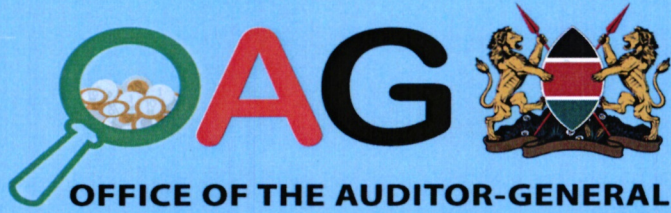


REPUBLIC OF KENYA



*Enhancing Accountability*

PAPERS LAID	
DATE	15/3/22
TABLED BY	
COMMITTEE	
CLERK AT THE TABLE	Abdirahman

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

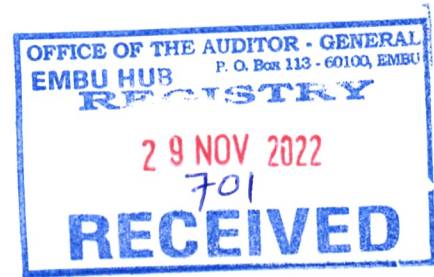
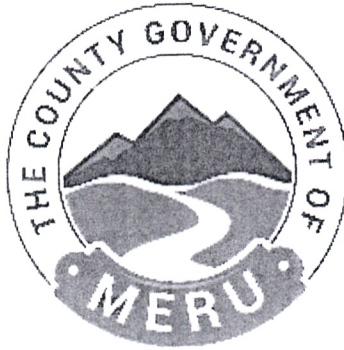
**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF MERU**

**FOR THE YEAR ENDED  
30 JUNE, 2022**





---

**MERU COUNTY ASSEMBLY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2022**

---

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

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022

TABLE OF CONTENT	Page
1. Key County Assembly of Meru Information and Management.....	ii
2. Forward By the Clerk of The Assembly.....	v
3. Statement Of Performance Against County Assembly Predetermined Objectives.....	xix
4. Corporate Social Responsibility Statement/Sustainability Reporting.....	xx
5. Statement Of Management Responsibilities.....	xxiv
6. Report Of The Independent Auditors On The County Assembly of Meru.....	xxvi
7. Statement Of Receipts And Payments For Period Ended 30th June 2022.....	1
8. Statements Of Financial Assets And Liabilities For Period Ended 30th June 2022.....	2
9. Statement Of Cash Flows For Period Ended 30th June 2022.....	3
10. Statement Of Comparison Of Budget And Actual Amounts: Recurrent & Development Combined.....	4
11. Statement Of Comparison Of Budget And Actual Amounts: Recurrent.....	5
12. Statement Of Comparison Of Budget And Actual Amounts: Development.....	6
13. Budget Execution By Programmes And Sub-Programmes.....	7
14. Significant Accounting Policies.....	8
15. Notes To The Financial Statements.....	15
16. Progress On Follow Up Of Auditor Recommendations.....	23
17. Annexes.....	24

Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022

1. Key County Assembly of Meru Information and Management

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 45 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards and 23 members nominated to represent various groups in the county. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

No.	Designation	Name
1.	Speaker of the County Assembly	Hon. Joseph Kaberia
2.	Clerk of the County Assembly	Mr. Jacob Kirari
3	<b>Heads of Department</b>	
	Deputy Clerk and Administration	Mr. Charles Muriithi
	Director Finance and accounts	Mr. Lawrence Gitari
	Director Committee and Legal Services	Mr. Benson Kinyua
	Director Hansard & Communication	Mr. Kevin Mwenda
	Director Human Resource	Mr. Elias Marete
	Principal Internal Auditor	Ms. Pamela Kiriungi
	Chief Sergeant At Arms	Mr. Edward Karundu

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer-Clerk	Mr. Jacob Kirari
2.	Director Finance and accounts	Mr. Lawrence Gitari
3.	Deputy Director Finance	Mr. Stanley Karonai
4.	Deputy Director Accounts	MS. Philipa Kiao

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Key County Assembly of Meru Information and Management (Continued)**  
**(d) Fiduciary Oversight Arrangements**

The County Assembly of Meru has;

- Budget and Appropriations Committee that maKsh. the budget, budgetary policy statements for the assembly and the executive,
- PAIC that follows up on expenditures and taKsh. management to account,
- Finance and ICT Committee that mainly concentrates on sources of revenue for operations and
- Internal Audit Committee that formulates and advises on internal control policies and measures.

The County Assembly committees have different roles among them formulation of policies and plans for proper implementation by the departments in the executive side of the county government. They also liaise with different departments to help bring different government businesses to the house for debate and adoption.

**(e) County Assembly of Meru Headquarters**

P.O. Box 3 - 60200  
County Headquarters Building  
Kenyatta Highway  
Meru, KENYA

**(f) County Assembly of Meru Contacts**

Telephone: (254) 720088043  
E-mail: [assembly@meru.go.ke](mailto:assembly@meru.go.ke)  
Website: [www.meru.go.ke](http://www.meru.go.ke)

**(g) County Assembly of Meru Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
  
2. Other Commercial Banks  
Equity Bank Ltd  
Meru Branch

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**(h) Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

**NAIROBI, KENYA**

**(i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**2. Foreword by the Clerk of the Assembly**

It has been another year of challenges and achievement for County Assembly of Meru. In the face of significant operational and financial pressures, we have achieved notable success through focusing on our top priorities as approved by the County Assembly of Meru.

**2.1 Budget Performance**

Our approved budget for the County Assembly of Meru was **Ksh.1,076,660,369** composed of **Ksh.1,008,660,369** Recurrent and **Ksh.68,000,000** Development. Our actual expenditure was **Ksh.961,070,218** representing a performance of **89%** analyzed on the table below as per the programme. We did not receive June Exchequer hence affecting our performance.

Name of the Programme	Printed /Revised Gross Estimates (Kshs.)	Estimates	Final Budget	Actual on comparable basis	Budget Utilization Difference
<b>P1 Legislation and Representation</b>					
Compensation to Employees	263,217,905	-10,000,000	253,217,905	<b>243,290,145</b>	3.9%
Use of Goods and Services	184,556,896	61,285,900	245,842,796	<b>245,842,796</b>	0%
<b>P2 Legislative Oversight</b>					
Compensation to Employees	142,700,782	-29,301,976	113,398,806	<b>108,575,806</b>	4.2%
Use of Goods and Services	105,015,200	-1,931,267	103,083,933	<b>103,083,933</b>	0%
<b>P3 General Admin, Planning &amp; Support</b>					
Compensation to Employees	131,672,028	-2,920,300	128,751,728	<b>116,139,181</b>	9.8%
Use of Goods and Services	181,497,558	-17,132,357	164,365,201	<b>144,138,357</b>	12.3%
Development	40,000,000	28,000,000	68,000,000	-	100%
	<b>1,048,660,369</b>	<b>28,000,000</b>	<b>1,076,660,369</b>	<b>961,070,218</b>	10.7%

**2.2 Operational Performance**

**Bills Passed By the Assembly in the Year 2021/2022**

1. The Meru County Supplementary Appropriation (No.2) Act, 2021 (Enacted 28<sup>th</sup> April, 2021);

The Act made provision for giving statutory sanction for supplementary public expenditure for the year ending on the 30<sup>th</sup> June 2021, on the basis of the Estimates of Recurrent Expenditure and the Estimates of Development Expenditure for the Fiscal Year

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

2020/2021, and for the appropriation of those amounts. This was done by adjusting the Total Recurrent Expenditure to Kshs. 8,056,175,458.30/- and Development Expenditure to Kshs. 3,727,604,777.00/-.

2. The Meru County Enforcement Act, 2019 (Enacted 21<sup>st</sup> April, 2021);

The Act empowers the County Government of Meru to regulate various enforcement matters within the purview of its powers and functions. It mandates and empowers the county government with the responsibility of enforcement which includes inspection of compliance with county laws, arrest of those who offend the county laws, their prosecution and judicial determination of accusations and punishments of those who offend the county law. The law also creates county law enforcement institutions and provides for their powers.

3. The Meru County Appropriation Act, 2021 (Enacted 29<sup>th</sup> June, 2021);

The Act made provision for giving statutory sanction for public expenditure for the year ending on the 30<sup>th</sup> June 2022, on the basis of the Estimates of Recurrent Expenditure and the Estimates of Development Expenditure for the Fiscal Year 2021/2022, and for the appropriation of those amounts. The Act also adjusted the Total Recurrent Expenditure to Kshs. 7,751,439,568.00/- and Development Expenditure to Kshs. 3,457,215,062.00/-.

4. The Kimeru Institute Act, 2021 (Enacted 23<sup>rd</sup> June, 2021);

The Act provides a legal framework for the establishment of the Kimeru Institute for the promotion and the appreciation, protection, preservation, promotion and development of Kimeru culture.

5. The Meru County Cancer Institute (Amendment) Act, 2021(Enacted 28<sup>th</sup> September, 2021); and

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

The Act amends the Meru County Cancer Institute Act, 2019 to ensure that there is a more inclusive Board of Trustees of the Meru County Cancer Institute, for purposes of the efficient management of the Institute, among other crucial provisions that ensure the efficient and effective implementation of the Meru County Cancer Institute Act.

6. The Meru County Supplementary Appropriation Act, 2021 (Enacted 27<sup>th</sup> October, 2021).  
The Act made provision for giving statutory sanction for supplementary public expenditure for the year ending on the 30<sup>th</sup> June 2022, on the basis of the Estimates of Recurrent Expenditure and the Estimates of Development Expenditure for the Fiscal Year 2021/2022, and for the appropriation of those amounts. It also adjusted the Total Recurrent Expenditure to Kshs. 8,329,913,289.68/- and Development Expenditure to Kshs. 4,169,586,888.34/-.

**2022**

1. The Meru County Supplementary Appropriation (No.2) Act, 2022 (Enacted 26<sup>th</sup> April, 2022); and

The Act made provision for giving statutory sanction for supplementary public expenditure for the year ending on the 30<sup>th</sup> June 2022, on the basis of the Estimates of Recurrent Expenditure and the Estimates of Development Expenditure for the Fiscal Year 2021/2022, and for the appropriation of those amounts. It also adjusted the Total Recurrent Expenditure to Kshs.8,402,032,179/- and Development Expenditure to Kshs.4,139,122,410/-.

2. The Meru County Appropriation Act, 2022 (Enacted 4<sup>th</sup> May, 2022).

The Act makes provision for giving statutory sanction for public expenditure for the year ending on the 30<sup>th</sup> June 2023, on the basis of the Estimates of Recurrent Expenditure and

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

the Estimates of Development Expenditure for the Fiscal Year 2022/2023, and for the appropriation of those amounts. It also adjusts the Total Recurrent Expenditure to Kshs. 8,011,561,385.41/- and Development Expenditure to Kshs. 3,351,176,583.00/-.

**Statutory Instruments Enacted/Approved by the County Assembly during the Financial Year 2021/2022**

1. The Maua Municipal Charter (Approved on 11<sup>th</sup> May, 2022); and  
The Charter confers Municipality status to Maua Town. This, besides elevating the town's status to a municipality, will ensure additional funding for the County through World Bank's Kenya Urban Support Programme (KUSP) conditional grant. The conditional grant will support various infrastructural development projects across Maua town.
2. The Timau Municipal Charter (Approved on 11<sup>th</sup> May, 2022).  
The Charter confers Municipality status to Timau Town. This, besides elevating the town's status to a municipality, will ensure additional funding for the County through World Bank's KUSP conditional grant. Similarly, the conditional grant will support various infrastructural development projects across Timau town.

**Assembly Committees, Their Mandates and Successes over the Period**

NO.	SECTORAL COMMITTEE	SUBJECT AREA/MANDATE	SUCCESSSES OVER 2021/2022	FY
1.	Sectoral Committee Agriculture, livestock and Fisheries	All matters relating to Agriculture, including crop and animal husbandry, livestock sale yards, county abattoirs, plant and animal disease control and fisheries, veterinary services (excluding regulation of the profession), animal control and welfare, including licensing of dogs, and facilities for the accommodation, care and burial of animals.	2 Motions sponsored and passed 8 Statements processed	

**Meru County Assembly**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

2.	Sectoral Committee on Culture, Youth and Sports	All matters relating to youth; sports; cultural activities and facilities; national heritage; an all matters relating to public entertainment including betting, lotteries and casinos and other forms of gambling, racing, liquor and liquor licensing.	1 Bill sponsored 3 Statements processed
3.	Sectoral Committee on Water and Irrigation	All matters relating to water and the use of water for domestic, industrial and irrigation purposes; and all matters relating to sanitation and sewerage services.	2 Statements processed
4.	Sectoral Committee County Health Services	All matters relating to county health services, including, county health facilities and pharmacies, ambulance service, promotion of primary health care, licensing and control of undertakings that sell food to the public.	1 Bill sponsored 4 Motions sponsored
5.	Sectoral Committee on Labour, Public Service and Social Welfare	All matters relating to labour, trade union relations, manpower or human resource planning, capacity building, and social welfare.	2 Motions sponsored 1 Statement processed
6.	Sectoral Committee on Trade, Cooperatives and Enterprise Development	All matters relating to trade and enterprise development including cottage industry, trade licenses (excluding regulation of professionals); local and foreign investments, fair trading practices, outdoor advertising and cooperatives.	5 Motions sponsored 1 Statement processed
7.	Sectoral Committee on Land, Economic and Physical Planning	All matters relating to land, economic policies, planning, projects, and programs (as proclaimed by the County Executive through reports, papers and speeches made by the Governor and those officers appointed by him or her) and all matters relating to County planning and development including statistics, land survey and mapping, boundaries and fencing, markets, towns and urban center development.	2 proposed Statutory Instruments processed 1 Motion sponsored
8.	Sectoral Committee on Education, Technology and Vocational Training	All matters relating to pre-primary education, village/youth polytechnics, home craft centres and childcare facilities; management of County bursary funds, programs and overseeing the provision of relevant infrastructure) and learning equipment and facilities in the above institutions within the county; and All matters relating to training with regard to science and technology.	2 Statements processed
9.	Sectoral Committee on	All matters relating to County transport, including county roads, street lighting, traffic and	1 Bill sponsored

**Meru County Assembly**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

	Transport and Public Works	parking, public road transport and other transport services; county public works and services including storm water management systems in built-up areas; public buildings, and housing.	1 Petition processed  1 Statement processed
10	Sectoral Committee on Justice and legal Affairs	All matters relating to intergovernmental relations and coordination, constitutional affairs, the administration of law and justice, ethics, good governance, integrity and anti-corruption measures and protection of human rights, civic education and ward fora; consultation and cooperation between the national and county governments, establishing mechanism for resolution of intergovernmental disputes pursuant to Articles 6 and 189 of the constitution and other relating matters.	1 Bill sponsored
11	Sectoral Committee on County Cohesion & Devolved Units	All matters relating to the participation of communities in governance at the local level, including measures being taken to develop the administrative capacity to ensure citizen participation; All matters relating to the pace and direction devolution is taking in the county, all matters relating the coordination of security and disaster management including collaboration of the County and National governments on security and disaster management; firefighting, alternative dispute resolution and other forms of dispute resolution involving intra-county conflicts and such other relating matters.	1 Statement processed
12	Sectoral Committee on County Finance and ICT	All matters relating to finance in the County, County communication, e-communication, broadcasting development and management, and ICT.	2 statements processed
13	Sectoral Committee on Gender, Children and Community Services	All matters relating to gender; children and children welfare (excluding early childhood education); public amenities including cinemas, video shows, libraries, county parks, museums and recreation facilities; all matters relating to the control of drugs and pornography; and all matters relating to community service and voluntary work (excluding Community Health Volunteers).	1 Motion sponsored
14	Sectoral Committee on Environment and Natural Resources	All matters related to the environment and environmental conservation including water conservation, soil and trees, refuse removal and dumps and solid waste disposal; implementation of specific national government policies on	1 Statement processed

**Meru County Assembly**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

		natural resource; and all matters related to climate change, mineral resources including quarries and sand harvesting, among others, forestry and control of air pollution, noise pollution and other public nuisances.	
15	Sectoral Committee on Tourism	All matters related to tourism including local tourism; conservancies; and the implementation of specific national government policies on wildlife conservation.	1 Statement processed
16	Sectoral Committee on Energy	All matters related to energy, including street lighting, electricity, gas reticulation, energy regulation, solar energy and wind energy; and the implementation of specific national government policy on energy.	2 Statements processed

<b>NO.</b>	<b>SELECT COMMITTEE</b>	<b>SUBJECT AREA/MANDATE</b>	<b>SUCCESSSES OVER FY 2021/2022</b>
1.	House Business Committee	<p>(a) prepare and, if necessary, from time to time adjust the Assembly Calendar with the approval of the House;</p> <p>(b) monitor and oversee the implementation of the House Business and programmes.</p> <p>(c) implement the Standing Orders respecting the scheduling or programming of the business of the Assembly and the functioning of the Committees of the House;</p> <p>(d) determine the order in which the reports of Committees shall be debated in the House;</p> <p>(e) may take decisions and issue directives and guidelines to prioritize or postpone any business of the House acting with the concurrence of the Leader of the Majority Party or the Leader of the Minority Party, as the case may be.</p> <p>(f) Consider such matters as may from time to time arise in connection with the business of the House and shall have and</p>	<p>Successfully scheduled all the businesses transacted by the House over the 2021 and 2022 Sessions.</p> <p>Oversaw the preparation, approval and dissemination of Order Papers of the County Assembly over the 2021 and 2022 Sessions</p>

**Meru County Assembly**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

		perform such powers and functions as are conferred on and ascribed to it by these Standing Orders or from time to time by the House.	
2.	Committee on Selection	Nomination of Members to serve in Committees, save for the membership of the House Business Committee, Committee of Powers and Privileges and Committee on Appointments.	Successfully constituted the membership of various Committees of the County Assembly over the term of the Second County Assembly
3.	Committee on Appointments	Consideration, for approval by the Assembly, appointments under Articles 179(2) of the Constitution (Members of County Executive Committee)	Did not transact any business for the period under consideration
4.	County Public Accounts and Investments Committee	Examination of:- (a) the accounts showing the appropriations of the sum voted by the House to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit; (b) the reports and accounts of all county public investments; (c) the reports, if any, of the Auditor General on the public investments; and (d) in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.	Successfully examined a total of nine (9) Reports of the Auditor General in respect to the accounts of various County institutions and Tabled the requisite Committee Reports for consideration and approval by the County Assembly
5.	County Budget and Appropriations Committee	To:- (a) investigate, inquire into and report on all matters relating to coordination, control and monitoring of the of the county budget; (b) discuss and review the estimates and make recommendations to the Assembly; (c) examine the County Fiscal Strategy	Tabled a total of sixteen (16) Reports relating to the Public Expenditure framework and the County Budget for consideration and approval by the County Assembly.

**Meru County Assembly**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

		<p>Paper presented to the Assembly;</p> <p>(d) examine Bills relating to the county budget, including Appropriations Bills; and</p> <p>(e) evaluate economic and budgetary policies and programmes with direct budget outlays.</p>	<p>Scrutinised and reported on various budgetary documents submitted by the Executive Arm with a view of exercising oversight over the Budget implementation by the Executive Arm.</p>
6.	<p>Assembly Procedure and Rules Committee</p>	<p>(a) consideration and reporting on all matters relating to the Standing Orders.</p> <p>(b) Consideration and proposing amendments to the Standing Orders</p>	<p>Oversaw the process of review and approval of the Third Edition Standing Orders for the County Assembly of Meru</p>
7.	<p>Powers and Privileges Committee</p>	<p>Either of its own motion or as a result of a complaint made by any person, inquire into any alleged breach by any member of the Assembly of the Code of Conduct issued under the provisions of the National Assembly (Powers and Privileges) Act or the County Assemblies Powers and Privileges Act or into any conduct of any member of the Assembly within the precincts of the Assembly (other than the Chamber) which is alleged to have been intended or likely to reflect adversely on the dignity or integrity of the Assembly or the member thereof, or to be contrary to the best interests of the Assembly or the members thereof.</p>	<p>Did not have any work in the period under review</p>
8.	<p>Implementation Committee</p>	<p>(a) To scrutinize the resolutions of the Assembly (including adopted committee reports), petitions and the undertakings given by the County Executive Committee and examine: -</p> <p>(i) whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and</p> <p>(ii) whether or not legislation passed by the Assembly has been operationalised and</p>	<p>Made a total of four (4) implementation reports on the implementation status of various resolutions made by the County Assembly</p>

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

		<p>where operationalised, the extent to which such operationalisation has taken place within the minimum time necessary.</p> <p>(b) To propose to the Assembly, sanctions against any County Executive Committee (CEC) Member who fails to report to the relevant select Committee on implementation status without justifiable reasons.</p>	
9.	Delegated Legislation Committee	<p>consider in respect of any statutory instrument whether it-</p> <p>(a) is in accord with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written law;</p> <p>(b) infringes on fundamental rights and freedoms of the public;</p> <p>(c) contains a matter which in the opinion of the Committee should more properly be dealt with in an Act of the Assembly;</p> <p>(d) contains imposition of taxation;</p> <p>(e) directly or indirectly bars the jurisdiction of the Courts;</p> <p>(f) gives retrospective effect to any of the provisions in respect of which the Constitution or the Act does not expressly give any such power;</p> <p>(g) involves expenditure from the County Revenue Fund or other public revenues;</p> <p>(h) is defective in its drafting or for any reason the form or purport of the statutory instrument calls for any elucidation;</p> <p>(i) appears to make some unusual or unexpected use of the powers conferred by the Constitution or the Act pursuant to which it is made;</p> <p>(j) appears to have had unjustifiable delay in its publication or laying before Assembly;</p> <p>(k) maKsh. rights , liberties or obligations unduly dependent upon non-reviewable decisions;</p> <p>(l) maKsh. rights , liberties or obligations unduly dependent insufficiently defined administrative powers;</p> <p>(m) inappropriately delegates legislative powers;</p>	<p>Considered a total of two (2) Statutory Instruments and reported its consideration to the County Assembly for approval.</p>

**Meru County Assembly**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

		<p>(n) imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;</p> <p>(o) appears for any reason to infringe on the rule of law;</p> <p>(p) inadequately subjects the exercise of legislative power to Assembly scrutiny;</p> <p>and,</p> <p>(q) accords to any other reason that the Committee considers fit to examine.</p>	
10	Liaison Committee	<p>To: -</p> <p>(a) guide and co-ordinate the operations, policies and mandates of all Committees;</p> <p>(b) deliberate on and apportion the annual operating budget among the Committees;</p> <p>(c) consider the programmes of all Committees, including their need to travel and sit away from the precincts of Assembly;</p> <p>(d) ensure that Committees submit reports as required by these Standing Orders;</p> <p>(e) determine, whenever necessary, the committee or committees to deliberate on any matter; and</p> <p>(f) give such advice relating to the work and mandate of select committees as it may consider necessary;</p> <p>(g) To consider reports of Committees that have not been deliberated by the Assembly and shall report to the Assembly on the consideration of such reports.</p>	Oversaw the development of various administrative policies to oversee the effective administration of Assembly Committees
11	Chairpersons' Panel	<p>To: -</p> <p>(a) preside over all Assembly Sittings in the absence of the Speaker and the Deputy Speaker</p> <p>(b) to preside over all Committees of the Whole House in the absence of the Deputy Speaker</p>	Effectively preside over all Assembly Sittings and Committees of the Whole House in cases where the Speaker and the Deputy Speaker were not available to preside

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**2.3 Performance of key development projects**

1. The County Assembly of Meru has been able to renovate its offices and chambers, install modern Hansard system and construct a perimeter wall round the premises. We have also been able to install CCTV cameras in the premises.
2. The County Assembly has a plan to build Honourable Members' offices. This will go a long way in members' welfare as they currently operate from the parking lots with the cars as their offices.
3. They also plan to install electric fence to improve on Security and build a restaurant to improve on staff welfare. There is a plan to modernize the Hansard system so that it can be up to date for chamber business transactions. The construction of speaker's residence which is on-going will go a long way in saving the payment of rent.
4. The county Assembly of Meru has a gift register which is set up in the manner prescribed in regulation 13 of the Leadership and Integrity Regulations, 2015. Additionally, in compliance with the provisions of section 46 (1) (d) and 46 (2) of the Leadership and Integrity Act, 2012, the County Assembly has established a conflict of interest register which has is operational.

**2.4 Comment on value-for-money achievements**

1. Improved service delivery and good governance through legislation of Bills and Motions.
2. Improved public participation and public ownership by ensuring every matter considered by the Assembly had an element of public participation.
3. Improved service delivery and enhanced performance occasioned by continuous staff training and capacity building activities.

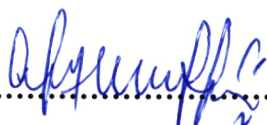
### **2.5 Challenges and Recommended Way Forward**

The following were some of the challenges encountered by the County Assembly in the period under review: -

1. Late exchequer releases from the National Treasury. Persistent delays in exchequer releases hampered Budget implementation within the County Assembly as well as impacted negatively on the effective discharge of the Assembly's mandate. It is prudent that effective linkages with the National Government and the National Treasury by extension to ensure the timely disbursement of funds to the County Assembly;
2. Lack of financial autonomy in the County Assemblies. Whereas the principle of separation of powers dictates that the Legislative Arm and the Executive Arm are independent and distinct of each other functionally for purposes of ensuring checks, counter checks and balances, the Legislative Arm (County Assembly) has largely remained dependent on the executive Arm to access its fiscal resources. This makes the County Assembly subservient to the Executive Arm since you cannot exercise effective oversight over the Arm that resources you. This is evident in the process of requisitioning of exchequer releases where the County Assembly largely relies on the approval of the CECM in charge of Finance to approve its disbursements. To tame this, there is need for the Commission on Revenue Allocation (CRA), the Controller of Budget (COB), Parliament and the National Treasury to work together to put effective controls, polices, measures and legislations to ensure financial independence of the County Assemblies while ensuring effective oversight over the same.
3. Inadequate fiscal resources for the County Assembly and its Committees to effectively discharge its mandate. In the Financial Year 2021/2022 devolved governments were allocated a total of approximately Ksh.370 Billion. Of this amount, County Assemblies

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

were allocated approximately Ksh.35.6 Billion. This is below 10% of all equitable share allocated to devolved institutions, yet the Legislature ought to have adequate funds to exercise effective oversight to the Executive Arm. Compare this to Parliament's Budget in the Financial Year 2021/2022 which stood at Ksh.37.8 Billion and it goes without saying that County Assemblies need for funds to effectively fund their programs which are founded on the core pillars of representation, legislation and oversight.



.....  
**Charles Murithi Launi**

**Ag; Clerk of the County Assembly of Meru**

**Meru County Assembly**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**3. Statement of Performance against County Assembly Predetermined Objectives**

**Guidance**

<b>Programme</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicators</b>	<b>Performance in FY 2021/2022</b>
<b>P1: Legislative and Committee services</b>	<ul style="list-style-type: none"> <li>Enhanced professional development of MCAs</li> <li>To formulate and approve County Laws</li> <li>To enhance Oversight over County Executive departments</li> </ul>	<ul style="list-style-type: none"> <li>Improved legislation and oversight services</li> <li>Improved Service Delivery</li> </ul>	<ul style="list-style-type: none"> <li>Trainings done</li> <li>No. of Bills considered</li> <li>No. of public participation for a</li> </ul>	MCAs have been trained on legislation and oversight. 9 bills have been passed and 2 awaiting enactment. 148 motions have been passed, 1 petition and 9 statements fully discharged.
<b>P2: Human Resource Development</b>	To improve Assembly Members and staff skills on Assembly procedures and rules literacy levels	Improved performance of members and staff	<ul style="list-style-type: none"> <li>Members and Staff satisfaction index</li> <li>Number of reports generated and tabled for consideration</li> </ul>	<ul style="list-style-type: none"> <li>100% Staff and Members trained</li> <li>The number of Bills and motions passed increased for the financial year compared to the previous one</li> </ul>
<b>P3: Citizens Participation and Social Responsibility</b>	To enhance citizen engagement in decision making and strengthen partnerships	Enhanced citizen engagement in legislation and policy making processes	<ul style="list-style-type: none"> <li>Citizens' Satisfaction Index</li> <li>Number of petitions submitted from the public</li> </ul>	Held 12 public participation which was an improvement as compared to the forums from previous year
<b>P4: General Administration , Planning &amp; Support</b>	To reduce recurrent expenditure and enhance a conducive working environment	Improved work environment and reduced recurrent expenditure	% of recurrent expenditure	The sub-programmes under the programme did actualize.

## **Meru County Assembly**

### **Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

#### **4. Corporate Social Responsibility Statement/Sustainability Reporting**

A County Assembly exercises and executes the mandate, role and function by the sovereign power to participate in governance, delegated to them under Section 1(2), (3) and (4) of Constitution of Kenya 2010. They exercise oversight over all issues and matters of governance, especially, the operation of the County Executive Committee and all organs of the County Executive; they receive, deliberate on and approve:-

- a) All development plans, programmes, policies and budget of a County Government; as set out in Sections 207, 220 (2), 201 and 203 of the constitution, 2010 and Part IV of the Public Finance Management Act, 2012;
- b) (b) Vetting all nominees for appointment as County Secretary and Chief Officers of the County Public Service;
- c) (c) The borrowing by a County Government in accordance with provisions of Section 212 of the Constitution, 2010.
- d) (d) Appointment of a Clerk of a County Assembly on recommendation of the County Assembly Service Board (CASB).

##### **a.Sustainability strategy and profile**

The county Assembly has continually embraced the prudent utilization of allocated resources by the National treasury. Additionally, the Assembly has continually sought the support of strategic partners to aid in capacity building programmes. Key achievements have been the continuous capacity building programme that has seen improvement in the performance of both Members of the County Assembly as well as staff members. There has however, been challenges experienced especially towards the end of the financial year due to the Covid-19 pandemic that saw delayed disbursement of financial resources thus constraining the assembly operations.

##### **b. Environmental performance**

Meru is strategically located in the Mt Kenya and Nyambene ranges which influence the volcanic soils, temperatures, humidity, relief rainfall and diverse ecological zones. The county's gazetted forest cover is 972.3 km<sup>2</sup>, which is 14.02 per cent of the total county area. There are nine gazetted forests and nineteen ungazetted forests.

As the County Assembly, in the interactions with the public it was discovered that farmers continue to farm with great destruction of the soil and the environment. This leads to water logging, acidity, mineral deficiency and consequently aridity. In addition, the public participation lamented at the wanton destruction and environmental degradation that has occurred in the county, including on many hills. Measures to address these concerns have been incorporated for action by the committees on Agriculture and that of Water.

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

There are also plans for the fastracking of the development and operationalization of a solid waste management system and a recycling plant, develop walkways and cyclist lanes Internally, the County Assembly had embraced the use of electronic devices for transaction of business especially for the distribution of order papers and other crucial communications.

**c. Employee Welfare**

The County Assembly Service Board had considered and passed various policies namely; Internship policy, Attachment policy and the Transport policy. Other policy documents are at various stages of consideration.

The staff is taken through training every year and specialized trainings on managerial courses for different cadres. The County Assembly of Meru pays subscription fees for members of staff that are registered in different professional bodies. In case of vacancy the management gives internal recruitment the first opportunity. This creates opportunity for rewards and promotions.

**d. Market place practices**

In compliance with the Leadership and Integrity Regulations, 2015, specifically section (4) which states that: “A State officer or a public officer who receives a gift in terms of this regulation shall, irrespective of the monetary value of the gift, declare the gift received to the public entity which the public officer represents in a manner prescribed in Form A, in the Schedule.” The county Assembly of Meru has a gift register which is set up in the manner prescribed in regulation 13 of the Leadership and Integrity Regulations, 2015.

Additionally, in compliance with the provisions of section 46 (1) (d) and 46 (2) of the Leadership and Integrity Act, 2012, the County Assembly has established a conflict of interest register which has is operational.

The county Assembly has embraced its core values in its daily operations by ensuring that there is fairness in the recruitment processes, professionalism during day to day operations, and openness especially during procurement processes. The County Assembly has also been accommodative to all views and opinions especially during the conducting of public participation forums where all views are taken into consideration.

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**e. Community Engagements**

The Constitution of Kenya 2010 provides for the inclusions of all Kenyans in spheres of development. This ensures that catering for affirmative groups is not considered a philanthropic issue but a key agenda in Social Development. The social set up within the Meru community has been such that less fortunate individuals in the Society received social support. Faith based organizations and charitable institutions have also been secondary avenues for provision of social support for vulnerable groups especially children. However today, the community finds itself at cross roads. Meru is one of the towns that have, in recent years, experienced the upsurge in street children and families. A report by KNBS shows that street children have increased by 3% since 2010. These children for whom the street has become home face multiple risks of exploitation, sexually transmitted diseases and substance abuse.

The Social protection acknowledges that gender mainstreaming is essential in ensuring that members of the community are protected irrespective of their gender. Both genders are today facing various challenges in the community.

To this end, the County Assembly, especially through the Women's caucus has come up with strategies including increased inclusivity in planning and decision making, increased engagement in business among women and PWDs, reduction in Gender Violence Cases, reduction in FGM and Early marriages, reduction in number of street children and partnerships with NGOs to source for PWD assistive devices.

This is aimed to be done through the following specific interventions:

- Map out the women PWD in Meru County;
- Establish categories of children in need of care, protection and other needs;
- Reduce the reported cases of FGM by 5% annually;
- Reduce the reported cases of SGBV from 38 % to 29%;
- Reduce the children subjected to child labor from 26% to 16%.
- Enacting of Laws that legislate and implement the Sexual, Gender Based Violence (SGBV) Policy and outlaw retrogressive cultural practices.

**Meru County Assembly**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**f. Others**

The County Assembly of Meru ensures that budget provides for sports and bursaries. The Assembly has supported oversight of the implementation of ECDE classes and feeding program to retain children in school.

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**5. Statement of Management Responsibilities**

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year, ended June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2022, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

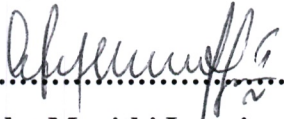
The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 27<sup>th</sup> September 2022.

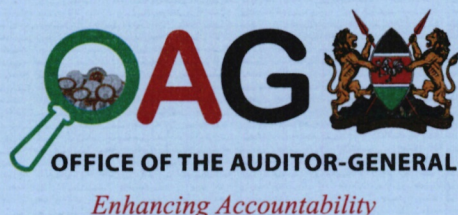
.....  


**Charles Murithi Launi**

**Ag; Clerk of the County Assembly**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MERU FOR THE YEAR ENDED 30 JUNE, 2022

---

### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Meru set out on pages 1 to 23, which comprise the statement of assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows

---

*Report of the Auditor-General on County Assembly of Meru for the year ended 30 June, 2022*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of Meru as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), the Public Finance Management Act, 2012 and comply with the County Governments Act, 2012.

## **Basis for Qualified Opinion**

### **1. Variances in the Financial Statements**

A comparison of the statement of receipts and payments and statement of comparison of budget and actual amounts reflects the following unreconciled and unaccounted for variances;

<b>Item</b>	<b>Statement of Receipts &amp; Payments (Kshs.)</b>	<b>Statement of Comparison of Budget &amp; Actual Amounts (Kshs.)</b>	<b>Variance (Kshs.)</b>
Exchequer Releases	961,074,283	115,586,086	845,488,197
Compensation of Employees	468,005,132	27,363,307	440,641,825
Use of Goods and Services	490,245,086	4,073	490,241,013
Transfer to other Government Entities	248,245	20,222,771	(19,974,526)
Acquisition of Assets	2,820,000	68,000,000	(65,180,000)

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

### **2. Variances in Expenditure on Staff Medical Insurance Cover**

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure of Kshs.490,245,086 in respect to use of goods and services which includes Kshs.37,583,976 on insurance costs which further includes Kshs.32,811,711 paid to an insurance firm for medical insurance cover for staff. However, the Integrated Financial Management Information System (IFMIS) records reflects amount paid of Kshs.33,435,206 resulting to an unreconciled and unexplained variance of Kshs.623,495

Further, the list of all the beneficiaries of the scheme detailing their job groups, the personal identification numbers and schedule from the insurer detailing the breakdown of the number of staffs that was submitted and the premium rate for each job group were not provided for audit.

In addition, the original bid documents submitted by the ten (10) bidders quoted in the tender opening and evaluation minutes were not provided for audit.

In the circumstances, the accuracy, propriety and completeness for the expenditure amount of Kshs.32,811,711 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Meru Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-compliance with Ethnic Composition**

The statement of receipts and payments reflects an amount of Kshs.468,005,132 in respect to compensation of employees as disclosed in Note 4 to the financial statements. Review of the staff establishment provided for audit revealed the County Assembly had a staff establishment of eighty-eight (88) staff out of which 83 or 94% belonged to the dominant local ethnic community. This is contrary to Section 7(2) of the National Cohesion Integration Act, 2008.

In the circumstance, Management was in breach of the law.

#### **2. Non-compliance with Fiscal Responsibility on Wages and Benefits**

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects an amount of Kshs.468,005,132 in respect to compensation of employees. However, total revenue received in the year was Kshs.961,074,283. The wage bill translates to 49% of total revenue which is above the allowable limit of 35%. This is contrary to Section 25(1)(a) & (b) of Public Finance Management (County Governments) Regulations, 2015 which states that the County Executive committee member with the approval of the County Assembly shall set a limit on the county

government's expenditure on wages and benefits for its public officers pursuant to section 107(2) of the Act, and the limit set under paragraph (a) above, shall not exceed 35% of the county government's total revenue.

In the circumstance, Management was in breach of the law.

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

#### **3.1 Unsupported Domestic Travel and Subsistence**

Included in the use of goods and services balance of Kshs.490,245,086 is an expenditure on domestic travel and subsistence of Kshs.207,168,086 which further includes an expenditure of Kshs.801,200 paid as facilitation fee to Sectoral Committee on Gender, children and community services to prepare the committees work plan for the final half of the financial year 2021/2022.

However, the supporting documents including the work tickets and signed payment schedule were not provided for audit. This is contrary to Section 104(1) of the Public Finance Management (County Governments) Regulations.

In the circumstances, Management was in breach of the law.

#### **3.2 Unsupported Out of Station Committee Meetings Expenditure**

The County Assembly expenditure on domestic travel and subsistence amounting to Kshs.6,344,900 was paid to staff and Members County Assembly (MCA's) while outside the precincts of the duty station to participate in various Committee meetings. The expenditure was not supported by appropriate documentations contrary to Section 104(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipts and payment vouchers and shall be supported by the appropriate authority and documentation.

In the circumstances, the value for money for the expenditure amount of Kshs.6,344,900 could not be confirmed. In addition, the County Assembly is in breach of the law.

#### **3.3 Unsupported Expenditure on Training to Members of Staff**

The Assembly had expenditure on domestic travel and subsistence amounting to Kshs.3,714,900 paid as facilitation fee to staff for training in Nairobi. However, the expenditure was not supported with relevant documents including list of facilitators, their qualifications and how they were sourced and copies of the certificates of participation.

Further, it was revealed that the training took place in Nairobi at Sunstar Hotel and that all members who attended were from Meru County Assembly contrary to The National Treasury Circular No. 20/2015 of 4 November, 2015 which states, that accounting officer shall ensure that all workshops and retreats with majority of participants drawn from one duty station are held within the precincts of the duty station.

In the circumstance, the value for money for the expenditure amount of Kshs.3,714,900 could not be confirmed. In addition, the County Assembly is in contravention of the National Treasury Circular.

### **3.4 Irregular out of Station Committee Meetings**

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure amount of Kshs.490,245,086 in respect to use of goods and services, which includes Kshs.26,999,994 on hospitality supplies and services which further includes Kshs.3,660,600 paid to staff and MCA's while outside the precincts of the duty station to participate in various committee meetings. However, the expenditures were incurred by the Assembly contrary to the National Treasury Circular Ref No 20/2015 of 4 November.

In the circumstance, the value for money for the expenditure amount of Kshs.3,660,600 could not be confirmed. In addition, the County Assembly is in contravention of the National Treasury Circular.

## **4. Maintenance of Vehicles and other Transport Equipment**

### **4.1 Lack of Pre and Post Inspection Reports for Motor Vehicle Repairs**

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure amount of Kshs.490,245,086 in respect to use of goods and services which include Kshs.2,269,800 on routine maintenance - vehicles and other transport equipment which further includes Kshs.1,625,021 paid to various suppliers for repair of motor vehicles.

However, review of supporting documents revealed that the pre and post inspection reports, mechanical defect report, work tickets and job cards for the services rendered to the motor vehicles were not provided for audit. This is contrary to Section 48(3)(a) (b) of the Public Procurement and Assets Disposal Act, 2015.

In the circumstances, the value for money for Kshs.1,625,021 could not be confirmed and Management was in breach of the law.

### **4.2 Non-Adherence to Procurement Procedures in Acquisition of Motor Vehicle Repair Services**

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure amount of Kshs.490,245,086 in respect to use of goods and services which include Kshs.2,269,800 on routine maintenance - vehicles and other transport equipment.

However, appointment letters to tender opening and evaluation committee, opening committee minutes, evaluation committee minutes, professional opinion, notification of award and inspection and acceptance committee report to confirm how the process of sourcing the above suppliers of motor vehicle repairs were not provided for audit. This is contrary to Sections 48 (3) (a) and (b), 78 (1), 80 (4) and 84 (1) of the Public Procurement and Assets Disposal Act, 2015.

In the circumstances, the value for money for Kshs.2,269,800 could not be confirmed. In addition, Management was in breach of the law.

## **5. Non-Maintenance of Fuel Register**

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure amount of Kshs.490,245,086 in respect to use of goods and services which include Kshs.2,000,000 on fuel, oil and lubricants which further includes Kshs.1,101,417 paid to a firm for supply of fuel.

However, the Assembly Management does not maintain a fuel register showing registration number of motor vehicle that consumed fuel, volume of fuel consumed and the balance at a given period of time. This is contrary Section 104 (1) of the Public Finance Management (County Governments) Regulations, 2015 states that all receipts and payments voucher of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

In addition, it was noted the Assembly vehicles consumed fuel through the use of fuel cards. However, the transport department had not set the limit of consumption on each card and that the drivers were at liberty to fuel the motor vehicles without control. No explanation was given on why such limits were not in place.

In the circumstances, Management was in breach of the law.

## **6. Use of a Manual Payroll**

The statement of receipts and payments reflects an amount of Kshs.468,005,132 in respect to compensation of employees as disclosed in Note 4 to the financial statements. Review of records revealed that the County Assembly operated two payroll systems namely the manual payroll and the Integrated Payroll and Personnel Database (IPPD). A total of Kshs.377,516,432 was paid to both County staff and Members of County Assembly legislative allowances which further includes Kshs.47,050,270 paid manually comprising of Kshs.3,913,505 paid to staff not yet admitted in the IPPD and Kshs.43,136,765 to ward office employees. There was no justification as to why Management did not pay all its employees using the IPPD contrary to section 6.7.6 of the County Financial Accounting and Reporting Manual which requires all payments for personal services should be paid through the payroll system.

In the circumstances, Management was in breach of Regulations.

## **7. Irregular Payment of Annual Subscriptions to County Assemblies Forum (CAF)**

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure amount of Kshs.490,245,086 in respect to use of goods and services which include Kshs.70,204,431 on other operating expenses which further includes Kshs.2,700,000 paid to County Assemblies Forum.

However, no legal backing was provided to show that the expenditure was a proper charge to public funds.

In the circumstances, the regularity, validity and value for money for the expenditure amount of Kshs.2,700,000 could not be confirmed.

## **8. Failure to Keep Proper Stores Records**

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure amount of Kshs.490,245,086 in respect to use of goods and services which includes Kshs.7,428,000 on office and general supplies and services which further includes Kshs.292,862 paid for supply of CCTV materials and labor.

Review of the documents provided for audit revealed that the materials were delivered and received on 30 June, 2022. However, the materials were not taken on charge to the store's ledger hence receipt of the materials could not be confirmed. This is contrary to Section 159(2) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that an accounting officer of a procuring entity shall record goods, works and services received under subsection (1) in an inventory of the procuring entity as shall be prescribed.

In the circumstances, the validity of expenditure amount of Kshs.292,862 could not be confirmed as proper charge of public funds.

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

#### **Basis of Conclusion**

##### **Non-Existence of the Management Committee and Staff Advisory Committee**

The County Assembly has not established the Management Committee and Staff Advisory Committee contrary to Section 29 of the County Assembly Service Act, 2017 which states that the Board shall establish a committee to be known as the Staff Advisory Committee which shall be responsible for advising the Board, through the Committee, on matters relating to staff .

In the circumstances, the advisory required by the Board on matters relating to staff could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and

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

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

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

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

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

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

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements

are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**


**15 February, 2023**

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**7. Statement of Receipts and Payments for the Year Ended 30th June 2022**

	Note	2021-2022 KShs	2020-2021 KShs
<b>Receipts</b>			
Exchequer releases	1	961,074,283	947,936,408
Proceeds from sale of assets	2	88,245	2,687,199
Other receipts	3	160,000	-
<b>Total receipts</b>		<b>961,322,528</b>	<b>950,623,607</b>
<b>Payments</b>			
Compensation of employees	4	468,005,132	480,715,437
Use of goods and services	5	490,245,086	416,097,371
Transfers to other government entities	6	248,245	23,132,741
Acquisition of assets	7	2,820,000	30,628,234
<b>Total payments</b>		<b>961,318,463</b>	<b>950,573,783</b>
<b>Surplus/deficit</b>		<b>4,065</b>	<b>49,824</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27<sup>th</sup> November 2022 and signed by:

.....  


**Charles Murithi Launi**  
**Ag; Clerk of the Assembly**

.....  

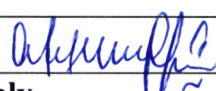


**Lawrence Gitari**  
**Director Finance – County Assembly**  
**ICPAK Member Number: 9200**

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**8. Statement of Financial Assets and Liabilities as At 30th June 2022**

		2021-2022	2020-2021
<b>Financial assets</b>	<b>Note</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash and cash equivalents</b>			
Bank balances	8	4,065	49,824
Cash balances		-	-
<b>Total cash and cash equivalents</b>		<b>4,065</b>	<b>49,824</b>
Imprests and Advances		-	-
<b>Total financial assets</b>		<b>4,065</b>	<b>49,824</b>
<b>Financial liabilities</b>			
Third party deposits and retention		-	-
<b>Net financial assets</b>		<b>-</b>	<b>-</b>
<b>Represented by</b>			
Fund balance b/fwd	9	49,824	627
Prior year adjustment	10	-49,824	-627
Surplus/(deficit) for the year		4,065	49,824
<b>Total Net Financial Assets and Liabilities</b>		<b>4,065</b>	<b>49,824</b>


The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27<sup>th</sup> November 2022 and signed by:

<b>Charles Murithi Launi</b> 	<b>Lawrence Gitari</b> 
<b>Ag; Clerk of the Assembly</b>	<b>Director Finance – County Assembly</b>
	<b>ICPAK Member Number: 9200</b>

**9. Statement of Cash Flows for the Period Ended 30<sup>th</sup> June 2022**

	Note	2021-2022 KShs	2020-2021 KShs
<b>Cash flows from operating activities</b>			
<b>Receipts from operating income</b>			
Exchequer releases	1	961,074,283	947,936,408
Other receipts	3	160,000	-
<b>Payments for operating expenses</b>			
Compensation of employees	4	468,005,132	480,715,437
Use of goods and services	5	490,245,086	416,097,371
Subsidies		-	-
Transfers to other government entities	6	248,245	23,132,741
<b>Adjusted for:</b>			
Prior year adjustment	10	-49,824	-627
<b>Net cash flows from operating activities</b>		<b>2,685,996</b>	<b>27,990,232</b>
<b>Cashflow from investing activities</b>			
Proceeds from sale of assets	2	88,245	2,687,199
Acquisition of assets	7	-2,820,000	-30,628,234
<b>Net cash flows from investing activities</b>		<b>2,731,755</b>	<b>-27,941,035</b>
<b>Net increase in cash and cash equivalents</b>		<b>-45,759</b>	<b>49,197</b>
<b>Cash &amp; cash equivalent at Start of the year</b>	9	<b>49,824</b>	<b>627</b>
<b>Cash &amp; cash equivalent at end of the year</b>	8	<b>4,065</b>	<b>49,824</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27<sup>th</sup> November 2022 and signed by:



.....  
**Charles Murithi Launi**  
**Ag; Clerk of the Assembly**



.....  
**Lawrence Gitari**  
**Director Finance – County Assembly**  
**ICPAK Member Number 9200**

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**10. Statement of Comparison of Budget & Actual Amounts: Recurrent and Development**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	Kshs
<b>Receipts</b>					
Exchequer releases	1,048,660,369	28,000,000	1,076,660,369	115,586,086	10.74%
Proceeds from sale of assets	-	-	-	88,245	-
Other receipts	-	-	-	160,000	-
<b>Total</b>	<b>1,048,660,369</b>	<b>28,000,000</b>	<b>1,076,660,369</b>	<b>115,586,086</b>	<b>10.74%</b>
<b>Payments</b>					
Compensation of employees	537,590,715	-42,222,276	495,368,439	27,363,307	5.52%
Use of goods and services	436,546,883	53,702,276	490,249,159	4,073	0%
Subsidies	-	-	-	-	-
Transfers to other government entities	20,222,771	-	20,222,771	20,222,771	100%
Social security benefits	-	-	-	-	-
Acquisition of assets	54,300,000	16,520,000	70,820,000	68,000,000	96.02%
Finance costs	-	-	-	-	-
Other payments	-	-	-	-	-
<b>Total</b>	<b>1,048,660,369</b>	<b>28,000,000</b>	<b>1,076,660,369</b>	<b>115,590,151</b>	<b>10.74%</b>
<b>Surplus/ deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,065</b>	<b>-</b>

Proceed from sale of assets and other receipts are not included in tabulation of totals or percentages in this table because they are not comparable to any figures in the budget. The sale of assets had not been provided for and other receipt is an historical overdraw of our account which has been reversed and both receipts have been remitted to the County Revenue Fund as required by Law.

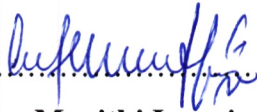
**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

There was under-utilization in transfers due to non-receipt of June 2022 exchequer for the National Treasury by the closure of the financial year. This affected our cash-flow and operations to the extent that June salary was not paid by the closure of the financial year.

The Under-utilization in acquisition of assets was due to the following;

- i. Non responsiveness of procurement in purchase of Hansard Equipment hence delaying the process.
- ii. The contractor demanded price adjustments due to inflation of building materials which affected the construction process of the Speaker's residence.
- iii. Procurement process delayed but the contract has already been awarded, no certificate raised by the closure of the financial year.

The County Assembly of Meru financial statements were approved on 27<sup>th</sup> November 2022 and signed by:



.....  
**Charles Murithi Launi**  
**Ag; Clerk of the Assembly**




.....  
**Lawrence Gitari**  
**Director Finance – County Assembly**  
**ICPAK Member Number: 9200**


**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**11. Statement of Comparison of Budget & Actual Amounts: Recurrent**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	A	B	c=a+b	e=d-c	
<b>Receipts</b>					
Exchequer releases	994,360,369	11,480,000	1,005,840,369	47,586,086	4.73%
Proceeds from sale of assets	-	-	-	-	-
Other receipts	-	-	-	-	-
<b>Total</b>	<b>994,360,369</b>	<b>11,480,000</b>	<b>1,005,840,369</b>	<b>47,586,086</b>	<b>4.73%</b>
<b>Payments</b>					
Compensation of employees	537,590,715	-42,222,276	495,368,439	27,363,307	5.52%
Use of goods and services	436,546,883	53,702,276	490,249,159	4,073	0%
Transfers to other government entities	20,222,771	-	20,222,771	20,222,771	100%
Other payments	-	-	-	-	-
<b>Total</b>	<b>994,360,369</b>	<b>11,480,000</b>	<b>1,005,840,369</b>	<b>47,590,151</b>	<b>4.73%</b>
<b>Surplus/ deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,065</b>	<b>-</b>

There was under-utilization in transfers due to non-receipt of June 2022 exchequer for the National Treasury by the closure of the financial year. This affected our cash-flow and operations to the extent that June salary was not paid by the closure of the financial year. The County Assembly of Meru financial statements were approved on 27<sup>th</sup> November 2022 and signed by:

.....  
  
**Charles Murithi Launi**  
**Ag; Clerk of the Assembly**

.....  
  
**Lawrence Gitari**  
**Director Finance – County Assembly**  
**ICPAK Member Number:**

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

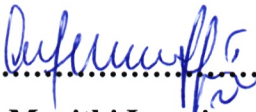
**12. Statement of Comparison of Budget & Actual Amounts: Development**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	Kshs
<b>Receipts</b>					
Treasury/ exchequer releases	54,300,000	16,520,000	70,820,000	68,000,000	96.02%
Proceeds from sale of assets	-	-	-	-	-
Other receipts	-	-	-	-	-
<b>Total</b>	<b>54,300,000</b>	<b>16,520,000</b>	<b>70,820,000</b>	<b>68,000,000</b>	<b>96.02%</b>
<b>Payments</b>					
Acquisition of assets	54,300,000	16,520,000	70,820,000	68,000,000	96.02%
Finance costs	-	-	-	-	-
Other payments	-	-	-	-	-
<b>Total</b>	<b>54,300,000</b>	<b>16,520,000</b>	<b>70,820,000</b>	<b>68,000,000</b>	<b>96.02%</b>
<b>Surplus/ deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Under-utilization in acquisition of assets was due to the following;

- i. Non responsiveness of procurement in purchase of Hansard Equipment hence delaying the process.
- ii. The contractor demanded price adjustments due to inflation of building materials which affected the construction process of the Speaker's residence.
- iii. Procurement process delayed but the contract has already been awarded, no certificate raised by the closure of the financial year.

The County Assembly of Meru financial statements were approved on 27<sup>th</sup> November 2022 and signed by:

.....  


**Charles Murithi Launi**  
**Ag; Clerk of the Assembly**

.....  


**Lawrence Gitari**  
**Director Finance – County Assembly**  
**ICPAK Member Number:9200**

**Meru County Assembly**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**13. Budget Execution by Programmes and Sub-Programmes**

<b>Programme/Sub-Programme</b>	<b>Final Budget</b>	<b>Indicators</b>	<b>Outcomes</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
	<b>Kshs</b>	<b>%/ number</b>	<b>%/ number</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Legislation and Representation</b>	-	-	-	-	-
Compensation of Employees	253,217,905	-	-	243,290,145	3.9%
Use of goods and services	245,842,796	-	-	245,842,796	0%
<b>Legislative Oversight</b>	-	-	-	-	-
Compensation of Employees	113,398,806	-	-	108,575,806	4.2%
Use of goods and services	103,083,933	-	-	103,083,933	0%
<b>General Admin, Planning &amp; Support</b>					
Compensation of Employees	128,751,728	-	-	116,139,181	9.8%
Use of goods and services	164,365,201	-	-	144,138,357	12.3%
	68,000,000	-	-	-	100.7%
<b>Total</b>	<b>1,076,660,369</b>	<b>-</b>	<b>-</b>	<b>961,070,218</b>	<b>10.7%</b>

#### **14. Significant Accounting Policies**

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

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

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Assembly of Meru all values are rounded to the nearest Kenya Shilling.

The accounting policies adopted have been consistently applied to all the years presented.

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

##### **2. Reporting County Assembly of Meru**

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

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

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

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

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Significant Accounting Policies (Continued)**

**i) Transfers from the Exchequer/ County Treasury**

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

**ii) Other Receipts**

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

**b) Recognition of payments**

The County Assembly of Meru recognizes all expenses when the event occurs, and the related cash has actually been paid out by the County Assembly of Meru.

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**iii) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public County Assembly of Meru and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**Significant Accounting Policies (Continued)**

**4. In-kind contributions**

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

**5. Third Party Payments**

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.

**6. 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.

**7. Restriction on cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30<sup>th</sup> June 2022, there were no restrictions on cash during the year.

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Significant Accounting Policies (Continued)**

**8. Imprests and Advances**

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

**9. Third party deposits and retention**

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

**10. 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 County Assembly of Meru fixed asset register a summary of which is provided as a memorandum to these financial statements.

**11. Pending bills**

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

**Significant Accounting Policies (Continued)**

settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**12. Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the County Assembly of Meru; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/support, insurance, Public Private Partnerships. The County Assembly of Meru does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

**13. Contingent Assets**

The County Assembly of Meru does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the County Assembly of Meru in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Significant Accounting Policies (Continued)**

**14. Budget**

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Assembly of Meru's budget was approved as required by Law. The original budget was approved by the County Assembly on 1<sup>st</sup> July 2021 for the period 1<sup>st</sup> July 2021 to 30 June 2022 as required by law. There were two supplementary budgets passed in the year. The supplementary budgets were approved on 28<sup>th</sup> October 2021 and 27<sup>th</sup> April 2022. A high-level assessment of the County Assembly of Meru's actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

**15. Comparative figures**

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

**16. Subsequent events**

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

**17. Prior Period Adjustment**

During the year, errors that have been corrected are disclosed *under note 26* explaining the nature and amounts.

**18. Related Party Transactions**

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

**15. Notes to the Financial Statements**

**1. Exchequer Releases**

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from the county treasury for q1	84,000,000	75,000,000
Transfers from the county treasury for q2	289,000,000	333,000,000
Transfers from the county treasury for q3	252,000,000	150,000,000
Transfers from the county treasury for q4	336,074,283	389,936,408
<b>Cumulative amount</b>	<b>961,074,283</b>	<b>947,936,408</b>

**2. Proceeds From Sale Of Assets**

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from the Sale of Vehicles and Transport Equipment	-	2,687,199
Receipts from the Sale Plant Machinery and Equipment	88,425	-
<b>Total</b>	<b>88,425</b>	<b>2,687,199</b>

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements**

**3. Other Receipts**

	2021-2022	2020-2021
	Kshs	Kshs
Other Receipts II	160,000	-
<b>Total</b>	<b>160,000</b>	<b>-</b>

In financial year 2013/2014, Equity bank debited our operations account with Ksh.160,000 and debited to two hon. Members in the first Assembly. This has left our books with unreconciled balance of the same amount. After the bank became non-committal with recovering the same, we approached the affected individuals and they banked the amounts which became a receipt on our end. It was not budgeted for hence credited to the County Revenue Fund as required by law.

**4. Compensation Of Employees**

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Basic salaries of permanent employees	201,479,544	214,009,723
Basic wages of temporary employees	47,934,778	47,984,800
Personal allowances paid as part of salary	164,069,724	170,957,582
Personal allowances paid as reimbursements	3,000,000	-
Pension and other social security contributions	51,521,086	47,763,332
Other personnel payments	-	-
<b>Total</b>	<b>468,005,132</b>	<b>480,715,437</b>

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements (Continued)**

**5. Use Of Goods And Services**

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Utilities, supplies and services	1,249,999	2,050,000
Communication, supplies and services	3,415,000	3,005,784
Domestic travel and subsistence	207,168,086	227,660,055
Foreign travel and subsistence	117,698,800	-
Printing, advertising and information supplies & services	12,165,000	10,699,902
Rentals of produced assets	900,000	900,000
Training expenses	-	5,000,000
Hospitality supplies and services	26,999,994	44,794,936
Insurance costs	37,583,976	33,652,816
Specialized materials and services	917,000	600,000
Office and general supplies and services	7,428,000	6,775,147
Fuel, oil and lubricants	2,000,000	2,000,000
Other operating expenses	70,204,431	64,269,561
Routine maintenance – vehicles and other transport equipment	2,269,800	2,239,504
Routine maintenance – other assets	245,000	12,449,663
<b>Total</b>	<b>490,245,086</b>	<b>416,097,371</b>

**Meru County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements (Continued)**

**6. Transfers To Other Government Entities**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transfers to CBK- Meru CRF account</b>	248,245	2,687,199
<b>Transfers to other county assembly entities</b>		
Staff Mortgage & Car loan scheme fund	-	20,445,542
	-	-
<b>Total</b>	<b>248,245</b>	<b>23,132,741</b>

The transfer of Ksh.248,245 to Meru County Revenue Fund is according to law after disposal of assets. The money will be budgeted from the executive side and used in the coming budgets.

**7. Acquisition Of Assets**

<b>Non- financial assets</b>	<b>2021 - 2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of vehicles and other transport equipment	2,020,000	14,249,995
Purchase of office furniture and general equipment	-	443,239
Purchase of computers, printers and other ICT equipment	800,000	3,440,000
Acquisition of land	-	12,495,000
<b>Total acquisition of non- financial assets</b>	<b>2,820,000</b>	<b>30,628,234</b>

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements (Continued)**

**8. Cash and Bank Balances**

**8. Bank Balances**

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec. Dev, Dep e.t.c	2021-2022 Kshs	2020-2021 Kshs
Meru Coounty Assembly – Equity Bank	0140261449618	Recurrent	-	8,387
Meru Coounty Assembly – Equity Bank	0140282479647	Recurrent	-	-
Meru County Assembly- CBK	1000194677	Recurrent	4,065	41,437
Mery County Assembly - CBK	1000194685	Development	-	-
<b>Total</b>			<b>4,065</b>	<b>49,824</b>

**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements (Continued)**

**9. Fund Balance Brought Forward**

<b>Description</b>	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Equity Bank-0140261449618	8,387	506
CBK - 1000194677	41,437	121
<b>Total</b>	<b>49,824</b>	<b>627</b>

**10. Prior Year Adjustments**

<b>Description Of The Error</b>	<b>Balance b/f FY 2020-2021 as per audited financial statements</b>	<b>Adjustments during the year relating to prior periods</b>	<b>Adjusted Balance b/f FY 2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Equity Bank-0140261449618	8,387	- 8,387	-
CBK - 1000194677	41,437	- 41,437	-
	<b>49,824</b>	<b>-49,824</b>	<b>-</b>

All balances at the closure of financial year are remitted back to the county CRF account and cannot be accessed unless included in the new budget. However, county Assemblies have ceilings which deter them from including the unspent balances in the subsequent financial year hence forfeiting the same to the county executive. This means the county Assembly starts at zero balance every beginning of the year.

**Meru County Assembly**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements (Continued)**

**Other Disclosures**

**1. Revolving Fund Accounts**

Name of bank, account & currency	Amount in bank account currency	2021-2022	2020-2021
Equity Bank- Staf Mortgage 0140267706704	Kes	720,709	418,545
Equity Bank-MCAs Mortgage 0140276191615	Kes	-	49,880
Family Bank- MCAs Mortgage 063000061872	Kes	5,494,753	107,578,043
Family Bank- MCAs Mortgage 063000066244	Kes	110,000,000	
Family Bank- MCAs Mortgage 063000066486	Kes	49,500,000	
<b>Total</b>		<b>165,715,462</b>	<b>108,046,468</b>

**2. Pending Staff Payables (See Annex 1)**

Description	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
	Kshs	Kshs	Kshs	Kshs
Others	-	27,363,306	-	27,363,306
<b>Total</b>	-	<b>27,363,306</b>	-	<b>27,363,306</b>

Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022

3. Other Pending Payables (See Annex 2)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to County Government entities	-	20,222,779	-	20,222,779
<b>Total</b>	-	<b>20,222,779</b>	-	<b>20,222,779</b>

4. Related party transactions:

	2021- 2022	2020- 2021
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the Speaker, Deputy Speaker and the MCAs	270,998,957	271,247,644
Key Management Compensation (Clerk and Heads of departments)	17,077,200	14,153,361
<b>Total Compensation to Key Management</b>	<b>288,076,157</b>	<b>285,401,005</b>
<b><u>Transfers to related parties</u></b>		
Transfers to other County Government Entities such as car and mortgage schemes	-	20,445,542
Transfers to County Corporations	-	-
<b>Total Transfers to related parties</b>	-	<b>20,445,542</b>
<b><u>Transfers from related parties</u></b>		
Transfers from the County Executive- Exchequer	-	-
Payments made on behalf of the County Assembly by other Government Agencies	-	-
<b>Total Transfers from related parties</b>	-	-

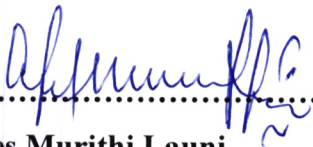
**Meru County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**16. Progress on Follow on Prior Year Auditor’s Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Note;** The County Assembly of Meru hasn’t received the final audited financial statements for the financial year ended 30<sup>th</sup> June 2021 from the auditor general.



.....  
**Charles Murithi Launi**

**Ag Clerk of the County Assembly**

**Date 27<sup>th</sup> November 2022**

**Meru County Assembly  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**17. Annexes**

**Annex 1 – Summary of Non-Current Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (KShs) 2021-2022</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out)</b>	<b>Historical Cost e/f (KShs) 2021-2022</b>
Land	12,495,000				<b>12,495,000</b>
Buildings and structures	162,467,216				<b>162,467,216</b>
Transport equipment	32,843,082	2,020,000			<b>34,863,082</b>
Office equipment, furniture and fittings	35,082,060				<b>35,082,060</b>
Ict equipment	18,558,700	800,000	1,575,000		<b>17,783,700</b>
Specialized Equipment	6,038,100				<b>6,038,100</b>
Research, Design and Supervision	4,508,662				<b>4,508,662</b>
<b>Total</b>	<b>271,992,820</b>	<b>2,820,000</b>	<b>1,575,000</b>		<b>273,237,820</b>