

REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MERU COUNTY REVENUE BOARD**

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



**MERU COUNTY  
REVENUE BOARD**

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**MERU COUNTY REVENUE BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30<sup>th</sup>, 2025**

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

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**Annual Report and Financial Statements**  
**for the year Ended June 30<sup>th</sup>, 2025**

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**1. Acronyms**

**a) Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
MCRB	Meru County Revenue Board

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**2. Key Entity Information and Management**

**a) Background information**

Meru County Revenue Board is established by and derives its authority and accountability from Meru County Revenue Board Act, 2014. The Fund is wholly owned by the County Government of Meru and is domiciled in Kenya.

The Board's main objective is to collect, enhance and monitor local revenue of Meru County

**b) Principal Activities**

**Mission**

To assess and collect revenue through enforcement of related legislations and to contribute to delivery of quality services for social economic growth in Meru County

**Vision**

To be a world-class revenue collection agency

**Slogan**

Lipa Ushuru Jenga Meru

**Functions of the Board**

- a) Collecting and receiving county revenue;
- b) Administering and enforcing county laws related to revenue;
- c) Assessing, collecting and accounting for all revenue in accordance with the county laws related to revenue;
- d) Advising the county executive committee on all matters related to administration and collection or revenue under county laws;
- e) Carry out such other roles necessary for the implementation of the objects and purpose of the Meru County Revenue Board Act 2014 and perform such other functions as may, from time to time, be assigned by the executive member.

**c) Board of Directors**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Edward Buria	Board Chair
2	Japhet Ndumba Ithinji	Board member
3	Mercy Kananu Iburi	Board Member
4	CPA. Charles Mwenda	Board Member
5	CPA. Edward Macharia	Chief Executive Officer

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**d) Key Management Team**

Ref	Name	Position
1	CPA. Edward Macharia	Chief Executive Officer
2	CPA. Francis Mungai	Ag. Director Revenue
3	Peterson Gitonga	Ag. Director Efficiency Monitoring
4	Leah Kinya	Ag. Director of Human Resource
5	Eric Mutuma	Ag. Director of ICT
7	Dennis Thiora	Ag. Director of Enforcement
8	William Mwenda	Ag. Director Finance & Administration

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Internal Audit Unit	Charles Kibaara

**f) Registered Offices**

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

**g) Board Contacts**

Telephone: (254) 0709 241000  
 E-mail: [revenueboard@meru.go.ke](mailto:revenueboard@meru.go.ke)  
 Website: [www.meru.go.ke](http://www.meru.go.ke)

**h) Board Bankers**

- i. Kenya Commercial Bank  
 Meru Branch  
 P.O. Box Meru
- ii. Co-Operative Bank  
 Makutano Branch  
 P.O. Box Meru

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**i) Independent Auditors**

Office of the Auditor General (OAG)  
Anniversary Towers, Monrovia Street  
P.O. Box 30084 - 00100  
Nairobi, Kenya

**j) Principal Legal Adviser**




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

**k) County Attorney**



Department of Public Service Administration and Legal Affairs  
County Government of Meru  
P.O BOX 120 – 60200  
MERU.

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**3. Board of Directors**




Name	Details of qualifications and experience
 <p><b>Edward Buria</b></p>	<p><b>Board Chairperson</b>            2020-2023: <i>Masters of Science in Project Management, University of Salford, Manchester UK</i>            2000-2001: <i>Special Advanced Leadership Certificate, Haggai Institute, Singapore.</i>            1997-1998: <i>Advanced Leadership Certificate, Pietermaritzburg and Cape Town, South Africa.</i>            1995-1996: <i>Church Management &amp; General Administration, Daystar University, Kenya.</i>            1984-1986: <i>Diploma in Ministry, Bible Collage of California, USA.</i>            1977-1979: <i>Diploma in Theology &amp; Leadership, Nairobi Pentecostal Bible Training College, Kenya.</i>            1990 – Present: <b>Founder/Presiding Bishop of the Kerith Church of Kenya</b></p>
 <p><b>MR JAPHET NDUMBA ITHINJI</b></p>	<p><b>BOARD MEMBER</b></p> <p><b>Qualifications.</b></p> <p><i>Masters of education in leadership and education management.</i></p> <p><i>Bachelor of education (science)</i></p> <p><b>DOB: 28/11/1965</b></p>
	<p><b>BOARD MEMBER</b></p> <p><b>Qualifications.</b></p> <p><i>Bachelor of education (special needs and counselling)</i></p> <p><i>Diploma in special needs education</i></p> <p><b>DOB: 04/12/1986</b></p>

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<p style="text-align: center;"><b>MERCY KANANU IBURI</b></p>  <p style="text-align: center;"><b>CPA Charles Mwenda</b></p>	<p style="text-align: center;"><b>BOARD MEMBER</b></p> <p><b>Qualifications.</b></p> <p>MBA – Finance BA – Accounts CPA(K) Member – ICPAK Chief Officer Finance, Economic planning and ICT County Government of Meru. He has a vast experience in Finance and accounting in Public Sector having worked at the County Treasury for 12 years. <b>DOB: 10/05/1982</b></p>
 <p style="text-align: center;"><b>CPA. Edward Macharia</b></p>	<p style="text-align: center;"><b>CHIEF EXECUTIVE OFFICER</b></p> <p><b>Education Background.</b></p> <p>Masters in Business Administration – Financial Management  Bachelor of Commerce -Finance  CPA-K  PHD in Finance (on-going)  DOB: 20th August 1987</p>

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**4. Management Team**

Name	Details of qualifications and experience
 <p><b>CPA. Edward Macharia</b></p>	<p><b>CHIEF EXECUTIVE OFFICER</b></p> <p><b>Education Background.</b></p> <p>Masters in Business Administration – Financial Management</p> <p>Bachelor of Commerce -Finance</p> <p>CPA-K</p> <p>PHD in Finance (on-going)</p> <p>DOB: 20th August 1987</p>
 <p><b>CPA. Francis Mungai</b></p>	<p><b>Education Background and Work Experience.</b></p> <p>Master’s in Business Administration-Finance</p> <p>Bachelor in Business Administration -Finance and Accounting</p> <p>CPA-K</p> <p>CPS Part 1</p> <p>CPA Mungai has a vast experience in Finance and accounting in Public Sector having worked at the County Treasury as Assistant director in charge of reporting. He also worked as Ag. Director Revenue in MCRB.</p> <p>DOB: 20th August 1977</p>
<p><b>Peterson Gitonga</b></p> 	<p><b>Ag. Director Efficiency Monitoring and Evaluation</b></p> <p><b>Qualifications.</b></p> <p>Bachelor in Business Administration</p> <p>Diploma Business Administration</p> <p><b>DOB: 17<sup>th</sup> December 1975</b></p>

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<p><b>Leah Kinya</b></p> 	<p><b>Ag. Director of Human Resource</b></p> <p><b>Qualifications.</b></p> <p>Master of Degree of Business Administration (HR)</p> <p>Bachelor degree Education (science)</p> <p>Certificate in community Resource Mobilization &amp; Management</p> <p>Certificate in Financial Management for NGO/CBOs</p> <p><b>DOB: 23<sup>rd</sup> August 1988</b></p>
<p><b>Eric Mutuma</b></p> 	<p><b>Ag. Director ICT</b></p> <p><b>Qualifications.</b></p> <p>Bachelor of Business Information &amp; Technology(ongoing)</p> <p>Diploma in IT</p> <p>CCNA</p> <p><b>DOB: 15/03/1993</b></p>
<p><b>Dennis Thiora</b></p> 	<p><b>Ag. Director of Enforcement</b></p> <p><b>Qualifications.</b></p> <p>Senior Enforcement Officer Meru County</p> <p>Diploma in ICT</p> <p><b>DOB: 25/09/1989</b></p>

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**5. Board Chairperson's Report**

On behalf of the Board of Directors of the Meru County Revenue Board, I am pleased to present the reports and financial statements for the year ending 30<sup>th</sup> June 2025. This presentation is in accordance with Section 22(1) of the Meru County Revenue Board Act, 2014, which mandates the Board to submit its accounts to the Auditor-General within three months following the end of each financial year.

In compliance with this requirement, we provide the following documents for your review:

1. Statement of Financial Position as at 30<sup>th</sup> June 2025
2. Statement of Financial Performance for the year ended 30<sup>th</sup> June 2025
3. Statement of Cash Flow for the year ended 30<sup>th</sup> June 2025
4. Summary of Significant Accounting Policies and other explanatory information

The Board is pleased to report that MCRB continues to operate effectively and remains steadfast in fulfilling its mandate. Our commitment to enhancing revenue collection and financial management is unwavering. This year, we have implemented key structures aimed at promoting efficiency and accountability within our operations.

**Key Highlights**

**Focus on Efficiency:** We have established new operational frameworks designed to streamline our processes, which has contributed to improved performance across various departments.

**Financial Management:** The financial statements reflect our ongoing commitment to sound financial practices, ensuring transparency and responsible use of resources.

**Strategic Initiatives:** Several initiatives aimed at increasing revenue generation have been launched, with positive early indicators.

The Board remains dedicated to fostering an environment that supports the financial goals of Meru County while ensuring compliance with all statutory requirements.

We look forward to the continued support of our stakeholders as we work towards achieving our objectives and enhancing the financial well-being of our community.

**Edward Buria**

Chairperson, Meru County Revenue Board

Date: 31/10/2025

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**6. Report of The Chief Executive Officer**

I am pleased to present the financial statements of the Meru County Revenue Board (MCRB) for the year ended 30<sup>th</sup> June 2025, in accordance with the requirements set forth by the Meru County Revenue Board Act, 2014.

**Overview**

Established in 2014, MCRB's core mandate encompasses the assessment and collection of revenue, the administration and enforcement of revenue-related laws within the county, and related purposes. Official operations commenced in October 2016, making the 2024-2025 financial year our ninth year of service to the community.

**Financial Performance**

The budget for the year under review amounted to ksh. 346,660,640 fully financed by the County Treasury. While we appreciate this support, it is important to note that the allocated budget for operations proved insufficient to meet the demands of our expanding mandate.

In response to this challenge, we have formally appealed to the County Treasury for additional funding. This funding is essential for us to effectively fulfil our responsibilities and enhance our revenue collection capabilities.

**Acknowledgments**

I would like to extend my sincere gratitude to the Meru County Government for its unwavering support and collaboration with our Board. Your commitment has been instrumental in our progress and achievements over the past year.

**Conclusion**

As we move forward, the MCRB remains focused on optimizing our operations and improving revenue collection processes. Together with our dedicated staff and stakeholders, I am confident that we will continue to meet our objectives and contribute positively to the financial well being of Meru County.



**Edward Macharia**

**Chief Executive Officer**

**Meru County Revenue Board**

Date..... 31/10/2025 .....

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**7 Statement of Performance Against the Board's Predetermined Objectives**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Meru County Revenue Board in the Meru County Government 2023-2027 plan are to:

- a) Increase in collection of county own source revenue by adopting cashless mode of collection.
- b) Improve staff working conditions
- c) Capacity development and training

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Revenue Management	To realize optimum automation of revenue collection and monitoring	Decreased revenue collection leakages	Number of revenue streams automated	24 revenue streams automated
Improve service delivery	To procure staff uniform for enforcement officers.	Increase revenue enforcement	Number of uniform procured	Staff uniform procured
Capacity building	To train staff across the county	Improved revenue collection	Number of staff trained	Staff trained

## **8. Corporate Governance Statement**

The practice of good corporate governance ensures the delivery of sustainable value for our County as well as meeting the needs of our stakeholders. Good Corporate Governance practices involve the adoption of ethically driven business policies, procedures and processes. MCRB is committed to ensuring that the needs of our investors and the expectations of our stakeholders are met while safeguarding the Boards' assets. We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financials and performance as well as provide the leadership and effective governance for the Board.

This report highlights the main corporate governance structures and practices that guide the Board:

### **Governance Principles and Guidelines**

The Board of Directors is at the core of the Board's governance practice for protection of long-term interests of all stakeholders. Guided by the principles of best practices in governance, the Board of directors performs their duties in the interest of the Board to improve stakeholder's value and for continued sustainability of the Board. The Board provides oversight to Management and ensures the staff operate within the Code of Conduct and Ethics and Public Officers and Ethics Act; and the Code for County Corporations.

### **Responsibilities of the Board of Directors**

The primary responsibility of the Board of Directors is to provide leadership and strategic direction to the Board. Board members are expected to exercise the highest degree of care, skill and diligence in discharging their duties. The responsibilities of the Board include:

- (i) Establishing short and long-term goals of the Board, develop strategies to achieve these goals and monitor the Boards' performance against these set goals;
- (ii) Spearheading preparation of financial statements and reports;
- (iii) Approving and reviewing annual budgets;
- (iv) Overseeing business affairs of the board in light of emerging risks and opportunities; and
- (v) Ensuring that the Board has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity. The Board of Directors provides oversight to the Board's management. Directors are also empowered to seek independent professional advice on Board business at its expense where necessary.

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**Capacity Building for the Board of Directors**

Regular training and development programmes are developed to equip the Board with necessary skills for effective discharge of their mandate. Each year the Board prepares a training calendar where specific training needs are identified and scheduled

**Conflict of Interest**

During the financial year under review, there were no cases of conflict of interest reported.

**Board Charter**

The MCRB is currently in the process of updating its Board Charter to conform with the reported changes in operations

**Appointment and Removal of Board Members**

All the members of the board are appointed by the Governor for a three years' term. Removal of a Board Member may occur when one; Becomes bankrupt, is convicted of an offence involving dishonesty or fraud, becomes of unsound mind, or resigns from office by notice in writing to the Board.

**Composition of the Board**

The current Board headed by the Chairman is composed of five members inclusive of the Chief executive officer who is also the only executive member. The constitution of the Board takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the business. The principal role of the Chairperson is to provide leadership to the Board as well as ensure that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. The Chief Executive Officer is responsible for the day-to-day management of the MCRB.

**Accountability and audit**

In line with the Meru County Revenue Board Act, 2014, Directors are required to prepare annual financial statements for the Board in each Accounting period. The statements should reflect a true and fair view of the financial position of the Board as at the end of each financial year and should include: annual financial statements; the directors' report; and the auditor's report on the financial statements. Directors ensure that the Boards' financial statements are audited each financial year. They are responsible for ensuring that suitable accounting policies are consistently applied supported by reasonable and prudent judgments, and estimates. They also ensure that applicable accounting standards are followed as well as the duty to exercise care, skill and diligence. In

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addition, the Board is responsible for ensuring that the Board keeps reasonable and accurate accounting records showing and explaining the transactions and financial position of the Board in compliance with prescribed accounting standards.

**Internal Controls**

Internal control systems are designed to meet particular needs of the Board and mitigate the risks, with attendant procedures intended to provide effective internal financial control. The Board is obligated to maintain a sound system of internal controls to safeguard public finances. These include taking reasonable steps to ensure that the control and regulatory systems are continuously maintained and monitored. While the systems in place are intended to provide reasonable controls, absolute assurance cannot be guaranteed.

**Directors' Remuneration**

During every Board meeting, present Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within County Treasury set limits for Boards. The Chairperson receives a monthly honorarium.

**Board Meetings**

During the quarters under review 3 (three) full board meetings, 3 (Three) board subcommittees meeting and 1 (one) special board meeting were held.

## **9. Management Discussion and Analysis**

### **KEY MILESTONES DURING THE FINANCIAL YEAR:**

- a) The Board automated all revenue streams through craft silicon.
- b) Meru County Revenue Board procured uniform to its staff.
- c) The Board received partial allocation through phased disbursements.
- d) Waiver was granted by Her Excellency the Governor to the Land/plot owners to enable them clear the outstanding arrears.
- e) Meru County Revenue Board organized a successful performance management training for the senior management team and board members.
- f) Chief Executive Officer led various top management members in holding stakeholders meeting to urge them pay county levies; such stakeholders are market committee members and staff who collect the levies in all sub counties and towns, Matatu owners association and MCAs. All these stakeholders agreed and we are now collecting revenues in the mentioned areas.
- g) A finance bill 2025 has been drafted which will help harmonize revenue collection across the county.

### **CHALLENGES**

- a) Perennial challenge of mobility due the unavailability of enough vehicles affected revenue collection in all sub counties.
- b) Non-payment of market fees in some markets due to lack of maintenance and garbage collection.
- c) An out-dated valuation roll.
- d) The Board is not collecting revenue from public health activities, Liquor licenses and Health department fees and charges as it is in other counties.
- e) Inadequate budget allocation which has severely affected the operations of the board.

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**10. Environmental and Sustainability Reporting**

Meru County Revenue Board strives to ensure that the operations we finance supports economic and social development in the county we operate in.

We are committed to supporting the residents of Meru County through partnerships that concern revenue collection and job creation. When receiving payments and issuing commercial licenses and permits we ensure timely inspection and invoicing so as to keep good relations with our business community.

We also aim to ensure the existence of a conducive business environment in collaboration with other county government departments/agencies such as Finance, Trade and industrialization, Cooperatives, County Liquor Licensing Board, County Assembly, Environment etc.

As stipulated by the Finance Act the board seeks to ensure that the charges/levies are reviewed periodically so as to ensure they are reasonable and affordable to the business community across the county. More so, we offer education, consultation and efficient communication to the public so as to create awareness and knowledge concerning revenue collection to ensure compliance.

Meru County Revenue Board is committed to providing practical learning and workplace application experience for students and recent graduates. We provide our interns with new and creative approaches to best practice in the field of ICT, revenue collection, administration, finance and reporting. As an intern one is given the opportunity to work with the MCRB officers and management team to develop a strong foundation for their career.

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**11. Report of the Board of Directors**

The Board of Directors submit their report together with the audited financial statements for the year ended 30<sup>th</sup> June, 2025 which show the state of the Board affairs.

**Principal activities**

The principal activities of the Board are:

- a) Collecting and receiving county revenue;
- b) Administering and enforcing county laws related to revenue;
- c) Assessing, collecting and accounting for all revenue in accordance with the county laws related to revenue
- d) advising the County Executive Committee on all matters related to administration and collection or revenue under county laws;
- e) Carry out such other roles necessary for the implementation of the objects and purpose of this Act and perform such other functions as may, from time to time, be assigned by the Executive Member.

**Results**

The results of the Board for the year ended 30<sup>th</sup> June, 2025 are set out on page 1 to 5.

**Board of Directors**

The members of the Board of Directors who served during the year are shown on page vii to viii.

**Auditors**

The Auditor General is responsible for the statutory audit of the Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

  
**Chairperson of the Board**

**Date: 31<sup>st</sup> October 2025**

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**12. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by (*Meru County Revenue Board Act*) shall prepare financial statements for the Board in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Chief Executive Officer of the Board is responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the year ended 30<sup>th</sup> June 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 financial position of the Board;
- (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 Board;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer of the Board accepts responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*Meru County Revenue Board Act*). The Chief Executive Officer of the Board is of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the quarter ended 30<sup>th</sup> September, 2024, and of the Board's financial position as at that date. The Chief Executive Officer

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further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Chief Executive Officer of the Board has assessed the Board's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Chief Executive Officer to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Board's financial statements were approved by the Board on 31<sup>st</sup> October 2025 and signed on its behalf by:



.....  
**Edward Macharia**  
**Accounting Officer**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON MERU COUNTY REVENUE BOARD FOR THE YEAR ENDED 30 JUNE, 2025

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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 the 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; and,
- 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial 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 FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Meru County Revenue Board set out on pages 1 to 27, which comprise of the statement of financial position as at

30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Meru County Revenue Board as at 30 June, 2025 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Meru County Revenue Board (Amendment) Act, 2018, the County Governments Act, 2012 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Undisclosed Revenue**

Review of records revealed that a local service provider demanded transaction commissions amount totaling Kshs.18,673,213 for the period between July, 2024, and April, 2025 (10 months) which represents 4.8% (percent) of revenue collected which would translate to an amount of Kshs.389,025,271 worth of revenue collected via service provider 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 ended 30 June, 2025. The extraction of data from the revenue system on 9 September, 2025 reflected an amount of Kshs.319,966,363 as the total revenue for the twelve (12) months (1 July, 2024 to 30 June, 2025). This discrepancies casts doubts on the authenticity of the commission paid or payable and the integrity of the data and the system in use.

In the circumstances, the accuracy and completeness of the commission amount demanded totalling Kshs.18,673,213 could not be confirmed.

#### **2. Inaccurate and Long Outstanding Trade and Other Payables**

As previously reported, the statement of financial position reflects trade and other payables balance of Kshs.42,450,893 as disclosed in Note 10 to the financial statements. Included in this balance are payments amounting to Kshs.3,095,763 that have remained outstanding for a period of more than one year. This is contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in approved budget estimates.

In addition, audit examination of payment records revealed a demand letter issued to County Government of Meru dated and received on 11 June, 2025 by the Chief Executive Officer Meru County Revenue Board, by a service provider revealing payables balance

amounting to Kshs.20,935,209 which were not disclosed in the prior year's verified list of pending bills disclosed in the financial statement. These expenditures were also not captured in the approved budget estimates or supplementary appropriations for the financial year under review.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.42,450,893 could not be confirmed. Further, the Board Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.

### **3. Material Uncertainty Relating to Going Concern**

As previously reported, the statement of financial performance reflects a deficit of Kshs.3,397,954 which brought the Board's accumulated loss to Kshs.11,517,954 as at 30 June, 2025 (2024: Kshs.8,120,000). Further, the statement of financial position reflects current liabilities balance of Kshs.42,450,893 which exceeded the current assets of Kshs.28,197,676 resulting to a negative working capital of Kshs.14,253,217 as at 30 June, 2025. Further, a comparison of own source revenue reported by the Receiver of Revenue revealed that the Board had collected a total amount of Kshs.365,278,922 against an expenditure amount of Kshs.344,848,712 (or 94%) in the year under review. A similar trend was reported in the financial year 2023/2024 where the Board collected a total amount of Kshs.376,008,437 against an expenditure amount of Kshs.337,807,101 (85%) respectively. The core objective of the Board is to collect, enhance and monitor local revenue of Meru County.

The negative liquidity position was an indication of the existence of a material uncertainty on the Board's ability to continue to sustain itself.

The financial statements were prepared on the assumption that the Board will continue to receive financial support from the County Government of Meru and its creditors. Management did not disclose the material uncertainty related to going concern or measures taken to mitigate this.

In the circumstances, the sustainability of the Board could not be confirmed.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters

described in the Basis for Qualified Opinion Section of my report, I have determined that there are no key audit matters to report in the year under review.

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, review of the status during audit of the Revenue Board in 2024/2025 revealed that the following matters remained unresolved;

#### **1. Unsupported Expenditure**

Use of goods and services amount of Kshs.83,876,562.87 which includes other payment – commission for revenue collection system amount of Kshs.15,000,000. However, supporting documents such as the invoices, payment vouchers, period for revenue collection and the amount collected on behalf of the County were not been provided for audit review.

#### **2. Unsupported Receivables from Non-Exchange Transactions**

Receivables from non-exchange transactions balance of Kshs.20,825,147 which relates to transfer from County Government was not supported by documentation and explanation to support the nature of the receivables and how it arose was not provided for audit review. In addition, approved journal vouchers to support movement of the balance from Nil reflected in the initially submitted financial statements to the balance of Kshs.20,825,147 in the amended financial statements were also not provided for audit review.

## **Other Information**

Directors are responsible for the Other Information set out on page i to xxi which comprise of Board Information and Overall performance, Statement of Performance Against Board's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Board'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 Board's 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, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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. Lack of Cost Benefit Analysis

The financial records in respect to Meru Revenue Board reflected transfers from County Executive amount of Kshs.341,457,238 that was spent against own source revenue totaling Kshs.402,100,451 collected under Receiver of Revenue. This resulted to 85% utilization of own source revenue resulting to lack of cost benefit analysis.

In the circumstances, value for money by the Board could not be confirmed.

#### 2. Conflict of Interest

Meru County Government has three Departments with the Authority to collect revenue as follows; Meru and Mau Municipalities, Meru Revenue Board and Meru County Investment & Development Corporation (MCIDC). These Departments have a similar function in respect to mapping and collection of revenue. However, Management has not provided evidence on how the mapping and division of the roles of each Department was assigned. Further, Section 158(2) of the Public Finance Management (PFM) Act, 2012 requires that any other public officer, other than a receiver of revenue or collector of revenue for a County Government, who collects revenue for that Government shall, not later than three days after receiving it, deliver the revenue to a receiver or collector of revenue for that County Government however, there was no evidence that the revenue collected by the MCIDC was remitted to the receiver of revenue. The Board has not provided evidence on how the mapping of the streams of revenue for the three departments was done.

In the circumstances, the value for money for these three Departments could not be confirmed.

#### 3. Lack of Approved Strategic Plan

The County Revenue Board lacked an operational strategic plan, making the foundation for their budget preparation unclear. This is contrary to Section 149(20) the Public Finance Management Act, 2012 which provides the responsibilities of the Accounting

Officer among others to prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government; (h) prepare estimates of expenditure of the entity in conformity with the strategic plan referred to in paragraph.

In the circumstances, Management was in breach of law.

#### **4. Failure to Comply with Fiscal Responsibility Principles on Wages and Benefits**

As previously reported, the statement of financial performance and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.261,350,758 in respect to employee costs. However, the total revenue received in the year under review amounted to Kshs.341,450,758. Consequently, the wage bill was at 76% which is above the 35% allowed limit contrary to Regulation 25(1)(b) of the Public Finance Management (County Government) Regulations, 2015 which states that the wage bill shall not exceed thirty-five (35) percent of the County Government's total revenue.

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

#### **5. Non-Adherence to Approved Staff Establishment**

Audit review of the approved staff establishment revealed that the Meru County Revenue Board did not adhere to the approved staffing structure. As a result, critical positions remained vacant while certain non-essential or administrative positions were overstaffed. This imbalance persisted despite the availability of county government funding, leading to suboptimal resource allocation and inefficient utilization of the workforce.

Review of payroll records and establishment registers indicated that, as at 30 June, 2025, approximately 28% of the approved positions remained unfilled, while overstaffing in select administrative areas resulted in an estimated annual excess personnel cost of Kshs.1,771,537.

In the circumstances, Management was in breach of the applicable Human Resource Management Regulations, resulting in inefficient deployment of personnel and avoidable personnel costs.

#### **6. Unbalanced Staff Ethnic Composition**

As previously reported, the statement of financial performance and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.261,350,758 in respect to employee costs. Review of the payroll documents provided for audit revealed that out of the four hundred and ninety-five (495) employees in the integrated payroll system (IPPD), four hundred and eighty-three (483) representing 98% of the total employees were from the dominant ethnic community. This was contrary to the provision of Section 7(2) of the National Cohesion and Integration Commission Act, 2008 which provides that no public establishment shall have more than one-third of its staff from the same ethnic community.

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

## **7. Irregular Representation of Chief Officer for Finance in the Board**

Review of the Board minutes for the year under review showed that the Chief Officer for Finance was absent from all Board meetings. Another officer attended in his stead. However, there was no formal delegation letter presented for audit purposes that permitted such representation, and the Act does not allow for a substitute in the Chief Officer's role during Board meetings. This was contrary to Section 6 of the Meru County Revenue Board Act, 2014 which elects the Chief Officer Finance to the Committee and has no Guideline on delegation of the role.

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

## **8. Non-Compliance with Mandatory Registration Requirements Under the Data Protection Act**

The Board was not registered with the Office of the Data Protection Commissioner as required by Section 18(1) the Data Protection Act, 2019 which states 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 financial 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 the law.

## **9. Doubtful Payment to Revenue Collection System Service Provider**

Management of the County Government of Meru entered into a contract with a local Limited Company for the supply, delivery, installation, testing and commissioning of an Integrated County Revenue Management System (ICRMS) under Meru County tender no. CGM/ONT/046/2022-2023 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 Government of Meru dated and received on 11 June, 2025 by the Chief Executive Officer Meru County Revenue Board, the service provider was demanding an outstanding contract fee price and transaction fees amounting to Kshs.44,830,162.

Audit review revealed that the County Government of Meru paid an amount of Kshs.20,000,000 to a local limited Company for supply and implementation of the Integrated County Revenue Management System (ICRMS). The payment included costs relating to USSD set up costs of Kshs.232,000, Monthly maintenance fee of Kshs.174,000 per month and Kshs.1,160,000 per quarter all totaling Kshs.10,498,000 were not provided for under the signed contract. The contract explicitly stipulated those payments were to be based solely on a 4.8% transaction fee of total revenue collected through the system.

This indicates non-adherence to the agreed contractual terms, and non-adherence to the Section 68 of the Public Finance Management Act, 2012 which requires that an Accounting Officer for a National Government entity, Parliamentary Service Commission and the Judiciary shall be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the Accounting Officer are used in a way that is— (a) lawful and authorized; and (b) effective, efficient, economical and transparent.

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

#### **10. Wasteful Expenditure on Upgrading a Parallel Revenue Management System Limited to Two Revenue Streams**

The County Revenue Board 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. This decision was made instead of procuring additional modules for the existing primary system Integrated County Revenue Management System (ICRMS), which is scalable and capable of handling all current and future revenue streams. The upgrade expenditure represents inefficient use of resources without commensurate benefits.

In the circumstances, Management did not demonstrate effective use of public resources.

#### **11. Over Allocation of Operational Funds to the County Revenue Board**

Review of the Boards budget allocation for the financial year 2024/2025 revealed that the County Assembly approved Kshs.530,000,000 to be collected by the Board. Two (2) percent of this translates to Kshs.10,600,000. However, the County Assembly allocated Kshs.80,000,000 in respect to use of goods and services which translates to fifteen (15) per centum of the budgeted revenue resulting into the Board being over funded to the County Revenue Board for its operational expenses. This contravenes Section 18 (1) of Meru County Revenue Board Act, 2014 which states that the funds and assets of the Board shall consist funds of the such monies not exceeding two per centum of the revenue estimated in the financial estimates for each financial year to be collected by the Board under this Act as may be determined by the County Executive Committee in each financial year.

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

## **12. Non-Payment of Seconded Employees by the County Revenue Board**

Examination of payroll and human resource records for the County Revenue Board revealed that employees seconded from the County Government to the Board are not being remunerated by the Board itself. Instead, their salaries, allowances, and benefits continue to be paid directly by the County Government. This arrangement contravenes the provisions of the Paragraph B.33 (1) of Public Service Human Resource and Procedure Manual, 2016 which states that officers on secondment will be paid their salaries and other allowances by the organizations in which they are deployed.

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

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Use of Manual Payroll**

During the year under review, the Board operated two (2) payroll systems. Manual payroll system and an Integrated Personnel and Payroll Database System (IPPD) and later migrated to HRIS-Keo. The use of Manual system requires manual calculation of deductions and net pay and constant monthly or annual updates of the data manually which is prone to error or manipulations. Even though the Management did provide a justification of maintaining the manual payroll they did not demonstrate mechanisms put in place to migrate the one staff on manual payroll and what they are doing to protect payroll data integrity in respect of the manual.

In the circumstances, the integrity of the payroll system could not be confirmed.

##### **2. Lack of an Approved Finance Manual**

Review of the operations of Meru County Revenue Board revealed that the entity has not developed and adopted a Finance and Procedures Manual to guide financial management and internal control processes. This is contrary to Regulations 22(1)(b) of

the Public Finance Management (County Governments) Regulations, 2015, which requires Accounting Officers to maintain effective systems of internal control and ensure that they are effective.

In the circumstances, the controls and optimum collection of revenue 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 Board of Management**

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

In preparing the financial statements, Management is responsible for assessing the Board'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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Management is responsible for overseeing the Board'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 of 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**

**17 November, 2025**

**Meru County Revenue Board**  
**Annual Report and Financial Statements**  
**for the year Ended June 30<sup>th</sup>, 2025**

**14. Statement of Financial Performance for the year Ended 30<sup>th</sup> June, 2025**

	Note	FY2024/2025 KShs	FY2023/2024 KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	341,350,758.22	354,685,092.40
Public contributions and donations	2	100,000.00	-
<b>Revenue from exchange transactions</b>			
Interest income			-
Other income			-
<b>Total revenue</b>		<b>341,450,758</b>	<b>354,685,092.4</b>
<b>Expenses</b>			
Employee Costs	3	261,350,758.22	257,782,492.13
Use of Goods and Services	4	80,052,652.50	83,876,563.00
Depreciation and Amortization Expense	5	3,391,494.80	4,509,461.40
Finance costs	6	53,806.50	27,032.50
<b>Total expenses</b>		<b>344,848,712.02</b>	<b>346,195,549.03</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets			-
<b>Surplus/(Deficit) for the period</b>		<b>(3,397,953.80)</b>	<b>8,489,543.37</b>

.....  
**Name: Edward Macharia**  
**Accounting Officer**

**Date** 31/10/2025

.....  
**Name: CPA William Mwenda Machoki**  
**Head of Finance**  
**ICPAK M/No:19584**

**Date** 31/10/2025

**Meru County Revenue Board**  
**Annual Report and Financial Statements**  
**for the year Ended June 30<sup>th</sup>, 2025**

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

	Note	FY2024/2025	FY2023/2024
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	533,958.15	339,483.30
Inventories	8	658,301.14	704,792.97
Receivables from non-exchange transactions	11	27,005,417.18	20,825,147.35
<b>Non-current assets</b>			
Property, plant and equipment	9	10,855,263.30	13,795,190.00
<b>Total assets</b>		<b>39,052,939.77</b>	<b>35,664,613.62</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and Other Payables	10	42,450,893.47	35,664,614.22
<b>Total liabilities</b>		<b>42,450,893.47</b>	<b>35,664,614.22</b>
<b>Net Assets</b>			-
Reserves		0	0
Accumulated surplus (As per statement of changes of Net Asset).		- 3,397,953.80	0
<b>Total Reserves and liabilities</b>		<b>39,052,939.6700</b>	<b>35,664,614.22</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 1<sup>st</sup> October 2025 and signed by:

.....  
**Name: Edward Macharia**  
**Accounting Officer**

Date 31/10/2025

.....  
**Name: CPA William Mwenda Machoki**  
**Head of Finance**

ICPAK M/No:19584

Date 31/10/2025

**Meru County Revenue Board**  
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**for the year Ended June 30<sup>th</sup>, 2025**

**16. Statement of Changes in Net Assets for the year Ended 30<sup>th</sup> June, 2025**

	Revolving Fund	Revaluation Reserve KShs	Accumulated surplus KShs	Total KShs
<b>Balance as at 1 July 2021</b>	-	3,020,000	-12,261,317	-9,241,317
Surplus/(deficit) for the period	-	-	-5,291,552	-5,291,552
Funds received during the year	-	-	-	-
Revaluation gain	-	2,550,000	-	2,550,000
<b>Balance as at 30 June 2022</b>	-	5,570,000	-17,552,869	-11,982,869
<b>Balance as at 1 July 2022</b>	-	5,570,000	-17,552,869	-11,982,869
Surplus/(deficit) for the period	-	-	943,324	943,324
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2023</b>	-	5,570,000	-16,609,545	-11,039,545
<b>Balance as at 1 July 2023</b>	-	5,570,000	-16,609,544	-11,039,544
Surplus/(deficit) for the period	-	-	8,489,544	8,489,544
Funds received during the year	-	-	-	0
Revaluation gain	-	2,550,000	-	2,550,000
<b>Balance as at 30 June 2024</b>	-	8,120,000	-8,120,000	-
<b>Balance as at 30th June 2024</b>	-	8,120,000	-8,120,000	-
Surplus/(deficit) for the period			3,397,953.80	3,397,953.80
Revaluation gain				-
<b>Balance as at 30th June 2025</b>		8,120,000	-11,517,954	3,397,953.80

**Meru County Revenue Board**  
**Annual Report and Financial Statements**  
**for the year Ended June 30<sup>th</sup>, 2025**

**17. Statement of Cash Flows for the year Ended 30<sup>th</sup> June 2025**

	Note	FY 2023/2024	FY2022/2023
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public Contributions and Donations	2	100,000.00	-
Transfers from the County Government	12	357,926,106.22	333,859,945.05
<b>Total Receipts</b>		<b>358,026,106.22</b>	<b>333,859,945.05</b>
<b>Payments</b>			
Employee Costs	13	269,985,026.87	238,195,907.90
Use of Goods and Services	14	83,501,348.50	83,903,595.37
<b>Total Payments</b>		<b>353,486,375.37</b>	<b>322,099,503.27</b>
<b>Adjusted for:</b>			
Payables paid during the year		-4,796,824.00	-7,226,616.00
<b>Net cash flows from operating activities</b>		<b>-257,093.15</b>	<b>4,533,825.78</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		451,568.00	-6,147,298.48
<b>Net cash flows used in investing activities</b>		<b>451,568.00</b>	<b>-6,147,298.48</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>194,474.85</b>	<b>-1,613,472.70</b>
Cash and cash equivalents at 1 <sup>st</sup> July 2024		339,483.30	1,952,957.00
<b>Cash and cash equivalents at 30<sup>th</sup> June 2025</b>	7	<b>533,958.15</b>	<b>339,483.30</b>

**Meru County Revenue Board**  
**Annual Report and Financial Statements**  
**for the year Ended June 30<sup>th</sup>, 2025**

**18. Statement of Comparison of Budget and Actual Amounts for the Period Ended June 30<sup>th</sup> 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	FY 2024/2025	FY 2024/2025	FY 2024/2025	FY 2024/2025	FY 2024/2025	FY 2024/2025
	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>						
Transfers from County Govt.	336,660,640.00	10,000,000.00	346,660,640.00	341,350,758	5,309,882	98%
Public Donations		100,000.00	100,000.00			
<b>Total income</b>	<b>336,660,640.00</b>	<b>10,100,000.00</b>	<b>346,760,640.00</b>	<b>341,350,758.22</b>	<b>5,309,881.78</b>	<b>98%</b>
<b>Expenses</b>						
Employee Costs	266,660,640	0	266,660,640	261,350,758	5,309,882	98%
Use of Goods and Services	70,000,000	10,100,000.00	80,100,000	80,052,653	47,348	100%
Capital Expenditure		0			-	
<b>Total budget</b>	<b>336,660,640</b>	<b>10,100,000</b>	<b>346,760,640</b>	<b>341,403,411</b>	<b>5,357,229</b>	<b>98%</b>

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**Summary of Significant Accounting Policies**

**1. General Information**

MCRB is established by and derives its authority and accountability from MCRB Act 2014. The Board is wholly owned by the Meru County Government and is domiciled in Kenya. The entity’s principal activity is revenue collection.

**2. Statement of compliance and basis of preparation**

The Board’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

*(i) New and amended standards and interpretations in issue but not yet 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.*

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>                      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>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>                      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</p>

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	transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.

*(i) Early adoption of standards*

The Entity did not early adopt any new or amended standards in the financial year under review.

**4. a) Revenue from non-exchange transactions**

**i. Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**ii. Revenue from exchange transactions**

**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.

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

**Dividends**

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

**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.

**b) Budget information**

The original budget for FY 2024-2025 was approved by the County Assembly and the Board of Directors. Subsequent revisions or re-appropriations were made to the approved budget in accordance with specific approvals from the Board of Directors. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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.

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

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The board depreciates PPE as follows;

S/NO	Item	Rate of Depreciation
1	Buildings	2.5%
2	Motor Vehicle	25%
3	Furniture and Fittings	12.5%
4	Computer and office Equipment	30%

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

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any noncollectable amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

**Accounts Payables**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

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

**d) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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

**f) Contingent liabilities**

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

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

**g) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Board members, directors, the CEO and Senior managers.

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

**h) Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a Board) and will have no legal or constructive obligation to pay further contributions if the Board does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to Board obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit Boards are actuarial valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**i) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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

**j) Comparative figures**

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

**k) Subsequent events**

Subsequent events are events that occur after an entity's year-end period but before the release of the financial statements. In other words, subsequent events are events that happen between the cut-off date and the date in which the company issues its financial statements. During the year under review the Board received substantial amount of money as Transfers from the County in July and August 2024 that related the last financial year under review. This was reviewed and factored in these financial statements for the quarter ended September 30<sup>th</sup> 2024.

**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 judgements, estimates and assumptions made e.g.

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

**a) 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 consolidated 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. IPSAS 1.140.

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of Boarding to replace the asset
- Changes in the market in relation to the asset

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**Notes to the Financial Statements**

**1. Transfers from County Government**

<b>Description</b>	<b>FY2024/2025</b>	<b>FY2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Transfers from County Govt.	341,350,758.22	354,685,092.40
<b>Total</b>	<b>341,350,758.22</b>	<b>354,685,092.40</b>

**2. Public Donations**

<b>Description</b>	<b>FY2024/2025</b>	<b>FY2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Other Public Donations (KCB Bank)	100,000.00	0.00
<b>Total</b>	<b>100,000.00</b>	<b>0.00</b>

**3. Employee Costs**

<b>Description</b>	<b>FY2024/2025</b>	<b>FY2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and Wages	261,350,758.22	257,782,492.13
Other staff costs		-
<b>Total</b>	<b>261,350,758.22</b>	<b>257,782,492.13</b>

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**4. Use of Goods and Services**

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Catering Services (receptions), Accommodation, Gifts, Food and Drinks	705,000	1,248,700
Fuel Oil and Lubricants - Othe	7,500,000	9,551,715
Routine Maintenance - Vehicles	6,049,927	7,582,943
Publishing and Printing Services	1,821,528	1,938,977
Boards Expenses	1,842,588	2,202,405
Committees, Conferences and Seminars	42,000.00	1,355,000.00
Purchase of uniforms and clothing-staff	1,331,206.00	2,212,750.00
Domestic Travel and Subs-others	8,110,900	6,749,100
2210399 Domestic Travel and Subs-KICOSCA	1,473,800.00	737,750.00
2210101 Electricity bills	268,750	395,000
2210102 Water and sewerage charges	15,000	59,000
2210201 Telephone, Telex, Facsimile and Mobile Phone Services and Internet	1,276,138	1,776,440
2210303 Daily Subsistence Allowance	4,471,900	3,928,500
2211101 General Office Supplies (papers, pencils, forms, small office equipment	342,000	1,855,296
2211103 Sanitary and Cleaning Materials, Supplies and Services	60,000	30,000
3111002 Purchase of Computers, Printers and other IT Equipment	451,568	

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Maintainance of computers, softwares and Networks	252,470.00	-
2211399 Other Operating expenses - governance and compliance	5,594,900.00	3,131,900
2211306 Membership Fees, Dues and Subscriptions to Professional Bodies	51,800	56,600
2210504 Advertising, Awareness and Publicity Campaigns	664,400	2,592,706
2211313 Revenue Enforcement Operations	4,532,500	5,924,600
2220205 Maintenance of buildings and stations-non residential	70,000	100,420
2210704 Hire of Training Facilities and Equipment	711,009	617,140
2210799 Training Expenses - Other (Bud	1,301,314	2,704,705
2211102 Supplies and Accessories for Computers and Printers	831,906	1,538,340
2210603 Rents and Rates - Non-Residential	7,324,725	9,653,868
3111112 Software, systems and services - Revenue Collection fees	22,156,034	
Cess Point Clamps & Spikes	786,206	
Bank Charges	13,084	
System Development		15,000,000.00
Maintenance of Collection Centres		932,708.00
<b>Total</b>	<b>80,052,652.50</b>	<b>83,876,563.00</b>

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

**5. Depreciation and Amortization Expense**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Property Plant and Equipment	3,391,494.80	4,509,461.40
Intangible Assets		-
<b>Total</b>	<b>3,391,494.80</b>	<b>4,509,461.40</b>

**6. Finance costs**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank Charges - Operations	12,853.50	19,620.50
Bank Charges - Salaries	40,953.00	7,412.00
<b>Total</b>	<b>53,806.50</b>	<b>27,032.50</b>

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

**7.Cash and cash equivalents**

<b>Description</b>	<b>FY 2024/2025</b>	<b>FY 2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Fixed deposits account	-	
On – call deposits		
Current account	533,958.15	339,483.30
Others		
<b>Total cash and cash equivalents</b>	<b>533,958.15</b>	<b>339,483.30</b>

**7a. Detailed analysis of the cash and cash equivalents are as follows:**

<b>Financial institution</b>	<b>Account number</b>	<b>FY 2024/2025</b>	<b>FY 2023/2024</b>
		<b>KShs</b>	<b>KShs</b>
<b>Current account</b>			
KCB - Operations	1199586579	92,811.32	46,734.62
Kenya Commercial bank	1280896523	441,146.83	292,031.68
Equity Bank	1.04028E+12		717.00
<b>Grand total</b>		<b>533,958.15</b>	<b>339,483.30</b>

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

**8. Inventories**

<b>Description</b>	<b>FY2024/2025</b>	<b>FY2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Consumable Stores	658,301.14	704,792.97
Other Inventories (Specify)		
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	<b>658,301.14</b>	<b>704,792.97</b>

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Depreciation	-	29,642.00	370,625.00	415,536.00	3,693,659.00	4,509,462.00
Impairment	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June (Comparative FY) 2024</b>	-	<b>131,577.00</b>	<b>13,203,126.00</b>	<b>23,160,544.00</b>	<b>7,342,443.00</b>	<b>43,837,690.00</b>
Depreciation	-	28,900.70	277,968.75	363,593.75	2,721,031.50	3,391,494.70
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
<b>As at 30th June (Current FY) 2025</b>	-	<b>160,477.70</b>	<b>13,481,094.75</b>	<b>23,524,137.75</b>	<b>10,063,474.50</b>	<b>47,229,184.70</b>
Net Book Values	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June (comparative FY) 2024</b>	-	<b>1,156,028.00</b>	<b>1,111,875.00</b>	<b>2,908,750.00</b>	<b>8,618,537.00</b>	<b>13,795,190.00</b>
<b>As at 30<sup>th</sup> June (Current FY) 2025</b>	-	<b>1,127,127.30</b>	<b>833,906.25</b>	<b>2,545,156.25</b>	<b>6,349,073.50</b>	<b>10,855,263.30</b>

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

**9. Property, plant and equipment**

<b>Cost</b>	<b>Land</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers &amp; ICT Equipment</b>	<b>Total</b>
<b>Depreciation Rate %</b>		<b>2.5%</b>	<b>25%</b>	<b>12.5%</b>	<b>30.0%</b>	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As At 1July (Previous FY)- 2023</b>	-	<b>1,287,605.00</b>	<b>11,765,001.00</b>	<b>25,994,294.00</b>	<b>9,600,980.00</b>	<b>48,647,880.00</b>
Additions	-	-	-	<b>75,000.00</b>	<b>6,360,000.00</b>	<b>6,435,000.00</b>
Disposals	-	-	-	-	-	-
Revaluation	-	-	<b>2,550,000.00</b>	-	-	<b>2,550,000.00</b>
<b>As at 30<sup>th</sup> June (comparative FY)-2024</b>	-	<b>1,287,605.00</b>	<b>14,315,001.00</b>	<b>26,069,294.00</b>	<b>15,960,980.00</b>	<b>57,632,880.00</b>
Additions	-	-	-	-	<b>451,568.00</b>	<b>451,568.00</b>
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June (Current FY)-2025</b>	-	<b>1,287,605.00</b>	<b>14,315,001.00</b>	<b>26,069,294.00</b>	<b>16,412,548.00</b>	<b>58,084,448.00</b>
<b>Depreciation And Impairment</b>	-	-	-	-	-	-
<b>At 1July (Previous FY)-2023</b>	-	<b>101,935.00</b>	<b>12,832,501.00</b>	<b>22,745,008.00</b>	<b>3,648,784.00</b>	<b>39,328,228.00</b>

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

**10. Trade and other payables from exchange transactions**

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Employees and Employer Deduction	16,025,512.35	35,664,614.22
Staff Payables	7,703,860.00	
Use of Goods and Services	18,721,521.12	
<b>Total trade and other payables</b>	<b>42,450,893.47</b>	<b>35,664,614.22</b>

**11. Receivables from exchange transactions**

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Receivables	27,005,417.18	20,825,147.35
<b>Total trade and other payables</b>	<b>27,005,417.18</b>	<b>20,825,147.35</b>

**12. Notes to the Statement of Cash flow (Transfers from County Government)**

Description	FY2024/2025	FY 2023-2024
	Kshs	Kshs
Transfer From the County - Operations	81,978,318.70	95,664,037.15
Transfer From the County - Salaries	275,947,787.52	238,195,907.90
<b>Total</b>	<b>357,926,106.22</b>	<b>333,859,945.05</b>

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

**13. Notes to the Statement of Cash flow (Employee Costs)**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Employee Staff Cost	269,985,026.87	238,195,907.90
Less: Staff Payables		
<b>Total</b>	<b>269,985,026.87</b>	<b>238,195,907.90</b>

**14. Notes to the Statement of Cash flow (Use of goods and services)**

<b>Description</b>	<b>FY2024/2025</b>	<b>FY2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Use of goods and Services	83,501,348.50	83,903,595.37
<b>Total</b>	<b>83,501,348.50</b>	<b>83,903,595.37</b>

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**Annexes**

**Annex I: Progress on Follow Up of Prior Year Auditor’s Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Inaccuracies in the financial statements	Management provided the relevant information to confirm with the observation	Resolved	
2	Material uncertainty related to going concern	The board going concern is certain	Resolved	
3	Unsupported transfers from the county government	Management provided the relevant information concerning the issue	Resolved	
4	Inaccurate cash and cash equivalent	Management provided the relevant documentation to correct this issue	Resolved	
5	Unsupported property, plant and equipment	Management provided the relevant information concerning this issue	Resolved	
6	Irregular payment of salary to General manager	Management handled this issue	Resolved	

**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.

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- (iii) Before approving the report, discuss the time-frame with the appointed Focal Point persons within your Board responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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**CEO MCRB**

**Date :31st October 2025**