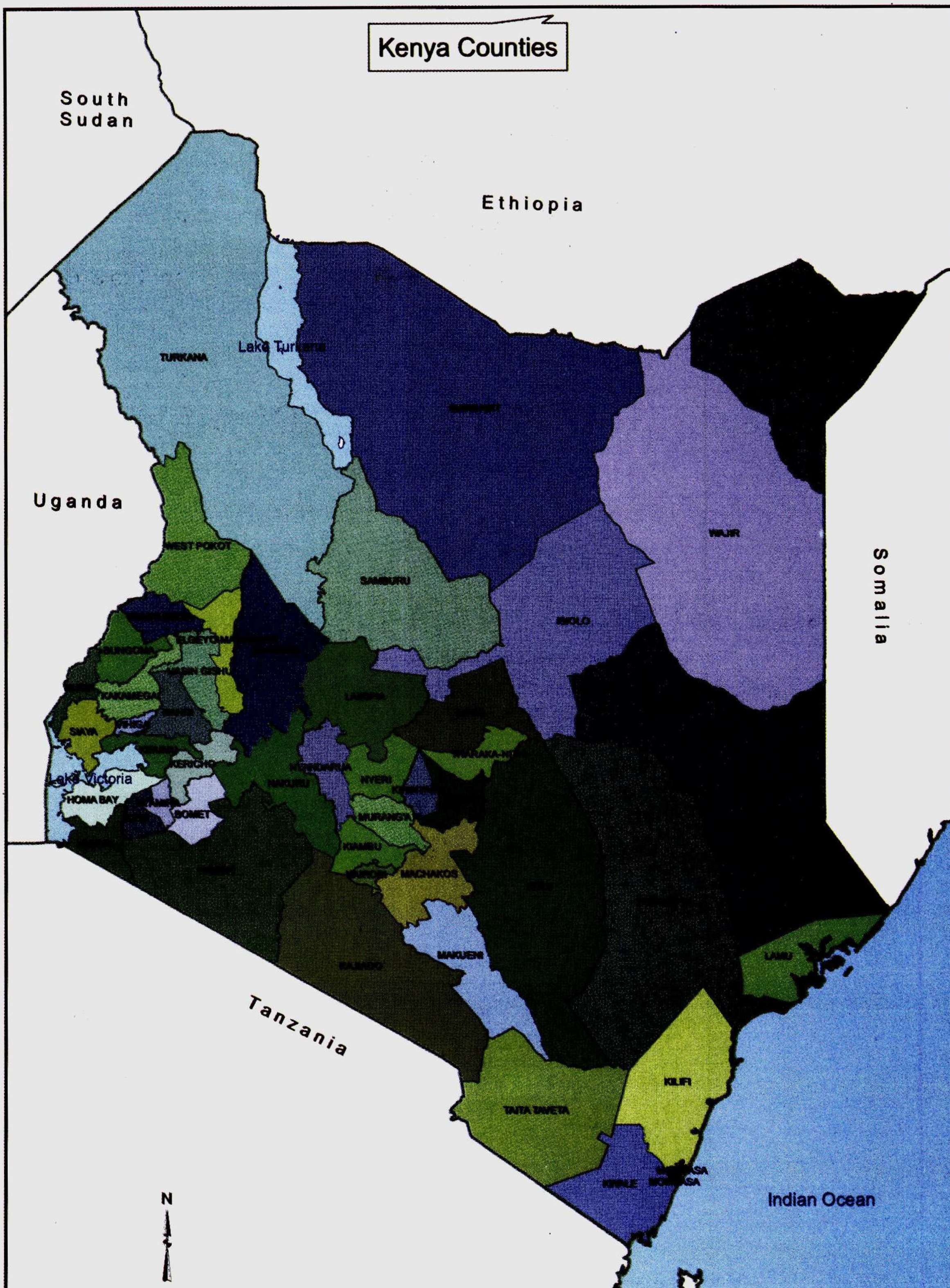
REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

COUNTY BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER
FY 2013/2014

NOVEMBER, 2013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KAKAMEGA
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FOREWORD

This report gives a synopsis of the status of budget implementation and assesses the performance of the County Governments in the management of public resources for the first quarter of the financial year 2013/2014. The report is prepared pursuant to Article 228(6) of the Constitution that mandates the Controller of Budget to submit to each house of Parliament a report on the implementation of budgets of both the National and County Governments. Reporting on budget implementation creates awareness among stakeholders and enables them to identify and review existing policy. Further, this in-year reporting function is part of government's efforts to promote budget openness, transparency and credibility as key components of our public financial management reforms.

The Office of the Controller of Budget (OCOB) established County offices in each of the 47 Counties in line with the principle of devolution to enable County Governments discharge their services effectively. This report is a careful analysis of budget implementation by the Counties for the period July to September 2013. In the report, we have compared the implementation of the budgets against the County Appropriation laws that are in force, highlighted the revenues and expenditures of the Counties and assessed their performance. It is expected that this report will enable the County Governments build on the milestones achieved by initiating corrective mechanisms on issues highlighted and forge ahead to realize the devolution aspirations notwithstanding the anticipated challenges and impediments.

High on the agenda of the OCOB in improving budget implementation is to ensure withdrawals from public funds are done according to the Law. The rationales for budget monitoring are to strengthen oversight; to identify challenges in service delivery; and to generate information to appraise public budgetary debates. This office will work with the County Governments and other government agencies to ensure sound public financial management systems.

This is an exciting but challenging time for the country as we strive to realize the benefits of a devolved system of governance. The OCOB therefore looks forward to continued collaborations with the County Governments as they move forward and urge the public to participate in the budgetary process and give feedback in order to continuously improve budget execution at the County Governments.

Anodhiambo

Mrs Agnes N. Odhiambo
Controller of Budget

TABLE OF CONTENTS

LIST OF FIGURES AND TABLES

List of Figures

List of Tables

EXECUTIVE SUMMARY

The country embarked on reforming public financial management systems over the last decade by reorganizing functions and creating new agencies with mandates focusing on various aspects of public finance. It is against this backdrop that the Constitution of Kenya, 2010 established the Office of Controller of Budget to oversee the implementation of the budgets of both National and County Governments and report on budget implementation every four months.

The oversight and reporting roles are fundamental in the strategy of the Office of the Controller of Budget and forms the basis under which this report has been prepared. The report analyses the context within which County Government budgets were formulated, approved and executed and whether they were in compliance with the principles and statutory provisions of public financial management. The report also highlights key issues and challenges and makes recommendations on improving budget implementation for the remaining period of the 2013/2014 financial year.

In the period under review, County Governments submitted their budgets to the Office of the Controller of Budget in compliance with the requirements of the Public Financial Management Act, 2012. These budgets were reviewed in July, 2013 and it was established that while some Counties had well formulated and balanced budgets, others had deficits, unrealistic revenue estimates, or allocations to unauthorised items. In the first meeting of the Intergovernmental Budget and Economic Council (IBEC) held on 12th August, 2013 at the Kenya School of Government, it was resolved that Counties revise their budgets to ensure that the budget deficits and unauthorised items are removed. Further, at a meeting held on 11th September, 2013 at the Hilton Hotel, attended by all County Executive Members for Finance and Speakers of the County Assemblies, it was agreed that these revisions were to be done by 30th September, 2013.

In the Financial Year 2013/2014, the cumulative budget estimates for the 47 County Governments amounted to Kshs. 277.4 billion. This amount consists of Kshs. 67.4 billion as the projected local revenue and Kshs. 210 billion as national revenue grant to the Counties. The national revenue grant was broken down into sharable revenue, conditional grant to level 5 hospitals and funds for donor funded projects. The sharable revenue of Kshs. 190 billion was shared among Counties equitably according to the formula by the Commission on Revenue Allocation (CRA) while Kshs. 3.4 billion was allocated as conditional grant to the regional referral hospitals. Donor funded projects accounted for Kshs. 16.6 billion.

In the first quarter of FY 2013/2014, the cumulative revenue for all County Governments was Kshs. 40.4 billion consisting of Kshs. 32.9 billion from the national sharable revenue, Kshs. 4.4 billion as locally collected revenue and unspent balances brought forward from the previous financial year amounting to Kshs. 3.2 billion. The sharable revenue received by County Governments represents 15.7 per cent of the annual total sharable revenue that the Counties expect to receive from the National Government in the current financial year. Local revenue collected during the first quarter of FY 2013/2014 only represents 6.5 per cent of County's annual local revenue target.

The Controller of Budget approved the transfer of Kshs. 18.7 billion from the County Revenue Funds to the respective County Operation Accounts to fund the County Budgets during the period under review. Total expenditure by the County Governments during the first quarter of FY 2013/2014 amounted to Kshs. 13.3 billion. A review of the expenditure shows that Kshs. 7.1 billion was spent on personnel emoluments, Kshs. 4.9 billion on operations and maintenance, Kshs. 0.9 billion on development expenditure and Kshs. 0.09 billion on servicing of debts and pending bills.

The analysis shows that a total of Kshs. 27.1 billion of the total revenue available remained unspent in the period under review. This low uptake of funds could be attributed to the failure of most Counties to meet the conditions for the release of funds as stipulated in the Public Financial Management Act, 2012.

During the period under review, the Counties experienced a number of challenges that affected budget implementation. Firstly, there was frequent adjournment of the County Assemblies due to the agitation for higher remuneration by the members of the County Assembly which affected approval of Supplementary Budgets and Finance Bills for respective Counties. Secondly, the delay in the enactment of the County Allocation of Revenue Act, 2013 affected the disbursement of the national shareable revenue to the Counties. Thirdly, the payroll data for the devolved functions was not shared by the National Treasury to the County Treasuries thereby affecting budget preparation. Lastly, weak internal control mechanisms led to Counties collecting revenues below their set targets.

The Office recommends that with the assistance of the National Treasury, counties should proactively ensure full implementation of IFMIS and G-pay Systems, put in place elaborate procurement plans, and continuously build capacity on financial management for their staff. This will ensure that good financial control mechanisms are put in place and efficient service delivery to the public is achieved. Further, the County Assembly which is the legislative arm of the County Government should strive to fulfil their constitutional mandate by ensuring that all the necessary legislation are passed on time and provide oversight over the activities of the Executive.

ACRONYMS

AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CE	County Executive
CEC	County Executive Committee
CK	Constitution of Kenya
COB	Controller of Budget
COK	Constitution of Kenya, 2010
CRA	Commission on Revenue Allocation
FMS	Financial Management System
G-PAY	Government Payment System
IBEC	Intergovernmental Budget and Economic Council
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
KICOSCA	Kenya Inter Counties Sports & Cultural Association
LATF	Local Authorities Transfer Fund
MCA	Members of County Assembly
MDA	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
OCOB	Office of the Controller of Budget
PBB	Program Based Budget
PFM	Public Finance Management
PFMA	Public Finance Management Act
SRC	Salaries and Remuneration Commission
TA	Transition Authority

1.0 INTRODUCTION

Over the last decade, the country has embraced reforms in public financial management; however, budget execution has remained a major challenge. The importance of budget execution in economic growth cannot be over-emphasized since efficient utilisation of public funds has a high correlation to socio-economic development. It is against this background that there is great need to tackle the challenges related to budget execution to ensure that maximum benefits are received from public expenditures.

The Constitution of Kenya, 2010 established institutions to play oversight roles on budget execution. One of these institutions is the Office of the Controller of Budget (OCOB) established under Article 228 to oversee the implementation of budgets of both National and County Governments, authorize withdrawals from public funds and report on budget implementation every four months. The Office is a shared public institution at both National and County level of governments and its oversight mandate is wide and supports the two levels of Governments by ensuring that they operate within the principles of public finance as stipulated in Article 201. Under this Article, the Constitution calls for openness, accountability and public participation in financial matters; financial systems that promote equity in the society; equitable sharing of public resources between the present and future generations; use of public funds in a prudent and responsible way; and responsible financial management with clear financial reporting.

The Constitution of Kenya, 2010 and the Public Financial Management Act, 2012 provide an elaborate framework for the formulation of County Government budgets. The framework assigns specific functions, duties and responsibilities to institutions such as the County Executive and County Assembly, and allocates time lines within which they should execute the tasks. The tasks that go into the budget formulation process include preparation and discussion with the various stakeholders; and approval of the County Integrated Development Plan (CIDP) (Section 126 of PFM Act, 2012), County Budget Review and Outlook Paper (CBROP) (Section 118 of PFM Act, 2012) and County Financial Strategy Paper (CFSP) (Section 117 of PFM Act 2012). Formulation of budgets in line with these frameworks affords them the comprehensiveness, credibility, transparency and inclusiveness through public participation to capture and operationalize the aspirations of the citizenry.

County Governments became operational in March, 2013 and embarked on establishing structures including recruitment of key members of staff necessary for budget formulation in order to meet the statutory deadline of 30th June of every year. The time lines for the budget formulation process were therefore compressed and other critical steps bypassed.

There was no time to develop the County Integrated Development Plans and County Financial Strategy Paper to guide the budgeting process. The Counties had inadequate information on items to include in their budgets, for instance it was not clear whether Counties would include salaries for staff from the National Government for the devolved functions. The Counties were also uncertain on the amount of funds available to them as equitable share due to the protracted disagreement between the National Assembly and the Senate on the Division of Revenue Bill. Despite these challenges most County Governments made efforts to comply with statutory provisions such as ensuring that budget estimates were presented to the assemblies by 30th April 2013 and at least 30 per cent of the budget was allocated to development expenditure.

The Office of the Controller of Budget analysed the County Budgets to ensure they conform to the principles of public finance as enshrined in Article 201 of the Constitution and financial responsibility principles in the PFM Act, 2012. From the analyses, the OCOB established that some of the County Budgets had huge deficits and unrealistic revenue targets without explanations on how the deficits were to be financed. These deficits could adversely affect budget implementation in that the County would spend the available resources and lack the necessary resources to fund activities in the later part of the year if the anticipated revenues are not realised. Deficit financing can be factored in a budget if there are commitments from the funding entities. If there are no commitments, it can be detrimental to budget execution. Further, some Counties had items in their budgets such as motor vehicle grants, loans and mortgages that had not been approved by the Salaries and Remuneration Commission (SRC) as required by law.

A resolution was reached by the Intergovernmental Budget and Economic Council (IBEC) that counties should revise their budgets by 30th September, 2013 with a view to addressing the pertinent issues identified. Further, it was agreed that only the August, 2013 tranche of the national sharable revenue would be released unconditionally to all the Counties and any subsequent release of funds was to be based on the revised budgets as approved by the County Assembly.

During the first quarter ending September, 2013, Counties operated in a stable economic environment characterised by low inflation rates averaging 7.0 per cent and a stable exchange rates for the local currency. The domestic interest rates favoured local investments in the economy as the cost of borrowing remained relatively stable during the period. The positive economic outlook is expected to attract investments to the Counties from both local and foreign investors which will in effect assist Counties achieve their medium to long term development targets.

2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION

2.1 REVENUE ANALYSIS

In the financial year 2013/2014, counties cumulatively budgeted for Kshs. 277.4 billion to finance their expenditure. This comprised of Kshs. 210 billion grant from the National Government, and Kshs. 67.4 billion to be generated from local revenue sources.

In the period under review, the total revenue available to the Counties was Kshs. 40.4 billion which consisted of national shareable revenue of Kshs. 32.9 billion (81.4%), Kshs.4.3 billion (10.8%) as locally collected revenue and a balance brought forward of Kshs. 3.2 billion (7.8%) which had remained unspent in the previous financial year.

2.1.1 National Grant Allocation

In accordance with the County Allocation of Revenue Act, 2013, Counties were allocated a total of Kshs. 210 billion in the financial year 2013/2014 by the National Government which comprised of equitable share of Kshs. 190 billion and conditional grant of Kshs. 20 billion. The conditional grant comprised of Kshs. 3.4 billion for level 5 hospitals and Kshs. 16.6 billion for donor funded projects.

Analysis of the equitable share indicates that Nairobi City County received the highest allocation at Kshs.9.5 billion (5%) while Lamu County was allocated the least share at Kshs. 1.5 billion (0.8%). Further, Homa Bay County received the highest share of the conditional grant at Kshs. 1.6 billion while Lamu County was allocated the least amount of Kshs. 99.2 million.

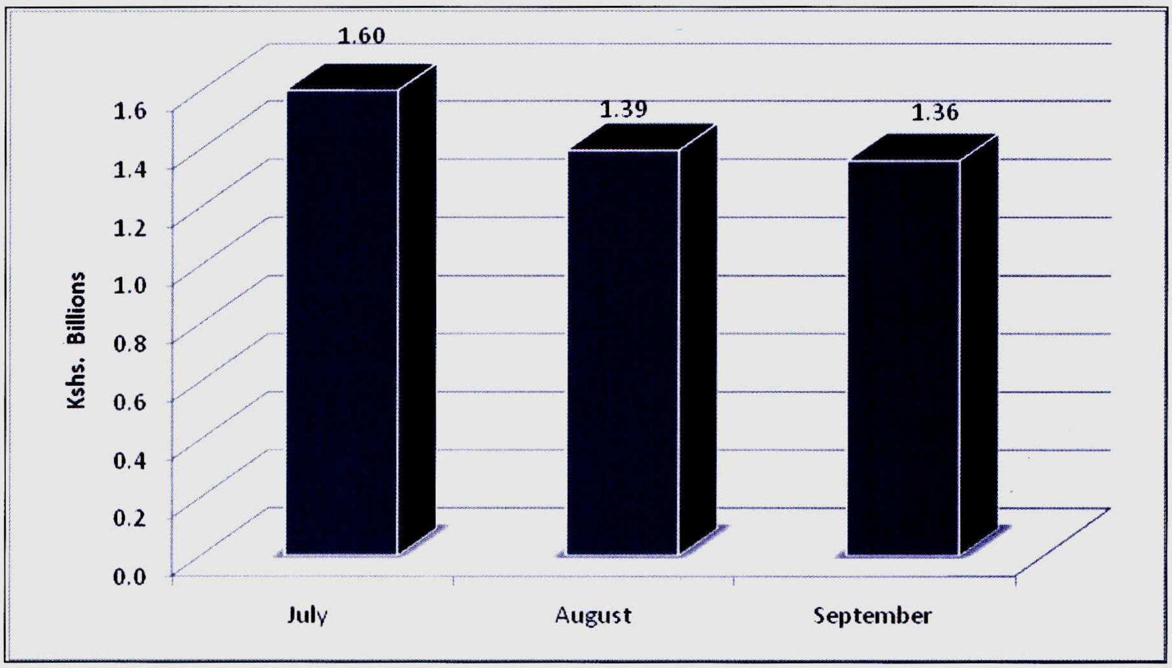
2.1.2 Locally Collected Revenue

The total locally collected revenue during the first quarter of financial year 2013/2014 amounted to Kshs. 4.4 billion which translates to 6.5 per cent of the estimated annual local revenue target by the Counties. The low performance by the Counties is as a result of unrealistic revenue projections and delay in passing of the County Finance Bills which is the legal instrument to enable the Counties to collect and introduce new revenue measures. This raises concern on the ability of the County Governments to meet their local revenue targets which is likely to lead to budget deficits and therefore affect the implementation of planned activities and programmes. To this effect, Counties will need to look for alternative sources of funds or revise their budgets downwards if this trend is not addressed.

Analysis of local revenue performance by county shows that Nairobi City County raised the highest amount of local revenue at Kshs. 1.3 billion, followed by Narok County and Mombasa County which raised Kshs. 754.2 million and Kshs. 207.5 million respectively. The Counties which collected the lowest revenues were Lamu, Garissa and Tana River at Kshs. 5.1 million, Kshs. 7.2 million and Kshs. 8.2 million respectively. Analysis of the local revenue as a proportion of the annual revenue target for each County reveals that West Pokot County generated the highest proportion at 32.5 per cent followed by Busia and Baringo at 27.5 per cent and 23.1 per cent respectively. The Counties with the lowest proportion of actual revenue to annual revenue target for the 2013/2014 financial year were Kakamega County (1.1%), Bungoma County (1.3%) and Lamu County (1.4%). Only seven counties had achieved over 20 per cent of their revenue target in the first quarter while thirteen counties had raised revenues that were below 5 per cent of their annual targets.

In the period July to September, 2013, local revenue collection by the Counties was on a declining trend as shown in figure 1. In July, 2013 Counties raised Kshs. 1.60 billion which declined to Kshs. 1.39 billion in August and to Kshs. 1.36 billion in September, 2013.

Figure 1 : Monthly Locally Collected Revenue - July to September 2013 (Kshs. Billion)



Source: *County Treasuries*

2.2 EXCHEQUER RELEASES TO THE COUNTIES

The County Allocation of Revenue Act, 2013 (CARA, 2013) was assented to by the President on 9th August, 2013 and became operational on 26th August, 2013. Once the CARA, 2013 became effective, the Controller of Budget authorized the transfer of Kshs. 32.9 billion from the Consolidated Fund to the various County Revenue Funds according to the schedule approved by the Senate. Further, in the period under review, the COB authorized exchequer issues of Kshs.18.7 billion from the County Revenue Funds to the various Counties Operational Accounts.

2.2.1 County Exchequer Releases from the Consolidated Fund

In accordance with CARA, 2013, the national government is required to disburse funds to the County Governments for their expenditures on a monthly basis. In the first quarter of FY 2013/2014, the Controller of Budget authorised exchequer issues of Kshs. 32.9 billion from the Consolidated Fund to the various County Revenue Funds. These funds were disbursed in two equal instalments of Kshs. 16.44 billion in August, 2013 and September, 2013 in accordance with the Cash Disbursement Schedule approved by the Senate. Analysis of this amount shows that Kshs.32.3 billion was the equitable share of revenue while Kshs. 581 million was the allocation to level 5 hospitals. Counties that received the highest exchequer were Nairobi City, Turkana and Kakamega at Kshs. 1.61 billion, Kshs. 1.30 billion and Kshs.1.16 billion, respectively while Lamu, Isiolo and Tharaka Nithi received the lowest exchequer at Kshs. 255.1 million, Kshs. 380.0 million and Kshs. 390.1 million, respectively. (See annex 2)

2.2.2 Exchequer Releases from County Revenue Fund

Article 207 (3) of the Constitution of Kenya, 2010 requires the Controller of Budget to approve any withdrawal of funds from the County Revenue Funds. In the first quarter of FY 2013/2014, the Controller of Budget authorized exchequer issues of Kshs. 18.7 billion from the County Revenue Funds to the various County Operational Accounts. Monthly exchequer releases during the period under review based on the requests from the Counties were Kshs. 3.0 billion in July, Kshs. 1.9 billion in August and Kshs. 13.8 billion in September 2013. (See annex 2)

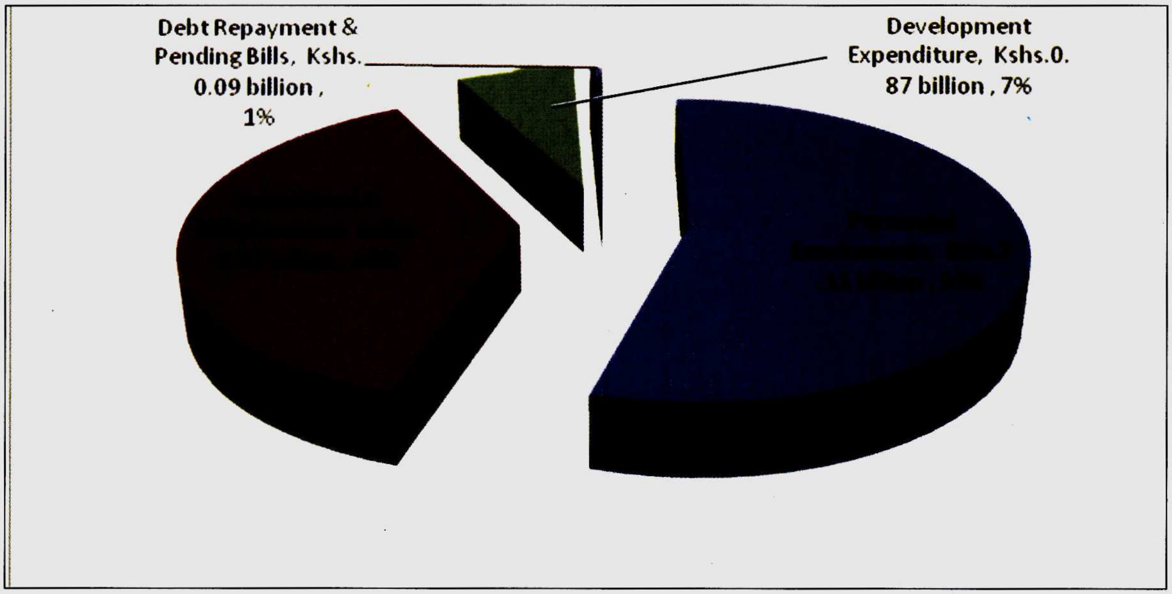
In the first quarter of FY 2013/2014, Kakamega County got the highest exchequer issues at Kshs. 1.3 billion followed by Turkana at Kshs. 933.7 million and Narok at Kshs. 818.8 million. Counties that got the least exchequer issues were Isiolo at Kshs. 102.8 million, Kajiado at Kshs. 104 million and Lamu at Kshs. 131.8 million. It is important to note that Counties were only able to access their locally collected revenue together with unspent funds from the previous financial year in the months of July and August 2013 because the CARA, 2013 was not effective.

2.3 EXPENDITURE ANALYSIS

The total expenditure incurred by the County Governments during the first quarter FY 2013/2014 amounted to Kshs. 13.33 billion. These expenditures were classified into personnel emoluments, operations and maintenance, development and servicing of debts and pending bills. Figure 2 shows that out of the total expenditure, personnel emoluments accounted for 55 per cent, operations and maintenance accounted for 38 per cent while development expenditure accounted for 7 per cent. The analysis depicts that a total of Kshs. 91.4 million representing 1 per cent of total expenditure was spent by the Counties in servicing debts and pending bills which is contrary to the directive by the Transition Authority (TA) that Counties should await completion of the on-going assets and liabilities audit so as to ascertain how the assets and liabilities would be shared between the National and County Governments. This analysis of expenditures does not include Migori County which did not provide data on expenditure by economic classification as shown in Annex 4.

In the period under review, Nairobi, Mombasa, Narok and Bomet Counties recorded the highest expenditure at Kshs. 2.79 billion, Kshs. 767.1 million, Kshs. 572.6 million and Kshs. 482.9 million respectively. On the other hand, the lowest expenditures were recorded in West Pokot, Lamu, Elgeyo/Marakwet and Wajir Counties at Kshs. 46.3 million, Kshs. 58.6 million, Kshs. 67.9 million and Kshs. 72.5 million respectively. The Counties expenditure under the various classifications is presented in figure 2.

Figure 2: Expenditure by Economic Classification (Kshs. Billions)



***Source**: OCOB and County Treasuries*

2.3.1 Personnel Emoluments

Expenditure on Personnel Emoluments comprises salaries and allowances paid to employees and other related costs. Table 1 show that the County Governments allocated Kshs.74.7 billion for payments of personnel emoluments for financial year 2013/2014. This represents 45.9 per cent of the total recurrent budget for counties and 25.9 per cent of the total budget for all the counties. The budgetary allocation for personnel emoluments has not catered for all the devolved functions in some counties. The Counties should ensure that their budgets have adequate allocation for payment of salaries for all staff working under them.

Table 1: Allocation for Personnel Emoluments by Counties for FY 2013/2014 (Kshs.)

County Name	Total budget	Recurrent budget	Personnel emoluments (P.E) budget	P.E budget as a percentage of recurrent	P.E budget as a percentage of total budget
Baringo	4,366,475,692	2,691,120,191	1,505,411,058	55.9	34.5
Bomet	3,821,800,000	1,843,100,000	967,400,000	52.5	25.3
Bungoma	8,702,780,000	5,065,392,066	661,218,696	13.1	7.6
Busia	4,159,153,423	1,636,457,023	526,628,785	32.2	12.7
Elgeyo/ Marakwet	3,518,122,641	1,986,675,808	657,003,788	33.1	18.7
Embu	3,803,892,678	1,686,511,372	603,019,850	35.8	15.9
Garissa	5,072,760,000	3,275,744,000	1,220,000,000	37.2	24.1
Homa Bay	5,314,684,836	3,183,484,836	2,346,790,393	73.7	44.2
Isiolo	3,241,191,751	1,524,567,251	429,514,768	28.2	13.3
Kajiado	4,042,562,940	2,807,899,490	794,376,672	28.3	19.7
Kakamega	13,255,550,421	5,968,144,328	3,570,517,510	59.8	26.9
Kericho	3,532,063,509	2,029,066,509	814,168,000	40.1	23.1
Kiambu	12,631,399,605	7,163,610,756	3,974,514,113	55.5	31.5
Kilifi	8,029,422,025	5,366,712,544	1,148,951,242	21.4	14.3
Kirinyaga	3,267,958,728	2,278,747,778	693,943,546	30.5	21.2
Kisii	7,053,212,180	4,106,815,646	2,671,303,674	65.0	37.9
Kisumu	8,345,000,000	5,868,327,514	2,151,842,346	36.7	25.8
Kitui	6,548,246,241	3,716,105,952	2,169,548,607	58.4	33.1
Kwale	4,474,902,045	2,627,973,408	1,363,952,771	51.9	30.5
Laikipia	4,063,698,656	2,084,351,569	1,480,704,119	71.0	36.4
Lamu	2,211,239,475	843,842,475	309,921,194	36.7	14.0
Machakos	8,015,566,492	3,856,116,492	1,548,164,965	40.1	19.3
Makueni	5,071,201,931	3,053,089,203	1,426,417,842	46.7	28.1
Mandera	6,987,632,929	2,620,537,607	929,542,152	35.5	13.3
Marsabit	3,985,267,241	2,018,786,084	713,027,280	35.3	17.9
Meru	5,681,680,382	2,789,093,056	1,286,300,072	46.1	22.6
Migori	5,530,654,457	3,874,680,405	1,926,829,561	49.7	34.8
Mombasa	21,787,119,086	10,594,627,630	4,640,762,977	43.8	21.3
Murang'a	5,621,868,688	3,730,868,688	723,820,132	19.4	12.9
Nairobi City	25,740,236,826	17,625,681,329	10,439,936,631	59.2	40.6

Nakuru	10,038,803,000	7,008,279,676	3,357,663,211	47.9	33.4
Nandi	3,616,329,290	1,812,154,717	1,057,508,267	58.4	29.2
Narok	8,083,853,311	5,681,245,870	2,440,163,214	43.0	30.2
Nyamira	3,417,126,654	2,235,347,932	1,118,834,999	50.1	32.7
Nyandarua	4,308,700,006	1,691,082,610	945,631,304	55.9	21.9
Nyeri	4,550,415,709	2,638,719,374	1,029,909,181	39.0	22.6
Samburu	3,064,865,345	1,605,405,345	836,795,835	52.1	27.3
Siaya	4,125,466,278	2,810,570,748	644,483,731	22.9	15.6
Taita/Taveta	2,858,870,449	1,683,782,848	1,372,745,194	81.5	48.0
Tana River	3,206,097,123	2,026,642,022	627,099,510	30.9	19.6
Tharaka -Nithi	2,374,827,946	1,064,834,460	387,459,819	36.4	16.3
Trans Nzoia	4,424,512,783	3,062,624,547	691,918,308	22.6	15.6
Turkana	8,547,834,124	3,407,357,623	1,141,630,471	33.5	13.4
UasinGishu	5,821,338,393	3,590,208,693	2,021,089,558	56.3	34.7
Vihiga	3,263,931,119	2,304,304,440	927,600,208	40.3	28.4
Wajir	5,413,561,682	2,697,961,682	1,143,275,390	42.4	21.1
West Pokot	3,631,252,476	1,982,136,713	1,301,051,369	65.6	35.8
Total	**288,625,130,566**	**165,220,790,310**	**74,740,392,313**	**45.2**	**25.9**

Source: *OCOB*

In the first quarter of financial year 2013/2014, the County Governments spent a total of Kshs. 7.11 billion (55%) of total expenditure on staff compensation. This excludes payroll for staffs seconded to the Counties for the devolved functions. In the first quarter of FY 2013/2014, the devolved function payroll costs which amounted to Kshs. 11.80 billion were paid by the relevant MDAs under National Government and Counties are expected to reimburse these costs and record the same in its books in the second quarter of the FY 2013/2014. Consequently, there is an urgent need for a national policy to contain this high wage bill at both levels of government. Sections 15(2) (b) and 107(2) (c) of PFM Act, 2012 provide that there shall be regulations to guide personnel expenditure and once implemented, the regulations should inform a national policy on wage bill.

In the period under review, the Counties which recorded the highest expenditure on personnel emoluments in absolute terms were Nairobi County at Kshs.1.80 billion, Mombasa County at Kshs. 566.97 million and Kiambu County at Kshs. 299.96 million while the Counties with the lowest expenditure on personnel were Lamu at Kshs. 28.9 million, Elgeyo Marakwet at Kshs.32.5 million and West Pokot at Kshs. 37.7 million. Counties that had the highest proportion of their expenditures on personnel emoluments to the total expenditure were Kisii (83.7%), West Pokot (81.4%), and Kisumu (79.3%) while the Counties with the lowest proportions were Turkana (14.9%), Bomet (19.5%), and Makueni (30.9%). (See annex 4) not catered for all the devolved functions in some counties. The Counties should ensure that their budgets have adequate allocation for payment of salaries for all staff working under them.

Table 1: Allocation for Personnel Emoluments by Counties for FY 2013/2014 (Kshs.)

County Name	Total budget	Recurrent budget	Personnel emoluments (P.E) budget	P.E budget as a percentage of recurrent	P.E budget as a percentage of total budget
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Bungoma	8,702,780,000	5,065,392,066	661,218,696	13.1	7.6
Busia	4,159,153,423	1,636,457,023	526,628,785	32.2	12.7
Elgeyo/ Marakwet	3,518,122,641	1,986,675,808	657,003,788	33.1	18.7
Embu	3,803,892,678	1,686,511,372	603,019,850	35.8	15.9
Garissa	5,072,760,000	3,275,744,000	1,220,000,000	37.2	24.1
Homa Bay	5,314,684,836	3,183,484,836	2,346,790,393	73.7	44.2
Isiolo	3,241,191,751	1,524,567,251	429,514,768	28.2	13.3
Kajiado	4,042,562,940	2,807,899,490	794,376,672	28.3	19.7
Kakamega	13,255,550,421	5,968,144,328	3,570,517,510	59.8	26.9
Kericho	3,532,063,509	2,029,066,509	814,168,000	40.1	23.1
Kiambu	12,631,399,605	7,163,610,756	3,974,514,113	55.5	31.5
Kilifi	8,029,422,025	5,366,712,544	1,148,951,242	21.4	14.3
Kirinyaga	3,267,958,728	2,278,747,778	693,943,546	30.5	21.2
Kisii	7,053,212,180	4,106,815,646	2,671,303,674	65.0	37.9
Kisumu	8,345,000,000	5,868,327,514	2,151,842,346	36.7	25.8
Kitui	6,548,246,241	3,716,105,952	2,169,548,607	58.4	33.1
Kwale	4,474,902,045	2,627,973,408	1,363,952,771	51.9	30.5
Laikipia	4,063,698,656	2,084,351,569	1,480,704,119	71.0	36.4
Lamu	2,211,239,475	843,842,475	309,921,194	36.7	14.0
Machakos	8,015,566,492	3,856,116,492	1,548,164,965	40.1	19.3
Makueni	5,071,201,931	3,053,089,203	1,426,417,842	46.7	28.1
Mandera	6,987,632,929	2,620,537,607	929,542,152	35.5	13.3
Marsabit	3,985,267,241	2,018,786,084	713,027,280	35.3	17.9
Meru	5,681,680,382	2,789,093,056	1,286,300,072	46.1	22.6
Migori	5,530,654,457	3,874,680,405	1,926,829,561	49.7	34.8
Mombasa	21,787,119,086	10,594,627,630	4,640,762,977	43.8	21.3
Murang'a	5,621,868,688	3,730,868,688	723,820,132	19.4	12.9
Nairobi City	25,740,236,826	17,625,681,329	10,439,936,631	59.2	40.6

Nakuru	10,038,803,000	7,008,279,676	3,357,663,211	47.9	33.4
Nandi	3,616,329,290	1,812,154,717	1,057,508,267	58.4	29.2
Narok	8,083,853,311	5,681,245,870	2,440,163,214	43.0	30.2
Nyamira	3,417,126,654	2,235,347,932	1,118,834,999	50.1	32.7
Nyandarua	4,308,700,006	1,691,082,610	945,631,304	55.9	21.9
Nyeri	4,550,415,709	2,638,719,374	1,029,909,181	39.0	22.6
Samburu	3,064,865,345	1,605,405,345	836,795,835	52.1	27.3
Siaya	4,125,466,278	2,810,570,748	644,483,731	22.9	15.6
Taita/Taveta	2,858,870,449	1,683,782,848	1,372,745,194	81.5	48.0
Tana River	3,206,097,123	2,026,642,022	627,099,510	30.9	19.6
Tharaka -Nithi	2,374,827,946	1,064,834,460	387,459,819	36.4	16.3
Trans Nzoia	4,424,512,783	3,062,624,547	691,918,308	22.6	15.6
Turkana	8,547,834,124	3,407,357,623	1,141,630,471	33.5	13.4
UasinGishu	5,821,338,393	3,590,208,693	2,021,089,558	56.3	34.7
Vihiga	3,263,931,119	2,304,304,440	927,600,208	40.3	28.4
Wajir	5,413,561,682	2,697,961,682	1,143,275,390	42.4	21.1
West Pokot	3,631,252,476	1,982,136,713	1,301,051,369	65.6	35.8
Total	**288,625,130,566**	**165,220,790,310**	**74,740,392,313**	**45.2**	**25.9**

Source: *OCOB*

In the first quarter of financial year 2013/2014, the County Governments spent a total of Kshs. 7.11 billion (55%) of total expenditure on staff compensation. This excludes payroll for staffs seconded to the Counties for the devolved functions. In the first quarter of FY 2013/2014, the devolved function payroll costs which amounted to Kshs. 11.80 billion were paid by the relevant MDAs under National Government and Counties are expected to reimburse these costs and record the same in its books in the second quarter of the FY 2013/2014. Consequently, there is an urgent need for a national policy to contain this high wage bill at both levels of government. Sections 15(2) (b) and 107(2) (c) of PFM Act, 2012 provide that there shall be regulations to guide personnel expenditure and once implemented, the regulations should inform a national policy on wage bill.

In the period under review, the Counties which recorded the highest expenditure on personnel emoluments in absolute terms were Nairobi County at Kshs.1.80 billion, Mombasa County at Kshs. 566.97 million and Kiambu County at Kshs. 299.96 million while the Counties with the lowest expenditure on personnel were Lamu at Kshs. 28.9 million, Elgeyo Marakwet at Kshs.32.5 million and West Pokot at Kshs. 37.7 million. Counties that had the highest proportion of their expenditures on personnel emoluments to the total expenditure were Kisii (83.7%), West Pokot (81.4%), and Kisumu (79.3%) while the Counties with the lowest proportions were Turkana (14.9%), Bomet (19.5%), and Makueni (30.9%). (See annex 4)

2.3.2 Operations and Maintenance

Expenditure under this category comprises of administration costs, domestic and foreign travel costs, subsistence and other transportation costs, training expenses, hospitality supplies and services, purchase of motor vehicles and routine maintenance among others. In the period under review, expenditure on operations and maintenance amounted to Kshs. 4.91 billion (38%) of total expenditure. Turkana, Makueni and Bomet Counties had the highest expenditure onoperations and maintenance as a proportion of their total expenditures which stood at 81.3 per cent, 69.1 per cent and 66.9 per cent respectively. On the other hand, the Counties that had the lowest proportion of their expenditure on operations and maintenance were Kisii, Nairobi, and West Pokot which recorded 16.3 per cent, 16.4 per cent and 18.6 per cent respectively.

Analysis of the operations and maintenance expenditure depicts that Counties cumulatively spent Kshs. 1.07 billion on travel (both foreign and domestic), Kshs. 241.9 million on conferences and hospitality and Kshs. 161.2 million on training. Further, Kshs.708.5 million was spent on purchase of motor vehicles. It is our view that these expenditures should be rationalised so as to free more resources for development.

The analysis of operations and maintenance does not include Lamu and Migori Counties which did not avail detailed expenditure reports. A breakdown of expenditure under this category is shown in Table 2.

Table 2: Analysis of Operations & Maintenance Expenditure by the Counties (Kshs.)

County Name	Travel Costs (Both Domestic and Foreign) and Subsistence Allowances	Conferences, Hospitality & Catering Costs	Training Costs	Purchase of M/Vehicles	Other Operations & Maintenance Costs	Total Operations & Maintenance	MCAs Sitting Allowances
Baringo	27,214,690	7,477,048	5,169,976	40,339,594	27,521,522	107,722,830	9,160,178
Bomet	8,356,687	5,527,875	8,450,810	195,253,957	105,486,656	323,075,985	2,955,410
Bungoma	34,430,897	3,118,406	1,269,329	-	86,813,891	125,632,523	10,381,000
Busia	37,789,269	3,593,869	1,998,240	-	58,067,645	101,449,023	12,399,681
Elgeyo/ Marakwet	7,411,941	820,412	1,073,005	-	23,917,359	33,222,717	9,716,582
Embu	18,520,615	1,302,083	602,000	-	36,041,208	56,465,906	5,439,000
Garissa	44,600,500	12,450,712	3,000,356	48,059,153	39,948,966	148,059,687	12,000,000
Homa Bay	30,859,704	4,831,000		23,054,787	46,109,563	104,855,054	13,600,000
Isiolo	15,744,140	632,000		-	18,651,500	35,027,640	-
Kajiado	6,897,436	1,435,500	335,000	-	28,021,864	36,689,800	1,730,000
Kakamega	19,080,729	14,513,253		-	60,005,118	93,599,100	15,401,115
Kericho	20,608,853	3,821,427	2,410,970	-	34,627,488	61,468,737	5,430,000
Kiambu	46,709,745	6,436,257	2,268,760	-	83,516,033	138,930,795	7,133,000

Kilifi	44,387,709	6,819,299	5,426,943	-	30,293,924	86,927,875	11,156,000
Kirinyaga	10,921,096	3,890,736	5,197,440	-	25,053,658	45,062,930	6,300,000
Kisii	15,126,146	480,517	1,486,450	-	16,964,225	34,057,338	28,901,168
Kisumu	14,137,743	2,894,046	3,409,679	-	49,697,568	70,139,036	7,946,000
Kitui	25,043,699	6,723,073		30,311,573	57,478,217	119,556,562	12,274,880
Kwale	19,701,531	4,288,065	13,411,089	7,437,177	63,365,930	108,203,792	2,500,000
Laikipia	46,683,960	2,174,498	48,100	-	41,950,682	90,857,240	2,328,800
Lamu	-	-	-	-	-	-	1,440,000
Machakos	52,422,351	14,731,864	8,457,652	-	105,443,730	181,055,597	9,476,168
Makueni	41,343,596	2,549,390	2,170,400	38,161,470	103,742,246	187,967,102	4,677,164
Mandera	14,959,916	1,206,633	7,299,500	-	25,873,157	49,339,206	9,138,000
Marsabit	19,665,067	1,107,661	-	7,326,000	49,343,441	77,442,169	3,298,000
Meru	14,892,850	7,823,867	-	78,356,096	69,655,659	170,728,472	17,100,000
Migori	-	-	-	-	-	-	25,182,106
Mombasa	21,544,921	13,208,783	16,414,200	-	128,706,475	179,874,379	5,255,000
Murang'a	22,733,500	3,989,263	7,312,105	-	100,583,373	134,618,241	6,686,644
Nairobi City	10635791	36354787	15337690	-	394,887,090	457,215,358	113,311,970
Nakuru	22,852,004	22,501,556	4,441,385	-	64,331,761	114,126,706	7,016,850
Nandi	16,282,059	1,615,560	350,000	-	77,763,440	96,011,059	9,394,540
Narok	46,605,551	2,770,166	2,553,950	140,402,818	124,648,229	316,980,714	6,415,000
Nyamira	28,926,515	4,235,698	3,238,210	-	10,561,901	46,962,324	5,606,235
Nyandarua	23,232,299	3,362,811	5,434,155	-	44,701,832	76,731,097	5,351,400
Nyeri	37,067,367		2,106,980	-	28,065,781	67,240,128	12,360,000
Samburu	23,326,996		4,173,099	-	15,113,678	42,613,773	2,970,500
Siaya	12,796,255	2,532,884	650,000	-	16,020,949	32,000,088	6,800,000
Taita/ Taveta	13,567,938	1,778,605	327,268	-	20,578,358	36,252,169	2,510,865
Tana River	30,726,686	8,315,513	52,000	12,216,698	4,447,526	55,758,423	1,338,800
Tharaka -Nithi	15,352,131	3,875,780	6,662,480		10,560,842	36,451,233	2,012,334
Trans Nzoia	33,698,549	1,401,718	1,738,000	22,506,087	129,902,314	189,246,668	7,671,500
Turkana	18,543,275	2,078,575	504,291	54,496,947	181,001,392	256,624,480	1,135,800
Uasin Gishu	13,045,298	4,887,583	2,984,024		45,540,669	66,457,574	7,215,000
Vihiga	29,463,160	3,346,520	7,031,845	10,600,000	31,591,574	82,033,099	12,964,000
Wajir	6,076,000	3,657,834	4,555,654	-	7,614,481	21,903,969	4,006,900
West Pokot	3,635,020	1,349,500	1,800,550	-	1,810,000	8,595,070	6,321,800
Total	1,067,622,185	241,912,627	161,153,585	708,522,357	2,726,022,915	4,905,233,668	473,409,390

Source: *County Analysis by OCOB*

2.3.3 Analysis Sitting Allowances

Sitting allowances are paid to members of the County Assemblies for attending County Assembly sessions or for attending Departmental Committee meetings. These expenditures are classified under operations and maintenance expenses although a number of counties treated the expenditures as personnel emoluments. Table 2 shows that in the first quarter of financial year 2013/2014, the Counties spent a total of Kshs. 473.4 million for payment of sitting allowances. Nairobi City County spent the highest amount of Kshs. 113.3 million followed by Kisii, Migori and Meru counties which spent Kshs.28.9 million, Kshs. 25.2 million and Kshs. 17.1 respectively. Counties that had the least expenditure were Turkana, Tana River and Lamu of Kshs. 1.1 million, Kshs.1.3 million and Kshs. 1.4 million respectively.

The office recommends that sitting allowances for MCAs need to be rationalised as this expenditure may not be sustainable given the already escalating wage bill nationally. The presented analysis of sitting allowances does not include Isiolo County which did not avail its report on this expenditure.

2.3.4 Development Expenditure

Development expenditure is defined in the PFM Act, 2012, Section 2 (1) as expenditure for the creation or renewal of assets. During the first quarter of financial year 2013/2014, the Counties spent Kshs. 872.9 million on development activities which constituted 7 per cent of the total expenditure. Counties that had the highest ratio of development expenditure to total expenditure were Nyeri (30.3%), Tana River (26.0%) and Tharaka Nithi (25.5%). Twenty Seven (27) Counties had no expenditure on development in the period under review. (See Annex 4)

The PFM Act, 2012, Section 107(2) (b) requires the Counties to allocate at least 30 per cent of their budgets for development activities over the medium term. Although all Counties met this threshold in their budgetary allocations, actual expenditure on development activities remains a major challenge given that on average only 7 per cent of total expenditure went to development programmes during the first quarter of FY2013/2014. Although this low expenditure on development may be attributed to delay in the disbursement of funds, most Counties had not prepared their annual procurement plans well in advance to ensure funds are immediately utilized when disbursed.

2.3.5 Debt Repayment and Pending Bills

Counties inherited assets and liabilities from the former local councils. Although guidelines were issued by TA for the Counties to wait for the conclusion of the audit of their assets and liabilities, some Counties continued to service these liabilities.

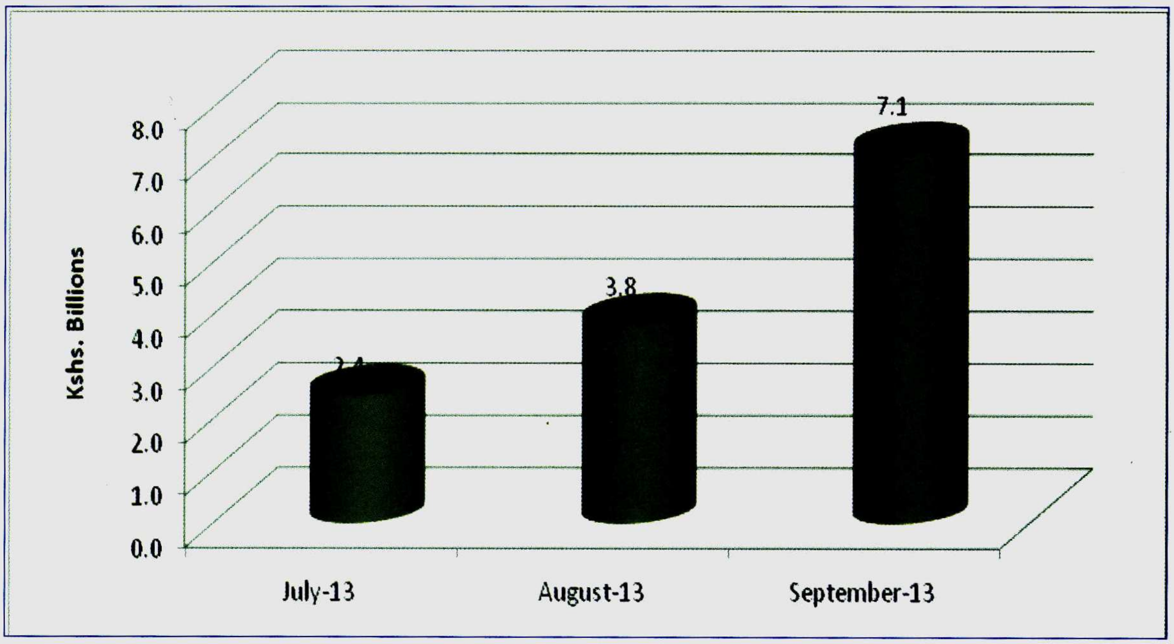
In the first quarter of 2013/2014, Counties incurred a total of Kshs. 91.4 million on this expenditure with Nairobi spending Kshs. 68.7 million, Mombasa Kshs. 20.3 million and Tharaka Nithi spent Kshs. 2.4 million.

2.4 MONTHLY EXPENDITURE

The expenditure incurred by the Counties in the first quarter of FY 2013/2014 exhibited an increasing trend from the month of July to September, 2013. Figure 3 show that Counties incurred cumulative expenditures of Kshs. 2.4 billion in July, Kshs. 3.8 billion in August and Kshs. 7.1 billion in September, 2013. The low expenditure in July and August, 2013 is attributed to delay in the enactment of County Allocation of Revenue Act, 2013 which led to delay in disbursement of national shareable revenue to the County Revenue Funds and payment of July and August expenditure in September, 2013.

The OCOB could not ascertain the monthly expenditures for Elgeyo/Marakwet, Kilifi, Mandera, Migori, Nyamira and Taita/Taveta Counties as the returns submitted were not broken down into months as requested.

Figure 3: Monthly Expenditure



***Source**: OCOB and County Treasuries*

3.0 COUNTY PERFORMANCE REPORTS

During the period under review, there were only two accounting units in the Counties; the County Executive and the County Assembly. The PFM Act, 2012 stipulates that the Clerk to the County Assembly shall be the accounting officer for the County Assembly. However, the PFM Act, 2012 requires the Executive Committee Member in charge of Finance to appoint accounting officers for all the spending units. In most Counties, the Executive Committee members in charge of Finance had not appointed accounting officers for the various departments in the executive and all financial transactions were undertaken by the Finance and Planning Department during the period under review. The various County Public Service Boards were in the process of recruiting chief officers for the departments who are expected to be the accounting officers and AIE holders.

The Counties cumulatively budgeted to spend a total of Kshs. 277.4 billion in the financial year 2013/2014 which is to be financed by national sharable revenue of Kshs. 210.0 billion and local revenue of Kshs. 67.4 billion. The annual cash flow projections submitted to the OCOB as per Section 127 of the PFM Act, 2012 distributed expenditure evenly for the four quarters in the financial year. This implies that by the end of September 2013, the target absorption rate was expected to be 25 per cent.

From the analysis of the County expenditure, Counties spent a total of Kshs. 13.33 billion which represented an average absorption rate of 4.78 per cent and no County met the first quarter target of 25 per cent. Out of the total expenditure, Kshs. 11.0 billion (82.7%) was spent by the County Executive and Kshs. 2.31 billion (17.3%) was spent by the County Assembly. The Counties with the highest absorption rates were Bomet (12.3%), Nairobi City (10.8%) and Trans Nzoia (7.0%) while those with the lowest absorption rates were Mandera (1.2%), Wajir (1.3%) and West Pokot (1.3%). Table 2 shows an analysis of the spending units and absorption rates by the Counties in the period July to September, 2013.

Table 3: Analysis of Expenditure by the Spending Unit and Absorption Rates (Kshs.)

County Name	Total Revenue (Kshs.Millions)	Expenditure by Spending Units (Kshs. Millions)		Total Expenditure (Kshs. Millions)	Abso rp-tion
		County Executive	County Assembly		
Baringo	3,910,408,715	131,226,168	43,019,422	174,245,590	4.46%
Bomet	3,915,221,350	463,076,470	19,851,692	482,928,162	12.33%
Bungoma	9,269,042,210	229,882,124	63,862,504	293,744,628	3.17%
Busia	3,908,572,577	137,386,715	71,110,019	208,496,734	5.33%
Elgeyo/Marakwet	3,236,841,813	45,955,502	21,972,129	67,927,631	2.10%
Embu	3,803,892,678	118,002,341	25,287,369	143,289,710	3.77%
Garissa	4,847,000,000	192,803,645	39,593,839	232,397,484	4.79%

Homa Bay	5,866,894,258	193,032,505	87,696,762	280,729,267	4.78%
Isiolo	2,783,476,881	91,491,640	10,724,000	102,215,640	3.67%
Kajiado	4,028,792,057	90,236,142	13,083,537	103,319,679	2.56%
Kakamega	10,856,212,774	188,252,027	69,100,345	257,352,372	2.37%
Kericho	3,905,965,091	153,802,864	51,079,488	204,882,352	5.25%
Kiambu	12,631,435,667	407,642,296	50,351,869	457,994,165	3.63%
Kilifi	7,884,504,394	174,638,880	38,761,115	213,399,995	2.71%
Kirinyaga	3,267,914,083	65,942,523	45,714,873	111,657,396	3.42%
Kisii	7,053,453,026	155,337,978	53,202,976	208,540,954	2.96%
Kisumu	8,345,000,000	269,759,148	68,643,011	338,402,159	4.06%
Kitui	6,548,246,241	160,105,449	62,253,999	222,359,448	3.40%
Kwale	4,456,035,084	141,624,196	29,155,668	170,779,864	3.83%
Laikipia	4,063,698,656	192,437,210	41,173,349	233,610,559	5.75%
Lamu	1,953,271,914	44,871,801	13,741,541	58,613,342	3.00%
Machakos	8,015,566,492	285,590,106	81,464,686	367,054,792	4.58%
Makueni	5,879,982,028	235,081,527	36,770,215	271,851,742	4.62%
Mandera	7,217,943,337	67,723,657	21,851,643	89,575,300	1.24%
Marsabit	4,112,447,608	99,193,501	26,120,196	125,313,697	3.05%
Meru	6,165,866,275	222,597,692	74,262,718	296,860,410	4.81%
Migori	5,555,437,949	185,827,231	151,879,166	337,706,397	6.08%
Mombasa	11,693,423,322	735,234,127	31,931,218	767,165,345	6.56%
Murang'a	5,621,868,800	215,039,088	43,639,013	258,678,102	4.60%
Nairobi City	25,740,236,826	2,528,513,481	258,091,805	2,786,605,287	10.83%
Nakuru	10,038,050,803	377,258,938	27,017,392	404,276,330	4.03%
Nandi	4,025,848,585	103,948,275	67,670,357	171,618,632	4.26%
Narok	9,469,841,137	529,620,248	42,972,346	572,592,594	6.05%
Nyamira	3,417,084,521	62,158,485	42,096,658	104,255,143	3.05%
Nyandarua	4,308,710,009	110,117,593	41,434,295	151,551,888	3.52%
Nyeri	4,550,373,840	250,486,689	15,904,192	266,390,881	5.85%
Samburu	3,015,092,097	88,233,683	22,351,196	110,584,879	3.67%
Siaya	4,124,592,205	88,036,502	29,600,963	117,637,465	2.85%
Taita/Taveta	2,840,602,124	52,774,742	23,322,565	76,097,307	2.68%
Tana River	3,206,097,123	106,929,347	37,773,567	144,702,914	4.51%
Tharaka -Nithi	2,518,754,963	104,169,106	20,711,529	124,880,635	4.96%
Trans Nzoia	4,424,512,783	284,278,424	27,685,626	311,964,050	7.05%
Turkana	8,246,236,718	217,557,825	98,033,455	315,591,280	3.83%
UasinGishu	5,821,296,966	208,931,863	69,846,340	278,778,203	4.79%
Vihiga	3,228,000,000	140,252,747	55,946,439	196,199,186	6.08%
Wajir	5,766,552,424	45,763,869	26,765,831	72,529,700	1.26%
West Pokot	3,630,826,769	34,251,622	12,006,500	46,258,122	1.27%
Total	**279,171,125,176**	**11,027,077,993**	**2,306,529,419**	**13,333,607,411**	**4.78%**

Source: *County Analysis by OCOB*

3.1 COUNTY ASSEMBLY

Section 148(4) of the PFM Act, 2012 stipulates that the Clerk is the accounting officer of the County Assembly. One of the functions of the County Assembly is to oversee the activities of the County Executive by approving the budget of the County Government and ensuring that the budget is fully implemented. The County Assembly should review and adopt with or without amendments the County Budget, County Fiscal Strategy Paper (Section 117 of PFM Act, 2012), Finance Bill (Section 133 of PFM Act, 2012) and County Budget Review and Outlook Paper (Section 118 of PFM, Act 2012) among other County Bills that would operationalize the County activities.

In fulfillment of its mandate, County Assembly should receive and review reports from the various spending units in the County and by other oversight institutions such as the Office of Controller of Budget, Kenya National Audit Office, Commission on Revenue Allocation and members of the public and adopt or institute implementation mechanisms and investigations as recommended.

3.1.1 Expenditure for County Assembly

As shown in Table 3, the cumulative total expenditures for all the County Assemblies for the period under review was Kshs. 2.31 billion which represents 17.3 per cent of the total expenditure by Counties. Nairobi, Migori and Turkana County Assemblies had the highest expenditure of Kshs. 258.1 million, Kshs. 151.9 million and Kshs. 98.0 million respectively while Isiolo, West Pokot and Kajiado County Assemblies had the lowest expenditure of Kshs. 10.7 million, Kshs.12.0 million and Kshs. 13.1 million respectively.

Further analysis of the expenditure shows that a total of Kshs. 91.9 million was spent as sitting allowances for the Members of the County Assembly (MCA) which represents 4 per cent of the total County Assemblies expenditure during the period under review.

3.2 COUNTY EXECUTIVE SERVICES

According to Article 179 of the Constitution of Kenya, 2010 the executive authority of the County is vested in, and exercised by the County Executive Committee which consists of the Governor, Deputy Governor and the Executive Committee members appointed by the Governor with the approval of the County Assembly. The functions of the Executive Committee as per Article 183 is to implement County and National legislations to the extent that the legislation so requires and to manage the functions of the County administration and its departments. In addition, the County Executive Committee may prepare and propose legislation for consideration by the County Assembly and shall provide the County Assembly with full and regular reports on matters relating to the County.

In the period July to September, 2013, the County Executive departments were being supported by the County Treasuries (Finance & Planning Department) because the financial systems had not been fully set up in the departments. The County Public Service Boards initiated the process of recruiting staff to support these departments and it is expected that they will become fully operational in the second quarter of the FY 2013/2014.

3.2.1 Expenditure for County Executive

The cumulative total expenditure for all County Executive departments was Kshs. 11.02 billion which represents 82.7 per cent of total expenditure by all Counties. Nairobi, Mombasa and Narok County Executive Services had the highest expenditure at Kshs. 2.53 billion, Kshs. 735.2 million and Kshs. 529.6 million respectively. Conversely, West Pokot, Lamu and Wajir County Executive Services had the least expenditure at Kshs. 34.3 million, Kshs. 44.9 million and Kshs. 45.8 million respectively.

3.3 INDIVIDUAL COUNTY SUMMARIES

This chapter summarizes budget implementation activities of the 47 county governments. It specifically highlights the total budget, amount allocated for recurrent and development expenditures and revenue from both national and local sources. Expenditure analysis is discussed with respect to the functional spending units in the Counties.

Baringo County

The Baringo County Budget for financial year 2013/2014 was prepared and approved within the required budget timelines. The approved budget had allocations to unauthorized personnel benefits, underfunding and exclusion of devolved functions. As a result of the above anomalies, the County prepared a supplementary budget which was approved by the County Assembly as per the advice of the OCOB. According to the Supplementary Budget, the County expects to spend Kshs 4.4 billion during the financial year 2013/2014. The budget has allocated Kshs 2.7 billion (62%) for recurrent expenditure and Kshs. 1.7 billion (38%) for development expenditures.

In the first quarter of 2013/2014 financial year, the County raised local revenues amounting to Kshs. 64.6 million. Exchequer releases to the County in the period under review amounted to Kshs. 333.1 million which was released in two tranches of Kshs.136.4 million in July, 2013 and Kshs. 196.7 million in September, 2013. The exchequer releases to the County for July, 2013 was from the balance brought forward from the previous financial year. The County Treasury retained Kshs. 270.5 million in the County Revenue Fund for personnel costs of the devolved functions which had been paid for by the national government MDAs in the period under review.

The total expenditure in the County during the period July to September, 2013 was Kshs. 174.2 million which was 52.3 per cent of the exchequer releases. The County had no expenditure on development as it was revising its budget. It was expected that the County would commence development projects in the second quarter once the procurement processes are finalised. The County Assembly spent Kshs. 43.0 million in the first quarter of financial year 2013/2014 while the County Executive incurred expenditure amounting to Kshs. 131.2 million. Out of the total expenditure, Kshs. 66.5 million (38.2%) was spent on personnel emoluments and Kshs. 107.7 million (61.2%) on operations and maintenance.

Further analysis on operations and maintenance expenditure revealed that the County spent Kshs.40.3 million (37.4%) on purchase of vehicles, Kshs. 7.5 million (7.0%) on conferences, hospitality and catering costs, Kshs. 27.2 million (25.3%) on travel and subsistence allowances, Kshs. 5.2 million (4.8%) on trainings, and Kshs. 27.5 million (25.5 per cent) on other operations and maintenance activities which include printing, refurbishments, utilities, telephone costs and motor vehicle maintenance.

The County faced several challenges in the period under review which include high wage bill associated to the devolved functions which if not checked might slow down development activities of the County. Lack of reliable financial management systems was also cited as a challenge as the County was using manual systems of accounting and poor reporting on the on-going projects inherited from the defunct Local Authorities. To address this challenge, the office recommends expeditious operationalization of the IFMIS system to improve the reliability of accounting records. Further, there is need to audit all the on-going projects inherited from the former Local Authorities.

Bomet County

In the financial year 2013/2014, the County's approved budget was Kshs. 5.1 billion, comprising of Kshs. 2.1 billion (41%) as recurrent expenditure and Kshs. 3.0 billion (59%) for development activities. The County had a budget deficit of Kshs. 427 million which was not clear how it would be financed. Consequently, the County was advised by the Office of the Controller of Budget to revise the budget to eliminate the budget deficit. The revision of the budget was to be finalised by 30th September, 2013. However, by the end of September 2013, the County had not revised its budget.

The County received exchequer issues amounting to Kshs. 429.6 million in four tranches of Kshs. 122.2 million in July, 2013, Kshs. 14.8 million in August, 2013, Kshs. 150 million and Kshs. 142.6 million in September, 2013. The exchequer releases for July, 2013 was from the funds carried forward from the previous financial year.

During the period under review, the County spent Kshs. 482.9 million which represents 112.4 per cent of the total exchequer issues. The expenditure for the County exceeds the amount authorized by the Controller of Budget meaning that the County used revenue outside the County Revenue Fund contrary to the provisions of section 109 (2) of the PFM Act, 2012. The County further secured a bank overdraft facility amounting to Kshs.36.5 million by 9th September, 2013. The overdraft facility was not used in a prudent and responsible manner because funds in the County Exchequer Account had not been exhausted before the overdraft was secured. The County therefore incurred unnecessary costs on the overdraft.

It is yet to be established whether the same had been sanctioned by the County Assembly.

In Bomet County, the County Executive spent Kshs.463.1 million while the County Assembly spent Kshs.19.8 million in the first quarter of the current financial year. The County spent Kshs. 417.5 million (84.3%) on recurrent expenditure and Kshs. 65.5 million (15.7%) on development activities. An analysis of recurrent expenditure shows that Kshs. 94.4 million (22.6%) was spent on compensation of employees while Kshs. 323.1 million (77.4%) was spent on operations and maintenance. As at the end of the first quarter of financial year 2013/2014, the County owed the National Government Kshs.94.6 million in salaries paid to staff seconded to the County for the devolved functions.

A review of operations and maintenance expenditure revealed that Kshs. 195.2 million (60.4%) was spent on purchase of vehicles, Kshs. 8.4 million (2.6%) on travel and subsistence allowance, Kshs. 5.2 million (1.7%) on conferences, hospitality and catering, Kshs. 8.4 million (2.6%) on trainings and Kshs. 105.5 million (32.7%) on all the other operations and maintenance expenses which included printing, refurbishments, utilities, telephone costs and motor vehicle maintenance.

The OCOB established that the previous LATF bank account in Bomet County was still operational and irregularly being used to collect revenue. The account was expected to have been closed by 28 February 2013 and audited as per the guidelines issued by the Transition Authority. In addition, the County maintained two Local Revenue Collection Accounts contrary to guidelines issued by the TA which requires all Counties maintain only one Revenue Collection Account. It is recommended that the County adheres to the provisions of the PFM Act, 2012 and guidelines in respect to opening and management of bank accounts. The LATF account should at no time be used to collect revenue.

Bungoma County

The approved County budget for the Financial Year 2013/2014 was Kshs. 8.7 billion comprising of Kshs. 5.1 billion (58%) for recurrent expenditure and Kshs.3.6 billion (42%) for development expenditure. The County Government was advised to revise this budget to correct some irregular allocations such as car grants for members of the County Assembly and huge allocations to gratuity in the first year of operation which was not prudent. The County was expected to prepare a Supplementary Budget and seek for the approval of the County Assembly by 30th September 2013. However, due to the adjournment of the County Assembly, the budget was yet to be approved by the time of preparation of this report.

During the first quarter of FY2013/2014, the County collected local revenue amounting to Kshs. 36.2 million which is only 1.3 per cent of the annual target. This is quite low and there are chances that the set targets for local revenue are unlikely to be achieved. The County received exchequer issues totalling to Kshs. 572.9 million which were dispatched in three tranches of Kshs. 20 million and Kshs. 29.5 million in August 2013, and Kshs. 523.4 million in September 2013.

The total expenditure for the County during the period under review amounted to Kshs. 293.7 million which represents 53.1 per cent of the exchequer releases. The County Assembly spent Kshs. 63.9 million while the County Executive spent Kshs. 229.9 million. The county spent Kshs. 278.9 million (94.9%) on recurrent activities during the period and Kshs. 14.9 million (5.1%) development activities. Analysis of the recurrent expenditure reveals that Kshs. 153.2 million (55%) was spent on personnel emoluments and Kshs. 125.6 million (45%) was spent on operations and maintenance. The County owed the National Government Kshs. 332.6 million for salaries paid by the respective MDAs to staff seconded to the County for devolved functions during the period under review.

Further review on expenditures on operations and maintenance shows that Kshs. 34.4 million (27.4%) was spent on travel and subsistence allowances, Kshs. 3.1 million (2.5%) on conferences, hospitality and catering, Kshs.1.3 million (1%) on training and Kshs. 86.8 million (69.1%) on other operation and maintenance activities which include refurbishment, printing and stationery, motor vehicle maintenance, insurance among others.

In the period under review the County had a number issues and challenges such as spending funds at source and without seeking for approval, huge un-surrendered impressts which amounted to Kshs. 11.2 million as at 30th September, 2013, failure to account for A.I.A and poor financial management practices. Further, the County operated two Revenue Collection Accounts contrary to guidelines issued by TA and had outstanding receivables from debtors amounting of Kshs 867.57 million that had been inherited from defunct Local Authorities.

It is recommended that the County urgently ensures adherence to the provisions of the Constitution and PFM Act, 2012 on management of local revenue and expenditure. Use of public funds without approval by the Controller of Budget and appropriation by the County Assembly is irregular and should not occur. Efforts should be made to collect all outstanding debts which could largely boost the revenue of the County and ensure that mechanisms are institutionalised to achieve the local revenue targets.

Busia County

The County targets to spend Kshs. 4.16 billion according to the approved Budget for the financial year 2013/2014. This comprises of Kshs. 1.64 billion (39%) for recurrent expenditure and Kshs. 2.52 billion (61%) for development expenditure. The County had overestimated the expected National grant by Kshs. 521.2 million and if not corrected it would lead to a deficit of Kshs. 250.6 million. The revision of the County's budget is in progress by the Executive Committee but its yet to be tabled to the County Assembly for approval.

In the first quarter of financial year 2013/2014, the County collected local revenue amounting to Kshs. 63.1 million. The County received exchequer releases amounting to Kshs. 358.5 million during the period July to September 2013 which was issued in two tranches of Kshs. 50 million in July, 2013 and Kshs. 308.5 million in September, 2013.

The County incurred expenditure totalling to Kshs. 208.5 million which was all spent on recurrent activities representing 58.2 per cent of the exchequer issues. This amount was spent between the County Executive and County Assembly at Kshs. 137.4 million (65.9%) and Kshs. 71.1 million (34.1%) respectively. Out of the total expenditure, the County spent Kshs. 107 million (51.3%) for compensation of employees and Kshs. 101.4 million (48.7%) on operations and maintenance. During the period under review, the National government paid Kshs. 214.9 million to staff seconded under the devolved functions on behalf of the County, an amount the national government expects to recover from the County.

A review of operations and maintenance expenditure shows that Kshs.37.8 million (37.2%) was spent on travel and subsistence allowances, Kshs. 3.6 million (3.5%) on conferences, hospitality and catering, Kshs.2.0 million (2.0%) on trainings, Kshs. 12.4 million (12.2%) on sitting allowances to MCAs while other operation and maintenance activities such as refurbishments, printing and stationery, insurance and purchase of printers and computers consumed Kshs. 45.7 million (45%).

Elgeyo/Marakwet County

The estimated expenditure for the County according to its approved Budget in the current financial year is Kshs. 3.52 billion. This comprises of Kshs. 1.99 billion (56%) for recurrent expenditure and Kshs. 1.53 billion (44%) for development expenditure. The budget had however overstated the amount of money it expects to receive as equitable share from the National Government by Kshs. 281.3 million. This therefore translates to a deficit in the County budget.

In the period July to September 2013, the County collected revenue from local sources amounting to Kshs. 10.1 million but failed to declare the revenue raised as Appropriations In Aid through the sale of tenders. Exchequer issues amounting to Kshs. 322.3 million was approved and disbursed in two tranches of Kshs. 64 million in July, 2013 and Kshs. 258.3 million in September, 2013.

The total expenditure incurred by the County during the first quarter was Kshs. 67.9 million which was 21.1 per cent of the exchequer issues. Of the total expenditure, Kshs. 65.7 million (96.8%) was utilized on recurrent expenditure and Kshs. 2.2 million (3.2%) on development activities. In the period under review, the County Assembly spent Kshs. 21.97 million (32.3%) while the County Executive spent Kshs. 45.9 million (67.7%). A further review of recurrent expenditure reveals that the County spent Kshs. 32.5 million (49.5%) on personnel emoluments and Kshs. 33.2 million (50.5%) on operations and maintenance. As at the end of the first quarter of financial year 2013/2014, the County owed the National Government Kshs. 194.4 million for salaries paid to seconded staff under devolved functions.

A further review of operations and maintenance expenditure reveals that the County spent Kshs. 7.4 million (22.3%) on travel and subsistence allowances, Kshs. 1.1 million (3.2%) on trainings, Kshs. 0.8 million (2.5%) on conferences, hospitality and catering, and Kshs. 9.7

million (29.2%) on sitting allowances for MCA. Kshs. 14.2 million representing 42.7 per cent was spent on other expenditures under this classification.

Due to human capacity constraints in the County Treasury department particularly capacity on management of financial operations, the County submitted incomplete expenditure returns with errors and a lot of inconsistencies such as charging all personnel costs in one vote yet there were the respective vote heads for the respective departments. It is our recommendation that the County should recruit competent staff and build capacity of the existing staff on management of public finance. Further, there is an urgent need for the County to set up an internal framework as stipulated in the PFM Act, 2012 to monitor budget execution.

Embu County

The County approved a budget of Kshs. 3.8 billion for the financial year 2013/2014 out of which Kshs. 1.69 billion (44.3%) was allocated to recurrent expenditure while Kshs. 2.12 billion (55.7%) to development expenditure. However, the budget had irregular allocation to items such as car grants for members of the County Assembly and was therefore advised to revise the budget by 30th September, 2013. As at the end of September, 2013, the County had not passed a supplementary budget.

In the period July to September 2013, the Controller of Budget approved the transfer of Kshs. 521.4 million from the Consolidated Fund to Embu County Revenue Fund. The County had an additional Kshs. 50.1 million in the County Revenue Fund being unspent resources from the previous financial year. The County further collected local revenue totalling to Kshs. 35.4 million in the first quarter of financial year 2013/2014. Exchequer releases to the County during the period under review amounted to Kshs. 325.5 million which was released in tranches of Kshs.50.1 million in July, Kshs. 42.8 million in August and Kshs. 232.6 in September, 2013.

The County spent Kshs. 143.3 million during the period under review which was 44 per cent of the exchequer issues. Out of the total expenditure, Kshs. 136.4 million (95.2%) was spent on recurrent expenditure while Kshs. 6.9 million (4.8%) on development expenditure. The County Assembly incurred expenditure of Kshs. 25.3 million (17.6%) while the County Executive spent Kshs. 118 million (82.4%). A review of recurrent expenditure indicates that Kshs. 79.95 million (58.6%) was spent on compensation of employees and Kshs. 56.5 million (41.4%) on operations and maintenance. The County Government owes the National Government Kshs. 339.6 million that was incurred on payment of salaries for seconded staff from the devolved functions during the period under review.

A further analysis of operations and maintenance expenditure shows that Kshs.18.5 million (32.8%) was incurred on travel and subsistence allowances, Kshs. 1.3 million (2.3%) on conferences, hospitality and catering and Kshs. 36.6 million (64.8%) on other items under this economic classification.

Integration of the former Local Authorities staff to the County Government operations was the main challenged faced during the period under review. This challenge can be addressed through continuous training to build the capacity of the staff to handle the new functions of the County.

Garissa County

The County approved a budget of Kshs. 4.85 billion for the financial year 2013/2014 out of which Kshs. 3.28 billion (67.6%) is allocated to recurrent activities and Kshs. 1.57 billion (32.4%) for development activities. However, the Budget did not factor the payroll costs for the staff to devolved functions due to delay in submission of payroll data by the National Government hence the need to revise the budget.

In the first quarter of 2013/2014 financial year, the County raised a total of Kshs. 7.2 million as local revenue which was only 4.8 per cent of its annual local revenue target. Exchequer issues to the County during the period under review totalled to Kshs. 374.8 million and were disbursed in tranches of Kshs. 108 million in July, 2013 and Kshs. 266.8 million in September, 2013.

Total expenditure for the County during the first quarter of the 2013/2014 financial year amounted to Kshs. 232.4 million representing 62 per cent of the exchequer issues and was all spent on recurrent expenditure. The County Assembly spent Kshs. 39.6 million (17%) while the County Executive spent Kshs. 192.8 million (83%). Further analysis shows that the County spent Kshs. 84.3 million (36.3%) on personnel emoluments and Kshs. 148 million (63.7%) on operations and maintenance. The County owed the National Government Kshs. 170.7 million for salaries paid to staff seconded under the devolved functions during the first quarter of the 2013/2014 financial year.

Analysis of operations and maintenance expenditure shows that Kshs. 44.6 million (30.1%) was spent on travel and subsistence allowance, Kshs. 12.5 million (8.4%) on conferences and seminars, Kshs. 3.0 million (2.0%) on training, Kshs. 12.0 million (8.1%) on MCA sitting allowances, Kshs. 48.1 million (32.5%) on purchase of motor vehicles and Kshs. 27.95 million (18.9 per cent) on other expenditures under this category.

From the analysis is clear that the local revenue collection was below target during the period under review and measures should be taken to ensure that the County meets the revenue targets for smooth implementation of the budget.

Homa Bay County

The Homa Bay County Assembly approved a Supplementary Budget of Kshs. 5.3 billion out of which Kshs. 3.2 billion (60%) was allocated for recurrent expenditure and Kshs. 2.1 billion (40%) was allocated for development expenditure.

The total revenue for the period July to September 2013 was Kshs. 732.2 million which consisted of Kshs. 700.2 million from national equitable share of revenue, Kshs. 31.3 million from local revenue collection and Kshs. 210,725 unspent balance brought forward from the previous financial year. The Office of Controller of Budget approved exchequer issues of Kshs. 422.4 million while total expenditure for the County amounted to Kshs. 280.7 million in the period under review.

An analysis by spending unit shows that Finance Management Services spent Kshs 48.3 million while the County Executive Services and County Assembly spent Kshs. 193 million and Kshs. 87.7 million respectively. Further analysis on recurrent expenditure shows that Kshs. 104.9 million (37%) was spent on operations and maintenance while Kshs. 174.9 million (63%) was spent on personnel emoluments. Out of the operations and maintenance expenditure Kshs. 30.9 million (29.4%) was spent on travel costs, Kshs. 4.8 million (4.6%) on conferences and hospitality, Kshs. 13.6 million on sitting allowances for MCA, Kshs. 23.1 million (22%) on purchase of motor vehicles and Kshs. 41.5 million (44%) on other operations expenditure under this classification such as printing and stationery, refurbishment of buildings, purchase of furniture and printer and on office utilities. The County owes Kshs. 236.2 million to the National Government which was for salaries for staff seconded to the County to undertake devolved functions.

Among the challenges the County faced in budget implementation included the boycott of sittings by the County Assembly members demanding higher wages which paralysed operations in the County. Inadequate staff in key departments in the County, especially the County Treasury led to delay in submission of financial returns. The OCOB recommends expeditious training of the existing staff or recruitment of more staff in the areas of financial management in order to enable the County to function effectively and deliver services to the public.

Isiolo County

The County Government of Isiolo presented the FY 2013/2014 Budget of Kshs. 3.24 billion to the County Assembly for approval as required by law and the same was approved and assented to by the Governor. The Budget allocated Kshs 1.52 billion (47%) towards recurrent expenditures and Kshs 1.71 billion (53%) to development activities. However, the Budget had a deficit of Kshs. 215.2 million which arose due to the factoring of Equalization Fund as part of county revenue and hence required revision to align it with Section 18 of the PFM Act, 2012. The budget also included local revenue projections that are unrealistic and excluded the expenditures on staff for the devolved functions such as health and agriculture. As a result, the county required to revise its budget. However, as at the end of the first quarter of 2013/2014 financial year, the County supplementary budget had not been approved by the County Assembly. Nevertheless, the County Treasury prepared and submitted to the County Assembly the Finance Bill, 2013 and the County Integrated Development Plan for 2013-2018 for approval.

During the period under review, the County's total revenue was Kshs. 433.5 million which consisted of Kshs. 380.0 million (92%) from the national shareable revenue, Kshs. 47.5 million (8%) raised from local revenue sources and Kshs. 5.9 million brought forward from the previous financial year. Out of the local revenue collections, Kshs 38.7 million came from the County game reserves/parks representing 81 per cent of total local revenue.

The Exchequer issues during the period under review amounted to Kshs. 102.8 million while the total expenditure was Kshs. 102.2 million representing 99 per cent of the total issues. An analysis by spending unit shows that Kshs. 10.7 million was spent by the County Assembly, Kshs. 27.9 million by the County Executive, Kshs. 50.1 million by Financial Management Services, Kshs. 8.1 million by the County Tourism department, and Kshs. 5.3 million by the Education Sports and Social Services department. All other sectors of the County had minimal activities as the offices were not fully functional.

Detailed analysis of the expenditure shows that out of the total expenditure of Kshs.102.2 million, Kshs. 67.2 million (66%) was spent on personnel emoluments and Kshs. 35 million (34%) on operations and maintenance. An analysis of operations and maintenance expenditure shows that Kshs. 11.7 million (33.5%) was spent on travel costs, Kshs. 5.6 million (16%) on trade shows, Kshs. 4.12 million (12%) on publishing and printing services, Kshs. 4.01 million (11%) on fuel oil and lubricants, and Kshs. 632 thousand (2%) on conferences and hospitality. The County owes Kshs. 121.3 million to the National Government which was for salaries for staff seconded to the County to undertake devolved functions.

One of the challenges identified in the County during the period under review, the County was unable to attain its projected local revenue target, managing to raise only 53 per cent of the target revenue. It is worth noting that the ban on sand harvesting as well as the stoppage of land related transactions affected one of the erstwhile major sources of revenue. There is therefore need to diversify the sources of local revenue by boosting investment in sectors such as tourism, which has the potential of being a major source of revenue in the County.

Kajiado County

The approved Kajiado County Budget for the FY 2013/2014 amounted to Kshs. 4.04 billion and comprised of Kshs. 2.97 billion for recurrent expenditure and Kshs. 1.06 billion for development expenditure. The Budget is to be funded by the national sharable revenue of Kshs. 3.5 billion and the balance of Kshs. 516.8 million is projected to be generated from local revenue sources.

During the period under review, the County's total revenue was Kshs. 651.9 million which comprised of Kshs. 64.9 million raised from local sources, Kshs. 39 million as unspent balance brought forward from the previous financial year and Kshs. 548.7 million equitable share from the National Government. The County received exchequer issues amounting to Kshs. 104 million to cater for recurrent expenditure which was issued in three tranches of Kshs. 26 million in July, Kshs. 25 million in August and Kshs. 53 million in September, 2013.

The total expenditure during the period under review was Kshs. 103.3 million out of which Kshs. 66 million (64%) was spent on personnel emoluments and Kshs. 36.7 million (36%) on operations and maintenance. An analysis of operations and maintenance expenditure indicates that Kshs. 6.9 million was spent on travel costs, Kshs. 1.4 million on conferences and hospitality, Kshs. 0.3 million on training costs and Kshs. 28.0 on other operations and maintenance activities such as printing and stationery, Motor Vehicles maintenance, refurbishments, office utilities and cleaning services. The analysis by spending unit shows that Kshs. 13.1 million was spent by the County Assembly, Kshs. 9.4 million by the County Executive, Kshs. 61.7 million by the County Public Service, and Kshs. 19.1 million by the Finance and Planning Department. The County owes Kshs. 181.6 million to the National Government which was for salaries of staff seconded to the County to undertake the devolved functions.

During the quarter, the OCOB received a report from the County Assembly's Public Accounts and Investigations Committee on misappropriation of funds and abuse of office by the Principal Finance Officer which necessitated an investigation on the allegations. The OCOB investigation team found out that the County Executive had reallocated appropriated funds without the approval of the County Assembly contrary to section 135 of the PFM, Act, 2012. The office therefore recommended a thorough audit by the Auditor General to ascertain whether public funds were misappropriated by the Principal Finance Officer as alleged.

In implementing the budget, the County faced various challenges. These included unstable financial system due to poor connectivity of IFMIS to the main server at the National Treasury as well as low performance of local revenue collection. It is recommended that the County should liaise with the directorate of IFMIS and E-Government to ensure connectivity of the financial system is maintained and for to the County to streamline local revenue collection through sealing of loopholes. In addition, the County needs to fast tract the approval of the Finance Bill which is the legal instrument for revenue collection.

Kakamega County

The Kakamega County Budget was approved within the stipulated deadline after going through the required steps of the budget making process as outlined in the PFM Act, 2012. Total revenue estimates for financial year 2013/2014 was Kshs. 13.3 billion comprising of Kshs. 7.4 billion as grant from National Government, Kshs. 3.5 billion as revenue from local sources, Kshs. 2.0 billion expected to be generated from the devolved functions and a further Kshs. 0.4 million from Road Levy. The Budget allocated Kshs. 6.1 billion to recurrent expenditure and Kshs.7.2 billion to development activities.

During the period under review, local revenue amounted to Kshs 37.9 million with Kshs. 14.7 million collected in July, Kshs. 12.3 million in August and Kshs. 10.9 million collected in September, 2013.

The County received exchequer issues amounting to Kshs 1.30 billion during the period under review which was released in three tranches of Kshs. 110 million in July, Kshs. 24 million in August and Kshs. 1.16 billion in September, 2013. The July disbursement was from the unspent balances from the last financial year. At the end of the first quarter of FY 2013/2014, Kakamega County government had spent a total of Kshs 257.4 million representing 19.8 per cent of the total exchequer issues.

Analysis of the expenditure shows that Kshs. 250.4 million (97.3%) was spent on recurrent activities while Kshs. 6.97 million (2.7%) was spent on purchase of furniture and fittings. Further analysis of the recurrent expenditure shows that Kshs. 156.8 million (61%) was spent on personnel emoluments while Kshs. 93.6 million (36%) on operations and maintenance. The County owes Kshs. 429.8 million to the National Government which was for salaries for staff seconded to the county to undertake devolved functions.

Out of the total expenditure on operations and maintenance, Kshs. 19.1 million (20%) was spent on domestic travel, subsistence, accommodation & other transportation costs, Kshs. 14.5 (15%) million on hospitality and catering, Kshs. 18.2 million (19%) on sports/ KICOSCA tournaments, and Kshs. 26.6 million (28%) on other operations and maintenance expenditure such as office utilities, stationery and printing, maintenance of motor vehicles and cleaning services. The County is yet to refund Kshs. 429.8 million to the national government which was for salaries for staff seconded to the counties to undertake devolved functions

Budget implementation in the County was slowed down by among other factors lack of an effective tender committee and lack of comprehensive annual procurement plan. In addition, there was insufficient physical infrastructure and human capacity which contributed to low absorption of funds. The County needs to expedite the recruitment of staff in order to ensure that the County operates effectively.

Kericho County

Kericho County approved and adopted a balanced Budget for the 2013/2014 financial year. The budgeted expenditure amounted to Ksh.3.53 billion, which consisted of Kshs. 2.03 billion (58%) as recurrent expenditure and Kshs. 1.5 billion (42%) as development expenditure.

During the first quarter of the financial year 2013/2014, the County recorded total revenue of Kshs. 629.6 million consisting of Kshs. 560.2 million as the equitable share, Kshs. 42.4 million as local revenue collection and unspent balance brought forward from the previous financial year of Kshs. 27.0 million. The County collected Kshs. 23 million, Kshs. 9 million and Kshs. 9.9 million as local revenue in July, August and September, 2013 respectively.

During the period under review, the County received exchequer issues of Ksh.216.6 million which comprised of Ksh.159.6 million from the equitable share of revenue and Ksh.57 million from local revenue collection. The exchequer was issued in three tranches of Kshs. 40 million, Kshs .17 million and Kshs.159.6 million in the months of July, August and September, 2013 respectively.

Total expenditure for the County in the quarter was Ksh.204.9 million representing 95 per cent of total exchequer issues. Analysis of expenditure indicates that a total of Kshs. 116.8 million (54%) was spent on personnel emolument while Kshs. 88.1 million (46%) on operations & maintenance. A further analysis of operations and maintenance expenditure indicates that Kshs. 18.03 million (20%) was spent on domestic travel, subsistence & other transportation costs, Kshs. 5.52 million (6%) on conference and seminars, Kshs. 2.58 million (3%) on foreign travel and subsistence, and other transportation costs and Kshs. 35.3 million (40%) on other operational costs such as cleaning services, stationery and printing, office utilities and motor vehicle maintenance. The County owes Kshs. 254.97 million to the National Government which was for salaries for staff seconded to the counties to undertake devolved functions.

The County experienced a slowdown in revenue collection in the months of August and September, 2013. It is recommendations that the County should pass the Finance Bill which is the legal instrument for revenue collection as well as put in place mechanisms to ensure that all revenue collected is accounted for and periodically swept to the County Revenue Fund.

Kiambu County

Kiambu County allocated Kshs. 12.6 billion for utilization in the year ending 30th June, 2014 out of which Kshs. 7.16 billion (56.7%) was towards recurrent expenditure and Kshs. 5.46 billion (43.3%) for development expenditure.

Total revenue available for the County in the period under review amounted to Kshs. 1.48 billion. This comprised of Kshs 990.5 million as equitable share from the national government, Kshs. 204.4 million as local revenues and Kshs. 290.8 million unspent funds from the previous financial year. During the period under review, the County received exchequer issues amounting to Kshs. 440.3 million.

The total expenditure during the period amounted to Kshs. 457.9 million which consisted of Kshs.438.9 as recurrent expenditure and Kshs. 19.1 million as development expenditure. The recurrent expenditure comprised of Kshs. 299.9 million (68%) as payment on personnel emoluments and Kshs.138.9 million (32%) on operations and maintenance. Analysis of operations and maintenance expenditure indicates that Kshs. 46.7 million (33.6%) was spent on travel costs, Kshs. 6.4 million (4.6%) on conferences and hospitality, Kshs. 2.3 million (1.63%) on training costs and Kshs. 83.5 million (60.1%) on other operations and maintenance expenditure which include stationery and printing, cleaning services, motor vehicle maintenance and office utilities. The County owes Kshs. 650.1 million to the National Government which was for salaries for staff seconded to undertake devolved functions.

During the period under review, the County had inadequate accounting officers in most of the Departments which led to the centralisation of payroll administration for all the County government spending entities. In addition, the County has not been able to fully implement IFMIS. It is therefore recommended that operationalization of the County Service Board should be a priority to enable the County to build its human capacity through articulate recruitment of staff. The County should also liaise with the IFMIS Directorate and the Directorate of E-Government to ensure that IFMIS is fully operational.

Kilifi County

The County prepared a Budget of Kshs. 8.95 billion for financial year 2013/2014 which was approved within the required budget timelines. The budget comprises of Kshs. 4.2 billion (46%) for development expenditures and Kshs. 4.8 billion (54%) for recurrent expenditures. The Budget was to be financed by Kshs. 5.4 billion (65%) from national grant, Kshs. 182.1 million (2%) from Road Maintenance Levy Fund and Kshs. 2.06 billion (23%) from local revenues. The County had a budget deficit of Kshs. 892.7 million (10%), necessitating a revision of the Budget. As at the end of the first quarter, Kilifi County had not revised its budget.

Total revenues for the County in the first quarter of financial year 2013/2014 amounted to Kshs. 1.14 billion. This comprised of Kshs. 925.2 million (81%) from national equitable share, Kshs. 77.8 million (7%) from local revenue sources and Kshs. 144.9 million (13%) which was refunded back to the County Revenue Fund from operational accounts as unspent balance from the previous financial year. The monthly revenue collections target of Kshs. 172 million was not achieved; the county collected Kshs. 24.8 million (14%) in the month of July, 2013, Kshs. 26.8 million (16%) and Kshs. 26.2 million (15%) in August and September, 2013 respectively. If this trend continues, the County may not be able to realise its projected local revenue collection of over Kshs. 2 billion in a year, which will adversely affect budget implementation. During the period under review, the county received total exchequer issues amounting to Kshs. 390.5 million.

Total recurrent expenditure for the County in the first quarter ending September, 2013 was Kshs. 213.3 million for both the County Executive and County Assembly. The County Executive spent Kshs.174.6 million while the County Assembly spent Kshs. 38.8 million. Analysis of the expenditures shows that Kshs. 126.5 million (59.3%) was spent on personnel emoluments and Kshs. 86.9 million (40.7%) for operations and maintenance. The County owes Kshs. 244.8 million to the National Government which was for salaries for staff seconded to the counties to undertake devolved functions.

Further analysis of operations and maintenance expenditure shows that Kshs. 44.4 million (51%) was spent on travel costs, Kshs. 6.8 million (8%) on conferences and hospitality, Kshs. 5.4 million (6%) on training and Kshs. 30.2 million (35%) on other operations and maintenance expenditure such as motor vehicle maintenance, printing and stationeries, office utilities among others. There was no development expenditure during the quarter.

The main challenge faced in the implementation of the budget was lack of adequate human resource to execute the mandate of the County Government. It is therefore recommended that the county should build the necessary capacity to enable it to function effectively.

Kirinyaga County

In the 2013/2014 financial year the total Budget for Kirinyaga County amounted to Kshs. 3.3 billion with Kshs. 2.3 billion (69.7%) allocated to recurrent expenditure of Kshs. 982.2 million (30.3%) for development activities.

Total revenues for the County in the first quarter of FY 2013/2014 amounted to Kshs. 528.2 million. This comprised of Kshs. 439.9 million as national government grant, Kshs. 73.2 million from local sources and Ksh.15.1 million being unspent balance brought forward from the previous financial year. Local revenue collections underperformed in relation to the projected revenue which will adversely affect budget execution.

The total exchequer issue for the period July to September, 2013 was Kshs. 240.1 million comprising of Kshs. 15 million for development and Kshs. 225.1 million for recurrent expenditure. The funds were released in two tranches of Kshs. 64 million in July, 2013 and Kshs. 176.1 million in September, 2013.

The total expenditure in the same period was Kshs. 111.7 million, constituting 47 per cent of the total exchequer release which was all spent on recurrent activities. An analysis of expenditure indicates that Kshs. 66.6 million (59.6%) was spent on personnel emoluments while Kshs. 45.1 million (40.4%) was spent on operations and maintenance. The County is yet to pay Kshs. 216.6 million to the National Government which was for salaries for staff seconded to the County to undertake devolved functions.

A further analysis of operations and maintenance expenditure shows that Kshs. 10.9 million (24.2%) was spent on travel, Kshs. 3.9 million (8.6%) on conferences and hospitality, Kshs. 5.2 million (11.5%) on training and the balance of Kshs. 25.1 million spent on such items such as motor vehicle maintenance, printing and stationeries, office utilities among others.

During the period under review, one of the challenges faced by the county in the implementation of the budget was the delay in appointment of Accounting Officers and Chief Officers in various dockets. This affected the implementation of the County Budget as funds could not be spent within the established spending units. The report therefore recommends the finalization of the appointment of the relevant officers to ensure that budget implementation is not hampered.

Kisii County

The County Assembly approved a Supplementary Budget of Kshs.7.05 billion comprising of Kshs. 4.11 billion (58%) for recurrent and Kshs. 2.95 billion (42%) for development expenditure.

In the first quarter of 2013/2014 financial year, the County had total revenue of Kshs. 984.7 million to fund its budget. This comprised of Kshs. 43.9 million raised from local sources, Kshs. 917.9 million from the National Government grant and Kshs. 22.9 million as unspent balance carried forward from the previous financial year.

During the period under review the office of the Controller of Budget authorized exchequer issue amounting to Kshs. 311.14 million to the County. Total Expenditure amounted to Kshs. 208.5 which was spent on recurrent activities. Analysis of the expenditure shows that personnel emoluments consumed Kshs.174.48 million (83.67%) while Kshs. 34.06 (16.33%) was spent on operations and maintenance. Further analysis shows that out of the operations and maintenance costs, Kshs. 15.3 million (44.4%) was spent on traveling costs, Kshs. 0.48 million (1.4%) on conference, hospitality and catering, Kshs.1.49 million (4.4%) on training costs and the balance of Kshs. 17.0 million (49.8%) was spent on printing and stationery, office utilities, motor vehicle maintenance among other activities. The County owes Kshs. 347.1 million to the National Government which was for salaries for staff seconded to the County to undertake devolved functions.

The County did not request funds for development expenditure during the period because they had not finalized preparation of procurement plans therefore no development expenditure were carried out in the three months. It is recommended that the county should establish procurement function to guide in the preparation of the procurement plans and guide the County as it executes its Budget so as to ensure all planned activities and programs are fully implemented.

Kisumu County

Kisumu County Assembly approved a Budget of Kshs. 8.6 billion for the FY2013/2014. The Budget comprises of Kshs. 5.2 billion (60%) for recurrent expenditure and Kshs.3.4 billion (40%) for development expenditure. However, the County was advised to revise the Budget to remove unauthorized allocations such as car grants and other anomalies.

In the first quarter of the FY 2013/2014, Kisumu County raised revenue amounting to Kshs.108.5 million from local sources. Data from the County Treasury shows that Kshs. 39.5 million was raised in July, Kshs.34.7 million in August and Kshs.34.3 million in September, 2013. Out of the locally collected revenue, only Kshs.100.16 million was banked with Kshs.6.35 million being spent at source which is contrary to Section 109(2) of the PFM Act, 2012. The County received exchequer issues amounting to Kshs.415.2 million during the period under review.

A total of Kshs.338.4 million was spent in the first quarter, all on recurrent expenditure. Out of the total expenditure, Kshs. 268.3 million (79%) was spent on personnel emoluments and the remaining Kshs.70.1 million (21%) on operations and maintenance. It is important to note that the County owes the National Government Kshs. 416.3 million as salaries paid to staff seconded to the County under the devolved functions.

A further analysis of the operations and maintenance expenditures indicate that the County spent Kshs. 14.1 million (20.1%) on travel and subsistence allowances, Kshs. 2.9 million (4.1%) on conferences, and Kshs. 3.4 million (4.9%) on training. The remaining Kshs. 49.7 million (70.8%) was spent on other categories of operations and maintenance such as fuel cost, motor vehicle repairs and maintenance, and printing among others.

The County faced some challenges during the period under review. Key among them is the current huge wage bill which is not sustainable. The wage bill is expected to increase after additional County staff such as Chief Officers and Sub County Administrators are hired by the County Public Service Board. The County should carry out skills audit, rationalize staff and consider appropriate steps to contain the wage bill in order to free up more resources for development programs.

Kitui County

After the approval of the County Budget Estimates on 28th June, 2013, Kitui County embarked on implementation of the Budget so as to achieve its development goals. The first time balanced budget had a total estimated expenditure of Kshs. 6.55 billion whereby development activities was allocated Kshs. 2.8 billion (43%) while recurrent expenditure took Kshs. 3.7 billion (57%).

In the first three months of the financial year 2013/214, the County had raised local revenue amounting to Kshs. 58.9 million which was 8.2 per cent of the annual local revenue target. The leading units in collecting local revenue include; Market Management Unit Kshs. 26.49 million (45%), Financial Management Unit Kshs. 9.82 million (16.7%) and Business Permit Management Unit Kshs. 7.05 million (12%). No proceeds were raised from A.I.A as anticipated and reflected in the budget estimates.

Exchequer issues to the County during the period under review amounted to Kshs. 441.8 million and were issued in two tranches of Kshs. 138.0 Million and Kshs.303.8 million in August, 2013 and September, 2013 respectively.

The County spent Kshs. 222.4 million in the first quarter of FY 2013/2014 of which Kshs. 221.8 million (99.7%) was spent on recurrent expenditure and Kshs. 0.6 million (0.3%) on development expenditure. An analysis of recurrent expenditure reveals that the County spent Kshs. 102.2 million (46.1%) on compensation of employees and Kshs.119.56 million (53.9%) on operations and Maintenance. The leading Departments in expenditure included; the Office of the Governor Kshs. 128.3 million (58%), County Assembly Kshs.

62.3 million (28%) and the County Treasury Kshs. 28.9 million (13%). As at the end of the first quarter of financial year 2013/2014, the County owed the National Government Kshs. 247.6 million for salaries paid to seconded staff working in the County under the devolved function.

A further review of operations and maintenance expenditure shows that Kshs. 30.31 million (25%), was spent on purchase of motor vehicles, Kshs. 25.0 million (21%) on travel costs and subsistence allowance and Kshs. 6.7 million (6%) on conferences, hospitality and catering. The County spent Kshs. 57.5 million on other operations and maintenance expenditures which included office and general supplies, maintenance of vehicles, payment of utilities among others.

Some of the challenges experienced in the County during the period under review were lapses of internal controls within the County Treasury and poor performance in local revenue collection. It is recommended that the County should come up with measures to address the low revenue collection. The County should also put in place strong internal controls to ensure strict adherence to tenets of fiscal responsibility.

Kwale County

After the County became operational in March 2013, there was limited time and adequate human capacity to prepare the current Budget. This led to submission of a hurriedly prepared budget containing unauthorised items such as allocation for car grants, unrealistic number of proposed vehicles and over half a billion budget surplus. In addition, some items had been left out in the Budget such as the on-going development projects that had already been budgeted for in the last financial year and had been funded through the defunct Local Authorities. Similarly, the salary and wages of seconded staff under the devolved Government Ministries amounting to over Kshs. 500 million per year had not been factored in the budget. The enlisted anomalies have since been addressed and discussed by the key stakeholders and are waiting for the County Assembly's approval once they resume from the long recess.

The County budget for the FY 2013/2014 was Kshs. 3.6 billion which comprised of Kshs. 1.17 billion (32%) for recurrent expenditure, Kshs. 2.4 billion (66%) for development activities and Kshs. 71.1 million (2%) for county disaster management activities.

In the first quarter of the FY 2013/2014, the County realised total revenue amounting to Kshs. 883.7 which comprised of Kshs. 637.3 million (72%) as national grant and Kshs. 215.7million (24%) as unspent balance carried forward from the last financial year and Kshs.30.8 million (3%) raised from local sources. Total exchequer issues during the quarter amounted to Kshs. 791.6 million.

During the first quarter, the County incurred expenditure totalling to Kshs. 170.8 million whereby Kshs. 163.8 million (96%) was recurrent expenditure and Kshs. 7.0 million (4%)

development expenditure. Analysis of total expenditure shows that Kshs. 55.6 million (33%) was spent on personnel emolument and Kshs. 108.2 million (63%) on operations and maintenance. Further analysis of the operations and maintenance expenditure indicates that Kshs. 19.7 million (18%) was spent on travel costs and subsistence allowances, Kshs. 4.3 million (4%) on conferences and hospitality, Kshs.13.4 million (12%) on training and Kshs. 3.2 million (3%) as sitting allowances for members of the county assembly. In addition, Kshs. 60.2 million (56%) was spent on other operations and maintenance categories such as printing, motor vehicle maintenance, and fuel.

Laikipia County

Laikipia County Assembly approved a Supplementary Budget of Kshs.4.1 billion comprising of Kshs. 2.8 billion (68%) for recurrent expenditure and Kshs.2.3 billion (32%) for development expenditure.

During the first quarter of FY 2013/2014, the County collected local revenue amounting to Kshs.53.2 million. Analysis of local revenue collections shows that Kshs.22.1 million was raised in July, Kshs.14.0 million in August, and Kshs.17.0 million in September, 2013. The County received exchequer issues amounting to Kshs.233.9 million to finance its budget in the period under review.

The total expenditure for the first quarter of FY2013/2014 amounted to Kshs. 233.6 million representing 99 per cent of the exchequer issues for the quarter. Out of the total expenditure, the County spent 142.8 million (61%) on personnel emolument while Kshs. 90.9 million (39%) was spent on operations and maintenance. It is worth mentioning that the County owes the National Government Kshs. 174.7 million paid as salaries for staff seconded for devolved functions. Analysis of the operations and maintenance expenditure indicates that Kshs.46.7 million (51.8%) was spent on travel and subsistence allowances; Kshs.2.2 million (2.4%) on conferences, hospitality and catering; and Kshs.2.3 million (2.6%) as sitting allowances for MCAs. The remaining balance of Kshs.39.6 million (43.9%) was spent on other categories of operations and maintenance such as telephone expenses, printing costs, and motor vehicle maintenance.

During the period under review the office established that the County still operated the defunct Local Authority bank accounts contrary to the TA guidelines and that the County undertook renovations of the Governor's office in Kinamba and Rumuruti without following the laid down procurement laws. In addition, budget implementation in the County was hampered by various factors such as lack of office space and human capacity which affected the production of quality reports on time.

It is our recommendations that the County must take necessary measures to improve its physical infrastructure to ensure adequate office space for its staff and recruit additional personnel for the understaffed departments. This will improve budget implementation and ensure efficient delivery of services to the public. Further, the county leadership should ensure that government regulations on public financial matters are followed.

Lamu County

The Lamu County prepared and approved a Budget of Kshs. 2.21 billion for FY 2013/2014 within the required budget timelines. The Budget comprises of Kshs. 1.37 (62%) as development expenditure and Kshs. 843.8 million (38%) for recurrent expenditure. The projected revenue for the FY 2013/2014 is Kshs. 2.1 billion resulting to a budget deficit of Kshs.111 million. The County is yet to revise its budget to bridge this deficit.

In the first quarter of FY 2013/2014, the County raised revenue amounting to Kshs.5.1 million from local sources. The data on monthly revenue collection indicates that Kshs.2.6 million was collected in July, Kshs. 1.5 million in August, and Kshs.0.9 million in September, 2013. During the period under review, the County received exchequer issues amounting to Kshs. 131.8 million to finance county's expenditure.

Total expenditure in the first quarter of FY2013/2014 was Kshs.58.6 million which is 44.5 per cent of the total amount released for the quarter. An analysis of the total expenditure for the quarter shows that Kshs.50.2 million or 86 per cent was spent on recurrent expenditure and Kshs.8.4 million or 14 per cent on development expenditure. Out of the recurrent expenditure, the County spent Kshs. 28.8 million (58%) on personnel emolument and Kshs. 21.3 million (42%) on operations and maintenance. The County did not provide a detailed expenditure report as statutory requirement. Further analysis of expenditure by economic unit shows that the County Executive spent Kshs. 44 million (76%) while the County Assembly spent Kshs. 13 million (23%).

The major challenge the County faced during the period under review was inadequate human resource capacity in most departments which hampered implement budgeted programs. In order to address this challenge, the County must establish the County Public Service Board which should then review the human resource requirements so as to ensure effective functioning of the County structures.

Machakos County

The Machakos County Assembly approved a Supplementary Budget of Kshs. 8.01 billion with Kshs. 3.86 billion (48%) as recurrent expenditure and Kshs. 4.16 billion (52%) for development activities.

In the period from July to September 2013, the County's total revenue amounted to Kshs. 1.1 billion consisting of Kshs. 934.7 million (85%) as national grant, Kshs.168.2 million (15%) from local revenue sources and Kshs. 74.7 million as unspent balance carried forward from the previous financial year. The monthly local revenue target set in the 2013/2014 budget is Kshs. 211 million against a monthly achievement of Kshs. 56 million which represents a performance rate of 26.5 per cent.

Exchequer issues of Kshs. 611 million were released to the County to undertake recurrent and development expenditure during the quarter. The total expenditure for the quarter was Kshs.367.1 million representing 60 per cent of the exchequer issues. Out of this amount, Kshs.344.5 million (94%) was spent on recurrent expenditure and Kshs. 22.6 million (6%) on development expenditure. Analysis of the recurrent expenditure shows that operations and maintenance utilized Kshs.181.1 million (52.6%) while Kshs.163.4 million (47.4%) was spent on personnel emoluments. The County owes Kshs. 363.5 million to the National Government for salaries of staff seconded to the County to undertake devolved functions.

Further review of the operations and maintenance expenditure shows that Kshs. 52.4 million (29%) was spent on travel costs, Kshs. 14.7 million (8%) on conferences and hospitality, Kshs. 8.5 million (4.7%) on training costs, Kshs. 9.5 million (5.2%) on sitting allowances for MCAs while Kshs. 95.9 million (53%) was spent on other operations and maintenance activities such as printing and stationery, motor vehicle maintenance, office utilities among other expenditures.

Some of the challenges that affected the uptake of funds included delayed passing of legislation on revenue collection and inadequate financial management information systems which have led to under reporting and incomplete data capture. The Finance Bill should be finalised and approved to ensure that local revenue is collected within a legal framework. In addition, The County should liaise with IFMIS Directorate to ensure seamless operationalization of the financial management system.

Makueni County

The County Assembly approved an initial Budget of Kshs.5.9 billion which was assented to by the Governor on 30th June 2013. However, the Budget had a deficit and contained allocation to car grant which were not backed by law. It is against this background that the County was advised to revise the budget by 30th September 2013.

The local revenue during the first quarter of the FY 2013/2014 amounted to Kshs. 39.4 million. Monthly revenue collections for the month of July, August and September, 2013 was Kshs. 10.5 million; Kshs. 12.9 million ; and Kshs.15.9 million respectively. Exchequer releases to the County during the period under review amounted to Kshs. 332.3 million which was issued in two tranches of Kshs.72.5 million in August, 2013 and Kshs. 259.8 million in September, 2013.

Only three departments were operational during the reporting period and collectively spent Kshs. 271.9 million on recurrent activities representing 81.8 per cent of exchequer issues to the County. Expenditure breakdown by spending entities shows that the County Executive spent Kshs. 123.4 million (45%), Finance and Management Service spent Kshs.111.7 million (41%) while the County Assembly spent Kshs.36.8 million (14%) of the total exchequer releases. Further analysis shows that expenditure on personnel emoluments amounted to Kshs.83.9 million (31%) while expenditure on operations and maintenance was Kshs.187.

97 million (69%). The County was owed Kshs. 247.6 million by the National Government for salaries paid to seconded staff working in the County during the period under review.

A review of the operations and maintenance reveals that Kshs. 41.3 million (22%) was spent on travel and subsistence allowances, Kshs. 38.2 million (20.3%) on purchase of motor vehicles, Kshs. 4.7 million (2.5%) on MCA sitting allowances and Kshs. 2.1 million (1.2%) on training. The County spent Kshs. 92.6 million on other operation and maintenance expenditure which included refurbishment of buildings, purchase of office furniture & fittings, printing and advertising, insurance costs, routine maintenance among others. During the three months expenditure gradually increased from Kshs. 52.3 million in July, 2013 to Kshs. 66.1 million and Kshs. 153.5 million in August and September, 2013 respectively.

The County spent Kshs. 52.3 million in July, 2013 yet there was no exchequer releases during that month which implies that there were expenditures without the approval of the controller of Budget. This means that either money was spent at source or the county did not close its accounts for the 2012/13 financial year. Section 136(2) of the PFM Act, 2012 requires that all unspent money at the end of the financial year be refunded to the County Exchequer Account for re-voting and a refund statement submitted to the Controller of Budget.

Low connectivity of IFMIS in the County during the period under review coupled with inadequate capacity to use the system affected budget execution in the period under review. In addition, the standoff between the County Executive and the County Assembly adversely affected budget implementation. The County Treasury should work closely with the National Treasury to improve IFMIS connectivity in the County and further build capacity of IFMIS users to address this challenge. The County should endeavor to comply with PFM Act, 2012 provisions on refund of unspent funds at the end of the financial year.

Mandera County

Mandera County Budget of Kshs. 6.99 billion was prepared at a time when the County was in the process of establishing structures and operationalizing its departments to discharge its mandate. The budget comprises of Kshs. 2.62 billion (38%) as recurrent expenditure and Kshs. 4.37 billion (62%) as development expenditure. The annual allocation of the national equitable share for the County is Kshs. 6.55 billion and a conditional grant for donor funded projects of Kshs. 230 million. The projected local revenue collection for the county in the FY 2013/2014 was Kshs. 437 million.

During the period under review, the local revenue raised was Kshs. 11 million, representing only 3 per cent of the annual local revenue target. A monthly analysis of the revenue collected showed that Kshs. 3.70 million was collected in July; Kshs. 3.50 million in August and Kshs. 3.93 in September, 2013.

In the period under review, exchequer issues of Kshs. 407 million were released from County Revenue Fund to County Operational accounts. This money was released in two tranches of Kshs. 108 million and Kshs. 299 million in August and September, 2013 respectively. The County spent Kshs. 89 million representing 22 per cent of the exchequer released. Out of the total expenditure, the County Executive spent Kshs. 67 million (76%) while the County Assembly spent Kshs. 22 million (24%). Further analysis of the total expenditure showed that Kshs. 40 million (45%) was spent on personnel emoluments while Kshs. 49 million (55%) on operations and maintenance. Mandera County also owes the National Government Kshs. 58.1 million in salaries paid in the first quarter to staff seconded to the County for the devolved functions.

Analysis of the operations and maintenance expenditures shows that the County spent Kshs. 15 million (30%) on travel costs and subsistence allowance; Kshs. 1 million (2%) on conferences, hospitality and catering; and Kshs. 7 million (15%) on training costs. Different proportions of the remaining amount of Kshs. 26 million (52%) was spent on other categories of operations and maintenance such as sitting allowances for the members of the County Assembly, printing and fuel costs.

Lack of well trained personnel to manage public finances posed significant challenges in budget implementation in the County. Low local revenue collection has also adversely affected budget implementation in the period under review. Insecurity, following explosions and other militant attacks mainly from Al-Shabaab, also affected budget implementation during the same period. The County therefore needs to build human capacity through recruitment and training of personnel to improve the management of public finances. The County also needs to enhance it local revenue collection by ensuring that all the locally collected revenue is banked and regularly transferred to the County Revenue Fund. It is also imperative that the County works closely with the National Government on security issues.

Marsabit County

Marsabit County presented a Budget of Kshs. 3.99 billion for the FY 2013/2014 comprising of Kshs. 2.11 billion for recurrent expenditure and Kshs. 1.97 billion for development expenditure. The budget estimates meet the requirement of Section 15(2) of the PFM Act, 2012 which provides that in the medium term a minimum of 30 per cent should be spent on developmental activities.

The projected revenue for the County in the FY 2013/2014 consists of the national equitable share of Kshs. 3.941 billion and local revenue collection of Kshs.44 million. The total collection of local revenue amounted to Kshs. 8.76 million during the first quarter of FY 2013/2014. The monthly collections were Kshs. 3.30 million in July; Kshs. 2.31 million in August and Kshs. 3.15 million in September, 2013.

The total exchequer issues for the period under review were Kshs. 265 million. The total recurrent expenditure for all departments during the same period was Kshs. 125 million which represents 47 per cent of the total exchequer released to the County. The County had not spent a total of Kshs. 140 million by September 30, 2013. Analysis of the total expenditure by spending units shows that the County Executive spent Kshs. 99 million (79%) while the County Assembly spent Kshs. 26.12 (21%). Further analysis of the total recurrent expenditure shows that the County spent Kshs. 48 million (38%) on personnel and emoluments and Kshs. 77 million (62%) for operations and maintenance. Marsabit County is yet to refund the National Government Kshs. 106.6 million in salaries paid in the first quarter to staff seconded to the County to perform the devolved functions.

A review of the operations and maintenance expenditures shows that Kshs. 19 million (25%) was spent on travel costs and subsistence allowance; Kshs. 1 million (1%) for conferences, hospitality and catering while Kshs. 7 million (9%) for the purchase of vehicles. The remaining Kshs. 50 million (65%) was spent on other categories of operations and maintenance such as sitting allowances for the Members of the County Assembly, printing and fuel costs.

The slow roll out and adoption of IFMIS including its connectivity problems weakened the maintenance of financial and accounting records such that considerable amounts of impests remained unaccounted for contrary to public financial regulations. In order to address this challenge, there is need to fully roll out and operationalize IFMIS together with continuous strengthening of the technical capacity for the county staff. The go-slow by the Members of the County Assembly also affected the passage of key legislation related to budget implementation such as the revised County Budget and County Finance Bill that require urgent attention to avert a possible budget implementation crisis.

Meru County

Meru County Assembly approved budget estimates of Kshs. 7.5 billion for the 2013/2014 financial year on 27th June 2013. During the period under review, the County collected local revenue amounting to Kshs. 56 million. The monthly collection of local revenue was Kshs. 21 million in July; Kshs. 17 million in August and Kshs. 17 million in September, 2013. The total amount of local revenue collected in this period accounts for 8.6 per cent of the annual target.

The county received exchequer issues amounting to Kshs. 538 million in two tranches of Kshs. 190 million in August and Kshs. 348 million in September, 2013. The County spent a total of Kshs. 296 million on recurrent and development activities in the first quarter of the 2013/2014 financial year. Out of the total expenditure, Kshs. 294 million (99%) was for recurrent activities while Kshs. 2 million (1%) was spent on development activities. The development expenditure was mainly on rehabilitation of roads in the county.

Out of the total expenditure, the County Executive spent Kshs. 222 million (75%) while the County Assembly spent Kshs. 74 million (25%). Analysis of the total expenditure shows that

Kshs. 123 million (42%) was spent on personnel emoluments; Kshs. 170 million (57%) on operations and maintenance while Kshs. 3 million (1%) was spent on development. Meru County is yet to refund to the National Government Kshs. 359.9 million in salaries paid in the first quarter to staff seconded to the County for the devolved functions.

A review of the expenditure on operations and maintenance shows that Kshs. 78 million (46%) was spent on purchase of motor vehicles; Kshs. 15 million (9%) on travel costs and subsistence allowance and Kshs. 8 million (5%) on conferences, hospitality and catering. The remaining Kshs. 69 million (41%) was spent on other categories of operations and maintenance such as sitting allowances for the Members of the County Assembly, printing and fuel costs.

The main challenges on budget implementation encountered during the period under review include inadequate human capacity to undertake timely preparation of reliable and accurate financial reports. This resulted into delays in reporting on budget implementation. The delayed operationalization of IFMIS also remains a challenge in the County. It is recommended that to enhance production of timely, accurate and reliable financial reports, there is need to strengthen the human capacity. Network and connectivity issues hampering the operationalization of IFMIS and G-Pay should be addressed without delay.

Migori County

The total budget for Migori County in the FY 2013/2014 is Kshs. 5.53 billion with Kshs. 3.87 billion allocated for recurrent expenditure and Kshs. 1.66 billion for development expenditures. The recurrent budget estimates for the County constitute 70.0 per cent of the total budget while development budget estimates 30.0 per cent of the total budget.

During the period under review, the County collected local revenue amounting to Kshs. 54 million with Kshs. 18 million raised in July; Kshs. 21 million in August and Kshs. 15 million in September, 2013. A total of Kshs. 441 million was released from the County Revenue Fund to the County Operational Account between July and September 2013. The amount was released in tranches of Kshs. 59 million in July; Kshs. 12 million in August and Kshs. 370 million in September, 2013.

The total expenditure for the county during the period was Kshs. 337 million representing 76 per cent of the exchequer releases. This indicates that the County had not spent Kshs. 104 million which is 24 per cent of exchequer issues. The County Executive spent Kshs. 185 million (55%) while the County Assembly spent Kshs. 152 million (45%). The County did not provide detailed expenditure report for analysis as required by the constitution. Migori County owes the National Government Kshs. 174.5 million in salaries paid in the first quarter to staff seconded to the County for the devolved functions.

Most departments in the County do not have accounting officers which led to personnel emoluments for the whole county being administered by one department. The County also lacks adequate financial information system due to connectivity problems affecting IFMIS. Local revenue collection in the County is also low. The County therefore needs to appoint and designate accounting officers for each department of the County Executive. In addition, the County needs to liaise with the directorate of IFMIS under the National Treasury to solve the connectivity problems affecting IFMIS. In addition, the users of IFMIS need to undergo the IFMIS training for competency in its use.

Mombasa County

The County prepared and approved a budget of Kshs. 21.79 billion for FY 2013/2014 within the stipulated budget timelines. This include Kshs. 11.19 billion (51%) for development expenditure and Kshs. 10.59 billion (49%) for recurrent expenditure. The estimated revenue is Kshs. 12.17 billion which comprises of Kshs. 4.83 billion (22%) as national equitable share and Kshs. 7.35 billion (34%) from local revenue sources.

During the period under review, the total revenue for the County was Kshs. 924 million consisting of national sharable revenue of Kshs. 716 million and local revenue collections of Kshs. 207 million. The monthly collection of revenue for the period was Kshs. 69 million in July; Kshs. 65 million in August and Kshs. 71 million in September, 2013.

The County received Exchequer issues amounting to Kshs. 545 million for recurrent expenditures in the first quarter of FY 2013/2014. The County spent a total of Kshs. 767.2 million implying that a total of Kshs. 221.6 million was spent at source without approval from the Controller of Budget. Analysis of expenditure by spending units shows that the County Executive spent Kshs. 755 million (96%) while the County Assembly spent Kshs. 31 million (4%). Out of the total expenditure for the County, Kshs. 567 million (72%) was spent on personnel emoluments and Kshs. 200 million (25%) on operations and maintenance while Kshs. 20 million (3%) was spent on debt repayment. Mombasa County also owes the National Government Kshs. 382.8 million in salaries paid in the first quarter to staff seconded to the County for the devolved functions.

Further analysis on operations and maintenance expenditures show that travel costs and subsistence allowances accounted for Kshs. 22 million (11%), conferences, hospitality and catering costs were Kshs. 13 million (7%) and training costs accounted for Kshs. 16 million (8%). The remaining Kshs. 149 million (74%) was spent in various categories of operations and maintenance such as sitting allowances for MCAs, printing and fuel costs for the county operations.

The County has not fully adopted the IFMIS and G-Pay system and prefers to use manual system that involves issuance of cheques for payments. The County also experienced an extended period of industrial action that affected collection of local revenue. It is recommended that the County fully operationalises the IFMIS and G-pay system to enhance financial accountability and reporting. The County also needs to put in place and enhance existing internal control systems in collection of local revenue to minimize leakages.

Murang'a County

The County prepared a Balanced Budget of Kshs. 5.62 billion comprising of Kshs. 3.76 billion (67%) for recurrent expenditure and Kshs. 1.86 billion (33%) for development expenditure. The main sources of revenue for Murang'a County are equitable revenue share of Kshs. 3.92 billion, conditional grant of Kshs. 404 million and local revenue of Kshs. 1.30 billion.

During the period under review, the total revenue for the County amounted to Kshs. 796 million comprising of Kshs. 665 million from sharable revenue, Kshs. 69 million from local collection and Kshs. 61 million carried forward from FY 2012/2013.

During the period, exchequer issues amounting to Kshs. 374 million were released to the County operational account. The county spent Kshs. 258 million (69.2%) all on recurrent expenditure. By the end of the quarter, the County had not spent Kshs. 115 million. The County spent Kshs. 59 million in July; Kshs. 94 million in August and Kshs. 105 million in September, 2013. Out of the total expenditure, the County Executive spent Kshs. 215 million (83%) while the County Assembly spent Kshs. 43 million (17%). Further analysis shows that the County spent Kshs. 124 million (48%) on personnel emoluments while Kshs. 134 million (52%) was spent on operations and maintenance during the period. Muranga County is expected to refund Kshs. 291.3 million to the National Government for salaries paid in the first quarter to staff seconded to the County for the devolved functions.

Out of the operations and maintenance expenditure, the County spent Kshs. 22 million (16%) on travel costs and subsistence allowances; Kshs. 4 million (3%) was spent on conferences, hospitality and catering; Kshs. 7 million (5%) on training costs. The remaining amount of Kshs. 100 million was spent on other categories of operations and maintenance such as printing and stationery, advertisement costs, purchase of furniture and fitting among others.

The challenges encountered during the implementation of the budget for the County included: partial operationalization of automated financial systems such as IFMIS and G-Pay that forced the County to revert to manual systems of financial management and recording of revenue; and delayed enactment of requisite statutes such as the Finance Bill which has affected revenue generation. In this regard, it is recommended that the County fully operationalizes IFMIS, automates revenue collection and enacts the requisite laws for effective implementation of the budget.

Nairobi County

The FY 2013/2014 Budget estimate for Nairobi City County is Kshs. 25.2 billion of which Kshs. 7.6 billion (31%) has been allocated for development expenditure while Kshs. 17.6 billion (69%) has been allocated for recurrent expenditure. The County has set aside Kshs. 119 million as an Emergency Fund. The County expects to finance the Budget from the national equitable share and conditional grant of Kshs. 9.9 billion and Kshs. 15.9 billion raised through local revenue sources.

During the period under review, the County had total revenue of Kshs. 2.9 billion comprising of Kshs. 370 million unspent balance carried forward from the previous financial year 2012/2013, national equitable share of Kshs. 1.62 billion and local revenue of Kshs. 1.28 billion. The local revenue fell short of the projected Kshs. 5.42 billion for July to September 2013. However, the potential of attaining targeted revenue estimates has been boosted by the County Finance Revenue Act, 2013 which is under implementation combined with the concerted efforts to sensitize the public on its benefits.

The exchequer release to the County was Kshs. 598 million comprising of Kshs. 188 million and Kshs. 410 million released in August and September, 2013 respectively. The total expenditure was Kshs. 2.78 billion where Kshs. 802 million; Kshs. 782 million and 1.2 billion were used in July, August and September respectively. This implies that Kshs. 2.2 billion was spent directly at source without approval by the Controller of Budget contrary to Section 109 (6) of the PFM Act. The County Executive spent Kshs. 2.52 billion while the County Assembly spent Kshs. 258 million. Out of the total expenditure Kshs. 1.8 billion (65%) was used for personnel emoluments, Kshs. 452 million (16%) on operations and maintenance, Kshs. 459 million (16%) on development and Kshs. 68 million (2%) on debt repayment. Nairobi County is expected to refund Kshs. 1.20 billion to the National Government for salaries paid in the first quarter to staff seconded to the County for the devolved functions.

Further review of operations and maintenance expenditure shows that travel costs and subsistence allowances accounted for Kshs. 10.6 million (2.3%), conferences, hospitality and catering costs were Kshs. 36.3 million (8%) while training costs accounted for Kshs. 15.3 million (3.4%). The County spent Kshs. 394.9 million on other expenditures under operations and maintenance such purchase of office furniture and fittings, printing and advertising, routine maintenance, insurance and, fuel costs among others.

Budget implementation during the period under review was adversely affected by staff unrest that also led to declining revenue collection particularly in the month of August, 2013. Other challenges include the partial operationalization of IFMIS and concurrent use of LAIFORMS to collect revenue. There is need to continuously monitor and enhance internal control systems in local revenue collection to minimize leakage. It is also recommended that the County should fully operationalize IFMIS and G-Pay.

Nakuru County

Nakuru County is implementing a balanced Supplementary Budget of Kshs. 10.32 billion. The Budget consist of recurrent expenditure estimates of Kshs. 7 billion (70%) and development expenditure estimate of Kshs. 2.73 billion (27%) while Kshs. 300 million (3%) was allocated for planned debt repayments. The sources of revenue for the County Budget in the FY 2013/2014 include the equitable sharable of revenue of Kshs. 6.36 billion;

conditional grant for level 5 hospital estimated at Kshs. 600 million and local revenue collections estimated at Kshs. 3.08 billion.

During the period under review, the County received Kshs. 496 million of national sharable revenue and collected Kshs. 181 million from local sources as well. Local revenue generation for the first quarter of the FY 2013/2014 accounted for 6 per cent of the annual local revenue target. The monthly collection of local revenue was Kshs. 68 million; Kshs. 54 million and Kshs. 58 million in July, August and September, 2013 respectively. Performance of local revenue collection is expected to improve with the enactment and implementation of the County Finance Bill.

The exchequer issues were Kshs. 677 million during the period July to September, 2013. This amount was released in three tranches of Kshs. 97 million in July, Kshs. 75 million in August and Kshs. 505 million in September, 2013. During the period, the total expenditure by the County was Kshs. 404 million. The County spent Kshs. 7 million in July; Kshs. 164 million in August and Kshs 233 million in September, 2013. An expenditure analysis by spending units reveals that the County Executive spent Kshs. 377 million while the County Assembly spent Kshs. 27 million.

Further analysis of the expenditure shows that the County spent Kshs. 290 million on personnel emoluments; Kshs. 114 million on operations and maintenance. Nakuru County owes the National Government Kshs. 670.9 million in salaries paid in the first quarter to staff seconded to the County for the devolved functions.

Out of the total expenditure on operations and maintenance, Kshs. 23 million (20%) was spent on travelling, Kshs. 23 million (20%) on conferences, hospitality and catering while Kshs. 4 million (4%) was spent on training. Further, the County spent Kshs. 7 million on sitting allowances for the Members of the County Assembly while Kshs. 57 million was spent on other categories of operations and maintenance such as printing and stationery, motor vehicles maintenance, office utilities among others.

The County encountered a number of challenges in budget implementation including delays in preparation and submission of departmental plans, policies and priorities; slow roll out of IFMIS; and lack of physical infrastructure and human capacity. The office proposes stringent expenditure control especially on utilization of hospitality services, allowances, and training expenses. There is also need for the County to fully operationalize IFMIS to improve on the financial framework so that accurate and reliable financial reports can be given to the various stakeholders. Further, the County need to build human capacity on budget and budget implementation and ensure that revenue collected is regularly transferred to the County Revenue Fund as stipulated in Section 109(2) of the Public Finance Management Act of 2012. The CEC Finance should ensure proper guidelines on budget preparation are provided to the County Government including the usage of Program Budgeting instead of itemized budget as provided for in PFM Act, 2012 Second Schedule (12).

Nandi County

The Nandi County Budget for the FY 2013/2014 is Kshs. 3.6 billion which comprises of Kshs.1.7 billion (48%) for recurrent expenditures and Kshs. 1.9 billion (52%) for development expenditures. The Budget will be financed by Kshs. 3.9 billion from the National Government comprising of Kshs. 3.4 billion as shareable revenue and Kshs. 409 million as conditional grant for donor funded projects. In addition, the County expects to collect Kshs. 138.5 million from local revenue sources.

The total revenue raised from local revenue sources during the first quarter of the FY 2013/2014 amounted to Kshs. 29.4 million. This amount comprises of Kshs. 20.5 million collected in July, Kshs.4.2 million in August, and Kshs.4.7 million in September, 2013. During the period under review, Nandi County received exchequer issues amounting to Kshs.309.2 million.

The total expenditure in the same period was Kshs.171.6 million representing 55 per cent of the total exchequer issues. It is worth mentioning that the total expenditure for the period July to September, 2013 was on recurrent activities. Analysis of the County recurrent expenditure indicates that Kshs. 75.6 million (44%) was spent on personnel emoluments and Kshs. 96.0 million (56%) on operations and maintenance. Out of the total expenditure on operations and maintenance; Kshs. 16.3 million (17.0%|) was spent on travels and subsistence allowances; Kshs. 1.6 million (1.7%) on conference and hospitality; and Kshs. 0.4 million (0.4%) on training. The remaining Kshs. 77.8 million (81.0%) was spent on other operations and maintenance activities such as fuel, printing, motor vehicle insurance, and other allowances. Nandi County also owes the National Government Kshs. 198.0 million in salaries paid in the first quarter to staff seconded to the County for the devolved functions.

The County faced a myriad of challenges during the period under review. Key among them includes low revenue collection which is likely to affect budget implementation, inadequate human resource capacity at the County Treasury which affected service delivery. In order to address these challenges, the County Treasure should harmonize the various revenue streams in order to ensure consistency, uniformity, certainty and effectiveness in the collection of the revenue. In addition, County Treasury needs to build the requisite human capacity through focused training of staff on the budgeting and expenditure monitoring tools to improve operational efficiency of the County Government.

Lastly, the County needs to prioritize its budget objectives and implement its development plans to boost the economy of Nandi County.

Narok County

The Approved Budget for the County was Kshs. 9.7 billion which comprises of Ksh.5.7 billion (59 per cent) as recurrent expenditure and Ksh.3.98 billion (41 per cent) for development activities. To finance the Budget, the County expects to raise a total revenue of Ksh.9.7

billion with a budget surplus of Kshs.1.7 million.

During the period July to September, 2013, the County collected revenue amounting to Kshs. 754.2 million from local revenue sources. The revenue trend from local sources shows that Kshs. 271.8 million; Ksh.276.5 million; and Ksh.205.9 million was collected in the month of July, August and September, 2013 respectively. The main source of local revenue was entry fees to the Maasai Mara National Park accounting for 96 per cent of the total revenue collection. The County received exchequer issues amounting to Kshs.818.8 million for the period under review.

The County expenditure for the same period was Kshs. 572.6 million accounting for 70 per cent of the exchequer issues. The total expenditure excludes Kshs.162.7 million paid by the National Government as salaries for the staff seconded to the County for the devolved functions. Out of the total expenditure, Kshs.530.69 million (93%) was spent on recurrent activities and Kshs. 41.9 million (7%) on development programs. Analysis of the recurrent expenditure shows that the County spent Kshs. 213.7 million (37%) on personnel emoluments and Kshs. 316.98 million (55%) on operations and maintenance. Further review of the expenditures on operations and maintenance reveals that Kshs.140.4 million (44.3%) was spent on purchase of motor vehicles; Kshs. 46.6 million (14.7%) on travel and subsistence allowances; Kshs.2.8 million (0.9%) on conferences and hospitality; and Kshs.2.6 million (0.8%) on training. The remaining Kshs.124.6 million (39.3%) was spent on other categories including fuel, printing, insurance costs, and motor vehicle maintenance.

The County faced a number of challenges during the period under review. Key among them were, unaccounted AIA collected from sale of tender documents, and lack of adequate working space for county personnel leading to disruption of service delivery. The County need to implement corrective measures to address these challenges such as adherence to public procurement regulations and public finance management practices. In addition, the County should endeavor to create adequate working space for county staff to enable them provide public services effectively. The County Treasury should adopt proper financial and reporting standards to improve accounting of public resources. Furthermore, the County must ensure that adequate resources are allocated for the devolved functions to enhance service delivery and improve budget implementation.

Nyamira County

The Supplementary Budget for the 2013/2014 financial year was Kshs. 3.4 billion out of which Kshs. 2.3 billion (67%) was allocated for recurrent expenditure while Kshs. 1.1 billion (33%) for development expenditure. Nyamira County plans to raise revenue amounting to 3.4 billion in order to finance the FY 2013/2014 Budget.

During the first quarter of the financial year 2013/2014, the County collected revenue amounting to Kshs.13.3 million from local sources. The revenue collected from local sources during the period under review was below the projected revenue target of Kshs. 25 million. The revenue trend from local sources shows that the County collected Kshs. 4.7 million in July, Kshs. 4.7 million in August, and Kshs 4.0 million in September, 2013. The total exchequer issue in the period under review was Kshs. 277.9 million.

Although the County received Kshs. 277.7 million in exchequer issues during the period under review, the total expenditure was Kshs. 104.3 million representing 38 per cent of exchequer issues. Analysis of the recurrent expenditure reveals that Kshs. 28.5 million (28%) was spent on personnel emoluments and the remaining Kshs. 75.7 million (72%) on operations and maintenance. The recurrent expenditure excludes Kshs. 134.3 million paid by the National Government as salaries to the staff seconded to the County for the devolved functions. Further analysis of the operations and maintenance expenditure shows that Kshs. 28.9 million (38.2%) was spent on travels; Kshs. 4.2 million (5.5%) on conferences and hospitality; and Kshs. 3.2 million (4.2%) on training. The balance of Kshs.39.3 million (51.9%) was spent on telephone services, printing services, fuel oil and lubricants and other operations and maintenance activities.

During the period under review, the County faced some challenges which included the delay in the appointment of Chief Officers in various dockets and low performance of local revenue collection. The County needs to fast-track the appointment of key staff and designation of Accounting Officers to improve budget implementation. In addition, the County Treasury must employ additional revenue tracking and enforcement officers to improve revenue collections at the County. It is important for the County to work closely with other stakeholders in order to mitigate the challenges identified and improve budget implementation for the remaining period of FY 2013/2014.

Nyandarua County

The Nyandarua County approved Budget for the FY 2013/2014 is Kshs. 4.3 billion. The Budget comprises of Kshs. 1.7 billion (39%) for recurrent expenditure and Kshs. 2.6 billion (61%) for development expenditure. To finance the budget, the County expects to receive Kshs. 3.2 billion as shareable revenue from the National Government, Kshs. 284.9 million for the ongoing donor funded projects and to collect Kshs. 156.2 million from local revenue sources.

During the period under review, the County collected local revenue amounting to Kshs. 22.7 million. Analysis of the local revenue show that the County raised Kshs. 8.0 million in July, Kshs. 8.1million in August, and Kshs. 6.6 million in September, 2013. The County received exchequer issues amounting to Kshs. 277.9 million during the same period.

The total expenditure for the county amounted to Kshs. 151.6 million representing 55 per cent of the exchequer issues in the first quarter of FY 2013/2014. Analysis of the expenditure shows that Kshs. 74.8 million (49.4%) was spent on personnel emoluments and Kshs. 76.7 million (50.6%) on operations and maintenance. Further analysis of the operations and maintenance expenditure reveals that the County spent Kshs. 23.2 million (30.2%) on travels, Kshs. 3.4 million (4.4%) on conferences, hospitality and catering, Kshs. 5.4 million (7.0%) on training, and Kshs 7.7 million (10.0%) as sitting allowances for MCA. The remaining Kshs. 37.0 million (48.2%) was spent on other operations and maintenance activities such as communication services, printing services, and insurance costs among others. It is important to note that Nyandarua County owes the National Government Kshs. 248.8 million as salaries paid to staff seconded to the County for devolved functions.

The County faced a number of challenges during the period under review. The delay in passing of the Finance Bill affected revenue collection from local revenue sources. The County is yet to operationalise the IFMIS and G-Pay systems and hence relies on manual financial system which in turn has been delaying the submission of various financial reports. In order to enhance the revenue collection from local sources, it is recommended that the County Assembly should ensure the passage of the Finance Bill. In addition, the County Treasury needs to improve on the financial framework so that accurate and reliable financial reports can be produced on time. A reliable report helps in the monitoring of budget implementation.

Nyeri County

The preparation and eventual approval of the county budget marked an important milestone in the implementation of the Constitution and embedding of devolution in the governance structure of the country. The County FY 2013/2014 budget was geared towards achieving institutional and structural development as well as focusing a substantial fraction of the expenditure on priority sectors of the economy. It is against this background that the 2013/2014 budget was approved by the County Assembly. The total county budget amounted to Kshs. 4.6 billion comprising of Kshs. 2.7 billion (58%) for recurrent expenditure and Kshs. 1.9 billion (42%) for development expenditure.

During the first quarter of FY 2013/2014, Nyeri County raised revenue totaling to Kshs. 75.8 million from local sources. The local revenue collected comprises of Kshs.26.3 million in July, Kshs.21.7 million in August, and Kshs.27.8 million in September, 2013. The County received exchequer issues amounting to Kshs. 512.2 million to fund the County Budget during the period under review.

Analysis of the data from the County Treasury indicates that total expenditure during the period under review amounted to Kshs. 266.4 million representing 52 per cent of the exchequer issues. Recurrent expenditure stood at Kshs. 185.6 million (70%) while development expenditure was Kshs. 80.7 million (30%). Further analysis of recurrent expenditure indicates that Kshs. 118.4 million (63.8%) was spent on personnel emoluments while Kshs. 67.2 million (36.2%) on operations and maintenance. Personnel expenditure excludes Kshs. 456.9 million the County owes the National Government as salaries paid to staff seconded to the County for devolved functions. The operation and maintenance expenditure comprised of Kshs. 37.1 million (55.2%) on travels, Kshs. 2.1 million (3.1%)

on training, and the remaining Kshs. 28.1 million (41.8%) was spent on other categories of operations and maintenance such as fuel, printing, office utilities among others.

Several challenges in budget implementation were noted. These include delays in establishment of spending units, poor financial and reporting systems, inadequate human capacity and lack of a framework for distribution of funds to other county agencies. Concerted inter-party action is required to address these issues so as to improve budget implementation in the County. In addition, alignment of county activities and personnel with county structures should be expedited. It is noted that the staff audit initiated in the month of August is at an advanced stage and it is expected the results of this exercise will result in optimal human resource requirements to improve budget implementation.

Samburu County

The Samburu County approved a budget of Kshs. 3.1 billion for the FY 2013/2014 which comprises of Kshs.1.6 billion (52%) for recurrent expenditure and Kshs. 1.5 billion (48%) for development expenditure. During the FY 2013/2014, the County expects to receive Kshs. 2.8 billion as grant from the National Government and generate Kshs. 210 million from local sources. The Approved Budget had irregular budgetary allocations such as Kshs. 52 million allocated to the County Assembly members for car loans and the County was advised to revise the Budget.

During the period July to September, 2013, the County generated Kshs.44.8 million as revenue from local sources. Analysis of local revenue shows that the County raised Kshs.13.2 million in July, Kshs. 13.7 million in August and Kshs.17.8 million in September, 2013. The County received exchequer issues amounting to Kshs. 241.3 million in the period under review.

The total expenditure during the July to September 2013 period was Kshs. 110.6 million representing 46 per cent of the exchequer issues. Out of the total expenditure, Kshs. 67.97 million (61.5%) was spent on personnel emoluments while Kshs. 42.6 million (38.5%) was spent on operations and maintenance. It is important to note that personnel expenditure excludes Kshs. 80.3 million the National Government paid as salaries to staff seconded to the County for the devolved functions. A further analysis of the operations and maintenance expenditure shows that Kshs.23.3 million (54.7%) was spent on travel and subsistence allowance, Kshs.4.1 million (9.6%) on training, and the remaining Kshs. 15.1 million (35.4%) on other categories of operations and maintenance such as fuel oil and lubricants, insurance costs, and office and general supplies among others.

The County faced some challenges that affected budget implementation during the period under review. For instance, most of the departments whose functions had been devolved were not fully operational during the quarter and as a result, they spent very little of the resources allocated to them hence affecting service delivery. In addition, the County is currently using the manual system of revenue collection which is exposed to revenue leakages. The County needs to fast-track the installation of the new ticketing system to curb revenue leakages. The County should ensure that all departments are operational and funded to improve on budget execution.

Siaya County

Siaya County approved a Budget of Kshs. 4.1 billion for the FY 2013/2014 comprising of Kshs. 2.3 billion (56%) as recurrent expenditure and Kshs. 1.9 billion (44%) as development expenditure. The County proposes to finance the budget from the following sources: Kshs.3.7 billion from national shareable revenue, Kshs.318 million from conditional grant, and Kshs.153 million from local revenue.

During the period under review, the County raised local revenue amounting to Kshs.22.4 million. The local revenue comprises of Kshs.10.8 million raised in July, Kshs. 5.3 million collected in August, and Kshs. 6.3 million in September, 2013. The total exchequer issues for the period under review were Kshs.132.1 million.

The total expenditure for the county during the period amounted to Kshs. 117.6 million representing 89 per cent of the exchequer issues. This is a notable performance considering that substantive budget implementation decisions were put on hold following the court case against the Governor. Analysis of the expenditure shows that Kshs.85.6 million (72.8%) of the total expenditure was on personnel emoluments and the balance of Kshs. 32.0 million (27.2%) on operations and maintenance. A further analysis of the operations and maintenance expenditure reveals that the County spent Kshs.12.8 million (40%) on travels, Kshs.2.5 million (7.8%) on conferences and hospitality, Kshs. 6.8 million (21.2%) on sitting allowances for MCAs, Kshs.0.7 million (2.2%) on training, and the remaining Kshs. 9.2 million (28.8%) on other operations and maintenance activities such as communication services, telephone services, and insurance costs. The County is expected to refund Kshs. 175.7 million to National Government in salaries paid in the first quarter to staff seconded for the devolved functions.

The major challenge facing budget implementation in the County during the period was the standoff between the Executive and the Members of the County Assembly on the budget ceilings for budget appropriation between these two arms of county government. The court case against the Governor disrupted service delivery and budget implementation in the period under review.

The National Treasury should provide guidelines on how to appropriate the budgetary allocations between the various arms of the County. This will help to fast-track the budget making process.

Taita Taveta County

The Taita Taveta County approved a budget of Kshs. 2.9 billion for FY 2013/2014 which comprises of Kshs 1.7 billion (58%) for recurrent expenditure and Kshs. 1.2 billion (42%)

for development expenditure. In order to finance the Budget, the County expects to receive Kshs. 2.4 billion as shareable revenue from the National Government; Kshs. 214.1 million as revenue from local sources; Kshs. 216.6 million as Equalization Fund; and Kshs. 30.0 million from other unspecified sources. The Approved Budget had a deficit of Kshs. 20 million that needs to be addressed in the Supplementary Budget.

During the period July to September 2013, the County raised revenue amounting to Kshs. 30.6 million from local revenue sources. This revenue comprised of Kshs. 12.9 million raised in July, Kshs.7.5 million in August, and Kshs.10.2 million in September, 2013. The County received exchequer issues amounting to Kshs. 190.9 million to meet recurrent expenditure during the period under review.

The total expenditure incurred during the period under review was Kshs. 76.1 million, representing 40 per cent of exchequer issues. Analysis of the total expenditure indicates that Kshs. 39.8 million or 52 per cent was spent on personnel emoluments and the remaining balance of Kshs. 36.3 million or 48 per cent on operations and maintenance. It is important to mention that the County also owes the National Government Kshs. 148.1 million in salaries paid in the first quarter to staff seconded to the County for the devolved functions.

Further analysis of the operation and maintenance expenditure shows that Kshs.13.6 million (37%) was spent on travel and subsistence allowances, Kshs.1.8 million (5%) on conferences and hospitality, Kshs. 0.3 million (1%) on training while the remaining Kshs. 20.6 million (56.8%) was spent on other categories of operations and maintenance which included insurance costs, printing and advertising services, and subscription to newspaper and magazines among others.

The main challenge that affected budget implementation during the period under review was the delay in the enactment of the Finance Bill which affected revenue collection from local sources. The County Treasury and County Assembly should work together to ensure the Finance Bill is passed to provide a legal basis for raising more revenue to finance the Budget. Similarly, the two arms of the County government should strive to ensure that statutory deadlines in the budget making process are observed.

Tana River County

Tana River County prepared a balanced budget of Kshs 3.2 billion for the financial year 2013/2014 comprising of Kshs. 2.0 billion (63%) as recurrent expenditure and Kshs. 1.2 billion (37%) as development expenditure. The projected revenues are to be financed by the national sharable revenue of Kshs 2.9 billion, conditional grant of Kshs 204.5 million and local revenue of Kshs.87.3 million.

During the first quarter of the financial year 2013/2014, the actual revenue for the County amounted to Kshs 503.7 million comprising of national sharable revenue of Kshs 495.4 million and local revenue of Kshs 8.2 million. The total exchequer issued to the County amounted to Kshs 314.8 million out of which Kshs 223.1 million was issued for recurrent expenditure and Kshs 91.7 million for development activities.

During the period under review, the County spent a total amount of Kshs. 144.7 million with the County Executive spending Kshs. 106.9 million and County Assembly Kshs 37.8 million. However, the County had not spent a total of Kshs. 170.1 million, representing 54 per cent of the total exchequer issues at the end of the period.

Analysis of the expenditure shows that Kshs 107.0 million and Kshs 37.7 million was spent in the first quarter of FY 2013/2014 for recurrent and development activities respectively. From the recurrent expenditures, Kshs 51.3 million (47.9%) was spent on personnel emoluments while Kshs 55.8 million (52.1%) was spent on and operations and maintenance. Analysis of operations and maintenance show that the County spent Kshs 30.7 million (55.1%) on travel costs, Kshs 8.3 million (14.9%) on conferences, hospitality and catering costs, Kshs 0.05 million (0.1%) on training costs and Kshs 16.7 million (29.9%) on other activities such as printing costs, telephone expenses, office utilities and motor vehicle maintenance. The County also owes the National Government Kshs 80.7 million in salaries paid in the first quarter to seconded staff for the devolved functions.

The main challenge the County faced during the first quarter was the low performance of the local revenue collections. The County Treasury should put measures to enhance revenue collection and ensure that revenue collected is deposited in the County Revenue Collection Account and swept to the County Revenue Fund Account as per the PFM Act 2012 regulations.

Tharaka Nithi County

The County prepared a budget of Ksh 2.4 billion comprising of Kshs 1.1 billion (45.8%) as recurrent expenditure and Kshs 1.3 billion (54.2%) as development expenditure. The budget is to be financed by the national sharable revenue of Kshs 2.3 billion, conditional grant of Kshs 139.8 million and local revenue of Kshs 84.2 million.

During the first quarter of the financial year 2013/2014, the actual revenue for the County was Kshs. 409.3 million comprising of national sharable revenue of Kshs. 390.1 million and local revenue collections of Kshs. 19.2 million. The total exchequer issued to the County amounted to Kshs 209.3 million during the period.

During the period under review, the total expenditure amounted to 124.9 million with the County Executive spending Kshs 104.2 million and County Assembly Kshs 20.7 million. Analysis of the expenditure shows that Kshs 93.1 million (74.5%) was spent on recurrent expenditures while Kshs 31.8 million (25.5%) was spent on development activities in the first quarter of FY 2013/2014. Analysis of the recurrent expenditure shows that Kshs 54.2 million (58.2%) was spent on personnel emoluments, Kshs 36.5 million (39.2%) on operations and maintenance while Kshs 2.4 million (2.6%) was spent on pending bills.

Further analysis of operations and maintenance expenditure shows that the County spent Kshs 15.4 million (42.2%) on travel costs, Kshs 3.9 million (10.7%) on conferences, hospitality and catering costs, Kshs 6.7 million (18.4%) on training costs, and Kshs 10.6 million (29.0%) on other activities such as printing costs, telephone expenses, office utilities and motor vehicle maintenance. The County also owes the National Government Kshs 169.3 million in salaries paid in the first quarter to seconded staff seconded for the devolved functions.

Trans Nzoia County

The County of Trans Nzoia presented a balanced budget of Kshs 4.4 billion for the financial year 2013/2014 comprising of Kshs 3.1 billion (70.5%) as recurrent expenditure and Kshs 1.3 billion (29.5%) as development expenditure. The budgeted activities are to be financed by the national sharable revenue of Ksh.3.7 billion, local revenue of Ksh.501.5 million and conditional grant of Kshs 193.1 million.

During the first quarter of the FY 2013/2014, the actual revenue for the County amounted to Kshs. 666.0 million comprising of Kshs. 634.1 million from national sharable revenue and local revenue of Kshs. 32.0 million. The total exchequer issued to the County during the period amounted to Kshs 267.2 million. The County spent Kshs 312.0 million with the County Executive spending Kshs 284.3 million and County Assembly Kshs 27.7 million. This implies that Kshs. 44.7 million was spent at source without approval by the Controller of Budget contrary to Section 109 (6) of the PFM Act, 2012. From the expenditure, Kshs 122.7 million (39.3%) was spent on personnel emoluments while Kshs 189.3 million (60.7%) was spent on operations and maintenance. Analysis of operations and maintenance expenditure show that the County spent Kshs 33.7 million (17.8%) on travel costs, Kshs 1.4 million (0.7%) on conferences, hospitality and catering costs, Kshs 1.7 million (0.9%) on training costs, Kshs 7.7 million (4.1%) on sitting allowances to Members of the County Assembly, Kshs 22.5 million (11.9%) was spent on purchase of motor vehicles while the remaining Kshs 122.2 million (64.6%) was spent on other activities such as printing costs, telephone expenses and office utilities. The County is expected to refund Kshs 230.2 million to the National Government in salaries paid in the first quarter to seconded staff seconded for the devolved functions.

The County government still operates a manual financial management system and the former Local Authority Integrated Financial Operation Management System (LAIFOMS) in recording expenditures during the period because IFMIS is yet to be operationalized due to connectivity challenges. This has led to under-reporting and delay in reporting by the County. For proper public financial management and reporting there is urgent need to speed up the operationalization of IFMIS in the County.

Turkana County

The OCOB received a complaint from the County Assembly of alleged irregular alteration of the approved budget by the County Executive during the period under review. This allegation prompted the office to conduct investigation to ascertain whether the budget was altered and new items inserted irregularly. The office recommended that the County tables the revised budget to the County Assembly for deliberation and approval as well as build capacity among the two arms of County Government on the budget making process and execution.

A Supplementary Budget of Kshs 8.5 billion for FY 2013/2014 was approved comprising of Kshs 3.4 billion (40.0%) as recurrent expenditure and Kshs 5.1 billion (60.0%) as development expenditure. The budget is to be financed by national sharable revenue of Kshs 7.7 billion, conditional grant of Kshs 230 million, Equalization Fund of Kshs 302.3 million and projected local revenue of Kshs 351.8 million.

During the first quarter of the financial year 2013/2014, the actual revenue for the County was Kshs 1.32 billion comprising of national sharable revenue of Kshs. 1.30 billion and local revenue of Kshs. 26.8 million. The total exchequer issues to the County amounted to Kshs. 933.7 million.

The total expenditure for the county was Kshs 315.6 million with the County Executive spending Kshs 217.6 million and County Assembly Kshs 98.0 million. However, the County had not spent Kshs. 618.2 million representing 66 per cent of exchequer issues at the end of the first quarter of FY 2013/2014.

Analysis of the expenditure shows that Kshs 303.6 million and Kshs 12.0 million was spent on recurrent and development activities in the first quarter of FY 2013/2014. From the recurrent expenditures, Kshs 47.0 million (15.5%) was spent on personnel emoluments while and Kshs 256.6 million (84.5%) and on operations and maintenance. Analysis of the operations and maintenance expenditure shows that Kshs. 18.5 million (7.2%) was spent on travel costs, Kshs 2.1 million (0.8%) on conferences, hospitality and catering costs, Kshs 0.5 million (0.2%) on training costs, Kshs 54.5 million (12.2%) on motor vehicles and Kshs 181.1 million (70.6%) on other activities such as printing costs, telephone expenses, motor vehicle maintenance, office utilities among others. The County also owes the National Government Kshs 94.9 million in salaries paid in the first quarter to staff seconded for the devolved functions.

The County faced a number of challenges such as inadequate staffing in the revenue collection department which led to low revenue collections, lack of proper structures such as procurement plans to increase absorption of development funds and the delay in the passage of the Finance Bill which is the legal instrument for revenue raising measures in the County. The shortfall in revenue collection is likely to slow down budget implementation. County Treasury should put measures to ensure revenue collected is deposited in the County Revenue Collection Account and regularly swept to the County Revenue Fund Account as per the PFM Act 2012 regulations.

Uasin Gishu County

The County prepared a balanced Budget of Kshs 5.8 billion for the financial year 2013/2014 comprising of Kshs 3.6 billion (62.1%) as recurrent expenditure and Kshs 2.2 billion (37.9%) as development expenditure. The budget is to be financed by national sharable revenue of Kshs.3.8 billion, conditional grant of Kshs 270 million, Contributions in Lieu of Rates (CILOR) of Kshs. 287 million and projected local revenue of Kshs.1.5 billion. However, the County was advised to revise the Budget since it had irregularly allocated funds to car grants for MCAs. However, as at the end of the first quarter of FY 2013/2014, the County had not submitted a revised Budget.

In the first quarter of the FY 2013/2014, the actual revenue available to the County was Kshs 868.7 million comprising of national sharable revenue of Kshs.645.4 million, local revenue of Kshs.76.8 million and Kshs 146.5 million carried forward from the previous financial year. Total exchequer issued to the County amounted to Kshs 356.2 million.

During the period under review, total expenditure for the county was Kshs. 278.8 million which was all spent on recurrent activities with the County Executive spending Kshs. 208.9 million and County Assembly Kshs. 69.8 million. Analysis of recurrent expenditures shows that Kshs 212.3 million (76.1%) was spent on personnel emoluments and Kshs 66.5 million (23.9%) and on operations and maintenance. From operations and maintenance expenditure, the County spent Kshs 13.0 million (19.5%) on travel costs, Kshs 6.0 million (9.0%) on conferences, hospitality and catering costs, Kshs 29.8 million (4.5%) on training costs, and Kshs 44.4 million (66.8%) on other activities such as printing costs, telephone expenses, office utilities and motor vehicle maintenance. The County owes the National Government Kshs 258.9 million in salaries paid in the first quarter to staff seconded for the devolved functions.

The poor performance recorded in local revenue collection and the delay in the preparation of procurement plans, work plans as well as the Integrated Development Plan may adversely affect budget execution. These challenges need to be addressed if the county is to achieve its aspirations.

Vihiga County

Vihiga County prepared a Supplementary Budget of Kshs 3.3 billion for the financial year 2013/13 comprising of Kshs 2.3 billion (70.6%) as recurrent expenditure and Kshs 959.6 million (29.4%) as development expenditure. The budget is to be financed by national sharable revenue of Kshs 2.8 billion, conditional grant of Kshs 197.0 million and local revenue of Kshs 199.4 million.

During the first quarter of the financial year 2013/2014, the actual for the County was Kshs 628.6 million comprising of national sharable revenue of Kshs 481.4 million, local revenue of Kshs 18.8 million and Kshs. 128.4 million carried forward from the previous financial of the approved budget by the County Executive during the period under review. This allegation prompted the office to conduct investigation to ascertain whether the budget was altered and new items inserted irregularly. The office recommended that the County tables the revised budget to the County Assembly for deliberation and approval as well as build capacity among the two arms of County Government on the budget making process and execution.

A Supplementary Budget of Kshs 8.5 billion for FY 2013/2014 was approved comprising of Kshs 3.4 billion (40.0%) as recurrent expenditure and Kshs 5.1 billion (60.0%) as development expenditure. The budget is to be financed by national sharable revenue of Kshs 7.7 billion, conditional grant of Kshs 230 million, Equalization Fund of Kshs 302.3 million and projected local revenue of Kshs 351.8 million.

During the first quarter of the financial year 2013/2014, the actual revenue for the County was Kshs 1.32 billion comprising of national sharable revenue of Kshs. 1.30 billion and local revenue of Kshs. 26.8 million. The total exchequer issues to the County amounted to Kshs. 933.7 million.

The total expenditure for the county was Kshs 315.6 million with the County Executive spending Kshs 217.6 million and County Assembly Kshs 98.0 million. However, the County had not spent Kshs. 618.2 million representing 66 per cent of exchequer issues at the end of the first quarter of FY 2013/2014.

Analysis of the expenditure shows that Kshs 303.6 million and Kshs 12.0 million was spent on recurrent and development activities in the first quarter of FY 2013/2014. From the recurrent expenditures, Kshs 47.0 million (15.5%) was spent on personnel emoluments while and Kshs 256.6 million (84.5%) and on operations and maintenance. Analysis of the operations and maintenance expenditure shows that Kshs. 18.5 million (7.2%) was spent on travel costs, Kshs 2.1 million (0.8%) on conferences, hospitality and catering costs, Kshs 0.5 million (0.2%) on training costs, Kshs 54.5 million (12.2%) on motor vehicles and Kshs 181.1 million (70.6%) on other activities such as printing costs, telephone expenses, motor vehicle maintenance, office utilities among others. The County also owes the National Government Kshs 94.9 million in salaries paid in the first quarter to staff seconded for the devolved functions.

The County faced a number of challenges such as inadequate staffing in the revenue collection department which led to low revenue collections, lack of proper structures such as procurement plans to increase absorption of development funds and the delay in the passage of the Finance Bill which is the legal instrument for revenue raising measures in the County. The shortfall in revenue collection is likely to slow down budget implementation. County Treasury should put measures to ensure revenue collected is deposited in the County Revenue Collection Account and regularly swept to the County Revenue Fund Account as per the PFM Act 2012 regulations.

Uasin Gishu County

The County prepared a balanced Budget of Kshs 5.8 billion for the financial year 2013/2014 comprising of Kshs 3.6 billion (62.1%) as recurrent expenditure and Kshs 2.2 billion (37.9%) as development expenditure. The budget is to be financed by national sharable revenue of Kshs.3.8 billion, conditional grant of Kshs 270 million, Contributions in Lieu of Rates (CILOR) of Kshs. 287 million and projected local revenue of Kshs.1.5 billion. However, the County was advised to revise the Budget since it had irregularly allocated funds to car grants for MCAs. However, as at the end of the first quarter of FY 2013/2014, the County had not submitted a revised Budget.

In the first quarter of the FY 2013/2014, the actual revenue available to the County was Kshs 868.7 million comprising of national sharable revenue of Kshs.645.4 million, local revenue of Kshs.76.8 million and Kshs 146.5 million carried forward from the previous financial year. Total exchequer issued to the County amounted to Kshs 356.2 million.

During the period under review, total expenditure for the county was Kshs. 278.8 million which was all spent on recurrent activities with the County Executive spending Kshs. 208.9 million and County Assembly Kshs. 69.8 million. Analysis of recurrent expenditures shows that Kshs 212.3 million (76.1%) was spent on personnel emoluments and Kshs 66.5 million (23.9%) and on operations and maintenance. From operations and maintenance expenditure, the County spent Kshs 13.0 million (19.5%) on travel costs, Kshs 6.0 million (9.0%) on conferences, hospitality and catering costs, Kshs 29.8 million (4.5%) on training costs, and Kshs 44.4 million (66.8%) on other activities such as printing costs, telephone expenses, office utilities and motor vehicle maintenance. The County owes the National Government Kshs 258.9 million in salaries paid in the first quarter to staff seconded for the devolved functions.

The poor performance recorded in local revenue collection and the delay in the preparation of procurement plans, work plans as well as the Integrated Development Plan may adversely affect budget execution. These challenges need to be addressed if the county is to achieve its aspirations.

Vihiga County

Vihiga County prepared a Supplementary Budget of Kshs 3.3 billion for the financial year 2013/13 comprising of Kshs 2.3 billion (70.6%) as recurrent expenditure and Kshs 959.6 million (29.4%) as development expenditure. The budget is to be financed by national sharable revenue of Kshs 2.8 billion, conditional grant of Kshs 197.0 million and local revenue of Kshs 199.4 million.

During the first quarter of the financial year 2013/2014, the actual for the County was Kshs 628.6 million comprising of national sharable revenue of Kshs 481.4 million, local revenue of Kshs 18.8 million and Kshs. 128.4 million carried forward from the previous financial year. The total exchequer issued to the County during the period was Kshs 383.3 million

During the period under review, the County's total expenditure was Kshs. 196.1 million with the County Executive spending Kshs. 140.2 million and County Assembly spending Kshs 55.9 million. Analysis of the expenditure shows that Kshs 170.1 million was spent on recurrent and Kshs 26.0 million on development activities in the first quarter of FY 2013/2014. Analysis of the recurrent expenditures shows that Kshs. 88.1 million (51.8%) was spent on personnel emoluments and Kshs. 82.0 million (48.2%) on operations and maintenance.

Further analysis of the operations and maintenance expenditure shows that the County spent Kshs 29.5 million (36.0%) on travel, Kshs. 3.3 million (4.1%) on conferences, hospitality and catering costs, Kshs 7.0 million (8.6%) on training costs, Kshs 10.6 million (12.9%) on motor vehicle maintenance and Kshs 31.6 million (38.5%) on other activities such as printing costs, telephone expenses, maintenance of motor vehicles and office utilities. The County owes the National Government Kshs 129.0 million in salaries paid in the first quarter to staff seconded for the devolved functions.

Analysis of revenue established that local revenue sources constituted merely 3.76 per cent of the total county revenue during the first quarter of 2013/2014 financial year. The County recorded low absorption of development funds, and incomplete implementation of the Integrated Financial Management System (IFMIS). There is therefore need for widening the revenue streams as well as optimizing the current streams in order to mobilize adequate resources required to achieve quality service delivery and development plans of the County.

Wajir County

Wajir County prepared a balanced Budget of Kshs 5.4 billion for the financial year 2013/2014 comprising of Kshs.2.70 billion (49.8%) as recurrent expenditure and Kshs.2.72 billion (50.2%) as development expenditure. The projected revenues are to be financed by national sharable revenue of Kshs 5.3 billion, conditional grant of Kshs 357.5 million, Equalisation Fund of Kshs 267.9 million and projected local revenue of Kshs 119.0 million.

During the first quarter of the financial year 2013/2014, the actual revenue for the County was Kshs. 910.7 million comprising of national sharable revenue of Kshs 899.3 million, local revenue of Kshs 10.5 million and Kshs 0.96 million brought forward from the previous financial year. The total exchequer issued to the County during the period amounted to Kshs. 229.7 million.

In the period under review, the total expenditure amounted to Kshs 72.6 million which was all spent on recurrent expenditure with the County Executive spending Kshs 45.8 million and the County Assembly Kshs 26.8 million. Analysis of recurrent expenditures shows that, Kshs 50.6 million (69.7%) was spent on personnel emoluments and Kshs 21.9 million (30.3%) on operations and maintenance. Analysis of operations and maintenance expenditure show that the County spent Kshs 6.1 million (27.7%) on travel costs, Kshs 3.7 million (16.7%) on conferences, hospitality and catering costs, Kshs 4.6 million (20.8%) on training costs, Kshs 4.0 million (18.3%) sitting allowances to Members of the County Assembly and Kshs 3.6 million (16.4%) on such expenses such as printing costs, telephone expenses, Motor Vehicle Maintenance, office utilities among others. The County also owes the National Government Kshs 77.8 million in salaries paid in the first quarter to staff seconded for the devolved functions.

Although IFMIS and G-pay are operational at the County, the County encountered some challenges such as delay in approving the revised budget, lengthy procurement procedures, inadequate staff and use of manual system in revenue collection which hindered absorption of funds. It is recommended that the County Treasury should come up with measures to address the above issues in order to ensure smooth implementation of planned activities and programs.

West Pokot County

The County prepared a balanced Budget of Kshs. 3.6 billion for the financial year 2013/2014 comprising of Kshs 2.0 billion (55.6%) as recurrent expenditure and Kshs 1.6 billion (44.4%) as development expenditure. The projected revenue was to be financed by national sharable revenue of Kshs 3.2 billion, conditional grant of Kshs 437.8 million, Equalization Fund of Kshs 249.6 million and estimated local revenue of Kshs 38 million.

During the first quarter of the financial year 2013/2014, the actual revenue raised by the County amounted to Kshs 569.5 million comprising of Kshs 536.4 million as the national sharable revenue, Kshs. 12.3 million collected from local revenue sources and Kshs 20.8 million being cash carried forward from the previous financial year. The total exchequer issued to the County during the period amounted to Kshs 182.9 million.

During the period under review, the county spent a total of Kshs 46.3 million on recurrent expenditures with the County Executive spending Kshs 34.3 million and County Assembly Kshs 12.0 million. Analysis of the recurrent expenditure shows that Kshs 37.7 million (81.4%) was spent on personnel emoluments and Kshs 8.6 million (18.6%) on operations and maintenance. Further analysis of operations and maintenance expenditure shows that Kshs 3.6 million (41.9%) was spent on travel costs, Kshs 1.4 million (16.3%) on conferences, hospitality and catering costs, Kshs 1.8 million (20.9%) on training costs, and Kshs 1.8 million (20.9%) on activities such as printing and stationery, insurance, office utilities and telephone expenses. The County owes the National Government Kshs 127.4 million in salaries paid in the first quarter to seconded staff for the devolved functions.

Some of the challenges affecting budget implementation in the County included the failure to finalize preparation of procurement plans in time, nil development activity in the quarter and inadequate staff. In order to address these challenges, the county should continuous build human capacity through training of the existing staff and recruiting to fill any existing gaps in finance and procurement functions.

4.0 KEY CHALLENGES AND RECOMMENDATIONS

This section discusses the key challenges that affected budget implementation for the first quarter of the 2013/2014 financial year in the Counties. The recommendations will go a long way to inform the on-going budget formulation process for the 2014/15 financial year and budget implementation for the remaining period of the 2013/2014 financial year.

4.1 Inadequate Capacity

After the County Governments became operational in March 2013, all the Counties embarked on establishing the necessary capacity both human and infrastructures to enable county governments discharge their mandates. The National Government through the Transition Authority seconded staff and allocated infrastructure grants for counties before they could develop their own capacity. Some Counties still experienced serious challenges in human capacity, infrastructure and inadequate management information systems. The key areas affected included budgeting and finance that saw most of the budgets formulated in the period preceding the quarter requiring revision. In most counties, the County Service Boards responsible for the recruitment of personnel were being established while in other counties the Boards were in the process of recruiting personnel during the period under review.

The challenges facing devolution call for strong oversight frameworks to ensure that wastage, corruption and inefficiencies are not entrenched in the Counties. One of the approaches recommended by the Public Financial Management Act, 2012 is to establish strong oversight framework such as strengthening the internal audit functions as this would greatly support the oversight institutions established by the Constitution of Kenya, 2010.

Counties should therefore embark on creating the necessary capacity at the earliest time possible to address the capacity challenges. Budget execution will require the right personnel in the fields of Budgeting, Finance, Procurement and Internal Audit if the fruits of devolution are to be realized. Counties further need to fast-track the acquisition of necessary infrastructure to provide the necessary support for smooth implementation of budgets.

4.2 The Wage Bill

An analysis of all the county budgets showed that the cumulative wage bill as a percentage of the total county budgets was 37.04 per cent. This further represents 64.7 per cent of the cumulative recurrent budget. This shows that substantial amount of money has been dedicated to wages and salaries in the current financial year. This has been compounded by the fact that the counties inherited all the staff from the defunct local authorities and also from the National Government to perform the devolved functions. This trend may not be sustainable in the long run as most of the resources will be allocated to meet the wage bill at the expense of other development activities. There is need for consultations between the two levels of government on how the escalating wage bill can be contained. This may therefore require a policy at the macro level.

4.3 Absorption of Funds

County Governments recorded low absorption of funds with discernible absence of expenditure on development activities. The low absorption has been attributed to delay in the disbursement of funds to county governments partly due to the dispute between the two houses of Parliament that saw the delay of the enactment of the County Allocation of Revenue Act, 2013. The funds became available in the last month of the quarter. In future, there is need for timely legislations to avoid similar occurrences.

With the approval of the monthly schedule for disbursement of funds to the counties by the Senate, counties are expected to realign their procurement plans and cash flows to the schedule so as to ensure improved absorption of funds and effective budget execution.

4.4 Adjournment of the County Assemblies

County Assemblies play a crucial role in the budget process of county governments. They approve budget estimates and oversee the implementation of budgets by the County Executive. County Assemblies also enact enabling legislation on budgeting such as the Finance Bills.

During the period under review, County Assemblies went on a go-slow agitating for higher wages. This coincided with the period that they were expected to approve the Finance Bills and the Supplementary Budgets. The Supplementary Budgets had been necessitated by the requirement to revise budgets in line with the recommendations of the OCOB. At the time of preparing this report some County Assemblies had not passed the Supplementary Budgets and the Finance Bills. There is need therefore for amicable settlement of the grievances of the MCAs to avoid disruptions in budget implementation.

4.5 Collection of Local Revenue

Section 132 of the PFM Act, 2012 gives the revenue raising powers to county governments as provided for in Article 209(3) of the Constitution of Kenya, 2010. County Governments have incorporated varied amounts of local revenue estimates towards meeting their budget estimates based on their projected local revenue streams. The human capacity and the necessary systems to collect local revenues are limited though the counties have enormous potential. In this context, the contribution of local revenues to budgets estimates should reflect this potential. From this report, it is evident that the actual local revenue collection was lower than the targets for the quarter. The failure to meet targeted local revenue collections will adversely affect budget implementation.

County Governments need to enact and implement their respective Finance Bills, harmonize the various revenue streams and building the necessary capacity to ensure effective collection of local revenue.

4.6 Operationalization of IFMIS and G-Pay

In accordance with Section 12 of the PFM Act, 2012, the National Treasury installed IFMIS and G-Pay for use in the Counties to ensure transparent financial management and standard financial reporting as contained in Article 226 of the Constitution. At the time of writing this report, the systems had not been fully operationalized in most of the Counties and the use of manual systems to record transactions still prevailed. Use of manual system is prone to errors and abuse as it does not provide an audit trail.

Connectivity issues, inadequate office space to operate the systems and lack of capacity of the County staff to operate the IFMIS and G-Pay systems are the main challenges reported by the Counties. It is recommended that the National Treasury together with the County Treasuries should proactively work together to ensure the systems are operational by ensuring continuous capacity building of County staff.

5.0 CONCLUSION

The quarter was characterized by low absorption of funds as the Counties were setting up structures; operationalizing of IFMIS, recruitment and appointment of accounting officers and AIE holders for various departments. Low absorption was also attributed to delay in the release of national shareable revenue to the Counties. With the improvement of exchequer releases expected in future, adequate focus on institutional capacity and systems at the County is needed to improve budget implementation to the level that is consistent with desired outputs and goals.

The off-target performance of locally generated revenue is matter of concern which requires immediate intervention to ensure that this does not adversely affect budget implementation. The Counties should review performance of local revenue collection and take corrective action to ensure that there will be no budgetary gap by end of the financial year. In addition, the Executive Members in charge of finance should institute measures to ensure that all collected revenue is recorded, accounted for and promptly swept to the County Revenue Fund Account as per the requirement of Article 207 of the Constitution of Kenya, 2010.

While devolution presents enormous opportunities to change the livelihoods of locals by bringing services closer to them and offering prospects to participate in governance, ineffective county governments can undermine the benefits for the citizenry. Further, the identified challenges if not adequately managed by all the stakeholders can obliterate the expected gains. There is therefore need for concerted efforts from all stakeholders to manage the process of devolution and avert obstruction to development activities.

The continuous usage of manual accounting systems in the management of public funds at the County level is an issue of concern in terms of its efficiency and effectiveness. Indeed, the IFMIS directorate must move with speed and address the challenges of connectivity and the corresponding bandwidth to increase the transaction speed at the counties. The inadequate human capacity and infrastructure to operationalize the system must be addressed by the Counties.

Finally, the Office of the Controller of Budget will ensure timely intervention and continuous feedback to the County Government regarding budget implementation with the aim of ensuring value addition to the citizens of Kenya.

6.0 ANNEXES

ANNEX 1: ANNUAL COUNTY REVENUE 2013/2014

County Name	Equitable share	Conditional Grant	Annual Local Revenue Target	Total budgeted Revenue	% Annual Local Revenue to Total Revenue
Baringo	3,247,853,214	382,555,501	280,000,000	3,910,408,715	7.2
Bomet	3,442,638,623	272,582,727	200,000,000	3,915,221,350	5.1
Bungoma	6,180,666,881	334,595,329	2,753,780,000	9,269,042,210	29.7
Busia	3,412,404,160	266,369,417	229,799,000	3,908,572,577	5.9
Elgeyo/Marakwet	2,392,011,591	744,501,814	100,328,408	3,236,841,813	3.1
Embu	2,807,082,690	557,198,402	439,611,586	3,803,892,678	11.6
Garissa	4,221,433,714	475,032,960	150,533,326	4,847,000,000	3.1
Homa Bay	4,121,429,825	1,604,785,613	140,678,820	5,866,894,258	2.4
Isiolo	2,235,583,336	187,893,545	360,000,000	2,783,476,881	12.9
Kajiado	3,227,409,858	284,382,199	517,000,000	4,028,792,057	12.8
Kakamega	6,515,510,757	840,702,017	3,500,000,000	10,856,212,774	32.2
Kericho	3,295,019,652	317,792,977	293,152,462	3,905,965,091	7.5
Kiambu	5,458,860,859	805,574,808	6,367,000,000	12,631,435,667	50.4
Kilifi	5,442,533,482	377,885,641	2,064,085,271	7,884,504,394	26.2
Kirinyaga	2,587,865,089	242,055,751	437,993,243	3,267,914,083	13.4
Kisii	5,188,303,957	635,954,331	1,229,194,738	7,053,453,026	17.4
Kisumu	4,155,298,066	711,380,679	3,417,121,255	8,283,800,000	41.3
Kitui	5,315,309,832	519,086,118	713,850,291	6,548,246,241	10.9
Kwale	3,748,952,670	280,447,997	426,634,417	4,456,035,084	9.6
Laikipia	2,523,013,037	234,821,897	1,305,863,722	4,063,698,656	32.1
Lamu	1,500,755,101	99,237,004	353,279,809	1,953,271,914	18.1
Machakos	4,950,617,060	523,080,848	2,541,868,584	8,015,566,492	31.7
Makueni	4,366,239,078	354,912,725	350,000,000	5,071,151,803	6.9

Mandera	6,550,232,929	230,310,408	437,400,000	7,217,943,337	6.1
Marsabit	3,795,591,041	272,856,567	44,000,000	4,112,447,608	1.1
Meru	4,749,444,426	758,421,849	658,000,000	6,165,866,275	10.7
Migori	4,269,095,295	490,967,787	795,374,867	5,555,437,949	14.3
Mombasa	3,801,758,312	545,817,618	7,345,847,392	11,693,423,322	62.8
Murang'a	3,917,395,470	404,431,503	1,300,041,827	5,621,868,800	23.1
Nairobi City	9,505,766,405	390,470,421	15,448,045,417	25,344,282,243	61.0
Nakuru	5,936,313,837	1,024,998,693	2,554,738,273	9,516,050,803	26.8
Nandi	3,477,901,826	408,946,759	139,000,000	4,025,848,585	3.5
Narok	3,867,590,331	278,791,611	5,323,459,195	9,469,841,137	56.2
Nyamira	3,038,643,767	278,440,754	100,000,000	3,417,084,521	2.9
Nyandarua	3,150,207,289	284,911,755	873,590,965	4,308,710,009	20.3
Nyeri	3,254,175,229	817,147,697	479,050,914	4,550,373,840	10.5
Samburu	2,598,153,222	206,938,875	210,000,000	3,015,092,097	7.0
Siaya	3,653,579,334	318,012,871	153,466,278	4,125,058,483	3.7
Taita/Taveta	2,420,630,003	205,852,212	214,119,909	2,840,602,124	7.5
Tana River	2,914,328,550	204,478,573	87,290,000	3,206,097,123	2.7
Tharaka -Nithi	2,294,827,946	139,762,124	84,164,893	2,518,754,963	3.3
Trans Nzoia	3,729,874,627	193,134,230	501,503,926	4,424,512,783	11.3
Turkana	7,664,402,593	229,995,474	351,838,651	8,246,236,718	4.3
UasinGishu	3,796,628,687	270,261,206	1,754,407,073	5,821,296,966	30.1
Vihiga	2,831,564,441	196,974,298	204,274,739	3,232,813,478	6.3
Wajir	5,290,052,179	357,469,372	119,030,873	5,766,552,424	2.1
West Pokot	3,155,049,726	437,777,043	38,000,000	3,630,826,769	1.0
Total	**190,000,000,000**	**20,000,000,000**	**67,388,420,124**	**277,388,420,124**	**24.3**

ANNEX 2: QUARTERLY REVENUE

COUNTY NAME	FUNDS RELEASED FROM CONSOLIDATED FUND TO COUNTY REVENUE FUND	LOCAL REVENUE COLLECTIONS	OPENING BALANCE B/F	TOTAL REVENUE FOR THE QUARTER	EXCHEQUER RELEASES TO COUNTY
Baringo	552,135,046	64,602,146		616,737,192	333,108,157
Bomet	585,248,566	24,119,479	133,494,965	742,863,010	429,624,283
Bungoma	1,050,713,370	36,160,654	75,987,266	1,162,861,290	552,856,685
Busia	580,108,708	63,144,741	51,109,995	694,363,444	358,478,354
Elgeyo/ Marakwet	406,641,970	10,070,496		416,712,466	322,320,985
Embu	521,384,922	35,400,054	68,265,374	625,050,350	325,533,826
Garissa	748,962,420	7,237,405		756,199,825	374,834,650
Homa Bay	700,643,070	31,261,672	210,725	732,115,467	422,413,709
Isiolo	380,049,168	47,549,774	5,906,049	433,504,991	102,775,000
Kajiado	548,659,676	64,919,534	38,290,000	651,869,210	104,000,000
Kakamega	1,160,558,368	37,876,443	110,000,000	1,308,434,811	1,294,558,368
Kericho	560,153,340	42,419,428	27,000,000	629,572,768	216,643,702
Kiambu	990,547,264	204,441,938	290,875,336.00	1,485,864,538	440,380,931
Kilifi	925,230,692	77,829,337	144,917,631	1,147,977,660	390,516,631
Kirinyaga	439,937,066	29,577,328	58,730,028	528,244,422	240,145,648
Kisii	917,908,138	43,916,750	22,897,709	984,722,597	311,139,055
Kisumu	773,658,874	108,516,471	179,520,796	1,061,696,141	415,298,000
Kitui	903,602,672	58,854,784	184,643,095	1,147,100,551	441,792,336
Kwale	637,321,954	30,776,170	215,626,100	883,724,224	791,546,763
Laikipia	428,912,216	53,192,395		482,104,611	233,926,270
Lamu	255,128,368	5,076,318	59,787,749	319,992,435	131,804,550
Machakos	860,054,880	168,218,280	74,744,107	1,103,017,267	611,044,107

Makueni	742,260,644	39,355,534	72,549,269	854,165,447	332,340,494
Mandera	1,113,539,598	11,130,885	107,884,677	1,232,555,160	407,036,166
Marsabit	645,250,478	8,758,440	13,225,714	667,234,632	265,137,000
Meru	838,541,272	56,630,146	150,000,000	1,045,171,418	538,563,135
Migori	725,746,200	54,129,550	0	779,875,750	441,000,000
Mombasa	716,743,796	207,495,205		924,239,001	545,564,828
Murang'a	665,957,230	69,145,671	61,590,950	796,693,851	374,091,502
Nairobi City	1,615,980,288	1,281,603,456		2,897,583,744	598,490,144
Nakuru	1,111,247,626	181,162,053	68,402,269	1,360,811,948	677,570,349
Nandi	591,243,310	29,412,470	55,200,000	675,855,780	309,244,802
Narok	657,490,356	754,188,517	15,743,447.65	1,427,422,321	818,832,000
Nyamira	516,569,440	13,329,533		529,898,973	277,725,875
Nyandarua	535,535,240	22,718,666	83,807,000	642,060,906	277,917,000
Nyeri	618,171,676	75,760,143	239,173,659	933,105,478	512,151,342
Samburu	441,686,048	44,756,767	67,444,582	553,887,397	241,263,916
Siaya	621,108,486	22,356,443	138,797,574	782,262,503	132,121,360
Taita/Taveta	411,507,100	30,629,760		442,136,860	190,917,231
Tana River	495,435,854	8,242,966		503,678,820	314,825,595
Tharaka -Nithi	390,120,750	19,167,729		409,288,479	209,328,431
Trans Nzoia	634,078,686	31,968,906	58,691,027	724,738,619	267,179,588
Turkana	1,302,948,440	26,779,267		1,329,727,707	933,733,000
UasinGishu	645,426,876	76,772,194	146,549,929	868,748,999	356,210,316
Vihiga	481,365,956	18,795,002	128,400,535	628,561,493	383,322,845
Wajir	899,308,870	10,461,880	960,000	910,730,750	229,597,051
West Pokot	536,358,454	12,333,172	20,820,974	569,512,600	182,906,118
TOTAL	**32,881,183,422**	**4,352,245,953**	**3,171,248,531**	**40,404,677,906**	**18,661,812,097**

ANNEX 3: MONTHLY LOCAL REVENUE COLLECTION JULY-SEPTEMBER 2013

County Name	July	August	September	Total Quarterly Revenue	Annual Revenue Target	% of Revenue Target Achieved
Baringo	21,015,816	30,878,754	12,707,576	64,602,146	280,000,000	23.1
Bomet	11,416,080	5,245,881	7,457,518	24,119,479	200,000,000	12.1
Bungoma	14,208,363	9,710,797	12,241,494	36,160,654	2,753,780,000	1.3
Busia	26,331,328	16,746,326	20,067,087	63,144,741	229,799,000	27.5
Elgeyo/ Marakwet	3,930,392	3,033,005	3,107,099	10,070,496	100,328,408	10.0
Embu	14,344,812	10,512,447	10,542,795	35,400,054	439,611,586	8.1
Garissa	1,815,500	3,065,905	2,356,000	7,237,405	150,533,326	4.8
Homa Bay	10,805,279	11,540,513	8,915,880	31,261,672	140,678,820	22.2
Isiolo	16,801,052	15,052,762	15,695,960	47,549,774	360,000,000	13.2
Kajiado	27,374,566	17,640,408	19,904,560	64,919,534	517,000,000	12.6
Kakamega	14,696,345	12,252,458	10,927,640	37,876,443	3,500,000,000	1.1
Kericho	23,277,493	9,201,335	9,940,601	42,419,428	293,152,462	14.5
Kiambu	79,234,057	66,186,977	59,020,904	204,441,938	6,367,000,000	3.2
Kilifi	24,815,946	26,846,451	26,166,939	77,829,337	2,064,085,271	3.8
Kirinyaga	12,147,722	9,190,828	8,238,778	29,577,328	437,993,243	6.8
Kisii	14,005,239	14,407,162	15,504,349	43,916,750	1,229,194,738	3.6
Kisumu	39,476,626	34,735,095	34,304,750	108,516,471	3,417,121,255	3.2
Kitui	19,814,563	21,744,417	17,295,804	58,854,784	713,850,291	8.2
Kwale	9,625,893	10,308,001	10,842,276	30,776,170	426,634,417	7.2
Laikipia	22,128,468	14,027,104	17,036,823	53,192,395	1,305,863,722	4.1
Lamu	2,612,944	1,549,960	913,414	5,076,318	353,279,809	1.4
Machakos	58,915,873	60,501,470	48,800,937	168,218,280	2,541,868,584	6.6
Makueni	10,518,291	12,948,351	15,888,892	39,355,534	350,000,000	11.2
Mandera	3,696,274	3,500,005	3,934,606	11,130,885	437,400,000	2.5
Marsabit	3,303,890	2,305,980	3,148,570	8,758,440	44,000,000	19.9
Meru	21,636,154	17,704,247	17,289,745	56,630,146	658,000,000	8.6
Migori	18,030,966	21,201,675	14,896,909	54,129,550	795,374,867	6.8
Mombasa	69,706,333	65,918,994	71,869,878	207,495,205	7,345,847,392	2.8
Murang'a	26,039,497	21,086,732	22,019,442	69,145,671	1,300,041,827	5.3
Nairobi City	468,222,790	378,500,763	434,879,903	1,281,603,456	15,448,045,417	8.3
Nakuru	68,057,757	54,187,342	58,916,954	181,162,053	2,554,738,273	7.1
Nandi	20,521,683	4,183,393	4,707,394	29,412,470	139,000,000	21.2
Narok	271,778,308	276,535,079	205,875,130	754,188,517	5,323,459,195	14.2
Nyamira	4,662,335	4,650,990	4,016,208	13,329,533	100,000,000	13.3
Nyandarua	8,021,247	8,075,570	6,621,849	22,718,666	873,590,965	2.6

Nyeri	26,262,999	21,676,666	27,820,478	75,760,143	479,050,914	15.8
Samburu	13,239,443	13,693,320	17,824,004	44,756,767	210,000,000	21.3
Siaya	10,769,826	5,329,389	6,257,228	22,356,443	153,466,278	14.6
Taita/Taveta	12,878,000	7,535,875	10,215,885	30,629,760	214,119,909	14.3
Tana River	4,508,370	1,521,929	2,212,667	8,242,966	87,290,000	9.4
Tharaka -Nithi	6,906,972	5,796,514	6,464,243	19,167,729	84,164,893	22.8
Trans Nzoia	11,766,319	12,183,448	8,019,139	31,968,906	501,503,926	6.4
Turkana	3,905,811	15,891,848	6,981,608	26,779,267	351,838,651	7.6
UasinGishu	30,002,355	22,211,857	24,557,982	76,772,194	1,754,407,073	4.4
Vihiga	6,843,623	6,325,043	5,626,336	18,795,002	204,274,739	9.2
Wajir	3,203,120	4,236,150	3,022,610	10,461,880	119,030,873	8.8
West Pokot	6,395,532	2,725,305	3,212,335	12,333,172	38,000,000	32.5
TOTAL	1,599,672,252	1,394,304,521	1,358,269,179	4,352,245,953	67,388,420,124	6.5

ANNEX 4: EXPENDITURE COMPOSITION ANALYSIS JULY-SEPTEMBER 2013

County Title	Personnel Emoluments	Operational & Maintenance	Development Expenditure	Debt Repayment & Pending Bills	Total
Baringo	66,522,760	107,722,830	-	-	174,245,590
Bomet	94,394,494	323,075,985	65,457,683	-	482,928,162
Bungoma	153,244,693	125,632,523	14,867,412	-	293,744,628
Busia	107,047,712	101,449,023	-	-	208,496,735
Elgeyo/ Marakwet	32,523,867	33,222,717	2,181,047	-	67,927,631
Embu	79,953,804	56,465,906	6,870,000	-	143,289,710
Garissa	84,337,796	148,059,687	-	-	232,397,483
Homa Bay	175,874,213	104,855,054	-	-	280,729,267
Isiolo	67,188,000	35,027,640	-	-	102,215,640
Kajiado	66,629,879	36,689,800	-	-	103,319,679
Kakamega	156,775,262	93,599,100	6,978,010	-	257,352,372
Kericho	116,843,228	61,468,737	26,570,386	-	204,882,352
Kiambu	299,960,452	138,930,795	19,102,918	-	457,994,165
Kilifi	126,472,120	86,927,875	-	-	213,399,995
Kirinyaga	66,594,466	45,062,930	-	-	111,657,396
Kisii	174,483,616	34,057,338	-	-	208,540,954
Kisumu	268,263,123	70,139,036	-	-	338,402,159
Kitui	102,188,478	119,556,562	614,408	-	222,359,448
Kwale	55,570,234	108,203,792	7,005,839	-	170,779,865
Laikipia	142,753,319.00	90,857,240.00		-	233,610,559
Lamu	28,890,349	21,313,242	8,409,751	-	58,613,342
Machakos	163,407,975	181,055,597	22,591,220	-	367,054,792
Makueni	83,884,640	187,967,102	-	-	271,851,742
Mandera	40,236,094	49,339,206	-	-	89,575,300
Marsabit	47,871,528	77,442,169	-	-	125,313,697
Meru	123,260,634	170,728,472	2,871,304	-	296,860,410
Migori	-	-	-	-	337,706,397
Mombasa	566,969,010	179,874,379	-	20,321,956	767,165,345
Murang'a	124,059,861	134,618,241	-	-	258,678,102
Nairobi City	1,801,628,963	457,215,358	459,064,674	68,696,292	2,786,605,287
Nakuru	290,064,625	114,126,706	84,999	-	404,276,330
Nandi	75,607,573	96,011,059	-	-	171,618,632
Narok	213,710,240	316,980,714	41,901,640	-	572,592,594

Nyamira	57,292,819	46,962,324	-	-	104,255,143
Nyandarua	74,820,791	76,731,097	-	-	151,551,888
Nyeri	118,366,263	67,240,128	80,784,490	-	266,390,881
Samburu	67,971,106	42,613,773	-	-	110,584,879
Siaya	85,637,377	32,000,088	-	-	117,637,465
Taita/Taveta	39,845,138	36,252,169	-	-	76,097,307
Tana River	51,263,175	55,758,423	37,681,316	-	144,702,914
Tharaka -Nithi	54,248,952	36,451,233	31,822,627	2,357,823	124,880,635
Trans Nzoia	122,717,382	189,246,668	-	-	311,964,050
Turkana	46,966,800	256,624,480	12,000,000	-	315,591,280
UasinGishu	212,320,629	66,457,574	-	-	278,778,203
Vihiga	88,131,147	82,033,099	26,034,940	-	196,199,186
Wajir	50,625,731	21,903,969	-	-	72,529,700
West Pokot	37,663,052	8,595,070	-	-	46,258,122
TOTAL	**7,105,083,368**	**4,926,546,911**	**872,894,664**	**91,376,071**	**13,333,607,412**