

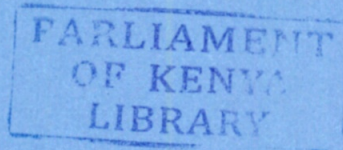
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

MUNICIPALITY OF LAMU

**FOR THE YEAR ENDED
30 JUNE, 2023**

PAPERS LAID	
DATE	26/8/24
TABLED BY	Maj. Leader
COMMITTEE	C.P.I.C
CLERK AT THE TABLE	Karut



OFFICE OF THE AUDITOR GENERAL
P.O. Box 81543, MOMBASA

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MUNICIPALITY OF LAMU

County Government of Lamu

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
Fiduciary Management	Key management personnel who have financial responsibility in the Municipality of Lamu.
Ag.	Acting Capacity

2. Key Municipality of Lamu Information and Management

a) Background information

Municipality of Lamu is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 30th day January. The Municipality of Lamu is under the County Government of Lamu and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Municipality of Lamu is to ...

1. Provide for efficient and accountable management of the affairs of the Municipality.
2. Provide for a governance mechanism that will enable the inhabitants of the Municipality to:
 - a. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
 - b. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - c. Enjoy efficiency in service delivery.
3. Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
4. Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
5. Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
6. Providing for services, laws and other matters for Municipality's benefit.
7. Fostering the economic, social and environmental well-being of its community.

Vision

A centre of excellence in sustainable management of urban development and service delivery.

Mission

To sustainably manage the development of Lamu Municipality and service delivery in the Town through ensuring controlled land use and delivering quality socio-economic, infrastructural environmental services to the Town's residents, traders and visitors.

Objectives

- a) Promotion, regulation and provision of refuse collection and solid waste management services.
- b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- c) Construction and maintenance of urban roads and associated infrastructure;
- d) Construction and maintenance of storm drainage and flood controls;
- e) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- f) Construction and maintenance of recreational parks and green spaces;
- g) Construction and maintenance of street lighting;
- h) Construction, maintenance and regulation of traffic controls and parking facilities;
- i) Construction and maintenance of bus stands and taxi stands;
- j) Regulation of outdoor advertising;
- k) Construction, maintenance and regulation of municipal markets and abattoirs;
- l) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- m) Promotion, regulation and provision of municipal sports and cultural activities;
- n) Promotion, regulation and provision of animal control and welfare;
- o) Development and enforcement of municipal plans and development controls;
- p) Municipal administration services (including construction and maintenance of administrative offices);
- q) Promoting and undertaking infrastructural development and services within municipality;

r) Any other functions as may be delegated by the County Executive Committee.

Core Value

Upholding values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team-work.

c) Key Management

Ref	Name	Position
1	Hon. Tashrifa Bakari Mohamed	CECM Lands, Physical Planning, Urban Development, Energy, Water and Natural Resources, Infrastructure and Public Works.
2	Mr. Abdalla Fadhil	Ag. Chairman
3	Ms. Ummulkheir Athman Bakari	Member
4	Dr. Abubakar Abdalla	Member
5	Ms. Khadija Shekue	Member
6	Dr. Mashrab Muhdhar Saggaf	Member
7	Ms. Martha Wairimu Wambui	Member
8	Mr. Ahmed Mohamed Ali	Chief Officer- Lands, Physical Planning and Urban Development.
9	Mr. Abdulswamadu Abdalla .Ali	Municipal Manager

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

Ref	Name	Position
1	Mr. Abdulswamadu Abdalla Ali	Municipal Manager.
2	Mr. Ahmed Mohamed Kombo	Principal Administrator.
3	Mr. Ahmed Mohamed Ali	Chief Officer- Lands, Physical Planning and Urban Development.

e) Fiduciary Oversight Arrangements

- i) Audit and Risk Management Committee
- ii) County Assembly committees
- iii) Committees of the Senate
- iv) Auditor General Office
- v) Office of the Controller of Budget
- vi) Commission on revenue allocation

f) Registered Offices

Lamu Municipality
P.O. Box 74- 80500
Amu, Lamu

g) Contacts

Telephone: (254) 722677513
Email: lamumunicipality@lamu.go.ke
Website: www.lamu.go.ke

h) Bankers

Equity Bank Lamu Branch
P.O. Box 191- 80500
Lamu - Kenya.

i) Independent Auditor

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. Municipality Board

NAME	PROFILE
 <p data-bbox="363 680 614 750">Mr. Abdalla Fadhil Ag. Chairman</p>	<p data-bbox="758 309 1375 728">Mr. Abdalla Fadhil has Master of Business Administration & Master of Project Planning Management from the University of Nairobi. He was appointed member of the Board to represent the private sector in the Lamu Municipality. Mr. Abdalla also serves as the Chairman for Lamu County Public Service Board</p>
 <p data-bbox="327 1189 657 1258">Ms. Ummulkheir Athman Board Member</p>	<p data-bbox="758 757 1375 1400">Ms. Ummulkheir is appointed as a member of the board to represent informal sectors. She is a graduate from Kenyatta University with a Bachelor of Science degree in Community Resource Management and Extension. She has worked as a human resource officer intern at KENGEN company limited and with Lamu Youth Alliance as program coordinator. Currently she is a County Technical Assistant to the KEMSFED world-bank funded programme for fisheries for Lamu County Government.</p>
 <p data-bbox="354 1816 619 1886">Ms. Khadija Shekue Board Member</p>	<p data-bbox="758 1417 1375 1892">Born in 1988 Lamu, she is a graduate from Moi University with a Bachelor of Science degree in wildlife management. Mrs. Shekue is currently pursuing a master's degree in environmental science at Pwani University. Since 2013, Mrs Shekue has been working with Save Lamu (local NGO) and raises through ranks from senior administration officer, senior research, and documentation officer to the current</p>

	<p>position of Programme coordinator. Her appointment to the Board is to represent registered neighborhood associations in the area.</p>
 <p>Dr. Mashrab Sagaf Board member</p>	<p>Mr. Mashrab holds Bachelor of medicine and Bachelor of Surgery from Sumy state university, Ukraine where he graduated in year 2014 as a medical doctor. Prior to his appointment, he was working with the County Government of Lamu as Medical Superintendent at Lamu Referral hospital. Mr. Mashrab was competitively appointed to be a member of Lamu Municipality Board.</p>
 <p>Hon. Tashrifa Bakari C.E.C.M - Lands, Physical Planning, Urban Development, Energy, Water and Natural Resources, Infrastructure and Public Works</p>	<p>Mrs.Tashrifa Bakari has Bachelor of Arts in Archaeology and Sociology from Pwani University. Currently working as C.E.C.M of Lands, Physical Planning, Urban Development, Energy, Water and Natural Resources, Infrastructure and Public Works in Lamu County. She worked in Ministry of Interior and Coordination of National Government, Department of Correctional Services. In 2016-2017 she worked as Administrator in Malindi Islamic Center for Orphans, Community Based Organization. Also she worked in Pwani University, Psychology Department (2015) as Research Assistant.</p>

	<p>Mrs. Martha Wairimu has a professional in teaching with over 11 years' experience. She holds Bachelor of Arts in Education from Kenyatta University and was competitively appointed to be a member of Lamu Municipality Board.</p>
	<p>Bachelor of Medicine & Surgery and Diploma in Clinical Medicine and Surgery from Moi university. Currently pursuing Master of Science in Health Service Management at Kenya Methodist University. Mr. Abubakar is the Director Medical Service at Lamu County Government providing technical leadership to the department of Health with over 600 staff and 45 public and private facilities. He is also appointed as Board Member in Lamu Municipality to represent association of professional societies in East Africa.</p>
	<p>Mr. Ahmed Mohamed Ali holds Bachelor of Business Administration, Higher National Diploma in Sales and Marketing and Diploma in Sales and Marketing. Currently working in Lamu County as Chief Officer of Land, Physical Planning and Urban Development. He worked in Lamu County as a Chief Officer of Trade, tourism and culture in 2013 to 2017. In 2012 - 2013 he worked with ABC Bank as a Manager Lamu Branch. He also worked with postal corporation of Kenya as a Sale Manager.</p>

Mrs. Martha Wairimu
Board Member

Mr. Abubakar Abdalla
Board Member

Mr. Ahmed Mohamed Ali
Chief Officer- Lands, Physical Planning and Urban Development.



Mr. Abdulswamadu Abdalla Ali
Municipal Manager

Mr. Abdulswamadu A.Ali has completed Bachelor Degree in Civil Construction and Management from Kenyatta University. Currently working as Municipal Manager Municipality of Lamu in Lamu county Government.

2014 TO 2015- Site Manager at Jomo Kenyatta Public Beach/senior Engineering Technologist at Mombasa Old town Conservation Office.

2002 TO 2013 – Supervisor and reporting to the principle architect in the restoration work of the historical building in Mombasa.

2004 - 2005- Supervisor reporting to the principal architect of road and landscaping project in Mombasa Old Town funded by the European Union.

4. Key Management Team

NAME	PROFILE
 <p data-bbox="288 734 695 808">Mr. Abdulswamadu Abdalla Ali Municipal Manager</p>	<p data-bbox="759 304 1380 618">Mr. Abdulswamadu A. Ali has completed Bachelor Degree in Civil Construction and Management from Kenyatta University. Currently working as Municipal Manager Municipality of Lamu in Lamu county Government.</p> <p data-bbox="759 640 1380 786">2014 TO 2015- Site Manager at Jomo Kenyatta Public Beach/senior Engineering Technologist at Mombasa Old town Conservation Office.</p> <p data-bbox="759 808 1380 954">2002 TO 2013 – Supervisor and reporting to the principle architect in the restoration work of the historical building in Mombasa.</p> <p data-bbox="759 976 1380 1167">2004 - 2005- Supervisor reporting to the principal architect of road and landscaping project in Mombasa Old Town funded by the European Union.</p>
 <p data-bbox="288 1601 695 1704">Mr. Ahmed Mohamed Ali Chief Officer-Land, Physical and Urban Development</p>	<p data-bbox="759 1223 1380 1704">Mr. Ahmed Mohamed Ali holds Bachelor of Business Administration, Higher National Diploma in Sales and Marketing and Diploma in Sales and Marketing. He worked in Lamu County as a Chief Officer of Trade, tourism and culture in 2013 to 2017. In 2012 -2013 he worked with ABC Bank as a Manager Lamu Branch. He also worked with postal corporation of Kenya as a Sale Manager.</p>

5. Municipality Board Chairperson’s Report

It is my pleasure to present the annual report and financial statements for Municipality of Lamu, which reflect the fund's financial performance for the period ended 30th June 2023. The Lamu Municipality has been performing regular auditing, reporting, evaluation, and communication with stakeholders to reinforce our commitment to transparency and accountability and ensure that we remain aligned with the best practices in public financial management and in compliant with the principles of fiscal responsibility as spelt out in the Public Finance Management Act (2012) and its regulations.

Among the key milestones the Board has realized in this financial year is the completion of Mokowe & Amu Market, construction of storm water at Shella and purchase of tractors and trailers to facilitate easy collection and dumping of wastes. A lot is still to be done upon transfer of functions from the County Government of Lamu to Municipality. This will not only create independency and efficiency in delivery of service but also facilitate attainment of our vision.

In the process of executing our mandate during the year, many challenges arose including limited staff personnel and ICT infrastructure. Indeed, whereas the Board mandate has expanded in the recent past the resource available has not been commensurate. Technology by the use if systems will not only ensure efficiency and effectiveness in the service delivery but also provides data backup for future reference by the Board. However, our commitment is resolute, and we will continue to leverage on the power of synergy and escalate our stakeholder’s engagements.

Our achievement as the Board must be acknowledged in the context of those that supported as through the year. More specifically, may I appreciate His Excellency the Governor, CECM, Board Members, and most importantly the secretariat staff that rise through the challenge of making the Board achieve its mandate.



.....
Mr. Abdalla M. A Fadhil

Ag. Chairperson - Municipality of Lamu.

6. Report of the Municipality Manager

The Municipality of Lamu was established to sustainably manage the development of Lamu Municipality and service delivery in the town through ensuring controlled land use and delivering quality socio-economic, infrastructural environmental services to the Town's residents, traders, and visitors. This is in recognition that urban development is a key factor to ensure attainment of National Development Goals.

During the year under review there was active engagement with County Government of Lamu to pave way for transfer of remaining functions to the Municipality of Lamu to enable maximum operational and attainment of objectives that is enshrined on the Municipal Charter. The engagement saw transfer of enforcement function to Municipality of Lamu in the area under its jurisdiction.

The Board received a total of Ksh. 2,339,115.00 for UIG accounts for the financial year 2022/2023. The Municipality of Lamu had a total expense of Ksh. 10,694,530.55 as use of goods. Also, the Municipality of Lamu incurred Ksh. 22,072,191.01 as cost for the purchase of properties, plant and equipment (PPE).

The Municipality of Lamu seeks to develop Risk Management Policy to provide a structured and systematic approach to identifying, assessing, and mitigating risks. The policy will help to navigate uncertainties, make informed decisions, and enhance overall resilience, contributing to their long-term success. In addition to risk management policy, the board in the coming financial year will strive to develop a strategic plan.

FY 2022/2023 was a good year generally. We have identified gaps and areas to improve on in the subsequent years. I take this opportunity to thank the board members for their support. I would also want to thank all staff whom we have worked with hand in hand to ensure that Municipality of Lamu achieves its mission.


.....
Mr. Abdulswamadu A. Ali
Municipal Manager
24 SEP 2023
MUNICIPALITY OF LAMU

7. Statement of Performance Against Predetermined Objectives for the FY 2022/2023

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer shall prepare financial statements of each County Government Municipality of Lamu/entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board including a statement of the county government Municipality of Lamu's performance against predetermined objectives.

The key development objectives of the Municipality of Lamu as stated in the Municipal al charter is to:

- a) Promotion, regulation and provision of refuse collection and solid waste management services.
- b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider).
- c) Construction and maintenance of urban roads and associated infrastructure.
- d) Construction and maintenance of storm drainage and flood controls.
- e) Construction and maintenance of walkways and other non-motorized transport infrastructure.
- f) Construction and maintenance of recreational parks and green spaces.
- g) Construction and maintenance of street lighting.
- h) Construction, maintenance and regulation of traffic controls and parking facilities.
- i) Construction and maintenance of bus stands and taxi stands.
- j) Regulation of outdoor advertising.
- k) Construction, maintenance and regulation of municipal markets and abattoirs.
- l) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management.
- m) Promotion, regulation and provision of municipal sports and cultural activities.
- n) Promotion, regulation and provision of animal control and welfare.
- o) Development and enforcement of municipal plans and development controls.
- p) Municipal administration services (including construction and maintenance of administrative offices)

- q) Promoting and undertaking infrastructural development and services within municipality.

Progress on attainment of Strategic development objectives (Adopted from County Government of Lamu Annual Progress Report 2022/2023)

Below we provide the progress on attaining the stated objectives:

No.	Key Outcome	Indicator	CIDP Target 2022/2023	Target 2022/2023	Achievement 2022/2023
P1.	General Administration				
SP1.	Administration & Support Services				
	Outcome: Efficiency & effective service delivery				
	Delivery Unit: Municipality of Lamu				
	Staff skills and competences developed	No. of staff recruited	50	30	6
P2.	Waste Management				
	Outcome: Improved urban services				
	Delivery Unit: Municipality of Lamu				
	Tractors & Trailers purchased.	No. of Tractors & trailers purchased	6	2	2
	Rehabilitation a& construction of dumping site perimeter	Improved hygiene & healthy environment	6	2	2
P3.	Development Control				
	Outcome: To regulate & control land use				
	Procurement of Motorcycles to assist in development control	No. of motorcycles procured	10	0	5
P4	Urban Planning & Development				
	Outcome: Improved Urban Planning				
	Improved physical and infrastructure development.	No. of Plans prepared & approved	6	0	2
	Improved solid and liquid waste and urban spatial planning	No. of solid & liquid waste policies prepared	2	0	1
P5	Infrastructure Development				

Outcome: Improved Infrastructure Development					
	Improved storm water drainage system and roads infrastructure.	No. of storm water drainage systems constructed & KM of roads paved	6	0	1
P6	Institutional Strengthening				
Outcome: Conducive working environment					
	Improved working environment through purchase of IT equipment	No. of IT equipment procured and delivered			

8. Corporate Governance Statement

Municipality of Lamu is established by Urban Areas and Cities Act 2012 and derives its authority and accountability from the Act. The Board objectives vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, to enhance the quality of life of the inhabitants of the Municipality among others. The Board is committed to ensuring compliance with the Urban Areas and Cities Act 2012. Essential to the Act is to ensure that management together with the board of trustees is at its apex.

Process of Appointment and removal of the Board.

The Board of the Municipality shall be composed of nine (9) members. Four (4) members of the Board of the Municipality shall be appointed through a competitive process by the County Executive Committee and approved by the County Assembly. Five (5) members of the Board shall be nominated by the following umbrella bodies:

- a) an umbrella body representing professional associations in the area;
- b) an association representing the private sector in the area;
- c) a cluster representing registered associations of the informal sector in the area;
- d) a cluster representing registered neighborhood associations in the area; and
- e) an association of the Municipality. and appointed by the County Executive Committee with the approval of the County Assembly

The board members are responsible for the long-term strategic direction. The board of members exercises leadership, enterprise, integrity and judgment in directing the Municipality. The day-to-day running of the operations of the fund is vested on the Municipal Manager.

Board and Member Performance

During the year under review Municipality of Lamu Board was fully constituted with and exception of Board Chair. The members of the Board who served are shown on page v. The Board has 4 standing committee which are required to meet at least quarterly or as

required. The committee have been set up with clear terms of reference to facilitate efficient and effective decision making.

The committee and their chairperson composition are as shown below:

Ref	Name of the Committee	Chairperson	No. of meetings held during the year
1	Finance & Economic Planning	Khadija Shekuwe	1
2	Town planning & Infrastructure	Martha Wairimu	1
3	Environment & Health, Trade, Tourism, and Investment	Abdalla Fadhil	1
4	Legal, ICT & Public Participation	Ummulkheir Bakari	1

Internal Control and Risk Management

Standing Instructions

The Municipal is in the process to develop Code of Ethics and Service Charter that will be applicable to all employees. This will entail a number of standing instructions to employees of the Municipal designed to enhance internal control.

Organization Structure

The Board has an approved organizational structure that clearly detail lines of authority and control responsibilities in line with the Urban and Cities Act 2012.

Internal Control Framework

The Board continues to review its internal control to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed in an ongoing basis. No significant failings or weaknesses were identified during the FY 2022/2023.

Risk Management

The Board targets to develop a risk management framework which will guide the Municipality in identifying, assessing and managing the risks and prescribe mitigating measures of all the risks both external and internal.

Management Team

The management team headed by the Chairman, the Manager and Chief Officer for Municipality of Lamu implements the board decisions and policies through action plans.

The team meets regularly to review these action plans to ensure that the board objectives are achieved effectively and efficiently.

Auditor

The fund is audited by the Auditor-General.

9. Management Discussion and Analysis

The Municipality of Lamu has continued to grow over the years and the management has put measures in place to safeguard risks. The management has ensured that we comply with statutory requirements relating to the functions of the fund.

Operational and financial performance of the Fund/Board

The Board received a total of Ksh. 2,339,115.00 for UIG accounts for the financial year 2022/2023. The Municipality of Lamu had a total expense of Ksh. 10,694,530.55 as use of goods. Also, the Municipality of Lamu incurred Ksh. 22,072,191.01 as cost for the purchase of properties, plant and equipment (PPE).

Key projects or investments decision implemented or ongoing

1. Construction of storm water drainage works and paving's at Shella Ward

Compliance with statutory requirements

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

- Lamu Municipality Act 2019
- Public Finance Management Act 2012
- Public procurement disposal Act 2015.

Conclusion

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to continuing partnership and cooperation in areas of mutual interest in the FY 2022/2023.

10. Environmental and Sustainability Reporting

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

a) Sustainability strategy and profile

Municipality of Lamu is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 30th day January. This Act has put in place good governance structure. The Municipal is independent. It has a Municipal manager and an independent board of management.

Furthermore, the Municipality has risk management framework which guides the fund in identifying, assessing, and managing the risks and prescribe mitigating measures of all the risks both external and internal.

b) Environmental performance

Towards environmental performance Municipality of Lamu has several policies to guide waste management and land use for environmental sustainability. The policies are:

- Lamu Island Integrated Development Plan
- Solid waste management policies
- Lamu Island local use and Physical Development Plan.
- Zoning standard and regulation guideline for Lamu old town and Wiyoni

Furthermore, the Municipality has a cleaning unit that ensure streets are clean.

c) Employee welfare

Through the department of Public Service Board hiring process is inconformity with Recruitment and selection policies for Lamu County Public Service and labour laws of Kenya. County employee are continuous capacity build with and effort to improve staff skills. The working environment is ensured to be conducive and friendly to employees. Furthermore, employees are timely paid and provide with medical cover together with their dependants.

d) Market place practices

Municipality of Lamu uses county pre-qualified suppliers to procure goods and services. The awarding is done competitively, fair and transparent in accordance with the Procurement Act 2015. Similarly, all the contracts signed by the respective suppliers are always honoured.

e) Community Engagements

The Municipality of Lamu engage community through public participation and barazas in each project planning and implementation stage.

11. Report of the Municipality Board Members

The Board submitted their report together with the audited financial statements for the year ended 30th June 2023 which showed the state of the Fund affairs.

Principal activities

Municipality of Lamu Board is established by Urban Areas and Cities Act 2012 and derives its authority and accountability from the Act. The Board objectives seek to provide an enabling environment for development of economic opportunities available within the Municipality and to institute measures necessary for achieving public order while enhancing provisions of civic amenities and access to basic social services. The goal of the board is to improve the quality of life of the residents of the Municipality of Lamu.

Performance

The performance of the Fund for the year ended 30th June 2023 is set out on page 1 – 5.

Board

There were no changes in the board of management of the Municipality of Lamu.

Auditors

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

By Order of the Board



Mr. Abdalla Fadhil

Chairperson

Municipality Of Lamu

Date: 22/09/2023

12. Statement of Management’s Responsibilities

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the Municipality of Lamu established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Municipality of Lamu manager is responsible for the preparation and presentation of the Municipality’s financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2023. 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 Municipality of Lamu, (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 Municipality of Lamu, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality of Lamu Manager accepts responsibility for the 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 *Urban Areas and Cities Act No. 13 of 2011*. The Municipality of Lamu Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality’s transactions during the financial year ended 30th June, 2023, and the financial position as at that date.

The Municipality of Lamu Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Municipal Manager to indicate that the Municipality of Lamu 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 Municipal's financial statements were approved by the Board on 19th September 2023 and signed on its behalf by:



.....
Abdalla Fadhil
Chairperson of the Board



.....
Abdulswamadu A. Ali
Municipal Manager

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 MUNICIPALITY OF LAMU FOR THE YEAR ENDED 30 JUNE, 2023

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 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, 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 an 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

Qualified Opinion

I have audited the accompanying financial statements of Municipality of Lamu as set out on pages 1 to 27, which comprise of the statement of financial position as at

Report of the Auditor-General on Municipality of Lamu for the year ended 30 June, 2023

30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect 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 the Municipality of Lamu as at 30 June, 2023, 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 Urban and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Comparative Balances

The comparative balances reflected in the financial statements were not in agreement with the balances reflected in the prior year audited financial statements as summarized below:

Component	Balance as at 30 June, 2022 (Kshs.)	Comparative Balance in 2022/2023 Financial Statements (Kshs.)	Variance (Kshs.)
Statement of Financial Performance			
Contracted professional services	18,463,892	10,531,002	7,932,890
Transfer from County Government	11,127,107	0	11,127,107
Depreciation	3,784,415	3,819,468	35,053
Repairs and Maintenance	0	2,997,824	2,997,824
Statement of Financial Position			
Property, Plant and Equipment	93,101,348	99,754,551	6,653,203
Development Fund	161,127,107	111,127,107	50,000,000
Accumulated Surplus	(69,359,336)	19,667,215	89,026,551
Statement of Cash Flow			
Use of Goods and Services	23,224,232	15,291,343	7,932,889
Repair & Maintenance	0	2,997,824	2,997,824
Purchase of PPE & Intangible Assets	64,512,403	69,447,470	4,935,067
Receipt from Capital Gains	0	11,127,107	11,127,107

In the circumstances, the accuracy of comparative balances reflected in the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Municipality 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 qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.15,491,817 and Kshs.10,687,931 respectively, resulting to an under-expenditure of Kshs.4,803,886 or 31% of the approved budget. The under absorption is an indication of non-implementation of activities and projects in the annual work plan which may have negatively impacted on delivery of services.

My opinion is not modified in respect of this matter.

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.

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 matter 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

Lack of Independence of the Municipality

Lamu Municipality was established on 23 July, 2018 through Municipality of Lamu Charter and gazettment of the Municipality of Lamu Board on 27 September, 2019. However, it

was noted that payments totalling to Kshs.86,671,706 were processed by the Department of Lands, Physical Planning, Urban Development and Infrastructure of the Lamu County Executive on behalf of the Municipality. This implies that a component of financial operations of the Municipality was still undertaken by the Department of Lands, Physical Planning, Urban Development and Infrastructure.

In the circumstances, the it was not possible to confirm whether the Municipality discharged its functions effectively when some of its financial operations were undertaken by the Department of Lands, Physical Planning, Urban Development and Infrastructure.

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 procedures performed, 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

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 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 the Board of Municipality

The 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 the 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, the Management is responsible for assessing the Municipality's ability to continue 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 dissolve the Municipality or cease operations.

The 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, the 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.

The Board of the Municipality is responsible for overseeing the Municipality'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

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 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 Municipality'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 Municipality 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 Municipality 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 February, 2024

14. Statement of Financial Performance for The Year Ended 30th June 2023.

Description	Note	2022/2023	2021/2022
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,339,115	-
Total revenue		2,339,115	-
Expenditure			
Use of goods and services	7	5,231,979	15,291,343
Depreciation and amortization	8	4,936,312	3,819,468
Repairs and maintenance	9	526,240	2,997,824
Total expenses		10,694,531	22,108,634
Other gains/losses		-	-
Surplus/(deficit) for the period		(8,355,416)	(22,108,634)

The notes set out on pages 6 to 20 form an integral part of these Financial Statements.

The Municipality of Lamu financial statements were approved on 22nd September 2023 and signed by:

COUNTY GOVERNMENT OF LAMU
 MUNICIPALITY MANAGER
 22 SEP 2023

Abdulswamadu A. Ali
 Municipality Manager



CPA Mohamed Abbas Abubakar
 Director Accounting Services
 ICPAK M/No:23585

15. Statement of Financial Position as At 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	10	5,548,476	31,039,771
Total current assets		5,548,476	31,039,771
Non-current assets			
Property, plant, and equipment	11	116,890,431	99,754,551
Total Non-current Assets		116,890,431	99,754,551
Total assets		122,438,907	130,794,322
Total liabilities		-	-
Net assets		122,438,906	130,794,322
Development Fund -KUSP		111,127,107	111,127,107
Reserves		-	-
Accumulated surplus		11,311,800	19,667,215
Total net assets and liabilities		122,438,907	130,794,322

The accounting policies and explanatory notes set out on pages 6 to 20 to these financial statements form an integral part of the financial statements. The Municipality of Lamu financial statements were approved on 22nd September 2023 and signed by:

.....
Abdulswamadu A. Ali
Municipality Manager



.....
CPA Mohamed Abbas Abubakar
Director Accounting Services
ICPAK M/No:23585


16. Statement of Changes in Net Assets for the Year Ended 30th June 2023

Description	Development Fund-KUSP	Revaluation Reserve	Accumulated Surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2021	100,000,000	-	41,775,849	141,775,849
Surplus/(deficit) for the year		-	(22,108,633)	(22,108,633)
Funds received during the year	11,127,107	-	-	11,127,107
Revaluation gain		-	-	-
Bal as at 30 June 2022	111,127,107	-	19,667,216	130,794,323
Bal as at 1 July 2022	111,127,107	-	19,667,216	130,794,323
Surplus/(deficit) for the year		-	(8,355,416)	(8,355,416)
Funds received during the year		-	-	-
Revaluation gain		-	-	-
Balance as at 30 June 2023	111,127,107	-	11,311,800	122,438,907

The accounting policies and explanatory notes set out on pages 6 to 20 to these financial statements form an integral part of the financial statements. The Municipality of Lamu financial statements were approved on 22nd September 2023 and signed by:



 Abdulswamadu A. Ali
 Municipality Manager

 CPA Mohamed Abbas Abubakar
 Director Accounting Services
 ICPAK M/No:23585

17. Statement Of Cash Flows for The Year Ended 30th June 2023


Description	Note	2022/2023	2021/2022
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	2,339,115	-
Total Receipts		2,339,115	-
Payments			
Use of goods and services	7	5,231,979	15,291,343
Repair and Maintenance	9	526,240	2,997,824
Total Payments		5,758,219	18,289,166
Net cash flows from operating activities	12	(3,419,104)	(18,289,166)
Cash flows from investing activities			
Purchase of PPE & intangible assets	11	22,072,191	69,447,470
Net cash flows used in investing activities		22,072,191	69,447,470
Cash flows from financing activities			
Receipts from Capital grants		-	11,127,107
Net cash flows used in financing activities		-	11,127,107
Net increase/(decrease) in cash & cash equivalents		(25,491,295)	(76,609,529)
Cash And Cash Equivalents At 1 July	10	31,039,771	107,649,300
Cash And Cash Equivalents At 30 June	10	5,548,476	31,039,771

COUNTY GOVERNMENT OF LAMU
MUNICIPAL MANAGER

22 SEP 2023

Abdulswamadu A. Ali

Municipality Manager



CPA Mohamed Abbas Abubakar

Director Accounting Services

ICPAK M/No:23585

18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	%
Transfers from the County Government	2,339,115	-	2,339,115	2,339,115	-	100
Balance b/d	13,152,702	-	13,152,702	13,152,702	-	100
Total Revenue	15,491,817	-	15,491,817	15,491,817	-	100
Expenses						
Use of goods and services	10,029,265	-	10,029,265	5,225,379	4,803,886	52
Depreciation and amortization	4,936,312	-	4,936,312	4,936,312	-	100
Repairs and maintenance	526,240	-	526,240	526,240	-	100
Total Expenditure	15,491,817	-	15,491,817	10,687,931	4,803,886	69
Surplus for the period	-	-	-	4,803,886	-	
Capital Expenditure	17,887,069	-	17,887,069	17,845,854	41,215	99

Budget notes

19. Notes to the Financial Statements

1. General Information

Municipality of Lamu is established by and derives its authority and accountability from Section of 9 (1) of the Urban areas and cities Act, (No.13 of 2011) as complemented by section 72 of the interpretations and general provisions Act (Chapter 2) and all other enabling provision of law, the County Grants the municipality of Lamu this Charter on this 30th day January, 2018. The Municipality of Lamu is under the Lamu County Government and is domiciled in Kenya.

The Municipality of Lamu principal activity is to:

1. Provide for efficient and accountable management of the affairs of the Municipality.
2. Provide for a governance mechanism that will enable the inhabitants of the Municipality to:
3. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
4. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
5. Enjoy efficiency in service delivery.
6. Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
7. Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
8. Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
9. Providing for services, laws and other matters for Municipality's benefit.
10. Fostering the economic, social and environmental well-being of its community.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Municipality of Lamu's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Municipality of Lamu*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Application of New and revised standards (IPSAS)

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Municipality of Lamu's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Municipality of Lamu’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Municipality of Lamu provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Municipality of Lamu.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Municipality of Lamu’s financial performance, financial position and cash flow</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on</p>

Standard	Effective date and impact:
	classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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 information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Municipality of Lamu.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at</p>

Standard	Effective date and impact:
for Sale and Discontinued Operations	the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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.

iii. Early adoption of standards

The Municipality of Lamu did not early – adopt any new or amended standards in the financial year.

4. 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 *Municipality of Lamu* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

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 for each period.

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on June 2022. 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 Municipality of Lamu upon receiving the respective approvals in order to conclude the final budget.

The Municipality'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. 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 section 14 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 Municipality of Lamu 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.

d) Intangible assets

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

e) 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 Municipality of Lamu does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one Municipality of Lamu and a financial liability or equity instrument of another Municipality of Lamu. At initial

recognition, the Municipality of Lamu measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The Municipality of Lamu 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 Municipality of Lamu's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an Municipality of Lamu 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 Municipality of Lamu classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Financial liabilities

Classification

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

f) 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 Municipality of Lamu.

g) Provisions

Provisions are recognized when the Municipality of Lamu 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 Municipality 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.

h) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Municipality of Lamu 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 Municipality of Lamu will incur in fulfilling the present obligations represented by the liability.

i) Contingent liabilities

The Municipality of Lamu 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.

j) Contingent assets

The Municipality of Lamu 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 Municipality of Lamu 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

k) Nature and purpose of reserves

The Municipality of Lamu does not create and maintain reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

The Municipality of Lamu provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality of Lamu pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality of Lamu does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme 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 benefits 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.

n) 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 in 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.

o) 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.

p) Related parties

The Municipality of Lamu regards a related party as a person or an Municipality of Lamu with the ability to exert control individually or jointly, or to exercise significant influence over the Municipality of Lamu, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality of Lamu Manager and Municipality of Lamu Accountant.

q) 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents

also include short-term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

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

s) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that is indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

The Municipality of has no events after the reporting date.

t) Currency

The financial statements are presented in Kenya Shillings (Kshs.) and the values rounded off to the nearest shilling. The financial statements are presented in Kenya Shillings (Kshs.) and the values rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Municipality'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.

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 Municipality of Lamu 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 Municipality of Lamu. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

- i) The condition of the asset based on the assessment of experts employed by the Municipality of Lamu.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

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6. Transfers from the County Government

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	2,339,115	-
Total	2,339,115	-

7. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Domestic travel and subsistence	-	2,791,268
Printing, advertising, supplies & services	-	232,883
Hospitality supplies and services	108,750	520,480
Specialized materials and services	172,240	498,700
Office and general supplies and services	728,400	696,850
Contracted Professional Services	4,211,789	10,531,002
Bank Charges	10,800	20,160
Total	5,231,979	15,291,343

8. Depreciation and amortization

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant and equipment	4,936,316	3,819,468
Total depreciation and amortization	4,936,316	3,819,468

9. Repairs and Maintenance

Description	2022/2023	2021/2022
	KShs	KShs
Property- Buildings	526,240	2,997,824
Total repairs and maintenance	526,240	2,997,824

10. Cash and cash equivalents

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Current account	5,548,476	31,039,771
Total cash and cash equivalents	5,548,476	31,039,771

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

Financial institution	Account number	2022/2023	2021/2022
		Kshs.	Kshs.
a) Current account			
Equity Bank UIG	1590279012840	5,507,261	13,152,702
Equity Bank UDG	1590279012879	41,215	17,887,069
Grand total		5,548,476	31,039,771

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11. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2021	-	-	-	-	-	-	-
Additions	-	54,164,023	-	6,004,900	4,343,480	34,126,549	34,126,549
Transfers/adjustments	-	34,126,549	-	-	-	4,935,067	69,447,470
As at 30 th June 2022	-	88,290,572	-	-	-	34,126,549	-
Additions for the year	-	-	-	6,004,900	4,343,480	4,935,067	103,574,019
Transfer/adjustments	-	-	-	874,500	3,358,437	17,839,254	22,072,191
As at 30 th June 2023	-	88,290,572	-	-	-	-	-
Depreciation and impairment				6,879,400	7,701,917	22,774,321	125,646,210
At 1 July 2021		-					
Depreciation		1,765,811	-	-	-	-	-
Transfers/ Adjustments		-	-	750,613	1,303,044	-	3,819,468
As at 30 June 2022		1,765,811	-	-	-	-	-
Depreciation for the year		1,765,811	-	750,613	1,303,044	-	3,819,468
Transfer/adjustment		-	-	859,925	2,310,575	-	4,936,312
As at 30 th June 2023		3,531,623	-	-	-	-	-
				1,610,538	3,613,619	-	8,755,779
NBV as at 30 th June 2022	-	86,524,761	-	5,254,288	3,040,436	4,935,067	99,754,551
NBV as at 30 th June 2023	-	84,758,949	-	5,268,863	4,088,298	22,774,321	116,890,431

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12. Cash generated from operations.

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	(8,355,416)	(22,108,634)
Adjusted for:		
Depreciation	4,936,312	3,819,468
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	(3,419,104)	(18,289,166)

13. Related party balances

a) Nature of related party relationships

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

- a) The County Government.
- b) The Parent County Government Ministry.
- c) County Assembly.
- d) Key management.
- e) Municipality Board.

14. Financial risk management

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Municipality's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Municipality of Lamu 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 Municipality's financial risk management objectives and policies are detailed below:

I. Liquidity risk management

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

II. Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Municipality on an on-going 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 Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Municipality's exposure to market risks or the manner in which it manages and measures the risk.

III. Interest rate risk

Interest rate risk is the risk that the Municipality of Lamu's financial condition may be adversely affected as a result of changes in interest rate levels. The Municipality of Lamu'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.

IV. Capital risk management.

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

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Revaluation reserve	-	-
Development Grants-KUSP	111,127,107	111,127,107
Accumulated surplus	11,311,800	19,667,216
Total Funds	122,438,907	130,794,323
Less: cash and bank balances	(5,548,476)	(31,039,771)
Net debt/(excess cash and cash equivalents)	116,890,431	99,754,551
Gearing		

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20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NERO/AUD/ML/2021/2022/(23)	Non-Maintenance of a Fixed Asset Register	The Asset Register has been updated	Resolved	
	Under-Absorption	Department of Budget and economic planning forgetting to capture UIG	Resolved	

Abdalla
 COUNTY GOVERNMENT OF LAMU
 MUNICIPALITY MANAGER
 Abdulsamad Abdalla Ali
 Municipality Manager
 MUNICIPALITY OF LAMU
 22 SEP 2023

County Government of Lamu
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Appendix 2: Inter Municipality of Lamu Transfers



THE COUNTY GOVERNMENT OF LAMU
Finance, Strategy & Economic Planning
COUNTY TREASURY



Telephone: +254-715555111/772576122
 E-mail: treasury@lamu.go.ke


LAMU COUNTY
 P.O. Box 74-80500
 LAMU

Municipality of Lamu
P.O Box 74 – 80500,
Lamu County.

The Lamu County Treasury wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. 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.

CITY/MUNICIPALITY NAME: -				
Breakdown of Transfers from the County Executive of xxx County				
FY 2022/2023				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
	Lamu County Kenya Urban Support Programme UIG	22/05/2023	2,339,115	FY 2022/2023

(The above amounts have been communicated to and reconciled with the parent Department in the County.)

Signed by:  GOVERNMENT OF LAMU
 MUNICIPAL MANAGER

22 SEP 2023
 Head of Accounts of the Municipality of Lamu
 transferring Entities
 MUNICIPALITY OF LAMU



Head of Accounts of the

County Government of Lamu
Municipality of Lamu
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Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization Municipality of Lamu
 Telephone Number 0722677513
 Email Address maawy006@gmail.com
 Name of Municipal Manager Abdulswamadu Abdalla Ali
 Name and contact details of contact person (in case of any clarifications): Ahmed Kombo-0759200303

There was no climate relevant expenditures

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

Appendix 4: Disaster Expenditure Reporting Template

There were no disaster expenditure

Date:

Municipality of Lamu

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

Appendix 5: Bank Reconciliation F.0 30

MUNICIPALITY OF LAMU – EQUITY UIG A/C NO. 1590279012840

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30TH JUNE 2023

STATION: LAMU COUNTY

	Sh	Sh
Balance as per bank statement		
Less:-		6,794,476
1 <i>Payments in cash book not in bank statement (Unrepresented Cheques)</i> :		3,626,330
2 <i>Receipts in bank statement not recorded in cash book</i> :		
Add:-		
3 <i>Payments in bank statement not in cash book</i> :		
4 <i>Receipts in cash book not recorded in bank statement</i> :		2,339,115
Balance as per Cash book		<u>5,507,261</u>

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

Prepared by:

CPA ALI SHEYUMBE
Signature

ACCOUNTANT
Designation

22/09/2023
Date

Approved by:

ABDULSWAMOU ABDALLA-A
Signature

MANAGER
Designation

22/09/2023
Date



MUNICIPALITY OF LAMU – EQUITY UDG A/C NO. 1590279012879

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30TH JUNE 2023

STATION: LAMU COUNTY

	Sh	Sh
Balance as per bank statement		
Less:-		6,753,711
1 <i>Payments in cash book not in bank statement (Unrepresented Cheques)</i> :		6,712,496
2 <i>Receipts in bank statement not recorded in cash book</i> :		
Add:-		
3 <i>Payments in bank statement not in cash book</i> :		
4 <i>Receipts in cash book not recorded in bank statement</i> :		
Balance as per Cash book		<u>41,215</u>

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

Prepared by:

CPA ALI SHEHUMBE ACCOUNTANT 20/09/2023
Signature Designation Date

Approved by:

ABDUL SWAMOU ABDULLAHI MANAGER 22/09/2023
Signature Designation Date

