

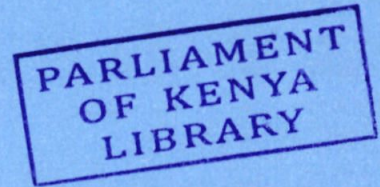
REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

OF



**THE AUDITOR-GENERAL**

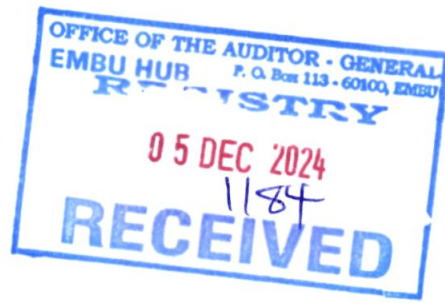
ON

**COUNTY REVENUE FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**COUNTY GOVERNMENT OF MERU**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep. Maj. Whip
COMMITTEE	
CLERK AT THE TABLE	Mwajim



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## COUNTY REVENUE FUND

*County Government of Meru*

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024

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

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## **1. Acronyms and glossary of 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
Kshs	Kenya Shillings

### *b) glossary of terms*

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

## 2. Key Entity Information and Management

### a) Background information

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

### b) Key Management Team

The County Revenue Funds day-to-day management is under the following key organs:

No.	Designation	Name
1.	CECM Finance and Economic planning	CPA Ibrahim Mutwiri
2.	C.O Finance	CPA Charles Mwenda Kaibiria
3.	Director Accounting Services/Finance	CPA Timothy Kaaria Meru

### c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	CPA Ibrahim Mutwiri
2.	Accounting Officer in charge of Finance	CPA Charles Mwenda Kaibiria
3.	Director Accounting Services/Finance	CPA Timothy Kaaria Meru

### d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June, 2023 were:

1. County Assembly of Meru- Approved budget for the county which was received through the Meru County Revenue Fund.
2. Public Accounts Committee of the County assembly of Meru- Provided oversight on the Spending of County Funds.
3. Budget and Appropriations Committee- appropriated Funds from County Revenue fund.
4. Senate Sectorial Committee on Public Accounts and Investment - provided oversight on the spending of funds by the county Government.

5. County Audit Committee –Received Internal Audit Reports on the Expenditure of the County Government.
6. Controller of budget- Approved all the funds drawn from the County Revenue Fund.
7. Office of Auditor General- Audited County Spending.

**e) County Headquarters**

P.O. Box 120 - 60200  
County Headquarters Building  
Meru - Makutano Road  
Meru, Kenya

**f) County Contacts**

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

**g) County Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
NAIROBI, KENYA

**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

### **3. Statement by the CECM Finance**

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 entity in formats to be prescribed by the Accounting Standards Board.

It is my pleasure to present the County Government of Meru- County Revenue Fund financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the County Government over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance.

#### **Financing of the County Governments**

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for County included business permits, Vehicle parking fees, land rates, plot rents, business plan approval, advertising fees, cess 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.
- ii. Capacity buildings of 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

**Financial Performance**

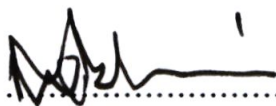
**a) Revenue**

In the year ended 30th June, 2024, the County had projected revenues of Ksh **11,699,390,777** to be received at the County Revenue fund consisting of Kshs **9,892,625,172** equitable share, Transfers from other Government agencies of Ksh **1,240,765,605**, Local revenue of Kshs **550,000,000** and Kshs **16,000,000** as AIA collectable from Kaguru ATC.

Out of the projected revenue, the County was able to realize **Kshs 10,138,376,675** in actual revenues, representing 87% performance. Failure to meet the revenue budget was as a result of failure to meet local revenue budget along with failure to receive all the budgeted equitable share and donor funds.

**b) Payments**

Our total expenditure for the year amounted to Kshs **10,138,376,675** comprising of Kshs **9,130,920,703** transferred to county Executive Kshs **990,343,463** transferred to County assembly.



CPA. Ibrahim Mutwiri Kirimi  
CECM Finance and Economic Planning  
County Government of Meru



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

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The public financial management act 2012 provides each county treasury to maintain single treasury account which all monies appropriated by the county are deposited. The Meru County Revenue fund acts as the single treasury account where all monies are deposited and which are approved by the Controller of Budget before they are accessed by the County.

## 5. Overview of the County Revenue Fund Operations

### Background

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

### Receipts into the County Revenue Fund

County Government revenue is received through appointed County Receiver of Revenue by the County Executive Committee Member for Finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Receipts include Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

### Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

### Financial Reporting requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30<sup>th</sup> June 2024.



CPA . Ibrahim Mutwiri Kirimi

CEC Member – Finance and Economic Planning  
County Government of Meru



## 6. Statement of Management Responsibility

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation to prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on *June 30, 2024*. 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 Revenue Fund; (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 Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund'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 Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended *June 30, 20xx*, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund 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 Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants (*where applicable*). Further, Accounting Officer confirms that the County Revenue Fund'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 Revenue Fund's financial statements were approved and signed on \_\_\_\_\_ 2024.

Signature \_\_\_\_\_

Name: CPA. Charles Mwenda Kaibiria  
Chief Officer - Finance

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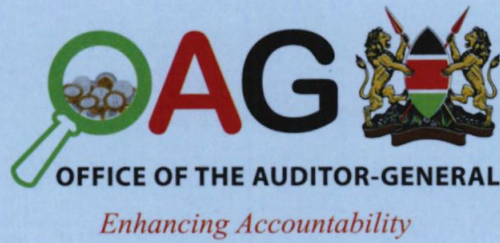


**County Government of Meru.**

**7. Report of the Independent Auditor on the County Revenue Fund of County Government of Meru for the Year ended 30<sup>th</sup> June 2024**

# REPUBLIC OF KENYA

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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 REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2024 - 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 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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 unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations is effective in the use of resources, or 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**

#### **Opinion**

I have audited the accompanying financial statements of County Revenue Fund - County Government of Meru set out on pages 1 to 10, which comprises of the statement of receipts and payments and the statement of comparison of budget and actual amounts

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*Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2024 - County Government of Meru*

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, the financial statements present fairly, in all material respects, the financial position of County Revenue Fund - County Government of Meru as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund - County Government 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 opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.11,699,390,777 and Kshs.10,138,376,675 respectively resulting in underfunding of Kshs.1,561,014,102 or 13% of the budget. Similarly, the County Revenue Fund disbursed Kshs.10,121,264,166 against actual receipts amount of Kshs.10,138,376,675 leading to under-disbursement of Kshs.17,112,508 or 0.17% of the actual receipts.

The under-funding and under-disbursement affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **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.

### **Other Information**

The Management is responsible for the other information set out on page iii to ix which comprise of Fund Information and Overall Performance, Statement of Performance against Fund's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Fund's Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Revenue Fund - County Government of Meru financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial 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 financial 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 and based on the audit procedures performed, except for the effect of 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. Excess Budgetary Allocation to the County Assembly of Meru

Note 6 of the Financial Statements and as disclosed in Note 6 to the financial statements reflects transfers to County Assembly of Kshs.990,343,463 which was equivalent to 10% of the total revenue of the County Government of Meru of Kshs.10,138,376,675. This is contrary to Section 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which states that the approved expenditure of a County Assembly shall not exceed seven percent (7%) of the total revenue of the County Government or twice the personnel emoluments of the County Assembly whichever is lower.

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

#### 2. Undeclared Revenue

The County Government of Meru Receiver of Revenue had an approved final receipts budget amounting to Kshs.562,000,000. The amount excludes budget amounting to Kshs.69,719,770 and actual receipts amounting to Kshs.58,945,577 in respect to Meru Alcoholic Licensing and Control Board. However, the actual receipts amounting to Kshs.58,945,577 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.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions ISSAI 3000 and 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 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 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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 the 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund'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 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 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 Fund's financial 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 financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial 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 financial 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 financial 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.

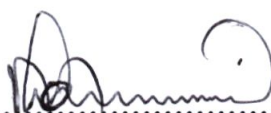

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**



**Nairobi**

**19 December, 2024**

**8. Statement of Receipts and Payments for the Year Ended 30<sup>th</sup> June 2024.**

		FY 2023/2024	FY 2022/2023
	Notes	Kshs.	Kshs.
<b>Receipts</b>			
Exchequer releases	1	9,101,215,160	10,253,365,924
Transfers from other government agencies	2	657,750,597	416,306,329
Own Source Revenue	3	379,410,918	393,647,505
Return to CRF issues	4	-	492,156
<b>Total Receipts</b>		<b>10,138,376,675</b>	<b>11,063,811,914</b>
<b>Payments</b>			
Transfers to County Executive	5	9,130,920,703	9,792,683,630
Transfers to County Assembly	6	990,343,463	1,316,083,088
<b>Total Payments</b>		<b>10,121,264,166</b>	<b>11,108,766,718</b>
Net increase/ (decrease) in cash for the year		<b>17,112,508</b>	<b>(44,954,804)</b>
Add Opening fund balance b/f	7	<b>30,854,770</b>	<b>75,809,574</b>
<b>Closing Fund balance for the year</b>	7	<b>47,967,278</b>	<b>30,854,770</b>

  
  
 Name: CPA Charles Mwenda Kaibiria  
 Chief Officer - Finance  
 ICPAK Member No: 20191  
 Date:.....

  
  
 Name: CPA Timothy Kaaria Meru  
 Director Accounting Services  
 ICPAK Member No: 3263  
 Date:.....

**9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30<sup>th</sup> June, 2024.**

<b>Receipt/Payments</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Realization Difference</b>	<b>% of Realization</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>Receipts</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Exchequer releases	9,892,625,172		9,892,625,172	9,101,215,160	791,410,012	92%
Transfers from other government agencies	1,143,186,318	97,579,287	1,240,765,605	657,750,597	583,015,008	53%
Own Source Revenue	566,000,000		566,000,000	379,410,918	186,589,082	67%
Return to CRF issues	-		-	-	-	
<b>Total Receipts</b>	<b>11,601,811,490</b>		<b>11,699,390,777</b>	<b>10,138,376,675</b>	<b>1,561,014,102</b>	<b>87%</b>
<b>Payments</b>						
Transfers to County Executive	10,593,433,195	83,579,287	10,677,012,482	9,130,920,703	1,546,091,779	86%
Transfers to County Assembly	1,008,378,295	14,000,000	1,022,378,295	990,343,463	32,034,832	97%
Others	-		-	-		
<b>Total Payments</b>	<b>11,601,811,490</b>		<b>11,699,390,777</b>	<b>10,121,264,166</b>	<b>1,578,126,611</b>	<b>87%</b>
<b>Balance</b>				<b>17,112,508</b>		

## **10. Significant Accounting Policies**

### **a) 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 Section 167 of the PFM Act 2012.

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

### **b) Reporting entity**

This report relates to financial operations of the County Revenue Fund domiciled at the County Treasury and bank account maintained at Central Bank of Kenya.

### **c) Receipts**

Receipts include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012.

The receipts collected include Exchequer releases, own source revenue, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Exchequer Account.

Transfers from the exchequer and own source revenue are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

### **d) Payments**

Payments are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately.

**Significant Accounting Policies (Continued)**

**e) Fund Balances**

Fund balances comprise bank balances in County Exchequer Account held at Central Bank of Kenya.

**f) 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 or *There were no restrictions on cash during the year. (Entity to indicate the amount of funds restricted for use or relating to conditional allocations.)*

**11. Notes to the Financial Statements**

**1. Exchequer releases**

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Equitable Share (a)	9,101,215,160	9,493,857,338
Level 5 hospitals (b)	-	-
Others-Equitable share for financial year 2021-2022 (c)	-	759,508,586
<b>Total (d=a+b+c)</b>	<b>9,101,215,160</b>	<b>10,253,365,924</b>

**2. Transfers from other government agencies\*\***

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Road Maintenance Levy	-	-
Covid-19	-	-
Development of Youth Polytechnics-State Department of TVETS	-	-
User Fees Foregone -Ministry of Health	-	-
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	-	-
World Bank-NARIGP-State Department of Crop Development	4,261,826	194,824,366
World Bank Kenya Climate Smart Agriculture (KCSAP) - State Department of Crop Development	-	22,000,000
DANIDA Grant -Primary Health care in devolved context - Ministry of Health	14,668,500	25,860,375
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation	-	-
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	1,605,100	9,945,897
World Bank-Emergency Locust Response Project ( ILRP) State Department of Crop Development	119,986,828	74,143,047
World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	67,546,296	20,000,000
UNFPA-9th County Programme Implementation -Ministry of Health	-	-
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-	-
KfW German Development Bank- Drought Resilience	-	-

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Description	FY 2023/2024	FY 2022/2023
Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation, and Irrigation		
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	198,912,147	67,192,729
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)I CCIS Grant State Department of ..	188,269,900	-
Kenya Urban Support Programme (KUSP)	-	2,339,915
Others- County Aggregation and Industrial Parks (CAIPS)	62,500,000	-
<b>Total</b>	<b>657,750,597</b>	<b>416,306,329</b>

### 3. Own Source Revenue

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Cess	57,162,360	49,975,483
Land rate	21,645,179	26,921,066
Single/Business permits	121,935,196	129,343,568
Property rent	12,110,100	19,145,915
Parking fees	51,063,556	49,271,739
Market fees	28,937,279	33,533,526
Advertising	42,008,345	37,164,198
Hospital fees	-	-
Public health service fees	-	-
Physical planning and development	21,233,758	25,376,333
Hire of County Assets	289,766	47,330
Conservancy administration	244,400	282,200
Administration control fees and charges	11,538,018	9,514,671
Park fees	-	-
Proceeds from sale of assets	135,000	-
Other fines, penalties, and forfeiture fees	3,505,456	2,391,637
Miscellaneous	-	-
Others-Kaguru ATC	7,602,505	10,679,839
<b>Total</b>	<b>379,410,918</b>	<b>393,647,505</b>

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

**4. Return to CRF Issues**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Recurrent Account ( <i>County Executive</i> )	-	2,349
Development Account ( <i>County Executive</i> )	-	489,807
Recurrent Account ( <i>County Assembly</i> )	-	-
Development Account ( <i>County Assembly</i> )	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	<b>492,156</b>

**5. Transfers to County Executive**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Recurrent Account	6,635,682,598	7,469,704,041
Development Account	1,830,377,998	1,783,312,637
Special Purpose Accounts	664,860,107	539,666,952
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>9,130,920,703</b>	<b>9,792,683,630</b>

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

**6. Transfers to County Assembly**

<b>Description</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Recurrent Account	982,360,789	1,303,700,108
Development Account	7,982,674	12,382,980
Special purpose accounts		-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>990,343,463</b>	<b>1,316,083,088</b>

**7. Fund balance**

<b>Description</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
	<b>Kshs.</b>	<b>Kshs.</b>
County Exchequer Account - (CBK Account number 1000170484)	47,967,278	30,854,770
<b>Total</b>	<b>47,967,278</b>	<b>30,854,770</b>

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

**8. Disclosure of Balances in Revenue Collection Accounts**

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

<b>Name Of Bank, Account No. &amp; Currency</b>	<b>Amount in bank account currency*</b>	<b>Ex. rate (if in foreign currency)</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
			<b>Kshs</b>	<b>Kshs</b>
<i>Cooperative Bank of Kenya, Account no. 0114148507201, Meru County Revenue Account</i>			492,184	5,625,534
<i>Kenya Commercial Bank, Account no. 1140746316, Meru County Revenue Account</i>			3,549,731	901,161
<i>Kenya Commercial Bank, Account no. 1293077178, Kaguru Agricultural Center Revenue Account</i>			3,185.00	469,031
<b>Total</b>			<b>4,045,100.02</b>	<b>6,995,726</b>

**12. Annexes**

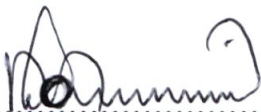
**Annex 1: Progress on follow up of Auditor’s Recommendations**

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)
1.0	Inaccuracies of Own Source Revenue	The amount has since been reconciled	Resolved	December 2023
2.0	Inaccuracy of Fund Balance	The fund budget was correctly supported	Resolved	December 2023
3.0	Inaccuracy in the Statement of Comparison of Budget and Actual Amounts.	The amount has since been reconciled	Resolved	December 2023
Emphasis of Matter	Budgetary control and performance	The County has put measures to meet its revenue budget	Resolved	December 2023

**Guidance Notes:**

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



Name: CPA Charles Mwenda Kaibiria  
 Chief Officer Finance  
 ICPAK Member No:20191  
 Date.....





**Annex 2. Analysis Of Receipts from The National Treasury Exchequer Releases**

Period 2023-2024	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	2,473,156,294	1,632,283,154	1,632,283,153	3,363,492,559	9,101,215,160
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	14,668,500	14,668,500
World Bank – THUSCP	-	-	-	-	-
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	4,261,826	-	4,261,826
Kenya Devolution Support Programme	-	-	-	-	-
Youth Polytechnic support grant	-	-	-	-	-
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-
World Bank-State Department of Crop Development (NAVCDP)	-	-	175,537,196	23,374,951	198,912,147
Kenya Urban Support Programme	-	-	-	-	-
Agriculture Sector Development Support Project (ASDSP)	-	500,000	1,105,100	-	1,605,100
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	-	-
World Bank-Financing of Locally led Climate Action (FLOCCA)	-	-	-	188,269,900	188,269,900
Water and Sanitation Development Project	-	-	-	-	-
World Bank-State Department of Crop Development - Emergency Locust Response Project (ELRP)	-	-	-	119,986,828	119,986,828
World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	-	-	-	67,546,296	67,546,296
Others- County Aggregation and Industrial Parks	-	-	-	62,500,000	62,500,000

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Period 2023-2024 (CAIPS)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
	2,473,156,294	1,632,783,154	1,813,187,275	3,839,839,034	9,758,965,757

**Annex 3. Analysis Of Receipts from Own Source Revenue per Quarter**

Period 2023-2024	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	13,168,631	11,464,206	17,729,191	14,800,332	57,162,360
Land rate	2,008,954	789,722	14,039,620	4,806,883	21,645,179
Single/Business permits	3,862,206	2,362,774	82,382,173	33,328,043	121,935,196
Property rent	3,308,619	1,682,620	3,399,537	3,719,324	12,110,100
Parking fees	10,620,120	9,432,778	17,713,198	13,297,460	51,063,556
Market fees	10,402,471	5,744,978	6,798,850	5,990,980	28,937,279
Advertising	3,181,470	2,463,100	16,519,970	19,843,805	42,008,345
Hospital fees	-	-	-	-	-
Public health service fees	-	-	-	-	-
Physical planning and development	5,755,531	3,536,670	6,910,061	5,031,496	21,233,758
Hire of County Assets	193,605	11,770	15,001	69,390	289,766
Conservancy administration	400	5,400	131,200	107,400	244,400
Administration control fees and charges	2,595,961	1,092,535	1,659,321	6,190,201	11,538,018
Park fees	-	-	-	-	-
Proceeds from sale of assets	-	-	21,000	114,000	135,000
Other fines, penalties, and forfeiture fees	1,125,300	561,125	1,106,811	712,220	3,505,456
Miscellaneous	-	-	-	-	-
Others ( <i>Kaguru Agricultural Training Centre</i> )	2,565,945	1,658,459	1,398,724	1,979,377	7,602,505
<b>Total</b>	<b>58,789,213</b>	<b>40,806,137</b>	<b>169,824,657</b>	<b>109,990,911</b>	<b>379,410,918</b>

County Government of Meru  
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**Annex 4: Analysis of Transfers from the County Revenue Fund**

<b>Period -2023-2024</b>	<b>Quarter 1 (Kshs.)</b>	<b>Quarter 2 (Kshs.)</b>	<b>Quarter 3 (Kshs.)</b>	<b>Quarter 4 (Kshs.)</b>	<b>Total (Kshs.)</b>
County Executive -Rec	1,375,931,511	1,325,420,203	1,915,808,653	2,018,522,231	6,635,682,598
County Executive -Dev	102,993,794	138,906,166	208,593,936	1,379,884,102	1,830,377,998
County Assembly -Rec	226,319,375	190,298,000	252,600,000	321,126,088	990,343,463
County Assembly -Dev	-	-	-	-	-
Special Purpose A/c (Specify)	74,655,807	-	-	590,204,300	664,860,107
<b>Total</b>	<b>1,779,900,487</b>	<b>1,654,624,369</b>	<b>2,377,002,589</b>	<b>4,309,736,721</b>	<b>10,121,264,166</b>