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 2016

OFFICE OF THE AUDITOR GENERAL
P.O.Box 30084-00100 NAIROBI
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MOMBASA HUB

COUNTY EXECUTIVE OF LAMU

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Executive 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 is under the following key organs:

- H. E Issa Timammy – Governor
- H. E Eric Mugo – Deputy Governor
- Mr Atwaa Salim Mohamed – CECM-Finance
- Dr. Mohamed Kombo – CECM-Health
- M/s Amina Rashid Masoud – CECM-Lands
- Mr. Khamis Kaviha – CECM-Education
- M/s Samia Omar Mbwana – CECM-Trade
- M/s Grace Mburu – CECM- Fisheries
- Mr. Ahmed Albeity – CECM-ICT
- Mr. Fadhil Maamun – Secretary to County Public Service Board
- Mr. Siyat Osman – Lamu County Secretary

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Officer - Finance	- Mr. Atham Ahmed Athman
2	Director of Accounting Services	- Mr. Sanawa Zablon Manoah
3	Head of Treasury	- Ms. Aisha Muchile Mohamed

(d) Fiduciary Oversight Arrangements

The County Executive fiduciary oversights are under the County Assembly of Lamu and the Auditor General Office.

(e) Entity Headquarters

P.O. Box 74-80500
Harambee Avenue
Lamu Langoni

(f) Entity Contacts

Telephone: (254) 7240-031-166
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

(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

II. FORWARD BY THE CECM FINANCE, STRATEGY AND ECONOMIC PLANNING

In our pursuit to improve on transparency and accountability in public financial management, I present the 2015/2016 of the financial year report for the County Executive of Lamu. The County Government 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 programmes and projects to be included in successive County budgets. In this the county government had been able to put more emphasis to development activities which are responsive to the citizen needs by addressing the growing recurrent cost.

During the period under review, the County Executive of Lamu approved budget was **Kshs 3.1 billion** and the county was able to utilize **Kshs 2.5 billion** translating to utilization level of **93%** of the budget. The County allocated **Kshs 1.2 billion** to **development expenditure** and the County was able to utilize **68%** of the budgeted while **Kshs 1.5 billion** was allocated for recurrent expenditure; the County was able to utilize **115%** of the recurrent vote. There was a positive increase on budget absorption for both recurrent and development votes compared to FY 2014 -15.

The County Executive intends to enhance Monitoring and Evaluation (M&E) for development projects to enhance budget absorption on development vote. To enhance governance at the County level, we are in the final process of forming the Lamu County Budget and Economic Forum and Lamu County Audit Committee. This will go a long way in enhancing fiscal responsibility and governance.

ATWAA SALIM MOHAMED
CECM - FINANCE
LAMU COUNTY GOVERNMENT

HON. ATWAA SALIM MOHAMED
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, STRATEGY AND ECONOMIC PLANNING

III. 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 revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board (PSASB).

The County Executive Committee Member for Finance of the County Executive is responsible for the preparation and presentation of the County Executive financial statements, which give a true and fair view of the state of affairs of the County Executive for and as at the end of the financial year ended on June 30, 2016. 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 Executive; (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 Executive; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance 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 CEC member for finance is of the opinion that the County Executive financial statements give a true and fair view of the state of the County Executive transactions during the financial year ended June 30, 2016, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive 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 CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive 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 CEC member for finance confirms that the County Executive financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Executive's financial statements were approved and signed by the CEC member for finance on _____ 2017.

ATWAA SALIM MOHAMED
CECM – FINANCE
LAMU COUNTY GOVERNMENT

_____
County Executive Committee Member – Finance

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE COUNTY EXECUTIVE OF LAMU FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Executive of Lamu set out on pages 7 to 47, which comprise, statement of assets as at 30 June 2016, the statement of receipts and payments, statement of cash flow, and summary statement of appropriation 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.

Management's Responsibility for the Financial Statements

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 such 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.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Government's internal control. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis of Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1.0. Variances between the Financial Statements and IFMIS

Comparison of the balance reflected in the financial statements for the year ended 30 June 2016 compared with the respective account totals in the Integrated Financial Management Information System (IFMIS) report revealed discrepancies totalling Kshs.4,9655,266,659 as tabulated below:

Details	Financial Statements Amount Kshs	IFMIS report Amounts Kshs	Variance Kshs
Receipts	2,285,004,026	25,962,340	2,259,041,686
Payments	2,492,148,494	2,237,591,924	254,556,570
Cash and Bank	703,567,478.93	2,920,901,574	(2,217,334,095)
Receivables	7,618,009	62,855,776	(55,237,767)
Payables	125,683,997.93	5,331,977,051	(5,206,293,053)
Total	**5,614,022,005.86**	**10,579,288,665**	**(4,965,266,659.14)**

In addition, according to Note 26.1 to the financial statements, pending accounts payables amounted to Kshs.146,631,411.13 as at 30 June 2016. However, according to the IFMIS vote book, the total outstanding commitments amounted to Kshs.121,238,392 as at 30 June 2016 thus leading to unreconciled variance of Kshs.25,393,019.13.

In view of the foregoing, the accuracy and completeness of the financial statements for the year ended 30 June 2016 cannot be confirmed.

2.0. Unsupported Payments

The statement of receipts and payments reflects payments totalling Kshs.2,492,148,494.62 whose supporting schedules were not presented for audit review. The payments are summarized below:

2.1. Unsupported Expenditure

Item	Amount (Kshs)
Compensation of employees	666,170,943.15
Use of goods and services	455,132,467.42
Transfers to Other Government Units	384,454,305.30
Other grants and transfers	97,945,153.50
Social Security Benefits	23,628,180.60
Acquisition of assets	851,335,343.75
Other Payments	13,482,100.90
Total	**2,492,148,494.62**

In the circumstance, the accuracy and completeness of the expenditure totalling Kshs.2,492,148,494.62 cannot be confirmed.

2.2. Unsupported Payment of Assets

Included in the acquisition assets balance as at 30 June 2016 is expenditure totalling Kshs.173,408,040 on procurement of various goods and services. However, the respective payment documents were not presented for audit review:

No.	Item	Amount Kshs
1	Supply and Installation of Solar Street and Flood Lights	33,876,958
2	Uziwa – Ngoi Access Road	5,244,000
3	County Spatial Plan	39,478,720
4	Department of Education Development Projects	94,808,362
	Total	**173,408,040**

Further, procurement documents were not presented for audit verification contrary to Section 68 (6) of the Public Procurement and Asset Disposal Act, 2015 which requires the Accounting Officer to maintain a filing system with clear links between procurement and expenditure files to facilitate an audit trail.

In the circumstance, it has not been possible to confirm the accuracy and completeness of the expenditure totaling Kshs.2,492,148,494.62 reportedly incurred on acquisition of assets and reflected in the financial statements for the year ended 30 June 2016.

3.0. Cash and Bank Balances

3.1. Unsupported Bank Balances

The statement of financial assets as at 30 June 2016 reflects bank balances totalling Kshs.695,860,985.48. However, the following bank accounts were not supported with cash books or bank reconciliation statements for the year under review:

No	Bank	Account details	Amount (Kshs.)
1	Equity	Lamu County Ministry of Health (KEPI)	210,695.45
2	Equity	Lamu County Government Salary Account	0
3	Diamond Trust Bank	County Demand Side Financing	338.27
4	Diamond Trust Bank	Lamu County Revenue Account	967
5	Diamond Trust Bank	Lamu County Ministry of Health	383.50
6	Gulf bank	Evaluation and Monitoring account	114
	Total		**212,498.22**

As a result, it has not been possible to confirm the validity and accuracy of the bank balance totalling Kshs.212,498.

3.2. Bank Account Omitted in the Financial Statements

According to Note 22A to the financial statements, the bank balance amounting to Kshs.695,860,985.48 relates to twenty (20) bank accounts. However, according to bank confirmation documents presented for audit, the County Executive operates Lamu County Emergency Fund account at Diamond Trust Bank which had a balance of Kshs.196,635.46 as at 30 June 2016 but the account is not included in the list of bank accounts disclosed in these financial statements.

Consequently, the accuracy and completeness of the bank balance of Kshs.695,860,985.48 as at 30 June 2016 cannot be confirmed.

4.0. Outstanding Imprest

According to Note 23 to the financial statements, the County Executive of Lamu had un-surrendered imprests totalling Kshs.7,618,009 as at 30 June 2016. The audit revealed the following about the imprest balance:

4.1. Variance between Financial Statements and IFMIS balances

According to the IFMIS report, outstanding imprests amounted to Kshs.62,855,776 against Kshs.7,618,009 reflected in the financial statements thus resulting in a variance of Kshs.55,237,767 which has not been reconciled.

4.2. Long overdue imprest balances

Included in the outstanding imprest of Kshs.7,618,009 as at 30 June 2016 are imprests totalling to Kshs.3,146,341 outstanding for more than six (6) months contrary to Section 93 (5) of Public Finance Management Regulations 2015 which provides that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to his or her duty station. Therefore, the imprests were held in breach of the law.

4.3. Multiple imprest

Audit examination further revealed that six (6) officers held more than one imprest contrary to Section 93 (5) of Public Finance Management Regulations 2015. The imprests totaled Kshs.2,587,131.

In the circumstance, the activities for which the imprests were issued may not have been undertaken. It was also not clear why the Accounting Officer failed to recover the imprests from the respective officers' salary.

In view of these anomalies, the accuracy, propriety and regularity of the outstanding imprest balance of Kshs.7,618,009 as at 30 June 2016 could not be ascertained.

5.0. Proceeds from Domestic and Foreign Grants

The statement of receipts and payments reflects expenditure totalling Kshs.17,022,526 in respect of domestic and foreign grants for the year ended 30 June 2016. Note 3 to the financial statements reflects Kshs.7,640,000 received from the Danish International Development Agency (DANIDA) while the report of the Controller of Budget indicates that funds from DANIDA amounted to Kshs.3,820,000 leading to a variance of Kshs.3,820,000. Audit verification of the bank statements of the County Revenue Fund account revealed that the variance related to transfer of a sum of Kshs.3,820,000 credited to the bank account on 5 July 2016. The presentation in the financial statements was contrary to Section 97(4) of the Public Finance Management

Regulations, 2015 which provides that any cash transaction after the end of the financial year on 30 June, would not be treated as pertaining to the previous financial year.

Consequently, the accuracy and completeness of domestic and foreign grants balance of Kshs.7,640,000 cannot be ascertained.

6.0. Other Revenues

6.1. Under-collection

The statement of receipts and payments reflects a balance of Kshs.53,143,417 in respect of other revenue for the year ended 30 June 2016. According to the approved budget estimates for 2015/2016 financial year, the County Government of Lamu was expected to collect Kshs.107,000,000 from local sources. The receipts of Kshs.53,143,417 represent 49.6% of the targeted amount. The under-collection of revenue implies that there were constraints that affected implementation of the budgeted activities.

6.2. Unrecorded Revenue

Note 11 to the financial statements indicates that other receipts balance of Kshs.53,143,417 for the year ended 30 June 2016 includes receipts from administrative fees and charges totalling Kshs.6,138,420. Audit verification of records availed for audit revealed that revenue totalling Kshs.2,585,500 from single business permits was not surrendered to the County Treasury or banked in the revenue bank account contrary to the Public Finance Management Act, 2012. Section 157 of the Act requires any Receiver of County Government revenue to ensure that the revenue for which the Receiver is responsible is collected or recovered, and is accounted for.

Further, according to the report of the Controller of Budget, County Government of Lamu collected a total of Kshs.57,324,400 resulting to unreconciled variance of Kshs.4,180,983.

As a result, the accuracy and completeness of other revenue totalling Kshs.53,143,417 cannot be ascertained.

6.3. Unaccounted for Receipt Books

According to an audit review and a task force report undertaken by the County Government during the period under review, out of total of 1,311 revenue receipt books issued to various revenue collectors since the inception of the County Government, only 619 books had been surrendered. Out of the remaining 692 books, 282 receipt books could not be traced.

Further, as reported in 2014/2015 audit report, the County Government has engaged a number casuals as revenue collectors and supervisors as well as recorders of revenue clerks.

It is not clear why the County Government opted to entrust a highly sensitive function to casuals.

6.4. Other Property Income

Note 11 to the financial statements reflects other property income totalling to Kshs.2,408,293 collected during the year ended 30 June 2016. Audit verification of the income balance revealed the following anomalies:

6.4.1. Valuation Roll

During the period under review, the County Executive procured the services of a land surveyor at total cost of Kshs.10,255,250 to prepare a valuation roll for the County. Audit verification of the procurement process revealed that the tender was awarded despite all the three bidders not submitting a bid bond which was a mandatory requirement cited in the tender document. It was not clear why the tender was not terminated as required by Section 63(1-f) of the Public Procurement and Assets Disposal Act, 2015 which states that an Accounting Officer of a procuring entity, may, at any time, prior to notification of tender award, terminate or cancel procurement or asset disposal proceedings without entering into a contract where all evaluated tenders are non-responsive.

In addition, as at the time of audit, there was no evidence that the valuation roll had been published through a Gazette Notice as required by the law. In the circumstances, the regularity of the expenditure of Kshs.10,255,250 incurred on hire of the survey or during the year ended 30 June 2016 could not be ascertained.

6.4.2. Outstanding Balance

As reported in 2014/2015 audit report, Note 11 to the financial statements, includes other property income totalling Kshs.2,408,293. However, the outstanding balance of property rates at the start and end of the financial year was not provided for audit verification.

In the circumstance, the accuracy and completeness of other property income of Kshs.2,408,293 reported to have been collected during the year under review could not be ascertained.

7.0. Use of Goods and Services

Note 13 to the financial statements indicates that use of goods and services amounted to Kshs.455,132,467.42 during the year ended 30 June 2016. Audit verification revealed the following anomalies:

7.1. Domestic Travel and Subsistence

Included in the balance of Kshs.455,132,467.42 expenditure on travel and subsistence is a sum of Kshs.83,705,719.05 incurred on domestic travel. However, audit verification revealed the following:

i. A total of Kshs.500,000 was paid to five officers to undertake monitoring and evaluation of projects for seven days. However there was no evidence of how they were appointed, the activities they were to carry out and the expected outcome of their work. In addition, there was no report on the work done. It was also not clear why the team did not use the official vehicle during the exercise.

ii. Night-out allowances totalling Kshs.722,400 were paid to twenty two officers for work done during closure of the financial year. However, the memo attached to the payment voucher was neither signed nor approved. It was also not clear why night-out rates were used to pay the officers for working extra time. In addition, it was not explained why the allowance was paid through a payment voucher instead of the payroll and, further, why no tax was deducted.

Consequently, the propriety of domestic travel and subsistence expenditure totalling Kshs.1,222,400 for the year ended 30 June 2016 could not be ascertained.

7.2. Irregular Low-value Purchases

Audit verification revealed that the County Executive incurred expenditure totalling Kshs.13,340,451 through low-value purchases contrary to Section 107 of the Public Procurement and Asset Disposal Act, 2015. The expenditures are detailed below:

Department	Amount (Kshs)
Lands, Physical Planning	7,228,107
ICT	5,028,054
Education, gender and social services	1,084,290
Total	**13,340,451**

The items and services procured were prequalified and it was not clear why the County Executive could not source from the prequalified suppliers. Therefore, the purchases were made contrary to breach of the law.

Consequently, the propriety and regularity of use of goods and services expenditure totalling to Kshs.13,340,451 incurred during the year ended 30 June 2016 cannot be confirmed.

8.0. Acquisition of Assets

Note 18 to the financial statements reflects an acquisition of assets balance of Kshs.851,335,343.75 as at 30 June 2016. Audit verification revealed the following anomalies in relation to the balance:

8.1. Asset Register

As reported in year 2014/2015, Annex 4 to the financial statements reflects a summary of assets totalling Kshs.922,490,658.25 as at 30 June 2016. However, this balance does not include assets acquired in 2014-2015 and prior years.

Further, the summary of the fixed asset register included in Annex 4 to the financial statements was not supported with the County Government's fixed asset register. This was contrary to Section 149 (1) (o) of the Public Finance Management Act, 2012 which requires the Accounting Officer for the County Government to establish adequate control systems and processes including an asset register that is current, accurate and available to the relevant County Treasury.

Furthermore, the management has not explained how the handing-over process of the defunct local authorities' assets was conducted including whether the handing over report of the assets and liabilities to the County Government was published.

In the circumstance, the propriety, accuracy and completeness of the assets balance of Kshs.922,490,658.25 as at 30 June 2016 could not be confirmed.

8.2. Procurement Irregularities

8.2.1 Advance Payment

As reported in the 2014/2015 audit report, an advance payment amounting Kshs.18,692,200 was made to a contractor hired to build the County headquarters. However, review of expenditure documents indicated that the payment was made before the site was handed over to the firm. In addition, there was no evidence that the firm submitted an advance payment guarantee as security. The omission was contrary to the Public Procurement and Disposal Act, 2015. The County Government may lose public funds in the event the contractor fails to perform the contract as expected. In addition, completion of the project delayed and as at the time of audit, the building had not been handed over by the contractor. The residents of Lamu County may take long to realize value-for-money from the project.

8.2.2 Project Verifications

Review of project files presented for audit and physical verification of projects costing Kshs.173,408,040 revealed the following:

No.	Item	Amount (Kshs)	Anomaly
1.	Supply and Installation of Solar Street and Flood Lights	33,876,958	The bills of quantities for the works and the project file were not availed for audit verification. As a result, It was not possible to confirm the number, type, quality and locations to be installed. In addition, a payment of Kshs.435,028 made to an individual for installation of solar power panels was neither supported with procurement documents nor a payment certificate. Further, the project was not verified due to lack of vital information
2	Uziwa – Ngoi access road	5,244,000	Bills of quantities, payment certificates, and signed contracts were not availed while the attached LSO was not dated. In addition, audit inspection revealed that the road was overgrown with shrubs implying that no work had been done;
3	County Spatial plan	39,478,720	The contract agreement for audit was based on an expired contract between the defunct Ministry of Local Government and consultancy firm contracted to undertake spatial planning for the defunct County Council of Lamu. However, there was no evidence of official project hand-over by the Ministry of Devolution which had taken over roles of the defunct Ministry. According to a letter from the Ministry of Lands, Housing and Urban Development, out of the initial contract price of Kshs.99,228,256, the Ministry had paid the consultant a total of Kshs.70,951,446. Therefore, the payment of Kshs.39,478,720 by the County Government, resulted to an overpayment of Kshs.11,204,910 above the initial contract price of Kshs.99,228,256.
4	Department of Education development projects	94,808,362	Procurement documents and project files for fifty eight (58) development projects were not availed for audit

			verification. Therefore it was not possible to verify the validity and occurrence of the expenditure
	Total	**173,408,040**	

In view of these anomalies, the propriety, regularity and completeness of acquisition of assets expenditure of Kshs.173,408,040 could not be confirmed.

8.2.3 Irregular Procurement Method

Records presented for audit revealed that the County Executive of Lamu used requests for quotation method to procure goods and services at a total cost of Kshs.67,732,847 as shown below:

No.	Item	Amount (Kshs)
1	Supply and Installation of Solar Street and Flood Lights	33,876,958
2	Rehabilitation of Mpeketoni Roads	19,933,709
3	Supply, delivery and construction of HDPE Pipeline and Installation of Generator in Kiwayuu	3,960,100
4	Rehabilitation of Amu Seafront	9,962,080
	Total	**67,732,847**

However, audit verification revealed that the procurement was done through request for quotations contrary to Section 105 of the Public Procurement and Asset Disposal Act, 2015 which provides that the method may be used as long as the estimated value of the goods, works or non-consultancy services procured is less than or equal to the prescribed maximum value of Kshs.one million shillings for goods.

In the circumstance, the propriety and regularity of expenditure amounting to Kshs.67,732,847 on acquisition of assets for the year ended 30 June 2016 could not be ascertained. In addition the County Executive may not have realized value-for-money due to lack of competition.

9.0. Other Grants and Other Payments

Note 16 to the financial statements indicates that other grants and payments balance of Kshs.97,945,153.50 for the year ended 30 June 2016 includes emergency relief and refugee assistance expenditure totalling Kshs.47,945,153.50. This includes a payment of Kshs.5,000,000 being transfer made to the emergency fund bank account. However, the cash book for the bank account and legislation by the County Assembly establishing the

emergency fund in line with Section 110 (1) of the PFM Act, 2012 was not presented for audit verifications.

In the circumstance, the regularity and completeness of other grants and payments expenditure totalling to Kshs.5,000,000 for the year ended 30 June 2016 could not be confirmed.

10.0. Funds from the Transition Authority

As reported in the 2014/2015 financial year audit report, the defunct Transition Authority indicated that the County Government directly received Kshs.61,592,000 and an additional Kshs.2,000,000 through the County Commissioner all totalling Kshs.63,592,200. The letter indicated that the funds were not accounted for.

The County Executive management has not disclosed in these financial statements or explained how Kshs.63,592,200 transferred from the Transition Authority was accounted for.

11.0. Pending Bill

11.1. Prior Year

As reported in 2014/2015 audit report, the County Government of Lamu paid 2013/2014 pending bills totalling to Kshs.21,615,494. However, according to the 2013/2014 audited financial statements, no pending bill was outstanding as at 30 June 2014 and it is not clear how the pending bills were accrued. In addition, the 2014/2015 approved budget estimates had no budget provision for pending bills and it is not clear which vote the management used to pay the pending bills. The County Government may have irregularly reallocated funds from the approved budget lines to pay pending bills contrary to the Public finance management Act, 2012 Section 154(1). The Act prohibits an Accounting Officer from authorizing the transfer of appropriated funds.

In addition, audit verification revealed that the County Government does not maintain a pending bills register.

It has therefore not been possible to verify the accuracy and completeness of the pending bills paid totalling Kshs.21,615,494 for the financial year 2014/15.

12.0. Budget Control and Performance

The County Executive of Lamu had a total budget of Kshs.2,669,525,277 voted for the financial year 2015/2016 comprising of Kshs.1,217,194,573 for development and Kshs.1,452,330,704 for recurrent expenditure. This was an increase of 6.4% compared to 2014/2015 financial year budget of Kshs.2,509,718,275.

The budget was absorbed was as follows:

Item	Budgeted Allocation 2015/2016 Kshs	Actual Expenditure 2015/2016 Kshs	Under Absorption Kshs	Absorption in %
Development	1,217,194,573	828,827,742	388,366,831	68
Recurrent	1,452,330,704	1,663,320,752	(210,990,048)	115
Total	**2,669,525,277**	**2,492,148,495**	**177,376,782**	**93**

The absorption of the budget is analysed below:

12.1. Development Vote

Records presented for audit review indicated that Kshs.1,217,194,573 was budgeted under development vote for the year under review. However, as at the end of the financial year on 30 June 2016, only Kshs.828,827,742 had been spent leaving a balance of Kshs.388,366,831 or 32% unutilized contrary to Section 107 of the Public Finance Management Act, 2012 that requires the County Government to adhere to fiscal objectives set out in the Budget Policy Statement.

Further, audit review indicated that the County Government of Lamu has ten (10) departments whose budget (absorption) performance for the year under review is detailed below:

Entity	Budget 2015-2016 (Kshs)	Actuals 2015-2016 (Kshs)	Under-Absorption (Kshs)	% Under-absorption
County Executive	195,079,579	161,261,471	33,818,108	17
Finance, Economy & Strategic Planning	26,331,640	25,127,308	1,204,334	5
Agriculture	54,559,752	50,324,157	4,323,242	8
Land, physical, Planning, water& nat. Resources	298,408,825	244,813,850	53,594,975	18
Education,gender,youth affairs, Sports & Social Services	234,404,278	203,977,447	30,426,831	13
Health services, sanitation & environment	366,555,565	160,905,753	205,649,812	56
Trade, Investment, Culture & Tourism	47,232,400	43,836,071	3,396,329	7
Fisheries, Livestock, veterinary & Cooperative Dev	78,783,700	44,251,351	34,532,349	44

Information, Communication & E-govt	15,838,834	3,773,504	12,065,330	76
County Public Service Board	0	0	0	0
Total	**1,217,194,573**	**828,827,742**	**388,366,831**	**32**

Therefore, the County Executive did not utilize a total of Kshs.388,366,831 or 32% of the County Executive's development budget. The County departments of information, communication and e-government, fisheries and health had the highest unutilized development budget ratio at 76%, 44% and 56% respectively.

The management has not explained failure by the departments to utilize all the funds budgeted for development projects.

12.2. Recurrent Vote

Budget performance under the recurrent budget amounting to Kshs.1,452,330,704, is tabulated below:

Item	Budget 2015-2016 Kshs	Actuals 2015-2016 Kshs	Under-(Over) Expenditure Kshs	%
Compensation of Employees	714,500,136	666,170,943.15	48,329,193	7
Use of Goods and Services	450,501,705	433,064,250.12	17,437,455	4
Acquisition of assets	128,838,872	109,174,397.60	19,664,474	15
Other Grants and Transfers	44,297,295	41,849,513.50	2,447,782	6
Transfers Other Government Units	41,979,071	335,951,366.30	(293,972,295)	(700)
Social Security Benefits	32,213,623	23,628180.60	8,585,442	27
Repayment of principal on domestic borrowing	40,000,000	40,000,000	0	0
Other Expenses	0	13,482,100.90	(13,482,101)	(100)
Total	1,452,330,704	1,663,320,752	(210,990,048)	**(115)**

As the analysis shows, the County over-spent by Kshs.210,990,048 or 15% of the budget as at the end of the financial year. The analysis reveals that transfers to other government units vote was over-spent by Kshs.293,972,295

or 700%. Most of the transfers were made to the County Assembly but there were other expenses totalling Kshs.13,482,100.90 that had not been budgeted for. The expenses reflected unauthorized reallocation of funds contrary to the Public Finance Management Act.

12.3 County Executive Department

During the financial year under review, the department of the County Executive was allocated a Kshs.571,662,118 comprising of Kshs.195,079,579 for development expenditure and Kshs.376,582,539 for recurrent expenditure. Under the development vote, the department utilized Kshs.161,261,471 (82% of the budget) as shown below:

Budget Vote	Budget Amount (Kshs)	Actual Expenditure (Kshs)	Under-Absorption (Kshs)	%
Non-Residential Buildings	185,079,579	157,815,986	27,263,593	15
Purchase of Fire fighting Vehicles and Equipment	10,000,000	3,445,485	6,554,515	65
Total	**195,079,579**	**161,261,471**	**33,818,108**	**17**

The management has not explained why Kshs.6,554,515 or 65% of the amount budgeted for purchase of fire-fighting vehicles and equipment budget has not been utilized. Failure to utilize the funds denied the residents of Lamu County critical fire-fighting equipment and thus put their lives and property at risk.

12.4 Office of the Governor

Out of the department's total recurrent budget of Kshs.571,662,118 the office of the Governor was allocated Kshs.136,793,060 or about 24% of the department's total budget for the department:

Tabulated below is the budget expenditure analysis:

Budget Vote	Budget Amount (Kshs)	Actual Expenditure (Kshs)	Under-Absorption (Kshs)	Over-Absorption Ratio
Basic Salaries	27,464,699	26,356,534	1,108,165	4.03%
Allowances	17,556,600	11,304,962	6,251,638	35.61%
Insurance	15,050,000	14,122,501	927,499	6.16%
Telephone & postage	2,643,645	2,426,120	217,525	8.23%
Printing	940,000	795,237	144,763	15.40%
Rent	1,980,000	1,948,580	31,420	1.59%

Training	11,580,550	10,093,042	1,487,508	12.84%
General office	11,100,417	11,097,500	2,917	0.03%
Maintenance	5,651,035	5,610,257	40,778	0.72%
Social Security	4,247,284	2,186,371	2,060,913	48.52%
Contracted Professional Services	4,813,230	4,813,230	-	0.00%
Refurbishment of buildings	1,500,000	1,474,000	26,000	1.73%
Purchase of motor vehicles	7,760,000	7,751,050	8,950	0.12%
Purchase of office equipment	4,778,056	4,420,552	357,504	7.48%
Purchase of ICT equipment	3,831,300	1,673,901	2,157,399	56.31%
Travel	11,274,569	11,249,022	25,547	0.23%
Fuel	4,621,675	4,584,347	37,328	0.81%
Total	**136,793,060**	**121,907,207**	**14,885,853**	**10.88%**

The following was noted:

i. A balance of Kshs.14,885,853 representing 11% of the department's budget was not utilized. The underutilization of the funds may have impacted the delivery of goods and services to the public negatively;

ii. Out of the total expenditure of Kshs.121,907,207, a total of Kshs.11,249,022 representing 9% of the Office's expenditure was spent on local and foreign travel;

iii. Out of the allocation of Kshs.3,831,300 made to purchase of ICT equipment, Kshs.2,157,399 representing 59% of the voted amount was unspent.

13.0. Project Implementation

Records presented for audit indicate that a total of Kshs.1,317,194,573 was allocated to nine (9) departments to finance a number of projects during the year under review. The projects were to be implemented within the financial year. However, according to the project status reports for eight (8) departments, out of 212 projects earmarked for implementation, only 171 projects were started during the financial year as shown in the appendix to this report.

From the portfolio of 214 projects, 109 projects were completed while the balance 105 projects representing 49% of the portfolio had not been completed as at 30 June 2016.

The departments of Health and Education had the leading number of unimplemented projects which brings to question the departments' capacity to absorb development budget allocations. The department may have denied funds to other essential services.

Delayed implementation of projects may indicate failure to provide goods and services to the citizens of Lamu County. Further, due to inflationary factors, project costs could escalate with time at the expense of taxpayers.

13.1. Project Status

From a sample of projects inspected, the audit revealed following:

Project	Budget allocation (Kshs)	Payments as at 30 June 2016 (Kshs)	Observations
Construction of new dispensaries at Kishakairu, Ishakani, Sinambio, Tewe	20,000,000	16,917,434	Completed but not in use
Construction of Theatre at Witu dispensary	17,000,000	10,859,934	Theatre completed but not in use
Construction of Muhamarani maternity wing	3,300,000	2,899,773	Completed but not in use
Compensation of farmers	1,500,000	1,955,000	The payments were for compensation of farmers for trees cut to lay power poles
Witu Grain Store	3,900,360.80	1,560,144.32	Contractor not on site
Faza grain store	4,795,556	4,795,556	Project was not verified as it was indicated to have been constructed in a different location
General Renovation of King Fahd hospital	10,000,000	11,630,154	Project not verified due to lack of project file

			including BQ, contract
Construction of Faza Fisheries Office	1,500,000	1,641,005	Project is complete but not in use.
Kizingitini Ice Plant	5,000,000	5,000,000	Ice plant not installed Water not connected
Construction Tchwunda Hay Store	2,000,000	1,900,000	Project is complete but not in use.
Total	**68,995,916.8**	**59,159,000.32**	

As stated, the street lighting project, general renovation of King Fahd Hospital and Faza Grain Store were not verified due lack of key information about the projects. Therefore, the existence of the projects costing Kshs.59,159,000.30 could not be confirmed. In addition, most of the projects were not branded and it was therefore not possible to confirm whether they were funded by the county government or other government agencies.

13.2. Projects Not Started

The project status report presented for audit revealed that the following forty (40) projects budgeted to cost Kshs.138,266,579 had not commenced as at 30 June 2016:

No.	Project	Estimated Cost (Kshs)
1	Upgrading of Mokowe Health centre	10,000,000
2	Renovation of H/facilities-Siyu	1,666,579
3	Purchase of Equipments	7,500,000
4	Rehabilitation of drug addicts	500,000
5	Renovation of Witu health centre	1,000,000
6	Construction of Hongwe Dispensary	2,000,000
7	Completion of Bomani Dispensary	1,400,000
8	Construction of Uziwa Dispensary	4,000,000
9	Completion of Witu Accident & Emergency unit and Laundry unit-	12,000,000
10	Completion of Faza Hospital renovations, Construction of Parameter wall and service block	12,000,000
11	Construction and furnishing of a new Health Centre at Hindi 15m & Moa 5m	20,000,000
12	Construction of Laundry unit at Mpeketoni	5,000,000
13	Renovation of Laboratories Faza,	2,500,000

14	Renovation of Laboratories Mpeketoni	4,500,000
15	Renovation of Laboratories Witu	1,000,000
16	Establishing of 2 Community health units@1,500,000	3,000,000
17	Waste Water Drainage at Langoni	3,000,000
18	Provision of Public toilets- Witu & Lamu	3,000,000
19	Procurement and installation of bottle crasher	800,000
20	Procurement of garbage collection tractor-Pate	4,000,000
21	Securing and Fencing Hindi Stadium	4,000,000
22	Renovating Kizingitini polytechnics classes/workshop/staffc	5,000,000
23	Fencing of play ground Faza and Kiunga	2,000,000
24	Mokowe and Hindi ground	5,000,000
25	3 secondary school classes and 2 toilets Hongwe	3,000,000
26	Bora imani ECD	2,000,000
27	Madina	2,000,000
28	Workshop Construction at Witu Polytechnic	3,000,000
29	bush clearing and goalposts for Mangai, Milimani and Basuba village	800,000
30	Ndau stadium levelling	200,000
31	Mpeketoni Basket-ball Court	200,000
32	Mokowe Basket-ball Court	200,000
33	Kizingitini Basket-ball Court	200,000
34	Witu mjini Basketball	200,000
35	Twaif grounds development	100,000
36	Nyambogi social hall (phase 1)	2,000,000
37	Mangai social hall	4,000,000
38	County Information Services coordination	3,000,000
39	Information Resource Centre at Lamu Town	1,000,000
40	County documentary	1,500,000
	Total	**138,266,579**

The management has not explained why the approved projects were not undertaken within the financial year they were due for implementation.

13.3. Delayed completion of the Lamu County Headquarters

Information presented for audit review indicated that the project for construction of the Lamu County Headquarters was expected to have been completed in June 2016. However, as at the time of audit (January, 2017) the building works appeared complete but had not been handed over to the County Government by the contractor.

The following facts were also noted:

i). A total of Kshs.119,714,791.63 had been paid to the contractor since inception of the contract.

ii). The procurement and the project files were not availed for audit verification. Therefore, it was not possible to verify the works and confirm whether any contract variations or extensions sought and allowed were regular;

iii). The building was constructed using fabricated steel materials which exposed the steel to corrosion due the salt in the moisture. As a result, maintenance cost may be uneconomical in the long run.

Although the management indicates that the building was handed over in February 2017, there is no evidence that it had been put to use.

In the circumstances, the residents of Lamu may take longer to realize value for money from the project.

13.4. Stalled projects

The project status report further indicated that the six projects cited in the following table had stalled:

No.	Project Title	Amount Budgeted (Kshs)	Actual Expenditure (Kshs)	Status
1	Survey of Mokowe Town	5,000,000	4,003,932	Stalled due to Petition
2	Hindi/Magogon Settlement Scheme Phase II	30,000,000	5,658,000	Stalled due to Petition
3	Construction of Bus Stage ,Pate,Siyu,Tchundwa, Mbajumwali and Nyambogi	1,000,000	563,050	Stalled contractor not in site
4	Construction of ECD classroom at Pandanguo	1,951,026	1,800,000	Walling done up to lintel level, area overgrown by shrub, no contractor on site.
5	Witu Grain Store	3,900,360.80	1,560,144	Project stalled, contractor not on site
6	MOA Primary School ECD Classroom	2,000,000	944,549	At window level, contractor not on site
	Total	**43,851,386.8**	**14,529,675**	

In view of the stoppages in implementation of the projects, the public has not enjoyed services due from the projects. Further, public funds amounting to Kshs.14,529,675 invested in the projects may go to waste if measures are not put in place to revive the projects and implement them without further delay.

13.5. Non-Existent Project

According to the project status report and payment vouchers presented for audit verification, Kshs.5,244,000 was paid in the months of May 2016 for works undertaken on Uziwa – Ngoi Access road. However, audit inspection of the project done a few months later revealed overgrown shrubs on the road thus suggesting that no works were carried out. In addition, the project file containing the contract, Bills of Quantities and procurement documents was not availed for audit verification. In the circumstance, it was not possible to confirm that the expenditure amounting to Kshs.5,244,000 was a proper charge on public funds.

13.6. Substandard work and Inflated Cost -Construction of Pit Latrine-Ungu

Audit inspection of the construction of pit latrine at Ungu ECD revealed the following:

i). Deep and wide cracks had developed on the walls despite evidence of repairs done;

ii). The slab was sinking heavily. It was expected that the situation would get worse during the rains;

iii). The pit hole had been fitted with a sink which requires constant flashing with water. However, the toilets are not fitted with water and therefore the latrines were blocked thus exposed the pupils to health risks;

iv). According to the project status report, a total of Kshs.1,700,000 had been spent on the project against a budget of Kshs.1,084,000. Similar projects in Mpeketoni, Kililana and Bora Imani had cost Kshs.1,021,000, Kshs.1,300,000 and Kshs.1,000,000 respectively.

In the circumstance, public funds spent on the project did not yield value-for-money to the residents of Lamu County.

14.0. Management of Debtors

Records availed for audit indicate that total outstanding land rates amounted to Kshs.220,342,937 as at 30 June 2016. Included in the balance were charges for the year amounting to Kshs.27,949,946 and accumulated interest of Kshs.105,597,797. However, according to revenue summary records, only Kshs.2,408,293 was collected from property rates during the financial year ended 30 June 2016. It was not clear what strategies the management had put in place to recover the outstanding rates as provided for under Section 157 (2) of the Public Finance Management Act, 2012 which requires a receiver of

County revenue to ensure that the revenue for which the receiver is responsible is collected or recovered, and accounted for. In addition, the valuation roll had not been published through a Gazette Notice as required.

Failure by the County Government to achieve its revenue targets impacted service delivery to the public adversely.

15.0. Implementation of IFMIS

As reported in the 2014/2015 financial year audit report, the Lamu County's Consolidated Revenue Fund (CRF) account and Commercial banks had not been configured to IFMIS. Hence, transactions related to these accounts were not posted in the IFMIS system but were instead recorded manually as shown in the following table:

Bank/Branch	Account Name	Account Number
Central Bank of Kenya	County Revenue Fund Account	1000181338
Kenya Commercial Bank	Standing imprest	1140745603
Kenya Commercial Bank	Revenue Collection	1140750615
Kenya Commercial Bank	Local Authority	1142230341
Kenya Commercial Bank	County Assembly	1150833025
Kenya Commercial Bank	Retention	1163420840

The management has not explained why IFMIS has not been put to use fully in recording the financial operations of the County Government.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

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

Nairobi

15 August 2017

Appendix I

Lamu County Executive: Implementation of 2015/2016 Budget Project as at 30 June 2016

No.	Project Title	Estimated value of the project. (Kshs)	Actual Expenditure (Kshs)	Status of the project
1	Nyati waterPan	5,403,884.20	5,403,884.20	100%
2	Bahari Grain Store	4,199,316	4,199,316	100%
3	Witu Grain Store	3,900,360.80	1,560,144.32	40%
4	MOA Irrigation Farm	1,648,249	1,648,249	100%
5	Majembeni GrainStore	3,962,212	3,962,212	100%
6	Jubilee Irrigation	967,350	967,350	100%
7	Supply of Motor Vehicle	5,092,046	5,092,046	100%
8	Purchase of 2 Tractors & 2 Ploughs	7,100,000	7,100,000	100%
9	Subsidized fertilizer-4,400 bags	7,260,000	7,260,000	100%
10	Faza Grain Store	4,795,556	4,795,556	100%
11	Tractor shade & service bay	2,563,050	2,563,050	100%
12	MUUM Irrigation	2,402,500	2,402,500	100%
13	Basuba Irrigation project	1,776,369	1,498,491	84%
14	Bahari ATC	627,710	627,710	100%
15	Fabrication of Agro-Processing	1,365,454	1,228,908	90%
16	Construction of ECD-Koreni	1,800,242	1,700,000	100%
17	Construction of ECD-Pandanguo	1,951,026	1,800,000	100%
18	Construction of ECD-Mwajumwali	1,790,483	873,148	98%
19	Construction of ECD-Tchundwa	1,886,612	1,060,100	96%
20	Construction of ECD-Mpenya	1,772,142	178,000	100%
21	Construction of ECD-Manda	1,800,413	1,079,670	96%
22	Construction of ECD-Kibaki	1,982,904	1,800,000	100%
23	Construction of ECD-Pangani	1,810,821	715,662	96%
24	Construction of ECD-Ungu	2,118,333	2,528,248	100%
25	Construction of ECD-Chalaluma	1,891,102	1,068,719	100%
26	Construction of ECD-Miruji			100%

		1,891,102	1,571,626	
27	Construction of ECD-Boramoyo	1,781,482	1,030,915	100%
28	Construction of ECD-witu	1,799,253	721,130	100%
29	Construction of pit latrine-Koreni	516,453	500,000	100%
30	Construction of pit latrine-Kililana	1,100,759	1,000,000	100%
31	Construction of pit latrine-Jipendeni	1,670,313	1,500,000	100%
32	Construction of pit latrine-Mpeketoni ECD	1,160,857	1,021,656	100%
33	Construction of pit latrine-kililana ECD	1,600,993	1,300,000	100%
34	Construction of pit latrine-Ungu	1,084,252	1,700,000	100%
35	Construction of pit latrine-Bora Imani	1,181,444	1,000,000	100%
36	Fencing of Koreni primary school compound	1,300,000	1,200,000	100%
37	Fencing of Mokowe youth Empowerment Centre	1,199,252	2,041,414	100%
38	Fencing of muungano sports ground	1,800,000	1,700,000	100%
39	Completion of perimeter wall and levilling of Twaifu ground	5,000,000	4,698,367	100%
40	Fencing of Mpeketoni town ECD	1,300,000	1,290,000	100%
41	Development and promotion of sports activities	314,040	300,000	100%
42	Social hall -bahari and kiongwe	4,000,000	3,500,000	100%
43	Ndau ECD completion	1,200,000	1,209,360	100%
44	Chairs and table at Ndau	300,000	300,000	100%
45	Holy Angle and salama ECD /toilet Mkunumbi ward	4,700,000	2,409,139	100%
46	Vipingo ECD Witu ward	2,000,000	1,007,460	100%
47	Driving Training Witu ward	1,000,000	1,000,00	100%
48	Driving Training Bahari ward	500,000	500,000	100%
49	Driving Training mkunumbi ward	500,000	500,000	100%
50	Swabaha ECD Kiongwe	1,850,000	1,228,963	100%

51	Kilimani- Mokowe ECD	2,000,000	1,851,634	100%
52	Manda ECD	2,000,000	1,280,000	80%
53	Zebra ECD	180,000	2,342,088	100%
54	Bin Fadhil ECD and Toilet	2,000,000	1,517,709	100%
55	Kashmir ECD	2,000,000	2,040,536	100%
56	Maleli ECD	2,000,000	1,587,580	100%
57	Bahari Centre	1,850,000	2,102,094	100%
58	Matondoni ECD	2,000,000	780,745	100%
59	Sende Mke ECD	2,000,000	1,804,339	100%
60	Fencing and renovation of Shella nursery school and toilets	5,000,000	4,992,286	100%
61	Sefu ECD class plus toilet	2,500,000	2,376,345	100%
62	Mkinduni ECD class plus desk	1,900,000	1,626,651	100%
63	Telelani ECD plus desks	1,900,000	1,933,923	100%
64	Moa ECD	2,000,000	944,549	100%
65	Soroko ECD	2,000,000	1,742,683	100%
66	Bahati Njema 3 classrooms and toilets	4,000,000	3,794,578	100%
67	ECD learning and teaching materials	6,000,000	6,000,000	100%
68	Bursary Funds	500,000	500,000	100%
69	Youth Empowerment	3,000,000	1,500,000	58%
70	Youth Technical Bursary	900,000	900,000	100%
71	Construction of classroom at Lamu Polytechnic	3,000,000	400,000	76%
72	Workshop construction at Kizingitini polytechnic	3,000,000	1,506,422	50%
73	Workshop construction at Mpeketoni polytechnic	3,000,000	1,400,000	70%
74	Levilling of Faza ground	700,000	300,000	65%
75	Muhamarani Stadium Fencing	1,000,000	200,000	20%

76	Kastakakairu , Moa and Vipingoni Goalposts	300,000	300,000	100%
77	Mokowe , Barcelona and Hindi town stadiums goalposts	200,000	200,000	100%
78	Kiunga Stadium levelling and goalposts	300,000	300,000	100%
79	Uziwa goalposts and nets	100,000	100,000	100%
80	Kiongwe goalposts and nets	100,000	100,000	100%
81	Matondoni goalposts and nets	100,000	100,000	100%
82	Manda levelling goalposts and nets	200,000	200,000	100%
83	Msefuni,sese,sinambio and bomani goalposts	400,000	350,000	100%
84	Muungano group development	100,000	100,000	100%
85	Maisha masha levelling, goalposts and nets	200,000	190,000	100%
86	Netball and Vollyball development	200,000	185,000	100%
87	Kizingitini levelling	200,000	113,901	68%
88	Education improvement Programme	8,000,000	750,000	9%
89	Ward tournament@1,000,000 per ward	1,000,000	750,000	75%
90	Purchasing of sports equipments	1,000,000	750,000	75%
91	Supporting teams for reginal tournament	1,000,000	750,000	75%
92	County and intercounty games	3,000,000	195,000	7%
93	Repair of kiongwe social hall	1,000,000	902,435	90%
94	Renovation of mapenya social hall	800,000	1,133,901	100%
95	Renovation of hongwe social hall	800,000	1,021,298	100%
96	Renovation of bomani social hall	800,000	1,084,343	100%
97	Renovation of uziwa social hall	800,000	1,150,345	100%
98	Completion and equiping witu social hall	2,000,000	1,950,000	98%
99	Completion and equiping mkunumbi social hall	2,000,000	1,000,000	50% NOT PAID
100	Woman empowerment			73%

		3,000,000	2,195,000	
101	Empowerment of people living with disabilities	2,000,000	1,780,000	89%
102	Wiyoni visual impairment unit	300,000	158,000	53%
103	Tchundwa disabled unit	300,000	2,867,000	956%
104	Hongwe disabled unit	400,000	3,500,000	875%
105	Construction of ECD classroom and office at Lumshi A	2,000,000	643,724	32%
106	ICT infrastructure development	2,338,834	1,221,504	75%
107	ERP (staff portal) system set-up	1,000,000	2,552,000	100%
108	Promote ICT literacy and capacity – support ICT Center at educational institution, Wi-Fi Internet Hot-spots	2,000,000		
109	Control and management of public finances system	4,000,000	3,999,900	99.99%
110	Review/Ammendment of CIDP	3,000,000	2,813,100	93.40%
111	Resource Mobilization	3,000,000	12,218,668	93.99%
112		10,000,000	19,031,668	
113	Tourism development project	1,378,400	1,378,400	100%
114	Construction of hindi markets	2,200,000	2,200,000	100%
115	Upgrading of mpeketoni market	7,000,000	5,000,000	60%
116	Upgrading of lamu market	1,500,000	1,500,000	100%
117	Investment promotion	54,000	54,000	100%
118	Cultural promotion	100,000	100,000	100%
119	Upgrading of modern market bahari(phaseIII)	5,000,000	5,000,000	100%
120	Development of markets-Hindi	9,000,000	7,911,616.40	90%
121	Development of open air market -Hongwe	3,000,000	1,600,000	53%
122	Cultural development programme-festivals	4,000,000	4,000,000	100%
123	Establishment of 2 art and cultural centres-Mkomani &	8,000,000	4,914,512	61%

	Faza			
124	Fencing of jua kali shed at L.Amu	2,000,000	1,900,000	100%
125	Signage of sites and monuments	1,500,000	750,000	50%
126	Fencing of Uziwa market	1,000,000		100%
127	Provision of dumpsite/collection c'ners-Pate	5,000,000	3,900,000	80%
128	Provision of dumpsite/collection c'ners-Amu	5,850,000	5,850,000	100%
129	Provision of dumpsite/collection c'ners-Mpeketoni	4,650,000	4,650,000	100%
130	Construction of Mpeketoni mortuary	16,329,887	18,857,619	100%
131	Construction of Witu theatre and Laundry	17,000,000	10,859,934	64%
132	Perimeter Fence for King Fahd Hospital	6,502,149	7,886,415	100%
133	General Renovations for King Fahd Hospital	10,257,813	7,758,362	80%
134	Renovation of H/facilities-Pate	812,000	638,000	80%
135	Renovation of H/facilities-Kiunga	1,796,208	1735887.8	100%
136	Renovation of H/facilities-Manda	1,400,000	1,857,775	80%
137	Renovation of H/facilities-Witu	568,400	475,600	100%
138	Renovation of H/facilities-Mkunumbi	2,000,000	1,798,252	100%
139	Renovation of Faza Hospital	2,000,000	1,737,448	100%
140	Witu perimetre fence	1,222,529	1,186,771	100%
141	Perimetre wall at Langoni gaveyard-Amu	5,000,000	3,922,222	70%
142	Purchase of Vehicle Ambulance	9,000,000	9,070,129	100%
143	Construction of Bomani public toilet	1,000,000	940,213	100%
144	Construction of public toilerts at Muamarani	1,000,000	951,987	100%
145	Completion of Lamu County Hospital Refurbishment	10,000,000	11,630,154	100%

146	Renovation and Fencing of Primary health care facilities: Didewaride, Pandanguo, Mkokoni, Kiwayu, Matondoni, Kipungani, Mbwajumwali, Tchundwa & Sinambio	15,000,000	9,529,167	64%
147	Construction of Muhamarani maternity wing	3,300,000	2,899,773	80%
148	Construction of new four Dispensaries at Tewe,ishakani,Katsakakairu and Maisha masha	20,000,000	16,917,434	80%
149	Completion and operationalisation of Sina mbio Dispensary	2,000,000	6,453,524	80%
150	Fencing at Mpeketoni Hospital	5,000,000	4,396,494	70%
151	Purchase of a water ambulance	7,000,000	6,960,000	100%
152	Automation of the 2 Hospitals: Lamu and Mpeketoni Hospitals @2,000,000	4,000,000	4,517,500	100%
153	Construction of incinerators: Witu, Mokowe, Faza and Kiunga@1,000,000	4,000,000	1,620,262	50%
154	Securing and improving disposal site operations-Lamu	6,000,000	3,951,392	70%
155	Special purpose grant-King Fahad Renovation and Rehabilitation	100,000,000	14,510,466	5%
156	Non Residential building-county HQ	130,079,579	119,714,791	80%
157	8 ward offices	35,000,000	30,705,708	90%
158	Purchase of Fire Fighting Equipment	10,000,000	3,445,485	30%
159	Tourism development project	1,378,400	1,378,400	100%
160	Construction of hindi markets	2,200,000	2,200,000	100%
161	Upgrading of mpeketoni market	7,000,000	5,000,00	60%
162	Upgrading of lamu market	1,500,000	1,500,000	100%
163	Investment promotion	54,000	54,000	100%
164	Cultural promotion	100,000	100,000	100%
165	Upgrading of modern market bahari(phaseIII)	5,000,000	5,000,000	100%

166	Development of markets-Hindi	9,000,000	7,911,616	90%
167	Development of open air market -Hongwe	3,000,000	1,600,000	53%
168	Cultural development programme-festivals	4,000,000	4,000,000	100%
169	Establishment of 2 art and cultural Centres-Mkomani & Faza	8,000,000	4,914,512	61%
170	Fencing of jua kali shed at Lamu	2,000,000	1,900,000	100%
171	Signage of sites and monuments	1,500,000	750,000	50%
	Total	**760,220,534**	**352,642,292.8**	

1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Receipts	1	-	10,268,749.00
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	17,022,526.00	5,260,000.00
Exchequer releases	4	2,051,883,746.00	1,789,923,557.00
Transfers from Other Government Entities	5	162,954,337.00	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	53,143,417.00	51,403,506.05
TOTAL RECEIPTS		**2,285,004,026.00**	**1,856,855,812.05**
PAYMENTS			
Compensation of Employees	12	666,170,943.15	607,641,480.75
Use of goods and services	13	455,132,467.42	518,949,659.00
Subsidies	14	-	-
Transfers to Other Government Units	15	384,454,305.30	2,460,055.00
Other grants and transfers	16	97,945,153.50	58,251,005.00
Social Security Benefits	17	23,628,180.60	37,506,976.00
Acquisition of Assets	18	851,335,343.75	560,927,504.00
Finance Costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	13,482,100.90	456,300.00
TOTAL PAYMENTS		**2,492,148,494.62**	**1,786,192,979.75**
SURPLUS/DEFICIT		**(207,144,468.62)**	**70,662,832.30**

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 8/3 2017 and signed by:

Chief Officer - Finance

Head of Treasury

2. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	695,860,985.48	748,960,033.87
Cash Balances	22B	88,484.45	1,747,688.00
Total Cash and cash equivalent		**695,949,469.93**	**750,707,721.87**
Accounts receivables – Outstanding Imprests	23	7,618,009.00	34,320,233.65
TOTAL FINANCIAL ASSETS		**703,567,478.93**	**785,027,955.52**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	125,683,991.68	-
NET FINANCIAL ASSETS		**577,883,487.25**	**785,027,955.52**
REPRESENTED BY			
Fund balance b/fwd	25	785,027,955.87	714,365,123.00
Surplus/Deficit for the year		(207,144,468.62)	70,662,832.30
NET FINANCIAL POSITION		**577,883,487.25**	**785,027,955.30**

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 8/3 2017 and signed by:

COUNTY GOVERNMENT OF LAMU
06 MAR 2017
CHIEF OFFICER - FINANCE

Chief Officer - Finance

Head of Treasury

3. STATEMENT OF CASHFLOW

	Note	2015 - 2016	2014 - 2015
Receipts for operating income		**Kshs**	**Kshs**
Tax Revenues	1	-	10,268,749.00
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	17,022,526.00	5,260,000.00
Exchequer Releases	4	2,051,883,746.00	1,789,923,557.00
Transfers from Other Government Entities	5	162,954,337.00	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	53,143,417.00	51,403,506.05
		2,285,004,026.00	**1,856,855,812.05**
Payments for operating expenses			
Compensation of Employees	12	666,170,943.15	607,641,480.75
Use of goods and services	13	455,132,467.42	518,949,659.00
Subsidies	14	-	-
Transfers to Other Government Units	15	384,454,305.30	2,460,055.00
Other grants and transfers	16	97,945,153.50	58,251,005.00
Social Security Benefits	17	23,628,180.60	37,506,976.00
Finance Costs, including Loan Interest	19	-	-
Other Expenses	21	13,482,100.90	456,300.00
		1,640,813,150.87	**1,225,265,475.75**
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		**644,190,875.13**	**631,590,336.30**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	(851,335,343.75)	(560,927,504.00)
Net cash flows from Investing Activities		**(851,335,343.75)**	**(560,927,504.00)**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**(207,144,468.62)**	**70,662,832.30**
Cash and cash equivalent at beginning of the year		**785,027,955.52**	**714,365,123.00**
Cash and cash equivalent at END of the year	25	**577,883,487.25**	**785,027,955.30**

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 8/3 2017 and signed by:

08 MAR 2017

Chief Officer - Finance

Head of Treasury

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						
Tax Receipts	-	-	-	-	-	0%
Social Security Contributions	-	-	-	-	-	0%
Proceeds from Domestic and Foreign Grants	59,967,344.00	7,777,474.00	67,744,818.00	55,542,644.00	(12,202,174.00)	82%
Exchequer releases	2,051,883,746.00	-	2,051,883,746.00	2,051,883,746.00	-	100%
Transfers from Other Government Entities	-	100,000,000.00	100,000,000.00	122,184,219.00	22,184,219.00	122%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Contribution for Culture & Tourism	-	-	10,000,000.00	2,250,000.00	(7,750,000.00)	23%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Other Donations	-	15,000,000.00	15,000,000.00	-	(15,000,000.00)	0%
Reimbursements and Refunds	-	-	-	-	-	0%
Returns of Equity Holdings	-	-	-	-	-	0%
Balance B/F	300,000,000.00	-	828,600,660.00	-	-	0%
Other Receipts	50,000,000.00	57,000,000.00	107,000,000.00	53,143,417.00	(53,856,583.00)	50%
TOTAL	**2,461,851,090.00**	**179,777,474.00**	**3,180,229,224.00**	**2,285,004,026.00**	**(66,624,538.00)**	**72%**
PAYMENTS						
Compensation of Employees	739,275,061.00	(17,500,000.00)	721,775,061.00	666,170,943.15	55,604,117.85	92%
Use of goods and services	473,671,651.00	25,465,399.00	499,137,050.00	455,132,467.42	44,004,582.58	91%

COUNTY EXECUTIVE OF LAMU
Reports and Financial Statements
For the year ended June 30, 2016

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 %
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	62,644,818.00	-	62,644,818.00	344,454,305.30	(281,809,487.30)	550%
Other grants and transfers	99,084,482.00	1,844,453.00	100,928,935.00	97,945,153.50	2,983,781.50	97%
Social Security Benefits	24,938,699.00		24,938,699.00	23,628,180.60	1,310,518.40	95%
Acquisition of Assets	1,169,910,566.00	50,190,148.00	1,220,100,714.00	851,335,343.75	368,765,370.25	70%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	100,000,000.00	(60,000,000.00)	40,000,000.00	40,000,000.00	-	100%
Other Payments	-	-	-	13,482,100.90	(13,482,100.90)	0%
TOTAL	**2,669,525,277.00**	**-**	**2,669,525,277.00**	**2,492,148,494.62**	**177,376,782.38**	**93%**

The entity financial statements were approved on 8/3 2017 and signed by:

Chief Officer - Finance

Head of Treasury Accounts

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						
Tax Receipts	-	-	-	-	-	0%
Social Security Contributions	-	-	-	-	-	0%
Proceeds from Domestic and Foreign Grants	38,379,100.16	-	38,379,100.16	35,547,292.16	(2,831,808.00)	93%
Exchequer releases	1,313,205,597.44	-	1,313,205,597.44	1,313,205,597.44	-	100%
Transfers from Other Government Entities	100,000,000.00	-	100,000,000.00	100,000,000.00	-	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%
Other Receipts	32,000,000.00	36,480,000.00	68,480,000.00	34,011,786.88	(34,468,213.12)	50%
TOTAL	**1,483,584,697.60**	**36,480,000.00**	**1,520,064,697.60**	**1,482,764,676.48**	**(37,300,021.12)**	**98%**
PAYMENTS						
Compensation of Employees	739,275,061.00	(17,500,000.00)	721,775,061.00	666,170,943.15	55,604,117.85	92%
Use of goods and services	425,036,306.00	25,465,399.00	450,501,705.00	433,064,250.12	17,437,454.88	96%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	41,679,071.00	-	41,697,071.00	335,951,366.30	(294,272,295.30)	806%
Other grants and transfers	42,752,842.00	1,844,453.00	44,597,295.00	41,849,513.50	2,747,781.50	94%

COUNTY EXECUTIVE OF LAMU
Reports and Financial Statements
For the year ended June 30, 2016

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 %
Social Security Benefits	24,938,699.00	-	24,938,699.00	23,628,180.60	1,310,518.40	95%
Acquisition of Assets	78,648,725.00	50,190,148.00	128,838,873.00	109,174,397.60	19,664,475.40	85%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	100,000,000.00	(60,000,000.00)	40,000,000.00	40,000,000,00	-	100%
Other Payments	-	-	-	13,482,100.90	(13,482,100.90)	0%
TOTAL	**1,452,330,704.00**		**1,452,330,704.00**	**1,663,320,752.17**	**(210,990,048.17**	**115%**

The entity financial statements were approved on 8/3 2017 and signed by:

Chief Officer - Finance

GOVERNMENT OF LAMU
CHIEF OFFICER - FINANCE
08 MAR 2017

Head of Treasury Accounts

6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts	-	-	-	-	-	0%
Social Security Contributions	-	-	-	-	-	0%
Proceeds from Domestic and Foreign Grants	21,588,243.84	-	21,588,243.84	19,995,351.84	(1,592,892.00)	0%
Exchequer releases	738,678,148.56	-	738,678,148.56	738,678,148.56	-	100%
Transfers from Other Government Entities	-	-	-	-	-	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%
Other Receipts	18,000,000.00	20,520,000.00	38,520,000.00	19,131,630.12	(19,388,369.88)	0%
TOTAL	**778,266,392.40**	**20,520,000.00**	**798,786,392.40**	**777,805,130.52**	**(20,981,261.88)**	**97%**
PAYMENTS						
Compensation of Employees	-	-	-	-	-	
Use of goods and services	48,635,345.00	-	48,635,345.00	22,068,217.30	26,567,127.70	45%
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	20,965,747.00	-	20,965,747.00	8,502,939.00	12,462,808.00	41%
Other grants and transfers	56,331,640.00	-	56,331,640.00	56,095,640.00	236,000.00	100%

COUNTY EXECUTIVE OF LAMU
Reports and Financial Statements
For the year ended June 30, 2016

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Assets	1,091,261,841.00	-	1,091,261,841.00	742,160,946.15	349,100,894.85	68%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTALS	**1,217,194,573.00**	**-**	**1,217,194,573.00**	**828,827,742.45**	**388,366,830.55**	**68%**

The entity financial statements were approved on 8/3 2017 and signed by:

COUNTY GOVERNMENT OF LAMU
08 MAR 2017
Annual Audited
CHIEF OFFICER - FINANCE

Chief Officer - Finance

Head of Treasury Accounts

7. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

   The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Executive of Lamu. The accounting policies adopted have been consistently applied to all the years presented.

   The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. **Recognition of revenue and expenses**
   The County Executive of Lamu recognises all revenues from the various sources when the event occurs and the related cash has actually been received. In addition, the County Executive of Lamu recognises all expenses when the event occurs and the related cash has actually been paid out by the County Executive of Lamu.

3. **In-kind contributions**
   In-kind contributions are donations that are made to the County Government 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 Government of Lamu includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. **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.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure 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.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has 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 by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. 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.

8. 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 Government of Lamu

9. 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 Government of Lamu's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the County Government 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.

10. Comparative figures

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

11. 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.

8. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	10,268,749.00
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
Total	**-**	**10,268,749.00**

2 SOCIAL SECURITY CONTRIBUTIONS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Gov't Employees to Social & Welfare Schemes in Gov't	-	-
Total	**-**	**-**

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015 - 2016	2014 - 2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)				
Danida	31-3-16		3,820,000	5,260,000.00
Danida	5-7-17		3,820,000	-
Word Bank	3-2-16		7,132,526	
Cultural/Tourism Donation (NGOs)			2,250,000	
Total			**17,022,526**	**5,260,000.00**

4 EXCHQUER RELEASES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	164,150,700.00	223,740,445.00
Total Exchequer Releases for quarter 2	523,230,355.00	295,337,387.00
Total Exchequer Releases for quarter 3	512,970,937.00	465,380,124.00
Total Exchequer Releases for quarter 4	851,531,754.00	805,465,601.00
Total	**2,051,883,746.00**	**1,789,923,557.00**

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	**2015 - 2016**	**2014 - 2015**
	Kshs	**Kshs**
Transfers from Central government entities		
Transfer from Central Government (Health Level 5)	100,000,000.00	-
Free maternity (Ministry of health)	12,337,500.00	-
User foregone (Ministry of health)	2,366,871.00	-
Fuel Levy (Kenya Roads Board)	26,065,747.00	-
Ministry of health (KEPI)	22,184,219.00	-
Transfers from Counties	-	-
(insert name of budget agency)	-	-
TOTAL	**162,954,337.00**	**-**

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2015 - 2016	2014 - 2015
	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	**-**	**-**

7 PROCEEDS FROM FOREIGN BORROWINGS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Total	-	-

8 PROCEEDS FROM SALE OF ASSETS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

9 REIMBURSEMENTS AND REFUNDS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Refund from World Food Programme (WFP)	-	-
Total	-	-

10 RETURNS OF EQUITY HOLDINGS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
	-	-
Total	-	-

11 OTHER REVENUES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Rents	-	1,403,220.00
Other Property Income	2,408,293.00	14,998,828.00
Sales of Market Establishments	4,783,687.00	637,335.00
Receipts from Administrative Fees and Charges	6,138,420.00	34,364,123.05
Receipts from Administrative Fees and Charges - Collected as AIA	18,467,859.00	-
Public Health Services	10,347,586.00	-
Public Health Facilities Operations	-	-
Tractor Services	10,997,572.00	-
Total	**53,143,417.00**	**51,403,506.05**

12 COMPENSATION OF EMPLOYEES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic salaries of permanent employees	358,881,992.10	305,765,667.30
Basic wages of temporary employees	6,875,134.70	21,509,199.85
Personal allowances paid as part of salary	288,792,751.05	259,623,540.15
Personal allowances paid as reimbursements	290,206.10	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	11,330,859.20	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	20,743,073.45
Total	**666,170,943.15**	**607,641,480.75**

13 USE OF GOODS AND SERVICES

	2015 - 2016 Kshs	2014 – 2015 Kshs
Utilities, supplies and services	13,796,041.80	14,344,095.00
Communication, supplies and services	13,568,260.75	10,099,324.00
Domestic travel and subsistence	83,705,719.05	145,064,723.00
Foreign travel and subsistence	13,975,650.00	10,198,436.00
Printing, advertising and information supplies & services	21,263,519.00	28,036,812.00
Rentals of produced assets	14,505,670.00	9,581,366.00
Training expenses	40,003,479.15	26,924,262.00
Hospitality supplies and services	34,744,698.80	8,139,864.00
Insurance costs	18,982,660.00	23,030,581.00
Specialised materials and services	62,945,596.30	73,609,334.00
Office and general supplies and services	15,790,243.80	14,333,183.00
Other operating expenses	32,081,019.55	65,517,255.00
Routine maintenance – vehicles and other transport equipment	13,912,222.25	10,620,290.00
Fuel Oil and Lubricants	30,562,390.75	28,815,126.00
Routine maintenance – other assets	22,601,523.60	50,635,008.00
Payments outside IFMIS	22,693,772.62	-
Total	**455,132,467.42**	**518,949,659.00**

14 SUBSIDIES

	2015 – 2016 Kshs	2014 - 2015 Kshs
Subsidies to Public Corporations	-	-
See list attached	-	-
(insert name)		
Subsidies to Private Enterprises		
See list attached	-	-
(insert name)	-	-
Total	-	-

15 TRANSFER TO OTHER GOVERNMENT ENTITIES

	2015 – 2016 Kshs	2014 - 2015 Kshs
Current grant to government agencies and other level of Government	9,158,188.30	-
Other current transfer, grant	5,393,954.00	2,460,055.00
Other capital grant and transfer	3,403,940.00	-
Transfer to County Assembly	344,524,663.00	-
Transfers to Ministry of Health (KEPI)	21,973,560.00	-
Total	**384,454,305.30**	**2,460,055.00**

16 OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Scholarships and other educational benefits	50,000,000.00	40,000,000.00
Emergency relief and refugee assistance	47,945,153.50	17,889,375.00
Membership fees and dues and subscription to international org.	-	361,630.00
Total	**97,945,153.50**	**58,251,005.00**

17 SOCIAL SECURITY BENEFITS

	2015 – 2016 Kshs	2014 - 2015 Kshs
Government pension and retirement benefits	23,628,180.00	37,506,976.00
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**23,628,180.00**	**37,506,976.00**

18 ACQUISITION OF ASSETS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Non Financial Assets		
Purchase of Buildings	-	-
Construction of Buildings	276,180,348.45	142,155,273.00
Refurbishment of Buildings	32,490,483.60	29,299,738.00
Construction of Roads	17,815,586.50	-
Construction and Civil Works	120,176,292.25	90,695,674.00
Overhaul and Refurbishment of Construction and Civil Works	69,759,371.00	17,487,125.00
Purchase of Vehicles and Other Transport Equipment	33,560,171.05	77,487,125.00
Overhaul of Vehicles and Other Transport Equipment	-	8,300,000.00
Purchase of Household Furniture and Institutional Equipment	2,580,545.00	29,465,129.00
Purchase of Office Furniture and General Equipment	125,267,702.00	46,713,496.00
Purchase of Specialised Plant, Equipment and Machinery	52,419,798.50	32,851,133.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	56,848,440.10	9,318,474.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	23,187,743.60	9,194,200.00
Research, Studies, Project Preparation, Design & Supervision	24,699,488.00	29,528,370.00
Rehabilitation of Civil Works	8,489,236.90	16,343,370.00
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	7,860,136.80	10,682,127.00
Purchase of ICT Equipment		10,815,549.00
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	**851,335,343.75**	**560,927,504.00**

19 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 – 2016 Kshs	2014 – 2015 Kshs
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2015 – 2016 Kshs	2014 – 2015 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	-	-

21 OTHER EXPENSES

	2015 – 2016 Kshs	2014 – 2015 Kshs
Budget reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfer to Non-Financial Public Enterprises	-	-
Capital Transfers to Public Financial Institution and Enterprises	-	-
Capital Transfers to Private Non,-Financial Enterprises	5,640,889.00	-
System Required Expenses	7,734,633.00	-
Other Expenses	-	456,300.00
Bank Charges	106,578.00	-
Total	**13,482,100.00**	**456,300.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22A: Bank Accounts

Name of Bank, Account No. & currency	Account Number	Indicate whether recurrent, Development, deposit, revenue, CRF e.t.c	2015 - 2016	2014 - 2015
			Kshs	Kshs
CBK Lamu County Assembly Recurrent Account		CA Account	-	5,092,610.96
CBK Lamu County Revenue Fund Account	1000171588	CRF Account	537,025,543.00	599,131,887.00
CBK Lamu County Deposit Account	1000242857	Deposit Account	35,752,992.75	
CBK Lamu County Development Account	1000171057	Development Account	-	141,216,992.50
CBK Lamu County Fuel Levy Fund Account	1000247177	Fuel Levy Fund Account	19,679,639.00	-
CBK Lamu County Recurrent Account	1000171146	Recurrent Account	38,363,893.15	(7,842,818.02)
CBK Lamu County Special Purpose Account	1000268263	Special Purpose Account	15,008,997.00	-
DTB County Executive Gratuity Account	30469001	Gratuity Account	13,067,123.39	-
DTB Lamu Fixed Deposit Account	043FDLC160300001	Fixed Deposit Account	4,400,000.00	-
DTB Lamu Fixed Deposit Account	043FDLC160920001	Fixed Deposit Account	32,000,000.00	-
DTB Lamu County Demand Side Financing Fund	30469001		338.27	-
DTB Lamu County Revenue Account	222660001	Revenue Account	967.00	-
DTB Lamu County Ministry Of Health	295908001		383.50	-
Equity Lamu County Revenue Account	1590265264918	Revenue Account	79,910.00	-
Equity Lamu County Ministry Of Health (Kepi)	1590262213216		210,659.45	-
Equity Lamu County Government Salary Account	1590265264437	Salary Account	-	-
Gulf African Bank Emu	520000301	EMU Account	114.00	-
KCB Lamu County Government Retention Account	1163420840	Retention Account	249,774.96	817,166.29
KCB Transition Auth-Lamu County Rev. Account	1140750615	Revenue Account	20,650.01	998,439.76
KCB Lamu County Gov't Standing Imprest Account	1140745603	Recurrent Account	-	9,545,755.38
TOTAL			**695,860,985.48**	**748,960,033.87**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22B: CASH IN HAND

	2015 - 2016 Kshs	2014 - 2015 Kshs
Lamu Island	29,900.00	-
Main Island	23,400.00	-
County Treasury & Lamu Revenue Office	10,589.45	-
Other Islands e.g. Kiunga, Faza & Kizingitini	24,595.00	-
Total for Lamu County		1,747,688.00
Total	**88,484.45**	**1,747,688.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Government Imprests	7,618,009.00	34,320,233.65
Clearance accounts		-
Total	**7,618,009.00**	**34,320,233.65**

[Include a breakdown of the outstanding imprest below or as an annex to the notes if the list is longer than 1 page.]

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
Agriculture & Planning		***Kshs***	***Kshs***	***Kshs***
TOTAL				

See Appendix

24. ACCOUNTS PAYABLE

	2015 – 2016 Kshs	2014 - 2015 Kshs
CBK Lamu County Deposit Account	35,752,992.75	-
CBK Lamu County Development Account	40,018,250.61	-
KCB Lamu County Retention Account	249,774.96	
KCB Lamu County Standing Imprest Account	195,850.36	
DTB Lamu Fixed Deposit Account	4,400,000.00	
DTB Lamu Fixed Deposit Account	32,000,000.00	
DTB Lamu County Gratuity Account	13,067,123.00	
Total	**125,683,991.68**	**-**

25. FUND BALANCE BROUGHT FORWARD

	2015 – 2016 Kshs	2014 - 2015 Kshs
Bank accounts	748,960,033.87	714,365,123.00
Cash in hand	1,747,688.00	-
Receivables - Outstanding Imprests	34,320,234.00	-
Payables – Deposits	-	-
Total	**785,027,955.87**	**714,365,123.00**

26. OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015 – 2016 Kshs	2014 - 2015 Kshs
Total Accounts Payable (See Appendix 2)	146,631,411.13	-
Total	**146,631,411.13**	**-**

26.2: PENDING STAFF PAYABLES (See Annex 2)

	2015 – 2016 Kshs	2014 - 2015 Kshs
Senior management	4,063,538.00	-
Middle management	1,400,415.00	-
Unionisable employees	6,665,370.00	-
Others (*specify*)	-	-
	-	-
Total	**12,129,323.00**	**-**

26.3: OTHER PENDING PAYABLES (See Annex 3)

	2015 – 2016 Kshs	2014 - 2015 Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others (*specify*)	-	-
Total	**-**	**-**

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015/16	Outstanding Balance 2015/15	Comments
	A	b	C	d=a-c		
Construction of buildings						
Harmony Driving School				500,000.00		
M/S Samumo Consulting Company Ltd				602,040.00		
M/S Mpeketoni Planners Enterprise				686,558.38		
M/S Kiape Building Construction				739,795.80		
M/S Lenda Construction Ltd				768,999.96		
M/S Al Nadhir General Suppliers				874,236.32		
M/S Disak General Contractors				1,200,820.00		
M/S Ramz Investment Ltd				1,877,277.60		
M/S Kareyu Kayo General Contractors				1,889,098.16		
M/S Mulabwa Enterprises Ltd				2,109,228.00		
Al Rihab Construction Ltd				3,143,252.00		
M/S Mokowe Logistics Supply				3,703,269.50		
M/S Badhi Construction				4,365,117.16		
M/S Versiti Group Ltd				4,411,596.00		
M/S Superserv Ltd				6,115,970.08		
Maz Engineering & Construction Ltd				9,186,379.85		
Sub-Total				**42,173,638.81**		
Construction of civil works						
Hindi Magogoni Water Project				70,000.00		
Saary Gen Supplies				104,694.00		
M/S Samumo Consulting Company Ltd				348,000.00		

Davis and Shirtliff				454,959.00		
Tanweer gen suppliers				499,050.00		
M/S Ramz Investment Ltd				647,006.87		
M/S Baadhi Construction				740,196.00		
Samokhafa Agencies				780,000.00		
M/S Somoe Construction Ltd				800,474.40		
Daken Builders and Renovators				904,800.00		
Far Coast Investment				942,529.00		
Mahmoud Bin Fadhil Boys				956,460.00		
Banu Stambul Gen suppliers				982,500.00		
M/S Al Fairouz Enterprise				1,056,748.40		
Lamu County Deposit				1,134,700.00		
CMC Motors Group Ltd				1,135,267.20		
M/S Logic Design				1,204,236.60		
Far Coast Investment				1,365,191.97		
M/S ndokolani construction contractors				1,385,330.00		
Marwaa Gen Suppliers				1,430,250.00		
M/S Onshore General Merchants				1,697,010.40		
M/S Preachcom Contractors & Gen Suppliers				1,768,870.08		
Ramz Investment Ltd				1,799,841.80		
Harmony Driving School				2,000,000.00		
M/S Lionate Ventures				2,231,802.88		
County Works Officer				2,348,971.00		
M/S Addy Holding Ltd				2,995,944.00		
Taneem General Supplies				3,268,971.00		
Nyathi Agencies				3,296,900.00		
GeoDev (K) Ltd				3,520,000.00		
M/S Bimsport Maintenance Agency				3,604,377.82		

Imarika Investment				3,653,697.60		
GeoMastro Consult Africa				4,516,068.00		
M/S Habib Badawy Enterprises				4,934,674.80		
Damunyu General Suppliers				6,355,524.00		
Dockside plumbers and general contractors				7,749,500.00		
Sub-Total				**72,684,546.82**		
Supply of goods						
Mokowe Maslah Investment				5,800.00		
Mani Bookshoop				12,780.00		
Amu Water				20,350.00		
Stanley G Muthuri				44,100.00		
Boc Kenya Ltd				67,800.00		
New Chato Enterprises				97,545.00		
Biin And Leaf Enterprises				100,500.00		
M/S Saary General Supplier				106,169.00		
Damunyu Gen Supplies				121,800.00		
M/S Al Raidy Store				142,840.00		
Bimsport Maintenance Agency Ltd				255,000.00		
County (K) Ltd				459,000.00		
Al Raidy Store				653,720.00		
KPLC				729,152.60		
Davis And Shirtliff				937,360.00		
Taneem Gen Suplies				940,170.00		
Sishat Investments Ltd				1,030,500.00		
Saary Gen Suppliers				1,322,310.00		
Marwaa General Suppliers Ltd				2,898,750.00		
Mission For Essential Drugs				5,021,465.00		
Sub-Total				**14,967,111.60**		

Supply of services						
Mrs.Fidelis W. Murithi				1,000.00		
Mr.Stephen N Mbuvi				3,020.00		
Grandford M.Kisee				5,050.00		
Allan G Vidonyi				19,720.00		
John Maina Njuguna				28,200.00		
Abha Balsurah Bisha Investment				48,100.00		
Bidan Wainaina Macharia				68,370.00		
Tchundwa Sports and Culture				144,000.00		
GB Security				150,400.00		
The Standard Group Ltd				232,000.00		
Kenya Maritime Authority				251,975.00		
Johnka Enteprises				263,760.00		
KPS Headteacher Association				275,290.00		
Safaricom Limited				343,240.00		
Al Wasila Communications Ltd				400,000.00		
Lamu Cultural Promotion Grp				410,000.00		
Nation Media Group Ltd				430,360.00		
Muhia S. Mwangi				494,600.00		
Harmony Driving School				500,000.00		
Kenya School Of Government				518,288.00		
Amu Island Resource User Association				800,000.00		
Istiqama Driving School				800,000.00		
Lamu Food Festival				928,400.00		
Abaad Institute Of Technical Training				988,000.00		
M/S Saary General Supplier				1,282,340.90		
National Museums of Kenya				1,500,000.00		
Versity Group Limited				2,920,000.00		

Masterbrands limited				3,000,000.00		
Sub-Total				**16,806,113.90**		
Grand Total				**146,631,411.13**		

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015/16	Outstanding Balance 2014/15	Comments
		A	b	c	d=a-c		
Senior Management							
Dr. Swaleh Hassan	M				25,030.00		
Andrew Waweru	M				216,400.00		
Anthony Mbuthia	N				4,000.00		
Amos O. Okello	N				7,000.00		
Abarufa Dido	N				10,000.00		
Mr.Stephen N Mbuvi	N				10,600.00		
Micah Githuka Nganga	N				26,500.00		
Micah N Githuka	N				42,000.00		
Omar Saggaf	N				85,100.00		
Mohamed Athman	P				444,000.00		
Amir Ghalib	Q				225,928.00		
Erick Randu	Q				405,800.00		
Amina Sheikh Kassim	R				47,020.00		
Sanawa Zablon Manoah	R				219,000.00		
Bunu Hajj	S				6,160.00		
Florence Ndungu	S				60,300.00		
Abdalla Rashid Masoud	S				84,000.00		
Mohamed Swaleh	S				208,820.00		
Hafswa A S Difini	S				793,002.00		
Ali Mbwarali	7				50,400.00		

Samia Omar Bwana	8				134,278.00		
Khamis Kaviha	8				958,200.00		
Sub-Total					**4,063,538.00**		
Middle Management							
Ibrahim Omar	J				20,000.00		
Fatma Abubakar Abdurahman	J				26,700.00		
Khadija Abdulaziz Abdalla	J				99,000.00		
Dixon Onyang	J				320,200.00		
Peninah Matheu	J				345,200.00		
Simon Ruo	K				1,900.00		
Euatace M.Nyange	K				5,600.00		
Catherine Kinuthia	K				6,300.00		
Winford Kimani	K				6,300.00		
Mr.Stephen Kiarie Kimani	K				20,000.00		
Njuki Mwai	K				71,800.00		
Hero B Said	K				82,000.00		
Yahaya Omar	K				90,000.00		
Mohamed Ali Shee	K				106,000.00		
Abdallah Omar	L				5,000.00		
BAKARI HIRIBAE	L				6,415.00		
Kalama Lewa Ganja	L				12,600.00		
Paul Munga Pole	L				17,800.00		
Fidelis K. Mulei	L				56,600.00		
Jennifer W.Kabora	L				101,000.00		
Sub-Total					**1,400,415.00**		
Unionisable Employees							
Omar M Ali					1,500.00		
Robinson Njoroge					7,300.00		

Daniel Muchori					10,000.00		
Nancy Njiru					18,900.00		
Mohaned Ahmed Khalid					20,000.00		
Medical Superintendent					22,875.00		
Aboud Zubeir Shally					27,400.00		
Eng. E Githui					28,800.00		
Mohamed Ahmed Khalid					30,000.00		
Nana Bwana Heri Abdulrahman					59,000.00		
County Director Of Health Services					151,950.00		
Sabastian Owanga					158,000.00		
Lawrence Muiruri					174,800.00		
Treasury CB					1,898,481.00		
Lamu Health Danida					4,056,364.00		
Sub-Total					**6,665,370.00**		
Others (*specify*)							
Sub-Total							
Grand Total					**12,129,323.00**		

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	B	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/2016	Historical Cost (Kshs) 2014/2015
Construction of Buildings	323,538,993.20	142,155,273.00
Refurbishment of Buildings	42,128,753.60	29,299,738.00
Construction of Roads	17,815,586.50	-
Construction and Civil Works	120,176,292.25	90,695,674.00
Overhaul and Refurbishment of Construction and Civil Works	69,759,371.00	17,487,125.00
Purchase of Vehicles and Other Transport Equipment	33,560,171.05	77,986,724.00
Overhaul of Vehicles and Other Transport Equipment	-	8,300,000.00
Purchase of Household Furniture and Institutional Equipment	2,319,041.00	29,465,129.00
Purchase of Office Furniture and General Equipment	135,647,684.95	46,713,496.00
Purchase of Specialized Plant, Equipment and Machinery	55,419,048.50	32,851,133.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	57,889,110.90	9,318,474.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	23,187,743.60	9,194,200.00
Research, Studies, Project Preparation, Design & Supervision	24,699,488.00	29,528,492.00
Rehabilitation of Civil Works	8,489,236.90	16,434,370.00
Acquisition of Land	7,860,136.80	10,682,127.00
Purchase of ICT Equipment	-	10,815,549.00
	922,490,658.25	**560,927,504.00**

9. APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX 1: BOARD OF SURVEY REPORT ON CASH IN HAND

S/No	LOCATION	AMOUNT
	OTHER ISLANDS	
1	Faza Revenue Office	14,695.00
2	Kiunga Revenue Office	6,000.00
3	Faza Hospital	3,900.00
		24,595.00
	LAMU ISLAND	
1	Slaughter House	28,700.00
2	Livestock & Fisheries	1,200.00
		29,900.00
	MAIN LAND	
1	Witu Revenue Office	1,300.00
2	Hindi	8,500.00
3	Amu Public Health	100.00
4	Witu Public Health	13,500.00
		23,400.00
	TREASURY/REVENUE	
1	County Revue Office	6,000.00
2	County Treasury	4,589.45
		10,589.45
	TOTAL	**88,484.45**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
Staff Names		***Kshs***	***Kshs***	***Kshs***
Nicholas Gitonga Mungiria	19-Aug-15			50,000.00
Erick Kombe Randu	24-Mar-16			4,900.00
Zulfa Musa Hassan	20-May-16			63,000.00
Ali Shariff Mohamed	9-Mar-16			150,000.00
Mahamud Hamid Omar	10-May-16			30,000.00
Ghalib Mohamed Ali	5-Jan-16			30,000.00
Abdallah Athman				400,000.00
Abdallah Athman				688,000.00
Dixon Onyang				22,400.00
Dixon Onyang				8,000.00
Mohamed Ali Shee				78,400.00
Stephene Kahiu Kimani	10-Jun-16			1,000.00
Allan Geoffrey Vidonyi	15-Sep-15			800.00
Allan Geoffrey Vidonyi	4-Nov-15			1,750.00
Paul Mwanyanje Nyoka	13-May-16			208.00
Omar Mohamed Ali	27-Jan-15			500.00
Adili Duo Jilo	27-Apr-16			30,000.00
Mwinyi Kombo Ali Mwakuphunza	23-Oct-15			25.00

Khadija M Shekue	20-Jan-16			32,050.00
Ali Mahmud Mbwarali	23-Oct-15			67,000.00
Fidelis Kaangi Mulei	10-May-16			28,300.00
Daniel Muchori Macharia	17-May-16			5,000.00
Stephen Muhia Mwangi	13-May-16			247,700.00
Hafswa Abdalla Difini	13-Nov-15			272,241.00
Hafswa Abdalla Difini	19-Aug-15			40,000.00
Hafswa Abdalla Difini	8-Sep-15			100.00
Hafswa Abdalla Difini	14-Oct-15			290.00
Mohamed Athman Mohamed	2-Dec-15			141,000.00
Mohamed Athman Mohamed	10-Sep-15			33,000.00
Fahad Ghalib	1-Apr-16			11,200.00
Muhammed Ali Shee	26-Apr-16			53,000.00
Kaviha Hamisi				2,000.00
Kaviha Hamisi	15-Feb-16			402,500.00
Kaviha Hamisi	15-Jan-16			74,600.00
Micah Ng'anga Githuka	19-Jan-16			100.00
Ali Ahmed Mohamed	13-Oct-16			43,978.00
Omar Athman Athman	9-Dec-15			30,000.00
Fuad Sheyumbe Mwenye	2-Feb-16			124,000.00
Misbahu Ali Awadhi	30-Jun-16			

				90,000.00
Timothy Kisao Hamisi	12-Apr-16			14,040.00
Timothy Kisao Hamisi	5-May-16			123,400.00
Abdalla Masoud Ahmed	8-Sep-15			83,000.00
Benson Macharia Kirathe	30-Jun-16			128,300.00
Zablon Manoah Sanawa	27-Apr-16			45,000.00
Duncan Mwandagha Mwakiwalo	17-Mar-16			2,000.00
Athman Badi S	16-Sep-15			60,000.00
Aisha Mwanausi	6-Jan-16			95,200.00
Ismael Zamdin Mwinyi				38,350.00
Nicholas Parmena Achiba	10-May-16			37,000.00
Shiba Haji Ndamungu	12-Feb-16			50.00
Abdalla Rashid Masoud	24-Aug-15			8,400.00
Jane Wangare Chege	24-Mar-16			100.00
Amina Abdalla Bunu	7-Sep-15			26,400.00
Julius Njogu Githure	7-Sep-15			106,600.00
Miriam Ali Yusuf	7-Apr-16			1,000.00
Abdulhalim Mohamed Kombo	20-Aug-15			15,500.00
Athman Dumila	4-Sep-15			40,000.00
Abdallah Rashid	24-Aug-16			21,000.00
Mohamed Shambe				20,000.00

Albert Mbogo Mwaniki	16-Feb-16			780,000.00
Mohamed Mohamed Swaleh	30-Jun-16			30,000.00
Salah Mahat Bashir	18-Apr-16			100,000.00
Mohamed Baishe Athman	6-Jan-16			240,000.00
Kassim Athman Hassan	15-Jun-16			67,100.00
Masuo Mahadhi Masuo	14-Sep-16			800.00
Ali Sharif Mohamed	8-Mar-16			33,600.00
Mariyam Faraj Omar	14-Jun-16			169,600.00
Issa Timamy Abdalla				1,081,617.00
Mohamed Mbwana Ali	5-Oct-15			43,600.00
Ali Ghalib Mohamed	5-Apr-16			30,000.00
Omar Amiari Amiari	15-Mar-16			400.00
Noah Kafaana Sunyianka	31-Aug-15			50,000.00
Noah Kafaana Sunyianka	29-Sep-15			32,210.00
Abarufa Dido Abarufa	20-Apr-16			4,500.00
Linda Apiyo Mboya	9-Oct-15			50,000.00
Shakir Abdul Mohamed	2-Mar-16			30,000.00
Mohamed Busaidy	12-Aug-15			250,000.00
Mohamed Busaidy	7-Apr-16			100,000.00
Mohamed Said	17-Mar-16			25,200.00
Mohamed Said	19-Apr-16			

				37,800.00
Steve Nyamila Odhiambo	24-Feb-16			600.00
Asiya Bakari Jambu	27-Aug-15			50,000.00
Abdulaziz Mohamed	3-Mar-16			88,600.00
Mohamed Busaidy				100,000.00
Mubarak Abdukadir Abdallah	29-Jun-16			100,000.00
				7,618,009.00