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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF LAMU**

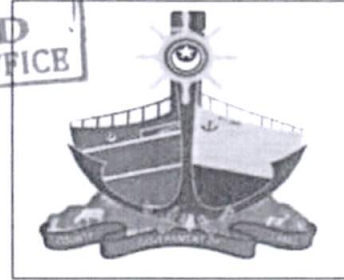
**FOR THE YEAR ENDED**  
**30 JUNE, 2025**

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## *COUNTY ASSEMBLY OF LAMU*

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025

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Transitional Financial Statements /Prepared in accordance with the Accrual Basis of Accounting  
Method Under International Public Sector Accounting Standards (IPSAS)

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**I. Acronyms, Abbreviations and Definition of Key Terms**

**A. Acronyms and Abbreviations**

<i>ADP</i>	<i>Annual Development Plan</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>CE</i>	<i>County Executive</i>
<i>CG</i>	<i>County Government</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>COG</i>	<i>Council of Governors</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSR</i>	<i>Own Source Revenue</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>

**B. Definition of Key Terms**

*Example*

<i>Fiduciary Management</i>	<i>The key management personnel who had financial responsibility</i>
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## 2. Key County Assembly of Lamu Information and Management

### (a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 18 Members of County Assembly (MCAs) elected/ nominated to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

### (b) Principal Activities

*The principal activity/mission/ mandate of the County Assembly of Lamu is*

- i) Legislation*
- ii) Oversight*
- iii) Representation*

### (c) Key Management Team

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

No.	Designation	Name
1.	Speaker of the County Assembly	Azhar Mbarak Ali
2.	Clerk of the County Assembly	Ali Godana Dae
3.	Deputy Clerk	Kale Ahmed Ali
4.	Director Finance	Mwarabu Salim
5.	Head of Procurement	Susan Kamau

### (d) Fiduciary Management

The key management personnel who held office during the Period ended Period ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer- Clerk	Ali Godana Dae
2.	Deputy Clerk	Kale Ahmed Ali
3.	Director Finance	Mwarabu Salim
4.	Head of Procurement	Susan Kamau

**(e) Fiduciary Oversight Arrangements**

- The Senate
- County Assembly Public Accounts Committee
- County Assembly Budget Committee
- County Assembly Service Board
- Office of the Auditor General
- Controller of Budget.

**(f) County Assembly of Lamu Headquarters.**

P.O. Box 374-80500  
Bunge Lane  
Mokowe, Lamu, Kenya

**(g) County Assembly of Lamu Contacts.**

Telephone: (254) 722 268 540  
E-mail: [lamuassembly@gmail.com](mailto:lamuassembly@gmail.com)  
Website: [www.assembly.lamu.go.ke](http://www.assembly.lamu.go.ke)

**(h) County Assembly of Lamu Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
2. Kenya Commercial Bank  
Kenyatta Road  
P.O Box 121-80500  
Lamu, Kenya
3. Gulf African Bank  
Kenyatta Road  
P.O Box 191-80500  
Lamu, Kenya

**(i) Independent Auditor**

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

**(j) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue

*County Assembly of Lamu*

**Annual Report and Financial Statements for the year ended June 30, 2025.**

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P.O. Box 40112

City Square 00200

**NAIROBI, KENYA**

**(k) County Attorney/County Assembly Legal Advisor.**

County Government of Lamu

P.O. Box 74-80500

Lamu.

### 3. Governance Statement

#### The County Assembly

##### a. Background and roles

The County Assembly is constituted by the MCAs of Lamu county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the county assembly service board while the county assembly clerk is the secretary.

Section 10 (4) of the county governments 2012 provides that a county assembly shall observe the following order of precedence.

- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012 and they include:

- a) Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- b) Perform the roles set out under Article 185 of the Constitution.
- c) Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- d) Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- e) Approve county development planning; and
- f) Perform any other role as may be set out under the Constitution or legislation.

The County Assembly Executes its mandate, through committees which are broadly classified into two.

##### b. Profiles

I. Azhar Ali Mbarak  
Speaker County Assembly of Lamu



Mr Azhar Mbarak was born in 1983. He has vast experience in public leadership spanning over 18 years. He was elected councilor Shella (2007-2012) , MCA Shella ward (2013-2022) and is the 3<sup>rd</sup> Speaker of the County Assembly of Lamu and is the Chairperson of the House Business Committee.

4. Bwana Mohamed Bwana  
Member of the County Assembly of Lamu



Mr Bwana Mohamed Bwana was born in 1984 . He has over 15 years in public service. Holds a Diploma in procurement and logistics, Degree in HRM and he is a Majority Leader and the elected member of Kiunga Ward.

5. Fahd Dini Adnan  
Member of the County Assembly of Lamu



Mr Fahd Dini Adnan was born in 1990. He holds Diplomas in Business information technology and Human Resource .He is the Minority Leader and nominated member by the Ford Kenya party. Former elected member of Faza Ward.

**a. Select Committees**

Select committees are generally responsible for overseeing the work of government departments and agencies.

**b. Sectoral Committees**

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

1. Agriculture, Fisheries, Natural Resources and Blue Economy
2. Health Services, Water and Environment
3. Education, Culture and Social Welfare

4. Transport, Infrastructure and Public Works
5. Trade, Tourism, Information and Co-operatives Development
6. Lands, Physical Planning and Housing
7. Power, Privileges, Justice and Legal Affairs
8. Intergovernmental, Labour and Public Service
9. Committee on Appointment
10. Committee on Implementation
11. Finance, Budget and Appropriation Committee
12. Committee on Delegated County Legislation
13. County Assembly Business Committee
14. County Public Investment and Accounts Committee
15. Committee on Selection
16. County Assembly Procedure and Rules Committee

**a) Committee of Powers and Privileges**

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held non meetings in FY 2024-2025. The committee members during FY 2024-2025 were:

Member	Designation	Ward
Hon. Azhar Ali Mbarak	Speaker/Chair	Speaker
MCA Paul Kimani Njuguna	Member	Mkunumbi
MCA Bwana Mohamed Bwana	Member	Kiunga
MCA Fahd Dini Adnan	Member	Nominated
MCA Husuni Mohamed	Member	Nominated

**b) Public Accounts/Investment Committee**

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held - extra sittings to deal with arising matters. The members who served in the committee during the year were:

Member	Designation	Ward
MCA Atwaa Salim Mohamed	Chair	Shella
MCA Beatrice Wamaitha Munge	Vice Chair	Nominated
MCA Fahd Dini Adnan	Member	Nominated
MCA James Mburu Gitonga	Member	Hongwe
MCA Husuni Mohamed	Member	Nominated
MCA Hope Wanjiku Mwaura	Member	Nominated

**C) Finance, Budget and Appropriation Committee**

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

Member	Designation	Ward
MCA Barisa Deko Bana	Chair	Basuba
MCA Bwana Mohamed Bwana	Vice Chair	Kiunga
MCA Paul Kimani Njuguna	Member	Mkunumbi
MCA Francis Ngure Gakonga	Member	Bahari
MCA Suleiman Farah	Member	Witu
MCA Mohamed Aboud Abubakar	Member	Faza
MCA Aisha Abdulrahman	Member	Nominated
MCA Amina Hassan Bwanamkuu	Member	Nominated

**d) County Assembly Procedure and Rules Committee**

The County Assembly Procedure and Rules Committee shall consider and report on all matters relating to the Standing Orders. The County Assembly Procedure and Rules Committee may propose amendments to the Standing Orders and any such amendments shall upon approval by the County Assembly, take effect at the time appointed by the County Assembly.

Member	Designation	Ward
Hon. Azhar Ali Mbarak	Speaker/Chair	Speaker
MCA Paul Kimani Njuguna	Vice Chair	Mkunumbi
MCA John Mburu Gitonga	Member	Hongwe
MCA Amina Hassan Bwanamkuu	Member	Nominated

**e) Committee on Implementation**

The Committee shall scrutinize the resolutions of the County Assembly (including adopted committee reports), petitions and the undertakings given by the County Executive Committee and examine –

- (a) whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and
- (b) whether or not legislation passed by the County Assembly has been operationalised and where operationalised, the extent to which such operationalisation has taken place within the minimum time necessary.

The members who served in the committee during the period were:

Member	Designation	Ward
MCA James Njaaga Kariuki	Chair	Hindi
MCA Shekhuna Abbas	Vice Chair	Mkomani
MCA Beatrice Wamaitha Munge	Member	Nominated
MCA Husuni Mohamed	Member	Nominated
MCA Fahd Dini Adnan	Member	Nominated
MCA John Mburu Gitonga	Member	Hongwe
MCA Aisha Abdulrahman	Member	Nominated

**f) Committee on Delegated County Legislation**

The Committee scrutinise any statutory instrument whether it is in accord with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written law and whether it infringes on fundamental rights and freedoms of the public.

The members who served in the committee during the period were:

Member	Designation	Ward
MCA Ahmed Omar Hamid	Chair	Nominated
MCA Bwana Mohamed Bwana	Member	Kiunga
MCA Atwaa Salim Mohamed	Member	Shella
MCA Barisa Deko Bana	Member	Basuba
MCA Amina Bwanamkuu	Member	Nominated
MCA Mercy Wangeci Nyambura	Member	Nominated

**g) Lands, Physical Planning and Housing**

The committee is mandated to all matters related to land, county planning and development, including statistics, land survey and mapping, boundaries and fencing, housing and electricity and gas reticulation and energy regulation. The members who served in the committee during the period were:

Member	Designation	Ward
MCA Husuni Mohamed	Chair	Nominated
MCA Amina Hassan Bwanamkuu	Vice Chair	Nominated
MCA Paul Kimani Njuguna	Member	Mkunumbi
MCA Atwaa Salim Mohamed	Member	Shella
MCA Bwana Mohamed Bwana	Member	Kiunga
MCA Suleiman Farah	Member	Witu
MCA Fahd Dini	member	nominated

**h) Intergovernmental, Labour and Public Service**

The committee is deals with all matters relating to intergovernmental relations, public service management, labour, trade union relations, manpower and or human resource planning, The members who served in the committee during the period were:

Member	Designation	Ward
--------	-------------	------

MCA John Mburu Gitonga	Chair	Hongwe
MCA Barisa Deko Bana	Vice Chair	Basuba
MCA James Njaaga Kariuki	Member	Hindi
MCA Shekhuna Abbas	Member	Mkomani
MCA Beatrice Wamaitha Munge	Member	Nominated
MCA Suleiman Farah	Member	Witu
MCA Mercy Wangeci Nyambura	Member	Nominated

**i) Health Services, Water and Environment**

The committee is mandated to all matters related to county health services, including, in particular county health facilities. Water, Implementing national government policies in environmental conservation including soil and water and water conservation and sanitation services. The members who served in the committee during the period were:

Member	Designation	Ward
MCA Francis Ngure Gakonga	Chair	Bahari
MCA Mercy Wangeci Nyambura	Vice Chair	Nominated
MCA Paul Kimani Njuguna	Member	Mkunumbi
MCA John Mburu Gitonga	Member	Hongwe
MCA Fahd Dini Adnan	Member	Nominated
MCA Shekhuna Abbas	Member	Mkomani
MCA Amina Hassan Bwanamkuu	Member	Nominated

**j) Transport, Infrastructure and Public Works**

The committee is mandated to all matters related to county transport, including county roads, county public works and services including storm water management systems in built-up areas. The members who served in the committee during the period were:

Member	Designation	Ward
MCA Fahd Dini	Chair	Nominated
MCA Ahmed Omar Hamid	Vice Chair	Nominated
MCA Husuni Mohamed	Member	Nominated
MCA James Njaaga Kariuki	Member	Hindi
MCA Beatrice Munge	Member	Nominated
MCA Amina Hassan Bwanamkuu	Member	Nominated

**l) Trade, Tourism, Information and Co-operatives Development**

The Committee is mandated to all matters related to trade development and regulation, including markets, trade licences (excluding regulation of professions), e-government, fair trading practices, local tourism and cooperative societies. The members who served in the committee during the period were:

Member	Designation	Ward
MCA Amina Hassan Bwanamkuu	Chair	Nominated
MCA Hope Wanjiku Mwaura	Vice Chair	Nominated
MCA Mohamed Aboud Abubakar	Member	Faza
MCA Mercy Wangeci Nyambura	Member	Nominated
MCA Francis Ngure Gakonga	Member	Bahari
MCA Fahd Dini Adnan	Member	Nominated

**k) Agriculture, Fisheries, Natural Resources and Blue Economy**

The committee is mandated to all matters related to agriculture, irrigation, livestock. Implementation of specific national government policies on natural resources, fisheries and forestry. The members who served in the committee during the period were:

Member	Designation	Ward
--------	-------------	------

MCA Suleiman Farah	Chair	Witu
MCA Aisha Abdulrahman	Vice Chair	Nominated
MCA Mohamed Aboud Abubakar	Member	Faza
MCA Bwana Mohamed Bwana	Member	Kiunga
MCA Barisa Deko Bana	Member	Basuba
MCA John Mburu Gitonga	Member	Hongwe
MCA Beatrice Wamaitha Munge	Member	Nominated

**l) Education, Culture and Social Welfare**

The Committee is mandated to all matters related to pre-primary education, village polytechnics, home craft centres and childcare facilities, and all matters related to Cultural activities. The members who served in the committee during the period were:

Member	Designation	Ward
MCA Mohamed Aboud Abubakar	Chair	Faza
MCA Hope Wanjiku Mwaura	Vice Chair	Nominated
MCA Bwana Mohamed Bwana	Member	Kiunga
MCA Ahmed Hamid Omar	Member	Nominated
MCA Barisa Deko Bana	Member	Basuba
MCA Atwaa Salim Mohamed	Member	Shella
MCA Beatrice Wamaitha Munge	Member	Nominated

**m) County Assembly Business Committee**

The committee prepare and, if necessary, from time to time adjust the County Assembly Calendar with the approval of the County Assembly;

- (i) monitor and oversee the implementation of the County Assembly Business and programmes.
- (ii) implement the Standing Orders respecting the scheduling or programming of the business of the County Assembly and the functioning of the Committees of the County Assembly;
- (iii) determine the order in which the reports of Committees shall be debated in the County Assembly;

The members who served in the committee during the period were:

Member	Designation	Ward
Hon. Azhar Ali Mbarak	Speaker/Chair	Speaker
MCA Paul Kimani Njuguna	Deputy Speaker	Mkunumbi
MCA Bwana M. Bwana	Majority Leader	Kiunga
MCA Fahd Dini Adnan	Minority leader	Nominated
MCA Barisa Deko Bana	Member	Basuba
MCA Suleiman Farah	Member	Witu
MCA Aisha Abdulrahman	Member	Nominated
MCA Mohamed Aboud Abubakar	Member	Faza
MCA Hope Wanjiku Mwaura	Member	Nominated

#### n) Committee on Selection

Committee on Selection consisting of the Leader of the Majority party who is the chairperson, the Leader of the Minority party and not less than seven and not more than nine members, who shall be nominated by County Assembly parties and approved by the County Assembly. The Committee on Selection shall nominate members to serve in Committees, save for the membership of the County Assembly Business Committee and Committee on Appointments. The members who served in the committee during the period were:

Member	Designation	Ward
MCA Bwana M. Bwana	Majority Leader /Chair	Kiunga
MCA Fahd Dini Adnan	Minority leader	Nominated
MCA Paul Kimani Njuguna	Deputy Speaker	Mkunumbi
MCA Mohamed Aboud Abubakar	Member	Faza
MCA Ahmed Hamid Omar	Member	Nominated
MCA Beatrice Wamaitha Munge	Member	Nominated
MCA Hope Wanjiku Mwaura	Member	Nominated

#### o) Committee on Appointments

The Committee on Appointments is consisting of the Speaker as a Chairperson, the Leader of the Majority Party, the Leader of the Minority party and not more than four other Members nominated by the County Assembly Business Committee. The Committee on Appointments shall consider, for approval by the County Assembly, appointments under Articles 179(2) (Members of County Executive Committees).

Member	Designation	Ward
Hon. Azhar Ali Mbarak	Speaker/Chair	Speaker
MCA Paul Kimani Njuguna	Deputy Speaker	Mkunumbi
MCA Bwana M. Bwana	Majority Leader	Kiunga
MCA Fahd Dini Adnan	Minority leader	Nominated
MCA Suleiman Farah	Member	Witu
MCA Aisha Abdulrahman	Member	Nominated
MCA Hope Wanjiku Mwaura	Member	Nominated

### **Communication with all Stakeholders**

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting in - where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

The County Assembly also subjected three bills through public participation and also the social media handles are always active collecting views from the stakeholders.

### **Risk management**

Strategic plans outlines the risk and mitigations measures that are taken. Among the measures taken are installing anti viruses and anti-spyware to all the computers, creating an iCloud storage back-up and saving the data in the servers. For the risk involving the building we have been able to install firefighting equipment, CCTV Cameras, Electric Fence and Alarm System, Security Access Control and install security lights. Financial Risks are mitigated by ensuring there is proper budgeting and developing of workplans to ensure timely utilization of resources. Checks and balances are paramount in the Finance department with IFMIS roles distributed to different staff and approvals of entries to senior staff, with monthly cash books and reconciliations prepared.

### **Compliance**

have Complied to:

PFM ACT 2012, PFM regulations (County Governments ) regulations 2015, public audit act 2015, county Government acts 2012, County Assembly Services Act 2017,

*County Assembly of Lamu*

**Annual Report and Financial Statements for the year ended June 30, 2025.**

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Public procurement and asset disposal act 2015, public procurement and disposal regulations, county Assembly Of Lamu standing Orders.

The management have Complied also to appear before The Senate Public Accounts Committee, reply and address the audit reports financial year 2019-2020, 2020-2021 and 2021-2022 respectively. County public investments and accounts committee.

## **6. Foreword by Clerk of the County Assembly**

It is with great pleasure that I present the annual report for the County Assembly for the fiscal year ending June 30, 2025. This document serves as a comprehensive overview of our performance, highlighting our achievements, challenges, and future direction. It is a testament to the dedication of our members and staff in fulfilling our constitutional mandate of legislation, representation, and oversight. This past year has been defined by a concerted effort to enhance the lives of our citizens through prudent fiscal management, robust policy-making, and diligent oversight.

### **(i) Budget Performance**

The County Assembly demonstrated strong fiscal discipline, with an overall budget utilization rate of 74% against an approved budget of KSh 571,364,730. This performance is a clear indication of our commitment to responsible spending and effective resource allocation. The bulk of our expenditure was directed toward core programmatic areas, ensuring that public funds were utilized for their intended purpose.

The high utilization rates across all programs reflect a disciplined approach to budget execution.

### **(ii) Operational Performance**

#### **a) Laws and Policies**

In the last year, the County Assembly transacted **four (4) bills, one policy, fifty-one (51) statements, twenty-one (21) motions, thirty (30) reports, four hundred and sixty-eight (468) and the first ever petition were transacted**, all aimed at improving the efficiency of the County Government and directly benefiting our citizens. Key among these were the County Public appropriation Bill, which has created a structured framework for citizen engagement, and the County Revenue Allocation Act, which has streamlined the collection and distribution of own source revenue. These policies are expected to foster greater transparency, improve service delivery, and stimulate local economic growth.

#### **b) County Budget Process**

The County Assembly diligently fulfilled its mandate of approving the County's financial plans. The County Budget was passed on **30<sup>th</sup> June, 2024**, following a rigorous process of public hearings and stakeholder consultations. subsequently, the first supplementary budget was passed on **17<sup>th</sup> April, 2025**, and second was passed on **27<sup>th</sup> June, 2025**, to accommodate critical shifts in priorities and address unforeseen circumstances.

#### **c) Assembly Committees**

**County Assembly committees play a crucial role in the legislative, oversight and representation functions of a County Government. The committees ensure the operations of the County Assembly are efficient, transparent and accountable. During the period under review the following committees deliberated assembly's work.**

- **House Business Committee** – total setting was 59
- **Finance, Budget, and Appropriations** - total setting was 33
- **Health and Sanitation** - total setting was 20
- **CPIAC** - total setting was 68
- **Education culture and social welfare** total setting was 28
- **Implementation** - total setting was 23
- **Trade and Tourism** - total setting was 30
- **Transport and works** - total setting was 35
- **Delegated** - total setting was 20
- **Intergovernmental** - total setting was 27

- **Liaison** - total setting was 33
- **Agriculture Fisheries and Livestock** - total setting was 24
- **Lands planning & Housing** -total setting was 45
- **Procedures & Rules** -total setting was 2

#### **d) Oversight Role**

The Assembly's oversight role was a cornerstone of our work. Through various motions, committee sittings, and site visits, we ensured the Executive was held accountable for its actions. Highlights include the successful interrogation of all CECM and their chief officers on the audit reports and other matters, vetting of Lamu municipality board members.

This oversight role is critical to ensuring that public projects are completed on time, within budget, and to the expected quality standards.

#### **(iii) Performance of Key Development Projects**

##### **a) Narrative on Physical Progress**

The County Assembly made significant strides in the implementation of its own development projects. A major highlight was the construction of County Assembly members welfare area the project is now 100% complete, cabro paving, environmental management, and a stable internet connectivity. The outcomes are already being felt, with MCAs and staff having a dedicated space for lunch.

##### **b) Key Development Projects**

The following key projects were outlined in the Assembly's strategic and procurement plans:

- **Rehabilitation of Hansard area:** Currently at **100% completion**. The rehabilitation has given Hansard office and ample and protected space to provide a conducive working environment for Hansard staff, which is expected to improve their productivity.
- **Office space for speaker** – An office was created for speakers within the chambers for use during committee of the whole.
- **Upgrade of the ICT Infrastructure:** This project, **fully completed**, involved equipping the Assembly with modern a Local Area Network, and a robust data management system. It has drastically improved the efficiency of our operations in IFMIS and communication.
- **Solar backup for Hansard office** – Hansard office was installed with solar power to ensure smooth operation of the equipment's in the absence of main power.

##### **c) Responsible Competition Practices**

The County Assembly is committed to ensuring responsible competition and ethical practices. We have put in place a robust anti-corruption policy that requires all staff to declare any potential conflicts of interest. The Assembly also adheres to a strict code of conduct to ensure fair competition among suppliers, with all procurement processes being open and transparent. We have also upheld our commitment to treating our own suppliers responsibly, ensuring contracts are honored and payments are made within the agreed-upon schedules.

##### **(iv) Comment on Value-for-Money Achievements**

The projects and programs undertaken by the County Assembly have directly delivered value for money and positively impacted the lives of our citizens. Furthermore, the **ICT Infrastructure Upgrade** has enabled us to stream Assembly proceedings online, allowing citizens to follow legislative debates from the comfort of their homes, thus promoting transparency and civic engagement.

##### **(v) Challenges and Recommended Way Forward**

**Annual Report and Financial Statements for the year ended June 30, 2025.**

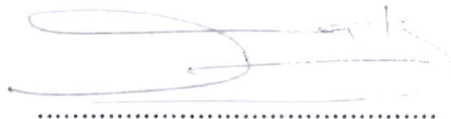
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The implementation of our strategic objectives faced several challenges. Late disbursement of funds from the National Treasury significantly hampered the timely execution of some programs. Furthermore, the prevailing economic climate, characterized by high inflation, led to an increase in the cost of goods and services, affecting our procurement plans.

To address these challenges, we recommend the adoption of a more proactive engagement with the National Treasury to ensure timely release of funds.

The future outlook for the County Assembly, as laid out in our strategic plan, is to become a model of legislative excellence and citizen engagement. We will focus on deepening our public participation initiatives and strengthening our oversight mechanisms.

Finally, we are committed to the welfare of our employees. We have policies in place to ensure fair hiring practices and a gender-inclusive workforce. We are also investing in continuous skills development and training to equip our staff with the necessary tools to perform their duties effectively. Employee safety is paramount, and we have implemented robust safety protocols. We are also committed to addressing the challenge of employee turnover through a comprehensive retention policy that includes professional development opportunities and a supportive work environment.



.....  
**Name: Ali Godana Dae**

**Clerk of the County Assembly**

7. Statement of Performance against Predetermined Objectives

Strategic development objectives

The key mandate of the is legislation, oversight, and representation. To achieve this, the Assembly’s program was documented in terms of objective, key performance indicators, and output. Below is the performance of the Assembly in FY 2024/2025.

Program 1	Strategic Objective	Outcome	Indicator	Performance	Remarks (Explain the reasons underperformance/Overperformance)
<b>Legislation, oversight and representation</b>	four Bills passed into Acts of the County Assembly	Improved service delivery to citizens	no of bills passed in the County Assembly	In FY 2025, 4 number of bills were passed	Partially achieve due to loss two MCAs in the same FY
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% Increase in efficient Assembly operation	None of standing orders were reviewed	Plans are in place to review standing orders in the next FY
<b>Administration</b>	Capacity building is staff	Majority of staff and Mcas were trained	Trainings attended	Improved capacity of the staff and MCAs	Achieved
	Equipping Assembly offices and Chambers	The office was well equipped	Furniture and equipment purchased	Officers can work in a comfortable environment	Partially Achieved due to budgetary constraints

**8. Environmental and Sustainability Reporting**

In the financial year 2024/2025 the embarked on improving the livelihoods of the residents of Lamu County through timely approval of new County Executive Committee Members and Chief Officers. The County Assembly approved all government policies and plans that were submitted, we have always pursued the strategy of customer first and improve our operations and access by the public. We continued to use the strategy of no wrong door/office in the County Assembly of Lamu, where citizens seeking any assistance will be provided with services by any officer or directed to the right office immediately.

We have employed and provided attachments to the local youths in order for them to gain experience and participated in community environmental cleaning. We also received over 10 Primary schools and public organisation that came for study tour at the County Assembly and the students were taken through a live debate session.

The has improved its efficiency in the payment process and we closed the financial year without a single pending bill. The efficiency in payments and the payments of pending bills improved the business, economic and livelihood of the people of Lamu which ultimately contributes to improved macroeconomic performance of Kenya. All procurements are done by e-procurement through the IFMIS system thus removing the unfair manipulation of manual procurement procedures and unethical procurement process. Many bidders are invited to participate in the procurement process enhancing competition and value for money. Several market surveys were conducted by procurement department to ascertain the market prices of the goods and services to be procured. All the payments were done to suppliers and service providers on time and withholding taxes submitted on time, hence enhancing tax collections and protecting the suppliers from unnecessary penalty and interest from Kenya Revenue Authority.

The has created a clean and safe working environment to staff and the public. The security has been enhanced with posting of Administration Police officers working together with our security guards to ensure security and safety is improved. We have been able to train our Members of County Assembly and staff, in order to improve their performance and skills. Medical insurance cover is provided to the staff and members of the County Assembly and all the vehicles are cover with comprehensive insurance cover. There is control entry and exit in to the Assembly premise with proper screening by the security officers and registration of all visitors.

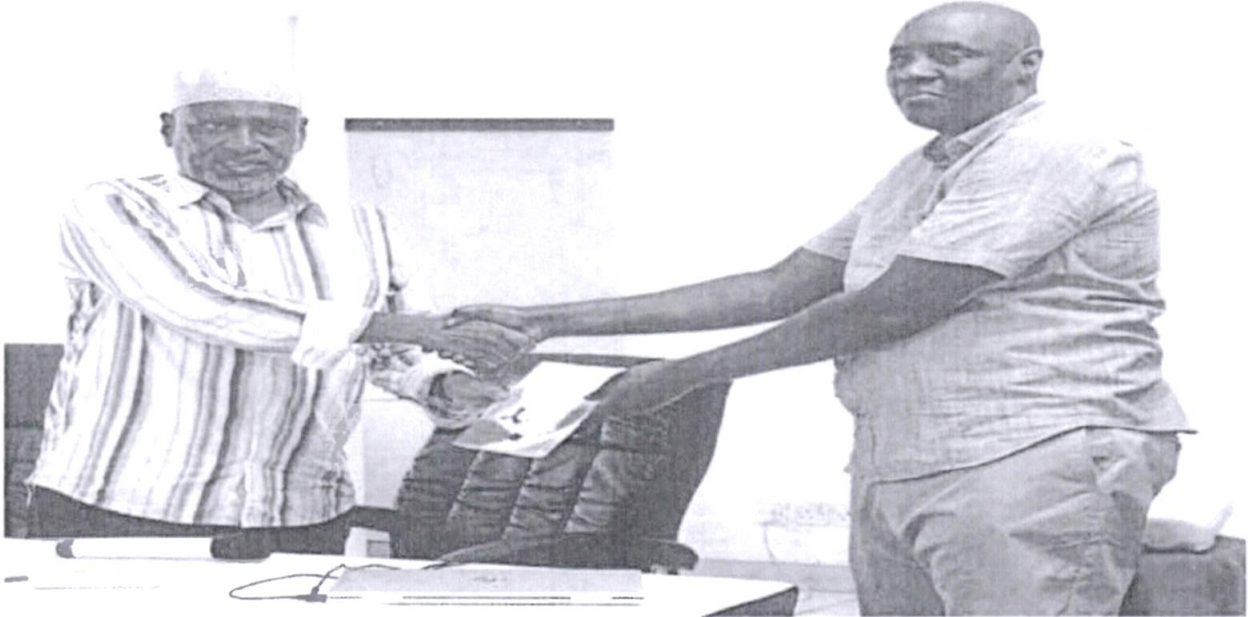
The has made great achievement in creating an environment of ethical and honest behaviour in the procurement process by advertising through our official website, nationwide newspapers and the government portal. Our procurement plan sets aside tenders to the special categories including women, youth and people living with disability.

The engaged the Lamu community in public participation of all the bills and plans that are brought to the County Assembly for consideration and approval. Our social media handles are active and running while providing immediate media briefings to all the Assembly sessions, transmitted to the public in English and Kiswahili. The County Assembly staff participates in community sports and activities that creates cohesion and community harmony.

The participated in the annual County Assemblies Sports Activities (CASA) with all other county assemblies in Kenya held in Bungoma County and the staff participates in community games locally.



SRC officials with county HR officials regarding hardship allowance



Clerk Of Lamu County Assembly with Former Speaker Mohamed Hashim

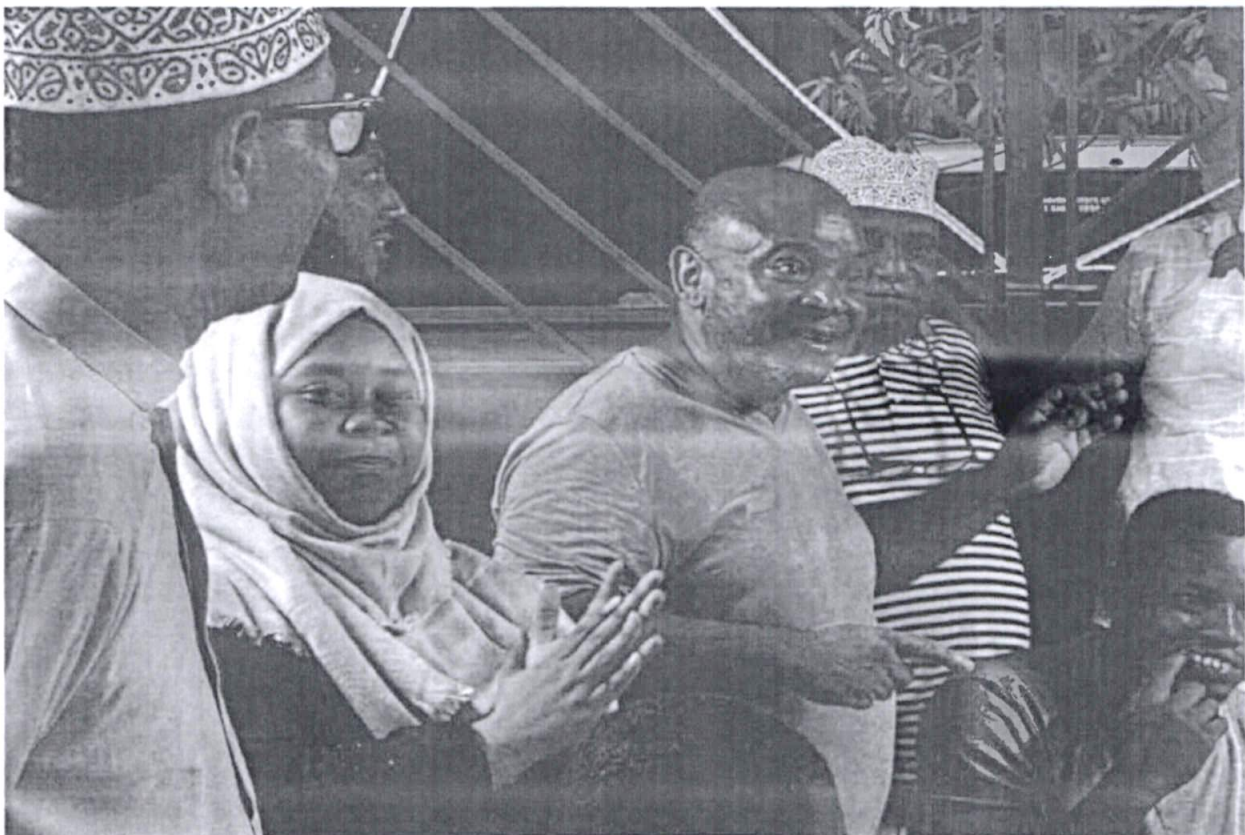
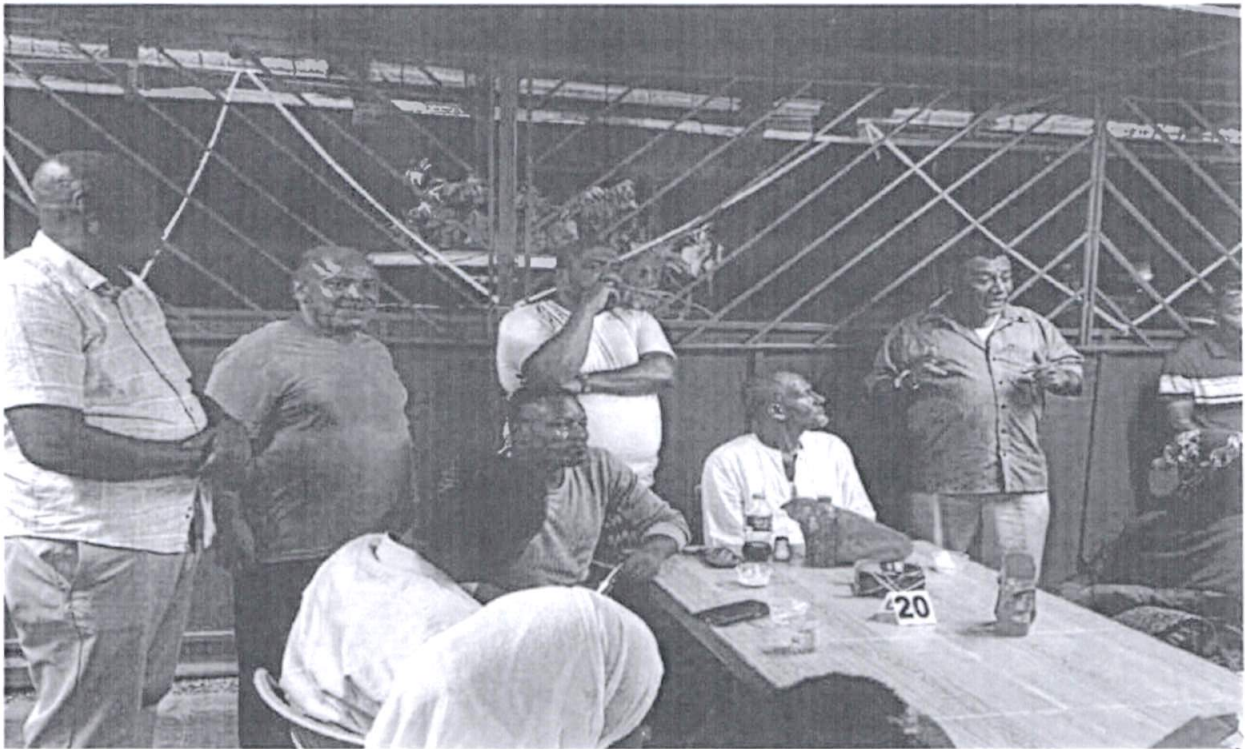
*County Assembly of Lamu*  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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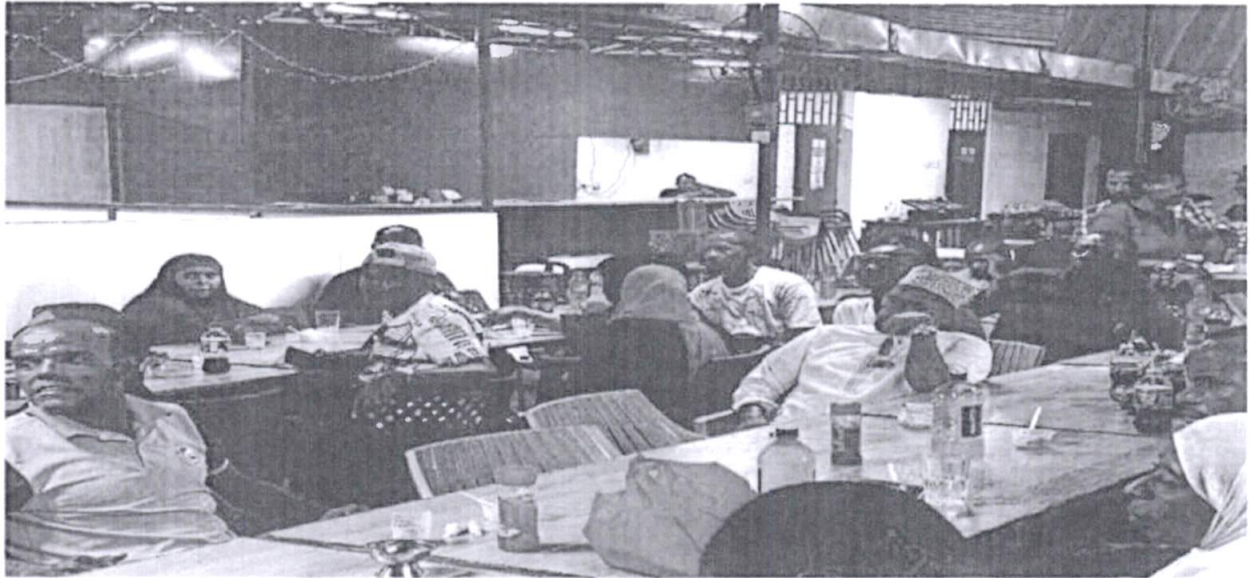




Clerk and staff visited Mombasa County Assembly



CASB Members with Staff during Team Building Dinner in Mombasa



CASB Members with Staff during Team Building Dinner in Mombasa



Staff Family Burial attended by the County Assembly Staff



Welcoming New Clerk with Staff having Lunch







MCA and Staff at CASA games 2024

## 9. Management Discussion and Analysis

### Lamu County Assembly: Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) provides an overview of the Lamu County Assembly's operational and financial performance for the period ended June 2025. It aims to enhance the user's understanding of the Assembly's financial statements by providing context and insights into key factors that influenced its performance.

#### 1. Key Programs/Projects and Investment Decisions

The Lamu County Assembly, in line with its mandate, focused on several key programs and projects during the period ended June 30<sup>th</sup>, 2025:

- **Legislative Oversight:** The Assembly diligently exercised its oversight function, scrutinizing county government budgets, policies, and projects to ensure accountability and transparency. This included conducting public hearings, committee inquiries, and oversight visits.
- **Law and Order:** The Assembly actively engaged in efforts to promote law and order within the county, collaborating with relevant stakeholders to address security concerns and enhance community safety.
- **Community Development:** The Assembly supported community development initiatives through the allocation of resources by approving the county Budget and the facilitation of community engagement programs. This included supporting projects related to education, healthcare, and infrastructure development.
- **Environmental Conservation:** Recognizing the ecological significance of Lamu, the Assembly prioritized environmental conservation efforts. This included supporting initiatives aimed at protecting marine ecosystems, mitigating climate change impacts, tree planting as directed by the President and promoting sustainable tourism practices.

#### 2. Compliance with Statutory Requirements

The Lamu County Assembly is committed to adhering to all applicable statutory requirements in Kenya. During the period ended 30th June 2025, the Assembly:

- **Complied with the County Governments Act, 2012:** The Assembly adhered to the provisions of the Act, ensuring the proper functioning of its legislative processes and procedures.
- **Adhered to Financial Regulations:** The Assembly maintained sound financial management practices, adhering to the Public Finance Management (County Governments) Regulations, 2015, and other relevant financial guidelines and prepared and submitted 2023/24 financial reports for auditing by OAG
- **Upholding Ethical Standards:** The Assembly promoted and upheld ethical standards among its members and staff, ensuring transparency and accountability in all its operations.
- **Payment of statutory deductions:** PAYE, House levy, SHIF, NSSF and other deductions were paid to relevant institutions as money was received.

### 3. Major Risks Facing the County Assembly

The Lamu County Assembly faces several significant risks, including:

- **Security Challenges:** The county's proximity to volatile regions poses security threats, potentially impacting the Assembly's operations and the safety of its members and staff.
- **Resource Constraints:** Limited financial resources can constrain the Assembly's ability to effectively carry out its legislative mandate and support community development initiatives. This is due to slow disbursements to the county by National treasury and ever slow release of funds by The Controller of budget (COB)
- **Environmental Degradation:** The degradation of marine ecosystems and the impacts of climate change pose significant environmental challenges that can affect the county's economy and the livelihoods of its residents.
- **Loss of Key Personnel:** The unfortunate deaths of two MCAs during the year significantly impacted the Assembly's capacity and created a void in its leadership.

### 4. Material Arrears in Statutory and Other Financial Obligations

The Assembly strives to maintain a healthy financial position and minimize outstanding obligations. However, some material arrears may exist in the following areas:

- **Pending Supplier Payments:** Delays in payment to suppliers may occur due to various factors, including budgetary constraints and procurement processes, slow release of funds by COB.
- **Unpaid Statutory Deductions:** There may be outstanding statutory deductions such as PAYE, NSSF, and NHIF contributions due to fund slow release.

### 5. Review of the Economy and Sector

The Lamu County economy is primarily driven by tourism, fishing, and agriculture. However, the county faces several economic challenges, including:

- **Dependence on a Few Sectors:** Over-reliance on tourism and fishing makes the economy vulnerable to external shocks such as economic downturns and environmental disasters.
- **Infrastructure Deficiencies:** Inadequate infrastructure, such as roads and communication network, hinders economic growth and development.
- **Youth Unemployment:** High levels of youth unemployment pose a significant social and economic challenge.

### 6. Future Developments

The Lamu County Assembly is committed to:

- **Strengthening Oversight:** Enhancing its oversight capabilities to ensure effective and efficient service delivery by the county government.
- **Promoting Community Engagement:** Fostering greater participation of the public in the legislative process.

- **Supporting Economic Development:** Promoting sustainable economic growth and development through initiatives that support local businesses and create employment opportunities.
- **Addressing Environmental Challenges:** Implementing measures to protect the environment and mitigate the impacts of climate change: by planting trees and legislation on Lamu environmental protection.

**10. Statement of Management Responsibilities**

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government County Assembly of Lamu to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly financial statements, which give a true and fair view of the state of affairs of the County Assembly for and as at the end of the financial year ended on June 30, 2025. 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 Executive/assembly; (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 Clerk accepts responsibility for the Assembly’s financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly financial statements give a true and fair view of the state of the County Assembly’s transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

The Clerk further confirms the completeness of the accounting records maintained for the County Assembly 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 Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Further the Clerk confirms that the County Assembly’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 financial statements were approved and signed by the Clerk on 15<sup>th</sup> Aug 2025.

.....

**Clerk of County Assembly**

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF LAMU FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 transitional IPSAS financial statements of County Assembly of Lamu set out on pages 1 to 68, which comprise of the statement of financial

position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Assembly of Lamu as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the County Government Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy in Revenue from Non-Exchange Transactions**

The statement of financial performance reflects transfers from County Revenue Fund (CRF) amount of Kshs.424,072,974. However, the amount differed with the Fund's financial statements amount of Kshs.423,978,090 resulting to an unreconciled variance of Kshs.94,884.

In the circumstances, the accuracy and completeness of transfers from County Revenue Fund amount of Kshs.424,072,974 could not be confirmed.

#### **2. Inaccuracy in Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.15,916,200 as disclosed in Note 26 to the financial statements. However, the balance excludes prior year historical cost balance of Kshs.607,430,275. Further, Management did not provide a detailed listing of all assets indicating their description, date of acquisition, cost, and supporting ownership documents such as title deeds for the land. In addition, the assets were reported at historical purchase cost and no revaluation has been carried out to determine their current value or depreciation for usage.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.15,916,200 could not be confirmed.

#### **3. Inaccuracy in the Financial Statements**

The statement of comparison of budget and actual amounts reflects total actual

expenditure amount of Kshs.423,803,983 comprising of recurrent expenses of Kshs.407,887,783 and development expense of Kshs.15,916,200. However, analysis of the Integrated Financial Management Information System (IFMIS) payments revealed that seventeen (17) transactions totalling Kshs.11,831,602 were voided during the year. However, no reconciliation against Controller of Budget (CoB) funding request approvals was provided.

Further, analysis of the Local Purchase/Service Orders (LPO/LSO) processed against the invoices generated revealed that there were seventeen (17) invoices amounting to Kshs.23,329,101 that differed with LPO/LSO amount of Kshs.11,286,115 resulting to an unreconciled variance of Kshs.12,042,986.

In addition, analysis of the IFMIS Payment Reports processed against the payments made revealed that there were 851 transactions amounting to Kshs.480,269,572 paid but not captured in payment details as at 30 June, 2025.

In the circumstances, the accuracy, completeness and regularity of the expenditure reflected in the financial statements could not be confirmed.

#### **4. Non-Compliance with Transitional IPSAS Reporting Template**

The cover page to the annual report and financial statements indicates “Transitional IPSAS financial statements/ Prepared in accordance with accrual basis of accounting method under international public sector accounting standards (IPSAS)”. This is indicative of Management failure to choose the method adopted to prepare the financial statements. Further, under Note 2 to Financial Statements on Statement of Compliance and Basis of Preparation of the financial statements, Management having taken advantage of the transitional provisions under IPSAS 33 have not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the financial statements as prepared and presented are not in compliance with IPSAS reporting framework.

#### **5 Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements**

Review of the annual report and financial statements with the template issued by Public Sector Accounting Standards Board Reporting (PSASB): revealed that, table of contents reflects eighteen (18) items instead of fifteen (15) as recommended by the reporting template. In addition, report on projects implemented during the year as well as the transfers from other Government entities were not included in the financial statements. Also the financial statements reflect appendices from page 9 to 22 instead of after page 68.

In the circumstances, presentation of the financial statements is not consistent with the PSASB's reporting template requirements.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.571,368,427 and Kshs.426,911,860 respectively resulting to an under-funding of Kshs144,456,567 or 25 % of the budget. Similarly, the County Assembly spent an amount of Kshs.423,803,983 against actual receipts of Kshs.426,911,860 resulting to under expenditure of Kshs.3,104,847.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

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

In the prior year's audit report several issues were raised under the Report on Financial Statements and the Report on Lawfulness and Effectiveness in the Use of Public Resources as shown below. However, the issues had not been resolved as at 30 June, 2025.

<b>S/No.</b>	<b>Issue</b>
1.	Variance between Financial Statements and IFMIS
2.	Inaccuracies in the Financial Statements
3.	Lack of Internal Audit Function and Audit Committee
4.	Lack of Ownership Documents

## **Other Information**

Management is responsible for the Other Information set out on page iii to xxxviii which comprise of Key Entity Information and Management, The Governance Statement, Foreword by the Clerk of the County Assembly, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussion and Analysis and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Assembly's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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**

#### **1. Budget Variations Above the Set Thresholds**

The approved budget estimates provided for audit revealed that thirty-five (35) expenditure items with original budget of Kshs.286,666,390 were adjusted to an amount of Kshs.253,363,580 in the supplementary budget resulting to a decrease of Kshs.33,302,810. The adjustment made were in excess of ten (10%) percent limit on the original budget. This was contrary to Regulation 39(9) of the Public Finance Management (County Governments) Regulations, 2015 which states that in approving any estimates under Sections 135 and 154 of the Act, that County Assembly approval shall not exceed ten (10%) percent of the approved budget estimates of a program of Sub-Vote unless it is for an unforeseen and unavoidable need as defined in Section 112 of the Act.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Non-Constitution of Transition to Accrual Accounting Committee**

Management did not establish Cash-To-Accrual Transition Committee at the entity level. This was contrary to The National Treasury Circular No. 03/2025 dated 14 April, 2025 paragraph 2.1.1 which guided on formation of an entity steering committee.

In the circumstances, effectiveness of the transition from cash based to accrual-based reporting framework could not be confirmed.

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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and 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 (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 Assembly's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

Those charged with governance are responsible for overseeing the Assembly'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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

04 December, 2025

County Assembly of Lamu  
Annual Report and Financial Statements for the year ended June 30, 2025.

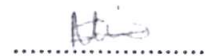
12. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024/2025 Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from CRF	6	424,072,974
Miscellaneous Revenue	7	
<b>Total</b>		<b>424,072,974</b>
<b>Revenue from exchange transactions</b>		
Other income	8	
<b>Total revenue</b>		<b>424,072,974</b>
<b>Expenses</b>		
Employee costs	9	182,629,024
Use of goods and services	10	225,677,697
Transfers to other Government Entities	11	-
Depreciation and amortization expense	12	-
Other Grants and Subsidies	13	-
Finance costs	14	
Social Benefits	15	-
<b>Total expenses</b>		<b>408,306,721</b>
Gain/(loss) on sale of assets	16	-
Gain/Loss on Foreign Exchange	17	-
Gain/Loss on fair value of investments	18	
Impairment loss	19	
<b>Surplus/Deficit for the year</b>		<b>15,766,253</b>
Taxation	20	-
<b>Net Surplus/Deficit</b>		<b>15,766,253</b>

The Financial Statements set out on pages 1 to 7 were signed by:



Name: Ali Godana Dae  
Clerk of The County Assembly



Name: Mwarabu Salim  
Director Accounting services  
ICPAK M/No: 21616

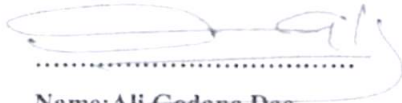
## 13. Statement of Financial Position as at 30 June 2025

	Notes	2024/2025	Opening Statement 1 <sup>st</sup> July 2025
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	21	272,688	2,838,886
Receivables from Exchange Transactions	22	-	-
Receivables from Non-Exchange Transactions	23	-	-
Inventories	24	-	-
Current portion of investments	25	-	-
<b>Total Current Assets</b>		<b>272,688</b>	<b>2,838,886</b>
<b>Non-Current Assets</b>		-	-
Receivables from Exchange Transactions	22(b)	-	-
Non- Current portion of investments	25	-	-
Property, Plant and Equipment	26	15,916,200	-
Intangible Assets	27	-	-
Investment Property	28	-	-
Right-of-use assets	29	-	-
Biological Assets	30	-	-
Tangible Natural Resources	31	-	-
<b>Total Non- Current Assets</b>		<b>15,916,200</b>	
<b>Total Assets (A)</b>		<b>16,188,888</b>	<b>2,838,886</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	32	148,965	-
Refundable Deposits and Prepayments	33	270,111	1,178,448
Current Provision	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Employee Benefit Obligation	37	-	-
Current Portion of Borrowings	38	-	-
<b>Total Current Liabilities</b>		<b>419,076</b>	<b>1,178,448</b>

County Assembly of Lamu  
Annual Report and Financial Statements for the year ended June 30, 2025

	Notes	2024/2025 Kshs	Opening Statement 1 <sup>st</sup> July 2025 Kshs
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Non-Current Employee Benefit Obligation	37	-	-
Borrowings – Non-Current Portion	38	-	-
Service Concession Liability	39	-	-
<b>Total Non- Current Liabilities</b>			
<b>Total Liabilities (B)</b>		<b>419,076</b>	<b>1,178,448</b>
<b>Net Assets(A-B)</b>		<b>15,769,812</b>	<b>1,660,438</b>
<b>Represented By:</b>		-	
Reserves			
Accumulated Surplus		15,769,811	1,660,438
Capital Fund		-	-
<b>Net Assets</b>		<b>15,769,811</b>	<b>1,660,438</b>

The financial statements set out on pages 1 to 7 were signed by:



Name: Ali Godana Dae  
Clerk of The County  
Assembly



Name: Mwarabu Salim  
Director Accounting Services

ICPAK M/No : 21616

14. Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus	Reserves	Capital Fund	Total
<b>As at 30<sup>th</sup> June 2024 (cash basis)</b>	<b>2,838,886</b>			<b>2,838,886</b>
Adjustments:				
Recognition of assets				
Recognition of liabilities	(1,178,448)		-	(1,178,448)
<b>As at July 1, 2024</b>	<b>1,660,438</b>	-	-	<b>1,660,438</b>
Return to CRF	(1,656,880)			(1,656,880)
Surplus/ deficit for the year	15,766,253	-		15,766,253
Other changes (specify)		-	-	-
<b>As at June 30, 2025</b>	<b>15,769,811</b>	-	-	<b>15,769,811</b>

15. Statement of Cash Flows for the year ended 30 June 2025

		FY 2024-2025
	Notes	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from CRF		424,072,974
Miscellaneous Revenue		
Other income		-
<b>Total receipts</b>		<b>424,072,974</b>
<b>Payments</b>		
Employee costs		182,629,024
Use of goods and services		225,258,759
Transfers to other Government Entities		-
Other Grants and Subsidies		-
Finance costs		-
Social Benefits		-
<b>Total payments</b>		<b>407,887,783</b>
Payment Of Retention		(1,178,309)
<b>Net cash flows from/(used in) operating activities</b>	40	<b>15,006,881</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE		(15,916,200)
Purchase Intangible assets		
Proceeds from sale of PPE		
Proceeds from sale of Biological Assets		-
Purchase of investments		
Sale of investments		-

		FY 2024-2025
	Notes	Kshs
Net cash flows from/(used in) investing activities		(15,916,200)
		-
<b>Cash flows from financing activities</b>		
Returns to CRF		(1,656,880)
Proceeds from borrowings		
Repayment of borrowings		
<b>Net cash flows from financing Activities</b>		<b>(1,656,880)</b>
		-
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(2,566,198)</b>
Cash and cash equivalents at 1 July	21	2,838,886
<b>Cash and cash equivalents at 30 June</b>	<b>21</b>	<b>272,688</b>

County Assembly of Lamu  
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

Recurrent and Development Budgets Combined

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Of Utilization
	a	b	c=a+b	d	e=d-f	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carry overs (Special Purpose A/c)	2,838,886	(2,835,189)	3,697.4	2,838,886	2,835,189	100%
<b>Receipts</b>						
Transfers from the CRF	611,972,589	(40,607,859)	571,364,730	424,072,974	147,291,756	74%
Other receipts						
<b>Total Receipts</b>	<b>614,811,475</b>	<b>(43,443,048)</b>	<b>571,368,427.4</b>	<b>426,911,860</b>	<b>150,126,945</b>	<b>75%</b>
<b>Payments</b>						
Compensation of employees	229,598,800	(28,487,000)	201,111,800	182,629,024	18,482,776	91%
Use of goods and services	277,873,788	(12,120,858)	265,752,930	225,258,759	29,075,971	85%
Subsidies						
Transfers to other government units						
Other grants and transfers						
Social security benefits						
Finance costs, including loan interest						
Other payments						
<b>Capital Expenditures</b>						
Acquisition of assets	104,500,000	-	104,500,000.0	15,916,200	88,583,800	15%
Repayment of principal on borrowings						
<b>Total</b>	<b>611,972,588</b>	<b>(40,607,858)</b>	<b>571,364,730.0</b>	<b>423,803,983</b>	<b>147,560,747</b>	<b>74%</b>
<b>Surplus</b>	<b>2,838,887</b>	<b>(2,835,190)</b>	<b>3,697.4</b>	<b>3,107,877</b>		

*County Assembly of Lamu*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Reconciliation table**

Description of Particulars	Amount in KShs
Actual Surplus Amounts as per the statement of Budget	<b>3,107,877</b>
1 Reason for differences: Payment of Retentions Brought forward	(1,178,309)
2 Reason for differences: Return to CRF	(1,656,880)
Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>272,688</b>

1. *Changes between the original and final budget were due to requirement by Cara for all assemblies to observe Ceilings.*

17. Appendix

Appendix 1: Implementation Status of Auditor-General'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: (If it is date when you expect the issue to be resolved)			
Ref 1	Errors in the Annual Report and Financial Statements The financial statements pagination is not sequential and legible. The financial statements on pages vii to xvii to omits the word governance continued. The financial statements on pages xxi to xxviii omits the word corporate continued. The financial statements on page xxi to xxviii omits the section of laws and regulations that requires assembly management to comply with senate sermons to consider the Auditor General's reports. The financial statements on pages 5,7 &9 reflects no comments on underutilizations below ninety percent. The financial statements on page 10 omits the Progress on follow up on prior year's Auditor's recommendation.	<i>the has amended the Financial Statement</i>	resolved	resolved			
Ref 2	<b>Variance between Financial Statements and IFMIS</b>						
	<b>Component</b>	<b>Financial StatementsKshs</b>	<b>IFMIS Trial Balance-Kshs</b>	<b>Variances-Kshs</b>	<i>IFMIS department of National Treasury is assisting us in correcting the historical errors,</i>	Partly resolved	ongoing
	Compensation of employee	198,687,308	150,614,902	48,072,406			
	Use of goods and services	207,073,945	206,392,342	681,603			
Finance Costs	0	136,903	(136,903)				

County Assembly of Lamu

Annual Reports and Financial Statements for the year ended June 30, 2025.

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)																
	<table border="1"> <tr> <td>Acquisition of assets</td> <td>19,950,161</td> <td>20,604,777</td> <td>(654,616)</td> </tr> <tr> <td>Cash Balance</td> <td>0</td> <td>58,692,700</td> <td></td> </tr> <tr> <td>Accounts Receivables</td> <td>0</td> <td>10,344,865</td> <td></td> </tr> <tr> <td>Accounts Payables Deposits</td> <td>1,178,328</td> <td>(94,181,204)</td> <td></td> </tr> </table> <p>The statement of financial performance reflects amounts that differ with IFMIS records as detailed</p>	Acquisition of assets	19,950,161	20,604,777	(654,616)	Cash Balance	0	58,692,700		Accounts Receivables	0	10,344,865		Accounts Payables Deposits	1,178,328	(94,181,204)				
Acquisition of assets	19,950,161	20,604,777	(654,616)																	
Cash Balance	0	58,692,700																		
Accounts Receivables	0	10,344,865																		
Accounts Payables Deposits	1,178,328	(94,181,204)																		
Ref 3	<p>The statement of receipts and payments reflects a surplus of Kshs.1,657,306 whereas the statement of financial assets reflects a cash balance of Kshs.43,238,881 resulting to unreconciled variance of Kshs.41,581,575. The statement of financial assets and liabilities reflects Net financial Position comparative balance of Kshs.41,503,560 which differs with the recomputed balance of Kshs.41,503,440 resulting to unreconciled variance of Ksh.120. Annex 4 on the summary on non - current Assets Register reflects office equipment furniture and fittings and ICT equipment opening balances of Kshs.81,030,121 and Kshs.38,973,520 that differs with prior year audited balances of Kshs.79,675,121 and Kshs.46,641,692 resulting to unexplained variance of Kshs.1,355,000 and Kshs.7,668,172 respectively</p>	Financial statements were amended	Resolved	Resolved																

County Assembly of Lamu

Annual Reports and Financial Statements for the year ended June 30, 2025.

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)												
Ref4 Variance Between Financial Statements and Vote Book	The statement of comparison of budget & actual amounts: Recurrent and Development reflects amounts that differ with the vote book as detailed below:	<p>The Variance in the recurrent was the unsurrendered imprest (Ksh. 294,000) of last financial year in which was recovered from the Imprest holder and remitted to CRF Account while the Vote book is a new budget which does not involve prior year issue. The Kshs. 116 in the development Account is due to rounding off the payments.</p>	resolved	resolved												
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Financial Statements (Kshs)</th> <th>Vote Book (Kshs)</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Recurrent Expenditure</td> <td>410,933,253</td> <td>410,637,243</td> <td>296,010</td> </tr> <tr> <td>Development Expenditure</td> <td>14,778,161</td> <td>14,778,277</td> <td>(116)</td> </tr> </tbody> </table>				Particulars	Financial Statements (Kshs)	Vote Book (Kshs)	Variance	Recurrent Expenditure	410,933,253	410,637,243	296,010	Development Expenditure	14,778,161	14,778,277	(116)
	Particulars				Financial Statements (Kshs)	Vote Book (Kshs)	Variance									
	Recurrent Expenditure				410,933,253	410,637,243	296,010									
Development Expenditure	14,778,161	14,778,277	(116)													
Ref5 Compensation of Employees	The Statement of receipts and payments reflects compensation of employees of Kshs.198,687,308. However, the IPPD payroll reflects gross annual salary Kshs.160,500,294 resulting to unreconciled variance of Kshs.38,187,014. Further, the financial statement amount differs with total bank remittances of Kshs.198,382,510 resulting to unreconciled variance of Kshs.304,798 unreconciled variance. In addition, the employee costs include salary arrears payments of Kshs.10,444,135 that were made in respect of staff employed prior to July, 2020 instead of staff employed on or after 1 July, 2024 in breach of SRC circular guidelines	The breach of SRC circular guidelines was an error we have immediately commenced the recovery of the amount paid in excess of the new employed staff in	resolved	Excess amount recovered												

County Assembly of Lamu  
Annual Reports and Financial Statements for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeline: (If a date when you expect the issue to be resolved)
ref6 Unsupported Committee Sitting Allowances	The statement of receipts and payments reflects compensation of employees' expenditure of Kshs.198,687,308 out of which Kshs.14,153,300 was incurred on committee sitting allowances. However, detailed schedule indicating committee description, members, date of meetings and rate of allowance paid in support of the committee sitting allowances was not provided for audit as detailed.	<i>The file and documents were provided to the auditors during audit.</i>	Resolved	resolved
		<i>line with SRC guideline</i>		

County Assembly of Lamu

Annual Reports and Financial Statements for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframes: (Put a date when you expect the issue to be resolved)
Ref 7 Lack of a Training Needs Assessment	Note 3 to the financial statements reflects training expenses of Kshs.16,829,374. Included in the amount is Kshs.4,389,682 paid to Galilee international Management Institute for training in governance and public administration management in Israel and Kshs.433,923 paid to regional and international development for training in performance management systems and localisation in Kent, United Kingdom. However, the expenditure was not supported by training calendar or knowledge gaps at the assembly. In addition, no evidence was availed to confirm how the trainers and facilitators were identified, assessment report to confirm that the training achieved the desired results and training needs assessments.	<i>have no Payments of Ksh 4,389,682 and Ksh. 433,923 to those institutions.</i>	resolved	resolved
Ref 8 Acquisition of Assets	The summary of Non-Current Assets Register at Annex 4 to the financial statements reflects total assets balance of Kshs.585,200,903. However, the balance includes assets acquired in the year under review of Kshs.19,950,276. However, the land title deed and detailed schedule indicating asset description, quantity, serial numbers, location and amount for each was not provided for audit. Further, the statement also reflects assets disposals of Kshs.11,544,396 that are not supported by detailed schedule indicating asset description, quantity, serial numbers, location, amount for each and disposal method	<i>have a land title deed, an Asset register for all Assets that haven been acquired and a detailed disposal Asset file</i>	resolved	resolved

County Assembly of Lamu

Annual Reports and Financial Statements for the year ended June 30, 2025.

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)
Ref 9 Bank Balances	The statement of financial assets and liabilities reflect bank balance of Kshs.43,238,881 as at 30 June, 2024. However, the certificate of bank balance and subsequent bank statements reflecting how the payments in cash book and not in bank were cleared. Further, the bank balance includes two bank accounts namely Diamond Trust Bank Acc Number 1003039149 and Gulf African Bank account number 0570057002 in respect of the MCA car loan and mortgage fund with a total balance Kshs.40,399,995 resulting to overstatement of bank balance by Kshs.40,399,995 since the fund prepares independent financial statements	The amended the Financial Statement	Resolved	resolved
ref10 Deposits and Retentions	The statement of financial Assets and liabilities reflects deposits and retention balance of Kshs.1,178,328. However, the movement schedule, bank statement and certificate of bank balance was not provided for audit.	the movement schedule, bank statement and certificate of bank balance were provided.	Resolved	resolved

County Assembly of Lamu  
Annual Reports and Financial Statements for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Interim or Final (Part a date when you expect the issue to be resolved)
Ref 11 Unsupported Prior Year Adjustment	The statement of assets and liabilities reflects a negative prior year cash adjustment of Kshs.1,100,314. However, the extracts of prior year entries, journal vouchers supporting the entries and details of specific transactions reflecting the entries were not provided for audit. Further, the opening cash balance was not adjusted as required by IPSAS Cash.	The had return the excess amount of money from the recurrent account of Ksh 806,314 to CRF account and had an Outstanding amount of Ksh 294,000 in which was refunded CRF account	Resolved	resolved
Ref 12 Budgetary Control and Performance	The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.470,000,000 and Kshs.412,590,620 respectively resulting to an under-funding of Kshs.57,409,380 or 22 % of the budget. Similarly, the Assembly spent a balance of Kshs.410,933,253 against actual receipts of Kshs.412,590,620 resulting to an under-utilization of Kshs.1,657,368 or 0.4%.	Late exchequer releases by the National Treasury.	Resolved	resolved
	The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public			

Annual Reports and Financial Statements for the year ended June 30, 2025.

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)
Ref 13 Voided Payments	The county assembly payment details and records reflect voided payments of Kshs.34,103,537 as detailed in Appendix 1. However, the actual payments for these transactions were not provided for audit.	<i>The voided payment due to error between IB and Ifmis, Network error, Wrong Amount, Insufficient funds</i>	Resolved	resolved

County Assembly of Lamu  
Annual Reports and Financial Statements for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	TimeFrame or: (Put a date when you expect the issue to be resolved)
<p><b>Ref 14 Failure to Construct the Speaker's Residence</b></p>	<p>The summary of Non-Current Assets Register at Annex 4 to the financial statements reflects total assets balance of Kshs.585,200,903 out of which Kshs.125,427,040 is in respect to land. However, the Management has not commenced the construction of the speaker's house or sought any interventions from the Salaries and Remuneration Commission. Further, the land ownership documents were not provided for audit.</p>	<p><i>The has budgeted for the construction of the Speaker's residence in the financial year 2025/26 has received the Bill of Quantities from the department of public works which was overwhelmed with work. Soon the tender will soon advertised</i></p>	<p>Not resolved</p>	<p>2025/2026</p>

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Accounting Officer

Date: 10<sup>th</sup> August 2025

**Appendix II: Projects implemented by County Assembly of Lamu**

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Status of Projects completion**

Project	Total project	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

County Assembly of Lamu  
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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor	Date received as per bank statement	Nature: Recurrent/Developmental/Other	Total Amount - KES	Statement of Financial Performance	Where Recorded/Recognized	Deferred Income	Receivables	Others - Invoice specific	Total Transfers during the Year
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*County Assembly of Lamu*  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

**Appendix VI: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Funds	Q1	Implementing Partners
				Q1	Q2	Q3	Q4			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Appendix VII: Disaster Expenditure Reporting Template

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Program name	Sub-program name	Risks for type	Category of disaster related activities that require expenditure (disaster recovery, mitigation/prevention)	Expenditure item	Amount (Ksh)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Appendix VIII: Fixed Asset Register**

Asset class	Historical Cost of Previous Year (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in (out) during the year	Historical Cost of Current Year (Kshs)
Land	122,027,040				122,027,040
Buildings and structures	266,698,198	4,498,000			271,196,198
Transport equipment	52,533,894				52,533,894
Office equipment, furniture and fittings	83,401,276	11,418,200			94,819,476
ICT Equipment	47,921,417				47,921,417
Machinery and Equipment	6,946,000				6,946,000
Biological assets					
Infrastructure Assets- Roads, Rails	11,986,250				11,986,250
Heritage and cultural assets					
Intangible assets					
Work in Progress					
<b>Total</b>	<b>591,514,075</b>	<b>15,916,200</b>			<b>607,430,275</b>

**18. Notes to the Financial Statements**

**1. General Information**

County Assembly of Lamu is established by and derives its authority and accountability from The Constitution of Kenya 2010. The County Assembly of Lamu is domiciled in Kenya, and its principal activities are Lamu.

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

**Statement of compliance**

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

The has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1<sup>st</sup> year financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the County Assembly of Lamu has taken advantage of the transition provisions outlined in IPSAS 33

These financial statements were authorised for issue by the accounting officer on 10<sup>th</sup> August 2024

**Basis of Preparation**

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. These financial statements have been prepared on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the County Assembly of Lamu. The accounting policies adopted have been consistently applied to all the years presented.

**Reporting period**

The reporting period for these financial statements is for the period ended 30<sup>th</sup> June 2025.

**Notes to the financial statements**

**Critical accounting judgements**

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

Revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of an County Assembly of Lamu for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The pursues a number of policy targets and outcomes. However the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the *County Assembly of Lamu* is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the *County Assembly of Lamu* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *County Assembly of Lamu* 's future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario

of 143 MtCO<sub>2</sub>eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the County Assembly of Lamu as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impacts
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an County Assembly of Lamu . The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, 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: 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>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> </ol>

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Standard	Effective date and impact
	<ul style="list-style-type: none"> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an County Assembly of Lamu shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> </ul>

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**Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Description and impact
Mineral Resources	<ul style="list-style-type: none"> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the County Assembly of Lamu 's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

*iii) Early adoption of standards*

The County Assembly of Lamu did not early – adopt any new or amended standards in the financial year or the County Assembly of Lamu adopted the following standards

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the County Assembly of Lamu and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/Capital grants are recognized in the statement of financial performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfillment of the set conditions.

**ii) 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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the County Assembly of Lamu's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on *30<sup>th</sup> June 2024*. 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 County Assembly of Lamu upon receiving the respective approvals in order to conclude the final budget. Accordingly, the County Assembly of Lamu recorded additional appropriations of *17 April 2025* on the 2024/25 budget following the governing body's approval. The County Assembly of Lamu's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

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

**Budget information (continued)**

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 cash flows has been presented under section 14 of these financial statements.

**c) Investment property**

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

**d) Property, plant and equipment**

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

Notes to the Financial Statements (Continued)

**e) Right of use asset**

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the County Assembly of Lamu incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the County Assembly of Lamu expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

**f) Tangible Natural Resources**

The County Assembly of Lamu recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the County Assembly of Lamu ; the County Assembly of Lamu controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where this criterion is not met, the County Assembly of Lamu discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An County Assembly of Lamu shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

**Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the County Assembly of Lamu . Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The County Assembly of Lamu also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the County Assembly of Lamu will obtain ownership of the asset by

the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

**g) Intangible assets**

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

**h) Research and development costs**

The County Assembly of Lamu expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the County Assembly of Lamu can demonstrate:

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) 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 County Assembly of Lamu does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one County Assembly of Lamu and a financial liability or equity instrument of another County Assembly of Lamu. At initial recognition, the County Assembly of Lamu 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.

**i. Financial assets**

**Classification of financial assets**

The County Assembly of Lamu classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the County Assembly of Lamu '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 cashflows 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 County Assembly of Lamu 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 County Assembly of Lamu 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 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.

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

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. 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.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the County Assembly of Lamu manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The County Assembly of Lamu assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The County Assembly of Lamu recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note xx.

**ii. Financial liabilities**

**Classification**

The County Assembly of Lamu classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through surplus or deficit

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

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *County Assembly of Lamu*.

**k) Provisions**

Provisions are recognized when the County Assembly of Lamu has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the County Assembly of Lamu expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**l) Contingent liabilities**

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

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

**m) Contingent assets**

The County Assembly of Lamu does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the County Assembly of Lamu in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**n) Nature and purpose of reserves**

The County Assembly of Lamu creates and maintains reserves in terms of specific requirements

**Changes in accounting policies and estimates**

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

**o) Employee benefits**

**Retirement benefit plans**

The *County Assembly of Lamu* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an County Assembly of Lamu pays fixed contributions into a separate County Assembly of Lamu (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**p) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates

different from those at which they were initially reported are recognized in surplus or deficit in the period.

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

**q) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**r) Related parties**

The regards a related party as a person or an County Assembly of Lamu with the ability to exert control individually or jointly, or to exercise significant influence over the *County Assembly of Lamu*, or vice versa. Members of key management are regarded as related parties and comprise *the, Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior managers.*

**s) Service concession arrangements.**

The *County Assembly of Lamu* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *County Assembly of Lamu* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *County Assembly of Lamu* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) 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.

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

**u) Comparative figures**

In preparing these financial statements the County Assembly of Lamu has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an County Assembly of Lamu to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first time adoption of the accrual basis of accounting.

**v) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

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

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

The preparation of the County Assembly of Lamu'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:

**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 County Assembly of Lamu based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the County Assembly of Lamu. Such changes are reflected in the assumptions when they occur.

**Useful lives and residual value**

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

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

**Provisions**

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

Notes to the Financial Statements (Continued)

6. Transfers from CRF

Nature of Transfer	Amount recognized in Statement of Financial Performance Kshs	Amount delayed under deferred income Kshs	Total transfers 2024-2025
			Kshs
Recurrent	419,574,974	-	419,574,974
Development	4,498,000	-	4,498,000
Special purpose transfers	-	-	-
<b>Total</b>	<b>424,072,974</b>	<b>-</b>	<b>424,072,974</b>

7. Miscellaneous Revenue

Nature of Revenue	2024-2025
	Kshs
In kind grants and donations	-
Refunds & Reimbursements	-
Revenues not classified anywhere else	-
<b>Total</b>	<b>-</b>

8. Other Incomes

Description	2024-2025
	Kshs
Insurance recoveries	-
Sale of tender documents	-
Services concession income	-
Other incomes not specified elsewhere	-
<b>Total other income</b>	<b>-</b>

County Assembly of Lamu  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2024/2025
	Kshs
Basic salaries of permanent employees	66,430,751
Basic wages of temporary employees	21,472,000
Personal allowances – part of salary	69,058,124
Pension and other social security contributions	24,334,149
Employer contributions to compulsory national social security schemes	
Personal allowances – part as reimbursement	1,334,000
Employer contribution to compulsory housing scheme	
Other social benefit schemes	
Other personnel costs	
<b>Total Employee costs</b>	<b>182,629,024</b>

10. Use of Goods and Services

Description	2024/2025
	Kshs
Utilities, supplies and services	2,591,816
Communication, supplies and services	4,036,675
Domestic travel and subsistence	57,164,645
Foreign travel and subsistence	84,208,420
Printing, advertising, and information supplies & services	1,112,192
Rentals of produced assets	1,200,000
Training expenses	28,721,200
Hospitality supplies and services	15,303,440
Insurance costs	1,438,703
Specialized materials and services	3,090,300
Other operating expenses <i>including bank Charges</i>	161,338
Office and general supplies and services	4,603,700
Fuel Oil and Lubricants	12,918,000
Routine maintenance – vehicles and other transport equipment	3,483,893
Routine maintenance – other assets	5,643,375
<b>TOTAL</b>	<b>225,677,697</b>

*County Assembly of Lamu*

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

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**11. Transfers to Other Government Entities**

Description	2024/2025
	Kshs
Transfers to other County Government entities	0
Transfers to self-reporting projects	0
Transfers to car loan and mortgage schemes	0
Others (specify)	0
<b>Total</b>	<b>0</b>

**12. Depreciation and Amortization Expense**

Description	2024/2025
	Kshs
Property, plant and equipment	0
Intangible assets	0
Investment property carried at cost	0
<b>Total</b>	<b>0</b>

**13. Other Grants and Subsidies**

Description	2024/2025
	Kshs
Membership dues and subscriptions to international organizations	
Scholarships and other educational benefits	
Emergency relief and refugee assistance	
Grants to small businesses, cooperatives, and self employed	
Subsidies to Public entities	
Subsidies to Private entities	
<b>Total Grants and Subsidies</b>	

**14. Finance Costs**

Description	2024/2025
	Kshs
Interest Payments on Guaranteed Debt Taken over by Govt	
Interest on Domestic Borrowings (Non-Govt)	
Interest on Borrowings from Other Government Units	
Interest on bank overdrafts	
Interest on loans from commercial banks	
<b>Total finance costs</b>	

Notes to the Financial Statements (Continued)

15. Social Benefits

Description	2024/2025
	Kshs
Transfers to the elderly	
Transfers to orphans	
Transfers to the physically challenged	
Add any other category	
<b>Total social benefit expenses</b>	

16. Gain/Loss on Sale of Assets

Description	2024/2025
	Kshs
Property, plant and equipment	
Intangible assets	
Other assets not capitalised	
<b>Total gain on sale of assets</b>	

17. Gain/Loss on Foreign Exchange

Description	2024/2025
	Kshs
Gain or loss on foreign exchange transactions	
Gain or loss on balances in foreign exchanges	
<b>Total</b>	

18. Gain/Loss on Fair Value Investments

Description	2024/2025
	Kshs
Investments at Fair Value	
<b>Total Gain</b>	

19. Impairment Loss

Description	2024/2025
	Kshs
Property, Plant and Equipment	
Intangible Assets	
<b>Total Impairment Loss</b>	

Notes to the Financial Statements (Continued)

20. Taxation

Description	2024/2025
	Kshs
Current income tax charge	
Tax charged on rental income	
Tax charged on interest income	
Original and reversal of temporary differences	
<b>Income tax expense reported in the statement of financial performance</b>	

21. Cash and Cash Equivalents

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2025
	Kshs	Kshs
Recurrent Account	0.00	1,656,880
Development Account	0	0
Deposits Account	270,111	1,178,448
Special Purpose Accounts		-
Other operating commercial accounts KCB	2,577	3,559
<b>Total</b>	<b>272,688</b>	<b>2,838,886</b>

21 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	Opening Statement 1 <sup>st</sup> July 2025
		Kshs	Kshs
Recurrent Accounts			
CBK00001	1000210303	0.00	1,656,880
Development Accounts			
CBK00002	1000210311	0	0
Deposits Accounts			
CBK00003	10000390794	270,111	1,178,448
Other operating commercial accounts (KCB)	1150833025	2,577	3,559
Cash on Hand		0	0
<b>Total</b>		<b>272,688</b>	<b>2,838,886 8</b>

Notes to the Financial Statements (Continued)

22. Receivables from Exchange Transactions

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2025
	Kshs	Kshs
<b>Total receivables</b>		
Other exchange debtors ( <i>Specify</i> )		
Less: impairment allowance		
<b>Total receivables</b>		
a) Current receivables		
b) Non-current receivables		
<b>Total Receivables (a+b)</b>		

i) Ageing analysis for Receivables

Description	2024/25		Opening Statement 1 <sup>st</sup> July 2025	
	Kshs		Kshs	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	0	0	0	0
Between 1- 2 years	0	0	0	0
Between 2-3 years	0	0	0	0
Over 3 years	0	0	0	0
<b>Total (a+b)</b>	0	0	0	0

ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance	2024/2025 Kshs
At the beginning of the year	0
Additional allowance during the year	0
Recovered during the year	0
Written off during the year	0
At the end of the year	0

**23. Receivables from Non-Exchange Transactions**

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2025	
	KShs		KShs	
Other debtors (non-exchange transactions)	0		0	
Less: impairment allowance	0		0	
<b>Total receivables from non- exchange transactions</b>	0		0	
	0		0	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>Insert Current FY</b>	<b>% of the total</b>	<b>Opening Balance</b>	<b>% of the total</b>
Less than 1 year	0	%	0	%
Between 1-2 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	0	%	0	%

**i. Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

Description	Insert Current FY
	KShs
At the beginning of the year	0
Additional provisions during the year	0
Recovered during the year	0
Written off during the year	0
At the end of the year	0

24. Inventories

Description	2024/2025		Opening Statement
	Kshs		1 <sup>st</sup> July 2025
Spare parts		0	0
Goods held for distribution		0	0
Less: allowance for impairment		0	0
<b>Total</b>		<b>0</b>	<b>0</b>

Detailed disclosure on inventories

	2024/2025
Opening balance	0
Additional Inventory in the year	0
Inventory expensed in the year	0
Write-downs in the year	0
Others specify	0
Closing balance	0

25. Investments

Description	Invest Current		Opening Statement
	FF		1 <sup>st</sup> July 20XX
	Kshs		Kshs
<b>a) Investment in Treasury bills and bonds</b>			
Financial institution			
CBK		0	0
CBK		0	0
Sub- total		0	0
<b>b) Investment with Financial Institutions/ Banks</b>		0	0
Bank x		0	0
Bank y		0	0
Sub- total		0	0
<b>c) Equity investments (specify)</b>		0	0
Equity/ shares in County Assembly of Lamu		0	0
Sub- total		0	0
Grand total		0	0
<b>Analysed as:</b>		0	0
Current portion of Investment		0	0
Non-current portion of investment		0	0

d) Movement of Equity Investments

	2024/2025
	Kshs
At the beginning of the year	
Purchase of investments in the year	
Sale of investments during the year	
Increase /(decrease ) in fair value of investments	
At the end of the year	

Notes to the Financial Statements (Continued)

e) Shareholding in other entities

For investments in equity share listed under note 25 above, list down the equity investments under the following categories.

Name of County Assembly of Lamu where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Kshs	Kshs
County Assembly of Lamu A	0	0	0	0	0	0
County Assembly of Lamu B	0	0	0	0	0	0
County Assembly of Lamu C	0	0	0	0	0	0
	0	0	0	0	0	0

Notes to the Financial Statements (Continued)

26. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concession assets	Total
<b>Depreciation Rate</b>		2-10%	10-16.67%	2-20%	12.5%	33.3%	x%			
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Opening Bal as 1<sup>st</sup> July 2024</b>	*	*	*	*	*	*				
Additions		4,498,000		11,418,200			0	0		15,916,200
Disposals				-	-	0	0	0		0
Transfer/Adjustments				0	0	0	0	0		0
<b>As At /Jun 2025</b>		4,498,000		11,418,200	0	0	0	0		15,916,200
<b>Depreciation And Impairment</b>										
Depreciation for the year	-									0
Disposals	-			-	-	0	-	-		0
Impairment	-			0	0	0	-	-		0
Transfer/Adjustment	-			0	0	0	-	-		0
<b>As At Jun 2025</b>	-			0	0	0	0	0		0
<b>Net Book Values</b>		4,498,000		11,418,200						15,916,200
<b>Opening Bal as at 1<sup>st</sup> July 2025</b>		4,498,000		11,418,200						15,916,200
<b>As At July, 2025</b>		<b>4,498,000</b>		<b>11,418,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>15,916,200</b>

Note: \*\* Opening balances of Kshs 607, 430,275 on PPE have not been included. The assembly is yet to come up with an evaluation and depreciation policy. This is as per the transition guidelines Treasury Circular 3 of 2025. And in accordance with IPSAS 33 provisions.

Notes to the Financial Statements (Continued)

27. Intangible Assets

Description	FY 2024/2025
	Kshs
<b>Cost/Opening balance at the beginning of the year</b>	0
Additions	0
Disposal	0
<b>At end of the year</b>	0
Additions–internal development	0
Disposal	0
<b>At end of the year</b>	0
<b>Amortization and impairment</b>	0
<b>At beginning of the year</b>	0
Amortization	0
<b>At end of the year</b>	0
Impairment loss	0
<b>At end of the year</b>	0
<b>NBV</b>	0

28. Investment Property

Description	FY 2024/2025
	Kshs
<b>Cost/Opening balance at the beginning of the year</b>	0
Additions	0
Disposal during the year	0
Depreciation	0
Impairment	0
<b>At end of the year</b>	0

Notes to the Financial Statements (Continued)

29. Right-of-use assets

	Buildings	Motor vehicles	Plant and equipment	Total
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
As at 1 July 20xx	0	0	0	0
Additions	0	0	0	0
As at June 20xx	0	0	0	0
	0	0	0	0
<b>Accumulated Depreciation</b>	0	0	0	0

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As at 1 July 20xx	0	0	0	0
Charge for the year	0	0	0	0
As at June 20xx	0	0	0	0
	0	0	0	0
<b>Carrying Amount</b>	0	0	0	0
As at June 20xx	0	0	0	0

**30. Biological Assets**

Description	30/06/2025		Opening Statement 1 <sup>st</sup> July 2025	
	Kshs		Kshs	
Specify	0	0	0	0
Specify	0	0	0	0
	0	0	0	0
<b>Total</b>	0	0	0	0

**31. Tangible Natural Resources**

	Sub-soil	Water	Wildlife	Total
	assets			
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>	0	0	0	0
As at 1 July 20xx	0	0	0	0
Additions	0	0	0	0
As at June 20xx	0	0	0	0
<b>Accumulated Depreciation</b>	0	0	0	0
As at 1 July 20xx	0	0	0	0
Charge for the year	0	0	0	0
As at June 20xx	0	0	0	0
<b>Carrying Amount</b>	0	0	0	0
As at June 20xx	0	0	0	0

## Notes to the Financial Statements (Continued)

## 32. Trade and Other Payables

Description	Insert Current FY		Opening Statement 1 <sup>st</sup> July 2025	
	Kshs		Kshs	
Trade payables	148,965		0	
Payments received in advance	0		0	
Employee payables	0		0	
Third-party payments	0		0	
Other payables	0		0	
<b>Total trade and other payables</b>	<b>148,965</b>		<b>0</b>	
<b>Ageing analysis: (Trade and other payables)</b>	Current FY	%	Opening balance	% of the Total
Under one year	<b>148,965</b>	100	0	<b>0</b>
1-2 years	0	0	0	0
2-3 years	0	0	0	0
Over 3 years	0	0	0	0
<b>Total (tie to above total)</b>	<b>148,965</b>	0	0	0

## 33. Refundable Deposits and Prepayments

Description	FY 2024/2025		Opening Statement 1 <sup>st</sup> July 2025	
	Kshs		Kshs	
Customer deposits	270,111		1,178,448	
Prepayments				
Other deposits				
<b>Total deposits</b>	<b>270,111</b>		<b>1,178,448</b>	
<b>Ageing analysis: (Refundable deposits)</b>	Current FY	% of the Total	Opening Balance	% of the Total
Under one year	<b>270,111</b>	100%	<b>1,178,448</b>	100%
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>	<b>270,111</b>		<b>1,178,448</b>	

Notes to the Financial Statements (Continued)

34. Provisions

Description	Leave Provision	Gratuity Provision	Other Provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f				
Additional provisions				
Provision utilised				
Change due to discount and time value for money				
<b>Total provisions year end</b>				
Current Provisions				
Non-Current Provisions				

35. Lease Liabilities

Description	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Balance at the beginning of the year		
Discount interest on lease liability		
Paid during the year		
<b>At end of the year</b>		

Maturity Analysis

Period	Amount
Year 1	
Year 2	
Year 3	
Year 4	
Year 5 and onwards	
Less: unearned Interest	

Analysed as:

Description	Amount
Current	0
Non- Current	0
<b>Total</b>	<b>0</b>

Notes to the Financial Statements (Continued)

36. Deferred Income

Description	FY2024/2025	Opening Statement 1 <sup>st</sup> July 2025
	Kshs	Kshs
National Government		
International Funders		
Public Contributions and Donations		
<b>Total Deferred Income</b>		

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	-	-
Additions	-	-	-	-
Transfers To Capital Fund	-	-	-	-
Transfers To Income Statement	-	-	-	-
Other Transfers	-	-	-	-
Balance Carried Forward	-	-	-	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
<b>Total</b>	-

Notes to the Financial Statements (Continued)

37. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024-2025	Opening Statement 1 July 2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total Employee Benefits Obligation</b>	-	-	-	-	-

**Retirement benefit Asset/ Liability**

The County Assembly of Lamu operates a defined benefit scheme for all full-time employees. The scheme is administered by while County Assembly of Lamu and Lap fund and laptrust are the custodians of the scheme. The scheme is based on 12% percentage of salary of an employee at the time of retirement.

Notes to the Financial Statements (Continued)

**Recognition of Retirement Benefit Asset/ Liability**

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	2024-2025	Opening Statement 1 <sup>st</sup> July 2025
	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
<b>Remeasurement of the net defined benefit liability (asset)</b>	<b>-</b>	<b>-</b>

b) Amounts recognized in the Statement of Financial Position

Description	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
<b>Net asset or liability arising from defined benefit obligation</b>	<b>-</b>	<b>-</b>

The County Assembly of Lamu also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The County Assembly of Lamu 's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 1,080 per employee per month. Other than NSSF the County Assembly of Lamu also has a defined contribution scheme operated by CPF Pension Fund and LAP fund. Employees contribute 12% while employers contribute 15% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

## Notes to the Financial Statements (Continued)

## 38. Borrowings

Description	2024-2025
	Kshs
<b>a) External borrowings</b>	
Balance at beginning of the year	-
External borrowings during the year	-
Repayments of during the year	-
<b>Balance at end of the year</b>	-
	-
<b>b) Domestic borrowings</b>	
Balance at beginning of the year	-
Domestic borrowings during the year	-
Repayments during the year	-
<b>Balance at end of the year</b>	-
	-
<b>Balance at end of the period- domestic and External borrowings c = (a+b)</b>	-

The analyses of both external and domestic borrowings are as follows:

	2024-2025	Opening Statement 1 <sup>st</sup> July 20xx
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
<b>Total /Balance at end of The Year</b>	-	-

Notes to the Financial Statements (Continued)

Description	2024-2025	Opening Statement
	Kshs	1 <sup>st</sup> July 2024
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

39. Service Concession Arrangements Liability

Description	2024-2025	Opening Statement
	Kshs	1 <sup>st</sup> July 2024
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

40. Cash Generated from Operations

	2024-2025
	Kshs
<b>Surplus for the year before tax</b>	15,766,253
<b>Adjusted for:</b>	
Depreciation	-
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
<b>Working capital adjustments</b>	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	
Increase in payables	(759,372)
Increase in payments received in advance	
<b>Net cash flow from operating activities</b>	<b>15,006,881</b>

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

**41. Financial Risk Management**

The County Assembly of Lamu’s activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The County Assembly of Lamu’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 County Assembly of Lamu 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 County Assembly of Lamu’s financial risk management objectives and policies are detailed below:

**i) Credit risk**

The County Assembly of Lamu 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 County Assembly of Lamu’s management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2025</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				

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

**Financial Risk Management**

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 County Assembly of Lamu has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the County Assembly of Lamu's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 20xx</b>				
Trade payables	148,965	0	0	148,965
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>148,965</b>	<b>0</b>	<b>0</b>	<b>148,965</b>

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

**Financial Risk Management**

**iii) Market risk**

The County Assembly of Lamu has put in place an internal audit function to assist it in assessing the risk faced by the County Assembly of Lamu 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 County Assembly of Lamu'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 County Assembly of Lamu's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the County Assembly of Lamu's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Financial Risk Management

The carrying amount of the Lamu County Assembly's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Current FY**

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30 June 2024</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

Financial Risk Management

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

	Change in exchange rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>20xx</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20xx-1</b>			
Euro	10%	-	-
USD	10%	-	-

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

**b) Interest rate risk**

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

**Financial Risk Management**

**Sensitivity analysis**

The County Assembly of Lamu analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Lamu county assembly's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *County Assembly of Lamu* considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2024</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash And Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalents)	-	-
<b>Gearing</b>	-	-

Notes to the Financial Statements (Continued)

42. Related Party Disclosures

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

- i) County Government Entities
- ii) National Government Entities
- iii) Key management.

	2024-2025
	Kshs
<b>Transactions with related parties</b>	
<b>a) Sales to related parties</b>	-
Others (specify) e.g. interest and bank charges	-
<b>Total</b>	-
<b>B) purchases from related parties</b>	-
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. Agencies	-
Others (specify)	-
<b>Total</b>	-
<b>b) Grants /transfers from the government</b>	-
Grants from national govt	-
Grants from county government	-
Donations in kind	-
<b>Total</b>	-
<b>c) Expenses incurred on behalf of related party</b>	-
Payments of salaries and wages for employees	-
Payments for goods and services	-
<b>Total</b>	-
<b>d) Key management compensation</b>	-
Compensation to key management	-
<b>Total</b>	-

43. Segment Information

44. Contingent Assets and Contingent Liabilities

Contingent Assets

	2024-2025
	KShs
<b>Contingent Assets</b>	
Insurance Reimbursements	-
Assets Arising from Determination Of Court Cases	-
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
<b>Total</b>	-

Contingent Liabilities

	2024-2025
	KShs
<b>Contingent Liabilities</b>	-
Court Case xx against the County Assembly of Lamu	-
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
<b>Total</b>	-

45. Capital Commitments

Capital Commitments	2024-2025
	KShs
Authorised for	-
Authorised and contracted for	-
<b>Total</b>	-

Notes to the Financial Statements (Continued)

46. Program for Results (PforR) Disclosure

Name of PforR:		Name of Financing Partners:				
Expenditure Details <sup>a</sup>	Opening Cumulative for Previous FYs		2024-2025		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code						
Sub-program						
Sub-program						
<b>Sub-total</b>						
Program code						
Sub-program						
Sub-program						
<b>Sub-total</b>						
<b>Total</b>	-	-	-	-	-	-

47. Events after the Reporting Period

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

48. Ultimate And Holding County Assembly of Lamu

The County Assembly of Lamu ultimate parent is the Government of Kenya.

49. Currency

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

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*County Assembly of Lamu*  
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