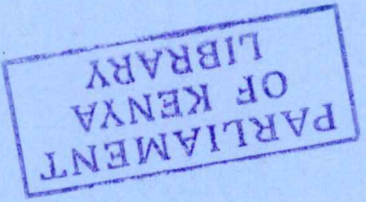


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

LAMU COUNTY DISABILITY FUND

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

	PAPERS LAID
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LAMU COUNTY DISABILITY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

a) Acronyms

ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
CECM	County Executive Committee Member
FY	Financial Year
AGPO	Access to Government Procurement Opportunities
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss

b) Definition of the Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

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

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

b) Principal Activities

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

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

**Lamu County Disability Fund
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c) Fund Administration Committee

Ref	Name	Position
1.	Mrs. Hafswa Diffin	Chairperson of the Committee/Fund Administrator
2.	CPA Salma Omar	Chief Officer – Finance
3.	Mr. Mohamed Faraj	Member
4.	Mr. John Maina Mathai	Member
5.	Ms. Firdaus Mohamed	Member
6.	Mr. Peter Ndichu	Secretary

d) Key Management

Ref	Name	Position
1.	Ms. Hafswa Diffin	Chairperson of the Committee/Fund Administrator
1.	CPA Salma Omar	Chief Officer – Finance
2.	Mr. Peter Ndichu	Secretary

e) Fiduciary Oversight Arrangements

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

Lamu County Disability Fund

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

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

Lamu County Disability Fund
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f) Registered Offices

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

g) Fund Contacts

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

h) Fund Bankers

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

i) Independent Auditors

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

j) Principal Legal Adviser




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

k) County Attorney




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

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

3. Fund Administration Committee




Name	Details of qualifications and experience
 <p>Ms. Firdaus Mohamed Committee Member</p>	<p>Born in 1970 and raised in Lamu. Mrs. Firdaus is also chairlady for Tumaini la Wanyonge CBO group and Treasurer for Witu Mabruq. Mrs Firdaus brings vast experience to the Board in community-based work. Mrs. Firdaus holds certificate in primary education Personal Details.</p>
 <p>Mr. Mohamed Faraj Mohamed Committee Member</p>	<p>Born in 05.10.1979 Mr. Mohamed Faraj hold certificate in Primary Education. He has over 10 years' experience in Fishing and Swahili crafting. Mr. Faraj is also Director and Founder of Amantu Enterprises.</p>
 <p>Mr. John Mian Mathai Committee Member</p>	<p>Born on 1st January, 1977. Mr Mathai certificate in primary education He is holder of O Level Education. He has a 5 years' experience in Community Engagements and Coach to Tiger Fc and also a member to the Team. He is a holder of O Level Education.</p>

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

 <p>Mr. Peter Ndichu Secretary to the Committee</p>	<p>Born on 8th January, 1970. Mr. Ndichu serves as Lamu County Director of Sports in the department of Youth gender, Disability and Social Services. He holds Degree in Bed(Arts) History/Sports from Kenyatta University</p>
 <p>Ms. Hafswa Diffini Chairperson of the Committee/Fund Administrator</p>	<p>Born in 12.10. 1968 Having worked as the First Chief officer for Education after devolution in 2013, Mrs Hafswa Diffini brings to the Management vast experience of over 30 years in public service. She holds bachelor's degree in education.</p>
 <p>CPA Salma Omar Chief Officer Finance</p>	<p>Born in 17.07.1985 Mrs. Salma Omar Ahmed is a Certified Public Accountant of Kenya and holds Bachelor's degree in Business Administration in Finance and Accounting from Moi University. She also holds certificate in Senior Management and Strategic Leadership from Kenya School of Government. She is a member of ICPAK. Prior to her appointment as Chief Officer, she was Ag. Director Accounting Service, Principal Finance Officer for the for the County Treasury and served. She is Redcross Lamu Branch Treasurer from year 2015 upto date. CPA Salma brings to the Board vast experience in technical and senior managerial skills having worked in both Private and Public Institutions</p>

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

4. Management Team

Name	Details of qualifications and experience
 <p>Mr. Peter Ndichu Secretary to the Committee</p>	<p>Born on 8th January, 1970. Mr. Ndichu serves as Lamu County Director of Sports in the department of Youth gender, Disability and Social Services. He holds Degree in Bed(Arts) History/Sports from Kenyatta University.</p>
 <p>CPA Salma Omar Chief Officer Finance</p>	<p>Born in 17.07.1985 Mrs. Salma Omar Ahmed is a Certified Public Accountant of Kenya and holds Bachelor's degree in Business Administration in Finance and Accounting from Moi University. She also holds certificate in Senior Management and Strategic Leadership from Kenya School of Government. She is a member of ICPAK. Prior to her appointment as Chief Officer, she was Ag. Director Accounting Service, Principal Finance Officer for the for the County Treasury and served. She is Redcross Lamu Branch Treasurer from year 2015 upto date. CPA Salma brings to the Board vast experience in technical and senior managerial skills having worked in both Private and Public Institutions.</p>
 <p>Ms. Hafswa Diffini Chairperson of the Committee/Fund Administrator</p>	<p>Born in 12.10. 1968 Having worked as the First Chief officer for Education after devolution in 2013, Mrs Hafswa Diffini brings to the Management vast experience of over 30 years in public service. She holds bachelor's degree in education.</p>

5. Fund Chairperson's Report

As the Chairperson of the Lamu County Disability Fund, I am honored to present this report for the financial year ended June 30, 2025. The Fund has continued to play a pivotal role in empowering the Persons Living with Disabilities of Lamu County through financial support, training, and mentorship programs aimed at fostering self-reliance, innovation, and sustainable livelihoods.

1. Changes in the Fund during the Year

There were no changes in the composition of the Lamu County Disability Fund Committee or its key management during the Financial Year. The Committee continued to discharge its mandate as constituted, ensuring continuity in the governance and oversight of the Funds operation.

2. Review of the Fund's Performance

-Capacity Building: Over 150 Persons with Disabilities were trained in financial literacy, business development, and digital skills.

3. Future Outlook of the Fund

- Increasing the annual resource envelope to Kshs. 5 million through County Government allocation and strategic partnerships.
- Establishing a digital platform for online applications, monitoring, and reporting to enhance efficiency and transparency.
- Developing Regulations for approval by the County Assembly
- Making the Fund as a Revolving Fund for approval by County Assembly.

4. Other Matters

- Governance and Accountability: The Fund will continue to adhere to the principles of transparency, inclusivity, and prudent financial management.
- Challenges: Key challenges faced include limited budgetary allocations against high Persons with disabilities demand.

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

5. Conclusion

The Lamu Disability Fund has made commendable progress in empowering young people through financial and non-financial support. The achievements of the year under review underscore the Fund's commitment to transforming the lives of Persons with Disabilities and contributing to the socio-economic development of Lamu County. The Committee remains dedicated to continuous improvement, innovation, and accountability in managing the Fund for the greater good of our Persons with disabilities.

The Committee acknowledged in context on those who supported the fund operations through the year. More specifically, I appreciate His Excellency the Governor, CECM Education, Committee Members, and secretariat staff that rise through the challenge of making the Committee achieve its mandate.

Name..... Hafswa Difiini Signature.....  Date..... 6/10/2025



Chairperson of the Committee/Fund Administrator

6. Report of The Fund Administrator

Financial Performance

During the financial year 2024/2025, the Fund had an opening balance of KShs. 987,802, which was utilized in supporting Disability empowerment programs, specifically through Trainings.

Physical Progress

- Targeted Capacity Building: A focused training in Across the Wards brought together Over 150 Persons with Disabilities from Faza, Basuba, Hindi, Mkunumbi, Bahari, Witu Hongwe and Kiunga, strengthening their skills in group management and enterprise.

Value-for-Money Achievements

The Fund maximized limited resources to reach a wide spectrum of Persons Living with Disabilities beneficiaries across different sub-counties. The emphasis on both economic empowerment (trainings) demonstrated balanced investments with tangible outcomes.

Implementation Challenges

- Inadequate and delayed funding constrained the scale and timeliness of some planned programs.
- Limited capacity of some persons Living with disabilities to absorb and effectively utilize grants.
- Logistical challenges in reaching remote areas such as Basuba and Kiunga.

Future Outlook

- Expanding the grant scheme to reach more Persons with Disabilities groups and Individuals.
- Enhancing partnerships with sports, cultural, and educational stakeholders for greater impact.
- Making the Fund as a Revolving Fund
- Developing Regulations for approval by the County Assembly.

Risk Management Strategies

- Continuous training and mentorship to strengthen youth groups' accountability and financial management.
- Stronger oversight by the Fund Committee to ensure transparent grant utilization.
- Collaboration with security agencies and peace actors to mitigate risks of conflict during Persons with Disabilities engagements.

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

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

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

The key development objectives of the Fund as per the CIDP for 2022 -2027 are to:

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

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Capacity Building and Training Program	To enhance the entrepreneurial and managerial skills of persons living with disabilities across all wards	Improved capacity for business management and innovation among persons living with disabilities	No. of persons living with disabilities trained; No. of training sessions conducted; Percentage applying acquired skills	Over 150 Persons Living with disabilities trained in entrepreneurship and financial literacy; 5 sessions held across the all wards
General Administration, Planning and Support Services	To ensure smooth running Committee	Improved service delivery	No. of Committee Members and Secretariat facilitated with working tools.	2 Committee Meetings held during the year.

8. Corporate Governance Statement

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

PRINCIPAL ACTIVITIES

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

i. Appointment of Committee Members

Committee members are appointed by the County Executive Committee Member of Education. The process emphasizes merit, representation persons Living with disabilities as per the Act.

ii. Roles and Functions of the Committee

The Fund Administration Committee provides strategic oversight, approves policies, reviews budgets and work plans, and ensures alignment with the County Integrated Development Plan (CIDP) and the Kenya Vision 2030 framework. It also monitors the implementation of people with disabilities empowerment projects and evaluates performance of funded initiatives.

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

iii. Committee and Members' Performance

Performance is assessed annually against key indicators such as attendance, decision quality, and compliance with regulatory requirements.

iv. Committee Meetings and Attendance

The Fund Administration Committee held two meetings during the FY 2024/2025. Attendance was above the required quorum, with the majority of members participating actively in deliberations and approvals.

Ref	Name	Position	No of Meetings Attended	Remarks
1	Mrs. Hafswa Diffin	Chairperson of The Committee	2	Attended all
2	CPA Salma Omar	Chief Officer – Finance	-	Not attended
3	Peter Ndichu	Secretary	2	Attended all
4	Mohamed Faraj	Member	2	Attended all
5	John Mathai	Member	2	Attended all
6	Firdous Moahmed	Member	2	Attended all

v. Policy to Manage Conflict of Interest

A robust policy requires the Committee to Prepare the Coming Years to declare interests in any matter under consideration.

vi. Committee Remuneration

Committee members are remunerated in line with Salaries and Remuneration Commission (SRC) guidelines, covering sitting allowances and reimbursements. Transparency is maintained by disclosing these in annual financial reports.

vii. Ethics and Conduct

The Fund enforces a strict Code of Ethics aligned with the Leadership and Integrity Act, 2012. Members are expected to uphold integrity, avoid conflict of interest, and demonstrate professionalism.

viii. Governance Audit

An internal governance audit was conducted by Internal Audit in FY 2024/2025, focusing on, compliance.

ix. Communication Policy

The Fund are yet to establish a communication framework ensuring timely dissemination of information to stakeholders through public notices, county barazas, digital platforms, and reports.

x. Terms of Reference of Committees

The Fund Administration Committee operates clear terms of reference to enhance accountability and efficiency.

xi. Policy on Related Party Transactions

The Fund prohibits unfair related party transactions. All transactions are subject to Committee scrutiny and external audit to safeguard public resources and maintain trust.

Conclusion

The Lamu County Disability Fund continues to strengthen its governance framework to ensure effective, transparent, and accountable management of youth resources.

9. Management Discussion and Analysis

The Fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The Fund looks forward to continued support from the County Government of Lamu to the realization of its mandate.

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

Awarding Criteria

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

Compliance with statutory requirements

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

- Lamu County Disability Fund Act,2018
- Public Finance Management Act 2012
- Public Procurement Disposal Act 2015

Key projects or investments decision implemented or ongoing.

1. Training and Capacity building of the groups and individuals of people with disabilities

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

Major challenges facing the fund.

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

Conclusion

We appreciate the unrelenting support from the board, management, staff, the county government, development partners and all the key stakeholders. We look forward to continuing partnership and cooperation in areas of mutual interest in the FY 2025/2026.

10. Environmental and Sustainability Reporting

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

i) Sustainability Strategy and Profile

The Lamu County Disability Fund aligns its operations with Kenya's Sustainable Development Goals (SDGs), particularly SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities). The Fund prioritizes sustainability through:

- Ensuring fair distribution of resources across all wards, promoting inclusivity and equity.
- Encouraging transparency, accountability, and community participation in fund allocation and program implementation. All procurement and project management adhere to county financial management laws to ensure efficient use of public resources.

ii) Environmental Performance

- Although the Fund's operations are primarily administrative and programmatic, it incorporates environmentally friendly practices, including:
- Proper waste management during events such as persons with disabilities training, ensuring use of biodegradable materials where possible.

iii) Employee Welfare

The Fund promotes a safe, inclusive, and supportive work environment for its staff in line with the Occupational Safety and Health Act 2007. The staff complement reflects fair gender balance and inclusion of persons living with disabilities, in accordance with county employment policies.

There were no reported work-related injuries during the period under review.

iv. Market Place Practices

a. Responsible Competition Practice

The Lamu County Disability Fund ensures responsible competition and transparency through strict adherence to the Public Finance Management Act (PFMA), 2012, and the Public Procurement and Asset Disposal Act (PPADA), 2015. All procurement processes are conducted openly through the county procurement system and are subject to internal and external audit reviews. The Fund upholds anti-corruption values, fairness, and equal opportunity in service delivery.

b. Responsible Supply Chain and Supplier Relations

The Fund follows County Government of Lamu's procurement policies that promote fair and transparent supplier engagement. Priority is given to local suppliers, especially youth, persons with disabilities and women-owned enterprises, in line with the Access to Government Procurement Opportunities (AGPO) policy. Payments to suppliers are processed promptly upon successful delivery and verification of goods and services, ensuring good working relationships and reliability.

c. Responsible Engagement with Citizens

Lamu County Disability Fund maintains continuous engagement with youth and community members through outreach meetings, committee consultations, and empowerment forums. Collaboration with ward administrators ensure accessibility and accurate dissemination of information. The Fund avoids false or exaggerated claims and emphasizes inclusivity and transparency in all engagements.

d. Product Stewardship / Awareness Creation

The Fund safeguards the interests of beneficiaries' persons with disabilities by ensuring fair and transparent grant processes, open communication on eligibility, and equal treatment for all applicants. Awareness programs are conducted through trainings, and stakeholder meetings to ensure youth understand fund procedures, accountability expectations, and rights. The Fund also emphasizes data protection and privacy for all applicants and beneficiaries.

v. Corporate Social Responsibility (CSR) / Community Engagements

During the reporting period, the Lamu Disability Fund did not undertake formal CSR activities outside its core mandate. However, its regular empowerment and community-based initiatives have contributed indirectly to social responsibility outcomes.

These include.

- Training and Capacity Building of persons with disabilities across the all wards.

While these were not categorized as CSR in the strict sense, they contributed meaningfully to youth empowerment and community stability. The Fund intends to initiate formal CSR programs in collaboration with other departments in future financial years.

11. Report of The Committee Management

The Fund committee submits their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

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

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1-6

Fund Key Management

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

Auditors

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

By Order of the fund



.....
Chairperson of The Committee/Fund Administrator

Date: 6/10/2025

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

12. Statement of Management's Responsibilities

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

The Administrator of the Lamu County Disability Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Lamu County Disability Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the

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

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

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Committee on 6/10/2025 and signed on its behalf by:


.....

Chairperson of The Committee/Fund Administrator

REPUBLIC OF KENYA

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 LAMU COUNTY DISABILITY FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Lamu County Disability Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Lamu County Disability Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Lamu County Persons with Disability Act, 2018 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, three (3) issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. These issues included ineligible and irregular expenditure on grant disbursement and empowerment programs, inconsistent provisions of fund administration expenses and failure to establish resource centers. Review of the status during audit of the Fund in 2024/2025 revealed that the matters remained unresolved.

Other Information

The Management is responsible for the Other Information set out on page iii to xxv which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Committee Management and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Establish Resource Centers

The statement of comparison of budget and actual amounts reflects budgeted revenue and expenditure budget of Kshs.987,802. The approved expenditures budgets did not include provisions for establishment of resource centers and programs for persons with disabilities seven (7) years after establishment of the Fund. This was contrary to Section 12 of the Lamu County Persons with Disability Act, 2018 which states that the Department shall collect or facilitate the collection of data of the population of people with disabilities and the nature of their disabilities. The Department shall also facilitate the establishment of resource centers at the community level where people with disabilities can get information, training, recreation and counseling on employment creation and other aspects of life.

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

2. Failure to Develop Fund Regulations

During the year under review, the County Executive Committee Member in charge of the Department responsible for persons with disabilities had not developed regulations that are necessary and desirable for proper conduct of the business of the Fund Committee. This was contrary to Section 19 of the Lamu County Persons with Disabilities Act, 2018 which states that the County Executive Member may make regulations that are necessary desirable for proper conduct of the business of the committee and without prejudice to the generality of the foregoing, make regulations regarding monitoring and evaluations, conduct of committee meetings and performance reporting.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors

compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 November, 2025

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

14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		FY	FY
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	-	-
Transfers From the County Government	7	-	-
Fines, Penalties and Other Levies	8	-	-
Revenue From Exchange Transactions			
Interest Income	9	-	-
Other Income	10	-	-
		-	-
Total Revenue		-	-
Expenses			
Employee Costs	11	-	-
Use of goods and services	12A	97,730	869,815
Grant Trainings and Empowerment Programs	12B	873,400	7,023,600
Depreciation and Amortization Expense	13	-	-
Finance Costs	14	-	-
Total Expenses		971,130	7,893,415
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Surplus/(Deficit) for the Period		(971,130)	(7,893,415)

(The notes set out on pages 7 to 40 form an integral part of these Financial Statements)

.....
Name: Hafswa A Diffini
Chairperson of The Committee/
Fund Administrator

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

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025



15. Statement of Financial Position as at 30 June 2025


Description	Note	2024-2025	2023-2024
		FY	FY
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	16,672	837,802
Current Portion of Long- Term Receivables from Exchange Transactions	18	-	-
Prepayments	19	-	-
Inventories	20	-	-
Investments in financial assets	21	-	-
Total current assets		16,672	837,802
Non-Current Assets			
Property, Plant and Equipment	22	-	-
Intangible Assets	23	-	-
Long Term Receivables from Exchange Transactions	18	-	-
Investment Property	24	-	-
Total non- current assets		-	-
Total Assets (A)		16,672	837,802
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	-	-
Current Provisions	26	-	-
Current Portion of Borrowings	27	-	-
Employee Benefit Obligations	28	-	-
Social benefit liabilities	29	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	26	-	-
Long Term Portion of Borrowings	27	-	-
Non-Current Employee Benefit Obligation	28	-	-
Social benefit liabilities	29	-	-

**Lamu County Disability Fund
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Description	Note	2024-2025	2023-2024
		FY Kshs	FY Kshs
Total Liabilities (B)		-	-
Net Assets (A-B)		16,672	837,802
Represented By:			
Lamu County Disability Fund		5,000,000	5,000,000
Reserves		-	-
Accumulated Surplus		(4,983,328)	(4,162,198)
Net Assets		16,672	837,802

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 6/10/2025 and signed by:




 Name: **Hafswa A Diffini**
 Chairperson of The Committee/
 Fund Administrator


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

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30th June,2025

Description	Note	Lamu County Youth Development Fund	Revaluation Reserve	Accumulated surplus	Total
			Kshs	Kshs	Kshs
Balance As At 1 July 2023		5,000,000	-	3,731,217	8,731,217
Surplus/(Deficit) For the Period		-	-	(7,893,415)	(7,893,415)
Funds Received During the Year		-	-		-
Transfers		-	-	-	-
Revaluation Gain		-	-	-	-
Balance As At 30 June 2024		5,000,000	-	(4,162,198)	837,802
Balance As At 1 July 2024		5,000,000	-	(4,162,198)	837,802
Prior Year Adjustments	31			150,000	150,000
Surplus/(Deficit) For the Period		-	-	(971,130)	(971,130)
Funds Received During the Year		-	-	-	-
Transfers		-	-	-	-
Revaluation Gain		-	-	-	-
Balance As At 30 June 2025		5,000,000	-	(4,983,328)	16,672



EDUCATION, TECHNICAL TRAINING, SPORTS AND RECREATION, YOUTH, DEVELOPMENT SERVICES
 COUNTY

.....
Name: Hafswa A Diffini
**Chairperson of The Committee/
 Fund_Administror**



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

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

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024-2025 FY	2023-2024 FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		-	-
Payments			
Use of goods and Services	12A	97,730	869,815
Grant Training and Empowerment Programs	12B	873,400	7,023,600
Net cash flows from operating activities	30	(971,130)	(7,893,415)
Prior Year Adjustments	31	150,000	-
Cash flows from investing activities		-	-
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(821,130)	(7,893,415)
Cash and cash equivalents at 1 July 2024	17	837,802	8,731,217
Cash and cash equivalents at 30 June 2025	17	16,672	837,802

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

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers From County Govt.	-	-	-	-	-	-
Bal b/d	987,802.00	-	987,802.00	987,802.00	-	100
Total Income	987,802.00	-	987,802.00	987,802.00	-	100
Expenses						
Employee Costs	-	-	-	-	-	-
Use of goods and services	98,780.00	-	98,780.00	97,730.00	1,050.00	99
Grant disbursements & Empowerment Program	889,022.00	-	889,022.00	873,400.00	15,622.00	98
Total Expenditure	987,802.00	-	987,802.00	971,130.00	16,672.00	98
Surplus For The Period	-	-	-	16,672.00		
Capital Expenditure	-	-	-		-	

Reconciliation Statement between the Statement of Comparison of Budget Amounts and Statement of Financial Performance

Description	Amount
Balance as at 1 st July 2024	987,802
Surplus/Deficit as per the statement of financial performance	(971,130)
Balance as at 30th June 2025	16,672
Actual surplus as per the statement of budget	16,672
Cash and cash equivalent as at 30th June 2025 per statement of cashflows	16,672

19. Notes to the Financial Statements

1. General Information

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

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

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully

Lamu County Disability Fund
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	<p>represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish</p>

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

	the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

i. Early adoption of standards

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

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Lamu County Disability Fund and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved and adopted by the Lamu County Disability Fund Committee on 16th July, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Lamu County Disability Fund upon receiving the respective approvals in order to conclude the final budget.

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under No 18 of these financial statements.

c) Property, plant and equipment

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

Lamu County Disability Fund
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a) Intangible Assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Lamu County Disability Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Lamu County Disability Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the Lamu County Disability Fund classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Lamu County Disability Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

e) Provisions

Provisions are recognized when the Lamu County Disability Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Lamu County Disability Fund made no provisions.

f) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Lamu County Disability Fund does not create and maintains reserves

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

The Lamu County Disability Fund does not provide retirement benefits for its members only the technical staff's under the Executive arm benefits from retirement the other members of the Committee benefits for sitting allowances only from the Fund.

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Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

The Lamu County Disability Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of key management are regarded as related parties and comprises the Fund Administrator/Funds Chairperson, Chief Officer and the secretary.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the commercial bank, Cooperative

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

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- The nature of the processes in which the asset is deployed

- Availability of funding to replace the asset

- Changes in the market in relation to the asset

c) Provisions

No Provisions were raised.

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Notes to The Financial Statements Continued

6. Public contributions and donations

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Total	-	-

7. Transfers from County Government

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

8. Fines, penalties and other levies

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

9. Interest income

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

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10. Other income

Description	2024-2025 FY	2023-2025 FY
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

11. Employee Costs

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

12. A Use of Goods and Services

Description	2024 -2025 FY	2023 -2024 FY
	Kshs.	Kshs.
Domestic Travel And Subsistence And Other Transp	-	374,400
Committee allowances	93,000	445,000
Catering & Hospitality	-	49,600
General office supplies	4,250	-
Bank Charges	480	815
Total	97,730	869,815

12 B. Grant disbursements

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Grant disbursements & Empowerment Program	873,400	7,023,600
Total	873,400	7,023,600

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13. Depreciation and Amortization Expenses

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

14. Finance costs

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

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15. Gain/(loss) on disposal of assets

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

17. Cash and cash equivalents

Financial Institution	Account number	2024-2025 FY	2023-2024 FY
		Kshs	Kshs
A) Current Account			
Cooperative Bank	01141562514800	16,672	837,802
Grand Total		16,672	837,802

18. Receivables from exchange transactions

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
	-	-
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

**Lamu County Disability Fund
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Additional disclosure on interest receivable

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

19. Prepayments

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

20. Inventories

Description	2024-2025 FY	2023-2024 FY
	Kshs.	Kshs.
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories	-	-

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Detailed disclosure on inventories

	2024-2025 FY	2023-2024 FY
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

21. Investments in financial assets

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2024-2025 FY Kshs.	2023-2024 FY Kshs.
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year Kshs	Prior year Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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22. Property, plant, and equipment

	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs
At 1st July 2024	-	-	-
Additions	-	-	-
Disposals	-	-	-
Transfers/Adjustments	-	-	-
At 30th June 2024	-	-	-
	-	-	-
At 1st July 2025	-	-	-
Additions	-	-	-
Disposals	-	-	-
Transfer/Adjustments	-	-	-
At 30th June 2025	-	-	-
Depreciation And Impairment	-	-	-
At 1st July 2024	-	-	-
Depreciation	-	-	-
Transfer/Adjustment	-	-	-
At 30th June 2024	-	-	-
	-	-	-
At 1st July 2025	-	-	-
Depreciation	-	-	-
Impairment	-	-	-
At 30th June 2025	-	-	-
Net Book Values	-	-	-
At 30th June 2024	-	-	-
At 30th June 2025	-	-	-

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23. Intangible assets

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

24. Investment Property

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

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25. Trade and other payables from exchange transactions

Description	2024-2025 FY		2023-2024 FY	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-	-	-	-

26. Provisions

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

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27. Borrowings

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

28. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

29. Social Benefit Liabilities

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

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30. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(971,130)	(7,893,415)
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Prior Year Adjustments	150,000	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(821,130)	(7,893,415)

31. Prior Year Adjustments

Prior Year adjustments really applies to the correction of an error in the financial statements of prior period

S/NO	DESCRIPTION OF THE ERROR	DR	CR
1.	Bank Balance	150,000	
2.	Accumulated Surplus		150,000

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27. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Department of Education and Vocational Training;
- c) Key management;
- d) Fund Administration Committee.

b) Related party transactions

Description	2024 -2025	2023 - 2024
	Kshs	Kshs
Total	-	-

c) Key management remuneration

Description	2024 -2025	2023 - 2024
	Kshs	Kshs
Committee Allowances	93,000	445,000
Total	93,000	445,000

d) Due from related parties

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

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Other Disclosures Continued

e) Due to related parties

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

32. Contingent assets and contingent liabilities

Contingent Liabilities	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes to The Financial Statements (Continued)

1. Financial risk management

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

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

a) Credit risk

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

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	16,672	16,672	-	-
Total	16,672	16,672	-	-
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	837,802	837,802	-	-
Total	837,802	837,802	-	-

b) Liquidity risk management

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

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

The Fund Administration Committee has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

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Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2025			
Euro	-	-	-
USD	-	-	-
2024	-	-	-
Euro	-	-	-
USD	-	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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

d) Capital risk management.

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Lamu County Disability Fund	5,000,000	5,000,000
Accumulated surplus	(4,983,328)	(4,162,198)
Total funds	16,672	837,802
Total borrowings	-	-
Less: cash and bank balances	16,672	837,802
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

33. Events after the reporting period

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

34. Ultimate and Holding Entity

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

35. Currency

The financial statements are presented in Kenya Shillings (Kshs)

**Lamu County Disability Fund
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20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unresolved Prior Year Matters	The action has been taken and resolved Resolutions of the County Assembly of Lamu dated 27 th May,2025 Members Resolved the Matter	Resolved	
2.	Ineligible and Irregular on Grant Disbursement and Empowerment Programs	The action has been taken and resolved Resolutions of the County Assembly of Lamu dated 27 th May,2025 Members Resolved the Matter	Resolved	
3.	Inconsistent Provision on Fund Administration Expenses	Initiation of amending of the Lamu County Persons with disabilities Act,2018 for approval by the County Assembly.	Not Resolved	30 th June,2026
4.	Failure to Establish Resources Centres	Unlimited Resources	Not Resolved	30 th June,2026

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Chairperson of The Committee/Fund Administrator

Date: 6/10/2025

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

Annex II: Inter-Fund Confirmation Letter



Lamu County Disability Fund
74-80500
Lamu County, Mokowe

The Lamu County Disability Fund wishes to confirm the No amounts disbursed as at 30th June 2025 as indicated in the table below.

Confirmation of amounts received by Lamu County Disability Fund as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by Lamu County Treasury (Kshs) as at 30 th June 2025				Amount Received Lamu County Disability Fund (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
		-	-	-	-	-	-
Total							

In confirm that the no amounts are received as shown above.
Head of Accountants department of beneficiary Fund:
 Name Mohamed A. Abubakar Sign [Signature] Date 6/10/2025

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex III: Reporting of Climate Relevant Expenditures

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

Lamu County Disability Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex IV: Reporting on Disaster Management Expenditure

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