

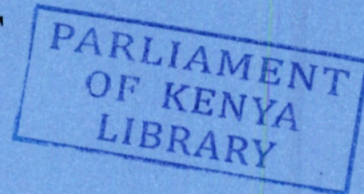
REPUBLIC OF KENYA



Enhancing Accountability

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REPORT



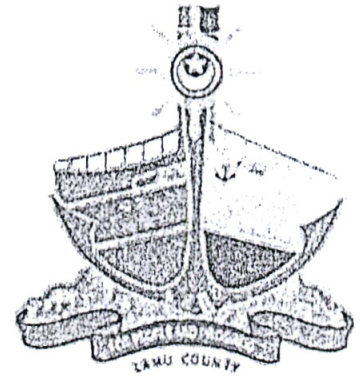
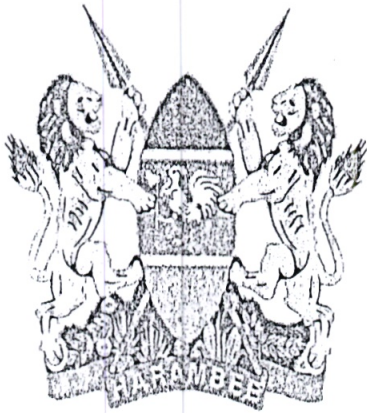
OF

THE AUDITOR-GENERAL

ON

LAMU COUNTY DISABILITY FUND

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



LAMU COUNTY DISABILITY FUND

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

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

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

Table of Content	Page
1. Acronyms and Glossary of Terms	iii
2. Key Lamu County Disability Fund Information and Management	iv
3. Fund Administration Committee	vii
4. Management Team	ix
6. Report of The Fund Administrator	xii
7. Statement of Performance Against the County Fund's Predetermined Objectives	xiv
8. Corporate Governance Statement	xvi
9. Management Discussion and Analysis	xviii
10. Environmental and Sustainability Reporting	xix
11. Report of The Trustees	xx
12. Statement of Management's Responsibilities	xxi
13. Report of The Independent Auditor on the Financial Statements for Lamu County Disability Fund	xxiii
14. Statement of Financial Performance for The Year Ended 30 th June 2023	1
15. Statement of Financial Position as at 30 June 2023	2
16. Statement Of Changes in Net Assets for The year ended 30 th June 2023	3
17. Statement of Cash Flows for The Year Ended 30 June 2023	4
18. Statement Of Comparison Of Budget And Actual Amounts For The Period	5
19. Notes to the Financial Statements	6
20. Annexes	20

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

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

2. Key Lamu County Disability Fund Information and Management

a) Background information

Lamu County Disability Development Fund is established by and derives its authority and accountability from Lamu County Disability Development Act in 2018. The Fund is fully owned by the County Government of Lamu and is domiciled in Kenya.

The fund's objective is to unlock the people living with disability potential for sustainable and wealth creation and development. The Fund's principal activity is to provide funds for economic empowerment to person living with disability.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide:

- a. Providing access to capital and financial facilities to the small and medium enterprises owned by the people with disabilities.
- b. Providing access to capital and financial facilities to the civil societies comprised of the people with disabilities.
- c. Spurring socio-economic development of people with disabilities.
- d. Supporting people with disabilities' small and medium enterprises and civil societies to develop linkages with larger enterprises, national and international funding organizations.
- e. Marketing products of small and medium enterprises for the people with disabilities.
- f. Supporting entrepreneurship training for small and medium enterprises to groups benefitting from the Fund.

**Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

c) Fund Administration Committee

Ref	Name	Position
1	Mrs. Hafswa Diffin	Chief Officer – Education, Youth, Gender, Sports Social Service and Vocational Training Centres
2	CPA Salma Omar	Chief Officer – Finance,Budget,Strategy and Economic Planning
3	Ms. Firdaus Mohamed	Chairlady
4	Mr. Mohamed Faraj	Secretary

d) Key Management Team

Ref	Name	Position
1	Mrs. Hafswa Diffin	Chief Officer – Education, Youth, Gender, Sports Social Service and Vocational Training Centres
2	CPA Salma Omar	Chief Officer – Finance,Budget,Strategy and Economic Planning
3	Ms. Firdaus Mohamed	Chairlady
4	Mr. Mohamed Faraj	Secretary

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate of Accounting Services	CPA Mohamed Abbas Abubakar
2	Directorate Internal Audit	CPA David Njoroge
3	County Assembly of Lamu	Public Accounts Investment Committee
4.	Kenya Office of Auditor General	Office of Auditor General

f) Registered Offices

County Government of Lamu Headquarters
P.O. Box 74- 80500
Mokowe, Lamu.

g) Fund Contacts

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

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

h) Fund Bankers

1. Cooperative Bank
Mpeketoni Branch
Lamu – Kenya.




i) Independent Auditors

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

j) Principal Legal Adviser

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

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p data-bbox="279 757 566 817">Ms. Firdaus Mohamed Chairlady</p>	<p data-bbox="663 407 1367 705">Born in 1970 and raised in Lamu. Mrs. Firdaus is also chairlady for Tumaini la Wanyonge CBO group and Treasurer for Witu Mabruq. Mrs Firdaus brings vast experience to the Board in community-based work. Mrs. Firdaus holds certificate in primary education Personal Details.</p>
 <p data-bbox="236 1182 622 1258">Mr. Mohamed Faraj Mohamed Ag. Secretary</p>	<p data-bbox="663 826 1367 1012">Born in 05.10.1979 Mr. Mohamed Faraj hold certificate in Primary Education. He has over 10 years' experience in Fishing and Swahili crafting. Mr. Faraj is also Director and Founder of Amantu Enterprises.</p>
 <p data-bbox="220 1585 651 1825">Mrs. Hafswa Diffini Chief Officer – Education, Youth, Gender, Sports Social Service and Vocational Training Centres – Fund Administrator</p>	<p data-bbox="663 1267 1367 1505">Born in 12.10. 1968.Having worked as the First Chief officer for Education after devolution in 2013, Mrs Hafswa Diffini brings to the Management vast experience of over 30 years in public service. She holds bachelor's degree in education.</p>




**Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2023**



**CPA Salma Omar
Chief Officer Finance, Budget,
Strategy and Economic Planning**

Born in 17.07.1985 Mrs. Salma Omar Ahmed is a Certified Public Accountant of Kenya and holds Bachelor's degree in Business Administration in Finance and Accounting from Moi University. She also holds certificate in Senior Management and Strategic Leadership from Kenya School of Government. She is a member of ICPAK. Prior to her appointment as Chief Officer, she was Ag. Director Accounting Service, Principal Finance Officer for the for the County Treasury and served. She is Redcross Lamu Branch Treasurer from year 2015 up to date. CPA Salma brings to the Board vast experience in technical and senior managerial skills having worked in both Private and Public Institutions

4. Management Team

Name	Details of qualifications and experience
 <p data-bbox="272 734 568 801">Mrs. Firdaus Mohamed CHAIRLADY</p>	<p data-bbox="663 423 1367 723">Born in 1970 and raised in Lamu. Mrs. Firdaus is also chairlady for Tumaini la wanyonge CBO group and Treasurer for Witu Mabruq. Mrs Firdaus brings vast experience to the Board in community-based work. Mrs. Firdaus holds certificate in primary education Personal Details.</p>
 <p data-bbox="209 1182 647 1317">CPA Salma Omar Chief Officer Finance, Budget, Strategy and Economic Planning</p>	<p data-bbox="663 817 1374 1541">Born in 17.07.1985.Mrs. Salma Omar Ahmed is a Certified Public Accountant of Kenya and holds Bachelor’s degree in Business Administration in Finance and Accounting from Moi University. She also holds certificate in Senior Management and Strategic Leadership from Kenya School of Government. She is a member of ICPAK. Prior to her appointment as Chief Officer, she was Ag. Director Accounting Service, Principal Finance Officer for the for the County Treasury and served. She is Redcross Lamu Branch Treasurer from year 2015 up to date. CPA Salma brings to the Board vast experience in technical and senior managerial skills having worked in both Private and Public Institutions</p>
 <p data-bbox="217 1794 647 1973">Mrs. Hafswa Diffini Chief Officer – Education, Youth, Gender, Sports Social Service and Vocational Training Centres – Fund Administrator</p>	<p data-bbox="679 1565 1374 1809">Born in 12.10. 1968.Having worked as the First Chief officer for Education after devolution in 2013, Mrs Hafswa Diffin brings to the Management vast experience of over 30 years in public service. She holds bachelor’s degree in education.</p>

**Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Fund Chairperson's Report

On behalf of the board, it is my pleasure to present Lamu County Disability Fund annual report and financial statements which reflect financial performance of the fund for the period ended 30th June ,2023.

Sustainability

In our pursuit to ensure sustainability of the Lamu County Disability Fund the Board in consultation with the CECM of Education, Youth, Gender, Sports Social Service and Vocational Training Centres will develop embarks to develop a bill to change the fund from grant to a revolving fund.

Board and Management Changes

There were changes in the Board and Management as shown below.

Ref	Name	Position	Replaced By	Position
1	Joseph Nganga	Chief Officer -Youth, Gender and Sports (Fund Administrator – up to November 2023)	Hafswa Diffin	Chief Officer - Education, Gender, Youth, Sports and Vocational Training (January 2023 to date)
2	Fadhil Maamun	Chief Officer – Finance (served upto February 2023)	Salma Omar	Chief Officer – Finance, Budget, Strategy and Economic Planning. (March 2023 up to date)

Review of performance

Revenue

The Fund has an approved budget of Ksh. 10,510,417 Which consist of transfers from county government amounting to Ksh. 7,000,000 and an opening bank balance of Ksh. 3,510,417 during this reporting period.

Expenditures

The total expenditures during the period amounted to Ksh 1,779,200 out of which are use of goods & services amounting to Ksh 919,200 and grant disbursements of Ksh. 860,000.

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

Future outlook

The Board focuses to build a robust and sustainable fund with a motivated workforce and structures that enhances efficiency and effectiveness in the service delivery. The fund looking forward to continued support from the county government and development partners to the realization of its mandate.

Appreciation

On behalf of Board Members of the fund, may I register our utmost appreciation for the tireless effort and input offered by various stakeholders making our work easier. More specifically, may I appreciate His Excellency the Governor, CECM Education, Youth, Gender, Sports Social Service and Vocational Training Centres, the County Treasury, Board Members, secretariat staff among others. It is their cooperation and contribution that has led us to the successful dispensation of our mandate.



.....
Firdaus Mohamed
Chairlady
Lamu County Disability Fund.

**Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Report of The Fund Administrator

On behalf of the board, it is my pleasure to present Lamu County Disability Fund annual report and financial statements which reflect financial performance of the fund for the period ended 30th June ,2023.

Compliance with statutory laws

In our pursuit to improve on transparency and accountability in public financial management, the Lamu County Disability Fund has and will continue to manage its finances in accordance with the principles of fiscal responsibility as spelt out in the Public Finance Management Act (2012) and its regulations and any other applicable laws on public finance.

Board and Management Changes

There were changes in the Board and Management as shown below.

Ref	Name	Position	Replaced By	Position
1	Joseph Nganga	Chief Officer -Youth, Gender and Sports (Fund Administrator – upto November 2023)	Hafswa Diffin	Chief Officer - Education, Gender, Youth, Sports and Vocational Training (January 2023 to date)
2	Fadhil Maamun	Chief Officer – Finance (served upto February 2023)	Salma Omar	Chief Officer– Finance, Budget, Strategy and Economic Planning. (March 2023 up to date)

Review of performance

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

Future outlook

The Board focuses to build a robust and sustainable fund with a motivated workforce and structures that enhances efficiency and effectiveness in the service delivery. The fund looking forward to continued support from the county government and development partners to the realization of its mandate.

Conclusion

I take this opportunity to thank the board members for their support. I would also wish to thank all staff whom we have worked with hand in hand to ensure that Lamu County Disability Fund achieves its mission.



.....
Hafswa Diffin
Chief Officer -Education, Gender, Youth, Sports and Vocational Training
Fund Administrator
Lamu County Disability Fund.

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

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government Lamu County Disability Fund Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government Lamu County Disability Fund's performance against predetermined objectives.

The key development objectives of the Fund

- (a) Providing access to capital and financial facilities to the small and medium enterprises owned by the people with disabilities.
- b) Providing access to capital and financial facilities to the civil societies comprised of the people with disabilities.
- c) Spurring socio-economic development of people with disabilities.
- d) Supporting people with disabilities' small and medium enterprises and civil societies to develop linkages with larger enterprises, national and international funding organizations.
- e) Marketing products of small and medium enterprises for the people with disabilities.
- f) Supporting entrepreneurship training for small and medium enterprises to groups benefitting from the Fund.

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

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Lamu County Disability Development Fund	To economically empower persons living with disabilities	Increased number of persons living with disabilities accessing Grants in the County	No of persons living with disabilities doing business and small micro-enterprises	In FY 22/23 we increased funding access by 30%

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

8. Corporate Governance Statement

The Lamu County Persons with Disability Act 2018 established Lamu County Disability Fund which is wholly owned by County Government of Lamu and is domiciled in Kenya.

Principal Activities

- a) Providing access to capital and financial facilities to the small and medium enterprises owned by the people with disabilities.
- b) Providing access to capital and financial facilities to the civil societies comprised of the people with disabilities.
- c) Spurring socio-economic development of people with disabilities.
- d) Supporting people with disabilities' small and medium enterprises and civil societies to develop linkages with larger enterprises, national and international funding organizations.
- e) Marketing products of small and medium enterprises for the people with disabilities.
- f) Supporting entrepreneurship training for small and medium enterprises to groups benefitting from the Fund.

Fund Meetings

The board members are to meet at least three times a year in order to monitor the implementation of the funds strategic plan and achievement of the targets. However, as provided by the act the Chairman shall, upon requisition by members convene a special meeting of the board at any time. The members held three full board meetings during the financial year 2022/2023

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

Risk Management

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

Management Team

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

Auditor

The Fund is audited by the Auditor-General.

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

9. Management Discussion and Analysis

Revenue

The Fund has an approved budget of Ksh. 10,510,417 Which consist of transfers from county government amounting to Ksh. 7,000,000 and an opening bank balance of Ksh. 3,510,417 during this reporting period.

Expenditures

The total expenditures during the period amounted to Ksh 1,779,200 out of which are use of goods & services amounting to Ksh 919,200 and grant disbursements of Ksh. 860,000.

Sustainability

In our pursuit to ensure sustainability of the Lamu County Disability Fund the Board in consultation with the CECM of education will develop embarks to develop a bill to change the fund from grant to a revolving fund.

Future outlook

The Board focuses to build a robust and sustainable fund with a motivated workforce and structures that enhances efficiency and effectiveness in the service delivery. The fund looking forward to continued support from the county government and development partners to the realization of its mandate.

10. Environmental and Sustainability Reporting

Below is a brief highlight of our achievements in areas of environmental sustainability.

1. Sustainability strategy and profile -

The Fund administrator have put in place sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities.

2. Environmental performance

The Board ensures conserving of environment use of environmentally friendly products.

3. Employee welfare

The Board continues to capacity build its staff for efficient and effective service delivery.

4. Market place practices-

Due to the shortage of funds allocated to the board, the board uses much of its administration funds to play for sitting and travelling allowance to the board members as well as the ward committee members. The few items that require procurement include pens, printing papers as well as office stationaries. These ones are directly procured from some specific suppliers. Similarly, all the contracts signed by the respective suppliers are always honored.

5. Community Engagements-

On matters of community engagement, the Fund Administrator and Board Members engage with the community through public participation of the revolving fund and social protection policy.

Figure 1: Public participation for Fund Regulations



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

11. Report of The Trustees

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

Principal activities

The principal activities of the Fund to provide funds for economic empowerment to person living with disability.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1- 15

Ref	Name	Position	Replaced By	Position
1	Joseph Nganga	Chief Officer -Youth, Gender and Sports (Fund Administrator – up to November 2023)	Hafswa Diffin	Chief Officer - Education, Gender, Youth, Sports and Vocational Training (January 2023 to date)
2	Fadhil Maamun	Chief Officer – Finance (served up to February 2023)	Salma Omar	Chief Officer – Finance, Budget, Strategy and Economic Planning. (March 2023 up to date)

Trustees

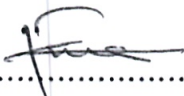
The members of the Board of management who served during the year are shown on page vii - ix.

The changes in the Board during the financial year are as shown below:

Auditors

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

By Order of the Board



.....
Firdaus Mohamed
Chairlady
Lamu County Disability Fund.

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

12. Statement of Management's Responsibilities

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Lamu County Disability Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Lamu County Disability Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the

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

accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Lamu County Disability Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th November 2023 and signed on its behalf by:


CHIEF OFFICER
EDUCATION, TECHNOLOGY, GENDER, YOUTH,
SPORTS, COMMUNITY DEVELOPMENT
AND SOCIAL SERVICES
LAMU COUNTY

Hafswa Diffin

Chief Officer -Education, Gender, Youth, Sports and Vocational Training

Fund Administrator

Lamu County Disability Fund.

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lamu County Disability Fund set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a

Report of the Auditor-General on Lamu County Disability Development Fund for the year ended 30 June, 2023

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. have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters discussed in the Basis for qualified Opinion Section of my report, the financial statements present fairly, the financial position of the Lamu County Disability Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Lamu County Persons with Disability Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Prior Year Adjustments to Net Assets

Included in the statement of changes in net assets is an opening net assets balance of Kshs.7,510,417 that is not in agreement with the balance in the statement of financial position of Kshs.3,510,417. In addition, Management effected a prior year adjustment of Kshs.4,000,000 as disclosed in Note 6 to the financial statements. However, the adjustment was not supported by a journal entry approved by the accounting officer as required.

In the circumstances, the accuracy of the statement of changes in net assets for the year ended 30 June,2023 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The Fund had a budgetary allocation of Kshs.10,510,417 composed of an opening bank balance of Kshs.3,510,417 and current year budgetary allocation of Kshs.7,000,000. However, the Fund only managed to absorb Kshs.1,779,200 in the year under review resulting in under absorption by Kshs.8,731,217 (or 83%) of the budget.

The under absorption may have affected the planned activities impacting negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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. Failure to Appoint Persons with Disabilities to the Fund Committee

Section 10(d) of the Lamu County Persons with Disability Act, 2018 required that three(3) persons representing persons with disabilities be appointed by the County Executive Committee Member and that the three persons should be persons with disabilities, one from each constituency in the County and one female from disability group. However, it was noted that these persons had not yet been appointed to the Fund Committee.

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

2. Failure to Establish Resource Centers

Included in the approved budget estimates is an allocation of Kshs.10,510,417 which did not include any provision for the establishment of resource centers and programs for persons with disabilities and the Fund had not established resource centres despite being in operation for the last five years. This is contrary to Section 12 of the Lamu County Persons with Disability Act, 2018 which states that the Fund shall facilitate the establishment of resource centers at the community level where people with disabilities can get information, training, recreation and counseling on employment creation and other aspects of life.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for on the 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 overall governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy and Strategy

As reported in the previous year, the Fund did not have a risk management policy, strategies, and risk register to mitigate against risk. It was, therefore not clear how the Management managed risk exposures.

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

Responsibilities of Management and The Fund Administration Committee

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

The Fund Administration Committee is responsible for overseeing Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk Management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability of to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 February, 2024

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

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	7,000,000	2,000,000
Total Revenue		7,000,000	2,000,000
Expenses			
Use of goods and services	2	919,200	5,002,446
Grant Disbursement	3	860,000	-
Total Expenses		1,779,200	5,002,446
Other Gains/Losses			
Surplus/(Deficit) for the Period		5,220,800	(3,002,446)

The notes set out on pages 6 to 19 form an integral part of these Financial Statements

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lamu County Disability Fund financial statements were approved on 30 November 2023 and signed by:

.....
Hafswa Diffini
Administrator of the Fund

.....
CPA Salma Omar
Chief Officer Finance
ICPAK Member Number:15009

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

15. Statement of Financial Position as at 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	8,731,217	3,510,417
Total current assets		8,731,217	3,510,417
Non-Current Assets		-	-
Total Assets		8,731,217	3,510,417
Total Liabilities		-	-
Net Assets		8,731,217	3,510,417
Lamu County Disability Grant		5,000,000	6,512,863
Reserves		-	-
Accumulated Surplus		3,731,217	(3,002,446)
Total Net Assets and Liabilities		8,731,217	3,510,417

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lamu County Disability Fund financial statements were approved on 30th November 2023 and signed by:


.....
Hafswa Diffini
Chief Officer
Administrator of the Fund

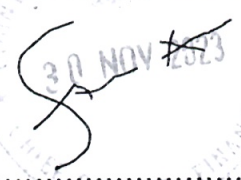
.....
CPA Salma Omar
Chief Officer Finance
ICPAK Member Number:15009

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

16. Statement Of Changes in Net Assets for The year ended 30th June 2023

Description	Note	Lamu County Disability Fund	Revaluation Reserve	Accumulated surplus	Total
		Ksh	Kshs	Kshs	Kshs
Balance As At 1st July 2021		7,000,000	-	1,507,364	8,507,364
Surplus/(Deficit) For the Period		-	-	(2,996,947)	(2,996,947)
Funds Received During the Year		2,000,000	-	-	2,000,000
Transfers		-	-	-	-
Revaluation Gain		-	-	-	-
Balance As At 30 June 2022		9,000,000	-	(1,489,583)	7,510,417
Balance As At 1 July 2022		9,000,000	-	(1,489,583)	7,510,417
Prior Year Adjustment-	6	(4,000,000)	-	-	(4,000,000)
Surplus/(Deficit) For the Period		-	-	5,220,800	5,220,800
Funds Received During the Year		-	-	-	-
Transfers		-	-	-	-
Revaluation Gain		-	-	-	-
Balance As At 30 June 2023		5,000,000	-	3,731,217	8,731,217


 Hafswa Diffini
 Chief Officer
 Administrator of the Fund



 CPA Salma Omar
 Chief Officer Finance
 ICPAK Member Number:15009

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

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From the County Government	1	7,000,000	2,000,000
Total receipts		7,000,000	2,000,000
Payments			
Use of goods and services	2	919,200	336,947
Grant Disbursement	3	860,000	4,665,499
Total payments		1,779,200	5,002,446
Net cash flows from operating activities	5	5,220,800	(3,002,446)
Cash flows from investing activities		-	-
Cash flows from financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		5,220,800	(2,996,947)
Cash and cash equivalents at 1 July		3,510,417	6,507,364
Cash and cash equivalents at 30 June		8,731,217	3,510,417

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)



.....
Hafswa Diffini
Chief Officer
Administrator of the Fund



.....
CPA Salma Omar
Chief Officer Finance
ICPAK Member Number:15009

Lamu County Disability Fund

Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2023	2023	2023	2023	2023	2023
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers From County Govt.	7,000,000	-	7,000,000	7,000,000	-	100
balance b/d	3,510,417	-	3,510,417	3,510,417	-	100
Total Income	10,510,417	-	10,510,417	10,510,417	-	100
Expenses						
Employee Costs						
Use of goods and services	1,051,041		1,051,041	919,200	131,841	0.87
Grant disbursements	9,459,376	-	9,459,376	860,000	8,599,376	0.09
Total Expenditure	10,510,417	-	10,510,417	1,779,200	8,731,217	0.17
Surplus For The Period		-	-	8,731,217		
Capital Expenditure	-	-	-	-	-	

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

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

19. Notes to the Financial Statements

1. General Information

Lamu County Disability Fund Lamu County Disability Fund is established by and derives its authority and accountability from Lamu County Disability Development Act in 2018. The Lamu County Disability Fund is wholly owned by the Lamu County Government and is domiciled in Kenya. The Fund's principal activity is to provide funds for economic empowerment to person living with disability.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Lamu

**Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>County Disability Fund's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Lamu County Disability Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Lamu County Disability Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Lamu County Disability Fund;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Lamu County Disability Fund's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the</p>

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess</p>

**Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
	<p>the effect that leases have on the financial position, financial performance and cash flows of an Lamu County Disability Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Lamu County Disability Fund did not early – adopt any new or amended standards in the financial year 30 June 2019.

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

2. 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 Lamu County Disability Fund and can be measured reliably.

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 10th May, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Lamu County Disability Fund upon receiving the respective approvals in order to conclude the final budget.

The Lamu County Disability Fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

d) Changes in accounting policies and estimates

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

e) Related parties

The Lamu County Disability Fund regards a related party as a person or an Lamu County Disability Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Lamu County Disability Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

Summary of Significant Accounting Policies (Continued)

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to

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

6. Notes To The Financial Statements

1. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	7,000,000	2,000,000
Total	7,000,000	2,000,000

2. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Domestic Travel And Subsistence And Other Transp	642,200	-
Hire Transport & Venue	52,000	-
Hospitality	225,000	306,467
Bank Charges	-	30,480
Total	919,200	336,947

3. Grant disbursements

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Grant disbursements	860,000	4,665,499
Total	860,000	4,665,499

4. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	8,731,217	3,510,417
Total Cash And Cash Equivalents	8,731,217	3,510,417

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
A) Current Account			
Cooperative Bank	01141562514800	8,731,217	3,510,417
Grand Total		8,731,217	3,510,417

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

Notes To The Financial Statements (continued)

5. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	5,220,800	(3,002,947)
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	5,220,800	(3,002,947)

6. Prior Year Adjustments

A prior year adjustment really applies to the correction of an error in the financial statements of prior period.

Description of the Error	2022-2023	2021-2022
To correct error in Lamu County Disability Grant due to double posting of the transfer from county Government-Operation	(4,000,000)	-
Total	(4,000,000)	-

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

Notes To The Financial Statements (Continued)

1. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund 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.

The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Fund Administration Committee.

b) Related party transactions

Description	2022-2023	2022-2023
	Kshs	Kshs
Transfers From county government	7,000,000	2,000,000
Total	7,000,000	2,000,000

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Committee allowances	25,000	-
Key Management Compensation	-	-
Total	25,000	-

2. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management

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

programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

The Fund has no 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 fund administration committee sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

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

Notes to The Financial Statements (Continued)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Lamu County Disability Fund 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 Lamu County Disability Fund's income or the value of its holding of financial instruments. There has been no change to the Lamu County Disability Fund's exposure to market risks or the way it manages and measures the risk.

d) Capital risk management.

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

Description	2022 -2023	2021 -2022
	Kshs	Kshs
Revaluation reserve	-	-
Lamu County Disability Fund	5,000,000	6,507,364
Accumulated surplus	3,731,217	(3,002,446)
Total funds	8,731,217	3,510,417
Total borrowings	-	-
Less: cash and bank balances	(8,731,217)	(3,510,417)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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

3. Events after the reporting period

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

4. Ultimate and Holding Lamu County Disability Fund

Lamu County Disability Fund entity is established by and derives its authority and accountability from Lamu County Disability Development Act in 2018 under the Ministry of Education. Its ultimate parent is the County Government of Lamu.

5. Currency

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

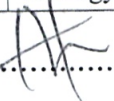
Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2023

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inaccuracies in the Statements of Changes in Net Assets	The action has been taken	Resolved	30/06/2023
2.	Variance between the trial Balance and Financial Statements	The action has been taken	Resolved	30/06/2023
1.	Budgetary Control and performance	The Funds were made available almost the end of the Financial Year and it would have been impossible to go through the process of application vetting and disbursement in time.	Not Resolved	30/06/2024
1.	Failure to constitute Fund administration Committee	The funds management is in the process of constituting the Boards afresh as per the Funds Act.	Not Resolved	30/06/2024
1.	Lack of Risk Management Policy and Strategy	The fund to develop Risk Management Policy	Not Resolved	30/06/2024

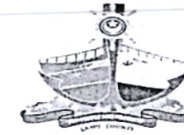
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Hafswa Diffin
Chief Officer- Education, Youth, Gender, sports and Vocation Training
Fund Administrator
Lamu County Disability Fund.

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

Annex II: Inter-Fund Confirmation Letter



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



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

LAMU COUNTY
P.O. Box 74-80500
LAMU

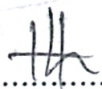
Lamu County Disability Fund
P.O Box 74 – 80500,
Lamu County, Mokowe.

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

Confirmation of amounts received by Lamu County Disability Fund as at 30 th June 2023							
Ref. Number	Date Disbursed	Amounts Disbursed Lamu County Treasury (Kshs) as at 30 th June 2023			Total (D)=(A+B+C)	Amount Received by Lamu County Disability Fund (Ksh) as at 30 th June 2023 (E)	Differences (Ksh) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
		7,000,000.00			7,000,000.00	7,000,000.00	-
Total		7,000,000.00			7,000,000.00	7,000,000.00	-

In confirm that the amounts shown above are correct as of the date indicated.

Fund Administrator:

Name: Hafswa Diffini Sign  Date 30/6/2023

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

Annex III: Reporting of Climate Relevant Expenditures

There were no climate change relevant expenditures

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

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

Annex IV: Reporting on Disaster Management Expenditure

There were no disaster management relevant expenditures.

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

Lamu County Disability Fund
 Annual Report and Financial Statements for the year ended June 30, 2023
 Annex V: Bank Reconciliation Statement F.0 30

LAMU COUNTY DISABILITY FUND- AC NO. 01141562514800

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 31ST JUN 2023

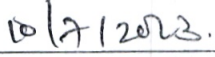
STATION: LAMU COUNTY


	Sh	Sh	Sh
Balance as per bank statement			8,731,217.00
Less:-			
1 Payments in cash book not in bank statement (Unrepresented Cheques) :			
2 Receipts in bank statement not recorded in cash book :			-
			-
Add:-			
3 Payments in bank statement not in cash book :			-
4 Receipts in cash book not recorded in bank statement :			-
Balance as per Cash book			<u>8,731,217.00</u>

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

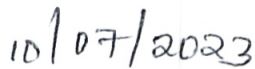
Prepared by: 
 Signature



 Designation



 Date

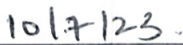
Checked by: 
 Signature


 Designation


 Date

Approved by: 
 Signature


 Designation


 Date