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# REPORT

OF

## THE AUDITOR-GENERAL

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## COUNTY EXECUTIVE OF MERU

FOR THE YEAR ENDED  
30 JUNE, 2025

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*COUNTY EXECUTIVE OF MERU*

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

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Transitional International Public Sector Accounting Standard Financial Statements

**County Executive of Meru**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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

**A. Acronyms and Abbreviations**

<i>ADP</i>	<i>Annual Development Plan</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>CE</i>	<i>County Executive</i>
<i>CG</i>	<i>County Government</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>COG</i>	<i>Council of Governors</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSR</i>	<i>Own Source Revenue</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>

**B. Definition of Key Terms**

*Example*

*Fiduciary Management*      *The key management personnel who had financial responsibility*

**2. Key Entity Information And Management**

**a) Background information**

The County is constituted as per the Constitution of Kenya. The County is headed by H.E the Governor, who is responsible for the general policy and strategic direction of the County. The County Executive is comprised of the following departments:

No.	Department	Major Responsibility
1.	Office of the Governor	Coordination of the overall running of the County Government
2.	Finance and Economic Planning & ICT	Management of County Treasury and Planning
3.	Agriculture and Livestock and Fisheries	Overseeing County Agriculture, animal husbandry and Fish farming
4.	Education, culture and Arts	Overseeing Early Childhood Educating & Vocational training
5.	Health Services	Curative and Preventive Health
6.	Lands, Physical Planning & Public Works	Urban planning & Public works
7.	Water, Irrigation, Environment & Climate Change	Provision of water and conservation of environment
8.	Roads & Transport	Overseeing Construction and maintenance of Feeder roads
9.	Public Service Administration & legal Affairs	Overseeing the County Human Resource administration
10.	Trade, Tourism & Cooperatives	Promotion and regulation of Trade, Enterprise, and Tourism
11.	Sports & Youth Affairs	Promotion of sports and talents
12.	County Public Service Board	Creation and abolishment of offices and appointing office holders

**b) Key Management team**

The *County Executive's* day-to-day management is under the following key organs:

No.	Designation	Name
1.	Governor	H.E Reverend Isaac Mutuma M'Ethingia
2.	Deputy Governor	H.E Linda Gakii Kiome

**County Executive of Meru**

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3.	CECM: Finance & Economic Planning & ICT	CPA. Monica Kaithiori Kathono
4.	CECM: Education, Technology, Gender, Culture & Social Development	DR. Esther Kaario Rukunga
5.	CECM: Roads, Energy & Public Works	David Baariu Mwirabua
6.	CECM: Trade, Tourism & Cooperatives	Reverend Caroline Kareka Kaberia
7.	CECM: Legal Affairs, Public Service Management & Administration,	Domisiano Mari Maranya
8.	CECM: Land, Physical Planning, Urban Development & Public Works	Joy karwitha Kaaria
9.	CECM: Agriculture, Livestock & Fisheries	Jenaro Guantai Ithinji
10.	CECM: Health	Dr. Denis Muriungi Mugambi
11.	CECM: Water, Irrigation , Environment & Climate Change	Baptista Muriiki Kanyaru
12.	CECM: Youth affairs, social Development & Sports	Hon. Elias Murega Julius

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	CPA. Monica Kathono
2.	Chief Officer Finance, Economic Planning & ICT	CPA. Charles Mwenda
3.	Chief Officer Agriculture, Livestock & Fishery	James Mutia
4.	Chief of Staff	Dr. Julius Mbijiwe
5.	Ag. Chief Officer Water, & Irrigation, Environment & Climate Change	Joyce Kagwiria Kaari
6.	Chief Officer Education	Joyce Kagwiria Kaari
7.	Chief Officer Gender & Social Development, Youth and Sports	Martin Mutwiri Gitije
8.	Chief Officer Health Services	Dr. Joseph Mukundi Wahome
9.	Ag. Chief Officer Lands, Public Works & Physical Planning	Martin Mutwiri Gitije

## County Executive of Meru

### Annual Report and Financial Statements for the year ended June 30, 2025.

No.	Designation	Name
10.	Chief Officer Public Service Administration & Legal Affairs	Martin Mutwiri Gitije
11.	Chief Officer Roads & Transport	George Kimathi
12.	Ag. Chief Officer Co-operatives, Trade, Tourism, Investment & Industrialization	George Kimathi
13.	Chief Executive Officer County Public Service Board	Virgina Miriti

#### d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the period ended 30<sup>th</sup> June 2025 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 Executive Headquarters

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

#### f) County Executive 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 Executive Bankers

- i. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000

**County Executive of Meru**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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City Square 00200

**NAIROBI, KENYA**

ii. Other Commercial Banks

Kenya Commercial Bank  
Meru Branch

Cooperative Bank of Kenya  
Meru Branch

Housing Finance Corporation  
Meru Branch

Family Bank  
Meru Branch

Equity Bank  
Meru Branch

Credit Bank  
Meru Branch

**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 and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI, KENYA**

**J) County Attorney**

County Attorney of Meru  
P.O Box 120-60200  
Meru

## County Executive of Meru

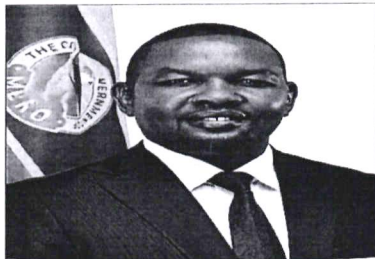


### Annual Report and Financial Statements for the year ended June 30, 2025.

#### 3. Governance Statement







Meru County is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.

The County is made up of a County Assembly, County Executive and six number of County Government Entities. The County Executive is structured in terms of departments, headed by a County Executive Committee Member (CECMs). The CECMs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution. The County Secretary heads county public service and is responsible for arranging the business of county executive committee.

#### a) The County Executive




S/NO.	NAME	PHOTO	DESIGNATION
1.	HE. Rev. Isaac Mutuma M'Ethingia		Governor
2.	HE. Adv. Linda Gakii Kiome		Deputy Governor
3.	Adv. Domisiano Mari Maranya		Ag. County Secretary

**County Executive of Meru  
Annual Report and Financial Statements for the year ended June 30, 2025.**

4.	CPA.Monica Kaithiori Kathono		CECM- Finance, Economic Planning & ICT
5.	Adv. Baptista Muriki Kanyaru		CECM-Water,Irrigation,Environment and Natural resources and Climate Change
6.	Joy karwitha Kiugu		CECM-Land, Physical Planning, Urban Development & Public Works
7.	Dr. Muriungi Mugambi		CECM – Health Services
8.	Reverend Caroline Karea Kaberia		CECM-Trade,Tourism and Cooperatives
9.	David Baariu Mwirabua		CECM- Roads,Transport and Energy

**County Executive of Meru**

**Annual Report and Financial Statements for the year ended June 30, 2025.**

10.	Dr.Esther Kaariu Rukunga		CECM – Education, Technology, Gender, Culture & Social Development
11.	Hon. Elias Murega Julius		CECM-Youth,Social Development and Sports
12.	Adv. Domisiano Mari Maranya		CECM: Legal Affairs, Public Service Management & Administration,
13.	Jenaro Guantai Ithinji		CECM-Agriculture,Livestock Fisheries and Vetinary services

**b) Dealing with Stake holders**

The county has a structured manner on how to deal with stakeholders on matters that require public participation including the budget preparation process. The county through the County Assembly has enacted a public participation act which stipulates how stakeholders are mapped and levels of interaction.

**c) Safeguards against unethical conduct and corruption.**

The County has adopted a zero tolerance approach to corruption. The county has instituted measures to detect and report corruption related practices through various suggestion boxes and hotline numbers to report corruption and other unethical conducts. Further the county cooperates with investigative agencies in instances where they request for any information.

**d) Engagement with the County Assembly through its committees and the Senate.**

The county engages with both County assembly and senate through various sectorial committees. This includes the county assembly sectorial committees at the time of preparation of sector working groups, The County budget and appropriation committee which scrutinizes and approves budget estimates and latter table it finding to the whole house, the County further submits list nominated of County executive committee members, chief officers, county secretary and members of various board for vetting and approval for appointment. In addition, the county appears before the county public accounts committee to present reports of auditor General on its financial statements.

The county interacts with senate mostly through the Council of Governors but also appears before senates committees on public accounts committee (PAC) and Public Investment Committee (PIC).

**e) Risk management**

- The county has established an internal audit directorate which evaluates the efficiency and adequacy of internal controls
- The audit directorate has adopted risk based audit system which evaluates the possible risks in its audit work, and allocates resources and personnel to high and medium risk areas during its audit process
- The directorate of internal audit has a risk management policy in place which provides mechanism on how risks are managed

**f) Appointment operation and membership of the audit committee.**

The county has an operational audit committee consisting of a chairman and three members who are not members of County staff, a Governors representative and a treasury representative as per requirement of gazette notice Vol. CXVIII—No. 40 of April 2016 which gives guidelines on the composition of audit committees in public sector. The head of internal audit is the secretary to the committee. The audit function in the county reports operationally to the audit committee.

**g) Compliance**

The county ensures compliance with the constitution, the County government act 2012, The public Financial Management act 2012, the public procurement and disposal act 2015, the Employment act 2007, the public audit act 2014 among other laws and regulations.

#### **4. Foreword by the CECM Finance and Economic Planning**

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 financial statements for the Year ended 30<sup>th</sup> June 2025. 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.

##### **a) Functions of the County Government**

As per the County Government act 2012, a County Government shall be responsible for any function assigned to it under the Constitution or by an Act of Parliament. Without prejudice to the generality of subsection (1), a county government shall be responsible for:-

- i. County legislation in accordance with Article 185 of the Constitution;
- ii. Exercising executive functions in accordance with Article 183 of the Constitution;
- iii. Functions provided for in Article 186 and assigned in the Fourth Schedule of the Constitution;
- iv. Any other function that may be transferred to county governments from the national Constitution; and
- v. government under Article 187 of the Constitution;
- vi. Any functions agreed upon with other county governments under Article 189(2) of the Establishment and staffing of its public service as contemplated under Article 235 of the Constitution.

##### **b) budget performance against actual amounts**

The budget performance for the County is analysed as shown below:-

###### **i. Revenue**

During the year under review, the County had projected revenues of Kshs **12,452,916,583** consisting of Kshs **11,342,693,023** as transfer from County Revenue fund, Kshs **621,883,469** as other income and Kshs. **47,967,278** as Roll over from the previous year.

Out of the projected revenue, the county was able to realise Kshs **9,054,751,662** in actual at the end of period.

## **Payments**

Our total expenditure for the period under review amounted to Kshs **8,241,985,042** comprising of Kshs **705,357,090** development and Kshs **7,536,627,953** Recurrent expenditure. Much of the recurrent budget was spent on compensation for employees. However, we appreciate that a well remunerated workforce is necessary for service delivery. As such, we are committed to improving the welfare of our staff.

## **Cash flows**

In the FY 2024/2025, we have had several liquidity disruptions. This was as a result of irregular exchequer disbursement by the National Treasury.

## **Accounts receivables**

Imprests management is a critical area of focus in Meru County. Our aim is to adhere to the PFM regulations on imprests management. We appreciate that there is still, room for improvement in this area. The main challenge has been to get staff to account for their imprests on time. Going into FY 2024/2025, we will place more emphasis on complying with the PFM regulations with regards to imprests.

### **c) Physical progress based on outputs, outcomes and impacts**

The county government of Meru has made strides in delivery of essential services to its residence since introduction of the devolved system of Governance. Major progress has been made in setting up major infrastructural development which are expected to be the cornerstone of economic empowerment of the residents of Meru. On matters pertaining health, the county has been able to complete the construction of the 250 capacity Meru Ward block along with equipping it and is looking forward to operationalise it in the new financial year. Further the county has continued to build dispensaries, along with upgrading of all level 3 and 4 hospitals. The county has further been able to construct several markets, graded over 1,000kms of road, constructed various ECDE classrooms and drilled over 33 boreholes.

### **d) Comment on each of the County flagship projects and how they have been achieved.**

The county has not implemented most of its flagship projects owing to the fact that the county leadership has just been elected in the office and that the national government has not disbursed most of the monies. In the period, the county has been busy planning and prioritising its key flagship projects.

### **e) Comment on value-for-money achievements**

The county through the directorate of Efficiency monitoring has ensured that all projects undertaken of good workmanship. This will ensure the county gets value for money for various projects undertaken.

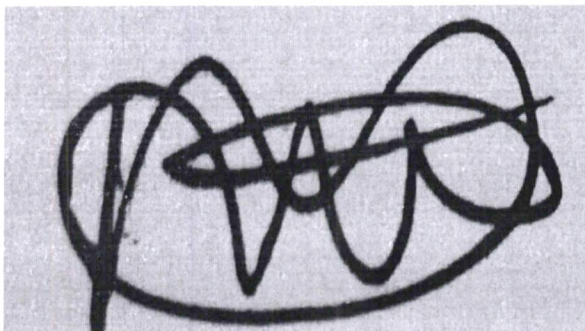
**f) implementation challenges of strategic objectives for the County**

The biggest impediment to the achievement of the CIDP is limited resources and budgetary allocation to cover implementation and maintenance cost of some flagship projects

**g) key risk management strategies applied by the County**

The County Government has steered towards collaborating with institutions, development partners and stakeholders in implementing its mandates and successfully empower low-income households. Through the collaborations, the County has amplified its development impact by pooling technical, monetary and capacity building investments, establishing partnerships for investment and collective access to impactful innovations in the sector.

Importance of synergies. The implementation of high investment collaboratively between Departments will lessen budgetary burdens.



.....  
**Name: CPA Monica Kathono**

**CECM Finance and Economic Planning**

**County Government of Meru**

**5. Statement of Performance against Predetermined Objectives**

**Strategic development objectives**

The County's 2023-2027 CIDP has identified 11 key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Vision 2030, SDGs and the MTP III

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the 2023-2027 County's CIDP are to:

- Strategic Priority I:** To improve Devolved Governance
- Strategic Priority II:** To reduce Water burden
- Strategic Priority III:** To improve ECDE and Village Polytechnics infrastructure
- Strategic Priority IV:** Town Improvement and beautification
- Strategic Priority V:** To improve food security and promotion of commercial agriculture
- Strategic Priority VI:** Better roads and improved connectivity and accessibility
- Strategic Priority VII:** Improved human Standards of living (decent housing)
- Strategic Priority VIII:** MSMEs Capacity building
- Strategic Priority IX:** Provision of quality, affordable and accessible Healthcare
- Strategic Priority X:** Tourism development
- Strategic Priority Xi:** Promotion of Youth, Women and Persons with Disabilities
- Strategic Priority Xii:** To improve environmental conservation.

County Executive of Meru  
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S/No	Strategic Objective as per CIDP (present the objectives on a high and strategic level)	Targeted Outcome	Performance/Progress made up since inception from the latest CIDP	Remarks (Explain The reasons underperformance/Overperformance)
1.	To improve Devolved Governance	Improved citizens satisfaction level	<p><b>Public Service Management and Transformation</b></p> <ul style="list-style-type: none"> <li>- Capacity building programs initiated with at least 300 officers trained since inception.</li> <li>- Over 380 officers promoted, enhancing motivation and retention.</li> <li>- Full medical and WIBA cover rolled out to all staff, strengthening welfare and productivity.</li> <li>- Scheme of Service for Enforcement Officers developed and is pending Cabinet approval.</li> </ul> <p><b>Legal Affairs and Governance</b></p> <ul style="list-style-type: none"> <li>- A legal registry and library established within the Directorate of Legal Affairs, streamlining case management and legal record-keeping.</li> <li>- Case completion rates have improved to 40%, reducing backlog and enhancing access to justice.</li> </ul>	
		Prudent use of resources and improved levels of compliance and transparency	<p>Well-timed preparation of statutory budget documents and reports that is the County Budget Review and Outlook Paper (CBROP) 2023 and 2024, County Fiscal Strategy Paper (CFSP) 2023 and 2024 and Annual Budget Estimates. These documents effectively determine effective resource allocation, budget implementation and monitoring to achieve value for money.</p> <p>4 Public participation forums held across the 46 wards 4 Budget and Economic forums held. 10 audit reports prepared (8 quarterly and two end of year audit reports) 100% compliance with Public Procurement regulations. One procurement manual in place.</p>	
		Informed priorities and	Completed the preparation of the ADP FY 2024/2025	

**County Executive of Meru**  
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		resources allocation-	<p>and 2025/2026. These are annual plans dedicated to the implementation of the County Integrated Development Plan 2023-2027. They are documents intended to guide the annual planning, budgeting process and to facilitate the implementation and monitoring of projects and programmes in each department or agency of the County Government.</p> <p>1 public participation forum held for the preparation of the 2025/26 annual development plan.</p> <p>Prepared the Annual Progress Reports for the previous FY 2023/2024 and 2024/2025. The county's Annual Progress Reports provided a way for the County Government of Meru to communicate to its citizens in a transparent and accountable manner on the impact of its programs and projects as well as its use of resources.</p>	
2.	To reduce Water burden	Improved access to storage, safe and clean adequate water	<ul style="list-style-type: none"> <li>• Sunk and improved 33 boreholes</li> <li>• Ensured that 6950 no HH are with households with adequate, clean, reliable safe water</li> <li>• coordinated and sustainable 139 water projects</li> <li>• 1740 households and institutions with water harvesting facilities</li> </ul>	
3.	To improve ECDE and Villag Polytechnics infrastructure	Increased access to ECDE and VTCs	<p>-Construction and completion of 77 ECDE classrooms</p> <p>-Procurement and disbursement of teaching and learning materials to 777 ECDE Centres.</p> <p>-Procurement and distribution of furniture to 18 ECDE centres</p> <p>-Monitoring of Curriculum implementation in 779 ECDE centers annually.</p> <p>-Rolling out of school feeding programme, benefiting 119,068 learners</p> <p>-Disbursement of retention enhancement Fund at a cost 136M benefiting 23,977 students.</p> <p>-Disbursement of conditional grants/capitation benefiting 9,559 students</p> <p>-equipping of 36 VTCs with learning tools and equipments</p> <p>-Procurement of Hair Dressing and Beauty Therapy Training equipment.</p>	The budgetary allocation over the two years was not adequate enough to finance all the projects

**County Executive of Meru  
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			<p>-Construction and completion of 20 VTC workshops and classrooms. -Monitoring of all VTCs for quality and standards. Construction and completion of 1 VTC hostel</p>	
4.	Town Improvement and beautification	Enhanced livable, adorable town environment	<p>A total of 36% of adjudication sections were closed, while 45% of county land data was digitized. In securing land resources, 35% of public land was secured. In urban development, 30% of Meru resident's ease of access to urban services and structure were improved and 25% of urban centers were able to get functional enforcement unit and by laws</p> <p>Additionally, 25% of the County Spatial Plan was completed, while the establishment of the County GIS Lab was fully achieved at 100% completion. To enhance physical planning, five Local Physical and Land Use Development Plans were completed. As for the Public Works one new office block was constructed and 11 offices maintained.</p>	
5.	To improve food security and promotion of commercial agriculture	<p>-Increased sources of food -Diversified Sources of household income</p>	<p>-The <b>Crop Production Programme</b> improved household food security and incomes by enhancing access to quality seeds. By the end of FY 2024/2025, a cumulative <b>300 tons of certified seeds</b> had been distributed to farmers, comprising <b>43.758 tons of assorted seed varieties and 47.6 tons of potato seed</b>. This intervention increased crop yields and supported wider adoption of certified planting materials, which is critical for improving resilience against pests and diseases.</p> <p>The <b>Tree Crop Development Programme</b> significantly enhanced coverage of tree crops, with a cumulative distribution of <b>32,320 avocado and macadamia seedlings</b> by the end of FY 2024/2025. This included seedlings issued through the Ward Fund and ELRP support to nine wards, thereby strengthening household incomes through perennial crop diversification and</p>	<p>The availability of Donor funded projects have seen the county Improve interms of Agriculture, Livestock and fisheries resilience</p>

County Executive of Meru  
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			<p>promoting access to lucrative export markets.</p> <p>Under the <b>Soil Conservation, Fertility Management, and Water Harvesting Programme</b>, land reclamation and soil fertility restoration were scaled up. A total of <b>62.805 hectares</b> of arable land were reclaimed, including the rehabilitation of Kanambuli Kinoria spring (benefiting 1,189 households and approximately 5,000 livestock), conservation works at Mukundu Hill, and the laying of 1.4 km of Mutonga Canal. In addition, <b>30 farm ponds</b> were constructed across Kangeta, Kiagu, and Athwana wards under the ELRP, while <b>24 boreholes</b> were completed across all nine sub-counties through SIVAP. These investments improved irrigation potential, expanded farm water harvesting, and enhanced climate resilience for farmers.</p>	
6.	Better roads and improved connectivity and accessibility	Improved access to essential services and reduced vehicle operation cost	<ul style="list-style-type: none"> <li>-Graded a total of 717 Km of roads</li> <li>-Gravelled a total of 519Km gravelled</li> <li>-Opened 665 Km of new roads across the county</li> <li>-Tarmacked a total of 6.5 Km of roads</li> <li>-Constructed 9no. Bridges</li> <li>-Installed 1,022M<sup>2</sup> of culverts</li> <li>-Installed 565No. Gabions</li> <li>-Installed over 185no. low mast floodlights in the county.</li> <li>-Installed 15no. high mast floodlights</li> <li>- Developed one (1) Energy Plan</li> </ul>	The county continues to experience tough terrains that requires continued change of technologies coupled with its vastness and hence demand for more resources that continues to dwindle.
7.	Improved human Standards of living (decent housing)	Uplift living standards of the people	Ensured the proper towns and townships planning by developing development plans and spatial planning for the county	
8.	MSMEs Capacity building	Economic empowerment	<ul style="list-style-type: none"> <li>-Constructed 13 new boda boda sheds across the County</li> <li>Renovated various markets, among them Kunati, KK and Mitunguu markets</li> <li>Achieved 80% towards completion of MCAIP-</li> <li>Benefited 52 groups with viwanda mashinani equipment</li> <li>-Trained 2,300 entrepreneurs</li> </ul>	
9.	Provision of quality,	Increased use and access	-Acquired New State of the art ALS ambulances.	

**County Executive of Meru**  
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	affordable and accessible Healthcare	to quality health services	52,200 no. indigents covered for UHC 513,892 no. of Households reached with health prevention education 118no. water samples collected for analysis 636 no. of market actors sensitized on food quality No. of sanitation facilities that are disability friendly in the public and the community 631 no. of food samples tested for aflatoxin 72 no. of barazas meetings held 66.63% children under one year fully immunized 93,881 Number of specialized cases managed 49% are people accessing specialized services 2 Number of new Ambulances 18,718 Units of blood collected 7% Health management workers trained	
10.	Tourism development	Marketed tourist sites through exhibitions, events, electronic and print media initiatives	Capacity building done for 150 youth on tourism and conservation -Branded and repaired major Meru tourist infrastructures. -Marketed tourism sites through various social media and the tourism website	
11.	Promotion of Youth, Women and Persons with Disabilities	Inclusivity	A total of 291 youths successfully graduated with various skills, while 50 youth groups were equipped to enhance their socio-economic engagement. Employment absorption among trained youths reached 60%, showing gradual progress in transitioning to the job market. The Department also protected 200 young people through training and sensitization against harmful cultural practices and risky behaviors.	
12.	To improve environmental conservation	-Increased water quantity and quality in rivers, streams and other water sources -Well managed catchment areas	<ul style="list-style-type: none"> <li>• Construction of Household sanitation Toilets for Magundu</li> <li>• Rehabilitation of Kaaga mainpipeline</li> <li>• 1500No. of water connection sites and meters identified for connection were done</li> <li>• Constructed 2no intakes and rehabilitated</li> <li>• Maintained 2 damsites annually</li> </ul>	

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**Progress on Attainment of Development Objectives from Annual Development Plan for FY 2024-2025 *Customize as per specific county.***

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement:

Below we provide the progress on attaining the stated objectives:

**Table: Programme performance**

**1. County Assembly**

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the 2024/2025			Cumulative Achievement by end of 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Legislative and Representation	To formulate and approve County Laws	Improved legislation and oversight services	Improved service delivery and good governance	No of Bills enacted	10	4	-6	15	7	-8	
				No. of motions adapted	80	115	25	130	115	-15	
				No of statement approved	7	14	7	12	45	33	
				No of petition considered	7	0	-7	12	10	-2	
Legislative oversight	To formulate and approve County Laws	Improved services that inform and enlighten public	Improved service delivery and good governance	No. Public Participation Forums held countywide	5	3	-2	10	9	-1	
		Improved legislation and oversight services		Number of budget documents approved(ADP, CFSP, CBROP)	3	3	0	6	6	0	
Administration management, planning and support of	To deliver improved, more	To provide a lactation space for breastfeeding	Improved service delivery and good	% completion of Non-Residential Building-	100%	100%	0	100%	100%	0	

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County Affairs	efficient and effective services to the residents	employees	governance	Breast-feeding Room							
		Adequate space for members of staff and members of county assembly and easy mobility for PWDs)		% completion of Speakers' Residence	100%	50%	50%	100%	50%	50%	
		To provide an integrated audiovisual system with capabilities of card identification and voting		No .of MCA chamber stations connected to the Hansard system	100%	10%	90%	20	10%	90%	

2. Finance, Economic Planning and ICT

Programme	Strategic Objective	outcome	Outputs	Performance Indicators	Achievement for the 2024/2025			Cumulative Achievement by end of 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Public Finance Management	To enhance efficiency and effectiveness in utilization of public resources	Enhanced efficiency and effectiveness in utilization of public resources	Informed priorities and resources allocation	-No. of CBROP	1	1	0	2	2	0	County Budget Review and Outlook Paper was successfully done
				-No of SWG Reports year	1	1	0	2	2	0	Sector Working Group Report was successfully done
				-No. of CFSP	1	1	0	2	2	0	County Fiscal Strategy

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									Paper was successfully done		
			- No. of Budget Estimates/ year	1	1	0	2	2	0	Annual Budget Estimates were completed	
			- No. of PBBs	1	1	0	2	2	0	Annual Programme Based Budgets were done successfully	
			- No. of quarterly & Annual Expenditure report	5	5	0	10	10	0	Quarterly and Annual Expenditure reports were done successfully	
			Budget & economic forums/countywide	No. of budget and economic forums/ year	2	2	0	4	4	0	The forums were done successfully
			Public Participation/countywide	No. of public participations	2	2	0	4	4	0	The forums were done successfully
			Accounting & Financial Reporting-Improved level of transparency and accountability	No of quarterly/annual financial reports done	5	5	0	10	10	0	Done successfully
			Audit-Prudent usage of county financials	No. of Audit reports prepared	5 audit reports	5	0	10	10	0	Done successfully
			Supply Chain Management-Improved compliance to procurement regulations	% level of compliance with Public Procurement Regulations	100%	100%	0	100%	100%	0	The County attained 100% compliance.
				No of procurement manuals in place	1	1	0	1	1	0	Procurement Manual was developed

<b>Programme 2: County Economic Planning, Policy Formulation &amp; Monitoring &amp; Evaluation</b>	To enhance evidence-based policy development	Informed priorities and resources allocation	Informed priorities	No of Annual Development Plans done	1	1	0	2	2	0	The ADPs were successfully developed	
				No. of Public Participation forums done	1	1	0	2	1	-1	1 pp was done, the one not done there was no budgetary allocation	
				No of departmental CAPRs done	1	1	0	2	2	0	Annual progress report were done	
				No of Statistical Abstracts done	1	20% done	1	2	25% done	-2	There was no budgetary allocation	
<b>Revenue Management</b>	To realize optimum revenue collection and monitoring	Increased revenue collection	-Increased revenue collection -Improved tax payer relationship	-Amount collected through automated system	600M	389M	211	1,180	769	-411	Not met target.	
				Automation of Revenue collection	Level of system automation	100%	100%	0	100%	100%	0	Done successfully
				Maintained revenue system	Level of system maintenance	100%	95%	5%	100%	95%	5%	Ongoing
				Trained staff	No of staff trained	500	500	0	1000	1000	0	Training done successfully
<b>Information, Communication &amp; technology</b>	To enhance efficiency in service delivery	Reduced duration in accessing essential services	Infrastructure, connectivity and automation	No of systems automated	3	3	0	3	3	0	Revenue, Hospital (MTRH) & Human Resource system fully automated	
<b>Microfinance corporation</b>	To improve access to credit	Increased access to credit	Increased access to credit facilities	Amount of loans disbursed in millions	105	25	80	315	135	-180	Inadequate budgetary allocation to	

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	facilities										meet target
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**3. Education Science, Culture & Arts**

4. Sub Program	Strategic objective	Outcome	Output	Indicator	Achievement for the 2024/2025			Cumulative Achievement by end of 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
School meals and nutrition programs established	To improve ECDE and Village Polytechnics infrastructure	Increased access to ECDE and VTCs	-Increase in enrollment Retention transition and completion -Increased literacy levels	No. of ECDE learners benefitting from the program	60,000	59,068	932	180,000	119,068	-60,932	Inadequate budgetary allocation to fund the project
Construction of ECDE Centres			ECDE classes constructed and completed in ECDE centres county wide	No. of ECDE classes constructed and completed	10	48	38	30	77	47	Exceeded
Procurement of ECDE teaching and learning materials			Teaching and learning materials procured for all ECDE centres countywide	No. of ECDE centres issued with teaching and learning materials	777	777	0	777	777	0	Distribution done annually to all ECDE centres
Development of Localized instructional materials			Localized material for teaching developed	No. of centres that developed materials	777	777	2	777	777	0	Done through teachers creativity by providing localized materials
Construction of sanitation units			Sanitation units Constructed in ECDE centers/ countywide	No. of Sanitation units constructed	10	5	5	30	10	-20	Inadequate budgetary allocation to fund the project
Procurement ECDE furniture			Furniture procured for ECDE centres/Countywide	No. of ECDE centres supplied with furniture	10	17	7	30	18	-12	Inadequate budgetary allocation to fund the project
ICT integration in ECDE Centres			ECDE centres integrated in ICT/	No. of ECDE centres	3	0	3	9	0	-9	No budgetary

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		countywide	Integrated with ICT							allocation
Quality assurance and standards		Monitoring and evaluation for standards	No. of ECDE centres monitored	776	777	1	777	777	0	ECDE monitored annually
Disbursement of capitation to all public Vocational Training Centres		Improved retention rates	No. of learners supported by the grant	35 00	4389	889	10500	9559	-941	Disbursed leading to improved enrolment
Co-curricular activities and skills competition		Improved talents and creativity	No. of institutions participating	30	31	1	31	30	1	Ball games Done
Equipping VTCs with tools and equipment		VTCs equipped with tools and equipment countywide per Year	No. of VTCs equipped	12	2	-10	20	24	0	Procured equipment for Hair dressing and beauty Therapy and disbursed
Construction of workshop/classrooms		Workshops /classrooms constructed	No. of workshops and classrooms constructed and completed	5	7	2	15	20	5	Complete
Construction of hostels		Hostels constructed	No. of hostels constructed and completed	2	1	1	8	1	-7	1 Complete
Construction of ablution blocks		Ablution Blocks constructed	No. of ablution blocks constructed	3	1	2	7	1	-6	1 Complete target not met because the funds are allocated through ward fund
ICT integration in VTCs		VTC centres integrated with ICT per year	No. VTC centres Integrated	30	2	0	30	2	-28	Only one VTC centre integrated

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				with ICT							with
Quality Assurance and standards			Monitoring and Evaluation for standards	No. of VTCs monitored	30	31	1	30	30	0	All the VTC centres monitored
Disbursement of bursaries to needy students			Improved access, retention, transition and completion rates	No. of needy student accessing the fund	1,650	974	-676	1650	974	-676	Disbursed- the number reduced due to the least amount allocated to the beneficiaries s.i.e minimum 5,000
Preservation of Culture	Promote and preserve positive cultural practices and heritage	Increased no of cultural practitioners , visitors and revenue	Construction of cultural centres	No. of cultural centres constructed/ operationalized	1	80% Complete	20% Incomplete	4	1-80% Complete	-3	The project is ongoing
			Increased no. of cultural festivals participated in.	No. of cultural festivals participated / held	2	2	0	4	4	0	Participated in KMCF and KICOSCA successfully
			Data collected on cultural heritage sites	No. of sites documented	10	10	0	10	10	0	The cultural heritage sites in Meru were documented successfully
			National days celebrated	No. of national days celebrated	3	3	0	6	6	0	All national days were celebrated successfully
Library Services	Provision of information materials to the public	Digital literacy to the youth	Training Youths on Basic ICT skills	No. of Youths Trained	197	121	-24	197	121	0	Youth were trained on basic ICT skills
		Improved skills on Agriculture	Smart farming	No of Youths Trained	50	50	0	50	50	0	Identified youths were trained on

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				No of Demo farms established	1	1	0	1	1	0	smart farming skills
		Libraries equipped with relevant materials	Equipping libraries	No. of libraries equipped	3	4	1	3	4	1	The libraries were equipped with assorted relevant materials
Regulation of Alcoholic Drinks	To control sales, consumption, production and distribution of alcoholic drinks	Inspection & Enforcement	Inspection, crackdown and Enforcement	Number of inspected and approved outlets	3000	2809	191	6000	5800	200	Inspection of outlets was done
		Rehabilitation Centre Constructed	Construction of rehabilitation centre	Number of rehab centers constructed	1	Ongoing -70% Complete	30% Incomplete	1	Ongoing -70% Complete	30% Incomplete	The project is ongoing in collaboration with NACADA and County Government of Meru

**5. Youth Affairs, Meru Youth Service Board, Sports, Gender & Social Development**

Programme	Strategic Objective	Outcome	Output	Key Indicator	Achievement for the 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
					Targets	Actual	Variance	Targets	Actual	Variance	
Youth Empowerment and Skills Development	To Empower Youth	Empowered and Skilled youth	Empowered and skilled youths	No. of youths recruited	500	0	500	1000	291	709	No budgetary allocation Yr 24/25
				No. of youth graduating with skills	500	291	209	1000	291	709	Inadequate budgetary allocation
				All round equipped youths	200	50	150	600	50	550	Inadequate budgetary allocation
				Percentage of	100%	60%	40%	100%	60%	40%	Inadequate

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				absorption/transition to the job market and gainful employment							e budgetary allocation
			Protected youth from harmful cultural practices and other risky behavior	No. of youth trained	100	200	+200	3000	200	2800	Inadequate budgetary allocation
Gender, Social Development	To empower marginalized and enforce affirmative action	Increased gender awareness, empowerment and gender inclusivity	Empowered women, widows, youth, men, boy child, elderly, OVCs to uplift their living standards	No. of women empowered	2000	0	2000	4000	2225	1775	
				% of women and PWDs sensitized on AGPO	20% women 10% PWDs	20% women 10% PWDs	0	20% of women and 10% of PWDs	20% of women and 10% of PWDs	0	Done
			Reduction in SGBV	No of SGBV cases	300	400	100	600	400	200	ongoing
			Increased number of men and boys rescued from harmful vices	No. of men and boys rescued	300	0	300	550	75	475	Inadequate budgetary allocation
			Reduced cases of drug and alcohol abuse	No. of policies formulated	1	1(Review of gender mainstreaming policy 2019)	0	2	1	1	Awaiting ratification by County Assembly
				Number of Rehabilitation centers constructed	1	1	0	1	1	0	Ongoing
			Reduced teenage pregnancies	No. of teenagers trained on life skills	1000	0	1000	2000	135	1,865	Ongoing

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			Strengthened families in for OVC's	No. of OVC's accessing basic needs	500	0	500	1000	500	500	Inadequate budgetary allocation
				No. of PWDs accessing assistive devices	500	1000	500	600	1300	+700	Done
			Improved quality of public policies, programmes and projects	Number of private and public officers sensitized	300	0	300	600	300	300	Inadequate budgetary allocation
			Increased engagement in economic activities	No. of youth, women, OVCs, Pwds trained and engaged in startup	1800	0	1800	3600	2,000	1600	Inadequate budgetary allocation
Sports Development	To increase youth participation in sports	Enhanced access progression and inclusivity	To improve sports standards and enhance revenue	Number of stadia upgraded	4	4	0	4	4	0	Done
			To enhance access to sporting facilities	Number of play grounds upgraded	45	3	42	90	6	84	ongoing
				No. of teams equipped	225	225	0	450	225	225	ongoing
			Promote youth participation in sports	Number of championships	10	2	8	25	2	23	ongoing
			Promote participation of local sport teams in different sporting events	No. of Sports discipline in KIKOSCA	10	13	+3	10	13	+3	ongoing

**6. Roads, transport and Energy**

Sub Programme	Strategic Objective	Outcome	Key Outputs	Key performance	Achievement for the 2024/2025	cumulative Achievement by end of 2024/2025	Remarks
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				indicators							
					Target	Actual	Variance	Target	Actual	Variance	
<b>County Road Works</b>	Better roads and improved connectivity and accessibility	Reduce travel time and operational costs by the road users	Improved access to essential services and reduced vehicle operation cost	No. of KM tarmacked roads	20	3.1	-16.9	40	6.5	33.5	The county has varied ecological zones ranging from upper highlands, lower highlands, upper midlands and lower midlands and need for high amounts of resources
				No of KM of graveled roads	675	309	-366	1,350	519	831	
				No. of KM of newly opened roads	450	455	+5	900	665	235	
				No. of KM of graded roads	675	507	-168	1350	717	633	
				No. of gabions installed	4,600	95	-4,505	9,200	565	8,635	
				No of M <sup>2</sup> of culverts	1,380	478	-902	2,760	1,022	1,738	
				No of bridges constructed	46	5	-41	92	9	-83	
<b>County Lighting</b>		Improved security in the region	Improved security in the region	No. of low floodlights installed	225	39	-186	450	185	-185	The county has not fully implemented the energy Plan hence low achievements
				No. of high mast floodlights installed	46	0	-46	92	15	-76	
				No. of CEP developed	1	1	0	1	1	0	
<b>Fleet management</b>		Effective fleet administration/ management and effective coordination of county fleet	Insurance and Accident management	No of County Vehicles Insured	218	232	+14	20	232	+172	All vehicles are maintained through insuring
			Improved mobility of county staff	No. of new vehicles purchased	2	3	+1	4	4	-2	

**7. Legal Affairs, Public Service Administration & Management**

Programme	Strategic Objective	outcome	output	key indicator	Achievement for 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Public Service Management	to strengthen the public	strengthened devolution towards	Optimal and quality staff	No. of staff trained and capacity built	300	100	-200	800	300	-500	Insufficient funds hampered

and Transformations, Office Accommodation and Enforcement	service delivery and bringing government services closer to the people.	service delivery to grass-root levels	Enhanced service delivery and staff motivations	No. of Staff Promoted	300	384	+84	300	384	+84	training Staff Promoted
			An effective medical cover to all the members of the staff	% of staff members covered	100%	100%	-	100%	100%	-	All staff members have a comprehensive medical cover
			An effective WIBA cover to all the members of the staff	All officers of staff members covered	100%	100%	-	100%	100%	-	Target Achieved
			Enhanced service delivery and staff motivation	No. of developed and approved scheme of service for enforcement Officers	1	1	-	1	1	-	Enactment completed. Awaiting cabinet approval and implementation
Town Management and Improvement	To make all the towns livable and lively and environment friendly	Beautified and developed towns and ample working environment	Social friendly waste management promotion (well established and complete waste management and recycling system)	% of urban population with access to proper sanitation	100%	80%	-20%	100%	80%	-20%	
			Achieve Operational efficiency and effectiveness	% of urban residents satisfied by services offered by the town administration	80%	70%	-10%	100%	70%	-30%	Insufficient facilitation to reach out to all town dwellers with county services.
County Governance	Strengthened	Fully built and equipped	Established and equipped offices, purchased	No. of offices constructed and vehicles/motorcycles purchased	Build and equip 15 ward	Construction of 2 sub-county offices- Not	15 ward offices and 3 sub county	45 Ward Offices,	Construction of 2 sub-	15 ward offices and 3 sub county	Inadequate budget

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	devolution and service delivery to grass root levels.	Sub County Offices	transport vehicles and motor cycles.		offices, 5 sub county offices	equipped	offices no built	16 Sub Count Offices, 16 vehicles and 46 motor cycles	county offices - Not equipped	offices no built	
		Increased citizen satisfaction	Increased citizen satisfaction	Proportion of county citizens participating in county initiatives and projects (%)	100%	50%	-50%	100%	50%	-50%	Lack of mobility for administrators and budgetary constraints
			Improved staff technical performance	Proportion of citizens satisfied with the county's job performance (%)	10%	5%	-5%	10%	5%	-5%	Lack of Budget allocation for staff capacity building
Legal Affairs	Prudent execution of legal services.	Improved and effective legal advisory and services	Reduced time taken to retrieve court files and other legal documents and safe storage of County Government Legislation	No. of established legal registry and library	1	1	-	1	1	-	A space was allocated for the registry within the directorate's offices which is to be vacated by the directorate of internal audit.
			Fully functional legal service framework	No. of cases completed and justice offered	30%	40%	+10	80%	40%	-40%	

8. Trade, Tourism, Co-operative Development and Investment

Programme	Strategic Objective	outcome	Output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks			
					Targets	Actual	variance	Targets	Actual	variance				
Industrialization and Trade Development	To increase County Revenue	Increased county Revenue from trade activities	Reduced resource wastage	No. of industries constructed	1	0	1	2	1	1	Insufficient allocated			
			Increase value addition on products	No. of industrial parks constructed	1	1	0	2	1	1	Ongoing			
			Improved conductive , efficient, business environment	No. of dust free market fully upgraded	5	0	5	10	1	9	Insufficient allocation			
			Increased volume of goods	No. of exhibitions and trade fairs attended	3	2	1	6	6	6				
			Empowered Entrepreneurs	No. of entrepreneurs trained	3,000	300	2700	6000	2300	3700	Insufficient allocations			
			To financially empower MSMEs	No. of traders benefiting	24,000	0	24000	48000	0	48000	No funds allocated			
			Improved Business environment	No. of Market Repairs done	Need basis	19	-	Need basis	24	-				
				No. of boda boda sheds constructed	Need basis	9	-	Need basis	13	-	Insufficient allocation			
			Cooperative Development			Enhanced capacity building for cooperatives	No. of cooperatives Registered	15	26	9	35	43	8	More cooperatives were registerd through NAVCDP
						Enhanced compliance to Meru County Cooperatives Act 2014	No of Cooperatives Compliant with Cooperatives Act	135	188	53	340	382	42	
Tourism development		Increased tourism and earnings in the county	Increased developed tourist sites	No. of developed tourist sites	2	0	2	3	1	2	Insufficient allocation			
			Increased domestic and international tourist arrivals	No. of promotion activities	2	1	1	4	2	2	Insufficient allocation			
			Increased trainees per year	No. of trainees per year	400	150	250	600	200	400	Insufficient allocation			
			Develop	No. of infrastructures	2	0	2	3	2	1	Insufficient allocation			

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			infrastructure for sites	developed or branded							
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9. Health Services

Programme	Strategic objective	outcome	output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks	
					Targets	Actual	Variance	Targets	Actual	Variance		
Preventive and Promotive Health		Increased standards of living, life expectancy and reduced mortality	Increased use and access to quality health services	Number Of indigents covered for UHC	50,000	26,100	-23900	89,000	52,200	-36,800	County government increment not effected	
				% of households accessing the UHC services	18,628 (13%)	26100 (18.1%)	-7472	37,256	52,200	14,944	More achieved	
				No. of Households reached with health prevention education	250,000	371,500	121,500	500,000	513,892	13,892	Achieved	
				No. of water samples collected for analysis	100	57	43	156	118	-38	Inadequate resources to transport samples to NPHL	
				No. of market actors sensitized on food quality	80	580	500	130	636	506	Surpassed targets	
				No. of health facilities inspected annually	140	312	172	260	444	184	Surpassed targets	
				No. of school health clubs formed	220	65	155	440	121	-319	Inadequate financing	
				Sanitation facilities friendly to	No. of sanitation facilities that	4	3	1	6	4	-2	Insufficient funds

	persons with disabilities	are disability friendly in the public and the community							
		% of villages attained ODF Status (certified)	10%	3%	-7%	40%	10%	-30%	DONE
		No. of food samples tested for aflatoxin	528	103	-425	1056	631	-425	Shortage of reagents
		Number of community units formed	305	367	62	610	696	86	Support by AMREF
		Total no. of functional Community units out of the expected capacity	305	367	62	610	696	-86	Support by AMREF
		No of dialogue days conducted	980	1468	488	1960	2530	570	Increased CHPs
		No of action days conducted	1,225	3600	2375	2450	5956	3506	Increased CHPs
	Enhanced health seeking behavior	No. of health sessions conducted in Radio & TVs stations	28	60	32	56	204	148	Cooperation with media houses
		No. of barazas meetings held	40	36	-4	80	72	-8	
	Improved maternal and child health	% of children under one year fully immunized	80%	66.63%	-13.37%	80%	66.63%	-3.37%	Vaccine shortage
	Improved Access to LLITNs	% of children under 1 who have received LLITNs	60%	26.65%	-33.35%	60%	26.65%	-33.35%	Policy changes leading to down scaling while private HF not

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Curative and Rehabilitative Health	To provide quality and affordable health care	Reduced Morbidity and Mortality rate	Increased access to specialized health care	Number of specialized cases managed annually	100,000	55354	-44,646	200,000	93,881	-106,119	supplied with nets
				% of people accessing specialized services	25%	24%	-1%	50%	49%	-1%	System challenges
			Improved response to medical emergencies and disasters	Number of Operational Ambulances	5	2	-3	10	2	-8	Inadequate budget
			Increased Blood collection	No. of blood donation drives conducted	192	132	60	384	237	147	Inadequate funds
				Units of blood collected	17,000	10,569	6431	34,000	18,718	15,282	Tight schedules in schools
Administration, Planning and Support Services	To Improve service delivery in the health sector	Improved access to quality and affordable health services	Increased access to basic Health and related services	Number of standard Dispensaries	112	176	64	176	176	0	GOK only
				Number of standard Health centers	36	37	1	72	69	3	GOK only
				% of Health management workers trained	10%	3%	7%	20%	7%	13%	
			Enhanced health planning and resource allocation	No. of Health management system in place	1	0	1	2	0	2	Budget constrains

**10. Agriculture, Livestock and Fisheries**

Programme	Strategic Objective	Outcome	Output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
					Target	Actual	Variance	Target	Actual	Variance	

**County Executive of Meru**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

Programme	Strategic Objective	Outcome	Output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
Crop Production	Increase productivity, access to market	Increased family income; and increase in yield	Increased family income; and increase in yield	Tonnage of certified seeds issued	100T	0	100T	300T	43.758 T (Assorted seeds) 47.6T (Potato seed)	- 208.642T	Limited budgetary allocation
Tree Crop Development	To increase tree crop productivity, access to market	Improved coverage of Tree Crop	Improved coverage of Tree Crop	No. of seedlings issued	120,000	13,635 (Ward fund grafted avocado seedlings)	47,915	360,000	32,320 (Avocado and Macadamia)	-327,680	Limited budgetary allocation
Soil Conservation, Fertility Management and Water Harvetsing	Increase in conserved arable land and efficient farm water use	Increased arable land reclaimed	Increased arable land reclaimed	Size of conservation structures laid	90Ha	62.805Ha	-27.195	180	62.805	-117.195	0.5Ha - Kanamburi Kinoria Spring 140Ha Mukundu Hill 1.4kms Mutonga Canal
				No. of farm ponds constructed	15	30	15	30	30	0	Constructed in Kangeta , Kiagu and Athwana wards under ELRP (10 each ward)
				No. of water storage structures laid	24	24 boreholes	24	24	24	24	Across all 9 Sub-Counties
Inputs Supply Support	To increase access of farm inputs to farmers	Increased farm inputs in farm production	Increased farm inputs in farm production	No. of tonnes of fertilizer accessed	500	2,144.1T	1,644.1T	1000T	6858T	5868T	

**County Executive of Meru**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

Programme	Strategic Objective	Outcome	Output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
Value Addition, Agro-processing and Aggregation	Increase farm incomes and reduction of post-harvest losses.	Improved incomes	Improved incomes	No. of processing units supported	1	4 FPOs 16 SACCOS	19	2	4 FPOs 16 SACCOS	18	Under ELRP 4 FPOs were issued Ksh. 500,000 cheques each Under NAVCDP 16 SACCOS received FIMG worth Kes. 14.5 million
Capacity building	Enhanced adoption of modern agricultural technologies	Increased productivity.	Enhanced farmers' capacity	No. of farmers trained	10,000	15,000	5000	20000	31,724	11,724	Farmers were trained in partnership with various development partners
				No. of field days held	4	4	0	8	10	2	Field days held in partnership with development partners
			Improved service delivery	No. of staff trained	100	60	-40	100	68	-32	There has been high turnover due to retirement within the Directorate
Livestock Production	Increase Production and productivity	Sustained household income and protection of Livelihoods	Sustained household income and protection of Livelihoods	No. of coolers distributed	6	1	-5	6	1	-5	Under ward fund one cooler was purchased for Kimachia, Nkomo

**County Executive of Meru**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

Programme	Strategic Objective	Outcome	Output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
				No. of milk cans issued	127	127	0	127	127	0	ward Issued in Nkuene Ward
				No. of improved indigenous chicken distributed	80,000	26,754	-53,246	160,000	32,474	-127,526	
				No. of incubators distributed	19	19	0	19	19	0	
				No. of dairy goats distributed	500	1,776	1276	1,776	1,776	0	Issued to 111 groups including associated management tools and feed under ELRP
Veterinary Services	Control Diseases and pests and Increased Reproduction	Sustained household income and protection of Livelihoods	Sustained household income and protection of Livelihoods	No. of vaccinations done	200,000	415,689	215,689	400,000	615689	215689	
				No. Of inseminations done	6,000	4,025	1975	12,000	6,091	-5,909	
				No. Of regional labs constructed	1	0	-1	1	0	-1	Lack of budgetary allocation
Fisheries Development	To create wealth and Improve food and nutrition security	Improved livelihoods and quality of life	Diversified sources of household income	Increased fish production (Tonnage of fish harvested) per year	250	330	80	250	330	80	Limited budgetary allocation for the Directorate
			Improved quality of	fingerlings (in	1%	0.55%	-0.45	1%	0.55%	-0.45	Limited budgetary

**County Executive of Meru**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

Programme	Strategic Objective	Outcome	Output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025		*Remarks	
			fish produced	Millions)						allocation for the Directorate	
			Improved quality of fish feed	Tonnes of Feed (Formulated and ABO)	200	6664	6464	200	6664	6464	Limited staff
			Increased sources of food (protein)	% uptake of Ecotosha	1.2%	1.2%	0	1.2%	1.2%	0	
			Improved household income	Increase in the fingerlings Produced per farm	1.5%	1.05%	-0.45%	2.2%	1.05	-1.15%	Limited budgetary allocation for the Directorate
			Increase in the fishing area	% Increase of table-size fish produced (in grams)	10%	5.15%	-5.15%	20%	5.15%	-14.85%	Limited budgetary allocation for the Directorate
				Quantity of Dam fish (in tons)	85	15	-70	100	15	-850	Limited budgetary allocation for the Directorate
			Improved household income	Number of farmers trained	80	110	30	80	200	120	Limited budgetary allocation for the Directorate
			Increase fish productivity in the county	Number of value addition technologies adopted (smoking	2	2	0	2	2	0	

County Executive of Meru  
Annual Report and Financial Statements for the year ended June 30, 2025.

Programme	Strategic Objective	Outcome	Output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
				kiln, filleting unit							

11. Lands, Physical Planning, Urban Development, Housing And Public Works

Programme	Strategic objective	outcome	output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
					Targets	Actual	Variance	Targets	A c t u a l	Variance	
Preventive and Promotive Health		Increased standards of living, life expectancy and reduced mortality	Increased use and access to quality health services	Number Of indigents covered for UHC	50,000	26,100	-23900	89,000	52,200	-36,800	County government increment not effected
				% of households accessing the UHC services	18,628 (13%)	26100 (18.1%)	-7472	37,256	52,200	14,944	More achieved
				No. of Households reached with health prevention education	250,000	371,500	121,500	500,000	513,892	13,892	Achieved
				No. of water samples collected for analysis	100	57	43	156	118	-38	Inadequate resources to transport samples to NPHL
				No. of market actors sensitized on food quality	80	580	500	130	636	506	Surpassed targets

County Executive of Meru  
Annual Report and Financial Statements for the year ended June 30, 2025.

		No. of health facilities inspected annually	140	312	172	260	444	184	Surpassed targets
		No. of school health clubs formed	220	65	155	440	121	-319	Inadequate financing
	Sanitation facilities friendly to persons with disabilities	No. of sanitation facilities that are disability friendly in the public and the community	4	3	1	6	4	-2	Insufficient funds
		% of villages attained ODF Status (certified)	10%	3%	-7%	40%	10%	-30%	DONE
		No. of food samples tested for aflatoxin	528	103	-425	1056	631	-425	Shortage of reagents
		Number of community units formed	305	367	62	610	696	86	Support by AMREF
		Total no. of functional Community units out of the expected capacity	305	367	62	610	696	-86	Support by AMREF
		No of dialogue days conducted	980	1468	488	1960	2530	570	Increased CHPs
		No of action days conducted	1,225	3600	2375	2450	5956	3506	Increased CHPs
	Enhanced health seeking behavior	No. of health sessions conducted in Radio & TVs stations	28	60	32	56	204	148	Cooperation with media houses

				No. of barazas meetings held	40	36	-4	80	7 2	-8	
			Improved maternal and child health	% of children under one year fully immunized	80%	66.63%	-13.37%	80%	6 6 . 6 3 %	-3.37%	Vaccine shortage
			Improved Access to LLITNs	% of children under 1 who have received LLITNs	60%	26.65%	-33.35%	60%	2 6 . 6 5 %	-33.35%	Policy changes leading to down scaling while private HF not supplied with nets
Curative and Rehabilitative Health	To provide quality and affordable health care	Reduced Morbidity and Mortality rate	Increased access to specialized health care	Number of specialized cases managed annually	100,000	55354	-44,646	200,000	9 3 . 8 8 1	-106,119	System challenges
				% of people accessing specialized services	25%	24%	-1%	50%	4 9 %	-1%	
			Improved response to medical emergencies and disasters	Number of Operational Ambulances	5	2	-3	10	2	-8	Inadequate budget
			Increased Blood collection	No. of blood donation drives conducted	192	132	60	384	2 3 7	147	Inadequate funds
				Units of blood collected	17,000	10,569	6431	34,000	1 8 . 7 1 8	15,282	Tight schedules in schools
Administration, Planning and	To Improve	Improved access to	Increased access to basic	Number of standard	112	176	64	176	1 7	0	GOK only

**County Executive of Meru  
Annual Report and Financial Statements for the year ended June 30, 2025.**

Support Services	service delivery in the health sector	quality and affordable health services	Health and related services	Dispensaries					6		
				Number of standard Health centers	36	37	1	72	69	3	GOK only
			% of Health management workers trained	10%	3%	7%	20%	7%	13%		
			Enhanced health planning and resource allocation	No. of Health management system in place	1	0	1	2	0	2	Budget constrains

**12. Water and Irrigation, Environment, Natural Resources and Climate Change**

Sub	Strategic Object	Outcome	output	Key Indicator	Achievement for FY 2024/2025			cumulative Achievement by end of 2024/2025			*Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Domestic Water Supply and irrigation..	To increase access to adequate, clean, and reliable safe water.	Increased number of households with access to adequate, clean and reliable safe water.	Increased no. of households with access to clean and safe piped water	No. of high yielding boreholes drilled	50	6	46	100	33	67	Missed target due to budgetary constraint
				Number of households with adequate, clean, reliable safe water	7500HH	6950HH	550HH	15000	6950	8050	
				No. of coordinated and sustainable water projects	30	139	109	60	139	+79	Target met
				Number of households and institutions with water harvesting facilities	4500	742	3758	9000	1740	7260	Missed target because of budget constrain
			Increased mobility and efficiency in implementation of the	Number of Available vehicles to transport engineers and other technical officers to	2	1	1	2	1	1	Budget constrain

County Executive of Meru

Annual Report and Financial Statements for the year ended June 30, 2025.

Environmental Management and Protection	To enhance environmental management and sustainability	Improved environmental sustainability	projects	different sites							
			Dumpsite Maintainace	No of dumpsite maintained	2	2	0	2	2	2	2 dumpsites biannually Maintained
			To promote clean and healthy environment	No of protective gears and equipment's procured	500	145 wheel barrows, 44 rakes, 800 gloves, 53 fork jembes and 100 slashers	+642	1000	500+ 145 wheelbarrows, 44 rakes, 800 gloves, 53 fork jembes and 100 slashers	+300	Monthly Ngarisha initiative has seen rise in the demand
			Skip loaders and skip bin procured	No bins procured	6	12	6	12	34	16	Bins were increased based on demand and available & skip loader potentiality
			Skip loaders procured/garbage Truck	No Skip loader procured	1	1	1	7	3	4	
To promote clean and healthy environment	No. of workshop and meetings held	11	11	0	22	22	0	Achieved many because of FLLoCA program meetings			
	No. of licenses	30	12	18	60	28	32	Majority			

County Executive of Meru  
Annual Report and Financial Statements for the year ended June 30, 2025.

				issued							pay for noise emission charges but don't collect licences
			Research and development in Environmental management	No of programmes, projects and plans subjected to EIAs, EAs and SEA	20	12	8	40	18	22	Budgetary constraints
Portable water	To improve livelihood through affordable portable water and sanitation services		Raw water main Meru municipality	Supply and installation of new pump	1	1	0	1	1	0	Target met
				Installation of new filter media	50%	30%	20%	100%	30%	70%	Ongoing project
				Feasibility studies, Design and Proposal development of 4 No. Boreholes	100%	5%	95%	100%	5%	95%	Ongoing Funded by JICA
			Installation of Water meters	No. of water connection sites and meters identified for connection	3000	500	2500	6000	1500	4500	Target not achieved. Lack of funds
			Raw water main in Timau	5 Km long DN 200 MM Pipeline, 1 no intake, 3,000M <sup>3</sup> /Day CFU, and a 225M cubed Storage tank.	20%	20%	0	40%	40%	0	Project complete
			Raw water	1No intake 5 Km	20%	10%	10%	40%	30%	10%	Target not

County Executive of Meru

Annual Report and Financial Statements for the year ended June 30, 2025.

			main and intake in Mitunguu	DN 200 MM 10 no Air valves + chambers 10 no washouts +chambers							met
Sewerage and sanitation			New Sewer connection Meru	Design of sewer laterals Installation of 57km 200mm sewer laterals Installation of man holes Installation of individual connections	20%	20%	0	40%	40%	0	Project complete
				Construction of Household sanitation Toilets for Magundu	100%	100%	0	100%	100%	0	Project is in use
				Rehabilitation of Kaaga mainpipeline	50%	50%	0	100%	100%	0	Project complete
				Survey of customer sewer connection pipelines for last mile	100%	100%	0	100%	100%	0	Target met
			Decentralized treatment facility in Timau municipality	100%	80%	20%	100%	80%	20%	Project ongoing	

## **6. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile**

The county government of Meru has instituted performance based management to ensure key county services are delivered and projects implemented on timely basis, and at the right cost. All the County Executive Members have signed Performance Contracts, Chief Officers and Directors of various departments.

The county has establishment a directorate of efficiency monitoring unit which coordinates implementation of various county programmes and projects, undertakes monitoring and evaluation along with ensuring goods and services are procured at prevailing market rates to ensure the county gets value for its monies.

### **2. Environmental performance**

The county Government of Meru has put in mechanism to safeguard environmental issues. This has involved of fully fledged directorate of Environment, along with establishment of Sub County Environmental committees. The county has supported the preservation of Environment and Natural resources through reforestation, the conservation of biodiversity, reducing human wildlife conflict.

### **3. Employee welfare**

The county Government of Meru is committed to investing in its employees and creating a healthy, friendly working environment. Further the county has complied with various labour laws including ensuring adherence to the one third gender rules with the ratio currently standing at 50:50. We are also committed towards safeguarding the safety and health of all our employees.

### **4. Market place practices-**

The County Government of Meru has a vibrant internal Audit directorate fully staffed and an active audit committee which looks on matters of Accountability and good governance practice.

### **5. Community Engagements-**

The community is engaged during various county processes such as; Preparation of Meru County 2023-2027 CIDP Development process, County Strategy Paper, Budget Review and Outlook Paper, Budgeting and during various policy formulation. The County also has established a County Magazine produced Quarterly.

## **7. Management Discussion and Analysis**

During the year under review, the County has made major milestone in service delivery with key emphasis on provision of clean water to its residents, improved health services, trade & Industry, improved road connectivity, investment in agricultural sector and key investment in basic education.

Under provision of water, in the past five years, the county has drilled over 100 boreholes spread across all the 45 wards which have been solar powered to ensure residents have access to clean water. The County has also embarked on improving physical infrastructure of various hospitals including construction of hospital wards, maternity block and general infrastructure to accommodate all residents. This has also been coupled with procurement of medical equipment for various facilities along with ensuring provision of drugs in all facilities within the County.

The County has also improved trade and industry through fast-tracking of the County integration industrial park which is expected to be completed and opened very soon, constructed various Modern markets. The county has further graded over 500 kilometers of access roads to improve connectivity. The county has also registered all farmers within the county, provided extension services and distributed seedlings, sexed bull semen, live goats and live chickens.

The County has ensured compliance with statutory requirements including but not limited to adhering to labour laws, complying with public finance management act, public procurement and disposal act, Nema Act. The county has also ensured all statutory deductions have been made and submitted in time.

The major risk facing the county has been political risk. This has included Change of leadership through political process both through the ballot and impeachment.

## **8. Statement of Management Responsibilities**

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

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's/Assembly financial statements, which give a true and fair view of the state of affairs of the County Executive/Assembly for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable

**County Executive of Meru**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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accuracy at any time the financial position of the county Executive/assembly; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the county Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Executive's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

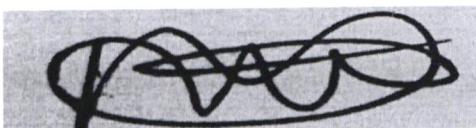
The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants, and that the County Executive's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Further the CEC member for finance confirms that the County Executive'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 Executive's financial statements were approved and signed by the CEC member for finance on \_\_\_\_\_ 2025.



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**CPA. Monica Kathono**

**CECM – Finance and Economic Planning**

**9. Report of the Independent Auditor for the County Executive of Meru**

10. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024-2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from CRF	6	10,045,682,395
Miscellaneous Revenue	7	10,223,580
<b>Revenue from exchange transactions</b>		
Other income	8	161,245,958
<b>Total revenue</b>		<b>10,217,151,933</b>
<b>Expenses</b>		
Employee costs	9	4,620,092,462
Use of goods and services	10	1,585,636,068
Transfers to other Government Entities	11	766,771,028
Depreciation and amortization expense	12	2,191,641
Other Grants and Subsidies	13	730,387,304
<b>Total expenses</b>		<b>7,705,078,503</b>
<b>Surplus/Deficit for the year</b>		<b>2,512,073,430</b>
<b>Net Surplus/Deficit</b>		<b>2,512,073,430</b>

The Financial Statements were signed by:



.....  
**Name: CPA. Charles Mwenda**  
**Chief Officer -Finance**  
**ICPAK NO: 20191**

.....  
**Name: CPA.Douglas Kobia Domiziano**  
**Head of Accounting Services**  
**ICPAK M/No:10401**

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF MERU 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 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 transitional IPSAS financial statements of County Executive of Meru set out on pages 1 to 49, which comprise of the statement of financial

position as at 30 June, 2025, and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the 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 transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Executive of Meru as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), including the transitional provisions permitted under IPSAS 33 and comply with the County Governments Act, 2012, and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

### **Basis for Qualified Opinion**

#### **1. Payment of Undisclosed Legal Fees**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects use of goods and services amount of Kshs.1,585,636,068 which includes other operating expenses amount of Kshs.310,276,980. The latter amount further, includes legal payments totalling Kshs.140,507,214 which includes an amount of Kshs.100,000,000 in respect of part payment of a contingent liability of Kshs.756,757,420 disclosed in previous audit report. However, Management did not deduct the withholding tax from the advocate as required by law.

Further, payment for other legal cases totalling Kshs.40,507,214 were not disclosed in the financial records. These cases were not budgeted for, therefore, no explanation has been provided on how unapproved expenditure was budgeted and paid.

In addition, details of the court cases were not provided with any supporting documents, including details such as fee requisitions indicating amount, taxed amount, the amount paid, unpaid balances and status of the cases. The County Executive has been sued and so many cases are in court which have remained undisclosed in their financial records.

In the circumstances, the accuracy and regularity of the legal fees amount of Kshs.140,507,214 paid could not be confirmed.

## **2. Missing Information on Level 1, 2 and 3 Hospitals**

The statement of financial performance reflects transfers to other Government entities amount of Kshs.766,771,028 which includes others (FIF) amount of Kshs.108,648,141 and transfers to other County Government entities amount of Kshs.529,412,779 as disclosed in Note 11 to the financial statements. The transfers amount of Kshs.529,412,779 further includes Donor (DANIDA) funds amount of Kshs.29,495,006 also transferred to primary healthcare facilities.

However, Authority to Incur Expenditure (AIEs), payment vouchers, stores receipts vouchers (S13) and project implementation status reports were not provided for audit review. In addition, various medical services, key personnel and equipment in the Hospital on key services required in level 1, 2 and 3 Hospital, the staffing levels, the equipment at the facilities as prescribed by the Kenya Quality Model for Health Policy Guidelines, bank reconciliations and reimbursements amount on claims from Social Health Authority (SHA) and Social Health Insurance (SHI) were not provided for audit.

In the circumstances, the accuracy and completeness of transfers to other Government entities amount of Kshs.138,143,147 could not be confirmed.

## **3. Unreconciled Long Outstanding Refund on Borrowing**

The statement of financial position and as disclosed in Note 15 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.1,650,794,342 which excluded borrowings by Meru Micro-finance Corporation balance of Kshs.1,400,000. Review of records revealed that the amount was borrowed from the County Executive to pay salaries for the Corporation employees in March, 2018. However, no satisfactory explanation was given why the debt was not settled by 30 June, 2025. This was contrary to Section 201(d) of the Constitution of Kenya, 2010 which provides that public money shall be used in a prudent and responsible way.

In the circumstances, the accuracy and regularity of the long outstanding debtors balance of Kshs.1,400,000 could not be confirmed.

## **4. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.3,415,572,399 and as disclosed in Note 17 to the financial statements. However, the supporting ledgers reflected a balance of Kshs.3,428,210,299 leading to an unexplained and unreconciled variance of Kshs.12,837,900. In addition, review of records provided reveal that the County Executive submitted to the Controller of Budget, payables totalling Kshs.1,741,933,778 leading to another variance of Kshs.1,673,638,621 which has also not been explained or reconciled.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.3,415,572,399 could not be confirmed.

## **5. Unreconciled Kenya Medical Supplies Authority Debt**

The statement of financial position reflects trade and other payables balance of Kshs.3,415,572,399 and as disclosed in Note 17 to the financial statements. The balance includes trade payables balance of Kshs.2,759,432,547 which further includes supply of drugs and medical supplies totalling Kshs.43,412,108 owed to Kenya Medical Supplies Authority. However, the Authority's records reflect a balance of Kshs.105,367,569 resulting in an unreconciled and unexplained variance of Kshs.61,955,461.

In the circumstances, the accuracy and completeness of current liabilities balance of Kshs.3,415,572,399 could not be confirmed.

## **6. Outstanding Retentions and Deposits Refund**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects refundable deposits and prepayments balance of Kshs.89,224,553. This balance is in respect of retention money withheld by the County Executive, which is supposed to be banked in a refundable deposits account. The opening balance reflects a balance of Kshs.86,843,700 while the County Executive procured capital projects totalling Kshs.705,357,090 as reflected in the statement of cash flows. However, the movement of the deposits had not been disclosed in the Notes to the financial statements. Further, the bank account held at Central Bank of Kenya revealed a closing balance of Kshs.40,824,224 hence an un explained and unreconciled variance of Kshs.48,400,329.

In the circumstances, the accuracy and completeness of refundable deposits and retentions balance of Kshs.89,224,553 could not be confirmed.

## **7. Unexplained Voided Transactions**

Analysis of the system payments indicated that four hundred and ninety-six (496) transactions with a value of Kshs.766,804,548 were voided or canceled during the year under review. However, Management did not provide reconciliation to confirm whether the voided transactions were subsequently paid.

In the circumstances, the accuracy and regularity of the voided transactions totalling Kshs.766,804,548 could not be confirmed.

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

## **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.12,452,916,563 and Kshs.9,054,751,662 respectively, resulting to an under-funding of Kshs.3,398,164,901 or 27% of the budget. Similarly, the County Executive spent an amount of Kshs.8,241,985,043 against actual receipts of Kshs.9,054,751,662 resulting to an under-utilization of Kshs.812,766,619 or 9% of the actual receipts.

The under-funding and under-utilization of funds may have affected the planned activities and negatively impacted 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 judgement, 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 , I have determined that there are no key audit matters to communicate in my report.

### **Other Matter**

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

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on 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 revealed that the matters summarized in the attached **Appendix I** remained unresolved as at 30 June, 2025.

### **Other Information**

The Management is responsible for the Other Information set out on pages ii to li, which comprises Key Entity Information and Management, Governance Statement, Foreword by CECM Finance and Economic Planning Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussion and Analysis, statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on County Executive'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, 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 THE 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 Lawfulness and Effectiveness in the 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. Delayed Passing of the Budget by the County Assembly**

Review of budget process revealed that the County Assembly of Meru did not approve the County Government's annual budget estimates within the statutory timelines of 30 June, each year as prescribed under the Public Finance Management Act, 2012. The budget, was passed on 13 August, 2024. This was contrary to Section 129(7) of the Public Finance Management Act, 2012 which provides that to enable smooth commencement of Government operations at the start of each financial year. The County Treasury should also ensure timely submission of the budget estimates to allow adequate review and deliberation.

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

#### **2. Late Disbursement of Exchequer Releases**

Analysis of payment details revealed that the County Executive received an amount of Kshs.1,640,816,129 after 15 June, 2025 from the Exchequer. This was contrary to Section 17(6) of the Public Finance Management Act, 2012 which provides among others that; The National Treasury shall administer the Consolidated Fund in accordance with Article 206 of the Constitution and facilitate payment into that account all monies raised or received by or on behalf of the National Government, and pay from that National Exchequer Account without undue delay all amounts that are payable for public services.

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

### **3. Non-Compliance with Fiscal Responsibility Principle on Development Expenditure**

The statement of comparison of budget and actual amounts reflects total expenditure amount of Kshs.8,241,985,042 comprising recurrent and development expenditure amount of Kshs.7,536,627,953, and Kshs.705,357,090 respectively. The development expenditure accounted for 9% of the total expenditure which was below the 30% threshold stipulated by Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015.

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

### **4. Projects Implementation Status**

The statement of comparison of budget and actuals reflects actual amount of Kshs.8,241,985,042 which includes acquisition of property, plant and equipment amount totalling Kshs.705,357,090. However, the following observations were made;

#### **4.1. Procurement of Projects - Mechanical Transport Fund and Contractors**

Review of the development cashbook revealed that an amount of Kshs.223,000,000 in respect to civil works was paid to the Department of Roads - Mechanical Transport Fund (MTF) for gravelling of all-weather roads and culverts works. Further, the County Executive awarded contracts totalling Kshs.493,777,736 to various contractors for similar civil works. However, mapping of which works were to be done by the Mechanical Transport Fund and individual contractors was not provided for audit. Further, the details of road works done by the MTF and individual contractors were also not provided.

In the circumstances, value for money in the expenditure amounts of Kshs.223,000,000 and Kshs.493,777,736 paid to Mechanical Transport Fund (MTF) and various contractors respectively, could not be confirmed.

#### **4.2. Construction of Timau Stadium Toilet**

The County Executive incurred an expenditure amount of Kshs.1,861,445 in respect to the construction of the Timau stadium toilet. However, physical verification carried out in month of June, 2025 revealed that toilet had not been constructed. Further, the existing gates had been vandalized and there was no dias.

#### **4.3. Incomplete Execution of Low Voltage Board Works at Kanyakine Hospital**

The County Executive through the Department of Health procured for supply, installation and commissioning of Low Voltage Board at Kanyakine Sub-County Hospital through an open National tender and awarded the contract to a local contractor. This award was through a contract agreement dated 2 May, 2023 at a contract sum of Kshs.8,958,007. Two (2) certificates of payment were raised with the second and final payment of Kshs.1,861,026 being paid on 30/09/2024. However, physical verification at

the Hospital in June, 2025 revealed that the Low Voltage Board had only been mounted and there was no evidence of connection to the power supply system.

Further, evidenced documentation including test reports and commissioning certificates to confirm commissioning activities had been carried out were not attached. This has resulted in the Hospital relying on outdated electrical infrastructure. Further, procurement documents were not provided for audit review.

#### **4.4. Construction of Ablution Block and Laboratory at KMTC Miathene Campus**

The County Executive awarded a local contractor a tender for construction of an ablution block and laboratory at Kenya Medical Training College (KMTC) Miathene Campus at a cost of Kshs.8,893,027. The project was to commence in January, 2022 and was scheduled for completion in August, 2022. The project was inspected and accepted on 30 November, 2023 one year after the intended completion date. Physical verification carried out in June, 2025 revealed that both the ablution blocks (male & female) and the laboratory were not in use. It was also, observed that no provision for water to these facilities was factored in during project planning, further hindering their use.

#### **4.5. Kiguchwa Dispensary**

The County Executive awarded local contractor a tender at a cost of Kshs.999,251 in respect to renovation works at Kiguchwa Dispensary. The works were scheduled for completion on 30 June, 2023. However, physical verification of the dispensary revealed that several renovation works were completed in June, 2023 on the maternity block that was originally commissioned on 3 August, 2015. Despite the recent renovations, the maternity block remains underutilized due to persistent understaffing at the facility.

#### **4.6. Construction of Modern Roof Shed at Kinoro Market**

The County Executive awarded a contract to a local merchant at a contract sum of Kshs.1,279,619 in respect to the construction of a modern roof shed at Kinoro Market. The Project Inspection Certificate was issued on 15 February, 2024. Physical verification carried out in June, 2025 revealed that the works were complete. However, the market was not in use and appeared abandoned but was occupied by boda-boda riders. No justification was provided on why the project was not put to use promptly to deliver the intended economic benefit by the relevant Department.

#### **4.7. Timau Market Roofing**

The County Executive incurred an expenditure amount of Kshs.6,174,861 in respect to roofing. However, the market has been idle for over one year.

#### **4.8. Grill Fixing at Maritati Market**

The County Executive incurred an expenditure amount of Kshs.3,120,680 in respect to fixing grills at Maritati Market. However, the project has been idle and it has not been put into use for over one year.

#### **4.9. Alterations and Installations of Steel Grills at Marimati Perimeter Wall**

The County Executive awarded a contract for alterations and installations of steel grills at Marimati perimeter wall at a cost of Kshs.3,120,680. Physical verification carried out in the month of June, 2025 revealed that although the works were done, the project remained idle as it had not been put into use for over one year.

In the circumstances, these projects totalling Kshs.99,639,474 may not have delivered the intended economic and social benefits to the public.

#### **5. Delayed Proposed Construction of County Aggregation and Industrial Parks**

The State Department for Industry invited sealed bids for construction of proposed County Aggregation and Industrial Parks (CAIP). Seven (7) bidders submitted their bidding documents and the contract was awarded to a local merchant at a contract sum of Ksh.492,212,741. Review of the project file provided for audit revealed that one of the unsuccessful bidders who had bid at a contract sum of Kshs.465,320,261 was disqualified during Mechanical works evaluation for failing to attach sub-contractors' details. However, according to the standard tender document Section III on evaluation and qualification criteria, the document only provided mandatory requirements for Main Contractor and was silent on sub-contractor's mandatory documents. It was therefore, not clear why unsuccessful bidder was denied the contract having bid the lowest by an amount of Kshs.26,892,480. Therefore, the County Executive may have prepared skewed or tailored technical specifications allowing unfair competition contrary to Section 149(1) of the Public Finance Management Act, 2012 which requires an Accounting Officer to ensure that resources of the entity for which the officer is designated are used in a way that is effective, efficient, economical and transparent. Management has paid the contractor an amount of Kshs.478,499,999. However, the bank statement for the project was not provided for audit review.

In the circumstances, the value for money of an amount of Kshs.26,892,480 incurred above the lowest bidder could not be confirmed.

#### **6. Non-Compliance with the Public Procurement Capacity Building Levy Order, 2023**

Review of records revealed that the County Executive entered into contracts but no documentary evidence had been provided to confirm that the Entity complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20<sup>th</sup> day of the subsequent month and also file monthly returns.

In the circumstances, Management was in breach of law.

## **7. Compensation of Employees**

The statements of financial performance and as disclosed in Note 9 to the financial statements reflects an amount of Kshs.4,620,092,462 in respect of compensation of employees. Review of employees' records revealed the following unsatisfactory matters:

### **7.1. Payment of Salaries and Wages Above Set Limit**

As previously reported, the County Executive incurred an expenditure on salaries and wages amounting Kshs.4,620,092,462 which translates to 45% of the total receipts of Kshs.10,217,151,933 during the year. This was contrary to Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that the County Government's expenditure on wages and benefits for its public officers, shall not exceed thirty-five (35) percent of the County Government's total revenue.

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

### **7.2. Centralized Budgeting for Staff Costs**

Audit review of employee costs revealed that the budget for staff costs for all Departments was made under one vote Meru - Public Service Management and Administration (Vote 3569), yet each Department's Accounting Officer (the Chief Officer) is responsible for identifying staffing needs, preparing recruitment requests, and submitting them to the County Public Service Board (CPSB). They were accountable for the staff deployed to their Department, including performance management, discipline, and ensuring staff align with departmental objectives. This was contrary to Regulations 119(2) and (3) of the PFM (CG) Regulations which provides that the budgetary allocation for personnel costs shall be determined based on a detailed costing of a human capital plan of a County Government entity as approved by the responsible County Department for Public Service Management matters, the County Public Service Board and County Treasury. Regulation 3 provides that the Accounting Officer of a County Government entity shall ensure that the personnel cost of all appointees, as well as promotion and salary increase, can be met within the budgetary allocation voted for the County Government entity.

In the circumstances, it was not possible to confirm the actual staff level of officers in each Departments.

### **7.3. Failure to Budget and Pay Gratuity to Contracted Employees**

The County Executive engaged contracted employees but failed to honor the contract by paying the gratuity at the end of the contract. Instead, the terms of the contract kept on changing after every contract renewal. No explanation was given as to why the County Executive failed to pay or set aside funds for gratuity to the contracted employees. This was contrary to Paragraph 6.6.2 of the Employment Contract Between

Meru County Public Service Board which provides that the Employee and the Contracted Employee for the Provision of Services on Contract shall upon successful completion of the contract the employee will be entitled to thirty (30) calendar days' wages in lieu of gratuity.

#### **7.4. Irregularities in the Human Resource**

Review of records revealed that County Executive engaged a local contractor on Phase 2 of unknown contract sum to deliver, install, test, and commission an Integrated County Human Resource System (HRIS-Ke). The vendor initiated the second phase of the works through data collection. Further, the contract was not provided for audit review. However, review of the data collection report revealed the following further observations;

##### **7.4.1. Unexplained Unverified Workers**

Review of the data collection report from the Vendor revealed that the County Executive had a total of six thousand, two hundred and five (6,205) staff members out of which, five thousand, six hundred and twenty-eight (5,628) were verified leaving five hundred and seventy-seven (577) staff unaccounted for. Further, the audit extract information from the payroll in June, 2024 revealed a population of five thousand, eight hundred and fifty-seven (5,857) resulting in an unreconciled variance of one thousand, three hundred and forty-eight (1,348) between the Vendor and the Audit.

The inconsistency in respect to the staff members' records was not explained.

##### **7.4.2. Staff Under Probation for More than the Stipulated Period**

As previously reported, review of the payroll records revealed that an amount of Kshs.343,604,330 was paid to five hundred and ninety-eight (598) staff members who have been on probation for more than one year. This was contrary to Paragraph B.16 (1) of the County Public Service Human Resource Manual, 2013 provides that where vacancies exist in the pensionable establishment, candidates recruited to fill such vacancies shall be appointed on probation for six (6) months.

##### **7.4.3. Compensation of Employees Costs to Unknown Staff**

Detailed review of a sampled human resource records in the County Executive payroll revealed that an expenditure amount of Kshs.9,486,690 had been paid to some employees who had not offered services to the County and had been expunged from the payroll without any evidence and approval for the same as detailed below: -

- i. A Medical Officer was granted a four-year study leave and bonded to serve for four years upon completion. The officer had only two years of service before the leave was approved. However, there is no evidence that the officer resumed duty after completing the study leave. Despite this, the officer has continued to receive a salary, leading to a potential loss of Kshs.9,486,690 for the four years the officer was not in service from the expected date of return date of 21 October, 2021.

- ii. Medical Officer's job designation remained Medical Officer Intern, Job Group L since the officer was posted to County Executive by the Transitional Authority in June, 2015 and confirmed received by the then County Chief Officer of Health. The Officer requested to pursue a masters of medicine (family medicine) which was approved by the Board according to a letter from the County Public Service Board vide a letter ref: MCPSB/LET/PER/20 dated 25 August, 2017 and was released vide a letter ref: 2014005244/TY/(17) dated 29 August, 2017. The release letter being signed by the then Acting Chief officer Health. The rules governing the award of scholarship were signed by the officer on 7 September, 2017 and bonding forms were completed and signed on 25 August, 2017. The bonding period was four (4) years or Kshs.10,155,150 payable to Chief Officer of Health on behalf of the County Executive in case of breach. In addition, as at the time of audit in June, 2025, there was no evidence in the staff personal file to show that the officer completed her studies and reported back to County Executive or any payment in lieu of the bond. The last document in her personal file (data sheet) was filled and completed on 6 April, 2018. The staff was also not in the Chief Officer of Health staff returns submitted for audit and did not turn up for physical verification conducted on 12 March, 2025.

#### **8. Non-Compliance with the Law Staff Ethnic Diversity**

As previously reported, the audit established that 89% of employees in the IPPD System as at 30 June, 2025 were from one dominant ethnic community. This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008. Further, the dominant community represented 88% of the new recruitment done in 2024/2025.

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

#### **9. Irregular Payments to the Council of Governors and County Public Service Board National Consultative Forum**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects use of goods and services amount of Kshs.1,585,636,068 which includes other operating expenses amount of Kshs.310,276,980. This latter amount further, includes amounts of Kshs.6,000,000 and Kshs.300,000 paid to the Council of Governors and County Public Service Board National Consultative Forum, respectively. However, supporting documents such as; legal framework, invoice and contract agreement that formed the basis for the payment were not provided for audit review. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which provides that the operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government to cater for; the Summit, the Council of County Governors, the Technical Committee, Secretariat, and the sectoral working group established by the Technical Committee and the sectoral working groups established by the Council.

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

#### **10. Lack of Approved Training Policy, Needs Assessment, and Annual Training Plan**

The County Executive did not have an approved Training Policy, an Approved Annual Training Plan, or evidence of a Training Needs Assessment (TNA). Additionally, the County's Human Resource Manual is still in draft form, which contributed to the lack of formalized training and development procedures and frameworks. This was contrary to Section H 2 (3) of the Human Resource Policies and Procedures Manual for Public Service, 2016, which requires that nomination and selection for individual and group training shall be based on prioritized training projections. The approved programmes should address National, Organizational and individual goals.

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

#### **11. Unestablished Sub-County (Level 4) Hospitals**

Audit review revealed that the County Executive has nine (9) established Sub-counties. However, the County has only established seven (7) Sub-county Hospitals. Further, there was no evidence to prove that the County Executive established a County Health Management Team, a health quality and assurance unit, a Health Facility Improvement Board and a policy on transfer of unutilized pharmaceutical and non – pharmaceuticals from one health facility to another so as to ensure efficient stock management. This was contrary to Section 8 (1) of the Meru County Health Services Act, 2016 which provides that there shall be at least one county hospital, at least one sub-county hospital in each sub-county, and at least one health center in each ward.

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

#### **12. Lack of County Finance Bill**

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

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 governance were not effective.

## **Basis for Conclusion**

### **1. Lack of an Updated Assets Register**

Review of the County Executive's register revealed that Management did not update its assets register in 2024/2025 financial year. Scrutiny of sampled procurement records and physical verification exercises revealed that assets acquired in the subsequent financial years, including some identified in the year under review totalling Kshs.3,959,399 had not been recorded in the assets register.

In the circumstances, the controls and safeguards of assets could not be confirmed.

### **2. Failure to Tag Fixed and Movable Assets**

As previously reported, Public Finance Management Regulations, 2015 Paragraph 136 specifically mandates that County Governments to maintain an updated asset register that records all fixed and movable assets. This includes tagging assets and keeping detailed records such as the cost of acquisition, asset location, and condition. Physical inspection of sampled office desks, chairs and desktops revealed that the assets did not have tags on them therefore it was not possible to confirm whether the assets belonged to the County.

In the circumstances, the controls on management of fixed assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards

(Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of 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 County Executive'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 County Executive'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

01 December, 2025

## Appendix 1 Unresolved Prior Year Audit Matters

	<b>Year</b>	<b>Paragraph</b>
1	2023/2024	Unsupported Assets
2	2023/2024	Failure to Support Finance Costs
3	2023/2024	Long Outstanding Accounts Payable
4	2023/2024	Contingent Liability
5	2023/2024	Failure to Set Expenditure Limit on Salaries and Wages
6	2023/2024	Lack of an Approved Staff Establishment
7	2023/2024	Regional Diversity in Recruitment
8	2023/2024	Non-Adherence to One Third Basic Salary Requirement
9	2023/2024	Delayed Implementation of Second Informal Settlements Improvements Project Phase 2
10	2023/2024	Voided Transactions
11	2023/2024	Failure to Tag Fixed and Movable Assets
12	2023/2024	Long Outstanding Retentions and Deposits Refund
		<b>Special Audit Report on Payroll Management</b>
14	July, 2025	The Compensation of Employees to Revenue Ratio Exceeded the Set Threshold
15	July, 2025	Budget for Personnel Emoluments made under one Vote
16	July, 2025	Lack of Approved Staff Establishment
17	July, 2025	Lack of Annual Recruitment Plans
18	July, 2025	Irregular Recruitment of Staff
19	July, 2025	Employment of Officer in Other Government Entities
20	July, 2025	Integrity of Date of Birth Records in Payroll Systems
21	July, 2025	Missing and out of Date Contract Details in the Contract Payrolls
22	July, 2025	Failure of Chief Officers to Account for Human Resources in their Departments
23	July, 2025	Authenticity of Staff in the Payroll
24	July, 2025	Charging of Compensation of Employees Expenditure to One Budget

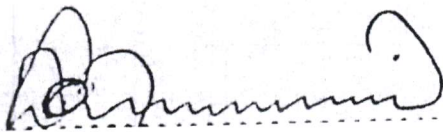
		Vote
25	July, 2025	Irregular Payment of Extraneous Allowance
26	July, 2025	Irregular Payment of Commuter Allowance
27	July, 2025	Irregular Payment of Special Salary
28	July, 2025	Overpayment of Leave Allowance
29	July, 2025	Irregular Payments of Health Workers Allowances
30	July, 2025	Employees Paid in More than One Payroll Per Month
31	July, 2025	Payments after Contract Expiry
32	July, 2025	Circumventing Payroll Controls to Pay Irregular Salary Arrears
33	July, 2025	Non-Deduction of Statutory Dues
34	July, 2025	Non-Compliance with Requirement on Ethnic Diversity
35	July, 2025	Payment of Special Duty Allowance for More than Six Months
36	July, 2025	Staff Under Probation for more than the Stipulated Period
37	July, 2025	Overpayment and Underpayment of Salary and Allowances

County Executive of Meru  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

**10. Statement of Financial Performance for the year ended 30 June 2025**

	Notes	2024-2025 Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from CRF	6	10,045,682,395
Miscellaneous Revenue	7	10,223,580
<b>Revenue from exchange transactions</b>		
Other income	8	161,245,958
<b>Total revenue</b>		<b>10,217,151,933</b>
<b>Expenses</b>		
Employee costs	9	4,620,092,462
Use of goods and services	10	1,585,636,068
Transfers to other Government Entities	11	766,771,028
Depreciation and amortization expense	12	2,191,641
Other Grants and Subsidies	13	730,387,304
<b>Total expenses</b>		<b>7,705,078,503</b>
<b>Surplus/Deficit for the year</b>		<b>2,512,073,430</b>
<b>Net Surplus/Deficit</b>		<b>2,512,073,430</b>

The Financial Statements were signed by:



.....  
**Name: CPA. Charles Mwenda**  
**Chief Officer -Finance**  
**ICPAK NO: 20191**

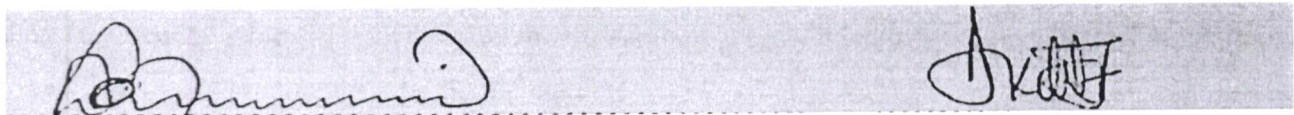


.....  
**Name: CPA.Douglas Kobia Domiziano**  
**Head of Accounting Services**  
**ICPAK M/No:10401**

## 11. Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	14	812,766,619	488,394,071
Receivables from Non-Exchange Transactions	15	1,650,794,342	759,375,180
<b>Total Current Assets</b>		<b>2,463,560,961</b>	<b>1,247,769,251</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	16	24,108,054	18,000,000
<b>Total Non- Current Assets</b>		<b>24,108,054</b>	<b>18,000,000</b>
<b>Total Assets (A)</b>		<b>2,487,669,055</b>	<b>1,265,769,251</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	17	3,415,572,399	2,820,075,274
Refundable Deposits and Prepayments	18	89,224,553	86,843,700
<b>Total Current Liabilities</b>		<b>3,504,796,952</b>	<b>2,906,918,975</b>
<b>Non-Current Liabilities</b>			
<b>Total Liabilities (B)</b>		<b>3,504,796,952</b>	<b>2,906,918,975</b>
<b>Net Assets(A-B)</b>		<b>(1,017,127,937)</b>	<b>(1,641,149,724)</b>
<b>Represented By:</b>			
Accumulated Surplus		(1,017,127,937)	(1,641,149,724)
Capital Fund			
<b>Net Assets</b>		<b>(1,017,127,937)</b>	<b>(1,641,149,724)</b>

The financial statements were signed by:



.....  
Name: CPA. Charles Mwenda  
Chief Officer -Finance  
ICPAK NO: 20191

.....  
Name: CPA.Douglas Kobia Domoiziano  
Head of Accounting Services  
ICPAK M/No:10401

**12. Statement of Changes in Net Assets for the year ended 30 June 2025**

	Accumulated Surplus	Reserves	Capital Fund	Total
<b>As at 30<sup>th</sup> June 2024 (cash basis)</b>	<b>488,394,071</b>			<b>488,394,071</b>
Adjustments: (to recognize assets and liabilities)	(2,129,543,795)			(2,129,543,795)
<b>As at July 1, 2024</b>	<b>(1,641,149,724)</b>			<b>(1,641,149,724)</b>
Return to CRF				
Surplus/ deficit for the year	2,512,073,430			2,512,073,430
Other changes (specify)	(1,888,051,643)			(1,888,051,643)
<b>As at June 30, 2025</b>	<b>(1,017,127,937)</b>			<b>(1,017,127,937)</b>

Note:

1. For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.
3. Entities have liberty to add additional reserves as appropriate. For all reserves presented provide the nature and purpose.

## 13. Statement of Cash Flows for the year ended 30 June 2025

		2024-2025
	Notes	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from CRF		8,394,888,053
Miscellaneous Revenue		10,223,580
Other income		161,245,958
<b>Total receipts</b>		<b>8,566,357,591</b>
<b>Payments</b>		
Employee costs		4,828,067,299
Use of goods and services		1,331,007,793
Transfers to other Government Entities		<b>702,169,486</b>
Other Grants and Subsidies		675,383,375
<b>Total payments</b>		<b>7,536,627,953</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>1,029,729,638</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE		(705,357,090)
<b>Net cash flows from/(used in) investing activities</b>		<b>(705,357,090)</b>
<b>Cash flows from financing activities</b>		
Returns to CRF		
Proceeds from borrowings		
Repayment of borrowings		
<b>Net cash flows from financing Activities</b>		
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>324,372,548</b>
Cash and cash equivalents at 1 July	14	488,394,071
<b>Cash and cash equivalents at 30 June</b>	14	<b>812,766,619</b>

14. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

Recurrent and Development Budgets Combined

Revenue/expense item	Original budget	Adjustments	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
	A	B	C=(a+b)	D	E=(c-d)	F=d/e * 100
<b>Revenues</b>						
Opening balance (Non-refundable special purpose accounts)	488,394,071	-	488,394,071	488,394,071	-	1.0
Transfers from CRF	12,203,694,229	(861,055,206)	11,342,639,023	8,394,888,053	2,947,750,970	0.7
Miscellaneous Revenue	23,306,984	-	23,306,984	10,223,580	13,083,404	0.4
Other income	593,915,785	4,660,700	598,576,485	161,245,958	437,330,527	0.3
<b>Total revenues</b>	<b>13,309,311,069</b>	<b>(856,394,506)</b>	<b>12,452,916,563</b>	<b>9,054,751,662</b>	<b>3,398,164,901</b>	<b>0.7</b>
<b>Expenses</b>						
Employee costs	5,671,854,963	(777,557,508)	4,894,297,455	4,828,067,299	66,230,157	1.0
Use of goods and services	1,200,000,000	146,083,784	1,346,083,784	1,331,007,793	15,075,990	1.0
Transfers to other Government Entities	880,877,860	-	880,877,860	702,169,486	178,708,375	0.8
Other Grants and Subsidies	679,904,128	-	679,904,128	675,383,375	4,520,753	1.0
<b>Total</b>	<b>8,432,636,951</b>	<b>(631,473,724)</b>	<b>7,801,163,227</b>	<b>7,536,627,953</b>	<b>264,535,274</b>	<b>1.0</b>
<b>Capital items</b>						
Acquisition of PPE	4,876,674,118	-	4,876,674,118	705,357,090	4,171,317,028	0.1
<b>Total expenses Development</b>	<b>4,876,674,118</b>	<b>-</b>	<b>4,876,674,118</b>	<b>705,357,090</b>	<b>4,171,317,028</b>	<b>0.1</b>
<b>Total Expenses</b>	<b>13,309,311,069</b>	<b>(631,473,724)</b>	<b>12,677,837,344</b>	<b>8,241,985,042</b>	<b>4,435,852,302</b>	<b>0.7</b>
<b>Surplus/ deficit</b>	<b>0</b>	<b>(224,920,781)</b>	<b>(224,920,781)</b>	<b>812,766,619</b>		

**Annual Report and Financial Statements for the year ended June 30, 2025.**

**Reconciliation table**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	812,766,619
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	812,766,619

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

### **1. General Information**

Meru County is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Entity is domiciled in Kenya and its principal activities are as spelt in fourth schedule of the Constitution of Kenya 2010.

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

#### **Statement of compliance**

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012.

The financial statements have been prepared in accordance with the PFM Act, taking advantage of the transitional provisions under IPSAS 33 and therefore these 1<sup>st</sup> years financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33. The County has disclosed financial assets including Cash & Cash equivalent and Receivables along with financial Liabilities including accounts payable. The entity has not recognized Inventories and non financial assets which includes Property, Plant and equipments and other intangible non-financial assets.

These financial statements were authorised for issue by the accounting officer on 30<sup>th</sup> June 2025.

#### **Basis of Preparation**

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. These financial statements have been prepared on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The accounting policies adopted have been consistently applied to all the years presented.

#### **Reporting period**

The reporting period for these financial statements is for the period ended 30<sup>th</sup> June 2025.

## Notes to the financial statements

### Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

#### Recognition of revenue

Revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

#### Recognition of non-exchange expenses and liabilities

A liability is a present obligation of an entity for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The County pursues a number of policy targets and outcomes. However the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the entity is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the *entity* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *entity's* future actions, expenses (and other related liabilities) are recognized for that policy.

#### Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

#### Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143

**Notes to the financial statements**

MtCO<sub>2</sub>eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the entity as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

## Notes to the Financial Statements (Continued)

## 3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used</li> </ol>

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
	<p>measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

*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:
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 50: Exploration For &amp;</p>	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <p>i. Limited improvements to existing accounting practices for exploration</p>

Standard	Effective date and impact:
Evaluation of Mineral Resources	and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>State the expected impact of the standard to the Entity if relevant</i>

*iii) Early adoption of standards*

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

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**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. Recurrent grants are recognized in the statement of financial performance. Development/Capital grants are recognized in the statement of financial performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfillment of the set conditions.

**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.

**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 2024/25 was approved by the County Assembly on 29th August 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

Accordingly, the Entity recorded additional appropriations in May 2025 following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

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

**c) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**d) 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 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

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

**e) Right of use asset**

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

**f) Tangible Natural Resources**

The entity recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the entity; the entity controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where this criterion is not met, the entity discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An entity shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

**Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is

depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**h) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale;
- ii. Its intention to complete and its ability to use or sell the asset;
- iii. How the asset will generate future economic benefits or service potential;
- iv. The availability of resources to complete the asset;
- v. The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

**i. Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible 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.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**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.

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through surplus or deficit

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

**j) 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:

- i. Raw materials: purchase cost using the weighted average cost method.
- ii. 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*.

**K) 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.

**L) 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.

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

**M) 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.

**N) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**O) 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.

**p) 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 fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund 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 funds are actuarially 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.

**q) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange

rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**R) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**S) 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 Governor, Deputy governor, County Secretary, County Executive Committee Members and Chief Officers, Speaker of the county assembly and Clerk of the county Assembly, Directors and senior managers.

**T) Service concession arrangements.**

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**U) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

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

**R) Comparative figures**

In preparing these financial statements the entity has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first time adoption of the accrual basis of accounting.

**S) Subsequent events**

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

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

**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:

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

- A) The condition of the asset based on the assessment of experts employed by the Entity.
- B) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- C) The nature of the processes in which the asset is deployed.
- D) Availability of funding to replace the asset.
- E) Changes in the market in relation to the asset

**Provisions**

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

## Notes to the Financial Statements (Continued)

## 6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers 2024-2025
	Kshs	Kshs	Kshs
Recurrent	7,315,493,089		7,315,493,089
Development	2,015,403,891		2,015,403,891
Special purpose transfers	714,785,415		714,785,415
<b>Total</b>	<b>10,045,682,395</b>		<b>10,045,682,395</b>

## 7. Miscellaneous Revenue

Nature of Revenue	2024-2025
	Kshs
In kind grants and donations	
Refunds & Reimbursements	
Other Revenues (Ministry of Agriculture)	10,203,580
Other Revenues (Ministry of Energy)	20,000
<b>Total</b>	<b>10,223,580</b>

## 8. Other Incomes

Description	2024-2025
	Kshs
Other incomes (Donations from public entities)	4,990,000
Other incomes (FIF)	156,255,958
<b>Total other income</b>	<b>161,245,958</b>

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

## Notes to the Financial Statements (Continued)

## 9. Employee Costs

Description	2024-2025
	Kshs
Basic salaries of permanent employees	2,182,385,720
Basic wages of temporary employees	
Personal allowances – part of salary	2,033,269,244
Pension and other social security contributions	324,350,138
Employer contributions to compulsory national social security schemes	
Employer contributions to compulsory national health insurance schemes	
Employer contribution to compulsory housing scheme	62,900,950
Other social benefit schemes	
Other personnel costs	17,186,410
<b>Total Employee costs</b>	<b>4,620,092,462</b>

\* Other personnel costs- please provide a brief explanation for these costs

## 10. Use of Goods and Services

Description	2024-2025
	Kshs
Utilities, supplies and services	111,615,330
Communication, supplies and services	4,560,169
Domestic travel and subsistence	215,378,465
Foreign travel and subsistence	2,516,934
Printing, advertising, and information supplies & services	28,772,200
Rentals of produced assets	21,131,764
Training expenses	27,021,235
Hospitality supplies and services	160,728,836
Insurance costs	248,601,272
Specialized materials and services	229,685,453
Other operating expenses <i>including bank Charges</i>	310,276,980
Office and general supplies and services	37,495,579
Fuel Oil and Lubricants	89,400,629
Routine maintenance – vehicles and other transport equipment	52,375,620
Routine maintenance – other assets	42,841,100
Others (budget reserves)	3,234,501
<b>Total</b>	<b>1,585,636,068</b>

Notes to the Financial Statements (Continued)

11. Transfers to Other Government Entities

Description	2024-2025
	Kshs
Transfers to other County Government entities	529,412,779
Transfers to self-reporting projects (FLOCCA)	89,000,000
Transfers to car loan and mortgage schemes	39,710,108
Others (FIF)	108,648,141
<b>Total</b>	<b>766,771,028</b>

12. Depreciation and Amortization Expense

Description	2024-2025
	Kshs
Property, plant and equipment	2,191,641
Intangible assets	
Investment property carried at cost	
<b>Total</b>	<b>2,191,641</b>

13. Other Grants and Subsidies

Description	2024-2025
	Kshs
Membership dues and subscriptions to international organizations	
Scholarships and other educational benefits	136,000,000
Emergency relief and refugee assistance	8,488,670
Grants to small businesses, cooperatives, and self employed	853,000
Other grants	585,045,634
<b>Total Grants and Subsidies</b>	<b>730,387,304</b>

**14. Cash and Cash Equivalents**

Description	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Recurrent Account	119,428,840	
Development Account	506,199,980	
Deposits Account	40,824,224	131,024,217
Special Purpose Accounts	57,664,781	7,280,761
Other operating commercial accounts ( <i>Specify</i> )	88,648,794	350,089,094
<b>Total</b>	<b>812,766,619</b>	<b>488,394,071</b>

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

**14 (a) Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
Recurrent Accounts			
CBK00001	1000170368	119,428,840	
Development Accounts			
CBK00002	1000170352	506,199,980	
Deposits Accounts			
CBK00003	1000228342	40,824,224	131,024,217
<b>Special Purpose Accounts</b>			
CBK00004	Central Bank of Kenya- Ac no.1000346817 Meru County Special Purpose	-	-
CBK00005	Central Bank of Kenya- Ac no.1000365706 Meru County Road Maintenance Fund	40,985	40,985

		2024-2025	Opening Statement 1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
CBK00006	Central Bank of Kenya- Ac no.1000367695 NARIGP	-	-
CBK00007	Central Bank of Kenya- Ac no.1000367725 ASDSP	-	-
CBK00008	Central Bank of Kenya- Ac no.1000368942 Village Polytechnic Projects	10,834	10,834
CBK00009	Central Bank of Kenya- Ac no.1000375728 Kenya Urban Development Grant		
CBK00010	Central Bank of Kenya- Ac no.1000375736 Urban Institution Program		
CBK00011	Central Bank of Kenya- Ac no.1000436077 Meru County Devolution Support Program (KDSP)	39,574	3,838,925
CBK00012	Central Bank of Kenya- Ac no.1000556226 Meru County Primary Health Care	-	294,409
CBK00013	Central Bank of Kenya- Ac no.1000514493 Meru County Emergency Locust Response Project	-	-
CBK00014	Central Bank of Kenya- Ac no.1000454668 Meru County Covid-19 Special Purpose Account	2,457	2,457
CBK00015	Central Bank of Kenya- Ac no.1000722959 Meru County Aggregation and Industrial Park	57,570,932	3,093,151
CBK00016	Central Bank of Kenya- Ac no.1000737271 Meru County Equalization Fund Account	-	-
CBK00017	Central Bank of Kenya- Ac no.1000709251 Meru County National Agriculture Value Chain Development (NAVCDP)	-	-
		<b>57,664,781</b>	<b>7,280,761</b>
<b>Other operating commercial accounts (Specify)</b>			

## Annual Reports and Financial Statements for the year ended June 30, 2025.

		2024-2025	Opening Statement 1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
<b>KCB</b>			
	Kenya Commercial bank, Ac no.1140746480 Meru County Standing Imprest	85,074	185,156
	Kenya Commercial bank, Ac no.1266598448 Meru ABDP Programme Account	42,731	437,844
	Kenya Commercial bank Ac no.1205726659 Meru County ECDE project	108,047	109,325
	Kenya Commercial bank Ac no.1285223047 Meru County Emergency Locust –ELRP Account	12,706	70,688,806
	Kenya Commercial Bank A/c 1314436562 Giaki SCH Revenue Account	489,258	102,019
	Kenya Commercial Bank A/c 1255946393 Giaki SCH NHIF Revenue Account	243,859	286,712
	Kenya Commercial Bank A/c 1145692117 Giaki SCH NHIF user Account	110,773	99,329
	Kenya Commercial Bank A/c 1314492837 Timau SCH Revenue Account	2,184,605	738,085
	Kenya Commercial Bank A/c 1316662616 Timau SCH Expendiure Account	40,981	100,737
	Kenya Commercial Bank A/c 1252227019 Timau Sub District Hosp. NHIF Expenditure Account	220	11,428
	Kenya Commercial Bank A/c 1252226128 Timau SCH NHIF Receiving Account	1,320,612	444,844
	Kenya Commercial Bank A/c 1314467832 Kibirichia SCH Revenue Account	434,378	97,805
	Kenya Commercial Bank A/c 1314415972 Kibirichia SCH Expenditure Account	1,342	242
	Kenya Commercial Bank A/c	1,051,202	337,522

		2024-2025	Opening Statement 1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
	1145623344 Kibirichia SCH NHIF Revenue Account		
	Kenya Commercial Bank A/c 1145623345 Kibirichia SCH NHIF Expenditure Account	584	584
	Kenya Commercial Bank A/c 1314568345 Githongo SCH Revenue Account	1,234,045	185,657
	Kenya Commercial Bank A/c 1316618927 Githongo SCH Expenditure Account	344,860	546,198
	Kenya Commercial Bank A/c 1145471730 Githongo SCH FREE MATERNITY CARE	882	210,002
	Kenya Commercial Bank A/c 1103322966 Githongo SCH NHIF Revenue Account	199,778	2,883,773
	Kenya Commercial Bank A/c 1314416014 Naari SCH Revenue Account	413,052	105,679
	Kenya Commercial Bank A/c 1314483145 Naari SCH Expenditure Account	4,795.00	814
	Kenya Commercial Bank A/c 1314352512 Mikumbune Sub district hospital FIF Account	1,708,097	797,148
	Kenya Commercial Bank A/c 1314815555 Mikumbune Sub district hospital FIF Expenditure Account	1,468,884	111,868
	Kenya Commercial Bank A/c 1145910661 Mikumbune Sub district hospital NHIF Receiving Account	4,648,806	1,923,805
	Kenya Commercial Bank A/c 1314408178 Mutuati Sub district hospital Revenue Account	2,346,845	1,825,176
	Kenya Commercial Bank A/c 1314349023 Kangeta SCH Revenue Account	723,406	195,762
	Kenya Commercial Bank A/c 1314610317 Kangeta SCH	104,496	4,369

## Annual Reports and Financial Statements for the year ended June 30, 2025.

		2024-2025	Opening Statement 1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
	Expenditure Account		
	Kenya Commercial Bank A/c 1206860723 Kangeta SCH Maternity Funds Account	1,237,148	630,794
	Kenya Commercial Bank A/c 1314441655 Mikinduri SCH Revenue Account	3,337,069	153,467
	Kenya Commercial Bank A/c 1288601980 Mikinduri SCH Expenditure Account	768,559	797,463
	Kenya Commercial Bank A/c 1145207987 Mikinduri Sdh free maternity hes Account	2,681,098	41
	Kenya Commercial Bank A/c 1314420836 Mbeu SCH Revenue Account	691,264	46,267
	Kenya Commercial Bank A/c 1314419617 Mbeu SCH Expenditure Account	197,340	202,351
	Kenya Commercial Bank A/c 1181324823 Mbeu SCH NHIF Revenue Account	335,466	422,498
	Kenya Commercial Bank A/c 1314485784 Muthara SCH Revenue Account	2, 904, 438	1,456,419
	Kenya Commercial Bank A/c 1316496740 Muthara SCH Expenditure account	117	500,631
	Kenya Commercial Bank A/c 1314491393 Buuri West Sub county Account	196,619	514,488
	Kenya Commercial Bank A/c 1333079362 Buuri West Sub county Expenditure Account	140,669	
	Kenya Commercial Bank A/c 1314438506 Buuri East Sub county Public	418,900	322,948
	Kenya Commercial Bank A/c 1314485512 Buuri East Sub county Public	829	657
	Kenya Commercial Bank A/c 1314353942 Igembe Central Sub	143,561	169,920

		2024-2025	Opening Statement 1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
	county Public		
	Kenya Commercial Bank A/c 1314419412 Igembe Central Sub county Public	83,016	2,320
	Kenya Commercial Bank A/c 1314410342 Igembe North Sub county Account	105,252	142,843
	Kenya Commercial Bank A/c 1314421050 Igembe North Sub county Account	61,835	25,914
	Kenya Commercial Bank A/c 1314458949 Igembe South Sub county Account	261,669	286,394
	Kenya Commercial Bank A/c 1314459376 Igembe South Sub county Expenditure Account	1,629	2,936
	Kenya Commercial Bank A/c 1314492586 Imenti North Sub county Account	978,288	840,360
	Kenya Commercial Bank A/c 1314492209 Imenti North Sub county Expenditure Account	230,510	101,297
	Kenya Commercial Bank A/c 1314567934 Imenti Central Sub county Account	209,761	159,359
	Kenya Commercial Bank A/c 1314568248 Imenti Central Sub county expenditureAccount	126,259	90,737
	Kenya Commercial Bank A/c 1314438190 Imenti South Sub county Public Revenue Account	913,301	739,613
	Kenya Commercial Bank A/c 1314492039 Imenti South Sub county Public Expenditure Account	5,017	8,339
	Kenya Commercial Bank A/c 1314493167 Tigania East Sub county Public Account	49,845	48,515
	Kenya Commercial Bank A/c 1314491733 Tigania East Sub county Public Expenditure Account	116,589	79,579

## Annual Reports and Financial Statements for the year ended June 30, 2025.

Financial Institution	Account number	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
	Kenya Commercial Bank A/c 1314441825 Tigania West SCPHO Revenue account	176,310	96,764
	Kenya Commercial Bank A/c 1314442325 Tigania West SCPHO Expenditure account	285	183,301
	Kenya Commercial Bank A/c 1314466836 Tigania Central Sub county Revenue Account	109,578	174,499
	Kenya Commercial Bank A/c 1314466895 Tigania Central Sub county Expenditure Account	126,142	
<b>FAMILY BANK</b>			
	Family Bank Ac no.063000055885 Meru County Bursary Account	13,942	1,571,564
	Family Bank Ac no.063000070468 Meru County Climate Change Fund Account	-	2,990,628
	Family Bank Ac 063000064253 Kenya Informal Settlement Improvement Project (KISIIP 2)	2,291	72,228,688
	Family Bank Ac 063000073337 Meru County Kenya Informal Settlement Improvement Program SPA	783	5,298,385
<b>CREDIT BANK</b>			
	Credit Bank Ac no. 0171018000044 Kenya Urban Support Program account	136,231	
	Credit Bank Ac no. Meru(CGM) roads transport staff operations account	335,395	36,525
<b>EQUITY BANK</b>			
	Equity Bank of Kenya Ac no.1040284206622 County Government of Meru (NAVCDP)	37,586,565	155,215,742
	Equity Bank of Kenya Ac no.1040284381048 Meru County Aggregation And Industrial Parks Account (CAIPS)	13,614	4,447,032
<b>CO-OPERATIVE BANK</b>			

		2024-2025	Opening Statement 1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
	Co-operative bank, Ac no 01100259844001 Meru County School Meals & nutrition Program	254,580	1,783,680
<b>HFC</b>			
	Housing Finance Corporation Ac no.9783652536 (MCEEP)	918,273	1,452,953
	Housing Finance Corporation Ac no.2042683204 Meru County (NARIGP)	-	10,600,966
<b>NATIONAL BANK</b>			
	National Bank A/c 01001088287000 Muthara SCH NHIF Revenue account	3,063,498	2,556,328
	National Bank A/c 01020225752000Muthara SCH NHIF Expenditure account	951,405	152,567
	National Bank A/c 01001092505400 Naari SCH NHIF Revenue Account	-1,347	5,660
<b>CONSOLIDATED BANK</b>			
	Consolidated Bank A/c 10091203000247 Mutuati Sub district hospital Expenditure Account	19,578	51,691
	Consolidated Bank A/c 10091203000212 Mutuati Sub district hospital NHIF Account	9,421,307	1,065,282
Cash on Hand		-	-
<b>Total</b>		<b>88,648,794</b>	<b>350,089,094</b>

## 15. Receivables from Non-Exchange Transactions

Description	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Other debtors (non-exchange transactions)	1,650,794,342	759,375,180
Less: impairment allowance	-	-
<b>Total receivables from non- exchange transactions</b>	<b>1,650,794,342</b>	<b>759,375,180</b>

County Executive of Meru

Annual Reports and Financial Statements for the year ended June 30, 2025.

Ageing Analysis- Receivables from non-exchange transactions	2024-2025		Opening Balance	
		% of the total		% of the total
Less than 1 year	1,650,794,342	100%	759,375,180	100%
Between 1-2 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	<b>1,650,794,342</b>	<b>100%</b>	<b>759,375,180</b>	<b>100%</b>

i. Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2024-2025
	Kshs
At the beginning of the year	-
Additional provisions during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	-

## Notes to the Financial Statements (Continued)

## 16. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastruc ture assets	Furniture and fittings	Computers & ICT Equipment	Heritag e assets	Work in progress	Service concession assets	Total
<b>Depreciation Rate</b>			25%							
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Opening Bal as 1<sup>st</sup> July 2024</b>	-	-	18,000,000							18,000,000
Additions			8,299,695							8,299,695
Disposals										
Transfer/Adjustments										
<b>As At /Jun 2025</b>			<b>26,299,695</b>							<b>26,299,695</b>
<b>Depreciation And Impairment</b>										
Depreciation for the year	-		(2,191,641)							(2,191,641)
Disposals	-		-							
Impairment	-									
Transfer/Adjustment	-									
<b>As At Jun 2025</b>	<b>-</b>		<b>(2,191,641)</b>							<b>(2,191,641)</b>
<b>Net Book Values</b>										
<b>Opening Bal as at 1<sup>st</sup> July 2024</b>			<b>18,000,000</b>							<b>18,000,000</b>
<b>As At Jun, 2025</b>			<b>24,108,054</b>							<b>24,108,054</b>

(Include a brief description of WIP as a footer.)

## Notes to the Financial Statements (Continued)

## 17. Trade and Other Payables

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	2,759,432,547		2,070,652,815	
Employee payables	580,702,172		492,386,248	
Third-party payments	40,824,224		131,024,217	
Other payables	34,613,456		126,011,994	
<b>Total trade and other payables</b>	<b>3,415,572,399</b>		<b>2,820,075,275</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2024-2025</b>	<b>%</b>	<b>Opening balance</b>	<b>% of the Total</b>
Under one year	904,219,678	27%	794,422,459	28%
1-2 years	1,475,980,172	43%	455,771,885	16%
2-3 years	1,035,372,549	30%	1,367,315,654	48%
Over 3 years			202,565,282	8%
<b>Total (tie to above total)</b>	<b>3,415,572,399</b>	<b>100%</b>	<b>2,820,075,275</b>	<b>100%</b>

## 18. Refundable Deposits and Prepayments

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments	89,224,553		86,843,700	
Other deposits	-		-	
<b>Total deposits</b>	<b>89,224,553</b>		<b>86,843,700</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Opening Balance</b>	<b>% of the Total</b>
<b>Under one year</b>	89,224,553	100%	86,843,700	100%
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>	<b>89,224,553</b>	<b>100%</b>	<b>86,843,700</b>	<b>100%</b>

## Notes to the Financial Statements (Continued)

## 19. Cash Generated from Operations

	2024-2025
	Kshs.
<b>Surplus for the year before tax</b>	2,512,073,430
<b>Adjusted for:</b>	
Depreciation	2,191,641
<b>Working capital adjustments</b>	
Increase in inventory	
Increase in receivables	(891,419,162)
Increase in deferred income	
Increase in payables	(595,497,124)
Increase in payments received in advance	2,380,853
<b>Net cash flow from operating activities</b>	<b>1,029,729,638</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

## 20. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Entity's financial risk management objectives and policies are detailed below:

## i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 June 2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	1,650,794,342	1,650,794,342		
Bank balances	812,766,619	812,766,619	-	-
<b>Total</b>	<b>2,463,560,961</b>	<b>2,463,560,961</b>	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity's statement of financial position)

### **Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### **ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2025</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>				

### Financial Risk Management

#### iii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

#### a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

## Notes to the Financial Statements (Continued)

## Financial Risk Management

The carrying amount of the *Entity's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Current FY**

	In Kshs Kshs	Other currencies Kshs	Total Kshs
<b>As at 30 June 2025</b>			
<b>Financial Assets</b>			
Cash	812,766,619		812,766,619
Debtors	1,650,794,342		1,650,794,342
<b>Total Financial Assets</b>	<b>2,463,560,961</b>		<b>2,463,560,961</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	3,504,796,952		3,504,796,952
Borrowings			
<b>Total Financial Liabilities</b>	<b>3,504,796,952</b>		<b>3,504,796,952</b>
<b>Net Foreign Currency Asset/(Liability)</b>	<b>(1,041,235,991)</b>		<b>(1,041,235,991)</b>

## Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on Equity/Net assets Kshs
<b>2024</b>			
Euro	10%		
USD	10%		
<b>2025-1</b>			
Euro	10%		
USD	10%		

**b) Interest rate risk**

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Financial Risk Management**

**Sensitivity analysis**

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data

when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

**Financial Risk Management**

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2025</b>				
<b>Financial Assets</b>				
Quoted Equity Investments				
<b>Non- Financial Assets</b>				
Investment Property				
Land And Buildings				

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

The objective of the Entity’s capital risk management is to safeguard the Entity’s ability to continue as a going concern. The Entity capital structure comprises of the following funds:

	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings		
Capital Reserve		
<b>Total Funds</b>		
Total Borrowings		
Less: Cash And Bank Balances	812,766,619	488,394,071
Net Debt/(Excess Cash And Cash Equivalents)	812,766,619	488,394,071
<b>Gearing</b>	<b>812,766,619</b>	<b>488,394,071</b>

**21. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *Entity* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Entity*, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Entity*, both domestic and external.

**Other related parties include:**

- i) County Government Entities
- ii) National Government Entities
- iii) Key management.

		2024-2025 Kshs
<b>Transactions with related parties</b>		
<b>Sales to related parties</b>		
Others (specify) e.g. interest and bank charges		
<b>Total</b>		
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC		
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. Agencies		
Others (specify)		
<b>Total</b>		
<b>a)</b>	<b>Grants</b>	<b>/transfers</b>
<b>from the government</b>		
Grants from national govt		
Grants from county government		
Donations in kind		
<b>Total</b>		
<b>b)</b>	<b>Expenses incurred on</b>	
<b>behalf of related party</b>		
Payments of salaries and wages for employees		
Payments for goods and services for Meru County Revenue Board		
22,986,436		
<b>Total</b>		
<b>22,986,436</b>		
<b>c)</b>	<b>Key management</b>	
<b>compensation</b>		
Compensation to key management		
<b>Total</b>		

**22. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)*

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

**23. Program for Results (PforR) Disclosure**

*This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.*

Name of PforR:		Name of Financing Partners:				
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code						
Sub-program						
Sub-program						
<b>Sub-total</b>						
Program code						
Sub-program						
Sub-program						
<b>Sub-total</b>						
<b>Total</b>						

*Expenditure Details\* - Provide the details per your expenditure framework requirements. (Program, sub-program, and or economic item)*

**24. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**25. Ultimate And Holding Entity**

The Entity ultimate parent is the Government of Kenya.

**26. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

## 16. Appendix

**Appendix 1: Implementation Status of Auditor-General'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	UN-Reconciled transfers from county government	The issue was caused by use of different accounting framework with one entity reporting on PSAS cash basis while the other on IPSAS accrual	Resolved	June 2025
2	Unsupported Assets	This was occasioned by failure of the ITGRs committee to complete the handing over of assets for the defunct local authorities and the devolved functions to the county	Not Resolved	June 2017
3	Failure to provide project status	The project implementation status reports were prepared and submitted	Resolved	June 2025
4	Failure to reconcile Kenya power debts	There was no variance between the said amount	Resolved	December 2024
5	Failure to support finance cost	This was adequately supported	Resolved	December 2024
6	Long outstanding accounts payable	The county is making efforts to ensure all the outstanding payables are fully paid	Unresolved	December 2026
7	Leasing of medical equipment amount	This arrangement for the leasing of medical equipment was done by the ministry of health	resolved	
<b>Emphasis of matter</b>				
	Budgetary control and performance	This was as a result of failure by the national treasury to release the June disbursement along with the county failure to realize its local revenue collection target	Not resolved	December 2025
	Contingent liability	The county included all the contingent liabilities	Resolved	July 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a note when you expect the issue to be resolved)
		in its financial statements		
<b>Other Matter</b>				
	Prior year audit matters	The county is in the process of addressing all audit matters	Not resolved	December 2025
<b>Report on Lawfulness and Effectiveness in the use of Public Resources</b>				
	Late disbursement of exchequer releases	This is behold the country control	resolved	December 2024
	Irregular procurement process	The recruitment process was in accordance to public procurement and disposal act	resolved	December 2024
	projects	The county has since completed the said ongoing projects	resolved	June 2025
	Failure to set expenditure limit on salaries and wages	The county is putting efforts to ensure its wage bill is within the prescribed limit	Not resolved	December 2025
	Lack of an approved staff establishment	The county has since prepared and approved its staff establishment	Resolved	May 2025
	Regional diversity in recruitment	The county is progressively implementing this directive	Not resolved	December 2026
	Non adherence one third basic salary equipment	This was occasioned by the introduction of housing levy, SHIF and Enhanced NSSF deductions	Not resolved	December 2026
	Delayed implementation of second informal settlement improvement project phase 2	This was caused by late disbursement of the funds by the national government	Rede December 2024 solved	
	Failure to implement previous years audit recommendations	The county implemented all the resolutions	Resolved	December 2024

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)
<b>Emphasis of matter</b>				
	Budgetary control and performance	This was as a result of failure by the national treasury to release the June disbursement along with the county failure to realize its local revenue collection target	Not resolved	December 2025
	Contingent liability	The county included all the contingent liabilities in its financial statements	Resolved	July 2024
<b>Other Matter</b>				
	Prior year audit matters	The county is in the process of addressing all audit matters	Not resolved	December 2025
<b>Report on Lawfulness and Effectiveness in the use of Public Resources</b>				
	Late disbursement of exchequer releases	This is behold the country control	resolved	December 2024
	Irregular procurement process	The recruitment process was in accordance to public procurement and disposal act	resolved	December 2024
	projects	The county has since completed the said ongoing projects	resolved	June 2025
	Failure to set expenditure limit on salaries and wages	The county is putting efforts to ensure its wage bill is within the prescribed limit	Not resolved	December 2025
	Lack of an approved staff establishment	The county has since prepared and approved its staff establishment	Resolved	May 2025
	Regional diversity in recruitment	The county is progressively implementing this directive	Not resolved	December 2026

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

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)
	Non adherence one third basic salary equipment	This was occasioned by the introduction of housing levy, SHIF and Enhanced NSSF deductions	Not resolved	December 2026
	Delayed implementation of second informal settlement improvement project phase 2	This was caused by late disbursement of the funds by the national government	Redeember 2024solved	
	Failure to implement previous years audit recommendations	The county implemented all the resolutions	Resolved	December 2024
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>				
	Voided transactions	This was due to non release of June disbursement by the national treasury	Resolved	December 2024
	Failure to tag fixed and movable assets	This was as a result of lack of budgetary allocation	Not resolved	June 2026
	Long outstanding retention and deposit refund	The delay was caused by failure by contractors to claim the retention monies after expiry of defect period	Not resolved	June 2026

**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) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.



Accounting Officer

Date