGET	ACTUAL	%
Equitable Share	3,105,649,643	2,857,197,673	92%
Proceeds from Domestic and Foreign Grants	425,821,812	23,455,050	6%
Own Source Revenue	120,000,000	126,996,806	105%
Balance Brought Forward Conditional Grant	345,556,784	345,556,784	100%
Balance Brought Forward Exchequer	1,000,348,097	1,000,348,097	100%
<b>TOTAL</b>	<b>4,997,376,336</b>	<b>4,353,554,410</b>	<b>87%</b>

#### **4. 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 shall 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 of the County Government 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, 2022. 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 Executive; (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, 2022, 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 .....

  
FADHIL M. ALI  
CHIEF OFFICER FINANCE  
COUNTY GOVERNMENT OF LAMU

## **5. Overview of the County Revenue Fund Operations**

### **Background**

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. Other receipt includes 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**

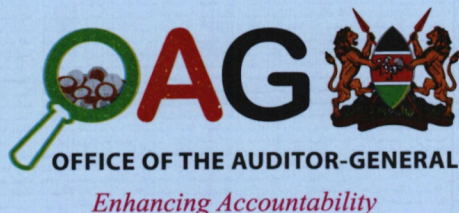
The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30<sup>th</sup> June 2022.

  
**FADHIL M. ALI**  
**CHIEF OFFICER FINANCE**  
**COUNTY GOVERNMENT OF LAMU**

# 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 COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2022 - 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 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 County Revenue Fund - County Government of Lamu set out on pages 1 to 9, which comprise of the statement of receipts and payments and statement of comparison of budget and actual amounts for the year

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

In my opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the County Revenue Fund as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) comply with the Public Finance Management Act, 2012 and the County Government Act, 2012.

### **Basis for Qualified Opinion**

#### **Inaccurate Fund Balance**

The statement of receipts and payments reflects opening fund balance brought forward of Kshs 993,080,318. However, the financial statements of the County Executive of Lamu for the financial year ended 30 June, 2021 reflected closing fund balance of Kshs.994,531,917 resulting in unexplained difference of Kshs.1,451,599.

In the circumstances, the accuracy of fund balance of Kshs.993,080,318 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 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.

#### **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**

##### **Budgetary Control and Performance**

During the year under review, the approved revenue budget for the Fund was Kshs.4,997,376,337 while actual receipts was Kshs.3,027,943,523, resulting to under-realization of Kshs.1,969,432,814, representing 39%.

The revenue shortfall may have resulted to non-implementation of planned programmes negatively impacting on service delivery to the public.

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

### **Conclusion**

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

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 control 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 control, 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 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 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

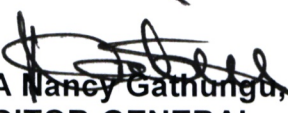
effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

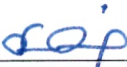
Nairobi

31 March, 2023


**7. Statement of Receipts and Payments for the year ended 30<sup>th</sup> June 2022**

		2021/22
	Notes	Kshs.
<b>Receipts</b>		
Exchequer releases	1	2,857,197,673
Transfers from other government agencies	2	23,455,050
Other grants	3	-
Proceeds from Domestic Borrowing	4	-
Proceeds from Foreign Borrowing	5	-
Own Source Revenue	6	126,996,806
Return to CRF issues	7	20,293,994
<b>Total Receipts</b>		<b>3,027,943,523</b>
<b>Payments</b>		
Transfers to County Executive	8	3,138,788,455
Transfers to County Assembly	9	346,897,160
Other Transfers	10	-
<b>Total Payments</b>		<b>3,485,685,615</b>
Net increase (decrease) in cash for the year		<b>(457,742,092)</b>
Add Opening fund balance b/f		<b>993,080,318</b>
<b>Closing Fund balance for the period</b>	<b>11</b>	<b>535,338,225</b>

The County Revenue Fund Financial Statements were approved on .....  
 and signed by:



\_\_\_\_\_  
 Chief Officer Finance  
 Name: Fadhil Maamun Ali  
 ICPAK Member No: 6974



\_\_\_\_\_  
 Director Accounting Services  
 Name: Mohamed Abbas Abubakar  
 ICPAK Member No: 23585

**8. Statement of Comparison of Budget Actual Amounts for the year ended 30<sup>th</sup> June, 2022.**


Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
<b>Receipts</b>						
Exchequer releases	3,105,649,643	-	3,105,649,643	2,857,197,673	248,451,970	92%
Transfers from other government agencies	38,000,000	345,556,785	383,556,785	-	383,556,785	-
Other conditional grants	-	-	-	-	-	-
Proceeds from Domestic Borrowing	-	-	-	-	-	-
Proceeds from Foreign Borrowing	387,821,812	-	387,821,812	23,455,050	364,366,762	6%
Own Source Revenue	120,000,000	-	120,000,000	126,996,806	(6,996,806)	106%
Return to CRF issues	597,617,674	402,730,423	1,000,348,097	20,293,994	980,054,103	2%
<b>Total Receipts</b>	<b>4,249,089,129</b>	<b>748,287,208</b>	<b>4,997,376,337</b>	<b>3,027,943,523</b>	<b>1,969,432,814</b>	<b>61%</b>
<b>Payments</b>						
Transfers to County Executive	3,709,089,129	710,287,208	4,419,376,337	3,138,788,455	1,280,587,882	71%
Transfers to County Assembly	540,000,000	38,000,000	578,000,000	346,897,160	231,102,840	60%
Others	-	-	-	-	-	-
<b>Total Payments</b>	<b>4,249,089,129</b>	<b>748,287,208</b>	<b>4,997,376,337</b>	<b>3,485,685,615</b>	<b>1,511,690,722</b>	<b>70%</b>
<b>Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(457,742,092)</b>	<b>457,742,092</b>	


County Government of Lamu  
County Revenue Fund  
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022

---

*The general under utilization was resulted from conditional grant that was not received during the year*

The County Revenue Fund Financial Statements were approved on ..... and signed by:

  
\_\_\_\_\_  
Chief Officer Finance  
Name: Fadhil Maamun Ali  
**ICPAK Member No: 6974**

  
\_\_\_\_\_  
Director Accounting Services  
Name: Mohamed Abbas Abubakar  
**ICPAK Member No: 23585**

## **9. 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 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.

County own source revenue is recognized as receipts when the funds are received in the County Exchequer Account.

**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. There were no other restrictions on cash during the year.

## 10. 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	2021/22
	Kshs.
Equitable Share (a)	2,857,197,673
Level 5 hospitals (b)	-
Others ( <i>Specify</i> ) (c)	-
<b>Total (d=a+b+c)</b>	<b>2,857,197,673</b>

### 2. Transfers from other government agencies

Description	2021/22
	Kshs.
Road Maintenance Levy	-
Covid-19	-
Development of Youth Polytechnics-State Department of TVETS	-
User Fees Foregone -Ministry of Health	-
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	-
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	10,697,612
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	2,875,125
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation and Irrigation	-
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	9,882,313
Word Bank-Emergency Locust Response Project ( ILRP) State Department of Crop Development	-
Word Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	-
UNFPA-9th County Programme Implementation -Ministry of Health	-
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-
<b>Total</b>	<b>23,455,050</b>

**3. Other grants**

Description	2021/22
	Kshs.
<b>Total</b>	-

**4. Proceeds from Domestic borrowing**

Description	2021/22
	Kshs.
<b>Total</b>	-

**5. Proceeds from Foreign Borrowing**

Description	2021/22
	Kshs.
<b>Total</b>	-

**6. Own Source Revenue**

Description	Current Period
	Kshs
Business Permit Current Year	12,501,700.00
Health Centres	62,192,682.00
Training/Learning Centres (Atc)	358,210.00
Market Stalls Rent	12,600.00
Fruits & Vegetables/Produce Cess	611,950.00
Meat Inspection Fees	186,850.00
Council Vehicles Hire (Ams Tractors)	6,070,725.00
Open Air Market Fee	538,800.00
Slaughtering Fee	419,140.00
Livestock Cess	265,050.00
Fish Cess	1,527,644.00
Street Parking Fee	1,588,100.00
Sales Of Flowers, Miraa, Etc	20,101,758.00
Wheat & Maize Cess	-
Vetenary	35,800.00
Forest Cess	599,200.00
Metal Scrap	40,850.00
Sign Boards & Advertisement Fee	3,374,628.00
Physical Planning	2,829,017.00
Sand, Gravel, And Ballast Extraction Fees	3,647,011.00

County Government of Lamu  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022

Fisheries Licence	305,400.00
Land Rates	6,789,675.00
Public Health	749,070.00
Hides And Skins Fee	4,300.00
Water Disilation Plant	-
Donations	-
Salary Commision	2,029,956.25
Others Miscellaneous	216,689.75
<b>Total</b>	<b>126,996,805.90</b>

**7. Return to CRF Issues**

Description	2021/22
	Kshs.
Recurrent Account ( <i>County Executive</i> )	15,763,096
Development Account ( <i>County Executive</i> )	2,295,663
Recurrent Account ( <i>County Assembly</i> )	2,235,235
Development Account ( <i>County Assembly</i> )	-
Others ( <i>Specify</i> )	-
<b>Total</b>	<b>20,293,994</b>

**8. Transfer to County Executive**

Description	2021/22
	Kshs.
Recurrent Account	2,292,267,387
Development Account	806,438,911
Climate Smart Agriculture	10,697,612
ASDSP II	15,382,313
Urban Support Programme	11,127,107
Danida	2,875,125
<b>Total</b>	<b>3,138,788,455</b>

**9. Transfers to County Assembly**

Description	2021/22
	Kshs.
Recurrent Account	331,823,340
Development Account	15,073,820
<b>Total</b>	<b>346,897,160</b>

**10. Other Transfers**

Description	2021/22
	Kshs.
<b>Total</b>	-

**11. Fund balance**

Description	2021/22
	Kshs.
<b>Opening Balance:</b>	
County Exchequer Account - (CBK Account number 1000171588)	993,080,318
<b>Less:</b>	
Decrease in cash for the period	(457,742,092)
<b>Closing balance:</b>	
County Exchequer Account - (CBK Account number 1000171588)	535,338,226

**11. Annexes**

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

There is no recommendation as it is the first year of reporting.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

  
FADHIL M. ALI  
CHIEF OFFICER FINANCE  
**COUNTY GOVERNMENT OF LAMU**

**Annex 2. Analysis of Receipts from the National Treasury Exchequer Releases**

<b>Period (2021/22)</b>	<b>Quarter 1 (Kshs.)</b>	<b>Quarter 2 (Kshs.)</b>	<b>Quarter 3 (Kshs.)</b>	<b>Quarter 4 (Kshs.)</b>	<b>Total (Kshs.)</b>
Equitable Share	512,432,192	512,432,191	512,432,191	1,319,901,099	2,857,197,673
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	2,875,125	<b>2,875,125</b>
World Bank – THUSCP	-	-	-	-	-
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	-	-
Kenya Devolution Support Programme	-	-	-	-	-
Youth Polytechnic support grant	-	-	-	-	-
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-
Kenya Urban Support Programme	-	-	-	-	-
Agriculture Sector Development Support Project (ASDSP)	-	2,500,000	-	7,382,313	<b>9,882,313</b>
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	10,697,612	<b>10,697,612</b>
Water and Sanitation Development Project	-	-	-	-	-
<b>Total</b>	<b>512,432,192</b>	<b>514,932,191</b>	<b>512,432,191</b>	<b>1,340,856,149</b>	<b>2,880,652,723</b>

**Annex 3: Analysis of Transfers from the County Revenue Fund**

<b>Period (2021/22)</b>	<b>Quarter 1 (Kshs.)</b>	<b>Quarter 2 (Kshs.)</b>	<b>Quarter 3 (Kshs.)</b>	<b>Quarter 4 (Kshs.)</b>	<b>Total (Kshs.)</b>
County Executive - Recurrent	332,709,440	746,811,995	476,807,238	735,938,714	<b>2,292,267,387</b>
County Executive - Development	-	36,177,317	121,826,656	648,434,938	<b>806,438,911</b>
County Assembly - Recurrent	60,490,580	79,804,600	91,759,060	99,769,100	<b>331,823,340</b>
County Assembly - Development	-	-	-	15,073,820	<b>15,073,820</b>
CLIMATE SMART AGRICULTURE	-	-	-	10,697,612	<b>10,697,612</b>
ASDSP II	-	-	8,000,000	7,382,313	<b>15,382,313</b>
URBAN SUPPORT PROGRAMME	-	-	11,127,107	-	<b>11,127,107</b>
DANIDA	-	-	-	2,875,125	<b>2,875,125</b>
<b>Total</b>	<b>393,200,020</b>	<b>862,793,912</b>	<b>709,520,061</b>	<b>1,520,171,622</b>	<b>3,485,685,615</b>

**Annex 4: Bank Reconciliation/FO 30 Reports**

**LAMU COUNTY GOV'T - CBK REVENUE FUND 1000171588**

**F. O. 30**

**REPUBLIC OF KENYA**  
**BANK RECONCILIATION**

**AS AT 30TH JUNE 2022**

**STATION: LAMU COUNTY**

**Balance as per bank statement**

**Less:-**

- 1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :
- 2 *Receipts in bank statement not recorded in cash book* :

**Add:-**

- 3 *Payments in bank statement not in cash book* :
- 4 *Receipts in cash book not recorded in bank statement* :

Sh	Sh	Sh
		674,799,471.50
		139,461,246.00

**Balance as per Cash book**

**535,338,225.50**

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and the above reconciliation is correct.

**Prepared by:**

Signature

A/C

Designation

15-07-2022

Date

**Checked by:**

Signature

A/C

Designation

15-07-2022

Date

**Approved by:**

Signature

CO-FINANCE

Designation

cc

Date

County Government of Lamu

County Revenue Fund

Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022

---

<b>COUNTY GOVERNMENT OF LAMU</b>				
<b>DEPARTMENT OF FINANCE</b>				
<b>UNPRESENTED FOR THE MONTH OF JUNE 2022</b>				
<b>DATE</b>	<b>PAYEE</b>	<b>DETAILS</b>	<b>AMOUNT</b>	<b>DATE CLEARED</b>
30/06/2022	LAMU COUNTY	ACCOUNT TRANSFER	5,012,085.00	05/07/2022
		ACCOUNT TRANSFER	39,231,155.00	05/07/2022
		ACCOUNT TRANSFER	44,352,838.00	05/07/2022
		ACCOUNT TRANSFER	2,875,125.00	06/07/2022
		ACCOUNT TRANSFER	47,990,043.00	06/07/2022
<b>TOTAL</b>			<b>139,461,246.00</b>	