The purpose of this study is to investigate and establish the effectiveness of Local Authorities Transfer Fund in Kenya. This study was guided by five objectives. To find out services which were offered by Murang’a Municipal Council before the introduction of LATF, and the one which are now offered; to examine whether there has been improvement in service delivery to citizens; to find out whether there is improvement in budgeting after the introduction of LATF; to find out whether regular internal audit is carried out in Murang’a Municipality; and finally to determine whether proper planning is carried out and examine whether citizens are involved in the planning process. The study adopted a descriptive survey method. The study was conducted in Murang’a Municipality. The study had 56 respondents; 48 municipal employees; and 8 councillors. The study instruments used were employees’ questionnaires; top management questionnaire and councilors’ questionnaire. Data collected was analyzed using descriptive statistics with the help of the Statistical Package for Social Sciences (SPSS). The study revealed that more services have been introduced, quality of service delivery has improved, and budgeting has improved since the introduction of LATF. The study concludes that LATF has been effective. The study recommends that more funds should be allocated to the LAs through LATF, and councils should avail its financial records for public scrutiny.