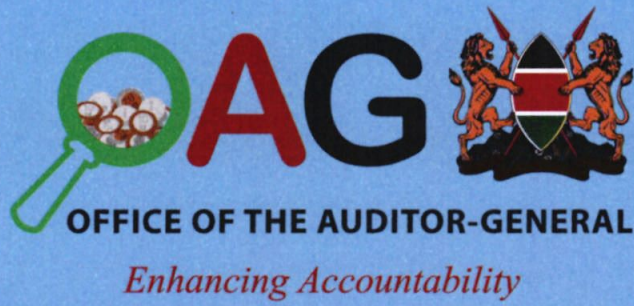
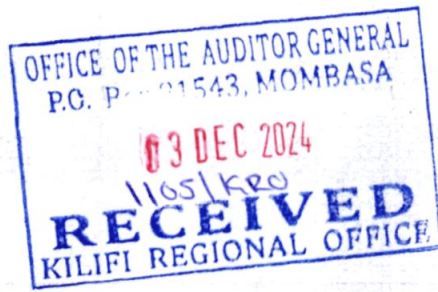


REPUBLIC OF KENYA



REPORT
OF
THE AUDITOR-GENERAL
ON
LAMU COUNTY EXECUTIVE STAFF
HOUSING FUND
FOR THE YEAR
ENDED 30 JUNE, 2024

PAPERS LAID	
DATE	5/8/25
TABLED BY	Moj-L
COMMITTEE	-
CLERK AT THE TABLE	Mgalim



LAMU COUNTY EXECUTIVE STAFF HOUSING FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30th, 2024

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

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

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

2. Key Entity Information and Management

a) Background information

Lamu County Executive Staff Housing Fund is established by and derives its authority and accountability from Lamu County Executive Staff Housing Regulations, 2019. The Fund is wholly owned by the County Government of Lamu and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to:

- Provide Loans for the Purchase, Development, Renovation, or repair of residential Houses to members of Staff.
- Raise funds for the implementation of the Objectives stated in paragraph (a)

c) Board of Trustees/Fund Administration Committee

No.	Name	Position
1	H.E Amb. Ali Abbas	Chairperson
2	CPA Salma Omar Ahmed	Chief Officer Finance - Fund Administrator
3	Ms. Khadija Fumo	Chief Officer Public Service Management and Administration – Member
4	Mr. Alex Katana Jimbi	Chief Officer Infrastructure, Roads Housing and Urban Development - Member
5	Ms. Kulthum Harith	Director Legal Service - Member
6	CHRP Paul Waluba	Director Human Resource Management - Secretary

d) Key Management team

No.	Name	Position
1	H.E Amb. Ali Abbas	Chairperson
2	CPA Salma Omar Ahmed	Chief Officer Finance - Fund Administrator

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

3	Ms. Khadija Fumo	Chief Officer Public Service Management and Administration – Member
4	Mr. Alex Katana Jimbi	Chief Officer Infrastructure, Roads Housing and Urban Development - Member
5	Ms. Kulthum Harith	Director Legal Service - Member
6	CHRP Paul Waluba	Director Human Resource Management - Secretary
7	CPA Mohamed Omar	Fund Accountant

e) Fiduciary Oversight Arrangements

NO.	Position	Name
1.	Directorate of Accounting Services	CPA Mohamed Abbas Abubakar
2.	Directorate Internal Audit	Mr. David Njoroge
3.	County Assembly of Lamu	Public Accounts Investment Committee
4.	Office of Auditor General	Office of Auditor General

f) Registered Offices

P.O. Box 74-80500
County Head Quarter
Mombasa-Lamu Highway
Mokowe, Kenya

g) Fund Contacts

Telephone: (254) 715555111/758005005
E-mail: treasury@lamu.go.ke
Website: www.lamu.go.ke

h) Fund Bankers

Diamond Trust Bank
Lamu Branch - P.O Box 120 – 80500

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024



i) Independent Auditors

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



j) Principal Legal Adviser

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



3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
 <p>H.E Amb. Ali Abbas MBS County Secretary and Head of Public Service</p>	<p>Hails from Faza Ward in Lamu East, Amb. Ali Abbas is a career diplomat having in the Ministry of foreign affairs of the Republic of Kenya for over 30 years. He holds Bachelor Degree in Arts from university of Nairobi and Postgraduate Diploma in International Relations and Economic Cooperation from Deutsche Stiftung Fur Internationale Entwcklung in West Berlin..He was awarded title of Moran of the order of the Burning Spear (MBS) by H.E President Mwai Kibaki in year 2011. He served as Ambassador of Kenya to the Islamic Republic of Iran and the State of Kuwait. He also served in Kenya Missions in Abu Dhabi, Islamabad, Canberra and Dar es Salaam.</p>
 <p>CPA Salma Omar Chief Officer Finance, Budget, Strategy & Economic Planning</p>	<p>CPA 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 Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024**



 <p>Mrs. Khadija Fumo Chief Officer - Public Service Management and Administration</p>	<p>Mrs Khadija Fumo Holds a bachelor of Commerce from the University of Nairobi. Before joining the County Government, she served as an associate consultant in Deloitte. She now appointed as Chief Officer Public Service Management and Administration.</p>
 <p>Mr. Alex Katana Chief Officer Infrastructure, Housing and Roads and Public works</p>	<p>Mr. Alex Jimbi holds Master of science in Construction engineering management from Universidad Emresarial de Costa Rica and Bachelor of science in architectural studies from University of Nairobi. Mr. Alex has vast experience in building and construction management. He worked with Mombasa Old Town & conservation a Unit under the umbrella of National Museum of Kenya. He was transferred to Lamu Museums in 2004 as an Architect and Conservator due to emerging planning and development control issues he was seconded to the Local Authority Lamu County Council as Chief building inspector and development control officer. In 2013 he served as Chief Building Inspector with the County Government of Lamu and later in the year 2018 he was appointed as County Chief Officer for Lands, Physical Planning Infrastructure and Urban Development</p>

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



 <p>Mrs. Kulthum Harith Director legal Services</p>	<p>Ms. Kulthum Harith Swaleh holds a bachelor degree in law from Moi university and a diploma from Kenya School of Law. She was admitted to the bar on 12th October 2006 and has over 16 years of legal practice. She is the director legal affairs County Government of Lamu from January 2015 to date</p>
 <p>Mr. Paul Waluba Mumaina CHRP(K), MIHRM(K) Director Human Resource Management</p>	<p>A highly motivated Human Resource Practitioner, Trainer and Management Development Coach with over than 15 years of hands-on experience in HR matters.</p> <p>A holder of MSc. in Human Resource Development, BSc. in Human Resource Management, both from Moi University, Diploma in HRM, UoN, Certified Human Resource Professional, CHRP(K) currently pursuing PhD in Business Administration, Human Resource Management from the University of Nairobi. A licensed practicing corporate member of the Institute of Human Resource Management of Kenya, in good standing.</p>

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

4. Management Team

Name	Details of qualifications and experience
 <p>H.E Amb. Ali Abbas MBS County Secretary and Head of Public Service</p>	<p>Hails from Faza Ward in Lamu East, Amb. Ali Abbas is a career diplomat having in the Ministry of foreign affairs of the Republic of Kenya for over 30 years. He holds Bachelor Degree in Arts from university of Nairobi and Postgraduate Diploma in International Relations and Economic Cooperation from Deutsche Stiftung Fur Internationale Entwcklung in West Berlin..He was awarded title of Moran of the order of the Burning Spear (MBS) by H.E President Mwai Kibaki in year 2011. He served as Ambassador of Kenya to the Islamic Republic of Iran and the State of Kuwait. He also served in Kenya Missions in Abu Dhabi, Islamabad, Canberra and Dar es Salaam.</p>
 <p>CPA Salma Omar Chief Officer Finance, Budget, Strategy & Economic Planning</p>	<p>CPA 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 Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

 <p>Mrs. Khadija Fumo Chief Officer - Public Service Management and Administration</p>	<p>Mrs Khadija Fumo Holds a bachelor of Commerce from University of Nairobi.</p> <p>Before joining the county government, she served as an associate consultant in Deloitte. She now appointed as Chief Officer Public Service Management and Administration.</p>
 <p>Mr. Alex Katana Chief Officer Infrastructure, Housing and Roads and Public works</p>	<p>Mr. Alex Jimbi holds Master of science in Construction engineering management from Universidad Emresarial de Costa Rica and Bachelor of science in architectural studies from University of Nairobi. Mr. Alex has vast experience in building and construction management. He worked with Mombasa Old Town & conservation a Unit under the umbrella of National Museum of Kenya. He was transferred to Lamu Museums in 2004 as an Architect and Conservator due to emerging planning and development control issues he was seconded to the Local Authority Lamu County Council as Chief building inspector and development control officer. In 2013 he served as Chief Building Inspector with the County Government of Lamu and later in the year 2018 he was appointed as County Chief Officer for Lands, Physical Planning Infrastructure and Urban Development</p>

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

 <p>Mrs. Kulthum Harith Director legal Services</p>	<p>Ms. Kulthum Harith Swaleh holds a bachelor degree in law from Moi university and a diploma from Kenya School of Law. She was admitted to the bar on 12th October 2006 and has over 16 years of legal practice. She is the director legal affairs County Government of Lamu from January 2015 to date</p>
 <p>Mr. Paul Waluba Mumaina CHRP(K), MIHRM(K) Director Human Resource Management</p>	<p>A highly motivated Human Resource Practitioner, Trainer and Management Development Coach with over than 15 years of hands-on experience in HR matters.</p> <p>A holder of MSc. in Human Resource Development, BSc. in Human Resource Management, both from Moi University, Diploma in HRM, UoN, Certified Human Resource Professional, CHRP(K) currently pursuing PhD in Business Administration, Human Resource Management from the University of Nairobi. A licensed practicing corporate member of the Institute of Human Resource Management of Kenya, in good standing.</p>

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024

5. Board/Fund Chairperson's Report

In our pursuit to improve transparency and accountability in public financial management, I present the 2023/2024 financial year report for the Lamu County Executive Staff Housing Fund. The fund has and will continue to manage its finances in accordance with the principles of fiscal responsibility as spelled out in the Public Finance Management Act (2012) and its regulations and other applicable laws.

In addition, the County Treasury will endeavour to comply with the Lamu County Executive Staff Housing Fund Act, 2019. The Fund financial statements for the financial year ended June 30, 2024 provide in summary statements of receipts and payments, assets and liabilities, and statements of cash flows.

I would like to express my deepest appreciation to His Excellency the Governor and Lamu County Executive Staff Housing Fund Management Committee for their continued support and cooperation that has made the Fund achieve its mandate.



AMB. ALI ABBAS, (MBS)

CHAIRPERSON

LAMU COUNTY EXECUTIVE STAFF HOUSING FUND

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of the Fund Administrator

Lamu County Executive Staff Housing Fund receives money from the County Treasury through the Department of Finance to enable payments to be made with respect to members of staff for purchases, development, renovation, or repair of residential houses. As the Lamu County Executive Staff Housing Act, 2019 dictates the payments are made upon approval by the fund administration committee.

Lamu County Executive Staff Housing Fund has and will continue to manage its finances in accordance with the principles of fiscal responsibility as spelt out in the Public Finance Management Act (2012) and its Regulations and other applicable laws. In addition, the County Treasury will endeavour to comply with the Lamu County Executive Staff Housing Act, 2019.



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CPA SALMA OMAR

FUND ADMINISTRATOR

LAMU COUNTY EXECUTIVE STAFF HOUSING FUND

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

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 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 Lamu County Executive Staff Housing Fund are to:

- a) Provide Loans for the Purchase, Development, Renovation, or repair of residential Houses to members of Staff.
- b) Raise funds for the implementation of the Objectives stated in paragraph (a)

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number of mortgages successfully applied	% Of staff taking Mortgage facilities	-

8. Corporate Governance Statement

Lamu County Executive Staff Housing Fund is a Fund kitty for Lamu County Executive Staff to take up loans to acquire affordable homes. The loans will be accessed at a fair interest rate; the Fund is established under the Staff Housing Fund Act, 2019 which was assented by the County Assembly in May 2019.

The Fund is wholly owned by the county government of Lamu and is domiciled in Kenya.

Principal Activities

- (a) Provide loans for the purchase, development, renovation, or repair of residential houses to members of Staff.
- (b) Raise Funds for the implementation of the objectives stated in paragraph (a)

Appointment of members

The Lamu County Executive Staff Housing fund regulations of 2019 established a committee to be known as Housing Loan Management Committee which shall consist of:

- a). The County Secretary who is the Chairperson
- b). Chief Officer Finance who shall be Fund Administrator and the Secretary to the committee
- c). County Chief Officer in charge of Public Service Management and Administration.
- d). County Attorney or person in charge of County Legal Service
- e). County Housing Officer
- e). County Director in charge of Human Resource

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

Lamu County Executive Staff Housing Fund receives money from the County Treasury through the Department of Finance to enable payments to be made with respect to members of staff for purchases, development, renovation, or repair of residential houses. As the Lamu County Executive Staff Housing Act of 2019 dictates the payments are made upon approval by the fund administration committee.

10. Environmental and Sustainability Reporting

Sustainability strategy and profile -

The Lamu County Executive Staff Housing Fund is established and mandated through the Lamu County Executive Staff Housing Fund Regulation 2019 of the County Assembly of Lamu. This Act has put in place a good governance structure. The Fund is independent. It has a fund administrator and an independent fund administration committee.

Community Engagements

The Fund was not involved in any corporate social responsibility activities in the Financial Year 2023/2024.

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Trustees

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

Principal activities

The principal activities of the Fund are to provide loans for the purchase, development, renovation, or repair of residential houses to members of Staff.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1-4

Fund Administration Committee

The members of the Fund Administration Committee who served during the year are shown on page vi - xi.

Auditors

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

By Order of the Board



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AMB. ALI ABBAS, MBS

CHAIRPERSON

LAMU COUNTY EXECUTIVE STAFF HOUSING FUND.

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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 Lamu County Executive Staff Housing Fund established by Lamu County Executive Staff Housing Act of 2019 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 Executive Staff Housing Fund is responsible for the **preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024.** This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Fund;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Lamu County Executive Staff Housing Fund accepts responsibility for the **Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Lamu County Executive Staff Housing Act of 2019.** 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 the Fund's transactions**

Lamu County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2024

during the financial year ended June 30, 2024, and of the Fund's financial position as of that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Lamu County Executive Staff Housing Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 25th September 2024 and signed on its behalf by:



.....
CPA SALMA OMAR
FUND ADMINISTRATOR
LAMU COUNTY EXECUTIVE STAFF HOUSING FUND.

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON LAMU COUNTY EXECUTIVE STAFF HOUSING FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lamu County Executive Staff Housing Fund set out on pages 22 to 62 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

Report of the Auditor-General on Lamu County Executive Staff Housing Fund for the year ended 30 June, 2024

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, except for the effects of the matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of Lamu County Executive Staff Housing Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Lamu County Executive Staff Housing Regulation, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding and Defaulted Loan Repayment

The statement of financial position reflects receivables from exchange transactions balance of Kshs.5,938,703 comprising of current portion of long-term receivables from exchange transactions balance of Kshs.1,778,703 and long-term receivables from exchange transactions balance of Kshs.4,160,000 respectively as disclosed in Note 13 to the financial statements. As previously reported, the loan records revealed that a loan of Kshs.23,400,000 was disbursed to an officer on 11 July, 2019 with a thirty-six (36) months repayment period from July, 2019 to July, 2023. The loan repayment stopped from October, 2023 and the borrower was no longer employed by the County Government of Lamu. In addition, the title deed that was to be charged to the loan and used as collateral in case of default was not deposited with the Housing Loans Management Committee.

In the circumstances, the recoverability, accuracy and completeness of long-term and current receivables from exchange transactions balance of Kshs.5,938,703 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Lamu County Executive Staff Housing 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 qualified 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. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

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

Other Information

The Management is responsible for the other information set out on page ii to xx which comprise of Key Entity Information and Management, Board of Trustees/Fund Administration Committee, Management Team, Board/Fund Chairperson's, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees 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.

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 effects of the matter 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

Late Submission of Financial Statements for Audit

Management submitted the annual reports and financial statements to the Auditor General on 31 October, 2024 which is four (4) months after the end of the financial year contrary to Section 47(1) of the Public Audit Act, 2015 which requires the financial statements to be submitted within three (3) months after the end of the fiscal year to which the accounts relate.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Effectively Utilize Appropriated Funds

The statement of financial position and Note 12 to the financial statements reflects cash and cash equivalents balance of Kshs.35,628,352. As previously reported, Management did not disburse any loan during the year under review no explanation was provided for keeping public funds idle at the expense of effective service delivery to staff.

In the circumstances, the effectiveness of service delivery to the staff could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


31 December, 2024


Lamu County Executive Staff Housing Fund

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Revenue From Exchange Transactions			
Interest Income	4	175,300	182,090
Other Income	5	-	-
		175,300	182,090
Total Revenue		175,300	182,090
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	-	1,140
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		-	1,140
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		175,300	180,950


Fund Administrator
Name: CPA Salma Omar Ahmed
ICPAK Member No: 15009


Fund Accountant
Name: CPA Mohamed Omari Mohamed
ICPAK Member No: 24281

Lamu County Executive Staff Housing Fund
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15. Statement of Financial Position As at 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	35,628,352	35,628,352
Current Portion of Long-Term Receivables from Exchange Transactions	13	1,778,703	1,603,403
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		37,407,055	37,231,755
Non-Current Assets			
Property, Plant, and Equipment	17	-	-
Intangible Assets	18	-	-
Long-Term Receivables from Exchange Transactions	13	4,160,000	4,160,000
Investment Property	19	-	-
Total non-current assets		4,160,000	4,160,000
Total Assets (A)		41,567,055	41,391,755
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-

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Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Previsions	21	-	-
Long-Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		41,567,055	41,391,755
Represented By:			
Revolving Fund		40,000,0000	40,000,000
Reserves		-	-
Accumulated Surplus		1,567,055	1,391,755
Net Assets		41,567,055	41,391,755

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 25th September, 2024 and signed by:



Fund Administrator
Name: CPA Salma Omar Ahmed
ICPAK Member No: 15009



Fund Accountant
Name: CPA Mohamed Omari Mohamed
ICPAK Member No: 24281

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

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	40,000,000	-	1,210,805	41,210,805
Surplus/(Deficit) For the Period	-	-	180,950	180,950
Funds Received During the Year	-	-		-
Transfers	-		(-)	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	40,000,000	-	1,391,755	41,391,755
Balance As At 1 July 2023	40,000,000	-	1,391,755	41,391,755
Surplus/(Deficit) For the Period		-	175,300	175,300
Funds Received During the Year	-	-	-	-
Transfers	-		(-)	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	40,000,000	-	1,567,055	41,567,055

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

Description	Note	2023-2024	2022-2023
		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			
Fund administration expenses		-	-
General expenses		-	1,140
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities	24	-	(1,140)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(-)	(-)
Proceeds from the 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		-	1,924,000
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)

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Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash & cash Equivalents		-	1,922,860
Cash and cash equivalents at 1 July		35,628,352	33,705,492
Cash and cash equivalents at 30 June		35,628,352	35,628,352

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

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Lamu County Executive Staff Housing Fund is established by and derives its authority and accountability from Lamu County Executive Staff Housing Fund Act, 2019. The entity is wholly owned by the Lamu County Government and is domiciled in Kenya. The entity's principal activity is to provide Loans for Purchase, Development Renovation or repair of residential Houses to Members of staff.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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

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

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

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	<p>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 recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<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> <ul 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;

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	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<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 the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>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.</p>

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

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 entity 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 Entity'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 was approved by the County Assembly on Lamu. 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 entity upon receiving the respective approvals in order to conclude

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the final budget. Accordingly, the Fund recorded No additional appropriations on the FY 2023-2024 budget following the governing body's approval.

The entity'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 note 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 entity 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.

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.

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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.

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 entity 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 entity 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

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The entity 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 cashflows 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 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 entity 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

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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 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 entity 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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

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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

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 Entity 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. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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

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society as a whole. The entity 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 entity will incur in fulfilling the present obligations represented by the liability.

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

i) Changes in accounting policies and estimates

The Entity 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 Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to

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employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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

n) Cash and cash equivalents

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

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity 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

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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
- 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

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

provisions include e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions

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6. Notes to The Financial Statements Continued

1. Public contributions and donations

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

2. Transfers from County Government

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

3. Fines, penalties and other levies

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

4. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	175,300	182,090
Total Interest Income	175,300	182,090

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Total Other Income	-	-

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6. Employee Costs

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

7. Use of Goods and Services

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

8. Depreciation and Amortization Expense

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

9. Finance costs

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

10. Gain/(loss) on disposal of assets

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

11. Gain/ (loss) on Fair Value Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Total Gain	-	-

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12. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	35,628,352.00	35,628,352.00
Total Cash and Cash Equivalents	35,628,352.00	35,628,352.00

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
Diamond Trust Bank	0904554001	35,628,352.00	35,628,352.00
Sub- Total		35,628,352.00	35,628,352.00
Grand Total		35,628,352.00	35,628,352.00

13. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	1,778,703	1,603,403
Current Loan Repayments Due		
Other Exchange Debtors		
Less: Impairment Allowance		
Total Current Receivables	1,778,703	1,603,403
Non-Current Receivables		
Long-Term Loan Repayments Due	4,160,000	4,160,000
Total Non-Current Receivables	4,160,000	4,160,000
Total Receivables from Exchange Transactions	5,938,703	5,763,403

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Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Receivable	1,778,703	1,603,403
Interest receivable from current portion of long-term loans of previous years	175,300	182,090
Accrued interest receivable from long-term loans of previous years	1,603,403	1,421,313
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	4,160,000	4,160,000
Current portion of long-term loans from previous years	4,160,000	4,160,000
Accrued principal from long-term loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

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

15. Inventories

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

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16. Investments in financial assets

Description	2023-2024	2022-2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution	-	-
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2023-2024	2022-2023
	Kshs	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	-	-

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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		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A						
Entity B						
Entity C						

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Notes To the Financial Statements (Continued)

17. Property, plant, and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July (Previous FY)					
Additions					
Disposals					
Transfers/Adjustments					
At 30th June (Previous FY)					
At 1st July (Current FY)					
Additions					
Disposals					
Transfer/Adjustments					
At 30th June (Current FY)					
Depreciation And Impairment					
At 1 st July (Previous FY)					
Depreciation					
Impairment					

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 th June (Previous FY)					
At 1 st July (Current FY)					
Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
At 30 th June (Current FY)					
Net Book Values					
At 30 th June (Previous FY)					
At 30 th June (Current FY)					

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Notes To the Financial Statements (Continued)

18. Intangible assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At the Beginning of The Year		
Additions		
At the End of The Year		
Amortization And Impairment		
At the Beginning of The Year		
Amortization		
At the End of The Year		
Impairment Loss		
At the End of The Year		
NBV		

19. Investment Property

Description	2023-2024	2022-2023
	Kshs	Kshs
At the 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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Notes To the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	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)	-	-	-	

21. Provisions

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

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Notes To the Financial Statements (Continued)

22. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance At the 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 the end of The Period		

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2023-2024	2022-2023
	Kshs	Kshs
External Borrowings		
Dollar-Denominated Loan From 'X Organization'		
Sterling Pound Denominated Loan From 'Y Organization'		
Euro-Denominated Loan from Z Organization'		
Domestic Borrowings		
Kenya Shilling Loan From KCB		
Kenya Shilling Loan from Barclays Bank		
Kenya Shilling Loan from Consolidated Bank		
Borrowings From Other Government Institutions		
Total Balance at the End of The Year		

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The table below shows the classification of borrowings long-term and current borrowings:

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)		
Long Term Borrowings		
Total		

(NB: the total of this statement should tie to note 22 totals. The current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security, and interest rates should be disclosed). Borrowings should be measured at amortized cost as per IPSAS 41)

23. 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					

24. Social Benefit Liabilities

Description	2023-2024	2022-2023
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		

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Total		
Current social benefits		
Non-current social benefits		
Total (tie to totals above)		

Social benefit schemes include benefits such as cash transfers for the unemployed or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g. poverty, age, and unemployment among others.

25. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax		
Adjusted For:		
Depreciation		
Amortization		
Gains/ Losses on Disposal Of Assets	=	=
Interest Income		
Finance Cost		
Working Capital Adjustments		
Increase In Inventory		
Increase In Receivables		
Increase In Payables		
Net Cash Flow from Operating Activities		

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Notes To the Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

Other Disclosures Continued

e) Due to related parties

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

27. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Total	-	-

28. 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 program focuses on the unpredictability of changes in the business environment and seeks to minimize 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 assessments 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

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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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2021				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				

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

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

b) Liquidity risk management

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

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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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables				
Current Portion of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				
At 30 June (Comparative FY)				
Trade Payables				
Current Portion of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing 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 the Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

i. Foreign currency risk

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

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

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

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes To the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%		
USD	10%		
(Comparative FY)			
Euro	10%		
USD	10%		

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign

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exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	40,000,000	40,000,000
Revolving fund		
Accumulated surplus	1,567,055	1,391,755
Total funds	41,567,055	41,391,755
Total borrowings	0	0
Less: cash and bank balances	35,628,352	35,628,352
Net debt/ (excess cash and cash equivalents)	(35,628,352)	(35,628,352)
Gearing	-86%	-86%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by the Lamu County Executive Staff Housing Act under the Department of Public Service Management and Administration. Its ultimate parent is the County Government of Lamu.

31. Currency

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

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 the Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.0	Defaulted Loan Repayment	The Management still working on it to resolve the issue	Not Resolve	FY 2024/2025
1.1	Unutilized Funds	The management put a mechanism to resolve the issue	Not Resolve	FY 2024/2025



.....
 CPA Salma Omar Ahmed
 Chief Officer – Finance, Budget, Strategy and Economic Planning
 Fund Administrator
Lamu County Executive Staff Housing Fund

Lamu County
Lamu County Executive Staff Housing Fund
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Annex II: Inter-Fund Confirmation Letter

There is no amount disbursed to the fund.

Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total		-	-	-	-	-	-

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

Head of Accountants department of beneficiary Fund:

Name Mohamed Omar Sign [Signature] Date 25/6/24

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Annex III: Reporting of Climate Relevant Expenditures

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

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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