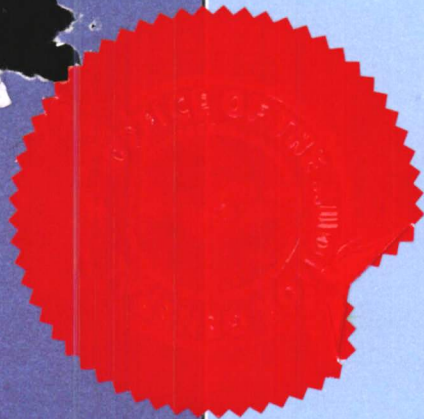


REPUBLIC OF KENYA



33



**REPORT**

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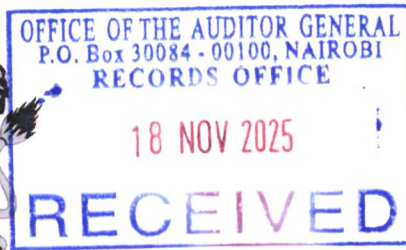
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**RECEIVER OF REVENUE - REVENUE  
STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

**COUNTY GOVERNMENT OF MERU**

33



**MERU COUNTY  
REVENUE BOARD**

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**RECEIVER OF REVENUE**  
*(County Government of Meru)*

**REVENUE STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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**Transitional International Public Sector Accounting Standard Financial Statements**



*Receiver Of Revenue  
County Government Of Meru  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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**1. Acronyms and Definition of Key Terms**

*a) Acronyms*

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue

*b) Key terms*

Comparative FY      Comparative Prior Financial Year

Fiduciary Management The key management personnel who had financial responsibility.

*Receiver Of Revenue*  
*County Government Of Meru*  
*Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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**2. Key Entity Information and Management**

**a) Background information**

The *receiver of revenue* is under the Department of Finance, Economic Planning and ICT. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance, Economic Planning and ICT, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* is designated as a receiver by the County Executive Committee member for Finance, Economic Planning and ICT in accordance with section 157 of the PFM Act.

**b) Principal activities**

The receiver of revenue collects revenue and remits to the County Revenue Fund (CRF).

**c) Key Management Team**

The County Government of Meru day-to-day management of revenue is under the following:

S/No	Name	Position
1	CPA Monica Kathono	CECM Finance, Economic Planning & ICT
2	CPA Charles Mwenda	Chief Officer Finance, Economic Planning & ICT
3	Edward Macharia	Chief Executive Officer
4	CPA Francis Mungai	Ag. Director Revenue
5	CPA William Mwenda	Head of Revenue Reporting

**d) County Headquarters**

P.O. Box 3246-60200  
MKU Building  
Meru Maua Highway  
Meru, KENYA

**e) Entity Contacts**

T Telephone: (254) 0202184288  
E-mail: [merurevenueboard@gmail.com](mailto:merurevenueboard@gmail.com)  
Website: [www.meru.go.ke](http://www.meru.go.ke)

*Receiver Of Revenue  
County Government Of Meru  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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**Key Entity information and Management (continued)**

**f) Independent Auditor**

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

**g) Bankers**

Kenya Commercial Bank Meru, Kenya  
Cooperative Bank Meru Branch

**h) Principal Legal Adviser**

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

**i) County Attorney**

Meru County Attorney

**3. Foreword by the CECM Finance, Economic Planning and ICT**

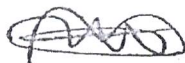
Pursuant to section 164 of the Public Finance Management Act, 2012 at the end of each Financial Year, the County Treasury shall prepare Financial Statements in respect of the County Government of Meru in formats to be prescribed by the Accounting Standards Board.

It is my pleasure to present the County Government of Meru receiver of revenue statements for the year ended 30<sup>th</sup> June 2025.

Own generated revenues play a vital role in running the day-to-day operations of the county government since it finances its operations. The key local revenue sources for County included business permits, vehicle parking fees, land rates, plot rents, business plan approval, advertising fees, cesses and various other administrative charges.

The County Government will deepen reforms for resource mobilization towards improved local revenue collection by:

- i. Fully rolling-out automation of revenue collection system and sensitizing the public on use of the same through cashless mode of collection.
- ii. Capacity building on staff to enhance accountability and efficiency in operations.
- iii. Enhance revenue enforcement.
- iv. Enhance monitoring of revenue collection in order to seal loopholes and leakages among other interventions.
- v. Preparation of valuation roll and enhancement of laws related to land rates.
- vi. Facilitating to acquire more vehicles for revenue operations.
- vii. Fast-tracking passing of the current finance bill



.....  
**CECM Finance, Economic Planning and ICT  
County Government of Meru**

#### **4. Management Discussion and Analysis**


Own source revenue has been performing well in the recent years although the year under review faced some challenges as below:

- i. Perennial challenge of mobility due the unavailability of enough vehicles affected revenue collection in all sub counties.
- ii. Non-payment of market fees in some markets since these markets needed minor and major repairs.
- iii. An out-dated valuation roll.
- iv. Inadequate budget allocation which has severely affected the operations of the board.
- v. System downtimes.

##### **Remedies taken to curb the above challenges**

- a) The department has made arrangements with other county departments to make use of the available vehicles.
- b) A budget has been allocated to take care of the minor repairs in the markets.
- c) An updated valuation roll is being prepared to ensure it captures all the plots within the major towns.
- d) A new revenue management system has been acquired which is more efficient.

The management was and is keen in ensuring that county realizes its potentiality in collecting and maximizing its own source of revenue by applying many other mechanisms. Like, the year under review; management made it easier for the taxpayers to pay taxes by granting waivers to the land and plot owners to pay only the principal amount by waiving the penalties and interests. Management also carried out civic education to various groups by meeting stakeholders to sensitize them on the importance of paying taxes. The stakeholders included matatu owners association, market committees and market traders.

Sign.....  
Name: **Edward Macharia**  
County Receiver of Revenue

**5. Statement of the Receiver of Revenue’s responsibilities**

Section 165 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year.


The Receiver of Revenue is responsible for the preparation and presentation of the *Receiver of Revenue account*, which gives a true and fair view of the state of affairs of the *Receiver of Revenue* for and as at the end of the financial year (period) ended on June 30, 2025. 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 statement of assets and liabilities of the entity, (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 entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the *entity’s receiver of revenue* accounts, which have been prepared on the Accrual Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and the relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the *entity’s receiver of revenue* account gives a true and fair view of the state of the *entity’s receiver of revenue* transactions during the financial year ended June 30, 2025, and of the *entity’s* statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the *Receiver of Revenue account* as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the *entity* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Revenue Statements**

The *revenue* statements were approved and signed by the Receiver of Revenue on 31<sup>st</sup> October 2025

.....  
  
**Name: Edward Macharia**  
**County Receiver of Revenue**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MERU**

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### **PREAMBLE**

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

- A. Report on Revenue Statements that considers whether the revenue 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 revenue statements;
- B. Report on Lawfulness and Effectiveness in the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the revenue statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The report on the revenue statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 REVENUE STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying transitional IPSAS revenue statements of Receiver of Revenue - County Government of Meru set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2025, statement of revenue and disbursements, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

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*Report of the Auditor-General on Receiver of Revenue - Revenue Statements for the year ended 30 June, 2025 - County Government of Meru*

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, because of the significance of the effect of the matters discussed in the Basis for Adverse Opinion section of my report, the transitional IPSAS revenue statements do not present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Meru as at 30 June, 2025 and of its revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

## **Basis for Adverse Opinion**

### **1. Inaccurate Receivables from Non- Exchange Transactions**

The statement of financial position and as disclosed in Note 24 to the revenue statements reflects a balance of Kshs.1,008,870,886 in respect to receivables from non-exchange transactions. However, the following observations were made;

- i. The statement of financial position and as disclosed in Note 24 to the revenue statements reflects opening balance of Kshs.1,014,483,793. However, the comparable balance in the previous audited statements of arrears of revenue reflected a balance of Kshs.12,108,000 resulting in unreconciled variance of Kshs.1,002,375,793.
- ii. Analysis of the list of land rates defaulters revealed that the County was owed a balance of Kshs.1,536,713,514 which is at variance with balance of Kshs.1,008,870,886 reflected in the statement of financial position. These arrears are in respect to land and ground rates, rate in arrears and penalties. Despite legal provisions allowing for penalty charges, the Receiver of Revenue's office failed to impose, track, or recover these penalties consistently contrary to Regulation 63(1, b) and 2 of Public Finance Management (County Government) Regulations, 2015 which requires adequate measures including legal actions to be taken to obtain payment and in case of difficulty in collecting revenues report the circumstances to County Executive Committee Member without delay. No explanation was provided why the revenue was not collected from the defaulters.
- iii. The County's revenue collection system did not produce itemized sales reports or detailed invoices, which resulted into inability to track and report receivables (debts) for services not yet paid for. In addition, the system does not generate records of outstanding invoices, therefore, there was no report on accrued or arrears of revenue.

In the circumstances, the accuracy, completeness and recoverability of the receivables from non-exchange transaction balance of Kshs.1,008,870,886 could not be confirmed.

## **2. Variance Between Revenue Records and Integrated County Revenue Management System (ICRMS)**

The statement of cash flows reflects total receipts amount of Kshs.1,160,599,619. However, comparison of the revenue records revealed material discrepancies between the total revenue per stream reported in the revenue records and the revenue data captured in the Integrated County Revenue Management System (ICRMS) as shown in **Appendix I** attached.

This resulted in unreconciled and unexplained variances which is an indication of incomplete or inaccurate aggregation of transactional revenue from the revenue system into the general ledger and subsequent revenue reporting, potentially stemming from unrecorded sales, cut-off errors, or system export limitations. Such variances undermine the completeness and accuracy assertions of revenue recognition

In the circumstances, the accuracy and completeness of the own source revenue amount of Kshs.1,160,599,620 could not be confirmed.

## **3. Variance Between Revenue Statements and Integrated County Revenue Management System (ICRMS) on Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 24 to the revenue statements reflects receivables from exchange transactions balance of Kshs.1,008,870,886. However, the system-generated reports indicated outstanding debt (Receivables from non-exchange transactions) totalling Kshs.952,571,111,685 (**Appendix II**) resulting to unreconciled variance of Kshs.951,562,240,799.

Further, the system produced negative transactions in respect to toilet fee and market fee amount of Kshs.(615,877,456) and Kshs.(13,708,577,272) respectively totalling Kshs.(14,324,454,728). The Management could not explain how the negative amounts were arrived at.

This discrepancy suggests potential data integrity failures in the revenue system, such as inaccurate ageing of receivables, unapplied payments, or system glitches that inflate outstanding balances without corresponding adjustments in the general ledger. The issue compromises the reliability of system reports used for Management decision-making and external reporting, violating the accuracy and completeness of information. This raises doubts to the significant integrity concern as identified in the revenue system reports.

In the circumstances, the accuracy and completeness of receivables balance of Kshs.1,008,870,886 from exchange transactions could not be confirmed.

## **4. Unsupported and Unauthorized Charging of Commissions to Employees on Commercial Loans**

The statement of revenue and disbursement and as disclosed in Note 10 to the revenue statements reflects an amount of Kshs.16,317,005 in respect to administration control fees and charges which includes surrender amount of Kshs.7,315,390. Management explained that this was revenue from commissions charged to employees on commercial loans issued during the year. However, these commissions, totalling Kshs.7,315,390 in aggregate, were not included in the tariffs and pricing schedules approved under the Meru

County Finance Act, 2019 which mandates pre-approval of all fees, charges, and commissions by the County Revenue Board.

Further, no detailed schedule or supporting documentation was provided during the audit to substantiate the amounts charged to each individual staff member, including breakdowns by loan, employee, and commission rate.

In the circumstances, the accuracy, completeness and regularity of administration control fees and charges amount of Kshs.16,317,005 could not be confirmed.

## **5. Inaccurate Statement of Cash Flows**

The statement of cash flows and as disclosed in Note 23 to the revenue statements reflects cash and cash equivalents balance of Kshs.4,166,610. The statement reflects opening balance of Kshs.4,045,150 which differs with the prior year's closing balance of Kshs.3,925,714 resulting in unreconciled variance of Kshs.119,436. Further, recasting of the amount revealed cash and cash equivalents balance of Kshs.6,438,738 resulting in unreconciled variance of Kshs.2,272,128. This discrepancy affects the cash and cash equivalents balance in the statement of financial position.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.4,166,610 could not be confirmed.

## **6. Undisclosed Revenues**

The statement of revenue and disbursements reflects total revenue amount of Kshs.1,159,031,813 which includes an amount of Kshs.365,278,922 collected through the current service provider's system. However, the following discrepancies were not explained;

### **6.1 Current Year**

Review of records shows that the service provider demanded transaction commissions totalling Kshs.18,673,213 for the period between July, 2024, and April, 2025 ten (10) months which represents 5% (percent) of revenue collected which would translate to Kshs.389,025,271 worth of revenue collected via the service provider's system during the same period. However, the County receiver of revenue reported an amount of Kshs.365,278,922 collected via the same system for twelve (12) months. The revenue extracted from the system on 9 September, 2025 reflected an amount of Kshs.319,966,363 as the total revenue for the twelve (12) months under review. The discrepancies in the three (3) sets of records casts doubt on the accuracy and completeness of the commission paid or payable and the integrity of the data and the system in use.

### **6.2 Prior Year**

Management of the County Executive entered into a contract with a local company for the supply, delivery, implementation, customization and commissioning of a revenue collection and management automation system under County Executive at a contract sum of Kshs.49,905,910 for a period of five (5) years commencing on 24 April, 2018.

The service provider was to be paid transaction fees equivalent to 4% of all the funds collected through its payment gateway for revenue up to Kshs.499,999,999 exclusive of any taxes applicable and an additional 1.5% on revenue above Kshs.500,000,000.

Upon the expiry of the contract on 23 April, 2023, the parties agreed to extend the contract for six (6) months to end on 26 October, 2023 with no changes to the terms.

During audit in the year under review, it was observed that the Supplier was paid an amount of Kshs.30,454,124 in respect of revenue collection services to the County Executive for part of the financial years 2022/2023 and 2023/2024. However, analysis of revenue records for that period revealed that County's own source revenue amount accounted for was Kshs.376,008,437 and Kshs.396,641,415 as reported in the revenue statements for 2023/ 2024 and 2022/2023 financial years respectively.

Review of records showed that the service provider was paid an amount of Kshs.9,205,181 and Kshs.21,248,943 for Own Source Revenue collected between March, 2023 to June, 2023 and July, 2023 to December, 2023 respectively. Recalculation of the revenue ought to have been accounted for then, revealed an amount totalling Kshs.230,129,518 and Kshs.531,223,585 and not understated amount accounted in the revenue statements of Kshs.186,380,353 and Kshs.92,596,920 respectively for the same period covered in the demand notes. This resulted to collected but undisclosed revenue amount of Kshs.43,749,165 and Kshs.438,626,665 totalling Kshs.482,375,830.

Additionally, the related invoices were not included in the disclosed list of pending bills reported in the previous financial years 2022/2023 and 2023/2024 respectively.

In the circumstances, the accuracy and completeness of the commission amount of Kshs.30,454,124 could not be confirmed.

## **7. Unverifiable Revenue**

The statement of revenue and disbursement for the year under review reflects total revenue collected amounting to Kshs.1,159,031,813 which includes own source revenue from exchange transactions amount of Kshs.147,557,900. The latter amount includes revenue totalling Kshs.41,992,049 which further includes revenue amount of Kshs.19,135,300 in respect to four (4) advertisement charge entries which could not be traced to the bank statements provided despite status showing they were paid. The following anomalies were observed: -

- i. From the ledgers provided, it was difficult to confirm the exact companies that paid for specific advertisement packages and the rates used to charge the various clients who paid for their specific advertisement.
- ii. All the receipts issued lacked corresponding invoice or bill numbers, making it difficult to match revenue collection to actual billing, thus weakening revenue traceability and accountability.
- iii. Further, analysis of the ledgers provided revealed that no revenue in regards to advertising by private schools and churches was reported an indication that either they do not pay for the advertisements or their revenue was not reported.

In the circumstances, the accuracy and completeness of Own Source Revenue amount of Kshs.402,100,451 collected could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue – County Government of Meru Management in accordance with ISSAI 130 on the 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 revenue statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget versus actual amounts reflects final revenue budget and actual on comparable basis of Kshs.1,066,000,000 and Kshs.1,160,599,619 respectively resulting to over-collection of Kshs.94,599,619 or 9% of the budget.

Over-collection is an indication of unrealistic budgeting.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the revenue statements. Except for the effect of the matters described in the Basis for Adverse Opinion section, I have determined that there are no key audit matters to report in the year under review.

### **Other Matter**

#### **Unresolved Previous Year Matters**

In the prior years' audit reports, several issues were raised under the Report on revenue Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Receiver of Revenue - Revenue Statements - County Government of Meru in 2024/2025 revealed that the following matters remained unresolved as shown in **Appendix III**.

This was contrary to Section 31(1) (a) of Public Audit Act, 2015 which provides that within three months after Parliament or the County Assembly has debated and considered the final report of the Auditor General and made recommendations, a State Organ or a public entity that had been audited shall, as a preliminary step, submit a report on how it has addressed the recommendations and findings of the previous year's audit.

### **Other Information**

Management is responsible for the Other Information set out on pages i to viii which comprise of Key Entity Information and Management, Forward by the CECM Finance, Economic Planning and ICT, Management Discussion and Analysis, Statement of the

Receiver of Revenue's Responsibilities. The Other Information does not include the revenue statements and my audit report thereon.

In connection with my audit on the Receiver of Revenue - revenue statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the revenue statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the revenue statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Undisclosed Revenue

The Receiver of Revenue had an approved final receipts budget amounting to Kshs.1,066,000,000. The amount excludes budget and actual amounts of Kshs.61,833,608 and Kshs.54,909,892 respectively in respect to Meru Alcoholic Licensing and Control Board. However, the actual receipts amounting to Kshs.54,909,892 was not remitted to the County Revenue Fund but was directly spent by the Board. This is contrary to Section 109(2) of the Public Finance Management Act, 2012 provides that the County Treasury shall ensure that all money raised or received by or on behalf of the County Government is paid into the County Revenue Fund, except money that may, in accordance with other legislation, be retained by the County Government entity which received it for the purposes of defraying its expenses

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

#### 2. Irregular Payments to Revenue Collection System Service Provider

The receiver of revenue - County Executive of Meru entered into a contract with a local supplier for the supply, delivery, installation, testing and commissioning of an Integrated County Revenue Management System (ICRMS) at a contract sum of Kshs.55,002,000 for a period of three (3) years commencing on 17 July, 2023.

According to clause 38 of the contract (Contract Price) the service provider was to be paid transaction fees equivalent to 4.8 % of total revenue per month collected through the

system. The service provider, Sub service providers and experts were to be responsible for meeting any and all tax liabilities arising out of the contract.

Clause 40 of the contract (Mode of payments) explicitly states that the total payment under the contract shall be as per the provisions of clause 38.

However, according to a demand letter issued to County Executive dated and received on 11 June, 2025 by the Chief Executive Officer Meru County Revenue Board, the service provider was demanding an outstanding contract and transaction fees amounting to Kshs.44,830,162.

Audit review of payment records revealed that the service provider was paid an amount of Kshs.20,000,000 in settlement of the demand notice letter despite obligations to pay USSD set up of Kshs.232,000, monthly maintenance fee of Kshs.174,000 per month and Kshs.1,160,000 per quarter all totalling Kshs.10,498,000 not being part of the contract.

In the circumstances, the payment of the services provider demand notes amounts of Kshs.44,830,162 and reliability of the systems could not be confirmed.

### **3. Officer Acting for More Than Six Months**

As previously reported, review of human resource records revealed that an officer has been acting in the position of Director for more than six months, and has neither been formally appointed to the position nor any further action been taken to regularize the appointment. This was contrary to Human Resource Policy Section C.14(1) which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months.

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

### **4. Inefficiencies and Inconsistencies Arising from the Use of Three Parallel Revenue Management Systems**

The Management of County Revenue Board developed and customized revenue management systems through a private developer, which was not based on the Standard Charters of Accounts and were not compatible with the Integrated Financial Management Information System (IFMIS). Management has failed to integrate the revenue collection and management systems to be compatible with the National Government's Revenue Management System (Enterprise Resource Planning (ERP) solutions.

Further, the Management was also using two separate revenue management systems (County Integrated Revenue Management (CIROM) for land rates and rents and integrated County Revenue Management System (ICRMS) for other revenue streams.

This resulted in manual data transfers, inconsistent reporting, and potential discrepancies in revenue recognition.

In addition, Management spent an amount of Kshs.2,800,862 to upgrade, clean and retrieve data from a parallel revenue management system (County Integrated Revenue Management (CIROM) that is inherently limited to supporting only two revenue streams,

land rates and property rent. There was no justification offered for the new system's purchase rather than the acquisition of more modules for the Integrated County Income Management System (ICRMS), the main system that is expandable and equipped to manage all present and future income streams. The upgrading cost is an example of wasteful resource use with no corresponding return on investment.

In the circumstances, compatibility and value for money in respect to multi systems utilization could not be confirmed.

#### **5. Non-Compliance with Mandatory Registration Requirements under the Data Protection Act**

Audit review revealed that the Meru County Revenue Board is entrusted with identification, collection and accountability of own source revenue. However, the Board was not registered with the Office of the Data Protection Commissioner as required under Section 18 of the Data Protection Act, 2019 which provides that subject to Sub-section (2), no person shall act as a data controller or data processor unless registered with the Data Commissioner. Given its mandate as a revenue collection agency, the Board routinely collects, processes, and stores large volumes of personal and sensitive data, including taxpayer identification details, contact information, and revenue records. Failure to register as a data controller or processor is non-compliance with the law and exposes the Board to regulatory sanctions.

In the circumstances, Management was in breach of law.

#### **6. Mismatch Between Fees Charged and Finance Bill Rates**

Audit review revealed that a total amount of Kshs.449,600 for fees charged for various offences did not correspond to the applicable rates in the Meru County Finance Bill. In particular, charges for offences such as impounding of goods, arresting charges and bond withdrawal fees were not aligned to the stipulated rates. This discrepancy raises concerns regarding the accuracy, transparency, and legal basis of the amounts levied, and may point to potential overcharging or unauthorized rate application.

Further, according to the Finance Act, 2019, the County Executive imposed fees for services through its revenue collection division. Usually, the purpose of these fees is to facilitate service delivery, guarantee legal framework compliance, and collect expenditures. The County charged fees above or below authorized rates without a legal document, according to audit results. Charging less than authorized rates may be a sign of inadequate cost recovery, which could result in losses or subsidies that were not factored into the budget. On the other hand, charging more than permitted rates can be against the law, possibly taking advantage of service consumers or bringing in unapproved revenue which may result into nugatory expense due to litigations.

In the circumstances, Management was in breach of the Finance Act, 2019.

## **7. Non-Compliance with the Requirements of IPSAS 1- Presentation of Financial Statements**

The revenue statements submitted for audit reflect amounts and balances presented in Cents instead of rounding off to the nearest cents.

In the circumstances, the revenue statements have not been presented in accordance with the Public Sector Accounting Standards Board financial reporting template and IPSAS 1 – Presentation of financial statements.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 THE 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

#### **Basis for Conclusion**

##### **1. Gaps and Inconsistencies on Refuse Revenue Reports**

Review of revenue reports relating to refuse collection services had the following weaknesses:

- i. Revenue ledger with respect to refuse collection and impound fees contained a total of thirty (30) transactions amounting to Kshs.123,950 of duplicate receipt numbers, which undermines the reliability of unique transaction identification and increases the risk of revenue duplication or omission;
- ii. A total of ten (10) records with respect to refuse collection amounting to Kshs.65,000 had blank or missing fields, such as the area/location where garbage was collected and the identity of the officer receipting the payment. The absence of this information hinders verification of proper rate application in line with the approved Meru County Finance Bill;
- iii. All the receipts issued lacked corresponding invoice or bill numbers, making it difficult to match revenue collection to actual billing, thus weakening revenue traceability and accountability;

- iv. There was no updated register of the locations and premises currently being served with refuse collection services, impairing the County's ability to verify coverage and demand-based billing;
- v. The Receiver of Revenue did not maintain schedules or logbooks indicating the designated garbage collection routes and frequency of service delivery;
- vi. Review of the revenue reports for the period under review revealed that refuse collection and impounding charges amounting to Kshs.732,575 were indicated as received through the bank. However, the individual payments could not be traced to the bank statements despite the fact that the transactions were appearing in the revenue report shared for audit review;
- vii. During the audit review, it was observed that refuse conservancy charges are assessed and levied solely based on the general location of the premises, without factoring in the number of individual houses or rental units being served. For instance, high-density buildings with multiple tenants or rental units are charged the same amount as single-unit dwellings within the same zone. This uniform charging structure fails to reflect the actual volume of waste generated or the cost-of-service delivery, leading to potential under-assessment and loss of revenue.

In the circumstances, the effectiveness of controls on garbage collections could not be confirmed.

## **2. Weaknesses In Revenue Collection**

### **2.1. Inadequate Review and Update of County Finance Bill**

Review of the County's legislative framework revealed that Meru County continues to rely on the Finance Act of 2019 for the imposition of taxes, fees, and charges for services. The Act, though passed in line with the 2019/2020 financial year's budget proposals, has not been revised to reflect subsequent annual budgets and prevailing economic realities. As a result, current rates for various County services do not align with inflation and increased cost of service delivery.

### **2.2. Inadequate Documentation due to Lack of Detail in Revenue Receipts**

The Receiver of Revenue provided data consisting solely of receipts for revenue collected. However, the receipts lacked critical details, including:

- i. Customer information (e.g., name, identification, or contact details of the payer).
- ii. Specific details of the items or services paid for (e.g., unit, quantity, description, and price).
- iii. Additionally, the corresponding invoices supporting these receipts were not provided, preventing verification of the completeness and accuracy of the transactions.

### **2.3. Inadequate Revenue Collection System**

The Receiver of Revenue's collection system lacked the capability to produce itemized sales reports. When customers pay for multiple services (e.g., NEMA fees, vehicle branding, roadshows, and signboard fees) in a single transaction, the system does not generate a report with a breakdown of individual revenue streams. Consequently, the system or its users cannot report each revenue item separately, making it impossible to accurately allocate revenue to specific categories.

Further, the revenue collection system does not produce itemized sales reports or detailed invoices, which has resulted in inability to track and report receivables (debts) for services not yet paid for. Specifically, the system does not generate records of outstanding invoices. As a result, the Receiver of Revenue has not reported on accrued or arrears of revenue.

### **2.4. Failure to Capture Location and Activity-Based Charges**

The County's revenue collection system does not capture critical details for charges levied on services, such as stadium hires, hall hires, library spaces which are differentiated by location and activity. The system's reports fail to record these details, and users appear to have the discretion in entering data manually, leading to inconsistent or incomplete information. As a result, it was not possible to determine which stadium was hired, the specific activity it was hired for, or the corresponding charge applied, undermining the accuracy and transparency of revenue records.

### **2.5. Unsupported Charges in Enforcement of Fines, Penalties, and Impounding Fees**

Review of the revenue records relating to enforcement fines, penalties, and impounding charges revealed the following anomalies:

#### **2.5.1. Lack of Itemized Details on Impounded Goods**

The audit review revealed that a total amount of Kshs.62,575 in respect to payments received for impounding charges and general fines did not specify the items that were impounded or fined, making it difficult to assess the accuracy and completeness of the fees imposed in accordance with the Finance Bill.

#### **2.5.2. Absence of Offence Registers and Reports**

No offence registers or offence reports were provided for audit review to substantiate and trace the offences committed, the corresponding penalties, and the officials responsible for enforcement actions.

#### **2.5.3. Unlawful Charges for Undesignated Parking**

The Receiver of Revenue charges a fee amount of Kshs.10,000 for parking in undesignated areas. However, this fee was not provided for under the Meru County Finance Bill, thus rendering the charge unsupported by any legal provision.

In the circumstances, the effectiveness of internal controls, risk management, validity and optimum collection of revenue could not be confirmed.

### **3. Lack of Risk Management Policy Framework**

As previously reported, the Receiver of Revenue operated without a documented Risk Management Policy Framework contrary to the requirements of the National Treasury Circular No.3/2009 of 23 February, 2009 which requires all Heads of Public Institutions to develop and implement a risk management framework as a fundamental step towards establishing an accountable and innovative public service. In addition, there was no effective reporting system that included hotlines, report centers and whistle blower policy.

In the circumstances, failure to effectively implement risk management policy framework may expose the Receiver of revenue to risk or loss or misuse of revenue management system within the County.

### **4. Failure to Provide Physical Planning Committee Minutes**

Minutes of the Physical Planning Committee meetings responsible for the assessment and approval of building plans were not availed for audit review. As a result, there was no documentary evidence to support the process of plan assessment, justification of rates charged, or the decisions made by the committee.

In the circumstances, the effectiveness on physical planning within the County could not be confirmed.

### **5. Failure to Update Valuation Roll for Land Rates**

As previously reported, review of land rate revenue collection amount of Kshs.21,598,204 from Meru town shows that the revenue was collected based on an expired valuation roll that was last updated in the year 2010 by the Defunct Municipal ,Council of Meru. This was contrary to the requirements of the Valuation for Rating Act (Cap. 266), which mandate periodic revaluation at least once every ten (10) years to reflect current market values and valuation to be made of every ratable property within the area of the local authority in respect of which a rate on the value of land is, or is to be imposed, and the values to be entered in a valuation roll.

In addition, significant number of properties in other towns such as Maua, Nkubu and other sub counties were not billed due to outdated land registries and incomplete records.

In the circumstances, the optimization of revenue collection on land rates 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 overall 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 revenue statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of revenue statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the revenue statements, Management is responsible for assessing the Receiver of Revenue's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the revenue 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 revenue statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue statements comply 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 Receiver of Revenue's reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the revenue statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 revenue statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the revenue statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

01 December, 2025

## Appendix I

Description	Note	Revenue Statements 2024/2025	Revenue as per the ICRMS System	Variance Kshs.
Cess	6	65,091,269	66,325,018	(1,233,749)
Single/Business Permits	8	130,698,698	124,397,078	6,301,620
Conservancy Administration	9	407,000	0	407,000
Administration Control Fees and Charges	10	16,317,005	0	16,317,005
Other Fines, Penalties, And Forfeiture Fees	11	854,751	0	854,751
Physical Planning and Development	12	18,167,602	9,494,882	8,672,720
Parking Fees	13	51,093,095	40,535,191	10,557,904
Market Fees	14	26,317,751	26,252,331	65,420
Advertising	16	41,992,049	37,652,758	4,339,291
Hire of County Assets	17	14,339,702		14,339,702
Un invoiced Payments		0	33,652,758	(33,652,758)
Others		0	4,836,704	(4,836,704)
Slaughter House fee		4,476,920	4,359,082	117,838
Clamping		0	744,193	(744,193)
Plot rent		4,007,308	2,174,046	1,833,262
Library Fees		396,295	688,090	(291,795)
Weight and measures		1,463,400	648,500	814,900
Audit fees		906,210	581,250	324,960
Toilet fees		426,750	425,971	779
Impounding and fines		854,751	397,041	457,710
Meat inspection and Veterinary		830,040	352,885	477,155
Refuse collection fee		0	207,000	(207,000)
Crop licensing fees		0	126,800	(126,800)
Surrender of Imprest		7,315,390	103,390	7,212,000
Unreconciled		0	81,400	(81,400)
Fire section fee		76,000	49,003	26,997
Livestock movement Permit		0	4,940	(4,940)
Bus Park		0	4,800	(4,800)
Burial Permit		0	2,000	(2,000)
Application		249,000	0	249,000
Sale of County Documents		177,000	0	177,000

## Appendix II

No	Revenue Stream	Stream Code	Unpaid Bills Count	Affected Agents	Outstanding Amount Kshs.
1	Plot Rent	Plot Rent	1387	62	947,513,727,455
2	Cess	CESS	79665	234	2,155,720,385
3	Outdoor Adverts & Signboard	ADVT	489	23	1,493,603,562
4	Building Plans	Plans	223	17	937,226,244
5	Livestock Movement Permit (Loca)	LIVEMVT	10	6	270,089,100
6	Single Business Permit	SBP	21179	139	149,597,586
7	Parking Fees	PKN	121456	246	33,649,280
8	Slaughter Houses Fee	Slaughter	9399	80	6,918,350
9	Clamping	Clmp	4778	123	4,306,219
10	Others	Others	394	22	3,513,516
11	Unreconciled		815	53	502,413
12	Surrender of Imprest/Salary	Salary	3	1	487,973
13	Meat Inspection and Veterinary Services	Vet	67	6	474,700
14	Weight and Measures	Weight	20	3	386,500
15	Impounding Fees & Fines	Fines	104	14	252,590
16	Library Fees	Library	3667	5	157,360
17	Crop Licensing Fee	Crop	21	3	131,400
18	Audit Fees/Sacco registration	Audit fee	23	4	116,950
19	Fire Section Fee	Fire inspection	28	17	108,006
20	Refuse Collection Fee	Refuse	11	3	77,000
21	Land Rates	Landrate	16	3	42,446
22	Application fees	Application	2	1	14,000
23	BUS PARK	Buspark	51	22	8,450
24	Food Handler	Public-Health-Medical	1	1	200
	<b>Total</b>			<b>1088</b>	<b>952,571,111,685</b>

## Appendix III

### Unresolved Previous Year Matters

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Unsupported and Undisclosed Arrears of Revenue
2	2023/2024	Undisclosed Revenue from Service Provider
3	2023/2024	Unsupported Commission Payments to the Service Providers
4	2023/2024	Unsupported Revenue
5	2023/2024	Unsupported Single Business Permits Revenue
6	2023/2024	Budgetary Control and Performance
7	2023/2024	Weaknesses in Monitoring and Controls in Revenue Collection

*Receiver Of Revenue  
County Government Of Meru  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

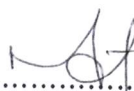
**7. Statement of Revenue and Disbursements for the year ended 30th June 2025**

	Note	FY 2024/2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Cess	6	65,091,269.00
Land Rates	7	21,598,204.30
Single/Business Permits	8	130,698,698.00
Conservancy Administration	9	407,000.00
Administration Control Fees and Charges	10	16,317,005.00
Other Fines, Penalties, And Forfeiture Fees	11	854,751.00
Physical Planning and Development	12	18,167,602.00
<b>Total Revenue from non-exchange transactions</b>		<b>253,134,529.3</b>
<b>Revenue from exchange transactions</b>		
Parking Fees	13	51,093,095.00
Market Fees	14	26,317,751.00
Property Rent	15	13,655,518.00
Advertising	16	41,992,049.00
Hospital Fees	18	758,499,168.22
Hire of County Assets	17	14,339,702.25
<b>Total Revenue from exchange transactions</b>		<b>905,897,283.47</b>
<b>Total Revenues (a)</b>		<b>1,159,031,812.77</b>
<b>Disbursements</b>		
Disbursements To CRF	19	398,093,626.75
Disbursement to Hospital	20	758,499,168.22
Bank charges	21	45,430.00
Waivers and Exemptions	22	1,567,806.70
<b>Total Disbursements and other charges (b)</b>		<b>1,158,206,031.67</b>
<b>Other gains/(losses)</b>		
Gain/Loss on foreign exchange transactions		-
<b>Increase/Decrease in Dues to County Revenue Fund</b>		<b>825,781.10</b>

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 31<sup>st</sup> October 2025 and signed by:



.....  
Name: Edward Macharia  
County Receiver of Revenue  
(Ref: PFM ACT section 165, 2(a))



.....  
Name: CPA William Mwenda  
Head of Revenue Reporting  
ICPAK M/No 19584

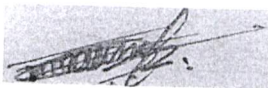
*Receiver Of Revenue  
County Government Of Meru  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

*(Paragraph 79 of IPSAS 33 allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets, and the statement of financial position and an opening statement of financial position at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)*

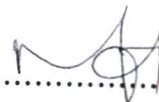
**8. Statement of Financial Position as at 30<sup>th</sup> June 2025**

	Note	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Current Assets</b>			
Cash and Cash Equivalents	23	4,166,609.50	4,045,100.02
Receivables from non-Exchange transactions	24	1,008,870,885.84	1,010,438,692.54
Receivables from Exchange transactions		-	-
<b>Total Current Assets</b>		<b>1,013,037,495.34</b>	<b>1,014,483,792.56</b>
<b>Total Assets</b>		<b>1,013,037,495.34</b>	<b>1,014,483,842.56</b>
<b>Financial Liabilities</b>			
Payables-Due to CRF	25	4,166,609.50	4,045,100.02
Payables	26	1,008,870,885.84	1,010,438,692.54
			0
<b>Total Financial Liabilities</b>		<b>1,013,037,495.34</b>	<b>1,014,483,792.56</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31st October 2025 signed by:



.....  
Name: Edward Macharia  
County Receiver of Revenue



.....  
Name: CPA William Mwenda  
Head of Revenue Reporting  
ICPAK M/No 19584

*Receiver Of Revenue  
County Government Of Meru  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

**9. Statement of Cash Flows for the Year Ended 2025**

	Note	FY 2024/2025
		Kshs
<b>Operating Activities</b>		
<b>Receipts</b>		
Cess		65,091,269.00
Land Rate		23,166,011.00
Single/Business Permits		130,698,698.00
Conservancy Administration		407,000.00
Administration Control Fees and Charges		16,317,005.00
Other Fines, Penalties, And Forfeiture Fees		854,751.00
Public Health Service Fees		-
Physical Planning and Development		18,167,602.00
Donations/Grants Not Received Through CRF		-
Parking Fees		51,093,095.00
Market Fees		26,317,751.00
Property Rent		13,655,518.00
Advertising		41,992,049.00
Hospital Fees		758,499,168.22
Hire of County Assets		14,339,702.25
Sale of assets		-
Park Fees		-
Miscellaneous receipts		-
<b>Total Receipts</b>		<b>1,160,599,619.47</b>
<b>Payments</b>		
Disbursements To CRF		398,093,626.75
Disbursement to Hospitals		758,499,168.22
Bank charges		45,430.00
Waivers and Exemptions		1,567,806.70
<b>Total Payments</b>		<b>1,158,206,031.67</b>
<b>Net Cash from operating Activities</b>		<b>2,393,587.80</b>
Cash and Cash Equivalent as at 1 <sup>st</sup> July 2024	23	4,045,100.02
<b>Cash and Cash Equivalent as at 30<sup>th</sup> June2025</b>	23	<b>4,166,609.50</b>

*Receiver Of Revenue  
County Government Of Meru  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

**10. Statement of Comparison of Budget vs Actual Amounts for Year Ended 30<sup>th</sup> June 2025**

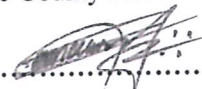
Receipts	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cess	76,345,161.45	-	76,345,161.45	65,091,269.00	11,253,892.45	85.26
Land Rate	45,293,038.73	-	45,293,038.73	23,166,011.00	22,127,027.73	51.15
Single/Business Permits	146,228,675.00	-	146,228,675.00	130,698,698.00	15,529,977.00	89.38
Parking Fees	60,330,810.00	-	60,330,810.00	51,093,095.00	9,237,715.00	84.69
Market Fees	49,850,435.00	-	49,850,435.00	26,317,751.00	23,532,684.00	52.79
Property Rent	24,748,985.65	-	24,748,985.65	13,655,518.00	11,093,467.65	55.18
Advertising	42,901,735.00	-	42,901,735.00	41,992,049.00	909,686.00	97.88
Hospital Fees	550,000,000.00	-	550,000,000.00	758,499,168.22	208,499,168.22	137.91
Physical Planning and Development	28,952,515.68	-	28,952,515.68	18,167,602.00	10,784,913.68	62.75
Hire of County Assets	16,457,225.00	-	16,457,225.00	14,339,702.25	2,117,522.75	87.13
Conservancy Administration	604,915.00	-	604,915.00	407,000.00	197,915.00	67.28
Administration Control Fees and Charges	21,487,943.50	-	21,487,943.50	16,317,005.00	5,170,938.50	75.94


Receiver Of Revenue  
 County Government Of Meru  
 Revenue Statements for the Period Ended 30<sup>th</sup> June 2025

Other Fines, Penalties, and Forfeiture Fees	2,798,560.00	-	2,798,560.00	854,751.00	1,943,809.00	30.54
Miscellaneous Receipts	-	-	-	-	-	-
<b>Total County Own Source Revenue</b>	1,066,000,000.01	-	1,066,000,000.01	1,160,599,619.47	94,599,619.46	108.87
<b>Other Receipts</b>						
Donations /Grants Not Received Through CRF	-	-	-	-	-	-
<b>Total Other Receipts</b>	-	-	-	-	-	-
<b>Total Receipts</b>	1,066,000,000.01	-	1,066,000,000.01	1,160,599,619.47	94,599,619.46	108.87

(Explain whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 24. A reconciliation should be presented where the actual on comparable basis does not tie with the underlying primary financial statements.)

The County Receiver of Revenue's financial statements were approved on 31st October 2025 and signed by:

  
 .....  
**Name: Edward Macharia**  
 County Receiver of Revenue

  
 .....  
**Name: CPA William Mwenda**  
 Head of Revenue Reporting  
 ICPAK M/No 19584

## **11. Notes to the Financial Statements**

### **1. General Information**

Receiver of Revenue was appointed by the CEC member of Finance of Meru County Government in accordance with section 157 of the PFM Act. The Entity's principal activity is outlined in section 157 of the PFM Act.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared taking advantage of the transitional provisions under IPSAS 33 and therefore these 1<sup>st</sup> years financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33. The County has not disclosed the comparative figures for last year.

These financial statements were authorized for issue by the accounting officer on 6<sup>th</sup> October 2025

### **3. Adoption of New and Revised Standards**

- i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

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Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**iii) Early adoption of standards**

The Entity did not early-adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on the entity's financial statements.)*

#### **4. Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these revenue statements are set out below:

##### **i) Revenue from non-exchange transactions**

###### **Fees, taxes, fines and charges**

The *Receiver of Revenue* recognizes revenues from fees, taxes, fines and charges when the event occurs and the asset recognition criteria is met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

The *Receiver of Revenue* recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

###### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

###### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Summary of Significant Accounting Policies (Continued)**

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**iii) Budget**

The County Revenue budget is developed on cash basis. The budget has the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on for the period 1st July 2024 to 30 June 2025. There was no number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of these financial statements.

**iv) 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 revenue collection accounts held at Commercial banks.

**v) Revenue in Arrears**

Revenue in arrears relate to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are presented as receivables from exchange and non- exchange transactions in the statement of financial position. These receivables are assessed for impairment on a continuous basis. The details of these arrears are presented as an appendix to the financial statements under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b).

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

**Summary of Significant Accounting Policies (Continued)**

**vi) Disbursements to CRF**

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year. The entity has the policy of its funds transferred on weekly basis i.e every Monday.

**vii) Payables due to CRF**

These relate to amounts yet to be disbursed to the County Revenue Fund at the end of the period. The amount also includes monies that are yet to be collected by the receiver of revenue at the end of the reporting period.

**viii) Comparative Figures**

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

**ix) Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2025

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the *Entity's* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

***State all significant judgements, estimates and assumptions made:***

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

**Summary of Significant Accounting Policies (Continued)**

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*(include provisions applicable to your organization, e.g., provision for bad debts and how management estimates these provisions).*

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Notes to the Financial Statements

6. Cess

Description	FY 2024/2025
	Kshs
Farm produce	65,091,269.00
Quarrying	-
Livestock	-
Fish farming	-
Others ( <i>specify</i> )	-
<b>Total</b>	<b>65,091,269.00</b>

7. Land rates

Description	FY 2024/2025
	Kshs
Land rates	18,432,193.30
Land penalties and interest	3,166,011.00
<b>Total</b>	<b>21,598,204.3</b>

7a) Landrates arrears

Description	FY 2024/2025
	Kshs
Arrears	1,567,806.70
<b>Total</b>	<b>1,567,806.70</b>

8. Single /Business Permits

Description	FY 2024/2025
	Kshs
Business permit application fees	8,706,700.00
Annual Business permit fees	119,713,148.00
Business permit penalties and interest	2,278,850.00
Business permit fees arrears	-
<b>Total</b>	<b>130,698,698.00</b>

Notes to the Financial Statements (continued)

9. Conservancy Administration

Description	FY 2024/2025
	Kshs
Refuse disposal fees	405,000.00
Public cemetery	2,000.00
Disposal of carcasses	-
Noise control	-
Others ( <i>Specify</i> )	-
<b>Total</b>	<b>407,000.00</b>

10. Administration Control Fees and Charges

Description	FY 2024/2025
	Kshs
Weights and measures	1,463,400.00
Fire Services	76,000.00
Audit Fees	906,210.00
Slaughter Fees	4,476,920.00
Toilet	426,750.00
Application	249,000.00
Surrender	7,315,390.00
Library	396,295.00
Meat and Inspection	830,040.00
Sale of County Documents	177,000.00
Others ( <i>Specify</i> )	
<b>Total</b>	<b>16,317,005.00</b>

11. Other Fines, Penalties and Forfeitures

Description	FY 2024/2025
	Kshs
Impounding Fees	854,751.00
Towing Fees	-
Others ( <i>Specify</i> )	-
<b>Total</b>	<b>854,751.00</b>

Notes to the Financial Statements (continued)

12. Physical Planning and Development

Description	FY 2024/2025
	Kshs
Sale of County planning documents	
Land valuation and registration fees	-
Change / Renewal of user	
Building plans approval	18,167,602.00
Signboards	-
Others (Specify)	-
<b>Total</b>	<b>18,167,602.00</b>

13. Parking Fees

Description	FY 2024/2025
	Kshs
Street parking fees	20,000,560.00
Monthly toll/sticker fees	26,780,535.00
Motorbike fees	-
Registration fees	752,000.00
Reserved parking	3,560,000.00
Bus Park fees	-
Others (Specify)	
<b>Total</b>	<b>51,093,095.00</b>

14. Market Fees

Description	FY 2024/2025
	Kshs
Market entry fees	26,317,751.00
Hawking fees	-
Others (Specify)	-
<b>Total</b>	<b>26,317,751.00</b>

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Notes to the Financial Statements (continued)

**15. Property Rent**

Description	FY 2024/2025
	Kshs
County Housing	
Plot Rent	2,735,708.00
Tenancy Agreement	
Transfer of Property	1,271,600.00
Stalls/kiosks rent	9,648,210.00
Others ( <i>Specify</i> )	
<b>Total</b>	<b>13,655,518.00</b>

**16. Advertising**

Descriptions	FY 2024/2025
	Kshs
Branding	5,204,300.00
Billboard advertising	2,808,620.00
Signage	29,620,009.00
Roadshows	1,996,800.00
Banners	285,200.00
Posters	189,400.00
Tent advertising	1,354,720.00
Street pole/clock advertising	-
others ( <i>Specify</i> )	533,000.00
<b>Total</b>	<b>41,992,049.00</b>

**17. Hire Of County Assets**

Description	FY 2024/2025
	Kshs
Kaguru ATC	14,010,602.25
Hire of Machines and Equipment	-
Hire of County Stadia	23,100.00
Hire of County Halls	6,000.00
Conference facilities-library	300,000.00
Others ( <i>Specify</i> )	
<b>Total</b>	<b>14,339,702.25</b>

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Notes to the Financial Statements (continued)

**18. Hospitals**

Description	FY 2024/2025
	Kshs
Level 5 hospitals	381,094,279.00
Level 4 hospitals	362,897,451.22
Others (SCPHO)	14,507,438.00
<b>Total</b>	<b>758,499,168.22</b>

**19. Disbursements to CRF**

Description	Period ended Sep/Dec/March/June 2025
	Kshs
Quarter 1	65,380,503.75
Quarter 2	54,377,088.00
Quarter 3	121,666,488.95
Quarter 4	156,669,546.05
<b>Total</b>	<b>398,093,626.75</b>

**20. Disbursement to Hospitals**

Description	Period ended Sep/Dec/March/June 2025
	Kshs
Quarter 1	120,286,116.77
Quarter 2	189,694,345.00
Quarter 3	188,942,098.50
Quarter 4	259,576,607.95
<b>Total</b>	<b>758,499,168.22</b>

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Notes to the Financial Statements (continued)

**18. Hospitals**

Description	FY 2024/2025
	Kshs
Level 5 hospitals	381,094,279.00
Level 4 hospitals	362,897,451.22
Others (SCPHO)	14,507,438.00
<b>Total</b>	<b>758,499,168.22</b>

**19. Disbursements to CRF**

Description	Period ended
	Sep/Dec/March/June 2025
	Kshs
Quarter 1	65,380,503.75
Quarter 2	54,377,088.00
Quarter 3	121,666,488.95
Quarter 4	156,669,546.05
<b>Total</b>	<b>398,093,626.75</b>

**20. Disbursement to Hospitals**

Description	Period ended
	Sep/Dec/March/June 2025
	Kshs
Quarter 1	120,286,116.77
Quarter 2	189,694,345.00
Quarter 3	188,942,098.50
Quarter 4	259,576,607.95
<b>Total</b>	<b>758,499,168.22</b>

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Notes to the Financial Statements (continued)

21. Bank Charges

Description	FY 2024/2025
	Kshs
Bank Charges & commissions	45,430.00
<b>Total</b>	<b>45,430.00</b>

22. Waivers and Exemptions

Description	FY 2024/2025
	Kshs
Penalties	1,567,806.70
Interest	
Others ( <i>Specify</i> )	
<b>Total</b>	<b>1,567,806.70</b>

23. Cash and Cash Equivalents

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign curren cy)	FY 2024/2025	Opening Statement
			Kshs	1 <sup>st</sup> July 2024 Kshs
Co-operative Bank,011414185072 01	-	-	2,686,838.61	492,233.53
KCB Bank,1140746316	-	-	600.89	3,454,721.49
KCB Bank,1293077178	-	-	159,785.00	3,185.00
Meru County MPESA,440112	-	-	1,319,385.00	95,010.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,166,609.50</b>	<b>4,045,100.02</b>

**12. Appendices**

**Appendix 1: Progress on follow up of prior Year Auditor Recommendations.**

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


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unsupported and Undisclosed Arrears of Revenue	Appointment of a committee on property rates to deal with the issue	Resolved awaiting senate discusion	
	Undisclosed Revenue From Service Provider	We received a handing over reports from the service provider	Resolved awaiting senate discusion	
	Unsupported Commission Payments to the Service Providers	The issue was handled	Resolved awaiting senate discusion	
	Unsupported Revenue	We have provided the reports	Resolved awaiting senate discusion	
	Unsupported single business permits revenue	We have provided the business register	Resolved awaiting senate discusion	
	Undisclosed Revenue	The issue is under Liquor board	Resolved	
	Officer acting for more than six months	We have staff establishment policy underway	Not resolved	

**Guidance Notes:**

- Use the same reference numbers as contained in the external audit report.
- Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....  
**Name: Edward Macharia**  
**County Receiver of Revenue**



.....  
**Name: CPA William Mwenda**  
**Head of Revenue Reporting**  
*ICPAK M/No 19584*



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**Appendix 2: Statement of Arrears of Revenue As at 30th June 2025**

Classification Of Receipts (Indicate As Applicable)	Balance as at The beginning of the current year (1 <sup>st</sup> July 2024) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2025 C	Total arrears as at 30 June 2025 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Land rate	1,010,438,692.54	1,567,806.70		1,008,870,885.84	<i>The Governor waived interest and penalties</i>	

.....  
Name: Edward Macharia  
County Receiver of Revenue  
(Ref: PFM ACT section 165, 2(a))

.....  
Name: CPA Machoki W. Mwenda  
Head of Revenue Reporting  
ICPAK M/No 19584

*(Total arrears as at the end of the year should be the total of receivables from exchange and non- exchange transactions)*



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Handwritten text in blue ink, possibly a name or title.

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