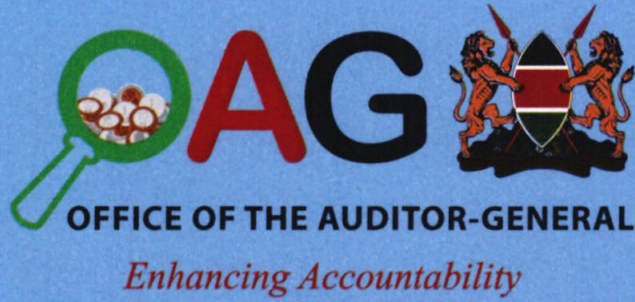


REPUBLIC OF KENYA



REPORT



OF

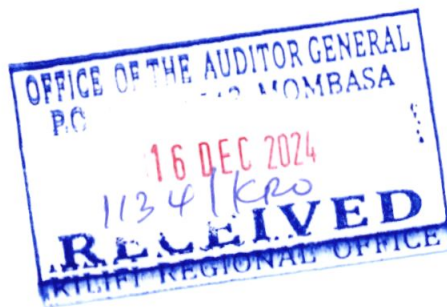
THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF LAMU

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

PAPERS LAID	
DATE	5/3/25
TABLED BY	Maj. L
COMMITTEE	—
CLERK AT THE TABLE	Maslin



COUNTY ASSEMBLY OF LAMU

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

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1. Acronyms and Glossary of Terms

a) Acronyms

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
MCA	Member of County Assembly
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
Kshs	Kenya Shillings

b) Glossary of Terms

Comparative FY	Means the financial year preceding the current financial year.
Fiduciary Management	Means officers directly involved in management of entity's finances and resources

(This list is an indication of acronyms and key terms; the County Assembly should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

The Assembly is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 10 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards and 10 Members of the County Assembly (MCAs) nominated. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management Team

The *Assembly's* day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the year ended 30 June, 2024 and who had direct fiduciary responsibility were:

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

Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

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

(e) Entity Headquarters

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

(f) Entity Contacts

Telephone: (254) 722 966 766
E-mail: lamuassembly@gmail.com
Website: www.assembly.lamu.go.ke

(g) Entity Bankers

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

(h) Independent Auditor

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

(i) Principal Legal Adviser

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

II. The County Attorney
County Government of Lamu
P.O. Box 74-80500
Lamu.

3. Governance Statement

The County Assembly

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

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

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

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

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

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

a) Select Committees

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

b) Sectoral Committees

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

The County Assembly has the following Select and Sectoral committees:

1. Agriculture, Fisheries, Natural Resources and Blue Economy
2. Health Services, Water and Environment
3. Education, Culture and Social Welfare
4. Transport, Infrastructure and Public Works
5. Trade, Tourism, Information and Co-operatives Development
6. Lands, Physical Planning and Housing

Governance Statement (*Continued*)

7. Power, Privileges, Justice and Legal Affairs
8. Intergovernmental, Labour and Public Service
9. Committee on Appointment
10. Committee on Implementation
11. Finance, Budget and Appropriation Committee
12. Committee on Delegated County Legislation
13. County Assembly Business Committee
14. County Public Investment and Accounts Committee
15. Committee on Selection
16. County Assembly Procedure and Rules Committee

Governance Statement (Continued)

a) Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held no meetings in FY 2023-2024. The committee members during FY 2023-2024 were:

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

b) Public Accounts/Investment Committee

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

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

Governance Statement (Continued)

c) Finance, Budget and Appropriations Committee

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

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

d) County Assembly Procedure and Rules Committee

The County Assembly Procedure and Rules Committee shall consider and report on all matters relating to the Standing Orders. The County Assembly Procedure and Rules Committee may propose amendments to the Standing Orders and any such amendments shall upon approval by the County Assembly, take effect at the time appointed by the County Assembly. The members who served in the committee during the period were:

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

Governance Statement (Continued)

e) Committee on Implementation

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

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

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

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

f) Committee on Delegated County Legislation

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

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

MCA Ahmed Omar Hamid	Chair	Nominated
MCA Rebecca Wambui Wainaina	Vice Chair	Nominated
MCA Bwana Mohamed Bwana	Member	Kiunga
MCA Atwaa Salim Mohamed	Member	Shella
MCA Barisa Deko Bana	Member	Basuba
MCA Amina Bwanamkuu	Member	Nominated
MCA Mercy Wangeci Nyambura	Member	Nominated

Governance Statement (Continued)

g) Lands, Physical Planning and Housing

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

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

h) Intergovernmental, Labour and Public Service

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

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

Governance Statement (Continued)

i) Health Services, Water and Environment

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

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

j) Transport, Infrastructure and Public Works

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

Member	Designation	Ward
MCA Zahara Shee Mohamed	Chair	Nominated
MCA Ahmed Omar Hamid	Vice Chair	Nominated
MCA Husuni Mohamed	Member	Nominated
MCA James Njaaga Kariuki	Member	Hindi
MCA Fahd Dini Adnan	Member	Nominated
MCA Rebecca Wambui Wainaina	Member	Nominated
MCA Amina Hassan Bwanamkuu	Member	Nominated

Governance Statement (Continued)

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

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

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

k) Agriculture, Fisheries, Natural Resources and Blue Economy

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

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

Governance Statement (Continued)

l) Education, Culture and Social Welfare

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

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

m) County Assembly Business Committee

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

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

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

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

Governance Statement (Continued)

n) Committee on Selection

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

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

o) Committee on Appointments

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

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

Communication with all Stakeholders

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

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

Risk management

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

Compliance

County Assembly of Lamu have Complied to:

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

Public procurement and asset disposal act 2015, public procurement and disposal regulations, County Assembly of Lamu standing Orders.

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

4. Foreword by the Clerk of The Assembly

During the financial year 2023/2024 the County Assembly of Lamu, made great achievements in its operations and reporting. The improvement has seen the County Assembly perform its functions of oversight, legislation and representation properly. The absorption rate of recurrent budget was 87% indicating that the resources were utilised efficiently. For the development budget, the absorption rate of 12% due to delay on disbursement of funds.


We are still facing a lot of challenges with the implementation of e-procurement and IFMIS, due to breakage of power failure in most of the time which disrupted internet connectivity in which the system is using.

The County Assembly of Lamu has improved the security of the offices by installation of electric fence and Alarm System, CCTV Camera, Security Access Control and Elevated security flood lights. This is expected to have a positive impact in the performance of the Assembly and security of the office, hence improving service delivery.

The County Assembly of Lamu were able to pay all the suppliers and Closed the financial year without any pending bills, several procurement contracts were awarded to special category of Women, Youth and people with disability, while also promoting local business and improving the livelihood of our people.

In the financial year 2023/24 the County Assembly of Lamu vetted and approved all County appointments done by H.E. Governor, we also approved policy and planning documents prepared by the Lamu Municipality. County Assembly of Lamu also published six bills, six published Acts, twenty committee reports adopted, and twenty five motions passed. Finally, we faced challenges with Internet Banking (IB) and IFMIS due to lack of high-speed internet in Mokowe, electricity power cuts, poor road network, insecurity, Gen Z protest, and the slow release of funds by the Controller of Budget.

The County Assembly of Lamu also lost one of its nomited member Madam Zahara Shee, She is a big loss to the County at Large and so created a gap in one of ward presented.



.....

Name: Omar Ahmed

Clerk of the County Assembly

5. Statement of Performance Against County Assembly Predetermined Objectives

Guidance

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 is expected to include of the County Government entity performance of the its key mandate.

The key mandate of the County Assembly of Lamu is legislation, oversight and representation. On legislation part the County Assembly was able to publish six bills against a target of six bills, considering that we faced a lot of electric power cuts, Gen Z protest and loss of one nominated member Madam Zahara Shee.

On Oversight, the committees were able to table twenty committee reports surpassing the set target, the performance was good given. Also, on the oversight role the committees vetted and approved all the appointments by H.E. the Governor Issa Timamy, The assembly committees also held several consultative meetings with County Executive Committee Members. The county assembly also approved all the policies and plans prepared by the Lamu Municipality.

On the representation mandate, the County Assembly continues to run the ward offices in all ten wards and we also have social media platforms through the department of communication and public relations that we are able inform the public and also receive the views from the public.

Overall, the performance was good notwithstanding the electric power cuts and internet disconnection, The Gen Z protest also slow the work flow of the work as some of the officers were closed during the period but there still room for improvement and the County Assembly of Lamu believes in continuous improvement and its pursuit to improve the livelihood of the people of Lamu more will be done.

6. Corporate Social Responsibility Statement/Sustainability Reporting

In the financial year 2023/2024 the County Assembly of Lamu embarked on improving the livelihoods of the residents of Lamu County through timely approval of new County Executive Committee Members and Chief Officers. The County Assembly approved all government policies and plans that were submitted, we have always pursued the strategy of customer first and improve our operations and access by the public. We continued to use the strategy of no wrong door/office in the County Assembly of Lamu, where citizens seeking any assistance will be provided with services by any officer or directed to the right office immediately.

We have provided attachments to the local youths in order for them to gain experience and participated in community environmental cleaning. We also received over 15 Primary schools that came for study tour at the County Assembly and the students were taken through a live debate session.

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

The County Assembly of Lamu has created a clean and safe working environment to staff and the public. The security has been enhanced with posting of Administration Police officers working together with our security guards to ensure security and safety is improved. We have been able to train our Members of County Assembly and staff, in order to improve their performance and skills. An induction was done for the members and a proper capacity building for the new elected and appointed MCAs. Medical insurance cover is provided to the staff and members of the County

Corporate Social Responsibility Statement (*Continued*)

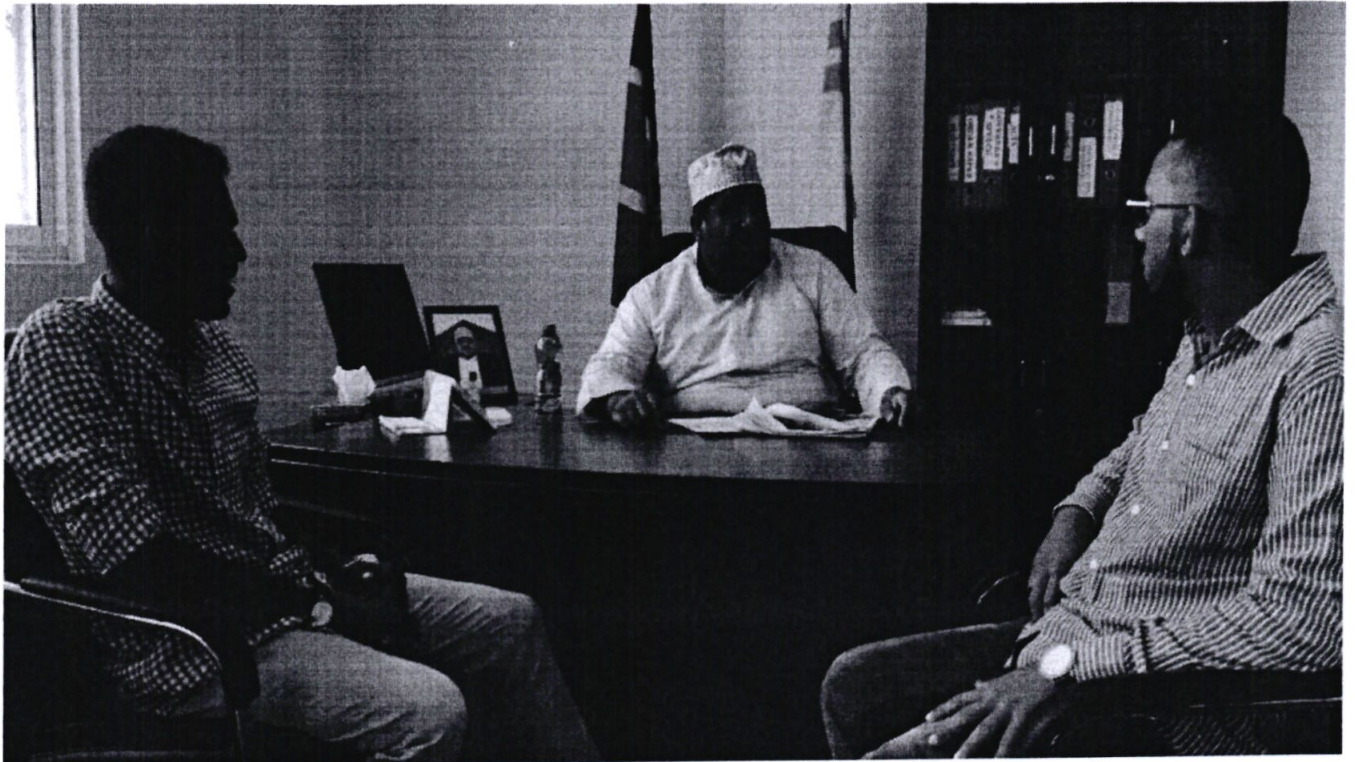
Assembly and all the vehicles are cover with comprehensive insurance cover. There is control entry and exit in to the Assembly premise with proper screening by the security officers and registration of all visitors.

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

The County Assembly of Lamu engaged the Lamu community in public participation of all the bills and plans that are brought to the County Assembly for consideration and approval. Our social media handles are active and running while providing immediate media briefings to all the Assembly sessions, transmitted to the public in English and Kiswahili. The County Assembly staff participates in community sports and activities that creates cohesion and community harmony. The Office of the Speaker participated in the issuance of wheel chairs and other assistive devices to people living with disability in collaboration with Aga Khan Foundation and MWARP.

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

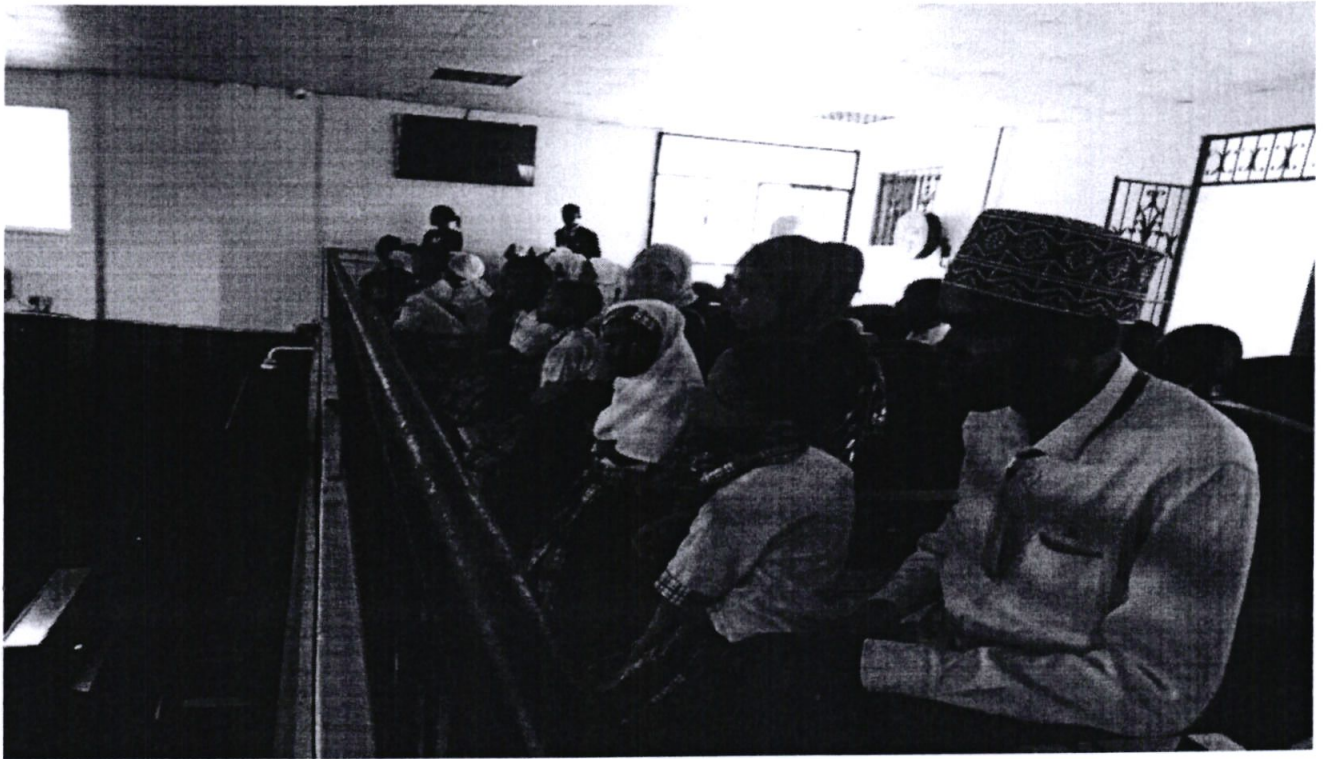
Corporate Social Responsibility Statement (Continued)



The Speaker of the County Assembly of Lamu Hon. Azhar Ali Mbarak meeting with Lamu Youth at his office in the County Assembly of Lamu Mokowe Headquaters.



Corporate Social Responsibility Statement (Continued)



Primary school students on a study tour to the County Assembly of Lamu with Hon. Shekhuna Abbas (MCA Mkomani Ward), Hon Ahmed Omar (MCA Nominated member and Mr. Hussein About the Public Relations Officer

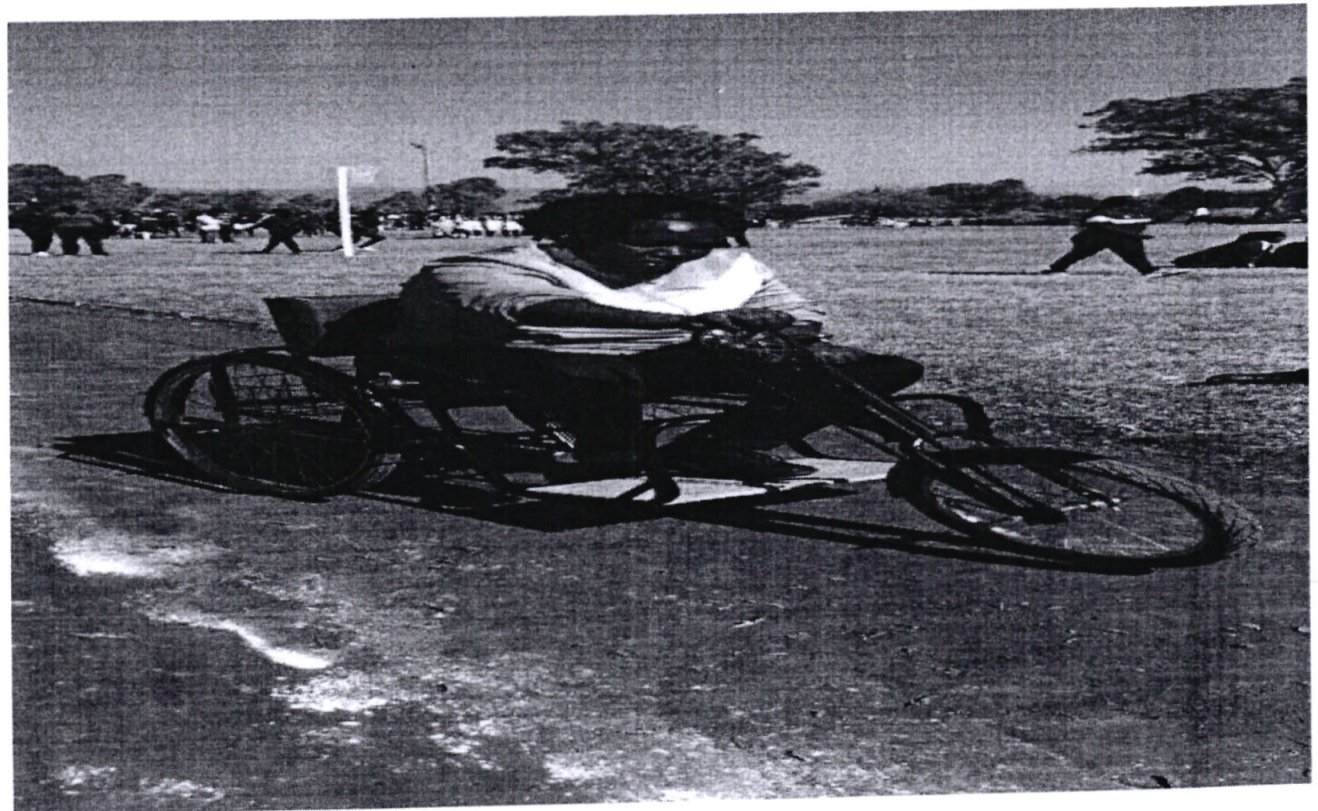
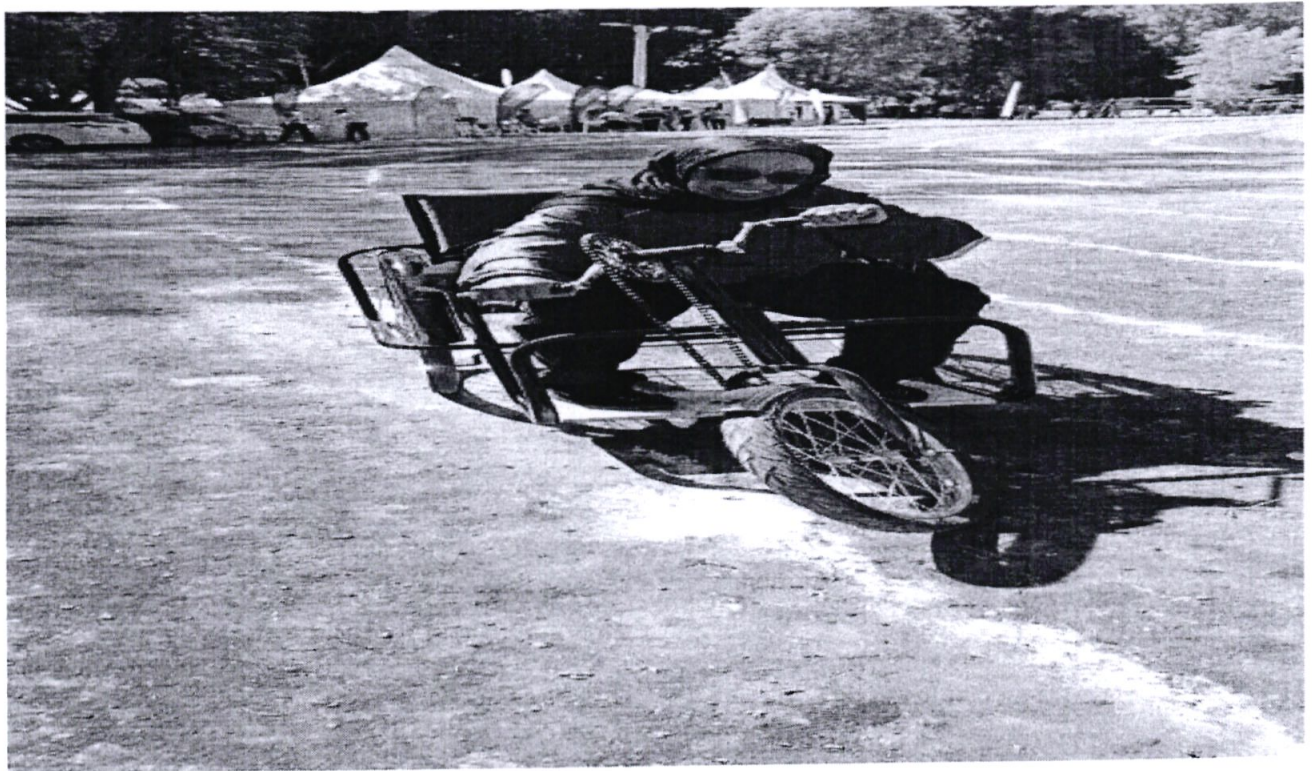


National Government Heads in the Department of Immigration with Mr. Hussein About the Public Relations Officer and Mr Shakir Abdul Mohammed Administration

Corporate Social Responsibility Statement (Continued)



Corporate Social Responsibility Statement (Continued)



County Assembly of Lamu participating in the annual CASA games.

Corporate Social Responsibility Statement (*Continued*)

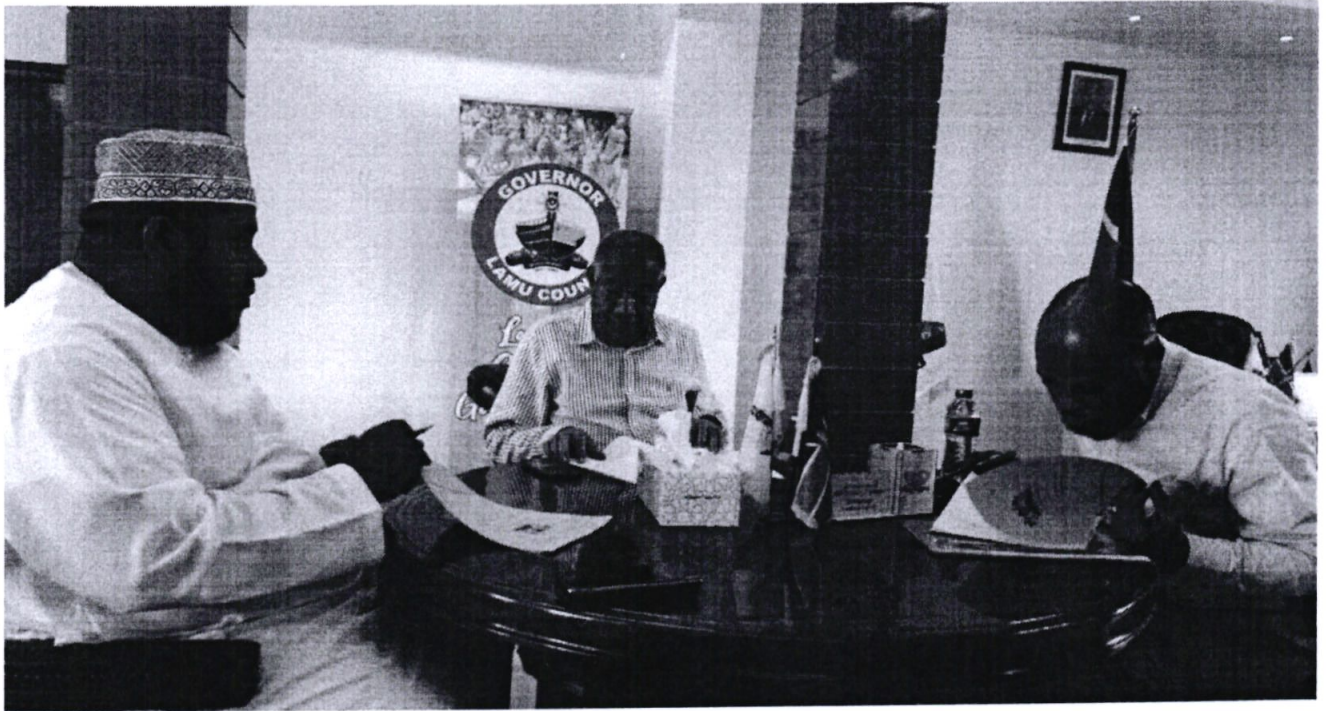


2nd year of the third County Assembly of Lamu anniversary.



Hon. Mohammed Abubakar 'Simba' (MCA Faza Ward) participating in the Dhow racing at Kizingitini, Lamu east Constituency.

Corporate Social Responsibility Statement (Continued)



The Speaker Mr Azhar Mbarak and the Clerk Mr Omar Ahmed of the County Assembly of Lamu Accepting of the Bill from The Governor Mr. Issa Timamy at the County Headquater.



The County Assembly of Lamu hon members attending Training

7. Statement of Management Responsibilities

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


The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended 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 County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2024, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly 's financial statements were approved and signed by the Clerk of the County Assembly on 10th September 2024.

.....

Name: Omar Ahmed
Clerk of the County Assembly

REPUBLIC OF KENYA



Enhancing Accountability

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

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

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

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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements County Assembly of Lamu set out on pages 1 to 40 which comprise the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, a

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position County Assembly of Lamu 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 (Cash Basis) and comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variance between Financial Statements and IFMIS

The statement of financial statements reflects amounts that differ with IFMIS records as detailed below:

Component	Financial Statements- (Kshs)	IFMIS Trial Balance- (Kshs)	Variances- (Kshs)
Acquisition of assets	19,950,161	20,604,777	(654,616)
Cash Balance	0	58,692,700	(58,692,700)
Accounts Receivables	0	10,344,865	(10,344,865)
Accounts Payables Deposits	1,178,328	(94,181,204)	(95,359,532)

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Inaccuracies in the Financial Statements

The statement of financial position reflects third party deposits and retentions comparative balance of Kshs.120 whereas Note 15 to the financial statements reflects a Nil balance resulting to unreconciled variance of Kshs.120. The statement of financial position reflects prior year adjustment of Kshs.1,100,314 that differed with the net financial assets comparative balance of Kshs.1,103,446 resulting to unreconciled variance of Kshs.3,132.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The summary statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.589,500,000 and Kshs.427,368,719 respectively resulting to an under-funding of Kshs.162,131,281 or 27 % of the budget. Similarly, the Assembly spent a balance of Kshs.425,711,413 against actual receipts of Kshs.427,368,719 resulting to an under-utilization of Kshs.1,657,306 or 0.4 %.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion, 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 are responsible for the other information set out on page iii to xxviii which comprise of Key Entity Information and Management, Governance Statement, Foreword by the Clerk of the Assembly, Statement of Performance Against Predetermined Objectives, Corporate Social Responsibility Statement/Sustainability Reporting 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 Assembly's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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, 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.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

The County Assembly Board has established an internal audit function. However, during the year under review the office of internal auditor was vacant and the recruitment process had not been commenced. Further, the audit committee was also not constituted. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of internal audit function and an audit committee. As such, the Assembly did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the audit committee.

In the circumstances, the governance structure of the Assembly was not properly constituted and therefore the effectiveness of the internal control systems and checks and balances could not be confirmed.

2. Lack of Ownership Documents

Annex 1 on summary of non-current assets register reflects total assets historical cost amount of Kshs.591,514,075. The amount includes land valued at Kshs.122,027,040 comprising of the County Assembly office block and the speaker's house. However, the value of the speaker's house land has not been disclosed separately in the assets register and its title deed was not provided for audit.

In the circumstances, the accuracy, completeness and ownership of land valued at Kshs.122,027,040 could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Assembly's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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 IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

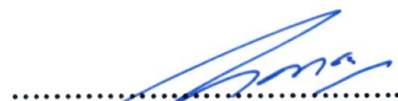
Nairobi

23 December, 2024

9. Statement of Receipts and Payments for The Year Ended 30th June 2024

		FY 2023-2024	FY 2022-2023
	Note	KShs	KShs
Receipts			
Transfers from the CRF	1	427,368,719	362,476,400
Proceeds from sale of assets	2	-	-
Miscellaneous receipts	3	-	-
Total receipts		427,368,719	362,476,400
Payments			
Compensation of employees	4	198,687,308	164,400,820
Use of goods and services	5	207,073,945	151,137,818
Subsidies	6	-	-
Transfers to other government entities	7	-	27,000,000
Other grants and transfers	8	-	-
Social security benefits	9	-	-
Acquisition of assets	10	19,950,161	18,837,999
Finance costs	11	-	-
Other payments	12	-	-
Total payments		(425,711,413)	(361,376,637)
Surplus/deficit		1,657,306	1,099,763

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10th September 2024 and signed by:



Name: Omar Ahmed
Clerk of the Assembly



Name: Mwarabu Salim
Director Finance – County Assembly
ICPAK Member Number:21616

10. Statement Of Financial Assets and Liabilities as at 30th June 2024

Financial assets	Note	FY 2023-2024	FY 2022-2023
		KShs	KShs
Cash and cash equivalents			
Bank balances	13A	2,838,886	809,566
Cash balances	13B	-	-
Total cash and cash equivalents			
Imprests and Advances	14	-	294,000
Total financial assets		2,838,886	1,103,566
Financial liabilities			
Third party deposits and retention	15	1,178,448	120
Net financial assets		1,660,438	1,103,446
Represented by			
Fund balance b/fwd	16	1,103,446	1,311,355
Prior year adjustment	17	(1,100,314)	(1,307,672)
Surplus/(deficit) for the year		1,657,306	1,099,763
Net Financial Position		1,660,438	1,103,446

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10th September 2024 and signed by:



.....

Name: Omar Ahmed
Clerk of the Assembly



.....

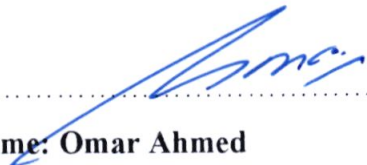
Name: Mwarabu Salim
Director Finance – County Assembly
ICPAK Member Number:21616


11. Statement of Cash Flows for The Period Ended 30th June 2024

	Note	FY 2023-2024 KShs	FY 2022-2023 KShs
Cash flows from operating activities			
Receipts from operating income			
Transfers from the CRF	1	427,368,719	362,476,400
Miscellaneous receipts	3	-	-
Total receipts from operating income		427,368,719	362,476,400
Payments for operating expenses			
Compensation of employees	4	198,687,308	164,400,820
Use of goods and services	5	207,073,945	151,137,818
Subsidies	6	-	-
Transfers to other government entities	7	-	27,000,000
Other grants and transfers	8	-	-
Social security benefits	9	-	-
Finance costs	11	-	-
Other payments	12	-	-
Total payments for operating expenses		(405,761,253)	(342,538,638)
Net receipts/(payments) from operating activities		21,607,466	19,937,762
Adjusted for:			
Prior year adjustment/Refund to CRF	17	(1,100,314)	(1,307,673)
Adjustment on Outstanding Imprest		-	(294,000)
Decrease/(increase) in accounts receivable:	18	294,000	-
Increase/(decrease) in accounts payable:	19	1,178,328	(2,178,510)
Net cash flows from operating activities		21,979,481	16,157,579
Cashflow from investing activities			
Proceeds from sale of assets	2	-	-
Acquisition of assets	10	(19,950,161)	(18,837,999)
Net cash flows from investing activities		(19,950,161)	(18,837,999)

		FY 2023-2024	FY 2022-2023
	Note	KShs	KShs
Cash flow From Financing Activities			
Proceeds from borrowing		-	-
Repayment of principal on domestic and foreign borrowing		(-)	(-)
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		2,029,320	2,680,420
Cash & cash equivalent at Start of the year		809,566	3,489,985
Cash & cash equivalent at end of the year		2,838,886	809,566

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10th September 2024 and signed by:


.....
Name: Omar Ahmed
Clerk of the Assembly


.....
Name: Mwarabu Salim
Director Finance- County Assembly
ICPAK Member Number 21616




12. Statement of Comparison of Budget & Actual Amounts: Recurrent and Development for year ended 30th June 2024

	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	549,000,000	40,500,000	589,500,000	427,368,719	162,131,281	72.5%
Proceeds from sale of assets	-	-	-	-	-	-
Total	549,000,000	40,500,000	589,500,000	427,368,719	162,131,281	72.5%
Payments						
Compensation of employees	218,517,450	10,974,020	229,491,470	198,687,308	30,804,162	87%
Use of goods and services	232,482,550	(974,020)	231,508,530	207,073,945	24,434,586	89%
Transfers to other government entities	-	-	-	-	-	-
Acquisition of assets	98,000,000	30,500,000	128,500,000	19,950,161	108,549,839	16%
Finance costs	-	-	-	-	-	-
Total	549,000,000	40,500,000	589,500,000	425,711,413	163,788,587	72%
Surplus/ deficit	-/(-)	-/(-)	-/(-)	1,657,306	-/(-)	-

Underutilization was caused by:

- I. Late exchequer releases
- II. Long process of funds requisition in Office of the Controller of Budgets

The entity financial statements were approved on 10th September 2024 and signed by:


Name: Omar Ahmed
Clerk of the Assembly


Name: Mwarabu Salim
Director Finance ICPAK Member Number:21616

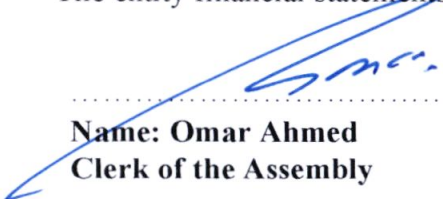
12A Statement of Comparison Of Budget & Actual Amounts: Recurrent for the year ended 30th June 2024

	Kshs	Kshs	Kshs	Kshs	Kshs	Utilization =0/c %
Receipts						
Transfers from the CRF	460,000,000	10,000,000	470,000,000	412,590,620	57,409,380	88%
Proceeds from sale of assets	-	-	-	-	-	-
Total	460,000,000	10,000,000	470,000,000	412,590,620	57,409,380	88%
Payments						
Compensation of employees	218,517,450	10,974,020	229,491,470	198,687,308	30,804,162	87%
Use of goods and services	232,482,550	(974,020)	231,508,530	207,073,945	24,434,586	89%
Transfers to other government entities	-	-	-	-	-	-
Social security benefits	-	-	-	-	-	-
Acquisition of assets	9,000,000		9,000,000	5,172,000	3,828,000	57%
Finance costs	-	-	-	-	-	-
Total	460,000,000	10,000,000	470,000,000	410,933,253	59,066,748	87%
Surplus/ deficit				1,657,368		

Underutilization was caused by:

- I. Late exchequer releases
- II. Long process of funds requisition in Office of the Controller of Budgets

The entity financial statements were approved on 10th September 2024 and signed by:


Name: Omar Ahmed
Clerk of the Assembly


Name: Mwarabu Salim
Director Finance ICPAK Member Number:21616



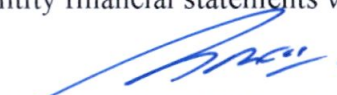
12B Statement Of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2024

	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	89,000,000	30,500,000	119,500,000	14,778,099	104,721,901	12%
Proceeds from sale of assets	-	-	-	-	-	-
Total	89,000,000	30,500,000	119,500,000	14,778,099	104,721,901	12%
Payments						
Compensation of employees	-	-	-	-	-	-
Use of goods and services	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Social security benefits	-	-	-	-	-	-
Acquisition of assets	89,000,000	30,500,000	119,500,000	14,778,161	104,721,901	12%
Finance costs	-	-	-	-	-	-
Total	89,000,000	30,500,000	119,500,000	14,778,161	104,721,901	12%
Surplus/ deficit						

Underutilization was caused by:

- I. Late exchequer releases
- II. Long process of funds requisition in Office of the Controller of Budgets

The entity financial statements were approved on 10th September 2024 and signed by:


.....
Name: Omar Ahmed
Clerk of the Assembly


.....
Name: Mwarabu Salim
Director Finance. ICPAK Member Number:21616



13. Budget Execution By Programmes And Sub-Programmes

Programme/ Sub-Programme	Original Budget	Adjustments	Final Budget	Actual on comparison base	% Budget utilization
	2024	2024	2024	2024	2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1: Administration, Planning and Support Services.	244,367,160	-	244,367,160	195,587,349.50	80%
Programme 2: Legislation, Representation and Oversight	345,132,840	-	345,132,840	230,124,063.5	67%
Total	589,500,000	-	589,500,000	425,711,413	72%

14. Significant Accounting Policies

The Significant accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include third party deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on some classes of receivables and payables as outlined above.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the Lamu County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Assembly recognises all receipts from the various sources when the event occurs, and the related cash has been received by the Assembly.

Significant Accounting Policies (Continued)

i) Transfers from the Exchequer/ County Treasury

Transfer from the Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) Other Receipts

Other receipts relate to receipts such as tender fees among others. These are recognised in the financial statements when the associated cash is received.

b) Recognition of payments

The entity recognises all expenses when the event occurs, and the related cash has actually been paid out by the entity.

i) Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

iii) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

Significant Accounting Policies (Continued)

4. In-kind contributions

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. Third Party Payments

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county government is detailed in the notes to this financial statement.

6. 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.

7. Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2024, this amounted to Kshs 1,178,447,75 compared to Kshs 120.05 in prior period as indicated on note 13A. *There were no other restrictions on cash during the year.*

Significant Accounting Policies (Continued)

8. Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

9. Third party deposits and retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

10. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

11. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The Entity 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. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

13. Contingent Assets

The Entity 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.

Significant Accounting Policies (Continued)

14. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on - for the period 1st July 2023 to 30 June 2024 as required by law. There was two number of supplementary budgets passed in the year. A high-level assessment of the County Executive's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

15. Comparative figures

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

16. Subsequent events

Events after submission of the financial year end financial statements to County Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of the County Treasury.

17. Prior Period Adjustment

During the year, errors that have been corrected are disclosed *under note 26* explaining the nature and amounts.

18. Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Relates party transaction is a transfer of resources of obligations between related parties regardless of whether a price is charged.

15. Notes to the Financial Statements

1. Transfer From CRF

	Insert Current FY	FY 2023-2024
	KShs	KShs
Transfers from the county treasury for Q1	52,448,270	29,052,700
Transfers from the county treasury for Q2	112,234,720	76,312,400
Transfers from the county treasury for Q3	113,688,799	127,358,400
Transfers from the county treasury for Q4	148,996,930	129,752,900
Cumulative amount	427,368,719	362,476,400

(A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in note -X of this report.)

2. Proceeds From Sale of Assets

	Insert Current FY	FY 2023-2024
	KShs	KShs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

Notes to the Financial Statements

3. Miscellaneous receipts

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Other receipts (specify)*	-	-
Total	-	-

*(Give a brief description of other receipts including write backs and recoveries where applicable)

4. Compensation Of Employees

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Basic salaries of permanent employees	70,196,325	64,649,819
Basic wages of temporary employees	21,489,232	12,712,387
Personal allowances paid as part of salary	85,465,132	71,687,845
Personal allowances paid as reimbursements	1,408,581	1,194,054
Personal allowances provided in kind	-	-
Employer contribution to compulsory national social schemes	-	-
Employer contribution to compulsory national health insurance schemes	-	-
Pension and other social security contributions	20,128,038	14,156,715
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	198,687,308	164,400,820

(Explain what other personnel costs relate to.)

Notes To The Financial Statements (Continued)

5. Use Of Goods And Services

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Utilities, supplies and services	838,280	854,269
Communication, supplies and services	2,865,781	3,364,597
Domestic travel and subsistence	53,499,972	35,374,279
Foreign travel and subsistence	71,553,558	46,103,885
Printing, advertising and information supplies & services	543,266	1,154,244
Rentals of produced assets	1,200,000	1,100,000
Training expenses	24,642,512	20,904,396
Hospitality supplies and services	9,086,500	6,671,480
Insurance costs	15,670,641	17,242,803
Specialized materials and services	1,463,000	-
Office and general supplies and services	5,521,924	2,995,460
Fuel, oil and lubricants	9,276,000	7,900,000
Other operating expenses (<i>Include Bank charges</i>)	958,703	3,242,805
Routine maintenance – vehicles and other transport equipment	4,744,360	879,800
Routine maintenance – other assets	5,209,448	3,349,800
Total	207,073,945	151,137,818

Notes To The Financial Statements (Continued)

6. Subsidies

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Subsidies To County Corporations		
<i>See List Attached</i>	-	-
(Insert Name)	-	-
Subsidies To Private Enterprises		
<i>See List Attached</i>	-	-
(Insert Name)	-	-
Total	-	-

(Provide explanations as to what subsidies relate to)

7. Transfers To Other Government Entities

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transfers to national government entities	-	-
Transfers to other county assembly entities		
Car loan scheme fund	-	-
Mortgage scheme/fund	-	27,000,000
Others (insert name of budget agency)	-	-
Total	-	27,000,000

(Provide the nature and purpose of transfers and are these transfers to be recovered. The transfers under this note should be that done to self-reporting entities)

Notes To The Financial Statements (Continued)

8. Other Grants And Transfers

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Membership fees and dues and subscriptions to organizations	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	-	-

(Provide explanation as to what other grants and payments relate to and who is the beneficiary)

9. Social Security Benefits

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Government Pension and Retirement Benefits	-	-
Social Security Benefits	-	-
Employer Social Benefits	-	-
Total	-	-

(Give explanations and distinguish between NSSF benefits and contributions made to other entities on behalf of staff.)

Notes To The Financial Statements (Continued)

10. Acquisition Of Assets

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Purchase of buildings	-	-
Construction of buildings	-	-
Refurbishment of buildings	14,778,161	-
Construction of roads	-	-
Construction and civil works	-	-
Overhaul and refurbishment of construction and civil works	-	-
Purchase of vehicles and other transport equipment	-	16,270,000
Overhaul of vehicles and other transport equipment	-	-
Purchase of household furniture and institutional equipment	-	-
Purchase of office furniture and general equipment	5,172,000	2,567,999
Purchase of specialized plant, equipment and machinery	-	-
Rehabilitation and renovation of plant, machinery and equip.	-	-
Purchase of certified seeds, breeding stock and live animals	-	-
Research, studies, project preparation, design & supervision	-	-
Rehabilitation of civil works	-	-
Acquisition of strategic stocks and commodities	-	-
Acquisition of land	-	-
Acquisition of intangible assets	-	-
Total acquisition of non- financial assets	-	-
Financial assets		
Domestic public non-financial enterprises	-	-
Domestic public financial institutions	-	-
Total acquisition of financial assets	-	-
Total acquisition of assets	19,950,161	18,837,999

Notes To The Financial Statements (Continued)

11. Finance Costs

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Interest payments on foreign borrowings	-	-
Interest payments on guaranteed debt taken over by govt	-	-
Interest on domestic borrowings (non-govt)	-	-
Interest on borrowings from other government units	-	-
Total	-	-

(Provide detailed explanation on finance costs and whether they relate to borrowings on bank overdraft).

12. Other Payments

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<i>Specify</i>	-	-
<i>Specify</i>	-	-
Total	-	-

(Provide detailed explanations for other payments)

Notes To The Financial Statements (Continued)

13. Cash And Bank Balances

13A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep etc	FY 2023-2024 Kshs	FY 2022-2023 Kshs
Central Bank of Kenya, Development Account & Currency Ksh.	1000210311	Development	0.10	61.95
Central Bank of Kenya, Recurrent Account & Currency Ksh.	1000210303	Recurrent	1,656,879.60	806,313.65
Central Bank of Kenya, Deposit Account & Currency Ksh.	1150833025	Deposit	1,178,447.75	120.05
Kenya Commercial Bank, Lamu County Assembly & Currency Ksh.	1000390794	Recurrent	3,558.50	3,070.00
Total			2,838,886	809,566

Note: Amount should be as per amount in the cash book and bank reconciliation statements prepared for each account held. These balances do not include bank balances for self-reporting entities and revenue collection accounts as at reporting date.

13B. Cash In Hand

Cash In Hand – Held In Domestic Currency	-	-
Cash In Hand – Held In Foreign Currency	-	-
Total	-	-

Notes To The Financial Statements (Continued)

Cash in hand should be analysed as follows:

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	-	-

(Provide locations where cash in hand is held e.g. head office, cashier's office, cash office etc)

14. Imprests and Advances

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Government Imprests	-	294,000
Salary Advance	-	-
Clearance accounts	-	-
Total	-	294,000

Breakdown Of Imprest And Salary Advance Per Department	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Mercy Nyambura	-	294,000
Department Xx	-	-
Department Xx	-	-
Sub-Total	-	-
Salary Advance		
Department Xx	-	-
Department Xx	-	-
Sub-Total	-	-
Grand Total	-	294,000

*See Annex 5 for a detailed analysis of the outstanding imprests.

Notes To the Financial Statements (Continued)

15. Third Party Deposits and Advances

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Deposits	-		-	
Retentions	1,178,328		-	
Total	1,178,328		-	
Ageing analysis (third party deposits and advances)	Current FY	% of the Total	Compa rative FY	% of the Total
Under one year	1,178,328	99.99%	0	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

16. Fund Balance Brought Forward

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Bank Accounts	809,566		1,311,355	
Cash In Hand	-		-	
Imprests and advances	294,000		-	
Third party deposits and retentions	(-)		(-)	
Total	1,103,566		1,311,355	

The fund balances brought forward refers to the previous financial year's closing balances add Imprest unsurrendered.

Notes To The Financial Statements (Continued)

17. Prior Year Adjustments

Description Of The Error	Balance b/f from Comparative FY as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted Balance b/f for Comparative FY
	KShs	KShs	KShs
Bank Account Balances	-	-	-
Cash In Hand	-	-	-
Imprests and advances	294,000	-	-
Third party deposits and retention	-	-	-
Adjustment on car loan to car grant			
Adjustment refund to CRF Acc	806,314		1,307,673
Adjustment on Imprest Surrender to CRF A/c	-	-	-
	1,100,314	-	1,307,673

Prior period adjustment applies to the Imprest unsurrendered during the closure of the year and end year amount in the account which have been returned to CRF account

18. Changes In Imprests and Advances

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Opening Imprests and Advances as at 1 st July 2023	294,000	-
Closing Imprests and Advances as at 30 th June 2024	-	294,000
Change In Imprests and Advances	294,000	294,000

19. Changes In Third-Party Deposits and Retentions

Description		
Opening Third Party Deposits and Retention as at 1 st July 2023	0	2,178,510
Closing Third Party Deposits and Retention as at 30 th June 2024	1,178,328	0
Change In Third Party Deposits and Retention	1,178,328	2,178,510

Notes To The Financial Statements (Continued)

Other Disclosures

1. Pending Accounts Payable

	Balance b/f FY 2022-2023	Additions for the year	Paid during the year	Balance c/f (FY 2023-2024)
Description	Kshs	Kshs	Kshs	Kshs
Construction Of Buildings	-	-	(-)	-
Construction Of Civil Works	-	-	(-)	-
Supply Of Goods	-	-	(-)	-
Supply Of Services	-	-	(-)	-
Total	-	-	(-)	-

2. Pending Staff Payables

	Balance b/f FY 2022-2023	Additions for the year	Paid during the year	Balance c/f (FY 2023-2024)
Description	Kshs	Kshs	Kshs	Kshs
Senior Management	-	-	(-)	-
Middle Management	-	-	(-)	-
Unionisable Employees	-	-	(-)	-
Others	-	-	(-)	-
Total	-	-	(-)	-

Notes To The Financial Statements (Continued)

3. Other Pending Payables (See Annex 3)

Description	Balance b/f	Additions for	Paid during	Balance c/f
	FY 2022-2023	the year	the year	(FY 2023-2024)
	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	(-)	-
Amounts due to County Government entities	-	-	(-)	-
Amounts due to third parties	-	-	(-)	-
Total	-	-	(-)	-

(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the County)

4. External Assistance

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

(Total here to tie to line 2 of note 4)

a) External assistance relating loans and grants

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

Notes To The Financial Statements (Continued)

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Undrawn External Assistance - Loans		-	-
Undrawn External Assistance - Grants		-	-
Total		-	-

(This is a disclosure of the assistance not yet received as per donor agreements)

c) Classes of providers of external assistance

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

(Provide details for external assistance e, g. Economic development or welfare objective, Emergency relief, Trading activities etc. The total here should tie to totals of note 4))

Notes To The Financial Statements (Continued)

d. Non-Monetary External Assistance

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc.

N/B: Disclose the basis on which the value of goods and services were determined (This may be by: depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient or Third Party, Fair value measurement. The totals here tie with line 3 of note 4.)

e. Purpose and use of external assistance.

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Compensation Of Employees	-	-
Use Of Goods and Services	-	-
Subsidies	-	-
Transfers To Other Government Units	-	-
Other Grants and Transfers	-	-
Social Security Benefits	-	-
Acquisition Of Assets	-	-
Finance Costs, Including Loan Interest	-	-
Repayment Of Principal On Domestic & Foreign Borrowing	-	-
Other Payments	-	-
Total	-	-

N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used. (The total here should tie to the note 4 on external assistance)

Notes To the Financial Statements (Continued)

f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
National Government	-	-
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

(This note should tie to line 3 of note 4 on external assistance)

5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE COUNTY ASSEMBLY

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given market etc.

5.1 Classification by Source

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

(Third party payments may be done by other entities that are not providers of external assistance)

Notes To The Financial Statements (Continued)

5.2 Classification of payments made by Third Parties by Nature of expenses.

Payments made by third parties	FY 2023-2024	FY 2022-2023
Description	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	-	-
Finance costs, including loan interest	-	-
Other payments	-	-
Total	-	-

N/B The above subclassification will be adopted based on the appropriate county's operations.

6. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Assembly:

- i) Members of County Assembly.
- ii) Key management personnel that include the Clerk of the Assembly and heads of departments.
- iii) The County Executive.
- iv) County Ministries and Departments.
- v) Other County Government entities including corporations, funds and boards.
- vi) The National Government.
- vii) Other County Governments; and
- viii) State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes	-	27,000,000
Total Transfers to related parties	-	27,000,000
<u>Transfers from related parties</u>		
Transfers from the CRF	427,368,719	362,476,400
(Insert any other transfers received)	-	-
Total Transfers from related parties	427,368,719	362,476,400

7. Contingent Liabilities

Contingent liabilities	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Court case - against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

8. Program for Results (PforR) Disclosure

This disclosure note is for entities that are implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of the PforR: --xx	
	Amount in Kshs
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	-
1. Employee Cost	-
2. Use of goods and Services	-
3. Others (specify)	-
Sub-total	-
Cumulative Actual Expenditures to date	-

9. Progress On Follow On 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
Ref 1. Inaccurate Cash and Cash Equivalents Balance	The statement of financial assets and liabilities reflects a balance of Kshs.41,209,560 in respect to cash and cash equivalents and as disclosed in Note 6A to the financial statements. However, the balance wrongly includes an amount of Kshs.40,399,995 in respect of car loan and mortgage Fund. In addition, review of the IFMIS bank reconciliation statements revealed that the Assembly's recurrent account had an overdraft of Kshs.85,945,356 as at 30 June, 2023 while the cash book reflected a balance of Kshs.806,314. Management attributed the discrepancy between the two set of records to prior year adjustments in IFMIS which they were unable to correct due to lack of adequate IFMIS training and limited user rights. In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.41,209,560 could not be confirmed.	<i>The Manual cashbook backup reflect the same amount as Integrated Finance Management Information System (IFMIS) balance of Kshs. 806,313.65. (Annex 1: IFMIS FO.30, June 2023 reconciliation)</i>	<i>Resolved</i>	<i>Resolved</i>
Ref 2. Unsupported Payments	The statement of receipts and payments and Note 2 to the financial statements reflects payments totalling to Kshs.164,400,820 in respect of compensation of employees which includes payments totalling to Kshs.1,830,000 in	<i>A muster roll is taken to all the Ward office Staff. (Annex 2: Copies of the Muster roll)</i>	<i>Resolved</i>	<i>Resolved</i>

Reference No. in 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)
to Ward Offices and Casual Workers	<p>respect of casual workers in ten (10) Ward offices for the month of November, 2022. However, the payment was not supported by a list of beneficiaries and a signed muster roll. In addition, Kshs.345,000 was transferred to each of the ten (10) Wards which translates to a total of Kshs.3,450,000. However, the expenditure returns supporting these transfers were not provided for audit review.</p> <p>In the circumstances, the authenticity of these payments could not be confirmed.</p>			
Ref 2. Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to Kshs.564,250,000 and Kshs.362,476,400 respectively resulting to an underfunding of Kshs.201,773,600 or 36% of the budget. Similarly, the statement reflects expenditure budget and actual on comparable basis of Kshs.564,250,000 and Kshs.361,376,637 respectively resulting to budget underutilization of Kshs.202,873,363 or 36%. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p><i>The County Assemblies in Kenya don't have financial autonomy, we are at the mercy of County Treasuries, until when the PFM Act 2012 is amended to allow financial autonomy, we will still face the challenges of delays in the funding and making payment.</i></p>	Not Resolved	No Time Limit
Ref 2. Late Exchequer Releases	<p>The statement of receipts and payments and Note 1 to the financial statements indicates that the County Assembly received exchequer receipts totalling to Kshs.362,476,400 from the County Revenue Fund. However,</p>	<p><i>The County Assemblies in Kenya don't have financial autonomy, we are at the mercy of County</i></p>	Not Resolved	No Time Limit

County Government of Lamu
Lamu County Assembly

Annual Report and Financial Statements For the year ended 30th June 2024

Reference No on the external audit Report	Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeline (Put a date when you expect the issue to be resolved)																		
	<p>included in this amount are late disbursements totalling to Kshs.61,483,700 received in the month of June, 2023 as detailed below:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Reference No.</th> <th>Amount (Kshs)</th> </tr> </thead> <tbody> <tr> <td>27 June, 2023</td> <td>FT23178YYHHS</td> <td>5,500,600</td> </tr> <tr> <td>27 June, 2023</td> <td>FT231782C1KV</td> <td>15,148,300</td> </tr> <tr> <td>27 June, 2023</td> <td>FT23178FM2ZK</td> <td>13,834,800</td> </tr> <tr> <td>30 June, 2023</td> <td>FT23181C19MD</td> <td>27,000,000</td> </tr> <tr> <td>Total</td> <td></td> <td>61,483,700</td> </tr> </tbody> </table> <p>Failure by the County Treasury to release money on time may have negatively impacted on service delivery by the County Assembly.</p>	Date	Reference No.	Amount (Kshs)	27 June, 2023	FT23178YYHHS	5,500,600	27 June, 2023	FT231782C1KV	15,148,300	27 June, 2023	FT23178FM2ZK	13,834,800	30 June, 2023	FT23181C19MD	27,000,000	Total		61,483,700	<p>Treasuries, until when the PFM Act 2012 is amended to allow financial autonomy, we will still face the challenges of delays in the funding and making payment.</p>		
Date	Reference No.	Amount (Kshs)																				
27 June, 2023	FT23178YYHHS	5,500,600																				
27 June, 2023	FT231782C1KV	15,148,300																				
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30 June, 2023	FT23181C19MD	27,000,000																				
Total		61,483,700																				
Ref 2. Project Implementation Status	<p>During the year under review, the County Assembly of Lamu had budgeted to implement four (4) projects at a total cost of Kshs.94,800,000. The County Assembly made payments totalling to Kshs.18,837,999 towards the implementation of the projects. However, it was noted that none of the project was fully implemented.</p> <p>Failure to implement planned projects may have negatively impacted on service delivery to the residents of Lamu County.</p>	<p>The amount was supplemented to other emergency of the County Treasury</p>	Resolved	Resolved																		
Ref 3 Unresolved Prior Year Matters	<p>Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.</p>	<p>County Assembly of Lamu had reply and appeared before Senate this financial year and address the financial year 2019-2020, 2020-</p>	Resolved	Resolved																		

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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)
		2021 and 2021-2022		
Ref 4. Backlog in the Interrogation of Audit Reports	<p>The County Assembly Public Accounts and Investment Committee (PAIC) had not deliberated on the Auditor-General's reports for County Executive of Lamu and its Funds, County Assembly of Lamu and its Fund and Lamu Water and Sewerage Company Limited for the financial years 2019/2020, 2020/2021 2021/2022.</p> <p>In the circumstances, the County Assembly had not benefited from the expected recommendations from the County Assembly Public Accounts and Investment Committee.</p>	<p>The County Assembly Public Accounts and Investment Committee (PAIC) had now made a calendar on how be able to interrogate the backlog of the Audit reports</p>	Partly Resolved	Ongoing
Ref 2. Long Outstanding Imprest	<p>The statement of financial assets and liabilities and Note 7 to the financial statements reflects a balance of Kshs.294,000 in respect of imprests and advances. However, review of records revealed that the imprests had been outstanding for five (5) months contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which requires a holder of a temporary imprest to account or surrender the imprest within seven (7) working days after returning to duty station.</p>	<p>The Imprest have been recovered</p>	Resolved	Resolved
Ref 3. Failure to Deduct and Effect the New NSSF Rates	<p>A review of the Integrated Payroll and Personnel Database (IPPD) revealed that the Management did not make deductions to the National Social Security Fund (NSSF) from one hundred and thirteen (113) members of staff. In addition, the new NSSF rates had not been affected as guided</p>	<p>The pension for staff of the County Assembly of Lamu are remitted to Local Authority</p>	Resolved	Resolved

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Reference No. of 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)
	<p>by a Gazette Notice dated 9 February, 2023.</p>	<p><i>Provident Fund and County Pension Fund who are both TIER II under the provisions of NSSF Act No. 45 of 2013. There is also judgement from the Industrial and Labour Relations Court in 2014 to that effect, All the County Pension whose pension is taken to County Pension Fund cannot make double payment by making payment to the NSSF, more details are found in the judgement.</i></p> <p><i>The NSSF payments rates are correct for the staff under LAPFUND (TIER II) , as for the staff under County Pension Fund (which most</i></p>		

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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)
		of the Assembly staff) the labour court judgement applies. (Annex 3: The TIER II certificates from RBA and Petition No. 38 of 2014 Court ruling on the NSSF Remittances)		
Ref 4. Irregular Payment to Society of Clerks at the Table	The statement of receipts and payments reflects payments totalling to Kshs.151,137,818 in respect to use of goods and services which, as disclosed in Note 3 to the financial statements includes other operating expenses of Kshs.3,242,805. This amount in turn includes Kshs.750,000 paid to Society of Clerks at the Table during the year under review. However, no legal framework supporting this expenditure was provided for audit review. In the circumstances, the validity of Kshs.750,000 paid to the Society of Clerks at the Table could not be confirmed.	The County Assembly of Lamu was able to understand that the Society of Clerk at the Table is an independent body and should not be paid the remittance	Resolved	Stopped Payment
Ref 1. Lack of Risk Management Policy	Interview with key staff revealed that the Management had not established a risk management policy. Further, it was noted	The County Assembly of Lamu has	Resolved	Resolved

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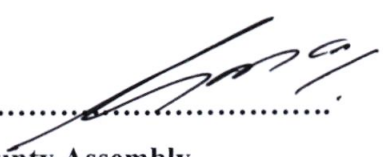
Annual Report and Financial Statements For the year ended 30th June 2024

Reference No. in the Annual Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>that Management did not carry out risk assessment during the year under review.</p> <p>In the circumstances, the effectiveness of risk management and governance structures in the County Assembly could not be confirmed.</p>	<p><i>developed the Risk Management Policy and is implementing the guidelines. It is important to note that there has been no risk since the establishment of the County Assembly. The subsequent annual audit verified that and it does not appear as an audit issue in financial year ending 30th June 2023. (Appendix 3: Risk management policy)</i></p>		
<i>Ref 2. Lack of Internal Audit Function and an Audit Committee of the Board</i>	<p>The County Assembly of Lamu had not established an internal audit function and an Audit Committee of the Board. This was contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the Board. As such, the County Assembly did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.</p> <p>In the circumstances, the effectiveness of internal control systems established by the County Assembly could not be confirmed.</p>	<p><i>The County Assembly of Lamu advertised for the internal Auditor and got no responses. For the internal Auditor we decided to re designate an existing staff who is a qualified registered internal auditor. Mr. Francis Njenga is a registered</i></p>	<p><i>Not Resolved</i></p>	<p><i>This Financial year We are going to re-advertise again</i></p>

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		<p><i>internal auditor and wanted to re-designated him but unfortunately resign for the job and so need to re-advertise again for the position The County Assembly of Lamu advertised for the Audit Committee and got no responses. but also there exist an audit committee at the County Assembly Service Board and hence the work has always been done.</i></p>		



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Clerk of the County Assembly
Date:10th September 2024

16. Annex

Annex 1 – Summary of Non-Current Asset Register

Asset Class	Historical Cost (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/out during the year (Kshs)	Historical Cost of 2024 (Kshs)
Land	122,027,040				122,027,040
Buildings and structures	263,298,198	3,400,000			266,698,198
Road and Other Civil Works	11,986,250				11,986,250
Transport equipment	52,533,894				52,533,894
Office equipment, furniture and fittings	79,675,121	9,335,276	(5,609,121)		83,401,276
ICT equipment	46,641,692	7,215,000	(5,935,275)		47,921,417
Machinery and equipment	6,946,000				6,946,000
Biological assets					
Infrastructure assets					
Heritage and cultural assets					
Intangible assets					
Work in progress					
Total	583,108,195	19,950,276	(11,544,396)		591,514,075

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly. Additions during the year should tie to **note 10** on acquisition of assets during the year. Ensure a complete fixed asset register is separately prepared in line with guidelines from The National Treasury.