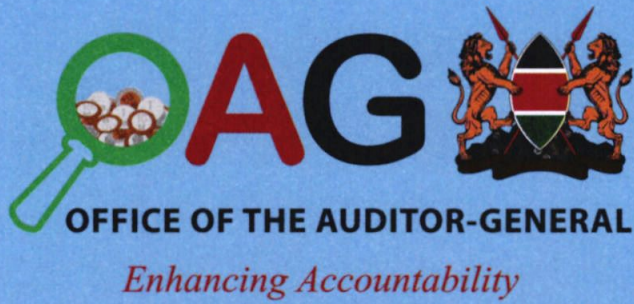


REPUBLIC OF KENYA



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**LAMU COUNTY DISABILITY FUND**

**FOR THE YEAR  
ENDED 30 JUNE, 2024**

PAPERS LAID	
DATE	5/8/25
TABLED BY	Maj. L
COMMITTEE	-
CLERK AT THE TABLE	Magglin



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**LAMU COUNTY DISABILITY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR  
ENDED JUNE 30, 2024**

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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, 2024**

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**Lamu County Disability Fund**  
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**1. Acronyms and Glossary of Terms**

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**2. Key Entity 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  
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**c) Fund Administration Committee**

Ref	Name	Position
1.	Mrs. Hafswa Diffin	Chief Officer – Education, Youth, Gender, Sports Social Service and Vocational Training Centres – Fund Administrator
2.	CPA Salma Omar	Chief Officer – Finance
3.	Mohamed Faraj	Member
4.	John Maina Mathai	Member
5.	Firdaus Mohamed	Member
6.	Mr. Peter Ndichu	Secretary

**d) Key Management**

Ref	Name	Position
1.	Mrs. Hafswa Diffin	Chief Officer – Education, Youth, Gender, Sports Social Service and Vocational Training Centres – Fund Administrator
1.	CPA Salma Omar	Chief Officer – Finance
2.	Mr. Peter Ndichu	Secretary

**e) Fiduciary Oversight Arrangements**

Sno	Position	Name
1	Directorate of Accounting Service	The Directorate is headed by the Director of Accounting Services. It derives its mandate from the Constitution 2010, the Public Finance Management Act 2012. The main responsibility of the directorate is monitoring of expenditure and projects through vote controls, including program implementation on a periodic basis and ensuring that timely corrective action is taken.
2	Directorate of Internal Audit	The Directorate is headed by the Ag. Director Internal Audit to provide independent assurance, advice and insight in order to enhance and protect organisational value, contribute towards evidence-based decision making, and promote organisational learning, transparency, integrity and accountability.
3	County Internal Audit Committee	The committee is responsible for overseeing risk management, internal control, and governance in a county

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

		government through reviewing the county government's governance mechanisms, transparency, and accountability Conducting audits to strengthen internal control mechanisms; verifying the existence of county government assets and ensuring their protection; Ensuring the county government follows appropriate policies and procedures; Evaluating the reliability of information available to management; Overseeing the implementation of recommendations from internal and external auditors and recommend decisions to the Governing Body for approval
4	County Assembly Public Accounts Investment Committee	The committee is headed by the Chairperson with primary mandate of oversight the expenditure of public funds by Lamu County entities, to ensure value for money.
5	Parliamentary committee activities	Senate PAC & PAIC which oversight revenue allocated to County Government, examine report of the Office of the Auditor General on the annual accounts of the County Governments and to exercise oversight on the County Public Funds.
6	Kenya National Audit Office	The Office is mandated to audit and report on the use and management of public resources by public entities. Article 229 (6) of the Constitution requires the Auditor-General to confirm whether public money has been applied lawfully and in an effective way.
7	Office of the Controller of Budget	Overseeing budget implementation of County Governments by authorizing withdrawals from public funds and reporting on their utilization. Ensuring that public funds are used in accordance with the law. Submit a report on the implementation of the budgets to each House of Parliament every four months.

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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8	Development partner oversight activities	Conditional grants conduct their own oversight activities for the projects implemented in the County.
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**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](mailto:treasury@lamu.go.ke)  
Website: [www.lamu.go.ke](http://www.lamu.go.ke)

**h) Fund Bankers**

1. Cooperative Bank  
Mpeketoni Branch  
P.O. Box 191- 80500  
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.

**k) County Attorney**



Director legal service  
P.O. Box 74 - 80500  
County Government of Lamu  
Lamu, Kenya.

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**3. Fund Administration Committee**

Name	Details of qualifications and experience
 <p>Ms. Firdaus Mohamed <b>Member</b></p>	<p>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>Mr. Mohamed Faraj Mohamed <b>Member</b></p>	<p>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>Mr. John Mian Mathai</p>	<p>Born on 1<sup>st</sup> January, 1977. Mr Mathai have 5 years' experience. He is a holder of O Level Education.</p>

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

 <p>Mr, Peter Ndichu Director and Secretary to the Committee</p>	<p>Born on 8<sup>th</sup> January, 1970. Mr. Ndichu serves as Lamu County Director of Sports in the department of Youth gender, Disability and Social Services. He holds Degree in Bed(Arts) History/Sports from Kenyatta University</p>
 <p>Mrs. Hafswa Diffini <b>Chairperson</b></p>	<p>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>
 <p>CPA Salma Omar <b>Chief Officer Finance</b></p>	<p>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>

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**4. Management Team**

Name	Details of qualifications and experience
 <p>Mr, Peter Ndichu Director and Secretary to the Committee</p>	<p>Born on 8<sup>th</sup> January, 1970. Mr. Ndichu serves as Lamu County Director of Sports in the department of Youth gender, Disability and Social Services. He holds Degree in Bed(Arts) History/Sports from Kenyatta University</p>
 <p>CPA Salma Omar <b>Chief Officer Finance</b></p>	<p>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 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>Mrs. Hafswa Diffini <b>Chairperson</b></p>	<p>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, 2024**

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**5. Fund Chairperson's Report**

It is my pleasure to present the financial statements for Lamu County Disability Fund, which reflect the fund's financial performance for the period ended 30th June 2024. The Committee has been performing regular auditing, reporting, evaluation, and communication with stakeholders to reinforce our commitment to transparency and accountability and ensure that we remain aligned with the best practices in public financial management and in compliance with the principles of fiscal responsibility as spelt out in the Public Finance Management Act (2012) and its regulations.

To achieve inclusivity and enhance equity the Committee embark on verification of applicants to ensure needy and vulnerable persons with disabilities are not left out in the grant disbursement.

To this end the Committee endeavours to provide quality service guided by the National Values and Principles of Governance and Public Service as enshrined in Article 10 and 232 of the Constitution of Kenya 2010.

In the process of executing our mandate during the year, many challenges arose including limited staff personnel and ICT infrastructure. Indeed, whereas the Committee mandate has expanded in the recent past the resource available has not been commensurate. Technology by the use of systems will not only ensure efficiency and effectiveness in the service delivery but also provides data backup for future reference by the Committee

. However, our commitment is resolute, and we will continue to leverage on the power of synergy and escalate our stakeholder's engagement.

Our achievement as the Committee must be acknowledged in the context of those that supported us through the year. More specifically, may I appreciate His Excellency the Governor, CECM Education, Committee Members, and most importantly the secretariat staff that rise through the challenge of making the Committee achieve its mandate.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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Name.....*HAFSWA DIFENI*.....Signature.....*[Signature]*.....Date.....*28/11/24*.....

Chairperson of the Committee



**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**6. Report of The Fund Administrator**

Lamu County Disability Fund receive money from the County Treasury through the Department of Education for the sake of supporting of grants to person living with disability and capacity building. As the Lamu County Persons with disabilities Act, 2018 dictates, the award of the grant is done through applications. The committees then conduct a thorough vetting of the applications and compile lists of successful applicants and cheque issuance exercise will follow

In compliance with Lamu County Persons with Disabilities Act and the Constitutional requirement the Committee had set a uniform criteria and guidelines that promote equity, equality, and fairness in granting of grants to the people of Lamu. The Committee made sure that equal rights are provided to the marginalized and people living with disability.

**Financial Performance**

**a) Revenue**

The Fund has an approved budget and opening Balances of Ksh. 8,371,217 during this reporting period. The table below shows transfers from the County Government over the financial years 2020/21 to 2023/24.

*Table 1: Receipts from transfer from the County Government*

<b>Financial year</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>Amount</b>	5,000,000.00	4,000,000.00	7,000,000.00	-

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Physical progress based on outputs, outcomes and impacts of Lamu County Disability fund.**

<b>OUTPUTS</b>	<b>TASK/ACTIVITIES.</b>	<b>EXPECTED OUTCOMES</b>	<b>IMPCACTS</b>	<b>PERFORMANCE INDICATORS.</b>
Empowerment Programs and Capacity Building for the PWDs	Facilitate and co-ordinate the Training.	Improved skills and knowledge among participants -Strengthened Leadership capacity among target groups.	-Greater gender equality and social inclusion -Enhanced community development through empowered individuals	No of trainings workshops conducted Number of people trained
Provision of Grants to PWD Groups and Individuals	Distribution of Grants to Disability Groups throughout the County	Enhanced income levels or employment opportunities for persons with disabilities through skill development	Reduced poverty levels among persons with disabilities	Number of PWDs and Individuals Supported with Grants
Administration, Monitoring and Evaluation.	Meetings Visiting Groups	Enhanced accountability and transparency in programs and projects.	-Enhanced organizational learning and replication of best practices. -improved overall programs and project effectiveness and sustainability	-Meetings held -Number of Visits made. -Signed visits forms.
Provision of Chairs and Desks	Distribution of Desks and Chairs	-Enhanced learning environment and productivity for students and teachers -Improved Comfort and accessibility for students with disabilities	-Improved educational outcomes for students with disabilities -Enhanced self-esteem and confidence among students due to better learning conditions	No of chairs and desks provided to special schools

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**Expenditures**

The total expenditures during the period amounted to Ksh 7,893,415 out of which the uses of goods & services amounted to Ksh 869,815 and grand disbursement and empowerment program was Ksh. 7,023,600.

**Major achievements during the year**

- 50 Groups were awarded Grant in the county
- Acknowledgement and Appreciation for Provision of Chairs and desks to Hongwe Special School
- Acknowledgement and Appreciation for Provision of Maress Cover, Matreses and foodstuffs items to Mokowe special school

**Challenges**

In the process of executing our mandate during the year, many challenges arose including low budgetary allocation, inadequate human resource, lack of advance software and ICT infrastructure which limit the fund to execute all its mandate as enshrined in the Lamu County Persons with disabilities Act 2018.

**Conclusion**

I appreciate the unrelenting support from the committee of members, County Management and all the key stakeholders. We look forward to continuing partnership and cooperation in areas of mutual interest and the fund remains committed to its goal of improving inclusivity and providing adequate support for persons living with disabilities in Lamu County.

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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

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

The key development objectives of the Fund as per the strategic plan for 2023 -2027 are to:

- a) To promote enterprise development among people with disabilities;
- b) To spur socio – economic development of people with disabilities;
- c) To support training for small and medium enterprises to groups of people with disabilities;
- d) To market products of small and medium enterprises for people with disabilities;
- e) To integrate and mainstream disability across social development practices into strategies and programmes aligned to departmental mandates;
- f) To promote the role of social development in service provision to people with disabilities;
- g) To facilitate development and implementation of “Lamu County Disability Fund”; and
- h) To serve as a guideline to service delivery to people with disabilities.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Lamu County Disability 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 Accessing Grants in the County	100%
General Administration, Planning and Support Services	To ensure smooth running Committee	Improved service delivery	No. of Committee Members and Secretariat facilitated with working tools.	Committee members and secretariat operating in fully.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**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;

The Committee members are responsible for the long-term strategic direction of the fund. The Committee of members' exercise leadership, enterprise, integrity, and judgment in directing the Fund. The members are provided with full, appropriate, and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues.

All members of the Committee have been taken through a comprehensive induction programme and are adequately trained on their roles as board members. The members are professionals, committed to and guided by the mission, vision and core values of the Fund in the execution of their duties.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**Committee Meetings**

The Committee members are to meet at least Four times a year to monitor the implementation of the funds plan and achievement of the targets. However, the Chairman shall, upon requisition by members convene a special meeting of the committee at any time. During the year under review the Committee had 5 Committee meetings.

**Statement of Compliance**

The Lamu County Disability Fund Committee confirmed that the fund had throughout the FY 2023/2024 complied with all statutory and regulatory requirements and that the fund had been managed in accordance with the principles of good corporate governance.

**Internal Control and Risk Management**

**Standing Instructions**

The fund is in the process to develop a Code of Ethics and Service Charter that will be applicable to all employees. This will entail a number of standing instructions to employees of the fund designed to enhance internal control.

**Organization Structure**

The Committee has an organizational structure that clearly details line of authority and control responsibilities.

**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.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**Management Team**

The management team headed by the Chairman, the Secretary and Chief Officers as shown on page ix implements the Committee decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board objectives are achieved effectively and efficiently.

**Auditor**

The fund is audited by the Office of the Auditor - General.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**9. Management Discussion and Analysis**

The Fund had an opening balance of Kshs 8,731,217 financial year 2023/2024. The Fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The Fund looks forward to continued support from the County Government of Lamu to the realization of its mandate.

The Lamu County Disability Fund is supported by the County Government of Lamu through the Department of Education by way of fund transfer for both operation and disbursement of grants to groups. These funds are transferred to fund bank account after it has been budgeted for and approved by the County Assembly.

**Awarding Criteria**

Grant award is granted based on criteria established by the Lamu County Disability Fund Committee. As the Lamu County persons with disabilities Act, of 2018 dictates, the award of the grant is done through applications. It is then the task of the committees to review the applications meticulously and compile a list of successful applicants and vet them for issuance of cheques.

**Compliance with statutory requirements**

The Fund complied with the following listed requirements but not limited to:

- Lamu County Disability Fund Act, 2018
- Public Finance Management Act 2012

**Key projects or investments decision implemented or ongoing.**

- 50 Groups were awarded Grant in the county
- Provision of Chairs and desks to Hongwe Special School
- Provision of Maress Cover, Matreses and foodstuffs items

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**Major challenges facing the fund.**

1. Low budgetary allocation – The Committee would appreciate more allocation which will be able to fund both Committee’s administration cost and reach out to more applicants.
2. Lack of advance software and ICT infrastructure - Lack of an advance software and ICT infrastructure for the disability in order to improve the efficient and effectiveness and data back-up.

**Conclusion**

We appreciate the unrelenting support from the board, management, staff, the county government, development partners and all the key stakeholders. We look forward to continuing partnership and cooperation in areas of mutual interest in the FY 2024/2025.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**10. Environmental and Sustainability Reporting**

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

**a) Sustainability strategy and profile**

The Lamu County Disability Fund is established and mandated through the Lamu County persons with disabilities Act, 2018 of the County Assembly of Lamu. This Act has put in place good governance structure. The Fund is independent.

**b) Environmental performance**

The Committee ensures conserving of environment by use of environmentally friendly products.

**c) Employee welfare**

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

**d) Market place practices**

Procurement of items is done using County pre-qualified suppliers. Similarly, all the contracts signed by the respective suppliers are always honored. The delivered items are always inspected to ensure they meet standards and are environmentally friendly.

**e) Community Engagements**

On matters of community engagement is that members of the board especially the Chairman and the Secretary have always been invited in meetings by groups. In all those functions the members who attend generously contribute in terms of finances and words of counsel.

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**11. Report of The Committee Management**

The Fund committee submits their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

**Principal activities**

The purpose of the fund is to provide access to capital and financial facilities to the small and medium enterprises owned by the people with disabilities.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 1-5

**Fund Key Management**

The members of the Fund who served during the year are shown on page vii-ix

**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 fund

.....  
  
.....  
**Chairperson of The Committee**  
Date: 28/11/24.....

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**12. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by 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, 2024. 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, 2024, 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, 2024**

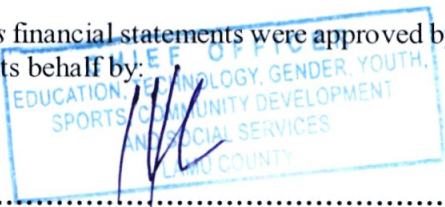
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accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public 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 28/11/..... 2024 and signed on its behalf by:



.....  
**Chairperson of The Committee**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON LAMU COUNTY DISABILITY FUND FOR THE YEAR ENDED 30 JUNE, 2024

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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.
- 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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

#### Opinion

I have audited the accompanying financial statements of Lamu County Disability Fund set out on pages 1 to 35, which comprise the statement of financial position as at

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*Report of the Auditor-General on Lamu County Disability Fund for the year ended 30 June, 2024*

30 June, 2024 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, 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, the financial statements present fairly, in all material respects, the financial position of Lamu County Disability Fund as at 30 June, 2024 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 Disabilities Act, 2018 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **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. I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided reasons for the delay in resolving the prior year audit issues.

### **Other Information**

The Management is responsible for the other information set out on page ii to xxv which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Committee Management and 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 Fund'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.

## 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. Ineligible and Irregular Expenditure on Grant Disbursement and Empowerment Programs**

The statement of financial performance and Note 7B to the financial statements reflects expenditure totalling Kshs.7,023,600 on grant disbursement and empowerment programs. The expenditure includes Kshs.4,303,500 paid to individuals and institutions in respect of supply of food stuffs, hospitality to People Living With Disability (PLWDs), supply of desks, and facilitation of deaf swimmers contrary to Section 8 of the Lamu County Persons with Disabilities Act, 2018 on eligibility criteria which provides that the Fund shall be given to the groups or individuals only upon application through a letter and a duly signed application form and have a valid registration certificate from the social services department. In addition, the expenditure includes Kshs.2,700,000 grant to various groups granted in the months of April and June, 2024. However, at the time of audit, the Groups had not accounted for the funds granted contrary to the provisions of Section 8 (1) (k) of the Act that requires that recipients shall account for the fund within three months from the receipt of the fund.

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

#### **2. Inconsistent Provisions on Fund Administration Expenses**

The statement of financial performance and Note 7 A to the financial statements reflects expenditure on use of goods and services totalling Kshs.869,815 which was mainly on domestic travel and subsistence, committee allowances and catering and hospitality. While the expenditure is within the allowable limit of 10% by the Lamu County Persons with Disabilities Act, 2018, the Act is inconsistent with Regulation 197 (1) (d) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the

establishment of a County Public Fund shall ensure that the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund.

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

### **3. Failure to Establish Resource Centers**

The statement of comparison of budget and actual amounts reflects budgeted revenue and expenditure of Kshs.8,731,217. As previously reported, the approved budget estimates which did not include any provision for the establishment of resource centers and programs for persons with disabilities six (6) years after it was established contrary to Section 12 of the Lamu County Persons with Disability Act, 2018 state that the department shall collect or facilitate the collection of data of the population of people with disabilities and the nature of their disabilities. The department shall also 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 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 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 Fund'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 Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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 for 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, GBS  
AUDITOR-GENERAL

Nairobi

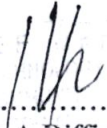
31 December, 2024


**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**14. Statement of Financial Performance for the Year Ended June 30,2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	2	-	7,000,000
<b>Total Revenue</b>		-	<b>7,000,000</b>
<b>Expenses</b>			
Use of goods and services	7A	869,815	919,200
Grant Disbursement & Empowerment Programs	7B	7,023,600	860,000
<b>Total Expenses</b>		<b>7,893,415</b>	<b>1,779,200</b>
<b>Other Gains/Losses</b>			
<b>Surplus/(Deficit) for the Period</b>		<b>(7,893,415)</b>	<b>5,220,800</b>

*(The notes set out on pages 6 to 34 form an integral part of these Financial Statements)*

  
 Name: Hafswa A Diffini  
 Chairperson of The Committee

  
 Name: CPA Mohamed A. Abubakar  
 Director Accounting Services  
 ICPAK Member Number: 23585

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**15. Statement of Financial Position As at June 30,2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	837,802	8,731,217
<b>Total current assets</b>		<b>837,802</b>	<b>8,731,217</b>
<b>Non-Current Assets</b>		-	-
Property plant and equipment			-
<b>Total Assets</b>		<b>837,802</b>	<b>8,731,217</b>
<b>Total Liabilities</b>		-	-
<b>Net Assets</b>		<b>837,802</b>	<b>8,731,217</b>
Represented By			
Revolving Lamu County Disability Grant		5,000,000	5,000,000
Reserves		-	-
Accumulated Surplus		(4,162,198)	3,731,217
<b>Total Net Assets and Liabilities</b>		<b>837,802</b>	<b>8,731,217</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 26/11/2024 and signed by:




Name: **Hafswa A Diffini**  
 Chairperson of The Committee



Name: **CPA Mohamed A. Abubakar**  
 Director Accounting Services  
 ICPAK Member Number: 23585

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**16. Statement of Changes in Net Assets for the year ended June 30,2024**

Description	Lamu County Disability Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1st July 2022</b>	<b>5,000,000</b>	-	<b>(1,489,583)</b>	<b>3,510,417</b>
Surplus/(Deficit) For the Period	-	-	5,220,800	5,220,800
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	<b>5,000,000</b>	-	<b>3,731,217</b>	<b>8,731,217</b>
<b>Balance As At 1 July 2023</b>	<b>5,000,000</b>	-	<b>3,731,217</b>	<b>8,731,217</b>
Surplus/(Deficit) For the Period	-	-	(7,893,415)	(7,893,415)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	<b>5,000,000</b>	-	<b>(4,162,198)</b>	<b>837,802</b>

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



.....  
Name: Hafswa A Diffini  
Chairperson of The Committee





.....  
Name: CPA Mohamed A. Abubakar  
Director Accounting Services  
ICPAK Member Number: 23585


**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**17. Statement of Cash Flows for The Year Ended June 30,2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers From the County Government		-	7,000,000
<b>Total receipts</b>		-	<b>7,000,000</b>
<b>Payments</b>			
Use of goods and services		869,815	919,200
Grant Disbursement		7,023,600	860,000
<b>Total payments</b>		<b>7,893,415</b>	<b>1,779,200</b>
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>(7,893,415)</b>	<b>5,220,800</b>
<b>Cash flows from investing activities</b>		-	-
<b>Cash flows from financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(7,893,415)</b>	<b>5,220,800</b>
Cash and cash equivalents at 1 July		8,731,217	3,510,417
<b>Cash and cash equivalents at 30 June</b>		<b>837,802</b>	<b>8,731,217</b>

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

  
  
 Name: **Hafswa A Diffini**  
 Chairperson of The Committee

  
 Name: **CPA Mohamed A. Abubakar**  
 Director Accounting Services  
 ICPAK Member Number: 23585

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**18. Statement Of Comparison Of Budget And Actual Amounts For year the year Ended June 30,2024**

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers From County Govt.	-	-	-	-	-	-
Bal b/d	8,731,217.00	-	8,731,217.00	8,731,217.00	-	100
<b>Total Income</b>	<b>8,731,217.00</b>	<b>-</b>	<b>8,731,217.00</b>	<b>8,731,217.00</b>	<b>-</b>	<b>-</b>
Expenses						
Employee Costs						
Use of goods and services	869,815.00	-	869,815.00	869,815.00		100
Grant disbursements & Empowerment Program	7,861,402.00	-	7,861,402.00	7,023,600.00	837,802.00	89.34
<b>Total Expenditure</b>	<b>8,731,217.00</b>	<b>-</b>	<b>8,731,217.00</b>	<b>7,893,415.00</b>	<b>837,802.00</b>	<b>90.40</b>
Surplus For The Period	-	-	-	837,802.00		
Capital Expenditure	-	-	-		-	

**Reconciliation Statement between the Statement of Comparison of Budget Amounts Vs Actual and Statement of Financial Performance**

Surplus for the period as per the statement of Comparison Budget Vs Actual	Kshs	837,802.00
Surplus for the period as per the statement of Financial Performance	Kshs	( 7,893,415.00)
	<b>KES</b>	<b>( 7,055,613.00)</b>

The variance of Kshs **(7,055,613.00)** was a result of Opening Balance of Kshs **8,731,217.00** disclosed in the statement of budget and actuals not required to be disclosed in the statement of Financial Performance.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**19. Notes to the Financial Statements**

**1. General Information**

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

The fund's objective is to unlock the persons Living with Disabilities potential for sustainable and wealth creation and development. The Fund's principal activity is to provide funds for economic empowerment to the persons living with disabilities.

**2. Statement of compliance and basis of preparation**

The Lamu County Disability Fund 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 2024**

There were no new and amended standards issued in the financial year.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<b>Applicable 1<sup>st</sup> January 2025</b> 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

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

	<p>leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></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>
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></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><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul 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> <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>
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</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 entity 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>Applicable 1<sup>st</sup> January 2026</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</p>

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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	to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<b>Applicable 1<sup>st</sup> January 2026</b> 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.

**iii. Early adoption of standards**

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

**Lamu County Disability Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**1. 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 Lamu County Disability Fund and can be measured reliably.

**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 Lamu County Disability Fund'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 2023/2024 was approved by the Lamu County Disability Committee on 6<sup>th</sup> July, 2023. 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.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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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.

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.

**c) 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 Lamu County Disability Fund 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.

**Lamu County Disability Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**a) 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.

**b) 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. 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.

**Summary of Significant Accounting Policies (Continued)**

**c) 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 Lamu County Disability Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Lamu County Disability Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

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

**Lamu County Disability Fund**  
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unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the Lamu County Disability Fund 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.

**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.

**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 entity

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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.

**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.

**Impairment**

The Lamu County Disability Fund 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 entity recognizes a loss allowance for such losses at each reporting date.

**Financial liabilities**

**Classification**

The Lamu County Disability Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**d) 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:

- Raw materials: purchase cost using the weighted average cost method
- 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

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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 entity.

**e) Provisions**

Provisions are recognized when the Lamu County Disability Fund 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. The Lamu County Disability Fund made no provisions.

**f) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Lamu County Disability Fund recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Lamu County Disability Fund will incur in fulfilling the present obligations represented by the liability.

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***Summary of Significant Accounting Policies (Continued)***

**g) Contingent liabilities**

The Lamu County Disability Fund 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.

**Contingent assets**

The Lamu County Disability Fund 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 entity 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.

**h) Nature and purpose of reserves**

The Lamu County Disability Fund does not create and maintains reserves

**i) 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.

**j) Employee benefits – Retirement benefit plans**

The Lamu County Disability Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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

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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.

*Summary of Significant Accounting Policies (Continued)*

**k) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**l) 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.

**m) Related parties**

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

**n) 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

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statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**o) Comparative figures**

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

*Summary of Significant Accounting Policies (Continued)*

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions –**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Lamu County Disability Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**b) Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes

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- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**c) Provisions**

No Provisions were raised.

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**6. Notes To The Financial Statements Continued**

**1. Public contributions and donations**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total</b>	-	-

**2. Transfers from County Government**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	7,000,000
<b>Total</b>	-	<b>7,000,000</b>

**3. Fines, penalties and other levies**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
Fines	-	-
<b>Total</b>	-	-

**4. Interest income**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total Interest Income</b>	-	-

**5. Other income**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total Other Income</b>	-	-

**6. Employee Costs**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
Salaries And Wages	-	-
<b>Total</b>	-	-

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**7 A. Use of Goods and Services**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Domestic Travel And Subsistence And Other Transp	374,400	642,200
Committee allowances	445,000	52,000
Catering & Hospitality	49,600	225,000
Bank Charges	815	-
<b>Total</b>	<b>869,815</b>	<b>919,200</b>

**7 B. Grant disbursements**

3. Description	2023-2024	2022-2023
	Kshs.	Kshs.
Grant disbursements	7,023,600	860,000
<b>Total</b>	<b>7,023,600</b>	<b>860,000</b>

**8. Depreciation and Amortization Expense**

Description	2023 -2024	2022 -2023
	Kshs.	Kshs.
Property Plant and Equipment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance costs**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Gain/(loss) on disposal of assets**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total</b>	<b>-</b>	<b>-</b>

**11. Gain/ (loss) on Fair Value Investments**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total Gain</b>	<b>-</b>	<b>-</b>

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**12. Cash and cash equivalent**

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
<b>A) Current Account</b>			
Cooperative Bank	01141562514800	837,802	8,731,217
<b>Grand Total</b>		<b>837,802</b>	<b>8,731,217</b>

**13. Receivables from exchange transactions**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total Receivables From Exchange Transactions</b>	<b>-</b>	<b>-</b>

**14. Prepayments**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total</b>	<b>-</b>	<b>-</b>

**15. Inventories**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	<b>-</b>	<b>-</b>

**16. Investments in financial assets**

Description	2023 -2024	2022 -2023
	Kshs	Kshs
<b>Grand total</b>	<b>-</b>	<b>-</b>

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**17. Property, plant and equipment**

	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs
At 1 <sup>st</sup> July 2022	-	-	-
Additions	-	-	-
Disposals	-	-	-
Transfers/Adjustments	-	-	-
At 30 <sup>th</sup> June 2023	-	-	-
	-	-	-
At 1 <sup>st</sup> July 2023	-	-	-
Additions	-	-	-
Disposals	-	-	-
Transfer/Adjustments	-	-	-
At 30 <sup>th</sup> June 2024	-	-	-
<b>Depreciation And Impairment</b>			
At 1 <sup>st</sup> July 2022	-	-	-
Depreciation	-	-	-
Transfer/Adjustment	-	-	-
At 30 <sup>th</sup> June 2023	-	-	-
	-	-	-
At 1 <sup>st</sup> July 2023	-	-	-
Depreciation	-	-	-
Impairment	-	-	-
At 30 <sup>th</sup> June 2024	-	-	-
<b>Net Book Values</b>			
At 30 <sup>th</sup> June 2023	-	-	-
At 30 <sup>th</sup> June 2024	-	-	-

**18. Intangible assets**

Description	2023-2024	2022-2023
	Kshs	Kshs
NBV	-	-

**19. Investment Property**

Description	2023-2024	2022-2023
	Kshs	Kshs
At end of the year	-	-

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**20. Trade and other payables from exchange transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Total Trade and Other Payables</b>	-	-

**21. Provisions**

Description	Leave provision	Bonus provision
	Kshs	Kshs
<b>Balance At the End of The Year</b>	-	-

**22. Borrowings**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Balance At End of The Period</b>	-	-

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits
	Kshs	Kshs
<b>Total</b>	-	-

**24. Social Benefit Liabilities**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Total (tie to totals above)</b>	-	-

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**25. Cash generated from operations**

Description	2023-2024	2022-2023
	KSh	KSh
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>(7,893,415)</b>	<b>5,220,800</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>(7,893,415)</b>	<b>5,220,800</b>

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**26. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund/Scheme 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 is related to the following entities:

- a) The County Government.
- b) Key management.
- c) Board of Management.

**b) Related party transactions**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total</b>	-	7,000,000.00

**c) Key management remuneration**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total</b>	-	-

**d) Due from related parties**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total</b>	-	-

**e) Due to related parties**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total</b>	-	-

**6. Contingent assets and contingent liabilities**

Contingent Liabilities	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total</b>	-	-

**Lamu County Disability Fund**  
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**Notes to The Financial Statements (Continued)**

**1. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

**Lamu County Disability Fund**  
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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	837,802	837,802	-	-
<b>Total</b>	<b>837,802</b>	<b>837,802</b>	-	-
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	8,731,217	8,731,217	-	-
<b>Total</b>	<b>8,731,217</b>	<b>8,731,217</b>	-	-

**Lamu County Disability Fund**  
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**Notes To The Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

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

**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 entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The Fund'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

**i. Foreign currency risk**

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

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**Notes To The Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance 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.

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

The Fund 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.

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

**d) Capital risk management.**

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	5,000,000	5,000,000
Accumulated surplus	(4,162,198)	3,731,217
<b>Total funds</b>	<b>837,802</b>	<b>8,731,217</b>
Total borrowings	-	-
Less: cash and bank balances	<b>837,802</b>	<b>8,731,217</b>
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**2. Events after the reporting period**

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

**3. Ultimate and Holding Entity**

The entity is a County Public Fund established by Lamu County Disability Act,2018 under the Ministry of Education Youth Sports Vocational Gender and Social Services. Its ultimate parent is the County Government of Kenya.

**4. Currency**

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

**Lamu County Disability Fund  
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**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.	Unsupported Lamu County Disability Fund Balance	The unsupported Lamu County Disability Fund Balance has been resolved		
2.	Budgetary Control Balance	The fund is fully absorbed and funds has been utilized		
3.	Failure to establish resource Centre	Limited resources	Not resolved	30 <sup>th</sup> June,2025
4.	Incomplete Board Composition	The board is in place		
5.	Lack of Risk Management Policy	The risk management policy is in place and the draft is submitted to Lamu County Assembly	Not Resolved	30 <sup>th</sup> June,2025

**Guidance Notes:**

Fund Administrator

Date.....28/11/24.....



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**Annex II: Inter-Fund Confirmation Letter**



Lamu County Disability Fund  
74-80500  
Lamu County, Mokowe

The Lamu County Disability Fund wishes to confirm the No amounts disbursed as at 30<sup>th</sup> June 2024 as indicated in the table below.

Confirmation of amounts received by Lamu County Disability Fund as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by Lamu County Treasury (Kshs) as at 30 <sup>th</sup> June 2024				Amount Received Lamu County Disability Fund (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
		-	-	-	-	-	-
<b>Total</b>							

In confirm that the no amounts are received as shown above.  
**Head of Accountants department of beneficiary Fund:**  
 Name Mohamed Abbas Sign [Signature] Date 26/11/24