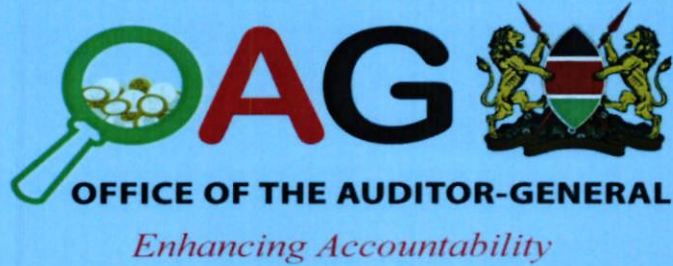


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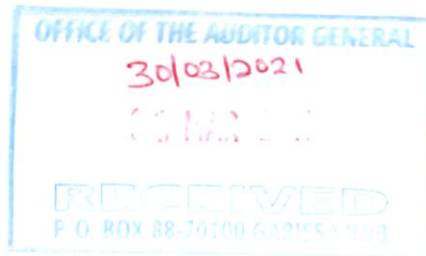
ON

COUNTY ASSEMBLY OF LAMU

**FOR THE YEAR ENDED
30 JUNE, 2020**

	PAPERS LAID
DATE	17/02/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	GETRUBE





COUNTY ASSEMBLY OF LAMU

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Clerk	Mboche Wanyoike
2.	Deputy Clerk	Omar Ahmed
3.	Director Finance & Planning	Kale Ahmed Ali
4.	Director Legislative Services	Ishaq Buya
5.	Head of Procurement	Susan Wambui Kamau

(d) Fiduciary Oversight Arrangements

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

(e) Entity Headquarters

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

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

(f) Entity Contacts

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

(g) Entity Bankers

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

2. FORWARD BY THE CLERK OF THE ASSEMBLY

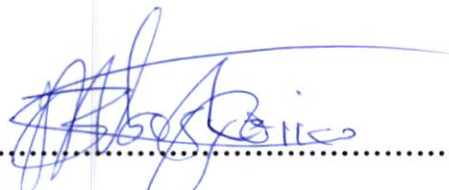
During the financial year 2019/2020 the County Assembly of Lamu, made great achievements in its operations and reporting. The improvement has seen the County Assembly perform its functions of oversight, legislation and representation properly. The absorption rate of recurrent budget was 72% indicating that the resources were utilised efficiently considering the COVID 19 break and stay home orders. For the development budget, the absorption rate of 39% due to the COVID -19 the implementation of projects was negatively affected.

We faced a lot of challenges with the implementation of e-procurement and IFMIS, where IFMIS was not responding to emails and calls for any clarification or assistance we required. We faced challenges associated with COVID 19 social distancing and working from home, the fear and stigma of human contacts in offices.

The County Assembly of Lamu has completed the construction of Chambers and offices at the County Headquarters in Mokowe. The furnishing and equipping the headquarters is almost complete and we hope to shift to the new offices by January 2021. This is expected to have a positive impact in the performance of the Assembly and access by the public, hence improving service delivery.

In the financial year 2019/20 the County Assembly of Lamu vetted and approved all County appointments done by H.E. Governor. We also published nine bills, thirty-three committee reports adopted, and thirty motions passed.

Finally, we faced challenges in IFMIS due to lack of high-speed internet in Lamu, electricity power cuts, poor road network, insecurity and the slow release of funds by the Controller of Budget. COVID-19 negatively impacted the assembly as it could not have plenary meetings, while public participation was also restricted due to social distancing and stay home orders by the State.

Sign.....

Clerk of the County Assembly

3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES

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

The key mandate of the County Assembly of Lamu is legislation, oversight and representation. On legislation part the County Assembly was able to publish nine bills against a target of twelve bills. This is because most the 3rd and 4th Quarter performance was negatively affected by the COVID 19 restrictions.

On Oversight, the committees were able to table thirty-three committee reports against the target of forty committee reports, the performance was good given the second half of the financial year was restricted with COVID 19. Also, on the oversight role the committee on intergovernmental vetted and approved the Lamu County Public Service Board, who are now in office and providing services to the people of Lamu.

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

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

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENTS/SUSTAINABILITY REPORTING

County Assembly of Lamu seeks to improve the livelihoods of the residents of Lamu County, we have pursued the strategy of customer first and improve our operations and access by the public. We have adopted the policy of there is no wrong door/office in the County Assembly of Lamu, where citizens seeking any assistance will be provided with services by any officer or directed to the right office immediately.

The County Assembly of Lamu has improved its efficiency in the payment process and reduced the pending bills to two. We are expecting to have no pending bills or outstanding payments in the coming financial year or reduce it to the minimum possible. The efficiency in payments and the payments of pending improved the business, economic and livelihood of the people of Lamu which ultimately contributes to improved macroeconomic performance of Kenya.

The County Assembly of Lamu has created a clean and safe working environment to staff and the public. The security has been enhanced with posting of Administration Police officers working together with our security guards to ensure security and safety is improved. We have been able to train our Members of County Assembly and staff, in order to improve their performance and skills. The County Assembly of Lamu also organised for team building and motivational training and activities to improve staff motivation and encourage teamwork. We also participated in the County Assembly Forum games and activities in Eldoret aimed at improving the staff health and bring cohesion between different communities in the Country.

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

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

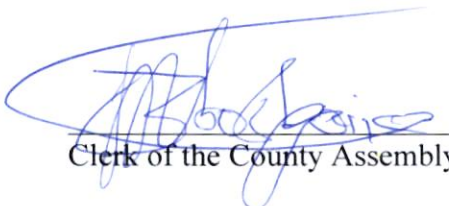
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2020, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 15th September 2020.


Clerk of the County Assembly

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF LAMU FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Lamu set out on pages 1 to 22, which comprise the statement of financial assets and liabilities as at 30 June, 2020 and the statement of receipts and payments, statement of cash flows, statement of comparison of budget and actual amounts: recurrent and development combined 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 matters 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 County Assembly of Lamu as at 30 June, 2020 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

1.0 Use of Goods and Services

The statement of receipts and payments reflects goods and services payments totalling Kshs.127,204,114 as further reflected in Note 4 to the financial statements. Examination of records on the expenditure indicated that some of the payments were not supported with sufficient and relevant records:

1.1 Hospitality Supplies and Services

Payments totalling Kshs.3,120,541 spent on hospitality supplies were not adequately supported with records showing how the expenditure was incurred. The missing records included local purchase orders for goods procured, signed payment schedules for allowances paid to officers, transportation and attendance records, among others.

In the circumstance, the occurrence and probity of the payments totalling Kshs.3,120,541 on hospitality supplies and services as at 30 June, 2019 could not be confirmed.

1.2 Domestic Travel and Subsistence

Expenditures totalling Kshs.14,573,000 spent on domestic travel and subsistence were not supported with invitation letters and travel documents to confirm occurrence of the journeys cited and records of attendance and back-to-office reports prepared thereafter. As a result, the occurrence and validity of the payments could not be confirmed.

1.3 Training Expenses

Expenditure records indicated that Kshs.13,934,603 was spent on training activities in the year under review. However, examination of the respective payment vouchers and other supporting documents indicated that payments totalling Kshs.10,635,922 were not supported with invitation letters, list of participants, air tickets and return to office reports.

1.4 Foreign Travel

Expenditure amounting to Kshs.19,764,641 incurred on staff on foreign trips was not supported with documents indicating that the payees had travelled out of the country. The missing documents included travel clearance certificates, air tickets, boarding passes and travel insurance. In addition, the records indicated that some of the officers travelled before the actual commencement dates for the programmes and were as a result paid several days of subsistence allowances while idling in waiting.

In view of these issues, the occurrence and validity of the payments totalling Kshs.51,392,785 included in the goods and service balance totalling Kshs.127,204,114 reflected in the statement of receipts and payments has not been confirmed.

2.0 Fixed Assets

Annex 4 - summary of fixed assets - register attached to the financial statements discloses the value of the County Assembly's fixed assets as at 30 June, 2020 totalled Kshs.532,356,69 out of which assets worth Kshs.86,164,116 were purchased in the year under review. However, the following anomalies were noted in respect to the processes followed in purchasing the assets:

2.1 Failure to Maintain Fixed Assets Register

The County Assembly did not maintain a fixed assets register contrary to Section 136(1) of the Public Finance Management Regulations, 2015 which requires the Accounting Officer to maintain a register of assets as prescribed in relevant laws. As a result, the value and nature of the fixed assets that make the balance of Kshs.532,356,698 as at 30 June, 2020 could not be confirmed.

In addition, physical verification conducted at the entity revealed that the assets were not tagged to reveal information on their purchase and locations. Consequently, the audit could not confirm whether all the furniture procured in the year under review was received.

2.2 Lack of Ownership Documents

The assets balance totalling Kshs.532,356,698 includes land, buildings and structures worth Kshs.372,787,736 for the Speaker's official residence. However, ownership documents for the property were not provided for audit and therefore its ownership by the County Assembly could not be confirmed.

2.3 Insufficient Disclosure of Assets

The assets balance does not include the value of the County Assembly's Building and Therefore, the balance is incomplete.

In view of these issues the valuation, completeness, and ownership by the County Assembly of the assets valued at Kshs.532,356,698 as at 30 June, 2020 reported in Annex 4 to 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 County Assembly of Lamu Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there were no other key audit matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

The approved budget of the County Assembly for the year under review was Kshs.600,000,000 out of which Kshs.405,000,000 or 67.5% was allocated to recurrent expenditure and Kshs.195,000,000 or 32.5% to development expenditure. The allocations were spent as indicated below:

Item	Budgeted Allocation Kshs.	% of Allocation	Actual Expenditure Kshs.	Ratio of Budget Spent	Ratio of Budget Not Spent
Recurrent Expenses	405,000,000	68%	291,408,727	72%	28%
Development Expenses	195,000,000	33%	75,326,116	39%	61%
Total	600,000,000		366,734,843		39%

As the data indicates, the absorption rate for recurrent expenditure was 72% and for development expenditure only 39%, with an overall 39% of the budget for both votes

absorbed. The low funds absorption rate implied that a significant portion of the projects and activities due for implementation by the County Assembly in the year under review were not executed. This may have hampered the County Assembly from effectively exercising its legislative and oversight roles in the year under review.

2.0 Pending Accounts Payable

Disclosed under Annex 1 to the financial statements are pending accounts payables totalling Kshs.4,295,720 comprised of bills for construction of building totalling Kshs.3,940,780 and supply of services totalling Kshs.354,940. No satisfactory explanation was provided by Management for the failure to pay the bills. Delay in payment of pending bills slows down economic activity by denying businesses funds for working capital and reinvestment. It may also lead to avoidance of trading with public entities.

3.0 Prior Year Issues

The audit report for the previous year had highlighted several matters that included unconfirmed expenditure balances and irregular expenditures among other issues. The matters had not been resolved as at 30 June, 2020.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 High Wage Bill

The statement of receipts and payments indicates that the County Assembly spent Kshs.153,366,180 on salaries, wages and allowances in the year under review. The expenditure was equivalent to 40% of the total revenue of the County in the year amounting to Kshs.384,104,710 and surpassed the recommended ratio of 35% prescribed in Regulation 25(1) of the Public Finance Management (County Governments) Regulations, 2015. Management therefore, breached the law and expectations on prudent use of public funds. Further, the overspending on personnel emoluments may have constrained funding for the service delivery functions of the County Assembly.

2.0 Unused Staff Housing Mortgage Scheme

In March 2018, Management entered into a Memorandum of Understanding with a local bank for administration of a staff mortgage scheme. The County Assembly was to remit Kshs.100,000,000 which the bank would use to issue mortgage loans to eligible members of staff. However, only Kshs.40,000,000 was remitted and although a bank certificate on the deposit was provided for audit review, there were no records of staff mortgage loans funded by the Scheme. As a result, it was not possible to confirm whether any value was obtained from the sum totalling Kshs.40,000,000 deposited with the bank.

3.0 Irregular Subscriptions

Examination of records indicated two payments were made totalling Kshs.1,800,000 in respect to subscription fees for the County Assembly Forum amounting to Kshs.1,300,000 and Society of Clerks-At-The-Table amounting to Kshs.500,000. However, the two entities are not recognized in law as qualified to receive subscriptions sourced from public funds.

In the circumstance, the payments made to the entities were irregular.

4.0 Irregular Disposal of Assets

During the year under review, the County Assembly disposed off nineteen (19) assorted fixed assets with a total book value of Kshs.3,520,599, as indicated in the disposal list. However, there was no record confirming that a report on unserviceable, obsolete or surplus assets was made to the Disposal Committee before the assets were listed for disposal. In addition, there were no records indicating that the Disposal Committee had verified and processed all the asset disposal recommendations in liaison with the Head of Procurement as required by Section 163 and Section 64 of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management may have breached the law on disposal of public assets.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1.0 Failure to Establish an Audit Committee

Management had, in the year under review, not established an Audit Committee contrary to Regulation 67 of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish Audit Committees in accordance with prescribed regulations.

In absence of an Audit Committee, the County Assembly's governance and accountability processes and internal control systems were inadequate.

2.0 Lack of Internal Audit Department

During the year under review, the County Assembly did not have an Internal Audit Unit contrary to Section 155 of the Public Finance Management Act, 2012, which requires every County Government entity to establish means for conducting internal audit according to the guidelines issued by the Public Sector Accounting Standards Board.

The failure to establish an Internal Audit Unit, implied that the County Assembly's internal control system was inadequate. In addition, the risk of ineffective management of public funds and non-compliance with public finance management and other laws and regulations was high.

3.0 Lack of Information Technology Policy

A review of the use of Information and Communication Technology (ICT) in the County Assembly indicated that Management had not established a policy on management of the County Assembly's ICT resources. As a result, documentation of data recovery procedures and data security policy, among other important aspects of ICT management, had not been addressed. Further, there was no Steering Committee to oversee the ICT function and provide guidance and oversight on formulation and implementation of applicable policies.

In view of these weakness, utilization of ICT by the County Assembly may not be effective.

4.0 Failure to Maintain Manual Cash Books

Audit review of the County Assembly Treasury records indicated that cashiers did not maintain manual cashbooks to record daily transactions but instead used electronic spreadsheet with limited security features. Therefore, control on the security and validity of the financial data generated at the County Assembly Treasury was inadequate.

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 those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the County Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Assembly.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

21 October, 2021

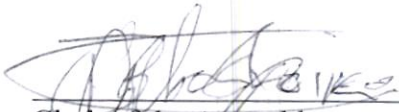
COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

7. FINANCIAL STATEMENTS

7.1. STATEMENT OF RECEIPTS AND PAYMENTS

		2019/20	2018/19
	Note	KShs	KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	384,103,469	473,468,400
Proceeds from Sale of Assets	2		
Other Receipts	3	1,241	
TOTAL RECEIPTS		384,104,710	473,468,400
PAYMENTS			
Compensation of Employees	4	153,366,180	147,890,239
Use of goods and services	5	127,204,114	183,036,866
Subsidies	6		
Transfers to Other Government Entities	7		
Other grants and transfers	8		
Social Security Benefits	9		
Acquisition of Assets	10	86,164,116	141,582,512
Finance Costs	11		
Other Payments	12	12,195,324	
TOTAL PAYMENTS		378,929,734	472,509,617
SURPLUS/DEFICIT		5,174,976	958,783

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15th September 2020 and signed by:


 Clerk of the Assembly
 Name: Dr. Mboche Wanyoike

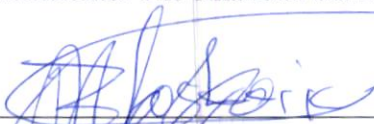
 Chief Finance Officer – County Assembly
 Kale Ahmed Ali


COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

7.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

		2019/20	2018/19
FINANCIAL ASSETS	Note	KShs	KShs
Cash and Cash Equivalents			
Bank Balances	13A	51,886,410	47,668,983
Cash Balances	13B		
Total Cash and cash equivalents		51,886,410	47,668,983
Accounts receivables – Outstanding Imprests	14	0	0
TOTAL FINANCIAL ASSETS		51,886,410	47,668,983
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	(11,883,245)	(6,710,200)
NET FINANCIAL ASSETS		40,003,165	40,958,783
REPRESENTED BY			
Fund balance b/fwd	16	40,958,783	47,068,581
Prior year adjustment	17	(6,130,597)	(7,068,581)
Surplus/Deficit for the year		5,174,976	958,783
NET FINANCIAL POSITION		40,003,162	40,958,783

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15th September 2020 and signed by:


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 Chief Finance Officer – County Assembly
 Kale Ahmed Ali


COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

7.3. STATEMENT OF CASH FLOWS

		2019/20	2018/19
	Note	KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	384,103,469	473,468,400
Other Receipts	3	1,241	
Payments for operating expenses			
Compensation of Employees	4	(153,366,180)	(147,890,239)
Use of goods and services	5	(127,204,114)	(183,036,866)
Subsidies	6		
Transfers to Other Government Entities	7		
Other grants and transfers	8		
Social Security Benefits	9		
Finance Costs	11		
Other Payments	12	(12,195,324)	
Adjusted for:			
End year refund to CRF Account		(957,551)	(3,455,709)
Change in receivables (imprest)			
Change in payables (Retention)			6,710,200
Net cash flows from operating activities		90,381,541	145,795,786
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	10	(86,164,116)	(141,582,512)
Net cash flows from investing activities		(86,164,116)	(141,582,512)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,217,425	4,213,273
Cash and cash equivalent at BEGINNING of the year	13	47,668,983	43,455,709
Cash and cash equivalent at END of the year		51,886,408	47,668,983

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15th September 2020 and signed by:


 Clerk of the Assembly
 Name: Dr. Mboche Wanyoike



 Chief Financer Office – County Assembly
 Kale Ahmed Ali

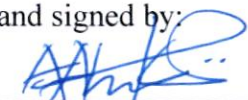
**7.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT
 COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	600,000,000		600,000,000	366,735,100	61%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	600,000,000		600,000,000	366,735,100	61%
PAYMENTS					
Compensation of Employees	173,584,145		173,584,145	153,366,180	88%
Use of goods and services	209,915,855		209,915,855	127,204,114	61%
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets	121,500,000	95,000,000	216,500,000	86,164,116	40%
Finance Costs					
TOTAL	505,000,000	95,000,000	600,000,000	366,734,410	61%
SURPLUS/ DEFICIT					

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

The entity financial statements were approved on 15th September 2020 and signed by:


 Clerk of the Assembly
 Dr. Mboche Wanyoike



 Chief Finance Officer – County Assembly
 Kale Ahmed Ali


7.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	a	b	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	405,000,000		405,000,000	291,408,900	72%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	405,000,000		405,000,000	291,408,900	72%
PAYMENTS					
Compensation of Employees	173,584,145		173,584,145	153,366,180	88%
Use of goods and services	209,915,855		209,915,855	127,204,114	61%
Subsidies					
Transfers to Other Government Entities					
Social Security Benefits					
Acquisition of Assets	21,500,000		21,500,000	10,838,000	50%
Finance Costs					
TOTAL	405,000,000		405,000,000	291,408,294	72%
Surplus/ Deficit					

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

The entity financial statements were approved on 15th September 2020 and signed by:


 Clerk of the Assembly
 Dr. Mboche Wanyoike



 Chief Finance Officer – County Assembly
 Kale Ahmed Ali


7.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	100,000,000	95,000,000	195,000,000	75,326,200	39%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	100,000,000	95,000,000	195,000,000	75,326,200	39%
PAYMENTS					
Compensation of Employees					
Use of goods and services					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets	100,000,000	95,000,000	195,000,000	75,326,116	39%
Finance Costs					
TOTAL	100,000,000	95,000,000	195,000,000	75,326,116	39%
SURPLUS/ DEFICIT					

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

The entity financial statements were approved on 15th September 2020 and signed by:


 Clerk of the Assembly
 Dr. Mboche Wanyoike


 Chief Finance Officer – County Assembly
 Mr. Kale Ahmed Ali

7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Programme 1	201,811,120		201,811,120	141,320,376	60,490,744
Programme 2	303,188,880	95,000,000	398,188,880	225,414,034	172,774,846
	505,000,000	95,000,000	600,000,000	366,734,410	233,265,590

7.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer/ County Treasury

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

COUNTY ASSEMBLY OF LAMU
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For the year ended 30th June 2020

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receipts

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

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Acquisition of fixed assets

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

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

4. In-kind contributions

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Pending bills

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

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Assembly of Lamu budget was approved as required by Law. The original budget was approved by the County Assembly on Lamu for the period 1st July 2018 to 30 June 2019 as required by law. There were two supplementary budgets passed in the year. A high-level assessment of the County Assembly of Lamu actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. Funds remitted to County Revenue Fund Account

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

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

7.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2019/20	2018/19
	KShs	KShs
Transfers from the County Treasury for Q1	66,783,400	70,720,000
Transfers from the County Treasury for Q2	91,654,000	93,301,400
Transfers from the County Treasury for Q3	66,918,900	141,000,000
Transfers from the County Treasury for Q4	158,747,169	168,447,000
Cumulative Amount	384,103,469	473,468,400

2. PROCEEDS FROM SALE OF ASSETS

	2019/20	2018/19
	KShs	KShs
Receipts from the Sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Receipts from Sale of Certified Seeds and Breeding Stock	0	0
Receipts from the Sale of Strategic Reserves Stocks	0	0
Receipts from the Sale of Inventories, Stocks and Commodities	0	0
Disposal and Sales of Non-Produced Assets	0	0
Total	0	0

3. OTHER RECEIPTS

	2019/20	2018/19
	KShs	KShs
Tender fees received	0	0
Other Receipts I	1,241	0
Other Receipts II	0	0
Total	1,241	0

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2019/20	2018/19
	KShs	KShs
Basic salaries of permanent employees	69,717,890	73,917,797
Basic wages of temporary employees	14,430,000	8,040,000
Personal allowances paid as part of salary	55,385,951	52,234,465
Personal allowances paid as reimbursements	1,312,000	1,322,000
Personal allowances provided in kind	0	0
Pension and other social security contributions	12,520,339	12,323,477
Compulsory national social security schemes	0	52,600
Compulsory national health insurance schemes	0	0
Social benefit schemes outside government	0	0
Total	153,366,180	147,890,239

5. USE OF GOODS AND SERVICES

	2019/20	2018/19
	KShs	KShs
Utilities, supplies and services	270,180	889,225
Communication, supplies and services	2,968,133	3,640,995
Domestic travel and subsistence	46,095,665	65,031,560
Foreign travel and subsistence	25,815,589	32,153,962
Printing, advertising and information supplies & services	540,565	2,440,140
Rentals of produced assets	1,740,000	1,748,200
Training expenses	13,934,603	29,477,893
Hospitality supplies and services	5,017,040	5,150,076
Insurance costs	14,056,934	15,052,150
Specialized materials and services	391,000	496,538
Fuel Oil and Lubricant	5,858,250	4,054,500
Office and general supplies and services	3,076,865	3,795,896
Other operating expenses	1,899,776	9,429,354
Routine maintenance – vehicles and other transport equipment	5,524,364	8,056,940
Routine maintenance – other assets	15,150	1,619,437
Total	127,204,114	183,036,866

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

Description	2019/20	2018/19
	KShs	KShs
Subsidies to County Corporations	0	0
Subsidies to Private Enterprises	0	0
TOTAL	0	0

(Provide explanations as to what subsidies relate to)

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2019/20	2018/19
	KShs	KShs
Transfers to National Government entities	0	0
Transfers to other County Assembly entities	0	0
TOTAL	0	0

8. OTHER GRANTS AND TRANSFERS

	2019/20	2018/19
	KShs	KShs
Scholarships and other educational benefits	0	0
Emergency relief and refugee assistance	0	0
Subsidies to small businesses, cooperatives, and self employed	0	0
Total	0	0

COUNTY ASSEMBLY OF LAMU
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For the year ended 30th June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. SOCIAL SECURITY BENEFITS

	2019/20	2018/19
	KShs	KShs
Government pension and retirement benefits	0	0
Social security benefits in cash and in kind	0	0
Employer Social Benefits in cash and in kind	0	0
Total	0	0

10. ACQUISITION OF ASSETS

Non- Financial Assets	2019/20	2018/19
	KShs	KShs
Purchase of Land & Buildings		49,427,000
Construction of Buildings		67,102,000
Refurbishment of Buildings		
Construction of Roads		
Construction and Civil Works	9,975,000	
Overhaul and Refurbishment of Construction and Civil Works		
Purchase of Vehicles and Other Transport Equipment	4,450,000	13,582,000
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and Equipment	60,299,616	7,668,000
Purchase of ICT Equipment	11,439,500	3,803,512
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Purchase of Certified Seeds, Breeding Stock and Live Animals		
Research, Studies, Project Preparation, Design & Supervision		
Rehabilitation of Civil Works		
Acquisition of Strategic Stocks and commodities		
Acquisition of Intangible Assets		
Total purchase of non-financial assets		
Financial Assets		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Total purchase of financial assets		
Total	86,164,116	141,582,512

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2019/20	2018/19
	KShs	KShs
Bank Charges	0	0
Exchange Rate Losses	0	0
Interest on borrowings	0	0
Total	0	0

12. OTHER PAYMENTS

	2019/20	2018/19
	KShs	KShs
Budget Reserves	0	0
County Assembly Headquarters' retention	12,195,324	0
Capital Transfers to Non-Financial Public Enterprises	0	0
Capital Transfer to Public Financial Institutions and Enterprises	0	0
Total	12,195,324	0

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2019/20	2018/19
		KShs	KShs
<i>Central Bank of Kenya, Acc. No. 1000210311 (Kshs)</i>	Development Account	84	18,000
<i>Central Bank of Kenya, Acc. No. 1000210303 (Kshs)</i>	Recurrent Account	270	148,552
<i>Kenya Commercial Bank, Acc. No. 1150833025 (Kshs)</i>	Recurrent Account	2,811	792,231
<i>Central Bank of Kenya, Acc. No. 1000390794 (Kshs)</i>	Deposits Account	11,883,245	6,710,200
<i>Gulf African Bank, Acc. No. 0570057001 (Kshs)</i>	Car Loan & Mortgage Account	40,000,000	40,000,000
Total		51,886,410	47,668,983

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2019/20	2018/19
	KShs	KShs
Cash in Hand – Held in domestic currency	0	0
Cash in Hand – Held in foreign currency	0	0
Total	0	0

Cash in hand should be analysed as follows:

	2019/20	2018/19
	KShs	KShs
Location 1	0	0
Location 2	0	0
Total	0	0

14. ACCOUNTS RECEIVABLE

	2019/20	2018/19
	KShs	KShs
Government Imprests	0	0
Clearance Accounts	0	0
Staff Advances	0	0
Total	0	0

**See Annex 6 for a detailed analysis of the outstanding imprests.*

15. ACCOUNTS PAYABLE

	2019/20	2018/19
	KShs	KShs
Deposits	0	0
Retentions	11,883,245	6,710,200
Total	11,883,245	6,710,200

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	47,668,983	43,455,709
Cash in hand	0	0
Accounts Receivables	0	3,612,872
Accounts Payables	0	0
Total	47,668,983	47,068,581

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2019/20	2018/19
	KShs	KShs
Adjustments on bank account balances	957,551	3,455,709
Adjustments on cash in hand	0	0
Adjustments on payables	5,173,046	0
Adjustments on receivables	0	3,612,872
Others (<i>specify</i>)	0	0
Total	6,130,597	7,068,581

1. The adjustments on bank account balances is from the bank balances that were returned back to County Revenue Account at the Central Bank of Kenya in July 2019.
2. Adjustments on payables are changes in the retention account that were necessitated with the receiving of the retention funds held by Lamu County Treasury on behalf of the County Assembly when the Assembly had no deposit/retention account.

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
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7.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	4,324,010	0	0	3,940,780
Supply of goods	65,338,760	0	37,438,400	0
Supply of services	2,234,160	0	2,152,380	354,940
Total	71,896,930	0	39,590,780	4,295,720

2. PENDING STAFF PAYABLES (See Annex 2)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
	0	0	0	0
Total	0	0	0	0

3. OTHER PENDING PAYABLES (See Annex 3)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	0	0	0	0
Amounts due to County Government entities	0	0	0	0
Amounts due to third parties	0	0	0	0
Total	0	0	0	0

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

4. RELATED PARTY DISCLOSURES

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

Related party transactions:

	2019/20	2018/19
	Kshs	Kshs
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes	0	0
Transfers to County Corporations	0	0
Total Transfers to related parties	0	0
<u>Transfers from related parties</u>		
Transfers from the County Executive	384,103,469	473,468,400
Payments made on behalf of the County Assembly by other Government Agencies	0	0
Total Transfers from related parties	384,103,469	473,468,400

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit report	Issue/ Observations from Auditor	Management comments	Focal point person to resolve the issue	Status (Resolved/Not Resolved)	Time frame
1.1 Rental Payments	Ward offices rental payments on contracts that have been renewed	The five ward offices belong to five MCAs that were re-elected and decided to extend their stay in the same offices. The contracts have been renewed.	Area MCAs and Director Administration.	Resolved	immediately
1.2 Hospitality Supplies and services	Documentation on catering services	The delivery note was availed.	Director Administration	Awaiting Public Accounts Committee (PAC) recommendations	Immediately
1.3 Insurance Costs	SRC Circulars	There were two SRC circulars on medical cover, with very minor differences in terms of the limit.	Director Administration	Awaiting guidance from PAC	Immediately
1.4 Fuel, Oil and Lubricants	Payment vouchers does not have work tickets and other records of fuel	The records and work tickets are filed separately and not attached to the payment vouchers. Detail orders, fuel registers and work tickets are bulky to be	Director Administration	Awaiting guidance from PAC	Immediately

COUNTY ASSEMBLY OF LAMU
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For the year ended 30th June 2020

		attached on the payment vouchers but were availed to the auditors.			
1.5 Contributions to County Assembly Forum (CAF)	No confirmation of payments and no legal authority.	Contributions to CAF are to enable pay administrative costs and the payments are annual subscription paid by all county assemblies.	Clerk	Awaiting guidance from PAC	Immediately
1.6 Routine Maintenance	Lack of Supporting documents	All supporting documents were availed	Director Administration	Awaiting guidance from PAC	Immediately
2. Unconfirmed Temporary employees wages	Ward office staff documentation and employment procedures	All supporting documents were availed	Clerk	Awaiting guidance from PAC	Immediately
3. Unconfirmed acquisition of assets	Documents not presented and forwarded to EACC	Evidence of physical presence of the assets was confirmed but the documentations have been submitted to the EACC	Clerk	Awaiting guidance from PAC	Immediately

The County Assembly of Lamu is waiting for the recommendations from the Public Accounts Committee. As soon as the recommendations are out, we shall implement the recommendations immediately.

Clerk of the County Assembly

Sign.....
 15th September 2020

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
	a	b	c	d=a-c		
Construction of buildings						
1. Tawfiq M. Salim & Co. Ltd	214,624,476	May 2016	210,683,696	3,940,780	3,940,780	
2. Cyberdom S. Construction & Eng.	30,485,229	Aug 2018	30,102,000	0	383,229	
Sub-Total	245,109,705		240,785,696	3,940,780	4,324,009	
Construction of civil works						
Sub-Total						
Supply of goods						
3. Maridadi B. and Construction Ltd	27,900,360	Feb 2019	0	0	27,900,360	The contract was terminated.
4. Ramz Investment Ltd	26,525,000	April 2019	26,525,000	0	26,525,000	
5. Marwaa General Supplies Ltd	1,948,500	June 2019	1,948,500	0	1,948,500	
6. Fairdeal Furniture	7,704,900	June 2019	7,704,900	0	7,704,900	
7. Breky M. Ltd	1,260,000	November 2018	1,260,000	0	1,260,000	
Sub-Total	65,338,760		37,438,400	0	65,338,760	
Supply of services						
8. Nation Media Group	91,640	June 2019	91,640	0	91,640	
9. Care Auto Ltd	2,060,740	May 2019	2,079,080	0	2,079,080	
10. The Standard Newspaper	354,940	June 2019	0	354,940	68,440	
Sub-Total	2,507,320		2,170,720	354,940	2,220,820	
Grand Total	312,955,785		280,394,816	4,295,720	71,883,589	

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
		A	b	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
		Sub-Total					
		Grand Total					

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
Sub-Total							
Amounts due to County Govt Entities							
3.							
4.							
Sub-Total							
Amounts due to Third Parties							
5.							
6.							
7.							
Sub-Total							
Others (specify)							
8.							
Sub-Total							
Grand Total							

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2018/19	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2019/20
Land	122,027,040				122,027,040
Buildings and structures	240,785,696	9,975,000			250,760,696
Transport equipment	46,455,894	4,450,000			50,905,894
Office equipment, furniture and fittings	25,162,830	60,299,616	2,585,201		82,877,245
ICT Equipment	8,335,723	11,439,500	935,400		18,839,823
Machinery and Equipment	6,946,000				6,946,000
Infrastructure Assets					
Heritage and cultural assets					
Intangible assets					
Total	449,713,183	86,164,116	3,520,601		532,356,698

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
<i>Total</i>				

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

ANNEX 6 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

KENYA COMMERCIAL BANK ACCOUNT NO.1150833025

F.O. 30

REPUBLIC OF KENYA
BANK RECONCILIATION

as at 30 June 2020

Station LAMU COUNTY ASSEMBLY

	Sh.	cts	Sh.	Sh.	cts
Balance as per bank certificate:					2,811.00
<i>less:-</i> 1. Payments in Cash not yet recorded in Bank Statement (Unpresented Cheques) ..			0.00		
2. Receipts in Bank Statement not yet recorded in Cash Book ..			0.00		0.00
<i>Add:-</i> 3. Payments in Bank Statement not yet recorded in Cash Book ..			0.00		
4. Receipts in Cash Book not yet Recorded in Bank Statement ..			0.00		0.00
					<u>2,811.00</u>
	Bank Balance as per cash book				

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


Signature

DIRECTOR FINANCE & ECONOMIC PLANNING

Designation

7/10/2019

Date

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

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK				4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT	
CHEQUE		PAYEE	AMOUNT	DETAILS	AMOUNT
No.	Date				
			0.00		0.00

GKP(L)

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

CENTRAL BANK ACCOUNT NO.1000210311

F.O. 30

REPUBLIC OF KENYA
BANK RECONCILIATION

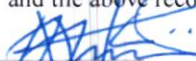
as at 30 June 2020

Station LAMU COUNTY ASSEMBLY

- Balance as per bank certificate:
- less:-*
1. Payments in Cash not yet recorded in Bank Statement (Unpresented Cheques) ..
 2. Receipts in Bank Statement not yet recorded in Cash Book ..
- Add:-*
3. Payments in Bank Statement not yet recorded in Cash Book ..
 4. Receipts in Cash Book not yet Recorded in Bank Statement ..

Sh.	cts	Sh.	cts	Sh.	cts
					83.70
			0.00		
			0.00		0.00
			0.00		
			0.00		0.00
Bank Balance as per cash book					83.70

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


 Signature

DIRECTOR FINANCE & ECONOMIC PLANNING

2/7/2020

Designation

Date

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

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

GKP(L)

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

CENTRAL BANK ACCOUNT NO.1000390794

F.O. 30

REPUBLIC OF KENYA
BANK RECONCILIATION

as at 30 June 2020

Station LAMU COUNTY ASSEMBLY

	Sh.	cts	Sh.	cts	Sh.	cts
Balance as per bank certificate:					11,883,245.20	
<i>less:-</i> 1. Payments in Cash not yet recorded in Bank Statement (Unpresented Cheques) ..				0.00		
2. Receipts in Bank Statement not yet recorded in Cash Book ..				0.00		0.00
<i>Add:-</i> 3. Payments in Bank Statement not yet recorded in Cash Book ..				0.00		
4. Receipts in Cash Book not yet Recorded in Bank Statement ..				0.00		0.00
					11,883,245.20	

Bank Balance as per cash book

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


Signature

DIRECTOR FINANCE & ECONOMIC PLANNING

3/7/2020

Designation

Date

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

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

GKP(L)

COUNTY ASSEMBLY OF LAMU
Reports and Financial Statements
For the year ended 30th June 2020

GULF AFRICAN BANK ACCOUNT NO.0570057001

F.O. 30

REPUBLIC OF KENYA
BANK RECONCILIATION

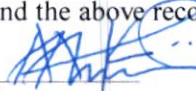
as at 30 June 2020

Station LAMU COUNTY ASSEMBLY

	Sh.	cts	Sh.	Sh.	cts
Balance as per bank certificate:				40,000,000.00	
<i>less:-</i> 1. Payments in Cash not yet recorded in Bank Statement (Unpresented Cheques) ..			0.00		
2. Receipts in Bank Statement not yet recorded in Cash Book ..			0.00		0.00
<i>Add:-</i> 3. Payments in Bank Statement not yet recorded in Cash Book ..			0.00		
4. Receipts in Cash Book not yet Recorded in Bank Statement ..			0.00		0.00
				40,000,000.00	

Bank Balance as per cash book

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


 Signature

DIRECTOR FINANCE & ECONOMIC PLANNING

Designation

7/10/2019

Date

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

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

GKP(L)