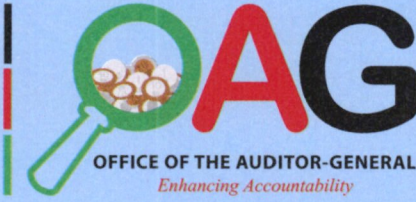


REPUBLIC OF KENYA

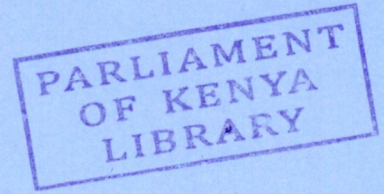


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

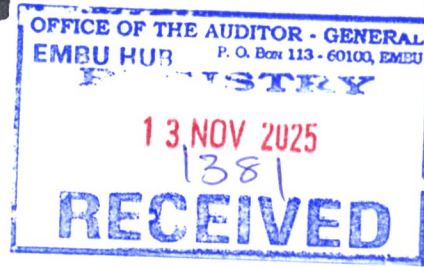
ON

MERU YOUTH SERVICE BOARD

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

PAPERS LAID	
DATE	27/11/25
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Ms Nabalayo

Revised 30th June 2025



COUNTY GOVERNMENT OF MERU

MERU YOUTH SERVICE BOARD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

MYSB	Meru Youth Service Board
CGM	County Government of Meru
BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

The Meru Youth Service Board is established by and derives its authority and accountability from The *Meru County Youth Service Act, 2018* enacted on 22nd June 2018. The Fund is wholly owned by the County Government of Meru and is domiciled in Kenya.

The Board's mandate is to effectuate Articles 55 of CoK, 2010 by reducing youth poverty, apathy and helplessness.

b) Principal Activities

- To inculcate a culture of self-worth and dignity, hard work, diligence, self-reliance and entrepreneurship among the youth.
- Reduce youth poverty, unemployment, and helplessness.
- Promote participation of the youth in development programs including agriculture, health, forestry, urban development, and environmental rehabilitation.
- Provide for the maintenance of a database of all trained Meru Youth.
- Provide necessary training to facilitate increased employment of the youth in the county government and county government projects.
- To ensure participation of the youth in youth empowerment Programs.
- Provide for coordination and collaboration with other government agencies and to support implementation of national policies on youth in the county.
- To facilitate employment of the youth in the private sector.
- Inform and educate the residents in Meru County on the need to empower the youth and the harmful economic and social consequences of their alienation.
- Facilitate and enhance community participation in youth related Matters.
- To conduct research and implement effective measures to empower the youth in the county.
- To provide awards, scholarships and prizes to deserving youth.
- To provide a mechanism for addressing unique youth needs; and to give effect to the constitutional values and principles in so far as affirmative action for the youth is concerned.

- To provide a mechanism for addressing unique youth needs; and to give effect to the constitutional values and principles in so far as affirmative action for the youth is concerned.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Dr Paul Bundi Karau	Chairman of the Board
2	CPA Edwin Murangiri Mutuma	Chief Executive Officer
3	Benjamin Mungania	County Executive Committee Member
4	Akwalu Victor Mugambi	Chief Officer Youth
5	Kaaria Joyce Kagwiria	Chief Officer Education
	Charles Mwenda	Chief Officer Finance
	Hildah Kathure	Board Member
	Muriuki Muriungi	Board Member
	Esther Kawira	Board Member
	Humphrey Ringera	Board Member
	Fr. Dr. Elias Kinot	Board Member

d) Key Management team

Ref	Name	Position
1	CPA Edwin Mutuma Murangiri	Fund Manager/ Administrator
2	Rose Kirema	Fund Accountant
3	Eric Mbaya	Procurement Officer

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate of Internal Audit	Crispus Mutoni

f) Registered Offices

P.O. Box 120-60200
Meru Youth Service Head Office
Consolidated Bank Building
Meru, KENYA

Key Entity and Management (Continued)

g) Fund Contacts

E-mail: ceomys@meru.go.ke

Website: meru.go.ke

h) Fund Bankers

1. Family Bank, Meru Branch

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya


k) County Attorney




The County Attorney



County headquarters




Meru



3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Hon Elias Murega Julias</p> 	<p>County Executive Committee Member (CECM) For Youth Affairs, Sports, Gender and Social Development.</p> <p>Hon (Rtd)Elias Murega Julius is the current CECM for Youth affairs, Sports, Gender, and Social Development in Meru County. He is a seasoned leader with wealth of experience in governance, leadership and community development. Having a strong academic background, he holds master’s degree in project planning and management from the University of Nairobi. He also possesses other undergraduate qualifications in law, nursing, commerce, public accounting, strategic leadership, monitoring and evaluation, professional mediation, and data analysis.</p> <p>Hon Murega has served as a member and chair of the Finance Subcommittee of County Assembly Service Board (CASB), MCA Municipality and Deputy Speaker of Meru County Assembly (2017-2022) Director and Board Member at Kenya National Trading Corporation (KNTC)University lecturer and Personal Assistant to Hon.Abdul Rahim Dawood, MP North Imenti Constituency.</p> <p>His commitment led to various leadership roles in Football Kenya Federation (FKF), Kenya Football Referee Association (KFRA) NYC and other Community Based Organizations.</p>
<p>2. Dr. Paul Bundi Karau</p>	<p>PhD, Human Anatomy – University of Nairobi, 2023</p> <p>MBChB, University of Nairobi (2004 – 2010)</p> <p>Medical doctor, anatomist, lecturer and an author.</p>




	<p>Senior House Officer – The University of Nairobi.</p> <p>Founder – Department of Human anatomy at KEMU school of Medicine and Health Sciences.</p> <p>Member – Meru Vision 2040 Delivery Board</p> <p>Chairman – The Meru Youth Service Board</p>
<p>3. CPA Edwin Murangiri</p> 	<p>CEO – Meru Youth Service</p> <p>Accounting Professional with over 7 years' experience in accounting and finance.</p> <p>Accountant – Kenya Methodist University 9 yrs, 10 months.</p> <p>CPA – KASNEB</p> <p>Bachelor's degree – Accounting and Finance</p>
<p>4. Kaaria Joyce Kagwiria</p> 	<p>Sos Children's Villages – Kenya Programme Director, Meru, 2014</p> <p>Sos School – Principal August 2005 To February 2014</p> <p>Master's Degree in Child Growth and Development - Kenyatta University, January 2011 – 2016</p> <p>Bachelor's Degree in Education - Kampala University, April 2006 – 2009</p>

<p>5. Akwalu Victor Mugambi</p> 	<p>Chief Officer – Youth, Sports and Social Services</p>
<p>6. Hildah Kathure</p> 	<p>Director – Kalmx Production; 2014 to date</p> <p>Master of Business Administration, Project Management - Africa Nazarene University; 2016</p> <p>Bachelor of Education, Business and Economics – University of Nairobi; 2005 to 2009</p> <p>Certified Public Accountant- Kenya (CPA-K) – KASNEB 2006-2009</p>
<p>7. Muriuki Muriungi</p>	<p>University of Nairobi, Nairobi, Kenya Master of Laws (LL.M) in Public Finance and Financial Services Law (September 2015-December 2016)</p> <p>Partner & Head of Legal Consulting</p>

	<p>KMK Africa Law Advocates.</p> <p>University of Oxford (Faculty of Law/ Saïd Business School) - Oxford, United Kingdom. Master of Science in Law and Finance (September 2017- July 2018).</p>
<p>8. Charles Mwenda</p> 	<p>Chief Officer – Finance & Economic Planning</p> <p>Qualifications.</p> <p>MBA – Finance BA – Accounts CPA(K) Member – ICPAK Chief Officer Finance, Economic planning and ICT County Government of Meru. He has a vast experience in Finance and accounting in Public Sector having worked at the County Treasury for 12 years.</p>
<p>9. Esther Kawira</p> 	<p>Studied Accountancy at KCA University Certified Public Accountant (ICPAK) CEO – Kastar Consultancy.</p>
<p>10. Humphrey Ringera</p>	<p>Bachelor’s degree in political science and government, university of Nairobi (2002 – 2006)</p>

	<p>Research associate, University of Nairobi. Master's degree – development studies, University of Nairobi (2008 – 2011) Policy Research Advisor - Meru Development Organisation.</p>
<p>11. Dr. Fr. Elias Kinoti</p>	<p>PhD, DePaul University (2015) – Chicago. Master of Arts Community Psychology (2011) Master of Science in international public service management (2010) Priest and lecturer, Meru University of Science and Technology. Policy consultant.</p>
	

4. Management Team

Name	Details of qualifications and experience
<p>1. CPA Edwin Murangiri</p> 	<p>CEO – Meru Youth Service Accounting Professional with over 7 years’ experience in accounting and finance Accountant – Kenya Methodist University 9 yrs, 10 months CPA – KASNEB Bachelor’s degree – Accounting and Finance</p>
<p>2. Rose Kirema</p> 	<p>Fund Accountant Master’s in public administration and management. B. Com, Accounting. CPA – Part 2 Senior Management Course – Kenya School of Government. Experience of 28 years</p>
<p>3. Eric Mbaya</p> 	<p>Procurement Officer Masters in procurement and supply chain management Bachelor’s in supply chain management KISM member no. 74029 Practising licence K3554/2023</p>


5. Board/Fund Chairperson's Report

The Meru Youth Service (MYS) Board is pleased to present this report for the financial year 2024/25. During this period, we were unable to make any significant strides in empowering the youth of Meru County due to lack of funding. Due to that aspect, our development programs planned for the financial year were put on hold until a time when funding will be availed.

1. Challenges Faced

- i. Limited funding hampered the implementation of planned development programs
- ii. High youth unemployment rates continue to pose a challenge, requiring more robust strategies to connect youth with sustainable job opportunities.

The Meru Youth Service has so far made significant progress in its mission to empower the youth of Meru County. Moving forward, the Board aims to expand its programs, enhance partnerships, and secure additional funding to address the remaining challenges. We are committed to ensuring the continued growth and success of Meru's youth through closer collaboration with the Meru County Executive, Legislature and non-state actors.

Name Paul B. Karau Signature  Date 31/10/2025

Chairperson of the Board/Fund



6. Report of The Fund Administrator-CEO

In the year under review, the board was on course to reduce youth poverty, apathy and helplessness as mandated by the *Meru County Youth Service Act, 2018* but was unable to execute its planned development programs due to funding cuts. My report for this period is as outlined hereunder.

1. Outputs

In the financial year ended June 30, 2025, the Meru Youth Service Board (MYSB) achieved the following outputs:

- Community Service Projects: Through collaboration with Community Road Empowerment (CORE) engaged 35 youths in rehabilitation of access roads within Majengo, Mjini and Gitimbine by use of Japanese Do Nou Technology.
- Follow-Ups and documentation of success stories: The Meru Youth Service undertook to conduct a follow up exercise on the 2023-24 MYS cohort to establish the impact of the training on their lives.

2. Outcomes

The immediate and short-term effects of the programs were visible through the following outcomes:

- Enhanced Employability and Job Creation: 95% of graduates from vocational training were employed within six months.
- Social and Civic Engagement: Increased youth participation in local issues, emerging issues affecting the youth like mental health and governance.

3. Impacts

The long-term impacts of the MYS initiatives are being felt in the socio-economic and civic environment of Meru County:

- Reduction in Youth Unemployment: Unemployment rate among MYS beneficiaries decreased significantly
- Youth Empowerment and Leadership: Increased participation in youth led issues and governance.
- Community Development: Improved infrastructure through Do Nou Road technology and local economies.

5. Value for Money Achievements

MYSB ensured efficient use of resources, achieving maximum impact:

- Cost-Effective Program Delivery: Reduced operational costs by larger through local partnerships.
- High Return on Investment: Economic return through the involvement of past trainees in rehabilitation of feeder roads under a wage by Community Road Empowerment (CORE).
- Increased Efficiency: Streamlined project processes led to faster completion.

7. Key Risk Management Strategies

MYSB identified risks and implemented mitigation strategies:

- Financial Risk: Secured alternative partnership modules and conducted regular audits.

- Operational Risk: Monitored project timelines closely with risk management frameworks.
- Sustainability Risk: Introduced follow-up programs to ensure long-term success of initiatives.

The outcomes and impacts achieved underline the importance of continued investment in youth programs. MYS remains committed to empowering Meru's youth and contributing to the socio-economic development of the county through targeted, sustainable, and value-driven initiatives.

Name MURANGI EDWIN Signature  Date 31/10/2025



CEO – Meru Youth Service Board

7. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

The key development objectives of the Fund are to:

- a) *Provide training and skills to vulnerable and underserved youth.*
- b) *Reduce youth poverty, apathy and helplessness.*

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Youth Empowerment (Advocacy, Awareness, Leadership, and involvement of youths in decision making)	To raise awareness of mental health issues among young people and train mental health advocates	Nil	-	Nil
MYS intake 2023 (Skill Development)	To ensure youths are trained, skilled and put in me	Nil	-	Nil
Ng’arisha Mtaa	To conserve environment, engage youths in gainful green jobs and improve biodiversity	Nil	-	Nil

8. Corporate Governance Statement

The Board operates under the supervision of the executive member and it's a body corporate with perpetual succession.

The Board has held seven meetings in the FY 2023/24 and there was a 100% attendance.

The Board comprises of the following;

- i. Chairperson of the board is appointed by the governor and approved by the county assembly,
- ii. the Chief officers for youth,
- iii. Chief Officer finance, and
- iv. Chief Officer education with the approval of the county assembly,
- v. Two youth members competitively appointed by the executive member with the approval by the county assembly and who possesses the necessary qualifications and expertise in financial management or accounting and is a member of a professional body.

The Board is mandated to formulate policy issues to guide the operations of the Meru Youth Service board.

The quorum for the conduct of business of the Board is half of the members, and unless a unanimous decision is reached, decisions are by a majority vote of the members present, and in the case of an equality of votes, the chairperson or the person presiding has a casting vote.

Currently, the board is in a process of developing a charter for the board of trustee.

A member of the board – at any time may resign from office by issuing a notice in writing to the chairperson of the board, or be removed from office by the executive member on recommendation of the board for;

- i. serious violation of the constitution or any other written law,
- ii. gross misconduct- whether in performance of the functions of the office or otherwise physical or mental incapacity to perform the functions of the office or incompetence,
- iii. or bankruptcy.

The term of office for appointed Board members lasts three years and are eligible for re-appointment once.

Members of the Board, other than ex-officio members, ought to be appointed in such a manner that the respective expiry dates of their terms of office fall at different times.

The CEO is an ex-officio member and secretary to the board. The Secretary is, subject to the direction of the Board, responsible for the day-to-day management of the Service. The CEO holds office for a period of three years, on such terms and conditions of employment as the Board may determine and is eligible for re-appointment.

If a member is directly or indirectly interested in any matter before the Board and is present at the meeting of the Board at which the matter is a subject of consideration, he or she obliges, at the

meeting and as soon as practicable after the commencement, disclosing that fact and is excluded at the meeting at which the matter is being considered to avoid conflict of interest.

Also, the board may regulate its own procedure.

Currently the board is guided by the Mwongozo Code which provides policy for operational of all boards in public service.

9. Management Discussion and Analysis

The Board's key projects and investments are.

1. Youth Empowerment (Advocacy, Awareness, Leadership, and involvement of youths in decision making)
2. MYS intake (Skill Development)
3. Ng'arisha Mtaa

Major risks facing the board are.

1. Financial challenges and delayed none - disbursement of funds therefore affecting efficient service delivery.
2. Lack of enough infrastructures.
3. Understaffing

The *Meru County Youth Service Act, 2018* is our Statutory Instrument and its statutes have been fully complied with in the way the board carries out its businesses.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile -

Our agency's main sustainability strategy is the *Meru County Youth Service Act, 2018* that give s life to MYS and ensures its permanence by law. By putting effort in youth empowerment, the society can progress to prosperous ends. The future of any society, nation and community is pegged on its youth. Youth has so much energy and if the government does not find a way to use that energy it shall be destroyed by that energy.

ii). Environmental performance

The Meru Youth Service is committed to protecting the local and global environment of the earth. To minimize environmental impacts concerning our activities, products and services we;

- Comply with applicable legal requirements and other requirements which relate to our environmental aspects.
- Include the consideration of environmental issues in all our business strategies and initiatives.
- Prevent pollution, reduce waste, and minimize the consumption of resources.
- Consider the wider global impact of all our activities including those of our supplier customers and other stakeholders.
- Educate, train, and motivate employees to carry out tasks in an environmentally responsible manner and ensure that a continuous professional development strategy remains core to our business goals.
- Encourage environmental protection among suppliers and sub-contractors.
- Encourage and enhance biodiversity and ecology.

iii) Employee welfare

The Meru youth Service believes that hiring qualified personnel to fill positions in the different departments contributes to our overall success. Each employee therefore is hired with the objective of making a significant contribution to the service. In hiring the most qualified candidates for the positions, gender ratios and stakeholder engagements are keenly observed as per our hiring policy. The staffs have undergone meetings tailored to their expertise at the Kenya

School of government. The MYSB is in complies with Occupational Safety and Health Act of 2007, (OSHA.)

iv) Marketplace Practices

The organisation makes every effort to adopt the best world class practices in running the Board affairs.

a) Responsible competition practice.

Advocacy

We serve the public interest by acting as responsible advocates for those we represent. We provide a voice in the market place of ideas, facts and viewpoints to aid in formed public debate.

Honesty

We adhere to the highest standards of accuracy and truth in advancing the interests of those we represent and in communicating with the public.

Expertise

We acquire and responsibly use specialize knowledge and experience. We advance professionalism through continued professional development, research and education. We build mutual understanding, credibility and relationships among a wide array of institutions and audiences.

Independence

We provide objective counsel to those we represent. We are accountable for our actions.

Loyalty

We are faithful to those that we represent, while honouring our obligation to serve the public interest.

Fairness

We deal fairly with clients, employers, competitors, the media and the general public. We respect all opinions and support the right of free expression.

v) **Corporate Social Responsibility / Community Engagements**

- In Partnership with CORE The MYS engaged in Community Service Projects: Through collaboration with Community Road Empowerment (CORE) the MYS participated in rehabilitation of access roads within Majengo, Mjini and Gitimbine by use of Japanese Do Nou Technology.

11. Report of The Trustees

The Board submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities.

The principal activities of the Fund are:

- (a) Registration of all youth who are seeking to be trained and engaged to perform services by the Board.
- (b) To receive, review and approve admission of applicants to the Service from all the wards and Sub-counties in Meru County.
- (c) To receive and hear appeals from decisions made during the recruitment exercise.
- (d) Carry out public education on youth related matters in the county directly and in collaboration with other public or private bodies and institutions.
- (e) Facilitate citizen participation in matters related to youth in accordance to the framework for citizen participation established under the County Governments Act, the Urban Areas and Cities Act or any other relevant written law.
- (f) Assist in employment and placement of youth in formal, informal or any other form of employment, locally and internationally.
- (g) Facilitate, through continuous training and other activities of education of youth on possible improvement of their employment chances and work skills.
- (h) Advise the county government on any policy matter touching on affirmative action for the youth;
- (i) Facilitate the implementation of national government policies and county government policies on affirmative action measures for the youth.
- (j) Carry out research directly or in collaboration with other institutions and serve as the repository of data and statistics related to youth in the county.
- (k) Advise the Executive Member generally on the exercise of his powers and performance of his functions under this Act, and in particular on county policy and laws to be adopted in regard to the youth;

Results

The results of the Fund for the year ended June 30, 2025, are set out on page 1

Trustees

The members of the Board who served during the year are shown on page vii - xi

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board.



.....
Chair of the Board/Fund Administration Committee

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

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Meru County Youth Service Act of 2018 shall prepare financial statements for the MYS Board in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Chief Executive Officer of the Meru Youth Service Board is responsible for the preparation and presentation of the Board's financial statements, which gives a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Board; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer of the MYS Board accepts responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The *Meru County Youth Service Act of 2018*. The Chief Executive Officer of the MYS Board is of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2023, and of the Board's financial position as at that date.

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

In preparing the financial statements, the Chief Executive Officer of the MYS Board has assessed the Board's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Chief Executive Officer to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 31/10/ 2025 and signed on its behalf by:


.....

CPA Edwin Mutuma Murangiri

CEO – MYSB and Administrator of the County Public Fund

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON MERU YOUTH SERVICE BOARD FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Meru Youth Service Board set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Meru Youth Service Board 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) and comply with the Meru County Youth Service Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Incorrect Comparative Balance

The statement of financial performance reflects comparative total expenses amount of Kshs.47,570,298 which includes amortization expense comparative amount of Kshs.1,746,389 which is at variance with Kshs.1,260,978 reflected in the prior year audited financial statements. This results in unreconciled variance of Kshs.485,411.

In the circumstances, the accuracy of amortization expense comparative amount of Kshs.1,746,389 could not be confirmed.

2. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.6,867,761 as disclosed in Note 13 to the financial statements. However, the balance was not supported by ageing analysis as required by the Public Sector Accounting Standards Board financial reporting template.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.6,867,761 could not be confirmed.

3. Long Outstanding Receivables

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.5,961,237 being transfer from Meru County Government as disclosed in Note 11 to the financial statements. This balance includes Kshs.3,161,237 which has been outstanding since the financial year 2023/2024. Further, the balance was not reflected in the financial statements of the County Executive.

In the circumstances, the accuracy and recoverability of the balance of Kshs.3,161,237 by the Board could not be confirmed.

4. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 12 to the financial statements reflects a balance of Kshs.1,854,565 for property, plant and equipment. However, the asset register provided for audit did not have values attached to the assets. Further, Management did not provide a valuation report therefore, the basis of the value was in doubt.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.1,854,565 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. 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 report in the year under review.

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.12,800,000 and Kshs.9,999,992 respectively, resulting in under - funding of Kshs.2,800,000 or 22% of the budget. Similarly, the Fund spent Kshs.9,986,895 out of the actual collections of Kshs.9,999,992 leading to under - absorption of Kshs.13,097.

This under - funding affected the implementation of planned activities and may have impacted negatively on service delivery to the public.

Further, review of the Meru County Annual Development Plan (ADP) revealed that the County Government planned to empower and skill the youths, identify talents and conserve the environment and biodiversity through Meru Youth Service Board at a cost of Kshs.40,000,000. However, the Meru Youth Service Board was allocated a nil budget for these projects by the County Government.

In the circumstances, the authenticity of the annual development plan and the annual budgets could not be confirmed.

My Opinion is not modified in respect of this matter.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Meru Youth Service Board in 2024/2025 revealed that the following matters remained unresolved as detailed in Appendix I.

Other Information

The Management is responsible for the Other Information set out on page i to xxv which comprise of Key Entity Information and Management, Report of the Board Committee Chairperson, Report of the Board Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Chairman's Statement, Report of the Chief Executive Officer, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Youth Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Payables

The statement of financial position and as disclosed in Note 13 to the financial statements reflects payables balance of Kshs.6,867,761. However, included in the balance are trade payables balance of Kshs.4,732,028 which had been outstanding for more than two (2) years. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in approved budget estimates.

In the circumstances, the Fund risks losing funds through litigations, interests and penalties and Management was in breach of the law.

2. Lack of an Approved Staff Establishment

Review of the County staff list provided for audit revealed that the Board had a total of ten (10) employees on permanent and pensionable terms and four (4) employees on contract terms. However, the Board did not have an approved staff establishment contrary to Section B 5(2) and B 6(3) of the County Public Service Human Resource Manual, 2013 which requires that all vacancies shall be declared in a prescribed format which shall include the number of vacancies, when the vacancy occurred, whether the vacancy is within the authorized establishment and other relevant details and that in the recruitment process, due consideration will be given to appropriate organizational structure in each department, optimal staffing levels and schemes of service and career progression guidelines.

In the circumstances, Management was in breach of the County Public Service Human Resource Manual of 2013.

3. Staff on Secondment Beyond Six Months

Review of records revealed that Nine (9) employees who had been seconded by Meru County Executive includes three (3) staff seconded to Meru Youth Service Board. They have served for more than five (5) years without review or proper authorization and renewal of their secondment. Additionally, their salaries and allowances continue to be paid by the Meru County Executive instead of Meru Youth Service Board where they are deployed, resulting in irregular and unsustainable expenditure to the County Government.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Unconfirmed Name of the Board

The header of every page in the financial statements shows the name of the Board as 'Meru Youth Services Board' which agrees with Section 6(1) of The Meru County Youth Service Act, 2018 which states that 'There is hereby established in the County the Meru Youth Service Board'. However, the naming of an institution should incorporate the name of its legislation in this case Meru County Youth Service Board.

Failure to confirm the correct name of the Board may lead to litigations.

2. Failure to Tag All Fixed and Movable Assets

As previously reported, Regulation 136 of the Public Finance Management Regulations, 2015 specifically mandates that County Governments entities 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 and safe custody of assets could not be confirmed.

3. Non - Functional Board

During the year under review, the Board of Management that was supposed to direct the Board in achieving its strategic objectives was not constituted did not hold any single Board meeting. This is contrary to Section 9(2) of the Meru Youth Service Board Act of 2018 which states that the Members of the Board other than Ex-official Member shall serve on part time basis and shall meet at least quarterly every year.

In the circumstances, the Board will not achieve its strategic objectives.

4. Lack of Risk Management Policy Framework

During the year under review, the Board operated without a documented risk management policy framework contrary to the requirements of Treasury Circular No.3/2009 of 23 February, 2009 which requires all heads of public institutions to develop and implement a risk management frame work as a fundamental step towards establishing an accountable and innovative public service. In addition, there was no effective reporting system that includes hotlines, report centers and whistle blower policy.

In the circumstances, the controls on effectiveness of internal controls, risk management and governance could not be confirmed.

5. Weak in Information Communication Technology (ICT) Controls

Assessment of the ICT environment across the board revealed multiple critical weaknesses indicating inadequate ICT governance, data protection, and systems control. The board has not put in place any electronic systems to help in storage and management of financial and accounting records. The following shortcomings were also observed:

- i. Lack of an approved ICT Policy. There was no formally approved ICT policy to guide the development, deployment, use, and management of ICT resources within the entity.
- ii. Staff use personal email addresses for official communication, which undermines data security and organizational accountability.
- iii. The entity lacks a documented data protection policy to ensure that the collection, handling, storage, and sharing of data comply with legal and regulatory data protection requirements.
- iv. There is no centralized and updated ICT asset register to track, manage, or safeguard ICT infrastructure and equipment.
- v. There are no formalized data backup processes, exposing the entity to the risk of data loss in the event of system failure, cyberattack, or accidental deletion.

In the circumstances, the efficiency in the use of IT within the Training Centre 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 the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

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

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

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

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

The Board of Management is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


07 November, 2025

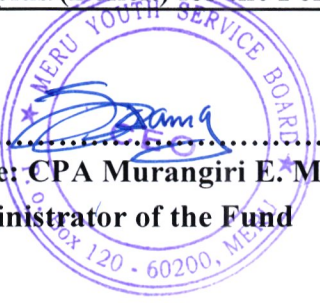
Appendix - Unresolved Prior Year Matters

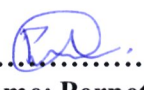
	Financial Year	Audit Issue
1	2023/2024	Unsupported Payment to Kenya Institute of Supplies Management
2	2023/2024	Doubtful Expenditure
3	2023/2024	Long Outstanding Payables
4	2023/2024	Irregular Procurement Process
5	2023/2024	Staff on Secondment Beyond Six Months
6	2023/2024	Failure to Tag All Fixed and Movable Assets

14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	12,799,992	45,000,000
		12,799,992	45,000,000
Revenue From Exchange Transactions			
Interest Income		-	-
Other Income		-	-
		-	-
Total Revenue		12,799,992	45,000,000
Expenses			
Employee Costs	7	1,512,209	1,593,826
Use of goods and services	8	11,095,021	44,715,493
Depreciation and Amortization Expense	9	836,854	1,746,389
Finance Costs		0	
Total Expenses		13,444,084	47,570,298
Other Gains/Losses			
Gain/Loss on Disposal of Assets		0	0
Gain /Loss on fair value of investments		0	0
Surplus/(Deficit) for the Period		-644,091	-2,570,298


 Name: CPA Murangiri E. Mutuma
 Administrator of the Fund




 Name: Perpetual Gatwiri Kinoti
 Fund Accountant
 ICPAK Member Number:21574

15. Statement of Financial Position As at 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	10	10,204	21,297
Current Portion of Long- Term Receivables from Non-Exchange Transactions	11	5,961,237.00	3,161,237
Total current assets		5,971,441	3,182,534
Non-Current Assets			
Property, Plant and Equipment	12	1,854,565	2,745,480
Total non- current assets			
Total Assets (A)		7,826,006	5,928,014
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	13	6,867,761	4,732,028
Total current liabilities		6,867,761	4,732,028
Non-Current Liabilities			
Total Liabilities (B)		6,867,761	4,732,028
Net Assets (A-B)		958,245	1,195,986
Represented By:			
Accumulated Surplus		958,245	1,602,336
Net Assets		958,245	1,602,336

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31/10/2025 and signed by:

.....
 Name: CPA Murangiri E. Mutuma
 Administrator of the Fund

.....
 Name: Perpetual Gatwiri Kinoti
 Fund Accountant
 ICPAK Member Number: 21574

16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolvin g Fund	Revaluatio n	Accumulated surplus	Total
		Reserve		
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	7,565,339.00	7,565,339.00
Surplus/(Deficit) For the Period	-	-	-6,699,268.00	-6,699,268.00
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	-	-	866,071	866,071
Balance As At 1 July 2022	-	-	866,071	866,071
Surplus/(Deficit) For the Period		-	3,306,563	3,306,563
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	4,172,634	4,172,634
Balance As At 1st July 2023				
Surplus/(Deficit) For the Period			-2,570,298	-2,570,298
Funds Received During the Year	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30th June 2024			1,602,336	1,602,336
Balance As At 1st July 2024				
Surplus/(Deficit) For the Period			-644,091	-644,091
Funds Received During the Year				
Transfers				
Revaluation Gain				
Balance As At 30th June 2025			958,245	958,245

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government		9,999,992	44,884,707
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		9,999,992	44,884,707
Payments			
Employee cost		1,418,910	1,593,826
Use of goods and Services		8,567,985	45,769,363
Finance cost		-	-
Total payments		9,986,895	47,363,189
Net cash flows from operating activities		13,097	-2,478,482
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(25,000.00)	-394,920
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		(25,000)	(394,920)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		-11,093	-2,873,402
Cash and cash equivalents at 1 July	17	21,297	2,894,700
Cash and cash equivalents at 30 June	17	10,204	21,297

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	10,000,000	2,800,000	12,800,000	9,999,992	2,800,008	78%
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	10,000,000	2,800,000	12,800,000	9,999,992	2,800,008	78%
Expenses						
Fund Administration Expenses	1,600,000	100,000	1,600,000	1,418,910	181,090	89%
Use of goods and Services	8,300,000.00	2,700,000	11,100,000	8,567,985	2,532,015	77%
Acquisition of assets	100,000		100,000	25,000	-	
Total Expenditure	12,800,000	2,800,000	12,800,000	9,986,895	2,813,105	78%
Surplus For the Period	-	-	-	13,097		

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Meru Youth Service Board is established by and derives its authority and accountability from Meru Youth Service Act 2018. The entity is wholly owned by the County Government of Meru and is domiciled in Kenya. The entity's principal activity is youth Empowerment.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement.

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	<p>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 1st 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"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st 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>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st 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>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st 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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st 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> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration 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. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

(i). Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2023

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.

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 25th may 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.

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.

Summary of Significant Accounting Policies (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in 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.

Depreciation of Assets

Computers

Depreciation policy - we used straight – line method over the useful life of the Asset.

Depreciation expenses is calculated on pro- rata basis apportioned on monthly form the year of acquisition. Useful life of computers is set at 3 years meaning the depreciation rate is 33.34%.

Furniture and fittings

Depreciation policy - we used straight – line method over the useful life of the Asset.

Depreciation expenses is calculated on pro- rata basis apportioned on monthly form the year of acquisition. Useful life of computers is set at 5 years meaning the depreciation rate is 20%.

a) 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.

b) 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. 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.

Summary of Significant Accounting Policies (Continued)

c) 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. (amend as appropriate).* 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.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised 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.

Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) 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.

j) 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.

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l) 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.

m) 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 directors, the CEO and senior managers.

n) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

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

Summary of Significant Accounting Policies (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 e.g.

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Notes To the Financial Statements Continued

6. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	12,799,992	45,000,000
Total	12,799,992	45,000,000

7. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries And Wages	1,512,209	1,593,826.05
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	1,512,209	1,593,826.06

8. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Domestic Travel & Subsistence	5,197,261	10,286,642
Training Expenses		2,941,609
Boards, Committees, Conference & Seminars	2,302,197	2,022,323
Bank Charges	55	1,446
Electricity And Water Expenses	54,064	40,963
Fuel And Oil Costs	350,000	458,000
Hospitality Supplies and Services	750,00	2,550,000
Postage And Courier	-	-
Offie General Supplies & Services	894,850	1,057,600
Rental Costs	-	-
Other Operating Expenses	62,941	2,126,500
Telephone And Communication Expenses	306,516	488,759
Routine Maintenance of other assets	1,353,108	1,051,110
Routine maintenance of motor Vehicles	574,029	281,103
Supplies and accessories for computers and printers	-	48,765

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Twende Kazi Program	-	13,271,907
Youth in Agriculture (Kibuline & Igoji Farms)	-	3,511,100
Youth Empowerment Programs (Skills Development & Training)	-	4,535,575
Talent Development Program		-
Total	11,095,021	44,715,494

9. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024	
	Kshs.	Kshs.	
Property Plant and Equipment	836,854	1,746,389	
Intangible Assets	-	-	
Total	836,854	1,746,389	

10. Cash and cash equivalents

1. Cash and cash equivalents

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Current Account	10,204	21,297
Total Cash And Cash Equivalents	10,204	21,297

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	30 th June 2025	30 th June 2024
		Kshs	Kshs
a) Current Account			
Family Bank of Kenya		10,204	21,297.33
Sub- Total		10,204	21,297.33
b) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		10,204	21,297.33

11. Receivables from exchange transactions

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Transfer from Meru County Government	5,961,237	3,161,236.55
Total Receivables from Exchange Transactions	5,961,237	3,161,236.55

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12. Property, plant, and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021	-	-	725,122.00	717,690.00	1,442,812.00
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	725,122.00	717,690.00	1,442,812.00
At 1st July 2022			725,122.00	717,690.00	1,442,812.00
Additions	-	-	1,351,832.00	1,940,948.00	3,292,780.00
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	2,076,954.00	2,658,638.00	3,292,780.00
Depreciation And Impairment					
At 1st July 2021	-	-	72,512.00	119,615.00	192,127.00
Depreciation	-	-	145,024.00	239,230.00	384,254.00
Impairment	-	-	-	-	-
At 30th June 2022	-	-	217,536.00	358,845.00	576,381.00
At 1st July 2022			217,536.00	358,845.00	576,381.00
Depreciation	-	-	145,024.00	402,648.68	547,672.68
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	362,560.00	761,493.68	1,124,053.68

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At 1st July 2023					
Additions			801,270	167,069.00	968,339
Depreciation			471,857.38	1,274,531.66	1,746,389.05
Disposals					
Impairment					
Transfer/Adjustment					
At 30th June 2024	-	-	2,043,806.62	622,612.66	2,666,419.27
At 1st July 2024					
Additions			25,000.00		25,000
Depreciation			610,900.00	225,953	836,853.75
Disposals					
Impairme					
Transfer/Adjustment					
At 30th June 2024	-	-	2,043,806.62	622,612.66	2,666,419.27
At 30th june 2025	-	-	1,432,906.62	396,659.66	1,854,565.32

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13. Trade and other payables from exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
Trade Payables	6,867,761		5,243,405	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	6,867,761		5,243,405	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

14. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund 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. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transfers From Related Parties'	9,999,992	44,884,707
Transfers To Related Parties	9,999,992	44,884,707

15. Financial risk management

The Fund’s activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund’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 Fund 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 Fund’s financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund 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:

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 trustees sets the Fund’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
-------------	-------------------	--------------------	---------------	-------

c) Market risk

The board 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 Fund'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.

i. 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 carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance 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.

ii. 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 Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund'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.

Sensitivity analysis

The Fund 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 of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

d) Capital risk management.

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

16. Events after the reporting period

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

17. Ultimate and Holding Entity

The entity is a County Public Fund established by Meru Youth Service Act 201 under the Ministry of youth . Its ultimate parent is the County Government of Meru.

18. Currency

The financial statements are presented in Kenya Shillings (Kshs)

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

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

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)
1.1	Variance between the statement of financial position and statement of budget and actual amounts	Statement of financial position was prepared on accrual basis while statement of budget and actual was prepared on cash basis	Resolved	May 2024
1.2	Overstated use of goods and services		Resolved	May 2023
1.3	Unsupported trade payable		Resolved	May 2023
2.0	Inaccuracy of receivable from Non-Exchange Transaction			
3.0	Unsupported Trade & Other Payables from Exchange Transaction			
4.0	Inaccuracy of Net Assets			
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1	Lack of approved budget	The board is in process of preparing staff establishment	Resolved	
2	Irregular Renovations at		Not Resolved	

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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)
	Igoji Centre			
3	Exceeding Annual Procurement Plan Thresholds and use of Inappropriate Procurement Plan		Not Resolved	
4	Failure to Develop and Approve Board Charter		Resolved	
5	Lack of approved strategic plan		Resolved	
6	Lack of approved staff establishment		Not Resolved	
7	Non Compliance with Ethnic Diversity		Not Resolved	
8	Irregularities in Management of Temporary Imprest		Resolved	
8.1	Irregularities in Management of Temporary Imprest		Resolved	
8.2	Delay in Surrender of Imprest		Resolved	
8.3	Irregular Cash Procurement of		Resolved	

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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)
	Services			
8.4	Duplicate Expenditure		Not Resolved	Dec 2022
9	Lack of Policy on Management of Standing Imprest		Not resolved	Dec 2024
10	Lack of Internal Auditor		Not Resolved	December 2024
11	Lack of Audit Committee		Not Resolved	
12	Unresolved Prior Year Audit Issues		Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (enter title of head of Fund)

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

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Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Fund]
[Insert Address]

The Meru Youth Service wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Meru Youth Service as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
		9,999,992			9,999,992	9,999,992	
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name Rose Karimu Kigenya Sign [Signature] Date 31/10/2025

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments