REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF LAMU

FOR THE YEAR ENDED 30 JUNE 2018

OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
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COUNTY EXECUTIVE OF LAMU

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2018

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

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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 County Governor, who is responsible for the general policy and strategic direction of the County.

b) Key Management

The County Executive of Lamu's day-to-day management was under the following key organs:

- H. E Fahim Yasin Twaha — Governor
- H. E Abdulhakim Aboud — Deputy Governor/ CECM Education
- Mr Ahmed Mohamed Hemed — CECM Finance, Budget & Economic Planning
- Mr. Abdu Godana — CECM Livestock, Veterinary & Fisheries
- Ms Fahima Arafat — CECM Lands, Infrastructure & Physical Planning
- Mr. Raphael Munywa — CECM Health, Environment & Sanitation
- Mr. Dismus Mpole — CECM Trade & Tourism
- Ms. Florence Ndungu — CECM Agriculture, Water & Irrigation

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Officer Finance	Mrs. Mariam Bunu
2.	Chief Officer Medical Services	Mr.Abubakar Mohamed
3.	Chief Officer Education	Mr.Mohemed Shee
4.	Chief Officer Lands	Mr.Alex Jimbi
5.	Chief Officer Agriculture	Mrs.Fatma Said
6.	Chief Officer Public Service Management	Mr.Julius Okindo
7.	Chief Office Fisheries	Mr.Simon Komu
8.	Chief Office Livestock and Cooperative	Dr.Charles Gichohi
9.	Head of Supply Chain	Mr Jonah Majiba Zealot
10.	Director of Accounting Services	Mr. Sanawa Zablon Manoah
11.	Head of Audit	Mr. Lawrence Muiruri

d) Fiduciary Oversight Arrangements

The County Executive fiduciary oversights are under the County Assembly of Lamu, Auditor General Office and the Lamu County Audit Committee with members listed below:

1. Mr. Zebedayo Timothy Komora — Chairman
2. Mr. Joshua Mutua Ndovoi — Member
3. Mr. Anwar Ahmed Mohamed — Member
4. Mr. Mohamed Kubwa Mohamed — Member

e) Entity Headquarters

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

f) Entity Contacts

Telephone: (+254) 715555111 / 772576122
E-mail: treasury@lamu.go.ke
Website: www.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
   P. O. Box 121-80500
   Lamu Branch
   Kenyatta Avenue

3. Equity Bank
   P. O. Box 60-80500
   Lamu Branch
   Kenyatta Avenue

4. Diamond Trust Bank
   P. O. Box 120-80500
   Lamu Branch
   Kenyatta Avenue

5. Gulf African Bank
   P. O. Box 191-80500
   Lamu Branch
   Kenyatta Avenue

6. ABC Bank
   Lamu Branch
   Kenyatta Avenue

h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 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 COUNTY EXECUTIVE COMMITTEE - FINANCE

In our pursuit to improve on transparency and accountability in public financial management, I present the amended financial statement for the year 2017/2018 of the County Executive of Lamu. The County Executive of Lamu has and will continue to manage its finances in accordance with the principles of fiscal responsibility as spelt out in the Public Finance Management Act (2012).

The report compares actual performance against budgeted revenues and expenditure and also provides recommendation to the County Executive for improvement of budget execution. The county has developed strategic partnership with the public by involving them in development of County Integrated Development Plan (CIDP) which highlights the programs and projects to be included in successive County budgets. In this the County government is able to put more emphasis to development activities which are responsive to the citizen needs.

During the period under review, the County Executive of Lamu approved budget was **Kshs 3,019,057,968** and the County was able to utilize **Kshs 2,289,122,170** translating to utilization level of **76%** of the budget. There was minimum utilization of development expenditure during the period under review. This was occasioned by late disbursement of development funds by National Treasury, capacity challenges on development of Bills of Quantities and challenges faced in implementing auto creation module on procurement. The financial year 2017/2018 was a transition year after the August 2017 general election that brought a change of government in Lamu.

The County Executive has managed to enhance delivery of medical services by constructing more dispensaries, equipping of medical equipments to hospitals, Early Childhood education by putting up more ECD centres among other projects that have enhanced service delivery with positive impact to the citizens. These projects have enhanced value for money by bringing services closer to the Citizens. The County executive will endeavour to enhance absorption on development votes by building capacity on E-procurement and Infrastructure. We will also enhance corporate governance by actualising the operationalization of Lamu County Budget and Economic Forum and Lamu County Audit Committee.

HON. AHMED MOHAMED HEMED
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, STRATEGY AND ECONOMIC PLANNING

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee Member for Finance, Budget and Economic Planning of the County Government of Lamu is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30th, 2018. 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 Government; (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 Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The County Executive Committee Member for Finance, Budget and Economic Planning of the County Government of Lamu accepts responsibility for the County Government'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 County Executive Committee Member for Finance, Budget and Economic Planning of the County Government of Lamu is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30th, 2018, and of its financial position as at that date. The County Executive Committee Member for Finance, Budget and Economic Planning of the County Government of Lamu further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The County Executive Committee Member for Finance, Budget and Economic Planning of the County Government of Lamu confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government'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 County Executive Committee Member for Finance, Budget and Economic Planning of the County Government of Lamu confirms that the County Government'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 amended financial statements

The County Government of Lamu's amended financial statements were approved and signed by the County Executive Committee Member for Finance, Budget and Economic Planning on **28th September, 2018.**

County Executive Committee Member – Finance, Budget and Economic Planning

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF LAMU FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of County Executive of Lamu set out on pages 1 to 48, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation and budget: 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1 Inaccuracies of Financial Statements

The financial statements reflected variances between the financial statements balances as at 30 June 2018 and the respective account balances in the Integrated Financial Management Information System (IFMIS) Ledgers as tabulated below;

Description	Financial Statements Kshs	IFMIS Ledger Kshs	Variance Kshs
Receipts	2,755,121,062	3,974,173,143	1,219,052,081
Expenditure			
Compensation of Employees	1,037,746,524	675,293,698	362,452,826
Use of goods and services	382,498,284	292,432,138	90,066,146
Transfers to Other Government Units	529,148,145	100,179,620	428,968,525
Other grants and transfers	83,376,339	85,028,540	(1,652,201)
Social Security Benefits	11,688,541	9,381,346	2,307,195
Acquisition of Assets	244,554,822	190,916,826	53,637,996

Description	Financial Statements Kshs	IFMIS Ledger Kshs	Variance Kshs
Finance Costs, including Loan Interest	109,515	-	109,515
Total Payments	**2,289,122,170**	**1,353,232,168**	**935,890,002**

The financial statements reflects prior year adjustments amounting to negative Kshs.108,180,358 but supporting details of the adjustments were not presented for audit verification. In addition, Annex 2 to the financial statements reflect accounts payables amounting to Kshs.101,781,106 as at 30 June 2018 while the IFMIS vote-book reflects outstanding commitments of Kshs.157,701,231 for the same period resulting to an unreconciled variance of Kshs.55,920,125.

Consequently, the source, accuracy and completeness of the balances for the financial statements for the year ended 30 June 2018 could not confirmed.

2 Revenue - Own Generated Receipts

2.1 Inaccuracies in Reported Revenue

The Lamu County Executive's own generated receipts of Kshs.63,437,304 were collected through two automated systems and manual receipts. The management availed for audit review two reports generated from the systems and a manual cash book to support the balance. An access and audit review of the systems revealed that no reports could be generated. Hence, it was not possible to verify independently the reports generated by the Executive to support the figure of Kshs.63,437,304 reported as County own revenue collection.

Further, the Lamu Executive maintained a manual cashbook for revenue collected. It was however observed that the management recorded in the cash book the revenue banked and supported by the banking slips instead of recording the actual receipts in the cash book. It was therefore not possible to confirm whether all the revenue collected were actually recorded and accounted for.

In the circumstances, the accuracy and completeness of the county own generated receipts amounting to Kshs.63,437,304 as at 30 June 2018 could not be confirmed.

2.2 Revenue Under Collection

The Executive budgeted to collect local revenue amounting to Kshs.90,000,000 but ended up collecting only Kshs.63,437,304 which included Kshs.8,950,000 relating to refund on insurance claim which ought not to have been factored as local revenue and hence the correct realized revenue should have been Kshs.54,487,304 thus resulting to under collection of Kshs.35,512,696 or 30.5% of the revenue budgeted.

2.3 Proceeds from Domestic and Foreign Grants

Included in the domestic and foreign grants figure of Kshs.85,516,641 under Note 2 to the financial statements is an amount of Kshs.31,560,246 received as a conditional grant for

Kenya Development Support Programme (KDSP). A review of the expenditures, however, revealed the following anomalies: -

Item	Amount Kshs	Audit Issue
Development of Public Participation Policy for the County Government	7,955,000	Sections 78 (10) (b), 96, 121 (3), 123 of the Public Procurement and Assets Disposal Act, 2015 were not complied with. Records that are required to be kept as per Section 68 of the Public Procurement and Assets Disposal Act, 2015 were not made available for audit. An invoice was raised and paid two days after the local purchase order dated 28 May 2018 was issued an indication that payments were based on documents prepared and not actual work done.
Conference Charges	7,470,000	Records that are required to be kept as per Section 68 of the Public Procurement and Assets Disposal Act, 2015 were not made available for audit review. There was no documentary evidence such as attendance register, list of participants, training program availed to show that the trainings took place. The Local Service Order (LSO) issued indicated that the facilities were to be used between 1 May 2018 and 28 May 2018. An invoice was issued on 5 May 2018 and paid on 16 May 2018 before the end of the period of the conferences an indication that payments were based on documents prepared and not conferences that took place.
Unaccounted for Air Travel	823,840	Details of the persons, air tickets, boarding passes, days travelled, purpose for the travel were not made available for audit.
Consultancy Services for Environmental and Social Impact Assessment	3,455,000	Sections 78 (10) (b), 96, 121 (3), 123 of the Public Procurement and Assets Disposal Act, 2015 were not complied with. Records that are required to be kept as per Section 68 of the Public Procurement and Assets Disposal Act, 2015 were not made available for audit. An invoice was raised and paid two days after the local purchase order dated 28 May 2018 was issued an indication that payments were based on documents prepared and not actual work done.
Consultancy Services for the County Human Resource Support	7,129,500	Sections 78 (10) (b), 96, 121 (3), 123 of the Public Procurement and Assets Disposal Act, 2015 were not complied within. Records that are required to be kept as per Section 68 were not made available for audit review. An invoice was raised and paid two days after the local purchase order dated 28 May 2018 was issued an indication that payments were based on documents prepared and not actual work done.

Consequently, the propriety of the expenditure of Kshs.26,833,340 being part of Kshs.31,560,246 for Kenya Development Support Programme (KDSP) could not be confirmed.

3 Cash and Cash Equivalents

3.1 Bank Balances not Disclosed in the Financial Statements

Bank balances for three (3) bank accounts held at Kenya Commercial Bank were not included in the bank balances as indicated below;

Particulars	Account Number	Amount Kshs.
Hospital Account	1201333008	1,143,383
Hospital Account- Medical Superintendent Mpeketoni	1211639363	65,714
Hospital Account- Medical Superintendent	1211409341	892,071
Total		**2,101,168**

Consequently, the accuracy and completeness of the cash and cash equivalent of Kshs.568,338,971 as at 30 June 2018 could not be ascertained.

3.2 Prior Year adjustment

The statement of cash flows indicates an adjustment of negative Kshs.27,473,470 for the year ended 30 June 2018. However, supporting details and records of these adjustments were not presented for audit verification.

Consequently, the accuracy of the statement of the cash flows for the year ended 30 June 2018 could not be confirmed.

4 Accounts Receivables

The accounts receivables balance reflects Kshs.1,789,083 as at 30 June 2018 for outstanding imprest. However, the imprest register reflected a balance of Kshs.1,830,683 while payment details report in IFMIS reflected Kshs.47,542,309 as un-surrendered temporary imprest resulting to unreconciled variances of Kshs.41,600 and Kshs.45,753,226 respectively.

Under the circumstances, the accuracy and completeness of the outstanding imprest balance of Kshs.1,789,083 as at 30 June 2018 could not be confirmed.

5 Compensation of Employees

5.1 Differences between IFMIS and Financial Statements

Compensation of employees' figure of Kshs.1,037,746,524 for the year ended 30 June 2018 is supported by the IFMIS ledger with a balance of Kshs.958,393,043 leading to an unexplained difference of Kshs.79,353,481. A review of the payroll indicated that 960 employees were being paid through the IPPD system in June 2018 compared to 855

employees in the IPPD system as at 31 July 2017. However, no supporting documents were made available for audit to justify the changes in the payroll.

Consequently, the accuracy and completeness of the compensation of employees of Kshs.1,037,746,524 as at 30 June 2018 could not be confirmed.

5.2 Unsupported Wages of Temporary Employees

Included in the compensation of employees' figure of Kshs.1,037,746,524 are basic wages of temporary employees totaling Kshs.47,906,798 incurred in the year under review for which the expenditure increased by Kshs.27,802,893 or 138.29% from Kshs.20,103,905 reported in the financial year 30 June 2017. However, records in respect of how the temporary employees were hired, the work for which they were hired for, terms and conditions of services were not provided for audit review. Further, muster rolls showing attendance of the casual workers were not provided for audit review to confirm the existence of the temporary employees and the various departments they worked in.

In view of the above, it has not been possible to ascertain the validity of the expenditure of Kshs.47,906,798 on casual wages.

6 Pending Bills

Annex 2 of the financial statements reflects pending accounts payable balance of Kshs.101,781,106. However, the schedule provided for audit did not contain detailed voucher numbers, local purchase/Service orders and invoices, making impossible to confirm the authenticity of the information. Further, the creditors' ledgers were not made available to ascertain the creditors' movement from Kshs.45,186,628 as at 30 June 2017 to Kshs.101,781,106 reported in 30 June 2018. Failure, to pay the pending bills in the year they relate to is likely to affect the programs for the subsequent years.

In view of the foregoing, the source, completeness, authenticity and existence of the pending bills balance of Kshs.101,781,106 could not be ascertained.

7 Accounts Payable – Deposits and Retentions

7.1 Unconfirmed balances

The accounts payable – deposits and retentions balance of Kshs.56,352,739 comprised of bank balance of Kshs.38,606,661 for deposit account number 1000242857 held at Central Bank and bank balance of Kshs.17,746,078 for gratuity account number 0030469001 held at Diamond Trust Bank. However, the Executive neither maintained a creditors' ledgers nor kept records for payables. A scrutiny of retention deductions during the year under review established that Kshs.2,781,285 deducted from contractors was not remitted to the deposit bank account and was not accounted for. In the circumstances, the balances in the bank account may not correspond to the payables due.

Consequently, the accuracy, completeness and validity of the accounts payable balance of Kshs.56,352,739 as at 30 June 2018 could not be confirmed.

7.2 Unaccounted for Gratuity Account Funds

During the period under review the County Executive of Lamu made payments amounting to Kshs.51,463,055 through Diamond Trust Bank (DTB) gratuity account for pension and retirement benefits. However, payment documents were not made available for audit contrary to Section 104 of the Public Finance Management (County Government) Regulations, 2015.

Consequently the validity of the expenditure of Kshs.51,663,055 incurred in the gratuity account could not be ascertained.

8 Governor's Swearing in Ceremony Expenses

During the period under review, the County Executive incurred an expenditure of Kshs.2,987,580 for Governor's swearing-in ceremony on 18 August 2017 from Diamond Trust Bank (DTB) gratuity account . However, no documentary evidence was made available for audit to support the expenditure incurred through imprest while the expenditure was also not reported in the financial statements. Further, the expenditure was not budgeted for during the year under review.

In the circumstances, the validity of the Governor's swearing in expenditure of Kshs.2,987,580 could not be ascertained.

9 Use of Goods and Services

9.1 Utilities, Supplies and Services

Included in the use of goods and services figure of Kshs.382,498,286 is an amount of Kshs.18,226,064 relating to utilities, supplies and services. A review of the expenditure however, revealed that an amount to Kshs.13,943,602 incurred on payment of water bills and power supply did not have appropriate supporting documents such as bills and acknowledgement receipts showing that the bills were paid.
In view of the foregoing, it has not been possible to ascertain the accountability and validity of the Kshs.13,943,602 incurred on utilities, supplies and services as at 30 June 2018.

9.2 Communication, Supplies and Services

An amount of Kshs.3,125,099 relating to payment of airtime supply, courier, postage and bandwidth was not supported with the requisite supporting documents.

Consequently, the validity of the expenditure of Kshs.3,125,099 could not be confirmed

9.3 Domestic Travel and Subsistence

An amount of Kshs.21,259,761 incurred on domestic travel and subsistence was not properly supported with necessary documents like invitation letters for seminars/workshop, attendance registers and mode of travel were not provided for audit. Further, an expenditure of Kshs.1,715,111 for air tickets was paid for unspecified journeys.

Consequently, the validity of the expenditure on domestic travel and subsistence amounting to Kshs.21,259,761 could not be confirmed.

9.4 Printing, Advertising and Information Supplies and Services

Included in the use of goods and services figure of Kshs.382,498,286 under note 12 is a figure of Kshs.8,191,859 incurred for printing, advertising and information supplies & services which further includes Kshs.3,127,450 whose support documents were not provided for audit verification.

Consequently, the validity of Kshs.3,127,450 expenditure could not be confirmed.

9.5 Rental of Produced Assets

A review of expenditure incurred on rental of produced assets indicated that an amount of Kshs.5,207,740 was not supported with requisitions, lease agreements and invoices.

In addition, an audit review of supporting documents related to an expenditure of Kshs.2,317,945 incurred for County Liaison Office indicated that the tenant was Council of Governors and not the County Executive of Lamu. This expenditure was incurred in contravention of Section 37 of the Intergovernmental Relations Act 2 of 2012 on operational expenses in respect of the structures and institutions established in this Act which require that such operational expenses be provided for in the annual estimates of the revenue and expenditure of the National Government. It is not possible to confirm the regulation under which these payments were made.

Consequently, the propriety of the Kshs.7,525,685 incurred on rental of produced assets as at 30 June 2018 could not be confirmed..

9.6 Training Expenses

Included under training expenses of Kshs.18,206,117 as at 30 June 2018 is an amount of Kshs.3,087,600 that was not supported by invitations, attendance registers and evidence of hire of seminar venues.

Consequently, the probity of the Kshs.3,087,600 incurred on training could not be confirmed.

9.7 Hospitality Supplies and Services

Included under figure of Kshs.13,527,829 is an amount of Kshs.2,505,727 related to hospitality supplies and services was not supported since the payment vouchers did not have requisitions, local purchase orders, invoices and evidence of service being offered.

Consequently, the validity of the Kshs.2,505,727 incurred on this item could not be confirmed.

9.8 Unaccounted for Specialized Materials and Services

Included under specialized materials and services figure of Kshs.76,964,270 is an amount of Kshs.56,082,967 made to various suppliers for supply and delivery of pharmaceutical drugs and non-pharmaceuticals items to health facilities within the county. Audit review and field verification of the sampled health facilities revealed that, non-pharmaceuticals supplies of Kshs.8,608,020 were not recorded in the respective health facilities stores records. Medical drugs supplies sampled of Kshs.44,783,619 were recorded in S3 cards but were

not issued out to respective sections by use of serialized S11 issue notes for accountability of the medical drugs.

In the circumstances, the accountability and the propriety of the expenditure of Kshs.56,082,967 could not be confirmed.

10 Legal Fees

10.1 Wasteful and Doubtful Legal Expenditure

During the financial period under review the County Executive of Lamu paid legal fees amounting to Kshs.6,095,428 for Mombasa Petition No. 1 of 2018 being part of other operating expenses of Kshs.73,157,061. The legal services were procured through restricted tendering tender number CGL/RT/PSM&ADM/011/2017-2018. Although restricted tendering was used as a procurement method, no reason was given for use of the method and how the law firm was identified. The amount was paid in advance before the cases were heard and determined and it was not clear how the cost of legal fee could be determined in advance before fee notes were issued. No reason was given for not seeking the services of the Attorney General as required by Section 43 of the County Government Act.

Consequently, the propriety of the expenditure of Kshs.6,095,428 could not be confirmed

10.2 Fictitious Legal Fees Payment

During the year ended 30 June 2018, the Executive paid legal fees amounting to Kshs.480,000 for Constitution Petition No. 1 of 2018. However, there was no documentary evidence of how the legal fees was arrived at and whether it was as per Advocates (Remuneration) (Amendment) Order, 2014. Further, it was not clear how the services of the Advocate were procured. No Local Service Order (LSO) was attached to the payment documents. It was therefore not clear how the advocate provided the services without contract documents. In addition, the payment was made through cash by way of imprest to an employee instead of the advocate.

In the circumstances, the probity and validity of the legal expenditure amounting to Kshs.480,000 could not be determined.

11 Routine Maintenance – Vehicles and Other Transport Equipment

Included under routine maintenance – vehicles and other transport equipment figure of Kshs.11,267,730 is an amount of Kshs.419,995 for repair of ambulance. However, the supporting documents indicated that there was no repair requisition or any record in the work tickets of mechanical defects. The specific repairs carried out on motor vehicle were not indicated in the Local Service Order. The mechanical status of the motor vehicle could not be established since the ambulance was said to be at the garage in Malindi at the time of audit.

Under the circumstances, the propriety expenditure amounting to Kshs.419,995 could not be determined.

12 Fuel, Oil and Lubricant

Included in the use of goods and services figure of Kshs.382,498,286 under note 12 is an amount of Kshs.27,396,053 incurred on fuel, oil and lubricants. However, payment documents and the fuel records made available for audit revealed that the Executive spent an amount of Kshs.30,307,390 resulting to an unexplained variance of Kshs.2,911,337 between the fuel figure reported in the financial statement and the actual expenditure on fuel supported by payment records and other supporting documents.

In view of the foregoing, it has not been possible to ascertain the propriety of the Kshs.27,797,053 expenditure on fuel, oil and lubricants as at 30 June 2018.

13 Routine Maintenance – Other Assets

During the year under review, the Executive repaired and furnished quarters that were to be occupied by Cuban consultant doctors at a cost of Kshs.610,000 being part of routine maintenance – other assets figure of Kshs.11,502,250. A review of the payment records and the supporting documents revealed that the payments were made in cash contrary to Section 107 of Public Procurement and Assets Disposal Act, 2015. Further, no engineer's estimates were prepared, or bill of quantities to determine the cost of the repairs done.

In addition, an expenditure of Kshs.335,000 was incurred in purchase of 10 Hospital beds at Kshs.335,000. However, no procurement documents were made available for audit to determine how the beds were procured. Further, the beds were indicated to have been received at the County Executive's Stores and issued to a private hospital.

In the circumstances, the validity and propriety of the expenditure of Kshs.11,502,250 on routine maintenance – other assets could not be confirmed.

14 Routine Maintenance - Vehicles and Other Transport Equipment

Included in the use of goods and services figure of Kshs.382,498,286 under note 12 is an amount of Kshs.11,267,730 incurred on routine maintenance - vehicles and other transport equipment which turn includes Kshs.5,295,352 which was not properly supported. Further, payments amounting to Kshs.3,140,553.70 (consisting of 208 transactions) were procured as low value items although the value of the goods was more than the maximum value prescribed by Section 107 of the Public Procurement and Assets Disposal Act, 2015.

In the circumstances, the accountability and the propriety of the routine maintenance - vehicles and other transport equipment expenditure of Kshs.5,295,352 could not be confirmed.

15 Acquisition of Assets

15.1 Construction of Buildings

Included in the acquisition of assets figure of Kshs.244,554,822 under note 17 to the financial statements is an amount of Kshs.37,806,619 spent on construction of building expenditure. However, payment documents amounting to Kshs.3,281,768 relating to the expenditure were not made available for audit review. Further, bill of quantities and

certificates of works done detailing the specific works done were equally not provided for audit scrutiny to establish how the expenditure was accounted for.

Consequently, the validity of the expenditure on construction of buildings amounting to Kshs.37,806,619 could not be confirmed.

15.2 Purchase of Office Furniture and General Equipment

An audit review of expenditure on acquisition of assets revealed that an amount of Kshs.12,269,033 spent on purchase of office furniture and general equipment did not have the necessary supporting documents contrary to Section 104 of the Public Finance Management (County Government) Regulations, 2015.

Further, some furniture procured on 22 February 2018 for Kshs.1,652,000 was delivered on 7 May 2018 which was more than thirty (30) days after the furniture were ordered contrary to Section 52 of the Public Finance Management (County Government) Regulations, 2015 which states a local purchase order shall be valid for a period of thirty days from the date of issue. In addition, there was no documentary evidence such as issue notes availed to show how the furniture was distributed and accounted for. Procurement records that are required to be kept as per Section 68 of the Public Procurement and Assets Disposal Act, 2015 were not made available for audit.

Consequently, the propriety and validity of Kshs.7,710,684 as at 30 June 2018 could not be confirmed.

15.3 Purchase of Certified Seeds, Breeding Stock and Live Animals

Included in the acquisition of assets figure of Kshs.244,554,822 under note 17 to the financial statements is an amount of Kshs.12,169,000 incurred on purchase of certified seeds, breeding stock and live animals out of which Kshs.9,694,000 was not supported.

Further, included in Kshs.12,169,000 are supply of veterinary drugs amounting to Kshs.3,254,340. Although the veterinary drugs were received on 15 March 2018, they were not recorded in the stores ledger. In addition, the department of fisheries and livestock had not budgeted for the above supplies during the period under review but were charged to a default account and reported under overhaul and refurbishment of construction and buildings. The first payment was made on the basis of undated invoice and with no approved requisition from the user department.

Consequently, the validity of the expenditure of Kshs.12,169,000 for purchase of certified seeds, breeding stock and live animals could not be confirmed.

16 Transfer to Other Government Entities

During the year under review, the Executive transferred Kshs.301,127,197 and another Kshs.130,957,848 to the County Assembly of Lamu for recurrent and development expenditure respectively bringing the total transfers to Kshs.432,085,042. However, the County Assembly reported in its financial statements an amount of Kshs.432,094,041 as transfers from the County Executive resulting to an unreconciled difference of Kshs.8,999.

Further, the development expenditure of Kshs.130,957,848 has not been transferred to the County Assembly accounts but was paid directly to the suppliers from the County Executive development account.

Consequently, the accuracy of transfers of Kshs.432,085,042 included under transfer to other government units could not be ascertained.

17. Other Grants and Other Payments

A review of the expenditure indicated that the Executive incurred an expenditure of Kshs.22,307,179 against a budget of Kshs.24,550,000 for other grants and other payments Payment documents examined however revealed that an amount of Kshs.9,102,299 could not be accounted for.

Further, the County Executive directly procured emergency relief and refugee assistance without meeting conditions set out in Section 103 of the Public Procurement and Assets Disposal Act, 2015. The contract agreement was signed only by the contractor on 23 May, 2018 without endorsement of the Executive contrary to Section 104 (d) of the Public Procurement and Disposal Act 2015. There was no waybill produced showing how the food was transported to the affected areas.

In view of the foregoing, the propriety of the expenditure of Kshs.9,102,299 on emergency relief and refugee assistance could not be confirmed.

18 Unbudgeted Expenses

A review of the expenditures in Integrated Financial Management Information System (IFMIS) revealed that an expenditure amounting to Kshs.149,472,193 was incurred through an account identified as Expenses under expenditure code 2990105. However, a review of the budget established that there was no expenditure budgeted for under this account. Further, the expenditure was not reported in the financial statements.

In the circumstances, the County incurred expenditure of Kshs.149,472,193 without authority contrary to Section 53 of the Public Finance Management (County Government) Regulations, 2015

19 Budgetary Control and Performance

During the year under review, the Executive had an approved budget of Kshs.3,019,057,968 comprising of Kshs.2,009,115,571 (66.5%) for recurrent expenditure and Kshs.1,009,942,397 (33.5%)) for development expenditure. Included in the approved budget is Kshs.350,000,000 recurrent expenditure and Kshs.150,000,000 development expenditure amounting to Kshs.500,000,000 for the County Assembly. An analysis of the budget revealed that the Executive had a budget of Kshs.1,120,361,926 (37.1%) for wages and benefits for its public officers being 2.1% more than the limit set by Section 25 (1)(b) of the Public Finance Management (County Governments) Regulations, 2015. In addition the County assembly budget was Kshs.500,000,000 being 16.6% of the total budget this exceeded by 9.6%, the limit set by Section 25 1(f) of the Public Finance Management (County Governments) Regulations, 2015. In the circumstances, Section 25 of the Public

Finance Management (County Governments) Regulations, 2015 and Section 107 of the Public Finance Management Act, 2012 were not complied with.

The absorption of the budget is as analysed below;

19.1 Recurrent Expenditure

Recurrent Expenditure				
Department	**Budget Kshs**	**Actual Kshs**	**Under Absorption Kshs**	**Absorption %**
County Executive	330,900,215	256,745,487	74,154,728	78%
Finance, Strategy & Economic Planning	135,337,114	97,870,231	37,466,883	72%
Agriculture & Irrigation	64,126,735	48,013,170	16,113,565	75%
Land, Physical Planning, Infrastructure, water	66,591,164	57,504,550	9,086,614	86%
Education, Gender, Sports, Youth & Social services	133,255,881	125,474,150	7,781,731	94%
Health & Sanitation	761,719,200	681,403,916	80,315,284	89%
Trade, Culture, Tourism & Investment Development	22,879,189	16,541,691	6,337,498	72%
Information, Communication & Public Participation	30,014,196	19,568,770	10,445,426	65%
Fisheries, Livestock, Veterinary & Cooperative Development	66,491,878	61,653,635	4,838,243	93%
Public Service Board	47,800,000	43,223,816	4,576,184	90%
Total	**1,659,115,572**	**1,407,999,416**	**251,116,156**	**85%**

The recurrent expenditure analysis above excludes outstanding commitments in the vote-book as at 30 June, 2018 that amounting to Kshs.127,101,532.

19.2 Development Expenditure

Development Expenditure				
Department	**Budget Kshs**	**Actual Kshs**	**Variance Kshs**	**Absorption Kshs.**
County Executive	233,800,000	11,921,215	221,878,785	5%
Finance, Strategy & Economic Planning	7,100,000	-	7,100,000	0%

Development Expenditure				
Department	**Budget Kshs**	**Actual Kshs**	**Variance Kshs**	**Absorption Kshs.**
Agriculture & Irrigation	58,556,015	1,179,842	57,376,173	2%
Land, Physical Planning, Infrastructure, water	206,169,673	116,100,252	90,069,421	56%
Education, Gender, Sports, Youth & Social services	83,780,441	20,933,275	62,847,166	25%
Health & Sanitation	174,539,864	63,511,285	111,028,579	36%
Trade, Culture, Tourism & Investment Development	24,100,000	2,786,128	21,313,872	12%
Information, Communication & Public Participation	11,696,166	-	11,696,166	0%
Fisheries, Livestock, Veterinary & Cooperative Development	60,200,238	1,898,940	48,301,298	2%
Totals	**859,942,397**	**218,330,937**	**641,611,460**	**25%**

The development expenditure analysis above did not include outstanding commitments as at 30 June2018 amounting to Kshs.39,599,698.

20 Project Implementation

A review of the status of the projects budgeted to be implemented during the financial year under review established that projects for various departments amounting to Kshs.601,819,938 had not started/implemented in the year under review as shown below.

Department	Number of Projects	Amount Kshs.
Agriculture and Irrigation	6	39,655,655
County Executive	4	221,800,000
Education, Gender, Sports, Youth & Social Services	12	55,780,441
Finance,Strategy and Economic Planning	1	4,100,000
Fisheries, Livestock, Veterinary & Cooperative Development	15	60,200,238
Health And Public Sanitation	26	86,698,228
Ict And Public Participation	6	9,685,376
Land,Physical Planning, Infrastructure, Water	19	99,800,000
Trade and Tourism	9	24,100,000
Total	**98**	**601,819,938**

In view of the foregoing, the County residents may not have obtained value for the money or services for the funds allocated for the projects.

21 Revenue

The total annual revenue for the County Executive was projected at Kshs.3,019,057,968 comprising Kshs.2,476,400,000 from the national equitable share, Kshs.90,000,000 from the projected local sources, Kshs.350,162,619 as Conditional Grants and Unspent closing balances for the financial year 2016/2017 of Kshs.102,495,349. The Executive reported in the financial statements revenue amounting to Kshs.2,755,121,062 compared to Kshs.2,288,213,765 reported in the ledgers. This resulted in unexplained difference of Kshs.466,907,296 between the ledgers and the financial statements. A detailed review of the budget versus actual revenue received during the period is as shown below:

Revenue				
	Budget Kshs.	Financial Statements Kshs.	Variance Kshs.	Performance Kshs
National Government Transfers	2,476,400,000	2,476,400,000	-	100%
Local sources	90,000,000	63,437,304	26,562,696	70%
Conditional Grants	350,162,619	175,422,899	174,739,720	50%
Balance b/f from 2016/17	102,495,349	39,860,859	62,634,490	39%
Total	**3,019,057,968**	**2,755,121,062**	**263,936,906**	**91%**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1 Irregular Bank Accounts

During the year under review, the Executive operated twenty-two (22) bank accounts made up of eleven (11) accounts operated in commercial banks and the other eleven (11) were held at the Central Bank of Kenya. The bank accounts held at commercial banks six (6) were for revenue collection, one (1) was for imprest account while the remaining four (4) were expenditure accounts. Among, the bank accounts held with commercial banks were held contrary to the Public Finance Management (County Governments) Regulations, 2015 Section 82 (1) (b) which stipulates that all County Government bank accounts shall be opened at the Central Bank of Kenya except for imprest bank accounts for petty cash. No reasons were given as to why the Lamu County Executive was operating six (6) revenue accounts given cost implication and high risk of mismanagement and fraud.

In the circumstances, the County Executive during the year ended 30 June 2018 did not comply with Section 82 of the Public Finance Management (County Governments) Regulations, 2015.

2 Revenue Automation

The County Executive automated the revenue collection with the procurement of two systems at a cost of Kshs.35,000,000 and Kshs.19,500,000 respectively all amounting to Kshs.54,500,000. However, the following anomalies were noted:

(i) In spite of automation of revenue system, it was noted that the department of public health and fisheries continued to manually collect revenue.

(ii) The Executive procured a total of 60 Point of Sale (POS) gadgets out of which only 40 POS gadgets were in use, 19 were still in the store and one gadget could not be accounted for with a likelihood that revenue may be collected using the lost gadget but not accounted for. Further, nineteen (19) POS gadgets were lying idle in the store hence the Executive may have procured excess POS gadgets contrary to Section 53 (3) of the Public Procurement and Assets Disposal Act, 2015.

(iii) Although the Executive had fully paid for the two systems, the contracts for the systems were not fully executed since mobile money payments was not activated, USSD for payments and querying was not activated, Integration for SMS alerts was not done and the two systems had not been integrated with IFMIS. In addition, no back up system had been installed as required by the Contract agreement between the Executive and the vendor.

Under circumstances, the probity and value for money for the revenue automation expenditure of Kshs.54,500,000 could not be confirmed.

3 Fixed Assets

Annex 5 of the financial statements reflects cumulative fixed assets balance of Kshs.1,149,856,976 as at 30 June 2018. However, the Executive maintained a fixed asset register for finance department that did not reflect values of the fixed assets. Further, it was observed that the County Executive does not have in place policies and procedures relating to asset management. In addition, fixed assets were not physically inspected on a regular basis to establish their conditions. The Executive did not also maintain a register of land and buildings recording each parcel of land and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, leasehold terms, maintenance contracts and other pertinent management details as required by Section 136(2) of the Public Finance Management (County Government) Regulations, 2015.

In view of the above, the source, completeness, valuation and security of the non-current assets balance reflected of Kshs.1,149,856,976 as at 30 June 2018 could not be confirmed.

4 Failure to Publish Financial Manual

During the period under review the County Treasury did not published financial manuals as required by Section 91 (1) of the Public Finance Management (County Governments) Regulations, 2015.

5 County Budget and Economic Forum (CBEF)

The County Government constituted a County Budget and Economic Forum (CBEF) on 29 June 2018 in line with Section 137 of the Public Finance Management Act, 2012. In the circumstances, it was not clear how consultation by the County Government on Preparation of County Plans, the County Fiscal Strategy Paper and the Budget Review and Outlook Paper for the county; and matters relating to budgeting, the economy and financial management at the county level as required by Section 137 of the Public Finance Management Act were done without a County Budget and Economic Forum (CBEF) during the year under review. In view of the foregoing, the County Executive breached the law.

6 Appointment of County Executive Members

During the period under review, the County Executive appointed six (6) County Executive Committee Members pursuant to Section 35 of the County Government Act, 2012. However, examination of the records and files for committee members revealed that there was no documentary evidence that four (4) out of the six (6) County Executive Committee Members had knowledge, experience and a distinguished career of not less than five years in the field relevant to the portfolio of the department to which the person is being appointed contrary to Section 35 (3) (d) of the County Government Act, 2012.

Consequently, the nomination of the committee members did not comply with the regulations.

7 Compensation of Employees

The compensation of employees' figure of Kshs.1,037,746,524 is approximately 37.7% of the total revenue of Kshs.2,755,121,062 and thus exceeded the recommended ratio of 35% stipulated in Section 25(1) of the Public Finance Management (County Governments) Regulations, 2015. Consequently, the management is in breach of the law and the wage bill may not be sustainable unless adequate measures are put in place to contain the rising wage bill and increase collection of county own generated revenue

8 Contracted Guards and Cleaning Services

Contracts for cleaning services were awarded through quotations to four (4) suppliers but two (2) of the suppliers were not in the list of the prequalifies suppliers. Similarly, one supplier for security services was not in the list of the prequalified suppliers. It was also noted that the total expenditure on cleaning services and security services was Kshs.11,140,850 and Kshs.16,080,000 respectively hence the Executive should have used open tender method of procurement instead of quotations.

In the circumstances, it appears the contracts were structured in a way to use quotations instead open tender contrary to Section 54 of the Public Procurement and Assets Disposal Act, 2015.

9 Construction of Command Centre

During the year ended 30 June 2018, the Executive spent an amount of Kshs.11,743,840 being part of construction of buildings contracted at Kshs.31,059,351 for the construction of a Command Centre. The evaluation committee observed that the firm awarded the contract did not have a valid bid bond and the contractor was a National Construction Authority Category No. 7 contractor who was approved to carry out works of up to Kshs.20,000,000 hence was not responsive. Further, Section 70(6), and 33 (2) (g) of the Public Procurement and Asset Disposal Act, 2015 were not complied with.

The payment was not also supported by bill of quantities and certificate of work done. Under the circumstances, value for money for of Kshs.11,743,840 paid to the contractors could not been ascertained.

10 Construction and Civil Works

During the year ended 30 June 2018, the County Government of Lamu spent an amount of Kshs.40,293,071 as conditional grant from the National Government. The County Executive received the conditional grant of Kshs.200,000,000 in the financial year 2016/2017 from the National Government for uplifting of Lamu County Hospital and Health facilities. The grant was disbursed twice on 19 April 2016 (Kshs.100,000,000) and on 17 March 2017 (Kshs.100,000,000) in the County Revenue Fund. However, the funds received were not released to the appropriate project bank account or special purpose account contrary to Section 74(5) of the Public Finance Management (County Government) Regulations, 2015. Part of the grant was to finance outpatient wing and maternity wing at Faza Sub County Hospital and Mpeketoni Sub County Hospital.

Physical verification of the projects established that they had stalled and no work was ongoing and the contractors abandoned the site. Bills of quantities for the projects and the original project files for the projects were not made available for audit.

Under the circumstances, it has not been possible to verify whether the payments were made for the work done.

11 Purchase of Garbage Collection Trailers

Included in the acquisition of assets figure of Kshs.244,554,822 is an amount of Kshs.21,030,000 spent on purchase of vehicles and other transport equipment. Out of this amount, the management on 7 March 2017 spent an amount of Kshs.4,000,000 on purchase of garbage collecting trailers but the supplier delivered the trailers on 2 May 2018 nine (9) months after the local purchase order was issued contrary to Section 52 of the Public Finance Management (County Governments) Regulations, 2015.

Further, the two garbage collecting trailers were inspected by inspection committee on 16 April 2018 even before they were delivered. Only one logbook for the Trailer was made

available for audit. Physical verification carried out revealed that one of the trailers was not in use and was parked resulting to wasteful expenditure of Kshs.2,000,000 contrary to Section 210(1)i of the Public Finance Management (County Governments) Regulations, 2015.

12 Purchase of Governor's Official Vehicle

During the year under review, the Executive procured a Nissan Patrol LE 2015 at a cost of Kshs.13,530,000 for the Governor through direct procurement. A review of the payment established that no requisition was made, no professional opinion was issued to the accounting officer pursuant to Section 84 of the Public Procurement and Disposal Act, 2015 and evaluation committee was not formed pursuant to Section 104 (b) of the Public Procurement and Assets Disposal Act.

Further, the specifications during procurement referred to a particular model of Vehicle contrary to Section 60 (4) of the Public Procurement and Asset Disposal Act, 2015. The motor vehicle purchased had a capacity of 5600 cc Contrary to Section 137 of the Public Finance Management (County Government) Regulations, 2015 which sets the limit for official vehicles purchased for use by Governors at 2600 cc for saloon cars and 3000 cc for 4 x 4.
No explanation was given for the non-compliance with the quoted regulations.

13 Purchase of Specialized Plant, Equipment and Machinery

Included in the acquisition of assets figure of Kshs.244,554,822 under note 17 is Kshs.15,354,060 incurred to purchase of specialized plant, equipment and machinery but for which supporting documents revealed the following anomalies: -

13.1 Purchase of Dental Chairs

An amount of Kshs.4,867,000 was incurred for purchase of two (2) dental chairs, two set of dental instruments and 1 dental laboratory equipment. The purchase was not captured in the approved procurement plan contrary to Section 50(3) of the Public Finance Management (County Government) Regulations 2015. Although restricted tendering was used as a procurement method no reason was given for the choice of the procurement.

Physical verification carried out on 25 October 2018 revealed that one of the two dental units supplied was at King Fahad hospital while the other was forwarded to Faza hospital without being received at the stores. The compressor units for the chairs had not been installed and were lying at the stores.

Consequently, it has not been possible to confirm the propriety and value for money on the expenditure of Kshs.4,867,000 incurred on purchase of dental chairs as at 30 June 2018.

13.2 Purchase of Patient Monitors

Included under purchase of specialized plant, equipment and machinery figure of Kshs.15,354,060 are five (5) patient monitors procured at a total cost of Kshs.4,625,000 but

items procured were not in the approved procurement plan contrary to Section 50 (3) of the Public Finance Management (County Government) Regulations 2015. It was further noted that the items were procured using restricted tendering method. However, the County did not give reason for the choice of the procurement method. In addition, the supplier was not in the list of prequalified suppliers.

Further, the expenditure was charged to Other Infrastructure and civil works and hence reallocated without authority. Physical verification carried out revealed that one of the patient monitors was still at the store while S3 indicated two patient monitors in the store hence not possible to confirm the correct position.

In the circumstance, the propriety of the expenditure of Kshs.4,625,000 could not be confirmed.

13.3 Sporting Equipment

Included under purchase of specialized plant, equipment and machinery figure of Kshs.15,354,060 are sporting equipment procured at a total cost of Kshs.1,199,000. However, a review of the payment records indicated that although the sporting equipment were received on 26 February 2018 there is no documentary evidence availed to show how the sporting equipment was distributed.

Further, the payments were not unauthorized and were charged to membership fees and dues and subscriptions to international organization contrary to Section 53 of the Public Finance Management (County Government) regulations, 2015.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Conclusion of Internal Controls, Risk Management and Governance section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1 Internal Controls on Expenditure

Examination of payment vouchers revealed weaknesses in enforcement of internal controls designed for ensuring effective administration of public funds. Payments vouchers amounting to Kshs.14,337,683 were paid without approval by the AIE Holder on the voucher, payments amounting to Kshs.16,230,182 were procured and paid for without requisitions from user department and the payment vouchers were not numbered. Payments for compensation of employees amounting to Kshs.958,393,043 were made without payment vouchers. Further, vote book certificate on the payment voucher did not indicate details of the approved estimate for the items, total expenditure commitments and the balance thereof. There was no evidence that the internal auditor audited expenditures incurred.

Consequently, the internal controls for expenditures were not operating in an effective way as at 30 June 2018.

2 Internal Controls on Revenue

During the financial year under review the Executive collected revenue manually in the departments of fisheries and public health. Counterfoil receipts book registers made available for audit revealed that eighteen (18) receipt books issued to nine (9) revenue collectors had not been surrendered promptly. In the circumstances, revenue collected by the receipt books could not be accounted as the revenue internal controls were not effective. Further, the Executive operated two automated systems for collection of revenue. Given that well defined backup and archiving procedures are central to data management process. It was observed that the backup policies and procedures were not adequate and this could lead to data loss.

In view of the foregoing, internal controls for receipt books and the automated revenue systems were not operating in an effective way as at 30 June 2018.

3 Cash and Bank

A review of the effectiveness of the internal controls of cash and bank established that the recording of the manual cashbook was incomplete as particulars of the payments, Voucher number, and allocation were not indicated. Further, bank reconciliations were not prepared in IFMIS but were manually done.

Consequently, the internal controls for recording of the cashbook were not operating in an effective way as at 30 June 2018.

4 Imprest Management

A review of the imprest warrants and imprest register revealed various weakness regarding management of imprest. It was noted that more than one imprest was issued to officers with long outstanding/un-surrendered imprest. However, an amount of Kshs.3,660,846 remained outstanding. The imprest remained un-surrendered contrary to Section 93(5) of the Public Finance Management (County Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station. It was further observed that some officers were issued with additional imprests before they surrendered imprests previously issued contrary to Section 93(8) of the same regulations also states that in order to effectively and efficiently manage and control the issue of temporary imprests, an accounting officer or AIE Holder shall ensure that no second imprest is issued to any officer before the first imprest is surrendered or recovered in full from his or her salary.

In view of the above, the accuracy and completeness financial statement could not be confirmed.

As a result, the internal controls for imprest management were not operating in an effective way as at 30 June 2018.

5 Internal Audit Function

Review of the operations of the Internal Audit Department revealed that the County Executive has established an internal audit unit to oversee governance mechanisms and promote transparency and accountability in the management of resources of the County.

The internal audit function has (3) officers who report to the County Executive Committee member Finance instead of an Audit Committee. There is no approved Internal Audit Charter detailing the scope, responsibilities and purpose of the internal audit function. This is contrary to the provisions of Section 155(2) of the Public Financial Management (County Governments Regulations, 2015 which stipulate that an Accounting Officer shall ensure that an internal audit unit is facilitated with sufficient authority to promote independence and ensure broad internal coverage, and adequate consideration of audit reports. The internal audit unit lacks independence to execute its mandate. Also, the internal audit is understaffed and may not have the capacity and staff with necessary competencies to carry out the internal audit function.

6 Management of Debtors

Audit review of the E-revenue system Schedules revealed that the total outstanding land rates amounted to Kshs.451,021,657. Included in the balance were charges for the year amounting to Kshs.25,489,816. However, according to revenue summary records only Kshs.5,328,894 was collected from property rates during the financial year ended 30 June 2018. There was no evidence availed to show that the management had put in place strategies to recover the outstanding rates as provided for under Section 157(2) of the Public Finance Management Act 2015 which requires a receiver of County revenue to ensure that the revenue for which the receiver is responsible is collected or recorded and accounted for. In addition, the valuation roll had not been published through Gazette notice as required. Failure by the County Government to collect the outstanding rates impacted services delivery to the public negatively.

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 governance.

In preparing the financial statements, management is responsible for assessing the ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Executive either intends to liquidate or to cease operations, or have no realistic alternative but to do so.

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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of in accordance with ISSAI 30 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

FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

18 February 2019

4. FINANCIAL STATEMENTS

4.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Notes	2017-2018 Kshs	2016-2017 Kshs
RECEIPTS			
Exchequer releases	1	2,476,400,000	2,214,008,743
Proceeds from Domestic and Foreign Grants	2	85,516,641	18,348,378
Transfers from Other Government Entities	3	89,906,258	193,395,404
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Proceeds from Sale of Assets	6	-	-
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	63,437,304	65,109,972
Returned CRF issues	10	39,860,859	-
TOTAL RECEIPTS		**2,755,121,062**	**2,490,862,497**
PAYMENTS			
Compensation of Employees	11	1,037,746,524	734,459,598
Use of goods and services	12	382,498,284	696,395,947
Subsidies	13	-	-
Transfers to Other Government Units	14	529,148,145	431,058,338
Other grants and transfers	15	83,376,339	122,254,430
Social Security Benefits	16	11,688,541	23,318,737
Acquisition of Assets	17	244,554,822	905,302,154
Finance Costs, including Loan Interest	18	109,515	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Other Payments	20	-	-
TOTAL PAYMENTS		**2,289,122,170**	**2,912,789,204**
SURPLUS/DEFICIT		**465,998,892**	**(421,926,707)**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **28th September, 2018** and signed by:

Chief Officer - Finance
Name: ***CPA Mariam A. Bunu***
ICPAK Member Number: **20519**

Director Accounting Services
Name: ***CPA Zablon M. Sanawa***
ICPAK Member Number: **12442**

4.2. STATEMENT OF ASSETS AND LIABILITIES

	Notes	2017-2018 KShs	2016-2017 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	567,841,728	236,293,207
Cash Balances	21B	497,243	370,461
Total Cash and cash equivalent		**568,338,971**	**236,663,668**
Accounts receivables – Outstanding Imprests	22	1,789,083	8,289,200
TOTAL FINANCIAL ASSETS		**570,128,054**	**244,952,868**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	56,352,739	88,996,088
NET FINANCIAL ASSETS		**513,775,314**	**155,956,780**
REPRESENTED BY			
Fund balance b/fwd	24	155,956,780	577,883,487
Prior year adjustments	25	(108,180,358)	-
Surplus/Deficit for the year		465,998,892	(421,926,707)
NET FINANCIAL POSITION		**513,775,314**	**155,956,781**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **28th September, 2018** and signed by:

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ICPAK Member Number: **20519**

Director Accounting Services
Name: ***CPA Zablon M. Sanawa***
ICPAK Member Number: **12442**

4.3. STATEMENT OF CASH FLOWS

	Notes	2017-2018 KShs	2016 - 2017 KShs
Receipts from operating income			
Exchequer Releases	1	2,476,400,000	2,214,008,743
Proceeds from Domestic and Foreign Grants	2	85,516,641	18,348,378
Transfers from Other Government Entities	3	89,906,258	193,395,404
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	63,437,304	65,109,972
Returned CRF issues	10	39,860,859	-
		2,755,121,062	**2,490,862,497**
Payments for operating expenses			
Compensation of Employees	11	(1,037,746,524)	(734,459,598)
Use of goods and services	12	(382,498,284)	(696,395,947)
Subsidies	13	-	-
Transfers to Other Government Units	14	(529,148,145)	(431,058,338)
Other grants and transfers	15	(83,376,339)	(122,254,430)
Social Security Benefits	16	(11,688,541)	(23,318,737)
Finance Costs, including Loan Interest	18	(109,515)	-
Other Payments	20	-	-
		(2,044,567,348)	**(2,007,487,050)**
Adjusted for:			
Changes in receivables		6,500117	-
Changes in payables		(32,643,349)	-
Prior Year Adjustment		(27,473,470)	
Total Adjustments		**(53,616,702)**	-
Net cash flow from operating activities		**656,937,013**	**483,375,447**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	-	-
Acquisition of Assets	17	(244,554,822)	(905,302,154)
Net cash flows from Investing Activities		**(244,554,822)**	**(905,302,154)**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-

Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**412,382,190**	**(421,926,707)**
Cash and cash equivalent at BEGINNING of the year	**21**	**155,956,780**	**577,883,487**
Cash and cash equivalent at END of the year	**24**	**568,338,971**	**155,956,780**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **28th September, 2018** and signed by:

Chief Officer Finance
Name: ***CPA Mariam A. Bunu***
ICPAK Member Number: **20519**

Director Accounting Services
Name: ***CPA Zablon M. Sanawa***
ICPAK Member Number: **12442**

4.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	2,452,916,512	23,483,488	2,476,400,000	2,476,400,000	-	100%
Proceeds from Domestic and Foreign Grants	58,558,994	201,697,367	260,256,361	85,516,641	174,739,720	33%
Transfers from Other Government Entities	87,575,000	2,331,258	89,906,258	89,906,258	-	100%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	-	-	-	-	-	0%
Returns of Equity Holdings	-	-	-	-	-	0%
County Own Generated receipts	90,000,000	-	90,000,000	63,437,304	26,562,696	70%
Returned CRF issues	10,000,000	92,495,349	102,495,349	102,495,349	-	100%
TOTAL	**2,699,050,506**	**320,007,462**	**3,019,057,968**	**2,817,755,552**	**201,302,416**	**93%**
PAYMENTS						
Compensation of Employees	905,393,917	77,485,829	982,879,746	1,037,746,524	(54,866,778)	106%
Use of goods and services	458,930,873	(385,480)	458,545,393	382,498,284	76,047,109	83%
Subsidies	5,000,000	(2,000,000)	3,000,000	-	3,000,000	0%
Transfers to Other Government Units	132,158,994	43,606,316	175,765,310	97,063,103	78,702,207	55%
Transfer to County Assembly	500,000,000	-	500,000,000	432,085,042	67,914,958	86%
Other grants and transfers	86,200,0000	1,350,000	87,550,000	83,376,339	4,173,661	95%
Social Security Benefits	29,695,442	2,133,000	31,828,442	11,688,541	20,139,901	37%
Acquisition of Assets	581,671,280	197,817,797	779,489,077	244,554,822	534,934,255	31%
Finance Costs, including Loan Interest	-	-	-	109,515	(109,515)	1%
Repayment of principal on borrowings	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTAL	**2,699,050,506**	**320,007,462**	**3,019,057,968**	**2,289,122,170**	**729,935,798**	**76%**
SURPLUS/(DEFICIT)	**-**	**-**	**-**	**528,633,382**	**(528,633,382)**	

Comment on the above table 4.4

(a) The under received of revenue on the proceeds from domestic and foreign grants was because we are suppose to receive grant from national treasury that was never disburse on the reporting period.
(b) There is also issue of late disbursement of fund from national treasury which resulted underutilisation of fund and affect implementation of expenditure.
(c) The difference between the totals of receipt and payment was because of reallocation within the budget and the supplementary budget that was done during the reporting period.

The entity financial statements were approved on **28th September, 2018** and signed by:

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Director Accounting Services
Name: ***CPA Zablon M. Sanawa***
ICPAK Member Number: **12442**

4.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	1,768,964,058	16,438,442	1,785,402,500	1,785,402,500	-	100%
Proceeds from Domestic and Foreign Grants	40,991,296	45,493,221	86,484,517	56,440,983	30,043,534	65%
Transfers from Other Government Entities	-	2,481,810	2,481,810	2,481,810	-	100%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	-	-	-	-	-	0%
Returns of Equity Holdings	-	-	-	-	-	0%
County Own Generated receipts	63,000,000	-	63,000,000	41,868,621	21,131,379	66%
Return CRF issues	7,000,000	64,746,744	71,746,744	71,746,744	-	100%
TOTAL	**1,879,955,354**	**129,160,217**	**2,009,115,571**	**1,957,940,658**	**51,174,913**	**97%**
PAYMENTS						
Compensation of Employees	905,393,917	77,485,829	982,879,746	1,037,746,524	(54,866,778)	106%
Use of goods and services	428,930,873	2,614,520	431,545,393	382,498,284	49,047,109	89%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	45,158,994	43,181,868	88,340,862	35,964,408	52,376,454	41%
Transfer to County Assembly	350,000,000	-	350,000,000	301,127,194	48,872,806	86%
Other grants and transfers	86,200,000	1,350,000	87,550,000	83,376,339	4,173,661	95%
Social Security Benefits	29,695,442	2,133,000	31,828,442	11,688,541	20,139,901	37%
Acquisition of Assets	34,576,128	2,395,000	36,971,128	-	36,971,128	0%
Finance Costs, including Loan Interest	-	-	-	109,515	(109,515)	1%
Repayment of principal on borrowings	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTAL	**1,879,955,354**	**129,160,217**	**2,009,115,571**	**1,852,510,805**	**156,604,766**	**92%**
SURPLUS/(DEFICIT)	**-**	**-**	**-**	**105,429,853**	**(105,429,853)**	

Comment on the above table 4.5

The entity financial statements were approved on **28th September, 2018** and signed by:

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Name: ***CPA Mariam A. Bunu***
ICPAK Member Number: **20519**

Director Accounting Services
Name: ***CPA Zablon M. Sanawa***
ICPAK Member Number: **12442**

4.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	B	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	683,952,454	7,045,046	690,997,500	690,997,500	-	100%
Proceeds from Domestic and Foreign Grants	17,567,698	156,204,146	173,771,844	29,075,658	144,696,186	17%
Transfers from Other Government Entities	87,575,000	(150,552)	87,424,448	87,424,448	-	0%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	-	-	-	-	-	0%
Returns of Equity Holdings	-	-	-	-	-	0%
County Own Generated receipts	27,000,000	-	27,000,000	21,568,683	5,431,317	80%
Returned CRF issues	3,000,000	27,748,605	30,748,605	30,748,605	-	100%
TOTAL	**819,095,152**	**190,847,245**	**1,009,942,397**	**859,814,894**	**150,127,503**	**85%**
PAYMENTS						
Compensation of Employees	-	-	-	-	-	0%
Use of goods and services	30,000,000	(3,000,000)	27,000,000	-	27,000,000	0%
Subsidies	5,000,000	(2,000,000)	3,000,000	-	3,000,000	0%
Transfers to Other Government Units	87,000,000	424,448	87,424,448	61,098,695	26,325,753	70%
Transfer to County Assembly	150,000,000	-	150,000,000	130,957,848	19,042,152	87%
Other grants and transfers	-	-	-	-	-	0%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Assets	547,095,152	195,422,797	742,517,949	244,554,822	497,963,127	33%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on borrowings	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTALS	**819,095,152**	**190,847,245**	**1,009,942,397**	**436,611,365**	**573,331,032**	**43%**
SURPLUS/(DEFICIT)	-	-	-	**423,203,529**	**(423,203,529)**	

Comment on the above table 4.6

(a) The general underutilization of expenditure in Development was ~~because of~~ occasioned by late disbursement of development funds and also because of transition year after the August 2017 general election that brought a change in government in Lamu.

The entity financial statements were approved on **28th September, 2018** and signed by:

Chief Officer / Finance
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Director Accounting Services
Name: ***CPA Zablon M. Sanawa***
ICPAK Member Number: **12442**

4.7. BUDGET EXECUTION BY PROGRAMME AND SUB PROGRAMME

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		**Default - Non Programmatic**	**0**	**2,150,963**	**-2,150,963**
	0	Default - Non Programmatic	0	2,150,963	-2,150,963
101000000		**Land Policy and Planning**	**26,834,696**	**21,337,067**	**5,497,629**
	101010000	Development Planning and Land Reforms	26,834,696	21,337,067	5,497,629
102000000		**Housing Development and Human Settlement**	**65,539,302**	**35,529,331**	**30,009,971**
	102030000		65,539,302	35,529,331	30,009,971
103000000			**8,391,550**	**3,185,950**	**5,205,600**
	103010000	Stalled and new Government buildings	8,391,550	3,185,950	5,205,600
104000000			**119,974,515**	**83,520,182**	**36,454,334**
	104010000	Coastline Infrastructure Development	119,974,515	83,520,182	36,454,334
105000000		**Urban and Metropolitan Development**	**52,020,774**	**30,032,272**	**21,988,502**
	105010000	Urban Mobility and Transport	52,020,774	30,032,272	21,988,502
106000000		**General Administration Planning and Support Services**	**14,033,634**	**12,401,631**	**1,632,003**
	106010000	Administration, Planning & Support Services	14,033,634	12,401,631	1,632,003
108000000		**Crop Development and Management**	**5,175,886**	**2,987,213**	**2,188,673**
	108010000	Land and Crops Development	5,175,886	2,987,213	2,188,673
109000000		**Agribusiness and Information Management**	**49,842,263**	**25,925,987**	**23,916,276**
	109010000	Agribusiness and Market Development	49,842,263	25,925,987	23,916,276
111000000		**Fisheries Development and Management**	**21,565,581**	**9,476,424**	**12,089,157**
	111010000	Fisheries Policy, Strategy and capacity building	21,565,581	9,476,424	12,089,157
112000000		**Livestock Resources Management and Development**	**36,074,752**	**22,761,320**	**13,313,432**
	112010000	Livestock Policy Development and capacity building Programme	36,074,752	22,761,320	13,313,432
116000000			**98,335,576**	**31,584,421**	**66,751,155**
	116010000		36,704,280	27,498,925	9,205,355
	116020000		7,075,281	2,905,654	4,169,627
	116030000		14,500,000	0	14,500,000
	116080000		40,056,015	1,179,842	38,876,173
117000000			**4,000,000**	**0**	**4,000,000**
	117020000		4,000,000	0	4,000,000
201000000		**General Administration, Planning and Support Services**	**20,347,174**	**17,608,591**	**2,738,583**
	201010000	General Administration, Planning and Support Services	20,347,174	17,608,591	2,738,583

203000000		**Rail Transport**	**41,710,362**	**19,568,770**	**22,141,592**
	203010000	Rail Transport	39,630,362	18,310,794	21,319,568
	203020000		2,080,000	1,257,976	822,024
301000000		**General Administration Planning and Support Services**	**12,720,109**	**10,956,120**	**1,763,989**
	301010000		12,720,109	10,956,120	1,763,989
302000000		**Industrial Development and Investments**	**17,607,400**	**3,647,018**	**13,960,382**
	302020000	Promotion of Industrial Property Rights and arbitration	17,607,400	3,647,018	13,960,382
303000000		**Standards and Business Incubation**	**16,651,680**	**4,724,681**	**11,926,999**
	303010000	Standardization, Metrology and conformity assessment	16,651,680	4,724,681	11,926,999
401000000		**Preventive & Promotive Health Services**	**559,534,338**	**555,703,534**	**3,830,804**
	401010000	Communicable Disease Control	559,534,338	555,703,534	3,830,804
402000000		**Curative Health Services**	**329,340,542**	**161,960,095**	**167,380,447**
	402040000	Forensic and Diagnostics	329,340,542	161,960,095	167,380,447
403000000		**Health Research and Development**	**26,761,346**	**9,564,750**	**17,196,596**
	403040000		26,761,346	9,564,750	17,196,596
404000000		**General Administration, Planning & Support Services**	**20,622,838**	**17,686,822**	**2,936,016**
	404010000	Health Policy, Planning & Financing	20,622,838	17,686,822	2,936,016
501000000		**Primary Education**	**24,883,481**	**20,624,046**	**4,259,435**
	501010000	Free Primary Education	24,883,481	20,624,046	4,259,435
502000000		**Secondary Education**	**138,377,400**	**116,753,397**	**21,624,003**
	502010000	Secondary Bursary Management Services	138,377,400	116,753,397	21,624,003
503000000		**Quality Assurance and Standards**	**14,248,000**	**6,488,982**	**7,759,018**
	503020000	Examination and Certification	6,000,000	0	6,000,000
	503040000		8,248,000	6,488,982	1,759,018
504000000		**University Education**	**39,527,441**	**2,541,000**	**36,986,441**
	504010000	University Education	39,527,441	2,541,000	36,986,441
701000000		**General Administration Planning and Support Services**	**213,086,986**	**162,032,426**	**51,054,560**
	701010000		213,086,986	162,032,426	51,054,560
702000000		**Cabinet Affairs**	**286,913,014**	**250,421,243**	**36,491,771**
	702010000		286,913,014	250,421,243	36,491,771
703000000		**Government Advisory Services**	**317,000,215**	**284,664,988**	**32,335,227**
	703010000	State Corporations Advisory Services	317,000,215	284,664,988	32,335,227
704000000		**State House Affairs**	**13,900,000**	**10,267,685**	**3,632,315**
	704010000	Coordination of State House Functions	13,900,000	10,267,685	3,632,315
707000000		**National Statistical Information Services**	**233,800,000**	**211,921,215**	**21,878,785**
	707020000		233,800,000	211,921,215	21,878,785

709000000		**General Administration Planning and Support Services**	**38,261,085**	**35,050,541**	**3,210,544**
	709010000	Human Resources and Support Services	38,261,085	35,050,541	3,210,544
710000000		**Public Service Transformation**	**9,538,914**	**8,173,275**	**1,365,639**
	710050000	Performance Management	9,538,914	8,173,275	1,365,639
711000000		**Gender & Youth Empowerment**	**41,684,881**	**35,588,218**	**6,096,663**
	711010000	National Youth Service	41,684,881	35,588,218	6,096,663
712000000		**Devolution Services**	**93,267,323**	**57,171,255**	**36,096,068**
	712050000		93,267,323	57,171,255	36,096,068
713000000		**Special Initiatives**	**7,484,910**	**5,110,757**	**2,374,153**
	713020000	Resettlement & Reconstruction	7,484,910	5,110,757	2,374,153
		Grand Total	**3,019,057,968**	**2,289,122,169**	**729,935,799**

4.8. 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 receivables and payables are disclosed in the Statement of Assets and Liabilities.

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 Executive of Lamu. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

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

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

Returns to CRF Issues

These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

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 the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the County Executive 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 Executive 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.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to Kshs 56,352,739 compared to Kshs 88,996,088 in prior period as indicated on note 23. There were no other restrictions on cash during the year.

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 are 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 Executive 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 developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive of Lamu's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on June 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There was one supplementary budgets passed in the year. A high-level assessment of the County Executive of Lamu's actual performance against the comparable budget for the financial year under review has been included in an annex to 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 the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National 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.

4.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2017 - 2018	2016 - 2017
	KShs	KShs
Total Exchequer Releases for quarter 1	346,696,000	376,381,486
Total Exchequer Releases for quarter 2	705,774,000	365,311,442
Total Exchequer Releases for quarter 3	396,224,000	752,762,972
Total Exchequer Releases for quarter 4	1,027,706,000	719,552,843
Total	**2,476,400,000**	**2,214,008,743**

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2017 - 2018	2016 – 2017
			KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)				
Danida			9,182,547	3,820,000
Health Sector Project (HSSP)			12,993,407	14,528,378
Village Polytechnic			31,780,441	-
Kenya development Support Programme (KDSP)			31,560,246	
Grants Received from Multilateral Donors (International Organizations)				
Grants Received from other levels of government				
Total			**85,516,641**	**18,348,378**

(a) Danida – The grant was received for the purpose of supplementing county health facilities.

(b) HSSF – is fund special for health project which is transferred

(c) Village Polytechnic – to enhance village polytechnic within the county.

(d) KDSP – Kenya Devolution Support programme grant from World Bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	KShs	KShs
Transfers from Central government entities		
Transfers from Central government entities	-	100,000,000
Free Maternity (Ministry of Health)	-	16,267,500
User Foregone (Ministry of Health)	2,481,810	2,481,810
Fuel Levy (Kenya Road Board)	87,424,448	34,018,227
Ministry of health (KEPI)	-	7,424,807
Doctors Allowances	-	7,068,000
Nurses Allowances	-	9,648,000
Clinical Allowances	-	2,280,000
Other Health Workers Allowances	-	9,675,000
Facility Improvement	-	4,532,060
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	**89,906,258**	**193,395,404**

(a) User forgone fees are a transfer from the ministry of health for user forgone fees.

(b) Fuel Levy transfer from the ministry of roads specifically for establishment of rural access road.

4. PROCEEDS FROM DOMESTIC BORROWINGS

Description	2017 - 2018	2016 – 2017
	KShs	KShs
Borrowing within General Government		
Borrowing from Monetary Authorities (Central Bank)		
Other Domestic Depository Corporations (Commercial Banks)		
Borrowing from Other Domestic Financial Institutions		
Borrowing from Other Domestic Creditors		
Domestic Currency and Domestic Deposits		
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

Description	2017 - 2018	2016 – 2017
	KShs	KShs
Foreign Borrowing – Draw-downs Through Exchequer		
Foreign Borrowing - Direct Payments		
Foreign Currency and Foreign Deposits		
Total	-	-

6. PROCEEDS FROM SALE OF ASSETS

Description	2017 – 2018	2016 – 2017
	KShs	KShs
Receipts from the Sale of Buildings		
Receipts from Sale of Vehicles and Transport Equipment		
Receipts from Sale of Plant Machinery and Equipment		
Receipts from Sale of Certified Seeds and Breeding Stock		
Receipts from Sale of Strategic Reserves Stocks		
Receipts from Sale of Inventories, Stocks and Commodities		
Disposal and Sales of Non-Produced Assets		
Receipts from the Sale of Strategic Reserves Stocks		
Total	-	-

7. REIMBURSEMENTS AND REFUNDS

Description	2017 - 2018	2016 – 2017
	KShs	KShs
Refund from World Food Programme (WFP)		
Reimbursement of Audit Fees		
Reimbursement on Messing Charges (UNICEF)		
Reimbursement from World Bank – ECD		
Reimbursement from Individuals& Private Organizations		
Reimbursement from Local Government Authorities		
Reimbursement from Statutory Organizations		
Reimbursement within Central Government		
Reimbursement Using Bonds		
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. RETURNS OF EQUITY HOLDINGS

Description	2017 - 2018	2016 – 2017
	KShs	KShs
Returns of Equity Holdings in Domestic Organisations		
Returns of Equity Holdings in International Organisations		
Total	-	-

9. COUNTY OWN GENERATED RECEIPTS

Description	2017 - 2018	2016 – 2017
	Kshs	Kshs
RECEIPTS		
Interest Received	-	6,231,330
Profits and Dividends	-	-
Rents	-	-
Other Property Income	-	7,115,247
Sales of Market Establishments	1,068,600	2,748,944
Receipts from Administrative Fees and Charges	-	2,650,566
Receipts from Adm Fees and Charges - Collected as AIA	-	9,993,159
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines, Penalties and Forfeitures	-	-
Receipts from Voluntary transfers other than grants	-	-
Business Permits	20,007,916	9,013,200
Advertisements	957,762	889,492
Cess	2,409,877	1,027,664
Poll Rates	-	-
Plot Rents	5,328,894	-
Other Local Levies (Fisheries)	479,851	579,140
Administrative Services Fees	-	-
Various Fees	-	-
Council's Natural Resources Exploitation	-	-
Sales Of Council Assets	-	-
Lease / Rental Of Council's Infrastructure Assets	-	-
Other Miscellaneous Receipts	1,032,245	250,000
Insurance Claims Recovery	8,950,000	-
Medium Term Loans (1-3 Yr Repayment)	-	-
Long Term Loans (Over 3 Yr Repayment)	-	-
Transfers From Reserve Funds	-	-

Donations	-	-
Fund Raising Events	2,680,121	-
Other Receipts From Financial Assets Loan	-	-
Market/Trade Centre Fee	741,254	-
Vehicle Parking Fees	494,960	933,790
Hospital revenue	12,773,559	
Housing	-	-
Social Premises Use Charges	-	-
School Fees	-	-
Tractor Services	4,868,659	11,963,190
Other Education-Related Fees	-	-
Other Receipts - Direct Banking	-	
Other Education Receipts	-	-
Public Health Services	499,530	
Public Health Facilities Operations	1,144,076	11,151,050
Environment & Conservancy Administration	-	-
Slaughter Houses Administration	-	563,200
Water Supply Administration	-	-
Sewerage Administration	-	-
Other Health & Sanitation Revenues	-	-
Technical Services Fees	-	-
External Services Fees	-	-
TOTAL	**63,437,304**	**65,109,972**

The reporting period revenue was a little bit lower compare to the previous year at around 4% lower because of the economy recession affected by the general election but the county has put more measures to increase its revenue in future periods.

10. RETURNED CRF ISSUES

Description	2017 – 2018	2016 – 2017
	KShs	KShs
CBK Recurrent Account County Executive	8,469	
CBK Development Account	26,577,641	
CBK Recurrent Account County Assembly	12,743,274	
KCB Standing Imprest – County Executive	202,325	
KCB Standing Imprest – County Assembly	329,150	
Total	**39,860,859**	-

The refund was related from the operational account which as required to return all unspent funds from the operational account to CRF account and appropriated in the budget in the supplementary budget.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

Description	2017 - 2018	2016 – 2017
	Kshs	Kshs
Basic salaries of permanent employees	656,046,567	377,062,728
Basic wages of temporary employees	47,906,798	20,103,905
Personal allowances paid as part of salary	321,892,726	327,113,655
Personal allowances paid as reimbursements	750,000	465,000
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	11,150,433	9,714,309
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**1,037,746,524**	**734,459,598**

12. USE OF GOODS AND SERVICES

Description	2017 - 2018	2016 – 2017
	Kshs	Kshs
Utilities, supplies and services	18,226,064	70,831,786
Communication, supplies and services	10,155,815	11,990,738
Domestic travel and subsistence	70,022,238	128,634,191
Foreign travel and subsistence	4,028,584	7,576,850
Printing, advertising and information supplies & services	8,191,859	27,605,313
Rentals of produced assets	8,937,872	15,510,837
Training expenses	18,206,117	37,839,040
Hospitality supplies and services	13,527,829	29,771,349
Insurance costs	20,409,694	21,196,802
Specialised materials and services	76,964,270	90,770,720
Office and general supplies and services	10,504,849	145,494,484
Other operating expenses	73,157,061	31,143,248
Routine maintenance – vehicles and other transport equipment	11,267,730	18,731,961
Fuel Oil and Lubricants	27,396,053	45,292,250
Routine maintenance – other assets	11,502,250	14,006,377
TOTAL	**382,498,284**	**696,395,947**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SUBSIDIES

Description	2017 – 2018	2016 – 2017
	KShs	KShs
Subsidies to Public Corporations		
(insert name)		
Subsidies to Private Enterprises		
See list attached		
(insert name)		
TOTAL	-	-

14. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Current Grant to Gov't Agencies and Other Level of Gov't	35,964,408	-
Other Current Transfer and Grant	61,098,695	39,008,044
Other Capital Grant and Transfer		-
Transfer to County Assembly – Recurrent	301,127,194	326,000,000
Transfer to Ministry of Health (KEPI)	-	7,454,550
Transfer to County Assembly – Development	130,957,848	58,595,744
TOTAL	**529,148,145**	**431,058,338**

(a) The current grant to government agencies and other level of government these are transfer to health facilities in the county.

(b) Other current transfer and grant are grant from Kenya Road Board from the fuel levy.

(c) The other two are transfers to County Assembly for both recurrent and Development.

15. OTHER GRANTS AND OTHER PAYMENTS

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Scholarships and other educational benefits	60,558,000	60,664,000
Emergency relief and refugee assistance	21,474,899	55,590,430
County Emergency Fund		6,000,000
Membership fees & dues to international organizations	1,343,440	-
TOTAL	**83,376,339**	**122,254,430**

(a) The scholarship and other educational benefit are grant transfer for the purpose of issuance of bursar.

(b) Emergency relief are funds for the purpose of emergency issues example of floods, food scarcity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SOCIAL SECURITY BENEFITS

Description	2017 - 2018	2016 – 2017
	Kshs	Kshs
Government pension and retirement benefits	11,688,541	23,318,737
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
TOTAL	**11,688,541**	**23,318,737**

(a) These are employees pension who are on contract the money is remitted to gratuity accounts

17. ACQUISITION OF ASSETS

Non Financial Assets	2017 – 2018	2016 – 2017
	Kshs	Kshs
Purchase of Buildings	-	
Construction of Buildings	37,806,619	598,514,560
Refurbishment of Buildings	1,080,636	38,020,292
Construction of Roads	31,059,351	9,490,937
Construction and Civil Works	91,443,429	101,076,490
Overhaul and Refurbishment of Construction and Civil Works	16,486,052	53,976,375
Purchase of Vehicles and Other Transport Equipment	21,030,000	11,558,796
Purchase of Household Furniture and Institutional Equipment	414,990	2,204,645
Purchase of Office Furniture and General Equipment	17,710,684	25,167,291
Purchase of Specialised Plant, Equipment and Machinery	15,354,060	23,967,703
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	6,700,150
Purchase of Certified Seeds, Breeding Stock and Live Animals	12,169,000	17,526,300
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Other Domestic Accounts Receivable	-	17,098,616
Acquisition of Intangible Assets	-	-
Purchase of ICT Equipment	-	-
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
TOTAL	**244,554,822**	**905,302,154**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCE COSTS, INCLUDING LOAN INTEREST

Description	2017 - 2018	2016 – 2017
	Kshs	Kshs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Bank Charges	109,515	-
TOTAL	**109,515**	-

19. REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

Description	2017 - 2018	2016 – 2017
	KShs	KShs
Repayments on Borrowings from Domestic		
Principal Repayments on Guaranteed Debt Taken over by Government		
Repayments on Borrowings from Other Domestic Creditors		
Repayment of Principal from Foreign Lending & On – Lending		
Total	-	-

20. OTHER PAYMENTS

Description	2017 - 2018	2016 – 2017
	KShs	KShs
Budget Reserves		
Civil Contingency Reserves		
Other payments		
	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Account No. & currency	Amount in bank account currency *	Indicate whether recurrent, Development, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2017 – 2018	2016 – 2017
				Kshs	Kshs
CBK Lamu County Revenue Fund Account No. 1000171588	Kshs	CRF		428,047,166	31,048,233
CBK Lamu County Development Account No. 1000171057	Kshs	Development		1,156,044	82,917,082
CBK Lamu County Recurrent Account No. 1000171146	Kshs	Recurrent		47,634	246,050
CBK Lamu County Deposit Account No. 1000242857	Kshs	Deposit		38,606,661	30,568,059
CBK Lamu County Special Purpose Account No.1000768263	Kshs	Special Purpose		4,100,313	32,473
CBK Lamu County Village Polytechnic Project No. 1000367202	Kshs	Recurrent		23,835,330	-
CBK Kenya Devolution Support Program (KDSP) Account No. 1000371242	Kshs	Recurrent		1,534,906	-
CBK Lamu County Fuel Levy Account No. 1000247177	Kshs	Fuel Levy		41,672,749	31,788,582
CBK Lamu County Kenya Urban Support Program Account	Kshs	Special Purpose		-	-
CBK Lamu County Kenya Climate Smart Agriculture Project Account	Kshs	Special Purpose		-	-
CBK Lamu County Agriculture Sector Development Support Programme II	Kshs	Special Purpose		-	-
KCB Transition Auth - Lamu County Revenue Account No. 1140750615	Kshs	Revenue		5,262,338	-
KCB Standing Imprest Account No. 1140745603	Kshs	Recurrent		163,436	-
KCB Lamu County Salary Control Account No. 1179132424	Kshs	Salary Control		87,907	111
DTB County Executive Gratuity Account No. 0030469001	Kshs	Gratuity Account		17,746,078	50,821,468
DTB Lamu Fixed Deposit Account	Kshs	Fixed Deposit		-	7,295,945

DTB Lamu County Demand Side Financing Fund Account No.	Kshs			-	338
DTB Lamu County Revenue Account No. 0222660001	Kshs	Revenue Account		1,437,697	639,909
DTB Lamu County Revenue Account No. 0222660002	Kshs	Revenue Account		817,285	294,848
DTB Lamu County Ministry of Health No.	Kshs	Health		-	364
EQUITY Lamu County Ministry of Health (KEPI) Account No.	Kshs	Health		-	180,916
EQUITY Lamu County Revenue Account No. 1590265264918	Kshs	Revenue		49,805	-
EQUITY Lamu County Government Salary Account No. 1590265264437	Kshs	Salary Control		3,257,139	203,995
Gulf Bank Lamu County Revenue Account No. 0500000301		Revenue Account		39	-
Gulf Bank Lamu County Salary Account No. 0570000501		Salary Account		7,272	254,835
ABC Bank Lamu County Revenue Account No. 009217001000205		Revenue Account		11,930	-
Total				**567,841,728**	**236,293,207**

*Amount is as per amount in the cash book.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21B. CASH IN HAND

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Cash in Hand – Held in domestic currency	497,243	370,461
Cash in Hand – Held in foreign currency	-	-
TOTAL	**497,243**	**370,461**

Cash in hand should also be analysed as follows:

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Lamu Island	61,430	7,015
Main Island	275,525	147,574
Count Treasury & Lamu Revenue Office		48,235
Other Islands e.g Kuinga, Faza & Kizingitini	160,288	167,637
TOTAL	**497,243**	**370,461**

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2017 – 2018	2016 – 2017
	KShs	KShs
Government Imprests	1,789,083	8,289,200
Clearance accounts	-	-
Total	**1,789,083**	**8,289,200**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		KShs	*KShs*	*KShs*
COUNTY EXECUTIVE				
HUSSEIN ABDI ROBA	19/12/2017	30,000		30,000
FATUMA BWANAHERI	23/06/2018	80,000		80,000
DOMINIC MAINA	23/01/2018	990		990
ABARUFA DIDO	30/09/2017	49,800		49,800
ASIYA BAKARI JABU	24/08/2017	50,000		50,000
JAMAL MOHAMED	18/01/2018	38,750		38,750
ALI SHARIF	15/09/2017	43,200		43,200
ABUBAKAR BAKAR OMAR	26/01/2018	3,400		3,400
ABDI RABA	13/06/2018	30,200		30,200
MARY MUTHONI KIMANI	14/05/2018	100		100
MOHAMED BUTE	15/01/2018	7,400		7,400
PAUL KIMANI WANAINA	15/01/2018	304,690		304,690
SUB – TOTAL		**638,530**		**638,530**
FINANCE, BUDGET & ECONOMIC PLANNING				
AUSTIN GONA	5/6/2018	2,600		2,600
ATWAA SALIM	5/1/2018	760		760
SUB – TOTAL		**3,360**		**3,360**
EDUCATION, SPORTS & YOUTH POLYTECHNIC				
HAFSWA DIFINI	14/05/2018	118,495		118,495
ABDULHAKIM ABOUD BWANA	29/03/2018	52,400		52,400
PETER NDICHU	13/03/2018	68,500		68,500
DANIEL MUCHORI	30/09/2017	204,800		204,800
SUB – TOTAL		**444,195**		**444,195**
AGRICULTURE				
LENNOX CHENGO	11/4/2018	1,600		1,600
FLORENCE WAIRIMU	12/4/2018	118,400		118,400
SUB – TOTAL		**120,000**		**120,000**
LANDS				
IRFAN BWANA	28/03/2018	200		200
JAMES NDEGWA	7/09/2017	62,000		62,000
FLORENCE WAIRIMU	31/05/2018	104,000		104,000

SUB – TOTAL		**166,200**		**166,200**
HEALTH				
DIXON ONYANG	26/02/2018	5,478		5,478
IRFAN BWANA	15/11/2017	300,000		300,000
ATHMAN MOHAMED DUMILA	18/05/2018	500		500
MOHAMED MOROA	11/4/2018	100		100
SAFARI JAMLIC	20/12/2017	38,600		38,600
SUB – TOTAL		**344,678**		**344,678**
TRADE				
NAHIDA HAGANA	17/10/2017	30,000		30,000
SUB – TOTAL		**30,000**		**30,000**
COUNTY PUBLIC SERVICE BOARD				
AMIR GHALIB	4/5/2018	520		520
SUB – TOTAL		**520**		**520**
GRAND TOTAL		**1,789,083**		**1,789,083**

23. ACCOUNTS PAYABLE

Bank Account	2017 – 2018	2016 – 2017
	KShs	KShs
CBK Lamu County Deposit Account	38,606,661	30,568,059
KCB Lamu County Standing Imprest Account	-	310,281
EQUITY Lamu County Revenue Account	-	330
Gulf Bank Lamu County Revenue Account	-	5
DTB Lamu Fixed Deposit Account	-	7,295,945
DTB Lamu County Gratuity Account	17,746,078	50,821,468
Total	**56,352,739**	**88,996,088**

(a) 38,606,661 is amount for retention for supplier is hold as required 10% of the amount paid in all construction work and paid after lapse of defect period of the project.

(b) Amount of 17,746,078 is for gratuity for contractual employees which are held at gratuity account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FUND BALANCE BROUGHT FORWARD

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Bank accounts	236,293,207	695,860,985
Cash in hand	370,461	88,484
Accounts Receivables	8,289,200	7,618,009
Accounts Payables	(88,996,088)	(125,683,992)
Total	**155,956,780**	**577,883,487**

25. PRIOR YEAR ADJUSTMENTS

Description of the error	2017 – 2018	2016 – 2017
	KShs	KShs
Adjustments on bank account balances	-	-
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on Changes on Receivables and Payable	(27,473,470)	-
Others	(80,706,888)	-
Total	**(108,180,358)**	**-**

4.10. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 2)

Description	2017 – 2018	2016 – 2017
	KShs	KShs
Construction of buildings	57,491,657	
Construction of civil works	-	
Supply of goods	35,653,161	
Supply of services	8,817,248	
	101,962,066	-

2. PENDING STAFF PAYABLES (See Annex 3)

Description	2017 – 2018	2016 – 2017
	KShs	KShs
Senior management	**4,771,032**	
Middle management	-	
Unionisable employees	-	
Others (*specify*)	-	
	4,771,032	-

3. OTHER PENDING PAYABLES (See Annex 4)

	2017 – 2018	2016 – 2017
	KShs	KShs
Amounts due to National Government entities	2,385,829	
Amounts due to County Government entities	-	
Amounts due to third parties	20,048,729	
Others (*specify*)	-	
	22,434,558	-

4. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments;
- County Ministries and Departments;
- The National Government;

- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions

Description	2017- 2018	2016- 2017
	Kshs	Kshs
Key Management Compensation(Governors, CEC Members and C.Os)		
Transfers to related parties		
Transfer to the County Assembly	432,085,042	
Transfers to other County Government Entities		
Transfers to Development Projects		
Transfers to non reporting entities e.g schools and welfare		
Transfers to County Water Service Providers		
Expenses paid on behalf of County Water Service Providers		
Total Transfers to related parties	**432,085,042**	
Transfers from related parties		
Transfers from the Exchequer	2,476,400,000	
Transfers from MDAs	89,906,258	
Transfers from SCs and SAGAs- National Government		
(Insert any other transfers received)		
Total Transfers from related parties	**2,566,306,258**	

5. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and resolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

Entity	Date Established	Location	Accounting Officer responsible
Lamu County Bursary Fund	2014	Lamu	CO – Education
Lamu County Fisheries Revolving Fund	2014	Lamu	CO - Fisheries
Lamu County Emergency Fund	2014	Lamu	CO - Finance

5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
2.0	Presentation of Financial Statement	The observation has been taken into account.	County treasury	Issue resolved	Presentation of next financial year
3.2	Variances between financial statement and IFMIS report	This was due because of the some module not operationalised fully	County treasury	Issue resolved	We tried all the IFMIS module to be operationalised.
5.3	Undisclosed of some bank account	There some bank account signatories are not in county treasury	County treasury	Issue resolved	We make sure to disclose all the bank account in the financial statement.
5.4	Cheque/cash payment	We take the recommendation and we are no longer pay in commercial banks	County treasury	Issue resolved	The reporting period we have made electronic payment.

Notes:

I. The Audit Report for Financial Year 2013/2014 and 2014/2015 has been table at the senate.

II. The Audit Report for Financial Year 2015/2016 has been table at County Assembly.

III. The Audit Report for Financial year 2016/2017 we have not received.

ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Other Conditional Grants.	Total Transfers from the National Treasury
Exchequer Releases for quarter 1	346,696,000	-	40,772,689	387,468,689
Exchequer Releases for quarter 2	705,774,000	5,924,224	12,993,407	724,691,631
Exchequer Releases for quarter 3	396,224,000	-	21,808,257	418,032,257
Exchequer Releases for quarter 4	1,027,706,000	3,258,323	90,665,999	1,121,630,322
TOTAL	**2,476,400,000**	**9,182,547**	**166,240,352**	**2,651,822,899**

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
	A	B	c	d=a-c		
Construction of buildings						
Unpaid Retentions FY 2016-17				29,725,945		
Unpaid KRA Cheques FY-2016-17				21,908,409		
Al-Nadhir Gen Suppliers				103,402		
M/S Suwaku Enterprises				93,670		
M/S Damunyu Enterprises				295,211		
M/S Al-Fairouz Enterprises				100,026		
M/S Taneem Gen. Supply				1,221,736		
M/S Witu Women Company Ltd				820,844		
M/S Damunyu Gen. Suppliers				121,446		
M/S Ropisa Kenya Limited				826,848		
M/S Skyline Construction				862,274		
M/S Kareyu Kayo				692,868		
M/S Tupendane Group Of Company				718,979		
Sub-Total				**57,491,657**		
Construction of civil works						
Sub-Total						
Supply of goods						
Saary General Suppliers Ltd				328,000		
Saary General Suppliers Ltd				353,000		
Al-Raidy Stores				252,000		

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
Central Fuels & Lubricants				223,000		
Central Fuels & Lubricants				282,000		
Central Fuels & Lubricants				300,000		
Central Fuels & Lubricants				200,000		
Central Fuels & Lubricants				342,500		
Kenya Medical Suppliers Agency				10,054,710		
Central Fuels & Lubricants				335,000		
Central Fuels & Lubricants				340,500		
Central Fuels & Lubricants				131,000		
Central Fuels & Lubricants				196,500		
Central Fuels & Lubricants				342,500		
Central Fuels & Lubricants				340,500		
Kemsa				1,756,850		
Kenya Power & Lighting Company Ltd				40,831		
Central Fuels & Lubricants				335,000		
Mkumbi Construction Co. Ltd				226,340		
Mkumbi Construction Co. Ltd				121,715		
Mkumbi Construction Co. Ltd				88,270		
Central Fuels & Lubricants				180,000		
Central Fuels & Lubricants				441,000		
Central Fuels & Lubricants				251,000		
Central Fuels & Lubricants				280,000		
Nuweyla General Suppliers				58,540		
Nuweyla General Suppliers				59,360		
Nuweyla General Suppliers				49,520		
Bahari Expert Service				984,955		
Bahari Expert Service				1,981,914		
Air Conditions (23)				3,500,000		

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
Al-Raidy Stores				315,300		
Ayale-Qualite Prime Enterprises				990,000		
Holiday Assets				438,000		
Reco Enterprises				1,995,086		
Bilamin Enterprises				55,500		
Bliss Tech Enterprises Co. Ltd				799,320		
Super Service Enterprises				1,342,000		
Super Service Enterprises				577,000		
Lamu Destination				670,600		
M/S Rocek Co. Ltd				361,630		
M/S Davis & Shirtliff				81,519		
M/S Yussuf Al-Burhan				553,000		
M/S Al-Raidy Store				500,000		
M/S Al-Raidy Store				215,030		
M/S Nyags Solution Limited				1,046,138		
M/S Maalim Logistics				722,133		
M/S Bilamin Enterprise				407,400		
M/S New Chato Enterprise				65,000		
M/S Lionet Enterprise				80,000		
M/S Taneem General Supplies				36,000		
M/S Faiz Bookshop				26,000		
Sub-Total				**35,653,161**		
Supply of services						
Bilamin Enterprises				92,000		
Bilamin Enterprises				104,000		
Damunyu General Supply				349,250		
Fuad & Bross Electrical				171,668		
Gb Security Ltd				240,000		

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
Janata House				195,000		
Janrufy Universal Traders				126,000		
Johnka Enterprises				28,000		
Johnka Enterprises				30,000		
Johnka Enterprises				30,000		
Johnka Enterprises				127,844		
Johnka Enterprises				30,000		
Johnka Enterprises				30,000		
Johnka Enterprises				30,000		
Johnka Enterprises				12,000		
Johnka Enterprises				12,500		
Johnka Enterprises				30,000		
Johnka Enterprises				32,000		
Johnka Enterprises				30,000		
Johnka Enterprises				67,800		
Johnka Enterprises				30,000		
Johnka Enterprises				30,000		
Johnka Enterprises				30,000		
Lexford Investment				126,000		
M/S Burac Insight				1,243,160		
M/S Davis & Shirtliff				99,760		
M/S Davis & Shirtliff				540,746		
M/S Gb Security Services Limited				32,000		
M/S Harmony Driving School				1,000,000		
M/S Nation Media Group Ltd				142,680		
M/S Toyota Kenya				29,892		
Mkumbi Construction				2,637,000		
Mohamed Jamal				3,310		

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
Nation Media Group				142,680		
Nation Media Group				388,368		
Synkrone Engineering				260,130		
Zaytun Bwanaheri				6,500		
Zippytech Enterprises				126,000		
Sub-Total				**8,636,288**		
Grand Total				**101,781,106**		

ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
		a	b	c	d=a-c		
Senior Management							
County Director Of Health					55,000		
County Director Of Health					18,800		
Medical Superitendant					2,400		
David Njenga Gitau					8,000		
County Director Of Health					39,000		
County Director Of Health					63,133		
County Director Of Health					36,000		
Khadija Mohamed Ali					35,000		
Ann Kirote					17,600		
Medical Superitendant					29,000		
Medical Superitendant					13,470		
Fatma Bunu Mohamed					13,458		
Grace M. Kinyanjui					5,000		
Lizzy Asser Mangu					24,300		
Jane W. Chege					12,500		
Brian Ondiek					21,550		
Julius Njogu					21,700		
Medical Superitendant					4,650		
Medical Superitendant					10,000		
Medical Superitendant					5,750		
Lawrence Nyambare					5,000		
Julius Njogu					5,000		
Maureen Wairimu King'ethu					18,900		

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
Abdulkadir Zubeir					29,900		
Lamu County Laboratory Coordinator					200		
Cathrine Waithera					4,410		
Evanson Kathuri					120,200		
Evanson Kathuri					728,500		
Evanson Kathuri					973,000		
Shakir Abdul					200,700		
H.E Fahim Twaha					54,600		
H.E Fahim Twaha					56,000		
H.E Fahim Twaha					200,200		
Aarif Abdulaziz					18,900		
Felican Maru					22,500		
Kenneth Mutuma					37,800		
Haji Mahmoud					55,400		
Kenneth Mutuma					63,000		
Aarif Abdulaziz					63,000		
Ali Abdalla Lali					63,000		
Felican Maru					63,000		
Fahima Araphat					919,123		
Abdiraba Faraj					5,000		
Zaytun Bwanaheri					12,000		
Joyce Murimi					47,070		
Mohamed Bute					153,300		
Rosemary Oile					125,700		
Eric Randu					79,000		
Solomon Njuki					88,200		
John Maina Njuguna					3,750		
Samuel Loda Abaana					20,418		

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
Grandford M. Kisese					750		
Paul Wakaba					9,000		
Njuki Mwai					88,200		
Sub-Total					**4,771,032**		
Middle Management							
Sub-Total							
Unionisable Employees							
Sub-Total							
Others (*specify*)							
Sub-Total							
Grand Total					**4,771,032**		

ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
		a	B	c	d=a-c		
Amounts due to National Govt Entities							
Kenya School Of Government	Training				120,640		
Kenya School Of Government	School Fees				60,320		
Sub-Total					**180,960**		
Amounts due to County Govt Entities							
Sub-Total							
Amounts due to Third Parties							
Bounced Cheques -2016-17					3,551,083		
Unpaid IB Payments-2017-18					16,497,646		
Unpaid KRA Payments In Ib-2017-18					2,385,829		
Sub-Total					**22,434,558**		
Others (*specify*)							
Sub-Total							
Grand Total					**22,615,518**		

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2016/2017	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost c/f (KShs) 2017/2018
Land	-	-	-	-
Buildings and structures	801,078,654	177,876,087	-	978,954,741
Transport equipment	11,567,796	21,030,000	-	32,597,796
Office equipment, furniture and fittings	44,461,552	18,125,674	-	62,587,226
ICT Equipment, Software and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	30,667,853	27,523,060	-	58,190,913
Heritage and cultural assets	-	-	-	-
Intangible assets	17,526,300	-	-	17,526,300
Total	**905,302,155**	**244,554,821**	**-**	**1,149,856,976**

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government. Additions during the year should tie to note 17 on acquisition of assets during the year.

ANNEX 6 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	County Assembly	42,725,975	90,042,864	58,425,355	109,933,000	301,127,194	301,127,194	-	
2	Bursary Fund	558,000	-	20,000,000	40,000,000	60,588,000	60,558,000	-	
3	Xxx project	-	-	-	-	-	-	-	
4	Xxx board	-	-	-	-	-	-	-	
5	Xxx corporation	-	-	-	-	-	-	-	
6		-	-	-	-	-	-	-	
7		-	-	-	-	-	-	-	
8		-	-	-	-	-	-	-	
9	**Total**	**43,283,975**	**90,042,864**	**78,425,355**	**149,933,000**	**361,715,194**	**361,715,194**	**Total**	

Director of Finance
County Executive

Director of Finance
County Assembly/fund/project

(NB: This appendix must be agreed and signed by the issuing and receiving party)

ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT

LAMU COUNTY CBK CRF ACC. NO. 1000171588

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30th June 2018

STATION: LAMU COUNTY

		Sh		Sh		Sh
Balance as per bank statement						**258,519,888.70**
Less:-						
1 *Payments in cash book not in bank statement (Unrepresented Cheques)*	:					28,584,715.00
2 *Receipts in bank statement not recorded in cash book*	:					-
						-
Add:-						
3 *Payments in bank statement not in cash book*	:					-
4 *Receipts in cash book not recorded in bank statement*	:					198,112,000.00
Balance as per Cash book						**428,047,165.70**

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:

Signature	*Designation*	27/9/2018 *Date*

Checked by:

Signature	*Designation*	27/9/2018 *Date*

LAMU COUNTY CBK DEV ACC. NO. 1000171057

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30th June 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			**66,374,358.15**
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			94,939,060.20
2 *Receipts in bank statement not recorded in cash book* :			-
Add:-			
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
			29,720,746.20
Balance as per Cash book			**1,156,044.15**

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:	Alc	27/9/2018.
Signature	*Designation*	*Date*
Checked by:	Alc	27/9/2018
Signature	*Designation*	*Date*
Approved by:	DRS	27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T - CBK RECURRENT A/C 1000171146

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30TH JUNE 2018 **STATION: LAMU COUNTY**

		Sh		Sh		Sh
Balance as per bank statement						**79,382,142**
Less:-						
1 *Payments in cash book not in bank statement (Unrepresented Cheques)*	:					79,334,509
2 *Receipts in bank statement not recorded in cash book*	:					-
Add:-						
3 *Payments in bank statement not in cash book*	:					-
4 *Receipts in cash book not recorded in bank statement*	:					-
						47,633
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.

Prepared by:

Signature	ACC *Designation*	27/9/2018 *Date*

Approved by:

Signature	DAS *Designation*	27/9/2018 *Date*

LAMU COUNTY GOV'T CBK DEPOSIT ACCOUNT No. 1000242857

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30TH JUNE 2018 **STATION: LAMU COUNTY**

		Sh		Sh		Sh
Balance as per bank statement						**36,992,899**
Less:-						
1 *Payments in cash book not in bank statement (Unrepresented Cheques)*	:					-
2 *Receipts in bank statement not recorded in cash book*	:					-
						-
Add:-						
3 *Payments in bank statement not in cash book*	:					-
4 *Receipts in cash book not recorded in bank statement*	:					1,613,761
						38,606,661
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.

Prepared by:

Signature	Alc *Designation*	27/9/2018 *Date*

Approved by:

Signature	*Designation*	27/9/2018 *Date*

LAMU COUNTY SPECIAL PURPOSE ACCT NO. 1000268263

F.O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

as at 30 June 2018

Station LAMU COUNTY

		Sh.	cts	Sh.	cts	Sh.	cts
	Balance as per bank certificate:					4,100,313	.00
less:-	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
Add:-	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
	Bank Balance as per cash book					**4,100,313**	**.00**

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

Signature	*Designation*	***Date***
	DAS	27/9/2018

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)

CHEQUE No.	CHEQUE Date	PAYEE	AMOUNT	CHEQUE No.	CHEQUE Date	PAYEE	AMOUNT
							0.00

LAMU COUNTY VILLAGE POLYTECHNIC ACCOUNT: 1000367202

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30 JUNE 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			23,835,330.00
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			-
2 *Receipts in bank statement not recorded in cash book* :			-
Add:-			
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
			-
Balance as per Cash book			23,835,330.00

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:	A/c	27/9/2018.
Signature	*Designation*	*Date*
Checked by:	A/C	27/9/2018
Signature	*Designation*	*Date*
Approved by:		27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T KDSP ACCOUNT 1000371272

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 31ST JUNE 2018

STATION: LAMU COUNTY

		Sh	Sh	Sh
Balance as per bank statement				1,666,906.00
Less:-				
1 *Payments in cash book not in bank statement (Unrepresented Cheques)*	:			132,000.00
2 *Receipts in bank statement not recorded in cash book*	:			
Add:-				
3 *Payments in bank statement not in cash book*	:			-
4 *Receipts in cash book not recorded in bank statement*	:			-
				-
Balance as per Cash book				1,534,906.00

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:	Signature	ACo Designation	27/9/2018. Date
Checked by:	Signature	Alc Designation	27/9/2018 Date
Approved by:	Signature	DAS Designation	27/9/2018 Date

LAMU COUNTY - FUEL LEVY FUND ACCT NO. 1000247177

F.O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

as at 30 June 2018

Station LAMU COUNTY

		Sh.	cts	Sh.	cts	Sh.	cts
	Balance as per bank certificate:					41,672,748	.95
less:-	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
Add:-	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
	Bank Balance as per cash book					**41,672,748**	**.95**

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 ..... DATE: 27/9/18

APPROVED BY ..... DATE: 27/9/2018

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)

CHEQUE No.	CHEQUE Date	PAYEE	AMOUNT	CHEQUE No.	CHEQUE Date	PAYEE	AMOUNT
			0.00				0.00

LAMU COUNTY GOV'T REVENUE A/C 1140750615 - KCB BANK

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30TH JUNE 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			**5,262,338.01**
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			
2 *Receipts in bank statement not recorded in cash book* :			
			-
Add:-			
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
Balance as per Cash book			**5,262,338.01**

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:	A/C	27/9/2018
Signature	*Designation*	*Date*
Checked by:	A/C	27/9/2018
Signature	*Designation*	*Date*
Approved by:	DAS	27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T - KCB SALARY AC 1179132424

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30th June 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			87,906.28
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			-
2 *Receipts in bank statement not recorded in cash book* :			-
Add:-			
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
			-
Balance as per Cash book			87,906.28

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:	ACO	27/9/2018
Signature	*Designation*	*Date*
Checked by:	A/C	27/9/2018
Signature	*Designation*	*Date*
Approved by:	DAS	27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T DTB GRATUITY ACCOUNT: 0030469001

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30 JUNE 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			17,746,078.00
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			-
2 *Receipts in bank statement not recorded in cash book* :			-
Add:-			
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
			-
Balance as per Cash book			17,746,078.00

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:

Signature	ACO *Designation*	27/9/2018. *Date*

Checked by:

Signature	A/C *Designation*	27/9/2018 *Date*

Approved by:

Signature	DVS *Designation*	27/9/2018 *Date*

LAMU COUNTY GOV'T REVENUE A/C 0222660001 - DTB 1

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 31ST JUNE 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			1,437,697.00
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			
2 *Receipts in bank statement not recorded in cash book* :			
Add:-			
3 *Payments in bank statement not in cash book* :			
4 *Receipts in cash book not recorded in bank statement* :			-
Balance as per Cash book			1,437,697.00

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:	A/c	27/9/2018
Signature	*Designation*	*Date*
Checked by:	A/c	27/9/2018
Signature	*Designation*	*Date*
Approved by:	DAS	27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T REVENUE A/C 0222660002 - DTB 2

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30TH JUNE 2018 **STATION: LAMU COUNTY**

	Sh	Sh	Sh
Balance as per bank statement			**817,284.92**
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			
2 *Receipts in bank statement not recorded in cash book* :			
Add:-			-
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
Balance as per Cash book			**817,284.92**

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:	A/c	27/9/2018
Signature	*Designation*	*Date*
Checked by:	A/c	27/9/2018
Signature	*Designation*	*Date*
Approved by:		27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T REVENUE A/C 1590265264918- EQUITY BANK

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 31ST JUNE 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			**34,070.00**
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			
2 *Receipts in bank statement not recorded in cash book* :			
			-
Add:-			
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			**15,735.00**
Balance as per Cash book			**49,805.00**

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:

Signature	*Designation*	*Date*
	A/C	27/9/2018.

Checked by:

Signature	*Designation*	*Date*
	A/C	27/9/2018

Approved by:

Signature	*Designation*	*Date*
	DAS	27-9-2018

LAMU COUNTY GOV'T - EQUITY SALARY AC 1590265264437

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 31st MAY 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			3,257,138.55
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			-
2 *Receipts in bank statement not recorded in cash book* :			-
Add:-			-
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
Balance as per Cash book			3,257,138.55

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:	A/c	27/9/2018.
Signature	*Designation*	*Date*
Checked by:	A/c	27/9/18
Signature	*Designation*	*Date*
Approved by:	DAS	27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T REVENUE A/C 0500000301- GULF AFRICAN BANK

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 31ST JUNE 2018

STATION: LAMU COUNTY

		Sh	Sh	Sh
Balance as per bank statement				39.00
Less:-				
1	*Payments in cash book not in bank statement (Unrepresented Cheques)* :			
2	*Receipts in bank statement not recorded in cash book* :			-
Add:-				
3	*Payments in bank statement not in cash book* :			-
4	*Receipts in cash book not recorded in bank statement* :			-
				-
Balance as per Cash book				39.00

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:	A/C	27/9/2018
Signature	*Designation*	*Date*
Checked by:	A/C	27/9/2018
Signature	*Designation*	*Date*
Approved by:	DAC	27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T - GAB SALARY AC 0570000501

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30st JUNE 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			7,271.95
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			-
2 *Receipts in bank statement not recorded in cash book* :			-
Add:-			-
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
Balance as per Cash book			7,271.95

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:	*Signature*	A/C *Designation*	27/9/2018 *Date*
Checked by:	*Signature*	A/C *Designation*	27/9/2018 *Date*
Approved by:	*Signature*	DAS *Designation*	27/9/2018 *Date*

LAMU COUNTY GOV'T REVENUE A/C 009217001000205 - ABC LTD

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30TH JUNE 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			11,930.00
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			
2 *Receipts in bank statement not recorded in cash book* :			
			-
Add:-			
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
Balance as per Cash book			11,930.00

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

Prepared by:	A/c	27/9/2018
Signature	*Designation*	*Date*
Checked by:	A/c	27/9/18
Signature	*Designation*	*Date*
Approved by:	DRS	27/9/2018
Signature	*Designation*	*Date*

LAMU COUNTY GOV'T - KCB STANDING IMPREST AC 1140745603

F. O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30 JUNE 2018

STATION: LAMU COUNTY

	Sh	Sh	Sh
Balance as per bank statement			163,436.00
Less:-			
1 *Payments in cash book not in bank statement (Unrepresented Cheques)* :			-
2 *Receipts in bank statement not recorded in cash book* :			-
Add:-			-
3 *Payments in bank statement not in cash book* :			-
4 *Receipts in cash book not recorded in bank statement* :			-
Balance as per Cash book			163,436.00

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:	*Signature*	A/c *Designation*	27/9/2018 *Date*
Checked by:	*Signature*	A/c *Designation*	27/9/2018 *Date*
Approved by:	*Signature*	BAS *Designation*	27/9/2018 *Date*