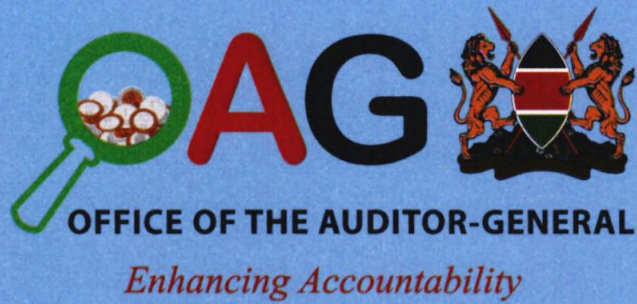


REPUBLIC OF KENYA



REPORT

PARLIAMENT
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OF

THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

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

COUNTY GOVERNMENT OF LAMU

PAPERS LAID	
DATE	5/8/25
TABLED BY	Muj. L
COMMITTEE	—
CLERK AT THE TABLE	Mgali



COUNTY REVENUE FUND

County Government of Lamu

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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1. Acronyms and glossary of terms

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
Kshs	Kenya Shillings

b) glossary of terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

Article 207 of the Constitution of Kenya 2010 provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

b) Key Management Team

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

No.	Designation/Office	Name
1.	CECM Finance, Budget, Strategy and Economic Planning	Hon. Mohamed Mbwana Ali
2.	Chief Officer - Finance	CPA Salma Omar Ahmed
3.	Director Accounting Services	CPA Mohamed Abbas Abubakar

c) Fiduciary Management

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

No.	Designation/Office	Name
1.	CECM Finance, Budget, Strategy and Economic Planning	Hon. Mohamed Mbwana Ali
2.	Chief Officer - Finance	CPA Salma Omar Ahmed
3.	Director Accounting Services	CPA Mohamed Abbas Abubakar

d) Fiduciary Oversight Arrangements

The County Executive Fiduciary oversight arrangements are under the listed below oversight bodies.

S/No	Position	Responsibilities
1	Directorate of Accounting Service	The Director of Accounting Services heads the Directorate. It derives its mandate from the Constitution 2010, and the Public Finance Management Act 2012. The main responsibility of the directorate is monitoring of expenditures 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 Ag heads the Directorate. Director Internal Audit to provide independent assurance, advice and insight in order to enhance and protect organisational value, contribute towards evidence-based decision making, and promote organisational learning, transparency, integrity and accountability.
3	County Internal Audit Committee	The committee is responsible for overseeing risk management, internal control, and governance in a county government through reviewing the county government's governance mechanisms, transparency, and accountability Conducting audits to strengthen internal control mechanisms; verifying the existence of county government assets and ensuring their protection; Ensuring the county government follows appropriate policies and procedures; Evaluating the reliability of information available to management; Overseeing the implementation of recommendations from internal and external auditors and recommend decisions to the Governing Body for approval

4	County Assembly Public Accounts Investment Committee	The committee is headed by the Chairperson with primary mandate of oversight the expenditure of public funds by Lamu County entities, to ensure value for money.
5	Parliamentary committee activities	Senate PAC & PIC which oversight revenue allocated to the County Government, examine the report of the Office of the Auditor General on the annual accounts of the County Governments and exercise oversight of the County Public Funds.
6	Kenya National Audit Office	The Office is mandated to audit and report on the use and management of public resources by public entities. Article 229 (6) of the Constitution requires the Auditor-General to confirm whether public money has been applied lawfully and effectively.
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 oversight activities for the projects implemented in the County.

e) County Headquarters

P.O. Box 74-80500
 Mokowe Headquarter
 Lamu - Malindi Road
 Mokowe.

f) County Executive Contacts

Telephone: (+254) 715555111/758005005

E-mail: treasury@lamu.go.ke

Website: www.lamu.go.ke

g) County Executive Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA.

h) Independent Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O.BOX 40112

City Square 00200

NAIROBI, KENYA.

3. Statement by the CECM Finance

In our pursuit to improve on transparency and accountability in Public Financial Management, I present the County Revenue Fund Financial Statements for the financial year 2023/24 of the County Government of Lamu.

Article 202 of the Constitution of Kenya 2010 provides that revenue raised nationally shall be shared equitably among National and County Governments. Each County Government's equitable share of revenue raised nationally is determined annually through the County Allocation of Revenue Act (CARA). The revenue-sharing formula is developed by the Commission on Revenue Allocation (CRA) and approved by parliament in accordance with Article 217 of the constitution.

In the financial year 2023/2024 the County received **Ksh 2,978,362,651** as the equitable share of the revenue raised nationally, raised and transferred to the County Revenue Fund Account of **Ksh 121,968,817** as its own source revenue, **Ksh 227,054,314** Transfers from other government agencies, **Ksh 38,128,057** as a return to CRF issues (unspent balances). The county continues to explore new and innovative ways of increasing its local revenue collections.

We were able to disburse a total of **Ksh 3,874,788,404** from the County Revenue Fund of which **Ksh 3,447,419,685** was transferred to the County Executive and **Ksh 427,368,719** to the County Assembly. For the County Executive **Ksh 2,376,003,274** was for Recurrent; **Ksh 953,022,562** was for development and **Ksh 118,393,849** for the Conditional Grant and for the County Assembly **Ksh 412,590,620** for County Assembly Recurrent and **Ksh 14,778,099** for County Assembly Development.



.....
HON. MOHAMED MBWANA ALI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, BUDGET, STRATEGY AND ECONOMIC PLANNING

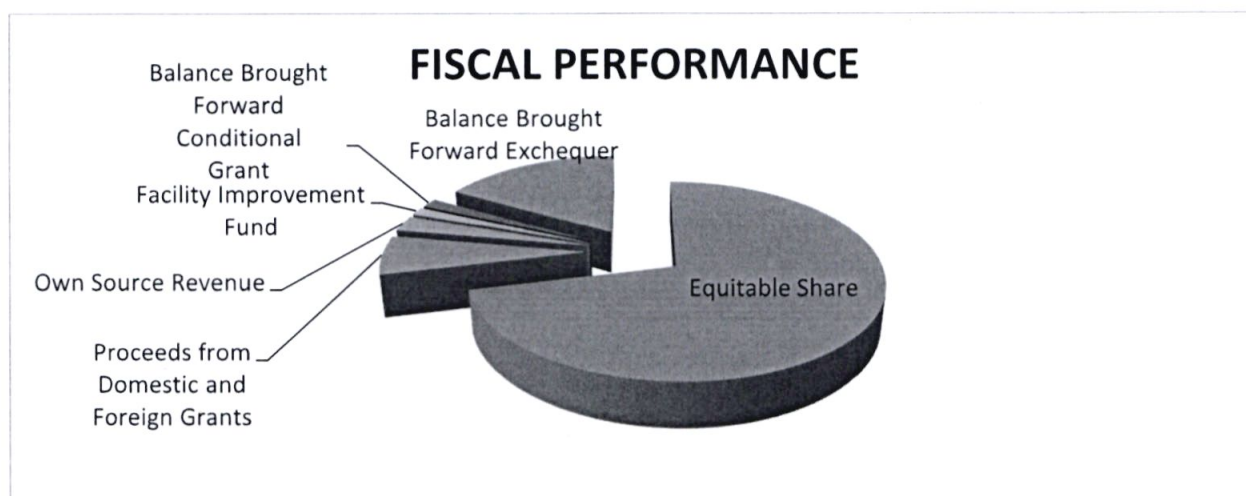
4. Management Discussion and Analysis

a) Budgeted Revenue

In FY 2023/24 the County Government of Lamu Approved Supplementary Budget amount of **Ksh 4,540,837,952** Comprising of **Ksh 2,938,787,945** for recurrent expenditure, **Ksh 1,542,050,007** for development expenditure and **Ksh 60,000,000** for an AIA for Facility Improvement Fund. To Finance the budget, the County expected to receive **Ksh 3,237,350,707 (71%)** as an equitable share of revenue raised nationally, **Ksh 295,777,939 (6%)** as Conditional Allocations from Loans and Grants from Development Partners, **Ksh 120,000,000 (3%)** as Own Source Revenue **Ksh 60,000,000 (1%)** for Facility Improvement Fund, **Ksh 72,153,291 (2%)** as Balance brought forward from Conditional Grants, and **Ksh 755,656,015 (17%)** being unspent balances from previous Financial Year (2022/23).

The expected sources of budget financing are as shown in figure 1.

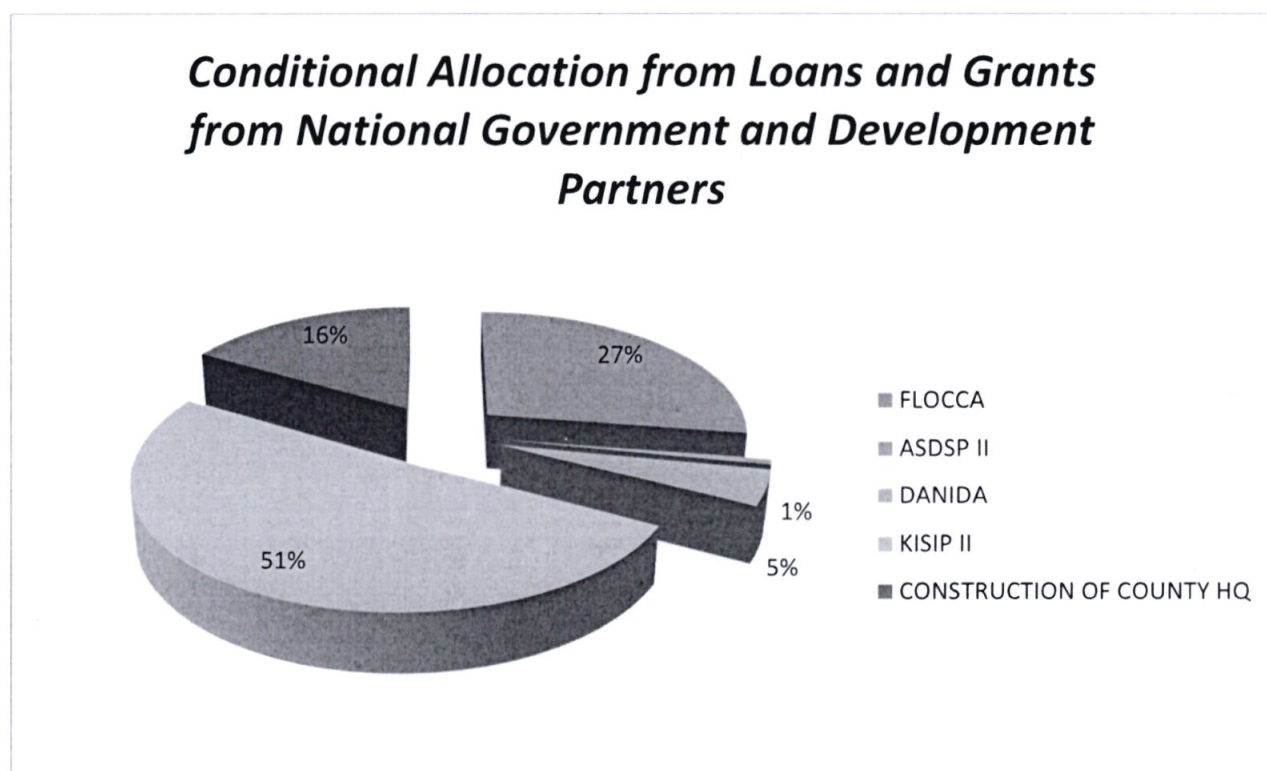
Revenue Classification	Revenue Budget	Actual	Realization %
Equitable Share	3,237,350,707	2,978,362,651	92%
Proceeds from Domestic and Foreign Grants	295,777,939	227,054,314	77%
Own Source Revenue	120,000,000	121,968,817	102%
Facility Improvement Fund (FIF)	60,000,000	60,000,000	100%
Balance Brought Forward Conditional Grant	72,153,291	72,153,291	100%
Balance Brought Forward Exchequer	755,656,015	755,656,015	100%
TOTAL	4,540,937,952	4,215,195,088	93%



In the financial year 2023/2024 the County received **Ksh 2,978,362,651** as the equitable share, **Ksh 227,054,314** Transfers from other government agencies, **Ksh 121,968,817** as its own source revenue, **Ksh 38,128,057** as return to CRF issues (unspent balances). The county continues to explore new and innovative ways of increasing its local revenue collections.

Figure 2: Conditional Allocation from Loans and Grants from National Government and Development Partners.

Revenue Classification	Revenue Budget	Actual	Realization %
FLOCCA	81,196,114	70,196,114	86%
ASDSP II	2,122,700	2,122,700	100%
DANIDA	13,519,125	4,735,500.00	35%
KISIP II	150,000,000	150,000,000	100%
CONSTRUCTION OF COUNTY HQ	48,840,000	0	0%
TOTAL	295,677,939	227,054,314	77%



5. Overview of the County Revenue Fund Operations

Background

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

Receipts into the County Revenue Fund

County Government revenue is received through appointed County Receiver of Revenue by the County Executive Committee Member for Finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012.

Receipts include Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County Appropriation Act

The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly Bank Accounts.

These entities are responsible for the administration of their respective Approved Budgets.

Financial Reporting requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the Financial Statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended June 30, 2024.



.....
HON. MOHAMED MBWANA ALI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, BUDGET, STRATEGY AND ECONOMIC PLANNING

6. Statement of Management Responsibility

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or County Legislation to prepare Financial Statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund Financial Statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue 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 County Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's Financial Statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended June 30, 2024, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, Accounting Officer confirms

that the County Revenue Fund's Financial Statements have been prepared in a form that complies with relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

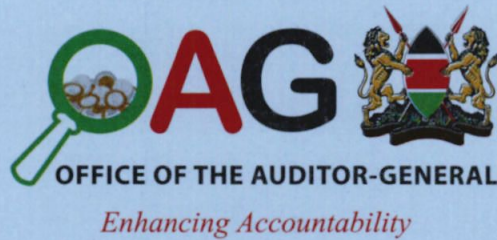
The County Revenue Fund's financial statements were approved and signed on **September 28, 2024**



.....
HON. MOHAMED MBWANA ALI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, BUDGET, STRATEGY AND ECONOMIC PLANNING

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 COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF LAMU

PREAMBLE

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

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

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

The three parts of the report 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 County Revenue Fund – County Government of Lamu set out on pages 1 to 11, which comprise the statement of statement of receipts and payments, statement of comparison of budget and actual

Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2024 – County Government of Lamu

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of County Revenue Fund – County Government of Lamu as at 30 June, 2024 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual on comparable basis of Kshs.4,540,837,952 and Kshs.3,365,513,839 respectively resulting to a budget realization difference of Kshs.1,175,324,113 or 26% of the budget. Similarly, Management made transfers to the County Government and Assembly of Kshs.3,874,788,404 against actual receipts of Kshs.3,365,513,839 resulting to a shortage of Kshs.509,274,565.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2024. Even though Management indicate that the issues have since been resolved, an indication of how the resolution was arrived at has not been indicated.

Other Information

The Management is responsible for the other information set out on page ii to xiii which comprise of Key Entity Information and Management, Statement by CECM Finance, Management Discussion and Analysis, overview of the County Revenue Fund Operations and Statement of Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA ~~Nancy Gathungu~~, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

8. Statement of Receipts and Payments for the Year Ended 30th June 2024.

		2023-2024	2022-2023
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	2,978,362,651	3,354,101,613
Transfers from other government agencies	2	227,054,314	102,529,473
Other grants	3	-	-
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5	-	-
Own Source Revenue	6	121,968,817	156,484,041
Return to CRF issues	7	38,128,057	17,439,806
Total Receipts		3,365,513,839	3,630,554,933
Payments			
Transfers to County Executive	8	3,447,419,685	3,023,748,939
Transfers to County Assembly	9	427,368,719	362,476,400
Other Transfers	10	-	-
Total Payments		3,874,788,404	3,386,225,339
Net increase/ (decrease) in cash for the year		(509,274,565)	244,329,594
Add Opening fund balance b/f	11	779,667,820	535,338,226
Closing Fund balance for the year	11	270,393,255	779,667,820

Chief Officer Finance
 Name: CPA Salma Omar Ahmed
 ICPAK Member No: 15009

Director Accounting Services
 Name: CPA Mohamed A. Abubakar
 ICPAK Member No: 23585

County Government of Lamu
 County Revenue Fund
 For the financial year ended June 30, 2024

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2024

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	
Exchequer releases	3,237,350,707	-	3,237,350,707	2,978,362,651	258,988,056	92
Transfers from other government agencies	561,340,114	-265,662,175	295,677,939	227,054,314	68,623,625	77
Other conditional grants	-	-	-	-	-	-
Proceeds from Domestic Borrowing	-	-	-	-	-	-
Proceeds from Foreign Borrowing	-	-	-	-	-	-
Own Source Revenue	350,000,000	-170,000,000	180,000,000	121,968,817	58,031,183	68
Return to CRF issues	438,223,152	389,586,154	827,809,306	38,128,057	789,681,249	5
Total Receipts	4,586,913,973	- 46,076,021	4,540,837,952	3,365,513,839	1,175,324,113	74
Payments						
Transfers to County Executive	4,037,913,973	- 86,576,021	3,951,337,952	3,447,419,685	503,918,267	87
Transfers to County Assembly	549,000,000	40,500,000	589,500,000	427,368,719	162,131,281	72
Others	-	-	-	-	-	-
Total Payments	4,586,913,973	- 46,076,021	4,540,837,952	3,874,788,404	666,049,548	85
Balance	-	-	-	(509,274,565)	509,274,565	

Note:

The amount under Return to CRF issues are unspent balances for both exchequer balance brought forward and Conditional Grant of ksh 755,656,014 and ksh 72,153,292 respectively.

10. Significant Accounting Policies

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the Cash-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012. The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund; all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

This report relates to financial operations of the County Revenue Fund domiciled at the County Treasury and bank account maintained at Central Bank of Kenya.

c) Receipts

Receipts include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012. The receipts collected include Exchequer releases, own source revenue, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Exchequer Account.

Transfers from the exchequer and own source revenue are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

d) Payments

Payments are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately.

Significant Accounting Policies (Continued)

e) Fund Balances

Fund balances comprise bank balances in County Exchequer Account held at Central Bank of Kenya.

f) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. There were no restrictions on cash during the year.

11. Notes to the Financial Statements

1. Exchequer releases

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Equitable Share	2,978,362,651	3,354,101,613
Total	2,978,362,651	3,354,101,613

2. Transfers from other government agencies

Description	2023-2024	2022-2023
	Kshs.	Kshs.
World Bank Kenya Climate Smart Agriculture (KCSAP) - State Department of Crop Development	-	5,236,636
DANIDA Grant - Primary Health Care in devolved context - Ministry of Health	4,735,500	8,348,625
SIDA Agricultural Sector Development Support Programme II (ASDSP II) - State Department of Crop Development	2,122,700	14,604,297
World Bank - Kenya Informal settlement improvement project (KISIP 11) - State Department of Housing & Urban Development	150,000,000	50,000,000
(IDA) World Bank Credit Financing Locally Led Climate Programme (FLLoCA) 1 CCIS Grant.	70,196,114	22,000,000
Urban Institutional Grant	-	2,339,915
Total	227,054,314	102,529,473

3. Other grants

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Total	-	-

4. Proceeds from Domestic borrowing

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Total	-	-

5. Proceeds from Foreign Borrowing

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Total	-	-

6. Own Source Revenue

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Business Permit Current Year	20,885,500	13,173,600
Health Centers	36,236,617	94,087,121
Training/Learning Centres (ATC)	467,000	336,400
Market Stalls Rent	1,094,950	933,800
Fruits & Vegetables/Produce Cess	1,222,480	748,550
Meat Inspection Fees	332,800	144,200
Agriculture Vehicles Hire (AMS Tractors)	8,638,339	14,449,514
Open Air Market Fee	1,558,520	697,800
Slaughtering Fee	747,770	945,050
Livestock Cess	217,810	313,070
Fish Cess	7,618,328	1,961,300
Street Parking Fee	3,860,330	1,709,700
Sales Of Flowers, Miraa, Etc	4,609,000	3,453,975
Vetenary	16,050	1,800
Forest Cess	1,207,995	578,700
Metal Scrap	2,196,080	100,700

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Sign Boards & Advertisement Fee	4,604,616	2,785,130
Physical Planning	8,105,651	3,699,095
Sand, Gravel, and Ballast Extraction Fees	5,266,727	5,697,079
Fisheries License	107,500	25,050
Land Rates	8,520,930	7,388,702
Public Health	1,984,810	1,151,600
Hides And Skins Fee	3,450	4,500
Water Desalination Plant	-	20,000
Salary Commission	2,465,063	1,968,131
Others Miscellaneous	500	109,474
TOTAL	121,968,817	156,484,041

The own source revenue declared is the amount collected and transferred to the County Revenue Fund. The amount dropped compared the previous year because of the FIF.

7. Return to CRF Issues

Description	2023-2024	2022-2023
	Kshs.	Kshs.
CBK Recurrent Account (<i>County Executive</i>)	28,415,493	16,132,108
CBK Development Account (<i>County Executive</i>)	8,682,672	26
KCB Standing Imprest Account (<i>County Executive</i>)	59,448	-
Recurrent Account (<i>County Assembly</i>)	164,131	-
Recurrent Account (<i>County Assembly</i>)	806,314	1,307,673
Total	38,128,057	17,439,806

These unspent balances from the previous Financial Year are transferred back to the CRF account from operational account.

8. Transfers to County Executive

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Recurrent Account	2,376,003,274	2,286,061,445
Development Account	953,022,562	639,658,021
Village Polytechnic	14,500,000	36,000,000
ASDSP II	2,272,235	20,104,297
Climate Change	93,196,114	11,000,000
Primary Health Care	8,425,500	8,348,625
Urban Institutional Grant	-	2,339,915
Kenya Climate Smart Agriculture Project (KCSAP)	-	20,236,636
Total	3,447,419,685	3,023,748,939

9. Transfers to County Assembly

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Recurrent Account	412,590,620	362,476,400
Development Account	14,778,099	-
Total	427,368,719	362,476,400

10. Other Transfers

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Total	-	-

11. Fund balance

Description	2023-2024	2022-2023
	Kshs.	Kshs.
County Exchequer Account (CBK Account number 1000171588)	270,393,255.00	779,667,820.20
Total	270,393,255.00	779,667,820.20

12. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2023-2024	2022-2023
			Kshs	Kshs
KCB Transition Auth. - Lamu County Revenue Account 1140750615	Ksh	-	142,213	304,983
DTB Lamu County Revenue Account 1 A/C 022266001	Ksh	-	353	-
DTB Lamu County Revenue Account 2 A/C 022266002	Ksh	-	354	-
EQUITY Lamu County Revenue Account A/C 1590265264918	Ksh	-	-	(367)
KCB Lamu County Medical Superintendent A/C 1211409341	Ksh	-	-	99,994
KCB Medical Superintendent Mpeketoni A/C 1211639363	Ksh	-	-	17,507

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KCB Medical Superintendent Faza A/C 1211503658	Ksh	-	-	1,087
KCB Mokowe Health Centre A/C 1103677756	Ksh	-	-	-
KCB WITU Health Centre A/C 1104838044	Ksh	-	-	-
Co-operative Lamu County Revenue Collection A/C 01141562658900	Ksh	-	-	-
Others				
Cash in Hand and M-Pesa Pay Bill	Ksh	-	91,628	53,730
Total			234,549	476,934

Reconciliation:

Total Revenue (ROR Statement)	216,875,350
Add Opening balance	476,934
Less Disbursement to CRF	(121,968,817)
FIF	(93,341,812)
Liquor	(1,262,050)
Bank Charges	(545,056)
Closing Balance	<u>234,549</u>

12. Annexes

Annex 1: Progress on follow up of 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)
01	Unreconciled Fund Balance	The variance was as a result of two different set of report	Resolved	-
02	Budgetary Control and Performance	Management has taken necessary action	Resolved	-

CPA Salma Omar Ahmed
CHIEF OFFICER FINANCE
COUNTY GOVERNMENT OF LAMU

Annex 2. Analysis of Receipts from the National Treasury Exchequer Releases

Period 2024	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	534,162,867.00	534,162,867.00	809,337,677.00	1,100,699,240.00	2,978,362,651.00
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	4,735,500.00	4,735,500.00
Agriculture Sector Development Support Project (ASDSP II)	-	500,000.00	-	1,622,700.00	2,122,700.00
KISSIP II	-	-	-	150,000,000.00	150,000,000.00
Climate Change	-	-	-	70,196,114.00	70,196,114.00
Total	534,162,867.00	534,662,867.00	809,337,677.00	1,327,253,554.00	3,205,416,965.00

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Annex 3. Analysis of Receipts from Own Source Revenue per Quarter

REVENUE STREAMS	Q1	Q2	Q3	Q4	TOTAL
Business Permit Current Year	3,606,700	501,000	10,625,400	6,152,400	20,885,500
Health Centres	4,362,370	3,939,090	-	27,935,157	36,236,617
Training/Learning Centres (ATC)	177,500	100,000	75,000	114,500	467,000
Market Stalls Rent	307,400	260,550	309,800	217,200	1,094,950
Fruits & Vegetables/Produce Cess	667,840	299,720	145,890	109,030	1,222,480
Meat Inspection Fees	44,450	40,450	83,860	164,040	332,800
Agriculture Vehicles Hire (AMS Tractors)	18,900	6,421,165	446,690	1,751,584	8,638,339
Open Air Market Fee	275,290	280,590	601,880	400,760	1,558,520
Slaughtering Fee	274,140	243,800	165,110	64,720	747,770
Livestock Cess	96,450	68,210	13,550	39,600	217,810
Fish Cess	1,781,970	2,614,880	2,041,510	1,179,968	7,618,328
Street Parking Fee	772,650	654,880	1,088,350	1,344,450	3,860,330
Sales Of Flowers, Miraa, Etc	545,000	964,000	1,320,000	1,780,000	4,609,000
Vetenary	12,650	3,400	-	-	16,050
Forest Cess	367,870	287,875	317,700	234,550	1,207,995
Metal Scrap	823,780	580,500	729,800	62,000	2,196,080
Sign Boards & Advertisement Fee	248,000	242,670	2,229,650	1,884,296	4,604,616
Physical Planning	2,219,413	1,465,159	1,963,072	2,458,007	8,105,651
Sand, Gravel, and Ballast Extraction Fees	888,255	804,500	1,422,457	2,151,515	5,266,727
Fisheries License	75,450	1,750	23,300	7,000	107,500
Land Rates	761,582	677,076	4,833,378	2,248,894	8,520,930
Public Health	802,000	120,100	530,600	532,110	1,984,810
Hides And Skins Fee	1,000	1,450	-	1,000	3,450
Salary Commission	537,489	734,324	394,562	798,689	2,465,063
Others Miscellaneous	500	-	-	-	500
TOTAL COLLECTION	19,668,649	21,307,139	29,361,559	51,631,470	121,968,817

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Annex 4: Analysis of Transfers from the County Revenue Fund

Description	Quarter 1 (Kshs.)	Quarter 2 (Ksh)	Quarter 3 (Ksh)	Quarter 4 (Ksh)	Total
County Executive - Rec	374,074,941	685,590,469	473,151,097	843,186,767	2,376,003,274
County Executive - Dev	67,701,375	153,878,138	140,804,899	590,638,150	953,022,562
County Assembly - Rec	52,448,270	112,234,720	110,188,800	137,718,830	412,590,620
County Assembly - Dev	-	-	3,499,999	11,278,100	14,778,099
Village Polytechnic	-	-	14,500,000	-	14,500,000
ASDSP II	-	-	-	2,272,235	2,272,235
Climate Change	11,000,000	-	-	82,196,114	93,196,114
Primary Health Care	-	-	-	8,425,500	8,425,500
Total	505,224,586	951,703,327	742,144,795	1,675,715,696	3,874,788,404