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**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

PAPERS LAID	
DATE	10/10/2022.
TABLED BY	SEN MAJORITY WHIP.
COMMITTEE	_____
CLERK AT THE TABLE	A. MACHARIA.

**COUNTY ASSEMBLY OF  
LAMU**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



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**COUNTY ASSEMBLY OF LAMU**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021**

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

**COUNTY ASSEMBLY OF LAMU**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

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**COUNTY ASSEMBLY OF LAMU**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 18 Members of County Assembly (MCAs) elected and nominated to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Government of Lamu.

**(b) Key Management**

The County Assembly of Lamu day-to-day management is under the following key organs:

- Office of the Speaker;
- County Assembly Service Board; and
- the Clerk's Chamber.

**(c) Fiduciary Management**

The key management personnel who held office during the year ended 30<sup>th</sup> June, 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Acting Clerk	Omar Ahmed
2.	Director HR & Legislative Services	Ishaaq Buya
3.	Director Finance & Economic Planning	Kale Ahmed Ali
4.	Head of Procurement	Susan Wambui Kamau
5.	Principal Finance Officer	Mwarabu Salim Hassan

**(d) Fiduciary Oversight Arrangements**

- County Assembly Public Accounts Committee
- County Assembly Service Board
- Kenya National Audit Office:
- Controller of Budget

**(e) Entity Headquarters**

P.O. Box 374-80500  
Kenyatta Road  
Lamu, Kenya

**COUNTY ASSEMBLY OF LAMU**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

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**(f) Entity Contacts**

Telephone: (+254) 723252849  
E-mail: lamuassembly@gmail.com  
Website: www.assembly.lamu.go.ke

**(g) Entity Bankers**

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

**(h) Independent Auditors**

Auditor General  
Kenya National Audit Office  
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

## **2. FORWARD BY THE CLERK OF THE ASSEMBLY**

During the financial year 2020/2021 the County Assembly of Lamu, made great achievements in its operations and reporting. The improvement has seen the County Assembly perform its functions of oversight, legislation and representation properly. The absorption rate of recurrent budget was 81% indicating that the resources were utilised efficiently considering the COVID 19 restrictions and social distancing orders. For the development budget, the absorption rate of 20% due to the COVID -19 the implementation of projects was negatively affected and due to lack bill of quantities because of the overwhelming work to the few engineers in County.

We are still facing a lot of challenges with the implementation of e-procurement and IFMIS, where IFMIS was not responding to emails and calls for any clarification or assistance we required. We also faced challenges associated with COVID 19 social distancing and working from home.

The County Assembly of Lamu has moved in to the new Chambers and offices at the County Headquarters in Mokowe. The Access Road to County Assembly Headquarters is 90% complete and the new Hansard system is complete. This is expected to have a positive impact in the performance of the Assembly and access by the public, hence improving service delivery.

In the financial year 2020/21 the County Assembly of Lamu vetted and approved all County appointments done by H.E. Governor. We also published thirteen bills, fifty-seven committee reports adopted, and sixty motions passed.

Finally, we faced challenges with Internet Banking (IB) and IFMIS due to lack of high-speed internet in Mokowe, electricity power cuts, poor road network, insecurity and the slow release of funds by the Controller of Budget. COVID-19 negatively impacted the assembly as it could not hold big public participation due to social distancing and restrictions for the public to assemble at one place.

**Sign**   
**Acting Clerk of the County Assembly**

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES**

The Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government entity is expected to include of the County Government entity performance of the its key mandate.

The key mandate of the County Assembly of Lamu is legislation, oversight and representation. On legislation part the County Assembly was able to publish thirteen bills against a target of eight bills.

On Oversight, the committees were able to table fifty-seven committee reports surpassing the set target, the performance was good given the financial year was restricted with COVID 19 but there is always a room for improvement. Also, on the oversight role the committees vetted and approved the all appointments by H.E. the Governor Fahim Twaha. The assembly committees also held several consultative meetings with County Executive Committee Members.

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

Overall, the performance was good notwithstanding COVID 19 challenges, but there still room for improvement and the County Assembly of Lamu believes in continuous improvement and its pursuit to perfection has no finish line.

#### **4. CORPORATE SOCIAL RESPONSIBILITY STATEMENTS/SUSTAINABILITY REPORTING**

In the financial year 2020/21 the County Assembly of Lamu embarked on improving the livelihoods of the residents of Lamu County through timely approval of government policies and plans, we have always pursued the strategy of customer first and improve our operations and access by the public. We continued to use the strategy of no wrong door/office in the County Assembly of Lamu, where citizens seeking any assistance will be provided with services by any officer or directed to the right office immediately.

The County Assembly of Lamu has improved its efficiency in the payment process and reduced the pending bills to one, where the project is still on ongoing and at the of preparation of this financial statement it is 95% complete. We are expecting to have no pending bills or outstanding payments in the coming financial year or reduce it to the minimum possible. The efficiency in payments and the payments of pending bills improved the business, economic and livelihood of the people of Lamu which ultimately contributes to improved macroeconomic performance of Kenya.

The County Assembly of Lamu has created a clean and safe working environment to staff and the public. The security has been enhanced with posting of Administration Police officers working together with our security guards to ensure security and safety is improved. We have been able to train our Members of County Assembly and staff, in order to improve their performance and skills. We were also to participate in the County Assembly Forum games and activities in Malindi aimed at improving the staff health and bring cohesion between different communities in the Country but it was cancelled due COVID-19 precautionary measures.

The County Assembly of Lamu has made great achievement in creating an environment of ethical and honest behaviour in the procurement process by advertising in nationwide newspapers all the major tenders and setting aside of tenders to the special categories including women, youth and people living with disability.



## **5. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2021, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

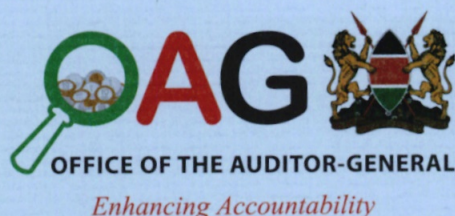
The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 30<sup>th</sup> May 2022.



Acting Clerk of the County Assembly

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF LAMU FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that the entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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**

#### **Adverse Opinion**

I have audited the accompanying financial statements of County Assembly of Lamu set out on pages 1 to 18, which comprise of the statement of financial assets and liabilities

as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the County Assembly of Lamu as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and do not comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

## **Basis for Adverse Opinion**

### **1. Variances between the Trial Balance and Financial Statements**

Analysis of the Integrated Financial Management Information System (IFMIS) trial balance and balances in the ledgers supporting the financial statements revealed that the two sets of documents had variances of Kshs.2,853,125,544 as detailed below: -

<b>Account No and Description</b>	<b>Trial Balance Amount (Kshs.)</b>	<b>Ledger Amount (Kshs.)</b>	<b>Variance (Kshs.)</b>
Domestic Travel and Subsistence	51,145,945	51,394,145	(248,200)
Foreign Travel	7,955,394	7,703,894	251,500
Rental of Produced Assets	1,735,000	1,740,000	(5,000)
Hospitality	9,559,950	9,820,050	(260,100)
Insurance Costs	3,810,905	10,791,503	(6,980,598)
Office and General Supplies	7,031,940	7,020,740	11,200
Purchase of Office Furniture	16,815,000	7,678,000	9,137,000
Purchase of Specialized Plant	14,989,590	0	14,989,590
Domestic Loans to Individuals	11,400,000	0	11,400,000
Recurrent bank Accounts	170,987,229	16,308,988	154,678,241
Development Bank Accounts	87,548,664	142	87,548,522
Cash in Hand	2,576,142,629	0	2,576,142,629
Other Debtors and Prepayments	4,337,618	0	4,337,618
Government Imprests	2,123,142	0	2,123,142
<b>Total</b>	<b>2,965,583,006</b>	<b>112,457,462</b>	<b>2,853,125,544</b>

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

## **2. Unsupported Staff Mortgage**

The County Assembly entered into a memorandum of understanding with a commercial bank for staff mortgage in March, 2018. The County Assembly was to deposit an amount of Kshs.100,000,000 which the bank would use to issue mortgage to eligible members of staff. Management transferred an amount of Kshs.26,600,000 during the year under review. However, the Management did not provide comprehensive loan statements and details of beneficiaries of the mortgage to confirm the correct status of the mortgage facility as at 30 June, 2021.

In the circumstances, the accuracy and validity of the amount of Kshs.26,600,000 transferred for staff mortgage as at 30 June, 2021 could not be ascertained.

## **3. Unsupported Use of Goods and Services**

The statement of receipts and payments reflects use of goods and services balance of Kshs.139,824,933 and as disclosed in Note 4 to the financial statements. The balance includes an expenditure of Kshs.6,266,813 incurred on other operating expenses out of which an amount of Kshs.2,600,000 was spent on subscription fees for County Assembly Forum and Kshs.750,000 on Society of Clerks-At-The-Table all totalling to Kshs.3,350,000. However, the payments were not supported with an acknowledgement receipt for the monies paid and the Society was not anchored in law as a beneficiary of the public funds.

The balance also includes an expenditure of Kshs.51,394,145 incurred on domestic travel and subsistence allowances. However, review of records indicated that expenditure of Kshs.2,275,700 was not been supported by copies of vehicles' work tickets or bus tickets and back to office reports.

In the circumstances, the accuracy, completeness and validity of expenditure on subscriptions balance of Kshs.3,350,000 and domestic travel and subsistence allowances amounting to Kshs.2,275,700 all totalling to Kshs.5,625,700 could not be ascertained.

## **4. Unsupported Acquisition of Assets**

The statement of receipts and payments reflects acquisition of assets amounting to Kshs.41,254,442 which, as disclosed in Note 5 to the financial statements includes an amount of Kshs.2,737,522 incurred on construction of buildings. However, project file with project details on past payments, contract agreement, contract amount and bills of quantities were not provided.

Consequently, the accuracy, completeness and validity of expenditure of Kshs.2,737,522 on construction of buildings could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Lamu Management in

accordance with ISSAI 130 on 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 adverse opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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

#### 1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to Kshs.520,000,000 and Kshs.352,077,400 respectively, resulting to an underfunding amounting to Kshs.167,922,600 or 32% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.520,000,000 and Kshs.349,842,428 respectively, resulting to an underperformance amounting to Kshs.170,157,572 or 33% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

#### 2. Late Exchequer Releases

During the year under review, the County Assembly received exchequer releases totalling to Kshs.352,077,400 from the County Executive. However, included in this amount are late disbursements totalling to Kshs.71,900,800 received in the months of June, 2021 as detailed below:

Vote	Date	Reference	Amount (Kshs.)
Recurrent	04 June, 2021	FT21155J3PM6	1,985,700
Recurrent	04 June, 2021	FT21155NDRHQ	14,942,800
Recurrent	14 June, 2021	FT21165XJRQD	2,500,000
Recurrent	14 June, 2021	FT21165P00YX	7,694,400
Recurrent	18 June, 2021	FT21169823SJ	13,122,000
Recurrent	28 June, 2021	FT21179RJ7ZW	9,954,000
Recurrent	28 June, 2021	FT211790TXS6	14,989,600
Development	28 June, 2021	FT21179VQJ30	6,712,300
<b>Total</b>			<b>71,900,800</b>

Failure by the National Treasury to release money on time may have negatively impacted on service delivery to the public.

### **3. Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury and Planning Circular for the year ended 30 June, 2021.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Compliance with the Law on Fiscal Responsibility - Wage Bill**

The statements of receipts and payments reflects an expenditure of Kshs.157,363,053 on compensation of employees representing 45% of the total receipts of Kshs. 352,077,400. This is contrary to the provisions of Regulation 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which limits the County Executive`s expenditure on wages and benefits to not more than 35% of the total revenue for the year.

Consequently, Management was in breach of the Law.

#### **2. Non-Compliance with Law on Ethnic Composition**

During the year under review, the county Assembly had a representation of 59% of the total number of employees from members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

Consequently, Management was in breach of the Law.

#### **3. Delay in Project Implementation**

During the year under review, the County Assembly had earmarked projects worth Kshs.120,000,000 for implementation under the development vote. However, it was noted that five (5) out of seven (7) projects with budgeted amount of Kshs.70,000,000 were not implemented.

In the circumstances, non-implementation of projects may have denied the public timely provision of services.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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 matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Failure to Establish an Audit Committee**

The Management had not established an Audit Committee contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish an Audit Committee in accordance with prescribed regulations to monitor the entities' governance processes, accountability processes and control systems, offer objective advice on issues concerning risk control and governance and associated assurance and also follow up on the implementation of the recommendations of internal and external auditors.

In the absence of an audit committee, the Management can easily override controls and in such instances, cases of fraud and errors may not be detected or corrected on time.

In the circumstances, it was not possible to confirm existence of effective overall governance measures at the County Assembly.

#### **2. Lack of Internal Audit Department**

During the year under review, the Management had not established Internal Audit Unit. This is contrary to Section 155 of the Public Finance Management Act, 2012, which states that a County Government entity shall ensure that it complies with the Act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the Public Sector Accounting Standards Board.

In the absence of an effective internal audit department, the County Assembly's internal control system may not be effective.

### **3. Lack of Information and Communication Technology (ICT) and Disaster Management Policies**

A review of the ICT of the Assembly revealed that the Assembly did not have an ICT Policy, Data Recovery Plan (DRP) and ICT Security Policy which are vital in an effective and efficient management of the entity's IT resources. Further, the Assembly did not have an IT steering committee, which is important in performing the oversight function and formulation of policies to ensure that IT department functions are in place to assist in the achievement of Assembly's objectives in an efficient, economic and effective manner. Further, the Assembly did not have periodic IT reports, which are supposed to assess the status of implementation of IT systems and suggest corrective measures.

The County Assembly is likely to be exposed to risk of loss of vital data and information in case disaster strikes.

### **4. Weaknesses in Maintenance of the Cashbook**

Review of the cashbook indicated that, there was no evidence that a senior officer was checking the accuracy and completeness of the excel cashbook and bank reconciliation statements.

In the circumstances, error and inaccuracies may not be detected in a timely manner.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the County Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the County Assembly or 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 are in compliance 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 County Assembly's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

05 May, 2022

**COUNTY ASSEMBLY OF LAMU**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**


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**7. FINANCIAL STATEMENTS**

**7.1. STATEMENT OF RECEIPTS AND PAYMENTS**

		<b>2020/21</b>	<b>2019/20</b>
	<b>Note</b>	<b>KShs</b>	<b>KShs</b>
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1	352,077,400	384,103,469
Other Receipts	2		1,241
<b>TOTAL RECEIPTS</b>		<b>352,077,400</b>	<b>384,104,710</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	157,363,057	153,366,180
Use of goods and services	4	139,824,933	127,204,114
Acquisition of Assets	5	41,254,442	86,164,116
Other grants and transfers	6	11,400,000	
Other Payments	7		12,195,324
<b>TOTAL PAYMENTS</b>		<b>349,842,432</b>	<b>378,929,734</b>
<b>SURPLUS/DEFICIT</b>		<b>2,234,968</b>	<b>5,174,976</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> May 2022 and signed by:

  
Acting Clerk of the Assembly  
Omar Ahmed


  
Principal Finance Officer  
Mrs. Mwarabu S. Hassan-ICPAK No.21616


**COUNTY ASSEMBLY OF LAMU**  
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**For the year ended 30<sup>th</sup> June 2021**

**7.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

		2020/21	2019/20
<b>FINANCIAL ASSETS</b>	<b>Note</b>	<b>KShs</b>	<b>KShs</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances	8A	16,309,360	51,886,407
Cash Balances			
<b>Total Cash and cash equivalents</b>		<b>16,309,360</b>	<b>51,886,407</b>
Accounts receivables – Outstanding Imprests		0	0
<b>TOTAL FINANCIAL ASSETS</b>		<b>16,309,360</b>	<b>51,886,407</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	9	(671,230)	(11,883,245)
<b>NET FINANCIAL ASSETS</b>		<b>15,638,130</b>	<b>40,003,162</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	10	40,003,162	40,958,783
Prior year adjustment	11	(26,600,000)	(6,130,597)
Surplus/Deficit for the year		2,234,968	5,174,976
<b>NET FINANCIAL POSITION</b>		<b>15,638,130</b>	<b>40,003,162</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> May 2022 and signed by:

  
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COUNTY ASSEMBLY OF LAMU  
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7.3. STATEMENT OF CASH FLOWS

		2020/21	2019/20
	Note	KShs	KShs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases	1	352,077,400	384,103,469
Other Receipts	2		1,241
<b>Payments for operating expenses</b>			
Compensation of Employees	3	(157,363,057)	(153,366,180)
Use of goods and services	4	(139,824,933)	(127,204,114)
Other grants and transfers	6	(11,400,000)	
Other Payments	7		(12,195,324)
<b>Adjusted for:</b>			
End year refund to CRF Account			(957,551)
Change of car loan to car grant		(26,600,000)	
Change in payables (Retention)		(11,212,022)	
<b>Net cash flows from operating activities</b>		<b>5,677,392</b>	<b>90,381,541</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	(41,254,442)	(86,164,116)
<b>Net cash flows from investing activities</b>		<b>(41,254,442)</b>	<b>(86,164,116)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>35,577,050</b>	<b>4,217,425</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	8	<b>51,886,410</b>	<b>47,668,983</b>
<b>Cash and cash equivalent at END of the year</b>	8	<b>16,309,360</b>	<b>51,886,410</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> May 2022 and signed by:

  
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COUNTY ASSEMBLY OF LAMU  
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7.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT  
 COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	520,000,000		520,000,000	352,077,400	68%
Proceeds from Sale of Assets					
Other Receipts					
<b>TOTAL</b>	<b>520,000,000</b>		<b>520,000,000</b>	352,077,400	<b>68%</b>
<b>PAYMENTS</b>					
Compensation of Employees	173,412,145		184,333,845	157,363,053	85%
Use of goods and services	207,834,855		181,016,155	139,824,933	77%
Transfers to Other Government Entities					
Other grants and transfers	0	11,400,000	11,400,000	11,400,000	100%
Social Security Benefits					
Acquisition of Assets	138,753,000		142,750,000	41,254,442	29%
Finance Costs					
<b>TOTAL</b>	<b>520,000,000</b>		<b>520,000,000</b>	<b>349,842,428</b>	<b>67%</b>
<b>SURPLUS/ DEFICIT</b>					

(a) The underutilization of funds was due to the negative impact of COVID 19.

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 Omar Ahmed

  
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 Mrs. Mwarabu S. Hassan – ICPAK No. 21616


COUNTY ASSEMBLY OF LAMU  
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7.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Budget Utilization
	a	b	c=a+b	e=d-c	
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	400,000,000		400,000,000	327,637,900	82%
Proceeds from Sale of Assets					
Other Receipts					
<b>TOTAL</b>	<b>400,000,000</b>		<b>400,000,000</b>	<b>327,637,900</b>	<b>82%</b>
<b>PAYMENTS</b>					
Compensation of Employees	173,412,145		184,333,845	157,363,053	85%
Use of goods and services	207,834,855		181,016,155	139,824,933	77%
Subsidies					
Other Grants & Transfers	0	11,400,000	11,400,000	11,400,000	100%
Social Security Benefits					
Acquisition of Assets	18,753,000	4,497,000	23,250,000	16,815,000	72%
Finance Costs					
<b>TOTAL</b>	<b>400,000,000</b>		<b>400,000,000</b>	<b>325,402,986</b>	<b>81%</b>
<b>Surplus/ Deficit</b>					

(a) The underutilization of funds was due to the negative impact of COVID 19.

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 Acting Clerk of the Assembly  
 Omar Ahmed

  
 Principal Finance Officer  
 Mrs. Mwarabu S. Hassan – ICPAK No. 21616




**COUNTY ASSEMBLY OF LAMU**  
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**7.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Budget Utilization
	KShs	KShs	c=a+b	e=d-c	
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	120,000,000		120,000,000	24,439,442	20%
Proceeds from Sale of Assets					
Other Receipts					
<b>TOTAL</b>	<b>120,000,000</b>		<b>120,000,000</b>	24,439,442	<b>20%</b>
<b>PAYMENTS</b>					
Compensation of Employees					
Use of goods and services					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets	120,000,000		120,000,000	24,439,442	20%
Finance Costs					
<b>TOTAL</b>	<b>120,000,000</b>		<b>120,000,000</b>	24,439,442	<b>20%</b>
<b>SURPLUS/ DEFICIT</b>					

- (a) The underutilization of funds was due to the negative impact of COVID 19.  
(b) Challenges of getting bill of quantities from the department of public works and infrastructure.

The entity financial statements were approved on 30<sup>th</sup> May 2022 and signed by:

  
Acting Clerk of the Assembly  
Omar Ahmed

  
Principal Finance Officer  
Mrs. Mwarabu S. Hassan – ICPAK No. 21616

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**7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

<b>Programme/Sub-Programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>% Budget utilization</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Programme 1	206,989,120	2,348,000	209,337,120	163,572,602	78%
Programme 2	313,010,880	(2,348,000)	310,662,880	188,830,384	61%
	<b>520,000,000</b>		<b>520,000,000</b>	<b>349,842,428</b>	<b>67%</b>

## **7.8. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of compliance and basis of preparation**

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

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

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

### **2. Reporting entity**

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

### **3. Recognition of receipts and payments**

#### **a) Recognition of receipts**

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

#### **Tax receipts**

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

#### **Transfers from the Exchequer/ County Treasury**

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

#### **Other Receipts**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Recognition of payments**

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

**Compensation of employees**

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

**Use of goods and services**

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

**Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to this financial statement.

**4. In-kind contributions**

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

**5. Cash and cash equivalents**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**6. Accounts Receivable**

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

**7. Accounts Payable**

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

**8. Non-current assets**

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

**9. Pending bills**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**10. Budget**

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Assembly of Lamu budget was approved as required by Law. The original budget was approved by the County Assembly on Lamu for the period 1<sup>st</sup> July 2020 to 30 June 2021 as required by law. There was also a supplementary budget passed during the financial year. A high-level assessment of the County Assembly of Lamu actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

**11. Comparative figures**

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

**12. Subsequent events**

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

**13. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**14. Related party transactions**

Related party transactions involve cash and in-kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

**15. Funds remitted to County Revenue Fund Account**

The amount of money remitted to County Revenue Fund Account at the Central Bank of Kenya at the beginning of the financial year. All the funds remaining in bank accounts at the end of every financial year are remitted to CRF Account.

**COUNTY ASSEMBLY OF LAMU**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

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**1. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from the County Treasury/Exchequer Releases**

	<b>2020/21</b>	<b>2019/20</b>
	<b>KShs</b>	<b>KShs</b>
Transfers from the County Treasury for Q1	52,815,000	66,783,400
Transfers from the County Treasury for Q2	60,535,000	91,654,000
Transfers from the County Treasury for Q3	94,535,000	66,918,900
Transfers from the County Treasury for Q4	144,192,400	158,747,169
<b>Cumulative Amount</b>	<b>352,077,400</b>	<b>384,103,469</b>

**2. OTHER RECEIPTS**

	<b>2020/21</b>	<b>2019/20</b>
		<b>Kshs</b>
Tender fees received	0	0
Other Receipts I	0	1,241
<b>Total</b>	<b>0</b>	<b>1,241</b>

**COUNTY ASSEMBLY OF LAMU**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. COMPENSATION OF EMPLOYEES**

	2020/21	2019/20
	KShs	KShs
Basic salaries of permanent employees	69,872,686	69,717,890
Basic wages of temporary employees	18,544,000	14,430,000
Personal allowances paid as part of salary	54,184,204	55,385,951
Personal allowances paid as reimbursements	1,281,000	1,312,000
Pension and other social security contributions	13,481,163	12,520,339
Compulsory national social security schemes		0
<b>Total</b>	<b>157,363,053</b>	<b>153,366,180</b>

**4. USE OF GOODS AND SERVICES**

	2020/21	2019/20
	KShs	KShs
Utilities, supplies and services	2,040,230	270,180
Communication, supplies and services	3,081,081	2,968,133
Domestic travel and subsistence	51,394,145	46,095,665
Foreign travel and subsistence	7,703,894	25,815,589
Printing, advertising and information supplies & services	1,853,440	540,565
Rentals of produced assets	1,740,000	1,740,000
Training expenses	22,394,267	13,934,603
Hospitality supplies and services	9,820,050	5,017,040
Insurance costs	10,791,503	14,056,934
Specialized materials and services	2,696,050	391,000
Fuel Oil and Lubricant	5,698,000	5,858,250
Office and general supplies and services	7,020,740	3,076,865
Other operating expenses	6,266,813	1,899,776
Routine maintenance – vehicles and other transport equipment	3,255,170	5,524,364
Routine maintenance – other assets	4,069,550	15,150
<b>Total</b>	<b>139,824,933</b>	<b>127,204,114</b>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. ACQUISITION OF ASSETS**

<b>Non- Financial Assets</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>KShs</b>	<b>KShs</b>
Purchase of Land & Buildings		
Construction of Roads	6,712,300	
Construction of Building	2,737,552	9,975,000
Purchase of Vehicles and Other Transport Equipment		4,450,000
Purchase of Office Furniture and Equipment	7,678,000	60,299,616
Purchase of ICT Equipment	24,126,590	11,439,500
<b>Total</b>	<b>41,254,442</b>	<b>86,164,116</b>

**6. OTHER GRANTS AND TRANSFERS**

	<b>2020/21</b>	<b>2019/20</b>
	<b>KShs</b>	<b>KShs</b>
Car Grant	11,400,000	0
<b>Total</b>	<b>11,400,000</b>	<b>0</b>

**7. OTHER PAYMENTS**

	<b>2020/21</b>	<b>2019/20</b>
	<b>Kshs</b>	<b>Kshs</b>
County Assembly Headquarters' retention		12,195,324
<b>Total</b>		<b>12,195,324</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. CASH AND BANK BALANCES**

**8 A. BANK BALANCES**

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2020/21	2019/20
		Kshs	Kshs
<i>Central Bank of Kenya, Acc. No. 1000210311 (Kshs)</i>	Development Account	142	84
<i>Central Bank of Kenya, Acc. No. 1000210303 (Kshs)</i>	Recurrent Account	2,235,236	270
<i>Kenya Commercial Bank, Acc. No. 1150833025 (Kshs)</i>	Recurrent Account	2,752	2,811
<i>Central Bank of Kenya, Acc. No. 1000390794 (Kshs)</i>	Deposits Account	671,230	11,883,245
<i>Gulf African Bank, Acc. No. 0570057001 (Kshs)</i>	Car Loan & Mortgage Account	13,400,000	40,000,000
<b>Total</b>		<b>16,309,360</b>	<b>51,886,410</b>

**9. ACCOUNTS PAYABLE**

	2020/21	2019/20
	KShs	KShs
Deposits		0
Retentions	671,230	11,883,245
<b>Total</b>	<b>671,230</b>	<b>11,883,245</b>

COUNTY ASSEMBLY OF LAMU  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. FUND BALANCE BROUGHT FORWARD

	2020/21	2019/20
	KShs	KShs
Bank accounts	40,003,162	47,668,983
Cash in hand	0	0
Accounts Receivables	0	0
<b>Total</b>	<b>40,003,162</b>	<b>47,668,983</b>

11. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2020/21	2019/20
	KShs	KShs
Adjustments on bank account balances	0	957,551
Adjustments on payables	0	5,173,046
Adjustments on car loan to car grant	26,600,000	
<b>Total</b>	<b>26,000,000</b>	<b>6,130,597</b>

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7.9. OTHER DISCLOSURES

7.9.1 PENDING ACCOUNTS PAYABLE (See Annex 1)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	2,737,552	0	2,737,552	0
Construction of roads	0	11,986,250	6,712,300	5,273,950
Supply of services	354,940	0	354,940	0
<b>Total</b>	<b>3,092,492</b>	<b>11,986,250</b>	<b>9,804,792</b>	<b>5,273,950</b>

7.9.2 RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

Related party transactions:

	2020/21	2019/20
	Kshs	Kshs
<b>Transfers to related parties</b>		
Transfers to other County Government Entities such as car and mortgage schemes	0	0
<b>Total Transfers to related parties</b>	<b>0</b>	<b>0</b>
<b>Transfers from related parties</b>		
Transfers from the County Executive	352,077,400	384,103,469
<b>Total Transfers from related parties</b>	<b>352,077,400</b>	<b>384,103,469</b>

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**7.9.3 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The County Assembly of Lamu has not received the audit report yet, but as soon as the audit reports are out and recommendations from the public accounts committee are out, we shall implement the recommendations immediately.

Acting Clerk of the County Assembly

Sign 

30<sup>th</sup> May 2022

COUNTY ASSEMBLY OF LAMU  
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ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1. Tawfiq M. Salim & Co. Ltd	214,624,476	May 2016	213,421,248	0	3,940,780	Project completed and handed over
<b>Sub-Total</b>	<b>214,624,476</b>		<b>213,421,248</b>	<b>0</b>	<b>3,940,780</b>	
<b>Construction of road and civil works</b>						
2. Sightway Limited	11,986,250	April, 2021	6,712,300	5,273,950	0	Project is 90% complete
<b>Sub-Total</b>	<b>11,986,250</b>		<b>6,712,300</b>	<b>5,273,950</b>	<b>0</b>	
<b>Supply of goods</b>						
<b>Sub-Total</b>						
<b>Supply of services</b>						
<b>Sub-Total</b>						
<b>Grand Total</b>	<b>226,610,726</b>		<b>220,133,548</b>	<b>5,273,950</b>	<b>3,940,780</b>	

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**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2019/20</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out)</b>	<b>Historical Cost c/f (Kshs) 2020/21</b>
Land	122,027,040				122,027,040
Buildings and structures	250,760,696	2,737,552			253,498,248
Roads and Other Civil works		6,712,300			6,712,300
Transport equipment	50,905,894				50,905,894
Office equipment, furniture and fittings	82,877,245	7,678,000			90,555,245
ICT Equipment	18,839,823	24,126,590			42,966,413
Machinery and Equipment	6,946,000				6,946,000
Infrastructure Assets					
<b>Total</b>	<b>532,356,698</b>	<b>41,254,442</b>			<b>573,611,140</b>





**COUNTY ASSEMBLY OF LAMU**  
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CENTRAL BANK ACCOUNT NO.1000390794

F.O. 30

**REPUBLIC OF KENYA**  
**BANK RECONCILIATION**

as at 30 June 2021

Station LAMU COUNTY ASSEMBLY

	Sh.	cts	Sh.	cts	Sh.	cts
Balance as per bank certificate:					671,230	05
<i>less:-</i> 1. Payments in Cash not yet recorded in Bank Statement (Unpresented Cheques) ..			0.00			
2. Receipts in Bank Statement not yet recorded in Cash Book ..			0.00		0.00	
<i>Add:-</i> 3. Payments in Bank Statement not yet recorded in Cash Book ..			0.00			
4. Receipts in Cash Book not yet Recorded in Bank Statement ..			0.00		0.00	
					<b>671,230.05</b>	

Bank Balance as per cash book

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and the above reconciliation is correct.

Signature

**DIRECTOR FINANCE & ECONOMIC PLANNING**

2/7/2021

Designation

Date

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)			2. RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK		
CHEQUE No.	Date	PAYEE	AMOUNT	DETAILS	AMOUNT
			0.00		0.00

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK		4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT	
DETAILS	AMOUNT	DETAILS	AMOUNT
	0.00		0.00

GKP(L)

