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COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FIRST HALF OF FY 2025/26

FEBRUARY, 2026

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Office of the Controller of Budget

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COUNTY GOVERNMENTS

BUDGET IMPLEMENTATION REVIEW REPORT

FIRST HALF OF FY 2025/26

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 06 AUG 2026
DAY. Thursday
TABLED BY: Leader of the Majority Party
CLERK-AT THE-TABLE: Kamda.

FEBRUARY, 2026

FOREWORD

The County Governments Budget Implementation Review Report (CBIRR) for the first half of FY 2025/26 provides an analysis of the budget performance of the forty-seven County Governments. It examines various aspects, including receipts into the County Revenue Fund, exchequer issues, expenditures, and funds absorption relative to the approved budget. Additionally, the report tracks trade payables and revenue arrears. Further, the CBIRR contains the key issues that hindered effective budget implementation during the period and offers recommendations to address the challenges.

This report is prepared per Article 228 (6) of the Constitution, which mandates the Controller of Budget to submit a report on the implementation of the budgets of the National and County Governments to each House of Parliament every four months. It also aligns with Section 9 of the Controller of Budget Act, 2016, which outlines the required contents of budget implementation reports. The report serves as a means for the Controller of Budget to disseminate information on budget implementation at the County Government level, as stipulated in Section 39(8) of the Public Finance Management Act, 2012.

To compile this report, financial and non-financial data were reviewed and analysed, including reports submitted to the Controller of Budget under Sections 166 and 168 of the Public Finance Management Act. It also draws on data from the Integrated Financial Management Information System and the approved FY 2025/26 budgets. Continuous monitoring of budget implementation by the Office of the Controller of Budget also served to inform the findings of this report.

This report will be valuable to the Legislature and Executive branches of both the National and County Governments, as well as the public, by increasing awareness of budget implementation and improving the management of public funds. I encourage the public and other stakeholders to use this report to scrutinise how County Governments are utilising public funds.

The preparation of this report was made possible through the dedication and hard work of the Controller of Budget staff and County Government personnel, whom I would like to acknowledge and greatly appreciate.

The report is also available at https://cob.go.ke/.



FCPA Dr Margaret Nyakang'o, CBS

CONTROLLER OF BUDGET

EXECUTIVE SUMMARY

This report presents the first half of the County Budget Implementation Review Report (CBIRR) for the FY 2025/26, encompassing the period from July 2025 to December 2025. It is prepared in accordance with Article 228(6) of the Constitution of Kenya of 2010 and Section 9 of the Controller of Budget Act of 2016. The report offers a comprehensive analysis of budget implementation across all 47 County Governments during the reporting period, focusing on revenue and expenditure performance. It also identifies key challenges faced and provides actionable recommendations for future enhancements.

The total approved budgets for the County Governments for FY 2025/26 amount to Kshs.619.87 billion, with Kshs.228.20 billion (37 per cent) earmarked for development expenditure and Kshs.391.67 billion (63 per cent) for recurrent expenditure. This cumulative allocation aligns with Section 107(2)(b) of the Public Finance Management (PFM) Act of 2012, which mandates a minimum of 30 per cent of total budgets to be designated for development initiatives.

To finance the FY 2025/26 budget, the County Governments project revenues of Kshs.415 billion from the equitable share of nationally raised revenues; Kshs.99.73 billion from ordinary own sources, which includes Kshs.29.47 billion from the Facility Improvement Fund (FIF) and Appropriation in Aid (A-I-A); Kshs.71.90 billion in additional (conditional) allocations from the National Government and Development Partners; and Kshs.33.24 billion in unspent funds from FY 2024/25.

In the first half of FY 2025/26, the total funds available to County Governments amounted to Kshs.227.15 billion. This comprised Kshs.172.73 billion as the equitable share of national revenue, authorised for withdrawal from the Consolidated Fund to the County Revenue Funds (CRF) by the Controller of Budget (CoB) in accordance with Article 206(4) of the Constitution; Kshs.26.40 billion in cash balances carried forward from FY 2024/25; and Kshs.26.94 billion generated from local revenue sources, including Kshs.12.70 billion from FIF/A-I-A.

During the reporting period, County Governments generated Kshs.26.94 billion from own sources, which represents 27 per cent of the annual target of Kshs.99.73 billion. Of the counties, 3 achieved an own-source revenue performance of over 50 per cent, 20 counties between 30 per cent and 49 per cent, and 24 counties below 29 per cent. The top-performing counties in this regard were Samburu (79 per cent), Garissa (71 per cent), and West Pokot (54 per cent).

As of December 31st, 2025, the total outstanding revenue arrears stood at Kshs.143.04 billion, comprised of Kshs.101.54 billion from ordinary own source revenue arrears, Kshs.8.29 billion in Facility Improvement Financing arrears, and Kshs.33.20 billion regarding the December 2025 equitable share. This situation hinders liquidity and impedes the effective implementation of the FY 2025/26 budget.

The Controller of Budget authorised the withdrawal of Kshs.184.64 billion from the County Revenue Fund (CRF) to the County Operational Accounts. Out of this, Kshs.156.17 billion (85 per cent) was designated for recurrent activities, while Kshs.28.47 billion (15 per cent) was allocated for development activities.

Cumulatively, the County Governments' expenditure during the review period totalled Kshs.192.59 billion, consisting of Kshs.160.10 billion (83 per cent) for recurrent activities and Kshs.32.49 billion (17 per cent) for development initiatives. This expenditure represents 31 per cent of the County Governments' overall annual budget. Notably, five counties achieved an overall absorption rate of 40 per cent or more, 21 counties recorded rates between 20 and 39 per cent, and 21 counties had rates below 19 per cent. High-performing counties included Bungoma (45 per cent), Marsabit (43 per cent), Machakos (41 per cent), Meru (41 per cent), and Tharaha Nithi (40 per cent)

In the first half of FY 2025/26, development expenditure was Kshs.32.49 billion, translating to an absorption rate of only 14 per cent of the total annual development budget of Kshs.228.20 billion. Alarmingly, 45 counties reported development absorption rates below 29 per cent, with only two counties exceeding 30 per cent, namely Marsabit (32 per cent) and Mandera (30 per cent).

Recurrent expenditure for County Governments in the review period amounted to Kshs.160.10 billion, accounting for 41 per cent of the annual recurrent budget. This includes Kshs.115.39 billion spent on employee compensation and Kshs.44.71 billion on operations and maintenance. During this period, four counties demonstrated recurrent budget absorption rates of 50 per cent or more, while 22 counties reported absorption rates below 50 per cent.

During the reporting period, the Controller of Budget identified some challenges that hindered effective budget execution. They include: (i) delays by the National Treasury in disbursing the Equitable Share of revenue raised nationally, (ii) underperformance in the collection of Own-Source revenue, (iii) overreliance on funding from Facility Improvement Financing, (iv) high levels of

trade payables, (v) low expenditure on development programs, and (vi) delays in the submission of financial and non-financial reports to the Controller of Budget.

To enhance budget implementation at the county level for the remainder of FY 2025/26, the Controller of Budget recommends several actions. The National Treasury should ensure that disbursements to County Revenue Funds are made by the 15th of each month. Further, County governments should strengthen their revenue collection efforts, reduce reliance on single revenue streams, prioritise settling trade payables, increase development expenditure, and comply with legal requirements for submitting financial and non-financial reports to the Controller of Budget. Implementing these measures will collectively improve effective budget execution and foster county development.

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ACRONYMS

AIA	Appropriation in Aid
ASDSP	Agriculture Sector Development Support Programme
CAIP	County Aggregation and Industrial Parks
CARA	County Allocation Revenue Act
CBIRR	County Budget Implementation Review Report
CGAAA	County Governments Additional Allocation Act
CHP/V	Community Health Promoters/ Volunteers
CoB	Controller of Budget
CPF	County Pension Fund
CRF	County Revenue Fund
DANIDA	Danish International Development Agency (Primary Health Care)
Dev	Development
DRPNK	Drought Resilience Programme in Northern Kenya
ELRP	Emergency Locust Response Project
FIF	Facility Improvement Fund/ Financing
FLLoCA	Financing Locally – Led Climate Action Programme
FSRP	Food System Resilience Project
FY	Financial Year
GHRIS	Government Human Resources Information System
IB	Internet Banking
IDA	International Development Association
IDEAs	Instrument for Devolution Advice and Support
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management System
IPPD	Integrated Payroll and Personnel Database
KABDP	Kenya Agricultural Business Development Project
KDSP	Kenya Devolution Support Programme
KeLCoP	Kenya Livestock Commercialisation Project
KUSP	Kenya Urban Support Project
MCA	Member of the County Assembly
NAVCDP	National Agricultural Value Chain Development Project
NHIF	National Health Insurance Fund
PHDC	Primary Health Care in Devolved Context
RMLF	Road Maintenance Levy Fund
UIG	Urban Institutional Grant
WASH	Kenya Water Sanitation and Hygiene

KEY HIGHLIGHTS

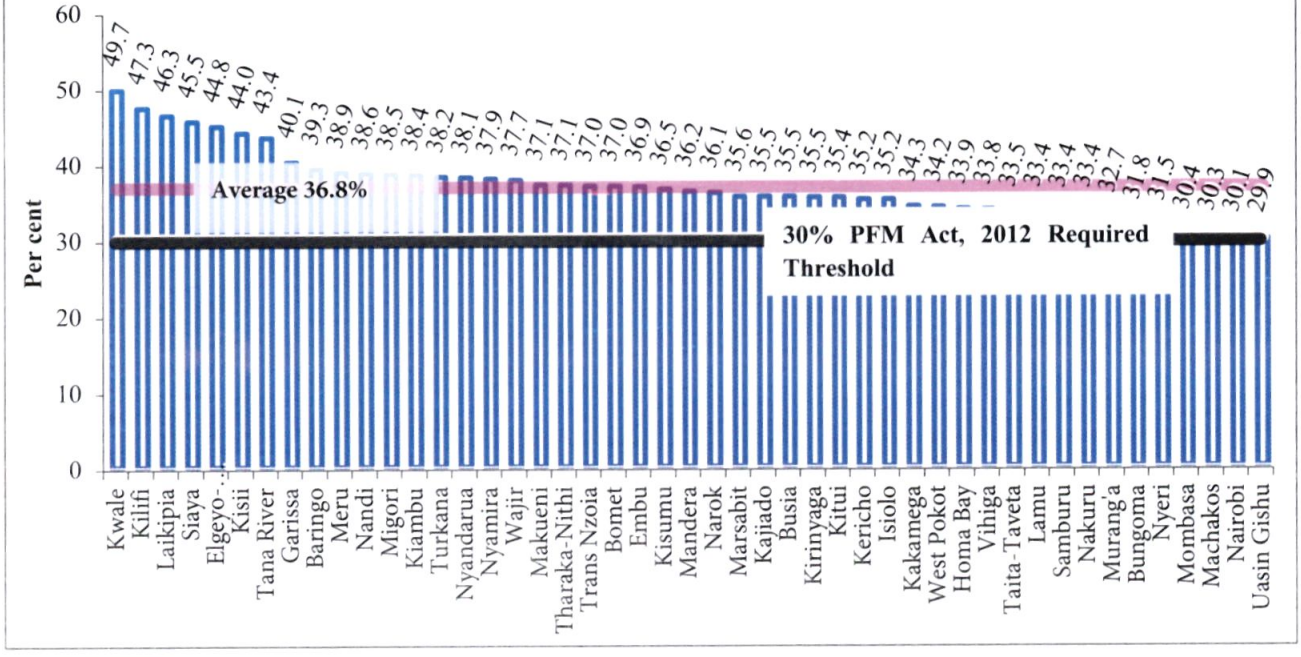
FY 2025/26 County Governments' Approved Budget Estimates

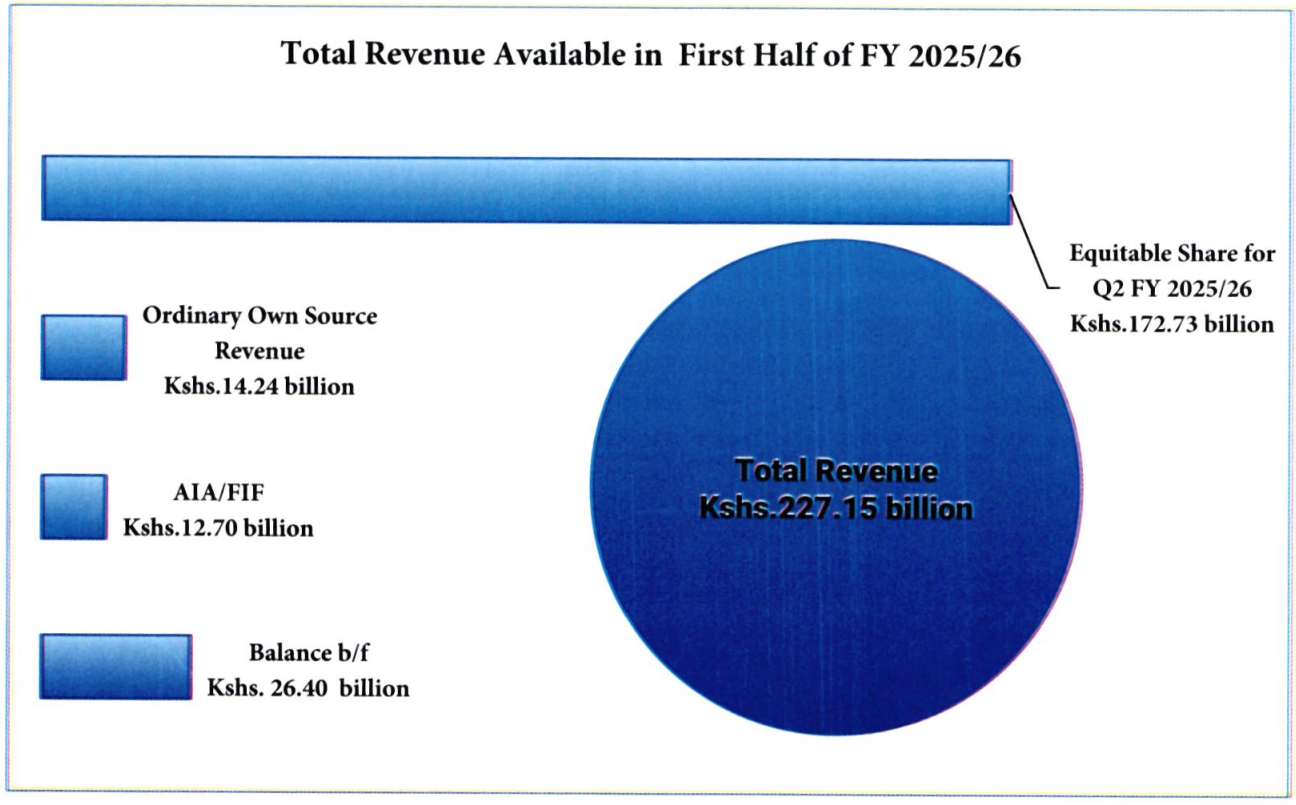
Development Kshs. 228.20 billion

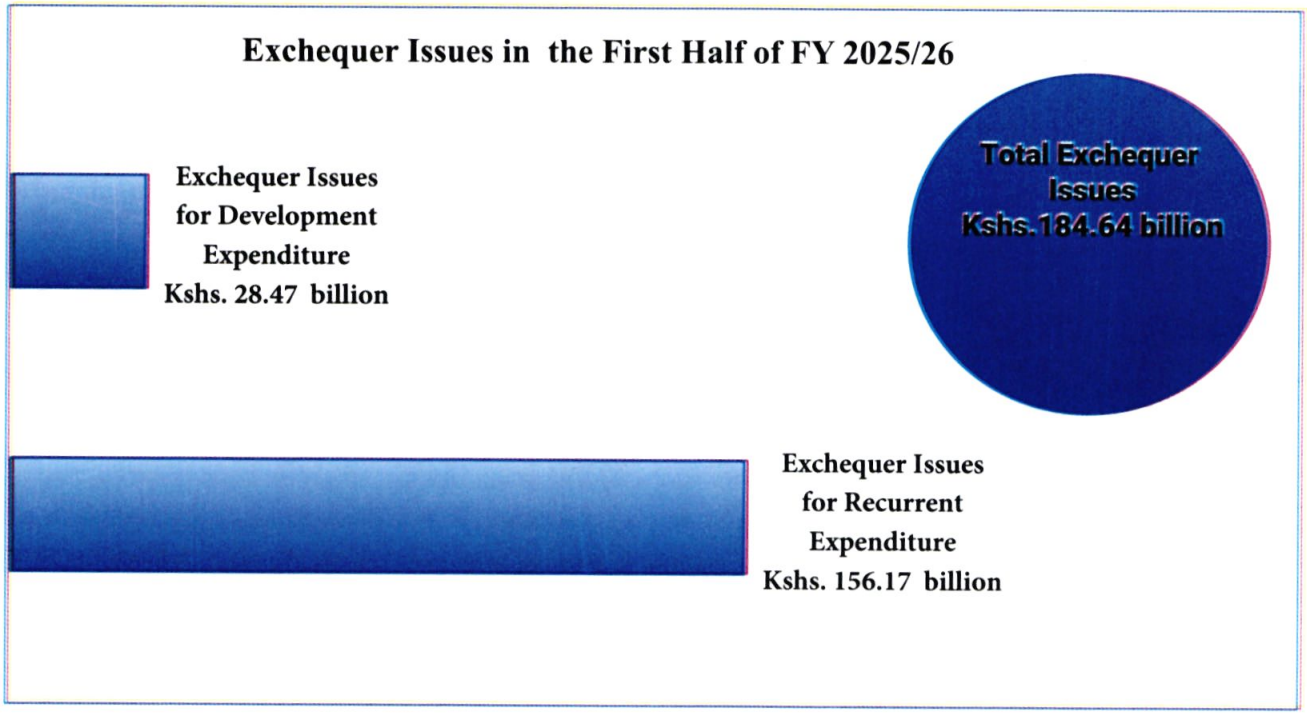
Total Approved Estimates Kshs. 619.87 billion

Recurrent Kshs. 391.67 billion

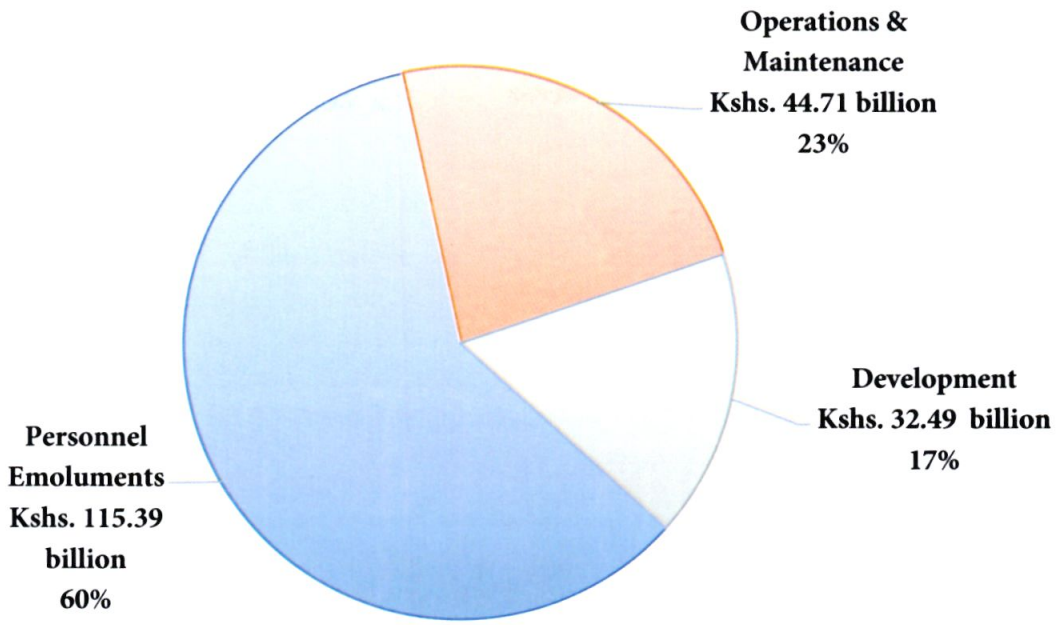
FY 2025/26 County Governments' Development Budget Allocation as a Percentage of Total Budget



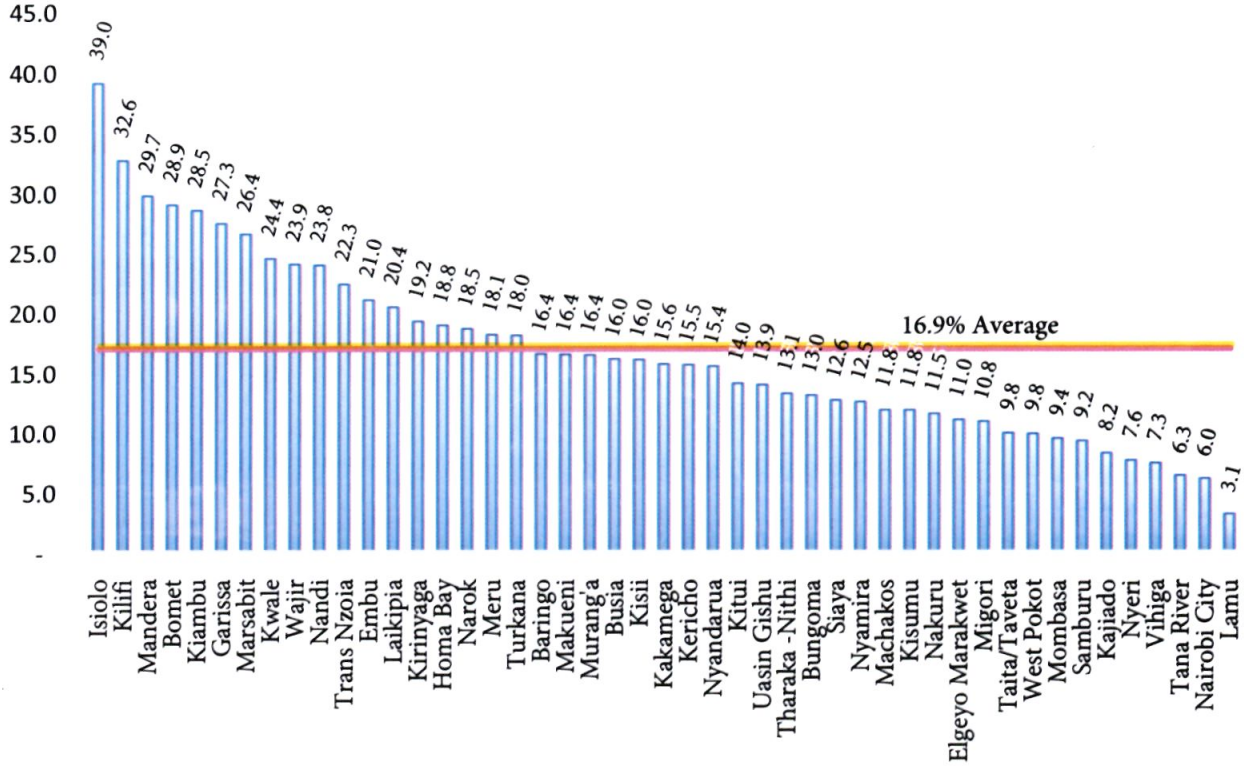

Total Revenue Available in First Half of FY 2025/26
Equitable Share for Q2 FY 2025/26 Kshs.172.73 billion
Ordinary Own Source Revenue Kshs.14.24 billion
AIA/FIF Kshs.12.70 billion
Balance b/f Kshs. 26.40 billion
Total Revenue Kshs.227.15 billion


Exchequer Issues in the First Half of FY 2025/26
Exchequer Issues for Development Expenditure Kshs. 28.47 billion
Total Exchequer Issues Kshs.184.64 billion
Exchequer Issues for Recurrent Expenditure Kshs. 156.17 billion

First Half FY 2025/26 Expenditure by Economic Classification



First Half FY 2025/26 County Governments' Development Expenditure as a Percentage of Total Expenditure



1. INTRODUCTION

The Controller of Budget (CoB) is established under Article 228 of the Constitution of Kenya to oversee and report on the implementation of budgets for the National and County Governments. According to Article 228(6) of the Constitution and Section 9 of the Controller of Budget (CoB) Act, 2016, the CoB should submit a report to each house of Parliament on budget implementation every four months.

The County Budget Implementation Review Report (CBIRR) for the first half of FY 2025/26 encompasses the period from July 2025 to December 2025. The report analyses information on own-source revenue, transfers received from the National Government and Development Partners, and total expenditures for the reporting period. It also tracks the settlement of trade payables and revenue arrears, and is based on financial reports submitted to the CoB by County Treasuries, in line with Sections 166 and 168 of the Public Finance Management (PFM) Act 2012, data obtained from the Integrated Financial Management Information System (IFMIS), and information gathered by the CoB during the monitoring of budget implementation. This report uses an absorption rate to measure performance, calculated as the percentage of actual expenditure relative to the approved budget estimates.

The report is structured into various chapters. Chapter One provides an introduction, while Chapter Two analyses the budget performance of County Governments for the first half of FY 2025/26. Chapter Two discusses the performance of county governments in generating own-source revenue, including an analysis of outstanding revenue. The chapter also discusses actual expenditure compared with budget estimates for recurrent and development activities. It also provides a summary of sub-programme performance, focusing on those that over-absorbed and those with less than 5 per cent absorption. A summary of the trade payables for the forty-seven County Governments as of December 31, 2025, is also included in this Chapter.

Chapter Three presents a detailed report by individual Counties, discussing budget performance across recurrent and development expenditures, exchequer issues, and actual spending, which is categorised into Compensation of Employees, Operations and Maintenance, and Development Expenditure. Additionally, this Chapter analyses development projects undertaken in the first half of FY 2025/26.

Chapter Four summarises the key challenges identified by the CoB in the budget implementation process for Counties during the first half of FY 2025/26. The report also includes recommendations to enhance effective, efficient budget implementation and to promote best practices.

Chapter Five concludes the report.

2. FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION FOR FY FIRST HALF OF 2025/26

2.1. Introduction

This chapter presents the financial analysis of the aggregated County budget implementation for the first half of FY 2025/26, covering the period from July 2025 to December 2025.

2.2. Revenue Analysis

The combined budgets of the County Governments, approved by the County Assemblies, amounted to Kshs.619.87 billion, comprising Kshs.228.20 billion (37 per cent) allocated to development expenditure and Kshs.391.67 billion (63 per cent) to recurrent expenditure.

Aggregately, County Governments are expected to receive their equitable share of nationally raised revenue for FY 2025/26, amounting to Kshs.415 billion. Own Source Revenue is estimated at Kshs.99.73 billion, including Appropriations in Aid (A-i-A) and Facility Improvement Financing (FIF) of Kshs.29.47 billion and ordinary OSR of Kshs.70.26 billion. County Governments projected Additional Allocations of Kshs.71.90 billion, while the unspent balances from FY 2024/25 were projected at Kshs.33.24 billion.

2.2.1 Revenue Outturn

The total funds available to the County Governments in the first half of FY 2025/26 amounted to Kshs.227.15 billion. This included Kshs.172.73 billion in the equitable share of revenue raised nationally for FY 2025/26; own-source revenue collection of Kshs.26.94 billion, which includes A-i-A/FIF of Kshs.12.70 billion, and ordinary OSR of Kshs.14.24 billion. The counties also reported additional allocations of Kshs.1.08 billion, with cash balances brought forward from FY 2024/25 of Kshs.26.40 billion.

2.2.2 Own-Source Revenue

During the reporting period, County Governments received a total of Kshs.26.94 billion from their own-source revenue (OSR), which was 27 per cent of the annual target of Kshs.99.73 billion. The realised OSR is higher than the Kshs.25.54 billion received in a similar period in FY 2024/25. An analysis of the own-source revenue collection from July 2025 to December 2025 is shown in Table 2:1.

Table 2.1: Own Source Revenue Collection in the First Half of FY 2025/26

County	Target (Kshs.Million)			Actual Realised (Kshs.Million)			Performance (%)		
	Ordinary OSR	FIF/ AIA	Total OSR	Ordinary OSR	FIF/AIA	Total OSR	Ordinary OSR	FIF/AIA	Total OSR
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	F=E/B*100	G=F/C*100
Baringo	331.94	320	651.94	86.19	106.45	192.64	26	33	30
Bomet	607.50	290	897.50	17.01	181.31	198.31	3	63	22
Bungoma	671.06	1400.67	2071.73	163.73	335.45	499.18	24	24	24
Busia	554.70	445.06	999.76	64.15	204.42	268.57	12	46	27
Elgeyo-Marakwet	107.43	350	457.43	22.76	131.28	154.04	21	38	34
Embu	712.49	600	1,312.49	101.42	318.13	419.55	14	53	32
Garissa	198	252	450	22.57	295.28	317.85	11	117	71
Homa Bay	566.18	1,064.91	1,631.09	144.57	507.69	652.26	26	48	40
Isiolo	271.21	104	375.21	78.62	23.20	101.82	29	22	27
Kajiado	1,240	440	1,680	231.90	128.37	360.27	19	29	21
Kakamega	957.37	1,242.63	2,200	126.81	385.31	512.13	13	31	23
Kericho	870.13	724.25	1,594.38	70.02	161.08	231.10	8	22	14
Kiambu	7,242.87	2,611.85	9,854.72	1,034.17	732.06	1,766.23	14	28	18
Kilifi	1,875.71	500	2,375.71	265.99	480.88	746.87	14	96	31
Kirinyaga	399	305	704	92.62	235.74	328.36	23	77	47
Kisii	1,467	1,700	3,167	155.26	521.51	676.77	11	31	21
Kisumu	2,741.31	800	3,541.31	207.20	176.25	383.45	8	22	11

County	Target (Kshs.Million)			Actual Realised (Kshs.Million)			Performance (%)		
	Ordinary OSR	FIF/ AIA	Total OSR	Ordinary OSR	FIF/AIA	Total OSR	Ordinary OSR	FIF/AIA	Total OSR
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	F=E/B*100	G=F/C*100
Kitui	312.35	806.90	1,119.25	105.37	284.23	389.60	34	35	35
Kwale	486.04	400	886.04	86.86	93.87	180.73	18	23	20
Laikipia	725	626	1,351	145.16	307.50	452.66	20	49	34
Lamu	150	130	280	33.26	80.83	114.08	22	62	41
Machakos	3,020.88	1,138.15	4,159.03	430.46	786.98	1,217.44	14	69	29
Makueni	1,067.56	600	1,667.56	130.62	342.12	472.75	12	57	28
Mandera	360	322.53	682.53	90.05	87.65	177.70	25	27	26
Marsabit	150	173.50	323.50	39.68	43.87	83.55	26	25	26
Meru	796	1,025.50	1,821.50	125.08	479.01	604.09	16	47	33
Migori	503	250	753	99.78	161.75	261.52	20	65	35
Mombasa	3,877.93	1,200	5,077.93	969.18	1,072.37	2,041.56	25	89	40
Murang'a	1,018.57	588.10	1,606.67	195.40	310.60	506	19	53	31
Nairobi City	19,942.05	1,236	21,178.05	4,396.94	828.22	5,225.17	22	67	25
Nakuru	2,400	2,175.90	4,575.90	479.18	912.42	1,391.61	20	42	30
Nandi	669.21	453.61	1,122.82	91.57	214.61	306.18	14	47	27
Narok	6,205.46	120.95	6,326.42	2,447.69	76.21	2,523.90	39	63	40
Nyamira	218.71	650	868.71	35.38	170.49	205.87	16	26	24
Nyandarua	675	300	975	75.80	151.34	227.14	11	50	23
Nyeri	800	850	1,650	236.62	396.89	633.51	30	47	38
Samburu	282.37	19.64	302	195.03	43.56	238.58	69	222	79
Siaya	2,036.24	1,078.69	3,114.92	82.16	220.62	302.78	4	20	10
Taita-Taveta	669.60	280	949.60	136.18	107.46	243.64	20	38	26
Tana River	196.07	4.35	200.42	47.14	1.32	48.46	24	30	24
Tharaka-Nithi	280	305.40	585.40	89.60	129.82	219.42	32	43	37
Trans Nzoia	324.97	275.03	600	98.85	143.05	241.90	30	52	40
Turkana	600	600	1,200	54.58	36.88	91.46	9	6	8
Uasin Gishu	1,300	0	1,300	256.91	20.50	277.41	20		21
Vihiga	170	274.13	444.13	99.82	70.35	170.17	59	26	38
Wajir	110	240	350	47.75	74.16	121.92	43	31	35
West Pokot	98.15	192.81	290.96	31.46	124.71	156.17	32	65	54
Total	**70,259.04**	**29,467.55**	**99,726.59**	**14,238.54**	**12,697.81**	**26,936.35**	**20**	**43**	**27**

Source: *County Treasuries*

An analysis of own-source revenue (OSR), including Facility Improvement Financing (FIF), as a percentage of the annual OSR target shows that three counties achieved a performance level of 50 per cent or higher. The top performer, Samburu County, reached 79 per cent, attributed to strong tourism-related revenues. It was closely followed by Garissa County, which achieved 71 per cent, largely due to an exceptional FIF performance of 117 per cent of its target. West Pokot County followed with a performance rate of 54 per cent, also driven by a commendable FIF achievement of 65 per cent of its target.

In contrast, six counties reported OSR performances of 20 per cent or lower. These counties are Kwale at 20 per cent, Kiambu at 18 per cent, Kericho at 14 per cent, Kisumu at 11 per cent, Siaya at 10 per cent, and Turkana at 8 per cent. The low performance in these counties may be attributed to weak results in ordinary OSR streams, failure to utilise revenue forecasting tools, and/or inadequate performance in FIF streams. A detailed analysis of own-source revenue by stream for each county is available in Chapter Three.

2.2.3 Revenue Arrears

As of December 31, 2025, the total outstanding arrears amounted to Kshs.143.04 billion a 14.5 percent increase from Kshs.124.95 billion report as of June 30, 2025. This figure includes Kshs.101.54 billion in ordinary Own Source Revenue arrears, Kshs.8.29 billion in Facility Improvement Financing arrears, and Kshs.33.20 billion related to the December 2025 equitable share. A detailed breakdown of these revenue arrears is presented in Table 2.2.

Table 2.2: Summary of County Governments' Revenue Arrears

County	Arrears as at 31st December 2025(Kshs.Million)			
	Ordinary OSR	FIF	Equitable Share	Totals
Baringo	301.75	109.87	566.69	978.31
Bomet	676.37	54.22	595.78	1,326.37
Bungoma	270.81	387.25	947.04	1,605.11
Busia	-	-	636.53	636.53
Elgeyo-Marakwet	171.27	-	441.21	612.48
Embu	-	163.74	486.20	649.94
Garissa	-	415.83	710.22	1,126.05
Homa Bay	23.27	-	691.71	714.98
Isiolo	210.34	-	450.51	660.85
Kajiado	411.90	256.82	711.54	1,380.26
Kakamega	-	642.44	1,093.99	1,736.42
Kericho	198.55	-	574.29	772.84
Kiambu	5,144.17	466.08	1,045.75	6,656
Kilifi	-	-	1,025.07	1,025.07
Kirinyaga	-	-	492.13	492.13
Kisii	621.78	112.28	785.58	1,519.64
Kisumu	-	1,866.95	712.16	2,579.11
Kitui	1,431.25	333.02	920.31	2,684.59
Kwale	154.25	201.02	726.30	1,081.57
Laikipia	722.03	-	488.33	1,210.36
Lamu	218.71	-	308.61	527.32
Machakos	-	-	814.33	814.33
Makueni	738.25	-	718.11	1,456.35
Mandera	-	-	981.21	981.21
Marsabit	-	-	648.45	648.45
Meru	-	-	844.32	844.32
Migori	281.35	185.42	710.72	1,177.49
Mombasa	13,183.79	657.10	670.67	14,511.56
Murang'a	-	-	637.56	637.56
Nairobi	63,672.37	-	1,713.37	65,385.74
Nakuru	11,577.48	1,107.69	1,156.41	13,841.58
Nandi	-	-	621.74	621.74
Narok	586.96	54.76	781.63	1,423.35
Nyamira	-	-	485.87	485.87
Nyandarua	226.18	219.73	533.01	978.92
Nyeri	670.82	633.55	551.69	1,856.06
Samburu	-	4	506.96	510.96
Siaya	45.90	287.48	620.36	953.73
Taita-Taveta	-	-	460.84	460.84
Tana River	-	-	577.80	577.80
Tharaka-Nithi	-	136.55	404.66	541.22
Trans Nzoia	-	-	639.29	639.29
Turkana	-	-	1,111.41	1,111.41
Uasin Gishu	-	-	718.16	718.16
Vihiga	-	-	480.70	480.70
Wajir	-	-	840.61	840.61

County	Arrears as at 31st December 2025(Kshs.Million)			
	Ordinary OSR	FIF	Equitable Share	Totals
West Pokot	-	-	560.19	560.19
Total	**101,539.54**	**8,295.82**	**33,200**	**143,035.36**

Source: *County Treasuries*

As of December 31, 2025, Nairobi City County had the highest arrears, totalling Kshs.65.39 billion, which represented 45 per cent of the overall revenue arrears. Mombasa County reported Kshs.14.51 billion in arrears (10 per cent), and Nakuru County had Kshs.13.84 billion (10 per cent). This overall situation regarding arrears underscores persistent challenges in revenue mobilisation, which constrain liquidity.

2.3. Funds Released to the Counties

2.3.1 Funds Released from the Consolidated Fund to the Counties

In the period under review, the CoB approved the transfer of Kshs.172.73 billion as the equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206(4) of the Constitution of Kenya, 2010. Chapter Three provides a detailed analysis of the released equitable share to each County.

2.3.2 Funds Released to the County Operational Accounts

The CoB authorised withdrawals of Kshs.184.64 billion from the County Revenue Funds to the County Operational Accounts, comprising Kshs.156.17 billion (85 per cent) for recurrent expenditure and Kshs.28.47 billion (15 per cent) for development expenditure. This was an increase from the Kshs.182.05 billion authorised in a similar period in FY 2025/26. Chapter Three provides a detailed analysis of the funds released to each County.

2.4. Expenditure Analysis

In the first half of the FY 2025/26, County Governments spent a total of Kshs.192.59 billion, corresponding to an overall absorption rate of 31 per cent of the total annual budget for County Governments, set at Kshs.619.87 billion. This marks a similar performance of 31 per cent reported in the same period of FY 2024/25, when total expenditures amounted to Kshs.184.86 billion against a budget of Kshs.588.38 billion.

Recurrent expenditure amounted to Kshs.160.10 billion, accounting for 41 per cent of the annual recurrent budget. This is an increase in performance compared to the 40 per cent for recurrent expenditure absorption observed in a similar period of FY 2024/25. Conversely, development expenditure totalled Kshs.32.49 billion, representing an absorption rate of 14 per cent, a decrease from the 16 per cent reported in the same period in FY 2024/25. Table 2:3 presents an analysis of expenditures by economic classification for the first half of FY 2025/26.

Table 2.3: Expenditure by Major Economic Classification in the First Half of FY 2025/26

County	Recurrent Expenditure (Kshs.Million)			Development Expenditure (Kshs. Million)	Total Expenditure (Kshs.Million)
	Compensation to Employees	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	1,673.19	385.38	2,058.57	405.01	2,463.58
Bomet	1,653.69	612.13	2,265.82	921.59	3,187.41
Bungoma	4,188.91	2,032.77	6,221.68	929.30	7,150.98
Busia	1,959.37	516.89	2,476.27	472.48	2,948.75
Elgeyo-Marakwet	1,501.38	312.96	1,814.34	223.18	2,037.51
Embu	1,474.47	524.80	1,999.26	529.99	2,529.25
Garissa	2,489.57	788.13	3,277.70	1,233.77	4,511.47
Homa Bay	2,986.50	343.04	3,329.54	773.17	4,102.71
Isiolo	570.73	465.98	1,036.71	663.18	1,699.89
Kajiado	2,240.66	912.89	3,153.55	280.88	3,434.43

County	Recurrent Expenditure (Kshs.Million)			Development Expenditure (Kshs. Million)	Total Expenditure (Kshs.Million)
	Compensation to Employees	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Kakamega	3,524.95	1,331.80	4,856.75	897.60	5,754.35
Kericho	2,004.28	509.62	2,513.90	462.67	2,976.58
Kiambu	3,415.76	2,070.45	5,486.21	2,181.69	7,667.90
Kilifi	3,057.42	1,444.57	4,501.99	2,176.52	6,678.52
Kirinyaga	1,417.65	766.92	2,184.57	518.17	2,702.75
Kisii	3,187.57	1,113.30	4,300.87	817.37	5,118.24
Kisumu	2,393.33	992.35	3,385.67	451.16	3,836.84
Kitui	3,176.36	1,235.22	4,411.59	717.71	5,129.30
Kwale	1,976.66	1,154.33	3,130.99	1,010.03	4,141.02
Laikipia	1,294.56	333.25	1,627.82	416.17	2,043.98
Lamu	1,016.28	290.93	1,307.21	41.64	1,348.84
Machakos	3,736.33	1,796.39	5,532.72	737.76	6,270.48
Makueni	2,541.19	1,055.22	3,596.41	705.73	4,302.14
Mandera	2,243.89	1,686.43	3,930.32	1,657.48	5,587.80
Marsabit	2,368.51	908.11	3,276.62	1,178.22	4,454.85
Meru	3,188.68	2,188.42	5,377.09	1,184.89	6,561.98
Migori	2,016.22	1,227.64	3,243.86	393.08	3,636.93
Mombasa	3,474.33	613.52	4,087.86	423.61	4,511.47
Murang'a	1,954.50	907.51	2,862.01	559.54	3,421.55
Nairobi	10,044.60	3,310.58	13,355.19	859.40	14,214.58
Nakuru	4,074.10	1,514.89	5,588.99	723.45	6,312.44
Nandi	1,720.55	1,077	2,797.55	875.91	3,673.46
Narok	3,801.82	1,124.58	4,926.40	1,121.89	6,048.29
Nyamira	1,712.93	313.85	2,026.78	288.29	2,315.07
Nyandarua	1,470.85	634.29	2,105.14	383.95	2,489.09
Nyeri	2,215.96	329.33	2,545.29	208.19	2,753.49
Samburu	1,320.65	776.40	2,097.05	212.17	2,309.23
Siaya	1,811.15	414.35	2,225.50	320.85	2,546.34
Taita-Taveta	2,034.30	548.10	2,582.41	281.65	2,864.06
Tana River	1,240.87	559.82	1,800.69	121.18	1,921.87
Tharaka-Nithi	1,944.44	432.74	2,377.18	359.70	2,736.88
Trans Nzoia	1,956.01	772.83	2,728.84	781.42	3,510.25
Turkana	3,027.24	1,123.25	4,150.49	911.03	5,061.52
Uasin Gishu	2,440.18	916.59	3,356.77	540.81	3,897.59
Vihiga	1,647.91	695.21	2,343.12	185.36	2,528.48
Wajir	2,520.21	957.41	3,477.62	1,093.61	4,571.23
West Pokot	1,682.93	684.66	2,367.59	256.48	2,624.07
Total	115,393.64	44,706.86	160,100.50	32,488.93	192,589.43

***Source**: County Treasuries*

A review of cumulative expenditures by economic classification revealed that Kshs.115.39 billion (60 per cent) was spent on Compensation to Employees, Kshs.44.71 billion (23 per cent) on Operations and Maintenance, and Kshs.32.49 billion (17 per cent) on Development Expenditures.

2.4.1 Development Expenditure

County governments spent Kshs.32.49 billion on development activities, representing an absorption rate of 14 per cent of the annual development budget of Kshs.228.20 billion. Table 2:4 analyses County budget allocations, expenditures, and absorption rates during the period under review.

Table 2.4: County Budget Allocation, Expenditure, and Absorption Rate for the First Half of FY 2025/26

County	Budget Estimates (Kshs.Million			Actual Expenditure (Kshs.Million)			Absorption Rate(%)		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
	A	B	C=A+B	D	E	F=D+E	G=D/A 100	H=E/B 100	I=F/C 100
Baringo	5,793.60	3,748.43	9,542.03	2,058.57	405.01	2,463.58	36	11	26
Bomet	6,818.55	3,997.23	10,815.78	2,265.82	921.59	3,187.41	33	23	29
Bungoma	10,863.51	5,062.89	15,926.41	6,221.68	929.30	7,150.98	57	18	45
Busia	7,253.89	3,994.27	11,248.15	2,476.27	472.48	2,948.75	34	12	26
Elgeyo-Marakwet	4,880.60	3,969.02	8,849.61	1,814.34	223.18	2,037.51	37	6	23
Embu	5,673.12	3,317.13	8,990.25	1,999.26	529.99	2,529.25	35	16	28
Garissa	7,730.03	5,183.14	12,913.16	3,277.70	1,233.77	4,511.47	42	24	35
Homa Bay	8,055.03	4,130.15	12,185.18	3,329.54	773.17	4,102.71	41	19	34
Isiolo	4,899.68	2,656.16	7,555.84	1,036.71	663.18	1,699.89	21	25	22
Kajiado	8,882.07	4,893.40	13,775.47	3,153.55	280.88	3,434.43	36	6	25
Kakamega	11,927.24	6,226.73	18,153.96	4,856.75	897.60	5,754.35	41	14	32
Kericho	6,506.27	3,528.69	10,034.96	2,513.90	462.67	2,976.58	39	13	30
Kiambu	16,517.87	10,313.45	26,831.32	5,486.21	2,181.69	7,667.90	33	21	29
Kilifi	10,479.03	9,397.48	19,876.51	4,501.99	2,176.52	6,678.52	43	23	34
Kirinyaga	5,163.90	2,837.38	8,001.28	2,184.57	518.17	2,702.75	42	18	34
Kisii	11,233.88	8,814.05	20,047.93	4,300.87	817.37	5,118.24	38	9	26
Kisumu	10,366.33	5,965.19	16,331.52	3,385.67	451.16	3,836.84	33	8	23
Kitui	9,518.59	5,226.77	14,745.36	4,411.59	717.71	5,129.30	46	14	35
Kwale	7,960.38	7,867.18	15,827.56	3,130.99	1,010.03	4,141.02	39	13	26
Laikipia	4,946.67	4,270.47	9,217.14	1,627.82	416.17	2,043.98	33	10	22
Lamu	3,094.58	1,553.78	4,648.36	1,307.21	41.64	1,348.84	42	3	29
Machakos	10,597.21	4,596.38	15,193.59	5,532.72	737.76	6,270.48	52	16	41
Makueni	8,238.17	4,867.90	13,106.07	3,596.41	705.73	4,302.14	44	14	33
Mandera	9,570.93	5,440.74	15,011.67	3,930.32	1,657.48	5,587.80	41	30	37
Marsabit	6,656.99	3,672.95	10,329.94	3,276.62	1,178.22	4,454.85	49	32	43
Meru	9,794.27	6,224.56	16,018.83	5,377.09	1,184.89	6,561.98	55	19	41
Migori	6,656.34	4,169.47	10,825.81	3,243.86	393.08	3,636.93	49	9	34
Mombasa	10,179.29	4,450.71	14,630	4,087.86	423.61	4,511.47	40	10	31
Murang'a	7,887.83	3,828.92	11,716.75	2,862.01	559.54	3,421.55	36	15	29
Nairobi	31,203.19	13,417.70	44,620.89	13,355.19	859.40	14,214.58	43	6	32
Nakuru	14,924.87	7,472.53	22,397.40	5,588.99	723.45	6,312.44	37	10	28
Nandi	6,529.92	4,111.27	10,641.18	2,797.55	875.91	3,673.46	43	21	35
Narok	11,018.82	6,212.24	17,231.06	4,926.40	1,121.89	6,048.29	45	18	35
Nyamira	5,365.31	3,280.99	8,646.30	2,026.78	288.29	2,315.07	38	9	27
Nyandarua	5,833.86	3,592.61	9,426.48	2,105.14	383.95	2,489.09	36	11	26
Nyeri	5,829.63	2,686.21	8,515.85	2,545.29	208.19	2,753.49	44	8	32
Samburu	5,403.79	2,705.59	8,109.38	2,097.05	212.17	2,309.23	39	8	28
Siaya	6,974.55	5,818.79	12,793.34	2,225.50	320.85	2,546.34	32	6	20
Taita-Taveta	5,220.99	2,628	7,848.99	2,582.41	281.65	2,864.06	49	11	36
Tana River	5,639.26	4,325.61	9,964.87	1,800.69	121.18	1,921.87	32	3	19

County	Budget Estimates (Kshs.Million			Actual Expenditure (Kshs.Million)			Absorption Rate(%)		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
	A	B	C=A+B	D	E	F=D+E	G=D/A 100	H=E/B 100	I=F/C 100
Tharaka-Nithi	4,258.55	2,511.85	6,770.40	2,377.18	359.70	2,736.88	56	14	40
Trans Nzoia	6,250.62	3,667.04	9,917.66	2,728.84	781.42	3,510.25	44	21	35
Turkana	12,303.86	7,602.43	19,906.29	4,150.49	911.03	5,061.52	34	12	25
Uasin Gishu	7,132.71	3,048.31	10,181.02	3,356.77	540.81	3,897.59	47	18	38
Vihiga	5,244.37	2,681.85	7,926.22	2,343.12	185.36	2,528.48	45	7	32
Wajir	8,711.73	5,282.65	13,994.38	3,477.62	1,093.61	4,571.23	40	21	33
West Pokot	5,681.27	2,947.01	8,628.28	2,367.59	256.48	2,624.07	42	9	30
Total	**391,673.12**	**228,197.30**	**619,870.42**	**160,100.50**	**32,488.93**	**192,589.43**	**41**	**14**	**31**

Source: CoB and County Treasuries

An analysis of development expenditures reveals that two County Governments had development absorption rates above 30 per cent: Marsabit at 32 per cent and Mandera at 30 per cent. On the other hand, 17 Counties had a development absorption of 10 per cent or less in the first half of FY 2025/26, which includes Laikipia, Nakuru, Mombasa, Migori, Kisii, Nyamira, West Pokot, Samburu, Nyeri, Kisumu, Vihiga, Nairobi, Kajiado, Elgeyo-Marakwet, Siaya, Tana River and Lamu. Chapter Three provides a detailed analysis of the implementation of development expenditures in these counties.

2.4.2 Recurrent Expenditure

Counties collectively spent Kshs.160.10 billion on recurrent expenditure, accounting for 83 per cent of their total expenditure. This amount represented 41 per cent of the annual recurrent budget for County Governments. Four counties demonstrated strong recurrent expenditure absorption rates of 50 per cent or higher, including Bungoma (57 per cent), Tharaka Nithi (56 per cent), Meru (55 per cent), and Machakos (52 per cent). Conversely, 10 County Governments reported recurrent performance levels of 35 per cent or lower, as shown in Table 2.4. Chapter Three provides a detailed analysis of recurrent expenditure by county.

2.4.3 Review of MCA Sitting Allowances

County Assemblies spent Kshs.772.68 million on MCAs' sitting allowances against an approved budget of Kshs.2.07 billion during the reporting period. This reflects an absorption rate of 37 per cent. Table 2.5 shows the budgetary allocation and expenditure on MCAs' and Speakers' sitting allowances for the first half of FY 2025/26.

Table 2.5: MCA's Budget Allocation, Expenditure and Absorption Rate for the First Half of FY 2025/26

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCAs	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A100	D	E=B/D/6
Baringo	50,784,000	13,057,400	26	46	47,309
Bomet	35,942,400	26,567,600	74	39	113,537
Bungoma	51,228,800	32,569,690	64	63	86,163
Busia	65,657,400	35,403,544	54	54	109,270
Elgeyo-Marakwet	30,024,494	13,024,494	43	34	63,846
Embu	27,916,000	13,182,700	47	31	70,875
Garissa	78,304,000	29,538,269	38	48	102,563
Homa Bay	45,676,800	11,806,400	26	54	36,440
Isiolo	10,503,758	6,912,000	66	18	64,000
Kajiado	32,000,000	9,938,000	31	42	39,437
Kakamega	154,871,600	22,297,864	14	89	41,756
Kericho	48,410,400	11,245,000	23	48	39,045
Kiambu	75,000,000	36,127,000	48	89	67,654
Kilifi	28,000,000	12,794,400	46	56	38,079
Kirinyaga	144,000,000	14,313,700	10	34	70,165
Kisii	65,000,710	34,847,500	54	71	81,802

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCAs	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A100	D	E=B/D/6
Kisumu	45,907,664	21,508,925	47	48	74,684
Kitui	12,093,346	8,694,140	72	61	23,754
Kwale	24,814,300	10,816,600	44	31	58,154
Laikipia	20,968,000	5,450,700	26	22	41,293
Lamu	15,232,000	7,885,000	52	20	65,708
Machakos	50,000,000	19,724,900	39	60	54,791
Makueni	43,692,800	17,362,800	40	49	59,057
Mandera	30,000,000	5,396,800	18	51	17,637
Marsabit	30,000,000	17,911,200	60	33	90,461
Meru	71,043,600	29,298,882	41	70	69,759
Migori	44,330,000	10,474,100	24	60	29,095
Mombasa	35,881,608	16,620,100	46	43	64,419
Murang'a	38,937,600	16,656,578	43	48	57,835
Nairobi	70,000,000	26,249,591	37	124	35,282
Nakuru	53,000,000	23,977,311	45	76	52,582
Nandi	32,828,800	18,655,666	57	45	69,095
Narok	35,113,760	15,210,100	43	50	50,700
Nyamira	41,184,012	13,510,900	33	34	66,230
Nyandarua	36,855,000	15,217,600	41	42	60,387
Nyeri	18,000,000	10,280,200	57	43	39,846
Samburu	20,483,518	15,052,317	73	25	100,349
Siaya	29,745,100	12,852,400	43	45	47,601
Taita-Taveta	27,800,000	12,659,200	46	32	65,933
Tana River	34,611,200	14,541,500	42	27	89,762
Tharaka-Nithi	27,899,124	8,728,200	31	24	60,613
Trans Nzoia	42,432,000	6,914,800	16	34	33,896
Turkana	60,373,202	8,583,700	14	48	29,805
Uasin Gishu	39,918,400	12,261,600	31	44	46,445
Vihiga	30,680,000	13,601,300	44	38	59,655
Wajir	38,610,000	18,419,100	48	46	66,736
West Pokot	29,075,800	14,537,900	50	33	73,424
Total	**2,074,831,196**	**772,679,672**	**37**	**2,222**	**57,957**

Source: County Treasuries

Expenditure performance on MCAs' sitting allowances varied significantly across counties, with Bomet, Samburu, and Kitui registering high utilisation levels. At the same time, Kakamega, Turkana and Kirinyaga recorded minimal absorption.

2.4.4 Trade Payables as of December 31 2025

A trade payable is an unsettled financial obligation at the end of a financial year. It arises when an entity fails to settle invoiced amounts for goods and services that were adequately procured, delivered, or rendered at the end of the financial year.

As of December 31, 2025, County Governments reported outstanding trade payables totaling Kshs.163.74 billion a 10.5 percent decrease from Kshs.183.03 billion reported as of 30th June 2025. This amount includes Kshs.121.77 billion for recurrent activities and Kshs.41.97 billion for development activities. The trade payables for the County Executive as of this date were Kshs.158.80 billion, while trade payables for the Assemblies amounted to Kshs.4.94 billion. Table 2.6 shows more details on trade payables.

Table 2.6: Trade Payables for the Counties as of December 31 2025

County	County Executive (Kshs.Million)			County Assembly (Kshs.Million)			Grand Total (Kshs.Million)	FY 2025/26 Budget (Kshs. Million)	% of Pending Bill to Budget
	Rec	Dev	Sub-Total	Rec	Dev	Sub-Total			
Baringo	120.37	107.19	**227.56**	68.86	-	**68.86**	**296.43**	9,542.03	3
Bomet	229.87	352.85	**582.71**	7.21	23.70	**30.91**	**613.63**	10,815.78	6
Bungoma	799.90	2,045.69	**2,845.59**	0.61	-	**0.61**	**2,846.20**	15,926.41	18
Busia	1,361.93	1,165.61	**2,527.54**	594.40	-	**594.40**	**3,121.94**	11,248.15	28
Elgeyo-Marak-wet	6.31	2.41	**8.72**	-	-	-	**8.72**	8,849.61	0
Embu	635.09	686.49	**1,321.58**	8.34	-	**8.34**	**1,329.91**	8,990.25	15
Garissa	731.47	814.44	**1,545.91**	57.89	26.74	**84.63**	**1,630.54**	12,913.16	13
Homa Bay	191.63	902.81	**1,094.44**	103.44	197.70	**301.14**	**1,395.58**	12,185.18	11
Isiolo	645.12	180.35	**825.46**	104.45	51.15	**155.60**	**981.06**	7,555.84	13
Kajiado	1,142.25	1,337.58	**2,479.83**	36.99	8.69	**45.67**	**2,525.50**	13,775.47	18
Kakamega	-	-	-	-	-	-	-	18,153.96	-
Kericho	690.78	952.33	**1,643.12**	-	13.21	**13.21**	**1,656.32**	10,034.96	17
Kiambu	2,575.21	2,468.55	**5,043.76**	181.33	31.21	**212.54**	**5,256.30**	26,831.32	20
Kilifi	10,429.57	3,412.94	**13,842.51**	218.97	75.94	**294.91**	**14,137.42**	19,876.51	71
Kirinyaga	389.11	375.98	**765.08**	-	-	-	**765.08**	8,001.28	10
Kisii	657.73	215.02	**872.75**	2.41	28.43	**30.84**	**903.59**	20,047.93	5
Kisumu	1,857.14	1,230.46	**3,087.59**	12.08	-	**12.08**	**3,099.68**	16,331.52	19
Kitui	-	-	-	-	-	-	-	14,745.36	-
Kwale	256.11	166.83	**422.93**	0.66	273.46	**274.12**	**697.05**	15,827.56	4
Laikipia	403.83	1,070.70	**1,474.53**	20.77	3.99	**24.76**	**1,499.29**	9,217.14	16
Lamu	-	17.20	**17.20**	-	-	-	**17.20**	4,648.36	0
Machakos	3,050.40	2,416.46	**5,466.86**	234.23	-	**234.23**	**5,701.08**	15,193.59	38
Makueni	169.63	83.80	**253.44**	122.38	-	**122.38**	**375.81**	13,106.07	3
Mandera	802.27	966.78	**1,769.05**	-	-	-	**1,769.05**	15,011.67	12
Marsabit	-	306.94	**306.94**	3.37	97.95	**101.32**	**408.26**	10,329.94	4
Meru	356.67	413.04	**769.72**	-	-	-	**769.72**	16,018.83	5
Migori	338.64	280.01	**618.65**	646.83	0.30	**647.13**	**1,265.77**	10,825.81	12
Mombasa	1,811.76	1,270.60	**3,082.36**	21.36	-	**21.36**	**3,103.72**	14,630	21
Murang'a	735.22	178.47	**913.69**	38.07	-	**38.07**	**951.76**	11,716.75	8
Nairobi	72,654.26	6,737.92	**79,392.19**	650.60	-	**650.60**	**80,042.79**	44,620.89	179
Nakuru	1,540.94	493.02	**2,033.96**	123.42	-	**123.42**	**2,157.38**	22,397.40	10
Nandi	259.49	302.31	**561.81**	-	-	-	**561.81**	10,641.18	5
Narok	3,712.24	1,472.77	**5,185.01**	21.80	-	**21.80**	**5,206.81**	17,231.06	30
Nyamira	350.01	339.41	**689.42**	3.70	11.93	**15.63**	**705.05**	8,646.30	8
Nyandarua	334.52	630.67	**965.19**	50.97	0.05	**51.02**	**1,016.20**	9,426.48	11
Nyeri	316.03	12.45	**328.48**	-	-	-	**328.48**	8,515.85	4
Samburu	52.60	231.05	**283.64**	24.92	7.72	**32.64**	**316.28**	8,109.38	4
Siaya	804.79	774.90	**1,579.69**	56.45	-	**56.45**	**1,636.14**	12,793.34	13
Taita-Taveta	1,357.28	556.87	**1,914.15**	90.93	-	**90.93**	**2,005.08**	7,848.99	26
Tana River	1,193.95	1,175.57	**2,369.52**	-	-	-	**2,369.52**	9,964.87	24
Tharaka-Nithi	251.60	125.45	**377.06**	138.48	3.92	**142.40**	**519.46**	6,770.40	8
Trans Nzoia	923.41	1,041.77	**1,965.18**	-	-	-	**1,965.18**	9,917.66	20
Turkana	948.77	1,227.17	**2,175.94**	14.11	121.46	**135.57**	**2,311.51**	19,906.29	12
Uasin Gishu	1,345.66	199.65	**1,545.31**	134.23	-	**134.23**	**1,679.54**	10,181.02	16
Vihiga	334.83	641.96	**976.78**	6.69	-	**6.69**	**983.47**	7,926.22	12

County	County Executive (Kshs.Million)			County Assembly (Kshs.Million)			Grand Total (Kshs.Million)	FY 2025/26 Budget (Kshs. Million)	% of Pending Bill to Budget
	Rec	Dev	Sub-Total	Rec	Dev	Sub-Total			
Wajir	861.99	1,587.01	**2,449**	142.08	-	**142.08**	**2,591.08**	13,994.38	19
West Pokot	180.16	22.89	**203.05**	18.47	-	**18.47**	**221.52**	8,628.28	3
Total	**117,810.53**	**40,994.37**	**158,804.90**	**3,961.51**	**977.53**	**4,939.03**	**163,743.94**	**619,870.42**	**26**

**Kakamega and Kitui Counties failed to self-report on their status of trade payables as of 31st December 2025*

Source: County Treasuries

Several county governments did not follow their scheduled payment plans for outstanding trade payables (refer to Chapter Three for more details). According to Regulation 55(2)(b) of the Public Finance Management (County Governments) Regulations, 2015, county governments are required to prioritize the settlement of all eligible trade payables in the budget as a first charge for the fiscal year 2025/26.

Nairobi City County had the highest percentage of trade payables relative to its budget at 179 per cent, amounting to Kshs.80.04 billion. It was followed by Kilifi County at 71 per cent (Kshs14.14 billion), Machakos County at 38 per cent (Kshs 5.7 billion), and Narok County at 30 per cent (Kshs 5.21 billion).

3. BUDGET PERFORMANCE BY COUNTY GOVERNMENT

3.1. County Government of Baringo

3.1.1 Overview of FY 2025/26 Budget

The Baringo County Approved Budget for FY 2025/26 is Kshs.9.54 billion. It comprises Kshs 3.75 billion (39 per cent) and Kshs.5.79 billion (61 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.3 billion (16 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.48 billion and a recurrent budget of Kshs.5.74 billion. The increase in the budget was primarily due to higher own-source revenue.

The Baringo County Budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally of Kshs.7 billion (73 per cent), additional allocations of Kshs.461.31 million (5 per cent), a cash balance of Kshs.1.34 billion (14 per cent) brought forward from FY 2024/25.The own-source revenue includes Kshs.320 million (3 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.331.94 million (4 per cent) as ordinary own-source revenue and Kshs.85.78 million (1 per cent) as other revenues(municipality). A breakdown of the additional allocations is shown in Table 3.1.

3.1.2 Revenue Performance

During the first Half of FY 2025/26, the County generated Kshs.192.64 million in revenue. This amount represented an increase of 7 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.179.58 million. The total revenue consisted of Kshs.2.27 billion from the equitable share of revenue raised nationally, as well as the own-source revenue (OSR) collection of Kshs.192.64 million. Additionally, the County had a cash balance of Kshs.1.34 billion from FY 2024/25. The total OSR collection of Kshs.192.64 million included the Facilities Improvement Fund (FIF) of Kshs.106.45 million, and Kshs.86.19 million from other OSR sources. Table 3:1 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.1: Baringo County, Revenue Performance in the First Half of FY 2025/26

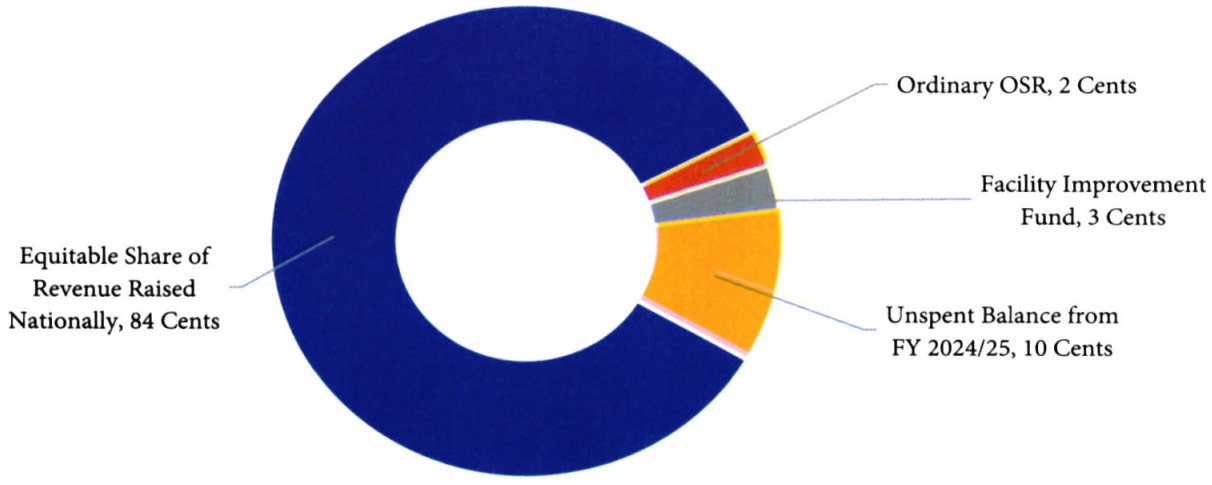
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)	Revenue Performance(%)
		A	B	C	D=B+C	E=A-D	
A	**Unspent Balance from FY 2024/25**						
1	Balance at CRF	1,340,686,287.01	272,978,952.60	-	272,978,952.60	1,067,707,334.41	20
2	County Executive Refunds to CRF	-	92,523,912.65	-	92,523,912.65	-92,523,912.65	-
3	County Assembly Refunds to CRF	-	638,770.40	-	638,770.40	-638,770.40	-
	Sub-Total	1,340,686,287.01	366,141,635.65	-	366,141,635.65	974,544,651.36	27
B	**Equitable Share of Revenue Raised Nationally**						
1	Equitable Share	7,002,310,782	2,269,791,895.10	-	2,269,791,895.10	4,732,518,886.90	32
	Sub-Total	7,002,310,782	2,269,791,895.10		2,269,791,895.10	4,732,518,886.90	
C	**Additional Allocations (Including Grants)**						
1	KDSP Level II recurrent	37,500,000	-	-	-	37,500,000	-
2	KDSP Level II Development	352,500,000	-	-	-	352,500,000	-
3	Road Maintenance Levy Fund (RMLF)	71,309,824	-	-	-	71,309,824	-
	Sub-Total	461,309,824	-	-	-	461,309,824	
D	**Ordinary Own Source Revenue (OSR)**						
1	Ordinary Own Source Revenue	331,939,770	86,189,046		86,189,046	245,750,724	25
	Sub-Total	331,939,770	86,189,046		86,189,046	245,750,724	25

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)	Revenue Performance(%)
		A	B	C	D=B+C	E=A-D	
E	Facility Improvement Fund (FIF)	320,000,000	106,448,700		106,448,700	213,551,300	33
	Sub-Total	**320,000,000**	**106,448,700**		**106,448,700**	**213,551,300**	**33**
	Total	**651,339,770**	**192,637,746**		**192,637,746**	**459,302,024**	**30**
F	Kabarnet Municipality	85,779,445			-	85,779,445	
	Sub-Total	**85,779,445**	**-**	**-**	**-**	**85,779,445**	
Sub-Total		**737,119,215**	**192,637,746**		**192,637,746**	**545,081,470**	
Grand Total		**9,542,026,108**	**2,828,571,277**	**-**	**2,828,571,277**	**6,713,454,831**	

Source: *Baringo County Treasury*

Figure 1 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

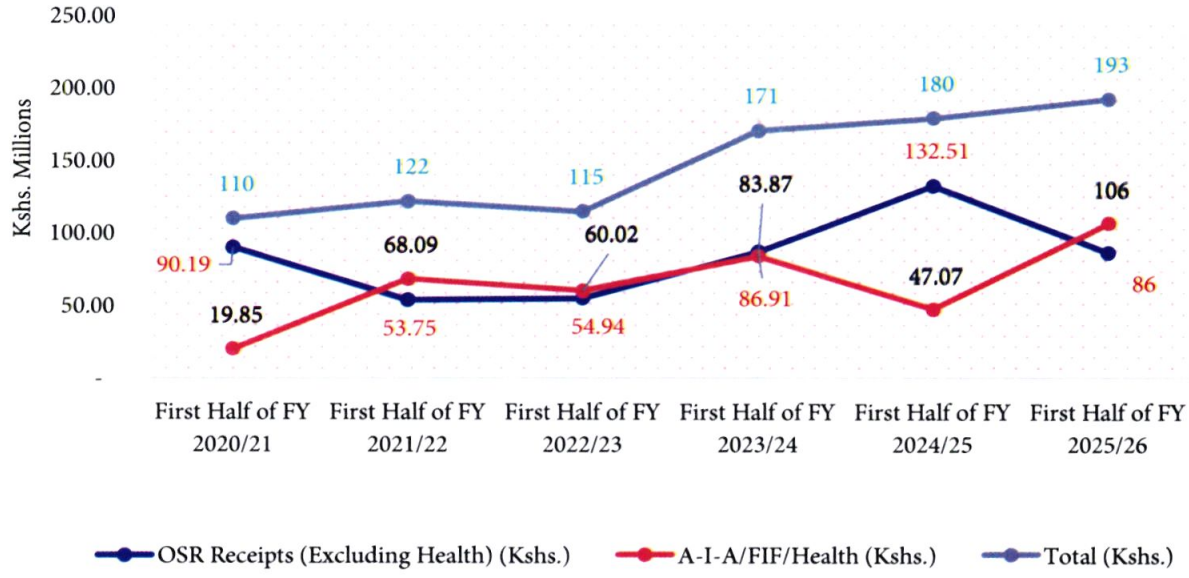
Figure 1: Baringo County Composition of Each Shilling Earned in the First Half of FY



Source: *Baringo County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 84 per cent, 3 per cent and 3 per cent, respectively, of the total receipts for the reporting period. Figure 2 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

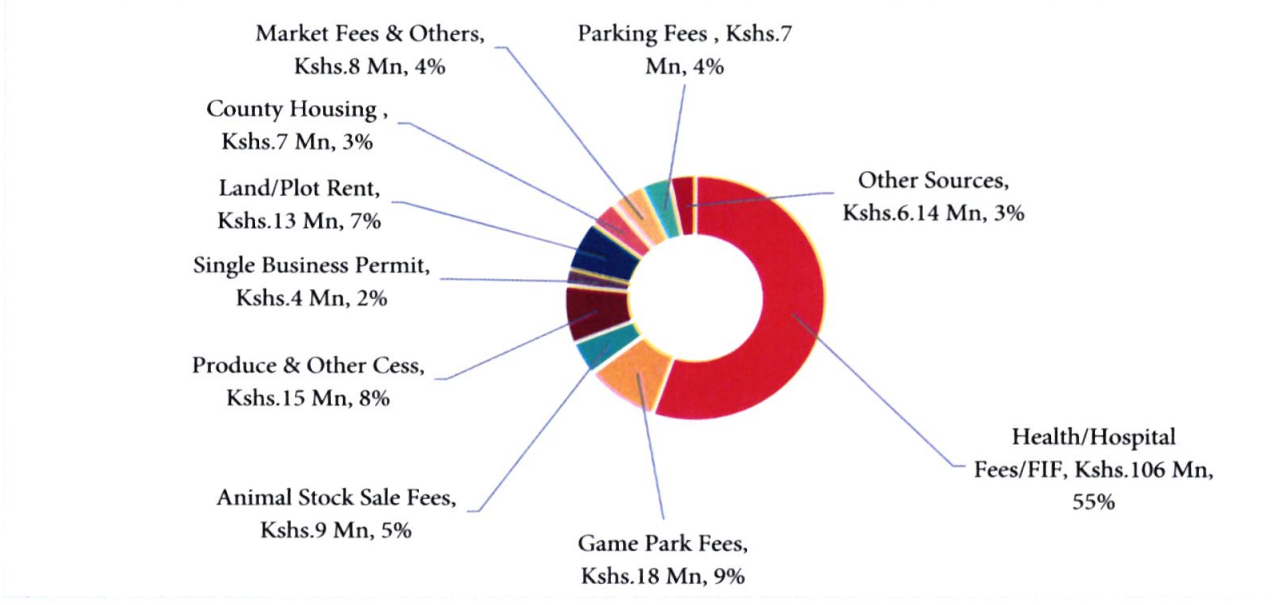
Figure 2: Baringo County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Baringo County Treasury*

During the first half of FY 2025/26, the County received Kshs.192.64 million from OSR, including FIF. This amount was an increase of 7 per cent compared to Kshs.179.58 million realised in a similar period in FY 2024/25, and was less than one per cent of the annual target and the equitable revenue share disbursed. The increase in OSR was attributed to automation and systems reforms, especially in hospitals, markets, and cess collection points. The revenue streams that contributed the most to OSR receipts are shown in Figure 3

Figure 3: Baringo County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Baringo County Treasury

As shown in Figure 3, the highest revenue stream, at Kshs.106 million, was from the facility improvement fund, accounting for 55 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.1.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.430.47 million, which decreased to Kshs.411.62 million as of 31st December 2025 Table 3.2 Baringo County Revenue Arrears as of 31st December 2025 presents a breakdown of the County's revenue arrears.

Table 3.2: Baringo County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	OSR	301,747,163				301,747,163
	Sub-Total	301,747,163				301,747,163
B	**Facility Improvement Fund (FIF)**					
1	SHIF	61,348,899.15		61,348,899	42,497,432	42,497,432
2	Defunct NHIF	67,371,095				67,371,095
	Sub-Total	**128,719,994**	-	**61,348,899**	**42,497,432**	**109,868,527**
	Total	430,467,157	-	61,348,899	42,497,432	411,615,690

Source: Baringo *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.411.62 million, comprising Kshs.301.75 million for ordinary own-source revenue (73 per cent) and Kshs.109.87 million for the facility improvement fund (27 per cent). The measures the County has instituted to collect outstanding arrears in FY 2025/26 include waivers, under which accumulated penalties and interest are cancelled once the principal amount is settled.

3.1.4 Borrowing by the County

Baringo County government did not borrow any amount during the review period.

3.1.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.27 billion from the Baringo County Revenue Fund (CRF) account. This amount consisted of Kshs.211.22 million (9 per cent) designated for development programs and Kshs.2.06 billion (91 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.1.67 billion was allocated to employee compensation and Kshs.385.38 million to operations and maintenance expenditures. Within the operations and maintenance category, 55 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.202.24 million, which included Kshs.123.60 million for the County Executive and Kshs.78.63 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.19.86 million, with Kshs.6.78 million for the County Executive and Kshs.13.085 million for the County Assembly.

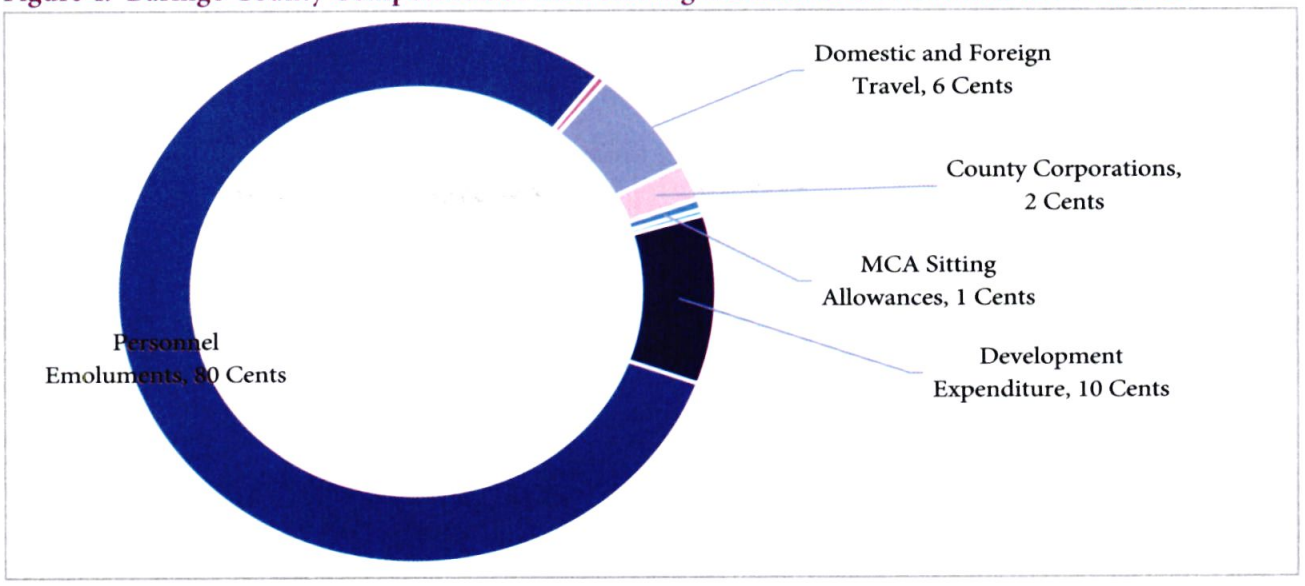
As of December 31, 2025, the County Government's cash balance in the County Revenue Fund account was Kshs.1.11 billion.

3.1.6 Expenditure Review

The County spent Kshs.2.27 billion on development and recurrent programmes during the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.211.22 million for development programmes and Kshs.2.06 billion for recurrent programmes. Expenditure on development programmes represented 6 per cent of the annual development expenditure budget, while recurrent expenditure represented 36 per cent of the annual recurrent expenditure budget.

Figure 4 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 4: Baringo County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Baringo *County Treasury*

As shown in Figure 4, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and Foreign Travel, which contributed 80, 10, and 2 per cent of total expenditure for the reporting period.

3.1.7 Settlement of Trade Payables

As of 1st July 2025, the County reported pending bills totalling Kshs.477.14 million. This amount included Kshs.395.6 million from the County Executive and Kshs.81.53 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.178.3 million for recurrent expenditures and Kshs.217.32 million for development expenditures while the County Assembly had Kshs.81.53 million as recurrent expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.168.05 million, comprising Kshs.57.93 million (34 per cent) for recurrent programmes and Kshs.110.126 million (66 per cent) for development programmes. On the other hand, the County Assembly settled trade payables totalling Kshs.12.66 million for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.227.56 million for the County Executive and Kshs.68.86 million for the County Assembly. Table 3:3 provides additional details of trade payables.

Table 3.3: Baringo County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	217,316,202.88	178,302,220	395,618,423
		County Assembly	-	81,526,122.61	81,526,123
		Total	**217,316,203**	**259,828,342**	**477,144,545**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	150,000,000	75,000,000	225,000,000
		County Assembly	-	65,000,0000	65,000,000
		Total	**150,000,000**	**140,000,000**	**290,000,000**
Amount paid in the First Half of FY 2025/26	c	County Executive	110,125,756	57,927,983	168,053,739
		County Assembly		12,663,179	12,663,179
		Total	**110,125,756**	**70,591,162**	**180,716,918**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	107,190,447	120,374,236.82	227,564,684
		County Assembly		68,862,943	68,862,943
		Total	**107,190,447**	**189,237,180**	**296,427,627**

***Source**: Baringo County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.217.32 million and Kshs.259.83 million on recurrent and development expenditure, respectively, in FY 2025/26. The County prioritised new development projects over settling trade payables under the payment plan, as this cleared Kshs.168.05 million for the Executive and Kshs.12.66 million for the Assembly.

Table 3.4 and Table 3.5 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.296.43 million.

Table 3.4: Baringo County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	100,568,988.93		4,771,710.98	1,849,746.90	107,190,446.81
Recurrent Trade Payables (Goods & Services)	120,374,236.82	-	-	-	120,374,236.82
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**120,374,236.82**	-	-	-	**120,374,236.82**
Total Trade Payables	**220,943,225.75**	-	**4,771,710.98**	**1,849,746.90**	**227,564,684**
% of Total	**97%**	**%**	**2%**	**1%**	**100%**

***Source**: Baringo County Treasury*

Table 3.5: Baringo County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	68,862,943				**68,862,943**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	--	-
Total Recurrent Trade Payables	68,862,943	-	-	-	-
Total Trade Payables	**68,862,943**	-	-	-	**68,862,943**
% of Total	**100%**	**%**	**%**	**%**	**100%**

***Source**: Baringo County Treasury*

3.1.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.48 billion on compensation of employees, Kshs.276.31 million on operations and maintenance, and Kshs.211.22 million on development activities. Similarly, the County Assembly spent Kshs.192.79 million on compensation of employees, Kshs.109.07 million on operations and maintenance activities, as shown in Table 3.6

Table 3.6: Baringo County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,970,116,609**	**823,484,225**	**1,756,709,334**	**301,861,290**	-	-	1,756,709,334	301,861,290	**35**	**37**
Compensation of Employees	3,935,294,801	452,816,878	1,480,394,684	192,792,083	-	-	1,480,394,684	192,792,083	38	43
Operations and Maintenance	1,034,821,809	370,667,347	276,314,650	109,069,207	-	-	276,314,650	109,069,207	27	29
Development Expenditure	**3,716,961,753**	**31,463,520**	**211,221,271**	-	-	-	211,221,271	-	**6**	
Total	8,687,078,363	854,947,745	1,967,930,605	301,861,290			1,967,930,605	301,861,290	**23**	**35**

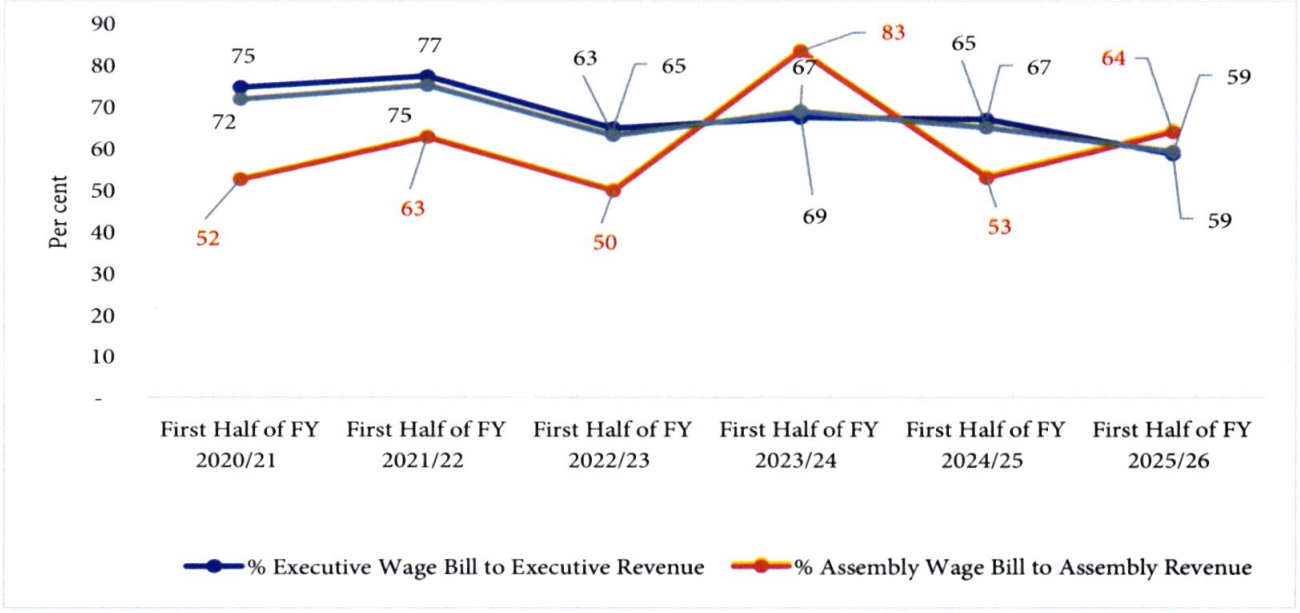
***Source**: Baringo County Treasury*

3.1.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.67 billion. The percentage of compensation of employees to revenue was 59 per cent. This expenditure on employee compensation shows an increase compared to the Kshs 1.63 billion reported in a similar period in FY 2024/25. Of this total, Kshs.940.24 million related to Health Sector employees, accounting for 56 per cent of the overall employees' compensation.

Figure 5 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 5: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



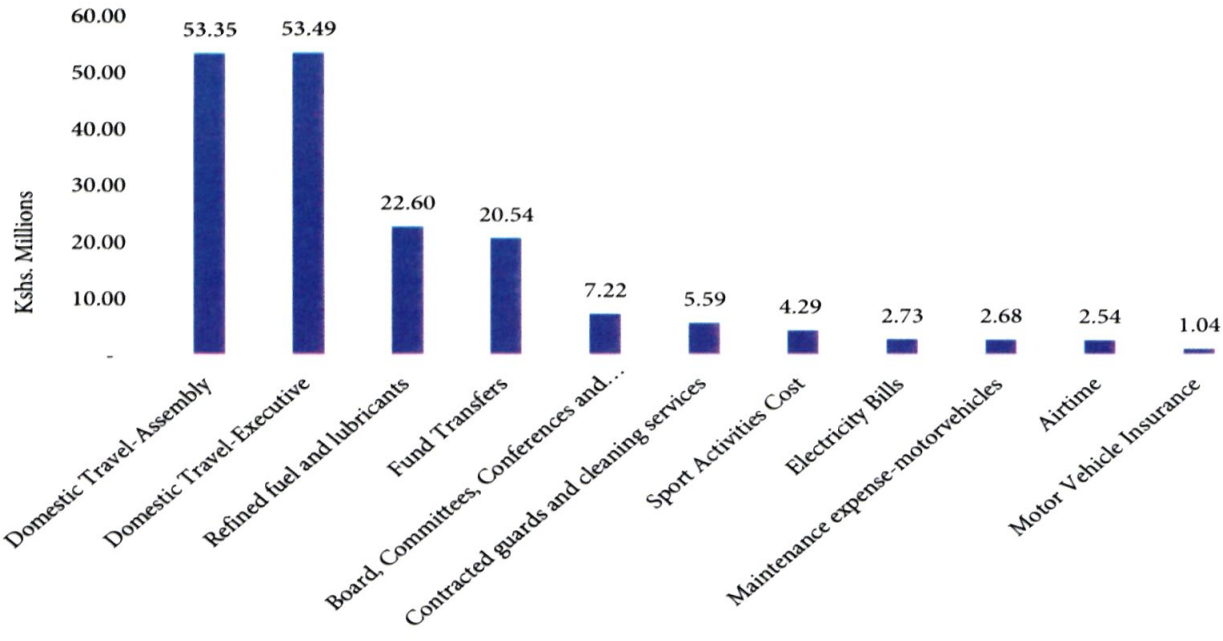
Source: *Baringo County Treasury*

Further analysis indicated that PE costs totalling Kshs.1.67 billion were processed through the Human Resource Information System (HRIS). The County Assembly spent Kshs.13.06 million on committee sitting allowances for the 46 MCAs against the annual budget allocation of Kshs.50.78 million. The average monthly sitting allowance was Kshs.47,309 per MCA. The County Assembly has 25 House Committees.

3.1.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.385.38 million on operations and maintenance, representing a decrease of 47 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.733.177 million. Figure 6 summarises the Operations and Maintenance expenditure by major categories.

Figure 6: Baringo County, Operations and Maintenance Expenditure by Major Categories



Source: *Baringo County Treasury*

3.1.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.4.76 million on "*other operating expenses*," which is 1 per cent of the total operations and maintenance expenditure of Kshs.385.38 million. This category of expenditure Kshs.50,000 for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.7

Table 3.7: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305-00001001-0702014460-44600001	Contracted Guards and Cleaning Services	2,700,000	2,160,000
2211306-00001001-0702014460-44600001	Membership Fees	2,999,700	1,333,880
2211308-00001001-0702014460-44600001	Management Fees	1,000,000	393,400
2211306-00001001-0713014460-44600001	Contracted Guards and Other Services	2,440,000	616,000
2211309-00001001-0713014460-44600001	Cleaning Services	200,000	126,000
2211305-00001001-0201014460-44600001	Legal Dues/fees,	2,000,000	50,000
2211305-00001001-0301014460-44600001	Membership Fees	100,000	54,000
	Total	11,681,700	4,757,280

Source: *Baringo County Treasury*

3.1.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.63.15 million to County-Established funds in FY 2025/26, representing 1 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (less than 1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012.

Table 3.8 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.8: Performance of Baringo County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
1	Baringo County Emergency Fund	2014/2015	20,000,000	10,000,000	30,000,000	No
2	Baringo County Executive Car Loan Fund	2015/2016	-	-	-	No
3	Baringo County Executive Mortgage Fund	2015/2016	-		--	No
4	Baringo County SME Fund	2014/2015	-	-	-	No
5	Baringo County Bursary Fund	2014/2015	23,050,000	-	-	No
6	Baringo County Youth and Women Fund	2014/2015	-	-	17,147,507	No
7	Baringo County Cooperative Development Fund	2014/2015	-	-	-	No
8	Baringo County PWD Fund	2014/2015	15,100,000	-	-	No
9	Baringo County Lake Bogoria Grants	2014/2015	5,000,000	-	-	No
10	County Assembly Car and Mortgage Fund	2014/2015	-	-	6,000,000	No
	Total		63,150,000	10,000,000	53,147,507	

Source: *Baringo County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Fund Administrators, as indicated in Table 3.8, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of **the** Emergency Fund, County SME Fund, Bursary Fund, Youth and Women Fund, Cooperative Development Fund, County PWD Fund, Lake Bogoria Grants and County Assembly Car and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.1.13 County Corporations

The County has three County Corporations, which were allocated Kshs.49.5 milion FY 2025/26. Their total transfer for the review period amounted to Kshs.46 million as shown in Table 3.9

Table 3.9: Performance of Baringo County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Baringo County Investment and Economic Development Corporation	3,500,000	-	-	-
2	Chemususu Water Company Limited	-	-	-	-
3	Kirandich Water Company Limited	46,000,000	46,000,000	46,000,000	46,000,000
	Total	49,500,000	46,000,000	46,000,000	46,000,000

Source: *Baringo County Treasury*

3.1.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.106.84 million and comprised Kshs.53.49 million spent by the County Assembly and Kshs.53.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.41 million and comprised Kshs.11.12 million by the County Assembly and Kshs.6.29 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.10

Table 3.10: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	13	24th July 2025	Strategic Leadership Training	Tanzania, Arusha	5,240,040	-	5,240,040
County Executive	1	30th October,2025	Official Travel	Botswana, Gaborone	450,740	-	450,740
County Executive	1	6th -13th Sept 2025	Africa Climate Summit	Ethiopia, Addis Ababa	602,062	-	602,062
County Assembly	6	6th -13th Sept 2025	Attend the Africa Climate Summit	Ethiopia	2,064,025	-	2,064,025
County Assembly	7	2nd -8th Sept 2025	Governance and Leadership Training	Arusha	2,942,527	-	2,942,527
County Assembly	6	20th – 30th Sept 2025	Training on Navigating Governance	Arusha	2,474,047	-	2,474,047
County Assembly	6	29th Sept- 7th Oct 2025	Result-Based Performance Training	Singapore	3,635,539	-	3,635,539
Total					17,408,980		17,408,980

Source: Baringo County Treasury and Baringo County Assembly

3.1.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.106.45 million as FIF, which was 33 per cent of the annual target of Kshs.320 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.96.06 million, as shown in Table 3.11

Table 3.11: Baringo County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	6	320,000,000	96,063,214	30.02
3.	Level 3 Facility	25	3,466,948	-	-
4.	Level 2 Facility	205	5,227,052	-	-
	Total	236	328,694,000	96,063,214	30.02

Source: Baringo County Treasury

3.1.16 Development Expenditure

In the review period, the County reported spending Kshs.211.22 million on development programmes, representing an increase of 100 per cent compared to FY 2024/25. Table 3.12 summarises the development projects with the highest expenditure in the reporting period.

Table 3.12: Baringo County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance and Economic Planning	Installation of Revenue System	Baringo County Treasury			4,541,324	4,541,324	4,541,324	4,541,324	

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Agriculture, Livestock, and Fisheries Management	Counter Funding Projects	County Wide			110,125,756.05	110,125,756.05	110,125,756.05	110,125,756.05	
	TOTAL					114667080.1	114667080.1	114667080.1	114667080.1	

Source: *Baringo County Treasury*

The County reported 24 stalled development projects as of 31st December 2025, with an estimated value of Kshs.1.33 billion, of which Kshs.131,056,053 has already been paid. The stalled projects are shown in Table 3.13

Table 3.13: Baringo County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Reason for Project Stalling
1	Health Services	Construction Staff house at Sugut Dispensary-	Tirioko	1,999,849	698,146	-	1,301,703	Insecurity
2	Health Services	Construction of a laboratory at Riongo Dispensary	Silale	1,458,574	1,050,716	-	407,858	Insecurity
3	Health Services	Construction and completion of Emining theatre block	Emining	11,947,541	9,823,041	-	2,124,500	The contractor's capacity and incapacity due to a road accident
4	Youth and social services	Marigut Community Social Hall	Barwessa	3,000,000		-	2,500,000	Contract terminated due to the contractor's delay.
5	Agriculture, Livestock and Fisheries	ATC Guesthouse	Lembus perkerra	19,000,000	16,000,000	-	3,000,000	It is a phased project. Challenges of low funding
6	Public Service and Administration	Proposed Construction of pitlatrine, fencing and installation of 10,000 litres tanks and gutters at Saimo Kipsaraman Wardoffice	Saimo Kipsaraman	1,493,252	1,041,215	-	452,037	The contractor is behind schedule.
7	Public Service and Administration	Tirioko Ward Office: Cash Transfer	Tirioko	1,000,000	-	-	997,762	The contractor is behind schedule.
8	Public Service and Administration	Construction of Ajira Centre at Cheplambus Phase 1	Tenges	1,989,295.20	-	-	1,702,439.20	The contractor is behind schedule.

No	Sector	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Reason for Project Stalling
9	Youth and social services	Construction of Youth Empowerment Centre, Marigat	Marigat	13,000,000	5,329,956.60	-	7,670,043.40	No Budget allocation and no Structural Assessment report for the foundation adjustment due to a possible fault line.
10	Youth and social services	Construction of Kabarnet Stadium	Kabarnet	1,167,638,590	47,362,304.40	-	-	Inadequate appropriation of funds
11	Trade, Enterprise, tourism, and wildlife management	Construction: Mogotio Information Centre, radio room, kitchen, globe. Amphitheatre, integrated gate	Mogotio	54,650,000	26,800,000	-	27,850,000	Inadequate funding
12	Trade, Enterprise, tourism, and wildlife management	Construction of the Kipsaraman Museum with a laboratory	Saimo Soi	32,280,674	12,460,674	-	19,820,000	Inadequate funding
13	Education and vocational training	Hospitality Centre at Marigat VTC	Marigat ward	10,000,000	5,000,000	-	5,000,000	Budget expunged/ contractor delay.
14	Education and vocational training	Kaplop Pri ECD	kabarnet	1,100,000	300,000	-	800,000	Contractor declined
15	Education and vocational training	Construction of Milimani ECD	Ravine	1,200,000	490,000	-	710,000	Contractor declined
16	Education and vocational training	Kaburwo ECD classroom	Ravine	1,200,000	-	-	1,200,000	Contractor declined
17	Education and vocational training	Chemayes ecd classroom	Tirioko	1,000,000	700,000	-	300,000	Contractor declined
18	Education and vocational training	Chesakam ecd classroom	Loyamorok	1,000,000	400,000	-	600,000	Contractor declined
19	Education and vocational training	Noswo ecd classroom	Churo	1,000,000	400,000	-	600,000	Contractor declined
20	Education and vocational training	Borokwo ECD Classroom	Mogotio	1,000,000	600,000	-	400,000	Contractor declined
21	Education and vocational training	Psau ECD classroom	Tirioko	1,000,000	700,000	-	300,000	Contractor declined
22	Education and vocational training	Mwal ECD classroom	Tirioko	1,000,000	600,000	-	400,000	Contractor declined
23	Education and vocational training	Ketukoi ECD classroom	Kolowa	1,000,000	600,000	-	400,000	Contractor declined

No	Sector	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Reason for Project Stalling
24	Education and vocational training	Toplen ECDE Staff House	Silale	1,000,000	700,000	-	300,000	Contractor declined
		TOTAL		1,330,957,775	131,056,053	-	78,536,343	

Source: Baringo County Treasury

The county government has taken up the initiative to complete the stalled projects to ensure value for money, as indicated in the annual development plan for FY 2026/2027

3.1.17 Budget Performance by Department

Table 3.14 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.14: Baringo County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	823.48	31.46	301.87	-	301.87	-	-	-	10	-
County Treasury Services	90.63	12	39.01	4.54	39.01	4.54	37.8	100	8.8	37.8
Transport and Infrastructure	40.8	591.9	12.93	-	12.93	-	-	-	-	-
Industrialisation, Commerce and Tourism	21.4	190.59	7.09	-	7.09	-	-	-	-	-
Education and ICT	26.49	336.53	4.79	-	4.79	-	-	-	-	-
Health	450.35	476.02	18.96	39.05	18.96	39.05	8.2	100	-	8.2
Lands, Housing & Urban Development	29.16	143.92	5.02	-	5.02	-	-	-	-	-
Agriculture, Livestock, Fisheries & Marketing	29.78	281.03	11.39	11.5	11.39	11.5	4.1	100	-	4.1
Youth, Gender & Social Security Services	47.6	196.46	25.56		25.56	-	-	-	-	-
Water & Irrigation	37.01	715.85	7.21	156.13	7.21	156.13	21.8	100	-	21.8
Environment & Natural Resources	16.5	309.01	3.04	-	3.04	-	-	-	-	-
Kabarnet Municipality	16.26	63.99	5.69	-	5.69	-	-	-	-	-
County Public Service Board	17.92	-	3.38	-	3.38	-	-	-	4.0	-
Devolution, Public and Special Programs	168.3	384.51	65.20	-	65.20	-	-	-	22.5	-
Public Devolution and Public Administration	3,935	-	1,528.95	-	1,528.95	-	-	-	8.1	-
County Treasury Economic Planning	42.62	15.15	18.48	-	18.48	-	-	-	9.4	-
TOTAL	5,793.60	3748.42	2,058.57	211.22	2,058.57	211.22		5.6	100	

Source: Baringo County Treasury

Analysis of departmental expenditure shows that the Department of County Treasury Services recorded the highest absorption rate of the development budget at 38 per cent, followed by the Department of Water and Irrigation at 21.8 per cent. The Department of Devolution, Public and Special Programs had the highest percentage of recurrent expenditure to budget at 22.5 per cent, while the Department of County Public Service Board had the lowest at 4 per cent.

3.1.18 Budget Execution by Programmes and Sub-Programmes

Table 3.15 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.15: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
County Finance and Accounting Services				
Revenue Services	SP2. Revenue Infrastructure Services	12,000,000	4,541,323.70	38
Agriculture, Livestock & Fisheries				
Crops Production and Management	SP3. Agriculture Training Centre	33,852,824	11,500,000	34
Water and Irrigation				
Water Resource Development and Supplies Management	Water Resource Management and Storage	688,415,679.81	156,125,755.05	23
Health Services				
Curative and Rehabilitative Services	SP3. Infrastructure Development Services	291,316,139.52	39,054,191	13
RECURRENT				
County Executive Devolution & Special Programmes				
General Administration, Planning and Support Services	SP1: Office of the Governor Services	60,000,000	30,491,038	52
County Executive Devolution & Special Programmes				
General Administration, Planning and Support Services	SP1: Office of the Governor Services	60,000,000	30,491,038	51
County Treasury and Economic Planning				
General Administration, Planning and Support Service	General Administration	11,000,000	5,451,400	50
County Assembly				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	648,515,944	235,793,139.90	36
County Public Service Board				
County Public Service Board Services	General Administration, Planning and Support Services	13,622,030	2,848,800	21

Source: Baringo County Treasury

The development sub-programmes with the highest budget implementation rates were: Revenue Infrastructure Services in the Department of County Finance and Accounting Services at 38 per cent, Agriculture Training Centre in the Department of Agriculture Livestock & Fisheries at 34 per cent, Water Resource Management and Storage in the Department of Water and Irrigation at 23 per cent, Infrastructure Development in the Department of Services of Health Services at 13 per cent.

For recurrent sub-programmes, the top performers included: Office of the Governor Services in the Department of County Executive Devolution & Special Programs at 51 per cent, General Administration in the Department of County Treasury and Economic Planning at 50 per cent, and General Administration, Planning and Support Services in the Department of County Assembly at 36 per cent.

Table 3.16: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
County Assembly				
Legislative Representation and Oversight Services	Office of the Speaker	12,500,000	446,546	4
Water and Irrigation				
Water Resource Development and Supplies Management	Water Resource Management and Storage	688,415,679.81	156,125,755.05	23
Agriculture, Livestock & Fisheries				
Crops Production and Management	SP3. Agriculture Training Centre	33,852,824	11,500,000	34
County Finance and Accounting Services				
Revenue Services	SP2. Revenue Infrastructure Services	12,000,000	4,541,323.70	38
RECURRENT				
PUBLIC SERVICE ADMINISTRATION ICT & E-GOVERNMENT				
General Administration, Planning, and Support Services.	SP1: Office of the County Secretary Services	144,500,000	18,093,355	13
Economic Planning				
Economic Planning Services	SP3. Resource Mobilisation and Investment Promotion	7,500,000	931,500	12
County Assembly				
Legislative Representation and Oversight Services	Office of the Speaker	12,500,000	74,546	6
County Finance and Accounting Services				
Revenue Services	SP1. Revenue Administration Services	8,000,000	393,400	5
County Executive Devolution & Special Programs				
Devolution and Special Programs	SP8: Civic Education	4,000,000	26,200	1

Source: Baringo County Treasury

The development sub-programmes with the lowest budget implementation rates were: Office of the Speaker in the Department of County Assembly (4 per cent) and Water Resource Management and Storage in the Department of Water and Irrigation (23 per cent). and Agriculture Training Centre in the Department of Agriculture, Livestock and Fisheries at 34 per cent. The low absorption was as result of low adoption, inadequate technological infrastructure, and staff skill gaps in undertaking the new procurement system.

For recurrent sub-programmes, the lowest-performing included: Office of the County Secretary Services in the Department of Public Service Administration, ICT & e-Government at 13 per cent, Resource Mobilisation and Investment Promotion in the Department of Economic Planning at 12 per cent, and Revenue Administration Services in the Department at 5 per cent. The activities are more seasonal activities that are undertaken on quarterly basis.

3.1.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 263 accounts with commercial banks, including 10 accounts for Established Funds, 1 revenue account, and 2 grant accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.1.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Baringo County budget, the CoB made the following observations, which hampered effective budget implementation;

1. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 26th January,2026
2. Low development performance in the review period as the County incurred Kshs.211.22 million on development activities, achieving a 6 per cent absorption rate against an approved budget of Kshs.3.75 billion.
3. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Emergency Fund, County SME Fund, Bursary Fund, Youth and Women Fund, Cooperative Development Fund, County PWD Fund, Lake Bogoria Grants and County Assembly Car and Mortgage Fund had lapsed, making them ineligible for further withdrawals.
4. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports were not submitted to the CoB as of 15 January 2026.
5. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
6. The County did not adhere to their submitted trade payables payment plan in the first half of FY 2025/26
7. The County has Inadequate network Infrastructure in revenue collection hindering the effectiveness of automated revenue system.
8. Non-existence of Essential Utilities for complete projects hindering the utilization and usage of the projects leading to stalled projects.
9. Non-existence of pre-feasibility studies for the projects to assess critical risks, project scope and viability of the projects across the county.
10. The County reported low performance in own source revenue collection which has has hindered project implementation due budgetary constraints

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The county should have a good monitoring and oversight mechanism for all revenue streams.*
viii. *The County should engage other stakeholders to ensure good and modern network connectivity and infrastructure for transparent revenue collection.*
ix. *The county should ensure that essential utilities (Water, electricity and personnel) are available for completed projects to avoid unutilised development projects.*
x. *The county should undertake feasibility studies for development projects to avoid unfinished projects due to improper design.*
xi. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3.2. County Government of Bomet

3.2.1 Overview of FY 2025/26 Budget

The Bomet County Approved Budget for FY 2025/26 is Kshs.10.85 billion. It comprises Kshs.4.0 billion (37 per cent) and Kshs.6.82 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.984.08 million (10 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.36 billion and a recurrent budget of Kshs.6.47 billion. The increase in the budget was primarily attributed to the high balance carried forward from FY 2024/25 of Kshs.743 million.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.7.45 billion (69 per cent), additional allocations of Kshs.1.73 billion (16 per cent), a cash balance of Kshs.743 million (7 per cent) brought forward from FY 2024/25, and Kshs.897 million (8 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.17

3.2.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.18 billion. This amount represented an increase of 10 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.3.81 billion. The total revenue consisted of Kshs.3.1 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.152.55 million, as well as the own-source revenue (OSR) collection of Kshs.198.3 million. Additionally, the County had a cash balance of Kshs.743 million from FY 2024/25. The total OSR collection of Kshs.198.3 million included Facilities Improvement Financing (FIF) of Kshs.181.3 million and Kshs.17 million from other OSR sources. Table 3.17 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.17: Bomet County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1.	County Executive Refunds to CRF	593,000,001	593,000,001	-	593,000,001	-
2	County Assembly Refunds to CRF	30,000,000	30,000,000	-	30,000,000	-
3.	A-I-A Balance at CRF	120,000,000	120,000,000	-	120,000,000	
	Sub-Total	**743,000,001**	**743,000,001**	**-**	**743,000,001**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,447,200,499	3,090,588,207	-	3,090,588,207	4,356,612,292
	Sub-Total	**7,447,200,499**	**3,090,588,207**	**-**	**3,090,588,207**	**4,356,612,292**
C	**Additional Allocations (Including Grants)**					
1	Road Maintenance Fuel Levy (KRB)	163,000,000	-	-	-	163,000,000
2	Community Health Promoters	74,070,000	-	-	-	74,070,000
3	Conditional Allocation for Libraries	950,259	-	-	-	950,259
4	World Bank Loan for the Transforming Health Systems for Universal Care project	-	-		-	-
5	Primary Healthcare in a Devolved Context	8,482,500	-		-	8,482,500
6	Kenya Urban Support Programme (KUSP) - UIG B/F	35,000,000	35,000,000		35,000,000	-
7	Kenya Urban Support Programme (KUSP) - UIG	28,500,000	-		-	28,500,000
8	IDA Kenya Urban Development Grant (UDG) B/F	18,278,289	18,278,289		18,278,289	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	IDA Kenya Urban Development Grant (UDG)	-	-		-	-
10	KDSP (Level 1)	37,500,000	-		-	37,500,000
11	KDSP (Level 1 Grant) B/F-Recurrent	-	-		-	-
12	KDSP (Level 2 Grant) -Development	352,000,000	-		-	352,000,000
13	WASH - Health & Water- DIG DEEP	80,000,000	-		-	80,000,000
14	Kenya Water, Sanitation and Hygiene (K-WASH) Program	197,903,000	-		-	197,903,000
15	Nutritional International B/F	4,453,054	4,453,053.50		4,453,054	-
16	Nutritional International	15,000,000	-		-	15,000,000
17	HSSF Danida	20,056,500	-		-	20,056,500
18	IDA Kenya/Climate Change Resilience Invest (CCRI) - BAL B/F	44,814,161	44,814,161.30	-	44,814,161	-
19	IDA Kenya/Climate Change Resilience Invest (CCRI)KfW	85,000,000	-	-	-	85,000,000
20	IDA Kenya/Climate Change Resilience Invest (CCRI)	130,126,688	50,000,000	-	50,000,000	80,126,688
21	IDA Kenya/Climate Change Institutional Support (CCIS)	11,000,000	-	-	-	11,000,000
22	Fertiliser Subsidy Program	131,684,382	-	-	-	131,684,382
23	REREC Matching Funds	-	-	-	-	-
24	Agriculture Sector Development Support Programme (ASDSP)	1,716,655	-	-	-	1,716,655
25	Livestock Value Chain Support Project - GRANTS	57,294,720	-	-	-	57,294,720
26	IDA World Bank-Value Chain NAVCDP	231,250,000	-	-	-	231,250,000
	Sub-Total	**1,728,080,208**	**152,545,504**	-	**152,545,504**	**1,575,534,704**
D	**Ordinary Own Source Revenue (OSR)**					
1	Cess	13,012,732	630,030	-	630,030	12,382,702
2	Land Rate	101,620,869	326,530	-	326,530	101,294,339
3	Single/Business Permits	38,179,571	1,546,400	-	1,546,400	36,633,171
4	Conservancy Administration		95,500	-	95,500	-95,500
5	Administration Control fees	35,088,000	1,764,640	-	1,764,640	33,323,360
6	Other Fines, Penalties, And Forfeiture Fees	6,360,034	139,000	-	139,000	6,221,034
7	Public Health Service Fees	336,268,500	54,301	-	54,301	336,214,199
8	Physical Planning and Development	3,190,000	50,900	-	50,900	3,139,100
9	Parking Fees	13,739,777	1,520,400	-	1,520,400	12,219,377
10	Market Fees	6,533,306	256,020	-	256,020	6,277,286
11	Property Rent	30,013,816	406,717	-	406,717	29,607,099
12	Advertising	5,623,400	445,550	-	445,550	5,177,850
13	Hire of County Assets	13,369,998	295,620	-	295,620	13,074,378
14	Sale of assets	1,899,998	4,154,796	-	4,154,796	-2,254,798
15	Park Fees	2,600,000	13,200	-	13,200	2,586,800
16	Miscellaneous receipts (unreceipted deposits)	-	5,307,150	-	5,307,150	-5,307,150
	Sub-Total	**607,500,000**	**17,006,754**	-	**17,006,754**	**590,493,246**

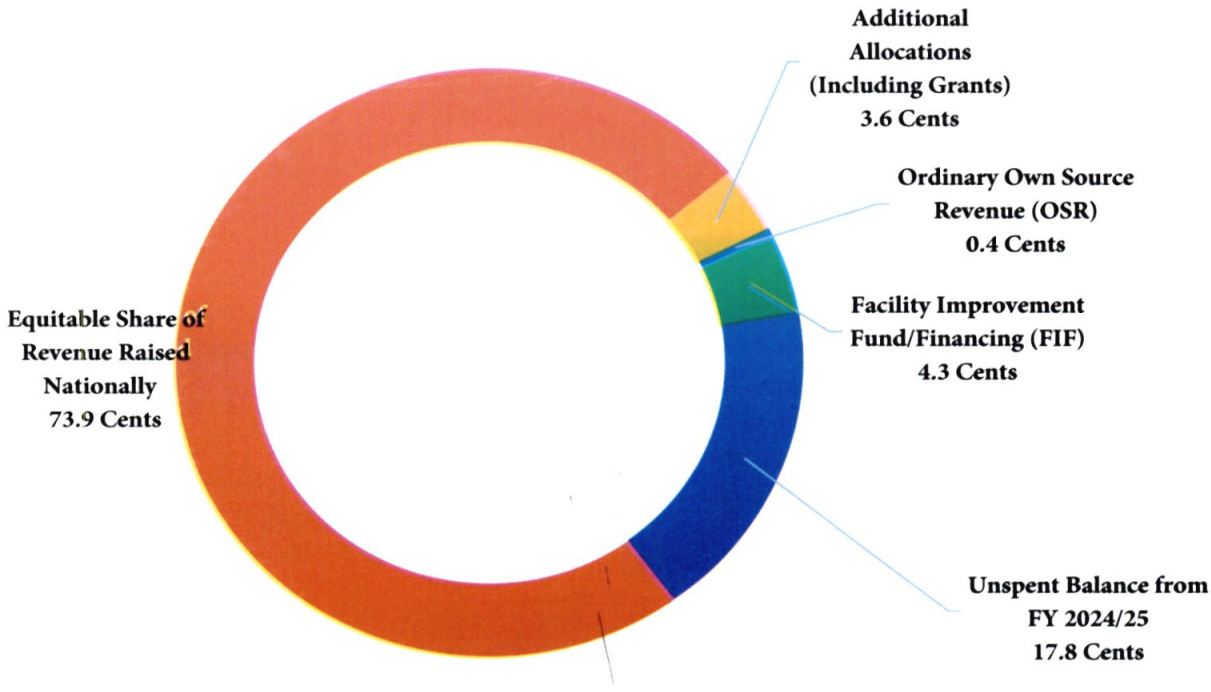
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
E	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	290,000,000	181,306,834		181,306,834	108,693,166
	Sub-Total	290,000,000	181,306,834		181,306,834	108,693,166
	Grand Total	**10,815,780,708**	**4,184,447,300**	-	**4,184,447,300**	**6,631,333,407**

Source: *Bomet County Treasury*

The County is yet to finalise the approval process for the governing regulations to operationalise the Facility Improvement Fund (FIF). The draft Act is pending approval at the County Assembly.

Figure 7 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 7: Bome County Composition of Each Shilling Earned in the First Half of FY 2025/26

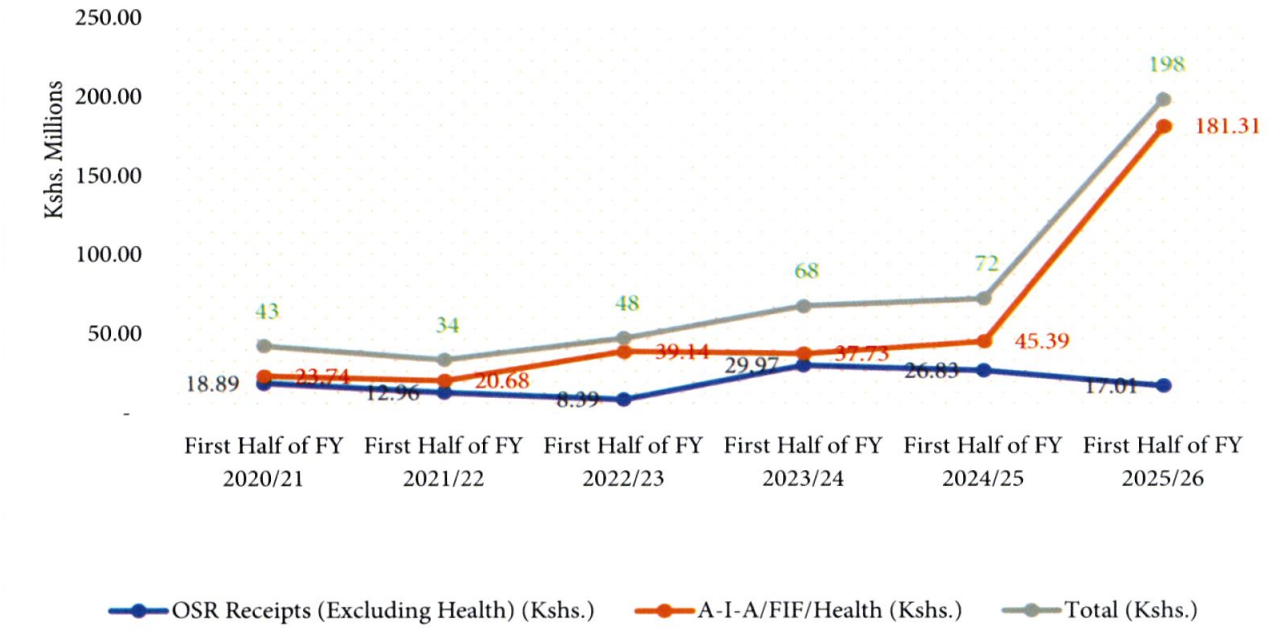


Source: *Bomet County Treasury*

The equitable share of revenue raised nationally, the Unspent balance brought forward, and FIF contributed 74 per cent, 18 per cent, and 4 per cent, respectively, of the total receipts for the reporting period.

Figure 8 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 8: Bomet County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

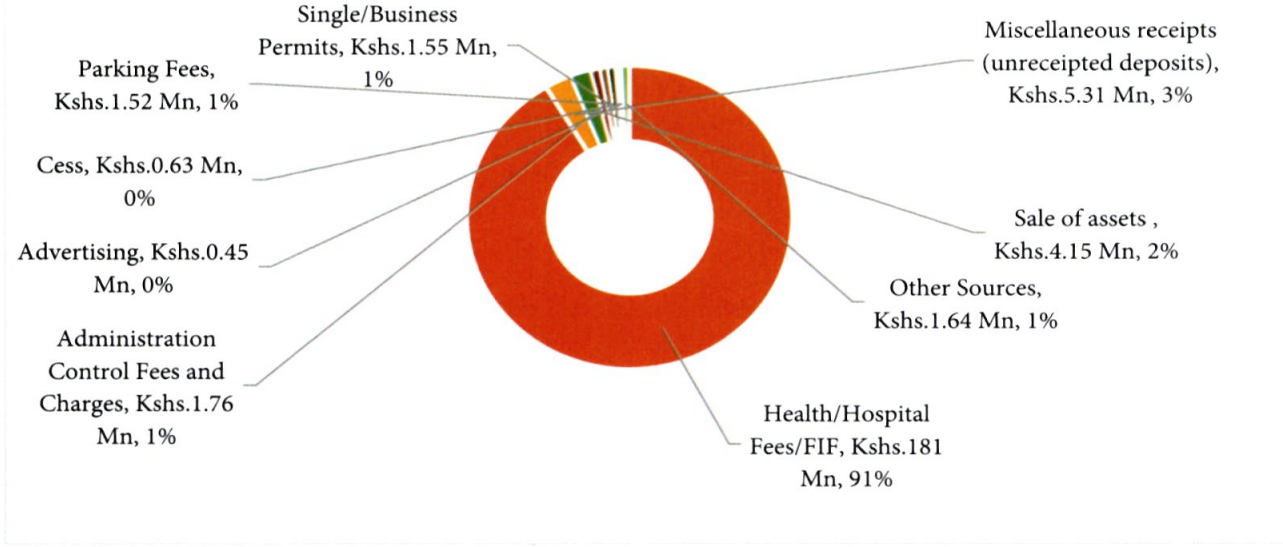


Source: *Bomet County Treasury*

During the first half of FY 2025/26, the County received Kshs.198 million from OSR, including FIF. This amount was an increase of 175 per cent compared to Kshs.72 million realised in a similar period in FY 2024/25, and was 22 per cent of the annual target and 6 per cent of the equitable revenue share disbursed.

The increase in collections was attributed to improved collection under FIF following its operationalisation following adoption of the FIF Act passed by the national Assembly. The revenue streams that contributed the most to OSR receipts are shown in Figure 8

Figure 9: Bomet County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Bomet County Treasury

As shown in Figure 9, the highest revenue stream, at Kshs.181 million, was from Facility Improvement Fees, accounting for 91 per cent of the total OSR receipts. The County Government has automated all revenue streams.

3.2.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.1.33 billion, which decreased to Kshs.730.59 million as of 31st December 2025. Table 3.18 presents a breakdown of the County's revenue arrears.

Table 3.18: Bomet County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**	**596,285,282**	-	**596,285,282**	-	-
	Sub-Total	**596,285,282**	-	**596,285,282**	-	-
B	**Ordinary Own Sources of Revenue**		-	-	-	-
	Land rate	670,873,265	-			670,873,265
	Property rent	5,500,000				5,500,000
	Sub-Total	**676,373,265**	-	-	-	**676,373,265**
C	**Facility Improvement Fund (FIF)**	-	-	-	-	-
1	SHIF	54,216,282	-	-	-	54,216,282
	Total	**1,326,874,829**	-	**596,285,282**	-	**730,589,547**

Source: *Bomet County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.730.59 million, comprising Kshs.676.37 million for ordinary source revenue (93 per cent) and Kshs.54.22 million for SHIF (7 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include issuing demand notices to debtors and sending reminders, among others.

3.2.4 Borrowing by the County

Bomet County Executive and County Assembly did not report any borrowing in the reporting period.

3.2.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.15 billion from the Bomet County Revenue Fund (CRF) account. This amount consisted of Kshs.883.15 million (28 per cent) designated for development programs and Kshs.2.26 billion (72 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.56 billion was allocated for employee compensation, and Kshs.703.9 million for operations and maintenance expenditures. Within the operations and maintenance category, 11 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.105.6 million, which included Kshs.75.3 million for the County Executive and Kshs.30.1 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.35.38 million, with Kshs.3.72 million for the County Executive and Kshs.31.66 million for the County Assembly.

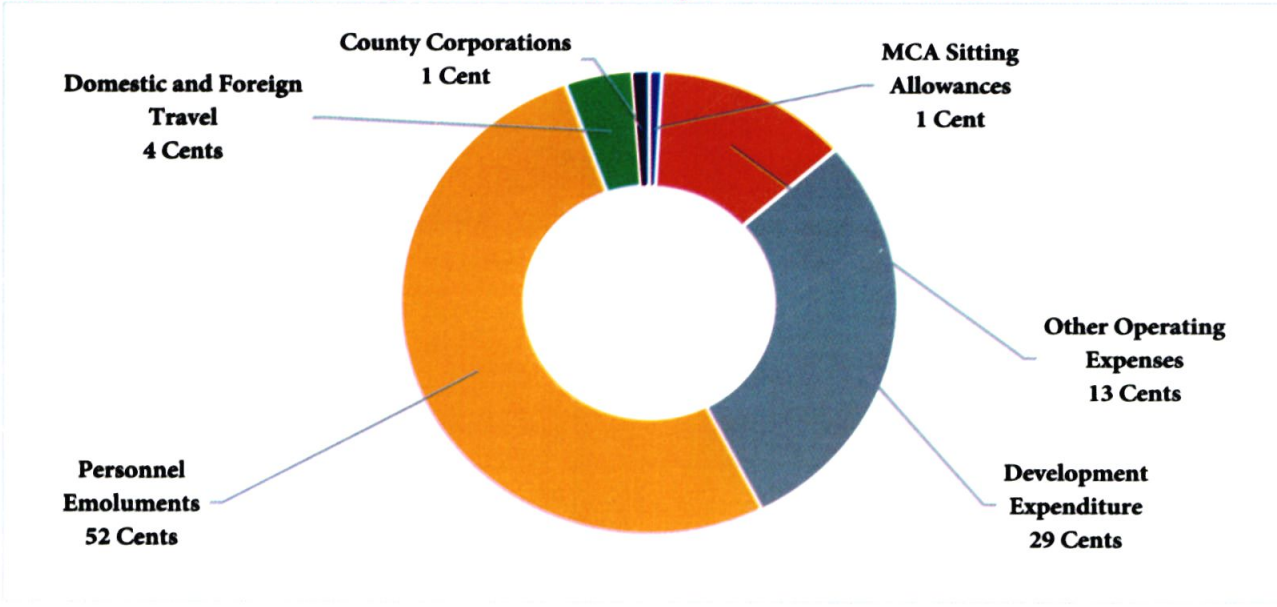
As of December 31, 2025, the County Government's cash balance in the Bomet CRF account was Kshs.47,342,741.

3.2.6 Expenditure Review

The County spent Kshs.3.19 billion on development and recurrent programmes during the reporting period. The expenditure represented 101.3 per cent of the total funds released by the CoB. It comprised Kshs.921.59 million for development programmes and Kshs.2.27 billion for recurrent programmes. Expenditure on development programmes accounted for 23 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 33.3 per cent of the annual recurrent expenditure budget.

Figure 10 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 10: Bomet County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Bomet County Treasury

As shown in Figure 10, the three highest expenditure categories were Personnel emoluments, development expenditure, and Other operating expenses, which accounted for 52, 29, and 13 per cent of total expenditure for the reporting period, respectively.

3.2.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.52 billion. This amount consisted of Kshs.1.46 billion from the County Executive and Kshs.65.87 million from the County Assembly. The trade payables from the County Executive comprised Kshs.599.97 million for recurrent expenditure and Kshs.857.4 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.874.66 million, comprising Kshs.370.12 million (42 per cent) for recurrent programmes and Kshs.504.55 million (58 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.34.96 million, which included Kshs.12.84 million (37 per cent) for recurrent activities and Kshs.22.11 million (63 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.582.7 million for the County Executive and Kshs.30.9 million for the County Assembly. Table 3.19 provides additional details of trade payables.

Table 3.19: Bomet County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	857,398,556	599,970,751	1,457,369,307
	County Assembly	45,807,600	20,063,977	65,871,577
	Total	903,206,156	620,034,728	1,523,240,884
Amount paid in FY 2025/26	County Executive	504,550,161	370,105,415	874,655,576
	County Assembly	22,110,398	12,849,829	34,960,227
	Total	526,660,559	382,955,244	909,615,803
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	352,848,395	229,865,336	582,713,731
	County Assembly	23,697,202	7,214,148	30,911,350
	Total	**376,545,597**	**237,079,484**	**613,625,081**

Source: Bomet County Treasury

The County Executive submitted a trade payables payment plan, committing to pay Kshs.620 million and Kshs.903.3 million on recurrent and development expenditure, respectively. During the FY 2025/26 reporting period, the County adhered to this payment plan, as it cleared Kshs.370.11 million and Kshs.504.55 million for recurrent and development, respectively.

Similarly, the County Assembly submitted a trade payables payment plan, committing to pay Kshs.20.06 million and Kshs.45.81 million on recurrent and development expenditure, respectively. In the reporting period of FY 2025/26, the County Assembly adhered to this payment plan, as it cleared Kshs.12.85 million and Kshs.22.11 million for recurrent and development, respectively

Table 3.20 and Table 3.21 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.613.63 million

Table 3.20: Bomet County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive	-	-	-	-	-
Development Trade Payables	-	352,848,395	-	-	352,848,395
Recurrent Trade Payables (Goods & Services)	-	*229,865,336*	-	-	*229,865,336*
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	*229,865,336*	-	-	*229,865,336*
Executive Trade Payables	-	*582,713,731*	-	-	*582,713,731*
% of Executive Trade Payables	-	**100**	-	-	**100**

Source: Bomet *County Treasury*

Table 3.21: Bomet County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables		23,697,202			23,697,202
Recurrent Trade Payables (Goods & Services)	-	7,214,148	-	-	7,214,148
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	7,214,148	-	-	7,214,148
Assembly Trade Payables	-	30,911,350	-	-	30,911,350
% of Assembly Payables	-	100	-	-	100
% of Total Trade Payables	-	100	-	-	100

Source: Bomet County Assembly

The County Executive and County Assembly used the FIFO basis for settling trade payables. Further, the two entities followed the trade payables action plan submitted to the Office of the Controller of Budget to a great extent.

3.2.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.46 billion on compensation of employees, Kshs.477.29 million on operations and maintenance, and Kshs.904.23 million on development activities. Similarly, the County Assembly spent Kshs.195.56 million on employee compensation, Kshs.134.84 million on operations and maintenance, and Kshs.17.36 million on development activities, as shown in Table 3.22

Table 3.22: Bomet County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	6,092,736,270	725,816,719	1,935,418,003	330,404,117	-	-	1,935,418,003	330,404,117	**32**	**46**
Compensation of Employees	3,510,000,000	407,738,131	1,458,128,116	195,562,134	-	-	1,458,128,116	195,562,134	**42**	**48**
Operations and Maintenance	2,582,736,270	318,078,588	477,289,887	134,841,983	-	-	477,289,887	134,841,983	**18**	**42**
Development Expenditure	3,925,227,719	72,000,000	904,229,805	17,361,111	-	-	904,229,805	17,361,111	**23**	**24**
Total	**10,017,963,989**	**797,816,719**	**2,839,647,808**	**347,765,228**	**-**	**-**	**2,839,647,808**	**330,404,117**	**55**	**46**

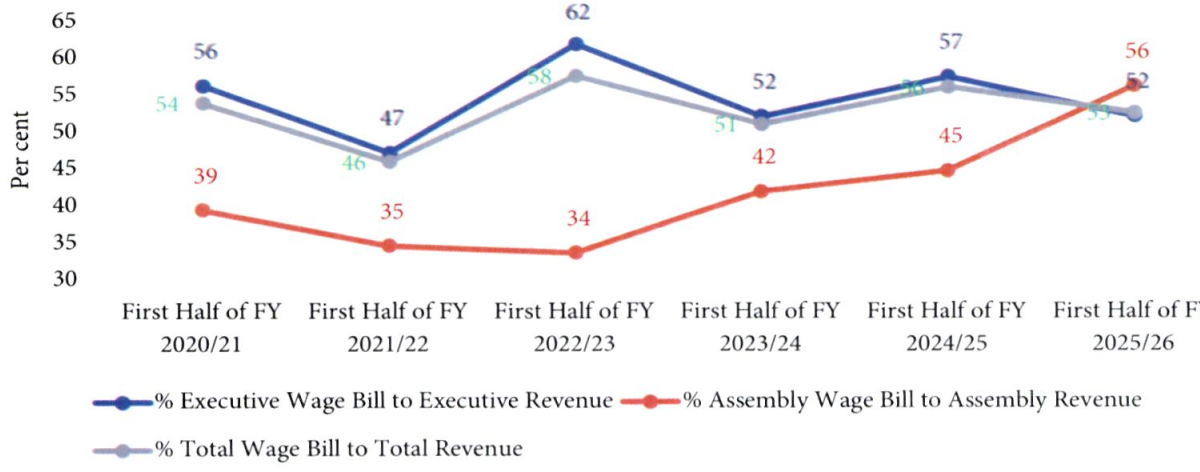
***Source**: Bomet County Treasury & County Assembly*

3.2.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.65 billion. This expenditure on employee compensation shows a decrease compared to the Kshs1.91 billion reported in a similar period in FY 2024/25. Of this total, Kshs.497.67 million for Health Sector employees, accounting for 30 per cent of overall employees' compensation. The reduction in personnel emoluments was due to the one-time arrears settlement effected in the previous FY.

Figure 11 shows the trend in employees' compensation as a percentage of total revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 11: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Bomet County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.65 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.3.5 million was processed through manual payroll, accounting for 0.2 per cent of the total PE cost. The justification for the continued use of manual payroll was the settlement of gratuity for staff without payroll numbers.

The manual payroll comprised salaries for 2 staff not onboarded into the Human Resource Information System (HRIS) and gratuity remittances for members of the county assembly on contract, as shown in Table 3.23.

Table 3.23: Breakdown of Bomet County Manual Payroll

S.No	Description of Manual Payroll	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	-	1,105,830	1,105,830
2	Gratuity for contract staff	-	2,398,376	2,398,376
	Total	-	3,504,206	3,504,206

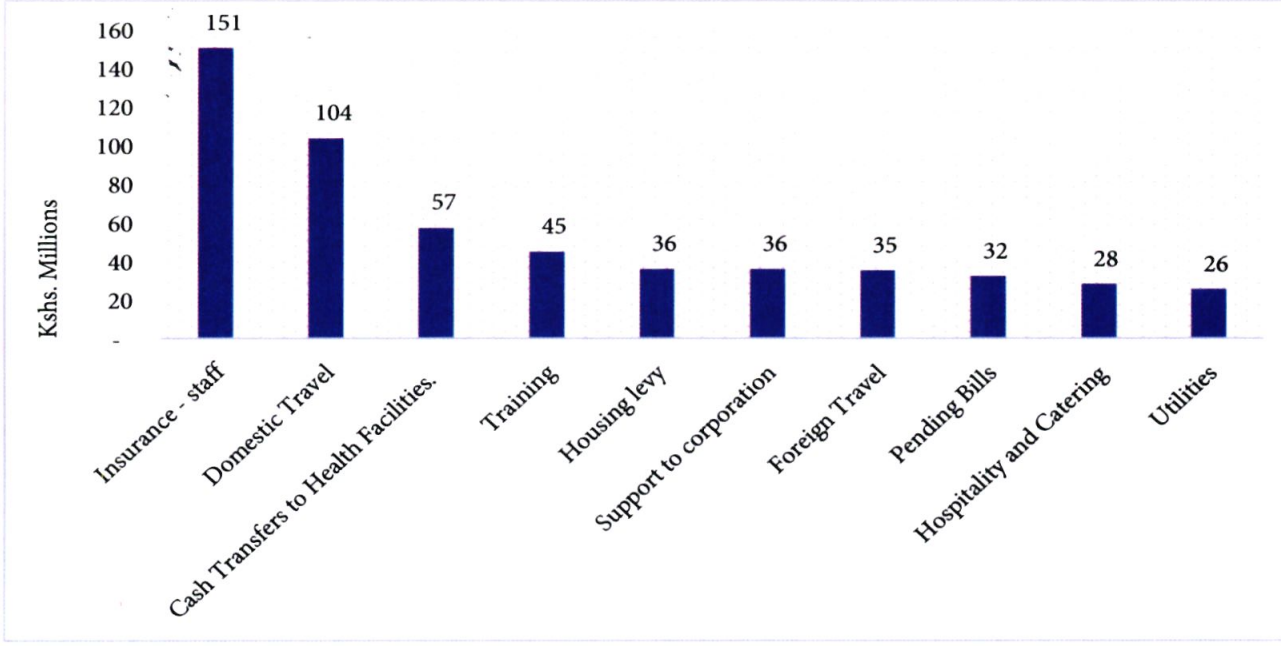
Source: *Bomet County Treasury*

The County Assembly spent Kshs.26.57 million on committee sitting allowances for the 39 MCAs against the annual budget allocation of Kshs.35.94 million. The average monthly sitting allowance was Kshs.113,537 per MCA. The County Assembly has 21 House Committees.

3.2.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.612.13 million on operations and maintenance, representing a decrease of 23 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.798.06 million. Figure 12 summarises the Operations and Maintenance expenditure by major categories.

Figure 12: Bomet County, Operations and Maintenance Expenditure by Major Categories



Source*: Bomet County Treasury*

The highest expenditure under operations and maintenance was on the procurement of staff insurance services at Kshs.151. million followed by domestic travel at Kshs.104. million and Cash transfers to entities at Kshs.57 million

3.2.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.7.99 million on "*other operating expenses*," which is 1 per cent of the total operations and maintenance expenditure of Kshs.612.13 million. This category of expenditure excludes Kshs.20.3 million for garbage collection. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.24.

Table 3.24: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Community Participation [other operating expenses]	300,000	31,500
2211399	Community Participation	50,000	25,000
2211399	Other Operating expenses- Community Participation, civic education, stakeholder forums and other citizen engagements	24,000,000	7,877,000
Total		**24,350,000**	**7,933,500**

Source: *Bomet County Treasury*

A review of the other expense items listed in the table revealed that the bulk of the expenditure was incurred on community participation and other civic engagement activities.

3.2.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.110 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County did not allocate funds to the Emergency Fund in line with Section 110 of the PFM Act, 2012, as the Emergency Funds Act had expired. Table 3.25 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.25: Performance of Bomet County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the Half Year of FY 2025/26 (Kshs.)	Actual Expenditure in theHalf Year of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Bomet County Bursary Fund	2021	85,000,000	-	-	590,458,915	No
2.	Bomet County Executive Car Loan and Mortgage Fund	2014	-	-	-	124,813,880	No
		County Assembly Established Funds					
1.	Bomet County Assembly Car Loan and Mortgage Fund	2017	25,000,000	-	-	483,307,071	No
	Total		110,000,000	-	-	1,198,579,866	

Source: *Bomet County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the 3 listed Fund Administrators, as indicated in Table 3.25, contrary to the requirement of Section 168 of the PFM Act, 2012. Further, the county did not disclose whether the administration costs of the 3 Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Bomet County Executive Car Loan and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.2.13 County Corporations

The County has 3 County Corporations, which were allocated Kshs.150.45 million for FY 2025/26. Their total expenditure for the review period amounted to Kshs.66.02 million, as shown in Table 3.26

Table 3.26: Performance of Bomet County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Bomet Municipality	66,750,000	-	-	33,102,820
2.	Sotik Municipality	3,700,000	-	-	-
3.	Bomwasco	80,000,000	66,023,043	66,023,043	186,000,000
	Total	150,450,000	66,023,043	66,023,043	219,102,820

Source: *Bomet County Treasury*

3.2.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.105.36 million and comprised Kshs.75.3 million spent by the County Assembly and Kshs.30.06 million by the County Executive. Expenditure on foreign travel amounted to Kshs.35.38 million and comprised Kshs.31.66 million by the County Assembly and Kshs.3.72 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.27.

Table 3.27: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Costs of the Travel (Kshs.)
Bomet County Assembly	25	13th - 23rd Sept - 2025	2nd Edition of the RAID Okavango Region	Angola	13,941,200	-	13,941,200
Bomet County Assembly	10	12th - 22nd November 2025	Attending the 30th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30)	Brazil	10,393,040	-	10,393,040
Bomet County Assembly	7	1st - 10th December 2025	Attending an exchange program in the Parliament of Victoria in Melbourne, Australia	Australia	5,966,805	-	5,966,805
Bomet County Assembly	1	16th -26th October 2025	Attending Leadership Masterclass on steering the devolved system towards integrity	Zanzibar	548,600	-	548,600
Bomet County Assembly	1	24th October - 4th November 2025	Attending the International Exchange Programme on empowering legislative administration	Spain / France	813,800	-	813,800
Bomet County Executive	4	23 August 2025-29 September 2025	Signing ceremony of the cooperation and twinning agreement between the region of Western Greece and the Bomet County Government	Greece	1,165,050	-	1,165,050

Source: *Bomet County Treasury and Bomet County Assembly*

3.2.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.181.31 million as FIF, which was 62.5 per cent of the annual target of Kshs.290 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County is yet to finalise the approval process for the governing regulations to operationalise the Facility Improvement Fund (FIF). The draft Act is pending approval at the County Assembly.

The expenditure by the health facilities amounted to Kshs.184.96 million, as shown in Table 3.28.

Table 3.28: Bomet County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	4	418,864,080	61,550,980	15
2.	Level 3 Facility	31	296,857,835.92	56,435,246.40	19
3.	Level 2 Facility	126	331,723,352.52	66,973,173.25	20
	Total	161	1,047,445,268.44	184,959,399.65	18

3.2.16 Development Expenditure

In the review period, the County reported spending Kshs.912.59 million on development programmes, representing an increase of 48 per cent compared to FY 2024/25, when the County spent Kshs.617.86 million.Table 3.29 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the prioritisation of settling payables incurred in prior years.

Table 3.29: Bomet County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance	Construction of avocado value addition packhouse	Hq	2025	2026	30,637,195	30,637,195	30,637,195	30,637,195	100
2	Health	Proposed Completion of Radiology at Tegat Hospital	Hq	2025	2026	10,003,016	10,003,016	10,003,016	10,003,016	100
3	Health	Construction of theatre, radiology, and surgical wards at Sor Sub County Hospital	Hq	2025	2026	34,103,385	34,103,385	34,103,385	34,103,385	100
4	County Assembly	Construction of Bomet County Assembly	Hq	2025	2026	27,280,356	27,280,356	27,280,356	27,280,356	100
5	Water	procurement of works under the contract	Hq	2025	2026	4,976,273	4,976,273	4,976,273	4,976,273	100
6	Water	Procurement of works for Marangetit water	Hq	2025	2026	4,840,240	4,840,240	4,840,240	4,840,240	100
7	Water	Procurement of works for the Kuriot Pipeline Extension	Hq	2025	2026	4,565,000	4,565,000	4,565,000	4,565,000	100
8	Roads	Routine Maintenance of Chebaibai-Kapboisyo Road	Hq	2025	2026	4,380,000	4,380,000	4,380,000	4,380,000	100
9	Roads	Routine Maintenance of Arap Chebusit -Kamogiboi Road	Hq	2025	2026	3,456,620	3,456,620	3,456,620	3,456,620	100
10	Roads	Routine maintenance of the Kipsoen -youth empowerment box culvert	Hq	2025	2026	3,729,864	3,729,864	3,729,864	3,729,864	100

Source: *Bomet County Treasury*

The County did not submit a report on stalled development projects as of 31st December 2025, as requested by OCOB.

3.2.17 Budget Performance by Department

Table 3.30 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.30: Bomet County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	751	47	331	17	330	17	99.9	100.0	44.0	36.9
Administration, ICT, and Public Service	3,042	397	1,222	34	1,120	3	91.7	8.0	36.8	0.7
Finance And Economic Planning	164	229	54	5	80	70	147.4	1,295.3	48.9	30.6
Lands, Housing, and Urban Planning	163	129	7	6	22	3	292.5	53.5	13.3	2.3
Municipalities	52	19	1	1	-	-	-	-	-	-
Gender And Culture	45	10	9	-	4		44.7	-	8.4	-
Health Services	2,129	287	530	34	611	17	115.3	49.6	28.7	5.9
Education, Vocational Training, Youth & Sports	172	237	11	35	11	47	100.4	132.8	6.6	19.6
Water, Sanitation, and Environment	166	910	58	248	64	241	109.8	97.2	38.4	26.5
Agriculture, Livestock, Fisheries, Cooperatives	27	583	6	15	1	9	9.3	59.1	2.2	1.5
Roads, Transport & Public Works	127	1,097	15	486	23	510	155.3	104.9	18.1	46.4
Trade, Energy, Tourism & Investment	6	28	-	2	2	6	789.1	329.3	41.0	21.7
Total	6,844	3,972	2,244	883	2,268	922	101.1	104.4	33.1	23.2

Source: *Bomet County Treasury*

Analysis of expenditure by departments shows that the Department of Roads, Trade and Energy recorded the highest absorption rate of development budget at 46 per cent, followed by the County Assembly at 40 per cent and Finance and Economic Planning at 30.6 per cent. The Department of Finance and Economic Planning recorded the highest recurrent expenditure-to-budget ratio at 49 per cent, while the Municipalities Department reported nil expenditure.

3.2.18 Budget Execution by Programmes and Sub-Programmes

Table 3.31 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.31: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-programme	Gross approved estimates fy 2025/26 (kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (kshs.)		Absorption rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department-cooperatives and marketing							
Cooperatives	Completion and development of cooling plants and storage facilities	-	4,000,000	-	3,999,742	-	100
Water and environment							
Development of water supply for domestic, commercial, industrial and irrigation purposes	Pipeline extension services	-	171,500,000	-	147,371,745	-	86

Programme	Sub-programme	Gross approved estimates fy 2025/26 (kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (kshs.)		Absorption rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County assembly							
Office of the Clerk - General Administration, Human Resources, and Administrative Services	County assembly service board	46,455,200	-	34,568,091	-	74	
Finance							
Policy, planning & general administrative services	General administration	63,502,100		44,916,277		71	
	Development of county ict infrastructure and enhancement of connectivity	-	8,000,000	-	5,416,144	-	68
General administrative services	General administration	49,183,420	-	29,730,114	-	60	
Water and environment							
Water supply infrastructure	Water supply infrastructure	-	75,000,000	-	44,236,253	-	59
County assembly							
County legislature (legislative services)	Committee services and house proceedings	93,929,040	-	48,852,493	-	52	-
Office of the Clerk - general administration, human resources, and administrative services	Sub-programme 3.2: Human resource and administrative services	263,706,407	-	136,675,720	-	52	-
Health services							
Health services	Human resources for health services	1,119,632,965	-	533,783,710	-	48	-
County assembly							
County legislature (legislative services)	Legislative services	222,253,319	-	104,681,313	-	47	-

Source: Bomet County Treasury

The development sub-programmes with the highest budget implementation rates included Completion and development of cooling plants and storage facilities in the Department of Cooperatives at 100 per cent, Pipeline extension services in the Department of Water and Environment at 86 per cent, and Development of county ICT infrastructure and enhancement of connectivity in the Finance and Economic Planning department at 68 per cent.

For recurrent sub-programmes, the top performers were the County Assembly Service Board in the County Assembly at 74 per cent, General Administration in the Department of Finance and Economic Planning at 71 per cent, and Committee Services and House Proceedings in the County Assembly at 52 per cent. Their improved performance is attributed to enhanced procurement processes.

Table 3.32 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.32: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Actual Expenditure as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of The Governor And Administration							
Economic, Social and Political Advisory Services	Devolution and Special Programs	78,000,000		-		-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Actual Expenditure as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Infrastructural Development	-	356,000,000	-		-	-
Lands, housing and urban planning							
	Land use planning and management	-	120,000,000	-		-	-
Roads, public works, and transport							
Development and Maintenance of other public works	Construction and Maintenance of Motorised Bridges, culverts and foot bridges	-	131,000,000	-	-	-	-
Agriculture, livestock and veterinary services							
Agriculture services	Crop management	-	375,951,037	-	-	-	-
Water and environment							
	NAWASIP K-WASH		100,270,853				
	IDA Kenya/Climate Change Resilience Invest (CCRI Grant) World Bank	-	130,126,688	-	-	-	-
	IDA Kenya/Climate Change Resilience Invest (CCRI)KfW	-	85,000,000	-	-	-	-
Health services							
	Kenya Water, Sanitation and Hygiene (K-WASH) Program	97,632,147	-	-	-	-	-
	Purchase of Medical and Dental Equipment - for Mother & Child, Subcounty Hospitals and completed health facilities	-	130,889,570	-	-	-	-

Source: *Bomet County Treasury*

A significant number of sub-programs did not report any expenditure in the period. Among the development sub-programmes with the lowest budget implementation rates were crop management in the Department of Agriculture, Livestock and Fisheries; infrastructure development in the Department of Public Service and Administration; and Construction and Maintenance of Motorised Bridges, culverts, and footbridges in the Department of Roads and Public Transport. For recurrent sub-programmes, among the poor performers were Devolution and special Programs in the Public Service and Administration and Kenya Water, Sanitation and Hygiene (K-WASH) in the Department of Health Services

3.2.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 148 accounts with commercial banks, including 131 accounts for Health Facilities, four accounts for Established Funds, one revenue account, seven special-purpose accounts (additional allocations), four imprest accounts, one recurrent operational account, and one development operational account.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.2.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Bomet County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 3rd February, 2026.
ii. The underperformance of own-source revenue at Kshs.17 million against an annual target of Kshs.607.5 million, representing 3 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.921.6 million on development activities, achieving a 23 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the County Executive Mortgage and Car Loan Fund making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bomet County Bursary Fund, Bomet County Executive Car Loan and Mortgage Fund and Bomet County Assembly Car Loan and Mortgage Fund were not submitted to the CoB as of 15 January 2025.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.3. County Government of Bungoma

3.3.1 Overview of FY 2025/26 Budget

The Bungoma County Approved Budget for FY 2025/26 is Kshs.15.93 billion. It comprises Kshs.5.06 billion (32 per cent) and Kshs.10.86 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.336.96million (2 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.97 billion and a recurrent budget of Kshs.10.62 billion. The increase in the budget was primarily attributed to growth in the Equitable share and conditional allocations to the Facility Improvement Fund.

The budget is to be financed through various revenue sources. These include the equitable share of revenue raised nationally, Kshs.11.69 billion (73 per cent), additional allocations of Kshs.2.17 billion (14 per cent) and generate Kshs.2.07 billion (13 per cent) as gross own-source revenue. The own-source revenue includes Kshs.1.40 billion (67 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.671.06 million (33 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.33

3.3.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.7.08 billion. This amount represented an increase of 17 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.6.03 billion. The total revenue consisted of Kshs.5.86 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.470.47million. Additionally, the County had a cash balance of Kshs.686.90 million from FY 2024/25 and Equalisation Fund of Kshs.32.75 million, which were not budgeted. The total OSR collection of Kshs.499.18 million included Facilities Improvement Financing (FIF) of Kshs.335.45 million and Kshs.163.73 million from other OSR sources. Table 3.33 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.33: Bungoma County, Revenue Performance in the First Half of FY 2025/26

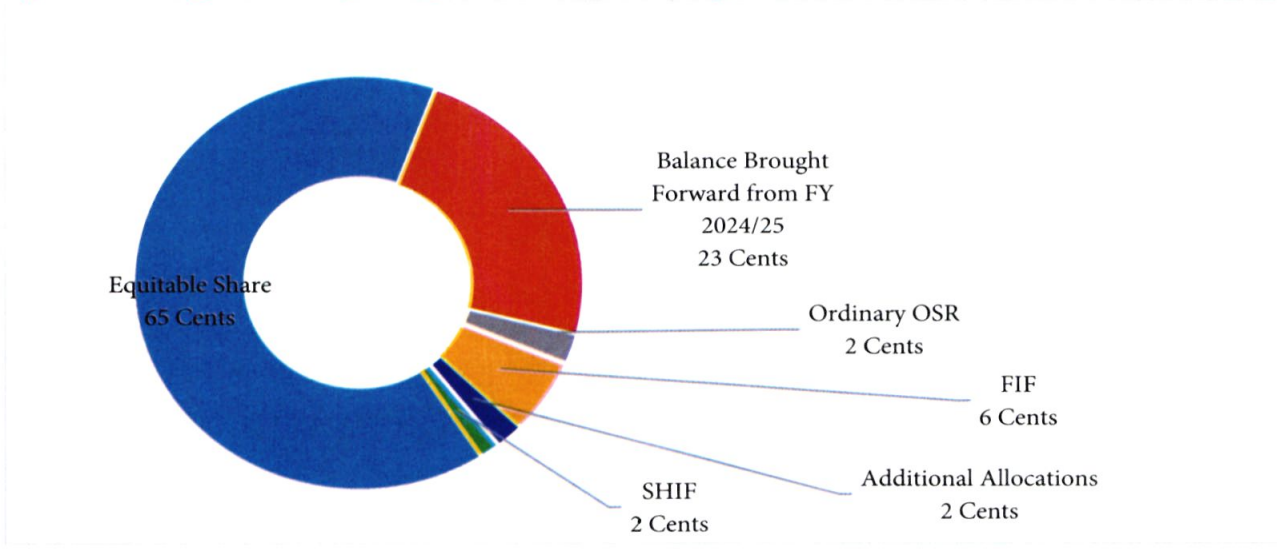
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	-	-	-	-	-
2	County Executive Refunds to CRF	-	685,017,970	-	685,017,970	- 685,017,970
3	County Assembly Refunds to CRF	-	1,884,078	-	1,884,078	- 1,884,078
	Sub-Total	-	**686,902,047**	-	**686,902,047**	**- 686,902,047**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	11,688,348,752	4,912,792,687	947,044,373	5,859,837,060	5,828,511,692
	Sub-Total	**11,688,348,752**	**4,912,792,687**	**947,044,373**	**5,859,837,060**	**5,828,511,692**
C	**Transfers from the Equalisation Fund**					
1	Finance and Economic Planning: Equalisation Fund	-	32,746,967	-	32,746,967	- 32,746,967
	Sub-Total	-	**32,746,967**	-	**32,746,967**	**- 32,746,967**
D	**Additional Allocations (Including Grants)**					
1	Road Maintenance Levy Fund	184,554,999	-	-	-	184,554,999
2	County Aggregated Industrial Park Grant	133,368,420	-	-	-	133,368,420
3	Rural Electrification and Renewable Energy Corporation (REREC)	45,000,000	-	-	-	45,000,000
4	UNICEF	1,571,000	-	-	-	1,571,000
5	DANIDA	13,698,750			-	13,698,750
6	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-	-	151,515,152
7	Kenya Livestock Commercialisation Project (KELCoP)	34,500,000	-	-	-	34,500,000
8	County Secretary: Kenya Devolution Support Programme- Level 1	37,500,000	-	-	-	37,500,000
9	Kenya Devolution Support Programme- Level 11	352,500,000	-	-	-	352,500,000
10	Kenya Urban Support Programme(Development)-Lands	135,434,139	-	-	-	135,434,139
11	KISP II (Kenya Informal Settlement Improvement Project)	297,400,190	-	-	-	297,400,190
12	Finance Locally Led Climate Action Program(FLLoCA)- Water	11,000,000	-	-	-	11,000,000
13	Climate Change Grant	153,488,888	-	-	-	153,488,888
14	Water and Natural Resources I) WATER KOICA	500,000,000	-	-	-	500,000,000
15	UNFPA	7,400,000	-	-	-	7,400,000
16	Community Health Promoters	107,400,000	-	-	-	107,400,000
17	Village Polytechnique				-	-
	Sub-Total	**2,166,331,538**	**-**	**-**	**-**	**2,166,331,538**
E	**Ordinary Own Source Revenue (OSR)**					
1	Other Ordinary OSR	384,451,208	42,241,242	-	42,241,242	342,209,967
2	Enclosed Bus Park Fee	73,957,268	32,931,200	-	32,931,200	41,026,068
3	Cess	48,942,309	32,879,685	-	32,879,685	16,062,624
4	Market Fees	46,513,704	18,366,255	-	18,366,255	28,147,449
5	Mabanga ATC	33,360,868	14,223,212	-	14,223,212	19,137,656
6	Parking Fees	11,376,226	11,376,226	-	11,376,226	-
7	Land Rates	58,316,975	6,234,395	-	6,234,395	52,082,580
8	Plan Approval	14,138,889	5,476,071	-	5,476,071	8,662,818
	Sub-Total	**671,057,448**	**163,728,286**	**-**	**163,728,286**	**507,329,162**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	105,600,000	-	-	-	105,600,000
	Sub-Total	**105,600,000**	-	-	-	**105,600,000**
G	**Appropriations in Aid**					
1	Health and Sanitation	1,295,070,023	306,745,038	28,701,591	335,446,629	959,623,394
	Sub-Total	**1,295,070,023**	**306,745,038**	**28,701,591**	**335,446,629**	**959,623,394**
	Grand Total	**15,926,407,761**	**6,102,915,026**	**975,745,964**	**7,078,660,990**	**8,847,746,771**

Source: *Bungoma County Treasury*

The County is yet to finalise the approval process for the governing legislation to operationalise the Facility Improvement Fund (FIF). Figure 13 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

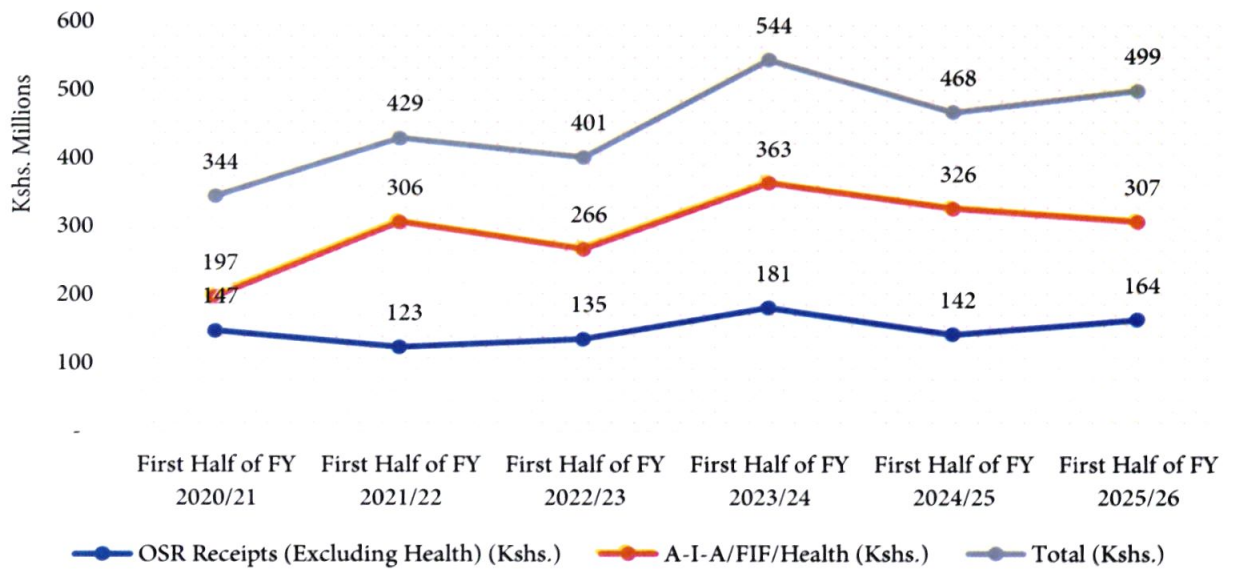
Figure 13: Bungoma County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Bungoma County Treasury*

The equitable share of revenue raised nationally, the balance brought forward, and OSR contributed 65 per cent, 23 per cent, and 8 per cent, respectively, of total receipts for the reporting period. Figure 14 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the first half of FY 2025/26.

Figure 14: Bungoma County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

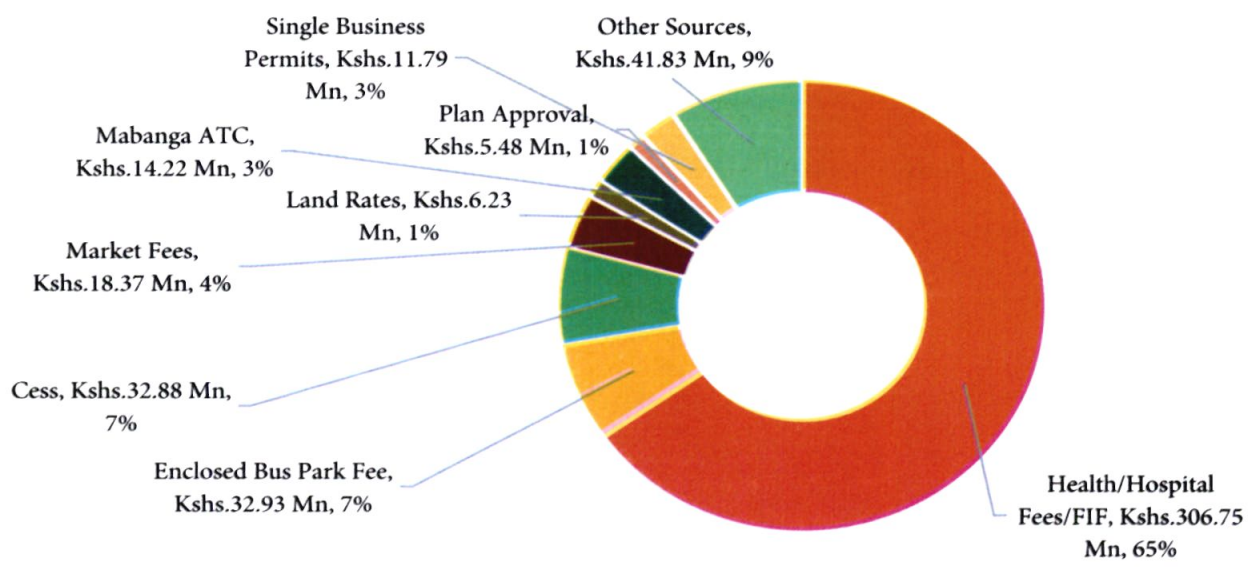


Source: *Bungoma County Treasury*

During the first half of FY 2025/26, the County collected Kshs.499.18 million from OSR, including FIF. This amount was an increase of 9 per cent compared to Kshs.456.89 million realised in a similar period in FY 2024/25, and was 24 per cent of the annual target and 10 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to revenue enhancement from implementation of revenue acts.Figure 14.

Figure 15: Bungoma County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Bungoma County Treasury

As shown in Figure 15 , the highest revenue stream, at Kshs.306.75 million, was from Health /Hospital Fees/FIF, accounting for 65 per cent of the total OSR receipts. The County Government indicated that it has automated 48 of 52 revenue streams.

3.3.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.660.69 million, which decreased to Kshs.626.95 million as of 31st December 2025. Table 3.34 presents a breakdown of the County's revenue arrears.

Table 3.34: Bungoma County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1st July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30th December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in December of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Cess	84,641,795	-		-	**84,641,795**
2	Land rate	183,756,587	-	**3,235,529**	-	**180,521,058**
Sub-Total		**268,398,383**	-	**3,235,529**	-	**268,398,383**
B	**Facility Improvement Fund (FIF)**					
1	SHIF	**358,551,600**	-	-	**28,701,591**	**387,253,191**
Sub-Total		**358,551,600**	-	-	**28,701,591**	**28,701,571**
Total		**626,949,982**	-	**3,235,529**	**28,701,591**	**684,353,145**

Source: Bungoma *County Treasury*

As of 31 st December 2025, the revenue arrears totalled to Kshs.684.35 million, comprising Kshs.268.40 million (40 per cent)for Ordinary Own Sources of Revenue and Kshs.387.25 million for facility improvement fund (60 per cent) The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include enforcement actions against defaulters, stricter compliance monitoring, and follow-up on unpaid obligations to ensure improved revenue performance.

During the period under review, Kshs.3.24 million was collected as land rates arrears, and no cess arrears were collected.

3.3.4 Borrowing by the County

The County did not borrow any funds during the period under review.

3.3.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.48 billion from the Bungoma County Revenue Fund (CRF) account. This amount consisted of Kshs.334 million (6 per cent) designated for development programs and Kshs.5.15 billion (94 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.4.19 billion was allocated to employee compensation and Kshs.959.84 million to operations and maintenance expenditures. Within the operations and maintenance category, 30 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.289.40 million, including Kshs.227.38 million for the County Executive and Kshs.62.02 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.9.85 million, with Kshs.2.74 million for the County Executive and Kshs.6.60 million for the County Assembly.

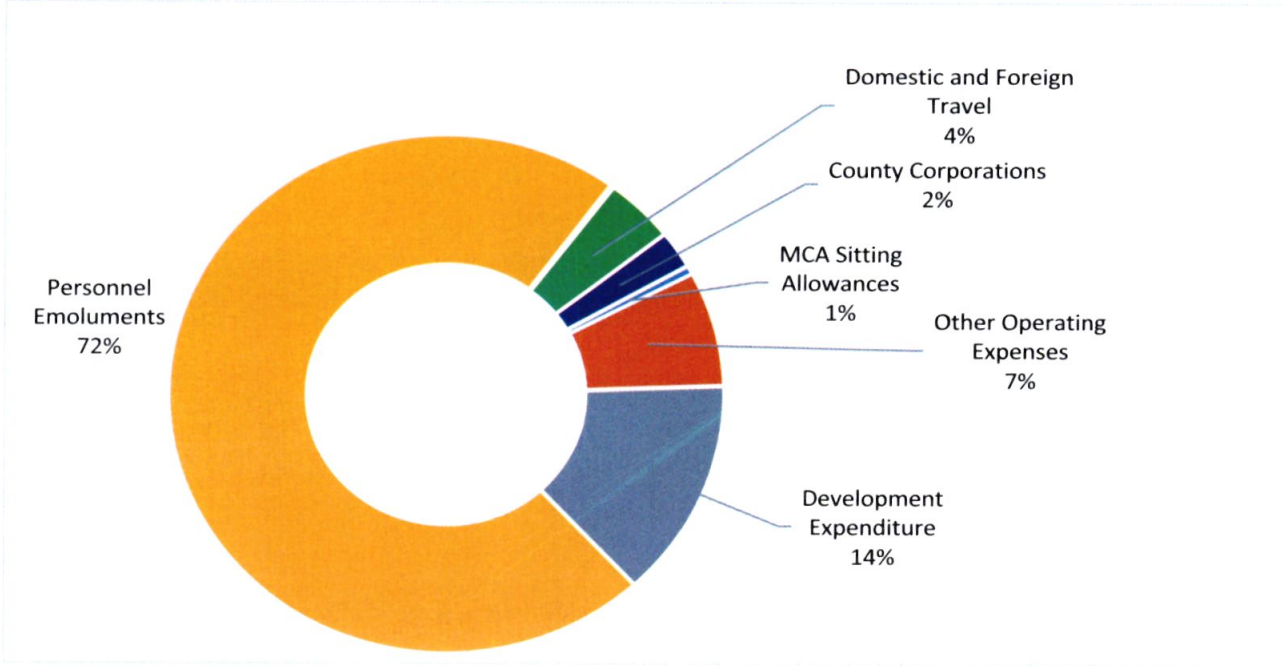
As of 31st December, 2025, the County Government's cash balance in the Bungoma CRF account was Kshs.352.31 million.

3.3.6 Expenditure Review

The County spent Kshs.7.15 billion on development and recurrent programmes during the reporting period. The expenditure represented 130 per cent of the total funds released by the CoB. It comprised Kshs.929.30 million for development programmes and Kshs.6.22 billion for recurrent programmes. Expenditure on development programmes accounted for 18 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 50 per cent of the annual recurrent expenditure budget.

Figure 16 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 16: Bungoma County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Bungoma *County Treasury*

As shown in Figure 16, the three highest expenditure categories were personnel emoluments, development expenditure, and other operating expenses, which accounted for 72, 14, and 7 per cent of total expenditure, respectively, for the reporting period.

3.3.7 Settlement of Trade Payables

As of 1st July 2025, the County reported pending bills totalling Kshs.3.99 billion. This amount included Kshs.3.98 billion from the County Executive and Kshs.16.36 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.1.74 billion for recurrent expenditures and Kshs.2.24 billion for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.14 billion, comprising Kshs.949.02 million (83 per cent) for recurrent programmes and Kshs.197.25 million (17 per cent) for development programmes. On the other hand, the County Assembly settled trade payables totalling Kshs.15.74 million for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.2.85 billion for the County Executive and Kshs.0.61 million for the County AssemblyTable 3.35 provides additional details of trade payables.

Table 3.35: Bungoma County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1st July 2025 (End of FY 2024/25)	a	County Executive	2,242,939,069	1,740,134,004	3,983,073,073
		County Assembly	-	16,356,038	16,356,038
		Total	**2,242,939,069**	**1,756,490,042**	**3,999,429,111**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	246,491,882	940,844,751	1,187,336,632
		County Assembly	-	8,178,019	8,178,019
		Total	**246,491,882**	**949,022,770**	**1,195,514,651**
Amount paid in the First Half of FY 2025/26	c	County Executive	197,246,489	940,844,751	1,138,091,240
		County Assembly		15,744,856	15,744,856
		Total	**197,246,489**	**956,589,607**	**1,153,836,096**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	2,045,692,580	799,900,436	2,845,593,016
		County Assembly	-	611,182	**611,182**
		Total	**2,045,692,580**	**800,511,618**	**2,846,204,198**

***Source**: Bungoma County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.949.02 million and Kshs.246.49 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan for development expenditure, as it cleared only Kshs.197.25 million for the County Executive.

Table 3.36 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.2.85 billion and Kshs.0.61 million respectively.

Table 3.36: Bungoma County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**696,147,733**	**717,490,602**	**387,138,932**	**244,915,313**	**2,045,692,580**
Recurrent Trade Payables (Goods & Services)	807,218,610	165,853,549	51,555,728	88,168,280	1,112,796,168
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	35,800,000	82,362,818		681,126,436	799,289,254
Recurrent Trade Payables (Staff Claims)	55,392,920				55,392,920
Total Recurrent Trade Payables	898,411,530	248,216,367	51,555,728	769,294,716	**1,967,478,342**
Total Trade Payables	**1,594,559,264**	**965,706,969**	**438,694,660**	**1,014,210,029**	**4,013,170,922**
% of Total	**40**	**24**	**11**	**25**	**100**

***Source**: Bungoma County Treasury*

The County should adopt IBEC's trade payables action plan tracker templates to manage, track, and report on its trade payables and their status.

3.3.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.94 billion on compensation of employees, Kshs.1.89 billion on operations and maintenance, and Kshs.786.08 million on development activities. Similarly, the County Assembly spent Kshs.246.12 million on compensation of employees, Kshs.144.64 million on operations and maintenance, and Kshs.143.22 million on development activities, as shown in Table 3.37

Table 3.37: Bungoma County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	**9,894,291,357**	6,359,892,748	3,534,398,609	**4,819,404,450**	**14,713,695,807**
	Assembly	**969,221,694**	512,000,967	457,220,727	**243,490,260**	**1,212,711,954**
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	**5,100,234,434**	3,942,789,885	1,537,650,478	**380,205,929**	**5,860,646,292**
	Assembly	**390,757,864**	246,122,784	144,635,080	-	**390,757,864**
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	**350,480,473**	-	350,480,473	**405,875,473**	**756,355,946**
	Assembly	-	-	-	**143,218,452**	**143,218,452**
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	**5,450,714,907**	3,942,789,885	1,888,130,951	**786,081,401**	**6,236,796,308**
	Assembly	**390,757,864**	246,122,784	144,635,080	**143,218,452**	**533,976,316**
Absorption (%) (d/a*100)	**Executive**	**55**	**62**	**53**	**16**	**42**
	Assembly	**40**	**48**	**32**	**59**	**44**

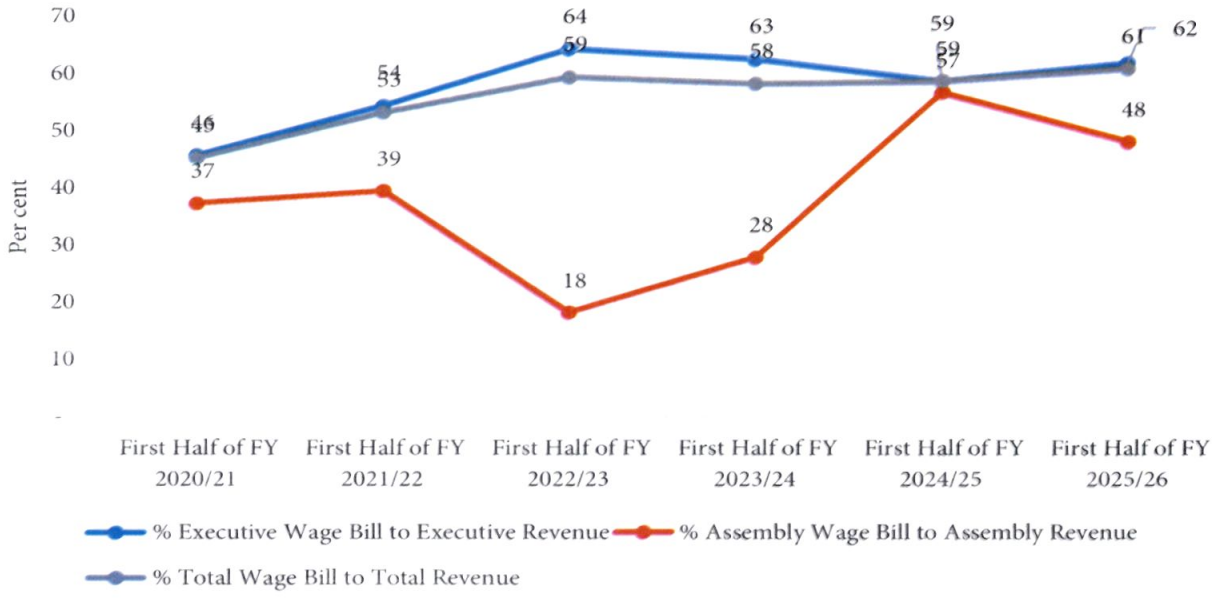
***Source**: Bungoma County Treasury*

3.3.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.4.19 billion. The percentage of employee compensation to revenue was 59 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.54 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.49 billion related to Health Sector employees, accounting for 36 per cent of the overall employees' compensation. The increase in PE expenditure in the reporting period compared with a similar period in FY 2024/25 is attributable to annual salary increases for various staff cadres.

Figure 17 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 17: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Bungoma County Treasury

Further analysis indicated that PE costs totalling Kshs.4.14 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.44.75 million was processed through manual payrolls, accounting for 1 per cent of the total PE cost. The justification for the continued use of manual payroll was that Community Health Volunteers Staff Were not onboarded into the Human Resource Information System (HRIS).

The manual payroll included salaries for 2,238 staff not onboarded into the Human Resource Information System (HRIS) for County Health Volunteers Staff (CHVs), as shown in Table 3.38.

Table 3.38: Breakdown of Bungoma County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
	Salaries for 2,238 staff not onboarded into HRIS- County Health Volunteers Staff (CHVs)	44,750,000
	Total	44,750,000

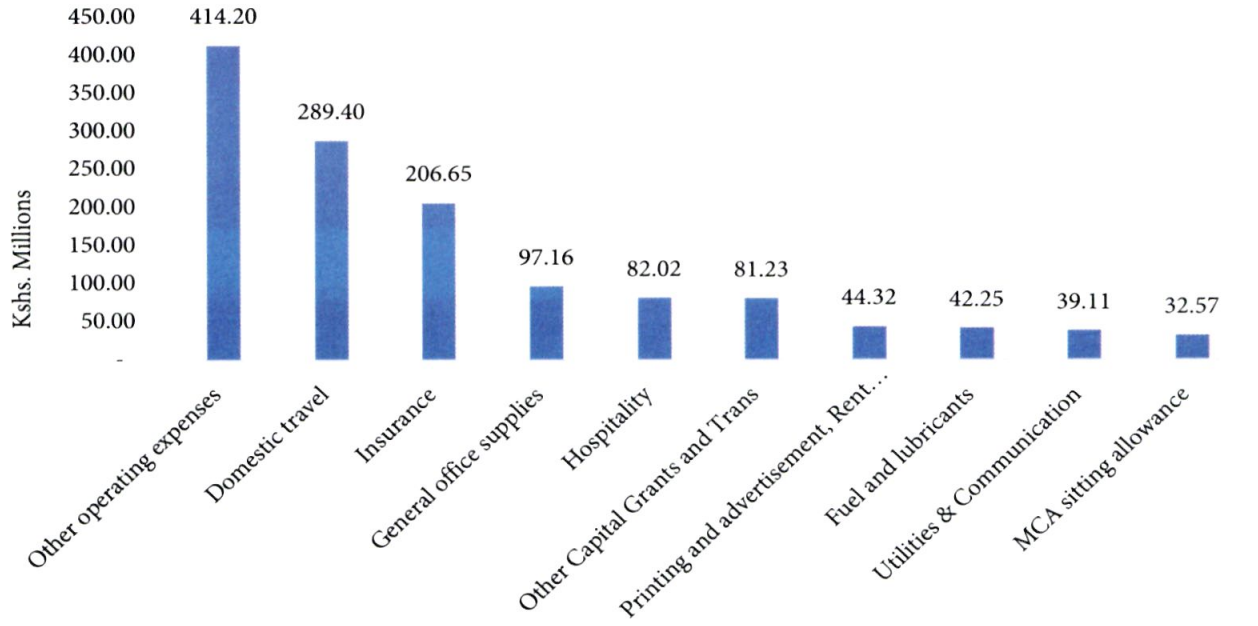
Source: Bungoma County Treasury

The County Assembly spent Kshs.32.57 million on committee sitting allowances for the 63 MCAs against the annual budget allocation of Kshs.51.23 million. The average monthly sitting allowance was Kshs.86,163 per MCA. The County Assembly has 24 House Committees.

3.3.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.2.03 billion on operations and maintenance, representing an increase of 41 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.829.82 million. Figure 18 summarises the Operations and Maintenance expenditure by major categories.

Figure 18: Bungoma County, Operations and Maintenance Expenditure by Major Categories



***Source**: Bungoma County Treasury*

3.3.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.414.20 million on "*other operating expenses*," which is 30 per cent of the total operations and maintenance expenditure of Kshs.2.03 billion. This category of expenditure includes Kshs.201.05 million for garbage collection and Kshs.26.25 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.39.

Table 3.39: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted Guards and Cleaning Services	409,206,618	208,444,929
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	30,517,928	2,855,221
2211308	Legal Dues/fees, Arbitration and Compensation Payments	66,351,660	26,250,199
2211309	Management Fees	76,163,300	19,792,570
2211310	Contracted Professional Services	37,240,423	5,505,714
2211311	Contracted Technical Services	5,000,000	-
2211320	Temporary Committee Expenses	36,332,474	20,658,870
2211323	Laundry Expenses	300,000	-
2211324	Registration of Land	4,333,544	753,000
2211325	Constituency Office Expenses	46,793,880	7,728,296
2211399	Other Operating Expenses	223,097,959	122,212,965
Total		**935,337,786**	**414,201,764**

***Source**: Bungoma County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: Other Operating Expenses County Assembly (Kshs.15.78 million), Other Operating Expenses County Executive (Kshs.26.60 million), KRA payment Penalties (Kshs.23.10 million), M-Pox Sensitisation (Kshs.3.09 million), and Medical Reports and Records (Kshs 0.26 million).

3.3.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.155.25 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (less

than 1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.40 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.40: Performance of Bungoma County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds								
1.	Scholarships and other Educational Benefits	2014		-	-	747,408	1,864,000,000	Yes
2.	Trade Development Loan	2014	20,000,000	-	-	251,515	135,450,678	Yes
3.	Disability Empowerment Fund	2016	5,125,000	-	-		7,535,256	Yes
4.	Youth and Women Empowerment Fund	2015	30,000,000	-	-	1,920	75,414,500	Yes
5.	Emergency Fund	2019	100,000,000	4,725,000	-	5,052,478	337,871,021	Yes
County Assembly Established Funds								
6.	Employees' Car Loan and Mortgage Scheme Fund	2017	-	-	-	2,319,608	266,248,930	Yes
7.	MCAs' Car Loan and Mortgage Scheme Fund	2014	-	-	-	1,420,910	323,999,829	Yes
	Total		155,125,000	4,725,000		9,793,789	3,010,520,214	

Source: *Bungoma County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, Employees' Car Loan and Mortgage Scheme Fund and MCAs' Car Loan and Mortgage Scheme Fund Administrators, as indicated in Table 3.40.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespans of the Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, and MCAs' Car Loan and Mortgage Scheme Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.3.13 County Corporations

The County has one County Corporation, which was allocated Kshs.402.77 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.134.13 million, as shown in Table 3.41

Table 3.41: Performance of Bungoma County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Bungoma Water and Sewerage Plc-BWASCO	402,773,236	30,000,000	15,000,000	134,129,259	15,000,000
	Total	402,773,236	30,000,000	15,000,000	134,129,259	15,000,000

Source: *Bungoma County Treasury*

3.3.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.289.40 million and comprised Kshs.62.02 million spent by the County Assembly and Kshs.227.38 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.34 million and

comprised Kshs.6.60 million by the County Assembly and Kshs.2.74 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.42

Table 3.42: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	4	29th September to 2nd October ,2025	Facilitation for Inter-Cultural Competence Annual Conference and Travel Fee	Rabat-Morocco	2,738,899	-	2,738,899
County Assembly	5	29th to 30th August,2025	Facilitation to the SECOND UMUKUUKA 111 Royal Anniversary Dinner 2025	Uganda	388,759	-	388,759
	1	5th to 10th September, 2025	Facilitation for DSA to attend the Second Africa Climate Summit in Addis Ababa	Ethiopia	674,424	-	674,424
	19	28th October to 3rd November 2025	Leadership Retreat in Kampala	Uganda	5,534,487	-	5,534,487
Total					9,336,569		9,336,569

Source: Bungoma County Treasury and Bungoma County Assembly

3.3.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.335.45 million as FIF, which was 25 per cent of the annual target of Kshs.1.3 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by health facilities amounted to Kshs.390.45 million, as shown in Table 3.43.

Table 3.43: Bungoma County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	2	671,296,847	246,926,640	37
2.	Level 4 Hospital	8	402,773,175	44,346,061	11
3.	Level 2& 3 Facility	180	221,000,001	99,176,084	45
Total			1,2950,070,023	390,448,785	30

Source: *Bungoma County Treasury*

3.3.16 Development Expenditure

In the review period, the County reported spending Kshs.929.30 million on development programmes, representing an increase of 22 per cent compared to FY 2024/25, when the County spent Kshs.760.70 million. Table 3.44 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to the delay in the rollout of annual procurement plans and the e-GP system.

Table 3.44: Bungoma County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads and Public Works	Ward-Based Projects	45 Wards	2025/2026	-	-	769,765,000	35,808,704	147,225,632	35
2	County Assembly	Debating Chambers	County Headquarters	15th March,2024	13th March,2026	399,734,190	-	114,820,897	114,820,897	57
3	Agriculture, Livestock, Fisheries and Co-operative Development	Farm Input Support – Fertiliser for 500 Beneficiaries per Ward	45 Wards	2025/2026	30th June, 2026	-	117,000,000	117,000,000	117,000,000	20
4	Roads and Public Works	Upgrading of Rural Roads - Misikhu - Brigadier Road	Tongaren	April 2024	June 2026	-	155,999,390	58,626,690	58,626,690	78
5	Roads and Public Works	Upgrading of Urban Roads - Salmond – Khalaba River Road	Township Ward	1st December, 2023	31st December,2026	174,606,810.50	73,973,232	31,063,639	31,063,639	90
6	Finance and Economic Planning	Revenue System Management	County Headquarters	2015/16	-	25,000,000	25,000,000	-	25,000,000	100
7	County Assembly	Speaker's Residence	Ndengel-wa	19th April,2024	19th April,2025	34,904,935	34,904,935	24,664,691	24,664,691	82
8	Housing Department	Construction of Office Block	Milimani	February, 2024	1st September, 2026	78,798,211	22,500,000	-	22,500,000	15
Donor Funded Projects										
1	Trade, Energy and Industrialisation	County Aggregated Industrial Park -CAIP	Sang'alo	29th September,2023	2nd December,2026	-	133,368,420	-	54,018,156	59
Equalisation Funded Projects										
1	Finance and Economic Planning	Spot Improvement of Kapkurongo-Kiptega-Chepkwende Road	Mt.Elgon	5th December,2024	15th February,2025	11,276,360	11,276,360	11,245,040	11,245,040	100
2		Construction Of Makutano-Kabukwo Box Culvert		2nd December,2024	15th April,2025	10,340,878	10,340,878	10,340,058	10,340,058	100
3		Construction Of Wards and Laboratory of Kubura Dispensary		4th December,2024	25th January,2025	9,936,434	9,936,434	-	9,936,434	100
4		Sambocho Water Project		3rd December,2024	5th January,2026	9,474,907	9,474,907	4,743,320	4,743,320	100
5		Sacho Water Project		2nd December,2024	28th February,2025	4,241,337	4,241,337	4,241,337	4,241,337	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
6		Spot Improvement of Land B-Kopsiro Health Centre-Chepyuk Centre Road		3rd December,2024	10th February,2025	2,202,120	2,202,120	2,193,212	2,193,212	100

Source: *Bungoma County Treasury*

3.3.17 Budget Performance by Department

Table 3.45 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.45: Bungoma County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operative Development	70.06	535.02	8.6	4.52	26.05	194.02	303	4,293	37	36
Tourism, Forestry, Environment	375.27	244.49	203.22	55.5	211.42	98.05	104	177	56	40
Water and Natural Resources	60.32	743.41	15.76	17.79	24.35	51.35	155	289	40	7
Roads and Public Works	45.76	1,291.65	9.52	148.79	20.09	248.21	211	167	44	19
Education, Science and ICT	93.65	165.59	44.11	18.97	21.9	46.16	50	243	23	28
Health and Sanitation	1,471.70	225.03	38.05	9.04	75.63	9.04	199	100	5	4
Trade, Energy and Industrialisation	78.29	382.64	11.87	6.65	19.07	60.67	161	912	24	16
Gender, Culture, Youth and Sports	110.66	21.13	34.58	2.95	41.57	2.95	120	100	38	14
Land, Urban and Physical Planning	27.67	96.09	6.32	-	9.44	16.38	149	-	34	17
Bungoma Municipality	44.25	75.39	7.4	7.04	6.36	7.04	86	100	14	9
Kimilili Municipality	43.69	87.1	8.26	-	6.78	-	82	-	16	-
Housing	28.43	319.9	22.02	22.5	21.94	22.5	100	100	77	7
Finance and Economic Planning	384.47	225	113.9	35.24	163.14	29.73	143	84	42	13
County Public Service	38.29	13.23	12.66	-	16.73	-	132	-	44	-
Governor's	191.57	-	59.24	-	92.56	-	156	-	48	-
D/Governor's Office	39.61	-	1.34	-	10.96	-	821	-	28	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Administration	349.65	393.72	46.7	5	254.12	-	544	-	73	-
County Secretary	6,338.56	-	4,155.92	-	4,003	-	96	-	63	-
Sub-County Administrators'	8.47	-	1.96	-	3.22	-	164	-	38	-
ICT	15.99	-	0.31	-	-	-	-	-	-	-
County Attorney	76.91	-	1.65	-	31.4	-	1,899	-	41	-
Records Management	1	-	-	-	0.24	-	-	-	24	-
County Assembly	969.22	243.49	345.38	-	390.76	143.22	113	-	40	59
Total	**10,863.51**	**5,062.89**	**5,148.78**	**334**	**5,450.71**	**929.3**	**106**	**278**	**50**	**18**

Source: *Bungoma County Treasury*

Analysis of departmental expenditure shows that the Department of County Assembly recorded the highest absorption rate of the development budget at 59 per cent, followed by the Department of Tourism, Forestry, and Environment at 40 per cent. The Department of Housing had the highest recurrent expenditure-to-budget ratio at 77 per cent, while the Department of Health and Sanitation had the lowest at 5 per cent.

The departments and entities namely; Records Management, County Attorney, Sub County Administrators', D/Governor's Office, Governor's, County Public Service, Kimilili Municipality, Bungoma Municipality, Land, Urban and Physical Planning, Gender, Culture, Youth and Sports, Trade, Energy and Industrialisation, Health and Sanitation, Education, Science and ICT, Roads and Public Works, Water and Natural Resource, Tourism, Forestry, Environment, and Agriculture, Livestock, Fisheries and Co-operative Development reported below 50 per cent absorption rate for both recurrent and development expenditures occasioned by intermittent delays in roll out of procurement plans and implementation of e-GP system.

The absorption of funds above the approved exchequer was due to funds carried forward from the 2024/25 financial year in special-purpose accounts for additional allocations to the Department of Trade, Energy and Industrialisation, Bungoma Municipality, and Land, Urban and Physical Planning. The Agriculture, Livestock, Fisheries and Co-operative Development, Tourism, Forestry, Environment, Roads and Public Works, and Education, Science and ICT had overcommitted funds in the system and reported on an accrual basis.

3.3.18 Budget Execution by Programmes and Sub-Programmes

Table 3.46 summarises budget execution by programme and sub-programme for the period under review with the highest absorption rates.

Table 3.46: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development				
Crop Development and Management	Crop Production and Productivity	184,500,000	184,500,000	100
Department of Finance and Economic Planning				
Service Delivery and Organisational Transformation	ICT Development	25,000,000	25,000,000	100
Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development				
Crop Development and Management	Pending Bill	6,680,980	5,557,966	83

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Department of Tourism, Environment, Water, Natural Resources and Climate Change				
Climate Change Coordination and Management	Climate Change Resilience Investment Grant	153,488,888	98,046,975	64
Department of County Assembly				
General Administration, Planning and Support Services	Infrastructural Development	243,490,260	143,218,452	59
RECURRENT				
Department of Health and Sanitation				
General Administration, Planning and Support Services	Medical Insurance	200,000,000	200,000,000	100
Department of Housing				
General Administration, Planning and Support Services	KISIP Co-Funding –Administrative	18,500,000	18,500,000	100
Department of Youth and Sports				
General Administration, Planning and Support Services	Catering Items	1,890,000	1,861,595	98
Department of Gender and Culture				
Cultural Development and Management	Participate in KICOSCA and EALSCA Games	26,000,000	25,319,700	97
Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development				
General Administration, Planning and Support Services	Administrative and Support Services	13,767,465	12,664,972	92

Source: *Bungoma County Treasury*

The development sub-programmes with the highest budget implementation rates were: Crop Production and Productivity in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development at 100 per cent, ICT Development in the Department of Finance and Economic Planning at 100 per cent, Pending Bill in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development at 83 per cent, Climate Change Resilience Investment Grant in the Department of Tourism, Environment, Water, Natural Resources and Climate Change at 64 per cent and Infrastructural Development in the Department of County Assembly at 59 per cent.

For recurrent sub-programmes, the top performers included: Medical Insurance in the Department of Department of Health and Sanitation at 100 per cent, KISIP Co-Funding –Administrative in the Department of Department of Housing at 100 per cent, Catering Items in the Department of Youth and Sports at 98 per cent, Participate in KICOSCA and EALSCA Games in the Department of Gender and Culture at 97 per cent and Administrative and Support Services in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development at 92 per cent.

The higher performance of these programmes can be attributed to the payment of trade payables for goods and services and to Participation in the KICOSCA Games, with approximately 400 participants, in November 2025, in Siaya County.

Table 3.47 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.47: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Department of Tourism, Water, Natural Resources and Climate Change				
Water and Sanitation Development and Management	Ward-Based Projects	189,450,000	25,201,754	13
Department of Housing				
Housing Development Management	Housing Financing Services	297,400,190	22,500,000	8
Department of Health and Sanitation				
General Administration, Planning and Support Services	Construction and Maintenance of Buildings	175,033,801	9,040,743	5
Department of Agriculture, Livestock, Fisheries and Co-Operative Development				
Crop Development and Management	National Agricultural Value Chain Development Programme (NAVCDP)	151,515,152	1,997,000	1
Department of Agriculture, Livestock, Fisheries and Co-Operative Development				
Crop Development and Management	Ward-Based Projects	140,500,000	1,214,800	1
RECURRENT				
Department of Finance and Economic Planning				
Service Delivery and Organisational Transformation	Special Coordination Unit	135,450,000	25,166,860	19
Department of Tourism, Water, Natural Resources and Climate Change				
General Administration Planning and Support Services	Planning and Support Services	10,436,507	1,908,910	18
Department of Finance and Economic Planning				
County Planning Management	Monitoring and Evaluation	7,785,507	1,174,524	15
Department of Health and Sanitation				
Curative and Rehabilitative Health Services	Hospital Level Services	1,250,070,023	50,134,120	4
Department of County Assembly				
Legislation, Oversight and Representation	Representation Services	7,135,018	50,000	1

Source: Bungoma County Treasury

The development sub-programmes with the lowest budget implementation rates were: Ward Based Projects in the Department of Tourism, Environment, Water, Natural Resources and Climate Change at 13 per cent, Housing Financing Services in the Department Housing at 8 per cent, Pending Bill Construction and Maintenance of Buildings in the Department of Health and Sanitation at 5 per cent, National Agricultural Value Chain Development Programme (NAVCDP) and Ward Based Projects in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-operatives Development at 1 per cent.

For recurrent sub-programmes, the lowest-performing included: Special Coordination Unit in the Department of Finance and Economic Planning at 19 per cent, Planning and Support Services Department of Housing at 18 per cent, Monitoring and Evaluation in the Department of Finance and Economic Planning at 15 per cent, Hospital Level Services in the Department of Health and Sanitation at 4 per cent and Representation Services in the Department of County Assembly at 1 per cent.

These lower performances are attributed to delays in exchequer releases by the National Treasury and Challenges in implementing the Electronic Government Procurement System (e-GP).

3.3.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 301 accounts in commercial banks, including 145 accounts for Health Facilities and Dispensaries, 116 accounts for Vocational Training Centres, 16 accounts for Established Funds, 14 accounts for level 4 and 5 hospitals, 4 revenue accounts, and 6 accounts for operations of the County Assembly.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 301 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.3.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Bungoma County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.499.17 million against an annual target of Kshs.1.97 billion, representing 25 per cent of the financial year target, instead of the expected 50 per cent.
ii. The County Treasury failed to appropriate the unspent cash balance from the previous financial year, amounting to Kshs.686.93 million.
iii. Low development performance in the review period, as the County incurred Kshs.929.30 million on development activities, achieving an 18 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, and MCAs' Car Loan and Mortgage Scheme Fund had lapsed, making them ineligible for further withdrawals.
v. High level of trade payables, amounting to Kshs.2.85 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.44.75 million for Salaries for 2,238 staff not onboarded into HRIS- County Health Volunteers Staff (CHVs') were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
viii. The County reported Kshs.122.21 million under "*other operating expenses,*" accounting for 30 per cent of total operation and maintenance costs.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County Treasury should prepare a Supplementary budget to appropriate the unspent cash balances from the previous financial year.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

vi. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, to enhance accountability and oversight.*

viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.4. County Government of Busia

3.4.1 Overview of FY 2025/26 Budget

The Busia County Approved Supplementary Budget for FY 2025/26 is Kshs.11.25 billion. It comprises Kshs.3.99 billion (36 per cent) and Kshs.7.25 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.478 million (4 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.91 billion and a recurrent budget of Kshs.6.86 billion. The increase in the budget was primarily due to higher own-source revenue and FIF.

The budget is be financed through various revenue sources. These include the equitable share of revenue raised nationally, Kshs.7.97 billion (71 per cent), additional allocations of Kshs.1.17 billion (10 per cent), a cash balance of Kshs.1.12 billion (10 per cent) brought forward from FY 2024/25, and Kshs.999.76 million (9 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.48

3.4.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.08 billion. This amount represented a decrease of 1.0 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.12 billion. The total revenue consisted of Kshs.3.30 billion from the equitable share of revenue raised nationally, and the own-source revenue (OSR) collection of Kshs.268.55 million. Additionally, the County had a cash balance of Kshs.508.26 million from FY 2024/25. The total OSR collection of Kshs.268.57 million included Facilities Improvement Financing (FIF) of Kshs.204.42 million, and Kshs.64.15 million from other OSR sources. Table 3.48 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.48: Busia County, Revenue Performance in the First Half of FY 2025/26

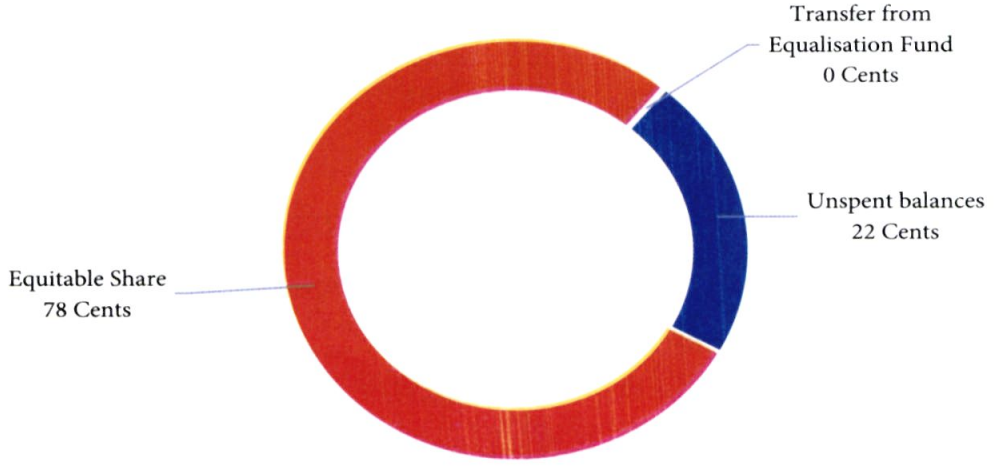
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**506, 871, 860**	**506, 871, 860**	-	**506, 871, 860**	-
2	County Executive Refunds to CRF	**225, 633**	**225, 633**	-	**225, 633**	-
3	County Assembly Refunds to CRF	**1, 158, 654**	**1, 158, 654**	-	**1, 158, 654**	-
	0ther receivables	**612, 108, 110**	-	**612, 108, 110**	**612, 108, 110**	
	Sub-Total	**1,120,364,257**	**508, 256, 147**	**612, 108, 110**	**1,120,364,257**	
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable share	**7, 956, 564, 058**	**3, 301, 974, 083**	**676, 303, 946**	**3, 978, 282, 029**	3, 978, 282, 029
	Sub-Total	**7, 956, 564, 058**	**3, 301, 974, 083**	**676, 303, 946**	**3, 978, 282, 029**	
C	**Transfers from the Equalisation Fund**					
1	Equalisation Fund	**17, 919, 656**	-	**8, 959, 828**	**8, 959, 828**	8, 959, 828
	Sub-Total	**17, 919, 656**	-	**8, 959, 828**	**8, 959, 828**	
D	**Additional Allocations (Including Grants)**					
1	Kenya devolution support program II	**353, 500, 000**	-	-	-	-
2	National agricultural value chain development project	**231, 250, 000**	-	-	-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	FFLoCA- County climate resilient investment	**217, 000, 000**	-	-	-	-
4	Kenya urban support program - UDG	**197, 124, 703**	-	-	-	-
5	Kenya devolution support program I	**37, 500, 000**	-	-	-	-
6	Kenya livestock commercialisation project	**33, 550, 000**	-	-	-	-
7	Kenya urban support program - UIG	**28, 400, 000**	-	-	-	-
8	Aquaculture business development project	**22, 945, 560**	-	-	-	-
9	Kenya agricultural business development project	**10, 918, 919**	-	-	-	-
10	Affordable housing program	**8, 817, 410**	-	-	-	-
	Sub-Total	**1, 153, 544, 092**	-			
E	**Ordinary Own Source Revenue (OSR)**					
1	Own source revenue	**554, 697, 942**	**64, 147, 962**	-	-	-
	Sub-Total	**554, 697, 942**	**64, 147, 962**			
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	**445, 062, 668**	**204, 418, 245**	-	-	-
	Sub-Total	**445, 062, 668**	**204, 418, 245**	-	-	-
Total		**11, 248, 152, 673**	**4, 078, 796, 436**			

Source: *Busia County Treasury*

Figure 19 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 19: Busia County Composition of Each Shilling Earned in the First Half of FY 2025/26

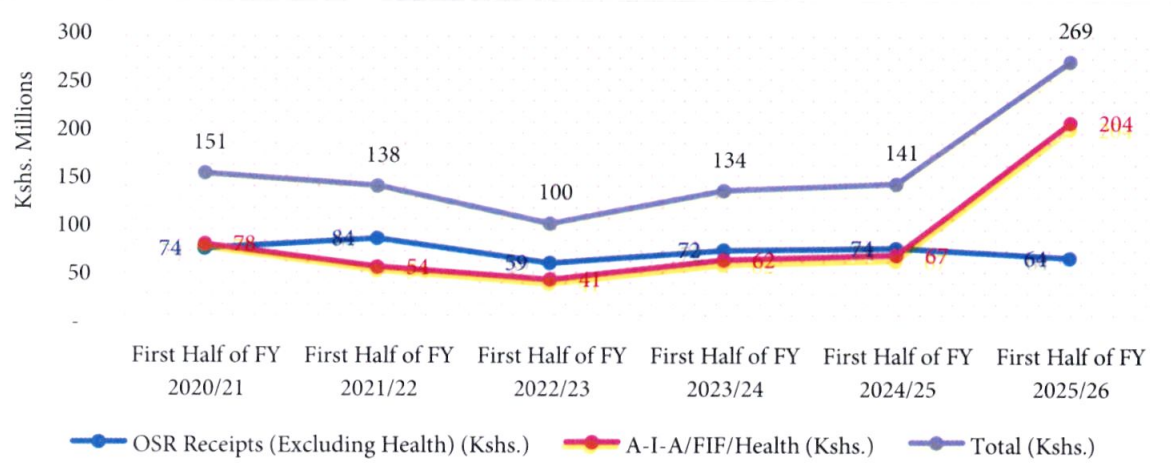


Source: *Busia County Treasury*

The equitable share of revenue raised nationally, OSR, and unspent balances contributed 78 per cent, 22 per cent , of the total receipts for the reporting period.

Figure 20 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 20: Busia County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

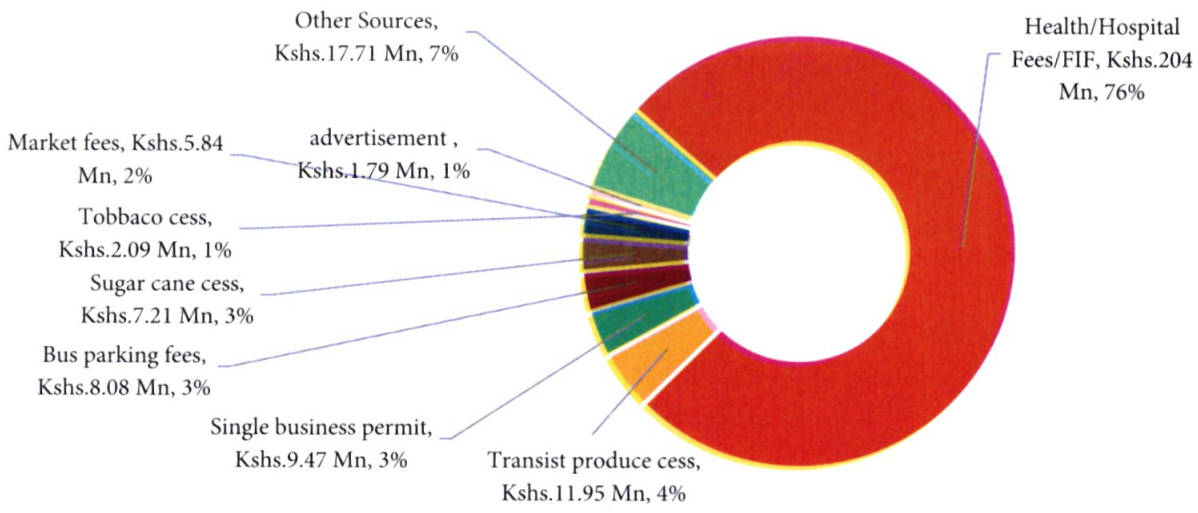


Source: *Busia County Treasury*

During the first half of FY 2025/26, the County received Kshs.268.57 million from OSR, including FIF. This amount was an increase of 90 per cent compared to Kshs.141.06 million realised in a similar period in FY 2024/25, and was 27 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to improved collections from the FIF. The revenue streams that contributed the most to OSR receipts are shown in Figure 20.

Figure 21: Busia County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Busia County Treasury.

As shown in Figure 21, the highest revenue stream, at Kshs.204.42 million, was from the Facility improvement fund, accounting for 76 per cent of the total OSR receipts.

3.4.3 Revenue Arrears/ Receivables.

As of 1st July 2025, the County reported revenue arrears of Kshs.746.03 million, which increased to Kshs.1.47 billion as of 31st December 2025. Table 3.49 presents a breakdown of the County's revenue arrears.

Table 3.49: Busia County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-	-	676, 303, 946	676, 303, 946
	Sub-Total	-	-	-	676, 303, 946	676, 303, 946
B	**Transfers from the Equalisation Fund**					
1	**Equalization fund**	-	-		8, 959, 828	8, 959, 828
	Sub-Total	-	-	-	8, 959, 828	8, 959, 828
C	**Additional Allocations**					
1	**FLLoCA – County climate resilient investment grant**	217, 000, 000	-	12, 705, 306	-	204,294, 694
2	**National value chain development program**	165, 424, 528	-	-	-	165, 424, 528
3	**The county aggregated the industrial park**	116, 631, 579	-	63, 500, 000	-	53, 131, 579
4	**Kenya urban support program II - UDG**	76, 464, 543	-	-	-	76, 464, 543
5	**Kenya devolution support program II**	37, 500, 000	-	-	-	37, 500, 000
6	**Aquaculture business development project**	22, 585, 560	-	-	-	22, 585, 560
7	**FLLoCA – County climate institutional support grant**	11, 000, 000	-	-	-	11, 000, 000
8	**Nutrition international**	6, 000, 000	-	-	-	6, 000, 000
9	**Kenya urban support program II - UIG**	2, 690, 700	-	-	-	2, 690, 700
	Sub-Total	638, 615, 342	-	76, 205, 306	-	562, 410, 036
E	**Facility Improvement Fund (FIF)**					
1	SHA	86, 900, 350	-	86, 900, 350	204, 870, 939	204, 870, 939
2	Defunct NHIF	20, 510, 166	-		-	20, 510, 166
	Sub-Total	107, 410, 516	-	86, 900, 350	204, 870, 939	225, 381, 105
Total		746, 025, 858	-	163, 105, 656	890, 134, 713	1,473,054,915

Source: Busia *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.1,473.05 million, comprising Kshs.676.03 million for Equitable share (46 per cent), Kshs.562.41 million for additional conditional allocations (43 per cent) and Kshs.204.87 million for SHA (13 per cent)

3.4.4 Borrowing by the County

Busia County has no credit facility with any bank that has come to OCOB knowledge during the reporting period.

3.4.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3 billion from the Busia County Revenue Fund (CRF) account. This amount consisted of Kshs.241.46 million (8 per cent) designated for development programs and Kshs.2.76 billion (92 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.2.20 billion was allocated to employee compensation and Kshs.558.59 million to operations and maintenance expenditures. Within the operations and maintenance category, 21 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.136.90 million, which included Kshs.65.24 million for the County Executive and Kshs.71.66 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.8 million, with Kshs.2.03 million for the County Executive and Kshs.10.77 million for the County Assembly.

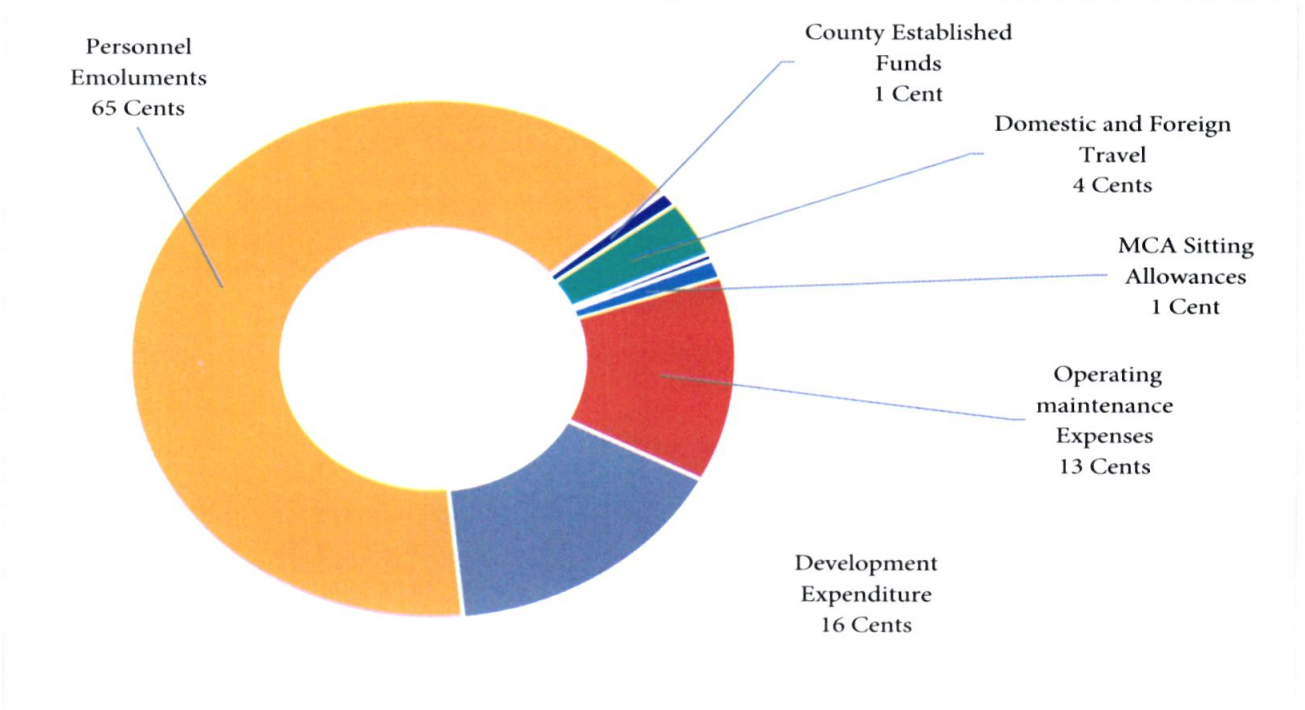
As of December 31, 2025, the County Government's cash balance in the Busia County CRF account was Kshs.658.80 million. The Busia County Assembly Fund (CAF) account has not been made operational as at 31st December 2025.

3.4.6 Expenditure Review

The County spent Kshs.2.95 billion on development and recurrent programmes during the reporting period. The expenditure represented 98 per cent of the total funds released by the Controller of Budget. It comprised Kshs.472.48 million for development programmes and Kshs.2.48 billion for recurrent programmes. Expenditure on development programmes represented 12 per cent of the annual development expenditure budget, while recurrent expenditure represented 36 per cent of the annual recurrent expenditure budget.

Figure 22 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 22: Busia County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Busia *County Treasury*

As shown in Figure 22 the three highest expenditure categories were personnel emoluments, development expenditure, and operating and maintenance expenses, which accounted for 65, 16, and 13 per cent of total expenditure, respectively, for the reporting period.

3.4.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.3.27 billion. This amount consisted of Kshs.2.65 billion from the County Executive and Kshs.620.48 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1.40 billion for recurrent expenditure and Kshs.1.26 billion for development expenditure. The trade payables from the County Assembly was entirely for recurrent expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.126.5 million, comprising Kshs.33.99 million (26.9 per cent) for recurrent programmes and Kshs.92.51 million (73.1 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.26.08 million (100 per cent) for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.2.53 billion for the County Executive and Kshs.594.4 million for the County Assembly. Table 3.50 provides additional details of trade payables.

Table 3.50: Busia County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1, 258, 115, 665	1, 395, 958, 621	2, 654, 074, 286
		County Assembly	-	620, 481, 376	620, 481, 376
		Total	1, 258, 115, 665	2, 016, 439, 997	3, 274, 555, 662

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	629, 057, 833	697, 979, 310	1, 327, 037, 143
		County Assembly	-	310, 240, 686	310, 240, 686
		Total	629, 057, 833	1, 008, 219, 999	1, 637, 277, 831
Amount paid in the First Half of FY 2025/26	c	County Executive	92, 509, 168	33, 931, 297	126, 500, 465
		County Assembly	-	26, 077, 323	26, 077, 323
		Total	92, 509, 168	60, 068, 620	152, 577, 788
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	**1, 165, 606, 497**	**1, 361, 931, 324**	**2, 527, 537, 821**
		County Assembly	**-**	**594, 404, 053**	**594, 404, 053**
		Total	**1, 165, 606, 497**	**1, 956, 335, 377**	**3, 121, 941, 874**

***Source**: Busia County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.272.88 million and Kshs.51.71 million on recurrent and development expenditure, respectively per month in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.126.50 million for the Executive and Kshs.26.08 million for the Assembly.

Table 3.51 andTable 3.52 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.3.12 billion.

Table 3.51: Busia County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**591, 152, 235**	**316, 983, 854**	**57, 734, 589**	**199, 735, 819**	**1, 165, 606, 497**
Recurrent Trade Payables (Goods & Services)	538, 494, 021	368, 234, 512	207, 548, 958	247, 653, 833	**1, 361, 931, 324**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	538, 494, 021	368, 234, 512	207, 548, 958	247, 653, 833	**1, 361, 931, 324**
Total Trade Payables	**1, 129, 646, 256**	**658, 218, 366**	**265, 283, 547**	**447, 389, 652**	**2, 527, 537, 821**
% of Total	**45%**	**27%**	**10%**	**18%**	**100%**

***Source**: Busia County Treasury*

Table 3.52: Busia County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	6, 837, 377	-	-	-	**6, 687, 377**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	190, 927, 605	359, 504, 151	6, 097, 086	-	**556, 528, 842**
Recurrent Trade Payables (Staff Claims)	10, 403, 495	20, 634, 340	-	-	**31, 037, 935**
Total Recurrent Trade Payables	208, 168, 477	380, 138, 491	6,097, 086	-	**594, 404, 053**
% of Total	35	64	1	-	**100**
Total Trade Payables	**1, 337, 814, 733**	**1, 065, 356, 857**	**271, 380, 633**	**447, 389, 652**	**3, 121, 941, 874**
% of Total	**43%**	**34%**	**9%**	**14%**	**100%**

***Source**: Busia County Assembly & Treasury.*

The County Government of Busia has not implemented the pending bills action plan for the first half of the FY 2025/26.

3.4.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.75 billion on compensation of employees, Kshs.364.39 million on operations and maintenance, and Kshs.471.03 million on development activities. Similarly, the County Assembly spent Kshs.206.35 million on compensation of employees, Kshs.152.50 million on operations and maintenance, and Kshs.1.45 million on development activities, as shown in Table 3.53.

Table 3.53: Busia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,949,224,674**	**859,598,045**	**2,117,410,130**	**358,855,963**	**2,117,410,130**	**358,855,963**	**36**	**42**
Compensation of Employees	4,038,194,122	405,650,970	1,754,022,443	206,352,070	1,754,022,443	206,352,070	43	51
Operations and Maintenance	1,911,030,552	453,947,075	364,387,687	152,503,893	364,387,687	152,503,893	12	34
Development Expenditure	**3,939,767,286**	**54,500,000**	**471,030,353**	**1,450,000**	**471,030,353**	**1,450,000**	**12**	**3**
Total	**9,888,991,960**	**914,098,045**	**2,588,440,483**	**360,305,963**	**2,588,440,483**	**360,305,963**	**26**	**39**

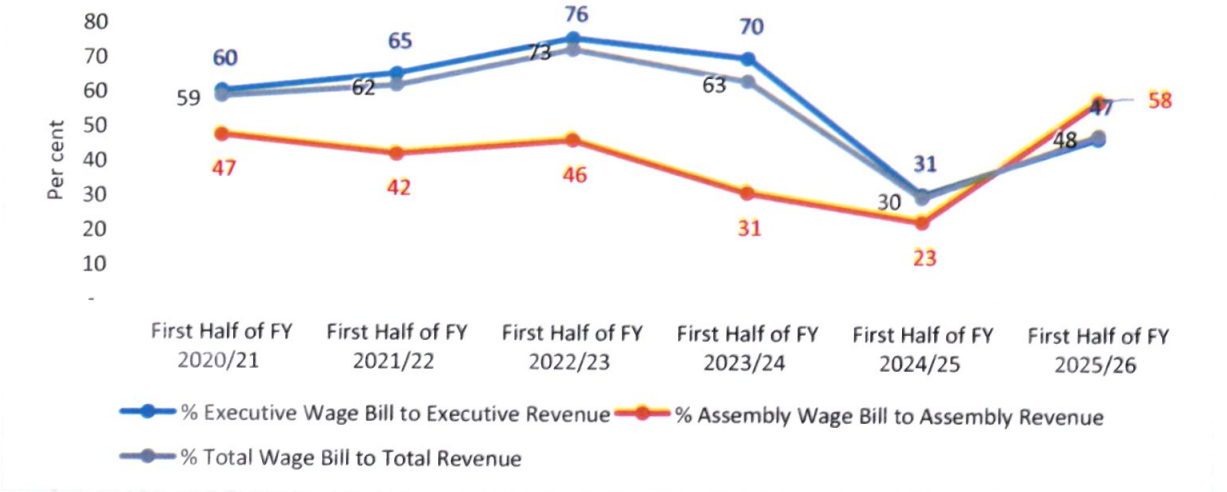
Source: Busia County Treasury

3.4.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.96 billion. The percentage of compensation of employees to revenue was 48 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.1 billion reported in a similar period in FY 2024/25. Of this total, Kshs.969.59 million related to Health Sector employees, accounting for 49 per cent of the overall employees' compensation.

Figure 23 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 23: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Busia County Treasury

Further analysis indicated that PE costs totalling Kshs.1.82 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.135.57 million was processed through manual payrolls, which accounted for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was the county executive's late processing of personal file numbers and uploads to HRIS.

The manual payroll comprised salaries for 44 staff not onboarded into the Human Resource Information System (HRIS), salaries for 99 casual staff, gratuity remittances to pension schemes for staff on contract, and Community health promoters, as shown in Table 3.54.

Table 3.54: Breakdown of Busia County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	28, 821, 297
2	Salaries for casual staff	58, 706, 901
4	Community health volunteers	32, 837, 500
5	Gratuity for contract staff	15, 207, 992
	Total	**135, 573, 690**

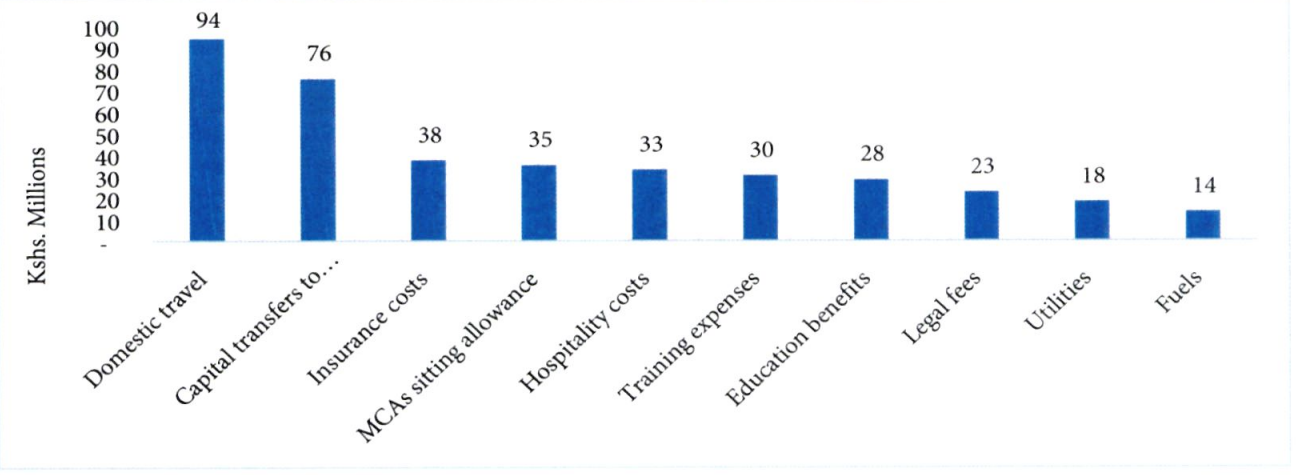
Source: Busia County Treasury

The County Assembly spent Kshs.35.40 million on committee sitting allowances for the 53 MCAs and the speaker against the annual budget allocation of Kshs.65.66 million. The average monthly sitting allowance was Kshs.109, 270 per MCA. The County Assembly has 20 House Committees.

3.4.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.516.89 million on operations and maintenance, representing a decrease of 11 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.581.06 million. Figure 24 summarises the Operations and Maintenance expenditure by major categories.

Figure 24: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: *Busia County Treasury*

3.4.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.126.57 million on "*other operating expenses*," which is 24 per cent of the total operations and maintenance expenditure of Kshs.516.89 million. This category of expenditure includes Kshs.13.37 million for membership dues, subscriptions and registration and Kshs.23.68 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.55.

Table 3.55: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted guards and cleaning services	20, 249, 404	5, 982, 443
2211306	Membership fees, dues & subscriptions to professional and trade bodies	13, 767, 625	13, 368, 038
2211308	Legal fees/dues, arbitration and compensation payments	43, 757, 034	23, 675, 694
2211310	Contracted professional services	48, 454, 684	10, 848, 322

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other operating expenses – Others	277, 347, 520	72, 692, 270
	Total	**403, 576, 267**	**126, 566, 767**

Source: *Busia County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses-Other" category. These include: repairs and maintenance of motor vehicles, domestic travel, Subscription to professional bodies, e.tc.*
- *Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, miscellaneous services, facilitation fee, etc*

3.4.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.65.65 million to County-Established funds in FY 2025/26. Further, the County allocated Kshs.5 million to the Emergency Fund, in line with Section 110 of the PFM Act, 2012. Table 3.56 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.56: Performance of Busia County Established Funds in the First Half of FY 2025/26

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Agriculture development fund	2015	-	-	-	90, 000, 000	NO
2	Bursaries and scholarships	2014	52, 146, 300	-	-	117, 800, 000	NO
3	Cooperative enterprise fund	2016	13, 500, 000	-	-	123, 005, 000	NO
4	County Executive Revolving Fund	2017	-	-	-	222, 000, 000	NO
		County Assembly Established Funds					
1	County Assembly revolving fund	2014	-	-	-	641, 249, 842	NO
	Total		65, 646, 300	-	-	**1,229,854, 842**	

Source: *Busia County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from 5 Fund Administrators, as indicated in Table 3.56, contrary to the requirement of Section 168 of the PFM Act, 2012. The County did not disclose administration costs of all the Funds to determine whether were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the 5 Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.4.13 County Corporations

The County has one County Corporation, which was allocated Kshs.20 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.12.03 million, as shown in Table 3.57

Table 3.57: Performance of Busia County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Busia water & sewerage company	20, 000, 000	-	12, 025, 000	25, 525, 000
	Total	20, 000, 000	-	12, 025, 000	25, 525, 000

Source: *Busia County Treasury*

3.4.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.94.28 million and comprised Kshs.46.30 million spent by the County Assembly and Kshs.47.98 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.80 million and comprised Kshs.10.77 million by the County Assembly and Kshs.2.03 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.58.

Table 3.58: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	4	1st July to 15th August 2025	Attend the UN General Assembly	New York	-	2,026, 300	2,026, 300
County Assembly	14	9 November 2025	e-governance conference	Dubai	-	7, 001, 862	7, 001, 862
County Assembly	7	10 December 2025	e-governance conference	Dubai	-	3, 772, 882	3, 772, 882
Total						12, 801, 044	12, 801, 044

Source: Busia County Treasury and Busia County Assembly

3.4.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.204.42 million as FIF, which was 46 per cent of the annual target of Kshs.445.06 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.13.46 million, as shown in Table 3.59

Table 3.59: Busia County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	6	383, 932, 246	13, 254, 903	3.5
3.	Level 3 Facility	16	21, 348, 581	210, 000	1
4.	Level 2 Facility	72	12, 599, 195	-	-
	Total		**417, 880, 022**	**13, 464, 903**	**3.2**

Source: *Busia County Treasury*

3.4.16 Development Expenditure

During the review period, the County reported spending Kshs.472.48 million on development programmes, a 52 per cent decrease from FY 2024/25, when the County spent Kshs.977.04 million. Table 3.60 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to delays in approving the Appropriation Act 2025, EGP, and procurement challenges.

Table 3.60: Busia County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Education	Completion of 91 ECDE Classrooms	County wide	May 2025	June 2026	73,000,000	63,000,000	65,750,000	67,232,018	90

Source: *Busia County Treasury*

3.4.17 Budget Performance by Department

Table 3.61 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.61: Busia County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Smart Agriculture, Livestock, and Fisheries	277.16	640.92	64.88	40.61	96.22	94.86	148	234	35	15
Trade, cooperative, Tourism & industry	86.04	270.13	29.37	-	14.21	-	48	-	17	-
Education & vocational training	685.74	213.02	231.21	71.63	251.92	72.88	109	102	37	34
Finance & economic planning	648.69	17.92	280.53	-	228.45	-	81	-	35	-
Youths, sports, culture, gender, arts	275.94	25.79	51.08	-	46.47	-	91	-	17	-
Transport, roads & Public works	157.69	786.09	40.76	54.35	43.75	122.52	107	225	28	16
Public service management	760.97	352.5	126.80	-	207.45	-	164	-	27	-
Lands, housing & urban development	223.26	350.12	49.42	-	29.50	1.97	60	-	13	1
Water, environment, irrigation & energy	158.66	890.43	49.10	46	61.51	142.32	125	309	39	16
Health and sanitation	2,127.99	365.13	1,329.49	22.61	991.82	31.67	75	140	47	9
Public service board	74.37	-	31.72	-	14.49	-	46	-	20	-
Office of the Governor	353.73	16.73	93.96	4.80	103.81	4.81	111	100	29	29
County Assembly	859.60	54.5	356.50	1.45	358.86	1.45	101	100	42	3
County Attorney	67.30	-	14.18	-	24	-	169	-	36	-
Strategic partnerships & digital economy	51.68	10.99	9.59	-	3.82	-	40	-	7	-
	6,808.82	3,994.27	2,758.58	241.46	2,476.27	472.48	90	196	36	12

Source: *Busia County Treasury*

Analysis of departmental expenditure shows that the Department of Education and vocational training recorded the highest absorption rate of the development budget at 34 per cent, followed by the Department of the Office of the Governor at 29 per cent. The Department of Health and Sanitation had the highest recurrent expenditure-to-budget ratio at 47 per cent, while the Department of Strategic Partnerships and Digital Economy had the lowest at 7 per cent.

3.4.18 Budget Execution by Programmes and Sub-Programmes

Table 3.62 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.62: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Water, Environment, and Natural Resources							
Programme 3	Urban water infrastructure development	-	20,000,000	-	12,025,000	-	60
	Afforestation & Agro-forestation	-	9,143,500	-	4,999,000	-	55
	General admin and support services	**158,655,750**	-	**61,514,928**	-	39	-
	Sub total	**158,655,750**	**29,143,500**	**61,514,928**	-	-	-
Department Smart agriculture, livestock and fisheries							
Programme 2	Aquaculture development	-	22,586,560	-	10,750,865	-	48
	General admin and support services	277,164,430	-	96,217,641	-	35	-
	Sub-Total	**277,164,430**	**22,586,560**	**96,217,641**	**10,750,865**		
Department of Health and Sanitation							
Programme 1	General admin and support services	**1,995,780,153**	-	**967,397,304**	-	48	-
	Ambulance and referral services	**33,208,100**	-	**12,173,461**	-	37	-
	Sub-Total						
Department County assembly		-	--		-	-	-
Programme 1	General admin and support services	**859,598,045**	-	**357,953,837**	-	42	-
	Sub-Total	**859,598,045**	-	**357,953,837**	-	-	-
Department of County Treasury							
Programme 1	General admin and support services	648,685,703	-	228,448,376	-	35	-
	Sub total	**648,685,703**	-	**228,448,376**	-		
Department of the County Attorney		-	-	-	-	-	-
Programme 4	General admin and support services	67,297,526	-	23,814,005	-	35	-
	Sub Total	**67,297,526**	-	**23,814,005**	-	-	-
Grand Total							

Source: Busia County Treasury

The development sub-programmes with the highest budget implementation rates included urban water infrastructure development at 60 per cent, afforestation & Agro-forestation at 55 per cent, both in the department of water, environment and natural resources, and aquaculture development in the department of Smart agriculture, livestock and fisheries at 48 per cent. For recurrent sub-programmes, the top performers were general administration and support services in the Department of Health and sanitation at 48 per cent, general administration and support services in the Department of County assembly at 42 per cent, general administration and support services in the Department of water, environment and natural resources at 39 per cent, and ambulance and referral services in the department of Health and sanitation at 37 per cent.

Table 3.63 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.63: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Health and Sanitation		-					
Programme 6	Tier 2 infrastructure development		161,347,722		5,280,036		3
	Sanitation and hygiene	38,429,254		1,010,500		3	
	Sub Total	**38,429,254**	**161,347,722**	**1,010,500**	**5,280,036**		
Programme 5	Tier 3 infrastructure development		124,325,543		17,715,716		14
	Diagnostic services at high-level facilities	54,201,222		7,720,514		14	
	Sub Total	**54,201,222**	**124,325,543**	**7,720,514**	**17,715,716**		
Department County assembly							
Programme 3	Infrastructure development		54, 500, 000		1,450, 000		3
	Sub-Total		**54, 500, 000**		**1,450, 000**		
Department of Water, Environment, and Natural Resources							
Programme 4	Rural water infrastructure development		**184,624,180**		**8,800,340**		5
	Sub-Total		**184,624,180**		**8,800,340**		
Department Strategic partnerships and digital economy							
Programme 1	General administration and support services	**51,678,603**		**3,823,300**		7	
	Sub-Total	**51,678,603**		**3,823,300**			
Department of Smart Agriculture, Livestock, and Fisheries							
Programme 4	Livestock diseases		61,918,614		5,000,000		8
	Food security initiatives		212,775,301		18,501,390		9
	Sub-Total				**23,501,390**		
Department of Lands, housing and urban development							
Programme 1	General administration and support services	223,262,568		29,496,832		13	
	Sub-Total	**223,262,568**		**29,496,832**			
Grand Total							

Source: *Busia County Treasury*

The development sub-programmes with the lowest budget implementation rates included sanitation & hygiene at 3 per cent, infrastructure development in the Department of County assembly at 3 per cent, and rural water infrastructure development in the Department of Water, Environment and Natural Resources at 5 per cent. For recurrent sub-programmes, poor performers were Tier 2 infrastructure development in the Department of Health and sanitation at 3 per cent, general administration and support services in the Department of strategic partnerships and digital economy at 7 per cent, general administration and support services in the Department of Lands, housing and urban development at 13 per cent, and diagnostic services at high level facilities in the department of health and sanitation at 14 per cent.

3.4.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 57 accounts in commercial banks, including 49 for Health Facilities, 2 for Established Funds, 1 revenue account, 2 special-purpose accounts (additional allocations), and 3 for imprest operations.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 57 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.4.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Busia County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.268.57 million against an annual target of Kshs.999.76 million, representing 27 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.472.48 million on development activities, achieving a 12 per cent absorption rate.
iii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Funds' lifespans had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Funds were not submitted to the Controller of Budget as of 15 January 2026.
vi. High level of trade payables, which amounted to Kshs.3.12 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vii. Use of manual payroll. Personnel emoluments amounting to Kshs.130.07 million for 42 staff not onboarded into HRIS and 450 casual staff were processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
ix. The County reported Kshs.126.57 million under "*other operating expenses,*" accounting for 24 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
viii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
ix. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.5. County Government of Elegyo-Marakwet

3.5.1 Overview of FY 2025/26 Budget

The Elgeyo Marakwet County Approved Budget for FY 2025/26 is Kshs.8.85 billion. It comprises Kshs.3.97 billion (45 per cent) and Kshs.4.88 billion (55 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.949.74 million (12 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.14 billion and a recurrent budget of Kshs.4.75 billion. The increase in the budget was primarily due to additional allocations brought forward from previous financial years.

The budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.5.05 billion (57 per cent), and additional allocations of Kshs.1.43 billion (16 per cent), a cash balance of Kshs.1.91 billion (22 per cent) brought forward from FY 2024/25, and Kshs.457.42 million (5 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.64.

3.5.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.35 billion. This amount represented an increase of 70 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.2.56 billion. The total revenue consisted of Kshs.2.29 billion from the equitable share of revenue raised nationally and the own-source revenue (OSR) collection of Kshs.154.04 million. Additionally, the County had a cash balance of Kshs.1.91 billion from FY 2024/25. The total OSR collection of Kshs.154.04 million included Facilities Improvement Financing (FIF) of Kshs.131.28 million and Kshs.22.76 million from other OSR sources.Table 3.64 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.64: Elgeyo Marakwet County, Revenue Performance in the First Half of FY 2025/26

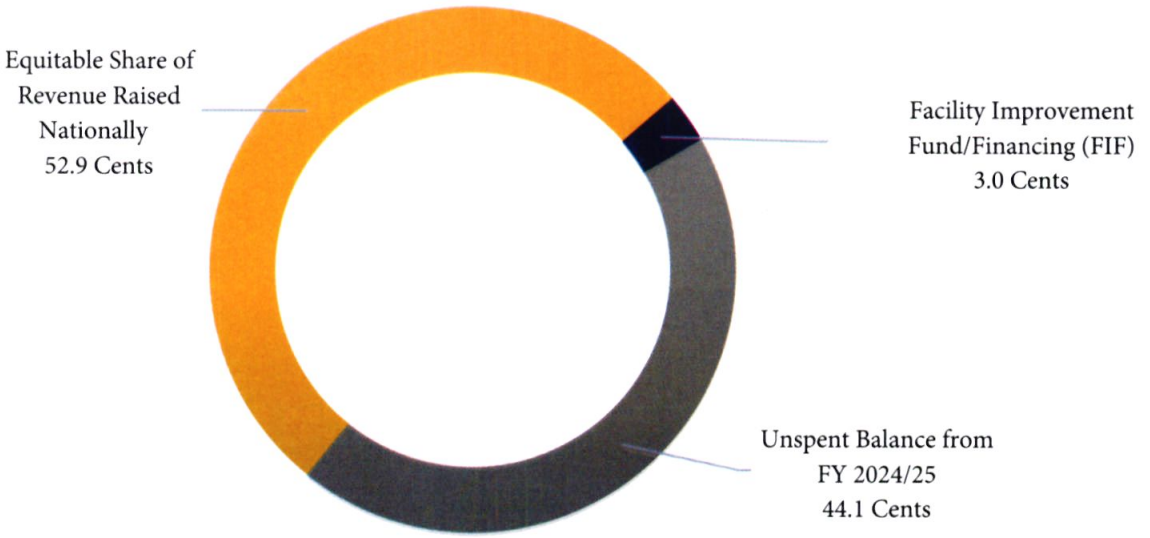
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**1,910,036,119**	**1,910,036,119**	-	**1,910,036,119**	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	**1,910,036,119**	**1,910,036,119**	-	**1,910,036,119**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	...	**5,049,704,514**	**2,288,785,885**	-	**2,288,785,885**	2,760,918,629
	Sub-Total	**5,049,704,514**	**2,288,785,885**	-	**2,288,785,885**	2,760,918,629
C	**Additional Allocations (Including Grants)**					
1	DANIDA	**6,222,000**	-	-	-	6,222,000
2	Kenya Livestock Commercialisation Project	**65,350,000**	-	-	-	65,350,000
3	Food Systems Resilience Project(FSRP)	**246,153,846**	-	-	-	246,153,846
4	Financing Locally Led Climate Action Program (FLoCCA) CCRI Grant	**79,818,750**	-	-	-	79,818,750
5	Financing Locally Led Climate Action Program(FLoCCA)CCRI Grant	**15,480,000**	-	-	-	15,480,000
6	Financing Locally Led Climate Action Program(FLoCCA) CCIS Grant	**1,560,900**	-	-	-	1,560,900

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
7	Kenya Informal Settlement Improvement Program II-IDA	**25,000,000**	-	-	-	25,000,000
8	Kenya Informal Settlement Improvement Program II-IFAD	**150,000,000**	-	-	-	150,000,000
9	Kenya Urban Support Programme (KUSP)-UDG	**16,770,000**	-	-	-	16,770,000
10	Kenya Urban Support Programme (KUSP)-UIG	**133,202,235**	-	-	-	133,202,235
11	County Aggregated Industrial Park	**250,000,000**	-	-	-	250,000,000
12	Government Health Workers Salary arrears	**15,685,017**	-	-	-	15,685,017
13	KDSP-II Level 2 grant	**352,500,000**	-	-	-	352,500,000
14	KDSP-II Level 1 grant	**37,500,000**	-	-	-	37,500,000
15	Community Health Promoters	**37,200,000**	-	-	-	37,200,000
	Sub-Total	**1,432,442,948**				**1,432,442,948**
D	**Ordinary Own Source Revenue (OSR)**					
1	Animal Stock Auction fees	**4,700,000**	**520,310**	-	**520,310**	4,179,690
2	Produce and other cess	**24,000,000**	**6,519,413**	-	**6,519,413**	17,480,587
3	Single Business Permit	**23,000,000**	**2,007,495**	-	**2,007,495**	20,992,505
4	Lands Rates/Plot Rent	**7,700,000**	**1,848,791**	-	**1,848,791**	5,851,209
5	Trade application fees	**2,800,000**	**9,100**	-	**9,100**	2,790,900
6	Business Park/Motorcycle fees	**7,500,000**	**1,898,200**	-	**1,898,200**	5,601,800
7	Slaughter house	**3,500,000**	**638,100**	-	**638,100**	2,861,900
8	House rent/Stalls/ground	**1,720,000**	**748,560**	-	**748,560**	971,440
9	Conservancy fees	**3,800,000**	**33,600**	-	**33,600**	3,766,400
10	Plan approval fees	**4,700,000**	**43,500**	-	**43,500**	4,656,500
11	Clearance fees	**220,000**	**31,700**	-	**31,700**	188,300
12	Hides and skins	**100,000**	-	-	-	100,000
13	Promotion adverts	**7,800,000**	**413,500**	-	**413,500**	7,386,500
14	Hire of roads/field	**550,000**	-	-	-	550,000
15	Trade	**456,614**	**14,500**	-	**14,500**	442,114
16	Fines	**2,200,000**	**52,446**	-	**52,446**	2,147,554
17	VSD Funds	**1,000,000**	**330,105**	-	**330,105**	669,895
18	Agriculture	**30,000**	**55,000**	-	**55,000**	(25,000)
19	Tourism	**2,000,000**	**151,500**	-	**151,500**	1,848,500
20	Marketing fees and others	**6,000,000**	**5,497,292**	-	**5,497,292**	502,708
21	Recoveries	**1,500,000**	**540,873**	-	**540,873**	959,127
22	others	**2,153,258**	**1,401,694**	-	**1,401,694**	751,564
	Sub-Total	**107,429,872**	**22,755,679**	-	**22,755,679**	**84,674,193**
Total		8,849,613,253	4,352,861,423	-	3,352,861,423	4,496,830

Source: *Elgeyo Marakwet County Treasury*

The low collections of own-source revenue are attributed to reduced FIF collections due to non-remittance by SHA and unfavourable weather conditions, which affected produce and other cesses. Figure 25 provides a detailed breakdown of receipts, showing the earnings for each shilling.

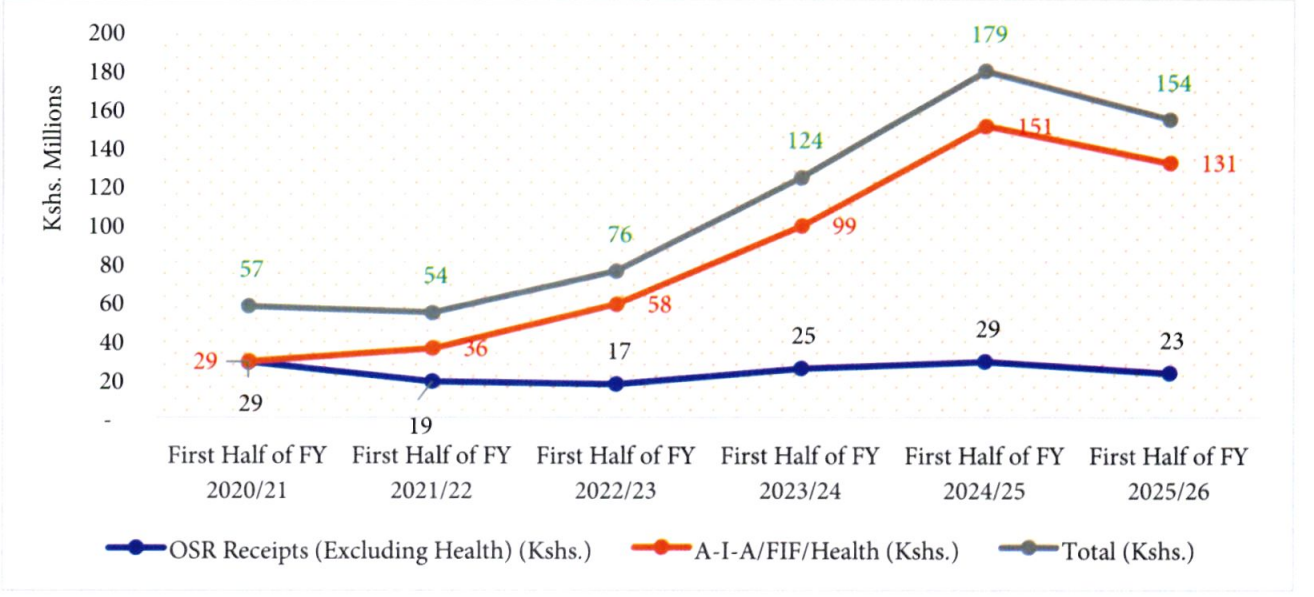
Figure 25: Elgeyo County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Elgeyo Marakwet County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 53 per cent and 3 per cent, respectively, of the total receipts for the reporting period. Figure 26 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 26: Elgeyo Marakwet County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

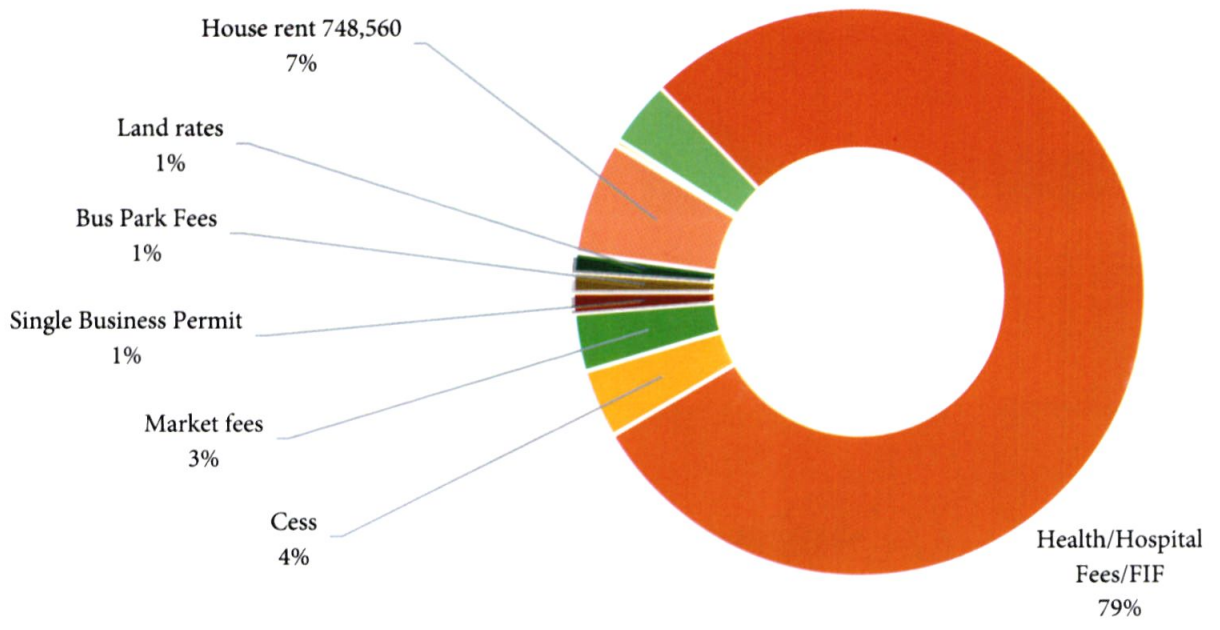


Source: *Elgeyo Marakwet County Treasury*

During the first half of FY 2025/26, the County received Kshs.154.04 million from OSR, including FIF. This amount was a decrease of 16.4 per cent compared to Kshs.179.31 million realised in a similar period in FY 2024/25, and was 44 per cent of the annual target and 7 per cent of the equitable revenue share disbursed. The decrease in OSR was attributed to a decline in production and other cess due to unfavourable weather in the highlands, and to a drop in hospital fees due to non-remittance by SHA.

The revenue streams that contributed the most to OSR receipts are shown in Figure 27

Figure 27: Elgeyo Marakwet County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Elgeyo Marakwet County Treasury

As shown in Figure 27 , the highest revenue stream, at Kshs.131 million, was from FIF, accounting for 79 per cent of the total OSR receipts. The County Government indicated that it has automated 18 of 23 revenue streams.

3.5.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.173.12 million, which decreased to Kshs.171.27 million as of 31st December 2025 Table 3.65 presents a breakdown of the County's revenue arrears.

Table 3.65: Elgeyo Marakwet County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Plot Rent**	**84,208,348**	**-**	**1,631,287**	**-**	**82,577,061**
2	**Land Rates**	**88,912,704**	**-**	**217,504**	**-**	**88,695,200**
	Total	**173,121,052**	**-**	**1,848,791**	**-**	**171,272,261**

Source: Elgeyo Marakwet *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.171.27 million, comprising Kshs.171.27 million for Ordinary own-source revenue (100 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include sensitising taxpayers and taking legal action.

3.5.4 Borrowing by the County

The County did not borrow during the period under review.

3.5.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.1.91 billion from the Elgeyo Marakwet County Revenue Fund (CRF) account. This amount consisted of Kshs 74.11 million (4 per cent) designated for development programs and Kshs 1.83 billion (96 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.50 billion was allocated to employee compensation and Kshs.331.81 million to operations and maintenance expenditures. Within the operations and maintenance category, 10 per cent was for domestic travel and 4 per cent for foreign travel. The domestic travel exchequer totalled Kshs.32.68 million, including Kshs.4.72 million for the County Executive and Kshs.27.96 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.11.76 million for the County Assembly, as the county Executive did not incur any expenditure on foreign travel.

As of December 31, 2025, the County Government's cash balance in the Elgeyo Marakwet County CRF account was Kshs.468,787,471 million.

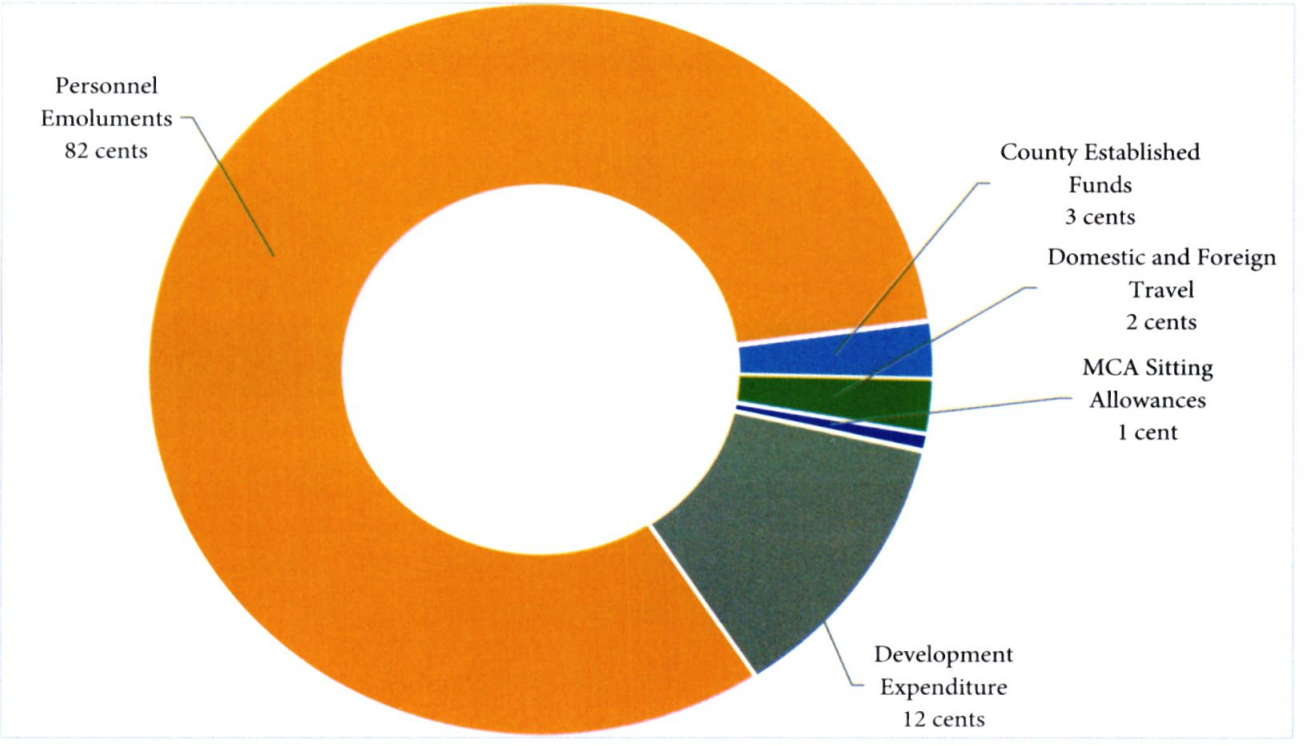
In addition, the Controller of Budget did not approve any exchequer withdrawal requests from the Elgeyo Marakwet County Assembly Fund (CAF) account during the review period, as it had not been operationalised.

3.5.6 Expenditure Review

The County spent Kshs.2.04 billion on development and recurrent programmes during the reporting period. The expenditure represented 107 per cent of the total funds released by the CoB. It comprised Kshs.223.18 million for development programmes and Kshs.1.81 billion for recurrent programmes. Expenditure on development programmes accounted for 6 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 37 per cent of the annual recurrent expenditure budget.

Figure 28 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 28: Elgeyo Marakwet County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Elgeyo Marakwet *County Treasury*

As shown in Figure 28, the three highest expenditure categories were Personnel Emoluments, Development, and County Established Funds, which accounted for 82, 12, and 3 per cent of total expenditure for the reporting period, respectively.

3.5.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.17.49 million. This amount consisted of Kshs.17.49 billion from the County Executive and nil from the County Assembly. The trade payables from the County Executive comprised Kshs 8.42 million for recurrent expenditure and Kshs.9.07 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.8.77 million, comprising Kshs.2.11 million (24 per cent) for recurrent programmes and Kshs.6.66 million (76 per cent) for development programmes. On the other hand, the County Assembly had no trade payables to settle. The outstanding trade payables as of 31st December 2025 were Kshs.8.71 million for the County Executive.Table 3.66 provides additional details of trade payables.

Table 3.66: Elgeyo Marakwet County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	9,074,260	8,418,682	17,492,942
		County Assembly	-	-	-
		Total	9,074,260	8,418,682	17,492,942
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	9,074,260	-	-
		County Assembly	-	-	-
		Total	9,074,260	8,418,682	17,492,942
Amount paid in the First Half of FY 2025/26	c	County Executive	2,112,995	6,661,261	8,774,256
		County Assembly	-	-	-
		Total	2,112,995	6,661,261	8,774,256
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	**2,412,999**	**6,305,687**	**8,718,686**
		County Assembly	-	-	-
		Total	**2,412,999**	**6,305,687**	**8,718,686**

***Source**: Elgeyo Marakwet County Treasury.*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.8.42 million and Kshs.9.07 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.8.77 million to the Executive.

Table 3.67 and Table 3.68 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive, which were Kshs.8.72 million.

Table 3.67: Elgeyo Marakwet County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**213,000**	**2,199,999**	-	-	**2,412,999**
Recurrent Trade Payables (Goods & Services)	6,305,687	-	-	-	**6,305,687**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)		-	-	-	-
Total Recurrent Trade Payables	6,305,687	-	-	-	**6,305,687**
Total Trade Payables	**6,518,687**	**2,199,999**	-	-	**8,718,686**
% of Total	**75**	**25**	-	-	**100**

***Source**: Elgeyo Marakwet County Treasury*

The County did not adhere to the Trade Payables Action plan, as it did not clear the payables by the end of the half-year as indicated.

3.5.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.35 billion on compensation of employees, Kshs.207.32 million on operations and maintenance, and Kshs.223.18 million on development activities. Similarly, the County Assembly spent Kshs.105.97 million on compensation of employees, Kshs.105.64 million on operations and maintenance, and nil expenditure on development activities, as shown in Table 3.68.

Table 3.68: Elgeyo Marakwet County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	Executive	**4,198,322,379**	2,922,246,310	1,276,076,069	**3,942,145,373**	**8,140,467,752**
	Assembly	**682,127,598**	367,644,374	314,483,224	**26,872,402**	**709,000,000**
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	Executive	**1,557,719,490**	1,350,404,209	207,315,281	**223,178,851**	**1,780,898,341**
	Assembly	**256,616,106**	150,972,910	105,643,196	-	**256,616,106**
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	Executive	-	-	-	-	-
	Assembly	-	-	-	-	-
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	Executive	**1,557,719,490**	1,350,404,209	207,315,281	**223,178,851**	**1,780,898,341**
	Assembly	**256,616,106**	150,972,910	105,643,196	-	**256,616,106**
Absorption (%) (d/a*100)	Executive	**37**	46	16	**6**	**22**
	Assembly	**38**	41	34	-	**36**

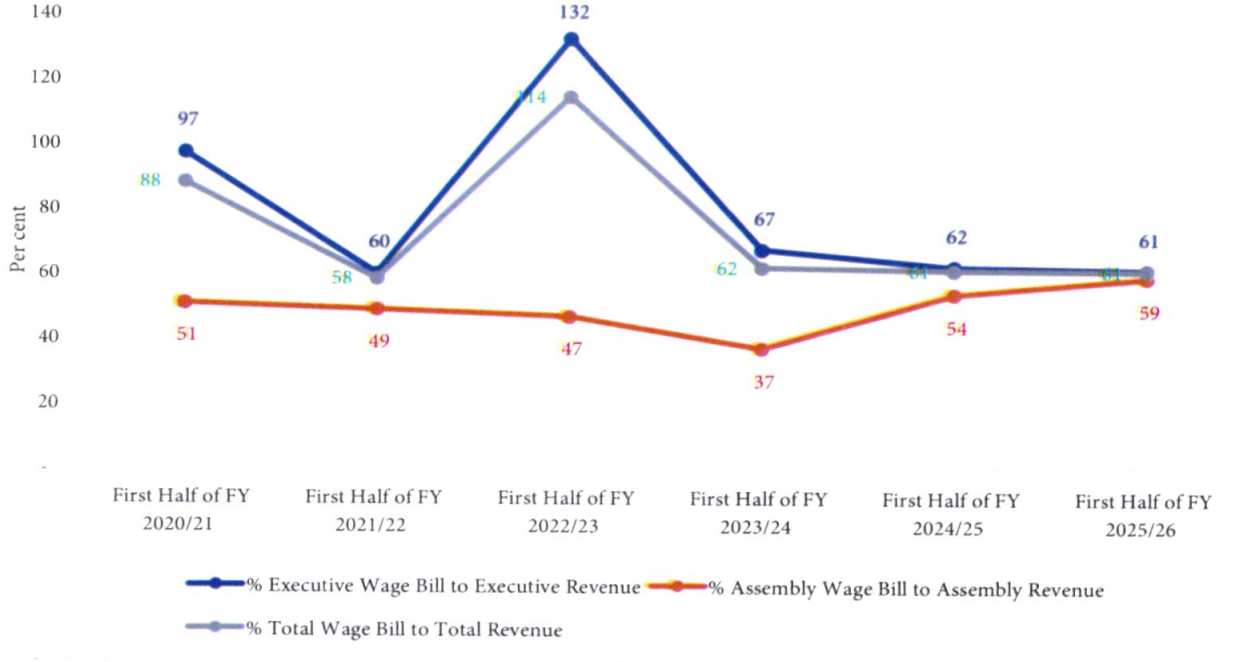
***Source**: Elgeyo Marakwet County Treasury*

3.5.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.50 billion. The compensation-to-revenue ratio was 61 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.1.56 billion reported in a similar period in FY 2024/25. Of this total, Kshs.647.51 million related to Health Sector employees, accounting for 43 per cent of the overall employees' compensation.

Figure 29 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 29: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source:** Elgeyo Marakwet County Treasury*

Further analysis indicated that PE costs amounting to Kshs.1.32 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.183.04 million was processed through manual payroll, accounting for 12 per cent of the total PE cost. The justification for the continued use of manual payroll was that the salaries were for medical interns and casuals who cleaned the major town centre.

The manual payroll comprised salaries for 959 staff not onboarded into the Human Resource Information System (HRIS), salaries for 100 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and NSSF Arrears claims as shown in Table 3.69.

Table 3.69: Breakdown of Elgeyo Marakwet County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	108,619,885
2	Salaries for casual staff	34,935,557
3	Top-up Allowances for Security Officers	2,100,000
4	NSSF Arears claims	21,348,546
5	Gratuity for contract staff	16,033,284
	Total	**183,037,272**

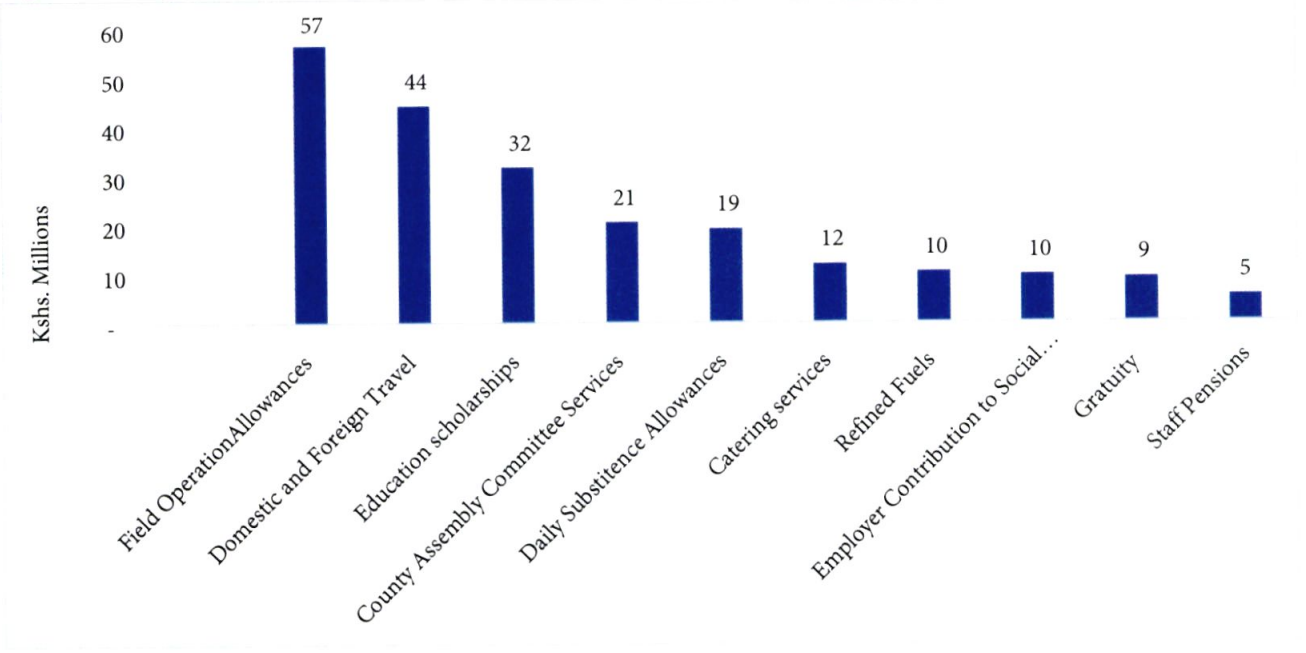
Source: Elgeyo Marakwet County Treasury

The County Assembly spent Kshs.13.02 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.30.02 million. The average monthly sitting allowance was Kshs.63,846 per MCA. The County Assembly has 18 House Committees.

3.5.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.312.96 million on operations and maintenance, representing an increase of 12 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.279.26 million. Figure 30 summarises the Operations and Maintenance expenditure by major categories.

Figure 30: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: *Elgeyo Marakwet County Treasury*

3.5.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.1.04 million on "*other operating expenses*," which is 0.3 per cent of the total operations and maintenance expenditure of Kshs.312.96 million. This category of expenditure includes Kshs.0.26million for garbage collection and Kshs.0.23 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.70.

Table 3.70: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Subscription to professional bodies	150,000	140,000
2211399	Subscription to professional bodies	140,000	139,800
2211305	Contracted Guards	580,000	259,330
2211306	subscription to professional bodies	200,000	199,600
2211308	Legal fees/arbitration	1,750,000	225,791
2211306	subscription to professional bodies	49,961	5,900
2211306	subscription to professional bodies	67,200	67,200
Total		**2,937,161**	**1,037,621**

Source: *Elgeyo Marakwet County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: Subscription to professional bodies, Contracted guards, cleaning services and legal fees.*

3.5.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.117.92 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.2.7 million to the Emergency Fund (0.03 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.71 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.71: Performance of Elgeyo Marakwet County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Elgeyo Marakwet County Education Fund		115,223,109	-	-	643,706	Yes
2	County Executive Car and Mortgage Loan Revolving Fund		-	-	-	120,000,000	Yes
3	Elgeyo Marakwet County Alcoholic Drinks Control Fund		-	-	-	4,000,000	Yes
4	Emergency Fund		2,700,000	-	-	-	Yes
	County Assembly Established Funds						
1	Elgeyo Marakwet County Assembly Revolving Fund		-	-	-	139,000,000	Yes
2	Elgeyo Marakwet County Assembly Catering Services Revolving Fund		-	-	-	11,000,000	Yes
	Total		117,923,109	-	-	816,606,962	

Source: ***Elgeyo Marakwet County Treasury***

During the reporting period, the CoB received quarterly financial reports from Six Fund Administrators, as indicated in Table 3.72, in line with the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Elgeyo Marakwet Alcoholic Drinks Control Fund, Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund and Elgeyo Marakwet County Assembly Catering Services Revolving Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of the Elgeyo Marakwet County Education Fund, the County Executive Car and Mortgage Loan Fund and the Elgeyo Marakwet County MCA's and Staff Car Loan and Mortgage Fund had lapsed. The Elgeyo Marak-

wet(County Assembly) Catering Services Revolving Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.5.13 County Corporations

The County did not have any corporations for the period under review.

3.5.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.32.68 million and comprised Kshs.27.96 million spent by the County Assembly and Kshs.4.72 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.76 million, incurred by the County Assembly, as the County Executive did not incur any expenditure on foreign travel. Expenditure on foreign travel is summarised in Table 3.72.

Table 3.72: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	15	14-20th September,2025	Study visit to Rwanda Co-operation	Rwanda	4,906,988	-	4,906,988
County Assembly	21	5th -10th November,2025	Study visit to Rwanda Co-operation	Rwanda	6,856,963	-	6,856,963
Total							

Source: Elgeyo Marakwet County Assembly

3.5.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.131.28 million as FIF, which was 37 per cent of the annual target of Kshs.350.0 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.161.86 million, as shown in Table 3.73.

Table 3.73: Elgeyo Marakwet County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	254,598,165	97,024,466	38
2.	Level 4 Hospital	2	26,619,923	11,027,345	41
3.	Level 3 Facility	38	53,977,051	40,416,146	75
4.	Level 2 Facility	87	14,804,861	13,388,568	90
	Total	**128**	**350,000,000**	**161,856,525**	**46**

Source: *Elgeyo Marakwet County Treasury*

3.5.16 Development Expenditure

In the review period, the County reported spending Kshs.223.18 million on development programmes, representing an increase of 101 per cent compared to FY 2024/25, when the County spent Kshs.110.80 million. Table 3.74 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the County utilising funds from SPA accounts for development purposes.

Table 3.74: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Water, Environment and Climate Change	Mutwo Mateny water project	Emsoo	-	-	1,330,000	1,330,000	1,1133,769	1,113,769	85
2,	Water, Environment and Climate Change	Nerk-wo-Kamok water project	Moiben/ Kuserwo ward	-	-	2,950,000	2,950,000	2,948,000	2,948,000	100
3.	Water, Environment and Climate Change	Kipkono Water Project	Soy North	-	-	2,850,000	2,849,850	2,849,850	2,849,850	100
4	Water, Environment and Climate Change	Chepku-luny water project	So North	-	-	2,850,000	2,849,650	2,849,650	2,849,650	100
5	Roads, Transport and Public Works	Purchase of a Low Loader	County Head-quarters	7/01/2025	14/01/2026	5,300,000	5,300,000	5,300,000	5,300,000	100
6.	Roads, Transport and Public Works	Kat-gok-Chep-tuiya road	Kapso-war	7/01/2025	01/10/2026	3,341,810	3,341,810	3,341,810	3,341,810	97
7.	Agriculture, Livestock and Fisheries	Kapsan-ayan Water Project	Kapyego	01/07/2025	2/7/2026	1,799,680	1,799.680	1,799,680	1,799,680	100
8	Education and Technical Training	Mwochet ECD class-room	Metkei	06/05/2025	20/07/2026	2,699,935	2,699,935	2,699,935	2,699,935	100
9	Health and Sanitation	Kipsoen Dispensary	Kamariny	1/07/2025	31/12/2025	2,999,760	2,999,760	2,999,760	2,999,760	100
Donor Funded Projects										
10.	Lands, Physical Planning, and Urban Development	Kenya's Informal Settlement Improvement	County	-	-	161,042,849	161,042,849	161,042,849	161,042,849	100

Source: *Elgeyo County, County Treasury*

The County had no stalled development projects as of 31st December 2025.

3.5.17 Budget Performance by Department

Table 3.75 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.75: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	682.13	24.87	256.62	-	256.62	-	100	-	38	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	154.97	0.87	77.48	-	71.84	-	93	-	46	-
Finance and Economic Planning	233.22	2.70	119.86	-	117.84	-	98	-	51	-
Agriculture, Livestock, Fisheries and Irrigation	266.75	698.92	82.36	1.80	70.27	1.80	85	100	26	0.3
Water, Environment, Natural Resources and climate Change management	63.79	667.01	27.79	32.84	26.30	16.58	95	51	41	2.5
Education and Technical Training	452.10	281.73	212.33	16.58	210.53	20.87	99	126	45	7.4
Health Service	2.115.55	604.30	753.52	8.25	756.54	8.25	100	100	36	1.4
Land, Housing, Physical Planning and Urban Development	104.63	881.31	35.68	5.05	40.92	166.08	115	3,298	39	18.8
Road, Public Works and Transport	191.45	222.84	68.66	9.60	66.41	9.60	97	100	35	4.3
Co-operatives, Trade, Industrialization, Tourism and Wildlife	81.15	518.35	32.46	-	29.86	-	92	-	37	-
Sports, Youth Affairs, Culture, Children and Social Services	98.05	30.61	25.25	-	21.14	-	84	-	22	-
Public Service, Devolution, Administration, Communications, ICT and E-Government	373.96	13.50	119.21	-	124.09	-	104	-	33	-
County Public Service Board	62.81	-	21.95	-	21.97	-	100	-		-
TOTAL	**4,880.59**	**3,967.01**	**1,826.12**	**74.11**	**1,814.33**	**223.18**	**99**	**301**	**37**	**6**

Source: *Elgeyo Marakwet County Treasury*

Analysis of expenditure by departments shows that the Department of Lands, Housing, Physical Planning and Urban Development recorded the highest absorption rate of development budget at 19 per cent, followed by the Department of Education and Technical Training at 7 per cent. Finance and Economic Planning had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of Sports, Youth Affairs, Culture, Children and Social Services had the lowest at 22 per cent.

3.5.18 Budget Execution by Programmes and Sub-Programmes

Table 3.76 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.76: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT Lands, Physical Planning, Housing and Urban Development				
Urban Infrastructure	Urban Infrastructure	809,514,688	166,077,949	21
DEPARTMENT Education and Technical Training				
VTC Infrastructure Development	Pre-primary Infrastructure	147,214,190	20,869,887	14
DEPARTMENT Health Services				
General Administration of Health Services	Health Services	464,681,894	3,779,570	0.8
DEPARTMENT Roads, Transport and Public Works				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Rural Road works	Rural Roads	215,591,244	9,599,310	4
RECURRENT				
Department of Finance and Economic Planning				
General Administration and Support	Supply Chain	2.300,000	1,579,800	69
DEPARTMENT Education and Technical Training				
VTC Infrastructure Development	VTC Infrastructure	9,500,001	7,800,000	82
DEPARTMENT Finance and Economic Planning				
General Administration and Support	Accounting Services	3,950,000	2,668,185	68
DEPARTMENT Education and Technical Training				
Quality Control	Pre-primary quality control	47,801,329	31,834,161	67
DEPARTMENT Finance and Economic Planning				
General Administration and Support	Financial services	211,735,747	104,500,854	49

Source: *Elgeyo Marakwet County Treasury*

The development sub-programmes with the highest budget implementation rates were: Urban Infrastructure in the Department of Lands, Housing, Physical Planning and Urban Development at 21per cent, Pre-Primary Infrastructure in the Department of Education in Technical Training at 14 per cent, and Rural Roads at 4 per cent.

For recurrent sub-programmes, the top performers included: VTC Infrastructure in the Department of Education and Technical Training at 82 per cent, Supply Chain in the Department of Finance and Economic Planning at 69 per cent, and Accounting Services in the Department of Education and Technical Training at 68 per cent.

The higher performance of these programmes can be attributed to the County's programme priorities.

Table 3.77 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.77: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT Agriculture, Livestock, Fisheries and Irrigation				
Crop Development	Livestock Control	13,909,803	-	-
DEPARTMENT Public Service Administration, Devolution, Communication and E-Government				
ICT services	ICT services	11,000,000	-	-
DEPARTMENT Sports, Youth Affairs, Culture, Children and Social Services				
Sports infrastructure	Sports Infrastructure Development	18,281,740	-	-
DEPARTMENT Co-operatives, Trade, Industrialization, Tourism and Wildlife				
Co-operatives development	Co-operatives development	32,814,975	-	-
DEPARTMENT Agriculture, Livestock, Fisheries and Irrigation				
Crop Development	Crop Development	9,616,010	-	-
RECURRENT				
DEPARTMENT Sports, Youth Affairs, Culture, Children and Social Services				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Sports Development	Sports Development	25,061,551	-	-
DEPARTMENT Agriculture, Fisheries, Livestock and Irrigation				
Veterinary Services	Livestock Disease Control	37,247,353	-	-
DEPARTMENT Sports, Youth Affairs, Culture, Children and Social Services				
Social Empowerment	Social Empowerment	5,730,760	-	-
DEPARTMENT Agriculture, Fisheries, Livestock and Irrigation				
Crop Development	Crop Development	18,698,721	-	-
DEPARTMENT Roads, Transport and Public Works				
Transport Services	Transport services	4,447,048	-	-

Source: Elgeyo Marakwet County Treasury

The lowest budget implementation rates were zero percent for the following development sub-programmes: Livestock disease crop development, ICT services, and Sports Infrastructure. For recurrent sub-programmes, Transport services, Social Empowerment, and Crop Development also had zero percent implementation rates.

These lower performances can be attributed to challenges in procurement due to the new e-procurement system introduced by the National Government.

3.5.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 190 accounts in commercial banks, including 162 for Health Facilities, 16 for Vocational Training Centres, 5 for Established Funds, 2 revenue accounts, 3 special-purpose accounts (for additional allocations), and 2 imprest accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 170 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.5.20 Key Issues and Recommendations

In the course of overseeing and reporting on the implementation of the Elgeyo Marakwet County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.154.04 million against an annual target of Kshs.457.43 million, representing 34 per cent of the financial year target. This was attributed to the new Electronic Government procurement system that delayed project implementation.
ii. Low development performance in the review period as the County incurred Kshs.223.18 million on development activities, achieving a 6 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 September 2025, the lifespan of the Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund, Elgeyo Marakwet County Education Fund, Elgeyo Marakwet County Alcoholic Drinks Control Fund, Elgeyo Marakwet County Assembly MCA's and Staff Car Loan and Mortgage Fund, and the Elgeyo Marakwet (County Assembly)Catering Services Revolving Fund had lapsed, making them ineligible for further withdrawals.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

3.6. County Government of Embu

3.6.1 Overview of FY 2025/26 Budget

The Embu County Approved Budget for FY 2025/26 is Kshs.8.99 billion. It comprises Kshs.3.32 billion (37 per cent) and Kshs.5.67 billion (63 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.456.70 million (5 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.82 billion and a recurrent budget of Kshs.5.71 billion. The increase in the budget was primarily attributed to the rise in the balances brought forward from FY 2024/2025.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.6.08 billion (68 per cent), additional allocations of Kshs.981.40 million (11 per cent), a cash balance of Kshs.566.92 million (6 per cent) brought forward from FY 2024/25, and Kshs.1.36 billion (15 per cent) to be received as own-source revenue. A breakdown of the additional allocations is shown in Table 3.78

3.6.2 Revenue Performance

During the first half year of FY 2025/26, the County reported total revenue amounting to Kshs.3.51 billion in revenue. This amount represented an increase of 15 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.97 billion. The total revenue consisted of Kshs.2.52 billion from the equitable share of revenue raised nationally, nil additional allocations from the national government and development partners, as well as own-source revenue (OSR) collection of Kshs.420.12 million. Additionally, the County had a cash balance of Kshs.566.92 million from FY 2024/25. The total OSR collection of Kshs.420.12 million included Facilities Improvement Financing (FIF) of Kshs.318.13 million, Appropriation in Aid (AiA) of Kshs.578.96 thousand and Kshs.101.42 million from other OSR sources. Table 3.78 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.78: Embu County, Revenue Performance in First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	566,898,131	566,898,131	-	566,898,131	-
2	County Executive Refunds to CRF	14,916	14,916	-	14,916	-
3	County Assembly Refunds to CRF	4,479	4,479	-	4,479	-
	Sub-Total	**566,917,526**	**566,917,526**	-	**566,917,526**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,077,441,672	2,522,138,293	-	2,522,138,293	3,555,303,379
	Sub-Total	**6,077,441,672**	**2,522,138,293**	-	**2,522,138,293**	**3,555,303,379**
D	**Additional Allocations (Including Grants)**					

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
1	Conditional Allocation for National Agricultural Value Chain Development Project(NAVCDP)	231,250,000	-	-	-	231,250,000
2	DANIDA Grant To Finance Primary Health Care in Devolved Context	6,930,000	-	-	-	6,930,000
3	Conditional Additional Allocation For the Basic Salary Arrears For County Government Health Workers	32,801,231	-	-	-	32,801,231
4	Conditional Additional Allocation for Community Health Promoters	60,300,000	-	-	-	60,300,000
5	Financing Locally Led Climate Action (FLLoCA)-County Climate Resilience Investment (CCRI) Grant	137,500,000	-	-	-	137,500,000
6	Aquaculture Business Development Project (ABDP)	10,020,000	-	-	-	10,020,000
7	Second Kenya Devolution Support Programme (KDSP II)- Level 1 Grant	37,500,000	-	-	-	37,500,000
8	Second Kenya Devolution Support Programme (KDSP II) - Level 2 Grant	352,500,000	-	-	-	352,500,000
9	Kenya Urban Support Programme-Urban Institutional Grants	35,000,000	-	-	-	35,000,000
10	Kenya Urban Support Programme- Urban Development Grants	52,595,562	-	-	-	52,595,562
11	Unconditional Allocations To County Governments From Court Fines And Mineral Royalties	2,142	-	-	-	2,142
12	Kenya Commercial Bank Vocational Training Centre Scholarship Grant	20,000,000	-	-	-	20,000,000
13	Conditional Allocation For Kenya Nutrition Support Grant	5,000,000	-	-	-	5,000,000
	Sub-Total	**981,398,935**	-	-	-	**981,398,935**
E	**Ordinary Own Source Revenue (OSR)**					
1	OSR	712,487,161	101,419,414	-	101,419,414	611,067,747
	Sub-Total	**712,487,161**	**101,419,414**	-	**101,419,414**	**611,067,747**
F	**Facility Improvement Fund/ Financing (FIF)**					
1	SHIF	600,000,000	318,126,128	-	318,126,128	281,873,872
	Sub-Total	**600,000,000**	**318,126,128**	-	**318,126,128**	**281,873,872**
G	**Appropriations in Aid**					
1	**Appropriations in Aid**	52,000,000	578,964		578,964	51,421,036
	Sub-Total	**52,000,000**	**578,964**	-	**578,964**	**51,421,036**
	Grand Total	**8,990,245,294**	**3,509,180,325**	-	**3,509,180,325**	**5,481,064,969**

Source: *Embu County Treasury*

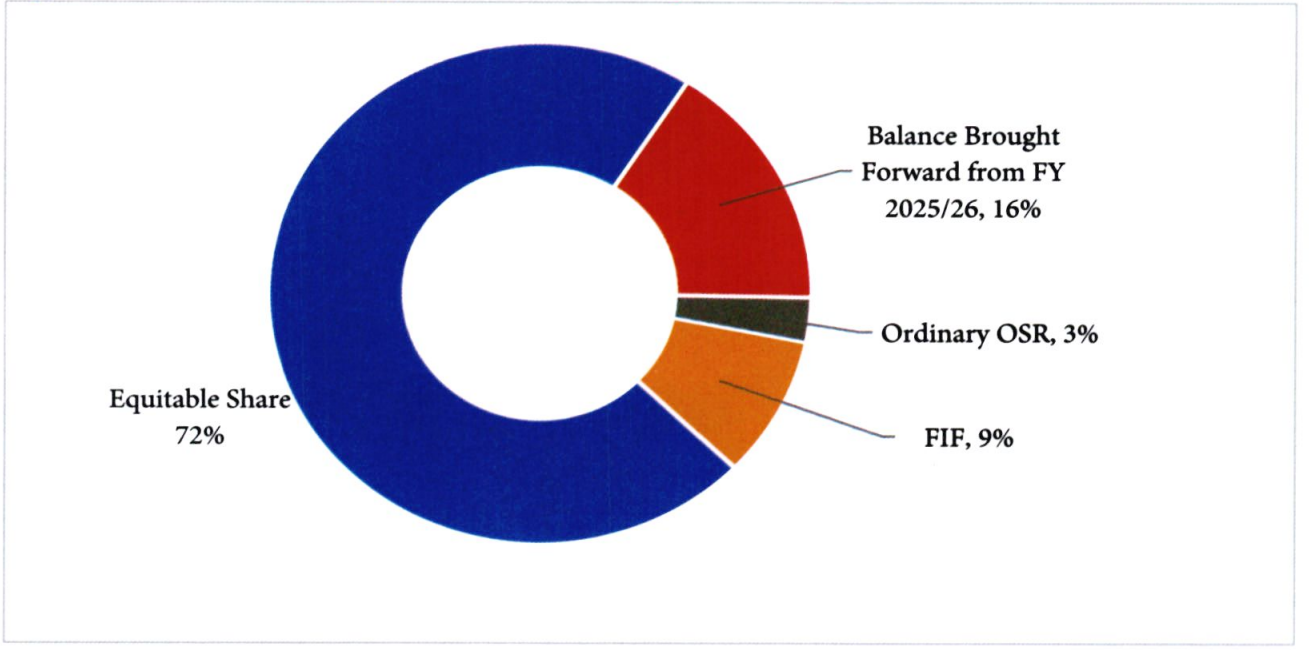
The performance of Ordinary Own Source Revenue (OSR) and Appropriations in Aid (AIA) registered low outturns of 14 per

cent and 1 per cent, respectively, against the annual targets. This subdued performance is primarily due to the first half of the financial year traditionally being a low season for revenue collection, driven by limited economic activity and delayed implementation of key revenue-generating initiatives. Nonetheless, performance is projected to improve significantly in the second half of the year as economic activity picks up and revenue mobilisation strategies are fully rolled out.

The County has the Embu County Health Facilities Improvement Fund legislation on the operation of ordinary A-I-A and FIF.

Figure 31 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

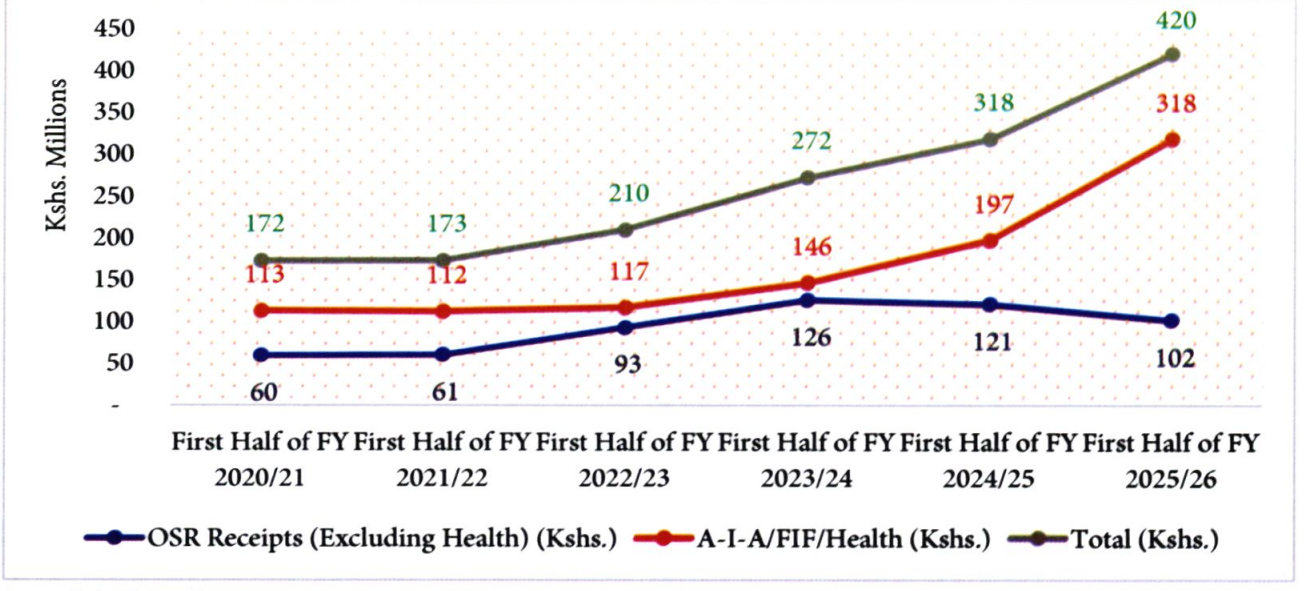
Figure 31: Embu County Composition of Each Shilling Received in the First Half of FY 2025/26



Source: *Embu County Treasury*

The equitable share of revenue raised nationally, the balance brought forward, and OSR contributed 72, 16, and 12 per cent, respectively, of the total receipts for the reporting period. Figure 32 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Quarter of FY 2025/26.

Figure 32: Embu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Embu County Treasury*

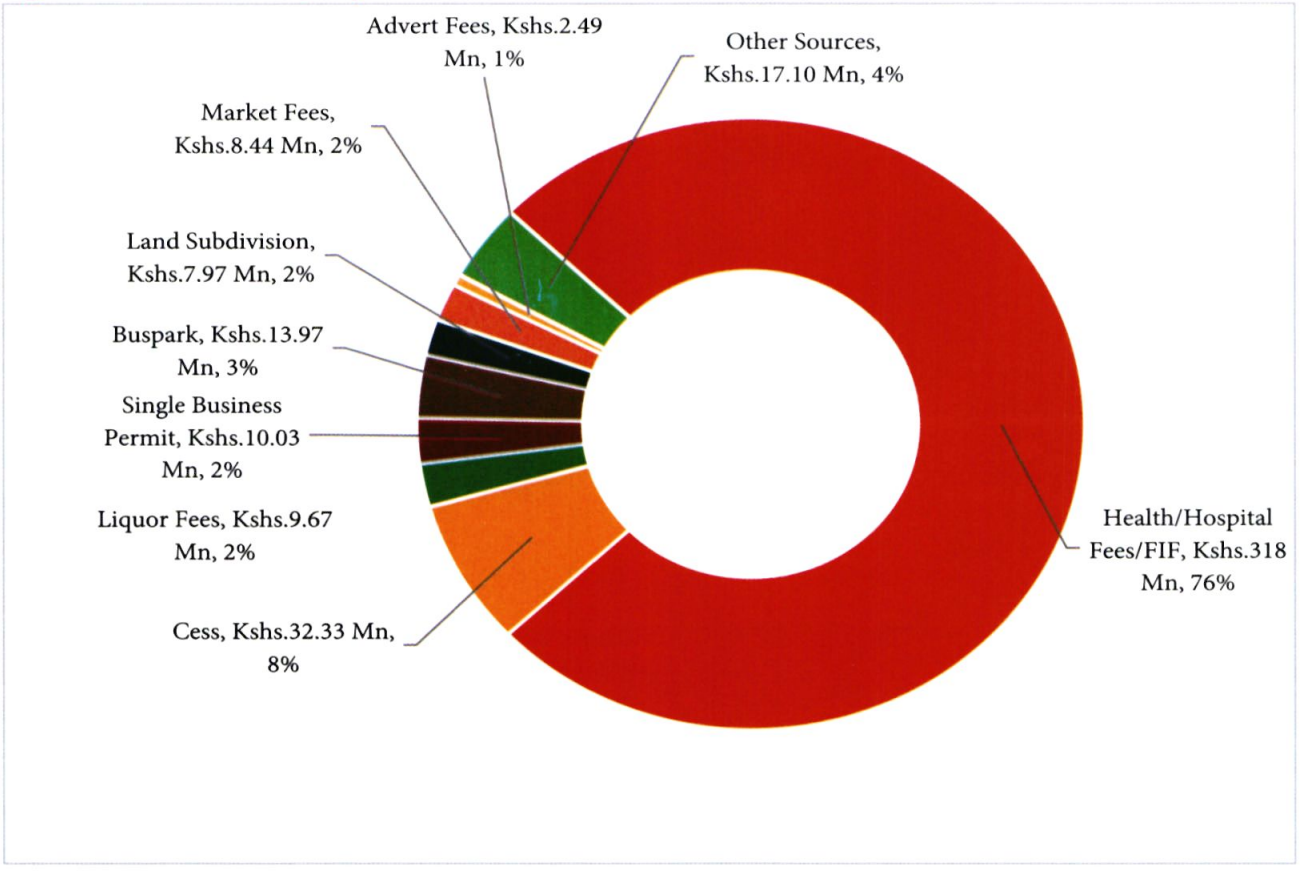
During the First Half of FY 2025/26, the County generated Kshs.420 million from its revenue sources, including FIF. This amount

was an increase of 23 per cent compared to Kshs.318.21 million realised in a similar period in FY 2024/25, and was 31 per cent of the annual target and 17 per cent of the equitable revenue share disbursed.

The increase in FIF can be attributed to various strategies put in place by the county that include the establishment and operationalisation of the Facility Improvement Fund (FIF), regular procurement and distribution of drugs and non-pharmaceutical commodities to ensure uninterrupted service delivery, and strengthening of internal controls that include enhancing financial and administrative controls to improve accountability, transparency, and efficiency. Further staff motivation, mindset transformation, and teamwork by promoting positive behavioural change, improving staff morale, and fostering a culture of collaboration and collective responsibility.

The revenue streams that contributed the highest OSR receipts are shown in Figure 33

Figure 33: Embu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Embu County Treasury*

As shown in Figure 33, the highest revenue stream, at Kshs.318 million, was from Health/Hospital Fees/FIF, accounting for 76 per cent of the total OSR receipts. The County Government indicated that it has automated 20 out of 22 revenue streams.

3.6.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.374.89million, which decreased to Kshs.301.16 million as of 31st December 2025. Table 3.79 presents a breakdown of the County's revenue arrears.

Table 3.79: Embu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Additional Allocations**					
1	Conditional Additional Allocation For Maintenance Of County Roads From The Road Maintenance Levy Fund (RMLF)	211,127,369	-	73,706,112	-	137,421,257
	Sub-Total	**211,127,369**	-	**73,706,112**	-	**137,421,257**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	163,743,779	-	-	-	163,743,779
	Sub-Total	**163,743,779**	-	-	-	**163,743,779**
	Grand Total	**374,871,148**	-	**73,706,112**	-	**301,165,036**

Source: Embu County Treasury

3.6.4 Borrowing by the County

The County Government did not borrow any funds during the reporting period.

3.6.5 Withdrawal from County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.53 billion from the County Revenue Fund (CRF) account. This amount consisted Kshs.529.98 million (9 per cent) for development programmes and Kshs.1.99 billion (91 per cent) for recurrent programmes.

Analysis of the recurrent exchequers released indicates that Kshs.1.47 billion was allocated for employee compensation and Kshs.524.79 million for operations and maintenance expenditure. Within the operations and maintenance exchequer analysis indicates that 14 per cent was for domestic travel and 4.6 per cent of foreign travel expenditure in the review period. The domestic travel exchequer amounted to Kshs.74.92 million and included Kshs.20.62 million for the County Executive and Kshs.54.30 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.24.32 million, with Kshs.7.47 million for the County Executive and Kshs.16.85 million for the County Assembly.

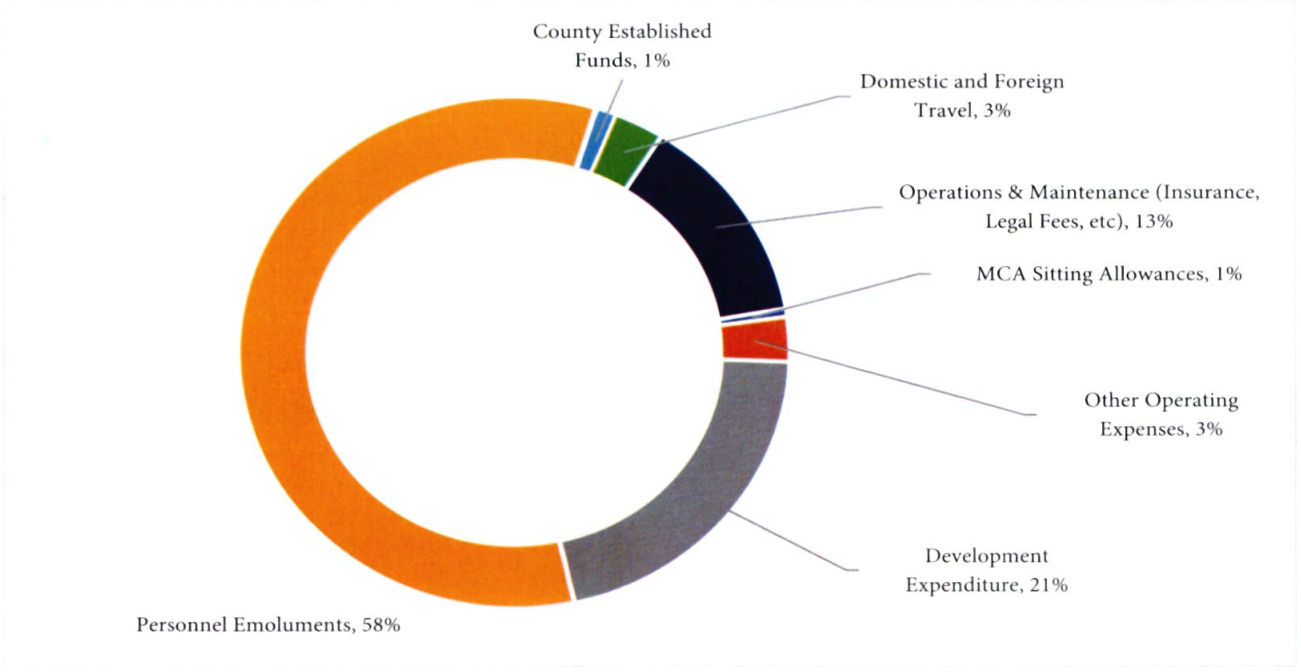
As December 31, 2025, the County Government's cash balance in the CRF account was Kshs.65.98 million.

3.6.6 Expenditure Review

The County spent Kshs.2.53 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.529.98 million for development programmes and Kshs.1.99 billion for recurrent programmes. Expenditure on development programmes accounted for 16 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 39 per cent of the annual recurrent expenditure budget.

Figure 34 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 34: Embu County Composition of Each Shilling Paid in the First Half of FY 2025/26



Source: Embu *County Treasury*

As shown inFigure 34, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Operations & Maintenance, which contributed 58 per cent, 21 per cent, and 13 per cent of total expenditure for the reporting period.

3.6.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.24 billion. This amount consisted of Kshs.1.21 billion from the County Executive and Kshs.35.21 million from the County Assembly. The trade payables from the County Executive comprised Kshs.561.83 million for recurrent expenditure and Kshs.648.51 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.281.62 million, comprising Kshs.119.64 million (42 per cent) for recurrent programmes and Kshs.161.98 million (58 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.35.21 million, which were for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.Kshs.1.32 billion for the County Executive and Kshs.8.33 million for the County Assembly. Table 3.88 provides additional details of trade payables.

Table 3.80: Embu County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	648,508,025	561,836,303	1,210,344,328
	County Assembly	-	35,211,635	35,211,635
	Total	648,508,025	561,836,303	1,245,555,963
Amount paid in FY 2025/26	County Executive	161,982,834	119,644,457	281,627,291
	County Assembly	-	35,211,635	35,211,635
	Total	161,982,834	154,856,092	316,838,926
Trade Payables Incurred in FY 2025/26	County Executive	199,968,701	192,893,502	392,862,203
	County Assembly	-	8,335,098	8,335,098
	Total	199,968,701	201,228,600	401,197,301
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	686,493,893	635,085,348	1,321,579,241
	County Assembly	-	8,335,098	8,335,098
	Total	**686,493,893**	**643,420,446**	**1,329,914,339**

Source: *Embu County Treasury*

The County Executive and the Assembly submitted trade payables payment plans, committing to pay Kshs.316.84 million and Kshs.35.21 million, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.281.62 million for the Executive and Kshs.35.21 million for the Assembly.

Table 3.81 and Table 3.82 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.32 billion.

Table 3.81: Embu County Executive Trade Payables Ageing Analysis as of 31 December 2025

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	70,639,665	192,112,921	2,990,011	420,751,296	686,493,893
Recurrent Trade Payables (Goods & Services)	73,249,045	152,237,183	-	409,599,121	635,085,348
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	73,249,045	152,237,183	-	409,599,121	635,085,348
Executive Trade Payables	143,888,710	344,350,103	2,990,011	830,350,416	1,321,579,241
% of Executive Trade Payables	10.89	26	0.23	62.83	100

***Source**: Embu County Treasury*

The Ageing Analysis of Trade Payables for the County Executive indicates that the majority of the outstanding bills, amounting to Kshs.830.35 million, fall into the over 3-year category. This is followed by trade payables totalling Kshs.344.35 million incurred during FY 2024/2025. The final category comprises bills aged between two and three years, with an outstanding amount of Kshs.2.99 million.

Table 3.82: Embu County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	8,335,098	-	-	-	8,335,098
Recurrent Trade Payables	8.335,098	-	-	-	8,335,098
Assembly Trade Payables	8,335,098	-	-	-	8,335,098
% of Assembly Payables	100	-	-	-	100
Total Trade Payables	152,223,808	344,350,103	2,990,011	830,350,416	1,329,914,339
% of Total Trade Payables	11	26	-	62	100

***Source**: Embu County Assembly*

The outstanding trade payables for the County Assembly of Embu amount to Kshs.8.34 million, all of which were incurred during FY 2025/2026 and therefore fall within the one-year category. According to the Trade Payables Action Plan submitted by the County Assembly, a total of Kshs.8.33 million is earmarked for settlement within the current financial year.

3.6.8 Budget Execution by Programmes and Sub-Programmes

Table 3.83 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.83: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
DEVELOMENT				
FINANCE AND ECONOMIC PLANNING.				
General Administration Planning and Support Services	Administration, Planning and Support Services	26,773,728	9,137,111	34
Economic Policy and County Planning	Economic Development Planning and Coordination	11,287,782	3,852,199	34
Revenue Management	Revenue Management Services	20,934,321	7,144,288	34
Financial Management	Control and Management of Public Finances	13,271,104	4,529,050	34
Monitoring and Evaluation	Monitoring and Evaluation of Projects	680,431	232,212	34
		Rec	Rec	Rec
RECCURENT				
OFFICE OF THE GOVERNOR				
General Administration Planning and Support Services	Management of County Affairs (Office of the Governor)	217,531,716	182,928,912	84
County Leadership and Coordination	Sub-County Administration and Field Services	84,950,779	71,437,645	84
YOUTH EMPOWERMENT AND SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES				
General Administration Planning and Support Services	General Administration services	14,656,082	9,902,614	68
Gender and Social Development	Gender mainstreaming and development	32,976,184	22,280,882	68
Children Services	Child Rehabilitation and Custody	28,090,823	18,980,010	68

Source: Embu County Treasury

The development sub-programmes with the highest budget implementation rates were: Administration, Planning and support services, Economic Development planning and coordination, Revenue Management services, Control and Management of Public Finances, and Monitoring and Evaluation of projects in the department of Finance and economic planning at 34 per cent

For recurrent sub-programmes, the top performers included: Management of county affairs, Subcounty administration and field services in the department of office of the Governor at 84 per cent and general administration services, gender mainstreaming and development, child rehabilitation and custody at the department of youth empowerment and sports, gender, culture, children and social services at 68 per cent.

The highest performance can be attributed to strategic leadership for the said departments.

Table 3.84 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.84: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	10,199,760	594,347	6
Water Service Delivery	Domestic water supply	30,599,280	1,783,040	6
Sanitation Services	Sanitation Services	5,099,880	297,173	6

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Irrigation Development	Development of Irrigation Schemes	10,199,760	594,347	6
Environmental Management and Conservation	Environmental Management and Conservation	10,199,760	594,347	6
		Rec	Rec	Rec
RECURRENT				
TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION				
Administrative Support Services	Administrative Support Services	2,566,886	609,907	24
Trade Development and Promotion	Trade Development and Promotion	21,119,629	5,018,149	24
EMBU LEVEL 5 HOSPITAL				
Curative Health Services	Primary Healthcare	3,048,353	204,997	7
Preventive and Promotive Health Services	Health Promotion and Disease Control	837,402	56,314	7
General Administration Planning and Support Services	General Administration Services	612,490	41,189	7

Source: *Embu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: General Administration, Planning and Support Services, Domestic water supply, Sanitation Services, Development of Irrigation schemes, Environmental Management and Conservation in the Department of Water, Irrigation, Environment and Natural Resources at 6 per cent.

For recurrent sub-programmes, the lowest-performing included: Administrative Support Services, Trade development and Promotion in the Department of Trade, Tourism, Investment and Industrialisation at 24 per cent; and Primary Healthcare, Health Promotion and Disease Control, and General Administration Services in the Department of Embu Level 5 Hospital at 7 per cent.

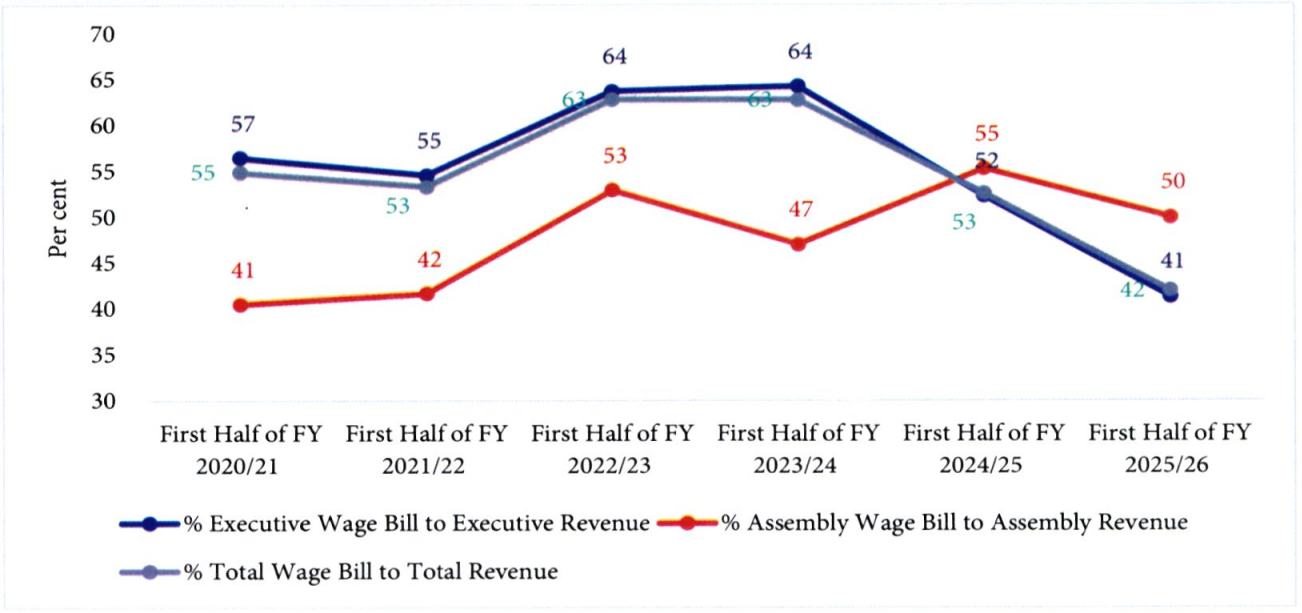
These lower performances can be attributed to a slow pace in implementing the budget utilisation plan.

3.6.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.47 billion. The compensation-to-revenue ratio was 42 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.1.56 billion reported in a similar period in FY 2024/25. Of this total, Kshs.490.70 million related to Health Sector employees, accounting for 33 per cent of the overall employees' compensation. There is a decrease in employee compensation compared to the previous similar period, attributed to the retirement of staff.

Figure 35 shows the trend in employees' compensation as a percentage of total revenue from the First Quarter of FY 2020/21 to the First Half of FY 2025/26.

Figure 35: Percentage of Employee Compensation to Total Revenue Received from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Embu County Treasury*

Further analysis indicated that PE costs amounting to Kshs.1.45 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.23.38 million was processed through manual payrolls, accounting for 2 per cent of the total PE cost. The justification for the continued use of manual payroll was the gratuity provision and the need to up allowances for security personnel.

The manual payroll comprised of top-up allowances for security personnel and gratuity remittances to pension schemes for staff on contract, as shown in Table 3.86

Table 3.85: Breakdown of Embu County Manual Payroll

Category	Total (Kshs.)
Top-up Allowances for security officers	15,253,372
Gratuity for contract staff	8,131,882
Total	23,385,254

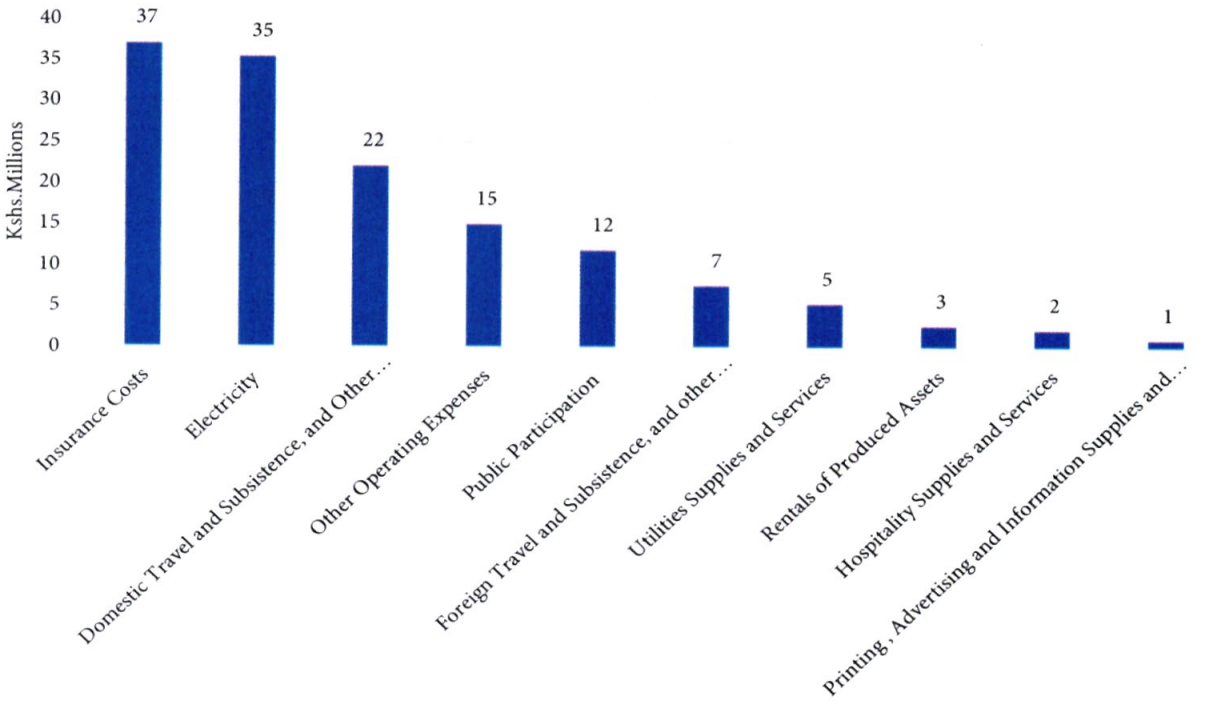
Source: *Embu County Treasury*

The County Assembly spent Kshs.13.18 million on committee sitting allowances for the 31 MCAs, against the annual budget allocation of Kshs.27.92 million. The average monthly sitting allowance was Kshs.70,875 per MCA. The County Assembly has 27 House Committees.

3.6.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.524.79 million on operations and maintenance, representing an increase of 70 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.157.32 million. Figure 36 summarises the Operations and Maintenance expenditure by major categories.

Figure 36: Embu County, Operations and Maintenance Expenditure by Major Categories



Source: *Embu County Treasury*

A review of the other expense items listed in the table did not reveal any inconsistencies:

3.6.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.36.31 million on "*other operating expenses*," which is 27 per cent of the total operations and maintenance expenditure of Kshs.133.99 million. This category of expenditure includes Kshs.19.46 million for community health promoters and Kshs.11.84 million for public participation and 5m for marketing of strategic value chains. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.86.

Table 3.86: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399-00001001-0404013660-36600001	Community Health Promoters Stipend	107,190,000	19,467,500
2211399-00001001-0701013660-36600001	Public Participation	17,800,000	11,843,113
2211399-00001001-0301013660-36600001	Marketing of Strategic Value Chains	9,000,000	5,000,000
Total		133,990,000	36,310,613

Source: *Embu County Treasury*

3.6.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.310.54 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Furthermore, the County allocated Kshs.20 million to the Emergency Fund (0.22 per cent of the total budget). Table 3.87 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.87: Performance of Embu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Embu County Education Support Fund	1-January-2015	-	-	-	164,225,0000	Yes
2	Embu County Youth Trust Fund	24-April-2015	-	-	-	20,000,0000	Yes
3	Embu County Climate Change Fund	1-January-2020	290,541,470	29,804,145	29,804,145	226,956,4300	Yes
4	Embu County Emergency Fund	25-March-2020	20,000,000	-	-	23,000,0000	Yes
Sub-Total			**310,541,470**	**9,804,145**	**9,804,145**	434,181,4**300**	
County Assembly Established Funds							
1	County Assembly of Embu Car Loan and Mortgage (MCAs)	March 2014 (Revised in 2022)	-	-	-	165,000,010	Yes
2	County Assembly of Embu Car Loan and Mortgage (Staff)	11th February 2019 (Revised in 2022)	-	-	-	8,000,000	Yes
Sub-Total			-	-	-	**173,000,010**	
Total			**310,541,470**	**29,804,145**	**29,804,145**	**607,181,440**	

Source: *Embu County Treasury*

During the reporting period, the CoB received all the quarterly financial reports from all the Fund Administrators, as indicated in Table 3.87. This is in line with the requirement of Section 168 of the PFM Act, 2012. All the administration costs of all the Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Embu County Youth Trust Fund, the Embu County Bursary Fund and the County Assembly of Embu Car Loan and Mortgage (MCAs) had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.6.13 County Corporations

The County has no corporations; hence, no budgetary allocation was made.

3.6.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.74.92 million and comprised Kshs.54.30 million spent by the County Assembly and Kshs.20.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.24.09 million and comprised Kshs.16.26 million by the County Assembly and Kshs.7.83 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.88.

Table 3.88: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	21st to 26th Sept 2025	Benchmarking	Watford/ Hertfordshire in the United Kingdom (UK)	2,349,202	2,349,202	2,349,202

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	3rd to 10th September 2025	Africa Climate Summit	Addis Ababa, Ethiopia	747,776	747,776	747,776
County Executive	1	3rd to 5th November 2025	Africa coffee conference	Dar Salam, Tanzania	919,910	919,910	919,910
County Executive	3	10th to 21st November 2025	(COP30) to the UN Framework Convention on Climate Change (UNFCCC).	Belem, Brazil	3,458,770	3,458,770	3,458,770
County Assembly	40	13th -18th October 2025	Benchmarking with the East African legislative Assembly	Arusha	16,258,880	16,258,880	16,258,880
Total							23,734,538

Source: Embu County Treasury

3.6.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.318.12 million as FIF, which was 53 per cent of the annual target of Kshs.600 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by health facilities amounted to Kshs.318.13 million, as shown in Table 3.89.

Table 3.89: Embu County Health Facilities Expenditure Performance in First Half FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level Five Hospital	1	426,800,000	245,396,223	57.5
2	Level Four Health Facilities	3	61,110,000	24,353,904	39.9
3	Level Three Facilities	3	20,370,000	11,698,938	57.4
4	Level Three Facilities	10	33,465,000	19,219,683	57.4
5	Eighty-seven Level Two Facilities	71	19,497,000	11,197,554	57.4
6	Sub-County Public Health Offices	6	20,758,000	6,259,827	30.2
7	Medical Services-Headquarters	1	18,000,000	-	-
	Total	95	600,000,000	318,126,129	53%

Source: *Embu County Treasury*

3.6.16 Development Expenditure

In the review period, the County reported spending Kshs.529.99 million on development programmes, representing an increase of 54 per cent compared to FY 2024/25, when the County spent Kshs.242.08 million. Table 3.90 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the rollout of major projects, such as the upgrading of health centres, the refurbishment of the governor's office, and support to farmers by purchasing seeds; consequently, these projects had a significant impact on development programmes.

Table 3.90: Embu County, List of Development Projects with the Highest Expenditure

S/No	Sector	Project Name	Project Location		Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Implementation status (%)
			Project Location (Ward)	Sub County							
County Funded Projects											
1	Health	Upgrading Of Gategi Health Centre-Phase 2	Mwea	Mbeere South	25 July 2025	30 June 2026	63,000,000	63,000,000	-	36,687,833	58.2
2	Agriculture, Livestock, Blue Economy and Co-Operative Development	Purchase Of Certified Crop Seeds	County Wide	County Wide	25 July 2025	30 June 2026	31,000,000	31,000,000	-	30,999,600	100.0
3	Finance and Economic Planning	Refurbishment Of The County Headquarters Offices	Kirimari	Manyatta	25 July 2025	30 June 2026	35,000,000	35,000,000	-	25,595,365	73.1
4	Lands, Physical Planning and Urban Development	Development Of County Spatial Plan	County Wide	County Wide	25 July 2025	30 June 2026	40,000,000	40,000,000	-	21,799,800	54.5
5	Youth Empowerment, Sports, Gender, Culture, Children and Social Services	Governor's Cup Season 2 Programme	County Wide	County Wide	25 July 2025	30 June 2026	20,000,000	20,000,000	-	20,000,000	100.0
6	Trade, Tourism, Investment, Industrial Development, and Marketing	Construction of the Wholesale Market in Embu Town	Kirimari	Manyatta	25 July 2025	30 June 2026	15,000,000	15,000,000	-	15,000,000	100.0
7	Education, Science and Technology	Scholarships (Capitation) For the Vocational Training Centres	County Wide	County Wide	25 July 2025	30 June 2026	25,000,000	25,000,000	-	12,497,550	50.0
8	Lands, Physical Planning and Urban Development	Acquisition Of Public Land At Njagairi	Kithimu	Manyatta	25 July 2025	30 June 2026	10,000,000	10,000,000	-	10,000,000	100.0
9	Health	Upgrading Of Kanja Health Centre	Kagaari North	Runyenjes	25 July 2025	30 June 2026	23,615,335	23,615,335	-	8,707,239	36.9
10	Health	Construction Of Kamugere/ Kibogi Dispensary	Kyeni North	Runyenjes	25 July 2025	30 June 2026	11,154,270	11,154,270	-	7,577,545	67.9

Source: *Embu County Treasury*

The County did not report any stalled development projects during the reporting period.

3.6.17 Budget Performance by Department

Table 3.91 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.91: Embu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	302.48	-	254.37	-	254.37	-	100.0	-	84	-
County Public Service Board	38.56	-	15.24	-	15.24	-	100.0	-	40	-
Public Service and Administration	932.42	354.15	398.24	-	398.24	-	100.0	-	43	-
County Assembly	654	40	263.69	6.64	263.69	6.64	100.0	100.0	40	17
Finance and Economic Planning.	214.12	75	128.40	25.60	128.40	25.60	100.0	100.0	60.	34
Trade Tourism Investment and Industrialization	39.47	167.50	9.38	20.88	9.38	20.88	100.0	100.0	24	12
Agriculture, Livestock, Fisheries and Co-Operative Development	228.73	255.91	104.24	30.99	104.24	30.99	100.0	100.0	46	12
Water Environment and Natural Resources	40.36	102	14.03	5.94	14.03	5.94	100	100	35	6
Health	1,766.99	430.31	490.40	95.70	490.40	95.70	100	100	28	22
Embu Level 5 Hospital	4.50	78.05	302.50	19.21	302.50	19.21	100	100	7	25
Infrastructure, Public Works and Housing.	94.78	869.47	27.07	179.42	27.07	179.42	100	100	29	21
Education, Science and Technology	450.75	189.08	154.80	40.19	154.80	40.19	100.0	100.0	34	21
Youth Empowerment and Sports and Gender Empowerment	120.91	211.22	81.70	43.80	81.70	43.80	100.0	100.0	68	21
Lands, Physical Planning and Urban Development & Water	51.09	106.70	23.80	31.80	23.80	31.80	100.0	100.0	47	30
Embu County Revenue Authority (ECRA)	23.91	42	11.80	-	11.80	-	100.0	-	49	-
Embu Municipal Board	90.09	105.19	21.80	-	21.80	-	100.0	-	24	-
Climate Change Unit	-	290.54	-	29.80	-	29.80	-	100.0	-	10
County Attorney	19.94	-	-		-		-	-	-	-
Total	5,073.12	3,317.12	1,999.26	529.99	1,999.26	529.99				

Source: *Embu County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 34 per cent, followed by the Department of Lands, Physical Planning and Urban Development & Water at 30 per cent. The Department of Office of Governor had the highest percentage of recurrent expenditure to budget at 84 per cent, followed by the Department of Youth Empowerment and Sports and Gender Empowerment at 68 per cent as well as the Department of Finance and Economic Planning at 60 per cent while, ECRA, Lands, Physical Planning and Urban Development & Water, Agriculture, Livestock, Fisheries and Co-Operative Development, had absorption rates of 49, 47 and 46 per cent respectively, Departments of Public Service and Administration County Public Service Board, County Assembly had absorption rates above 40 per cent other Departments: Trade and Tourism, Water, Health, Embu Level 5, Infrastructure, Public Works and Housing, Education, Science and Technology, Embu Municipal Board had the lowest absorption rates below 40 per cent and the county attorney had 0 per cent. Late budget implementation and reliance on equitable share are attributed to the poor performance of some departments.

3.6.18 Budget Execution by Programmes and Sub-Programmes

Table 3.92 summarises the budget execution by programmes and sub-programmes in the period under review.

Table 3.92: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office Of The Governor							
General Administration Planning and Support Services	Management of County Affairs (Office of the Governor)	217,531,716	-	182,928,912	-	84	-
County Leadership and Coordination	Sub-County Administration and Field Services	84,950,779	-	71,437,645	-	84	-
YOUTH EMPOWERMENT AND SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES							
General Administration Planning and Support Services	General Administration services	14,656,082	25,602,155	9,902,614	5,308,757	68	21
Gender and Social Development	Gender mainstreaming and development	32,976,184	57,604,848	22,280,882	11,944,703	68	21
Children Services	Child Rehabilitation and Custody	28,090,823	49,070,796	18,980,010	10,175,118	68	21
Culture and Cultural Preservation	Cultural Preservation	14,656,082	25,602,155	9,902,614	5,308,757	68	21
Youth Development and Empowerment Services	Youth Development and Empowerment Services	18,320,102	32,002,693	12,378,268	6,635,946	68	21
Management and development of Sport and Sport facilities	Community Sports Programme	12,213,402	21,335,130	8,252,179	4,423,964	68	21
FINANCE AND ECONOMIC PLANNING.							
General Administration Planning and Support Services	Administration, Planning and Support Services	76,437,013	26,773,728	45,835,633	9,137,111	60	-
Economic Policy and County Planning	Economic Development Planning and Coordination	32,225,783	11,287,782	19,324,266	3,852,199	60	-
Grand Total		5,073,120,243	3,317,125,051	1,999,262,379	529,989,692	35%	16%

***Source**: Embu County Treasury*

The development sub-programmes with the highest budget implementation rates included General Administration, Planning and Support Services, Domestic water supply, Sanitation Services, Development of Irrigation schemes, Environmental Management and Conservation, Forestry and Landscapes Conservation, Climate Change Mitigation and Adaptation in the Department of Water, Irrigation, Environment and Natural Resources at 35 per cent.

For recurrent sub-programmes, the top performers were Management of County Affairs (Office of Governor), Sub-County Administration and Field Services, Management of County in the Department of Office of Governor at 84 per cent, followed by General Administration services, gender mainstreaming and development in the Department of Youth Empowerment and Sports and Gender Empowerment at 68 per cent as well as the Department of Finance and Economic Planning programmes scored 60 per cent Their higher performances are attributed to good utilization of allocated budget.

Table 3.93: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Water, Irrigation, Environment and Natural Resources							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	4,036,261	10,199,760	1,403,094	594,347	35	6
Water Service Delivery	Domestic water supply	12,108,784	30,599,280	4,209,281	1,783,040	35	6
Sanitation Services	Sanitation Services	2,018,131	5,099,880	701,547	297,173	35	6
Irrigation Development	Development of Irrigation Schemes	4,036,261	10,199,760	1,403,094	594,347	35	6

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Environmental Management and Conservation	Environmental Management and Conservation	4,036,261	10,199,760	1,403,094	594,347	35	6
Forestry and Landscapes Conservation	Forestry and Landscapes Conservation	2,018,131	5,099,880	701,547	297,173	35	6
Climate Change Mitigation and Adaptation	Climate Change Mitigation and Adaptation	12,108,784	30,599,280	4,209,281	1,783,040	35	6
Embu Level 5 Hospital							
Curative Health Services	Primary Healthcare	3,048,353	52,892,622	204,997	13,015,485	7	25
Preventive and Promotive Health Services	Health Promotion and Disease Control	837,402	14,529,939	56,314	3,575,436	7	25
General Administration Planning and Support Services	General Administration Services	612,490	10,627,439	41,189	2,615,134	7	25
Grand Total		5,073,120,243		1,999,262,379	529,989,692	35	16

***Source**: Embu County Treasury*

The development sub-programmes with the lowest budget implementation rates included General Administration, Planning and Support Services, Domestic water supply, Development of Irrigation schemes, Environmental Management and Conservation, Forestry and Landscapes Conservation, Climate Change Mitigation and Adaptation in the Department of Water, Irrigation, Environment and Natural Resources at 6 per cent.

For recurrent sub-programmes, poor performers were. Primary Healthcare, Health Promotion and Disease Control, and General Administration Services in the Department of Embu Level 5 Hospital at 7 per cent. These lower performances are attributed to poor departmental action plans and dependence on equitable share to finance programmes.

3.6.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprests bank accounts for petty cash and revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 219 various valid accounts in commercial banks, including accounts for Health Facilities, vocational training centres, established funds, revenue accounts, special-purpose accounts (for additional allocations), and others.

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.6.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 21st January 2026.
ii. The underperformance of own-source revenue at Kshs.420.12 million against an annual target of Kshs.1.36 billion, representing 14 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.529.98 million on development activities, achieving a 16 per cent absorption rate.

iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 September 2025, the Embu County Youth Trust Fund and the Embu County Bursary Fund had lapsed, rendering them ineligible for further withdrawals.

v. High level of trade payables, which amounted to Kshs.1.32 billion as of 31st December 2025.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iv. *The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

3.7. County Government of Garissa

3.7.1 Overview of FY 2025/26 Budget

The Garissa County Approved budget for FY 2025/26 is Kshs.12.91 billion. It comprises Kshs.5.18 billion (40 per cent) and Kshs.7.73 billion (60 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.907.36 million (8 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.66 billion and a recurrent budget of Kshs.7.34 billion.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.8.88 billion (69 per cent), additional allocations of Kshs.1.59 billion (12 per cent), a cash balance of Kshs.2.0 billion (15 per cent) brought forward from FY 2024/25, and Kshs.450 million (4 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.94.

3.7.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.5.75 billion. This amount represented an increase of 10 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.16 billion. The total revenue consisted of Kshs.4.39 billion from the equitable share of revenue raised nationally, nil additional allocations from the national government and development partners, as well as own-source revenue (OSR) collection of Kshs.540.16 million. Additionally, the County had a cash balance of Kshs.815.15 million from FY 2024/25. The total OSR collection of Kshs.540.16 million included Facilities Improvement Financing (FIF) of Kshs.517.59 million, and Kshs.22.57 million from other OSR sources. Table 3.94 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.94: Garissa County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	1,996,630,416	810,793,554	-	810,793,554	1,185,836,862
2	County Executive Refunds to CRF	-	4,350,723	-	4,350,723	- 4,350,723
3	County Assembly Refunds to CRF	-	7,261	-	7,261	- 7,261
	Sub-Total	**1,996,630,416**	**815,151,537**		**815,151,537**	**1,181,478,879**
B	**Equitable Share of Revenue Raised Nationally**					
1	...	8,877,784,676	3,684,280,642	710,222,774	4,394,503,416	4,483,281,260
	Sub-Total	**8,877,784,676**	**3,684,280,642**	**710,222,774**	**4,394,503,416**	**4,483,281,260**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
C	**Transfers from the Equalisation Fund**					
1	...					
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	Water and Sanitation Development Project (World Bank) WSDP	450,000,000	-	-	-	**450,000,000**
2	Kenya Devolution Support Program KDSP11 Development Grant	352,500,000	-	-	-	**352,500,000**
3	FRAMEWORK FOR THE MANAGEMENT OF FOOD SYSTEMS RESILIENCE PROJECT – (FSRP)-IDA	251,000,000	-	-	-	**251,000,000**
4	Road Maintenance levy fund (RMLF)	188,410,093	-	-	-	**188,410,093**
5	Financing locally led climate action program (FLLoCA) County climate Institutional support (CCRI	173,000,000	-	-	-	**173,000,000**
6	Conditional Grant community Health Promoters	74,520,000	-	-	-	**74,520,000**
7	Kenya devolution support program KDSP11	37,500,000	-	-	-	**37,500,000**
8	Kenay urban support prorgam -KUSP UIG	35,000,000	-	-	-	**35,000,000**
9	DANIDA Grant-Primary health care in devolved context	15,817,000	-	-	-	**15,817,000**
10	Financing locally led climate action program (FLLoCA) County climate Institutional support (CCIS) Grant level 1 (world bank)	11,000,000	-	-	-	**11,000,000**
	Sub-Total	**1,588,747,093**	-	-	-	**1,588,747,093**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates Current Year	38,260,000	214,800	-	214,800	38,045,200
2	Business Permits & Weight & Measures	34,500,000	491,501	-	491,501	34,008,499
3	Livestock Cess & Slaughtering Fees	35,500,000	3,783,750	-	3,783,750	31,716,250
4	Sales of Flowers, Plants, Firewood, Produce, etc.	3,000,000	45,000	-	45,000	2,955,000
5	Market Entrance / Gate Fee & Stalls	43,770,000	9,746,874	-	9,746,874	34,023,126
6	Environment, waste management & Fire Clearance	1,470,000	-	-	-	1,470,000
7	Parking	7,500,000	-	-	-	7,500,000
8	Natural Resources Transportation Cess	16,400,000	-	-	-	16,400,000
9	Fines & Penalties	500,000	-	-	-	500,000
10	Outdoor Advertisement	4,000,000	-	-	-	4,000,000

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
11	County Asset Leases, Other Health & Sanitation Revenues (DVO) Vet	4,100,000	7,267,900	-	7,267,900	- 3,167,900
12	Buildings Plan Approval Fee	4,000,000	27,000	-	27,000	3,973,000
13	Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc.)	5,000,000	990,390	-	990,390	4,009,610
	Sub-Total	**198,000,000**	**22,567,215**		**22,567,215**	**175,432,785**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	236,250,000	294,183,295	222,309,979	516,493,274	- 280,243,274
2	Defunct NHIF	-			-	-
3	Other	15,750,000	1,100,400		1,100,400	14,649,600
	Sub-Total	**252,000,000**	**295,283,695**	**222,309,979**	**517,593,674**	**265,593,674**
Total		12,913,162,185	4,817,283,089	932,532,753	5,749,815,842	7,163,346,343

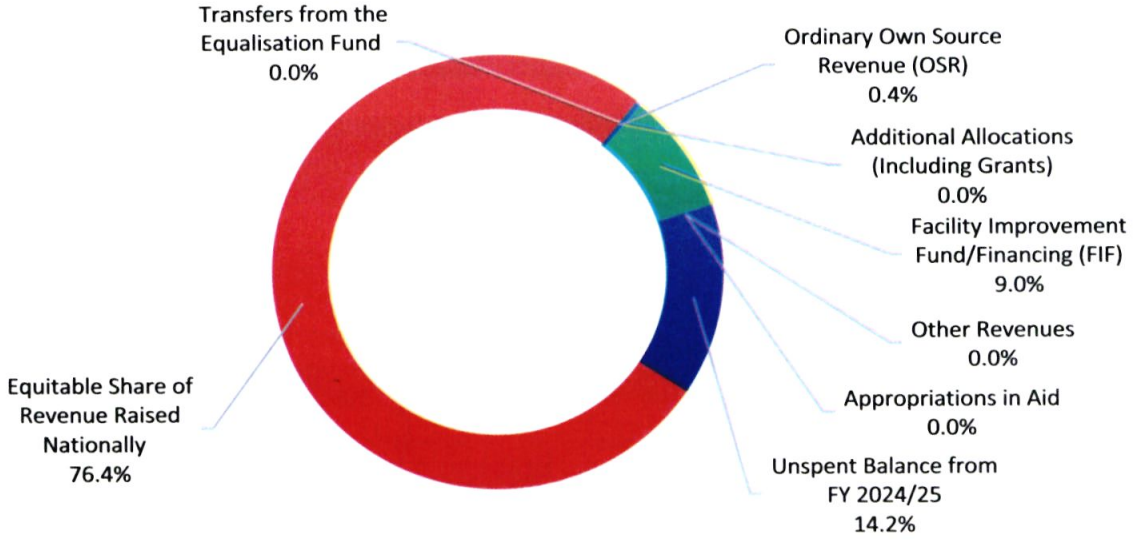
Source: *Garissa County Treasury*

They did not receive any conditional allocation within the reporting period.

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 37 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 37: Garissa County Composition of Each Shilling Earned in the First Half of FY 2025/26

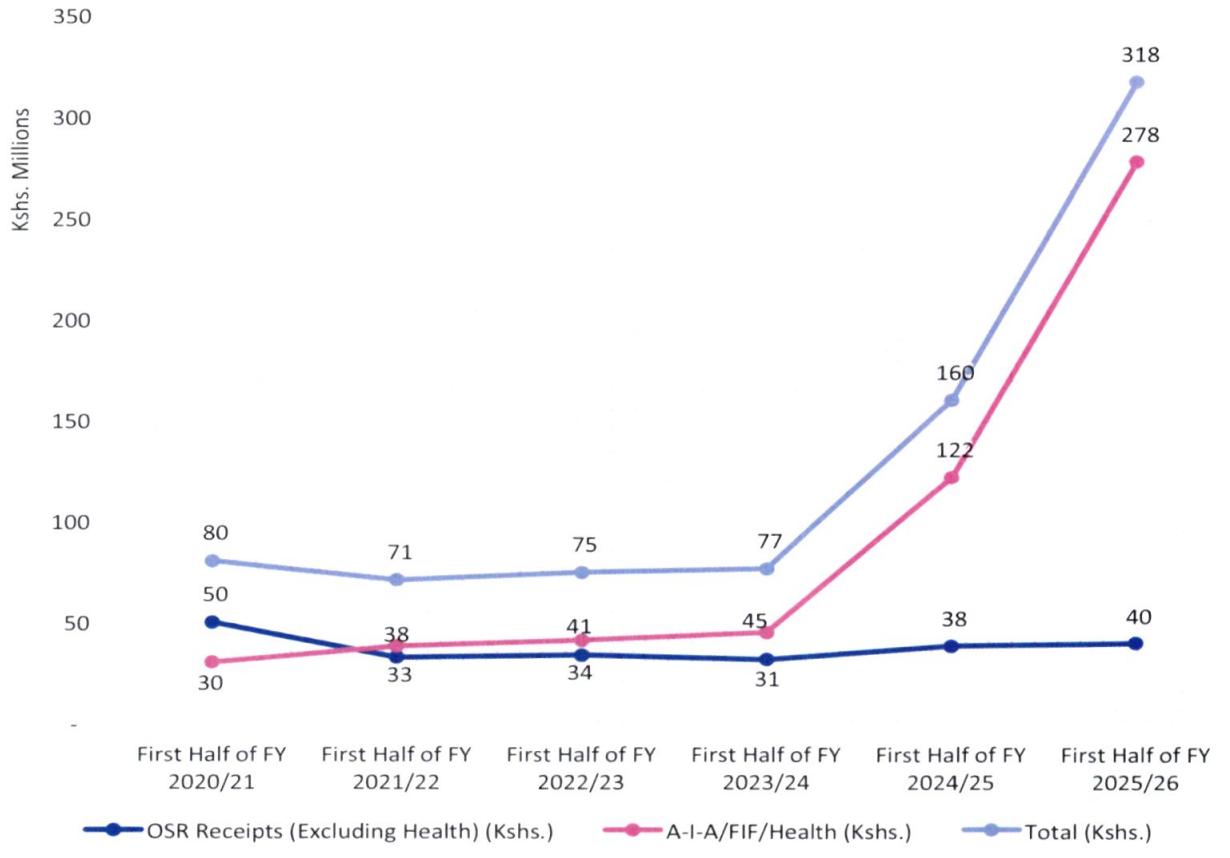


Source: *Garissa County Treasury*

The equitable share of revenue raised nationally, Unspent balances from FY 2024/25, and FIF contributed 76.4 per cent, 14.2 per cent and 9.0 per cent, respectively, of the total receipts for the reporting period.

Figure 38 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 38: Garissa County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



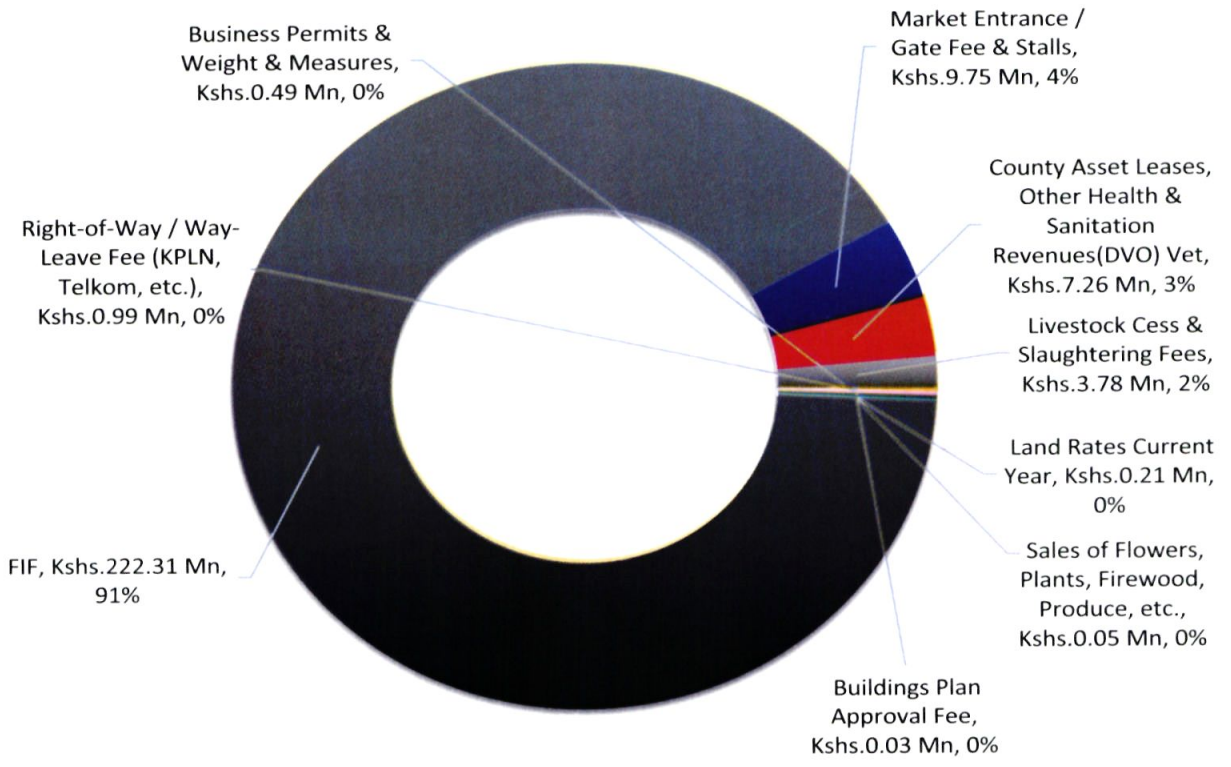
Source: *Garissa County Treasury*

During the first half of FY 2025/26, the County received Kshs.317.85 million from OSR, including FIF. This amount was an increase of 99 per cent compared to Kshs.160.09 million realised in a similar period in FY 2024/25, and was 71 per cent of the annual target and 9 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to collections from FIF, which was caused by an increase in enrolment of SHA by the county residents. Similarly, the decline recorded in the ordinary OSR was caused by severe droughts in the county, thus negatively affecting the cess collections from Livestock. Additionally, the executive order, which gave municipalities the authority to collect fees and levies, has negatively impacted the performance and the reporting of revenues collected from various revenue streams.

The revenue streams which contributed the highest OSR receipts are shown in Figure 39

Figure 39: Garissa County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Garissa County Treasury

As shown in Figure 39, the highest revenue stream, at Kshs.222.31 million, was from FIF, accounting for 91 per cent of the total OSR receipts. The County Government indicated that it has not automated any revenue streams.

3.7.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.193.52 million, which increased to Kshs.932.53 million as of 31st December 2025. Table 3.95 presents a breakdown of the County's revenue arrears.

Table 3.95: Garissa County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Equitable Share of Revenue Raised Nationally					
1	Month of December	-	-	-	710,222,774	710,222,774
	Sub-Total				710,222,774	710,222,774
E	Facility Improvement Fund (FIF)					
1	SHIF	193,520,405		40,000,000	68,789,574	222,309,979
	Sub-Total	193,520,405		40,000,000	68,789,574	222,309,979
Total		193,520,405	-	40,000,000	779012348	932,532,753

Source: Garissa *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.932.53 million, comprising Kshs.710.22 million for Equitable Share of Revenue Raised Nationally (76 per cent) and Kshs.222.31 million for Facility Improvement Fund (FIF) (24 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include following-up, constituting payment arrangements with the SHA and initiation of a litigation process to compel the authority to clear the long-outstanding arrears.

3.7.4 Borrowing by the County

Garissa County Executive/ Assembly has no credit facility with any bank (Withdrawals from the County Revenue Fund and County Assembly Fund

3.7.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totaling Kshs.4.34 billion from the Garissa County Revenue Fund (CRF) account. This amount consisted of Kshs.1.3 billion (30 per cent) designated for development programs and Kshs.3.04 million (70 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.02 billion was allocated for employee compensation, and Kshs.788.13 million for operations and maintenance expenditures. Within the operations and maintenance category, 7.3 per cent was for domestic travel and 1.3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.57.69 million, which included Kshs.11.80 million for the County Executive and Kshs.45.89 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.10.56 million, with Kshs.0.48 million for the County Executive and Kshs.10.08 million for the County Assembly.

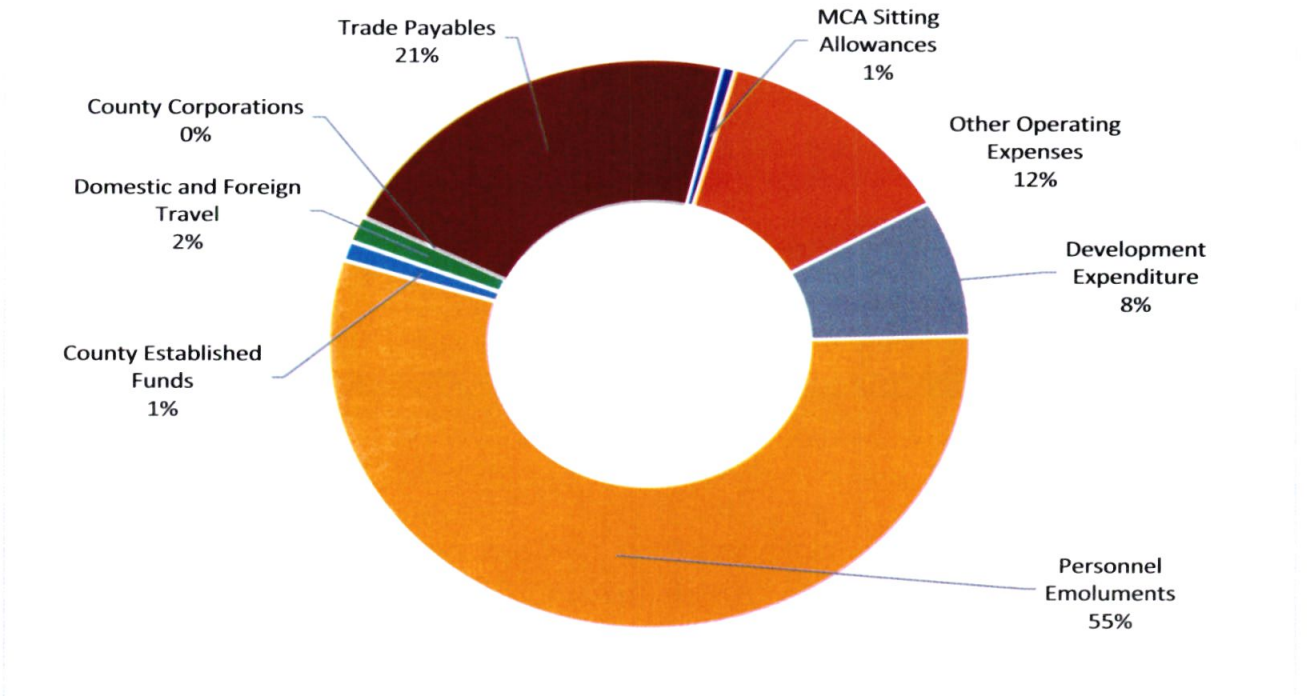
As of December 31, 2025, the County Government's cash balance in the Garissa CRF account was Kshs.204.69 million.

3.7.6 Expenditure Review

The County spent Kshs.4.04 billion on development and recurrent programmes in the reporting period. The expenditure represented 93 per cent of the total funds released by the CoB. It comprised Kshs.1.23 billion for development programmes and Kshs.2.81 billion for recurrent programmes. Expenditure on development programmes represented 23.8 per cent of the annual development expenditure budget, while recurrent expenditure represented 36,3 per cent of the annual recurrent expenditure budget.

Figure 40 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 40: Garissa County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Garissa County *Treasury*

As shown Figure 40, the three highest expenditure categories were Personnel Emoluments, Trade Payables and Development Expenditure and Other Operating Expenses, contributing 55, 21 and 12 per cent of total expenditure for the reporting period.

3.7.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.59 billion. This amount consisted of Kshs.2.42 billion from the County Executive and Kshs.161.26 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.747.21 million for recurrent expenditure and Kshs.1.68 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.878.74 million, comprising Kshs.15.74 million (two per cent) for recurrent programmes and Kshs.863 million (98 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.79.63 million, comprising Kshs.61.37 million (77 per cent) for recurrent activities and Kshs.18.26 million (23 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.1.55 billion for the County Executive and Kshs.84.63 million for the County Assembly. Table 3.96 provides additional details of trade payables.

Table 3.96: Garissa County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,677,440,562	747,206,030	**2,424,646,592**
		County Assembly	45,001,334	116,262,839	**161,264,173**
		Total	**1,722,441,896**	**863,468,869**	**2,585,910,765**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	1,100,000,000	50,000,000	1,600,000,000
		County Assembly	22,500,000	60,000,000	82,500,0000
		Total	**1,122,500,000**	**110,000,000**	**1,682,500,000**
Amount paid in the First Half of FY 2025/26	c	County Executive	862,999,802	15,736,346	**878,736,148**
		County Assembly	18,263,626	61,370,534	**79,634,160**
		Total	**881,263,428**	**77,106,880**	**958,370,308**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	3,000,000	-
		Total	-	3,000,000	3,000,000
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**814,440,760**	**731,469,684**	**1,545,910,444**
		County Assembly	**26,737,708**	**57,892,305**	**84,630,013**
		Total	**841,178,468**	**789,361,989**	**1,630,540,457**

***Source**: Garissa County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.60 billion and Kshs.82.50 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.878.74 million for the Executive and Kshs.79.63 million for the Assembly.

Table 3.97 and Table 3.98 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.63 billion.

Table 3.97: Garissa County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	**292,315,510.85**	**238,000,000**	**284,125,249.15**	**814,440,760**
Recurrent Trade Payables (Goods & Services)	145,624,771	-	72,621,067	513,223,846	**731,469,6843**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	145,624,771	-	72,621,067	513,223,846	**731,469,684**
Total Trade Payables	**145,624,771**	**292,315,511**	**310,621,067**	**797,349,095**	**1,545,910,444**
% of Total	**9.4**	**18.9**	**20.1**	**51.6**	**100**

***Source**: Garissa County Treasury*

Table 3.98: Garissa County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**7,417,190**	**19,320,518**	-	-	**26,737,708**
Recurrent Trade Payables (Goods & Services)	12,062,313	14,849,256	-	-	**26,911,569**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	18,300,122	12,680,614	-	-	**30,980,736**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	30,362,435	27,529,870	-	-	**57,892,305**
Total Trade Payables	**37,779,625**	**46,850,388**	-	-	**84,630,013**
% of Total	**45**	**55**	-	-	**100**

***Source**: Garissa County Treasury*

The ageing analysis highlights significant long-outstanding obligations, especially those over 2 years old (68%). Almost half (49%) of total outstanding balances have been unpaid for over 3 years, indicating significant arrears and a backlog of obligations. The FIFO basis for payment is therefore the most equitable, efficient, and auditable method to manage the county's financial obligations. Hence, adopting a FIFO-based payment approach ensures fairness, enhances transparency, and aligns with sound financial management practices prescribed by public finance management (PFM) principles and auditing standards.

The Trade Payables Action Plan should be leveraged as a strategic framework to: systematically clear arrears, improve supplier confidence, strengthen financial discipline and enhance compliance with the Public Finance Management Act (PFMA).

3.7.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.75 billion on compensation of employees, Kshs.614.34 million on operations and maintenance, and Kshs.1.22 billion on development activities. Similarly, the County Assembly spent Kshs.266.50 million on compensation of employees, Kshs.173.79 million on operations and maintenance, and Kshs.18.26 million on development activities, as shown in Table 3.99.

Table 3.99: Garissa County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**6,719,812,376**	**1,010,212,868**	**2,368,449,302**	**440,290,335**	**416,032,173**	**52,926,888**	**2,784,481,475**	**493,217,223**	**41**	**49**
Compensation of Employees	4,558,029,713	773,512,908	1,754,109,509	266,501,316	416,032,173	52,926,888	2,170,141,682	319,428,204	48	41
Operations and Maintenance	2,161,782,663	236,699,960	614,339,793	173,789,019	-	-	614,339,793	173,789,019	28	73
Development Expenditure	**5,041,849,809**	**141,287,132**	**1,215,510,487**	**18,263,626**	-	-	**1,215,510,487**	**18,263,626**	**24**	**13**
Total	**11,761,662,185**	**1,151,500,000**	**3,583,959,789**	**458,553,961**	**416,032,173**	**52,926,888**	**3,999,991,962**	**511,480,849**	**34**	**44**

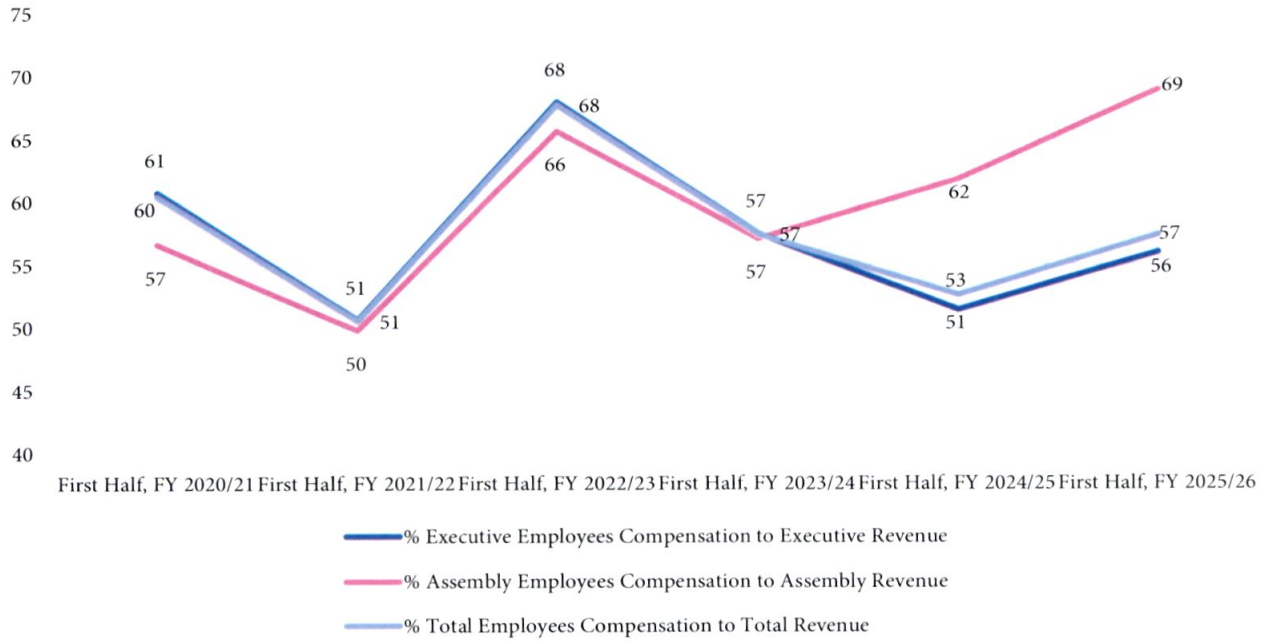
***Source**: Garissa County Treasury*

3.7.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.49 billion. The compensation-to-revenue ratio was 56 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.91 billion reported in a similar period in FY 2024/25. Of this total, Kshs.923.88 million related to Health Sector employees, accounting for 37 per cent of the overall employees' compensation. There was an increase of 30 per cent in compensation of employees compared to the previous period performance because of the introduction of the accrual reporting system and employment of more CHEWs.)

Figure 41 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 41: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Garissa County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.31 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.182.53 million was processed through manual payrolls, accounting for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was the lack of "Personal Numbers" for some of their staff, thus the automated IPPD system cannot process payments, forcing human resource departments to revert to manual vouchers or spreadsheets.

The manual payroll comprised salaries for 195 staff not onboarded into the Human Resource Information System (HRIS), salaries for 508 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.100.

Table 3.100: Breakdown of Garissa County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	46,874,199
2	Salaries for casual staff	10,391,782
3	Top-up Allowances for Security Officers	6,762,466
4	LAPTRUST/LAPFUND Pension Contributions	53,354,793
5	Gratuity for contract staff	46,397,487
6	Community Health Workers	18,750,000
	Total	**182,530,728**

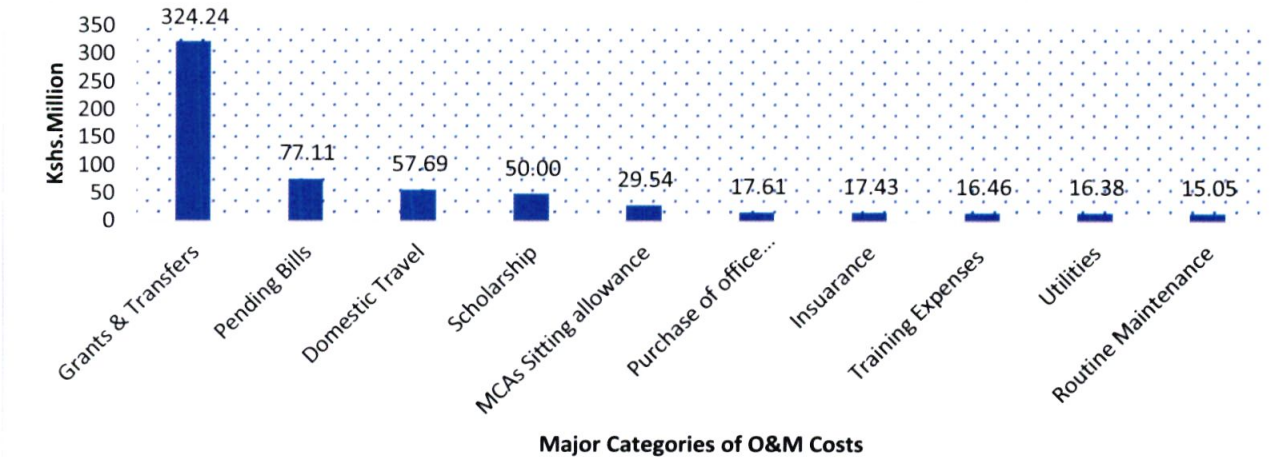
Source: Garissa County Treasury

The County Assembly spent Kshs.29.54 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.78.30 million. The average monthly sitting allowance was Kshs.102,563 per MCA. The County Assembly has 24 House Committees.

3.7.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.788.13 million on operations and maintenance, representing an increase of 35 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.581.88 million. Figure 42 summarises the Operations and Maintenance expenditure by major categories.

Figure 42: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: *Garissa County Treasury*

3.7.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.2.58 million on "*other operating expenses*,". This category of expenditure includes Kshs.2.58 million for Security Allowance. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.101.

Table 3.101: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
Assembly - Security Allowances	2120301-00001001-0707013310-3319000201	17,100,000	2,578,900
Executive - Sub County Operations-Administration - Contracted services,	2211399-00001001-0707053310-3320000301	1,000,000	-
Finance - Resource mobilisation program-Revenue - Contracted services,	2211399-00001001-0709023310-3321000301	300,000	-
Finance - Economic Planning - Contracted services,	2211399-00001001-0709053310-3321000401	500,000	-
Finance - Administration and Planning Services-Administration – General Office Supplies	2211399-00001001-0707013310-3321001201	500,000	-
	Total	**19,400,000**	**2,578,900**

Source: *Garissa County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: General Office Supplies, Security Allowances e.tc.*
- *Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, miscellaneous services, facilitation fee, etc*

3.7.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.90 million to County-Established funds in FY 2025/26, or 0.75 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.102 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.102: Performance of Garissa County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Disaster Management Fund/ Emergency	2014	40,000,000	-	-	724, 969,431	NO
2	Bursary Fund	2018	50,000,000	50,000,000	50,000,000	675,000,000	YES
3	Micro and Small Enterprises Development Revolving Fund	2015	-	-	-	40,000,000	NO
	Total		90,000,000	50,000,000	50,000,000	1,409,969,431	

Source: *Garissa County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Disaster Management Fund/ Emergency Fund Administrators and Micro and Small Enterprises Development Revolving Fund, as indicated in Table 3.103 , contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Bursary Fund were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of all the Funds had not lapsed.

3.7.13 County Corporations

The County has only one County Corporation, which is operational. It was allocated Kshs.50 million in FY 2025/26. The second one is still in the final stages before it commences. The total expenditure for the review period was nil, as shown in Table 3.103.

Table 3.103: Performance of Garissa County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Garissa Water and Sewerage Company	50,000,000	-	-	345,000,000
	Garissa Rural Water and Sewerage Company	-	-	-	-
	Total	50,000,000	-	-	345,000,000

Source: *Garissa County Treasury*

3.7.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.57.69 million and comprised Kshs.45.89 million spent by the County Assembly and Kshs.11.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.08 million and comprised Kshs.10.08 million by the County Assembly and nil by the County Executive. Expenditure on foreign travel is summarised in Table 3.104.

Table 3.104: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	26TH September to 7th October, 2025	Member travelled to Canada to represent the County Assembly of Garissa in a labour needs assessment mission organised by the Ministry of Labour and Social Protection	Canada	1,004,320	-	1,004,320
County Assembly	1	15th to 28th Sept, 2025	Leadership Development Skills by Strathmore Business School	Italy	990,690	-	990,690

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	6	17th to 21st Nov, 2025	Leadership Development Skills for County Assembly Members by ESAMI	Istanbul, Turkey	4,629,360	-	4,629,360
County Executive	8	16th to 24th Dec 2025	to attend a high-level study, visit and policy dialogue with key Rwandan Agencies and executives in local government systems, in Kigali, Rwanda, from	Rwanda Kigali	3,454,899	-	3,454,899
Total					10,079,269	-	10,079,269

Source: Garissa County Treasury and Garissa County Assembly

3.7.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.295.98 million as FIF, which was 117 per cent of the annual target of Kshs.252 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.235.56 million, as shown in Table 3.105.

Table 3.105: Garissa County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	189,881,368.80	181,596,042	96
2.	Level 4 Hospital	7	62,118,631.22	53,962,857	87
	Total		**252,000,000**	**235,558,899**	**93**

Source: *Garissa County Treasury*

3.7.16 Development Expenditure

In the review period, the County reported spending Kshs.1.23 billion on development programmes, representing an increase of five per cent compared to FY 2024/25, when the County spent Kshs.1.18 billion. Table 3.106 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the maturation of Kenya's devolution framework, the strategic prioritisation of infrastructure in Arid and Semi-Arid Lands (ASALs), and a significant influx of conditional grants from international development partners. Historically, Northern Kenya suffered from systemic underinvestment; however, the 2010 Constitution of Kenya mandated that a minimum of 30 per cent of county budgets be allocated to development, a threshold that Garissa has consistently aimed to exceed to address historical marginalisation.

Table 3.106: Garissa County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Health and Sanitation	Proposed Construction Of Mother and Child Hospital at Garissa County Referral Hospital	Garissa Township	6TH JUNE 2024	12TH JUNE 2026	663,678,404	180,000,000	72,000,000	270,000,000	50

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Youth And Sports	Construction Of Pavilion and Perimeter Fence at Garissa Primary School	Garissa Township	5TH FEBRUARY 2025	5TH FEB 2027	187,800,000	70,000,000	62,000,000	96,500,000	70
3	Road Transport and Public Works	Upgrading To Bitumen Standards of Bula Madina Burbris Road	Garissa Township	30TH JUNE 2025	5TH FEB 2026	93,060,016	93,500,000	52,000,000	52,000,000	60
4	Trade, Investments and Enterprise Development	Construction Of County Aggregation and Industrial Park	Garissa Township	23RD OCT 2023	26TH FEBRUARY 2026	490,636,205	50,000,000	50,000,000	450,000,000	90
5	Education, Information and ICT	Supply & Delivery of ECD & Vocational Centres Learning Materials	Garissa Township	23RD JUNE 2025	15TH JULY 2025	24,950,000	25,000,000	24,950,000	24,950,000	100
6	Agriculture, Livestock, and Pastoral Economy	Proposed renovation & completion of FSRP office block	Garissa Township	15TH JUNE 2025	30TH SEPTEMBER 2025	21,284,360	22,000,000	21,284,360	21,284,360	80
7	Water, Environment and Natural Resources	Proposed Construction Of Denka Water Pan In Lagdera	Lagdera	30TH JUNE 2025	30-Nov-25	16,814,060	18,000,000	16,814,060	16,814,060	100
8	Road Transport And Public Works	construction of the terminal building at Garissa airstrip	Garissa Township	7TH NOVEMBER 2024	30TH MARCH 2026	109,595,053	20,000,000	15,500,000	67,000,000	60
9	Water, Environment and Natural Resources	Proposed Construction of Daad Bilan Water Pan In Fafi	FAFI	23RD Jan 2026	30TH OCT 2025	14,695,057	15,000,000	14,695,057	14,695,057	100
10	Water, Environment and Natural Resources	Drilling and equipping of Arera Borehole	Lagdera	19TH Jan 2025	28-Sep-25	13,402,640	15,000,000	13,402,640	13,402,640	100

Source: *Garissa County Treasury*

The County reported 4 stalled development projects as of 31st December 2025, with an estimated value of Kshs.283.54 million, of which Kshs.38.65 has already been paid. The stalled projects are shown in Table 3.107.

Table 3.107: Garissa County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Health and Sanitation	Construction of Health Headquarters	Township	2018	2021	30,000,000	46,563,340	-	-	90
2	Health and Sanitation	Construction of Dispensary block at Gedilun Sangailu	Ijara	Jan, 2019	Dec, 2019	2,000,000	5,673,942	-	-	30
3	Health and Sanitation	Construction and Equipping of Cancer Centre	Township	2021	2022	30,000,000	222,289,475	-	-	5
4	Health and Sanitation	Construction of Maternity at Bura	Township	2020	2021	2,000,000	9,013,440	-	-	20
	TOTAL					64,000,000	283,540,197			

Source: Garissa County Treasury

3.7.17 Budget Performance by Department

Table 3.108 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.108: Garissa County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Pastoral	179.96	501.95	97.48	87.73	91.32	87.51	93.7	99.7	50.7	17.4
Culture, Gender, Youth and Sports	66.21	123	39.74	29.87	31.77	29	79.9	97.1	48.0	23.6
Roads, Transport and Public Works	104.82	866.82	78.03	324.04	51.35	322.34	65.8	99.5	49.0	37.2
Education, Information and ICT	454.66	164	166.69	76.73	165.39	75.99	99.2	99.0	36.4	46.3
Lands, Physical Planning and Urban Development	596.38	517.46	215.96	57.22	213.79	55.20	99.0	96.5	35.8	10.7
Finance and Economic Planning	1,047.88	116	463.07	27.60	388.93	26.58	84.0	96.3	37.1	22.9
Health and Sanitation	3,319	495	1,084.54	232.24	1,061.67	231.72	97.9	99.8	32.0	46.8
Trade, Investments and Enterprise Development	95.31	65	56.83	56.45	47.83	49.48	84.2	87.7	50.2	76.1
Water, Environment and Natural Resources	215.26	1,793.12	110.51	390.50	93.34	337.69	84.5	86.5	43.4	18.8
County Affairs, Public Service and Intergovernmental Relations	556.05	399.50	246.04	-	192.03	-	78.0	-	34.5	-
County Public Service Board	84.30	-	34.20	-	31.04	-		-	36.8	-

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,010.21	141.29	444.81	18.26	440.29	18.26	99.0	100.0	43.6	12.9
Total	7,730.03	5,183.14	3,037.89	1,300.63	2,808.74	1,233.77	92.5	94.9	36.3	23.8

Source: *Garissa County Treasury*

Analysis of expenditure by departments shows that the Department of Trade, Investments and Enterprise Development recorded the highest absorption rate of development budget at 76 per cent, followed by the Department of Health and Sanitation at 47 per cent. The Department of Agriculture, Livestock and Pastoral had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of County Affairs, Public Service and Intergovernmental Relations had the lowest at 35 per cent.

3.7.18 Budget Execution by Programmes and Sub-Programmes

Table 3.109 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.109: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Agriculture, Livestock & Pastoral							
Programme CP1. Agriculture, Livestock & Pastoral	CSP 1.1 Agriculture Administration & Support Services	113,176,039	438,949,791	58,257,983	87,508,999	51	20
	Total	**113,176,039**	**438,949,791**	**58,257,983**	**87,508,999**	**51**	**20**
Department Culture, Gender, Youth & Sports							
CP2. Gender and social services	**CSP 2.1 Social Protection,**	**1,025,000**	**53,000,000**		**28,997,669**	**0**	**55**
	Total	**1,025,000**	**53,000,000**	-	**28,997,669**	**0**	**55**
Department Roads, Transport and Public Works							
CP2.0 Road and transport	CSP2.1 Roads	1,667,200	866,820,186	700,000	322,335,449	42	37
	Total	**1,667,200**	**866,820,186**	**700,000**	**322,335,449**	**42**	**37**
Department of Education, Information and ICT							
CP1: General Administration and support services	**CSP1.1 Administration and Support Services**	**418,493,769**	**80,000,000**	**155,604,940**	**75,994,428**	**37**	**95**
	Total	**418,493,769**	**80,000,000**	**155,604,940**	**75,994,428**	**37**	**95**
Department of Lands, Physical Planning and Urban Development							
CP 1: Administration	**CSP 1.1 Urban Administration & Support Services**	**568,910,464**	**517,462,888**	**213,787,688**	**55,195,108**	**38**	**11**
CP 2: Lands & physical planning	**CSP 2.1 Lands Services**	**7,000,000**	-	-	-	-	-
	CSP 2.2 Physical Planning	**7,450,000**	-	-	-	-	-
	Sub-Total	**14,450,000**	-	-	-	-	-
CP3: Housing Program	**CSP 3.1 Housing Services**	**4,500,000**	-	-	-	-	-
CP4: Urban Development	**CSP 4.1 Urban development and Infrastructure**	**1,500,000**	-	-	-	-	-
	CSP 4.2 Urban Disaster and Risk Management	**6,114,626**	-	-	-	-	-
	CSP 4.3 Urban Sanitation Services	**900,000**	-	-	-	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	**8,514,626**	-	-	-	-	-
	Total	**596,375,090**	**517,462,888**	**213,787,688**	**55,195,108**	**36**	**11**
Department of Finance and Economic Planning							
CP1: Administration and Support Services	CSP1.1 Administration and Support Services	940,734,434	116,000,000	329,935,515	**26579840**	35	23
	Total	**940,734,434**	**116,000,000**	**329,935,515**	**26,579,840**	**35**	**23**
Department of Health and Sanitation							
CP1: Governance, quality assurance and support services	**CSP 1.1 Administration and Support Services**	**3,041,043,227**	**495,000,000**	**894,030,617**	**231721874**	**29**	**47**
	Total	**3,041,043,227**	**495,000,000**	**894,030,617**	**231,721,874**	**29**	**47**
Department Trade, Investments and Enterprise Development							
CP3.Industrialization and investment programme	**CSP 3.1 Industrialisation and investment programme**	**1,400,000**	**65,000,000**	**1,000,000**	**49,483,953**	**71**	**76**
	Total	**1,400,000**	**65,000,000**	**1,000,000**	**49,483,953**	**71**	**76**
Department of Water, Environment and Natural Resources							
CP1: Water Services	CSP1.1 Administration and Support Services	159,307,166	852,116,944	75,638,782	337,693,167	**47**	40
	Total	**159,307,166**	**852,116,944**	**75,638,782**	**337,693,167**	**47**	**40**
Department County Assembly							
CP1: Administration, Planning and Support Services.	CSP 1.1 Office of the Clerk	662,514,789	141,287,132	220,817,219	18,263,626	**33**	**13**
	Total	**662,514,789**	**141,287,132**	**220,817,219**	**18,263,626**	**33**	**13**
	Grand Total	**5,908,272,088**	**3,625,636,941**	**1,949,772,744**	**1,233,774,113**	**33**	**34**

Source: *Garissa County Treasury*

The development sub-programmes with the highest budget implementation rates included General Administration and support services in the Department of Education, Information and ICT at 95 per cent, Industrialization and investment programme in the Department of Trade, Investments and Enterprise Development at 76 per cent, and Administration and Support Services programme in the Department of Health and sanitation at 47 per cent. For recurrent sub-programmes, the top performers were Cooperatives Development in the Department of Agriculture, Livestock & pastoral at 78 per cent, Veterinary Service in the Department of Agriculture, Health products and technologies in the Department of Health and sanitation at 70 per cent, Livestock & pastoral in the Department of Agriculture, Livestock & pastoral at 63 per cent and Special Programmes in the Department of Finance and Economic Planning at 63 per cent.

Their higher performance rates for General Administration and Support Services (95% in Education and 47% in Health) are primarily attributed to the centralised nature of these expenditures. Administration sub-programmes often cover "fixed" costs and essential operational overheads, prioritised to ensure the department's basic functionality. These programmes often include the processing of salaries, utility payments, and office maintenance, which are the first to be funded upon the release of the exchequer. The Industrialisation and Investment programme (76%) in the Department of Trade achieved a high implementation rate due to its alignment with national flagship projects. This project is a joint venture with the National Government; it benefits from stricter procurement timelines and dedicated funding streams that bypass some of the typical local bureaucratic delays. The Health Products and Technologies (HPTs) sub-programme (70%) performed strongly because it represents the "lifeblood" of the county's medical services. Under the Facility Improvement Financing (FIF) Act, health facilities in Garissa gained the autonomy to collect, retain, and spend revenue at the source. This enabled consistent procurement of drugs and laboratory reagents without waiting for the County Treasury's lengthy disbursement cycle.

Table 3.110 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.110: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Agriculture, Livestock & Pastoral							
CP2: Livestock Pastoral Economy	CSP 2.1 Livestock Administration and Support Service	56,980,760	43,000,000	28,010,554	-	49	-
	CSP 2.4 Veterinary Service	3,350,000	20,000,000	2,100,000		63	-
	Total	**60,330,760**	**63,000,000**	**30,110,554**	-	**50**	-
Department Culture, Gender, Youth & Sports							
CP4. Youth and Sport Development	CSP4.2 Sports & talent development	3,263,600	70,000,000	1,230,000	-	38	-
	Total	**3,263,600**	**70,000,000**	**1,230,000**	-	**38**	-
Department of Education, Information and ICT							
CP2. Education Development	CSP 2.1 E.C. D	24,234,909	74,000,000	9,632,288	-	40	-
	CSP 2.2 Vocational Training	3,001,200	10,000,000		-	-	-
	Total	**27,236,109**	**84,000,000**	**9,632,288**	-	**35**	-
Department of Water, Environment and Natural Resources							
CP1: Water Services	CSP 1.2 Water Infrastructure Development		435,000,000	-	-	-	-
	Sub-Total	-	**435,000,000**	-	-		-
	CSP 4.2 climate change and adaptation	11,710,000	506,000,000	4,600,200		**39**	-
	Sub-Total	**11,710,000**	**506,000,000**	**4,600,200**	-	**39**	-
	Total	**11,710,000**	**941,000,000**	**4,600,200**	-	**39**	-
Department County Executive Services							
CP1 Executive Services	CSP 1.1 Governor Operations	57,900,000	10,000,000	14,361,929	-	**25**	-
	CSP 1.2 Deputy Governor Operations	34,620,000		19,000,000	-	**55**	
	CSP 1.3County Secretary	49,656,215	10,000,000	23,000,000	-	**46**	-
	CSP 1.4 Operations & Sub-County Administration	272,802,589	22,000,000	97,032,288	-	**36**	-
	CSP 1.5 Intergovernmental & public participation	55,812,430	352,500,000	16,000,000	-	**29**	-
	CSP 1.6 County Attorney sub programme	28,500,000		2,000,000	-	7	
	CSP1.7 HRM DPT	34,980,000	5,000,000	14,500,000	-	**41**	-
	Total	**534,271,234**	**399,500,000**	**185,894,217**	-	**35**	-
	Grand Total	**636,811,703**	**1,557,500,000**	**231,467,259**	-	**36**	-

Source: *Garissa County Treasury*

The development sub-programmes with the lowest budget implementation rates included Livestock Administration and Support Service and Veterinary Service in the Department of Agriculture, Livestock & Pastoral, Sports & Talent Development in the Department of Culture, Gender, Youth & Sports, Education Development programme, Water Services programmes and Executive services programmes, all at zero per cent. For recurrent sub-programmes, poor performers were Social Protection sub programme and Youth development programme in the Department of Culture, Gender, Youth & Sports at zero per cent, Vocational Training in the Department of Education, Information and ICT at zero per cent, Lands & physical planning programme, Housing Program

and Urban Development programme all in the Department of Lands, Physical Planning and Urban Development at zero per cent.

These lower performances are attributed to the complexity of the procurement cycle. The transition from budget approval to contract award is fraught with delays. Many departments fail to initiate procurement plans at the start of the fiscal year, leading to a "bunching" of projects in the final quarter that cannot be completed. In specialised sectors such as Veterinary Services or ICT, a lack of internal technical expertise to draft precise "Bills of Quantities" (BQs) or tender documents leads to repeated retendering or total stagnation. In some instances, "Executive Services" programs may be stalled due to shifting political priorities or the redirection of funds to "emergency" needs not captured in the original budget.

3.7.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 26 accounts in commercial banks, including 12 for Health Facilities, 2 for Vocational Training Centres, 5 for Established Funds, 1 revenue account, 1 special-purpose account (additional allocations), and 4 for departmental operations.

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of 26 commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.7.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Garissa County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 26th January, 2026.
ii. The underperformance of own-source revenue at Kshs.22.57 million against an annual target of Kshs.198 million, representing 11 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.1.23 billion on development activities, achieving a 23.8 per cent absorption rate.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.182.53 million for 195 staff not onboarded into HRIS and 508 casual staff processed through manual payroll, accounting for 7 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

3.8. County Government of Homa Bay

3.8.1 Overview of FY 2025/26 Budget

The Homa Bay County Approved Budget for FY 2025/26 is Kshs.12.19 billion. It comprises Kshs.4.13 billion (34 per cent) and Kshs.8.06 billion (66 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.945.40 million, equivalent to a 7 per cent decrease from the FY 2024/25 budget of Kshs.13.13 billion, which comprised a development budget of Kshs.5.19 billion and a recurrent budget of Kshs.7.94 billion.

The budget is to be financed through various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.8.54 billion (70 per cent), additional allocations of Kshs.1.65 billion (14 per cent), share of equalisation funds of Kshs.124 million (1 per cent), a cash balance of Kshs.243.75 million (2 per cent) brought forward from FY 2024/25, and Kshs.1.63 billion (13 per cent) to be generated as own-source revenue. The own-source revenue comprised Kshs.566.18 million to be deposited into the CRF and Kshs.1.06 billion for the Facility Improvement Fund (revenue from health facilities) to be spent at source. A breakdown of the additional allocations is shown in Table 3.111.

3.8.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenue of Kshs.4.05 billion. This amount represented a 13 per cent decrease compared to the amount received in a similar period in FY 2024/25, which was Kshs.4.65 billion. The total revenue consisted of Kshs.3.30 billion from the equitable share of revenue raised nationally, own-source revenue (OSR) collection of Kshs.652.26 million, as well as a cash balance of Kshs.106 million from FY 2024/25. The balance brought forward from FY 2024/25 includes Kshs.102.34 million for additional allocations (conditional grants) from FY 2024/25.

The total OSR collection of Kshs.652.26 million included Facilities Improvement Financing (FIF) of Kshs.Kshs.507.70 million and Kshs.144.57 million from other OSR sources. Table 3.111 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.111: Homa Bay County, Revenue Performance in the First Half of FY 2025/26

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	8,539,802,361	3,295,234,548	39
Sub-Total		**8,539,802,361**	**1,386,183,858**	**39**
B.	**Equalisation Fund Disbursement**	124,000,500	-	-
Sub-Total		**124,000,500**	-	-
C.	**Additional Allocations**			
1	National Value Chain Development Project (NAVCDP)	151,515,152	-	-
2	DANIDA	21,383,750	-	-
3	Financing Locally-Led Climate Actions Programme -CCRI&CCRIG) IDA &KFW	251,984,144	-	-
4	Financing Locally-Led Climate Actions Programme -CCIS	11,000,000	-	-
5	Kenya Informal Settlements Improvement Programme (KISIP)II	474,207,780	-	-
6	Kenya Urban Support Programme (UIG)	35,000,000	-	-
7	Road Maintenance Levy	140,000,000	-	-
8	Kenya Urban Support Programme (UDG)	39,000,000	-	-
9	Kenya Urban Support Programme (UDG)	20,000,000	-	-
10	Kenya Devolution Support Programme (KDSPII)	390,000,000	-	-
11	Community Health Promoters (CHP)	88,620,000	-	-
12	Kenya Agricultural Business Development Programme (KABDP)	10,918,919	-	-
13	Aquaculture Business Development Programme (ABDP)	12,909,422	-	-
Sub-Total		**1,646,539,167**	-	-

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
D.	**Own Source of Revenue**			
1	Bricks/Sand/Murram/Stones	69,400,300	33,479,956	48
2	Bus Park Fees	60,679,625	22,178,423	37
3	Market Dues	54,670,340	19,736,723	36
4	Other Cess Income	27,400,560	13,304,534	49
5	Miscellaneous Incomes	8,400,400	13,118,547	156
6	Single Business Permit	117,560,340	9,623,335	8
7	Stall/Kiosk Rents	12,090,700	4,559,220	38
8	Approval plans/Transfers/Certificates	16,568,000	3,848,870	23
9	Land Rates/Plot Rents	36,560,500	3,718,973	10
10	Taxi /Motorbike Fees	46,789,369	3,328,061	7
11	Lease Charges/Consent/Transfers	2,690,500	2,875,869	107
12	Fish Cess	18,580,790	2,777,201	15
13	Liquor Licencing	20,678,230	2,751,500	13
14	Other own source revenues	74,111,104	9,268,235	13
Sub-Total		**566,180,758**	**144,569,447**	**26**
E.	**Facility Improvement Fund (FIF)**			
	SHIF	1,064,906,565	507,694,996	48
Sub-Total		**1,064,906,565**	**507,694,996**	48
F.	**Balance Brought Forward from FY 2024/25**			
1	Balance at CRF	243,747,552	104,157,173	43
2	County Executive Refunds to CRF	-	1,622,323	-
3	County Assembly Refunds to CRF	-	219,437	-
Sub-Total		**243,747,552**	**105,998,933**	**43**
Grand Total		**12,185,176,903**	**4,051,461,335**	33

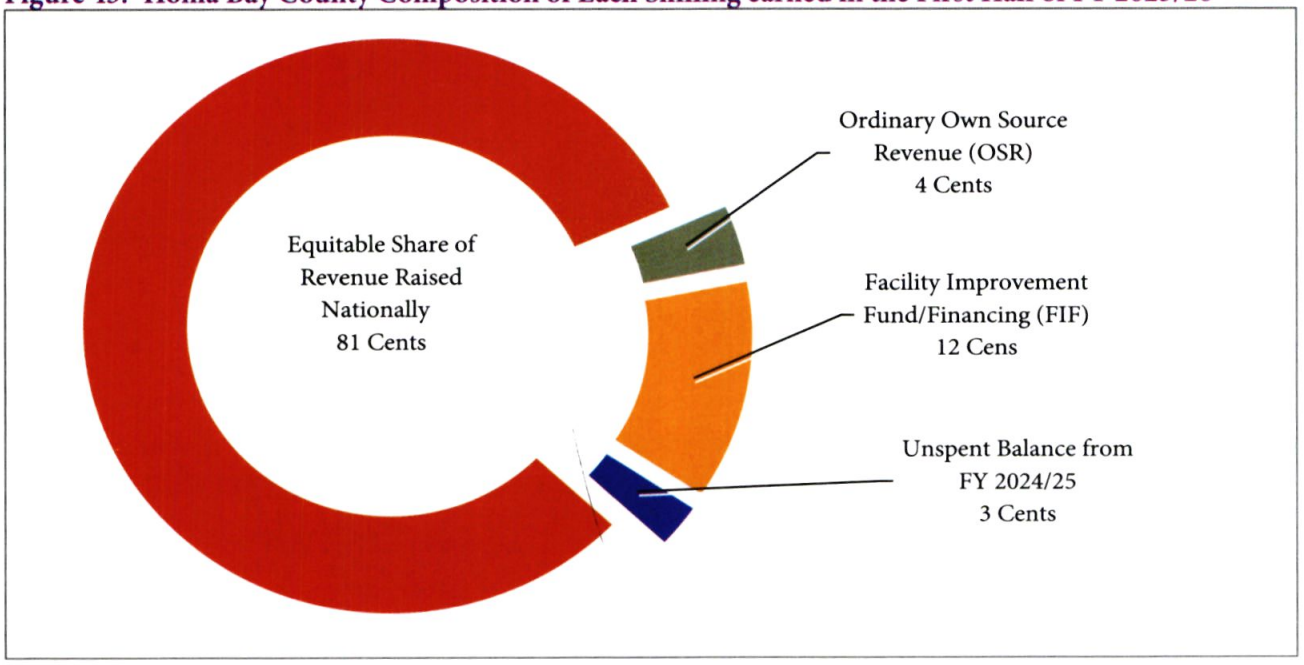
Source: *Homa Bay County Treasury*

Note: The balance brought forward from FY 2024/25 includes Kshs.102.34 million relating to additional allocations (conditional grants) from FY 2024/25.

It is worth noting that the County Assembly enacted the Homa Bay County Facility Improvement Fund Act, 2023, which enabled County health facilities to collect and retain user-fee revenue to offset operational, management, and capital costs.

Figure 43 provides a detailed breakdown of receipts, showing a breakdown of each shilling received.

Figure 43: Homa Bay County Composition of Each Shilling earned in the First Half of FY 2025/26

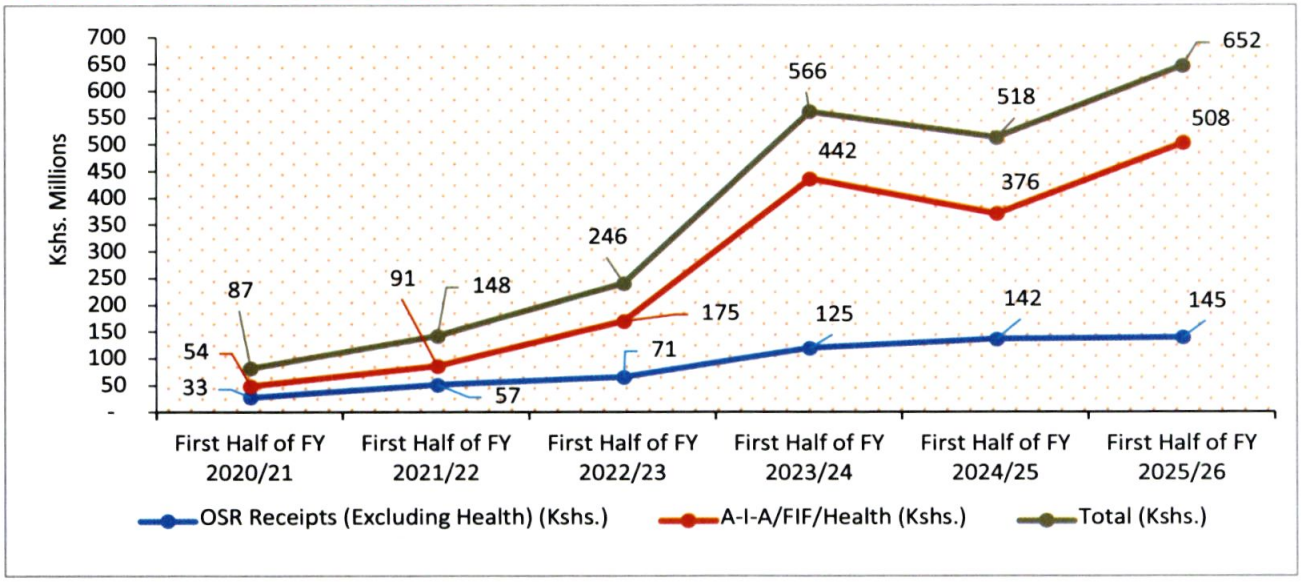


Source: *Homa Bay County Treasury*

The equitable share of revenue raised nationally, Facility Improvement Fund (FIF), and ordinary Own source Revenue (OSR) contributed 81 per cent, 12 per cent, and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 44 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 44: Homa Bay County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

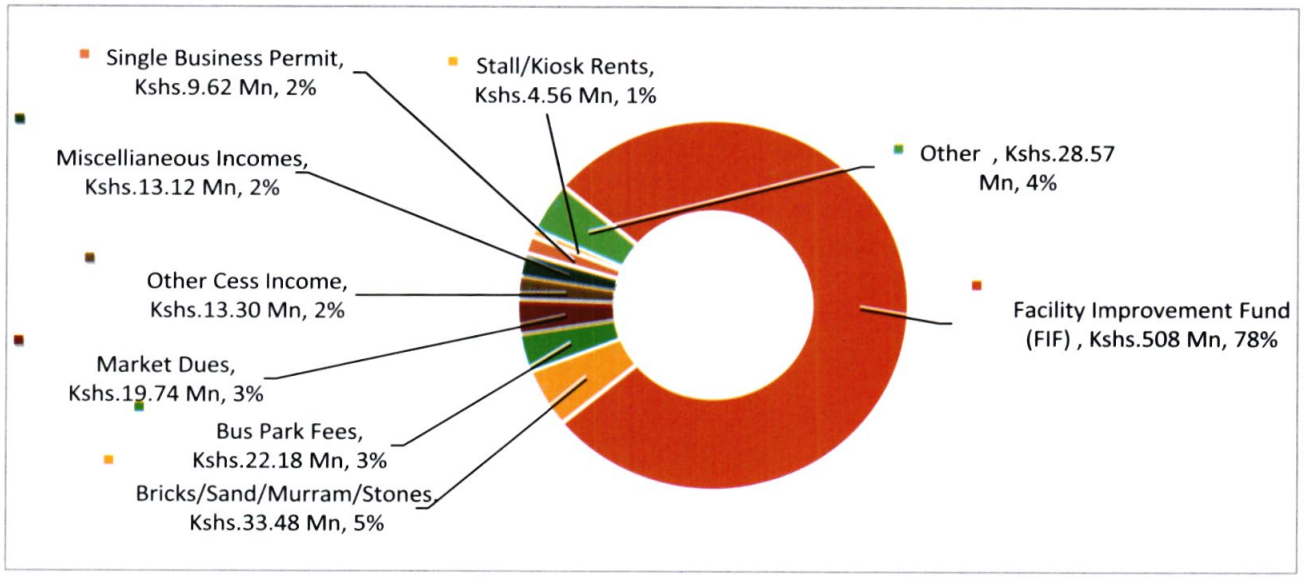


Source: *Homa Bay County Treasury*

During the First Half of FY 2025/26, the County generated Kshs.652.26 million in revenue, including FIF. This amount was an increase of 26 per cent compared to Kshs.517.87 million realised in the similar period in FY 2024/25, and was 20 per cent of the annual target and 40 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 45

Figure 45: Homa Bay County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Homa Bay County Treasury*

As shown in Figure 45, the highest revenue stream, at Kshs.507.70 million, was from the Facility Improvement Fund (F.I.F), accounting for 78 per cent of the total OSR receipts. The County Government has automated all the revenue streams.

3.8.3 Revenue Arrears/Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.26.35 million, reduced to Kshs.23.27 million as of 31st December, 2025. Table 3.112 presents a breakdown of the County's revenue arrears.

Table 3.112: Homa Bay County Revenue Arrears as of 31st December, 2025

No	Revenue Stream	Revenue Arrears as of 1st July 2025 (Kshs.)	Progress made in the First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	E=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
	Cess	1,038,410	-	1,038,410	-	-
	Land rates	25,314,569		2,048,202	-	**23,266,367**
Total		**26,352,979**	-	**3,086,612**	-	**23,266,367**

Source: *Homa Bay County Treasury*

As of 31st December, 2025, the total revenue arrears amounted to Kshs.23.27 million, all of which related to land rates. The County issued demand letters to defaulters as part of its efforts to collect the outstanding arrears in FY 2025/26.

3.8.4 Borrowing by the County

The County Executive, in accordance with the authorisation from the County Assembly, agreed with Equity Bank (K) Limited for the advance payroll management overdraft facility. The agreement provided for the advance Payroll Management Overdraft facility at an interest rate of 1.5 per cent and an excise duty of 20 per cent on the interest and bank charges. As of 31st December, 2025, the outstanding payroll management overdraft facility from Equity Bank (K) limited amounted to Kshs.472.64 million.

We also note that the County Government of Homa Bay entered into a tenant purchase agreement, on 6th May, 2024, with the County Pension Fund (CPF) for the construction of the Homa Bay County Headquarters and ancillary facilities, i.e. the Ampitheatre and the Ushuru Centre. The total project cost of Kshs.820 million, with a monthly repayment of Kshs.17,250,000 over a period of four years.

3.8.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.83 billion from the Homa Bay County Revenue Fund (CRF) account. This amount consisted of Kshs.490.53 million (13 per cent) designated for development programmes and Kshs.3.34 billion (87 per cent) allocated for recurrent programmes.

Analysis of the released recurrent exchequers shows that Kshs.2.99 billion was allocated to employee compensation and Kshs.352.04 million to operations and maintenance expenditures. Within the operations and maintenance category, 41 per cent was allocated to domestic travel, accommodation, and subsistence allowances. The domestic travel exchequer totalled to Kshs.145.16 million, all of which was requested by the County Assembly. The County entities did not submit any withdrawal requests for foreign travel, accommodation, and subsistence allowances.

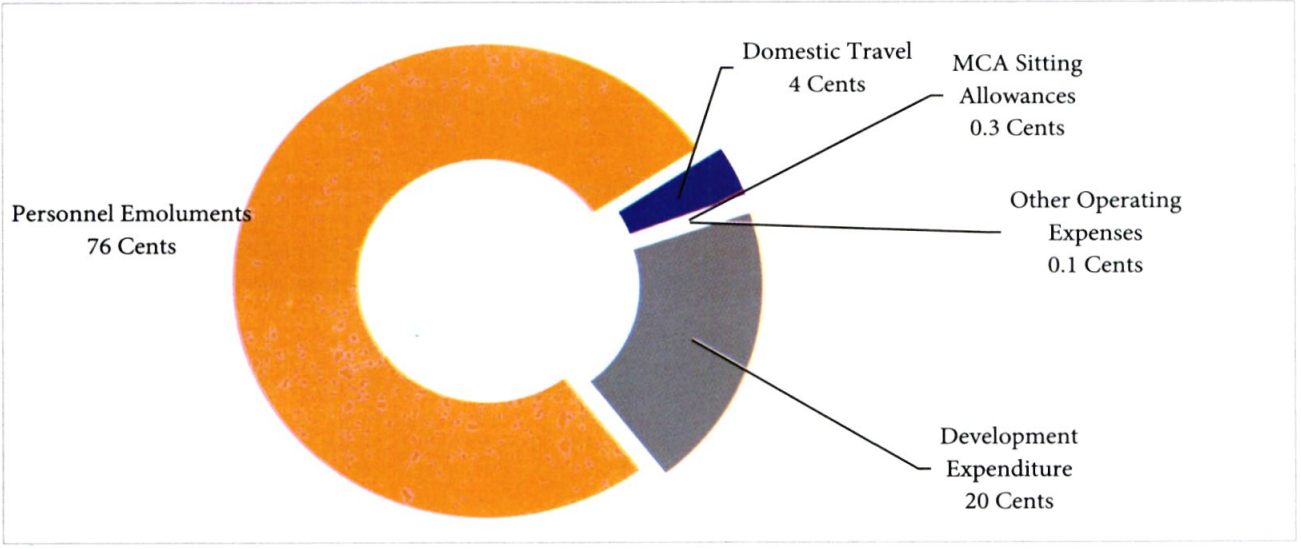
As of 31st December, 2025, the County Government's cash balance in the CRF account was Kshs.1.74 million.

3.8.6 Expenditure Review

The County spent Kshs.4.10 billion on development and recurrent programmes during the reporting period. The expenditure represented 107 per cent of the total funds released by the CoB. It comprised Kshs.773.17 million for development programmes and Kshs.3.33 billion for recurrent programmes. Expenditure on development programmes accounted for 19 per cent of the annual budget, while recurrent expenditure accounted for 41 per cent.

Figure 46 provides a detailed breakdown of expenditure, showing the relative composition of each shilling spent.

Figure 46: Homa Bay County Composition of Each Shilling Paid in the First Half of FY 2025/26



Source: *Homa Bay County Treasury*

As shown in Figure 46, the three highest expenditure categories were personnel emoluments, Development expenditure and domestic travel accounted for 76, 20, and 4 per cent of total expenditure for the reporting period, respectively.

3.8.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.43 billion. This amount consisted of Kshs.2.11 billion from the County Executive and Kshs.319.71 million from the County Assembly. The trade payables from the County Executive comprised Kshs.857.91 million for recurrent expenditures and Kshs.1.25 billion for development expenditures, while trade payables from the County Assembly amounted to Kshs.119.01 million for recurrent expenditures and Kshs.200.70 million for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.01 billion, comprising Kshs.666.28 million (66 per cent) for recurrent programmes and Kshs.345.50 million (34 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.10.86 million, which included Kshs.7.86 million (72 per cent) for recurrent activities and Kshs.3 million (28 per cent) for development activities. The outstanding trade payables as of 31st December, 2025, were Kshs.1.09 billion for the County Executive and Kshs.301.14 million for the County Assembly. Table 3.113 provides additional details of trade payables.

Table 3.113: Homa Bay County Trade Payables as of 31st December, 2025

	County Entity	Development	Recurrent	Total
As at 1st July 2025 (End of FY 2024/25)	County Executive	1,248,313,280	857,909,645	2,106,222,924
	County Assembly	200,703,178	119,006,988	319,710,166
	Total	**1,449,016,457**	**976,916,633**	**2,425,933,090**
Amount paid in FY 2025/26	County Executive	345,503,102	666,281,753	1,011,784,855
	County Assembly	3,000,000	7,860,450	10,860,450
	Total	**348,503,102**	**674,142,203**	**1,022,645,305**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding trade payables as of 31st December, 2025 (Kshs.)	County Executive	902,810,178	191,627,892	1,094,438,069
	County Assembly	197,703,178	103,438,538	301,141,716
	Total	**1,100,513,356**	**295,066,430**	**1,395,579,785**

Source: *Homa Bay County Treasury*

The County Executive and County Assembly submitted a trade payables payment plan. The County Executive noted that they will consistently settle trade payables, in varying amounts, with each tranche of the equitable share of revenue raised nationally, as per the plan. In contrast, the County Assembly did not submit its trade payables payment plan. Table 3.114 and Table 3.115 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and County Assembly, which amounted to Kshs.1.81 billion.

Table 3.114: Homa Bay County Executive trade payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	365,856,814	536,953,364	-	-	902,810,178
Recurrent Trade Payables (Goods & Services)	66,681,507	71,147,976	50,304,602	3,493,807	191,627,892
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	66,681,507	71,147,976	50,304,602	3,493,807	191,627,892
Total Trade Payables	432,538,321	608,101,340	50,304,602	3,493,807	1,094,438,069
% of Total	40	56	5	0.3	100

Source: *Homa Bay County Treasury*

Table 3.115: Homa Bay County Assembly trade payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	48,778,747	127,208,276	21,716,154	197,703,178
Recurrent Trade Payables (Goods & Services)	-	1,056,150	41,771,145	60,611,243	103,438,538
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	1,056,150	41,771,145	60,611,243	103,438,538
Total Trade Payables	-	49,834,898	168,979,421	82,327,397	301,141,716
% of Total	-	17	56	27	100

Source: *Homa Bay County Treasury*

3.8.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.80 billion for employee compensation, Kshs.140.49 million for operations and maintenance, and Kshs.746.73 million for development activities. Similarly, the County Assembly spent Kshs.191 million on compensation of employees, Kshs.202.56 million on operations and maintenance and Kshs.26.44 million on development activities, as shown in Table 3.116.

Table 3.116: Homa Bay County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Exec -utive	Asse-mbly	Executive	Assembly	Exec-utive	Asse-mbly
Total Recurrent Expenditure	7,022,296,202	1,032,734,503	2,935,981,449	393,561,339	-	-	2,935,981,449	393,561,339	42	38
Compensation of Employees	5,393,053,980	477,225,034	2,795,495,738	191,003,888	-	-	2,795,495,738	191,003,888	52	40
Operations and Maintenance	1,629,242,222	555,509,469	140,485,711	202,557,451	-	-	140,485,711	202,557,451	9	36
Development Expenditure	**3,986,807,712**	**143,338,488**	**746,732,536**	**26,438,661**	-	-	**746,732,536**	**26,438,661**	**19**	**18**
Total										

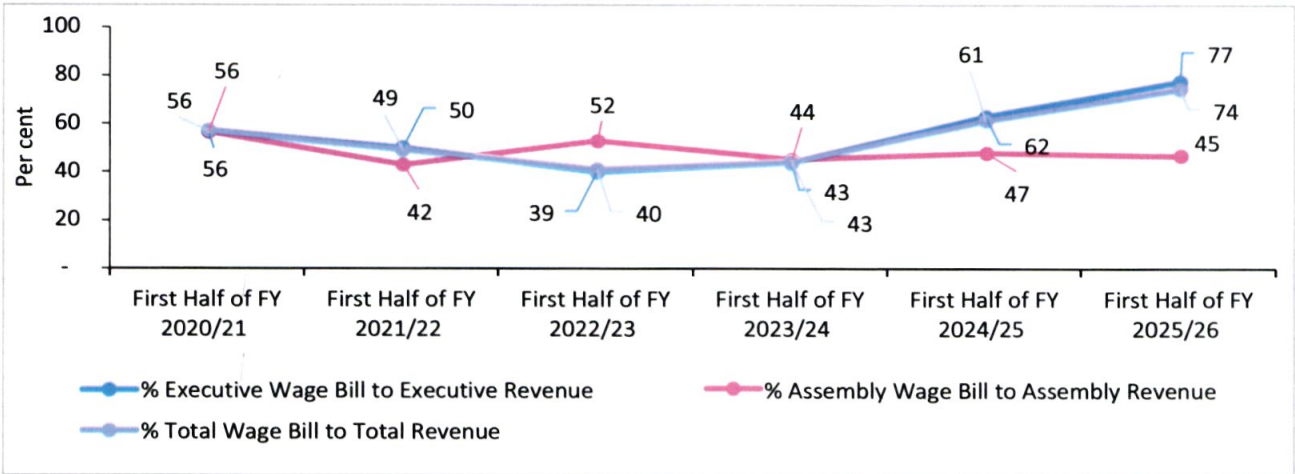
***Source**: Homa Bay County Treasury*

3.8.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.99 billion, accounting for 74 per cent of available revenue. This expenditure on employee compensation increased by 6 per cent to Kshs.2.82 billion, up from Kshs.2.82 billion reported in the same period in FY 2024/25. Of this total, Kshs.1.40 billion was spent on Health Sector employees, accounting for 47 per cent of the overall employees' compensation. The increase in PE expenditure in the reporting period, compared to the same period in FY 2024/25, is attributable to the annual salary increments for various staff cadres.

Figure 47 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 47: Percentage of Employee Compensation to Total Revenue Received from the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source:** Homa Bay County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.94 billion were processed through the Human Resource Information System (HRIS). On the other hand, Kshs.48.11 million was processed through manual payroll, accounting for 2 per cent of the total PE cost.

The manual payroll covers gratuity remittances to pension schemes for staff on contractual terms, as shown in Table 3.117.

Table 3.117: Breakdown of Homa Bay County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for the County Assembly staff who were yet to be onboarded into HRIS	-
2.	LAPTRUST/LAPFUND Pension Contributions	-
3.	Gratuity for contract staff	48,108,071
	Total	**48,108,071**

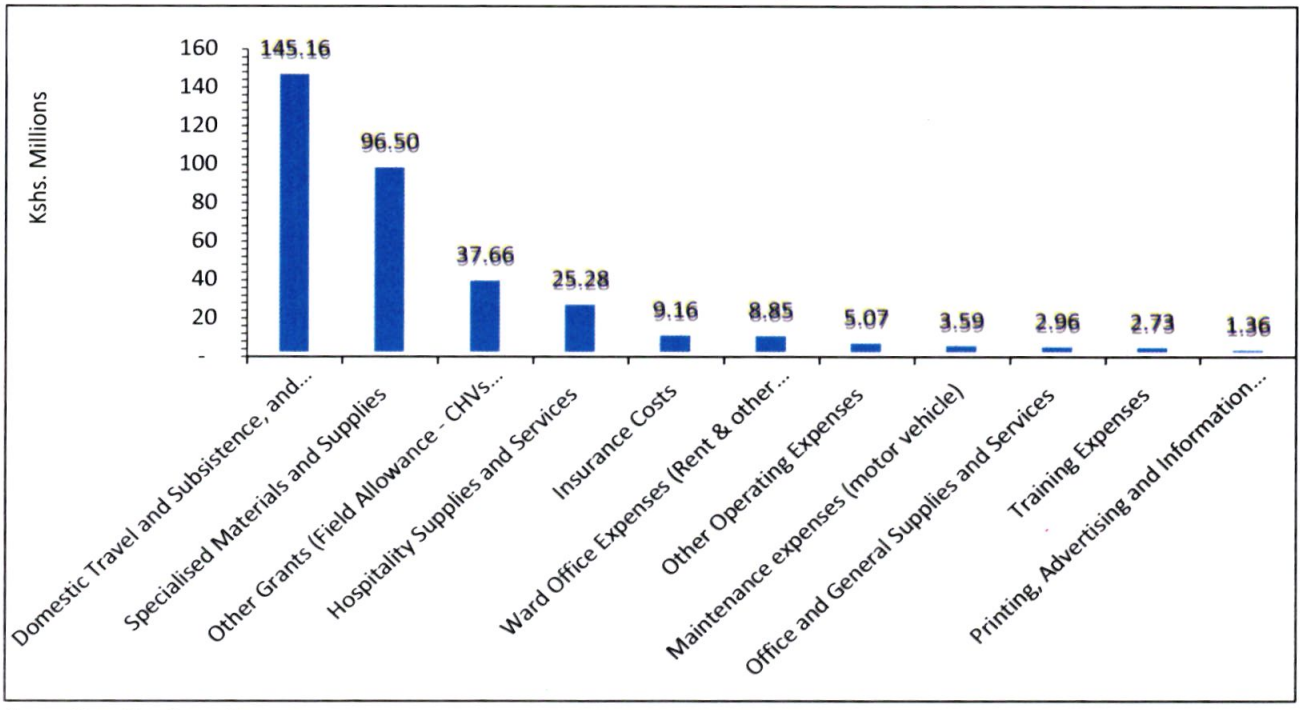
Source: *Homa Bay County Treasury*

The County Assembly spent Kshs.11.81 million on committee sitting allowances for the 54 MCAs against the annual budget allocation of Kshs.45.68 million. The average monthly sitting allowance was Kshs.36,440 per MCA. The County Assembly has 22 House Committees.

3.8.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.343.04 million on operations and maintenance, representing an increase of 60 per cent compared to the same period in FY 2024/25, when the County spent Kshs.214.91 million. Figure 48 summarises the Operations and Maintenance expenditure by major categories.

Figure 48: Homa Bay County, Operations and Maintenance Expenditure by Major Categories



Source: *Homa Bay County Treasury*

3.8.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.401.88 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.17.23 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.118 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.118: Performance of Homa Bay County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds						
1.	Homa Bay County Bursary Fund	2015	215,000,000	-	-	Yes

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
2.	Homa Bay Emergency Fund	2016	17,231,742	-	-	Yes
3.	Homa Bay County Car Loan and Mortgage Scheme Fund	2016	38,263,559	-	-	Yes
4.	Homa Bay County Alcoholic Drinks Control Fund	2015	-	-	-	Yes
County Assembly Established Funds						
5.	Homa Bay County Assembly Car Loan and Mortgage Scheme Fund	2016	131,385,496	-	-	No
	Total		**401,880,797**	-	-	

Source: *Homa Bay County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Homa Bay County Assembly Car Loan and Mortgage Scheme Fund Administrator, as indicated in Table 3.118, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespans of the Homa Bay County Bursary Fund and the Homa Bay County Alcoholic Drinks Control Fund expired on 31st December 2025, necessitating a review and extension of these public funds to prevent operational disruptions.

3.8.12 County Corporations

The County Government of Homa Bay has one County Corporation, namely the Homa Bay County Water and Sanitation Company Limited (HOMAWASCO). We note that the County allocated Kshs.15 million in capital transfers to HOMAWASCO under the water supply and management services programme. However, the County did not make any capital transfers nor incur any expenditure on the Corporation.

3.8.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.145.16 million, all of which was incurred by the County Assembly. The County Entities did not incur any expenditure on foreign travel during the reporting period.

3.8.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.507.69 million as FIF, which was 48 per cent of the annual target of Kshs.1.06 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023, as well as the Homa Bay County Facility Improvement Fund Act, 2023, which allowed the County's health facilities to collect and retain revenue paid as user fees to defray operational, management, and capital costs.

The expenditure by health facilities amounted to Kshs.307.51 million, as shown in Table 3.119.

Table 3.119: Homa Bay County Health Facilities Expenditure Performance in the first half of FY 2025/26

N°.	Health facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 5 Hospital	1	274,000,000	85,118,744	31
2	Level 4 Hospitals	23	757,000,000	170,639,875.46	23
3	Level 2 and Level 3 Health facilities	207	19,906,505	51,753,712	260
	Total		**1,064,906,565**	**307,512,331.46**	**29**

Source: *Homa Bay County Treasury*

3.8.15 Development Expenditure

In the review period, the County reported spending Kshs.773.17 million on development programmes, a decrease of 13 per cent

from FY 2024/25, when the County spent Kshs.889.32 million. Table 3.120 summarises the development projects with the highest expenditure in the reporting period.

Table 3.120: Homa Bay County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Budget allocation/Contract sum (Kshs)	Expenditure in the First Half of FY 2025/26 (Kshs.)	Percentage (%) of Completion
Donor Funded Projects						
1	Lands, Physical Planning, Housing and Urban Development	Kenya Informal Settlements Improvement Programme (KISIP) II	All Sub Counties	68,000,000	68,000,000	100
2	Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change	Financing Locally-Led Climate Actions Programme -CCRI&CCRIG) IDA &KFW	All Sub Counties	34,340,021	34,340,021	100
County Funded projects						
1	Executive Office of the Governor	Construction of the County Headquarters	Homa Bay Town Sub-County	210,000,000	48,750,000	100
2	Public Health and Medical Services	Construction of Accident and Emergency structure works at Homa Bay County Teaching and Referral Hospital	Homa Bay County Teaching and Referral Hospital	140,000,000	26,500,000	80
3	Roads, Public Works, Transport and Infrastructure	Routine Maintenance of Koliech - Nyang'ira Road in Ruma Kaksingri Ward	Suba South Sub-County	6,545,000	6,545,000	100
4	Finance and Economic Planning	Construction of maternity at Orego Health Centre in Homa Bay East ward	Homa Bay Town Sub-County	5,980,750	5,980,750	100
5	Roads, Public Works, Transport and Infrastructure	Nyarandi-Kabondo Road opening	Rachuonyo East Sub-County	4,985,150	4,985,150	100
6	Roads, Public Works, Transport and Infrastructure	Konyango Rabuor-Nyarandi Road opening	Homa Bay Town Sub-County	4,975,455	4,975,455	100
7	Roads, Public Works, Transport and Infrastructure	Proposed Maintenance Of Otati -Seka-Magunga Road In Suba South Sub-County	Suba North Sub-County	4,889,516	4,889,516	100
8	Roads, Public Works, Transport and Infrastructure	Routine Maintenance of Mawega - Kodumba Road	Rachuonyo North Sub-County	4,875,500	4,875,500	100
9	Finance and Economic Planning	Proposed Maintenance Of Kamalaki-Kongere Road In Rachuonyo South Sub-County	Rachuonyo North Sub-County	4,874,900	4,874,900	100

***Source**: Homa Bay County Treasury*

***Note:** The expenditures for most of the project listed in the table above relate to trade payables from previous financial periods.*

3.8.16 Budget Performance by Department

Table 3.121 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.121: Homa Bay County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Department of Finance and Economic Planning	565.42	261.23	228.29	35.26	228.29	35.26	100.0	100.0	40.4	13.5

Department	Budget Allocation (Kshs.Million		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	69.83	-	19.13	-	19.13	-	100.0	-	27.4	-
County Assembly Service Board	1,032.73	143.34	393.56	26.44	393.56	26.44	100.0	100.0	38.1	18.4
Homa Bay Municipal Board	29.92	49.13	4.04	-	4.04	-	100.0	-	13.5	-
Office of the Deputy Governor and Department of Agriculture and Livestock	234.74	253.96	66.10	1.50	66.10	1.50	100.0	100.0	28.2	0.6
County Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	124.55	56.52	29.06	-	29.06	-	100.0	-	23.3	-
County Department of Roads, Public Works, Transport and Infrastructure	158.24	699.47	43.48	181.40	43.48	181.40	100.0	100.0	27.5	25.9
County Department of Blue Economy, Fisheries, Mining and Digital Economy	124.40	47.20	35	2.69	35	2.69	100.0	100.0	28.1	5.7
County Department of Education, Human Capital Development and Vocational Training	1,237.07	305.46	451.63	16.68	451.63	16.68	100.0	100.0	36.5	5.5
County Department of Public Health and Medical ServiceS	2,897.69	432.50	1,544.25	57.16	1,535.25	339.80	99.4	**594.5**	53.0	78.6
County Department of Lands, Physical Planning, Housing and Urban Development	82.76	575.34	42.55	-	42.55	68	100.0	-	51.4	11.8
County Department of Trade, Industry, Tourism, Cooperative Development and Marketing	191.06	132.82	70.42	73	70.42	5	100.0	6.8	36.9	3.8
County Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change	245.65	462.43	54.70	43.07	54.70	43.07	100.0	100.0	22.3	9.3
County Department of Governance, Administration, Communication and Devolution	479.89	405.50	212.27	-	212.27	-	100.0	-	44.2	-
Executive Office of the Governor	538.41	221.25	135.58	53.34	135.58	53.34	100.0	100.0	25.2	24.1
Kendu Bay Municipal Board	9.92	15	1.72	-	1.72	-	100.0	-	17.3	-
Mbita Municipal Board	9.92	15	1.38	-	1.38	-	100.0	-	13.9	-
Ndhiwa Municipal Board	9.92	15	1.58	-	1.58	-	100.0	-	15.9	-
Oyugis Municipal Board	12.90	39	3.78	-	3.78	-	100.0	-	29.3	-
Total	**8,055.03**	**4,130.15**	**3,338.54**	**490.53**	**3,329.54**	**773.17**	**99.7**	**100.0**	**41.3**	**18.7**

Source: *Homa Bay County Treasury*

Analysis of expenditure by departments shows that the County Department of Public Health and Medical Services had the highest absorption rate of its development budget at 78.6 per cent, followed by the County Department of Roads, Public Works, Transport and Infrastructure at 26 per cent, the Executive Office of the Governor at 24 per cent and the County Assembly Service Board at 18 per cent. The County Department of Public Health and Medical Services had the highest percentage of recurrent expenditure

to its budget at 53 per cent, followed by the County Department of Lands, Physical Planning, Housing and Urban Development at 51 per cent, while Mbita Municipal Board and Homa Bay Municipal Board each had the lowest at 14 per cent.

It is worth noting that development expenditure under the Department of Public and Medical Services exceeded exchequer releases, as some payments for development activities were settled using receipts from the facility improvement fund (FIF). This was in accordance with the Facility Improvement Financing Act, 2023, and the Homa Bay County Facility Improvement Fund Act, 2023.

3.8.17 Budget Execution by Programmes and Sub-Programmes

Table 3.122 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.122: Homa Bay County, Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorp-tion rate (%)
Department of Finance and Economic Planning					
General administration and support services	Staff Remuneration and Welfare Support Services	375,893,111	216,987,584	158,905,527	58
County Public Service Board					
General Policy, Planning and Administration Services	Administrative Support Services	58,945,686	19,133,318	39,812,368	33
County Assembly Service Board					
Legislative Services	Members' welfare Support services	235,925,000	103,798,252	132,126,748	44
	Legislative development and approval services	88,300,000	47,335,784	40,964,216	54
Oversight and Control Services	Report writing services	110,000,000	78,889,800	31,110,200	72
Ward Representation Services	Ward operations and maintenance	17,695,584	8,847,792	8,847,792	50
Department of Roads, Transport, Public Works and Infrastructure					
Road Development and Rehabilitation Services	Road Development Services	300,000,000	133,388,655	166,611,345	45
Department of Education, Human Capital Development and Vocational Training					
General Administration and Quality Assurance Service	Human Resources Management services	984,173,791	451,631,458	532,542,333	46
Department of Public Health and Medical Services					
Policy planning and administrative support service	Administrative Support Services	2,274,392,548	1,401,887,260	872,505,288	62
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	69,308,719	41,626,823	27,681,896	60
Governance and Administration, Communication and Devolution					
Governance, Administration and Devolution Services	Governance and Administration	391,255,656	212,266,796	178,988,860	54
Executive Office of the Governor					
Strategy and service delivery improvement services	Strategy and advisory services	47,772,900	37,091,288	10,681,612	78
Kendu Bay Municipal Board					
Planning, Finance and Administrative Support Services	Personnel remuneration and development services	3,803,640	1,716,352	2,087,288	45
Oyugis Municipal Board					
Planning, Finance and Administrative Support Services	Policy and Planning Services	727,006		727,006	-
	Personnel remuneration and development services	6,556,056	3,779,140	2,776,916	58

Source: *Homa Bay County Treasury*

Table 3.123 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.123: Homa Bay County, Budget Execution by Programmes and Sub-Programmes with the lowest Absorption Rates

Programme	Sub-Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Department of Finance and Economic Planning					
General administration and support services	General Logistics, Coordination and Asset Management Services	72,283,769	-	72,283,769	-
County Assembly Service Board					
Oversight and Control Services	Public Participation and Education Services	20,000,000	-	20,000,000	-
Policy, Planning and Administrative Support Services	Financial Management Services	217,591,253	-	217,591,253	-
	Assembly infrastructure development Services	143,338,488	26,438,661	116,899,827	18
Homa Bay Municipal Board					
Public Works and Infrastructure Improvement Services	Transport Infrastructure Improvement Services	39,000,000	-	39,000,000	-
Office of The Deputy Governor and Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	General Administration and Support Services	234,742,815	21,061,255	213,681,560	9.0
Food Security Enhancement Services	Farm Input Access Services	43,000,000	-	43,000,000	-
	National Value Chain Project	156,515,152	-	156,515,152	-
Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services					
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	48,915,565	-	48,915,565	-
Department of Roads, Transport, Public Works and Infrastructure					
Road Development and Rehabilitation Services	Road Maintenance Services	374,474,496	48,010,447	326,464,049	12.8
Department of Education, Human Capital Development and Vocational Training					
Early Years Education (EYE) Services	EYE Infrastructure Development Services	265,500,000	16,675,371	248,824,629	6.3
Human Capital Development and Vocational Training	VTC Infrastructure Development Services	39,961,295	-	39,961,295	-
Department of Public Health and Medical Services					
Preventive and promotive health services	Disease control services	62,650,000	-	62,650,000	-
Department of Lands, Housing, Urban Development and Physical Planning					
Housing and Urban Development Services	Settlements Upgrading Services	512,207,780	68,000,000	444,207,780	13.3
Department of Trade, Industry, Tourism, Cooperative Development and Marketing					
Trade, Cooperative and Entrepreneurship Development Services	Enterprise development and promotion services	42,000,000		42,000,000	-
	Trade infrastructure and development services	66,000,000		66,000,000	-
Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change					
Water Supply and Management Services	Rural Water Supply Services	140,000,000	8,731,883	131,268,117	6.2
Climate Change Management Services	Climate Change Mitigation, Adaptation and Resilience Building	251,929,192	34,340,021	217,589,171	13.6

Source: *Homa Bay County Treasury*

Table 3.123 above indicates some sub-programmes that were allocated substantial resources but had absorption rates below 20 per cent, with some achieving zero absorption.

3.8.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Executive operated 274 accounts in commercial banks, including 207 accounts for Level two and three Health Facilities; 24 accounts for Level four and Level 5 Health Facilities, 35 accounts for Vocational Training Centres, 5 accounts for Established Funds and FIF, 2 salary processing accounts and 1 revenue account. On the other hand, the County Assembly operated 4 commercial bank accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of the commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.8.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.652.26 million against an annual target of Kshs.1.63 billion, representing 40 per cent of the financial year target.

ii. A substantial number of programmes had absorption rates below 20 per cent of their approved budgets, with some recording zero absorption.

iii. A high wage bill accounted for 74 per cent of the County's total revenue amounting to Kshs.4.05 billion, realised in the first half of FY 2025/26, which is above the ceiling provided in law.

iv. High level of trade payables, amounting to Kshs.1.40 billion as of 31st December, 2025.

v. Low development performance in the review period, as the County incurred Kshs.773.17 million on development activities, achieving a 19 per cent absorption rate.

vi. The Fund Administrator of the Homa Bay County Assembly Car Loan and Mortgage Scheme Fund failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, contrary to the requirements of Section 168 of the PFM Act, 2012.

vii. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County-established funds, salary processing and operations.

viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should conduct a thorough review of the programmes to identify the reasons behind the low absorption of funds. Additionally, it should consider reallocating resources to more effective programmes to ensure optimal fund utilisation.*
iii. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
iv. *The County Leadership should address the situation of trade payables to ensure tha genuine bills are paid promptly in the remaining financial year.Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The County should implement strategies to increase development expenditures in FY 2025/26.*
vi. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vii. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, Imprest bank accounts for petty cash and for own-source revenue collection are exempt.*

viii. *The County Treasury should ensure it submits copies of authorisation letters to OCOB for the opening of commercial bank accounts, to enhance accountability and oversight.*

3.9. County Government of Isiolo

3.9.1 Overview of FY 2025/26 Budget

The Isiolo County Approved Budget for FY 2025/26 is Kshs.7.56 billion. It comprises Kshs.2.66 billion (35 per cent) and Kshs.4.89 billion (65 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.750.78 million (11 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.48 billion and a recurrent budget of Kshs.4.32 billion. The increase in the budget was primarily attributed to the rise in equitable share.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.5.63 billion (75 per cent), additional allocations of Kshs.910.01 million (12 per cent), a cash balance of Kshs.639.26 million (8 per cent) brought forward from FY 2024/25, and Kshs.375.21 million (5 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.124.

3.9.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.3.08 billion. This amount represented an increase of 18 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.60 billion. The total revenue consisted of Kshs.2.34 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.101.82 million. Additionally, the County had a cash balance of Kshs.639.54 million from FY 2024/25. The total OSR collection of Kshs.101.82 million included Facilities Improvement Financing (FIF) of Kshs.23.20 million, and Kshs.78.62 million from other OSR sources. Table 3.124 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.124: Isiolo County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	449,482,136	449,482,136	-	449,482,136	-
2	County Executive Refunds to CRF	**2,989**	**2,989**	-	**2,989**	-
3	County Assembly Refunds to CRF	-	283,235	-	283,235	-283,235
4	Special Purposes Bank Accounts Balances	189,781,107	189,781,107	-	189,781,107	-
	Sub-Total	**639,266,232**	**639,549,467**	**-**	**639,549,467**	**- 283,235**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable share	5,631,357,298	2,337,013,279	-	2,337,013,279	3,294,344,019
	Sub-Total	**5,631,357,298**	**2,337,013,279**	**-**	**2,337,013,279**	**3,294,344,019**
C	**Transfers from the Equalisation Fund**					
1	FY 2024/25	**70,946,533**	-	**70,946,533**	**70,946,533**	-
	Sub-Total	**70,946,533**	**-**	**70,946,533**	**70,946,533**	**-**
D	**Additional Allocations (Including Grants)**					
1	Allocation of 20% share of Mineral Royalties	348,837	-	-	-	348,837
2	Settlement of doctors' salary arrears	12,147,883	-	-	-	12,147,883
3	Community Health Promoters (CHPs) Programme	21,630,000	-	-	-	21,630,000
4	Supplement for construction of County HQ	59,000,000	-	-	-	59,000,000
5	Allocation for 0.5% of housing levy fund to the county rural and urban affordable housing committees	1,987,622	-	-	-	1,987,622

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
6	Food Systems Resilience Project (FSRP)	246,153,846	-	-	-	246,153,846
7	Kenya Devolution Support Program II (KDSP II) Level 1 Grant	72,909,500	-	-	-	72,909,500
8	Kenya Devolution Support Program II (KDSP II) Level 2 Grant	353,000,000	-	-	-	353,000,000
9	Primary Health Care in Devolved Context (PHDC) Programme	6,834,000	-	-	-	6,834,000
10	Financing Locally Led Climate Action (FLLoCA)	136,000,000	-	-	-	136,000,000
	Sub-Total	**910,011,688**	**-**	**-**	**-**	**910,011,688**
E	**Ordinary Own Source Revenue (OSR)**					
1	Other Land Revenue (Plot application/ Transfer/Sub Division	4,736,000	236,100	-	236,100	4,499,900
2	Land Rent/Rates - current	17,195,075	887,003	-	887,003	16,308,072
3	Penalties Rent/Rates	1,500,000	44,057	-	44,057	1,455,943
4	Land Rent/Rates - Arrears	5,576,000	1,420,457	-	1,420,457	4,155,543
5	Livestock Auction	10,188,993	883,440	-	883,440	9,305,553
6	Sand Cess	16,200,000	2,906,000	-	2,906,000	13,294,000
7	Barter/Murram/Audit/fire charge/ hide skin	3,237,552	120,000	-	120,000	3,117,552
8	Miraa export/cess	4,018,156	2,524,000	-	2,524,000	1,494,156
9	Miscellaneous Charges-Public Health Inspection	950,000	268,000	-	268,000	682,000
10	S.B.P fees/Promotion/Advertisement/Branding	6,556,802	1,523,185	-	1,523,185	5,033,617
11	Liquor licence	4,800,000	-	-	-	4,800,000
12	Public works/other charges	1,200,000	230,000	-	230,000	970,000
13	Stand Premium	1,285,536	36,000	-	36,000	1,249,536
14	Consent and clearance	419,919	40,000	-	40,000	379,919
15	Plot Transfer Approval	3,886,076	22,000	-	22,000	3,864,076
16	Lease extension	300,000	-	-	-	300,000
17	Planning & Survey	954,000	-	-	-	954,000
18	Livestock Veterinary/ meat inspection	3,596,000	140,610	-	140,610	3,455,390
19	Weight and Measures	750,000	6,500	-	6,500	743,500
20	Tractor Hire/tourism bus/-KNLS	1,099,891	51,530	-	51,530	1,048,361
21	Agriculture Training Centre	880,000	-	-	-	880,000
22	Game entrance/Royalties	154,225,758	65,057,484	-	65,057,484	89,168,274
23	Market Stalks/Fee and Produce	10,430,446	474,386	-	474,386	9,956,060
24	Street parking fees	10,480,000	1,386,244	-	1,386,244	9,093,756
25	Slaughter fees	4,513,575	246,700	-	246,700	4,266,875
26	Building plan approval / bill and sign board	2,228,401	120,461	-	120,461	2,107,940
	Sub-Total	**271,208,180**	**78,624,157**	**-**	**78,624,157**	**192,584,023**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	70,000,000	6,834,670	-	6,834,670	63,165,330
2	Defunct NHIF	-	-	-	-	-

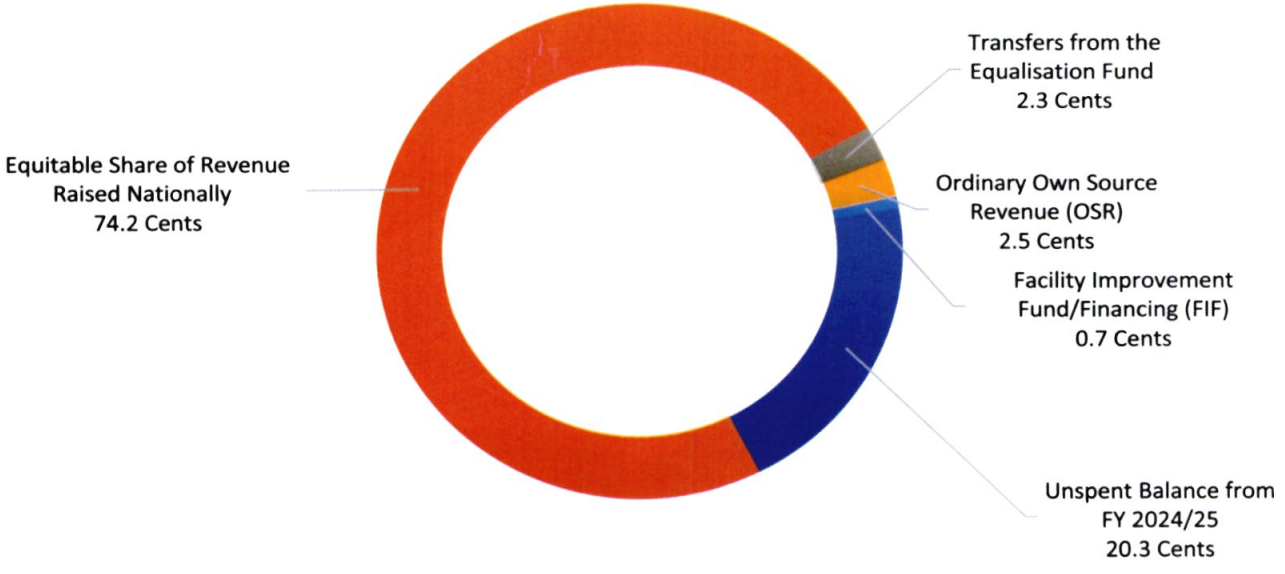
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	Cash payments & Compassion remittance	34,000,000	16,365,286	-	16,365,286	17,634,714
	Sub-Total	**104,000,000**	**23,199,956**	**-**	**23,199,956**	**80,800,044**
Total		**7,626,789,931**	**3,078,386,859**	**70,946,533**	**3,149,333,392**	**4,477,456,539**

Source: *Isiolo County Treasury*

Equalisation fund was not included in the Isiolo County FY 2025/26 approved budget estimates. Similarly, the county Assembly balances refunded to the CRF were not included in the FY 2025/26 approved budget estimates.

The county does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 49 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

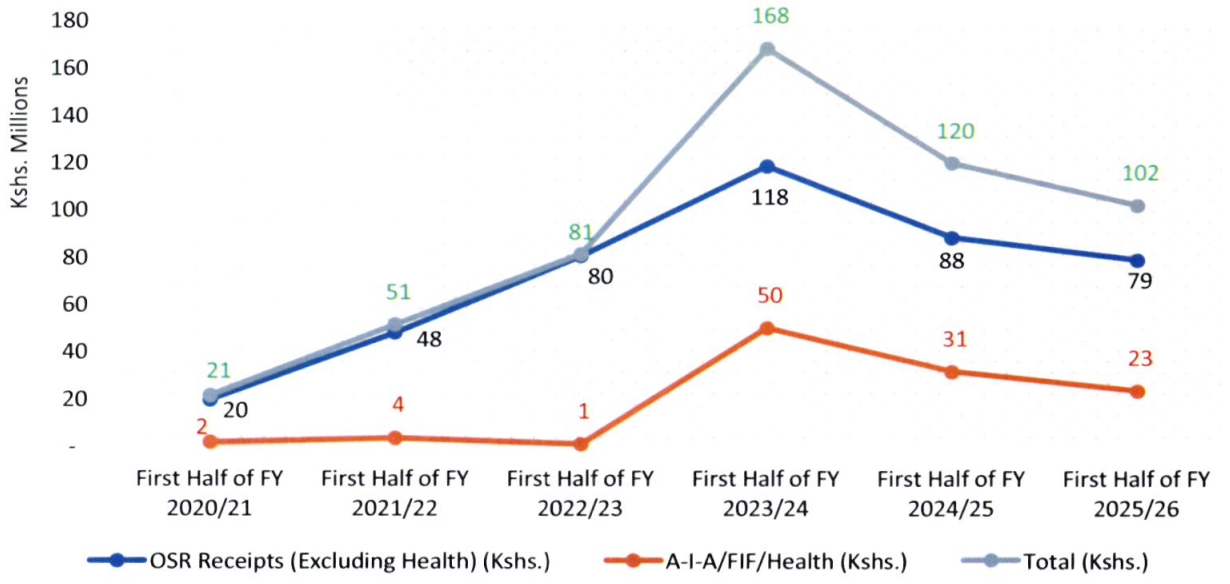
Figure 49: Isiolo County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Isiolo County Treasury*

The equitable share of revenue raised nationally, Unspent balance from FY 2024/25, and OSR contributed 74 per cent, 20 per cent and 3 per cent, respectively, of the total receipts for the reporting period. Figure 50 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

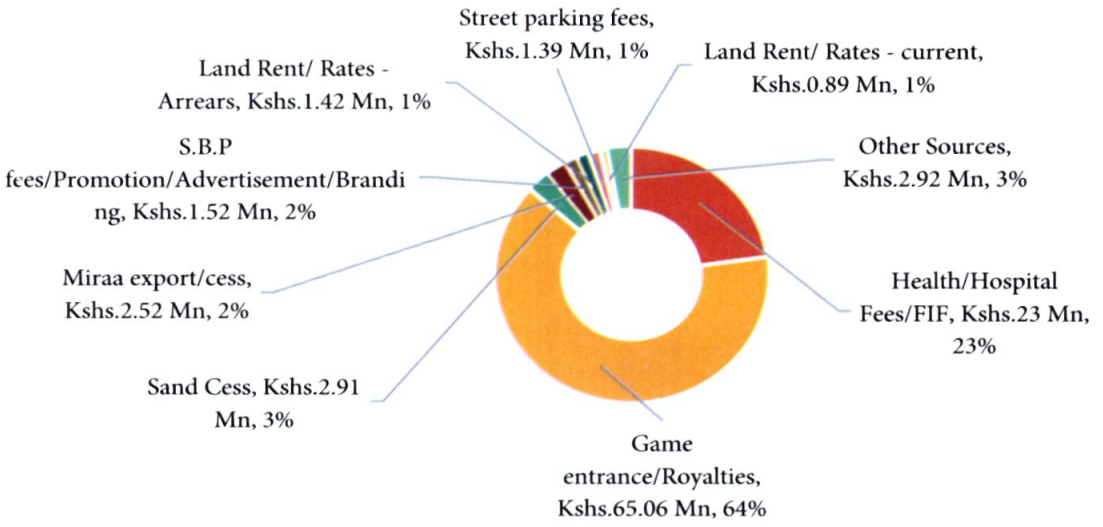
Figure 50: Isiolo County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Isiolo County Treasury*

During the first half of FY 2025/26, the County received Kshs.101.82 million from OSR, including FIF. This amount was a decrease of 15 per cent compared to Kshs.119.60 million realised in a similar period in FY 2024/25, and was 27 per cent of the annual target and 4 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 51

Figure 51: Isiolo County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Isiolo County Treasury

As shown in Figure 51 the highest revenue stream, at Kshs.65.06 million, was from Game park entrance/ Royalties, accounting for 64 per cent of the total OSR receipts. The County Government is yet to automate revenue streams.

3.9.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.281.90 million, which increased to Kshs.210.34 million as of 31st December 2025. Table 3.125 presents a breakdown of the County's revenue arrears.

Table 3.125: Isiolo County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Transfers from the Equalisation Fund**					
1	**FY 2024/2025**	70,946,533	-	70,946,533	-	-
	Sub-Total	**70,946,533**		**70,946,533**		
B	**Ordinary Own Sources of Revenue**					
1	**Property Rates**	210,951,236	-	611,190	-	210,340,046
	Sub-Total	**210,951,236**	-	**611,190**	-	**210,340,046**
	Total	**281,897,769**	-	**71,557,723**	-	**210,340,046**

Source: Isiolo *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.210.34 million, all from Property rates. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include recruitment of additional revenue administration staff. The County should enhance arrears collection measures so as to collect more.

3.9.4 Borrowing by the County

The county government did not report any borrowing in the review period.

3.9.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.76 billion from the Isiolo County Revenue Fund (CRF) account. This amount consisted of Kshs.586.21 million (21 per cent) designated for development programs and Kshs.2.18 billion (79 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.60 billion was allocated for employee compensation, and Kshs.578.99 million for operations and maintenance expenditures. Within the operations and maintenance category, 2.3 per cent was for domestic travel and none for foreign travel. The domestic travel exchequers totalled Kshs.49.07 million, which included Kshs.6.97 million for the County Executive and Kshs.42.10 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Isiolo CRF account was Kshs.110.19 million.

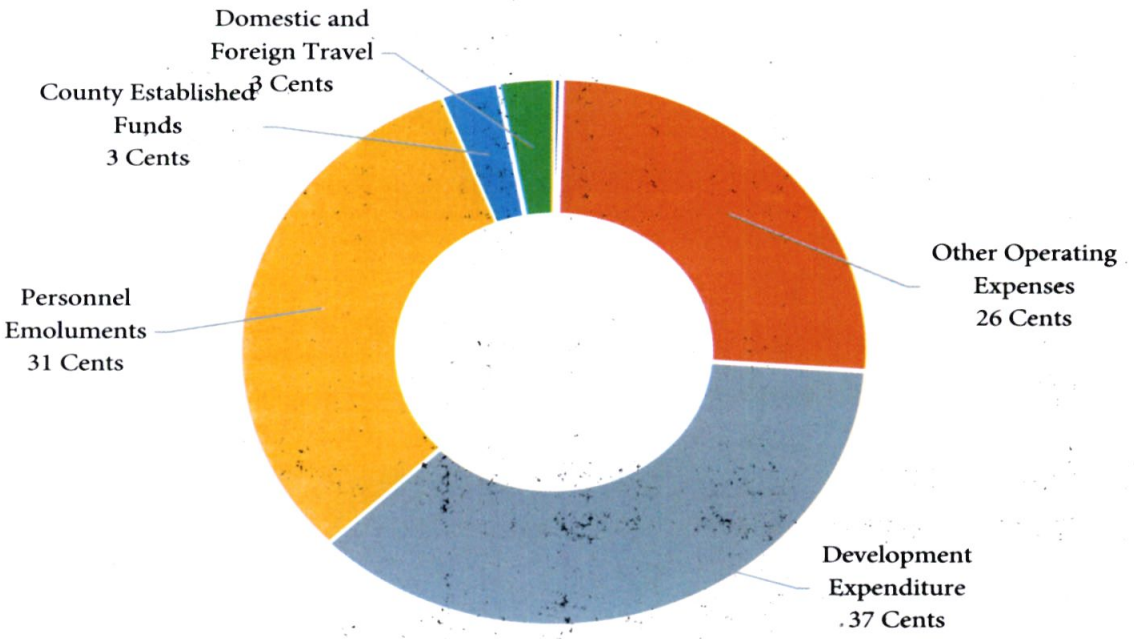
The Isiolo County Assembly Fund (CAF) account is yet to be operationalised.

3.9.6 Expenditure Review

The County spent Kshs.1.70 billion on development and recurrent programmes in the reporting period. The expenditure represented 61 per cent of the total funds released by the CoB. It comprised Kshs.663.18 million for development programmes and Kshs.1.04 billion for recurrent programmes. Expenditure on development programmes represented 21 per cent of the annual development expenditure budget, while recurrent expenditure represented 25 per cent of the annual recurrent expenditure budget.

Figure 52 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 52: Isiolo County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Isiolo *County Treasury*

As shown in Figure 52, the three highest expenditure categories were development, Personnel emoluments and Other operating expenses contributing 37, 31 and 26 per cent of total expenditure for the reporting period.

3.9.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.64 billion. This amount consisted of Kshs.1.48 billion from the County Executive and Kshs.159.26 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1.23 billion for recurrent expenditure and Kshs.199.94 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.653.73 million, comprising Kshs.634.14 million (97 per cent) for recurrent programmes and Kshs.19.59 million (3 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.60.94 million, which included Kshs.59.25 million (97 per cent) for recurrent activities and Kshs.1.7 million (3 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.825.46 million for County Executive and Kshs.155.60 million for County Assembly. Table 3.126 provides additional details of trade payables.

Table 3.126: Isiolo County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	199,937,165	1,279,258,143	1,479,195,307
		County Assembly	52,849,469	106,410,118	159,259,586
		Total	**252,786,633**	**1,385,668,260**	**1,638,454,894**
Trade payables scheduled to be settled in First Half of FY 2025/26 per the action plan	b	County Executive	19,588,920	904,854,556	924,443,476
		County Assembly			
		Total	**19,588,920**	**904,854,556**	**924,443,476**
Amount paid in the First Half of FY 2025/26	c	County Executive	19,588,920	634,141,587	653,730,507
		County Assembly	1,700,000	59,245,500	60,945,500
		Total	**21,288,920**	**693,387,087**	**714,676,007**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive			-
		County Assembly	-	57,281,095	57,281,095
		Total	-	**57,281,095**	**57,281,095**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding trade payables as of 31st December 2025	e=a-c*b	County Executive	180,348,245	645,116,556	825,464,801
		County Assembly	51,149,469	104,445,713	155,595,182
		Total	231,497,713	749,562,269	981,059,982

***Source**: Isiolo County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.904.85 million and Kshs.19.59 million on recurrent and development expenditure, respectively, in FY 2025/26. The County Executive did not adhere to this payment plan, as it cleared Kshs.653.73 million. On the other hand, the County Assembly is yet to submit pending bills payment though they cleared Kshs.60.95 million pending bills.

Table 3.127 and Table 3.128 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.981.06 million.

Table 3.127: Isiolo County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**76,870,170**	**42,566,878**	**47,522,802**	**13,388,395**	**180,348,245**
Recurrent Trade Payables (Goods & Services)	55,414,813	290,818,607	274,985,500	23,897,636	**645,116,556**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	55,414,813	290,818,607	274,985,500	23,897,636	**645,116,556**
Total Trade Payables	**132,284,983**	**333,385,485**	**322,508,302**	**37,286,031**	**825,464,801**
% of Total	**16**	**40**	**39**	**5**	**100**

***Source**: Isiolo County Treasury*

Table 3.128: Isiolo County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	32,585,917	6,420,771	12,142,781	**51,149,469**
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	57,281,095	-	-	-	**57,281,095**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	57,281,095				57,281,095
Total Trade Payables	**57,281,095**	**32,585,917**	**6,420,771**	**12,142,781**	**108,430,564**
% of Total	**37**	**25**	**16**	**23**	**100**

***Source**: Isiolo County Treasury*

3.9.8 Expenditure by Economic Classification

The County Executive incurred Kshs.426.68 million on compensation of employees, Kshs.392.83 million on operations and maintenance, and Kshs.663.18 million on development activities. Similarly, the County Assembly spent Kshs.144.05 million on compensation of employees, Kshs.73.15 million on operations and maintenance, and none on development activities, as shown in Table 3.129.

Table 3.129: Isiolo County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,327,726,088**	**571,957,767**	**752,017,639**	**217,202,740**	**67,487,522**	-	**819,505,161**	**217,202,740**	**19**	**38**
Compensation of Employees	2,450,061,043	282,098,046	426,677,889	144,054,740	-	-	426,677,889	144,054,740	17	51
Operations and Maintenance	1,877,665,045	289,859,721	325,339,750	73,148,000	67,487,522	-	392,827,272	73,148,000	21	25
Development Expenditure	**2,516,159,543**	**140,000,000**	**650,203,501**	-	**12,975,600**	-	**663,179,101**	-	**26**	-
Total	**6,843,885,631**	**711,957,767**	**1,402,221,140**	**217,202,740**	**80,463,122**	-	**1,482,684,262**	**217,202,740**	**22**	**31**

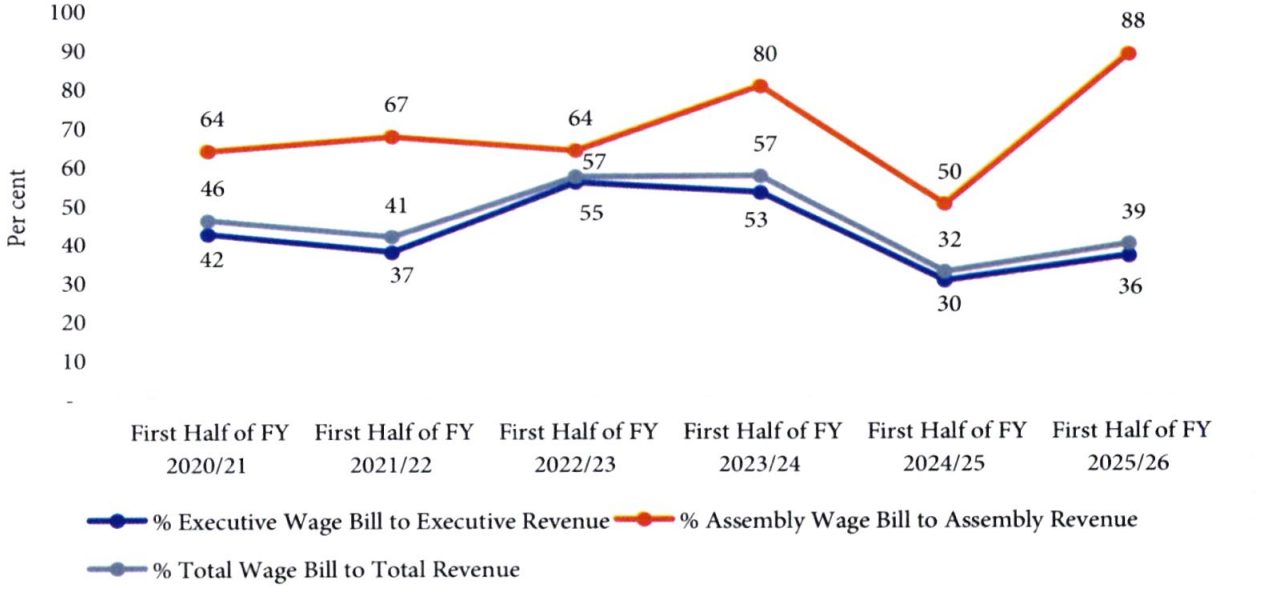
***Source**: Isiolo County Treasury*

3.9.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.570.73 million. The percentage of compensation of employees to revenue was 39 per cent. This expenditure on employee compensation decreased compared to the Kshs.1.17 billion reported in a similar period in FY 2024/25. Of this total, Kshs.370.58 million related to Health Sector employees, accounting for 66 per cent of the overall employees' compensation. It is not clear how the county wage bill fell by 52 per cent. The county treasury should periodically reconcile their records.

Figure 53 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 53: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Isiolo County Treasury

Further analysis indicated that PE costs totalling Kshs.1.26 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.20.52 million was processed through manual payrolls, which accounted for 2 per cent of the total PE cost. The justification for the continued use of manual payroll was that the payment relates to partisan staff. On the other hand, it is unclear how Kshs.1.26 billion processed through HRIS was paid, as only Kshs.570.73 million was recorded as paid through IFMIS.

The manual payroll comprised salaries for County Assembly staff not onboarded into the Human Resource Information System (HRIS), as shown in Table 3.130.

Table 3.130: Breakdown of Isiolo County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for staff yet to be onboarded into HRIS	20,520,000
	Total	20,520,000

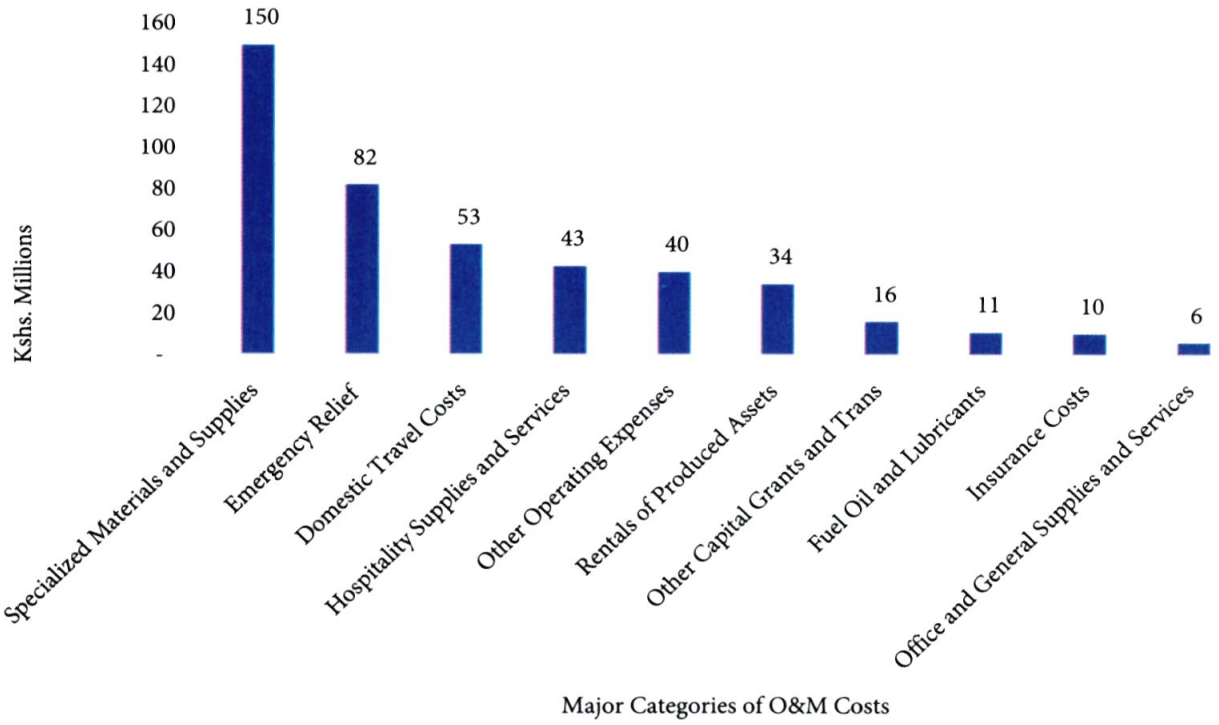
Source: *Isiolo County Treasury*

The County Assembly spent Kshs.6.91 million on committee sitting allowances for the 18 MCAs against the annual budget allocation of Kshs.10.50 million. The average monthly sitting allowance was Kshs.64,000 per MCA. The County Assembly has 11 House Committees.

3.9.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.465.98 million on operations and maintenance, a 0.1 per cent decrease from the same period in FY 2024/25, when the County spent Kshs.466.36 million. Figure 54 summarises the Operations and Maintenance expenditure by major categories.

Figure 54: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: *Isiolo County Treasury*

3.9.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.40 million on "*other operating expenses*," which is 8 per cent of the total operations and maintenance expenditure of Kshs.472.89 million. This category of expenditure includes Kshs.19 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.131.

Table 3.131: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308	Legal Dues/fees, Arbitration and Compensation Payments	36,764,000	19,000,000
2211305	Contracted Guards and Cleaning Services	30,246,400	13,600,000
2211325	Constituency Office Expenses	4,920,000	4,080,000
2211313	Security Operations	7,200,000	3,480,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	2,000,000	33,600
Total		**81,130,400**	**40,193,600**

Source: *Isiolo County Treasury*

A review of the other expense items listed in the table revealed that the Constituency Office Expenses relate to the Ward offices' operations.

3.9.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.210 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.110 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.132 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.132: Performance of Isiolo County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1.	Isiolo County Emergency Fund	2021	110,000,000	55,000,000	55,000,000	596,418,164	Yes
2.	Isiolo County Bursary Fund	2015	70,000,000	-	-	380,000,000	Yes
County Assembly Established Funds							
1.	County Assembly Mortgage and Car Loan Fund	2018	30,000,000	-	-	64,500,000	No
	Total		**210,000,000**	**55,000,000**	**55,000,000**	**1,040,918,164**	

Source: *Isiolo County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from County Assembly Mortgage and Car Loan Fund Administrator, as indicated in Table 3.132, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Isiolo County Bursary Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.9.13 County Corporations

The County has two County Corporations, with no budgetary allocation in FY 2025/26. There was no expenditure reported for the two-county corporation in the review period, as shown in Table 3.133.

Table 3.133: Performance of Isiolo County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Isiolo Water and Sewerage Company	-	-	-	-
2	Ewaso Ng'iro North Development Authority	-	-	-	-
	Total	-	-	-	-

Source: *Isiolo County Treasury*

3.9.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.53.31 million and comprised Kshs.30.94 million spent by the County Assembly and Kshs.22.37 million by the County Executive. There was no expenditure on foreign travel.

3.9.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.23.20 million as FIF, which was 22 per cent of the annual target of Kshs.104 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.32.33 million, as shown in Table 3.134.

Table 3.134: Isiolo County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital (ICTRH)	1	33,856,201.40	32,325,762.20	95
	Total		33,856,201.40	32,325,762.20	95

Source: *Isiolo County Treasury*

3.9.16 Development Expenditure

In the review period, the County reported spending Kshs.663.18 million on development programmes, representing an increase of 38 per cent compared to FY 2024/25, when the County spent Kshs.481.52 million. Table 3.135 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the settlement of pending bills.

Table 3.135: Isiolo County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Livestock & Fisheries Development	Completion of Isiolo abattoir External works	Burat	01-01-2023	30-06-2026	864,179,546	108,000,000	-	794,944,646	92
2	County Assembly	Debating Chamber and Offices	County Assembly Ground	-	-	314,000,000	70,000,000	-	164,595,259	52
3	Lands & Physical Planning	County Spatial Plan	county wide	15-06- 2024	30-12-2025	98,470,400	40,000,000	-	29,679,680	80
4	Finance	Provision for Accrued Pending Bills' Clearing Plan	Headquaters	-	30-06-2026	-	302,000,000	191,088,920	-	-
5	Roads & Public Works	Murramming and Gravelling of roads and bridges	Ngaramara	-	30-06-2026	-	100,000,000	100,000,000	-	-
6	Roads & Public Works	Routine maintenance of existing roads	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	30-06-2026	-	64,267,144	64,267,144	-	30
7	Roads & Public Works	Upgrading of Isiolo town road to Bitumen standard, 1.5 km, phase one	Wabera and Bulapesa	-	30-06-2026		70,350,219	56,894,056	-	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
8	Special Programmes	Isiolo County Emergency Fund Act Implementation Programme	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	30-06-2026	-	110,000,000	55,000,000	-	-
9	Roads & Public Works	Upgrading of town road to Bitumen standard 2km (Ongoing in Lower Bula Pesa)	Bulapesa	-	30-06-2026	-	90,000,000	30,925,511	-	52
10	Finance	Construction of Sand Revenue Access Points/ Roads	Ngaremara, Oldonyiro, Burat &Garbatulla	-	30-06-2026	-	30,000,000	22,478,196	-	75
Donor Funded Projects										
1	Environment, Climate Change and Natural Resources	Financing Locally Led Climate Action (FLLoCA)- county contribution	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	30-06-2026	-	33,000,000	17,190,042	-	-
2	Public Health	Current Capital Grants (Danida)	All health facilities	01-07-2025	01-06-2026	-	6,834,000	6,532,500	-	-
3	Agriculture	Food Systems Resilience Project (FSRP)	Wabera, Bula pesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	01-07-2025	01-06-2026	-	246,153,846	-	-	-
4	Environment, Climate Change and Natural Resources	Financing Locally Led Climate Action (FLLoCA)- Nat. Govt. (climate change resilient project)	Wabera, Bula pesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	25-07-2025	01-06-2026	-	136,000,000	-	-	-
5	Public Service Management and Devolved Units	Kenya Devolution Support Programme-KDSP II	All wards	01-03-2026	01-12-2026	-	353,000,000	-	-	-
6	Municipality	Kenya Urban Support Program (KUSP)-UDG-	Wabera	01-07-2025	01-06-2026	-	63,661,198	-	-	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
Equalisation Funded Projects										
1	Health	Proposed construction of Riga Dispensary	Korbesa	30th Sep 2024	30th Jan 2025	6,103,433	6,103,443	6,101,600	-	100
2	Health	Proposed construction of maternity block at Mataarba Dispensary	Mataarba	30th Sep 2024	30th Jan 2025	5,450,579	5,525,265	5,433,179	-	100
3	Health	Proposed construction of maternity wing at Lenguruma Dispensary	Lenguruma	30th Sep 2024	30th Jan 2025	7,599,624	7,736,773	7,579,904	-	100
4	Health	Repair and equipping of Eldera Dispensary	Eldera	30th Sep 2024	30th Jan 2025	5,694,730	6,246,735	5,677,330	-	100
5	Water	Excavation/ construction of Malka Galla water pan	Malka Galla	1st October 2024	31st Jan 2025	6,701,610	6,759,781	6,595,360	-	100
6	Water	Drilling and equipping of the Kom borehole	Kom	1st October 2024	31st Jan 2025	5,288,686	5,290,786	5,288,672	-	100
7	Water	Drilling and equipping of Lagaaman borehole	Longopito	1st October 2024	31st Jan 2025	7,764,389	7,947,202	7,700,486.50	-	100
8	Water	Drilling and equipping of Gafarsa borehole	Gafarsa	1st October 2024	31st Jan 2025	6,608,358	6,652,563	6,556,350	-	100
9	Water	Drilling and equipping of Garbatulla borehole	Garbatulla South	1st October 2024	31st Jan 2025	6,628,562	6,898,063	6,603,642	-	100
10	Water	Drilling and equipping of Malkadaka borehole	Malkadaka	1st October 2024	31st Jan 2025	7,384,449	7,586,467	7,347,382	-	100

Source: *Isiolo County Treasury*

The County reported 7 stalled development projects as of 31st December 2025, with an estimated value of Kshs.1.47 billion, of which Kshs.1.05 billion has already been paid. The stalled projects are shown in Table 3.136.

Table 3.136: Isiolo County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Finance	Supplement Construction of County Headquarters	Wabera	03-04-2019		556,905,702	328,081,401	-	228,824,301	59

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
2	Youth, Sports, Gender, Culture and Social Services	Construction of Isiolo stadium	Wabera	01-05-2019	01-12-2020	345,998,315	273,566,356	-	72,431,959	67
3	Municipality	Construction of Isiolo Modern Market	Bula Pesa	14-08-2018	30-12-2024	545,211,810	428,946,512	-	116,265,298	80
4	County Assembly	Ward office	Ngara-mara	29-06-2015		4,999,000	4,399,000	600,000	600,000	88
5	County Assembly	Ward office	Sericho	29-06 2015		4,999,000	3,702,558	1,296,442	1,296,442	74
6	County Assembly	Ward office	Oldo-ny-iro	19-06 2018		4,999,000	3,214,164	1,784,836	1,784,836	64
7	County Assembly	Ward office	Burat	29-06-2018		4,999,000	3,932,198	1,066,802	1,066,802	78
	Total					**1,473,110,827**	**1,049,981,189**	**5,608,080**	**1,049,981,189**	

Source: Isiolo County Treasury

3.9.17 Budget Performance by Department

Table 3.137 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.137: Isiolo County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	572	140	195	-	217	-	0.0	-	38.0	-
County Executive Sector	367	5	177	-	75	-	42.7	-	20.5	-
Finance, Economic Planning, Public Participation, ICT	748	530	419	372	90	269	21.5	72.2	12.0	50.7
Lands, Urban Planning, Roads, Housing and Public Works	55	379	24	170	1	252	3.7	148.6	1.6	66.4
Agriculture, Livestock and Fisheries Development	165	445	85	-	8	75	8.8	-	4.6	16.9
Education, Vocational Training, Youth, Sports, Gender and Social Services	343	96	156	-	31	7	19.8	-	9.1	7.7
Tourism, Trade and Enterprise Development	809	432	294	15	58	15	19.7	100.0	7.2	3.5
Water, Energy, Environment and Natural Resources	79	304	40	20	5	33	11.5	161.4	5.8	10.8
Health Services	1,679	250	771	10	526	12	68.3	128.3	31.3	4.9
Municipal Administration	82	76	17	-	26	-	150.3	-	31.5	-
Total	4,900	2,656	2,178	586	1,037	663	47.6	113.1	21.2	25.0

Source: *Isiolo County Treasury*

Analysis of departmental expenditure shows that the Department of Lands, Urban Planning, Roads, Housing, and Public Works recorded the highest absorption rate of the development budget at 66.4 per cent, followed by the Department of Finance, Economic Planning, Public Participation, and ICT at 50.7 per cent. The County Assembly Services had the highest percentage of recurrent expenditure to budget at 38 per cent, while the Department of Lands, Urban Planning, Roads, Housing and Public Works had the lowest at 1.6 per cent.

3.9.18 Budget Execution by Programmes and Sub-Programmes

Table 3.138 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.138: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Health Services				
Health Preventive and Promotive Services	Preventive and Promotive Health Services	3,000,000	6,532,500	218
Lands, Urban Planning, Roads, Housing and Public Works				
Public Works & Infrastructure	Routine Roads Maintenance	324,617,363	252,086,711	78
Finance, Economic Planning, Public Participation, ICT				
Public financial management	Accounting Services	302,000,000	191,088,920	63
Finance, Economic Planning, Public Participation, ICT				
Disaster Risk Awareness, Preparedness & Management	Disaster Risk Awareness, Preparedness & Management	110,000,000	55,000,000	50
Finance, Economic Planning, Public Participation, ICT				
Revenue Enhancement	Source Revenue Enhancement	50,000,000	22,478,196	45
RECURRENT				
Health Services				
Health Curative Services	Curative and Rehabilitative Health Services	43,109,654	24,000,000	56
County Executive Sector				
Legal & Legislative Services	Legal Services	36,764,000	19,000,000	52
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Provision of education and training services	ECDE Retention	30,745,000	15,471,650	50
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Youth, Sports and Gender	Youth and Women Empowerment	7,000,000	3,500,000	50
Health Services				
Health Preventive and Promotive Services	Primary Health Care	374,747,405	181,192,344	48

Source: *Isiolo County Treasury*

The development sub-programmes with the highest budget implementation rates were: Preventive and Promotive Health Services in the Department of Health Services at 218 per cent, Routine Roads Maintenance in the Department of Lands, Urban Planning, Roads, Housing and Public Works at 78 per cent, and Accounting Services in the department of Finance, Economic Planning, Public Participation ICT at 63 per cent.

For recurrent sub-programmes, the top performers included: Curative and Rehabilitative Health Services in the Department of Health Services at 56 per cent, Legal Services in the Department of County Executive Sector at 52 per cent, and ECDE Retention in the Department of Education, Vocational Training, Youth, Sports, Gender and Social Services at 50 per cent.

Table 3.139 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.139: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
County Assembly				
Infrastructure support	Infrastructure support	140,000,000	-	-
Lands, Urban Planning, Roads, Housing and Public Works				
Land Survey and land use planning	Land Use Planning	40,000,000	-	-
Agriculture, Livestock and Fisheries Development				
Livestock Production	Livestock Production	114,243,151	-	-
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Provision of education and training services	ECDE Access	40,100,000	-	-
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Cultural and Arts Empowerment	TVET Access & Retention	17,800,000	-	-
Municipal Administration				
Municipal Administration	Infrastructural Development	65,621,034	-	-
RECURRENT				
County Executive Sector				
Human Resources Mgt & Deployment	General Administration Planning & Support Services	35,835,544	-	-
County Executive Sector				
Management of County Affairs	Administration and Coordination of County Affairs	38,743,439	-	-
Agriculture, Livestock and Fisheries Development				
Livestock Production	General Administration Planning & Support Services	97,547,122	-	-
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Provision of education and training services	General Administration & Support Services	175,748,563	-	-
Tourism, Trade and Enterprise Development				
Tourism Promotion	Tourism Promotion and Marketing	100,254,041	-	-
Health Services				
Health Curative Services	Administration Support Services	104,000,000	-	-

Source: *Isiolo County Treasury*

All development sub-programmes listed in Table 3.139 have zero implementation rate.

Similarly, all recurrent sub-programmes listed in Table 3.139 have zero implementation rate.

These lower performances can be attributed to the delays in approving the County's FY 2025/26 budget, which was approved in November 2025.

3.9.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance

Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 68 accounts with commercial banks, including 45 for Health Facilities, 3 for Established Funds, 4 revenue accounts, 6 special-purpose accounts (additional allocations), and 10 for operations.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015

3.9.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Isiolo County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 2nd February 2026.
ii. The underperformance of own-source revenue at Kshs101.82 million against an annual target of Kshs.375.21 million, representing 27 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.663.18 million on development activities, achieving a 25 per cent absorption rate.
iv. Unspent funds from FY 2024/25 in Special Purpose Accounts were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
v. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Isiolo County Bursary Fund had lapsed, making it ineligible for further withdrawals.
vi. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly Car Loan and Mortgage Fund were not submitted to the CoB as of 15 January 2025.
vii. High level of trade payables, which amounted to Kshs.981.06 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
v. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
vi. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
viii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.10. County Government of Kajiado

3.10.1 Overview of FY 2025/26 Budget

The Kajiado County Approved budget for FY 2025/26 is Kshs.13.78 billion. It comprises Kshs.4.89 billion (35.5 per cent) and Kshs.8.88 billion (64.5 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.988.99 million (7.7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.84 billion and a recurrent budget of Kshs.8.95 billion. The increase in the budget was primarily due to the additional allocation brought forward from the previous financial year.

The budget is to be financed through various revenue sources, these include: the equitable share of revenue raised nationally, of Kshs.8.89 billion (64.6 per cent), additional allocations of Kshs.3.20 billion (23.2per cent), Appropriation in Aid of Kshs.480 million (3.5 per cent) and Kshs.1.2 billion (8.7 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in .

3.10.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.16 billion. This amount represented a decrease of 6.7 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.46 billion. The total revenue consisted of Kshs.3.69 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.113.57 million, as well as the own-source revenue (OSR) collection of Kshs.360.27 million. Additionally, the County had a cash balance of Kshs.2.62 million from FY 2024/25. The total OSR collection of Kshs.360.27 million included Facilities Improvement Financing (FIF) of Kshs.128.37 million, and Kshs.231.90 million from other OSR sources. Table 3.140 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.140: Kajiado County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	-	-	-	-
2	County Executive Refunds to CRF	-	265,758	-	265,758	265,758
3	County Assembly Refunds to CRF	-	2,354,973	-	2,354,973	2,354,973
	Sub-Total	**-**	**2,620,730**	**-**	**2,620,730**	**2,620,730**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable share	8,894,254,886	3,691,116,508	-	3,691,116,508	5,203,138,378
	Sub-Total	**8,894,254,886**	**3,691,116,508**	**-**	**3,691,116,508**	**5,203,138,378**
C	**Transfers from the Equalisation Fund**					
1	Equalisation fund	-	-	-	-	-
	Sub-Total	**-**	**-**	**-**	**-**	**-**
D	**Additional Allocations (Including Grants)**					
1	County Aggregated Industrial Park	250,000,000	-	-	-	250,000,000
2	Danida (Capital grants from Foreign Grants)	14,616,000	9,896,250	-	9,896,250	4,719,750
3	Nutrition International	422,308	-	-	-	422,308
4	Danida-Level 1grants	6,242,250	-	-	-	6,242,250
5	Doctors' Salary Arrears	86,990,236	-	-	-	86,990,236
6	Primary Health Care	10,353,000	-	-	-	10,353,000

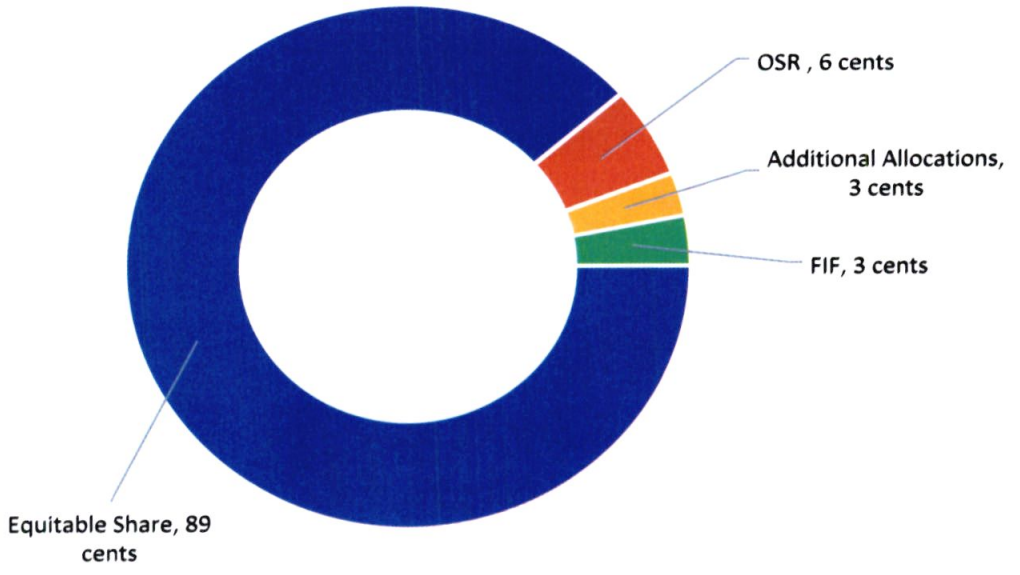
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
7	Kenya Urban Support Programme-UIG	61,500,000	-	-	-	61,500,000
8	Kenya Urban Support Programme-UDG	455,603,724	-	-	-	455,603,724
9	Kenya Informal Settlement Improvement Project	220,626,011	90,000,000	-	90,000,000	130,626,011
10	IDA-National Agricultural Value Chain Development	382,765,152	-	-	-	382,765,152
11	Aquaculture Business Development Project	19,115,642	-	-	-	19,115,642
12	Kenya Agricultural Business Development Project	21,837,838	-	-	-	21,837,838
13	Kenya Agricultural Business Development Project-National Government	1,000,000	-	-	-	1,000,000
14	Financing of Locally Led Climate Action	275,022,912	13,671,000	-	13,671,000	261,351,912
15	Mineral Royalties	660,242,992	-	-	-	660,242,992
16	Second Kenya Devolution Support Project Level 1	75,000,000	-	-	-	75,000,000
17	Second Kenya Devolution Support Project Level 2	352,500,000	-	-	-	352,500,000
18	Road Maintenance Levy Funds	307,376,319	-	-	-	307,376,319
	Sub-Total	**3,201,214,384**	**113,567,250**	**-**	**113,567,250**	**3,087,647,134**
E	**Ordinary Own Source Revenue (OSR)**					
1	Agricultural Produce	38,764,158	10,200,840	-	10,200,840	28,563,318
2	Ballast Cess	51,180,556	10,218,450	-	10,218,450	40,962,106
3	Barter Market	21,730,658	10,100,670	-	10,100,670	11,629,988
4	Bed Occupancy	73,204,528	14,740,331	-	14,740,331	58,464,197
5	Building Plan Approval	219,866,002	65,400,909	-	65,400,909	154,465,093
6	Bus Park fee	30,240,000	10,420,350	-	10,420,350	19,819,650
7	Quarry and Mineral Extraction	58,277,232	10,240,900	-	10,240,900	48,036,332
8	Impounding Fee	1,039,995	340,000	-	340,000	699,995
9	Land Rates	167,635,457	15,745,562	-	15,745,562	151,889,895
10	Liquor Licenses	40,000,000	-	-	-	40,000,000
11	Livestock Cess	14,505,050	6,120,920	-	6,120,920	8,384,130
12	Market Stall	3,020,000	614,000	-	614,000	2,406,000
13	Parking fee	23,128,814	8,470,207	-	8,470,207	14,658,607
14	Plot rent	52,001,242	7,090,244	-	7,090,244	44,910,998
15	Trade Licenses	233,443,701	18,213,016	-	18,213,016	215,230,685
16	Sand Fees	90,000,000	19,400,000	-	19,400,000	70,600,000
17	Sign Post Fee & Advert Fee	68,927,756	10,734,140	-	10,734,140	58,193,616

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
18	slaughter Fee	17,500,650	3,581,045	-	3,581,045	13,919,605
19	Transit Fee	35,534,201	10,270,344	-	10,270,344	25,263,857
	Sub-Total	**1,240,000,000**	**231,901,928**	-	**231,901,928**	**1,008,098,072**
F	**Facility Improvement Fund/Financing (FIF)**					
1	Facility Improvement Funds	440,000,000	128,370,093	-	128,370,093	311,929,907
	Sub-Total	**440,000,000**	**128,370,093**		**128,370,093**	**311,929,907**
	Total	**13,775,469,270**	**4,167,576,509**	-	**4,167,576,509**	**9,613,134,221**

Source: *Kajiado County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 55: Kajiado County Composition of Each Shilling Earned in the First Half of FY 2025/26

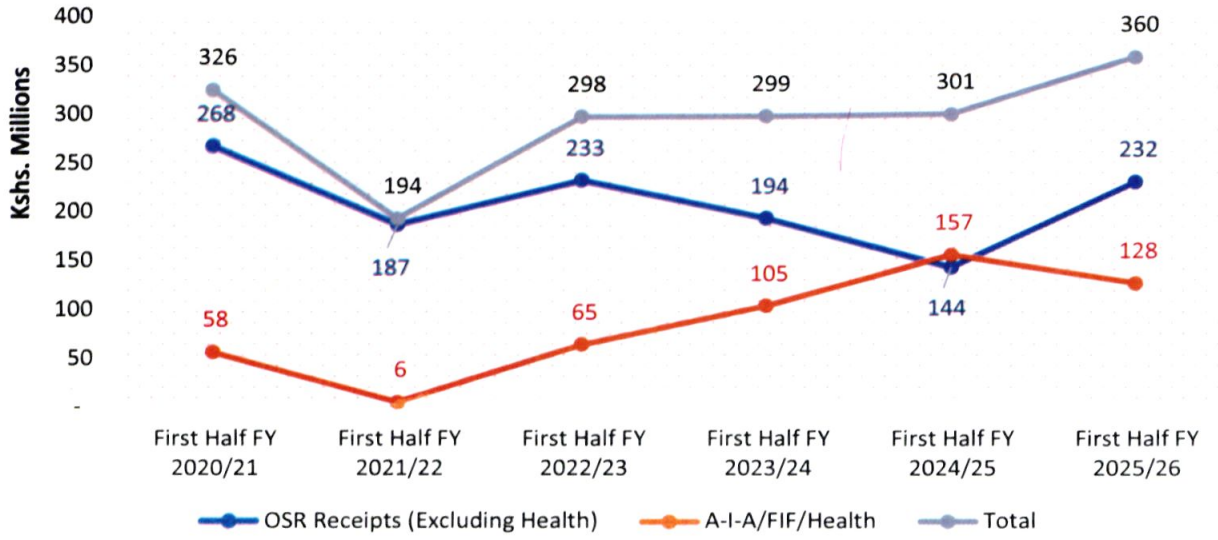


Source: *Kajiado County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 89 per cent, 6 per cent and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 56 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 56: Kajiado County Trend in Own-Source Revenue Collection from the first half of FY 2020/21 to the first half of FY 2025/26

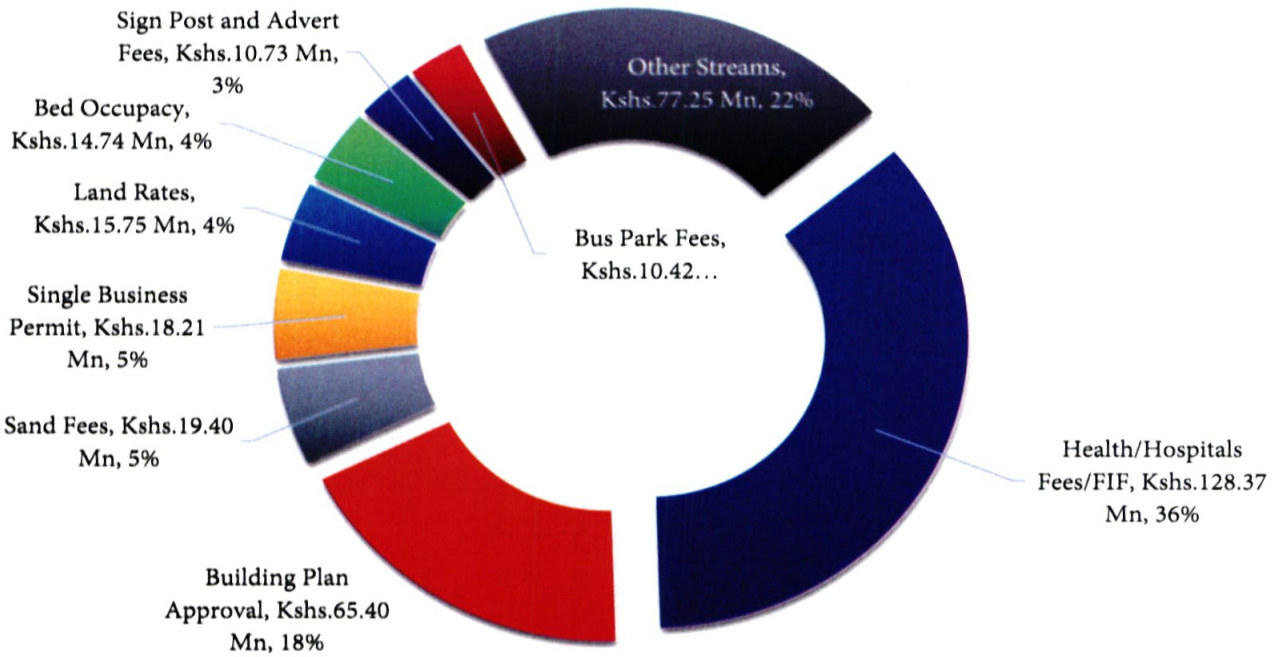


Source: *Kajiado County Treasury*

During the first half of FY 2025/26, the County received Kshs.360.27 million from OSR, including FIF. This amount increased by 19.5 per cent compared to Kshs.301.41 million realised in a similar period in FY 2024/25, representing 21.4 per cent of the annual target and 9.8 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to an agreement between the Kajiado County Government and East African Portland Cement Limited on monthly debt payments totalling Kshs.8 million.

The revenue streams that contributed the most to OSR receipts are shown in Figure 57

Figure 57: Kajiado County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kajiado County Treasury

As shown in Figure 57, the highest revenue stream, at Kshs.128.37 million, was from Health/Hospital Fees/FIF, accounting for 36 per cent of the total OSR receipts. The County Government indicated that it has automated 20 out of 21 revenue streams.

3.10.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.12.09 billion, which decreased to Kshs.1.43 billion as of 31st December 2025. Table 3.141 presents a breakdown of the County's revenue arrears.

Table 3.141: Kajiado County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1st July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December,2025	-	-	-	-	**758,225,860**
	Sub-Total	--	-	-	-	**758,225,860**
B	**Ordinary Own Sources of Revenue**					
1	East African Portland Cement Company Ltd	152,251,211	-	48,004,145	12,000,000	116,247,066
2	Kenchic Ltd and Others	19,100,000	-	-	-	19,100,000
3	Wilderness lodges and others	78,350,000	-	-	-	78,350,000
4	Universities	120,000,000	-	-	-	120,000,000
5	Sona Hydro, China Civil Works, and other contractors	11,200,000	-	-	-	11,200,000
5	Land rates of upcoming states and factories	32,000,000	-	-	-	32,000,000
6	Flower Farms	35,000,000	-	-	-	35,000,000
	Sub-Total	447,901,211	-	48,004,145	12,000,000	411,897,066
C	**Facility Improvement Fund (FIF)**					
1	SHIF	24,481,570	-	-	-	24,481,570
2	SHA	105,445,433		206,941,374	333,833,823	232,337,882
	Sub-Total	129,927,003	-	206,941,374	333,833,823	256,819,452
	Total	577,828,214	-	254,945,519	345,833,823	1,426,942,378

Source: Kajiado *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.1.43 billion, comprising Kshs.758.23 million (53 per cent) for December 2025 Exchequer disbursement (53 per cent), Kshs.Kshs.411.90 million (29 per cent) for ordinary own-source revenue and Kshs.256.82 million(18 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include the appointment of a new debt receiver and the engagement of new debt recovery agents, the Regional Business Connection.

The decrease in the amount of debt figures reported in July 2025 was due to the Magadi Tata Case, in which the court ruled in favour of the taxpayer based on the County Government's approved valuation roll. The police Sacco and Jamii Bora debt is before the Senate for arbitration. The collectability of the County's debts, as determined by the Office of the Auditor General, was challenged in court.

3.10.4 Borrowing by the County

There was no short-term borrowing by either the Executive or the County Assembly during the period under review.

3.10.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.44 billion from the Kajiado County Revenue Fund (CRF) account. This amount consisted of Kshs.284.18 million (8.4 per cent) designated for development programs and Kshs.3.15 billion (91.6 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.2.24 billion was allocated to employee compensation and Kshs.913.12 million to operations and maintenance expenditures. Within the operations and maintenance category, 29.1 per cent was for domestic travel and 1.6 per cent for foreign travel. The domestic travel exchequers totalled Kshs.265.37 million, which included Kshs.129 million for the County Executive and Kshs.136.37 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.14.96 million, which was entirely incurred by the County Assembly.

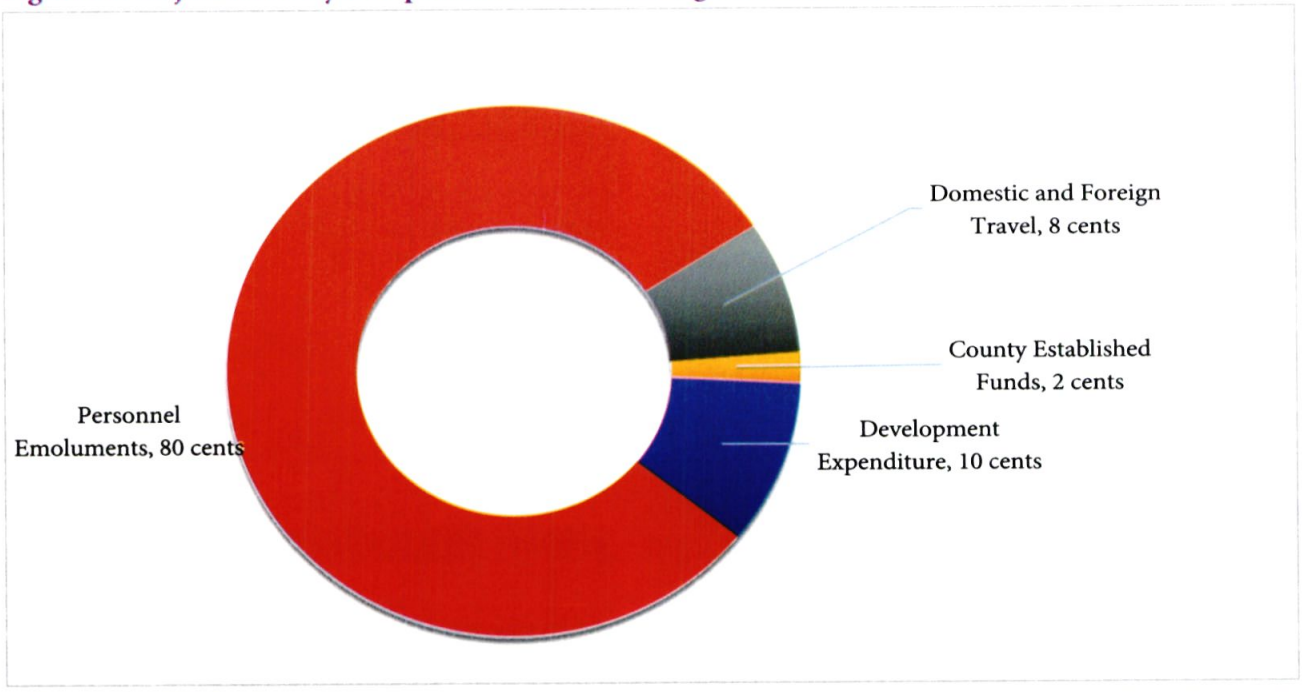
As of 31st December, 2025, the County Government's cash balance in the Kajiado CRF account was Kshs.1.14 billion. In addition, the Controller of Budget did not approve any exchequer withdrawal requests from the Kajiado County Assembly Fund (CAF) account during the review period.

3.10.6 Expenditure Review

The County spent Kshs.3.43 billion on development and recurrent programmes during the reporting period. The expenditure represented 99.7 per cent of the total funds released by the CoB. It comprised Kshs.280.88 million for development programmes and Kshs.3.15 billion for recurrent programmes. Expenditure on development programmes accounted for 5.7 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 35.5 per cent of the annual recurrent expenditure budget.

Figure 58 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 58: Kajiado County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kajiado *County Treasury*

As shown in Figure 58, the four highest expenditure categories were personnel emoluments, development expenditures, domestic and foreign travel, and county-established funds, which contributed 80, 10, 8, and 2 per cent of total expenditure for the reporting period.

3.10.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.78 billion. This amount consisted of Kshs.2.65 billion from the County Executive and Kshs.130.44 million from the County Assembly. The trade payables from the County Executive amounted to Kshs.1.21 billion for recurrent expenditure and Kshs.1.44 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.169.69 billion, which included kshs.63.5 million (37.4 per cent) for recurrent activities and Kshs.106.19 million (62.6 per cent) for development activities. On the other hand, the County Assembly settled trade payables worth Kshs.84.76 million, which included Kshs.23.87 million (28.2 per cent) for recurrent activities and Kshs.60.89 million (71.8 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.2.48 billion for the County Executive and Kshs.45.67 million for the County Assembly. Table 3.142 provides additional details of trade payables.

Table 3.142: Kajiado County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1st July 2025 (End of FY 2024/25)	a	County Executive	1,443,770,475	1,205,746,901	2,649,517,376
		County Assembly	69,577,781	60,858,932	130,436,713
		Total	1,513,348,256	1,266,605,833	2,779,954,089
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	200,000,000	80,000,000	280,000,000
		County Assembly	64,000,000	36,000,000	100,000,000
		Total	264,000,000	116,000,000	380,000,000
Amount paid in the First Half of FY 2025/26	c	County Executive	106,190,325	63,500,000	169,690,325
		County Assembly	60,890,111	23,872,106	84,762,217
		Total	167,080,436	87,372,106	254,452,542
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	1,337,580,150	1,142,246,901	2,479,827,051
		County Assembly	8,687,670	36,986,826	45,674,496
		Total	1,346,267,820	1,179,233,727	2,525,501,547
Outstanding trade payables as of 31st December 2025	e=a-c+b	**County Executive**	**1,443,770,475**	**1,205,746,901**	**2,649,517,376**
		County Assembly	**69,577,781**	**60,858,932**	**130,436,713**
		Total	**1,513,348,256**	**1,266,605,833**	**2,779,954,089**

***Source**: Kajiado County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.116 million and Kshs.264 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.169.69 million for the Executive and Kshs.84.76 million for the Assembly.

Table 3.143 and Table 3.144 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.2.53 billion.

Table 3.143: Kajiado County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	482,879,489	456,450,313	69,009,119	320,192,579	1,328,531,500
Recurrent Trade Payables (Goods & Services)	170,359,814	367,081,970	121,882,593	491,971,477	1,151,295,854
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**170,359,814**	**367,081,970**	**121,882,593**	**491,971,477**	**1,151,295,854**
Total Trade Payables	**653,239,303**	**823,532,283**	**190,891,712**	**812,164,056**	**2,479,827,354**
% of Total	**26**	**33**	**8**	**33**	**100**

***Source**: Kajiado County Treasury*

Table 3.144: Kajiado County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	3,226,210	5,461,459	-	-	**8,687,669**
Recurrent Trade Payables (Goods & Services)	28,359,859	-	-	-	**28,359,859**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	8,527,323	-	-	-	**8,527,323**
Recurrent Trade Payables (Staff Claims)	99,645	-	-	-	**99,645**
Total Recurrent Trade Payables	**36,986,827**	-	-	-	**36,986,827**
Total Trade Payables	**40,213,037**	**5,461,459**	-	-	**45,674,496**
% of Total	88	12	-	-	**100**

***Source**: Kajiado County Treasury*

3.10.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.1 billion on compensation of employees, Kshs.702.1 million on operations and maintenance, and Kshs.219.99 million on development activities. Similarly, the County Assembly spent Kshs.140.86 million on compensation of employees, Kshs.210.80 million on operations and maintenance, and Kshs.60.89 million on development activities, as shown in Table 3.145.

Table 3.145: Kajiado County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	**8,009,571,506**	4,910,976,814	3,098,594,692	**4,771,403,886**	12,780,975,392
	Assembly	**872,493,878**	361,620,000	510,873,878	**122,000,000**	994,493,878
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	**2,801,890,483**	2,099,795,467	702,095,016	**219,986,698**	3,021,877,181
	Assembly	**351,658,313**	140,861,076	210,797,237	**60,890,111**	412,548,424
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	-	-	-	-	-
	Assembly	-	-	-	-	-
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	**2,801,890,483**	2,099,795,467	702,095,016	**219,986,698**	3,021,877,181
	Assembly	**351,658,313**	140,861,076	210,797,237	**60,890,111**	412,548,424
Absorption (%) (d/a*100)	**Executive**	**35.0**	42.8	22.6	**4.6**	**23.6**
	Assembly	**40.3**	39.0	41.3	**49.9**	**41.5**

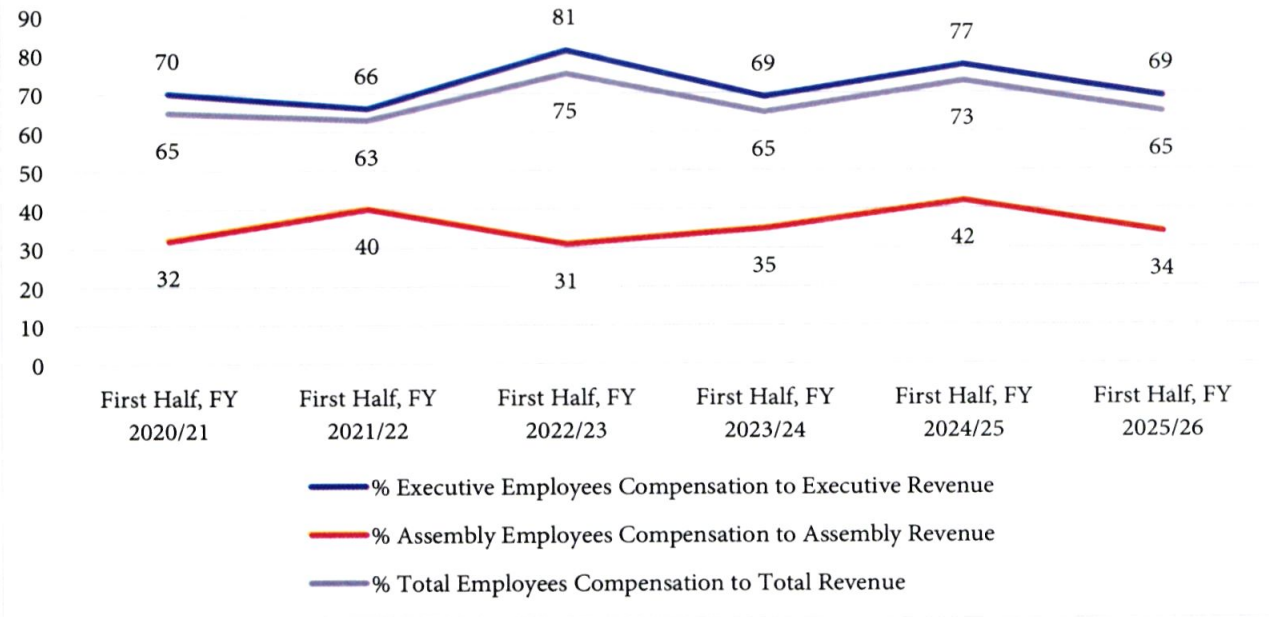
Source: Kajiado County Treasury

3.10.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.24 billion. The compensation-to-revenue ratio was 53.7 per cent. This expenditure on employee compensation shows a decrease of 11.6 per cent compared to the Kshs.2.5 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.13 billion related to Health Sector employees, accounting for 50.4 per cent of the overall employees' compensation. The decrease in employees' compensation during the period under review resulted from a delay in disbursing the December allocation; as a result, December salaries were not paid.

Figure 59 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 59: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kajiado County Treasury

Further analysis indicated that PE costs totalling Kshs.2.24 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.38.52 million was processed through manual payroll, accounting for 1.7 per cent of the total PE cost. The justification for continuing manual payroll was the National Treasury's delay in providing personnel numbers.

The manual payroll comprised salaries for 13 staff not onboarded into the Human Resource Information System (HRIS), wages for 307 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.146.

Table 3.146: Breakdown of Kajiado County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for staff yet to be onboarded into HRIS	2,362,428
2.	Salaries for casual staff	7,319,400
3.	Salaries for MCA's Partisan staff	883,272
4.	LAPTRUST/LAPFUND Pension Contributions	7,017,299
5.	Gratuity for contract staff	20,560,704
6.	Salaries for Interns	300,000
7.	Nita Contribution	79,250
	Total	38,522,353

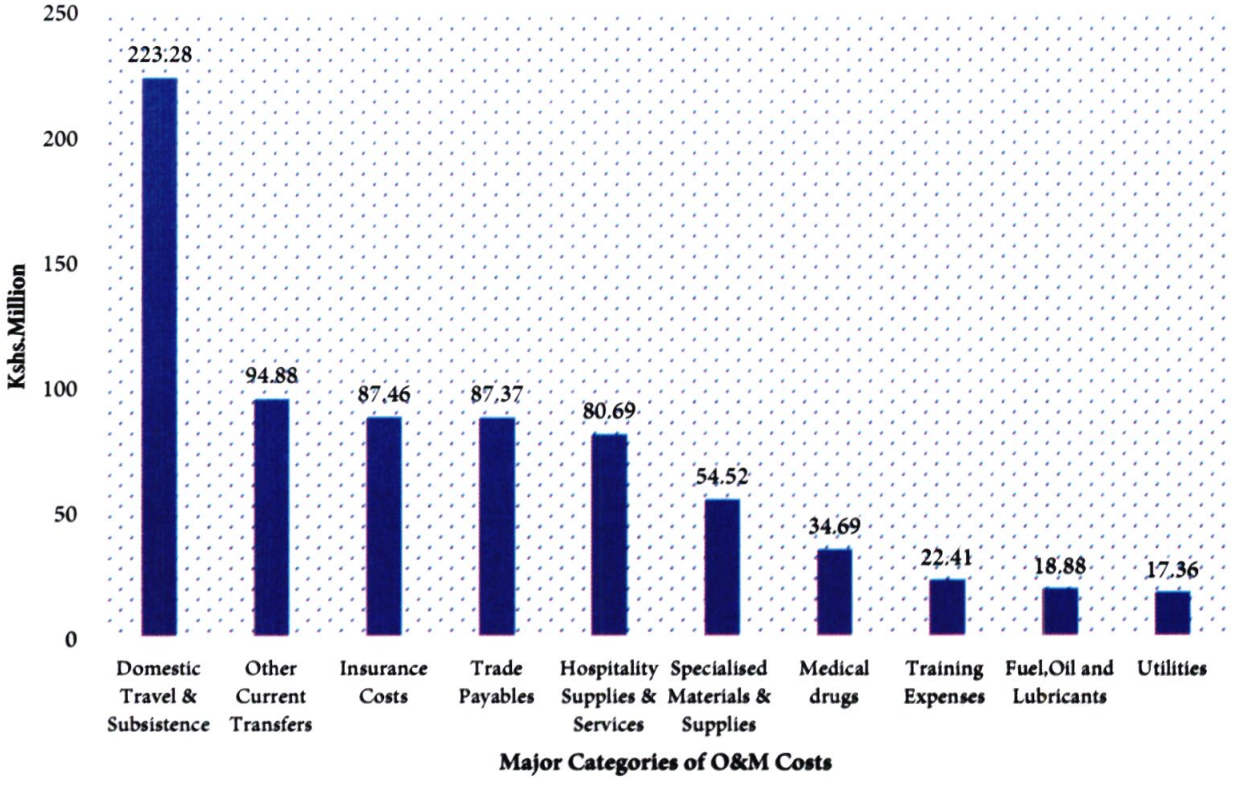
Source: Kajiado County Treasury

The County Assembly spent Kshs.9.94 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.32 million. The average monthly sitting allowance was Kshs.36,437 per MCA. The County Assembly has 20 House Committees.

3.10.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.912.89 million on operations and maintenance, representing an increase of 4.6 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.872.65 million. Figure 60 summarises the Operations and Maintenance expenditure by major categories.

Figure 60: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: *Kajiado County Treasury*

3.10.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.7.96 million on "*other operating expenses*," which is 0.9 per cent of the total operations and maintenance expenditure of Kshs.912.89 million. This category of expenditure includes Kshs.4 million for ward offices and Kshs.3.96 million for subscription to professional bodies payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.147.

Table 3.147: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2210399	Ward Offices	9,600,000	4,000,000
2210399	Subscription to professional bodies	4,217,200	3,960,420
	Total	**13,817,200**	**7.960,420**

Source: *Kajiado County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: repairs and maintenance of motor vehicles, domestic travel, and subscription to professional bodies.*

3.10.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.370 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (0.7 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.148 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.148: Performance of Kajiado County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Educational Benefits-Scholarship	2016	200,000,000	100,000,000	42,543,000	1,180,000,000	Yes
2.	Executive Car Loan and Mortgage	2016	20,000,000	-	-	280,247,500	No
3.	Kajiado Youth and Sport Funds	2016	15,000,000	-	-	97,500,000	No
4.	Disability Fund	2023	20,000,000	-	-	98,000,000	No
5.	Liquor Fund	2014	40,000,000	-	-	-	No
6.	Kajiado County Women Empowerment Fund	2021	20,000,000	10,000,000	-	10,000,000	No
7.	Kajiado County Veterinary Service Development Fund	2025	30,000,000	-	-	-	No
		County Assembly Established Funds					
1.	MCA's Car Loan and Mortgage	2021	25,000,000	-	-	384,000,000	No
	Total		370,000,000	110,000,000	42,543,000	2,249,747,500	

Source: *Kajiado County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Executive Car loan and Mortgage, Kajiado County Youth and Sport, Disability, Liquor, Kajiado County Women's Empowerment, Kajiado County Veterinary Service Development and MCA's Car and Mortgage Fund Administrators, as indicated inTable 3.148, contrary to the requirement of Section

168 of the PFM Act, 2012. The County disclosed that administration costs of the liquor Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB noted that the Emergency and Liquor Fund had expired. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.10.13 County Corporations

The County has seven County Corporations, which were allocated Kshs.20 million in FY 2025/26. No expenditure was reported during the period under review, as shown in Table 3.149.

Table 3.149: Performance of Kajiado County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Kajiado County Investment Authority	20,000,000	5,000,000	-	-
2.	Oloolaiser Water and Sewerage Company Limited	-	-	-	-
3.	Nolturesh Loitoktok Water and Sanitation Company Limited	-	-	-	-
4.	Olkejuado Water and Sewerage Company Limited	-	-	-	-
5.	Oldonyio Orok Water and Sewerage Company Limited	-	-	-	-
6.	Oloolaiser Water and Sewerage Company Limited	-	-	-	-
7.	Nolturesh Loitoktok Water and Sanitation Company Limited	-	-	-	-
	Total	20,000,000	5,000,000	-	-

Source: *Kajiado County Treasury*

3.10.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.223.28 million and comprised Kshs.103.90 million spent by the County Assembly and Kshs.119.38 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.96 million, which was entirely incurred by the County Assembly. Expenditure on foreign travel is summarised in Table 3.150.

Table 3.150: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	6	11-16 AUG 25	Hansard Association Conference	Ghana	1,697,381	-	1,697,381
County Assembly	2	13-21 July 25	Financial management and oversight training	Singapore	1,257,560	-	1,257,560
County Assembly	1	13-21July 25	Kenya Legislative Caucus Mission	Russia	532,068	-	1,257,560
County Assembly	2	1st - 6th July	Invitation for training	Norway	701,802	-	701,802
County Assembly	2	15th - 20th September	Invitation for training	Dubai	1,098,718	-	1,098,718
County Assembly	8	5th -12th October	Training on strategic management and leadership	Turkey	4,509,640	-	4,509,640

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	3	22nd- 26th September	Invitation for training	Tanzania	650,676	-	650,676
County Assembly	8	22nd- 27th October	Training on strategic management and leadership	Turkey	4,509,640	-	4,509,640
Total					14,957,485	-	14,957,485

Source: Kajiado County Treasury and Kajiado County Assembly

3.10.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.128.37 million as FIF, which was 29.2 per cent of the annual target of Kshs.440 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by health facilities amounted to Kshs.239.35 million, as shown in Table 3.151.

Table 3.151: Kajiado County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Ngong Sub-County Hospital	1	55,265,184	17,782,949	32.2
2.	Kajiado County Referral Hospital	1	82,841,967	51,683,611	62.4
3.	Kitengela Sub-County Hospital	1	89,845,357	65,971,769	73.4
4.	Loitokitok Sub-County Hospital	1	75,564,719	48,263,879	63.9
5.	Ongata Rongai Sub-County Hospital	1	53,703,958	24,469,964	45.6
6.	Mashuuru Sub-County Hospital	1	6,141,604	1,108,694	18.1
7.	Mbirikani Sub-County Hospital	1	6,637,210	1,761,426	26.5
8.	Public Health		70,000,000	-	-
9.	County Health Management			28,309,075	-
	Total		**440,000,000**	**239,351,366**	**54.4**

Source: *Kajiado County Treasury*

The expenditure incurred exceeds the FIF raised due to SHA claims paid during the period under review.

3.10.16 Development Expenditure

In the review period, the County reported spending Kshs.280.88 million on development programmes, representing a decrease of 42.1 per cent compared to FY 2024/25, when the County spent Kshs.485.14 million. Table 3.152 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the delay in the rollout of the Electronic Government procurement system(e-GPS by the national government.

Table 3.152: Kajiado County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	County Assembly	Proposed Construction of Ward Offices	Countywide	Feb-2025	June-2025	22,088,175	22,088,175	22,088,175	22,088,175	100
2	Health	Proposed construction of the male ward at Kajiado Referral Hospital	Ildamat	2024/25	2025/26	32,499,371	18,333,444	14,108,208	18,333,444	100
3	Water	Proposed Osewan stormwater management	Entonet/Lenkism	2024/25	2025/26	14,836,400	14,836,400	14,836,400	14,836,400	100
4	County Assembly	Proposed Supply and Installation of Audio Visual and Hansard System	Assembly Headquarter	2018	2022	18,000,000	12,791,379	12,791,379	12,791,379	100
5	County Assembly	Proposed Construction of waterborne toilets in ward offices	Countywide	Feb -2025	June-2025	12,639,239	12,639,400	12,639,400	12,639,400	100
6	Road	Grading and Gravelling of Olika valley Memusi councillor road	Olkeri	2024/25	2025/26	12,217,062	12,217,062	12,188,062	12,217,062	100
7	Road	Proposed Birika Matali Menkel Road	Kitengela	2024/25	2025/26	6,607,824	6,607,824	6,607,824	6,607,824	100
8	Education	Proposed Fencing at Alkiushin and Oloilalel Primary	Imaroro	2024/25	2025/26	5,909,736	5,909,736	5,080,800	5,909,736	100
9	Road	Proposed gravelling of Tuala Mugetho Panai lot 37	Oloosirken/ Sholinke	2024/25	2025/26	6,500,780	6,500,780	6,500,780	6,500,780	100
10	Health	Proposed construction of Oleleipa Health Centre	Kenyawa Poka	2024/25	2025/26	8,890,575	8,890,575	5,645,592	8,890,575	64

Source: *Kajiado County Treasury*

3.10.17 Budget Performance by Department

Table 3.153 summarises the approved budget allocation, expenditure, and absorption rate by departments for the period under review.

Table 3.153: Kajiado County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	228.30	-	55.42	-	55.42	-	100	-	24.3	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	120.79	-	38.38	-	38.38	-	100	-	31.8	-
Medical Service and Public Health	3,436.43	65	1,348.38	-	1,348.38	-	100	-	39.2	-
Water, Irrigation, Environment and Natural Resources	175.21	406.12	58.70	13.67	58.70	4.24	100	31.0	33.5	1.0
Roads, Transport, Public Works and Energy	192.98	713.88	75.27	13.42	75.27	12.42	100	92.6	39.0	1.7
Public Service, Administration and Citizen Participation	866.61	352.50	247.12	-	247.12	-	100	-	28.5	-
County Treasury	847.10	1,098.24	220.50	106.19	220.50	113.32	100	106.7	26.0	10.3
Lands, Physical Planning and Urban Development	189.11	721.23	51.18	90	51.18	90	100	100	27.1	12.5
County Assembly	872.49	122	351.70	60.89	351.66	60.89	100	100	40.3	49.9
Education, Youth and Sport	912.47	181.40	353.11	-	353.11	-	100	-	38.7	-
Gender, Cooperative, Culture, Tourism and Wildlife	204.93	-	115.03	-	115.03	-	100	-	56.1	-
Agriculture, Livestock, Veterinary Service and Fisheries	254.75	504.53	84.53	-	84.53	-	100	-	33.2	-
Trade, Investment and Enterprises	224.18	423.50	77.02	-	77.02	-	100	-	34.4	-
Kajiado Municipality	68.68	60	20.52	-	20.52	-	100	-	29.9	-
Ngong Municipality	98.82	155	30.05	-	30.05	-	100	-	30.4	-
Office of the County Attorney	142.22	-	11.69	-	11.69	-	100	-	8.2	-
Kitengela Municipality	47	90	15	-	15	-	100	-	31.9	-
	8,882.07	**4,893.40**	**3,153.59**	**284.18**	**3,153.55**	**280.88**	**100**	**98.8**	**35.5**	**5.7**

Source: *Kajiado County Treasury*

Analysis of departmental expenditure shows that the County Assembly recorded the highest absorption rate of the development budget at 49.9 per cent, followed by the Department of Lands, Physical Planning and Urban Development at 12.5 per cent. The County Assembly had the highest recurrent expenditure-to-budget ratio at 40.3 per cent, while the Office of the County Attorney had the lowest at 8.2 per cent.

3.10.18 Budget Execution by Programmes and Sub-Programmes

Table 3.154 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.154: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT OF WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES				
Water Service	Water Service	69,100,000	4,241,500	6.1
DEPARTMENT OF ROAD, TRANSPORT, PUBLIC WORKS AND ENERGY				
Public Works and Infrastructure	Public Works	80,000,000	12,424,205	15.5

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEPARTMENT OF COUNTY TREASURY				
General Administration, Planning and supporting service	General Administration, Planning and supporting service	1,060,242,992	113,320,993	10.7
DEPARTMENT OF LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT				
Urban development and management	Urban Development	676,229,735	90,000,000	13.3
DEPARTMENT OF COUNTY ASSEMBLY				
General Administration, Planning and supporting service	General Administration, Planning and supporting service	122,000,000	60,890,111	49.9
RECURRENT				
DEPARTMENT OF MEDICAL SERVICE AND PUBLIC HEALTH				
Preventive and promotive	Disease Surveillance response	7,579,700	2,910,000	260.5
DEPARTMENT OF ROAD, TRANSPORT, PUBLIC WORKS AND ENERGY				
Public works and infrastructure	Road	5,000,000	3,693,900	73.9
DEPARTMENT OF PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION				
Social Service	Social Protection	3,119,139	3,886,087	124.6
DEPARTMENT OF GENDER, CULTURE, COOPERATIVE, TOURISM AND WILDLIFE				
Art and Culture	Cultural Activities	40,452,291	37,000,290	91.5
DEPARTMENT OF COUNTY TREASURY				
Public Finance Management	Budget Coordination and Management	10,150,000	12,801,000	69.5

Source: *Kajiado County Treasury*

The development sub-programmes with the highest budget implementation rates were: General Administration, Planning and supporting service in the Department of County Assembly at 49.9 per cent, Public Works in the Department of Roads, Transport, Public Works and Energy at 15.5 per cent, and General Administration, Planning and supporting service at 10.7 per cent.

For recurrent sub-programmes, the top performers included: Disease surveillance response in the Department of Medical Service and Public Health at 260.5 per cent, social protection in the Department of Gender, Culture, Cooperative, Tourism and Wildlife at 124.6 per cent, and Cultural activities in the Department of Gender, Culture, Cooperative, Tourism and Wildlife at 91.5 per cent.

The higher performance of these programmes was attributed to priorities and needs during the period under review, such as a cultural event in November 2025.

Table 3.155 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.155: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT OF MEDICAL SERVICE AND PUBLIC HEALTH				
Curative and rehabilitation	Hospital Service	30,000,000	-	-
Preventive and promotive	Primary Health Care service	35,000,000	-	-
DEPARTMENT OF WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES				
Environmental and Natural Resources	Climate Change mitigation and adaptation	335,022,912	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEPARTMENT OF ROAD, TRANSPORT, PUBLIC WORKS AND ENERGY				
Public Works and Infrastructure	Road	597,376,319	-	-
	Energy	36,500,000	-	-
DEPARTMENT OF PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION				
General Administration, planning and support service	General Administration, planning and support service	352,500,000	-	-
DEPARTMENT OF EDUCATION, YOUTH AND SPORT				
Early Childhood Development and Education	Early Childhood Development and Education	181,400,000	-	-
RECURRENT				
DEPARTMENT OF MEDICAL SERVICE AND PUBLIC HEALTH				
Curative and Promotive	Emergency response service	3,773,500	-	-
DEPARTMENT OF WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES				
Water Service	Stormwater management	5,400,978	-	-
DEPARTMENT OF PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION				
Social Service	Control of Alcohol and substance abuse	42,081,627	-	-
DEPARTMENT OF GENDER, CULTURE, COOPERATIVE AND WILDLIFE				
Local, Tourism and wildlife	Local tourism, promotive and wildlife	17,766,324	-	-
DEPARTMENT OF COUNTY TREASURY				
Economic Policy Coordination	Monitoring and Evaluation	8,380,000	-	-

Source: *Kajiado County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Hospital services in the Department of Medical Service and Public Health; climate change mitigation and adaptation in the Department of Water, Irrigation, Environment and Natural Resources; and Roads, all at zero per cent.

For recurrent sub-programmes, the lowest-performing included: Control alcohol and substance abuse in the Department of Public Service, Administration and Citizen Participation at 0.0 per cent, Local tourism, promotive and wildlife in the Department of Gender, Culture, Cooperative and Wildlife at 0.0 per cent, and Monitoring and evaluation in the Department of County Treasury at 0.0 per cent.

These lower performance levels can be attributed to challenges in the electronic government procurement system.

3.10.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 172 accounts in commercial banks, including 137 for Health Facilities, 1 for Vocational Training Centres, 10 for Established Funds, 2 revenue accounts, and 22 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 167 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.10.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kajiado County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.360.27 million against an annual target of Kshs.1.68 billion, representing 21.4 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.280.88 million on development activities, achieving a 5.7 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Emergency Fund and the Liquor Fund had lapsed, rendering them ineligible for further withdrawals.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines required by law, contrary to the requirements of Section 168 of the PFM Act, 2012. The reports for the Executive Car loan and Mortgage, Kajiado County Youth and Sport, Disability, Liquor, Kajiado County Women's Empowerment, Kajiado County Veterinary Service Development and MCA's Car and Mortgage Fund were not submitted to the CoB as of 15th July 2025.
v. High level of trade payables, amounting to Kshs.2.53 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.38.52 million for 13 staff not onboarded into HRIS and 307 casual staff processed through manual payroll, accounting for 1.7 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECM Finance should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on a contractual and casual basis as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, to enhance accountability and oversight.*

3.11. County Government of Kakamega

3.11.1 Overview of FY 2025/26 Budget

The Kakamega County Approved Budget for FY 2025/26 is Kshs.18.15 billion. It comprises Kshs.6.23 billion (34 per cent) and Kshs.11.93 billion (66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.507.17 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.4 billion and a recurrent budget of Kshs.12.24 billion. The increase in the budget was primarily attributed to the rise in National Sharable revenue.

The budget will be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.13.58 billion (75 per cent), additional allocations of Kshs.1.58 billion (9 per cent), a cash balance of Kshs.794.71 million (7 per cent) brought forward from FY 2024/25, and Kshs.2.20 billion (12 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.156.

3.11.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.6.80 billion. This amount represented a decrease of 8 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.7.43 billion. The total revenue consisted of Kshs.5.68 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.98.58 million, as well as own-source revenue (OSR) collection of Kshs.512.13 million. Additionally, the County had a cash balance of Kshs.516.57 million from FY 2024/25. The OSR collection of Kshs.512.13 million included Facilities Improvement Financing (FIF) of Kshs.385.31 million, and Kshs.126.81 million from other OSR sources. Table 3.156 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.156: Kakamega County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				-	-
1	Balance at CRF	794,706,578	140,740,236	-	140,740,236	653,966,342
B	**Balance in Special Purpose Accounts**					
1	Roads Maintenance levy		81,000,000	-	81,000,000	-81,000,000
2	FLLoCA		294,830,996	-	294,830,996	-294,830,996
	Sub-Total	**794,706,578**	**516,571,232**	-	**516,571,232**	**278,135,346**
C	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	13,579,038,225	5,675,062,156	-	5,675,062,156	7,903,976,069
D	**Additional Allocations (Including Grants)**					
1	County Aggregation and Industrial Park Programme	250,000,000	-	-	-	250,000,000
2	Kenya Devolution Support Programme (KDSP II) L11	352,500,000	-	-	-	352,500,000
3	County Climate Resilience Investment Grant -IDA	191,131,378	-	-	-	191,131,378
4	National Agricultural Value Chain Development Project (NVCDP)	151,515,152	98,580,061	-	98,580,061	52,935,091
5	Community Health Promoters Project	127,500,000	-	-	-	127,500,000
6	Kenya Urban Support Programme (KUSP) UDG	120,740,969	-	-	-	120,740,969
7	Kenya Informal Settlement Improvement project (KISIP II)	110,000,000	-	-	-	110,000,000
8	County Climate Resilience Investment Grant -KFW	101,001,459	-	-	-	101,001,459
9	Kenya Devolution Support Programme (KDSP II)	37,500,000	-	-	-	37,500,000
10	Kenya Urban Support Programme (KUSP) UIG	35,000,000	-	-	-	35,000,000
11	Kenya Livestock Commercialization Project (KELCLOP)	33,550,000	-	-	-	33,550,000
12	Aquaculture Business Development Project (ABDP)	24,417,125	-	-	-	24,417,125
13	DANIDA Grant - Primary Health Care -L2&L3	11,844,000	-	-	-	11,844,000

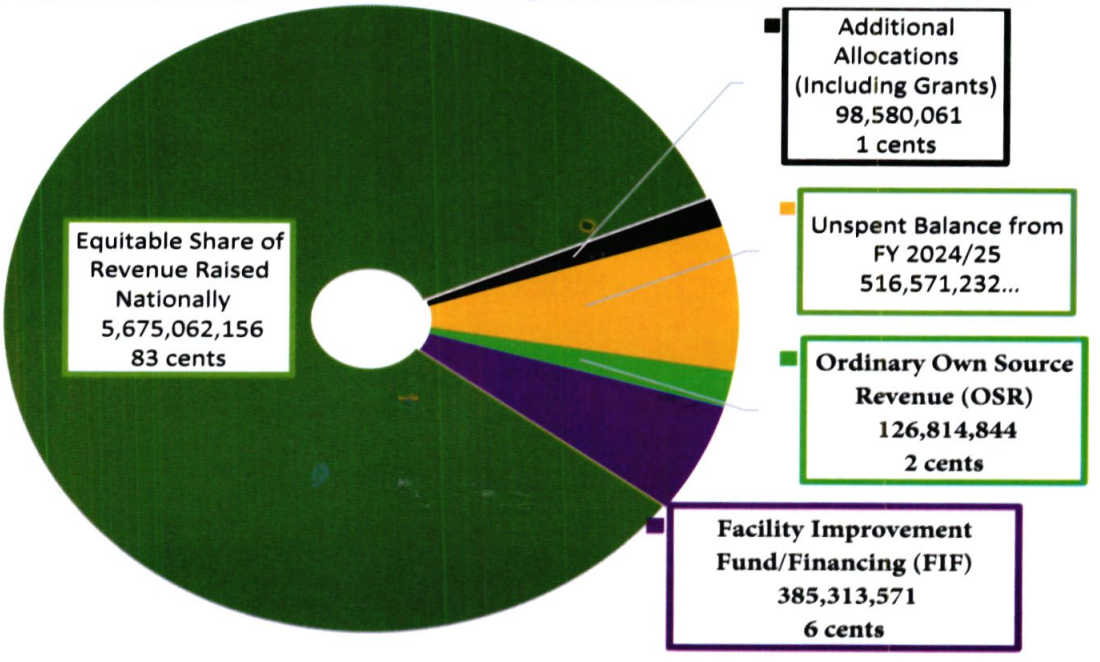
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
14	DANIDA Grant - Primary Health Care -L1	11,597,250	-	-	-	11,597,250
15	FLLoCA-(CCIS)	11,000,000	-	-	-	11,000,000
16	Kenya Agricultural Business Development (KABDP)	10,918,919	-	-	-	10,918,919
	Sub-Total	**1,580,216,252**	**98,580,061**	**-**	**98,580,061**	**1,481,636,191**
E	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue	957,367,445	126,814,844	-	126,814,844	830,552,601
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	-	-	-	-	-
2	Defunct NHIF	-	-	-	-	-
3	Facility Improvement Fund (FIF)	1,242,632,555	385,313,571	-	385,313,571	857,318,984
	Sub-Total	**1,242,632,555**	**385,313,571**	**-**	**385,313,571**	**857,318,984**
	Grand Total	**18,153,961,055**	**6,802,341,864**	**-**	**6,802,341,864**	**11,351,619,191**

Source: *Kakamega County Treasury*

The County has governing legislation on the operation of the FIF, but has not yet customised the Facilities Improvement Financing (FIF) Act 2023 through the county regulations as required.

Figure 61 provides the overall composite of receipts, by the county in the various major categories.

Figure 61: Kakamega County Composition of Each Shilling Earned in the First Half of FY 2025/26

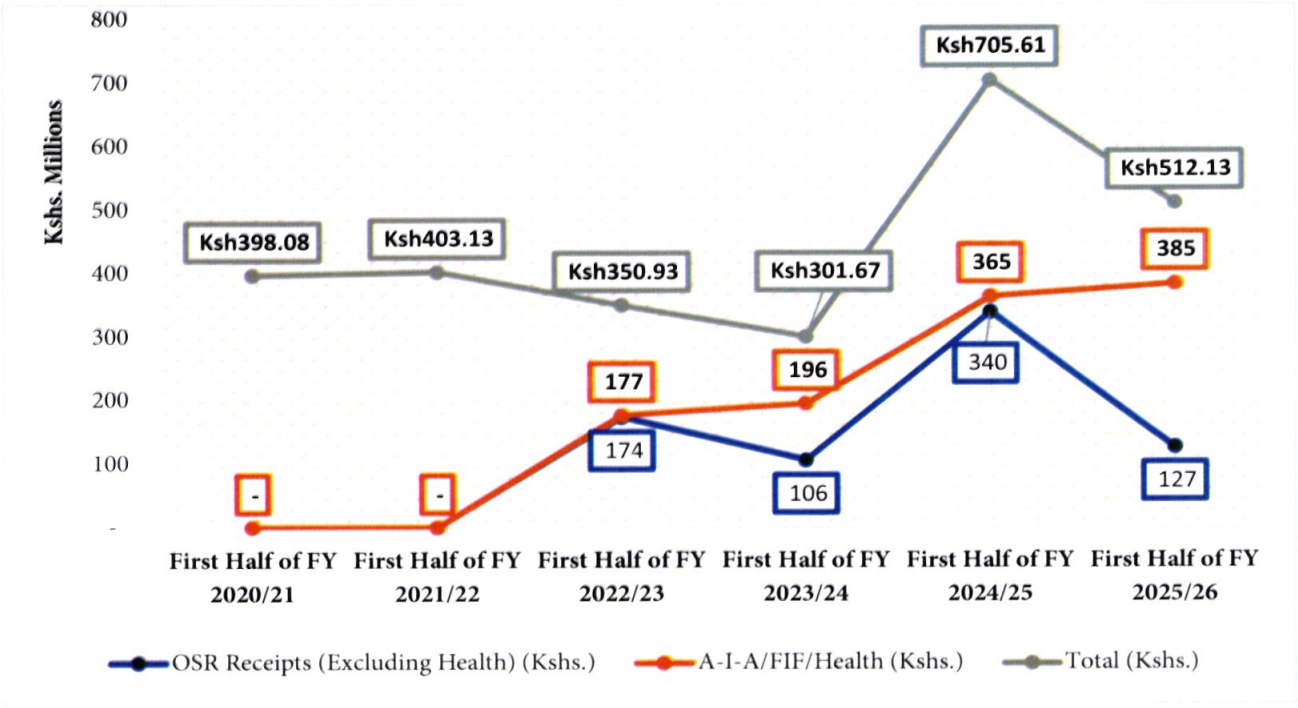


Source: *Kakamega County Treasury*

The equitable share of revenue raised nationally, unspent balances from FY2024/25, and FIF contributed 83 per cent, 8 per cent and 6 per cent, respectively, of the total receipts for the reporting period.

Figure 62 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 62: Kakamega County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



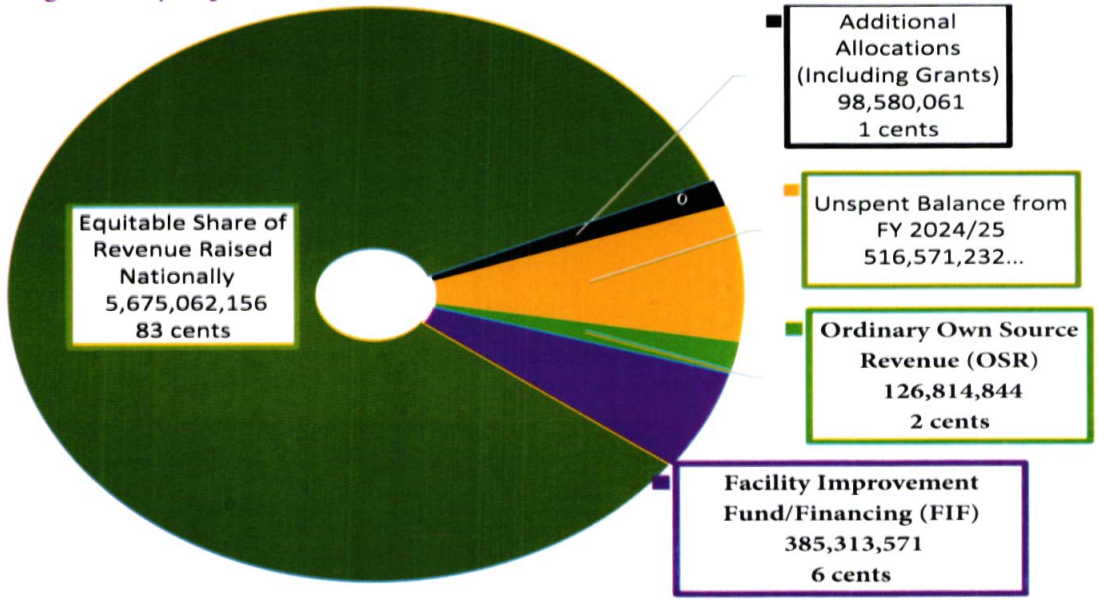
Source: *Kakamega County Treasury*

During the first half of FY 2025/26, the County received Kshs.512.13 million from OSR, including FIF. This amount was a decrease of 27 per cent compared to Kshs.705.61 million realised in a similar period in FY 2024/25, and was 23 per cent of the annual target and 9 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to change in accounting of revenues collected by agencies and county corporations which use IFRS accounting standards whereas the revenue reporting agency used IPSAS accounting standards. In FY2024/25, the county reported the agencies revenues as part of the county revenue which they have since changed in FY2025/26. Further, the agencies revenue targets are not included in the county OSR targets of Kshs.2.20 billion.

The revenue streams which contributed the highest OSR receipts are shown in Figure 63

Figure 63: Kakamega County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kakamega County Treasury

As shown in Figure 63, the highest revenue stream, at Kshs.385 million, was from FIF, accounting for 75 per cent of the total OSR receipts. The County Government indicated that it has automated 6 out 17 of revenue streams.

3.11.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.650.11 million. Table 3.158 presents a breakdown of the County's revenue arrears.

Table 3.157: Kakamega County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	D	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-		1,093,987,885	1,093,987,885
B	**Ordinary Own Sources of Revenue**					
1	Land rate	1,012,652,845	-	- 8,600,926	-	1,004,051,919
2	Single/Business Permits	45,026,620	-	-	19,927,613	64,954,233
3	Property Rent	8,461,634	-	- 2,643,100	13,950,275	19,768,809
	Sub-Total	**1,066,141,099**	**-**	**- 11,244,026**	**33,877,888**	**1,088,774,961**
C	**Facility Improvement Fund (FIF)**					
1	SHIF	813,778,264	-	-502,565,424	-	311,212,841
2	Defunct NHIF	241,440,288	-	-	-	241,440,288
3	SHA	248,573,018	-	-158,789,365	-	89,783,653
	Sub-Total	**1,303,791,570**	**-**	**-661,354,789**	**-**	**642,436,781**
	Grand Total	**2,369,932,669**	**-**	**-650,110,763**	**1,127,865,773**	**2,825,199,627**

Source: *Kakamega County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.2.83 billion, comprising Kshs.1.09 billion for both National Shareable and Ordinary Own Sources of Revenue both at (39 per cent) each, and the FIF totalled to Kshs.642.44 million at 23 per cent. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include close liaison with the Ministry of health and enforcement of settlement of land rates and property rents when the customers are seeking county related services. Further, the county may consider waivers on interests and penalties to those who clears the rates and rents by particular day following the due approval process.

3.11.4 Borrowing by the County

Kakamega County did not disclose any existing credit facility.

3.11.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.94 billion from the Kakamega County Revenue Fund (CRF) account. This amount consisted of Kshs.1.17 billion (20 per cent) designated for development programs and Kshs.4.78 billion (80 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.46 billion was allocated for employee compensation, and Kshs.1.31 billion for operations and maintenance expenditures. Within the operations and maintenance category, 12 per cent was for domestic travel and 0.4 per cent for foreign travel. The County Assembly domestic travel exchequers totalled Kshs156.70 million, and Kshs.4.75 million for the foreign travel exchequers. The county executive did not submit travel allowances exchequer requests during the reporting period.

As of December 31, 2025, the County Government's cash balance in the Kakamega CRF account was Kshs.594.77 million.

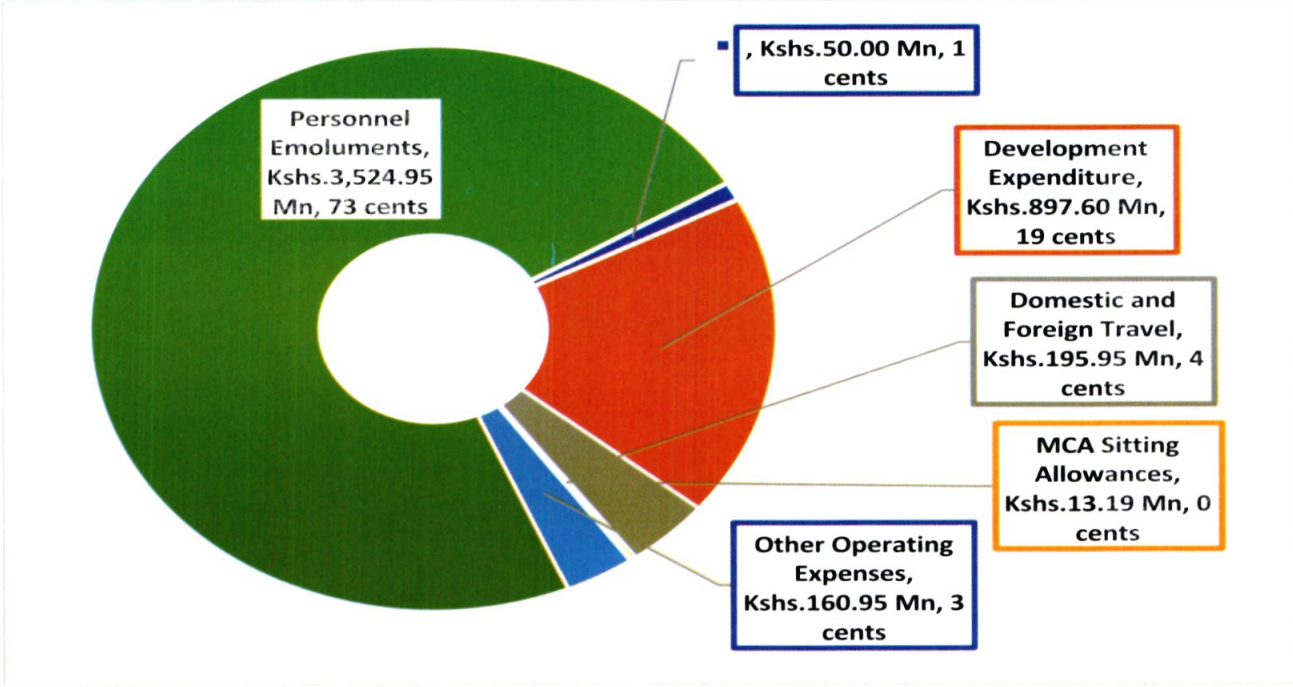
In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.586.22 million for Kakamega County Assembly during the review period. This amount comprised Kshs.318.12 million for personnel emolument activities and Kshs.268.10 million for O&M activities.

3.11.6 Expenditure Review

The County spent Kshs.5.75 billion on development and recurrent programmes in the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.897.60 million for development programmes and Kshs.4.86 billion for recurrent programmes. Expenditure on development programmes represented 14 per cent of the annual development budget, while recurrent expenditure represented 41 per cent of the annual recurrent budget.

Figure 64 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 64: Kakamega County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kakamega *County Treasury*

As shown in Figure 64, the three highest expenditure categories were personnel emoluments, development and domestic and foreign travel contributing 73, 19 and 4 per cent of total expenditure for the reporting period.

3.11.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.17 billion. This amount consisted of Kshs.1.71 billion from the County Executive and Kshs.454.41 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.773.65 million for recurrent expenditure and Kshs.938.25 million for development expenditure.

Both the County Assembly and County executive did not report on the payments made towards settling trade payables during the reporting period. Therefore, Table 3.159 that provided additional details of trade payables was not populated. The County did not adhere to the trade payables repayment plan, which had committed settlement of Kshs.320 million for the Executive whereas, the County Assembly did not submit the trade payable payment plan within the reporting period.

Table 3.158: Kakamega County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	938,246,705	773,646,906	1,711,893,612
		County Assembly		454,414,971	454,414,971
		Total	938,246,705	1,228,061,878	2,166,308,583

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade payables scheduled to be settled in First Half of FY 2025/26 per the action plan	b	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Amount paid in the First Half of FY 2025/26	c	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	-	-	-
		County Assembly	-	-	-
		Total	-	-	-

***Source**: Kakamega County Treasury*

Table 3.159 present the ageing of the total outstanding bills as of 31st December 2025 for the County Assembly, which were Kshs.677.50 million. However, the County Executive did not submit Trade Payables Ageing Analysis

Table 3.159: Kakamega County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	21,557,065	71,276,421	110,017,033	227,041,286	**429,891,805**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	22,372,794	67,962,602	49,649,280	12,706,511	**152,691,187**
Recurrent Trade Payables (Staff Claims)	79,010,812	12,904,900	3,003,000	-	**94,918,712**
Total Recurrent Trade Payables	122,940,671	152,143,923	162,669,313	239,747,797	**677,501,704**
Total Trade Payables	**122,940,671**	**152,143,923**	**162,669,313**	**239,747,797**	**677,501,704**
% of Total	18%	22%	24%	35%	100%

***Source**: Kakamega County Assembly*

3.11.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.15 billion on compensation of employees, Kshs.989.54 million on operations and maintenance, and Kshs.897.60 million on development activities. Similarly, the County Assembly spent Kshs.379.46 million on compensation of employees and Kshs.342.26 million on operations and maintenance activities, as shown in Table 3.160.

Table 3.160: Kakamega County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	10,551,592,991	1,375,643,000	4,135,025,848	721,720,248	-	-	4,135,025,848	721,720,248	39	52
Compensation of Employees	6,050,000,000	700,402,043	3,145,486,547	379,460,162	-	-	3,145,486,547	379,460,162	52	54
Operations and Maintenance	4,501,592,991	675,240,957	989,539,301	342,260,086	-	-	989,539,301	342,260,086	22	51
Development Expenditure	6,226,725,064	-	897,600,778		-	-	897,600,778		14	-
Total	16,778,318,055	1,375,643,000	5,032,626,626	721,720,248			5,032,626,626	721,720,248	30	52

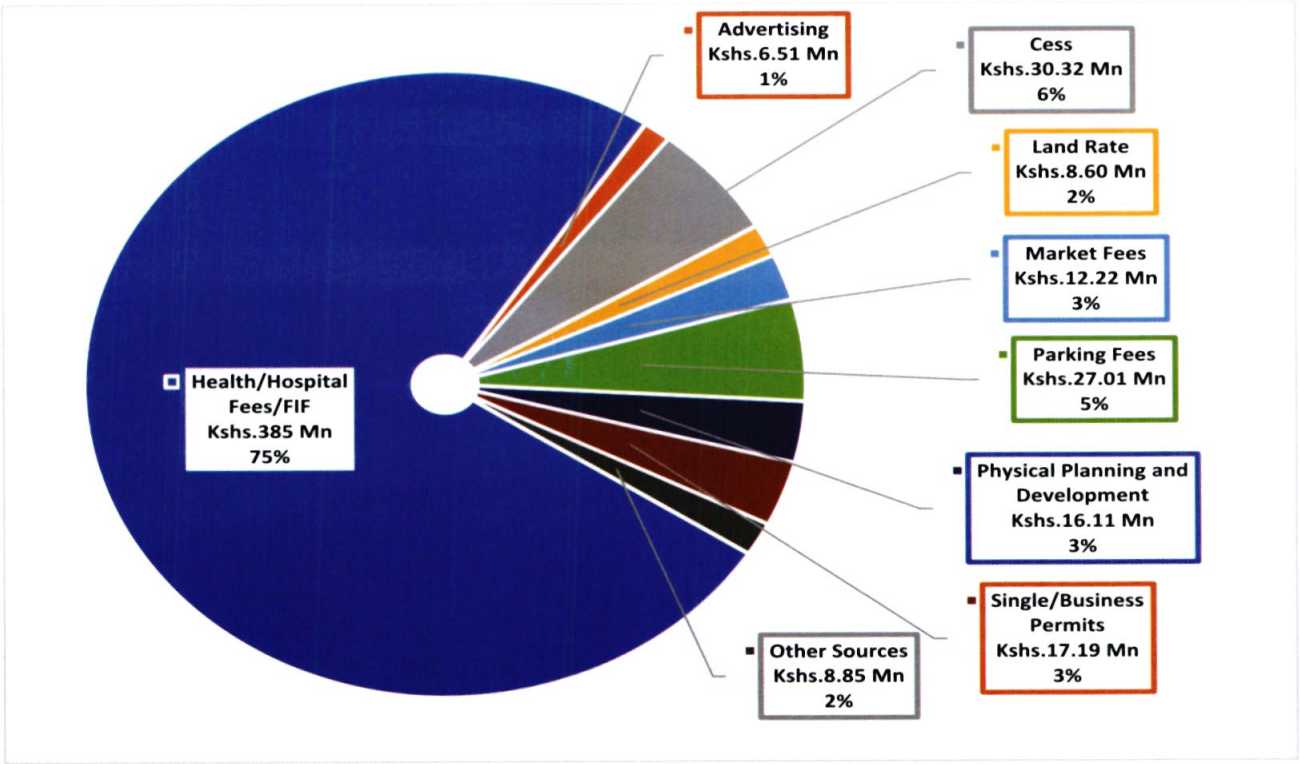
***Source**: Kakamega County Treasury*

3.11.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.52 billion. The percentage of compensation of employees to revenue was 59 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.47 billion reported in a similar period in FY 2024/25. The total amount relating to Health Sector employees, was not accounted since the data was not provided.

Figure 65 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 65: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kakamega County Treasury

The County Executive has adopted the processing of the employee's compensation through Human Resource Information System (HRIS). The total PE amounting to Kshs.3.14 billion was paid by the County Executive. Further analysis indicated that PE costs amounting to Kshs.287.20 million were processed through the Human Resource Information System (HRIS) by the County Assembly. ~~In contrast~~ However, Kshs.31.05 million was processed through manual payrolls, which accounted for 11 per cent of the county assembly PE cost. The justification for the continued use of manual payroll was that the HRIS does not compute Gratuity automatically while the highest PE cost in the assembly is borne by the state officers and partisan staff who are on contractual terms.

The manual payroll comprised salaries for 30 staff not onboarded into the Human Resource Information System (HRIS), salaries for 8 casual staff, top-up allowances for security personnel, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.161.

Table 3.161: Breakdown of Kakamega County Assembly Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for 30 staff yet to be onboarded into HRIS	7,311,551.80
2	Salaries for 8 casual staff	188,500
3	Top-up Allowances for 2 security officers	288,000
4	LAPTRUST/LAPFUND Pension Contributions	22,936,107.25
5	Employer Contribution (NSSF, HSE LEVY and NITA)	325,740.84
	Total	**31,049,899.89**

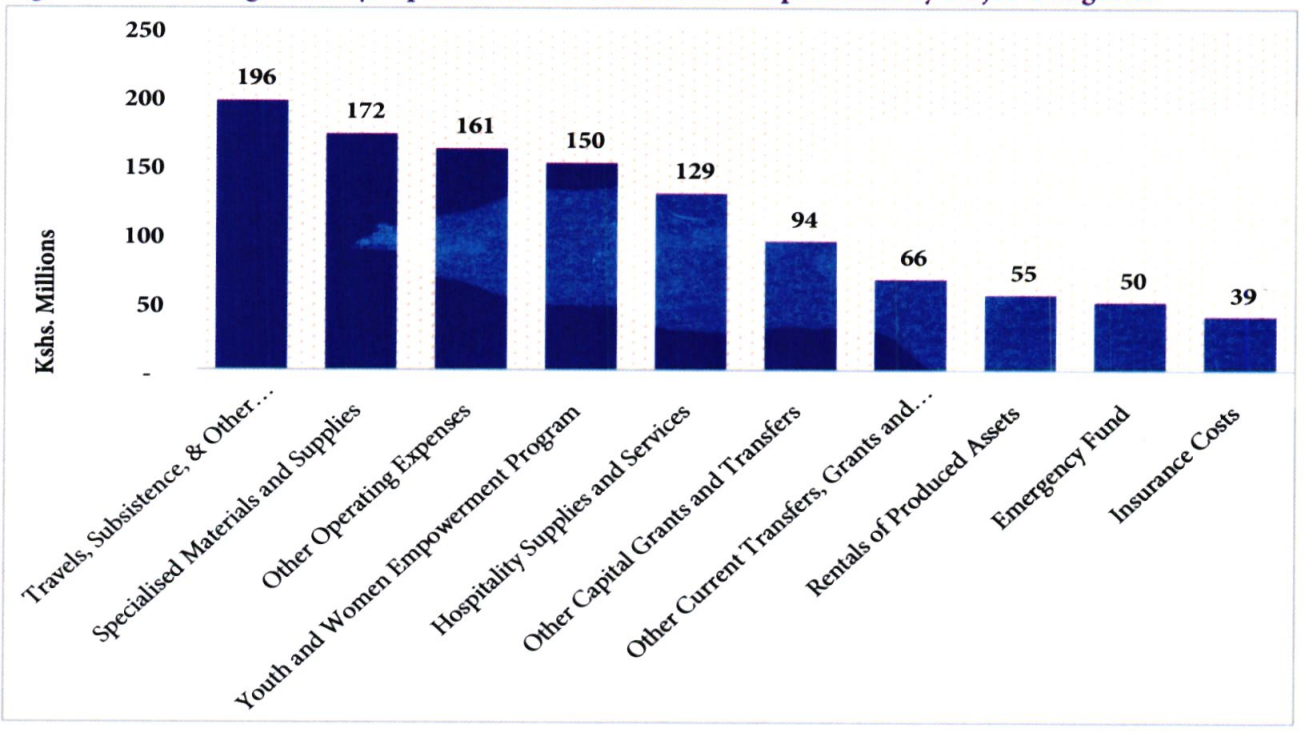
Source: Kakamega County Assembly

The County Assembly spent Kshs.22.30 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.154.87 million. The average monthly sitting allowance was Kshs.41,756 per MCA. The County Assembly has 26 House Committees.

3.11.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.33 billion on operations and maintenance, representing an increase of 2 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.31 million. Figure 66 summarises the Operations and Maintenance expenditure by major categories.

Figure 66: Kakamega County, Operations and Maintenance Expenditure by Major Categories



***Source**: Kakamega County Treasury*

3.11.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.160.94 million on "*other operating expenses*," which is 12 per cent of the total operations and maintenance expenditure of Kshs.1.33 billion. This category of expenditure includes Kshs.72.14 million for Cleaning and security services, Kshs.53.79 million and Kshs.17.64 million for ward office operations and legal fees and dues compensation payments respectively. The disaggregated items under the "*Other Operating Expenses*" category is shown in Table 3.162.

Table 3.162: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211300	Cleaning and Security Services	143,824,141	72,142,698
2211309	Ward Office Operations	97,344,000	53,786,000
2211308	Legal Dues/fees, Arbitration and Compensation Payments	40,000,000	17,644,889
2211399	Supply services	9,141,917	4,005,520
2211305	Contracted guards and cleaning services	6,300,000	3,878,944
2211308	Legal fees, arbitration	14,000,000	2,611,209
2211399	Extension services	5,000,000	2,350,748
2211399	Youth tournaments	40,000,000	2,102,000
2211301	Motor Vehicle Insurance	5,500,000	1,217,444
2211306	Membership fees, subscriptions	650,000	620,000
2211310	Training fees	30,000,000	370,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211310	Strategic plan	332,000	186,782
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	3,910,000	21,200
Total		**396,002,058**	**160,937,434**

Source: *Kakamega County Treasury*

3.11.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.2 billion to County-Established funds in FY 2025/26, or 11 per cent of the County's overall budget. Further, the County allocated Kshs.100.22 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.163 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.163: Performance of Kakamega County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/NO)
1.	Emergency Fund	2018	100,022,001	50,000,000	40,621,920	-	Yes
2.	Kakamega County Facility Improvement Fund	2022	952,294,392	-	488,418,698	488,418,698	Yes
3.	Kakamega County Climate Change Fund	2020	645,993,850	20,000,000	59,087,252	294,724,902	Yes
4.	County Executive Car Loan and Mortgage	2016	2,846,632	-	546,086	88,876,314	Yes
5	Bursary & Scholarship Fund	2017	80,000,000	-	27,953,825	27,953,825	Yes
6	The Kakamega County Alcoholic Drinks Control Fund	2014	162,308,350	-	3,511,060	-	Yes
7	County Assembly Car Loan & Mortgage	2014	51,780,000	-	637,801,947	637,801,947	Yes
	Total		1,995,245,225	70,000,000	1,257,940,788	1,537,775,686	

Source: *Kakamega County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Kakamega County Alcoholic Drinks Control Fund and County Assembly Car Loan & Mortgage Fund had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of the lapsed funds.

3.11.13 County Corporations, Agencies and Municipalities

The County has two County Corporations, 5 municipalities, two agencies and one water company and which were allocated Kshs.405.81 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.174.91 million, as shown in Table 3.164.

Table 3.164: Performance of Kakamega County Corporations in the First Half of FY 2025/26

No	Name of the Fund	Approved Budget Allocation in FY25/26 (Kshs)	Exchequer Issues/transfer from CG (Kshs)	Reported Actual Expenditure (Kshs)	Submission of Annual FS as of 31.03.2025 (Yes/No)
		A	B	C	D
1	Kakamega Municipality	160,705,430	28,480,715	51,174,486	Yes
2	Mumias Municipality	73,695,018	8,313,631	60,478,227	Yes
3	Butere Municipality	1,000,000	Not operational	-	No
4	Matunda Municipality	1,000,000	-	-	No
5	Malava Municipality	1,000,000	-	-	No
6	Kakamega County Rural Water and Sanitation Company	10,000,000	-	7,352,494	Yes

No	Name of the Fund	Approved Budget Allocation in FY25/26 (Kshs)	Exchequer Issues/transfer from CG (Kshs)	Reported Actual Expenditure (Kshs)	Submission of Annual FS as of 31.03.2025 (Yes/No)
		A	B	C	D
7	Kakamega County Investment Development Agency	20,000,000	5,000,000	4,619,993	Yes
8	Kakamega County Microfinance Corporation	19,870,076	-	5,582,938	Yes
9	Kakamega Dairy Development Corporation	58,536,959	5,884,240	5,941,602	Yes
10	Kakamega Revenue Agency	60,000,000	24,988,884	39,761,931	Yes
Sub-total		**405,807,483**	**72,667,470**	**174,911,671**	

***Source**: Kakamega County Treasury*

3.11.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.178.48 million and comprised Kshs.153.87 million spent by the County Assembly and Kshs.24.61 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.81 million and comprised Kshs.6.51 million by the County Assembly and Kshs.262,937 by the County Executive. Expenditure on foreign travel is summarised in Table 3.165.

Table 3.165: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	17th Aug, 2025	Drama and Music Fest	Uganda	298,664
County Assembly	7	26th-28th, Aug, 2025	To attend commemoration of the Environmental week	Kampala, Uganda	1,758,750
County Assembly	4	21st-25th, July	To attend the mining and agriculture economy expo	Perth, Australia	2,134,080
County Assembly	1	24th-27th Sep, 2025	To attend the 12th international youth conference	New York, USA	853,610
County Assembly	2	21st-27th Sep, 2025	To attend the Annual Conference of African Network of Parliamentary Budget Office	Abuja, Nigeria	865,800
County Assembly	1	27th-30th, Aug, 2025	To attend the 5th GACOPA International Delegates Conference	Birmingham, United Kingdom	895,131
Total					**6,806,035**

***Source**: Kakamega County Treasury and Kakamega County Assembly*

3.11.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.385.31 million as FIF, which was 31 per cent of the annual target of Kshs.1.24 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County however, has not customized regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.623.33 million, as shown in Table 3.166.

Table 3.166: Kakamega County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	502,723,346	186,515,490	37
2.	Level 4 Hospital	15	449,571,046	302,013,571	67
3.	Level 3 Facility	59	183,689,414	60,889,677	33
4.	Level 2 Facility	122	239,405,693	73,915,104	31
	Total		**1,375,389,499**	**623,333,842**	

***Source:** Kakamega County Treasury*

The Health Facilities expenditure amount of Kshs.623.33 million was higher than the reported FIF receipts of Kshs.385.31 million. This was instigated by the non-inclusion of level 2 and 3 hospitals in the revenue basket of the budget, and especially the unspent

balances retained in the health facilities. Consequently, it resulted in underreporting of the FIF receipts and should therefore be collected through a supplementary budget.

3.11.16 Development Expenditure

In the review period, the County reported spending Kshs.897.60 million on development programmes, representing an increase of 5 per cent compared to FY 2024/25, when the County spent Kshs.853.68 million. Table 3.168 summarises the development projects with the highest expenditure in the reporting period.

Table 3.167: Kakamega County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure as of 31.12.2025 (Kshs.)
	Crop Production	Subsidies to Non- Financial Private Enterprise		219,604,388	219,604,388	197,965,662
1	Water Services	Borehole rehabilitation, Last Mile Connectivity, Spring protection, Rain Water Harvesting.	Ward Based	-	169,850,000	75,220,581
2	Road Bitumen Standards	Major Roads- Ingotse-Navakholo Chebuyusi in Navakholo	Navakholo	100,000,000	100,000,000	61,402,828
3	Trade	Development of open air marets and bodaboda shades	Across the county	60,000,000	44,400,000	24,236,234
4	Education	Mabole Secondary School	Marenyo Shianda	24,762,770	-	17,439,942
5	Physical Planning	Engineering and design plans	County wide	32,000,000	32,000,000	15,994,442
6	Water Services	Yala Butwehe water project Last Mile Connectivity, Purchase of pipes, fittings and meters	Yala Butwehe	-	20,000,000	10,379,892
7	Water Services	Maloha/Firatsi Water Supply Project	Maloha /Firatsi		35,000,000	10,091,577
8	Education	Maola CP	East Wanga	8,250,640	-	7,662,648
9	Education	Eshikulusi	Marama South	7,162,292	-	5,905,130

Source: *Kakamega County Treasury*

The County did not report on stalled development projects as of 31st December 2025.

Table 3.168 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.168: Kakamega County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,376	-	586	-	722	-	123	-	52.5	-
Agriculture, Livestock, Fisheries & Co-operatives	74	619	20	255	14	253	68	99.2	18.5	40.8
County Public Service Board	26	-	7	-	7	-	97	-	25.8	-
Education, Science & Technology	292	444	1	15	10	9	1,032	55.7	3.6	1.9
Finance and Economic Planning	808	85	112	15	225	-	201	-	27.9	-
Health Services	1,104	579	259	84	277	102	107	120.8	25.1	17.6
ICT, E-government & Communication	74	121	7	-	11	-	159	-	14.4	-
Lands, Housing, Urban Areas and Physical Planning	322	315	75	21	90	27	119	127.6	28.0	8.5
Office of the Governor	339	-	38	-	51	-	135	-	15.1	-
Public Service and Administration	6,792	742	3,140	-	3,267	-	104	-	48.1	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Social Services, Youth & Sports	542	255	169	2	168	-	99	-	31.0	-
Trade, Industrialization & Tourism	48	663	2	31	7	32	282	103.2	14.6	4.8
Transport, Infrastructure, Public Works and Energy	65	1,540	0	294	3	252	981	85.9	4.7	16.4
Water, Environment, Forestry and Natural Resources	66	864	1	139	4	223	562	161.2	6.7	25.9
Total	**11,927**	**6,227**	**4,417**	**856**	**4,857**	**898**	**110**	**104.9**	**40.7**	**14.4**

***Source**: Kakamega County Treasury*

Analysis of expenditure by departments shows that the Department of Agriculture, Livestock, Fisheries & Co-operatives recorded the highest absorption rate of development budget at 41 per cent, followed by the Department of Water, Environment, Forestry and Natural Resources at 26 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 53 per cent, while the Department of Education, Science & Technology had the lowest at 4 per cent.

3.11.17 Budget Execution by Programmes and Sub-Programmes

Table 3.169 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.169: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Dept	Programme	Sub-Programme	Approved Budget FY2025/26	Expenditure (Including Accrued) as of 31.12.2025	Absorption Rate
Development					
Roads and Infrastructure	Road Bitumen Standards	Major Roads Ingotse Navakholo Chebuyusi in Navakholo	100,000,000	252,244,708	252
Agriculture	Crop Production	Subsidies to Non-Financial Private Enterp	219,604,388	197,965,662	90
Water and Environment	Forestry	Purchase of tree seeds and seedlings	8,000,000	4,000,000	50
Lands	Physical planning	Engineering and design plans	32,000,000	15,994,442	50
Lands	Physical planning	Slum Upgrading	10,000,000	4,840,423	48
Recurrent					
Finance	Operation Recurrent programme	Revenue Agency	60,000,000	30,000,000	50
Public Service & Administration	Public Service	E-Goverment	6,517,539,559	3,149,609,723	48
Health Services	Department Health centres	Health Centres	60,797,476	29,268,095	48
Public Service & Administration	County Administration	E-Goverment	226,051,121	107,092,492	47
Finance	Operation Recurrent programme	County Procurement	10,570,986	5,000,000	47

***Source**: Kakamega County Treasury*

The development sub-programmes with the highest budget implementation rates were: Road Bitumen Standards in the Department of Roads and Infrastructure at 252 per cent, Crop Production in the Department of Agriculture at 90 per cent, and Forestry and Physical planning at 50 per cent.

For recurrent sub-programmes, the top performers included: Operation Recurrent programme in the Department of Finance at 50 per cent, Public Service in the Department of Public Service & Administration and Health Centres at 48 per cent, and County Administration in the Department of Public Service & Administration at 47 per cent.

Table 3.169 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

During the period under the review, approximately 72 programs that had zero absoption rate including Bukhungu Stadium, Support to women, youth and persons with disabilities enterprises, Shelter Improvement Programme, People with disabilities support programme and Sports Support progammes.

3.11.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and revenue collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

Kakamega County Government operated 177 accounts in commercial banks, including 32 accounts for Health Facilities, 65 accounts for Vocational Training Centres, 80 accounts operated by Cunty Treasury for Established Funds, revenue accounts, special-purpose accounts (additional allocations), and Sub county administrative accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 177 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.11.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kakamega's County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 02.02.2026. Further, non-submission of trade payables progress report, aging analysis report and trade payables settlement plan
ii. The underperformance of own-source revenue at Kshs.126.81 million against an annual target of Kshs.957.37 million, representing 13 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.897.60 million on development activities, achieving a 14 per cent absorption rate.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments. This is in addition to misappropriation of fund duly approved by COB to other budgetary uses that are not in purview of the COB.
v. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Kakamega County Alcoholic Drinks Control Fund and County Assembly Car Loan & Mortgage Fund had lapsed, making them ineligible for further withdrawals.
vi. Despite the high levels of trade payables, by the beginning of the financial year, the the County Treasury and County assembly did not submit the progress report on settlement of trade payables.
vii. Use of manual payroll in County Assembly. Personnel emoluments amounting to Kshs.31.05 million for 30 staff not onboarded into HRIS and 8 casual staff were processed through manual payroll, accounting for 11 per cent of the total County Assembly payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports and trade payables reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
v. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mech-*

anisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.

vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

vii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

viii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.12. County Government of Kericho

3.12.1 Overview of FY 2025/26 Budget

The Kericho County Approved Budget for FY 2025/26 is Kshs.10.03 billion. It comprises Kshs.3.53 billion (35 per cent) and Kshs.6.51 billion (65 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.278.02 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.56 billion and a recurrent budget of Kshs.6.19 billion. The increase in the budget was primarily attributed to the rise in Own Source Revenue Projections.

The budget is to be financed from various revenue sources. These include the equitable share of revenue raised nationally, amounting to Kshs.7.18 billion (72 per cent), and additional allocations of Kshs.1.26 billion (13 per cent), and Kshs.1.60 billion (16 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.170.

3.12.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.21 billion. This amount represented a decrease of 26 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.4.05 billion. The total revenue consisted of Kshs.2.98 billion from the equitable share of revenue raised nationally, no additional allocations from the national government and development partners, as well as own-source revenue (OSR) collection of Kshs.231.10 million. Additionally, the County had a cash balance of Kshs.1.33 million from FY 2024/25. The total OSR collection of Kshs.231.10 million included Facilities Improvement Financing (FIF) of Kshs.161.08 million and Kshs.70.02 million from other OSR sources. Table 3.170 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.170: Kericho County, Revenue Performance in the First Half of FY 2025/26

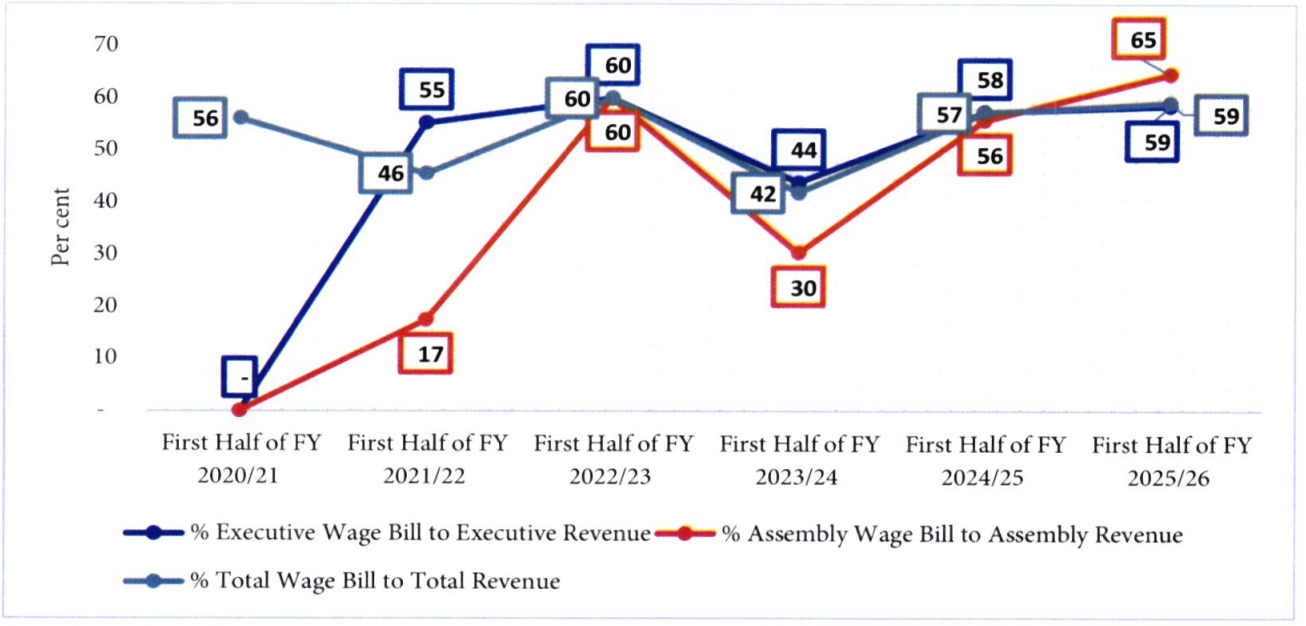
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A.	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	1,065,014	-	1,065,014	- 1,065,014
2	County Executive Refunds to CRF	-	245,863	-	245,863	- 245,863
3	County Assembly Refunds to CRF	-	23,788	-	23,788	- 23,788
	Sub-Total	-	**1,334,666**	-	**1,334,666**	**- 1,334,666**
B. Equitable Share of Revenue Raised Nationally						
1	Equitable Share	7,178,668,356	2,979,147,370		2,979,147,370	4,199,520,986
	Sub-Total	**7,178,668,356**	**2,979,147,370**	-	**2,979,147,370**	**4,199,520,986**
C. Transfers from the Equalisation Fund						
	Sub-Total	-	-	-	-	-
D. Additional Allocations (Including Grants)						
1	Doctor Salary Arrears	43,439,856	-	-	-	43,439,856
2	County Aggregated Industrial Parks	250,000,000	-	-	-	250,000,000
3	County health promoters	45,690,000	-	-	-	45,690,000
4	DANIDA FUND	8,670,000	-	-	-	8,670,000

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
5	Kenya Devolution Support Project 11 (World Bank)	37,500,000	-	-	-	37,500,000
6	Kenya Devolution Support Project 11 (World Bank)UDG	352,500,000	-	-	-	352,500,000
7	Kenya Urban Support Program UDG (SIDA)	43,550,249	-	-	-	43,550,249
8	Kenya Urban Support Program UIG (SIDA)	35,000,000	-	-	-	35,000,000
9	FLOCCA Grants to support climate change CCIR	203,392,898	-	-	-	203,392,898
10	IDA National Agricultural Value Chain Devt Project(NAVCDP)	231,250,000	-	-	-	231,250,000
11	SWEDEN Kenya Agricultural Business Dev't Project(KABDP)	10,918,919	-	-	-	10,918,919
	Sub-Total	**1,261,911,922**	-	-	-	**1,261,911,922**
E. Ordinary Own Source Revenue (OSR)						
1	Cess	117,758,971	16,579,144	-	16,579,144	101,179,827
2	Land Rate	357,303,382	6,496,852	-	6,496,852	350,806,531
3	Single/Business Permits	195,906,623	16,231,724	-	16,231,724	179,674,899
4	Property Rent	40,882,830	5,831,840	-	5,831,840	35,050,990
5	Parking Fees	46,298,197	14,727,878	-	14,727,878	31,570,319
6	Market Fees	40,407,195	4,268,269	-	4,268,269	36,138,926
7	Advertising	41,406,168	1,432,475	-	1,432,475	39,973,693
8	Public Health Service Fees	5,771,985	2,572,476	-	2,572,476	3,199,509
9	Physical Planning and Development	23,848,460	1,742,360	-	1,742,360	22,106,100
10	Hire of County Assets	300,000	42,500	-	42,500	257,500
11	Library Services	250,000	99,097	-	99,097	150,903
	Sub-Total	**870,133,811**	**70,024,615**	-	**70,024,615**	**800,109,197**
F. Facility Improvement Fund/Financing (FIF)						
1	SHIF	724,245,582	161,075,436	-	161,075,436	563,170,146
	Sub-Total	**724,245,582**	**161,075,436**	-	**161,075,436**	**563,170,146**
	Grand Total	**10,034,959,671**	**3,211,582,086**	-	**3,211,582,086**	**6,823,377,585**

Source: *Kericho County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF Figure 67 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

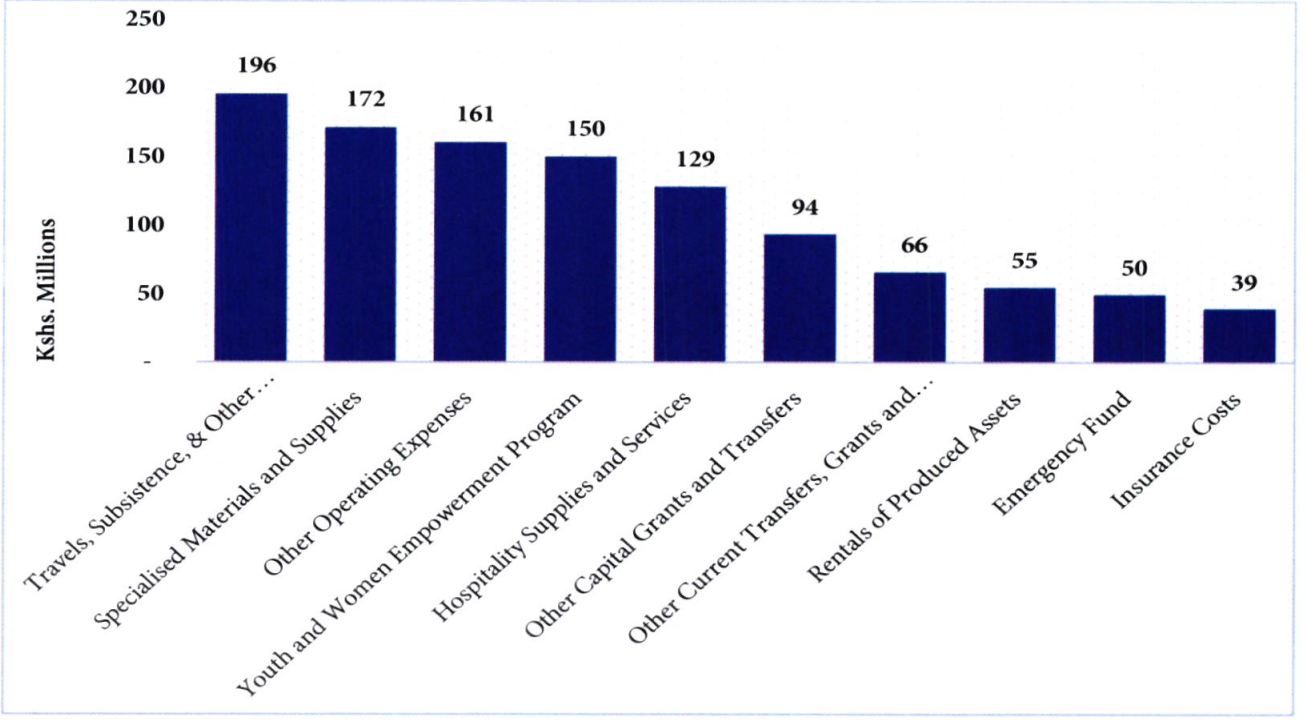
Figure 67: Kericho County Composition of Each Shilling Earned in the First Half of FY 2025/26.



Source: *Kericho County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 95 per cent, 2 per cent and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 68: Kericho County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



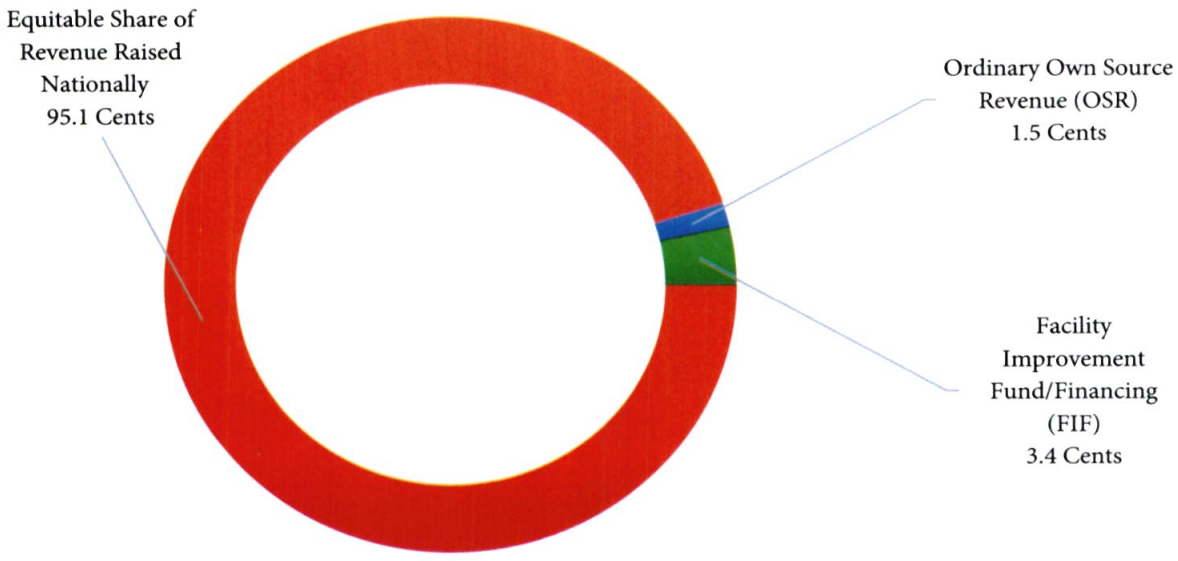
Source: *Kericho County Treasury*

During the first half of FY 2025/26, the County received Kshs.231.11 million from OSR, including FIF. This amount was a decrease of 63 per cent compared to Kshs.377.52 million realised in a similar period in FY 2024/25, and was 14 per cent of the annual target and 16 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to an increase in OSR from Ksh. 61.68 million to Ksh. 70.02 million in the same period, but a decline in FIF from Kshs 315.84 million to 161.08 million due to the closure of the referral hospital for renovation during the period.

The revenue streams that contributed the most to OSR receipts are shown in Figure 69.

Figure 69: Kericho County Top Own Source Revenue Streams in the First Half of FY 2025/26.



Source: Kericho County Treasury

As shown in Figure 69, the highest revenue stream is at Kshs.161 million from FIF, accounting for 70 per cent of the total OSR receipts. The County Government indicated that it has automated all the Kericho revenue streams.

3.12.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.198 million, which remained at Kshs.198 million as of 31st December 2025. Table 3.171 presents a breakdown of the County's revenue arrears.

Table 3.171: Kericho County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land rates	188,079,255	-	-	-	188,079,255
2	House rent	10,470,800	-	-	-	10,470,800
	Sub-Total	**198,550,055**	**-**	**-**	**-**	**198,550,055**
	Total	**198,550,055**	**-**	**-**	**-**	**198,550,055**

Source: Kericho *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.198 million, comprising Kshs.188 million for Land rates (94 per cent) and Kshs.10.47 million for House rent. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the issuance of demand notices and eviction notices.

3.12.4 Borrowing by the County

No borrowings were reported by the Kericho County Government or the County Assembly of Kericho during the period under review.

3.12.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.95 billion from

the Kericho County Revenue Fund (CRF) account. This amount consisted of Kshs.462.67 million (13 per cent) designated for development programs and Kshs.2.48 billion (39 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.98 billion was allocated for employee compensation, and Kshs.509.62 million for operations and maintenance expenditures. Within the operations and maintenance category, 26.64 per cent was for domestic travel and 2.35 per cent for foreign travel. The domestic travel exchequers totalled Kshs.135.78 million, including Kshs.41.19 million for the County Executive and Kshs.94.59 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.01 million, with Kshs.6.81 million for the County Executive and Kshs.5.2 million for the County Assembly.

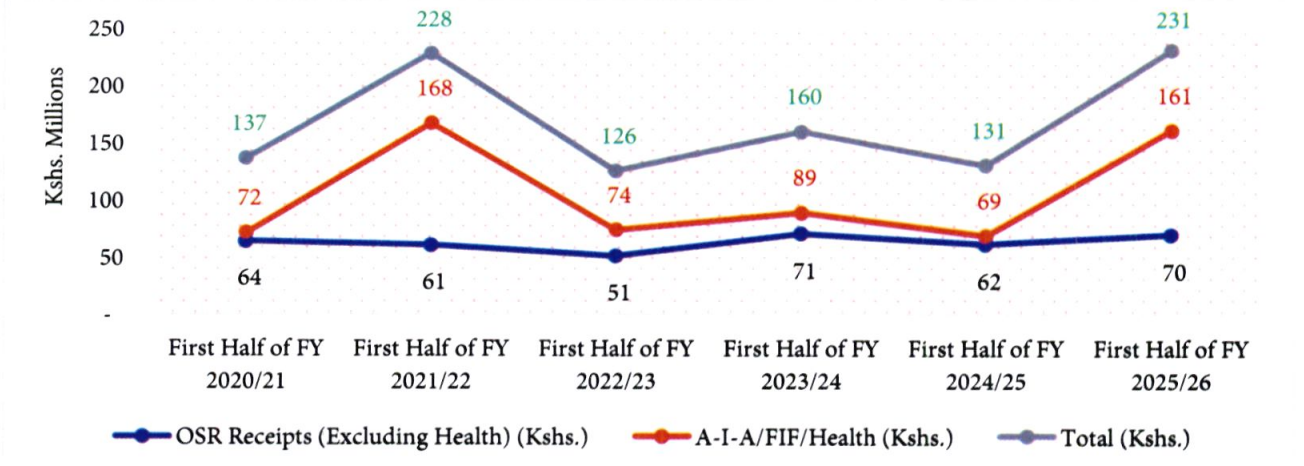
As of December 31, 2025, the County Government's cash balance in the Kericho CRF account was Kshs.128.80 million.

In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.407.14 million from the Kericho County Assembly operations account during the review period. This amount comprised Kshs.48 million for development activities and Kshs.359.14 million for recurrent activities.

3.12.6 Expenditure Review

The County spent Kshs.2.95 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.462.67 million for development programmes and Kshs.2.48 billion for recurrent programmes. Expenditure on development programmes accounted for 13 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 38 per cent of the annual recurrent expenditure budget.

Figure 70: Kericho County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kericho *County Treasury*

As shown in Figure 70, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Other operating expenses, which contributed 67, 16, and 14 per cent of total expenditure for the reporting period, respectively.

3.12.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.26 billion. This amount consisted of Kshs.2.21 billion from the County Executive and Kshs.13.21 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.683.16 million for recurrent expenditure and Kshs.1.53 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.414.67 million (13 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables during the period. The outstanding trade payables as of 31st December 2025 were Kshs.1.64 billion for the County Executive and Kshs.13.21 million for the County Assembly. Table 3.172 provides additional details of trade payables.

Table 3.172: Kericho County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,367,004,160	661,291,275	2,028,295,435
		County Assembly	13,206,900		13,206,900
		Total	1,380,211,060	661,291,275	2,041,502,335
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive			-
		County Assembly	13,206,900	-	13,206,900
		Total	-	-	-
Amount paid in the First Half of FY 2025/26	c	County Executive	414,671,146	-	414,671,146
		County Assembly	-		-
		Total	-	-	-
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive		29,492,288	29,492,288
		County Assembly			-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	952,332,963	690,783,563	1,643,116,526
		County Assembly	13,206,900	-	13,206,900
		Total	965,539,863	690,783,563	1,656,323,426

Source: *Kericho County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.661 million and Kshs.1.38 billion on recurrent and development expenditure, respectively, in FY 2025/26. The County partly adhered to this payment plan, as it cleared Kshs.414.67 million for the Executive and Nil for the Assembly.

Table 3.173 and Table 3.174 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.65 billion.

Table 3.173: Kericho County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables		**952,332,963**	-	-	**952,332,963**
Recurrent Trade Payables (Goods & Services)		509,131,540	102,867,237	-	611,998,777
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	29,492,288	-	-	-	29,492,288
Recurrent Trade Payables (Staff Claims)		49,292,498	-	-	49,292,498
Total Recurrent Trade Payables	**29,492,288**	**558,424,038**	**102,867,237**	**-**	**690,783,563**
Total Trade Payables	**29,492,288**	**1,510,757,001**	**102,867,237**	**-**	**1,643,116,526**
% of Total	**2**	**92**	**6**	**-**	**100**

Source: *Kericho County Treasury*

Table 3.174: Kericho County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**13,206,900**	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	**13,206,900**	-	-	-	-
% of Total	**100**	-	-	-	**100**

Source: *Kericho County Treasury*

3.12.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.77 billion on compensation of employees, Kshs.357.34 million on operations and main-

tenance, and Kshs.414.67 million on development activities. Similarly, the County Assembly spent Kshs.206.85 billion on compensation of employees, Kshs.152.29 million on operations and maintenance, and Kshs.48 million on development activities, as shown in Table 3.175.

Table 3.175: Kericho County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,694,826,855	811,439,307	2,125,634,408	359,139,055	29,492,288	-	2,154,765,703	359,139,055	38	44
Compensation of Employees	3,702,884,024	441,812,896	1,767,937,970	206,853,169	29,492,288	-	1,797,430,257	206,853,169	49	47
Operations and Maintenance	1,991,942,830	369,626,410	357,335,446	152,285,886	-	-	357,335,446	152,285,886	18	41
Development Expenditure	3,423,522,614	105,170,894	414,671,146	48,000,000	-	-	414,671,146	48,000,000	12	46
Total	9,118,349,469	916,610,201	2,539,944,616	407,139,055	29,492,288	-	2,569,436,850	407,139,055	28	44

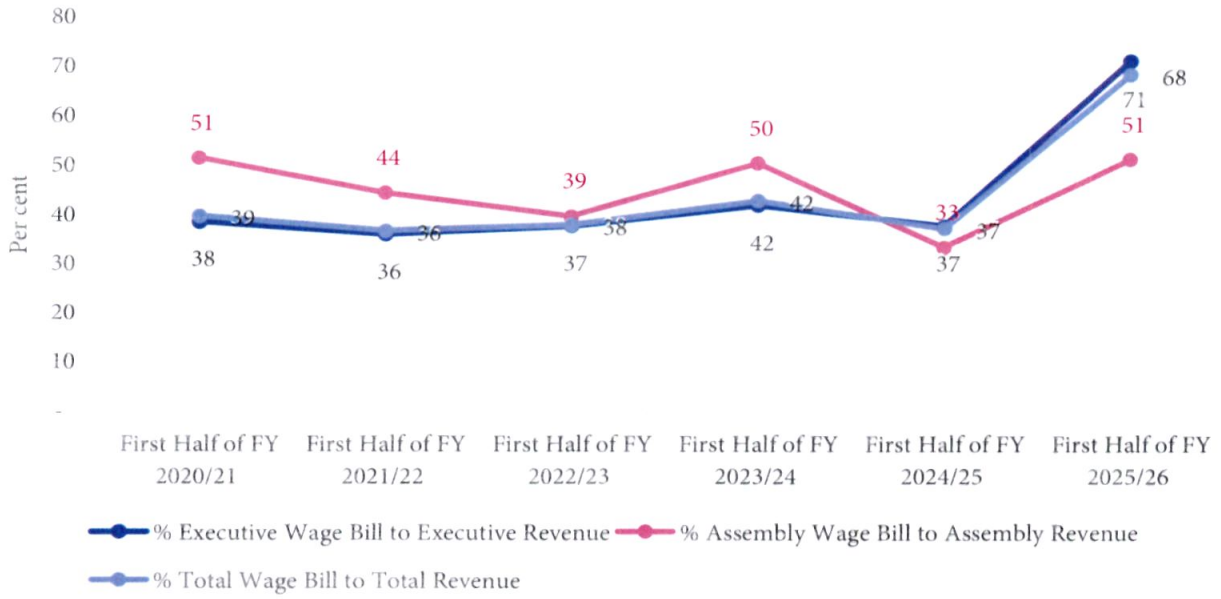
Source: Kericho County Treasury

3.12.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.01 billion. The compensation-to-revenue ratio was 48 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.27 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.11 billion is related to Health Sector employees, accounting for 56 per cent of the overall employees' compensation.

Figure 71 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 71: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kericho County Treasury

Further analysis indicated that PE costs amount to Kshs.1.80 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.126.20 million was processed through manual payroll, which accounted for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was ward staff for the county assembly and newly employed county revenue staff who have since been onboarded to the HRIS system.

The manual payroll comprised salaries for 53 staff not onboarded into the Human Resource Information System (HRIS), salaries for 28 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.176.

Table 3.176: Breakdown of Kericho County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	36,032,280
2	Salaries for casual staff	3,737,200
3	Top-up Allowances for Security Officers	6,871,503
4	LAPTRUST/LAPFUND Pension Contributions	15,318,442
5	Gratuity for contract staff	9,974,604
6	Community Health Workers	25,140,000
7	NITA	19,900
8	Housing Levy Fund	423,756
9	Nssf	429,840
	Total	126,197,941

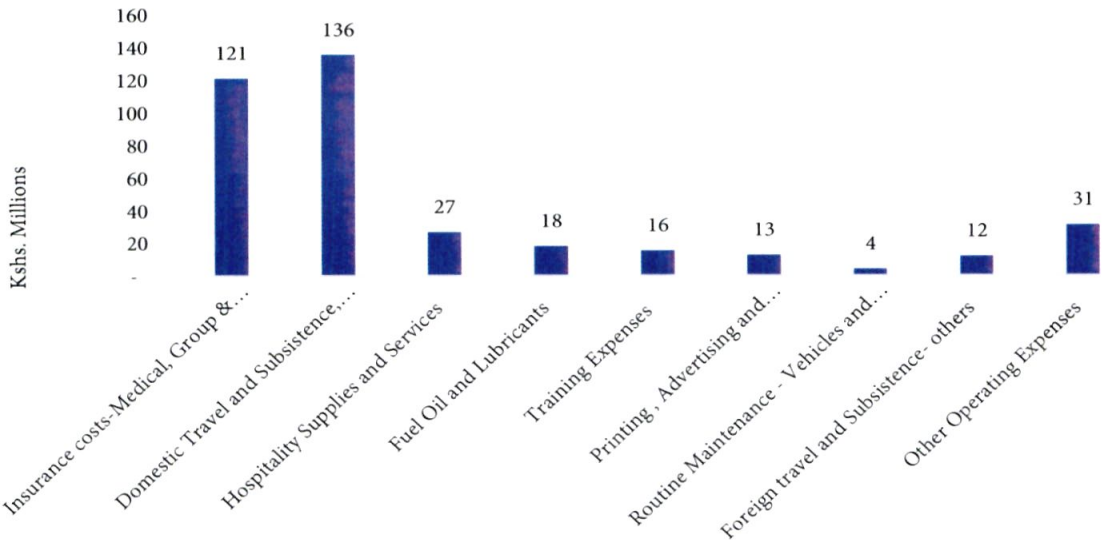
Source: Kericho County Treasury

The County Assembly spent Kshs.11.25 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.48.41 million. The average monthly sitting allowance was Kshs.39,045 per MCA. The County Assembly has 18 House Committees.

3.12.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.509.62 million on operations and maintenance, representing a decrease of less than 1 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.510.45 million. Figure 72 summarises the Operations and Maintenance expenditure by major categories.

Figure 72: Kericho County, Operations and Maintenance Expenditure by Major Categories.



Source: *Kericho County Treasury*

3.12.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.31.31 million on "*other operating expenses*," which is less than 1 per cent of the total operations and maintenance expenditure of Kshs.2.36 billion. This category of expenditure includes a 21.8 million balance for garbage collection, legal fees, and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.177.

Table 3.177: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
Bank Service Commission and Charges	2211301	100,000	-
Contracted Guards and Cleaning Services	2211305	32,694,168	21,804,242
Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	2211306	5,308,040	557,200

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
Legal Dues/fees, Arbitration and Compensation Payments	2211308	7,000,000	400,521
Contracted Professional Services	2211310	33,579,992	430,000
Temporary Committee Expenses	2211320	-	-
Laundry Expenses	2211323	100,000	-
Ward Office Expenses	2211325	13,820,000	6,011,000
Other Operating Expenses	2211399	8,500,000	2,108,896
	Total	101,102,200	31,311,859

Source: *Kericho County Treasury*

3.12.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.353 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.178 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.178: Performance of Kericho County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First half of FY 2025/26 (Kshs.)	Actual Expenditure in the First half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Kericho County Car Loan	2015	10,000,000	-	-	44,780,000	No
2	Kericho County Emergency Fund	2014	10,000,000	-	-	346,200,113	No
3	Kericho County Climate Change Fund	2021	303,142,898	-	-	384,391,024	No
4	Kericho County Mortgage fund	2015	20,000,000	-	-	236,318,000	No
5	Kericho County Bursary Fund	2014	-	-	-	1,135,280,039	No
		County Assembly Established Funds					
1	Kericho County Assembly Staff Car Loan and Mortgage Fund	2014	10,000,000	-	-	225,922,268	Yes
2	Kericho County Assembly Members Car Loan and Mortgage Fund	2014	-	-	-	269,000,000	No
	Total	-	353,142,898	-	-	2,641,891,444	

Source: *Kericho County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Kericho County Car Loan, Kericho County Emergency Fund, Kericho County Climate Change Fund Kericho County Mortgage fund, Fund Kericho County Bursary Fund and Kericho County Assembly Members Car Loan and Mortgage Fund Administrators, as indicated in Table 3.178, contrary to the requirement of Section 168 of the PFM Act, 2012. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Kericho County Car Loan, Kericho County Emergency Fund, Kericho County Climate Change Fund, Kericho County Mortgage Fund, Fund Kericho County Bursary Fund and Kericho County Assembly Members Car Loan and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.12.13 County Corporations

The County has 2 County Corporations, which were allocated Kshs.2 million in FY 2025/26. The 2 County Corporations did not incur any expenditure, as shown in Table 3.179.

Table 3.179: Performance of Kericho County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	KEWASCO	2,008,143	-	-	-
2.	Kabianga Tea Farm	-	-	-	-
	Total	**2,008,143**	**-**	**-**	**-**

Source: *Kericho County Treasury*

3.12.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.135.78 million and comprised Kshs.94.58 million spent by the County Assembly and Kshs.41.19 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.01 million and comprised Kshs.5.20 million by the County Assembly and Kshs.6.81 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.180.

Table 3.180: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	16	23rd -28th Feb 2025	PARTICIPATED IN EALASCA GAMES	Kampala	4,237,403.66	-	4,237,403.66
County Executive	4	23rd to 27th June 2025	Attending Manpower Planning, Resourcing and retention training in Arusha	Arusha	874,666.54	-	874,666.54
County Executive	2	26/10/2024-5/11/2024	The 24th Eac Msme Trade Fair	Juba	505,496	-	505,496
County Executive	1	24-27/11 2024	World Congress Of Epidemiology 2024 In South Africa	SOUTH AFRICA	338,210	-	338,210
County Executive	1	21-28/10/2025	Engage In Presentation With An Aim Of Partnership To Generate Solar Power Energy	Sweden	779,334.40	-	779,334.40
County Executive	3	23-27/6/2025	Training On Strategic Thinking, Analysis And Planning At The International Training Institute	Tanzania	588,537.10	-	588,537.10
County Assembly	3	14th-19th September 2025	Legislative summit in United Kingdom on 14th to 19th September 2025	United Kingdom	3,260,542	-	3,260,542
Total							6,818,151.70

Source: Kericho County Treasury and Kericho County Assembly

3.12.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.161.08 million as FIF, which was 22 per cent of the annual target of Kshs.724.25 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.161 million, as shown in Table 3.181.

Table 3.181: Kericho County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kericho County Referral Hospital	1	322,046,493.63	33,444,969	10
2.	Kapkatet Sub-County Hospital	1	216,863,016.99	56,961,056	26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
3.	Sigowet Sub-County Hospital	1	66,589,647.31	24,229,555.40	36
4	Londiani Sub-County Hospital	1	62,044,201.01	18,455,143	30
5	Fortenan Sub-County Hospital	1	16,158,875.86	9,043,136.60	56
6	Roret Sub-County Hospital	1	32,491,106.73	13,655,164.55	42
7	Kipkelion Sub-County Hospital	1	8,052,240.47	5,286,411.45	66
	Total		**724,245,582**	**161,075,436**	**22**

Source: *Kericho County Treasury*

3.12.16 Development Expenditure

In the review period, the County reported spending Kshs.462.67 million on development programmes, attributed to payment of pending bills amounting to Kshs.414.67 by the County executive and Kshs.48 million by the County Assembly for the current FY 2025/26. No development was done or paid for by the County executive during the period.

Table 3.182: Kericho County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Water, Energy, Natural Resources & Environment	Construction of Kapkures Water Supply Project, Phase 11	kipkelion	2022	2025	14,600,304	14,600,304		14,600,304	100
2	Water, Energy, Natural Resources & Environment	Soliat Locational Water Project	soliat	2022	2025	9,457,411	9,457,411		9,457,411	100
3	Education, Libraries, Culture & Social Services	Supply and Delivery of Text Books for ECDE county-wide	county wide	2022	2025	8,969,002	8,969,002		8,969,002	100
4	Land, Housing & Physical Planning	Survey of Public Land and Towns	**Kapkatet Ward**	2022	2025	6,812,750	6,812,750		6,812,750	100
5	Education, Libraries, Culture & Social Services	Construction of Seguton Primary Lemeiywet Nursery Road	Kipkelion	2022	2025	4,993,293	4,993,293		4,993,293	100
6	Water, Energy, Natural Resources & Environment	CHEPNORIO WATER PROJECT	soliat	2022	2025	4,979,996	4,979,996		4,979,996	100
7	Water, Energy, Natural Resources & Environment	KIMOLOGIT-MURAO WATER PROJECT	kamasian	2022	2025	4,964,067	4,964,067		4,964,067	100
8	Water, Energy, Natural Resources & Environment	Indiet Phase II Water Project	soliat	2022	2025	4,959,284	4,959,284		4,959,284	100
9	Water, Energy, Natural Resources & Environment	Indiet Phase I Water Project	soliat	2022	2025	4,945,055	4,945,055		4,945,055	100
10	Levinex Limited	Construction of Munara Centre, Kileges Cattle Dip Road	Soin	2022	2025	4,886,302	4,886,302		4,886,302	100

Source: *Kericho County Treasury*

The County reported 20 stalled development projects as of 31st December 2025, with an estimated value of Kshs.321 million, of which Kshs.95.3 has already been paid. The stalled projects are shown in Table 3.183.

Table 3.183: Kericho County Stalled Projects as of 31st December 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Proposed construction of a generator house and supply, delivery, installation and commissioning of a generator at Sosiot Health Centre	Waldai	5,300,220	-	5,300,220	-	The contractor abandoned the site without any communication
Proposed remodelling of the surgical theatre at Fort Ternan Sub-County Hospital	Chilchila	5,821,108.75	-	5,821,108.75	-	The contractor never reported to the site
Proposed supply and delivery of cardio-thoracic consumables at Kericho County Referral Hospital	Kipchebor	4,502,732	-	4,502,732	-	Failed to supply the consumables
Kiboybei Water Supply	Kapsoit	36,731,977.51	5,873,809	30,858,168.51	16	Land issues
Solar water project		103,545,774.30	13,502,388	90,043,386.30	13	Community Conflict with the contractor on land issues
Construction and equipping of the theatre at Ainamoi Health Centre	Ainamoi	14,136,359	8,626,128	5,510,231	61	The contractor abandoned the site without communicating with the client
Kaboloin water project, lower part of Kapsaos	Kapsaos	15,255,327.90	12,036,825.40	3,218,502.50	79	Technical hitch that requires redesign
Supply and installation of a 2-disc pulper machine	Kaplelartet	2,400,000	-	2,400,000	-	The contractor did not supply
Construction of a 100m3 masonry water tank	Chilchila ward	1,897,150	-	1,897,150	-	The contractor left the site
Construction of an ECDE classroom at Rwandet	Kisiara	898,131	-	898,131	-	Lack of Capacity by Contractor
Construction of an ECDE toilet at Tilolwet	Londiani	759,510	-	759,510	-	Lack of Capacity by Contractor
Construction of an ECDE classroom at Kipteran	Soin	1,082,980	-	1,082,980	-	Lack of Capacity by Contractor
Construction of an ECDE toilet at Litiik	Tebesonik	724,316	-	724,316	-	Hostile Community
Construction of a toilet at Leldet VTC	Kamasian	860,520.48	-	860,520.48	-	Lack of Capacity by Contractor
Construction of a toilet at Chepseon VTC	Chepseon	916,400	-	916,400	-	Lack of Capacity by Contractor
Acquisition of land for the sweet potato pack house	Kaplelartet	1,500,000	-	1,500,000	-	Family dispute over who owns the land and succession issues
Acquisition of land for Chebulu Conservancy	Kaplelartet	5,000,000	-	5,000,000	-	Valuation costs conflict
Kipkobob Water Project	Chemosot	102,407,437.61	50,034,908.82	52,372,528.79	-	Lack of budget allocation

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Fabrication of a fire engine	HQ	9,272,671	-	9,272,671	-	The truck was not registered (mechanical engineer report not available)
Bureti Fire Station	Kapkatet	8,248,375	5,320,615	2,927,760	65	The contractor has abandoned the site

Source: *Kericho County Treasury*

3.12.17 Budget Performance by Department

Table 3.184 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.184: Kericho County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26.

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	811.44	105.17	359.14	48	359.14	48	100.0	100	44.3	45.6
Public Service & Administration	511.66	388.45	165.51	0.72	170.43	0.72	103.0	100	33.3	0.2
Office Of the Governor & Deputy Governor	147.33	-	55.89	-	57.65	-	103.2	-	39.1	-
County Public Service Board	61.34	-	9.3	-	9.79	-	105.3	-	16.0	-
Finance & Economic Planning	364.65	118.07	124.14	24.54	116.48	24.54	93.8	100	31.9	20.8
Health Services	3,202.17	422.36	1160.13	47.5	1170.51	47.5	100.9	100	36.6	11.2
Agriculture, Livestock & Co-operative Development	168.12	555.15	68.87	42.09	69.26	42.09	100.6	100	41.2	7.6
Education, Libraries, Culture & Social Services	671.97	282.06	315.45	13.55	316.7	13.55	100.4	100	47.1	4.8
Public Works, Roads & Transport	95.69	657.60	38.47	149.65	31.22	149.65	81.1	100	32.6	22.8
Trade, Industrialization, Innovation, Tourism &Wildlife	64.66	334.58	19.57	8.47	19.43	8.47	99.3	100	30.0	2.5
Water, Energy, Natural Resources & Environment	178.63	472.95	66.36	109.38	68.51	109.38	103.2	100	38.4	23.1
Land, Housing & Physical Planning	148.46	89.81	70.74	10.81	66.49	10.81	94.0	100	44.8	12.0
Information, Communication & E-Government, Youth Affairs, Gender & Sports	80.14	102.50	31.19	7.97	28.8	7.97	92.3	100	35.9	7.8
	6,506.27	3,528.69	2484.76	462.67	2484.41	462.67	100	100	38.2	13.1

Source: *Kericho County Treasury*

Analysis of expenditure by departments shows that the County Assembly recorded the highest absorption rate of development budget at 45.6 per cent, followed by the Department of Finance and Economic Planning at 20.8 per cent. The Department of Lands had the highest recurrent expenditure-to-budget ratio at 44.8 per cent, while the County Public Service Board had the lowest at 16 per cent.

3.12.18 Budget Execution by Programmes and Sub-Programmes

Table 3.185 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.185: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
DEPARTMENT COUNTY ASSEMBLY							
County Assembly Services	Speaker's office	358,573,022	-	227,450,900	-	63	-
	Clerk's Office	441,307,810	105,170,894	127,678,116	48,000,000	29	46
	County Assembly Service Board	11,558,476	-	4,010,039	-	35	-
	Sub-Total	**811,439,308**	**105,170,894**	**359,139,055**	**48,000,000**	**44**	**46**
DEPARTMENT: EXECUTIVE OFFICE OF THE GOVERNOR							
County Coordination Services	County Coordination Services	147,329,508	-	57,651,987	-	39	-
		147,329,508	**-**	**57,651,987**	**-**	**39**	
DEPARTMENT: FINANCE AND ECONOMIC PLANNING							
Administration, Planning and Support Services.	Administration Services.	287,350,022	-	91,933,735	-	32	-
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	56,200,000	118,070,125	24,544,320	24,544,320	44	21
Public Finance Management	Budget Formulation, coordination, and management	15,450,000	-	-	-	-	-
Audit Services	County Audit	5,650,000	-	-	-	-	-
		364,650,022	**118,070,125**	**116,478,056**	**24,544,320**	**32**	**21**
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES							
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	43,708,220	-	11,216,420	-	26	-
Crop Development and Management	Agriculture Extension Services	79,289,893	498,448,816	54,570,292	22,755,273	69	5
Livestock Resource Management and Development	Livestock Disease Management and Control.	-	18,157,643	3,474,386	14,958,046	-	82
Livestock Resource Management and Development	Livestock Production and Extension Services	37,826,490	-	-	-	-	-
Fisheries development	Management and Development of Capture Fisheries	7,300,131	-	-	-	-	-
Cooperative development and management	Cooperative Advisory & Extension Services.	-	38,542,476	-	4,375,244	-	11
		168,124,734	**555,148,935**	**69,261,098**	**42,088,562**	**41**	**8**
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT							
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	154,653,093	8,000,000	68,506,211	-	44	-
Water supply services	Rural Water Supply	23,980,000	464,953,143	-	109,378,445	-	24
		178,633,093	**472,953,143**	**68,506,211**	**109,378,445**	**38**	**23**
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES							
General Administration & planning services.	Policy Development and Administration	663,573,198	50,550,575	316,704,095	4,582,065	48	9
Basic Education	Early Childhood Development Education	4,600,000	95,294,702	-	8,969,002	-	9
Gender and Social Development	Social Welfare Services/ Social Infrastructure Development	3,800,000	17,217,000	-	-	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Youth development and empowerment services	Youth development (YP) Training	-	119,000,000	-	-	-	-
		671,973,198	**282,062,277**	**316,704,095**	**13,551,067**	**47**	**5**
DEPARTMENT: HEALTH SERVICES							
Curative Health	Administration and Planning	1,772,102,353	300,241,823	601,463,110	47,496,492	34	16
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,430,063,153	122,118,331	569,050,946	-	40	-
		3,202,165,506	**422,360,154**	**1,170,514,056**	**47,496,492**	**37**	**11**
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING							
Administration and support services	General Administration and Planning	106,028,429	39,550,249	66,491,491	6,812,750	63	17
Housing Development and Human Resource	Housing Development	9,929,868	17,593,339	-	-	-	-
Land policy and planning	Development Planning and Land Reforms	27,145,730	17,700,000	-	-	-	-
Land policy and planning	Land Use Planning	5,352,443	14,963,750	-	4,000,000	-	27
		148,456,470	**89,807,338**	**66,491,491**	**10,812,750**	**45**	**12**
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT							
Transport Management and Safety	General Administration Planning and Support Services	79,343,384	-	31,218,189	-	39	-
Infrastructure, Roads and Transport	Rehabilitation of Road	2,400,000	585,219,893	-	146,574,286	-	25
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	13,947,725	72,375,325	-	3,073,658	-	4
		95,691,109	**657,595,218**	**31,218,188.90**	**149,647,944**	**33**	**23**
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT							
Trade development and investment	Fair Trade Practices and Consumer Protection (Weights and Measures)	23,480,351	75,075,084	16,589,608	8,466,405	71	11
Trade development and investment	Administrative and Support Services.	35,837,620	250,000,000	2,837,729	-	8	-
Tourism development and marketing	Local Tourism Development.	5,341,117	9,500,000	-	-	-	-
		64,659,088	**334,575,084**	**19,427,336**	**8,466,405**	**30**	**3**
DEPARTMENT: ICT AND E-GOVERNMENT							
Information & Communication Service	News and Information Services	80,140,719	-	28,796,101	-	36	-
Information & Communication Service	ICT and BPO development services	-	102,500,000	-	7,969,200	-	8
		80,140,719	**102,500,000**	**28,796,101**	**7,969,200**	**36**	**8**
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD							
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	61,343,700	-	9,792,959	-	16	-
		61,343,700	**-**	**9,792,959**	**-**	**16**	**-**
DEPARTMENT: PUBLIC SERVICE MANAGEMENT							
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	424,813,033	388,450,340	170,431,837	716,015	40	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Administration of Human Resources and Public Service	Human Resource Development	86,846,675	-	-	-	-	-
		511,659,708	**388,450,340**	**170,431,837**	**716,015**	**33**	**-**
County Grand Total		**6,506,266,163**	**3,528,693,508**	**2,484,412,471**	**462,671,200**	**38**	**13**

The development sub-programmes with the highest budget implementation rates included Livestock Disease Management and Control in the Department of Agriculture, Livestock and Fisheries at 82 per cent, Clerk's Office in the County Assembly at 46 per cent, and Land Use Planning at 25 per cent. For recurrent sub-programmes, the top performers were General Administration and Planning in the Department of Lands, Housing And Physical Planning at 63 per cent, Fair trade Practices and Consumer Protection (weight & measures) in the Department of Trade, Industrialisation, Tourism, Wildlife And Cooperative Management at 71 per cent, Agriculture Extension Services in the Department of Agriculture, Livestock And Fisheries at 69 per cent, and Policy Development and Administration at 48 per cent..

3.12.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 245 accounts in commercial banks, including 184 for Health Facilities, 26 for Vocational Training Centres, 11 for Established Funds, 1 revenue account, 14 special-purpose accounts (additional allocations), and 7 for municipalities.

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.12.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kericho County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30th January 2026.
ii. The underperformance of own-source revenue at Kshs.70 million against an annual target of Kshs.870 million, representing 8 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.Nil balance on development activities, where all the development funds were used to pay for development and recurrent pending bills for the previous years.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
v. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025.
vi. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the car loan and Mortgage fund, Emergency fund, Kericho County Climate Change Fund, Kericho County Mortgage fund, Kericho County Bursary Fund, Kericho County Assembly Staff Car Loan and Mortgage Fund were not submitted to the CoB as of 15 July 2025.
vii. High level of trade payables, which amounted to Kshs.1.7 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
v. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
vi. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

3.13. County Government of Kiambu

3.13.1 Overview of FY 2025/26 Budget

The Kiambu County Approved Supplementary Budget for FY 2025/26 is Kshs.26.83 billion. It comprises Kshs.10.31 billion (38 per cent) and Kshs.16.52 billion (62 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.3.35 billion (14 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.7.96 billion and a recurrent budget of Kshs.15.52 billion. The increase in the budget was primarily attributed to rising conditional grant allocations. The last 2 cannot cause an increase in budget.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.13.07 billion (49 per cent), additional allocations of Kshs.3.14 billion (12 per cent), a cash balance of Kshs.682.09 million (2 per cent) brought forward from FY 2024/25, and Kshs.9.93 billion (37 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.186.

3.13.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.7.75 billion. This amount represented a decrease of less than 1 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.7.78 billion. The total revenue consisted of Kshs.5.42 billion from the equitable share of revenue raised nationally, as well as from own-source revenue (OSR) collection, of Kshs.1.77 billion. Additionally, the County had a cash balance of Kshs.556.70 million from FY 2024/25. The total OSR collection of Kshs.1.77 billion included Facilities Improvement Financing (FIF) of Kshs.732.06 million and Kshs.1.04 billion from other OSR sources. Table 3.186 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.186: Kiambu County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	682,091,928	556,697,817		556,697,817	125,394,111
2	County Executive Refunds to CRF		83,400		83,400	- 83,400
3	County Assembly Refunds to CRF		17		17	- 17
	Sub-Total	**682,091,928**	**556,697,817**	-	**556,781,234**	**125,310,694**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	13,071,817,986	5,424,804,463		5,424,804,463	7,647,013,523
	Sub-Total	**13,071,817,986**	**5,424,804,463**	-	**5,424,804,463**	**7,647,013,523**

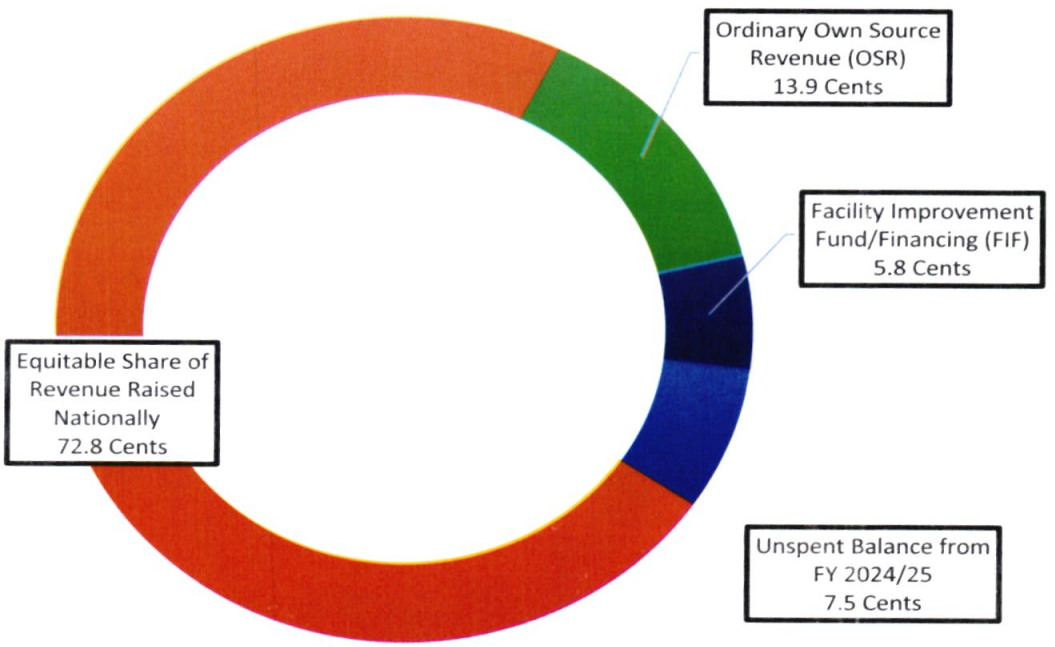
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
C	**Additional Allocations (Including Grants)**					
1	Unconditional Additional allocations from Court Fines	4,105,101			-	4,105,101
2	Unconditional Additional allocations fromMineral Royalties	10,139,863			-	10,139,863
3	Conditional Grant for Road Maintenance Fuel Levy Fund	418,101,234			-	418,101,234
4	Conditional Grant for Industrial Park & Aggregation Centres Grant	133,368,422			-	133,368,422
5	Conditional Grant for Community Health Promoters (CHPs)	94,680,000			-	94,680,000
6	Basic Salary Arrears for County Government Health workers	119,957,202			-	119,957,202
7	IFAD- Aquaculture business development project ABDP	-			-	-
8	IDA(World Bank) Financing Locally-Led Climate Action Program- County climate institutional support (FLLoCA-CCIS) Grant	11,000,000			-	11,000,000
9	IDA(World Bank) Financing Locally-Led Climate Action Program- County Climate Resilience Investment (FLLoCA-CCRI) Grant	125,000,000			-	125,000,000
10	IDA (World Bank) Second Kenya Devolution Support Program- Institutional Grant (Level 1 Grant) (KDSP)	37,500,000			-	37,500,000
11	IDA (World Bank) Second Kenya Devolution Support Program- Service Delivery & Investment grant (Level 2 Grant) (KDSP)	352,500,000			-	352,500,000
12	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban institutional Grant (UIG)	35,000,000			-	35,000,000
13	IDA (World Bank) Second Kenya Urban Support Project (KUSP)-Urban Development Grant (UDG)	1,331,482,863			-	1,331,482,863
14	IDA(World Bank) National Agricultural Value Chain Development Project (NAVCDP)	231,250,000			-	231,250,000
15	DANIDA - Primary Health Care in Devolved Context (PHDC)	21,232,500			-	21,232,500
16	World Bank credit: Kenya Informal Settlement Improvement Project (KISIP II)	200,000,000			-	200,000,000
17	Sweden- Kenya Agricultural Business Development Project (KABDP)	15,882,359			-	15,882,359
18	0.5% Housing Levy Fund to County Rural and Urban Affordable Housing committees	1,987,622			-	1,987,622
	Sub-Total	**3,143,187,166**	-	-	-	**3,143,187,166**
D	**Ordinary Own Source Revenue (OSR)**					
1	Physical Planning Management Unit	2,171,820,188	421,857,901		421,857,901	1,749,962,287
2	Land Rates Management Unit	1,683,797,097	186,333,403		186,333,403	1,497,463,694

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	Vehicle Parking Management Unit	714,464,837	151,098,300		151,098,300	563,366,537
4	Cess	211,171,166	64,813,644		64,813,644	146,357,522
5	Business permits	923,084,637	54,864,665		54,864,665	868,219,972
6	Water Environment & Natural Resources Mgt Unit	373,957,976	38,899,030		38,899,030	335,058,946
7	Slaughterhouse Management Unit	92,549,997	29,856,546		29,856,546	62,693,451
8	Roads Transport Public Works Management Unit	332,770,011	29,604,460		29,604,460	303,165,551
9	Liquor license	464,465,146	27,390,120		27,390,120	437,075,026
10	Agriculture, Livestock & Fisheries Management Unit	87,938,163	8,615,339		8,615,339	79,322,824
11	Housing	46,163,565	8,304,381		8,304,381	37,859,184
12	Market Management Unit	105,599,114	7,129,500		7,129,500	98,469,614
13	Receipts from Administrative fees	35,089,122	5,403,590		5,403,590	29,685,532
	Sub-Total	**7,242,871,019**	**1,034,170,879**	-	**1,034,170,879**	**6,208,700,140**
E	**Facility Improvement Fund/Financing (FIF)**					
1	Hospital Collections (FIF)	1,300,000,000	301,102,118			
2	NHIF/SHA Rebates	800,000,000	362,384,244		362,384,244	437,615,757
3	Public Health	511,849,818	68,575,000		68,575,000	443,274,818
4	Other				-	-
	Sub-Total	**2,611,849,818**	**732,061,362**	-	**430,959,244**	**880,890,575**
	Grand Total	**26,751,817,917**	**7,747,734,521**	-	**7,446,715,820**	**18,005,102,097**

Source: *Kiambu County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF, known as the Kiambu County Health Services Act of 2019. Figure 73 provides a detailed breakdown of receipts, showing the earnings for each shilling.

Figure 73: Kiambu County Composition of Each Shilling Earned in the First Half of FY 2025/26

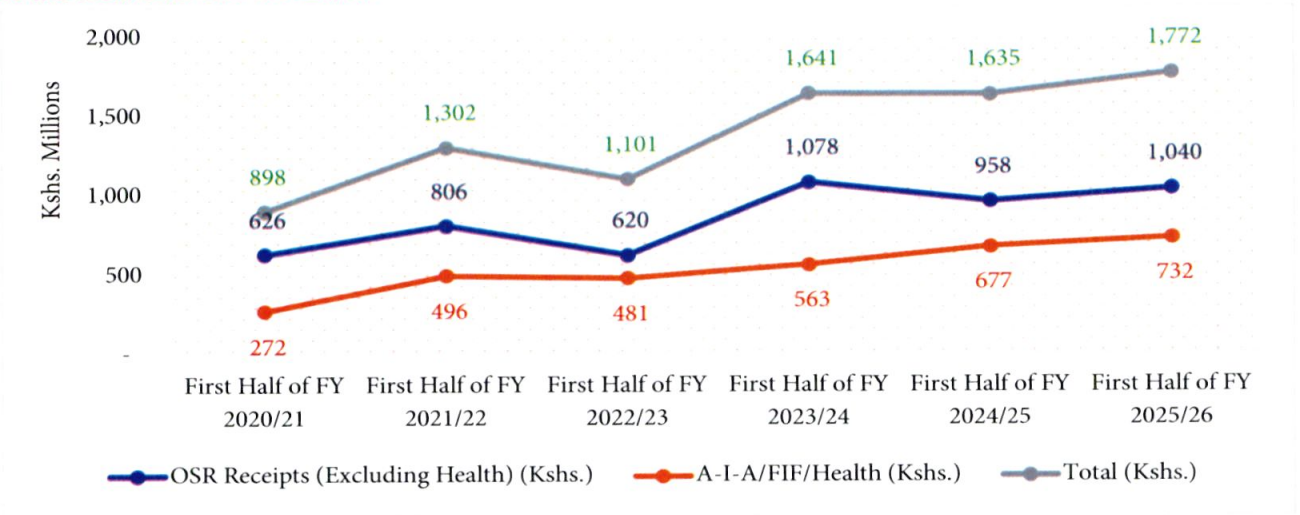


Source: *Kiambu County Treasury*

The equitable share of revenue raised nationally, OSR, and Balance brought forward contributed 73 per cent, 14 per cent and 8 per cent, respectively, of the total receipts for the reporting period.

Figure 74 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 74: Kiambu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



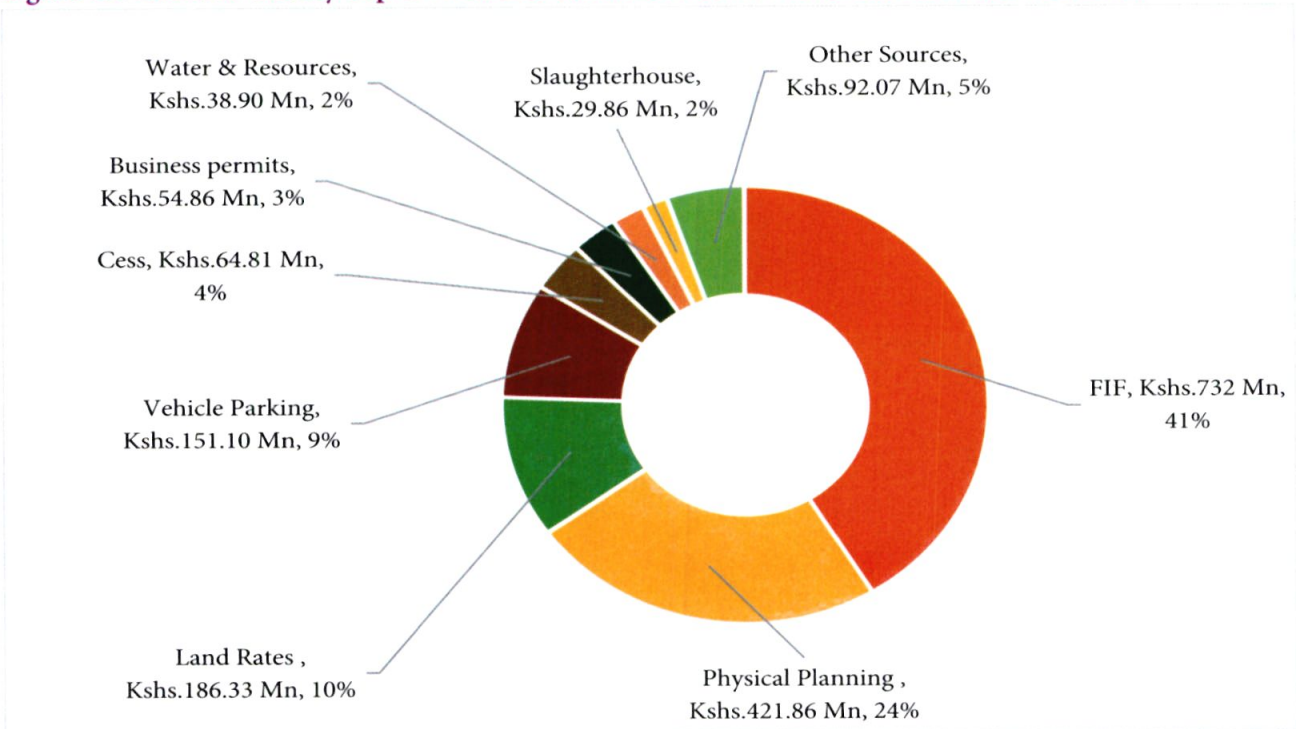
Source: *Kiambu County Treasury*

During the first half of FY 2025/26, the County received Kshs.1.77 billion from OSR, including FIF. This amount was an increase of 8 per cent compared to Kshs.1.64 billion realised in a similar period in FY 2024/25, and was 18 per cent of the annual target and 33 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the implementation of Huduma Mashinani initiatives -bringing government services closer to the people, upgrading medical services by equipping and modernising hospitals, and enhancing the revenue module in the ERP system, among others.

The revenue streams that contributed the most to OSR receipts are shown in Figure 75

Figure 75: Kiambu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kiambu County Treasury

As shown in Figure 75, the highest revenue stream, at Kshs.732 million, was from FIF, accounting for 41 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.13.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.5.90 billion, which decreased to Kshs.5.61 billion as of 31st December 2025. Table 3.187 presents a breakdown of the County's revenue arrears.

Table 3.187: Kiambu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
B	**Ordinary Own Sources of Revenue**					
1	**Land rates**	4,996,424,682	108,454	35,914,671		4,960,401,557
2	**Property rent**	183,772,924				183,772,924
	Sub-Total	**5,180,197,606**	**108,454**	**35,914,671**	-	**5,144,174,481**
C	**Facility Improvement Fund (FIF)**					
1	SHIF	474,858,767				474,858,767
2	FIF	-	8,778,965			- 8,778,965
	Sub-Total	**474,858,767**	**8,778,965**	-	-	**466,079,802**
	Grand Total	5,655,056,373	8,887,419	35,914,671	-	5,610,254,283

Source: Kiambu County Treasury

As of 31st December 2025, the revenue arrears totalled Kshs.5.61 billion, comprising Kshs.4.96 billion for Land Rates (88 per cent) and Kshs.474.86 million for SHIF (8 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include regular revenue collection meetings to monitor collections, the completion of the physical planning module, and the operationalisation of the Kiambu County Revenue Authority (KCRA).

3.13.4 Borrowing by the County

The County did not borrow during the review period.

3.13.5 Withdrawals from the County Revenue Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.6.85 billion from the Kiambu County Revenue Fund (CRF) account. This amount consisted of Kshs.1.27 billion (12 per cent) designated for development programs and Kshs.5.58 billion (34 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.42 billion was allocated for employee compensation, and Kshs.2.16 billion for operations and maintenance expenditures. Within the operations and maintenance category, 2 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.222.43 million, which included Kshs.101.03 million for the County Executive and Kshs.27.60 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.13.40 million and was entirely for the County Assembly.

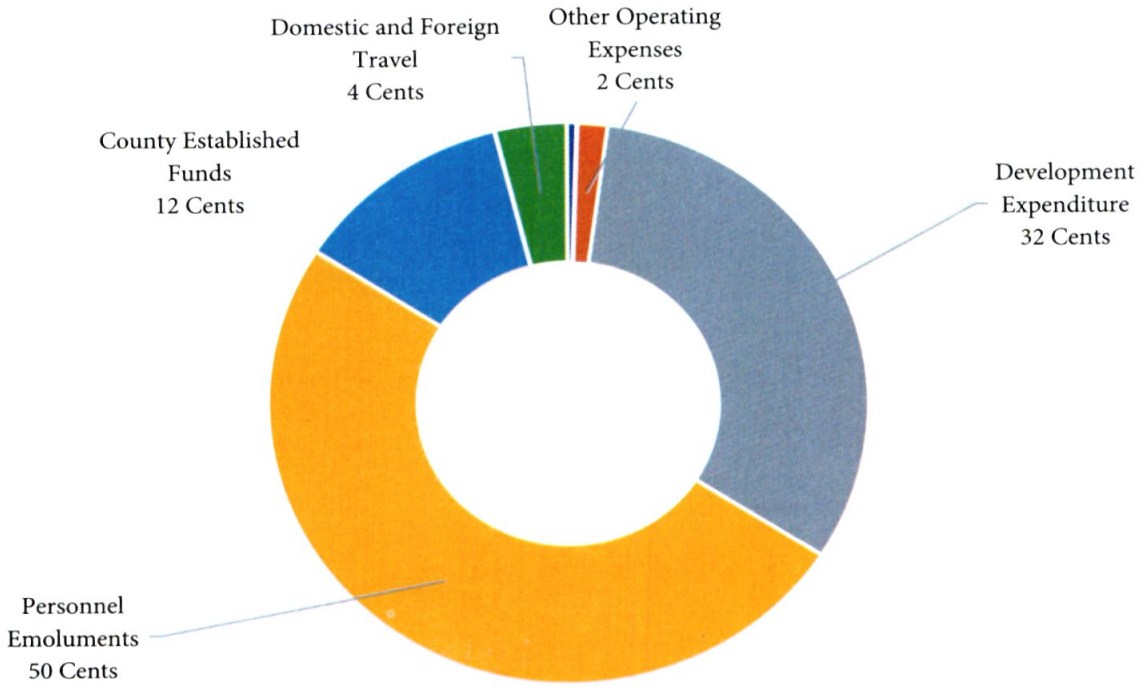
As of December 31, 2025, the County Government's cash balance in the Kiambu CRF account was Kshs.109.10 million.

3.13.6 Expenditure Review

The County spent Kshs.6.33 billion on development and recurrent programmes during the reporting period. The expenditure represented 92 per cent of the total funds released by the CoB. It comprised Kshs.1.27 billion for development programmes and Kshs.5.06 billion for recurrent programmes. Expenditure on development programmes accounted for 21 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 33 per cent of the annual recurrent expenditure budget.

Figure 76 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 76: Kiambu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kiambu *County Treasury*

As shown in Figure 76, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and County Established Funds, which contributed 50, 32, and 12 per cent of total expenditure for the reporting period.

3.13.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.6.40 billion. This amount consisted of Kshs.5.99 billion from the County Executive and Kshs.400.56 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.3.06 billion for recurrent expenditure and Kshs.2.94 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.955.17 million, comprising Kshs. Kshs.484.63 million (51 per cent) for recurrent programmes and Kshs.470.54 million (49 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.3.34 million, which was entirely for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.5.04 billion for the County Executive and Kshs.212.54 million for the County Assembly. Table 3.188 provides additional details of trade payables.

Table 3.188: Kiambu County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	2,939,091,025	3,059,846,711	5,998,937,737
	County Assembly	31.208,201	184,675,237	215,883,438
	Total	2,970,299,226	3,244,521,949	6,214,821,175
Amount paid in FY 2025/26	County Executive	470,542,079	484,631,869	955,173,948
	County Assembly	-	3,344,502	3,344,502
	Total	470,542,079	487,976,371	958,518,450
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	2,468,548,946	2,575,214,842	5,043,763,788
	County Assembly	31,208,201	181,330,735	212,538,936
	Total	2,499,757,147	2,756,545,578	5,256,302,724

***Source**: Kiambu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.600 million and Kshs.88.22 million, on recurrent and development expenditure, respectively, in FY 2025/26. The executive adhered to the payment

plan by clearing Kshs.955.17 million, exceeding their commitment, while the Assembly did not adhere to the plan, as it settled only Kshs.3.34 million.

Table 3.189 and Table 3.190 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.5.26 billion.

Table 3.189: Kiambu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	908,177,873	251,928,394	9,370,873	1,299,071,800	2,468,548,940
Recurrent Trade Payables (Goods & Services)	218,711,117	448,859,540	140,360	1,745,066,170	2,412,777,187
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	35,379,375	45,977,971	-	1,133,860	82,491,206
Recurrent Trade Payables (Staff Claims)	60,155,736	17,565,761	-	2,224,960	79,946,457
Recurrent Trade Payables	314,246,228	512,403,272	140,360	1,748,424,990	2,575,214,850
Executive Trade Payables	1,222,424,101	764,331,666	9,511,233	3,047,496,790	5,043,763,790
% of Executive Trade Payables	24	15	-	60	100

Source: Kiambu County Treasury

The total trade payables for the county executive departments over the years amounted to Kshs.5.04 billion, which comprised Kshs.2.47 billion for development and Kshs.2.41 billion for recurrent payables.

Table 3.190: Kiambu County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	644,069	20,902,891	-	9,661,241	31,208,201
Recurrent Trade Payables (Goods & Services)	62,585,892	61,167,286	30,013,272	27,564,286	181,330,735
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	62,585,892	61,167,286	30,013,272	27,564,286	181,330,735
Assembly Trade Payables	63,229,961	82,070,177	30,013,272	37,225,527	212,538,936
% of Assembly Payables	30	39	14	18	100

Source: Kiambu County Treasury

The County Assembly had a cumulative of Kshs.212.54 million in trade payables, of which Kshs.31.21 million were under development expenditure and Kshs.181.33 million for recurrent activities.

3.13.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.07 billion on compensation of employees, Kshs.1.57 billion on operations and maintenance, and Kshs.1.27 billion on development activities. Similarly, the County Assembly spent Kshs.252.98 million on compensation of employees, Kshs.170.93 million on operations and maintenance, and nil on development activities, as shown in Table 3.192.

Table 3.191: Kiambu County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
Total Recurrent	**16,517,866,414**	**5,583,393,196**	**5,059,816,146**	**426,397,908**	**5,486,214,054**	**91**	**33**
Compensation to Employees	9,667,921,034	3,420,395,912	3,322,954,339	92,804,775	3,415,759,114	97	35
Operations & Maintenance	6,849,945,380	2,162,997,283	1,736,861,807	333,593,133	2,070,454,940	80	30

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
Total Development	**10,313,453,346**	**1,271,070,735**	**1,266,636,142**	**915,054,127**	**2,181,690,269**	**100**	**21**
Grand Total	**26,831,319,760**	**6,854,463,931**	**6,326,452,288**	**1,341,452,035**	**7,667,904,323**	**92**	**29**

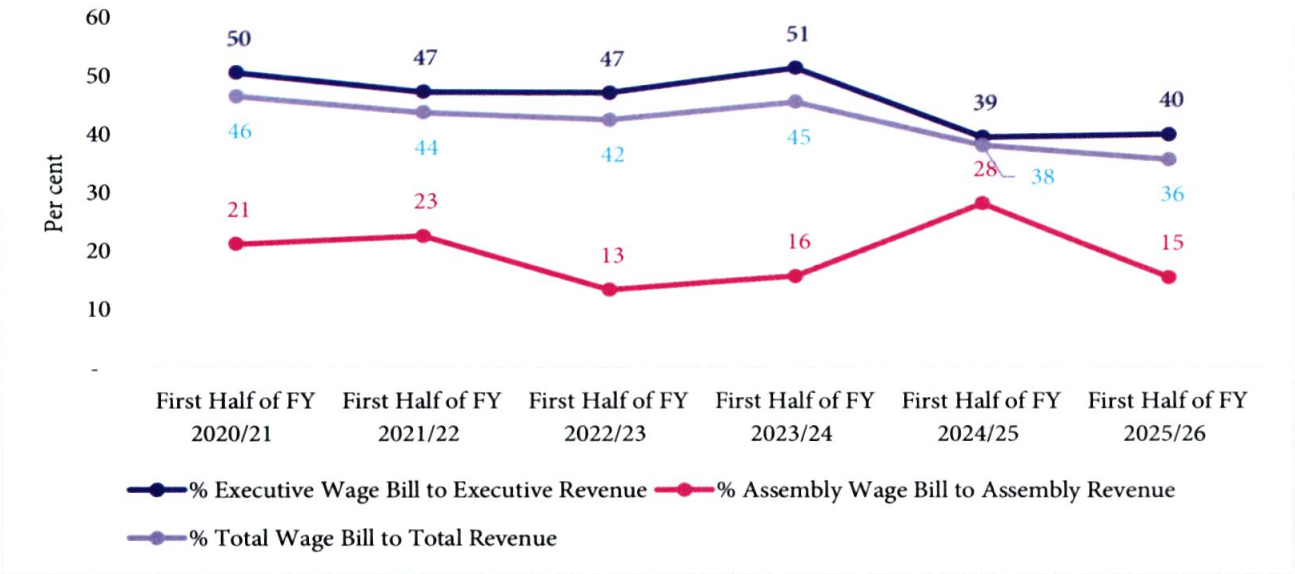
Source: *Kiambu County Treasury*

3.13.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.42 million. The compensation-to-revenue ratio was 44 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.29 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.98 billion related to Health Sector employees, accounting for 58 per cent of the overall employees' compensation.

Figure 77 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 77: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Kiambu County Treasury*

Further analysis indicated that PE costs amounting to Kshs.3.33 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.88.67 million was processed through manual payrolls, which accounted for 3 per cent of the total PE cost. The manual payroll is for payment of gratuity claims to staff.

The manual payroll comprised salaries for staff who had not been onboarded into the Human Resource Information System (HRIS) at the beginning of the financial year, salaries for 4220 casual staff, top-up allowances for 346 security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.193.

Table 3.192: Breakdown of Kiambu County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for staff paid outside the Human Resource Information System (HRIS)	67,020,547	-	67,020,547
Salaries for casual staff	55,731,341	-	55,731,341
Top-up Allowances for security officers	13,375,694	-	13,375,694
LAPTRUST/LAPFUND Pension Contributions	2,931,148	1,213,467	4,144,615
Gratuity for contract staff	12,261,324	7,202,570	19,463,894

Category	County Executive	County Assembly	Total
Gratuity for Members	-	13,232,475	13,232,475
Total	151,320,054	21,648,512	172,968,567

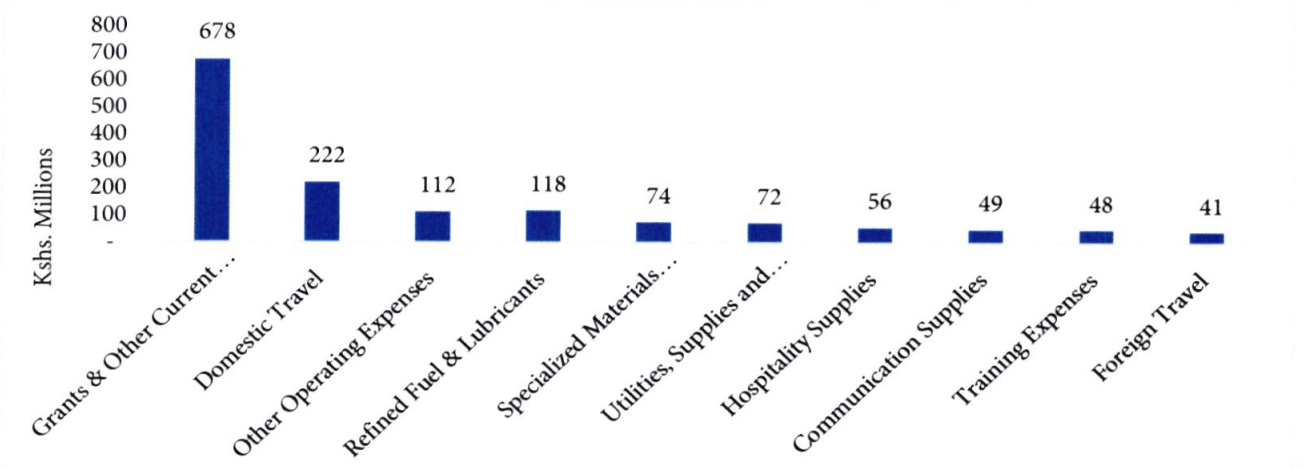
***Source**: Kiambu County Treasury*

The County Assembly spent Kshs.36.13 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.75 million. The average monthly sitting allowance was Kshs.67,654 per MCA. The County Assembly has 23 House Committees.

3.13.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.2.07 billion on operations and maintenance, representing an increase of 7 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.94 billion. Figure 78 summarises the Operations and Maintenance expenditure by major categories.

Figure 78: Kiambu County, Operations and Maintenance Expenditure by Major Categories



***Source**: Kiambu County Treasury*

3.13.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.112.25 million on "*other operating expenses*," which is 5 per cent of the total operations and maintenance expenditure of Kshs.2.07 billion. This category of expenditure includes Kshs.44.43 million for 'other operating expenses, others "and Kshs.19.29 million for contracted professional services. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.193.

Table 3.193: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211313	Security Operations	19,907,620	13,802,953
2211310	Contracted Professional Services	145,046,800	19,295,285
2211308	Legal Fees	48,200,000	15,384,341
2211399	Other Operating Expenses-Others	308,555,081	44,431,257
2211305	Contracted Guards & Cleaning Services	35,366,246	6,502,311
2211306	Membership Fees, Dues & Subscriptions	26,889,947	8,184,000
2211309	Management Fees	46,000,000	4,126,299
2211301	Bank Charges	21,020,600	528,001
Total		629,965,694	112,254,447

***Source**: Kiambu County Treasury*

A review of the other expense items listed in the table revealed that expenditures with existing budget codes were instead charged under the "Other Operating Expenses, others" category. These include payment for catering services, re-imbursement of standing imprests, refunds of rent erroneously deducted from pay slips, and other similar expenses.

3.13.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.2.45 billion to County-Established funds in FY 2025/26, or 9 per cent of the County's overall budget. Further, the County allocated Kshs.50 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.194 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.194: Performance of Kiambu County Established Funds in the First Half of FY 2025/26

Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds					
Facility Improvement Fund	2019	1,300,000,000	-	626,530,305	Yes
Bursary Fund	2014	200,000,000	-	95,578,263	Yes
Emergency Fund	2013	50,000,000	-	480	Yes
Climate Change Fund	2021	516,865,864		29,369,967	Yes
Jiinue Fund	2022	-	-	7,668	Yes
Alcoholic Drinks Control Fund	2024	380,000,000	-	43,819,742	Yes
County Executive Staff Mortgage Scheme Fund	2016	-	-	20,237,200	Yes
County Assembly Established Funds					
County Assembly Staff Mortgage Scheme Fund	2018	-	-	3702	Yes
County Assembly Car Loan & Mortgage Scheme Fund	2014	-	-	1390	Yes
Total		2,446,865,864	-	815,548,717	-

Source: *Kiambu County Treasury*

During the reporting period, the CoB received quarterly financial reports from all Fund Administrators, as indicated in Table 3.195, in line with the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Emergency Fund, the Kiambu County Assembly Car Loan & Mortgage Scheme Fund and the Kiambu County Executive Car Loan & Mortgage Scheme Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.13.13 County Corporations

The County has seven county corporations, which were allocated Kshs.55 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.5 million, as shown in Table 3.195.

Table 3.195: Performance of Kiambu County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Cumulative Total for Previous Financial Years				**94,629,879**
1	Ruiru, Juja Water and Sewerage Company (RUJWASCO)	15,000,000	-	-	
2	Thika Water and Sewerage Company (Thiwasco)	15,000,000	-	-	
3	Githunguri Water and Sanitation Company	5,000,000	5,000,000	5,000,000	5,000,000
4	Githunguri Water and Sanitation Company	5,000,000	-	-	-
5	Limuru Water & Sewerage Company	5,000,000	-	-	-
6	Karuri Water and Sanitation Company	5,000,000			-
7	Kikuyu Water Company Limited	5,000,000			-
	Grand Total	**55,000,000**	**5,000,000**	**5,000,000**	**99,629,879**

Source: *Kiambu County Treasury*

3.13.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.222.43 million and comprised Kshs.75.43 million spent by the County Assembly and Kshs.18.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.39 million and comprised entirely of the County Assembly. Expenditure on foreign travel is summarised in Table 3.196.

Table 3.196: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm Of County Government	No. of Officers Travelled	Dates Travelled	Purpose Of the Travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	17th - 23rd Aug 2025	Benchmarking Study Visit to East African Legislative Assembly	Tanzania	1,845,300
County Assembly	16	24th - 30th Aug 2025	Benchmarking Study Visit to East African Legislative Assembly	Tanzania	5,737,487
County Assembly	14	31st Aug - 6th Sept 2025	Benchmarking Study Visit to East African Legislative Assembly	Tanzania	5,184,953
County Assembly	1	4th - 10th August 2025	National Conference of State Legislatures Legislative Summit	Boston, USA	626,250
Total					**13,393,989**

Source: *Kiambu County Assembly*

3.13.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.732.06 million as FIF, which was 28 per cent of the annual target of Kshs.2.61 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has a governing legislation on the operation of FIF, known as the Kiambu County Health Services Act of 2019.

The expenditure by the health facilities amounted to Kshs.626.53 million, as shown in Table 3.197.

Table 3.197: Kiambu County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	3	1,258,165,447	426,932,740	34
2.	Level 4 Hospital	11	466,457,887	115,839,429	25
3.	Level 2 and 3 Facility	93	375,376,666	83,758,136	22
	Total	107	2,100,000,000	626,530,305	30

Source: *Kiambu County Treasury*

3.13.16 Development Expenditure

In the review period, the County reported spending Kshs.1.27 billion on development programmes, representing an increase of 20 per cent compared to FY 2024/25, when the County spent Kshs.1.05 billion. Table 3.198 summarises the development projects with the highest expenditure in the reporting period.

Table 3.198: Kiambu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads, Transport, Public Works & Utilities	Payables from previous financial years	All Wards	7/1/2024	6/30/2025	564,175,588	467,612,829	344,128,743	344,128,743	61

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Education	Payables From Previous Financial Period - Other (Budget)S	All Wards	7/25/2025	6/26/2026	159,572,300	159,572,300	153,678,129	153,678,129	96
3	Health	Construction of Bibirioni level 4 hospital	Bibirioni	4/1/2025	12/1/2027	224,603,050	150,000,000	148,746,969	148,746,969	90
4	Sports	Rehabilitation of Thika Stadium Phase II	Township Ward	9/1/2024	multi year	165,669,432	65,000,000	105,135,974	105,135,974	70
5	Agriculture, Livestock and Cooperative Development	Procurement & distribution of certified seeds/ seedlings	County-wide	1st July 2025	30/6/2026	128,405,302	128,405,302	54,872,675	54,872,675	43
6	Health	Construction Of Level 3 Health Facility at Mutonya Ruiru	Murera	45717	3/1/2027	62,200,587	50,000,000	42,244,908	42,244,908	30
7	Health	Added Inpatient Wing at Nge'nda Health Centre	Ng'enda	45717	3/1/2027	51,000,000	45,000,000	40,692,970	40,692,970	90
8	Agriculture, Livestock and Cooperative Development	Procurement of food crop fertiliser, coffee fertiliser	County-wide	1st July 2025	30th June 2026	120,903,767	120,903,767	40,000,000	40,000,000	33
9	Trade & Markets	Construction of Juja Farm market	Juja	45753	30/6/26	36,401,211	36,401,211	35,632,930	35,632,930	98
10	Health	Construction of a level III Hospital at Kawaida	Cianda	45809	6/1/2027	44,706,477	35,000,000	32,173,489	32,173,489	90
Total						**1,557,637,714**	**1,257,895,409**	**997,306,787**	**997,306,787**	
Donor Funded Projects										
1	Industrialization	CAIP	Ngewa	31/10/23	30/6/26	498,828,815	133,368,422	-	232,890,724	70

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Agriculture, Livestock and Cooperative Development	NAVCDP	County-wide	1st July 2025	30th June 2026	337,553,899	337,553,899	91,303,899	91,303,899	70
						836,382,714	**470,922,321**	**91,303,899**	**324,194,623**	

Source: *Kiambu County Treasury*

The County reported 5 stalled development projects as of 31st December 2025, with an estimated value of Kshs.597.16 million, of which Kshs.395.74 million has already been paid. The stalled projects are shown in Table 3.200.

Table 3.199: Kiambu County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	County Assembly of Kiambu	Construction of County Assembly archives and Members' welfare facility	Kiambu	13-Jul-05		40,000,000	-	9,661,241	9,661,241	20
2	Roads, Transport, Public Works & Utilities	Completion of Thogoto Ndaire, Gatitu Junction-Kenyatta Avenue, and Kimende Town roads	Kikuyu/ Thika Township/ Kijabe	03 January 2017	09 January 2018	181,452,502	112,937,510	-	68,514,992	90
3	Roads, Transport, Public Works & Utilities	Spot improvement of Thika town Entrance, Garissa junction	Thika	01 July 2015	01 June 2022	221,005,870	184,728,399	-	36,277,471	90
4	Roads, Transport, Public Works & Utilities	Upgrading of Kimende town roads	Lari	01 July 2017	30 June 2018	145,000,000	98,078,073.49	-	46,921,927	80
5	Roads, Transport, Public Works & Utilities	Construction of Kawaida Drainage	Cianda	01 November 2023	30 December 2024	9,700,000	-	-	9,700,000	30
Total						597,158,372	395,743,983	9,661,241	171,075,630	

Source: Kiambu County Treasury

3.13.17 Budget Performance by Department

Table 3.200 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.200: Kiambu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1507.97	131.21	423.91	-	423.91	-	100	-	28	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	582.10	-	89.86	-	142.36	-	158	-	24	-
Public Service Board	90.74	-	30.14	-	30.24	-	100	-	33	-
Finance, Economic Planning, and ICT	1596.70	240	361.62	-	416.97	-	115	-	26	-
Water, Environment and Natural resource	663.76	809.59	157.22	29.36	152.99	58.14	97	198	23	7
Health Services	7224.08	1268.96	3127.11	407.41	2540.60	415.40	81	102	35	33
Roads, Transport and Public Works	802.32	2489.82	301.62	314.65	207.09	322.62	69	103	26	13
Administration and Public Service	1031.57	457	317.18	7.96	337.79	7.96	106	100	33	2
Agriculture, Livestock and Fisheries	535.69	890.03	161.91	157.50	157.28	158.38	97	101	29	18
Education, culture and Social Services	1552.79	1085.66	424.85	119.24	413.96	122.02	97	102	27	11
Youth and Sports	195.40	226	34	33.96	54.33	30	160	88	28	13
Lands, Physical Planning, and Housing	521.88	1970.73	118.93	-	139	-	117	-	27	-
Trade Tourism Industry and Cooperative	212.86	744.45	35.03	200.97	43.30	152.12	124	76	20	20
Total	**16517.87**	**10313.45**	**5583.39**	**1271.07**	**5059.82**	**1266.64**	**91**	**100**	**31**	**12**

Source: *Kiambu County Treasury*

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 33 per cent, followed by the Department of Trade, Tourism Industry and Cooperative at 20 per cent. The Department of Health Services had the highest recurrent expenditure-to-budget ratio at 35 per cent, while the Department of Trade, Tourism Industry and Cooperative had the lowest at 20 per cent.

3.13.18 Budget Execution by Programmes and Sub-Programmes

Table 3.201 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.201: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
COUNTY YOUTH AFFAIRS, SPORTS & COMMUNICATION				
Youth Affairs, Sports and Communication	Sports Infrastructure	226,000,000	159,698,908	71
TRADE, INDUSTRIALIZATION, TOURISM & INVESTMENT				
Trade and Markets	Trade and Markets	544,082,203	270,507,843	50
HEALTH SERVICES				
Health Services	Curative Services	1,268,958,595	609,056,149	48
EDUCATION, GENDER, CULTURE& SOCIAL SERVICES				
Pre-primary Education, Promotion of Culture and Social Services	Pre-primary education, Promotion of Culture and Social Services	1,060,659,570	425,521,564	40
AGRICULTURE, LIVESTOCK AND CO-OPERATIVE DEVELOPMENT				
Agriculture, Livestock and Co-Operative Development	Crop Development, Irrigation and Marketing Services	628,463,893	187,056,174	30

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT				
COUNTY ASSEMBLY				
Legislation and oversight	County Assembly Committee Services	55,000,000	40,015,600	73
	County Assembly Service Board	9,500,000	6,513,330	69
	County Legislature	613,216,945	308,183,799	50
COUNTY YOUTH AFFAIRS, SPORTS & COMMUNICATION				
Sports	Sports	55,000,000	26,588,004	48
COUNTY ASSEMBLY				
Representation services	Ward Offices	136,671,000	63,497,342	46

Source: *Kiambu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Sports Infrastructure at 71 per cent, Trade and Markets at 50 per cent, and Curative Services at 48 per cent.

For recurrent sub-programmes, the top performers included: County Assembly Committee Services at 73 per cent, County Assembly Service Board at 69 per cent, and County Legislature at 50 per cent.

Table 3.202 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.202: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
FINANCE AND ECONOMIC PLANNING				
Public Finance Management and Economic Policy & Strategy	Revenue	20,000,000	-	-
	Procurement	20,000,000	-	-
ICT Services	ICT services	200,000,000	-	-
WATER ENVIRONMENT, ENERGY, NATURAL RESOURCES AND CLIMATE CHANGE				
Environment	Environment and Solid Waste Management	28,000,000	-	-
COUNTY ADMINISTRATION AND PUBLIC SERVICE				
Alcoholic Drinks Control and Rehabilitation	Rehabilitation and Intervention on alcohol and substance abuse	30,000,000	-	-
RECURRENT				
AGRICULTURE, LIVESTOCK AND CO-OPERATIVE DEVELOPMENT				
Agriculture, Livestock and Co-Operative Development	Co-operative Development and Management	62,000,000	1,325,212	2
WATER ENVIRONMENT, ENERGY, NATURAL RESOURCES AND CLIMATE CHANGE				
Natural Resources	Natural Resources, Forest Conservation and Management	1,200,000	9,500	1
LAND, HOUSING, PHYSICAL PLANNING, MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT				
Land Use Management, Valuation & Rating and Physical Planning	Land Administration Services	16,987,622	-	-
COUNTY ADMINISTRATION AND PUBLIC SERVICE				
Alcoholic Drinks Control and Rehabilitation	Rehabilitation and Intervention on alcohol and substance abuse	30,000,000	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
AGRICULTURE, LIVESTOCK AND CO-OPERATIVE DEVELOPMENT				
Agriculture, Livestock and Co-Operative Development	Crop Development, Irrigation and Marketing Services	800,000	-	-

***Source**: Kiambu County Treasury*

The development sub-programmes with nil expenditure despite having a budget allocation were as follows: Revenue, Procurement, ICT Services, Environment and Solid Waste Management, and Rehabilitation and Intervention on alcohol and substance abuse.

For recurrent sub-programmes, the lowest-performing included: Crop Development, Irrigation and Marketing Services; Rehabilitation and Intervention on Alcohol and Substance Abuse; and Land Administration services at zero per cent.

These lower performances are attributed to the lack of funds absorption by user departments.

3.13.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 73 accounts at commercial banks, including 16 for Health Facilities, 1 for Water Service Providers, 9 for Established Funds, 25 revenue accounts, and 22 special-purpose accounts (for additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 73 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.13.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kiambu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Assembly's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 22nd January, 2026.
ii. The underperformance of own-source revenue at Kshs.1.77 billion against an annual target of Kshs.9.85 billion, representing 18 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.1.27 billion on development activities, achieving a 12 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespans of the Emergency Fund, the Kiambu County Assembly Car Loan & Mortgage Scheme Fund, and the Kiambu County Executive Car Loan & Mortgage Scheme Fund had lapsed, making them ineligible for further withdrawals.
v. High level of trade payables, which amounted to Kshs.5.26 billion as of 31st December 2025. Furthermore, the County Assembly did not adhere to the payment plan for trade payables.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.112.25 million under "*other operating expenses,*" accounting for 5 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County Assembly should ensure timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.14. County Government of Kilifi

3.14.1 Overview of FY 2025/26 Budget

The Kilifi County Approved Budget for FY 2025/26 is Kshs.19.88 billion. It comprises Kshs.9.39 billion (47 per cent) and Kshs.10.48 billion (53 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.1.53 billion (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.11.44 billion and a recurrent budget of Kshs.9.97 billion. The decrease in the budget was primarily attributed to failure to include the balance brought forward from the previous finacial year 2024/2025.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.12.70 billion (64 per cent), additional allocations of Kshs.4.80 billion (24 per cent) and Kshs.2.38 billion (12 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.203.

3.14.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.7.40 billion. This amount represented a decrease of 17 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.8.89 billion. The total revenue consisted of Kshs.6.34billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.746.87 million. The total OSR collection of Kshs.746.87 million included Facilities Improvement Financing (FIF) of Kshs.480.87 million, and Kshs.265.99 million from other OSR sources. The County also received Kshs.315.03 From SHIF.

Table 3.203 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.203: Kilifi County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				-	-
1	Balance at CRF				-	-
2	County Executive Refunds to CRF		654,433		654,433	- 654,433
3	County Assembly Refunds to CRF		25,826		25,826	- 25,826
	Sub-Total	-	**680,260**	-	**680,260**	**- 680,260**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	12,704,746,017	5,317,559,660	1,025,071,742	6,342,631,402	6,362,114,615

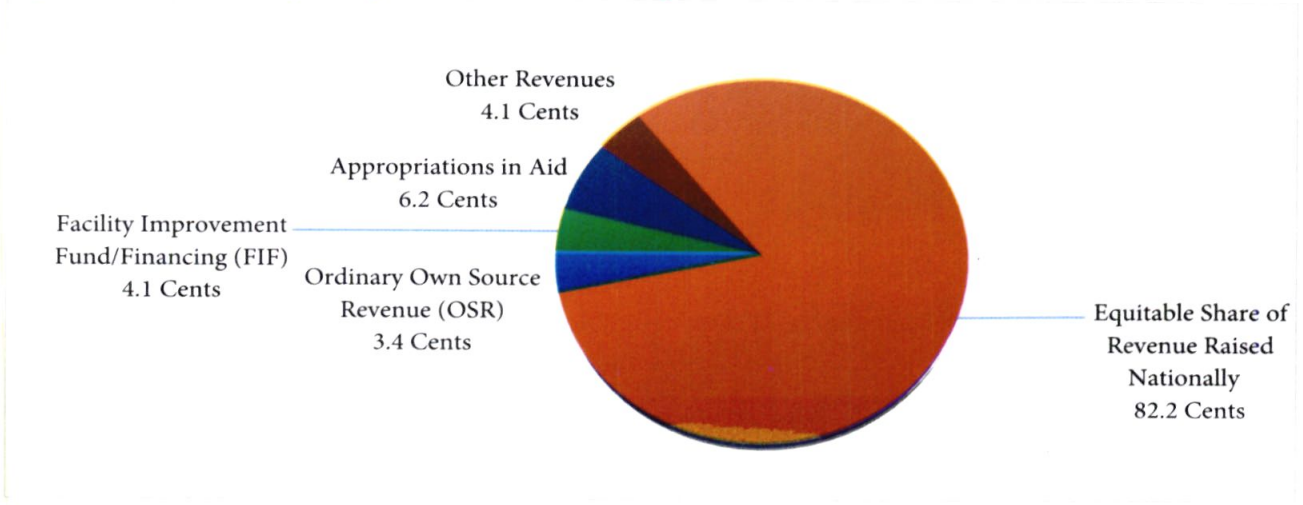
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
	Sub-Total	**12,704,746,017**	**5,317,559,660**		**6,342,631,402**	**6,362,114,615**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Community Health Promoters	90,953,531			-	90,953,531
2	Primary Healthcare in a Devolved Context	16,087,500			-	16,087,500
3	Kenya Informal Settlement Improvement Project (KISIP)II	750,000,000			-	750,000,000
4	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152			-	151,515,152
5	St. Luke's Grant	300,000,000			-	300,000,000
6	Water and Sanitation Development Project (WSDP)	1,700,000,000			-	1,700,000,000
7	FLOCCA	250,000,000			-	250,000,000
8	Kenya Devolution Support Programme (KDSP)- LEVEL II	352,500,000			-	352,500,000
9	Kenya Urban Support Programme (KUSP-UIG)	35,000,000			-	35,000,000
	Sub-Total	**3,646,056,183**	-	-	-	**3,646,056,183**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates and Other Land Revenue	510,707,511	29,110,567			
2	Cess on Natural resources	615,065,148	142,052,036			
3	Business Permits	182,576,980	18,098,450			
4	Parking Fees	148,773,539	21,025,050			
5	Market Fees	71,360,820	13,255,245			
6	Billboards and Signage	21,857,780	130,000			
7	Building Plan Approval and Inspection	75,389,928	33,715,757			
8	Rent/Stall rents	16,031,334	2,391,506			
9	Survey Fees and Plot Rents	4,004,113	28,000			
10	Plot Ground Rent	45,630,309				
11	House Rent	42,198,366	3,491,056			
12	Refuse Collection	2,664,722				
13	Food Hygiene Fees	6,625,555	1,000			
14	Liquor Licence	16,717,073	100,000			
15	AMS&ATCs	11,679,112	1,351,700			
16	Leasing of Plants and Equipment	22,605,645	15,000			
17	Slaughter House and Livestock Sale Yards	2,561,029	1,100			
18	Others	79,261,784	1,223,911			
	Sub-Total	**1,875,710,748**	**265,990,378**	-	**265,990,378**	**- 54,480,364**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF					-
2	Defunct NHIF				-	-
	Sub-Total	-	-	-	-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
G	**Appropriations in Aid**					
1	FIF	500,000,000	480,875,212		480,875,212	19,124,788
	Sub-Total	**500,000,000**	**480,875,212**	-	**480,875,212**	**19,124,788**
H	**Other Revenues**					
1	Mineral royalties	1,150,000,000	-		315,031,119	315,851,109
	Sub-Total	**1,150,000,000**	-	-	**315,031,119**	**315,851,109**
	Grand Total	**19,876,512,948**	**6,065,105,510**	-	**7,405,208,371**	**10,287,986,071**

Source: *Kilifi County Treasury*

The decrease in revenue performance was attributed to the failure to recognise the balance brought forward from the previous budget. Figure 79 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 79: Kilifi County Composition of Each Shilling Earned in the First Half of FY 2025/26

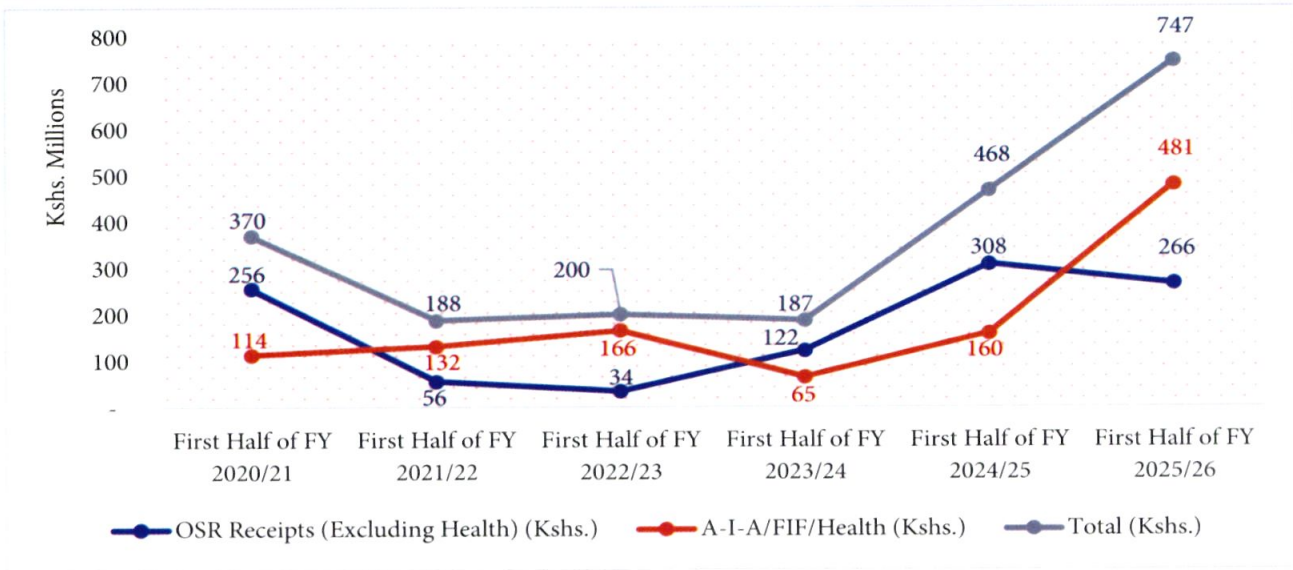


Source: *Kilifi County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 82 per cent, 3 per cent, and 4 per cent, respectively, of the total receipts for the reporting period.

Figure 80 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 80: Kilifi County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



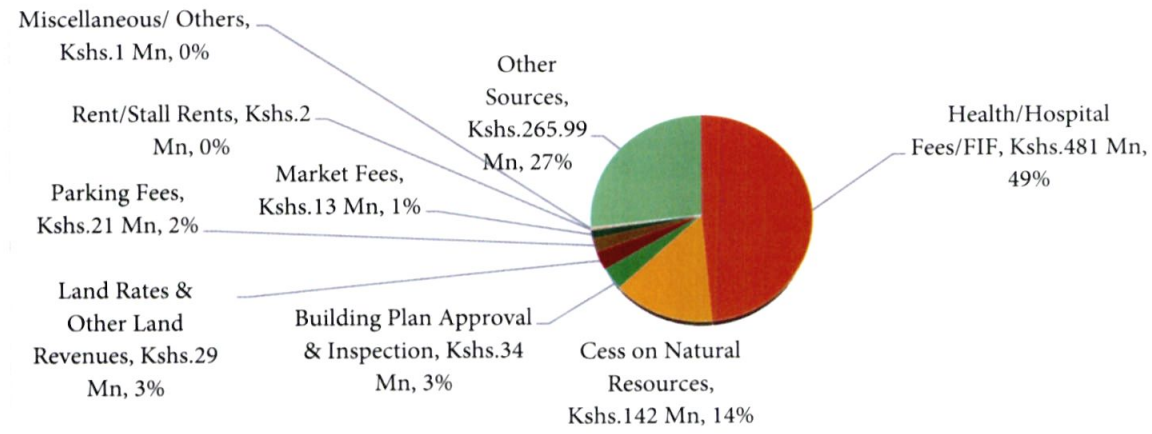
Source: *Kilifi County Treasury*

During the first half of FY 2025/26, the County received Kshs.746.87 million from OSR, including FIF. This amount was an increase of 60 per cent compared to Kshs.467.94 million realised in a similar period in FY 2024/25, and was 31 per cent of the annual target and 40 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to earnings from SHIF that were not recorded in the previous comparable reporting period.

The revenue streams that contributed the most to OSR receipts are shown in Figure 81

Figure 81: Kilifi County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kilifi County Treasury

As shown in Figure 81, the highest revenue stream, at Kshs.481 million, was from FIF, accounting for 49 per cent of the total OSR receipts.

3.14.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.1.18 billion. Table 3.204 presents a breakdown of the County's revenue arrears.

Table 3.204: Kilifi County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-	-	**1,025,071,742**	**1,025,071,742**
G	**Other Revenues**					
1	Mining Royalties	-	-	-	315,031,119	-
	Sub-Total	-	-	-	-	-
	Total	-	-	-	1,340,102,861	1,340,102,861

Source: Kilifi *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.1.34 billion, comprising Kshs.1.03 billion for the Equitable share for December (87 per cent) and Kshs.315 million from mining royalties, comprising 23 per cent of total revenues on an accruals basis.

3.14.4 Borrowing by the County

The County did not borrow during the reporting period.

3.14.5 Withdrawals from the County Revenue Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.50 billion from the Kilifi County Revenue Fund (CRF) account. This amount consisted of Kshs.Kshs.1.38 billion (25 per cent) designated for development programs and Kshs.4.12 million (75 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.33 billion was allocated to employee compensation and Kshs.1.47 billion to operations and maintenance expenditures. Within the operations and maintenance category, 6 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.93.69 million, which included Kshs.41.71 million for the County Executive and Kshs.51.98 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.4.15 million which belonged to for the County Executive.

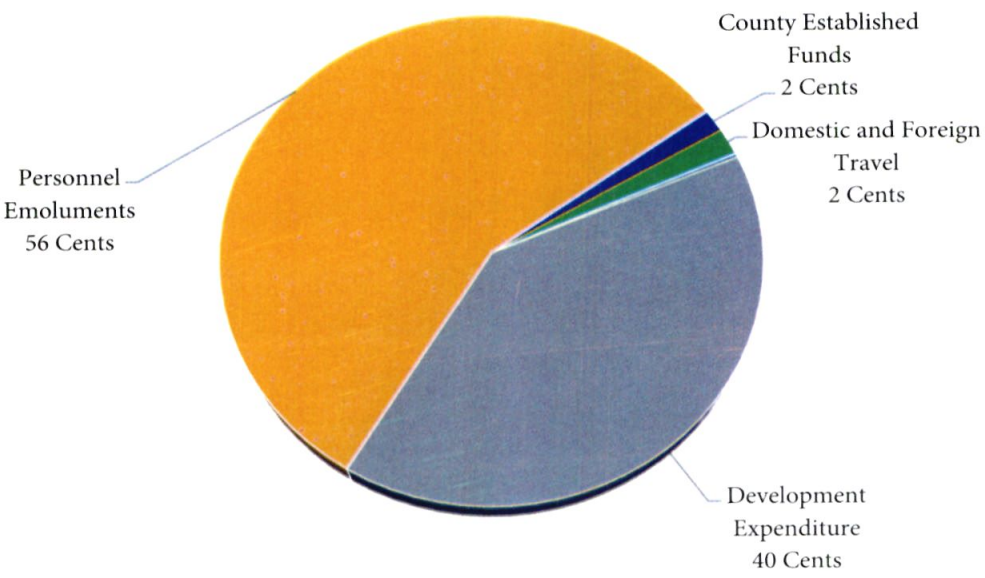
As of December 31, 2025, the County Government's cash balance in the Kilifi County CRF account was Kshs.169.21 million.

3.14.6 Expenditure Review

The County spent Kshs.6.68 million on development and recurrent programmes during the reporting period. The expenditure represented 121 per cent of the total funds released by the CoB. It comprised Kshs.4.50 million for recurrent programmes and Kshs.2.18 million for development programmes. Expenditure on development programmes accounted for 23 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 43 per cent of the annual recurrent expenditure budget.

Figure 82 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 82: Kilifi County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kilifi *County Treasury*

As shown in Figure 82, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic & Foreign Travel, which contributed 56, 40, and 2 per cent of total expenditure for the reporting period, respectively.

3.14.7 Settlement of Trade Payables

As of 1st July 2025, the County reported pending bills totalling Kshs.9.54 billion. This amount included Kshs.9.19 billion from the County Executive and Kshs.358.02 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.Kshs.3.82 billion for recurrent expenditures and Kshs.5.36 billion for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.2.88 billion, comprising Kshs.930.81 million (32 per cent) for recurrent programmes and Kshs.1.94 billion (68 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.130.27 million, which included Kshs.87.58 million (67 per cent) for recurrent activities and Kshs.42.69 million (33 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs 13.84 billion for the County Executive and Kshs 294.91 million for the County Assembly. Table 3.205 provides additional details of trade payables.

Table 3.205: Kilifi County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	5,362,385,530	3,820,060,280	9,182,445,810
		County Assembly	78,576,324	279,441,260	358,017,584
		Total	5,440,961,854	4,099,501,540	9,540,463,394
Trade payables are scheduled to be settled in the first half of FY 2025/26 per the action plan.	b	County Executive	950,584,942	1,323,945,224	2,274,510,166
		County Assembly	46,751,721	108,630,079	155,381,800
		Total	997,336,663	1,432,575,303	2,429,891,966
Amount paid in the First Half of FY 2025/26	c	County Executive	1,949,446,535	930,814,903	2,880,261,438
		County Assembly	42,688,638	87,582,554	130,271,192
		Total	1,992,135,173	1,018,397,457	3,010,532,630
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive		7,540,326,699	7,540,326,699
		County Assembly	40,049,076	27,113,992	67,163,068
		Total	-	-	-

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding trade payables as of 31st December 2025	e=a-c*b	County Executive	3,412,938,995	10,429,572,076	13,842,511,071
		County Assembly	75,936,762	218,972,698	294,909,460
		Total	3,488,875,757	10,648,544,774	14,137,420,531

***Source**: Kilifi County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.95.54 million and Kshs.2.27 billion on recurrent and development expenditure, respectively, in FY 2025/26. The County Executive adhered to this payment plan, as it cleared Kshs.2.88 billion for the Executive and Kshs.130.27 million for the Assembly.

Table 3.206 and Table 3.207 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.13.84 billion.

Table 3.206: Kilifi County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**1,141,036,724.77**	**1,243,264,604.94**	**451,948,116.45**	**576,689,549.65**	**3,412,938,995.81**
Recurrent Trade Payables (Goods & Services)	683,317,439.52	1,099,634,207.08	295,490,253.85	7,608,611,537.71	**9,687,053,438.16**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	630,008,980.74	821,864.60	-	5,223,663.85	**636,054,509.19**
Recurrent Trade Payables (Staff Claims)	16,984,136.30	38,078,467.10	33,420,237.50	17,981,287.91	**106,464,128.81**
Total Recurrent Trade Payables	**1,330,310,556.56**	**1,138,534,538.78**	**328,910,491.35**	**7,631,816,489.47**	**10,429,572,076.16**
Total Trade Payables	**2,471,347,281.33**	**2,381,799,143.72**	**780,858,607.80**	**8,208,506,039.12**	**13,842,511,071.97**
% of Total	18	17	6	59	100

***Source**: Kilifi County Treasury*

Table 3.207: Kilifi County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**75,936,762**		-	-	**75,936,762**
Recurrent Trade Payables (Goods & Services)	27,113,992	93,696,183	50,905,376	10,709,070	**182,424,621**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	20,432,581	12,534,505	2,557,756	1,023,235	**36,548,077**
Total Recurrent Trade Payables	47,546,573	106,230,688	53,463,132	11,732,305	**218,972,698**
Total Trade Payables	**123,483,335**	**106,230,688**	**53,463,132**	**11,732,305**	**294,909,460**
% of Total	42	36	18	4	100

***Source**: Kilifi County Treasury*

3.14.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.83 billion on compensation of employees, Kshs.1.35 billion on operations and maintenance, and Kshs.2.06 billion on development activities. Similarly, the County Assembly spent Kshs.228.18 million on compensation of employees, Kshs.90.95 million on operations and maintenance, and Kshs.119.15 million on development activities, as shown in Table 3.208.

Table 3.208: Kilifi County Summary of Budget and Expenditure by Economic Classification

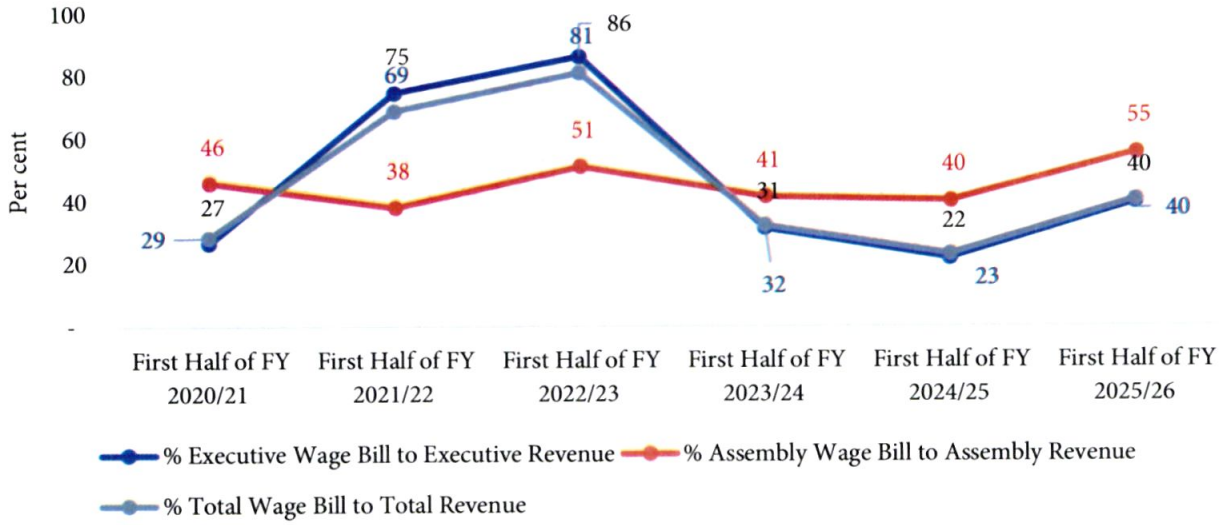
Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
County Executive					
Recurrent	**9,649,292,691**	**2,661,861,061**	**1,520,999,015**	**4,182,860,076**	**43**
Compensation to Employees	5,004,585,644	1,795,383,824	1,033,853,401	2,829,237,225	57
Operations & Maintenance	4,644,707,047	866,477,237	487,145,614	1,353,622,851	29
Development	**9,325,561,429**	**1,147,372,131**	**910,002,155**	**2,057,374,286**	**22**
Executive Sub-total	**18,974,854,120**	**3,809,233,192**	**2,431,001,170**	**6,240,234,362**	**33**
County Assembly					
Recurrent	**829,736,828**	**319,131,041**	-	**319,131,041**	**38**
Compensation to Employees	542,837,072	228,182,310	-	228,182,310	42
Operations & Maintenance	286,899,756	90,948,731	-	90,948,731	32
Development	**441,950,000**	**119,150,127**	-	**119,150,127**	**27**
Assembly Sub-total	**1,271,686,828**	**438,281,168**	-	**438,281,168**	**34**
Combined County Totals					
Total Recurrent	**10,479,029,519**	**2,980,992,102**	**1,520,999,015**	**4,501,991,117**	**43**
Compensation to Employees	5,547,422,716	2,023,566,134	1,033,853,401	3,057,419,535	55
Operations & Maintenance	4,931,606,803	957,425,968	487,145,614	1,444,571,582	29
Total Development	**9,767,511,429**	**1,266,522,258**	**910,002,155**	**2,176,524,413**	**22**
Grand Total	**20,246,540,948**	**4,247,514,360**	**2,431,001,170**	**6,678,515,530**	**33**

***Source**: Kilifi County Treasury*

3.14.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.06 billion. The compensation-to-revenue ratio was 40 per cent. This expenditure on employee compensation shows an increase of 51 per cent compared to the Kshs.2.02 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.38 billion for Health Sector employees, accounting for 45 per cent of overall employees' compensation. The increase in employee compensation expenditure is attributed to accrued wages that were not recognised in the previous reporting period.

Figure 83: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source**: Kilifi County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.04 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.84.17 million was processed through manual payroll, accounting for 3 per cent of the total PE

cost. The justification for the continued use of manual payroll was that ward office employees are employed on a contract basis and cannot be onboarded to the HRIS.

The manual payroll amounted to Kshs.84.17 million for contract staff not onboarded into the Human Resource Information System (HRIS), as shown in Table 3.209.

Table 3.209: Breakdown of Kilifi County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	-	977,400	977,400
Salaries for casual staff	-	-	-
Top-up Allowances for security officers	-	89,600	89,600
LAPTRUST/LAPFUND Pension Contributions	-	9,177,273	9,177,273
Gratuity for contract staff	-	12,856,427	12,856,427
Youth	-	-	-
Community Health Workers	61,068,268	-	61,068,268
Total	**61,068,268**	**23,100,700**	**84,168,968**

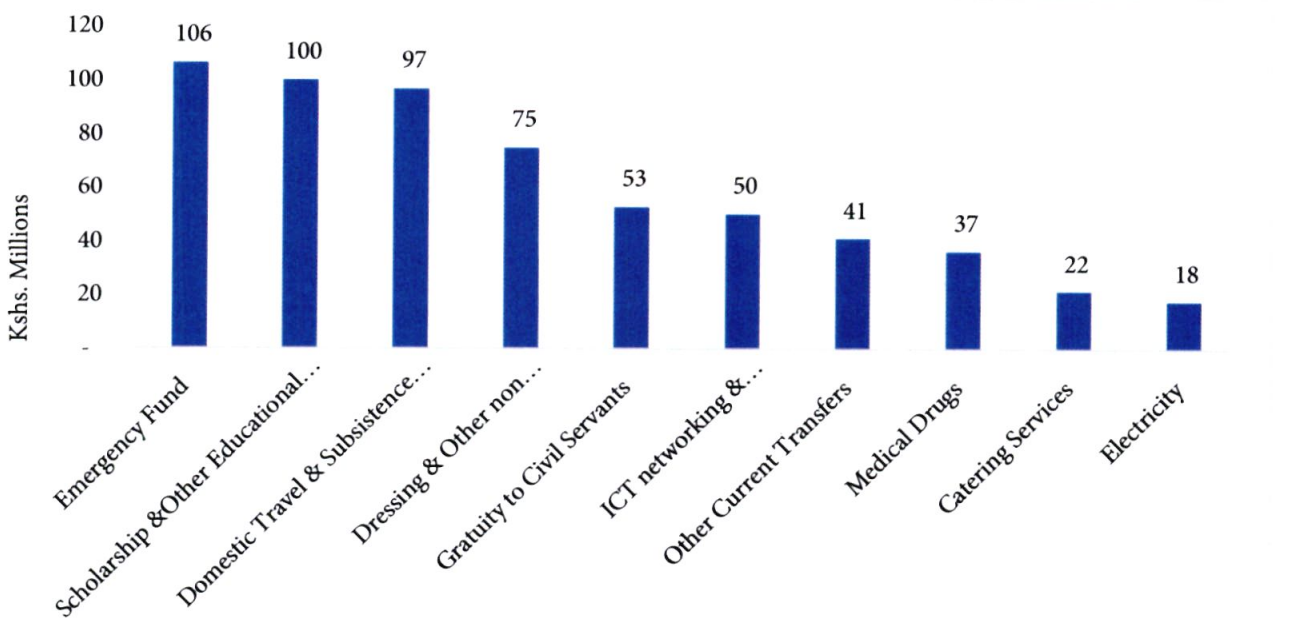
***Source**: Kilifi County Treasury*

The County Assembly spent Kshs.12.79 million on committee sitting allowances for the 56 MCAs, against the annual budget allocation of Kshs.28 million. The average monthly sitting allowance was Kshs.44,068 per MCA. The County Assembly has 23 House Committees.

3.14.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.44 billion on operations and maintenance, representing a decrease of 28 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.2 billion. Figure 84 summarises the Operations and Maintenance expenditure by major categories.

Figure 84: Kilifi County, Operations and Maintenance Expenditure by Major Categories



***Source**: Kilifi County Treasury*

3.14.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.23.94 million on "*other operating expenses*," which is 2 per cent of the total operations and maintenance expenditure of Kshs.1.44 billion. This category

of expenditure includes Kshs.19.33 million for legal fees and Kshs4.60 million for food items. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.210.

Table 3.210: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses - Other	2,000,000	-
2211399	Other Operating Expenses - Other	800,000	246,000
2211399	Other Operating Expenses - Other	500,000	-
2211399	Other Operating Expenses - Other	19,569,788	19,091,000
2211300	Other Operating Expenses - Other	32,388,000	4,604,800
	Total	55,257,788	23,941,799.80

Source: *Kilifi County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: legal charges and food items.

3.14.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.1.65 billion to County-Established funds in FY 2025/26, or 8 per cent of the County's overall budget. Further, the County allocated Kshs.250 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.211 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.211: Performance of Kilifi County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Kilifi Health Service Improvement Fund	2016	597,811,932	133,303,210	133,303,210	-	Yes
2.	Kilifi County Climate Change Fund	2021	250,392,926	-	-	-	Yes
3.	Kilifi Emergency Fund	2020	250,000,000	80,000,000	80,000,000	-	Yes
4	Kilifi County Ward Scholarship Fund	2013	500,000,000	225,271,974	225,271,974	-	Yes
		County Assembly Established Funds					
1	County Assembly Car Loan & Mortgage Fund	2014	50,000,000	-	-	-	Yes
	Total		1,648,204,857	438,575,184	438,575,184	-	-

Source: *Kilifi County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Kilifi County Ward Scholarship Fund and the Kilifi County Assembly Car Loan & Mortgage Fund had lapsed. However, the County Assembly extended its lifespan.

3.14.13 County Corporations

The County has 2 Corporations, which were allocated Kshs.1.5 billion in FY 2025/26. The County Corporations did not submit their expenditure returns to CoB in the reporting period, as shown in Table 3.213.

Table 3.212: Performance of Kilifi County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Kilifi Mariakani Water Sanitation Company	750,000,000	-	-	-
2	Malindi Water and Sanitation Company	750,000,000	-	-	-
	Total	**1,500,000,000**	-	-	-

Source: *Kilifi County Treasury*

3.14.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.83.71 million and comprised Kshs.53.37 million spent by the County Assembly and Kshs.30.34 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.60 million, all incurred by the County Executive. Expenditure on foreign travel is summarised in Table 3.213.

Table 3.213: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	4	24th April 2024	Benchmarking at East Africa Legislative Assembly -EALA	Arusha		823,935	823,935
County Executive	1	11th June 2024	Public-Private Partnership seminar in Abu Dhabi	Abudhabi		1,115,229	1,115,229
County Executive	2	Aug-24	To engage with key institutions within Morocco's accountability ecosystem.	Morroco		2,668,900	2,668,900
County Executive	1	Sep-24	World forum on the future of democracy	Germany		1,995,868	1,995,868
Total						6,603,932	6,603,932

Source: *Kilifi County Treasury*

3.14.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.480.87 million as FIF, which was 96 per cent of the annual target of Kshs.545.66 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The expenditure by the health facilities amounted to Kshs.456.59 million, as shown in Table 3.214.

Table 3.214: Kilifi County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital		-	-	-
2.	Level 4 Hospital	9	516,958,865	427,890,000	83
3.	Level 3 Facility	10	14,350,000	14,350,000	100
4.	Level 2 Facility	124	14,350,000	14,350,000	100
	Total		545,658,865	456,590,000	84

3.14.16 Development Expenditure

In the review period, the County reported spending Kshs.2.18 billion on development programmes, representing an increase of 4 per cent compared to FY 2024/25, when the County spent Kshs.2.10 billion. Table 3.215 summarises the development projects with the highest expenditure in the reporting period.

Table 3.215: Kilifi County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Public Service Management	Construction of Kilifi County Office Complex	Sokoni Ward	2024-2025	2025-2026	499,995,244	225,000,000	120,405,391	345,405,391	70
2	County Assembly	Proposed Completion of the Assembly Office Block for the County Assembly of Kilifi	Malindi Shela Ward	15th December 2023	05th February 2026	387,412,179			263,392,273	85
3	County Assembly	Proposed Completion of Electrical Installation Works for the Completion of the Assembly Office Block for the County Assembly of Kilifi	Malindi Shela Ward	15th December 2023	05th February 2026	42,268,144			31,270,642	80
4	Finance	Refurbishment of County Government Treasury	County Treasury - Kilifi	2023-2024	2025-2026	34,039,660	8,000,000	7,038,196	15,038,196	61
5	Agriculture	Development of Kazikazi Earth Dam Irrigation Project - Jaribuni	Jaribuni	-	-	10,000,000	10,000,000	-	10,000,000	100
6	Education	Proposed completion of 2no. Ecde classrooms and 2no. Cubicle pit latrine at Muryachakwe ECDE centre in Sokoke ward	Sokoke	-	-	-	5,600,000	-	5,600,000	100
7	Education	Shariani ECDE	Junju	-	-	-	5,000,000	-	5,000,000	100
Donor Funded Projects										
Equalisation Funded Projects										
1	Health & Sanitation	Construction of 4 no.One Bedroom Staff House At Garashi Health Centre.	Garashi	2024	2025	22,870,884.8	23,000,000	-	23,000,000	50
2	Health & Sanitation	Construction of 4 no.One Bedroom Staff House at Vitengeni.	Sokoke	2026	2026	22,870,885	22,870,886	-	22,870,886	100
3	Health & Sanitation	Construction Of Dispensary 6 Bed Maternity Wing At Chamari	Marafa	2025	2025	12,839,653	11,000,000	-	11,000,000	40

Source: *Kilifi County Treasury*

The County reported 68 stalled development projects as of 31st December 2025, with an estimated value of Kshs.542.44 million, of which Kshs.473.06 million has already been paid. A sample of ten stalled projects is shown in Table 3.216.

Table 3.216: Kilifi County Stalled Projects as of 31st December 2025

No		Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Health & Sanitation	Renovation/Completion of Muyuni Dispensary	Muyuni	2024	2025	10,318,163	-	-	-	30	-
2	Health & Sanitation	Construction of Kaya Dispensary	Kaya	2024	2026	2,811,809	-	2,811,809	-	20	-
3	Health & Sanitation	Construction of twin staff house at Kaoyeni dispensary	Kaoyeni	2024	2026	10,587,522	10,587,522	2,493,142	-	40	-
5	Health & Sanitation	Construction Of Chiferi Dispensary	Chiferi	-	-	48,000,000	13,000,000	5,000,000	-	70	-
6	Health & Sanitation	Completion Of Mwatsama Dispensary	Mwatsama	-	-	7,000,000	1,568,000	-	-	50	-
7	County Artoney	Construction and Equipping of Mtwapa Court House	Shimo la Tewa	-	--	56,528,758	10,000,000	-	-	23	-
8	Education	Proposed Completion of 2nd Generation ECDE at Tezo	Tezo	-	-	1,800,000	1,800,000	-	-	-	-
9	Education	Proposed renovation of Tangini kwa kagumba ECDE and completion of toilets	Gongoni	-	-	4,000,000	4,000,000	-	-	-	-
10	Education	Construction of 2no and 4no. cubicle pit latrine at Zowerani VDC pre-school in Tezo ward	Tezo	-	-	2,300,000	2,300,000	-	-	-	-

Source: Kilifi County Treasury

3.14.17 Budget Performance by Department

Table 3.217 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.217: Kilifi County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	901,658,828	441,950,000	317,332,915	95,658,907	319,131,041	119,150,125	100.6	124.6	35.4	27.0
County Division for Office of the Governor	498,153,096	-	179,276,648	-	262,328,619	-	146.3	-	52.7	-
County Division for Finance	819,508,305	702,185,000	232,155,482	61,970,149	437,486,791	174,912,544	-	-	53.4	24.9
County Division for Agriculture	282,225,379	347,839,367	130,095,094	30,000,000	134,257,875	197,174,246	-	-	47.6	56.7
County Public Service Boards	85,356,479	-	21,464,468	-	27,937,956	-	-	-	32.7	-
County Division for Public Service Management	671,234,785	150,000,000	247,327,653	80,815,422	538,048,963	-	-	-	80.2	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Division for County Attorney	96,800,000	10,000,000	72,499	-	33,680,152	2,961,364	-	-	34.8	29.6
County Division for Economic Planning	103,459,950		25,528,100	-	56,464,177		-	-	54.6	-
County Division for Livestock	15,430,000	41,565,000	876,980	-	7,758,170	30,664,801	-	-	50.3	73.8
County Division for Information Communication Technology	91,810,822	-	2,884,397	-	17,903,651	-	-	-	19.5	-
County Division for Cooperative Development	31,367,086	-	-	-	1,789,500	-	-	-	5.7	-
County Division for Resource Mobilisation	154,203,968	-	2,174,080	-	93,342,630	-	-	-	60.5	-
County Division for Blue Economy	10,050,000	77,500,000	1,103,840	-	2,968,347	44,310,750	-	-	29.5	57.2
County Division for Water Services	143,099,197	2,540,325,001	40,793,463	01,050,157	49,947,667	190,482,684	-	-	34.9	7.5
County Division for Environment and Natural Resources	405,313,162	-	80,885,400	-	64,755,000	-	-	-	16.0	-
County Division for Early Childhood Education and Vocational Training	1,208,169,167	428,640,807	464,106,075	29,074,000	469,087,589	118,212,768	-	-	38.8	27.6
County Division for Health and Sanitation Services	3,498,305,219	786,837,293	2,036,690,046	89,518,429	1,496,126,961	-	-	-	42.8	-
County Division for Roads and Transport Services	296,415,644	,465,594,783	68,394,301	548,988,511	118,992,579	628,622,643	-	-	40.1	42.9
County Division for Public Works	35,876,543	-	3,930,900	-	-	-	-	-	-	-
County Division for Gender and Social Services	80,309,534	112,700,000	32,818,747	-	33,928,605	65,851,815	-	-	42.2	58.4
Youth Affairs & Sports	27,290,000	284,500,000	949,600	-	9,804,876	80,031,630	-	-	35.9	28.1
County Division for Trade Development	114,514,676	504,300,000	45,991,968	-	66,113,002	18,855,272	-	-	57.7	3.7
County Division for Tourism Promotion	47,400,000	-	-	-	112,000	-	-	-	0.2	-
County Division for Devolution & Civic Education	400,676,940	43,329,152	-	-	17,206,370	2,519,498	-	-	4.3	5.8
County Division for Special Programs & Disaster Management	196,239,188	-	124,435,600	-	129,208,116	-	103.8	-	65.8	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Division for the County Secretary	48,135,525	-	1,981,300	-	19,592,897	-	988.9	-	40.7	-
County Division for lands	118,021,206	86,500,000	38,581,095	-	64,235,435	38,658,225	166.5	-	54.4	44.7
County Division for Energy	36,299,548	200,000,000	19,000,000	-	18,000,000	125,569,097	94.7	-	49.6	62.8
County Division for Physical Planning, Urban Development & Housing	50,459,418	923,717,026	-	245,529,166	10,226,018	337,346,950	-	137.4	20.3	36.5
County Division for Forestry and Climate Change	11,245,854	250,000,000	-	-	1,556,160	1,200,000	-	-	13.8	0.5
Total	**10,479,029,519**	**9,397,483,429**	**4,118,850,648**	**1,382,604,741**	**4,501,991,147**	**2,176,524,411**	**109.3**	**157.4**	**43.0**	**23.2**

***Source**: Kilifi County Treasury*

Analysis of expenditure by departments shows that the Department of Energy recorded the highest absorption rate of development budget at 63 per cent, followed by the Department of Gender & Social Services at 58 per cent. The Department of Public Service Management had the highest recurrent expenditure-to-budget ratio at 80 per cent, while the Department of Tourism Promotion had the lowest absorption rate at less than 1 per cent.

Performance below 50 per cent in some departments was attributed to the late implementation of procurement plans in the Procurement System.

3.14.18 Budget Execution by Programmes and Sub-Programmes

Table 3.218 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.218: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Livestock Development				
	Programme 2: Animal Products Safety	41,565,000	30,664,801	74
lands & Physical Planning				
	Sub-Programme 2.1: Physical Planning and Development	59,000,000	38,658,225	66
Department of Energy				
	Sub Program 7.1: Alternative energy technologies	200,000,000	125,569,097	63
Department of Energy				
	Sub-Programme 3.1: Urban Development and Management	904,499,992	337,346,950	37
RECURRENT				
Department of Special Programme & Disaster Management				
	Administration Planning and Support Services	184,000,000	126,238,716	69

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Department of Finance				
	Administration Planning and Support Services	643,266,886	377,364,636	59
lands & Physical Planning				
	Sub-programme 1.1 Administration, Planning and Support Services	114524204	63889235	56
Department of Energy				
	Sub-programme 1.1 Administration, Planning and Support Services	34,299,548	18,000,000	52
Department of Economic Planning				
	2.0 County Fiscal Planning	38,209,950	17,518,190	46

Source: *Kilifi County Treasury*

The development sub-programmes with the highest budget implementation rates were: Animal Product Safety in the Department of Livestock at 74 per cent, Physical Planning & Development in the Department of Lands & Physical Planning at 66 per cent, and Alternative Energy Technologies in the Department of Energy at 63 per cent.

For recurrent sub-programmes, the top performers included: Administration, Planning & Support Services in the Department of Special Programmes and Disaster Management at 69 per cent, Administration, Planning & Support Services in the Department of Finance at 59 per cent, and Administration, Planning & Support Services in the Department of Lands & Physical Planning at 56 per cent.

The higher performance of these programmes can be attributed to the timely payment of pending bills.

3.14.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County government uses 19 commercial bank accounts to operate the above-established public funds, contrary to Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.14.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kilifi County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 27th January 2025.
ii. The underperformance of own-source revenue at Kshs.265.99 million against an annual target of Kshs.1.86 billion, representing 14 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.2.18 billion on development activities, achieving a 23 per cent absorption rate.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the

approved exchequer in several departments.

v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kilifi Mariakani Water Sanitation Company and Malindi Water Sanitation Company were not submitted to the CoB as of 15 July 2025.

vi. High level of trade payables, which amounted to Kshs.14.14 billion as of 31st December 2025.

vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

viii. The County reported Kshs.23.94 million under "*other operating expenses,*" accounting for 2 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iv. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*

v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.15. County Government of Kirinyaga

3.15.1 Overview of FY 2025/26 Budget

The Kirinyaga County Approved Budget for FY 2025/26 is Kshs.8 billion. It comprises Kshs.5.16 billion (65 per cent) and Kshs.2.84 billion (35 per cent) allocation for recurrent and development programmes, respectively. The budget estimates represent an increase of Kshs.75.57 million (1 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.93 billion and a recurrent budget of Kshs.2.99 billion. The increase in the budget was primarily attributed to an increase in Equitable Share, and County Government Additional allocations.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.6.15 billion (76.88 per cent), additional allocations of Kshs.1.05 billion (13.12 per cent), a cash balance of Kshs.34.61 million (0.42 per cent) brought forward from FY 2024/25, and Kshs.766 million (9.58 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.219.

3.15.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.3.08 billion. This amount represented a decrease of (11) per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.46 billion. The total revenue consisted of Kshs.2.55 billion from the equitable share of revenue raised nationally, additional allocations from the national government as well as own-source revenue (OSR) collection of Kshs.344.69 million. Additionally, the County had a cash balance from FY2024/25 of Kshs.34.61million from FY 2024. The total OSR collection of Kshs.344.69.0 million included Facilities Improvement Financing (FIF) of Kshs.242.07 million, and Kshs.92.62 million from other OSR sources. Table 3.219 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.219: Kirinyaga County, Revenue Performance in the First Half of FY 2025/26

NB13: H39o	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	34,608,606	34,608,606	-	34,608,606	-
2	County Executive Refunds to CRF	141	141	-	141	-
3	County Assembly Refunds to CRF	6	6	-	6	-
	Sub-Total	**34,608,753**	**34,608,753**	-	**34,608,753**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,151,661,892	2,552,939,686	522,891,260	3,075,830,946	3,075,830,946
	Sub-Total	**6,151,661,892**	**2,552,939,686**	**522,891,260**	**3,075,830,946**	**3,075,830,946**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Allocation of Roads Maintenance Fuel Levy Fund(RMLF) 2024/2025	127,631,589	-	-	-	127,631,589
2	Allocation Financed by Grant from DANIDA to finance Universal Healthcare in Devolved System	6,834,000	-	-	-	6,834,000
3	International Fund for Agricultural Development (IFAD) Aquaculture Business Development Project (ABDP)	11,283,380	-	-	-	11,283,380
4	International Fund for Agricultural Development (IFAD) Aquaculture Business Development Project (ABDP) 2024/2025	13,779,259	-	-	-	13,779,259
5	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP II) Level 1 Grant	37,500,000	-	-	-	37,500,000
6	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP II) Level 1 Grant 2024/2025	37,500,000	-	-	-	37,500,000
7	IDA-(World Bank Credit) (Kenya Urban Support Project (KUSP) UDG 2024/2025	2,690,700	-	-	-	2,690,700
8	Allocation from National Government as Condtional Grant for Aggregated Indutrial Parks Programme CAIPS 2024/2025	51,373,382	-	-	-	51,373,382
9	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	231,250,000	-	-	-	231,250,000
10	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2024/25	108,389,410	-	-	-	108,389,410
11	Allocation from the National Government for Community Health Promoters (CHPs) Project	56,049,816	-	-	-	56,049,816

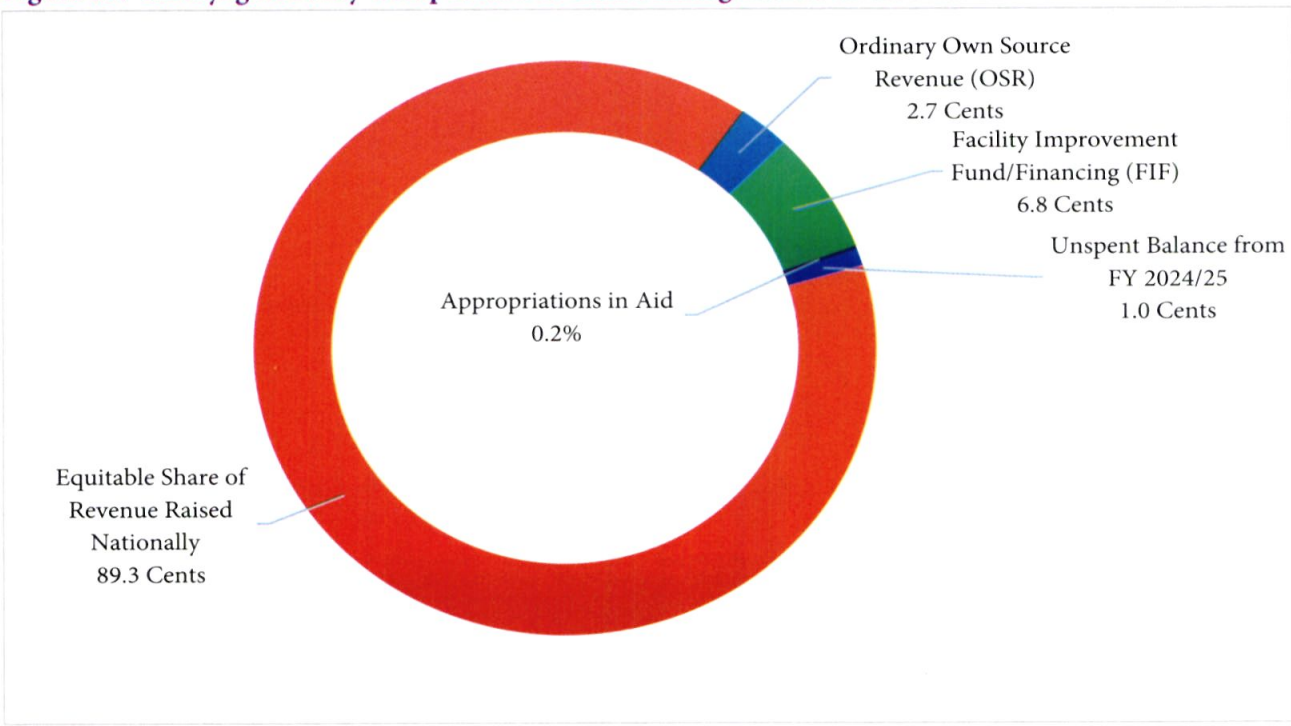
NB13: H39o	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
12	IDA(World Bank) Credit Allocation for Kenya Water, Sanitation and Hygiene (K-WASH) Program 2024/2025	366,729,808	-	-	-	366,729,808
	Sub-Total	**1,051,011,344**	-	-	-	**1,051,011,344**
E	**Ordinary Own Source Revenue (OSR)**					
1	Single Business Permit	105,000,000	7,526,287	-	7,526,287	97,473,713
2	Market Gate Fee	31,000,000	13,675,967	-	13,675,967	17,324,033
3	Produce Cess	7,000,000	4,967,841	-	4,967,841	2,032,159
4	Weights & Measures	6,000,000	340,900	-	340,900	5,659,100
5	Stalls rent	5,500,000	1,283,541	-	1,283,541	4,216,459
6	Advertisement	31,000,000	3,821,700	-	3,821,700	27,178,300
7	cooperative audit	500,000	26,450	-	26,450	473,550
8	Bus Park	31,000,000	17,348,550	-	17,348,550	13,651,450
9	Street Parking	24,549,000	5,256,760	-	5,256,760	19,292,240
10	House rents	6,051,000	1,446,000	-	1,446,000	4,605,000
11	Land Administration	10,000,000	2,733,900	-	2,733,900	7,266,100
12	Property Rates	34,000,000	5,472,059	-	5,472,059	28,527,941
13	Building Plan Approvals	30,000,000	13,239,793	-	13,239,793	16,760,207
14	Fire Compliance	6,000,000	355,000	-	355,000	5,645,000
15	Conservancy Fee	14,500,000	1,441,470	-	1,441,470	13,058,530
16	Quarries cess	3,000,000	870,700	-	870,700	2,129,300
17	Group Registration	800,000	102,500	-	102,500	697,500
18	Veterinary Services	7,500,000	3,373,520	-	3,373,520	4,126,480
19	coffee licences	600,000	388,460	-	388,460	211,540
20	Commission by payroll	3,000,000	1,547,463	-	1,547,463	1,452,537
21	Public Health Services	42,000,000	7,401,400	-	7,401,400	34,598,600
22	Other Sources	-	-	-	-	-
	Sub-Total	**399,000,000**	**92,620,261**	-	**92,620,261**	**306,379,739**
F	**Facility Improvement Fund/Financing (FIF)**					
1	FIF	305,000,000	235,735,404	-	235,735,404	69,264,596
	Sub-Total	**305,000,000**	**235,735,404**	-	**235,735,404**	**69,264,596**
G	**Appropriations in Aid**					
1	(A-i-A) Alcoholic Drinks licensing	52,000,000	3,271,660	-	3,271,660	48,728,340
2	(A-i-A) Kamweti Training Centre	8,000,000	3,066,675	-	3,066,675	4,933,325
	Sub-Total	**60,000,000**	**6,338,335**	-	**6,338,335**	**53,661,665**
H	**Other Revenues**					
	Grand Total	**8,001,281,989**	**2,922,242,439**	**522,891,260**	**3,445,133,699**	**4,556,148,290**

Source: *Kirinyaga County Treasury*

Some own-source revenue streams, such as Single Business Permits, land rates, and advertising, were below 25 per cent due to their seasonal nature. The County lacks legislation for ordinary Appropriation in aid and FIF but operates FIF in health centres using the National FIF Act.

Figure 85 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

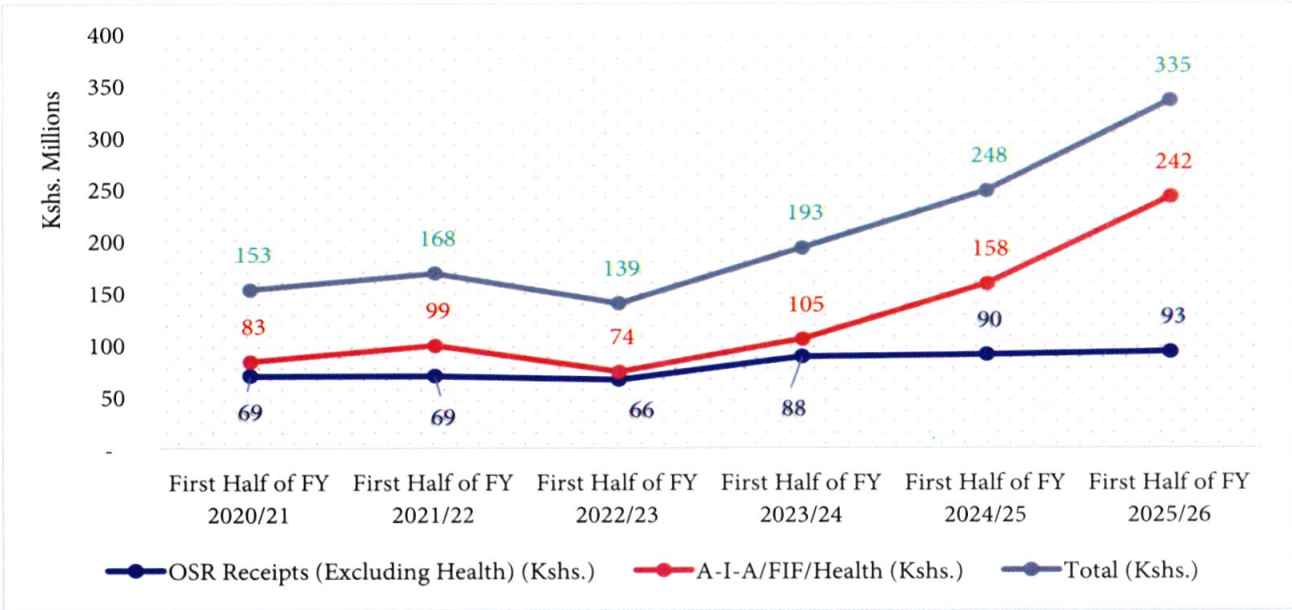
Figure 85: Kirinyaga County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Kirinyaga County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 89.3 per cent, 2.7 per cent and 6.8 per cent, respectively, of the total receipts for the reporting period Figure 86 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

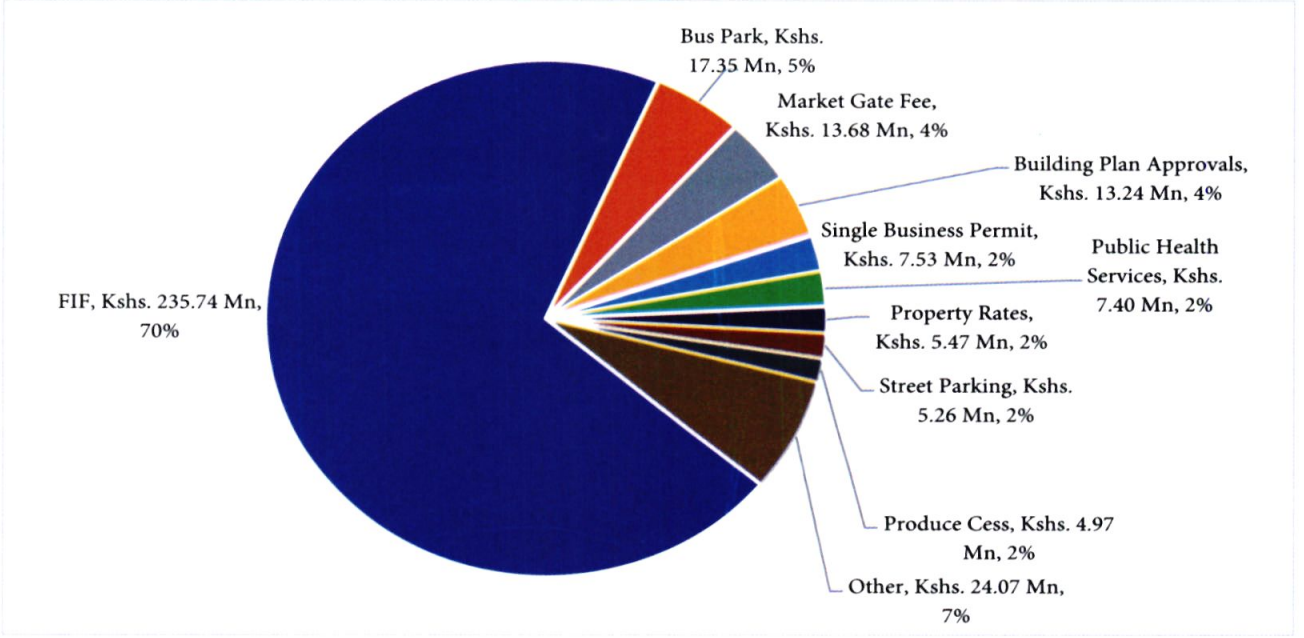
Figure 86: Kirinyaga County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Kirinyaga County Treasury*

During the first half of FY 2025/26, the County received Kshs.334.69 million from OSR, including FIF. This amount was an increase of 35 per cent compared to Kshs.247.87 million realised in a similar period in FY 2024/25. The increase in OSR was attributed to the County's continued enhancement of health services across its facilities, which has led to more patients. The revenue streams that contributed the most to OSR receipts are shown in Figure 87

Figure 87: Kirinyaga County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kirinyaga County Treasury

As shown in Figure 87, the highest revenue stream, at Kshs.242 million, was from hospital fees/ FIF, accounting for 70 per cent of the total OSR receipts. The County Government indicated that it has automated all its 21 revenue streams.

3.15.3 Revenue Arrears

As of 1st July 2025, the County reported no revenue arrears.

3.15.4 Borrowing by the County

Kirinyaga County Executive and Assembly did not have any credit facility with any financial institution within the period.

3.15.5 Withdrawals from the County Revenue Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.7 billion from the Kirinyaga County Revenue Fund (CRF) account. This amount consisted of Kshs.518 million (18 per cent) designated for development programs and Kshs.2.81 billion (42 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs 1.42 billion was allocated for employee compensation, and Kshs.766.92 million for operations and maintenance expenditures. Within the operations and maintenance category, 6 per cent was for domestic travel. The domestic travel exchequers totalled Kshs.160.45 million, which included Kshs.55.21 million for the County Executive and Kshs.105.24 million for the County Assembly. Meanwhile, the County incurred no expenditures on foreign travel during the period.

As of December 31, 2025, the County Government's cash balance in the Kirinyaga CRF account was Kshs.157.76 million. In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.394.65 million for the County Assembly during the review period. This amount constituted Kshs.379.98 million for recurrent activities and Kshs.14.66 million for development activities.

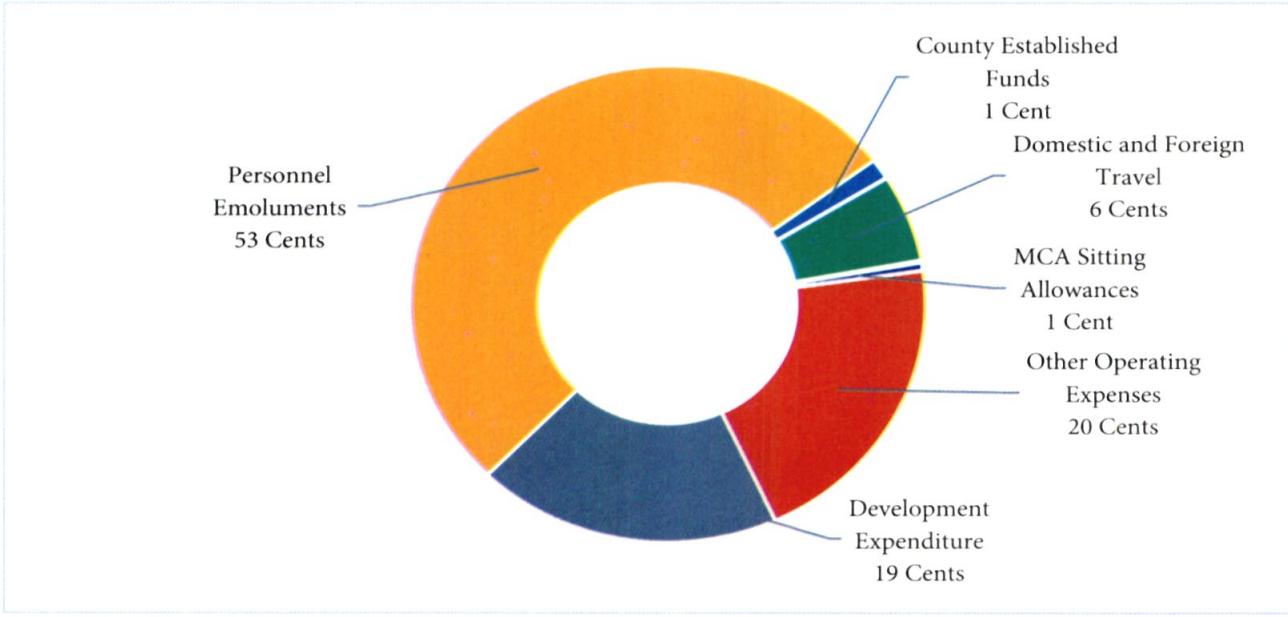
The County Assembly of Kirinyaga has not yet operationalised the County Assembly Fund.

3.15.6 Expenditure Review

The County spent Kshs.2,702 million on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.518 million for development programmes and Kshs.2.18 billion for recurrent programmes. Expenditure on development programmes represented 18 per cent of the annual development expenditure budget, while recurrent expenditure represented 42 per cent of the annual recurrent expenditure budget.

Figure 88 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 88: Kirinyaga County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kirinyaga *County Treasury*

As shown in Figure 88, the three highest expenditure categories were personal emoluments, Development expenditure, and other operating expenses, which accounted for 53, 19, and 20 per cent of total expenditure, respectively, for the reporting period.

3.15.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.794.80 million. This amount was all from the County Executive. The trade payables from the County Executive comprised of Kshs.417.62 million for recurrent expenditure and Kshs.377.18 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.47.95 million, comprising Kshs.46.75 million (6 per cent) for recurrent programmes and Kshs.1.2 million (less than 1 per cent) for development programmes. The outstanding trade payables as of 31st December 2025 were Kshs.765.08 million for the County Executive and Kshs.0 million for the County Assembly. Table 3.220 provides additional details of trade payables.

Table 3.220: Kirinyaga County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	377,177,533	417,623,727	794,801,261
Amount paid in FY 2025/26	County Executive	1,200,110	46,747,801	47,947,911
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	375,977,423	389,107,475	765,084,898

***Source**: Kirinyaga County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.100 million, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.47.95 million.

Table 3.221 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.765.08 million.

Table 3.221: Kirinyaga County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	181,325,142	9,594,735	185,057,546	-	375977423.2
Recurrent Trade Payables (Goods & Services)	174,153,937	21,571,698	187,984,939	-	383,710,575
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	2,441,824	2,955,076	-	-	5,396,900
Recurrent Trade Payables	176,595,761	24,526,774	187,984,939	-	389,107,475
Executive Trade Payables	357,920,903	34,121,509	373,042,485	-	765,084,898
% of Executive Trade Payables	46.78185447	4	48.75831251	-	100
Total Trade Payables	357,920,903	34,121,509	373,042,485	-	765,084,898
% of Total Trade Payables	47	4	49	-	100

3.15.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.25 billion on compensation of employees, Kshs.559.06 million on operations and maintenance, and Kshs.503.51 million on development activities. Similarly, the County Assembly spent Kshs.172.12 million on compensation of employees, Kshs.207.86 million on operations and maintenance, as shown in Table 3.222.

Table 3.222: Kirinyaga County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive							
Recurrent	**4,446,764,901**	**1,804,591,899**	**1,804,591,899**	-	**1,804,591,899**	**1**	**41**
Compensation to Employees	2,700,961,274	1,245,528,054	1,245,528,054	-	1,245,528,054	1	46
Operations & Maintenance	1,745,803,627	559,063,845	559,063,845	-	559,063,845	1	32
Development	**2,643,590,692**	**503,509,860**	**503,509,860**	-	503,509,860	**1**	**19**
Executive Sub-total	**7,090,355,593**	**2,308,101,759**	**2,308,101,759**	-	**2,308,101,759**	**1**	**33**
County Assembly							
Recurrent	**717,134,062**	**379,982,991**	**379,982,991**	-	**379,982,991**	**1**	**53**
Compensation to Employees	333,624,824	172,124,611	172,124,611	-	172,124,611	1	52
Operations & Maintenance	383,509,238	207,858,380	207,858,380	-	207,858,380	1	54
Development	**193,792,334**	**14,662,581**	**14,662,581**	-	14,662,581	**1**	**8**
Assembly Sub-total	**910,926,396**	**394,645,572**	**394,645,572**	-	**394,645,572**	**1**	**43**
Combined County Totals							
Total Recurrent	**5,163,898,963**	**2,184,574,890**	**2,184,574,890**	-	**2,184,574,890**	**1**	**42**
Compensation to Employees	3,034,586,098	1,417,652,665	1,417,652,665	-	1,417,652,665	1	47
Operations & Maintenance	2,129,312,865	766,922,225	766,922,225	-	766,922,225	1	36
Total Development	**2,837,383,026**	**518,172,441**	**518,172,441**	-	**518,172,441**	**1**	**18**
Grand Total	**8,001,281,989**	**2,702,747,331**	**2,702,747,331**	-	**2,702,747,331**	-	**34**

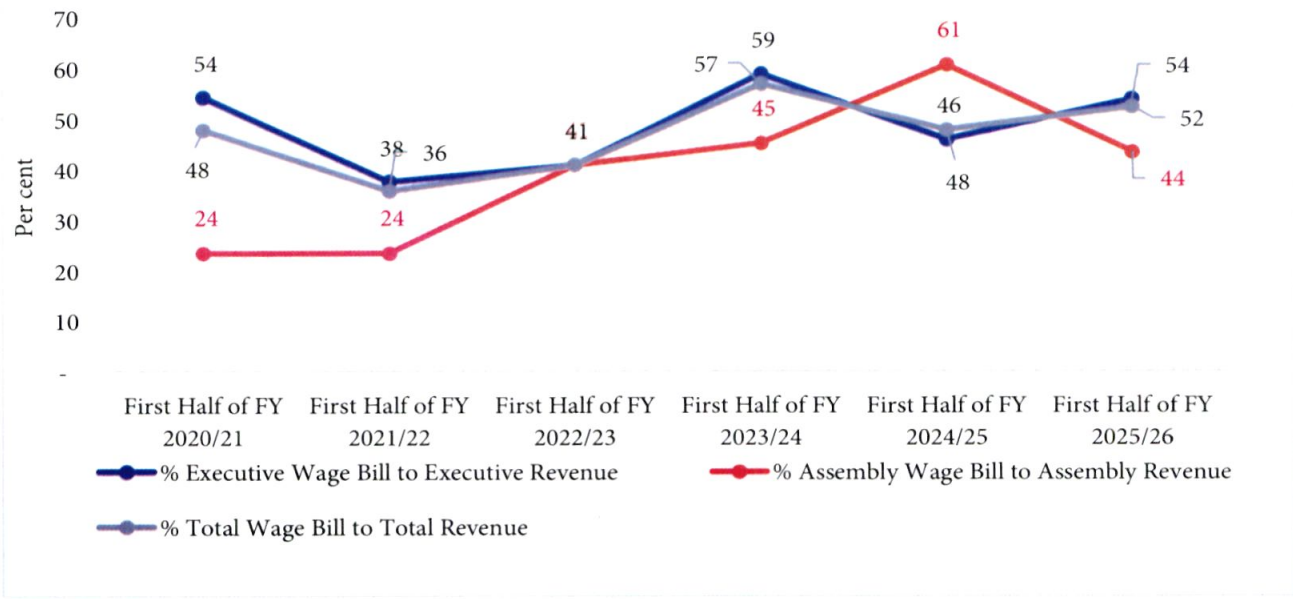
***Source**: Kirinyaga County Treasury*

3.15.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1,417.65 million. The percentage of compensation of employees to revenue was 52 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1,241.44 million reported in a similar period in FY 2024/25. Of this total, Kshs.705.28 million related to Health Sector employees, accounting for 50 per cent of the overall employees' compensation

Figure 89 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the first half of FY 2025/26.

Figure 89: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kirinyaga County Treasury

Further analysis indicated that PE costs totalling Kshs.1.31 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.110.81 million was processed through manual payrolls, which accounted for 8 per cent of the total PE cost. The justification for the continued use of manual payroll was that casuals yet to be issued with personal numbers. The CPSB has, however, begun onboarding casual staff into HRIS.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/ LAPFUND Pension Contributions, as shown in Table 3.223.

Table 3.223: Breakdown of Kirinyaga County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for casual staff	54,751,811
2	Community Health Workers	11,932,160
3	LAPTRUST/LAPFUND Pension Contributions	43,890,578
4	Salary Arrears for retired employees	186,165
5	Arrears due to the deceased	45,342
	Total	**110,806,055**

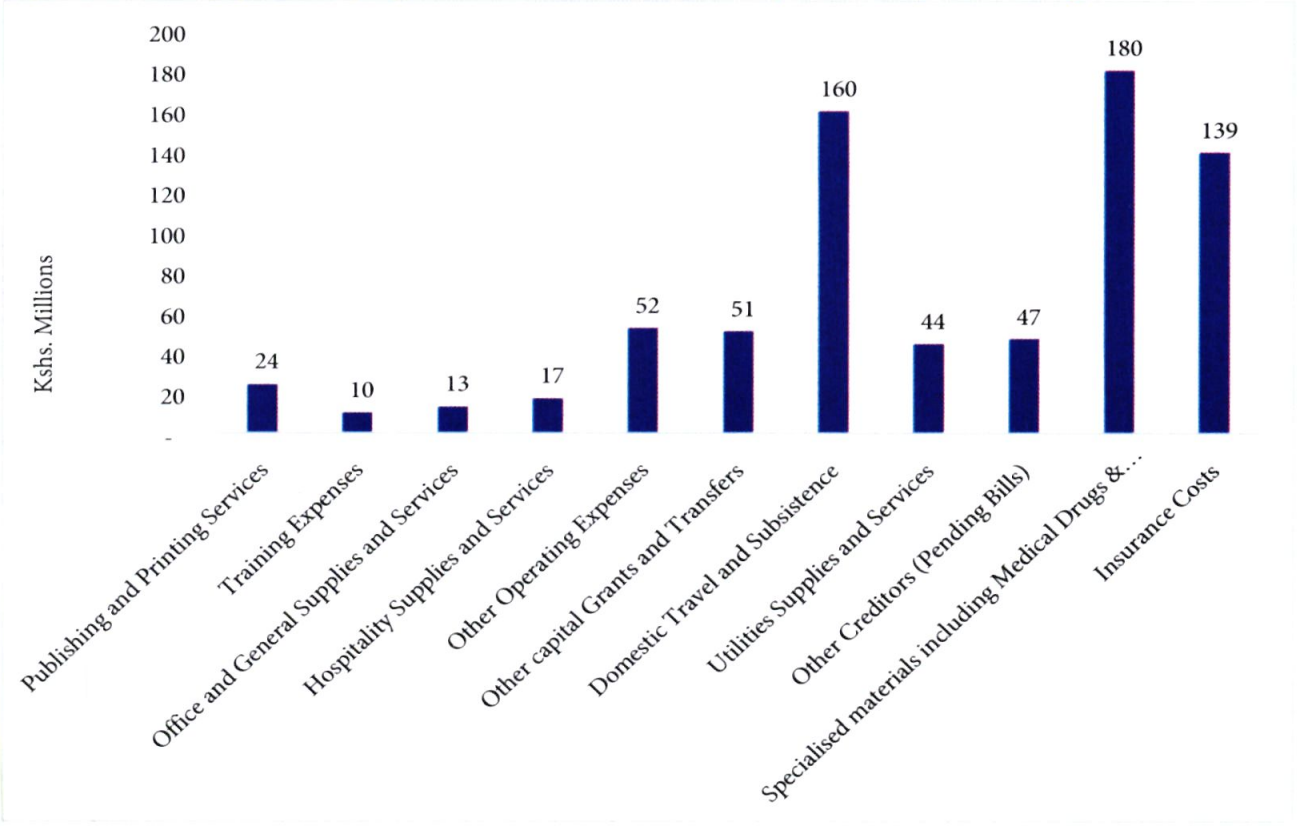
Source: Kirinyaga County Treasury

The County Assembly spent Kshs.14.3 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.144 million. The average monthly sitting allowance was Kshs.70,165 per MCA. The County Assembly has 23 House Committees.

3.15.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.766.92 million on operations and maintenance, representing an increase of 30 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.590.13 million. Figure 90 summarises the Operations and Maintenance expenditure by major categories.

Figure 90: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: *Kirinyaga County Treasury*

3.15.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.52.33 million in "*other operating expenses*" payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.224.

Table 3.224: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies (CoG & CEREB)	7,466,400	507,000
2211308	Legal Fees	44,500,000	30,385,121
2211311	Contracted technical Services	300,000	-
2211313	Security Operations	20,370,000	7,974,800
2211399	Other Operating Expenses - Other	20,689,462	13,464,196
Total		**93,325,862**	**52,331,118**

Source: Kirinyaga *County Treasury*

3.15.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.557.85 million to County-Established funds in FY 2025/26. Further, the County allocated Kshs.26 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012. Table 3.225 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.225: Performance of Kirinyaga County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Kirinyaga County Emergency Fund	2015	26,000,000	-	-	51,561,710	YES
2	Kirinyaga County Executive Staff Mortgage & Car Loan Scheme Fund	2016	31,300,000	-	-	288,800,000	YES
3	Kirinyaga County Education Bursary Fund	2016	126,000,000	-	1,113,616	462,750,000	YES
4	Kirinyaga County Agricultural Institutions Revolving Fund	2024	5,000,000	5,000,000	1,490,578	5,000,000	YES
5	Kirinyaga County Alcoholic Drinks Control Fund	2025	14,549,000	3,500,000	2,188,300	21,029,000	YES
6	Kirinyaga County Health Facilities Improvement Fund	2024	305,000,000	91,757,824	34,907,730.50	309,757,824	YES
		County Assembly Established Funds					
1	County Assembly Staff Car Loans and Mortgage Fund	2014	50,000,000	15,000,000	15,000,000	-	YES
	Total						

Source: *Kirinyaga County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the County Assembly Car and Mortgage Fund Administrators, as indicated in Table 3.226, contrary to the requirement of Section 168 of the PFM Act, 2012. All the funds of the County disclosed that the administration costs of the Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the County Assembly Car and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.15.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.159.94 million and comprised Kshs.35.78 million spent by the County Assembly and Kshs.124.16 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.51 million and which was entirely incurred by the executive. Expenditure on foreign travel is summarised in Table 3.226.

Table 3.226: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel in (Kshs.)
County Executive	1	21.06.2025 to 01.07.2025	Being paid for facilitation to accompany H.E Governor to Medanta Medicity, India	India	513,252
Total					**513,252**

Source: Kirinyaga County Treasury and Kirinyaga County Assembly

3.15.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.235.73 million as FIF, which was 77.3 per cent of the annual target of Kshs.305 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financ-

ing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023. They are still operating FIF as a Fund. CoB has written to the county to have FIF operationalised.

The expenditure by the health facilities amounted to Kshs.88.05 million, as shown in Table 3.227.

Table 3.227: Kirinyaga County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kerugoya Referral Hospital	1	87,562,491	61,628,188	70
2.	Kimbimbi Hospital	1	23,881,190	16,872,817	70
3.	Kianyaga Hospital	1	10,435,040	5,381,948	51
4.	Sagana Hospital	1	8,082,120	4,171,367	51
	Total		**129,960,841**	**88,054,320**	**68**

Source: *Kirinyaga County Treasury*

3.15.15 Development Expenditure

In the review period, the County reported spending Kshs.518.17 million on development programmes, representing a decrease of 17 per cent compared to FY 2024/25, when the County spent Kshs.607.10 million. Table 3.228 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to a delay in exchequer releases.

Table 3.228: Kirinyaga County, List of Development Projects with the Highest Expenditure

Project Name	Department	(Location of the Project)	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)	Implementation Status
Refurbishment of County HQs buildings	**Executive**	COUNTY HQs	7,500,000	6,385,890	6,385,890	85	-
Upgrading of Kimbimbi Hospital	**Health**	COUNTY HQs	240,000,000	110,807,654	110,807,654	46	Ongoing
Upgrading of Kianyaga Hospital		COUNTY HQs	180,000,000	26,145,776	26,145,776	15	Ongoing
County Co-financing for DANIDA		COUNTY HQs	7,236,000	7,236,000	7,236,000	100	In the SPA account
Final accounts for Kerugoya Medical Complex		COUNTY HQs	57,000,000	32,279,893	32,279,893	57	Balanced to be paid
Construction of Kiamugumo Dispensary in Ngariama Ward		NGARIAMA WARD	4,000,000	3,998,400	3,998,400	100	Procured
Grants to County Vocational Training Institutions-3966000401-050203	**Education**	COUNTY HQs	20,000,000	20,000,000	20,000,000	100	Requisitions done. BQs prepared. Site handover to be done by 31/01/2026.
Construction of 1 no. Ecde classroom block at Kang'aru Ecde Centre - Mutithi Ward		MUTITHI WARD	1,498,750	1,498,750	1,498,750	100	100% complete
Construction of 1 no. Ecde classroom block and 5,000l water tank and base at Gathuthuma Centre - Mutira Ward		MUTIRA WARD	1,848,965	1,848,965	1,848,965	100	100% complete
Proposed construction of 1 ECD classroom block and landscaping at Mbui Njeru ECD Centre -Thiba Ward		THIBA WARD	1,898,800	1,898,800	1,898,800	100	100% complete

3.15.16 Budget Performance by Department

Table 3.229 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.229: Kirinyaga County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	717	194	380	15	380	15	100	100	53	7.6
County Executive	444	8	203	6	203	6	100	100	45.8	85.1
Finance and Economic Planning	714	208	338	3	338	3	100	100	47.3	1.5
Medical Services and Public Health	2,338	560	884	181	884	181	100	100	37.8	32.4
Education	321	36	95	25	95	25	100	100	29.8	70.4
Agriculture, Livestock and Fisheries	211	422	101	36	101	36	100	100	47.7	8.4
Gender and Youth	42	106	18	39	18	39	100	100	42.1	37.4
Sports Culture and Social Services	35	19	9	-	9	-	100	-	24.3	-
Cooperative Development, Trade, and Tourism	44	112	9	-	9	-	100	-	21.6	-
Environment and Natural Resources	141	484	67	52	67	52	100	100	47.2	10.8
Lands, Housing and Urban Development	34	70	5	50	5	50	100	100	15.6	71.5
Transport and Infrastructure	122	620	75	110	75	110	100	100	61.4	17.7
Total	**5,164**	**2,837**	**2,185**	**518**	**2,185**	**518**	**100**	**100**	**42.3**	**18.3**

Source: *Kirinyaga County Treasury*

Analysis of departmental expenditure shows that the Department of County Executive recorded the highest absorption rate of the development budget at 85.1 per cent, followed by the Department of Lands, Housing and Urban Development at 71.5 per cent. The Department of Transport and Infrastructure had the highest percentage of recurrent expenditure to budget at 61.5 per cent, while the Department of Lands, Housing and Urban Planning had the lowest at 15.6 per cent.

3.15.17 Budget Execution by Programmes and Sub-Programmes

Table 3.230 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.230: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
Legislation and Oversight	Legislation and Oversight	717,134,062	193,792,334	379,982,991	14,662,581	**53**	**8**
Sub Total		**717,134,062**	**193,792,334**	**379,982,991**	**14,662,581**	**53**	**8**
County Executive							
Office of the Governor and Deputy Governor	070601 County Executive Services	335,594,668	-	159,610,207	-	**48**	-
County Executive Administration	070701County Executive Services	-	7,500,000	-	6,385,890	_	**85**
Management of County Affairs	070801 Coordination of County Functions	47,220,000	-	18,656,407	-	**40**	_

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Executive Committee Affairs	070901 Organisation of County Business	6,200,000	-	1,483,900	-	24	_
County Public Service Board	071001 Human Resource Management	29,906,040	-	10,696,266	-	36	_
Administrative Support Services	020202 ICT Governance	3,480,000	-	879,300	-	25	_
	020701 Government Buildings Services	2,567,000	-	1,186,722	-	46	_
	070411 Audit Committee	2,419,000	-	501,200	-	21	_
	070412 County Enforcement Activities	3,685,000	-	1,228,600	-	33	_
	070413 ICT Infrastructure Development Management	10,958,800	-	8,808,248	-	80	_
	070414 ICT Systems Development Management	1,522,000	-	185,000	-	12	_
Sub Total		**443,552,508**	**7,500,000**	**203,235,850**	**6,385,890**	**46**	**85**
Finance and Economic Planning							
Public Finance Management	070401 Finance Services	642,041,281	208,000,000	310,341,484	3,198,930	48	2
	070402 Revenue Services	19,300,000	-	9,571,365	-	50	_
	070404 Procurement and Supply Services	9,770,000	-	7,255,880	-	74	_
	070405 Internal Audit Services	1,718,200	-	650,800	-	38	_
	070408 Budget Formulation, Coordination and Management	9,054,920	-	3,347,514	-	37	_
	070409 Accounting Services	7,508,000		3,480,800	-	46	_
County Planning and Economic Policy Management	070501 Economic Planning Services	24,950,756	-	3,525,600	-	14	_
Sub Total		**714,343,157**	**208,000,000**	**338,173,443**	**3,198,930**	**47**	**2**
Medical Services and Public Health							
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,338,377,075	560,376,472	884,238,869	181,296,514	38	32
Sub Total		**2,338,377,075**	**560,376,472**	**884,238,869**	**181,296,514**	**38**	**32**
Education							
Basic Education	050101 General Administration	312,659,905	-	89,738,613	-	29	_
	050102 Free Pre- Primary Education	6,230,000	-	5,571,883	-	89	_
State Education Function Support	050203 Tertiary Education	-	20,000,000	-	20,000,000	_	100
	050501 Pre-Primary and Child Care Services	-	15,843,165	-	5,246,560	_	33
Technical and Vocational Training	050301 Village Polytechnique	1,713,500	-	136,100	-	8	_
Sub Total		**320,603,405**	**35,843,165**	**95,446,595**	**25,246,560**	**30**	**70**
Agriculture, Livestock and Fisheries							
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	277,500	-	44,357	-	16	_
	010105 Livestock Production Management	-	-	-	-	_	_
	010106 Livestock Disease Management & Control	1,140,000	-	175,654	-	15	_

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Crop Development and Management	010202 Agricultural Extension Services	600,000	-	283,000	-	47	_
	010203 Agribusiness and Market Development	90,000	-	39,399	-	44	_
	010206 Land and Crop Development	35,000		-	-	-	_
	010207 Food Security Initiatives	350,000	-	165,231	-	47	_
Kamweti Agricultural Training Centre	Extension and Training	5,000,000	-	5,000,000	-	100	_
Fisheries Development	010402 Aquaculture Development	200,000	-	-	-	0	_
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	543,000	-	229,251	-	42	_
	011001 General Administration and Planning	202,580,656	421,602,049	94,678,347	35,500,000	47	8
Sub Total		**210,816,156**	**421,602,049**	**100,615,239**	**35,500,000**	**48**	**8**
Gender and Youth							
Culture	090702 Social Welfare Services	7,987,000	-	1,034,670	-	13	_
	091201 Gender Administration Services	30,496,210	-	14,908,366	-	49	_
	091301 Gender and Social Development	3,340,000	105,619,700	1,730,000	39,496,880	52	37
Youth	090901 Youth Development and Empowerment Services	495,000	-	145,000	-	29	_
Sub Total		**42,318,210**	**105,619,700**	**17,818,036**	**39,496,880**	**42**	**37**
Sports Culture and Social Services							
Sports	090701 General Administration	12,271,217	-	4,484,404	-	37	_
	090801 Development of Sports and Sports Facilities	-	19,019,485	-	-	_	-
	091401 Management & Development of Sports and Sports Facilities	3,755,000	-	155,000	-	4	_
	091601Control & Campaign Against Drug & Substance Abuse	14,549,000	-	3,500,000	-	24	_
	091701 Preservation & Promotion of Heritage and Culture	173,800	-	43,000	-	25	_
Children Services	091101 Child Community Support Services	4,659,000	-	437,000	-	9	_
Sub Total		**35,408,017**	**19,019,485**	**8,619,404**	**-**	**24**	**-**
Cooperative Development Trade and Tourism							
Trade Development and Investment	030401 General Administration and Planning	1,831,700	-	483,350	-	26	_
	030103 Capacity Buiding for Traders and SME's	977,000	-	82,000	-	8	_
	030104 promotion, Development & Growth of Trade	219,000	-	67,500	-	31	_
	030105 Fair Trade Practises and Consumer Protection	130,000	-	49,500	-	38	_

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Tourism Development and Marketing	030302 Tourism promotion and Marketing	120,500	-	37,500	-	31	_
	030304 International Tourism Promotion and Marketing	205,000	-	50,000	-	24	_
	030305 Promotion of Industrial Development	2,718,500	-	2,527,700	-	93	_
	030306 Provision of Industrial Training	115,000	-	35,000	-	30	_
Coopertative Development and Marketing	030101 General Administration & Planning	36,867,741	111,573,382	5,879,102	-	16	-
	030405 Cooperative Advisory and Extension Services	195,000	-	63,900	-	33	_
	030406 Cooperative Education and Training	271,000	-	129,500	-	48	_
	030407 Cooperative Governance and Accountability	109,000	-	50,000	-	46	_
Cooperative Audit Services	030603 Inspectionsand Investigations for Cooperatives	35,000	-	-	-	0	_
Sub Total		**43,794,441**	**111,573,382**	**9,455,052**	**-**	**22**	**-**
Environment and Natural Resources							
Water Supply Services	090101 Water and Irrigation	1,850,000	484,238,188	475,000	52,386,380	26	11
Energy Programme	090301 Energy Services	255,000	-	64,800	-	25	_
Cleaning and Waste Management	090502 Environment Management and Protection	100,800	-	10,000	-	10	_
	090501 Enviromental Controls Enforcement Services	100,000	-	39,800	-	40	_
	1003013960 Natural Forests Conservation	185,000	-	139,400	-	75	_
Environment Management and Protection	100401 Environment Management and Protection	16,240,000	-	13,667,859	-	84	_
Nema	090401 Waste Managemnt Services	64,702,600	-	27,702,720	-	43	_
	1001013960 General Administration Services	57,835,839	-	24,581,849	-	43	_
Sub Total		**141,269,239**	**484,238,188**	**66,681,428**	**52,386,380**	**47**	**11**
Lands, Housing and Urban Development							
Land and Physical Planning	010601 General Administration and Planning	30,673,028	-	5,242,933	-	17	_
	010604 County Spatial Planning	3,065,000	-	22,600	-	1	_
	010605 Town Zonning and Mapping	-	69,890,700	-	50,000,000	_	72
	010607 Survey and Mapping	405,000	-	50,000	-	12	_
Housing Development	010701 Improvement and Development of Human Settlements	-	-	-	-	_	_
Sub Total		**34,143,028**	**69,890,700**	**5,315,533**	**50,000,000**	**16**	**72**
Transport and Infrastructure							
Transport Management	020301 General Administration and Planning	106,847,582	-	63,385,661	-	59	_
Disaster Management	020401 Fire Fighting and Emergency Services	2,122,083	-	929,528	-	44	_
Roads Development Maintenance and Management	020601 Construction and Maintenace of Roads and Bridges	1,200,000	619,927,551	100,000	109,998,706	8	18

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	11,650,000	-	10,469,060	-	90	_
Housing Development	010701 Improvement and Development of Human Settlements	320,000	-	108,200	-	34	_
Sub Total		**122,139,665**	**619,927,551**	**74,992,449**	**109,998,706**	**61**	**18**
Grand Total		**5,163,898,963**	**2,837,383,026**	**2,184,574,890**	**18,172,441**	**42**	**18**

Source: *Kirinyaga County Treasury*

The development sub-programmes with the highest budget implementation rates included state education function in the Department of education at 100 per cent, county executive services in the Department of county executive at 85 per cent, and town zoning and mapping at 72 per cent. Their higher performances are attributed to Their higher performances are attributed to the fact they did not have any procurement hurdles and as such their implementation was not affected by procurement challenges experienced in the beginning of the current fiscal year.

Table 3.230 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

3.15.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 305 accounts in commercial banks, including 261 accounts for Health Facilities these include 140 accounts for FIF Fund, 64 accounts for Danida grant and 57 accounts for linda mama, 21 accounts for Vocational Training Centres, 6 accounts for Established Funds, 11 revenue accounts, 6 special-purpose accounts (additional allocations).

The County Treasury submitted copies of authorisation letters to the Controller of Budget for opening all commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.15.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports for Kirinyaga County Bursary Fund to the Controller of Budget affected the timely preparation of the budget
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 December 2025, the lifespan of all County Funds had not lapsed, making them eligible for further withdrawals.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kirinyaga County Bursary Fund, Kirinyaga County Car loan & Mortgage Scheme Fund and Kirinyaga County Alcoholic Fund were not submitted to the CoB as of 15 October 2025.
iv. High level of trade payables, which amounted to Kshs.765.08 million as of 30 December 2025.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.110 million for 605 Casual staff not onboarded into HRIS were processed through manual payroll, accounting for 8 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. The County reported Kshs.52.33 million under "*other operating expenses,*" accounting for 3 per cent of total operation and

maintenance costs. The review revealed that this category was not misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.16. County Government of Kisii

3.16.1 Overview of FY 2025/26 Budget

The Kisii County Approved Supplementary Budget for FY 2025/26 is Kshs.20.05 billion. It comprises Kshs.8.81 billion (44 per cent) and Kshs.11.23 billion (56 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.5.51 billion (38 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.51 billion and a recurrent budget of Kshs.9.02 billion. The increase in the budget was primarily attributed to rising local revenue target.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.9.82 billion (49 per cent), additional allocations of Kshs.1.60 billion (8 per cent), a cash balance of Kshs.5.41 billion (27 per cent) brought forward from FY 2024/25, and Kshs.3.22 billion (16 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.231.

3.16.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.7.80 billion. This amount represented an increase of 5 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.7.42 billion. The total revenue consisted of Kshs.4.08 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.678.51 million. Additionally, the County had a cash balance of Kshs.3.05 billion from FY 2024/25. The total OSR collection of Kshs.678.51 million included Facilities Improvement Financing (FIF) of Kshs.521.51 million, local revenue of Kshs.155.26 million and Kshs.1.75 million from other OSR sources. Table 3.232 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.231: Kisii County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	3,020,292,323	-	3,020,292,323	3,020,292,323
2	County Executive Refunds to CRF	-	28,235,082	-	28,235,082	28,235,082
3	County Assembly Refunds to CRF	-	921,455	-	921,455	921,455
	Sub-Total	**5,411,180,616**	**3,049,448,860**	**-**	**3,049,448,860**	**2,361,731,756**
B	**Equitable Share of Revenue Raised Nationally**					

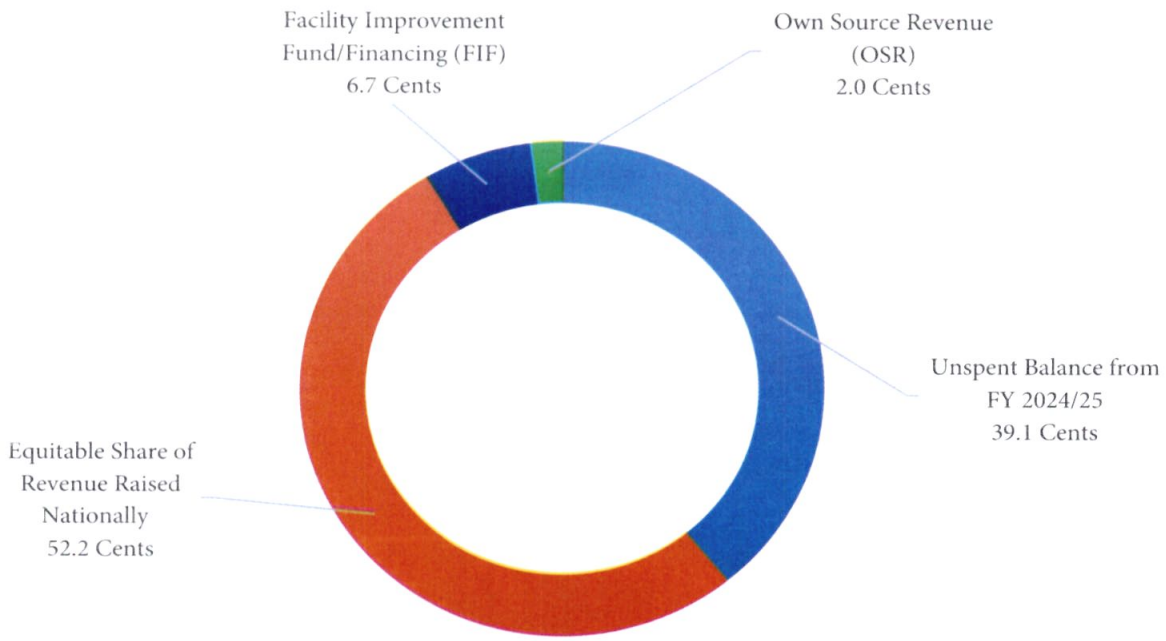
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
1	...	**9,819,721,768**	**4,075,184,535**	_	4,075,184,535	5,744,537,233
	Sub-Total	**9,819,721,768**	**4,075,184,535**	_	4,075,184,535	5,744,537,233
D	**Additional Allocations (Including Grants)**					
1	Aquaculture Business Development -Programme	15,547,000	-	-	-	15,547,000
2	Industrial Park	250,000,000	-	-	-	250,000,000
3	National Agricultural Value Chain Development Project (NAVCDP)-World Bank Credit	231,250,000	-	-	-	231,250,000
4	DANIDA	8,856,000	-	-	-	8,856,000
5	Allocation for Mineral Royalties	682,562	-	-	-	682,562
6	KDSP I	37,500,000	-	-	-	37,500,000
7	KDSP II	352,000,000	-	-	-	352,000,000
8	Community Health Promoters (CHPs)	88,200,000	-	-	-	88,200,000
9	Outstanding basic salaries for Health workers	72,428,277	-	-	-	72,428,277
10	Road Maintenance Levy Fund (RMLF)	403,033,155	-	-	-	403,033,155
11	Kenya Urban Support Programme (KUSP) Urban Institution Grant	35,000,000	-	-	-	35,000,000
12	Urban Development Grant (UDG)	90,993,018	-	-	-	90,993,018
13	Primary Health care in Devolved context (PHDC)	12,546,000	-	-	-	12,546,000
14	Allocation for 0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	1,987,622
	Sub-Total	**1,600,023,634**	**-**	**-**	**-**	**1,600,023,634**
E	**Ordinary Own Source Revenue (OSR)**					
1	1-2101 Property rates	230,000,000	10,121,003	-	10,121,003	219,878,997
2	1-2201 Business Permits Current Year	300,000,000	7,819,792	-	7,819,792	292,180,208
3	1-2311 Fruits & Vegetables / Agricultural Produce Cess	55,000,000	5,707,145	-	5,707,145	49,292,855
4	1-3105 Miscellaneous income	10,000,000	-	-	-	10,000,000
5	1-3501 County Premises Monthly Rent	65,000,000	4,608,870	-	4,608,870	60,391,130
6	1-5101 Market Entrance / Gate Fee	100,000,000	18,761,830	-	18,761,830	81,238,170
7	1-5102 Market Plots Rent	45,000,000	-	-	-	45,000,000
8	1-5201 Enclosed Bus Park Fee (Matatu monthly stickers)	86,000,000	38,036,520	-	38,036,520	47,963,480
9	Motorcycle parking stickers	60,000,000	7,324,200	-	7,324,200	52,675,800
10	1-5221 Street Parking Fee	86,000,000	17,757,733	-	17,757,733	68,242,267
11	1-6301 Social Hall Hire	10,000,000	15,200	-	15,200	9,984,800
12	1-6311 Stadium Hire	40,000,000	203,201	-	203,201	39,796,799
13	1-8401 Slaughter House Fee	5,000,000	908,000	-	908,000	4,092,000
14	1-9112 Buildings Plan Approval Fee	110,000,000	25,109,429	-	25,109,429	84,890,571
15	1-9132 Sign Boards & Advertisement Fee	95,000,000	6,208,530	-	6,208,530	88,791,470
16	1-9201 Fire-Compliance Fee	20,000,000	1,914,400	-	1,914,400	18,085,600
17	Administrative fees and charges	19,000,000	6,179,856	-	6,179,856	12,820,144
18	Disposal of Assets	12,000,000	-	-	-	12,000,000
19	Environmental fees and charges	50,000,000	3,805,501	-	3,805,501	46,194,499
20	Weights and measures	16,000,000	573,340	-	573,340	15,426,660
21	Sale of fingerlings	11,000,000	201,450	-	201,450	10,798,550

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
22	Revenue from Kisii Agricultural Training Centre	42,000,000	-	-	-	42,000,000
	Sub-Total	**1,467,000,000**	**155,256,000**	**-**	**155,256,000**	**1,311,744,000**
F	**Facility Improvement Fund/Financing (FIF)**					
1	Revenue from KTRH	1,300,000,000	418,607,510	-	418,607,510	881,392,490
2	Sub-county hospitals	400,000,000	102,904,310	-	102,904,310	297,095,690
	Sub-Total	**1,700,000,000**	**521,511,820**	**-**	**521,511,820**	**1,178,488,180**
H	**Other Revenues**					
1	Liquor licensing Fund	50,000,000	1,746,003	-	1,746,003	48,253,997
	Sub-Total	**50,000,000**	1,746,003	**-**	1,746,003	**48,253,997**
	Total	20,047,926,018	**7,803,147,218**	**-**	**7,803,147,218**	12,244,778,800

Source: *Kisii County Treasury*

Figure 91 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

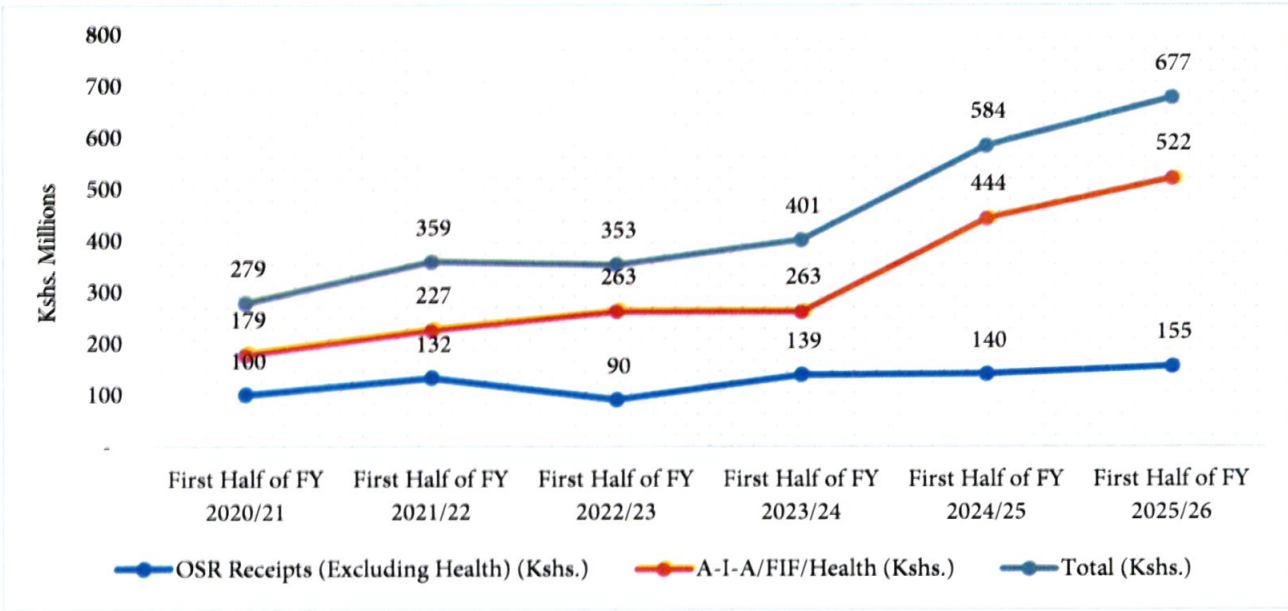
Figure 91: Kisii County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Kisii County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 53 per cent, 2 per cent and 7 per cent, respectively, of the total receipts for the reporting period. Figure 92 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 92: Kisii County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



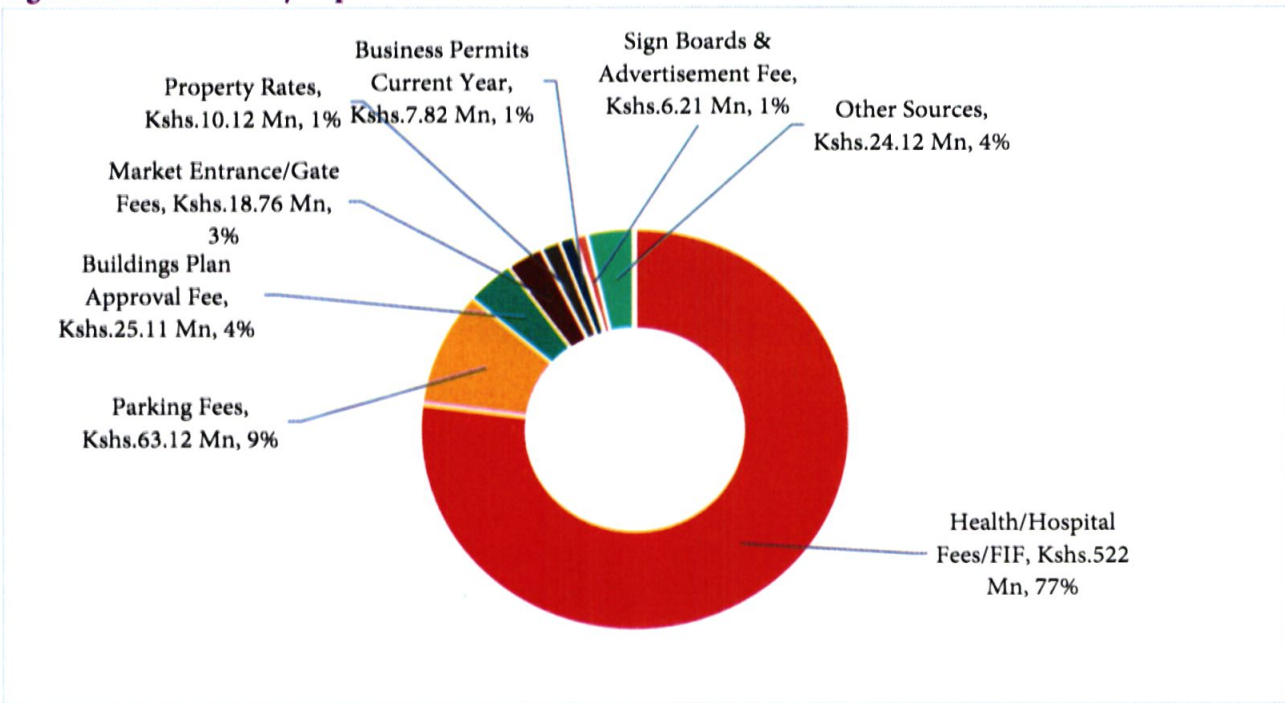
Source: *Kisii County Treasury*

During the first half of FY 2025/26, the County received Kshs.677 million from OSR, including FIF. This amount was an increase of 16 per cent compared to Kshs.584 million realised in a similar period in FY 2024/25, and was 21 per cent of the annual target and 16 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the deployment of additional enforcement personnel at revenue collection outlets and the introduction of penalties for vendors/clients operating without licenses and for late payments.

The revenue streams that contributed the most to OSR receipts are shown in Figure 93

Figure 93: Kisii County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Kisii County Treasury*

As shown in Figure 93, the highest revenue stream, at Kshs.522 million, was from health/ hospital fees, accounting for 77 per cent of the total OSR receipts. The County Government indicated that it has automated all 22 revenue streams.

3.16.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.698.27 million, which increased to Kshs.1.57 billion as of 31st December 2025. Table 3.232 presents a breakdown of the County's revenue arrears.

Table 3.232: Kisii County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	1 Month of December 2025	-	-	-	834,676,350	834,676,350
	Sub-Total	**-**	**-**	**-**	**834,676,350**	**834,676,350**
B	**Ordinary Own Sources of Revenue**					
1	Land rate	620,498,120	-	-	-	620,498,120
2	County housing rent	1,282,850	-	-	-	1,282,850
	Sub-Total	**621,780,970**	**-**	**-**	**-**	**621,780,970**
C	**Facility Improvement Fund (FIF)**					
1	SHIF	76,493,436	-	38,336,121	73,748,918	111,906,233
3	Insurance Companies	-	-	-	376,500	376,500
	Sub-Total	**76,493,436**	**__**	**38,336,121**	**74,125,418**	**112,282,733**
	Total	698,274,406		38,336,121	908,801,768	1,568,740,053

Source: *Kisii County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.1.57 billion, comprising Kshs.834.68 for Equitable share of revenue raised nationally (53 per cent),Kshs.621.78 million for Ordinary Own Source Revenue (40 per cent) and Kshs.112.28 million for Facility Improvement Fund (FIF) (7 per cent). The County's measures to collect outstanding arrears in FY 2025/26 include enhanced enforcement through the issuance of demand notices. A task force has been formed to examine uncollectible arrears and issue a report on the matter.

3.16.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.73 billion from the Kisii County Revenue Fund (CRF) account. This amount consisted of Kshs.989.5 million (17 per cent) designated for development programs and Kshs.4.74 billion (82 per cent) allocated for recurrent programs.

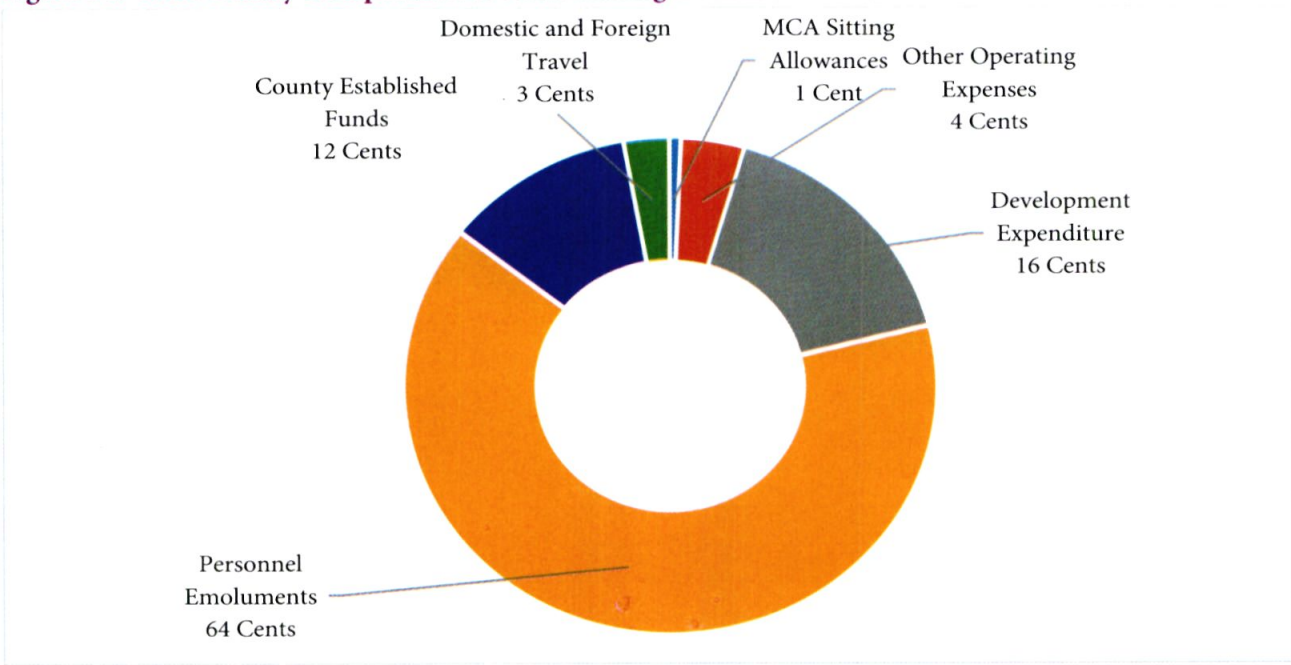
An analysis of the released recurrent exchequers shows that Kshs.3.58 billion was allocated for employee compensation, and Kshs.1.16 billion for operations and maintenance expenditures. Within the operations and maintenance category, 12 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.137.02 million, which included Kshs.31.99 million for the County Executive and Kshs.105.04 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.16.51 million, with Kshs.12.24 million for the County Executive and Kshs.4.26 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Kisii County CRF account was Kshs.1.55 billion.

3.16.5 Expenditure Review

The County spent Kshs.5.12 billion on development and recurrent programmes during the reporting period. The expenditure represented 89 per cent of the total funds released by the CoB. It comprised Kshs.817.37 million for development programmes and Kshs.4.30 billion for recurrent programmes. Expenditure on development programmes represented 9 per cent of the annual development expenditure budget, while recurrent expenditure represented 38 per cent of the annual recurrent expenditure budget. Figure 94 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 94: Kisii County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Kisii County Treasury*

As shown in Figure 94, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and County Established Funds, which accounted for 64, 16, and 12 per cent of total expenditure for the reporting period.

3.16.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.62 billion. This amount consisted of Kshs.1.58 billion from the County Executive and Kshs.44.13 million from the County Assembly. The trade payables from the County Executive amounted to Kshs.1.18 billion for recurrent expenditure and Kshs.394.63 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.702.40 million, comprising Kshs.522.80 million (74 per cent) for recurrent programmes and Kshs.179.60 million (26 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.13.29 million, which included Kshs.6.03 million (45 per cent) for recurrent activities and Kshs.7.26 million (55 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.872.75 million for the County Executive and Kshs.30.84 million for the County Assembly. Table 3.233 provides additional details of trade payables.

Table 3.233: Kisii County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	394,625,524	1,180,524,694	1,575,150,218
		County Assembly	35,693,891	8,435,944	44,129,835
		Total	**430,319,415**	**1,188,960,638**	**1,619,280,053**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	297,575,970	788,970,973	1,086,546,943
		County Assembly	7,262,308	-	7,262,308
		Total	**304,838,278**	**788,970,973**	**1,093,809,251**
Amount paid in the First Half of FY 2025/26	c	County Executive	179,601,095	522,799,554	702,400,649
		County Assembly	7,262,308	6,027,138	13,289,446
		Total	**186,863,403**	**528,826,692**	**715,690,095**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**215,024,429**	**657,725,140**	**872,749,569**
		County Assembly	**28,431,583**	**2,408,806**	**30,840,389**
		Total	**243,456,012**	**660,133,946**	**903,589,957**

Source: *Kisii County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.788.97 million and Kshs.304.84 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.702.40 million for the Executive and Kshs.13.29 million for the Assembly.

Table 3.234 and Table 3.235 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.903.59 billion.

Table 3.234: Kisii County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**171,231,265**	33,930,662	9,862,503	-	215,024,429
Recurrent Trade Payables (Goods & Services)	253,224,806	72,368,505	40,126,173	48,774,892	414,494,375
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	37,264,749	30,938,075	580,410	156,533,658	225,316,892
Recurrent Trade Payables (Staff Claims)	5,280,100	5,798,500	6,326,923	508,350	17,913,873
Total Recurrent Trade Payables	**295,769,654**	**109,105,080**	**47,033,506**	**205,816,899**	**657,725,140**
Total Trade Payables	**467,000,919**	**143,035,742**	**56,896,009**	**205,816,899**	**872,749,569**
% of Total	53.5	16	6.5	23.6	100

***Source**: Kisii County Treasury*

The County Executive's Trade Payables as at 31st December 2025 show that 24 per cent are over 3 years, 7 per cent are between 2-3 years, 16 per cent are between 1-2 years, and 54 per cent are under 1 year. The County Treasury is expected to pay trade payables on a FIFO basis and ensure compliance with the trade payables Action Plan.

Table 3.235: Kisii County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**35,693,891**	-	-	-	35,693,891
Recurrent Trade Payables (Goods & Services)	1,773,078	400,000	-	-	2,173,078
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	6,262,866	-	-	-	6,262,866
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	8,035,944	400,000	-	-	8,435,944
Total Trade Payables	**43,729,835**	**400,000**	-	-	**44,129,835**
% of Total	99	1	-	-	100

***Source**: Kisii County Treasury*

The County Assembly Trade Payables as at 31st December 2025, shows that 1 per cent are between1-2 years and 99 per cent are under one year. The County Treasury is expected to pay trade payables on a FIFO basis and ensure compliance with the trade payables Action Plan.

3.16.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.86 billion on compensation of employees, Kshs.987.99 million on operations and maintenance, and Kshs.810.11 million on development activities. Similarly, the County Assembly spent Kshs.329.40 million on compensation of employees, Kshs.125.31 million on operations and maintenance, and Kshs.7.26 million on development activities, as shown in Table 3.236.

Table 3.236: Kisii County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	10,182,732,398	5,787,960,629	4,394,771,769	8,796,050,440	**18,978,782,838**
	Assembly	1,051,143,180	652,341,142	398,802,038	18,000,000	**1,069,143,180**
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	3,846,159,761	2,858,167,643	987,992,118	810,105,853	**4,656,265,614**
	Assembly	403,671,235	278,359,798	125,311,437	7,262,308	**410,933,543**

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	-	-	-	-	-
	Assembly	51,041,098	51,041,098	-	-	**51,041,098**
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	3,846,159,761	2,858,167,643	987,992,118	810,105,853	**4,656,265,614**
	Assembly	454,712,333	329,400,896	125,311,437	7,262,308	**461,974,641**
Absorption (%) (d/a*100)	**Executive**	38	49	22	9	**25**
	Assembly	43	50	31	40	**43**

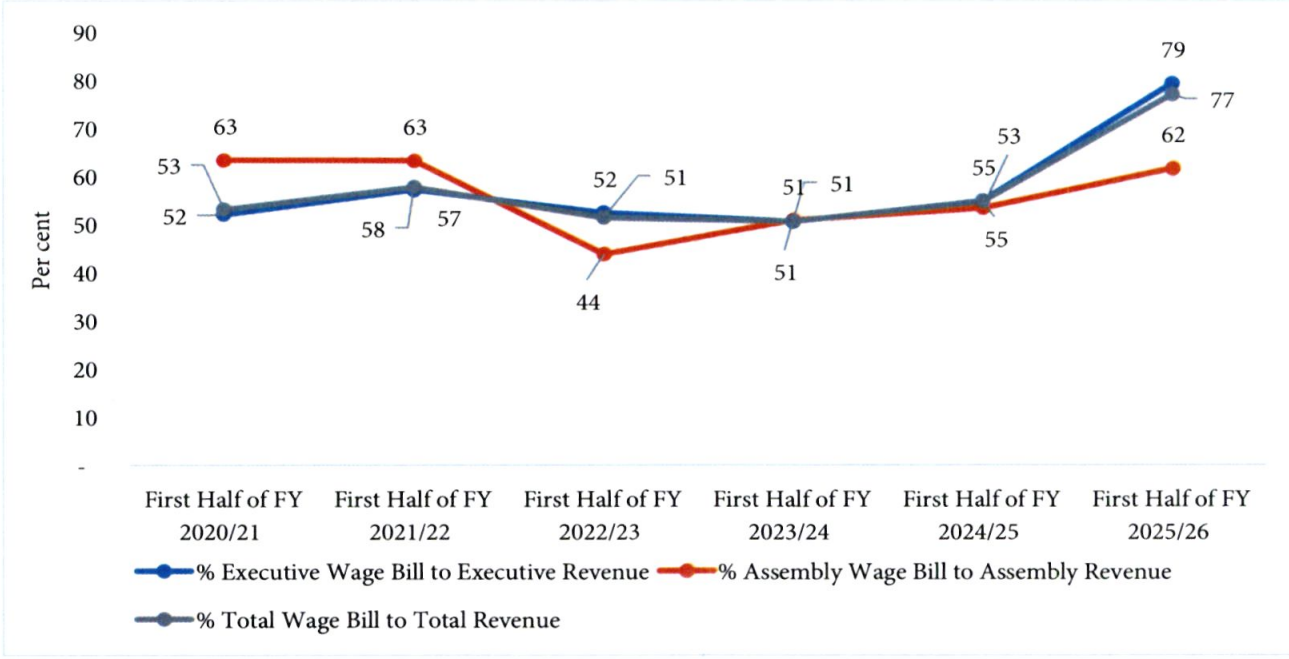
Source: *Kisii County Treasury*

3.16.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.19 billion. This expenditure on employee compensation shows an increase compared to the Kshs.2.44 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.52 billion related to Health Sector employees, accounting for 48 per cent of the overall employees' compensation.

Figure 95 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 95: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kisii County Treasury

Further analysis indicated that PE costs totalling Kshs.3.13 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.63.73 million was processed through manual payroll, accounting for 2 per cent of the total PE cost. The continued use of manual payroll was justified by the hiring of new staff.

The manual payroll included salaries for gratuity remittances to pension schemes for contract staff, as shown in Table 3.237.

Table 3.237: Breakdown of Kisii County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Gratuity for contract staff	63,726,283
	Total	63,726,283

Source: *Kisii County Treasury*

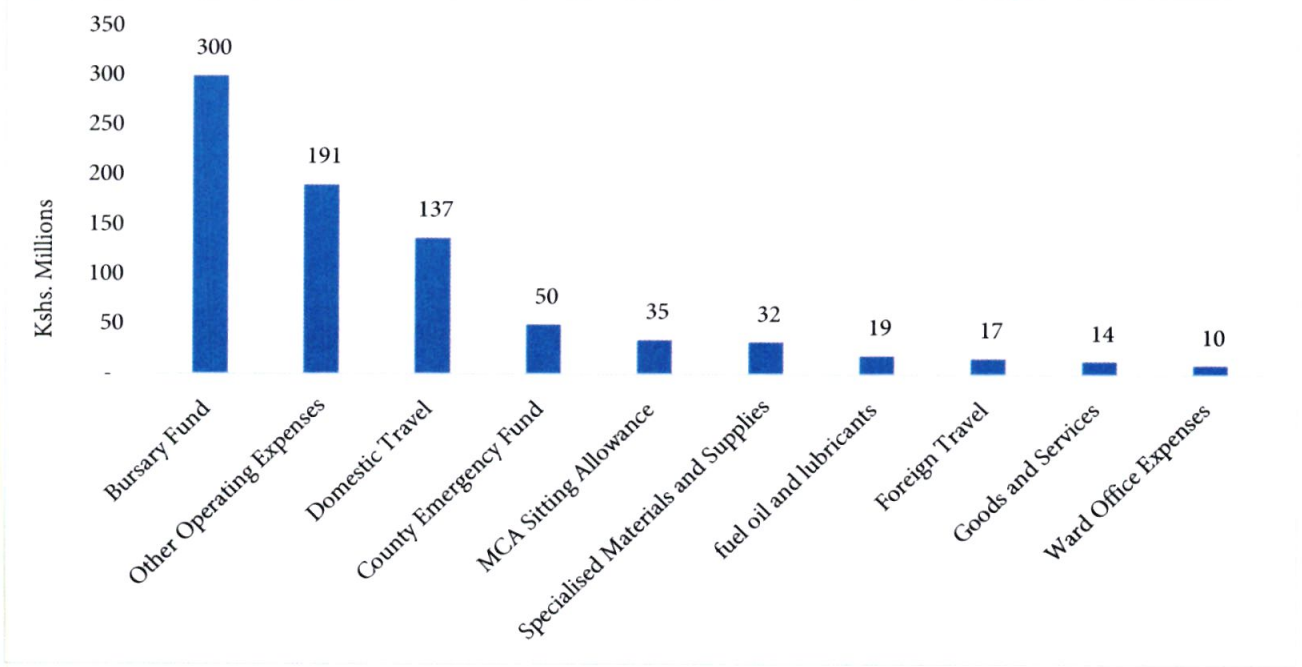
The County Assembly spent Kshs.34.85 million on committee sitting allowances for the 71 MCAs against the annual budget allo-

cation of Kshs.65 million. The average monthly sitting allowance was Kshs.81,802 per MCA. The County Assembly has 20 House Committees.

3.16.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.11 billion on operations and maintenance, representing an increase of 273 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.298.86 million. Figure 96 summarises the Operations and Maintenance expenditure by major categories.

Figure 96: Kisii County, Operations and Maintenance Expenditure by Major Categories



***Source**: Kisii County Treasury*

3.16.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.190.93 million on "*other operating expenses*," which is 17 per cent of the total operations and maintenance expenditure of Kshs.1.11 billion. This category of expenditure includes Kshs.9.98 million for national celebrations and Kshs.6.94 million for legal fees. The disaggregated items under the "Other Operating Expenses" category are shown in Table 3.238.

Table 3.238: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2210805	National Celebrations	20,000,000	9,976,850
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	950,000	449,000
2211311	Contracted Technical Services (Revenue commissions)	20,000,000	10,000,000
2211309	Administration Costs	9,000,000	9,000,000
2211000	Conditional Grant- CHP Project	88,200,000	36,825,000
2210310	Field operational allowance	168,200,000	81,042,500
2211305	Contracted Guards and Cleaning Services	79,000,000	29,500,000
2211305	Contracted Guards and Cleaning Services (including cleaning groups)	17,500,000	7,200,000
2211308	Legal Fees	30,981,722	6,935,986
Total		433,831,722	190,929,336

***Source**: Kisii County Treasury*

3.16.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.2.15 billion to County-Established funds in FY 2025/26, or 9 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (less than 1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.239 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.239: Performance of Kisii County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	County Emergency Fund	2015	100,000,000	-	50,000,000	181,601,911	Yes
2	Health Fund (KTRH)	2024(Revised)	1,300,000,000	-	418,607,510	-	Yes
3	Health Fund (FIF)	2020	400,000,000	-	102,904,310	-	Yes
4	Liquor Licensing Fund	2015	50,000,000	-	-	-	Yes
5	Bursary Fund	2025 (Revised)	300,000,000	-	_	181,601,911	Yes
	Total		2,150,000,000	-	571,511,820	181,601,911	

Source: *Kisii County Treasury*

3.16.12 County Corporations

The County has 2 County Corporations, which were allocated Kshs.1.3 billion in FY 2025/26. There was no expenditure on the two corporations as shown in Table 3.240.

Table 3.240: Performance of Kisii County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Kisii Teaching and Referral Hospital (KTRH)	1,300,000,000	-	_	-
2	Gusii Water and Sanitation Company (GWASCO)	_	_	_	_
	Total	1,300,000,000	-	_	-

Source: *Kisii County Treasury*

3.16.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.137.02 million and comprised Kshs.105.04 million spent by the County Assembly and Kshs.31.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.51 million and comprised Kshs.4.26 million by the County Assembly and Kshs.12.24 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.241.

Table 3.241: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	5-8/09/2025	Attending the 2nd Africa Climate Summit in Ethiopia	Addis-Ababa	533,720	_	533,720
County Executive	17	29/10-5/11/2025	Facilitation To Attend the 2025 China-Africa Friendly Exchange Career Education Program	China	11,710,710	_	11,710,710

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	2nd To 12th Nov 2025	Being paid to attend the International Knowledge Exchange Program for Clerks held from 2nd to 12th Nov 2025 in Spain and France.	Spain And France	722,020	_	722,020
County Assembly	1	27th To 30th Aug 2025	Being paid to Attend The 5th Gacopa International Delegates Conference in the U.K. from 27-30 August 2025	UK	310,245	_	310,245
County Assembly	7	17th to 22nd Nov 2025	Being paid to participate in the Liu Gong Global Dealer Conference in Liuzhou.	China	3,229,630	_	3,229,630
Total					16,506,325	_	16,506,325

Source: Kisii County Treasury and Kisii County Assembly

3.16.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.521.51 million as FIF, which was 31 per cent of the annual target of Kshs.1.7 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The expenditure by the health facilities amounted to Kshs.521.51 million, as shown in Table 3.242.

Table 3.242: Kisii County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	1,300,000,000	418,607,510	32
2.	Level 4 Hospital	20	400,000,000	102,904,310	26
	Total	**21**	**1,700,000,000**	**521,511,820**	**31**

Source: *Kisii County Treasury*

3.16.15 Development Expenditure

In the review period, the County reported spending Kshs.817.37 million on development programmes, representing an increase of 76 per cent compared to FY 2024/25, when the County spent Kshs.463.48 million. Table 3.243 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the CRF's available funds.

Table 3.243: Kisii County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Trade, Tourism, Industry and Marketing	Construction of Industrial Park	Bokimonge	18/09/2023	18/09/2025	173,076,924	173,076,924	49,712,151	49,712,151	29
2	County Executive	Construction of County Headquarters	Headquarters	9/07/2024	9/07/2026	408,000,000	158,000,000	36,433,344	36,433,344	23

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2.	Kisii County Assembly	Proposed Construction of the Kisii County Speaker's Official Residence	Bobaracho	29/02/2023	15/05/25	32,970,110	-	-	24,490,880	74
3.	Lands, Physical Planning, Housing and Urban Development	Suneka Backstreet	Bomorenda	15/05/2025	12/06/2025	19,786,896	9,786,896	9,786,896	9,786,896	100
4.	Roads and Public Works	Filling Station, Cabro works, wall and service bay phase I	ATC	20/05/2025	10/10/2025	14,287,698	15,000,000	6,907,375	6,907,375	35
5.	Health Services	Construction of Ayora dispensary	Moticho	28/01/2025	28/4/2025	5,000,000	4,999,954	4,999,953	4,999,953	100
6.	Water, Environment, Natural Resources, Energy and Climate change	Reticulation of Riangoko Phase 1	Nyatieko	5/2/2025	19/6/2025	2,500,000	4,999,900	4,999,900	4,999,900	100
7.	Water, Environment, Natural Resources, Energy and Climate change	Itiiti water project	Bogeka	25/12/2024	20/5/2025	9,997,000	4,998,500	4,998,500	4,998,500	100
8.	Water, Environment, Natural Resources, Energy and Climate change	Bitare SDA borehole drilling and installation of solar pump and reticulation	Bomorenda	3/6/2025	3/9/2025	10,000,000	5,000,000	4,998,000	4,998,000	100
9.	Health Services	Construction of Ikenye Dispensary	Bassi Central	25/01/2025	25/04/2025	9,996,805	4,996,805	4,996,804	4,996,804	100
10.	Roads and Public Works	Riakiora-Nyakona-Rionchaga-Emenwa Tbc	Bassi Central	6/01/2025	6/05/2025	9,200,000	4,600,000	4,594,388	4,594,388	100
Donor Funded Projects										
1	Agriculture, Livestock, Fisheries and Co-operative Development	National Agricultural Value Chain Development Project (WB Contribution)	All wards	01/07/2025	30/06/2026	382,765,512	231,250,000	71,253,967	71,253,967	31
2	Water, Environment, Natural Resources, Energy and Climate change	Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Resilient Investment Grant (KfW)		01/07/2025	30/06/2025	168,000,000	84,000,000	18,281,202	18,281,202	22

Source: *Kisii County Treasury*

The County reported 2 stalled development projects as of 31st December 2025, with an estimated value of Kshs.29.40 million, of which Kshs.11.28 million has already been paid. The stalled projects are shown in Table 3.244.

Table 3.244: Kisii County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1.	Kisii County Assembly	Proposed Construction of Ward Offices	Bogiakumu	02/04/2023	30/5/25	7,350,466	6,004,289.50	6,004,289.50	-	82%
2	Kisii County Assembly	Proposed Construction of Ward Offices	Ibeno, Boikanga and Boochi	29/02/2023	20/6/25	22,051,395	5,274,927	5,274,927	-	24%
	Total					**29,401,861**	**11,279,216.5**	**11,279,216.5**	-	

Source: *Kisii County Treasury*

3.16.16 Budget Performance by Department

Table 3.245 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.245: Kisii County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive and Public Service Board	453.11	200	131.02	36.43	126.30	36.43	96	100	28	18
Administration and Stakeholder Management	583.88	447.19	237.64	-	228.97	-	96	-	39	-
Finance and Economic Planning	1,307.64	37.15	668.33	-	640.43	-	96	-	49	-
Agriculture and Co-operative Development	287.25	822.50	140.67	74.04	123.42	74.04	88	100	43	9
Energy, Water, Environment and Natural Resources	127.79	1,434.55	43.97	284.29	38.98	82.60	89	29	31	6
Education, Youth Affairs and Social Development	850.11	557.56	668.65	100.36	649.49	89	97	89	76	16
County Health Services	5,541.27	923.30	2,031.18	67.79	1,695.56	30.77	84	45	31	3
Lands, Physical Planning and Urban Development	361.47	420.69	108.27	20.07	102.95	16.05	95	80	29	4
Roads, Public Works and Transport	214.30	2,777.89	104.43	485.67	92.56	421.45	89	87	43	15
Trade Development, Industry and Tourism	75.87	527.92	33.79	13.97	32.28	59.76	96	428	43	11
Culture and Social Services	184.42	147.90	41.78	-	39.71	-	95	-	22	-
Kisii Municipality	116.64	451.54	53.66	65.37	52.84	-	99	-	45	-
Ogembo Municipality	11.99	47.88	3.05	-	2.75	-	90	-	23	-
Office of the County Attorney	67	-	20.11	-	19.91	-	99	-	30	-
County Assembly	1,051.14	18	454.71	7.26	454.71	7.26	100	100	43	40
Total	11,233.88	8,814.05	4,741.28	1,155.24	4,300.87	817.37	91	71	38	9

Source: *Kisii County Treasury*

Analysis of departmental expenditure shows that the County Assembly recorded the highest absorption rate of the development budget at 40 per cent, followed by the Department of County Executive and the Public Service Board at 18 per cent. The Department of Education, Youth Affairs and Social Development had the highest recurrent expenditure-to-budget ratio at 76 per cent, while the Department of Culture and Social Services had the lowest at 22 per cent.

3.16.17 Budget Execution by Programmes and Sub-Programmes

Table 3.246 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.246: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Roads and Public Works				
Road Development, Maintenance and Management 202005210	Village Roads Services	9,515,840	5,041,933	53
County Assembly				
County Assembly 101005210	County Assembly HQ 702015210	18,000,000	7,262,308	40
Culture and Social Services				
Cultural Services 904005210	County Cultural Services 904025210	18,499,300	3,783,976	20
Education, Youth Affairs and Social Development				
Early Childhood Development Education 502005210	ECDE Services 502015210	480,460,298	95,974,252	20
Kisii Town				
Kisii Town Development 709005210	Infrastructure Development	548,677,934	103,744,108	19
RECURRENT				
County Executive and Public Service Board				
Management of County Affairs 703005210	County Public Service Management 703035210	5,060,000	3,000,000	59
Count Assembly				
County Assembly 101005210	County Assembly Administration 101015210	805,757,349	454,712,333	56
Finance and Economic Planning				
Administrative and support services 701005210	Human Resource Management 701015210	1,255,740,843	662,712,140	53
Kisii Town				
General Administration and support services 101005210	Human Resource Management 101015210	6,679,585,672	2,617,268,498	39
Lands, Physical Planning and Urban Development				
Land use and Physical planning 103005210	Infrastructure development 103025210	40,000,000	15,000,000	38

Source: *Kisii County Treasury*

The development sub-programmes with the highest budget implementation rates were: Village Roads Services in the Department of Roads and Public Works at 53 per cent, County Assembly headquarters in the County Assembly at 40 per cent, and County Cultural Services at 21 per cent.

For recurrent sub-programmes, the top performers included: County Public Service Management in the Department of County Executive and Public Service Board at 59 per cent, County Assembly Administration in the County Assembly at 56 per cent, and Human Resource Management in the Department of Finance and Economic Planning at 53 per cent.

The higher performance of these programmes can be attributed to the CRF's available funds.

Table 3.247 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.247: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev (Kshs.)	Dev (Kshs.)	Dev (Kshs.)
DEVELOPMENT				
Agriculture and Co-operative Development				
Agricultural Management and Value Addition 102005210	Veterinary Services102035210	1,190,141	-	-
Agriculture and Co-operative Development				
Agricultural Management and Value Addition 102005210	Fisheries102055210	41,520,975	-	-
Lands, Physical Planning and Urban Development				
Land use and Physical planning 103005210	Housing Management	20,000,000	-	-
Roads and Public Works				
Transport Infrastructure Development 203005210	Purchase of Machinery 203015210	1,250,000,000	-	-
Culture and Social Services				
Cultural Services	Library Services 904015210	500,000	-	-
RECURRENT				
Lands, Physical Planning and Urban Development				
Land use and Physical planning 103005210	Housing Management	-	-	-
Trade Development, Industry and Tourism				
Trade, Investment and Tourism Development 302005210	Trade and Investment Promotion 302015210	200,000	-	-
Administration and Stakeholder Management				
County administration services 706005210	Devolved services 706015210	563,139	-	-
Culture and Social Services				
Sports Management 906005210	Talent Development	2,000,000	-	-
Culture and Social Services				
Youth Development and Empowerment Services 905005210	Youth Support	55,780,000	396,400	1

Source: *Kisii County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Veterinary Services in the Department of Agriculture and Co-operative Development (less than 1 per cent); Fisheries in the Department of Agriculture and Co-operative Development (less than 1 per cent); and Housing Management (less than 1 per cent).

For recurrent sub-programmes, the lowest-performing included: Housing Management in the Department of Lands, Physical Planning and Urban Development at less than 1 per cent, Trade and Investment promotion in the Department of Trade Development, Industry and Tourism at less than 1 per cent, and Devolved services in the Department of Administration and Stakeholder Management at less than1 per cent.

These lower performances can be attributed to confusion between IFMIS and EGP, which delayed budget implementation.

3.16.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 13 accounts in commercial banks, including 2 for Health Facilities, 7 for Established Funds, 1 revenue account, 1 special-purpose account (additional allocations), and 2 imprest accounts.

The County Treasury submitted copies of authorisation letters to the Controller of Budget for opening 13 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.16.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kisii County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.155.26 million against an annual target of Kshs.1.47 billion, representing 11 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.817.37 million on development activities, achieving a 9 per cent absorption rate.
iii. High level of trade payables, which amounted to Kshs.903.59 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.63.73 million in gratuity for contract staff was processed through the manual payroll, accounting for 2 per cent of total payroll costs. Manual payroll is prone to abuse and may result in the loss of public funds.
v. The County reported Kshs.190.93 million under "*other operating expenses,*" accounting for 17 per cent of total operation and maintenance costs.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.17. County Government of Kisumu

3.17.1 Overview of FY 2025/26 Budget

The Kisumu County Approved Budget for FY 2025/26 is Kshs.16.33 billion. It comprises Kshs.5.97 billion (37 per cent) and Kshs.10.37 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.03 billion (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.03 billion and a recurrent budget of Kshs.10.27 billion. The increase in the budget was primarily attributed to the rise in equitable share of revenue and conditional grants.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.8.90 billion (55 per cent), additional allocations of Kshs.2.24 billion (14 per cent), a cash balance of Kshs.1.56 billion (10 per cent) brought forward from FY 2024/25, and Kshs.3.63 billion (21 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.248.

3.17.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.6.38 billion. This amount represented an increase of 16 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.52 billion. The total revenue consisted of Kshs.4.41 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.417.64 million. Additionally, the County had a cash balance of Kshs.1.56 billion from FY 2024/25. The total OSR collection of Kshs.417.64 million included Facilities Improvement Financing (FIF) of Kshs.176.25 million and Kshs.241.39 million from other OSR sources. Table 3.248 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.248: Kisumu County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	**1,559,835,059**	**1,559,835,059**	-	**1,559,835,050**	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	**1,559,835,059**	**1,559,835,059**	-	**1,559,835,059**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**8,902,026,938**	**3,694,341,179**	**712,162,155**	**4,406,503,334**	4,495,523,604
	Sub-Total	8,902,026,938	3,694,341,179	712,162,155	4,406,503,334	4,495,523,604
C	**Transfers from the Equalisation Fund**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	DANIDA Grant	23,123,790	-	-	-	23,123,790
2	Finance Locally -Led Climate Action Plan (FLLOCA)	137,500,000	-	-	-	137,500,000
3	Kenya Informal Settlement Improvement Project (KISIP)	**845,000,000**	-	-	-	845,000,000
4	IDA – World Bank Credit: Finance Agricultural Value Chain Development Project (NAVCDP)	157,535,352	-	-	-	157,535,352
5	Aquaculture Business Development Project (ABDP)	37,326,163	-	-	-	37,326,163
6	Potential of Agroecological Practices in East Africa with a focus on Circular Water Energy Nutrient System (PRAeCTICE)	20,000,000	-	-	-	20,000,000
7	Allocation for Court Fines	66,912	-	-	-	66,912
8	Kenya Devolution Support Project (KDSP II) Level I	37,500,000	-	-	-	37,500,000
9	Kenya Devolution Support Project (KDSP II) Level II	352,500,000	-	-	-	352,500,000
10	Community Health Promoters	165,339,627	-	-	-	165,339,627
11	Change-Maker	15,000,000	-	-	-	15,000,000
12	IDA – World Bank Credit: Kenya Urban Support Project – Urban Development Grant (UDG)	36,634,916	-	-	-	36,634,916
13	IDA – World Bank Credit: Kenya Urban Support project – Urban Institutional Grant (UIG)	340,394,236	-	-	-	340,394,236
14	Kenya Dairy Enterprise Development	400,391	-	-	-	400,391

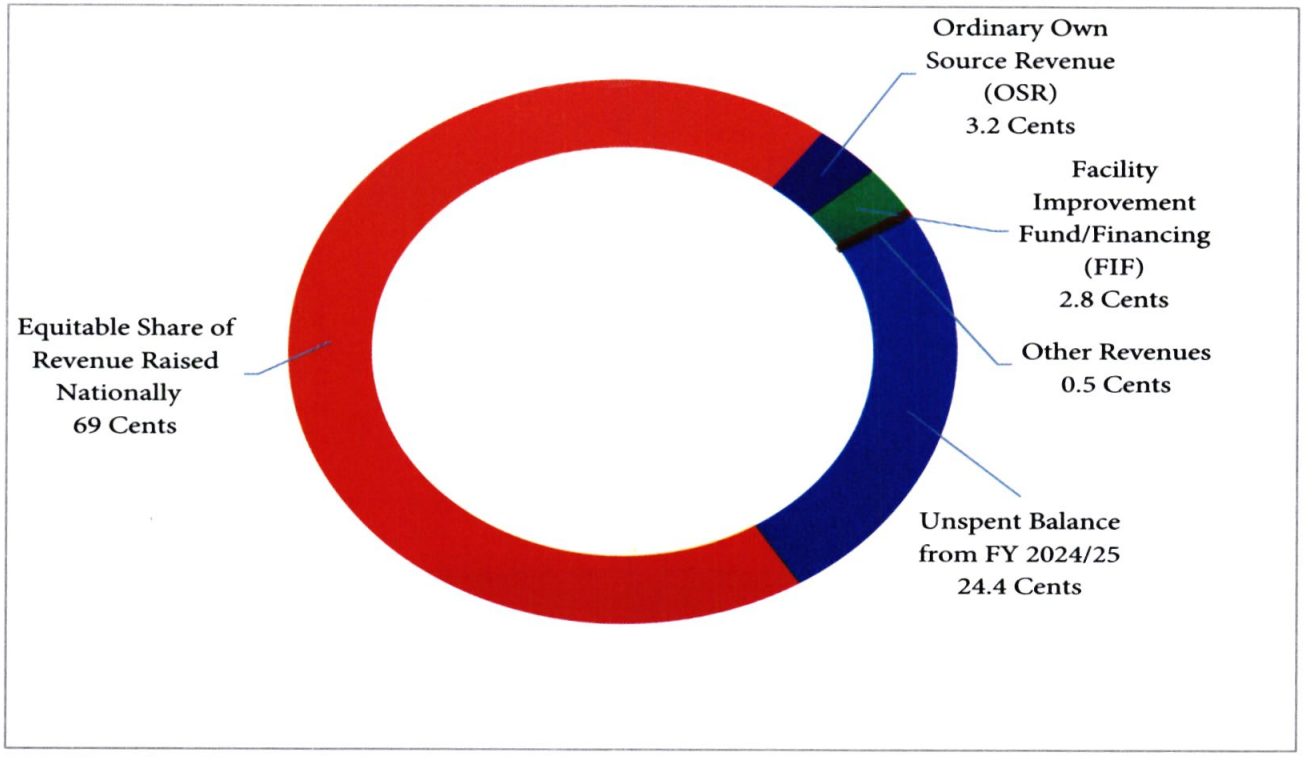
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
15	Transforming Health Centre	544,976	-	-	-	544,976
16	Road Maintenance Levy Fund (RMLF)	68,301,577	-	-	-	68,301,577
	Sub-Total	**2,237,167,940**	-	-	-	**2,237,167,940**
E	**Ordinary Own Source Revenue (OSR)**					
1	Receivables	**1,866,952,862**	-	-	-	
2	Land Rates	199,897,898	28,255,359	-	28,255,359	171,642,539
3	Rents	20,447,477	5,814,717	-	5,814,717	14,632,760
4	Trade Licence Fees	192,900,477	13,484,455	-	13,484,455	179,416,022
5	Building Plans	29,074,445	14,636,121	-	14,636,121	14,438,324
6	Sign Board Promotion	170,957,831	41,159,994	-	41,159,994	129,797,837
7	Bus Park Fees	51,504,963	35,239,300	-	25,239,300	16,265,663
8	Parking Fees	34,932,941	25,687,720	-	25,687,720	9,245,221
9	Reserved Slot	5,851,300	780,000	-	780,000	5,071,300
10	Monthly Stickers	20,645,100	19,500	-	19,500	20,625,600
11	Clamping Fees	59,730	114,150	-	114,150	-54,420
12	Market Fees	58,743,935	30,814,656	-	30,814,656	27,929,279
13	Stock Ring	2,681,910	1,018,301	-	1,018,301	1,663,609
14	Cess	**51,280,480**	**6,952,641**	-	6,952,641	44,327,839
15	Livestock Movement Permit	**7,110**	**4,000**	-	4,000	3,110
16	Sundry Revenue	**26,764,620**	**254,547**	-	254,547	26,510,073
17	Public Health and Others	8,611,314,181	2,960,060	-	2,960,060	5,651,042
	Sub-Total	**2,741,314,181**	**241,385,871**	-	**241,385,871**	**667,165,798**
F	**Facility Improvement Fund/Financing (FIF)**					
1	FIF	**800,000,000**	**176,249,982**	-	**176,249,982**	623,750,018
	Sub-Total	**800,000,000**	**176,249,982**	-	**176,249,982**	**623,750,018**
G	**Appropriations in Aid**					
1	Name AIA	-	-	-	-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1	Agriculture, Fisheries, Livestock Development and Irrigation	4,690,648	5,390,033	-	5,390,033	-699,385
2	Sports, Culture, Gender and Youth Affairs	1,831,930	7,022,000	-	7,022,000	-5,190,070
3	Water, Environment, Natural Resources and Climate Change	7,583,106	6,003,800	-	6,003,800	1,579,306
4	Trade, Tourism, Industry and Marketing	1,782,940	1,310,150	-	1,310,150	472,790
5	Lands, Housing, Physical Planning and Housing	30,935,996	507,450	-	507,450	30,428,546
6	Education, Technical Training, Innovation and Social Service	-	49,200	-	49,200	-49,200
7	Liquor License	20,689,028	8,341,038	-	8,341,038	12,347,990
8	Public Service, County Administration, Participatory Development and Office of the Governor	23,666,397	5,566,679	-	5,566,679	18,099,718
	Sub-Total	**99,791,147**	**34,190,350**	-	**34,190,350**	**56,989,695**
	Total	**16,331,524,163**	**5,671,812,091**	**712,162,155**	**6,383,974,246**	**9,947,549,917**

Source: *Kisumu County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIF.

Figure 97 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 97: Kisumu County Composition of Each Shilling Earned in the First Half of FY 2025/26

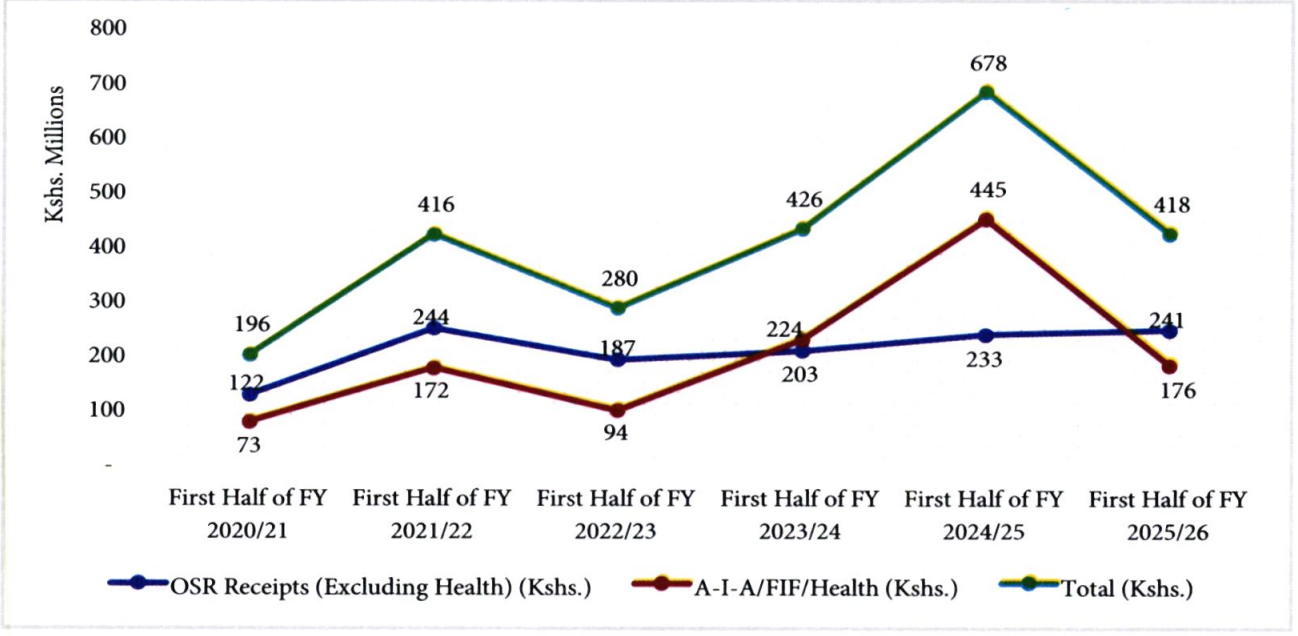


Source: *Kisumu County Treasury*

The equitable share of revenue raised nationally, unspent Balance from FY2024/25, OSR, and FIF contributed 65 per cent, 28 per cent, 4 per cent and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 98 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 98: Kisumu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



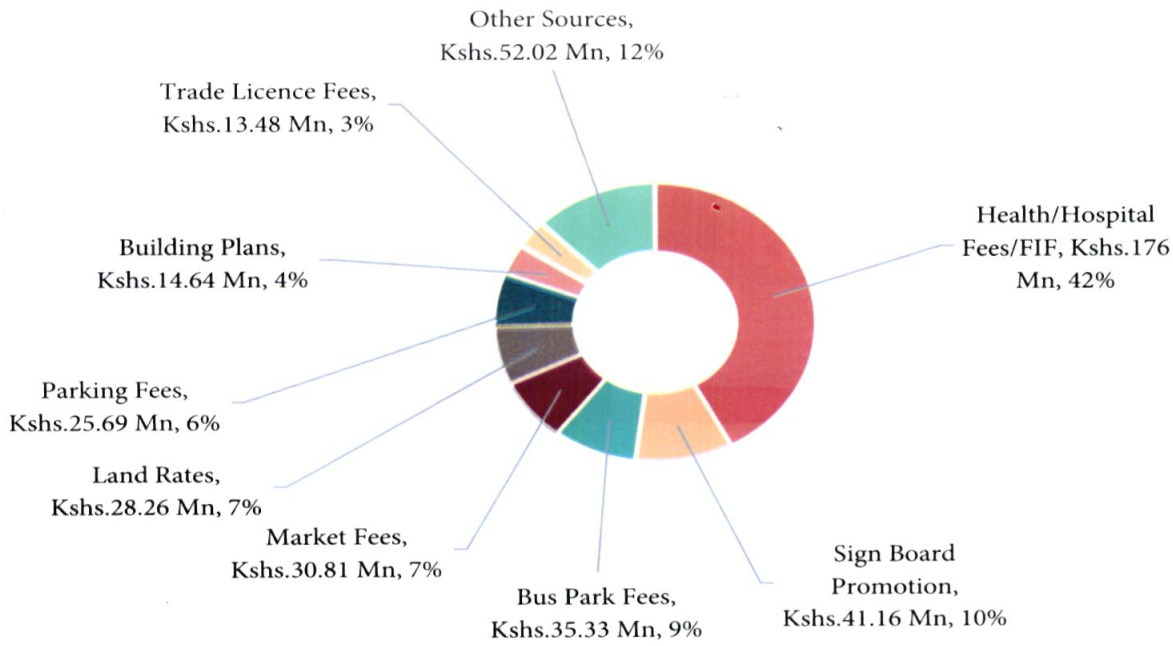
Source: *Kisumu County Treasury*

During the first half of FY 2025/26, the County received Kshs.417.64 million from OSR, including FIF. This amount was a decrease of 38 per cent compared to Kshs.677.63 million realised in a similar period in FY 2024/25, and was 12 per cent of the annual target and 11 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to: a temporary shutdown of the automated revenue management system by the service provider; delayed disbursements to enable smooth revenue collection operations; transitional challenges; internal interference through political affiliations; litigation over the new county valuation roll; and a lack of a debt management policy.

The revenue streams that contributed the most to OSR receipts are shown in Figure 99

Figure 99: Kisumu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kisumu County Treasury

As shown in Figure 99, the highest revenue stream, at Kshs.176 million, was from Health/Hospital Fees/FIF, accounting for 42 per cent of the total OSR receipts. The County Government indicated that it has automated 24 of 27 revenue streams

3.17.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.2.32 billion, which remained constant as of 31st December 2025. Table 3.249 presents a breakdown of the County's revenue arrears.

Table 3.249: Kisumu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Facility Improvement Fund (FIF)**					
1	SHIF	**1,866,952,862**	-	-	-	**1,866,952,862**
	Sub-Total	**1,866,952,862**	-	-	-	**1,866,952,862**
	Sub-Total					
B	**Other Revenues**					
1	Hospital Fees	**427,393,843**	-	-	-	427,393,843
2	Environment	**22,962,535.06**	-	-	-	22,962,535.06
	Sub-Total	**450,356,378.06**	-	-	-	**450,356,378.06**
	Total	**2,317,309,240.06**	-	-	-	**2,317,309,240.06**

Source: *Kisumu County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.2.32 billion, comprising Kshs.1.87 billion for the Social Health Insurance Fund (81 per cent), Kshs.427.39 million for Hospital Fees (18 per cent), and Kshs.22.96 million for Environment (1 per

cent). The County did not receive any arrears during the review period; therefore, the County needs to re-evaluate the recovery measures to enhance revenue arrears collection.

3.17.4 Borrowing by the County

Kisumu County Executive has a credit facility with Kenya Commercial Bank totalling Kshs.696.06 million. The credit facility was used to pay salaries during the review period, due to delays in cash disbursements to Counties by the National Treasury. The outstanding amount as at 31st December, 2025 was Kshs.134.06 million.

Conversely, the County Assembly had a credit facility with Family Bank totalling Kshs.36.66 million. The credit facility was also to pay salaries due to the delay in cash disbursements to counties by the National Treasury. As at 31st December, 2025, the County Assembly had settled all the borrowing and therefore had no outstanding balance.

3.17.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.94 billion from the Kisumu County Revenue Fund (CRF) account. This amount consisted of Kshs.440.50 million (11 per cent) designated for development programs and Kshs.3.50 billion (89 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.39 billion was allocated to employee compensation and Kshs.1.10 billion to operations and maintenance expenditures. Within the operations and maintenance category, 13 per cent was for domestic travel and 4 per cent for foreign travel. The domestic travel exchequers totalled Kshs.140.05 million, including Kshs.53.24 million for the County Executive and Kshs.86.81 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.45.07 million, with Kshs.33.29 million for the County Executive and Kshs.11.77 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Kisumu County Revenue Fund account was Kshs.455.72 million.

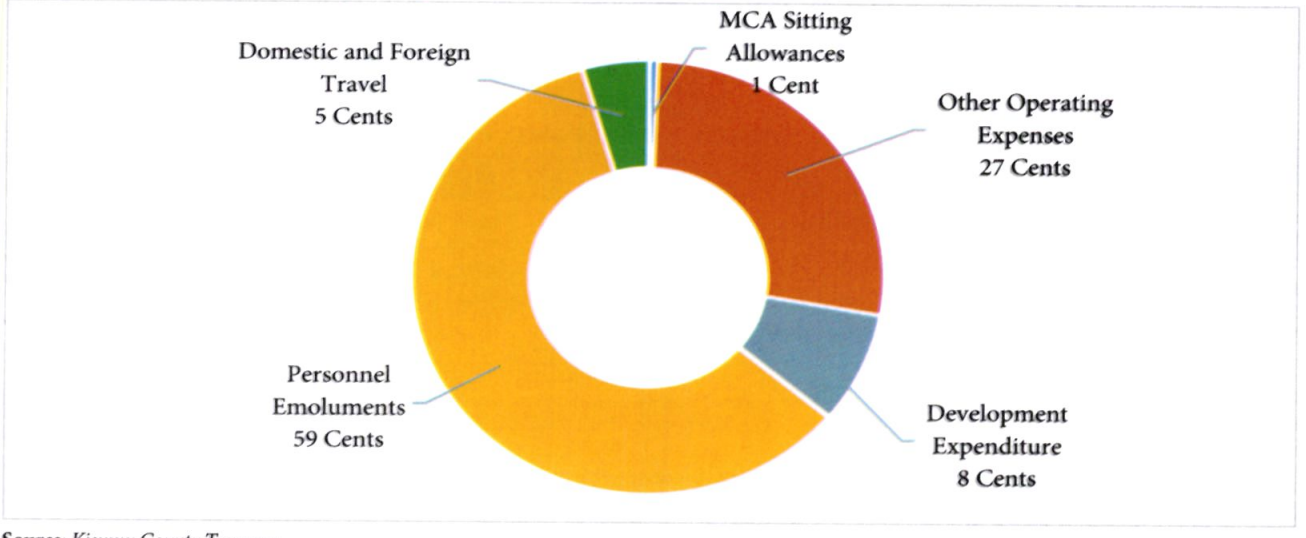
In addition, the Controller of Budget did not approve exchequer withdrawal requests from the Kisumu County Assembly Fund (CAF) account during the review period. This is because the fund account has not yet been operationalised.

3.17.6 Expenditure Review

The County spent Kshs.3.84 billion on development and recurrent programmes during the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.451.16 million for development programmes and Kshs.3.39 billion for recurrent programmes. Expenditure on development programmes accounted for 8 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 33 per cent of the annual recurrent expenditure budget.

Figure 100 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 100: Kisumu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Kisumu County Treasury*

As shown in Figure 100, the three highest expenditure categories were Personnel Emoluments, Other Operating Expenses, and Development Expenditure, which contributed 59, 27, and 8 per cent of the total expenditure for the reporting period.

3.17.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.4.09 billion. This amount consisted of Kshs.4.07 billion from the County Executive and Kshs.14.09 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.2.75 billion for recurrent expenditure and Kshs.1.32 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.986.61 million, comprising Kshs.893.12 million (91 per cent) for recurrent programmes and Kshs.93.49 million (9 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.2.01 million, which included Kshs.2.01 million (100 per cent) for recurrent activities and nil for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.3.09 billion for the County Executive and Kshs.12.08 million for the County Assembly. Table 3.250 provides additional details of trade payables.

Table 3.250: Kisumu County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,323,943,570	2,750,257,810	4,074,201,380
		County Assembly	-	14,094,655	14,094,655
		Total	**1,323,943,570**	**2,764,352,465**	**4,088,296,035**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	410,328,703	1,415,814,504	1,826,143,207
		County Assembly	-	14,094,655	14,094,655
		Total	**410,328,703**	**1,429,909,159**	**1,840,237,862**
Amount paid in the First Half of FY 2025/26	c	County Executive	93,488,175	893,120,650	986,608,825
		County Assembly	-	2,011,795	2,011,795
		Total	93,488,175	895,132,445	988,620,620
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	**1,230,455,395**	**1,857,137,160**	**3,087,592,555**
		County Assembly	-	**12,082,860**	**12,082,860**
		Total	**1,230,455,395**	**1,869,220,020**	**3,099,675,415**

***Source**: Kisumu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.2.76 billion and Kshs.1.32 billion on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.986.61 million for the Executive and Kshs.2.01 million for the Assembly.

Table 3.251 and Table 3.252 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.3.10 billion.

Table 3.251: Kisumu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**295,745,052**	**388,546,753**	**314,056,490**	**232,107,100**	**1,230,455,395**
Recurrent Trade Payables (Goods & Services)	589,670,218.76	423,567,950	96,847,224.50	97,936,014.74	**1,208,021,408**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	256,113.69	1,121,604.50	21,473,172	595,871,241	**618,722,131.19**
Recurrent Trade Payables (Staff Claims)	1,268,169	3,542,310.09	324,395	25,258,746.91	**30,393,621**
Total Recurrent Trade Payables	**591,194,501.45**	**428,231,864.59**	**118,644,791.50**	**719,066,002.65**	**1,857,137,160.19**
Total Trade Payables	**886,939,553.45**	**816,778,617.59**	**432,701,281.50**	**951,173,102.65**	**3,087,592,555.19**
% of Total	29	26	14	31	100

***Source**: Kisumu County Treasury*

Table 3.252: Kisumu County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	5,513,451				**5,513,451**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	6,569,409	-	-	-	**6,569,409**
Total Recurrent Trade Payables	12,082,860	-	-	-	12,082,860
Total Trade Payables	**12,082,860**	-	-	-	**12,082,860**
% of Total	100	-	-	-	100

***Source**: Kisumu County Treasury*

The County did not adhere to the Trade Payables Action Plan.

3.17.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.21 billion on compensation of employees, Kshs.926.13 million on operations and maintenance, and Kshs.385.43 million on development activities. Similarly, the County Assembly spent Kshs.187.36 million on employee compensation, Kshs.66.23 million on operations and maintenance, and Kshs.65.73 million on development activities, as shown in Table 3.253.

Table 3.253: Kisumu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**9,504,249,249**	**862,083,652**	**3,132,096,574**	**253,578,294**	-	-	**3,132,096,258**	**253,578,294**	**33**	**29**
Compensation of Employees	5,201,915,537	352,864,077	2,205,970,048	187,359,021	-	-	2,205,970,048	187,359,021	42	53
Operations and Maintenance	4,302,333,712	509,219,575	926,126,210	66,219,273	-	-	926,126,210	66,219,273	22	13
Development Expenditure	**5,865,191,262**	**100,000,000**	**385,431,182**	**65,729,295**	-	-	**385,431,182**	**65,729,295**	**7**	**66**
Total	15,369,440,511	962,083,652	3,517,527,440	319,307,589	-	-	3,517,527,440	319,307,589	23	33

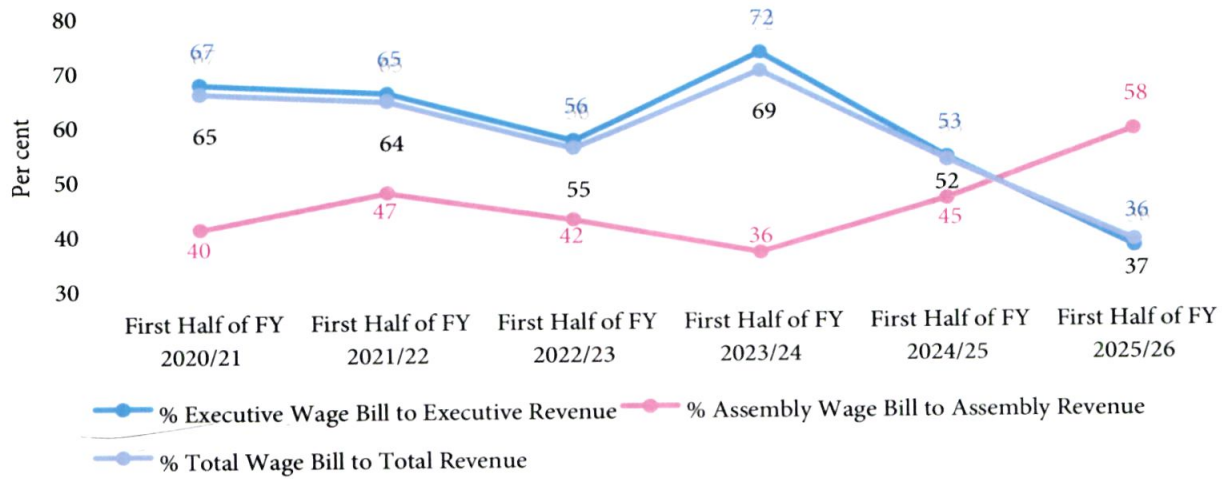
***Source**: Kisumu County Treasury*

3.17.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.39 billion. The compensation-to-revenue ratio was 42 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.2.88 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.13 billion is related to Health Sector employees, accounting for 47 per cent of the overall employees' compensation.

Figure 101 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 101: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source**: Kisumu County Treasury*

Further analysis indicated that PE costs amounting to Kshs.2.37 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.24.86 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost. The justification for the continued use of manual payroll was attributed to the payment of salary arrears for staff who exited the service, and also the payment of gratuity.

The manual payroll comprised salaries arrears for underpaid staff and gratuity for contract staff, as shown in Table 3.254 .

Table 3.254: Breakdown of Kisumu County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salary Arrears for underpaid Staff (County Executive)	11,104,164.39
2	Top-up Allowances for Security Officers	-
3	LAPTRUST/LAPFUND Pension Contributions	-
4	Gratuity for contract staff (County Assembly)	13,755,516
	Total	**24,859,680.39**

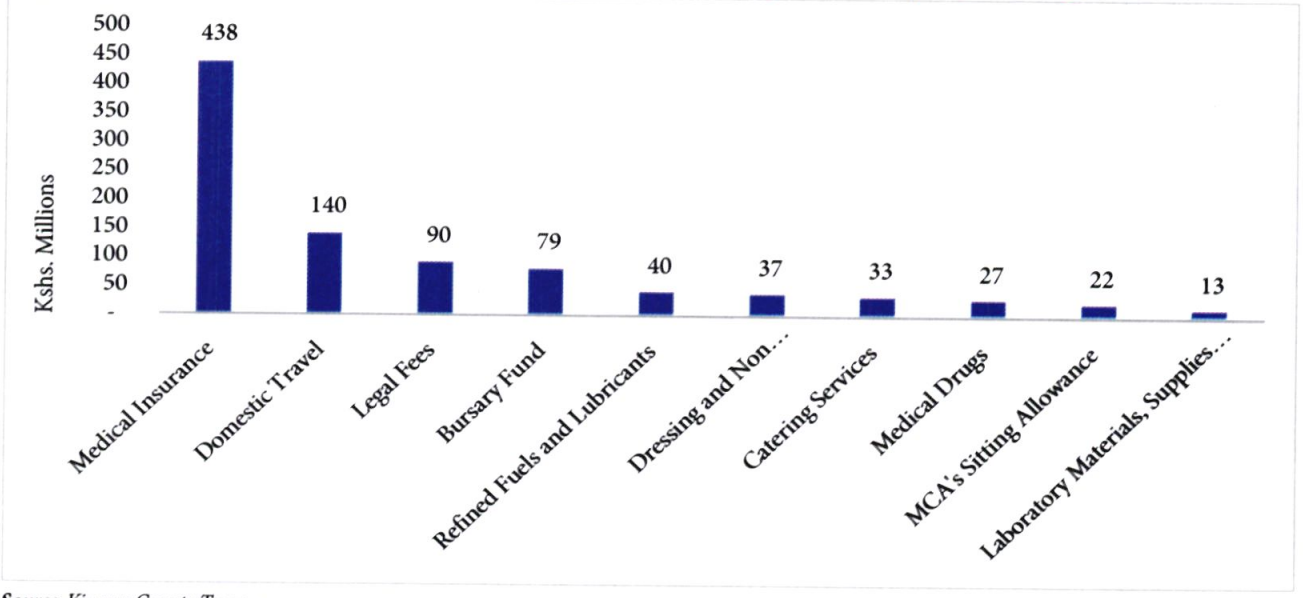
***Source**: Kisumu County Treasury*

The County Assembly spent Kshs.21.51 million on committee sitting allowances for the 48 MCAs, against the annual budget allocation of Kshs.45.91 million. The average monthly sitting allowance was Kshs.74,684 per MCA. The County Assembly has 24 House Committees.

3.17.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.992.35 million on operations and maintenance, representing an increase of 24 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.797.57 million. Figure 102 summarises the Operations and Maintenance expenditure by major categories.

Figure 102: Kisumu County, Operations and Maintenance Expenditure by Major Categories



***Source**: Kisumu County Treasury*

The major categories of operations and maintenance expenditure are shown above as per the review period.

3.17.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report submitted to the Controller of Budget for the first half of FY 2025/26 did not have any expenditure under "other operating expenses".

3.17.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.312.50 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.200 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.255 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.255: Performance of Kisumu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Kisumu County Bursary Fund	2014	305,000,000	-	-	1,442,397,862	YES
		County Assembly Established Funds					
2	Kisumu County Assembly Car Loan and Mortgage Fund	2014	7,500,000	-	-	410,464,000	NO
	Total		312,500,000	-	-	1,852,861,862	

Source: *Kisumu County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Kisumu County Assembly Car Loan and Mortgage Fund Administrator, as indicated in Table 3.256, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Kisumu County Bursary Fund and Kisumu County Assembly Car Loan and Mortgage Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB es-

tablished that the lifespan of the Kisumu County Assembly Car Loan and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.17.13 County Corporations

The County has one County Corporation, which was allocated Kshs.85.08 million in FY 2025/26. There was no expenditure for the review period, as shown in Table 3.256.

Table 3.256: Performance of Kisumu County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Lakefront Development Corporation	85,076,880	-	-	-
	Total	85,076,880	-	-	-

Source: Kisumu County Treasury

3.17.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.140.05 million and comprised Kshs.86.81 million spent by the County Assembly and Kshs.53.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.45.07 million and comprised Kshs.11.77 million by the County Assembly and Kshs.33.29 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.257.

Table 3.257: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	2	21st October to 20th November, 2025	Not Provided	USA, South America and France	8,250,000	-	8,250,000
County Executive	2	22nd April 2025 to 3rd May, 2025	World Bank and IFMIS Spring Meeting	Washington DC	3,182,520	-	3,182,520
County Executive	3	30th March 2025 to 6th April, 2025	Global Disability Summit 2025	Berlin, Germany	3,087,790	-	3,087,790
County Executive	2	5th June to 9th June, 2025	Global Parliament of Mayors' Annual Summit, 2025	Portugal	1,375,600	-	1,375,600
County Assembly	6	1st to 7th October, 2025	Attending the Agricultural Exchange Programme	Washington, D.C., USA	1,808,352	-	1,808,352
County Executive	2	10th to 13th March, 2025	Not Provided	Dubai	1,100,530	-	1,100,530
County Assembly	3	21st to 30th July, 2025	Attending Youth International Exchange Camp	Asan City, South Korea	1,058,367	-	1,058,367
County Executive	1	29th June to 3rd July, 2025	World Assembly of Local and Regional Governments	Doha, Qatar	445,638	-	445,638
County Assembly	1	25th September, to 7th October, 2025	Attending meetings, presentations, and Community engagement activities	Washington, D.C., USA	442,186	-	442,186
County Executive	1	3rd to 4th July, 2025	The African Research Initiative for Scientific Excellence and Sustainable Development	Accra, Ghana	60,161	-	60,161
County Assembly	1	18th to 30th August, 2025	Investment and Academic Engagements	New York	1,026,480	-	1,026,480

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	16th to 27th August, 2025	Attend the 25th National Business League conference presented by the National Alliance for Black Business.	Georgia, USA	338,762	-	338,762
County Executive	1	21st to 27th September, 2025	Attend FESTAC Africa Renaissance Festival, 2025	Doha, Qatar	396,700	-	396,700
Total							

Source: *Kisumu County Treasury and Kisumu County Assembly*

The County Executive did not provide the purpose of travel to the USA and Dubai as indicated in the table above.

3.17.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.176.25 million as FIF, which was 22 per cent of the annual target of Kshs.800 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.296.84 million, as shown in Table 3.258.

Table 3.258: Kisumu County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	17	640,345,898	277,326,440	36
3.	Level 3 Facility	25	104,033,377	42,531,946	41
4.	Level 2 Facility	109	55,620,726	26,983,587	29
	Total	**151**	**800,000,000**	**296,841,973**	**37**

Source: *Kisumu County Treasury*

3.17.16 Development Expenditure

In the review period, the County reported spending Kshs.333.84 million on development programmes, representing an increase of 10 per cent compared to FY 2024/25, when the County spent Kshs.302.84 million. Table 3.259 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to improved settlement of trade payables.

Table 3.259: Kisumu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	County Assembly	Construction of Ultra-Modern County Assembly	Kisumu Milimani	19th January, 2022	31st December, 2026	478,356,348	100,000,000	65,729,295	544,085,643	114
2.	Lands, Physical Planning, Housing and Urban Development	Local Physical Development Plan for Ahero/ Awasi	Ahero	07/06/2019	28/06/2019	51,268,520	10,000,000	-	10,000,000	20

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
3.	Lands, Physical Planning, Housing and Urban Development	Supply, Installation and commissioning of Energy	Maseno and Kombewa	20/02/2024	10/03/2025	7,697,915	-	-	7,688,065	100
4.	Medical Services, Public Health and Sanitation	Completion of Nyadado Dispensary	East Seme	15/06/2023	30/06/2023	4,998,382	4,998,382	-	4,948,382	100
5.	City of Kisumu	Construction of a Box Culvert at Usare - Kadiaga	South West Kisumu	-	-		5,000,000	-	4,928,060	99
6.	Infrastructure, Energy and Public Works	Maintenance of Ragen – Bolo Junction road	Nyakach Central	05/06/2025	14/11/2025	4,910,678	5,000,000	-	4,910,530	98
7.	Medical Services, Public Health and Sanitation	Construction of the Kosawo Dispensary	Kisumu Central	11/06/2021	30/08/2023	37,138,510	4,947,819	-	4,947,819	13
8.	Infrastructure, Energy and Public Works	Maintenance of Rae – Kanyaika junction – Rae Primary School Corner Labour – Ouko Bridge	Kolwa Central	20/03/2025	14/11/2025	4,499,750	4,499,707	-	4,499,707	100
9.	Infrastructure, Energy and Public Works	Improvement of Namba – Kosea- Akonya -Korumba Access Road	Central Seme	19/03/2025	17/11/2025	3,999,999	4,000,000	-	3,999,998.93	100
10.	Infrastructure, Energy and Public Works	Tok – Teko Kanyagoro Access Road	Kanyagoro			3,999,999	3,999,420	-	3,999,420	100
Donor Funded Projects										
1	Infrastructure, Energy and Public Works	Construction of Climate Change Resource Centre Phase II	Railways	06/12/2024	08/12/2025	29,064,786	30,000,000	16,922,679.72	22,735,636.72	78
2	Water, Environment, Natural Resources and Climate Change	Drilling and Equipping of Climate Change Resilience Borehole at Holo	Holo	10/09/2024	30/06/2025	15,579,500	16,000,000	15,579,188	15,579,188	100
3	Water, Environment, Natural Resources and Climate Change	Desilting of Koyombe Water Pan	North Nyakach	20/05/2024	10/12/2025	9,286,500	10,000,000	9,239,400	9,239,400	99
4	Infrastructure, Energy and Public Works	Construction of Ugenya Evacuation Centre	Kabonyo Kanyagwal	10/10/2024	24/11/2025	17,932,170	18,000,000	9,159,010	9,159,010	51
5	Agriculture, Livestock Development, Fisheries and Irrigation	Establishment of Community forest at Siany and Construction of Biogas at Maseno and Muhoroni	Countywide	13/12/2024	04/08/2025	9,962,200	13,000,000	6,979,500	9,742,000	98
Equalisation Funded Projects										

Source: *Kisumu County Treasury*

The County did not report on Equalisation Funded projects in the review period. In addition, the County did not report on stalled development projects as of 31st December 2025.

3.17.17 Budget Performance by Department

Table 3.260 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.260: Kisumu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning, Housing and Urban Development	149.72	1,085.80	34.42	36.51	34.42	26.51	100	73	23	2
Agriculture, Livestock Development, Fisheries and Irrigation	244.83	426.57	94.84	22.24	94.84	22.24	100	100	39	5
City of Kisumu	394.56	1,267.76	23	117.32	23	117.32	100	100	6	9
County Assembly of Kisumu	862.08	100	258.14	65.73	253.58	65.73	98	100	29	66
County Public Service Board	431.21	-	1.37	-	1.37	-	100	-	3	-
Education, Technical Training, Innovation and Social Service	950.97	335.27	269.89	87.47	269.89	73.01	100	84	28	22
Infrastructure, Energy and Public Works	171.88	1,236.60	49.21	85.12	49.21	30.99	100	36	29	3
Finance, Economic Planning and ICT Services	1,814.71	75.08	442.57	19.80	442.57	19.80	100	100	24	26
Trade, Tourism, Industry and Marketing	112.11	69.38	10.95	1.96	10.95	-	100	-	10	-
Medical Services, Public Health and Sanitation	3,686.54	282.13	1,565.46	66.11	1,565.46	58.18	100	88	43	21
Sports, Culture, Gender and Youth Affairs	114.40	86.24	40.44	12.30	37.23	12.30	92	100	33	14
Water, Environment, Natural Resources and Climate Change	129.50	595.67	41.25	35.07	41.25	25.08	100	72	32	4
Public Service, County Administration, Participatory Development and Office of the Governor	1,407.76	387.69	519.83	8.20	519.83	-	100	-	37	-
County Attorney	221.15	-	40.98	-	40.98	-	100	-	19	-
Ahero/Awasi Municipality	16	-	0.43	-	0.43	-	100	-	3	-
Maseno/Holo Municipality	11.50	4.50	0.05	-	0.05	-	100	-	0.4	-
Kombewa/Bodi Municipality	12	4	0.19	-	0.19	-	100	-	2	-
Katiti/Pap Onditi Municipality	11.50	4.50	0.29	-	0.29	-	100	-	3	-
Muhoroni/Chemilil Municipality	12	4	0.16	-	0.16	-	100	-	1	-
	10,366.33	5,965.19	3,393.45	557.82	3,385.67	451.16	100	81	33	8

***Source**: Kisumu County Treasury*

Analysis of expenditure by departments shows that the Department of County Assembly of Kisumu recorded the highest absorption rate of development budget at 66 per cent, followed by the Department of Finance, Economic Planning and ICT Services at 26 per cent. The Department of Medical Services, Public Health and Sanitation had the highest recurrent expenditure-to-budget ratio at 43 per cent, while the Department of Maseno/Holo Municipality had the lowest at 0.4 per cent.

3.17.18 Budget Execution by Programmes and Sub-Programmes

Table 3.261 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.261: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
County Assembly				
701035060	General Administration	100,000,000	65,729,295.35	66
	Sub Total	**100,000,000**	**65,729,295.35**	**66**
Trade, Tourism, Industry and Marketing				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
704005084	General Administration and Support Services	41,283,598	20,026,445	49
	Sub Total	**41,283,598**	**20,026,445**	**49**
Education, Technical Training, Innovation and Social Services				
101005081	Planning and Coordination Services	25,000,000	11,522,582	46
	Sub Total	**25,000,000**	**11,522,582**	**46**
Public Service, County Administration, Participatory Development and Office of the Governor				
704005088	General Administration and Support Services	35,187,481	15,844,573	45
	Sub Total	**35,187,481**	**15,844,573**	**45**
Trade, Tourism, Industry and Marketing				
301005084	Trade Support Services	28,100,000	12,428,329	44
	Sub Total	**28,100,000**	**12,428,329**	**44**
RECURRENT				
Medical Services, Public Health and Sanitation				
403005085	Human Resource for Health	2,734,391,572	1,758,781,679.80	64
	Sub Total	**2,734,391,572**	**1,758,781,679.80**	**64**
Sports, Culture, Gender and Youth Affairs				
101005086	Planning and Coordination Services	57,082,705	30,955,913	54
	Sub Total	**57,082,705**	**30,955,913**	**54**
Sports, Culture, Gender and Youth Affairs				
101005081	Talent Development	18,343,409	9,400,578	51
	Sub Total	**18,343,409**	**9,400,578**	**51**
Public Service, County Administration, Participatory Development and Office of the Governor				
704005088	Human Resource Recruitment and Development	925,059,908	444,708,282.70	48
	Sub Total	**925,059,908**	**444,708,282.70**	**48**
Sports, Culture, Gender and Youth Affairs				
103005086	Physical Planning Services	19,200,000	9,230,723	48
	Sub Total	**19,200,000**	**9,230,723**	**48**

Source: *Kisumu County Treasury*

The development sub-programmes with the highest budget implementation rates included: General Administration in the Department of the County Assembly of Kisumu at 66 per cent, General Administration and Support Services in the Department of Trade, Tourism, Industry and Marketing at 49 per cent, and Planning and Coordination Services at 46 per cent. For recurrent sub-programmes, the top performers were: Human Resource for Health in the Department of Medical Services, Public Health and Sanitation at 64 per cent, Planning and Coordination Services in the Department of Sports, Culture, Gender and Youth Affairs at 54 per cent and Talent Development in the Department of Sports, Culture, Gender and Youth Affairs at 51 per cent. Their higher performance is attributed to enhanced payments on trade payables.

Table 3.262 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.262: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
City of Kisumu				
109005072	Urban Planning and Development	1,267,758,259	-	-
	Sub Total	**1,267,758,259**	-	-
Public Service, County Administration, Participatory Development and Office of the Governor				
705005088	Management of public financial administration	352,500,000	-	-
	Sub Total	**352,500,000**	-	-
Maseno/ Holo Municipality				
704005091	General Administration and Support Services	4,500,000	-	-
	Sub Total	**4,500,000**	-	-
Kombewa/ Bodi Municipality				
704005092	General Administration and Support Services	4,000,000	-	-
	Sub Total	**4,000,000**	-	-
Katito/ Pap Onditi Municipality				
704005093	General Administration and Support Services	4,500,000	-	-
	Sub Total	**4,500,000**	-	-
RECURRENT				
Medical Services, Public Health and Sanitation				
409005085	County and Sub-County Hospital Services	189,000,000	-	-
	Sub Total	**189,000,000**	-	-
Medical Services, Public Health, and Sanitation				
103005067	Kisumu County Referral Hospital	123,000,000	-	-
	Sub Total	**123,000,000**	-	-
Medical Services, Public Health and Sanitation				
401005085	Disease Surveillance	12,000,000	-	-
	Sub Total	**12,000,000**	-	-
City of Kisumu				
401005072	Environmental Health and Sanitation	9,385,432	-	-
	Sub Total	**9,385,432**	-	-
City of Kisumu				
109005072	Urban Planning and Development	7,145,609	-	-
	Sub Total	**7,146,609**	-	-

Source: *Kisumu County Treasury*

The development sub-programmes with the lowest budget implementation rates included: Urban Planning and Development in the Department of the City of Kisumu; Management of Public Financial Administration in the Department of Public Service, County Administration and Office of the Governor, and General Administration and Support Services in the Department of Maseno/Holo Municipality, all at zero per cent. For recurrent sub-programmes, poor performers were: County and Sub-County Hospital Services in the Department of Medical Services, Public Health and Sanitation; Kisumu County Referral Hospital in the Department of Medical Services, Public Health and Sanitation and Environmental Health and Sanitation in the Department of City of Kisumu, all at zero per cent. These lower performances are attributed to the National Government's delay in rolling out the electronic government pay (eGP) system.

3.17.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 187 accounts in commercial banks, including 151 for Health Facilities, 24 for Vocational Training Centres, 4 for Established Funds, 3 revenue accounts, and 5 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 187 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.17.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kisumu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.417.64 million against an annual target of Kshs.3.63 billion, representing 12 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.333.84 million on development activities, achieving a 6 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Kisumu County Assembly Car Loan and Mortgage Fund had lapsed, rendering it ineligible for further withdrawals.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kisumu County Assembly Car Loan and Mortgage Fund were not submitted to the CoB as of 15th January, 2026.
v. High level of trade payables, which amounted to Kshs.3.10 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.18. County Government of Kitui

3.18.1 Overview of FY 2025/26 Budget

The Kitui County Approved Budget for FY 2025/26 is Kshs.14.75 billion. It comprises Kshs.5.23 billion (35 per cent) and Kshs.9.52 billion (65 per cent) allocation. 5.23 billion (35 per cent) and Kshs.9.52 billion (65 per cent) for development and 5.12 billion (35 per cent) for recurrent programmes, respectively. The budget estimates represent an increase of Kshs.440 million (3 per cent) from

the FY 2024/25 budget, which comprised a development budget of Kshs.4.75 billion and a recurrent budget of Kshs.9.55 billion. The increase in the budget was primarily attributed to the increase in the balance brought forward and the conditional grant.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.11.50 billion (78.02 per cent), and additional allocations of Kshs.2.07 billion (14.05 per cent), a revote of Kshs.50.99 (0.3 per cent) brought forward from FY 2024/25, and Kshs.1.20 billion (7.59 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.263

3.18.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.5.35billion. This amount represented a decrease of 25.7 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.7.20 billion. The total revenue consisted of Kshs.4.77 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.524.63 million. Additionally, the County had a cash balance of Kshs.50.99 million from FY 2024/25. The total OSR collection of Kshs.524.63 million included Facilities Improvement Financing (FIF) of Kshs.284.23 million, and Kshs.240.40 million from other OSR sources. Table 3.263 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.263: Kitui County, Revenue Performance in the First Half of FY 2025/26

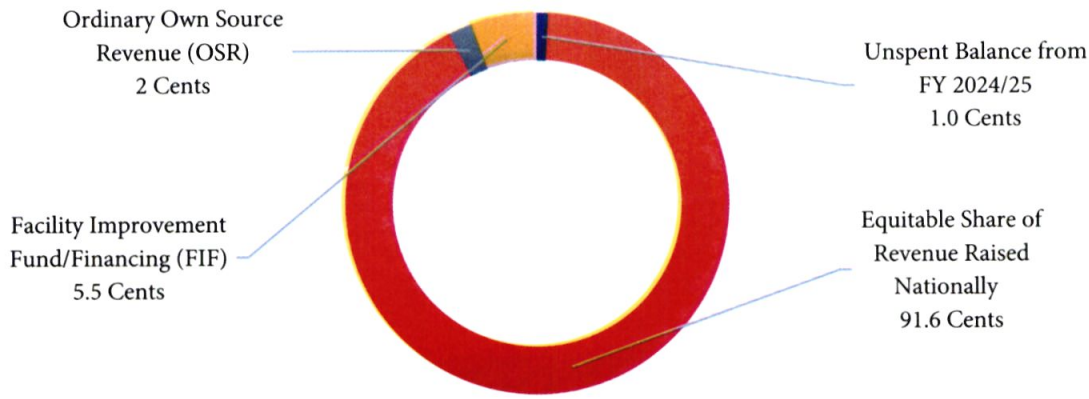
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	**50,990,623**	50,990,623	-	**50,990,623**	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	**50,990,623**	**50,990,623**	-	**50,990,623**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	11,503,907,837	4,774,121,753	-	4,774,121,753	6,729,786,084
	Sub-Total	**11,503,907,837**	**4,774,121,753**		**4,774,121,753**	**6,729,786,081**
C	**Transfers from the Equalisation Fund**					
1	...	-	-	-	-	-
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	Road Maintenance Fuel Levy	597,554,452	-	-	-	597,554,452
2	Grants from World Bank (KDSP I)	39,011,137	-	-	-	39,011,137
3	Grants from World Bank (KDSP II)	358,125,000	-	-	-	358,125,000
4	HSSP/HSPS - (DANIDA/IDA)	14,089,326	-	-	-	14,089,326
5	IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP)	248,194,645	-	-	-	248,194,645
6	World Bank programme to Finance locally -Led Climate Action Program(FLLoCA)	377,089,490	-	-	-	377,089,490
7	Kenya Urban Support Project-(UIG) world bank	60,714,592	-	-	-	60,714,592
8	Allocation for 20% Share of Mineral Royalties	114,279	-	-	-	114,279

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	Allocation for Court Fines	50,000	-	-	-	50,000
10	Community Health Promoters	58,050,445	-	-	-	58,050,445
11	Covid - 19 - Ministry of Health and Sanitation	16,326,684	-	-	-	16,326,684
12	Development of Youth Polytechnics	362,908	-	-	-	362,908
13	County Aggregation and Industrial Parks Programme	301,525,750	-	-	-	301,525,750
	Sub-Total	**2,071,208,708**	**-**	**-**	**-**	**2,071,208,708**
E	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue (OSR)	312,348,304	105,372,928	-	105,372,928	206,975,376
	Sub-Total	**312,348,304**	**105,372,928**	**-**	**105,372,928**	**206,975,376**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	806,901,696	284,228,710	-	-	522,672,986
2	Defunct NHIF	-	-	-	-	-
	Sub-Total	**806,901,696**	**284,228,710**	**-**	**-**	**522,672,986**
G	**Appropriations in Aid**					
1	...	-	-	-	-	-
	Sub-Total					
H	**Other Revenues**	**-**	**-**	**-**	**-**	**-**
	Sub-Total	-	-	-	-	-
Total		**14,745,357,168**	**5,214,714,014**		**5,214,714,014**	**9,530,643,154**

Source: *Kitui County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 103 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 103: Kitui County Composition of Each Shilling Earned in the First Half of FY 2025/26

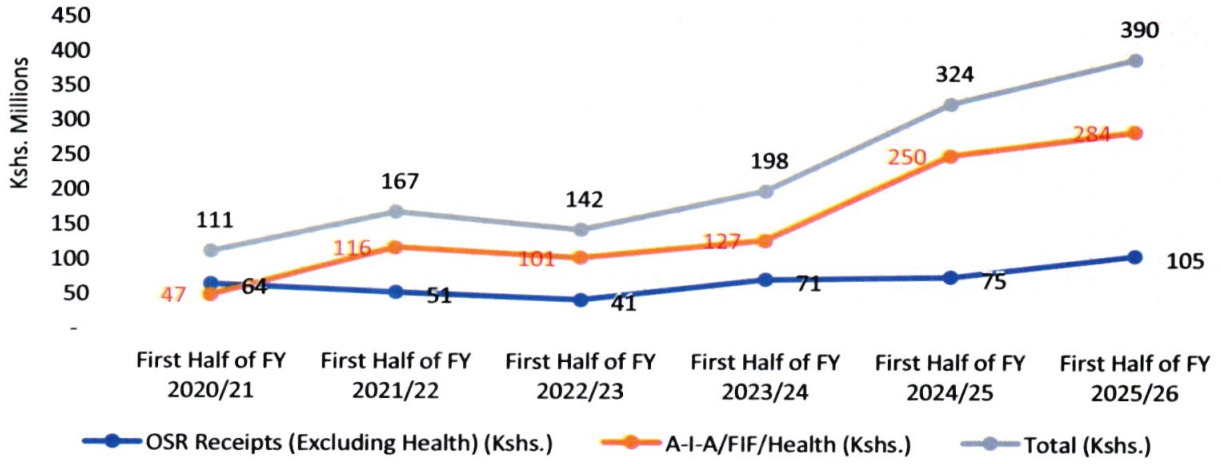


Source: *Kitui County Treasury*

The equitable share of revenue raised nationally, OSR, the unspent balance from FY 2024/25, and FIF contributed 91.6 per cent, 2.0 per cent, 1.0 per cent, and 5.5 per cent, respectively, of the total receipts for the reporting period.

Figure 104 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 104: Kitui County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

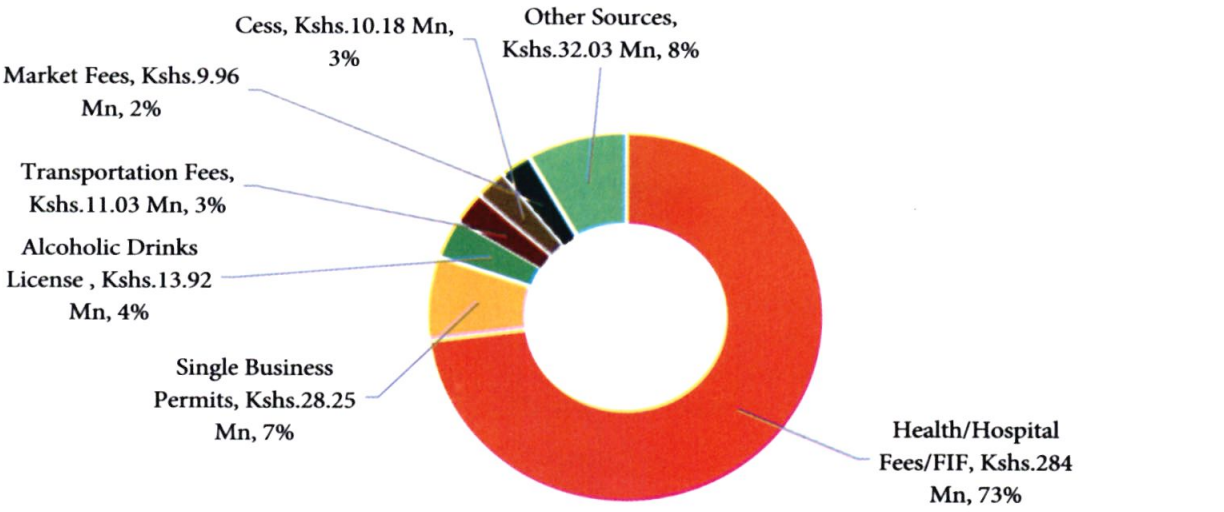


Source: *Kitui County Treasury*

During the first half of FY 2025/26, the County received Kshs.389.6 million from OSR, including FIF. This amount was an increase of 16.7 per cent compared to Kshs.324.46 million realised in a similar period in FY 2024/25, and was 35 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the automation of revenue streams to cashless. The revenue streams that contributed the most to OSR receipts are shown in Figure 105

Figure 105: Kitui County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kitui County Treasury

As shown in Figure 105, the highest revenue stream, at Kshs.284.3 million, was from Health, hospital fees/FIF, accounting for 73 per cent of the total OSR receipts. The County Government indicated that it has not automated all its revenue streams.

3.18.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.1.58 billion, which increased to Kshs.1.76 billion as of 31st December 2025. Table 3.264 presents a breakdown of the County's revenue arrears.

Table 3.264: Kitui County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
D	**Ordinary Own Sources of Revenue**					
1	Land rates	1,282,533,263		1,500,152	150,220,279	1,431,253,390
	Sub-Total	**1,282,533,263**		**1,500,152**	**150,220,279**	**1,431,253,390**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	211,756,716		110,010,500	142,105,196	243,851,412
2	Defunct NHIF	89,171,278				89,171,278
	Sub-Total	**300,927994**		**110,010,500**	**142,105,196**	**333,022,790**
	Total	**1,583,461,257**		**111,510,652**	**292,325,475**	**1,764,276,180**

Source: Kitui County Treasury

As of 31st December 2025, the revenue arrears totalled Kshs.1.76 billion, comprising Kshs.1.43 billion for own-source revenue. and Kshs.333.02 million for the Facility Improvement Financing (FIF). The County has instituted measures to collect outstanding arrears, including engaging debt collectors to recover the outstanding amount.

3.18.4 Borrowing by the County

There was no borrowing during the reporting period.

3.18.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.23 billion from the Kitui County Revenue Fund (CRF) account. This amount consisted of Kshs.725.42 million (14 per cent) designated for development programs and Kshs.2.68 billion (86 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.18 billion was allocated to employee compensation and Kshs.1.32 million to operations and maintenance expenditures. Within the operations and maintenance category, 18 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.216.17 million, which included Kshs.3110.42 million for the County Executive and Kshs.105.75 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.16.85 million for the County Assembly. There was no foreign travel for the County Executive.

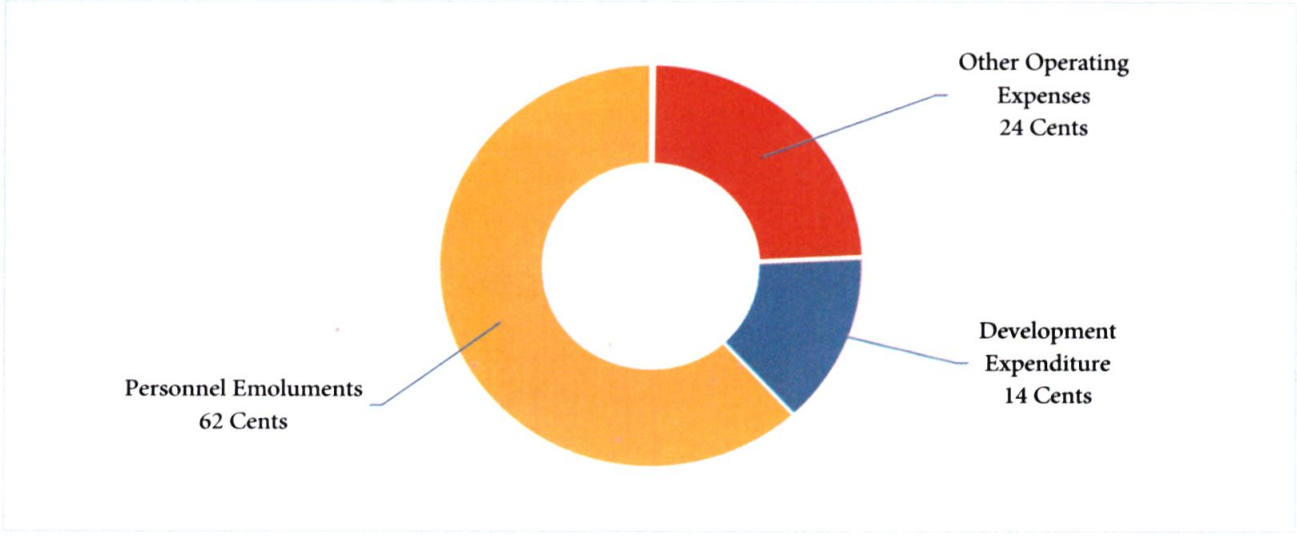
As of December 31, 2025, the County Government's cash balance in the Kitui CRF account was Kshs.542.92 million.

3.18.6 Expenditure Review

The County spent Kshs.5.13 billion on development and recurrent programmes in the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.717.71 million for development programmes and Kshs.4.41 billion for recurrent programmes. Expenditure on development programmes accounted for 14 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 46 per cent of the annual recurrent expenditure budget.

Figure 106 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 106: Kitui County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kitui County Treasury

As shown in Figure 106 the three highest expenditure categories were Personnel Emoluments, Other Operating Expenses, and Development Expenditure, which contributed 62, 24, and 14 per cent of total expenditure for the reporting period.

3.18.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.553.89 million. This amount of Kshs.535.89 million was for the County Executive and Kshs.18 million for the County Assembly. The trade payables from the County Executive, comprising Kshs.366.92million for recurrent expenditure and Kshs.168.97 million for development expenditure, while trade payables from the County Assembly comprised Kshs.18 million entirely for recurrent expenditure

During the reporting period, the County Executive settled trade payables amounting to Kshs.535.89 million, comprising Kshs.366.92 million (68 per cent) for recurrent programmes and Kshs.168.97 million (32 per cent) for development programmes. The County Assembly settled trade payables amounting to Kshs.8 million, comprising entirely of recurrent expenditure. The outstanding trade payables as of 31st December 2025 were Kshs.10 million for the County Assembly. Table 3.265 provides additional details of trade payables.

Table 3.265: Kitui County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	A	County Executive	168,969,163	366,917,679	535,886,842
		County Assembly	-	18,000,000-	18,000,000
		Total	**168,969,163**	**384,917,679**	**553,886,842**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan.	B	County Executive	168,969,163	366,917,679	535,886,842
		County Assembly	-	18,000,000	18,000,000
		Total	**168,969,163**	**384,917,679**	**553,886,842**
Amount paid in the First Half of FY 2025/26	C	County Executive	168,969,163	366,917,679	535,886,842
		County Assembly	-	8,000,000-	8,000,000
		Total	168,969,163	**366,917,679**	**543,886,842**
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	-	-	-
		County Assembly	-	**10,000,000**	**10,000,000**
		Total	-	**10,000,000**	**10,000,000**

***Source**: Kitui County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.366.92 million and Kshs.168.97 million on recurrent and development expenditure, respectively, in FY 2025/26. The County Assembly submitted a trade payables payment plan, committing to pay Kshs.18 million on recurrent. The County Assembly did not adhere to this payment plan, as it cleared Kshs.8 million for the Executive.

Table 3.266 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.97 billion.

Table 3.266: Kitui County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Recurrent Trade Payables	10,000,000	-	-	-	
Total Trade Payables	**10,000,000**	-	-	-	**10,000,000**
% of Total	**100**	-	-	-	**100**

Source: *Kitui County Treasury*

3.18.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.99 billion on compensation of employees, Kshs.1.04 billion on operations and maintenance, and Kshs.717.71 million on development activities. Similarly, the County Assembly spent Kshs.181.51 million on compensation of employees, Kshs.191.94 million on operations and maintenance, and Kshs.0 million on development activities, as shown in Table 3.267.

Table 3.267: Kitui County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)		
	Executive	Assembly	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	
Total Recurrent Expenditure	**8,474,571,167**	**1,044,014,514**	**4,038,138,372**	**373,448,659**	**4,038,138,372**	**373,448,659**	**4,038,138,372**	**373,448,659**	**48**	**36**
Compensation of Employees	5,455,039,849	488,264,486	2,994,851,326	181,512,737	2,994,851,326	181,512,737	2,994,851,326	181,512,737	55	37
Operations and Maintenance	3,019,531,318	555,750,028	1,043,287,046	191,935,922	1,043,287,046	191,935,922	1,043,287,046	191,935,922	35	35
Development Expenditure	**5,023,600,097**	**203,171,390**	**781,416,233**	-	**781,416,233**	-	781,416,233	-	**14**	-
Total	13,498,171,265	1,247,185,904	3,182,872,217	373,448,659	3,182,872,217	373,448,659	3,182,872,217	373,448,659	35	30

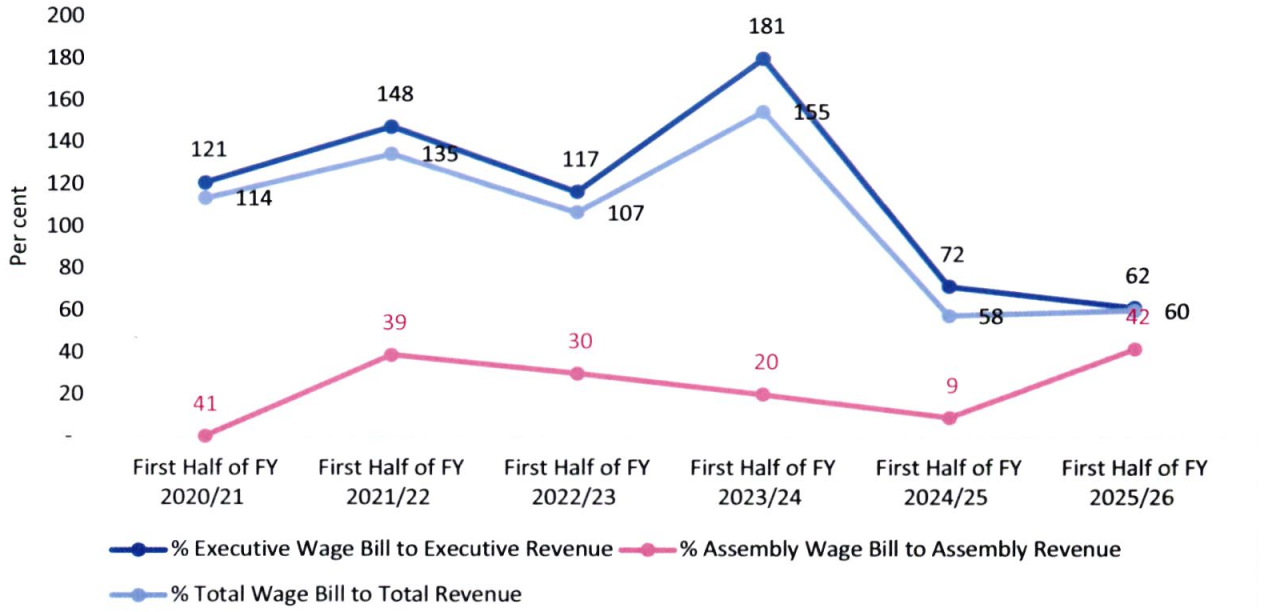
Source: *Kitui County Treasury*

3.18.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.18 billion. The compensation-to-revenue ratio was 61 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.68 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.80 billion for Health Sector employees, accounting for 57 per cent of overall employees' compensation.

Figure 107 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 107: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



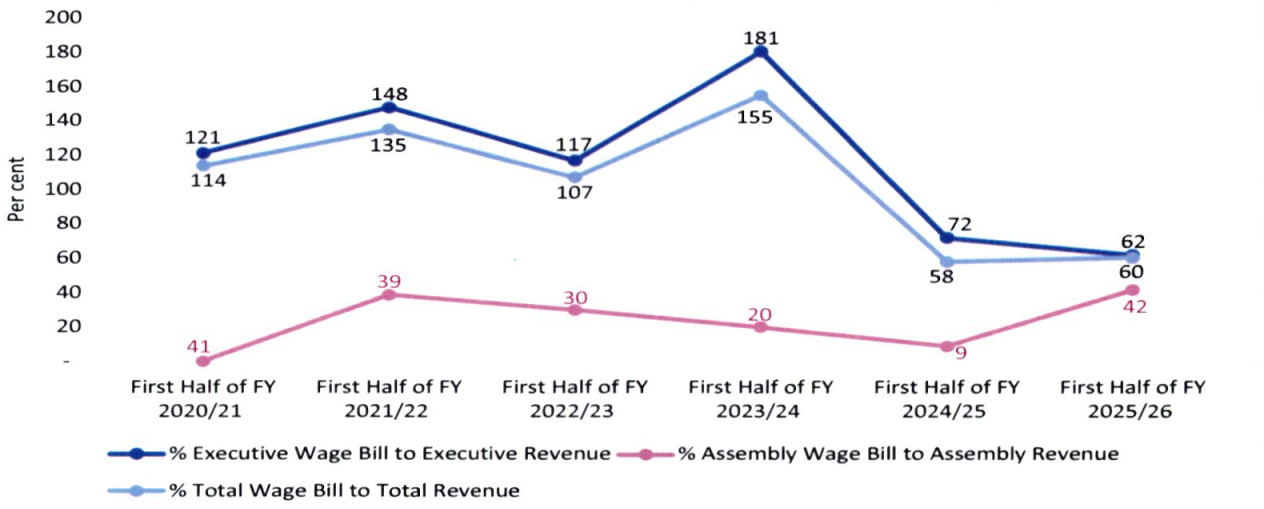
Source: *Kitui County Treasury*

The County Assembly spent Kshs.8.69 million on committee sitting allowances for the 61 MCAs against the annual budget allocation of Kshs.12.09 million. The average monthly sitting allowance was Kshs.23,754 per MCA. The County Assembly has 22 House Committees.

3.18.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.772.83 million on operations and maintenance, representing an increase of 45 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.530.12 million. Figure 108 summarises the Operations and Maintenance expenditure by major categories.

Figure 108: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: *Kitui County Treasury*

3.18.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.121.62 million on "*other operating expenses*," which is 10 per cent of the total operations and maintenance expenditure of Kshs.1.24 billion. This category of expenditure includes Kshs.33.78 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.268.

Table 3.268: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211301	Bank Service Charge and Commission	63,800	-
2211305	Contracted Guards/Cleaning Services	6,048,928	2,035,491
2211306	Membership Fees, Subscriptions to Professional Bodies	16,969,208	4,306,490
2211308	Legal Dues/Fees, Arbitration and Compensation Payments	76,090,298	33,775,577
2211309	Management Fees	1,000,000	500,000
2211310	Contracted Professional Services	10,703,984	416,000
2211313	Security Operations	3,450,000	1,636,720
2211320	Temporary Committee Expenses	19,408,138	4,863,360
2211324	Registration of Land	150,000	-
2211325	Constituency Office Expenses	19,735,554	2,214,148
2211399	Other Operating Expenses – Other	201,773,766	71,872,569
Total		**355,393,676**	**121,620,355**

Source: *Kitui County Treasury*

3.18.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.80 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.269 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.269: Performance of Kitui County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Kitui County Executive Mortgage (Staff) Scheme Fund	2015	-	-	-	96,000,000	No
2	Empowerment funds	2021				160,000,000	No
3	Kitui County Education Bursary (Pro-poor)	2014	-	-	-	928,464,985	The county submits returns on request as the program is a line item, not a fund
		County Assembly Established Funds					
1	Kitui County Assembly Service Board Employees Car Loan and Mortgage fund	2015	-	-	-	196,207,234	Yes
2	Kitui County Assembly Car Loan and Mortgage (Members) scheme Fund	2015	-	-	-	175,410,337	Yes
	Total		-	-	-	**1,556,082,556**	

Source: *Kitui County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Kitui County Executive Mortgage (Staff) Scheme Fund, Empowerment funds, as indicated in Table 3.270, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the Kitui County Assembly Service Board Employees Car Loan and Mortgage fund and Kitui County Assembly Car Loan and Mortgage (Members) scheme Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB

established that the lifespan of the Kitui County Executive Mortgage (Staff) Scheme Fund, the Kitui County Assembly Service Board Employees Car Loan and Mortgage fund and the Kitui County Assembly Car Loan and Mortgage (Members) scheme Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.18.13 County Corporations

The County has not allocated any amount, as shown in Table 3.270.

Table 3.270: Performance of Kitui County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Kiambere-Mwingi water and Sanitation company.	25,000,000	15,000,000-	15,000,000	196,149,181
2	Kitui water and sanitation company	25,000,000	9,584,960	9,584,960	196,149,181
	Total	50,000,000	24,584,960	24,584,960	392,298,363

Source: *Kitui County Treasury*

3.18.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.216.17 million and comprised Kshs.110.42 million spent by the County Assembly and Kshs.105.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.85 million and comprised Kshs.16.85 million by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.271.

Table 3.271: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
COUNTY ASSEMBLY	21	20th-24th October, 2025	Training and Benchmarking visit to the East African Legislative Assembly (EALA)	Arusha, Tanzania	8,511,880	-	8,511,880
COUNTY ASSEMBLY	14	27th-31st October, 2025	Training and Benchmarking visit to the East African Legislative Assembly (EALA)	Arusha, Tanzania	4,023,630	-	4,023,630
COUNTY ASSEMBLY	14	3rd-7th November, 2025	Training and Benchmarking visit to the East African Legislative Assembly (EALA)	Arusha, Tanzania	4,319,250	-	4,319,250
Total					16,854,760		16,854,760

Source: *Kitui County Treasury and Kitui County Assembly*

3.18.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.284.23 million as FIF, which was 35 per cent of the annual target of Kshs.806.90 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.274.02 million, as shown in Table 3.272.

Table 3.272: Kitui County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	14	311,688,637	244,638,932	78
2.	Level 3 Hospital	56	16,752,216	6,000,000	36
3.	Level 2 Facility	255	42,412,784	23,381,909	55
Total		325	370,853,637	274,020,841	169

Source: *Kitui County Treasury*

3.18.16 Development Expenditure

In the review period, the County reported spending Kshs.781.42 million on development programmes, representing a decrease of 8 per cent compared to FY 2024/25, when the County spent Kshs.851.08 million. Table 3.273 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to challenges in implementing e-procurement in the County.

Table 3.273: Kitui County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Trade, industry, MSMEs, innovation and Cooperatives	Kitui County Aggregation and Industrial Park	Kitui Rural Sub-County	2023/2024	30-July -2026	492,356,000	274,436,804	26,088,945	224,563,195	54
2	Health and Sanitation	construction of 2 Sets of body mortuary freezers of 12 body capacity	Kitui East	2024/2025	31-Dec-25	12,953,885	12,953,885	12,953,885	12,953,885	100
3	Roads and Public Works	Drift repair on the Ivovoa River drift along (Kathungi- Makuti)	Kitui East	2024/2025	31-Dec-25	12,724,840	12,724,840	12,724,840	12,724,840	100
4	Roads and Public Works	Road Improvement, Ithimani River, Kalimenza, Kwa Mutwee, Kwa Kimuli, with a Drift across Ithimani River	Mwingi North	2024/2025	31-Dec-25	12,721,118	12,721,118	12,721,118	12,721,118	100
5	Health and Sanitation	Construction of Kitui County Referral Hospital perimeter wall phase II	Kitui east	1-Jul-25	30-Jun-27	7,422,610	7,422,610	-	7,422,610	100
6	Roads and Public Works	Improvement of Mwingi Municipal Road in Kivou/ Mwingi Central wards	Mwingi	1-Jul-25	30-Jun-27	4,929,200	4,929,200	-	4,929,200	100
7	Roads and Public Works	Improvement of Kwa Awour Road	Kitui East	1-Jul-25	30-Jun-27	4,928,949	4,928,949	-	4,928,949	100
Equalisation Funded Projects										
1	Water	Drilling and equipping of Mivukoni borehole	Mwingi North	1-Jul-25	30-Jun-26	10,000,000	10,000,000	-	10,000,000	100
2	Education	Construction of 6 classrooms and 4-door pit latrines at Mavia Maiyu Primary School	Kitui East	1-Jul-25	30-Jun-26	7,218,710	7,218,710	-	7,218,710	100
3	Water	Grading and construction of a drift at the Thunguthu River Nguni-Kalwa road	Mwingi North	1-Jul-25	30-Jun-26	8,511,827	8,511,827	-	8,511,827	100
4	Water	Drilling & equipping of borehole and extension at Kaluasi solar pumping system, laying of 2.5KM (2") rising main, construction of a water kiosk with a 10,000-litre storage tank	Kitui East	1-Jul-25	30-Jun-26	8,352,550	8,352,550	-	8,352,550	100
5	Education	Construction of Science Laboratory at Muthungue Secondary School	Kitui East	1-Jul-25	30-Jun-26	8,326,334	8,326,334	-	8,326,334	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
6	Health	Construction of Kathanze Health Centre	Mwingi Central	1-Jul-25	30-Jun-26	8,118,273	8,118,273	-	8,118,273	100
7	Education	Construction of a classroom at Mandongoi Primary	Mwingi North	1-Jul-25	30-Jun-26	7,200,000	7,200,000	-	7,200,000	100
8	Education	Construction of 6 classrooms at Yamwenze Primary School	Mwingi North	1-Jul-25	30-Jun-26	7,200,000	7,200,000	-	7,200,000	100
9	Health	Construction of Level II Myuuni Health Centre	Mwingi Central	1-Jul-25	30-Jun-26	6,685,072	6,685,072	-	6,685,072	100
10	Health	Construction of the Radiology Room at Mutha Health Centre	Kitui South	1-Jul-25	30-Jun-26	6,485,222	6,485,222	-	6,485,222	100

Source: *Kitui County Treasury*

The County reported one stalled development project as of 31st December 2025, with an estimated value of Kshs.923.78 million, of which Kshs.406.91 has already been paid. The stalled projects are shown in Table 3.274.

Table 3.274: Kitui County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Health and Sanitation	Proposed construction of a Medical Ward at Mwingi level IV hospital	Mwingi	02.03.2019	-	65,532,720	9,702,125	9,702,125	55,830,595	15
2	Health and Sanitation	Construction of 7 classrooms at KMTC Mwingi	Mwingi	04.01.2019	-	17,027,650	851,382	851,382	16,176,268	5
3	Health and Sanitation	Proposed construction of perimeter wall at Mwingi Level IV Hosp.	Mwingi	21.5.2019	-	30,000,000	17,478,693	17,478,693	12,521,307	58
4	Health and Sanitation	Construction of storeyed maternity ward at KCRH	Kitui town	25.8.2017	-	242,782,653	104,981,800	104,981,800	137,800,853	43
5	Health and Sanitation	Construction of the surgical and amenity block at KCRH	Kitui town	23.5.2017	-	144,775,000	30,131,670	30,131,670	114,643,330	21
6	Health and Sanitation	Construction and equipping of the mortuary at Mwingi Level IV Hospital	Mwingi	23.3.2017	-	20,508,600	14,260,830	14,260,830	6,247,770	70
7	Water and irrigation	Mukameni Water Project	Kisasi ward	01.01.2022	-	11,044,422	5,081,026	5,081,026	5,963,396	54

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
8	Water and irrigation	Construction of an elevated Steel Water tank and pipeline extension at Muaani	Nguuni ward		-	5,640,230	4,809,755	4,809,755	830,475	85
9	Kitui Municipality	Kithomboani Modern Market	Kitui Municipality	27.05.2019	-	351,585,554.50	243,913,333.25	243,913,333.25	107,672,221.25	85
10	Roads and Public Works	Land Infrastructure and Urban Development (LIUD) Headquarters	Kitui Town	02.12.2016	-	64,880,916	5,701,156	5,701,156	59,179,760	9

Source: *Kitui County Treasury*

3.18.17 Budget Performance by Department

Table 3.275 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.275: Kitui County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	1,349.71	992.10	554.65	352.04	496.33	273.23	89	78	37	28
Health and Sanitation	3,847.49	259.58	1,748,71	49.02	2,042.55	51.56	117	65	53	20
County Public Service Board	75.47	10	34.61	-	25.46	-	74	-	34	-
County Assembly Service Board	1,044.68	203.17	373.45	-	373.45	-	100	-	35	-
Office of the Deputy Governor	172.48	23.23	37.36	3.33	66.28	32.26	177	87	38	98
Water and Irrigation	166.26	509.29	115.98	61.63	62.10	54.94	54	99	37	11
Education, Training, and Skills Development	919.18	118.96	446.81	18.51	495.70	26.33	111	77	54	22
Roads, Public Works and Transport	246.68	831.75	192.67	165.41	104.32	106.84	54	65	42	13
Trade Industry MSMs Innovation & Cooperatives	212.99	442.33	133.83		86.32	-	64	-	41	-
Energy Environment Forestry & Natural Resources	132.22	581.22	54.49	10.85	49.12	96.32	90	88	37	17
Culture, Gender, Youth, ICT, Sports, and Social Services	192.51	60.93	132.61	7.11	65.31	17.69	49	89	34	29
Finance, Economic Planning, and Revenue Management	456.43	491.76	214.04	1.96	243.06	12.55	114	97	53	3
Agriculture and Livestock	426.43	373.63	288.72	20.69	216.93	16.39	75	79	51	4
Lands Housing and Urban Development	275.68	328.82	172.08	34.88	84.65	29.60	49	89	31	9
Total	6,250.62	3,667.04	2,678.44	781.42	4,411.59	717.71	78	98	46	14

Source: *Kitui County Treasury*

Analysis of expenditure by departments shows that the Department of the Office of the Deputy Governor recorded the highest absorption rate of development budget at 98 per cent, followed by the Department of Culture, Gender, Youth, ICT, Sports and Social Services at 29 per cent. The Department of Education, Training, and Skills Development had the highest percentage of recurrent expenditure to budget at 54 per cent, while the Department of Health and Sanitation.while the County Attorney had the lowest at 51 per cent.

3.18.18 Budget Execution by Programmes and Sub-Programmes

Table ვ:277 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.276: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Primary		1,829,774	106,000,000	9,319,622.30	20,014,381.50	89	-
Early Childhood Development	502013710	1,829,774	106,000,000	9,319,622.30	20,014,381.50	89	-
Mining Policy Development and Coordination		10,689,900	-	8,581,040	-	80	-
Maternal and Child Health		32,155,990	-	18,722,942	-	65	-
Family Planning Services	404013710	24,784,483	-	16,165,142	-	65	-
Preventive and Promotive Health Services.		1,138,831,840	59,652,804	655,629,035	18,249,205.35	58	-
Crop Development and Management		6,342,896	223,849,137	3,625,749.70	-	57	-
Land and Crops Development	102013710	6,342,896	223,849,137	3,625,749.70	-	57	-
Water Supply and Flood Control	111023710	5,590,196	97,907,301	1,322,850	53,588,656.30	-	55
Sports		48,694,706	23,585,519	6,205,683.80	12,693,642.55	-	54
Sport Training & Competition	306013710	47,757,306	23,585,519	5,913,252	12,693,642.55	-	54
Transport Services		19,213,917	15,500,000	7,736,468	8,113,726.70	-	52
Transport System Management	203013710	19,213,917	15,500,000	7,736,468	8,113,726.70	-	52
Communicable Disease Control	403013710	3,042,443	59,652,804	1,236,560	18,249,205.35	-	31
Youth Training & Development		9,043,505	928,142,676	1,025,722	267,403,316.80	-	29

Source: *Kitui County Treasury*

The development sub-programmes with the highest budget implementation rates included Water Supply and Flood Control in the Department of Water and Irrigation at 55 per cent, Sport Training & Competition in the Department of Culture, Gender, Youth ICT Sports and Social Services

of Education and ICT at 54 per cent, and Communicable Disease Control at 52 per cent in the department of health and sanitation. For recurrent sub-programmes, the top performers were Early Childhood Development in the Department of Health and Sanitation at 89 per cent, Mining Policy Development and Coordination in the Department of Energy, Environment, Forestry & Natural Resources at 80 per cent, Family Planning Services in the Department of Health and sanitation at 65 per cent, and Crop Development and Management at 58 per cent. Their higher performance is attributed to predictable funding flows, personnel-dominated expenditure structures, mature implementation frameworks, and the prioritisation of essential service delivery programs, which collectively enhanced budget absorption.

Table 3.277 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.277: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Referral Services	402023710	1,870,000	-	139,100	-	7	-
Child Community Support Service	308023710	1,933,131	-	183,329.80	-	9	-
Youth Training & Development		9,043,505	928,142,676	1,025,722	267,403,316	11	-
Sports		48,694,706	23,585,519	6,205,683.80	12,693,642	13	-
Sport Training & Competition	306013710	47,757,306	23,585,519	5,913,252	12,693,642	12	-
Water Storage and Flood Control	111013710	11,327,479	594,453,746	1,654,350	-	15	-
		12,536,462	69,000,000	1,992,680	2,056,812	-	3
Alternative Energy Technologies	1008013710	12,536,462	69,000,000	1,992,680	2,656,812	-	4
Curative Health Services		1,874,639,705	126,174,030	814,600,016.35	9,193,007	-	7
Forensic and Diagnostics	402013710	1,572,769,706	126,174,030	614,460,916.35	9,193,007	-	7
Trade Development and Promotion		22,182,238	359,345,187	5,167,800.30	29,784,503	-	8
Fair Trade and Consumer Protection	303023710	22,182,238	359,345,187	5,167,800.30	29,784,503	-	8
Road Transport		8,158,000	880,010,054	1,852,907	87,425,351	-	10
Construction of Roads and Bridges	110013710	8,158,000	880,010,054	1,852,907	87,425,351	-	10

Source: *Kitui County Treasury*

The development sub-programmes with the lowest budget implementation rates included Alternative Energy Technologies in the Department of Energy, Environment, Forestry & Natural Resources at 3 per cent, Curative Health Services in the Department of Health and Sanitation at 7 per cent, and Trade Development and Promotion at 8 per cent. For recurrent sub-programmes, poor performers were Referral Services in the Department of Health and Sanitation at 7 per cent, Child Community Support Service in the Department Culture Gender Youth ICT Sports and Social Services At 9 per cent, Youth Training & Development in the Department of Culture Gender Youth ICT Sports and Social Services at 11 per cent, and Sport Training & Competition at 12 per cent. These lower performance levels are attributed to erratic funding disbursements, project-based expenditure delays, bureaucratic implementation hurdles, and the deprioritization of non-core or capital projects, which collectively suppressed budget absorption.

3.18.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 493 accounts in commercial banks, including 357 accounts for Health Facilities, 111 accounts for Vocational Training Centres, 5 accounts for Established Funds, 8 revenue accounts, 11 special-purpose accounts (additional allocations), and 1 account for imprests at the Office of the Governor.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 493 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.18.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kitui County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30/01/2026.
ii. The underperformance of own-source revenue at Kshs.389.60 million against an annual target of Kshs.1,119.25 billion, representing 35 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.717.71 million on development activities, achieving a 14 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of Kitui County Executive Mortgage (Staff) Scheme Fund, Kitui County Assembly Service Board Employees Car Loan and Mortgage fund and Kitui County Assembly Car Loan and Mortgage (Members) scheme Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports from Kitui County Executive Mortgage (Staff) Scheme Fund and the Empowerment funds were not submitted to the CoB as of 15 January 2026.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.19. County Government of Kwale

3.19.1 Overview of FY 2025/26 Budget

The Kwale County Approved Budget for FY 2025/26 is Kshs.15.83 billion. It comprises Kshs.7.87 billion (50 per cent) and Kshs.7.96 billion (50 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.951.50 million (6 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.95 billion and a recurrent budget of Kshs.7.92 billion. The increase in the budget was primarily attributed to the rise in equitable share and Own resource revenue

The budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally Kshs.9.08 billion (57 per cent), additional allocations of Kshs.920 million (6 per cent), Trade Payables and Commitments B/F of Kshs.4.94 billion (31 per cent) brought forward from FY 2024/25, and Kshs.886 million (6 per cent) to be received as own-source revenue. A breakdown of the additional allocations is shown in Table 3.278.

3.19.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.4 billion. This amount represented a decrease of 19.5 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.47 billion. The total revenue consisted of Kshs.3.77 billion from the equitable share of revenue raised nationally, own-source revenue (OSR) collection of Kshs.180.73 million. Additionally, the County had a cash balance of Kshs.451.55 million from FY 2024/25. The total OSR collection of Kshs.180.73 million included Facilities Improvement Financing (FIF) of Kshs.93.87 million, and Kshs.86.87 million from other OSR sources.

Table 3.278 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.278: Kwale County, Revenue Performance in the First Half of FY 2025/26

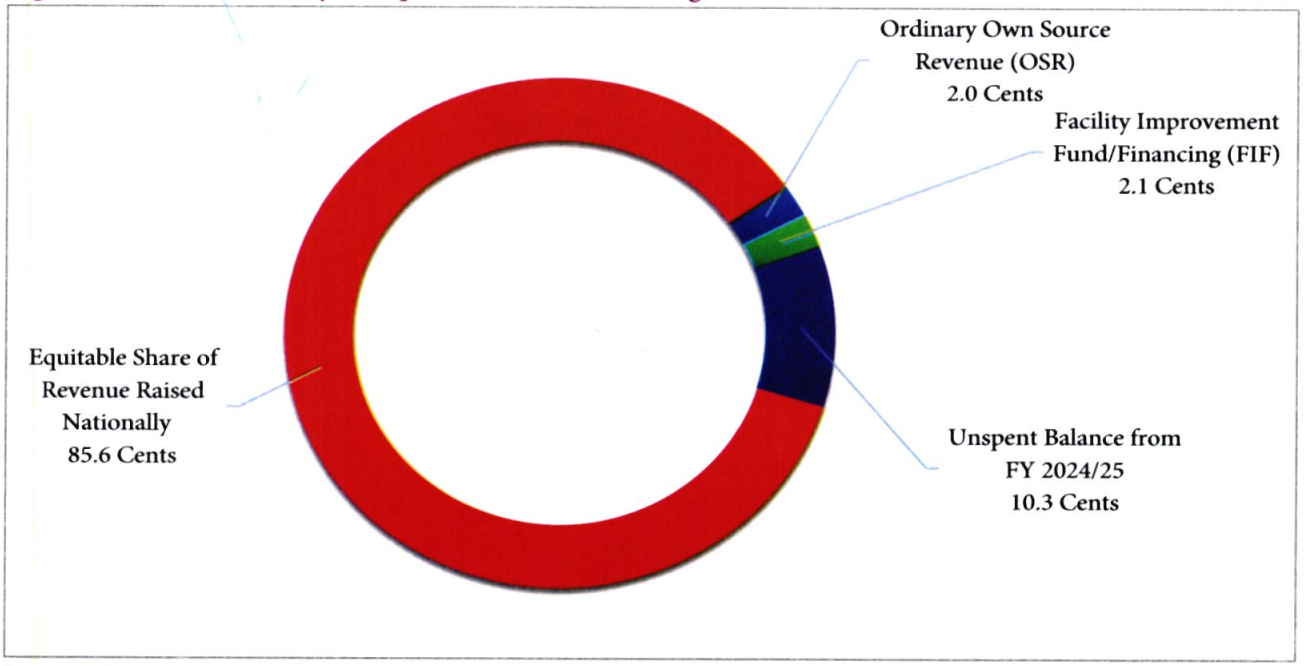
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	447,826,615	-	447,826,615	- 447,826,615
2	County Executive Refunds to CRF	-	1,728,881	-	1,728,881	- 1,728,881
3	County Assembly Refunds to CRF	-	1,998,118	-	1,998,118	- 1,998,118
	Sub-Total	-	**451,553,614**	-	**451,553,614**	**- 451,553,614**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	9,078,699,643	3,767,660,353	-	3,767,660,353	5,311,039,290
	Sub-Total	**9,078,699,643**	**3,767,660,353**	-	**3,767,660,353**	**5,311,039,290**
C	**Additional Allocations from National Government Revenues**					
1	Basic Salary Arrears for Health Workers	-	-	-	-	-
2	Community Health Promoters(CHPs) Project	59,140,000	-	-	-	59,140,000
3	Kenya Devolution Support Programme (KDSP)- Level II Institutional Grant	37,500,000	-	-	-	37,500,000
4	Kenya Devolution Support Programme (KDSP)- Level II Development Grant	352,500,000	-	-	-	352,500,000
5	Road Maintenance Levy Fund	206,900,399	-	-	-	206,900,399
Additional Allocations from Development Partners						
1	Primary Healthcare in Devolved Context (DANIDA)	14,206,500	-	-	-	14,206,500
2	National Agricultural Value Chain Development Project (NAVCDP)	-	-	-	-	-
3	Kenya Agricultural Business Development Project (KABDP)-SIDA Grant	-	-	-	-	-
4	Water and Sanitation Development Project (WSDP)	-	-	-	-	-
5	Kenya Informal Settlement Improvement Project KISIP II	30,892,000	-	-	-	30,892,000
6	Financing Locally-Led Climate Action (FLLoCA)-Institutional Grant	11,000,000	-	-	-	11,000,000
7	Kenya Urban Support Program-Urban Institutional Grant UIG	35,000,000	-	-	-	35,000,000
8	Kenya Urban Support Program-Urban Development Grant UDG	-	-	-	-	-
9	United Nations Fund for Population Activities (UNFPA)	6,660,000	-	-	-	6,660,000
10	County Climate Change Resilient Investment(CCCRI)	167,000,000	-	-	-	167,000,000
	Sub-Total	**920,798,899**	-	-	-	**920,798,899**
E	**Ordinary Own Source Revenue (OSR)**					
1	Cess	47,218,200	27,449,667	-	27,449,667	19,768,533
2	Land/Poll Rate	87,000,000	11,325,892	-	11,325,892	75,674,108
3	Single/Business Permits	154,982,200	6,289,294	-	6,289,294	148,692,906
4	Property Rent	12,618,360	2,025,881	-	2,025,881	10,592,480
5	Parking Fees	55,071,420	10,849,360	-	10,849,360	44,222,060
6	Market Fees	18,565,080	5,414,795	-	5,414,795	13,150,285
7	Advertising	25,508,350	1,529,700	-	1,529,700	23,978,650
8	Public Health Service Fees	-	902,400	-	902,400	- 902,400

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	Physical Planning and Development	22,560,000	6,464,734	-	6,464,734	16,095,266
10	Hire Of County Assets	18,167,200	390,000	-	390,000	-
11	Conservancy Administration	6,640,000	1,186,300	-	1,186,300	-
12	Administration Control Fees and Charges	20,360,910	4,672,652	-	4,672,652	-
13	Park Fees	4,971,541	200,000	-	200,000	-
14	Other Fines, Penalties, And Forfeiture Fees	150,800	142,000	-	142,000	8,800
15	Miscellaneous Receipts	12,230,779	8,016,269	-	8,016,269	4,214,510
		486,044,840	**86,858,944**	-	**86,858,944**	**355,495,197**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	400,000,000	93,866,130	-	93,866,130	306,133,870
2	Defunct NHIF	-	-	-	-	-
3	Other	-	-	-	-	-
	Sub-Total	**400,000,000**	**93,866,130**	-	**93,866,130**	**306,133,870**
G	**Pending bills and commitment**					
1	Pending bills and commitment	4,942,019,024	-	-	-	4,942,019,024
	Sub-Total	**4,942,019,024**	-	-	-	**4,942,019,024**
H	**Other Revenues**					
	Sub-Total	-	-	-	-	-
	Grand Total	15,827,562,406	4,399,939,041	-	4,399,939,041	11,383,932,667

Source: *Kwale County Treasury*

Figure 109 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

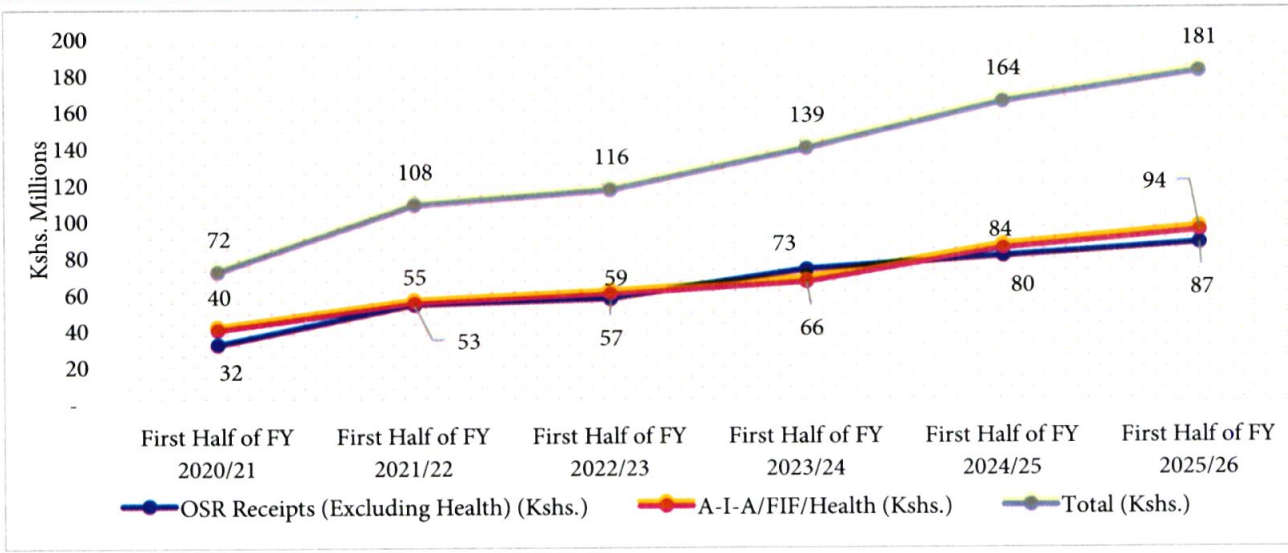
Figure 109: Kwale County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Kwale County Treasury*

The equitable share of revenue raised nationally, OSR, Unspent Balance from FY 2024/25, and FIF contributed 86 per cent, 10 per cent, 2 per cent, and 2 per cent, respectively, of the total receipts for the reporting period. Figure 110 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

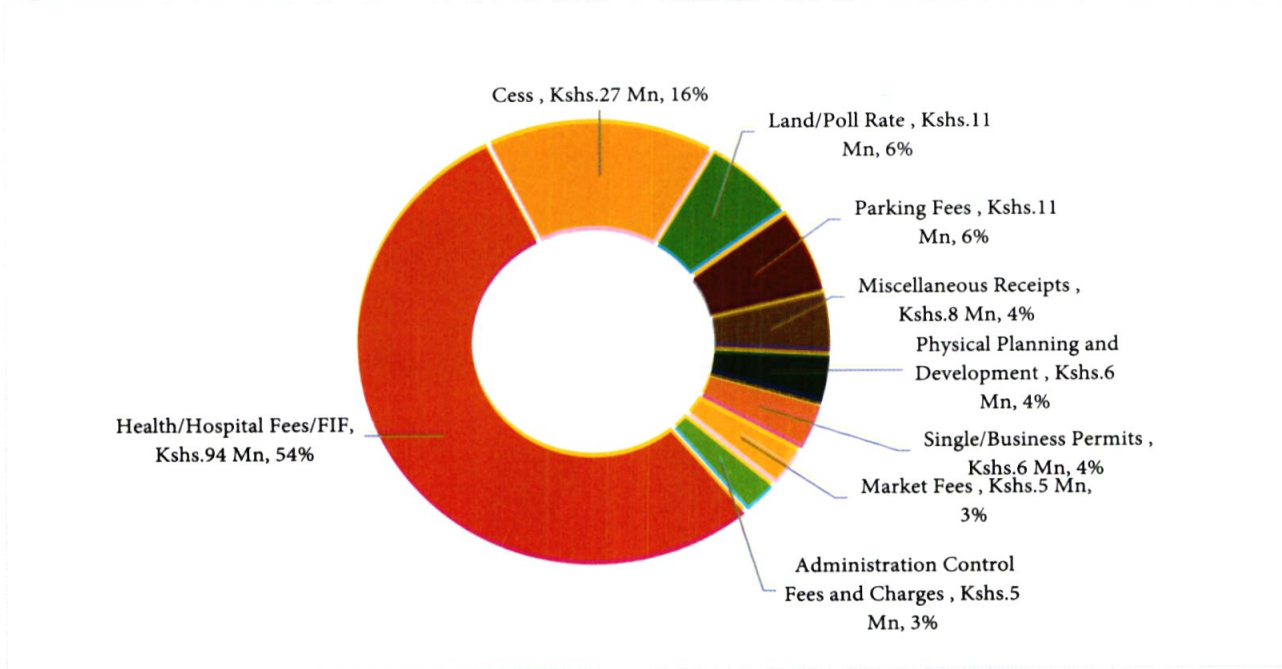
Figure 110: Kwale County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Kwale County Treasury*

During the first half of FY 2025/26, the County received Kshs.180.73 million from OSR, including FIF. This amount was an increase of 10 per cent compared to Kshs.164 million realised in a similar period in FY 2024/25, and was 20 per cent of the annual target and 5 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 111.

Figure 111: Kwale County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Kwale County Treasury*

As shown in Figure 111, the highest revenue stream, at Kshs.94 million, was from Health/Hospital Fees/FIF, accounting for 52 per cent of the total OSR receipts. The County Government indicated that it has automated all its revenue streams.

3.19.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.12.25 billion, increasing to Kshs.13.84 billion as of 31st December 2025. Table 3.279 presents a breakdown of the County's revenue arrears.

Table 3.279: Kwale County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
	Delay in the December disbursement				726,295,970	726,295,970
	Sub-Total	-	-	-	**726,295,970**	**726,295,970**
B	**Ordinary Own Sources of Revenue**					
	OSR	158,091,695	-	- 4,671,788	828,150	154,248,057
	Sub-Total	**158,091,695**	-	**- 4,671,788**	**828,150**	**154,248,057**
C	**Facility Improvement Fund (FIF)**					
	SHIF	125,648,792		- 39,190,585	114,564,440	201,022,648
	Sub-Total	**125,648,792**	-	**- 39,190,585**	**114,564,440**	**201,022,648**
	Grand Total	**283,740,488**	-	**43,862,373**	**841,688,560**	**1,081,566,675**

Source: Kwale *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.1.08 billion, comprising Kshs.726 million Equitable Share, Kshs.154 million OSR and for Kshs.201 million from SHA and the defunct NHIF.

3.19.4 Borrowing by the County

The Kwale County Government did not report any borrowing during the Second quarter of the FY 2025/26.

3.19.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.85 billion from the Kwale County Revenue Fund (CRF) account. This amount consisted of Kshs.888 million (23%) designated for development programs and Kshs.2.96 billion (77 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2 billion was allocated for employee compensation, and Kshs.953 million for operations and maintenance expenditures. Within the operations and maintenance category, 5 per cent was for domestic travel and 0.2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.46 million, which included Kshs.35.79 million for the County Executive and Kshs.10.63 million for the County Assembly. Meanwhile, the county has not reported on foreign travel expenditure.

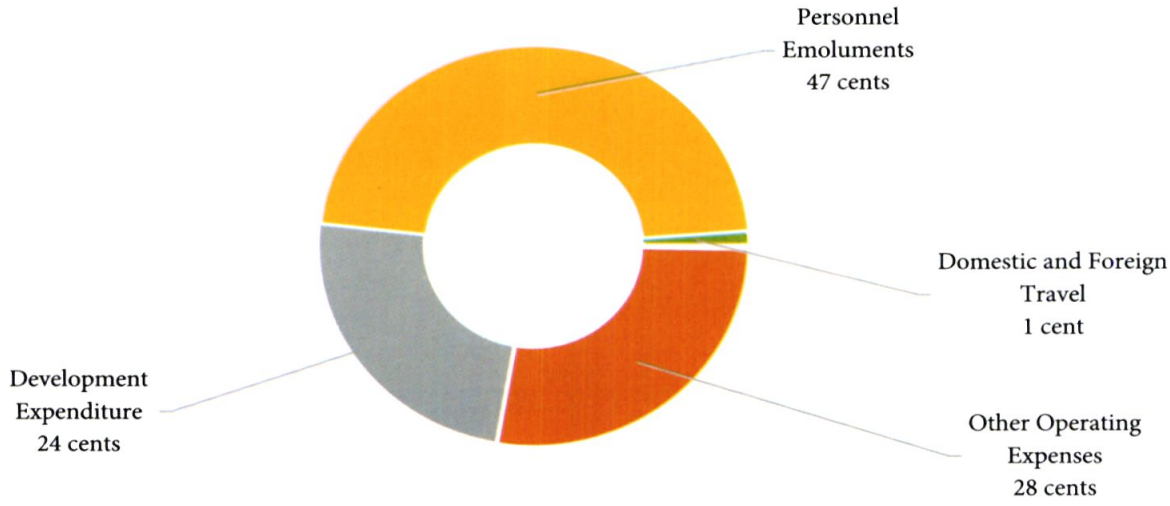
As of December 31, 2025, the County Government's cash balance in the Kwale CRF account was Kshs.473 million.

3.19.6 Expenditure Review

The County spent Kshs.4.14 billion on development and recurrent programmes during the reporting period. The expenditure represented 108 per cent of the total funds released by the CoB. It comprised Kshs.1.01 billion for development programmes and Kshs.3.13 billion for recurrent programmes. Expenditure on development programmes represented 13 per cent of the annual development expenditure budget, while recurrent expenditure represented 39 per cent of the annual recurrent expenditure budget.

Figure 112 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 112: Kwale County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Kwale County Treasury*

As shown in Figure 112, the three highest expenditure categories were Personnel Emoluments, other operating expenses, and Development Expenditure, which accounted for 47, 28, and 24 per cent of total expenditure, respectively, for the reporting period.

3.19.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.69 billion. This amount consisted of Kshs.1.33 billion from the County Executive and Kshs.364 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.636.59 million for recurrent expenditure and Kshs.689.86 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.903.52 million, comprising Kshs.380.49 million (48 per cent) for recurrent programmes and Kshs.523 million (58 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.2 million on recurrent and Kshs.87 million on development activities. The outstanding trade payables as of 31st December 2025 were Kshs.422.93 million for the County Executive and Kshs.274.11 million for the County Assembly. Table 3.280 provides additional details of trade payables.

Table 3.280: Kwale County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	689,860,025	636,590,674	1,326,450,699
	County Assembly	361,413,970	2,625,517	364,039,487
	Total	**1,051,273,995**	**639,216,191**	**1,690,490,185**
Amount paid in FY 2025/26	County Executive	523,032,294	380,485,595	903,517,889
	County Assembly	87,957,847	1,965,517	89,923,364
	Total	**610,990,141**	**382,451,112**	**993,441,254**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	166,827,731	256,105,078	422,932,809
	County Assembly	273,456,123	660,000	274,116,123
	Total	**440,283,853**	**256,765,078**	**697,048,932**

***Source:** Kwale County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay all the pending bills by 31st December 2025. The County did not adhere to this payment plan, as it cleared Kshs.903.72 million for the Executive and Kshs.89.92 million for the Assembly.

Table 3.281 and Table 3.282 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.697.05 million.

Table 3.281: Kwale County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	135,055,342	31,772,389	-	-	166,827,731
Recurrent Trade Payables (Goods & Services)	159,174,761	85,899,775	-	-	245,074,536
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	11,030,542	-	-	-	11,030,542
Recurrent Trade Payables	170,205,303	85,899,775	-	-	256,105,078
Executive Trade Payables	305,260,645	117,672,164	-	-	422,932,809
% of Executive Trade Payables	72.17710201	28	-	-	100

***Source**: Kwale County Treasury*

Table 3.282: Kwale County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	245,760,690	27,695,433	-	-	273,456,123
Recurrent Trade Payables (Goods & Services)	-	660,000	-	-	660,000
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	660,000	-	-	660,000
Assembly Trade Payables	245,760,690	28,355,433	-	-	274,116,123
% of Assembly Payables	90	10	-	-	100
Total Trade Payables	551,021,335	146,027,597	-	-	697,048,932
% of Total Trade Payables	79	21	-	-	100

***Source**: Kwale County Assembly*

3.19.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.84 billion on compensation of employees, Kshs.1.04 billion on operations and maintenance, and Kshs.922.07 billion on development activities. Similarly, the County Assembly spent Kshs.135.73 million on compensation of employees, Kshs.111.83 million on operations and maintenance, and Kshs.87.96 million on development activities, as shown in Table 3.283.

Table 3.283: Kwale County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	7,300,487,764	3,358,665,748	3,941,822,016	7,305,767,345	**14,606,255,109**
	Assembly	659,893,327	293,662,459	366,230,868	561,413,970	**1,221,307,297**
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	2,628,698,550	1,840,924,287	787,774,264	793,186,893	**3,421,885,443**
	Assembly	192,415,940	135,733,492	56,682,448	87,957,847	**280,373,787**
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	254,722,696	-	254,722,696	128,883,047	**383,605,742**
	Assembly	55,154,046	-	55,154,046	-	**55,154,046**

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	2,883,421,246	1,840,924,287	1,042,496,959	922,069,940	**3,805,491,186**
	Assembly	247,569,986	135,733,492	111,836,494	87,957,847	**335,527,833**
Absorption (%) (d/a*100)	**Executive**	**39**	**55**	**26**	**13**	**26**
	Assembly	**38**	**46**	**31**	**16**	**27**

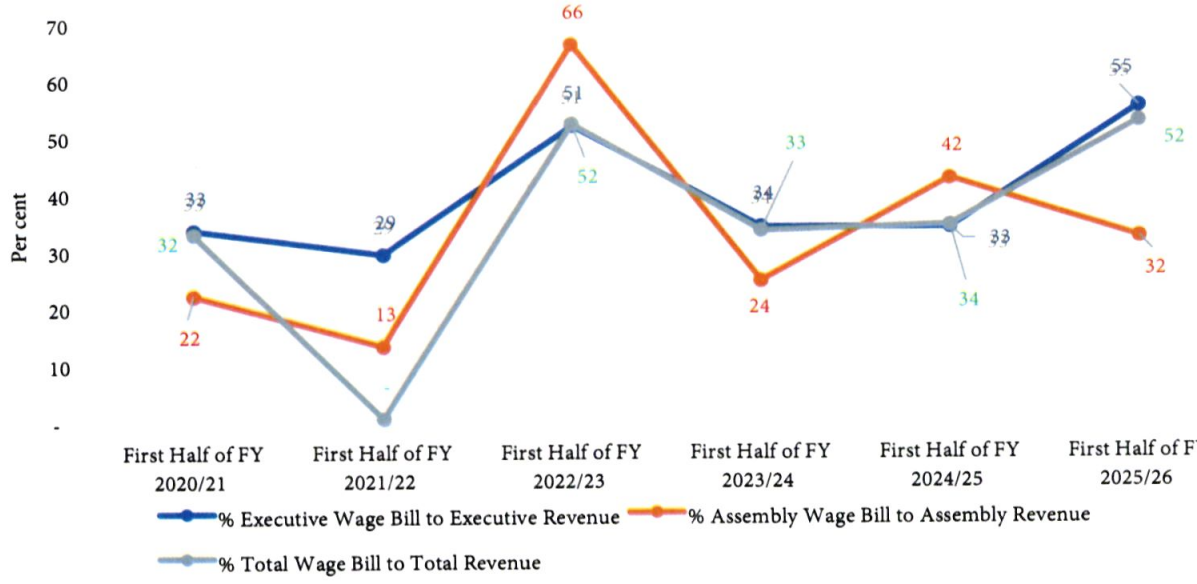
***Source**: Kwale County Treasury*

3.19.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.01 billion. The percentage of compensation of employees to revenue was 52 per cent. This expenditure on employee compensation shows an increase of 8 per cent compared to the Kshs.1.85 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.05 billion related to Health Sector employees, accounting for 53 per cent of the overall employees' compensation.

Figure 113 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2021/22 to the First Half of FY 2025/26.

Figure 113: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2021/22 to the First Half of FY 2025/26



***Source:** Kwale County Treasury*

Further analysis indicated that PE costs totalling Kshs.1.97 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.38.7 million was processed through manual payroll, accounting for 2 per cent of the total PE cost.

The manual payroll comprised salaries for 128 staff, gratuity for contract staff not onboarded into the Human Resource Information System (HRIS), and CHP's stipend for 1,632 as shown in Table 3.284.

Table 3.284: Breakdown of Kwale County Manual Payroll

S/No.	Description of Manual Payroll	Amount (Kshs.)
1.	Stipend for CHPs	29,376,000
2.	Gratuity for contract staff	9,354,130
	Total	**38,730,130**

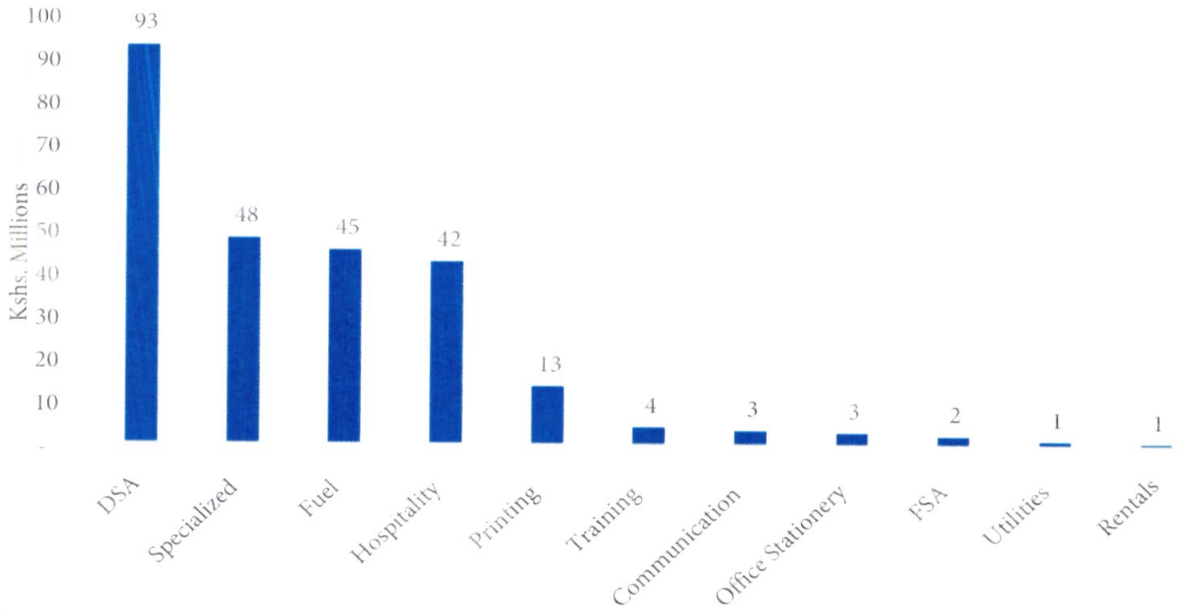
***Source:** Kwale County Treasury*

The County Assembly spent Kshs.10.28 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.24.8 million. The average monthly sitting allowance was Kshs.58,154 per MCA. The County Assembly has 21 House Committees.

3.19.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.15 billion on operations and maintenance, representing a decrease of 0.2 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.16 billion. Figure 114 summarises the Operations and Maintenance expenditure by major categories.

Figure 114: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: *Kwale County Treasury*

3.19.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report submitted to the Controller of Budget for the first quarter of FY 2025/26 shows that the County has not reported any expenditure under "other Operating expenses.

3.19.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.734.84 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (less than one per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.285 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.285: Performance of Kwale County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26	Exchequer Issues in the First Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the fund	Submission of First quarter Financial statements (Yes/No)
			County Executive Established Funds				
1	Kwale County Emergency Fund	2016	5,000,000	-	-	-	YES
2	Kwale County Climate Change Fund	2022	237,000,000	-	-	-	YES
3	Kwale County Trade Revolving Fund	2021	-	-	-	-	YES
4	Youth, Women and PWD's Revolving Fund	2020	-	-	-	-	YES
	Equalization Fund	2024	255,357,122	-	-	-	YES

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26	Exchequer Issues in the First Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the fund	Submission of First quarter Financial statements (Yes/No)
5	Kwale County Bursary and Scholarship Fund	2024	400,000,000	-	-	-	YES
Subtotal			**897,357,122**	-	-	-	
County Assembly Established Funds							
6	Kwale County Assembly Members and staff loan Scheme fund	Established in 2016, amended in 2020 and 2021	-	-	-	381,430,000	Yes
	-	-	**897,357,122**	-	-	**381,430,000**	-

Source: *Kwale County Treasury*

During the reporting period, the CoB received quarterly financial reports from five Fund Administrators, as indicated in Table 3.286, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of all the existing Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of all funds had not lapsed.

3.19.13 County Corporations

The County has Kwale County Corporations, which were allocated Kshs.1.02 billion in FY 2025/26. Their total expenditure for the review period amounted to Kshs.717 million. This expenditure was for FY2024/2025 and has not been reported in the annual report, as shown in Table 3.286.

Table 3.286: Performance of Kwale County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Kwale Water Company & Sewerage Company Limited	1,020,100,080	717,436,049	717,436,049	2,238,839,989
	TOTAL	**1,020,100,080**	**717,436,049**	**717,436,049**	**2,238,839,989**

Source: *Kwale County Treasury*

3.19.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.46 million and comprised Kshs.10.63 million spent by the County Assembly and Kshs.35.79 million by the County Executive. The county has not reported on expenditure on foreign travel.

3.19.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.94 million as FIF, which was 23 per cent of the annual target of Kshs.400 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.33.39 million, as shown in Table 3.287.

Table 3.287: Kwale County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	244,222,701	**17,330,460**	7
2.	Level 4 Hospital	3	230,369,400	15,463,005	7
3.	Level 3 Facility	4	27,525,000	597,000	2

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
4.	Level 2 Facility	170	48,530,600		-
	Total		550,647,701	33,390,465	16

Source: *Kwale County Treasury*

3.19.16 Development Expenditure

In the review period, the County reported spending Kshs.1.12 billion on development programmes, representing a decrease of 30 per cent compared to FY 2024/25, when the County spent Kshs.1.62 million. Table 3.288 summarises the development projects with the highest expenditure in the reporting period.

Table 3.288: Kwale County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
COUNTY FUNDED PROJECT										
1	Trade and Enterprise Development	3110504 Construction of County Aggregated Industrial Park at Mwananyamala, Dzombo ward	Mwananyamala	24/12/2023	24/12/2025	497,431,884	335,095,730	23,152,126	202,481,617.42	41
2	Environment	World Bank Loan for County Climate Institutional Support (CCIS) Grant	HQ	-	-	167,000,000	167,000,000	-	-	-
3	Trade and Enterprise Development	3111120 Purchase of Equipment and Machinery for the Fruit Processing Plant, Shimba Hills, Kubo South.	Shimba hills	-	-	-	135,000,000	-	-	-
4	Trade and Enterprise Development	3111504 Completion of Fruit processing plant phase III in Shimba Hills, Kubo South ward	Shimba hills	13/12/2025	13/01/2026	124,450,353	70,242,948	24,837,711	79,045,112	64
5	Environment	Financing Locally Led Climate Smart Project (FLLoCA)-County Contribution	HQ	-	-	51,000,000	51,000,000	-	-	-
6	Environment	Construction of Roads, Footpaths and Drainage in Kombani Informal Settlement - KISIP Grant	Waa Ngombeni	1/31/2025	4/18/2025	179,235,791	50,633,521	33,846,084	93,324,944	80
7	Infrastructure	Tarmacking of National Cereals and Produce Board-Godoni-Chitsanze Road Phase 3.	Kwale	27/10/2022	-	147,441,524.96	49,623,363.90	49,623,363.90	144,391,301.78	100
8	Trade and Enterprise Development	3111504 Fencing of Fruit Processing Plant, Shimba Hills, and Kubo South.	Shimba hills			-	40,000,000	-	-	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
9	Water Services	Construction of Kilibasi Dam Phase I in Mackinon Road Ward	Mackinnon Ward	01-Nov-25	28-Feb-26	38,224,380	34,532,921	34,532,921	34,532,921	-
10	Curative services	Construction and Equipping Of Cytotoxic Oncology Incinerator at Kwale Hospital	Tsimba golini	-	-	25,000,000	25,000,000	-	-	-
11	Agriculture, livestock, and fisheries	Purchase of seedlings for food crops	All wards	1.07.2025	30.06.2026	23,450,000	23,450,000	-	4,451,400	-
Equalisation Funded Projects										
1	Electricity	Proposed Electricity Connection In Mivumoni Area, Ramisi Ward, Msambweni Constituency, Kwale County	RAMISI WARD	17TH JULY 2025	17TH NOVEMBER 2025	7,321,414	-	-	-	-
2	Water	Proposed Water Pipeline Connection In Tiribe Mkonngani Ward, Matuga Constituency, Kwale County	MKONNGANI WARD	17TH JULY 2025	17TH NOVEMBER 2025	7,049,081	-	-	-	-
3	Roads	Proposed Road Opening From Nyalani –Dzimanya In Vigurungani Puma Ward, Kinango Constituency, Kwale County	PUMA WARD	17TH JULY 2025	17TH NOVEMBER 2025	6,817,320	-	-	-	-
4	Water	Proposed Water Pipeline Connection In Mtsavyani Mkonngani Ward, Matuga Constituency, Kwale County	MKONNGANI WARD,	17TH JULY 2025	17TH NOVEMBER 2025	6,794,552	-	-	-	-
5	Roads	Proposed Gravelling And Murramming Of Chengoni-Silaloni Road In Samburu/Chengoni Ward Kinango Constituency, Kwale County	SAMBURU/CHENGONI WARD	17TH JULY 2025	17TH NOVEMBER 2025	6,659,792	-	-	-	-
6	Water	Proposed Construction Of Water Pipeline In Murungurunguni- Bishop Kalu-Mabamani Puma Ward, Kinango Constituency, Kwale County	PUMA WARD	17TH JULY 2025	17TH NOVEMBER 2025	6,447,380	-	-	-	-
7	Water	Proposed Water Pipeline Connection In Mkomba Mkonngani Ward, Matuga Constituency, Kwale County	MKONNGANI WARD,	17TH JULY 2025	17TH NOVEMBER 2025	5,939,413	-	-	-	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
8	Electricity	Proposed Electricity Connection To Tumbula Kiteje Secondary School In Kiteje Waa/ Ng'ombeni Ward, Matuga Constituency, Kwale County	WAA/ NG'OMBENI WARD	17TH JULY 2025	17TH NOVEMBER 2025	5,809,675	-	-	-	-
9	Electricity	Proposed Electricity Connection In Mwarutswa Area, Pongwe Kikoneni Ward, Lungalunga Constituency, Kwale County	PONGWE KIKONENI WARD	17TH JULY 2025	17TH NOVEMBER 2025	3,621,865	-	-	-	-

Source: *Kwale County Treasury*

The County reported 3 stalled development projects as of 31st December 2025, with an estimated value of Kshs.464.68 million, of which Kshs.240.53 million has already been paid. The stalled projects are shown in Table 3.289.

Table 3.289: Kwale County Stalled Projects as of 31st December 2025

Project Name	Project Location	Project Commencement Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
Construction of Market Stalls at Kigato Trading Centre in Waa Ng'ombeni	Waa Ng'ombani	3/17/2021	6/17/2021	3,295,341	1,571,048	-	1,724,293	48
Construction of the Governor's Residence	Tsimba/ Golini	24/4/2018	24/9/26	183,403,076.96	124,239,638.63	-	59,163,438	68
County Flagship Project 2 -Tarmacking of Kona Ya Musa – Mabokoni – Kona Ya Masai Road in Ukunda, Gombato/Bongwe wards	Ukunda	15/4/20	15/4/21	277,977,685	114,720,884	-	163,256,801	41
Total				464,676,102.56	240,531,570.24	-	224,144,532.32	

Source: Kwale County Treasury

3.19.17 Budget Performance by Department

Table 3.290 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.290: Kwale County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance And Economic Planning	749.22	48.36	177.76	-	160.91	-	90.5	-	21.5	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, and Fisheries	93.42	212.45	15.23	38.92	17	54.76	111.6	140.7	18.2	25.8
Land, Environment, Mining, and Natural Resources	116.29	494.48	13.32	44.67	22.06	79.64	165.6	178.3	19	16.1
Health Services	1,094.29	502.05	249.98	87.43	284.05	87.43	113.6	100	26	17.4
County Assembly	659.89	561.41	340.92	87.96	247.57	87.96	72.6	100	37.5	15.7
Industry, Trade, and Investments	71.81	691.44	25.66	31.67	17.96	75.53	70	238.5	25	10.9
Community Development, Youth And Women Empowerment, and Social Services	136.24	207.26	44.75	1.01	42.34	1.01	94.6	100	31.1	0.5
Office Of The Governor And The Deputy Governor	119.52	50	27.94	-	36.38	-	130.2	-	30.4	-
Education	608.64	623.86	42.39	87.38	175.82	106.79	414.8	122.2	28.9	17.1
Water And Urban Planning And Decentralized Units	81.15	1,654.29	28.51	130.48	31.51	169.11	110.5	129.6	38.8	10.2
Infrastructure And Public Works	119.05	1,692.50	50.27	213.02	50.40	171.79	100.3	80.6	42.3	10.1
Ict And Tourism	65.19	46.79	20.86	-	21.45	-	102.8	-	32.9	-
County Public Service Board	92.55	19.98	9.24	-	6.04	-	65.4	-	6.5	-
Public Service And Administration	3,515.05	383.45	1,876.06	-	1,882.70	8.95	100.4	-	53.6	2.3
Municipality Of Kwale	18.08	73.42	4.47	1.34	5.18	1.34	116	100	28.7	1.8
Municipality Of Diani	35.79	104.83	10.52	48.67	6.92	48.67	65.7	100	19.3	46.4
County Attorney	172.18	-	2.93	-	94	-	3,209.80	-	54.6	-
Municipality Of Lunga Lunga	18.91	29.12	3.71	1.72	6.62	1.72	178.6	100	35	5.9
Municipality Of Kinango	15.62	42.81	5.19	2.28	2.08	2.28	40	100	13.3	5.3
Preventive Health Services	177.48	428.69	9.26	111.87	20.01	113.06	216.1	101.1	11.3	26.4
Total	**7,960.38**	**7,867.18**	**2,958.97**	**888.42**	**3,130.99**	**1,010.03**	**105.8**	**113.7**	**39.3**	**12.8**

Source: *Kwale County Treasury*

Analysis of departmental expenditure shows that the Municipality of Diani recorded the highest absorption rate of the development budget at 43 per cent, followed by the Department of Preventive Health and Agriculture at 26 and 25 per cent, respectively. The Department of County Attorney had the highest recurrent expenditure-to-budget ratio at 55 per cent, while the County Public Service Board had the lowest at 7 per cent.

3.19.18 Budget Execution by Programmes and Sub-Programmes

Table 3.291 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.291: Kwale County, Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Program	Sub Program	Description	Original Budget Kshs	Actual Kshs	Absorption rate %
Dev expenditure					
502003060		**General Administration, Planning, and Support Services**	**112,969,896.50**	**106,792,371.70**	95

Program	Sub Program	Description	Original Budget Kshs	Actual Kshs	Absorption rate %
	502013060	Administration Planning And Support Services	112,969,896.50	106,792,371.70	95
403003060		**General Administration, Health Research, and Planning**	**232,960,550.50**	**202,291,207.95**	87
	403013060	General Administration	232,960,550.50	202,291,207.95	87
102003060		**Food Security And Household Income**	**198,267,480.50**	**124,403,341.30**	63
	102053060	General Administration And Support Services	198,267,480.50	124,403,341.30	63
	107033060	Farm Land Utilisation, Mechanisation, and Crop Storage	11,050,000	6,000,000	54
106003060		**Forest Development And Environmental Management**	**140,413,725**	**51,982,511.65**	37
	106023060	County Environmental Awareness Initiative	140,413,725	51,982,511.65	37
305003060		**General Administration, Planning, and Support Services**	**571,696,437**	**206,132,696.65**	36
	305023060	Administration Services	571,696,437	206,132,696.65	36
107003060		**Crop Development And Management**	**48,278,473.50**	**14,951,400**	31
12E+09		**General Administration, Planning, and Support Services**	**668,227,941.50**	**169,108,175.35**	25
	1002023060	Administration Services	668,227,941.50	169,108,175.35	25
	107013060	Crop Production And Food Security	37,228,473.50	8,951,400	24
202003060		**Infrastructure And Public Works**	**463,185,344.50**	**40,143,151.60**	9
	202013060	Rehabilitation Of Roads, Drainage, and Bridges	463,185,344.50	40,143,151.60	9
		Recurrent Expenditure			
			Kshs	**Kshs**	
	107033060	**General Administration, Planning, and Support Services**	**40,546,174**	**49,776,153.60**	123
108003060		Administration Services	40,546,174	49,776,153.60	123
105003060		**General Administration, Health Research, and Planning**	**260,404,021.50**	**222,790,838.35**	86
	105013060	General Administration	260,404,021.50	222,790,838.35	86
102003060		**General Administration And Support Services**	**2,153,736,204.50**	**1,776,347,551.10**	82
	106033060	**General Administration, Planning, and Support Services**	**101,144,902**	**83,226,804**	82
107003060		Administration Services	101,144,902	83,226,804	82
109003060		**General Administration, Planning, and Support Services**	**57,101,873**	**44,457,063.30**	78
	109013060	Administration Planning And Support Services	57,101,873	44,457,063.30	78
	301043060	**General Administration, Planning, and Support Services**	**40,573,005.50**	**31,508,981.05**	78
302003060		Administration Services	40,573,005.50	31,508,981.05	78
301003060		**Management Of Public Financial Resources**	**49,932,848**	**36,252,132**	73
	301013060	Budget Formulation, Coordination, and Management	49,932,848	36,252,132	73
106003060		**Scholarship And Bursary**	**200,000,000**	**129,974,000**	65
	106023060	Scholarship And Bursary	200,000,000	129,974,000	65
	107023060	General Administration And Support Services	90,202,840	56,519,813.90	63
	102073060	General Administration	485,748,891.50	263,635,463	54
	107013060	**Food Security And Household Income**	**107,702,840**	**56,614,713.90**	53

Source: *Kwale County Treasury*

The development sub-programmes with the highest budget implementation rates were: Administration and planning service at

95 per cent, Health and Food Security at 87 and 63 per cent respectively. For recurrent sub-programmes, the top performers were General Administration and Personnel Services in the Department of Public Services, both above 78 per cent. Table 3.292 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.292: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Program	Sub Program	Description	Original Budget (Kshs)	Actual (Kshs)	Absorption rate %
Dev expenditure					
108003060		**Livestock Development And Management**	**26,896,129**	-	-
	108023060	Value Addition Of Livestock And Livestock Products	8,747,372	-	-
	108033060	Livestock Disease Control	18,148,757	-	-
109003060		**Fisheries Development**	**12,445,024.50**	-	-
	109023060	Value Addition And Marketing	12,445,024.50	-	-
203003060		**County Electrification**	**47,142,500**	-	-
	203013060	Installation Of Street Lighting Facilities	47,142,500	-	-
301003060		**Trade Development Programme**	**1,000,000**	-	-
	301043060	Enforcement of the Weights & Measures Act	1,000,000	-	-
304003060		**Tourism Development**	**21,000,000**	-	-
	304013060	Tourism Promotion	21,000,000	-	-
306003060		**Market Infrastructure Development**	**22,839,474**	-	-
	306023060	Construction Of New Markets	22,839,474	-	-
307003060		**Investment Promotion And Development**	**88,500,000**	-	-
	307013060	Investment Promotion Services	88,500,000	-	-
402003060		**Curative Health Care Services**	**25,500,000**	-	-
	402023060	Operational Rural Health Facilities	25,500,000	-	-
405003060		**Msambweni Hospital**	**29,500,000**	-	-
	405013060	Msambweni Hospital	29,500,000	-	-
406003060		**Kinango Hospital**	**18,350,000**	-	-
	406013060	Kinango Hospital	18,350,000	-	-
407003060		**Kwale Hospital**	**18,500,000**	-	-
	407013060	Kwale Hospital	18,500,000	-	-
408003060		**Tiwi Rural Health Facility**	**6,500,000**	-	-
	408013060	Tiwi Rural Health Facility	6,500,000	-	-
409003060		**Samburu Hospital**	**19,000,000**	-	-
	409013060	Samburu Hospital	19,000,000	-	-
410003060		**Lunga Lunga Hospital**	**12,500,000**	-	-
	410013060	Lunga Lunga Hospital	12,500,000	-	-
Recurrent Expenditures					
	710013060	**Rural Health Facilities**	**9,907,800**	**30,000**	-
711003060		Rural Health Facilities	9,907,800	30,000	-
	711013060	**Land Management For Sustainable Development**	**11,000,000**	**22,400**	-
	711023060	Establishment Of Squatter Settlement Schemes	11,000,000	22,400	-
	711033060	County Environmental Awareness Initiative	3,000,000	-	-
712003060		Community Health Strategy	2,460,000	-	-

Program	Sub Program	Description	Original Budget (Kshs)	Actual (Kshs)	Absorption rate %
	712013060	Operational Rural Health Facilities	13,512,500	-	-
	712023060	**Tiwi Rural Health Facility**	**2,100,000**	-	-
	712033060	Tiwi Rural Health Facility	2,100,000	-	-
	712043060	**Lunga Lunga Hospital**	**23,250,000**	-	-
714003060		Lunga Lunga Hospital	23,250,000	-	-
	714013060	**Diani Health Centre**	**6,000,000**	-	-
903003060		Diani Health Centre	6,000,000	-	-
	903023060	Transformation Of Service Delivery In The Public Service	3,000,000	-	-
	903033060	Compensation To Employees	10,745,561	-	

***Source**: Kwale County Treasury*

The development sub-programmes with the lowest budget implementation rates were value addition in the Departments of Livestock and Fisheries, and electrification in County Electrification, all with zero per cent absorption.

For recurrent sub-programmes, the lowest performers included Rural Health Facilities in Health, the squatter settlement scheme in Land, operation of Rural Health Facilities, the Diani Health Facility, and county environmental awareness in Environment, all at zero per cent.

3.19.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget to disclose whether authorization letters were sent to COB or not.

The County Government operated 240 Bank accounts across commercial banks, including 170 for Health Facilities, 5 for Established Funds, 4 revenue accounts, 32 imprest accounts, and 26 CBK accounts.

3.19.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kwale County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 20th January, 2026.
ii. The underperformance of own-source revenue at Kshs.180 million against an annual target of Kshs.886 million, representing 20 per cent of the financial year target.
iii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
iv. The County reported OSR arrears of Kshs.355 million, comprising ordinary OSR arrears of Kshs.154 million and FIF (SHIF) arrears of Kshs.201 million. These revenue arrears limited funding for County activities.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to f the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts*

to enhance accountability and oversight.

iv. *The County needs to develop strategies to collect these outstanding arrears to improve budget implementation.*

3.20. County Government of Laikipia

3.20.1 Overview of FY 2025/26 Budget

The Laikipia County Approved Budget for FY 2025/26 is Kshs.9.22 billion. It comprises Kshs.4.27 billion (46.0 per cent) and Kshs.4.95 billion (54.0 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.737.60 million (9.0 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.48 billion and a recurrent budget of Kshs.5.0 billion. The increase in the budget was primarily attributed to the rise in both recurrent and development. The budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally of Kshs.5.64. billion (61.2 per cent), additional allocations of Kshs.1.08 billion (11.69 per cent), a cash balance of Kshs.1.15 billion (12.5per cent) brought forward from FY 2024/25, and Kshs.1.35billion (14.67 per cent) earned as own-source revenue. A breakdown of the additional allocations is shown in Table 3.293.

3.20.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.39 billion. This amount represented an increase of 3.35per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.28 million. The total revenue consisted of Kshs.2.53 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.0.0 million, as well as the own-source revenue (OSR) collection of Kshs.452.66 million. Additionally, the County had a cash balance of Kshs.399.19 million from FY 2024/25. The total OSR collection of Kshs.452.66 million included Facilities Improvement Financing (FIF) of Kshs.307.50 million, and Kshs.145.16million from other OSR sources. Table 3.293 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.293: Laikipia County, Revenue Performance in the First Half of FY 2025/26

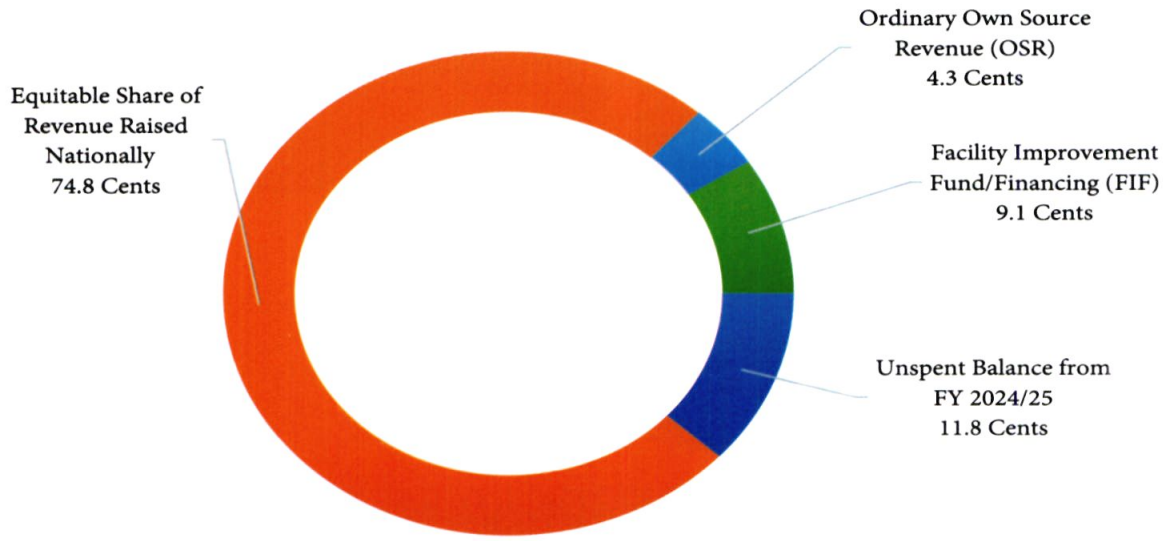
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	1,147,855,864.35	-	392,065,666.55	392,065,667	755,790,198
2	County Executive Refunds to CRF	-	7,113,951	7,113,951	7,113,951	-7,113,951
3	County Assembly Refunds to CRF	-	7,128	7,128	7,128	-7,128
	Sub-Total	**1,147,855,864.35**	**7,121,079**	**399,186,745.55**	**399,186,746**	**748,669,119**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	5,640,962,159	-	2,533,194,032	2,533,194,032	3,107,768,127
	Sub-Total	**5,640,962,159**	-	**2,533,194,032**	**2,533,194,032**	**3,107,768,127**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	DANIDA Grant	15,840,000	-	-	-	15,840,000
2	Community Health Promoters	25,230,000	-	-	-	25,230,000
3	Kenya Devolution Support Project Level II	37,500,000	-	-	-	37,500,000
4	Headquarter- KDSP II programme	352,500,000	-	-	-	352,500,000
5	Road Maintenance Levy Fund - Fuel Lvy	154,389,725	-	-	-	154,389,725

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
6	Public Works- Urban Development grant (UDG)	152,635,998	-	-	-	152,635,998
7	Flocca	110,000,000	-	-	-	110,000,000
8	Urban Development grant (UDG)	46,583,850	-	-	-	46,583,850
9	Kenya Food Systems Resilience Program (KFSRP)	171,720,811	-	-	-	171,720,811
10	Kenya Agriculture Business Development Program (KABDP)	10,918,919	-	-	-	10,918,919
	Sub-Total	**1,077,319,303**	-	-	-	**1,077,319,303**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rate	113,918,104	-	13,779,103	13,779,103	100,139,001
2	Single/Business Permits	101,004,746	-	10,489,960.85	10,489,961	90,514,785
3	Cess	92,451,872	-	29,325,390.44	29,325,390	63,126,482
4	Property Rent	26,828,465	-	5,575,685	5,575,685	21,252,780
5	Parking Fees	77,993,036	-	29,273,335.27	29,273,335	48,719,701
6	Market Fees	16,465,116	-	11,912,364.01	11,912,364	4,552,752
7	Advertising	30,100,340	-	3,868,461.41	3,868,461	26,231,879
8	Public Health Service Fees	95,956,741	-	2,148,743	2,148,743	93,807,998
9	Physical Planning and Development	40,019,656	-	7,467,218.60	7,467,219	32,552,437
10	Hire of County Assets	1,030,578	-	326,000	326,000	704,578
11	Conservancy Administration	18,864,044	-	2,449,676	2,449,676	16,414,368
12	Administration Control Fees and Charges	67,445,516	-	13,687,542	13,687,542	53,757,974
13	Proceeds from sale of assets	5,000,000	-	-	-	5,000,000
14	Park Fees	16,921,786	-	9,007,194.25	9,007,194	-
15	Other Fines, Penalties, and Forfeiture Fees	-	-	18,000	18,000	-
16	Education Fees	21,000,000	-	5,832,198.35	5,832,198	-
	Sub-Total	**725,000,000**	-	**145,160,872.18**	**145,160,872**	**556,774,734**
F	**Facility Improvement Fund/Financing (FIF)**					
1	Defunct NHIF		-	-	-	-
2	Hospital Fees	626,000,000	-	-	307,502,144	318,497,856
	Sub-Total	**626,000,000**	-	-	**307,502,144**	**318,497,856**
	Grand Total	**9,217,137,326.35**	**7,121,079**	**3,077,541,649.73**	**3,385,043,793.73**	**5,809,029,139**

Source: *Laikipia County Treasury*

Figure 115 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

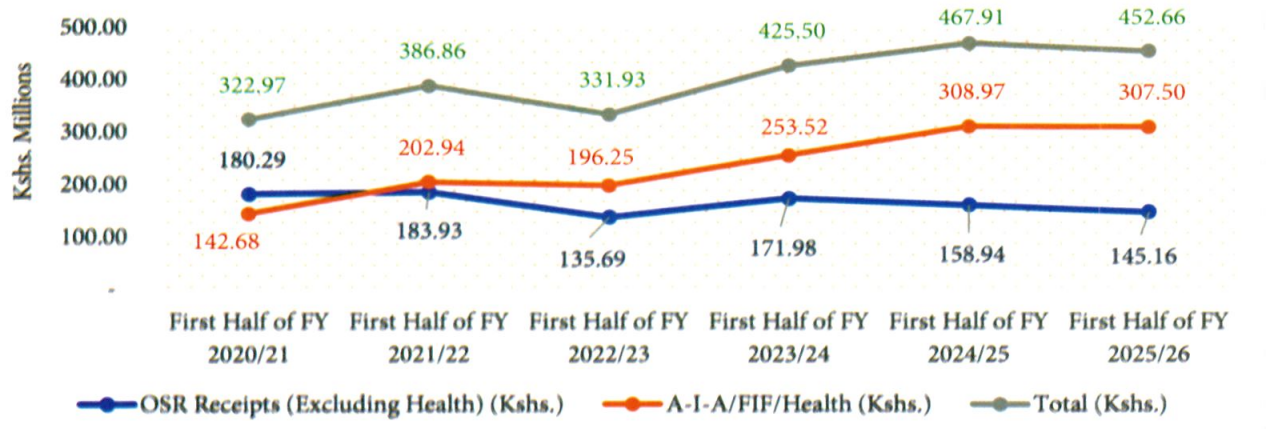
Figure 115: Laikipia County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Laikipia County Treasury*

The equitable share of revenue raised nationally, FIF, and OSR accounted for 75 per cent, 12 per cent, 9 per cent, and 4 per cent of total receipts for the reporting period, respectively. Figure 116 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 116: Laikipia County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

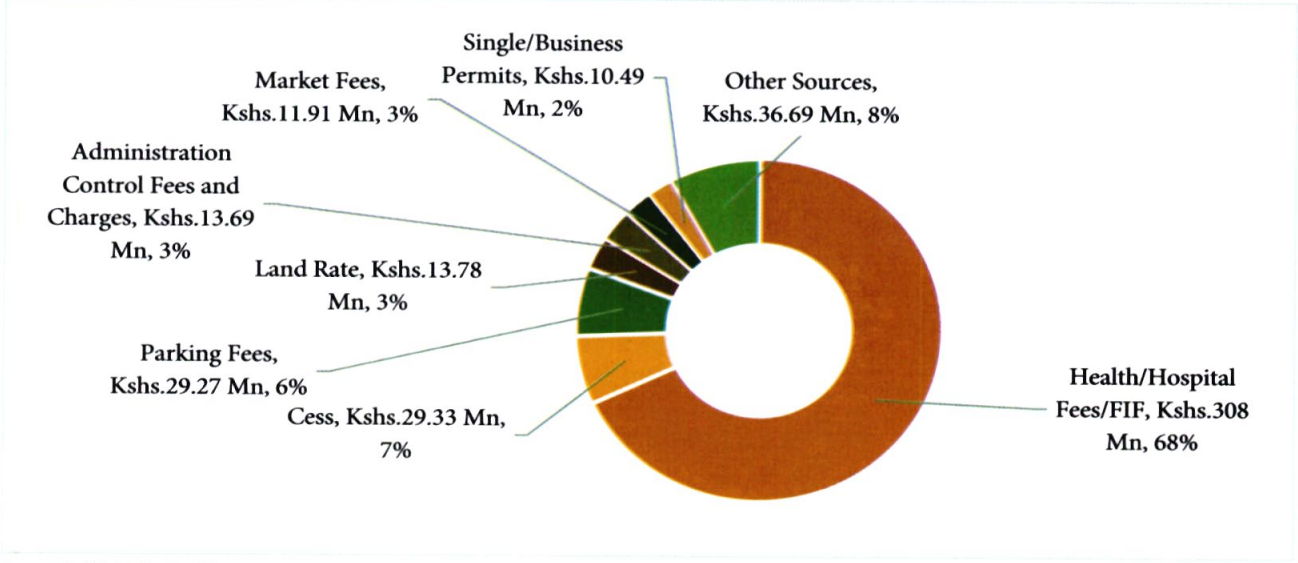


Source: *Laikipia County Treasury*

During the first half of FY 2025/26, the County received Kshs.452.66 million from OSR, including FIF. This amount was a decrease of 3.0 per cent compared to Kshs.467.91 million realised in a similar period in FY 2024/25, and was 4.9 per cent of the annual target and 13.37per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 117

Figure 117: Laikipia County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Laikipia County Treasury

As shown in Figure 117, the highest revenue stream, at Kshs.308.0 million, was from Health/Hospital fees/FIF, accounting for 68 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.20.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.729.04 million, which decreased to Kshs.722.03million as of 31st December 2025. Table 3.294 presents a breakdown of the County's revenue arrears.

Table 3.294: Laikipia County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
	Land rate	729,036,257	-	7,002,523	-	722,033,734
	Property Rent	12,877,214	-	12,882,347	-	
	Sub-Total	**729,036,257**	-	**7,002,523**	-	**722,033,734**
	Grand Total	729,036,257	-	7,002,523	-	722,033,734

Source: Laikipia *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.722.03million, comprising Kshs.722.03 for the land rate (100 per cent). The Consecutive County has instituted measures to collect outstanding arrears for failing to pay rent under Part 12 of Schedule 8 of the County Finance Act for three consecutive months. Those who fail to pay may be evicted from the stall or house.

3.20.4 Borrowing by the County

Laikipia County Executive and Assembly reported no credit facility.

3.20.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.52 billion from the Laikipia County Revenue Fund (CRF) account. This amount consisted of Kshs.480.67 million (10 per cent) designated for development programs and Kshs.2.04 billion (33 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.29 billion was allocated for employee compensation, and Kshs.333.25 million for operations and maintenance expenditures. Within the operations and maintenance category, 5 per cent was for domestic travel and 7 per cent for foreign travel. The domestic travel exchequers totalled Kshs.80.0million, which included

Kshs.41.5 million for the County Executive and Kshs.38.5 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.27.64 million, with Kshs.2.98 million for the County Executive and Kshs.24.67 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Laikipia CRF account was Kshs.754.65 million.

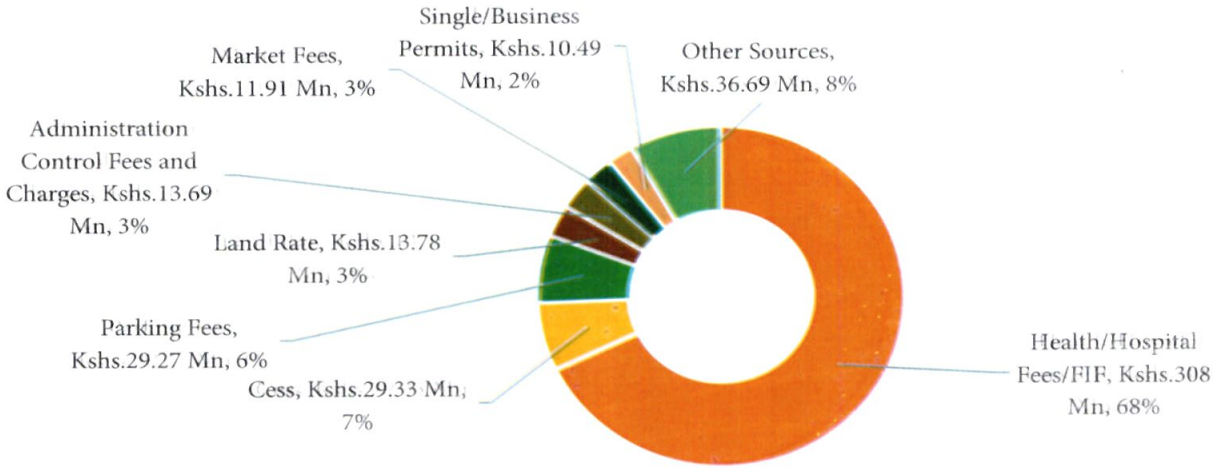
In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.254.98 million from the Laikipia County Assembly Fund (CAF) account during the review period. This amount comprised Kshs.0.0 million for development activities and Kshs.254.98 million for recurrent activities.

As of December 31, 2025, the County Government's cash balance in the Laikipia CAF account was Kshs.15.5 million.

3.20.6 Expenditure Review

The County spent Kshs.2.04 billion on development and recurrent programmes in the reporting period. The expenditure represented 22 per cent of the total funds released by the CoB. It comprised Kshs.416.17 million for development programmes and Kshs.1.63 billion for recurrent programmes. Expenditure on development programmes represented 10 per cent of the annual development expenditure budget, while recurrent expenditure represented 33 per cent of the annual recurrent expenditure budget. Figure 118 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 118: Laikipia County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Laikipia *County Treasury*

As shown in Figure 118, the three highest expenditure categories were Personnel Emolument, Development, and County Corporation, which contributed 63.0, 20.0, and 8.0 per cent of total expenditure for the reporting period.

3.20.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.71 billion. This amount included Kshs.1.66 billion from the County Executive and Kshs.49.68 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.591.91 million for recurrent expenditures and Kshs.1.07 billion for development expenditures.

During the reporting period, the County Executive settled Kshs.188.08 million in recurrent payables, while the County Assembly addressed Kshs.24.92 million in recurrent payables. As of September 30, 2025, outstanding trade payables stood at Kshs.1.47 billion for the County Executive and Kshs.24.76 million for the County Assembly. Table 3.295 provides additional details of trade payables.

Table 3.295: Laikipia County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,070,703,281	591,914,587	1,662,617,868
		County Assembly	3,987,000	45,695,281	49,682,281
		Total	1,074,690,281	637,609,867	1,712,300,149
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	-	188,084,043	188,084,043
		County Assembly	-	24,924,653	24,924,653
		Total	-	213,008,696	213,008,696
Amount paid in the First Half of FY 2025/26	c	County Executive	1,070,703,281	403,830,544	1,474,533,825
		County Assembly	3,987,000	20,770,628	24,757,628
		Total	1,074,690,281	424,601,172	1,499,291,453
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	1,070,703,281	403,830,544	1,474,533,825
		County Assembly	3,987,000	20,770,628	24,757,628
		Total	1,074,690,281	424,601,172	1,499,291,453
Outstanding trade payables as of 31st December 2025	**e = a - c*b**	**County Executive**	1,070,703,281	403,830,544	1,474,533,825
		County Assembly	3,987,000	20,770,628	24,757,628
		Total	1,074,690,281	424,601,172	1,499,291,453

Source: *Laikipia County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.66 billion and Kshs.49.68 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.188.08 million for the Executive and Kshs.24.76 million for the Assembly.

Table 3.296 and Table 3.297 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.5 billion.

Table 3.296: Laikipia County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	20,588,000	88,636,433.30	217,791,012.30	743,687,835.02	1,070,703,280.62
Recurrent Trade Payables (Goods & Services)	30,263,895	159,505,511.21	57,111,965.92	156,949,171.84	403,830,544
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	30,263,895	159,505,511.21	57,111,008.92	156,949,171.84	403,830,544
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	50,851,895	248,141,944.51	274,902,978.22	900,637,006.86	1,474,533,825.62
Total Trade Payables	**50,851,895**	**248,141,944.51**	**274,902,978.22**	**900,637,006.86**	**1,474,533,825.62**
% of Total	3.4	16.8	18.6	61	100

Source: *Laikipia County Treasury*

Table 3.297: Laikipia County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	3,987,000	**3,987,000**
Recurrent Trade Payables (Goods & Services)	-	-	-	20,770,628	**20,770,628**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	20,770,628	**20,770,628**
Recurrent Trade Payables (Staff Claims)	-	-	-	24,757,628	**24,757,628**
Total Recurrent Trade Payables	-	-	-	3,987,000	**3,987,000**
Total Trade Payables	-	-	-	3,987,000	**3,987,000**
% of Total				100	

Source: *Laikipia County Treasury*

3.20.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.18 billion on compensation of employees, Kshs.196.47 million on operations and maintenance, and Kshs.416.17 million on development activities. Similarly, the County Assembly spent Kshs.118.9 million on compensation of employees, Kshs.136.79 million on operations and maintenance, and Kshs.0.0 million on development activities, as shown in Table 3.298.

Table 3.298: Laikipia County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive							
Recurrent	**4,415,164,035**	**1,781,994,313**	**1,372,835,744**	-	**1,372,835,744**	-	**31**
Compensation to Employees	3,089,185,733	1,204,245,622	1,176,366,772	-	1,176,366,772	-	38
Operations & Maintenance	1,325,978,302	577,748,691	196,468,972	-	196,468,972	-	15
Development	**4,260,472,209**	**480,674,304**	**416,167,846**	-	416,167,846	-	**10**
Executive Sub-total	**8,675,636,244**	**2,262,668,617**	**1,789,003,590**	-	**1,789,003,590**	-	**21**
County Assembly							
Recurrent	**531,501,082**	**254,980,731**	**254,980,731**	-	**254,980,731**	-	**48**
Compensation to Employees	260,814,267	118,194,882	118,194,882	-	118,194,882	-	45
Operations & Maintenance	270,686,815	136,785,849	136,785,849	-	136,785,849	-	51
Development	**10,000,000**	-	-		-	-	-
Assembly Sub-total	**541,501,082**	**254,980,731**	**254,980,731**	-	**254,980,731**	-	**47**
Combined County Totals							
Total Recurrent	**4,946,665,117**	**2,036,975,044**	**1,627,816,475**	-	**1,627,816,475**	-	**33**
Compensation to Employees	3,350,000,000	1,322,440,504	1,294,561,654	-	1,294,561,654	-	39
Operations & Maintenance	1,596,665,117	714,534,540	333,254,821	-	333,254,821	-	21
Total Development	**4,270,472,209**	**480,674,304**	**416,167,846**	-	**416,167,846**	-	**10**
Grand Total	9,217,137,326	2,517,649,348	2,043,984,321	-	2,043,984,321	-	22

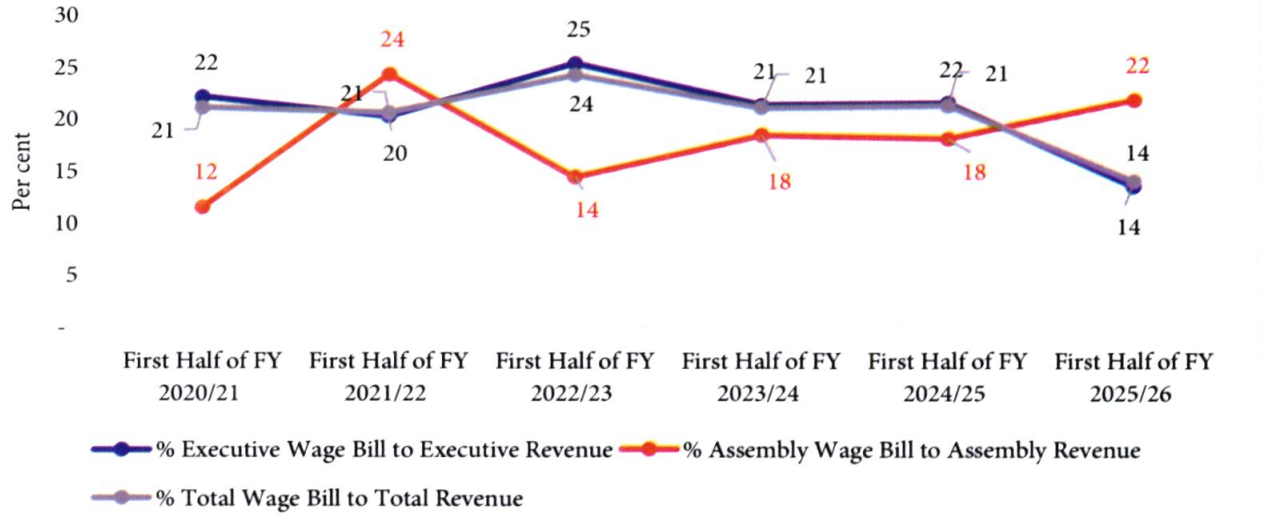
Source: *Laikipia County Treasury*

3.20.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.29 billion. This expenditure on employee compensation shows a decrease compared to the Kshs 1.72 billion reported in a similar period in FY 2024/25. Of this total, Kshs.630.77million related to Health Sector employees, accounting for 49 per cent of the overall employees' compensation.

Figure 119 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 119: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Laikipia County Treasury*

Further analysis indicated that PE costs totalling Kshs.1.19 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.109.5 million was processed through manual payrolls, which accounted for 8 per cent of the total PE cost. The justification for continuing to use manual payroll was not provided.

The manual payroll comprised salaries for 145 staff not onboarded into the Human Resource Information System (HRIS), salaries for Laikipia casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.299.

Table 3.299: Breakdown of Laikipia County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	15,351,108	4,780,692	20,131,800
Salaries for casual staff	80,947,503	-	80,947,503
Top-up Allowances for security officers	-	-	-
LAPTRUST/LAPFUND Pension Contributions	-	-	-
Gratuity for contract staff	1,746,254	-	1,746,254
Youth	-	-	-
Community Health Workers	6,676,998	-	6,676,998
Total	104,721,863	4,780,692	109,502,555

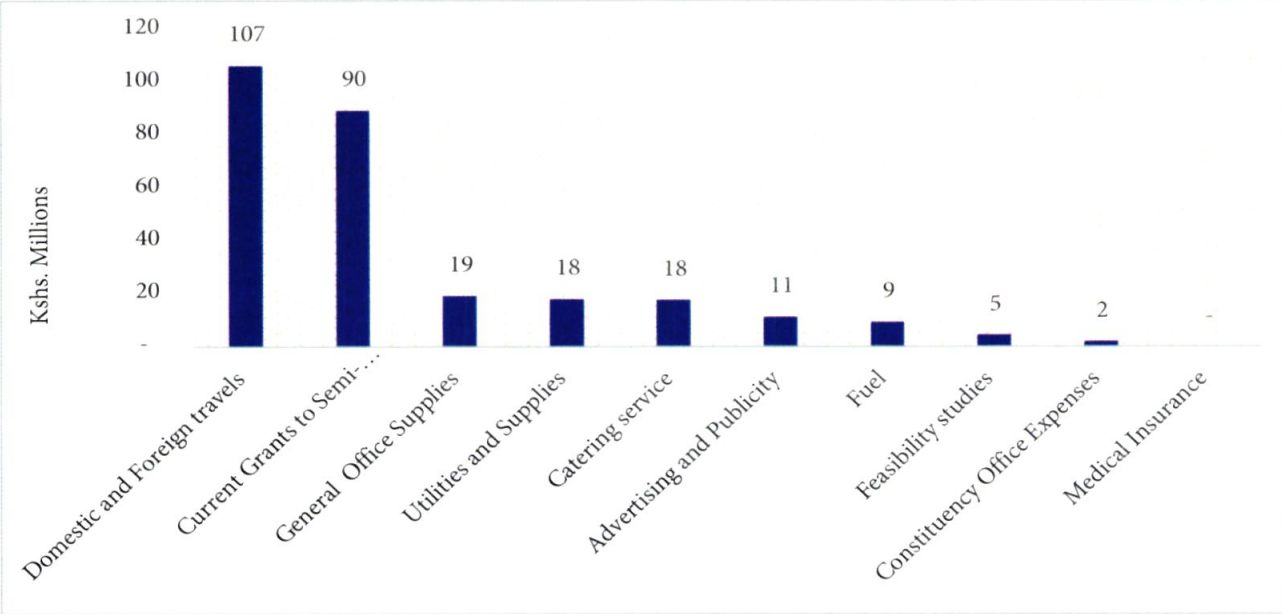
Source: *Laikipia County Treasury*

The County Assembly spent Kshs.5.45 million on committee sitting allowances for the 22 MCAs against the annual budget allocation of Kshs.20.97 million. The average monthly sitting allowance was Kshs.247.759,09 per MCA. The County Assembly has 18 House Committees.

3.20.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.333.25 million on operations and maintenance, representing a decrease of 15 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.393 million. Figure 120 summarises the Operations and Maintenance expenditure by major categories.

Figure 120: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: *Laikipia County Treasury*

3.20.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.277.17 million to County-Established funds in FY 2025/26, or 3.0 per cent of the County's overall budget. Further, the County allocated Kshs.82.17million to the Emergency Fund 1 per cent of the total budget) in line with Section 10 of the PFM Act, 2012. Table 3.300 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.300: Performance of Laikipia County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	County Executive Emergency Fund	2020	82,174,000	12,692,722	12,692,722	County Executive Emergency Fund	Yes
2	Laikipia County Leasing Fund	2020	105,000,000	50,753,638	50,753,638	Laikipia County Leasing Fund	no
3	Car Loan & Mortgage Scheme fund	2017	15,000,000	-	7,500,000	Car Loan & Mortgage Scheme fund	Yes
4	Laikipia County Education Bursary Fund	2014	75,000,000	-		Laikipia County Education Bursary Fund	Yes
5	Total		**277,174,000**		70,946,360	Total	
	County Assembly Established Funds						
1	Staff Loans and Mortgage	2021	15,000,000	-	-	Staff Loans and Mortgage	Yes
2	Staff Housing Loans	2023	33,058,015	-		Staff Housing Loans	no
	Total		48,058,015				

Source: *Laikipia County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.

3.20.12 County Corporations

The County has five County Corporations, which were allocated Kshs.280.16 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.9.63 million as shown in Table 3.301.

Table 3.301: Performance of Laikipia County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Revenue Board	45,000,000	-	7,125,459	364,998,064
2.	LCDA	7,000,000		-	77,363,022
3.	Nanyuki Municipality	166,135,998	-	2,500,000	11,600,000
4.	Rumuruti Municipality	56,028,938	-	-	168,086,892
5.	Nyahururu Municipality	6,000,000	-	-	-
	Total	**280,164,936**	**-**	**9,625,459**	**622,047,978**

Source: *Laikipia County Treasury*

3.20.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.80.0 million and comprised Kshs.38.5 million spent by the County Assembly and Kshs.41.5 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.6 million and comprised Kshs.24.67 million by the County Assembly and Kshs.2.98 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.302.

Table 3.302: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
Executive	4	31ST JULY 2025	A courtesy visit to the Mondul estate	Tanzania	452,530	452,530	452,530
Executive	2	25TH TO 29TH AUGUST 2025	Participating In The 2025 Atupa International Conference And The 7Th Pan-African Youth Forum Held In Durban, South Africa	South Africa	1,224,845	1,224,845	1,224,845
County Executive	2		Benchmarking tour on coffee production in Colombia	COLOMBIA	1,297,764	1,297,764	1,297,764
Laikipia County Assembly	29	7-13th September 2025	Training	Tanzania	12,104,026	12,104,026	12,104,026
Laikipia County Assembly	30	19-25th October 2025	Training	Tanzania	12,561,745	12,561,745	12,561,745
Total					**27,640,910**	**27,640,910**	**27,640,910**

Source: *Laikipia County Treasury and Laikipia County Assembly*

3.20.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.307 million as FIF, which was 49.12 per cent of the annual target of Kshs.626 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023. The expenditure by the health facilities amounted to Kshs.323.10 million, as shown in Table 3.303.

Table 3.303: Laikipia County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	5	748,101,891	320,294,891	42.81
2.	Level 3 Facility	2	7,967,285	2,809,752	35.27
	Total	**7**	**756,069,176**	**323,104,643**	**42.73**

Source: *Laikipia County Treasury*

3.20.15 Development Expenditure

In the review period, the County reported spending Kshs.416.17 million on development programmes, representing a decrease of 9.65 per cent compared to FY 2024/25, when the County spent Kshs.460.64 million. Table 3.304 summarises the development projects with the highest expenditure in the reporting period.

Table 3.304: Laikipia County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Water emergency	Being payment in respect to the rehabilitation of Nkirolit Dam in Salama Ward	Salama ward	30/4/2025	23/5/2025	2,962,582	2,962,582	2,962,582	2,962,582	100
2.	Finance emergency	Being the first instalment payment in respect of the proposed improvement of the Ainaapmoi-Keben road opening, grading, gravelling and installation of bridge and culverts	Ainapmoi-keben	15/5/2025	27/8/2025	5,204,608.25	5,204,608.25	5,204,608.25	5,204,608.25	100
3.	Water pending bill	being payment in respect to the construction of the Kinamba water project	kinamba	09/06/2021	03/01/2023	14,000,000	14,000,000	14,000,000	14,000,000	100
4.	Finance pending bill	being payment in respect to the improvement of county roads in towns and small urban centres in Laikipia County, Karuga town	karuga town	-	-	10,000,000	10,000,000	10,000,000	10,000,000	100
Donor-funded projects										
1.	Health and sanitation	health products and technologies	nanyuki teaching and referal hospital	31/07/2025	27/08/2025	4,048,802	4,048,802	-	4,048,802	100%
2.	Health and sanitation	health products and technologies	Nyahururu County Referral Hospital	31/07/2025	27/08/2025	3,207,290	3,207,290	-	3,207,290	100%
3.	Health and sanitation	supply, installation, testing & commissioning og theatre equipment	Nindika Sub-County Hospitals.	19/05/2023	20/12/2023	42,264,935	42,264,935	-	42,264,935	100%
4.	Health and sanitation	health products and technologies	nanyuki teaching and referal hospital	31/07/2025	27/08/2025	4,048,802	4,048,802	-	4,048,802	100%
5.	Health and sanitation	health products and technologies	Nyahururu County Referral Hospital	31/07/2025	27/08/2025	3,207,290	3,207,290	-	3,207,290	100%

Source: *Laikipia County Treasury*

3.20.16 Budget Performance by Department

Table 3.305 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.305: Laikipia County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration, Public Service and Office of The Governor	3,739.80	387.94	1,545.81	-	1,206.95	-	78.1	-	32.3	-
Finance, Economic Planning and The County Treasury	220.95	499.27	58.9	197.78	69.89	88.77	118.7	44.9	31.6	17.8
Health and Sanitation	228.39	1,237.62	50.34	123.24	37.73	123.24	74.9	100.0	16.5	10.0
Agriculture, Livestock, and Fisheries	17.50	342.55	4.50	-	6.14	71.01	136.6	-	35.1	20.7
Infrastructure and Public Works	55.51	967.91	19.96	125.18	19.21	88.76	96.2	70.9	34.6	9.2
Education	103.50	112.83	88.38	-	15.96	-	18.1	-	15.4	-
Youth and Sports	11.50	7.99	3.64	-	7.18	4.0	197.1	-	62.4	50.0
Trade, Tourism and Enterprise Development	15.91	132.29	7.42	-	4.54	-	61.2	-	28.5	-
Water	14.60	358.90	3.04	17.95	2.34	37.89	77.0	211.1	16.0	10.6
Rumuruti Municipality	3	53.03	-	-	1.40	2.50	-	-	46.7	4.7
Nyahururu Municipality	1.0	5.0	-	-	1.5	-	-	-	150.0	-
Nanyuki Municipality	3.50	162.64	-	-	-	-	-	-	-	-
County Assembly	531.50	2,50	302.82	-	254.98	-	84.2	-	48.0	-
Total	4,946.67	4,270.47	2,084.82	480.67	1,627.82	416.17	78.1	86.6	32.9	9.7

***Source**: Laikipia County Treasury*

Analysis of departmental expenditure shows that the Department of Gender and Youth recorded the highest absorption rate of the development budget at 50 per cent, followed by the Department of Agriculture at 20.7 per cent. The Department of Gender and Youth had the highest recurrent expenditure-to-budget ratio at 62.4 per cent, while the Department of Education had the lowest at 15.4 per cent.

3.20.17 Budget Execution by Programmes and Sub-Programmes

Table 3.306 summarises budget execution by programme and sub-programme for the period under review with the highest absorption rate.

Table 3.306: Budget Execution by Programmes and Sub-Programmes with the Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
DEPARTMENT: COUNTY COORDINATION, ADMINISTRATION, ICT AND PUBLIC SERVICE							
General Administration and Planning	ICT Infrastructure and Connectivity - 0505014510	2,000,000	1,730,594	643,966.20	-	32	-
	County Administration - Laikipia East- 0701034510	1,000,000	-	331,700	-	33	-
	County Administration - Laikipia North - 0701044510	1,500,000	-	415,600	-	28	-
	County Administration - Laikipia West - 0701054150	500,000	-	94,000	-	19	-
	Compensation To Employees- 0701064510	3,550,000,000	-	1,178,882,697	-	33	-
DEPARTMENT: FINANCE, ECONOMIC PLANNING AND THE COUNTY TREASURY							
707004510 Financial Services	707064510 County Treasury administrative services	26,416,740	-	15,483,760	-	**59**	-
	725024510 Supply Chain Management Services	5,500,000	-	2,497,382	-	**45**	-
706004510 Departmental administrative services/Centralised services	706054510 Budget supply services	1,000,000	-	308,200	-	**31**	
0726004510 Development Planning Services	726064510 Strategic Partnership and Collaboration	7,000,000	-	3,500,000	-	**50**	-
DEPARTMENT: HEALTH							
CURATIVE AND REHABILITATIVE HEALTH	Health Products And Technologies Support-0401014510		256,164,162	-	31,551,099	-	**12**
	Human Resource Development-0402024510	37,372,000	-	14,695,000	-	**39**	-
	Public Health Promotion And Nutrition Services-0405034510	7,128,000	-	3,560,604	-	**50**	-
DEPARTMENT: AGRICULTURE							
	SP1 0717014510 Grants and Transfers to Government entities	-	193,540,723	-	71,012,240	-	**37**
	SP3 0103034510 Agriculture Sector Extension Management	550,000	-	275,000	-	50	-
	SP3 0103034510 Agriculture Sector Extension Management	1,400,000	-	938,127	-	67.01	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26		Expenditure		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Development	Recur-rent	Develop-ment
DEPARTMENT: INFRASTRUCTURE							
	SP Urban Develop-ment-0115094510	-	271,995,708	-	58,759,435	-	**22**
DEPARTMENT: EDUCATION							
Administration and planning services	502044510 - Person-nel services	4,000,000	-	3,180,245	-	**80**	-
DEPARTMENT: TRADE							
Co-operative Development							
	0302014510 SP1 Co-operative Development and Promotion	2,000,000	-	1,800,038	-	90	-
Tourism Development and Promotion							
	0305014510 SP1 Tourism promotion and Marketing	1,100,000	-	928,319	-	84	-
DEPARTMENT: GENDER							
Administration and planning services	Use of goods and services - 901014510	1,000,000	-	346,000	-	35	-
Sports, Talent Devel-opment and Social Service	Sports, talent development, and Promotion.	6,500,000	-	3,379,500	-	52	-
DEPARTMENT: WATER							
Water Development	1) 1003014510 Administrative and Planning Services	6,500,000	12,400,000	1,842,555	3,948,275.85	28	**32**
DEPARTMENT: NANYUKI MUNICIPALITY							
P3-0103004510-Gener-al Administration and Planning Services	SP1 0103014510 Administration Services	3,500,000	-	1,400,000	-	40	-
DEPARTMENT: RUMURUTI MUNICIPALITY							
P3-0103004510-Gener-al Administration and Planning Services	SP1 0103014510 Administration Services	3,000,000	-	500,000	-	17	-
ASSEMBLY							
General administration support services	Compensation of employees/MCAs	283,841,165	-	173,395,501	-	61	-
	Other recurrent expenditure	13,059,484.20	-	(20,867,061.96)	-	-160	-

Source: *Laikipia County Treasury*

The development sub-programmes with the highest budget implementation rates included Cooperative Revolving Funds in the Department of Trade at 50 per cent, Grants and Transfers to Entities in the Department of Agriculture at 37 per cent, and Water Development at 32 per cent. For recurrent sub-programmes, the top performers were General Administration Support Services in the Department of County Assembly at 160 per cent, Tourism Promotion and Marketing in the Department of Trade at 90 per cent, and Agricultural Sector Extension Management in the Department of Agriculture at 67 per cent.

Table 3.307 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.307: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
DEPARTMENT: COUNTY COORDINATION, ADMINISTRATION, ICT AND PUBLIC SERVICE							
County Executive Committee Support	Executive Support Service-0708014510	86,000,000		11,749,395	-	14	-
DEPARTMENT: FINANCE, ECONOMIC PLANNING AND THE COUNTY TREASURY							
0725004510 Public Finance Management Services	725014510 County Treasury Accounting and Reporting Services	7,000,000		1,780,440		**25**	-
	725044510 Budget Management	4,300,000		592,486		**14**	-
DEPARTMENT: HEALTH							
CURATIVE AND REHABILITATIVE HEALTH	Health Products And Technologies Support-0401014510		256,164,162		31,551,099	**0**	**12**
	402014510 Administration, Project Planning, and Implementation Services	10,150,000	40,255,838	400,000	-	**4**	-
DEPARTMENT: AGRICULTURE							
Livestock Production	SP2 0104024510 Livestock Resource Development and Management		5,500,000	-	-	-	-
	SP3 0104034510 Livestock Marketing and Value Addition		10,500,000			-	-
Veterinary Services	SP5 0107054510 Animal Health and Disease Management		8,000,000	-	-	-	-
	SP3 0104034510 Livestock Marketing and Value Addition		11,020,575			-	-
	SP2 0108024510 Slaughter House Development Initiative		8,500,000			-	-
DEPARTMENT: INFRASTRUCTURE							
P3-0103004510-General Administration and Planning Services	SP1 Administration Services-0105014510	25,513,054	-	2,010,000	-	-	-
P12-0112004510 - Physical Planning and Survey	SP1-0112014510 - Survey and Planning services	3,000,000	16,000,000	753,788.25	-	-	-
	SP2-0112024510 - Land management services	-	4,000,000	-	-	-	-
DEPARTMENT: EDUCATION							
Administration and planning services							-
	502014510 - Administration Services	-	-	-	-	-	-
Youth, Polytechnics, Vocational Training						-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
DEPARTMENT: TRADE							
P1 Administration, planning and support services							-
	301044510-SP2 Personnel Services	3,000,000	-	-	-	-	-
DEPARTMENT: GENDER							
Children's Institution Support Programme	Foods, Rations, and other support	2,000,000	-	-		-	-
Sports, Talent Development and Social Service	Sports, talent development, and Promotion.	6,500,000	-	3,379,500	-	52	-
DEPARTMENT: WATER							
Locally Led Climate Action Program (FLLOCA)	1006044510 Climate Change Adaptation & Mitigation	6,000,000	78,089,440	-	1,499,224.25	-	**2**
DEPARTMENT: RUMURUTI MUNICIPALITY							
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-0115014510 Road Network improvement		53,028,938	1,000,000	-	-	-
DEPARTMENT: NYAHURURU MUNICIPALITY							
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1 0115114510 Municipal Board and Administration Services	1,000,000	-	-	-	-	-
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-0115014510 Road Network improvement		5,000,000	-	-	-	-
ASSEMBLY							
County Assembly Infrastructure Services	PURCHASE OF MOTOR VEHICLES					-	-
	REFURBISHMENT OF NON-RESIDENTIAL BUILDING-		**2,498,918**			-	-
	HOUSING LOANS TO PUBLIC SERVANTS					-	-
	Sub-Total					-	-

Source: *Laikipia County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Refurbishment of non-residential buildings (0.0%); Livestock Resource Development (0.0%); and County Executive Support (0.0%). For recurrent sub-programmes, the poor performers included: Executive Support (14%); Children Institution Support Program (0.0%); and Personnel Service (0.0%).

3.20.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance

Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 44 accounts in commercial banks, including 12 for Health Facilities, 10 for Vocational Training Centres, 5 for Established Funds, revenue accounts, and 16 special-purpose accounts (additional allocations).

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of 56 commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.20.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Laikipia County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Assembly's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 1st February,2026
ii. The underperformance of own-source revenue at Kshs.452.67 million against an annual target of Kshs.1.35billion, representing 33.5 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.416.17million on development activities, achieving a 10 per cent absorption rate.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
v. High level of trade payables, which amounted to Kshs.1.5 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.109.50 million for 145 staff not onboarded into HRIS, and 45 casual staff were processed through manual payroll. Manual payroll is prone to abuse and may result in the loss of public funds.

The County should implement the following recommendations to improve budget execution:

i. *The County Assembly should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.21. County Government of Lamu

3.21.1 Overview of FY 2025/26 Budget

The Lamu County Approved Budget for FY 2025/26 is Kshs.4.65 billion. It comprises Kshs.1.55 billion (33 per cent) and Kshs.3.09 billion (67 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.340.29 million (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.1.90 billion and a recurrent budget of Kshs.3.08 billion. The decrease in the budget was primarily attributed to the delay in enacting the County Government Additional Allocation Act (CGAA) 2026, which had not been passed when the county was preparing and appropriating its budget.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.3.40 billion (73 per cent), additional allocations of Kshs.722 million (16 per cent), a cash balance of Kshs.241.28 million (15 per cent) brought forward from FY 2024/25, and Kshs.280 million (6 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 308.

3.21.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.1.96 billion. This amount represented a decrease of 11 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.2.19 billion. The total revenue consisted of Kshs.1.6 billion from the equitable share of revenue raised nationally; the county did not receive any additional allocations from the national government or development partners during the reporting period. There was an own-source revenue (OSR) collection of Kshs.114.08 million. Additionally, the County had a cash balance of Kshs.241.28 million from FY 2024/25. The total OSR collection of Kshs.114.08 million included Facilities Improvement Financing (FIF) of Kshs.80.83 million and Kshs.33.26 million from other OSR sources. Table ß:309 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.308: Lamu County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**241,279,671**	241,279,671	-	241,279,671	241,279,671
2	County Executive Refunds to CRF	**241,279,671**	241,279,671	-	241,279,671	241,279,671
3	County Assembly Refunds to CRF					
	Sub-Total	**241,279,671**	**241,279,671**	**-**	**241,279,671**	**241,279,671**
B	**Equitable Share of Revenue Raised Nationally**					
1		**3,405,085,512**	1,600,912,800	-	1,600,912,800	1,804,172,712
	Sub-Total	**3,405,085,5122**	**1,600,912,800**		1,600,912,800	**1,804,172,172**
C	**Transfers from the Equalisation Fund**					
1	...	-	-	-	-	-
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	Kenya Devolution Support Program II	**390,000,000**	-	-	-	-
2	Primary Health Care(PHC)	**5,842,500**	-	-	-	-
3	Food Systems Resilience Project(FSRP)	246,153,846	-	-	-	-
4	FLoccA	80,000,000	-	-	-	-
	Sub-Total	**721,996,346**	-	-	-	-
E	**Ordinary Own Source Revenue (OSR)**					
1	Business Permit Current Year	30,000,000	3,243,103	-	3,243,103	26,756,897
2	Health Centres		-	-	-	
3	Training/Learning Centres (ATC)	240,000	410,100	-	410,100	- 170,100
4	Market Stalls Rent	1,200,000	664,672	-	664,672	535,328
5	Fruits & Vegetables/Produce Cess	15,800,000	679,631	-	679,631	15,120,369
6	Meat Inspection Fees	360,000	310,860	-	310,860	49,140
7	Agriculture Vehicles Hire (Ams Tractors)	13,160,000	1,140,618	-	1,140,618	12,019,382
8	Open Air Market Fee	1,200,000	1,043,500	-	1,043,500	156,500
9	Slaughtering Fee	480,000	46,800	-	46,800	433,200
10	Livestock Cess	120,000	10,500	-	10,500	109,500
11	Fish Cess	840,000	3,031,348	-	3,031,348	- 2,191,348
12	Street Parking Fee	3,000,000	1,765,000	-	1,765,000	1,235,000
13	Sales Of Flowers, Miraa, etc.	1,800,000	8,260,000	-	8,260,000	- 6,460,000
14	Wheat&Maize Cess		517,205	-	517,205	- 517,205
15	Vetenary	120,000	-	-	-	120,000

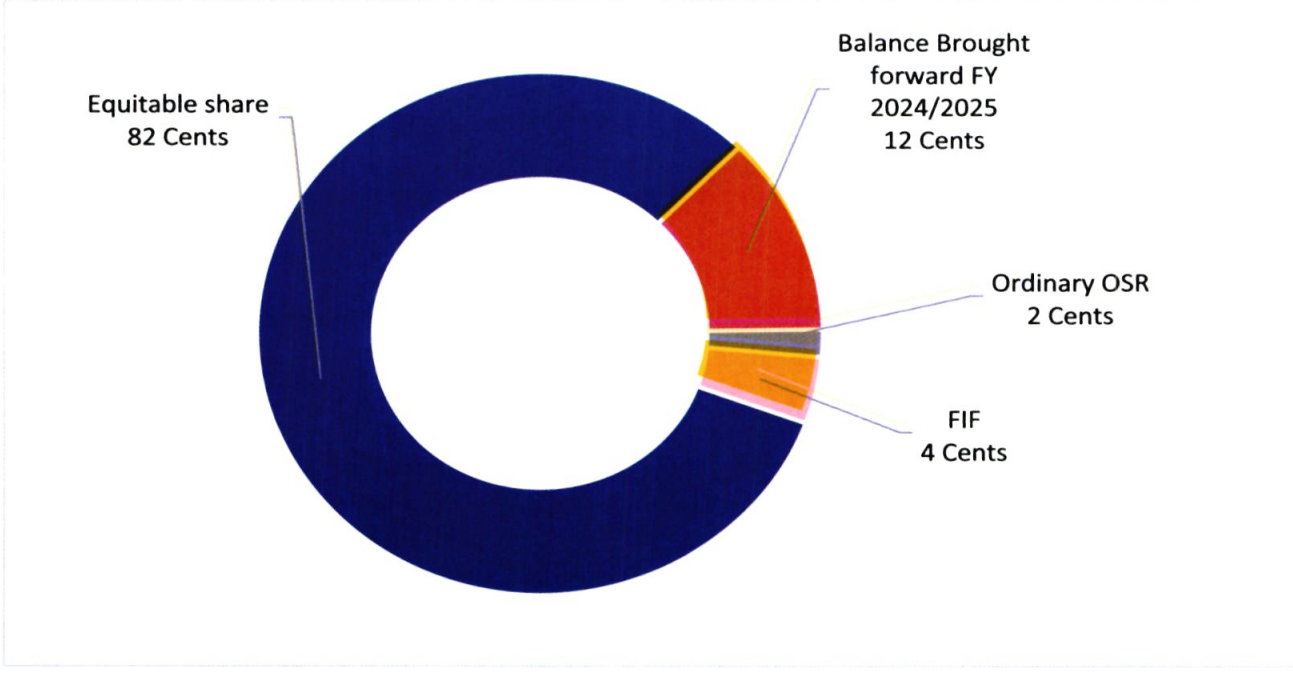
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
16	Forest Cess	600,000	285,500	-	285,500	314,500
17	Metal Scrap	840,000	147,000	-	147,000	693,000
18	Sign Boards & Advertisement Fee	5,900,000	117,000	-	117,000	5,783,000
19	Physical Planning	720,000	2,395,699	-	2,395,699	- 1,675,699
20	Sand, Gravel, And Ballast Extraction Fees	6,000,000	6,069,382	-	6,069,382	- 69,382
21	Fisheries Licence	120,000	-	-	-	120,000
22	Land Rates	62,040,000	2,700,220	-	2,700,220	59,339,780
23	Public Health	600,000	413,701	-	413,701	186,299
24	Hides And Skins Fee	-	4,000	-	4,000	- 4,000
25	Water Disinfection Plant	-	-	-	-	-
26	Donations	-	-	-	-	-
27	Salary Commission	1,800,000	-	-	-	1,800,000
28	Others Miscellaneous	60,000	-	-	-	60,000
29	Liquor Licences	3,000,000		-		3,000,000
	Sub-Total	**150,000,000**	**33,255,839**	**-**	**33,255,839**	**246,744,161**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	130,000,000	**80,826,306**	-	80,826,306	49,173,694
	Sub-Total	**130,000,000**	**80,826,326**	**-**	**80,826,306**	**49,173,694**
Total		**4,648,361,529**	**1,956,848,588**	-	**1,956,848,588**	1,956,848,588

Source: *Lamu County Treasury*

Indicate whether the County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 121 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 121: Lamu County Composition of Each Shilling Earned in the First Half of FY 2025/26

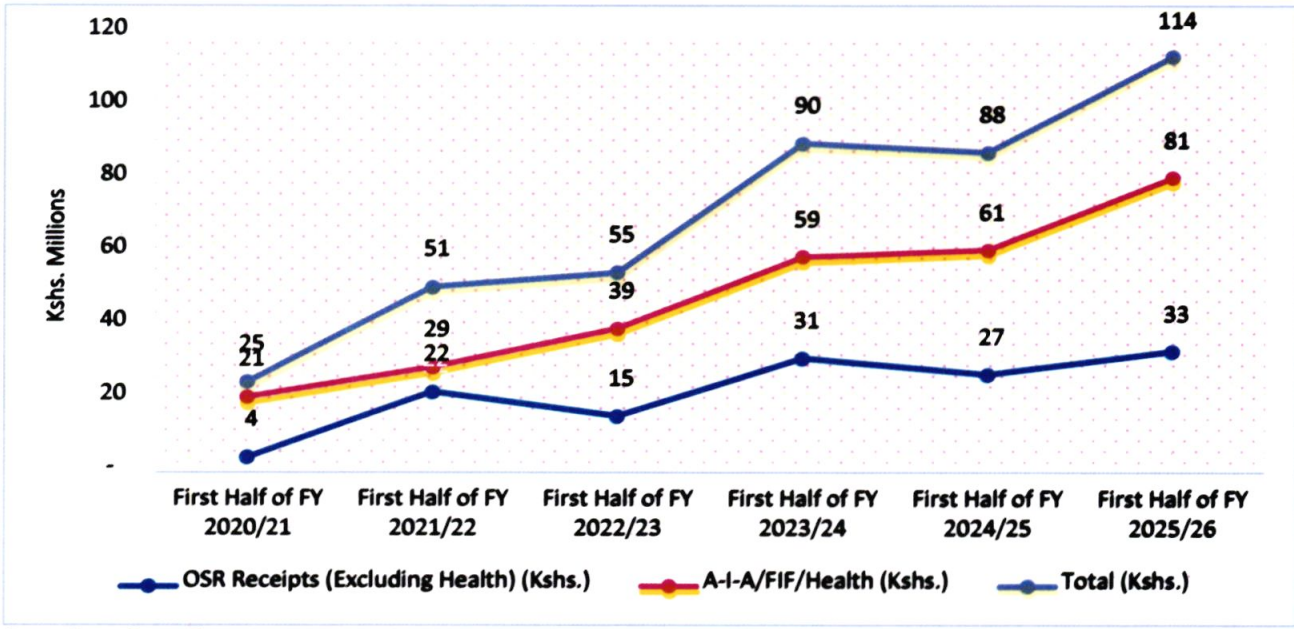


Source: *Lamu County Treasury*

The equitable share of revenue raised nationally, the unspent balance, and FIF contributed 71 per cent, 12 per cent, 10.5 per cent, and 2 per cent, respectively, of the total receipts for the reporting period.

Figure 122 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 122: Lamu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

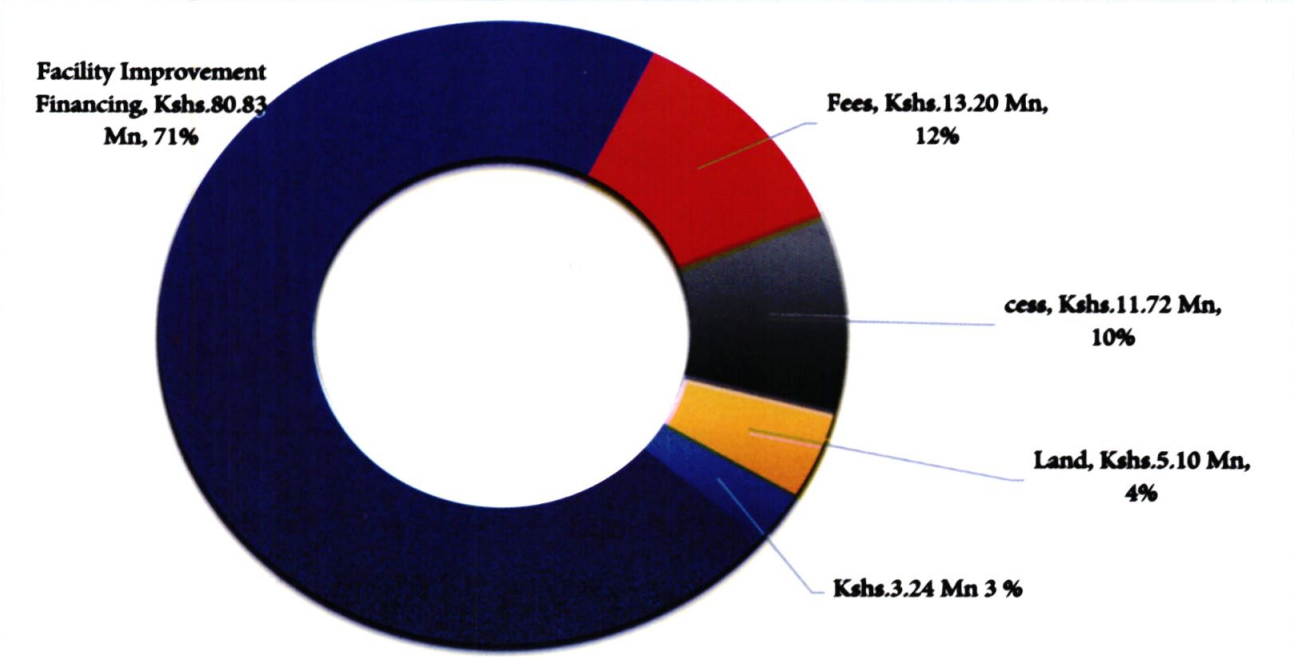


Source: Lamu County Treasury

During the first half of FY 2025/26, the County received Kshs.114.08 million from OSR, including FIF. This amount was an increase of 30 per cent compared to Kshs.87.83 million realised in a similar period in FY 2024/25, and was 41 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The increase in OSR can be attributed to good governance within the revenue department, enhanced internal control measures, service expansion, and the automation of all revenue streams.

Figure 123: Lamu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Lamu County Treasury

As shown in Figure 123, the highest revenue stream is at Kshs.80.83 million was from FIF, accounting for 71 per cent of the total OSR receipts. The County Government indicated that it has automated all its revenue streams.

3.21.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.218.71 million, which remained the same during the reporting period to 31st December 2025. Table 3:310 presents a breakdown of the County's revenue arrears.

Table 3.309: Lamu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 31st December, 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Land rate**	218,710,283	-	-	-	**218,710,283**
	Total	**218,710,283**	-	-	-	**218,710,283**

Source: *Lamu County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.218.71 million for all Land rates

3.21.4 Borrowing by the County

The county didn't borrow during the period under review.

3.21.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.1.38 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs.41.64 million (3 per cent) designated for development programs and Kshs.1.33 billion (97 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.02 billion was allocated for employee compensation, and Kshs.318.53 million for operations and maintenance expenditures. Within the operations and maintenance category, 5 per cent was for domestic travel and 6 per cent for foreign travel. The domestic travel exchequers totalled Kshs.59.9 million, which included Kshs.28.84 million for the County Executive and Kshs.31.08 million for the County Assembly. Meanwhile, the foreign travel exchequer totalled Kshs.65.45 million all for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the CRF account was Kshs.723.66 million.

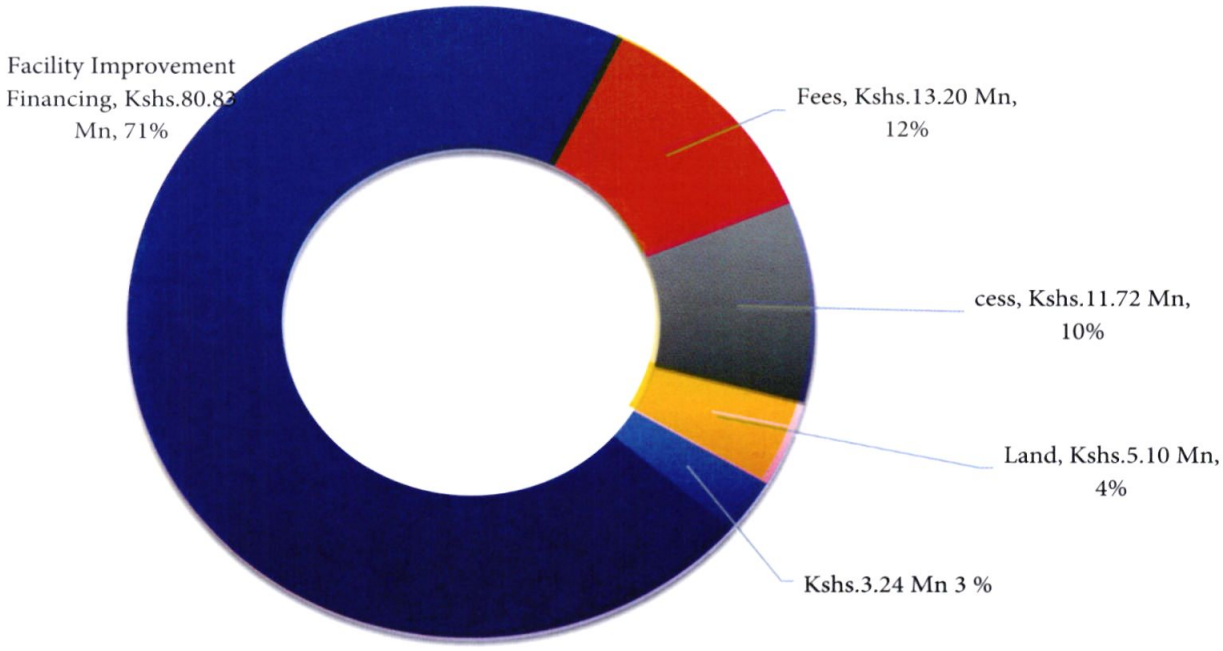
In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.230.70 million from the County Assembly Fund (CAF) account during the review period. The amount totals Kshs 230.70 million, all for recurrent activities.

3.21.6 Expenditure Review

The County spent Kshs.1.35 billion on development and recurrent programmes during the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.41.64 million for development programmes and Kshs.1.31 billion for recurrent programmes. Expenditure on development programmes accounted for 3 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 42 per cent of the annual recurrent expenditure budget.

Figure 124 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 124: Lamu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Lamu County Treasury*

As shown in Figure 124, the three highest expenditure categories were personnel emoluments, development, and MCAs' sitting allowance, contributing 92, 4, and 3 per cent of total expenditure for the reporting period.

3.21.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables of Kshs.30.81 million. The entire amount related to the County Executive was solely attributable to recurrent expenditure. During the reporting period, the County Executive settled trade payables amounting to Kshs.13.61 million, all of which are related to recurrent activities.

The outstanding trade payables as of 31st December 2025 were Kshs.17.2 million, all for the County Executive. Table 3.310 provides additional details of trade payables.

Table 3.310: Lamu County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	-	30,808,736	-
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	-	13,606,394	-
Amount paid in the First Half of FY 2025/26	c	County Executive	-	13,606,394	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	-	**17,202,342**	-

Source: *Lamu County Treasury*

The County Executive submitted a trade payables payment plan committing to settle Kshs.13.61 million, all relating to recurrent expenditure, in FY 2025/26. The County adhered to this plan, having cleared the full amount of Kshs.13.61 million for the County Executive during the reporting period.

Table 3.311 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive, which was Kshs.17.2 million.

Table 3.311: Lamu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)					-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	15,235,119	-	-	1,967,223	**17,202,342**
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	-	-	-	-	-
% of Total	**88.6**	-	-	**11.4**	**100**

***Source**: Lamu County Treasury*

3.21.8 Expenditure by Economic Classification

The County Executive incurred Kshs.923.69 million on compensation of employees, Kshs.174.51 million on operations and maintenance, and Kshs.41.64 million on development activities. Similarly, the County Assembly spent Kshs.92.59 million on compensation of employees, Kshs.116.42 million on operations and maintenance, and has not incurred any expenditure towards development activities, as shown in Table 3:313.

Table 3.312: Lamu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**2,621,842,948**	**472,735,064**	**1,098,202,486**	**209,003,284**	-	-	**1,098,202,486**	**209,003,284**	**42**	**44**
Compensation of Employees	1,883,414,995	196,735,064	923,692,488	92,587,654	-	-	923,692,488	92,587,654	49	47
Operations and Maintenance	738,427,953	276,000,000	174,510,000	116,415,630	-	-	174,510,000	116,415,630	24	42
Development Expenditure	**1,443,783,517**	**110,000,000**	**41,636,699**	**209,003,284**	-	-	**41,636,699**	-	**3**	-
Total	4,065,626,465	582,735,064	1,139,839,185	209,003,284	-	-	1,139,839,185	209,003,284	28	36

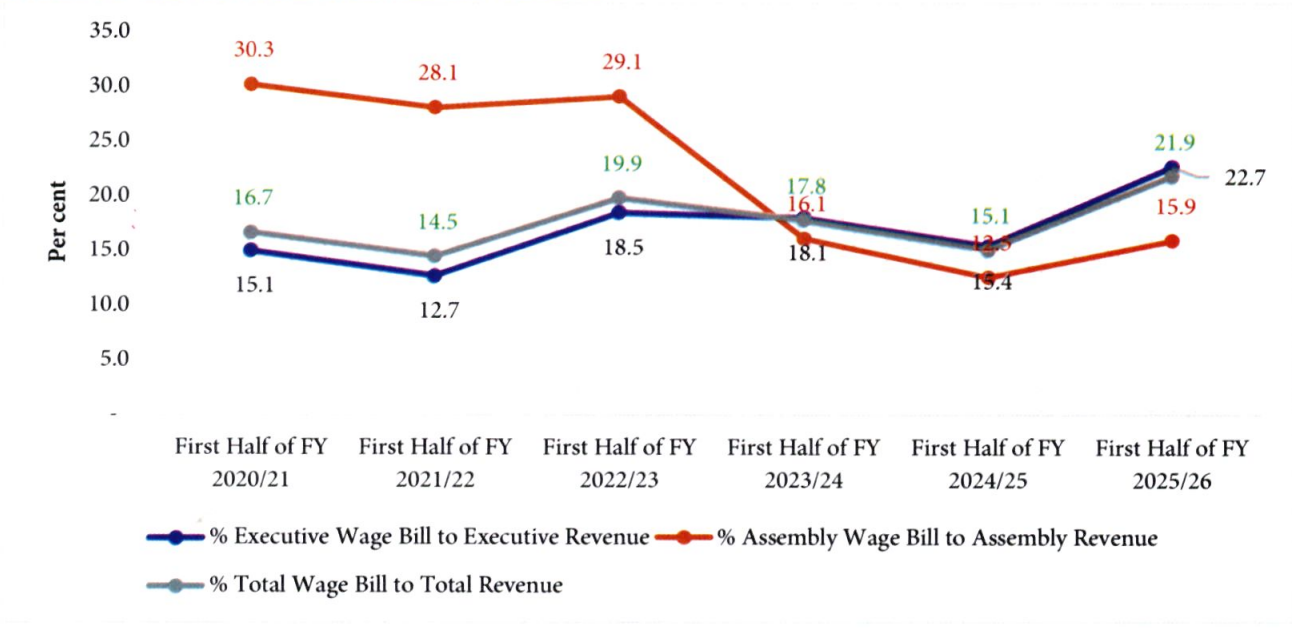
***Source**: Lamu County Treasury*

3.21.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.02 billion. The compensation-to-revenue ratio was 52 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.798.62 million reported in a similar period in FY 2024/25. Of this total, Kshs.427.1 million related to Health Sector employees, accounting for 42 per cent of the overall employees' compensation. The increase was attributable to the recruitment of new staff, annual salary increments for county staff, and court directives requiring the reinstatement of staff previously dismissed by the county.

Figure 125 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 125: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Lamu County Treasury

Further analysis indicated that PE costs amounting to Kshs.847.47 million were processed through the Human Resource Information System (HRIS). In contrast, Kshs.168.81 million was processed through manual payroll, accounting for 17 per cent of the total PE cost. Because the county government continues to recruit, it sometimes takes time for new staff to be onboarded on HRIS.

The manual payroll comprised salaries for 66 staff not onboarded into the Human Resource Information System (HRIS), salaries for 568 casual staff, top-up allowances for 4 security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.313.

Table 3.313: Breakdown of Lamu County Manual Payroll

S/no.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	37,760,629
2	Salaries for casual staff	61,983,768
3	Top-up Allowances for Security Officers	558,828
4	LAPTRUST/LAPFUND Pension Contributions	30,964,945
5	Gratuity for contract staff	37,537,144
	Total	168,805,314

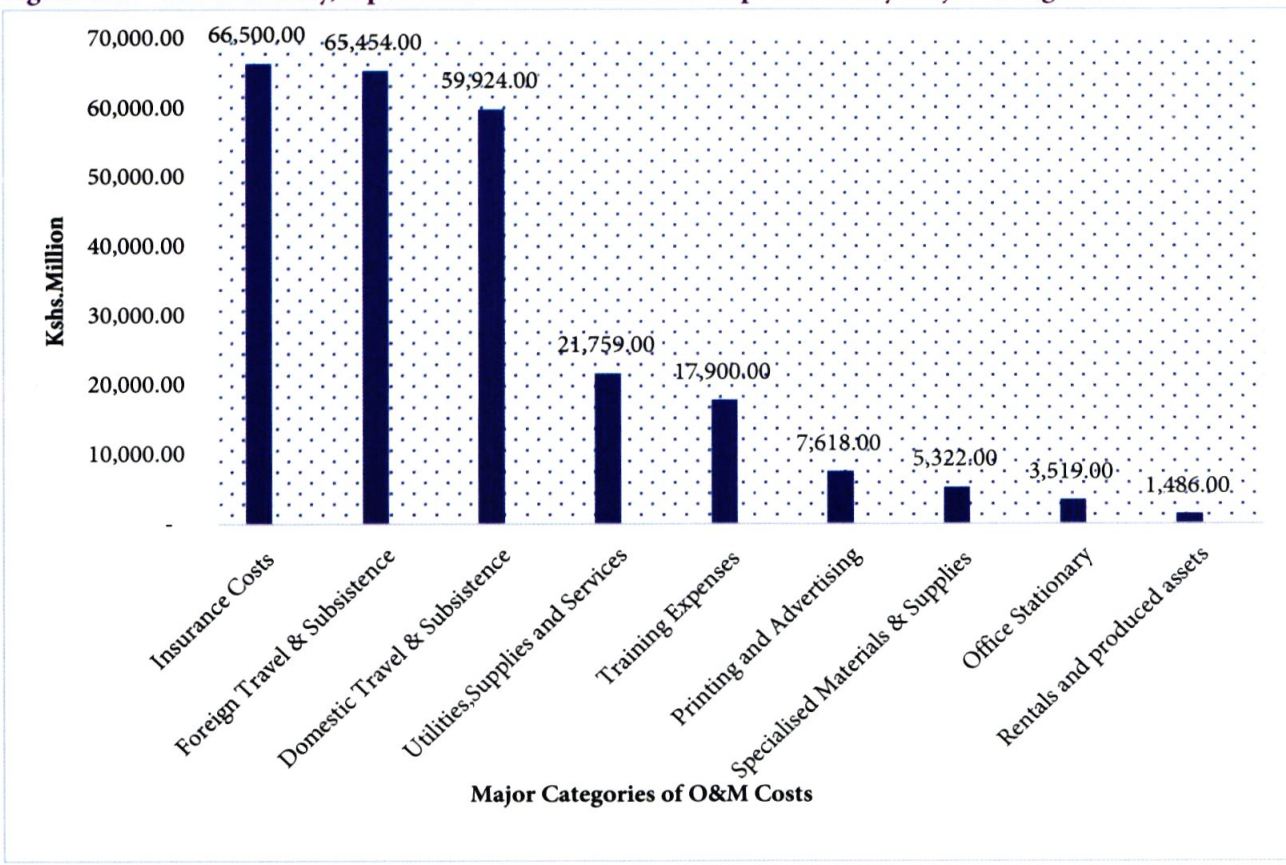
Source: Lamu County Treasury

The County Assembly spent Kshs.7.89 million on committee sitting allowances for the 20 MCAs against the annual budget allocation of Kshs.15.23 million. The average monthly sitting allowance was Kshs.65,708 per MCA. The County Assembly has 17 House Committees.

3.21.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.290.93 million on operations and maintenance, representing a decrease of 4 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.302.66 million. Figure 126 summarises the Operations and Maintenance expenditure by major categories.

Figure 126: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: *Lamu County Treasury*

1.1.1 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.75 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.314 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.314: Performance of Lamu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
	Emergency Funds		5,000,000	-	-	-	-
	Bursary Fund		70,000,000	-	-	-	-
	Total		75,000,000				

Source: Lamu *County Treasury*

During the reporting period, the CoB received quarterly financial reports from 7 Fund Administrators, as indicated in Table 3.315, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.21.11 County Corporations

The County has 1 County Corporation, which was allocated Kshs.10 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.5 million, as shown in Table 3.315.

Table 3.315: Performance of Lamu County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Lamu Water and Sewerage Company(LAWASCO)	10,000,000	5,000,000	5,000,0000	25,000,000
	Total	10,000,000	5,000,000	5,000,000	25,000,000

Source: Lamu County Treasury

3.21.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.59.9 million and comprised Kshs.31.08 million spent by the County Assembly and Kshs.28.84 million by the County Executive. Expenditure on foreign travel amounted to Kshs.65.45, all for the County Assembly. Expenditure on foreign travel is summarised in Table 3.316.

Table 3.316: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	19	16th -29th August, 2025	Training on Effective Oversight and Accountability for the Legislature	Tanzania	11,606,660	-	11,606,660
County Assembly	21	1st-14th November,2025	Facilitation for the County Assembly members to attend the Capacity Building training on the Leadership Development Skills Program	Tanzania	11,371,360	-	11,371,360
County Assembly	10	15th-28th November,2025	Facilitation to attend Leadership Development Skills and Public Sector Performance Training	Tanzania	5,996,300	-	5,996,300
County Assembly	9	2nd- 15th August 2025	Attend Gender Mainstreaming And Institutional Effectiveness	Tanzania	5,204,360	-	5,204,360
County Assembly	2	16th-29th August,2025	Facilitation to attend Leadership Development Skills and Public Sector Performance Training	Tanzania	1,036,880	-	1,036,880

Source: Lamu County Assembly

3.21.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.80.83 million as FIF, which was 62 per cent of the annual target of Kshs.130 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.80.83 million, as shown in Table 3.317.

Table 3.317: Lamu County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	5	130,000,000	80,826,306	62
	Total		130,000,000	80,826,306	62

Source: Lamu County Treasury

3.21.14 Development Expenditure

In the review period, the County reported spending Kshs.41.64 million on development programmes, representing a decrease of 63 per cent compared to FY 2024/25, when the County spent Kshs.113.15 million. Table 3.318 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the introduction of the new Electronic Government Procurement (e-GP) system, which affected the County Government's procurement of goods and services.

Table 3.318: Lamu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
1.	Devolution	Swimming Pool at Command Centre	Hindi	38,100,000	18,036,977	-	18,036,977	47
2.	Education	VTC Learning And Teaching Materials	County Wide	20,000,000	10,000,000	-	10,000,000	50
3.	Water	Kiunga-Ishakani Water Supply	Kiunga	5,785,762	5,669,732	-	5,669,732	98
4.	Water	Construction of the Siyu-Shanga Pipeline	Faza	4,430,837	4,430,837	-	4,430,837	100

Source: *Lamu County Treasury*

The County reported 3 stalled development projects as of 31st December, 2025, with an estimated value of Kshs.Kshs.366.13 million, of which Kshs.183.73 has already been paid. The stalled projects are shown in Table 3.319.

Table 3.319: Lamu County Stalled Projects as of 31st December 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 September 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Lamu County Headquarters	Headquarters	126,823,550	55,226,562	71,596,987	75	Delay of payment by the state department of public works
Faza Sub-County Headquarters	Faza	195,219,070	106,307,170	88,911,899	70	Delay by the state Department of Public Works
Construction of the Governor's Residence	Lamu Island	44,090,374	22,197,479	21,892,894	50	Delay by the Contractor. Another contractor is being sought.
Total		**366,132,994**	**183,731,211**	182,401,780	-	

Source: Lamu County Treasury

3.21.15 Budget Performance by Department

Table 3.320 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.320: Lamu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	472.74	110	230.70	-	209	-	91	-	44	-
County Executive and PSM	144	34	78.69	-	82.49	-	105	-	57	-
Finance, Economy & Strategic Planning	1,905.91	-	925.80	-	925.86	-	100	-	49	-
Agriculture, Irrigation & Food Security	18	296.65	1.38	3.50	1.38	3.50	100	100	8	1

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Land, Physical Planning, & Urban Development	30.50	104.25	13.13	-	13.49	-	103	-	44	-
Education, Technology, Gender, Youth Affairs, Sports & Social Services	88.50	123.25	9.26	10	4.89	10	53	100	6	8
Medical Services	242.93	103.60	6.21	-	15.66	-	252	-	6	-
Trade, Investment, Culture & Tourism	24	18	16.17	-	16.17	-	-	-	-	
ICT, E-Government and Citizen Participation	12	27.53	0.09	-	0.22	-	-	-	-	
Fisheries, Blue Economy, Livestock, Veterinary & Cooperative Development	8	53.80	0.90	-	0.90	-	-	-	-	
County Public Service Board	11	-	1.72	-	1.81	-	-	-	-	
Water Management & Energy	51.50	95.30	12.26	10.10	15.36	10.10	125	100	30	11
Sanitation and Environment	22.50	93	6.43	-	6.43	-	100	-	29	-
Budget And Economic Planning	7.50	-	1.71	-	1.98	-	116	-	26	-
Road, Transport, Infrastructure & Public Works	7	101.80	0.86	-	0.91	-	106	-	13	-
Devolution, Disaster Management & Resource Mobilisation	48.50	392.60	10.41	18.04	10.65	18.04	102	100	22	5
	3,094.58	**1,553.78**	**1,334.81**	**41.64**	**1,307.21**	**41.64**	**99**	**100**	**42**	**3**

***Source**: Lamu County Treasury*

Analysis of expenditure by departments shows that the Department of Water and Energy management recorded the highest absorption rate of development budget at 11 per cent, followed by the Department of Education at 8 per cent. The Department of County Executive had the highest percentage of recurrent expenditure to budget at 57 per cent, while the Department of Education and Medical Services recorded the lowest at 6 per cent, respectively.

3.21.16 Budget Execution by Programmes and Sub-Programmes

Table 3.321 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.321: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Water Management and Energy				
Programme 1: Water Management and Conservation	Water Management and Conservation	48,495,356	10,099,722	21
Education				
Programme 3: Village Polytechnic	Village Polytechnic	33,000,000	10,000,000	30
Devolution				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Programme 1:	Administration Services	392,600,000	18,036,976.40	5
RECURRENT				
County Executive				
Programme 1:	Administration Services	110,750,000	82,488,334	74
County Assembly				
Programme 1:	Legislation and Oversight	224,088,900	110,220,450	49
Programme 2:	Administration	248,646,164	98,782,831	40
Finance				
Programme 1:	Administration Services	1,891,967,495	924,697,631.20	49

Source: *Lamu County Treasury*

The development sub-programmes with the highest budget implementation rates included village polytechnic in the Department of Education at 30 per cent, Water management and conservation in the Department of Water at 21 per cent, and Administration at 5 per cent. For recurrent sub-programmes, the top performers were Administration in the Department of Finance at 74 per cent, Administration in the County Assembly at 49 per cent, and Administration in the Department of Finance at 49 per cent.

Table 3.322 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.322: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Agriculture				
Programme 2:	Land Adjudication and Regularisation	76,598,800	-	-
Medical Services				
Programme 1:	Human Resource Development	103,596,140	-	-
Trade				
Programme :	Tourism Information	4,000,000	-	-
ICT				
Programme 3:	Networking Infrastructure	27,533,635	-	-

Source: *Lamu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Land adjudication in the Department of Agriculture, Human resource department in the Department of Medical Services, Tourism Information in the Department of Trade and Tourism and networking infrastructure in the Department of ICT Administration Services at The County Treasury, all at zero per cent.

3.21.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance

Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 37 accounts in commercial banks, including 5 accounts for Health Facilities, 11 accounts for Vocational Training Centres, 8 accounts for Established Funds, 1 revenue account, 3 special-purpose accounts (additional allocations), 3 Salary processing accounts,3 Water accounts, and 1 recurrent account.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.21.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Lamu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.114.8 million against an annual target of Kshs.280 million, representing 41 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.41.6 million on development activities, achieving a 3 per cent absorption rate.
iii. Use of manual payroll. Personnel emoluments amounting to Kshs.168.81 million for 66 staff not onboarded into HRIS and 568 casual staff processed through manual payroll, accounting for 18 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
iv. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
iv. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.22. County Government of Machakos

3.22.1 Overview of FY 2025/26 Budget

The Machakos County Approved Budget for FY 2025/26 is Kshs.15.19 billion. It comprises Kshs.4.60 billion (30 per cent) and Kshs.10.60 billion (70 per cent) for development and 4.20 billion (30 per cent) for recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.428.58 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.75 billion and a recurrent budget of Kshs.10.87 billion. The decrease in the budget was primarily attributed to the decline in conditional grants of Kshs.239.48 million, a decline in the balance brought forward of Kshs.336.83 million, and an increase in the equitable share of Kshs.112.99 million.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.10.03 billion (66 per cent), and additional allocations of Kshs.1.08 billion (7 per cent), and Kshs.4.09 billion (27 per cent) to be earned as own-source revenue. A breakdown of the additional allocations is shown in Table 3.323.

3.22.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.5.81 billion. This amount represented an increase of 11 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.22 billion. The total revenue consisted of Kshs.4.22 billion from the equitable share of revenue raised nationally, nil on additional allocations from the national government and development partners, as well as own-source revenue (OSR) collection of Kshs.1.15 billion. Additionally, the County had a cash balance of Kshs.428.78 million from FY 2024/25. The total OSR collection of Kshs.1.15 billion included

Facilities Improvement Financing (FIF) of Kshs.718.72 million, and Kshs.430.46 million from other OSR sources. Table 3.323 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.323: Machakos County, Revenue Performance in the First Half of FY 2025/26

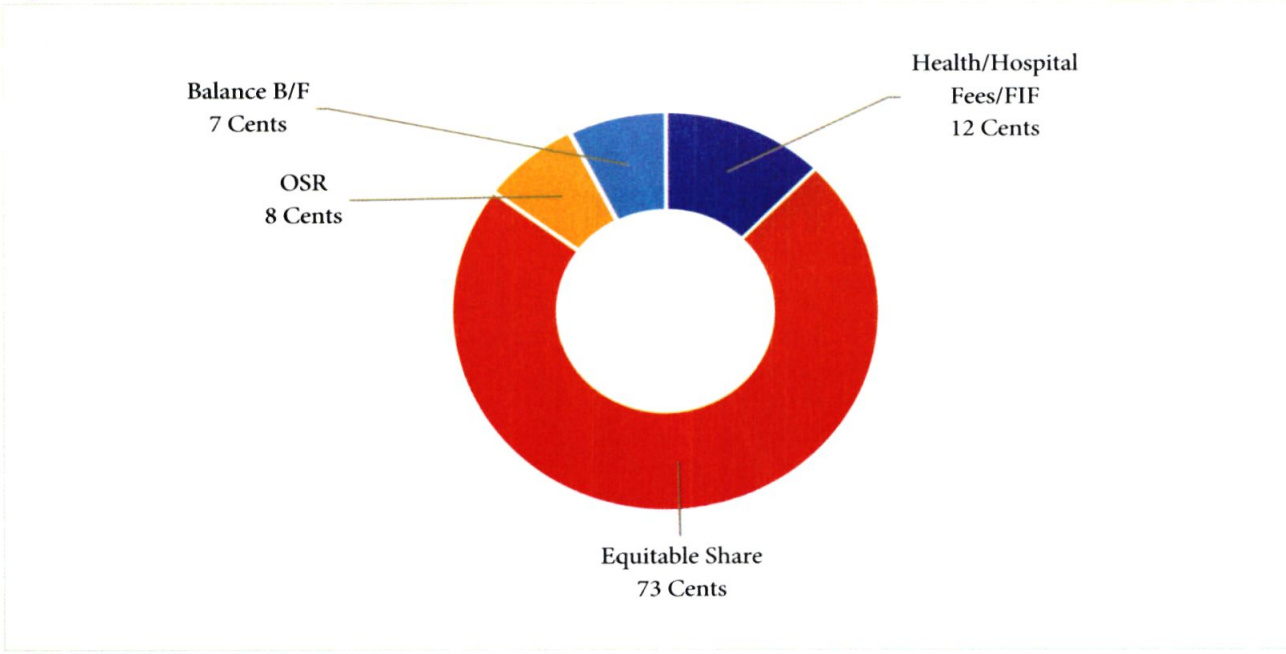
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	-	426,422,477	-	426,422,477	(426,422,477)
2	County Executive Refunds to CRF	-	412,317	-	412,317	(412,317)
3	County Assembly Refunds to CRF	-	1,942,216	-	1,942,216	(1,942,216)
	Sub-Total	**-**	**428,777,010**	**-**	**428,777,010**	**(428,777,010)**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**10,027,000**	**4,224,340,064**	-	**4,224,340,064**	**5,802,659,936**
	Sub-Total					
C	**Transfers from the Equalisation Fund**					
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	Kenya Devolution Support Program II (Level 2)	352,500,000	-	-	-	352,500,000
2	IDA(World bank) National Agricultural Value Chain development Project (NAVCDP)	151,515,152	-	-	-	151,515,152
3	IDA(World bank) FLLoCA-County climate Resilience Investment Grant	137,500,000	-	-	-	137,500,000
4	Road Maintenance Fuel Levy Fund	111,125,100	-	-	-	111,125,100
5	Kenya Urban Support Project (UDG)-World Bank	90,174,566	-	-	-	90,174,566
6	Community Health Promoters (CHPs)	83,250,000	-	-	-	83,250,000
7	DANIDA Grant- Primary Health care Devolved (2023/24/25/26)	43,548,750	-	-	-	43,548,750
8	Kenya Devolution Support Program II (Level 1)	37,500,000	-	-	-	37,500,000
9	Kenya Urban Institutional Project (UIG)-World Bank	35,000,000	-	-	-	35,000,000
10	Aquaculture Business Development Project (ABDP) - IFAD	12,262,438	-	-	-	12,262,438
11	IDA(World Bank) FLLoCA-County climate institutional support (CCIS) Grant	11,000,000	-	-	-	11,000,000
12	County Rural & Urban Affordable Housing Committee	8,817,410	-	-	-	8,817,410
13	Court Fines	1,617,189	-	-	-	1,617,189
	Sub-Total	**1,075,810,605**	**-**	**-**	**-**	**1,075,810,605**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates & Ground Rent	590,225,445	48,224,161	-	48,224,161	542,001,284
2	Single Business Permit	477,322,506	26,760,955	-	26,760,955	450,561,551
3	Quarry Extraction Fees	243,271,738	67,708,550	-	67,708,550	175,563,188

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
4	Sand Gravel	83,273,480	23,520,500	-	23,520,500	59,752,980
5	Market Fees	175,281,906	23,329,891	-	23,329,891	151,952,015
6	Plot/Stall Rent	6,462,898	1,897,175	-	1,897,175	4,565,723
7	Bus park	196,852,600	24,762,473	-	24,762,473	172,090,127
8	House Rent	2,667,532	406,577	-	406,577	2,260,955
9	Refuse/Conservancy Fee	47,837,156	12,240,504	-	12,240,504	35,596,652
10	Sign Board & Advertisement Fee	184,645,091	14,040,677	-	14,040,677	170,604,414
11	Fire Fighting & Ambulance Management Unit	50,535,823	3,657,679	-	3,657,679	46,878,144
12	Slaughter House & Livestock Fees	38,848,756	7,129,074	-	7,129,074	31,719,682
13	Enforcement Management	20,468,142	3,003,537	-	3,003,537	17,464,605
14	Off-street Parking Unit	36,228,273	12,916,879	-	12,916,879	23,311,394
15	Building Plan Approval	665,877,074	129,410,448	-	129,410,448	536,466,626
16	Cess	72,186,020	16,474,005	-	16,474,005	55,712,015
17	Social Services	5,490,107	1,001,850	-	1,001,850	4,488,257
18	Water Sales (Water Bowzers, Borehole Drilling)	3,806,549	243,200	-	243,200	3,563,349
19	Machakos People's Park/ Maruba	1,703,559	613,401	-	613,401	1,090,158
20	House Loan Repayment	57,094	-	-	-	57,094
21	Salary Refunds/Advances	1,387,369	387,300	-	387,300	1,000,069
22	Agri Farm	300,000	-	-	-	300,000
23	Liquor	92,072,859	7,524,585	-	7,524,585	84,548,274
24	Tourism	-	-	-	-	-
25	Interest & Penalties on Plot And Stall Rent	725,123	2,000	-	2,000	723,123
26	Noise Pollution	6,273,484	3,740,150	-	3,740,150	2,533,334
27	Motor Vehicle/Cycle Registration	8,584,878	1,223,250	-	1,223,250	7,361,628
28	Weights And Measures	8,494,468	240,850	-	240,850	8,253,618
	Sub-Total	3,020,879,928	430,459,671	-	430,459,671	2,590,420,257
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	-	-	-	-	-
2	Defunct NHIF	**68,259,496**	-	-	**68,259,496**	-
3	Health Revene	**1,069,895,188**	**718,717,742**	-	**718,717,742**	351,177,446
	Sub-Total	1,138154,684	718,717,742	-	786,977,238	351,177,446
Total		15,193,585,721	5,809,890,679	-	5,809,890,679	10,256,441,446

Source: *Machakos County Treasury*

Figure 127 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

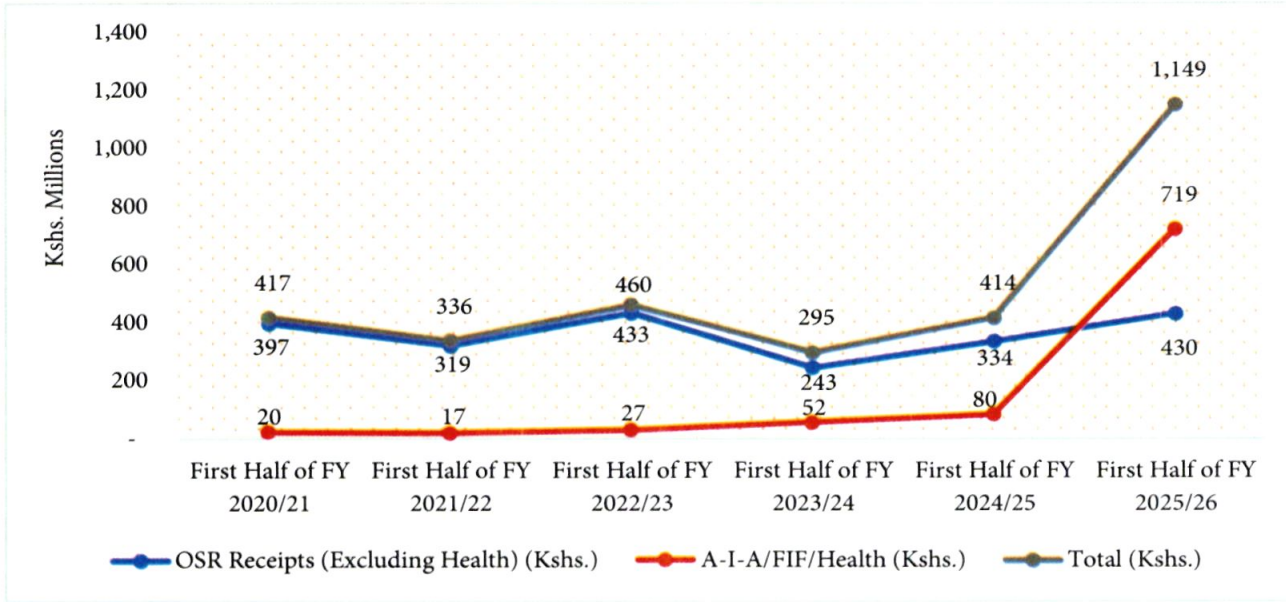
Figure 127: Machakos County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Machakos County Treasury*

The equitable share of revenue raised nationally, FIF/Health Fees, and OSR contributed 73 per cent, 12 per cent, and 8 per cent, respectively, to total receipts for the reporting period. Figure 128 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 128: Machakos County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Machakos County Treasury*

During the first half of FY 2025/26, the County received Kshs.1.15 billion from OSR, including FIF. This amount was an increase of 177 per cent compared to Kshs.414.45 million realised in a similar period in FY 2024/25, and was 28 per cent of the annual target and 27 per cent of the equitable revenue share disbursed. The increased performance was due to higher enrolment by SHA with insurance cover, an improved SHA tariff structure that boosted revenue for specialised services, broader benefit coverage with more billable services, a better claims management system, and improved beneficiary verification, with higher certainty of reimbursements. The revenue streams that contributed the most to OSR receipts are shown in Figure 129.