OFFICE OF THE CONTROLLER OF BUDGET

REPUBLIC OF KENYA

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Hon Naomi Waqo, mp
Deputy Majority Whip
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COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER OF FY 2023/24

NOVEMBER, 2023

OFFICE OF THE CONTROLLER OF BUDGET

Promoting Prudent and efficient Utilization of Public Funds

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 28 FEB 2024
DAY
WED
TABLED BY: Hon Naomi Waqo, MP Deputy Majority Whip
CLERK-AT-THE-TABLE: Noda

COUNTY GOVERNMENTS

BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER OF

FY 2023/24

NOVEMBER, 2023

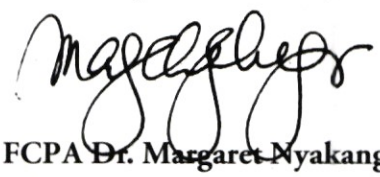
FOREWORD

I'm pleased to present the County Governments' Budget Implementation Review Report (CBIRR) for July 2023 to September 2023. The report has been prepared pursuant to Article 228 (6) of the Constitution and Section 9 of the Controller of Budget (CoB) Act, 2016, which requires the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the National and County Governments every four months. This report is also one of the mediums the CoB uses to publicize information on budget implementation at the County Government level in line with Section 39 (8) of the Public Finance Management Act, 2012.

The report is informed by a review of financial and non-financial performance reports for the first three months of the year submitted to the Controller of Budget pursuant to Sections 166 and 168 of the Public Finance Management, data extracted from the Integrated Financial Management Information System and approved budgets for FY 2023/24. It is further enhanced by continuous monitoring of budget implementation by the Office of the Controller of Budget.

This CBIRR analyses receipts into the County Revenue Funds, exchequer issues, actual expenditure and absorption of funds against the approved budget. It also outlines the issues that impeded budget implementation during the period and the requisite recommendations to address the identified issues. The report will be helpful to the respective arms of the County Governments and the public in creating awareness of budget implementation and improving the management of public resources.

Preparation of this report was made possible through efforts and devotion to duty by both staff of OCoB and County Governments, whom I acknowledge and greatly appreciate.



FCPA Dr. Margaret Nyakang'o, CBS

CONTROLLER OF BUDGET

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ACRONYMS

A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
CARA	County Allocation of Revenue Act
CBIRR	County Budget Implementation Review Report
CECMF	County Executive Committee Member for Finance
COB	Controller of Budget
COVID-19	Coronavirus Disease 2019
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DEV	Development
DRPNK	Drought Resilience Programme in Northern Kenya
ECDE	Early Childhood Development Education
EU	European Union
EXP	Expenditure
FIF	Facility Improvement Fund
FY	Financial Year
ICT	Information Communication Technology
IDA	International Development Association
IDEAS	Instruments for Devolution Advice and Support
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll Personnel Database
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project
O&M	Operations and Maintenance
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
REC	Recurrent
SME	Small and Medium Enterprise
SRC	Salaries and Remuneration Commission
THSUCP	Transforming Health Systems for Universal Health Care Project
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This is the first quarter County Budget Implementation Review Report (CBIRR) for the FY 2023/24, covering July 2023 to September 2023. The report is prepared in fulfilment of the requirements of Article 228(6) of the Constitution of Kenya, 2010, which mandates the Controller of Budget to report on the implementation of the budgets of both the National and County Governments. It provides the status of budget implementation of each of the 47 County Governments through analysis of revenue and expenditure performance, highlighting the challenges experienced during the period under review and providing appropriate recommendations to address them in the future.

The aggregate approved FY 2023/24 Budget estimates for the County Governments amounted to Kshs.534.63 billion and comprised of Kshs.188.13 billion (35.2 per cent) allocated to development expenditure, and Kshs.346.51 billion (64.8 per cent) to recurrent expenditure. The allocation to development activities accounted for 35.2 per cent of the aggregate budget estimates, thus conforming with section 107(2)(b) of the Public Finance Management (PFM) Act, 2012 which stipulates that at least 30 per cent of the budget shall be allocated for development expenditure.

In order to finance the FY 2023/24 budget, the County Governments expect to receive Kshs.385.42 billion as an equitable share of revenue raised nationally and Kshs.42.64 billion as County additional, conditional allocations from the National Government and from Development Partners. We, however note that the County Governments Additional Allocations Bill, 2023, under which the County additional conditional allocations are anchored, was yet to be adopted by Parliament as of 30th September, 2023. The County Governments expect to raise Kshs.78.61 billion from ordinary own sources of revenue and Facility Improvement Fund (FIF)/Appropriation in Aid (A-I-A) and utilising the unspent funds carried forward from FY 2022/23 of Kshs.27.96 billion.

The total available funds to the County Governments in the first quarter of FY 2023/24 amounted to Kshs.99.28 billion. This comprised of Kshs.61.11 billion as an equitable share of revenue raised nationally authorised for withdrawal from Consolidated Fund to respective County Revenue Funds (CRF) accounts by the Controller of Budget (CoB) in line with Article 206(4) of the Constitution; Kshs.27.96 billion as cash balances from FY 2022/23 and Kshs.10.21 billion mobilised from own source revenue streams.

In the first quarter of FY 2023/24, the County Governments managed to raise their own revenue amounting to Kshs.10.21 billion. The own source revenue comprised of Kshs.6.89 billion from ordinary sources of revenue and Kshs.3.32 billion from Facility Improvement Fund (FIF)/Appropriation in Aid (A-I-A). The realised own source accounted for 13 per cent of the own-revenue annual target for FY 2023/24 of Kshs.78.61 billion and represented an increase of 65.5 per cent from Kshs.6.17 billion generated in a similar period of FY 2022/23. A review of the revenue collected against the annual revenue target for FY 2023/24 indicates that Nyeri, Narok, Isiolo, Samburu, Elgeyo Marakwet and Meru counties had the highest percentage of revenue collected to the annual revenue target at 42.2 per cent, 36.5 per cent, 36.3 per cent, 32.9 per cent, 29.9 per cent and 25.6 per cent respectively. Conversely, counties that had the lowest percentage included Kakamega at 7.1 per cent, Lamu at 5.6 per cent, Kajiado at 5.6 per cent, Kericho at 5.2 per cent, Nandi at 4.8 per cent, and Machakos at 2.6 per cent.

During the reporting period, CoB authorised the withdrawal of Kshs.66.17 billion from the respective County Revenue Funds (CRF) accounts to the County Operational Accounts for the County Governments per Article 207(3) of the Constitution and consisted of Kshs.59.36 billion (89.7 per cent) for recurrent activities and Kshs.6.81 billion (10.3 per cent) for development activities.

County Governments' total expenditure from 1st July 2023 to 30th September 2023 amounted to Kshs.67.47 billion and consisted of Kshs.60.52 billion for recurrent activities (89.7 per cent) and Kshs.6.92 billion (10.3 per cent) for development activities. The aggregate expenditure represented an absorption of 12.6 per cent of the aggregate FY 2023/24 annual County Governments' budget, and an improvement from an absorption rate of 11.4 per cent achieved in a similar period of FY 2023/24 when the cumulative expenditure was Kshs.54.82 billion. Counties that attained the highest overall absorption rates were Bomet at 20.9 per cent, Narok at 20.9 per cent, Nandi at 20.6 per cent, Kitui at 17.6 per cent, Isiolo at 17.0 per cent and Nyamira at 16.9 per cent. On the other hand, Nairobi City, Wajir, Siaya, Kilifi and Turkana recorded the lowest aggregate absorption rates at 8.1 per cent, 8.0 per cent, 7.1 per cent, 6.7 per cent and 6.2 per cent respectively.

The cumulative recurrent expenditure during the period under review amounted to Kshs.60.52 billion, representing 17.5 per cent of the annual County Government's budget for recurrent activities, an improvement from 16.5 per cent recorded in a similar period of FY 2022/23 when expenditure was Kshs.52.60 billion. A further review of the recurrent expenditure indicates that Counties incurred Kshs.41.79 billion (69 per cent of the total recurrent expenditure) on personnel emoluments and Kshs.18.76 billion (31 per cent of the total recurrent expenditure) on operations and maintenance. Out of Kshs.18.76 billion incurred on operations and maintenance, the County Assemblies cumulatively spent Kshs.312.98 million on MCAs' sitting allowances against an approved budget allocation for sitting allowances of Kshs.1.94 billion, translating to an absorption rate of 16.2 per cent and an increase of 249.2 per cent compared to Kshs.89.63 million incurred in a similar FY 2022/23 period.

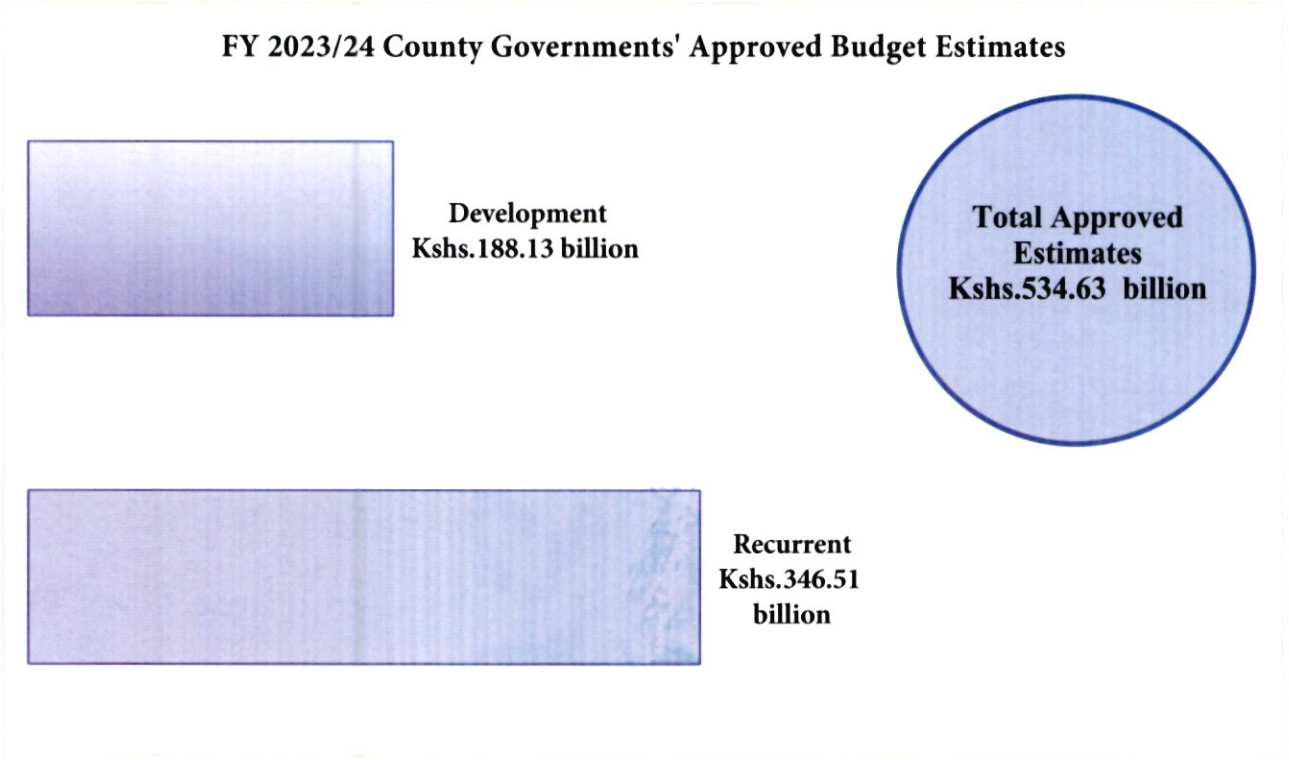
The cumulative development expenditure in the first quarter of FY 2023/24 amounted to Kshs.6.92 billion, translating to an absorption rate of 3.7 per cent of the annual FY 2023/24 development budget, which is an improvement from an absorption rate of 1.4 per cent realised in a similar period of FY 2022/23. Analysis of development expenditure indicated that Narok, Bomet, Uasin Gishu, Vihiga and Garissa Counties had the highest absorption rates of their respective approved development budgets at 30.0 per cent, 17.7 per cent, 13.8 per cent, 10.4 per cent and 10.1 per cent respectively. Counties that had the lowest absorption rates of their respective development budgets were Siaya, Elgeyo Marakwet, Baringo, Nakuru and Bungoma at 1.3 per cent, 1.2 per cent, 0.5 per cent, 0.2 per cent and 0.2 per cent, respectively. On the other hand, the following Counties did not report any expenditure on development programmes in the reporting period, namely; - Embu, Homa Bay, Kericho, Kilifi, Machakos, Nairobi City, Samburu, Turkana, Wajir and West Pokot Counties.

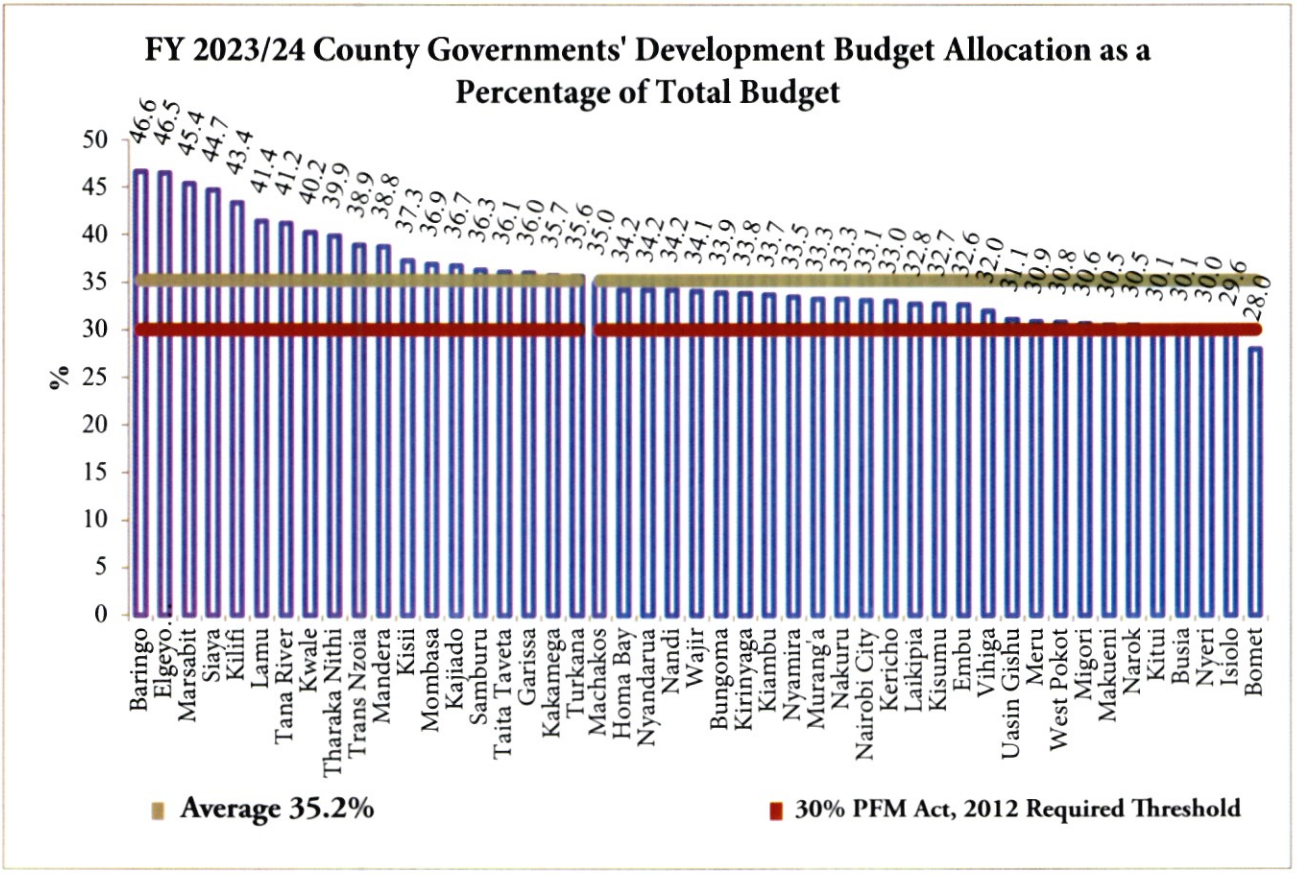
During the reporting period, the Controller of Budget (CoB) noted some cross-cutting challenges that have continued to impede effective and efficient budget execution by the county governments. Some of these issues were highlighted in the previous reports and are still outstanding. They include;- the delay by the Parliament to enact the County Governments Additional Allocations Bill, 2023, which constrained

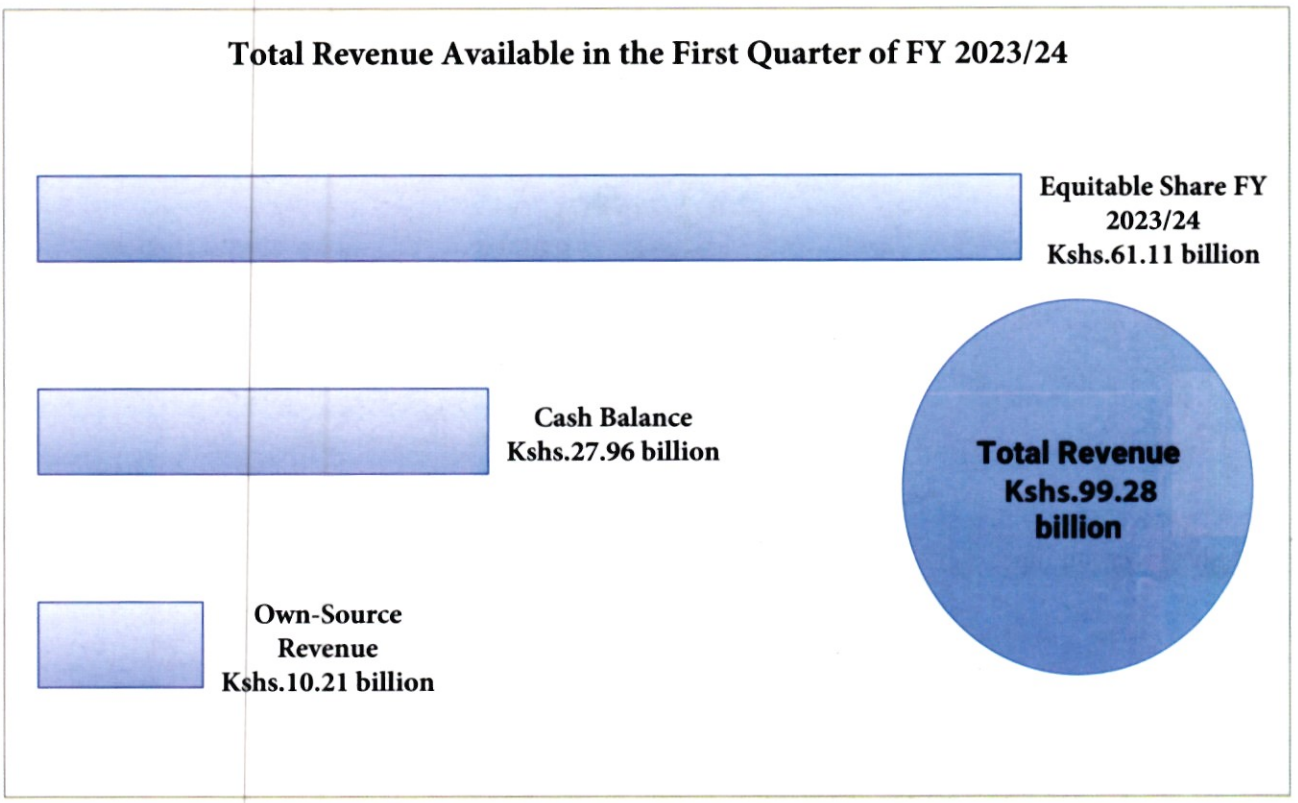
the disbursement of conditional grants to counties, the underperformance of own source revenue collection, the high level of pending bills, low expenditure on development programmes, failure by Fund Administrators to submit quarterly financial statements to the Controller of Budget, and delay by the National Treasury to disburse the equitable share of Revenue to Counties.

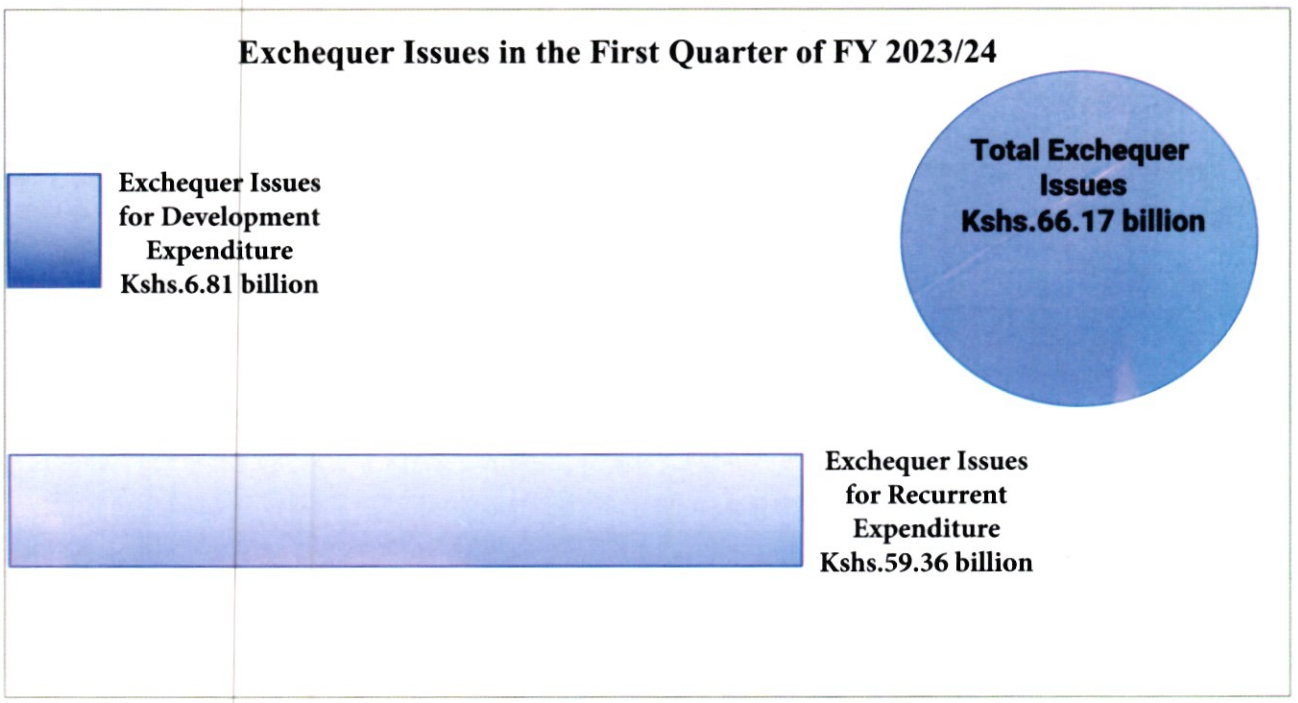
In order to address these challenges, the Parliament is advised to expedite the enactment of the County Governments Additional Allocations Bill, 2023, to enable County governments to access conditional grants to implement their budgets. Counties should institute strategies to enhance own-source revenue collection to realise the annual revenue targets and avoid budget deficits. Further, they should settle the eligible pending bills as a first charge on the budget in line with the law, prioritise implementing development programmes to improve their citizens' living standards, put in place mechanisms to ensure Fund Administrators prepare and submit quarterly reports to the Controller of Budget in line with the PFM Act, 2012, and the National Treasury to ensure disbursements of equitable share of revenue to county governments are in line with the approved disbursement schedule to ensure effective budget implementation.

KEY HIGHLIGHTS

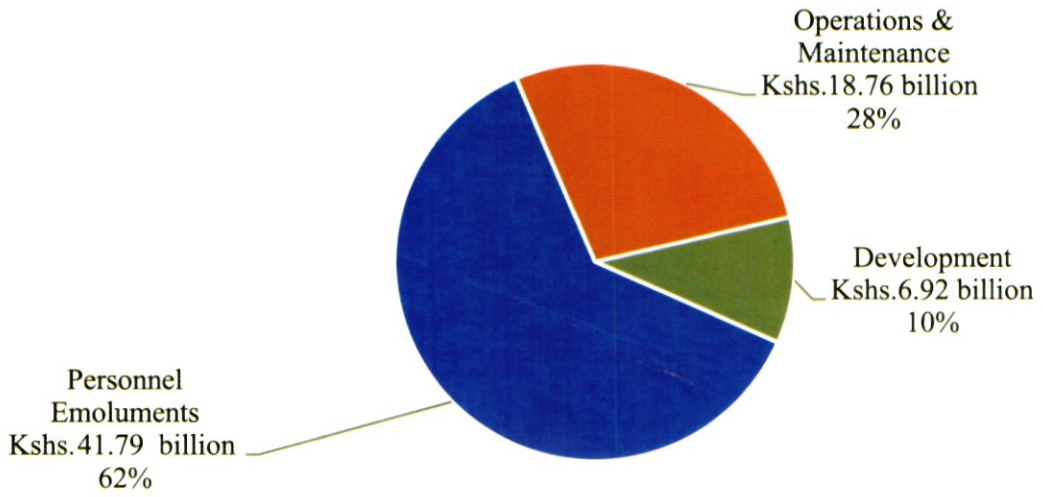




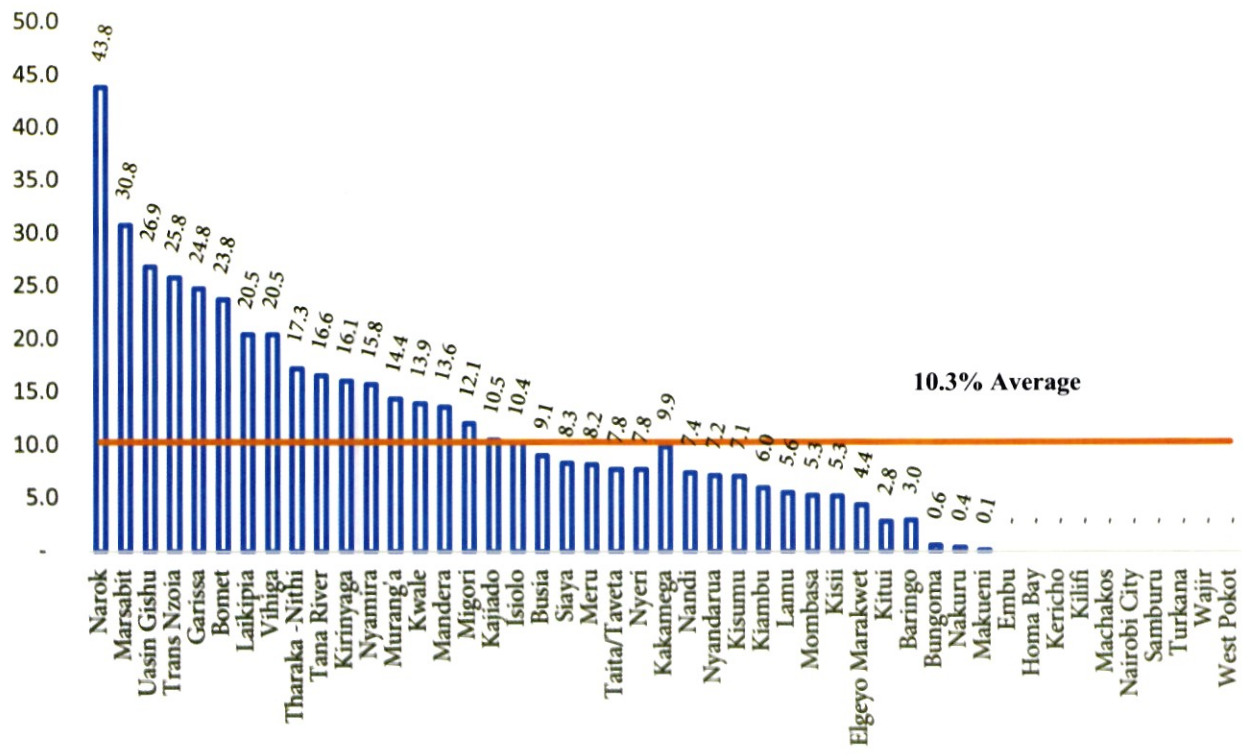

Total Revenue Available in the First Quarter of FY 2023/24
Equitable Share FY 2023/24 Kshs.61.11 billion
Cash Balance Kshs.27.96 billion
Own-Source Revenue Kshs.10.21 billion
Total Revenue Kshs.99.28 billion


Exchequer Issues in the First Quarter of FY 2023/24
Exchequer Issues for Development Expenditure Kshs.6.81 billion
Total Exchequer Issues Kshs.66.17 billion
Exchequer Issues for Recurrent Expenditure Kshs.59.36 billion

Expenditure by Economic Classification in the First Quarter of FY 2023/24



First Quarter of FY 2023/24 County Governments' Development Expenditure as a Percentage of Total Expenditure



1. INTRODUCTION

The Office of the Controller of Budget (OCoB) is an oversight institution established under Article 228 of the Constitution of Kenya, 2010, to oversee and report on the implementation of the budgets of the National and County Governments. Article 228 (6) of the Constitution and Section 9 of the Controller of Budget (COB) Act, 2016 require the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of the National and County Governments every four months. This County Budget Implementation Review Report (CBIRR) covers the first quarter of FY 2023/24 in line with the above legal requirements and covers the period from July 2023 to September 2023.

The CBIRR presents the status of budget execution by the county governments. The report analyses information on own source revenue raised, transfers received from the National Treasury as an equitable share of revenue, receipts of additional allocations and conditional grants from the National Government and Development Partners, and the total expenditure of the first quarter of the financial year (FY) 2023/24. The CBIRR is based on quarterly financial reports submitted to the OCoB 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 System (IFMIS), and information obtained by the OCoB in the course of overseeing budget implementation.

This reporting structure is as follows: Chapter One captures the introduction part, and Chapter Two analyses the counties' budget performance during the first quarter of FY 2023/24. Chapter Two discusses details of the County government's own-source revenue and actual expenditure against the set budget estimates for recurrent and development expenditures. Further spending is categorised into Personal Emoluments (PE) and Operations and Maintenance (O&M). In addition, a summary report on the County governments' pending bills as of 30th September 2023 is provided in this chapter. The absorption rate is used to measure performance and is computed as a percentage of actual expenditure against the approved annual budget estimates.

A detailed report by the individual Counties is provided in Chapter Three. Information on budget performance and the allocations for recurrent and development expenditures, exchequer issues, and actual spending (classified into Employee Compensation, Operation and Maintenance, and Development Expenditure) are discussed in Chapter Three. Programmes and sub-programmes budget execution for each department is analysed, and information on development projects undertaken in the first quarter of FY 2023/24 is also covered in Chapter Three.

Chapter Four summarises the critical challenges observed by OCoB in budget implementation in the first quarter of FY 2023/24 by each County. The report further provided recommendations to ensure effective and efficient budget implementation and to promote best practices. The Conclusion of this report is provided in the last chapter.

2. FINANCIAL ANALYSIS OF OVERALL BUDGET IMPLEMENTATION

2.1. Introduction

This chapter presents the financial analysis of aggregated County budget implementation for the first quarter of FY 2023/24 and covers the period from July to September 2023.

2.2. Revenue Analysis

The combined County governments' budgets approved by the County Assemblies amounted to Kshs.534.63 billion and comprised Kshs.188.13 billion (35.2 per cent) allocated to development expenditure and Kshs.346.51 billion (64.8 per cent) for recurrent expenditure.

To finance the budgets, County governments expect to receive Kshs.385.42 billion as the equitable share of revenue raised nationally, generate Kshs.78.61 billion from their own revenue sources, utilise Kshs.27.96 billion unspent cash balance from the previous financial year, and Kshs.42.64 billion as additional allocations. However, the County Governments Additional Allocations Bill, 2023, which provides allocation for conditional grants, had not been approved by Parliament as of 30th September 2023.

2.2.1 Revenue Out-turn

The total funds available to the County Governments in the first quarter of FY 2023/24 amounted to Kshs.99.28 billion, comprised of Kshs.61.11 billion as the equitable share of revenue raised nationally, Kshs.27.96 billion cash balance from FY 2022/23, and Kshs.10.21 billion raised from own revenue sources.

2.2.2 Own-Source Revenue

During the reporting period, County governments generated a total of Kshs.10.21 billion from their own-source revenue (OSR), which was 13 per cent of the annual target of Kshs.78.61 billion. The realised revenue is an improvement compared to Kshs.6.17 billion generated in a similar period in FY 2022/23. The reported revenue of Kshs.9.53 billion comprised of Kshs.6.89 billion from ordinary own-source revenue and Kshs.3.32 billion as Facility Improvement Fund (FIF) and Appropriation in Aid (A-I-A). Analysis of own-source revenue collection for July 2023 to September 2023 is shown in Table 2.1.

Table 2.1: Own Source Revenue Collection for the period July to September 2023 of FY 2023/24

County	Ordinary OSR Target (Kshs.)	FIF/A-I-A Target (Kshs.)	Total Target	OSR Actual	FIF/AIA Actual	Total Actual	Performance (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Baringo	300,719,215	149,378,181	450,097,396	53,691,381	51,334,043	105,025,424	23.3
Bomet	187,592,587	144,449,243	332,041,830	7,673,700	22,815,830	30,489,530	9.2
Bungoma	918,701,471	1,124,665,392	2,043,366,863	60,668,204	172,519,954	233,188,158	11.4
Busia	396,793,350	152,222,283	549,015,633	38,308,576	33,556,054	71,864,630	13.1
Elgeyo-Marakwet	70,327,132	150,000,000	220,327,132	12,370,736	53,543,596	65,914,332	29.9
Embu	382,801,875	367,198,125	750,000,000	70,923,117	71,997,790	142,920,907	19.1
Garissa	139,000,000	91,000,000	230,000,000	21,336,938	21,708,805	43,045,743	18.7
Homa Bay	490,895,690	1,888,053,228	2,378,948,918	56,196,929	235,364,297	291,561,226	12.3
Isiolo	267,634,395	3,573,785	271,208,180	64,769,001	33,696,799	98,465,800	36.3
Kajiado	1,200,000,000	315,702,515	1,515,702,515	85,380,796	-	85,380,796	5.6
Kakamega	1,881,730,000	318,270,000	2,200,000,000	120,678,453	35,776,783	156,455,236	7.1
Kericho	530,071,600	743,350,000	1,273,421,600	32,019,182	34,167,418	66,186,600	5.2
Kiambu	6,021,825,729	1,958,314,988	7,980,140,717	517,411,864	313,115,841	830,527,705	10.4

County	Ordinary OSR Target (Kshs.)	FIF/A-I-A Target (Kshs.)	Total Target	OSR Actual	FIF/AIA Actual	Total Actual	Performance (%)
Kilifi	1,588,634,222	200,000,000	1,788,634,222	139,547,987	64,819,992	204,367,979	11.4
Kirinyaga	349,000,000	201,000,000	550,000,000	48,265,369	44,851,041	93,116,410	16.9
Kisii	650,000,000	1,097,703,138	1,747,703,138	71,457,212	174,434,790	245,892,002	14.1
Kisumu	1,682,844,694	600,000,000	2,282,844,694	125,856,429	107,885,791	233,742,220	10.2
Kitui	500,000,000	370,637,113	870,637,113	111,553,405	92,659,278	204,212,684	23.5
Kwale	600,000,000	-	600,000,000	71,083,628	-	71,083,628	11.8
Laikipia	850,400,000	624,600,000	1,475,000,000	91,071,943	139,390,812	230,462,755	15.6
Lamu	350,000,000	-	350,000,000	15,286,019	4,365,000	19,651,019	5.6
Machakos	2,998,879,462	1,008,000,000	4,006,879,462	86,020,494	17,798,076	103,818,570	2.6
Makueni	690,000,000	510,000,000	1,200,000,000	77,570,682	110,484,334	188,055,016	15.7
Mandera	284,748,838	51,785,008	336,533,846	26,380,872	7,827,790	34,208,662	10.2
Marsabit	41,325,046	118,674,954	160,000,000	9,193,976	13,296,405	22,490,381	14.1
Meru	550,000,000	316,000,000	866,000,000	65,020,023	156,521,844	221,541,867	25.6
Migori	349,550,000	250,450,000	600,000,000	55,842,069	35,440,822	91,282,890	15.2
Mombasa	5,252,796,118	-	5,252,796,118	480,157,398	-	480,157,398	9.1
Murang'a	1,236,181,883	238,818,117	1,475,000,000	104,678,257	48,347,284	153,025,541	10.4
Nairobi	19,420,072,415	570,000,000	19,990,072,415	1,527,857,105	195,667,384	1,723,524,489	8.6
Nakuru	1,900,000,000	1,700,000,000	3,600,000,000	289,266,633	387,665,410	676,932,043	18.8
Nandi	360,325,820	155,231,711	515,557,531	24,204,661	579,424	24,784,085	4.8
Narok	4,588,583,534	-	4,588,583,534	1,642,359,390	34,524,359	1,676,883,749	36.5
Nyamira	345,000,000	230,000,000	575,000,000	18,693,616	42,481,542	61,175,158	10.6
Nyandarua	636,555,000	348,445,000	985,000,000	61,492,124	68,880,218	130,372,341	13.2
Nyeri	800,000,000	-	800,000,000	108,112,905	229,243,326	337,356,231	42.2
Samburu	239,027,400	17,000,000	256,027,400	81,176,814	3,171,315	84,348,129	32.9
Siaya	434,494,994	325,505,006	760,000,000	26,080,700	76,812,817	102,893,517	13.5
Taita-Taveta	450,000,000	176,682,445	626,682,445	70,329,948	34,769,095	105,099,043	16.8
Tana River	92,673,773	3,956,827	96,630,600	8,187,674	352,685	8,540,359	8.8
Tharaka-Nithi	277,200,000	122,800,000	400,000,000	41,895,480	11,807,792	53,703,272	13.4
Trans-Nzoia	342,000,000	301,700,000	643,700,000	50,184,824	50,533,471	100,718,295	15.6
Turkana	200,000,000	-	200,000,000	38,852,863	-	38,852,863	19.4
Uasin Gishu	1,108,243,370	70,800,000	1,179,043,370	125,368,903	13,868,430	139,237,333	11.8
Vihiga	248,083,481	52,465,973	300,549,454	27,617,310	36,573,426	64,190,736	21.4
Wajir	170,000,000	30,000,000	200,000,000	15,315,522	5,898,794	21,214,316	10.6
West Pokot	97,200,000	132,800,000	230,000,000	12,990,156	29,870,000	42,860,156	18.6
Total	**62,471,913,095**	**16,133,529,894**	**78,605,442,988**	**6,890,401,269**	**3,320,419,956**	**10,210,821,226**	**13.0**

***Source**: County Treasuries*

Analysis of own-source revenue as a proportion of the annual revenue target indicated that Nyeri, Narok, Isiolo, and Samburu counties achieved the highest percentages at 42.2 per cent, 36.5 per cent, 36.3 per cent, and 32.9 per cent, respectively. Conversely, ten counties recorded below 10 per cent performance: Machakos, Nandi, Kericho, Lamu, Kajiado, Kakamega, Nairobi City, Tana River and Mombasa.

2.3. Funds Released to the Counties

2.3.1 Funds Released from the Consolidated Fund to the Counties

In the first quarter of FY 2023/24, the COB approved the transfer of Kshs.61.11 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. The released amount represented 15.9 per cent of the allocated equitable share of Kshs.385.42 billion.

2.3.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.66.17 billion from the County Revenue Funds to the County Operational Accounts comprised of Kshs.6.81 billion (10.3 per cent) for development expenditure and Kshs.59.36 billion (89.7 per cent) for recurrent expenditure, an increase from the Kshs.56.30 billion authorised in a similar period in FY 2022/23. A detailed analysis of the funds released to each County is provided in chapter three.

2.4. Expenditure Analysis

The total expenditure by County governments in the first quarter of FY 2023/24 was Kshs.67.47 billion, representing an absorption rate of 12.6 per cent of the total annual County Governments' budget of Kshs.534.63 billion, an increase from an absorption rate of 11.4 per cent reported in a similar period in FY 2022/23, where the total expenditure was Kshs.54.82 billion.

Recurrent expenditure was Kshs.60.56 billion, representing 17.5 per cent of the annual recurrent budget, an improvement from 16.5 per cent reported in the first quarter of FY 2022/23. Development expenditure amounted to Kshs.6.92 billion, representing an absorption rate of 3.7 per cent and an improvement from 1.4 per cent in the first quarter of FY 2022/23 when total development expenditure was Kshs.2.22 billion. The analysis of expenditure by economic classification in the first quarter of FY 2023/24 is provided in Table 2.2.

Table 2.2: Expenditure by Major Economic Classification in the First Quarter of FY 2023/24

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	819,752,425	140,778,871	960,531,296	21,947,207	982,478,503
Bomet	909,928,117	448,695,174	1,358,623,290	423,350,582	1,781,973,872
Bungoma	1,489,056,543	244,379,067	1,733,435,610	10,391,679	1,743,827,289
Busia	648,716,427	434,641,519	1,083,357,946	107,981,258	1,191,339,204
Elgeyo Marakwet	634,718,877	229,439,484	864,158,361	39,539,378	903,697,739
Embu	717,110,149	90,677,186	807,787,335	-	807,787,335
Garissa	771,484,510	372,996,081	1,144,480,591	377,500,000	1,521,980,591
Homa Bay	888,679,352	358,833,175	1,247,512,527	-	1,247,512,527
Isiolo	519,578,950	292,194,540	811,773,490	93,720,026	905,493,516
Kajiado	812,480,435	487,507,336	1,299,987,771	153,131,756	1,453,119,527
Kakamega	1,537,341,982	608,251,391	2,145,593,373	173,956,415	2,319,549,788
Kericho	572,228,703	195,468,517	767,697,220	-	767,697,220
Kiambu	1,759,176,995	1,012,202,394	2,771,379,389	177,776,851	2,949,156,240
Kilifi	810,144,648	435,838,675	1,245,983,323	-	1,245,983,323
Kirinyaga	494,267,179	332,113,576	826,380,756	158,617,852	984,998,607

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Kisii	1,360,225,416	258,375,690	1,618,601,106	89,949,951	1,708,551,056
Kisumu	1,276,663,066	537,604,084	1,814,267,150	138,632,122	1,952,899,272
Kitui	1,317,396,671	715,641,199	2,033,037,870	59,147,286	2,092,185,156
Kwale	943,429,918	459,111,255	1,402,541,173	227,189,330	1,629,730,503
Laikipia	628,731,919	287,637,865	916,369,783	235,865,289	1,152,235,073
Lamu	279,198,706	123,708,247	402,906,953	23,812,966	426,719,919
Machakos	1,041,795,040	371,385,956	1,413,180,996	-	1,413,180,996
Makueni	847,866,221	248,317,286	1,096,183,507	1,318,140	1,097,501,647
Mandera	767,125,254	597,477,607	1,364,602,861	215,226,330	1,579,829,191
Marsabit	559,037,043	192,759,593	751,796,636	334,433,167	1,086,229,803
Meru	1,233,495,763	472,832,619	1,706,328,382	152,993,836	1,859,322,218
Migori	580,843,211	419,054,643	999,897,854	137,344,691	1,137,242,545
Mombasa	1,562,866,040	417,141,525	1,980,007,565	110,366,730	2,090,374,295
Murang'a	1,051,462,157	371,998,145	1,423,460,302	239,873,430	1,663,333,732
Nairobi City	2,698,985,262	747,788,762	3,446,774,024	-	3,446,774,024
Nakuru	1,789,866,292	1,272,892,720	3,062,759,012	13,099,531	3,075,858,543
Nandi	916,423,180	870,186,070	1,786,609,250	143,443,799	1,930,053,049
Narok	832,008,048	927,987,742	1,759,995,790	1,372,423,532	3,132,419,322
Nyamira	790,377,393	256,673,857	1,047,051,250	195,942,349	1,242,993,599
Nyandarua	659,746,315	206,471,340	866,217,655	66,799,198	933,016,853
Nyeri	636,929,762	425,127,400	1,062,057,162	89,248,853	1,151,306,015
Samburu	604,790,230	401,557,976	1,006,348,206	-	1,006,348,206
Siaya	470,908,947	213,221,410	684,130,357	62,074,612	746,204,969
Taita Taveta	711,521,379	309,842,972	1,021,364,351	86,050,807	1,107,415,158
Tana River	420,934,455	219,657,895	640,592,350	127,403,558	767,995,908
Tharaka Nithi	511,369,180	214,349,855	725,719,034	151,546,470	877,265,505
Trans Nzoia	589,064,689	175,499,683	764,564,371	265,855,473	1,030,419,844
Turkana	808,941,037	94,927,967	903,869,004	-	903,869,004
Uasin Gishu	702,590,043	496,835,738	1,199,425,781	440,858,145	1,640,283,926
Vihiga	549,781,294	223,005,618	772,786,912	198,736,541	971,523,453
Wajir	732,795,131	269,947,884	1,002,743,015	-	1,002,743,015
West Pokot	529,685,413	281,576,402	811,261,815	-	811,261,815
Total	**41,791,519,766**	**18,764,613,990**	**60,556,133,756**	**6,917,549,140**	**67,473,682,896**

***Source**: County Treasuries*

A review of cumulative expenditure by economic classification showed that Kshs.41.79 billion (61.9 per cent) was spent on Personnel Emoluments, Kshs.18.76 billion (27.8 per cent) on Operations and Maintenance, and Kshs.6.92 billion (10.3 per cent) on Development Expenditure.

2.4.1 Development Expenditure

The County governments spent Kshs.6.92 billion on development activities, representing an absorption rate of 3.7 per cent of the annual development budget of Kshs.188.13 billion, which increased from an absorption rate of 1.4 per cent reported in the first quarter of FY 2022/23 when development expenditure was Kshs.2.22 billion. Analysis of County budget allocations, expenditures and absorption rate in the period under review is provided in Table 2.3.

Table 2.3: County Budget Allocation, Expenditure and Absorption Rate for the First Quarter of FY 2023/24

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
	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	5,095.54	4,450.05	9,545.59	960.53	21.94	982.48	18.9	0.5	10.3
Bomet	6,134.31	2,386.79	8,521.10	1,358.62	423.35	1,781.97	22.1	17.7	20.9
Bungoma	9,273.40	4,758.81	14,032.21	1,733.44	10.39	1,743.83	18.7	0.2	12.4
Busia	5,971.15	2,571.45	8,542.60	1,083.36	107.98	1,191.34	18.1	4.2	13.9
Elgeyo/ Marakwet	3,829.82	3,327.82	7,157.64	864.16	39.54	903.70	22.6	1.2	12.6
Embu	5,228.18	2,533.94	7,762.13	807.79	-	807.79	15.5	-	10.4
Garissa	6,630.15	3,727.00	10,357.15	1,144.48	377.50	1,521.98	17.3	10.1	14.7
Homa Bay	7,621.64	3,966.23	11,587.87	1,247.51	-	1,247.51	16.4	-	10.8
Isiolo	3,754.87	1,578.62	5,333.49	811.77	93.72	905.49	21.6	5.9	17.0
Kajiado	7,312.33	4,247.43	11,559.76	1,299.99	153.13	1,453.12	17.8	3.6	12.6
Kakamega	11,368.04	6,320.79	17,688.83	2,145.59	173.96	2,319.55	18.9	2.8	13.1
Kericho	5,965.67	2,939.97	8,905.63	767.70	-	767.70	12.9	-	8.6
Kiambu	14,299.84	7,271.52	21,571.36	2,771.38	177.78	2,949.16	19.4	2.4	13.7
Kilifi	10,609.90	8,126.41	18,736.30	1,245.98	-	1,245.98	11.7	-	6.7
Kirinyaga	4,791.44	2,449.10	7,240.55	826.38	158.62	985.00	17.2	6.5	13.6
Kisii	8,659.49	5,150.22	13,809.71	1,618.60	89.95	1,708.55	18.7	1.7	12.4
Kisumu	9,155.40	4,457.73	13,613.13	1,814.27	138.63	1,952.90	19.8	3.1	14.3
Kitui	8,307.58	3,584.00	11,891.58	2,033.04	59.15	2,092.19	24.5	1.7	17.6
Kwale	6,556.70	4,415.30	10,971.99	1,402.54	227.19	1,629.73	21.4	5.1	14.9
Laikipia	4,871.93	2,374.75	7,246.68	916.37	235.87	1,152.24	18.8	9.9	15.9
Lamu	2,686.17	1,900.74	4,586.91	402.91	23.81	426.72	15.0	1.3	9.3
Machakos	9,588.29	5,158.72	14,747.00	1,413.18	-	1,413.18	14.7	-	9.6
Makueni	7,342.39	3,225.90	10,568.29	1,096.18	1.32	1,097.50	14.9	0.0	10.4
Mandera	7,970.53	5,043.69	13,014.22	1,364.60	215.23	1,579.83	17.1	4.3	12.1
Marsabit	4,974.31	4,134.87	9,109.18	751.80	334.43	1,086.23	15.1	8.1	11.9
Meru	8,225.46	3,676.35	11,901.81	1,706.33	152.99	1,859.32	20.7	4.2	15.6
Migori	6,963.25	3,073.21	10,036.46	999.90	137.34	1,137.24	14.4	4.5	11.3
Mombasa	9,274.50	5,425.50	14,700.00	1,980.01	110.37	2,090.37	21.3	2.0	14.2
Murang'a	7,176.92	3,582.05	10,758.97	1,423.46	239.87	1,663.33	19.8	6.7	15.5
Nairobi City	28,315.60	14,014.65	42,330.25	3,446.77	-	3,446.77	12.2	-	8.1
Nakuru	12,540.31	6,250.60	18,790.91	3,062.76	13.10	3,075.86	24.4	0.2	16.4

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
	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
Nandi	6,159.89	3,203.43	9,363.32	1,786.61	143.44	1,930.05	29.0	4.5	20.6
Narok	10,421.74	4,573.33	14,995.06	1,760.00	1,372.42	3,132.42	16.9	30.0	20.9
Nyamira	4,879.97	2,455.47	7,335.44	1,047.05	195.94	1,242.99	21.5	8.0	16.9
Nyandarua	5,401.57	2,810.89	8,212.46	866.22	66.80	933.02	16.0	2.4	11.4
Nyeri	5,633.69	2,414.59	8,048.28	1,062.06	89.25	1,151.31	18.9	3.7	14.3
Samburu	4,729.21	2,695.73	7,424.94	1,006.35	-	1,006.35	21.3	-	13.6
Siaya	5,828.86	4,713.27	10,542.13	684.13	62.07	746.20	11.7	1.3	7.1
Taita/Taveta	4,783.26	2,698.94	7,482.20	1,021.36	86.05	1,107.42	21.4	3.2	14.8
Tana River	5,215.04	3,654.46	8,869.50	640.59	127.40	768.00	12.3	3.5	8.7
Tharaka -Nithi	3,801.15	2,521.03	6,322.19	725.72	151.55	877.27	19.1	6.0	13.9
Trans Nzoia	5,501.53	3,509.69	9,011.22	764.56	265.86	1,030.42	13.9	7.6	11.4
Turkana	9,349.85	5,177.54	14,527.39	903.87	-	903.87	9.7	-	6.2
Uasin Gishu	7,057.15	3,190.16	10,247.31	1,199.43	440.86	1,640.28	17.0	13.8	16.0
Vihiga	4,057.67	1,911.83	5,969.51	772.79	198.74	971.52	19.0	10.4	16.3
Wajir	8,252.43	4,271.17	12,523.60	1,002.74	-	1,002.74	12.2	-	8.0
West Pokot	4,938.42	2,200.38	7,138.79	811.26	-	811.26	16.4	-	11.4
Total	**346,506.53**	**188,126.10**	**534,632.64**	**60,316.79**	**6,917.55**	**67,234.34**	**17.5**	**3.7**	**12.6**

***Source**: OCoB and County Treasuries*

The analysis of development expenditure shows that ten counties did not report any expenditure on development programmes during the period under review, namely; - Embu, Homa Bay, Kericho, Kilifi, Machakos, Nairobi City, Samburu, Turkana, Wajir and West Pokot Counties. An analysis of the development expenditure implemented by Counties is provided in chapter three.

2.4.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.60.56 billion or 89.7 per cent of the total expenditure on recurrent activities. This expenditure represents 17.5 per cent of the annual County government's budget for recurrent activities and was an improvement from 16.5 per cent recorded in a similar period of the FY 2022/23 when expenditure stood at Kshs.52.60 billion.

The recurrent expenditure comprised Kshs.41.79 billion (69 per cent) on Personnel Emoluments and Kshs.18.76 billion (31 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by Counties is provided in chapter three.

2.4.3 Review of MCA Sitting Allowances

The County Assemblies spent Kshs.312.98 million on MCA's Sitting allowances against an approved budget allocation of Kshs.1.94 billion during the reporting period. This expenditure translated to 16.2 per cent of the approved MCAs sitting allowance budget, an increase from 3.6 per cent attained in the first quarter of FY 2022/23 when Kshs.89.63 million was spent. Table 2.4 shows the budgetary allocation and expenditure on MCAs and Speakers' sitting allowances in the first quarter of FY 2023/24.

Table 2.4: MCAs Budget Allocation, Expenditure and Absorption Rate in the First Quarter of FY 2023/24

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Baringo	144,808,000	26,042,500	18.0	46	188,714
Bomet	24,048,960	3,895,200	16.2	39	33,292
Bungoma	46,043,200	11,257,326	24.4	63	59,563
Busia	56,662,600	7,539,400	13.3	54	46,540
Elgeyo Marakwet	30,992,000	4,962,672	16.0	34	48,654
Embu	86,424,734	12,299,610	14.2	31	132,254
Garissa	30,000,000	4,872,500	16.2	49	33,146
Homa Bay	56,659,200	9,560,200	16.9	54	59,014
Isiolo	10,503,758	1,043,300	9.9	18	19,320
Kajiado	47,471,010	6,119,700	12.9	42	48,569
Kakamega	-	-	-	88	-
Kericho	35,669,600	4,229,400	11.9	48	29,371
Kiambu	50,000,000	18,938,400	37.9	89	70,930
Kilifi	31,949,940	8,266,700	25.9	56	49,207
Kirinyaga	54,484,345	4,082,645	7.5	34	40,026
Kisii	64,396,800	11,469,200	17.8	71	53,846
Kisumu	45,305,000	11,326,250	25.0	48	78,655
Kitui	9,945,000	2,946,214	29.6	61	16,100
Kwale	43,249,600	5,723,900	13.2	31	61,547
Laikipia	21,189,600	3,690,700	17.4	22	55,920
Lamu	10,485,500	1,474,200	14.1	19	25,863
Machakos	51,752,000	21,164,100	40.9	61	115,651
Makueni	40,575,947	7,242,500	17.8	49	49,269
Mandera	32,000,000	4,649,100	14.5	51	30,386
Marsabit	35,714,469	4,279,600	12.0	33	43,228
Meru	71,355,600	10,614,700	14.9	69	51,279
Migori	54,116,544	6,555,900	12.1	60	36,422
Mombasa	41,652,000	6,133,800	14.7	43	47,549
Murang'a	50,000,000	5,425,070	10.9	48	37,674
Nairobi City	84,396,000	9,630,400	11.4	124	25,888
Nakuru	55,000,000	-	-	83	-
Nandi	30,888,000	4,754,100	15.4	45	35,216
Narok	36,113,760	8,470,800	23.5	50	56,472
Nyamira	12,314,820	1,984,258	16.1	36	18,373
Nyandarua	39,487,500	6,329,900	16.0	42	50,237
Nyeri	19,300,000	5,116,800	26.5	42	40,610
Samburu	31,200,000	8,700,000	27.9	26	111,538
Siaya	38,476,848	2,259,071	5.9	43	17,512
Taita Taveta	33,600,000	4,272,700	12.7	32	44,507

County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA
	(Kshs.)	(Kshs.)	(%)		(Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Tana River	8,400,000	5,400,000	64.3	27	66,667
Tharaka Nithi	29,203,200	4,601,716	15.8	24	63,913
Trans Nzoia	72,465,739	3,907,000	5.4	34	38,304
Turkana	44,965,952	2,589,700	5.8	48	17,984
Uasin Gishu	40,000,000	6,468,800	16.2	45	47,917
Vihiga	38,680,000	7,206,700	18.6	37	64,925
Wajir	41,776,800	3,696,300	8.8	46	26,785
West Pokot	3,177,500	1,783,031	56.1	33	18,010
Total	**1,936,901,526**	**312,976,063**	**16.2**	**2,228**	**46,825**

***Source**: OCoB and County Treasuries*

The County Assemblies of Kakamega and Nakuru did not report any expenditure on MCAs' sitting allowances during the period under review.

2.4.4 Pending Bills as of 30th September, 2023

A pending bill 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 adequately procured, delivered, or rendered at the end of a financial year.

As of 30th September, 2023, Counties reported outstanding pending bills, which amounted to Kshs.168.62 billion and comprised of Kshs.129.15 billion for recurrent expenditure and Kshs.34.47 billion for development expenditure, as shown in Table 2.5.

Table 2.5: Pending Bills for the Counties as of 30th September, 2023

County	Outstanding Pending Bill Amount as of 30th September 2023 (Kshs.)		
	Recurrent Expenditure	Development Expenditure	Total Expenditure
Baringo	45,239,943	133,194,494	178,434,437
Bomet	156,240,032	426,462,227	582,702,259
Bungoma	666,044,619	522,239,828	1,188,284,446
Busia	1,775,505,451	262,750,375	2,038,255,826
Elgeyo Marakwet	1,941,199	4,203,737	6,144,936
Embu	948,179,923	1,165,833,924	2,114,013,847
Garissa	52,031,929	554,251,492	606,283,421
Homa Bay	117,869,049	896,842,641	1,014,711,690
Isiolo	326,152,823	106,099,900	432,252,723
Kajiado	494,090,619	1,044,452,313	1,538,542,932
Kakamega	407,199,301	905,741,264	1,312,940,565
Kericho	142,682,737	210,509,212	353,191,949
Kiambu	3,388,277,489	2,232,535,820	5,620,813,309
Kilifi	858,604,965	963,229,832	1,821,834,797
Kirinyaga	415,041,433	241,110,222	656,151,655
Kisii	296,266,335	968,183,038	1,264,449,373

County	Outstanding Pending Bill Amount as of 30th September 2023 (Kshs.)		
	Recurrent Expenditure	Development Expenditure	Total Expenditure
Kisumu	-	1,899,649,431	1,899,649,431
Kitui	-	582,146,055	582,146,055
Kwale	184,123,857	-	184,123,857
Laikipia	1,039,007,034	1,018,605,102	2,057,612,136
Lamu	42,246,338	27,104,339	69,350,677
Machakos	1,627,040,903	936,102,589	2,563,143,493
Makueni	143,669,294	44,279,392	187,948,686
Mandera	736,497,117	2,359,394,317	3,095,891,434
Marsabit	82,656,334	330,354,367	413,010,701
Meru	130,894,027	576,671,423	707,565,450
Migori	583,104,437	742,852,554	1,325,956,991
Mombasa	2,451,884,421	1,651,161,742	4,103,046,164
Murang'a	703,476,868	113,506,313	816,983,181
Nairobi City	103,298,501,329	4,034,867,666	107,333,368,995
Nakuru	1,371,112,200	244,462,536	1,615,574,736
Nandi	76,117,664	93,416,036	169,533,700
Narok	587,860,869	938,327,763	1,526,188,632
Nyamira	152,276,225	145,150,245	297,426,470
Nyandarua	141,007,501	139,714,313	280,721,814
Nyeri	51,189,749	20,528,551	71,718,300
Samburu	93,893,135	423,533,552	517,426,687
Siaya	404,469,329	352,259,667	756,728,995
Taita Taveta	516,666,104	365,159,227	881,825,331
Tana River	1,282,605,358	1,151,924,533	2,434,529,891
Tharaka Nithi	310,223,932	123,622,144	433,846,076
Trans Nzoia	810,456,288	353,597,850	1,164,054,139
Turkana	154,300,350	126,827,055	281,127,405
Uasin Gishu	31,643,967	113,906,463	145,550,430
Vihiga	478,513,252	856,804,333	1,335,317,585
Wajir	1,471,737,162	3,910,617,998	5,382,355,160
West Pokot	96,559,262	157,426,419	253,985,681
Total	**129,145,102,153**	**34,471,614,297**	**163,616,716,450**

Source: County Treasuries

Nairobi City County accounted for 65.6 per cent of the stock of pending bills at Kshs.107.33 billion. Other Counties with a high level of pending bills are Kiambu at Kshs.5.62 billion, Wajir at Kshs.5.38 billion, and Mombasa at Kshs.4.10 billion.

The OCOB recommends that all pending bills be budgeted as a first charge in the budgets in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.1. County Government of Baringo

3.1.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.9.55 billion, comprising Kshs.4.45 billion (46.6 per cent) and Kshs.5.10 billion (53.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 8.6 per cent compared to the previous financial year when the approved budget was Kshs.9.26 billion and comprised of Kshs.3.89 billion towards development expenditure and Kshs.5.37 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.65 billion (69.6 per cent) as the equitable share of revenue raised nationally, Kshs.149.38 million (2.5 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.443.13 million (4.6 per cent) as conditional grants, and generate Kshs.300.72 million (3.5 per cent) as ordinary own-source revenue. Additionally, the County had a cash balance of Kshs.1.76 billion was brought forward from FY 2022/23, which was not factored into the approved budget. A breakdown of the conditional grants is provided in **Table 1**.

3.1.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.565.06 million from the equitable share of the revenue raised nationally, raised Kshs.51.33 million as Facility Improvement Fund (FIF), utilised a cash balance of Kshs.1.76 billion from FY 2022/23, and raised Kshs.53.69 million as ordinary own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.43 billion, as shown in Table 3.1.

Table 3.1: Baringo County, Revenue Performance in FY 2023/24

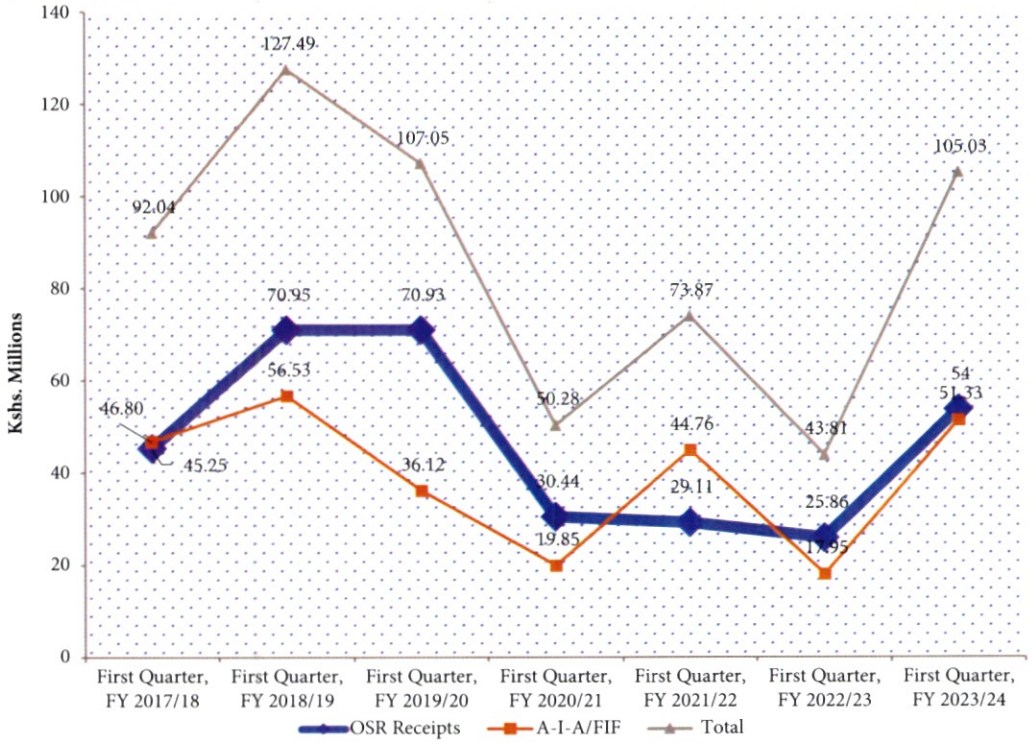
S/No	Revenue	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,647,771,186	565,060,551	8.5
Sub Total		**6,647,771,186**	**565,060,551**	**18.5**
B	**Conditional Grants**			
1	Kenya Livestock Commercialization Project (KELCLOP) II	36,500,000	-	-
2	Livestock Value Chain Support Project	28,647,360	-	-
3	De-Risking and Value Enhancement (DRIVE)	63,341,980	-	-
4	DANIDA Grant Primary Health Care	9,297,750	-	-
5	Conditional Grants for Provision of Fertilizer Subsidy Programme	75,977,677	-	-
6	IDA World Bank (KCSAP)	90,000,000	-	-
7	IDA (World Bank) credit (FLLoCA) climate	11,000,000	-	-
8	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	1,733,647	-	-
10	World Bank Emergency Locusts Project	126,616,044	-	-
Sub-Total		**443,114,458**	**-**	**-**

S/No	Revenue	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	300,719,215	53,691,381	17.9
2	Aggregated Industrial Park Programme	100,000,000	-	-
3	Transfer of Library Services	24,613,310	-	-
4	Court Fines and Minerals Royalties	20,355	-	-
5	Balance B/Fwd. from FY2022/23	1,755,454,595	1,755,454,595	100.0
	Leasing of Medical Equipment	124,723,404	-	-
7	Facility Improvement Fund (FIF)	149,378,181	51,313,688	34.4
Sub Total		**2,454,909,060**	**1,860,459,664**	**75.8**
Grand Total		**9,545,794,704**	**2,425,540,570**	**32.7**

Source: *Baringo County Treasury*

Figure 1 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

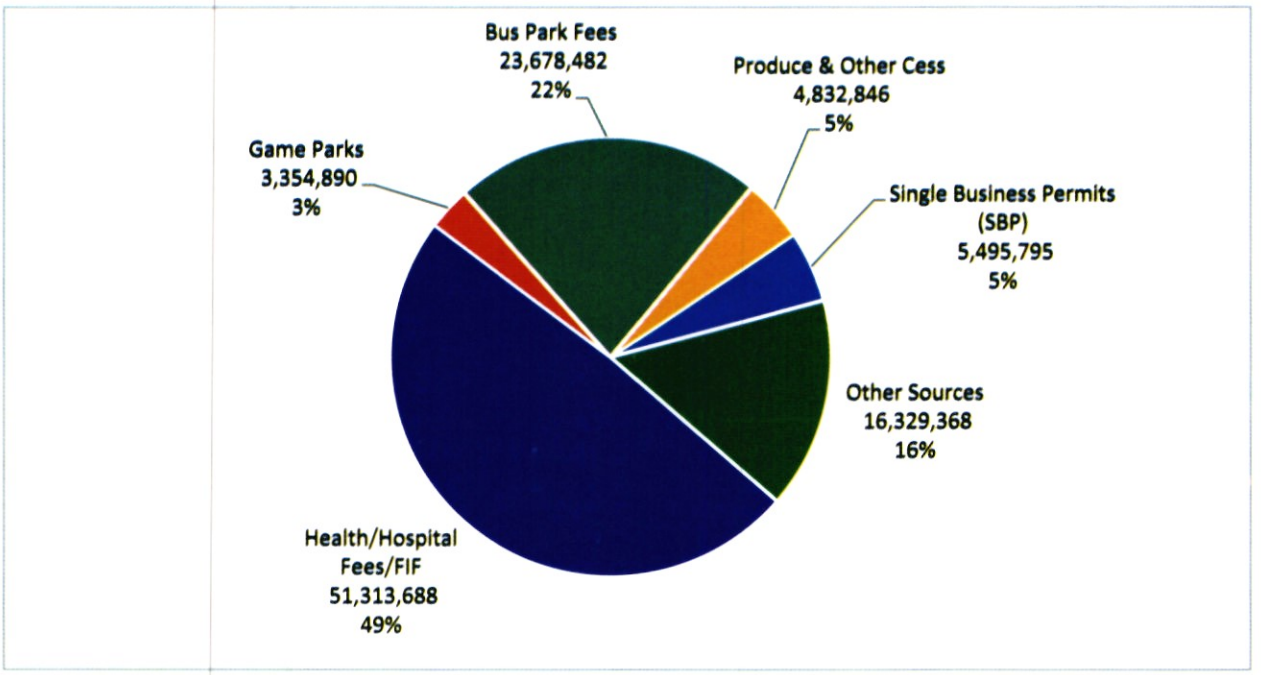
Figure 1: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Baringo County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.105.03 million from its revenue sources, including FIF. This amount represented an increase of 139.7 per cent compared to Kshs.43.81 million realised in a similar period in FY 2022/23. It was 23.3 per cent of the annual target and 18.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 2.

Figure 2: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



***Source**: Baringo County Treasury*

The highest revenue stream of Kshs.51.31 million was from FIF from Health facilities, contributing to 49 per cent of the total OSR receipts during the reporting period.

3.1.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.04 billion from the CRF account during the reporting period, which comprised Kshs.21.95 million (2.1 per cent) for development programmes and Kshs.1.02 billion (97.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.819.75 million was released towards Employee Compensation and Kshs.201.55 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.1.38 billion.

3.1.4 County Expenditure Review

The County spent Kshs.960.74 million on development and recurrent programmes in the reporting period. The expenditure represented 94.4 per cent of the total funds released by the CoB and comprised Kshs.21.95 million and Kshs.960.52 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.5 per cent, while recurrent expenditure represented 18.9 per cent of the annual recurrent expenditure budget.

3.1.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.178.43 million, comprising Kshs.45.4 million for recurrent Expenditure and Kshs.133.19 million for development activities. The County Government did not settle any pending bills in the first quarter of the financial year.

3.1.6 Expenditure by Economic Classification

Expenditure analysis by economic classification indicates that the County Executive spent Kshs.747.83 million on employee compensation, Kshs.103.76 million on operations and maintenance, and Kshs.21.95 million on

development activities. Similarly, the County Assembly spent Kshs.71.92 million on employee compensation and Kshs.37.02 million on operations and maintenance, as shown in Table 3.2.

Table 3.2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,266,579,606**	**828,962,651**	**612,255,060**	**108,933,989**	**14.4**	**13.1**
Compensation to Employees	3,106,422,263	409,008,685	747,834,233	71,918,188	24.1	17.6
Operations and Maintenance	1,160,157,343	419,953,966	103,763,070	37,015,801	8.9	8.8
Development Expenditure	**4,450,052,447**	-	**21,947,207**	-	**0.5**	-
Total	**8,716,632,053**	**828,962,651**	**873,544,511**	**108,933,989**	**10**	**13.1**

***Source**: Baringo County Treasury*

3.1.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.819.74 million, or 33.8 per cent of the available revenue, which amounted to Kshs.2.45 billion. This represented an increase from Kshs.767.55 billion reported in the first quarter of FY 2023/24. The wage bill included Kshs.464.54 million paid to health sector employees.

Further analysis indicates that PE costs amounting to Kshs.816.00 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.3.74 million was processed through manual payrolls. The manual payrolls accounted for 0.46 per cent of the total PE cost.

The County Assembly spent Kshs.26.04 million on committee sitting allowances for the 46 MCAs and Speaker against the annual budget allocation of Kshs.144.81 million. The average monthly sitting allowance was Kshs188,714 per MCA. The County Assembly has established 25 House committees.

3.1.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.82.50 million to county-established funds in FY 2023/24, constituting 0.9 per cent of the County's overall budget. Table 3.3 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.3: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No)
County Executive Established Funds					
1.	Baringo County Executive Car Loan & House Mortgage Scheme	5,000,000	-	-	No
2.	Baringo County Bursary & Scholarships Fund	30,000,000	-	-	Yes
3.	Baringo County Emergency Fund	23,000,000			Yes
4.	Baringo County Small & Medium Enterprise Fund	2,000,000	-	-	No
5.	Baringo County Co-operative Development Fund	3,500,000	-	-	No
6.	Baringo County Community Wildlife Conservation Fund	5,000,000	-	-	No

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No)
County Assembly Established Funds					
7	Baringo County Assembly Staff Car Loans & Mortgage Fund	14,000,000	-	-	Yes
Total		**82,500,000**	**-**	**-**	**-**

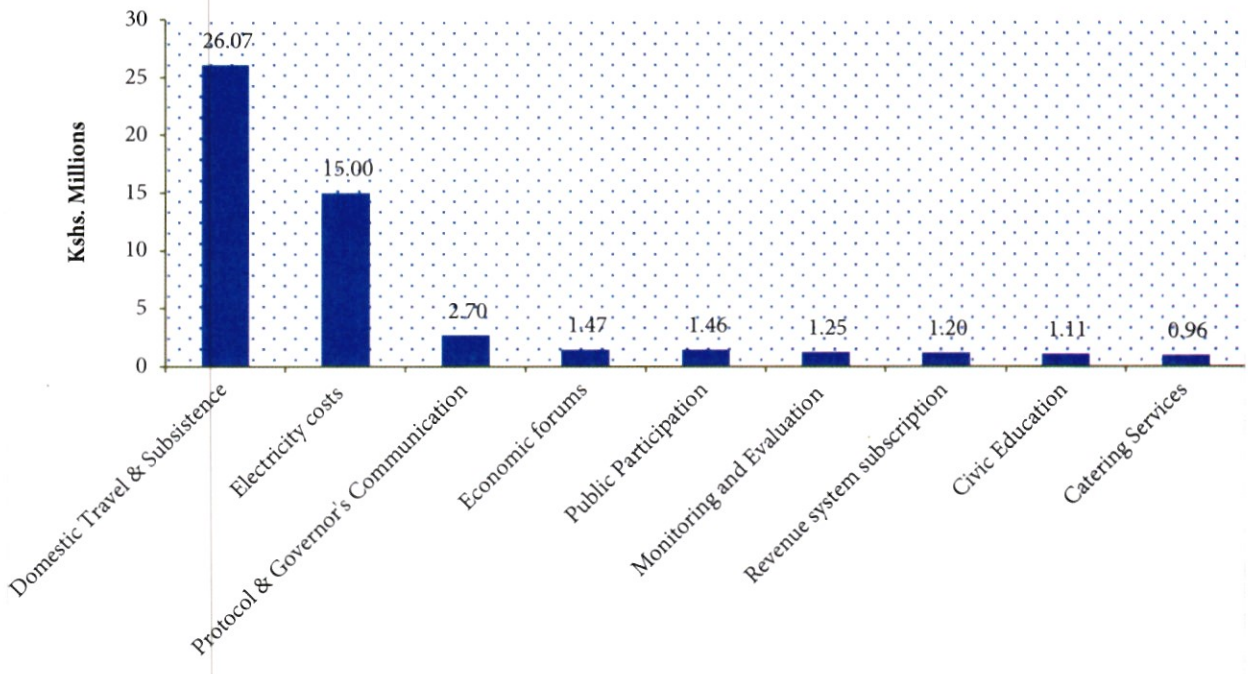
Source: *Baringo County Treasury*

During the reporting period, the OCoB did not receive quarterly financial returns from Fund Administrators of the Baringo County Executive Car Loan & House Mortgage Scheme, Baringo County Small & Medium Enterprise Fund, Baringo County Co-operative Development Fund, and Baringo County Community Wildlife Conservation Fund contrary to the requirement of Section 168 of the PFM Act, 2012.

3.1.9 Expenditure on Operations and Maintenance

Figure 3 summarises the Operations and Maintenance expenditure by major categories.

Figure 3: Baringo County, Operations and Maintenance Expenditure by Major Categories



Source: *Baringo County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.26.07 million and comprised Kshs.10.25 million spent by the County Assembly and Kshs.15.82 million by the County Executive. The County Executive and the County Assembly did not report any expenditure on foreign travel. The OCoB however noted there were pending requisition for foreign travel by the County Assembly as at the end of the period.

3.1.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.21.95 million on development programmes, which was spent on the KDSP Programme project Level II grant.

3.1.11 Budget Performance by Department

Table 3.4 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.4: Baringo 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 Assembly	828.96	126.93	109.05	-	108.93	-	-	-	-	-
The Governors Office	3,401.64	71.08	830.75	-	760.49	-	91.5	-	22.4	-
County Finance and Economic Planning	142.05	188.02	25.20	21.95	15.47	21.95	61.4	100.0	10.9	11.7
Roads, Transport, Energy and Public Works	35.70	706.28	4.00	-	0.41	-	10.2	-	1.1	-
Trade, Cooperatives and Industrialisation	18.45	509.05	2.50	-	0.21	-	8.4	-	1.1	-
Education and Vocational training	84.49	264.15	2.42	-	1.06	-	43.8	-	1.3	-
Health Services	398.63	592.98	8.12	-	55.88	-	688.2	-	14.0	-
Lands, Housing & Urban Development	21.92	135.99	2.51	-	1.30	-	51.7	-	5.9	-
Agriculture, Livestock, and Fisheries Management	30.78	665.81	2.30	-	-	-	-	-	-	-
Youth Affairs, Sports, Culture, Gender and Social services	33.59	129.26	6.70	-	1.40	-	20.9	-	4.2	-
Water and Irrigation	62.66	1,021.01	19.00	-	15.00	-	78.9	-	23.9	-
Environment, Tourism, Wildlife Management, Natural Resources and Mining	18.75	39.48	4.60	-	0.38	-	8.3	-	2.0	-
County Public Service Board	17.92	-	4.15	-	-	-	-	-	-	-
Total	**5,095.54**	**4,450.05**	**1,021.30**	**21.95**	**960.53**	**21.95**	**94.0**	**100.0**	**18.9**	**0.5**

***Source**: Baringo County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Livestock, and Fisheries Management and the County Public Service Board did not report any expenditure in the period under review.

3.1.12 Budget Execution by Programmes and Sub-Programmes

Table 3.5 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.5: Baringo County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
	General administration	-	-	-	-	-	-
	General Administration / Support Services	828,962,651	-	108,933,989	-	13	
	Landscaping and beautification of Speakers residential buildings	-	19,000,000.00	-	-	-	-
	Drilling and equipping of 2No. Water boreholes at the County Assembly and Speaker's residence	-	10,000,000.00	-	-	-	-
	Proposed Installation of Electric, Razor wires and CCTV at the speaker's residence	-	10,100,000.00	-	-	-	-
	Supply, Installation, and Commissioning of Hansard System and Equipment for the Assembly Chambers.	-	74,300,000.00	-	-	-	-
	Purchase and Installation of interior designs of County Assembly chambers	-	4,526,227.00	-	-	-	-
	Feasibility studies on Project preparation and design for CCTV, Boreholes and Landscaping	-	9,000,000.00	-	-	-	-
Office of the Governor and Deputy Governor	General Administration	-	-	-	-	-	-
	P3 GOVERNORS OFFICE	39,829,600	-	7,492,986	-	-	-
	Office of County Secretary	182,100,000.00	-	1,093,620.00	-	-	-
	P4 Acquisition of Assets	6,500,000	-	-	-	-	-
	Office of the Deputy Governor	19,109,339	-	31,500	-	19	-
Public Services, Administration, Devolution, & ICT.	General Administration, salaries and Operations	3,128,345,281	-	511,115,570	-	1	-
	Tiaty West sub-county (Administration)	3,679,080	-	-	-	-	-
	Tiaty East sub-county (Administration)	2,971,000	-	-	-		-
	Baringo North sub-county	3,886,222	-	300,000	-	-	-
	Baringo Central sub-county	4,018,027	-	23,244	-	-	-
	Baringo South sub-county	3,784,000	-	-	-	-	-
	Mogotio sub-county	3,762,377	-	-	-	8	-
	Eldama Ravine sub-county	3,652,412	-	-	-	1	-
	Infrastructure Development - Ward offices	-	33,548,807.00	-	-	-	-
	Acquisition of Kabarnet Hotel	-	20,000,000.00	-	-	-	-
	Acquisition of land for Deputy Governor's Residence	-	5,000,000.00	-	-	-	-
	Support to Baringo ICT Center	-	1,000,000.00	-	-	-	-
	Support to ELIAS ICT Centre	-	3,000,000.00	-	-	-	-
	Ajira Centre Connectivity	-	30,743.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Public Services, Administration, Devolution, & ICT.	Installation of LAN at Mogotio and Marigat sub-county hospital	-	3,000,000.00	-	-	-	-
	Installation of CIMES Operationalization	-	1,000,000.00	-	-	-	-
	Redesign of County website to include online recruitment, tourism, Town and hospital portals	-	4,500,000.00	-	-	-	-
Finance & Economic Planning	Finance Administration	91,425,000	-	8,632,648	-	-	-
	Economic Planning	50,624,618	-	6,835,848	-	-	-
	Infrastructural Development	-	-	-	-	-	-
	Infrastructural Development-Boda-boda shades	-	4,000,000.00	-	-	9	-
	KDS Programme	-	179,001,764.00	-	21,947,207.20	14	-
	Revenue Services Development Services	-	5,020,355.00	-	-	-	-
	Treasury Accounts	-	-	-	-	-	-
	Purchase of Utility Project Vehicles	-	-	-	-	-	-
Revenue Department	KDSP Programme project (Level II grant)	-	-	-	-	-	-
	Eldama Ravine sub-county	-	-	-	-	-	-
Monitoring and Evaluation	Economic Planning, Budget, Monitoring and Evaluation Services	-	-	-	-	-	-
Transport and Infrastructure	General Administration	35,700,173	-	408,800	-	-	-
	Urban Infrastructure Development	-	50,578,960.00	-	-	-	-
	Rural Infrastructure Development	-	67,200,000.00	-	-	-	-
	New and maintenance of roads County-wide	-	431,424,045.00	-	-	-	-
	Installation of Floodlights	-	12,080,641.00	-	-	-	-
	Complete Construction of Public Works Office Block	-	23,000,000.00	-	-	-	-
	Construction of Foot Bridges	-	47,509,057.00	-	-	-	-
	Culverts and Bridges	-	17,100,000.00	-	-	-	-
Industry, Commerce, Tourism, Cooperatives and Enterprise Development	General Administration	18,448,989	-	209,300	-	-	-
	Co-operative services Development	-	82,234,780.00	-	-	-	-
	Tourism Development & Marketing	-	46,320,101.25	-	-	-	-
	Infrastructure and Trade Development	-	17,500,000.00	-	-	-	-
	Industrial Development and Investment services	-	359,000,000.00	-	-	-	-
Trade Development and Management Services	General administration	-	-	-	-	-	-
	Trade Development	-	2,000,000.00	-	-	-	-
Education	General Administration, Planning and support services	84,490,000	-	1,059,700	-	-	-
Early Childhood Development	Infrastructure development	-	173,906,666.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Early Childhood Development Education	Curriculum Development and Equipment	-	2,500,000.00	-	-	-	-
Vocational Training development	Infrastructure Development	-	58,344,527.00	-	-	1	-
Vocational Training development	Bursary and Scholarship Programme	-	29,400,000.00	-	-	-	-
County Health Services	General Administration	398,631,775		55,880,840	-	-	-
Curative and Rehabilitative Services	Infrastructure development	-	321,342,202.00	-	-	-	-
Preventive and Promotive Health Services	Infrastructure development	-	271,642,611.40	-	-	-	-
	Health/preventive services	-	-	-	-	14	-
	Medical Drugs	-	-	-	-	-	-
Promotion of primary healthcare	General administration	-	-	-	-	-	-
Lands and Urban Development	General administration	10,003,832	-	1,300,684	-	-	-
Land use planning and Information management	Land Policy and Planning Services	-	5,500,000.00	-	-	-	-
Land use planning and Information management	Land Survey Services	-	11,100,000.00	-	-	-	-
Eldama Ravine Town- Urban Development	Infrastructure development	5,154,129	18,853,000.00	-	-	13	-
Kabarnet Municipality Services	Infrastructure development	6,759,157	23,500,000.00	-	-	-	-
Housing Development and Management	Housing development	-	1,200,000.00	-	-	-	-
Land use planning and Information management	Land Adjudication Services	-	17,500,000.00	-	-	-	-
Land use planning and Information management	Land adjudication and demarcation	-	1,500,000.00	-	-	-	-
Land use planning and Information management	Land Policy and Planning Services	-	25,237,350.00	-	-	-	-
General Administration, Planning and Support Services	Infrastructure Development	-	6,000,000.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Kabarnet Municipality Services	Sanitation & waste management	-	8,500,000.00	-	-	-	-
	Urban Safety and Disaster Control Services	-	2,000,000.00	-	-	-	-
	Infrastructure development	-	15,100,000.00	-	-	-	-
	Urban Infrastructure development and management	-	-	-	-	-	-
Agricultural Services	General Administration and Planning	30,779,781	-	-	-	-	-
Livestock resources management and development	Livestock upgrading	-	149,789,340.00	-	-	-	-
Milk Processing Plant-Eldama Ravine	Completion of Milk Processing Plant	-	46,000,000.00	-	-	-	-
Kabartonjo Milk Cooling Plant	Construction of Ossen Milk Cooling Plant	-	3,500,000.00	-	-	-	-
Livestock Sales yards	Maintenance of Livestock Sale Yards- Emining, Loruk and Loitip	-	1,500,000.00	-	-	-	-
Slaughterhouses Maintenance	Maintenance of slaughterhouses and slabs	-	1,000,000.00	-	-	-	-
Maoi Slaughter House	Slaughterhouses and slabs:	-	10,000,000.00	-	-	-	-
Loruk Slaughter House	Completion of Loruk Slaughter House	-	3,000,000.00	-	-	-	-
Barwessa Slaughter House	Completion of Barwessa Slaughter House	-	3,000,000.00	-	-	-	-
Ngentalel Slaughter House	Completion of Ngentalel Slaughter House	-	4,000,000.00	-	-	-	-
Cattle Dips and Animal Vaccinations	Dips and Vaccines	-	18,000,000.00	-	-	-	-
Bee Keeping	Beehives	-	9,000,000.00	-	-	-	-
Hay stores, purchase of pasture seeds and Climate change	Hay stores, purchase of pasture seeds and Climate change	-	10,000,000.00	-	-	-	-
Support to ATC Services	Support to ATC Services	-	7,000,000.00	-	-	-	-
Agricultural Machinery	Purchase of Tractor	-	4,500,000.00	-	-	-	-
Conditional Grants for provision of Fertilizer subsidy Programme	Conditional Grants for provision of Fertilizer subsidy Programme	-	75,977,677.00	-	-	-	-
IDA World Bank (KCSAP)	IDA World Bank (KCSAP)	-	90,000,000.00	-	-	-	-
Matching funds to IDA. World Bank (KCSAP)	Matching funds to IDA. World Bank (KCSAP)	-	1,200,000.00	-	-	-	-
SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	-	1,733,647.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
World Bank Emergency Locusts Project	World Bank Emergency Locusts Project	-	126,616,043.61	-	-	-	-
Certified pasture and maize	Provision of pastures and maize seeds	-	4,000,000.00	-	-	-	-
Purchase of Mangoes, Macadamia and Coffee Seedlings	Purchase of Mangoes, Macadamia and Coffee Seedlings for Mochongoi	-	19,900,000.00	-	-	-	-
Cattle Dips and Animal Vaccinations	Renovations of Cattle Dips	-	41,046,396.00	-	-	-	-
Cooperative stores	Construction of Cooperative stores	-	21,746,057.00	-	-	-	-
Motor Boats	Purchase of motorboats	-	12,300,000.00	-	-	-	-
Culture, Youth and Gender	General Administration	33,592,453	-	1,398,520	-	-	-
Social Services and Safety nets	Affirmative Action Initiatives	-	28,952,631.00	-	-	-	-
Social Services and Safety nets	Infrastructure Development	-	8,097,229.00	-	-	-	-
Cultural and Creative Arts Development	Infrastructural development	-	4,500,000.00	-	-	-	-
Gender development and management	Gender Initiatives	-	1,000,000.00	-	-	-	-
Youth Development and Management	Infrastructure Development	-	11,000,000.00	-	-	-	-
Sports Development and Management	Infrastructural development	-	26,988,728.00	-	-	-	-
Culture and Creative Arts Development	Cultural Promotion Initiative	-	3,100,000.00	-	-	-	-
Culture and Creative Arts Development	Infrastructural development-social Halls	-	13,950,419.00	-	-	-	-
Gender development and management	Gender Initiatives-Women Empowerment	-	3,600,000.00	-	-	-	-
Youth Development and Management	Youth Initiatives- Youth Empowerment	-	7,900,000.00	-	-	-	-
Youth Development and Management	Infrastructural development-Playing Grounds	-	8,573,985.00	-	-	-	-
Water Management Services	General Administration	62,655,512.00	-	15,000,000	-	-	-
Water resource development and supplies management	Water resource management and storage	-	994,914,244.00	-	-	-	-
Irrigation infrastructure development	Irrigation Infrastructure	-	26,100,000.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Environment Administration and Planning	Planning and Administration	18,754,819	-	382,600	-	-	-
Environmental Conservation and Management	Environmental conservation and protection	-	11,300,000.00	-	-	-	-
Natural Resources Conservation, Exploitation and Management	Forestry and Wildlife Conservation and Management	-	3,500,000.00	-	-	-	-
Environmental conservation and management	Solid Waste management	-	9,350,400.00	-	-	-	-
Environmental Conservation and Management	Environmental conservation and protection	-	14,024,900.00	-	-	-	-
Natural Resources Conservation, Exploitation and Management	Forestry and Wildlife Conservation and Management	-	1,300,000.00	-	-	-	-
Climate Change Fund Projects	Water resource/ pasture development and supplies management	-	71,988,914.00	-	-	-	-
	Protection of rivers and streams	-	-	-	-	-	-
County Public Service Board	Administration and Planning	17,922,030.00	-	1,089,200	-	-	-
Grand Total		**5,095,542,257**	**4,450,052,447**	**721,189,049**	**21,947,207**	**-**	**-**

***Source**: Baringo County Treasury*

The report of budget execution by programmes and sub-programmes did not match with the report submitted by the County Treasury on Expenditure by economic classification, which showed total recurrent Expenditure as Kshs.960.52 million.

3.1.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.4, where the County incurred expenditure above the approved exchequer issues in some departments.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Executive Car Loans & House Mortgage Fund Scheme, Education & Scholarships fund, and County Assembly Car loans & Mortgage Fund Scheme were not submitted to the Controller of Budget
3. Use of manual payroll. Personnel emoluments amounting to Kshs. 3.74 million were processed through the manual payroll, accounting for 0.46 per cent of the total payroll cost. The manual payroll is generated by the County Assembly. This is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Variance in the report of budget execution by programmes and sub-programmes compared to the report on expenditure by economic classification. This affects the credibility of budget execution reports.

5. Although the County Assembly reported no expenditure on foreign travel, there were pending requisitions on foreign travel as at the end of the reporting period.

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

1. *The County Treasury should improve the vote book and budgetary control to ensure expenditure is within the approved budget.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Assembly Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Treasury should ensure there is frequent reconciliation of reports in IFMIS to ensure their credibility.*
5. *The County leadership should curtail and regulate expenditure on foreign travel in order to make savings for key programmes.*

3.2. County Government of Bomet

3.2.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.8.52 billion, comprising Kshs.2.39 billion (28 per cent) and Kshs.6.13 billion (72 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 8.6 per cent compared to the previous financial year when the approved budget was Kshs.7.85 billion and comprised of Kshs.2.27 billion towards development expenditure and Kshs.5.58 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.98 billion (81.9 per cent) as the equitable share of revenue raised nationally, Kshs.144.45 million (1.7 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.570.26 million (6.7 per cent) as conditional grants, a cash balance of Kshs.640.88 million (7.5 per cent) brought forward from FY 2022/23, and generate Kshs.187.59 million (2.2 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3 .6.

3.2.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.74 billion as the equitable share of the revenue raised nationally, Kshs.22.82 million as FIF, Kshs.31.88 million as conditional grants, had a cash balance of Kshs.640.88 million from FY 2022/23, and raised Kshs.7.67 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.45 billion, as shown in Table 3.6.

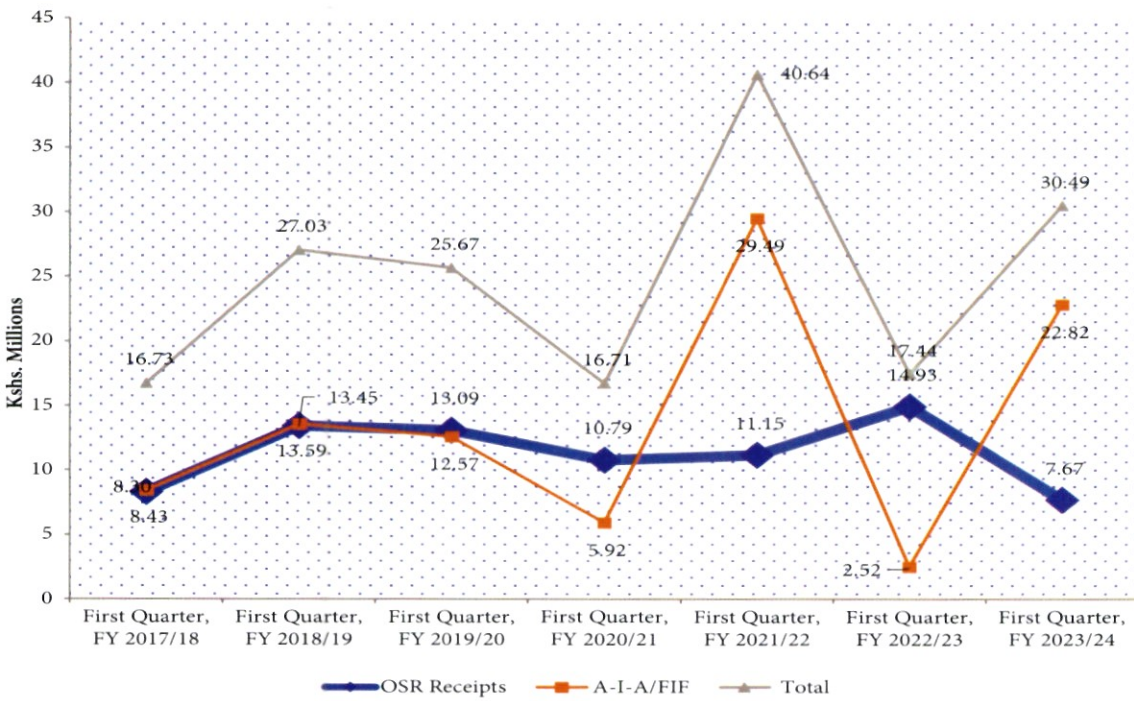
Table 3.6: Bomet County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	6,977,924,070	1,744,481,018	25.0
Subtotal		**6,977,924,070**	**1,744,481,018**	**25.0**
B	**Conditional Grants**			
1.	KDSP (Level 1) B/F-Recurrent	3,622,576	-	-
2.	KDSP (Level 2 Grant) B/F-Development	28,000,000	26,376,621	94.2
3.	WASH - Health & Water	41,552,260	-	-
4.	Nutritional International	22,884,446	-	-
5.	IDA Kenya/Climate Change Resilience Invest (CCRI)	136,000,000	-	-
6.	IDA Kenya/Climate Change Institutional Support (CCIS)	11,000,000	5,500,000	50.0
7.	NAVCDP	327,200,000	-	-
Subtotal		**570,259,282**	**31,876,621**	**5.6**
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	187,592,587	7,673,700	4.1
2.	Facility Improvement Fund (FIF)	144,449,243	22,815,830	15.8
3.	Unspent balance from FY 2022/23	640,875,126	640,875,126	100.0
Sub Total		**972,916,956**	**671,364,656**	**69.0**
Grand Total		**8,521,100,308**	**2,447,722,295**	**28.7**

Source: *Bomet County Treasury*

Figure 4 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

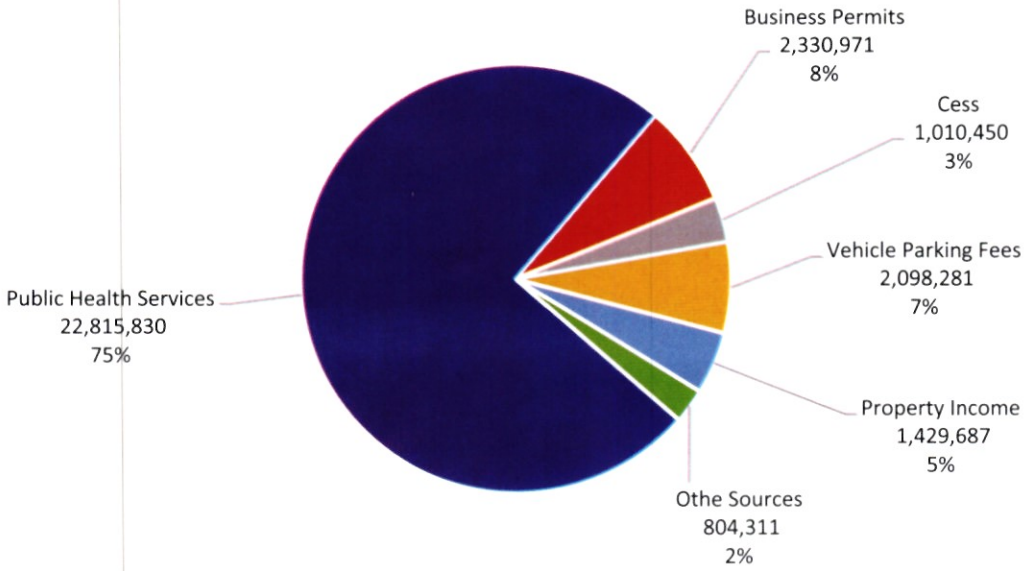
Figure 4: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Bomet County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.30.49 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 74.8 per cent compared to Kshs.17.44 million realised in FY 2022/23 and was 9.2 per cent of the annual target and 1.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 5.

Figure 5: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Bomet County Treasury

The highest revenue stream of Kshs.22.82 million was from Public Health Services, contributing to 75 per cent of the total OSR receipts during the reporting period.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.79 billion from the CRF account during the reporting period, which comprised Kshs.413.74 million (23.1 per cent) for development programmes and Kshs.1.37 billion (76.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.925.21 million was released towards Employee Compensation, and Kshs.449.08 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.619.52 million.

3.2.4 County Expenditure Review

The County spent Kshs.1.78 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.7 per cent of the total funds released by the CoB and comprised Kshs.423.35 million and Kshs.1.36 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.7 per cent, while recurrent expenditure represented 22.1 per cent of the annual recurrent expenditure budget.

3.2.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.897.93 million, comprising Kshs.156.24 million for recurrent expenditure and Kshs.741.69 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.315.23 million were settled relating to development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.582.70 million.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.850.16 million on employee compensation, Kshs.385.53 million on operations and maintenance, and Kshs.414.19 million on development

activities. Similarly, the County Assembly spent Kshs.59.77 million on employee compensation, Kshs.63.16 million on operations and maintenance, and Kshs.9.16 million on development activities, as shown in Table 3.7.

Table 3.7: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,232,409,922**	**901,903,256**	**1,235,689,198**	**122,934,092**	**23.6**	**13.6**
Compensation to Employees	3,309,801,636	355,747,263	850,157,280	59,770,837	25.7	16.8
Operations and Maintenance	1,922,608,286	546,155,993	385,531,919	63,163,255	20.1	11.6
Development Expenditure	**2,218,787,130**	**168,000,000**	**414,193,059**	**9,157,523**	**18.7**	**5.5**
Total	**7,451,197,052**	**1,069,903,256**	**1,649,882,257**	**132,091,615**	**22.1**	**12.3**

***Source**: Bomet County Treasury*

3.2.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.909.93 million, or 37.2 per cent of the available revenue, which amounted to Kshs.2.45 billion. This expenditure represented an increase of 22.7 per cent from Kshs.741.44 million reported in the first quarter of FY 2022/23, which was attributable to the payment of arrears to the Health staff who lacked Personnel Numbers then. The wage bill included Kshs.267.15 million paid to health sector employees, translating to 29.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.856.94 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.52.99 million was processed through manual payrolls. The manual payrolls accounted for 5.8 per cent of the total PE cost.

The County Assembly spent Kshs.3.90 million on committee sitting allowances for the 38 MCAs and the Speaker against the annual budget allocation of Kshs.24.05 million. The average monthly sitting allowance was Kshs.33,292 per MCA. The County Assembly has established 21 Committees.

3.2.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.191.00 million to county-established funds in FY 2023/24, constituting 2.2 per cent of the County's overall budget. Table 3.8 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.8: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
	Bursary Fund	116,000,000	58,000,000	58,000,000	Yes
County Assembly Established Funds					
	Car and Mortgage	75,000,000	-	-	Yes
	Total	**191,000,000**	**58,000,000**	**58,000,000**	

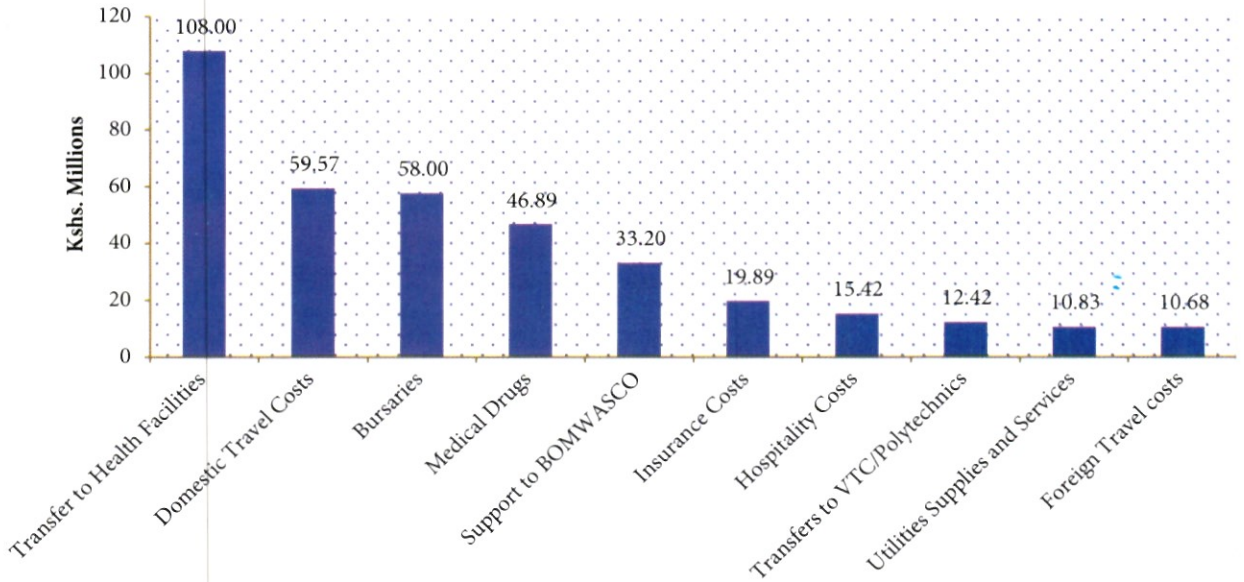
Source: *Bomet County Treasury*

During the reporting period, the CoB received the quarterly financial returns from the Fund Administrators of the County Executive Bursary and the County Assembly Car/Mortgage funds as indicated in Table 3.7, as per the requirement of Section 168 of the PFM Act, 2012.

3.2.9 Expenditure on Operations and Maintenance

Figure 6 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Bomet County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.59.57 million and comprised Kshs.27.80 million spent by the County Assembly and Kshs.31.77 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.68 million, as summarised in Table 3.9 below; -

Table 3.9: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	11th - 17th September, 2023	IPAC's Annual Public Sector Leadership Conference	Canada	3,452,251
County Executive	4	10th - 23rd September, 2023	Collaborative business endeavour between Norway and Kenya through the County Government of Bomet	Norway	2,829,334
County Executive	3	14th - 18th August, 2023	Induction Workshop for Audit Committees & Boards organised by ICPAK	Singapore	2,072,700
County Assembly	4	14th - 16th September, 2023	Mara Day Celebrations	Tanzania	646,300
County Executive	1	10th - 15th September, 2023	7th Edition of the Producers and Roasters Forum	Colombia	457,856
County Executive	3	14th - 16th September, 2023	Mara Day Celebrations	Tanzania	418,449
County Executive	1	26th August - 3rd September, 2023	Maputo International Trade Fair 2023	Mozambique	384,722
County Assembly	1	3rd - 16th September, 2023	African School on Decentralisation	Ethiopia	281,400

Source: Bomet County Treasury

The number of delegates for each of the foreign trips is within the threshold of 7 members as per the existing International/Foreign travel policy.

3.2.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.423.35 million on development programmes, compared to a similar period of FY 2022/23 when the County did not report any expenditure on development programmes. Table 3.10 summarises development projects with the highest expenditure in the reporting period.

Table 3.10: Bomet County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Administration and Public Service	Construction of the Governor's Residence at Mutarakwa	Mutarakwa	78,000,000	7,420,722	65
2	Finance, Economic Planning & ICT	Construction of Dr Joyce Laboso Memorial Mother and Child Wellness Centre	Longisa	296,000,000	21,505,935	85
3	Lands, Housing and Urban Planning	Purchase of land for Construction of ICT Hub and Stadium	Mulot, Kyogong	75,300,000	75,300,000	100
4	Roads, Public Works and Transport	Routine Roads maintenance	Countywide	194,386,599	194,386,599	100
5	Water Sanitation and Environment	Water Supply Pipeline Extension Works & Pump set installation	Sigor, Kamureito, Kapsinendet, Kiptibit booster station	14,786,228	14,786,228	100
6	Water Sanitation and Environment	Supply and Distribution of Water Tanks	Kamungei	3,636,160	3,636,160	100
7	Water Sanitation and Environment	Desilting Works for Soket & Chemitan Water Pans	Nyongores	6,938,000	6,938,000	100
8	County Assembly	Construction of the Main County Assembly Chambers Fence	Bomet Township	26,615,540	9,157,523	34

Source: Bomet County Treasury

3.2.11 Budget Performance by Department

Table 3.11 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.11: Bomet 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
Administration and Public Service	2,385.23	31.00	583.87	9.62	573.79	9.62	98.3	100.0	24.1	31.0
Finance, Economic Planning & ICT	241.47	162.60	48.16	21.51	47.58	28.27	98.8	131.5	19.7	17.4
Lands, Housing and Urban Planning	114.85	173.50	2.73	75.30	2.55	75.30	93.7	100.0	2.2	43.4
Gender, Culture and Social Services	20.26	13.00	0.62	-	0.57	-	91.6	-	2.8	-

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
Medical Services and Public Health	1,888.43	125.60	498.54	-	498.36	-	100.0	-	26.4	-
Agriculture, Livestock and Cooperatives	126.51	432.20	3.41	-	1.03	0.08	30.3	-	0.8	0.0
Water Sanitation and Environment	102.37	427.86	34.00	25.36	33.76	30.86	99.3	121.7	33.0	7.2
Education, Vocational Training, Youth & Sports	298.93	138.75	76.58	-	74.65	-	97.5	-	25.0	-
Roads, Public Works and Transport	43.14	603.77	2.78	270.42	2.78	270.06	99.8	99.9	6.4	44.7
Trade, Energy, Tourism and Industry	11.23	110.50	0.63	-	0.62	-	98.8	-	5.5	-
County Assembly	901.90	168.00	122.98	11.53	122.93	9.16	100.0	79.4	13.6	5.5
Total	**6,134.31**	**2,386.79**	**1,374.29**	**413.74**	**1,358.62**	**423.35**	**98.86**	**102.3**	**22.1**	**17.7**

***Source**: Bomet County Treasury*

Analysis of expenditure by department shows that the Department of Roads, Public Works and Transport recorded the highest absorption rate of development budget at 44.7 per cent, followed by the Department of Lands, Housing and Urban Planning at 43.4 per cent. The Department of Water Sanitation and Environment had the highest percentage of recurrent expenditure to budget at 33 per cent, while the Department of Agriculture, Livestock and Cooperatives had the lowest at 0.8 per cent.

The Departments of Finance, Economic Planning & ICT and Water Sanitation and Environment recorded 131.5 per cent and 121.7 per cent respectively on Development Expenditure to Exchequer Issues. This is attributable to the balances in the Special Purpose Accounts of KDSP and IDA Climate Change Institutional Support (CCIS) funds of Kshs.26.38 million and Kshs.5.50 million, respectively, that partly funded projects of the two departments in addition to the exchequer received during the period under review.

3.2.12 Budget Execution by Programmes and Sub-Programmes

Table 3.12 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.12: Bomet County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service							
Administration and Public Service	County Executive	156,785,227	-	40,628,698	-	25.9	-
	County PSB	30,377,376	-	5,923,935	-	19.5	-
	Administration/Governance	11,490,000	31,000,000	1,244,700	9,617,205	10.8	31.0
	Public Service	2,186,580,089	-	525,992,285	-	24.1	-
	Sub total	**2,385,232,692**	**31,000,000**	**573,789,619**	**9,617,205**	**24.1**	**31.0**
Finance, Economic Planning and ICT							
Finance	Financial Management Services	132,441,082	-	33,962,032	-	25.6	-
	Sub total	**132,441,082**	**-**	**33,962,032**	**-**	**25.6**	**-**
Economic Planning	Administration	40,293,033	148,000,000	13,613,100	28,274,721	33.8	19.1
	Budget Preparation & Management	6,666,509	-	-	-	-	-
	M & E Services	6,970,000	-	-	-	-	-
	Planning & Statistics	13,223,034	-	-	-	-	-
	Sub total	**67,152,576**	**148,000,000**	**13,613,100**	**28,274,721**	**20.3**	**19.1**

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
ICT	Administration	41,878,654	14,600,000	-	-	-	-
	Sub total	**41,878,654**	**14,600,000**	-	-	-	-
Lands, Housing and Urban Planning							
Lands, Housing and Urban Planning	Lands	14,410,000	145,000,000	488,000	75,300,000	3.4	51.9
	Urban Management	50,220,000	26,000,000	2,066,200	-	4.1	-
	Housing Development	4,650,000	-	-	-	-	-
	Municipality	45,565,000	2,500,000	-	-	-	-
	Sub total	**114,845,000**	**173,500,000**	**2,554,200**	**75,300,000**	**2.2**	**43.4**
Gender, Culture and Social Services							
Gender and Culture	Policy Development and Administrative Services	20,256,300	13,000,000	568,400	-	2.8	-
	Sub total	**20,256,300**	**13,000,000**	**568,400**	-	**2.8**	-
Medical Services and Public Health							
Medical Services and Public Health	Administration, Planning and Support Services	1,231,650,426	-	343,471,604	-	27.9	-
	Policy Development	2,500,000	-	-	-	0.0	-
	Healthcare financing – transfers to health facilities	243,413,421	-	108,004,250	-	44.4	-
	Curative Services	299,149,570	-	46,885,193	-	15.7	-
	Preventive and Promotive Services	100,713,081	-	-	-	-	-
	Reproductive Health Services	11,000,000	-	-	-	-	-
	Health Infrastructure Development	-	125,599,570	-	-	-	-
	Sub total	**1,888,426,498**	**125,599,570**	**498,361,047**	-	**26.4**	-
Agriculture, Livestock and Cooperatives							
Agriculture	Administration	116,810,229		1,033,000	82,971	0.9	-
	Crop Management	-	284,397,080	-	-	-	-
	Food & Nutrition Security	-	35,000,000	-	-	-	-
	Sub total	**116,810,229**	**319,397,080**	**1,033,000**	**82,971**	**0.9**	-
Livestock, Fisheries & Veterinary Services	Livestock Development	-	15,500,000	-	-	-	-
	Fisheries Development	-	4,700,000	-	-	-	-
	Veterinary Services	-	66,000,000	-	-	-	-
	Sub total	-	**86,200,000**	-	-	-	-
Co-operative & Enterprise Development	Administration	9,697,080	26,602,920	-	-	-	-
	Sub total	**9,697,080**	**26,602,920**	-	-	-	-
Water Sanitation and Environment							
Water and Irrigation	Administration	87,783,221	-	33,407,280	-	38.1	-
	Development of Water Supply for Domestic and Commercial purposes	-	213,262,724	-	25,360,388	-	11.9
	Irrigation Development	-	2,000,000	-	-	0.0	0.0
	Sub total	**87,783,221**	**215,262,724**	**33,407,280**	**25,360,388**	**38.1**	**11.8**
Waste Water management	Waste Water management	-	10,000,000	-	-	-	-
	Sub total	-	**10,000,000**	-	-	-	-
Environment & Natural resources	Administration	14,584,200	-	356,000	-	2.4	-
	Environmental and natural resources protection and conservation	-	202,600,000	-	5,500,000	-	2.7
	Sub total	**14,584,200**	**202,600,000**	**356,000**	**5,500,000**	**2.4**	**2.7**
Education and Vocational Training							
Education and Vocational Training	Policy Planning & General Administration	273,232,880	-	74,646,920	-	27.3	-
	Early Childhood Development and Education	-	118,450,000	-	-	-	-
	Youths & Sports	25,700,000	20,300,000	-	-	-	-
	Sub total	**298,932,880**	**138,750,000**	**74,646,920**	-	**25.0**	-
Roads, Public Works and Transport							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Roads, Public Works and Transport	Policy planning and administrative services	43,142,772	1,500,000	2,775,800	-	6.4	-
	Roads Construction & Maintenance	-	408,000,000	-	184,629,365	-	45.3
	Development and Maintenance of other Public works	-	58,274,836	-	-	-	-
	County Transport Infrastructure	-	136,000,000	-	85,428,410	-	62.8
	Sub total	**43,142,772**	**603,774,836**	**2,775,800**	**270,057,775**	**6.4**	**44.7**
Trade, Energy, Tourism and Industry							
Trade, Energy, Tourism and Industry	Administration	11,226,738	-	621,800		5.5	-
	Trade Development	-	27,500,000	-	-	-	-
	Energy Development	-	26,000,000	-	-	-	-
	Tourism Development	-	5,000,000	-	-	-	-
	Industry	-	50,000,000	-	-	-	-
	Investment	-	2,000,000	-	-	-	-
	Sub total	**11,226,738**	**110,500,000**	**621,800**	-	**5.5**	-
The County Assembly							
County Assembly	General Administration, Human Resources and Administrative Services	441,971,305	168,000,000	51,056,309	9,157,523	11.6	5.5
	Legislative Services	413,654,793	-	62,730,958	-	15.2	-
	Oversight and Representation	46,277,158	-	9,146,825	-	19.8	-
	Sub total	**901,903,256**	**168,000,000**	**122,934,092**	**9,157,523**	**13.6**	**5.5**
Grand Total		**6,134,313,178**	**2,386,787,130**	**1,358,623,290**	**423,350,582**	**22.1**	**17.7**

***Source**: Bomet County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: County Transport Infrastructure in the Department of Roads, Public Works and Transport at 62.8 per cent, Lands in the Department of Lands, Housing and Urban Planning at 47.5 per cent, Roads Construction & Maintenance in the Department of Roads, Public Works and Transport at 45.3 per cent of budget allocation.

3.2.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.30.49 million against an annual projection of Kshs. 332.04 million, representing 9.2 per cent of the annual target.
2. High level of pending bills, which amounted to Kshs.582.70 million as of 30th September 2023. This is despite the availability of Kshs.619.52 million in the CRF at the end of the reporting period.
3. Use of manual payroll. Personnel Emoluments amounting to Kshs.52.99 million were processed through the manual payroll, accounting for 5.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly and within the remaining period of the financial year. A payment plan should be provided at the beginning of the FY and be adhered to.*
3. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.3. County Government of Bungoma

3.3.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.14.03 billion, comprising Kshs.4.76 billion (33.9 per cent) and Kshs.9.27 billion (66.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 8 per cent compared to the previous financial year when the approved budget was Kshs.12.91 billion and comprised of Kshs.3.84 billion towards development expenditure and Kshs.9.08 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.11 billion (79.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.12 billion (8 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.718.05 million (5.1 per cent) as conditional grants, Kshs.158.81 million (1.1 per cent) Other Revenue, and generate Kshs.918.70 million (6.5 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.13

3.3.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.83 billion as the equitable share of the revenue raised nationally, Kshs.172.52 million as FIF, and generated Kshs.60.67 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.07 billion, as shown in Table 3.13.

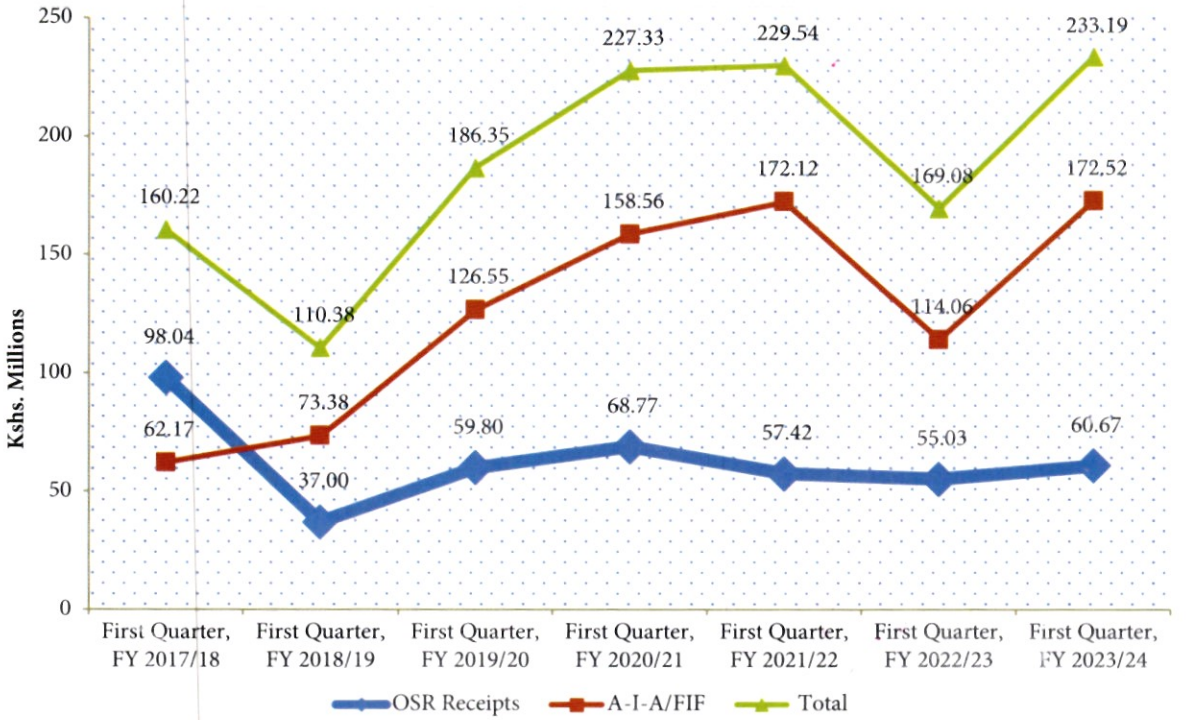
Table 3.13: Bungoma County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,111,983,608	1,833,477,296	16.5
Sub Total		11,111,983,608	1,833,477,296	**16.5**
B	**Conditional Grants**			
1	DANIDA	28,605,056	-	-
2	ASDSP II	5,344,642	-	-
3	NARIGP	280,530,114	-	-
4	UNICEF	1,571,000	-	-
5	FLLOCA - Water	22,000,000	-	-
6	Climate Change Grant	125,000,000	-	-
7	Equipment	110,000,000	-	-
8	REREC	45,000,000	-	-
9	Aggregated Industrial Park Grant	100,000,000	-	-
	Sub-Total	**718,050,812**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	918,701,471	60,668,204	6.6
2	Other Revenues	158,808,217	-	-
3	Facility Improvement Fund (FIF)	1,124,665,392	172,519,954	15.3
Sub Total		**2,202,175,080**	**233,188,158**	**10.6**
Grand Total		**14,032,209,500**	**2,066,665,454**	**14.7**

Source: *Bungoma County Treasury*

Figure 7 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

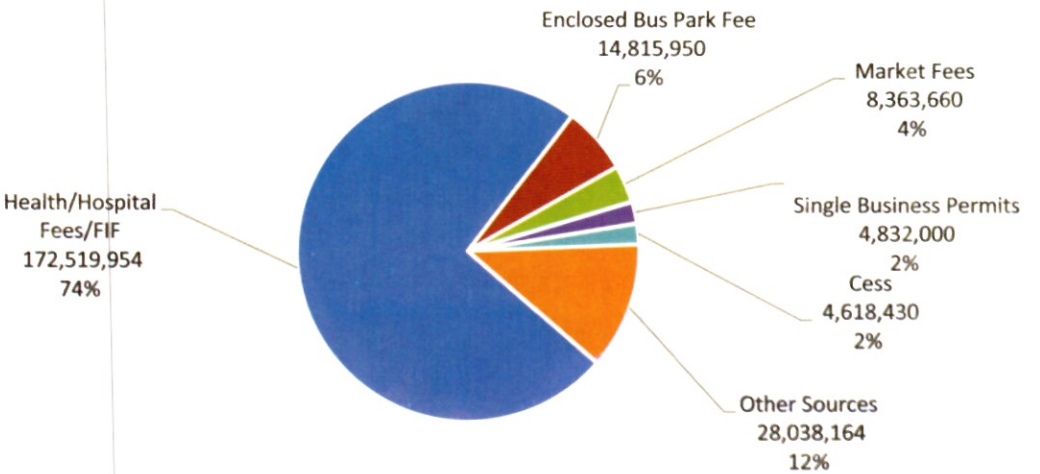
Figure 7: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Bungoma County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.233.19 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 27.5 per cent compared to Kshs.169.08 million realised in FY 2022/23 and was 11.4 per cent of the annual target and 12.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 8.

Figure 8: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Bungoma County Treasury

Revenue from the health sector amounted to Kshs.172.52 million, representing 74 per cent of the overall revenue collection in the first quarter of FY 2023/24. The Enclosed Bus Park Fee had a collection of Kshs.14.82 million, contributing to 6 per cent of the total receipts during the reporting period.

3.3.3 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.82 billion from the CRF account, which comprised Kshs.56.33 million (3.1 per cent) for development programmes and Kshs.1.76 billion (96.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.44 billion was released towards Employee Compensation, and Kshs.249.87 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.321.81 million.

3.3.4 County Expenditure Review

The County spent Kshs.1.74 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.8 per cent of the total funds released by the CoB and comprised Kshs.10.39 million and Kshs.1.57 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.2 per cent, while recurrent expenditure represented 18.7 per cent of the annual recurrent expenditure budget.

3.3.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.21 billion, comprising Kshs.666.16 million for recurrent expenditure and Kshs.543 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.20.87 million were settled, consisting of Kshs.0.11 million for recurrent expenditure and Kshs.20.75 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.1.19 billion.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.39 billion on employee compensation, Kshs.173.86 million on operations and maintenance, and Kshs.10.39 million on development activities. Similarly, the County Assembly spent Kshs.100.38 million on employee compensation and Kshs.70.52 million on operations and maintenance, as shown in Table 3.14.

Table 3.14: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,202,038,253**	**1,071,362,230**	**1,562,536,378**	**170,899,232**	**19.1**	**16.0**
Compensation to Employees	5,719,630,971	499,957,514	1,388,678,759	100,377,784	24.3	20.1
Operations and Maintenance	2,482,407,282	571,404,716	173,857,619	70,521,448	7.0	12.3
Development Expenditure	**4,675,907,569**	**82,901,448**	**10,391,679**	-	0.2	-
Total	**12,877,945,822**	**1,154,263,678**	**1,572,928,058**	**170,899,232**	**12.2**	**14.8**

***Source**: Bungoma County Treasury*

3.3.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.49 billion, or 72.1 per cent of the available revenue, which amounted to Kshs.2.07 billion. This expenditure represented an increase from Kshs.1.25 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.610.19 million paid to health sector employees, translating to 41 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.45 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.42.47 million was processed through manual payrolls. The manual payrolls accounted for 2.9 per cent of the total PE cost.

The County Assembly spent Kshs.11.26 million on committee sitting allowances for the 63 MCAs and the Speaker against the annual budget allocation of Kshs.46.04 million. The average monthly sitting allowance was Kshs.59,563 per MCA. The County Assembly has established 24 Committees.

3.3.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.410.68 million to county-established funds in FY 2023/24, constituting 2.9 per cent of the County's overall budget. Table 3.15 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.15: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds				
1.	Scholarships and Other Educational Benefits	275,000,000	-	No
2.	Trade Loan	115,679,933	-	No
3.	Disability Fund	4,000,000	-	No
4.	Women Fund	6,000,000	-	No
5.	Youth Fund	10,000,000	-	No
Total		**410,679,933**		-

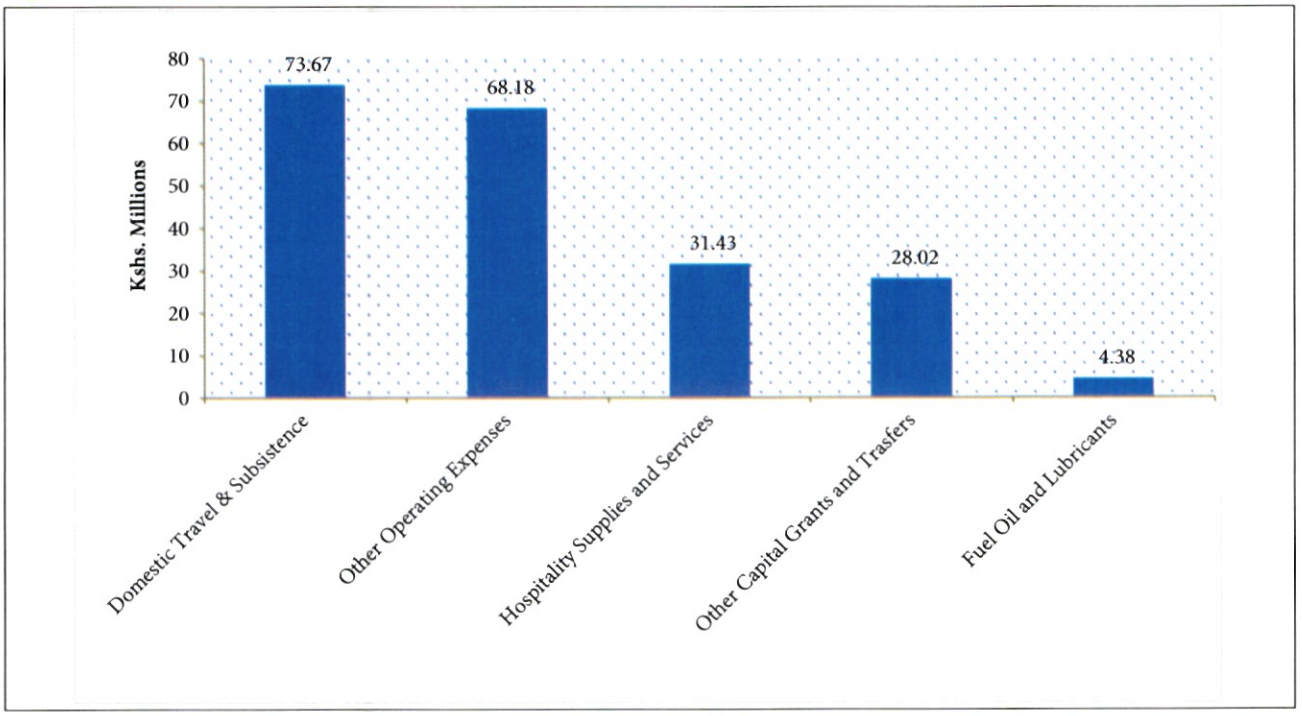
Source: *Bungoma County Treasury*

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of Scholarships and other Educational Benefit Fund, Trade Loan Fund, Disability Fund, Women Fund, Car Loans to MCAs' and House Loans to Staff Funds as indicated in Table 3 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.3.9 Expenditure on Operations and Maintenance

Figure 9 summarises the Operations and Maintenance expenditure by major categories.

Figure 9: Bungoma County, Operations and Maintenance Expenditure by Major Categories



Source: *Bungoma County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.73.67 million and comprised Kshs.7.03 million spent by the County Assembly and Kshs.66.64 million by the County Executive.

Included in the operations and maintenance costs is an expenditure of Kshs.20.18 million spent on garbage collection.

3.3.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.10.39 million on the Climate Change Resilient Fund programmes by the Department of Tourism, Forestry and Environment.

3.3.11 Budget Performance by Department

Table 3.16 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.16: Bungoma 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
Agriculture, Livestock, Fisheries and Cooperative Development	402.63	699.92	80.47	-	80.16	-	99.61		19.9	-
Tourism, Forestry, Environment	304.74	205.00	46.78	10.83	27.45	10.39	58.68	96.0	9.0	5.1
Water and Natural Resources	65.73	236.91	10.00	-	9.49	-	94.95		14.4	-
Roads and Public Works	130.71	1,265.91	27.41	-	27.41	-	100.00	-	21.0	-
Education, Science and ICT	1,220.44	408.33	302.28	-	302.28	-	100.00	-	24.8	-
Health	3,496.37	431.79	652.89	-	641.46	-	98.25	-	18.3	-
Sanitation	2.02	14.23	-	-	-	-	-	-	-	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Trade, Energy and Industrialization	53.00	512.74	7.55	-	7.55	-	100.00	-	14.2	-
Gender, Culture, Youth and Sports	95.45	156.21	28.21	-	27.89	-	98.88	-	29.2	-
Land, Urban and Physical Planning	52.27	31.20	6.57	-	6.57	-	100.00	-	12.6	-
Bungoma Municipality	28.75	187.51	4.47	-	4.90	-	109.53	-	17.0	-
Kimilili Municipality	39.44	112.00	5.12	20.75	4.70	-	91.69	-	11.9	-
Housing	17.33	130.00	3.01	-	3.01	-	100.00	-	17.4	-
Finance and Planning	1,059.57	204.16	192.36	-	195.31	-	101.53	-	18.4	-
County Public Service	44.64	30.00	5.52	-	**5.52**	-	99.98	-	12.4	-
Governor's	404.24	-	90.78	-	90.18	-	99.34	-	22.3	-
Deputy Governor's office	27.34	-	2.18	-	3.97	-	181.97	-	14.5	-
Public Administration	722.57	50.00	123.88	-	123.88	-	100.00	-	17.1	-
County Secretary	9.00	-	0.82	-	0.82	-	100.00	-	9.1	-
Sub County Administrators	25.80	-	-	-	-	-	-	-	-	-
County Assembly	1,071.36	82.90	170.92	24.75	**170.90**	-	99.99	-	16.0	-
Total	**9,273.40**	**4,758.81**	**1,761.21**	**56.33**	**1733.44**	**10.39**	**98.42**	**18.4**	**18.7**	**0.2**

***Source**: Bungoma County Treasury*

Analysis of expenditure by department shows that the Department of Tourism, Forestry and Environment recorded the highest absorption rate of the development budget at 5.1 per cent. The Department of Gender, Culture, Youth and Sports had the highest percentage of recurrent expenditure to budget at 29.2 per cent, while the Sub County Administrators unit and the Sanitation unit did not report any expenditure.

3.3.12 Budget Execution by Programmes and Sub-Programmes

Table 3.17 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.17: Bungoma County, Budget Execution by Programmes and Sub-Programmes

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
Agriculture, Livestock and Cooperative								
Programme 1: General Administration, Planning and Support Services	384,206,992	-	384,206,992	80,155,507	-	80,155,507	304,051,485	20.9
SP 1.1 Administrative and Support Services	27,378,650	-	27,378,650	1,109,814		1,109,814	26,268,836	4.1
SP 1.2 Human Resource Management and Development.	333,213,299	-	333,213,299	79,045,693		79,045,693	254,167,607	23.7
SP 1.3: Policy, Legal and Regulatory Framework	7,600,000	-	7,600,000	-	-	-	7,600,000	-
SP 1.4: Planning and Financial Management	4,615,043	-	4,615,043	-	-	-	4,615,043	-
SP 1.5 Sector Coordination	4,000,000	-	4,000,000	-	-	-	4,000,000	-
SP 1.6: Leadership and Governance	2,000,000	-	2,000,000	-	-	-	2,000,000	-

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
SP 1.7 Sub-County Administrative Costs	5,400,000	-	5,400,000	-	-	-	5,400,000	-
Programme 2: Land and Crop Development and Management	1,080,000	324,700,000	325,780,000	-	-	-	325,780,000	-
SP 2.1: Agricultural Extension and Training Services	-	5,000,000	5,000,000	-	-	-	5,000,000	-
SP 2.2: Crop Production and Productivity	-	309,700,000	309,700,000	-	-	-	309,700,000	-
SP 2.7 Irrigation Extension and Training	1,080,000		1,080,000	-	-	-	1,080,000	-
SP 2.8 Irrigation Infrastructure Development and Agricultural Water Storage		10,000,000	10,000,000	-	-	-	10,000,000	-
Programme 3: Livestock development and management	4,345,500	20,254,500	24,600,000	-	-	-	24,600,000	-
SP 3.4 Disease and Vector Control	-	7,000,000	7,000,000	-	-	-	7,000,000	-
SP 3.5 Food Safety and Quality Control	4,345,500	2,654,500	7,000,000	-	-	-	7,000,000	-
SP 3.7 Veterinary Extension Services		3,600,000	3,600,000	-	-	-	3,600,000	-
SP 3.8 Breeding and AI Subsidy Programme		7,000,000	7,000,000	-	-	-	7,000,000	-
Programme 4: Fisheries Development and Management	-	7,000,000	7,000,000	-	-	-	7,000,000	-
SP 4.1 Fisheries extension service and training		3,000,000	3,000,000	-	-	-	3,000,000	-
SP 4.2 Fisheries product value-chain development		4,000,000	4,000,000	-	-	-	4,000,000	-
Programme 5: Cooperatives Development and Management	**8,000,000**	**17,500,000**	**25,500,000**	-	-	-	**25,500,000**	-
SP 5.1 Cooperatives Extension Service and Training (Cooperative Governance (Training))	6,700,000		6,700,000	-	-	-	6,700,000	-
SP 5.2 Cooperatives Audit Services	1,300,000		1,300,000	-	-	-	1,300,000	-
SP 5.3 Production, Agro-processing, value addition & Marketing (Input and Infrastructural Support to Cooperatives)	-	17,500,000	17,500,000	-	-	-	17,500,000	-
Programme 6: Institutional Development and Management	**5,000,000**	**23,860,000**	**28,860,000**	-	-	-	**28,860,000**	-
SP 6.1 Mabanga ATC Administration Management Services			-	-	-	-	-	-
SP 6.2 Agricultural Enterprise Development (ATC)	-	3,560,000	3,560,000	-	-	-	3,560,000	-
SP 6.3 Infrastructural development (ATC)		10,000,000	10,000,000	-	-	-	10,000,000	-
SP 6.5 Tractor hire services	5,000,000		5,000,000	-	-	-	5,000,000	-
SP 6.8 Operational development (CFF)	-	10,300,000	10,300,000	-	-	-	10,300,000	-
Total Grants & Ward Based	-	**306,601,842**	**306,601,842**	-	-	-	**306,601,842**	-
NARIGP		280,000,000	280,000,000	-	-	-	280,000,000	-
ASDSP II		5,344,642	5,344,642	-	-	-	5,344,642	-

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
Ward Based Projects		21,257,200	21,257,200	-	-	-	21,257,200	-
Sub Total	**402,632,492**	**699,916,342**	**1,102,548,834**	**80,155,507**	-	**80,155,507**	**1,022,393,327**	**7.3**
Health and Sanitation								
Programme 1: General Administration Planning and Support Services	2,832,488,695	431,786,440	3,264,275,135	613,445,648	-	613,445,648	2,650,829,487	18.8
SP 1. 1 Health Administrative and support services	126,916,175		126,916,175	3,259,900		3,259,900	123,656,275	2.6
SP 1. 2. Leadership and Governance.	34,500,000		34,500,000	-	-	-	34,500,000	-
SP 1. 3 Health Policy	4,000,000		4,000,000	-	-	-	4,000,000	-
SP 1. 6 Human resource management	2,667,072,520		2,667,072,520	610,185,748		610,185,748	2,056,886,772	22.9
SP 1. 7 Infrastructural development		431,786,440	431,786,440	-	-	-	431,786,440	-
Programme 2: Preventive and Promotive	528,950,623	14,226,438	543,177,061	-	-	-	543,177,061	-
SP 2.1 Communicable and Non-communicable Disease Control	20,000,000		20,000,000	-	-	-	20,000,000	-
SP 2.2 Community Health Strategy	5,600,000		5,600,000	-	-	-	5,600,000	-
SP 2.3 Health promotion	3,000,000		3,000,000	-	-	-	3,000,000	-
SP 2.6 Reproductive, Maternal, Newborn, Child, and Adolescent Health.	15,000,000		15,000,000	-	-	-	15,000,000	-
SP 2.7 public health and sanitation	8,000,916	14,226,438	22,227,354	-	-	-	22,227,354	-
Specialized materials and supplies	477,349,707		477,349,707	-	-	-	477,349,707	-
Programme 3: Curative Health Services	136,949,177	-	136,949,177	28,015,305	-	28,015,305	108,933,872	20.5
SP3. 1 Routine medical service.	95,171,405		95,171,405	-	-	-	95,171,405	-
Grants; DANIDA/ UNICEF	41,777,772		41,777,772	28,015,305	-	**28,015,305**	**13,762,467**	67.1
Sub Total	**3,498,388,495**	**446,012,878**	**3,944,401,373**	**641,460,953**	-	**641,460,953**	**3,302,940,420**	**16.3**
Roads & Public Works								
Programme 1: General Administration, Planning, and Support Services	130,714,030	-	130,714,030	27,409,367	-	27,409,367	103,304,663	21.0
SP1.1: Capacity Development and Motivation	83,090,095		83,090,095	2,297,400		2,297,400	80,792,695	2.8
SP1.3: Administration Services	32,897,215		32,897,215	25,111,967		25,111,967	7,785,248	76.3
SP1.4: Financial Services, Planning and Stewardship	14,726,720		14,726,720	-	-	-	14,726,720	-
Programme 2: Transport Infrastructure Development and Management	-	1,261,637,320	1,261,637,320	-	-	-	1,261,637,320	-
SP2.1: Construction of Roads Bridges and Drainage Works	-	1,089,137,320	1,089,137,320	-	-	-	1,089,137,320	-
SP2.2: Maintenance of Roads	-	172,500,000	172,500,000	-	-	-	172,500,000	-
Programme 3: Building Standards and Quality Assurance	-	4,275,000	4,275,000	-	-	-	4,275,000	-
SP3.1: Building Standards and Research	-	4,275,000	4,275,000	-	-	-	4,275,000	-
Sub Total	**130,714,030**	**1,265,912,320**	**1,396,626,350**	**27,409,367**	-	**27,409,367**	**1,369,216,983**	**2.0**

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
Education and Vocational Training								
Programme 1: General Administration Planning and Support Services	1,193,820,732	4,731,000	1,198,551,732	302,282,120	-	302,282,120	896,269,612	25.2
SP 1: Salaries and allowances	1,177,797,695	-	1,177,797,695	300,645,120	-	300,645,120	877,152,575	25.5
SP 2: Policy formulation	4,182,861	4,731,000	8,913,861	-	-	-	8,913,861	-
SP3: Administration and support services	11,840,176	-	11,840,176	1,637,000	-	1,637,000	10,203,176	13.8
Programme 2: Early Childhood Development Education	17,000,000	5,000,000	22,000,000	-	-	-	22,000,000	-
Sp1: Quality Assurance and Standards	2,000,000	-	2,000,000	-	-	-	2,000,000	-
Sp2: Curriculum	2,000,000	-	2,000,000	-	-	-	2,000,000	-
Sp3: learning materials	5,000,000	-	5,000,000	-	-	-	5,000,000	-
SP5: Monitoring and evaluation	3,000,000	-	3,000,000	-	-	-	3,000,000	-
SP6: Infrastructure development	5,000,000	5,000,000	10,000,000	-	-	-	10,000,000	-
Programme 3: Education Support Programme	462,080	356,602,000	357,064,080	-	-	-	357,064,080	-
Sp1: Education support and bursary scheme	-	160,000,000	160,000,000	-	-	-	160,000,000	-
VTC Capitation	462,080	71,982,000	72,444,080	-	-	-	72,444,080	-
Sp: School Feeding Programme	-	30,000,000	30,000,000	-	-	-	30,000,000	-
Ward Based Projects	-	94,620,000	94,620,000	-	-	-	94,620,000	-
Programme 4: VTC General Administration Planning and Policy Formulation	9,156,528	-	9,156,528	-	-	-	9,156,528	-
SP 2: Policy formulation	2,211,128	-	2,211,128	-	-	-	2,211,128	-
SP3: Administration and support services	6,945,400		6,945,400	-	-	-	6,945,400	-
Programme 5: Training and Skill Development	-	42,000,000	42,000,000	-	-	-	42,000,000	-
Sp1: Tuition support grant	-	20,000,000	20,000,000	-	-	-	20,000,000	-
Sp2: Tools and equipment for VTC	-	14,000,000	14,000,000	-	-	-	14,000,000	-
Sp4: Quality assurance and standards	-	2,000,000	2,000,000	-	-	-	2,000,000	-
SP6: Capacity building for VTC instructors	-	3,000,000	3,000,000	-	-	-	3,000,000	-
SP7: Monitoring and Evaluation	-	3,000,000	3,000,000	-	-	-	3,000,000	-
Sub Total	**1,220,439,340**	**408,333,000**	**1,628,772,340**	**302,282,120**	-	**302,282,120**	**1,326,490,220**	**18.6**
Finance & Economic Planning								
Programme 1: General Administration, Planning and Support Services	816,125,299	32,950,000	849,075,299	173,731,431	-	173,731,431	675,343,868	20.5
SP 1.1: Personnel costs	418,953,350	-	418,953,350	134,842,843	-	134,842,843	284,110,507	32.2
SP 1.2: Administration Services	194,896,303	27,550,000	222,446,303	38,888,589	-	38,888,589	183,557,715	17.5
SP 1.3: Employer Contribution for Staff Pension	202,275,646	-	202,275,646	-	-	-	202,275,646	-
SP 1.5: Infrastructural Development; Project Supervision	-	5,400,000	5,400,000	-	-	-	5,400,000	-
Programme 2: County Planning Management	87,475,271	-	87,475,271	7,618,255	-	7,618,255	79,857,016	8.7

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
SP 2.1: Economic Policy and County Planning Services	21,595,966	-	21,595,966	4,142,625	-	4,142,625	17,453,341	19.2
SP 2.2: Budgeting	42,257,695	-	42,257,695	3,475,630	-	3,475,630	38,782,065	8.2
SP 2.3: Monitoring and Evaluation	13,621,610	-	13,621,610	-	-	-	13,621,610	-
SP 2.4: Resource Mobilization Strategies	5,000,000	-	5,000,000	-	-	-	5,000,000	-
SP 2.5: Enforcement of Revenue Collection	5,000,000	-	5,000,000	-	-	-	5,000,000	-
Programme 3: County Financial Service Management	100,264,226	-	100,264,226	13,096,980	-	13,096,980	87,167,246	13.1
SP 3.1: Revenue Mobilization	39,279,040	-	39,279,040	6,820,600	-	6,820,600	32,458,440	17.4
SP3.2: Accounting Services	20,319,230	-	20,319,230	6,276,380	-	6,276,380	14,042,850	30.9
SP 3.3: Audit Services	17,547,721	-	17,547,721	-	-	-	17,547,721	-
SP 3.4: Supply Chain Services	18,118,235	-	18,118,235	-	-	-	18,118,235	-
SP 3.5: Asset Management	5,000,000	-	5,000,000	-	-	-	5,000,000	-
Programme 4: Service Delivery and Organizational Transformation	55,703,083	171,205,528	226,908,611	864,400	-	864,400	226,044,211	0.4
SP 4.1: Service Delivery Unit	5,000,000	-	5,000,000	-	-	-	5,000,000	-
SP 4.3: Investment Initiative	5,000,000	-	5,000,000	-	-	-	5,000,000	-
SP 4.4: Special Coordination Unit	13,703,083	-	13,703,083	-	-	-	13,703,083	-
SP 4.5: Maintenance of computer, software and networks - Revenue System	12,000,000	-	12,000,000	-	-	-	12,000,000	-
SP 4.8: System Enhancement	20,000,000	-	20,000,000	864,400		864,400	19,135,600	4.3
SP 4.9: Emergency Fund	-	100,000,000	100,000,000	-	-	-	100,000,000	-
ICT	-	33,250,000	33,250,000	-	-	-	33,250,000	-
Health Management System	-	37,955,528	37,955,528	-	-	-	37,955,528	-
Sub Total	**1,059,567,879**	**204,155,528**	**1,263,723,407**	**195,311,066**	**-**	**195,311,066**	**1,068,412,341**	**15.5**
Trade and Industrialization								
Programme 1: General Administration and Support Services	29,269,945	-	29,269,945	7,548,398	-	7,548,398	21,721,547	25.8
SP 1. Human Resource Development and Management	22,613,621	-	22,613,621	6,814,998	-	6,814,998	15,798,623	30.1
SP 2. Planning and Support Services	2,368,673	-	2,368,673	-	-	-	2,368,673	-
SP 3. Administrative Services	4,287,651	-	4,287,651	733,400	-	733,400	3,554,251	17.1
Programme 2: Trade and Enterprise Development	-	115,679,933	115,679,933	-	-	-	115,679,933	-
SP 2. 1. Business Loan	-	115,679,933	115,679,933	-	-	-	115,679,933	-
Programme 3: Market Infrastructure Development and Management	-	96,062,500	96,062,500	-	-	-	96,062,500	-
SP 3.1. Market Infrastructure	-	43,500,000	43,500,000	-	-	-	43,500,000	-
SP 3.2. Ward Based Projects	-	48,336,000	48,336,000	-	-	-	48,336,000	-
Project Supervision	-	4,226,500	4,226,500	-	-	-	4,226,500	-

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
Sub Total	**29,269,945**	**211,742,433**	**241,012,378**	**7,548,398**	-	**7,548,398**	**233,463,980**	**3.1**
Energy								
Programme 1: General Administration and Support Services	14,751,401	-	14,751,401	-	-	-	14,751,401	-
SP 1. Human Resource Development and Management	4,219,452	-	4,219,452	-	-	-	4,219,452	-
SP 2. Planning and Support Services	4,087,361	-	4,087,361	-	-	-	4,087,361	-
SP 3. Administrative Services	6,444,588	-	6,444,588	-	-	-	6,444,588	-
Programme 2: Energy Development and Management	-	101,000,000	101,000,000	-	-	-	101,000,000	-
SP 2. 1. Energy Access	-	10,050,000	10,050,000	-	-	-	10,050,000	-
Project Supervision	-	950,000	950,000	-	-	-	950,000	-
REREC	-	90,000,000	90,000,000	-	-	-	90,000,000	-
Sub Total	**14,751,401**	**101,000,000**	**115,751,401**	-	-	-	**115,751,401**	-
Industry								
Programme 1: General Administration and Support Services	8,977,520	-	8,977,520	-	-	-	8,977,520	-
SP 1. Human Resource Development and Management	1,885,920	-	1,885,920	-	-	-	1,885,920	-
SP 2. Planning and Support Services	2,643,200	-	2,643,200	-	-	-	2,643,200	-
SP 3. Administrative Services	4,448,400	-	4,448,400	-	-	-	4,448,400	-
Programme 2: Industrial Investment and Development	-	200,000,000	200,000,000	-	-	-	200,000,000	-
SP 2. 1. Industrial Development	-	200,000,000	200,000,000	-	-	-	200,000,000	-
Total	**8,977,520**	**200,000,000**	**208,977,520**	-	-	-	**208,977,520**	-
Sub Total	**52,998,866**	**512,742,433**	**565,741,299**	**7,548,398**	-	**7,548,398**	**558,192,901**	**1.3**
Lands, Urban and Physical Planning								
Programme 1: General Administration, Planning and Support Services	52,265,191	-	52,265,191	6,569,715	-	6,569,715	45,695,476	12.6
Human resource management	27,975,396	-	27,975,396	6,142,115	-	6,142,115	21,833,281	22.0
Administrative and support services	12,129,145	-	12,129,145	427,600	-	427,600	11,701,545	3.5
Capacity Building	610,200	-	610,200	-	-	-	610,200	-
Land Registration	5,000,000	-	5,000,000	-	-	-	5,000,000	-
Planning and Financial Management	1,641,250	-	1,641,250	-	-	-	1,641,250	-
Policy and legal framework	4,909,200	-	4,909,200	-	-	-	4,909,200	-
Programme 2: Land Development and Management	-	31,203,900	31,203,900	-	-	-	31,203,900	-
SP 3: Physical and Land Use Plans	-	7,637,625	7,637,625	-	-	-	7,637,625	-
Project Supervision	-	3,414,875	3,414,875	-	-	-	3,414,875	-
Ward Based Projects	-	20,151,400	20,151,400	-	-	-	20,151,400	-
Sub Total	**52,265,191**	**31,203,900**	**83,469,091**	**6,569,715**	-	**6,569,715**	**76,899,376**	**7.9**
Housing								

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
Programme 1 General Administration, Planning and Support Services	17,329,600	-	17,329,600	3,008,317	-	3,008,317	14,321,283	17.4
SP 1: Salaries and Emoluments	9,586,560	-	9,586,560	2,651,117	-	2,651,117	6,935,443	27.7
SP 2: Administrative Services	5,285,415	-	5,285,415	357,200	-	357,200	4,928,215	6.8
SP 4: Planning and Financial Management	1,184,125	-	1,184,125	-	-	-	1,184,125	-
SP 5: Policy and Legal Framework	1,273,500		1,273,500	-	-	-	1,273,500	-
Programme 2 Housing development and management	-	130,000,000	130,000,000	-	-	-	130,000,000	-
SP 2: Housing Infrastructural Development	-	130,000,000	130,000,000	-	-	-	130,000,000	-
Sub Total	**17,329,600**	**130,000,000**	**147,329,600**	**3,008,317**	**-**	**3,008,317**	**144,321,283**	**2.0**
Bungoma Municipality								
Programme I: General Administration, Planning and Support services	28,745,800	-	28,745,800	4,895,180	-	4,895,180	23,850,620	17.0
SP 1.1: Salaries and Personnel Emoluments	14,408,833	-	14,408,833	3,607,580	-	3,607,580	10,801,253	25.0
SP 1.2: Human Resource Capacity Development and Management	3,857,300	-	3,857,300	-	-	-	3,857,300	-
SP 1.3: General Administration and Support Services	4,656,667	-	4,656,667	1,287,600		1,287,600	3,369,067	27.7
SP 1.4: Planning and Financial Management	2,820,000	-	2,820,000	-	-	-	2,820,000	-
SP 1.5: Institutional Accountability, Leadership, Efficiency and Effectiveness	3,003,000	-	3,003,000	-	-	-	3,003,000	-
Programme III: Urban Infrastructure Development and Management	-	90,500,000	90,500,000	-	-	-	90,500,000	-
SP 3.2: Urban Transport and Infrastructure Development	-	90,500,000	90,500,000	-	-	-	90,500,000	-
Programme IV: Urban Environment and Social Services	-	15,200,000	15,200,000	-	-	-	15,200,000	-
SP 4.2: Urban Waste Management and Sanitation Services	-	11,000,000	11,000,000	-	-	-	11,000,000	-
SP 4.3: Urban greening and environment protection	-	4,200,000	4,200,000	-	-	-	4,200,000	-
Sub Programme Total	-	81,812,000	81,812,000	-	-	-	81,812,000	-
Ward Based Projects	-	68,400,000	68,400,000	-	-	-	68,400,000	-
Pre-feasibility, Feasibility and Appraisal Studies	-	1,500,000	1,500,000	-	-	-	1,500,000	-
Project Supervision	-	9,412,000	9,412,000	-	-	-	9,412,000	-
Research	-	2,500,000	2,500,000	-	-	-	2,500,000	-
Sub Total	**28,745,800**	**187,512,000**	**216,257,800**	**4,895,180**	**-**	**4,895,180**	**211,362,620**	**2.3**
Kimilili Municipality								
Programme 1: Urban Governance	39,439,632	-	39,439,632	4,697,493	-	4,697,493	34,742,139	11.9
SP1: General Administrative planning and support services (Inclusive of salary)	25,888,464		25,888,464	1,332,348		1,332,348	24,556,116	5.1

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
SP2: Human resource	13,551,168		13,551,168	3,365,145		3,365,145	10,186,023	24.8
Programme 2: Urban Infrastructure Development and Management	-	112,000,000	112,000,000	-	-	-	112,000,000	-
Infrastructure. Housing and public works	-	112,000,000	112,000,000	-	-	-	112,000,000	-
Sub Total	**39,439,632**	**112,000,000**	**151,439,632**	**4,697,493**	**-**	**4,697,493**	**146,742,139**	**3.1**
County Public Service Board								
Programme I: General Administration, Planning and Support Services	20,736,188	30,000,000	50,736,188	3,055,209	-	3,055,209	47,680,979	6.0
SP 1. 1 Administrative service	20,736,188		20,736,188	3,055,209	-	3,055,209	17,680,979	14.7
SP1.2 Construction 1 Building Administrative Block	-	30,000,000	30,000,000	-	-	-	30,000,000	-
Programme 2: Human Resource Management and Development	8,068,400	-	8,068,400	2,461,130	-	2,461,130	5,607,270	30.5
SP 2. 1 Human Resource Management	8,068,400	-	8,068,400	2,461,130		2,461,130	5,607,270	30.5
Programme 3: Governance and National Values	15,836,900	-	15,836,900	-	-	-	15,836,900	-
SP 3. 1Quality Assurance	5,120,330	-	5,120,330	-	-	-	5,120,330	-
SP 3. 2 Ethics Governors and National	10,716,570	-	10,716,570	-	-	-	10,716,570	-
Sub Total	**44,641,488**	**30,000,000**	**74,641,488**	**5,516,339**	**-**	**5,516,339**	**69,125,149**	**7.4**
Public Service Management and Administration								
Programme 1: General Administration, Planning and Support Services	713,572,422	50,000,000	763,572,422	123,883,291	-	123,883,291	639,689,131	16.2
Sp1.1: Salaries	394,636,934	-	394,636,934	115,842,241		115,842,241	278,794,693	29.4
Sp1.2: Utilities	5,700,000	-	5,700,000	-	-	-	5,700,000	-
Sp1.3: Maintenance	1,730,000	-	1,730,000	-	-	-	1,730,000	-
Sp1.4: Operations	41,326,038	-	41,326,038	8,041,050		8,041,050	33,284,988	19.5
Sp1.5: Contracted security and cleaning services	67,179,450	-	67,179,450	-	-	-	67,179,450	-
Sp1.6: Purchase of uniforms	4,000,000	-	4,000,000	-	-	-	4,000,000	-
Sp1.7: Medical insurance	180,000,000	-	180,000,000	-	-	-	180,000,000	-
Sp1.9: National holidays	10,000,000	-	10,000,000	-	-	-	10,000,000	-
Infrastructure Development	-	50,000,000	50,000,000	-	-	-	50,000,000	-
Sp1.10: Devolved units	9,000,000	-	9,000,000	-	-	-	9,000,000	-
Programme 2: Public Participation, Civic Education and Outreach Services	8,000,000	-	8,000,000	-	-	-	8,000,000	-
Sp2.1: Public Participation	4,000,000	-	4,000,000	-	-	-	4,000,000	-
Sp2.2: Civic education	4,000,000	-	4,000,000	-	-	-	4,000,000	-
Programme 3: Service delivery and organizational transformation	10,000,000	-	10,000,000	-	-	-	10,000,000	-
Sp3.1Service Delivery and Organizational Transformation	10,000,000	-	10,000,000	-	-	-	10,000,000	-
Sub Total	**731,572,422**	**50,000,000**	**781,572,422**	**123,883,291**	**-**	**123,883,291**	**657,689,131**	**15.9**
Office of the County Secretary and County Attorney								

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
Programme 1: General Administration, Planning and Support Services (County Secretary)	13,800,000	-	13,800,000	815,000	-	815,000	12,985,000	5.9
Payroll cleaning	2,000,000	-	2,000,000	-	-	-	2,000,000	-
Staff and workplace surveys	2,000,000	-	2,000,000	-	-	-	2,000,000	-
Records management	5,000,000	-	5,000,000	-	-	-	5,000,000	-
Utilities and maintenance	1,300,000	-	1,300,000	-	-	-	1,300,000	-
Operation	3,500,000	-	3,500,000	815,000		815,000	2,685,000	23.3
Programme 3: General Administration, Planning and Support Services County Attorney	12,000,000	-	12,000,000	-	-	-	12,000,000	-
Sp3.1: utilities	500,000	-	500,000	-	-	-	500,000	-
Sp3.2: Maintenance	300,000	-	300,000	-	-	-	300,000	-
Sp3.3: Operations	5,200,000	-	5,200,000	-	-	-	5,200,000	-
Sp3.4: Legal fees	6,000,000	-	6,000,000	-	-	-	6,000,000	-
Total	25,800,000	-	25,800,000	815,000	-	815,000	24,985,000	3.2
Sub Total	757,372,422	50,000,000	807,372,422	124,698,291	-	124,698,291	682,674,131	15.4
Gender and Culture								
Programme 1: 1 General Administration, planning and Support Services	43,521,159	300,000	43,821,159	8,118,202	-	8,118,202	35,702,957	18.5
Compensation to Employees	28,972,440	-	28,972,440	8,118,202		8,118,202	20,854,238	28.0
Planning and Budgeting	2,500,000	-	2,500,000	-	-	-	2,500,000	-
Utility for office operations	500,000	-	500,000	-	-	-	500,000	-
Administrative service management (boards and Committees, travel costs, catering services, others)	11,548,719	300,000	11,848,719	-	-	-	11,848,719	-
Programme 2 Cultural Development and Management	21,147,000	22,568,791	43,715,791	16,514,100	-	16,514,100	27,201,691	37.8
Participate in KICOSCA and EALASCA games	18,147,000	-	18,147,000	16,514,100		16,514,100	1,632,900	91.0
Participate in the Kenya Music Cultural Festival	500,000	-	500,000	-	-	-	500,000	-
Hold herbal medicine day	500,000	-	500,000	-	-	-	500,000	-
Liquor and licensing enforcement exercise	2,000,000		2,000,000	-	-	-	2,000,000	-
Construction of Sanga'lo Multipurpose Hall	-	21,440,351	21,440,351	-	-	-	21,440,351	-
Microfinance Youth Programme	-	1,128,440	1,128,440	-	-	-	1,128,440	-
Programme 3: Gender Equity and Social Protection	6,500,000	32,843,958	39,343,958	-	-	-	39,343,958	-
Operations of GTWG	1,500,000	-	1,500,000	-	-	-	1,500,000	-
Gender-based violence response programs (16 days of activism against women)	2,000,000	-	2,000,000	-	-	-	2,000,000	-
Mark and celebrate International Women's Day	2,000,000	-	2,000,000	-	-	-	2,000,000	-
Mark and celebrate International Disability Day	1,000,000	-	1,000,000	-	-	-	1,000,000	-

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
Disability Empowerment program	-	12,317,615	12,317,615	-	-	-	12,317,615	-
Women Empowerment program	-	20,526,343	20,526,343	-	-	-	20,526,343	-
Sub Total	**71,168,159**	**55,712,749**	**126,880,908**	**24,632,302**	**-**	**24,632,302**	**102,248,606**	**19.4**
Youth and Sports								
PROGRAMME 2: General Administration Planning and Support Services	24,284,371	-	24,284,371	-	-	-	21,021,873	-
PAYMENT OF SALARIES	11,654,874	-	11,654,874	-	-	-	8,392,376	-
Planning and Budgeting	1,300,000	-	1,300,000	-	-	-	1,300,000	-
Utility for office operations	520,000	-	520,000	-	-	-	520,000	-
Administrative service management (boards and Committees, travel costs, catering services, other recurrent)	10,809,497	-	10,809,497	-	-	-	10,809,497	-
PROGRAMME 4: Sports and Talent Development	-	55,300,000	55,300,000	-	-	-	55,300,000	-
Construction of phase 1 Masinde Muliro stadium	-	36,000,000	36,000,000	-	-	-	36,000,000	-
Completion and Equipping of Phase 1 and Phase 11 of the High-Altitude Training Centre	-	19,000,000	19,000,000	-	-	-	19,000,000	-
Boards and Committees (Operations Cost)	-	300,000	300,000	-	-	-	300,000	-
PROGRAMME 4: Sports and Talent Development	-	45,198,528	45,198,528	-	-	-	45,198,528	-
Sports Facility development and management	-	10,000,000	10,000,000	-	-	-	10,000,000	-
Project supervision	-	5,514,202	5,514,202	-	-	-	5,514,202	-
Youth Empowerment fund	-	29,684,326	29,684,326	-	-	-	29,684,326	-
Sub Total	**24,284,371**	**100,498,528**	**124,782,899**	**3,262,498**	**-**	**3,262,498**	**121,520,401**	**2.6**
Governor's and Deputy Governor's Office								
Programme 1: General administration, planning and Support Services	299,242,799	-	299,242,799	90,178,194	-	90,178,194	209,064,605	30.1
Sp1.1: County budget and economic forum	3,000,000	-	3,000,000	-	-	-	3,000,000	-
Sp1.2: Public consultative meetings	15,000,000	-	15,000,000	-	-	-	15,000,000	-
Sp1.3: Feasibility Studies/ advisory services	2,000,000	-	2,000,000	-	-	-	2,000,000	-
Sp1.4: Utilities	9,347,663	-	9,347,663	-	-	-	9,347,663	-
Sp1.5: Operations and other departmental programs	45,665,466	-	45,665,466	19,418,360	-	19,418,360	26,247,106	42.5
Sp1.6: Maintenance	14,000,000	-	14,000,000	-	-	-	14,000,000	-
Sp1.7: Salaries	210,229,670	-	210,229,670	70,759,834		70,759,834	139,469,836	33.7
Programme2: County Executive Committee Affairs	20,000,000	-	20,000,000	-	-	-	20,000,000	-
Sp2.1Leadership and Coordination of County Departments and Agencies	20,000,000	-	20,000,000	-	-	-	20,000,000	-

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
Programme 3: County Strategic and Service Delivery Coordination	85,000,000	-	85,000,000	-	-	-	85,000,000	-
Sp3.1Staff Management Services.	12,000,000	-	12,000,000	-	-	-	12,000,000	-
Sp3.2Events Management and Protocol Services.	10,000,000	-	10,000,000	-	-	-	10,000,000	-
Sp3.3Communication	1,000,000	-	1,000,000	-	-	-	1,000,000	-
Sp3.4 Integrity and	2,000,000	-	2,000,000	-	-	-	2,000,000	-
Sp3.5 Intergovernmental relations	10,000,000	-	10,000,000	-	-	-	10,000,000	-
Special Programmes	50,000,000	-	50,000,000	-	-	-	50,000,000	-
Office Of the Deputy Governor								
Programme 1: General administration, planning and support services	27,336,583	-	27,336,583	3,968,500	-	3,968,500	23,368,083	14.5
Sp1.1: Utilities	1,328,000	-	1,328,000	-	-	-	1,328,000	-
Sp1.2: Operations	22,108,583	-	22,108,583	3,968,500	-	3,968,500	18,140,083	18.0
Sp1.3: Maintenance	3,900,000	-	3,900,000	-	-	-	3,900,000	- -
Sub Total	**431,579,382**	-	**431,579,382**	**94,146,694**	-	**94,146,694**	**337,432,688**	**21.8**
Environment, Tourism and Climate Change								
Programme 1: General Administration Planning and Support Services	37,238,987	-	37,238,987	7,265,112	-	7,265,112	29,973,875	19.5
-SP. Human Resources Management	29,018,987	-	29,018,987	6,412,512	-	6,412,512	22,606,475	22.1
SP. Policy and Legal Framework Formulation	500,000	-	500,000	-	-	-	500,000	-
Sp. Planning and support services	7,720,000	-	7,720,000	852,600	-	852,600	6,867,400	11.0
Programme 2: Protection and conservation of the environment	245,000,000	-	245,000,000	20,183,111	-	20,183,111	224,816,889	8.2
SP. Dumpsite Management	5,000,000	-	5,000,000	-	-	-	5,000,000	-
SP. Waste management and control	240,000,000	-	240,000,000	20,183,111	-	20,183,111	219,816,889	8.4
Programme3: climate change coordination and management	22,000,000	205,000,000	227,000,000	-	10,391,679	10,391,679	216,608,321	4.6
Sp. Climate change resilience investment grant	-	125,000,000	125,000,000	-	10,391,679	10,391,679	114,608,321	8.3
Sp. Climate change fund	-	80,000,000	80,000,000	-	-	-	80,000,000	-
SP. Climate change institutional support grant	22,000,000		22,000,000	-	-	-	22,000,000	-
Programme5: Tourism product promotion, marketing and branding	500,000	-	500,000	-	-	-	500,000	-
SP. County Tourism, art and cultural festival	500,000	-	500,000	-	-	-	500,000	-
Sub Total	**304,738,987**	**205,000,000**	**509,738,987**	**27,448,223**	**10,391,679**	**37,839,902**	**471,899,085**	**7.4**
Water and Natural Resources								
Programme 1: General Administration Planning and Support Services	65,732,119	-	65,732,119	9,493,916	-	9,493,916	56,238,203	14.4
SP. Human Resources Management	38,953,975	-	38,953,975	9,493,916		9,493,916	29,460,059	24.4
Sp. Planning and support services	26,778,144	-	26,778,144	-	-	-	26,778,144	-
Programme 2: Water and Sanitation development and management	-	236,907,891	236,907,891	-	-	-	236,907,891	-
Rig Policy	-	3,000,000	3,000,000	-	-	-	3,000,000	-

Programme	Recurrent Estimates 2023/24	Development Estimates 2023/25	Total Budget estimates	Recurrent Expenditure as of 30th September, 2023	Development Expenditure as 30th September 2024	Total Expenditure	Variance	% Absorption of the Budget
SP. Borehole Development	-	29,621,491	29,621,491	-	-	-	29,621,491	-
Project Supervision	-	9,855,000	9,855,000	-	-	-	9,855,000	-
SP. KOICA Counterpart Funding	-	27,600,000	27,600,000	-	-	-	27,600,000	-
Ward Based Projects	-	166,831,400	166,831,400	-	-	-	166,831,400	-
Sub Total	**65,732,119**	**236,907,891**	**302,640,010**	**9,493,916**	-	**9,493,916**	**293,146,094**	3.1
Grand Total.	**8,202,038,253**	**4,675,907,569**	**12,877,945,822**	**1,562,536,378**	**10,391,679**	**1,572,928,058**	**11,305,017,764**	**12.2**
County Assembly								
Salaries and personnel Emoluments	622,227,383	-	622,227,383	96,467,392	-	96,467,392	525,759,991	15.5
Human Resource Capacity Development and Management	31,542,328	-	31,542,328	-	-	-	31,542,328	-
General administration and support services	217,575,735	-	217,575,735	42,474,104	-	42,474,104	175,101,631	19.5
Research knowledge sharing and development services	6,650,000	-	6,650,000	-	-	-	6,650,000	-
Legislation Services	10,486,000	-	10,486,000	-	-	-	10,486,000	-
Representation services	70,876,984	-	70,876,984	9,488,620	-	9,488,620	61,388,364	13.4
Public Participation and Outreach Services	5,000,000	-	5,000,000	70,000	-	70,000	4,930,000	1.4
Oversight services	107,003,800	-	107,003,800	22,399,115	-	22,399,115	84,604,685	20.9
General Infrastructure	-	82,901,448	82,901,448		-	-	-	-
Sub Total	**1,071,362,230**	**82,901,448**	**1,154,263,678**	**170,899,231**	-	**170,899,231**	**900,462,999**	**16.0**
Grand Total.	**9,273,400,483**	**4,758,809,017**	**14,032,209,500**	**1,733,435,609**	**10,391,679**	**1,743,827,289**	**12,205,480,763**	**18.8**

***Source**: Bungoma County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Participate in KISCOSCA and EALASCA games in the Department of Gender and Culture at 91 per cent, Administrative Services in the Department of Roads and Public Works at 76.3 per cent, Grants; DANIDA/UNICEF in the Department of Health and Sanitation at 67.1 per cent and Operations and other departmental programs in the Department of Governor's and Deputy Governor's Office at 42.5 per cent of budget allocation.

3.3.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.60.67 million against an annual projection of Kshs.918.70 million, representing 6.6 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.15, where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarships and Other Educational Benefit Fund, Trade Loan Fund, Disability Fund, Women's Fund, Car Loans to MCAs' and House Loan to Staff Funds were not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.1.19 billion as of 30th September 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.42.47 million were processed through the manual payroll, accounting for 2.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.4. County Government of Busia

3.4.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.8.54 billion, comprising Kshs.2.57 billion (30.1 per cent) and Kshs.5.97 billion (69.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 10.9 per cent compared to the previous financial year when the approved budget was Kshs.9.58 billion and comprised of Kshs.3.03 billion towards development expenditure and Kshs.6.54 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.47 billion (87.4 per cent) as the equitable share of revenue raised nationally, Kshs.152.22 million (1.8 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.526.36 million (6.2 per cent) as conditional grants, and generate Kshs.396.79 million (4.6 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.18.

3.4.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.635.42 million as the equitable share of the revenue raised nationally, Kshs.33.56 million as FIF, had a cash balance of Kshs.1.39 billion from FY 2022/23, and raised Kshs.38.31 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.11 billion, as shown in Table 3.18.

Table 3.18: Busia County, Revenue Performance in FY 2023/24

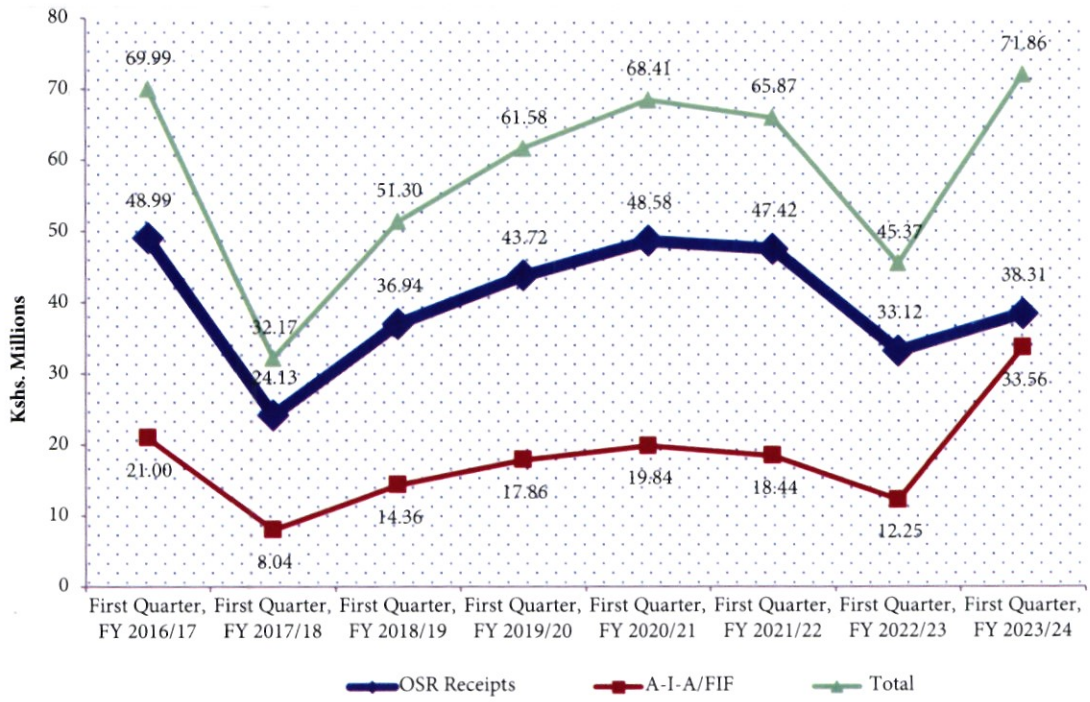
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,467,233,148	635,424,750	8.5
Sub Total		**7,467,233,148**	**635,424,750**	**8.5**
B	**Conditional Grants**			
1	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
2	World Bank credit to finance Locally-Led Climate Action Program (FLLoCA)	125,000,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	DANIDA	32,017,375	-	-
4	Agriculture Sector Development Support Programme II (ASDSP II)	31,498,206	-	-
5	Kenya Livestock Commercialization Project (KeLCop)	30,500,000	-	-
6	World Bank credit to finance Locally-Led Climate Action Program (FLLoCA)-County Climate Institutional Support	22,000,000	-	-
7	Nutrition International	20,000,000	-	-
8	Agriculture Business Development Project	13,000,000	-	-
9	Kenya Urban Support Programme (KUSP)	1,194,559	-	-
10	Kenya Urban Support Programme (KUSP)	1,145,356	-	-
	Sub-Total	**526,355,496**	**-**	**-**
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	396,793,350	38,308,576	9.7
2	Balance b/f from FY2022/23	-	1,398,513,294	-
4	Facility Improvement Fund (FIF)	152,222,283	33,556,054	22.0
Sub Total		**549,015,633**	**1,470,377,924**	**267.8**
Grand Total		**8,542,604,277**	**2,105,802,674**	**24.7**

Source: *Busia County Treasury*

Figure 10 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

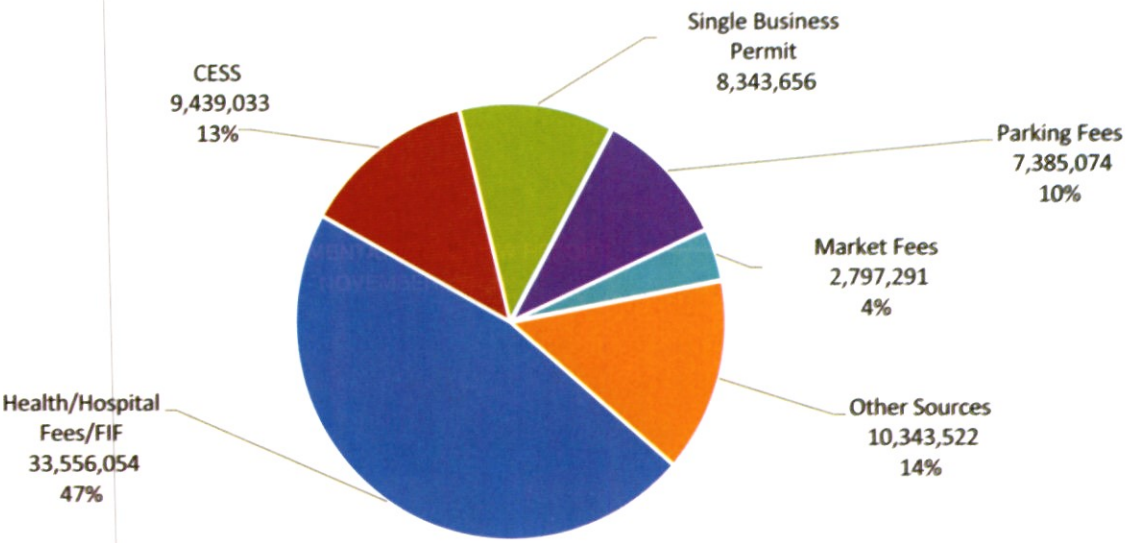
Figure 10: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Busia County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.71.86 million from its sources of revenue inclusive of FIF. This amount represented an increase of 58.4 per cent compared to Kshs.45.37 million realised in FY 2022/23 and was 13.1 per cent of the annual target and 11.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 11.

Figure 11: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Busia County Treasury

The increase in OSR can be attributed to the installation of both the Revenue Management System and the Health Management System. The highest revenue stream of Kshs.33.56 million was from the Facility Improvement Fund, contributing to 47 per cent of the total OSR receipts during the reporting period.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.21 billion from the CRF account during the reporting period, which comprised Kshs.11.98 million (1.0 per cent) for development programmes and Kshs.1.20 billion (99.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.674.81 million was released towards Employee Compensation, and Kshs.525.79 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.694.71 million.

3.4.4 County Expenditure Review

The County spent Kshs.1.19 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.2 per cent of the total funds released by the CoB and comprised Kshs.107.98 million and Kshs.1.08 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.2 per cent, while recurrent expenditure represented 18.1 per cent of the annual recurrent expenditure budget.

3.4.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.35 billion, comprising of Kshs.1.11 billion for recurrent expenditure and Kshs.1.24 billion for development activities. However, after the conclusion of the pending bills verification process, the outstanding pending bills have been revised downwards to Kshs.2.04 billion. The County Treasury did not report any payments towards pending bills in the period under review.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.583.38 million on employee compensation, Kshs.235.39 million on operations and maintenance, and Kshs.107.98 million on development activities. Similarly, the County Assembly spent Kshs.65.33 million on employee compensation and Kshs.199.24 million on operations and maintenance, as shown in Table 3.19.

Table 3.19: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,963,996,785**	**1,007,157,352**	**818,780,504**	**264,577,472**	**16.5**	**26.3**
Compensation to Employees	2,971,561,278	452,433,683	583,382,050	65,334,407	19.6	14.4
Operations and Maintenance	1,992,435,507	554,723,669	235,398,454	199,243,065	11.8	35.9
Development Expenditure	**2,511,450,140**	**60,000,000**	**107,981,258**	-	**4.3**	-
Total	**7,475,446,925**	**1,067,157,352**	**926,761,762**	**264,577,472**	**12.4**	**24.8**

***Source**: Busia County Treasury*

3.4.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.648.72 million, or 30.8 per cent of the available revenue, which amounted to Kshs.2.11 billion. This expenditure represented a decrease from Kshs.835.12 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.323.23 million paid to health sector employees, translating to 49.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.600.60 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.48.11 million was processed through manual payrolls. The manual payrolls accounted for 7.4 per cent of the total PE cost.

The County Assembly spent Kshs.7.54 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.56.66 million. The average monthly sitting allowance was Kshs.46,540 per MCA. The County Assembly has established 18 Committees.

3.4.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.26.0 million to county-established funds in FY 2023/24, constituting 0.3 per cent of the County's overall budget. Table 3.20 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.20: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Busia County (public officers) Revolving Fund.	-	-	-	No
2.	Busia County Health Services Fund	20,000,000	-	-	No
3.	Busia County Cooperative Enterprise Development Fund	6,000,000	-	-	Yes
4.	Busia County Education Support Scheme	-	-	-	No
5.	Busia County Agricultural Development Fund	-	-	-	No
County Assembly Established Funds					
6.	Busia County Assembly Revolving Fund	-	-	-	No
	Total	**26,000,000**	-	-	-

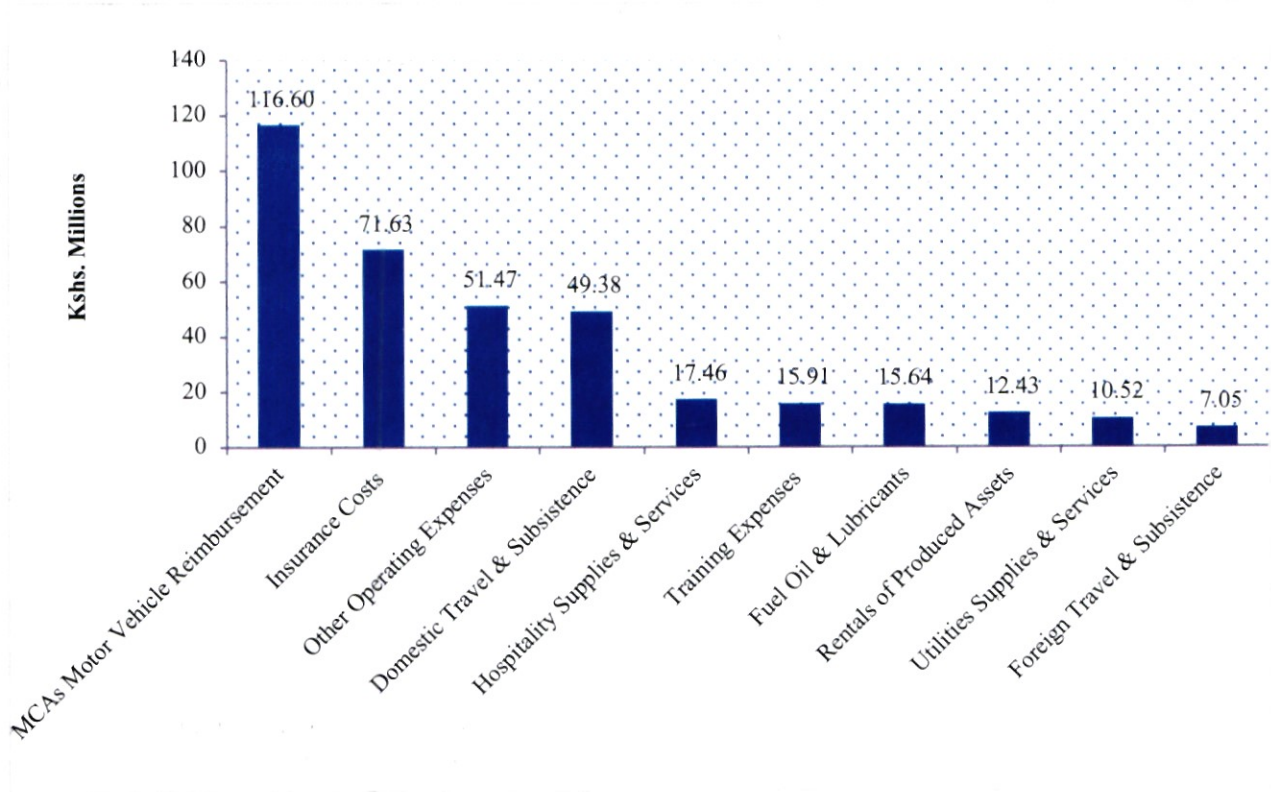
***Source**: Busia County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of five funds as indicated in Table 3.19, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.4.9 Expenditure on Operations and Maintenance

Figure 12 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Busia County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.49.38 million and comprised Kshs.22.25 million spent by the County Assembly and Kshs.27.13 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.05 million and comprised Kshs.0.67 million by the County Assembly and Kshs.6.38 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.21 below; -

Table 3.21: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	18th September 2023 to 23rd September 2023	Participation in the United Nations General Assembly	New York USA	964,299.00
County Executive	8	22nd August 2023 to 23rd August 2023	Benchmarking in Ethiopia for Aggregation and Industrial Park	Addis Ababa- Ethiopia	5,306,998.00
County Assembly	1	23rd July to 30th July 2023	Attending a Conference on Leadership Management	Addis Ababa- Ethiopia	419,968.00

Source: Busia County Treasury

The breakdown of "*Other Operating Expenses*" of Kshs.51.47 million is as follows.

No.	Item Description	Expenditure (Kshs.)
1	Capacity building	21,013,902
2	Public Participation	17,753,129
3	KICOSCA Games	7,699,700
4	Contracted guards and cleaning services	5,000,000
Total		**51,466,731**

Source: Busia County Treasury

3.4.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.107.98 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County did not incur any expenditure on development programmes. Table 3.22 summarises development projects with the highest expenditure in the reporting period.

Table 3.22: Busia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness	Farmer mobilisation and profiling	County wide	20,475,565	20,475,565	100
2	Finance, CT and Economic Planning	Supply, delivery, installation, customisation and commissioning of an integrated revenue collection and management system and a hospital information management system	County wide	11,977,046	11,977,046	100
3	Agriculture, Livestock, Fisheries, climate Change, Blue Economy and Agribusiness	Fabrication, supply, delivery and installation of 32no. 100 metallic fish cages for production of Mulukoba beach	Bunyala North	9,500,000	9,500,000	100

Source: Busia County Treasury

3.4.11 Budget Performance by Department

Table 3.23 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.23: Busia 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
Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness	262.89	466.95	36.25	-	6.52	86.66	18.0	-	2.5	16.5
Trade, Investment, Co-operatives and Industry	85.84	361.30	8.44	-	5.15	-	61.0	-	6.0	-
Education and Vocational Training	513.39	199.80	72.77	-	4.32	-	5.9	-	0.8	-
Finance, ICT and Economic Planning	753.06	22.00	118.47	11.98	310.51	11.98	262.1	100.0-	41.2	54.4
Sports, Culture and Social Services	110.56	112.00	13.19	-	9.06	-	68.7	-	8.2	-
Transport, Public Works and Energy	263.47	457.04	77.36	-	18.81	-	24.3	-	7.1	-
Public Service, Administration and Gender	464.77	-	95.35	-	75.23	-	78.9	-	16.2	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Lands, Housing and Urban Development	136.00	169.09	36.90	-	16.32	-	44.2	-	12.0	-
Water, irrigation and Natural Resources	155.29	299.70	28.31	-	6.52	9.41	23.0	-	4.2	3.1
Health and Sanitation	1,794.64	346.57	377.97	-	330.74	9.35	87.5	-	18.4	2.7
County Public Service Board	114.71	-	10.75	-	0.35	-	3.3	-	0.3	-
County Attorney	66.27	-	4.41	-	0.92	-	20.9	-	1.4	-
The Governorship	243.10	77.00	48.43	-	34.34	-	70.9	-	14.1	-
County Assembly	1,007.16	60.0-0	272.00	-	264.58	-	97.3	-	26.3	-
Total	**5,971.15**	**2,571.45**	**1,200.60**	**11.98**	**1,083.36**	**107.98**	**90.2**	**901.6**	**18.1**	**4.2**

***Source**: Busia County Treasury*

Analysis of expenditure by department shows that the Department of Finance, ICT and Economic Planning recorded the highest absorption rate of development budget at 54.4 per cent, followed by the Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness at 16.5 per cent. The Department of Finance, ICT and Economic Planning had the highest percentage of recurrent expenditure to budget at 41.2 per cent, while the County Public Service Board and the Department of Education and Vocational Training had the lowest at 0.3 per cent and 0.8 per cent, respectively.

Development expenditures incurred by the Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness, Department of Water, irrigation and Natural Resources, and the Department of Health and Sanitation can be attributed to the funds which were held in the Special Purpose Accounts at the end of last financial year. The Department of Finance, ICT and Economic Planning recurrent expenditure was above the exchequer issues during the reporting period due to the diversion of funds released to other departments. The respective accounting officers should address these irregularities.

The recurrent budget allocation for the County Assembly is Kshs.1.01 billion, while the County Allocation of Revenue Act,2023 ceiling is Kshs.890.56 million, and therefore above the ceiling provided in law. The County Assembly should ensure the allocation is in line with the law.

3.4.12 Budget Execution by Programmes and Sub-Programmes

Table 3.24 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.24: Busia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness							
CP 1: General Administration and support services	CSP 1.1: Administrative support service	262,893,875	-	6,520,186	-	2.5	-
CP 2: Land use and management	CSP 2.1: Agricultural mechanisation	-	12,000,000	-	-	-	-
CP 3: Crop Production and Management	CSP 3.1 Input support services	-	67,600,000	-	-	-	-
	CSP 3.2: Crop development	-	5,000,000	-	-	-	-
	CSP 3.3: Multi-Sectoral Nutrition Improvement	-	2,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
CP 4: Agricultural Training and Extension Services	CSP 4.2: Agricultural Training Services	-	31,498,206	-	-	-	-
CP 6: Agribusiness and agricultural Value Chain Development	CSP 6.1: Value addition	-	255,000,000	-	77,252,678	-	30.3
CP 8: Fisheries and Aquaculture Resource Development	CSP 8.1: Aquaculture development	-	33,000,000	-	-	-	-
	CSP 8.2: Fisheries Training Infrastructure Development	-	7,000,000	-	-	-	-
CP 9: Livestock Production Development	CSP 9.1: Livestock Production Improvement	-	34,000,000	-	-	-	-
CP 10: Veterinary health services	CSP 10.1: Veterinary Disease Control	-	6,850,000	-	-	-	-
	CSP 10.2: AI services	-	2,000,000	-	-	-	-
	CSP 10.3: Meat inspection services	-	7,000,000	-	-	-	-
	CSP 10.4: Veterinary Extension	-	4,000,000	-	-	-	-
	Sub Total	**262,893,875**	**466,948,206**	**6,520,186**	**77,252,678**	**2.5**	**16.5**
Department of Trade, Investment, Cooperatives and Industry							
CP 12: General Administration and support services	CSP 12.1: Administrative support service	85,836,520	-	5,145,457	-	6.0	-
CP 13: Trade Development	CSP 13.2: Market modernisation and development Establishment of Industrial park	-	351,300,000	-	-	-	-
CP 14: Fair Trade practices	CSP 14.1: Weights and measures.	-	4,000,000	-	-	-	-
CP 15: Cooperative development	CSP 15.1: Busia county cooperative enterprise development fund (equipping of vocational training centres)	-	6,000,000	-	-	-	-
	Sub-Total	**85,836,520**	**361,300,000**	**5,145,457**	-	6.0	-
Department of Education and Vocational Training							
CP 17: General Administration and support services	CSP 17.1: Administrative support service	513,388,021	-	4,321,834	-	0.8	-
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of infrastructure in E.C.D.E Centres	-	52,600,000	-	-	-	-
	CSP 18.2: E.C.D.E Capitation	-	10,400,000	-	-	-	-
CP 19: Technical/ vocational training development	CSP 19.1: Infrastructure development	-	30,000,000	-	-	-	-
CP 20: Education support	CSP 20.1: Education support scheme	-	106,800,000	-	-	-	-
	Sub-Total	**513,388,021**	**199,800,000**	**4,321,834**	-	0.8	-
Department of Finance, ICT and Economic Planning							
CP 22: General Administration and support services	CSP 22.1: Administrative support service	753,064,403	-	310,505,715	-	41.2	-
CP 24: Infrastructure Development	CSP 24.1: Construction and Renovation	-	8,000,000	-	-	-	-
	CSP 24.2: ICT Support services	-	14,000,000	-	11,977,046	-	-
	Sub-Total	**753,064,403**	**22,000,000**	**310,505,715**	**11,977,046**	41.2	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
Department of Sports, Culture and Social Services							
CP 26: General Administration and support services	CSP 26.1: Administrative support service	110,556,236	-	9,063,700	-	8.2	-
CP 27: Social services	CSP 27.1: Infrastructural development	-	25,000,000	-	-	-	-
CP 29: Promotion and development of sports	CSP 29.2: Sports promotion	-	74,000,000	-	-	-	-
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	-	8,000,000	-	-	-	-
CP 32: Alcoholic drinks and drugs control	CSP 32.1: Infrastructure development	-	5,000,000	-	-	-	-
	Sub-Total	**110,556,236**	**112,000,000**	**9,063,700**	-	8.2	-
Department of Transport, Public Works and Energy							
CP 34: General Administration and support services	CSP 34.1: Administrative support service	263,469,068	-	18,811,685	-	7.1	-
CP 35: Development and maintenance of roads	CSP 35.1: Routine maintenance of roads	-	102,900,000	-	-	-	-
	CSP 35.2: Development of Roads	-	273,040,000	-	-	-	-
CP 36: Building Infrastructure Development	CSP 36.1: Infrastructure Development	-	17,000,000	-	-	-	-
CP 37: Energy Development	CSP 37.1: Solar Energy Exploration	-	60,100,000	-	-	-	-
CP 38: Alternative Transport Infrastructure Development	CSP 38.1: Road safety campaign	-	4,000,000	-	-	-	-
	Sub-Total	**263,469,068**	**457,040,000**	**18,811,685**	-	7.1	-
Department of Public Service, Administration and Gender							
CP 40: General Administrative and support services	CSP 40.1: Administrative support services	464,771,629	-	75,227,173	-	16.2	-
	Sub-Total	**464,771,629**	-	**75,227,173**	-	16.2	-
Department of Lands, Housing and Urban Development							
CP 41: General Administrative and support services	CSP 41.1: Administrative support services	136,001,139	-	16,315,822	-	12.0	-
CP 42: County Land Administration and Planning	CSP 42.1: Land use planning	-	44,900,000	-	-	-	-
CP 43: Housing Development and Management	CSP 43.1: Housing Development	-	51,194,559	-	-	-	-
CP 44: Urban management and development control	CSP 44.1: Urban management	-	30,000,000	-	-	-	-
	CSP 44.2: Urban Development	-	43,000,000	-	-	-	-
	Sub-Total	**136,001,139**	**169,094,559**	**16,315,822**	-	12.0	-
Department of Water, Irrigation and Natural Resources							
CP 46: General Administrative and support services	CSP 46.1: Administrative support services	-	-	-	-	4.20	-
CP 47: Water supply services	CSP 47.1: Urban water supply and sewerage	-	18,000,000	-	-	-	-
	CSP 47.2: Rural water supply	-	114,600,000	-	-	-	-
CP 48: Environmental management and protection	CSP 48.1 Environmental management	-	16,700,000	-	-	-	-
CP 49: Smallholder irrigation and drainage	CSP 49.1: Irrigation infrastructure development	-	5,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
CP 50: Forest development and management	CSP 50.1: Rehabilitation and Restoration of degraded landscape	-	15,400,000	-	-	-	-
CP 51: Climate Change Fund	CSP 51.1: Financing Locally-Led Climate Action Program (FLLOCA)	-	125,000,000	-	9,405,408	-	7.52
	CSP 51.2: Establishment of Climate Change Information Service Hub Phase 1	-	5,000,000	-	-	-	-
	Sub-Total	**155,286,456**	**299,700,000**	**6,516,858**	**9,405,408**	4.20	**3.1**
Department of Health and Sanitation							
CP 53: General Administration and support services	CSP 53.1: Administrative support service	1,794,641,011	-	330,738,979	-	18.4	-
CP 54: Curative Health Services	CSP 54.1: Infrastructure development	-	136,100,000	-	-	-	-
	CSP 54.2: Hospital equipment	-	32,000,000	-	-	-	-
CP 55: Preventive and Promotive Health Services	CSP 55.1: Infrastructure development	-	65,850,000	-	-	-	-
	CSP 55.2: Lower-level hospital equipment	-	17,600,000	-	-	-	-
	CSP 55.3: Preventive Services	-	5,000,000	-	-	-	-
	CSP 55.4: Health promotion unit	-	90,017,375	-	9,346,126	-	10.4
	Sub-Total	**1,794,641,011**	**346,567,375**	**330,738,979**	**9,346,126**	**18.4**	2.7
County Public Service Board							
CP 57: General Administration and support services	CSP 57.1: Administrative support service	114,713,417	-	350,000	-	0.3	-
	Sub-Total	**114,713,417**	-	**350,000**	-	**0.3**	-
County Attorney							
CP63: General Administration and support services	CSP63.1: Administrative support service	66,273,000	-	919,417	-	1.4	-
	Sub-Total	**66,273,000**	-	**919,417**	-	**1.4**	-
Governorship							
CP 58: General Administration and support services	CSP 58.1: Administrative support service	-	-	-	-	14.1	-
CP 59: Disaster Risk Management	CSP 59.1: Disaster preparedness	-	75,000,000	-	-	-	-
CP 60: Information Dissemination and Knowledge Management	CSP 60.1: Communication Services	-	2,000,000	-	-	-	-
	Sub-Total	**309,375,010**	**77,000,000**	**35,263,096**	-	**14.1**	-
County Assembly							
CP 58: General Administration and support services	CSP 58.1: Administrative support service	1,007,157,352	-	264,577,442	-	**26.3**	-
Infrastructure Development	Infrastructure development	-	60,000,000	-	-	-	-
	Sub-Total	**1,007,157,352**	**60,000,000**	**264,577,442**	-	**26.3**	-
Grand Total		**5,971,154,137**	**2,571,450,140**	**1,083,357,946**	**107,981,258**	**18.1**	**4.2**

***Source**: Busia County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: ICT support Services in the Department of Finance, ICT and Economic Planning at 85.6 per cent, Administrative support service in the Department of Finance, ICT and Economic Planning at 41.2 per cent, Value addition in the Department of Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness at 30.3per cent, and Administrative support service in County Assembly at 26.3 per cent of budget allocation.

3.4.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 25th October 2023.
2. The underperformance of own-source revenue at Kshs.71.86 million against an annual projection of Kshs. 549.02 million, representing 13.1 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.22, where the Department of Finance, ICT and Economic Planning incurred expenditure over approved exchequer issues.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Busia County (Public Officers) Revolving Fund, Busia County Health Services Fund, Busia County Education Scheme Fund, Busia County Agricultural Development Fund and Busia County Assembly Revolving Fund were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.2.04 billion as of 30th September 2023. The County Treasury did not settle any pending bills during the period.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.48.11 million were processed through the manual payroll, accounting for 7.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. The budget allocation for the recurrent expenditure for the County Assembly was above the ceiling provided in law.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget. Further, the County Treasury should ensure unspent balances in the Special Purpose Accounts are deposited to the CRF at the end of each financial year in line with the law.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
6. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
7. *The County government should revise the budget allocation for the County Assembly to comply with the ceiling provided in CARA 2023.*

3.5. County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.7.16 billion, comprising Kshs.3.33 billion (46.5 per cent) and Kshs.3.83 billion (53.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 14.4 per cent compared to the previous financial year when the approved budget was Kshs.6.26 billion and comprised of Kshs.2.26 billion towards development expenditure and Kshs.3.99 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.8 billion (67.1 per cent) as the equitable share of revenue raised nationally, Kshs.150 million (2.1 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.549.31 million (7.7 per cent) as conditional grants, a cash balance of Kshs.1.59 billion (22.2 per cent) brought forward from FY 2022/23 and generate Kshs.70.34 million (1.0 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.25.

3.5.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.2 billion as the equitable share of the revenue raised nationally, Kshs.53.54 million as FIF, had a cash balance of Kshs.848.92 million from FY 2022/23, which comprises Kshs.645.91 million in the County Revenue Fund and Kshs.251.55 million in Special Purpose Accounts at the Central Bank of Kenya and raised Kshs.12.37 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.12 billion, as shown in Table 3.25.

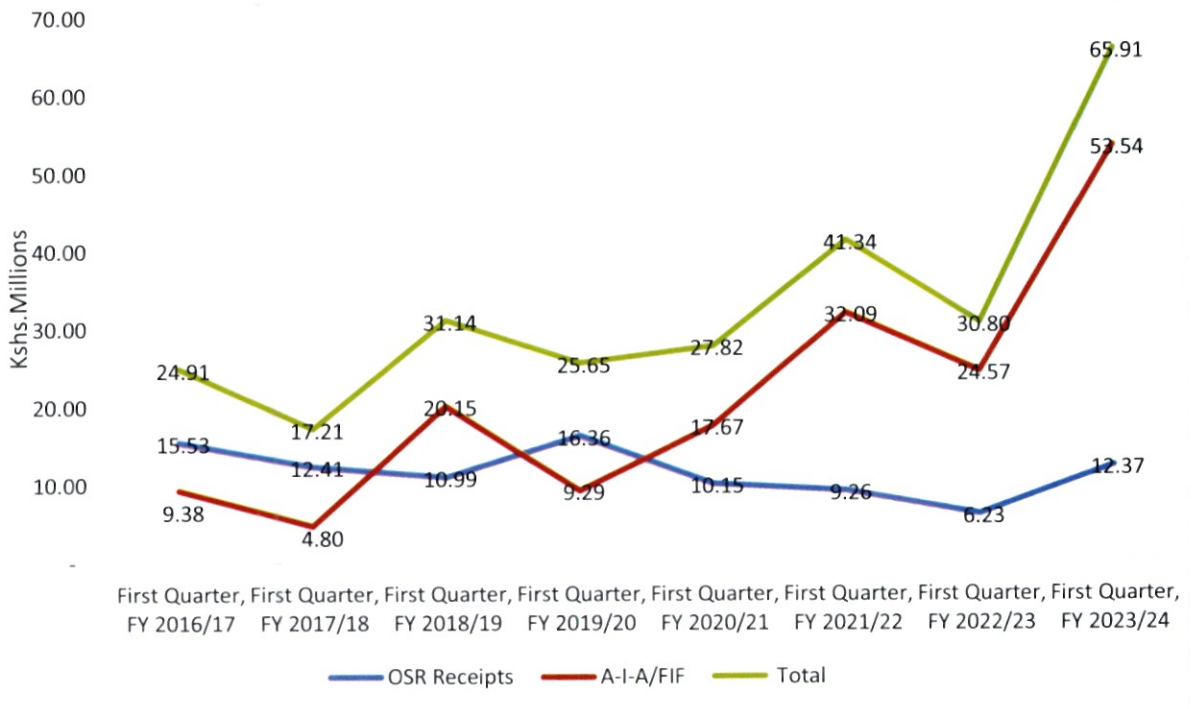
Table 3.25: Elgeyo Marakwet County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)	
A.	Equitable Share of Revenue Raised Nationally	4,801,453,188	1,200,363,297	25.0	
Sub Total		**4,801,453,188**	**1,200,363,297**		**25.0**
B	**Conditional Grants**				
1	DANIDA (UHiDSP) - Health	7,045,000	-	-	
2	World Bank Credit Finance locally-led Climate Action (FLLoCA)	11,000,000	-	-	
3	Kenya Climate Smart Agriculture Project (IDA- World Bank)	90,000,000	-	-	
4	Sweden Agriculture Sector Development Support Programme (ASDSP)	1,042,262	-	-	
5	Kenya Informal Settlements Improvement Projects (KISIP)	50,000,000	-	-	
6	Kenya Livestock Commercialization Project	36,500,000	-	-	
7	Livestock Value chain support project	35,809,200	-	-	
8	Emergency Locust Response project	138,144,044	-	-	
9	Provision of fertilizer subsidy program	63,970,782	-	-	
10	Nutrition International (NI)	10,000,000	-	-	
11	County Aggregated Industrial Park	100,000,000	-	-	
12	Transfer for Library services	5,795,078	-	-	
	Sub-Total	**549,306,366**	**-**	**-**	
C	**Other Sources of Revenue**				
1	Ordinary Own Source Revenue	70,327,132	12,370,736	17.6	
2	Balance b/f from FY2022/23	1,586,552,582	848,922,427	53.5	
3	Facility Improvement Fund (FIF)	150,000,000	53,543,596	35.7	
Sub Total		**1,806,879,714**	**914,836,759**		**50.6**
Grand Total		**7,157,639,268**	**2,115,200,056**		**29.6**

Source: *Elgeyo Marakwet County Treasury*

Figure 13 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

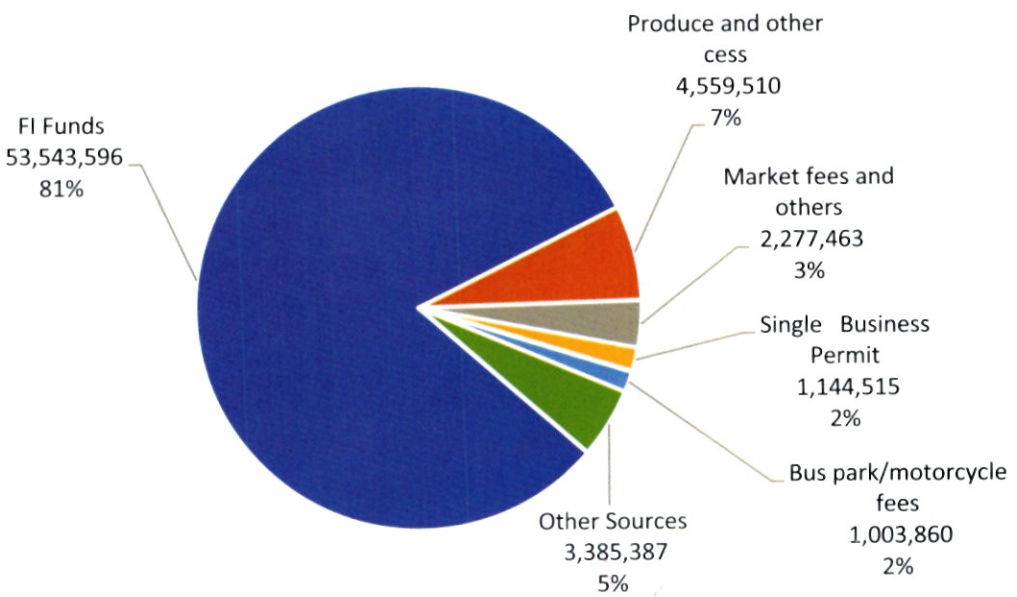
Figure 13: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Elgeyo Marakwet County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.65.91 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 114 per cent compared to Kshs.30.8 million realised in FY 2022/23 and was 29.9 per cent of the annual target and 5.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 14.

Figure 14: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Elgeyo Marakwet County Treasury

The increase in OSR can be attributed to the tapping of more revenue streams. The highest revenue stream of Kshs.53.54 million was from Facility Improvement Funds (FIF), contributing to 81 per cent of the total OSR receipts during the reporting period.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.867.09 million from the CRF account during the reporting period, which comprised Kshs.5.99 million (0.7 per cent) for development programmes and Kshs.861.1 million (99.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.634.72 million was released towards Employee Compensation, and Kshs.226.38 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.895.49 million.

3.5.4 County Expenditure Review

The County spent Kshs.897.7 million on development and recurrent programmes in the reporting period. The expenditure represented 103.5 per cent of the total funds released by the CoB and comprised Kshs.33.55 million and Kshs.864.16 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.2 per cent, while recurrent expenditure represented 22.6 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

At the start of the year, the County reported a stock of pending bills amounting to Kshs.18.65 million, comprising Kshs.7.95 million for recurrent expenditure and Kshs.10.69 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.12.5 million were settled, consisting of Kshs.6.01 million for recurrent expenditure and Kshs.6.49 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.6.14 million.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.586.73 million on employee compensation, Kshs.90.4 million on operations and maintenance, and Kshs.33.55 million on development activities. Similarly, the County Assembly spent Kshs.47.99 million on employee compensation and Kshs.139.04 million on operations and maintenance, as shown in Table 3.26.

Table 3.26: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,097,605,597**	**732,213,522**	**677,126,476**	**187,031,885**	**21.9**	**25.5**
Compensation to Employees	2,531,100,948	289,229,629	586,725,663	47,993,214	23.2	16.6
Operations and Maintenance	566,504,649	442,983,893	90,400,813	139,038,671	16.0	31.4
Development Expenditure	**3,327,820,149**	-	**33,545,642**	-	**1.0**	-
Total	**6,425,425,746**	**732,213,522**	**710,672,118**	**187,031,885**	**11.1**	**25.5**

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

3.5.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.634.72 million, or 40.9 per cent of the available revenue, which amounted to Kshs.2.12 billion. This expenditure represented an increase

from Kshs.603.43 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.321.27 million paid to health sector employees, translating to 50.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.565.89 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.68.83 million was processed through manual payrolls. The manual payrolls accounted for 10.8 per cent of the total PE cost.

The County Assembly spent Kshs.4.96 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.30.99 million. The average monthly sitting allowance was Kshs. 48,654 per MCA. The County Assembly has established 18 Committees.

3.5.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

During the FY 2023/24, the county allocated Kshs.1 million to the Emergency Fund, constituting 0.01 per cent of the County's overall budget. The County further allocated Kshs.162.95 million to county-established funds, constituting 2.3 per cent of the County's overall budget. Table 3.27 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.27: Performance of County Established Funds in the First Quarter of FY 2023/24

	Name of the Fund	Approved Budget Allocation FY 2023/24 (Kshs.)	Exchequer Issues	Actual Expenditure	Submission of Annual Financial Statements as of 30th September 2023
		(Kshs.)	(Kshs.)	(Kshs.)	(Yes/No.)
County Executive Established Funds					
1	Elgeyo Marakwet County Education Fund	99,307,938	-	-	No
2	County Executive Car & Mortgage Loan Revolving Fund	63,646,000	-	-	No
3	Elgeyo Marakwet County Alcoholic Drinks Control Fund	-	-	-	No
County Assembly Established Funds					
4	Elgeyo Marakwet County Assembly Car and Mortgage Revolving Fund	-	-	2,265	Yes
5	Elgeyo Marakwet County (County Assembly) Catering Services Revolving Fund	-	-	4,436	Yes
	Total	**162,953,938**	**-**	**6,701**	**-**

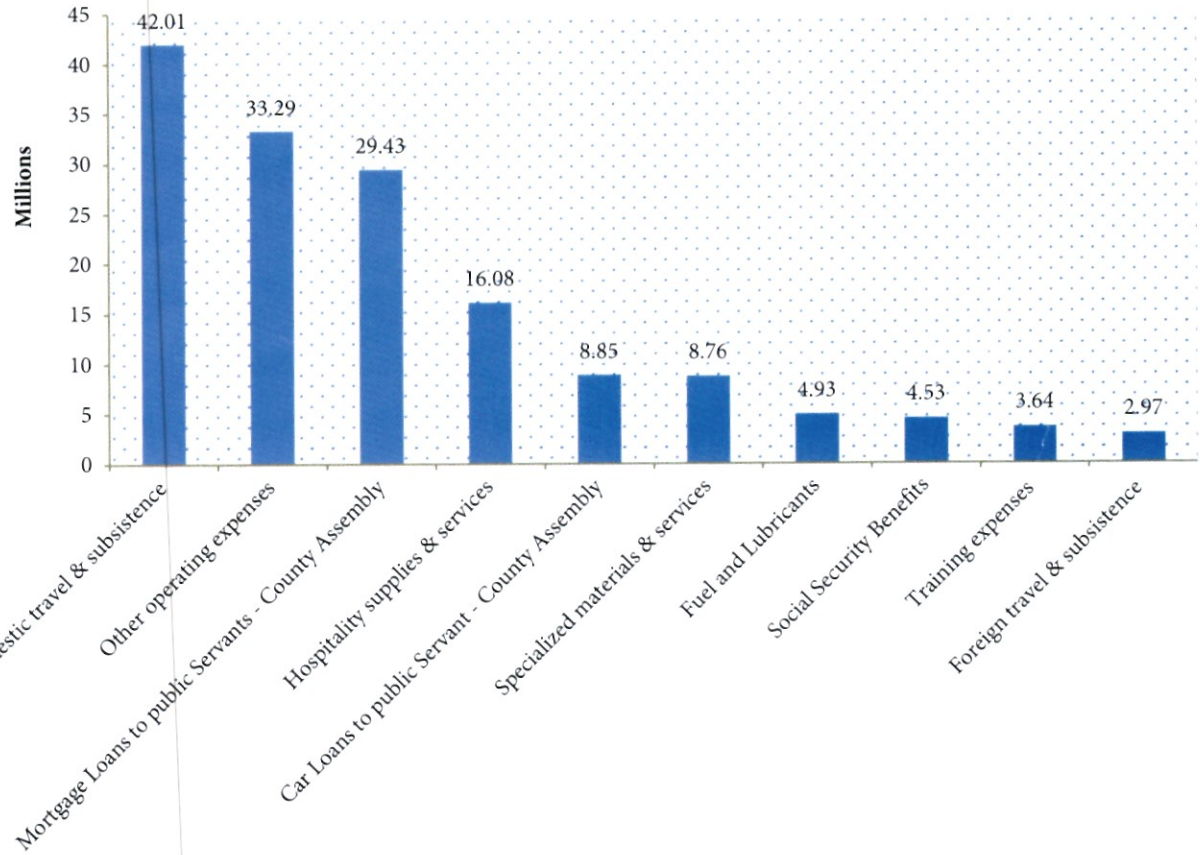
Source: *Elgeyo Marakwet County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of three funds, as indicated in Table 3.27, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.5.9 Expenditure on Operations and Maintenance

Figure 15 summarises the Operations and Maintenance expenditure by major categories.

Figure 15: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: *Elgeyo Marakwet County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.42.01 million and comprised Kshs.31.47 million spent by the County Assembly and Kshs.10.54 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.97 million by the County Assembly. The highest expenditure on foreign travel was incurred, as summarised in Table 3.28 below; -

Table 3.28: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

No. of officers travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
1	29th June - 10th July 2023	Attending the International Conference on Post-pandemic Strategic Public Administration and Management	Australia	565,515
1	19th - 26th July, 2023	Attending Training on Building Smart Cities	Dubai	1,600,618
1	26th Sept - 3rd Oct 2023	Attending Government Performance Management Symposium	Dubai	805,797
Total				**2,971,930**

Source: *Elgeyo Marakwet County Treasury*

3.5.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.33.55 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County did not incur any expenditure. Table 3.29 summarises development projects with the highest expenditure in the reporting period.

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

Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Health and Sanitation	Kapcherop Sub-county Hospital	County	64,795,683	64,795,683	23,274,818	35.9	Ongoing project
Water, Environment and Climate Change	Kiptalat Water Project	Arror	2,000,000	2,000,000	1,999,932	100.0	Project complete
Water, Environment and Climate Change	Kongurut Water project	Endo	1,500,000	1,500,000	1,496,000	99.7	Project complete
Water, Environment and Climate Change	Torobei water project	Tambach	1,200,000	1,200,000	1,198,970	99.9	Project complete
Water, Environment and Climate Change	Chebilat water project	Emsoo	1,000,000	1,000,000	999,850	100.0	Project complete
Education and Technical Training	Meuno ECDE	Embobut/ Embolot	500,000	500,000	497,110	99.4	Project complete
Health and Sanitation	Renovation works at Kapcherop H/C	Sengwer	500,000	500,000	495,995	99.2	Project complete
Health and Sanitation	Tambach Sub-County Hospital	TAMBACH	300,000	300,000	300,000	100.0	Project complete
Agriculture Livestock Fisheries and Irrigation	Agricultural Sector Development Support Programme (ASDSP) II	Countywide	1,042,262	1,042,262	283,167	27.2	Ongoing project

Source: Elgeyo Marakwet County Treasury

3.5.11 Budget Performance by Department

Table 3.30 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.30: Elgeyo Marakwet 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 Assembly	732.21	-	190.43	-	187.03	-	98.2	-	25.5	-
Office of Governor	145.28	-	30.12	-	35.85	-	119.0	-	24.7	-
Finance and Economic Planning	198.24	-	39.88	-	42.24	-	105.9	-	21.3	-
Agriculture Livestock Fisheries and Irrigation	150.22	741.30	36.76	-	37.06	3.08	100.8	-	24.7	0.4
Water, Environment and Climate Change	54.77	442.28	18.97	-	8.12	5.69	42.8	-	14.8	1.3
Education and Technical Training	276.38	347.38	70.39	5.30	70.97	0.50	100.8	9.4	25.7	0.1
Health and Sanitation	1,677.65	511.92	389.09	0.50	392.53	24.07	100.9	4,853.0	23.4	4.7
Lands, Physical Planning, Housing and Urban Development	51.90	144.73	9.64	-	10.51	-	109.1	-	20.3	-
Roads, Public Works and Transport	99.97	577.85	20.64	0.20	21.35	0.20	103.5	100.0	21.4	-
Cooperatives, Trade, Industrialization, Tourism and Wildlife	65.17	382.37	13.15	-	13.64	-	103.7	-	20.9	-
Sports, Youth Affairs, ICT and Social Services	53.31	127.41	7.73	-	7.98	-	103.2	-	15.0	-
Public Service Management and County Administration	272.68	50.07	24.54	-	25.33	-	103.2	-	9.3	-
County Public Service Board	52.05	2.50	9.76	-	11.53	-	118.1	-	22.2	-
TOTAL	**3,829.82**	**3,327.82**	**861.10**	**5.99**	**864.16**	**33.55**	**100.4**	**559.7**	**22.6**	**1.0**

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

Analysis of expenditure by department shows that the Department of Health and Sanitation recorded the highest absorption rate of development budget at 4.7 per cent, followed by the Department of Water, Environment and Climate Change at 1.3 per cent. The Department of Education and Technical Training had the highest percentage of recurrent expenditure to budget at 25.7 per cent, while the Department of Public Service Management and County Administration had the lowest at 9.3 per cent.

During the period, the actual recurrent expenditure was above recurrent exchequer issues in 11 departments, while the development expenditure was above development exchequer issues in 1 department. This is attributed to the county spending part of the Kshs.251.55 million in Special Purpose Accounts at the Central Bank of Kenya and Commercial Banks. The cash was not banked into the CRF at the end of the financial year, contrary to the PFM Act 2012.

3.5.12 Budget Execution by Programmes and Sub-Programmes

Table 3.31 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.31: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-Programmes

User Department	Programme	Sub-Programme	Approved FY 2023/24 Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
			Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly	Legislation and Representation	Legislation and Representation	306,745,412	-	49,727,935	-	16.2	-
	Legislative Oversight	Legislative Oversight	65,179,450	-	28,438,900	-	43.6	-
	General Administration, Planning and Support Services	General Administration, Planning and Support Services	360,288,660	-	108,865,050	-	30.2	-
Office of Governor	General administration and support services	General administration and support services	145,279,638	-	35,851,891	-	24.7	-
Finance and Economic Planning	General administration and support services	Economic Planning & Budgeting	175,057,117	-	40,214,618	-	23	-
		Accounting services	4,222,103	-	500,000	-	11.8	-
		Supply Chain Management	5,206,987	-	702,100	-	13.5	-
		Revenue Management Services	2,773,262	-	200,400	-	7.2	-
		Internal Audit	10,982,567	-	623,200	-	5.7	-
Agriculture Livestock Fisheries and Irrigation	General administration and support services	General administration and support services	150,216,569	-	37,057,044	-	24.7	-
		General administration and support services	-	396,639,192	-	3,083,167	-	-
		Crop Development		63,055,461	-	-	-	-
		Agricultural Extension and Training Services		99,483,968	-	-	-	-
		Crop Commercialization	-	74,868,264	-	-	-	-
		Irrigation Development	-	42,177,266	-	-	-	-
		Irrigation Development	-	10,615,194	-	-	-	-
		Livestock Development	-	46,358,903	-	-	-	-
		Livestock Extension and Training Services	-	8,099,548	-	-	-	-
Water, Environment and Climate Change	General administration and support services	General administration and support services	54,768,511		8,123,068		14.8	-
		Water Services	-	900,090	-	-	-	-
		Water Services	-	394,365,515	-	5,694,752	-	1
		Environmental Management	-	2,650,000	-	-	-	-
		Environmental Management	-	39,017,938	-	-	-	-
		Climate Change Management	-	4,350,000	-	-	-	-
		Climate change management	-	1,000,000	-	-	-	-

User Department	Programme	Sub-Programme	Approved FY 2023/24 Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
Education and Technical Training	General administration and support services	Pre-Primary Education	275,878,471	-	70,972,219	-	26	-
		Pre-primary Infrastructure Development	500,000	-	-	-	-	-
		Pre-primary Quality Control and Support		215,422,213		497,110	-	-
		Vocational Education and Training	-	4,084,244	-	-	-	-
		VTC Infrastructure Development	-	32,290,197	-	-	-	-
		VTC Quality Control and Support	-	95,583,894	-	-	-	-
Health and Sanitation	General administration and support services	General administration and support services	1,677,654,881	-	392,529,403	-	23	-
		Community and Environmental Health	-	28,156,921	-	-	-	-
		Health Services	-	483,767,475	-	24,070,813	-	5
Lands, Physical Planning, Housing and Urban Development	General administration and support services	General administration and support services	51,900,726	-	10,514,027	-	20.3	-
		Land Use Management	-	10,996,837	-	-	-	-
		County Public Land Management	-	800,000	-	-	-	-
		Physical Planning	-	39,195,343	-	-	-	-
		Urban Development	-	14,002,459	-	-	-	-
		Urban Infrastructure	-	79,740,171	-	-	-	-
Roads, Public Works and Transport	General administration and support services	General administration and support services	96,489,154	-	21,265,039	-	22	-
		Rural road Works	1,810,000	-	86,000	-	4.8	-
		Road Improvement	1,670,000	-	-	-	-	-
		Public works	-	566,846,121	-	199,800	-	-
		Energy	-	3,300,000	-	-	-	-
		Transport Services	-	7,700,000	-	-	-	-
Cooperatives, Trade, Industrialization, Tourism and Wildlife	General administration and support services	Cooperatives development	61,865,191	-	13,641,867	-	22.1	-
		Rimoi National Reserve	3,300,000	-	-	-	-	-
		General administration and support services	-	9,696,112	-	-	-	-
		Tourism Development	-	554,680	-	-	-	-
		Trade and enterprise development	-	372,122,136	-	-	-	-

User Department	Programme	Sub-Programme	Approved FY 2023/24 Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
Sports, Youth Affairs, ICT and Social Services	General administration and support services	General administration and support services	53,307,152	-	7,983,126	-	15.0	-
		Sports Development	-	31,881,105	-	-	-	-
		Sports Talent Development	-	27,733,814	-	-	-	-
		Social Empowerment	-	33,841,766	-	-	-	-
		Social Protection	-	950,000	-	-	-	-
		Social Empowerment	-	31,807,961	-	-	-	-
		Culture Preservation	-	1,200,000	-	-	-	-
Public Service Management and County Administration	General administration and support services	General administration and support services	1,900,000	-	376,000	-	19.8	-
		ICT services	500,000	-	224,000	-	44.8	-
		County Administration and Devolution	267,276,827	-	24,405,824	-	9.1	-
		Enforcement and Compliance	600,000	-	-	-	-	-
		Citizen Participation and Civic Education	500,000	-	53,000	-	10.6	-
		Human Resource Management	650,000	-	98,400	-	15.1	-
		Payroll Management	750,000	-	140,400	-	18.7	-
		County Communication Corporate Affairs	500,000	-	33,600	-	6.7	-
		Citizen Participation and Civic Education	-	800,000	-	-	-	-
		County Administration and Devolution	-	48,215,361	-	-	-	-
		ICT services	-	350,000	-	-	-	-
		Human Resource Management	-	700,000	-	-	-	-
County Public Service Board	General administration and support services	General administration and support services	52,046,441	2,500,000	11,531,252		22.2	-
Grand Total			**3,829,819,119**	**3,327,820,149**	**864,158,361**	**33,545,642**	**22.6**	**1.0**

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

Sub-programmes with the highest levels of implementation based on absorption rates were: ICT services in the Department of Public Service Management at 44.8 per cent, County Legislative Oversight in the County Assembly at 43.6 per cent, General Administration, Planning and Support Services in the County Assembly at 30.2 per cent and Pre – Primary Education in the department of Education and Technical Training at 26 per cent of budget allocation.

3.5.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 27th October 2023.
2. Overstating of the balance brought forward from FY 2022/23 by Kshs.737,630,155. The County indicated its cash balance as Kshs.1,586,552,582 instead of Kshs.848,922,427.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.29, where the County incurred expenditure over approved exchequer issues in several departments.
4. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Elgeyo Marakwet County Education Fund, County Executive Car & Mortgage Loan Revolving Fund and Elgeyo Marakwet County Alcoholic Drinks Control Fund were not submitted to the Controller of Budget.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.66.83 million were processed through the manual payroll, accounting for 10.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The county treasury should re-state the balance from FY 2022/23 of Kshs.848,922,427 in the subsequent supplementary budget.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.6. County Government of Embu

3.6.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.7.76 billion, comprising Kshs.2.53 billion (32.6 per cent) and Kshs.5.23 billion (67.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 8 per cent compared to the previous financial year when the approved budget was Kshs.7.18 billion and comprised of Kshs.2.57 billion towards development expenditure and Kshs.4.60 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.34 billion (68.8 per cent) as the equitable share of revenue raised nationally, Kshs.367.19 million (4.7 per cent) as Appropriations-in-Aid (A-I-A), including Facility Improvement Fund (revenue from health facilities), Kshs.1.07 billion (13.8 per cent) as conditional grants, a cash balance of Kshs.601.40 million (7.7 per cent) brought forward from FY 2022/23, and generate Kshs.382.8 million (4.9 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.32.

3.6.2 Revenue Performance

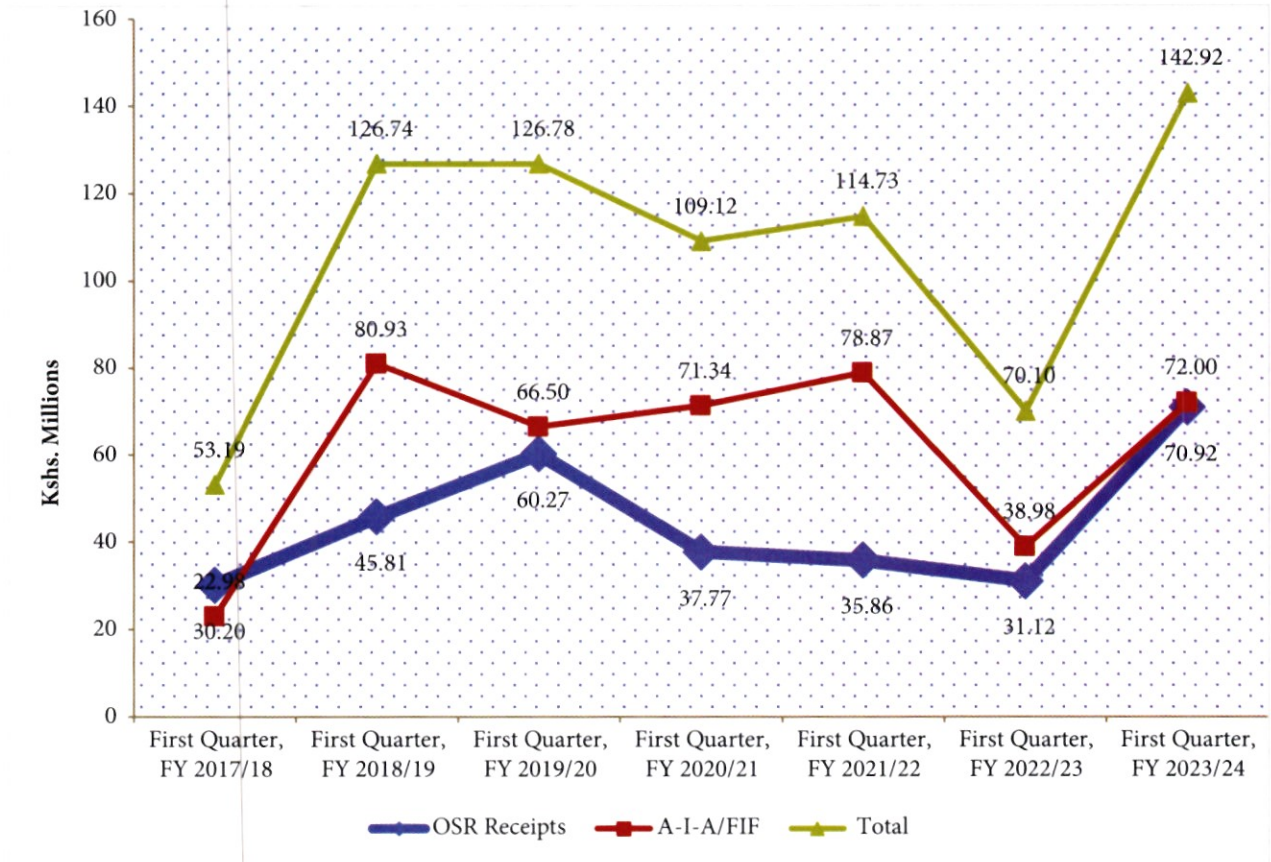
In the first three months of FY 2023/24, the County received Kshs.881.4 million as the equitable share of the revenue raised nationally, Kshs.72.0 million as A-I-A (AIA is inclusive of FIF), Kshs.2.5 million as conditional grants, had a cash balance of Kshs.601.40 million from FY 2022/23, and raised Kshs.70.92 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.63 billion, as shown in Table 3.32.

Table 3.32: Embu County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,341,810,744.00	881,398,773.00	16.5
Sub Total		**5,341,810,744.00**	**881,398,773.00**	**16.5**
B	Conditional Grants			
1	Conditional Grant for Leasing of Medical Equipment	124,723,404.30	-	-
2	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000.00	-	-
3	Conditional Grant for Provision of Fertilizer Subsidy Programme	110,930,145.00	-	-
4	Unconditional Allocations to County Governments from Court Fines and Mineral Royalties	2,142.00	-	-
5	Agriculture and Rural Inclusive Growth Project (NARIGP)	150,000,000.00	-	-
6	Conditional Allocation for National Agricultural Value Chain Development Project (NAVCDP)	250,000,000.00	-	-
7	Livestock Value Chain Support Project	35,809,200.00	-	-
8	Conditional Allocation for Primary Health Care in Devolved Context-DANIDA Grant	7,854,000.00	-	-
9	Financing Locally Led Climate Action (FLLoCA)-County Climate Institutional Support (CCIS) Grant	11,000,000.00	-	-
10	Agricultural Sector Development Support Programme (ASDSP)	961,306.00	-	-
11	Emergency Locust Response Project (ELRP)	106,400,361.00	-	-
12	Aquaculture Business Development Project (ABDP)	10,237,551.00	-	-
13	Kenya Nutrition Support Grant	11,000,000.00	2,500,000.00	22.7
Sub-Total		**1,068,918,109.30**	**2,500,000.00**	**23.4**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	382,801,875	70,923,117	18.5
2	Balance b/f from FY2022/23	601,396,760	601,396,760	100.0
3	Appropriation in Aid (AIA)	367,198,125	71,997,790	19.6
Sub Total		**1,351,396,760**	**744,317,667**	**55.1**
Grand Total		**7,762,125,613**	**1,628,216,440**	**21.0**

Source: Embu County Treasury

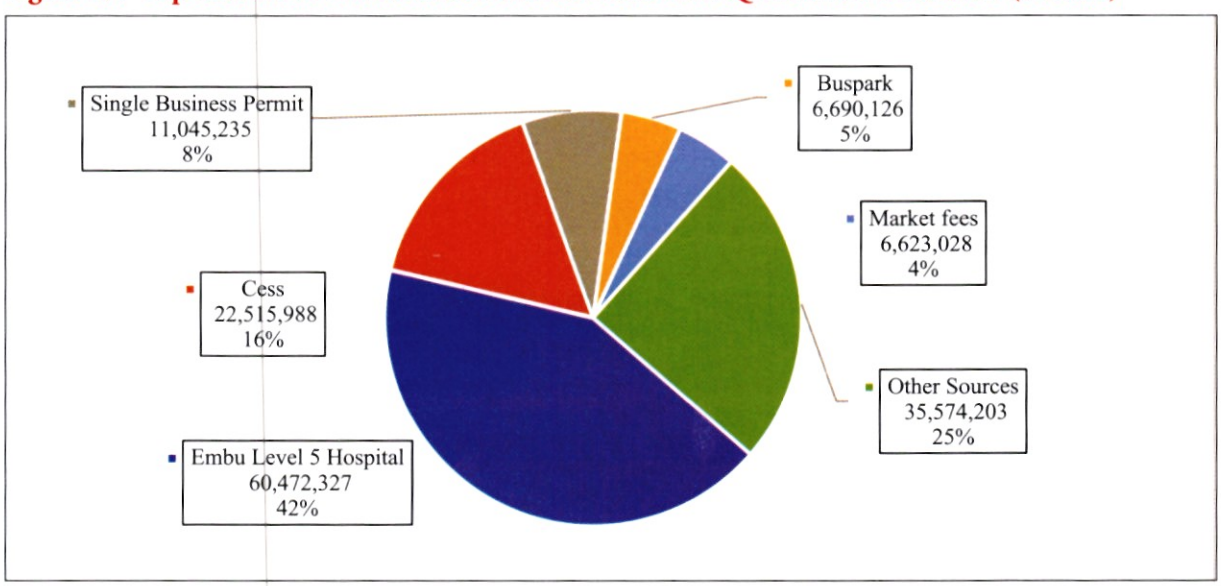
Figure 16: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: Embu County Treasury

In the first quarter of FY 2023/24, the County generated a total of Kshs.142.92 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 103.9 per cent compared to Kshs.70.1 million realised in FY 2022/23 and was 19.1 per cent of the annual target and 8.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 17.

Figure 17: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Embu County Treasury

The highest revenue stream of Kshs.60.47 million was from Embu Level 5 Hospital, contributing to 42 per cent of the total OSR receipts during the reporting period.

3.6.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.962.7 million from the CRF account during the reporting period for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.846.3 million was released towards Employee Compensation, and Kshs.63.09 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.567.4 million.

3.6.4 County Expenditure Review

The County spent Kshs.807.79 million on recurrent programmes in the reporting period. The expenditure represented 89.5 per cent of the total funds released by the CoB for recurrent programmes. The spending on recurrent outlays represented 15.5 per cent of the annual recurrent and development expenditure budget.

3.6.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.43 billion, comprising Kshs.1.26 billion for recurrent expenditure and Kshs.1.17 billion for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.314.9 million were settled for recurrent expenditure. Therefore, as of 30th September 2023, the outstanding amount was Kshs.2.11 billion.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.664.46 million on employee compensation, Kshs.34.75 million on operations and maintenance. Similarly, the County Assembly spent Kshs.52.65 million on employee compensation, Kshs.55.93 million on operations and maintenance as shown in Table 3.33.

Table 3.33: Summary of Budget and Expenditure by Economic Classification;

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,614,162,271**	**614,021,950**	**699,209,571**	**108,577,764**	**15.2**	**17.7**
Compensation to Employees	3,455,993,195	319,153,518	664,461,766	52,648,383	19.2	16.5
Operations and Maintenance	1,158,169,076	294,868,432	34,747,805	55,929,381	3.0	19.0
Development Expenditure	2,493,941,392	40,000,000	-	-	-	-
Total	**7,108,103,663**	**654,021,950**	**699,209,571**	**108,577,764**	**9.8**	**16.6**

Source: Embu County Treasury

3.6.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.717.11 million, or 44 per cent of the available revenue, which amounted to Kshs.1.63 billion. This expenditure represented an increase from Kshs.681.5 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.153.6 million paid to health sector employees, translating to 21.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.687.78 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.29.3 million was processed through manual payrolls. The manual payrolls accounted for 4.1 per cent of the total PE cost.

The County Assembly spent Kshs.12.3 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.86.4 million. The average monthly sitting allowance was Kshs.132,254 per MCA. The County Assembly has established 26 Committees.

3.6.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.33.8 million to county-established funds in FY 2023/24, constituting 0.44 per cent of the County's overall budget. Table 3.34 summarises each established Fund's budget allocation and performance during the reporting period.

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of 8 funds, as indicated in Table 3.34.

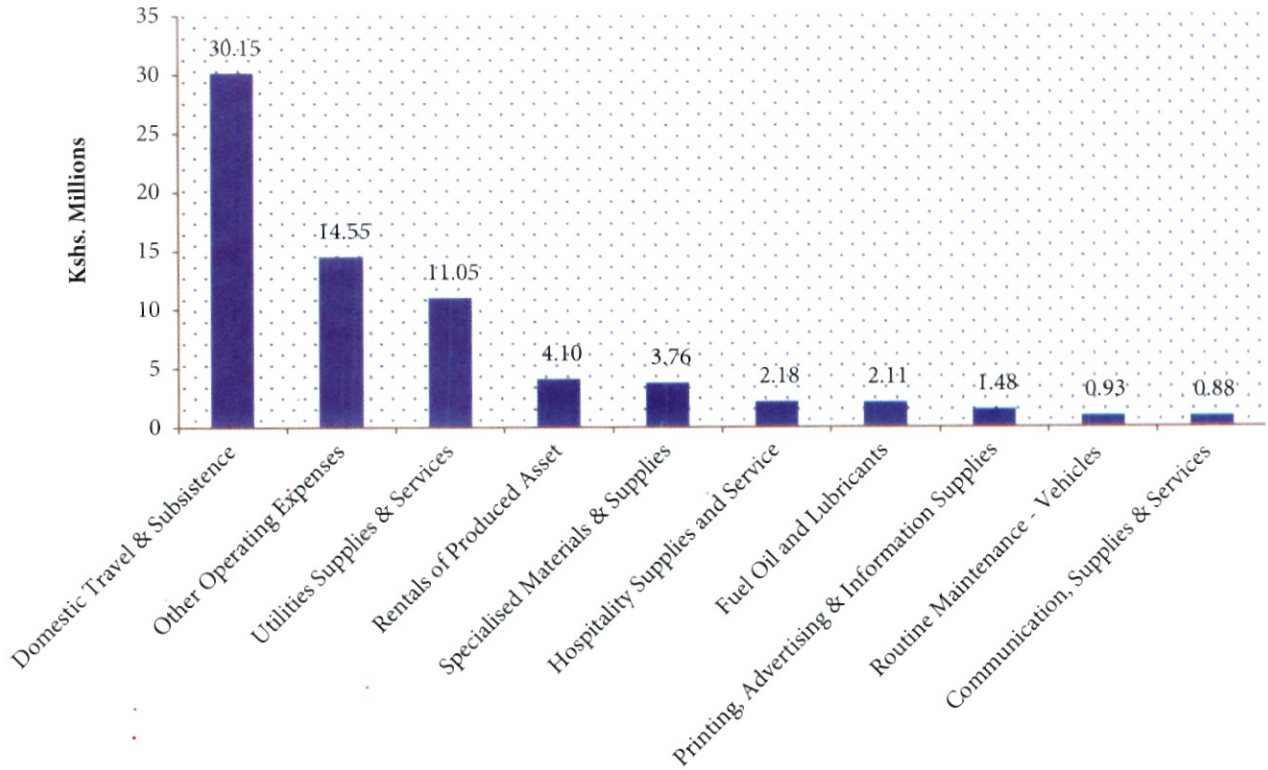
Table 3.34: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1	Embu County Education Support Fund	-	-	-	Yes
2	Embu County Youth Trust Fund	-	-	-	Yes
3	Embu County Emergency Fund	15,000,000.00	-	-	Yes
4	Embu County Road Maintenance Levy Fund	-	-	-	Yes
5	Embu County Climate Change Fund	-	-	-	Yes
6	Embu County Car and Mortgage Fund	-	-	-	Yes
Sub-Total		**15,000,000.00**	-	-	-
County Assembly Established Funds					
1	County Assembly of Embu Car Loan and Mortgage (MCAs)	8,848,000.00		8,848,000.00	Yes
2	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund	10,000,000.00			Yes
Sub-Total		**18,848,000.00**	-	**8,848,000.00**	
TOTAL		**33,848,000.00**	-	**8,848,000.00**	

Source: *Embu County Treasury*

3.6.9 Expenditure on Operations and Maintenance

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



Source: Embu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.30.15 million and comprised Kshs.24 million spent by the County Assembly and Kshs.6.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.02 million by the County Assembly. The highest expenditure on foreign travel was incurred, as summarised in Table 3.35.

Table 3.35: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Embu	1	24th July 2023 to 3rd August 2023	A workshop for chairpersons of Health Committees.	Arusha, Tanzania	423,324.00
County Assembly of Embu	1	7th to 13th August 2023	CAF invitation to the East Africa Cities and Local Governments Leaders' Summit	Bujumbura, Burundi	358,935.16
County Assembly of Embu	1	13th to 14th July 2023	A workshop invitation by the International Institute for Democracy and Electoral Assistance to attend the peer to peer Reginal Learning Event For Local Authorities	Gaborone, Botswana	236,061.82
TOTAL					**1,018,320.98**

3.6.10 Development Expenditure

In the first quarter of FY 2023/24, the County did not report any expenditure on development programmes.

3.6.11 Budget Performance by Department

Table 3.36 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.36: Embu 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
Office of Governor	256.08	15.00	22.96	-	50.52	-	220.1	-	19.7	-
County Public Service Board	29.57	-	3.19	-	10.70	-	335.4	-	36.2	-
Public Service and Administration	706.94	23.70	64.86	-	82.99	-	128.0	-	11.7	-
County Assembly	614.02	40.00	108.85	-	108.58	-	99.8	-	18.7	-
Finance and Economic Planning.	531.22	1.00	314.88	-	331.84	-	105.4	-	62.5	-
Trade Tourism Investment and Industrialization	31.01	478.37	2.35	-	-	-	-	-	-	-
Agriculture, Livestock, Fisheries and Cooperative Development	290.68	731.16	26.52	-	-	-	-	-	-	-
Water Environment and Natural Resources	31.99	120.52	3.84	-	-	-	-	-	-	-
Health	1,867.09	169.63	297.25	-	154.16	-	51.9	-	8.3	-
Embu Level 5 Hospital	174.11	129.00	-	-	5.61	-	-	-	3.2	-
Infrastructure, Public Works and Housing	32.66	612.07	2.93	-	-	-	-	-	-	-
Education, Science and Technology	380.50	86.77	49.57	-	58.72	-	118.4	-	15.4	-
Youth Empowerment and Sports and Gender Empowerment	163.21	21.93	3.68	-	0.04	-	1.2	-	-	-

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
Lands, Physical Planning and Urban Development & Water	82.10	44.30	8.55	-	4.03	-	47.1	-	4.9	-
Embu County Revenue Authority (ECRA)	12.16	3.00	-	-	0.61	-	-	-	5.0	-
Embu Municipal Board	7.85	50.51	-	-	-	-	-	-	-	-
Climate Change Unit	17.00	7.00	-	-	-	-	-	-	-	-
Total	**5,228.18**	**2,533.94**	**909.41**	**-**	**807.79**	**-**	**89.5**	**-**	**15.5**	**-**

Source: Embu County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the recurrent budget at 62.5 per cent, followed by the Department of County Public Service Board at 36.2 per cent. The Department of Finance and Economic Planning also had the highest percentage of recurrent expenditure to budget at 62.1 per cent. However, various departments recorded nil absorption.

On the expenditure to exchequer analysis, several departments (Office of the Governor, County Public Service Board, Public Service and Administration) had more than 100% expenditure to exchequer. This was due to varying/ diversion of requisitioned exchequer in the affected departments.

3.6.12 Budget Execution by Programmes and Sub-Programmes

Table 3.37 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.37: Embu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
OFFICE OF GOVERNOR							
General Administration Planning and Support Services	Management of County Affairs (Office of Governor)	159,318,905	9,331,999	31,432,495	-	19.7	-
County Leadership and Coordination	Sub-County Administration and Field Services (Office of County Secretary)	24,191,484	1,417,000	4,772,809	-	19.7	-
County Leadership and Coordination	Management of County Executive Services (Office of County Secretary)	24,191,484	1,417,000	4,772,809	-	19.7	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Government Advisory Services	Public Sector Advisory Services (Legal, Political, and Economic Advisors)	48,382,968	2,834,000	9,545,618	-	19.7	-
Sub Total		256,084,841	15,000,000	50,523,731	-	19.7	-
COUNTY PUBLIC SERVICE BOARD							
General Administration Planning and Support Services	Recruitment and Selection, Career Management, HR Policy & Audit	12,417,322	-	4,493,652	-	36.2	-
General Administration Planning and Support Services	Administration of Board programmes/ Agenda	10,347,768	-	3,744,710	-	36.2	-
General Administration Planning and Support Services	Performance Management & Discipline	6,799,962	-	2,460,810	-	36.2	-
Sub Total		29,565,052	-	10,699,172	-	36.2	-
ADMINISTRATION, PUBLIC SERVICE, DEVOLUTION, GOVERNANCE, ICT AND GOVERNOR'S DELIVERY UNIT							
General Administration Planning and Support Services	Service delivery and management of County Affairs	308,949,968	10,357,740	36,266,561	-	11.7	-
Public Service	Human Resource Development	243,988,984	8,179,882	28,641,017	-	11.7	-
Public Service	Construction of Ward Offices	154,000,335	5,162,957	18,077,563	-	11.7	-
Sub Total		706,939,287	23,700,579	82,985,142	-	11.7	-
COUNTY ASSEMBLY							
General Administration, Planning and Support Services	Administrative Services	182,548,311	11,891,973	34,063,892	-	18.7	-
General Administration, Planning and Support Services	Legislation, Representation and Legislative Oversight	182,548,311	11,891,973	34,063,892	-	18.7	-
General Administration, Planning and Support Services	Representation Services	182,548,311	11,891,973	34,063,892	-	18.7	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Administration, Planning and Support Services	County Assembly Infrastructure Improvement	66,377,016	4,324,081	12,386,088	-	18.7	-
Sub Total		614,021,950	40,000,000	114,577,764	-	18.7	-
FINANCE AND ECONOMIC PLANNING							
General Administration Planning and Support Services	Administration, Planning and Support Services	354,326,857	667,009	221,338,033	-	62.5	-
Economic Policy and County Planning	Economic Development, Planning and Coordination Services	94,821,131	178,498	59,232,097	-	62.5	-
Financial Management Services	Control and Management of Public Finances	82,069,801	154,494	51,266,699	-	62.5	-
Sub Total		531,217,789	1,000,000	331,836,829	-	62.5	-
TRADE, TOURISM, INVESTMENT AND INDUSTRIALISATION							
General Administration and Planning	General Administration and Support Services	1,927,790	29,742,407	-	-	-	-
Trade Development	Capacity Development	5,558,662	85,760,357	-	-	-	-
Trade Development	Weights and measures	5,558,662	85,760,357	-	-	-	-
Trade Development	Alcohol and licensing	5,558,662	85,760,357	-	-	-	-
Industrial Development and Investment	Investment promotion venture	3,410,693	52,620,971	-	-	-	-
Industrial Development and Investment	Promotion of value addition	3,410,693	52,620,971	-	-	-	-
Tourism development and promotion	Tourism Infrastructure Development	2,790,567	43,053,522	-	-	-	-
Tourism development and promotion	International and domestic Tourism Promotion & Marketing	2,790,567	43,053,522	-	-	-	-
Sub Total		31,006,296	478,372,465	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT					-	-	-
Administrative Support Services	General Administration and Support Services	36,577,327	92,003,420	-	-	-	-
Crop Development and Management	Agriculture Extension Services	62,981,550	158,418,304	-	-	-	-
Crop Development and Management	Irrigation and civil works	55,396,437	139,339,370	-	-	-	-
Livestock Resources Management and Development	Livestock productivity	54,001,864	135,831,582	-	-	-	-
Livestock Resources Management and Development	Value chain development	51,261,928	128,939,786	-	-	-	-
Fisheries Development	Promotion of fish production	15,231,380	38,311,685	-	-	-	-
Cooperative Development & Management	Capacity development in value addition	15,231,380	38,311,685	-	-	-	-
Sub Total		290,681,865	731,155,833	-	-	-	-
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES							
General Administration, Planning and Support Services	General Administration Services	6,398,065	24,103,173	-	-	-	-
Water Service Delivery	Domestic water supply	12,796,131	48,206,348	-	-	-	-
Irrigation and civil works	Irrigation and civil works	3,199,033	12,051,587	-	-	-	-
Environmental Management and Conservation	Physical Planning Services	3,199,033	12,051,587	-	-	-	-
Forestry and Landscapes Conservation	Forestry and Landscapes Conservation	3,199,033	12,051,587	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Climate Change Mitigation and Adaptation	Climate Change Mitigation and Adaptation	3,199,033	12,051,587	-	-	-	-
Sub Total		31,990,326	120,515,868	-	-	-	-
HEALTH							
Curative Health Services	Primary Healthcare	1,073,546,753	97,532,616	88,639,026	-	8.3	-
Preventive and Promotive Health Services	Health Promotion and Disease Control	443,446,522	40,287,486	36,613,839	-	8.3	-
General Administration Planning and Support Services	General Administration Services	350,092,246	31,806,172	28,905,900	-	8.3	-
Sub Total		1,867,085,521	169,626,274	154,158,765	-	8.3	-
EMBU LEVEL 5 HOSPITAL							
Curative Health Services	Primary Healthcare	117,990,665	87,420,220	3,801,591	-	3.2	-
Preventive and Promotive Health Services	Health Promotion and Disease Control	32,412,785	24,014,890	1,044,321	-	3.2	-
General Administration Planning and Support Services	General Administration Services	23,707,250	17,564,890	763,834	-	3.2	-
Sub Total		174,110,700	129,000,000	5,609,746	-	3.2	-
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING							
General Administration, Planning and Support Services	General Administration Services	3,265,587	61,206,669	-	-	-	-
Road Development	Road Development	21,226,317	397,843,346	-	-	-	-
Public Works	Public Works	1,632,794	30,603,334	-	-	-	-
Renewable Energy Development	Energy	3,265,587	61,206,669	-	-	-	-
Transport and logistics	Transport and Logistics	3,265,587	61,206,669	-	-	-	-
Sub Total		32,655,872	612,066,687	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
EDUCATION, SCIENCE AND TECHNOLOGY							
Education administration and Support Services	Human Resource Development	25,366,976	5,784,374	3,914,442	-	15.4	-
Education administration and Support Services	General Operation and Maintenance	25,366,976	5,784,374	3,914,442	-	15.4	-
Education administration and Support Services	Continuous assessment, monitoring and Evaluation	25,366,976	5,784,374	3,914,442	-	15.4	-
Access and Retention In ECDE Centers	Construction of ECD Classes.	22,830,279	5,205,936	3,522,998	-	15.4	-
Access and Retention in ECDE Centers	Community mobilization and sensitization	22,830,279	5,205,936	3,522,998	-	15.4	-
Access and Retention in ECDE Centers	Development and review of nurturing care ACTS & policies	22,830,279	5,205,936	3,522,998	-	15.4	-
Access and Retention in ECDE Centers	Facilitate school feeding Programmes/ Reintroduce school milk programmes	22,830,279	5,205,936	3,522,998	-	15.4	-
Access and Retention in ECDE Centers	Provide and improve on outdoor and indoor play equipment.	22,830,279	5,205,936	3,522,998	-	15.4	-
Improve Quality and Relevance of ECDE Services	Enhance the use of digital learning programmes	7,610,093	1,735,312	1,174,333	-	15.4	-
Improve Quality and Relevance of ECDE Services	Retooling of ECDE Teachers	7,610,093	1,735,312	1,174,333	-	15.4	-
Improve Quality and Relevance of ECDE Services	Provision of adequate and relevant learning materials	7,610,093	1,735,312	1,174,333	-	15.4	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Improve Quality and Relevance of ECDE Services	Renovation of ECDE facilities	7,610,093	1,735,312	1,174,333	-	15.4	-
Improve Quality and Relevance of ECDE Services	Improve quality assurance	7,610,093	1,735,312	1,174,333	-	15.4	-
Improve on Transition from Pre-Primary to Primary School	Develop a county education management system to track the transition of children.	47,563,080	10,845,700	7,339,579	-	15.4	-
Improve on Transition from Pre-Primary to Primary School	Sensitization of parents and BOMs on ECDE issues	47,563,080	10,845,700	7,339,579	-	15.4	-
Increase access and retention in Vocational training.	Refurbish existing VTCs	11,415,139	2,602,968	1,761,499	-	15.4	-
Increase access and retention in Vocational training.	Construction of dormitories in existing VTCs	11,415,139	2,602,968	1,761,499	-	15.4	-
Increase access and retention in Vocational training.	Construction of dining halls and kitchens in existing VTCs	11,415,139	2,602,968	1,761,499	-	15.4	-
Increase access and retention in Vocational training.	Provision of bursaries, grants, and scholarships	11,415,139	2,602,968	1,761,499	-	15.4	-
Increase access and retention in Vocational training.	Provision of modern tools and equipment	11,415,139	2,602,968	1,761,499	-	15.4	-
Sub Total		380,504,642	86,765,603	58,716,633	-	15.4	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
YOUTH EMPOWERMENT AND SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES							
General Administration, Planning and Support Services	General Administrative Unit	19,585,174	2,631,360	5,088	-	-	-
Gender and Social Development	Gender mainstreaming and Development	24,481,468	3,289,200	6,360	-	-	-
Children Services	Child Rehabilitation and Custody	16,320,979	2,192,800	4,240	-	-	-
Culture and Cultural Preservation	Cultural preservation	21,217,272	2,850,640	5,512	-	-	-
Youth Development and Empowerment Services	Youth Development and Empowerment Services	44,066,642	5,920,560	11,448	-	-	-
Management and development of Sports and Sport facilities	Community Sports Programme	18,769,126	2,521,720	4,876	-	-	-
Management and development of Sports and Sport facilities	Sports administration and development	18,769,126	2,521,720	4,876	-	-	-
Sub Total		163,209,787	21,928,000	42,400	-	-	-
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT						-	-
General Administration, Planning and Support Services	General Administration Services	8,209,887	4,430,214	402,975	-	4.9	-
Physical Planning	Physical Planning Services	20,524,717	11,075,535	1,007,438	-	4.9	-
Physical Planning	Establishment and Promotion of Land Policy	8,209,887	4,430,214	402,975	-	4.9	-
Urban Development	Urban Development	32,839,548	17,720,857	1,611,901	-	4.9	-
Municipality of Embu	Municipality of Embu	4,104,944	2,215,107	201,488	-	4.9	-
Automation of land records and operations	Establishment of GIS (Geo-referencing) Information Station	4,104,944	2,215,107	201,488	-	4.9	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Valuation and Rating	Valuation Roll	4,104,944	2,215,107	201,488	-	4.9	-
Sub Total		82,098,870	44,302,142	4,029,753	-	4.9	-
EMBU COUNTY REVENUE AUTHORITY (ECRA)							
General Administration Planning and Support Services	General Administration Planning and Support Services	8,111,774	2,001,026	405,141	-	5	-
General Administration Planning and Support Services	Revenue Management Services	4,049,649	998,974	202,259	-	5	-
Sub Total		12,161,423	3,000,000	607,400	-	5	-
EMBU MUNICIPAL BOARD							
General Administration, Planning and Support Services	1) General Administration Services	493,829	3,177,363	-	-	-	-
Road Transport	1) Rural Roads Improvement and Maintenance Services	7,356,171	47,330,578	-	-	-	-
Sub Total		7,850,000	50,507,941	-	-	-	-
EMBU - FINANCING LOCALLY LED CLIMATE ACTION PROGRAM							
General Administration, Planning and Support Services	General Administration Services	9,350,000	3,850,000	-	-	-	-
Locally Led Climate Action Program	Environment and Natural Resource Management	1,700,000	700,000	-	-	-	-
Locally Led Climate Action Program	Urban and Rural Development	4,250,000	1,750,000	-	-	-	-
Locally Led Climate Action Program	Social Development and Protection	1,700,000	700,000	-	-	-	-
Sub Total		17,000,000	7,000,000	-	-	-	-
Grand Total		**5,228,184,221**	**2,533,941,392**	**813,787,335**	-	**15.6**	-

Source: Embu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration, Planning and Support Services in the Department of Finance and Economic Planning at 62.5 per cent of annual allocation.

3.6.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. High level of pending bills, which amounted to Kshs.2.11 billion as of 30th September 2023.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.29.3 million were processed through the manual payroll, accounting for 4.09 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
3. Failure to implement development expenditure programmes during the period.
4. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.35, where the County incurred expenditure over approved exchequer issues.

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

1. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
2. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
3. *The County leadership should prioritise the implementation of the development budget in order to achieve the objectives set in the planning documents.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*

3.7. County Government of Garissa

3.7.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.10.36 billion, comprising Kshs.3.73 billion (36.0 per cent) and Kshs.6.63 billion (64.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 13.0 per cent compared to the previous financial year when the approved budget was Kshs.9.16 billion and comprised Kshs.2.81 billion towards development expenditure and Kshs.6.35 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.25 billion (79.6 per cent) as the equitable share of revenue raised nationally, Kshs.91.0 million (0.9 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.24 billion (12.0 per cent) as conditional grants, a cash balance of Kshs.634.18 million (6.1 per cent) brought forward from FY 2022/23, and generate Kshs.139.0 million (1.3 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.38.

3.7.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.36 billion as the equitable share of the revenue raised nationally, Kshs.21.71 million as FIF, Kshs.160 million as conditional grants, had a cash balance of Kshs.634.18 million from FY 2022/23, and generated Kshs.21.34 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.20 billion, as shown in Table 3.38.

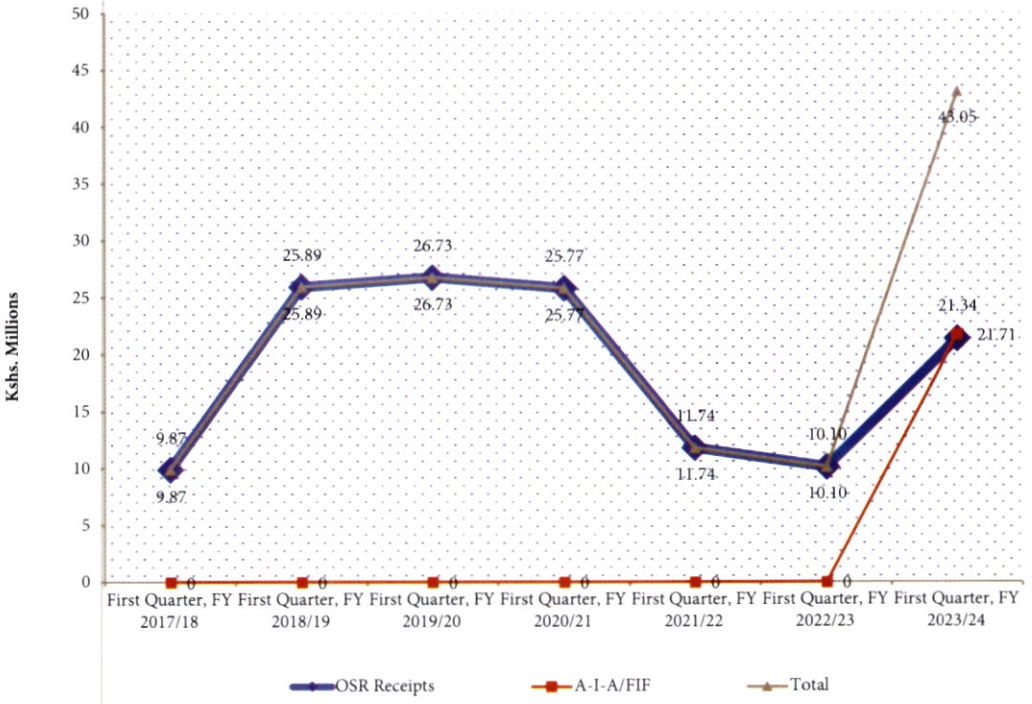
Table 3.38: Garissa County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	**8,248,748,101**	**1,361,043,437**	**16.5**
Subtotal		**8,248,748,101**	**1,361,043,437**	**16.5**
B	**Conditional Grants**			
1.	Water and Sanitation Development Project (World Bank)	600,000,000	160,002,276	26.7
2.	Emergency locust response project World Bank	169,365,353	-	-
3.	De-risking, inclusion & value Enhancement of pastoral Economies in the Horn of Africa projects (Drive project)	128,454,980	-	-
4.	Kenya Climate Smart Agricultural Project (World Bank) KCSAP	90,000,000	-	-
5.	DANIDA Grant (Universal Healthcare in Devolved System Program	12,820,500	-	-
6.	Financing locally-led climate action program (FLLoCA) County climate Institutional support (CCIS) Grant level 1 (World Bank)	11,000,000	-	-
7.	Sweden Agricultural Sector Development Support Program (ASDSP)II	3,047,337	-	-
8.	Lease of medical equipment	124,723,404	-	-
9.	Conditional Grant for aggregated Industrial parks program	100,000,000	-	-
10.	conditional Grant for the provision of the fertiliser subsidy program	3,965,101	-	-
11.	Unconditional Allocation for mineral Royalties	844,692	-	-
Sub total		**1,244,221,367**	**160,002,276**	**12.9**
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	139,000,000	21,336,938	15.4
2.	Facility Improvement Fund (FIF)	91,000,000	21,708,805	23.9
3.	Unspent balance from FY 2022/23	634,176,980	634,176,980	100
Sub total		**864,176,980**	**677,222,723**	**78.4**
Grand Total		**10,357,146,448**	**2,198,268,436**	**21.2**

Source: *Garissa County Treasury*

Figure 19 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

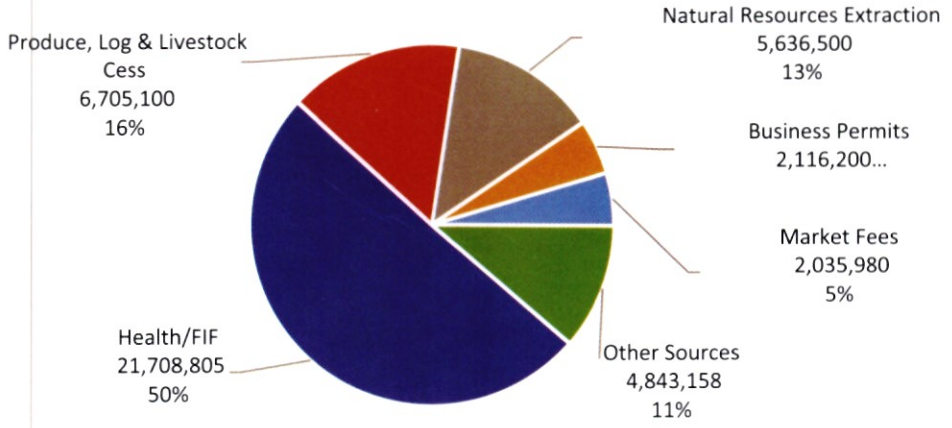
Figure 19: Embu County, Operations and Maintenance Expenditure by Major Categories



Source: *Garissa County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.43.05 million from its revenue sources, including FIF. The County Treasury did not provide receipts of FIF in the previous financial year. This amount represented an increase of 326.4 per cent compared to Kshs.10.10 million realised in FY 2022/23 and was 18.7 per cent of the annual target and 3.2 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 20.

Figure 20: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Garissa County Treasury

The highest revenue stream of Kshs.21.71 million was from the Health Sector (Facility Improvement Fund (FIF)), contributing to 50 per cent of the total OSR receipts during the reporting period.

3.7.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.71 billion from the CRF account during the reporting period, which comprised Kshs.537.50 million (31.5 per cent) for development programmes and Kshs.1.17 billion (68.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.706.66 million was released towards Employee Compensation, and Kshs.463.59 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.241.36 million.

3.7.4 County Expenditure Review

The County spent Kshs.1.52 billion on development and recurrent programmes in the reporting period. The expenditure represented 89.1 per cent of the total funds released by the CoB and comprised Kshs.377.50 million and Kshs.1.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 10.1 per cent, while recurrent expenditure represented 17.3 per cent of the annual recurrent expenditure budget.

3.7.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.910.28 million, comprising Kshs.152.03 million for recurrent expenditure and Kshs.758.25 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.304.00 million were settled, consisting of Kshs.100 million for recurrent expenditure and Kshs.204.00 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.606.28 million.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.680.67 million on employee compensation, Kshs.326.84 million on operations and maintenance, and Kshs.372.50 million on development activities. Similarly, the County Assembly spent Kshs.90.82 million on employee compensation, Kshs.46.15 million on operations and maintenance, and Kshs.5 million on development activities, as shown in Table 3.39.

Table 3.39: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,701,325,141**	**928,822,377**	**1,007,511,235**	**136,969,356**	**17.7**	**14.7**
Compensation to Employees	3,716,570,004	520,000,000	680,666,734	90,817,776	18.3	17.5
Operations and Maintenance	1,984,755,137	408,822,377	326,844,501	46,151,580	16.5	11.3
Development Expenditure	**3,573,998,969**	**153,000,000**	**372,500,000**	**5,000,000**	**10.4**	**3.3**
Total	**9,275,324,111**	**1,081,822,377**	**1,380,011,235**	**141,969,356**	**14.9**	**13.1**

***Source**: Garissa County Treasury*

3.7.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.771.48 million, or 35.1 per cent of the available revenue, which amounted to Kshs.2.20 billion. This expenditure represented a decrease from Kshs.1.39 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.160.0 million paid to health sector employees, translating to 20.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.627.69 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.143.80 million was processed through manual payrolls. The manual payrolls accounted for 18.6 per cent of the total PE cost.

The County Assembly spent Kshs.4.87 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs.33,146 per MCA. The County Assembly has established 19 Committees.

3.7.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.160 million to county-established funds in FY 2023/24, constituting 1.5 per cent of the County's overall budget. Table 3.40 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.40: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
	Disaster Management Fund/Emergency	70,000,000	70,000,000	70,000,000	No
	Bursary Fund	50,000,000	25,000,000	-	No
	Micro and Small Enterprises Development Revolving Fund	40,000,000	40,000,000	40,000,000	No
Total		**160,000,000**	**135,000,000**	**110,000,000**	-

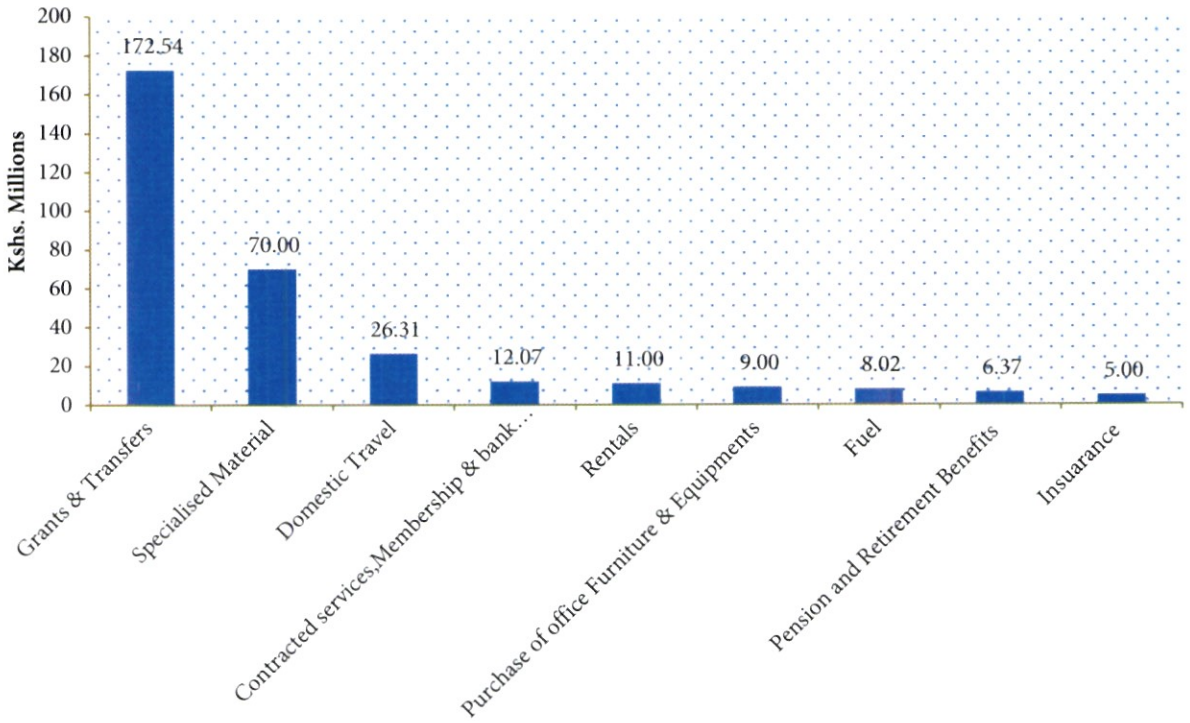
Source: Garissa *County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the three funds, as indicated in Table 3.40, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.7.9 Expenditure on Operations and Maintenance

Figure 21 summarises the Operations and Maintenance expenditure by major categories.

Figure 21: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: *Garissa County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.26.31 million and comprised of Kshs.23.04 million spent by the County Assembly and Kshs.3.26 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.29 million and comprised Kshs.3.62 million by the County Assembly and Kshs.0.67 million by the County Executive, as summarised in Table 3.41 below; -

Table 3.41: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	3Rd July to 14th July 2023	Attended Parliamentary Proceedings and Procedures workshop in Lusaka Zambia	Lusaka Zambia	912,537
County Assembly	4	24th August to 27th August 2034	Attended 8th International Conference on Social Sciences, Humanities and Education held in Oxford, United Kingdom	Britain	2,705,938

Source: *Garissa County Treasury*

3.7.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.377.50 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County did not spend on development. Table 3.42 summarises development projects with the highest expenditure in the reporting period.

Table 3.42: Garissa County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation	Mango Processing Plant	Lomut ward	9,186,500	9,186,500	100
2	Finance	Suppliers Credits	County Wide	476,176,980	128,000,000	26.9
3	Finance	Payables from Previous Financial Period - Other (Budget)s	County Wide	205,000,000	204,500,000	99.8
4	Trade and Cooperative Development	Micro and Small Enterprises development Revolving Funds	County Wide	40,000,000	40,000,000	100
5	County Assembly	Refurbishment of chambers	Headquarters	9,527,586	5,000,000	52.5

Source: Garissa County Treasury

3.7.11 Budget Performance by Department

Table 3.43 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.43: Garissa 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
Agriculture, Livestock & Pastoral	122.40	572.82	45.35	-	40.00	-	88.2	-	32.7	-
Gender, Social Service and Sport	46.21	120.00	10.00	-	10.00	-	100.0	-	21.6	-
Roads and Transport	46.07	100.00	18.00	-	16.50	-	91.7	-	35.8	-
Education and Labour	505.21	55.00	119.00	-	119.00	-	100.0	-	23.6	-
Lands, Housing and Urban Development	457.04	255.00	37.00	-	36.75	-	99.3	-	8.0	-
Finance and Economic Planning	1227.17	801.18	245.10	332.50	234.12	332.50	95.5	100.0	19.1	41.5
Health and Sanitation	2459.77	434.72	332.20	-	332.00	-	99.9	-	13.5	-
Trade, Investments Development and Tourism	70.00	245.00	28.40	40.00	27.30	40.00	96.1	100.0	39.0	16.3
Water, Environment and Natural Resources	210.80	990.28	45.74	160.00	45.01	-	98.4	-	21.4	-
County Affairs, Public Service and Intergovernmental Relations	522.57	-	136.00	0.00	133.40	-	98.1	-	25.5	-
County Public Service Board	34.07	-	13.45	0.00	13.43	-	99.8	-	39.4	-
County Assembly	928.82	153.00	140.00	5.00	136.97	5.00	97.8	100.0	14.7	3.3
Total	**6,630.15**	**3,727.00**	**1,170.24**	**537.50**	**1,144.48**	**377.50**	**97.8**	**70.2**	**17.3**	**10.1**

***Source**: Garissa County Treasury*

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 41.5 per cent, followed by the Department of Trade, Investments Development and Tourism at 16.3 per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 39.4 per cent, while the Department of Lands, Housing and Urban Development had the lowest at 8.0 per cent.

3.7.12 Budget Execution by Programmes and Sub-Programmes

Table 3.44 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.44: Garissa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Agriculture, Livestock & Pastoral		122,403,744	572,820,333	40,000,000	-	32.7	-
Programme 1: CP1: Agriculture		68,044,597	205,000,000	14,000,000	-	20.6	-
	CSP 1.1 Agriculture Administration & Support Services	56,632,159	155,000,000	14,000,000	-	24.7	-
	CSP 1.2 Crop production and value chains	11,412,438	-	-	-	-	-
	CSP 1.3 Agricultural Mechanization Services	-	50,000,000	-	-	-	-
Programme 2: Livestock Pastoral Economy		53,559,147	367,820,333	26,000,000	-	48.5	-
	CSP 2.1 Livestock Administration and Support Service	46,159,147	169,365,353	26,000,000	-	56.3	-
	CSP 2.2 Livestock Production	3,050,000	128,454,980	-	-	-	-
	CSP 2.3 Livestock Value Chains Development	1,000,000	40,000,000	-	-	-	-
	CSP 2.4 Veterinary Service	3,350,000	30,000,000	-	-	-	-
Programme 3: CP3: Fish Production		200,000				-	-
	CSP 3.1 Fisheries services	200,000	-	-	-	-	-
Programme 4: CP 4: Cooperatives		600,000	-	-	-	-	-
	CSP 4.1 Cooperatives Development	600,000	-	-	-	-	-
Department of Culture, Social, Gender and Children		46,210,946	120,000,000	10,000,000	-	21.6	-
Programme 1: CP1. Gender, Social Services, Culture, Youth and Sports		46,210,946	120,000,000	10,000,000	-	21.6	-
	CSP 1.1 Administration and Support Services	35,422,346		10,000,000	-	28.2	-
	CSP 1.2 Social Protection,	3,025,000	8,000,000	-	-	-	-
	CSP 1.3 Gender and Women Empowerment	1,500,000	4,000,000	-	-	-	-
	CSP 1.4 Promotion and preservation of culture and Heritage	1,500,000	5,000,000	-	-	-	-
	CSP 1.5 Youth development	1,500,000	3,000,000	-	-	-	-
	CSP 1.6 Sports & Talent Development	3,263,600	100,000,000	-	-	-	-
	Sub Total	46,210,946	120,000,000	10,000,000	-	21.6	-
Department of Transport and Infrastructure		46,073,600	100,000,000	16,500,000	-	35.8	-
Programme 1: CP1: Administration and support services		31,406,400	-	-	-	52.5	-
	CSP 1.1 Administration and Services	31,406,400	-	-	-	52.5	-
Programme 2: CP2: Road and transport		4,417,200	100,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	CSP 2.2 Transport	2,000,000				-	-
	CSP2.1 Roads	2,417,200	100,000,000	-	-	-	-
Programme 3: CP3: Public works &housing		10,250,000	-	-	-	-	-
	CSP3.1 Public works	10,250,000	-	-	-	52.5	-
	Sub-Total	46,073,600	100,000,000	16,500,000	-	-	-
Department of Education, Youth, Sports and Polytechnic		505,208,505	55,000,000	119,000,000	-	23.6	-
Programme 1: CP1: General Administration and support services		454,889,663	-	116,000,000	-	25.5	-
	CSP1.1 Administration and Support Services	454,889,663		116,000,000		25.5	-
Programme 2: CP2. Education Development		27,236,109	50,000,000	-	-	-	-
	ECD and Schools	24,234,909	45,000,000	-	-	-	-
	Vocational Training Centre	3,001,200	5,000,000	-	-	-	-
Programme 3: CP3. ICT, Information and Libraries		23,082,733	5,000,000	3,000,000		13.0	-
	Information and ICT	23,082,733	5,000,000	3,000,000	-	13.0	-
	Sub-Total	505,208,505	55,000,000	119,000,000	-	23.6	-
Department of Lands, Physical Planning and Urban Development		457,044,896	255,000,000	36,750,000	-	8.0	-
Programme 1: CP 1: Administration		295,155,273	50,000,000	-	-	7.8	-
	CSP 1.1 Urban Administration & Support Services	295,155,273	50,000,000	-	-	7.8	-
Programme 2: CP 2: Lands & physical planning		20,374,997	15,000,000	500,000	-	2.5	-
	CSP 2.1 Lands Services	8,000,000	10,000,000	500,000	-	6.3	-
	CSP 2.2 Physical Planning	12,374,997	5,000,000	-	-	-	-
Programme 3: CP 3: Urban Development		141,514,626	190,000,000	13,250,000	-	9.4	-
	CSP 3.0 Municipalities	132,500,000	90,000,000	11,250,000	-	8.5	-
	CSP 3.1 Urban Development and Infrastructure	8,114,626	10,000,000	2,000,000		24.6	-
	CSP 3.2 Urban Sanitation Services	900,000	90,000,000	-	-	-	-
	Sub-Total	457,044,896	255,000,000	36,750,000	-	8.0	-
Department of Finance and Economic Planning		1,227,165,479	801,176,980	234,124,200	332,500,000	19.1	41.5
Programme 1: CP 1: Administration and Support Headquarters		1,023,865,359	771,176,980	176,385,620	332,500,000	17.2	43.1
	CSP1.1 Administration and Support Services	480,925,359	771,176,980	91,684,620	332,500,000	19.1	43
	CSP1.2 Special Program Services	542,940,000	-	84,701,000	-	15.6	-
Programme 2: P2: Public Finance Management		165,214,120	30,000,000	46,437,580	-	28.1	-
	CSP 2.1 Accounting	3,713,739	-	396,320	-	10.7	-
	CSP 2.2 Budgetary	8,280,000	-	605,360	-	7.3	-
	CSP 2.3 Audit Services	5,362,600	-	670,300	-	12.5	-
	CSP 2.4 Revenue	142,227,781	30,000,000	44,218,000	-	31.1	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	CSP 2.6 Supply Chain Management	5,630,000	-	547,600	-	9.7	-
Programme 3: P3: Economic planning		38,086,000	-	11,301,000	-	29.7	-
	CSP 3.1 Planning and M&E	31,086,000	-	11,301,000	-	36.4	-
	CSP3.2 Statistics and Research	7,000,000	-	-	-	-	-
	Sub-Total	1,227,165,479	801,176,980	234,124,200	332,500,000	19.1	41.5
Department of Health and Sanitation		2,459,770,659	434,723,404	331,997,581	-	13	-
Programme 1: CP1: Governance, quality assurance and support services		2,259,770,659	175,870,420	166,107,800	-	-	-
	CSP 1.1 Administration and Support Services	2,259,770,659	165,870,420	166,107,800	-	-	-
	CSP 1.2 Health Information Systems	-	5,000,000	-	-	-	-
	CSPS 1.3 policy Research and planning	-	5,000,000	-	-	-	-
Programme 2: CP2: Curative Services		200,000,000	236,158,889	165,889,781	-	-	-
	CSP 2.1: Health products and technologies	200,000,000	177,223,404	165,889,781	-	-	-
	CSP 2.2: Rehabilitative services	-	11,500,000	-	-	-	-
	CSP 2.3 Referral and Emergency Services	-	47,435,485	-	-	-	-
Programme 3: CP3: Preventive Services		-	22,694,095	-	-	-	-
	CSP 3.1: Maternal, new born, child health and nutrition services	-	11,075,645			-	-
	CSP 3.2: Preventive and Primitive Health Services	-	11,618,450			-	-
	Sub-Total	2,459,770,659	434,723,404	331,997,581		13.5	-
Department of Trade, Investments Development and Tourism		70,000,255	245,000,000	27,300,000	40,000,000	39.0	16.3
Programme 1: CP1: Administration and Support Services		64,047,996	-	27,300,000	-	42.6	-
	CSP1.1 Administration and Support Services	64,047,996	-	27,300,000	-	42.6	-
Programme 2: CP2 Trade and Enterprise Development		3,150,000	45,000,000	-	40,000,000	-	88.9
	CSP 2.1 micro and small enterprises development	2,400,000	45,000,000	-	40,000,000	-	89
	CSP 2.2 Trade infrastructure and services	750,000	-	-	-	-	-
Programme 3: CP3. Industrialisation and Investment Programme		1,400,000	200,000,000	-	-	-	-
	CSP 3.1 Industrialisation and Investment Programme	1,400,000	200,000,000	-	-	-	-
Programme 4: CP 4: Tourism		1,402,259	-	-	-	-	-
	CSP 4.1 Tourism Development	1,402,259	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	70,000,255	245,000,000	27,300,000	40,000,000	39.0	16.3
Department of Water, Environment and Natural Resources		210,804,386	990,278,252	45,013,375		21.4	-
Programme 1: CP1: Administration and Support Services		190,899,386	60,000,000	45,013,375	-	-	-
	CSP1.1 Administration and Support Services	150,056,361	60,000,000	37,995,655	-	-	-
	CSP 4.1 Environment and Natural Resources Management	40,843,025		7,017,720	-	-	-
Programme 2: CP2: Water Services		-	780,278,252	-	-	-	-
	CSP 2.1 Water Infrastructure Development	-	780,278,252	-	-	-	-
Programme 3: CP3: Irrigation Services		5,000,000	40,000,000	-	-	-	-
	CSP 3.1 Irrigation Development	5,000,000	40,000,000			-	-
Programme 4: CP4: Environment Management and Natural Resources		14,905,000	110,000,000	-	-	-	-
	CSP 4.1 Environment and Natural Resources Management	1,100,000	30,000,000	-	-	-	-
	CSP 4.2 climate change and adaptation	12,600,000	80,000,000	-	-	-	-
	CSP 4.3 Energy Development	1,205,000	-	-	-	-	-
	Sub-Total	210,804,386	60,000,000	45,013,375		21.4	-
Department of County Affairs, Public Service and Intergovernmental Relation		522,570,671	-	133,400,000	-	26	-
Programme 1: CP 1 Executive Services		225,020,000	-	33,000,000	-	14.7	-
	Governor's Office	188,900,000		20,000,000		10.6	-
	Deputy Governor's Office	36,120,000	-	13,000,000		36.0	-
Programme 2: CSP2 County Secretary		297,550,671	-	100,400,000	-	33.7	-
	CSP 2.1 Street Lighting Headquarters	63,156,215	-	24,000,000	-	38.0	-
	CSP 2.2Operations & Sub-County Administration	104,810,000	-	40,400,000	-	38.5	-
	CSP 2.3 Intergovernmental &public participation	18,812,430	-	6,500,000	-	34.6	-
	CSP 2.4 County Attorney	17,000,000	-	5,000,000	-	29.4	-
	CSP 2.5 HR Department	76,991,478	-	15,500,000	-	20.1	-
	CSP 2.6 Donor coordination	16,780,548	-	9,000,000	-	53.6	-
	Sub-Total	522,570,671	-	133,400,000	-	25.5	-
Department of County Public Service Board		34,072,000	-	-	-	39.4	-
Programme 1: CP1: Administration and Support Services		34,072,000	-	13,426,079	-	39.4	-
	CSP 1.1 Administrative and Support Services	34,072,000	-	13,426,079	-	39.4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	34,072,000	-	13,426,079	-	39.4	-
Department of County Assembly		928,822,377	153,000,000	136,969,356	5,000,000	14.7	3.3
Programme 1: CP1: Administration and Support Services		928,822,377	153,000,000	136,969,356	5,000,000	14.7	3.3
	CSP 1.1 Administrative and Support Services	928,822,377	153,000,000	136,969,356	5,000,000	14.7	3.3
	Sub-Total	928,822,377	153,000,000	136,969,356	5,000,000	14.7	3.3
	Sub-Programme						
Grand Total		**6,630,147,518**	**2,796,720,717**	**1,144,480,591**	**377,500,000**	**17.3**	**13.5**

***Source**: Garissa County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Micro and small enterprises development in the Department of Trade, Investments Development and Tourism at 89 per cent, Administration and Support Services in the Department of Finance and Economic Planning at 43 per cent and Administrative and Support Services in the Department of County Assembly at 3.3 per cent of budget allocation.

3.7.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 27th October, 2023.
2. High level of pending bills, which amounted to Kshs.606.28 million as of 30th September 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.143.80 million were processed through the manual payroll, accounting for 18.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
3. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.8. County Government of Homa Bay

3.8.1 Overview of FY 2023/24 Budget

The County's approved budget estimates for the FY 2023/24 was Kshs.11.59 billion, comprising of Kshs.3.97 billion (34.2 per cent) and Kshs.7.62 billion (65.8 per cent) allocated for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 15.0 per cent compared to the previous financial year when the approved budget was Kshs.10.08 billion and comprised Kshs.3.10 billion towards development expenditure and Kshs.6.98 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.8.13 billion (71.0 per cent) as the equitable share of revenue raised nationally, Kshs.948.93 million (8.3 per cent) as conditional grants, raise Kshs.1.88 billion (16.5 per cent) in the form of Appropriation in Aid (AIA)/Facility Improvement Fund (FIF), and generate Kshs.490.90 million (4.3 per cent) as own-source revenue. A breakdown of the conditional grants is provided in Table 3.45.

3.8.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.34 billion as the equitable share of the revenue raised nationally, Kshs.235.36 million as Appropriation in Aid (AIA)/Facility Improvement Fund (FIF) and generate Kshs.56.20 million as ordinary own source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.63 billion, as shown in Table 3.45.

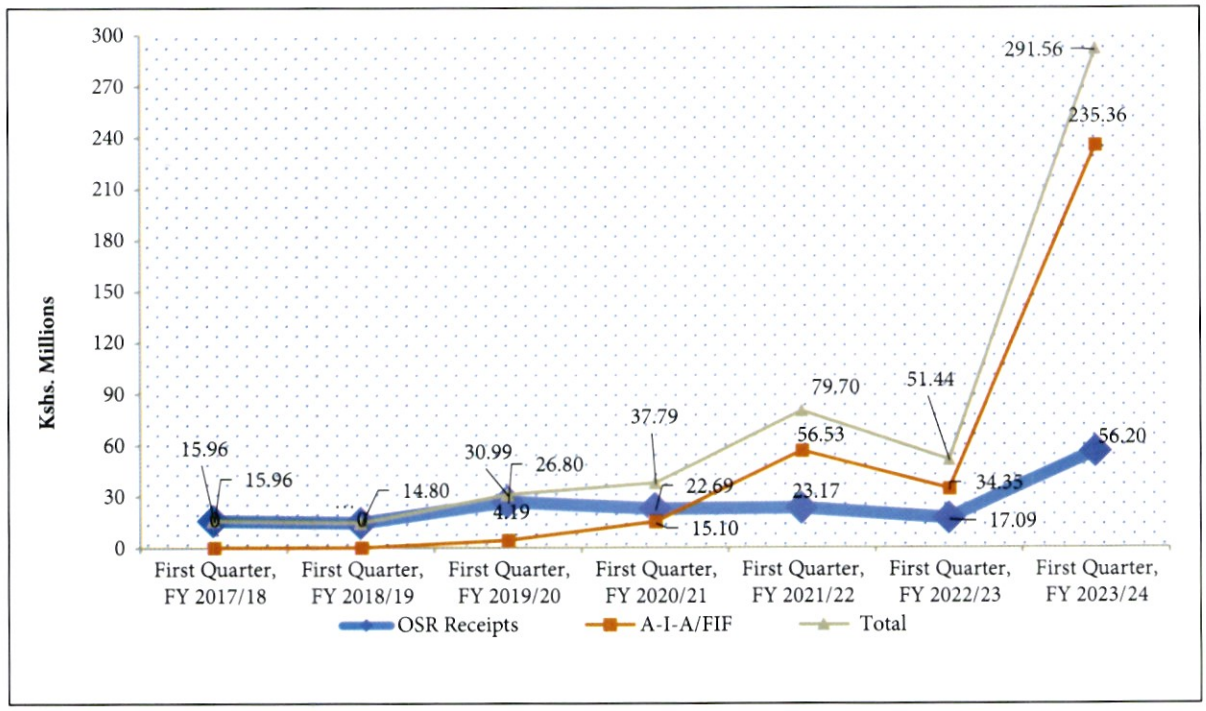
Table 3.45: Homa Bay County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,128,387,250.00	1,341,183,896.00	16.5
	Sub Total	**8,128,387,250.00**	**1,341,183,896.00**	**16.5**
B	**Conditional Grants**			
1	National Agriculture and Rural Inclusive Growth Project (NARIG)	110,477,185	-	-
2	National Value Chain Development Project	250,000,000	-	-
3	Agricultural Sector Development Support Programme (ASDSP)	10,009,580	-	-
4	Leasing of medical equipment	124,720,000	-	-
5	DANIDA	23,726,765	-	-
6	Nutrition International	20,000,000	-	-
7	Financing Locally-Led Climate Actions Programme	200,000,000	-	-
	Sub-Total	**948,933,530**	-	-
C	**Other Sources of Revenue**			
1	Own Source Revenue	490,895,690.00	56,196,929.00	11.4
2	Unspent balance from FY 2022/23	-	-	-
3	Appropriation in Aid (A-I-A)/Facility Improvement Fund (F.I.F)	1,888,053,228	235,364,297	12.5
	Sub-Total	**2,378,948,918**	**291,561,226**	**12.3**
	Grand Total	**11,456,269,698**	**1,632,745,122**	**14.3**

Source: Homa Bay County Treasury

Figure 22 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

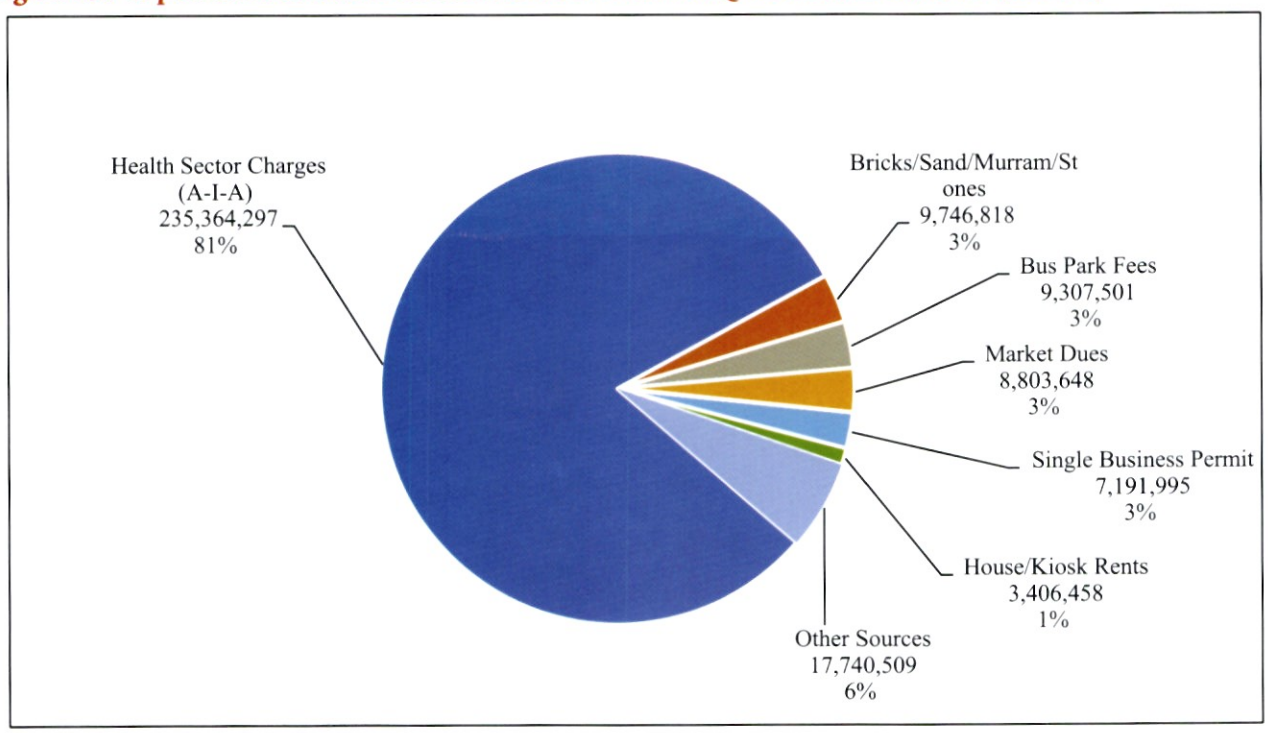
Figure 22: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: Homa Bay County Treasury

During the reporting period, the County generated a total of Kshs.291.56 million from its own sources of revenue, inclusive of the Health Sector Appropriation in Aid (AIA)/Facility Improvement Fund (FIF). This amount Kshs.51.44 million was realised in a similar period in FY 2022/23. The amount comprises Kshs.235.36 million as Health Sector Appropriation in Aid (AIA) and Kshs.56.20 million from other streams of own sources of revenue. The AIA was 12.5 per cent of the AIA annual target, while the own source revenue was 11. 4 per cent of its annual target. The revenue streams which contributed the highest OSR receipts are shown in Figure 23.

Figure 23: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Homa Bay County Treasury

The Health Sector Appropriation in Aid (AIA)/Facility Improvement Fund (FIF) amounted to Kshs.235.36 million, representing 81 per cent of the overall OSR in FY 2023/24. The highest ordinary revenue stream of Kshs.9.75 million was from bricks/sand/marram/stones harvesting, contributing 3.3 per cent of the total OSR receipts during the reporting period.

3.8.3 Exchequer Issues

The Controller of Budget authorised withdrawals of Kshs.1.25 billion entirely for recurrent programmes from the CRF account during the reporting period. Analysis of the recurrent exchequers released in FY 2023/24 indicates that Kshs.888.68 million was released towards Employee Compensation, and Kshs.356.36 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first Quarter of FY 2023/24 was Kshs.301.66 million.

3.8.4 Borrowing by the County

The County has an agreement with Kenya Commercial Bank Limited for advance payroll processing for County Executive staff, whereby the bank pays salaries for the staff every month at an interest of 0.5 per cent and excise duty of 20 per cent. The outstanding payroll management overdraft facility as of 30th September 2023 amounted to Kshs.404.15 million.

3.8.5 County Expenditure Review

The County spent Kshs.1.25 billion on recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the Controller of Budget. Expenditure on recurrent activities represented 16.4 per cent of the annual recurrent expenditure budget estimates.

3.8.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.01 billion, comprising Kshs.117.87 million for recurrent expenditure and Kshs.896.84 million for development activities. The County Executive, as well as the County Assembly, did not settle any pending bills during the reporting period.

3.8.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.811.46 million on employee compensation and Kshs.256.05 million on operations and maintenance. Similarly, the County Assembly spent Kshs.77.22 million on employee compensation and Kshs.102.78 million on operations and maintenance, as shown in Table 3.46.

Table 3.46: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,568,174,808	1,053,468,687	1,067,512,527	180,000,000	16.3	17.1
Compensation to Employees	4,790,280,025	465,579,343	811,461,435	77,217,917	16.9	16.6
Operations and Maintenance	1,777,894,783	587,889,344	256,051,092	102,782,083	14.4	17.5
Development Expenditure	3,843,945,707	122,283,800	-	-	-	-
Total	10,412,120,515	1,175,752,487	1,067,512,527	180,000,000	10.3	15.3

Source: Homa Bay County Treasury

3.8.8 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.888.68 million, or 54.4 per cent of the available revenue for the reporting period of Kshs.1.63 billion. This expenditure represented an increase of 54.2 per cent from Kshs.576.45 million reported in the first quarter of FY 2022/23. The increase in PE expenditure in the reporting period, as compared to a similar period in FY 2022/23, is attributable to the employment of additional County revenue enforcement officers and other staff cadres. The wage bill included Kshs.386.33 million paid to health sector employees, translating to 43.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.647.83 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.240.85 million was processed through manual payrolls. The manual payrolls accounted for 27.1 per cent of the total PE cost.

The County Assembly spent Kshs.9.56 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.56.66 million. The average monthly sitting allowance was Kshs.59,014 per MCA. The County Assembly has established 22 Committees.

3.8.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012, establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.631.65 million to county-established funds in FY 2023/24, constituting 4.9 per cent of the County's overall budget. Table 3.47summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.47: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds				
1.	Homa Bay County Bursary Fund	430,000,000	-	YES
2.	Homa Bay Emergency Fund	20,000,000	-	YES
3.	Homa Bay County Car Loan and Mortgage Scheme Fund	80,000,000	-	NO
4.	Homa Bay County Alcoholic Drinks Control Fund	-	-	
County Assembly Established Funds				
1.	MCA's Car and loan and Mortgage	101,651,682	-	No
Total		**631,651,682**	-	

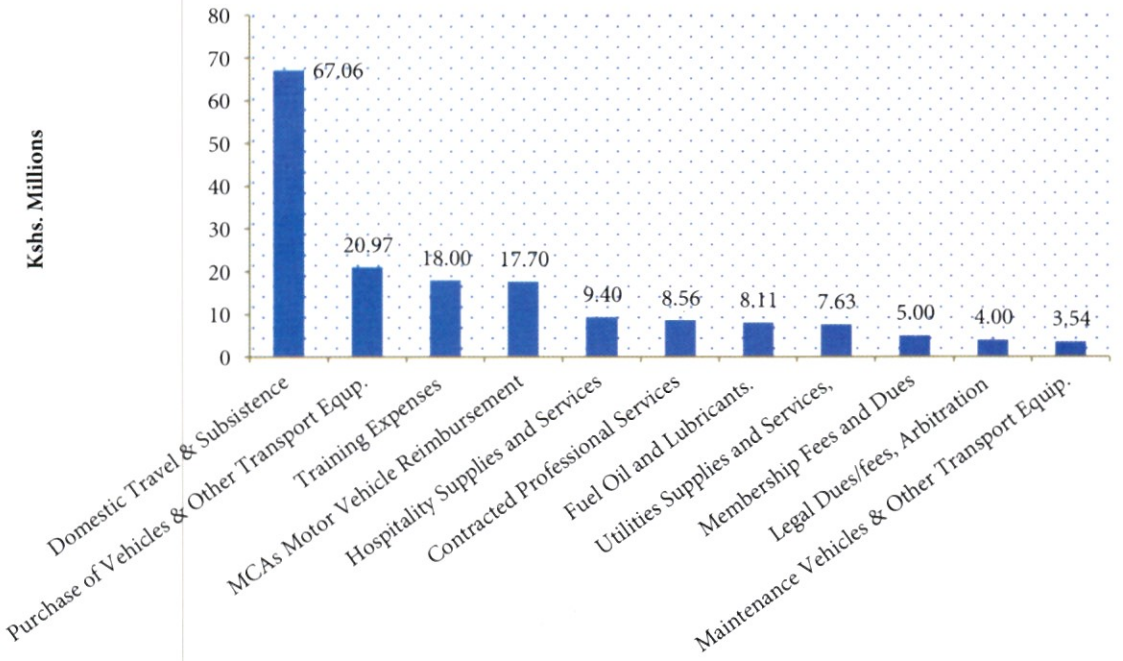
Source: *Homa Bay County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from some Fund Administrators, as indicated in Table 3.47, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.8.10 Expenditure on Operations and Maintenance

Figure 24 summarises the Operations and Maintenance expenditure by major categories.

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



Source.: *Homa Bay County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.67.06 million and comprised Kshs.23.72 million spent by the County Assembly and Kshs.43.34 million by the County Executive.

3.8.11 Development Expenditure

The County did not report any expenditure on development activities during the reporting period.

3.8.12 Budget Performance by Department

Table 3.48 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.48: 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
Finance, Economic Planning and Service Delivery	695.41	49.23	125.73	-	125.73	-	100.0	-	18.1	-
County Public Service Board	92.03	4.00	10.00	-	10.00	-	100.0	-	10.9	-
County Assembly Service Board	1,053.47	122.28	180.00	-	180.00	-	100.0	-	17.1	-
Homa Bay Municipal Board	28.81	19.25	9.20	-	9.11	-	99.0	-	31.6	-

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
Office of the Deputy Governor and Department of Agriculture and Livestock	218.13	473.47	37.50	-	37.50	-	100.0	-	17.2	-
Gender Equality and Inclusivity, Youth Sports, Talent Development, Cultural Heritage and Social Services	152.82	76.47	20.81	-	20.78	-	99.9	-	13.6	-
Roads, Transport and Public Works	163.38	955.03	26.37	-	26.36	-	100.0	-	16.1	-
Blue Economy, Fisheries, Mining and Digital Economy	96.29	103.95	20.00	-	20.00	-	100.0	-	20.8	-
Education and Human Capital	1,218.29	263.59	132.84	-	132.82	-	100.0	-	10.9	-
Public Health and Medical Services	2,531.82	604.90	468.14	-	468.04	-	100.0	-	18.5	-
Lands, Housing, Urban Development and Physical Planning	53.09	261.86	10.00	-	9.92	-	99.2	-	18.7	-
Trade, Industry, Tourism Cooperatives and Enterprise Development	166.45	388.82	35.17	-	35.12	-	99.9	-	21.1	-
Water, Irrigation, Environment and Energy and Climate Change	274.48	470.48	33.50	-	33.45	-	99.9	-	12.2	-
Department of Governance, Administration, Communication and Devolution	373.03	32.00	29.27	-	29.26	-	100.0	-	7.8	-
Executive Office of the Governor	463.90	100.00	109.51	-	109.42	-	99.9	-	23.6	-
Kendu Bay Municipality	10.06	10.00	-	-	-	-	-	-	-	-
Mbita Municipality	10.06	10.00	-	-	-	-	-	-	-	-
Ndhiwa Municipality	10.06	10.00	-	-	-	-	-	-	-	-
Total	**7,621.64**	**3,966.23**	**1,248.04**	**-**	**1,247.51**	**-**	**100.0**	**-**	**16.4**	**-**

***Source**: Homa Bay County Treasury*

Analysis of expenditure by department shows that the Homa Bay Municipal Board, the Executive Office of the Governor, Trade, Industry, Tourism Cooperatives and Enterprise Development and Blue Economy, Fisheries and Mining had the highest percentage of recurrent expenditure to the recurrent budget estimates at 31.6 per cent, 23.6 per cent, 21.1 per cent and 20.8 per cent respectively while the Kendu Bay, the Mbita and the Ndhiwa Municipalities did not report any expenditure.

3.8.13 Budget Execution by Programmes and Sub-Programmes

Table 3.49 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.49: Homa Bay County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Department of Finance and Economic Planning					
General administration and support services	Staff Remuneration and Welfare Support Services	498,293,113	91,608,110	406,685,003	18.4
	General Logistics, Coordination and Asset Management Services	56,529,916	29,489,662	27,040,254	52.2
	Sub total	**554,823,029**	**121,097,772**	**433,725,257**	**21.8**
Planning, budgeting and development coordination services	Economic planning and development services	26,781,800	-	26,781,800	-
	Resource allocation services	14,033,400	-	14,033,400	-
	Public Participation Facilitation services	9,499,000	2,000,000	7,499,000	21.1
	Sub total	**50,314,200**	**2,000,000**	**48,314,200**	**4.0**
Resource mobilisation services	External Resources Mobilization Services	8,640,000	-	8,640,000	-
	Internal Revenue Generation Services	43,272,200	2,630,500	40,641,700	6.1
	Sub total	**51,912,200**	**2,630,500**	**49,281,700**	**5.1**
Financial management services	Accounting and Financial Reporting Services	23,869,228	-	23,869,228	-
	Supply Chain Management	31,725,767	-	31,725,767	-
	Audit and Advisory Services	12,000,000	-	12,000,000	-
	Emergency Management Services	20,000,000	-	20,000,000	-
	Sub total	**87,594,995**	**0**	**87,594,995**	**-**
	Grand total	**744,644,424**	**125,728,272**	**618,916,152**	**16.9**
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	3,470,000	636,600	2,833,400	18.3
	Administrative Support Services	81,513,555	9,363,400	72,150,155	11.5
	Facility Improvement & Capacity Strengthening Services	4,000,000	-	4,000,000	-
	Sub total	**88,983,555**	**10,000,000**	**78,983,555**	**11.2**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	2,080,000	-	2,080,000	-
	Human Resource Advisory Services	1,760,000	-	1,760,000	-
	Establishment and abolishment of Offices	200,000	-	200,000	-
	National Performance Management Systems	320,000	-	320,000	-
	Capacity Development Services	2,690,000	-	2,690,000	-
	Sub total	**7,050,000**	**-**	**7,050,000**	**-**
	Grand total	**96,033,555**	**10,000,000**	**86,033,555**	**10.4**
County Assembly Service Board					
Legislative Services	Members welfare Support services	229,743,208	42,011,972	187,731,236	18.3
	Legislative development and approval services	226,159,342	13,000,000	213,159,342	5.7
	Sub total	**455,902,550**	**55,011,972**	**400,890,578**	**12.1**
Oversight and Control Services	Capacity building services	7,000,000	-	7,000,000	-
	Report writing services	22,000,000	9,565,600	12,434,400	43.5
	Public participation and education services	11,000,000	4,816,000	6,184,000	43.8
	Sub total	**40,000,000**	**14,381,600**	**25,618,400**	**36.0**
Ward Representation Services	Staff welfare support services	59,712,348	7,130,924	52,581,424	11.9
	Ward operations and maintenance	17,284,320	2,949,264	14,335,056	17.1
	Sub total	**76,996,668**	**10,080,188**	**66,916,480**	**13.1**
Policy, Planning and Administrative	Administrative support services	286,775,469	49,122,479	237,652,990	17.1
Support Services	Financial Management Services	193,794,000	51,403,761	142,390,239	26.5
	Assembly Infrastructure Development Services	122,283,800	-	122,283,800	-
	Sub total	**567,853,269**	**100,526,240**	**502,327,029**	**16.7**
	Grand total	**1,175,752,487**	**180,000,000**	**995,752,487**	**15.3**
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Financial Management Services	5,863,721	277,380	5,586,341	-
	Administration and Support Services	22,945,272	8,836,600	14,108,672	38.5
	Sub total	**28,808,993**	**9,113,980**	**19,695,013**	**31.6**
Urban development services	Land Use Planning and Management	-	-	-	-
	Neighbourhood Planning and Development Services	8,250,000	-	8,250,000	-
	Environmental Management Services	11,000,000	-	11,000,000	-
	Sub total	**19,250,000**	**-**	**19,250,000.0**	**-**
	Grand total	**8,058,993**	**9,113,980**	**8,945,013**	**19.0**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Office of The Deputy Governor and Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	4,105,600	2500000	1,605,600	-
	General Administration and Support Services	214,027,568	35,000,000	179,027,568	16.4
	Sub total	**218,133,168**	**37,500,000**	**180,633,168**	**17.2**
Crop, Land and Agribusiness Development Services	Crop Development Services	10,500,000	0	10,500,000	-
	Sub Sector Infrastructure Development Services	13,257,234	0	13,257,234	-
	Farm Input Access Services	43,000,000	0	43,000,000	-
	National Agriculture Rural Inclusive Growth	120,477,186	-	120,477,186	-
	Agriculture Sector Development Support Programme	10,659,580	-	10,659,580	-
	National Value Chain Project	255,000,000	-	255,000,000	-
	Sub total	**452,894,000**	-	**452,894,000**	**-**
Livestock Development Programme	Livestock Improvement and Development	5,140,000	-	5,140,000	-
	Livestock Infrastructure Development Services	5,000,000	-	5,000,000	-
	Livestock Health and Disease Management	10,432,625	-	10,432,625	-
	Sub total	**20,572,625**	-	**20,572,625**	**-**
	Grand total	**691,599,793**	**37,500,000**	**654,099,793**	**5.4**
Department of Gender Equality and Inclusivity Youth, Sports, Talent Development, Cultural Heritage and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	83,952,751	20,182,925	63,769,826	24.0
	Policy and Planning Services	21,772,768	600,000	21,172,768	2.8
	Sub total	**105,725,519**	**20,782,925**	**84,942,594**	**19.7**
Cultural and Creative Sector Development Services	Creative Economy Development Services	4,084,049	-	4,084,049	-
	Cultural Development and Promotion Services	9,684,288	-	9,684,288	-
	Sub total	**13,768,337**	-	**13,768,337**	**-**
Social Development and Empowerment Services	Gender and Women Empowerment	7,404,418	-	7,404,418	-
	Youth Empowerment	5,432,000	-	5,432,000	-
	Disability Mainstreaming Services	8,573,000	-	8,573,000	-
	Sub total	21,409,418	-	21,409,418	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	66,580,218	-	66,580,218	-
	Sports Management and Talent Development	21,816,250	-	21,816,250	-
	Sub total	**88,396,468**	-	**88,396,468**	**0.0**
	Grand total	**229,299,742**	**20,782,925**	**208,516,817**	**9.1**
Department of Roads, Transport and Public Works and Infrastructure					
General Administration, Planning and Support Services	Human Resource and Support Services	161,114,540	26,000,000	135,114,540	16.1
	Roads and Transport Services Operations	2,263,323	357,160	1,906,163	15.8
	Sub total	**163,377,863**	**26,357,160**	**137,020,703**	**16.1**
Public works and maintenance services	Infrastructure Development Services	10,000,000	-	10,000,000	-
	Purchase of Plant and Machinery maintenance	72,031,538	-	72,031,538	-
	Sub total	**82,031,538**	-	**82,031,538**	-
Road Development and Maintenance Services	Opening Grading and Gravelling	400,000,000	-	400,000,000	-
	Road Maintenance	472,000,000	-	472,000,000	-
	Water Transport	1,000,000	-	1,000,000	-
	Sub total	873,000,000	-	873,000,000	-
Transport Services	construction of Bus Park	0	-	0	-
	Sub total	**0**	-	**0**	-
	Grand total	**1,118,409,401**	**26,357,160**	**1,092,052,241**	**2.4**
Department of Blue Economy, Fisheries Mining and Digital Economy					
Blue Economy and Fisheries Resources and Development Services	Capture Fisheries and Development	30,200,000	-	30,200,000	-
	Aquaculture Development	20,050,000	-	20,050,000	-
	Artisanal Mining Services	4,000,000	-	4,000,000	-
	Blue Economy Development Services	10,000,000	-	10,000,000	-
	Sub total	**64,250,000**	-	**64,250,000**	-
ICT And Digital Economy Development Services	ICT Infrastructure Development	37,000,000	-	37,000,000	-
	Digital Literacy and Skill Development Services	7,700,000	-	7,700,000	-
	Sub total	**44,700,000**	-	**44,700,000**	-
General Administration, Planning and Support Services	Policy Development	4,335,000	-	4,335,000	-
	Personnel Remuneration and Welfare Services	76,286,892	20,000,000	56,286,892	26.2
	Administrative Support Services	10,665,000	-	10,665,000	-
	Sub total	**91,286,892**	**20,000,000**	**71,286,892**	**21.9**
	Grand total	**200,236,892**	**20,000,000**	**180,236,892**	**10.0**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Department of Education, Human Capital Development and Vocational Training					
General Administration and Quality Assurance Service	General administration Services	769,389,789	132,000,000	637,389,789	17.2
	Quality Assurance Services	18,903,800	818,900	18,084,900	4.3
	Sub total	**788,293,589**	**132,818,900**	**655,474,689**	**16.8**
EYE and Vocational Training Services	EYE Services	243,000,000	-	243,000,000	-
	Sub total	243,000,000	-	243,000,000	-
ICT Services	Vocational Training Services	20,590,000	-	20,590,000	-
	Education Services	430,000,000	-	430,000,000	-
	Sub total	**450,590,000**	**-**	**450,590,000**	**-**
	Grand total	**1,481,883,589**	**132,818,900**	**1,349,064,689**	**9.0**
Department of Public Health and Medical Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	11,513,500	-	11,513,500	-
	Administrative Support Services	2,043,480,991	450,769,733	1,592,711,258	22.1
	Sub total	**2,054,994,491**	**450,769,733**	**1,604,224,758**	**1.9**
Preventive and promotive health services	Community health services	88,680,000	17,266,300	71,413,700	19.5
	Disease control services	52,081,702	-	52,081,702	-
	Facility infrastructure improvement services	226,215,063	-	226,215,063	-
	Sub total	**366,976,765**	**17,266,300**	**349,710,465**	**4.7**
Curative and rehabilitative health services	Routine medical health services	308,141,757	-	308,141,757	-
	Medical emergency response services	123,000,000	-	123,000,000	-
	Facility infrastructure improvement services	279,605,247	-	279,605,247	-
	Sub total	**710,747,004**	**-**	**710,747,004**	**-**
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	-
	Capacity development services	2,000,000	-	2,000,000	-
	Sub total	**4,000,000**	**-**	**4,000,000**	**-**
	Grand total	**3,136,718,260**	**468,036,033**	**2,668,682,227**	**14.9**
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	42,308,719	9,000,000	33,308,719	21.3
	Operation and Maintenance Services	7,735,343	919,200	6,816,143	11.9
	General Office Infrastructure	3,041,000	-	3,041,000	-
	Sub total	**53,085,062**	**9,919,200**	**43,165,862**	**18.7**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Lands and Physical planning	County spatial planning	13,558,615		13,558,615	-
	Land Valuation and Registration Support Services	10,300,000	-	10,300,000	-
	County Land Acquisition and Management Services	18,000,000	-	18,000,000	-
	Sub total	**41,858,615**	**-**	**41,858,615**	**-**
Housing and Urban Development	Housing improvement services	5,000,000	-	5,000,000	-
	Settlements Upgrading Services	215,000,000	-	215,000,000	-
	Sub total	**220,000,000**	**-**	**220,000,000**	**-**
	Grand total	**314,943,677**	**9,919,200**	**305,024,477**	**3.1**
Department of Trade, Tourism, Industrialization, and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	148,767,292	35,000,000	113,767,292	23.5
	Policy Development and Implementation Services	6,750,000	124,500	6,625,500	1.8
	Administrative Support Services	10,930,000	-	-	-
	Sub total	**166,447,292**	**35,124,500**	**131,322,792**	**21.1**
Trade, Cooperative and Entrepreneurship Development Service	Enterprise Development Services	25,340,500	-	25,340,500	-
	Cooperative Development and Promotion Services	47,382,200	-	47,382,200	-
	Trade Infrastructure Development Services	102,600,000	-	102,600,000	-
	Sub total	**175,322,700**	**-**	**175,322,700**	**-**
Tourism and Industrial Development Services	Value Chain Development Services	21,017,800	-	21,017,800	-
	Tourism Development	19,975,070	-	19,975,070	-
	Tourism Infrastructure Development	10,000,000	-	10,000,000	-
	Industrial Park Development	150,000,000	-	150,000,000	-
	Investments Promotion and Facilitation	12,500,000	-	12,500,000	-
	Sub total	**213,492,870**	**-**	**213,492,870**	**-**
	Grand total	**555,262,862**	**35,124,500**	**520,138,362**	**6.3**
Department of Water Sanitation, Irrigation, Environment, Energy and Climate Change					
General Administrative services	Administrative Support Services	268,482,343	30,900,000	237,582,343	11.5
	Policy and Planning Services	6,000,000	2,550,400	3,449,600	42.5
	Sub total	**274,482,343**	**33,450,400**	**241,031,943**	**12.2**
Water Supply and Management Services	Urban Water Supply Services	14,000,000	-	14,000,000	-
	Rural Water Supply Services	140,000,000	-	140,000,000	-
	Sub total	**154,000,000**	**-**	**154,000,000**	**-**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Energy Services	Electrical Power Services	40,000,000	-	40,000,000	-
	Solar Power Services	797,001	-	797,001	-
	Low-Cost Energy Technological Promotional Services	-	-	-	-
	Sub total	**40,797,001**	**-**	**40,797,001**	**-**
Environmental Protection and Management Services	Pollution and Waste Management services	6,523,340	-	6,523,340	-
	Forestry Development Services	14,500,000	-	14,500,000	-
	Climate Change Mitigation, Adaptation and Resilience Building	254,662,003	-	254,662,003	-
	Sub total	**275,685,343**	**-**	**275,685,343**	**-**
	Grand Total	**744,964,687**	**33,450,400**	**711,514,287**	**4.5**
Governance and Administration, Communication and Devolution					
Public Service Administration support services	Human resource management and development services	268,506,000	20,765,206	247,740,794	7.7
	Planning and Monitoring Services	32,450,399	8,495,646	23,954,753	-
	Legal Services	-	-	-	-
	Sub total	**300,956,399**	**29,260,852**	**271,695,547**	**9.7**
Governance and coordination services	Executive management and liaison services	-	-	-	-
	Field coordination and administration services	-	-	-	-
	Sub total	**-**	**-**	**-**	**-**
Strategy and service delivery improvement services	Operationalisation of Office of the GDSDMEU	16,863,000	-	16,863,000	-
	Communication and Information Services	23,602,565		23,602,565	-
	Compliance and management services	-	-	-	-
Communication and Public Engagement	**Sub total**	**40,465,565**	**-**	**40,465,565**	**-**
	Compliance and management services	24,710,000	-	24,710,000	-
	Special Projects Services	7,007,350	-	7,007,350	-
	Disaster Prevention and Management Services	31,894,383	-	31,894,383	-
	Sub total	**63,611,733**	**-**	**63,611,733**	**-**
Field Administration and Devolution Support Services	Field Administration and Coordination Services	-	-	-	-
	Devolution Support Services	-	-	-	-
	Disaster and Human Services	-	-	-	-
	Sub total	**-**	**-**	**-**	**-**
	Grand total	**405,033,697**	**29,260,852**	**375,772,845**	**7.2**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Executive Office of the Governor					
Public Service Administration support services	Human resource management and development services	303,769,866	83,500,000	220,269,866	27.5
	Planning and Monitoring Services	6,310,000	-	6,310,000	-
	Legal Services	20,000,000	-	20,000,000	-
	Sub total	**330,079,866**	**83,500,000**	**246,579,866**	**25.3**
Governance and coordination services	Executive management and liaison services	202,233,970	25,920,305	176,313,665	12.8
	Field coordination and administration services	11,585,135	-	11,585,135	-
	Sub total	**213,819,105**	**25,920,305**	**187,898,800**	**12.1**
Strategy and service delivery improvement services	Strategy and advisory services	9,734,000	-	9,734,000	-
	Efficiency monitoring services	10,266,000	-	10,266,000	-
	Compliance and management services	-	-	-	-
	Sub total	**20,000,000**	**-**	**20,000,000**	**-**
	Grand total	**563,898,971**	**109,420,305**	**454,478,666**	**19.4**
Kendu Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,175,250	-	3,175,250	-
	Administration and Support Services	6,884,750	-	6,884,750	-
	Sub total	**10,060,000**	**-**	**10,060,000**	**-**
Public Works and Infrastructure Improvements Services	Transport Infrastructure Improvements	5,000,000	-	5,000,000	-
	Environmental Management Services	5,000,000	-	5,000,000	-
	Sub total	**10,000,000**	**-**	**10,000,000.0**	**-**
	Grand total	**20,060,000**	**-**	**20,060,000**	**-**
Mbita Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,175,250	-	3,175,250	-
	Administration and Support Services	6,884,750	-	6,884,750	-
	Sub total	**10,060,000**	**-**	**10,060,000**	**-**
Public Works and Infrastructure Improvements Services	Transport Infrastructure Improvements	5,000,000	-	5,000,000	-
	Environmental Management Services	5,000,000	-	5,000,000	-
	Sub total	**10,000,000**	**-**	**10,000,000**	**-**
	Grand total	**20,060,000**	**-**	**20,060,000**	**-**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Ndhiwa Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,175,250	-	3,175,250	-
	Administration and Support Services	6,884,750	-	6,884,750	-
	Sub total	**10,060,000**	-	**10,060,000**	-
Public Works and Infrastructure Improvements Services	Transport Infrastructure Improvements	5,891,972	-	5,891,972	-
	Environmental Management Services	5,000,000	-	5,000,000	-
	Sub total	**10,891,972**	-	**10,891,972**	-
	Grand total	**20,951,972**	-	**20,951,972**	-
OYUGIS Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,175,250		3,175,250	-
	Administration and Support Services	6,884,750	-	6,884,750	-
	Sub total	**10,060,000**	-	**10,060,000**	-
Public Works and Infrastructure Improvements Services	Transport Infrastructure Improvements	5,000,000	-	5,000,000	-
	Environmental Management Services	5,000,000	-	5,000,000	-
	Sub total	**10,000,000**	-	**10,000,000**	-
	Grand total	**20,060,000**	-	**20,060,000**	-
GRAND TOTAL		**11,587,873,002**	**1,247,512,527**	**10,340,360,475**	**10.8**

***Source**: Homa Bay County Treasury*

Sub-programmes with the highest levels of recurrent budget implementation based on absorption rates were: General Logistics, Coordination and Asset Management Services in the County Department of Finance and Economic Planning at 52.2 per cent; Public participation and education services and Report writing services in the County Assembly Service Board at 43.8 per cent and 43.5 per cent of budget allocation respectively and Policy and Planning Services in the Department of Water Sanitation, Irrigation, Environment, Energy And Climate Change at 42.5 per cent of budget allocation.

3.8.14 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Huge pending bills amounting to Kshs.1.01 billion as of 30th September 2023.
2. A high wage bill, which accounted for 54.4 per cent of the realised revenue in the first three months of FY 2023/24 of Kshs.1.63 billion, thus constraining funding to other programmes.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Homa Bay County Car Loan and Mortgage Scheme Fund and MCA's Car and Loan and Mortgage Scheme Fund were not submitted to the Controller of Budget.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.240.85 million were processed through the manual payroll, accounting for 27.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
2. *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.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.9. County Government of Isiolo

3.9.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.5.33 billion, comprising Kshs.1.58 billion (29.6 per cent) and Kshs.3.75 billion (70.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 1.8 per cent compared to the previous financial year when the approved budget was Kshs.5.43 billion and comprised Kshs.1.93 billion towards development expenditure and Kshs.3.50 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.90 billion (91.9 per cent) as the equitable share of revenue raised nationally, Kshs.3.57 million (0.1 per cent) as Appropriations-in-Aid (A-I-A) from Facility Improvement Fund (revenue from health facilities), Kshs.163.24 million (3.1 per cent) as conditional grants, and generate Kshs.267.63 million (5.0 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.50.

3.9.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.22 billion as the equitable share of the revenue raised nationally, Kshs.31.46 million as conditional grants, had a cash balance of Kshs.182.27 million from FY 2022/23, Kshs.33.70 million as FIF and raised Kshs.64.77 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.54 billion, as shown in Table 3.50.

Table 3.50: Isiolo County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	4,899,041,209	1,224,760,303	25.0
Subtotal		**4,899,041,209**	**1,224,760,303**	**25.0**
B	**Conditional Grants**			
1.	Danida Grant – Primary Healthcare in Devolved Context	13,768,500	4,698,375	34.1
2.	Capital Grants and Trans-Primary Health	13,768,500	-	-

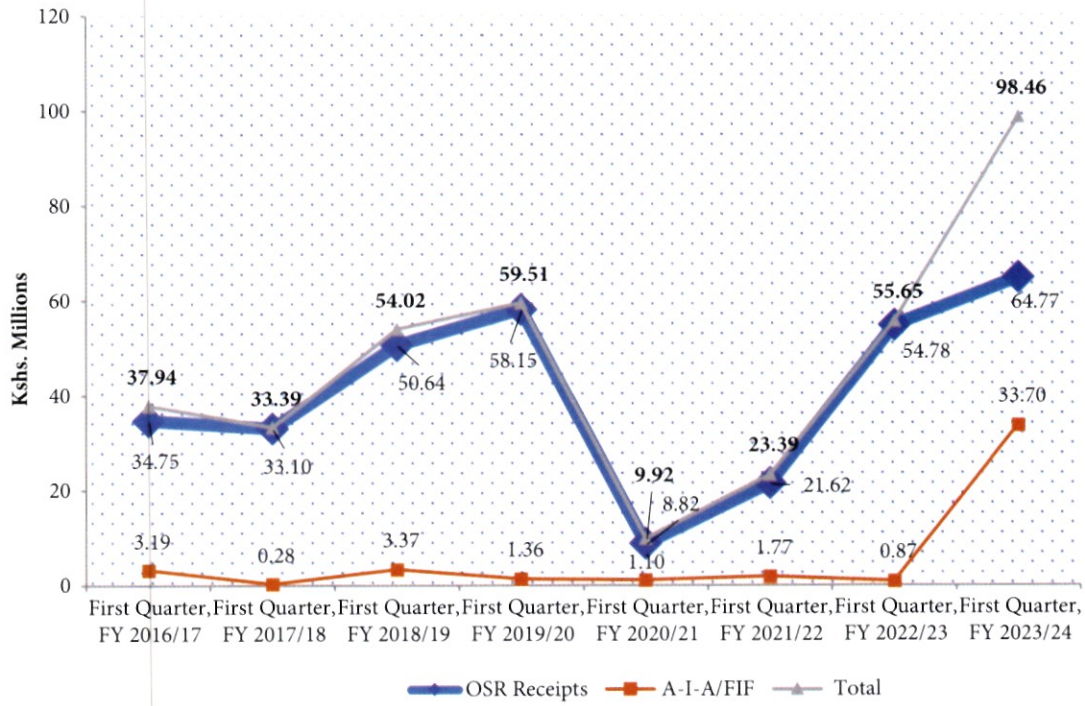
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3.	Financing Locally led climate action World Bank	136,000,000	11,000,000	8.1
4.	Sweden Agricultural Sector Development Support Programme (ASDSP)	-	15,758,238	-
Subtotal		**163,537,000**	**31,456,613**	**19.2**
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	267,634,395	64,769,001	24.2
2.	Facility Improvement Fund (FIF)	3,573,785	33,696,799	942.9
3.	Unspent balance from FY 2022/23	-	182,269,940	-
Sub Total		271,208,180	280,735,740	103.5
Grand Total		**5,333,786,389**	**1,536,952,656**	**28.8**

Source: *Isiolo County Treasury*

FIF performance above 100 per cent is due to payment of a pending NHIF debt to the county and automation of hospital revenue collection.

Figure 25 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

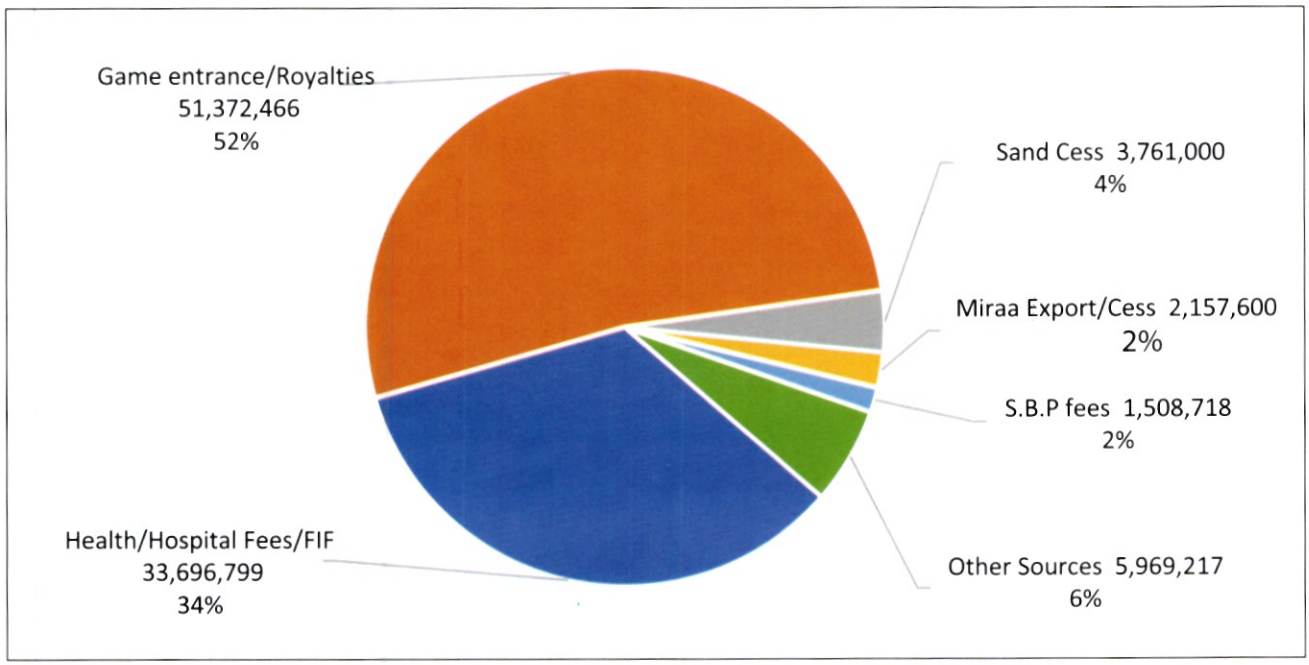
Figure 25: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Isiolo County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.98.46 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 76.9 per cent compared to Kshs.55.65 million realised in FY 2022/23 and was 36.3 per cent of the annual target and 8 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.8.33 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 26.

Figure 26: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Isiolo County Treasury

The increase in revenue by 76.9 per cent may be attributed to the revival of revenue streams that initially reported less revenue, Revenue collection supervision change, and partial automation. The highest revenue stream of Kshs.51.37 million was from the Game park entrance/ royalties fee, contributing to 52.2 per cent of the total OSR receipts during the reporting period.

3.9.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.901.32 million from the CRF account during the reporting period, which comprised Kshs.118.69 million (13.2 per cent) for development programmes and Kshs.782.65 million (86.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.352.32 million was released towards Employee Compensation, and Kshs.430.32 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.446.61 million.

3.9.4 County Expenditure Review

The County spent Kshs.905.49 million on development and recurrent programmes in the reporting period. The expenditure represented 100.5 per cent of the total funds released by the CoB and comprised Kshs.93.72 million and Kshs.811.77 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.9 per cent, while recurrent expenditure represented 21.6 per cent of the annual recurrent expenditure budget.

3.9.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.476.10 million, comprising Kshs.336.05 million for recurrent expenditure and Kshs.140.05 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.43.85 million were settled, consisting of Kshs.9.89 million for recurrent expenditure and Kshs.33.95 million for development programmes. Therefore, as of 30 September 2023, the outstanding amount was Kshs.432.25 million.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.468.27 million on employee compensation, Kshs.269.19 million on operations and maintenance, and Kshs.93.72 million on development activities. Similarly, the County Assembly spent Kshs.51.31 million on employee compensation and Kshs.23 million on operations and maintenance, as shown in Table 3.51.

Table 3.51: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,215,619,898**	**539,252,680**	737,463,004	74,310,486	**22.9**	**13.8**
Compensation to Employees	2,021,346,407	264,673,202	468,268,465	51,310,485	23.2	19.4
Operations and Maintenance	1,194,273,491	274,579,478	269,194,539	23,000,001	22.5	8.4
Development Expenditure	1,538,617,308	40,000,000	93,720,026	-	6.1	-
Total	**4,754,237,206**	**579,252,680**	**831,183,030**	**74,310,486**	**17.5**	**12.8**

***Source**: Isiolo County Treasury*

3.9.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.519.58 million, or 33.8 per cent of the available revenue, which amounted to Kshs.1.54 billion. This expenditure represented an increase from Kshs.495.50 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.209.20 million paid to health sector employees, translating to 40.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.505.14 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.6.72 million was processed through manual payrolls. The manual payrolls accounted for 1.3 per cent of the total PE cost.

The County Assembly spent Kshs.1.04 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.10.50 million. The average monthly sitting allowance was Kshs.19,320 per MCA. The County Assembly has established 12 Committees.

3.9.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.188.06 million to county-established funds in FY 2023/24, constituting 3.5 per cent of the County's overall budget. Table 3.52 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.52: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Isiolo County Emergency Fund	110,000,000	50,000,500	96,995,682	Yes
2.	Isiolo County Education Bursary Fund	75,000,000	0	0	Yes
County Assembly Established Funds					
3.	County Assembly of Isiolo Mortgage Scheme Fund	3,060,000	0	0	Yes
Total		**188,060,000**	**50,000,500**	**96,995,682**	

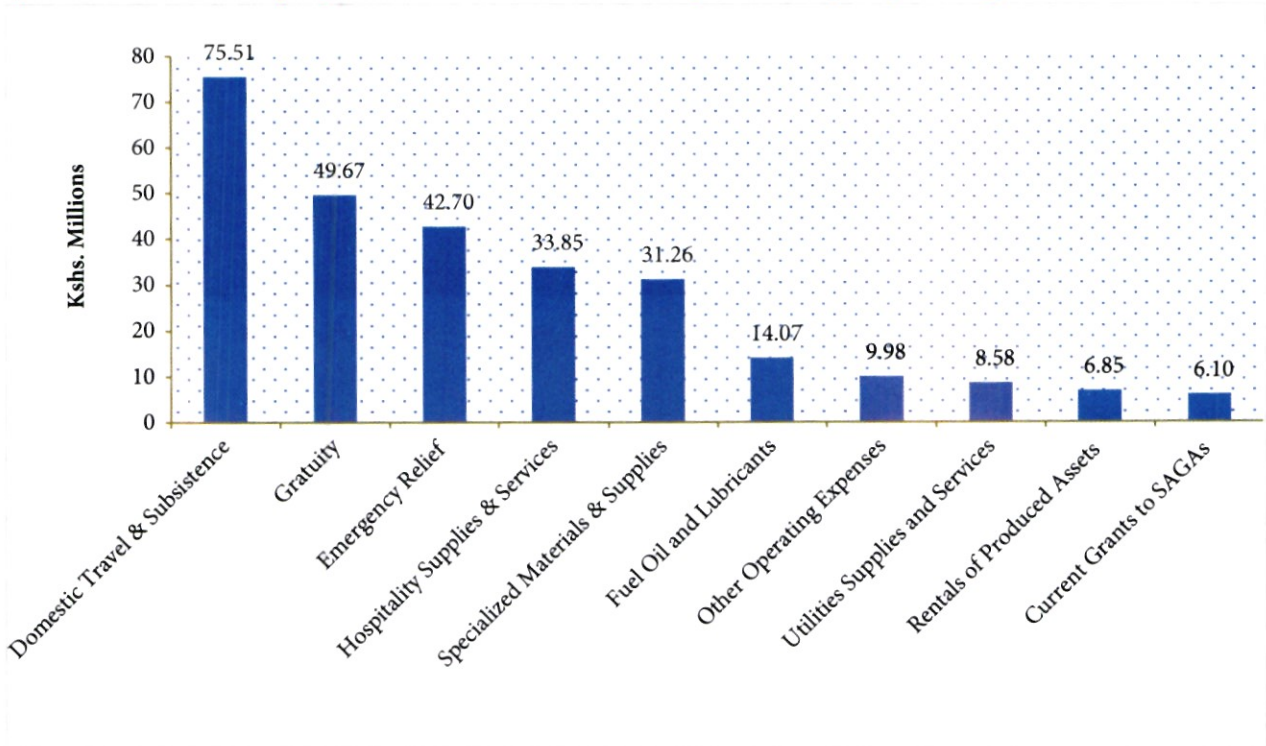
Source: *Isiolo County Treasury*

From the submitted Funds quarter one FY 2023/24 report, in addition to revenues from the exchequer (CRF), the Emergency Fund received direct funding from donors amounting to Kshs.44.8 million.

3.9.9 Expenditure on Operations and Maintenance

Figure 27 summarises the Operations and Maintenance expenditure by major categories.

Figure 27: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: *Isiolo County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.75.51 million and comprised Kshs.22.90 million spent by the County Assembly and Kshs.52.61 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28,350 by the County Executive incurred on sundry Items (e.g. airport tax, taxis, etc). A breakdown of "*Other Operating Expenses*" in the above graph is shown in Table 3.53.

Table 3.53: Breakdown of Other Operating Expenses

County Ministry	Department	Program	Description	Expenditure
Office of the Governor	Office of Governor	County Governance	Security Operations	1,956,100
			Contracted Professional Services	730,000
			Contracted Guards and Cleaning Services	1,349,600
	Deputy Governor	County Governance	Security Operations	90,000
Finance, Planning, National Development and Vision 2030	Revenue Services	Source Revenue Enhancement	Security Operations	42,000
Tourism Culture And Social Services	Public Service Management and Administration	Public Service Productivity & Reforms	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	12,000
	Tourism& Wildlife	Tourism Promotion and Marketing	Security Operations	600,000
Health Services	Medical Services	Curative and Rehabilitative Health Services	Other Operating Expenses - other	1,299,608
		Curative and Rehabilitative Health Services	Emergency Medical Expenses	1,500,000
		Preventive and Promotive Health Services	Other Operating Expenses - other	898,000
	Public Health	Quality Assurance & Standards	Emergency Medical Expenses	1,500,000

County Ministry	Department	Program	Description	Expenditure
Total				**9,977,308**

Source: Isiolo County Treasury

3.9.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.93.72 million on development programmes, representing an increase of 100 per cent compared to a similar period of FY 202223 when the County did not spend any amount in the development budget. Table 3.54 summarises development projects with the highest expenditure in the reporting period.

Table 3.54: Isiolo County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget Allocation (Kshs)	Amount paid to date (Kshs)
1.	Municipality	Isiolo Market Construction	Isiolo town	545,211,810	90,000,000	23,021,151
2.	Environment and Climate Change	Financing Locally Led Climate Action (FLLoCA)	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	136,000,000	11,000,000
3.	Public Health	Current Grants to Government Agencies and Other Levels of Government	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	13,768,500	4,698,375
4.	Lands and Physical Planning	Titling programme (Survey Adjudication, Valuation roll & Registration of Community Lands)	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	10,080,782	3,000,000
5.	Culture, Social Services and Gender	ALMAS Donation	Wabera		2,000,000	2,000,000

Source: Isiolo County Treasury

The County Treasury did not include the contract sum for several projects, as shown in the table above.

3.9.11 Budget Performance by Department

Table 3.55 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.55: Isiolo 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 Assembly	539.25	40.00	74.31		74.31		100.0	-	13.8	-
County Executive Sector	383.27		76.27		48.59		63.7	-	12.7	-
County Treasury and Economic Planning and Special Programmes and ICT and Cohesion	373.43	160.00	147.07	50.00	70.50	50.00	47.9	100.0	18.9	31.3

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
Lands, Urban Planning, Roads, Housing and Public Works	48.65	160.58	8.42	33.78	2.96	3.00	35.1	8.9	6.1	1.9
Agriculture, Livestock, Veterinary and Fisheries	172.95	219.26	30.45		4.75	-	15.6	-	2.7	-
Education, Youth, Sports, and Gender, Culture and Social Services	211.29	184.04	47.91	3.90	6.84	2.00	14.3	51.3	3.2	1.1
Tourism, Culture and Trade, including PSM	530.04	276.00	117.61		70.50	-	59.9	-	13.3	-
Water, Energy, Environment and Natural Resources Management	79.49	280.19	11.27	4.66	4.43	11.00	39.3	236.1	5.6	3.9
Health Services	1,368.69	140.51	253.73		524.23	4.70	206.6	-	38.3	3.3
Municipal Administration	47.81	118.04	15.61	26.35	4.66	23.02	29.8	87.4	9.7	19.5
Total	**3,754.87**	**1,578.62**	**782.64**	**118.69**	**811.77**	**93.72**	**103.7**	**79.0**	**21.6**	**5.9**

***Source**: Isiolo County Treasury*

Analysis of expenditure by department shows that the Department of County Treasury and Economic Planning and Special Programme and ICT and Cohesion recorded the highest absorption rate of development budget at 31.3 per cent, followed by the Department of Municipal Administration at 19.5 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 38.3 per cent, while the Department of Agriculture, Livestock, Veterinary and Fisheries had the lowest at 2.7 per cent.

3.9.12 Budget Execution by Programmes and Sub-Programmes

Table 3.56 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.56: Isiolo County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Programme 1	Legislative service	539,252,680	-	74,310,486	-	13.8	-
Programme 2	Infrastructure support	-	40,000,000	-	-	-	-
Sub Total		**539,252,680**	**40,000,000**	**74,310,486**	-	**13.8**	-
County Executive Sector							
County Governance and Coordination Affairs	County Governance	106,645,772	-	24,282,846	-	22.8	-
County Governance and Coordination Affairs	General Administration Planning & Support Services	120,884,534	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Human Resources Mgt & Deployment	General Administration Planning & Support Services	31,647,996	-	647,123	-	2.0	-
Human Resources Mgt & Deployment	Human Resource Planning & Development	9,800,000	-	4,895,700	-	50.0	-
Human Resources Mgt & Deployment	Board Operation & Management	14,553,000	-	3,471,500	-	23.9	-
Human Resources Mgt & Deployment	Board Operation & Management	1,000,000	-	461,600	-	46.2	-
County Administration	County Administration	35,192,234	-	6,783,600	-	19.3	-
Prudent use of Financial Resources	General Administration Planning & Support Services	11,031,840	-	-	-	-	-
Prudent use of Financial Resources	Efficiency Monitoring & Community Engagement	4,018,367	-	1,212,900	-	30.2	-
Legal Services	Legal Services	29,853,000	-	-	-	-	-
Legal Services	Legislative Services	12,647,000	-	1,733,480	-	13.7	-
Management of County Affairs	Partnerships Intergovernmental& NGO Coordination	6,000,000	-	1,655,500	-	27.6	-
	Sub Total	**383,273,743**	**-**	**45,144,249**	-	**11.8**	∞
County Treasury and Economic Planning and Special Programmes and ICT and Cohesion							
Public financial management	Administrative Services	76,532,103	-	100,000	-	0.1	-
Public financial management	Supply Chain Management Services	29,121,728	40,000,000	3,124,500	-	10.7	-
Public financial management	Accounting Services	26,064,628	-	11,427,329	-	43.8	-
Disaster Preparedness Prevention Response & Recovery	General Administration Planning & Support Services	31,000,000	-	-	-	-	-
Disaster Preparedness Prevention Response & Recovery	Coordination Training & Capacity Development	13,750,000	-	2,921,700	-	21.2	-
Disaster Preparedness Prevention Response & Recovery	Disaster Risk Awareness Preparedness & Management	50,000,000	-	25,000,000	-	50.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Disaster Preparedness Prevention Response & Recovery	Social Protection	30,350,000	110,000,000	10,000,000	50,000,500	32.9	45.5
Economic Planning and Coordination ion	Monitoring and Evaluation	16,450,240	-	25,000	-	0.2	-
Economic Planning and Coordination ion	Budget Formulation & Coordination	25,424,803	6,000,000	4,798,000	-	18.9	-
Economic Planning and Coordination ion	Monitoring & Evaluation	12,071,730	-	6,035,800	-	50.0	-
Cohesion and Peace Building	Administrative and Civic Education Services	6,220,081	-	20,000	-	0.3	-
Cohesion and Peace Building	Peace and Cohesion	9,167,503	-	1,750,100	-	19.1	-
Cohesion and Peace Building	Violent Extremism Prevention	7,305,266	-	3,564,600	-	48.8	-
Revenue Enhancement	General Administration Planning & Support Services	20,252,000	-	17,500	-	0.1	-
Revenue Enhancement	Source Revenue Enhancement	8,918,000	-	3,056,400	-	34.3	-
Revenue Enhancement	Source Revenue Enhancement		1,000,000		-	-	-
ICT and E-Government services	ICT Innovation and Enterprises	6,365,000.00	-	7,500	-	0.1	-
ICT and E-Government services	County Government Public Image Improvement	4,435,000.00	-	1,220,800	-	27.5	-
ICT and E-Government services	E-Government Services	-	3,000,000.00	-	-	-	-
	Sub-Total	**373,428,082**	**160,000,000**	**73,069,229**	**50,000,500**	**19.6**	**31.3**
Education, Youth, Sports, and Gender, Culture and Social Services							
Land Survey and land use planning	County land planning and spatial development	10,592,020	-	73,500	-	0.7	-
Land Survey and land use planning	Land Use Planning	6,071,040	54,080,782	1,035,000	3,000,000	17.0	5.5
Land Survey and land use planning	Land Survey & Mapping	4,040,000		100,000	-	2.5	-
Roads & Infrastructure	Road Improvement	10,196,000	100,500,056.00	99,000	-	1.0	-
Roads & Infrastructure	Routine Roads Maintenance	3,580,000	-	1,371,000	-	38.3	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)	Administration and Planning Services	200,000	-	23,384	-	11.7	-
Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)	Housing Development	2,800,000	-	710,000	-	25.4	-
Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)	Urban Development	-	6,000,000	-	-	-	-
Public Works & Infrastructure	General Administration Planning & Support Services	11,172,868	-	297,900	-	2.7	-
Public Works & Infrastructure	Routine Roads Maintenance	-	-	-	-	-	-
	Sub-Total	**48,651,928**	**160,580,838**	**3,709,784**	**3,000,000**	**7.6**	**1.9**
Agriculture, Livestock, Veterinary and Fisheries							
Sustainable Crop Development & Agricultural Land Use	General Administration Planning & Support Services	48,052,420	-	45,000	-	0.1	-
Sustainable Crop Development & Agricultural Land Use	Irrigation Schemes	1,181,366	2,550,000.00	185,100	-	15.7	-
Sustainable Crop Development & Agricultural Land Use	Crop Development & Management	3,555,591	4,000,000.00	766,800	-	21.6	-
Sustainable Crop Development & Agricultural Land Use	Agribusiness & Market Development	1,070,000	-	515,000	-	48.1	-
Livestock Production	General Administration Planning & Support Services	92,782,452	-	177,900	-	0.2	-
Livestock Production	Rangeland Rehabilitation & Management	3,811,083	-	300,000	-	7.9	-
Livestock Production	Marketing & Value Addition	-	200,000,000	-	-	∞	-
Livestock Production	Breeds Improvement & Livestock Risk Mgt	-	7,500,000	-	-	∞	-
Livestock Production	Livelihood Diversification	-	1,044,000	-	-	∞	-
Value Addition	Livestock Diseases & Pests Control	9,000,000	-	-	-	0.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Value Addition	Diagnostics & Laboratory Services	1,850,000	-	-	-	0.0	-
Value Addition	Veterinary Public Health Services	4,100,000	-	2,002,750	-	48.8	-
Fisheries Development	General Administration & Support Services	4,444,240	-	115,648	-	2.6	-
Fisheries Development	Aquaculture Technology Development & Innovation Transfer	700,000	4,170,000	96,000	-	13.7	-
Fisheries Development	Fish Safety Assurance Value Addition & Marketing	2,400,000	-	735,000	-	30.6	-
	Sub-Total	**172,947,152**	**219,264,000**	**4,939,198**	-	**2.9**	-
Education, Youth, Sports, and Gender, Culture and Social Services							
Provision of education and training services	General Administration & Support Services	154,037,827	-	15,500	-	-	-
Provision of education and training services	ECDE Retention	7,000,000	-	3,000,000	-	42.9	-
Provision of education and training services	Education Support Services	3,181,022	75,000,000	481,100	-	15.1	-
Provision of education and training services	Quality ECDE Services	745,035	6,000,000	350,000	-	47.0	-
Provision of education and training services	ECDE Access	-	24,700,000	-	-	-	-
Youth, Sports and Gender	Sports Performance & Management	2,255,600	-	1,127,200	-	50.0	-
Youth, Sports and Gender	General Administration Planning & Support	7,732,080	-	5,000	-	0.1	-
Youth, Sports and Gender	Youth Development	8,736,311	10,000,000	250,000	-	2.9	-
Youth, Sports and Gender	Sports Facilities Development	-	18,000,000	-	-	-	-
Culture and social services	Administration & Support Services	16,970,780	-	7,129	2,000,000	-	-
Culture and social services	Arts & Culture Development	900,000	12,500,000	449,500	-	49.9	-
Gender Mainstreaming	Gender-Based Violence & Harmful Practices	1,780,000	-	890,000	-	50.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Gender Mainstreaming	Women Empowerment	220,000	10,000,000	110,000	-	50.0	-
Child Protection	Child Protection		2,000,000		-	-	-
Disability Empowerment	PWDs Social-Economic Empowerment	3,726,484	5,000,000	1,100,000	-	29.5	-
Cultural and Arts Empowerment	TVET Access & Retention	318,157	19,375,185	99,950	-	31.4	-
Cultural and Arts Empowerment	VTC Quality Development	3,681,843	-	250,000	-	6.8	-
Cultural and Arts Empowerment	Secondary and Tertiary Education Support	-	1,465,185	-	-	-	-
	Sub-Total	**211,285,139**	**184,040,370**	**8,135,379**	**2,000,000**	**3.9**	**1.1**
Tourism, Culture and Trade, including PSM							
Tourism Promotion	Tourism Promotion and Marketing	91,081,330	-	2,282,000	-	2.5	-
Tourism Promotion	Tourism Development	700,000		1,049,600	-	149.9	-
Tourism Promotion	Wildlife Protection	-	15,000,000	-	-	-	-
Trade development and promotion	Entrepreneurship and business management training	3,507,867	-	1,216,000	-	34.7	-
Trade development and promotion	General Administration & Support Services	13,056,520	-	70,796	-	0.5	-
Trade development and promotion	Development of new market stalls	-	250,000,000	-	-	∞	-
Public Service Management and Administration	General Administration Planning & Support Services	132,631,110	-	3,275,021	-	2.5	-
Public Service Management and Administration	Public Service Productivity & Reforms	240,154,240	-	52,575,320	-	21.9	-
Public Service Management and Administration	Performance Management Framework	6,437,000	6,000,000	3,114,420	-	48.4	-
Devolved Units & Inspectorate	Devolved Units & Inspectorate	30,020,000	5,000,000	5,537,574	-	18.4	-
Civic Education & Public Participation	General Administration Planning & Support Services	5,118,000	-	5,000	-	0.1	-
Civic Education & Public Participation	Civic Education	1,460,000	-	100,000	-	6.8	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Civic Education & Public Participation	Public Participation	1,750,000	-	732,900	-	41.9	-
Civic Education & Public Participation	Customer Service	1,725,000	-	150,000	-	8.7	-
MSMs & Cooperatives	Co-operative Development & Management	2,400,000	-	393,600	-	16.4	-
	Sub-Total	**530,041,067**	**276,000,000**	**70,502,232**	-	**13.3**	-
Water, Energy, Environment and Natural Resources Management							
Water Supply and Storage Services	Procurement of survey equipment and accessories	30,261,320	-	485,690	-	1.6	-
Water Supply and Storage Services	Rural Water Supply & Storage Services	13,099,573	103,316,619	2,135,00	-	16.3	-
Water Supply and Storage Services	Rural Water Services Governance	750,000	-	-	-	-	-
Water Supply and Storage Services	Adaptive Capacity to Natural Disaster	3,000,000	-	-	-	-	-
Climate Change Mitigation & Adaptation	General Administration & Support Services	19,675,040	-	27,000	-	0.1	-
Climate Change Mitigation & Adaptation	Enabling Legal & Implementation Frameworks	1,006,732	-	502,200	-	49.9	-
Climate Change Mitigation & Adaptation	Inclusive Climate Resilience	800,000	-	295,400	-	36.9	-
Climate Change Mitigation & Adaptation	Climate Smart Practices	3,400,000	166,870,282	200,000	11,000,000	5.9	6.6
Conservation of Environment & Natural Resources	Administration and Support Services	230,000	-	-	-	-	-
Conservation of Environment & Natural Resources	Sustainable Natural Resources Exploitation	2,020,000	2,000,000	736,200	-	36.4	-
Conservation of Environment & Natural Resources	Environmental Conservation	1,050,000	-	150,000	-	14.3	-
Energy services	General Administration & Support Services	230,000	-	5,000	-	2.2	-
Energy services	Green Energy Promotion	3,970,000	-	322,900	-	8.1	-
Energy services	Renewable Energy Technologies	-	4,000,000.00	-	-	-	-
	Sub-Total	**79,492,665**	**280,186,901**	**4,859,390**	**11,000,000**	**6.1**	**3.9**

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Health Services							
Health Preventive and Promotive Services	Administration Support Services	-	-	-	-	-	-
Health Preventive and Promotive Services	Human Resource Management	956,901,288	-	439,150,595	-	45.9	-
Health Preventive and Promotive Services	Monitoring & Evaluation	4,071,674	-	1,558,688	-	38.3	-
Health Preventive and Promotive Services	Quality Assurance & Standards	4,402,000	-	1,160,100	-	26.4	-
Health Preventive and Promotive Services	Curative and Rehabilitative Health Services	40,449,092	55,476,986	9,821,608	-	24.3	-
Health Preventive and Promotive Services	Pharmaceutical & Pharmaceutical Commodities	144,672,260	-	37,155,655	-	25.7	-
Health Curative Services	Human Resource Management	119,228,341	-	30,117,736	-	25.3	-
Health Curative Services	Primary Health Care	51,227,471	71,800,283	137,600	-	0.3	-
Health Curative Services	Nutrition	2,502,646	-	497,620	-	19.9	-
Health Curative Services	Community Health Services	31,000,000	-	10,218,600	-	33.0	-
Health Curative Services	Communicable Diseases Control	5,437,640	-	2,704,900	-	49.7	-
Health Curative Services	Public Health Emergency Coordination	8,796,400	13,231,500	2,015,136	4,698,375	22.9	35.5
Health Curative Services	**Sub-Total**	**1,368,688,812**	**140,508,769**	**534,538,238**	**4,698,375**	**39.1**	**3.3**
Municipal Administration							
General Administration and Planning	General Administration and Planning	27,070,749	20,536,430.00	2,935,375	-	10.8	-
Infrastructural Development	Infrastructural Development	7,500,000	90,000,000.00	-	23,021,151	0.0	25.6
Municipality Amenities	Municipality Amenities	5,522,400	7,500,000.00	2,425,000	-	43.9	-
Municipal Disaster Management	Municipal Disaster Management	2,300,000	-	445,500	-	19.4	-
Municipal Transport Services & Management	Municipal Transport Services & Management	5,418,161	-	1,000,000	-	18.5	-
Sub-Total	**Sub-Total**	**47,811,310**	**118,036,430**	**6,805,875**	**23,021,151**	14.2	19.5
Grand Total		**3,754,872,578**	**1,578,617,308**	**826,014,060**	**93,720,026**	**14.2**	**5.9**

***Source**: Isiolo County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Tourism Development in the Department of Tourism, Culture and Trade, including PSM at 149.9 per cent, Human Resource Planning & Development in the Department of County Executive Sector at 50 per cent, Disaster Risk Awareness Preparedness & Management in the Department of County Treasury and Economic Planning and Special Programme and ICT and Cohesion at 50 per cent, and Monitoring and Evaluation Programme at 50 per cent of budget allocation.

The reported recurrent expenditure by programmes exceeded the recurrent expenses reported for the same period by the County Treasury, which shows a failure to reconcile records continuously.

3.9.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The County Executive submitted their report to OCoB on 27th October 2023
2. High level of pending bills which amounted to Kshs.432.25 million as of 30th September 2023.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.55, where the County incurred expenditure over approved exchequer issues in two departments.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.6.72 million were processed through the manual payroll, accounting for 1.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.10. County Government of Kajiado

3.10.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.11.56 billion, comprising Kshs.4.25 billion (36.7 per cent) and Kshs.7.32 billion (63.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 14.8 per cent compared to the previous financial year when the approved budget was Kshs.10.11 billion and comprised of Kshs.3.24 billion towards development expenditure and Kshs.6.87 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.33 billion (72.1 per cent) as the equitable share of revenue raised nationally, Kshs.315.70 million (2.7 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.71 billion (14.8 per cent) as conditional grants and generate Kshs.1.20 billion (10.4 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.57.

3.10.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.2.08 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.9.48 million from FY 2022/23, Kshs.79.73 million as FIF and raised Kshs.85.38 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs2.25 billion, as shown in Table 3.57.

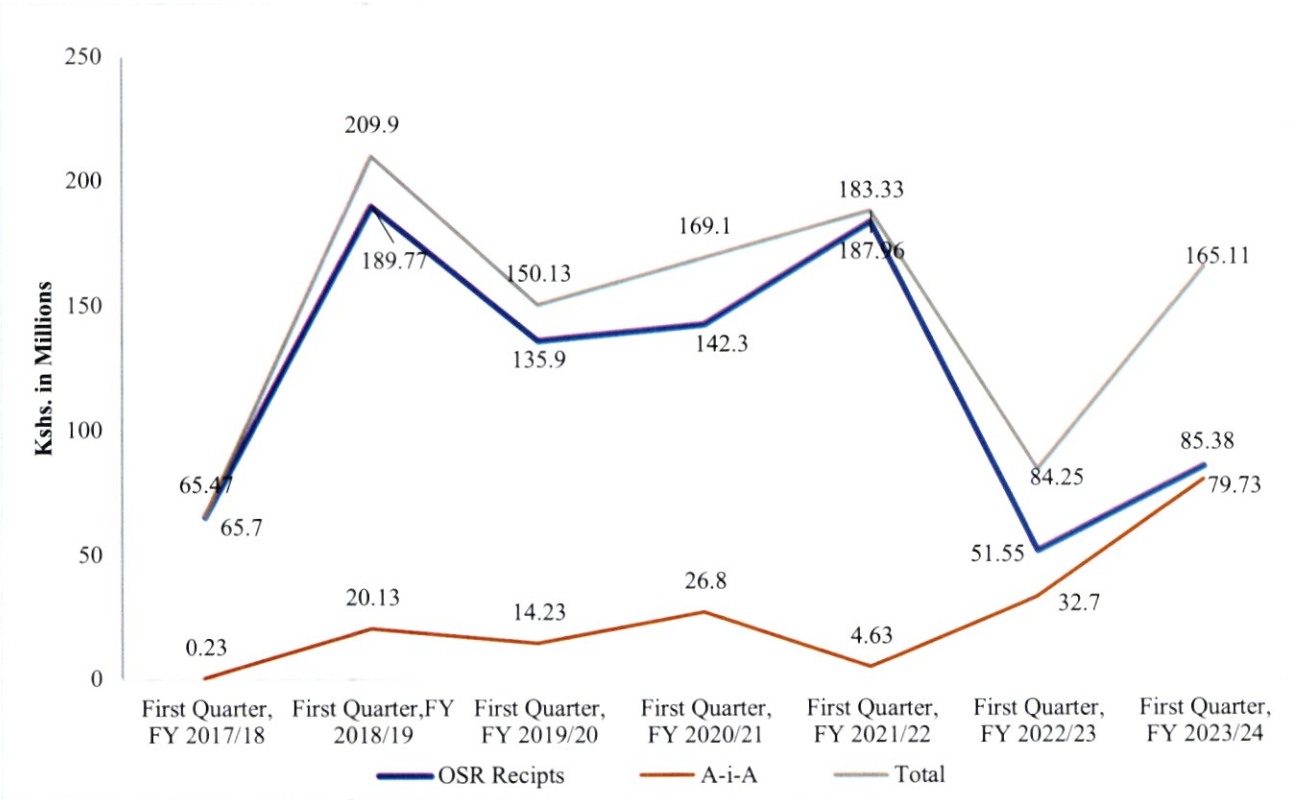
Table 3.57: Kajiado County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	**8,332,649,396**	**2,075,053,394**	**24.9**
	Subtotal	**8,332,649,396**	**2,075,053,394**	**24.9**
B	**Conditional Grants**			
1.	Aggregated Industrial Park	250,000,000.00	-	-
2.	DANIDA-Capital grants from foreign government	24,331,572.00	-	-
3.	DANIDA- Level 1 grants	2,588,510.00	-	-
4.	Nutritional International	16,322,858.00	-	-
5.	Kenya Informal Settlement Improvement Project	44,974,785.00	-	-
6.	IDA-National Agricultural Value Chain Development Project	250,000,000.00	-	-
7.	Aquaculture Business Development Project	10,509,643.00	-	-
8.	Fertiliser Subsidy grants	41,355,485.00	-	-
9.	livestock Value Chain Support Project	28,647,360.00	-	-
10.	De-risking and Value Chain Enhancement	96,691,980.00	-	-
11.	Kenya Climate Smart Agriculture	90,000,000.00	-	-
12.	Financially of Locally Led Climate Action-FLLoCA- County Climate Resilience grants	125,000,000.00	-	-
13.	Agriculture Sector Development Support	5,585,811.00	-	-
14.	Financially of Locally Led Climate Action-FLLoCA- County Climate Institutional	22,558,300.00	-	-
15.	Kenya Devolution Support Programme -Level1	30,636,596.00	-	-
16.	Kenya Devolution Support Programme -Level 2	11,961,075.00	-	-
17.	Mineral Royalties	660,242,992.00	-	-
	Subtotal	**1,711,406,967**	**-**	**-**
C	**Other Sources of Revenue**			
	Ordinary Own Source Revenue	1,200,000,000	85,380,796	7.1
	Facility Improvement Fund (FIF)	315,702,515	79,733,726	25.3
	Unspent balance from FY 2022/23	-	9,479,466.05	0.0
	Sub Total	**1,515,702,515**	**174,593,988**	**11.5**
Grand Total		**11,559,758,878**	**2,249,647,382**	**19.5**

Source: *Kajiado County Treasury*

Figure 28 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

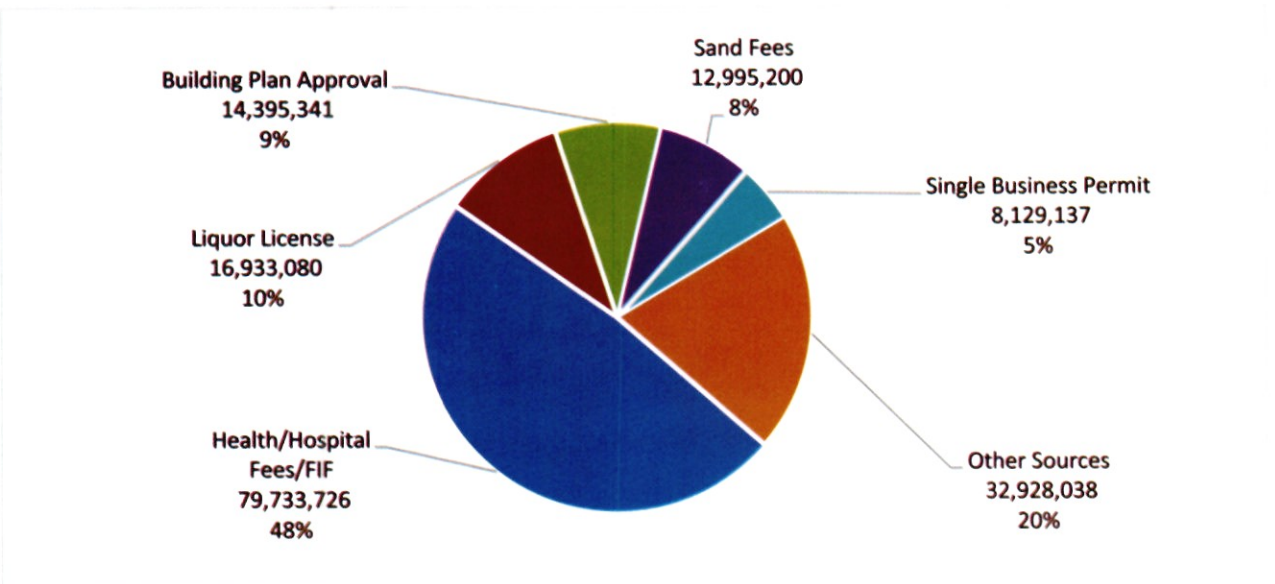
Figure 28: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Kajiado County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.165.11 million from its revenue sources, including FIF and AIA. This amount represented an increase of 96 per cent compared to Kshs.84.25 million realised in FY 2022/23 and was 10.9 per cent of the annual target and 7.94 per cent of the equitable revenue share disbursed during the period. However, the A-i-A revenue was used at the source and never remitted to CRF. The revenue streams which contributed the highest OSR receipts are shown in Figure 29.

Figure 29: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Kajiado County Treasury

The highest revenue stream of Kshs. 79.73 million was from Health/ Hospital Fees/FIF, contributing to 48 per cent of the total OSR receipts during the reporting period.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.48 billion from the CRF account during the reporting period which comprised Kshs.153.13 million (10.3 per cent) for development programmes and Kshs.1.32 billion (89.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.812.48 million was released towards Employee Compensation, and Kshs.509.53 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.744.86 million.

3.10.4 County Expenditure Review

The County spent Kshs.1.45 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.0 per cent of the total funds released by the CoB and comprised Kshs.153.13 million and Kshs.1.30 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.6 per cent, while recurrent expenditure represented 17.8 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.69 billion, comprising Kshs.494.09 million for recurrent expenditure and Kshs.1.20 billion for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.153.13 million were settled. Therefore, as of 30th September 2023, the outstanding amount was Kshs.1.54 billion.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.754.85 million on employee compensation, Kshs.386.90 million on operations and maintenance, and Kshs.153.13 million on development activities. Similarly, the County Assembly spent Kshs.57.63 million on employee compensation and Kshs.100.60 million on operations and maintenance, as shown in Table 3.58.

Table 3.58: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,445,460,909**	**866,865,718**	1,141,757,419	158,230,352	**17.7**	**18.3**
Compensation to Employees	4,289,801,362	312,177,793	754,854,268	57,626,167	17.6	18.5
Operations and Maintenance	2,155,659,547	554,687,925	386,903,151	100,604,185	17.9	18.1
Development Expenditure	**4,014,432,251**	**233,000,000**	**153,131,756**	-	**3.8**	-
Total	**10,459,893,160**	**1,099,865,718**	**1,294,889,175**	**158,230,352**	**12.4**	**14.4**

***Source**: Kajiado County Treasury*

3.10.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.812.48 million, or 36.1 per cent of the available revenue, which amounted to Kshs.2.25 billion. This expenditure represented a decrease from Kshs.1.02 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.339.22 million paid to health sector employees, translating to 41.8 per cent of the total wage bill. Further analysis indicates that the entire PE costs for the period were processed through the Integrated Personnel and Payroll Database (IPPD) system.

The County Assembly spent Kshs.6.12 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.47.47 million. The average monthly sitting allowance was Kshs. 48,269 per MCA. The County Assembly has established 19 Committees.

3.10.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.310 million to county-established funds in FY 2023/24, constituting 2.7 per cent of the County's overall budget. Table 3.59 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.59: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Educational Benefits-Scholarship	175,000,000	50,000,000	45,940,957	Yes
2.	Executive Car Loan and Mortgage	50,000,000	-	-	N0
3.	Youth and Sports Fund	10,000,000	-	-	N0
4.	Disability Fund	10,000,000	-	-	N0
5.	Liquor Fund	10,000,000	-	-	N0
6.	Investments Authority Fund	25,000,000	-	-	N0
County Assembly Established Funds					
7.	MCAs Car Loan and Mortgage	30,000,000	-	-	N0
Total		**310,000,000**	**50,000,000**	**45,940,957**	

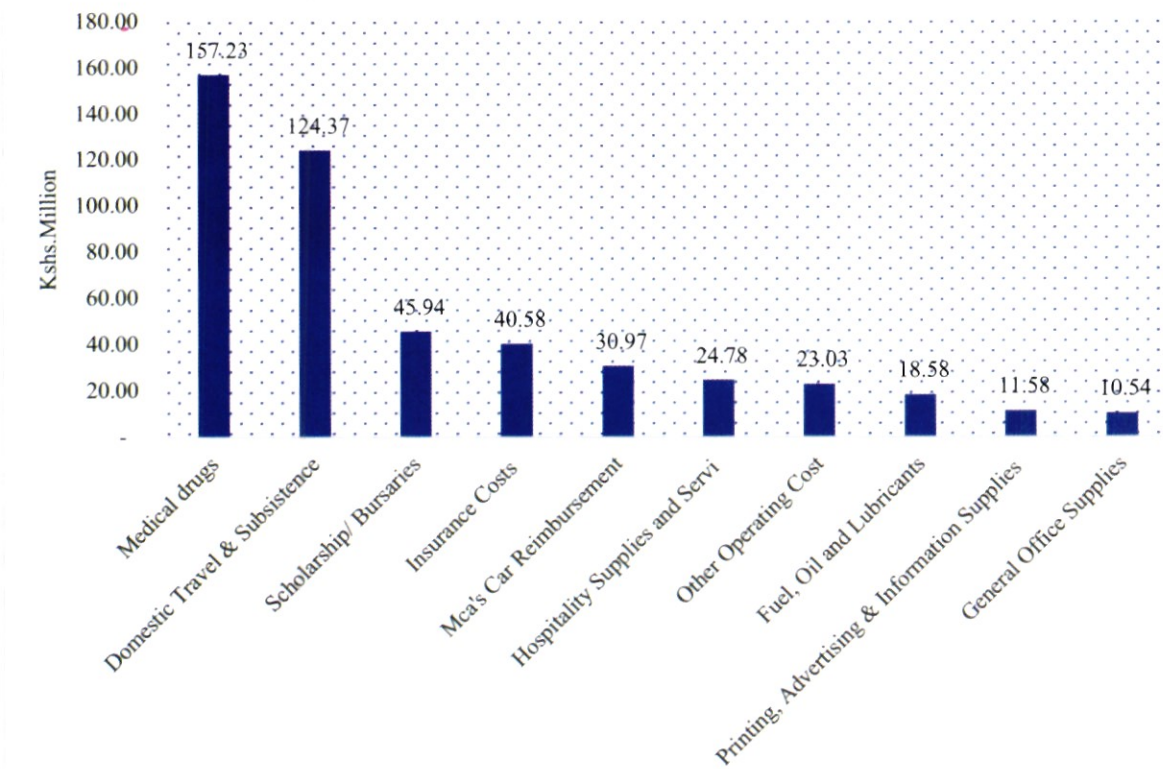
Source: *Kajiado County Treasury*

During the reporting period, the OCoB did not receive quarterly financial returns from Fund Administrators of Bursary funds as indicated in Table 3.59.

3.10.9 Expenditure on Operations and Maintenance

Figure 30 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Kajiado County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.124.37 million and comprised Kshs.47.60 million spent by the County Assembly and Kshs.76.67 million by the County Executive. There was no foreign expenditure reported during the period under review.

3.10.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.153.13 million on development programmes, representing an increase of 53.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.100 million. Table 3.60 summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Finance	Automation of Revenue Collection System	Dalalekutuk	21,700,000	21,671,681	100
2	Finance	Propose construction of supply chain management office	Entonet/Lenkisim	30,000,000	14,538,504	48.5
3	Finance	Integrated electronic revenue collection and management platform	Ildamat	8,500,000	8,454,713	99.5
4	Water	Drilling of Olmapinu community borehole	Rombo	7,000,000	6,918,200	100
5	Road	Gravelling of Dabo Dabo road	Ildamat	6,300,000	6,290,271	100
6	Water	Drilling of Isisira community borehole	Imaroro	6,000,000	5,945,116	100
7	Road	Gravelling of SGR tunnel at Twala road	Oloosirkon/ Sholinke	5,000,000	4,999,590	100
8	Water	Completion works and Kitchen at Oloosirkon dispensary	Kuku	6,000,000	4,999,949	83.3
9	Road	Street lights at Kimana town	Kimana	5,000,000	4,950,000	100
10	Health	Drilling of Enkutoto boreholes	Oloosirkon/ Sholinke	4,500,000	4,183,929	100

Source: Kajiado County Treasury

3.10.11 Budget Performance by Department

Table 3.61 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.61: Kajiado 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
Office of the Governor and Deputy Governor	226.21	-	47.79	-	47.79	-	100.0	-	21.1	-
County Public Service Board	116.97	-	22.20	-	21.95	-	98.9	-	18.8	-
Medical Service and Public Health	2,371.60	437.42	504.82	-	491.06	-	97.3	-	20.7	-
Water, Irrigation, Environment and Natural Resource	191.30	320.26	34.40	-	33.21	-	96.5	-	17.4	-

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
Roads, Transport, Public Works and Energy	172.35	180.50	30.06	-	29.91	-	99.5	-	17.4	-
Public Service, Administration and Citizen Participation	821.90	0.00	130.53	-	129.43	-	99.2	-	15.7	-
County Treasury	658.03	1,430.96	90.93	153.13	88.68	153.13	97.5	100.0	13.5	10.7
Lands, Physical Planning and Urban Development	141.47	-	29.69	-	29.07	0.00	97.9	-	20.5	-
County Assembly	866.87	233.00	158.23	-	158.23	-	100.0	-	18.3	-
Education, Youth and Sport	737.80	141.00	143.56	-	142.71	-	99.4	-	19.3	-
Gender, Cooperative, Culture, Tourism and Wildlife	181.56	-	21.91	-	21.78	-	97.1	-	11.7	-
Agriculture, Livestock, Veterinary Services and Fisheries	285.93	534.29	38.29	-	37.32	-	97.5	-	13.1	-
Trade, Investment and Enterprise	197.90	540.00	32.54	-	32.54	-	100.0	-	16.4	-
Kajiado Municipality	57.25	125.00	11.14	-	11.10	-	99.6	-	19.4	-
Ngong Municipality	89.66	215.00	15.0	-	14.93	-	99.5	-	16.6	-
County Attorney	160.63	0.00	7.40	-	7.32	-	98.9	-	4.6	-
Kitengela Municipality	34.89	90.00	3.5	-	3.53	-	100.0	-	10.1	-
Total	**7,312.33**	**4,247.43**	**1,322.01**	**153.13**	**1,300.06**	**153.13**	**98.3**	**100.0**	**17.8**	**3.6**

***Source**: Kajiado County Treasury*

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 10.7 per cent, while all the other departments did not report any development expenditure during the period under review. The Department of Office of the Governor and Deputy Governor had the highest percentage of recurrent expenditure to budget at 21.2 per cent, while the Department of County Attorney had the lowest at 4.6 per cent.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 3.62 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.62: Kajiado County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	161,558,629	-	40,323,390	-	25.0	-
Coordination Devolution Service	County Executive	23,880,000	-	2,810,018	-	11.8	-
	Intergovernmental Relation	18,788,000	-	585,108	-	3.1	-
	County Advisory	10,210,000	-	1,506,400	-	14.8	-
	Special Programs	11,776,000	-	2,566,700	-	21.8	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub Total	**226,212,629**	-	**47,791,616**	-	21.1	-
County Public Service Board							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	116,966,917	-	21,953,967	-	18.8	-
	Sub-Total	**116,966,917**	-	**21,953,967**	-	18.8	-
Department of Medical Service and Public Health							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	2,008,820,505	10,000,000	438,414,675	-	21.8	-
Curative and Rehabilitative	Hospital Service	7,264,200	315,702,516	929,400	-	12.8	-
	Health Products and Technologies	270,872,533	-	46,948,482	-	17.3	-
	Emergency Responses	6,529,000	-	440,300	-	6.7	-
Public Health and Sanitation	Reproductive Maternal	32,617,507	-	1,176,000	-	3.6	-
	Communicable and Non-Communicable disease	4,990,642	-	159,600	-	3.2	-
	Primary Health Care	22,386,689	107,220,082	837,500	-	3.7	-
	Disease Surveillance and Response	3,869,815	-	-	-	-	-
	Environmental Health	14,251,840	4,500,000	2,157,126	-	15.1	-
	Sub Total	**2,371,602,731**	**437,422,598**	**491,063,083**	-	20.7	-
Department of Water, Irrigation, Environment and Natural Resource							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	106,014,390	-	25,211,444	-	23.8	-
Water Service	Water Service	34,820,000	150,700,000	5,534,900	-	15.9	-
	Storm Water Management	7,236,148	-	213,500	-	3.0	-
	Sanitation Service	4,820,000	-	453,600	-	9.4	-
Environment and Natural Resources	Environmental	30,685,867	-	1,609,600	-	5.2	-
	Natural Resources	2,121,984	-	70,000	-	3.3	-
	Climate Change	5,600,000	169,558,300	112,000	-	2.0	-
	Sub Total	**191,298,389**	**320,258,300**	**33,205,044**	-	17.4	-
Department of Roads, Transport, Public Works and Energy							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	123,805,838	-	19,049,303	-	15.4	-
Public Works and Infrastructure	Roads	10,500,000	168,500,000	2,738,520	-	26.1	-
	Energy	9,982,500	12,000,000	2,777,750	-	27.8	-
	Fire Fighter	5,900,000	-	1,156,000	-	19.6	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Transport	14,348,000	-	3,341,976	-	23.3	-
	Public Works	7,814,183	-	849,792	-	10.9	-
	Sub Total	**172,350,521**	**180,500,000**	**29,913,341**	-	17.4	-
Department of Public Service, Administration and Citizen Participation							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	504,618,020	-	86,872,941	-	17.2	-
Public Service and Administration	County Administration	12,434,557	-	1,271,350	-	10.2	-
	County Inspectorate	6,515,500	-	971,600	-	14.9	-
Human Resource Management and Development	Human Resource	253,149,400	-	38,708,050	-	15.3	-
Citizen Participation	Citizen Participation	13,172,624	-	1,207,600	-	9.2	-
	Social Protection	13,000,000	-	344,400	-	2.6	-
	Disability Mainstreaming	3,500,500	-	-	-	-	-
	Control of Alcohol and Substance Abuse	12,506,000	-	-	-	-	-
	County Organization	3,000,000	-	56,000	-	1.9	-
	Sub Total	**821,896,601**	-	**129,431,941**	-	15.7	-
Department of County Treasury							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	548,170,019	1,395,961,075	75,310,075	153,131,756	13.7	11.0
	Information, Communication and Technologies	22,010,000	5,000,000	4,204,002	-	19.1	-
Public Finance Management	Budget Coordination and Management	11,500,000	-	1,303,664	-	11.3	-
	Accounting Service	10,210,000	-	986,000	-	9.7	-
	Supply Chain Management	28,490,000	-	2,261,960	-	7.9	-
	Internal Audit	7,600,000	-	1,519,900	-	20.0	-
	Revenue Collection/ Resource Mobilisation	13,433,094	30,000,000	1,663,000	-	12.4	-
Economy Policy Coordination	Economic Planning	8,300,000	-	430,500	-	5.2	-
	Monitoring and Evaluation	8,321,000	-	996,900	-	12.0	-
	Sub Total	**658,034,113**	**1,430,961,075**	**88,676,001**	**153,131,756**	13.5	10.7
Department of Lands, Physical Planning and Urban Development							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	96,317,286	-	23,704,709	-	24.6	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub Total	**160,630,578**	-	**7,321,670**	-	4.6	-
Department of Kitengella Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	24,469,790	-	3,179,836	-	13.0	-
Urban Infrastructure	Urban Infrastructure	850,000	90,000,000	100,000	-	11.8	-
Environmental Management and Public Health	Environmental Management and Public Health	9,566,666	-	250,000	-	2.6	-
	Sub Total	**34,886,456**	**90,000,000**	**3,529,836**	-	10.1	-
Grand Total		**7,312,326,627**	**4,267,432,251**	**1,300,057,316**	**153,131,756**	**17.8**	**3.6**

***Source**: Kajiado County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Energy in the Department of Roads, Transport, Public Works and Energy at 27.8 per cent, General Administration, Planning and Support Service in the Department of Education, Youth and Sport at 27.5 per cent, Roads in the Department of Roads, Transport, Public Works and Energy at 26.1 per cent, and Fisheries at 24.4 per cent of budget allocation.

3.10.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 25th October, 2023.
2. The underperformance of own-source revenue at Kshs.165.11 million against an annual projection of Kshs. 1.52 billion, representing 10.9 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.61, where the County incurred expenditure over approved exchequer issues in several departments.
4. High level of pending bills, which amounted to Kshs.1.54 billion as of 30th September 2023. This is despite the availability of Kshs.744.86 million in the CRF account at the end of the reporting period.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*

3.11. County Government of Kakamega

3.11.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.17.69 billion, comprising Kshs.6.32 billion (35.7 per cent) and Kshs.11.37 billion (64.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase 9.2 per cent compared to the previous financial year when the approved budget was Kshs.16.20 billion and comprised of Kshs.4.86 billion towards development expenditure and Kshs.11.34 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.92 billion (73.0 per cent) as the equitable share of revenue raised nationally, Kshs.318.27 million (1.8 per cent) as Appropriations-in-Aid inclusive of Facility Improvement Fund (revenue from health facilities and public health sector), Kshs.575.53 million as conditional grants, a cash balance of Kshs.2.0 billion (11.3 per cent) was brought forward from FY 2022/23 and generate Kshs.1.88 billion (10.6 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.63.

3.11.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.03 billion as the equitable share of the revenue raised nationally, Kshs.95.28 million as A-I-A, Kshs.31.37 million as conditional grants, had a cash balance of Kshs.2.0 billion from FY 2022/23, and raised Kshs.61.17 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.3.22 billion, as shown in Table 3.63.

Table 3.63: Kakamega County, Revenue Performance in FY 2023/24

No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,917,304,053	1,033,011,701	8.0
Sub Total		**12,917,304,053**	**1,033,011,701**	**8.0**
B. Conditional Grants				
1	KCSAP-Kenya Climate Smart Agriculture Project	90,000,000	-	-
2	Aquaculture Business Development Project	29,791,621	-	-
3	National Agricultural Value Chain Development Project (NVCDP)	250,000,000	-	-
4	Kenya Livestock Commercialization Project (KELCLOP)	30,500,000	-	-
5	Kenya Informal Settlement Improvement Project (KISIP II)	141,964,627	-	-
6	ASDSP (Agricultural Sector Development Support Programme)	3,254,212	-	-
7	DANIDA Grant	18,999,750	20,370,041	107.2
8	FLLoCA-(CCIS)	11,000,000	11,000,000	100.0
9	Unconditional Grant- Mineral Royalties	16,555	-	-
Sub-Total		**575,526,765**	**31,370,041**	**18.2**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,881,730,000	61,170,869	3.3
2	Balance B/F from FY2022/23[1]	1,996,000,000	1,996,000,000	100
3	Appropriation in Aid (AIA)- FIF and Public Health	318,270,000	95,284,367	29.9
Sub Total		**4,196,000,000**	**156,455,236**	**3.7**
Grand Total		**17,688,830,818**	**3,216,836,978**	**24.4**

Source: *Kakamega County Treasury*

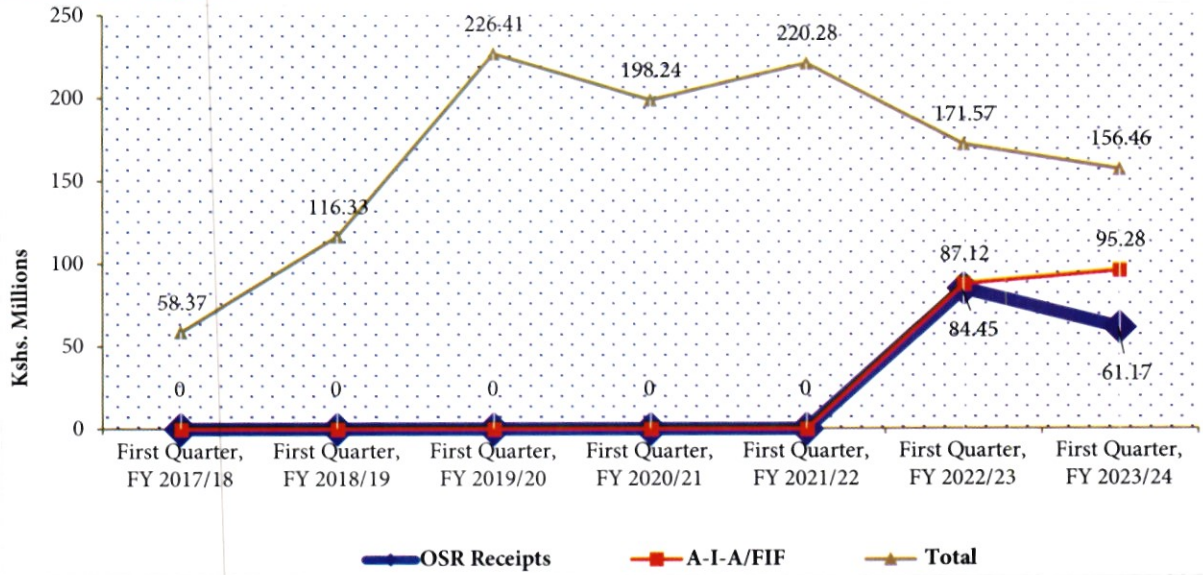
1 The Balance B/F includes exchequer released by the National Treasury disbursed on 28th July 2023 that relates to FY2022/23

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Land Policy and Planning	Physical Planning	9,484,700	-	1,388,800	-	14.6	-
	Lands Survey and Mapping	5,570,000	-	1,373,200	-	24.7	-
	Lands Administration	6,170,000	-	376,000	-	6.1	-
Urban Development and Management	Urban Development	17,776,900	-	929,500	-	5.2	-
	Housing	6,150,000	-	1,295,000	-	21.1	-
	Sub Total	**141,468,886**	-	**29,067,209**	-	20.5	-
County Assembly							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	505,518,310	233,000,000	78,119,196	-	15.5	-
Legislation, Representation and Oversight	Legislation, Representation and Oversight	361,347,408	-	80,111,158	-	22.2	-
	Sub Total	**866,865,718**	**233,000,000**	**158,230,354**	-	18.3	-
Department of Education, Youth and Sport							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	506,365,886	-	139,061,139	-	27.5	-
Early Childhood Development	Early Childhood	214,150,000	131,000,000	2,240,600	-	1.0	-
Technical and Vocational	Technical and Vocational Training	4,520,880	20,000,000	642,500	-	14.2	-
Youth and Sports	Sport Training and Competition	12,764,150	-	765,400	-	6.0	-
	Sub Total	**737,800,916**	**151,000,000**	**142,709,639**	-	19.3	-
Department of Gender, Cooperative, Culture, Tourism and Wildlife							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	108,370,915	-	17,468,241	-	16.1	-
Gender Mainstreaming	Gender Mainstreaming	22,345,284	-	518,000	-	2.3	-
Arts and Culture	Cultural Heritage	10,421,373	-	1,108,800	-	10.6	-
	Cultural Activities	15,049,365	-	1,074,085		7.1	-
Local Tourism and Wildlife	Local Tourism Promotion and Wildlife Management	4,259,150	-	-	-	-	-
Cooperative Development	Cooperative Development	21,115,436	-	1,109,500	-	5.3	-
	Sub Total	**181,561,523**	-	**21,278,626**	-	11.7	-
Department of Agriculture, Livestock, Veterinary Service and Fisheries							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	185,460,479	-	24,440,818	-	13.2	-
Crop Production	Crop Development	6,968,118	386,941,296	577,500		8.3	-
	Agricultural Mechanization Services	7,354,234	-	1,306,200	-	17.8	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Agricultural Training Centre	2,173,607	-	-	-	-	-
	Plant Disease Control	2,722,912	-	-	-	-	-
	Agri-Business and Market Development	2,722,911	-	-	-	-	-
Irrigation	Irrigation Service	10,230,339	-	284,900	-	2.8	-
Livestock Resources	Animal Husbandry	7,212,134	3,000,000	721,700	-	10.0	-
	Livestock Market	704,960	133,839,340		-	-	-
	Veterinary Service	3,568,839	-	504,000	-	14.1	-
	Animal Disease Control	49,558,914	-	7,723,396	-	15.6	-
Fisheries	Fisheries	7,250,690	10,509,642	1,766,420	-	24.4	-
	Sub Total	**285,928,137**	**534,290,278**	**37,324,934**	-	13.1	-
Department of Trade, Investment and Enterprise Development							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	148,192,085	-	23,701,888	-	16.0	-
Trade Development	Trade Development	47,962,535	540,000,000	8,423,400	-	17.6	-
	Enterprise Development	1,749,902	-	410,200	-	23.4	-
Cooperative Enterprise Development	Cooperative Development	-	-	-	-	-	-
	Sub Total	**197,904,522**	**540,000,000**	**32,535,488**	-	16.4	-
Department of Kajiado Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	46,615,226	-	10,823,111	-	23.2	-
Urban Infrastructure	Urban Infrastructure	2,384,000	135,000,000	195,600	-	8.2	-
Environmental Management and Public Health	Environmental Management and Public Health	8,255,667	-	80,000	-	1.0	-
	Sub Total	**57,254,893**	**135,000,000**	**11,098,711**	-	19.4	-
Department of Ngong Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	76,716,430	-	14,425,856	-	18.8	-
Urban Infrastructure	Urban Infrastructure	3,480,000	215,000,000	250,000	-	7.2	-
Environmental Management and Public Health	Environmental Management and Public Health	9,466,667	-	250,000	-	2.6	-
	Sub Total	**89,663,097**	**215,000,000**	**14,925,856**	-	16.6	-
County Attorney							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	160,630,578	-	7,321,670	-	4.6	-

Figure 31 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

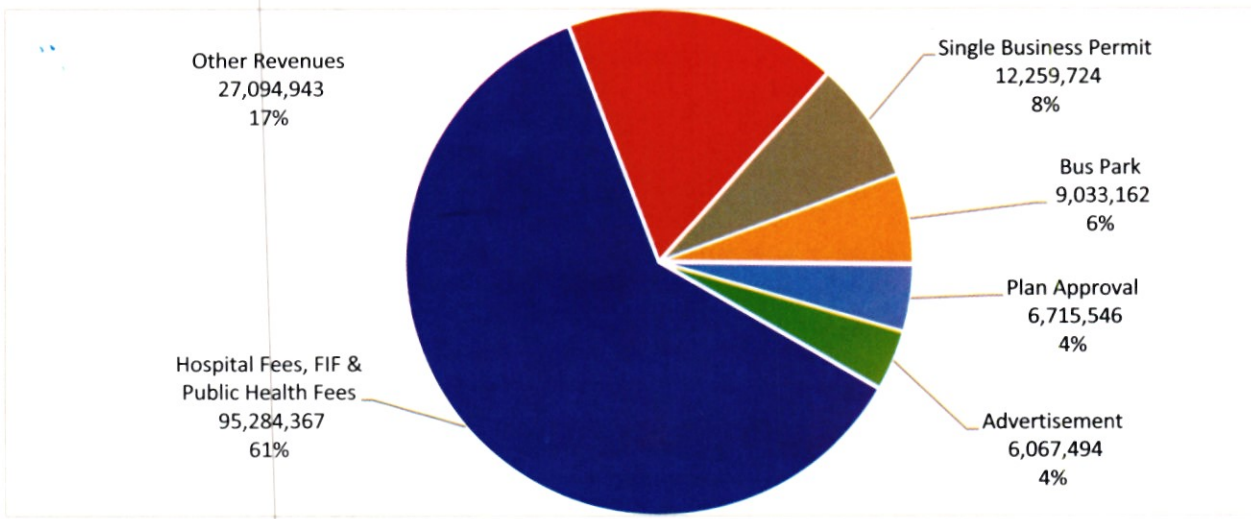
Figure 31: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Kakamega County Treasury*[2]

In the first quarter of FY 2023/24, the County generated a total of Kshs.156.46 million from its revenue sources, including FIF, which is treated as AIA. This amount represented a decrease of 8.8 per cent compared to Kshs.171.57 million realised in FY 2022/23 and was 7.1 per cent of the annual target and 6.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 32.

Figure 32: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Kakamega County Treasury

The highest revenue stream of Kshs.95.28 million was from health sector fees, contributing to 61 per cent of the total OSR receipts during the reporting period.

3.11.3 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.87 billion from the CRF account which comprised Kshs.158.12 million (8.5 per cent) for development programmes and Kshs.1.71 billion

2 The breakdown of revenue streams per quarter was available for FY2022/23 and FY2023/24

(91.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.37 billion was released towards Employee Compensation, and Kshs.317.25 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.856,349.

3.11.4 Borrowing by the County

The County did not report any borrowed amounts as of 30th September 2023. However, both arms of the Government have each signed a renewable salary Memorandum of Understanding (MoU) with commercial banks to manage the salary payment monthly.

3.11.5 County Expenditure Review

The County spent Kshs.2.32 billion on development and recurrent programmes in the reporting period. The expenditure represented 124.3 per cent of the total funds released by the CoB and comprised Kshs.173.96 million and Kshs.2.15 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.8 per cent, while recurrent expenditure represented 18.9 per cent of the annual recurrent expenditure budget.

3.11.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.50 billion, comprising Kshs.437.70 million for recurrent expenditure and Kshs.1.06 billion for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.188.61 million were settled, consisting of Kshs.30.50 million for recurrent expenditure and Kshs.158.11 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.1.31 billion.

3.11.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.31 billion on employee compensation, Kshs.473.15 million on operations and maintenance, and Kshs.235.18 million on development activities. Similarly, the County Assembly spent Kshs.224.57 million on employee compensation and Kshs.135.10 million on operations and maintenance, as shown in Table 3.64.

Table 3.64: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**9,967,218,850**	**1,335,821,103**	**1,785,922,607**	**359,670,766**	**17.9**	**26.9**
Compensation to Employees	5,950,000,000	617,785,596	1,312,775,697	224,566,285	22.1	36.4
Operations and Maintenance	4,017,218,850	718,035,507	473,146,910	135,104,481	11.8	18.8
Development Expenditure	**6,320,790,865**	**65,000,000**	**173,956,415**	-	**2.8**	-
Total	**16,288,009,715**	**1,400,821,103**	**1,959,879,022**	**359,670,766**	**12.0**	**25.7**

***Source**: Kakamega County Treasury*

3.11.8 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.54 billion, or 66.7 per cent of the available revenue, which amounted to Kshs.3.22 billion. This expenditure represented an increase from Kshs.1.47 billion reported in the first quarter of FY 2022/23. The wage bill breakdown by each department was not availed to ascertain the amount paid to health sector employees.

Further analysis indicates that PE costs amounting to Kshs.1.31 billion were requisitioned from COB as processed through the Integrated Personnel ad Payroll Database (IPPD) system, while Kshs.52.64 million was processed through manual payrolls. The manual payrolls accounted for 3.9 per cent of the total PE cost.

The County Assembly expenditure was categorised as using goods and services and employee compensation. Therefore, the amount spent on committee sitting allowances, travels and other reporting metrics was not availed.

3.11.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.1.43 billion to county-established funds in FY 2023/24, constituting 8.0 per cent of the County's overall budget. Table 3.65 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.65: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Reported Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30.09.2023 (Kshs.) (Yes/No.)
		A	B	C	D
1	Kakamega County Investment Development Agency	34,000,000	9,250,000	7,740,954	Yes
2	Kakamega County Microfinance Corporation	10,500,000	-	3,524,754	Yes
3	Mumias Municipality	107,478,227	-	1,426,155	Yes
4	Maternal child health & family planning (Imarisha Fund)	110,000,000	-	9,713,497	Yes
5	Kakamega County Small Scale Trade Development fund	-	-	1,065	Yes
6	Kakamega Dairy Corporation	113,292,775	-	11,263,714	Yes
7	Emergency Fund	100,000,000	-	-	No
8	Kakamega Municipality	140,802,460	-	8,755,593	Yes
9	Kakamega Revenue Agency	72,000,000	18,000,000	-	Yes
10	Farm Input Fund	485,000,000	-	-	No
11	Bursary & Scholarship Fund	240,000,000	-	7,800	Yes
12	Car loan & Mortgage	-	-	-	No
	Total	**1,413,073,462**	**27,250,000**	**42,433,532**	

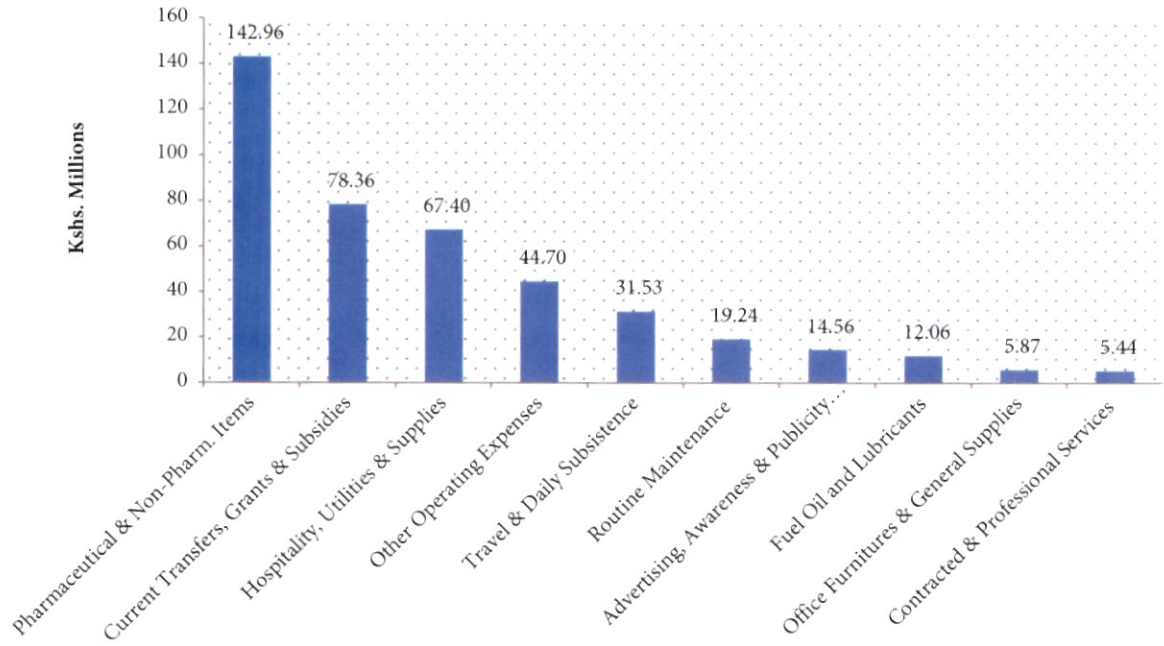
Source: *Kakamega County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Emergency Fund and Farm Input Fund funds as indicated in Table 3.65, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.11.10 Expenditure on Operations and Maintenance

Figure 33 summarises the Operations and Maintenance expenditure by major categories.

Figure 33: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: *Kakamega County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.31.53 million spent by the County Executive. The County Executive reported no expenditure on foreign travel.

3.11.11 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.173.96 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County did not report any development expenditure. Table 3.66 summarises development projects with the highest expenditure in the reporting period.

Table 3.66: Kakamega County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum Kshs	Amount paid to date (Kshs)	Implementation status (%)
1	Crop Production	Other Capital Grants and Trans	Not Availed	173,100,000	67,192,729	Not provided
2	Crop Production	Subsidies to Non-Financial - Other (Budget)	Not Availed	225,000,000	19,009,887	Not provided
3		KISIP Projects	Countywide	141,964,627	16,122,644	
4	Mumias municipality	Proposed Construction of Refuse Chambers and Bins	Mumias	50,000,000	14,681,943	100
5	Mumias municipality	Proposed renovation of Slaughter House Renovations	Mumias			45
6	Mumias municipality	Completion of ESP market	Completion			100
7	Livestock	Current Grants to Semi-Autonomous Government Agencies	Not Availed	36,646,388	15,000,000	Not provided
8	Livestock	Other Capital Grants and Trans	Not Availed	52,750,000	11,795,840	Not provided
9	Veterinary	Veterinarian Supplies and Materials	Not Availed	36,892,000	7,516,610	Not provided
10	Fisheries	Other Capital Grants and Trans	Not Availed	7,500,000	6,321,080	Not provided
11	Crop Production	Subsidies to Financial Priv. - Other (Budget)	Not Availed	12,500,000	5,500,000	Not provided

No.	Sector	Project Name	Project Location	Contract sum Kshs	Amount paid to date (Kshs)	Implementation status (%)
12	Survey	Proposed renovation works for three two-bedroom County Government houses in Mudiri County Estate in Kakamega Municipality.	Kakamega	15,000,000	5,093,630	100
13	Survey	Proposed renovation works for ten one-bedroom self-contained County Government houses in Malava Town.	Malava		-	70
14	ICT, E-Govt & Comm.	E-board Management System	County Headquarter	6,000,000	2,748,233	46%

Source: *Kakamega County Treasury*

3.11.12 Budget Performance by Department

Table 3.67 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.67: Kakamega County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,400.8	-	281.3	-	359.7	-	25.7	-
Agriculture, Livestock, Fisheries, and Cooperatives	157.5	1,222.6	6.3	-	13.0	135.2	8.3	11.1
County Public Service Board	30.0	-	8.0	-	2.6	-	8.6	-
County Treasury and Economic Planning	528.9	152.0	59.1	-	104.0	-	19.7	-
Education, Science and Technology	444.2	481.8	1.7	-	4.0	-	0.9	-
Health Services	839.4	639.9	19.1	-	163.9	-	19.5	-
ICT, E-Government and Communication	35.0	145.0	1.1	-	9.7	2.7	27.6	1.9
Lands, Housing, Physical Planning and Urban Areas	260.0	515.0	12.1	-	64.3	36.0	24.7	7.0
Office of The Governor	371.4	14.0	36.9	-	20.4	-	5.5	-
Public Service and County Administration	6,719.6	190.0	1,225.1	-	1,375.1	-	20.5	-
Roads, Public Works and Energy	33.0	1,309.2	-	158.1	1.7	-	5.3	-
Social Services, Youth and Sports	446.4	761.0	37.7	-	17.4	-	3.9	-
Trade, Industrialisation and Tourism	37.9	440.8	3.0	-	9.9	-	26.2	-
Water, Environment &Natural Resources	64.0	449.5	-	-	-	-	-	-
Total	**11,368.0**	**6,320.8**	**1,691.2**	**158.1**	**2,145.6**	**174.0**	**18.9**	**2.7**

Source*: Kakamega County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Livestock, Fisheries, and Cooperatives recorded the highest absorption rate of development budget at 11.1 per cent, followed by the Department of Lands, Housing, Physical Planning and Urban Areas at 7.0 per cent. The Department of Trade, Industrialization and Tourism had the highest percentage of recurrent expenditure to budget at 26.2 per cent, while the Department of Water, Environment & Natural Resources did not report any expenditure.

3.11.13 Budget Execution by Programmes and Sub-Programmes

The County government failed to provide a report on the budget execution by programmes and sub-programmes.

3.11.14 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCoB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Assembly to the Controller of Budget affected the timely preparation of the budget implementation report. As of 22nd November, 2023, the County government had not provided complete information to the Controller of Budget. Further, there was a failure to adopt the OCOB-recommended reporting template.
2. The underperformance of own-source revenue at Kshs.156.46 million against an annual projection of Kshs.2.00 billion, representing 7.1 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.67, where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund and Farm Input Fund were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.1.31 billion as of 30th September 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.52.64 million were processed through the manual payroll, accounting for 3.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Assembly should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012. Further, county entities should adhere to the OCoB recommended templates for submitting reports and all planning framework documents as stipulated in the Controller of Budget Act 2016.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
6. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.12. County Government of Kericho

3.12.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.8.91 billion, comprising Kshs.2.94 billion (33.0 per cent) and Kshs.5.97 billion (67.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 13.7 per cent compared to the previous financial year when the approved budget was Kshs.7.88 billion and comprised Kshs.2.36 billion towards development expenditure and Kshs.5.52 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.70 billion (75.3 per cent) as the equitable share of revenue raised nationally, Kshs.743.35 million (8.3 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.537.08 million(6.0 per cent) as conditional grants, a cash balance of Kshs.392 million (4.4 per cent) brought forward from FY 2022/23, and generate Kshs.530.07 million (6.0 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.68.

3.12.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.68 billion as the equitable share of the revenue raised nationally, Kshs.34.17 million as FIF, had a cash balance of Kshs.15.38 million from FY 2022/23, and generated Kshs.32.02 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.76 billion, as shown in Table 3.68.

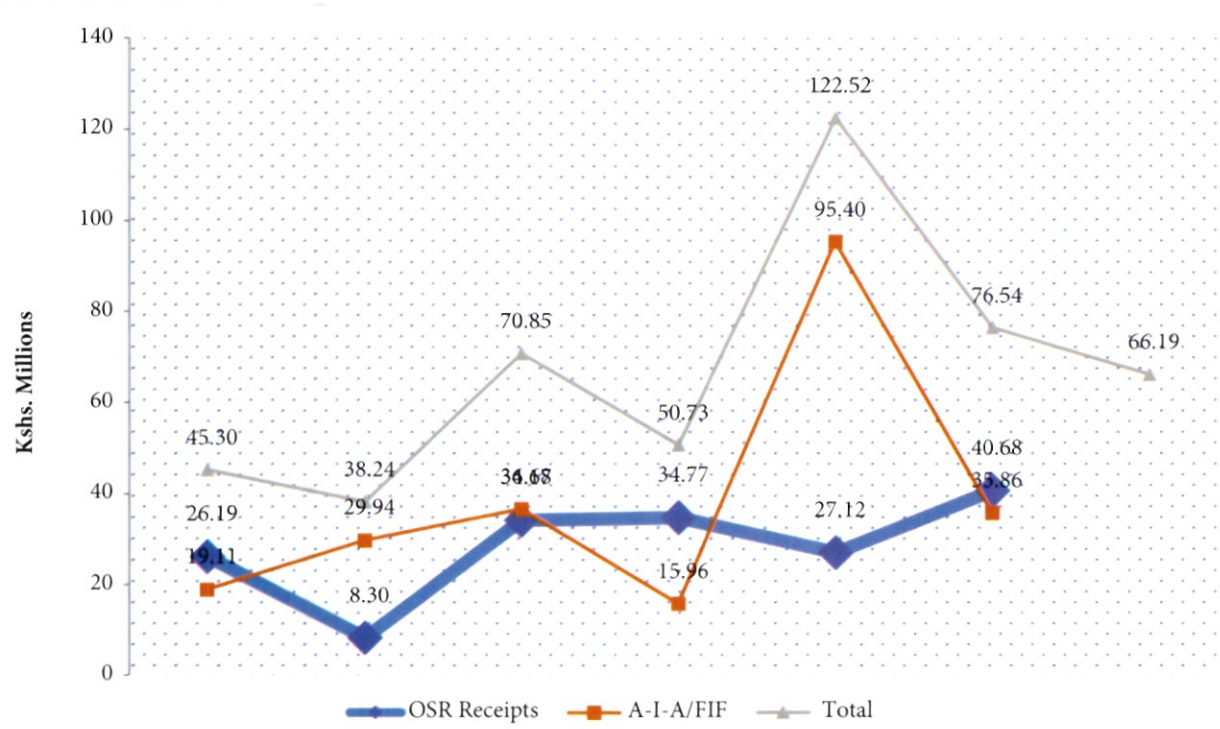
Table 3.68: Kericho County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,703,129,925.00	1,675,782,482.00	25.0
Sub Total		**6,703,129,925.00**	**1,675,782,482.00**	**25.0**
B	**Conditional Grants**			
1	Aggregated Industrial Park NG	100,000,000.00	-	-
2	DANIDA Fund	9,817,500.00	-	-
3	Agricultural Sector Development Support Fund (ASDSP II)	1,027,779.00	-	-
4	Kenya Devolution Support Project	75,235,660.00	-	-
5	Climate Smart Agriculture Project	90,000,000.00	-	-
6	IDA National Agricultural Value Chain Dev. Project	250,000,000.00	-	-
7	FLOCCA Grants to Support Climate Change	11,000,000.00	-	-
	Sub-Total	**537,080,939.00**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	530,071,600	66,186,600	12.5
2	Balance b/f from FY2022/23	392,000,044	15,376,949	3.9
3	Facility Improvement Fund (FIF)	743,350,000	-	0.0
Sub Total		1,665,421,644	81,563,549	4.9
Grand Total		**8,905,632,508**	**1,757,346,031**	**19.7**

Source: *Kericho County Treasury*

Figure 34 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

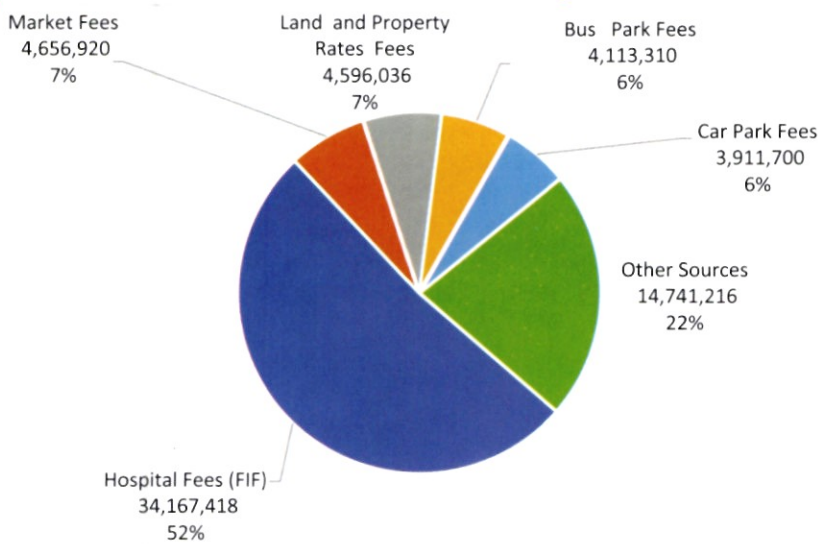
Figure 34: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Kericho County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.66.19 million from its revenue sources, including Kshs.34.17 million as FIF. The County Treasury did not provide receipts of FIF in the previous financial year. This amount represented a decrease of 13.5 per cent compared to Kshs.76.54 million realised in FY 2022/23 and was 12.5 per cent of the annual target and 4.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 35.

Figure 35: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: *Kericho County Treasury*

The highest revenue stream of Kshs.34.17 million was from Hospital fees, contributing to 52 per cent of the total OSR receipts during the reporting period.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.790.18 million from the CRF account during the reporting period, which is for recurrent programmes only. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs572.20 million was released towards Employee Compensation, and Kshs.217.98 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2022/23 was Kshs.994.40 million.

3.12.4 County Expenditure Review

The County spent Kshs.767.70 million on recurrent programmes in the reporting period. The expenditure represented 88.1 per cent of the total funds released by the CoB and represented an absorption rate of 12.9 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.353.19 million, comprising Kshs.142.68 million for recurrent expenditure and Kshs.210.51 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.4.2 million were settled, consisting of recurrent expenditure. Therefore, as of 30th September 2023, the outstanding amount was Kshs.348.99 million.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.502.05 million on employee compensation and Kshs.85.73 million on operations and maintenance. Similarly, the County Assembly spent Kshs.70.18 million on employee compensation and Kshs.109.74 million on operations and maintenance, as shown in Table 3.69.

Table 3.69: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,082,868,724**	**882,798,755**	**587,783,397**	**179,913,823**	**11.6**	**20.4**
Compensation to Employees	3,392,055,102	367,127,149	502,050,936	70,177,767	14.8	19.1
Operations and Maintenance	1,690,813,622	515,671,606	85,732,461	109,736,056	5.1	21.3
Development Expenditure	**2,861,972,590**	**77,992,439**	-	-	-	-
Total	**7,944,841,314**	**960,791,194**	**587,783,397**	**179,913,823**	**7.4**	**18.7**

***Source**: Kericho County Treasury*

3.12.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.572.23 million, or 32.6 per cent of the available revenue, which amounted to Kshs.1.76 billion. This expenditure represented a decrease from Kshs.762.35 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.446.37 million paid to health sector employees, translating to 78.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.522.33 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.49.90 million was processed through manual payrolls. The manual payrolls accounted for 8.7 per cent of the total PE cost.

The County Assembly spent Kshs.4.23 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.35.67 million. The average monthly sitting allowance was Kshs.29,370 per MCA. The County Assembly has established 24 Committees.

3.12.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.79.33 million to county-established funds in FY 2023/24, constituting 1.2 per cent of the County's overall budget. Table 3.70 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.70: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Emergency Fund	15,000,000	-	-	No.
2.	Staff Mortgage	10,000,000	-	35,000,000	No.
3.	Car Loan	-	-	8,050,000	No.
County Assembly Established Funds					
4.	Car Loan for MCA'S	16,109,146	-	-	No.
5.	Car Loan/Mortgage for Staff	38,222,854	-	-	No.
Total		**79,332,000**	**-**	**43,050,000**	**-**

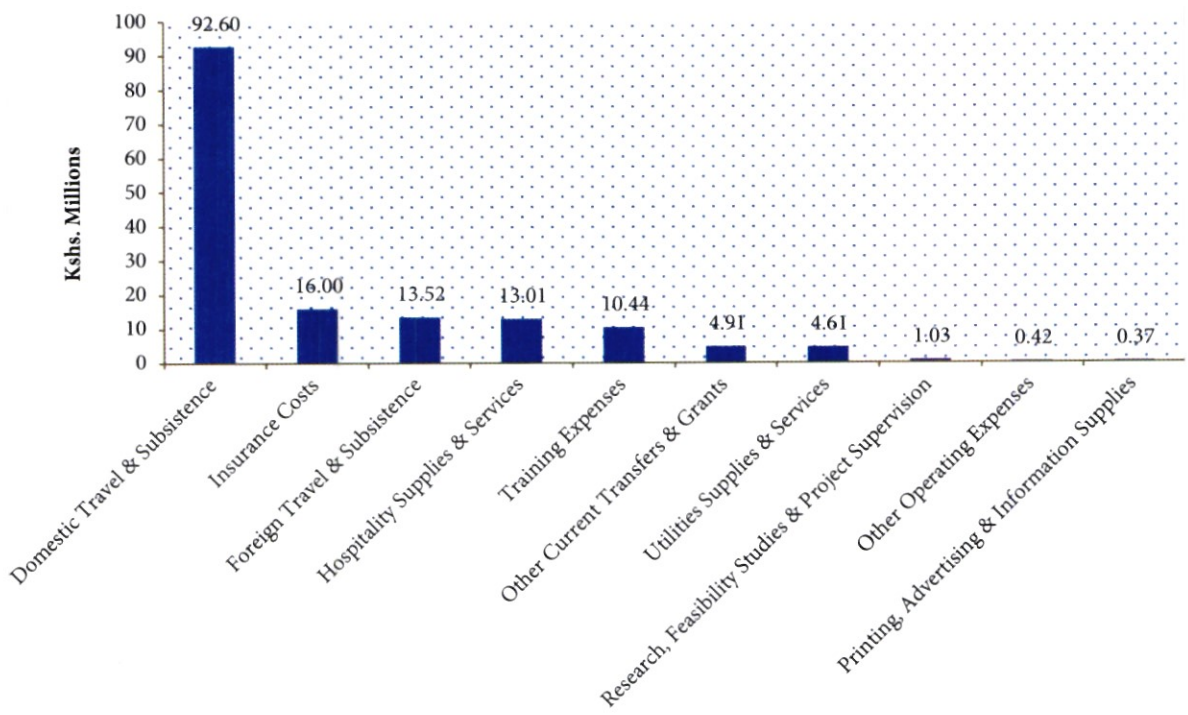
Source: *Kericho County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of established funds, as indicated in Table 3.70, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.12.9 Expenditure on Operations and Maintenance

Figure 36 summaries the Operations and Maintenance expenditure by major categories.

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



Source: *Kericho County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.92.60 million and comprised Kshs.58.86 million spent by the County Assembly and Kshs.33.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.52 million and comprised Kshs.12.64 million by the County Assembly, which was an outstanding bill from the previous year paid to suppliers for the air ticket and Kshs.878,782 by the County Executive for travelling to Ghana for ATUPA international conference and 5th PAN African forum for Youth in TVET.

3.12.10 Development Expenditure

In the first quarter of FY 2023/24, the County government did not report any expenditure on development programmes.

3.12.11 Budget Performance by Department

Table 3.71 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.71: Kericho 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 Assembly	882.80	77.99	188.70	-	179.91	-	95.3	-	20.4	-
Public Service Management	441.87	28.24	70.87	-	71.24	-	100.5	-	16.1	-
Governor's Office	137.05	-	18.12	-	20.24	-	111.7	-	14.8	-
County Public Service Board	71.31	-	12.42	-	12.18	-	98.1	-	17.1	-
Finance and Economic Planning	273.20	438.48	36.02	-	34.42	-	95.5	-	12.6	-
Health Services	2,752.47	283.79	309.77	-	300.60	-	97.0	-	10.9	-
Agriculture, Livestock and Fisheries	172.78	518.52	25.27	-	25.44	-	100.7	-	14.7	-
Education, Youth, Culture and Social Services	768.98	173.61	56.72	-	56.29	-	99.3	-	7.3	-
Public Works, Roads and Transport	98.32	590.44	16.58	-	13.43	-	81.0	-	13.7	-
Trade, Industrialization, Tourism, Wildlife and Co-operative Development	64.12	228.20	8.59	-	8.43	-	98.2	-	13.2	-

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
Environment, Water, Energy and Natural Resources	158.44	282.01	18.08	-	17.75	-	98.2	-	11.2	-
Lands, Housing and Physical Planning	90.49	67.02	19.70	-	18.77	-	95.2	-	20.7	-
Information, Communication and E-government	53.84	43.66	9.34	-	9.00	-	96.3	-	16.7	-
Strategic Intervention Phase 1	-	108.00	-	-	-	-	-	-	-	-
Strategic Intervention Phase 2	-	100.00	-	-	-	-	-	-	-	-
Total	**5,965.67**	**2,939.97**	**790.18**	**-**	**767.70**	**-**	**97.2**	**-**	**12.9**	**-**

***Source**: Kericho County Treasury*

Analysis of expenditure by department shows that the Department of Lands, Housing and Physical Planning had the highest recurrent expenditure to budget at 20.7 per cent. In contrast, the Department of Education, Youth, Culture and Social Services had the lowest at 7.3 per cent.

3.12.12 Budget Execution by Programmes and Sub-Programmes

Table 3.72 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.72: Kericho County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul - 23rd September (Kshs.)		Absorption Rate	
		Rec	Dev	Gross	Rec	Dev	Rec	Dev
County Coordination Services	County Coordination Services	137,051,145	-	137,051,145	20,239,450	-	15	-
		137,051,145	**-**	**137,051,145**	**20,239,450**	**-**	**15**	**-**
DEPARTMENT: FINANCE AND ECONOMIC PLANNING								
Administration, Planning and Support Services.	Administration Services.	231,136,530	83,735,659	314,872,189	23,798,334	-	10	-
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	28,687,985	6,379,644	35,067,629	7,486,680	-	26	-

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul - 23rd September (Kshs.)		Absorption Rate	
		Rec	Dev	Gross	Rec	Dev	Rec	Dev
Public Finance Management	Budget Formulation co-ordination and management	8,400,000	553,360,903	561,760,903	1,973,600	-	23	-
Audit Services	County Audit	4,975,639	3,000,000	7,975,639	1,158,200	-	23	-
		273,200,154	**646,476,206**	**919,676,360**	**34,416,814**	-	**13**	-
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES								
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	53,301,163	-	53,301,163	8,858,545	-	17	-
Crop Development and Management	Agriculture Extension Services	58,894,485	496,837,574	555,732,059	15,318,738	-	26	-
Livestock Resource Management and Development	Livestock Disease Management and Control.	2,024,041	21,184,205	23,208,246	554,100	-	27	-
Livestock Resource Management and Development	Livestock Production and Extension Services	51,654,981	-	51,654,981	381,050	-	1	-
Fisheries development	Management and Development of Capture Fisheries	6,905,001	500,000	7,405,001	324,500	-	5	-
		172,779,671	**518,521,779**	**691,301,450**	**25,436,932**	-	**15**	-
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT								
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	144,072,462	63,145,000	207,217,462	16,410,146	-	11	-
Water supply services	Rural Water Supply	14,365,228	218,860,274	233,225,502	1,337,500	-	9	-
		158,437,690	**282,005,274**	**440,442,964**	**17,747,646**	-	**11**	-
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES								
General Administration & Planning Services.	Policy Development and Administration	549,596,382	10,000,000	559,596,382	54,544,316	-	10	-
Basic Education	Early Childhood Development Education	216,382,852	89,573,270	305,956,122	750,000	-	-	-
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	3,000,000	17,035,537	20,035,537	1,000,000	-	33	-

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul - 23rd September (Kshs.)		Absorption Rate	
		Rec	Dev	Gross	Rec	Dev	Rec	Dev
Youth development and empowerment services	Youth Development (YP) Training	-	57,000,000	57,000,000	-	-	-	-
		768,979,234	**173,608,807**	**942,588,041**	**56,294,316**	-	7	-
DEPARTMENT: HEALTH SERVICES								
Curative Health	Administration and Planning	1,581,600,049	142,141,193	1,723,741,242	195,238,558	-	12	-
Curative Health	Hospital(curative)Services	-	-	-	-	-	-	-
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,170,865,728	141,648,789	1,312,514,517	105,366,052	-	9	-
		2,752,465,777	**283,789,982**	**3,036,255,759**	**300,604,610**	-	**11**	-
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING								
Administration and support services	General Administration and Planning	40,701,923	45,000,000	85,701,923	9,518,780	-	23	-
Housing Development and Human Resource	Housing Development	9,243,184	-	9,243,184	715,800	-	8	-
Land policy and planning	Development Planning and Land Reforms	34,395,730	22,022,942	56,418,672	8,382,574	-	24	-
Land policy and planning	Land Use Planning	6,152,443	-	6,152,443	149,250	-	2	-
		90,493,280	**67,022,942**	**157,516,222**	**18,766,405**	-	**21**	-
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT								
Transport Management and Safety	General Administration Planning and Support Services	73,712,784	-	73,712,784	13,347,951	-	18	-
Infrastructure, Roads and Transport	Rehabilitation of Road	3,400,000	587,441,016	590,841,016	80,000	-	2	-
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	21,206,317	3,000,000	24,206,317	-	-	-	-
		98,319,101	**590,441,016**	**688,760,117**	**13,427,951**	-	**14**	-
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND CO-OPERATIVE MANAGEMENT								
Trade development and investment	Fairtrade Practices and Consumer Protection (weight & measures)	20,620,890	23,202,942	43,823,832	1,129,447	-	5	-
Trade development and investment	Administrative and Support Services.	37,619,414	200,000,000	237,619,414	7,088,330	-	19	-

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul - 23rd September (Kshs.)		Absorption Rate	
		Rec	Dev	Gross	Rec	Dev	Rec	Dev
Co-operative development and management	Co-operative Advisory & Extension Services.	-	-	-	-	-	-	-
Tourism development and marketing	Local Tourism Development.	5,882,961	5,000,000	10,882,961	215,400	-	-	-
		64,123,265	**228,202,942**	**292,326,207**	**8,433,177**	-	**13**	-
DEPARTMENT: ICT AND E-GOVERNMENT								
Information & Communication Service	News and Information Services	53,836,604	-	53,836,604	8,999,283	-	17	-
Information & Communication Service	ICT and BPO development services	-	40,262,387	40,262,387	-	-	-	-
Youth development and empowerment services	Youth Development (YP) Training	-	3,400,000	3,400,000	-		-	-
		53,836,604	**43,662,387**	**97,498,991**	**8,999,283**	-	**17**	-
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD								
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	71,312,544	-	71,312,544	12,175,516	-	17	-
		71,312,544	-	**71,312,544**	**12,175,516**	-	**17**	-
DEPARTMENT: PUBLIC SERVICE MANAGEMENT								
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	294,637,612	28,241,257	322,878,869	55,102,967	-	19	-
Administration of Human Resources and Public Service	Human Resource Development	147,232,645	-	147,232,645	16,138,330	-	11	-
		441,870,257	**28,241,257**	**470,111,514**	**71,241,297**	-	**16**	-
County Executive		**5,082,868,722**	**2,861,972,592**	**7,944,841,314**	**587,783,397**	-	**12**	-
Speaker's office	Speaker's office	497,868,056	-	497,868,056	79,008,564	-	16	-
Clerk's Office	Clerk's Office	375,643,063	77,992,439	453,635,502	99,707,459	-	27	-
County Assembly Service Board	County Assembly Service Board	9,287,636	-	9,287,636	1,197,800	-	13	-
Total Expenditure		**882,798,755**	**77,992,439**	**960,791,194**	**179,913,823**	-	**20**	-
GRAND TOTAL		**5,965,667,477**	**2,939,965,031**	**8,905,632,508**	**767,697,220**	-	**20**	-

***Source**: Kericho County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Social Welfare Services/ Social Infrastructure Development in the Department of Gender and Social Development at 33.0 per cent, Gender and Social Development in the Department of Livestock Resource Management and Development at 27 per cent,

Monitoring Budget Implementation and Reporting in the Department of Finance and Economic Planning at 26 per cent, and Agriculture Extension Services at 26 per cent of budget allocation.

3.12.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation. The report was submitted on 27Th October 2023.
2. The underperformance of own-source revenue at Kshs.66.19 million against an annual projection of Kshs.1.27 billion, representing 12.5 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.71, where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Kericho County Emergency Fund, Kericho County Executive Staff Mortgage Fund, Kericho County Executive Car Loan, Car loans for MCA'S and Car loans/Mortgage for Staff Fund were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.348.99 million as of 30th September 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.49.90 million were processed through the manual payroll, accounting for 8.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
6. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.13. County Government of Kiambu

3.13.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.21.57 billion, comprising Kshs.7.27 billion (33.7 per cent) and Kshs.14.30 billion (66.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 31.1 per cent compared to the previous financial year when the approved budget was Kshs.16.45 billion and comprised Kshs.4.88 billion towards development expenditure and Kshs.11.59 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.23 billion (56.7 per cent) as the equitable share of revenue raised nationally, Kshs.1.96 billion (9.1 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.33 billion (6.2 per cent) as conditional grants, a nil cash balance brought forward from FY 2022/23, and generate Kshs.6.02 billion (27.5 per cent) as ordinary own-source revenue and Kshs.35.5 million (0.2 per cent) as other revenues. A breakdown of the conditional grants is provided in Table 3.73.

3.13.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.04 billion as the equitable share of the revenue raised nationally, Kshs.313.12 million as FIF, raised Kshs.517.41 million as own-source revenue, Kshs.2.55 billion as cash balance brought forward from FY 2022/23, and Kshs.6.82 million as other revenues. The total funds available for budget implementation during the period amounted to Kshs.4.43 billion, as shown in Table 3.73.

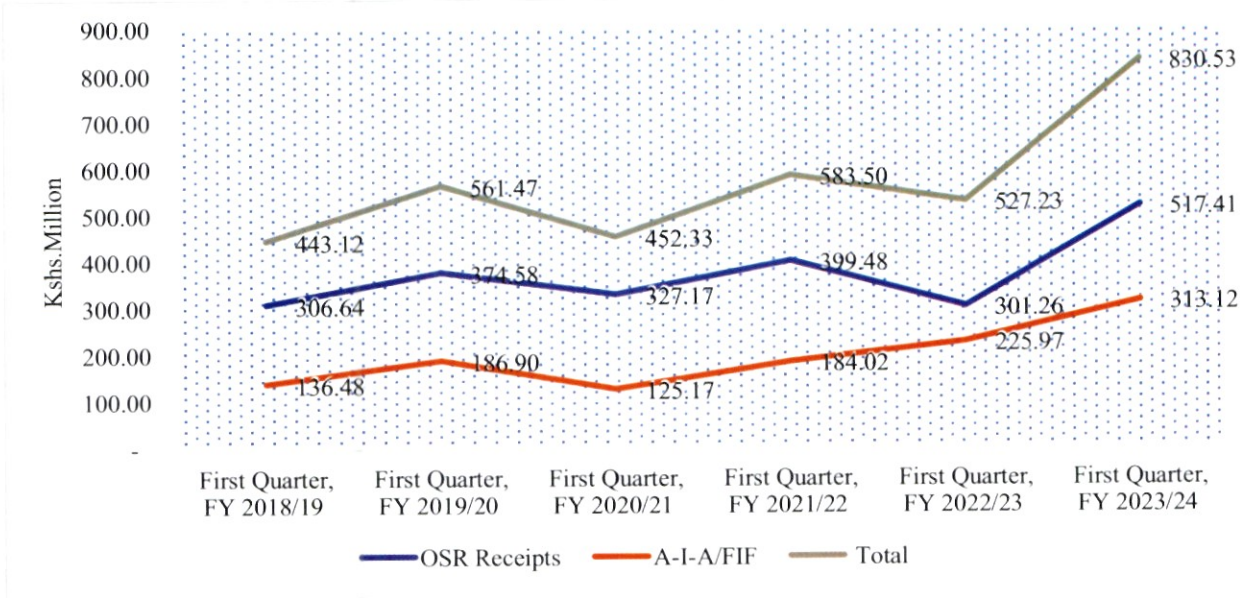
Table 3.73: Kiambu County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	12,227,552,449	1,039,341,958	8.5
Subtotal				
B	**Conditional Grants**			
1.	Medical Leasing	124,723,404	-	-
2.	Industrial Park & Aggregation Centres Grant	250,000,000	-	-
3.	Provision of fertiliser subsidy programme	159,665,074	-	-
4.	Court Fines	5,084,684	-	-
5.	Mineral Royalties	10,139,863	-	-
6.	IDA(World bank) National Agricultural & Rural Inclusive Growth Project (NARIGP)	150,000,000	-	-
7.	IDA(World bank) National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
8.	DANIDA Grant- Primary Health care Devolved	17,209,500	-	-
9.	IDA(World Bank) FLLoCA- County climate institutional support (CCIS) Grant	11,000,000	-	-
10.	IDA(World bank) FLLoCA- County climate Resilience Investment Grant	125,000,000	-	-
11.	Sweden-Agricultural sector Development support programme -ASDSPII	2,583,952	-	-
12.	World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	50,000,000	-	-
13.	Aquaculture Business Development Project (ABDP)	23,664,715	-	-
14.	Livestock value chain support project	149,092,200	-	-
Subtotal		**1,328,163,392**	-	-
C	**Other Sources of Revenue**			
15.	Ordinary Own Source Revenue	6,021,825,729	517,411,864	8.6
16.	Facility Improvement Fund (FIF)	1,958,314,988	313,115,841	16.0
17.	Unspent balance from FY 2022/23	-	2,548,373,286	-
18.	MSF Belgium	26,400,000	-	-
19.	Nutrition International Project	9,100,000	6,824,400	16.0
Sub Total		**8,015,640,717**	**3,385,725,391**	**42.2**
Grand Total		**21,571,356,558**	**4,425,067,349**	**20.5**

Source: *Kiambu County Treasury*

Figure 37 shows the trend in own-source revenue collection from the first quarter of FY 2018/19 to the first quarter of FY 2023/24.

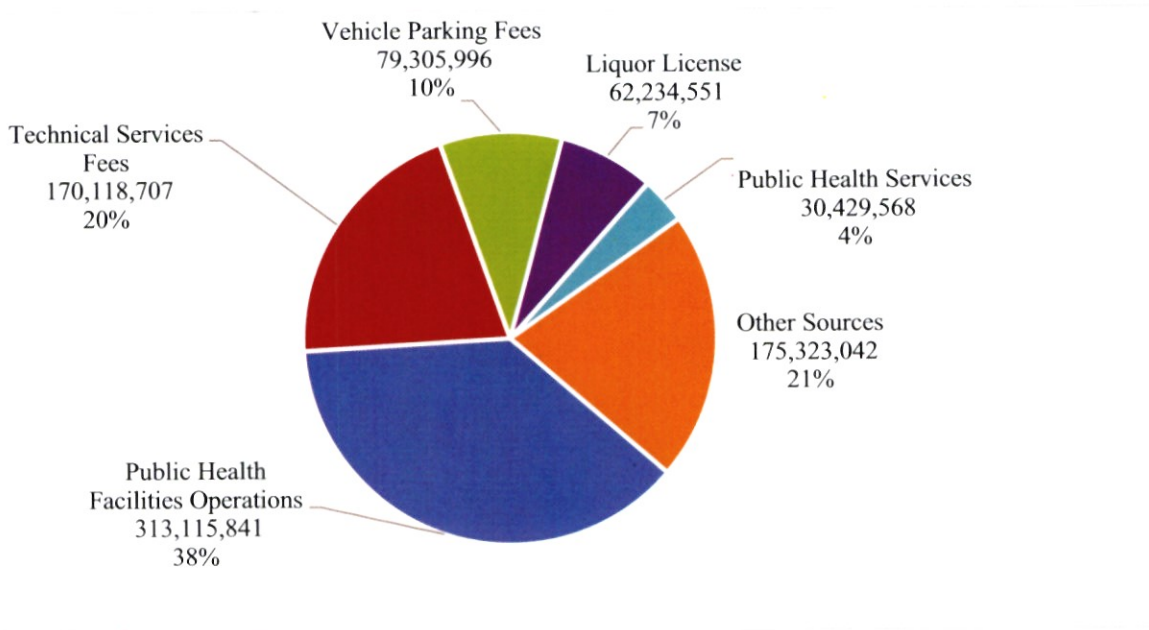
Figure 37: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2023/24



Source: *Kiambu County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.830.53 million from its sources of revenue inclusive of FIF and/or AIA. This amount represented an increase of 57.5 per cent compared to Kshs.527.23 million realised in FY 2022/23 and was 10.4 per cent of the annual target and 79.9 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.33.04 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 38.

Figure 38: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Kiambu County Treasury

The highest revenue stream of Kshs.313.12 million was from the public health facilities, contributing to 38 per cent of the total OSR receipts during the reporting period.

3.13.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.99 billion from the CRF account during the reporting period, which comprised Kshs.185.56 million (6.2 per cent) for development programmes and Kshs.2.80 billion (93.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.89 billion was released towards Employee Compensation, and Kshs.908.62 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.1.14 billion.

3.13.4 County Expenditure Review

The County spent Kshs.2.95 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.7 per cent of the total funds released by the CoB and comprised Kshs.177.78 million and Kshs.2.77 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.4 per cent, while recurrent expenditure represented 19.4 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.5.79 billion, comprising of Kshs.3.48 billion for recurrent expenditure and Kshs.2.31 billion for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.168.74 million were settled, consisting of Kshs.94.64 million for recurrent expenditure and Kshs.74.10 million for development programmes. Therefore, as of 30 September 2023, the outstanding amount was Kshs.5.62 billion.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.66 billion on employee compensation, Kshs.858.30 million on operations and maintenance, and Kshs.177.78 million on development activities. Similarly, the County Assembly spent Kshs.95.29 billion on employee compensation and Kshs.153.90 million on operations and maintenance, as shown in Table 3.74.

Table 3.74: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**12,857,056,861**	**1,442,783,227**	**2,522,195,082**	**249,184,307**	**19.6**	**17.3**
Compensation to Employees	7,727,874,086	558,501,227	1,663,890,412	95,286,583	21.5	17.1
Operations and Maintenance	5,129,182,775	884,282,000	858,304,670	153,897,724	16.7	17.4
Development Expenditure	**7,144,516,473**	**127,000,000**	**177,776,851**	-	**2.5**	-
Total	**20,001,573,334**	**1,569,783,227**	**2,699,971,933**	**249,184,307**	**13.5**	**15.9**

***Source**: Kiambu County Treasury*

3.13.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.76 billion, or 39.8 per cent of the available revenue which amounted to Kshs4.43 billion. This expenditure represented an increase from Kshs.1.66 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.1.08 billion paid to health sector employees, translating to 61.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.71 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.49.64 million was processed through manual payrolls. The manual payrolls accounted for 2.8 per cent of the total PE cost.

The County Assembly spent Kshs.18.94 million on committee sitting allowances for the 89 MCAs and the Speaker against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.70,930 per MCA. The County Assembly has established 23 Committees.

3.13.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.3.26 billion to county-established funds in FY 2023/24, constituting 15.1 per cent of the County's overall budget. Table 3.75 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.75: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No	Name of the Fund	Approved Budget Allocation (Kshs.)	Exchequer Issues F (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th Sept. 2023 (Yes/No.)
County Executive Established Funds					
1.	Kiambu Alcoholic Drinks Control Fund	82,000,000	-	6,752,972	Yes
2.	Kiambu County Education Bursary Fund	200,000,000	200,000,000	99,166,521	Yes
3.	Kiambu County Emergency Fund	30,000,000	-	600	Yes
4.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	112,500,000	-	143,782	Yes
5.	Kiambu County Jiinue Fund	50,000,000	-	6,348,304	Yes
6.	Kiambu County Facility Improvement Fund	2,200,000,000	-	240,682,542	Yes
7.	Kiambu County Climate Fund	256,072,746	-	4,231,793	Yes
County Assembly Established Funds					
8.	Kiambu County Assembly Car Loan & Mortgage Scheme Fund	328,232,000	25,000,000	20,588	Yes
9.	Kiambu County Assembly Staff Mortgage Scheme Fund	-	-	1,065	Yes
	Total	**3,258,804,746**	**225,000,000**	**357,348,167**	-

Source: Kiambu County Treasury

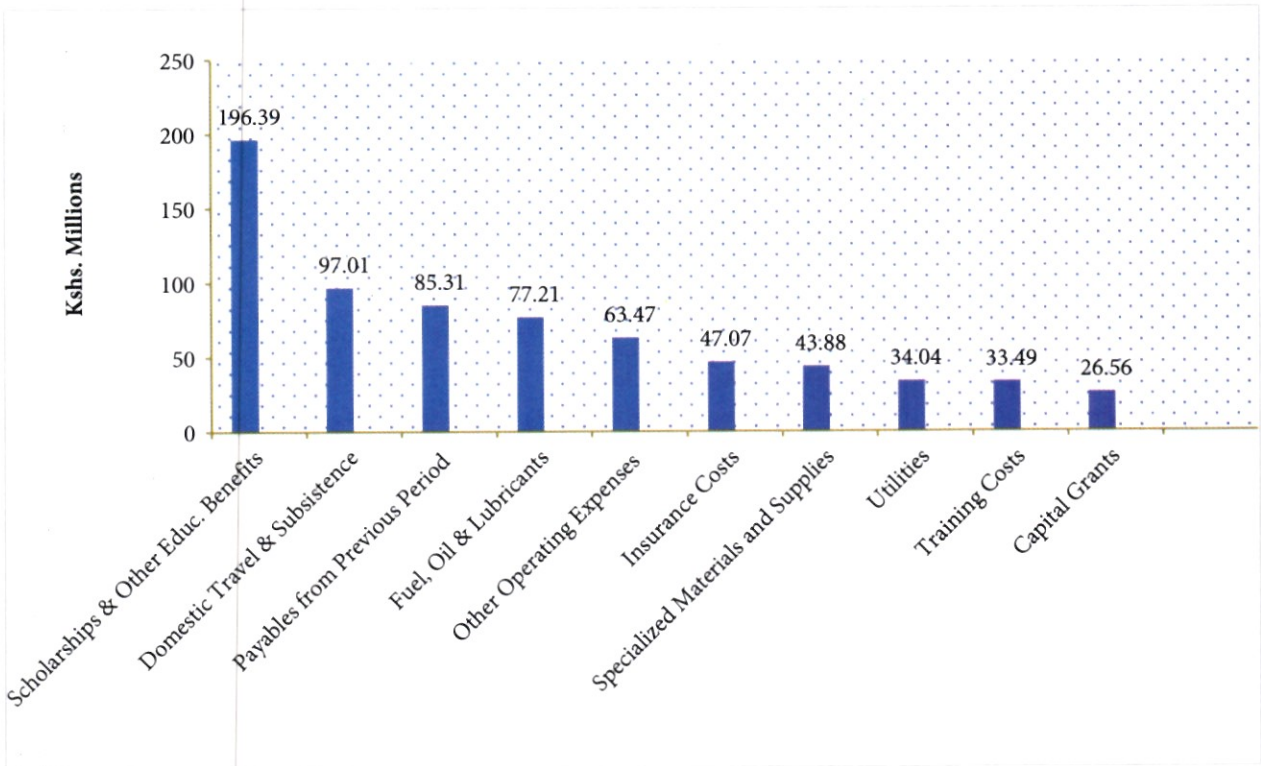
The CoB received all the quarterly financial returns from Fund Administrators during the reporting period, as indicated in Table 3.75 Further analysis established that all the County established funds for both the County Executive and County Assembly operated commercial bank accounts contrary to section 82(1)(a) of the PFM (County Regulations) 2015, which requires all government bank accounts be opened and operated at the Central bank of Kenya.

Further, the monies for the Kiambu County Facility Improvement Fund are drawn from the Fund as an AIA through a County legislation, the Kiambu County Health Services Act 2019, and spent outside the prescribed financial system (IFMIS) contrary to the provisions of the PFM Act 2012.

3.13.9 Expenditure on Operations and Maintenance

Figure 39 summarises the Operations and Maintenance expenditure by major categories.

Figure 39: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kiambu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.97.01 million and comprised Kshs.85.28 million spent by the County Assembly and Kshs.11.73 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.79 million, which was spent by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.76.

Table 3.76: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	3rd to 09th September, 2023	Attend Capacity Building for Bus Operation Policy & Management in Nairobi Metropolitan Area	Kigali, Rwanda Dar es Salam, Tanzania	93,665
County Executive	3	04th to 13th September, 2023	Attend the Karate Championship in Berlin	Germany	789,372

Source: Kiambu County Treasury

Included in the "*Other Operating Expenses*" is an expenditure of Kshs.20.36 million on management fees, Kshs.2.25 million on legal fees, and Kshs.33.11 million on other operating expenses – other.

3.13.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.177.78 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County spent Kshs.107.30 million. The table 3.77 summarises development projects with the highest expenditure in the reporting period.

Table 3.77: Kiambu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads, Transport, Public Works & Utilities	Rehabilitation of Rural Access Roads(420KM)	All wards	426,000,000	47,518,145	11.2
2	Roads, Transport, Public Works & Utilities	Payables from previous financial years	All Wards	579,648,652	34,566,973	6.0
3	Environmental Management & Compliance	Procuring dump trucks	County Wide	23,000,000	20,700,000	90.0
4	Agriculture, Livestock And Cooperative Development	Pending bills	County-wide	46,000,000	8,905,310	19.4
5	Health	Construction of perimeter wall at Gachororo Health Centre	Juja ward,	13,331,380	8,270,578	62.0
6	Health	Construction of Bibirioni level 4 hospital	Bibirioni ward,	285,999,364	8,040,883	2.8
7	Environmental Management & Compliance	Fabricating of triple waste bins and street litter bins	County Wide	5,947,784	5,947,784	100.0
8	Water & Sanitation	Supply and delivery of 30 branded water tanks	County-Wide	2,910,000	4,229,699	145.4
9	Agriculture, Livestock And Cooperative Development	Vaccination	County-wide	18,000,000	3,700,000	20.6
10	Agriculture, Livestock And Cooperative Development	Sex semen, convectional semen, month-old chicks, piglets	County-wide	107,000,000	3,525,000	3.3

Source: Kiambu County Treasury

The Department of Water spent 45.4 per cent above the budget on the Supply and delivery of 30 branded water tanks, which should be regularised.

3.13.11 Budget Performance by Department

Table 3.78 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.78: Kiambu 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 Assembly	1,442.78	127	249.18	-	249.18	-	100.0	-	17.3	-
County Executive	386.70	-	44.37	-	74.81	-	168.6	-	19.3	-
County Public Service Board	85.25	-	14.72	-	1.43	-	9.7	-	1.7	-
Finance, ICT & Economic Planning	1,475.39	257.97	226.05	16.31	205.01	-	90.7	-	13.9	-
Water, Environment and Natural Resources	435.29	2,058.65	115.65	58.13	25.37	58.13	21.9	100.0	5.8	2.8
Health Services	6,724.90	107.86	1,278.52	-	1,773.07	16.31	138.7	-	26.4	15.1

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
Roads, Transport and Public Works	510.83	868.26	120.64	83.24	75.35	83.24	62.5	100.0	14.8	9.6
Administration and Public Service	841.80	455.58	150.85	-	56.10	-	37.2	-	6.7	-
Agriculture, Crop Production & Irrigation	501.78	1,086.36	137.67	16.04	6.92	16.13	5.0	100.5	1.4	1.5
Education, Culture and Social Services	1,181.69	1,340.25	363.21	-	246.06	-	67.7	-	20.8	-
Youth and Sports	145.41	354.69	28.57	-	19.47	-	68.2	-	13.4	-
Lands, Physical Planning and Housing	439.60	186.07	57.25	8.85	35.99	0.80	62.9	9.1	8.2	0.4
Trade, Tourism, Industry and Co-operative	128.41	428.82	15.94	3.00	2.60	3.17	16.3	105.8	2.0	0.7
Total	**14,299.84**	**7,271.52**	**2,802.62**	**185.56**	**2,771.38**	**177.78**	**98.9**	**95.8**	**19.4**	**2.4**

***Source**: Kiambu County Treasury*

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 15.1 per cent, followed by the Department of Roads, Transport and Public Works at 9.6 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 26.4 per cent, while the Department of Trade, Tourism, Industry and Co-operative had the lowest at 2.0 per cent.

Further analysis shows expenditures to exchequer issues for the Department of Health Services is at 138.7 per cent for recurrent expenditure, which is above 100 per cent as indicated by the financial statements using payments done at the IFMIS level. This also applies to the Department of County Executive (168.6 per cent) and the Department of Trade, Tourism, Industry and Co-operative (105.8 per cent). Generally, many transactions may appear as having been paid at IFMIS. However, in practice, they are awaiting funding at the CBK Internet Banking (IB) level, resulting in the variance.

The approved recurrent budget for the County Executive is Kshs.689.62 million, which is within the recurrent expenditure ceiling set in the County Allocation of Revenue Act (CARA) 2023 of Kshs.689.62 million. The County Executive, therefore, complied with the CARA ceiling. On the other hand, the Kiambu County Assembly's approved recurrent budget is Kshs.1.44 billion, which exceeded the recurrent expenditure ceiling set in the County Allocation of Revenue Act, 2023 of Kshs.1.35 billion. The allocation is attributed to the allocation to MCA Car Reimbursement of Kshs.90.43 million.

3.13.12 Budget Execution by Programmes and Sub-Programmes

Table 3.79 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.79: Kiambu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
Legislation and oversight	Legislation and oversight	904,732,000	-	147,260,107	-	16.3	-
General Administration Planning and Support Services	General Administration Planning and Support Services	399,051,227	127,000,000	73,564,432	-	18.4	-
Representation services	Representation services	139,000,000	-	28,359,768	-	20.4	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	**1,442,783,227**	**127,000,000**	**249,184,307**	-	**17.3**	-
County Executive							
Leadership & Coordination of County Admin & Departments	General Administration and Support Services	349,615,988	-	73,829,619	-	21.1	-
	Representation Services	37,086,506	-	984,726	-	2.7	-
	Sub-Total	**386,702,494**	-	**74,814,345**	-	**19.4**	-
County Public Service Board							
Leadership and Administration of Human Resources and Development in County Public Service	Human Resource development and management services	85,250,972	-	1,426,977	-	1.7	-
	Sub-Total	**85,250,972**	-	**1,426,977**	-	**1.7**	-
Finance, Economic Planning and ICT							
Public Finance Management and Economic Policy & Strategy	Budget	28,224,548	-	8,970,691	-	31.8	-
	Revenue	410,500,000	-	40,327,534	-	9.8	-
	Accounting	62,500,000	-	6,265,560	-	10.0	-
	Internal Audit	4,143,000	-	1,126,630	-	27.2	-
General Administration and support services	General Administration and support services	955,025,458	-	148,323,336	-	15.5	-
ICT Services	ICT services	15,000,000	257,966,018	-	-	-	-
	Sub-Total	**1,475,393,006**	**257,966,018**	**205,013,751**	-	**13.9**	-
Water, Environment and Natural Resources							
Administration, Planning & Support Services	Administration, Planning & Support Services	411,675,926	-	25,370,541	-	6.2	-
Water Resources Management & Sanitation Services	Water Resource Management and Sanitation	-	191,000,000	-	24,648,492	-	12.9
Natural Resources, Forest Conservation and Management	Natural Resources, Forest Conservation and Management	-	25,000,000	-	3,844,000	-	15.6
Environmental Management and Compliance	Environment and Solid Waste Management	-	94,580,000	-	29,634,810	-	31.3
Climate Change Mitigation &Adaptation	Climate Change Mitigation &Adaptation	23,617,867	145,000,000	-	-	-	-
	Sub-Total	**435,293,793**	**455,580,000**	**25,370,541**	**58,127,302**	**5.8**	**12.8**
Health Services							
Health Services	Curative	978,623,124	886,359,884	-	16,311,461	-	1.8
Health Services	Preventive and Promotive	837,900,000	200,000,000	1,069,969	-	0.1	-
Health Services	Pharmaceuticals	120,000,000	-	38,262,444	-	31.9	-
Health Services	Administration and Support	4,788,380,636	-	1,733,734,870	-	36.2	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	**6,724,903,760**	**1,086,359,884**	**1,773,067,283**	**16,311,461**	**26.4**	**1.5**
Roads, Transport and Public Works							
Maintenance of Road, Bridges,Transport, Construction and Maintenance	General administration and support services	510,828,022	-	75,348,867	-	14.8	-
	Construction of road and civil works	-	2,058,648,652	-	83,235,118	-	4.0
	Sub-Total	**510,828,022**	**2,058,648,652**	**75,348,867**	**83,235,118**	**14.8**	**4.0**
Administration and Public Service							
General Administration Planning and Support services	General Administration Planning and Support services	786,064,944	57,860,000	55,675,385	-	7.1	-
Human Resource Management & Development Services	Human Resource Management & Development	23,731,500	-	426,522	-	1.8	-
Alcoholic Fund	Alcoholic Drinks Control & Rehabilitation	32,000,000	50,000,000	-	-	-	-
	Sub-Total	**841,796,444**	**107,860,000**	**56,101,907**	**-**	**6.7**	**-**
Agriculture, Crop Production & Irrigation							
Agriculture, Livestock and Co-Operative Development	General Administration, Planning and Support Services	419,262,457	-	5,348,580	-	1.3	-
	Crop Development, Irrigation and Marketing Services	9,500,000	974,496,063	-	8,905,310	-	0.9
	Livestock and Fisheries Management and Development	40,014,781	335,756,915	1,009,248	7,225,000	2.5	2.2
	Co-operative Development and Management	33,000,000	30,000,000	565,649	-	1.7	-
	Sub-Total	**501,777,238**	**1,340,252,978**	**6,923,477**	**16,130,310**	**1.4**	**1.2**
Education, Culture and Social Services							
Pre-primary edu, Promotion of Culture and Social Services	PrePrimary education and youth polytechnics services	369,000,000	307,688,453	203,257,716	-	55.1	-
	Cultural and Social services	10,500,000	47,000,000	-	-	-	-
	General administration and support services	802,193,881	-	42,803,464	-	5.3	-
	Sub-Total	**1,181,693,881**	**354,688,453**	**246,061,180**	**-**	**20.8**	**-**
Youth and Sports							
Youth Affairs, Sports and Communication							
	Youth Affairs	11,000,000	-	744,994	-	6.8	-
	Sports	38,000,000	-	13,417,200	-	35.3	-
	Communication	7,930,000	-	2,279,660	-	28.8	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	General Administration	88,476,534	-	3,030,732	-	3.4	-
	Other Capital Grants & Trans	-	50,000,000	-	-	-	-
	Improvement of Sports Infrastructure	-	136,071,184	-	-	-	-
	Sub-Total	**145,406,534**	**186,071,184**	**19,472,586**	-	**13.4**	-
Lands, Physical Planning and Housing							
Urban Areas Development & Administration	Urban Areas Administration and Management	191,952,608	186,000,000	30,863,027	-	16.1	-
General Administration, Planning and Support Services	General administration and support services	202,649,501	-	5,135,130	-	2.5	-
Land Use Management, Valuation & Rating and Physical Planning	Land Administration services	45,000,000	147,543,092	-	-	-	-
Housing and Community Development	Housing Development	-	95,281,719	-	804,634	-	0.8
	Sub-Total	**439,602,109**	**428,824,811**	**35,998,157**	**804,634**	**8.2**	**0.2**
Trade, Tourism, Industry and Co-operative							
Trade, Industrialisation, Tourism, Investments & Cooperative Development	General Administration, Planning and Support Services	24,955,000	-	1,136,974	-	4.6	-
	Trade Administration, Development and Promotion	103,453,608	-	1,459,037	-	1.4	-
	Trade and Markets		286,665,916		3,168,026	-	1.1
	Tourism promotion and marketing	-	16,500,000	-	-	-	-
	Industrialisation	-	560,000,000	-	-	-	-
	Investment	-	5,098,576	-	-	-	-
	Sub-Total	**128,408,608**	**868,264,492**	**2,596,011**	**3,168,026**	**2.0**	**0.4**
GRAND TOTALS		**14,299,840,088**	**7,271,516,472**	**2,771,379,389**	**177,776,851**	**19.4**	**2.4**

***Source**: Kiambu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Pre-Primary education and youth polytechnics services in the Department of Education, Culture and Social Services at 55.1 per cent, Administration and Support services in the Department of Health Services at 36.2 per cent, Sports in the Department of Youth and Sports at 35.3 per cent, and Budget in the Department of Finance, Economic Planning and ICT at 31.8 per cent of budget allocation.

3.13.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.830.53 million against an annual projection of Kshs.7.98 billion, representing 10.4 per cent of the annual target.
2. High level of pending bills, which amounted to Kshs.5.62 billion as of 30th September 2023 despite having a bank balance of Kshs.1.14 billion in the CRF.

3. Use of manual payroll. Personnel emoluments amounting to Kshs.49.64 million were processed through the manual payroll, accounting for 2.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

4. The County failed to budget for the cash balance brought forward from FY 2022/23 of Kshs.2.55 billion in the approved estimates for FY 2023/24.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
3. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Treasury should budget for the cash balance brought forward from FY 2022/23 of Kshs.2.55 billion in the supplementary budget for FY 2023/24.*

3.14. County Government of Kilifi

3.14.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.18.74 billion, comprising Kshs.8.13 billion (43.4 per cent) and Kshs.10.61 billion (56.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 18.4 per cent compared to the previous financial year when the approved budget was Kshs.15.83 billion and comprised of Kshs.6.72 billion towards development expenditure and Kshs.9.11 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.91 billion (63.6 per cent) as the equitable share of revenue raised nationally, Kshs.200 million (1.1 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.2.52 billion (13.4 per cent) as conditional grants, a cash balance of Kshs.2.52 billion (13.4 per cent) was brought forward from FY 2022/23 and generate Kshs.1.59 billion (8.5 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.80.

3.14.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.03 billion as the equitable share of the revenue raised nationally, Kshs.64.82 million as FIF, had a cash balance of Kshs. 2.52 billion from FY 2022/23, and raised Kshs.139.55 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.3.75 billion, as shown in Table 3.80.

Table 3.80: Kilifi County, Revenue Performance in FY 2023/24

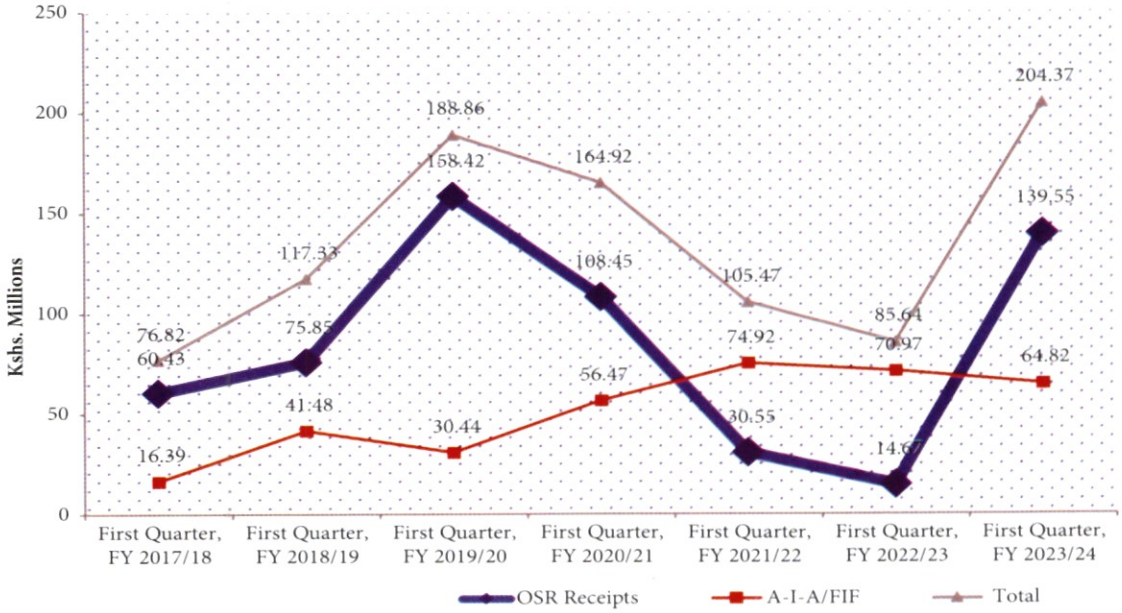
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,913,735,120	1,029,282,042.00	8.5
Sub Total		**11,913,735,120**	**1,029,282,042.00**	**8.5**
B	**Conditional Grants**			
1	Leasing of Medical Equipment	124,723,404.00	-	-
2	Provision of Fertilizer Subsidy Programme	134,390,478.00	-	-
3	Aggregated Industrial Parks Programme	100,000,000.00	-	-
4	Livestock Value Chain Support Project	14,323,680.00	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5	De-Risking and Value Enhancement (DRIVE)	63,341,980.00	-	-
6	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	98,880,952.00	-	-
7	National Agricultural and Rural Inclusive Growth Project (NARIGP)	150,000,000.00	-	-
8	DANIDA Grant (Universal Healthcare in Devolved System Programme)	19,057,500.00	-	-
9	Water &Sanitation Development Programme (WSDP)	1,300,000,000.00	-	-
10	World Bank Credit to Finance Locally-Led Climate Action Program	11,000,000.00	-	-
11	Agricultural Sector Development Support Programme (ASDSP) II	1,248,343.00	-	-
12	Kenya Informal Settlement and Improvement Project (KISIP)	250,000,000.00	-	-
13	World Bank Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000.00	-	-
	Sub-Total	**2,516,966,337.00**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,588,634,222	139,547,987	8.8
2	Balance b/f from FY2022/23	2,516,966,337	2,516,966,337	100.0
4	Facility Improvement Fund (FIF)	200,000,000	64,819,992	32.4
Sub Total		**4,305,600,559**	**2,721,334,316**	**63.2**
Grand Total		**18,736,302,016**	**3,750,616,358**	**20.0**

Source: *Kilifi County Treasury*

Figure 40 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

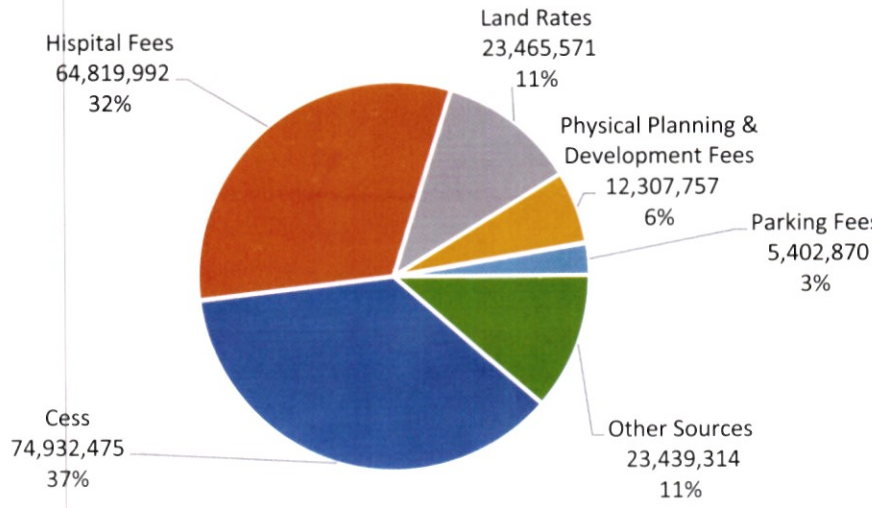
Figure 40: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Kilifi County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.204.37 million from its revenue sources, including FIF and AIA. This amount represented an increase of 58.1 per cent compared to Kshs.85.64 million realised in FY 2022/23 and was 11.4 per cent of the annual target and 19.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 41.

Figure 41: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Kilifi County Treasury

The highest revenue stream of Kshs.74.93 million was from cess, contributing to 37 per cent of the total OSR receipts during the reporting period.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.24 billion from the CRF account during the reporting period for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.800.53 million was released towards Employee Compensation, and Kshs.434.88 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2022/23 was Kshs.1.56 billion.

3.14.4 County Expenditure Review

The County did not spend on development programmes in the reporting period. The County spent Kshs.1.25 billion on recurrent programmes, which represented 100.9 per cent of the total funds released by the CoB and was 11.8 per cent of the annual recurrent expenditure budget. The County government did not report any expenditure on the development programmes.

3.14.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.82 billion, comprising Kshs.858.60 million for recurrent expenditure and Kshs.963.23 million for development activities. The County Government did not report any payments towards pending bills in the period under review.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.734.18 million on employee compensation and Kshs.304.76 million on operations and maintenance. Similarly, the County Assembly spent Kshs.75.96 million on employee compensation and Kshs.131.08 million on operations and maintenance, as shown in Table 3.81.

Table 3.81: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**9,660,685,629**	**949,209,043**	**1,038,944,776**	**207,038,547**	**10.8**	**21.8**
Compensation to Employees	4,504,834,612	468,603,589	734,184,582	75,960,066	16.3	16.2
Operations and Maintenance	5,155,851,017	480,605,454	304,760,194	131,078,481	5.9	27.3
Development Expenditure	7,834,281,120	292,124,724	-	-	-	-
Total	**17,494,966,749**	**1,241,333,767**	**1,038,944,776**	**207,038,547**	**5.9**	**16.7**

***Source**: Kilifi County Treasury*

3.14.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.810.14 million, or 65.6 per cent of the available revenue, which amounted to Kshs.1.24 billion. This expenditure represented a decrease from Kshs.1.06 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.127.19 million paid to health sector employees, translating to 15.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.760.79 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.49.35 million was processed through manual payrolls. The manual payrolls accounted for 6.1 per cent of the total PE cost.

The County Assembly spent Kshs.8.3 million on committee sitting allowances for the 56 MCAs and the Speaker against the annual budget allocation of Kshs.31.95 million. The average monthly sitting allowance was Kshs.49,207 per MCA. The County Assembly has established 23 Committees.

3.14.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.857.93 million to county-established funds in FY 2023/24, constituting 4.6 per cent of the County's overall budget. Table 3.82 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.82: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Financial Statements
County Executive Established Funds					
1.	Kilifi County Car Loan & Mortgage Fund	120,000,000	-	-	No
2.	Kilifi County Ward Scholarship Fund	350,000,000	175,000,000	175,000,000	No
3.	Kilifi County Emergency Fund	100,000,000	-	-	No
4.	Kilifi County Wezesha Fund	150,000,000	-	-	No
5.	Kilifi County Health Services Improvement Fund	25,932,178	-	-	No
County Assembly Established Funds					
1.	Kilifi County Assembly Car Loan & Mortgage Fund	112,000,000	-	-	No
Total		**857,932,178**	**175,000,000**	**175,000,000**	-

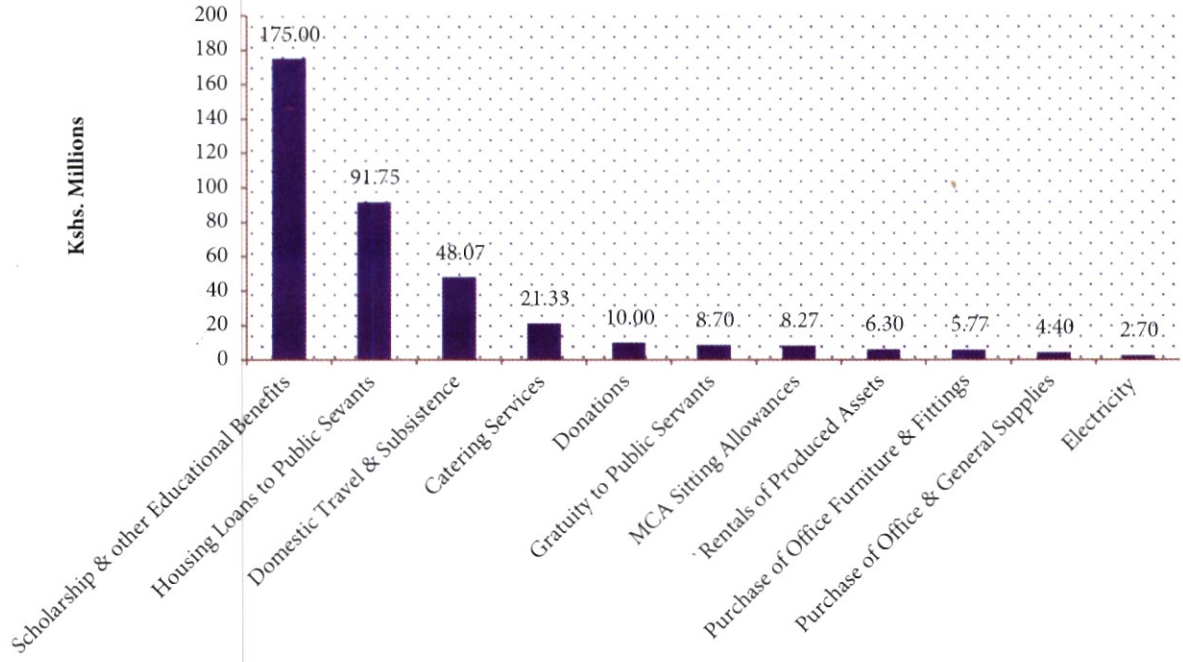
Source: *Kilifi County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of all established funds as indicated in Table 3.82, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.14.9 Expenditure on Operations and Maintenance

Figure 42 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Kilifi County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.48.07 million, which comprised Kshs.42.92 million spent by the County Assembly and Kshs5.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.4 million and comprised Kshs.1.1 million by the County Assembly and Kshs.13.3 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.83

Table 3.83: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

County Department	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Office of the Governor	2	25/8/2023	Meeting in Dubai on collaboration with Kilifi County in the sustainable project for carbon credits	Dubai	3,180,160.00
Roads, Transport & Public Works	2	09/09/2023	FIDIC Global Infrastructure Project	Singapore	3,031,600
Office of the Governor	2	15/9/2023	Trade mission in Slovakia from 15th -23rd September 2023	Slovakia	2,661,917.75
Finance	1	25/8/23-4/09/23	Signing of memorandum of understanding for collaboration with Kilifi County Sustainable Project for Carbon Credits Generation in Kenya	Dubai	1,799,560
Finance	1	15/09/23-23/09/23	Trade Mission with H.E the Governor	Slovakia	1,693,426
Agriculture	2	10/07/2023	Sustainable development of coastal communities and study tour	Italy	913,160.00

Source: *Kilifi County Treasury*

3.14.10 Budget Performance by Department

Table 3.84 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.84: Kilifi 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 Assembly	949.21	292.12	207.04	-	207.03	-	100.0	-	21.8	-
Office of the Governor	403.66	-	37.32	-	28.05	-	75.2	-	6.9	-
County Division for Finance	483.05	55.89	71.22	-	69.42	-	97.5	-	14.4	-
Agriculture	88.93	747.44	-	-	7.83	-	-	-	8.8	-
Lands & Energy	109.69	257.58	13.38	-	13.38	-	100.0	-	12.2	-
County Public Service Boards	62.87	-	-	-	-	-	-	-	-	-
Public Service Management	4,976.17	75.00	724.57	-	734.18	-	101.3	-	14.8	-
County Attorney	136.54	24.00	1.43	-	0.45	-	31.5	-	0.3	-
Economic Planning	130.25	-	-	-	1.16	-	-	-	0.9	-
Livestock	36.69	157.38	-	-	8.92	-	-	-	24.3	-
Information Communication Technology	42.85	-	-	-	-	-	-	-	-	-
Physical Planning, Urban Development & Housing	238.14	356.48	-	-	-	-	-	-	-	-
Cooperative Development	54.20	35.00	-	-	0.45	-	-	-	0.8	-
County Division for Resource Mobilization	173.42	-	-	-	-	-	-	-	-	-
County Division for Blue Economy	38.73	189.29	-	-	-	-	-	-	-	-
County Division for Water Services	91.95	2,256.93	-	-	-	-	-	-	-	-
County Division for Environment and Natural Resources	102.39	19.00	-	-	-	-	-	-	-	-
County Division for Forestry and Climate Change	18.01	72.59	-	-	-	-	-	-	-	-
County Division for Early Childhood Education and Vocational Training	449.88	635.76	175.00	-	175.00	-	100.0	-	38.9	-
County Division for Health and Sanitation Services	1,250.42	849.79	-	-	-	-	-	-	-	-
County Division for Roads and Transport Services	353.34	1,174.51	3.01	-	-	-	-	-	-	-
County Division for Public Works	20.00	-	-	-	-	-	-	-	-	-
County Division for Gender and Social Services	104.76	146.19	-	-	-	-	-	-	-	-
Youth Affairs & Sports	15.15	151.08	-	-	-	-	-	-	-	-
Trade Development	51.05	509.31	2.44	-	0.11	-	4.5	-	0.2	-
Tourism Promotion	55.48	37.89	-	-	-	-	-	-	-	-

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
Devolution & Civic Education	60.63	42.81	-	-	-	-	-	-	-	-
Special Programs & Disaster Management	112.44	40.32	-	-	-	-	-	-	-	-
Total	**10,609.90**	**8,126.36**	**1,235.41**	**-**	**1,245.98**	**-**	**100.9**	**-**	**11.7**	**-**

The Department of Early Childhood Education & Vocational Training had the highest percentage of recurrent expenditure to budget at 38.9 per cent, followed by the Department of Livestock at 24.3 per cent. Several departments did not report any expenditure during the period.

3.14.11 Budget Execution by Programmes and Sub-Programmes

Table 3.85 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.85: Kilifi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Education & Vocational Training							
	Administration, Planning and Support Services	99,679,516	-	17,000,000	-	-	-
	Sub Total	99,679,516	-	17,000,000	-	-	-
0502013110 P2.1: Free Pre-Primary Education	Early Childhood Education	13,000,000	-	560,491,937	-	-	-
	Ward Scholarship Administration	350,000,000	-	-	-	-	-
	Vocational Education and Training	14,000,000	-	58,271,812	-	-	-
	Sub-Total	377,000,000	-	58,271,812	-	-	-
Grand Total		**476,679,516**	-	**75,271,812**	-	-	-
PUBLIC SERVICE MANAGEMENT							
	Administration, Planning and Support Services	4,969,381,302	-	75,000,000	-	1.5	-
	Human Resource Development	6,788,633	-	-	-	-	-
Grand Total		**4,976,169,935**	-	-		-	
	Administration, Planning and Support Services	99,679,516	-	17,000,000	-	17.1	-
	Sub Total	99,679,516	-	17,000,000	-	17.1	-
0502013110 P2.1: Free Pre-Primary Education	Early Childhood Education	13,000,000	-	560,491,937	-	4,311.5	-
	0503023110 SP 2: Ward Scholarship Administration	350,000,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	0504013110 SP 1: Vocational Education and Training	14,000,000	-	58,271,812	-	416.2	-
	Sub-Total	377,000,000	-	618,763,749	-	164.1	-
	Grand Total	**476,679,516**	-	**635,763,749**	-	133.4	-
Agriculture		-	-	-	-	-	-
Programme 1	Sub-programme	19,879,891	-	366,228,330	-	1,842.2	-
	Sub Total	19,879,891	-	366,228,330	-	1,842.2	-
Agriculture Division							
Programme 2	Sub-programme	25,640,000	-	50,694,286	-	197.7	-
	Sub-Total	25,640,000	-	50,694,286	-	197.7	-
Programme 3	Sub-programme	3,054,632	-	3,000,000	-	98.2	-
	Grand Total	**3,054,632**	-	**3,000,000**	-	98.2	-
Public Service Management							
Programme 1: General Administration, Planning and Support Services	Administration, Planning and Support Services	4,969,381,302	-	75,000,000	-	1.5	-
		6,788,633	-	-	-	-	-
	Grand Total	**4,976,169,935**	-	**75,000,000**	-	1.5	-
Office Of The Governor			-		-		-
Administration, Planning and Support Services	Administrative services	145,456,235	-	28,054,341	-	19.3	-
	Governance and national values	56,375,435	-	-	-	-	-
	Sub Total	201,831,670	-	28,054,341	-	13.9	-
	Sub-Total	201,831,670	-	28,054,341	-	13.9	-
	Grand Total	**201,831,670**	-	**28,054,341**	-	13.9	-
Programme 1	Sub-programme	22,307,752	-	90,491,654	-	405.7	-
Information Technology & Communication			-	-	-		-
0902013110 P2.1: ICT infrastructure connectivity	ICT infrastructure connectivity	42,848,430	-	-	-		-
	Sub Total	42,848,430	-		-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
		42,848,430	-	-	-	-	-
COUNTY ATTORNEY	Administration Planning and Support Services	120,742,164	-	450,000	-	0.4	-
legal advisory and legislative drafting	Legal Advisory and Legislative Drafting	15,796,702	-	24,000,000	-	151.9	-
	Grand Total	136,538,866	-	24,000,000	-	17.6	-
TRADE			-		-		-
Programme 1	Wezesha Fund	150,000,000	-	75,000,000	-	50.0	-
	Grand Total	150,000,000	-	75,000,000	-	50.0	-
Lands & Energy	Administrative, Planning & Support	87,746,056	-	13,375,813	-	15.2	-
Finance		55,475,361	-	304,600	-	0.5	-
	SP 1 Administration, Planning and Support Service	446,645,852	-	67,505,415	-	15.1	-
	SP 2.1. Budget Formulation, Coordination and Management	23,815,250	-	543,630	-	2.3	-
	SP 2.2: Audit Services	14,256,533	-	927,660	-	6.5	-
	SP 2.3: Accounting Services	13,650,000	-	439,800	-	3.2	-
	SP 2.4: Public Procurement and Disposal Services	14,800,000	-	-	-	-	-
	Sub-Total	513,167,635	-	69,416,505	-	13.5	-
Grand Total		**10,609,895,172**	**-**	**1,245,983,323**	**-**	**11.7**	**-**

***Source**: Kilifi County Treasury*

The report on budget execution by programmes and sub-programmes showed some sub-programmes with over 100 per cent performance, which is irregular. Further, this report differed from the report submitted by the County Government on department expenditure. The County Treasury should address the inconsistencies in reporting to ensure the reports are credible.

3.14.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 26TH October 2023.
2. The underperformance of own-source revenue at Kshs.204.64 million against an annual projection of Kshs.1.79 billion, representing 11.4 per cent of the annual target
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Wezesha Fund, County Executive Car Loan & Mortgage Fund, County Assembly Car Loan & Mortgage Fund, County Ward Scholarship Fund and County Emergency Fund were not submitted to the Controller of Budget.

4. High level of pending bills, which amounted to Kshs.1.82 billion as of 30th September 2023. Despite CRF having s Kshs.1.56 billion.

5. Inconsistency in financial reporting. The expenditure report on programs and sub-programs does not tally with department expenditures.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The County Treasury should ensure they address the issue of reporting inconsistently by reconciling their expenditure by programs and sub-programs and expenditure by departments.*

3.15. County Government of Kirinyaga

3.15.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.7.24 billion, comprising Kshs.2.45 billion (33.8 per cent) and Kshs.4.79 billion (66.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 3.0 per cent compared to the previous financial year when the approved budget was Kshs.7.03 billion and comprised Kshs.2.18 billion towards development expenditure and Kshs.4.84 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.42 billion (74.9 per cent) as the equitable share of revenue raised nationally, Kshs.201 million (2.1 per cent) as Appropriations-in-Aid (A-I-A, revenue from health facilities), Kshs.612.97 million (8.5 per cent) as conditional grants, a cash balance of Kshs.657.36 million (9.1 per cent) brought forward from FY 2022/23, and generate Kshs.349 million (4.8 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.86.

3.15.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.35 billion as the equitable share of the revenue raised nationally, Kshs.44.85 million as A-I-A, had a cash balance of Kshs.657.36 million from FY 2022/23, and generated Kshs.48.27 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.11 billion, as shown in Table 3.86.

Table 3.86: Kirinyaga County, Revenue Performance in FY 2023/24

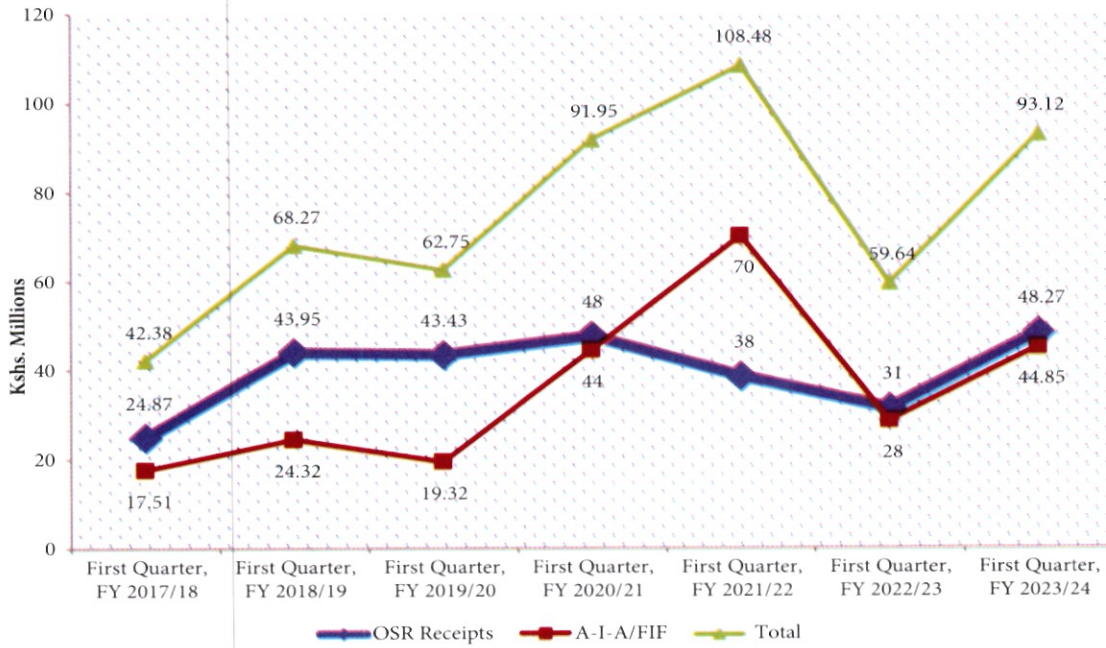
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,420,217,528	1,355,054,632	25.0
Sub Total		**5,420,217,528**	**1,355,054,632**	**25.0**
B	**Conditional Grants**			
1	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	144,370,399.38	-	-
2	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	317,307,692.31	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	DANIDA Grant	7,738,499.93	-	-
4	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	900,970.34	-	-
5	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant	11,000,000.00	-	-
6	IDA (World Bank) Credit (Financing Locally-Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant (CCRIG)	131,648,937.75	-	-
Sub-Total		**612,966,499.71**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	349,000,000.00	48,265,369.00	13.83
2	Balance b/f from FY2022/23	657,363,378	657,363,378	100.00
3	Appropriation in Aid (AIA)	201,000,000.00	44,851,041.00	22.31
Sub Total		**1,207,363,378.00**	**750,479,788.00**	**62.16**
Grand Total		**7,240,547,405.71**	**2,105,534,420.00**	**29.08**

Source: *Kirinyaga County Treasury*

Figure 43 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

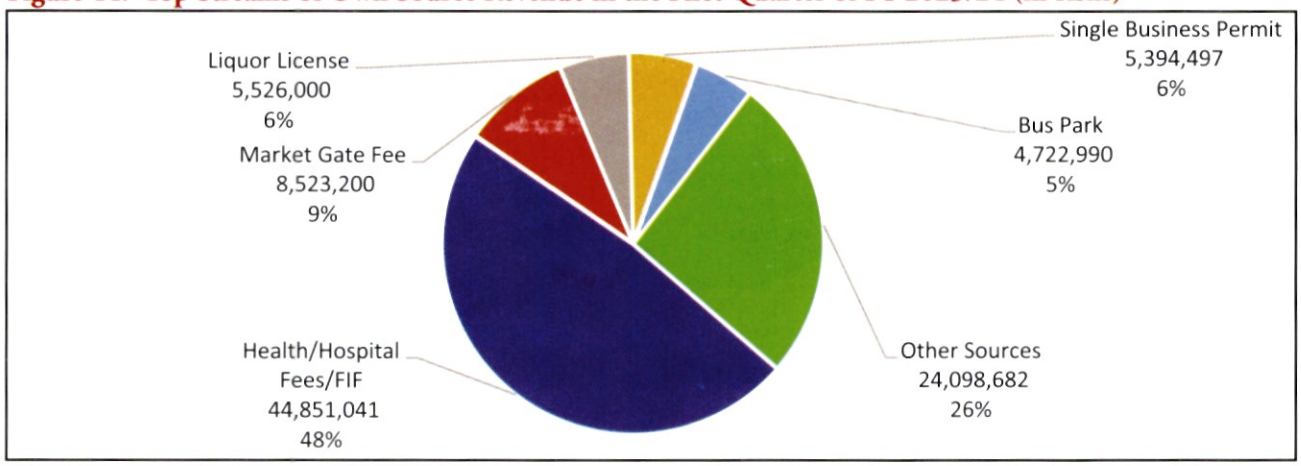
Figure 43: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Kirinyaga County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.93.12 million from its revenue sources, including FIF and AIA. This amount represented an increase of 56.1 per cent compared to Kshs.59.64 million realised in FY 2022/23 and was 16.9 per cent of the annual target and 1.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 44.

Figure 44: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: *Kirinyaga County Treasury*

The highest revenue stream of Kshs.44.85 million was from Health/Hospital Fees/FIF, contributing to 48 per cent of the total OSR receipts during the reporting period.

3.15.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.985 million from the CRF account during the reporting period, which comprised Kshs.158.60 million (16.1 per cent) for development programmes and Kshs.826.40 million (83.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.494.26 million was released towards Employee Compensation, and Kshs.332.11 million was for Operations and Maintenance expenditure. The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.651.07 million.

3.15.4 County Expenditure Review

The County spent Kshs.985 million on development and recurrent programmes in the reporting period. The expenditure represented 100.0 per cent of the total funds released by the CoB and comprised Kshs.158.61 million and Kshs.826.8 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.5 per cent, while recurrent expenditure represented 17.2 per cent of the annual recurrent expenditure budget.

3.15.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.676.15 million, comprising Kshs.415.04 million for recurrent expenditure and Kshs.261.11 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.20 million were settled for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.656.15 million.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.436.94 million on employee compensation, Kshs.219.08 million on operations and maintenance, and Kshs.158.61 million on development activities. Similarly, the County Assembly spent Kshs.57.31 million on employee compensation and Kshs.113.03 million on operations and maintenance, as shown in Table 3.87.

Table 3.87: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,118,123,551**	**673,319,674**	**656,030,703**	**170,350,052**	**15.9**	**25.3**
Compensation to Employees	2,619,740,688	339,575,589	436,947,819	57,319,360	16.7	16.9
Development Expenditure	**2,363,874,720**	**85,229,460**	**158,617,852**	-	**6.7**	**0.0**
Total	**6,481,998,272**	**758,549,134**	**814,648,555**	**170,350,052**	**12.6**	**22.5**

***Source**: Kirinyaga County Treasury*

3.15.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.494.26 million, or 23.5 per cent of the available revenue, which amounted to Kshs.2.11 billion. This expenditure represented a decrease from Kshs.645.67 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.249.56 million paid to health sector employees, translating to 50.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.461.20 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.33.06 million was processed through manual payrolls. The manual payrolls accounted for 6.7 per cent of the total PE cost.

The County Assembly spent Kshs.4.08 million on committee sitting allowances for the 34 MCAs and the Speaker against the annual budget allocation of Kshs.54.48 million. The average monthly sitting allowance was Kshs.40,026 per MCA. The County Assembly has established 22 Committees.

3.15.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.145.70 million to county-established funds in FY 2023/24, constituting 2 per cent of the County's overall budget. Table 3.88 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.88: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	The Kirinyaga County Emergency Fund	6,200,000	-	-	Yes
2.	The Kirinyaga County Executive Staff Car Loan Scheme Fund	-	-	4,648,894.62	
3.	The Kirinyaga County Executive Staff Mortgage Scheme Fund	31,300,000	15,560,000	15,917,690.90	Yes
4.	The Kirinyaga County Education Bursary Fund	108,200,000	-	24,649,960.50	Yes
County Assembly Established Funds					
5.	Kirinyaga County Assembly Members Mortgage Scheme Fund	-	-	-	Yes
6.	Kirinyaga County Assembly Members Car Loan Scheme Fund	-	-	-	Yes
7.	Kirinyaga County Assembly Staff Mortgage Scheme Fund	-	-	2,700,000	Yes
8.	Kirinyaga County Assembly Staff Car Loan Scheme Fund	-	-	-	Yes
Total		**145,700,000**	**15,560,000**	**47,916,546**	-

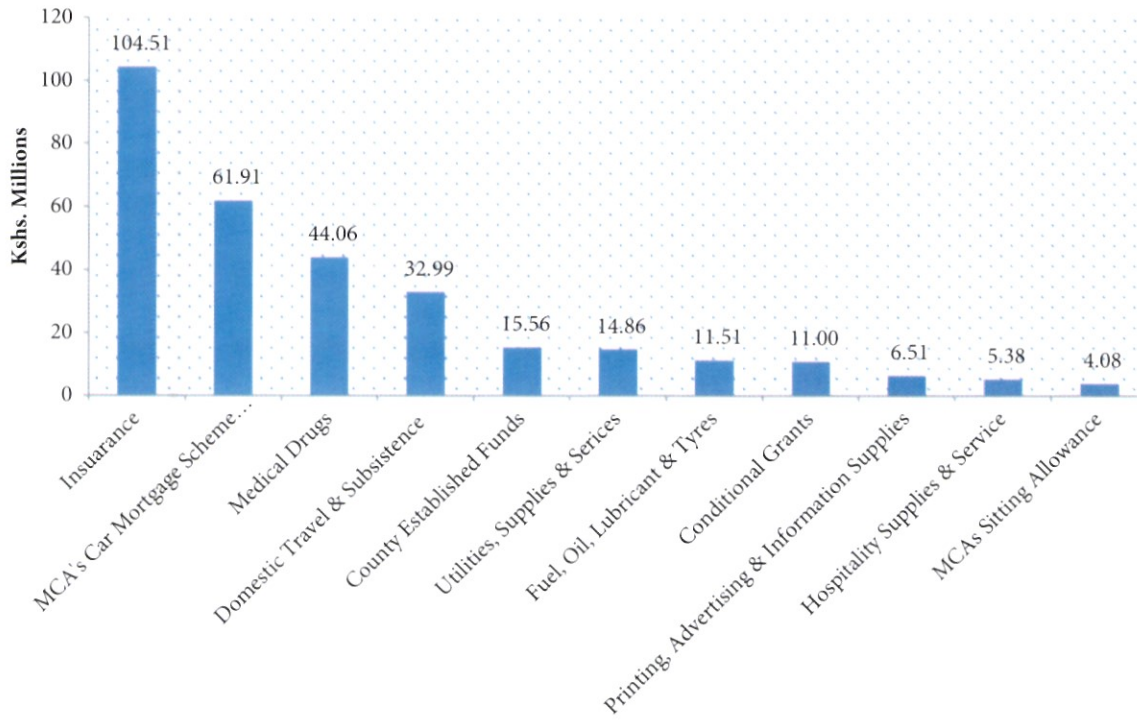
Source: *Kirinyaga County Treasury*

During the reporting period, the CoB received quarterly financial returns from Fund Administrators, as indicated in Table 3.88.

3.15.9 Expenditure on Operations and Maintenance

Figure 45 summarises the Operations and Maintenance expenditure by major categories.

Figure 45: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: *Kirinyaga County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.32.99 million and comprised Kshs.25.49 million spent by the County Assembly and Kshs.7.50 million by the County Executive.
The operations and maintenance costs include an expenditure of Kshs.4.00 million on garbage collection. The County government did not report any expenditure on foreign travel.

3.15.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.158.61 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County spent Kshs.149.51 million.

The table 3.89 summarises development projects with the highest expenditure in the reporting period.

Table 3.89: The Table Summaries Development Projects With The Highest Expenditure In The Reporting Period.

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid FY 2023-24 (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Medical Services and Public Health	Completion of 220-bed medical Complex at Kerugoya	Kerugoya	1,474,988,910	54,760,016	1,447,663,870	95
2	Transport and Infrastructure	Installation of paving blocks in various towns	-	204,797,211	33,801,674	153,805,615	75
3	Agriculture, Livestock and Fisheries	National Agricultural and Rural Inclusive Growth Project (NARIGP) FY2022/23	County Wide	27,156,162	27,156,162	27,156,162	100
4	Finance and Economic Planning	Settlement of pending Bills	County Wide	95,000,000	20,000,000	20,000,000	21

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid FY 2023-24 (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
5	Finance and Economic Planning	Design and development of a Revenue Management System(RMS)	-	39,893,320	10,000,000	31,941,326	80
6	Transport and Infrastructure	Supply of Fuel for Road Construction Equipment under the Road Maintenance Programme	Kiine	4,000,000	2,000,000	2,000,000	50
7	Transport and Infrastructure	Supply of Fuel for Road Construction Equipment under the Road Maintenance Programme	Kariti	3,000,000	1,500,000	1,500,000	50
8	Transport and Infrastructure	Supply of Fuel for Road Construction Equipment under the Road Maintenance Programme	Wamumu	3,000,000	1,500,000	1,500,000	50
9	Transport and Infrastructure	Supply of Fuel for Road Construction Equipment under the Road Maintenance Programme	Thiba	2,500,000	1,250,000	1,250,000	50
10	Transport and Infrastructure	Supply of Fuel for Road Construction Equipment under the Road Maintenance Programme	Kangai	2,000,000	1,000,000	1,000,000	50

Source: Kirinyaga County Treasury

3.15.11 Budget Performance by Department

Table 3.90 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.90: Kirinyaga 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
Agriculture, Livestock and Fisheries	217.98	525.00	31.69	27.16	31.69	27.16	100.0	100.0	14.5	5.2
Cooperative Development Trade and Tourism	47.84	285.70	5.77	-	5.77	-	100.0	-	12.1	-
County Assembly	673.32	85.23	170.35	-	170.35	-	100.0	-	25.3	-
County Executive	496.02	-	59.29	-	59.29	-	100.0	-	12.0	-
Education	356.63	50.90	32.32	-	32.32	-	100.0	-	9.1	-
Environment and Natural Resources	119.49	293.49	33.63	-	33.63	-	100.0	-	28.1	-
Finance and Economic Planning	573.09	126.00	165.83	30.00	165.83	30.00	100.0	100.0	28.9	23.8
Gender and Youth	43.67	51.15	6.14	-	6.14	-	100.0	-	14.1	-
Lands, Housing and Urban Development	33.97	56.43	1.47	-	1.47	-	100.0	-	4.3	-

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
Medical Services and Public Health	2,116.49	605.26	306.86	54.76	306.86	54.76	100.0	100.0	14.5	9.0
Sports Culture and Social Services	38.21	21.52	3.60	-	3.60	-	100.0	-	9.4	-
Transport and Infra-structure	74.73	348.42	9.44	46.70	9.44	46.70	100.0	100.0	12.6	13.4
Total	**4,791.44**	**2,449.10**	**826.38**	**158.62**	**826.38**	**158.62**	**100.0**	**100.0**	**17.2**	**6.5**

***Source**: Kirinyaga County Treasury*

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 23.8 per cent, followed by the Department of Transport and Infrastructure at 13.4 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 28.9 per cent, while the Department of Lands, Housing and Urban Development had the lowest at 4.3 per cent.

3.15.12 Budget Execution by Programmes and Sub-Programmes

Table 3.91 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.91: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
Legislation and Oversight	Legislation and Oversight	673,319,674	85,229,460	170,350,052	-	25.3	-
Sub Total		**673,319,674**	**85,229,460**	**170,350,052**	**-**	**25.3**	-
County Executive							
Office of the Governor and Deputy Governor	070601 County Executive Services	334,594,668	-	43,844,468	-	13.1	-
County Executive Administration	070701County Executive Services	-	-	-	-	-	-
Management of County Affairs	070801 Coordination of County Functions	117,691,297	-	12,501,331	-	10.6	-
County Executive Committee Affairs	070901 Organisation of County Business	6,200,000	-	319,200	-	5.1	-
County Public Service Board	071001 Human Resource Management	12,906,040	-	363,000	-	2.8	-
Administrative Support Services	020202 ICT Governance	3,480,000	-	557,500	-	16.0	-
	020701 Government Buildings Services	2,567,000	-	-	-	-	-
	070411 Audit Committee	1,919,000	-	-	-	-	-
	070412 County Enforcement Activities	4,185,000	-	-	-	-	-
	070413 ICT Infrastructure Development Management	10,958,800	-	1,700,000	-	15.5	-
	070414 ICT Systems Development Management	1,522,000	-	-	-	-	-
Sub Total		**496,023,805**	**-**	**59,285,499**	**-**	**12.0**	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning							
Public Finance Management	070401 Finance Services	508,173,322	126,000,000	161,589,333	30,000,000	31.8	23.8
	070402 Revenue Services	17,300,000	-	1,535,428	-	8.9	-
	070404 Procurement and Supply Services	9,770,000	-	832,800	-	8.5	-
	070405 Internal Audit Services	1,718,200	-	-	-	-	-
	070408 Budget Formulation, Coordination and Management	8,970,920	-	330,000	-	3.7	-
	070409 Accounting Services	7,445,000	-	1,435,100	-	19.3	-
County Planning and Economic Policy Management	070501 Economic Planning Services	19,714,168	-	110,400	-	0.6	-
Sub Total		**573,091,610**	**126,000,000**	**165,833,061**	**30,000,000**	**28.9**	**23.8**
Medical Services and Public Health							
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,116,489,802	605,258,331	306,859,714	54,760,016	14.5	9.0
Sub Total		**2,116,489,802**	**605,258,331**	**306,859,714**	**54,760,016**	**14.5**	**9.0**
Education							
Basic Education	050101 General Administration	340,514,905	-	32,319,889	-	9.5	-
	050102 Free Pre- Primary Education	15,440,000	-	-	-	-	-
State Education Function Support	050203 Tertiary Education	-	31,000,000	-	-	-	-
	050501 Pre-Primary and Child Care Services	-	19,900,000	-	-	-	-
Technical and Vocational Training	050301 Village Polytechnique	678,500		-	-	-	-
Sub Total		**356,633,405**	**50,900,000**	**32,319,889**	**-**	**9.1**	-
Agriculture, Livestock and Fisheries							
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	-	-	-	-	-
	010105 Livestock Production Management	-	-	-	-	-	-
	010106 Livestock Disease Management & Control	1,200,000	-	-	-	-	-
Crop Development and Management	010202 Agricultural Extension Services	1,000,000	-	278,600	-	27.9	-
	010203 Agribusiness and Market Development	100,000	-	-	-	-	-
	010206 Land and Crop Development	5,149,000				-	-
	010207 Food Security Initiatives	400,000	-	-	-	-	-
Kamweti Agricultural Training Centre	Extension and Training	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Fisheries Development	010402 Aquaculture Development	200,000	-	-	-	-	-
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	543,000	-	115,900	-	21.3%	-
	011001 General Administration and Planning	209,081,626	524,997,954	31,295,212	27,156,162	15.0	5.2
Sub Total		**217,978,626**	**524,997,954**	**31,689,712**	**27,156,162**	**14.5**	**5.2**
Gender and Youth							
Culture	090702 Social Welfare Services	10,687,000	-	-	-	-	-
	091201 Gender Administration Services	30,821,210	-	6,136,168	-	19.9	-
	091301 Gender and Social Development	1,490,000	51,150,000	-	-	-	-
Youth	090901 Youth Development and Empowerment Services	670,000	-	-	-	-	-
Sub Total		**43,668,210**	**51,150,000**	**6,136,168**	-	**14.1**	-
Sports Culture and Social Services							
Sports	090701 General Administration	12,721,217	-	2,219,323	-	17.4	-
	090801 Development of Sports and Sports Facilities	-	21,520,000	-	-	-	-
	091401 Management & Development of Sports and Sports Facilities	18,905,000	-	1,316,600	-	7.0	-
	091601Control & Campaign Against Drug & Substance Abuse	1,549,000	-	-	-	-	-
	091701 Preservation & Promotion of Heritage and Culture	248,800	-	10,000	-	4.0	-
Children Services	091101 Child Community Support Services	4,784,000	-	50,000	-	1.0	-
Sub Total		**38,208,017**	**21,520,000**	**3,595,923**	-	**9.4**	-
Cooperative Development Trade and Tourism							
Trade Development and Investment	030401 General Administration and Planning	-	285,700,000	-	-	-	-
	030103 Capacity Building for Traders and SME's	977,000	-	-	-	-	-
	030104 promotion, Development & Growth of Trade	354,000	-	-	-	-	-
	030105 Fair Trade Practises and Consumer Protection	205,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	-	-	-	-	-
	030304 International Tourism Promotion and Marketing	310,000	-	-	-	-	-
	030305 Promotion of Industrial Development	6,268,500	-	-	-	-	-
	030306 Provision of Industrial Training	140,000	-	-	-	-	-
Cooperative Development and Marketing	030101 General Administration & Planning	38,449,441	-	5,724,100	-	14.9	-
	030405 Cooperative Advisory and Extension Services	295,000	-	25,000	-	8.5	-
	030406 Cooperative Education and Training	416,000	-	-	-	-	-
	030407 Cooperative Governance and Accountability	159,000	-	25,000	-	15.7	-
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	-	-	-	-	-
Sub Total		**47,839,441**	**285,700,000**	**5,774,100**	**-**	**12.1**	**-**
Environment and Natural Resources							
Water Supply Services	090101 Water and Irrigation	-	161,843,333	-	-	-	-
Energy Programme	090301 Energy Services	405,000	-	70,000	-	17.3	-
Cleaning and Waste Management	090502 Environment Management and Protection	675,800	-	-	-	-	-
Environment Management and Protection	100401 Environment Management and Protection	11,000,000	131,648,938	11,000,000	-	10.2	-
Nema	090401 Waste Management Services	107,408,439	-	22,563,780	-	-	-
Sub Total		**119,489,239**	**293,492,271**	**33,633,780**	**-**	**28.1**	**-**
Lands, Housing and Urban Development							
Land and Physical Planning	010601 General Administration and Planning	29,853,028	-	1,415,731	-	4.7	-
	010604 County Spatial Planning	3,190,000	-	-		-	-
	010605 Town Zoning and Mapping	-	56,433,333		-	-	-
	010607 Survey and Mapping	505,000	-	50,000	-	9.9	-
Housing Development	010701 Improvement and Development of Human Settlements	420,000	-	-	-	-	-
Sub Total		**33,968,028**	**56,433,333**	**1,465,731**	**-**	**4.3**	**-**
Transport and Infrastructure							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Transport Management	020301 General Administration and Planning	61,511,285	-	8,123,727	-	13.2	-
Disaster Management	020401 Fire Fighting and Emergency Services	2,222,083	-	1,313,400	-	59.1	-
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	1,300,000	348,422,832	-	46,701,674	-	13.4
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	-	-	-	-	-
Sub Total		**74,733,368**	**348,422,832**	**9,437,127**	**46,701,674**	**12.6**	**13.4**
Grand Total		**4,791,443,225**	**2,449,104,181**	**826,380,755**	**158,617,852**	**17.2**	**6.5**

***Source**: Kirinyaga County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Fire Fighting and Emergency Services in the Department of Transport and Infrastructure at 59.1 per cent, Finance Services in the Department of Finance and Economic Planning at 30.2 per cent, Agricultural Extension Services in the Department of Agriculture, Livestock and Fisheries at 27.0 per cent, and Legislation and Oversight in the County Assembly at 22.5 per cent of budget allocation.

3.15.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.93.11 million against an annual projection of Kshs.550 million, representing 16.9 per cent of the annual target.
2. High level of pending bills, which amounted to Kshs.656.15 million as of 30th September 2023. This is despite the availability of Kshs.651.07 million in the CRF account at the end of the reporting period.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.33.06 million were processed through the manual payroll, accounting for 6.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
3. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.16. County Government of Kisii

3.16.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.13.81 billion, comprising Kshs.5.15 billion (37.3 per cent) and Kshs.8.66 billion (62.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 13.7 per cent compared to the previous financial year when the approved budget was Kshs.11.91 billion and comprised of Kshs.3.66 billion towards development expenditure and Kshs.8.25 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.25 billion (67 per cent) as the equitable share of revenue raised nationally, Kshs.1.56 billion as conditional grants, a cash balance of Kshs. 2.35 billion (17 per cent) brought forward from FY 2022/23, and generate Kshs.650 million (4.7 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.92.

3.16.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.786.98 million as the equitable share of the revenue raised nationally, Kshs.174.43 million as FIF, had a cash balance of Kshs.2.33 billion from FY 2022/23, and raised Kshs.71.46 million as own-source revenue. However, there were no funds received for conditional grants. The total funds available for budget implementation during the period amounted to Kshs.3.36 billion, as shown in Table 3.92.

Table 3.92: Kisii County, Revenue Performance in FY 2023/24

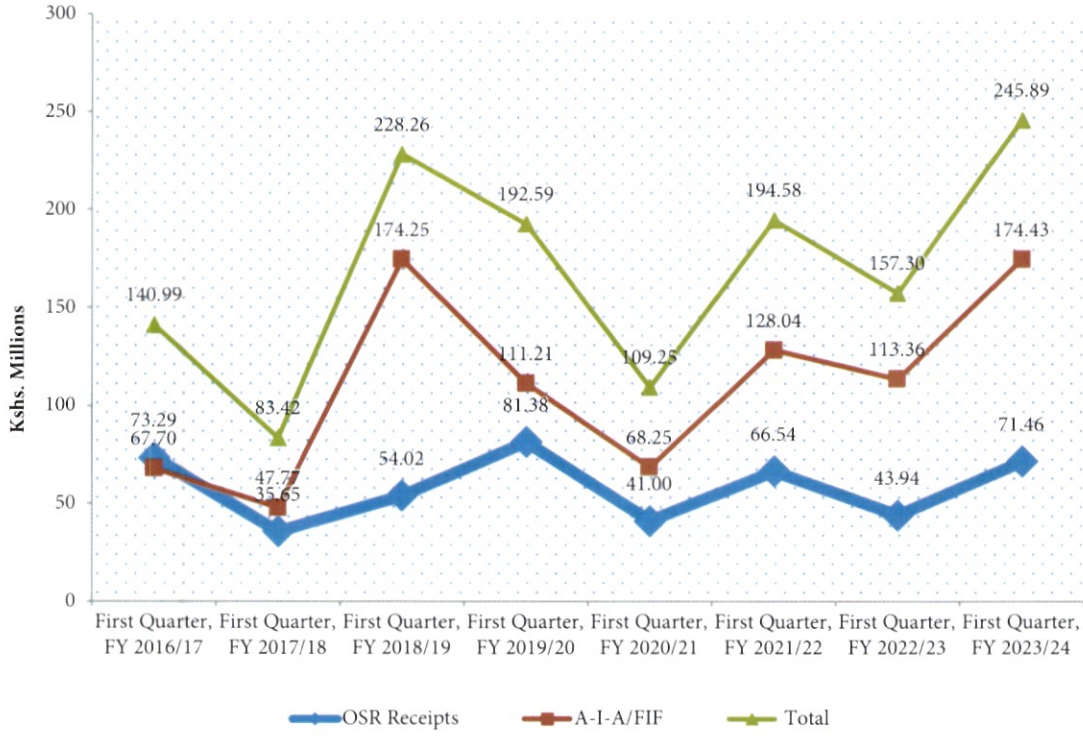
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	9,248,560,518	786,980,032	8.5
Subtotal		9,248,560,518	786,980,032	8.5
B	**Conditional Grants**			
1.	Leasing of Medical Equipment	124,723,404	-	-
2.	Aquaculture Business Development Programme	23,165,743	-	-
3.	DANIDA	14,206,500	-	-
4.	Finance for Locally-Led-Climate Action Program (FLLOCA)	11,000,000	-	-
5.	Finance for Locally-Led Climate Action Program (FLLOCA) County Climate Resilient Investment Grant	33,192,137	-	-
6.	Construction of Cancer Centre	620,000,000	-	-
7.	Agriculture Sector Development Support Programme (ASDSP)	3,168,601	-	-
8.	Industrial Park	100,000,000	-	-
9.	Library Services	8,557,807	-	-
10.	National Agricultural and Rural Inclusive Project	150,000,000	-	-
11.	Livestock Value Chain Support Program-Poland	35,809,200	-	-
12.	Provision of Fertilizer Subsidy	186,645,942	-	-
13	Allocation of Mineral Royalties	682,562	-	-
14.	National Agricultural Value Chain Development Project (NAVCDP)-World Bank Credit	250,000,000	-	-
Subtotal		**1,561,151,896**	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	650,000,000	71,457,212	11.0
2.	Facility Improvement Fund (FIF)	-	174,434,790	-
3.	Unspent balance from FY 2022/23	2,350,000,000	2,330,107,826	99.2
Sub Total		**3,000,000,000**	**2,401,565,038**	**80.1**
Grand Total		**13,809,712,414**	**3,362,979,860**	**23.1**

Source: *Kisii County Treasury*

Figure 46 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

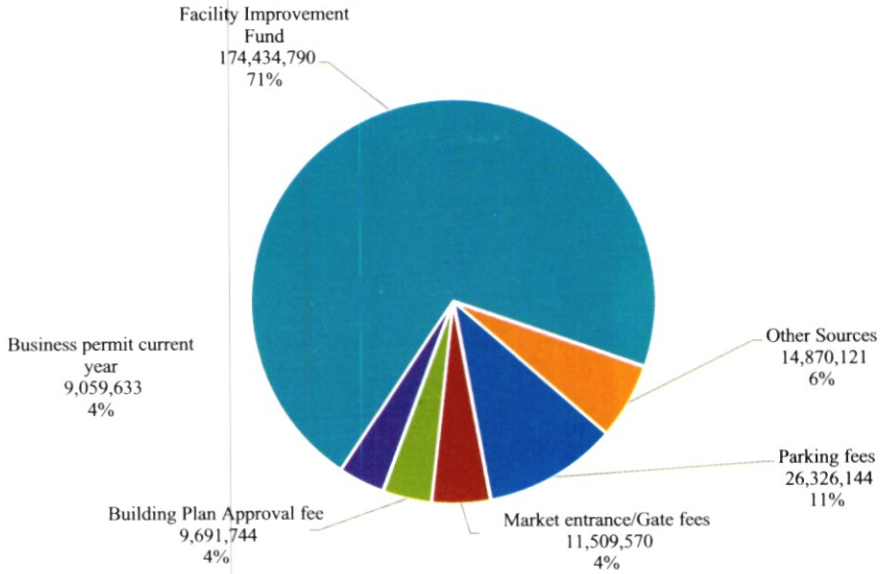
Figure 46: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Kisii County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.245.89 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 36 per cent compared to Kshs.157.30 million realised in FY 2022/23 and was 37.8 per cent of the annual target and 31.2 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs2.12 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 47

Figure 47: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Kisii County Treasury

The highest revenue stream of Kshs.174.43 million was from the Facility Improvement Fund (Health Sector), contributing to 71 per cent of the total OSR receipts during the reporting period.

3.16.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.69 billion from the CRF account during the reporting period, which comprised Kshs.72.19 million (4.3 per cent) for development programmes and Kshs.1.62 billion (95.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.36 billion was released towards Employee Compensation, and Kshs.258.73 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.1.49 billion.

3.16.4 County Expenditure Review

The County spent Kshs.1.71 billion on development and recurrent programmes in the reporting period. The expenditure represented 101 per cent of the total funds released by the Cob and comprised Kshs.89.95 million and Kshs.1.62 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.7 per cent, while recurrent expenditure represented 18.7 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.26 billion, comprising of Kshs.296.27 million for recurrent expenditure and Kshs.968.18 million for development activities. In the first quarter of FY 2023/24, the County did not report payment towards pending bills. Therefore, as of 30th September 2023, the outstanding amount was Kshs.1.26 billion.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.26 billion on employee compensation, Kshs.133.53 million on operations and maintenance, and Kshs.89.95 million on development activities. Similarly, the County Assembly spent Kshs.103.94 million on employee compensation and Kshs.124.85 million on operations and maintenance, as shown in Table 3.93.

Table 3.93: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,426,599,053**	**1,232,890,743**	**1,389,815,629**	**228,785,477**	**18.7**	**18.6**
Compensation to Employees	5,457,304,081	622,071,233	1,256,288,937	103,936,479	23.0	16.7
Operations and Maintenance	1,969,294,972	610,819,510	133,526692	124,848,998	6.8	20.4
Development Expenditure	**4,925,731,387**	**224,491,231**	**89,949,951**	-	**1.8**	-
Total	**12,352,330,440**	**1,457,381,974**	**1,479,765,580**	**228,785,477**	**12.0**	**15.7**

***Source**: Kisii County Treasury*

3.16.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.36 billion, or 40.5 per cent of the available revenue, which amounted to Kshs.3.36 billion. This expenditure represented an increase from Kshs.1.18 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.571.15 million paid to health sector employees, translating to 42 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.35 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.12.98 million was processed through manual payrolls. The manual payrolls accounted for 1 per cent of the total PE cost.

The County Assembly spent Kshs.11.47 million on committee sitting allowances for the 70 MCAs and the Speaker against the annual budget allocation of Kshs. 64.40 million. The average monthly sitting allowance was Kshs.53,846 per MCA. The County Assembly has established 20 Committees.

3.16.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.355 million to county-established funds in FY 2023/24, constituting 2.6 per cent of the County's overall budget. Table 3.94 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.94: Performance of County Established Funds in the First Quarter of FY 2023/24

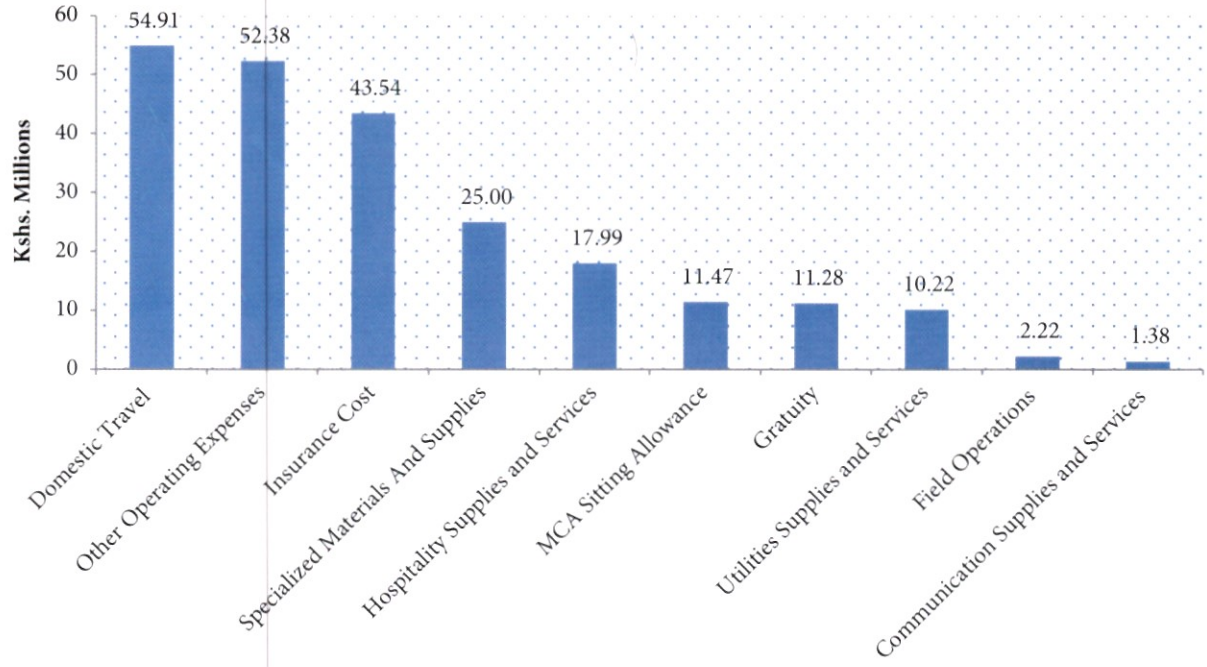
S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	County Executive Car Loan and Mortgage (Staff) Scheme Fund	90,000,000	-	-	Yes
2.	County Bursary Fund	145,000,000	-	16,429,552	Yes
3.	County Emergency Fund	20,000,000	-	-	Yes
4.	Alcoholic drinks control fund	-	-	4,277,540	Yes
5.	Kisii Teaching and Referral Hospital	-	-	110,017,921	Yes
County Assembly Established Funds					
1.	MCAs Car Loan and Mortgage Fund	100,000,000	-	6,198,505	Yes
Total		**355,000,000**	-	**136,923,518**	-

Source: *Kisii County Treasury*

3.16.9 Expenditure on Operations and Maintenance

Figure 48 summarises the Operations and Maintenance expenditure by major categories.

Figure 48: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisii County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.54.91 million and comprised Kshs.51.41 million spent by the County Assembly and Kshs.3.5 million by the County Executive. The "other operating expenses" included Kshs.40 million transferred to the Car and Mortgage Fund, Kshs.5.24 million on Remittance to Exchequer fines, Penalties & Forfeitures & other charges (KRA), Kshs.3.88 million on Ward Office expenses and Kshs.3 million on Membership fees, Dues and subscriptions to professional and trade bodies.

3.16.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.89.95 million on development programmes, representing an increase of 4.9 per cent compared to a similar period of FY 2022/23 when the County spent Kshs. 85.54 million. Table 3.95 summarises development projects with the highest expenditure in the reporting period.

Table 3.95: Kisii County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1.	Health Services	Upgrading of Riana Health Centre.	Bonchari	58,977,363	53,191,363	90
2.	Health Services	Upgrading of Mosocho Market Health Centre.	Kitutu Chache south	58,197,157	29,370,111	50

Source: Kisii County Treasury

3.16.11 Budget Performance by Department

Table 3.96 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.96: Kisii 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 Executive and Public Service Board	416.21	207.56	69.45	-	69.06	-	99.4	-	16.6	-
Administration and Stakeholder Management	634.44	66.00	118.45	-	118.45	-	100.0	-	18.7	-
Finance and Economic Planning	1113.42	200.00	224.43	-	224.43	-	100.0	-	20.2	-
Agriculture and Co-operative Development	336.55	839.61	67.50	72.19	67.50	65.97	100.0	91.4	20.1	7.9
Energy, Water, Environment and Natural Resources	138.50	409.13	20.22	-	20.22	-	100.0	-	14.6	-
Education, Youth Affairs and Social Development	1035.00	236.11	168.75	-	168.75	-	100.0	-	16.3	-
County Health Services	3005.67	1130.97	596.15	-	596.15	23.98	100.0	-	19.8	2.1
Lands, Physical Planning and Urban Development	145.70	234.00	22.43	-	22.43	-	100.0	-	15.4	-
Roads, Public Works and Transport	189.00	1039.33	35.00	-	35.00	-	100.0	-	18.5	-
Trade Development, Industry and Tourism	153.01	255.28	17.50	-	17.50	-	100.0	-	11.4	-
Culture and Social Services	130.11	97.75	30.00	-	30.00	-	100.0	-	23.1	-
Kisii Municipality	115.00	150.00	19.25	-	19.25	-	100.0	-	16.7	-
Ogembo Municipality	14.00	60.00	1.08	-	1.08	-	100.0	-	7.7	-
Kisii County Assembly	1232.89	224.49	229.14	-	228.79	-	99.8	-	18.6	-
Total	**8,659.49**	**5,150.22**	**1,619.34**	**72.19**	**1,618.60**	**89.95**	**100.0**	**124.6**	**18.7**	**1.7**

***Source**: Kisii County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture and Co-operative Development recorded the highest absorption rate of development budget at 7.9 per cent, followed by the Department of County Health Services at 2.1 per cent. The Department of Culture and Social Services had the highest percentage of recurrent expenditure to budget at 23.1 per cent, while the Department of Ogembo Municipality had the lowest at 7.7 per cent.

3.16.12 Budget Execution by Programmes and Sub-Programmes

Table 3.97 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.97: Kisii County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly	Administration and Support Services	812,866,779	-	129,414,253	-	15.9	-
	Oversight and Legislative Services	420,023,964	224,491231	99,371,224	-	23.7	-
	Sub Total	**1,232,890,743**	**224,491,231**	**228,785,477**	-	**18.6**	-
Executive (Office of the Governor, Deputy governor, County Secretary and Public Service Board	Administration, Planning and Support Services	350,396,720	130,000,000	69,061,158	-	19.7	-
	Office of the County Secretary	12,820,000	-	-	-	-	-
	Legal Services	34,670,000	-	-	-	-	-
	Communication Services	4,630,000	-	-	-	-	-
	Governor's Advisors, Service Delivery Unit and Efficiency Monitoring	2,960,000	-	-	-	-	-
	Chief of staff	650,000	-	-	-	-	-
	County Public Service Board	7,460,000	-	-	-	-	-
	County Liaison office	2,620,000	-	-	-	-	-
	Sub-Total	**416,206,720**	**130,000,000**	**69,061,158**	-	**16.6**	-
Administration, Corporate Services and Stakeholder Management	Administration, Planning and Support Services	488,121,883	-	108,625,001	-	22.3	80
	Devolved Units Services	2,591,532	-	-	-	-	-
	Human Resource Development	9,500,000	-	-	-	-	-
	Enforcement Services	14,908,000	-	-	-	-	0.43
	Stakeholder Management	43,603,018	-	-	-	22.5	-
	Public Participation and Civic Education	8,100,000	-	-	-	-	-
	Disaster Management	26,250,000	26,000,000	-	-	-	-
	Fleet Management	5,766,014	-	-	-	-	-
	Strategy Delivery & Project Management	2,700,000	-	-	-	-	-
	Special Programmes	32,900,000	40,000,000	-	-	-	-
	Sub-Total	**634,440,447**	**143,559,553**	**118,450,754**	-	18.7	-
Finance and Economic Planning	Administration, Coordination and Support Services	872,518,722	-	208,593,035	-	23.9	-
	Public Financial management services	82,770,448	-	-	-	-	-
	County Planning Services	158,132,978	200,000,000	15,835,976	-	10.0	-
	Sub-Total	**1,113,422,148**	**200,000,000**	**224,429,011**	-	**20.2**	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock, Fisheries and Co-operative Development	Administration and Support Services	122,074,568	-	25,256,142	-	20.7	-
	Veterinary Services	5,000,000	50,725,099	-	-	-	-
	Livestock Development	4,080,000	60,509,200	-	-	-	-
	Fisheries development	3,370,000	43,771,013	-	-	-	-
	Crop development headquarters	189,645,432	410,168,601	42,243,855	65,965,780	22.3	16.1
	Kisii Agricultural Training Centre	5,240,000	42,240,000	-	-	-	-
	Co-operative Development and Management	3,200,000	7,800,000	-	-	-	-
	Crop development	1,300,000	219,396,662	-	-	-	-
	Monitoring and Evaluation	900,000	-	-	-	-	-
	Agro-processing, Value addition, and Marketing	550,000	4,000,000	-	-	-	-
	Engineering, Irrigation and Drainage	1,190,000	1,000,000	-	-	-	-
	Sub-Total	**336,550,000**	**839,610575**	**67,499,997**	**65,965,780**	**20.1**	**7.9**
Energy, Water, Environment and Natural Resources	Energy Services	-	2,700,000	-	-	-	-
	Environment Management	11,000,000	40,692,137	-	-	-	-
-	Water and sanitation services	127,495,000	365,737,650	20,219,998	-	15.9	-
	Sub-Total	**138,495,000**	**409,129,787**	**20,219,998**	-	**14.6**	-
Education, Labour and Manpower Development	General Administration and Planning Services	1,035,000,000	-	168,750,000	-	16.3	-
	Early childhood development education	-	183,907,511	-	-	-	-
	Vocational training	-	52,199,150	-	-	-	-
	Sub-Total	**1,035,000,000**	**236,106,661**	**168,750,000**	-	**16.3**	**0.0**
County Health Services	Medical Services	2,981,137,498	1,130,965,955	596,151,022	23,984,171	20.0	2.1
	public health	24,530,000	-	-	-	-	-
	Sub-Total	**3,005,667,498**	**1,130,965,955**	**596,151,022**	**23,984,171**	19.8	**2.1**
Lands, Physical Planning and Urban Development	Administration, planning and support services	145,700,000	-	22,425,004	-	15.4	-
	Urban development	-	234,000,000	-	-	-	-
	Land use services	-	-	-	-	-	-
	Sub-Total	**145,700,000**	**234,000,000**	**22,425,004**	-	**15.4**	-
Roads, Public Works, Transport and Housing	General administration and planning services	153,750,000	-	35,000,001	-	22.8	-
	Roads development	-	1,000,937,932	-	-	-	-
	Public works	35,250,000	38,390,474	-	-	-	-
	Sub-Total	**189,000,000**	**1,039,328,406**	**35,000,001**	-	**18.5**	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Trade, Tourism and Industry	Administration and planning services	136,000,000	255,280,450	17,500,002	-	12.9	-
	Tourism development	12,512,240	-	-	-	-	-
	Weights and measures	4,500,000	-	-	-	-	-
	Sub-Total	**153,012,240**	**255,280,450**	**17,500,002**	-	**11.4**	-
Culture and Social Services	Administration and planning services	98,221,884	-	21,636,079	-	22.0	-
	Cultural services (Council of Elders and Cultural Activities)	1,650,000	11,700,000	-	-	- -	-
	Sports development (KICOSCA Games and other Sporting Activities)	27,403,116	86,050,000	8,367,600	-	30.5	-
	Social Development Services (Youth, Women and PWDs)	1,550,000	-	-	-	-	-
	Liquor Licensing	1,050,000	-	-	-	-	-
	Betting, Lotteries and Gaming	230,000	-	-	-	-	-
	Sub-Total	**130,105,000**	**97,750,000**	**30,003,679**	-	**23.1**	-
Kisii Municipality	General administration, planning and support services	115,000,000	-	19,250,001	-	16.7	-
	Infrastructure development	-	150,000,000	-	-	-	-
	Sub-Total	**115,000,000**	**150,000,000**	**19,250,001**	-	**16.7**	-
Ogembo Municipality	General administration, planning and support services	14,000,000	-	1,075,002	-	7.7	-
	Infrastructure development	-	60,000,000	-	-	-	-
	Sub-Total	**14,000,000**	**60,000,000**	**1,075,002**	-	**7.7**	-
GRAND TOTAL		**8,659,489,796**	**5,150,222,618**	**1,618,601,106**	**89,949,951**	**18.7**	**1.7**

***Source**: Kisii County Treasury*

Sub-programmes with the highest level of implementation based on absorption rates were: Sports development (KICOSCA Games and other Sporting Activities) in the Department of Culture and Social Services at 30.5 per cent, Administration, Coordination and Support Services in the Department of Finance and Economic Planning at 23.9 per cent, Oversight and Legislative Services in the County Assembly at 23.7 per cent, and General administration and planning services at 22.8 per cent of budget allocation.

3.16.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs. 71.46 million against an annual projection of Kshs.650 million, representing 11 per cent of the annual target.

2. Low absorption of development funds as indicated by the expenditure of Kshs 89.95 million from the annual development budget allocation of Kshs.5.15 billion. The development expenditure represented 1.7 per cent of the annual development budget.
3. High level of pending bills, which amounted to Kshs.1.26 billion as of 30th September 2023. This is despite the availability of Kshs.1.49 billion in the CRF Account as of the end of the reporting period.
4. Huge wage bill, which accounted for 40.45 per cent of the revenue for the first quarter of FY 2023/24 of Kshs.3.36 billion during the reporting period, thus constraining funding to other programmes.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.12.98 million were processed through the manual payroll, accounting for 1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should institute measures to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
4. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*
5. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.17. County Government of Kisumu

3.17.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.13.61 billion, comprising Kshs.4.46 billion (32.7 per cent) and Kshs.9.16 billion (67.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 13.1 per cent compared to the previous financial year when the approved budget was Kshs.12.04 billion and comprised of Kshs3.81 billion towards development expenditure and Kshs.8.22 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.36 billion (61.4 per cent) as the equitable share of revenue raised nationally, Kshs.600 million (4.4 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.52 billion (11.2 per cent) as conditional grants, a cash balance of Kshs.1.45 billion (10.7 per cent) brought forward from FY 2022/23, and generate Kshs.1.68 billion (12.4 per cent) as own-source revenue. A breakdown of the conditional grants is provided in Table 3.98.

3.17.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.2.09 billion as the equitable share of the revenue raised nationally, Kshs.107.89 million as FIF, Kshs.8.45 million as conditional grants, had a cash balance of Kshs.1.45 billion from FY 2022/23, and raised Kshs.125.86 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.3.78 billion, as shown in Table 3.98.

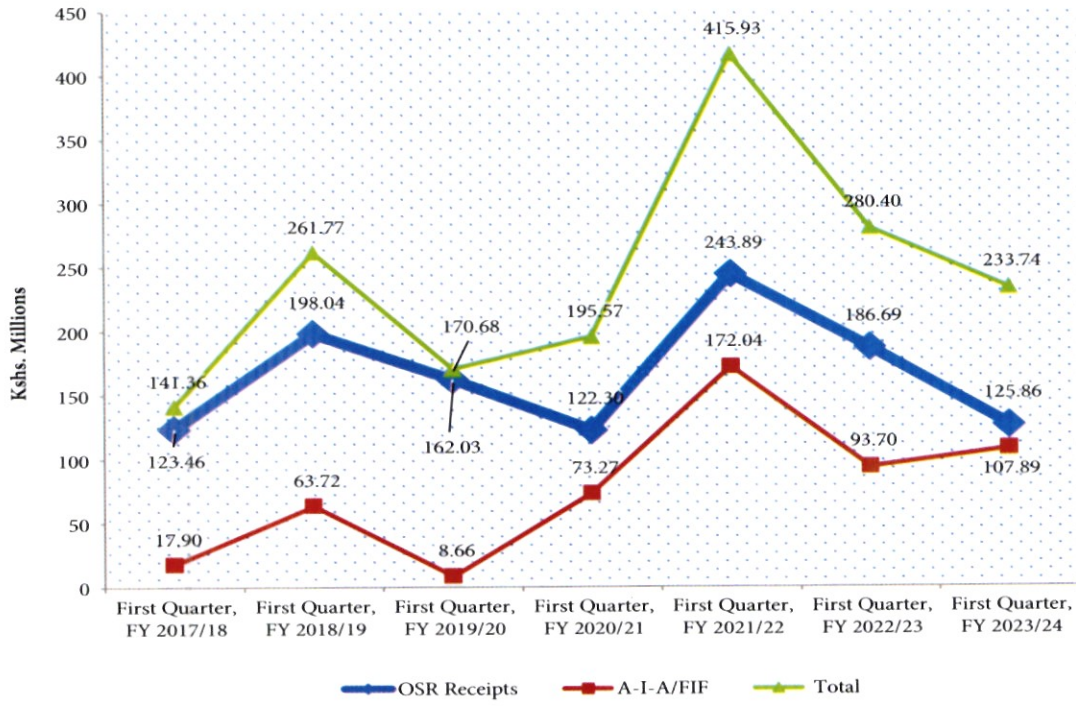
Table 3.98: Kisumu County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,361,797,770	2,090,449,442	25.0
Sub Total		**8,361,797,770**	**2,090,449,442**	**25.0**
B	**Conditional Grants**			
1	DANIDA	36,380,926	-	-
2	Africities	40,000,000	-	-
3	KISIP	600,000,000	-	-
4	Finance Locally -Led Climate Action Plan (FLLOCA)	111,000,000	-	-
5	Kenya Climate Smart Agriculture Project (KCSAP)	139,274,117	-	-
6	IDA (World Bank Credit to Finance Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
7	ASDSP II	5,367,707	-	-
8	Aquaculture Business Development Project (ABDP)	15,407,244	-	-
9	European Research Agency (REA)-Practice	28,269,703	8,451,078	29.9
10	Allocation for court fines	233,000	-	-
11	Conditional Grant for Aggregated Industrial Parks Programme	100,000,000	-	-
12	Conditional Grant for provision of fertilizer subsidy programme	120,042,858	-	-
13	Livestock Value Chain Support Project	14,323,680	-	-
14	THS	10,699,473	-	-
15	TVET	8,332,281	-	-
16	IDEAS	3,898,833	-	-
17	Climate Change	17,950,658	-	-
18	KDSP	12,742,939	-	-
19	KUSP	2,339,915	-	-
20	KRB	896,372	-	-
21	Common Wealth of Learning Credit Information	706,500	-	-
	Sub-Total	**1,517,866,206**	**8,451,078**	**0.6**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,682,844,694	125,856,429	7.5
2	Balance b/f from FY2022/23	1,450,625,819	1,450,625,819	100.0
3	Facility Improvement Fund (FIF)	600,000,000	107,885,791	18.0
Sub Total		**3,733,470,513**	**1,684,368,039**	**45.1**
Grand Total		**13,613,134,489**	**3,783,268,559**	**27.8**

Source: *Kisumu County Treasury*

Figure 49 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

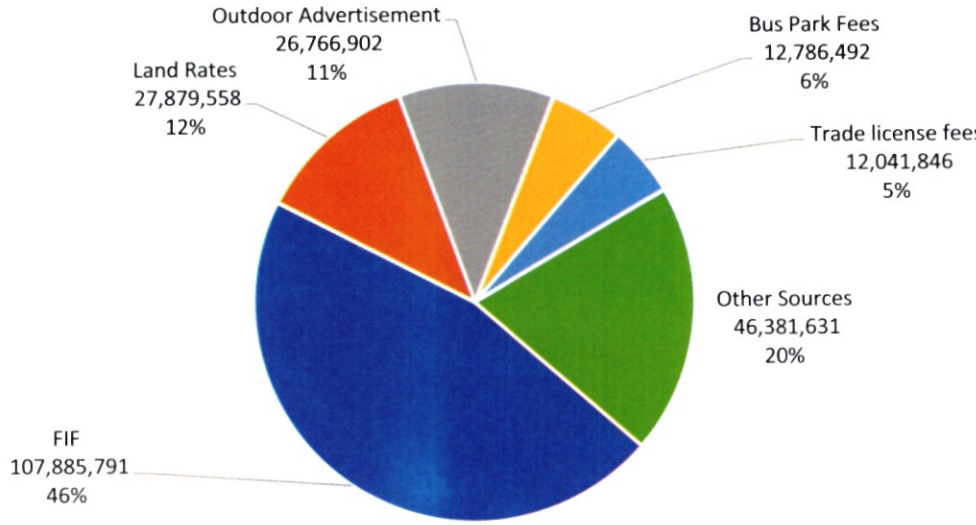
Figure 49: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Kisumu County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.233.74 million from its sources of revenue, inclusive of FIF and AIA. This amount was 10.2 per cent of the annual target and 27.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 50.

Figure 50: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Kisumu County Treasury

The highest revenue stream of Kshs.107.89 million was from Health facilities, contributing to 46 per cent of the total OSR receipts during the reporting period.

3.17.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.73 billion from the CRF account during the reporting period, which comprised Kshs138.63 million (8.0 per cent) for development programmes and Kshs.1.60 billion (92.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.06 billion was released towards Employee Compensation, and Kshs.538.11 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.1.45 billion.

3.17.4 County Expenditure Review

The County spent Kshs.1.73 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs.138.63 million and Kshs.1.81 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.1 per cent, while recurrent expenditure represented 19.8 per cent of the annual recurrent expenditure budget.

3.17.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.05 billion, comprising Kshs.17.33 million for recurrent expenditure and Kshs.2.03 billion for development activities. In the first quarter of FY 2023/24, development pending bills amounting to Kshs.138.63 million were settled. Therefore, as of 30th September 2023, the outstanding amount was Kshs.1.90 billion.

3.17.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.20 billion on employee compensation, Kshs.451.29 million on operations and maintenance, and Kshs.138.63 million on development activities. Similarly, the County Assembly spent Kshs.53.90 billion on employee compensation, Kshs.86.31 million on operations and maintenance, and zero on development activities, as shown in Table 3.99.

Table 3.99: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,185,866,481**	**969,533,370**	**1,674,061,299**	**140,205,851**	**20.5**	**14.5**
Compensation to Employees	5,087,012,006	369,456,394	1,222,766,826	53,896,240	24.0	14.6
Operations and Maintenance	3,098,854,475	600,076,976	451,294,473	86,309,611	14.6	14.4
Development Expenditure	**4,292,734,638**	**165,000,000**	**138,632,122**	-	**3.2**	-
Total	**12,478,601,119**	**1,134,533,370**	**1,812,693,421**	**140,205,851**	**14.5**	**12.4**

***Source**: Kisumu County Treasury*

3.17.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.30 billion, or 33.8 per cent of the available revenue, which amounted to Kshs.3.78 billion. This expenditure represented an increase from Kshs.1.03 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.671.79 million paid to health sector employees, translating to 54.9 per cent of the total wage bill.

Further analysis indicates that PE costs of Kshs.1.20 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.74.71 million was processed through manual payrolls. The manual payrolls accounted for 5.9 per cent of the total PE cost.

The County Assembly spent Kshs.11.33 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.45.31 million. The average monthly sitting allowance was Kshs.78,655 per MCA. The County Assembly has established 23 Committees.

3.17.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.520 million to county-established funds in FY 2023/24, constituting 3.8 per cent of the County's overall budget. Table 3.100 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.100: Performance of County Established Funds in the First Quarter of FY 2023/24

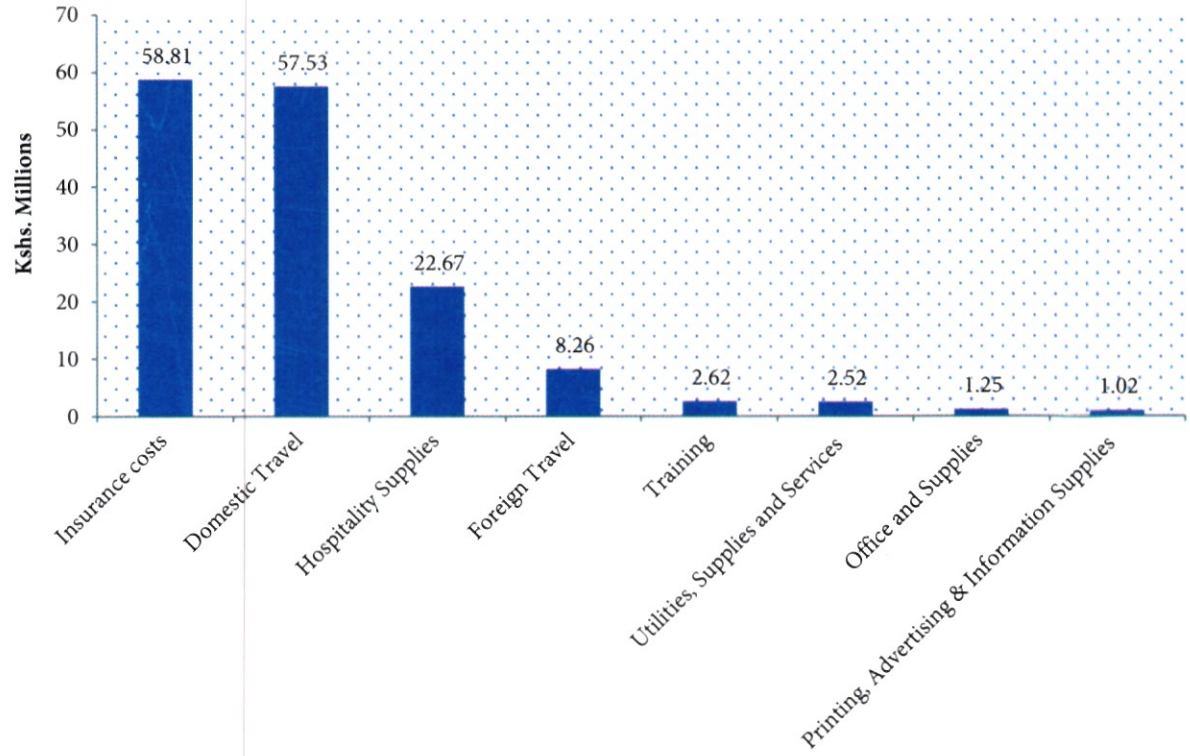
S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2024/25 (Kshs)	Actual Expenditure FY 2024/25 (Kshs.)	Submission of Financial Statements. (Yes/No.)
County Executive Established funds					
1	Bursary / Education	205,000,000	-	-	Yes
S/No.	**Name of the Fund**	**Approved Budget Allocation in FY 2023/24 (Kshs.)**	**Exchequer Issues FY 2024/25 (Kshs)**	**Actual Expenditure FY 2024/25 (Kshs.)**	**Submission of Financial Statements. (Yes/No.)**
2	Kisumu County Social Health Insurance Fund.	105,000,000	-	-	Yes
3	Kisumu County Emergency Fund	100,000,000	-	-	Yes
4	Kisumu Enterprises Fund	50,000,000	-	-	Yes
5	Kisumu County Rural Electrification and renewal Energy corp. Fund	35,000,000	-	-	Yes
	Total	**495,000,000**			
County Assembly Established Funds					
1	Kisumu County Assembly Loan Mortgage Fund	25,000,000	-	-	No.
Total		**25,000,000**	**-**	**-**	**-**

Source: *Kisumu County Treasury*

3.17.9 Expenditure on Operations and Maintenance

Figure 51 summarises the Operations and Maintenance expenditure by major categories.

Figure 51: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisumu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.57.53 million and comprised Kshs.42.32 million spent by the County Assembly and Kshs.4.65 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.26 million and comprised Kshs.5.17 million by the County Assembly and Kshs.3.09 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.101

Table 3.101: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	1st July to 15th August 2023	Morocco	3,091,488.00
County Assembly	7	1st July to 15th August 2023	Russia and Norway	5,165,444.00

Source: Kisumu County Treasury

3.17.10 Development Expenditure

In the first quarter of FY 2023/24, the County did not spend on new development programmes; instead, it paid pending bills amounting to Kshs.138.63 million.

3.17.11 Budget Performance by Department

Table 3.102 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.102: Kisumu 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	Rec	Dev
Agriculture, Fisheries, Livestock Development & Irrigation	284.83	648.73	69.34	-	69.34	-	100.0	24.3	-
City of Kisumu	463.42	297.30	51.48	-	51.48	-	100.0	11.1	-
Infrastructure, Energy & Public Works.	251.11	510.20	110.00	-	110.00	-	100.0	43.8	-
Kisumu County Public Service Board	103.26	-	18.48	-	18.48	-	100.0	17.9	-
Education, Technical Training, Innovation & Social Services	718.93	200.83	100.00	-	100.00	-	100.0	13.9	-
Medical Services, Public Health & Sanitation	3,381.06	236.17	437.34	-	657.77	-	150	19.5	-
Public Service, County Administration & Participatory Development, Office of the Governor.	1,003.01	58.50	263.95	-	263.95	-	100	26.3	-
Sports, Culture, Gender & Youth Affairs	191.07	127.56	40.87	-	40.87	-	100.0	21.4	-
Lands, Physical Planning, Housing & Urban Development	121.27	450.00	38.06	-	38.06	-	100.0	31.4	-
Trade, Tourism, Industry &Marketing	117.41	275.15	26.73	-	26.73	-	100.0	22.8	-
Finance, Economic Planning & ICT Services	1,390.65	1,122.14	175.90	138.63	175.90	138.63	100.0	12.6	12.4
Water, Environment, Natural Resources & Climate Change	159.85	366.15	122.42	-	122.42	-	100.0	76.6	-
Kisumu County Assembly	969.53	165.00	140.71	-	140.21	-	99.6	14.5	-
Total	**9,155.40**	**4,457.73**	**1,595.28**	**138.63**	**1,815.21**	**138.63**	**113.8**	**19.8**	**3.1**

Source: Kisumu County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the development budget at 12.4 per cent. This was the only department that absorbed the development budget on payment of pending bills. The Department of Water, Environment, Natural Resources & Climate Change had the highest percentage of recurrent expenditure to budget at 76.6 per cent, while the City of Kisumu had the lowest at 11.1 per cent.

3.17.12 Budget Execution by Programmes and Sub-Programmes

Table 3.103 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.103: Kisumu County, Budget Execution by Programmes and Sub-Programmes

Program	Sub-program	Approved estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning, Housing & Urban Development-5067							
103005067		**13,150,000**	-	**2,053,000**	-	16	-
	Physical planning services	13,150,000	-	2,053,000	-	16	-
109005067		**6,850,000**	-	**1,640,000**	-	24	-
	Urban planning and development	6,850,000	-	1,640,000	-	24	-
201005067		**101,272,041**	**450,000,000**	**34,371,522**	-	34	-
	General administration & planning	101,272,041	450,000,000	34,371,522	-	34	-
	Grand Total	121,272,041	450,000,000	38,064,522	-	31	-
Finance, Economic Planning & ICT Services-5063							
109005083		**51,363,996**	-	**15,265,327**	-	30	-
	Urban planning and development	51,363,996	-	15,265,327	-	30	-
201005083		**15,000,000**	-	**2,113,050**	-	14	-
	General administration & planning	15,000,000	-	2,113,050	-	14	-
203005083		**1,008,436,139**	**1,050,000,000**	**91,477,997**	**138,632,122**	**9**	**13**
	Administrative services	1,008,436,139	1,050,000,000	91,477,997	138,632,122	9	13
208005083		**65,000,000**	-	**11,829,498**	-	18	-
	ICT Services	65,000,000	-	11,829,498	-	18	-
703005083		**15,000,000**	-	**3,671,450**	-	24	-
	Internal Auditing Services	15,000,000	-	3,671,450	-	24	-
705005083		**150,600,000**	**72,142,939**	**41,517,752**	-	28	-
	Budget Formulation & Coordination Services	54,600,000	12,142,939	13,195,452	-	24	-
	management of public financial resources	16,000,000	-	1,452,800	-	9	-
	Revenue Mobilization	80,000,000	60,000,000	26,869,500	-	34	-
706005083		**85,249,719**	-	**10,024,170**	-	12	-
	Monitoring & Evaluation	33,000,000	-	3,294,700	-	10	-
	Policy Formulation & Planning	52,249,719	-	6,729,470	-	13	-
	Grand Total	**1,390,649,854**	**1,122,142,939**	**175,899,244**	**138,632,122**	13	12

Program	Sub-program	Approved estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Fisheries, Livestock Development & Irrigation-5068							
101005068		**203,471,353**	**643,726,668**	**67,571,827**	-	33	-
	Planning and Administration	203,471,353	643,726,668	67,571,827	-	33	-
104005068		**488,550**	-	-	-	-	-
	Promotion of Soil and Water Management	488,550	-	-	-	-	-
105005068		**65,548,629**	-	**1,766,801**	-	3	-
	Promotion of Crop production Value Chains	6,641,500	-	-	-	-	-
	Management of Agriculture Advisory services	18,978,200	-	503,800	-	3	-
	Development of Product Quality Assurance	1,145,500	-	-	-	-	-
	Management of Stations	20,513,726	-	268,800	-	1	-
	Promotion of Livestock Production Value Chains	18,269,703	-	994,201	-	5	-
106005068		**1,288,750**	-	-	-	-	-
	Agriculture input Access	439,000	-	-	-	-	-
	Agriculture Credit Access	849,750	-	-	-	-	-
107005068		**912,500**	**5,000,000**	-	-	-	-
	Promotion value addition	439,000	5,000,000	-	-	-	-
	Promotion of Agribusiness	473,500	-	-	-	-	-
701005068		**119,250**	-	-	-	-	-
	Human Resource development services	119,250	-	-	-	-	-
707005068		**13,000,000**	-	-	-	-	-
	Management Information System	13,000,000	-	-	-	-	-
	Grand Total	**284,829,032**	**648,726,668**	**69,338,628**	-	**24**	-
Governance and Devolution-5088		**27,420,000**	-	**4,213,486**	-	15	-
Program	Resource Mobilization	27,420,000	-	4,213,486	-	15	-
206005088		**20,220,000**	-	**3,992,832**	-	20	-
	Primary Policy and Legislation	20,220,000	-	3,992,832	-	20	-
515005088		**52,270,000**	**28,500,000**	**5,912,720**	-	11	-

Program	Sub-program	Approved estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Development and Management of County Administrative systems	52,270,000	28,500,000	5,912,720	-	11	-
701005088		**26,000,800**	-	**1,340,555**	-	5	-
	Inter-Government Coordination and protocol	10,800,800	-	1,311,155	-	12	-
702005088	Emergency, Relief, Disaster Management and Control	15,200,000	-	29,400	-		-
		22,500,000	-	**3,132,213**	-	14	-
	Governor's Press Service and Communication	22,500,000	-	3,132,213	-	14	-
703005088		**828,913,314**	**30,000,000**	**243,041,181**	-	29	-
	Human Resource Recruitment and Development	251,326,788		209,162,013	-	83	-
704005088	General Administration and Support services	577,586,526	30,000,000	33,879,168	-	6	-
		9,854,000	-	**822,500**	-	8	-
	Monitoring & Evaluation	9,854,000	-	822,500	-	8	-
706005088		**3,300,000**	-	**500,000**	-	15	-
	Public participation services	3,300,000	-	500,000	-	15	-
709005088		**12,530,000**	-	**993,340**	-	8	-
	County Planning and Development Coordination Services	12,530,000	-	993,340	-	8	-
711005088	**Grand Total**	**1,003,008,114**	**58,500,000**	**263,948,827**	-	**26**	-
Medical Services, Public Health & Sanitation-5085							
	-	**600,000**	-	-	-	-	-
Program	Disease surveillance	600,000	-	-	-	-	-
401005085		**2,480,000**	-	-	-	-	-
	Elimination of communicable and non-communicable disease	360,000	-	-	-	-	-
402005085	Reproductive Health	1,760,000	-	-	-	-	-
	Essential Service	360,000	-	-	-	-	-
		3,151,800,741	-	**351,421,148**	-	11	-

Program	Sub-program	Approved estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Governance and leadership	423,646,001	-	108,128,745	-	26	-
403005085	Human Resource for Health	2,728,154,740	-	243,292,403	-	9	-
		39,050,398	-	**17,446,283**	-	45	-
	Primary Health-care Services	39,050,398	-	17,446,283	-	45	-
404005085		**11,132,698**	-	**3,550,301**	-	32	-
	Health Promotive Services	11,132,698	-	3,550,301	-	32	-
405005085		**90,000,000**	**25,000,000**	**30,000,000**		33	-
	Jaramogi Oginga Odinga Teaching and Referral Hospital	90,000,000	25,000,000	30,000,000	-	33	-
407005085		**42,000,000**	-	**14,000,000**	-	33	-
	Kisumu County Referral Hospital	42,000,000	-	14,000,000	-	33	-
408005085		**42,000,000**	**211,174,534**	**20,922,110**	-	50	-
	County and Sub-County Hospital Services	42,000,000	211,174,534	20,922,110	-	50	-
409005085		**2,000,000**	-	-	-	-	-
	Routine Nutritional Survey	2,000,000	-	-	-	-	-
514005085	**Grand Total**	**3,381,063,837**	**236,174,534**	**437,339,842**	-	**13**	-
Education, Technical Training, Innovation & Social Services-5081							
		467,786,687		**99,653,700**	-	21	-
Program	Planning and Coordination Services	467,786,687		99,653,700	-	21	-
101005081		**1,600,000**	**14,800,000**	**71,600**	-	4	-
	Youth Polytechnics Services	1,600,000	14,800,000	71,600	-	4	-
502005081		**247,790,263**	**88,700,000**	**190,500**	-	-	-
	Early Child Education	247,790,263	88,700,000	190,500	-	-	-
505005081		**1,750,000**	**97,332,281**	**84,200**	-	5	-
	Youth Training and Legislation	1,750,000	97,332,281	84,200	-	5	-
517005081	**Grand Total**	**718,926,950**	**200,832,281**	**100,000,000**	-	**14**	-
Sports, Culture, Gender & Youth Affairs-5086							
	-	**91,056,101**	**22,561,013**	**6,218,842**	-	7	-
Program	Planning and Coordination Services	91,056,101	22,561,013	6,218,842	-	7	-
101005086		**1,078,875**	-	**229,375**	-	21	-
	Physical planning services	1,078,875	-	229,375	-	21	-
103005086		**14,053,355**	-	**1,533,125**	-	11	-

Program	Sub-program	Approved estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Infrastructure Development	14,053,355	-	1,533,125	-	11	-
301005086		**32,267,690**	-	**22,551,489**	-	70	-
	Administration planning	32,267,690	-	22,551,489	-	70	-
304005086		**1,020,000**	**100,000,000**	**216,433**	-	21	-
	Youth Training Facilities	1,020,000	100,000,000	216,433	-	21	-
502005086		**2,373,000**	-	**151,000**	-	6	-
	Gender & Disability Mainstreaming	577,500	-		-	-	-
504005086	Social Dev. Facilities	1,795,500	-	151,000	-	8	-
		26,554,385	**5,000,000**	**4,727,460**	-	18	-
	Sports Management	4,274,375	5,000,000	595,250	-	14	-
506005086	Talent Development	22,280,010	-	4,132,210	-	19	-
		7,943,400	-	**194,375**	-	2	-
	Sports Academy	7,943,400	-	194,375	-	2	-
507005086		**14,726,825**	-	**5,043,000**	-	34	-
	Artistic Talent Development	2,798,625	-	594,500	-	21	-
907005086	Culture and Heritage Development	11,928,200	-	4,448,500	-	37	-
	Grand Total	191,073,631	127,561,013	40,865,100	-	21	-
Infrastructure, Energy & Public Works-5082		**96,000,000**	**443,400,000**	**24,000,000**	-	25	-
Program	Road construction and maintenance services	96,000,000	443,400,000	24,000,000	-	25	-
201005082		**6,000,000**	**66,800,000**	-	-	-	-
		6,000,000	66,800,000	-	-	-	-
205005082		**26,051,994**	-	-	-	-	-
	Mechanical Engineering Services	23,551,994	-	-	-	-	-
207005082	Public Works	2,500,000	-	-	-	-	-
		123,056,493	-	**86,000,000**	-	70	-
	Administration planning	123,056,493	-	86,000,000	-	70	-
304005082	**Grand Total**	**251,108,487**	**510,200,000**	**110,000,000**	-	**44**	-
Trade, Tourism, Industry &Marketing-5084		**3,200,000**	**57,647,203**	**389,600**	-	12	-
Program	Trade Support Services	3,200,000	57,647,203	389,600	-	12	-
301005084		**4,750,000**	**17,500,000**	**782,200**	-	16	-
	Verification and Calibration of Weighing Equipment	4,750,000	17,500,000	782,200	-	16	-

Program	Sub-program	Approved estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
302005084		**22,250,000**	-	**4,833,475**	-	22	-
	Tourism Event Management	18,349,998	-	3,986,375	-	22	-
303005084	Tourism Development	3,900,002	-	847,100	-	22	-
		3,900,000	-	**1,618,500**	-	42	-
	Co-operative Governance	3,900,000	-	1,618,500	-	42	-
305005084		**1,700,000**	**200,000,000**	**33,600**	-	2	-
	Business Development Services	1,700,000	200,000,000	33,600	-	2	-
306005084		**200,000**	-		-	-	-
	Betting Control Services	200,000	-		-	-	-
504005084		**100,000**	-		-	-	-
	Alcoholic Drinks	100,000	-		-	-	-
508005084		**81,314,464**	-	**19,076,339**	-	23	-
	General Administration and Support services	81,314,464	-	19,076,339	-	23	-
704005084	**Grand Total**	**117,414,464**	**275,147,203**	**26,733,714**	-	**23**	-
City of Kisumu-5072		**21,855,964**	-	**8,676,253**	-	40	-
Program	Local Revenue Mobilization	21,855,964	-	8,676,253	-	40	-
5072	-	**32,793,465**	-	**12,972,087**	-	40	-
	Urban planning and development	32,793,465	-	12,972,087	-	40	-
		107,912,257	-	**22,533,031**	-	21	-
110005072	Health promotion service	45,290,823	-	19,378,473	-	43	-
	Environmental health and sanitation	62,621,434	-	3,154,558	-	5	-
		33,411,122	-	**16,577,500**	-	50	-
	Promotion of early childhood education.	33,411,122	-	16,577,500	-	50	-
203005072		**267,443,526**	**297,300,000**	**18,607,308**	-	7	-
	General Administration and Support services	267,443,526	297,300,000	18,607,308	-	7	-
	Grand Total	463,416,334	297,300,000	51,476,885	-	11	-
Public Service, County Administration & Participatory Development, Office of the Governor-5075		**103,258,091**	-	**27,122,769**	-	26	-
Vote	Human Resource Audit and Staff Rationalization	-	-	-	-	-	-
	General Administration and Support services	101,646,491	-	17,894,841	-	18	-

Program	Sub-program	Approved estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Promotion of Values and Principles	1,291,600	-	520,000	-	40	-
	Human Resource Recruitment and Development	320,000	-	69,600	-	22	-
	Grand Total	103,258,091	-	18,484,441	-	18	-
Water, Environment, Natural Resources & Climate Change-5087		**44,650,927**	-	**40,689,832**	-	91	-
Vote	Planning and Administration	44,650,927	-	40,689,832	-	91	-
		28,950,658	-	**21,619,780**	-	75	-
	Management of Stations	28,950,658	-	21,619,780	-	75	-
		6,200,000	-	-	-		-
	Climate Change	6,200,000	-	-	-		-
Program		**1,208,000**	-	**50,400**	-	4	-
101005087	Mining Efficiency	1,208,000	-	50,400	-	4	-
		6,963,826	-	-	-	-	-
105005087	Infrastructure Development	6,963,826	-	-	-	-	-
		64,553,191	**366,150,000**	**60,000**	-	-	-
205005087	Sustainable Access to Safe Water	1,897,362			-	-	-
	Water resources & sewerage services	62,655,829	366,150,000	60,060,000	-	-	-
206005087		**5,243,044**	-	-	-	-	-
	Solid Waste Management	4,022,800	-	-	-	-	-
301005087	Environment Conservation of Natural Resources	1,220,244	-	-	-	-	-
		2,076,000			-	-	-
902005087	Pollution Control	2,076,000			-	-	-
5061-Kisumu - County Assembly							
203005060	Administration, Planning and Support Services	49,832,843.00	2,373,657.00	-	-	-	-
	Financial Services	49,832,843.00	2,373,657.00	-	-	-	-
208005060	ICT Services	9,743,520.00	0.00	-	-	-	-
	ICT Services	9,743,520.00	0.00	-	-	-	-
701005060	General Administration and Planning services	**486,477,166.00**	-5,934,740.00	-	-	-	-

Program	Sub-program	Approved estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	General Administration	351,305,639.00	-10,967,680.00	-	-	-	-
	Human Resource development services	135,171,527.00	5,032,940.00	-	-	-	-
705005060	Public Financial Management	9,601,640.00	-300,000.00	-	-	-	-
	Budget Formulation & Coordination Services	9,601,640.00	-300,000.00	-	-	-	-
708005060	Legislation & Oversight, services	164,969,779.00	17,523,662.00	-	-	-	-
	Legislation & oversight services	131,336,821.00	12,449,242.00	-	-	-	-
	Policy Services (Speakers office}	33,632,958.00	5,074,420.00	-	-	-	-
710005060	County Assembly Service Board	196,899,174.00	2,699,519.00	-	-	-	-
	SP2 Committee Services	114,600,854.00	16,101,836.00	-	-	-	-
	Representation & Public Participation Services	82,298,320.00	-13,402,317.00	-	-	-	-
	Grand Total	969,533,370.00	165,000,000.00	-	-	-	-
Grand Total		**9,155,399,851**	**4,457,734,638**	**1,595,284,218**	**138,632,122**	**21**	**3.1**

***Source**: Kisumu County Treasury*

The report of budget execution by programmes and sub-programmes for the County Assembly had negative budget allocations for several sub-programmes, which should be corrected in IFMIS as this is a system-generated report and affects the credibility of the budget implementation report.

3.17.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.125.86 million against an annual projection of Kshs.1.68 billion, representing 7.5 per cent of the annual target.
2. High level of pending bills, which amounted to Kshs.1.90 billion as of 30th September 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.74.71 million were processed through the manual payroll, accounting for 5.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.18. County Government of Kitui

3.18.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.11.89 billion, comprising Kshs.3.58 billion (30.1 per cent) and Kshs.8.31 billion (69.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 3.4 per cent compared to the previous financial year when the approved budget was Kshs.11.5 billion and comprised Kshs.3.4 billion towards development expenditure and Kshs.8.1 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.83 billion (82.3 per cent) as the equitable share of revenue raised nationally, Kshs.370.64 million (2.8 per cent) as Appropriations-in-Aid (A-I-A), Kshs.562.09 million (4.3 per cent) as conditional grants, a cash balance of Kshs.889.14 million (6.8 per cent) brought forward from FY 2022/23 and generate Kshs.500 million (3.8 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.104.

3.18.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.920.51 million as the equitable share of the revenue raised nationally, Kshs.92.66 million as Appropriations-in-Aid (A-I-A), had a cash balance of Kshs.889.14 million from FY 2022/23, and raised Kshs.111.55 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.11 billion, as shown Table 3.104.

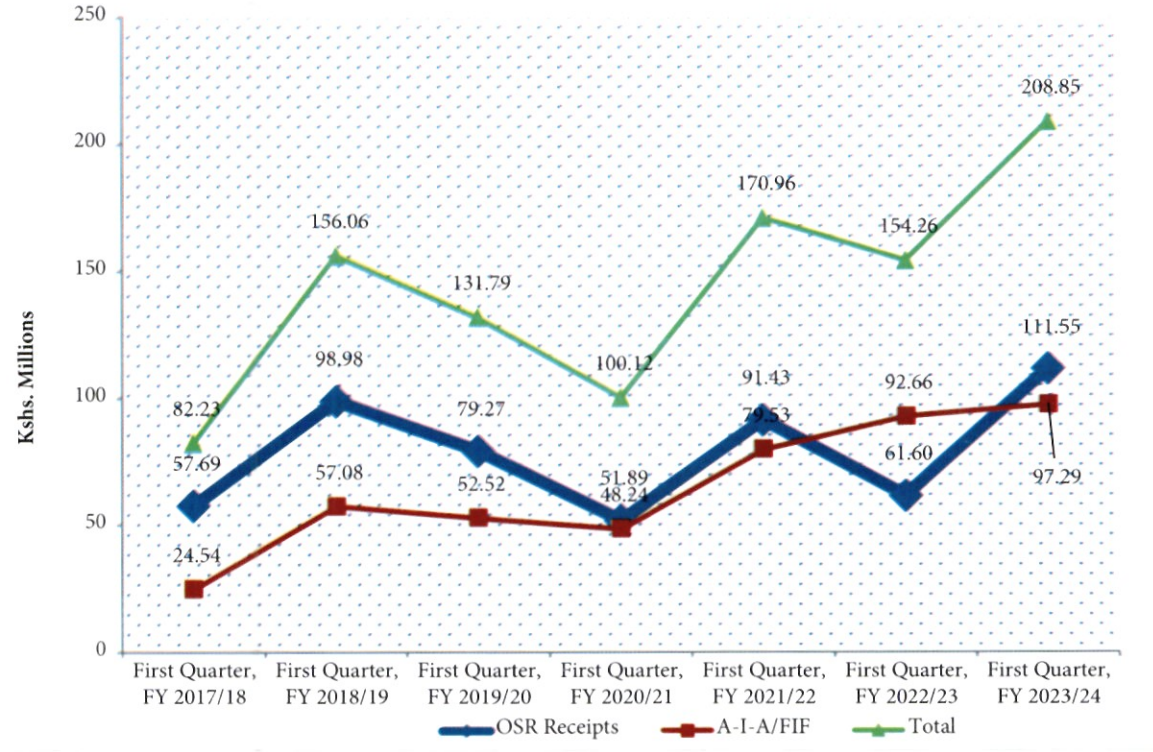
Table 3.104: Kitui County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,829,486,936.00	920,506,390.00	8.5
	Sub Total	**10,829,486,936.00**	**920,506,390.00**	**8.5**
B	**Conditional Grants**			
1	World Bank (Agriculture-Rural Growth)	150,000,000.00	-	-
2	World Bank (Emergency Locust Response Project)	133,683,244.00	-	-
3	world Bank (NAVCDP	250,000,000.00	-	-
4	Danida (HSSP/HSPS	16,112,250.00	-	-
5	World Bank (FLLoCA)	11,000,000.00	-	-
6	Sweden-Agricultural Sector Development Support Programme	1,292,965.00	-	-
	Sub-Total	**562,088,459.00**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	500,000,000.00	111,553,405	22.3
2	Balance b/f from FY2022/23	-	889,143,120	-
3	Appropriation in Aid (AIA)	-	92,659,278	-
4	Facility Improvement Fund (FIF)	-	97,292,242	-
Sub Total		**500,000,000.00**	**1,190,648,046**	**2381**
Grand Total		**11,891,575,395.00**	**2,111,154,436**	**17.8**

Source: *Kitui County Treasury*

Figure 52 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

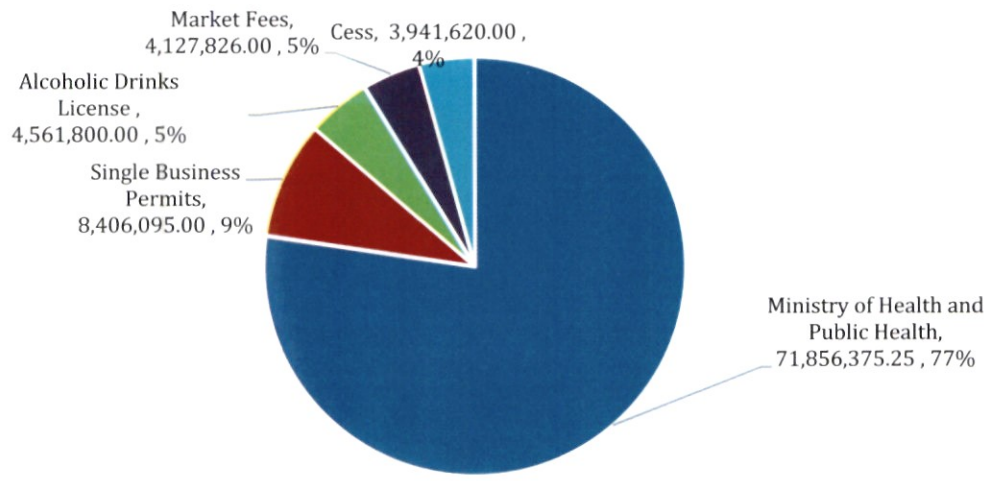
Figure 52: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Kitui County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.208.85 million from its revenue sources, including FIF and AIA. This amount represented an increase of 35 per cent compared to Kshs.154.26 million realised in FY 2022/23 and was 23.4 per cent of the annual target and 22.1 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 53.

Figure 53: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Kitui County Treasury

The highest revenue stream of Kshs.71.86 million was from the Health Department, contributing to 77 per cent of the total OSR receipts during the reporting period.

3.18.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.09 billion from the CRF account during the reporting period, which comprised Kshs.59.15 million (2.8 per cent) for development programmes and Kshs.2.03 billion (97.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.32 billion was released towards Employee Compensation, and Kshs.716.76 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.1.19 billion.

3.18.4 County Expenditure Review

The County spent Kshs.2.09 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.9 per cent of the total funds released by the COB and comprised Kshs.59.15 million and Kshs.2.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.7 per cent, while recurrent expenditure represented 23.8 per cent of the annual recurrent expenditure budget.

3.18.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.44 billion, comprising of Kshs.11.69 million for recurrent expenditure and Kshs.1.43 billion for development activities. The County did not settle any pending bills in the first quarter of FY 2023/24.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.22 billion on employee compensation, Kshs.597.89 million on operations and maintenance, and Kshs.59.15 million on development activities. Similarly, the County Assembly spent Kshs.93.3 billion on employee compensation and Kshs.117.75 million on operations and maintenance, as shown in Table 3.105.

Table 3.105: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,307,576,889**	227,422,489	1,821,987,081	211,050,789	**21.9**	**92.8**
Compensation to Employees	5,338,435,121	106,025,999	1,224,098,441	93,298,230	22.9	88.0
Operations and Maintenance	2,969,141,768	121,396,490	597,888,640	117,752,559	20.1	97.0
Development Expenditure	**3,583,998,507**	-	**59,147,286**	-	**1.7**	-
Total	**11,891,575,396**	**227,422,489**	**1,881,134,367**	**211,050,789**	**15.8**	**92.8**

***Source**: Kitui County Treasury*

3.18.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.32 billion, or 65.4 per cent of the available revenue, which amounted to Kshs.2.11 billion. This expenditure represented an increase from Kshs.1.26 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.969.3 million paid to health sector employees, translating to 73.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.27 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.83 million was processed through manual payrolls. The manual payrolls accounted for 6.9 per cent of the total PE cost.

The County Assembly spent Kshs.2.95 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.9.95 million. The average monthly sitting allowance was Kshs.16,099 per MCA. The County Assembly has established 22 Committees.

3.18.8 County Emergency Fund and County-Established Funds

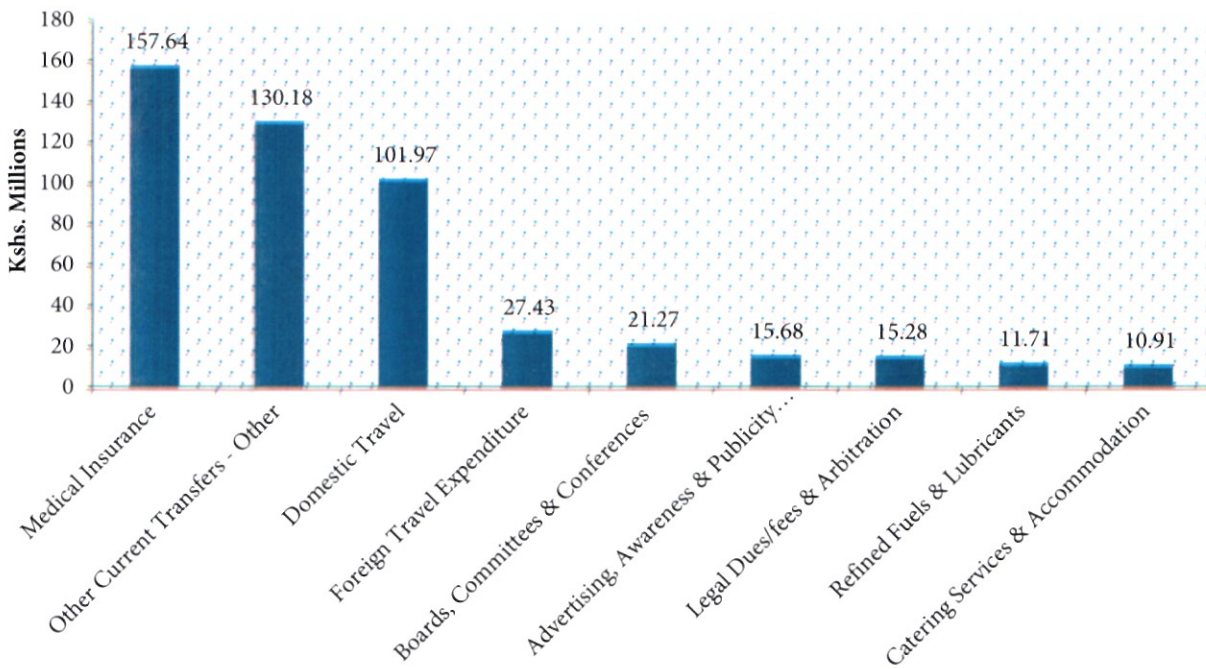
Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County did not allocate funds to the established Funds in FY 2023/24.

3.18.9 Expenditure on Operations and Maintenance

Figure 54 summarises the Operations and Maintenance expenditure by major categories.

Figure 54: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: *Kitui County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.101.97 million and comprised Kshs.41.40 million spent by the County Assembly and Kshs.60.57 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.43 million and comprised Kshs.13.29 million by the County Assembly and Kshs.14.13 million by the County Executive.

Table 3.106: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

S/NO	Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
1	County Assembly	6 MCAs and 1 Staff	16th-20th October 2023	Being payment of Foreign Travel and Accommodation Allowance to member of county assembly Committee on Health and Sanitation on official duty to Istanbul-Turkey Attending workshop on strengthening Health systems from 16th-20th October 2023	Istanbul-Turkey	4,194,750.0
2	County Assembly	6 MCAs AND 1Staff	20th-28th October 2023	Being payment of Foreign Travel and Accommodation Allowance to Clerk of Assembly while on official duty to London (United Kingdom) attending international workshop on transformational leadership from 20th-28th October 2023, organised by Institute for Capacity Development Ltd	London (United Kingdom)	780,300
3	County Assembly	6 MCAs AND 1Staff	30th June-13th July 2023	Being payment of provision of air ticketing services to Melbourne, Australia from Nairobi for County Assembly Clerk on 30th June-13th July 2023	Melbourne Australia	1,589,635
4	County Assembly	6 MCAs AND 1Staff	16th- 24th June 2023	Being payment of provision of air ticketing services to Istanbul, Turkey from Nairobi for County Assembly Speaker on 16th- 24th June 2023	Istanbul-Turkey	998,900
5	County Assembly	6 MCAs AND 1Staff	24th June 2023	Being payment of provision of air ticketing services to Istanbul, Turkey from Nairobi for County Assembly Members on 24th June 2023	Istanbul -Turkey	2,999,400
6	County Assembly	6 MCAs AND 1Staff	26th-30th June 2023	Being payment of facilitation on a strategic leadership and corporate governance in the public sector programme 26th-30th June 2023, Istanbul, Turkey	Istanbul -Turkey	2,450,000
7	County Assembly	6 MCAs AND 1Staff	26th-30th June 2023	Being payment of VISA on a strategic leadership and corporate governance in the public sector programme 26th-30th June 2023, Istanbul, Turkey	Istanbul -Turkey	280,000

Source: Kitui County Treasury

3.18.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.59.15 million on development programmes, representing a decrease of 19.8 per cent compared to a similar period of FY 2023/24 when the County spent Kshs.73.79 million. The table 3.107 summarises development projects with the highest expenditure in the reporting period.

Table 3.107: Kitui County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Location	Contract Sum (Kshs.)	Amount Paid (Kshs.)	Implementation status (%)
Water and Irrigation	Supply of power to Masinga Treatment works	Kitui Central	12,971,855.00	12,971,855.00	100%
Agriculture	Payment of power supply to Masinga treatment plant	Kitui Central	8,659,129.00	8,659,129.00	100%
Trade &ICT	Construction of slaughterhouse at Kabati Market	Kitui West	6,197,755.96	6,197,755.96	100%
Agriculture	Service & Repair of drilling rigs for KCA 365F and Test pumping unit/ Truck-KCA 369F and KCA 500F	Kitui Central	5,604,031.04	5,604,031.04	100%
Agriculture	Payment of power supply to Kiambere treatment plant	Kitui Central	4,034,654.00	4,034,654.00	100%
Agriculture	Distilling of Kalange Earth dam	Kitui Central	3,800,000.00	3,800,000.00	100%
Water and Irrigation	Supply of power to Kiambere Treatment works	Kitui Central	3,612,279.00	3,612,279.00	100%
Lihud	Supply of Fuel and Lubricants for use by county machinery	Kitui Rural	2,999,999.52	2,999,999.52	100%
Agriculture	Payment for construction of livestock structures at Ithookwe Showground	Kitui Central	2,288,393.00	2,288,393.00	100%
Agriculture	Payment of power supply to Kangu Kangu treatment plant	Kitui Central	2,306,217.79	2,266,455.42	100%

Source: *Kitui County Treasury*

3.18.11 Budget Performance by Department

Table 3.108 summarises the approved budget allocation, expenditure, and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.108: Kitui 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
Office of the Governor	1,177.88	800.74	766.18	2.00	369.93	2.00	48.3	100.0	31.4	0.2
Office of the Deputy Governor	181.24	44.70	17.57	-	8.56	1.94	48.7	-	4.7	4.3
Agriculture, Water & Irrigation	101.64	519.85	8.11	41.08	4.08	35.60	50.3	86.7	4.0	6.8
Basic Education ICT & Youth Development	851.23	175.43	94.43	-	2.98	-	3.2	-	0.3	-
Infrastructure, Housing, Transport & Public Works	171.19	492.75	9.87	-	3.36	8.00	34.0	-	2.0	1.6
Health and Sanitation	3,409.34	209.61	891.27	-	1,113.16	-	124.9	-	32.7	-
Trade, Cooperatives & Investment	160.22	236.04	22.83	6.20	8.52	6.20	37.3	100.0	5.3	2.6
Environment, Tourism & Natural Resources	86.19	154.74	6.49	-	4.17	-	64.2	-	4.8	-
Gender, Sports & Culture	103.72	82.50	10.88	-	8.39	-	77.1	-	8.1	-

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 Treasury	514.18	-	44.13	-	48.55	-	110.0	-	9.4	-
County Public Service Board	60.50	15.00	10.58	-	4.12	-	38.9	-	6.8	-
County Assembly	909.69	-	-	-	219.48	-	-	-	24.1	-
Kitui Municipality	77.75	90.26	14.51	-	11.30	-	77.9	-	14.5	-
Mwingi Town Administration	53.33	38.10	8.86	-	4.98	-	56.2	-	9.3	-
Livestock, Apiculture & Fisheries	356.67	650.39	15.45	9.37	8.87	5.41	57.4	57.7	2.5	0.8
Lands & Physical Planning	92.80	73.90	12.93	8.00	1.53	-	11.8	-	1.6	-
Total	**8,307.58**	**3,584.00**	**1,934.09**	**66.64**	**1,821.99**	**59.15**	**94.2**	**88.8**	**21.9**	**1.7**

Source: Kitui County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Water & Irrigation recorded the highest absorption rate of development budget at 6.8 per cent, followed by the Office of the Deputy Governor at 4.3 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 32.7 per cent, while the Department of Basic Education ICT and Youth Development had the lowest at 0.3 per cent.

3.18.12 Budget Execution by Programmes and Sub-Programmes

Table 3.109 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.109: Kitui County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of the governor							
Decentralised unit	705013710-cabinet affairs, public affairs and HRM	49,528,168.00	89,440,682.00	11,583,964.00	1,997,448.00	23.4	2.2
	706013710-devolution services	20,882,448.00		1,487,860.00	-	7.1	-
Administration & Planning	701013710-general administration	823,930,584.00	681,300,000.00	324,162,023.00	-	39.3	-
	702013710-national social safety	98,990,000.00	30,000,000.00	2,465,700.00	-	2.5	-
Governors service delivery	701023710-general administration	9,003,852.00		1,024,311.00	-	11.4	-
	703023710-enforcement unit	53,965,520.00		4,188,500.00	-	7.8	-
	707013710-monitoring and evaluation	17,686,460.00		2,758,994.00	-	15.6	-
	717013710-chief of staff	44,200,672.00		5,656,704.00	-	12.8	-
Office of Chief of Staff	717013710-chief of staff	9,802,000.00		1,294,378.00	-	13.2	-
Office of County Attorney	717033710-county attorney	41,426,000.00		14,391,747.00	-	34.7	-
Office of the County Secretary	703013710-county secretary	8,468,000.00		916,640.00	-	10.8	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	**1,177,883,704.00**	**800,740,682.00**	**369,930,821.00**	-	31.4	-
Ministry of Health & Sanitation							
Curative and Rehabilitative Services	402013710-curative health services	1,120,814,130.00	34,788,324.00	344,101,129.00	-	30.7	-
Medical Services Headquarters	401013710-general administration	837,107,490.00	5,000,000.00	194,386,480.00	-	23.2	-
	401023710-general administration	65,719,508.00	145,149,560.00	1,986,202.00	-	3.0	-
	401033710-general administration	2,809,568.00		556,900.00	-	19.8	-
	402023710-curative health services	870,000.00		435,000.00	-	50.0	-
	402033710-curative health services	359,999,998.00		107,772,345.00	-	29.9	-
public health	403013710-preventive and promotive health services	1,235,556.00		212,097.00	-	17.2	-
	403023710-preventive and promotive health services	870,626,918.00	24,669,500.00	422,072,002.00	-	48.5	-
	403033710-preventive and promotive health services	1,133,900.00		512,000.00	-	45.2	-
	404013710-maternal and child health	981,436.00		252,000.00	-	25.7	-
	404023710-maternal and child health	58,037,336.00		23,369,600.00	-	40.3	-
	404033710-maternal and child health	90,004,170.00		17,508,793.00	-	19.5	-
	Sub-Total	**3,409,340,010.00**	**209,607,384.00**	**1,113,164,548.00**	-	32.7	-
County Public Service Board							
Administration & Planning	701013710-general administration	46,297,236.00	15,000,000.00	1,556,413.00	-	3.4	-
headquarters	713013710-human resource management and development	5,066,300.00		978,406.00	-	19.3	-
	713023710-human resource management and development	5,797,796.00		1,061,432.00	-	18.3	-
	714013710-governance and county values	3,340,800.00		521,300.00	-	15.6	-
	Sub-Total	**60,502,132.00**	**15,000,000.00**	**4,117,551.00**	-	6.8	-
County Assembly							
Administration & Planning	701013710-general administration	314,866,878.00		61,226,276.00	-	19.4	-
legislative department	715013710-legislation representation and oversight	534,320,947.00		158,250,190.00	-	29.6	-
	Sub-Total	**909,689,957.00**		**223,594,017.00**	**909,689,957.00**	24.6	-
Kitui Municipality							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
environment& community dev	207013710-general administration planning and support services	15,684,000.00	20,261,712.00	2,757,119.00	-	17.6	-
finance	207023710-general administration planning and support services	5,111,184.00		1,507,869.00	-	29.5	-
Administration & Planning	201013710-general administration planning and support services	45,187,700.00	3,000,000.00	5,011,858.00	-	11.1	-
Transport & Infrastructure	207013710-trade development and promotion	8,286,000.00	54,500,000.00	1,398,400.00	-	16.9	-
Trade and industrialization	207033710-road transport	3,480,000.00	12,499,999.00	629,431.00	-	18.1	-
	Sub-Total	**77,748,884.00**	**90,261,711.00**	**11,304,677.00**	-	14.5	-
Mwingi town municipality							
Administration & Planning	109013710-government buildings	4,206,946.00	3,500,000.00	91,575.00	-	2.2	-
	201013710-general administration planning and support services	38,221,896.00	3,500,000.00	4,737,506.00	-	12.4	-
	706013710-devolution services	433,866.00	1,900,000.00	24,360.00	-	5.6	-
Transport & Infrastructure	207013710-urban and metropolitan development	9,067,428.00	8,500,000.00	117,600.00		1.3	-
	207023710-urban and metropolitan development	556,916.00		11,905.00	-	2.1	-
	207033710-urban and metropolitan development	142,158.00	7,200,000.00	-	-	-	-
	1001013710-environmental policy management	698,900.00	13,500,000.00	-	-	-	-
	Sub-Total	**53,328,110.00**	**38,100,000.00**	**4,982,946.00**	-	9.3	-
Office of Deputy Governor							
Administration & Planning	701013710-general administration	38,663,696.00		1,287,640.00	-	3.3	-
Performance mgt & disaster mitigation	205013710-performance contracting disaster and emergency services	18,967,998.00	13,500,000.00	2,891,800.00	-	15.2	-
	717013710-general administration	47,219,718.00		2,292,700.00	-	4.9	-
Tourism mgt & mitigation	305013710-tourism development and promotion	39,334,408.00	3,000,000.00	575,200.00	1,445,800.00	1.5	48.2
	305033710-tourism development and promotion	5,865,976.00	11,500,000.00	260,432.00	496,130.00	4.4	4.3

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	1003023710-devolution services	31,189,764.00	16,700,000.00	1,252,930.00	-	4.0	-
	Sub-Total	**181,241,560.00**	**44,700,000.00**	**8,560,702.00**	**1,941,930.00**	4.7	4.3
Ministry of water & irrigation	101013710-general administration support services	62,128,224.00		132,121.00	-	0.2	-
irrigation	104013710-irrigation drainage infrastructure	13,979,756.00	193,586,400.00	1,893,400.00	-	13.5	-
water	101013710-general administration support services	12,419,684.00		229,300.00	-	1.8	-
	111013710-water resource management	7,441,454.00	237,000,000.00	808,500.00	-	10.9	-
	111023710-water resource management	3,715,592.00	60,000,000.00	405,300.00	29,999,999.00	10.9	50.0
	101013710-general administration support services	1,959,150.00	29,259,101.00	612,300.00	-	31.3	-
	Sub-Total	**101,643,860.00**	**519,845,501.00**	**4,080,921.00**	-	4.0	-
Education, Skills & dev							
Basic education	502013710-primary education	696,647,878.00	70,731,402.00	951,900.00	-	0.1	-
Administration & Planning	501013710-general administration planning and support services	118,923,530.00	41555616	875,380.00	-	0.7	-
polytechniques & vocational centres	503013710-youth training and development	35,656,712.00	63140899	1,149,450.00	**5604030**	3.2	8.9
	Sub-Total	**851,228,120.00**	**175,427,917.00**	**2,976,730.00**	**5,604,030.00**	0.3	3.2
Roads, works and transport.							
Administration & Planning	101013710-general administration support services	132,467,798.00	100,000,000.00	1,438,525.00	-	1.1	-
Public Works	109013710-government buildings	10,111,650.00	76,000,000.00	703,520.00	-	7.0	-
transport and mechanical services	203013710-roads and transport	23,996,000.00	309,749,652.00	852,000.00	**7,999,999.00**	3.6	2.6
	110013710-road and transport	4,611,000.00	7,000,000.00	364,100.00	-	7.9	-
	Sub-Total	**171,186,448.00**	**492,749,652.00**	**3,358,145.00**	**7,999,999.00**	2.0	1.6
Trade industry and cooperatives					-		-
Cooperatives	304013710-cooperative development and management	16,018,102.00		2,828,299.00	-	17.7	-
	304023710-cooperative development and management	15,451,200.00		826,200.00	-	5.3	-
Administration & Planning	301013710-general administration support	102,353,026.00		1,809,095.00	-	1.8	-
Trades & markets	301013710-general administration support	24,386,814.00	236040000	6,197,756.00	6,197,756.00	25.4	2.6

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	303023710-trade development and promotion	2,012,310.00		32,860.00	-	1.6	-
	Sub-Total	**160,221,452.00**	**236,040,000.00**	**11,694,210.00**	-	7.3	-
Energy environment & natural resources					-		-
Energy, Mineral & natural resources	1003043710	2,198,058.00		241,500.00	-	11.0	-
	1005013710-power transmission and distribution	11,972,816.00	20,000,000.00	-	-	-	-
	1006013710-alternative energy technologies	3,448,624.00	55,500,000.00	556,812.00	-	16.1	-
	1007013710-alternative energy technologies	4,960,160.00		586,600.00	-	11.8	-
	1007023710-alternative energy technologies	4,409,176.00		414,200.00	-	9.4	-
	1008013710-mineral resource management	2,876,452.00	10,225,228.00	137,000.00	-	4.8	-
Environment & Forestry	701013710-alternative energy technologies	1,742,596.00	6,000,000.00	389,900.00	-	22.4	-
	701023710-alternative energy technologies	1,717,276.00		429,000.00	-	25.0	-
	1002013710-environment management and protect	17,241,720.00		426,056.00	-	2.5	-
	1003013710-environment management and protection	1,385,012.00	63,012,700.00	333,000.00	-	24.0	-
	1004013710-power transmission and distribution	2,083,378.00		300,400.00	-	14.4	-
Administration & Planning	1001013710-general administration planning and support services	32,155,912.00		355,300.00	-	1.1	-
	Sub-Total	**86,191,180.00**	**154,737,928.00**	**4,169,768.00**	-	4.8	-
Gender, Culture and ICT							
Culture, gender and social services	307013710-culture	6,150,196.00	8,800,000.00	295,300.00	-	4.8	-
	307023710-culture	17,084,992.00	5,000,000.00	1,652,000.00	-	9.7	-
	308013710-culture	881,600.00		-	-	-	-
	308023710-culture	1,571,800.00		-	-	-	-
Administration & Planning	301013710-general administration support	36,501,364.00		847,817.00	-	2.3	-
sports	306013710-environmental management and distribution	24,739,800.00		3,986,156.00	-	16.1	-
	306023710-environmental management	887,400.00	57,500,000.00	62,500.00	-	7.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
youth and sports	505013710- ICT Infrastructure development	6,959,700.00	10,500,000.00	497,950.00	-	7.2	-
	506013710- ICT Infrastructure development	8,939,390.00	700,000.00	1,047,350.00	-	11.7	-
	Sub-Total	**103,716,242.00**	**82,500,000.00**	**8,389,073.00**	-	8.1	-
Finance & Economic planning							
accounts	704013710-general administration planning	7,849,400.00		2,648,546.00	-	33.7	-
	712053710-public financial management	20,100,400.00		5,320,113.00	-	26.5	-
budgetary supplies	710023710-monitoring and evaluation	8,294,000.00		2,883,570.00	-	34.8	-
	712023710-public financial management	15,056,800.00		2,898,824.00	-	19.3	-
economic planning	710013710- Economic policy and county planning	21,849,100.00		3,104,400.00	-	14.2	-
Administration & Planning	701013710-general administration planning	390,869,630.00		12,651,322.00	-	3.2	-
internal audit	712033710-public financial management	10,057,200.00		3,331,080.00	-	33.1	-
revenue management	712013710-public financial management	40,108,218.00		15,710,817.00	-	39.2	-
	Sub-Total	**514,184,748.00**	-	**48,548,672.00**	-	9.4	-
Agriculture and Livestock							
Agriculture	102013710-crop development and management	5,670,498.00	330,483,244.00	674,364.00	-	11.9	-
	103013710-agribusiness and information management	34,967,524.00	274,063,444.00	1,240,310.00	-	3.5	-
	103023710-Agricultural extension services and training	24,303,930.00	30,342,964.00	4,445,026.00	5,406,124.00	18.3	17.8
Aquaculture Devt	105013710-Fisheries development and management	480,638.00		-	-	-	-
	105013710-Fisheries development and management	560,044.00		-	-	-	-
Administration & Planning	101013710-general administration support services	216,646,134.00		1,052,987.00	-	0.5	-
livestock development	101013710-general administration support services	62,619,310.00	15,500,001.00	364,858.00	-	0.6	-
	106013710-livestock resources management and development	6,237,488.00		596,761.00	-	9.6	-
	106023710-livestock resources management and development	5,180,194.00		498,162.00	-	9.6	-
	Sub-Total	**356,665,760.00**	**650,389,653.00**	**8,872,468.00**	-	2.5	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Lands Housing and Urban Development							
Administration & Planning	101013710-general administration support services	54,297,436.00		541,947.00	-	1.0	-
Lands information and management	108023710-land policy and planning	812,000.00	11,900,000.00	56,910.00	-	7.0	-
Land survey	108023710-land policy and planning	11,421,000.00	1,936,922.00	138,800.00	-	1.2	-
Lands & Housing	107013710-housing development and human settlement	7,806,000.00		61,400.00	-	0.8	-
Urban development	107013710-housing development and human settlement	10,136,674.00	45300000	729,800.00	-	7.2	-
	108013710-land policy and planning	8,331,600.00	14,761,156.00	-	-	-	-
	Sub-Total	**92,804,710.00**	**73,898,078.00**	**1,528,857.00**	-	1.6	-
	Sub-programme				-		-
	Sub-Total				-		-
Grand Total		**8,307,576,877.00**	**3,583,998,506.00**	**1,605,680,089.00**	**59,147,286.00**	**19.3**	**1.7**

***Source**: Kitui County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Curative Health Services in the Department of Health and Sanitation at 50 per cent, General administration, planning and support services in the Department of the Office of the Governor at 39.3 per cent, and Public Financial management in the Department of Finance and economic planning at 39.2 per cent.

3.18.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation.

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The County Executive submitted report to OCOB on 26th October 2023
2. High level of pending bills, which amounted to Kshs.1.44 billion as of 30th September 2023.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 5 where the County incurred expenditure over approved exchequer issues in several departments.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.83 million were processed through manual payrolls. The manual payrolls accounted for 6.9 per cent of the total PE cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*

4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.19. County Government of Kwale

3.19.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.10.97 billion, comprising Kshs.4.42 billion (40.2 per cent) and Kshs.6.56 billion (59.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 27.9 per cent compared to the previous financial year when the approved budget was Kshs.8.58 billion and comprised Kshs.2.54 billion towards development expenditure and Kshs.6.04 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.58 billion (78.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.07 billion as conditional grants (9.7 per cent), Kshs.720 million from mining royalties (6.6 per cent) and generate Kshs.600 million (5.5 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.110.

3.19.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.42 billion as the equitable share of the revenue raised nationally and raised Kshs.71.08 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.49 billion, as shown in Table 3.110.

Table 3.110: Kwale County, Revenue Performance in FY 2023/24

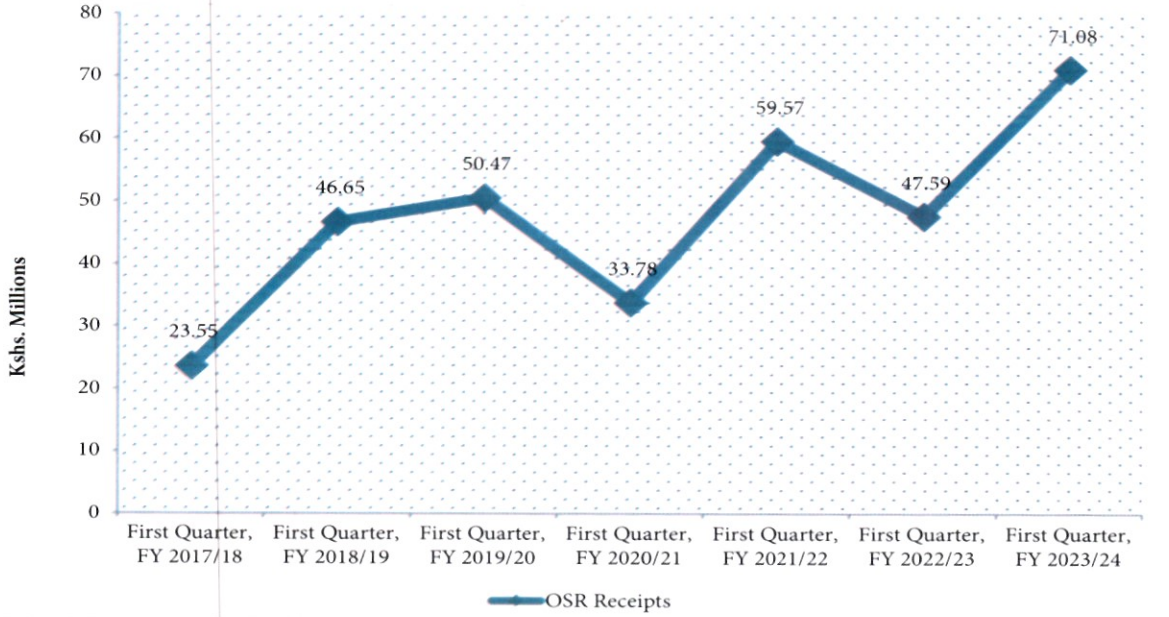
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,584,103,693	1,416,377,109	16.5
Sub Total		**8,584,103,693**	**1,416,377,109**	**16.5**
B	**Conditional Grants**			
1	Leasing of Medical Equipment	110,638,298	-	-
2	DANIDA Grant to Supplement Financing of County Health Facilities	25,045,875	-	-
3	World Bank Loan for National Agricultural and Rural Inclusive Growth Project	151,305,671	-	-
4	World Bank Loan for National Agricultural Value Chain Development Project	70,000,000	-	-
5	World Bank Loan for Water and Sanitation Development Project (WSDP)	550,000,000	-	-
6	Agricultural Sector Development Support Programme ASDSP	5,505,017	-	-
7	World Bank Loan for Kenya Urban Support Program	33,395,288	-	-
8	Financing Locally Led County Climate Action FLLoCA -County Climate Institutional Support (CCIS)	22,000,000	-	-
9	Aggregated Industrial Parks Programme Grant	100,000,000	-	-
	Sub-Total	**1,067,890,149**	**-**	**-**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	600,000,000	71,083,628	11.8
Sub Total		**600,000,000**	**71,083,628**	**11.8**
Grand Total		**10,251,993,842**	**1,487,460,737**	**14.5**

Source: Kwale County Treasury

Figure 55 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

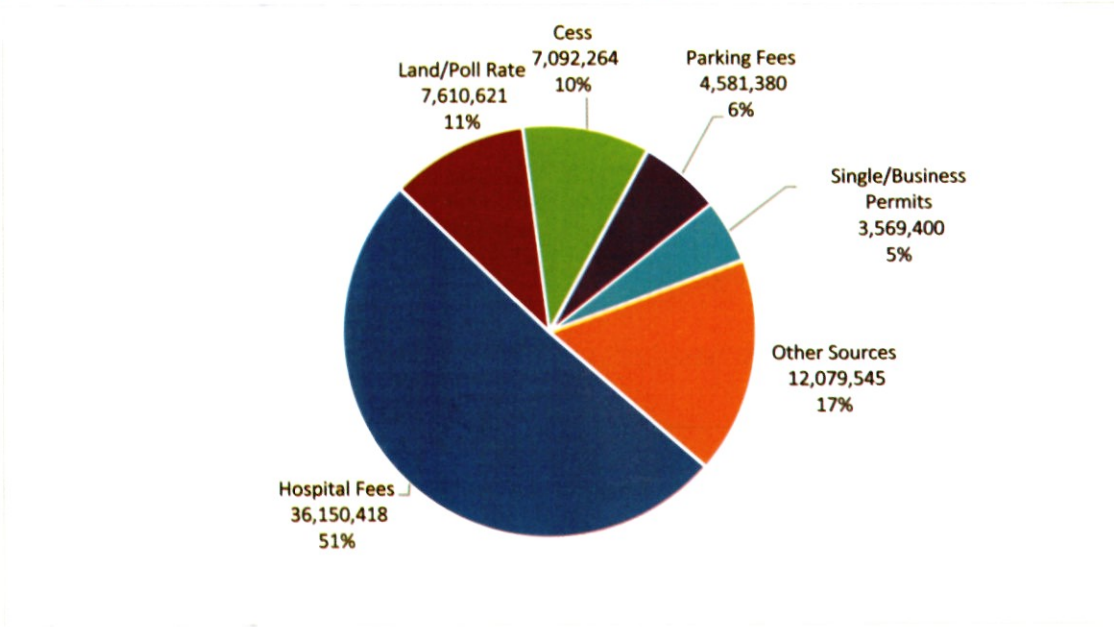
Figure 55: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Kwale County Treasury*

The County Treasury did not disaggregate the reported realised revenue of Kshs.71.08 million into the Facility Improvement Fund and Appropriations in Aid. This realised amount represented an increase of 49.4 per cent compared to Kshs.47.59 million reported in FY 2022/23 and was 4.8 per cent of the annual target and 5.0 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.5.48 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 56.

Figure 56: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: *Kwale County Treasury*

The highest revenue stream of Kshs.36.15 million was from Hospital fees, contributing to 51 per cent of the total OSR receipts during the reporting period.

3.19.3 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.2.28 billion from the CRF account, which comprised Kshs.247.37 million.(10.9 per cent) for development programmes and Kshs.2.03 billion (89.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.37 billion was released towards Employee Compensation, and Kshs.460.43 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2022/23 was Kshs.698.19 million.

3.19.4 County Expenditure Review

The County spent Kshs.1.63 billion on development and recurrent programmes in the reporting period. The expenditure represented 71.5 per cent of the total funds released by the CoB and comprised Kshs.227.19 million and Kshs.1.40 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.1 per cent, while recurrent expenditure represented 21.4 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.260.12 million for recurrent expenditure activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.84.05 million were settled. Therefore, as of 30th September 2023, the outstanding amount was Kshs.184.12 million.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.898.88 billion on employee compensation, Kshs.435.23 million on operations and maintenance, and Kshs.227.19 million on development activities. Similarly, the County Assembly spent Kshs.45.55 million on employee compensation and Kshs.23.88 million on operations and maintenance, as shown in Table 3.111.

Table 3.111: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,888,982,605**	**667,712,409**	**1,334,111,065**	**68,430,108**	**22.7**	**10.2**
Compensation to Employees	3,477,448,347	308,612,771	898,882,062	44,547,857	25.8	14.4
Operations and Maintenance	2,411,534,258	359,099,638	435,229,004	23,882,251	18.0	6.7
Development Expenditure	**4,211,988,261**	**203,310,567**	**227,189,330**	-	**5.4**	-
Total	**10,100,970,866**	**871,022,976**	**1,561,300,395**	**68,430,108**	**15.5**	**7.9**

***Source**: Kwale County Treasury*

3.19.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.943.43 million, or 63.4 per cent of the available revenue, which amounted to Kshs.2.28 billion. This expenditure represented a decrease from Kshs.3.29 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.484.57 million paid to health sector employees, translating to 51.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.911.68 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.31.75 million was processed through manual payrolls. The manual payrolls accounted for 3.4 per cent of the total PE cost.

The County Assembly spent Kshs.5.72 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.43.25 million. The average monthly sitting allowance was Kshs.61,547 per MCA. The County Assembly has established 22 Committees.

3.19.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.505 million to county-established funds in FY 2023/24, constituting 0.05 per cent of the County's overall budget. Table 3.112 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.112: Performance of County Established Funds in the First Quarter of FY 2023/24

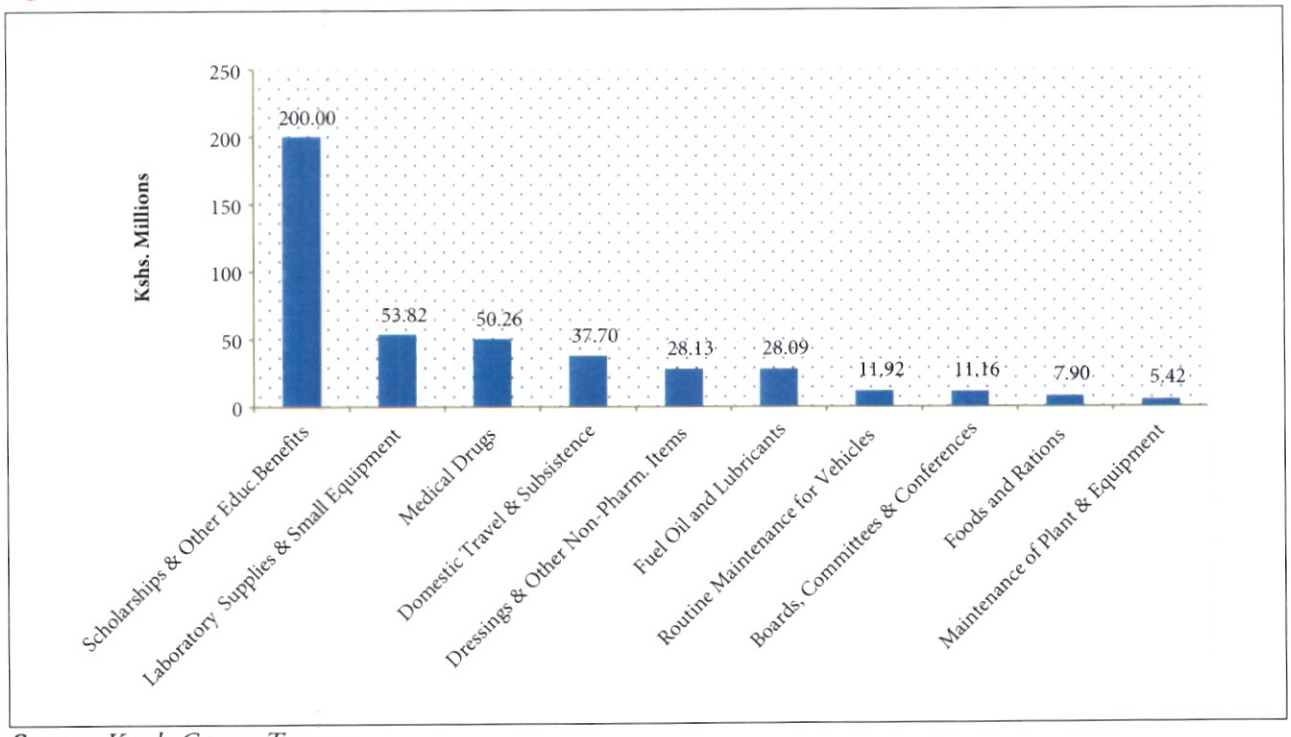
S/ No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
1.	Kwale County Bursary Fund	500,000,000	200,000,000	200,000,000	YES
2.	Emergency Fund	5,000,000	-	-	NO
Total		**505,000,000**	**200,000,000**	**200,000,000**	-

Source: *Kwale County Treasury*

3.19.9 Expenditure on Operations and Maintenance

Figure 57 summarises the Operations and Maintenance expenditure by major categories.

Figure 57: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: *Kwale County Treasury*

During the period, the County Executive's expenditure on domestic travel amounted to Kshs.37.38 million. Expenditure on foreign travel amounted to Kshs.0.58 million by the County Executive to Dar es Salam from 16th to 29th July 2023, a training on understanding the Public Sector Budget Programme, a total of 23 Officers travelled.

3.19.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.227.19 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County spent Kshs.5.00 million. Table 3.113 below summarises development projects with the highest expenditure in the reporting period.

Table 3.113: Kwale County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract Sum {Kshs.}	Amount Paid To date {Kshs.}	Implementation Status {%}
Water Services	Water and Sanitation Project Grant	Kwale HQ	Not provided	220,003,130	-
Assembly	Assembly complex- Proposed External Works	Tsimba-Golini Ward	156,399,413	154,924,952	99
Assembly	Assembly complex- Fittings & Fixtures	Tsimba-Golini Ward	136,525,897	136,051,793	100
Social services	Construction of Kwale Stadium	Kwale	102,429,001	85,866,697	83
Trade	Construction of fruit processing plant in Shimba Hills Phase I - Kubo south	Kubo South ward	67,794,770	60,981,098	90
Assembly	Assembly Complex- Mechanical Works	Tsimba-Golini Ward	69,486,668	55,017,012	79
Trade	Proposed construction of Lemba (Diani) market	Ukunda	46,730,483	46,730,483	100

Sector	Project Name	Project Location	Contract Sum {Kshs.}	Amount Paid To date {Kshs.}	Implementation Status {%}
Education	Completion of Works at Kwale Teaches Training College Phase II n Kinango Subcounty (Hostel and Administration block)	Puma	46,091,843	46,052,094	100
Education	Supply & Delivery of Art & Play Equipment	All Wards	26,856,900	26,856,900	100
Revenue	Provision of Automated Development Permit System	HQ	27,956,000	25,160,400	90

Source: Kwale County Treasury

3.19.11 Budget Performance by Department

Table 3.114 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.114: Kwale 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
Finance and Economic Planning	834.46	50.	273.81	.	112.59	.	41.1	-	13.5	-
Agriculture, Livestock and Fisheries	185.4	509.85	52.79	6.	35.69	.	67.6	-	19.3	-
Environment and Natural Resources	68.05	181.	19.46	21.37	12.29	7.19	63.2	33.6	18.1	4.0
Curative and Rehabilitative Health Services	2449.53	191.04	924.97	.	641.13	.	69.3	-	26.2	-
County Assembly	667.71	203.31	84.77	.	68.43	.	80.7	-	10.2	-
Trade, Investment and Cooperatives	76.88	438.5	16.4	.	10.55	.	64.3	-	13.7	-
Social Services & Talent Management	71.27	206.88	24.2	.	15.1	.	62.4	-	21.2	-
Executive Services	132.51	.	37.36	.	25.2	.	67.4	-	19.0	-
Education	1215.38	365.71	401.28	.	352.41	.	87.8	-	29.0	-
Water Services	96.19	1219.01	30.08	220.	25.87	220.	86.0	100.0	26.9	18.0
Roads and Public Works	122.48	595.58	33.85	.	20.26	.	59.9	-	16.5	-
Tourism and ICT	57.59	27.	11.68	.	7.6	.	65.1	-	13.2	-
County Public Service Board	73.35	.	18.86	.	11.11	.	58.9	-	15.1	-
Public Service and Administration	307.58	35.	82.92	.	63.21	.	76.2	-	20.6	-
Kwale Municipality	23.14	46.5	1.35	.	.25	.	18.5	-	1.1	-
Diani Municipality	21.37	44.	.99	.	.06	.	6.4	-	0.3	-
Lunga Lunga Municipality	4.5	50.	.05	.	.	.	-	-	-	-
Kinango Municipality	4.5	50.	.06	.	.	.	-	-	-	-
Office of the County Attorney	67.03	.	1.66	.	.79	.	47.6	-	1.2	-
Promotive & Preventive Health Services	77.76	201.92	15.83	.	.	.	-	-	-	-
Total	**6556.7**	**4415.3**	**2032.39**	**247.37**	**1402.54**	**227.19**	**69.0**	**91.8**	**21.4**	**5.1**

***Source**: Kwale County Treasury*

Analysis of expenditure by department shows that the Department of Water Services recorded the highest absorption rate of development budget at 18.0 per cent, followed by the Department of Environment and Natural Resources at 4.0 per cent. The rest of the county departments did not report expenditure on development programmes.

3.19.12 Budget Execution by Programmes and Sub-Programmes

Table 3.115 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.115: Kwale County, Budget Execution by Programmes and Sub-Programmes

Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning						
Budget formulation, co-ordination and management (0703023060)	25,432,942	-	18,471,745	-	72.63	-
General Administration (0704043060)	247,020,063	25,000,000	8,982,015	-	3.64	-
Revenue Collection Management (0710013060)	9,687,369	-	5,961,700	-	61.54	-
Public Finance and Accounting Services (0711013060)	4,145,921	-	2,425,020	-	58.49	-
Procurement Services (0711023060)	3,540,000	-	909,300	-	25.69	-
Risk Assurance Services (0711033060)	4,982,500	-	1,261,530	-	25.32	-
Personal Services (0704013060)	122,421,340	-	74,578,572	-	60.92	-
Total	**417,230,133**	**25,000,000**	**112,589,882**	-	**26.99**	-
Agriculture, Livestock and Fisheries						
General administration and support services {0102053060}	78,192,415	-	34,520,421	-	44.15	-
Crop production & food security {0107013060}	1,215,000	154,891,194	-	-	-	-
Dairy and meat production {0108013060}	1,160,000	23,459,714	-	-	-	-
Fish production management {0109013060}	1,410,000	19,500,000	-	-	-	-
Livestock disease control {0108033060}	1,215,000	39,081,775	-	-	-	-
Farm land utilization, mechanization & crop storage {0107033060}	8,806,710	15,490,286	1,173,810	-	13.33	-
Agricultural extension, research & training. {0107023060}	700,000	2,500,000	-	-	-	-
Total	**92,699,125**	**254,922,969**	**35,694,231**	-	**38.51**	-
Environment and Natural Resources						

Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
General administration and support services (0102053060)	11,010,900	10,000,000	1,981,161	-	17.99	-
Personnel Services (0102063060)	17,966,536	-	9,864,641	-	54.91	-
Physical development plans (0104013060)	-	5,000,000	-	-	-	-
Establishment of squatter settlement schemes (0105013060)	3,300,000	36,500,000	444,600	7,186,200	13.47	19.69
County Environmental Awareness Initiative (0106023060)	1,450,000	39,000,000	-	-	-	-
Rehabilitation of degraded natural landscapes (0106033060)	300,000	-	-	-	-	-
TOTAL	**34,027,436**	**90,500,000**	**12,290,402**	**7,186,200**	**36.12**	**7.94**
Curative and Rehabilitative Health Services						
402023060 Operational Rural Health Facilities	-	40,199,975	-	-	-	-
402043060 Medical Health Drugs	152,859,883	-	130,341,400	-	85.27	-
403013060 General Administration	53,479,694	55,319,149	11,847,324	-	22.15	-
403053060 Personnel Services	926,124,470	-	484,568,444	-	52.32	-
405013060 Msambweni Hospital	34,903,000	-	8,196,883	-	23.48	-
406013060 Kinango Hospital	17,980,850	-	3,419,015	-	19.01	-
407013060 Kwale Hospital	18,007,500	-	579,016	-	3.22	-
409013060 Samburu Hospital	11,060,750	-	(928,690)	-	(8.40)	-
410013060 Lunga Lunga Hospital	10,351,000	-	3,102,064	-	29.97	-
Total	**1,224,767,147**	**95,519,124**	**641,125,457**	**-**	**52.35**	**-**
County Assembly						
Audit Services (0704013060)	308,612,771	-	67,770,108	-	21.96	-
General Administration and Support Services (0704043060)	192,095,807	99,000,000	460,000	-	0.24	
Oversight and legislation of county affairs	167,003,831	104,310,567	200,000	-	0.12	-
General Administration and Support Services	-	-	-	-	-	-
Total	**667,712,409**	**203,310,567**	**68,430,108**	**-**	**10.25**	**-**
Trade, Investment and Cooperatives						

Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
Administration services	8,133,388	1,500,000	664,400	-	8.17	-
Trade Development and Investment	4,049,750	-	179,805	-	4.44	-
Construction of new markets	1,946,000	29,750,000	99,500	-	5.11	-
Weights & Measures	1,375,038	1,500,000	-	-	-	-
Availing Affordable credit to entrepreneurs for wealth creation	-	-	-	-	-	-
Personnel Services	19,258,268	-	9,547,222	-	49.57	-
Cooperative Development	2,731,000	-	56,550	-	2.07	-
Industry & Enterprise Development	944,304	186,500,000	-	-	-	-
Total	**38,437,748**	**219,250,000**	**10,547,477**	**-**	**27.44**	-
Social Services & Talent Management						
Community Development (0903003067)	4,250,000	500,000	1,981,610	-	46.63	-
Community Development (0903003067)	5,472,870	-	2,633,000	-	48.11	-
Community Development (0903003067)	2,500,000	-	-	-	-	-
Culture and Heritage (0904003067)	600,000	27,064,600	60,000	-	10.00	-
Sports and Youth Development (0905003067)	800,000	75,876,763	150,000	-	18.75	-
Administration (0906003067)	17,209,979	-	9,127,315	-	53.04	-
Administration (0906003067)	4,800,000	-	1,146,956	-	23.89	-
TOTAL	**35,632,848**	**103,441,363**	**15,098,881**	**-**	**42.37**	-
Executive Services						
County Coordination Services702013060	2,567,000	-	217,566	-	8.48	-
Audit Services704013060	38,195,437	-	18,181,290	-	47.60	-
General Administration704043060	22,128,495	-	6,798,304	-	30.72	-
Media and Communication Services 707033060	3,366,261	-	-	-	-	-
TOTAL	**66,257,192**	**-**	**25,197,159**	**-**	**38.03**	-
Education	303,629,611	-	143,245,495	-	47.18	-
0502013060-Administration Planning and Support Services	11,767,366	-	3,004,054	-	25.53	-
0501013060-Administration Planning support service ECDE	34,168,249	-	4,212,537	-	12.33	-

Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
0503013060-Administration Planning support service VTC	8,125,000	-	1,947,453	-	23.97	-
0504013060-Scholarship and Bursary	250,000,000	-	200,000,000	-	80.00	-
0501043060-Infrastructure development Ecde	-	118,897,600	-	-	-	-
0503023060-Infrastructure development VTC	-	63,957,500	-	-	-	-
TOTAL	**607,690,225**	**182,855,100**	**352,409,539**	-	**57.99**	-
Water Services						
Construction & maintenance of water pipeline supply systems-1001023060	-	99,558,238	-	-	-	-
1001033060-Development of Borehole water supply system	-	98,083,913	-	-	-	-
1001043060-Development/Construction of surface water supply systems	-	95,360,450	-	-	-	-
1001063060-Community Water Project	-	10,000,000	-	-	-	-
1002013060-Personnel Services	22,546,266	-	11,171,464	-	49.55	-
1002023060-Administration Services	25,549,582	306,500,000	14,697,107	220,003,130	57.52	71.78
TOTALS	**48,095,848**	**609,502,600**	**25,868,571**	**220,003,130**	**53.79**	**36.10**
Roads and Public Works						
Personnel Services 305013060	34,621,341	-	13,521,461	-	39.06	-
Administration Planning support service 305023060	26,619,078	-	6,738,583	-	25.31	-
Rehabilitation of Roads Drainage & Bridges 202013060	-	265,903,061	-	-	-	-
Installation of street Lighting Facilities 203013060	-	31,887,500	-	-	-	-
TOTALS	**61,240,419**	**297,790,561**	**20,260,044**	-	**33.08**	-
3072 Tourism and ICT						
Tourism Promotion {0304013060}	2,441,375	9,500,000	289,573	-	11.86	-
Personnel services {0305013060}	13,750,308	-	6,156,549	-	44.77	-
Administration services {0305023060}	9,471,896	-	732,870	-	7.74	-

Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
Local area network installation and ICT support {0308013060}	3,130,467	4,000,000	419,500	-	13.40	-
TOTALS	**28,794,045**	**13,500,000**	**7,598,491**	-	**26.39**	-
3073 County Public Service Board						
Human Resource Planning (706013060)	36,676,056	-	11,112,720	-	30.30	-
TOTAL	**36,676,056**	-	**11,112,720**	-	**30.30**	-
3074 Public Service and Administration						-
704043060 General Administration	14,056,800	17,500,000	9,208,817	-	65.51	-
704013060 Audit Services	111,515,821	-	53,546,500	-	48.02	-
708033060 County compliance and enforcement	4,270,100	-	-	-	-	-
712013060 Sub County Admin Msambweni	3,508,000	-	-	-	-	-
712023060 Sub County Admin Lunga Lunga	4,020,800	-	-	-	-	-
712033060 Sub County Admin Matuga	4,338,500	-	-	-	-	-
712043060 Sub County Admin Kinango	5,055,800	-	-	-	-	-
713013060 County Garbage and Cleaning Services	2,650,000	-	365,213	-	13.78	-
714013060 General Administration Livestock Development	4,375,000	-	93,600	-	2.14	-
	153,790,821	**17,500,000**	**63,214,131**	-	**41.10**	-
3075 Kwale Municipality						
General administration and Support services (0102053060)	3,669,958	10,000,000	8,500	-	0.23	-
Personnel Services (0102063060)	7,901,088	-	-	-	-	-
Kwale municipality (111013060)	-	13,250,000	241,600	-	-	-
TOTAL	**11,571,046**	**23,250,000**	**250,100**	-	**2.16**	-
3076 Diani Municipality						
General administration and Support services (0102053060)	2,500,000	-	-	-	-	-
Personnel Services (0102063060)	8,184,906	-	-	-	-	-
Kwale Municipality (111013060)	-	22,000,000	64,000	-	-	-

Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
TOTAL	**10,684,906**	**22,000,000**	**64,000**	-	**0.60**	-
Office of the County Attorney						
County Law Office Development	24,100,800	-	789,980	-	3.28	-
Legislative Drafting	1,255,000	-	-	-	-	-
Dispute Resolution	2,726,000	-	-	-	-	-
Administration services	5,434,250	-	-	-	-	-
TOTAL	**33,516,050**	-	**789,980**	-	**2.36**	-
Lunga Lunga Municipality						
General administration and Support services (0102053060)	-	17,500,000	-	-	-	-
Audit services (07040163060)	750,000	-	-	-	-	-
General Administration (07040463060)	1,500,000	-	-	-	-	-
Physical development plans (0104013060)	-	7,500,000	-	-	-	-
TOTAL	**2,250,000**	**25,000,000**	-	-	-	-
Kinango Municipality						
General administration and Support services (0102053060)	-	17,500,000	-	-	-	-
Audit services (07040163060)	750,000	-	-	-	-	-
General Administration (07040463060)	1,500,000	-	-	-	-	-
Physical development plans (0104013060)	-	7,500,000	-	-	-	-
TOTAL	**2,250,000**	**25,000,000**	-	-	-	-
Promotive & Preventive Health Services						
401033060 TB/HIV/ Malaria	3,202,500	-	-	-	-	-
401043060 Neglected tropical diseases	500,000	-	-	-	-	-
401063060 Healthcare Waste Management	2,400,000	-	-	-	-	-
401013060 Community health strategy	800,000	-	-	-	-	-
401053060 Public health Hygiene	2,919,829	-	-	-	-	-
401073060 Epidemics Control	500,000	-	-	-	-	-
408013060 Tiwi Rural Health Facility	4,037,000	5,000,000	-	-	-	-

Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
412013060 Rural Health Facilities	23,082,681	95,962,413	-	-	-	-
413013060 Diani Health Centre	1,438,250	-	-	-	-	-
TOTAL	**38,880,259**	**100,962,413**	-	-	-	-
Grand Total	**2,944,491,302**	**2,105,994,129**	**1,334,111,064**	**227,189,330**	**45.31**	**10.79**

***Source**: Kwale County Treasury*

The report on budget execution by programmes differs from the reports submitted by the County Treasury. This is a sign of a lack of frequent reconciliation of reports in the IFMIS system and affects the credibility of reports on budget execution by the county government of Kwale.

3.19.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 24th October,2023.
2. The under performance of own-source revenue at Kshs.71.08 million against an annual projection of Kshs.600 million, representing 4.8 per cent of the annual target.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.31.75 million were processed through the manual payroll, accounting for 3.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.20. County Government of Laikipia

3.20.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.7.25 billion, comprising Kshs.2.37 billion (32.8 per cent) and Kshs.4.87 billion (67.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 4.7 per cent compared to the previous financial year when the approved budget was Kshs.7.59 billion and comprised Kshs.2.33 billion towards development expenditure and Kshs.5.26 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.36 billion (73.9 per cent) as the equitable share of revenue raised nationally, Kshs.624.60 million (8.6 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.413.43 million (5.7 per cent) as conditional grants, and generate Kshs.850.40 million (11.7 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.116.

3.20.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.34 billion as the equitable share of the revenue raised nationally, Kshs.139.39 million as FIF, Kshs.0.88 million as conditional grants, had a cash balance of Kshs.131.48 million from FY 2022/23, and raised Kshs.91.07 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.70 billion, as shown in Table 3.116.

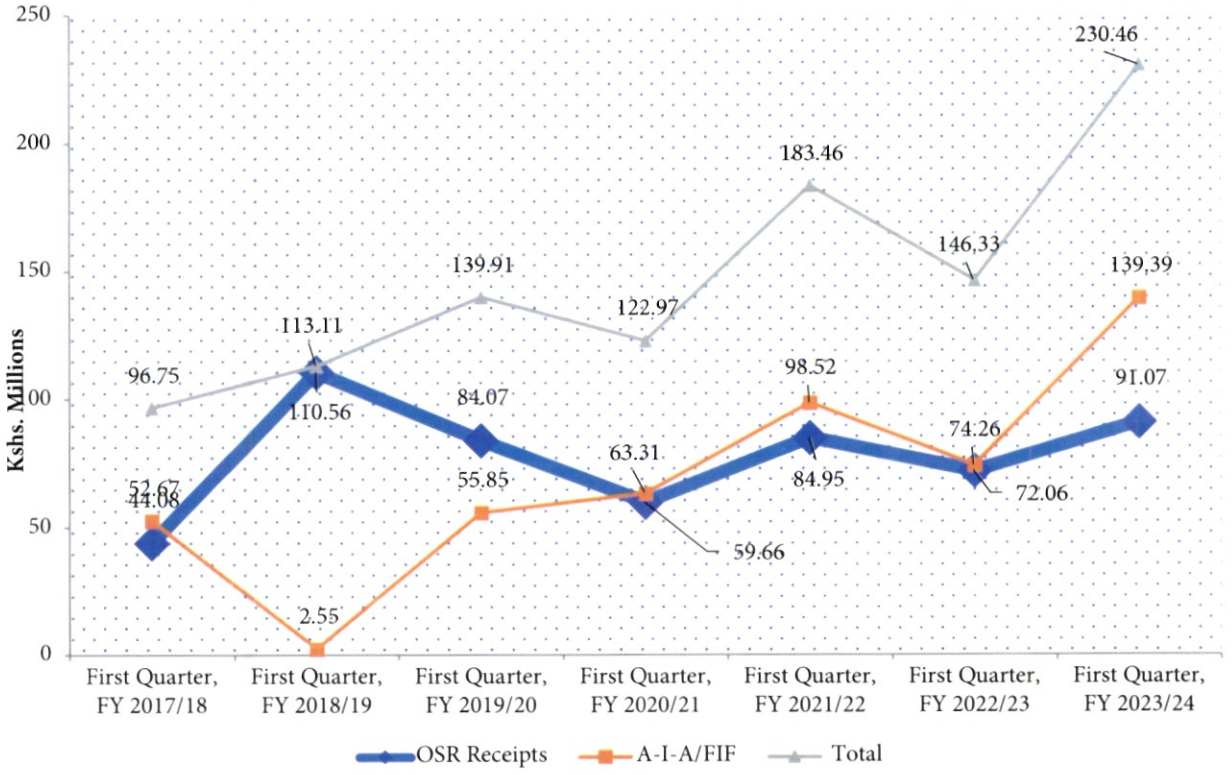
Table 3.116: Laikipia County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised nationally**	**5,358,246,532**	**1,339,561,633**	25.0
Subtotal		**5,358,246,532**	**1,339,561,633**	**25.0**
B	**Conditional Grants**			
1.	Kenya Climate Smart Agriculture Project (KCSAP)	94,870,868	-	-
2.	DANIDA Grant	7,623,000	-	-
3.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,933,282	875,125	45.3
4.	Financing Locally Led Climate Action Programme (FLLoCA)	11,000,000	-	-
5.	UNICEF Grant	10,000,000	-	-
6.	Aggregated Industrial Parks Programme	100,000,000	-	-
7.	Provision of Fertiliser subsidy	66,899,161	-	-
8.	Livestock Value Chain Support Project	28,647,360	-	-
9.	De-risking and Value Chain Enhancement (DRIVE)	90,941,980	-	-
10.	Unconditional Allocations from Court fines	1,515,334	-	-
Subtotal		**413,430,985**	**875,125**	**0.2**
C	**Other Sources of Revenue**			
1.	Own Source Revenue	850,400,000	91,071,943	10.7
2.	Facility Improvement Fund (FIF)	624,600,000	139,390,812	22.3
3.	Unspent balance from FY 2022/23	-	131,481,122	-
Sub Total		**1,475,000,000**	**361,943,877**	**24.7**
Grand Total		**7,246,677,517**	**1,702,380,635**	**23.5**

Source: *Laikipia County Treasury*

Figure 58 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

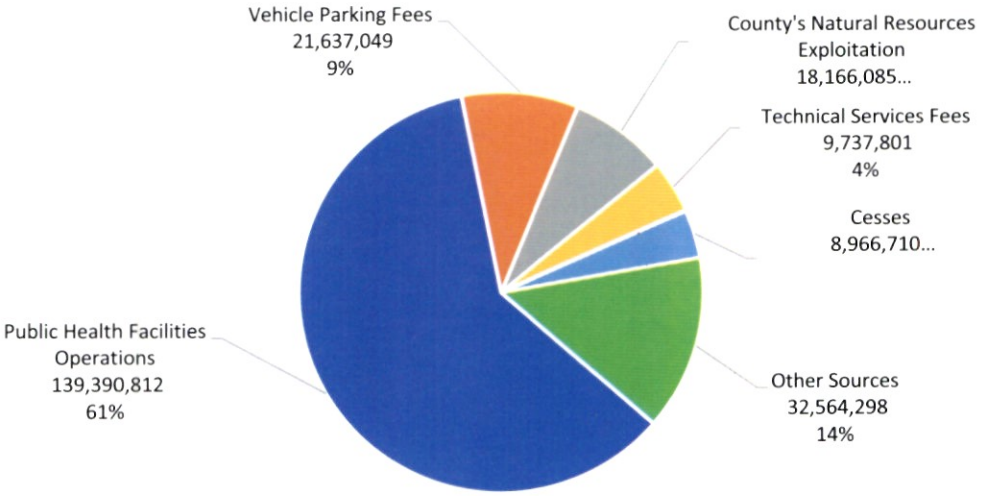
Figure 58: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Laikipia County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.230.46 million from its revenue sources, including FIF and AIA. This amount represented an increase of 56.7 per cent compared to Kshs.147.06 million realised in FY 2022/23 and was 15.6 per cent of the annual target and 17.2 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.7.94 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 59.

Figure 59: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Laikipia County Treasury

The highest revenue stream of Kshs.139.39 million was from Public Health Facilities Operations, contributing to 61 per cent of the total OSR receipts during the reporting period.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.19 billion from the CRF account during the reporting period, which comprised Kshs.255.38 million (21.5 per cent) for development programmes and Kshs.933.37 billion (78.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.608.64 million was released towards Employee Compensation, and Kshs.324.73 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.499.91 million.

3.20.4 County Expenditure Review

The County spent Kshs.1.15 billion on development and recurrent programmes in the reporting period. The expenditure represented 96.9 per cent of the total funds released by the CoB and comprised Kshs.235.87 million and Kshs.916.37 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.9 per cent, while recurrent expenditure represented 18.8 per cent of the annual recurrent expenditure budget.

3.20.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.14 billion, comprising of Kshs.1.08 billion for recurrent expenditure and Kshs.1.06 billion for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.78.69 million were settled, consisting of Kshs.37.38 million for recurrent expenditure and Kshs.41.31 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.2.06 billion.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.580.21 billion on employee compensation, Kshs.236.05 million on operations and maintenance, and Kshs.235.87 million on development activities. Similarly, the County Assembly spent Kshs.48.52 million on employee compensation, Kshs.51.59 million on operations and maintenance, and did not incur any expenditure on development activities, as shown in Table 3.117.

Table 3.117: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,306,117,600**	**565,809,049**	**816,259,678**	**100,110,105**	**19.0**	**17.7**
Compensation to Employees	3,047,155,793	272,661,653	580,214,562	48,517,357	19.0	17.8
Operations and Maintenance	1,258,961,807	293,147,396	236,045,117	51,592,748	18.7	17.6
Development Expenditure	**2,344,750,868**	**30,000,000**	**235,865,289**	-	**10.1**	-
Total	**6,650,868,468**	**595,809,049**	**1,052,124,968**	**100,110,105**	**15.8**	**16.8**

***Source**: Laikipia County Treasury*

3.20.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.628.73 million, or 36.9 per cent of the available revenue, which amounted to Kshs.1.70 billion. This expenditure represented a decrease from Kshs.739.54 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.295.15 million paid to health sector employees, translating to 46.9 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.505.36 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.165.51 million was processed through manual payrolls. The manual payrolls accounted for 26.3 per cent of the total PE cost.

The County Assembly spent Kshs.3.69 million on committee sitting allowances for the 21 MCAs and the Speaker against the annual budget allocation of Kshs.21.19 million. The average monthly sitting allowance was Kshs.55,920 per MCA. The County Assembly has established 18 Committees.

3.20.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.170.05 million to county-established funds in FY 2023/24, constituting 2.3 per cent of the County's overall budget. Table 3.118 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.118: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Kshs.)
County Executive Established Funds					
1.	Laikipia County Emergency Fund	45,054,500	6,479,325	6,479,325	Yes
2.	Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund	30,000,000	30,000,000	-	No
3.	Laikipia County Bursary Fund	75,000,000	-	-	No
County Assembly Established Funds					
4.	County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund	20,000,000	10,000,000	-	No
Total		**170,054,500**	**46,479,325**	**6,479,325**	-

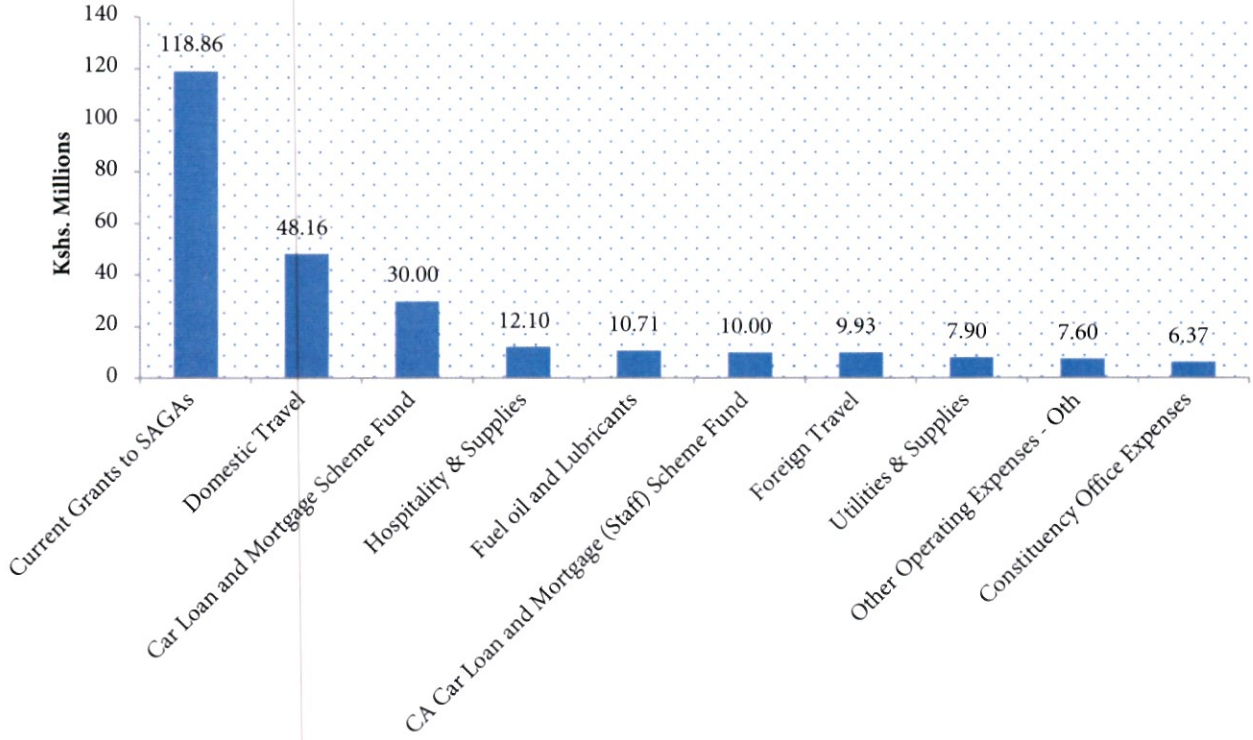
Source: *Laikipia County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from all the Fund Administrators of all County Established Funds except the County Emergency Fund, as indicated in Table 3.118, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.20.9 Expenditure on Operations and Maintenance

Figure 60 summarises the Operations and Maintenance expenditure by major categories.

Figure 60: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: *Laikipia County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.48.16 million and comprised Kshs.16.59 million spent by the County Assembly and Kshs.31.57 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.93 million and comprised Kshs.6.83 million by the County Assembly and Kshs.3.10 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.119.

Table 3.119: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination (Kshs.)	Total Costs of the Travel
County Executive	2	24th-31st July 2023	Participating in due diligence of irrigation, technology & resource mobilisation	Israel	2,775,256
County Executive	2	24th July -31st July 2023	To attend an Agriculture, visit at Avnon Academy in Israel	Israel	1,947,395
County Assembly	25	10th-16th September 2023	Training	Arusha-Tanzania	5,804,001
County Assembly	1	18th-21st June 2023	Training	Malaysia	281,475
County Assembly	1	29th June-10th July 2023	Training	Australia	867,360
County Assembly	1	22nd April-2nd May 2023	Training	Dubai	741,020
County Assembly	1	2nd-4th March 2023	Training	Zanzibar	136,320

Source: Laikipia County Treasury

3.20.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.235.87 million on development programmes, representing an increase compared to FY 2022/23 when the County spent Kshs.2.30 million. Table 3.120 summarises development projects with the highest expenditure in the reporting period.

Table 3.120: Laikipia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Lands, Infrastructure, Housing and Urban Development	Leasing Fund	Tigithi	50,000,000	23,500,000	47.0
2	Water, Environment and Natural Resources	Operalization of the drilling rig			4,861,000	-
3	Infrastructure	Grading, Gravelling and Culvert Installation Works at Watero-Gakuri Road in Githiga Ward	Githiga Ward	4,404,957	4,404,957	100.0
4	Finance	Second Payment for Construction of Juakali Workshops at Oljabet Shopping Centre	Marmanet Ward	12,680,795	4,219,193	33.3
5	Agriculture, Livestock and Fisheries	Supply, Delivery, Installation and Testing of Drip kits for Kamangura Subprojects	Tigith Ward	3,974,800	3,974,800	100.0
6	Infrastructure	Grading, Gravelling and Culverts Installation Works of Kagaa-Mwireri Road in Rumuruti Ward	Rumuruti Ward	3,936,228	3,936,228	100.0
7	Infrastructure	Heavy Grading Works at Uwaso To Naiperere Area in Mukogondo West Ward	Mukogodo West	3,848,300	3,848,300	100.0
8	Infrastructure	Opening, Grading and Culvert Installation Works at Ngorong To Nosorai to Olmoitok Dispensary in Mukogondo West	Mukogodo Ewest Ward	3,253,504	3,253,504	100.0
9	Infrastructure	Grading, Gravelling and Culvert Installation Work at Cess Point Then Connect Police Post to Jikaze Primary Road in Mukogondo East	Mukogodo East	3,130,492	3,130,492	100.0
10	Agriculture	Rehabilitation of Nyakinyua Dam in Githiga Ward	Githiga Ward	3,100,000	3,100,000	100.0

Source: *Laikipia County Treasury*

3.20.11 Budget Performance by Department

Table 3.121 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.121: Laikipia 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 Administration, Public Service and Office of the Governor	3,316.96	19.10	580.26	-	590.53	-	101.8	-	17.8	-
Finance, Economic Planning and the County Treasury	192.52	511.64	93.30	83.29	75.56	73.17	81.0	87.8	39.3	14.3

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
Agriculture, Livestock and fisheries	209.92	155.26	7.25	4.00	18.98	8.87	261.6	221.8	9.0	5.7
Infrastructure & Public Works	37.62	385.30	7.40	23.50	7.39	23.50	99.8	100.0	19.6	6.1
Education, Youth & Sports	102.00	63.91	4.36	-	4.16	-	95.4	-	4.1	-
Trade, Tourism & Enterprise Development	20.00	375.80	4.12	-	3.82	-	92.7	-	19.1	-
Gender, Culture and Social Services	23.00	15.20	8.27	-	6.39	-	77.3	-	27.8	-
Water	21.00	100.10	6.60	30.00	6.40	10.44	97.0	34.8	30.5	10.4
County Assembly	565.81	30.00	96.96	-	100.11	-	103.2	-	17.7	-
Nanyuki Municipality	1.00	1.00	-	-	-	-	-	-	-	-
Rumuruti Municipality	2.50	5.00	-	-	-	-	-	-	-	-
Total	**4,871.93**	**2,374.75**	**933.37**	**255.38**	**916.37**	**235.87**	**98.2**	**92.4**	**18.8**	**9.9**

***Source**: Laikipia County Treasury*

Analysis of expenditure by department shows that the Department of Health and Sanitation recorded the highest absorption rate of development budget at 16.8 per cent, followed by the Department of Finance, Economic Planning and the County Treasury at 14.3 per cent. The Department of Finance, Economic Planning and the County Treasury had the highest percentage of recurrent expenditure to budget at 39.3 per cent.

The departments of County Administration, Public Service, Office of the Governor, Health and Sanitation, Agriculture, Livestock and Fisheries, and County Assembly incurred expenditure above exchequer issues. This is irregular and should be corrected by the respective accounting officers.

The allocation for recurrent expenditure for the County Assembly amounts to Kshs.565.81 million against the CARA, 2023 ceiling of Kshs.545.81 million and therefore not in line with the law. Similarly, the County Executive recurrent budget allocation amounts to Kshs.3.32 billion (which includes all County Executive department's personnel emoluments) expenditure and is above the CARA, 2023 ceiling of Kshs.429.23 million.

3.20.12 Budget Execution by Programmes and Sub-Programmes

Table 3.122 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.122: Laikipia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
COUNTY ADMINISTRATION							
General Administration and Planning	Headquarter Administration Services	17,900,000	-	4,684,235	-	26.2	-
	County Administration - Laikipia East	1,800,000	-	141,600	-	7.9	-
	County Administration - Laikipia North	400,000	-	95,600	-	23.9	-
	County Administration - Laikipia West	450,000	-	46,000	-	10.2	-
	Compensation to Employees	3,226,955,793	-	569,898,032	-	17.7	-
Information Communication and technical	ICT Infrastructure and Connectivity	2,400,000	1,600,000	826,600	-	34.4	-
County Executive Committee Support	Executive Support Service	29,500,000	-	7,743,512	-	26.2	-
	Legal Services	4,900,000	-	1,001,000	-	20.4	-
	Intergovernmental & Donor Liaison	1,050,000	-	59,000	-	5.6	-
County Administration	Public Participation	2,400,000	-	734,500	-	30.6	-
	County Services Delivery and Result Report	1,000,000	-	500,000	-	50.0	-
	Decentralised Services		13,000,000		-	-	-
Security and Policing Support Services	Urban Facilities Management Services	6,000,000	-	88,159	-	1.5	-
Human Capital Management and Devolution	County Public Service Board	14,500,000	1,500,000	3,108,276	-	21.4	-
Human Capital Management and Devolution	Information and Records Management	2,000,000	-	484,500	-	24.2	-
County Administration	Fleet	800,000	-	32,400	-	4.1	-
Public Safety, Enforce and Disaster Management	Disaster Reduction Management	2,000,000	1,000,000	254,310	-	12.7	-
	Fire Services	1,400,000	2,000,000	557,750	-	39.8	-
	Enforcement and Disaster Management	1,100,000	-	249,000	-	22.6	-
	Alcohol Control Committee	400,000	-	30,000	-	7.5	-
Sub Total		**3,316,955,793**	**19,100,000**	**590,534,473**	-	**17.8**	-
FINANCE							
Departmental administrative services/Centralised services	County Treasury administrative services	20,000,000	-	-	-	-	-
	Financial Automation Services	500,000	-	77,000	-	15.4	-
	Laikipia County Emergency Fund	-	55,054,500	-	6,479,325	-	11.8
	Revenue management services	-	43,900,000	-	12,337,860	-	28.1

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County executive committee support service	Generation administration and support services	98,515,334	409,700,000	42,873,705	54,352,618	43.5	13.3
Legislation and Oversight	County Treasury Accounting and Reporting Services	3,900,000	-	564,200	-	14.5	-
	Budget Management	8,000,000	-	936,744	-	11.7	-
	Internal Audit Services	5,000,000	-	833,832	-	16.7	-
	Supply Chain Management Services	3,600,000	-	687,700	-	19.1	-
Public Safety, Enforce and Disaster management	Revenue collection services	**36,000,000**	-	11,518,700	-	32.0	-
Public Finance Management Services	Integrated Planning Services	2,200,000	-	336,750	-	15.3	-
	Participatory Budgeting support services	4,550,000	-	1,463,900	-	32.2	-
	726034510 Research Statistics and Documentation services	2,250,000	-	83,800	-	3.7	-
	726064510 Strategic Partnership and Collaboration	8,000,000	2,990,000	3,000,000	-	37.5	0.0
Sub Total		**192,515,334**	**511,644,500**	**62,376,331**	**73,169,803**	**32.4**	**14.3**
HEALTH AND SANITATION							
Curative and Rehabilitee Health	Health Products and Technologies Support-0401014510	40,000,000	169,250,000	13,186,318	66,165,645	33.0	39.1
	Health Infrastructure Development	-	150,000,000	-	-	-	-
	Emergency Referral and Rehabilitative Service	239,423,000	393,185,500	80,337,191	53,719,633	33.6	13.7
General Administration and Planning Services	Administration, Project Planning and Implementation Services	10,000,000	-	2,000,000	-	20.0	-
	Human Resource Development	25,000,000	-	10,316,530	-	41.3	-
	Standards and Quality Assurance	10,000,000	-	3,754,100	-	37.5	-
	Health Leadership and Governance	5,832,080	-	1,081,480	-	18.5	-
	Health Policy, Governance, Planning and Financing -	2,000,000	-	980,750	-	49.0	-
	Health Information Standards and Quality Assurance	2,000,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
PREVENTIVE HEALTH SERVICES	Community Health Strategy, Advocacy and Surveillance	12,000,000	-	-	-	-	-
	Family Planning, Maternal, and Child Health Services	2,000,000	-	475,900	-	23.8	-
	Non -Non-Communicable Diseases Control and Prevention	2,000,000	-	434,700	-	21.7	-
	Public Health Promotion and Nutrition Services	9,350,000	-	3,194,300	-	34.2	-
	Social Health Insurance Scheme	6,000,000	-	-	-	-	-
	TB/HIV/Aids Prevention and Control	14,000,000	-	445,200	-	3.2	-
Sub Total		**379,605,080**	**712,435,500**	**116,206,469**	**119,885,278**	**30.6**	**16.8**
AGRICULTURE, LIVESTOCK AND FISHERIES							
Headquarters	SP1Headquarter Administration Services	10,800,000	10,500,000	3,296,076	-	30.5	-
	SP3 Agriculture Sector Extension Management	1,933,282	94,870,868	1,933,282	8,870,868	100.0	9.4
Livestock Production	SP2 Livestock Resource Development and Management	121,389,340	11,000,000	409,800	-	0.3	-
Veterinary Services	SP5 Animal Health and Disease Management	1,800,000	10,500,000	334,100	-	18.6	-
Fisheries Production	SP1 Fisheries Development and Management	1,500,000	5,000,000	416,000	-	27.7	-
Crop Production & Horticulture	SP2 Land and Crop Productivity Enhancement and Management	3,800,000	2,400,000	1,632,400	-	43.0	-
	SP4 Strategic Food Security Service	66,899,161	-	10,119,997	-	15.1	-
	SP4 Climate Change Adaptation & Mitigation	1,800,000	20,990,000	836,495	-	46.5	-
Sub Total		**209,921,783**	**155,260,868**	**18,978,150**	**8,870,868**	**9.0**	**5.7**
LANDS, INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT							
General Administration and Planning Services	SP1 Administration Services	6,619,610	-	893,142	-	13.5	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Physical Planning and Survey	SP1-Survey and Planning services	5,000,000	9,000,000	629,860	-	12.6	-
	SP2-Land management services	-	5,000,000	-	-	-	-
	SP3- Strategic project monitoring and intervention	-	2,000,000	-	-	-	-
	SP4-policy management, public mobilisation and participation	-	6,500,000	-	-	-	-
Land and Housing Management	SP2 Housing Policy Development	1,000,000	20,000,000	50,000	-	5.0	-
Public Works Service Delivery Improvement	SP4 County Building Construction Standard	1,000,000	2,500,000	249,450	-	24.9	-
Roads Network Improvement Housing and Urban Development	SP1 Road Network improvement	2,000,000	265,300,000	449,100	23,500,000	22.5	8.9
	SP3- Road network maintenance	-	10,000,000	-	-	-	-
	SP4 Heavy Equipment Maintenance	-	10,000,000	-	-	-	-
	SP5- Mechanisation Services	-	30,000,000	-	-	-	-
	SP Urban Development-	-	15,000,000	-	-	-	-
Renewable /Green Energy Services	SP1 County renewable/green energy services-	22,000,000	10,000,000	5,115,221	-	23.3	-
Sub Total		**37,619,610**	**385,300,000**	**7,386,773**	**23,500,000**	**19.6**	**6.1**
EDUCATION AND LIBRARY SERVICES							
Administration and planning services	Administration Services	-	4,110,000	-	-	-	-
	Headquarter Service	3,000,000	-	1,000,000	-	33.3	-
	Personnel services	2,000,000	-	816,700	-	40.8	-
Early childhood development (ECD) and childcare facilities	Education Empowerment	75,000,000	-	-	-	-	-
	ECDE Infrastructure Improvement	-	39,800,000	-	-	-	-
	ECDE Teacher Services	2,000,000	-	874,200	-	43.7	-
Youth, Polytechnics, Vocational Training	Vocational Education and Training	20,000,000	20,000,000	1,469,200	-	7.3	-
Total		**102,000,000**	**63,910,000**	**4,160,100**	-	**4.1**	-
TRADE, TOURISM AND COOPERATIVE DEVELOPMENT							
Administration, planning and support services	SP1 Administration Service	4,350,000	-	775,000	-	17.8	-
	SP2 Personnel Services	1,800,000	-	413,600	-	23.0	-
	SP3 Policy Services	3,450,000	-	1,070,800	-	31.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Co-operative Development	SP3 Research and Development	2,300,000		234,000	-	10.2	-
	SP2 Co-operative Revolving fund	-	6,500,000	-	-	-	-
Trade and Investment	SP1 Market Infrastructure Development	-	14,000,000	-	-	-	-
	SP5 Industrial Development and Investment Promotion	6,500,000	350,000,000	1,160,700	-	17.9	-
	Informal Sector Development	-	1,500,000	-	-	-	-
Tourism Development and Promotion	SP1 Tourism Promotion and Marketing	1,600,000	-	167,000	-	10.4	-
	SP2 Tourism Infrastructural Development	-	3,800,000	-	-	-	-
Sub Total		**20,000,000**	**375,800,000**	**3,821,100**	-	**19.1**	**0.0**
GENDER, CULTURE AND SOCIAL SERVICES							
Administration and planning services	Use of goods and services	3,900,000	2,200,000	1,292,624	-	33.1	-
CEDC	Children's institutions support program (CEDC)	3,400,000	3,500,000	100,000	-	2.9	-
Culture and Social Services	Cultural events promotion services	2,100,000	-	1,699,000		80.9	-
	Social services infrastructure	-	1,500,000	-	-		-
Sports	Talent identification programme	8,000,000	-	2,589,800		32.4	-
	Youth mainstreaming initiative	-	500,000	-	-	-	-
	Sports promotion services	2,500,000	-	711,700		28.5	-
	Sports Facility Improvement	100,000	7,500,000	-	-	-	-
	Cultural events promotion services	3,000,000	-	-		-	-
Sub Total		**23,000,000**	**15,200,000**	**6,393,124**	-	**27.8**	-
WATER, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE							
Water Development	Rural water supply and sanitation	-	15,300,000	-	-	-	-
General administration and support services	Administrative and Planning Services	16,500,000	1,000,000	5,561,268		33.7	-
	Motor vehicle maintenance and fuel provision	4,500,000	-	841,890	-	18.7	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Environment and Natural Resources	Solid Waste Management		21,300,000	-	11,200	-	0.1
	Human-Wildlife Conflict Prevention	-	500,000	-	-	-	-
	Natural Resources Management	-	-	-	-	-	-
	Climate Change Adaptation & Mitigation	-	**61,500,000**	-	**10,428,140**	-	17.0
	Integrated land rehabilitation	-	**500,000**			-	-
Sub Total		**21,000,000**	**100,100,000**	**6,403,158**	**10,439,340**	**30.5**	**10.4**
NANYUKI MUNICIPALITY							
Administration Services	SP1 Administration Services	1,000,000	-	-	-	-	-
Roads Network Improvement Housing and Urban Development	SP1-Road Network improvement	-	1,000,000	-	-	-	-
Sub Total		**1,000,000**	**1,000,000**	-	-	-	-
RUMURUTI MUNICIPALITY							
P3-0103004510-General Administration and Planning Services	SP1 Administration Services	2,500,000	-	-	-	-	-
P15 Roads Network Improvement Housing and Urban Development	SP1-Road Network improvement	-	5,000,000	-	-	-	-
Sub Total		**2,500,000**	**5,000,000**	-	-	-	-
COUNTY ASSEMBLY							
General administration support services	Compensation of employees/MCAs	226,209,653	-	48,517,357	-	21.4	-
	Other recurrent expenditure	93,275,776	-	1,548,706	-	1.7	-
	County Assembly Staff Car & Mortgage Scheme	20,000,000	-	10,000,000	-	50.0	-
Legislative and oversight	Other recurrent expenditure	222,823,620	-	39,362,722	-	17.7	-
	Training	3,000,000	-	531,320	-	17.7	-
	Public participation	500,000	-	150,000	-	30.0	-
County Assembly infrastructure services	Refurbishment of Non -Non-Residential Building-	-	28,000,000	-	-	-	-
	Refurbishment of Residential Buildings	-	2,000,000	-	-	-	-
Sub Total		**565,809,049**	**30,000,000**	**100,110,105**	-	**17.7**	**0.0**
Grand Total		**4,871,926,649**	**2,374,750,868**	**916,369,783**	**235,865,289**	**38.6**	**9.9**

***Source**: Laikipia County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Cultural events promotion services in the Department of Gender, Culture and Social Services at 80.9 per cent, County Assembly Staff Car & Mortgage Scheme in the Department of County Assembly at 50.0 per cent, ECDE Teacher Services in the Department of Education and Library Services at 43.7 per cent, and Human Resource Development in the Department of Department Health and sanitation at 41.3 per cent of budget allocation.

3.20.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The reports were received between 25th October to 3rd November 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.117, where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all the county-established Funds except the County Emergency Fund were not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.Kshs.2.06 billion as of 30th September 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.165.51 million were processed through the manual payroll, accounting for 26.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. Failure to align the budget for the County Assembly and the County Executive to the ceiling in CARA 2023.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
5. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
6. *The County government should prepare a supplementary budget to align the recurrent expenditure budget allocation for the County Assembly and the County Executive with the law.*

3.21. County Government of Lamu

3.21.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.4.59 billion, comprising Kshs.1.90 billion (41.4 per cent) and Kshs.2.69 billion (58.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 24.1 per cent compared to the previous financial year when the approved budget was Kshs.3.70 billion and comprised Kshs.1.16 billion towards development expenditure and Kshs.2.54 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.3.24 billion (70.6 per cent) as the equitable share of revenue raised nationally, Kshs.561.34 million (12.2 per cent) as conditional grants, a cash balance of Kshs.438.22 million (9.6 per cent) brought forward from FY 2022/23, and generate Kshs.350 million (7.6 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.123.

3.21.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.275.17 million as the equitable share of the revenue raised nationally, Kshs.4.37 million as FIF, had a cash balance of Kshs.438.22 million from FY 2022/23, and raised Kshs.15.29 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.733.05 million, as shown in Table 3.123.

Table 3.123: Lamu County, Revenue Performance in FY 2023/24

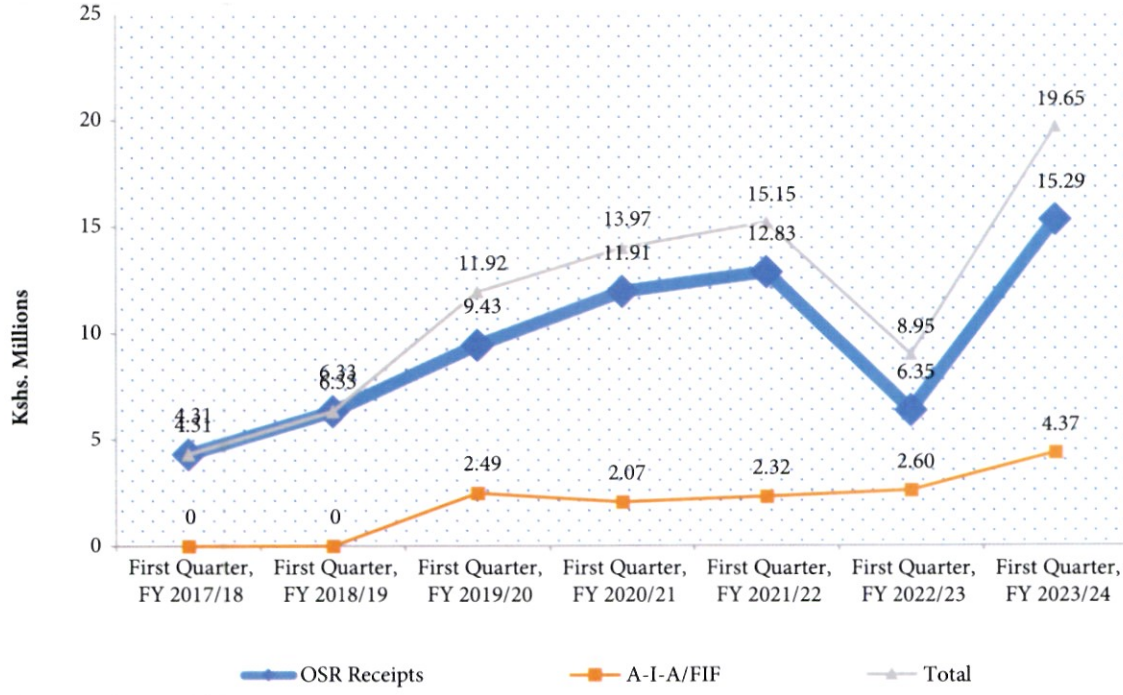
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	**3,237,350,707**	**275,174,810.00**	**8.5**
Subtotal		**3,237,350,707**	**275,174,810**	**8.5**
B	**Conditional Grants**			
1.	Kenya Informal Settlements Improvement Project Phase II (KISIP II)	150,000,000	-	-
2.	Financing Locally-Led Climate Action Programme (FLLoCA)	100,000,000	-	-
3.	Aggregated Industrial Parks Programme	100,000,000	-	-
4.	Climate Smart	90,000,000	-	-
5.	De-risking & Value enhancement (Drive)	63,341,980	-	-
6.	Kenya Maritime Fisheries & Social Economic Developments (KEMSFED)	48,764,809	-	-
7.	DANIDA	7,610,625	-	-
8.	Agriculture Sector Development Support Programme Phase II (ADSDP II)	1,622,700	-	-
Subtotal		**561,340,114**	-	-
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	350,000,000	15,286,019	4.4
2.	Appropriation in Aid (A-I-A)	438,223,152	438,223,152	100
3.	Facility Improvement Fund (FIF)	-	4,365,000	-
Sub Total		**788,223,152**	**457,874,171**	**58.1**
Grand Total		**4,586,913,973**	**733,048,981**	**16.0**

Source: *Lamu County Treasury*

The County reported receipt of Kshs.4.36 million as FIF, which was not budgeted.

Figure 61 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

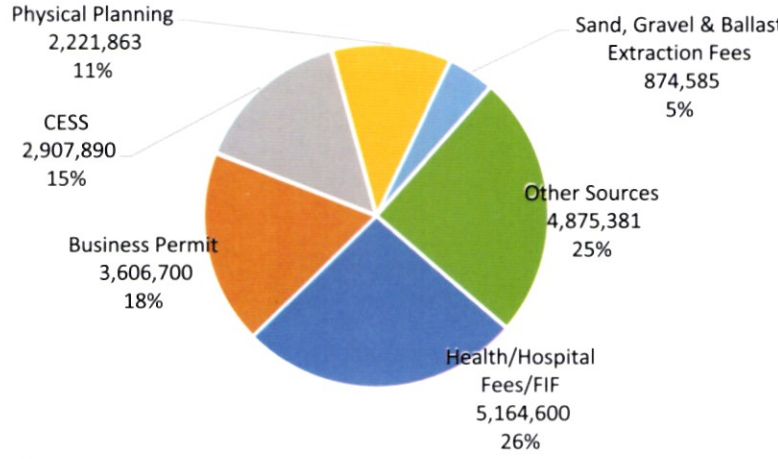
Figure 61: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Lamu County Treasury*

The County Treasury failed to provide information on receipts of FIF in FY 2017/18 and FY 2018/19. In the first quarter of FY 2023/24, the County generated a total of Kshs.19.65 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 119.5 per cent compared to Kshs.8.95 million realised in FY 2022/23 and was 5.6 per cent of the annual target and 7.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 62.

Figure 62: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Lamu County Treasury

The highest revenue stream of Kshs.5.16 million was from Health (Hospital Fes/ FIF), contributing to 26 per cent of the total OSR receipts during the reporting period.

3.21.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.508.20 million from the CRF account during the reporting period, which comprised Kshs.67.70 million (13.3 per cent) for development programmes and Kshs.440.50 million (86.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter

of FY 2023/24 indicates that Kshs.292.35 million was released towards Employee Compensation, and Kshs.148.15 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.603.81 million.

3.21.4 County Expenditure Review

The County spent Kshs.426.72 million on development and recurrent programmes in the reporting period. The expenditure represented 84.0 per cent of the total funds released by the CoB and comprised Kshs.23.81 million and Kshs.402.91 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.3 per cent, while recurrent expenditure represented 15.0 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.69.35 million, comprising Kshs.42.25 million for recurrent expenditure and Kshs.27.10 million for development activities. The County Treasury did not report any payments towards pending bills during the reporting period.

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.253.74 million on employee compensation, Kshs.96.42 million on operations and maintenance, and Kshs.23.81 million on development activities. Similarly, the County Assembly spent Kshs.25.46 billion on employee compensation and Kshs.27.29 million on operations and maintenance, as shown in Table 3.124.

Table 3.124: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**2,226,171,972**	**460,000,000**	**350,162,150**	**52,744,803**	**15.7**	**11.5**
Compensation to Employees	253,742,765	225,162,450	253,742,765	25,455,941	16.9	11.3
Operations and Maintenance	96,419,385	234,837,550	96,419,385	27,288,862	13.3	11.6
Development Expenditure	23,812,966	89,000,000	23,812,966	-	**1.3**	-
Total	**4,037,913,973**	**549,000,000**	**373,975,116**	**52,744,803**	**9.3**	**9.6**

***Source**: Lamu County Treasury*

3.21.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.279.20 million, or 38.1 per cent of the available revenue, which amounted to Kshs.733.05 million. This expenditure represented a decrease from Kshs.406.58 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.148.32 million paid to health sector employees, translating to 53.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.233.11 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.46.08 million was processed through manual payrolls. The manual payrolls accounted for 16.5 per cent of the total PE cost.

The County Assembly spent Kshs.1.47 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.10.49 million. The average monthly sitting allowance was Kshs.77,589 per MCA. The County Assembly has established 13 Committees.

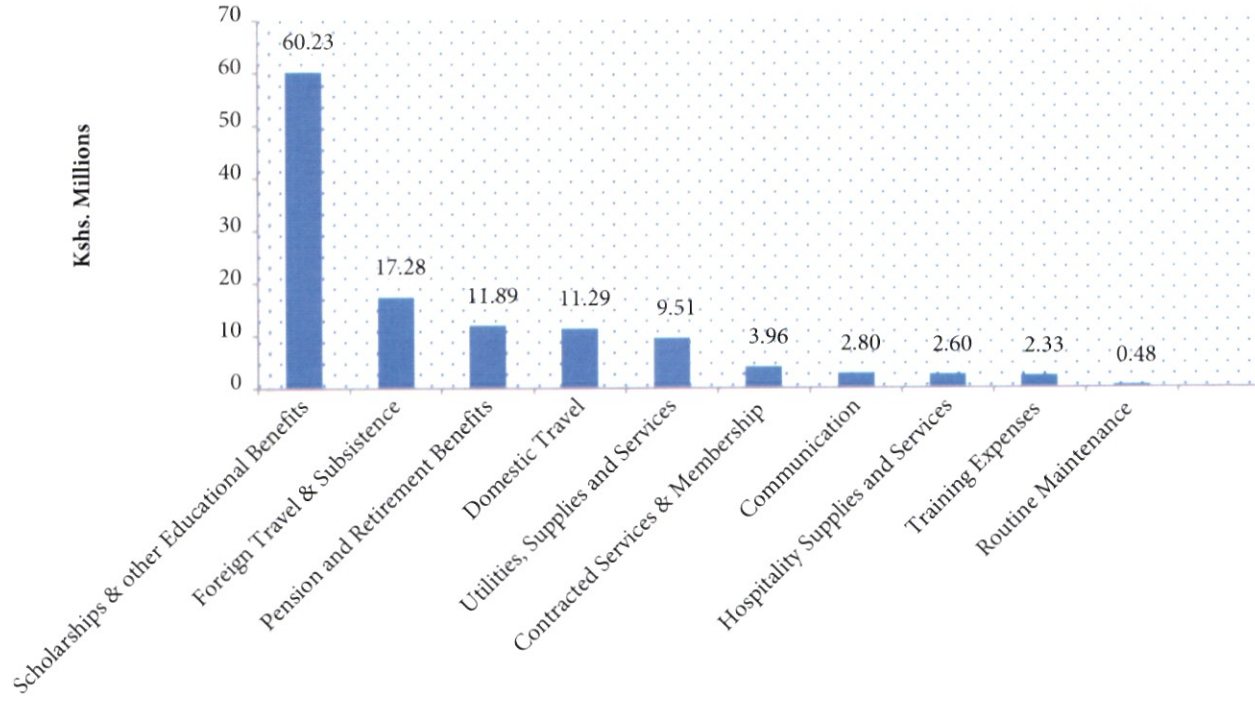
3.21.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.10 million to the Emergency Fund in FY 2023/24, constituting 0.2 per cent of the County's overall budget.

3.21.9 Expenditure on Operations and Maintenance

Figure 63 summarises the Operations and Maintenance expenditure by major categories.

Figure 63: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: *Lamu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.11.29 million and comprised Kshs.4.49 million spent by the County Assembly and Kshs.6.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.28 million and comprised Kshs.17.10 million by the County Assembly and Kshs.0.18 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.125.

Table 3.125: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	3	10th July to 21st July 2023	ICPAK, the 3rd Executive Leadership Summit	Dubai	3,367,770
County Assembly	6	17th July to 28th July 2023	Attend a training on Managing Intergenerational Workforce Programme	Dar Es Salaam	4,922,800
County Assembly	5	21ST August to 1st September 2023	Training on Balance Scorecard Bootcamp Programme	Dubai - UAE	1,760,100
County Assembly	4	21st August to 1st September 2023	Training on Balance Scorecard Bootcamp Programme	Dubai - UAE	5,885,000

Source: Lamu County Assembly

3.21.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.23.81 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County spent Kshs.5.99 million. Table 3.126 summarises development projects with the highest expenditure in the reporting period.

Table 3.126: Lamu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Executive	Construction of swimming pool, divers tank, changing room and toilets at command centre	County HQRS	25,000,000	5,300,058.60	21.2
2	Water And Energy Development	Basuba water project	Basuba	15,000,000	6,955,464	46.4
3	Education, Technology, Gender, Youth Affairs, Sports & social services	Renovation of Faza Social Hall	Faza	4,927,564	4,927,564	100
4	Education, Technology, Gender, Youth Affairs, Sports & Social Services	Construction of 2ECDE classrooms and two-door VIP toilets	Lake Amu	3,150,000	1,184,027.6	37.6
5	Road, Transport, Infrastructure & Public Works	Cabro Paving at Mkunumbi	Mkunumbi	10,000,000	5,445,852.00	54.5
6	Road, Transport, Infrastructure & Public Works	Cabro Paving at Lamu	Amu	2,250,000	2,250,000	100
7	Road, Transport, Infrastructure & Public Works	Cabro Paving at Hindi Town	Hindi Town	8,400,000	3,631,110.85	43.2

Source: Lamu County Treasury

3.21.11 Budget Performance by Department

Table 3.127summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.127: Lamu 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
Assembly	460.0	89.0	55.4	-	52.7	-	95.2	-	11.5	-
Executive and PSM	238.3	77.0	59.3	5.3	41.0	5.3	69.1	100.0	17.2	6.9
Finance, Economy & Strategic Planning	104.4	6.5	13.5	-	13.5	-	99.9	-	12.9	-
Agriculture, Irrigation & Food Security	71.7	185.7	7.2	-	7.0	-	97.0	-	9.7	-
Land, Physical Planning, & Urban Development	28.2	228.0	3.6	50.0	3.6	-	99.9	-	12.7	-
Education, Technology, Gender, Youth Affairs, Sports & Social Services	302.9	153.9	86.8	-	86.1	6.1	99.2	-	28.4	4.0

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
Health (Medical)Services	1,002.9	265.3	149.4	-	147.5	-	98.8	-	14.7	-
Trade, Investment, Culture & Tourism	47.1	225.0	3.0	-	2.9	-	98.7	-	6.3	-
Climate Change, Information, Communication, E-Government & Citizen Participation	35.3	131.0	12.0	-	0.1	-	1.0	-	0.3	-
Fisheries, Blue Economy, Livestock, Veterinary & Cooperative Development	63.8	166.1	7.6	-	7.3	-	96.8	-	11.5	-
County Public Service Board	54.4	-	7.4	-	6.6	-	89.1	-	12.1	-
Water & Energy	46.1	149.0	7.1	7.0	6.8	7.0	96.2	100.0	14.8	4.7
Public Health, Environment and Sanitation	80.7	12.0	10.6	-	10.5	-	98.9	-	13.0	-
Budget and Economic Planning	17.4	-	2.1	-	2.1	-	98.3	-	11.9	-
Road, Transport, Infrastructure & Public Works	26.8	111.1	3.3	5.5	3.3	5.5	100.0	100.0	12.4	4.9
Lamu Municipality	50.1	42.5	5.5	-	5.1	-	93.8	-	10.2	-
Devolutions, Disaster and Resource Mobilisation	56.3	58.6	6.9	-	6.8	-	-	-	12.1	-
Total	**2,686.2**	**1,900.7**	**440.5**	**67.7**	**402.9**	**23.8**	**91.5**	**35.2**	**15.0**	**1.3**

***Source**: Lamu County Treasury*

Analysis of expenditure by department shows that the Department of County Executive and Public Service Management (PSM) recorded the highest absorption rate of development budget at 6.9 per cent, followed by the Department of Road, Transport, Infrastructure & Public Works at 4.9 per cent. The Department of Education, Technology, Gender, Youth Affairs, Sports & Social Services had the highest percentage of recurrent expenditure to budget at 28.4 per cent, while the Department of Climate Change, Information, Communication, E-Government & Citizen Participation had the lowest at 0.3 per cent.

3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 3.128 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.128: Lamu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
1 3211000000 COUNTY ASSEMBLY		**460,000,000**	**89,000,000**	**52,744,803**		**11.5**	-
0701003210 P1 Administration, planning and support services.		241,012,380	-	35,393,249	-	14.7	-
0702003210 P2 Legislation and Oversight		218,987,620	89,000,000	17,351,554	-	7.9	-
2 3212000000 COUNTY EXECUTIVE		**238,258,500**	**77,000,000**	**41,012,196.40**	**5,300,058**	**17.2**	**6.9**
0703003210 P3 Administration, planning and support services.	Headquarters	238,258,500	77,000,000	41,012,196.40	5,300,058.	17.2	6.9
3. 3213000000 FINANCE, ECONOMY & STRATEGIC PLANNING		**104,350,900**	**6,500,000**	**13,449,869.50**	-	**12.90**	-
0711003210 P11 Administration, planning support services	Headquarters	**94,147,282**	-	13,275,425	-	**14.1**	-
0712003210 P12 Control & management of Public		**10,203,618**	6,500,000	174,445	-	**1.7**	-
	B. Accounting services	2,043,128	-	81,600	-	4.0	-
	C. Procurement	1,096,853	-	30,200	-	2.8	-
	D. Resource mobilisation	1,071,728	6,500,000	-	-	-	-
	E. Internal Audit	890,101	-	62,645	-	7.0	-
4. 3214000000 AGRICULTURE & PLANNING		**71,692,506**	**185,742,700**	**6,972,881**	-	**9.7**	-
0201003210 P1 Administration, planning & support	Directorate of Agriculture & Extension Services	71,692,506	-	6,972,881	9.7	**19.3**	-
0116003210 P16 Crop Development & Management	Cooperative Development	-	170,742,700	-		-	-
0117003210 P17 Irrigation & Drainage services	Plant disease control	-	15,000,000	-		-	-
5 3215000000 LAND, PHYSICAL PLANNING, INFRASTRUCTURE, URBAN DEV, WATER & RESOURCES		**28,173,869**	**227,998,461**	**3,589,772**	-	**12.7**	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
0101003210 P1 Administration, planning & support Services	Headquarters	28,173,869	-	3,589,772	-	**12.7**	-
0102003210 P2 Land Management	Physical planning		77,998,461	-	-	-	-
0104003210 P4 Infrastructure Development		-	150,000,000	-	-	-	-
6 3216000000 EDUCATION, GENDER, YOUTH AFFAIRS, SPORTS & SOCIAL SERVICES		**302,926,726**	**153,900,000**	**86,052,193**	**6,111,592**	**28.4**	**4.0**
0501003210 P1 General Administration, Planning and	Headquarters	202,926,726	-	25,819,536	-	**12.7**	-
0502003210 P2 Education and Training Programme	Early Childhood Development	100,000,000	76,200,000	60,232,657	1184027.6	**60.2**	1.6
0503003210 P3 Sports & Youth Development	Sports & Youth Development	-	64,700,000	-	-	-	-
0504003210 P4 Social Services		-	13,000,000	-	4,927,564	-	37.9
7 Medical/3217000000 HEALTH SERVICES, SANITATION & ENVIRONMENT		**1,002,923,315**	**265,300,000**	**147,528,327**	-	**14.7**	-
0101003210 P1 Administration, planning & support Services		-	500,000.00	-	-	-	-
0401003210 P1 General Administration, Planning and Support Services	SP:1.1 human resource management and development	836,985,125	-	142,206,849	-	**17.0**	-
0402003210 P2 Curative Services	SP:2.1 Primary health services	152,912,690	184,800,000	4,111,254	-	**2.7**	-
0403003210 P3 Preventive & Promotive Services	SP4 Preventive and Promotive Services-Headquarters	13,025,500	80,000,000	1,210,224	-	**9.3**	-
8 3218000000 TRADE, INVESTMENT, CULTURE & TOURISM		**47,053,453**	**225,000,000**	**2,944,557**	-	**6.3**	-
0301003210 P1 Administration, planning & support service	SP1.1 Headquarters	24,496,897	-	2,944,557	-	12.0	-
0302003210 P2 Tourism Promotion	SP 2.1Tourism marketing and promotion	1,794,556	-	-	-	-	-
0303003210 P3 Trade Development	SP 3.3 Trade Investment	762,000	25,000,000	-	-	-	-
0304003210 P4 Art & Culture		20,000,000	-	-	-	-	-
0305003210 P5 Industrial Development & Investment		-	200,000,000	-	-	-	-
9 3219000000 Information, Communication& E-Government		**35,264,200**	**131,000,000**	**121,400**	-	**0.3**	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
0301003210 P1 Administration, planning & support service	SP1.2 Personnel service	35,264,200	131,000,000	121,400	-	0.3	-
10 3220000000 FISHERIES, LIVESTOCK, VETERINARY & COOPERATIVE DEVP		**63,795,798**	**166,106,789**	**7,324,450**	-	**11.5**	-
0106003210 P6 Administration, Planning and Monitoring & Evaluation	SP1.Headquarters	57,401,948	-	7,284,450	-	12.7	-
0108003210 P8 Co-management	SP4.2: Cooperative Development	575,000.00	-	-	-	-	-
0109003210 P9 Fish farming	Purchase of Specialised Plant	2,350,500.00	79,764,809	-	-	-	-
0111003210 P11: Livestock Extension Services	Livestock Improvement Programme	963,350.00	80,341,980	40,000	-	4.2	-
0112003210 P12 Veterinary Service Management	Veterinary Services	2,505,000.00	6,000,000	-	-	-	-
11 3221000000 COUNTY PUBLIC SERVICE BOARD		**54,355,987**	-	**6,581,999**	-	**12.1**	
0709003210 P9 Administration, planning and support services.	SP1.2 Personnel service	43,866,987	-	6,391,519	-	14.6	-
0710003210 P10 Human Resource Management & Development	SP2.1 Headquarters	10,489,000	-	190,480	-	1.8	-
12 3223000000 WATER MANAGEMENT AND CONSERVATION		**46,121,238**	**149,000,000**	**6,821,685**	**6,955,464**	**14.8**	**4.7**
0105003210 P5 Water management, Conservation & Provision	SP5.1 Administration Services	46,121,238	149,000,000	6,821,685	6,955,464	14.8	4.7
13 Sanitation/3225000000 PUBLIC HEALTH, ENVIRONMENT AND SANITATION		**80,666,136**	**12,000,000**	**10,459,334**	-	**13.0**	-
0501003210 P1 General Administration, Planning and Support services	3225000101 SP1.1 Headquarters	64,003,136	-	10,441,234	-	16.3	-
	3225000201 SP1.2: Public Health and Sanitation	16,663,000	-	18,100	-	0.1	-
0403003210 P3 Preventive & Promotive Services		-	9,000,000.00		-	-	-
0404003210 P4 Environmental health & Sanitation		-	3,000,000.00		-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
14 3227000000 BUDGET AND ECONOMIC PLANNING		**17,444,291**	-	**2,068,359**	-	**11.9**	
0711003210 P11 Administration, planning support services	SP1.1Headquarters	10,444,291	-	2,068,359	-	-	-
0713003210 P13 Economic planning	SP2.1 Budget & Economic planning	7,000,000	-		-	5.0	-
15 3228000000 INFRASTRUCTURE AND ENERGY		**26,759,296**	**111,050,000**	**3,306,238**	**5,445,852**	**12.4**	**4.9**
0101003210 P1 Administration, planning & support Services	Headquarters	26,759,296	-	3,306,238	-	12.4	-
0104003210 P4 Infrastructure Development	Other Infrastructure and Civil Works	-	111,050,000		5,445,852		4.9
16 3229000000 LAMU MUNICIPALITY		**50,060,678**	**42,500,000**	**5,121,925**	-	**10.2**	
0101003210 P1 Administration, planning & support Services	Headquarters	50,060,678	-	5,121,925	-	10.2	-
0104003210 P4 Infrastructure Development		-	42,500,000		-	-	-
17 3230000000 DEVOLUTION, DISASTER MANAGEMENT AND RESOURCE MOBILISATION		**56,325,079**	**58,644,051**	**6,806,964**	-	**12.1**	-
0101003210 P1 Administration, planning & support Services	Headquarters	56,325,079	58,644,051	6,806,964	-	12.1	-
Grand Total		**2,686,171,972**	**1,900,742,001**	**402,906,953**	**23,812,966**	**15.0**	**1.3**

***Source**: Lamu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Social Services in the Department of Education, Gender, Youth Affairs, Sports & at 37.9 per cent, Administration, planning and Support Services in the Department of County Executive at 6.9 per cent, Infrastructure Development in the Department of Infrastructure and Energy at 4.9 per cent, and Water management, Conservation & Provision in the Department of Water Management and Conservation at 4.7 per cent of budget allocation.

3.21.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 31st October 2023.
2. The underperformance of own-source revenue at Kshs.15.29 million against an annual projection of Kshs.350 million, representing 4.4 per cent of the annual target.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.46.08 million were processed through the manual payroll, accounting for 16.5 per cent of the total payroll cost. The manual payroll is prone to

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.54 billion from the CRF account during the reporting period for recurrent programmes only. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.09 billion was released towards Employee Compensation, and Kshs.454.16 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.860.70 million.

3.22.4 Borrowing by the County

The County Treasury reported no borrowing; however, it reported expenditure on personnel emoluments of Kshs.1.48 billion against the exchequer releases of Kshs.996.05 million could not be explained.

3.22.5 County Expenditure Review

The County spent Kshs.1.40 billion on recurrent programmes in the reporting period. There was no expenditure incurred on development programmes. The expenditure represented 91.1 per cent of the total funds released by the CoB. Expenditure on recurrent expenditure represented 14.6 per cent of the annual recurrent expenditure budget.

3.22.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.69 billion, comprising of Kshs.1.57 billion for recurrent expenditure and Kshs.1.24 billion for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.133.31 million were settled for recurrent expenditure. Therefore, as of 30th September 2023, the outstanding amount on pending bills was Kshs.2.56 billion.

3.22.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.951.98 million on employee compensation and Kshs.257 million on operations and maintenance. Similarly, the County Assembly spent Kshs.89.81 million on employee compensation and Kshs.114.38 million on operations and maintenance. There was no expenditure on development activities as shown in Table 3.130.

Table 3.130: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,579,290,690**	**1,008,995,826**	**1,208,984,012**	**204,196,984**	**14.1**	**20.2**
Compensation to Employees	5,918,804,023	438,400,860	951,981,504	89,813,536	16.1	20.5
Operations and Maintenance	2,660,486,667	570,594,966	257,002,508	114,383,448	9.7	20.0
Development Expenditure	**4,866,715,931**	**292,000,000**	-	-	-	-
Total	**13,446,006,621**	**1,300,995,826**	**1,208,984,012**	**204,196,984**	**9.0**	**15.7**

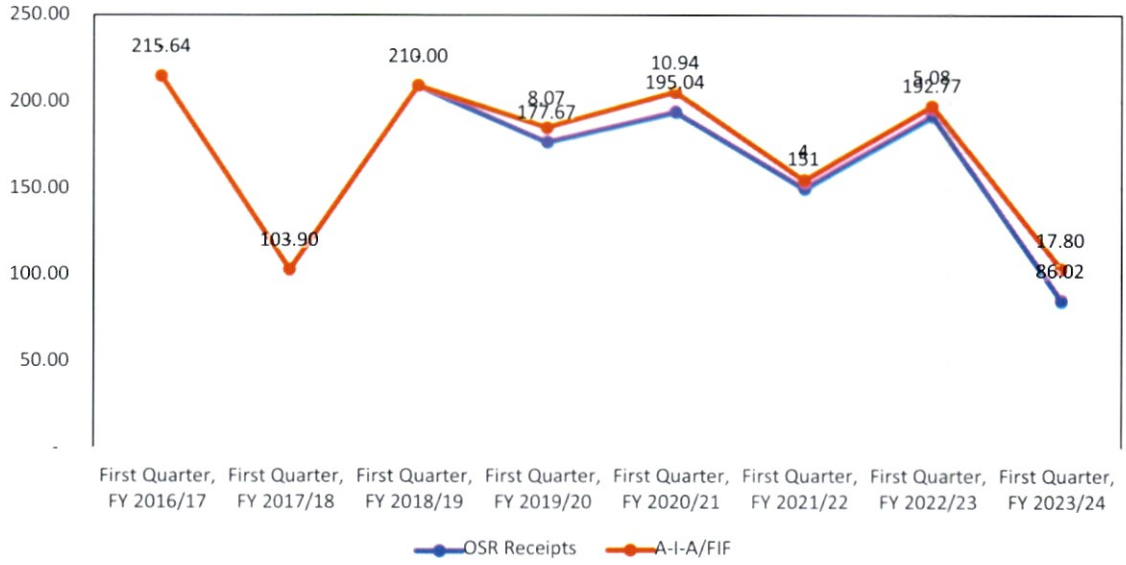
***Source**: Machakos County Treasury*

3.22.8 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.04 billion, or 44 per cent of the available revenue which amounted to Kshs.2.37 billion. This expenditure represented an increase from Kshs.1.02 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.759.63 million paid to health sector employees, translating to 48.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.46 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.108.17 million was processed through manual payrolls. The manual payrolls accounted for 6.9 per cent of the total PE cost.

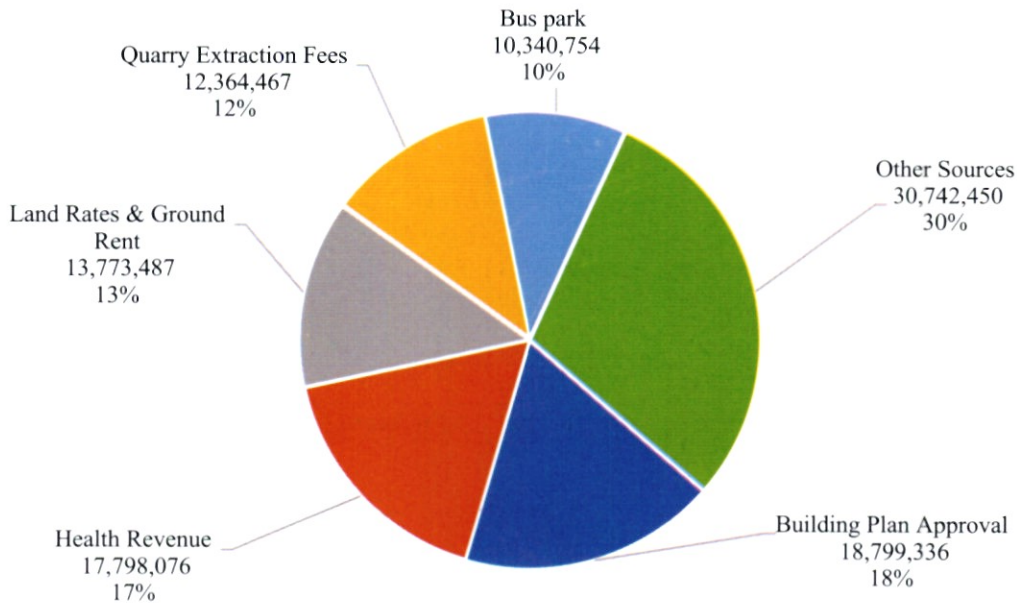
Figure 64: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Machakos County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.103.82 million from its revenue sources, including FIF of Kshs.17.79 million. This amount represented a decrease of 47.5 per cent compared to Kshs.197.86 million realised in FY 2022/23 and was 2.6 per cent of the annual target and 12.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 65.

Figure 65: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Machakos County Treasury

The decrease in revenue collection may be attributed to the decentralisation of revenue collection to departments. The highest revenue stream of Kshs.18.79 million was from Building Plans Approval, contributing to 18 per cent of the total OSR receipts during the reporting period.

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	Aggregated Industrial Parks Programme	100,000,000	-	-
3	Fertilizer Subsidy Programme	195,350,986	-	-
4	Court Fines	14,436,324	-	-
5	Mineral Royalties	99,716	-	-
6	Kenya Climate Smart Agriculture Project (KCSAP)-World Bank	90,000,000	-	-
7	Universal Healthcare in Devolved Context-DANIDA	14,148,750	-	-
8	Agriculture Sector Development Support Programme (ASDSP) II-SIDA	3,761,966	-	-
9	Emergency Locust Response Project (ELRP)-World Bank	105,095,561	-	-
10	Aquaculture Business Development Program (ABDP)-IFAD	15,401,768	-	-
11	Financing Locally Led Climate Change Action (FLLoCA) Programme-World Bank	133,000,000	-	-
12	FLLoCA County Climate Institutional Support -World Bank	11,000,000	-	-
13	Livestock Value Chain Support Project-Poland	35,809,200	-	-
14	National Agriculture Value Chain Development Project (NAVCDP)	250,000,000	-	-
	Sub-Total	**1,092,827,676**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	2,998,879,462	86,020,494	2.9
2	Balance b/f from FY2022/23	-	1,452,317,614	-
4	Other Sources of Revenue (Asset Disposal)	100,000,000	-	
5	Facility Improvement Fund (FIF)	1,008,000,000	17,798,076	-
Sub Total		**4,106,879,462**	**1,556,136,184**	**37.9**
Grand Total		**14,747,002,447**	**2,367,656,285**	**16.1**

Source: *Machakos County Treasury*

Figure 64 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

abuse and may lead to the loss of public funds where there is a lack of proper controls.

4. Failure to settle pending bills during the period despite the availability of Kshs.603.81 million in the CRF account as of 30th September 2023.

5. The County Assembly spent Kshs.17.28 million on foreign travel during the period which may be wasteful expenditure.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Treasury should prioritise the settlement of pending bills in the remaining period of the financial year.*
5. *The County leadership should curtail and regulate expenditure on foreign travel in order to make savings for key programmes.*

3.22. County Government of Machakos

3.22.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.14.75 billion, comprising Kshs.5.16 billion (35 per cent) and Kshs.9.59 billion (65 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 17.6 per cent compared to the previous financial year when the approved budget was Kshs.12.54 billion and comprised Kshs.3.77 billion towards development expenditure and Kshs.8.78 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.55 billion (64.7 per cent) as the equitable share of revenue raised nationally, Kshs.1.01 billion (6.8 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.100 million from Asset Disposal, Kshs.1.09 billion as conditional grants, and generate Kshs.2.99 billion (20.3 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.129.

3.22.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.811.52 million as the equitable share of the revenue raised nationally, Kshs.17.79 million as FIF, had a cash balance of Kshs.1.45 billion from FY 2022/23, and raised Kshs.86.02 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.37 billion, as shown in Table 3.129.

Table 3.129: Machakos County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,547,295,309	811,520,101	8.5
Sub Total		**9,547,295,309**	**811,520,101**	**8.5**
B	**Conditional Grants**			
1	Leasing of Medical Equipment	124,723,404	-	-

The County Assembly spent Kshs.21.16 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.51.75 million. The average monthly sitting allowance was Kshs.115,650 per MCA. The County Assembly has 27 established Committees.

3.22.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.170.38 million to county-established funds in FY 2023/24, constituting 1.2 per cent of the County's overall budget. Table 3.131 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.131: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Bursary Fund	120,000,000	-	-	No
County Assembly Established Funds					
2.	Car Loan and Mortgage Fund	50,384,166	-	-	No
Total		**170,384,166**	**-**	**-**	**-**

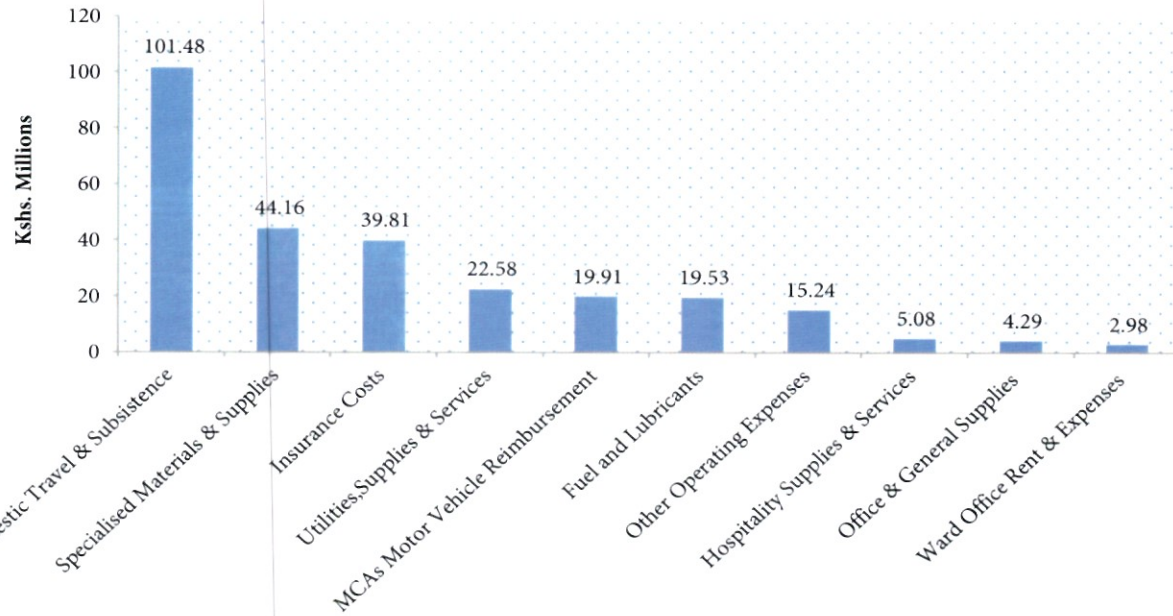
Source: *Machakos County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the Bursary Fund and the County Assembly Car Loan and Mortgage Fund, as indicated in Table 3.127, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.22.10 Expenditure on Operations and Maintenance

Figure 66 summarises the Operations and Maintenance expenditure by major categories.

Figure 66: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: *Machakos County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.101.48 million and comprised Kshs.51.32 million spent by the County Assembly and Kshs.50.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.93 million, was reported by the County Assembly on a trip by 8 MCAs and Staff to Arusha to attend meetings on Legislative Procedures and Processes at the East Africa Legislative Assembly from 30th June to 10th July 2023.

3.22.11 Development Expenditure

In the first quarter of FY 2023/24, the County did not report any expenditure on development programmes.

3.22.12 Budget Performance by Department

Table 3.132 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.132: Machakos 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
Office of the Governor	580.87	19.58	57.00	-	18.79	-	33.0	-	3.2	-
County Public Service Board	38.01	20.00	8.64	-	3.80	-	44.0	-	10.0	-
Roads, Transport and Public Works.	247.44	711.73	32.29	-	14.41	-	44.6	-	5.8	-
Health	4,062.84	994.14	713.69	-	869.01	-	121.8	-	21.4	-
Water, Irrigation, Environment and Climate Change	134.09	718.50	41.61	-	21.34	-	51.3	-	15.9	-
Agriculture, Food Security and Co-operative Development.	379.57	830.64	42.20	-	21.18	-	50.2	-	5.6	-
Finance, Economic Planning and Revenue Management	983.25	474.98	124.09	-	87.97	-	70.9	-	8.9	-
Gender, Youth, Sports and Social Welfare	124.64	45.93	17.85	-	3.76	-	21.1	-	3.0	-
Trade, Industry, Tourism and Innovation	178.28	192.66	31.61	-	17.40	-	55.0	-	9.8	-
Education	546.79	508.78	61.47	-	29.98	-	48.8	-	5.5	-
Lands, Urban Development, Housing and Energy	240.77	172.73	38.17	-	21.27	-	55.7	-	8.8	-
Devolution.	979.17	167.76	161.56	-	99.27	-	61.4	-	10.1	-
Office of County Attorney	83.56	9.30	5.65	-	0.80	-	14.1	-	1.0	-
County Assembly	1,009.00	292.00	204.20	-	194.37	-	95.2	-	19.3	-
Total	**9,588.29**	**5,158.72**	**1,540.03**	**-**	**1,403.36**	**-**	**91.1**	**-**	**14.6**	**-**

***Source**: Machakos County Treasury*

Analysis of expenditure by department shows that the Department of Health had the highest percentage of recurrent expenditure to budget at 21.4 per cent, while the Office of the County Attorney had the lowest at 1.0 per cent.

The County incurred expenditure in excess of exchequer releases at 121.8 per cent under the Department of Health, which can be attributed to the diversion of funds from one department to the other.

3.22.13 Budget Execution by Programmes and Sub-Programmes

Table 3.133 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.133: Machakos County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
OFFICE OF THE GOVERNOR							
Coordination and Supervisory Services	Office of the Governor	309,336,718	12,243,690	14,556,947	-	5	-
	Transport Services	31,733,750	-	2,000,000	-	6	-
	Human Resource and Administration Section	55,250,000	-	-	-	-	-
	ICT Section	22,641,444	-	100,000	-	-	-
	Hospitality Services Section	25,973,355	-	100,000	-	-	-
	Cabinet Office	6,493,175	-	1,030,400	-	16	
	Office of the Deputy Governor	74,457,386	7,334,480	1,006,200	-	1	
	Office of the County Secretary	34,816,786	-	-	-	-	-
	Office of the County Advisors	20,171,540	-	-	-	-	-
TOTAL		**580,874,154**	**19,578,170**	**18,793,547**	**-**	**3**	**-**
COUNTY PUBLIC SERVICE BOARD							
Human Resource and Administration	Human Resource and Administration	38,013,709	20,000,000	3,802,149	-	10	
TOTAL		**38,013,709**	**20,000,000**	**3,802,149**	**-**	**10**	**-**
ROADS, TRANSPORT AND PUBLIC WORKS							
General Administration & Support Services	General Administration & Support Services	196,036,258	71,500,000	14,409,479	-	7	-
Road Development Management	Road Development and Management	1,200,000	376,500,000	-	-	-	-
County Government Building Services	County Government Buildings	10,100,000	191,731,765	-	-	-	-
County Fleet Management	County Fleet Management	40,100,000	72,000,000	-	-	-	-
TOTAL		**247,436,258**	**711,731,765**	**14,409,479**	**-**	**6**	**-**
HEALTH AND EMERGENCY SERVICES							
General Administration and Support Services	General Administration and Support services	3,418,345,006	538,872,154	783,567,339	-	23	-
Curative and Rehabilitative health	Machakos Level 5	169,429,588	142,000,000	21,218,762	-	13	-
	Kangundo Level 4	54,100,000	15,000,000	3,660,842	-	7	-
	Matuu Level 4	43,600,000	26,000,000	12,826,724	-	29	-
	Kathiani Level 4	58,600,000	12,993,866	12,471,688	-	21	-
	Mwala Level 4	43,600,000	23,000,000	3,428,206	-	8	-
	Kimiti Level 4	38,600,000	10,000,000	1,710,695	-	4	-
	Masinga Level 4	40,600,000	10,000,000	2,477,077	-	6	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Athi River Level 4	30,600,000	10,000,000	2,977,077	-	10	-
	Mutituni Level 4	30,600,000	11,000,000	7,083,736	-	23	-
	Ndithini Level 4	30,600,000	21,000,000	8,994,906	-	29	-
	Kalama Level 4	30,600,000	10,000,000	8,594,971	-	28	-
Preventive and promotive services	Public Health and Community Outreach	73,566,838	164,273,125	-	-	-	-
TOTAL		**4,062,841,432**	**994,139,145**	**869,012,023**	**-**	**21**	**-**
WATER, IRRIGATION, ENVIRONMENT, CLIMATE CHANGE AND NATURAL RESOURCES							
Water Resources Management	Water Resources Management	97,924,249		19,421,335	-	20	-
Sewerage System and Sanitation Management	Sewerage System and Sanitation Management	1,550,000	29,000,000	395,000	-	25	-
General Administrative and Support Services	General administrative and Support Services	3,150,000		1,016,400	-	32	-
Environment and Natural Resources	Environment and Natural Resources	9,546,172	24,900,000	300,000	-	3	-
Climate Change	Climate Change	21,917,699	245,038,276	211,700	-	1	-
Water Supply and Sewerage			320,000,000		-	-	-
Irrigation Schemes Development & Promotion			99,561,724		-	-	-
TOTAL		**134,088,120**	**718,500,000**	**21,344,435**	**-**	**16**	**-**
AGRICULTURE, FOOD SECURITY AND CO-OPERATIVE DEVELOPMENT							
Agriculture and Food Security	General Administration and support services	342,470,165	562,486,691	19,990,945	-	6	-
	Crop Development and Management	2,260,009	122,459,386	402,300	-	18	-
	Livestock Resources Management and Development	1,366,548	62,852,603	116,250	-	9	-
	Fisheries Development	1,056,906	17,329,908	50,000	-	5	-
	Veterinary Services	855,993	13,082,928	20,000	-	2	-
	Agriculture Training Centre	2,614,704	25,000,000	25,000	-	1	-
Co-operative Development	Co-operative Development and Marketing	22,648,487	-	350,000	-	2	-
	Capacity Building to Co-operative Societies	1,000,000	-	200,000	-	20	-
	Promotion of Co-operative Marketing and Value Chain	1,000,000	25,000,000	-	-	-	-
	Co-operative Financial Services	1,500,000	-	-	-	-	-
	Promotion and Growth of Co-operative Societies	1,250,000	2,425,498	25,000	-	2	-
	Co-operative Audit Support Services	1,550,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
TOTAL		**379,572,812**	**830,637,014**	**21,179,495**	-	**6**	-
FINANCE, ECONOMIC PLANNING AND REVENUE MANAGEMENT							
Resource mobilization	Revenue Management	410,987,592	122,750,745	61,512,353	-	15	-
County Treasury	Budget formulation, Coordination and Implementation	42,363,780	93,931,500	558,300	-	1	-
	Supply Chain Management Section	11,926,490	-	-	-	-	-
	Accounts Services	42,760,407	180,000,000	15,175,100	-	35	-
	Audit Section	9,720,000	15,500,000	-	-	-	-
	Human Resource Management and Support Services	297,973,124	-	3,571,507	-	1	-
Economic Planning & External Resource Mobilization	Economic Planning and Statistical Services	39,804,068	3,000,000	6,193,756	-	16	-
	Monitoring and Evaluation	9,450,248	-	123,900	-	1	-
	External Resource Mobilization	19,449,126	-	586,000	-	3	-
Directorate of Governors Project Delivery Unit	Directorate of Governors Project Delivery Unit	44,850,000	-	-	-	-	-
ICT	ICT General Administration and support services	46,300,361	59,794,177	250,000	-	1	-
	ICT Infrastructure	6,143,554	-	-	-	-	-
	Closed Circuit Television	1,525,000	-	-	-	-	-
TOTAL		**983,253,750**	**474,976,422**	**87,970,916**	-	**9**	-
GENDER, YOUTH, SPORTS & SOCIAL WELFARE							
Youth and Sports	Administrative Services	71,296,383	-	2,087,000	-	3	-
	Stadium Management		31,000,000		-		
	Sports		10,000,000		-	-	-
	Youth Empowerment		20,000,000		-	-	-
Gender and Social Welfare	Administrative Services	53,343,386	131,655,003	1,673,800	-	3	-
TOTAL		**124,639,769**	**192,655,003**	**3,760,800**	-	**3**	-
TRADE, INDUSTRY, TOURISM AND INNOVATION							
Trade, Industry and Innovation	Headquarters & Administrative Services	44,797,449	8,000,000	7,536,077	-	17	-
	Trade Development	2,715,433	39,298,083	550,000	-	20	-
	International Trade		2,000,000		-	-	-
	Business and Enterprise Development	10,000,000	12,581,663	-	-	-	-
	Industrialization and Innovation	46,736,010	391,084,984	200,000	-	-	-
	Investment Facilitation and Support	10,000,000		-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Tourism Administrative & Support Services	Tourism Administrative & Support Service	58,147,873	8,164,002	8,412,078	-	14	-
	Heritage & Culture	999,722	2,450,000	-	-	-	-
	Liquor Management	701,270	1,500,000	300,000	-	43	-
	Tourism Development and Marketing	887,350		-	-	-	-
	Management of Recreational Services	1,299,502	21,000,000	400,000	-	31	-
	Machawood	998,308	22,500,000	-	-	-	-
	County Image Directorate	1,001,198	200,000	-	-	-	-
TOTAL		**178,284,115**	**508,778,732**	**17,398,155**	-	**10**	-
EDUCATION							
General Administration and Support Service	Headquarter Administrative services	536,929,693	35,000,000	29,976,756	-	6	-
Basic Education	Basic Education	9,856,678	90,000,000	-	-	-	-
	Youth Development Services		47,729,112	-	-	-	-
TOTAL		**546,786,371**	**172,729,112**	**29,976,756**	-	**5**	-
LANDS, HOUSING AND URBAN DEVELOPMENT & ENERGY							
Lands and Physical Planning	Lands and Physical Planning	62,346,321	42,755,550	12,828,198	-	21	-
County Electrification	County Electrification	28,076,213	75,000,000	2,018,000	-	7	-
Housing and Urban Development	Housing and Urban Development	98,643,736	1,400,000	1,426,700	-	1	-
	Machakos Municipality	17,000,000	11,200,000	1,500,000	-	9	-
	Mavoko Municipality	19,000,000	11,200,000	2,000,000	-	11	-
	Kangundo Tala Municipality	15,700,000	26,200,000	1,500,000	-	10	-
TOTAL		**240,766,270**	**167,755,550**	**21,272,898**	-	**9**	-
DEVOLUTION							
Public Service Administration and Support Services	General Administration and support services	298,357,385	2,000,000	56,155,191	-	19	-
	Performance Management	2,500,000		238,200	-	10	-
	Training, Research and Development	47,841,500		-	-	-	-
County Administration & Decentralized Units	County Administration & Decentralized Units	372,609,131		40,034,518	-	11	-
	Civic Engagement	2,750,000		90,100	-	3	-
	Administration and Coordination	7,250,000		-	-	-	-
	Solid Waste Management	3,500,000	2,205,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Inspectorate, Fire-fighting and Emergency Services	Inspectorate Services and Management	225,222,199	41,729,618	2,500,000	-	1	-
	Emergency Services	19,139,000		250,000	-	1	-
TOTAL		**979,169,215**	**45,934,618**	**99,268,009**	-	**10**	-
OFFICE OF THE COUNTY ATTORNEY							
	Legal Services	83,564,716	9,300,000	795,350	-	0.95	-
TOTAL		**83,564,716**	**9,300,000**	**795,350**	-	**0.95**	-
COUNTY ASSEMBLY		**1,008,995,826**	**292,000,000**	**194,374,794**	-	-	-
Grand Total		**9,588,286,517**	**5,158,715,531**	**1,403,358,806**	-	**15**	-

***Source**: Machakos County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Accounts Services in the Department of Finance, Economic Planning and Revenue Management at 35 per cent, General Administration and Support Services in the Department of Water, Irrigation, Environment, Climate Change and Natural Resources at 32 per cent, Ndithini Level 4 Hospital at 29 per cent as well as Matuu Level 4 Hospital at 29 per cent of the budget allocation, both under the Department of Health.

3.22.14 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 27th October, 2023.
2. The underperformance of own-source revenue at Kshs.103.82 million against an annual projection of Kshs.4.01 billion, representing 2.6 per cent of the annual target. The revenue target of Kshs.4.01 billion seems unachievable considering the trend of own source revenue collection of Kshs.1.12 billion and Kshs.1.43 billion for the previous financial years 2021/22 and 2022/23 respectively.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.128, where the County incurred expenditure over approved exchequer issues.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, County Assembly Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.2.56 billion as of 30th September 2023. This is despite the availability of Kshs.860.70 million as of 30th September 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.108.17 million were processed through the manual payroll, accounting for 6.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*

3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
6. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.23. County Government of Makueni

3.23.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.10.57 billion, comprising Kshs.3.23 billion (30.5 per cent) and Kshs.7.34 billion (69.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 1.7 per cent compared to the previous financial year when the approved budget was Kshs.10.76 billion and comprised of Kshs.3.28 billion towards development expenditure and Kshs.7.49 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.46 billion (80.0 per cent) as the equitable share of revenue raised nationally, Kshs.510 million (4.8 per cent) as Facility Improvement Fund (Appropriations-in-Aid (A-I-A) revenue from health facilities), Kshs.899.83 million (8.5 per cent) as conditional grants, Khs.13.0 million (0.1 per cent) as other revenues (Anglican Development Services (ADS)), and generate Kshs.690.0 million (6.5 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.134.

3.23.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.40 billion as the equitable share of the revenue raised nationally, Kshs.110.48 million as FIF, had a cash balance of Kshs.487.28 million from FY 2022/23 and generated Kshs.77.57 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.07 billion, as shown in Table 3.134.

Table 3.134: Makueni County, Revenue Performance in the FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	8,455,460,962	1,395,151,059	16.5
Subtotal		**8,455,460,962**	**1,395,151,059**	**16.5**
B	**Conditional Grants**			
1	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	3,101,701	-	-
2	IDA (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
3	Conditional Grant for Provision of Fertilizer Subsidy Programme	162,562,856	-	-
4	IDA (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP)	150,000,000	-	-
5	De-Risking and Value Enhancement (DRIVE) project	63,341,980	-	-

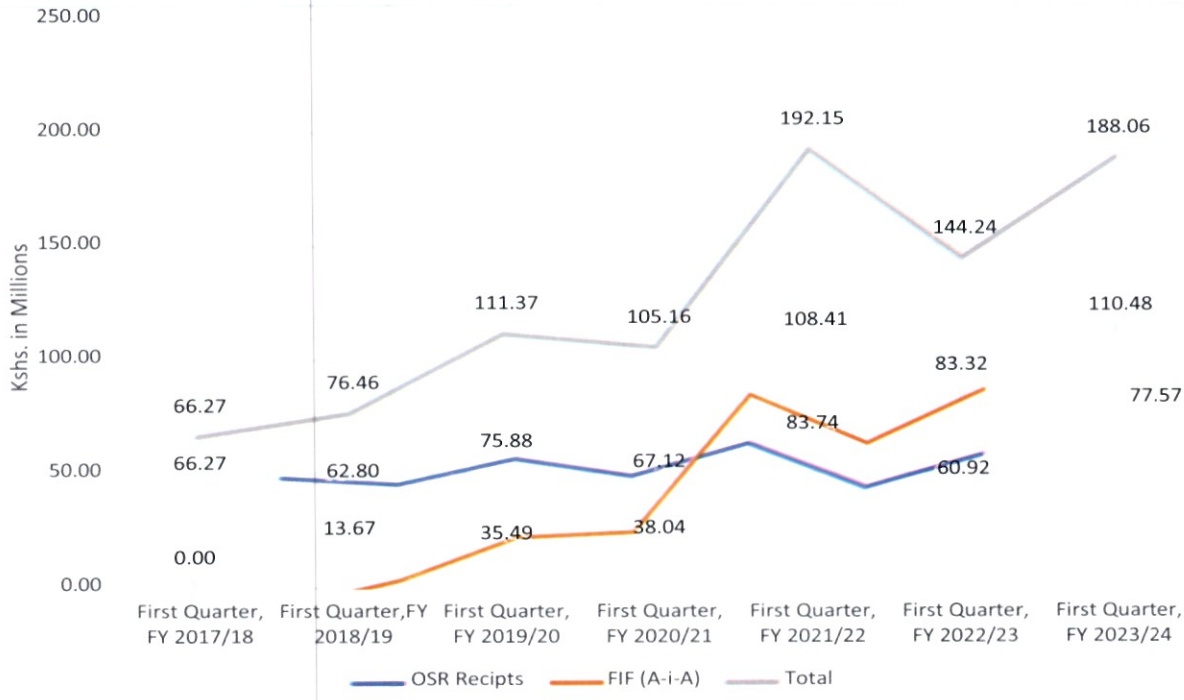
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
6	Livestock Value Chain Support Project	21,485,520	-	-
7	DANIDA Grant - Primary Health Care in Devolved Context	13,513,500	-	-
8	Conditional Grant for Leasing of Medical Equipment	124,723,404	-	-
9	20% Share of Mineral Royalties	99,857	-	-
10	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
11	Conditional Grant for Aggregated Industrial Parks Programme	100,000,000	-	-
Subtotal		**899,828,818**	-	-
C	**Other Sources of Revenue**			
12	Ordinary Own Source Revenue	690,000,000	77,570,682	11.2
13	Other Revenues (ADS)	13,000,000	-	-
14	Facility Improvement Fund (FIF)	510,000,000	110,484,334	21.7
15	Unspent balance from FY 2022/23	-	487,284,441	-
Sub Total		**1,213,000,000**	**675,339,457**	55.7
Grand Total		**10,568,289,780**	**2,070,490,516**	**19.6%**

Source: *Makueni County Treasury*

The County should have budgeted for unspent balances from FY 2022/23 of Kshs.487.28 million.

Figure 67 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

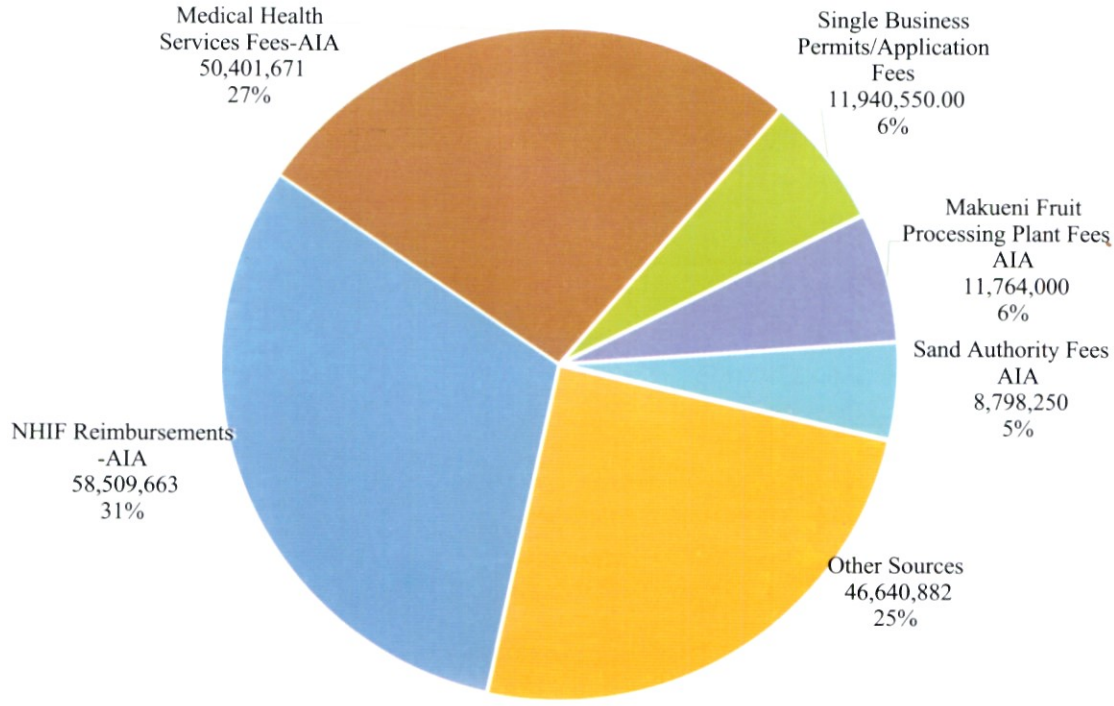
Figure 67: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Makueni County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.188.06 million from its revenue sources, including FIF and AIA. This amount represented an increase of 30.4 per cent compared to Kshs.144.24 million realised in FY 2022/23 and was 15.7 per cent of the annual target and 13.5 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.5.96 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 68.

Figure 68: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Makueni County Treasury

The highest revenue stream of Kshs.58.51 million was from NHIF and LINDA Mama Reimbursement EDU Afya Fees, contributing to 31 per cent of the total OSR receipts during the reporting period.

3.23.3 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.21 billion from the CRF account. This amount comprised Kshs.12.15 million (1.0 per cent) for development programmes and Kshs.1.19 billion (99.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.720.67 million was released towards Employee Compensation, and Kshs.474.11 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.755.13 million.

3.23.4 County Expenditure Review

The County spent Kshs.1.10 billion on development and recurrent programmes in the reporting period. The expenditure represented 90.9 per cent of the total funds released by the CoB and comprised Kshs.1.32 million and Kshs.1.10 billion on development and recurrent programmes, respectively. Recurrent expenditure represented 14.9 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.350.97 million, comprising Kshs.306.69 million for recurrent expenditure and Kshs.44.28 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.163.02 million were settled, consisting of Kshs.163.02 million for recurrent expenditure and none for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.187.95 million.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.782.68 million on employee compensation, Kshs.177.68 million on operations and maintenance, and Kshs.1.32 million on development activities. Similarly, the County Assembly spent Kshs.65.18 million on employee compensation and Kshs.71.24 million on operations and maintenance, as shown in Table 3.135.

Table 3.135: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,460,338,572**	**882,052,960**	**959,758,267**	**136,425,240**	**14.9**	**15.5**
Compensation to Employees	4,083,966,389	345,094,338	782,682,835	65,183,386	19.2	18.9
Operations and Maintenance	2,376,372,183	536,958,622	177,075,432	71,241,854	7.5	13.3
Development Expenditure	**3,179,898,248**	**46,000,000**	**1,318,140**	-	-	-
Total	**9,640,236,820**	**928,052,960**	**961,076,407**	**136,425,240**	**10.0**	**14.7**

Source: Makueni County Treasury

3.23.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.847.87 million, or 41.0 per cent of the available revenue, which amounted to Kshs.2.07 billion. This expenditure represented a decrease of Kshs.141.62 million (14.3 per cent) from Kshs.989.40 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.361.9 million paid to health sector employees, translating to 42.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.795.07 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.52.79 million was processed through manual payrolls. The manual payrolls accounted for 6.2 per cent of the total PE cost.

The County Assembly spent Kshs.7.18 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.40.58 million. The average monthly sitting allowance was Kshs.49,269 per MCA. The County Assembly has established 23 Committees.

3.23.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.286.18 million to county-established funds in FY 2023/24, constituting 2.7 per cent of the County's overall budget. Table 3.136 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.136: Performance of County Established Funds in the First Quarter of FY 2023/24

No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Makueni Emergency Fund	30,000,000	-	-	Yes
2.	Makueni County Bursary Fund	129,500,000	7,255,600	15,708,568	Yes
3.	Makueni County State and Public officers Car loan and Mortgages Fund	60,000,000	30,000,000	30,000,000	Yes
4.	Makueni County Youth, Women, PWDs and Table Banking Fund (Tetheka Fund)	500,000	-	-	Yes
County Assembly Established Funds					
5	Makueni County Assembly MCAs and Public officers Car loan and Mortgages Fund	66,176,000	11,060,000	11,060,000	Yes
	Total	**286,176,000**	**48,315,600**	**56,768,568**	-

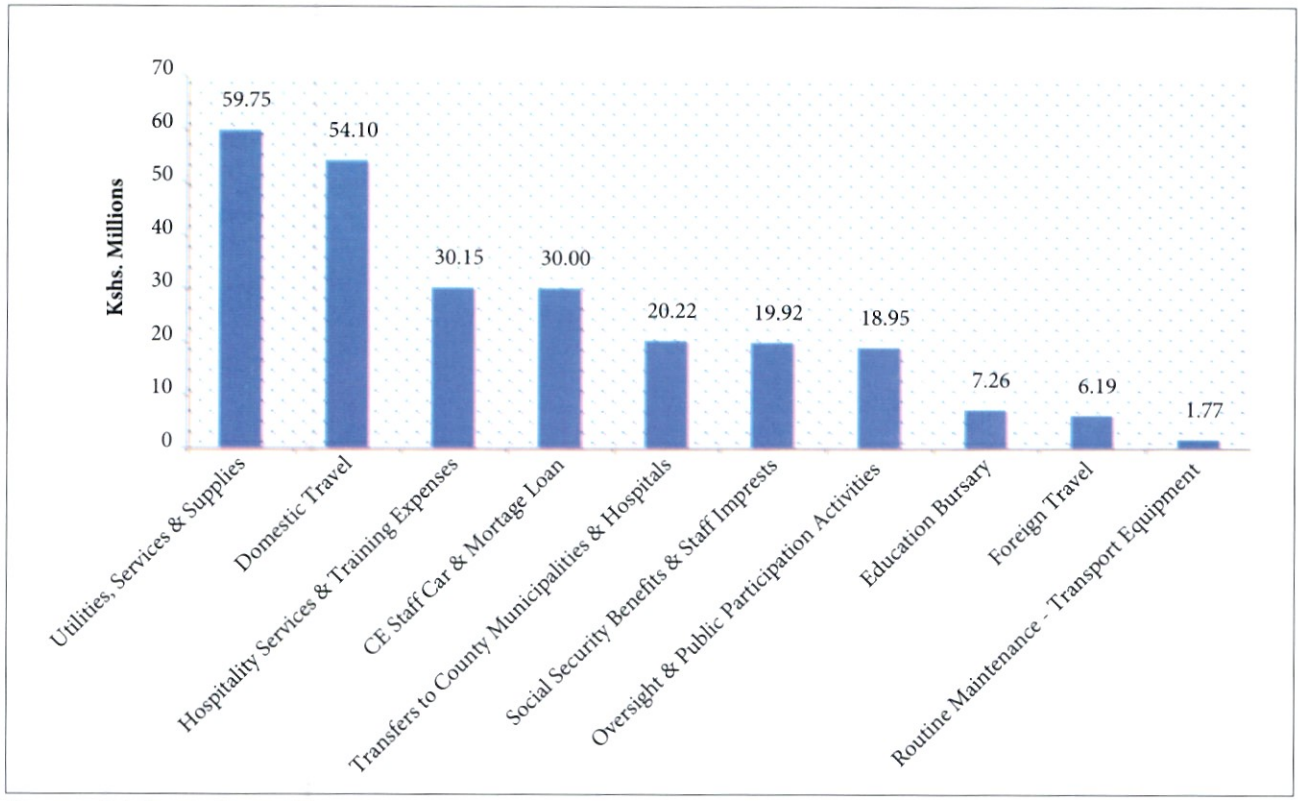
Source: *Makueni County Treasury*

During the reporting period, the CoB received quarterly financial returns from Fund Administrators, as indicated in Table 3.136, as a requirement of Section 168 of the PFM Act, 2012.

3.23.9 Expenditure on Operations and Maintenance

Figure 69 summarises the Operations and Maintenance expenditure by major categories.

Figure 69: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: *Makueni County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.54.10 million and comprised Kshs.2.80 million spent by the County Assembly and Kshs.41.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.19 million and comprised Kshs.5.63 million by the County Assembly and Kshs.565,050 by

the County Executive. The highest expenditure on foreign travel was incurred as summarised in the Table below:

Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers who Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs)
County Assembly	4	10 to 17th August 20 23	Attending NCLS congress	USA	2,692,346.30
	3	3rd August to 10th August 23	Attending the ICPAK board induction workshop	SINGAPORE	2,045,915.40
	1	26th June to 4th July 2023	Benchmarking	AUSTRALIA	889,512.00

3.23.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.1.32 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when there was no expenditure. The money was spent on project planning preliminaries of Climate Change County Matching Funding Obligation in preparation for meeting FLLoCA grant requirements.

3.23.11 Budget Performance by Department

Table 3.137 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.137: Makueni 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
Governorship	213.57	-	21.80	-	28.17		129.2	-	13.2	-
Office of Deputy Governor, County Administration and Intergovernmental Relations	-	-	-	-	-		-	-	-	-
County Secretary	591.15	-	182.57	-	88.50		48.5	-	15.0	-
County Attorney's Office	34.02	-	5.52	-	3.59		65.0	-	10.5	-
Devolution, Public Participation, County administration and Special Programmes	310.89	21.84	57.51	-	36.62	-	63.7	-	11.8	-
Finance, Planning, Budget and Revenue	540.60	20.00	88.17	-	143.02	-	162.2	-	26.5	-
Agriculture, Irrigation, Livestock, Fisheries and Cooperative Development	310.57	876.89	46.02	-	32.50	-	70.6	-	10.5	-
Makueni Fruit Development Authority	0	60.00	-	-	-		-	-	-	-
ICT, Education and Internship	571.92	241.60	96.60	5.37	62.87	-	65.1	-	11.0	-

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
Gender, Children, Youth, Sports and Social Services	67.38	140.25	8.32	0.52	6.73		80.9	-	10.0	-
Health Services	3,162.33	429.37	394.52	-	488.40	-	123.8	-	15.4	-
Trade, Marketing, Industry, Culture and Tourism	121.69	200.00	13.49	-	10.57	-	78.4	-	8.7	-
Infrastructure, Transport, Public Works and Energy	162.53	495.85	23.41	0.51	13.55	-	57.9	-	0.3	-
Lands, Urban Planning and Development, Environment and Climate change	81.49	130.30	15.10	-	8.34	1.32	55.2	-	10.2	1.0
Wote Municipality	34.28	15.00	7.08	1.43	8.45	-	119.4	-	24.7	-
Emali Municipality	16.59	43.00	2.39	4.33	1.48	-	62.1	-	8.9	-
Water and Sanitation	102.19	490.80	15.34	-	10.64	-	69.4	-	-	-
Sand Authority	63.64	15.00	10.59	-	10.59	-	100.0	-	16.6	-
County Public Service Board	75.51	-	11.53	-	5.73	-	49.7	-	7.6	-
County Assembly	882.05	46.00	194.83	-	136.43	-	70.0	-	15.5	-
TOTAL	**7,342.39**	**3,225.90**	**1,194.78**	**12.15**	**1,096.18**	**1.32**	**91.7**	**-**	**14.9**	**-**

***Source**: Makueni County Treasury*

Analysis of expenditure by department shows that the Department of Finance, Planning, Budget and Revenue had the highest percentage of recurrent expenditure to budget at 26.5 per cent, followed by Wote Municipality at 24.7 per cent.

3.23.12 Budget Execution by Programmes and Sub-Programmes

Table 3.138 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.138: Makueni County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	2023/24 Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec Exp	Dev Exp	Rec Exp	Dev Exp	Rec Exp	Dev Exp
Land, Physical Planning & Mining							
Programme 1: General administration & planning	SP1. General administration & planning	63,436,600	-	7,048,581	-	11.1	
Programme 2: Land Survey & Mapping	SP2. Land Survey & Mapping	1,475,000	28,000,000	375,000	-	25.4	-
Programme 3: Urban planning	SP3. 1 Urban planning	2,625,000	25,000,000	100,000	-	3.8	-
Programme 4: Mining mapping & development	SP4.1 Mining mapping & development	2,150,000	99,857	50,000	-	2.3	-
Programme 5: Environment management and protection	SP 5. 1 Environment management and protection	11,800,000	77,200,000	765,000	1,318,140	6.5	1.7
	Sub Total	**81,486,600**	**130,299,857**	**8,338,581**	**1,318,140**	**10.2**	**1.0**

Programme	Sub Programme	2023/24 Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec Exp	Dev Exp	Rec Exp	Dev Exp	Rec Exp	Dev Exp
Wote Municipality							
Programme 1: Wote Municipality	SP 1. 1 Wote Municipality	34,277,870	15,000,000	8,452,231	-	24.7	-
	Sub Total	**34,277,870**	**15,000,000**	**8,452,231**	**-**	**24.7**	**-**
Emali-Sultan Municipality							
Programme 1: Emali-Sultan Municipality	SP 1. 1 Emali-Sultan Municipality	16,585,314	43,000,000	1,484,258		8.9	-
	Sub Total	**16,585,314**	**43,000,000**	**1,484,258**	**-**	**8.9**	**-**
Sand Authority							
Programme 1: General administration & planning	SP 1.1: General Administration & Planning	63,642,065	15,000,000	10,594,492	-	16.6	-
	Sub Total	**63,642,065**	**15,000,000**	**10,594,492**	**-**	**16.6**	**-**
Health Services							
Programme 1: General administration & planning	SP1. 1 General administration & planning	2,796,331,228	356,223,404	475,086,425	-	17.0	-
Programme 2: Curative health care services	SP2. 1: Curative health care services	307,750,000	35,000,000	900,000	-	0.3	-
Programme 3; Preventive and promotive health care services	SP3.1 Preventive and promotive health care services	58,250,000	38,149,500	12,412,816	-	21.3	-
	Sub Total	**3,162,331,228**	**429,372,904**	**488,399,241**	**-**	**15.4**	**-**
Infrastructure, Transport, Public works, Housing & Energy							
Programme 1: General administration & planning	SP1. 1 General administration & planning	138,728,848	-	10,638,350	-	7.7	
Programme 2: Road Transport	SP2.1: Road transport	5,473,500	390,100,000	259,000	-	4.7	-
Programme 3: Infrastructure development	SP3.3: Infrastructure development	3,163,000	105,750,000	2,647,852	-	83.7	-
Programme 4: Energy Infrastructure & development	SP4.1: Energy Infrastructure & development	15,163,467	-	-	-	-	-
	Sub Total	**162,528,815**	**495,850,000**	**13,545,202**	**-**	**8.3**	**-**
ICT, Education and Internship							
Programme 1: General administration & planning	SP1. 1 General administration & planning	404,339,420	-	55,085,813	-	13.6	
Programme 2: Early childhood development education	SP2.1: Early Childhood Development Education	9,090,129	130,900,000	325,680	-	3.6	-
Programme 3: Technical training & non-formal education	SP3.3: Technical training & non-formal education	5,493,000	59,700,000	200,000	-	3.6	-
Programme 4: Support to Education and Library Services	SP4.1: Support to Education and Library Services	132,298,250	1,000,000	7,255,600	-	5.5	-
Programme 5: ICT Infrastructure & Systems Development	SP5.1: ICT Infrastructure & Systems Development	19,898,000	35,000,000	-	-	-	-
Programme 6: Internship, Mentorship and Volunteerism	SP6.1: Internship, Mentorship and Volunteerism	798,250	15,000,000	-	-	-	-
	Sub Total	**571,917,049**	**241,600,000**	**62,867,093**	**-**	**11**	**-**

Programme	Sub Programme	2023/24 Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec Exp	Dev Exp	Rec Exp	Dev Exp	Rec Exp	Dev Exp
Trade, Industry & Cooperatives							
Programme 1: General administration & planning	SP1. 1 General administration & planning	96,860,232	-	10,573,088	-	10.9	
Programme 2: Trade development & promotion	SP2.1; Trade development & promotion	5,800,000	92,500,000	-	-	-	-
P3; Industrial development and promotion	SP3. 1 Industrial development and promotion	750,000	100,000,000	-	-	-	-
Programme 4: Tourism development & promotion	SP4. 1 Tourism development & promotion	830,000	7,500,000	-	-	-	-
Programme 5: Culture, Art and the Music Promotion	SP5. 1 Culture, Art and the Music promotion	17,450,000	-	-	-	-	-
	Sub Total	**121,690,232**	**200,000,000**	**10,573,088**	**-**	**8.7**	**-**
Department of Gender, Children, Youth, Sports, and Social Services							
Programme 1: General administration & planning	P1: General administration & planning	53,782,189	-	6,572,551	-	-	-
Programme 2: Gender and Social Development	P2: Gender and Social Development	11,051,972	48,400,000	158,200	-	-	-
Programme 3; Sports development	P3; Sports development	750,000	66,147,204	-	-	-	-
Programme 4; Youth empowerment	P4; Youth empowerment	1,800,000	25,700,000	-	-	-	-
	Sub Total	**67,384,161**	**140,247,204**	**6,730,751**	**-**	**10.0**	**-**
County Attorney							
SP1. 1 General Administration & Support Services	P1: General administration & planning	34,023,507	-	3,588,364		10.5	-
	Sub Total	**34,023,507**	**-**	**3,588,364**		**10.5**	**-**
Governorship							
SP1. 1 General Administration & Support Services	P1: General administration & planning	213,565,945	-	28,165,872	-	13.2	-
	Sub Total	**213,565,945**	**-**	**28,165,872**	**-**	**13.2**	
County Secretary							
Programme 1. Leadership & coordination of departments	SP1. 1 Leadership & coordination of departments	591,147,009	-	88,502,591	-	15.0	-
	Sub Total	**591,147,009**	**-**	**88,502,591**	**-**	**15.0**	**-**
CPSB							
Programme 1: Public Service Human Resource Management and Development.	SP2: Public Service Human Resource Management and Development.	75,513,647	-	5,734,387	-	7.6	-
	Sub Total	**75,513,647**	**-**	**5,734,387**	**-**	**7.6**	**-**
Finance, Planning, Budget and Revenue							
SP1. 1 General Administration & Support Services	SP1: General administration & planning	411,079,138	20,000,000	134,226,827	-	32.7	-
Programme 2: Public Financial Management	SP2: Public financial management	129,519,897	-	8,793,833	-	6.8	-

Programme	Sub Programme	2023/24 Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec Exp	Dev Exp	Rec Exp	Dev Exp	Rec Exp	Dev Exp
	Sub Total	**540,599,035**	**20,000,000**	**143,020,660**	-	**26.5**	-
Devolution, Public participation, County Administration and Special Programmes							
Programme 1: General Administration & Planning	SP1: General Administration & Planning	245,949,685	21,837,927	36,621,113	-	14.9	-
Programme 2: Participatory Development & Civic Education	SP2: Participatory Development. & civic education	13,457,797	-	-	-	-	-
Programme 3: Research, Documentation and Knowledge Management	SP3: Research, Documentation and Knowledge Management	4,500,000	-	-	-	-	-
Programme 4: Coordination of Service Delivery and Enforcement	SP4: Coordination of Service Delivery and Enforcement	30,120,000	-	-	-	-	-
Programme 5: Disaster Risk Preparedness and Mitigation	SP5: Disaster Risk Preparedness and Mitigation	10,460,000	-	-	-	-	-
Programme 6: Alcoholic Drinks Control and Licencing	SP6: Alcoholic Drinks Control and Licencing	6,400,000	-	-	-	-	-
	Sub Total	**310,887,482**	**21,837,927**	**36,621,113**	-	**11.8**	-
Water and Sanitation							
Programme 1: General administration & planning	SP1: General Administration & Planning	80,704,325	9,700,000	9,787,120	-	12.1	-
Programme 2: Water Infrastructure Development	SP 2.1: Water harvesting and storage	8,282,000	173,200,000	-	-	-	-
	SP2: Piped water supply infrastructure	3,970,000	243,100,000	850,570	-	21.4	-
	SP.3: Groundwater development	9,230,000	64,800,000	-	-	-	-
	Sub Total	**102,186,325**	**490,800,000**	**10,637,690**	-	**10.4**	-
Agriculture, Irrigation, Livestock, Fisheries and Cooperative							
Programme 1: General administration & planning	SP1: General Administration & Planning	50,888,160	756,390,356	32,502,653	-	63.9	-
Programme 2: Land, Crop development & productivity	SP 2: Land, Crop development & productivity	80,934,606	69,500,000	-	-	-	-
P3; Agribusiness and information management	SP3; Agribusiness and information management	32,992,265	80,000,000	-	-	-	-
Programme 4: Livestock Production, Management and Development	SP 4: Livestock Production, Management and Development	125,789,620	22,500,000	-	-	-	-
Programme 5: Cooperative Development	SP 5: Cooperative Development	19,967,638	8,500,000	-	-	-	-
	Sub Total	**310,572,289**	**936,890,356**	**32,502,653**	-	**10.5**	-
County Assembly							
Programme 1: Legislation and Representation	SP1: Legislation and Representation	882,052,960	46,000,000	136,425,240	-	15.5	-
	Sub Total	**882,052,960**	**46,000,000**	**136,425,240**	-	**15.5**	-
Total County Budget		**7,342,391,532**	**3,225,898,248**	**1,096,183,506**	**1,318,140**	**14.9**	-

***Source**: Makueni County Treasury*

Sub-programmes with the highest level of implementation based on absorption rates was General Administration in the Department of Agriculture, Irrigation and Livestock at 63.9 per cent. In contrast, a good number of sub-programs had no expenditure of budget allocation as analysed in Table 3.138 above.

3.23.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 3rd November 2023.
2. A low development expenditure of kshs.1.32 million was reported in the first quarter of FY 2023/24.
3. Failure to budget for unspent cash balances from the previous financial year of Kshs.487.28 million.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Executive to ensure development projects are implemented as planned.*
3. *The County Treasury should prepare a supplementary budget and capture the unspent cash balances to ensure multi-year programmes are fully funded.*

3.24. County Government of Mandera

3.24.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.13.01 billion, comprising Kshs.7.97 billion (61.2 per cent) and Kshs.5.04 billion (38.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 2.4 per cent compared to the previous financial year when the approved budget was Kshs.12.71 billion and comprised of Kshs.4.29 billion towards development expenditure and Kshs.8.42 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.63 billion (89.4 per cent) as the equitable share of revenue raised nationally, Kshs.519.46 million (4 per cent) as conditional grants, a cash balance of Kshs.525.03 million (4 per cent) brought forward from FY 2022/23, Kshs.51.79 million (0.4 per cent) as Facility Improvement Fund (revenue from health facilities)and generate Kshs.284.75 million (2.2 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.139.

3.24.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.92 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.525.03 million from FY 2022/23, and raised Kshs.34.21 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.48 billion, as shown in Table 3.139.

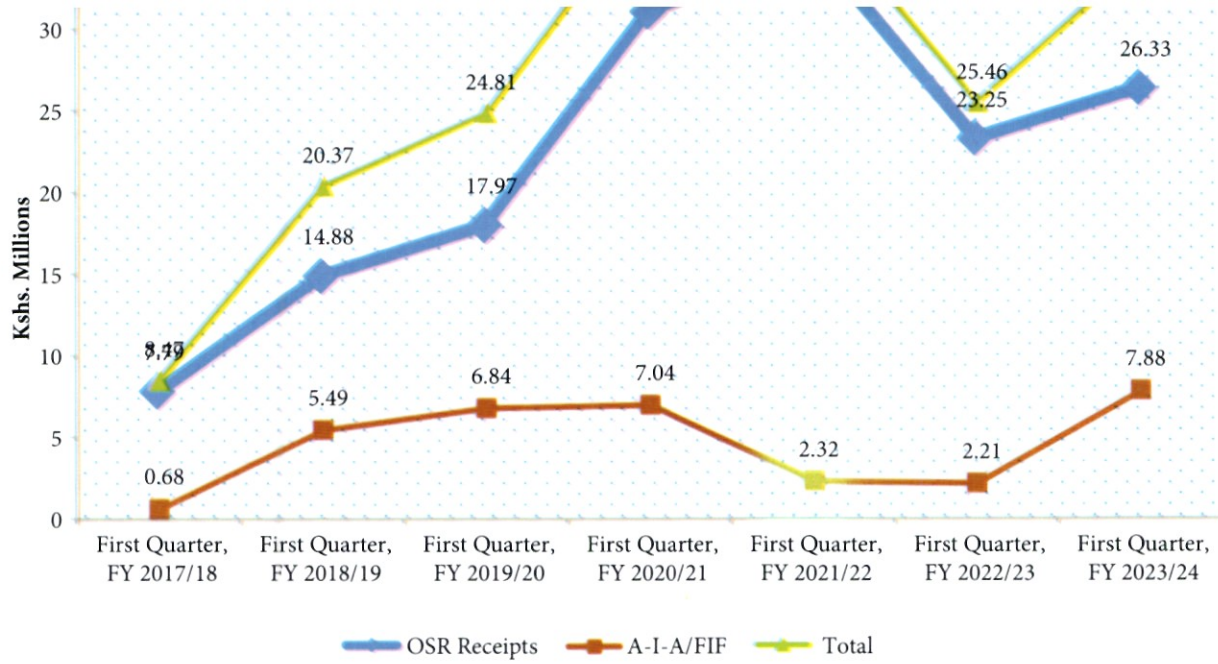
Table 3.139: Mandera County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,633,191,646	1,919,476,622	16.5
Sub Total		**11,633,191,646**	**1,919,476,622**	**16.5**
B	**Conditional Grants**			
1	World Bank Emergency Locust Response Project (ENRP)	180,282,152.83	-	-
2	Conditional Grant for Aggregated Industrial Parks Programme	100,000,000	-	-
3	Kenya Climate-smart Agriculture Project (NEDI)	90,000,000	-	-
4	De-Risking and Value Enhancement (DRIVE)	72,541,980	-	-
5	Kenya Urban and Institutional Grant b/f	21,451,158	-	-
6	DANIDA Grant - Primary Health Care	18,653,250	-	-
7	Conditional Grant for Provision of Fertilizer Subsidy Programme	13,777,962	-	-
8	FLLoCA	11,000,000	-	-
9	FLOCCA balance from FY 2022/2023 in SP Account	6,644,937	-	-
10	Sweden -Agricultural Sector Development Support Program (ASDSP) II - Co-Funding	4,257,207	-	-
11	KDSP balance in SP Account	851,785	-	-
12	Allocation for Mineral royalties	1,028	-	-
Sub-Total		**519,461,459**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	284,748,838	26,380,872	9.3
2	Balance b/f from FY2022/23	525,029,928	525,029,928	100.0
3	Facility Improvement Fund (FIF)	51,785,008	7,827,790	15.1
	Sub-Total	**809,778,766**	**559,238,590**	**69.1**
Grand Total		**12,962,431,872**	**2,478,715,212**	**19.1**

Source: *Mandera County Treasury*

Figure 70 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

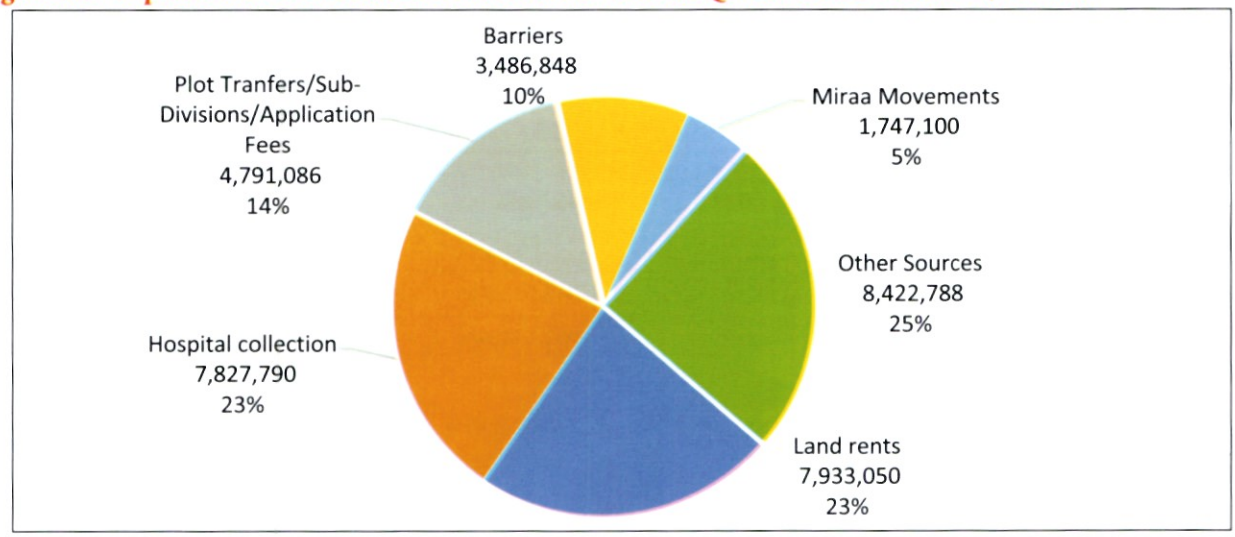
Figure 70: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Mandera County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.34.21 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 34.4 per cent compared to Kshs.25.46 million realised in FY 2022/23 and was 10.2 per cent of the annual target and 1.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 71.

Figure 71: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Mandera County Treasury

The highest revenue stream of Kshs.7.93 million was from Land Rates, contributing to 23 per cent of the total OSR receipts during the reporting period.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.59 billion from the CRF account during the reporting period, which comprised Kshs.215.23 million (13.6 per cent) for development programmes and Kshs.1.37 billion (86.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.767.13 million was released towards Employee Compensation, and Kshs.597.7 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.861.79 million.

3.24.4 County Expenditure Review

The County spent Kshs.1.58 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.7 per cent of the total funds released by the CoB and comprised Kshs.215.23 million and Kshs.1.36 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.3 per cent, while recurrent expenditure represented 17.1 per cent of the annual recurrent expenditure budget.

3.24.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.3.1 billion, comprising of Kshs.2.36 billion for development expenditure and Kshs.736.5 million for recurrent activities. In the first quarter of FY 2023/24, the county did not make any payment towards the settlement of pending bills. Therefore, as of 30th September 2023, the outstanding amount was Kshs.3.1 billion.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.708.84 million on employee compensation, Kshs.564.37 million on operations and maintenance, and Kshs.183.12 million on development activities. Similarly, the County Assembly spent Kshs.58.29 million on employee compensation, Kshs.33.11 million on operations and maintenance, and Kshs.32.10 million on development activities, as shown in Table 3.140.

Table 3.140: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,096,618,120**	**873,911,204**	**1,273,206,350**	**91,396,511**	17.9	10.5
Compensation to Employees	4,372,525,851	431,848,816	708,839,055	58,286,199	16.2	13.5
Operations and Maintenance	2,724,092,269	442,062,388	564,367,295	33,110,312	20.7	7.5
Development Expenditure	**4,784,598,760**	**259,088,796**	**183,123,509**	**32,102,821**	**3.8**	**12.4**
Total	**11,881,216,880**	**1,133,000,000**	**1,456,329,859**	**123,499,332**	**12.3**	**10.9**

***Source**: Mandera County Treasury*

3.24.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.767.13 million, or 30.9 per cent of the available revenue, which amounted to Kshs.2.48 billion. This expenditure represented a decrease from Kshs.1.49 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.228.53 million

paid to health sector employees, translating to 29.8 per cent of the total wage bill. The significant decrease in Personnel Emoluments compared to the previous financial year is explained by delayed payment of salaries for the months of August and September 2023, which were done in the second quarter of the current financial year.

Further analysis indicates that PE costs amounting to Kshs.675.69 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.91.44 million was processed through manual payrolls. The manual payrolls accounted for 11.9 per cent of the total PE cost.

The County Assembly spent Kshs.4.65 million on committee sitting allowances for the 51 MCAs and the Speaker against the annual budget allocation of Kshs.32 million. The average monthly sitting allowance was Kshs.30,386 per MCA. The County Assembly has established 19 Committees.

3.24.8 County Emergency Fund and County-Established Funds

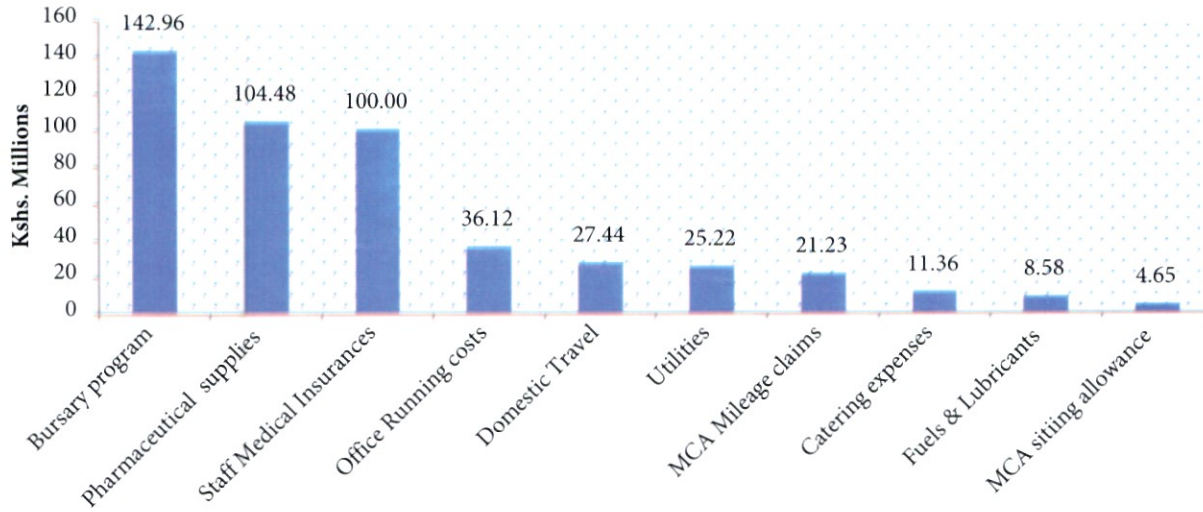
Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.460 million to county Bursary funds in FY 2023/24, constituting 3.5 per cent of the County's overall budget, while the expenditure amounted to Kshs.142.96 million as at 30th September 2023.

3.24.9 Expenditure on Operations and Maintenance

Figure 72 summarises the Operations and Maintenance expenditure by major categories.

Figure 72: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: *Mandera County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.27.44 million and comprised Kshs.6.06 million spent by the County Assembly and Kshs.21.38 million by the County Executive.

3.24.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.215.23 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County did not report any expenditure on development. Table 3.141 summarises development projects with the highest expenditure in the reporting period.

Table 3.141: Mandera County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Water Services	Construction Of 60,000M3 Earth Pan at Qorobo Saglan	Dandu	30,499,460	28,500,000	93.4
2	Water Services	Proposed Construction 60,000M3 Earth Pan at Dadach Dheera In Mandera West Sub County	Mandera West	30,900,000	25,900,000	83.8
3	Water Services	Proposed Construction of 30,000M3 Earth Pan at Adala Dimtu Earth Pan in Mandera West Sub County	Mandera West	14,480,000	14,480,000	100.0
4	Water Services	Proposed Construction Of 60,000M3 Alungu Earth Pan	Lafey	32,147,000	13,500,000	42.0
5	Water Services	Proposed Construction Of 20,000 M3 Earth Pan at Fulaley in Lagsure In Mandera West	Mandera West	12,000,000	12,000,000	100.0
6	Water Services	Proposed Construction Of 60,000M3 Fino Earth Pan	Lafey	31,273,000	10,600,000	33.9
7	Water Services	Construction of Baaye Earthpan	Banisa	31,075,000	8,600,000	27.7
8	Water Services	Construction Of 20,000M3 Maari Dhanaba Earth Pan	Dandu	9,998,465	8,500,000	85.0
9	Water Services	Proposed Construction of 60,000M3 Sukela Dera Earth Pan	Mandera West	31,137,000	5,600,000	18.0
10	Water Services	Expansion and Desilting of Hardimtu Earth Pan	Dandu	9,998,990	5,000,000	50.0

Source: Mandera County Treasury

3.24.11 Budget Performance by Department

Table 3.142 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.142: Mandera 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 Assembly	873.91	259.09	91.40	32.10	91.18	32.10	99.8	100.0	10.4	12.4
Office of the Governor & Deputy Governor	447.18	-	115.65	-	115.65	-	100.0	-	25.9	-
Finance and Economic Planning	375.06	36.75	68.26	-	68.26	-	100.0	-	18.2	-
Agriculture, Livestock and Fisheries	252.68	604.28	37.33	22	37.33	22.00	100.0	100.0	14.8	3.6
Water, Energy, Environment & Natural Resources	367.43	1,516.69	41.67	52.00	41.67	52.00	100.0	100.0	11.3	3.4
Education and Human Capital Development	1,075.49	198.56	237.33	8.00	237.33	8.00	100.0	100.0	22.1	4.0
Health Services	1,988.71	439.08	370.82	19.12	370.82	19.12	100.0	100.0	18.6	4.4
Lands and Urban Development	202.35	561.32	27.50	82.00	22.50	-	81.8	-	11.1	-

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
Roads, Transport and Works	331.83	515.23	51.64	-	51.64	-	100.0	-	15.6	-
Social Development	98.84	605.50	18.89	-	18.89	-	100.0	-	19.1	-
Public Service Management, Devolved Units & Community Cohesion	1,555.25	39.13	270.72	-	270.72	-	100.0	-	17.4	-
County Public Service Board	73.22	10.73	14.33	-	14.33	-	100.0	-	19.6	-
Trade and Cooperative Development	68.89	257.31	11.79	-	11.79	82.00	100.0	-	17.1	31.9
Office of the County Secretary	82.50	-	8.50	-	8.50	-	100.0	-	10.3	-
Office of the County Attorney	177.19	-	4.00	-	4.00	-	100.0	-	2.3	-
Total	**7,970.53**	**5,043.69**	**1,369.82**	**215.23**	**1,364.6**	**215.23**	**99.6**	**100.0**	**17.1**	**4.3**

***Source**: Mandera County Treasury*

Analysis of expenditure by department shows that the Department of Trade recorded the highest absorption rate of the development budget at 31.9 per cent, followed by the County Assembly of Mandera at 12.4 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to budget at 25.9 per cent, while the Office of the County Attorney had the lowest at 2.3 per cent.

3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 3.143 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.143: Mandera County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Estimates (Kshs.)**	**Actual Expenditure as of 30th September 2023 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
County Assembly	Legislation, Oversight and Operations	1,133,000,000	123,499,332	1,009,500,668	10.9
	Sub total	1,133,000,000	123,499,332	1,009,500,668	10.9
Agriculture and livestock	Food Security and Sustainable Agriculture	407,417,321	-	407,417,321	-
	Irrigation Development and Management	46,000,000	-	46,000,000	-
	Livestock Production and Management	150,867,443	22,000,000	128,867,443	14.6
	General administration planning and Support Services	252,680,782	37,327,995	215,352,787	14.8
	Sub total	856,965,546	59,327,995	797,637,551	**6.9**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Estimates (Kshs.)**	**Actual Expenditure as of 30th September 2023 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
Education and Human Capital Development	General Administration, Planning and Support Services	1,075,486,958	237,327,141	838,159,817	22.1
	Early Childhood Education	198,561,582	8,000,000	190,561,582	4.0
	Sub total	1,274,048,540	245,327,141	1,028,721,399	**19.3**
Office of the Governor and Deputy Governor	General Administration, Planning and Support Services	382,979,685	115,645,354	267,334,331	30.2
	Management of County Affairs	42,500,000	-	42,500,000	-
	Public Sector Advisory Services	14,500,000	-	14,500,000	-
	County Legal Services	7,200,000	-	7,200,000	-
	Sub total	447,179,685	115,645,354	331,534,331	**25.9**
Office of the County Secretary & Head of Public Service	General Administration, Planning and Support Services	82,502,802	8,500,000	74,002,802	10.3
	Sub total	82,502,802	8,500,000	74,002,802	**10.3**
Office of the County Attorney	General Administration, Planning and Support Services	177,190,939	4,000,000	173,190,939	2.3
	Sub total	177,190,939	4,000,000	173,190,939	**2.3**
Public Service Management, Devolved Units and Community Cohesion	General administration planning and Support Services	1,555,253,486	270,502,264	1,284,751,222	17.4
	Devolved Governance, Civic Education and Conflict Management	39,126,453	-	39,126,453	-
	Sub total	1,594,379,939	270,502,264	1,323,877,675	**17.0**
Lands and Urban Development	General administration planning and Support Services	202,345,578	22,499,810	179,845,768	11.1
	Survey, Physical Infrastructure and urban Development	561,321,814	82,000,000	479,321,814	14.6
	Sub total	763,667,392	104,499,810	659,167,582	**13.7**
Social Development	General Administration, Planning and Support Services	98,844,972	18,885,132	79,959,840	19.1
	Disaster Mitigation and Management	585,498,642		585,498,642	-
	Youth Development programs	20,000,000		20,000,000	-
	Sub total	704,343,614	18,885,132	685,458,482	**2.7**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Estimates (Kshs.)**	**Actual Expenditure as of 30th September 2023 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
Health Services	Preventive, Promotive and Reproductive Health Services	100,000,000	-	100,000,000	-
	General Administration, Planning and Support Services	1,988,706,291	370,817,260	1,617,889,031	18.6
	Health Infrastructure	339,082,121	19,123,509	319,958,612	5.6
	Sub total	2,427,788,412	389,940,769	2,037,847,643	**16.1**
COUNTY PUBLIC SERVICE BOARD	General administration planning and Support Services	73,218,148	14,333,786	58,884,362	19.6
	Development Infrastructure	10,731,342	-	10,731,342	-
	Sub total	83,949,490	14,333,786	69,615,704	17.1
Finance and Economic Planning	General administration planning and Support Services	290,703,038	51,011,069	239,691,969	17.5
	Public Finance Management	100,304,454	13,050,000	87,254,454	13.0
	Economic and Financial Policy Formulation	20,804,811	4,200,000	16,604,811	20.2
	Sub total	411,812,303	68,261,069	343,551,234	**16.6**
Ministry of Roads, Transport and Public Works	Roads and Transport Infrastructure Development	493,074,594		493,074,594	-
	Public Works Development and Management	22,156,126	-	22,156,126	-
	General administration planning and Support Services	331,825,375	51,641,667	280,183,708	15.6
	Sub total	847,056,095	51,641,667	795,414,429	**6.1**
Trade and Cooperative Development	General administration planning and Support Services	68,889,692	11,792,800	57,096,892	17.1
	Trade development, marketing and promotion	257,314,774	-	257,314,774	-
	Sub total	326,204,466	11,792,800	314,411,666	**3.6**
Water, Energy, Environment and Climate Change	Water and Sewerage Management Services	1,516,693,272	52,000,000	1,464,693,272	3.4
	General administration planning and Support Services	367,434,384	41,672,073	325,762,311	11.3
	Sub total	1,884,127,656	93,672,073	1,790,455,583	**5.0**
Grand Total		**13,014,216,879**	**1,579,829,191**	**11,434,387,688**	**12.1**

***Source**: Mandera County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Planning in the Office of the Governor at 30.2 per cent, Economic Policy Formulation in the Department of Finance at 20.2 per cent, and Livestock Production in the Department of Agriculture at 14.6 per cent of budget allocation.

3.24.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The reports were received on 31st October 2023.
2. The underperformance of own-source revenue at Kshs.34.21 million against an annual projection of Kshs. 336.53 million, representing 10.2 per cent of the annual target.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.91.44 million were processed through the manual payroll, accounting for 11.9 per cent of the total payroll cost.
4. Failure to settle pending bills, which amounted to Kshs.3.1 billion at the end of the reporting period. This is despite the availability of Kshs.861.79 million in the CRF account.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Leadership should ensure payment of pending bills is prioritised and settled on a first incurred, first paid basis.*

3.25. County Government of Marsabit

3.25.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.9.11 billion, comprising Kshs.4.13 billion (45.4 per cent) and Kshs.4.97 billion (54.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 3 per cent compared to the previous financial year when the approved budget was Kshs.8.83 billion and comprised of Kshs.3.79 billion towards development expenditure and Kshs.5.03 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.56 billion (83 per cent) as the equitable share of revenue raised nationally, Kshs.118.67 million (1.3 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.875.25 million as conditional grants (9.6 per cent), a cash balance of Kshs.513.53 million (5.6 per cent) brought forward from FY 2022/23, and generate Kshs.41.32 million (0.5 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.144.

3.25.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.25 billion as the equitable share of the revenue raised nationally, Kshs.13.30 million as FIF, had a cash balance of Kshs.513.53 million from FY 2022/23, and generated Kshs.9.19 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.78 billion, as shown in Table 3.144.

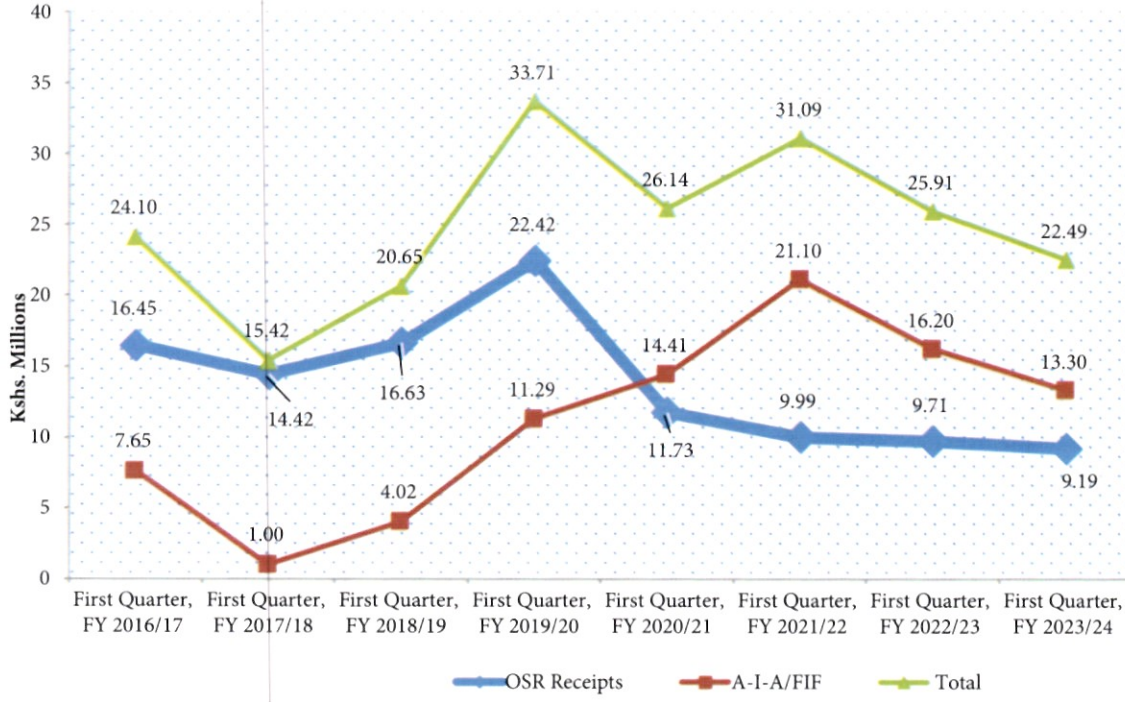
Table 3.144: Marsabit County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,560,398,412	1,247,465,738	16.5
Subtotal		**7,560,398,412**	**1,247,465,738**	**16.5**
B	**Conditional Grants**			
1.	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
2.	DANIDA Grant - Primary Health	12,538,500	-	-
3.	IDA (World Bank) Credit (Financing Locally Led Climate Action (FLLOCA) Programme, County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,431,190	-	-
5.	German Development Bank (KFW) - Drought Resilience Programme in Northern Kenya (DRPNK)	300,000,000	-	-
6.	World Bank- Emergency Locust Response Project (ELRP)	195,670,752	-	-
7.	Kenya Livestock Commercialization Project (KELCOP)	37,500,000	-	-
8.	Leasing of Medical Equipment	124,723,404	-	-
9.	Aggregated Industrial Parks Programme	100,000,000	-	-
10.	Conditional Grant for Provision of Fertilizer Subsidy Programme	2,389,320	-	-
Subtotal		**875,253,166**	**-**	**-**
C	**Other Sources of Revenue**			
11	Ordinary Own Source Revenue	160,000,000	9,193,976	5.7
12	Facility Improvement Fund (FIF)	-	13,296,405	-
13	Unspent balance from FY 2022/23	513,532,859	513,532,859	100
Sub Total		673,532,859	536,023,240	79.6
Grand Total		**9,109,184,437**	**1,783,488,978**	**19.6**

Source: *Marsabit County Treasury*

Figure 73 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

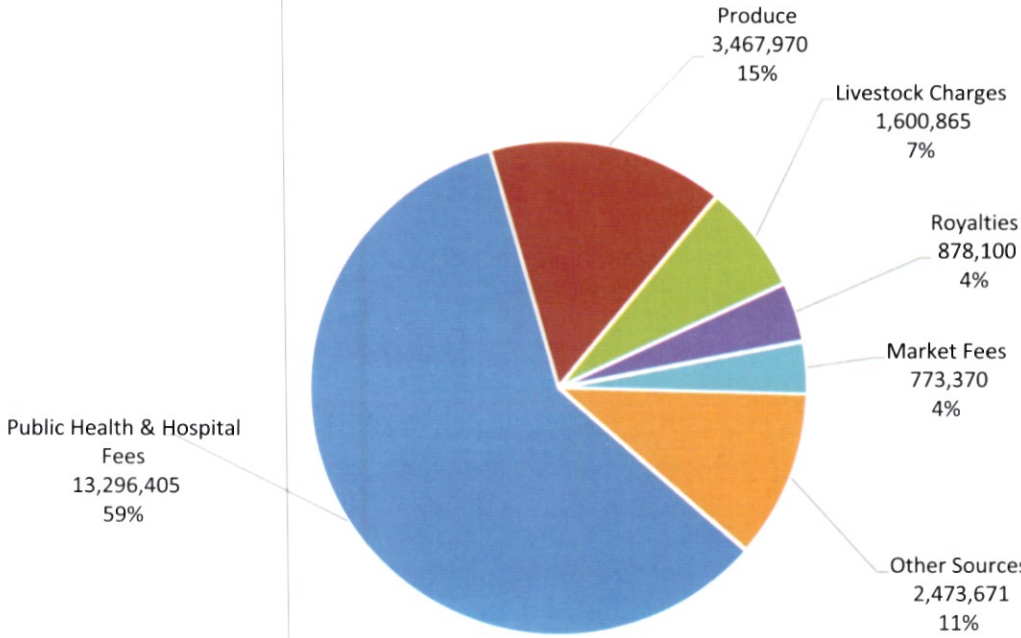
Figure 73: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Marsabit County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.22.49 million from its sources of revenue, inclusive of FIF and AIA. This amount represented a decrease of 13.2 per cent compared to Kshs.25.91 million realised in FY 2022/23 and was 14.1 per cent of the annual target and 1.8 per cent of the equitable revenue share disbursed during the period. There were no revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 74.

Figure 74: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: *Marsabit County Treasury*

The highest revenue stream of Kshs.13.30 million was from Public Health and Hospital fees, contributing to 59 per cent of the total OSR receipts during the reporting period.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.16 billion from the CRF account during the reporting period, which comprised Kshs.409.23 million (35.2 per cent) for development programmes and Kshs.751.79 billion (64.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.559.04 million was released towards Employee Compensation, and Kshs.192.76 million was for operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.610.53 million.

3.25.4 County Expenditure Review

The County spent Kshs.1.09 billion on development and recurrent programmes in the reporting period. The expenditure represented 93.6 per cent of the total funds released by the CoB and comprised of Kshs.334.43 million and Kshs.751.79 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.1 per cent, while recurrent expenditure represented 15.1 per cent of the annual recurrent expenditure budget.

3.25.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.536.78 million, comprising Kshs.82.66 million for recurrent expenditure and Kshs.454.12 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.123.77 million were settled for development programmes. Therefore, as of 30th September 2023, the outstanding pending bills amount was Kshs.413.01 million.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.513.97 million on employee compensation, Kshs.150.86 million on operations and maintenance, and Kshs.334.43 million on development activities. Similarly, the County Assembly spent Kshs.45.06 million on employee compensation, Kshs.41.89 million on operations and maintenance, as shown in Table 3.145.

Table 3.145: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,183,096,362**	**791,217,081**	**664,839,180**	**86,957,456**	**15.9**	**11.0**
Compensation to Employees	3,017,503,691	261,578,934	513,974,276	45,062,767	17.0	17.2
Operations and Maintenance	1,165,592,671	529,638,147	150,864,904	41,894,689	12.9	7.9
Development Expenditure	**3,626,287,005**	**508,583,989**	**334,433,167**	-	**9.2**	-
Total	**7,809,383,367**	**1,299,801,070**	**999,272,347**	**86,957,456**	**12.8**	**6.7**

Source: *Marsabit County Treasury*

3.25.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.559.04 million, or 31.3 per cent of the available revenue, which amounted to Kshs.1.78 billion. This expenditure represented an increase from Kshs.520.46 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.255.23 million paid to health sector employees, translating to 45.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.472.45 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.86.59 million was processed through manual payrolls. The manual payrolls accounted for 15.5 per cent of the total PE cost.

The County Assembly spent Kshs.4.28 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.35.71 million. The average monthly sitting allowance was Kshs.43,228 per MCA. The County Assembly has established 21 Committees.

3.25.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.327.41 million to county-established funds in FY 2023/24, constituting 3.5 per cent of the County's overall budget. Table 3.146 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.146: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Scholarship Fund	150,000,000	-	-	No
2.	Emergency Fund	50,000,000	-	-	No
3.	Car Loan and Mortgage-Executive	70,000,000	-	-	No
County Assembly Funds					
1.	Car and Mortgage Loan Scheme for members	-	-	-	No
2.	Car and Mortgage Loan Scheme for staff	57,407,675	-	-	No
	Total	**327,407,675**	**-**	**-**	**-**

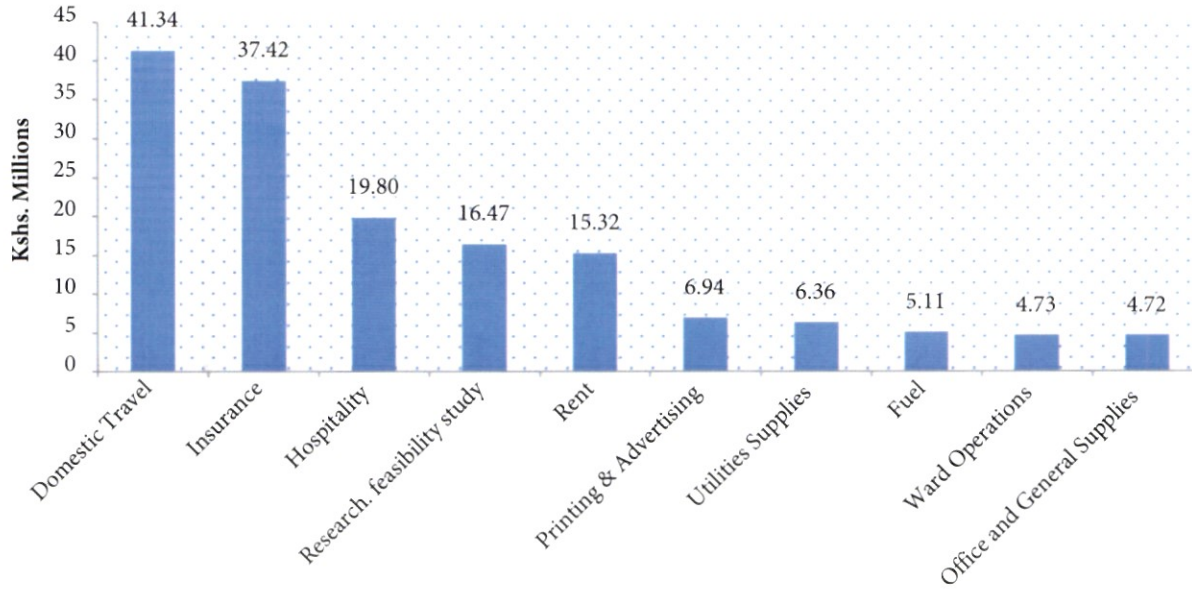
Source: *Marsabit County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the five funds, as indicated in Table 3.146, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.25.9 Expenditure on Operations and Maintenance

Figure 75 summarises the Operations and Maintenance expenditure by major categories.

Figure 75: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: *Marsabit County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.41.34 million and comprised Kshs.23.57 million spent by the County Assembly and Kshs.17.76 million by the County Executive. Expenditure on foreign travel amounted to Kshs.819,201 incurred by the County Executive on travel to Mauritius to attend an African Governance Award Conference.

3.25.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.334.43 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County did not spend on development. The table 3.147 summarises development projects with the highest expenditure in the reporting period.

Table 3.147: Marsabit County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Executive	Drought Mitigation project	County Wide	138,288,859	138,288,859	100
2	Roads	Upgrading of Moyale roads to bitumen standard.	Moyale	61,875,057	61,875,057	100
3	Executive	Construction of 80 beds capacity dormitory	Saku	9,140,394	9,140,394	100
4	Executive	Hire of Equipment.	County Wide	5,040,000	5,040,000	100
5	Water	Drilling of borehole.	lolkurkur in Laisamis	4,499,900	4,499,900	100
6	Water	Drilling of Borehole	Bori-Butiye	4,287,660	4,287,660	100

Source: Marsabit County Treasury

3.25.11 Budget Performance by Department

Table 3.148 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.148: Marsabit 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 Assembly	791.22	508.58	99.04	-	86.96	-	87.8	-	11.0	-
County Executive	477.79	536.71	72.24	211.29	102.48	211.29	141.9	100.0	21.4	39.4
Finance & Economic Planning	467	235.39	82.76	88.10	79.14	105.63	95.6	119.9	16.9	44.9
Agriculture, Livestock & Fisheries	250.59	761.59	37.38	16.55	28.55	-	76.4	-	11.4	-
County Public Service Board	96.87	23.50	8.65	-	10.98	-	127.0	-	11.3	-
Education, Skill Development, Youth & Sports	478.86	278.96	54.22	-	58.93	-	108.7	-	12.3	-
County Health Services	1,474.98	587.39	251.84	35.67	260.71	-	103.5	-	17.7	-
Administration, Coordination & ICT	335.20	105	58.44	45	58.44	-	100.0	-	17.4	-
Energy, Lands & Urban Development	134.98	153.89	27.45	10.37	17.69	17.52	64.5	168.9	13.1	11.4
Roads & Public Works	104.36	221.14	14.83	-	7.34	-	49.5	-	7.0	-
Water, Environment & Natural Resources	146.90	535	23.16	-	20.32	-	87.7	-	13.8	-
Trade, Industry & Enterprise Development	86.70	138	12.71	2.25	11.19	-	88.1	-	12.9	-
Tourism, Culture & Social Services	103.36	49.70	9.07	-	9.07	-	100.0	-	8.8	-
Office of the County Attorney	14.50	-	-	-	-	-	-	-	-	-
Office of the County Secretary	11	-	-	-	-	-	-	-	-	-
Total	**4,974.31**	**4,134.87**	**751.80**	**409.23**	**751.80**	**334.43**	**100.0**	**81.7**	**15.1**	**8.1**

Source: *Marsabit County Treasury*

Analysis of expenditure by department shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 44.9 per cent, followed by the Department of County Executive at 39.4 per cent. The Department of County Executive had the highest percentage of recurrent expenditure to budget at 21.4 per cent, while the Department of Roads & Public Works had the lowest at 7.0 per cent.

3.25.12 Budget Execution by Programmes and Sub-Programmes

Table 3.149 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.149: Marsabit County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
Department County Assembly							
1: General Administration Support Services	SP 1.1 salaries and allowances for employees and MCAs	237,161,199	-	38,817,171	-	16.4	-
	SP 1.2 Employer Contribution to Pension	9,550,000	-	1,639,583	-	17.2	-
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conferences and seminars	48,074,469	-	4,279,600	-	8.9	-
	SP 1.3 Domestic payables from previous financial years	10,167,081	256,083,989	-	-	-	-
Programme 2: Legislature and Oversight	SP 2.1 Domestic and foreign accommodation, air travel and daily subsistence allowance	110,857,475	-	23,571,313	-	21.3	-
	SP 2.2 ICT, Hansard and Communication Equipment	7,500,000	-	361,000	-	4.8	-
	SP 2.3 Mortgage & Car Loans and Tax	57,407,675	-	-	-	-	-
	SP 2.4 Staff Training and Development and Tuitions	37,907,263	-	-	-	-	-
	SP 2.5 Public Participation		-		-	-	-
Programme 3: County Assembly Infrastructure Improvement	SP 3.11 Equipping of library		-		-	-	-
	SP 3.12 Maintenance of motor vehicle	7,750,000	-	1,769,280	-	22.8	-
	SP 3.13 Purchase of furniture and general equipment	5,366,793	-	-	-	-	-
	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for speaker's residence, construction and equipping of ward offices	-	252,500,000	-	-	-	-
	SP 3.15 Improvement of ICT services		-		-	-	-
	SP 3.16 Maintenance of plants, machinery and other assets	9,016,760	-	-	-	-	-
	SP 3.17 Electricity, water and sewerage and other utility charges	11,928,878	-	-	-	-	-
	SP 3.18 Printing, advertisement and information supplies and services	33,821,371	-	2,941,200	-	8.7	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
	SP 3.19 Rental of approved assets and hire of motor vehicles	2,200,000	-	-	-	-	-
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	31,980,382	-	-	-	-	-
	SP 3.21 Purchase of computers, printers and general office supplies and accessories and sanitary cleaning materials	35,520,000	-	6,389,014	-	18.0	-
	SP 3.22 Fuel, oil, lubricants and tyres	9,000,000	-	-	-	-	-
	SP 3.23 Bank service commission and charges, legal fees, management fees and, contracted professional charges and other operating expenses	22,230,000	-	-	-	-	-
	SP 3.24 Ward office	46,860,000	-	4,733,328	-	10.1	-
	SP 3.25 Uniform, Specialised materials and supplies	8,000,000	-	2,455,967	-	30.7	-
	-SP 3.26 Membership fees and dues and subscription for international organisation	5,500,000	-	-	-	-	-
	SP 3.28 Refurbishment of buildings	4,000,000	-	-	-	-	-
	SP 3.29 Gratuity/pension	24,417,735	-	-	-	-	-
	SP 3.30 Purchase of motor vehicle	15,000,000	-		-	-	-
	Sub Total	**791,217,081**	**508,583,989**	**86,957,456**	**-**	**11.0**	**-**
County Executive services							
County Executive services	County Executive services	477,791,216	-	102,478,211	-	21.4	-
Executive Infrastructure Development	Executive Infrastructure Development		536,712,933	-	211,287,511	-	39.4
	Sub Total	**477,791,216**	**536,712,933**	**102,478,211**	**211,287,511**	**21.4**	**39.4**
Finance & Economic Planning							
General administration planning and Support Services	Financial Services	466,999,998	235,391,874	79,144,653	105,626,617	16.9	44.9
	Sub Total	**467,000,000**	**235,391,874**	**79,144,653**	**105,626,617**	16.9	44.9
Agriculture, Livestock & Fisheries							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	102,921,590	-	28,545,392	-	27.7	-
Livestock Production and Management	Livestock Production and Management	116,732,928	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
Crop Development and Management	Lands and Crop Development	-	761,591,264	-	-	-	-
Fisheries Development and Management	Fisheries Policy, Strategy and Capacity Building	30,938,970	-	-	-	-	-
	Sub Total	**250,593,488**	**761,591,264**	**28,545,392**	**-**	**11.4**	**-**
Energy, Lands & Urban Development							
Urban Development Services	Solid Waste Management	-	153,894,560	-	17,519,039	-	11.4
General administration planning and Support Services	Administration and Support services	134,975,354	-	17,694,242	-	13.1	-
	Sub Total	**134,975,354**	**153,894,560**	**17,694,242**	**17,519,039**	13.1	11.4
County Health Services							
General Administration, Planning and Support Services	Administration and support services	1,474,981,500	-	260,705,816	-	17.7	-
General Administration, Planning and Support Services	Health Infrastructure development	-	587,394,408		-	-	-
	Sub Total	**1,474,981,500**	**587,394,408**	**260,705,816**	**-**	**17.7**	**-**
Administration, Coordination & ICT							
General administration planning and Support Services	Administration services	335,200,000	-	58,441,929	-	17.4	-
Coordination of functions of devolved Units	Executive Infrastructure Development	-	105,000,000	-	-	-	-
	Sub Total	**335,200,000**	**105,000,000**	**58,441,929**	**-**	17.4	-
County Public Service Board							
General administration planning and Support Services	Administration services	96,868,002	-	10,983,476	-	11.3	-
Human Resource Management and Development	Board Management Service	-	23,500,000	-	-	-	-
	Sub Total	**96,868,000**	**23,500,000**	**10,983,476**	**-**	11.3	-
Office of the County Attorney							
General administration, planning and support services	General Administration Services	14,500,000	-	-	-	-	-
	Sub Total	**14,500,000**	**-**	**-**	**-**	**-**	**-**
Office of the County Secretary							
General administration, planning and support services	General Administration Services	11,000,000	-	-	-	-	-
	Sub Total	**11,000,000**	**-**	**-**	**-**	-	-
Education, Skill Development, Youth & Sports							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
General Administration, Planning and Support Services	Administration Services	478,863,481	-	58,928,506		12.3	-
Early Childhood Development and Education	Early Childhood Development and Education	-	278,958,000		-	-	-
	Sub Total	**478,863,481**	**278,958,000**	**58,928,506**	**-**	12.3	-
Tourism, Culture & Social Services							
Culture Services	Cultural infrastructure development	-	49,700,000	-	-	-	-
General administration, planning and support services	General Administration Services	103,358,270	-	9,071,458	-	8.8	-
	Sub Total	**103,358,270**	**49,700,000**	**9,071,458**	**-**	8.8	-
Roads & Public Works							
General administration planning and Support Services	General administration planning and Support Services	65,760,878	-	7,339,372	-	11.2	-
General administration planning and Support Services	Operations and Maintenance	38,603,608	-	-	-	-	-
Road Transport Infrastructure Development	Roads Infrastructure Development	-	221,142,000	-	-	-	-
Sub Total		**104,364,486**	**221,142,000**	**7,339,372**	**-**	7.0	-
Trade, Industry & Enterprise Development							
General administration planning and Support Services	Financial Services	86,700,000	-	11,190,968	-	12.9	-
Trade and Industrial Development	Develop infrastructure and facilities	-	138,000,000	-	-	-	-
Sub Total		**86,700,000**	**138,000,000**	**11,190,968**	**-**	**12.9**	**-**
Water, Environment & Natural Resources							
Water Resources Management	Water Supply Infrastructure Development	-	410,000,000	-	-	-	-
General administration planning and Support Services	General administration planning and Support Services	108,512,000	-	20,138,247	-	18.6	-
Natural Resources Conservation and Management	Environmental policy development	-	125,001,968	-	-	-	-
Natural Resources Conservation and Management	Forests Conservation and Management	38,388,560	-	176,910	-	0.5	-
Sub Total		**146,900,560**	**535,001,968**	**20,315,157**	**-**	13.8	-
Grand Total		**4,974,313,443**	**4,134,870,994**	**751,796,636**	**334,433,167**	**15.2**	**8.1**

Source: *Marsabit County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General administration planning and Support Services in the Department of Finance & Economic Planning at 44.9 per cent, Executive Infrastructure Development in the Department of Executive Services at 39.4 per cent, General Administration, Planning and Support Services in the Department of Agriculture, Livestock & Fisheries at 27.7 per cent, General Administration, Planning and Support Services in the Department of Health Services at 17.7 per cent of budget allocation.

3.25.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.22.49 million against an annual projection of Kshs.160 million, representing 14.1 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.149, where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarship Fund, Emergency Fund, Car Loan and Mortgage (Executive), Car and Mortgage Loan Scheme for members of the County Assembly and Car and Mortgage Loan Scheme for County Assembly Staff Fund were not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.413.01 million as of 30th September 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.86.59 million were processed through the manual payroll, accounting for 15.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.26. County Government of Meru

3.26.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.11.9 billion, comprising Kshs.3.68 billion (30.9 per cent) and Kshs.8.22 billion (69.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 5 per cent compared to the previous financial year when the approved budget was Kshs.11.36 billion and comprised of Kshs.3.35 billion towards development expenditure and Kshs.8.01 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.89 billion (83.1 per cent) as the equitable share of revenue raised nationally, Kshs.316 million (2.7 per cent) as Facility Improvement Fund (revenue from health

facilities), Kshs.1.14 billion (9.6 per cent) as conditional grants, and generate Kshs.550 million (4.6 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.150.

3.26.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.2.47 billion as the equitable share of the revenue raised nationally, Kshs.156.52 million as FIF, and raised Kshs.65.02 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.69 billion, as shown in Table 3.150.

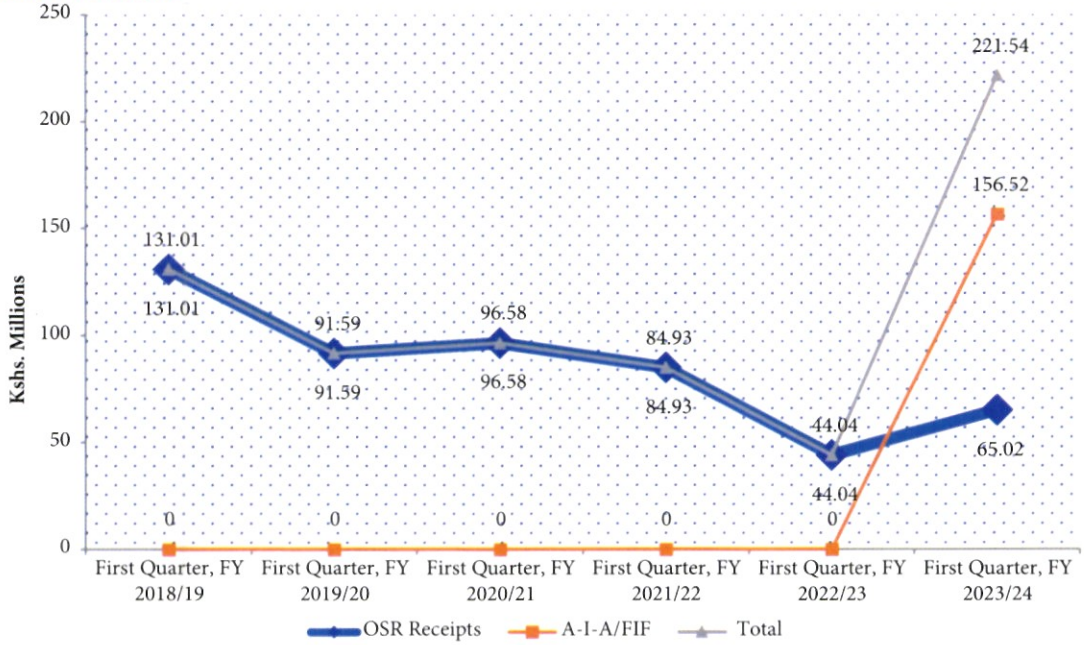
Table 3.150: Meru County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,892,625,172.00	2,473,156,294.00	25.0
Sub Total		**9,892,625,172.00**	**2,473,156,294.00**	**25.0**
B	**Conditional Grants**			
1	World Bank for national agricultural and Rural Inclusive Growth project	250,000,000.00	-	-
2	World Bank for National Agricultural Value Chain Development Project (NAVCDP)	150,000,000.00	-	-
3	Aquaculture Business Development	23,306,584.00	-	-
4	Fertiliser Subsidy	225,426,721.00	-	-
5	Aggregated Industrial Park	100,000,000.00	-	-
6	De-Risking and Value Enhancement	63,341,980.00	-	-
7	Livestock Value Chain Support Project	99,394,800.00	-	-
8	Mineral Royalties	32,900.66	-	-
9	DANIDA	25,860,375.00	-	-
10	GoK-ASDSP	6,105,100.00	-	-
11	World Bank Emergency Locust Response Project (ELRP)	121,171,561.15	-	-
12	World Bank Kenya Informal Settlement Improvement Project-KISIP II	67,546,296.00	-	-
13	World Bank Credit Financing Locally-Led Climate Action	11,000,000.00	-	-
14	**Sub-Total**	**1,143,186,317.81**	-	-
C	**Other Sources of Revenue**			
15	Ordinary Own Source Revenue	550,000,000	65,020,023	11.8
16	Facility Improvement Fund (FIF)	316,000,000	156,521,844	49.5
Sub Total		**866,000,000**	**221,541,867**	**25.6**
Grand Total		**11,901,811,490**	**2,694,698,161**	**22.6**

Source: *Meru County Treasury*

Figure 76 shows the trend in own-source revenue collection from the first quarter of FY 2018/19 to the first quarter of FY 2023/24.

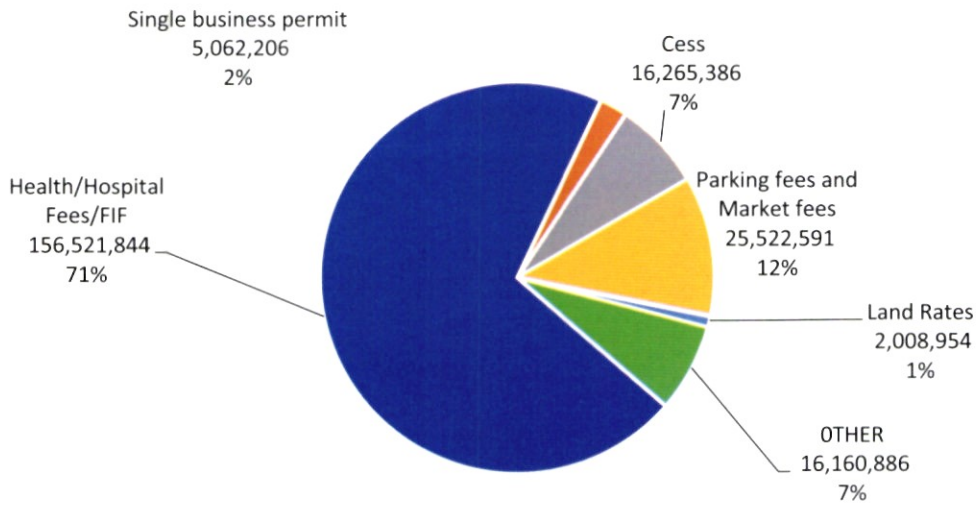
Figure 76: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2023/24



Source: *Meru County Treasury*

The County Treasury failed to provide information on FIF receipts from previous financial years. In the first quarter of FY 2023/24, the County generated a total of Kshs.221.54 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 403 per cent compared to Kshs.44.04 million realised in FY 2022/23 and was 25.6 per cent of the annual target and 8.2 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.1.01 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 75.

Figure 77: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Meru County Treasury

The highest revenue stream of Kshs.156.52 million was from Hospital fees, contributing to 71 per cent of the total OSR receipts during the reporting period.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.81 billion from the CRF account during the reporting period, which comprised Kshs.102.99 million (5.7 per cent) for development programmes and Kshs.1.71 billion (94.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.23 billion was released towards Employee Compensation, and Kshs.522.83 million was for Operations and Maintenance expenditure.

3.26.4 County Expenditure Review

The County spent Kshs.1.86 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs.152.99 million and Kshs.1.71 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.2 per cent, while recurrent expenditure represented 20.7 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.707.56 million, comprising Kshs.130.89 million for recurrent expenditure and Kshs.576.67 million for development activities. The County Treasury did not report any payments towards pending bills in the reporting period.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.11 billion on employee compensation, Kshs.373.43 million on operations and maintenance, and Kshs.152.99 million on development activities. Similarly, the County Assembly spent Kshs.126.92 million on employee compensation and Kshs.99.40 million on operations and maintenance, as shown in Table 3.151.

Table 3.151: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,257,082,902**	**968,378,295**	**1,480,009,007**	**226,319,375**	**20.4**	**23.4**
Compensation to Employees	4,905,915,259	504,250,017	1,106,578,365	126,917,397	22.6	25.2
Operations and Maintenance	2,351,167,642	464,128,278	373,430,642	99,401,978	15.9	21.4
Development Expenditure	3,636,350,293	40,000,000	152,993,836	-	4.2	-
Total	**10,893,433,195**	**1,008,378,295**	**1,633,002,843**	**226,319,375**	**15.0**	**22.4**

***Source**: Meru County Treasury*

3.26.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.23 billion, or 45.8 per cent of the available revenue, which amounted to Kshs.2.69 billion. This expenditure represented a decrease from Kshs.1.48 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.382.38 million paid to health sector employees, translating to 31.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.2 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.32.42 million was processed through manual payrolls. The manual payrolls accounted for 2.6 per cent of the total PE cost.

The County Assembly spent Kshs.10.61 million on committee sitting allowances for the 69 MCAs and the Speaker against the annual budget allocation of Kshs.71.36 million. The average monthly sitting allowance was Kshs.51,279 per MCA. The County Assembly has established 27 Committees.

3.26.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.745.3 million to county-established funds in FY 2023/24, constituting 6.3 per cent of the County's overall budget. Table 3.152 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.152: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1	Meru Investment Corporation	21,709,324	6,116,344	6,116,344	Yes
2	Meru Micro-Finance Corporation	76,155,481	10,346,804.00	10,346,804	Yes
3	Revenue Board	359,932,000	70,886,580	70,886,579	Yes
4	Meru Youth Service	45,000,000	2,753,320	2,753,320	Yes
5	Scholarship Fund	136,500,000	-	-	Yes
6	Executive Staff Housing Fund	121,000,000	-	-	No
County Assembly Established Funds					
7	Staff Car Loans and Mortgage	30,000,000	15,000,000	15,000,000	Yes
Total		**745,296,805.28**	**105,103,048**	**105,103,048**	-

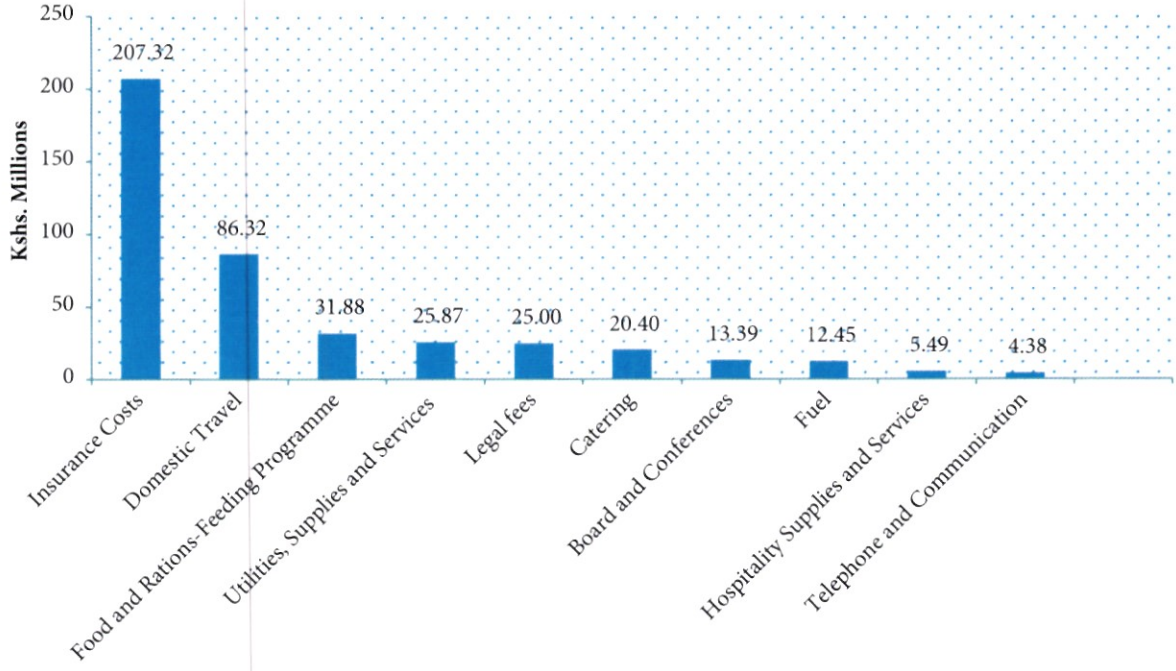
Source: *Meru County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the Executive Staff Housing Fund, as indicated in Table 3.149, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.26.9 Expenditure on Operations and Maintenance

Figure 78 summarises the Operations and Maintenance expenditure by major categories.

Figure 78: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: *Meru County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.86.32 million and comprised Kshs.63.28 million spent by the County Assembly and Kshs.23.04 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.19 million by the County Assembly. The highest expenditure on foreign travel was incurred as summarised in Table 3.153.

Table 3.153: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	28th June to 11th July 2023	International Conference for Clerks on Post Pandemic strategic public administration and management	Australia	1,690,800
County Assembly	1	6th to 15th Aug 2023	Workshop on legislation, oversight and representation	Arusha	500,000
Total					**2,190,800**

Source: Meru County Assembly

3.26.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.152.99 million on development programmes, representing an increase of 209 per cent compared to a similar period of FY 2023/24 when the County spent Kshs.49.48 million. The table 3.154 summarises development projects with the highest expenditure in the reporting period.

Table 3.154: Meru County, List of Development Projects with the Highest Expenditure

Department/Sectors	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Finance, ICT & Economic Planning	Purchase of Revenue System	Headquarters	5,000,000	23,000,000	5,000,000	22
Agricultural Training Centre-Kaguru	Fencing of Kaguru ATC & Mitunguu AMS	Imenti South	6,534,916	20,000,000	6,534,916	32.7
Water, Irrigation, Environment & Natural Resources	Climate Change Action Co-funding	Countywide	59,882,428	59,882,428	59,882,428	100

Source: Meru County Treasury

3.26.11 Budget Performance by Department

Table 3.155 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.155: Meru 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 Assembly	968.38	40.00	332.32	-	226.32	-	68.1	-	23.4	-
Office of the Governor	173.03	-	28.03	-	28.03	-	100.0	-	16.2	-
Finance, Economic Planning and ICT	827.50	119.41	131.13	5.00	131.13	5.00	100.0	100.0	15.8	4.2
Agriculture, Livestock and Fisheries Development	39.45	1,061.04	4.17	6.53	4.17	6.53	100.0	100.0	10.6	0.6
Water Service, Irrigation, Environment and Natural Resources	50.13	399.52	6.57	59.88	6.57	59.88	100.0	100.0	13.1	15.0
Education, Technology, Gender and Social Development	256.06	88.17	37.58	-	37.58	-	100.0	-	14.7	-
Health Service	557.26	448.82	4.62	-	108.69	50.00	2,354.2	-	19.5	11.1
Lands, Physical Planning, Urban Development and Public Works	71.18	172.55	5.63	-	5.63	-	100.0	-	7.9	-
Public Service Administration and Legal Affairs	5,080.07	105.00	1,133.79	20.00	1,133.79	20.00	100.0	100.0	22.3	19.0
Road, Transport and Energy	38.24	696.47	1.60	-	1.60	-	100.0	-	4.2	-
Trade, Investment, Industrialization, Tourism and Cooperative Development	44.90	401.13	4.25	-	4.25	-	100.0	-	9.5	-
Youth Affairs and Sport	94.77	144.25	16.19	11.58	16.19	11.58	100.0	100.0	17.1	8.0
County Public Service Board	24.50	-	2.38	-	2.38	-	100.0	-	9.7	-
Total	**8,225.46**	**3,676.35**	**1,708.25**	**102.99**	**1,706.33**	**152.99**	**99.9**	**148.5**	**20.7**	**4.2**

***Source**: Meru County Treasury*

Analysis of expenditure by department shows that the Department of Water recorded the highest absorption rate of development budget at 15 per cent, followed by the Department of Health at 11.1 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 23.4 per cent while the Department of Road, Transport and Energy had the lowest at 4.2 per cent.

3.26.12 Budget Execution by Programmes and Sub-Programmes

Table 3.156 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.156: Meru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimate (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Assembly							
Legislation and representation	compensation of employees	263,539,703.42		43,001,846.67		16.32	-
	use of goods and services	159,658,468.00		18,241,732.00		11.43	-
	sub total	**423,198,171.42**	-	**61,243,578.67**	-	14.47	-
Legislative oversight	compensation of employees	100,626,596.00	-	14,360,335.75		14.27	-
	use of goods and services	122,500,000.00	-	44,289,400.00		36.15	-
	sub total	**223,126,596.00**	-	**58,649,735.75**	-	26.29	-
General admin, planning & support	compensation of employees	140,083,718.00		25,783,424.58		18.41	-
	use of goods and services	181,969,809.58	40,000,000.00	80,642,636.00	-	44.32	-
	Sub Total	**322,053,527.58**	**40,000,000.00**	**106,426,060.58**	-	33.05	-
Grand Total		**968,378,295.00**	**40,000,000.00**	**226,319,375.00**	-	23.37	-
DEPARTMENT: OFFICE OF THE GOVERNOR							
Headquarters	Headquarters	84,914,018.34	-	24,496,040.00	-	28.85	-
Communication	Communication	25,480,000.00	-	515,000.00	-	2.02	-
Monitoring and Evaluation	Monitoring and Evaluation	13,179,000.00	-	-	-	0.00	-
Delivery unit (Research and Strategy)	Delivery unit (Research and Strategy)	9,250,000.00	-	200,000.00	-	2.16	-
Special Programmes (Fire, Rescue and Emergency Services)	Special Programmes (Fire, Rescue and Emergency Services)	25,000,000.00	-	700,000.00	-	2.80	-
County Executive Administration Headquarters	County Executive Administration Headquarters	7,100,000.00	-	683,100.00	-	9.62	-
External Linkages & Partnership	External Linkages & Partnership	8,111,000.00	-	1,435,500.00	-	17.70	-
Total		**173,034,018.34**	-	**28,029,640.00**	-	**16.20**	-
DEPARTMENT: FINANCE ECONOMIC PLANNING & ICT							
General Administration	Administration	267,857,430.00	-	32,770,478.00	-	12.23	-
SAGAS: Investment Corporation	MCIDC	21,709,324.00	-	6,116,344.00	-	28.17	-

Programme	Sub-Programme	Approved Estimate (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Microfinance Corporation	Meru MicroFinance Corporation	76,155,481.28	-	10,346,804.00	-	13.59	-
Revenue Board	Meru County Revenue Board	332,432,000.00	27,500,000.00	70,886,579.80	5,000,000.00	21.3	18.18
Procurement	Procurement	8,951,480.00	-	1,190,800.00	-	13.30	-
Internal Audit	Internal Audit	8,785,200.00	-	1,419,600.00	-	16.16	-
Budget and Policy	Budget and Policy	30,686,777.00	-	3,633,900.00	-	11.84	-
Accounts	Accounts	6,591,200.00	-	851,600.00	-	12.92	-
ICT Development	ICT Development	12,770,900.00	68,600,000.00	1,061,000.00	-	8.31	-
Economic Planning and Coordination Services	Economic Planning and Coordination Services	8,780,000.00	-	1,204,000.00	-	13.71	-
Fleet Management	Fleet Management	42,250,000.00	-	755,000.00	-	1.79	-
Administration Services	Administration Services	10,525,665.00	23,311,393.00	898,200.00	-	8.53	-
Total		**827,495,457.28**	**119,411,393.00**	**131,134,305.80**	**5,000,000.00**	**15.85**	**4.19**
DEPARTMENT: AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES							
General Administration	General Administration	8,540,000.00	841,837,419.15	2,165,600.00	-	25.36	-
Livestock	Livestock	8,250,000.00	153,394,800.00	500,000.00	-	6.06	-
Fisheries	Fisheries	4,605,000.00	26,806,584.00	300,000.00	-	6.51	-
Veterinary Services	Veterinary Services	-	19,000,000.00		-		-
Agricultural Services	Agricultural Services	13,792,586.00	-	1,000,000.00	-	7.25	-
Animal Disease Management	Animal Disease Management	4,260,000.00	-	207,000.00	-	4.86	-
Agricultural Training Centre (Kaguru)	Agricultural Training Centre (ATC)	-	20,000,000.00	-	6,534,960.00	-	32.67
Total		**39,447,586.00**	**1,061,038,803.15**	**4,172,600.00**	**6,534,960.00**	**10.58**	**0.62**
DEPARTMENT: WATER IRRIGATION ENVIRONMENT & NATURAL RESOURCES							
Water & Irrigation	Water & Irrigation	21,014,471.00	328,639,884.00	2,968,970.00	-	14.13	-
Environment and Natural Resources	Environment and Natural Resources	29,113,144.28	70,882,428.04	3,600,000.00	59,882,426.04	12.37	84.48
Total		**50,127,615.28**	**399,522,312.04**	**6,568,970.00**	**59,882,426.04**	**13.10**	**14.99**
DEPARTMENT: EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT							
Administration Services	Administration Services	12,402,100.00	-	1,810,000.00	-	14.59	-
Early Childhood Development Education(ECDE)	Early Childhood Development Education(ECDE)	223,557,595.00	40,143,318.19	33,943,100.00	-	15.18	-
Technical and Vocation Education	Technical and Vocation Education	9,372,225.00	48,027,375.00	1,055,000.00	-	11.26	-

Programme	Sub-Programme	Approved Estimate (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Culture & Arts	Culture & Arts	10,726,400.00	-	772,000.00	-	7.20	-
Total		**256,058,320.00**	**88,170,693.19**	**37,580,100.00**	-	**14.68**	-
DEPARTMENT: HEALTH SERVICES							
General Administration Support & Planning	General Administration Support & Planning	21,732,383.42	-	1,390,600.00	-	-	-
Curative Health	Curative Health	495,079,867.26	448,815,213.15	106,225,537.00	50,000,000.00	21.46	11.14
Preventive and Promotive Health	Preventive and Promotive Health	40,451,102.34	-	1,078,500.00	-	2.67	-
Total		**557,263,353.02**	**448,815,213.15**	**108,694,637.00**	**50,000,000.00**	**19.51**	**11.14**
DEPARTMENT: LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS							
Lands & Housing	Lands & Housing	15,050,000.00	60,000,000.00	1,377,096.00	-	9.15	-
Physical Planning & Urban Development	Lands & Public Works	15,600,000.00	102,546,296.00	1,530,000.00	-	9.81	-
Meru Municipality	Meru Municipality	20,000,000.00	-	2,266,000.00	-	11.33	-
Maua Municipality	Maua Municipality	9,000,000.00	-	254,000.00	-	2.82	-
Timau Municipality	Timau Municipality	7,000,000.00	-	100,000.00	-	1.43	-
Public Works	Public Works	4,530,000.00	10,000,000.00	100,000.00	-	2.21	-
Total		**71,180,000.00**	**172,546,296.00**	**5,627,096.00**	-	**7.91**	-
DEPARTMENT: PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS							
General Administration	General Administration	17,860,531.00	-	3,628,781.95	-	20.32	-
Coordination of County Government Functions Sub-County	Coordination of County Government Functions Sub-County	26,613,124.00	-	1,590,000.00	-	5.97	-
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	46,671,068.25	-	1,626,600.00	-	3.49	-
Human Resource	Human Resource	4,910,623,730.75	105,000,000.00	1,101,618,466.69	20,000,000.00	22.43	19.05
Legal Representation, Advisory Services and Legislative Process	Legal Representation, Advisory Services and Legislative Process	77,200,000.00	-	25,324,000.00	-	32.80	-
Town Management & Administration	Town Management & Administration	1,100,000.00	-	-	-	-	-
Total		**5,080,068,454.00**	**105,000,000.00**	**1,133,787,848.64**	**20,000,000.00**	**22.32**	19.05

Programme	Sub-Programme	Approved Estimate (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
DEPARTMENT: 'ROADS, TRANSPORT & ENERGY							
General Administration-Roads	General Administration-Roads	27,770,000.00	671,469,432.55	1,300,000.00	-	4.68	-
Energy	Energy	10,465,557.54	25,000,000.00	300,000.00	-	2.87	-
Total		**38,235,557.54**	**696,469,432.55**	**1,600,000.00**	-	**4.18**	-
DEPARTMENT: 'TRADE, TOURISM & COOPERATIVES DEVELOPMENT							
Co-operatives Development	Co-operatives Development	12,723,540.26	18,100,000.00	1,698,400.00	-	13.35	-
Tourism	Tourism	17,600,000.00		1,731,100.00	-	9.84	-
Trade	Trade	14,575,000.00	383,026,150.01	819,000.00	-	5.62	-
Total		**44,898,540.26**	**401,126,150.01**	**4,248,500.00**	-	**9.46**	-
DEPARTMENT: 'YOUTH AFFAIRS & SPORTS							
Youth Affairs Programme	Youth Affairs Programme	8,380,000.00	10,000,000.00	1,050,000.00	-	12.53	-
Meru Youth Service	Meru Youth Service	25,000,000.00	20,000,000.00	2,753,320.00	11,576,450.00	-	57.88
Sports Development	Sports Development	33,390,000.00	45,250,000.00	9,601,150.00	-	28.75	-
Gender Mainstreaming	Gender Mainstreaming	28,000,000.00	69,000,000.00	2,784,000.00	-	9.94	-
Total		**94,770,000.00**	**144,250,000.00**	**16,188,470.00**	**11,576,450.00**	**17.08**	8.03
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD							
Human Resource Management	Human Resource Management	24,504,000.00	-	2,376,881.60	-	9.70	-
Total		**24,504,000.00**	-	**2,376,881.60**	-	**9.70**	-
COUNTY TOTAL BUDGET		**8,225,461,196.72**	**3,676,350,293.09**	**1,706,328,424.04**	**152,993,836.04**	**20.74**	**4.16**

***Source**: Meru County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: use of goods and services in the Department of Assembly at 44.3 per cent, Youth service in the Department of Youth at 57.8 per cent, Human resource in the Department of Public Service at 22.4 per cent of budget allocation.

3.26.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.65.01 million against an annual projection of Kshs.550 million, representing 11.5 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.156, where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Executive Staff Housing Fund were not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.707.56 million as of 30th September 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.32.48 million were processed through the manual payroll, accounting for 2.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

6. The County Assembly spent Kshs.2.19 million on foreign travel during the period which may be wasteful expenditure.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
6. *The County leadership should curtail and regulate expenditure on foreign travel in order to make savings for key programmes.*

3.27. County Government of Migori

3.27.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.10.03 billion, comprising Kshs.3.07 billion (30.6 per cent) and Kshs.6.97 billion (69.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 11.9 per cent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.2.79 billion towards development expenditure and Kshs.6.18 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.34 billion (83.1 per cent) as the equitable share of revenue raised nationally, Kshs.250.45 million (2.5 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.1 billion (11 per cent) as conditional grants, and generate Kshs.349.50 million (3.5 per cent) as ordinary own-source revenue. Additionally, the County had a cash balance of Kshs.984.97 million brought forward from FY 2022/23, which was not factored in the approved budget. A breakdown of the conditional grants is provided in Table 3.157

3.27.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.709.02 million as the equitable share of the revenue raised nationally, Kshs.35.44 million as FIF, had a cash balance of Kshs.984.97 million from FY 2022/23, and raised Kshs.55.84 million as ordinary own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.79 billion, as shown in Table 3.157.

Table 3.157: Migori County, Revenue Performance in FY 2023/24

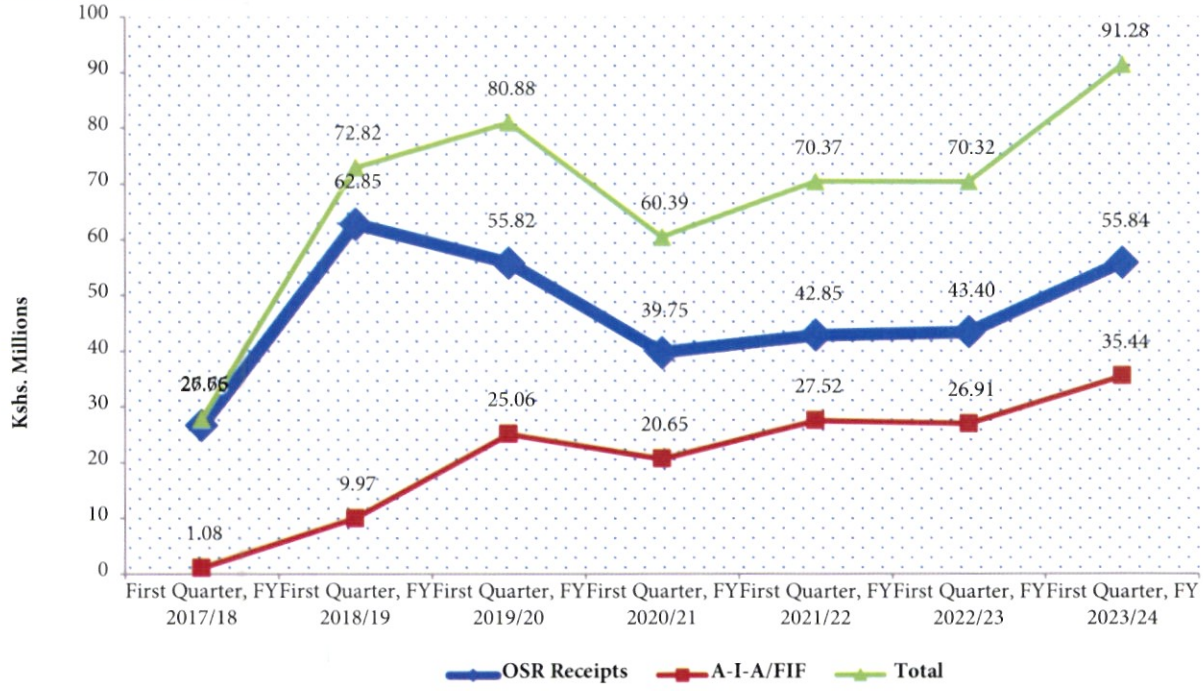
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,335,810,176	709,022,919	8.5
Sub-Total		**8,335,810,176**	**709,022,919**	**8.5**
B	**Conditional Grants**			
1.	DANIDA Grant (Universal Healthcare in Devolved System Program)	12,358,500	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	IDA (World Bank) Credit for National Agricultural and Rural Inclusive Growth Project (NARIGP)	276,072,733	-	-
3.	EU Grant for Instrument for Devolution Advice and Support (IDEAS)	15,626,168	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	31,009,120	-	-
5.	Climate Change	400,000,000	-	-
6.	Grant from National Government - Industrial Park	250,000,000	-	-
7.	National Agricultural Value Chain Development Project (NAVCDP)	115,583,900	-	-
Sub-Total		**1,100,650,421**	-	-
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	349,550,000	55,842,069	16.0
2.	Facility Improvement Fund (FIF)	250,450,000	35,440,822	14.2
3.	Unspent balance from FY 2022/23	-	984,968,256	-
Sub-Total		**600,000,000**	**1,076,251,146**	**179.4**
Grand Total		**10,036,460,597**	**1,785,274,065**	**17.8**

Source: *Migori County Treasury*

Figure 79 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

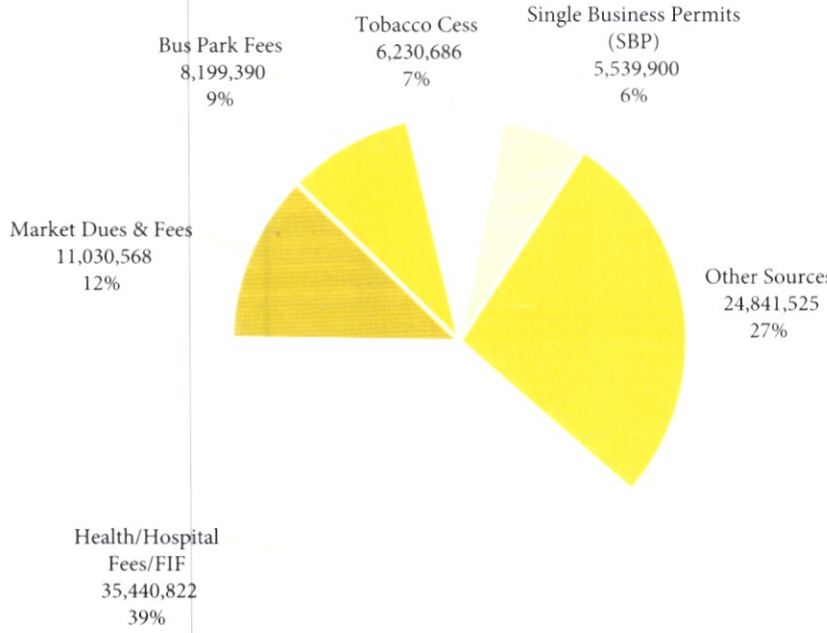
Figure 79: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Migori County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.91.28 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 29.8 per cent compared to Kshs.70.32 million realised in FY 2022/23 and was 15.2 per cent of the annual target and 12.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 80.

Figure 80: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



***Source**: Migori County Treasury*

The highest revenue stream of Kshs.35.44 million was from FIF from Health facilities, contributing to 39 per cent of the total OSR receipts during the reporting period.

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.14 billion from the CRF account, which comprised Kshs.137.34 million (12.1 per cent) for development programmes and Kshs.1.00 billion (87.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.580.84 million was released towards Employee Compensation, and Kshs.419.32 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.593.87 million.

The County spent Kshs.1.14 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.137.34 million and Kshs.999.90 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.5 per cent, while recurrent expenditure represented 14.4 per cent of the annual recurrent expenditure budget.

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.862.05 million, comprising Kshs.426.58 million for recurrent expenditure and Kshs.455.47 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.139.48 million were settled, consisting of Kshs.7.13 million for recurrent expenditure and Kshs.132.35 million for development programmes.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.506.20 million on employee compensation, Kshs.305.79 million on operations and maintenance, and Kshs.137.34 million on development activities. Similarly, the County Assembly spent Kshs.74.64 million on employee compensation, Kshs.113.26 million on operations and maintenance, and nil on development activities, as shown in Table 3.158.

Table 3.158: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,975,778,487**	**987,472,209**	**811,994,926**	**187,902,928**	**13.6**	**19.0**
Compensation to Employees	3,092,813,257	440,661,612	506,204,813	74,638,398	16.4	16.9
Operations and Maintenance	2,882,965,230	546,810,597	305,790,113	113,264,530	10.6	20.7
Development Expenditure	**3,023,209,901**	**50,000,000**	**137,344,691**	-	**4.5**	-
Total	**8,998,988,388**	**1,037,472,209**	**949,339,617**	**187,902,928**	**10.5**	**18.1**

***Source**: Migori County Treasury*

3.27.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.580.84 million, or 32.5 per cent of the available revenue, which amounted to Kshs.1.79 billion. This expenditure represented a decrease from Kshs.767.55 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.240.53 million paid to health sector employees, translating to 41.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.560.40 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.20.44 million was processed through manual payrolls. The manual payrolls accounted for 3.5 per cent of the total PE cost.

The County Assembly spent Kshs.6.56 million on committee sitting allowances for the 59 MCAs and the Speaker against the annual budget allocation of Kshs.54.12 million. The average monthly sitting allowance was Kshs.36,423 per MCA. The County Assembly has established 27 House Committees.

3.27.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.326 million to county-established funds in FY 2023/24, constituting 3.2 per cent of the County's overall budget. Table 3.159 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.159: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Migori County Executive Car loans & House Mortgage fund Scheme	-	-	-	No
2.	Migori County Education Bursary Fund	120,000,000	-	-	No
3.	Migori County Scholarships & Educational Benefits Fund	20,000,000	-	-	No
4.	Migori County Alcoholic Drink Fund	-	-	-	N/a
5.	Migori County SMEs Trade Development - Revolving Loan Scheme	34,000,000	-	-	Non- operational

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Assembly Established Funds					
6.	Migori County Assembly Car loans & House Mortgage fund Scheme	152,000,000	-	-	No
Total		**326,000,000**	**-**	**-**	**-**

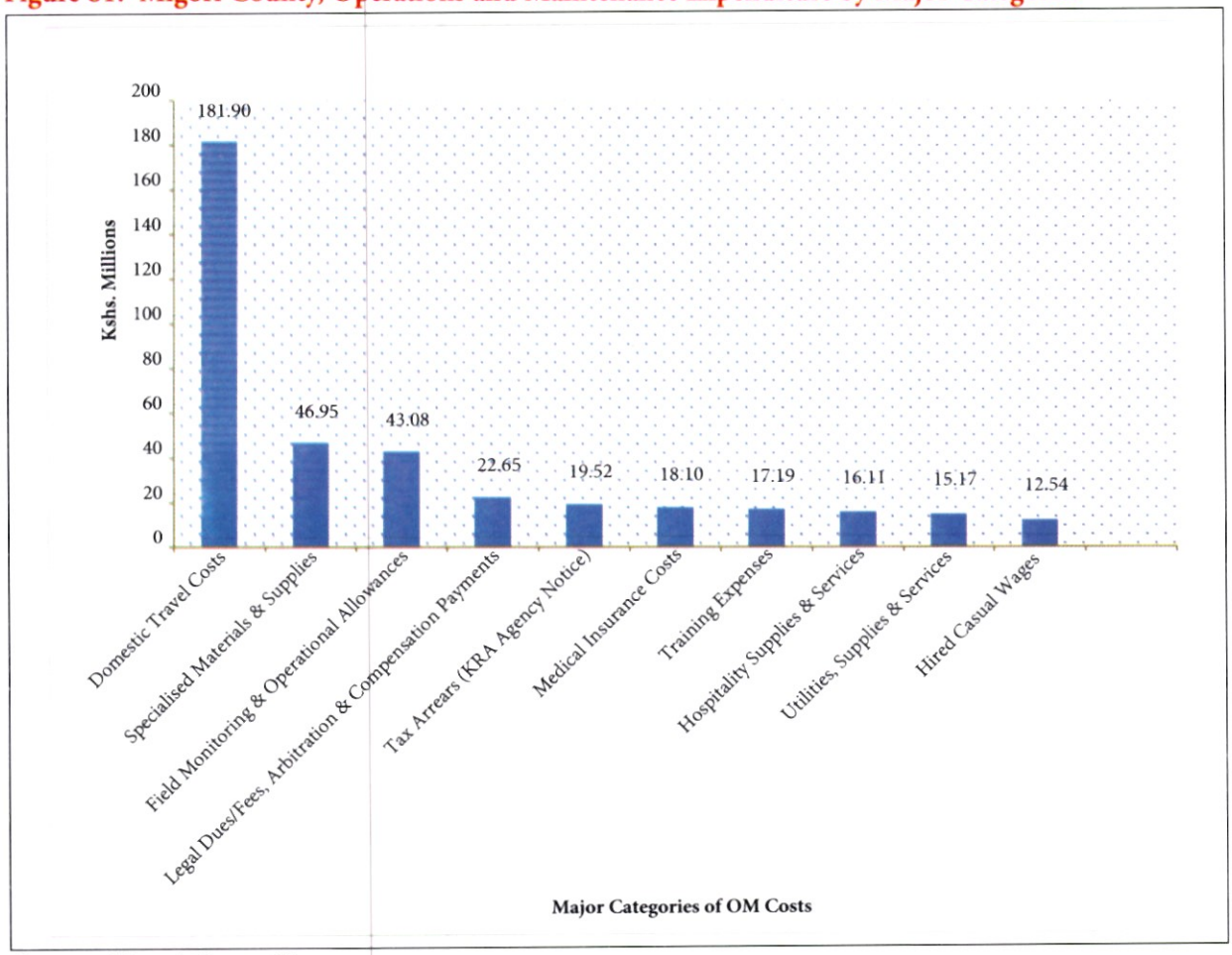
Source: *Migori County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the County Executive Car Loans & House Mortgage Fund Scheme, Education & Scholarships Fund, and County Assembly Car Loans & Mortgage Fund Scheme as indicated in Table 3.159, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.27.9 Expenditure on Operations and Maintenance

Figure 81 summarises the Operations and Maintenance expenditure by major categories.

Figure 81: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: *Migori County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.181.90 million and comprised Kshs.81.19 million spent by the County Assembly and Kshs.100.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.71 million incurred by the County Assembly incurred as summarised in Table 3.160.

Table 3.160: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	5	4th September-9th September,2023	LARVAC Local Meeting on Financial Issues	Tanzania, Entebbe	1,682,570.30
County Assembly	1	30th April-10th May 2023	Training by Young Norwegian Christian Democrats, the Conservatives, the Young Liberals	Norway	681,556.20
County Assembly	1	16th May-20th May 2023	Opening of LARVAC Account & LARVAC Meeting	Tanzania, Mbarara	347,294.50
Total					**2,711,421.00**

Source: *Migori County Treasury*

The expenditure on foreign travel includes those incurred in FY 2022/23 but paid in the current financial year. Included in the operations and maintenance costs, is an expenditure of Kshs.1.37 million spent on garbage collection.

3.27.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.137.44 million on development programmes, representing 100 per cent compared to a similar period of FY 2023/24 when the County did not report any development expenditure. The table 3.161 summarises development projects with the highest expenditure in the reporting period.

Table 3.161: Migori County, List of Development Projects with the Highest Expenditure

No.	Sector/Department	Project Name	Project Location	Contract Sum (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
1	Roads, Transport, Public Works and Infrastructural Development	Proposed Repair & Resurfacing of A1-Access to Government Offices Headquarter-Omboo Loop Road	Suna Central	18,901,591	18,901,591	100
2	Water & Energy	Installation of Solar Floodlights	County Wide	11,980,480	11,980,480	100
3	Education, Gender Inclusivity, Social Services, Youth and Sports	Construction of Administration Block & Workshop	Central Kanyamkago	8,805,668	8,805,668	100
4.	Roads, Transport, Public Works and Infrastructural Development Maintenance of /Opening of E109 Kwoyo Kodalo-A1 Rongo-Maram-Sango-A1 Marera-Nyaburu-C20 Winyo Road Central Kamagambo			7,533,946	7,533,946	100
5	Health Medical Services	Proposed Completion of Perimeter Wall	Rongo Sub-County Hospital	4,896,673	4,896,673	100
6	Roads, Transport, Public Works and Infrastructural Development	Proposed Maintenance/Opening of Masara - Giribe Road	Wiga	4,466,000	4,466,000	100
7	Water & Energy	Proposed Equipping of Sirimina And Nyambona Boreholes	Wiga	4,236,754	4,236,754	100
8	Water & Energy	Proposed Drilling and Equipping of Kirasia Borehole	Wasimbete	4,159,992	4,159,992	100
9	Roads, Transport, Public Works and Infrastructural Development	Proposed Maintenance/Opening of Kabwana-Othoro Road	North Kanyamkago	4,098,384	4,098,384	100

No.	Sector/Department	Project Name	Project Location	Contract Sum (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
10	Water & Energy	Upgrading and Completion of Nyambeche Borehole	Wiga Ward	3,999,965	3,999,965	100

***Source**: Migori County Treasury*

3.27.11 Budget Performance by Department

Table 3.162 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.162: Migori 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
Agriculture, Livestock, Veterinary Services, Fisheries and Blue Economy	228.93	571.68	23.76	2.48	37.17	1.58	156.5	63.6	16.2	0.3
Trade, Tourism, Industry, Market and Cooperative Development	160.06	567.25	17.38	1.21	22.43	1.21	129.0	100.0	14.0	0.2
Health Medical Services	1,600.17	283.00	321.82	4.90	263.63	4.90	81.9	100.0	16.5	1.7
Education, Gender inclusivity, Social Services, Youth and Sports	566.94	114.40	39.72	16.81	65.82	16.81	165.7	100.0	11.6	14.7
Roads, Transport, Public Works and Infrastructural Development	213.39	545.70	26.90	56.45	16.52	56.45	61.4	100.0	7.7	10.3
Lands, Physical Planning, Housing and Urban Development	154.52	80.10	14.69	3.24	18.10	3.24	123.2	100.0	11.7	4.0
Environment, Natural Resources, Climate Change and Disaster Management	281.23	310.00	22.04	-	25.52	-	115.8	-	9.1	-
Finance and Economic Planning	855.35	10.00	107.15	-	103.64	-	96.7	-	12.1	-
Public Service Management, Monitoring & Evaluation & Performance Contracting	714.44	55.00	116.82	-	139.19	-	119.1	-	19.5	-
County Executive	576.62	65.00	56.07	-	59.53	-	106.2	-	10.3	-
County Assembly	987.47	50.00	187.90	-	187.90	-	100.0	-	19.0	-
Water and Energy	156.67	258.38	19.49	51.15	17.23	46.43	88.4	90.8	11.0	18.0
Public Health & Sanitation	286.48	162.70	11.93	1.12	11.93	6.75	100.0	601.6	4.2	4.1
Office of the County Attorney	180.97	-	34.49	-	31.30	-	90.8	-	17.3	-
Total	**6,963.25**	**3,073.21**	**1,000.16**	**137.34**	**999.90**	**137.34**	**100.0**	**100.0**	**14.4**	**4.5**

***Source**: Migori County Treasury*

Analysis of expenditure by department shows that the Department of Education, Gender Inclusivity, Social Services, Youth and Sports recorded the highest absorption rate of development budget at 14.7 per cent, followed by

the Department of Roads, Transport, Public Works and Infrastructural Development at 10.3 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 19 per cent, while the Department of Public Health & Sanitation reported the lowest at 4.2 per cent.

3.27.12 Budget Execution by Programmes and Sub-Programmes

Table 3.163 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.163: Migori County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of County Executive							
General administration & support services	General Administration (Office of the Governor)	228,600,000	-	29,681,805	-	13.0	-
	other infrastructure	-	65,000,000	-	-	-	-
	General Administration (County sec)	38,900,000	-	2,632,650	-	6.8	-
	General Administration (dep gov)	39,000,000	-	2,300,000	-	5.9	-
	General Administration (ICT)	43,930,000	-	6,560,249	-	14.9	-
	General Administration (Special prog)	15,200,000	-	490,000	-	3.2	-
Governance & Administration Services	Governor's Statehouse Services	24,000,000	-	5,436,000	-	22.7	-
	Lake Region Economic Bloc	5,000,000	-	-	-	-	-
	Council of Governors	5,000,000	-	-	-	-	-
	Liaison office - Nairobi	5,500,000	-	-	-	-	-
	Chief of Staff	5,000,000	-	-	-	-	-
	Protocol Office	5,000,000	-	-	-	-	-
	Security Services	8,500,000	-	-	-	-	-
	Communication and Press	5,000,000	-	-	-	-	-
	Political Advisor	5,000,000	-	-	-	-	-
	Economic Advisor	5,000,000	-	-	-	-	-
County secretary services	County secretary service.	21,600,000	-	3,742,150	-	17.3	-
Cohesion and peace building	Peace Building Initiatives	10,000,000	-	1,100,000	-	11.0	-
	Conflict management and resolution	10,000,000	-	-	-	-	-
	Civic Education	2,800,000	-	113,000	-	4.0	-
	Peace Building Initiatives	1,200,000	-	175,000	-	14.6	-
Research & Education	Research & Education Services	2,000,000	-	-	-	-	-
Geospatial information services.	Geospatial information services.	5,000,000	-	-	-	-	-
Performance management services	Performance management services	4,000,000	-	-	-	-	-
ICT Infrastructure	ICT infrastructure and connectivity	10,370,000	-	283,557	-	2.7	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
Communication services	Communication services	9,950,000	-	-	-	-	-
E-governance	Automation services	11,550,000	-	-	-	-	-
E-learning	Digital curriculum integration and development.	5,400,000	-	-	-	-	-
Digital innovation	Innovation services	3,320,000	-	-	-	-	-
Resource Mobilisation Service	Resource Mobilisation Service	5,000,000	-	665,000	-	13.3	-
External partnerships and affairs	External partners' relations management	35,800,000	-	6,347,700	-	17.7	-
	Sub- Total	**576,620,000**	**65,000,000**	**59,527,111**	-	**10.3**	-
Office of the County Attorney							
General administration and support services	Finance and Administration	36,970,805	-	4,594,000	-	12.4	-
Legal Services	Advisory and Research Services	2,900,000	-	570,000	-	19.7	-
	Staff Development	2,600,000	-	480,000	-	18.5	-
	Legal compliance services	138,499,400	-	25,653,000	-	18.5	-
	Sub- Total	**180,970,205**	-	**31,297,000**	-	**17.3**	-
Department of Public Service Management, Monitoring and Evaluation and Performance Contracting							
General Administration & Support Services	Administrative Support Services (PSM)	602,185,934	-	128,943,552	-	21.4	-
	General Administration Services (PSB)	50,465,000	-	5,143,659	-	10.2	-
	General Administration services (Monitoring)	18,087,000	-	1,247,500	-	6.9	-
Human Capital Management and Development Services	Human Resource Management Services	13,000,000	-	2,414,218	-	18.6	-
Devolved Units Administration Services	Devolved Units Administration Services	13,600,000	55,000,000	1,136,091	-	8.4	-
Civic Education and Public Participation	Civic Education services	4,500,000	-	-	-	-	-
Public Communication and Records Management Services	Record management programme	2,800,000	-	-	-	-	-
	Public Communications	7,600,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
Public Service Board services	Public Service Board services	1,400,340	-	205,000	-	14.6	-
National values and principles of governance	National values and principles of governance	600,000	-	100,000	-	16.7	-
Information and records management	Records management services	200,000	-	-	-	-	-
	Sub- Total	**714,438,274**	**55,000,000**	**139,190,020**	-	**19.5**	-
Agriculture, Livestock, Veterinary Services, Fisheries and Blue Economy							
General Administration & Support Services	Administrative services (Agriculture)	167,345,914	-	26,989,717	-	16.1	-
	Administrative services (Livestock)	11,657,562	-	2,400,000	-	20.6	-
	Administrative services(vet)	8,128,562	-	775,000	-	9.5	-
	Administrative services(fisheries)	15,727,400	-	2,417,000	-	15.4	-
Agricultural Policy & Planning	Policies & Legal Framework	1,967,000	-	370,000	-	18.8	-
Agricultural Extension services	Field extension services and support	7,951,209	-	1,358,000	-	17.1	-
Agribusiness Development	Agribusiness Development	2,227,904	-	-	-	-	-
Donor Funds	Donor Funds	-	457,684,673	-	-	-	-
Crop Development and Management	Crop Development and Management	-	38,592,250	-	-	-	-
	Emerging crop enterprises	-	3,540,000	-	-	-	-
Climate-smart agriculture	Sorghum & Millet promotion	-	1,950,000	-	-	-	-
Livestock extension & support services	Extension services	4,366,000	-	80,000	-	1.8	-
Livestock breeding and livestock products improvement	Breeds selection and artificial insemination	2,224,800	11,235,000	150,000	1,575,000	6.7	14.0
Livestock market development	Market support infrastructure	-	700,000	-	-	-	-
Livestock Climate Change Adaptation and Mitigation	Livestock-focused climate risk management	-	3,600,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
Livestock disease & pest control management	Disease & pest control	-	12,500,199	-	-	-	-
Market support infrastructure	Market support infrastructure	-	975,000	-	-	-	-
Veterinary public health	Meat hygiene services	915,000	-	150,000	-	16.4	-
Veterinary extension & clinical services	Extension services	600,000	-	100,000	-	16.7	-
Fisheries policy & planning	Policy & planning services	1,500,000	-	500,000	-	33.3	-
	Licensing services	300,000	-	50,000	-	16.7	-
Lakefront (capture) fisheries development & management	Fisheries co-management services.	1,884,695	-	710,000	-	37.7	-
Extension supports services	Extension supports services	1,602,800	-	819,600	-	51.1	-
Fisheries & Blue Economy	Fisheries & Blue Economy	-	40,900,000	-	-	-	-
Fish safety & quality assurance	Fish inspection services	208,000	-	50,000	-	-	-
	Residue monitoring & control services	328,000	-	255,000	-	77.7	-
	Sub- Total	**228,934,846**	**571,677,122**	**37,174,317**	**1,575,000**	**16.2**	**0.3**
Department of Education, Gender inclusivity, Social services, Youth and Sports							
General Administration & Support Services	General administration	302,013,054	-	56,059,492	-	18.6	-
	Quality assurance & standard services	6,406,215	-	1,374,000	-	21.4	-
Early Childhood Development Education Services	Quality assurance & standard services	19,000,000	-	-	-	-	-
	ECDE co-curriculum development	4,000,000	-	949,400	-	23.7	-
	School feeding programme.	2,250,000	-	-	-	-	-
	Community ECD services		25,400,000	-	-	-	-
Education support services	Bursary/scholarship	146,000,000	-	1,500,000	-	1.0	-
Child Care Services	Child protection responsive services & caregiving support service	4,000,000	-	1,120,500	-	28.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
Youth development & empowerment	Technical, vocational, education & training	20,000,000	79,000,000	-	16,805,086	-	-
	Youth empowerment program	12,000,000	-	511,200	-	4.3	-
	Youth enterprise development	5,000,000	-	1,300,000	-	26.0	-
Sports Development	Sports Development Services	29,000,000	10,000,000	600,000	-	2.1	-
Gender Development & Equality Services	Women Empowerment	5,570,000	-	1,010,225	-	18.1	-
	Gender responsive education support	2,400,000	-	466,650	-	19.4	-
	Adolescent Girls & women water, sanitation, & hygiene support services	1,800,000	-	-	-	-	-
	People with Disability (PWDs) Empowerment	4,500,000	-	695,900	-	15.5	-
Culture Development Promotion & Arts	Culture & heritage conservation	3,000,000	-	235,052	-	7.8	-
	Sub- Total	**566,939,269**	**114,400,000**	**65,822,419**	**16,805,086**	**11.6**	**14.7**
Department of Medical Services							
Planning & Administrative Support Services	Policy formulation, planning, Monitoring & evaluation, Research, & learning.	18,890,000	-	874,600	-	4.6	-
	Administration & support services	65,424,000	-	8,118,000	-	12.4	-
	Human Resource Management & Development	-	-	252,380,999	-	19.7	-
	Infrastructure & Health Facility Management	5,000,000	269,000,000	-	4,896,673	-	1.8
	Health Financing & Universal Health Coverage (UHC) coordination	4,340,000	-	503,400	-	11.6	-
	Standards & Quality Assurance	1,800,000	-	400,000	-	22.2	-
Preventive & Promotive Health Services	Environmental health services	1,600,000	-	250,000	-	15.6	-
	Human Nutrition & Dietetics services	3,700,000	-	100,000	-	2.7	-
	HIV/AIDS management	1,400,000	-	200,000	-	14.3	-
	TB control	1,700,000	-	-	-	-	-
	Malaria Control	2,000,000	-	-	-	-	-
	Non-Communicable Diseases (NCDs	4,400,000	4,000,000	-	-	-	-
	Disease surveillance/ Emergency preparedness	1,500,000	-	-	-	-	-
	Maternal & Reproductive Health services	5,660,000	-	-	-	-	-
	Neonatal, Child, Adolescent & Youth health services	2,700,000	-	-	-	-	-
	Expanded Program for Immunization (Immunization	1,800,000	-	-	-	-	-
	Gender Based Violence health services	1,200,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
Curative, Rehabilitative & Referral Services	Ambulance & Referral Services	21,500,000	-	-	-	-	-
	Hospital Level Services	-	10,000,000	-	-	-	-
	Health Products & Technologies	146,340,996	-	799,000	-	0.5	-
	Diagnostic & rehabilitation Services	28,000,000	-	-	-	-	-
	Sub- Total	**1,600,174,945**	**283,000,000**	**263,625,999**	**4,896,673**	**16.5**	**1.7**
Department of Health Services & Sanitation							
Planning & Administrative Support Services	Policy formulation, planning, Monitoring & evaluation, Research, & learning.	10,800,000	-	1,450,000	-	13.4	-
	Administration & support services	27,693,818	-	3,891,000	-	14.1	-
	Human Resource Management & Development	22,600,000	-	400,000	-	1.8	-
	Infrastructure & Health Facility Management	30,694,473	162,700,000	600,000	6,745,785	2.0	4.1
	Health Financing & Universal Health Coverage (UHC) coordination	26,300,000	-	100,000	-	0.4	-
	Standards & Quality Assurance	550,000	-	100,000	-	18.2	-
	Community health infrastructure services (CHVs)	33,508,754	-	130,000	-	0.4	-
Donor Funds	DANIDA	12,358,500	-	-	-	-	-
Preventive & Promotive Health Services	Human Nutrition & Dietetics services	2,600,000	-	140,000	-	5.4	-
	HIV/AIDS management	11,970,000	-	400,000	-	3.3	-
	TB control	1,400,000	-	400,000	-	28.6	-
	Malaria Control	2,700,000	-	280,000	-	10.4	-
	Non-Communicable Diseases (NCDs	600,000	-	135,000	-	22.5	-
	Disease surveillance/ Emergency preparedness	1,700,000	-	400,000	-	23.5	-
	Health promotion & education	1,800,000	-	443,000	-	24.6	-
	Maternal & Reproductive Health services	2,800,000	-	695,000	-	24.8	-
	Neonatal, Child, Adolescent & Youth health services	1,400,000	-	350,000	-	25.0	-
	Expanded Program for Immunization (Immunization)	3,400,000	-	350,000	-	10.3	-
	Gender Based Violence health services	900,000	-	225,000	-	25.0	-
	Neglected Tropical Diseases services.	1,050,000	-	225,000	-	21.4	-
	Environmental health services	1,450,000	-	369,000	-	25.4	-
Curative, Rehabilitative & Referral Services	Health Products & Technologies	87,400,000	-	650,000	-	0.7	-
	Diagnostic & Rehabilitation Services	800,000	-	195,000	-	24.4	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
	Sub- Total	**286,475,545**	**162,700,000**	**11,928,000**	**6,745,785**	**4.2**	**4.1**
Department of Environment, Natural Resources, Climate Change and Disaster Management							
General administration & support services	General administration	46,437,116	-	9,989,047	-	21.5	-
Environment Management & Protection	Solid Waste Management Services	21,267,000	-	1,372,891	-	6.5	-
Donor Funds	Climate change response strategy	200,000,000	200,000,000	12,000,000	-	6.0	-
Climate Change Adaptation & Mitigation	Climate change response strategy	11,000,000	110,000,000	2,162,000	-	19.7	-
Natural Resources Management & Forestry Development	Forestry development	1,823,223	-	-	-	-	-
	Artisanal mining & quarry services	700,000	-	-	-	-	-
	Sub- Total	**281,227,339**	**310,000,000**	**25,523,938**	**-**	**9.1**	**-**
Department of Finance & Economic Planning							
General administration & support services	Administrative services(accounting)	506,812,722	-	42,982,248	-	8.5	-
	Administrative services (procurement)	13,520,000	-	2,288,460	-	16.9	-
	Administrative services (Economic)	21,040,000	3,000,000	3,786,000	-	18.0	
Finance & Accounting services	Accounting services	111,940,790	-	14,463,355	-	12.9	-
Resource Mobilisation services	Resource Mobilisation services	44,500,000	-	5,951,620	-	13.4	-
	Revenue board services	9,500,000	-	0	-	-	-
Supply chain management services	Supply chain management services	5,040,000	7,000,000	1,232,515	-	24.5	-
Audit services	Audit services	42,738,326	-	10,909,900	-	25.5	-
Economic Planning Services	Policy plans & formulation	15,600,000	-	3,580,000	-	22.9	-
Budgeting Services	Budget coordination & management	67,662,304	-	14,224,800	-	21.0	-
County Statistical Information Services	County Statistical Information Services	7,000,000	-	1,420,000	-	20.3	-
County Budget & Economic Forum Services	County Budget & Economic Forum Services	10,000,000	-	2,800,000	-	28.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
	Sub- Total	**855,354,142**	**10,000,000**	**103,638,897**	-	**12.1**	-
Department of Lands, Physical Planning, Housing and Urban Development							
General administrative services	Administrative Services(lands)	27,150,756	17,100,000	6,324,310	-	23.3	-
	Administrative Services (physical)	55,231,010	41,400,000	5,849,900	-	10.6	7.8
	Administrative Services (Rongo)	14,294,625	5,400,000	1,463,740	-	10.2	-
	Administrative Services (Kehancha)	14,294,624	5,400,000	683,800	-	4.8	-
	Administrative Services (Migori)	14,294,625	5,400,000	1,428,696	-	10.0	-
	Administrative Services(awendo)	14,294,625	5,400,000	1,699,912	-	11.9	-
Physical Planning Services	Physical Planning Services	8,000,000	-	646,500	-	8.1	-
Urban Development Services	Urban Development Services	6,957,244	-	-	-	-	-
	Sub- Total	**154,517,509**	**80,100,000**	**18,096,858**	**3,235,290**	**11.7**	**4.0**
Department of Roads, Transport, Public Works and Infrastructural Development							
General administration & support services	Administrative services(roads)	99,099,883	-	11,985,035	-	12.1	-
	Administrative services(works)	12,244,251	-	2,482,900	-	20.3	-
Road Development, Maintenance & Management	Mechanisation service	92,000,000	-	-	-	-	-
	Community access roads	-	120,000,000	-	-	-	-
	Major roads	-	350,000,000	-	-	-	16.1
	Bridges & culvert services	-	50,000,000	-	-	-	-
Transport Infrastructure Management Services	Transport management services	-	5,701,864	-	-	-	-
Public works services	Architectural Services	3,230,000		545,700	-	16.9	-
	Building & construction services.		20,000,000		-	-	-
	Quantity Surveyor's Services	1,260,000	-	227,200	-	18.0	-
	Mechanical & Electrical Engineering services	3,180,000	-	744,800	-	23.4	-
	Structural engineering services	1,716,000	-	430,600	-	25.1	-
	Mechanisation service	660,000	-	100,700	-	15.3	-
	Sub- Total	**213,390,134**	**545,701,864**	**16,516,935**	**56,451,228**	**7.7**	**10.3**
Department of Trade, Tourism, Industry, Market & Cooperative Development							
Policy, Planning & administrative support services	Administrative support services(trade)	84,092,968	-	14,860,845	-	17.7	-
	Administrative support services(industrialization)	4,029,099	-	833,592	-	20.7	-
	Administrative support services(tourism)	4,969,104	-	450,000	-	9.1	-
	Administrative support services(cooperative)	4,984,262	-	1,000,000		20.1	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
Trade Promotion, Development & Support to SMEs	Trade development & promotion of SME services	34,000,000	-	-	-	-	-
	Trade regulation & information management systems	6,179,760	-	1,131,184	-	18.3	-
	Trade infrastructure development services	-	34,626,000	-	1,208,720	-	3.5
	Community projects	-	22,000,000	-	-	-	-
Legal metrology services	Legal metrology services	1,660,000	-	404,000	-	24.3	-
Industrial development & investment services	Industrial & enterprise development	3,224,553	500,000,000	185,000	-	5.7	-
	Investment promotion services.	804,553	-	94,900	-	11.8	-
Tourism Research & Development	Tourism product development	1,940,000	-	205,000	-	10.6	-
	Tourism promotion, investment & marketing	2,149,106	8,625,061	411,000	-	19.1	-
Co-operative Policy, Research Advisory	Co-operative Policy, Research Advisory	2,185,788	-	576,000	-	26.4	-
Co-operative Development & Promotion Services	Co-operative Development & Promotion Services	7,381,044	2,000,000	1,725,500	-	23.4	-
Co-operative Audit	Co-operative Audit	1,154,004	-	225,000	-	19.5	-
Co-operative Governance, Oversight and Compliance	Co-operative Governance, Oversight and Compliance	1,309,104	-	323,750	-	24.7	-
	Sub- Total	**160,063,345**	**567,251,061**	**22,425,771**	**1,208,720**	**14.0**	**0.2**
County Assembly Entity							
County Assembly	General administration, planning & support service-All Sectors	720,296,812	-	185,648,144	-	25.8	-
	Oversight Management services	-	-	-	-	-	-
	Governance and Executive Management	-	-	-	-	-	-
	Legislative services	-	-	-	-	-	-
Office of the Clerk	General administration, planning & support service-All Sectors	-	50,000,000	-	-	-	-
	General administration, planning & support service-All Sectors	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)	Absorption Rate (%		
Speakers Office	Legislative services	30,834,772	-	645,000	-	2.1	-
	General administration, planning & support service-All Sectors	42,930,863	-	-	-	-	-
	Oversight Management services	193,409,762	-	1,609,784	-	0.8	-
	Sub- Total	**987,472,209**	**50,000,000**	**187,902,928**	**-**	**19.0**	**-**
Department of Water and Energy							
Policy, General Administration & Support Services	Policies & Legal Framework	6,375,990	-	78,000	-	1.2	-
	General administrative services	97,946,944	24,346,000	5,706,900	-	5.8	-
Water supply & Management services	Urban Water Supply & sewerage services	34,000,000	42,012,500	11,442,761	-	33.7	-
	Rural Water Services	18,350,000	69,253,354	-	46,426,909	-	67.0
	Water Conservation, protection, & Governance	-	31,768,000	-	-	-	-
	Community water services	-	83,000,000	-	-	-	-
Energy Development Services	Renewable energy development	-	8,000,000	-	-	-	-
Sub- Total		**156,672,934**	**258,379,854**	**17,227,661**	**46,426,909**	**11.0**	**18.0**
Grand Total		**6,963,250,696**	**3,073,209,901**	**999,897,854**	**137,344,691**	**14.4**	**4.5**

***Source**: Migori County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Rural Water Services in the Department of Water & Energy at 67 per cent, Extension supports services in the Department of Agriculture, Livestock, Veterinary Services, Fisheries and Blue Economy at 51.1 per cent, Policy & planning services in the Department of Agriculture, Livestock, Veterinary Services, Fisheries and Blue Economy at 33.3 per cent, Child protection responsive services & caregiving support service at 28 per in the Department of Education, Gender inclusivity, Social services, Youth and Sports and similarly , County Budget & Economic Forum Services in the Department of Finance & Economic Planning at 28 per cent of their of budget allocation.

3.27.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.163, where the County incurred expenditure over approved exchequer issues in several departments.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Executive Car Loans & House Mortgage Fund Scheme, Education & Scholarships fund, and County Assembly Car loans & Mortgage Fund Scheme were not submitted to the Controller of Budget
3. High level of pending bills which amounted to Kshs.1.33 billion as of 30th September 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.20.44 million were processed through the manual payroll, accounting for 3.5 per cent of the total payroll cost. The manual payroll is generated by the County Assembly. This is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*

2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Assembly Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.28. County Government of Mombasa

3.28.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.14.70 billion, comprising Kshs.5.43 billion (36.9 per cent) and Kshs.9.27 billion (63.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 7.3 per cent compared to the previous financial year when the approved budget was Kshs.13.70 billion and comprised of Kshs.4.40 billion towards development expenditure and Kshs.9.30 billion for recurrent expenditure.
To finance the budget, the County expects to receive Kshs.7.86 billion (53.5 per cent) as the equitable share of revenue raised nationally, Kshs.1.59 billion (10.8 per cent) as conditional grants, and generate Kshs.5.25 billion (35.7 per cent) as ordinary own-source revenue. The County did not provide information on revenue expected from the health facilities as Facility Improvement Fund (FIF). A breakdown of the conditional grants is provided in Table 3.164.

3.28.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.30 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.17.31 million from FY 2022/23 and raised Kshs.480.16 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.79 billion, as shown in Table 3.164.

Table 3.164: Mombasa County, Revenue Performance in FY 2023/24

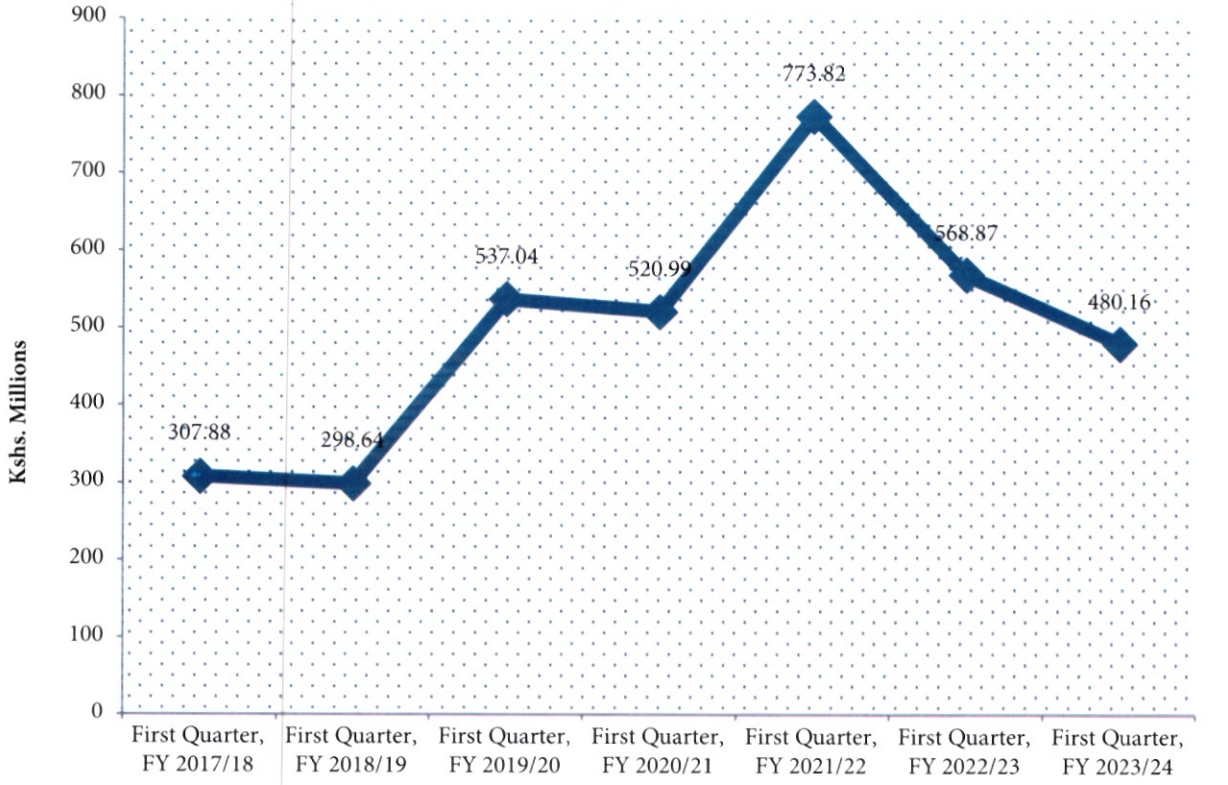
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	7,861,523,820	1,297,151,431	16.5
1	**Subtotal**	**7,861,523,820**	**1,297,151,431**	**16.5**
B	**Conditional Grants**			
2	Aggregated Industrial Park	250,000,000	-	-
3	Allocation for court fines	13,428,433	-	-
4	Mineral Royalties	18,830	-	-
5	Water, Sanitation Development Project - World Bank	1,000,000,000	-	-
6	Finance Locally - Led Climate Action Program (FLLOCA)	11,000,000	-	-
7	DANIDA	12,878,250	-	-
8	Agriculture Sector Support Program II	2,512,539	-	-
9	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	39,346,299	-	-
10	Fertiliser Subsidy Programme	6,495,711	-	-
11	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	250,000,000	-	-
	Sub Total	**1,585,680,062**	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
C	**Other Sources of Revenue**			
12	Ordinary Own Source Revenue	5,252,796,118	480,157,398	9.1
13	Unspent balance from FY 2022/23	-	17,308,258	0.0
	Sub Total	**5,252,796,118**	**497,465,655**	9.5
	Grand Total	**14,700,000,000**	**1,794,617,086**	**12.2**

Source: *Mombasa County Treasury*

Figure 82 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

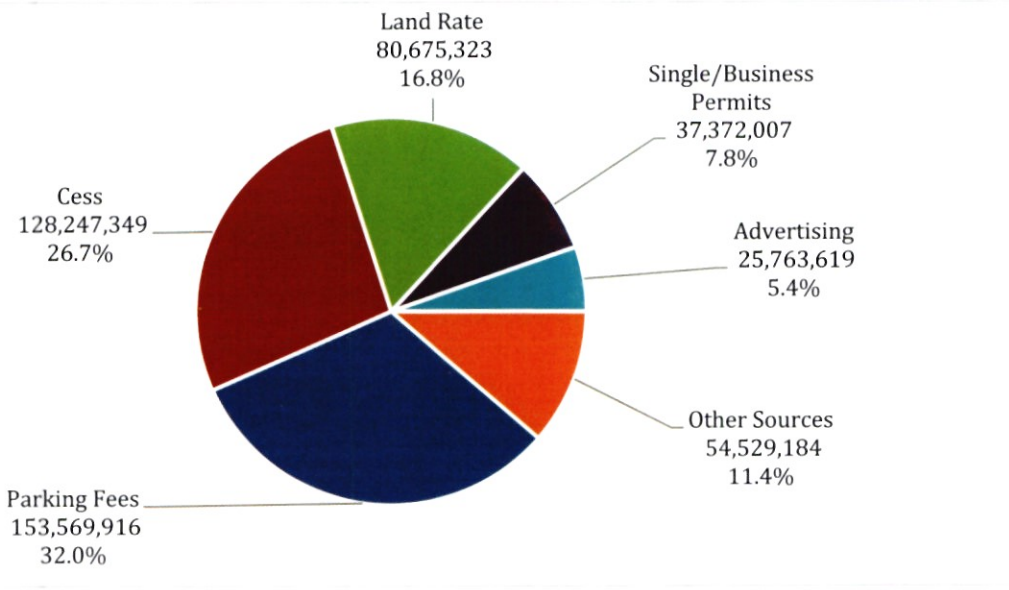
Figure 82: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Mombasa County Treasury*

The County Treasury did not provide information on receipts from the Facility Improvement Fund (revenue from the health sector). In the first quarter of FY 2023/24, the County generated a total of Kshs.480.16 million from its sources of revenue. This amount represented a decrease of 15.6 per cent compared to Kshs.568.87 million realised in the same period of FY 2022/23, which was 9.1 per cent of the annual target and 37.0 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.255.23 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 83.

Figure 83: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24



Source: *Mombasa County Treasury*

The highest revenue stream of Kshs.153.57 million was from parking fees, contributing to 32.0 per cent of the total OSR receipts during the reporting period.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.32 billion from the CRF account during the reporting period, which comprised Kshs.81.39 million (3.5 per cent) for development programmes and Kshs.2.24 billion (96.5 per cent) for recurrent programmes.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.600.04 million.

3.28.4 County Expenditure Review

The County spent Kshs.2.08 billion on development and recurrent programmes in the reporting period. The expenditure represented 89.6 per cent of the total funds released by the CoB and comprised Kshs.110.37 million and Kshs.1.97 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.0 per cent, while recurrent expenditure represented 21.2 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.4.24 billion, comprising Kshs.2.58 billion for recurrent expenditure and Kshs.1.66 billion for development activities. In the first quarter of FY 2023/24, recurrent pending bills amounting to Kshs.139.68 million were settled. Therefore, as of 30th September 2023, the outstanding amount was Kshs.4.10 billion.

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.49 billion on employee compensation, Kshs.311.63 million on operations and maintenance, and Kshs.110.37 million on development activities. Similarly, the County Assembly spent Kshs.70.50 million on employee compensation and Kshs.105.52 million on operations and maintenance, as shown in Table 3.165.

Table 3.165: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,360,404,489**	**914,100,000**	**1,803,991,565**	**176,016,000**	**21.6**	**19.3**
Compensation to Employees	4,514,048,575	381,844,958	1,492,365,966	70,500,074	33.1	18.5
Operations and Maintenance	3,846,355,914	532,255,042	311,625,599	105,515,926	8.1	19.8
Development Expenditure	**5,375,495,511**	**50,000,000**	**110,366,730**	-	**2.1**	-
Total	**13,735,900,000**	**964,100,000**	**1,914,358,295**	**176,016,000**	**13.9**	**18.3**

Source: *Mombasa County Treasury*

3.28.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.56 billion, or 87.1 per cent of the available revenue, which amounted to Kshs.1.79 billion. This expenditure represented an increase from Kshs.982.62 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.783.38 million paid to health sector employees, translating to 50.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.40 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.112.64 million was processed through manual payrolls. The manual payrolls accounted for 7.4 per cent of the total PE cost.
The County Assembly spent Kshs.6.13 million on committee sitting allowances for the 43 MCAs and the Speaker against the annual budget allocation of Kshs.41.65 million. The average monthly sitting allowance was Kshs.47,549 per MCA. The County Assembly has established 21 Committees.

3.28.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.675 million to county-established funds in FY 2023/24, constituting 4.6 per cent of the County's overall budget. Table 3.166 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.166: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1	Mombasa County Scholarship and Other Educational Benefits	580,000,000	48,375,000	37,921,839.80	No
County Assembly Established Funds					
2	Car Loans and Mortgage for Members and Staff	95,000,000	-	-	No
	Total	**675,000,000**	48,375,000	37,921,839.80	

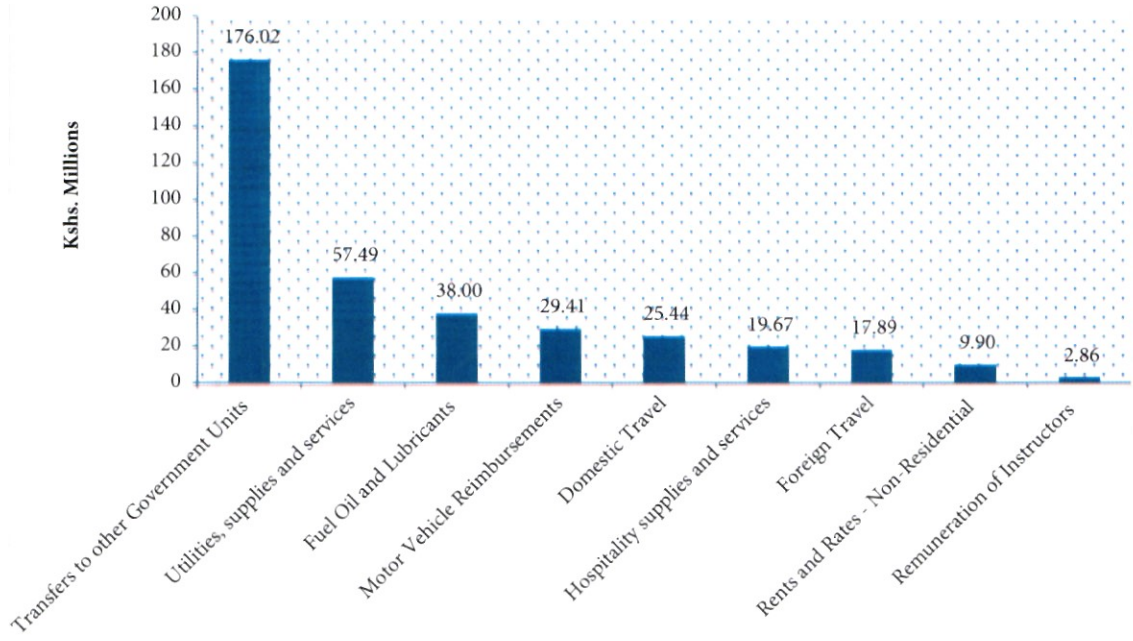
Source: *Mombasa County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of two funds as indicated in Table 3.166, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.28.9 Expenditure on Operations and Maintenance

Figure 84 summarises the Operations and Maintenance expenditure by major categories.

Figure 84: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: *Mombasa County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.25.44 million and comprised Kshs.14.77 million spent by the County Assembly and Kshs.10.69 million by the County Executive. The Count Assembly spent Kshs.17.89 million on foreign travel, as summarised in Table 3.167 below; -

Table 3.167: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	20th - 26th Sep 2023	Training on Leadership and Excellence	Dubai	4,215,085
County Assembly	6	18th - 24th Sep 2023	Training on Corporate Governance and Policy Making	Singapore	4,367,220
County Assembly	6	16th - 22nd Sep 2023	Training on Negotiation Skills for Capital Intensive High Impact Partnership	Switzerland	4,508,588
County Assembly	7	15th - 21st Sep 2023	Training in Leadership and Management Skills	Turkey	4,263,805
Gross Total					**17,886,862**

Source: *County Assembly of Mombasa*

3.28.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.110.37 million on development programmes, representing an increase of 662.2 per cent compared to a similar period of FY 2023/24 when the County spent Kshs.14.48 million. The table 3.168 summarises development projects with the highest expenditure in the reporting period.

Table 3.168: Mombasa County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Education	Supply and Delivery of Tools And Equipment For Vocational Training Centres	Across the County	10,129,505	5,129,504	50.6

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
2	Transport & Infrastructure	Proposed Walkways Gazebo Platform for Railways Round About Public Park	Mvita Ward	8,060,690	806,069	10.0
3	Transport & Infrastructure	Periodic Maintenance of Mikindani Estate (L28) Roads	Jomvu Ward	19,754,372	987,670	5.0
4	Education	Being Payment of Retention For Proposed ECDS at Digirikani Mombasa	Kisauni Ward	26,264,610	1,562,599	5.9
5	Education	Proposed Early Childhood Development Centre ECDE at Chaani Primary School	Changamwe Ward	22,351,770	2,235,177	10.0
6	Finance- Revenue	Revenue Management System-Techbiz Limited	Mvita Ward	68,105,611	34,546,779	50.7

Source:*Mombasa County Treasury*

3.28.11 Budget Performance by Department

Table 3.169 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.169: Mombasa 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 Assembly	914.10	50.00	176.02	-	163.31	-	92.8	-	17.9	-
County Executive	174.00	25.00	16.49	-	-	-	-	-	-	-
County Public Service Board	131.40	20.00	10.20	-	23.38	-	229.1	-	17.8	-
Finance & Economic Planning	1,121.50	716.00	432.70	53.09	260.93	49.68	60.3	93.6	23.3	6.9
Environment & Solid Waste Management	623.00	164.00	198.20	-	178.26	0.81	89.9	-	28.6	0.5
Education & Digital Transformation	984.00	166.00	72.67	5.13	93.81	52.17	129.1	1,017.1	9.5	31.4
Health Services	1,943.97	1,584.03	853.15	18.65	532.87	6.00	62.5	32.2	27.4	0.4
Water, Natural Resources & Climate Change Resilience	114.00	1,083.00	4.90	-	11.09	-	226.2	-	9.7	-
Public Service Administration, Youth, Gender, Social Services & Sports	1,357.00	225.00	336.12	-	334.86	-	99.6	-	24.7	-
Tourism, Culture & Trade	390.11	221.89	19.46	-	102.08	-	524.4	-	26.2	-
Land, Planning, Housing and Urban Renewal	266.42	559.58	20.76	-	44.12	0.39	212.6	-	16.6	0.1
Transport, Infrastructure & Public Works	916.00	361.00	84.71	4.52	167.08	1.33	197.2	29.3	18.2	0.4
Blue Economy, Agriculture & Livestock	209.00	250.00	12.13	-	45.39	-	374.1	-	21.7	-
The County Attorney	130.00	-	-	-	10.12	-	-	-	7.8	-
Total	**9,274.50**	**5,425.50**	**2,237.52**	**81.39**	**1,967.30**	**110.37**	**87.9**	**135.6**	**21.2**	**2.0**

Source: *Mombasa County Treasury*

Analysis of expenditure by department shows that the Department of Education & Digital Transformation recorded the highest absorption rate of development budget at 31.4 per cent, followed by the Department of Finance & Economic Planning at 6.9 per cent. The Department of Environment & Solid Waste Management had the highest percentage of recurrent expenditure to budget at 28.6 per cent

while the Department of County Executive did not report expenditure on recurrent programmes.

3.28.12 Budget Execution by Programmes and Sub-Programmes

Table 3.170 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.170: Mombasa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec Exp	Dev Exp	Rec Exp	Dev Exp	Rec Exp	Dev Exp
THE EXECUTIVE							
Programme 1	Governor's and Deputy Governor's Affairs	78,000,000	11,000,000	-	-	-	-
	Protocol, Hospitality and Communication	26,000,000	14,000,000	-	-	-	-
	County Secretary & Cabinet Affairs	26,000,000	-	-	-	-	-
	Governor's Advisory Council, Special Programs, Intergovernmental and External Relations	24,500,000	-	-	-	-	-
	Governor's Delivery Unit, Policy, Planning & Research	19,500,000	-	-	-	-	-
	Sub Total	**174,000,000**	**25,000,000**	-	-	-	-
COUNTY ASSEMBLY							
Programme 2	General Administration and Planning	674,720,738	-	176,016,000	-	26.09	-
	Legislation, Oversight and Representation	239,379,262	50,000,000	-	-	-	-
	Sub-Total	**914,100,000**	**50,000,000**	**176,016,000**	-	**19.26**	-
COUNTY PUBLIC SERVICE BOARD							
Programme 3	Administration Unit	131,400,000	20,000,000	23,378,555	-	17.79	-
	Sub-Total	**131,400,000**	**20,000,000**	**23,378,555**	-	**17.79**	-
FINANCE AND ECONOMIC PLANNING							
Programme 4	Administration Unit	1,068,186,927	703,000,000	244,487,653	49,676,283	22.89	7.07
	Financial Management Services-Accounting Unit	23,601,372	11,000,000	9,041,875	-	38.31	-
	Planning and Monitoring Unit	29,711,701	2,000,000	7,404,000	-	24.92	-
	Sub-Total	**1,121,500,000**	**716,000,000**	**260,933,528**	**49,676,283**	**23.27**	**6.94**
ENVIRONMENT & SOLID WASTE MANAGEMENT							
Programme 5	Administration, Planning and Support Services	462,632,991	43,333,334	148,261,338	-	32.05	-
	Environment Compliance and Enforcement	79,855,670	46,333,333	16,000,000	-	20.04	-
	Solid Waste Management	80,511,339	74,333,333	14,000,000	806,069	17.39	1.08
	Sub-Total	**623,000,000**	**164,000,000**	**178,261,338**	**806,069**	**28.61**	**0.49**
Education & Digital Transformation							
Programme 6	General Administration, Planning and Support Services	309,766,000	23,000,000	93,807,146	-	30.28	-
	Early Childhood Education	18,500,000	101,000,000	-	3,797,776	-	3.76

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec Exp	Dev Exp	Rec Exp	Dev Exp	Rec Exp	Dev Exp
	Vocational Training & Education	17,500,000	5,000,000	-	-	-	-
	Child Care	2,500,000	-	-	-	-	-
	Elimu Fund	583,000,000	-	-	48,375,000	-	-
	Digital Transformation	52,734,000	37,000,000	-	-	-	-
	Sub-Total	**984,000,000**	**166,000,000**	**93,807,146**	**52,172,776**	**9.53**	**31.43**
HEALTH SERVICES							
Programme 7	Administration Unit	1,719,690,329	212,285,497	532,868,900	6,000,000	31.0	2.83
	Preventive and Promotive Health services	69,402,768	5,790,000	-	-	-	-
	Curative/Clinical Health Services	118,729,822	1,364,729,648	-	-	-	-
	Special Programs	36,150,937	1,221,000	-	-	-	-
	Sub-Total	**1,943,973,855**	**1,584,026,145**	**532,868,900**	**6,000,000**	**27.41**	**0.38**
WATER, NATURAL RESOURCES & CLIMATE CHANGE RESILIENCE							
Programme 8	Administration unit	70,906,170	1,000,000,000	11,089,166	-	15.64	-
	Natural Resources Management	8,543,830	22,500,000	-	-	-	-
	Sanitation Services and Management	3,050,000	10,000,000	-	-	-	-
	Water Supply and Management	7,100,000	15,000,000	-	-	-	-
	Renewable Energy	6,500,000	2,000,000	-	-	-	-
	Climate Resilience	17,900,000	33,500,000	-	-	-	-
	Sub-Total	**114,000,000**	**1,083,000,000**	**11,089,166**	-	**9.73**	-
PUBLIC SERVICE ADMINISTRATION, YOUTH, GENDER, SOCIAL SERVICES & SPORTS							
Programme 9	Administration planning and support services	940,872,839	11,000,000	309,859,256	-	32.93	0.00
	Human Resource Management & Development	219,434,994	0	25,000,000	-	11.39	0.00
	County Administration & Decentralised Services	19,853,424	105,000,000	-	-	-	-
	Enforcement, Compliance & Disaster Management	21,588,743	19,000,000	-	-	-	-
	Youth Affairs & Sports Development	121,000,000	70,000,000	-	-	-	-
	Gender, PWD Integration & Social Services	34,250,000	20,000,000	-	-	-	-
	Sub-Total	**1,357,000,000**	**225,000,000**	**334,859,256**	-	**24.68**	-
TOURISM, CULTURE & TRADE							
Programme 10	General Administration Planning and support services	314,945,978	-	100,984,524	-	32.06	-
	Trade Development and Markets/ Consumer Protection	14,900,000	125,000,000	1,096,800	-	7.36	-
	E-Licensing & Services	9,801,997	2,500,000	-	-	-	-
	Tourism Marketing and Product Development	33,559,215	89,392,810	-	-	-	-
	Cultural Affairs	7,600,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec Exp	Dev Exp	Rec Exp	Dev Exp	Rec Exp	Dev Exp
	Co-operative Development	9,300,000	5,000,000	-	-	-	-
	Sub-Total	**390,107,190**	**221,892,810**	**102,081,324**	-	**26.17**	-
LANDS, PLANNING, HOUSING AND URBAN RENEWAL							
Programme 11	Administration planning and support services	172,157,269	55,576,556	44,119,883	-	25.63	-
	Housing Development & Management	11,350,000	281,000,000	-	385,460	-	0.14
	Urban Renewal	64,050,000	190,000,000	-	-	-	-
	Land Administration and Valuation	15,566,175	2,000,000	-	-	-	-
	Physical Planning	3,300,000	31,000,000	-	-	-	-
	Sub-Total	**266,423,444**	**559,576,556**	**44,119,883**	**385,460**	**16.56**	-
TRANSPORT, INFRASTRUCTURE & PUBLIC WORKS							
Programme 12	General Administration and Support Services	718,675,000	-	166,872,596	-	23.22	-
	Roads Infrastructure Development	18,400,000	245,000,000	152,900	1,326,142	0.83	0.54
	Transportation Management	8,200,000	12,000,000	-	-	-	-
	County Public Works	27,650,000	23,000,000	55,800	-	-	-
	Mechanical and Electrical Services	75,600,000	6,000,000	-	-	-	-
	Safety, Risk and Disaster Management Services	67,475,000	75,000,000	-	-	-	-
	Sub-Total	**916,000,000**	**361,000,000**	**167,081,296**	**1,326,142**	**18.24**	**0.37**
BLUE ECONOMY, AGRICULTURE & LIVESTOCK							
Programme 13	Administration Unit-Headquarters	144,000,000	10,000,000	45,386,719	-	31.52	-
	Crops Development	18,368,785	35,000,000	-	-	-	-
	Livestock Production	14,010,000	30,653,701	-	-	-	-
	Fisheries Development	16,800,000	154,346,299	-	-	-	-
	Veterinary Services	15,821,215	20,000,000	-	-	-	-
	Sub-Total	**209,000,000**	**250,000,000**	**45,386,719**	-	**21.72**	-
THE COUNTY ATTORNEY							
Programme 14	General Administration & Legal Services	130,000,000	-	10,124,454	-	7.79	-
	Sub-Total	**130,000,000**	-	**10,124,454**	-	7.79	-
GRAND TOTAL		**9,274,504,489**	**5,425,495,511**	**1,980,007,565**	**110,366,730**	**21.35**	**2.03**

Source: *Mombasa County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support Services in the Department of Finance and Economic Planning at 38.3 per cent, General Administration, Planning and Support Services in the Department of Public Service Administration, Youth, Gender, Social Services & Sports at 32.9 per cent, General Administration, Planning and Support Services in the Department of Environment & Solid Waste Management at 32.1 per cent of budget allocation.

3.28.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 30h October 2023.
2. The underperformance of own-source revenue at Kshs.480.16 million against an annual projection of Kshs.5.25 billion, representing 9.1 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 5, where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Mombasa County Scholarship and Educational Benefits Fund; and County Assembly Car Loans and Mortgage for Members and Staff Fund were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.4.10 billion as of 30th September 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.112.64 million were processed through the manual payroll, accounting for 7.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
6. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.29. County Government of Murang'a

3.29.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.10.76 billion, comprising Kshs.3.58 billion (33.3 per cent) and Kshs.7.18 billion (66.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 9.7 per cent compared to the previous financial year when the approved budget was Kshs.9.8 billion and comprised Kshs.2.94 billion towards development expenditure and Kshs.6.86 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.47 billion (69.5 per cent) as the equitable share of revenue raised nationally, Kshs.238.82 million (2.2 per cent) as Appropriations-in-Aid (A-I-A, revenue from health facilities), Kshs.1.16 billion as conditional grants, a cash balance of Kshs.650.31 million (6.0 per cent) brought

forward from FY 2022/23, and generate Kshs.1.24 billion (11.5 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.171.

3.29.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.35 billion as the equitable share of the revenue raised nationally, Kshs.48.35 million as Appropriations-in-Aid (A-I-A), revenue from health facilities), had a cash balance of Kshs.650.31 million from FY 2022/23 and raised Kshs.104.68 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.04 billion, as shown in Table 3.171.

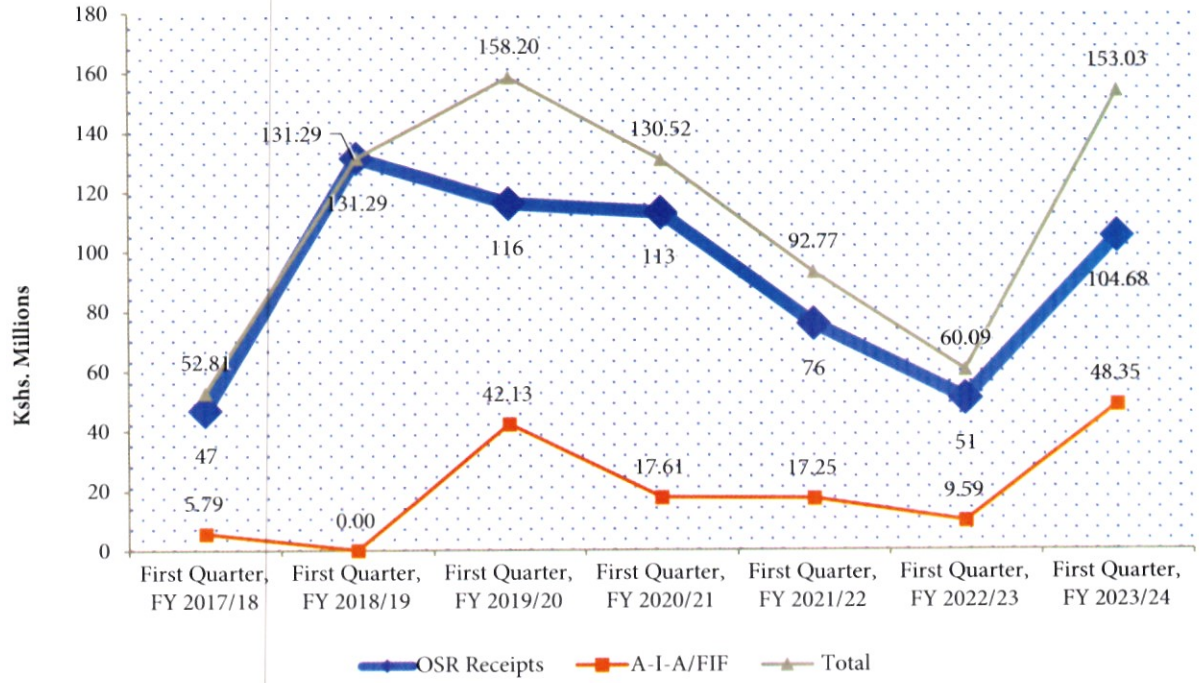
Table 3.171: Murang'a County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,473,786,703	1,233,174,806	16.5
Sub Total		**7473786703**	**1,233,174,80**	**16.5**
B	**Conditional Grants**			
1	Leasing of Medical Equipment	124,733,404	-	-
2	Nutritional International Grant	20,000,000	-	-
3	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	197,147,434	-	-
4	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
5	DANIDA Grant	11,492,250	-	-
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,899,127	-	-
7	Livestock Value Chain Support	71,618,400	-	-
8	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant	22,000,000	-	-
9	Conditional Grant for Fertilizer Subsidy	197,960,790	-	-
10	Transfer of Library Services	13,019,070	-	-
11	Aggregated Industrial Park	250,000,000	-	-
Sub-Total		**1,159,870,475**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,236,181,883	104,678,257	8.5
2	Balance B/F from FY2022/23	650,313,248	650,313,248	100.0
3	Appropriation in Aid (AIA)	238,818,117	48,347,284	20.2
Sub Total		**2,125,313,248**	**803,338,789**	**37.8**
Grand Total		**10,758,970,426**	**2,036,513,595**	**18.9**

Source: *Murang'a County Treasury*

Figure 85 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

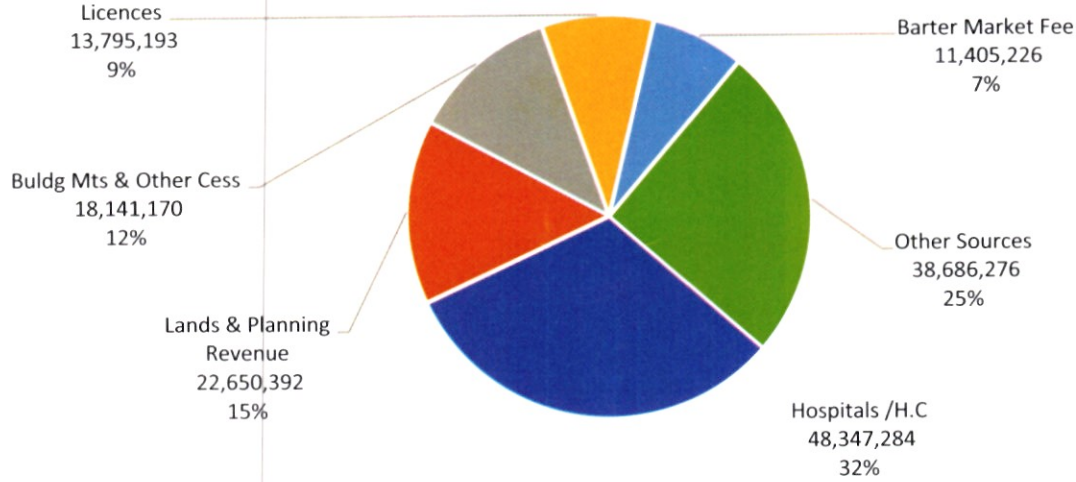
Figure 85: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Murang'a County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.153.02 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 154.7 per cent compared to Kshs.60.09 million realised in FY 2022/23 and was 10.4 per cent of the annual target and 2.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 86.

Figure 86: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Murang'a County Treasury

The highest revenue stream of Kshs.48.35 million was from Hospital Revenue - Appropriations-in-Aid (AIA), contributing to 31.6 per cent of the total OSR receipts during the reporting period.

3.29.3 Exchequer Issues

During the period, the Controller of Budget approved withdrawals of Kshs.1.66 billion from the CRF account, which comprised Kshs.239.87 million (14.4 per cent) for development programmes and Kshs.1.43 billion (85.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs. 1.06 million was released towards Employee Compensation, and Kshs.370.98 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.506.64 million.

3.29.4 County Expenditure Review

The County spent Kshs.1.66 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs. 239.87 million and Kshs. 1.42 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.7 per cent, while recurrent expenditure represented 19.8 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.21 billion, comprising of Kshs.1.07 billion for recurrent expenditure and Kshs.147.3 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.398.36 million were settled, consisting of Kshs.364.56 million for recurrent expenditure and Kshs.33.8 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.816.86 million. Further, the County has ineligible pending bills amounting to Kshs.2.09 billion.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.993.81 million on employee compensation, Kshs.309.88 million on operations and maintenance, and Kshs.239.87 million on development activities. Similarly, the County Assembly spent Kshs.57.65 million on employee compensation, Kshs.62.12 million on operations and maintenance, as shown in Table 3.172.

Table 3.172: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,321,209,237**	**855,709,032**	1,303,682,458	119,777,844	**20.6**	**14.0**
Compensation to Employees	4,022,663,665.09	449,973,276.00	993,807,394.30	57,654,762.85	24.7	12.8
Operations and Maintenance	2,298,545,571.58	405,735,756.00	309,875,063.50	62,123,081.15	13.5	15.3
Development Expenditure	3,537,052,155.30	45,000,000.00	239,873,429.85	-	6.8	-
Total	**9,858,261,392**	**900,709,032**	**1,543,555,888**	**119,777,844**	**15.7**	**13.3**

***Source**: Murang'a County Treasury*

3.29.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.05 billion, or 51.3 per cent of the available revenue, which amounted to Kshs.2.04 billion. This expenditure represented a decrease from Kshs.1.09 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.738.92 million paid to health sector employees, translating to 70.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.973.32 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.67.44 million was processed through manual payrolls. The manual payrolls accounted for 6.5 per cent of the total PE cost.

The County Assembly spent Kshs.5.42 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs. 37,674 per MCA. The County Assembly has established 17 Committees.

3.29.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.675 million to county-established funds in FY 2023/24, constituting 6.3 per cent of the County's overall budget. Table 3.173 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.173: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Murang'a County Education Scholarship Fund	245,000,000	50,422,480	42,098,596	YES
2.	Small Traders Empowerment Program	-	-	120	YES
3.	Executive Car Loan and Mortgage Fund	20,000,000	-	-	Not in Operation
4.	Emergency Fund	20,000,000	-	-	Not in Operation
5.	Youth Fund	115,000,000	60,000,000	-	-
6.	Agricultural Farm Inputs Subsidy and Incentives Fund	250,000,000	100,000,000	46,432,116	YES
County Assembly Established Funds					
7.	County Assembly Car Loan and Mortgage Fund	25,000,000	-	15,337,765	YES
Total		**675,000,000**	**210,422,480**	**103,868,597**	-

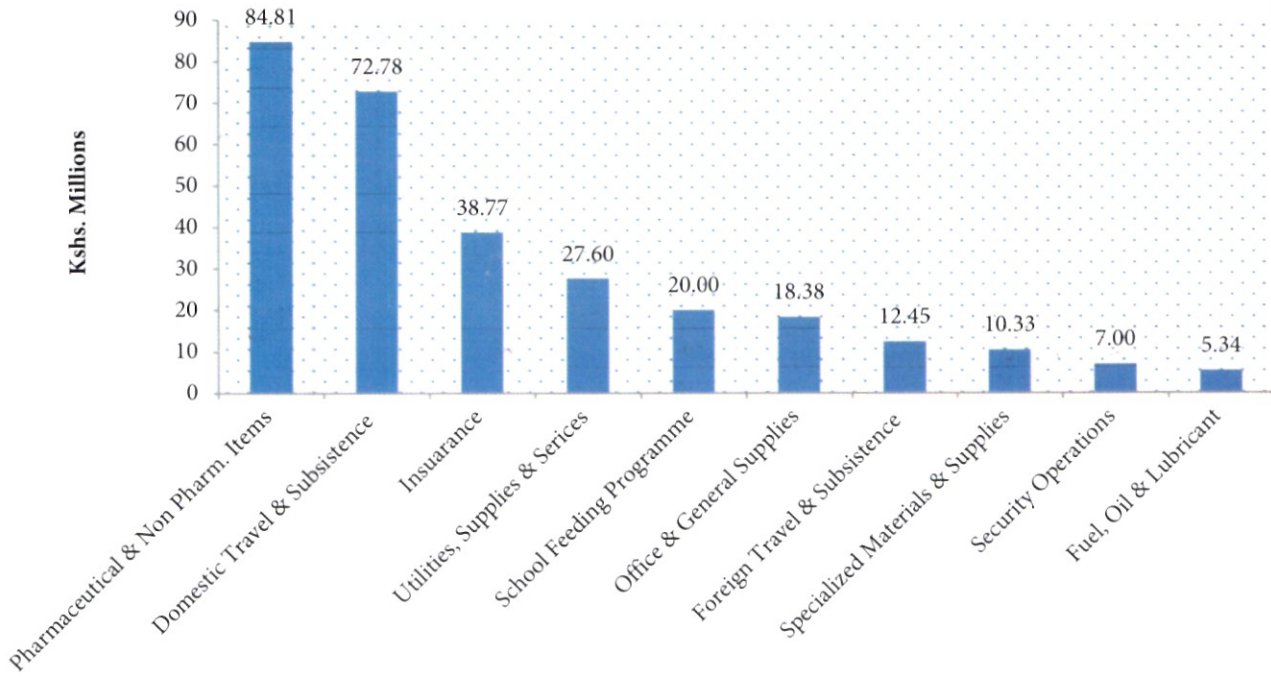
Source: *Murang'a County Treasury*

During the reporting period, the OCOB did receive quarterly financial returns from Fund Administrators, as indicated in Table 3.173.

3.29.9 Expenditure on Operations and Maintenance

Figure 87 summarises the Operations and Maintenance expenditure by major categories.

Figure 87: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: *Murang'a County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.72.78 million and comprised Kshs.52.02 million spent by the County Assembly and Kshs.20.76 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.45 million by the County Executive as summarised in Table 3.174

Table 3.174: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5	14th July 2023 -21st July 2023	Being Payment of Foreign Travel Allowances while attending a Conference Showcasing the County Development Agenda in Trade, agri-business Youth Empowerment and ICT in Singapore held between 14th July 2023 - 21st July 2023	Singapore	8,402,581.00
County Executive	5	12th September 2023 - 19th September 2023	Official Duty Belgium, Netherlands and Germany to participate in the Coffee and Tea Cupping Sessions	Belgium, Netherlands & Germany	4,050,138.00

Source: *Murang'a County Treasury*

3.29.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.239.87 million on development programmes, representing an increase of 32.4 per cent compared to a similar period of FY 2022/23 when the County spent Kshs. 181.23 million. The table 3.175 summarises development projects with the highest expenditure in the reporting period.

Table 3.175: Murang'a County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract Sum	Amount Paid To Date (Kshs)	Implementation Status %
1	Agriculture, Livestock and Fisheries	Agricultural Farm Inputs Subsidy and Incentives Fund	County wide	250,000,000.00	100,000,000.00	40
2	Youth, Culture, Gender, Social Services & Sports	Youth Fund	County wide	115,000,000.00	60,000,000.00	52
3	Health and Sanitation	Consultancy Services for Maternal Health and Infant Support in the Curative Health Programme	County wide	19,995,200.00	19,995,200.00	40
4	Health and Sanitation	Pending Bills - Construction of hospital wards at Murang'a Referral Hospital	Township Ward	95,000,000.00	15,397,202.48	16
5	Energy Transport and Roads	Upgrading to bitumen standard of JCT Amica Sacco - JCTB25 Maragwa police station access road, Groogon area access road and JCT Unaitas Sacco - JCT petrol station - Kiriaini loop access road	Maragua, Kiahru and Mathioya Sub Counties	15,315,901.00	15,315,901.25	100
6	Health and Sanitation	Pending Bills - Construction of Ward block at Nyakianga level 4 hospital	Mathioya SC	35,000,000.00	8,400,719.85	24
7	Energy Transport and Roads	Upgrading to bitumen standard of Kabati town market loop access road, Family Bank backlane - JCT Kinyona road(sunset) - KCB Bank access road and Gatura market, Gatura health centre, sub county offices and PCEA and AIPCA roads	Kandara, Kigumo and Gatanga Sub Counties	20,000,000.00	5,563,875.00	28
8	Energy Transport And Roads	Opening and grading of access roads - 66.3 kms	Ithanga Ward	4,585,712.00	4,585,712.00	100
9	Education & Technical Training	Renovation works at Mugumoini and Kahumbu primary schools ECDE classrooms	Kahumbu ward	3,358,950.00	3,358,950.00	100
10	Health and Sanitation	Being payment for supply of medical equipment under the Curative Health Programme	Mbiri Ward	2,594,922.00	2,594,922.00	100
11	Health and Sanitation	Supply of medical equipment under the Curative Health Programme for Kagira dispensary	Gaichanjiru ward	2,331,210.00	2,331,210.00	100
12	Health and Sanitation	Supply of medical equipment under the Curative Health Programme for Ihigaini dispensary	Muguru ward	2,329,739.00	2,329,739.00	100

Source: Murang'a County Treasury

3.29.11 Budget Performance by Department

Table 3.176 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.176: 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
Governorship, County Coordination and Administration	399.91	10.00	88.22	-	78.87	-	89.4	-	19.7	-
Finance and Economic Planning	366.67	20.00	51.05	-	27.92	-	54.7	-	7.6	-
Energy Transport and Roads	22.14	660.00	5.92	25.47	2.00	28.82	33.7	113.2	9.0	4.4
Commerce, Trade, Industry and Tourism	98.04	613.50	17.92	-	10.65	-	59.5	-	10.9	-
Education & Technical Training	698.12	145.00	163.87	3.36	183.34	-	111.9	-	26.3	-
Health and Sanitation	3,059.40	590.73	766.02	51.05	852.35	51.05	111.3	100.0	27.9	8.6
Lands, Housing & Physical Planning	36.06	61.00	2.87	-	1.39	-	48.5	-	3.9	-
County Public Service Board	57.82	-	7.91	-	11.78	-	148.8	-	20.4	-
Youth, Culture, Gender, Social Services & Special Programs	83.37	160.00	41.61	60.00	29.21	60.00	70.2	100.0	35.0	37.5
Environment, Natural Resources, Water and irrigation	139.74	162.70	1.58	-	0.92	-	58.1	-	0.7	-
Public Service Administration & Information Technology	1,027.52	80.00	90.37	-	62.09	-	68.7	-	6.0	-
Murang'a Municipality	69.37	20.00	-	-	-	-	-	-	-	-
County Assembly	855.71	45.00	122.69	-	119.78	-	97.6	-	14.0	-
Total	7,176.92	3,582.05	1,427.53	239.87	1,423.46	239.87	**99.7**	**100.0**	**19.8**	**6.7**

***Source**: Murang'a County Treasury*

Analysis of expenditure by department shows that the Department of Youth, Culture, Gender, Social Services & Special Programs recorded the highest absorption rate of development budget at 37.5 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 9.9 per cent. The Department of Youth, Culture, Gender, Social Services & Special Programs had the highest percentage of recurrent expenditure to budget at 35.0 per cent, while the Department of Murang'a Municipality did not report any expenditure.

3.29.12 Budget Execution by Programmes and Sub-Programmes

Table 3.177 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.177: Murang'a County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Governorship, County Coordination and Administration							
Monitoring and Evaluation	101024010 Project Coordination and Monitoring	3,600,000	-	926,650	-	25.7	-
County Coordination	705024010 Office Administration and Support Services	170275677	-	12793600	-	7.5	-
Public and Citizen Participation	705034010 Public Participation	6,896,000	-	314,400	-	4.6	-
Administration and Support	706014010 County Executive and Coordination	197,044,209	10,000,000	63,589,906	-	32.3	-
Audit and Monitoring	718014010 Audit and Other Monitoring	5,670,000	-	-	-	-	-
Disaster Program	902044010 Disaster Response and Mitigation	16,421,000	-	1,250,000	-	7.6	-
Communication and Information Services	Communication and Information Services	15,000,000	-	80,000	-	0.5	-
Sub Total		**399,906,886**	**10,000,000**	**78,874,556**	-	**19.7**	-
Finance, Information Technology and Economic Planning							
Revenue Program	108014010 Local Revenue Mobilisation	20,430,000	-	1,830,860	-	9.0	-
ICT Program	703014010 Automation and Revenue System	500,000	-	-	-	-	-
Financial Management Program	703024010 Budget Formulation Coordination and Management	-	-	-	-	-	-
	703034010 Economic Planning and CIDP Review	33,071,184	-	135,600	-	0.4	-
	718024010 Corporate Governance	3,990,000	-	27,000	-	0.7	-
	705014010 Budget Implementation and Monitoring	7,460,000	-		-	-	-
	705034010 Public Participation	39,180,000	-	-	-	-	-
	730014010 Budget Implementation and Monitoring	3,320,000	-	603,000	-	18.2	-
Administration and Support	706014010 General Administration Planning and Support Services	258,717,923	20,000,000	25,328,291	-	9.8	-
Sub Total		**366,669,107**	**20,000,000**	**27,924,751**	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock and Fisheries							
Food Security	10104010 Land and Crops Development	2,970,000	-	211,375	-	7.1	-
	101024010 Promotion Food Security	4,850,000	907,507,351	-	100,000,000	-	11.0
	101124010 Capacity Development, Mechanisation and Innovation	3,850,000	-	550,000	-	14.3	-
Livestock Development Program	103084010 Veterinary Services	5,370,000	5,000,000	37,800	-	0.7	-
	107024010 Livestock and Fisheries Development	1,705,000	-	239,400	-	14.0	-
Administration and Support	706014010 General Administration Planning and Support Services	244,320,350	101,618,400	42,123,718	-	17.2	-
Sub Total		**263,065,350**	**1,014,125,751**	**43,162,293**	**100,000,000**	**16.4**	**9.9**
Energy Transport and Roads							
Urban Development Program	102074010 Urban Development and Support	3,650,900	150,000,000	213,800	28,824,437	5.9	19.2
Energy Development Program	103094010 Promotion of Energy & Renewable Energy Sources	1,100,000	-	-	-	-	-
Infrastructure Development Program	201014010 Construction of Roads and Bridges	17,384,487	-	1,781,334	-	10.2	-
	202064010 Infrastructure Development	-	510,000,000	-	-	-	-
Sub Total		**22,135,387**	**660,000,000**	**1,995,134**	**28,824,437**	**9.0**	**4.4**
Commerce, Trade, Industry and Tourism							
Agro Marketing	102054010 Cooperatives	8,420,000	60,000,000	-	-	-	-
Tourism Program	110014010 Tourism Development	2,060,000		-	-	-	-
	301014010 Tourism Promotion and Marketing	-	8,500,000	-	-	-	-
Trade Development Program	111014010 Trade & Enterprise Development	16,160,000	545,000,000	57,860	-	0.4	-
	302014010 Domestic Trade Development	54,202,894	-	10,457,806	-	19.3	-
	302024010 Fair Trade and Consumer Protection	3,220,000	-	-	-	-	-
Administration and Support	706014010 General Administration Planning and Support Services	13,980,706	-	137,025	-	1.0	-
Sub Total		**98,043,600**	**613,500,000**	**10,652,691**	-	**10.9**	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Education & Technical Training							
ECDE Programme	501034010 Early Childhood Development Education	-	-	-	-	-	-
	509014010 Early Child Development and Education	288,468,651	-	101,418,554	-	35.2	-
Polytechnics Program	507014010 Revitalisation of Youth Polytechnics	125,766,773	-	27,361,266	-	21.8	-
Education Intervention Program	501054010 Motivation of Primary and Secondary School	-	-	-	-	-	-
	509024010 Motivation of Primary and Secondary Schools	271,219,070	-	50,422,480	-	18.6	-
Administration and Support	706014010 General Administration Planning and Support Services	12,662,790	-	4,133,237	-	32.6	-
Sub Total		**698,117,284**	**145,000,000**	**183,335,537**	-	**26.3**	-
Health and Sanitation							
Infrastructure Development Program	10110410 Infrastructure Development	-	286,000,000	-	23,797,922	-	8.3
	109024010 Infrastructure Improvement Services	1,815,000	-	-	-	-	-
Alcohol Program	401014010 Alcoholic Control and Reviewing of Licences	10,160,000	-	-	-	-	-
-Curative Program	402034010 Preventive and Promotive Care	-	60,000,000	-	-	-	-
	402054010 Free Primary HealthCare	754,270,000	244,726,404	101,468,551	27,251,071	13.5	11.1
Administration and Support	706014010 General Administration Planning and Support Services	2,293,156,373	-	750,879,711	-	32.7	-
Sub Total		**3,059,401,373**	**590,726,404**	**852,348,263**	**51,048,993**	**27.9**	**8.6**
Lands, Housing & Physical Planning							
Urban Development	102074010 Urban Development	5,000,000	2,000,000	-	-	-	-
	103074010 Land Administration	-	59,000,000	-	-	-	-
Land Policy Succession and Surveying	103014010 Land Policy and Planning	-	-	-	-	-	-
	103044010 Land Survey	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Estate Management	701034010 Public Trusts and Estates Management	-	-	-	-	-	-
Administration and Support	706014010 General Administration Planning and Support Services	31,059,460	-	1,393,272	-	4.5	-
Sub Total		**36,059,460**	**61,000,000**	**1,393,272**	-	**3.9**	-
County Public Service Board							
National Values and Governance Program	706014010 General Administration Planning and Support Services	57,815,881	-	11,775,087	-	-	-
Sub Total		**57,815,881**	-	**11,775,087**	-	**20.4**	-
Youth, Culture, Gender, Social Services & Special Programs							
Social Development Program	102054010 Cooperatives	-	-	-	-	-	-
	901014010 Social Welfare and Vocational Rehabilitation	2,450,000	5,000,000	346,750	-	14.2	-
	902024010 Persons Living with Disabilities	-	5,000,000	-	-	-	-
	711024010 Gender & Social-Economic Empowerment	-	5,000,000	-	-	-	-
General Administration and Support	706014010 General Administration Planning and Support Services	53,514,429	-	18,428,487	-	34.4	-
Youth Development Program	711014010 Youth Development Services	660,000	135,000,000	-	60,000,000	-	44.4
	903034010 Development and Management of Sports Facilities	23,623,500	5,000,000	10,000,000	-	42.3	-
Cultural Development Program	904014010 Development and Promotion of Culture	3,119,238	5,000,000	435,980	-	14.0	-
Sub Total		**83,367,168**	**160,000,000**	**29,211,217**	**60,000,000**	**35.0**	**37.5**
Environment, Natural Resources, Water and Irrigation							
Waste Management Program	101094010 Solid Waste Management	6,074,872	49,000,000	-	-	-	-
	102064010 Environmental Management & Protection	14,553,072	78,700,000	20,000	-	0.1	-
Administration and Support	706014010 General Administration Planning and Support Services	47,355,186	-	231,000	-	0.5	-
Environmental Governance	1001054010 Environmental Leadership and Governance	25,700,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Support	706014010 General Administration Planning and Support Services	-	-	-	-	-	-
Water Development Program	1004014010 Water Supply Infrastructure	-	35,000,000	-	-	-	-
Irrigation Development	1003024010 Irrigation Development	46,054,370	-	667,200	-	1.4	-
Sub Total		**139,737,500**	**162,700,000**	**918,200**	-	**0.7**	-
Public Service Administration							
Human Resource Development Program	101064010 Human Resource Management and Development	-	-	-	-	-	-
Administration and Support	706001410 General Administration Planning and Support Services	1,027,520,241	-	62,091,459	-	-	-
ICT Program	Automation	-	80,000,000	-	-	-	-
Sub Total		**1,027,520,241**	**80,000,000**	**62,091,459**	-	**6.0**	-
Murang'a Municipality							
Municipal Development Program	10109410 Solid Waste Management	-	-	-	-	-	-
	101104010 Infrastructure Development	-	-	-	-	-	-
	102074010 Urban Development and Support	3,950,000	10,000,000	-	-	-	-
	109024010 Other Municipalities	-	10,000,000	-	-	-	-
	703014010 Revenue Automation	-	-	-	-	-	-
	706014010 General Administration Planning and Support Services	65,420,000	-	-	-	-	-
Sub Total		**69,370,000**	**20,000,000**	-	-	-	-
County Assembly							
Legislation and representation	Legislation and representation	292,897,813	-	58,727,104	-	-	-
Oversight	Oversight	336,750,000	-	33,163,545	-	-	-
Administration planning and support	Administration planning and support	226,061,220	45,000,000	27,887,195	-	-	-
Sub Total		**855,709,033**	**45,000,000**	**119,777,844**	-	**14.0**	-
Grand Total		**7,176,918,269**	**3,582,052,155**	**1,423,460,302**	**239,873,430**	**19.8**	**6.7**

***Source**: Murang'a County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Youth Development Services in the Department of Youth, Culture, Gender, Social Services and Special Programs at 44.2 per cent, Early Childhood Development and Education in the Department of Education & Technical Training at 35.2 per cent Development and Management of Sports Facilities in the Department of Youth, Culture, Gender, Social Services and Special Programs at 34.9 per cent, , and General Administration, Planning and Support Services in the Department of Youth, Culture, Gender, Social Services and Special Programs at 34.4 per cent of budget allocation.

3.29.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.153.02 million against an annual projection of Kshs.1.48 billion, representing 10.4 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.177, where the County incurred expenditure over approved exchequer issues in several departments.
3. High level of eligible pending bills, which amounted to Kshs.816.86 billion as of 30th September 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs. 67.44 million were processed through the manual payroll, accounting for 6.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.30. Nairobi City County Government

3.30.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.42.33 billion, comprising Kshs.14.01 billion (33.1 per cent) and Kshs.28.32 billion (66.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 10.4 per cent compared to the previous financial year when the approved budget was Kshs.38.33 billion and comprised of Kshs.11.35 billion towards development expenditure and Kshs.26,98 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.20.07 billion (47.4 per cent) as the equitable share of revenue raised nationally, Kshs.570 million (1.3 per cent) as Appropriations-in-Aid (A-I-A). The A-I-A includes the Department of Health's Facility Improvement Fund – FIF collections. Other expected revenues were Kshs.606.56 million as conditional grants, a cash balance of Kshs.1.66 billion (3.9 per cent) was brought forward from FY 2022/23 and generate Kshs.19.42 billion (45.9 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.178.

3.30.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.3.31 billion as the equitable share of the revenue raised nationally, Kshs.195.67 million as A-I-A, had a cash balance of Kshs.1.21 billion from FY 2022/23, and raised Kshs.1.53 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.25 billion, as shown in Table 3.178.

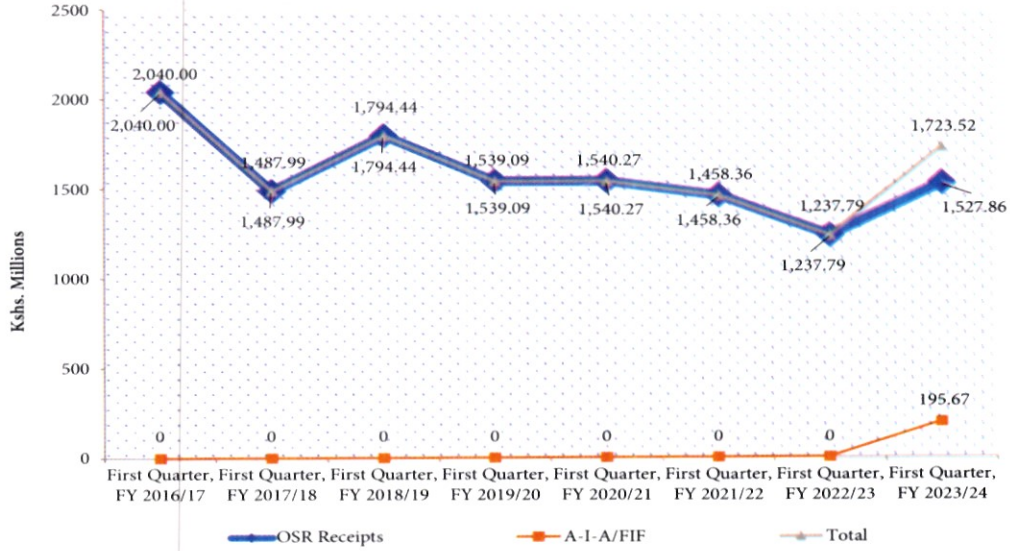
Table 3.178: Nairobi City County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	20,072,059,113.00	3,311,889,754.00	16.5
Sub Total		**20,072,059,113.00**	**3,311,889,754.00**	**16.5**
B	**Conditional Grants**			
1	Agricultural Sector Development Program (ASDSP) II	5,507,770.00	-	-
2	World Bank to Finance Locally Led Climate Action Plans (FLLoCA)	22,000,000.00	-	-
3	DANIDA - Primary Health Care in Devolved Context	29,048,250.00	-	-
4	World Bank - Kenya Informal Settlement Improvement Project II	550,000,000.00	-	-
Sub-Total		**606,556,020.00**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	19,420,072,415.00	1,527,857,105.00	7.9
2	Balance b/f from FY2022/23	1,661,782,568.00	1,213,602,336.00	73.0
3	Appropriation in Aid (AIA)	300,000,000.00	68,964,568.00	23.0
4	Facility Improvement Fund (FIF)	270,000,000.00	126,702,816.00	46.9
Sub Total		**21,651,854,983.00**	**2,937,126,825.00**	**13.6**
Grand Total		**42,330,470,116.00**	**6,249,016,579.00**	**14.8**

Source: *Nairobi City County Treasury*

Figure 88 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

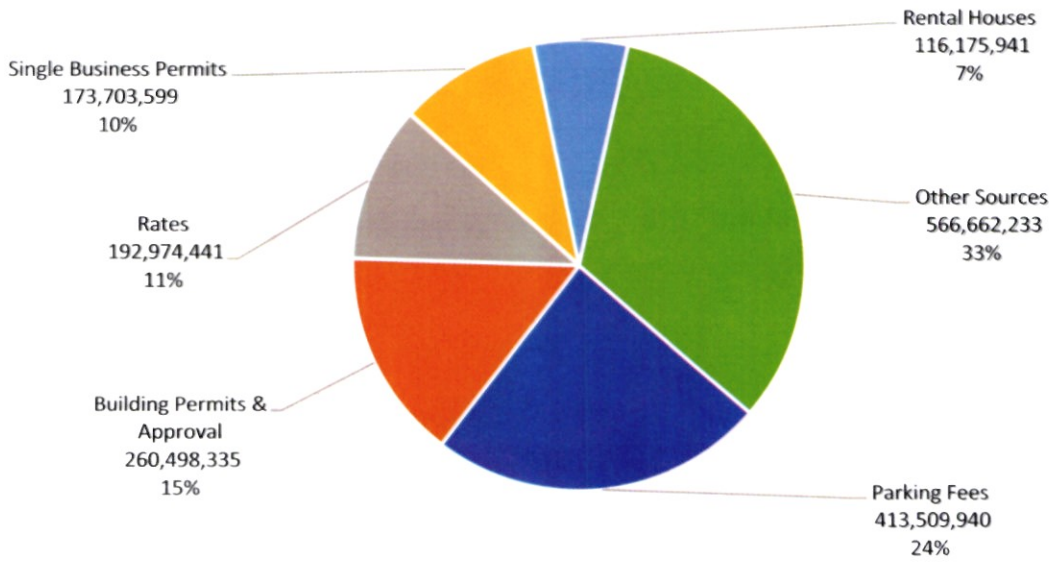
Figure 88: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Nairobi City County Treasury*

The County Treasury did not provide information on receipts of FIF and AIA in the previous financial years. In the first quarter of FY 2023/24, the County generated Kshs.1.72 billion from its revenue sources, including FIF and AIA. This amount represented an increase of 39.2 per cent compared to Kshs.1.24 billion realised in FY 2022/23 and was 8.6 per cent of the annual target and 5.2 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 89.

Figure 89: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Nairobi City County Treasury

The highest revenue stream of Kshs.413.51 million was from parking fees, contributing 24 per cent of the total OSR receipts during the reporting period.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.68 billion from the CRF account during the reporting period, which was (100.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.3.99 million was released towards Employee Compensation, and Kshs.685.62 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.720.64 million.

3.30.4 County Expenditure Review

During the reporting period, the County spent all the Kshs.3.45 billion on recurrent programmes only, representing 73.7 per cent of the total funds released by the CoB, and 12.2 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.107.33 billion. The County Treasury did not provide a report on the status of pending bills as of 30th September 2023.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.56 billion on employee compensation and Kshs.452.81 million on operations and maintenance. Similarly, the County Assembly spent Kshs.139.82 million on employee compensation and Kshs.294.98 million on operations and maintenance, as shown in Table 3.179.

Table 3.179: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**26,291,598,651**	**2,024,000,000**	**3,011,972,581**	**434,801,443**	**11.5**	**21.5**
Compensation to Employees	15,397,241,901	924,794,904	2,559,166,781	139,818,481	16.6	15.1
Operations and Maintenance	10,894,356,750	1,099,205,096	452,805,800	294,982,962	4.2	26.8
Development Expenditure	12,799,652,484	1,215,000,000	-	-	-	-
Total	**39,091,251,135**	**3,239,000,000**	**3,011,972,581**	**434,801,443**	7.7	13.4

***Source**: Nairobi City County Treasury*

3.30.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.2.70 billion, or 43.2 per cent of the available revenue, which amounted to Kshs.6.25 billion. This expenditure represented a marginal increase from Kshs.2.68 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.1.08 billion paid to health sector employees, translating to 40.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.34 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.356.41 million was processed through manual payrolls. The manual payrolls accounted for 13.2 per cent of the total PE cost.

The County Assembly spent Kshs.9.63 million on committee sitting allowances for the 124 MCAs and the Speaker against the annual budget allocation of Kshs.84.40 million. The average monthly sitting allowance was Kshs.25,888 per MCA. The County Assembly has established 26 Committees.

3.30.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.300 million to county-established funds in FY 2023/24, constituting 0.7 per cent of the County's overall budget. Table 3.180 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.180: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Emergency Fund	200,000,000.00	-	-	No
County Assembly Established Funds					
2.	Car loan and Mortgage Fund	100,000,000.00	-	-	No
	Total	**300,000,000.00**	**-**	**-**	**-**

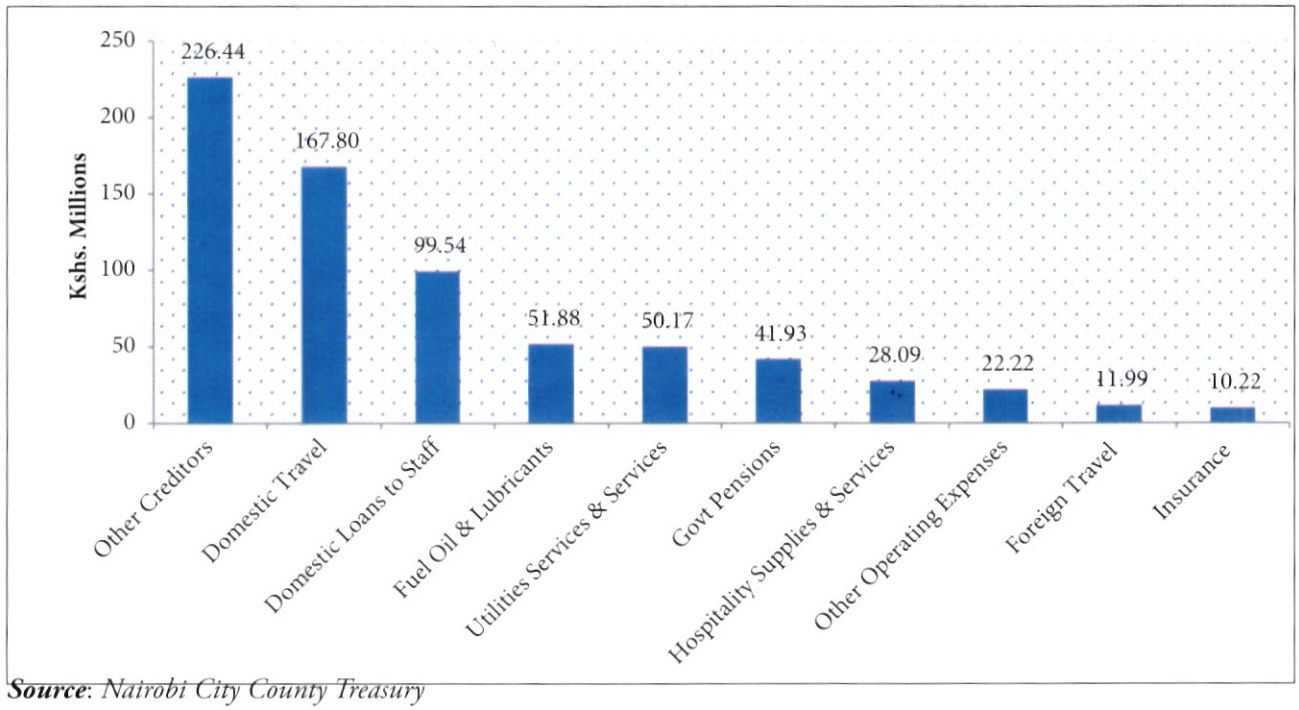
Source: *Nairobi City County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the two funds, as indicated in Table 3.180, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.30.9 Expenditure on Operations and Maintenance

Figure 90 summarises the Operations and Maintenance expenditure by major categories.

Figure 90: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: *Nairobi City County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.167.80 million and comprised Kshs.94.92 million spent by the County Assembly and Kshs.78.88 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.99 million and comprised Kshs.8.94 million by the County Assembly and Kshs.3.05 million by the County Executive.

The details of expenditure on foreign travel was not provided by the County government. Moreover, at the end of the first quarter, there was no approved exchequer request for foreign travel for both the County Assembly and the County Executive.

3.30.10 Development Expenditure

In the first quarter of FY 2023/24, the County did not report any expenditure on development programmes.

3.30.11 Budget Performance by Department

Table 3.181 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.181: Nairobi City 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 Public Service Board	127.32	10.00	10.08	-	6.87	-	68.1	-	5.4	-
Finance & Economic Planning	2,418.36	800.00	624.87	-	612.05	-	97.9	-	25.3	-
Public Service Management	2,209.44	30.00	186.67	-	32.24	-	17.3	-	1.5	-

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
Agriculture, Livestock Development, Fisheries & Forestry	293.91	123.96	38.94	-	23.93	-	61.5	-	8.1	-
Environment, Water, Energy & Natural Resources	2,388.04	421.04	78.83	-	51.46	-	65.3	-	2.2	-
Ward Development Programs	92.38	1,955.00	-	-	-	-	-	-	-	-
Emergency Fund	200.00	-	-	-	-	-	-	-	-	-
Liquor Licensing Board	220.57	70.00	-	-	65.95	-	-	-	-	-
Boroughs & Public Administration	4,437.25	1,186.00	932.31	-	606.14	-	65.0	-	13.7	-
County Attorney	252.62	15.00	20.24	-	13.42	-	66.3	-	5.3	-
Innovation & Digital Economy	228.76	200.00	19.70	-	12.74	-	64.7	-	5.6	-
Health Wellness & Nutrition	7,071.30	1,129.00	1,610.41	-	1,081.52	-	67.2	-	15.3	-
Built Environment & Urban Planning	449.12	625.00	90.73	-	58.85	-	64.9	-	13.1	-
Mobility & Works	1,100.72	3,300.27	219.64	-	176.02	-	80.1	-	16.0	-
Talent Skills Development & Care	2,085.60	829.38	263.11	-	171.46	-	65.2	-	8.2	-
Business & Hustler Opportunities	612.50	1,445.00	136.88	-	92.53	-	67.6	-	15.1	-
Inclusivity Public Participation & Citizen Engagement	1,653.71	560.00	11.09	-	6.79	-	61.2	-	0.4	-
Nairobi Revenue Authority	450.00	100.00	-	-	-	-	-	-	-	-
County Assembly	2,024.00	1,215.00	434.80	-	434.80	-	100.0	-	21.5	-
Total	**28,315.60**	**14,014.65**	**4,678.31**	**-**	**3,446.77**	**-**	**73.7**	**-**	**12.2**	**-**

***Source**: Nairobi City County Treasury*

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the recurrent budget at 25.3 per cent, followed by the County Assembly at 21.5 per cent. There was no expenditure on development programs.

The County Assembly budget is Kshs.100 million above the maximum limit set in the County Allocation of Revenue Act 2023. This is set to be corrected in the subsequent supplementary budget

3.30.12 Budget Execution by Programmes and Sub-Programmes

Table 3.182 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.182: Nairobi City County, Budget Execution by Programmes and Sub-Programmes

	Program	Sub-Program	Approved Estimates FY 2023/24 (Kshs.)		Actual payments (Kshs)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
	General Administration Planning and Support Services							
		General Administration Planning and Support Services	127,315,242	10,000,000	6,865,650	-	5.4	-
Subtotal			**127,315,242**	**10,000,000**	**6,865,650**	-	**5.4**	-
	COUNTY PUBLIC SERVICE BOARD							
		Assets Management Services	217,500,000	-	1,000,000	-	0.5	-
		Accounting Services	213,000,000	25,000,000	13,256,200	-	6.2	-
		Management Services	576,000,000	775,000,000	239,302,570	-	41.5	-
		Supply Chain Management	128,318,757	-	21,190,302	-	16.5	-
	General Administration & Support Services		-	-	-	-	-	-
		General Administration & Support Services	975,044,718	-	304,824,030	-	31.3	-
	Economic Policy Formulation and Budget Management		-	-	-		-	
		Budget Formulation Coordination and mgt	133,499,947	-	14,088,300	-	10.6	-
		Fiscal Policy Formulation, Development and Management	175,000,000	-	18,390,000	-	10.5	-
FINANCE & ECONOMIC PLANNING			**2,418,363,422**	**800,000,000**	**612,051,402**	-	**25.3**	-
	General Administration Planning and Support Services							
		General Administration Planning and Support Services	522,797,530	-	32,242,276		6.2	-
	Public Service Transformation							
		Human Resource Management	1,599,470,762	-	-	-	-	-
		Human Resource Development	87,172,507	30,000,000	-	-	-	-
PUBLIC SERVICE MANAGEMENT			**2,209,440,799**	**30,000,000**	**32,242,276**	-	**1.5**	-

	Program	Sub-Program	Approved Estimates FY 2023/24 (Kshs.)		Actual payments (Kshs)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
	General Administration Planning and Support Services							
		Administration, Planning & Support Services	188,450,937	18,960,000	23,703,655	-	12.6	-
	Urban Agriculture Promotion & Regulation							
		Crop Development and Management	9,093,928	21,000,000	37,300	-	0.4	-
		Fisheries Development and management	7,300,130	20,000,000	35,200	-	0.5	-
		Livestock Resources management and development	7,392,192	20,000,000	63,000	-	0.9	-
	Animal Health, Safety and Quality Assurance							
		Animal Research, Diseases, Pest Control & Quality Assurance	8,171,991	20,000,000	42,425	-	0.5	-
	Afforestation							
		Forestry Services	58,000,000	10,000,000	50,000	-	0.1	-
	Food Systems and Surveillance		-	-	-	-	-	-
		Food Systems and Surveillance Services	7,441,114	14,000,000	-	-	-	-
		Agriculture Committees	2,551,000	-	-	-	-	-
		Agricultural Development Support Project	5,507,770	-	-	-	-	-
AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY			**293,909,062**	**123,960,000**	**23,931,580**	-	**8.1**	-
	General Administration & Support Services							
		General Administration & Support Services	1,096,039,622	-	51,461,753	-	4.7	-
	Environment Management and Protection							
	.	Parks & Open Spaces Section	30,000,000	-	-	-	-	-
		Solid Waste Management Section	1,100,000,000	206,040,000	-	-	-	-
		Environmental Monitoring Compliance & Enforcement	20,000,000	-	-	-	-	-
		Energy & Natural Resources Department	100,000,000	215,000,000	-	-	-	-
	Water Resources Management							

	Program	Sub-Program	Approved Estimates FY 2023/24 (Kshs.)		Actual payments (Kshs)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
		Climate change and air quality	42,000,000	-	-		-	-
ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES			**2,388,039,622**	**421,040,000**	**51,461,753**	-	**2.2**	-
	Ward Development			-	-	-	-	-
	Ward Development & Administration		92,375,466	1,955,000,000	-	-	-	-
WARD DEVELOPMENT FUND			**92,375,466**	**1,955,000,000**	-	-	-	-
	General Administrative Services							
		Emergency Fund	200,000,000	-			-	-
EMERGENCY FUND			**200,000,000**	-	-	-	-	-
	General administration services & Performance Management							
		Office of County Secretary Headquarters	335,031,862	491,000,000	51,274,149	-	15.3	-
		Records Management	11,511,004	20,000,000	-	-	-	-
		Research Policy & Development	5,348,942	-	-	-	-	-
	Coordination of boroughs and devolved units							
		Boroughs, Sub County Administration	1,124,914,947	400,000,000	180,787,578	-	16.1	-
	Coordination of executive services							
		County Executive	289,589,837	-	30,338,436		10.5	-
		Reforms and Performance Contracting	12,984,171	-	-	-	-	-
		Monitoring & Evaluation	8,197,171	-	-	-	-	-
		Executive Management Office	166,906,726	-	-	-	-	-
		Executive Communication	30,494,686	-	-	-	-	-
	Performance Management and Public Service Delivery							
		Inter-Governmental Relations Headquarters	22,836,895	-	-	-	-	-
		Donor Coordination and Stakeholders Engagement	87,564,522	-	-	-	-	-
	Security and Safety Management							
		Inspectorate	1,883,318,724	105,000,000	289,301,409	-	15.4	-

	Program	Sub-Program	Approved Estimates FY 2023/24 (Kshs.)		Actual payments (Kshs)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
		Investigative Services	66,921,747	-	6,648,563	-	9.9	-
	Disaster Management Coordination							
		Fire & Disaster Management	288,083,045	120,000,000	39,849,649		13.8	-
		Ambulance Services	4,805,989	-	-	-	-	-
		Disaster Risk Reduction	2,093,913	45,000,000	-	-	-	-
	Internal Audit							
		Audit	96,641,013	5,000,000	7,935,754	-	8.2	-
BOROUGHS AND PUBLIC ADMINISTRATION			**4,437,245,194**	**1,186,000,000**	**606,135,536**	-	**13.7**	-
	Management of legal affairs							
		Legal services	252,622,287	15,000,000	13,417,986	-	5.3	-
COUNTY ATTORNEY			**252,622,287**	**15,000,000**	**13,417,986**	-	**5.3**	-
	General Administration Planning and Support Services							
		ICT Headquarters	98,443,659	-	12,743,138		12.9%	-
	Digital Economy and Start-Ups							
		Digital Economy	18,745,000	-	-	-	-	-
		E-Learning Headquarters	11,000,000	-	-	-	-	-
		Startups	10,275,000	-	-	-	-	-
	Smart Nairobi							
		Smart Nairobi	40,000,000	200,000,000	-	-	-	-
	ICT Infrastructure Connectivity							
		Information Security Headquarters	6,715,000	-	-	-	-	-
		Infrastructure	43,585,000	-	-	-	-	-
INNOVATION AND DIGITAL ECONOMY			**228,763,659**	**200,000,000**	**12,743,138**	-	**5.6**	-
	Public Health							

	Program	Sub-Program	Approved Estimates FY 2023/24 (Kshs.)		Actual payments (Kshs)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
		HIV/AIDS prevention and control unit	1,000,000	-	-	-	-	-
		TB control unit	900,000	-	-	-	-	-
		Malaria control & Other Communicable Diseases unit	900,000	-	-	-	-	-
		Environmental Public Health	10,000,000	-	-	-	-	-
		Health Policy and Regulations	10,000,000	45,000,000	-	-	-	-
		Coroner Services	15,000,000	69,000,000	-	-	-	-
		Nairobi County Public Health Emergency Response	7,200,000	73,000,000	-		-	-
	Health Facilities							
		Mbagathi District Hospital	5,000,000	100,000,000	-	-	-	-
		Pumwani Maternity Hospital	6,800,000	70,000,000	-	-	-	-
		Mama Lucy Hospital	6,000,000	190,000,000	-	-	-	-
		Mama Margaret Uhuru Kenyatta Hospital	5,000,000		-	-	-	-
		Mutuini Hospital	2,200,000	42,000,000	-	-	-	-
		Health planning and financing	31,165,000	77,000,000	-	-	-	-
		Health centers & dispensaries	72,228,250	433,000,000	-	-	-	-
		Pumwani Nursing School	5,655,000	30,000,000	-	-	-	-
		Health Commodities	400,000,000	-	-	-	-	-
	Medical Services							
		Primary Health Care	22,635,000	-	-	-	-	-
		Nairobi Medical Insurance	50,000,000	-	-	-	-	-
		Reproductive Health, Maternal Health (RM-NCAH)	7,765,000	-	-	-	-	-
		Clinical Services	5,700,000	-	-	-	-	-
		Non-communicable diseases	4,900,000	-	-	-	-	-
		Health Research	4,000,000	-	-	-	-	-
	Wellness, Nutrition						-	
		Nutrition Program Promotion	12,250,000	-	-	-	-	-

	Program	Sub-Program	Approved Estimates FY 2023/24 (Kshs.)		Actual payments (Kshs)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
		Wellness	9,000,000	-	-	-	-	-
	General administration, planning and support services							
		Health, Wellness & Nutrition Headquarters	6,376,005,086		1,081,521,657	-	17.0	-
HEALTH WELLNESS & NUTRITION			**7,071,303,336**	**1,129,000,000**	**1,081,521,657**	-	**15.3**	-
	General Administration and support services							
		Built Environment and Planning Headquarters	367,120,278	-	58,853,679	-	16.0	-
	Urban Development & Planning							
		Urban Planning Compliance & Enforcement	26,000,000	45,000,000	-	-	-	-
	Land management and Property Management							
		Land Survey, GIS and Mapping	26,000,000	-	-	-	-	-
	Housing Development and Building Services							
		Urban Renewal and Housing HQ	20,000,000	580,000,000	-	-	-	-
		Building Services Department	10,000,000	-	-	-	-	-
BUILT ENVIRONMENT & URBAN PLANNING			**449,120,278**	**625,000,000**	**58,853,679**	-	**13.1**	-
	General Administration, Planning And Support Services							
		Mobility and Works Headquarters	914,660,962	-	125,639,205	-	13.7	-
	Works							
		Roads	15,200,000	2,269,184,460	-	-	-	-
		Electrical	6,000,000	400,000,000	-	-	-	-
		Building Works	3,160,000	8,000,000	-	-	-	-
	Mobility							
		Transport	154,700,000	488,735,000	50,384,620		32.6	-
		Garage/Transportation	7,000,000	134,350,000			-	-
MOBILITY AND WORKS			**1,100,720,962**	**3,300,269,460**	**176,023,825**	-	**16.0**	-
	Education services							

	Program	Sub-Program	Approved Estimates FY 2023/24 (Kshs.)		Actual payments (Kshs)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
		Education Headquarters	1,752,420,205		140,370,618	-	8.0	-
		Early Childhood Development Centers	100,000,000	130,950,000	-	-	-	-
		Vocational Training	5,500,000	38,933,024	-	-	-	-
		Advisory	400,000	-	-	-	-	-
	Social Services							
		Social Services Headquarters	122,348,766	-	29,943,051		24.5	-
		Community Development	2,750,000	-	-	-	-	-
		Family Welfare	6,050,000	-	-	-	-	-
		Children Services	5,000,000	10,000,000	-	-	-	-
		Control of Drugs and Pornography	3,950,000	-	-	-	-	-
	Youth, Talent & Sports							
		Youth, Talent & Sport	47,185,185	-	1,146,153	-	2.4	-
		Youth Affairs	6,000,000	-	-	-	-	-
		Recreation Services	4,000,000	100,000,000	-	-	-	-
		Sports	28,000,000	545,000,000	-	-	-	-
		Library Services	2,000,000	4,500,000	-	-	-	-
TALENT SKILLS DEVT & CARE			**2,085,604,156**	**829,383,024**	**171,459,822**	-	**8.2**	-
	General Administration Planning and Support Services							
		Business & Hustler Opportunities Headquarters	472,498,302	-	92,527,245	-	19.6	-
	Co-operative Development and Audit Services							
		Co-operative Development	18,500,000	-	-	-	-	-
		Co-operative Audit	11,500,000	-	-	-	-	-
	Trade development and Market Services							
		Markets Department Headquarters	15,000,000	991,000,000	-	-	-	-
		Weights & Measures Services	6,000,000	30,000,000	-	-	-	-
		Trade Licensing	9,000,000	35,000,000	-	-	-	-

	Program	Sub-Program	Approved Estimates FY 2023/24 (Kshs.)		Actual payments (Kshs)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
		Trade Development Department	15,000,000	260,000,000	-	-	-	-
	Business & hustler opportunities							
		Micro, Small and Medium Enterprises Development	40,000,000	100,000,000	-	-	-	-
		Betting & Gaming Department	25,000,000	29,000,000	-	-	-	-
TRADE, COMMERCE, TOURISM & COOPERATIVES			**612,498,302**	**1,445,000,000**	**92,527,245**	-	**15.1**	-
	Public Participation, Citizen Engagement & Customer Service							
		Inclusivity Public Participation & Citizen Engagement Headquarters	99,455,565	40,000,000	6,791,147	-	6.8	-
		Public Communications	33,000,000	-	-	-	-	-
		Public participation & Citizen Engagement	34,945,000	-	-	-	-	-
		Customer Care Services	32,555,000	-	-	-	-	-
	City Culture Arts & Tourism							
		City Culture, Arts and Tourism	130,000,000	-	-	-	-	-
	School Feeding							
		School Feeding	1,223,750,000	500,000,000	-	-	-	-
	Gender and Inclusivity							
		Gender Mainstreaming & PLDWD	100,000,000	20,000,000	-	-	-	-
INCLUSIVITY PUBLIC PARTICIPATION, & CITIZEN ENGAGEMENT			**1,653,705,565**	**560,000,000**	**6,791,147**	-	**0.4**	-
	Nairobi Revenue Authority		450,000,000	100,000,000	-	-	-	-
NAIROBI REVENUE AUTHORITY			**450,000,000**	**100,000,000**	-	-	-	-
	Liquor Licensing Board		220,571,299	70,000,000	65,945,885		-	-
LIQUOR LICENSING BOARD			**220,571,299**	**70,000,000**	**65,945,885**	-	**29.9**	-
	Legislation, Oversight and Representation		2,024,000,000	1,215,000,000	434,801,441	-	-	-
COUNTY ASSEMBLY			**2,024,000,000**	**1,215,000,000**	**434,801,441**	-	**21.5**	-
Total.			**28,315,598,651**	**14,014,652,484**	**3,446,774,022**	-	**12.2**	-

***Source**: Nairobi City County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Management Services in the Department of Finance and Economic Planning at 41.5 per cent, Transport in the Department of Mobility and Works at 32.6 per cent, General Administration and Support Services in the Department of Finance and Economic Planning at 31.3 per cent. Liquor Licensing administration in the Department of Liquor Licensing Board at 29.9 per cent of the budget allocation.

3.30.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.1.53 billion against an annual projection of Kshs.19.42 billion, representing only 7.9 per cent of the annual target.
2. High level of pending bills, which amounted to Kshs.107.33 billion as of 30th June 2023, coupled with lack of a payment plan.
3. Weak financial controls and discipline were evidenced in the reported expenditure on foreign travel when, during the period, there was no exchequer request for the same. The CoB wrote to the State Department of Devolution to clarify on the travel clearance submitted by the County government to support their requests.
4. Failure to report any expenditure on the development budget during the period. This delay implies that budgeted developed programmes may not be fully implemented during the financial year.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
3. *Financial discipline should be observed, and the head of the County Treasury should enhance controls. Further, travel clearance for foreign travels should be sought before committing funds for travelling.*
4. *The County leadership should prioritise executing planned development programmes to ensure that its citizenry realised the aspirations proposed during public participation forums.*

3.31. County Government of Nakuru

3.31.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.18.79 billion, comprising Kshs.6.25 billion (33.3 per cent) and Kshs.12.54 billion (66.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 9.5 per cent compared to the previous financial year when the approved budget was Kshs.17.14 billion and comprised of Kshs.5.14 billion towards development expenditure and Kshs.10.57 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.13.59 billion (72.3 per cent) as the equitable share of revenue raised nationally, Kshs.1.70 billion (9.0 per cent) as Facility Improvement Fund (FIF), Kshs.1.60 billion (8.5) as conditional grants, and generate Kshs.1.90 billion (10.1 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.183.

3.31.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.16 billion as the equitable share of the revenue raised nationally, Kshs.387.67 million as FIF, had a cash balance of Kshs.4.52 billion from FY 2022/23, and raised Kshs.289.27 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.34 billion, as shown in Table 3.183.

Table 3.183: Nakuru County, Revenue Performance in FY 2023/24

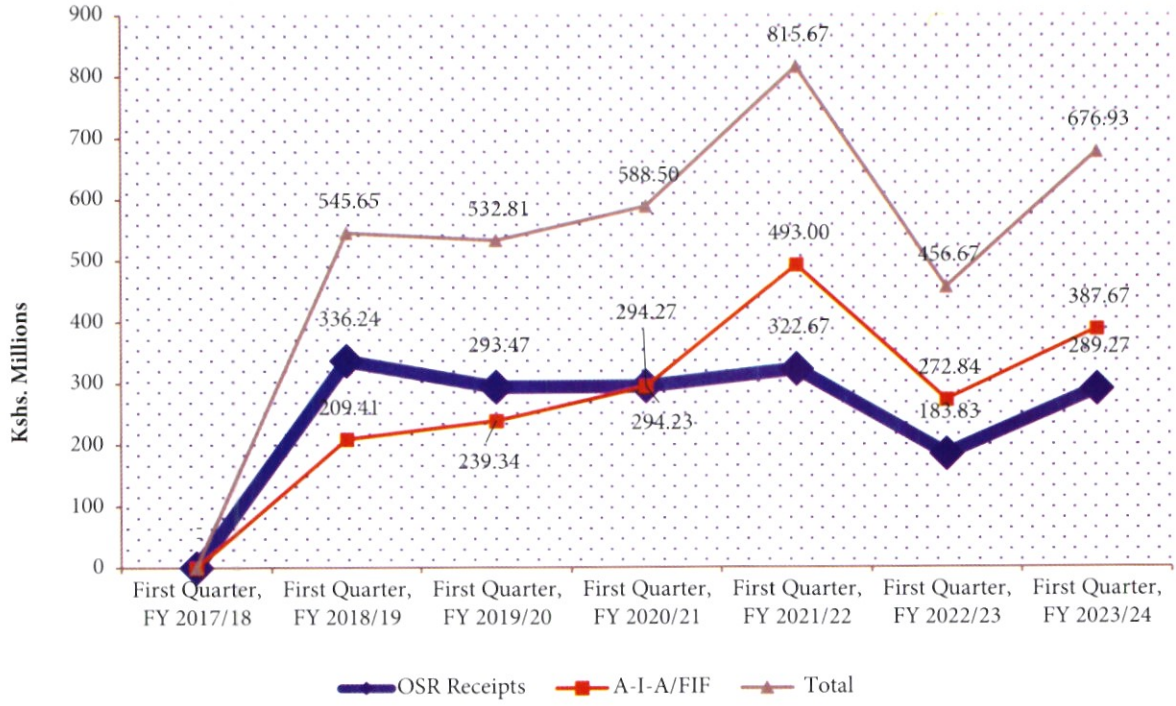
S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	13,593,424,693	1,155,441,099	8.5
	Subtotal	13,593,424,693	1,155,441,099	**8.5**
B	**Conditional Grants**			
1.	DANIDA	19,115,250	-	-
2.	National Agriculture and Rural Inclusive Growth Projects (NARIGP)	150,000,000	-	-
3.	Agricultural Sector Development Support Projects (ASDSP II)	583,629	-	-
4.	Conditional Allocation from a World Bank credit to finance Locally-led Climate Action Program (FLLoCA)	11,000,000	-	-
5.	Conditional Allocation from a World Bank credit to finance Locally-led Climate Resilience Investment Grant (FLLoCA)	125,000,000	-	-
6.	Kenya Informal Settlement Improvement Project II (KISIP II)	400,000,000	-	-
7.	Conditional Fund of Leasing Medical Equipment	124,723,404	-	-
8.	World Bank National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
9.	Conditional Grant for the provision of fertiliser subsidy programme	234,883,209	-	-
10.	IFAD Conditional grant Kenya Livestock Commercialization Project (KELCOP)	34,800,000	-	-
11.	Conditional Grant - Kenya Livestock Value Chain support project	121,315,800	-	-
12.	County Allocation for Court Fines	1,948,197	-	-
13.	County Allocation for Mineral Royalties	82,769	-	-
14.	Nutrition International Grant	10,000,000	-	-
15.	Conditional grant from GoK for Aggregated Industrial Parks Programme	100,000,000	-	-
16.	Transfers for Library Services function	14,033,063	-	-
Subtotal		**1,597,48,5321.00**	-	-
C	**Other Sources of Revenue**			
17	Ordinary Own Source Revenue	1,900,000,000	289,266,633	15.2
18	Facility Improvement Fund (FIF)	1,700,000,000	387,665,410	22.8
19	Unspent balance from FY 2022/23	-	4,522,168,878	-
Sub Total		**3,600,000,000**	**5,199,100,921**	**144.4**
Grand Total		**18,790,910,014**	**6,354,542,020**	**35.3**

Source: *Nakuru County Treasury*

The County did not budget for the unspent cash balance of Kshs.4.52 billion from the previous financial year.

Figure 91 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

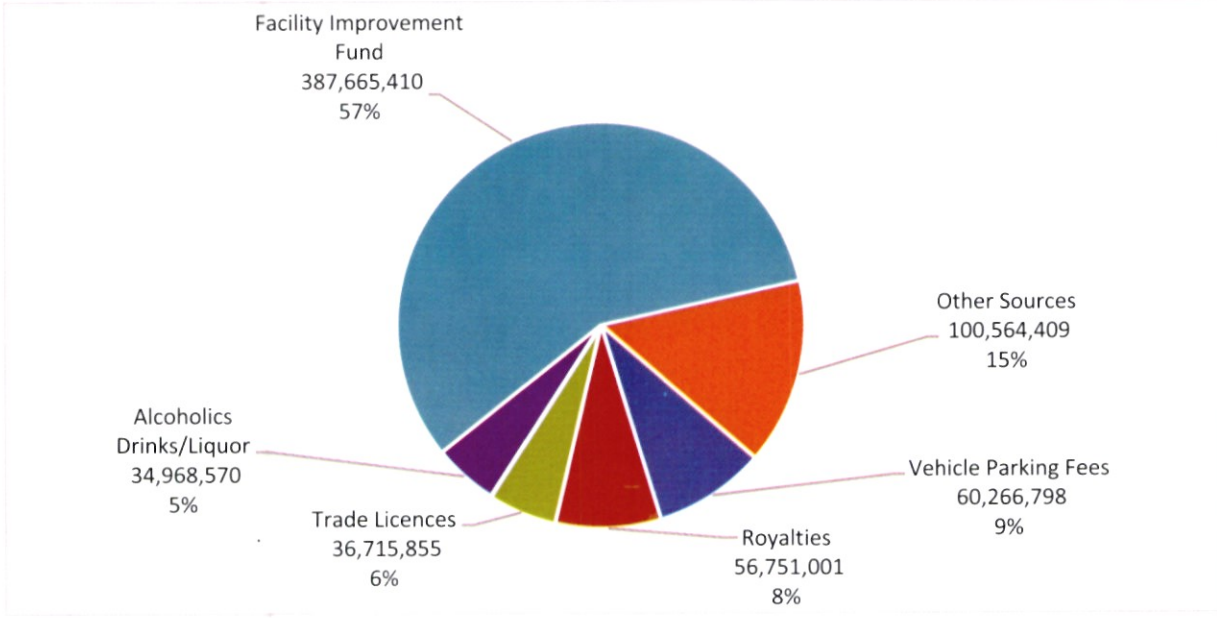
Figure 91: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Nakuru County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.676.93 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 48.2 per cent compared to Kshs.456.67 million realised in FY 2022/23 and was 18.8 per cent of the annual target and 58.6 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.18.90 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 92.

Figure 92: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Nakuru County Treasury

The highest revenue stream of Kshs.387.67 million was from the Facility Improvement Fund (health sector revenue), contributing to 57 per cent of the total OSR receipts during the reporting period.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.36 billion from the CRF account during the reporting period, which comprised Kshs.150 million (6.4 per cent) for development programmes and Kshs.2.21 billion (93.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.1.60 billion was released towards Employee Compensation, and Kshs.603.21 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.4.52 billion.

3.31.4 County Expenditure Review

The County spent Kshs.3.08 billion on development and recurrent programmes in the reporting period. The expenditure represented 130.5 per cent of the total funds released by the CoB and comprised Kshs.13.10 million and Kshs.3.06 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.2 per cent, while recurrent expenditure represented 24.4 per cent of the annual recurrent expenditure budget.

3.31.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.63 billion, comprising Kshs.1.38 billion for recurrent expenditure and Kshs.244.46 million for development activities. In the first quarter of FY 2023/24, recurrent pending bills amounting to Kshs.11.28 million were settled. Therefore, as of 30th September 2023, the outstanding amount was Kshs.1.62 billion.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.71 billion on employee compensation, Kshs.1.18 billion on operations and maintenance, and Kshs.13.10 million on development activities. Similarly, the County Assembly spent Kshs.82.75 million on employee compensation and Kshs.94.11 million on operations and maintenance, as shown in Table 3.184.

Table 3.184: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**11,379,893,172**	**1,160,413,432**	**2,885,899,783**	**176,859,229**	**25.4**	**15.2**
Compensation to Employees	6,429,690,487	706,698,863	1,707,118,299	82,747,993	26.6	11.7
Operations and Maintenance	4,950,202,685	453,714,569	1,178,781,484	94,111,236	23.8	20.7
Development Expenditure	**6,109,472,602**	**141,130,808**	**13,099,531**	-	0.2	-
Total	**17,489,365,774**	**1,301,544,240**	**2,898,999,314**	**176,859,229**	**16.6**	**13.6**

***Source**: Nakuru County Treasury*

3.31.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.1.79 billion, or 28.2 per cent of the available revenue, which amounted to Kshs.6.35 billion. This expenditure represented a decrease from Kshs.2.82 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.1.04 billion paid to health sector employees, translating to 57.9 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.60 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.22.46 million was processed through manual payrolls. The manual payrolls accounted for 1.4 per cent of the total PE cost.

The County Assembly did not report expenditure on committee sitting allowances for the 83 MCAs and the Speaker despite having an annual budget allocation of Kshs.55 million.

3.31.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.631.67 million to county-established funds in FY 2023/24, constituting 3.4 per cent of the County's overall budget. Table 3.185 Summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.185: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2023/24 (Kshs.)	Actual Expenditure for the First Months of FY 2023/24 (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Emergency Fund	70,000,000	-	60,657,033	Yes
2.	Nakuru County Persons Living with Disability Fund	27,500,000	-	-	Yes
3.	Bursary Fund	339,499,082		8,975,114	Yes
4.	Nakuru County Executive Car and Mortgage Loan	144,675,000	-	27,900,000	Yes
5.	Nakuru County Enterprise Fund	50,000,000	-	-	Yes
County Assembly Established Funds					
1.	Nakuru County Assembly MCA Car and Mortgage Loan	-	19,180,833	5,392,132	Yes
	Total	**631,674,082**	**19,180,833**	**102,924,279**	-

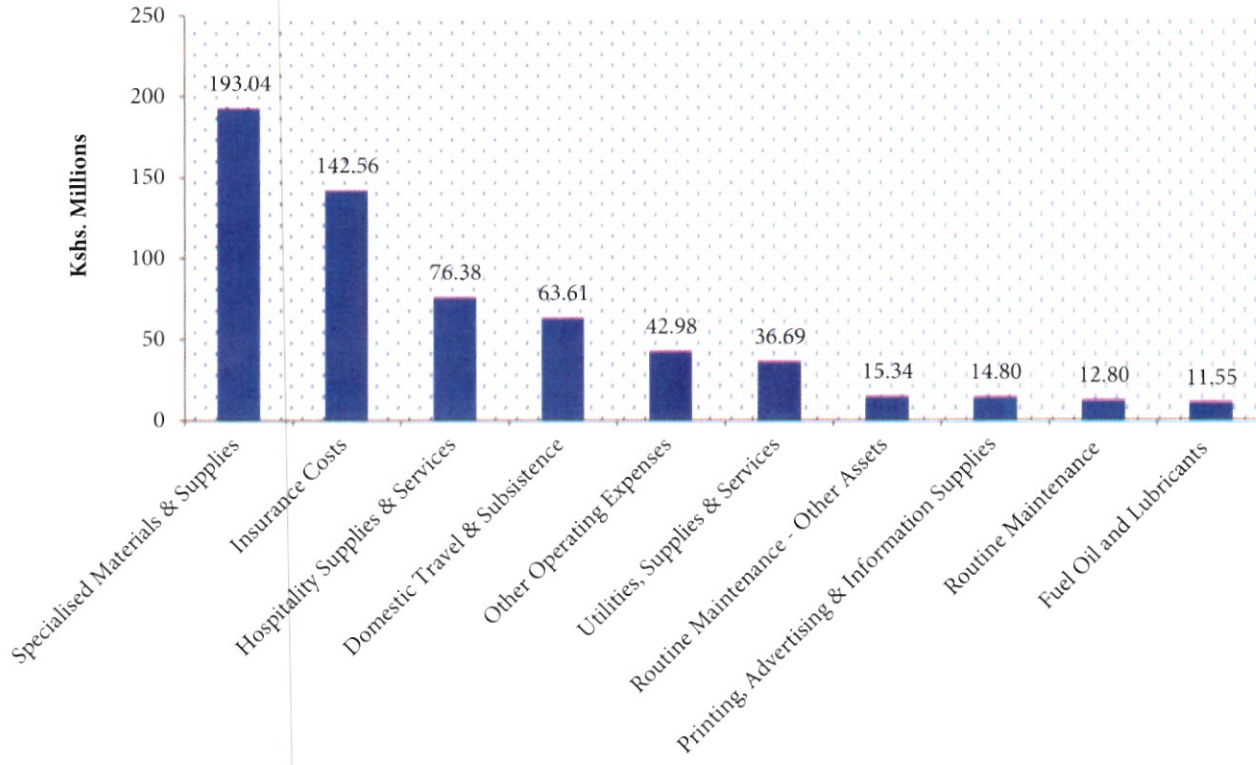
Source: *Nakuru County Treasury*

During the reporting period, the CoB received all quarterly financial returns from the Fund Administrators of six funds, as indicated in Table 3.185.

3.31.9 Expenditure on Operations and Maintenance

Figure 93 summarises the Operations and Maintenance expenditure by major categories.

Figure 93: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.63.61 million and comprised Kshs.40.95 million spent by the County Assembly and Kshs.22.66 million by the County Executive. The County Assembly reported Kshs.9.66 million as expenditure on foreign travel, as summarised in Table 3.186 below;

Table 3.186: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	4th to 10th September 2023	A Training on Leadership and Integrity	Arusha	4,696,460
County Assembly	3	31st August to 22nd September 2023	Training on Procurement of Goods, Works and non-consultancy services	Kampala	4,206,130
County Assembly	7	11th to 17th September 2023	Training on Leadership, Corporate oversight and Integrity	Kampala	3,367,499
County Assembly	2	11th to 17th September 2023	Training on Strategic Planning, Development and Implementation	Kampala	756,428
County Assembly	1	20th to 27th September 2023	Progressive Public Service, Leadership and Management Symposium	Indiana, USA	485,100

Source: County Assembly of Nakuru

3.31.10 Budget Performance by Department

Table 3.187 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.187: Nakuru 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 Assembly	1,160.41	141.13	194.49	-	176.86	-	90.9	-	15.2	-
County Treasury	1,536.84	654.71	463.46	-	318.16	-	68.6	-	20.7	-
Public Service, Training and Devolution	625.80	60.09	142.02	-	145.05	-	102.1	-	23.2	-
Agriculture, Livestock and Fisheries	475.13	991.46	78.46	-	83.15	-	106.0	-	17.5	-
Lands, Physical Planning and Housing	168.89	545.45	22.28	-	22.03	-	98.9	-	13.0	-
Office of the Governor and Deputy Governor	351.43	107.47	110.35	-	127.68	-	115.7	-	36.3	-
Education, Vocational training, ICT and E-Government	1,109.45	329.88	115.24	-	125.17	-	108.6	-	11.3	-
Trade, Industry, Marketing and Tourism	224.53	334.68	18.32	150.00	15.08	-	82.3	-	6.7	-
Youth, Culture, Gender, Sports and Social Services.	266.07	94.53	25.11	-	27.22	-	108.4	-	10.2	-
Infrastructure	328.40	964.74	83.64	-	14.80	-	17.7	-	4.5	-
Water, Environment, Energy and Natural Resources	321.19	782.15	53.83	-	54.46	-	101.2	-	17.0	-
Health Services	5,750.25	1,174.30	882.55	-	1,648.93	13.10	186.8	-	28.7	1.1
County Public Service Board	71.07	6.00	9.12	-	8.95	-	98.2	-	12.6	-
Nakuru Municipality	48.86	32.00	4.42	-	5.18	-	117.3	-	10.6	-
Naivasha Municipality	38.64	28.00	1.80	-	1.38	-	76.7	-	3.6	-
Office of the County Attorney	63.36	4.00	2.25	-	-	-	-	-	-	-
Total	**12,540.31**	**6,250.60**	**2,207.34**	**150.00**	**3,075.86**	**13.10**	**125.7**	**8.7**	**22.1**	**0.2**

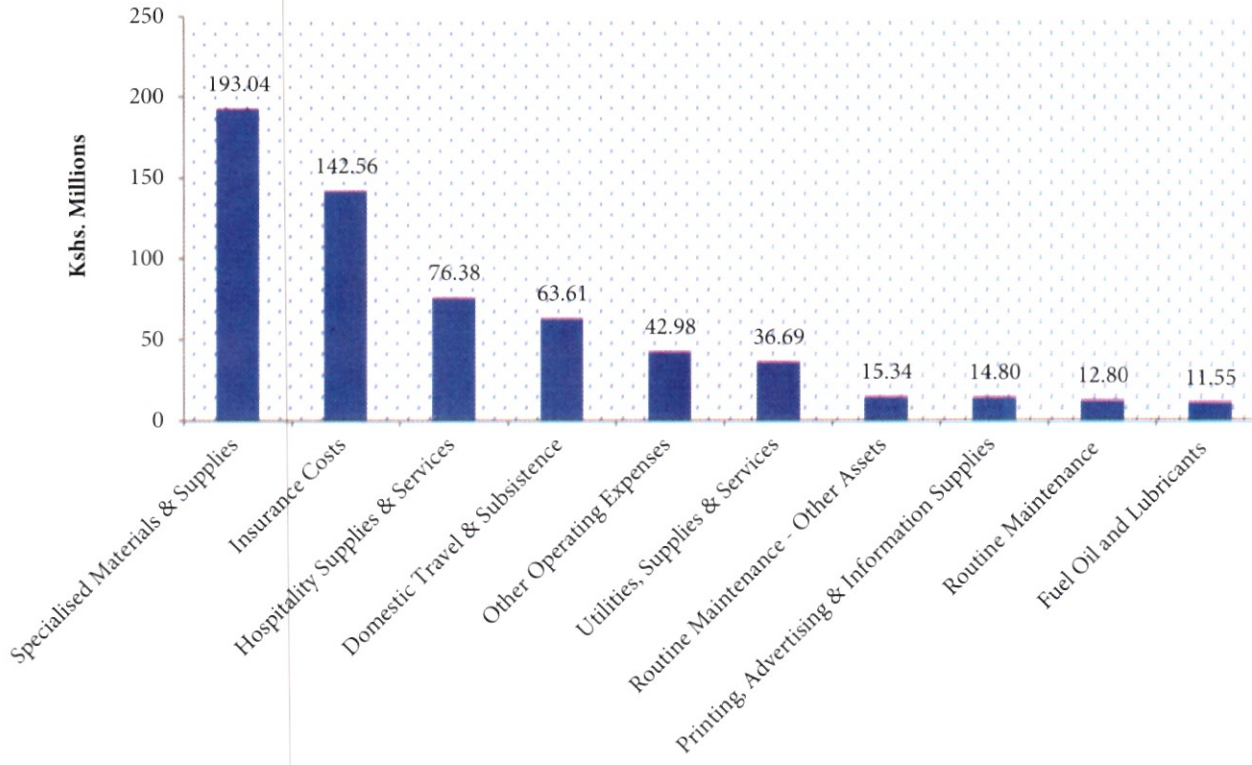
***Source**: Nakuru County Treasury*

Analysis of expenditure by the department shows that the Department of Health Services reported the highest absorption rate of the development budget at 1.1 per cent. The Office of the Governor and Deputy Governor had the highest percentage of recurrent expenditure to budget at 36.3 per cent, while the Department of Office of the County Attorney did not report any expenditure during the period under review.

3.31.11 Budget Execution by Programmes and Sub-Programmes

Table 3.188 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Figure 93: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.63.61 million and comprised Kshs.40.95 million spent by the County Assembly and Kshs.22.66 million by the County Executive. The County Assembly reported Kshs.9.66 million as expenditure on foreign travel, as summarised in Table 3.186 below;

Table 3.186: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	4th to 10th September 2023	A Training on Leadership and Integrity	Arusha	4,696,460
County Assembly	3	31st August to 22nd September 2023	Training on Procurement of Goods, Works and non-consultancy services	Kampala	4,206,130
County Assembly	7	11th to 17th September 2023	Training on Leadership, Corporate oversight and Integrity	Kampala	3,367,499
County Assembly	2	11th to 17th September 2023	Training on Strategic Planning, Development and Implementation	Kampala	756,428
County Assembly	1	20th to 27th September 2023	Progressive Public Service, Leadership and Management Symposium	Indiana, USA	485,100

Source: County Assembly of Nakuru

3.31.10 Budget Performance by Department

Table 3.187 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.187: Nakuru 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 Assembly	1,160.41	141.13	194.49	-	176.86	-	90.9	-	15.2	-
County Treasury	1,536.84	654.71	463.46	-	318.16	-	68.6	-	20.7	-
Public Service, Training and Devolution	625.80	60.09	142.02	-	145.05	-	102.1	-	23.2	-
Agriculture, Livestock and Fisheries	475.13	991.46	78.46	-	83.15	-	106.0	-	17.5	-
Lands, Physical Planning and Housing	168.89	545.45	22.28	-	22.03	-	98.9	-	13.0	-
Office of the Governor and Deputy Governor	351.43	107.47	110.35	-	127.68	-	115.7	-	36.3	-
Education, Vocational training, ICT and E-Government	1,109.45	329.88	115.24	-	125.17	-	108.6	-	11.3	-
Trade, Industry, Marketing and Tourism	224.53	334.68	18.32	150.00	15.08	-	82.3	-	6.7	-
Youth, Culture, Gender, Sports and Social Services.	266.07	94.53	25.11	-	27.22	-	108.4	-	10.2	-
Infrastructure	328.40	964.74	83.64	-	14.80	-	17.7	-	4.5	-
Water, Environment, Energy and Natural Resources	321.19	782.15	53.83	-	54.46	-	101.2	-	17.0	-
Health Services	5,750.25	1,174.30	882.55	-	1,648.93	13.10	186.8	-	28.7	1.1
County Public Service Board	71.07	6.00	9.12	-	8.95	-	98.2	-	12.6	-
Nakuru Municipality	48.86	32.00	4.42	-	5.18	-	117.3	-	10.6	-
Naivasha Municipality	38.64	28.00	1.80	-	1.38	-	76.7	-	3.6	-
Office of the County Attorney	63.36	4.00	2.25	-	-	-	-	-	-	-
Total	**12,540.31**	**6,250.60**	**2,207.34**	**150.00**	**3,075.86**	**13.10**	**125.7**	**8.7**	**22.1**	**0.2**

***Source**: Nakuru County Treasury*

Analysis of expenditure by the department shows that the Department of Health Services reported the highest absorption rate of the development budget at 1.1 per cent. The Office of the Governor and Deputy Governor had the highest percentage of recurrent expenditure to budget at 36.3 per cent, while the Department of Office of the County Attorney did not report any expenditure during the period under review.

3.31.11 Budget Execution by Programmes and Sub-Programmes

Table 3.188 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.188: Nakuru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES							
Programme 1; Administration, planning and support services	SP 1.1: Administration planning and support services	51,936,593	46,428,308	-	-	-	-
	SP 1.2: Human Resource	361,143,101	-	83,153,034	-	23.0	-
Programme 2: Livestock resource management and development	SP 2.1: Livestock production and management	16,905,762	10,500,000	-	-	-	-
	SP 2.2: Promotion of value addition of livestock and livestock products	-	170,115,800	-	-	-	-
	SP 2.3: Livestock extension service delivery	6,301,921	-	-	-	-	-
	SP 2.4: Food safety and livestock products development	4,972,018	-	-	-	-	-
	SP 2.5: livestock diseases management and control	13,235,666	-	-	-	-	-
Programme 3; Fisheries development	SP 3.1: Aquaculture development	5,476,640	2,500,000	-	-	-	-
	SP 3.2: development of capture fisheries resources	-	10,000,000	-	-	-	-
	SP 3.3 Fish quality assurance value addition and marketing	-	3,500,000	-	-	-	-
Programme 4; Crop development and management	SP 4.1 Agriculture extension research and training	-	7,000,000	-	-	-	-
	SP 4.2 crop production and food security	14,123,451	71,466,838	-	-	-	-
	SP 4.3 farm land utilisation, conservation and mechanisation	-	7,950,000	-	-	-	-
	SP 4.4 Agribusiness development and marketing	-	14,000,000	-	-	-	-
	SP 4.5 Agri-Nutrition	1,033,331	-	-	-	-	-
	Sub Total	**475,128,483**	**991,460,946**	**83,153,034**	-	**23.0**	-
DEPARTMENT COUNTY PUBLIC SERVICE BOARD							
Programme 1: Administration and Human Resource Planning	SP 1.1: Administration services	54,809,576	6,000,000	8,954,780	-	16.3	-
	SP 1.2: Financial services	3,500,000	-	-	-	-	-
	SP 1.3: Human resources planning	9,781,897	-	-	-	-	-
	SP 1.4; Provision of human resource	2,976,544	-	-	-	-	-
	Sub-Total	**71,068,017**	**6,000,000**	**8,954,780**	-	**16.3**	-
DEPARTMENT NAIVASHA MUNICIPALITY							
Programme 1; Administration and planning and support services	SP 1.1 Administration and Planning	20,674,400	-	-	-	-	-
	SP 1.2; personnel services	10,863,064	-	1,381,622	-	13	-
	SP 1.3 financial services	-	-	-	-	-	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2; Naivasha municipal services	SP 2.1 planning and infrastructure	-	18,000,000	-	-	-	-
	SP 2.2 environmental management and sanitation	-	15000,000	-	-	-	-
	SP 2.3 Naivasha Social Services	1,000,000	-	-	-	-	-
	SP 2.4 tourism investment and trade	1000,000	-	-	-	-	-
	Sub-Total	**33,537,464**	**33,000,000**	**1,381,622**	-	**4.0**	-
DEPARTMENT PUBLIC SERVICE, TRAINING AND DEVOLUTION							
Programme 1: Administration, planning and support service	SP 1.1 administration service	52,459,392	-	-	-	-	-
	SP 1.2 personal service	540,808,604	-	145,047,771	-	26.8	-
	SP 1.3 FINANCIAL SERVICE	-	-	-	-	-	-
	SP 1.4 Co-ordination of public and special community	-	-	-	-	-	-
	SP 1.5 Mainstream workplace HIV/aids, alcohol and drug abuse control	990,000	-	-	-	-	-
	SP 1.6 Construction of county offices	-	60,087,984	-	-	-	-
	SP 1.7; Co-ordination of county compliance and enforcement agents	-	-	-	-	-	-
Programme 2; human resource management and development	SP 2.1; performance contracting	9,855,040	-	-	-	-	-
	SP 2.2 PERFORMANCE Appraisal system	9,855,040	-	-	-	-	-
	SP 2.3 Staff development through capacity building and training	3,350,000	-	-	-	-	-
Programme 3; civil education & public participation Programme 4: Disaster management and humanitarian assistance	SP 3.1 co-ordination of public and special community programme	530,000	-	-	-	-	-
	SP 4.1disaster management and humanitarian assistance	7,950,880	-	-	-	-	-
	Subtotals	**625,798,956**	**60,087,984**	**145,047,770.98**	-	**26.8**	-
DEPARTMENT OF EDUCATION, VOCATIONAL TRAINING, ICT AND E-GOVERNMENT							
Programme 1: Administration, planning and support service	SP 1.1 administration and support service	26,822,999	209,983,949	-	-	-	-
	SP 1.2 Personnel service	544,281,008.16	-	122,392,625	0	22.5	-
	SP 1.3 financial services	-	-	-	-	-	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2: Promotion of early childhood education and development	SP 2.1 Promotion of Early Childhood	90,375,165	-	-	-	-	-
	SP 2.2 Bursaries	339,499,082	-	-	-	-	-
	SP 2.3Education development	-	20,000,000	-	-	-	-
Programme 3: Vocational training	SP 3.1 Vocational training	73,730,371	81,396,969	-	-	-	-
	SP 3.2 Revitalization of the youth programme	-	-	-	-	-	-
Programme 4 Information and communication	SP 4.1 Public communication and media services	34,739,959	3,000,000	-	-	-	-
Programme 5 ICT Infrastructure Development and e-government Services	SP 5.1 Network Infrastructure	-	10,500,000	-	-	-	-
	5.2 Hardware and software platforms	-	5,000,000	-	-	-	-
	5.3 E-government services	-	-	-	-	-	-
	Sub-Total	**1,109,448,583**	**329,880,918**	**122,392,625**	-	**11.3**	-
DEPARTMENT OF FINANCE							
Programme 1; Administration, planning and support services	SP 1.1 Administration services	554,117,808	344,714,135	178,625,047	-	32.2	-
	SP 1.2 Personnel services	540,888,137	-	139,535,009	-	25.8	-
	SP 1.3 financial services	300,000	-	-	-	-	-
Programme 2; Public Finance Management	SP 2.1 Budget formulation co-ordination and management	201,326,190	-	-	-	-	-
	SP 2.2Resources mobilization	88,019,926	-	-	-	-	-
	SP 2.3 internal audit	41,169,007	5,000,000	-	-	-	-
	SP 2.4 procurement	18,931,885	5000,000	-	-	-	-
	SP 2.5 public finance and accounting	25,366,504	-	-	-	-	-
	SP 2.6 Debt management	7,263,581	300,000	-	-	-	-
	SP 2.7 External Resources Mobilisation	12,538,988	-	-	-	-	-
Programme 3: Economic and financial policy formulation and management	SP 3.1 Fiscal planning	37,635,796	-	-	-	-	-
	SP 3.2 monitoring and evaluation /statistical data management	9,284,167	-	-	-	-	-
	SP 3.3 KDSP programme	-	-	-	-	-	-
	Sub-Total	**1,536,842,025**	**654,714,135**	**813,160,056**	-	**20.7**	-
DEPARTMENT OF NAKURU CITY BOARD							
Programme 1	SP 1.1 Administration and Planning	24,970,000	-	-	-	-	-
	SP 1.2 personnel services	13,988,504	-	5,180,794	-	37	-
	SP 1.3 financial services	600,000	-	-	-	-	-
Programme 2	SP 2.1 Infrastructure development and urban	-	29,100,000	-	-	-	-
	SP 2.2 Nakuru City Environments Management	6500,000	-	-	-	-	-
	SP 2.3 Trade markets and investments	2,800,000	-	-	-	-	-
	SP 2.4 Nakuru City Social Services	-	2,899,418	-	-	-	-
	Sub-Total	**48,858,504**	**31,999,418**	**5,180,794**	-	**11**	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
DEPARTMENT OF YOUTH, GENDER, SPORTS AND SOCIAL SERVICES							
Programme 1: Administration, planning and support services	SP 1.1 Administration	61,494,853.23	-	-	-	-	-
	SP 1.2 Personnel services	113,607,430	-	25,882,380	-	22.9	-
	SP 1.3 financial services	1,000,000	-	-	-	-	-
Programme 2 Development of social-cultural diversity, economic empowerment and responsible Gaming	SP 2.1; gender equality and empowerment	18,450,000	-	-	-	-	-
	SP 2.2 social inclusion and empowerment	56,050,000	-	-	-	-	-
Programme 3 Management and development of sports, recreation and sports facilities	SP 3.1 development of sports infrastructure	20,823,107	-	-	-	-	-
	SP 3.2 promotion of sports development and recreation	52,500,000	-	-	-	-	-
	SP 3.3 Sports funding	-	-	-	-	-	-
Programme 4: Youth empowerment and participation	SP 4.1 youth empowerment and participation	36,674,533	-	-	-	-	-
	SP 4.2 Youth development	-	-	-	-	-	-
	Sub-Total	**360,599,923**	-	**25,882,380**	-	**7.2**	-
DEPARTMENT OF WATER ENVIRONMENT ENERGY AND NATURAL RESOURCES							
Programme 1 Administration	SP 1.1 Administration services	36,213,776	1,525,329	0	-	-	-
	SP 1.2 Human resources	241,882,319	-	16,666,138	-	-	-
	SP 1.3 Finance services	-	-	-	-	-	-
Programme 2 water and sewage management	SP 2.1 Provision of water	9,193,152	580,468,388	-	-	-	-
	SP 2.2 provision	-	-	-	-	-	-
Programme 3 environment management	SP 3.1 Pollution control	-	-	-	-	-	-
	SP 3.2 Solid Waste Management	16,173,70	-	-	-	-	-
	SP 3.3 Environmental Resources Mapping	1,525,000	-	-	-	-	-
Programme 4 County energy, planning, regulation, operation and development	SP 4.1 County Energy Development	-	180,000,000	-	-	-	-
	SP 4.2 Climate change resilience/forestry	**16,197,581**	-	-	-	-	-
	Sub-Total	**321,185,618**	**782,146,151**	**16,666,138**	-	**6**	-
OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR							
Programme 1 Administration, planning and support	SP;1.1 Administration and Planning	117,231,530	107,467,176	73340,689	-	62.7	-
	SP 1.2 Personnel services	94,925,337	-	5000,000	-	5.3	-
Programme 2 management of county affairs	SP 2.1 county executive services	15,618,492	-	-	-	-	-
	SP 2.2 policy direction and co-ordination	84,609,245	-	11,500,000	-	13.6	-
	SP 2.3 county policing services	4,685,548	-	-	-	-	-
	SP 2.4 leadership and governance	3,123,698	-	-	-	-	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
Programme 3 co-ordination and supervisory services	SP 3.1 organisation of county businesses	23,427,738	-	2,500,000	-	10.7	-
	SP 3.2 Special programmes	7,809,246	-	-	-	-	-
	Sub-Total	**351,430,834**	**107,467,176**	**92,340,689**	-		-
OFFICE OF COUNTY ATTORNEY							
Programme 1 Administration	SP 1.1 Administration	20,070,798	4000,000	-	-	-	-
	SP 1.2 Personnel services	19,229,202	-	-	-	-	-
	SP 1.2 financial services	500,000	-	-	-	-	-
Programme 2Advisory services	SP 2.1 Advisory services	1,300,000	-	-	-	-	-
	SP 2.2 legal matters	**3,560,966**	-	-	-	-	-
	SP 3.1 Litigation	15,700,920	-	-	-	-	-
	SP 3.2 Formulation and review of bills	**2,000**,000	-	-	-	-	-
	SP 3.3 Conveyance and commercial transactions	**1,000,000**	-	-	-	-	-
	Sub-Total	**63,361,886**	4000,000	-	-	-	-
DEPARTMENT OF INFRASTRUCTURE							
Programme 1 administration, planning and support services	SP 1.1 Administration services	45,702,695	-	-	-	-	-
	SP 1.2 Personnel services	145,718,287	-	14,779,670.55	-	-	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2 infrastructure, development and maintenance	SP 2.1 Construction, rehabilitation and maintenance of road drainage and bridges	18,824,999	900,743,13	-	-	-	-
	SP 2.2 Rehabilitation and maintenance of transport terminus	4800,000	-	-	-	-	-
	SP 2.3 Construction and maintenance of non-residential county buildings	9,725,000	4000,000	-	-	-	-
	SP 2.4 Installation, rehabilitation and maintenance of lighting facilities	103,625,000	60,000,000	-	-	-	-
Programme 3 firefighting and disaster management	SP 3.1 Firefighting and Emergency Services	-	-	-	-	-	-
	SP 3.2 Disaster management	-	-	-	-	-	-
	Sub-Total	**328,395,981**	**964,743,913**	**14,779,671**	**0**	**1.1**	-
DEPARTMENT OF HEALTH SERVICES							
Programme 1 administration and planning	SP 1.1 Health information systems	-	-	-	-	-	-
	SP 1.2 governance and leadership	-	-	-	-	-	-
	SP 1.3 Human resource management	-	-	-	-	-	-
	SP 1.4 Research and development	-	-	-	-	-	-
	SP 1.5 Health infrastructure and development	-	-	-	-	-	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2 health preventive and promotive services	SP 2.1 Primary Healthcare	-	-	-	-	-	-
	SP 2.2 environmental health and sanitation	-	-	-	-	-	-
	SP 2.3 human resource	-	-	-	-	-	-
	SP 2.4 Disease surveillance and emergency response	-	-	-	-	-	-
	SP 2.5 Health promotive	-	-	-	-	-	-
	SP 2.6 HIV programme	-	-	-	-	-	-
	SP 2.7 Nutrition	-	-	-	-	-	-
	SP 2.8 Reproductive health	1,250,000	-	-	-	-	-
	SP 2.9 immunisation	1,596,425	-	-	-	-	-
Programme 3 Health curative and rehabilitative services	SP 3.1 Provision of essential health services in all	1,208,750,945	969,436,672	412,643,500	13,099,531	34	3
	SP 3.2 Elimination of communicable and non-communicable diseases	2,200,000	-	-	-	-	-
	SP 3.3 Human resource	246,760,037	-	-	-	-	-
	Sub-Total	**5,750,251,631**	**1,174,302**	**1,336,862,576**	**13,099,531**	**23**	**1**
Department of Lands, Physical Planning and Housing							
Programme 1: Administration, Planning, Management and Support Services	SP 1.1: Administration and Financial Services	41,181,943	-	-	-	-	-
	SP 1.2: Personnel Services	96,075,353	-	22,028,667	-	22.9	-
	Sub Total		-	-	-	-	-
Land Use Planning and Survey	SP 2.1: Nakuru County Land Use Plan	16,328,575	45,300,000	-	-	-	-
	SP 2.2: Land Information Management System (LIM)	-	-	-	-	-	-
	SP 2.3: Urban Plan and Development	9,500,000	-	-	-	-	-
	SP 2.4: Survey and Mapping of Nakuru County	-	-	-	-	-	-
	SP 2.5: Surveying of Urban Centres	-	-	-	-	-	-
	SP 2.6: Surveying of County Estate and Facilitation of Lease Processing	-	-	-	-	-	-
	SP 2.7: Establishment of a Survey Centre and Mapping Centre	-	-	-	-	-	-
	Sub-Total	-					
Programme 3: Housing Development and Management	SP 3.1: Maintenance of County Estates	5,803,574	-	-	-	-	-
	SP 3.2: Housing Technology (Establishment of ABMT Centres)	-	-	-	-	-	-
	SP 3.3: Development of Affordable Housing and Housing Infrastructure	-	-	-	-	-	-
	Sub-Total	**168,889,444**	**545,452,387**	**22,028,667**	-	**22.9**	-
DEPARTMENT OF TRADE, COOPERATIVES, INDUSTRIALISATION AND TOURISM							
Programme 1 Administration planning	SP 1.1 Administration, planning and support services	-	-	-	-	-	-
	SP 1.2 Personnel services	-	-	-	-	-	-
	SP 1.3 financial services	-	-	-	-	-	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2 cooperatives	SP 2.1management of market cooperatives	-	-	-	-	-	-
	SP 2.2 Sacc0 empowerment	-	-	-	-	-	-
	SP 2.3 cooperatives leadership and governance	-	-	-	-	-	-
	SP 2.4 Strengthening cooperatives	-	-	-	-	-	-
	SP 2.5 empowering youth, women and peds participation in cooperatives	1,127,588	-	-	-	-	-
Programme 3: Commerce and Enterprise	SP 3.1 Business development services for SMEs	1,050,000	-	-	-	-	-
	SP 3.2 Producer business groups	800,000	-	-	-	-	-
	SP 3.3 SMES training	1,000,000	-	-	-	-	-
	SP 3.4 SMES funding	25,000,000	-	-	-	-	-
	SP 3.5 Development and management of county bus terminus	-	-	-	-	-	-
	SP 3.6 consumer protection	3,500,000	3,000,000	-	-	-	-
	SP 3.7 Establishment of the industrial park	-	250,000,000	-	-	-	-
Programme 4 market	SP 4.1 Market rehabilitation	-	10,000,000	-	-	-	-
	SP 4.2 Development of new market	-	46,681,722	-	-	-	-
	SP 4.3 Market users' delivery services	12,800,000	-	-	-	-	-
Programme 5 Tourism	SP 5.1 Promotion of local tourism	9,200,000	-	-	-	-	-
	SP 5.2 Management of county tourism information centre	0	-	-	-	-	-
Programme 6 alcoholic drinks and Control	SP 6.1 inspection, approval and liquor licencing	2,450,000	-	-	-	-	-
	SP 6.2 Liquor enforcement and compliance	150,000	-	-	-	-	-
	SP 6.3 research and innovation	600,000	-	-	-	-	-
	SP 6.4 Treatment and rehabilitation of persons dependent on alcoholic drinks	1,050,000	-	-	-	-	-
	SP 6.5 Education and training of sub-county and review committee	1,200,000	-	-	-	-	-
Programme 7: Development of socio-cultural diversity and promotion	SP 7.1 Cultural Development Activities	20,983,063	7,000,000	-	-	-	-
	SP 7.2 promotion of responsible gaming	6,250,000	-	-	-	-	-
	Sub-Total	**224,530,872**	**334,681,772**	**14,560,972**	-	**6.5**	-
Grand Total		**12,540,306,604**	**6,250,603,410**	**3,075,858,542.85**	**13,099,531**	**22.1**	**0.2**

***Source**: Nakuru County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration and Planning in the Office of the Governor at 62.7 per cent, Provision of Essential Health Services in the Department of Health Services at 34.0 per cent, and Personal Services in the Department of Public Service, Training and Devolution at 26.8 per cent.

3.31.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Failure to budget for unspent cash balances from the previous financial year, which amounted to Kshs.4.52 billion.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.181, where the County incurred expenditure over approved exchequer issues in several departments.
3. There is a high level of pending bills, which amounted to Kshs.1.62 billion as of 30th September 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.22.46 million were processed through the manual payroll, accounting for 1.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County Assembly spent Kshs.9.66 million on foreign travel during the period which may be wasteful expenditure.

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

1. *The County Treasury should prepare a supplementary budget and appropriate the unspent funds from the previous financial year so as to ensure ongoing projects and programmes are captured in the budget and planning documents.*
2. *The County Treasury should improve its Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
5. *The County leadership should curtail and regulate expenditure on foreign travel in order to make savings for key programmes.*

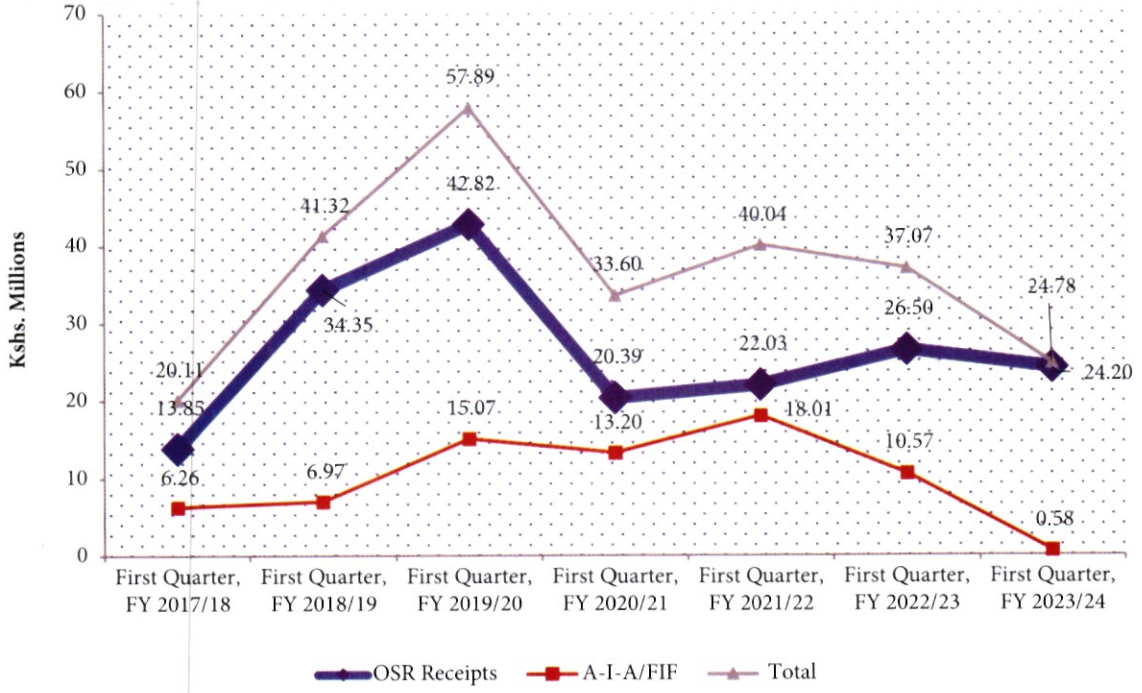
3.32. County Government of Nandi

3.32.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.9.36 billion, comprising Kshs.3.20 billion (34.2 per cent) and Kshs.6.16 billion (65.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 10.1 per cent compared to the previous financial year when the approved budget was Kshs.8.5 billion and comprised of Kshs.2.43 billion towards development expenditure and Kshs.6.07 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.31 billion (78.9 per cent) as the equitable share of revenue raised nationally, Kshs.155.23 million (1.7 per cent) as revenue from health facilities, Kshs.938.82 million (9 per cent) as conditional grants, a cash balance of Kshs.548.53 million (5.9 per cent) brought forward from FY 2022/23, and generate Kshs.360.33 million (3.9 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.189.

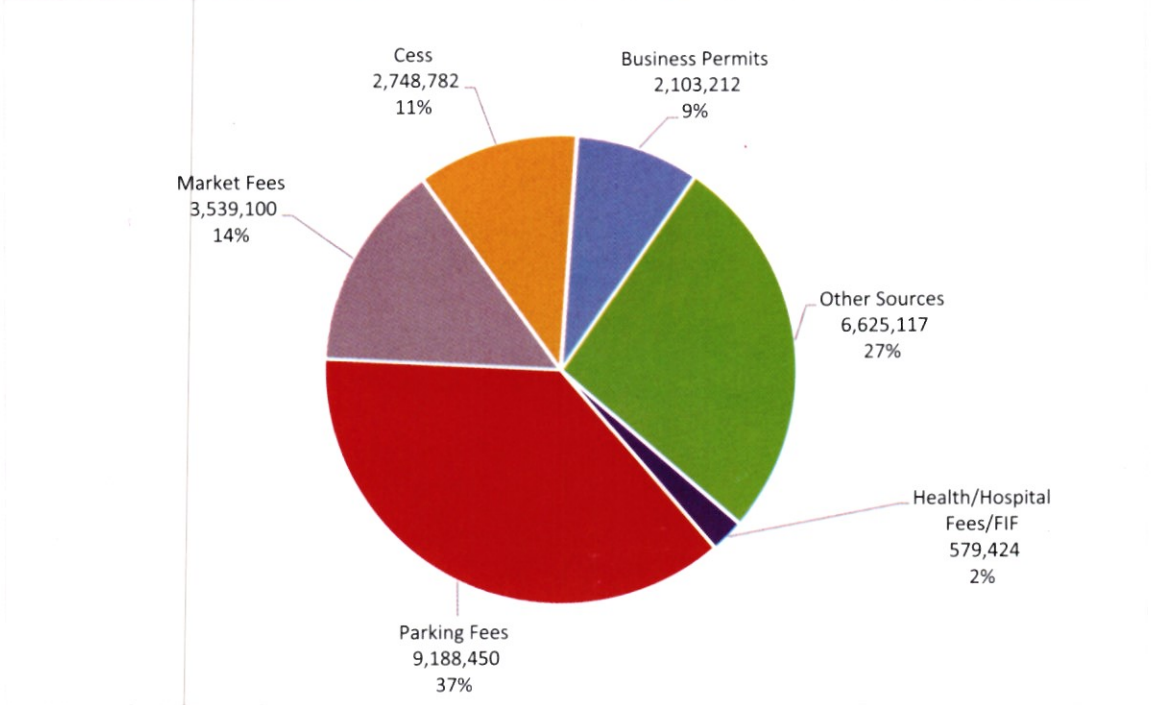
Figure 94: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Nandi County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.24.78 million from its sources of revenue, inclusive of FIF and AIA. This amount represented a decrease of 33.1 per cent compared to Kshs.37.07 million realised in FY 2022/23 and was 4.8 per cent of the annual target and 1.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 95.

Figure 95: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: *Nandi County Treasury*

The highest revenue stream of Kshs.9.19 million was from parking fees, contributing to 37 per cent of the total OSR receipts during the reporting period.

3.32.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.83 billion as the equitable share of the revenue raised nationally, Kshs.579,424 as revenue from health services, cash balance of Kshs.200.80 million from FY 2022/23, and raised Kshs.24.20 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.05 billion, as shown in Table 3.189.

Table 3.189: Nandi County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,305,294,585	1,826,323,509	25
Sub Total		7,305,294,585	1,826,323,509	**25**
B	**Conditional Grants**			
1	Aggregated Industrial Parks Programme	100,000,000	-	-
2	Provision of Subsidised Fertiliser Programme	128,705,606	-	-
3	Livestock Value Chain Support Project	57,294,720	-	-
4	DANIDA -Health Sector Programme Support III	24,759,750	-	-
5	W B. -National Agricultural and Rural Growth	150,000,000	-	-
6	IDA (WORLD BANK). -National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
7	Nutrition International	35,500,000	-	-
8	KISIP-Kenya Informal Settlements Improvement Project	50,000,000	-	-
9	Financing Locally Led Climate Action (FLLoCA)	126,000,000	-	-
10	FLLoCA County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
11	Transfer for Library Services	5,047,663	-	-
12	Agricultural Sector Development Support Program (ASDSP)	516,946	-	-
Sub-Total		**938,824,685**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	360,325,820	24,204,661	6.7
2	Balance b/f from FY2022/23	548,529,220	200,797,819	1.5
3	Appropriation in Aid (AIA)	155,231,711	579,424	0.4
Sub Total		1,064,086,751	33,154,505	3.1
Grand Total		**9,308,206,021**	**2,051,905,413**	**22**

Source: *Nandi County Treasury*

Figure 94 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.45 billion from the CRF account during the reporting period, which comprised Kshs.98.57 million (6.8 per cent) for development programmes and Kshs.1.35 billion (93.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.982.79 million was released towards Employee Compensation, and Kshs.368.75 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.601.31 million.

3.32.4 County Expenditure Review

The County spent Kshs.1.67 billion on development and recurrent programmes in the reporting period. The expenditure represented 115.2 per cent of the total funds released by the CoB and comprised Kshs.143.44 million and Kshs.1.53 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.5 per cent, while recurrent expenditure represented 24.8 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.219.27 million, comprising Kshs.96.46 million for recurrent expenditure and Kshs.122.81 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.20.65 million were settled for development programmes. As of 30th September 2023, the outstanding amount was Kshs.169.53 million.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.838.60 million on employee compensation, Kshs.427.96 million on operations and maintenance, and Kshs.122.79 million on development activities. Similarly, the County Assembly spent Kshs.77.82 million on employee compensation, Kshs.182.20 million on operations and maintenance, and Kshs.20.65 million on development activities, as shown in Table 3.190.

Table 3.190: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,362,889,821**	**796,999,461**	**1,266,562,678**	**260,023,286**	**23.6**	**32.6**
Compensation to Employees	3,432,738,607	371,157,819	838,599,168	77,824,012	24.4	21
Operations and Maintenance	1,930,151,214	425,841,642	427,963,510	182,199,274	22.2	42.8
Development Expenditure	3,103,427,640	100,000,000	122,792,720	20,651,079	4	20.7
Total	**8,466,317,461**	**896,999,461**	**1,389,355,398**	**280,674,365**	16.4	31.3

***Source**: Nandi County Treasury*

3.32.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.916.42 million, or 49.2 per cent of the available revenue, which amounted to Kshs.1.86 billion. This expenditure represented a decrease from Kshs.1.11 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.589.89 million paid to health sector employees, translating to 62.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.850.16 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.66.26 million was processed through manual payrolls. The manual payrolls accounted for 7.2 per cent of the total PE cost.

The County Assembly spent Kshs.4.75 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.30.89 million. The average monthly sitting allowance was Kshs.35,216 per MCA. The County Assembly has established 21 Committees.

3.32.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.318 million to county-established funds in FY 2023/24, constituting 3.4 per cent of the County's overall budget. Table 3.191 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.191: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Nandi County Executive Car Loan and Mortgage Scheme Fund	150,000,000	20,000,000	20,000,000	Yes
2.	Nandi County Emergency Fund	150,000,000	10,000,000	10,000,000	Yes
3.	Nandi County Bursary Fund	18,000,000	11,000,000	11,000,000	Yes
County Assembly Established Funds					
1.	Nandi County Assembly Car Loan and Mortgage Scheme Fund	-	-	-	Yes
Total		**318,000,000**	**41,000,000**	**41,000,000**	-

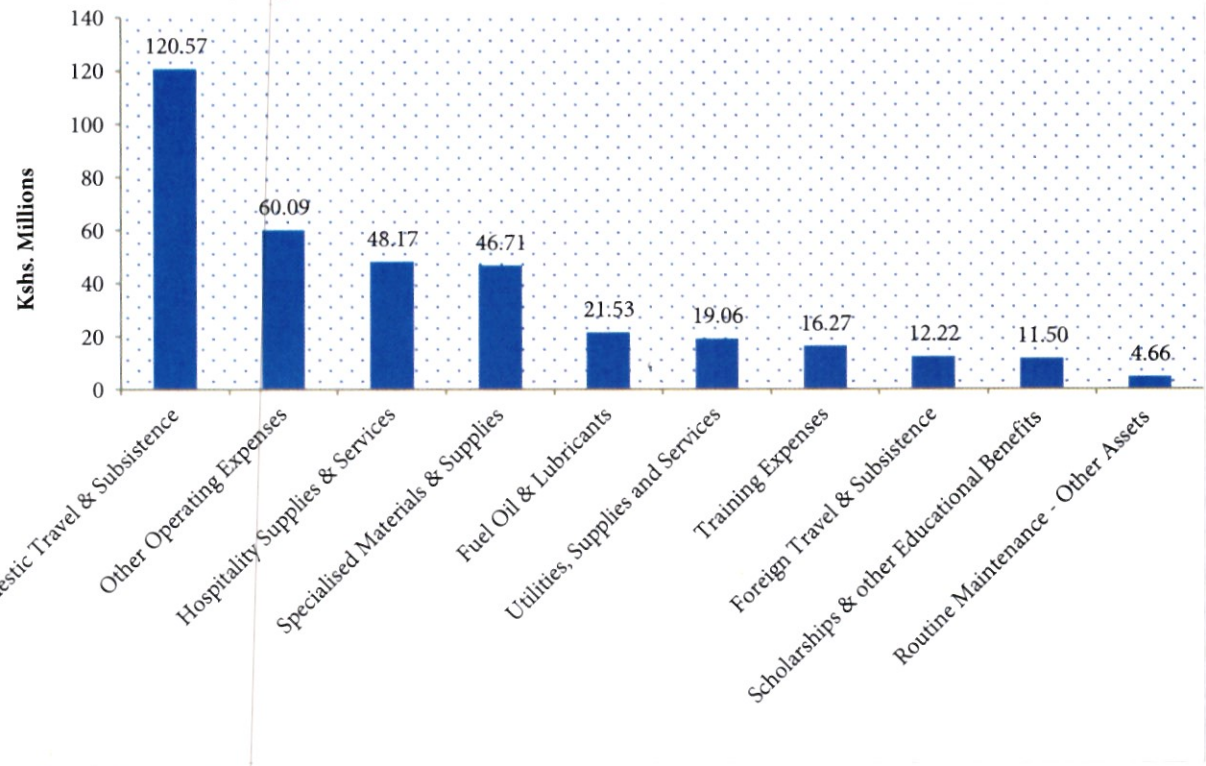
Source: *Nandi County Treasury*

During the reporting period, the CoB received all quarterly financial returns from Fund Administrators.

3.32.9 Expenditure on Operations and Maintenance

Figure 96 summarises the Operations and Maintenance expenditure by major categories.

Figure 96: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nandi County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.120.57 million and comprised Kshs.74.14 million spent by the County Assembly and Kshs.46.44 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.22 million and comprised Kshs.608,896 by the County Assembly and Kshs.11.61 million by the County Executive, as summarised in Table 3.192

Table 3.192: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	23-30th July 2023	Leadership and Performance Management Conference	Addis Ababa, Ethiopia	608,896.00
County Executive	4	20th-27th August, 2023	International conference on food and safety	Paris, France	2,640,370
County Executive	2	24th-28th September, 2023	Development tour in matters of solar street lighting	Johannesburg, South Africa	799,848

Source: *Nandi County Treasury*

3.32.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.143.44 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County did not incur any development expenditure. Table 3.193 summarises development projects with the highest expenditure in the reporting period.

Table 3.193: Nandi County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Roads and infrastructure	Construction of Tinderet Culverts	Tinderet	1,913,764	1,913,764	1,913,764	100
Roads and infrastructure	Construction of Kamogoiywo Gaa Road	Ndalat Ward	2,000,793	2,000,793	2,000,793	100
Executive	Construction of Governors Building	Kasabet	45,847,895	50,000,000	42,800,000	93
health and sanitation	Renovation Works at Serem Dispensary	Kemeloi Maraba	4,573,241	4,573,241	4,573,241	100
Roads and infrastructure	Construction of Kipsugur Kibor-gok Culvert	Kapkangani	1,804,172	1,804,172	1,804,172	100

Source: Nandi County Treasury

3.32.11 Budget Performance by Department

Table 3.194 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.194: Nandi 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 Executive	483.84	71.50	146.38	4.54	166.31	4.54	113.6	100.0	34.4	6.4
Finance and Economic Planning	577.07	93.00	144.99	6.56	158.71	6.56	109.5	100.0	27.5	7.1
Administration, Public Service and ICT	314.14	66.50	54.05	-	19.94	-	36.9	-	6.3	-
Health and Sanitation	2,608.00	296.42	582.07	7.49	686.00	7.49	117.9	100.0	26.3	2.5
Agriculture and Cooperative Development	282.00	837.43	45.00	-	104.98	1.64	233.3	-	37.2	0.2
Sports, Youth Affairs, Gender and Social Welfare Arts	163.84	89.27	16.18	-	14.60	-	90.3	-	8.9	-
Education and Vocational Training and Development	436.65	252.98	140.13	14.21	81.29	18.86	58.0	132.7	18.6	7.5
Lands, Physical Planning, Housing, Environment, Water, Natural Resources and Climate Change	118.09	494.55	40.00	36.61	3.47	54.34	8.7	148.4	2.9	11.0
Transport, Public Works and Infrastructure Development	163.83	410.83	-	27.26	11.80	27.01	-	99.1	7.2	6.6
Trade, Tourism, Industrialization and Enterprise Development	86.86	418.95	-	-	1.55	-	-	-	1.8	-
County Public Service Board and Labour	52.12	-	-	-	15.19	-	-	-	29.1	-
County Assembly	797.00	100.00	182.72	-	260.02	20.65	142.3	-	32.6	20.7
Kapsabet Municipality	15.80	72.00	-	-	1.50	2.34	-	-	9.5	3.2
Office of the County Attorney	60.65	-	-	-	1.22	-	-	-	2.0	-
Total	**6,160**	**3,203**	**1,352**	**97**	**1,527**	**143**	**113.0**	**148.4**	**24.8**	**4.5**

***Source**: Nandi County Treasury*

Analysis of expenditure by department shows that the County Assembly had the highest absorption rate at 20.7 per cent, followed by the Department of Lands, Physical Planning, Housing, Environment, Water, Natural Resources and Climate Change, which recorded the highest absorption rate of development budget at 11 per cent. The Department of Agriculture and Cooperative Development had the highest percentage of recurrent expenditure to budget at 37.2 per cent, while the Department of Trade, Tourism, Industrialization and Enterprise Development had the lowest at 1.8 per cent.

3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 3.195 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.195: Nandi County, Budget Execution by Programmes and Sub-Programmes

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Absorption (%)
Default Value (Non-Departmental)	-	-	-
Default - Non-Programmatic	-	-	-
General Administration and Support Services	-	-	-
Office of Governor	**1,110,688,554**	**170,855,389**	**15.4**
Facilitation of Public Participation Forums	-	-	-
Health Care Infrastructure	-	-	-
Physical Infrastructure	-	-	-
County Executive Committee Services	-	-	-
Public Sector Advisory	-	-	-
General Administration & Support Services	-	-	-
Enforcement of Domesticated Or Enacted Laws and Regulations	-	-	-
Disaster Risk Reduction and Emergency	-	-	-
Administration and General Support Services	-	-	-
Coordination of County Functions	-	-	-
General Administration and Support Services	**1,110,688,554**	170,855,389	**15.4**
County Bursary Scheme	-	-	-
Office of The Deputy Governor	-	-	-
Public Sector Advisory	-	-	-
County Administration and Public Service	-	-	-
Facilitation of Public Participation Forums	-	-	-
General Administration and Support Services	-	-	-
Enforcement of Domesticated or Enacted Laws and Regulations	-	-	-
Physical Infrastructure	-	-	-
Coordination of County Functions	-	-	-
HRM	-	-	-
County Bursary Scheme	-	-	-
ICT	-	-	-
ICT Infrastructure	-	-	-
Physical Infrastructure	-	-	-
Public Finance & Accounts	-	-	-
Economic Development Coordination and Monitoring & Evaluation	-	-	-
Revenue Enhancement and Infrastructure	-	-	-
Administration & Support of Human Resources	-	-	-

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Absorption (%)
Economic Planning	-	-	-
General Administration and Support Services	-	-	-
Fiscal Planning	-	-	-
Economic Development Coordination and Monitoring & Evaluation	-	-	-
Audit	-	-	-
Audit Services	-	-	-
Revenue	-	-	-
Revenue Enhancement and Infrastructure	-	-	-
General Administration and Support Services	-	-	-
Procurement	-	-	-
Public Procurement	-	-	-
Budgeting	-	-	-
Budget Formulation and Management	-	-	-
Finance and Accounting	-	-	-
Fiscal Planning	-	-	-
Administration & Support of Human Resources	-	-	-
Health Service Delivery Administration Services	-	-	-
Audit Services	-	-	-
Budget Formulation and Management	-	-	-
Revenue Enhancement and Infrastructure	-	-	-
ICT Infrastructure	-	-	-
Public Finance & Accounts	-	-	-
Economic Development Coordination and Monitoring & Evaluation	-	-	-
Debt Management	-	-	-
General Administration and Support Services	-	-	-
Public Procurement	-	-	-
Sub-County Administration	-	-	-
Administration & Support of Human Resources	-	-	-
Special Programmes	-	-	-
County Administrative Services	-	-	-
Health Sector Programme Support (DANIDA Funds)	-	-	-
General Administration and Support Services	-	-	-
Town Administration Section	-	-	-
County Administrative Services	-	-	-
General Administration and Support Services	-	-	-
Administration & Support of Human Resources	-	-	-
Special Programmes	-	-	-
Ward Administration	-	-	-
Special Programmes	-	-	-
Public Health and Sanitation	**5,808,825,164**	**693,488,368**	**11.9**
Preventive & Promotive Health Services	-	-	-
Physical Planning	-	-	-
Health Service Delivery Administration Services	**5,808,825,164**	**693,488,368**	**11.9**
Curative Health Services	-	-	-
Health Care Infrastructure	-	-	-

Description	Approved Budget	Actual Payments	Absorption
	(Kshs.)	(Kshs.)	(%)
Health Sector Programme Support (DANIDA Funds)	-	-	-
Administration and General Support Services	-	-	-
Preventive Health Services	-	-	-
Health Care Infrastructure	-	-	-
Health Sector Programme Support (DANIDA Funds)	-	-	-
Curative Health Services	-	-	-
Health Service Delivery Administration Services	-	-	-
Preventive & Promotive Health Services	-	-	-
Curative Health Services	-	-	-
General Administration and Support Services	-	-	-
Physical Planning	-	-	-
Preventive & Promotive Health Services	-	-	-
Curative Health Services	-	-	-
Health Service Delivery Administration Services	-	-	-
Health Care Infrastructure	-	-	-
Agriculture and Crop Production	-	-	-
Fisheries Development and Management	-	-	-
Crop Development and Management	-	-	-
Administration and General Support Services	-	-	-
Livestock and Veterinary	-	-	-
Crop Development and Management	-	-	-
Fisheries Development and Management	-	-	-
Livestock Resources Management and Development	-	-	-
Fisheries	-	-	-
Fisheries Development and Management	-	-	-
Crop Development and Management	-	-	-
Tourism	-	-	-
General Administration and Support Services	-	-	-
Tourism Development and Promotion	-	-	-
Culture	-	-	-
Cooperative Development and Management	-	-	-
Culture	-	-	-
Culture	-	-	-
Cooperatives	-	-	-
Tourism Development and Promotion	-	-	-
Gender	-	-	-
Cooperative Development and Management	-	-	-
Youth Affairs	-	-	-
Sports Development	-	-	-
General Administration and Support Services	-	-	-
Social Services	-	-	-
Youth Affairs	-	-	-
General Administration and Support Services	-	-	-
Gender	-	-	-
Gender and Social Services	-	-	-
Gender	-	-	-
Social Services	-	-	-

Description	Approved Budget	Actual Payments	Absorption
	(Kshs.)	(Kshs.)	(%)
Sports	-	-	-
Sports Development	-	-	-
Pre-Education and Care Services	-	-	-
Education	-	-	-
General Administration & Support Services	-	-	-
Youth Training and Development	-	-	-
Quality Assurance, Evaluation and Research	-	-	-
Education	-	-	-
Vocational Training	-	-	-
Education	-	-	-
Youth Training and Development	-	-	-
Environmental Protection	-	-	-
Environmental Conservation & Protection	-	-	-
General Administration and Support Services	-	-	-
Culture	-	-	-
Water Supply	-	-	-
Lands	-	-	-
Housing	-	-	-
Environmental Conservation & Protection	-	-	-
Physical Planning	-	-	-
Land Adjudication	-	-	-
Administration and General Support Services	-	-	-
Natural Resources and Mining	-	-	-
Land Survey	-	-	-
General Administration and Support Services	-	-	-
Environmental Conservation & Protection	-	-	-
Housing	-	-	-
Water Supply	-	-	-
Physical Planning	-	-	-
Land Adjudication	-	-	-
General Administration and Support Services	-	-	-
Water	-	-	-
Water Supply	-	-	-
Survey	-	-	-
Physical Planning	-	-	-
Environmental Conservation & Protection	-	-	-
Land Adjudication	-	-	-
Land Survey	-	-	-
Physical and Structural Planning	-	-	-
General Administration and Support Services	-	-	-
Education	-	-	-
Road Transport	-	-	-
Roads and Infrastructure	-	-	-
General Administration and Support Services	-	-	-
Road Transport	-	-	-
Public Works	-	-	-
Government Buildings	-	-	-

Description	Approved Budget	Actual Payments	Absorption
	(Kshs.)	(Kshs.)	(%)
Road Transport	-	-	-
General Administration and Support Services	-	-	-
Transport	-	-	-
Road Transport	-	-	-
General Administration and Support Services	-	-	-
Weights and Measures	-	-	-
Weights and Measures	-	-	-
Trade Shows and Exhibitions	-	-	-
Trade Development	-	-	-
Industry Development	-	-	-
Industrial, SME Development	-	-	-
Industry Development	-	-	-
Trade Development	-	-	-
Markets	-	-	-
Industry Development	-	-	-
Trade Development	-	-	-
General Administration and Support Services	-	-	-
Headquarters	**104,241,174**	**15,191,124**	**14.6**
Administration & Support of Human Resources	**101,841,174**	14,995,124	14.7
Human Resource Management	-	-	-
Administration and General Support Services	**2,400,000**	196,000	8.2
County Assembly Service Board	**1,793,998,922**	**189,677,048**	**10.6**
County Assembly Service Board	**1,793,998,922**	189,677,048	10.6
County Assembly Clerk Services	-	-	-
Finance and Accounts	-	-	-
Physical Infrastructure and Equipment	-	-	-
Administration Section	-	-	-
County Assembly Clerk Services	-	-	-
General Administration and Support Services	-	-	-
Administration & Support of Human Resources	-	-	-
Physical Infrastructure and Equipment	-	-	-
County Assembly Service Board	-	-	-
General Administration and Support Services	-	-	-
Grand Total	**8,817,753,814**	**1,069,211,929**	**12.1**

***Source**: Nandi County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were; General Administration and Support Services in the Office of the Governor at 19 per cent, Health Service Delivery Administration Services in the Department of Health and Sanitation at 12 per cent, Administration & Support of Human Resources in the Department of County Public Service Board and Labour at 14.7 per cent, and County Assembly Service Board at 10.6 per cent.

However, the report on budget execution by programmes and sub-programmes differed from the expenditure report submitted by the County Treasury, which indicates a failure to do regular reconciliation of financial transactions by the accounting officers.

3.32.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received 30th October 2023.
2. The underperformance of own-source revenue at Kshs.24.20 million against an annual projection of Kshs.360.33 million, representing 6.7 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.195, where the County incurred expenditure over approved exchequer issues in several departments.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.66.26 million were processed through the manual payroll, accounting for 7.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County budget has an estimated cash balance of Kshs.548.53 million from the previous final year, which varies significantly from the actual balance of Kshs.200.8 million. This will lead to a budget deficit.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Treasury should correctly budget for unspent cash balances from the previous financial years to avoid budget deficits.*

3.33. County Government of Narok

3.33.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.15.0 billion, comprising Kshs.4.57 billion (30.5 per cent) and Kshs.10.42 billion (69.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 0.1 per cent compared to the previous financial year when the approved budget was Kshs.14.98 billion and comprised of Kshs.4.83 billion towards development expenditure and Kshs.10.15 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.2 billion (61.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.21 billion (8.0 per cent) as conditional grants, and generate Kshs.4.59 billion (30.4 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.196.

3.33.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.52 billion as the equitable share of the revenue raised nationally, Kshs.15.41 million as Appropriation in Aid (A-I-A), Kshs.19.11 million as Facility Improvement Fund (FIF), had a cash balance of Kshs.0.57 million from FY 2022/23, and raised Kshs.1.64 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.3.19 billion, as shown in Table 3.196.

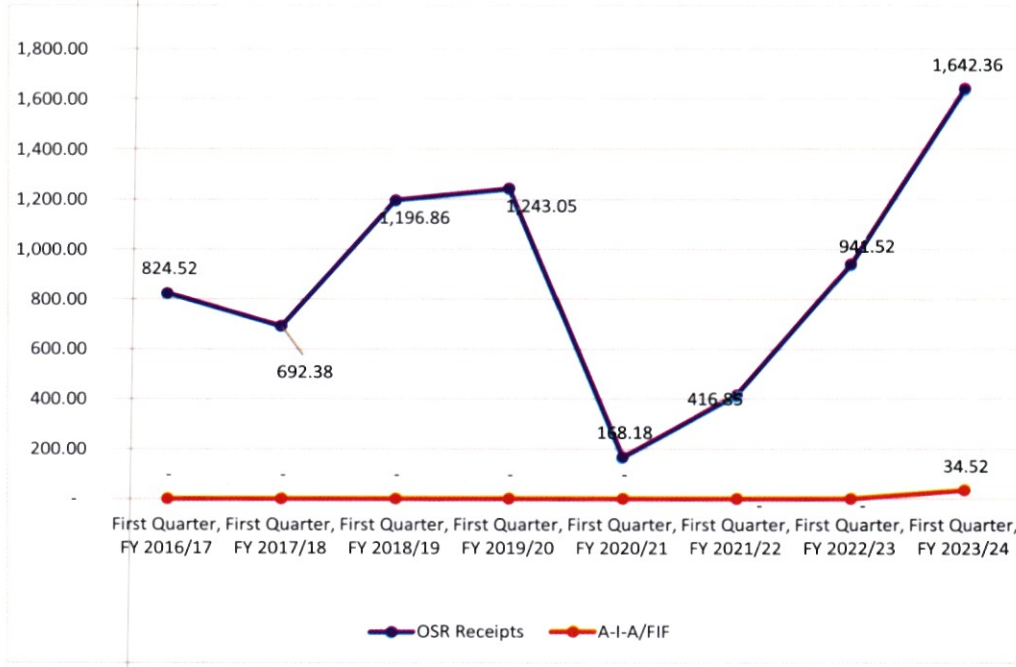
Table 3.196: Narok County, Revenue Performance in FY 2023/24

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	9,200,560,000	1,517,385,688	16.5
Subtotal		**9,200,560,000**	**1,517,385,688**	**16.5**
B	**Conditional Grants**			
1.	Leasing of Medical Equipment	159,890,000	-	-
2.	Loans & Grants (Consolidated)	1,046,030,000	-	-
Subtotal		**1,205,920,000**	**-**	**-**
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	4,588,583,534	1,642,359,390	35.8
2.	Appropriation in Aid (A-I-A)	-	15,414,592	-
3.	Facility Improvement Fund (FIF)	-	19,109,767	-
4.	Unspent balance from FY 2022/23	-	568,277	-
Sub Total		**4,588,583,534**	**1,677,452,026**	**36.6**
Grand Total		**14,995,063,534**	**3,194,837,714**	**21.3**

Source: *Narok County Treasury*

Figure 97 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

Figure 97: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



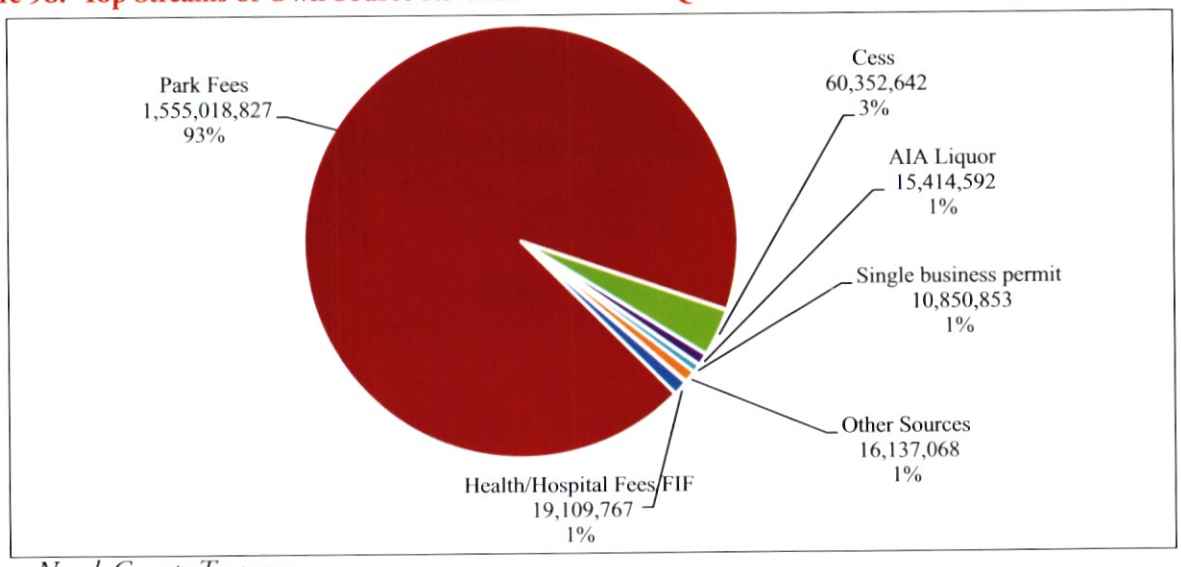
Source: *Narok County Treasury*

In the first quarter of FY 2023/24, the County generated Kshs.1.68 billion from its sources of revenue. This amount represented an increase of 56.2 per cent compared to Kshs.941.52 million realised in a similar FY 2022/23 period. It was 36.5 per cent of the annual target and 110.5 per cent of the equitable revenue share disbursed. However, the County Treasury did not provide information on the previous financial year's disaggregated revenue receipts, FIF and AIA.

The OSR performance can be attributed to the following revenue mobilisation strategies, among others: development of a Revenue Enhancement Action Plan (REAPs) covering the period between 2022 – 2027 as recommended

in the Tax Administration Diagnostic Assessment Tool (TADAT) performance assessment report; Automation of other revenue outside Maasai Mara National Game Reserve; Staff re- alignment & Capacity building; Employment of new revenue collection staff as well as full implementation of County Finance policies and regulations spelt out in the Narok County Government Finance Act. The revenue streams which contributed the highest OSR receipts are shown in Figure 98.

Figure 98: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Narok County Treasury

The highest revenue stream of Kshs.1.56 billion was from Park Fees, contributing to 93 per cent of the total OSR receipts during the reporting period.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.15 billion from the CRF account during the reporting period, which comprised Kshs.1.38 billion (43.9 per cent) for development programmes and Kshs.1.76 billion (56.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.832.01 million was released towards Employee Compensation, and Kshs.932.89 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.5.82 million.

3.33.4 County Expenditure Review

The County spent Kshs.3.13 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.5 per cent of the total funds released by the CoB and comprised of Kshs.1.37 billion and Kshs.1.76 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 30.0 per cent, while recurrent expenditure represented 16.9 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.53 billion, comprising Kshs.938.33 million for recurrent expenditure and Kshs.587.86 million for development activities. In the first quarter of FY 2023/24, no pending bills were settled, and therefore, as of 30th September 2023, the outstanding amount remains at Kshs.1.53 billion.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.744.85 million on employee compensation, Kshs.871.94 million on operations and maintenance, and Kshs.1.37 billion on development activities. Similarly, the County Assembly spent Kshs.87.16 million on employee compensation and Kshs.56.06 million on operations and maintenance. The County Assembly did not incur any expenditure on development activities, as shown in Table 3.197.

Table 3.197: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**9,524,976,569**	**896,760,000**	**1,616,783,847**	**143,211,943**	**17.0**	**16.0**
Compensation to Employees	4,382,569,624	585,833,962	744,848,218	87,159,830	17.0	14.9
Operations and Maintenance	5,142,406,945	310,926,038	871,935,629	56,052,113	17.0	18.0
Development Expenditure	4,423,326,965	150,000,000	1,372,423,532	-	31.0	-
Total	**13,948,303,534**	**1,046,760,000**	**2,989,207,379**	**143,211,943**	**21.4**	**13.7**

***Source**: Narok County Treasury*

3.33.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.832.01 million, or 26.04 per cent of the available revenue, which amounted to Kshs.3.19 billion. This expenditure represented a decrease from Kshs.1.07 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.258.99 million paid to health sector employees, translating to 31.1 per cent of the total wage bill. It's worth mentioning that the above figure excludes September 2023 salaries for the County Staff.

The County Assembly spent Kshs.8.50 million on committee sitting allowances for the 50 MCAs and the Speaker against the annual budget allocation of Kshs.36.11 million. The average monthly sitting allowance was Kshs.56,472 per MCA. The County Assembly has established 21 Committees.

3.33.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.650.1 million to county-established funds in FY 2023/24, constituting 4.3 per cent of the County's overall budget. Table 3.198 summarizes each established Fund's budget allocation and performance during the reporting period.

Table 3.198: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs.)	Actual Expenditure for FY 2023/24 (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Scholarships Fund (Bursary)	380,185,354	-	-	No
2.	Capital Grants and Transfer (To Maasai Mara Community Support Fund.	100,000,000	-	-	No
3.	Emergency Fund	50,000,000	-	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs.)	Actual Expenditure for FY 2023/24 (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
4.	Narok Kajiado Economic Block (NAKAEC)	30,794,368	17,240,000	-	No
County Assembly Established Funds					
1.	Car loans & Mortgage for Members of Assembly and staff	89,098,000	-	-	No
Total		**650,077,722**	-	-	-

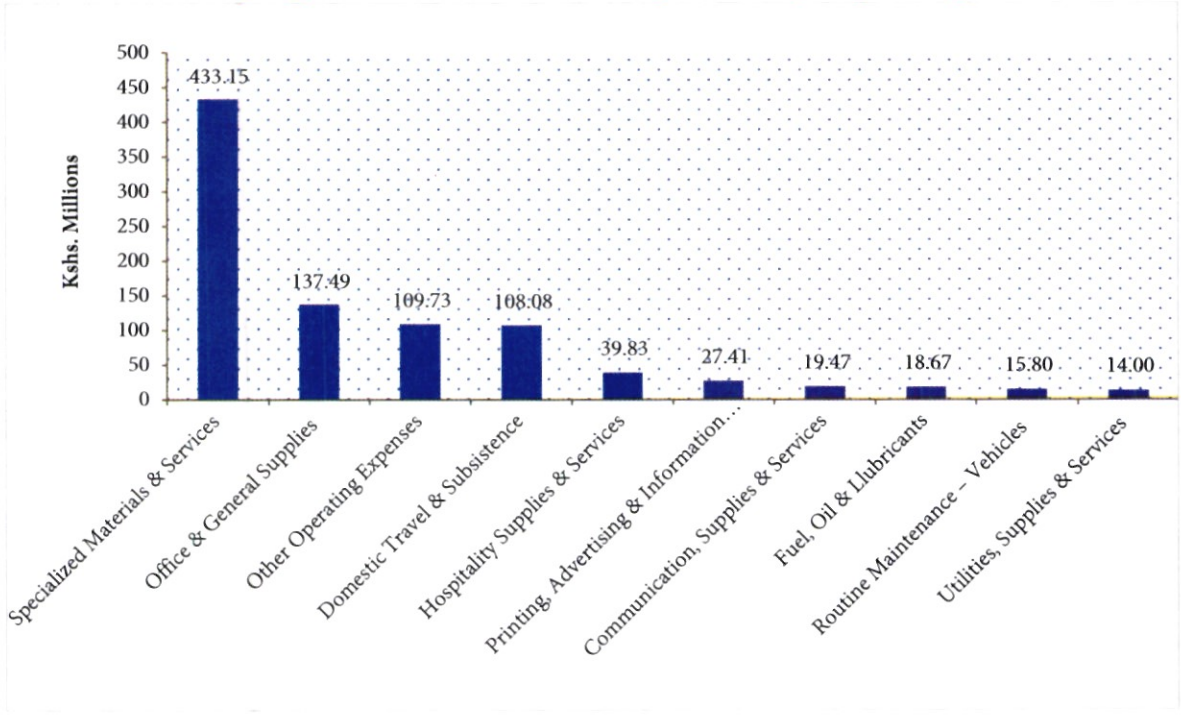
Source: *Narok County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the five funds as indicated in Table 3.198, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.33.9 Expenditure on Operations and Maintenance

Figure 99 summarises the Operations and Maintenance expenditure by major categories.

Figure 99: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: *Narok County Treasury*

The "Other Operating Expenses" comprise of following expenses: Kecoso & KICOSCA Games facilitation (Kshs.11.97 million); Workman compensation, Funeral, Medical ex-gratia (Kshs.4.68 million); School feeding programme (Kshs.30.51 million) and Mara Conservancy, Security & Surveillances (Kshs. 39.66 million).

During the period, expenditure on domestic travel amounted to Kshs.108.08 million and comprised Kshs.45.53 million spent by the County Assembly and Kshs.62.56 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.44 million and was entirely incurred by the County Executive, as summarised in Table 3.199.

Table 3.199: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs)
County Executive	10 Officers	13th – 16th September, 2023	To attend the Mara Day celebration at Serengeti District	Tanzania	3,100,000
	8 Officers		To attend the Mara Day celebration at Serengeti District	Tanzania	2,900,700
	9 Officers		To attend the Mara Day celebration at Serengeti District	Tanzania	2,973,000
	8 Officers	3rd – 12th September, 2023	To attend the Paralympic Games	Ghana	2,507,910
	3 Officers	5th – 11th July, 2023	To attend LGT Venture Philanthropy Training	Switzerland	962,930

Source: *Narok County Treasury*

Included in the operations and maintenance costs is an expenditure of Kshs.22.55 million incurred on garbage collection.

3.33.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.1.37 billion on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.382.76 million. Table 3.200 summarises development projects with the highest expenditure in the reporting period.

Table 3.200: Narok County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Transport	Purchase of Specialised Plant, Equipment and Machinery	Narok North	1,487,932,072	1,048,707,815	70
2	Health	Electrical and mechanical works at Narok Referral Hospital	Narok North	65,562,286	65,562,286	100
3	Roads	Maintenance of county roads-Siyapei-olchoro road	Narok East	26,438,296	26,438,296	100
4	Livestock	Construction of a Cattle and sheep sale yard at Ilkerian-Loita Market	Narok south	17,206,765	17,206,765	100
5	Roads	Construction of Olelusie-Entotol-Parkarara-Olesimu Roads	Narok East	11,777,990	11,777,990	100
6	Roads	Maintenance of county roads-Ainamoi Pri-Ntule in Enkipai road	Transmara East	10,975,000	10,975,000	100
7	Roads	Construction of bridge- Box Culverts at Osanangururi	Narok North	19,212,706	10,638,961	55
8	Roads	Construction of Masaantare Box Culvert	Narok south	10,226,648	10,226,648	100
9	Environment	Waterworks at Oldonyo-Orok-Angata	Transmara South	8,305,930	8,323,065	100
10	Roads	Maintenance of County roads oldany osega		7,606,410	7,606,410	100

Source: Narok County Treasury

3.33.11 Budget Performance by Department

Table 3.201 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.201: Narok 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 Assembly	896.76	150	147.2	10.88	143.21	-	97.3	-	16.0	-
County Executive	347.56	-	10	-	10	-	100	-	2.9	-
Finance & Economic Planning	1,664.95	292.95	229.28	38.7	229.18	38.7	100	100	13.8	13.2
Transport and Public Works	414.87	1,337.07	15.28	846.19	15.28	846.19	100	100	3.7	63.3
Education, Youth, Sports, Culture and Social Services	1,553.93	372.7	220.52	110.42	220.52	110.39	100	100	14.2	29.6
Environment Protection, Energy, Water & Natural Resources	380.82	333.45	50.19	65.24	50.19	65.22	100	100	13.2	19.6
Public Service Board	91.92	-	11.2	-	11.2	-	100	-	12.2	-
Agriculture, Livestock & Fisheries	402.55	498.66	30.69	14.88	30.69	14.88	100	100	7.6	3.0
Health & Sanitation	2,805.66	488.75	814.03	293.59	813.32	293.59	99.9	100	29.0	60.1
Lands Housing Physical Planning & Urban Development	274.17	248.69	24.8	3.48	24.7	3.46	99.6	99.4	9.0	1.4
ICT & E-Government	118.3	85.11	16.9	-	16.9	-	100	-	14.3	-
Administration and Public Services Management	784.79	150.66	96.42	-	96.42	-	100	-	12.3	-
Trade, Industry and Cooperative Development	585.47	615.29	97.89	-	97.89	-	100	-	16.7	-
Office of the County Attorney	100	-	0.5	-	0.5	-	100	-	0.5	-
Total	**10,421.75**	**4,573.33**	**1,764.90**	**1,383.38**	**1,760**	**1,372.43**	**99.7**	**99.2**	**16.9**	**30.0**

***Source**: Narok County Treasury*

Analysis of expenditure by department shows that the Department of Transport and Public Works recorded the highest absorption rate of development budget at 63.3 per cent, followed by the Department of Health & Sanitation at 60.1 per cent. The Department of Health & Sanitation had the highest percentage of recurrent expenditure to recurrent budget at 29.0 per cent, while the Office of the County Attorney had the lowest at 0.5 per cent.

3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 3.202 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.202: Narok County, Budget Execution by Programmes and Sub-Programmes

Vote	Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
102003000			**673,073,004.00**	**440,504.00**	**672,632,500.00**	0.1
	102024610	Crop Productivity Improvement	673,073,004.00	440,504.00	672,632,500.00	0.1
103003000			**169,790,126.00**	**1,380,402.00**	**168,409,724.00**	0.8
	103014610	Livestock Pests & Disease Management & Control	66,673,834.00	-	66,673,834.00	-
	103074610	Livestock Information Management	103,116,292.00	1,380,402.00	101,735,890.00	1.3
104003000			**58,337,187.00**	**385,880.00**	**57,951,307.00**	0.7
	104014610	Fish Products Production	58,337,187.00	385,880.00	57,951,307.00	0.7
105003000			**47,881,099.00**	**357,249.00**	**47,523,850.00**	0.7
	105014610	Development Planning and Land Reforms	47,881,099.00	357,249.00	47,523,850.00	0.7
106003000			**165,126,655.00**	**2,996,000.00**	**162,130,655.00**	1.8
	106014610	Housing Development	165,126,655.00	102,996,000.00	62,130,655.00	62.4
107003000			**309,856,765.00**	**13,232,032.00**	**296,624,733.00**	4.3
	107014610	Metropolitan Planning & Infrastructure Development	309,856,765.00	13,232,032.00	296,624,733.00	4.3
201003000			**1,751,934,137.00**	**932,306,605.80**	**819,627,531.20**	53.2
	201014610	General Administration, Planning and Support Services	75,139,698.00	1,905,000.00	73,234,698.00	2.5
	201024610	Construction of Roads and Bridges	1,594,918,318.00	924,787,782.80	670,130,535.20	58.0
	201034610	Maintenance of Roads	81,876,121.00	5,613,823.00	76,262,298.00	6.9
202003000			**144,260,000.00**	**368,800.00**	**143,891,200.00**	0.3
	202014610	ICT Infrastructure Development	144,260,000.00	368,800.00	143,891,200.00	0.3
208000000		**Information And Communication Services**	**59,150,000.00**	-	**59,150,000.00**	-
	208049999	E-Government Services	59,150,000.00	-	59,150,000.00	-
301003000			**657,034,399.00**	**68,000.00**	**656,966,399.00**	-
	301014610	Administrative Services	6,385,168.00	-	6,385,168.00	-
	301024610	Cooperative Development & Management	19,774,463.00	-	19,774,463.00	-
	301034610	Trade Development and Promotion	630,874,768.00	68,000.00	630,806,768.00	-
303003000			**468,471,796.00**	**5,962,930.00**	**462,508,866.00**	1.3
	303014610	Tourism Promotion and Marketing	468,471,796.00	5,962,930.00	462,508,866.00	1.3

Vote	Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
306000000		**Tourism Development and Promotion**	**75,249,999.00**	-	**75,249,999.00**	-
	306039999	Tourism Infrastructure Development	75,249,999.00	-	75,249,999.00	-
401003000			**488,750,000.00**	**313,217,593.00**	**175,532,407.00**	64.1
	401014610	Health Promotion	488,750,000.00	313,217,593.00	175,532,407.00	64.1
402003000			**356,111,363.00**	**34,179,824.00**	**321,931,539.00**	9.6
	402014610	Referral Services	356,111,363.00	34,179,824.00	321,931,539.00	9.6
403003000			**2,499,541,415.00**	**732,691,736.70**	**1,716,849,678.30**	29.3
	403014610	Health Policy, Planning and Financing	2,499,541,415.00	732,691,736.70	1,716,849,678.30	29.3
502003000			**1,537,090,804.00**	**519,530,858.50**	**1,017,559,945.50**	33.8
	502014610	Early Child Development and Education	1,537,090,804.00	519,530,858.50	1,017,559,945.50	33.8
701003000			**1,261,025,685.00**	**148,525,369.00**	**1,075,740,318.00**	11.8
	701014610	Administrative Services	400,646,203.00	50,532,583.00	350,113,620.00	12.6
	701044610	Coordination and Administrative Services	413,483,334.00	50,360,004.00	363,123,330.00	12.2
	701054610	Public Service and Field Administrative Services	318,218,144.00	38,226,540.00	279,991,604.00	12.0
	701084610	Board Management Services	128,678,004.00	9,406,242.00	82,511,764.00	7.3
702003000			**1,036,120,489.00**	**122,602,375.00**	**913,518,114.00**	11.8
	702014610	Accounting services	110,144,260.00	17,626,708.00	92,517,552.00	16.0
	702024610	Resource Mobilisation	487,459,616.00	46,948,484.00	440,511,132.00	9.6
	702034610	Budget Formulation, Coordination and Management	98,277,686.00	11,058,450.00	87,219,236.00	11.3
	702044610	Supply Chain Management Services	154,915,548.00	37,715,133.00	117,200,415.00	24.3
	702054610	Internal Audit Services	85,323,379.00	9,253,600.00	76,069,779.00	10.8
703003000			**1,161,783,851.00**	**141,157,129.00**	**1,020,626,722.00**	12.2
	703014610	Economic Planning Coordination	836,626,965.00	82,826,407.00	753,800,558.00	9.9
	703024610	Monitoring and Evaluation Services	85,323,379.00	58,330,722.00	26,992,657.00	68.4
704003000			**170,660,000.00**	**19,262,141.00**	**151,397,859.00**	11.3
	704024610	County Co-ordination Services	150,660,000.00	19,262,141.00	131,397,859.00	12.8
901003000			**1,189,542,173.00**	**12,729,334.00**	**376,812,839.00**	1.1
	901014610	Gender and Youth Development	328,649,139.00	602,200.00	28,046,939.00	0.2
	901024610	Social Assistance to Vulnerable Groups	219,287,741.00	-	19,287,741.00	-
	901034610	Development and Promotion of Culture	137,162,324.00	4,863,096.00	32,299,228.00	3.5

Vote	Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
	901044610	Development and Management of sports facilities	167,000,000.00	809,040.00	66,190,960.00	0.5
	901054610	Sports Services	192,423,612.00	-	92,423,612.00	-
	901064610	Voluntary Training Services	145,019,357.00	6,454,998.00	138,564,359.00	4.5
1002003000			**714,272,587.00**	**88,946,492.00**	**605,326,095.00**	12.5
	1002014610	Forests Conservation and Management	714,272,587.00	88,946,492.00	605,326,095.00	12.5
Grand Total			**14,995,063,534.00**	**3,132,419,322.00**	**11,862,644,212.00**	**20.9**

***Source**: Narok County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Monitoring and Evaluation Services in the Department of Finance & Economic Planning at 68.4 per cent, Health Promotion in the Department of Health & Sanitation at 64.1 per cent, Housing Development in the Department of Lands Housing Physical Planning & Urban Development at 62.4 per cent, and Construction of Roads and Bridges at 58.0 per cent of budget allocation.

3.33.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 26th October 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the five County Funds were not submitted to the Controller of Budget.
3. High level of pending bills, which amounted to Kshs.1.53 billion as of 30th September 2023.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*

3.34. County Government of Nyamira

3.34.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.7.34 billion, comprising Kshs.2.46 billion (33.5 per cent) and Kshs.4.88 billion (66.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 3.5 per cent compared to the previous financial year when the approved budget was Kshs.7.09 billion and comprised of Kshs.2.19 billion towards development expenditure and Kshs.4.91 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.33 billion (72.7per cent) as the equitable share of revenue raised nationally, Kshs.230 million (3.1per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.796.96 million (10.9 per cent) as conditional grants, a cash balance of Kshs.629.28 million (8.6 per cent) brought forward from FY 2022/23 CRF and generate Kshs.345 million (4.7per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.203.

3.34.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.33 billion as the equitable share of the revenue raised nationally, Kshs.42.48 million as FIF, had a cash balance of Kshs.629.28 million from FY 2022/23, and raised Kshs.18.69 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.02 billion, as shown in Table 3.203.

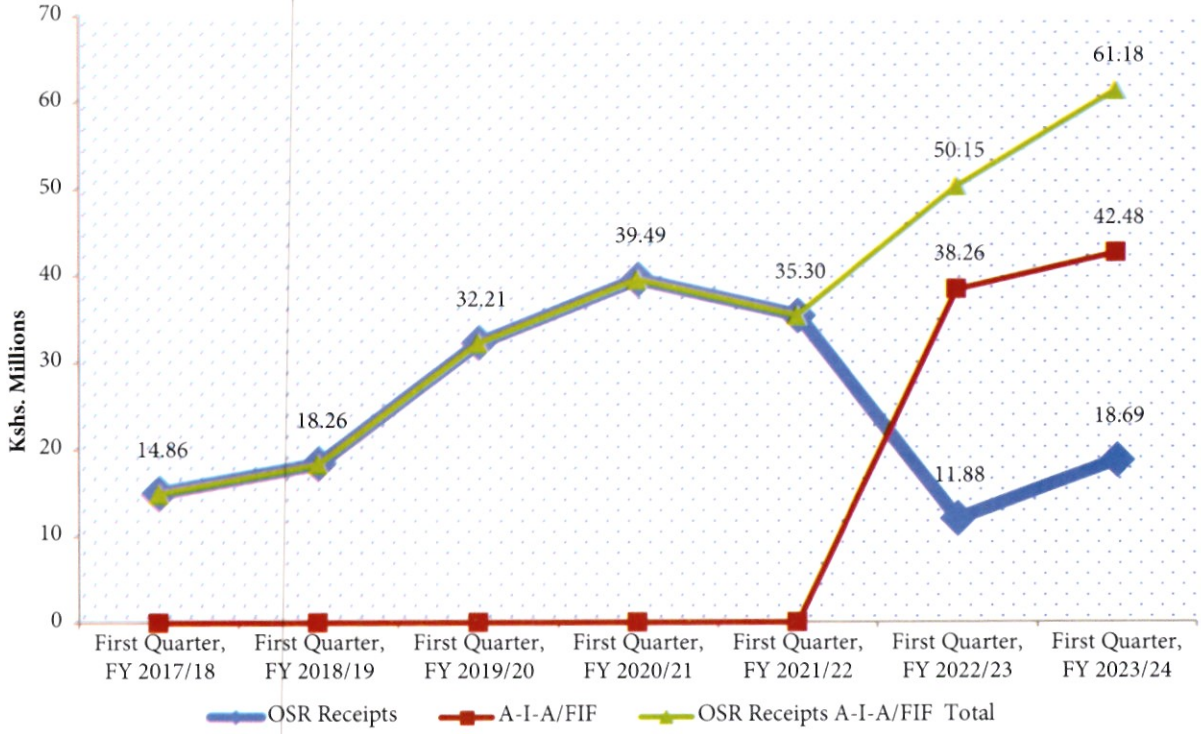
Table 3.203: Nyamira County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	**5,334, 198, 486**	**1,333,549,621**	**25.0**
Subtotal		**5,334,198,486**	**1,333,549,621**	**25.0**
B	**Conditional Grants**			
1.	National Agricultural Value Chain project	250, 000, 000	-	-
2.	National and Rural Inclusive Growth Project	150, 000, 000	-	-
3.	County Climate Resilience Support	136, 000, 000	-	-
4.	County Aggregated Industrial Park	100, 000, 000	-	-
5.	Fertiliser Subsidy Programme	92, 563, 428	-	-
6.	Livestock Value Chain Support Project	28, 647, 360	-	-
7.	Kenya Informal Settlement Improvement Project	19, 440, 308	-	-
8.	County Climate Institutional support	11, 000, 000	-	-
9.	DANINA	8, 778, 000	-	-
10.	Agricultural Sector Development Support Programme	531, 293	-	-
Subtotal		**796, 960, 389**	-	-
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	345, 000, 000	18, 693, 616	5.4
2.	Facility Improvement Fund (FIF)	230, 000, 000	42, 481, 542	18.5
3.	Unspent CRF balance from FY 2022/23	430, 000, 000	430, 000, 000	100.0
4.	Unspent SPAs balance from FY 2022/23	199, 282, 966	199, 282, 966	100.0
Sub Total		**1,204,441,966**	**690, 458, 124**	**57.3**
Grand Total		**7,335,441,841**	**2,024,007,745**	**27.6**

Source: *Nyamira County Treasury*

Figure 100 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

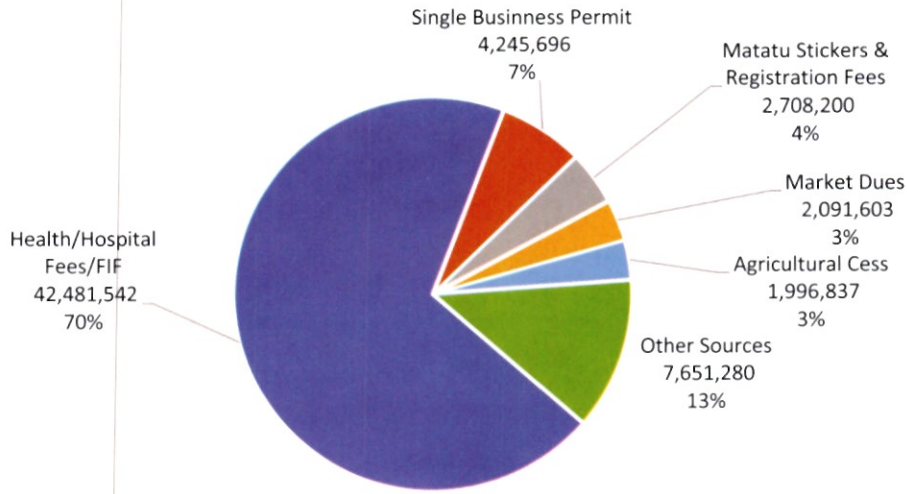
Figure 100: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Nyamira County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.61.18 million from its sources of revenue inclusive of FIF. This amount represented an increase of 22.0 per cent compared to Kshs.50.15 million realised in FY 2022/23 and was 10.6 per cent of the annual target and 4.6 per cent of the equitable revenue share disbursed during the period. The County Treasury did not provide revenue received from the health sector for a similar period in FY 2017/18 to FY 2021/22. The revenue streams which contributed the highest OSR receipts are shown in Figure 101.

Figure 101: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Nyamira County Treasury

The highest revenue stream of Kshs.42.48 million was from FIF, contributing to 70.0 per cent of the total OSR receipts during the reporting period.

3.34.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.15 billion from the CRF account during the reporting period, which comprised Kshs.162.2 million (14.1 per cent) for development programmes and Kshs.984.96 Million (85.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.853.99 million was released towards Employee Compensation, and Kshs.130.97 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.723.13 million.

3.34.4 County Expenditure Review

The County spent Kshs.1.24 billion on development and recurrent programmes in the reporting period. The expenditure represented 108.4 per cent of the total funds released by the CoB and comprised of Kshs.195.94 million and Kshs.1.05 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.0 per cent, while recurrent expenditure represented 21.5 per cent of the annual recurrent expenditure budget.

3.34.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.381.48 million, comprising Kshs.169.13 million for recurrent expenditure and Kshs.212.35 billion for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.84.05 million were settled, consisting of Kshs.16.85 million for recurrent expenditure and Kshs.67.20 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.297.43 million.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.714.78 million on employee compensation, Kshs.168.31 million on operations and maintenance, and Kshs.154.17 million on development activities. Similarly, the County Assembly spent Kshs.75.60 million on employee compensation, Kshs.88.37 million on operations and maintenance, and Kshs.41.77 million on development activities, as shown in Table 3.204.

Table 3.204: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,155,017,357**	**746,578,493**	**883,086,954**	**163,964,296**	**21.3**	**22.0**
Compensation to Employees	2,803,999,731	387,581,070	714,781,778	75,595,615	25.5	19.5
Operations and Maintenance	1,351,017,626	358,997,423	168,305,176	88,368,681	12.5	24.6
Development Expenditure	**2,237,068,862**	**218,400,656**	**154,168,415**	**41,773,934**	**6.9**	**19.1**
Total	**6,392,086,219**	**964,979,149**	**1,037,255,369**	**205,738,230**	**16.2**	**21.3**

***Source**: Nyamira County Treasury*

3.34.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.790.38 billion, or 35.1 per cent of the available revenue, which amounted to Kshs.2.02 billion. This expenditure represented a decrease from Kshs.791.43 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.334.02 billion paid to health sector employees, translating to 42.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.785.34 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.5.0 million was processed through manual payrolls. The manual payrolls accounted for 0.6 per cent of the total PE cost.

The County Assembly spent Kshs.1.98 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.12.31 million. The average monthly sitting allowance was Kshs.18,372.80 per MCA. The County Assembly has established 20 Committees.

3.34.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.168.22 million to county-established funds in FY 2023/24, constituting 2.3 per cent of the County's overall budget. Table 3.205 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.205: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds				
1.	Bursary fund	133, 218, 112	-	No.
2.	Car loan & mortgage	25, 000, 000	-	No.
3.	Trade fund scheme	10, 000, 000	-	No.
County Assembly Established Funds				
Total		**168, 218, 112**	-	**No.**

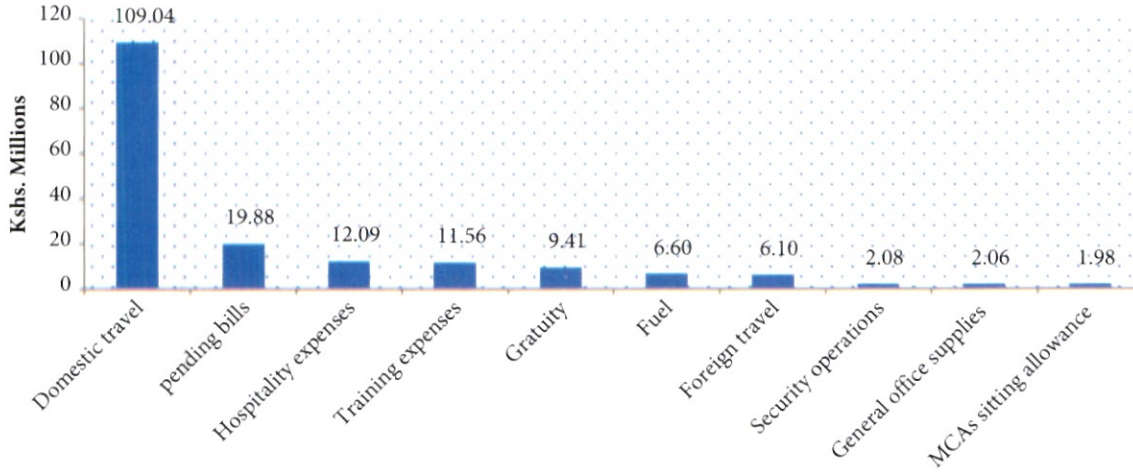
Source: *Nyamira County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 3 funds, as indicated in Table 3.205, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.34.9 Expenditure on Operations and Maintenance

Figure 102 summarises the Operations and Maintenance expenditure by major categories.

Figure 102: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyamira County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.109.04 million and comprised Kshs.27.82 million spent by the County Assembly and Kshs.81.22 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.10 million and comprised Kshs.5.01 million by the County Assembly and Kshs.1.09 million by the County Executive.

3.34.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.194.95 million on development programmes, representing an increase of 9.2 per cent compared to a similar period of FY 2023/24 when the County spent Kshs.178.54 million. The table 3.206 summarises development projects with the highest expenditure in the reporting period.

Table 3.206: Nyamira County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	County Assembly Office block	County headquarters	356,000,000	39,855,552	70
2	County Assembly	Stand-by generator room	County headquarters	1,918,382	1,918,382	100
3	Health	Construction of Inpatient block	Ekerenyo Sub county hospital	6,283,935	6,283,936	60
4	Health	Twin staff houses	Nyaigesa Health centre	2,703,394	2,703,904	100
5	Water & environment	Embonye -Gitaru water supply	Kiabonyoru ward	4,993,220	4,993,220	100
5	Water & environment		Magambo ward	2,970,760	2,970,760	100
6	Water & environment	Gesima borehole	Gesima ward	2,847,800	2,847,800	100
7	Water & environment	Bocharia borehole	Rigoma	2,848,960	2,848,960	100
8	Trade	Sironga toilet block	Sironga	2,776,344	2,776,344	100

Source: Nyamira County Treasury

3.34.11 Budget Performance by Department

Table 3.207 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.207: Nyamira 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 Assembly	746.58	218.40	181.82	41.77	163.94	41.77	89.7	100.0	22.0	19.1
County Executive Office	394.87	-	45.27	-	64.77	0.00	143.1	-	16.4	-
Finance & Economic Planning	202.21	251.00	52.63	25.42	69.98	44.17	133.0	173.7	34.6	17.6
Agriculture, Livestock & Fisheries	68.29	707.46	32.48	72.50	20.71	72.5	63.8	100.0	30.3	10.2
Environment, Energy, NR & Mining	104.86	251.1	18.48	-	19.385	-	107.4	-	18.9	13.3
Education & ICT	518.85	52.3	86.91	7.15	88.10	-	101.4	-	17.0	-
Health services	726.66	73.00	135.89	-	156.24	-	115.0	-	21.5	-
Lands, Housing & Urban Development	122.82	156.38	30.11	-	31.77	-	105.6	-	25.9	-
Roads, Transport & Works	103.44	181.10	24.11	-	26.31	-	109.1	-	25.4	0.4
Trade, Tourism, Industrialisation	43.73	316.50	7.90	-	10.25	-	129.7	-	23.4	0.8
Youths, Sports, Gender, Culture	59.39	27.90	11.83	-	11.93	-	100.8	-	20.1	-
County Public Service Board	58.17	-	11.39	-	15.26	-	134.0	-	26.2	-
Public Administration	328.57	13.00	62.05	-	64.77	-	104.4	-	19.7	-
Nyamira Municipality	36.75	89.98	3.26	-	10.89	-	333.9	-	29.6	0.7
County Attorney	5.15	-	0.10	-	0.85	-	849.0	-	16.5	-
Economic planning, Resource Mobilization & ICT	245.70	30.00	32.84	-	49.03	-	149.3	-	20.0	-
Livestock and fisheries services	109.96	45.15	2.37	2.42	15.95	0.18	672.9	7.4	14.5	0.4
Primary health care	1,025.58	42.20	244.52	9.68	226.42	-	92.6		22.1	-
Total	**4,901.60**	**2,455.47**	**948.96**	**162.20**	**1,047.05**	**195.94**	**106.3**	**120.8**	**21.4**	**8.0**

***Source**: Nyamira County Treasury*

Analysis of expenditure by department shows that the Department of County Assembly recorded the highest absorption rate of development budget at 19.1 per cent, followed by the Department of Finance & Accounting services at 17.6 per cent. The Department of Finance & Accounting services had the highest percentage of recurrent expenditure to budget at 34.6 per cent, while the Department of County Executive had the lowest at 16.4 per cent.

3.34.12 Budget Execution by Programmes and Sub-Programmes

Table 3.208 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.208: Nyamira County, Budget Execution by Programmes and Sub-Programmes

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Department of the County Assembly					
Sub total		**964, 979, 149**	**205, 738, 228**	**759, 240, 920**	
010100	Policy planning, general administration	411, 833, 708	105, 817, 390	306, 016, 318	25.7
070800	Committee management services	23, 206, 500	10, 502, 800	12, 703, 700	45.3
070900	Legislation and representation services	529, 938, 941	89, 418, 039	440, 520, 902	16.9
Department of County Executive					
070100	General administration and support services	362, 584, 342	59, 972, 045	302, 612, 297	16.5
subtotal		**362, 584, 342**	**59, 972, 045**	**302, 612, 297**	-
070600	Governance and coordination services	32, 288, 483	4, 797, 900	27, 490, 583	14.9
subtotal		**32, 288, 483**	**4, 797, 900**	**27, 490, 583**	-
Department of Finance and Economic Planning					
070100	General administration and support services	43, 299, 147	19, 913, 282	23, 385, 865	46.0
010100	Policy planning, general administration	500, 000	50, 000	450, 000	10.0
Sub total		**43, 799, 147**	**19, 963, 282**	**23, 835, 865**	
070300	Accounting services	251, 000, 000	44, 174, 574	206, 825, 426	17.6
070400	County financial management & control	144, 201, 000	63, 407, 681	80, 793, 319	44.0
Sub total		**395, 201, 000**	**107, 582, 255**	**287, 618, 745**	-
070100	General administration and support services	6, 414, 006	2, 082, 500	4, 331, 506	32.5
Sub total		**6, 414, 006**	**2, 082, 500**	**4, 331, 506**	-
070400	County financial management & control	7, 800, 700	2, 316, 000	5, 484, 700	29.7
Sub total		**7, 800, 700**	**2, 316, 000**	**5, 484, 700**	-
Department of Agriculture, livestock and fisheries development					
010100	Policy planning, general administration and support services	47, 500, 177	20, 389, 830	27, 110, 347	42.9
Sub total		**47, 500, 177**	**20, 389, 830**	**27, 110, 347**	-
010200	Crop, agribusiness & land management services	705, 211, 065	72, 761, 600	632, 449, 465	10.3
Sub total		**705, 211, 065**	**72, 761, 600**	**632, 449, 465**	-
010200	Crop, agribusiness & land management services	23, 040, 122	92, 200	22, 947, 922	0.4
Sub total		**23, 040, 122**	**92, 200**	**22, 947, 922**	-
Environment, water and natural resources					
100100	Policy planning, general administration and support services	68, 611, 140	18, 528, 589	50, 082, 551	27.0
Subtotal		**68, 611, 140**	**18, 528, 589**	**50, 082, 551**	-
100200	Other energy sources promotion	29, 600, 000	150, 500	29, 449, 500	0.5
Sub total		**29, 600, 000**	**150, 500**	**29, 449, 500**	-

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
100300	Water supply and management services	46, 100, 000	701, 800	45, 398, 200	1.5
Subtotal		**46, 100, 000**	**701, 800**	**45, 398, 200**	-
100400	Agroforestry promotion	211, 650, 000	33, 970, 900	177, 679, 100	16.1
Subtotal		**211, 650, 000**	**33, 970, 900**	**177, 679, 100**	-
Department of Education and Vocational Training					
050100	General administration, policy planning & support services	373, 105, 270	87, 108, 645	285, 996, 622	23.3
Sub total		**373, 105, 270**	**87, 108, 645**	**285, 996, 622**	-
050200	ECDE and CCC development services	50, 300, 500	655, 200	49, 645, 300	1.3
Subtotal		**50, 300, 500**	**655, 200**	**49,645, 300**	-
050300	Vocational training and development services	147, 745, 204	476, 000	147, 269, 204	0.3
Subtotal		**147, 745, 204**	**476, 000**	**147, 269, 204**	-
Department of Health Services					
040100	General administration, planning and support services	503, 200, 000	155, 301, 010	347, 898, 990	30.9
Subtotal		**503, 200, 000**	**155, 301, 010**	**347, 898, 990**	-
040200	Curative health services	296, 455, 000	935, 000	295, 520, 000	0.3
Subtotal		**296, 455, 000**	**935, 000**	**295, 520, 000**	-
Department of Lands, housing and urban development					
010100	Policy planning, general administration and support services	114, 319, 579	30, 295, 971	84, 023, 607	26.5
Subtotal		**114, 319, 579**	**30, 295, 971**	**84, 023, 607**	-
010500	Physical planning and surveying services	38, 240, 065	1, 796, 200	36, 443, 865	4.7
Subtotal		**38, 240, 065**	**1, 796, 200**	**36, 443, 865**	-
010700	Management and development of towns	126, 640, 308	250, 800	126, 389, 508	0.2
Subtotal		**126, 640, 308**	**250, 800**	**126, 398, 508**	-
Department of roads, transport and public works					
020100	General administration and support services	81, 342, 803	24, 100, 007	57, 242, 796	29.6
Subtotal		**81, 342, 803**	**24, 100, 007**	**57, 242, 796**	-
020200	Roads development and management	200, 700, 000	3, 526, 950	197, 173, 050	1.8
Subtotal		**200, 700, 000**	**3, 526, 950**	**197, 173, 050**	-
020200	Roads development and management	2, 500, 000	807, 900	1, 692, 100	32.3
Subtotal		**2, 500, 000**	**807, 900**	**1, 692, 100**	-
Department of trade, tourism, industrialisation and co - operative development					
030100	Policy planning, general administration and support services	25, 659, 700	8, 179, 828	17, 479, 872	31.9
030300	Tourism development and promotion	5, 000, 000	-	5, 000, 000	-
	Subtotal	**30, 659, 700**	**8, 179, f828**	**22, 479, 872**	-

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
030200	Trade, cooperative, investment development promotion	302, 553, 900	2, 793, 966	299, 759, 934	0.9
Subtotal		**302, 553, 900**	**2, 793, 966**	**299, 759, 934**	-
030200	Trade, cooperative, investment development promotion	27, 020, 400	1, 776, 500	25, 243, 900	6.6
		27, 020, 400	**1, 776, 500**	**25, 243, 900**	-
Department of youths, sports, gender, culture, and social services					
070100	General administration and support services	52, 609, 984	11, 576, 351	41, 033, 632	22.0
	Subtotal	**52, 609, 984**	**11, 576, 351**	**41, 033, 623**	-
090200	Promotion and management of sports	11, 500, 000	148, 000	11, 352, 000	1.3
090100	Policy planning, general administration & S. S.	1, 810, 000	50, 000	1, 760, 000	1.8
Subtotal		**13, 310, 000**	**198, 000**	**13, 112, 000**	-
090200	Promotion and management of sports	20, 370, 000	152, 000	20, 218, 000	0.7
Subtotal		**20, 370, 000**	**152, 000**	**20, 218, 000**	-
Department of County Public Service Board					
070100	General administration and support services	1, 816, 600	774, 800	1, 041, 800	42.7
100100	Policy planning, general administration and support services	56, 356, 260	14, 487, 332	41, 868, 928	25.7
Subtotal		**58, 172, 860**	**15, 262, 132**	**42, 910, 728**	-
Department of Public Service Management					
010100	Policy planning, general administration and support services	224, 598, 785	62, 803, 666	161, 795, 119	28.0
070100	General administration and support services	2, 075, 000	72, 400	2, 002, 600	3.5
070200	Budget formulation and management	500, 000	150, 600	349, 400	30.1
071000	Coordination, strategy and HR Services	114, 398, 000	1, 743, 200	112, 654, 800	1.5
	Subtotal	**341, 571, 785**	**64, 769, 866**	**276, 801, 919**	-
Department of Nyamira Municipality					
010100	Policy planning, general administration and support services	36, 745, 074	11, 161, 921	25, 583, 152	30.4
020200	Roads development and management	89, 981, 942	597, 275	89, 384, 667	0.7
Sub total		**126, 727, 016**	**11, 759, 196**	**114, 967, 819**	-
County Attorney					
070100	General administration and support services	5, 149, 000	849, 000	4, 300, 000	16.5
Sub		**5, 149, 000**	**849, 000**	**4, 300, 000**	-
Economic planning, Resource mobilisation and ICT					
070100	General administration and support services	170, 342, 303	39, 336, 902	131, 005, 401	23.1

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
070200	Budget formulation and management	28, 349, 000	4, 951, 700	23, 397, 300	17.5
Sub total		**198, 691, 303**	**44, 288, 602**	**154, 402, 701**	-
070200	Budget formulation and management	2, 450, 000	0	2, 450, 000	-
Sub total		**2, 450, 000**	**0**	**2, 450, 000**	-
070500	Resource mobilisation	39, 600, 000	4, 115, 000	35, 485, 000	10.4
073000	Revenue management	16, 800, 000	366, 000	16, 434, 000	2.2
Sub total		**56, 400, 000**	**4, 481, 000**	**51, 919, 000**	-
050400	ICT services	18, 160, 000	585, 700	17, 574, 300	3.2
Sub total		**18, 160, 000**	**585, 700**	**17, 574, 300**	-
Livestock and fisheries services					
010100	Policy planning, general administration & S. S	100, 000, 000	14, 345, 932	85, 654, 068	14.3
Sub total		**100, 000, 000**	**14, 345, 932**	**85, 654, 068**	-
010300	Fisheries promotion & development services	8, 500, 000	592, 800	7, 907, 200	7.0
Sub total		**8, 500, 000**	**592, 800**	**7, 907, 200**	-
010400	Livestock promotion & development services	32, 109, 360	377, 400	31, 731, 960	1.2
Sub total		**32, 109, 360**	**377, 400**	**31, 731, 960**	-
010400	Livestock promotion & development services	14, 500, 000	811, 000	13, 689, 000	5.6
Sub total		**14, 500, 000**	**811, 000**	**13, 689, 000**	-
Primary Healthcare					
010100	Policy planning, general administration & S. S.	1,003,000,322	216, 770, 569	786, 229, 752	21.6
Sub total		**1,003,000,322**	**216, 770, 569**	**786, 229, 752**	-
040100	General administration & support services	1, 500, 000	325, 000	1, 175, 000	21.7
Sub total		**1, 500, 000**	**325, 000**	**1, 175, 000**	-
040200	Curative health services	63, 281, 678	9, 320, 001	53, 961, 677	14.7
Sub total		**63, 281, 678**	**9, 320, 001**	**53, 961, 677**	-
Grand Total		**7,357,065,368**	**1,263,516,161**	**6,093,549,207**	**17.2**

***Source**: Nyamira County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General administration and support services in the Department of Finance and Accounting Services at 46.0 per cent, Committee management services in the Department of County Assembly at 45.3 per cent, County Financial Management and Control in the Department of Finance and accounting services at 44.0 per cent, and General administration and support services in the department of County Public Service Board at 42.7per cent of budget allocation.

3.34.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The under performance of own-source revenue at Kshs.18.69 million against an annual projection of Kshs.345 million, representing 5.4 per cent of the annual target.

2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.208, where the County incurred expenditure over approved exchequer issues in several departments.

3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, contrary to the requirement of Section 168 of the PFM Act, 2012. The reports for all the Funds were not submitted to the Controller of Budget.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.35. County Government of Nyandarua

3.35.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.8.21 billion, comprising Kshs.2.81 billion (34.2 per cent) and Kshs.5.40 billion (65.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 17.3 per cent compared to the previous financial year when the approved budget was Kshs.7.0 billion and comprised Kshs.2.14 billion towards development expenditure and Kshs.4.86 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.91 billion (68.3 per cent) as the equitable share of revenue raised nationally, Kshs.348.45 million (4.0 per cent) as Appropriations-in-Aid (A-I-A), Kshs.1.32 billion (15.3) as conditional grants, a cash balance of Kshs.439.82 million (5.1 per cent) brought forward from FY 2022/23, and generate Kshs.636.55 million (7.4 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.209.

3.35.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.48 billion as the equitable share of the revenue raised nationally, Kshs.68.88 million as FIF, had a cash balance of Kshs.439.82 million from FY 2022/23, and raised Kshs.61.49 million as own-source revenue. The County did not receive any conditional grants in the first three months of FY 2023/23. The total funds available for budget implementation during the period amounted to Kshs.2.05 billion, as shown in Table 3.209.

Table 3.209: Nyandarua County, Revenue Performance in FY 2023/24

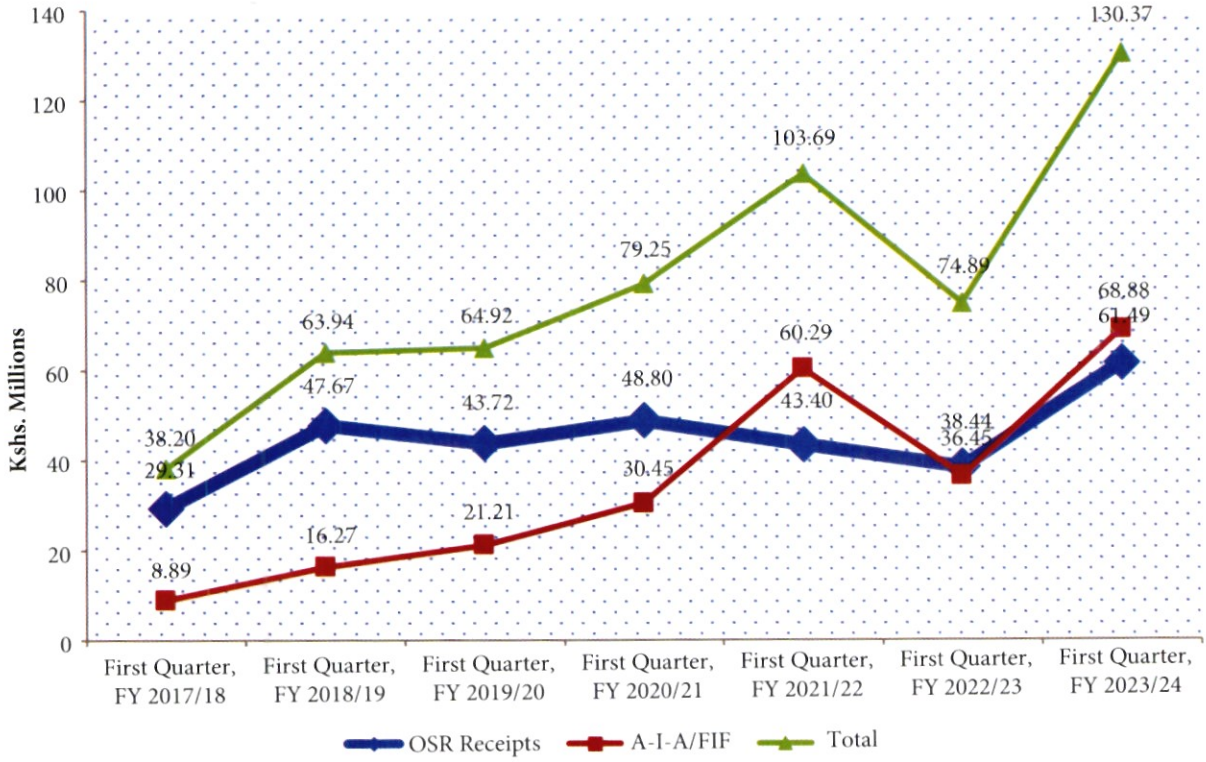
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,905,976,056	1,476,494,014	25
Sub Total		**5,905,976,056**	**1,476,494,014**	**25**
B	**Conditional Grants**			
1	Supplement for Construction of County Headquarters	121,000,000	-	-
2	Leasing of Medical Equipment	124,723,404	-	-
3	DANIDA - Primary Health Care in a Devolved Context	-	-	-
4	Aggregated Industrial Parks Programme	250,000,000	-	-
5	Fertiliser Subsidy Programme	121,624,039	-	-
6	Livestock Value Chains Support Project	135,204,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7	Conditional Grants from Development Partners		-	-
8	IDA (World Bank) - National Agriculture Value Chain Development Project (NAVCDP)	250,000,000	-	-
9	World Bank Grant for Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
10	Sweden- Agricultural Sector Development Support Programme (ASDSP) Level II	499,617	-	-
11	DANIDA - Primary Health Care in a Devolved Context	8,893,500	-	-
12	World Bank -Kenya Informal Settlement Improvement Project- KISIP II	50,000,000	-	-
13	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Institutional Support (CCIS)	11,000,000	-	-
14	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant	136,000,000	-	-
15	Kenya Devolution Support Programme Level 1- B/f FY 2022-23	22,538,054	-	-
Sub-Total		**1,321,482,614**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	636,555,000	61,492,124	9.7
2	Balance b/f from FY2022/23	-	439,816,985	-
3	Facility Improvement Fund (FIF)	348,445,000	68,880,218	19.8
Sub Total		985,000,000	439,978,098	44.7
Grand Total		**8,212,458,670**	**2,046,683,340**	**24.9**

Source: *Nyandarua County Treasury*

Figure 103 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

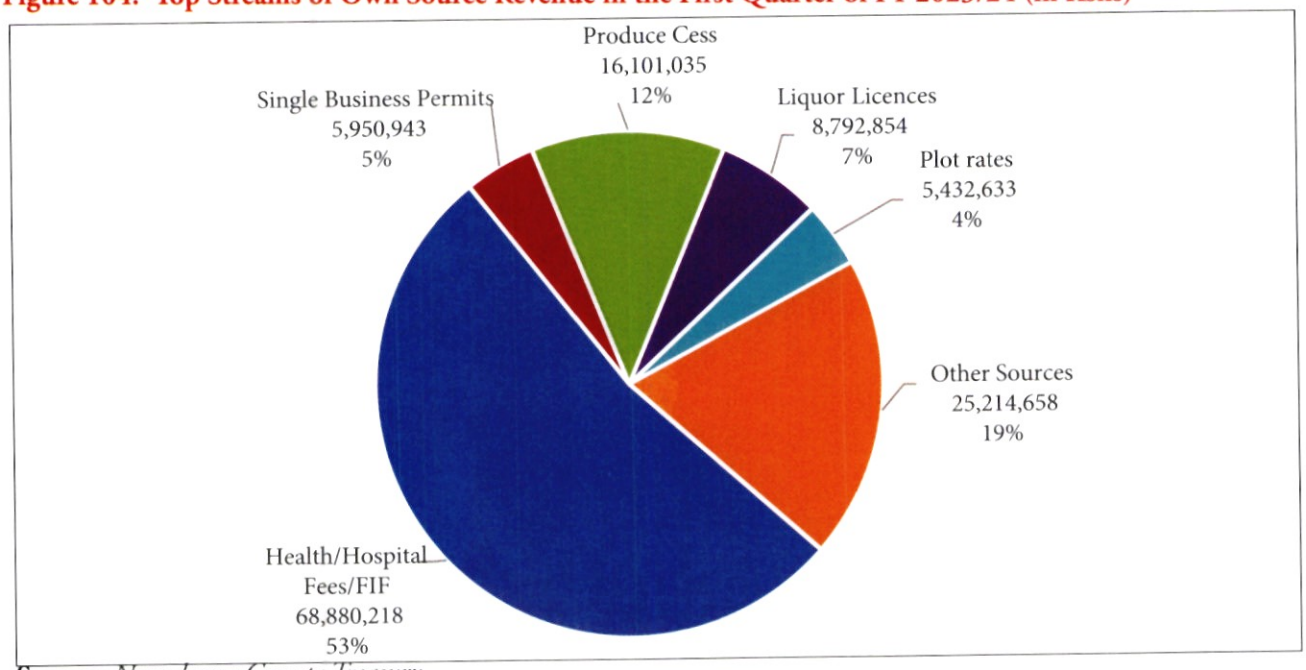
Figure 103: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Nyandarua County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.130.37 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 74.1 per cent compared to Kshs.74.89 million realised in FY 2022/23 and was 13.2 per cent of the annual target and 8.8 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.9.49 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 104.

Figure 104: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: *Nyandarua County Treasury*

The highest revenue stream of Kshs.68.88 million was from hospital collections, contributing to 53 per cent of the total OSR receipts during the reporting period.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.958.06 million from the CRF account during the reporting period, which comprised Kshs.66.8 million (7 per cent) for development programmes and Kshs.891.26 million (93 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.659.75 million was released towards Employee Compensation, and Kshs.231.52 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2022/23 was Kshs.976.83 million.

3.35.4 County Expenditure Review

The County spent Kshs.933.02 million on development and recurrent programmes in the reporting period. The expenditure represented 97.4 per cent of the total funds released by the CoB and comprised Kshs.66.79 million and Kshs.866.22 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.4 per cent, while recurrent expenditure represented 16 per cent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.351.29 million, comprising Kshs.210.57 million for recurrent expenditure and Kshs.140.71 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.70.56 million were settled, consisting of Kshs.69.56 million for recurrent expenditure and Kshs.0.99 million for development programmes. Therefore, as of 30 September 2023, the outstanding amount was Kshs.280.72 million.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.565.29 million on employee compensation, Kshs.141.59 million on operations and maintenance, and Kshs.66.8 million on development activities. Similarly, the County Assembly spent Kshs.94.46 million on employee compensation and Kshs.64.88 million on operations as shown in Table 3.210.

Table 3.210: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,531,132,601**	**895,438,804**	**706,878,811**	**159,338,844**	**15.6**	**17.8**
Compensation to Employees	2,250,000,000	393,204,041	565,287,658	94,458,657.3	25.1	24.0
Operations and Maintenance	2,281,132,601	502,234,763	141,591,153	64,880,186.7	6.2	12.9
Development Expenditure	**2,695,387,265**	**115,500,000**	**66,799,198**	-	**2.5**	-
Total	**7,226,519,866**	**1,010,938,804**	**773,678,009**	**159,338,844**	**10.7**	**15.8**

***Source**: Nyandarua County Treasury*

3.35.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.659.75 million, or 32.2 per cent of the available revenue, which amounted to Kshs.2.05 billion. This expenditure represented an increase from Kshs.579.22 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.259.22 million paid to health sector employees, translating to 39.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.628.19 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.31.55 million was processed through manual payrolls. The manual payrolls accounted for 4.8 per cent of the total PE cost.

The County Assembly spent Kshs.6.33 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.39.49 million. The average monthly sitting allowance was Kshs.50,237 per MCA. The County Assembly has established 17 Committees.

3.35.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.392.5 million to county-established funds in FY 2023/24, constituting 4.8 per cent of the County's overall budget. Table 3.211 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.211: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1	Emergency Fund	40,000,000	40,000,000	40,000,000	Yes
2	Executive Car & Mortgage	70,000,000	-	-	Yes
3	Bursary Fund	182,500,000	-	-	Yes
County Assembly Established Funds					
4	Staff Car & Mortgage	25,000,000	10,000,000	10,000,000	Yes
5	MCAs Car & Mortgage	75,000,000	-	-	Yes
	Total	**392,500,000**	**50,000,000**	**50,000,000**	-

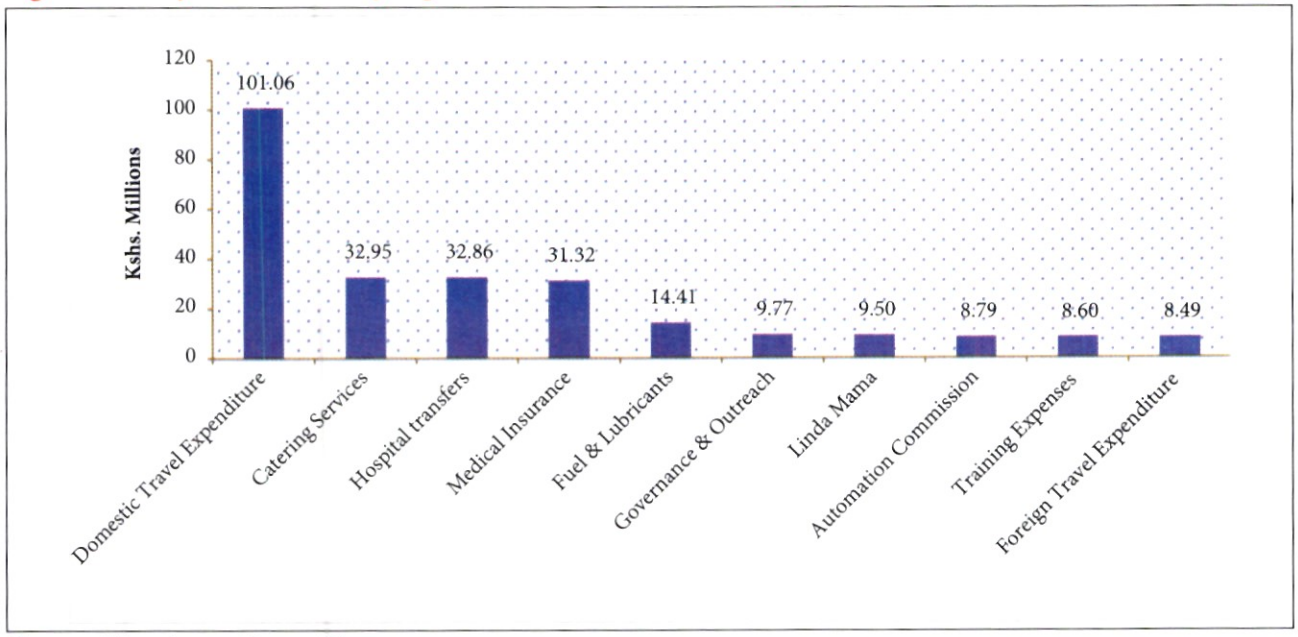
Source: *Nyandarua County Treasury*

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all the listed funds, as indicated in Table 3.211, in compliance with Section 168 of the PFM Act, 2012.

3.35.9 Expenditure on Operations and Maintenance

Figure 105 summarises the Operations and Maintenance expenditure by major categories.

Figure 105: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyandarua County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.101.06 million and comprised Kshs.38.83 million spent by the County Assembly and Kshs.62.23 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.49 million and comprised Kshs.6.07 million by the County Assembly and Kshs.2.41 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.212.

Table 3.212: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	01/08/2023 to 7/08/2023	Attend ICPAK training	Dubai	2,304,761
County Assembly	7	9th to 18th July 2023	Corporate governance training	Addis Ababa	4,087,878

Source: Nyandarua County Treasury

3.35.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.66.79 million on development programmes, representing a decrease of 11.7 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.75.66 million. Table 3.213 summarises development projects with the highest expenditure in the reporting period.

Table 3.213: Nyandarua County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Health	Construction and completion of JM Kariuki Medical Complex	Ol Kalou	1,470,000,000	49,532,672	23.8 per cent Amount paid to date is Kshs.350.37 million
3	Roads & Works	Supply of petrol, diesel and oils for county road machinery	County Wide	188,000,000	15,000,021	7.9
4	Water	Assorted road works in Ndunyu Njeru town in North Kinangop ward.	Kinangop	999,640	999,640	100
5	Health	Construction of drainage works at JM Memorial Complex	Ol Kalou	1,266,865	1,266,865	100

***Source**: Nyandarua County Treasury*

3.35.11 Budget Performance by Department

Table 3.214 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.214: Nyandarua 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
Office of the Governor	126.00	-	30.10	-	30.10	-	100.0	-	23.9	-
County Secretary & Head of Public Service	56.40	-	3.97	-	3.97	-	100.0	-	7.0	-
Office of The County Attorney	34.65	-	0.63	-	0.63	-	100.0	-	1.8	-

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
Public Service Administration & Devolution	2,546.90	-	434.97	-	434.97	-	100.0	-	17.1	-
County Public Service Board	25.00	-	5.43	-	5.43	-	100.0	-	21.7	-
Finance, Economic Planning and ICT	510.51	21.00	146.43	-	144.54	-	98.7	-	28.3	-
Health Services	520.22	149.21	45.72	50.80	45.72	50.80	100.0	100.0	8.8	34.0
Education, Children, Gender Affairs, Culture and Social Services	180.47	80.93	6.99	-	6.99	-	100.0	-	3.9	-
Tourism, Cooperative Development, Trade & Industrialization	60.08	562.42	11.27	-	11.27	-	100.0	-	18.8	-
Youth Empowerment, Sports and Arts	79.80	3.00	4.14	-	4.14	-	100.0	-	5.2	-
Water, Environment, Climate Change& Natural Resources	39.80	402.45	4.74	-	4.74	-	100.0	-	11.9	-
Public Works, Roads, Transport, Housing & Energy	100.30	751.55	5.19	16.00	5.19	16.00	100.0	100.0	5.2	2.1
Lands, Physical Planning and Urban Development	61.00	86.70	5.44	-	5.44	-	100.0	-	8.9	-
Ol-Kalou Municipality	12.00	14.50	0.25	-	0.25	-	100.0	-	2.1	-
Mairo-Inya Municipality	4.00	5.00	-	-	-	-	-	-	-	-
Engineer Municipality	4.00	5.00	-	-	-	-	-	-	-	-
Agriculture, Livestock & Fisheries	170.00	613.63	3.49	-	3.49	-	100.0	-	2.1	-
County Assembly	870.44	115.50	182.48		159.34	-	87.3		18.3	
Total	**5,401.57**	**2,810.89**	**891.26**	**66.80**	**866.22**	**66.80**	**97.2**	**100.0**	**16.0**	**2.4**

***Source**: Nyandarua County Treasury*

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 34.0 per cent, followed by the Department of Public Works at 2.1 per cent. The Department of Finance & Economic Planning had the highest percentage of recurrent expenditure to budget at 28.3 per cent, while Engineer Municipality and Mairo-Inya Municipality did not report any expenditures.

3.35.12 Budget Execution by Programmes and Sub-Programmes

Table 3.215 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.215: Nyandarua County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor							
General administration, planning and support services	Service Delivery Coordination	77,490,000	-	23,353,267	-	30.1	-
	Governor's press services	18,500,000	-	2,723,000	-	14.7	-
	Liaison and Intergovernmental Relations	30,010,000	-	4,022,100	-	13.4	-
Sub Total		126,000,000	-	30,098,367	-	23.9	-
Office of the County Secretary & Head of Public Service							
County Secretary	County Administration	45,420,000	-	3,589,029	-	7.9	-
	Cabinet Affairs	2,580,000	-	50,000	-	1.9	-
	Communication and Public Relations	5,800,000	-	282,000	-	4.9	-
	County Records Management	2,600,000	-	50,000	-	1.9	-
Sub Total		56,400,000	-	3,971,029	-	7	-
Office of the County Attorney							
County Attorney Services	legal and public affairs	34,650,000	-	631,581	-	1.8	-
Sub Total		34,650,000	-	631,581	-	1.8	-
Public Service & Devolution			-		-		
Human Resource Management	Payroll (Including Compensation to employees)	2,253,070,000	-	384,770,585	-	17.1	-
	Human Resource Management (Including employee gratuity, pension and medical insurance)	254,075,000	-	44,277,986	-	17.4	-
Public administration	Public Administration	4,505,000	-	1,444,322	-	32.1	-
	sub-county and ward administration	22,745,000	-	3,677,890	-	16.2	-
	Enforcement and Compliance	12,500,000	-	795,000	-	6.4	-
Sub Total		2,546,895,000	-	434,965,783	-	17.1	-
County Public Service Board							
County Public Service Board	County Public Service Board	25,000,000	-	5,430,079	-	21.7	-
Sub Total		25,000,000	-	5,430,079	-	21.7	-
Finance, Economic Planning & ICT							
Public Finance Management	County Funds	292,500,000	15,000,000	70,000,000	-	23.9	-
	Treasury services	64,574,505	-	31,742,399	-	49.2	-
	Financial reporting	6,893,495	-	2,569,600	-	37.3	-
	Revenue Collection and Administration (Including automation)	34,160,000	-	18,550,771	-	54.3	-
	Revenue Enhancement and Monitoring	25,240,000	-	6,849,616	-	27.1	-
	Supply Chain Management	8,734,500	-	1,174,140	-	13.4	-
	Internal Audit and Risk Management	9,150,000	-	2,071,776	-	22.6	-
	Internal Audit Committee	2,350,000	-	130,000	-	5.5	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Economic planning and development	Economic Development Planning	31,988,670	-	1,180,336	-	3.7	-
	County Statistics and Data Bank	5,400,000	-	1,960,000	-	36.3	-
	Monitoring and Evaluation	3,200,000	-	1,000,000	-	31.3	-
	Economic Modelling and Research	3,000,000	-	536,500	-	17.9	-
	County Budgeting	15,020,000	-	4,692,400	-	31.2	-
	Resource Mobilisation and Debt Management	3,000,000	-	1,065,500	-	35.5	-
ICT and E-government Services	ICT and E-government Services	5,300,000	6,000,000	1,012,000	-	19.1	-
Sub Total		510,511,170	21,000,000	144,535,038	-	28.3	-
Health Services							
Preventive and Promotive Services	Preventive and Promotive Services	33,030,000	-	1,824,680	-	5.5	-
Curative Services	Curative Services	280,900,000	-	33,411,671	-	11.9	-
	Universal health care and grants	197,543,404	-	10,057,318	-	5.1	-
General administration, planning and support services	Solid Waste and Cemeteries	8,750,000	-	429,030	-	4.9	-
	Infrastructure and Equipment		149,214,388		50,799,537		0.3
Sub total		520,223,404	149,214,388	45,722,699	50,799,537	8.8	-
Education, Children, Gender Affairs, Culture & Social Services							
Primary education	ECDE	24,630,000	35,899,376	1,573,992	-	6.4	-
Youth training and development	Revitalisation of youth polytechnics	50,150,000	38,026,578.2	1,819,550	-	3.6	-
Culture	development and promotion of culture	6,000,000	7,000,000	850,000	-	14.2	-
Children, Gender and Social Services	Social Services	79,940,000	-	50,000	-	0.1	-
	children and Gender Affairs	12,750,000	-	2,489,700	-	19.5	-
General administration, planning and support Services	Alcohol Drinks Control and Civic Education	7,000,000	-	210,000	-	3	-
Sub Total		180,470,000	80,925,954.2	6,993,242	-	3.9	-
Tourism, Industrialisation, Cooperative Development & Trade-							
Trade development and promotion	Financial and Trade Services	11,080,000	21,400,000	2,287,699	-	20.6	-
	Nyandarua County Trade Development and Investment Authority (NCTDIA)	10,000,000	-	249,180	-	2.5	-
Industrial development and investment	Industrial and Enterprise Development	6,400,000	511,000,000	1,335,200	-	20.9	-
	Weights & Measures	5,700,000	-	1,760,580	-	30.9	-
Cooperative development and management	Cooperative Audit Extension Services	2,400,000	-	722,000	-	30.1	-
	Co-operative Development	11,000,000	-	1,093,680	-	9.9	-
Tourism development and promotion	tourism infrastructure development	13,500,000	30,016,831.2	3,819,000	-	28.3	-
Sub Total		60,080,000	562,416,831.2	11,267,339	-	18.8	-
Youth, Sports & Arts-							
Sports	Sports Development	50,800,000	3,000,000	4,089,500	-	8.1	-
Youth Affairs	Youth Affairs	22,003,027	-	50,500	-	0.2	-
Arts & Theatre	Arts & Theatre	7,000,000	-	-	-	-	-
Sub Total		79,803,027	3,000,000	4,140,000	-	5.2	-
Water, Environment, Climate Change & Natural Resources							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	14,400,000	182,800,000	3,807,875	-	26.4	-
Environment	environmental support and management	4,800,000	1,900,000	160,000	-	3.3	-
	climate change resilience	15,000,000	168,000,000	180,000	-	1.2	-
	natural resource	5,000,000	47,749,053.5	565,000	-	11.3	-
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	600,000	2,000,000	30,000	-	5	-
Sub Total		39,800,000	402,449,053.5	4,742,875	-	11.9	-
Transport, Energy & Public Works							
Road transport	Transport (Including fuel level, General Administration & Support Services)	36,900,000	484,239,900	2,994,000	15,000,021	8.1	-
	Public Works	10,560,000	235,907,102.4	1,334,691	999,640	12.6	-
Alternative energy technologies	alternative energy technologies	24,940,000	31,400,000	244,400	-	1	-
General administration, planning and support services	Emergency Response & Preparedness	19,900,000	-	360,450	-	1.8	-
Housing	Housing	8,000,000	-	260,000	-	3.3	-
Sub Total		100,300,000	751,547,002.4	5,193,541	15,999,661	5.2	-
Lands, Physical Planning & Urban Development							
Land policy and planning	Physical Planning	15,000,000	-	275,000	-	1.8	-
	Survey and Mapping	15,500,000	-	1,948,540	-	12.6	-
	Land Administration and Management	29,000,000	29,200,000	2,991,060	-	10.3	-
Urban development	Urban development	1,500,000	57,500,000	230,000	-	15.3	-
Sub Total		61,000,000	86,700,000	5,444,600	-	8.9	-
MUNICIPALITIES-							
Municipalities	Ol' Kalou municipality	12,000,000	14,500,000	252,000	-	2.1	-
	Engineer Municipality	4,000,000	5,000,000	-	-	-	-
	Mairo-Inya Municipality	4,000,000	5,000,000	-	-	-	
Sub Total		20,000,000	24,500,000	252,000	-	1.3	-
Agriculture, Livestock & Fisheries-							
Crop development and management	Land and crop development	51,479,617	469,424,036	970,000	-	1.9	-
	Seed Potato Production Unit (SPPU Lab)	4,000,000	-	330,000	-	8.3	-
Livestock resources management and development	livestock production and management	36,305,000	141,210,000	290,800	-	0.8	-
	Veterinary Services	19,650,000	2,000,000	438,700	-	2.2	-
Fisheries Development and management	fisheries policy, strategy and capacity building	3,500,000	1,000,000	100,000	-	2.9	-
General administration, planning and support services	Institution Support (ATCs)	22,000,000	-	220,000	-	1	-
	Agriculture Mechanization Services	6,000,000	-	170,000	-	2.8	-
	General Administration and Extension Services	9,315,383	-	971,138	-	10.4	-
	Subsidised Artificial Insemination	17,750,000	-	-	-	-	-
Sub Total		170,000,000	613,634,036	3,490,638	-	2.1	-
County Assembly							
County Assembly	legislative, oversight and representation	870,438,804	115,500,000	159,338,844	-	18.3	-
Sub Total		870,438,804	115,500,000	159,338,844	-	18.3	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Grand Total		5,401,571,405	2,810,887,265.2	866,217,655	66,799,198	16	2.4

***Source**: Nyandarua County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Revenue Collection and Administration, Treasury Services and County Statistics, all in the Department of Finance, Economic and ICT departments at 54.3 per cent, 49.2 per cent and 36.3 per cent of budget allocation respectively.

3.35.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.130.37 million against an annual projection of Kshs.985 million, representing 13.2 per cent of the annual target.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.31.55 million were processed through the manual payroll, accounting for 4.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
3. High level of pending bills at Kshs.280.72 million despite the availability of Kshs.976.83 million in the CRF as of 30th June 2023.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
3. *The County leadership should come up with mechanisms to ensure the reported pending bills are cleared within the current financial year.*

3.36. County Government of Nyeri

3.36.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.8.05 billion, comprising Kshs.2.41 billion (30 per cent) and Kshs.5.63 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 6 per cent compared to the previous financial year when the approved budget was Kshs.7.59 billion and comprised Kshs.2.33 billion towards development expenditure and Kshs.5.26 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.49 billion (80.6 per cent) as the equitable share of revenue raised nationally, Kshs.762.95 million as conditional grants, and generate Kshs.800 million (9.9 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.216.

3.36.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.551.25 million as the equitable share of the revenue raised nationally, Kshs.229.24 million as FIF. It also generated Kshs.108.11 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.888.61 million, as shown in Table 3.216.

Table 3.216: Nyeri County, Revenue Performance in FY 2023/24

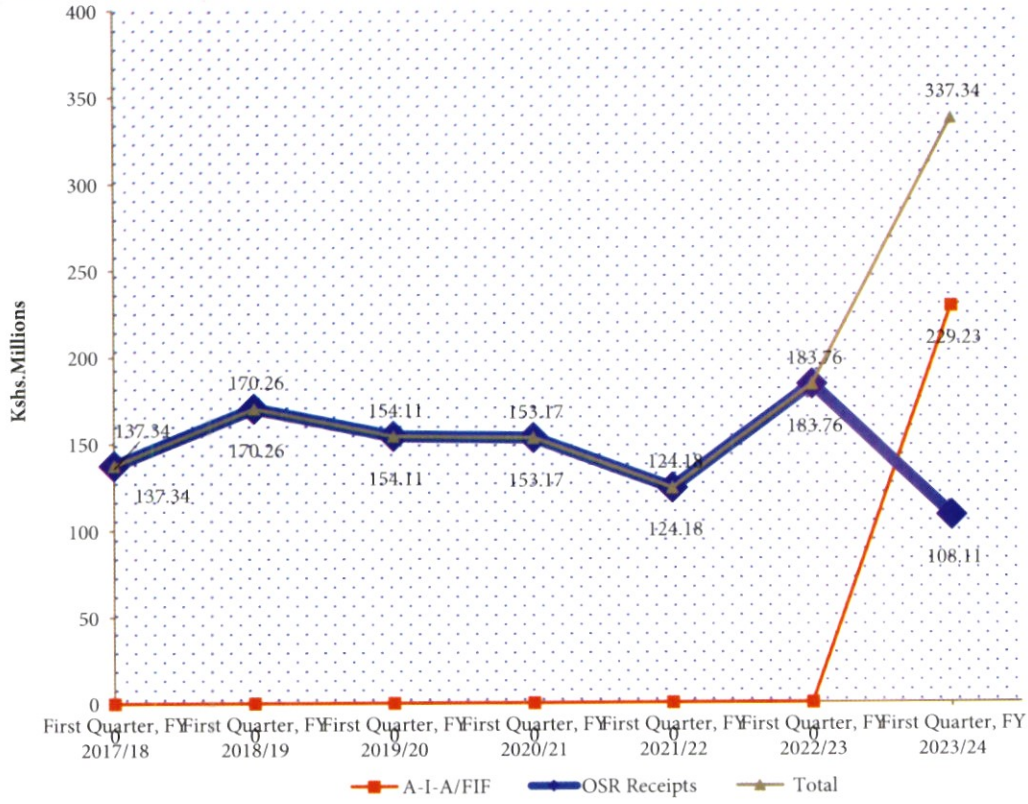
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	6,485,331,051.00	551,253,139.00	8.5
Subtotal		**6,485,331,051.00**	**551,253,139.00**	**8.5**
B	**Conditional Grants**			-
1	Kenya Informal Settlement Programme (KISIP II)	60,000,000.00	-	-
2	DANIDA	9,875,250.00	-	-
3	Aggregated Industrial Park Programme	100,000,000.00	-	-
4	IDA (World Bank) Credit - National Agricultural Value Chain Development Programme (NAVCDP)	250,000,000.00	-	-
5	KCSAP	90,000,000.00	-	-
6	ABDP	19,315,146.00	-	-
7	Livestock Value Chain Support Project	71,182,920.00	-	-
8	Sweden - Agricultural Sector Development Support Programme (ASDSP II)	1,741,641.00	-	-
9	IDA (World Bank) Credit - (Financing Locally - Led Climate Action (FLLoCA) program - County Climate Institutional Support (CCIS) Grants	11,000,000.00	-	-
10	IDA (World Bank) Credit - FLLoCA Climate Change Grant Level 2	125,000,000.00	-	-
11	Court fines	250,000.00	-	-
12	Transfer of library services	24,582,672.00	-	-
Subtotal		**762,947,629.00**	-	-
C	**Other Sources of Revenue**			-
13	Ordinary Own Source Revenue	800,000,000.00	108,112,905.00	13.5
14	Facility Improvement Fund (FIF)	-	229,243,326.00	-
Sub Total		**800,000,000.00**	**337,356,231.00**	**42.2**
Grand Total		**8,048,278,680.00**	**888,609,370.00**	**11.0**

Source: *Nyeri County Treasury*

The County did not budget for the FIF despite collecting Kshs.229.24 million in the period under review.

Figure 106 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

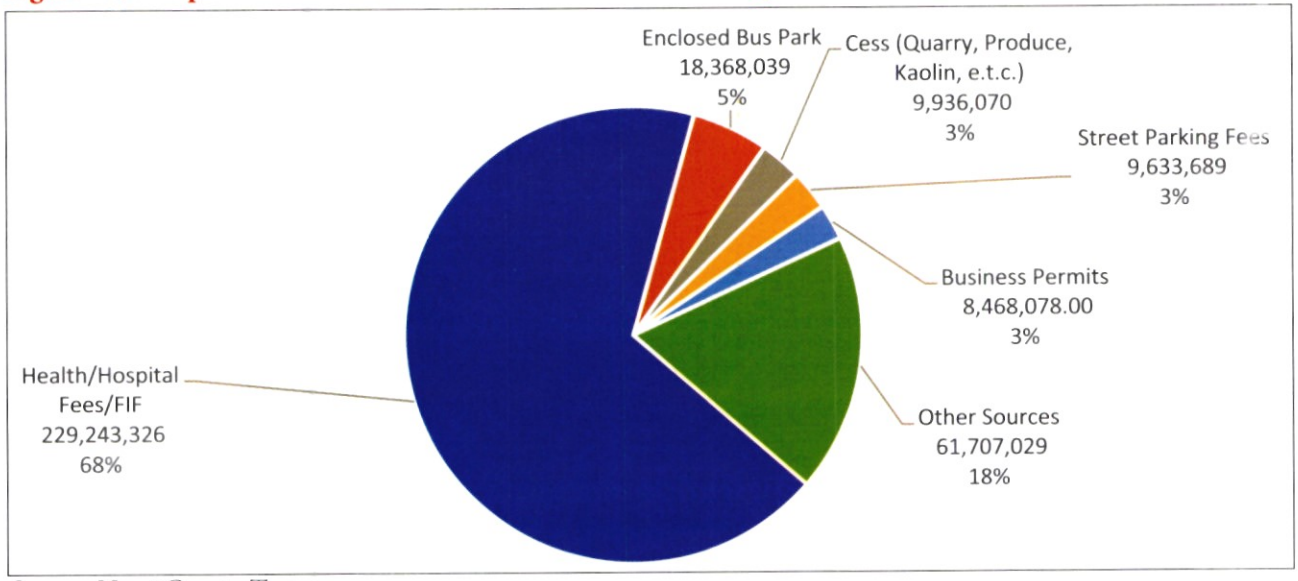
Figure 106: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Nyeri County Treasury*

The County did not provide information on actual receipts of FIF in the previous financial years. In the first quarter of FY 2023/24, the County generated a total of Kshs.337.34 million from its revenue sources, including FIF of Kshs.229.24 million. This amount represented an increase of 83.6 per cent compared to Kshs.183.76 million realised in FY 2022/23 and was 21.1 per cent of the annual target and 61.2 per cent of the equitable revenue share disbursed during the period. The OSR did include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 107.

Figure 107: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Nyeri County Treasury

The highest revenue stream of Kshs.229.24 million was from Health/hospital/FIF, contributing to 68 per cent of the total OSR receipts during the reporting period.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.994.19 million from the CRF account during the reporting period, which comprised Kshs.61.32 million (6.2 per cent) for development programmes and Kshs.932.87 million (93.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.716.27 million was released towards Employee Compensation, and Kshs.219.21 million was for Operations and Maintenance expenditure.

3.36.4 County Expenditure Review

The County spent Kshs.1.15 billion on development and recurrent programmes in the reporting period. The expenditure represented 115.8 per cent of the total funds released by the CoB and comprised Kshs.89.25 million and Kshs.1.06 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.7 per cent, while recurrent expenditure represented 18.9 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.88.48 million, comprising Kshs.67.95 million for recurrent expenditure and Kshs.20.53 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.16.76 million were settled by the County Assembly. Therefore, as of 30th September 2023, the outstanding amount was Kshs.71.72 million.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.595.65 million on employee compensation, Kshs.239.87 million on operations and maintenance, and Kshs.89.25 million on development activities. Similarly, the County Assembly spent Kshs.41.28 million on employee compensation and Kshs.185.25 million on operations and maintenance, as shown in Table 3.217.

Table 3.217: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,857,563,614**	**776,126,610**	**835,519,667**	**226,537,495**	**17.2**	**29.2**
Compensation to Employees	3,817,501,620	267,575,215	595,646,176	41,283,586	15.6	15.4
Operations and Maintenance	1,040,061,994	508,551,395	239,873,491	185,253,909	23.1	36.4
Development Expenditure	2,364,588,456	50,000,000	89,248,853	-	3.8	-
Total	**7,222,152,070**	**826,126,610**	**924,768,520**	**226,537,495**	**12.8**	**27.4**

***Source**: Nyeri County Treasury*

3.36.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.636.93 million, or 71.7 per cent of the available revenue, which amounted to Kshs.888.61 million. This expenditure represented a decrease from Kshs.892.42 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.362.67 million paid to health sector employees, translating to 57 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.577.12 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.59.81 million was processed through manual payrolls. The manual payrolls accounted for 9.4 per cent of the total PE cost.

The County Assembly spent Kshs.5.12 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.25 million. The average monthly sitting allowance was Kshs.40,610 per MCA. The County Assembly has established 22 Committees.

3.36.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.100 million to county-established funds in FY 2023/24, constituting 1.2 per cent of the County's overall budget. Table 3.218 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.218: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1	Elimu Fund	100,000,000.00	-	-	No.
2	Emergency Fund	-	-	-	No.
3	Health Fund	-	-	-	No.
4	Enterprise Development Fund	-	-	-	No.
5	Car &Mortgage Fund (Executive)	-	-	-	No.
County Assembly Established Funds					
6	Car &Mortgage Fund (Assembly Members)	-	-	-	No.
7	Car &Mortgage Fund (Assembly Staff)	-	-	-	No.
Total		**100,000,000**	**-**	**-**	**-**

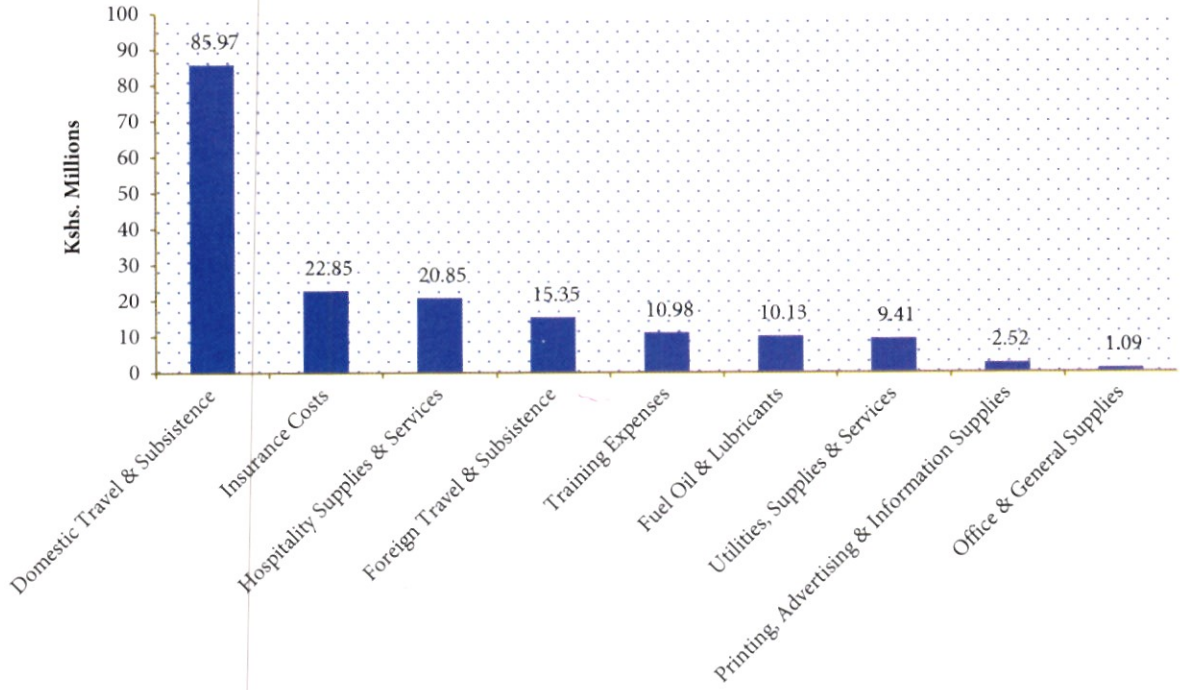
Source: *Nyeri County Treasury*

During the reporting period, the Fund Administrators did not submit the quarterly financial returns for the established funds to the OCoB, as indicated in Table 3.218.

3.36.9 Expenditure on Operations and Maintenance

Figure 108 summarises the Operations and Maintenance expenditure by major categories.

Figure 108: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyeri County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.85.97 million and comprised Kshs.48.69 million spent by the County Assembly and Kshs.37.27 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.35 million and comprised Kshs.10.34 million by the County Assembly and Kshs.5.01 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.219.

Table 3.219: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	13th -19th Sep 2023	DSA Attending the SDG Action Weekend - Side Events Ahead of the 78th Session of The United Nations General Assembly.	New York, USA	1,107,470.84
County Executive		N/A	Final payment for provision of air ticket from Nairobi to Bogota, Colombia & back	N/A	550,000.00
		N/A	Air tickets from Nairobi to Casablanca (Morocco) and back	N/A	706,625.00
County Executive		N/A	Part-payment of air ticket from Nairobi to Israel & back	N/A	155,000.00
County Assembly	5	26th June-8th July 2023	While attending a training on East Africa Legislative Assembly	ARUSHA	2,506,560.00
County Assembly	1	24th July -3rd August 2023	While attending a training for chairpersons of County Assemblies Health Committees	ARUSHA	595,728.00

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	29th June-10th July 2023	While attending an international conference on post-pandemic strategic public administration and management.	Australia	739,200.00
County Assembly	1	3rd June -7th July 2023	Attending a bespoke workshop on legal and legislative drafting training.	ARUSHA	298,880.00

Source: *Nyeri County Treasury*

Included in the operations and maintenance costs is an expenditure of Kshs.5.0 million on garbage collection.

3.36.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.89.25 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County spent Kshs.4.81 million. The table 3.220 summarises development projects with the highest expenditure in the reporting period.

Table 3.220: Nyeri County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Transport, Public Works & Infrastructure	Streetlight Bills	Countywide	100,000,000	35,163,830	35.2
2	Heath	Supplies for Production and other specialised medical supplies/programmes.	Various Facilities	243,000,000	20,819,376	8.6
3	Agriculture, Livestock and Fisheries	National Value Chain Development Project and Kenya Climate Smart Agriculture Project	County wide	250,000,000	11,891,923	4.8
4	Water, Environment & Natural Resources	Fuel for garbage collection and dumpsite management	Countywide	12,000,000	5,000,000	41.7
5	Transport, Public Works & Infrastructure	County Specific Road Projects, including fuel and maintenance of machinery	Various	15,510,463	5,000,000	32.2
6	Water, Environment & Natural Resources	Extension of water services. (TEAWASCO)	Tetu	5,000,000	4,998,295	100.0
7	Water, Environment & Natural Resources	Solid waste management; Fuel for Garbage collection trucks-	Nyeri Municipality	8,500,000	4,000,000	47.1
8	Water, Environment & Natural Resources	Purchase of fuel for disaster management	headquarters	2,000,000	1,250,000	62.5
9	Water, Environment & Natural Resources	Procurement of iron sheets and nails for disaster response	headquarters	3,000,000	913,929	30.5
10	Lands, Physical Planning, Housing and Urbanization	KISIP Phase II- Infrastructure counter funding of 10% from the allocated conditional grant.	Mweiga, Chorongi, Ihwagi, Kiamwathi, Kiawara	2,053,478	211,500	10.3

Source: Nyeri County Treasury

3.36.11 Budget Performance by Department

Table 3.221 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.221: Nyeri 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
Office of the Governor & Deputy Governor	149.53	40.50	29.35	-	30.64	-	104.4	-	20.5	-
Office of the County Secretary	129.69	14.75	31.04	-	31.01	-	99.9	-	23.9	-
Finance and Economic Planning	812.45	35.00	53.13	-	72.24	-	136.0	-	8.9	-
Lands, Physical Planning, Housing and Urbanization	90.99	146.32	12.57	4.00	12.62	4.21	100.4	105.3	13.9	2.9
Health, Public Health and sanitation	2,399.13	409.36	391.59	-	498.51	20.82	127.3	-	20.8	5.1
Gender and Social Services	92.53	101.20	19.09	1.25	17.37	2.16	91.0	173.1	18.8	2.1
County Public Service, Administration & Youth Affairs	289.44	65.50	42.45	3.00	41.38	5.00	97.5	166.7	14.3	7.6
Agriculture, Livestock and Fisheries	241.54	471.31	43.39	5.00	42.77	11.89	98.6	237.9	17.7	2.5
Trade, Culture, Tourism & Cooperative Development	52.66	313.20	8.92	-	9.12	-	102.3	-	17.3	-
Education, Science and Technology	350.62	89.50	43.11	-	44.95	-	104.3	-	12.8	-
Water, Environment & Natural Resources	79.14	248.50	10.84	11.00	10.59	5.00	97.7	45.4	13.4	2.0
County Assembly	776.12	50.00	223.92	-	226.54	-	101.2	-	29.2	-
County Public Service Board	42.38	6.00	7.76	-	7.57	-	97.6	-	17.9	-
Transport, Public Works & Infrastructure	87.12	423.45	13.43	37.07	13.98	40.16	104.0	108.4	16.0	9.5
Office of the County Attorney	40.31	-	2.27	-	2.76	-	121.8	-	6.9	-
Total	**5,633.66**	**2,414.57**	**932.86**	**61.32**	**1,062.05**	**89.25**	**113.8**	**145.6**	**18.9**	**3.7**

***Source**: Nyeri County Treasury*

Analysis of expenditure by department shows that the Department of Transport, Public Works & Infrastructure recorded the highest absorption rate of development budget at 9.5 per cent, followed by the Department of County Public Service, Administration & Youth Affairs at 7.6 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 29.2 per cent, followed by the Department of Health, Public Health and Sanitation, while the Department of Office of the County Attorney had the lowest at 6.9 per cent.

3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 3.222 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.222: Nyeri County, Budget Execution by Programmes and Sub-Programmes

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Fisheries	Agricultural Management	Administration and planning services	512,146,975	50,473,013	461,673,962	9.9
	Livestock Production Management	Provision of Extension Services to Livestock farmers	104,248,420	25,200	104,223,220	-
	Crop Management	Administrative Support Services	17,235,863	196,838	17,039,025	1.1
	Fisheries development	Administrative Support Services	31,698,146	99,600	31,598,546	0.3
	Veterinary services	Administrative Support Services	28,420,464	414,910	28,005,554	1.5
	Wambugu ATC	Farm Development	15,700,000	2,750,000	12,950,000	17.5
	AMS Naromoru	Development of Agricultural Land for Crop Production	3,400,000	700,000	2,700,000	20.6
			712,849,868	**54,659,561**	658,190,307	7.7
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	230,743,604	16,484,614	214,258,990	7.1
	Land Policy and Planning	Land Policy Formulation	5,017,943	245,700	4,772,243	4.9
	Housing Development and Human Settlement	Government Building	1,545,000	102,600	1,442,400	6.6
			237,306,547	**16,832,914**	220,473,633	7.1
Transport, Public Works Infrastructure and Energy	General administration and policy Development and implementation	Administration, planning and support services	75,155,407	12,161,368	62,994,039	16.2
	Roads development, maintenance and management	County access and feeder road improvement	207,902,832	5,000,000	202,902,832	2.4
	Energy Sector Development	Street lighting programme	227,519,200	36,980,715	190,538,485	16.3
			510,577,439	**54,142,083**	456,435,356	10.6
Trade, Culture, Tourism and Co-Operative Development	Trade and Cooperative Development	Trade Promotion	303,179,560	7,959,690	295,219,870	2.6
	Tourism Development	Promotion of Tourism	20,915,000	624,100	20,290,900	3.0
	Co-operatives	Co-operative Development	41,769,585	541,008	41,228,577	1.3
			365,864,145	**9,124,798**	356,739,347	2.5

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,789,072,188	518,526,068	2,270,546,120	18.6
	Rural Health	Administration, Planning and General Support Services	19,428,200	805,832	18,622,368	4.1
			2,808,500,388	**519,331,900**	2,289,168,488	18.5
Education and Sports	General administration and policy Development and implementation	Administrative Support Services	345,673,813	44,255,157	301,418,656	12.8
	ECDE Management	ECDE Management	68,382,495	460,500	67,921,995	0.7
	Youth Training and Development	Youth Polytechnics	26,063,714	229,800	25,833,914	0.9
			440,120,022	**44,945,457**	395,174,565	10.2
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	190,025,317	30,643,069	159,382,248	16.1
			190,025,317	**30,643,069**	159,382,248	16.1
Office of the County Secretary	Coordination of County Functions and Public Service Management	Coordination of County Functions and Public Service Management	141,975,948	30,554,951	111,420,997	21.5
		Community sensitisation, education and public participation	2,468,220	452,780	2,015,440	18.3
			144,444,168	**31,007,731**	113,436,437	21.5
Finance, Economic Planning and ICT	Executive services	Administration and personnel services	748,854,811	46,545,212	702,309,599	6.2
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	12,711,036	1,372,630	11,338,406	10.8
	Public Finance Management	Financial Accounting	10,328,846	2,830,076	7,498,770	27.4
		Procurement Compliance and Reporting	9,036,323	1,217,212	7,819,111	13.5
		Internal Audit	6,312,300	1,913,287	4,399,013	30.3
	Revenue Mobilisation	Revenue Mobilisation	48,068,678	14,984,303	33,084,375	31.2
	Economic Planning and Policy Formulation	Monitoring and Evaluation	7,174,060	2,999,500	4,174,560	41.8
	ICT Development	ICT Development	4,967,575	377,500	4,590,075	7.6

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
			847,453,629	**72,239,720**	775,213,909	8.5
County Assembly	General administration, Policy Development and implementation	Administration and planning services	826,126,610	226,537,495	599,589,115	27.4
			826,126,610	**226,537,495**	599,589,115	27.4
County Public Service and Solid Waste Management	Human resources Management	Administration Planning and Support Services	297,995,103	41,005,790	256,989,313	13.8
	Sanitation management	Administrative Support Services	56,948,828	5,378,210	51,570,618	9.4
			354,943,931	**46,384,000**	308,559,931	13.1
County Public Service Board	General Administration and Planning services	Administration and Personnel Services	48,381,177	7,574,553	40,806,624	15.7
			48,381,177	**7,574,553**	40,806,624	15.7
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	139,980,636	13,955,012	126,025,624	10.0
	Culture Development	Administration and personnel services	17,072,000	3,372,055	13,699,945	19.8
	Social development	Administration and planning services	2,125,000	300,442	1,824,558	14.1
	County Sports Development	Search and nurture talents	32,687,588	1,458,229	31,229,359	4.5
	Disaster Management	Administration and planning services	1,870,000	448,790	1,421,210	24.0
			193,735,224	**19,534,528**	174,200,696	10.1
Water and Irrigation Services	Water Management	Administrative Support Services	147,594,685	14,984,455	132,610,230	10.2
	Environment and Climate Change	Administrative Support Services	180,049,910	600,900	179,449,010	0.3
			327,644,595	**15,585,355**	312,059,240	4.8
Office of the County Attorney	General Administration and Planning services	Administration and personnel services	40,305,620	2,762,850	37,542,770	6.9
			40,305,620	**2,762,850**	37,542,770	6.9
Grand Total			**8,048,278,680**	**1,151,306,014**	**6,896,972,666**	**14.3**

***Source**: Nyeri County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Monitoring and Evaluation in the Department of Finance, Economic Planning and ICT at 41.8 per cent, Revenue Mobilization in the Department of Finance, Economic Planning and ICT at 31.2 per cent, Internal Audit in the Department of Finance, Economic Planning and ICT at 30.3 per cent and Administration and planning services in the County Assembly at 27.4 per cent of budget allocation.

3.36.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.108.11 million against an annual projection of Kshs.800 million, representing 12.2 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.222, where the County incurred expenditure over approved exchequer issues in several departments.
3. High level of pending bills, which amounted to Kshs.71.72 million as of 30th September 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.59.81 million were processed through the manual payroll, accounting for 9.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Failure by Fund Administrators to submit the quarterly financial statements as of 30th September 2023 to the OCOB, as shown in Table 3.222.
6. The County Assembly spent Kshs.15.35 million on foreign travel during the period which may be wasteful expenditure.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
5. *The CECMF should follow up to ensure Fund Administrators prepare quarterly reports in line with the law.*
6. *The County leadership should prioritise executing planned development programmes to ensure that its citizenry realised the aspirations proposed during public participation forums.*

3.37. County Government of Samburu

3.37.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.7.42 billion, comprising Kshs.2.69 billion (36.3 per cent) and Kshs.4.73 billion (63.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 19.5 per cent compared to the previous financial year when the approved budget was Kshs. 6.21 billion and comprised of Kshs. 2.13 billion towards development expenditure and Kshs.4.03 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs 5.59 billion (75.3 per cent) as the equitable share of revenue raised nationally, Kshs.17 million (0.2 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.856.59 million as conditional grants, a cash balance of Kshs.718 million (9.7 per cent) was brought forward from FY 2022/23, and generate Kshs.239.02 million (3.2 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.223.

3.37.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.854.96 billion as the equitable share of the revenue raised nationally, Kshs.3.17 million as FIF had a cash balance of Kshs.718 million from FY 2022/23, and raised Kshs.81.2 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.66 billion, as shown in Table 3.223.

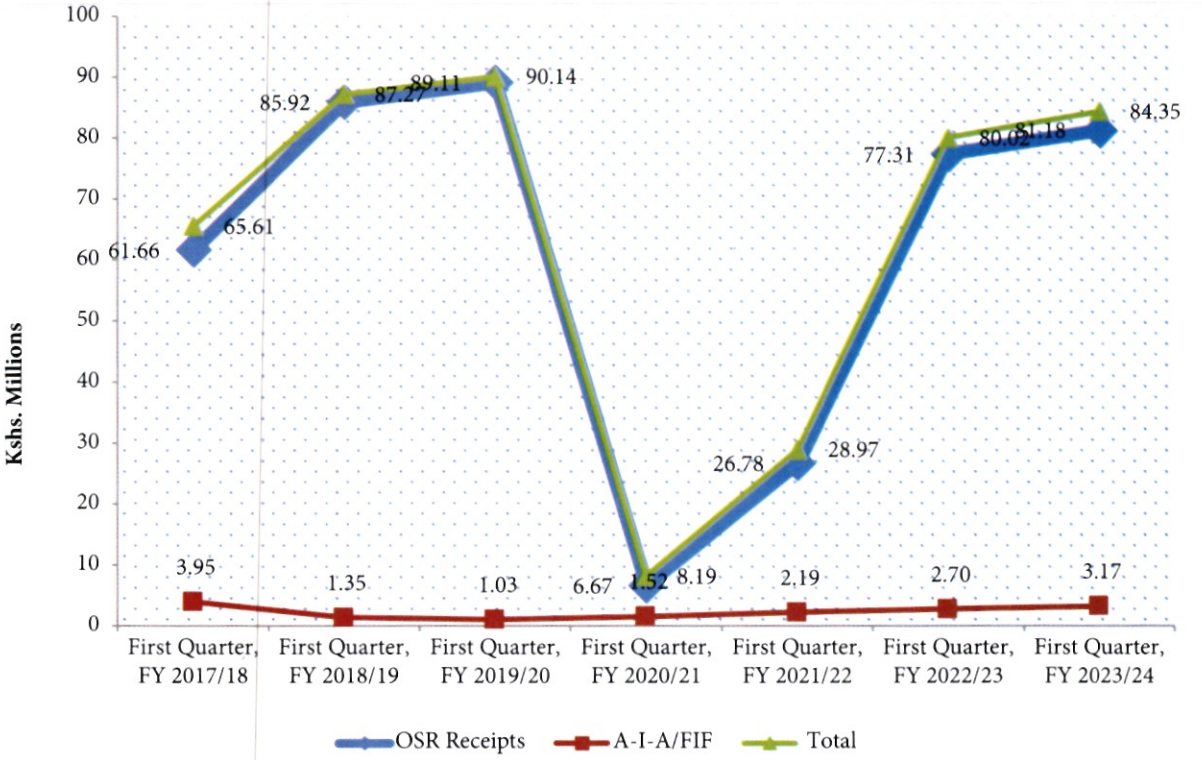
Table 3.223: Samburu County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	5,594,312,489.00	854,959,689.85	15.28
Subtotal		**5,594,312,489.00**	**854,959,689.85**	**15.28**
B	**Conditional Grants**			
1.	Aggregated Industrial Parks Programme	100,000,000.00	-	-
2.	Conditional Grant-Leasing of Medical Equipment	124,723,404.30	-	-
3.	DANIDA (Health support funds)	8,431,500.00	-	-
4.	World bank loan for National agricultural and rural inclusive growth project	150,000,000.00	-	-
5.	Mineral Royalties	905,740.00	-	-
6.	De-Risking and Value Enhancement (DRIVE) -livestock	207,839,480.00	-	-
7.	Fertiliser subsidy	12,431,664.00	-	-
8.	Agriculture Sector Development Support Programme (ASDSP)	2,793,523.00	-	-
9.	Kenya Livestock Commercialization Project (KELCLOP)	37,500,000.00	-	-
10.	ELRP (Locust)	200,970,152.00	-	-
11.	Finance Locally led Climate Action Program (FLLoCA)	11,000,000.00	-	-
Subtotal		**856,595,463.00**	**-**	**-**
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	239,027,400	81,176,814	34.0
2.	Facility Improvement Fund (FIF)	17,000,000	3,171,315	18.7
3.	Unspent balance from FY 2022/23	718,000,000	718,000,000	100.0
Sub Total		974,027,400	802,348,129	82.4
Grand Total		**7,424,935,352**	**1,657,307,819**	**22.3**

Source: *Samburu County Treasury*

Figure 109 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

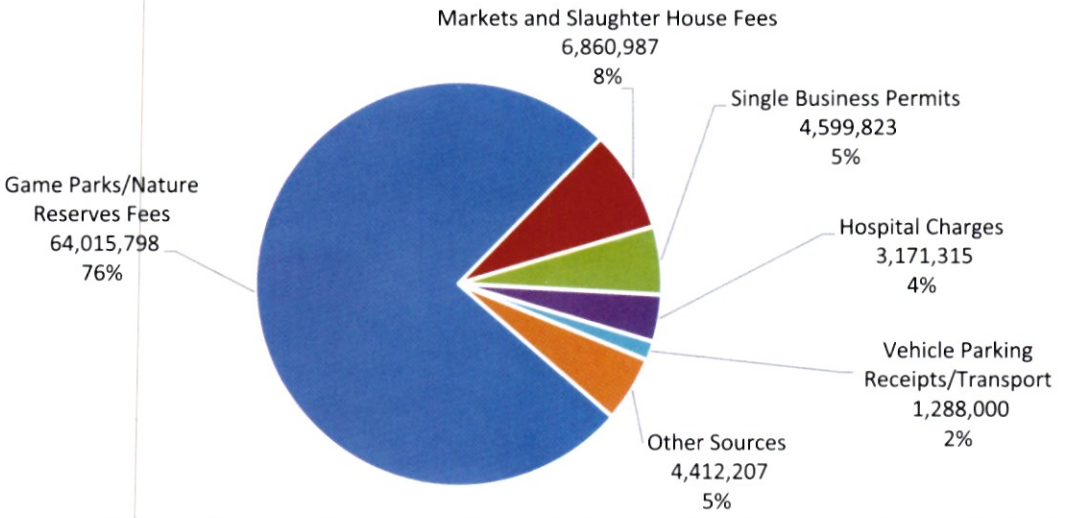
Figure 109: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Samburu County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.84.35 million from its revenue sources, including FIF and AIA. This amount represented an increase of 5.4 per cent compared to Kshs.80.01 million realised in FY 2022/23 and was 33.3 per cent of the annual target and 9.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 110.

Figure 110: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Samburu County Treasury

The highest revenue stream of Kshs.64.01 million was from the Game Park fee, contributing to 76.3 per cent of the total OSR receipts during the reporting period.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.02 billion from the CRF account during the reporting period, which was wholly for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.604.79 million was released towards Employee Compensation, and Kshs.401.56 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.1.04 billion.

3.37.4 County Expenditure Review

The County spent Kshs.1.0 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.0 per cent of the total funds released by the CoB and was wholly spent on recurrent programmes. Expenditure on recurrent expenditure represented 21.3 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.517.42 million, comprising Kshs.93.89 million for recurrent expenditure and Kshs.423.53 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.34.23 million were settled - wholly for recurrent programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.483.19 million.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.557.28 million on employee compensation and Kshs.297.68 million on operations and maintenance. Similarly, the County Assembly spent Kshs.66.26 million on employee compensation and Kshs.134.39 million on operations and maintenance, as shown in Table 3.224.

Table 3.224: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,155,207,835**	**573,999,097**	**854,959,690**	**200,651,196**	**20.6**	**35.0**
Compensation to Employees	2,314,372,336	313,475,227	557,276,526	66,264,253	24.1	21.1
Operations and Maintenance	1,840,835,499	260,523,870	297,683,164	134,386,943	16.2	51.6
Development Expenditure	**2,600,728,420**	**95,000,000**	-	-	-	-
Total	**6,755,936,255**	**668,999,097**	**854,959,690**	**200,651,196**	**20.6**	**35.0**

***Source**: Samburu County Treasury*

3.37.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.623.54 million, or 37.6 per cent of the available revenue, which amounted to Kshs.1.66 billion. This expenditure represented an increase from Kshs.479.17 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.154.02 million paid to health sector employees, translating to 24.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.547.71 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.75.83 million was processed through manual payrolls. The manual payrolls accounted for 12.2 per cent of the total PE cost.

The County Assembly spent Kshs.8.70 million on committee sitting allowances for the 26 MCAs and the Speaker against the annual budget allocation of Kshs.31.20 million. The average monthly sitting allowance was Kshs.111,538 per MCA. The County Assembly has established 15 Committees.

3.37.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.358 million to county-established funds in FY 2023/24, constituting 4.8 per cent of the County's overall budget. Table 3.225 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.225: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
1.	Conservancies Fund – Department Tourism, Trade Enterprise Development and Cooperatives	125,000,000	-	-	No
2.	Executive Car Loan and Mortgage	8,000,000	-	-	No
3.	Bursary Fund- Department of Education and Vocational Training	134,000,000	-	-	No
4.	PLWD Fund	5,000,000	-	-	No
5.	Emergency Fund – Department of Finance	30,000,000	-	-	No
6.	County Assembly Car Loan and Mortgage	56,000,000	55,300,000	55,300,000	No
Total		**358,000,000**	**55,300,000**	**55,300,000**	-

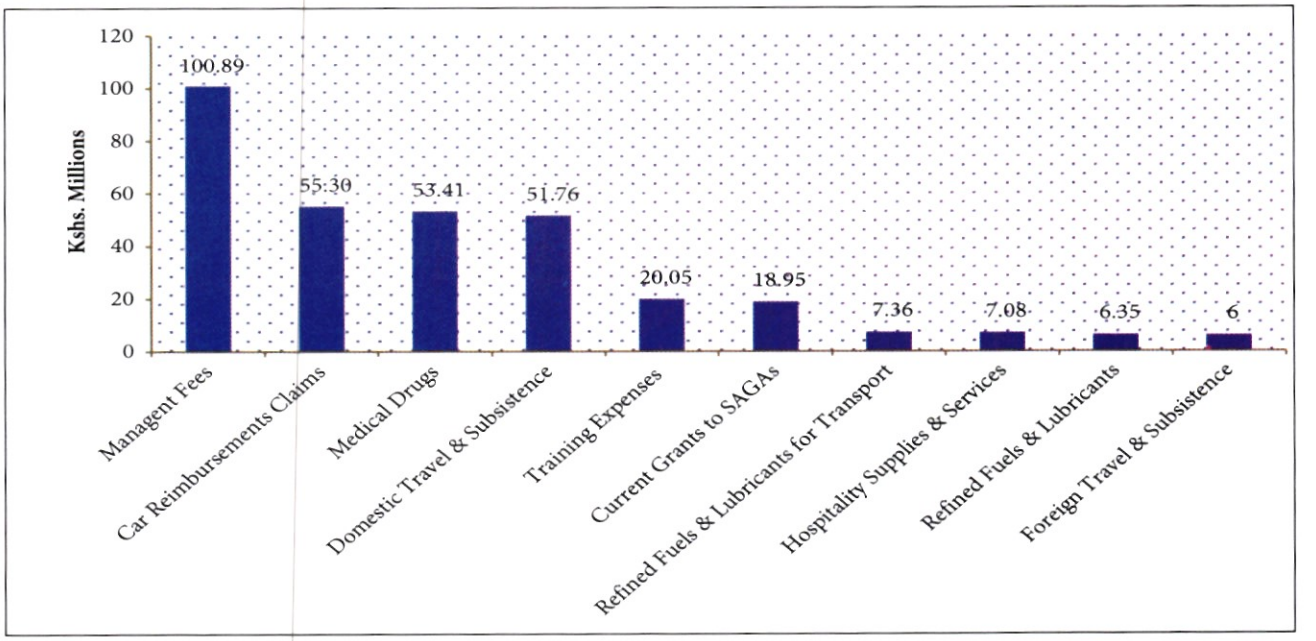
Source: *Samburu County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators, as indicated in Table 3.225, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.37.9 Expenditure on Operations and Maintenance

Figure 111 summarises the Operations and Maintenance expenditure by major categories.

Figure 111: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: *Samburu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.51.73 million and comprised Kshs.23.49 million spent by the County Assembly and Kshs.28.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.13 million, and the Assembly wholly incurred it. The highest expenditure on foreign travel was incurred, as summarised in Table 3.226 below; -

Table 3.226: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	3	June 2023	Executive Leadership Summit Held in Dubai	Dubai	4,347,874
County Assembly	1	September 2023	Food Security conference	Israel	1,783,45

Source: Samburu County Assembly

3.37.10 Development Expenditure

In the first quarter of FY 2023/24, the County did not report expenditure on development programmes.

3.37.11 Budget Performance by Department

Table 3.227 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.227: Samburu 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 Executive	500.20	16.26	81.69	-	81.69	-	100.0	-	16.3	-
Finance, Economic Planning & ICT	688.46	47.69	77.06	-	77.06	-	100.0	-	11.2	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	182.33	884.39	62.27	-	62.27	-	100.0	-	34.2	-
Water, Environment, Natural Resources & Energy	180.97	350.68	37.60	-	37.60	-	100.0	-	20.8	-
Education and Vocational Training	607.27	188.20	113.00	-	113.00	-	100.0	-	18.6	-
Medical Services, Public Health & Sanitation	1303.64	329.98	335.42	-	335.42	-	100.0	-	25.7	-
Lands, Housing, Physical Planning & Urban Development	172.93	94.13	25.46	-	25.46	-	100.0	-	14.7	-
Roads, Transport & Public Works	116.68	299.50	31.68	-	31.68	-	100.0	-	27.2	-
Tourism, Trade, Enterprise Development & Cooperatives	235.41	342.20	36.57	-	36.57	-	100.0	-	15.5	-
Culture, Social Services, Gender, Sports & Youth Affairs	167.32	47.70	54.20	-	54.20	-	100.0	-	32.4	-
County Assembly	574.00	95.00	168.12	-	151.39	-	90.0	-	26.4	-
Total	**500.20**	**16.26**	**81.69**	**-**	**81.69**	**-**	**98.4**	**-**	**21.3**	**-**

***Source**: Samburu County Treasury*

Analysis of expenditure by department shows that the Department of Culture, Social Services, Gender, Sports & Youth Affairs recorded the highest absorption rate of recurrent expenditure to budget at 32.4 per cent. In comparison, the Department of Finance and Economic Planning had the lowest at 11.2 per cent.

3.37.12 Budget Execution by Programmes and Sub-Programmes

Table 3.228 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.228: Samburu County, Budget Execution by Programmes and Sub-Programmes

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Executive	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-
Management of County Affairs	**Management of County Affairs**	**244,890,219.00**	**8,129,500.00**	**87,039,109.30**	-	36	-
	County Executive Services	-	-	-	-	-	-
	Administration and Coordination of County Affairs	114,448,822.00	-	39,759,725.60	-	35	-
	Sub County Administration	110,048,588.00	8,129,500.00	35,445,483.00	-	32	-
	Coordination, Supervision and Human Resource Services	20,392,809.00	-	11,833,900.70	-	58	-
Management of County Affairs	**Management of County Affairs**				-		-
	Organisation of County Business	-	-	-	-	-	-
Public Sector Advisory Services	**Public Sector Advisory Services**	**7,551,343.00**	-	**457,170.00**	-	6	-
	Economic, Social & Political Advisory Service	-	-	-	-	-	-
	County Policing	7,551,343.00	-	457,170.00	-	6	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**28,157,463.00**	-	**8,321,067.10**	-	30	-
	Administration of Human Resources in County Public Service	28,157,463.00	-	8,321,067.10	-	30	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	-	-	-	-	-	-
	Administration Services	-	-	-	-	-	-
Special Programs	**Special Programs**	-	-	-	-	-	-

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Special Programs	-	-	-	-	-	-
	Grand Total	**280,599,025.00**	**8,129,500.00**	**95,817,346.40**	-	34	-
Finance, Economic Planning & ICT							
	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**179,989,290.00**	**19,847,000.00**	**26,058,892.70**	-	14	-
-	Administration Services	163,240,719.00	-	25,790,192.70	-	16	-
	System Security	16,748,571.00	-	268,700.00	-	2	-
Public Finance Management	**Public Finance Management**	**143,070,564.50**	-	**22,223,988.70**	-	16	-
	Fiscal Planning	19,872,147.00	-	870,800.00	-	4	-
	Resource Mobilisation	44,150,556.50	-	11,287,681.95	-	26	-
	Budget Formulation Coordination and management	6,695,293.00	-	1,399,086.95	-	21	-
	Public finance and Accounting	20,689,247.50	-	4,032,389.80	-	19	-
	Internal Audit	9,855,929.00	-	1,500,527.00	-	15	-
	Data Management	9,500,000.00	-	249,852.00	-	3	-
	Procurement	12,969,801.00	-	901,600.00	-	7	-
	Monitoring & Evaluation /Statistical	19,337,590.50	-	1,982,051.00	-	10	-
Special Programs	**Special Programs**	**16,427,161.50**	-	**702,360.00**	-	4	-
	Special Programs	16,427,161.50	-	702,360.00	-	4	-
General Administration (Economic Planning and ICT)	**General Administration (Economic Planning and ICT)**	**7,695,322.50**	-	**38,000.00**	-	-	-
	General Administration (Economic Planning and ICT)	7,695,322.50	-	38,000.00	-	-	-
	Grand Total	**347,182,338.50**	-	**49,023,241.40**	-	14	-
Agriculture, Livestock Development, Veterinary Services & Fisheries							
	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**27,202,209.50**	-	**1,879,146.45**	-	7	-
	Administration, Planning and Support Services	27,202,209.50	-	1,879,146.45	-	7	-

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Livestock Resource Management and Development	**Livestock Resource Management and Development**	**35,343,139.00**	**478,631,316.00**	**6,333,375.95**	-	18	-
	Promotion of Value Addition of Livestock and Livestock Products	9,151,882.00	449,881,316.00	-	-	-	-
	Promotion of Dairy Production, Breeding and Disease Control	12,070,927.00	-	5,933,375.95	-	49	-
	Livestock marketing and rangeland management	5,870,952.00	-	400,000.00	-	7	-
	Livestock Diseases Management and Control	8,249,378.00	28,750,000.00	-	-	-	-
104004214		**4,166,332.00**	**8,100,000.00**	**1,059,414.00**	-	25	-
	Development of capture fisheries resources	4,166,332.00	8,100,000.00	1,059,414.00	-	25	-
Crop Production and Management	**Crop Production and Management**	**25,849,354.00**	**31,465,832.00**	**2,174,628.65**	-	8	-
	Crop Production and Food Security	5,316,411.00	-	577,285.00	-	11	-
	Agricultural Extension Research and Training	20,532,943.00	31,465,832.00	1,597,343.65	-	8	-
	Grand Total	**92,561,034.50**	**518,197,148.00**	**11,446,565.05**	-	12	-
Water, Environment, Natural Resources & Energy							
	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-
Pollution control & monitoring	Pollution control & monitoring	**35,431,131.00**	**139,739,500.00**	**3,078,196.45**	-	9	-
	Administration	35,431,131.00	139,739,500.00	3,078,196.45	-	9	-
Forests Conservation and Management	Forests Conservation and Management	**5,616,925.50**	**35,600,000.00**	**1,086,700.00**	-	19	-
	Forests Conservation and Management	2,171,010.00	1,100,000.00	880,900.00	-	41	-
	Pollution control & monitoring	3,445,915.50	-	205,800.00	-	6	-
Forests Conservation and Management	Forests Conservation and Management	**5,737,405.00**	-	**267,785.60**	-	5	-
	Control of soil erosion	2,830,985.00	-	174,675.60	-	6	-
	Mining Services	1,230,395.00	-	-	-	-	-

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Water Catchment and Protection Services	-	-	-	-	-	-
Environmental Management and Protection	Environmental Management and Protection	-	-	-	-	-	-
	Water and sanitation services	-	-	-	-	-	-
	Stormwater management	-	-	-	-	-	-
	Grand Total	-	-	-	-	-	-
Education and Vocational Training		-	-	-	-	-	-
	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	-	-	-	-	-	-
	Bursary Management Services	-	-	-	-	-	-
	General Administration Planning and Support Services	-	-	-	-	-	-
Education & Training Services	**Education & Training Services**	-	-	-	-	-	-
	Promotion of Early Childhood Education	-	-	-	-	-	-
	Promotion of youth empowerment	-	-	-	-	-	-
Management and development of sports and sports facilities	**Management and development of sports and sports facilities**	-	-	-	-	-	-
	Sports Development, Training & Competition	-	-	-	-	-	-
Youth Training and Development	**Youth Training and Development**	-	-	-	-	-	-
	SP1 Revitalization of Youth Polytechnics	-	-	-	-	-	-
	Grand Total	**343,632,655.00**	**94,097,500.00**	**50,924,921.55**	-	15	-

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Medical Services, Public Health & Sanitation							
	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-
Preventive and Promotive Health Services	**Preventive and Promotive Health Services**	**139,411,073.00**	-	**74,822,101.30**	-	54	-
	Non-Communicable Disease & prevention control	16,509,257.50	-	7,163,099.00	-	43	-
	Maternal Health Services	27,318,569.00	-	12,725,396.15	-	47	-
	Communicable Disease Control	42,014,868.00	-	26,209,810.45	-	62	-
	Health Promotive Services	53,568,378.50	-	28,723,795.70	-	54	-
Health curative Services	**Health curative Services**	**517,985,746.00**	-	**294,494,210.90**	-	57	-
	County Referral Services	364,465,754.00	-	209,725,886.40	-	58	-
	Free Primary Healthcare	142,192,523.00	-	80,797,746.00	-	57	-
	Provision Of Essential Health Services In All The Levels	11,327,469.00	-	3,970,578.50	-	35	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**121,832,989.50**	**164,988,562.00**	**39,869,780.85**	-	33	-
	Health Standards and Quality Assurance Services	38,417,245.00	-	21,999,787.75	-	57	-
	Research And Development	4,778,086.00	-	55,060.00	-	1	-
	Health Infrastructure development	4,986,788.00	-	2,584,529.90	-	52	-
	Human Resources for health	50,917,741.00	-	7,648,862.10	-	15	-
	Health Policy, Planning & Financing	22,733,129.50	164,988,562.00	7,581,541.10	-	33	-
1003004217		-	-	-	-	-	-
	Water Catchment and Protection Services	-	-	-	-	-	-

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Grand Total	**779,229,808.50**	**164,988,562.00**	**409,186,093.05**	-	53	-
Lands, Housing, Physical Planning & Urban Development					-		-
	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**61,381,007.50**	**2,500,000.00**	**6,495,722.00**	-	11	-
	Administration, Planning and Support Services	61,381,007.50	2,500,000.00	6,495,722.00	-	11	-
Land Use Policy and Planning	**Land Use Policy and Planning**	**8,286,412.00**	**26,565,000.00**	**626,859.70**	-	8	-
	Housing management services	502,477.50	-	78,300.00	-	16	-
	GIS Data Base creation	-	-	-	-	-	-
	Spatial planning	3,808,522.00	-	86,954.00	-	2	-
	Survey And Mapping	3,975,412.50	26,565,000.00	461,605.70	-	12	-
Urban Centers Administration	**Urban Centers Administration**	**16,796,369.50**	**18,000,000.00**	**1,832,611.60**	-	11	-
	Urban center management	16,796,369.50	18,000,000.00	1,832,611.60	-	11	-
	Grand Total	**86,463,789.00**	**47,065,000.00**	**8,955,193.30**	-	10	-
Roads, Transport & Public Works							
	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**36,879,817.50**	-	**8,879,870.05**	-	24	
	Administrative services	27,556,604.50	-	8,591,481.95	-	31	
	Design, implementation and supervision of public buildings	7,009,430.00	-	283,388.10	-	4	-
	Firefighting services	2,313,783.00	-	5,000.00	-	-	-

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Infrastructure, Roads & Transport Services	**Infrastructure, Roads & Transport Services**	**21,461,598.50**	**149,750,000.00**	**2,688,656.30**	-	13	-
	Street lights management	8,223,866.00	9,750,000.00	2,364,456.30	-	29	-
	Rehabilitation of Roads, Drainage and Bridges	5,775,404.50	140,000,000.00	324,200.00	-	6	-
	Public Road transport and parking	1,960,418.00	-	-	-	-	-
	Design, supervision and rehabilitation of County Buildings	5,501,910.00	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	-	-	-	-	-	-
	Administration	-	-	-	-	-	-
Land Use Policy and Planning	**Land Use Policy and Planning**	-	-	-	-	-	-
	Pollution control & monitoring	-	-	-	-	-	-
Conservation and Management of Natural Ecosystems	**Conservation and Management of Natural Ecosystems**	-	-	-	-	-	-
	Stormwater management	-	-	-	-	-	-
	Water and sanitation services	-	-	-	-	-	-
	Grand Total	**58,341,416.00**	**149,750,000.00**	**11,568,526.35**	-	20	-
Tourism, Trade, Enterprise Development & Cooperatives							
	Default - Non Programmatic	-	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**29,308,612.00**	**103,500,000.00**	**1,137,387.85**	-	4	-
	General administration	29,308,612.00	103,500,000.00	1,137,387.85	-	4	-
Cooperatives Development and Management	**Cooperatives Development and Management**	**11,827,644.50**	-	**1,813,096.00**	-	15	-
	SACCO members' empowerment	-	-	-	-	-	-
	Enhance Marketing Cooperatives	11,827,644.50	-	1,813,096.00	-	15	-
Promote Commerce and Enterprises	**Promote Commerce and Enterprises**	**1,270,750.00**	-	**38,636.00**	-	3	-

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Business Development Services for MSE's	1,270,750.00	-	38,636.00	-	3	-
Promotion of Tourism and Marketing	**Promotion of Tourism and Marketing**	**60,418,549.00**	-	**14,024,360.05**	-	23	-
	Tourism and Infrastructure Development	-	-	-	-	-	-
	Establishment & Management the County Tourism Information Centre	55,768,549.00	-	13,774,360.05	-	25	-
	Tourism Training & capacity Building	4,650,000.00	-	250,000.00	-	5	-
Trade Development and Promotion	**Trade Development and Promotion**	**8,962,385.50**	-	-	-	-	-
	Domestic trade development	8,302,385.50	-	-	-	-	-
	Market development and promotion of fair trade services	660,000.00	-	-	-	-	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**5,918,842.00**	**67,600,000.00**	-	-	-	-
	General Administration Planning and Support Services	5,918,842.00	67,600,000.00	-	-	-	-
	Grand Total	**117,706,783.00**	**171,100,000.00**	**17,013,479.90**	-	14	-
Culture, Social Services, Gender, Sports & Youth Affairs							
	Default - Non Programmatic	-	-	-	-	-	-
Education & Training Services	**Education & Training Services**	-	-	-	-	-	-
	Promotion of youth empowerment	-	-	-	-	-	-
Management and development of Sports & Sports facilities	**Management and development of Sports & Sports facilities**	**25,650,000.00**	**9,750,000.00**	**1,803,816.00**	-	7	-
	Sports Development, Training & Competition	25,650,000.00	9,750,000.00	1,803,816.00	-	7	-
Public Sector Advisory Services	**Public Sector Advisory Services**	**2,543,018.00**	-	**363,200.00**	-	14	-
	Economic, Social & Political Advisory Service	2,543,018.00	-	363,200.00	-	14	-

Economic Planning	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**30,365,092.50**	**14,100,000.00**	**1,635,214.00**	-	5	-
	General Administration Planning and Support Services	30,365,092.50	14,100,000.00	1,635,214.00	-	5	-
Community Mobilisation and Development	**Community Mobilisation and Development**	**12,723,442.00**	-	**2,883,100.00**	-	23	-
	Community Mobilization and Development	2,804,436.00	-	-	-	-	-
	Development and Promotion of Culture	2,309,006.00	-	285,000.00	-	12	-
	Social Welfare and Gender	7,200,000.00	-	2,556,900.00	-	36	-
	Conservation of Heritage	410,000.00	-	41,200.00	-	10	-
Development and management of sports facilities	**Development and management of sports facilities**	**3,730,000.00**	-	**300,000.00**	-	8	-
	Development and management of sports facilities	3,730,000.00	-	300,000.00	-	8	-
General Administration Planning and Support Services	**General Administration Planning and Support Services**	**8,647,073.50**	-	**348,500.00**	-	4	-
	General Administration Planning and Support Services (Sports)	8,647,073.50	-	348,500.00	-	4	-
	Grand Total	**83,658,626.00**	**23,850,000.00**	**7,333,830.00**	-	9	-
County Assembly					-		-
Legislative and Oversight							
	Legislative and Oversight	183,752,154.00	22,000,000.00	63,949,368.00	-	35	-
	County Assembly Administration	218,384,974.50	73,000,000.00	40,388,023.70	-	18	-
	Representation	171,861,968.50		47,051,124.00	-	27	-
	Sub Total	**573,999,097.00**	**95,000,000.00**	**151,388,515.70**	-	26	-
Total		**2,695,728,420.00**	**1,447,514,210.00**	**1,006,348,205.55**	-	**21.3**	-

Source: *Samburu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Communicable disease control in the Department of Health at 62 per cent, Water and Sanitation Services in the Department of Water at 59 per cent, county referral services in the Department of Health at 58 per cent, and free primary healthcare at 57 per cent of budget allocation.

3.37.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The final report was received on 26th October 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Conservancies Fund – Department of Tourism, Trade Enterprise Development and Cooperatives, Executive Car Loan and Mortgage, Bursaries and Support Services - Department of Education and Vocational Training, PLWD Fund, Emergency Fund and County Assembly Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
3. High level of pending bills, which amounted to Kshs.517.43 million as of 30th September 2023. This is despite the availability of Kshs.1.04 billion in the CRF account as of the end of the reporting period.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.75.83 million were processed through the manual payroll, accounting for 12.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.38. County Government of Siaya

3.38.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.10.54 billion, comprising Kshs.4.71 billion (44.7 per cent) and Kshs.5.83 billion (55.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 19.5 per cent compared to the previous financial year when the approved budget was Kshs.8.82 billion and comprised of Kshs.3.33 billion towards development expenditure and Kshs.5.49 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.26 billion (68.9 per cent) as the equitable share of revenue raised nationally, Kshs.110.74 million (1.1 per cent) as Appropriations-in-Aid (A-I-A), Kshs.214.77 million (2.0 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.950.21 million (9.0 per cent) as conditional grants, a cash balance of Kshs.1.57 billion (14.9 per cent) was brought forward from FY 2022/23, and generate Kshs.434.49 million (4.1 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.229.

3.38.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.617.36 million as the equitable share of the revenue raised nationally, Kshs.76.81 million as FIF, had a cash balance of Kshs.1.57 billion from FY 2022/23, and raised Kshs.26.08 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.29 billion, as shown in Table 3.229.

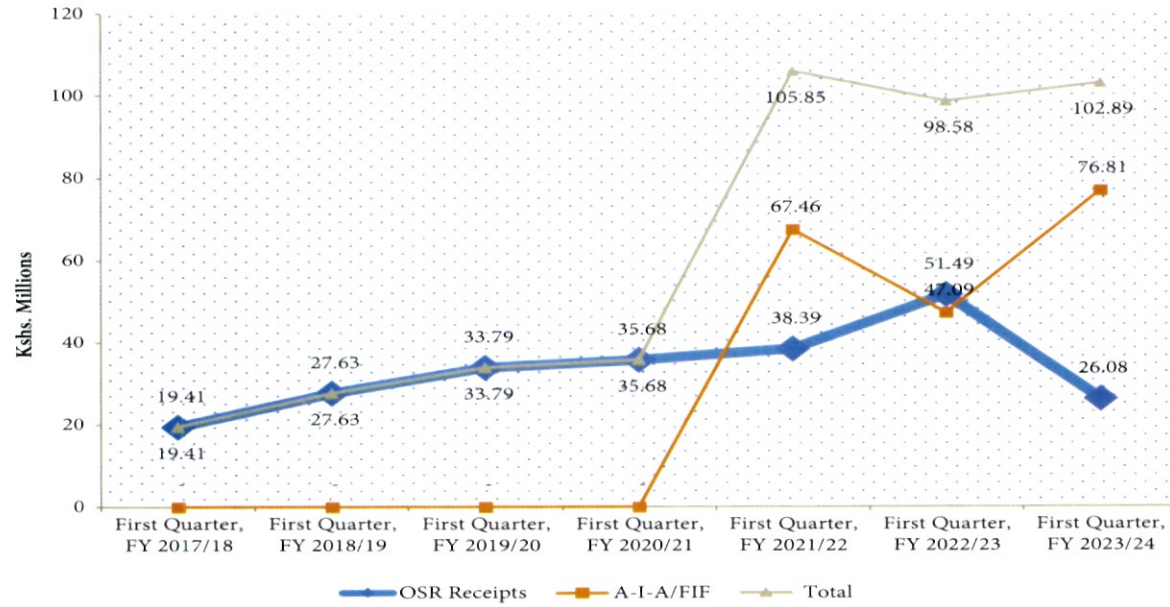
Table 3.229: Siaya County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,263,019,462	617,356,654	8.5
Subtotal		**7,263,019,463**	**617,356,654**	**8.5**
B	**Conditional Grants**			
1.	Lease of Medical Equipment	124,723,404	-	-
2.	DANIDA -Primary Healthcare	10,568,250	-	-
3.	County Aggregation and Industrial Park	350,000,000	-	-
4.	Provision of Subsidy Fertilizer Program	166,455,063	-	-
5.	Allocation for Mineral Royalties	259,152	-	-
6.	Livestock Value Chain Support Project	14,323,680	-	-
7.	Kenya Climate Smart Agricultural Project (KCSAP)	90,000,000	-	-
8.	Financing Locally Led Climate Action (FLLoCA)	11,000,000	-	-
9.	Agricultural Sector Development Support Project (ASDSP)	1,037,537	-	-
10.	Kenya Livestock Commercialization Project	30,500,000	-	-
11.	Aquaculture Business Development Project (ABDP)	13,838,473	-	-
12.	FLLoCA Development Grant	137,500,000	-	-
Subtotal		**950,205,559**	**-**	**-**
C	**Other Sources of Revenue**			
1.	Ordinary Own Source Revenue	434,494,994	26,080,700	6.0
2.	Appropriation in Aid (A-I-A)	110,736,652	-	-
3.	Facility Improvement Fund (FIF)	214,768,354	76,812,817	35.8
4.	Unspent balance from FY 2022/23	1,568,905,262	1,568,905,262	100.0
Sub Total		**2,328,905,262**	**1,671,798,779**	**71.8**
Grand Total		**10,542,130,283**	**2,289,155,433**	**21.7**

Source: *Siaya County Treasury*

Figure 112 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

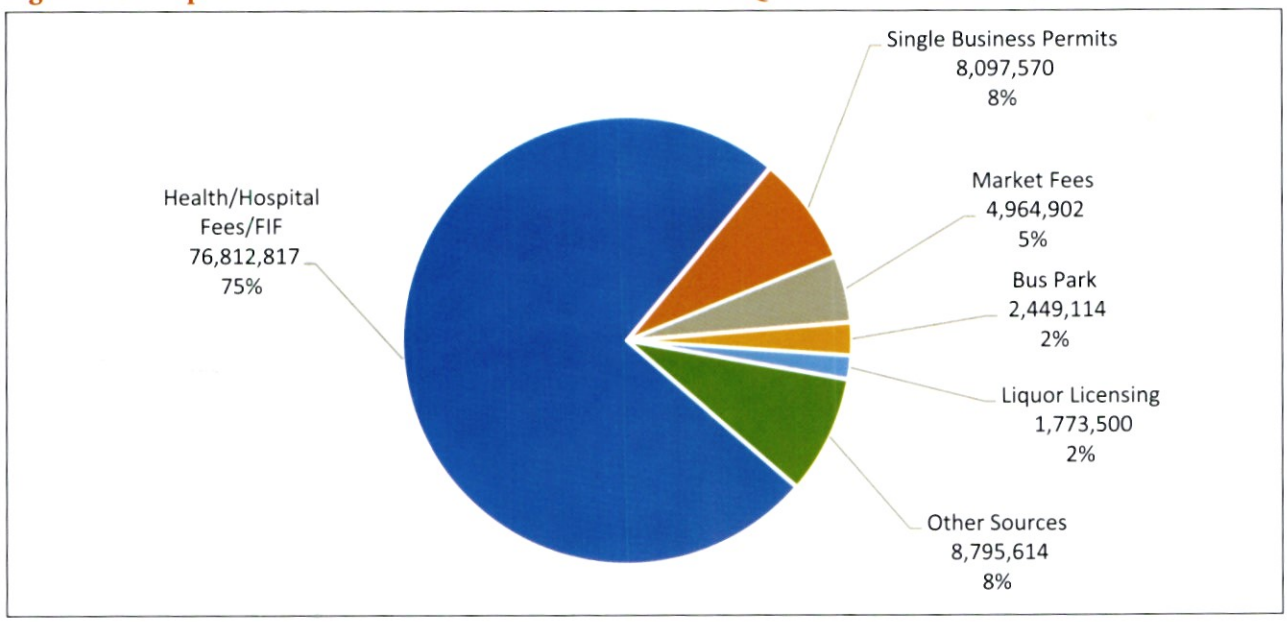
Figure 112: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Siaya County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.102.89 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 4.4 per cent compared to Kshs.98.58 million realised in FY 2022/23 and was 13.5 per cent of the annual target and 16.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 113.

Figure 113: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Siaya County Treasury

The highest revenue stream of Kshs.76.81 million was from Health/ Hospital Fees/FIF, contributing to 75 per cent of the total OSR receipts during the reporting period.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.866.87 million from the CRF account during the reporting period, which comprised Kshs.110.18 million (12.7 per cent) for development programmes and Kshs.756.69 million (87.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.470.91 million was released towards Employee Compensation, and Kshs.312.69 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.1.57 billion.

3.38.4 County Expenditure Review

The County spent Kshs.728.35 million on development and recurrent programmes in the reporting period. The expenditure represented 84.0 per cent of the total funds released by the CoB and comprised Kshs.76.47 million and Kshs.651.88 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.6 per cent, while recurrent expenditure represented 11.2 per cent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.773.23 million, comprising Kshs.406.58 million for recurrent expenditure and Kshs.366.67 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.16.50 million were settled, consisting of Kshs.2.11 million for recurrent expenditure and Kshs.14.39 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.756.73 million.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.389.51 million on employee compensation, Kshs.170.68 million on operations and maintenance, and Kshs.47.68 million on development activities. Similarly, the County Assembly spent Kshs.81.39 million on employee compensation, Kshs.42.54 million on operations and maintenance, and Kshs.14.40 million on development activities, as shown in Table 3.230.

Table 3.230: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,020,687,778**	**808,171,751**	**560,192,369**	**123,937,988**	**11,2**	**15.3**
Compensation to Employees	3,009,710,864	373,107,654	389,514,893	81,394,054	12.9	21.8
Operations and Maintenance	2,010,976,914	435,064,097	170,677,476	42,543,934	8.5	9.8
Development Expenditure	**4,169,614,823**	**543,655,931**	**47,678,344**	**14,396,268**	**1.1**	**2.6**
Total	**9,190,302,601**	**1,351,827,682**	**607,870,713**	**138,334,256**	**6.6**	**10.2**

***Source**: Siaya County Treasury*

3.38.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.470.91 million, or 20.6 per cent of the available revenue, which amounted to Kshs.2.29 billion. This expenditure represented a decrease from Kshs.646.57 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.199.27 million paid to health sector employees, translating to 42.3 per cent of the total wage bill. The decrease in Personnel Emoluments was a result of delayed payment of September 2023 salaries, which were later settled in the following month.

Further analysis indicates that PE costs amounting to Kshs.418.58 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.52.33 million was processed through manual payrolls. The manual payrolls accounted for 12.7 per cent of the total PE cost.

The County Assembly spent Kshs.2.26 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.38.48 million. The average monthly sitting allowance was Kshs.17,512 per MCA. The County Assembly has established 23 Committees.

3.38.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.170 million to county-established funds in FY 2023/24, constituting 1.6 per cent of the County's overall budget. Table 3.231 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.231: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Siaya County Emergency Fund	40,000,000	-	-	Yes
2.	Siaya County Bursary Fund	90,000,000	-	-	Yes
3.	Cooperative Development Fund	30,000,000	-	-	-
County Assembly Established Funds					
4	Siaya County Assembly MCAs and Staff Car Loan and Mortgage Fund	10,000,000	-	-	Yes
	Total	**170,000,000**	-	-	-

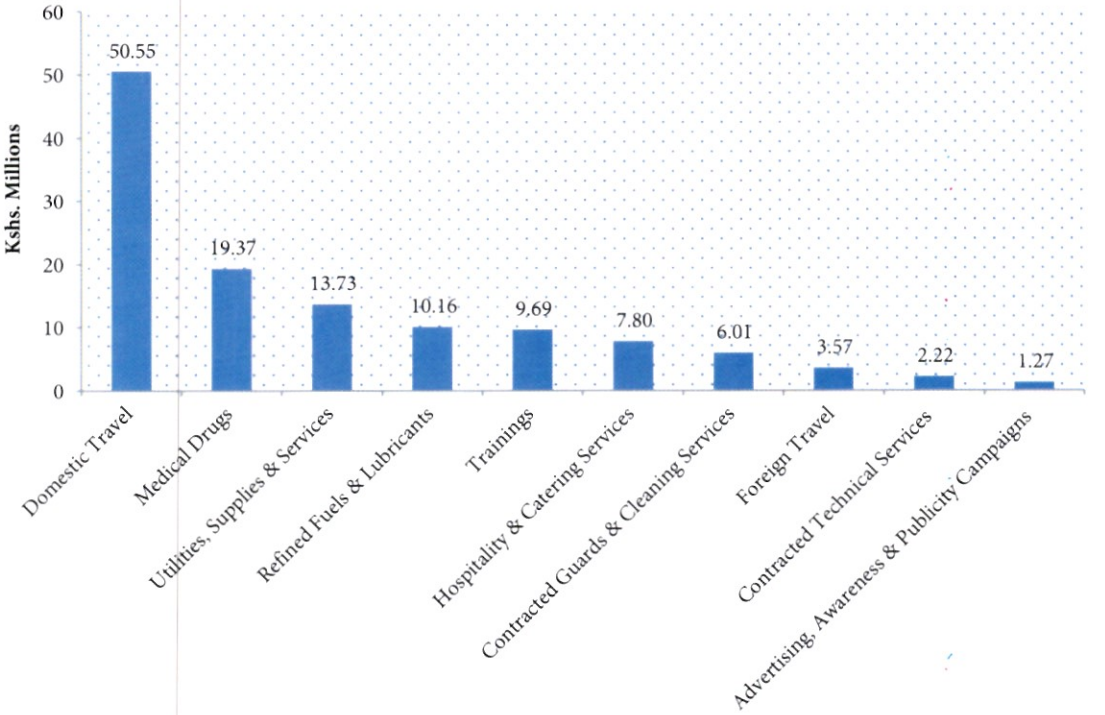
Source: *Siaya County Treasury*

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of the Siaya County Emergency Fund, Siaya County Bursary Fund and the Siaya County Assembly MCA's and Staff Car Loan and Mortgage Fund as indicated in Table 3.231, in line with the requirement of Section 168 of the PFM Act, 2012.

3.38.9 Expenditure on Operations and Maintenance

Figure 114 summarises the Operations and Maintenance expenditure by major categories.

Figure 114: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: *Siaya County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.50.55 million and comprised Kshs.33.25 million spent by the County Assembly and Kshs.17.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.57 million by the County Executive, which was spent on a trip to Iran on a Trade Mission to the Islamic Republic of Iran to promote Partnership and Economic Cooperation from 14th to 21st September 2023.

3.38.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.76.47 million on development programmes.

Table 3.232 summarises development projects with the highest expenditure in the reporting period.

Table 3.232: Siaya County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Enterprise and Industrial Development	Establishment of Industrial Park	Central Alego Ward	483,688,922.23	48,368,892.20	10.0
2	Tourism, Culture, Sports and Arts	Proposed Construction of Siaya County Stadium	Siaya Municipality	424,872,926.59	424,872,926.45	100.0
3	County Assembly	Ward Offices Networking including the development of a Wide Area Network (WAN) and Structured cabling in the Ward Offices	Ward Offices	102,183,608	27,838,690	27.2
4	County Assembly	Construction of Meeting Halls in the Ward Offices	Ward Offices	149,913,785	83,952,034	56.0

Source: Siaya County Treasury

3.38.11 Budget Performance by Department

Table 3.233 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.233: Siaya 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 Assembly	808.17	543.66	97.03	14.40	91.69	14.40	94.5	100.0	11.3	2.6
Governance and Administration	540.32	28.15	85.14	-	55.63	-	65.3	-	10.3	-
Finance and Economic Planning	980.67	40.77	224.00	-	219.47	-	98.0	-	22.4	-
Agriculture, Food, Livestock and Fisheries	323.40	808.47	39.06	-	29.72	-	76.1	-	9.2	-
Water, Irrigation, Environment and Natural Resources	109.43	396.72	19.41	-	3.66	-	18.8	-	3.3	-
Education, Youth Affairs, Gender and Social Services	369.33	512.61	23.21	6.15	18.80	-	81.0	-	5.1	-
County Health Services	2,194.08	600.68	203.68	8.49	201.19	-	98.8	-	9.2	-
Lands, Physical Planning, Urban Development and Housing	129.24	106.21	15.06	3.91	6.68	-	44.4	-	5.2	-
Roads, Public Works, Energy and Transport	95.62	789.58	7.43	10.37	5.54	-	74.5	-	5.8	-
Enterprise and Industrial Development	195.44	637.04	36.26	53.15	14.22	48.37	39.2	91.0	7.3	7.6
Tourism, Culture, Sports and Arts	83.15	249.39	6.41	13.71	5.28	13.71	82.4	100.0	6.3	5.5
Total	**5,828.86**	**4,713.27**	**756.70**	**110.18**	**651.88**	**76.47**	**86.1**	**69.4**	**11.2**	**1.6**

***Source**: Siaya County Treasury*

Analysis of expenditure by department shows that the Department of Enterprise and Industrial Development recorded the highest absorption rate of development budget at 7.6 per cent, followed by the Department of Tourism, Culture, Sports and Arts at 5.5 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 22.4 per cent, while the Department of Water, Irrigation, Environment and Natural Resources had the lowest at 3.3 per cent.

The allocation for recurrent expenditure for the County Assembly of Kshs.808.17 million is above the recommended ceilings of Kshs.775.68 million as per the CARA, 2023.

3.38.12 Budget Execution by Programmes and Sub-Programmes

Table 3.234 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.234: Siaya County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
Legislation	Legislation	389,936,744	-	18,102,032.40	-	4.6	-
Oversight	Oversight	40,000,000	-	18,544,850	-	46.4	-
Staff Management and Development	Staff Management and Development	378,235,007	543,655,931	46,284,070.35	14,396,268	12.2	2.6
	Sub Total	**808,171,751**	**543655931**	**82930952.75**	**14396267.6**	10.3	2.6
Governance and Administration							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	204,626,124	-	74,729,348.75	-	36.5	-
The Office of the Governor	The Office of the Governor	135,561,668	28,148,023	11,125,492.30		8.2	-
County Executive Administration	County Executive Administration	3,814,267	-	269,400	-	7.1	-
County Public Service Board	County Public Service Board	61,651,031	-	932,500	-	1.5	-
Firefighting and Disaster Management	Firefighting and Disaster Management	5,696,955.00	-	340,000	-	6.0	-
Sub County Administration	Sub County Administration	121,846,232.00	-	50,267,500	-	41.3	-
Human Resource Management	Human Resource Management	7,126,500.00	-	435,000	-	6.1	-
	Sub-Total	**540,322,777**	**28,148,023**	**138,099,241**	-	25.6	-
Finance and Economic Planning							
Financial Services	Financial Services	26,678,460	-	2,277,800	-	8.5	-
Administration Planning, Revenue and Accounting	Administration Planning, Revenue and Accounting	772,358,419	40,768,230	114,773,331	-	14.9	-
Procurement	Procurement	9,704,630	-	592,400	-	6.1	-
Budget Services	Budget Services	85,811,446	-	2,151,600	-	2.5	-
Internal Audit	Internal Audit	11,539,329	-	1,421,570	-	12.3	-
Economic Planning Services	Economic Planning Services	74,574,832	-	3,224,162	-	4.3	-
	Sub-Total	**980667116**	**40768230**	**124440862.7**	-	12.7	-
Agriculture, Food, Livestock and Fisheries							
Administration	Administration	99,981,644	401,682,545	3,364,364.25	1,350,066	3.4	0.3
Veterinary Services	Veterinary Services	27,535,163	22,835,589	375,528.30	-	1.4	-
Crop Management	Crop Management	168,628,017	320,985,936	66,840,213	18,597,280.70	39.6	5.8
Fisheries Development and Management	Fisheries Development and Management	27,260,088	62,964,820	353,750	4,682,740.20	1.3	7.4
	Sub-Total	**323,404,912**	**808,468,890**	**70,933,856**	**24,630,087**	21.9	3.0

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Water, Irrigation, Environment and Natural Resources							
Administration	Administration	39,811,497	-	14,331,600	-	36.0	-
Water Services	Water Services	35,436,480	305,558,448	6,464,830	13,631,630	18.2	4.5
Forestry	Forestry	34,179,152	91,160,000	386,500	-	1.1	-
	Sub-Total	**109427129**	**396718448**	**21182930**	**13631630**	**19.4**	**3.4**
Education, Youth Affairs, Gender and Social Services							
Administration Services	Administration Services	326,760,941	-	11,257,953.80	-	3.4	-
ECD Programmes	ECD Programmes	12,049,382	285,661,800	486,600	25,098,584.30	4.0	8.8
Youth Polytechnics & Youth Training	Youth Polytechnics & Youth Training	4,693,584	120,077,241	683,572	7,912,761	14.6	6.6
Sports	Sports	-	235,106,461	-	-	-	-
Social Resources	Social Resources	24,829,585	38,063,031	542,600	780,807	2.2	2.1
	Sub Total	**368333492**	**678908533**	**12970725.8**	**33792152.3**	3.5	5.0
County Health Services							
General Administration and Planning Services	General Administration and Planning Services	1,608,698,362	-	101,950,000	-	6.3	-
Curative Healthcare Services	Curative Healthcare Services	188,193,825	396,252,780	43,079,790	32,338,098.80	22.9	8.2
Preventive, Promotive and Rehabilitative Health Services	Preventive, Promotive and Rehabilitative Health Services	101,076,175	204,425,562	488,720	-	0.5	-
Facility Improvement Fund	Facility Improvement Fund	151,814,034	-	-	-	-	-
HIV Services	HIV Services	30,160,688.00	-	11,326,020	-	37.6	-
TB Services	TB Services	4,400,000.00	-	1,249,692	-	28.4	-
Nutrition Services	Nutrition Services	60,578,536.00	-	-	-	-	-
Environmental Health Services	Environmental Health Services	50,158,116.00	-	-	-	-	-
	Sub-Total	**2,195,079,736**	**600,678,342**	**158,094,222**	**32,338,099**	7.2	5.4
Lands, Physical Planning, Urban Development and Housing							
Physical Planning	Physical Planning	67,394,533		339,010	-	0.5	-
Land Survey and Mapping	Land Survey and Mapping	11,470,000	20,243,766	441,476	-	3.8	-
Housing	Housing	6,615,000	22,113,446	423,200	-	6.4	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	43,763,565	63,854,295	2,324,598	12,398,615.40	5.3	19.4
	Sub-Total	**129243098**	**106211507**	**3528284**	**12398615.4**	2.7	11.7
Roads, Public Works, Energy and Transport							
General Administration Services	General Administration Services	4,536,199	-	142,100	-	3.1	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Road Development, Maintenance and Management	Road Development, Maintenance and Management	89,677,074	789,579,895	7,843,049.50	16,421,167	8.7	2.1
County Government Buildings	County Government Buildings	1,410,000	-	-	-	-	-
	Sub Total	**95623273**	**789579895**	**7985149.5**	**16421167**	8.4	2.1
Enterprise and Industrial Development							
General Administration and Planning Services	General Administration and Planning Services	137,363,552	-	549,500	-	0.4	-
Trade Development and Investment	Trade Development and Investment	3,845,000	-	344,900	-	9.0	-
Promotion of Fair-Trade Practices	Promotion of Fair-Trade Practices	17,860,000	-	185,000	-	1.0	-
Cooperative Extension Services	Cooperative Extension Services	34,563,532	-	3,924,920	-	11.4	-
Market Services	Market Services	1,806,000.00	637,038,958	137,500	68,125,881.65	7.6	10.7
	Sub-Total	**195,438,084**	**637,038,958**	**5,141,820**	**68,125,882**	2.6	10.7
Tourism, Culture, Sports and Arts							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	66,883,161	-	150,000	-	0.2	-
Communication Services	Communication Services	9,550,000	-	100,000	-	1.0	-
Wildlife Services	Wildlife Services	6,715,000	-	-	-	-	-
ICT	ICT	-	3,901,829	-	-	-	-
Tourism	Tourism	-	79,192,168	-	6,226,370.80	-	7.9
	Sub-Total	**83,148,161**	**83,093,997**	**250000**	**6226370.8**	0.3	7.5
Grand Total		**5,828,859,529**	**4,713,270,754**	**625,558,043**	**221,960,270**	**10.7**	**4.7**

***Source**: Siaya County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support Services in the Department of Lands, Physical Planning, Urban Development and Housing at 19.4 per cent, Market services in the Department of Enterprise and Industrial Development at 10.7 per cent, ECD Programmes in the Department of Education, Youth Affairs, Gender and Social Services at 8.8 per cent, and Curative Services in the Department of County Health Services at 8.2 per cent of budget allocation.

3.38.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.102.89 million against an annual projection of Kshs.760 million, representing 13.5 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.234, where the County incurred expenditure over approved exchequer issues in several departments.

3. High level of pending bills, which amounted to Kshs.773.23 million as of 30th September 2023. This is despite the availability of Kshs.1.57 billion in the CRF as of the end of 30th September 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.52.33 million were processed through the manual payroll, accounting for 12.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County Assembly allocation for recurrent expenditure was above the recommended ceiling of Kshs.775.68 million as provided in CARA 2023.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the financial year.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
5. *The County government should prepare a supplementary budget to ensure the budget allocation for the County Assembly is within the ceiling provided in law.*

3.39. County Government of Taita Taveta

3.39.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.7.48 billion, comprising Kshs.2.69 billion (36.1 per cent) and Kshs.4.78 billion (63.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 5.8 per cent compared to the previous financial year when the approved budget was Kshs.7.07 billion and comprised Kshs.2.49 billion towards development expenditure and Kshs.4.57 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.04 billion (67.4 per cent) as the equitable share of revenue raised nationally, Kshs.51.75 million (0.7 per cent) from other sources, Kshs.176.68 million (2.4 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.57 billion as conditional grants, a cash balance of Kshs.184.23 million (2.5 per cent) brought forward from FY 2022/23, and generate Kshs.450 million (6.0 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.235.

3.39.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.26 billion as the equitable share of the revenue raised nationally, Kshs.34.76 million as FIF, had a cash balance of Kshs.184.23 million from FY 2022/23, and raised Kshs.70.32 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.54 billion, as shown in Table 3.235.

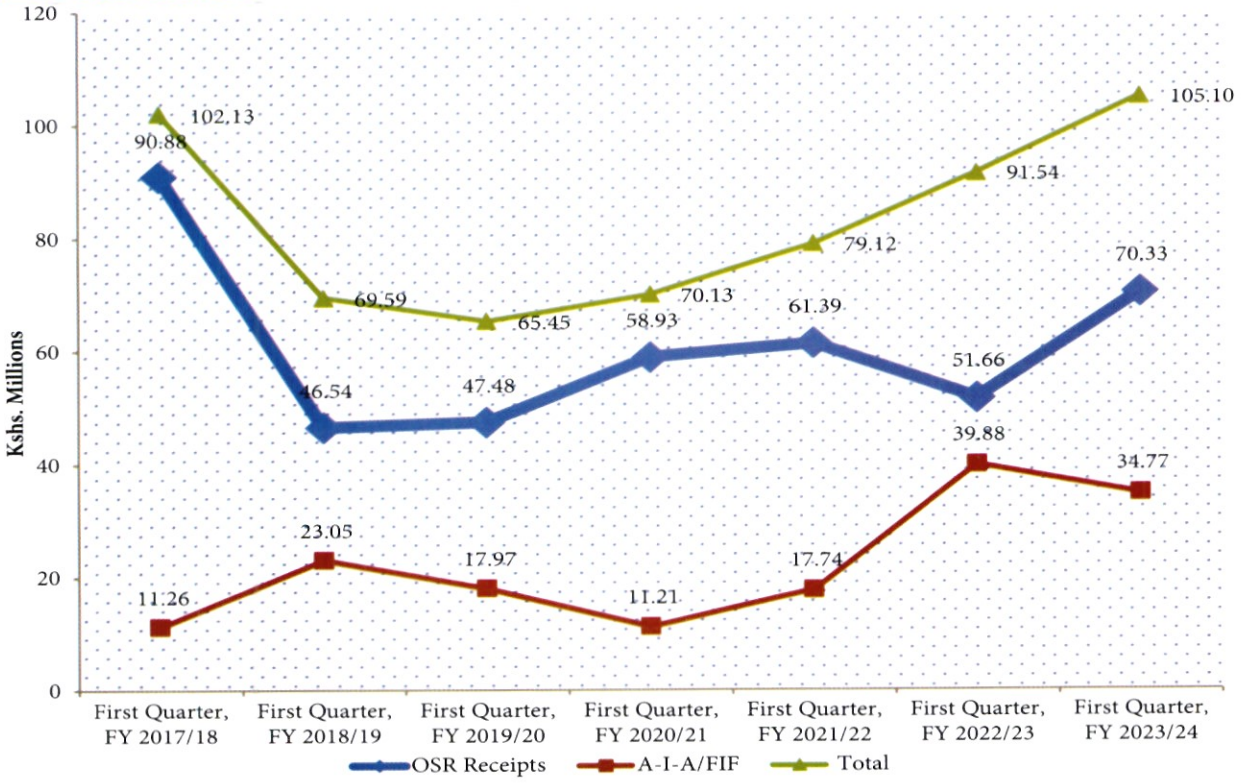
Table 3.235: Taita Taveta County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**5,040,427,430**	**1,260,106,858**	**25**
Sub Total		**5,040,427,430**	**1,260,106,858**	**25**
B	**Conditional Grants**			
1	Kenya Informal Settlement Improvement Project (KISIP-II)-IDA (World Bank)	40,000,000	-	-
2	IDA-WB National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
3	Kenya Climate Smart Agriculture Program - IDA (World Bank)	90,000,000	-	-
4	Water and Sanitation Development Project (World Bank)	950,000,000	-	-
5	DANIDA grant for Primary healthcare for devolved system program	7,738,500	-	-
6	Locally Led Climate Action Programme-FLLoCA- CCIS WB grant (2022-23&2023-24)	11,000,000	-	-
7	Agricultural Sector Development Support Programme (ASDSP II)-Sweden	1,991,302	-	-
8	Agricultural Sector Development Support Programme (ASDSP II)-Sweden-NG contribution	-	-	-
9	Aggregated Industrial Parks Programme	100,000,000	-	-
10	Fertiliser Subsidy Programme	43,540,521	-	-
11	Livestock Value Chain Support Project	21,485,520	-	-
12	De-risking and value enhancement (DRIVE)	63,341,980	-	-
	Sub-Total	**1,579,097,823**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	450,000,000	70,329,948	16
2	Balance b/f from FY2022/23	184,236,568	184,236,568	100
3	A-I-A (Including FIF/Health)	176,682,445	34,769,095	20
4	Other Revenues	51,756,326	-	-
Sub Total		**862,675,339**	**289,335,611**	34
Grand Total		**7,482,200,592**	**1,549,442,469**	**20.7**

Source: Taita Taveta County Treasury

Figure 115 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

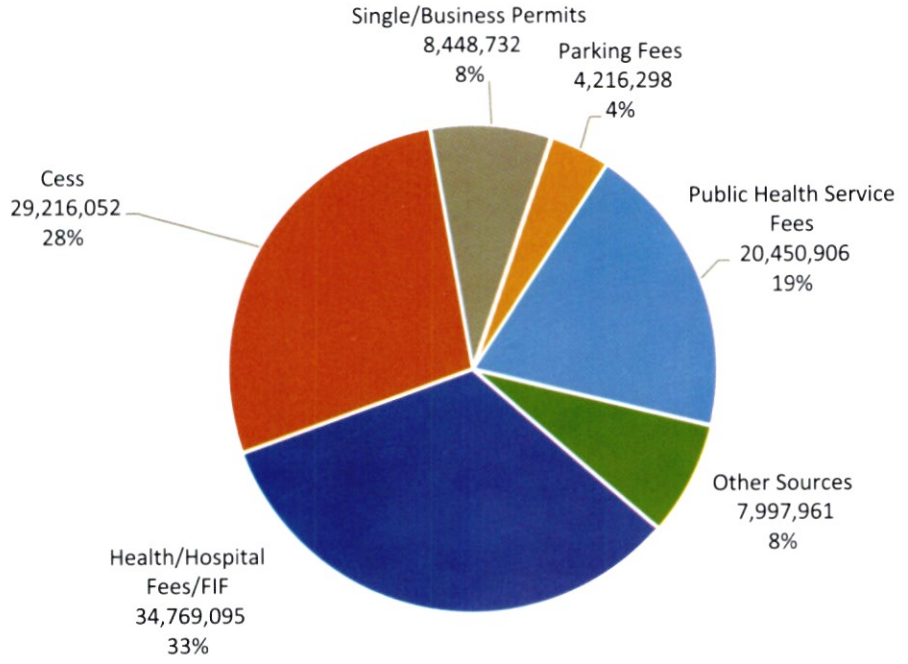
Figure 115: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Taita Taveta County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.105.10 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 15 per cent compared to Kshs.91.54 million realised in FY 2022/23 and was 16.7 per cent of the annual target and 8.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 116.

Figure 116: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Taita Taveta County Treasury

The highest revenue stream of Kshs.34.76 million was from Health/Hospital FIF, contributing to 33 per cent of the total OSR receipts during the reporting period.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.11 billion from the CRF account during the reporting period, which comprised Kshs.86.05 million (7.7 per cent) for development programmes and Kshs.1.03 billion (92.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.722.22 million was released towards Employee Compensation, and Kshs.309.94 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.464.37 million.

3.39.4 County Expenditure Review

The County spent Kshs.1.10 billion on development and recurrent programmes in the reporting period. The expenditure represented 99 per cent of the total funds released by the CoB and comprised Kshs.86.05 million and Kshs.1.02 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.2 per cent, while recurrent expenditure represented 21.4 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.02 billion, comprising Kshs.583.62 million for recurrent expenditure and Kshs.440.21 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.142.0 million were settled, consisting of Kshs.66.95 million for recurrent expenditure and Kshs.75.05 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.881.82 million.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.638.57 million on employee compensation, Kshs.189.61 million on operations and maintenance, and Kshs.86.05 million on development activities. Similarly, the County Assembly spent Kshs.72.94 million on employee compensation and Kshs.120.22 million on operations and maintenance, as shown in Table 3.236.

Table 3.236: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,001,020,032**	**782,236,568**	**828,188,355**	**193,175,996**	**20.7**	**24.7**
Compensation to Employees	2,775,362,739	272,000,000	638,573,575	72,947,804	23.0	26.8
Operations and Maintenance	1,225,657,293	510,236,568	189,614,780	120,228,192	15.5	23.6
Development Expenditure	2,606,943,992	92,000,000	86,050,807	-	3.3	-
Total	**6,607,964,024**	**874,236,568**	**914,239,162**	**193,175,996**	**13.8**	**22.1**

***Source**: Taita Taveta County Treasury*

3.39.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.711.52 million, or 46 per cent of the available revenue, which amounted to Kshs.1.54 billion. This expenditure represented a decrease from Kshs.815.78 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.301 million paid to health sector employees, translating to 42 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.694.37 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.32.85 million was processed through manual payrolls. The manual payrolls accounted for 4.5 per cent of the total PE cost.

The County Assembly spent Kshs.4.27 million on committee sitting allowances for the 32 MCAs and the Speaker against the annual budget allocation of Kshs.33.6 million. The average monthly sitting allowance was Kshs.44,507 per MCA. The County Assembly has established 23 Committees.

3.39.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.463.18 million to county-established funds in FY 2023/24, constituting 6.1 per cent of the County's overall budget. Table 3.237 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.237: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1	Education Fund	268,000,000	20,000,000	20,000,000	YES
2	County Emergency Fund	20,000,000	5,000,000	5,000,000	YES
3	County Executive Car Loan & Mortgage Fund	35,187,056	17,000,000	17,000,000	YES
County Assembly Established Funds					
4	County Assembly Car Loan& Mortgage Scheme Fund	140,000,000	12,000,000	12,000,000	YES
Total		**463,187,056**	**54,000,000**	**54,000,000**	-

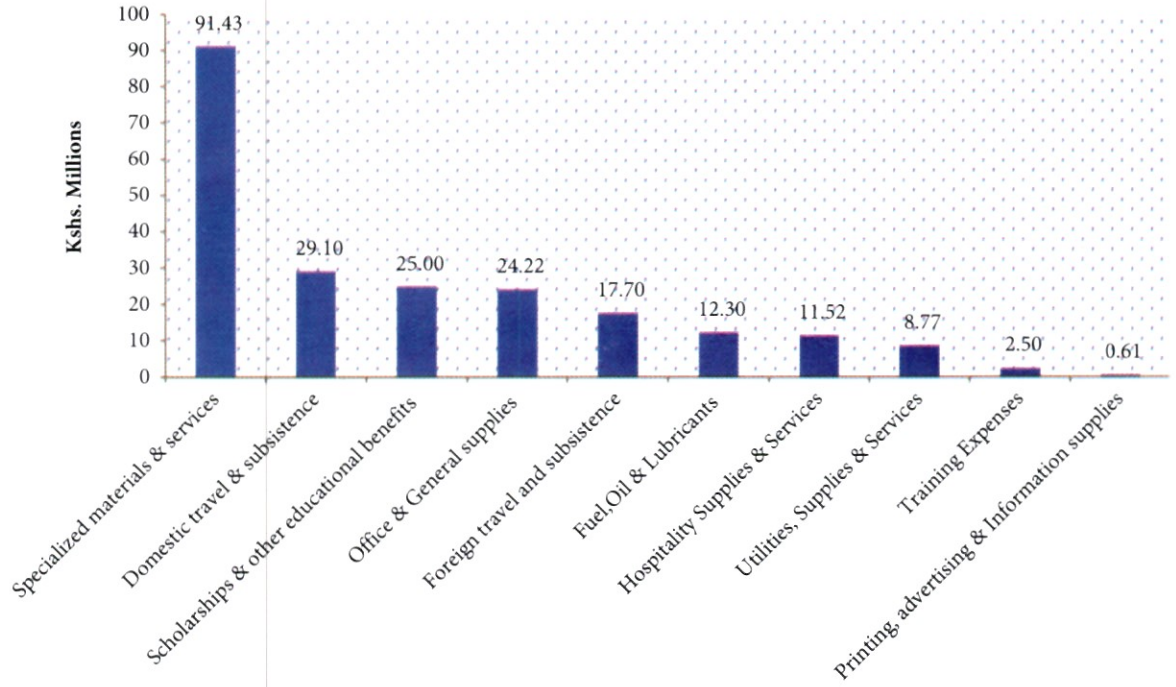
Source: *Taita Taveta County Treasury*

The OCOB received all the quarterly financial returns from the Fund Administrators of the four funds, as indicated in Table 3.237.

3.39.9 Expenditure on Operations and Maintenance

Figure 117 summarises the Operations and Maintenance expenditure by major categories.

Figure 117: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: *Taita Taveta County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.29.10 million and comprised Kshs.11.46 million spent by the County Assembly and Kshs.17.63 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.70 million and comprised Kshs.16.46 million by the County Assembly and Kshs.1.23 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.238.

Table 3.238: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	7	29th July to 5th August	Training in Public Administration and management	Israel	5,254,400.00
County Assembly	6	1st Aug to 10th Aug 2023	WSPU executive committee meeting and 25th World Scout Jamboree in Korea from 1st to 10th August 2023	South Korea	3,254,860.00
County Assembly	6	5th to 10th Aug 2023	leadership master class	Dubai	3,042,900.00
County Assembly	7	5th to 10th Aug 2023	leadership experiential master class	Dubai	2,798,320.00
County Assembly	8	5th to 10th Aug 2023	Tanzania EALA benchmarking trip	Tanzania	1,600,000.00
County Executive	1	24th Aug to 7th Sept 2023	Jumuiya Trade, Investments & Education Exchange Mission	USA	1,231,970.00

Source: *Taita Taveta County Treasury*

3.39.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.86.05 million on development programmes, representing an increase of 534.1 per cent compared to a similar period of FY 2023/24 when the County spent Kshs.13.57 million. This expenditure includes payments of pending bills amounting to Kshs.75.05 million and on the Locally Led Climate Action Programme (Climate Change) amounting to Kshs.11 million.

3.39.11 Budget Performance by Department

Table 3.239 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.239: Taita Taveta 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 Assembly	782.24	92.00	193.28	-	193.18	-	99.9	-	24.7	-
Public Service and Administration	3,021.77	-	649.28	-	638.57	-	98.4	-	21.1	-
The Governor's and Deputy Governor's Office	185.48	12.00	37.86	-	37.86	-	100.0	-	20.4	-
Finance and Economic Planning	154.03	180.00	35.78	75.05	35.78	75.05	100.0	100.0	23.2	41.7
Agriculture, Livestock and Fisheries	12.18	598.06	1.93	-	1.93	-	100.0	-	15.9	-
Water and Irrigation	7.75	1,118.70	2.05	11.00	2.05	11.00	100.0	100.0	26.5	1.0
Education and Libraries	279.09	69.45	21.51	-	21.51	-	100.0	-	7.7	-
Health	302.85	210.34	83.27	-	83.27	-	100.0	-	27.5	-
Trade, Tourism and Cooperative Development	6.83	107.10	1.46	-	1.46	-	100.0	-	21.5	-
County Public Service Board	10.48	-	1.51	-	1.51	-	100.0	-	14.4	-
Infrastructure and Public Works	7.54	147.60	1.95	-	1.95	-	100.0	-	25.9	-
Lands, Environment and Natural Resources	8.34	70.20	1.31	-	1.31	-	100.0	-	15.7	-
Youth, Gender, Sports, Culture and Social Services	4.68	93.50	0.97	-	0.97	-	100.0	-	20.7	-
Total	**4,783.26**	**2,698.94**	**1,032.17**	**86.05**	**1,021.36**	**86.05**	**99.0**	**100.0**	**21.4**	**3.2**

***Source**: Taita Taveta County Treasury*

Analysis of expenditure by department shows that the Department of Finance and Planning recorded the highest absorption rate of development budget at 41.7 per cent, followed by the Department of Water and Irrigation at 1 per cent. The Department of Health had the highest percentage of recurrent expenditure to budget at 27.5 per cent, while the Department of Education and Libraries had the lowest at 7.7 per cent.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3.240 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.240: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes

Programme Programme	Sub-Program Sub-Program	Approved Budget Approved Budget (Kshs.) (Kshs.)	Actual Expenditure Actual Expenditure (Kshs.) (Kshs.)	Absorption (%) Absorption (%)
	Default Value (Non-Departmental) Default Value (Non-Departmental)	- -	- -	- -
3260 3260		- -	- -	- -
103003260 103003260	Infrastructure Development programme Infrastructure Development programme	- -	- -	- -
101003260 101003260	Administration Planning and Support Services Administration Planning and Support Services	- -	- -	- -
701003260 701003260	General Administration support services General Administration support services	- -	- -	- -
	County Assembly Headquarters **County Assembly Headquarters**	**874,236,568.00** **874,236,568.00**	**193,175,996.00** **193,175,996.00**	**22** **22**
702003260 702003260	County Assembly Infrastructure improvement County Assembly Infrastructure improvement	92,000,000.00 92,000,000.00	- -	- -
701003260 701003260	General Administration support services General Administration support services	782,236,568.00 782,236,568.00	193,175,996.00 193,175,996.00	25 25
	Headquarters **Headquarters**	**3,006,733,238.00** **3,006,733,238.00**	**638,573,575.00** 638,573,575.00	21 21
703003260 703003260	Decentralised Infrastructure Development Programme Decentralised Infrastructure Development Programme	- -	- -	- -
701003260 701003260	General Administration support services General Administration support services	3,006,733,238.00 3,006,733,238.00	638,573,575.00 638,573,575.00	21 21
3260 3260		- -	- -	- -
705003260 705003260	Leadership Development Programme Leadership Development Programme	- -	- -	- -
704003260 704003260	General Administration and Management of County Affairs General Administration and Management of County Affairs	- -	- -	- -
	Taveta Sub County Administration **Taveta Sub County Administration**	**1,317,900.00** 1,317,900.00	**50,000.00** 50,000.00	4 4
705003260 705003260	Leadership Development Programme Leadership Development Programme	- -	- -	- -
701003260 701003260	General Administration support services General Administration support services	1,317,900.00 1,317,900.00	50,000.00 50,000.00	4 4
	Wundanyi Sub County Administration **Wundanyi Sub County Administration**	**1,050,000.00** 1,050,000.00	**50,000.00** **50,000.00**	5 5
703003260 703003260	Decentralised Infrastructure Development Programme Decentralised Infrastructure Development Programme	- -	- -	- -
701003260 701003260	General Administration support services General Administration support services	1,050,000.00 1,050,000.00	50,000.00 50,000.00	5 5
	Mwatate Sub County Administration **Mwatate Sub County Administration**	**1,243,000.00** **1,243,000.00**	**170,000.00** **170,000.00**	14 14
701003260 701003260	General Administration support services General Administration support services	1,243,000.00 1,243,000.00	170,000.00 170,000.00	14 14
703003260 703003260	Decentralised Infrastructure Development Programme Decentralised Infrastructure Development Programme	- -	- -	- -
	Voi Sub County Administration **Voi Sub County Administration**	**1,500,000.00** **1,500,000.00**	**194,000.00** **194,000.00**	13 13
701003260 701003260	General Administration support services General Administration support services	1,500,000.00 1,500,000.00	194,000.00 194,000.00	13 13
	Taveta Town Administration **Taveta Town Administration**	- -	- -	- -

COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT
FOR THE FIRST QUARTER OF FY 2023/24 - NOVEMBER, 2023
465

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	-	-	-
703003260	Decentralised Infrastructure Development Programme	-	-	-
	Voi Town Administration	-	-	-
701003260	General Administration support services	-	-	-
705003260	Leadership Development Programme	-	-	-
703003260	Decentralised Infrastructure Development Programme	-	-	-
	County Policing Authority	-	-	-
701003260	General Administration support services	-	-	-
	Human Resource Management	**4,432,000.00**	**1,610,000.00**	**36**
701003260	General Administration support services	4,432,000.00	1,610,000.00	**36**
		3,838,000.00	**818,700.00**	**21**
701003260	General Administration support services	3,838,000.00	818,700.00	**21**
		1,660,000.00	**250,000.00**	**15**
701003260	General Administration support services	1,660,000.00	250,000.00	**15**
	Headquarters	**120,470,000.00**	**27,023,330.20**	**22**
704003260	General Administration and Management of County Affairs	110,470,000.00	27,023,330.20	**24**
703003260	Decentralised Infrastructure Development Programme	-	-	-
705003260	Leadership Development Programme	10,000,000.00	-	-
701003260	General Administration support services	-	-	-
	Office of the Deputy Governor	**21,800,000.00**	**3,734,110.00**	**17%**
101003260	Administration Planning and Support Services	-	-	-
704003260	General Administration and Management of County Affairs	21,800,000.00	3,734,110.00	**17%**
705003260	Leadership Development Programme	-	-	-
	Special Programmes Unit	**11,000,000.00**	**75,000.00**	**1%**
703003260	Decentralised Infrastructure Development Programme	-	-	-

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
704003260	General Administration and Management of County Affairs	11,000,000.00	75,000.00	1%
705003260	Leadership Development Programme	-	-	-
	Service Delivery Unit	**950,000.00**	**75,000.00**	**8%**
704003260	General Administration and Management of County Affairs	950,000.00	75,000.00	8%
	Industrialisation	-	-	-
705003260	Leadership Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	-	-	-
703003260	Decentralised Infrastructure Development Programme	-	-	-
	ICT	**7,900,000.00**	-	-
703003260	Decentralised Infrastructure Development Programme	-	-	-
705003260	Leadership Development Programme	2,000,000.00	-	-
704003260	General Administration and Management of County Affairs	5,900,000.00	-	-
		2,170,000.00	-	-
704003260	General Administration and Management of County Affairs	2,170,000.00	-	-
		1,870,000.00	**81,600.00**	4
704003260	General Administration and Management of County Affairs	1,870,000.00	81,600.00	4
		31,320,000.00	**113,250.00**	-
704003260	General Administration and Management of County Affairs	31,320,000.00	113,250.00	-
	Headquarters	**59,845,000.00**	**12,507,350.00**	**21**
706003260	General Administration, Planning, Internal Audit & Support Services	29,845,000.00	12,507,350.00	42
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	30,000,000.00	-	-
	County Emergency Fund	**20,000,000.00**	**5,000,000.00**	**25**
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	-	-	-

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
706003260	General Administration, Planning, Internal Audit & Support Services	20,000,000.00	5,000,000.00	25
	Equalisation of Wards Infrastructure	-	-	-
707003260	Treasury Development Programme	-	-	-
	Planning	**33,850,000.00**	**10,111,300.00**	**30**
706003260	General Administration, Planning, Internal Audit & Support Services	33,850,000.00	10,111,300.00	**30**
707003260	Treasury Development Programme	-	-	-
	Gratuity Fund	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
	County Executive Administration	**35,187,056.00**	**17,000,000.00**	**48**
706003260	General Administration, Planning, Internal Audit & Support Services	35,187,056.00	17,000,000.00	**48**
701003260	General Administration support services	-	-	-
	Internal Audit Services	**6,520,000.00**	**1,928,589.00**	**30**
706003260	General Administration, Planning, Internal Audit & Support Services	6,520,000.00	1,928,589.00	**30**
	Revenue Management	**13,600,000.00**	**2,162,195.00**	**16**
706003260	General Administration, Planning, Internal Audit & Support Services	13,600,000.00	2,162,195.00	**16**
701003260	General Administration support services	-	-	-
	Procurement	**3,307,500.00**	**1,508,000.00**	**46**
706003260	General Administration, Planning, Internal Audit & Support Services	3,307,500.00	1,508,000.00	**46**
	Accounting Services	**11,720,000.00**	**3,403,800.00**	**29**
706003260	General Administration, Planning, Internal Audit & Support Services	11,720,000.00	3,403,800.00	**29**
701003260	General Administration support services	-	-	-
	Kenya Devolution Support Programme	-	-	-
701003260	General Administration support services	-	-	-

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
		150,000,000.00	**59,460,194.80**	**40**
-	-	-	-	-
-	-	150,000,000.00	59,460,194.80	**40**
-	-	**485,968,021.00**	**657,890.00**	-
-	-	-	-	-
-	-	383,368,021.00	-	-
-	-	98,200,000.00	-	-
-	-	4,400,000.00	657,890.00	**15**
-	-	**10,060,000.00**	**275,010.00**	**3**
-	-	6,300,000.00	-	-
-	-	3,760,000.00	275,010.00	7
-	-	-	-	-
-	-	-	-	-
-	-	**1,190,000.00**	**287,072.00**	**24**
-	-	-	-	-
-	-	-	-	-
-	-	1,190,000.00	287,072.00	**24**
-	-	**17,825,272.00**	**438,668.00**	**2**
-	-	-	-	-
-	-	2,825,272.00	438,668.00	**16**
-	-	15,000,000.00	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	**91,200,000.00**	-	-
-	-	-	-	-
-	-	-	-	-
-	-	91,200,000.00	-	-

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
-	-	**3,991,302.00**	-	-
105003260	Livestock and Fisheries Development	3,991,302.00	-	-
104003260	Agricultural Development Programme	-	-	-
	Headquarters	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Veterinary	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Fisheries	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Headquarters	**111,573,780.00**	**556,704.00**	-
1002003260	General Administration, Support and Support Services	4,673,780.00	556,704.00	**12**
1001003260	Water and Irrigation Development Programme	106,900,000.00	-	-
	Water Services	-	-	-
1001003260	Water and Irrigation Development Programme	-	-	-
1002003260	General Administration, Support and Support Services	-	-	-
	Bulk Water Project	**5,000,000.00**	-	-
1001003260	Water and Irrigation Development Programme	5,000,000.00	-	-
	Ambulance services	**970,000,000.00**	**823,600.00**	-
1001003260	Water and Irrigation Development Programme	970,000,000.00	823,600.00	-
	Public Health and Sanitation	**5,000,000.00**	-	-
1001003260	Water and Irrigation Development Programme	5,000,000.00	-	-
	Promotion of primary healthcare	**34,877,600.00**	**15,158,120.00**	**43**
1002003260	General Administration, Support and Support Services	-	-	-
1003003260	Natural Resources Support Programme	3,077,600.00	84,120.00	**3**
1001003260	Water and Irrigation Development Programme	31,800,000.00	15,074,000.00	**47**
	Headquarters	**68,290,000.00**	**202,876.00**	-

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
501003260	General Administration, Planning and Support services	7,340,000.00	202,876.00	**3**
1001003260	Water and Irrigation Development Programme	-	-	-
502003260	Early Childhood Education and Youth Training Development Programme	60,950,000.00	-	-
	Polytechnics	**9,950,000.00**	**175,000.00**	**2**
502003260	Early Childhood Education and Youth Training Development Programme	8,500,000.00	-	-
501003260	General Administration, Planning and Support services	1,450,000.00	175,000.00	**12**
	Early Childhood Development	**1,300,000.00**	**41,200.00**	**3**
301003260	General Administration and Support Services Programme	-	-	-
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
501003260	General Administration, Planning and Support services	1,300,000.00	41,200.00	**3**
	Library services	**1,000,000.00**	**54,600.00**	**5**
501003260	General Administration, Planning and Support services	1,000,000.00	54,600.00	**5**
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
	Education Fund	**268,000,000.00**	**20,261,000.00**	**8**
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
501003260	General Administration, Planning and Support services	268,000,000.00	20,261,000.00	**8**
	Energy	-	-	-
501003260	General Administration, Planning and Support services	-	-	-
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
	Headquarters	**336,510,500.00**	**43,381,916.00**	**13**
402003260	Health Development Programme	210,338,500.00	-	-

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
401003260	Administration and Support Services	126,172,000.00	43,381,916.00	34
704003260	General Administration and Management of County Affairs	-	-	-
	Wesu Hospital	**12,547,260.00**	**3,239,201.00**	**26**
401003260	Administration and Support Services	12,547,260.00	3,239,201.00	26
	Moi Referral Hospital	**95,223,373.00**	**20,027,939.00**	**21**
401003260	Administration and Support Services	95,223,373.00	20,027,939.00	21
	Mwatate Hospital	-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		18,888,916.00	**4,473,333.00**	**24**
401003260	Administration and Support Services	18,888,916.00	4,473,333.00	24
		-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		13,689,992.00	**5,275,740.00**	**39**
401003260	Administration and Support Services	13,689,992.00	5,275,740.00	39
		28,014,769.00	**8,026,231.00**	**29**
401003260	Administration and Support Services	28,014,769.00	8,026,231.00	29
		8,318,135.00	**2,290,283.00**	**28**
401003260	Administration and Support Services	8,318,135.00	2,290,283.00	28
402003260	Health Development Programme	-	-	-
	Headquarters	**106,835,000.00**	-	-
302003260	Trade Development programme.	105,100,000.00	-	-
301003260	General Administration and Support Services Programme	1,735,000.00	-	-
	Trade	-	-	-
302003260	Trade Development programme.	-	-	-

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
301003260	General Administration and Support Services Programme	-	-	-
	Sports	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Gender	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Cooperative	**1,014,271.00**	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	1,014,271.00	-	-
	Youth Development	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Culture	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Markets	**3,157,760.00**	**666,416.00**	**21**
302003260	Trade Development programme.	2,000,000.00	-	-
301003260	General Administration and Support Services Programme	1,157,760.00	666,416.00	**58**
		200,000.00	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	200,000.00	-	-
	Weights and Measures	**200,760.00**	-	-
301003260	General Administration and Support Services Programme	200,760.00	-	-
		-	-	-
301003260	General Administration and Support Services Programme	-	-	-
-	-	-	-	-

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
-	-	**2,000,000.00**	-	-
-	-	2,000,000.00	-	-
-	-	**518,850.00**	-	-
-	-	518,850.00	-	-
-	-	-	-	-
-	-	**10,480,000.00**	**1,393,657.00**	**13**
-	-	-	-	-
-	-	10,480,000.00	1,393,657.00	**13**
-	-	**3,090,000.00**	**37,400.00**	**1**
-	-	3,090,000.00	37,400.00	**1**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	**151,650,000.00**	**3,084,400.00**	**2**
-	-	-	-	-
-	-	147,600,000.00	2,987,000.00	**2**
-	-	4,050,000.00	97,400.00	**2**
-	-	**100,000.00**	**3,700.00**	**4**
-	-	-	-	-
-	-	-	-	-
-	-	100,000.00	3,700.00	**4**
-	-	**300,000.00**	**35,000.00**	**12**
-	-	300,000.00	35,000.00	**12**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	**61,625,000.00**	**503,413.00**	**1**
-	-	56,550,000.00	-	-
1003003260	Natural Resources Support Programme	-	-	-
101003260	Administration Planning and Support Services	5,075,000.00	503,413.00	**10**

Programme	Sub-Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
301003260	General Administration and Support Services Programme	-	-	-
	Mwatate Municipal Administration	**1,650,000.00**	**95,500.00**	**6**
1003003260	Natural Resources Support Programme	-	-	-
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	1,650,000.00	95,500.00	**6**
		14,541,169.00	-	-
102003260	Development programme	13,646,169.00	-	-
1003003260	Natural Resources Support Programme	-	-	-
101003260	Administration Planning and Support Services	895,000.00	-	-
		-	-	-
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	-	-	-
	Environment and Natural Resources	**720,000.00**	**112,500.00**	**16**
1003003260	Natural Resources Support Programme	-	-	-
101003260	Administration Planning and Support Services	720,000.00	112,500.00	**16**
		98,178,600.00	-	-
301003260	General Administration and Support Services Programme	4,678,600.00	-	-
102003260	Development programme	93,500,000.00	-	-
103003260	Infrastructure Development programme	-	-	-
	Headquarters	-	-	-
1003003260	Natural Resources Support Programme	-	-	-
1002003260	General Administration, Support and Support Services	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
Grand Total		**7,482,200,592.00**	**1,107,415,158.00**	**15**

***Source**: Taita Taveta County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and support services in the Department of Trade, Tourism & Cooperative Development at 58 per cent, General Administration, Planning, Internal audit & Support services in the Department of Finance and Planning at 48 per cent, Water and Irrigation Programme in the Department of Water and Sanitation at 47 per cent and General Administration and Support Services in the department of Health at 39 per cent of budget allocation.

3.39.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.105.10 million against an annual projection of Kshs.626.68 million, representing 16.7 per cent of the annual target.
2. High level of pending bills, which amounted to Kshs.881.82 million as of 30th September 2023.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*

3.40. County Government of Tana River

3.40.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.8.87 billion, comprising Kshs.3.65 billion (41.2 per cent) and Kshs.5.22 billion (58.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 10 per cent compared to the previous financial year when the approved budget was Kshs.7.98 billion, comprising Kshs.2.51billion (31.5 per cent) and Kshs.5.47 billion (68.5 per cent) allocation for development and recurrent programmes.

To finance the budget, the County expects to receive Kshs.6.79 billion (76.6 per cent) as the equitable share of revenue raised nationally, Kshs.3.95 million (0.04 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.872.98 (9.8 per cent) million as conditional grants, a cash balance of Kshs.1.11 billion (12.5 per cent) was brought forward from FY 2022/23, and generate Kshs.92.67 million (1 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.241.

3.40.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.577.21 million as the equitable share of the revenue raised nationally, Kshs.352,685 as FIF, had a cash balance of Kshs.1.11 billion from FY 2022/23, and raised Kshs.8.19 million as its own source of revenue. The total funds available for budget implementation during the period amounted to Kshs.1.69 billion, as shown in Table 3.241.

Table 3.241: Tana River County, Revenue Performance in FY 2023/24

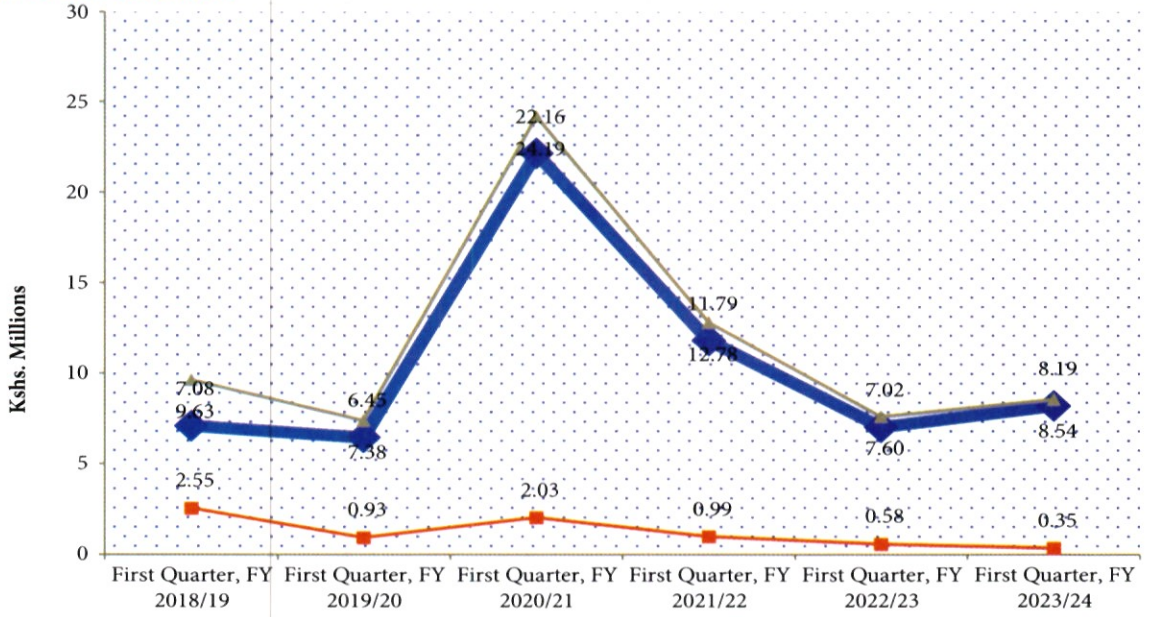
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,790,702,542.00	577,209,716.00	8.5
Sub Total		**6,790,702,542.00**	**577,209,716.00**	**8.5**
B	**Conditional Grants**			
1	Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000.00	-	-
2	DANIDA (Universal Healthcare in Devolved System Program)	10,683,750.00	-	-
3	Agricultural Sector Development Support Programme (ASDSP) II	1,296,540.00	-	-
4	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000.00	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	11,000,000.00	-	-
6	Livestock Value Chain Support Project	14,323,680.00	-	-
7	De-Risking and Value Enhancement (DRIVE)	226,457,980.00	-	-
8	Kenya Marine Fisheries and Socio-Economic Development (KEMSFED)	33,164,181.00	-	-
9	Provision of Fertilizer Subsidy Programme	15,049,566.00	-	-
10	Supplement for Construction of County Headquarters	121,000,000.00	-	-
11	Aggregated Industrial Parks Programme	100,000,000.00	-	-
12	Allocations for Mineral Royalties	10,624.00	-	-
	Sub-Total	**872,986,321.00**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	92,673,773	8,187,674	8.8
2	Balance b/f from FY2022/23	1,109,178,403	1,109,178,403	100.0
3	Facility Improvement Fund (FIF)	3,956,827	352,685	8.9
Sub Total		**1,205,809,003**	**1,117,718,762**	**92.7**
Grand Total		**8,869,497,866**	**1,694,928,478**	**19.1**

Source: *Tana River County Treasury*

Figure 118 shows the trend in own-source revenue collection from the first quarter of FY 2018/19 to the first quarter of FY 2023/24.

Figure 118: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2023/24

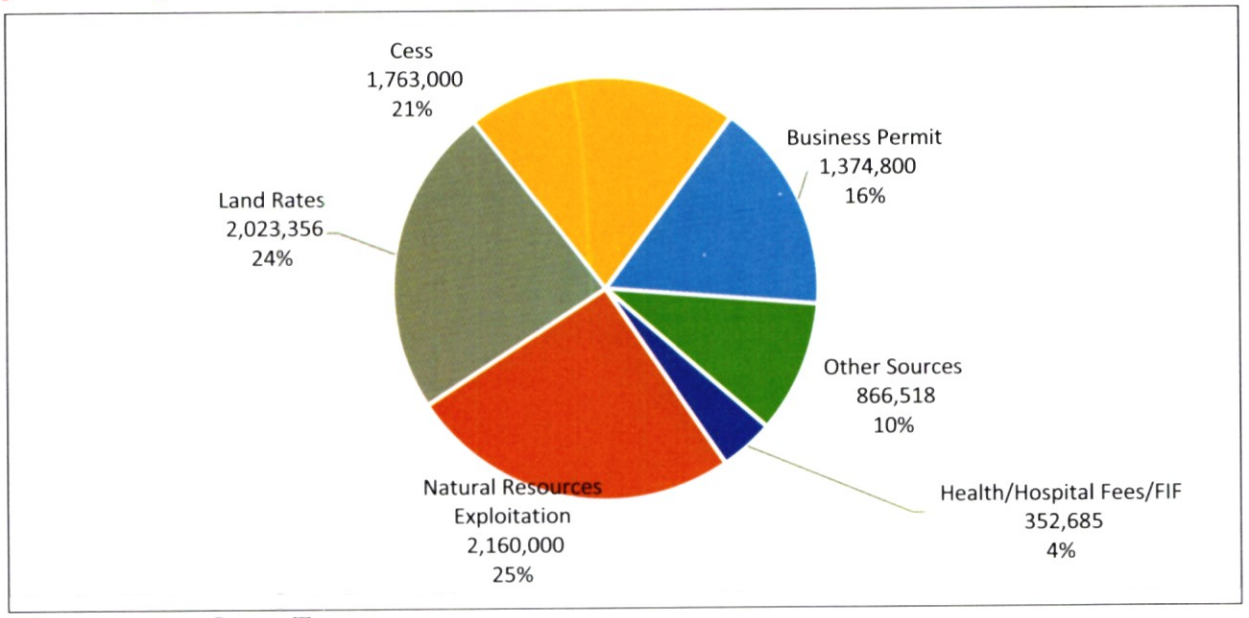


Source: *Tana River County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.8.54 million from its revenue sources, including FIF and AIA. This amount represented an increase of 14.2 per cent compared to Kshs7.60 million realised

in FY 2022/23 and was 8.8 per cent of the annual target and 0.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 119.

Figure 119: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: *Tana River County Treasury*

The highest revenue stream of Kshs.2.16 million was from Natural Resources, contributing to 25 per cent of the total OSR receipts during the reporting period.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.988.32 million from the CRF account during the reporting period, which comprised Kshs.128.16 million (13 per cent) for development programmes and Kshs.860.16 billion (87 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.396.93 million was released towards Employee Compensation, and Kshs.463.23 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.642.97 million.

3.40.4 County Expenditure Review

The County spent Kshs.767.99 million on development and recurrent programmes in the reporting period. The expenditure represented 77.7 per cent of the total funds released by the CoB and comprised Kshs.127.40 million and Kshs.640.59 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.5 per cent, while recurrent expenditure represented 12.3 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.63 billion, comprising Kshs.1.24 billion for recurrent expenditure and Kshs.1.39 billion for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.200.25 million were settled, consisting of Kshs.112.09 million for recurrent expenditure and Kshs.88.16 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.2.43 billion.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.333.41 million on employee compensation, Kshs.197.55 million on operations and maintenance, and Kshs.88.16 million on development activities. Similarly, the County Assembly spent Kshs.87.52 million on employee compensation, Kshs.22.11 million on operations and maintenance, and Kshs.39.25 million on development activities, as shown in Table 3.242.

Table 3.242: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,537,385,634**	**677,653,973**	**530,962,350**	**109,630,000**	**11.7**	**16.2**
Compensation to Employees	1,807,334,153	145,035,247	333,411,305	87,523,150	18.4	60.3
Operations and Maintenance	2,730,051,481	532,618,726	197,551,045	22,106,850	7.2	4.2
Development Expenditure	**3,323,674,479**	**330,783,780**	**88,156,139**	**39,247,419**	**2.7**	**11.9**
Total	**7,861,060,113**	**1,008,437,753**	**619,118,489**	**148,877,419**	**7.9**	**14.8**

***Source**: Tana River County Treasury*

3.40.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.420.93 million, or 24.8 per cent of the available revenue, which amounted to Kshs.1.69 billion. The wage bill included Kshs.152.78 million paid to health sector employees, translating to 36 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.420.46 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.474,720 was processed through manual payrolls. The manual payrolls accounted for 0.1 per cent of the total PE cost.

The County Assembly spent Kshs.5.4 million on committee sitting allowances for the 27 MCAs and the Speaker against the annual budget allocation of Kshs.8.4 million. The average monthly sitting allowance was Kshs.66,667 per MCA. The County Assembly has established 19 Committees.

3.40.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.446.67 million to county-established funds in FY 2023/24, constituting 5.0 per cent of the County's overall budget. Table 3.243 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.243: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
1.	Tana River County Scholarship Fund	50,000,000.00	-	-	No.
2.	Tana River County Emergency Fund	132,165,375.00	-	-	No.
3.	Tana River County Bursary Fund	154,500,000.00	77,250,000	-	No.
4.	Inuka Fund	50,000,000.00	-	-	No.
5.	Tana River Car Laon & Mortgage	60,000,000.00	-	-	No.
Total		**446,665,375.00**	**77,250,000**	**-**	

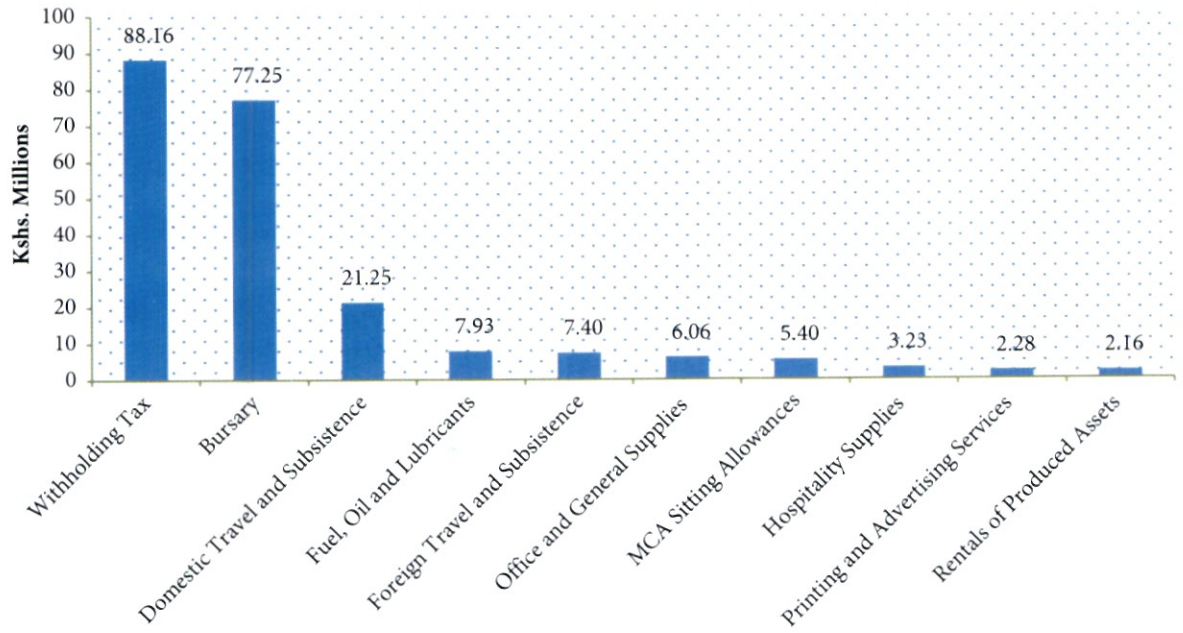
Source: *Tana River County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators, as indicated in Table 3.243, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.40.9 Expenditure on Operations and Maintenance

Figure 120 summarises the Operations and Maintenance expenditure by major categories.

Figure 120: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: *Tana River County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.21.25 million and comprised Kshs.9.26 million spent by the County Assembly and Kshs.11.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs. 7.4 million by the County Executive, as summarised in Table 3.244.

Table 3.244: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	22nd Sept to 15th Sept 2023	Being periderm while in the USA attending Jumuiya Trade Investments and education exchange mission	USA	6,395,500.00
County Executive	1	18th Sept-22nd Sept 2023	Being per diem for attending board audit committee training	TURKEY	1,007,455.00

Source: *Tana River County Treasury*

3.40.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.127.40 million on development programmes.

Table 3.245 summarises development projects with the highest expenditure in the reporting period.

Table 3.245: Tana River County, List of Development Projects with the Highest Expenditure

No.	Sector	Project name	Project location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads	Proposed rehabilitation of Madogo market access roads to cabro standards	Madogo	79,982,000.00	79,982,000.00	100.00
2	Roads	Proposed rehabilitation of Gamba Sailoni Road	Gamba	76,653,372.00	76,653,372.00	100.00
3	Roads	Construction of roads - other	Madogo	62,040,000.00	62,040,000.00	100.00
4	Roads	Proposed rehabilitation of B89-Handampya to cabro standard.	Handampya	57,282,402.40	57,282,402.40	100.00
5	Roads	Construction of buildings – H/O	Hola	56,802,834.80	56,802,834.80	100.00
6	Roads	Rehabilitation of b89-Handampya to Cabro standard	Mikinduni	53,646,959.00	53,646,959.00	100.00
7	Hospital	Construction of mini-hospitals	County Wide	50,000,000.00	50,000,000.00	100.00
8	Roads	Construction of roads- H/O	Hola	46,211,896.90	46,211,896.90	100.00
9	Water	Drilling and equipping of borehole	Wayu	42,006,770.00	42,006,770.00	100.00
10	Roads	Proposed rehabilitation of Bura township roads to bitumen standards	Bura	41,057,620.00	41,057,620.00	100.00

Source: Tana River County Treasury

3.40.11 Budget Performance by Department

Table 3.246 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24

Table 3.246: Tana River 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 Assembly	678	331	113	40	110	39	97.0	98.1	16.2	11.9
Office of The Governor and Deputy Governor	437	-	72	-	39		54.0	-	8.9	-
Finance and Planning	463	646	117	88	96	88	81.7	100.0	20.7	13.6
County Public Service Board	73	-	12	-	5		44.3	-	7.0	-
Trade, Tourism, Wildlife and Cooperative Development	84	132	4	-		-	-	-	-	-
Agriculture, Livestock, Fisheries and Veterinary	178	936	13	-	3	-	21.7	-	1.6	-
Culture, gender, Youth, Sports and Social Services	53	50	5	-		-	-	-	-	-
Education and Vocational Training	241	199	78	-	77	-	99.3	-	32.1	-
Medical Services, Public Health and sanitation	1,198	242	146	-	136	-	93.4	-	11.3	-
Special program	150	-	70	-		-	-	-	-	-

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
Roads, Transport, Public works, Housing and Urbanisation	68	626	6	-	0	-	2.7	-	0.2	-
Water, Irrigation, Environment and Natural Resources	115	300	7	-		-	-	-	-	-
Public Service, Administration and Citizen Participation	1,402	50	213	-	174	-	81.7	-	12.4	-
Lands and Physical Planning	40	94	3	-	0	-	13.3	-	1.0	-
Hola Municipality	36	50	1	-	-	-	-	-	-	-
Total	**5,215**	**3,654**	**860**	**128**	**641**	**127**	**74.5**	**99.4**	**12.3**	**3.5**

***Source**: Tana River County Treasury*

Analysis of expenditure by the department shows that the Department of Finance recorded the highest absorption rate of the development budget at 13.6 per cent, followed by the Department of Tana River County Assembly at 11.9 per cent. The Department of Education had the highest percentage of recurrent expenditure to budget at 32.1 per cent. At the same time, the Hola Municipality, the Department of Water, Irrigation, Environment and Natural Resources, the Department of Culture, Gender, Youth, Sports and Social Services, the Department of Trade, Tourism, Wildlife and Cooperative Development, and the Department of Special Programmes did not report any expenditure.

3.40.12 Budget Execution by Programmes and Sub-Programmes

Table 3.247 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.247: Tana River County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor							
Executive Services	County leadership & coordination of CDAs	41,500,000	-	-	-	-	-
	County Government Advisory Service	51,000,000	-	-	-	-	-
	Coordination of peace and cohesion	17,373,562	-	-	-	-	-
	Sub Total	**109,873,562**	-	-	-	-	-
General Administration, Planning and support services	General Administration, Planning and support services	326,768,101	-	38,988,967	-	12	-
	Sub Total	**326,768,101**	-	**38,988,967**	-		-
	Grand Total	**436,641,663**	-	**38,988,967**	-	**9**	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic planning							
Public Finance Management	PFM Enhancement	5,789,349	-	4,679,600	-	**81**	-
	Economic planning and Budgeting	33,625,694	-	18,833,910	-	**56**	-
	Monitoring and Evaluation	17,980,523	-	16,966,301	-	**94**	-
	Supply chain management services	20,700,000	-	19,466,007	-	**94**	-
	Own Source revenue collection	21,620,000	-	8,200,050	-	**38**	-
	Accounting & Finance	25,200,000	-	18,321,501	-	**73**	-
	Internal Audit	12,782,110	-	9,406,900	-	**74**	-
	General Administration	325,022,527	-	-	-	-	-
	Development	-	645,954,219	-	88,156,139	-	**13.6**
	Sub Total	**462,720,203**	**-**	**95,874,269**	**-**	**21**	-
	Grand Total	**462,720,203**	**645,954,219**	**95,874,269**	**88,156,139**	**21**	**14**
County Public Service Board							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	66,007,004	-	5,145,919	-	**8**	-
Ethics, Governance and compliance	Ethics, Governance and compliance	1,806,960	-	-	-	-	-
Skills and competency development	Skills and competency development	1,578,824	-	-	-	-	-
Human Resource management and development	Human Resource management and development	3,962,316	-	-	-	-	-
	Grand Total	**73,355,104**	**-**	**5,145,919**	**-**	7	
Trade, weights and measures	Trade, weights and measures	66,699,849	132,000,000	-	-	-	-
Tourism promotion	Tourism promotion	8,899,849	-	-	-	-	-
Cooperative Development	Cooperative Development	8,000,000	-	-	-	-	-
	Grand Total	**83,599,698**	**132,000,000**	**-**	**-**	-	-
Agriculture and Rural Development							
Agricultural Development	Crop Husbandry	6,969,666	-	-	-	-	-
	Plant Disease Control	1,600,000	-	-	-	-	-
	Agricultural Mechanization Services(AMS)	24,614,500		2,908,800		**12**	
	UCSAP	20,000,000	-	-	-	-	-
	ASDSP	5,000,000	-	-	-	-	-
	FAO	1,245,700	-	-	-	-	-
	Development	-	600,000,000	-	-	-	-
	Sub-Total	**59,429,866**	**600,000,000**	**2,908,800**	**-**	**5**	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Fisheries Development	General Administration, Planning and Support Services	1,887,000	-		-	-	-
	Empowerment of women and youth on fish safety and quality assurance	1,520,000	-	-	-	-	-
	Construction of ice plant and cold storage	16,202,370	-	-	-	-	-
	Development	-	134,727,370	-		-	-
	Sub-Total	**19,609,370**	**134,727,370**	**-**	**-**	-	-
Veterinary Services	General Administration, Planning and Support Services	2,612,372	-	-	-	-	-
	Extension services	38,072,388	-	-	-	-	-
	Breed improvement and artificial insemination	2,468,872	-	-	-	-	-
	Veterinary Public Health/Abattoirs	1,118,500	-	-	-	-	-
	Leather Development Services	26,182,846	-	-	-	-	-
	Control Tsetse fly and Laboratory Services	2,685,000	-	-	-	-	-
	Conduct disease surveillance and carry out timely vaccination	15,382,000	43,875,087	-	-	-	-
	Sub-Total	**88,521,978**	**43,875,087**	**-**	**-**	-	-
Livestock	General Administration, Planning and Support Services	7,766,440	-	-	-	-	-
	Livestock Extension Services	1,805,000	12,000,000	-	-	-	-
	Animal Husbandry	1,292,500	145,100,000	-	-	-	-
	Sub-Total	**10,863,940**	**157,100,000**	**-**	**-**	-	-
	Grand Total	**178,425,154**	**935,702,457**	**2,908,800**	**-**	**2**	-
Gender, Social Service and Youth Development							
Child Protection.	Baseline Survey for OVC	3,700,000	-	-	-	-	-
	Community Awareness creation on Child Rights and Child Protection	2,000,000	-	-	-	-	-
	Enhanced Child Participation	700,000	-	-	-	-	-
Social Development and Protection.	Women empowerment	1,050,000	-	-	-	-	-
	Gender and Leadership	11,450,000	-	-	-	-	-
	Youth Empowerment	-	50,000,000	-	-	-	-
Sports Training and Competitions	county Sports leagues	7,193,447	-	-	-	-	-
	Sports equipment and support	2,000,000	-	-	-	-	-
	Sub-Total	**28,093,447**	**50,000,000**	**-**	**-**	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Culture and art development	Culture Promotion and Development	11,750,000	-	-	-	-	-
	Empowerment/Capacity building of cultural practitioners	5,500,000	-		-	-	-
	Sub-Total	**17,250,000**	**-**	**-**	**-**	-	-
General administration, support and planning	General administration, support and planning	7,340,000	-		-	-	-
	Sub-Total	**7,340,000**	**-**	**-**	**-**	-	-
	Grand Total	**52,683,447**	**50,000,000**	**-**	**-**	-	-
Education, Vocational training and ECDE-							
Early Child care services	ECDE quality education standards service	500,000	-	-	-	-	-
	ECDE Access and Retention Services	20,300,000	27,000,000	-	-	-	-
	Sub Total	**20,800,000**	**27,000,000**	**-**	**-**	-	-
Vocational Training Services	VTC quality standards training services	3,010,342	-		-	-	-
	Free VTC education and training	56,156,327	-	-	-	-	-
	Sub Total	**59,166,669**	**-**	**-**	**-**	-	-
General Administration, Planning and support services	General Administration, Planning and support services	160,800,000	-	77,281,897	-	**48**	-
	Sub-Total	**160,800,000**	**-**	**77,281,897**	**-**	**48**	-
VTC access and retention of training	Development		171,535,447	-	-	-	-
	Sub Total	**-**	**171,535,447**	**-**	**-**	-	-
	Grand Total	**240,766,669**	**198,535,447**	**77,281,897**	**-**	**32**	-
Health and Sanitation							
Curative and Rehabilitative	Medical Supplies	160,650,000	-	39,498,793	-	**25**	-
	Medical Services	33,200,000	242,200,000	2,611,906	-	**8**	-
	Ambulance services	10,700,000	-	-	-	-	-
Preventive and Promotive	Preventive and Promotive	22,850,041	-	-	-	-	-
	Licensing and control of undertaking	9,045,859	-	-	-	-	-
	Sub Total	**236,445,900**	**242,200,000**	**42,110,699**	**-**	**18**	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Administration, Planning and support services	General Administration, Planning and support services	961,115,377	-	93,805,692	-	**10**	-
	Development	-		-	-		-
	Sub Total	**961,115,377**	-	**93,805,692**	-	**10**	-
	Grand Total	**1,197,561,277**	**242,200,000**	**135,916,390**	-	**28**	-
Special Programme							
Drought management (Preparedness, Response, Mitigation and Recovery	Drought contingency	2,000,000	-	-	-	-	-
	Disaster Risk Management Fund	139,202,243	-	-	-	-	-
Social protection and response to other disasters	Food distribution and rations	3,032,392	-	-	-	-	-
	Sub-Total	**144,234,635**	-	-	-	-	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	6,000,000	-	-	-	-	-
	Sub-Total	**6,000,000**	-	-	-	-	-
	Grand Total	**150,234,635**	-	-	-	-	-
Roads and public works							
County Roads Development	Routine maintenance	3,628,330	124,000,000	-	-	-	-
	Opening of new roads	1,877,733	-	-	-	-	-
	Grading, Maraming and tarmacking	1,645,000	-	-	-	-	-
	Monitoring and Evaluation	1,849,133	-	-	-	-	-
	Sub-Total	**9,000,196**	**124,000,000**	-	-	**0**	-
Public works and services	Public works and services	24,536,780	501,782,356	151,200	-	**1**	-
	Sub Total	**24,536,780**	**501,782,356**	**151,200**	-	**1**	-
General Administration and Support Services	General Administration and Support Services	34,451,763	-	-	-	-	-
	Sub-Total	**34,451,763**	-	-	-	-	-
	Grand Total	**67,988,739**	**625,782,356**	**151,200**	-	**1**	-
Water, Environment and Natural Resources							
Environment Management	Environmental Protection	35,552,415	-	-	-	-	-
	Environmental Protection	9,863,077	50,000,000	-	-	-	-
	Control of Air Pollution	2,795,484	-	-	-	-	-
	Solid Waste Management	11,098,615	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	**59,309,591**	**50,000,000**	-	-	-	-
General administration, planning support	General administration, planning support	34,780,511	-	-	-	-	-
	Sub-Total	**34,780,511**	-	-	-	-	-
Water Services	Water Management services	12,208,476	-	-	-	-	-
	Water Sanitation & Hygiene	3,767,316	249,500,000	-	-	-	-
	Storm Water Management	3,010,744		-	-	-	-
Energy Development	Energy	1,970,640		-	-	-	-
	Sub-Total	**20,957,176**	**249,500,000**	-	-	-	-
	Grand Total	**115,047,278**	**299,500,000**	-	-	-	-
Public service and administration							
General Administration, support and planning	General Administration, support and planning	1,178,788,666	-	174,304,485	-	**15**	-
Human Resource & Development	Performance management system	4,200,000	-	-	-	-	-
	Human resource development	138,629,351	-	-	-	-	-
County Administration	Administration	62,100,000	50,000,000	-	-	-	-
	Enforcement	12,500,000	-	-	-	-	-
Citizen Participation	Citizen Participation	6,100,000	-	-	-	-	-
	Sub Total	**1,402,318,017**	**50,000,000**	**174,304,485**	-	**12**	-
Grand Total		**1,402,318,017**	**50,000,000**	**174,304,485**	-	**12**	-
Lands and physical planning							
General Administration, Planning and support services	General Administration, Planning and support services	4,503,188	-	390,425	-	**9**	-
Land Policy and Planning	Physical Planning	22,438,245	64,000,000	-	-	-	-
	Survey, Mapping and GIS	6,077,817	30,000,000	-	-	-	-
	Land Administration	6,574,500	-	-	-	-	-
	Grand Total	**39,593,750**	**94,000,000**	**390,425**	-	**1**	-
County Assembly							
General Administration and Support Services	General Administration and Support Services	677,653,973	330,783,780	109,630,000	39,247,419	16	12
	Sub-Total	**677,653,973**	**330,783,780**	**109,630,000**	**39,247,419**	**16**	-
Hola Municipality							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Administration and Support Services	General Administration and Support Services	36,450,000	50,000,000	-	-	-	-
	Sub-Total	**36,450,000**	**50,000,000**	-	-	-	-
Grand Total		**5,215,039,607**	**3,654,458,259**	**640,592,350**	**127,403,558**	**12**	3

***Source**: Tana River County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were Supplies Chain Management in the Department of Finance at 94 per cent, Monitoring and Evaluation in the Department of Finance at 94 per cent, PFM Enactment in the Department of Finance at 81 per cent, and Internal Audit in the department of Finance at 74 per cent of budget allocation.

3.40.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.8.18 million against an annual projection of Kshs.92.67 million, representing 8.8 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Inuka Fund, Tana River Car & Mortgage Fund, Tana River Scholarship Fund, Tana River Emergency Fund and Tana River Bursary Fund still need to be submitted to the Controller of Budget.
3. High pending bills amounted to Kshs.2.43 billion as of 30th September 2023.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*

3.41. County Government of Tharaka Nithi

3.41.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.6.32 billion, comprising Kshs.2.52 billion (39.9 per cent) and Kshs.3.80 billion (60.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 15.2 per cent compared to the previous financial year when the approved budget was Kshs.5.49 billion and comprised of Kshs.1.82 billion towards development expenditure and Kshs.3.67 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.38 billion (69.3 per cent) as the equitable share of revenue raised nationally, Kshs.122.80 million (1.9 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.54 billion as conditional grants (24.4 per cent), and generate Kshs.277.20 million (4.4 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.248.

3.41.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.09 billion as the equitable share of the revenue raised nationally, Kshs.11.81 million as FIF, Kshs.18.70 million as conditional grants, had a cash balance of Kshs.264.97 million from FY 2022/23, and raised Kshs.41.90 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.43 billion, as shown in Table 3.248.

Table 3.248: Tharaka Nithi County, Revenue Performance in FY 2023/24

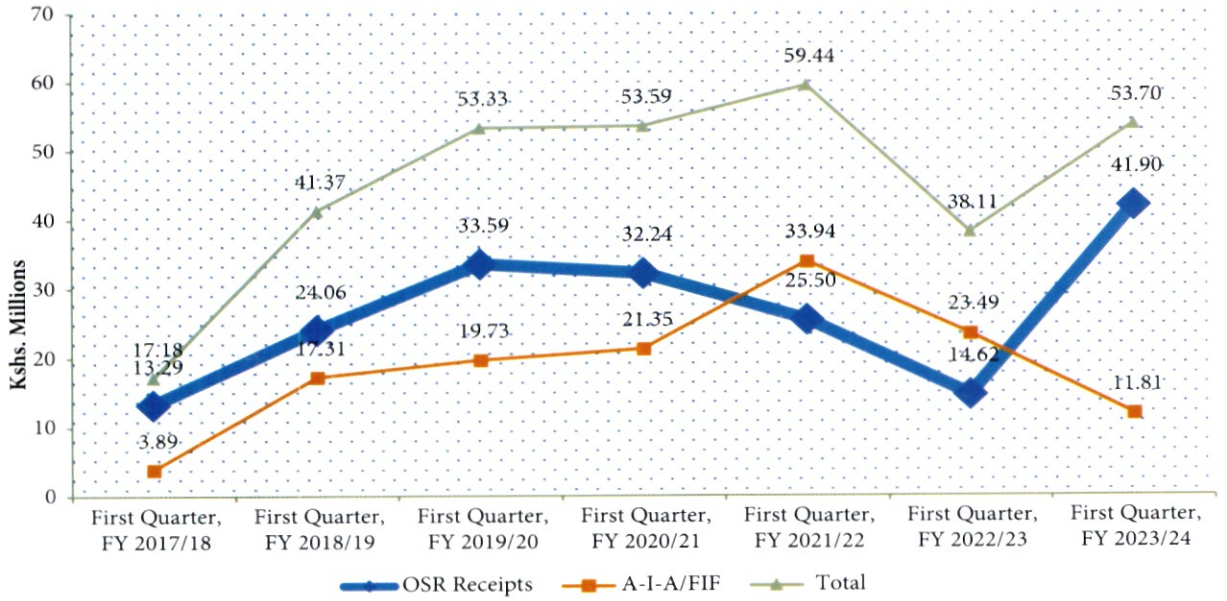
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised nationally**	**4,378,234,821**	**1,094,558,706**	25.0
Sub total		**4,378,234,821**	**1,094,558,706**	**25.0**
B	**Conditional Grants**			
1.	Supplement for construction of county headquarters	103,160,000	-	-
2.	Conditional Grant- Leasing of Medical Equipment	124,723,404	-	-
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
4.	IDA (World Bank) Credit (National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
5.	DANIDA Grant	7,161,000	7,695,750	107.5
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,785,670	-	-
7.	Kenya Informal Settlement Programme (KISP II)	80,000,000	-	-
8.	World Bank Emergency Locust Responses Projects (ELRP)	105,805,161	-	-
9.	WB KWASH PforR	213,000,000	-	-
10.	Equalization Fund	77,518,042	-	-
11.	Aquaculture Business Development Programme (ABDP)	12,810,384	-	-
12	Aggregated Industrial Parks Programme	250,000,000	-	-
13	IDA (World Bank) Credit Financing Locally Led Climate Action Programme (FLLoCA) Program, County Institutional Support	136,000,000	11,000,000	8.1
14	Livestock Value Chain	28,647,360	-	-
15	De-risking and Value Chain Enhancement (DRIVE)	63,341,980	-	-
Sub total		**1,543,953,001**	**18,695,750**	**1.2**
C	**Other Sources of Revenue**			
16.	Ordinary Own Source Revenue	277,200,000	41,895,480	15.1
18.	Facility Improvement Fund (FIF)	122,800,000	11,807,792	9.6
19.	Unspent balance from FY 2022/23	-	264,974,783	-
Sub Total		**400,000,000**	**318,678,055**	**79.7**
Grand Total		**6,322,187,822**	**1,431,932,511**	**22.6**

Source: *Tharaka Nithi County Treasury*

The performance above 107.5 per cent on DANIDA is due to the FY 2022/23 conditional grants received in July 2023, but yet to be captured in the current 2023/24 budget estimates.

Figure 121 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

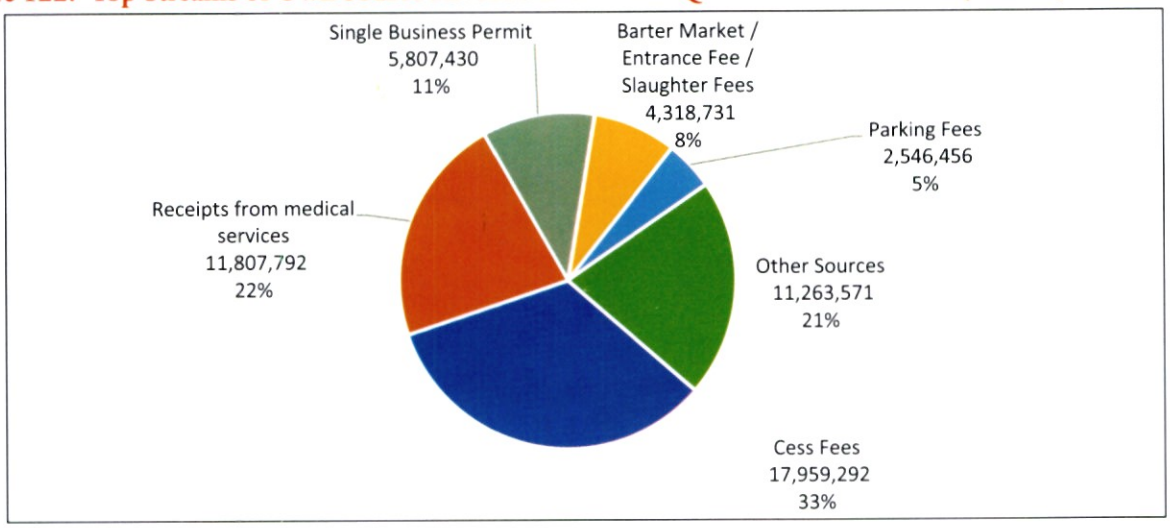
Figure 121: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Tharaka Nithi County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.53.70 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 42.5 per cent compared to Kshs.37.69 million realised in FY 2022/23 and was 13.4 per cent of the annual target and 4.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 122.

Figure 122: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Tharaka Nithi County Treasury

The highest revenue stream of Kshs.17.96 million was from Cess Fees, contributing to 33 per cent of the total OSR receipts during the reporting period.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.907.79 million from the CRF account during the reporting period, which comprised Kshs.151.55 million (16.7 per cent) for development programmes and Kshs.756.24 billion (83.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.498.28 million was released towards Employee Compensation, and Kshs.257.96 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.473.52 million.

3.41.4 County Expenditure Review

The County spent Kshs.877.27 million on development and recurrent programmes in the reporting period. The expenditure represented 96.6 per cent of the total funds released by the CoB and comprised Kshs.151.55 million and Kshs.725.72 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.0 per cent, while recurrent expenditure represented 19.1 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.547.58 million, comprising Kshs.370.25 million for recurrent expenditure and Kshs.177.33 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.113.73 million were settled, consisting of Kshs.60.02 million for recurrent expenditure and Kshs.53.71 million for development programmes. Therefore, as of 30 September 2023, the outstanding amount was Kshs.433.85 million.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.466.29 million on employee compensation, Kshs.140.44 million on operations and maintenance, and Kshs.151.55 million on development activities. Similarly, the County Assembly spent Kshs.45.08 million on employee compensation and Kshs.73.91 million on operations and maintenance, as shown in Table 3.249.

Table 3.249: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,256,637,907**	**544,516,596**	**606,732,778**	**118,986,256**	18.6	21.9
Compensation to Employees	2,226,953,017	280,627,733	466,292,334	45,076,846	20.9	16.1
Operations and Maintenance	1,029,684,890	263,888,863	140,440,445	73,909,410	13.6	28.0
Development Expenditure	**2,461,033,319**	**60,000,000**	151,546,470	-	6.2	-
Total	**5,717,671,226**	**604,516,596**	758,279,248	118,986,256	13.3	19.7

***Source**: Tharaka Nithi County Treasury*

3.41.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.511.37 million, or 35.7 per cent of the available revenue, which amounted to Kshs.1.43 billion. This expenditure represented a decrease from Kshs.833.50 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.235.36 billion paid to health sector employees, translating to 46.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.418.37 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.64.00 million was processed through manual payrolls. The manual payrolls accounted for 12.5 per cent of the total PE cost.

The County Assembly spent Kshs.4.60 million on committee sitting allowances for the 23 MCAs and the Speaker against the annual budget allocation of Kshs.29.20 million. The average monthly sitting allowance was Kshs.63,913 per MCA. The County Assembly has established 19 Committees.

3.41.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.130 million to county-established funds in FY 2023/24, constituting 2.1 per cent of the County's overall budget. Table 3.250 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.250: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24(Kshs.)	Exchequer Issues FY 2023/24	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023
1.	Tharaka Nithi County Emergency Fund	15,000,000	-	-	Yes
2.	Tharaka Nithi County Bursary Fund	20,000,000	-	451,962	Yes
3.	Tharaka Nithi County Executive Staff Mortgage and Car Loan Scheme Fund	50,000,000	-	2,050	Yes
4.	Tharaka Nithi County Youth Empowerment Fund	20,000,000	-	1,800	Yes
5.	Tharaka Nithi County Assembly Car Loan & Mortgage Fund	25,000,000	-	-	No
Total		**130,000,000**	**-**	**454,012**	**-**

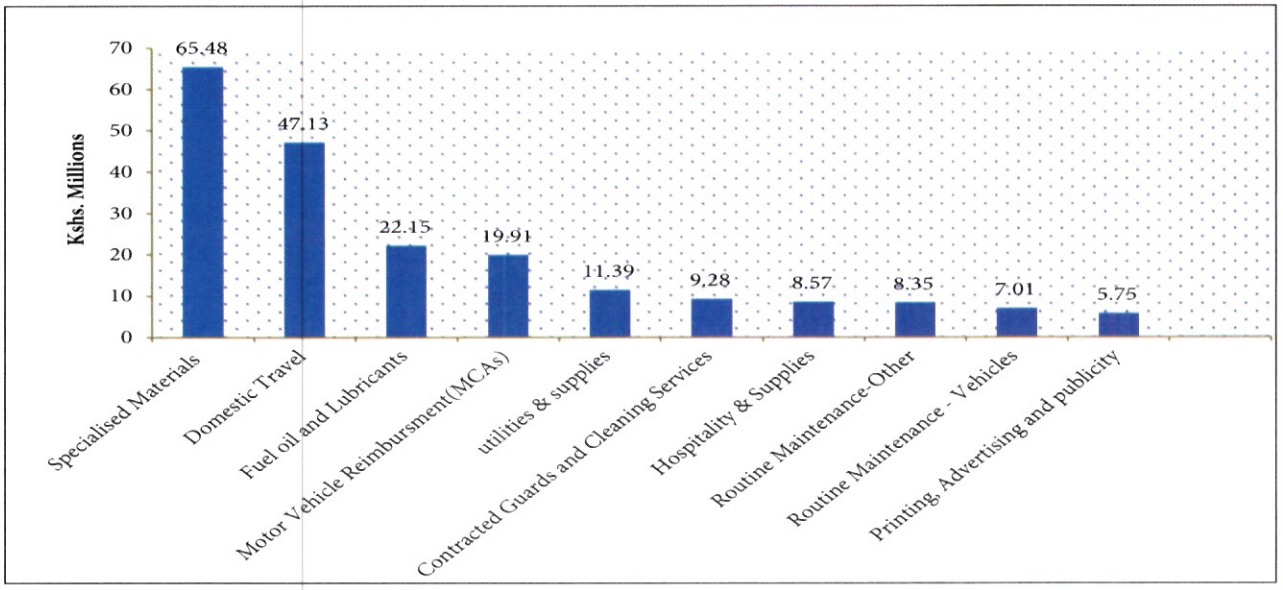
Source: *Tharaka Nithi County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrator of the Tharaka Nithi County Assembly Car Loan & Mortgage Fund as indicated in Table 3.242, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.41.9 Expenditure on Operations and Maintenance

Figure 123 summarises the Operations and Maintenance expenditure by major categories.

Figure 123: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: *Tharaka Nithi County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.47.13 million and comprised Kshs.42.23 million spent by the County Assembly and Kshs.4.90 million by the County Executive. There was no reported expenditure on foreign travel during the period under review.

3.41.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.151.55 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County did not spend on development activities. The table 3.251 summarises development projects with the highest expenditure in the reporting period.

Table 3.251: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount paid to date (Kshs)	Implementation Status (%)
1	Roads, Infrastructure and Public Works	Tarmacing Kambandi- Cheera - Ruguti Road	Mugwe	Not Provided	46,077,376	-
2	Roads, Infrastructure and Public Works	Tarmacing Karandini- Kithioroni Road	Magumoni	Not Provided	32,514,394	-
3	Agriculture and livestock	Crop Subsidy	County wide	24,500,000	24,500,000	100.0
4	Roads, Infrastructure and Public Works	Construction of Ndagani market	Karingani ward	Not Provided	7,490,500	-
5	Health Services	Renovation and Improvements of Magutuni Hospital	Mwimbi	Not Provided	4,951,100	-
6. Roads, Infrastructure and Public Works		Proposed Repair Works Of Existing Skip Bins For Tharaka Nithi County	Countywide	3,550,925	3,530,430	99.4

S/No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount paid to date (Kshs)	Implementation Status (%)
7	Education and Vocational Training	Construction of Workshop at Karocho VTC	Marimanti ward	2,950,000	2,938,480	99.6
8	Roads, Infrastructure and Public Works	Proposed Fabrication of Litter Bins for Tharaka Nithi County	Countywide	2,542,200	2,505,400	98.6
9	Roads, Infrastructure and Public Works	Proposed Chainlink Fencing at The Deputy Governor's Residence at Kathanje	Igambangombe	2,471,350	2,444,070	98.9
10	Education and Vocational Training	Construction of ECDE-Mwimbi Ward	Mwimbi ward	2,400,000	2,398,260	99.9

Source: *Tharaka Nithi County Treasury*

The County Treasury did not provide information on contract sum for a number of projects, as shown in the table above.

3.41.11 Budget Performance by Department

Table 3.252 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.252: Tharaka Nithi 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
Office of The Governor and Deputy Governor	151.08	-	22.33	-	22.23	-	99.6	-	14.7	-
Roads, Infrastructure, And Public Works	172.35	547.00	61.10	96.41	61.00	96.41	99.8	100.0	35.4	17.6
Medical Services	1,442.99	100.00	317.65	6.35	317.15	6.35	99.8	100.0	22.0	6.4
Agriculture, Livestock, Veterinary Services, and Cooperative Development	194.08	657.34	32.40	26.60	31.75	26.60	98.0	100.0	16.4	4.0
Administration and Public Service	125.95	10.00	31.23	-	31.12	-	99.7	-	24.7	-
Education and Vocational Training	199.65	55.00	32.64	20.71	32.13	20.71	98.4	100.0	16.1	37.6
Finance and Economic Planning	206.41	-	20.76	-	20.51	-	98.8	-	9.9	-
Environment and Natural Resources	40.55	167.00	14.83	-	14.14	-	95.3	-	34.9	-
County Assembly	544.52	60.00	119.68	-	118.99	-	99.4	-	21.9	-
Water Services and Irrigation	51.99	88.00	6.34	1.48	6.00	1.48	94.7	100.0	11.5	1.7

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	40.33	-	3.11	-	0.54	-	17.4	-	1.3	-
Public Health and Sanitation	286.85	124.72	49.22	-	32.23	-	65.5	-	11.2	-
Youth and Sport	37.62	30.00	4.47	-	3.69	-	82.5	-	9.8	-
Culture and Tourism	30.51	6.00	3.16	-	3.00	-	95.0	-	9.8	-
Revenue and Resource Mobilisation	115.04	10.00	16.91	-	16.25	-	96.1	-	14.1	-
Lands Physical Planning and Housing	57.25	123.16	7.75	-	7.00	-	90.3	-	12.2	-
Fisheries and Ecosystem Development	17.01	19.81	1.88	-	-	-	-	-	-	-
Gender Children and Social Services	26.15	-	2.97	-	7.00	-	236.0	-	26.8	-
Trade Investment Promotion Energy and Industry	60.83	523.00	7.82	-	1.00	-	12.8	-	1.6	-
TOTAL	**3,801.15**	**2,521.03**	**756.24**	**151.55**	**725.72**	**151.55**	**96.0**	**100.0**	**19.1**	**6.0**

***Source**: Tharaka Nithi County Treasury*

Analysis of expenditure by department shows that the Department of Education and Vocational Training recorded the highest absorption rate of development budget at 37.6 per cent, followed by the Department of Roads, Infrastructure, and Public Works at 17.6 per cent. The Department of Roads, Infrastructure, and Public Works had the highest percentage of recurrent expenditure to budget at 35.4 per cent. At the same time, the Department of Fisheries and Ecosystem Development did not report any expenditure during the period.

The allocation for recurrent expenditure for the County Assembly is above the CARA, 2023 ceiling, with an allocation of Kshs.544.52 million against the ceiling of Kshs.497.97 million, while the County Executive is within the ceilings in CARA, 2023, with an allocation of Kshs.317.36 million against the CARA Ceiling of Kshs.445.46 million.

3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 3.253 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.253: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor and Deputy Governor							
P: County Government Advisory Services	SP: Public Sector Advisory Services (Legal & Economic Advisors)	15,900,000	-	42,600	-	0.3	-
	SP: Communication and Strategy	13,100,000	-	1,294,800	-	9.9	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: County Leadership and Coordination of MDAs	SP: Coordination of CMAs (Office of County Secretary)	7,050,000	-	596,280	-	8.5	-
P: General Administration, Planning and Support Services	SP: Management of County Affairs (Office of Governor)	82,675,700	-	18,678,200	-	22.6	-
	SP: Coordination and Supervisory Services (Deputy Governor's Office)	32,350,000	-	1,616,385	-	5.0	-
Sub Total		**151,075,700**	-	**22,228,265**	-	**14.7**	-
Roads, Infrastructure and Public Works							
P: General Administration Planning and Support Services	SP: General Administration Services	-	16,000,000	-	-	-	-
	SP: General Administration Services	51,722,060	-	20,000,000	-	**38.7**	-
P: Kathwana Municipality Development Programme	SP: Kathwana Urban Area Support	7,707,210	10,000,000	-	-	-	-
P: Public Works and Housing Services	SP: Public Works Services	3,727,500	-	-	-	-	-
P: Roads Transport	SP: Rural Roads Improvement and Maintenance Services	65,690,000	340,000,000	32,905,390	86,837,493	50.1	25.5
P: Urban Development and Administration	SP: Urban Administrative Services	43,500,000	181,000,000	8,092,900	9,569,300	18.6	5.3
Sub Total		**172,346,770**	**547,000,000**	**60,998,290**	**96,406,793**	**35.4**	**17.6**
Medical Services							
P: Curative and Rehabilitative Services	SP: Primary Healthcare	-	72,500,000	-	6,352,148	-	8.8
	SP: Medical Supplies	153,139,134	-	52,451,398	-	34.3	-
	SP: Laboratory Services	20,400,000	-	4,739,200	-	23.2	-
P: General Administration Planning and Support Services	SP: General Administration Services	56,500,000	27,500,000	10,276,720	-	18.2	-
	SP: Human resource management	1,049,545,879	-	235,361,077	-	22.4	-
	SP: Policy, Planning, Financing and Budgeting	122,800,000	-	11,867,512	-	9.7	-
P: ICT Infrastructure Development	SP: ICT Infrastructure Development	40,600,500	-	2,452,273	-	**6.0**	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Sub Total		**1,442,985,513**	**100,000,000**	**317,148,180**	**6,352,148**	**22.0**	**6.4**
Agriculture and Crop Production							
P: Cooperative Development and Management	SP: Cooperative Development	3,493,683	-	64,000	-	1.8	-
P: Crop Development and Management	SP: Crops Development, Agribusiness and Market Development	13,129,332	533,090,831	-	25,847,409	-	4.8
P: General Administration Planning and Support Services	SP: Administration, Policy, Strategy and Management of Agriculture	106,519,212	10,000,000	31,082,963	-	29.2	-
P: Livestock and Fisheries Resource Management and Development	SP: Livestock Policy Development and Capacity Building	61,526,264	97,989,340	-	355,000	-	0.4
	SP: Veterinary Services and Disease Prevention	9,412,000	16,259,360	600,000	400,000	6.4	2.5
Sub Total		**194,080,491**	**657,339,531**	**31,746,963**	**26,602,409**	**16.4**	**4.0**
Public Administration and Devolution Affairs							
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	117,424,634	-	31,017,289	-	26.4	-
	SP: Sub-County Administration and Field Services	1,989,665	10,000,000	-	-	-	-
	SP: Human Resource Management Services	6,540,000	-	102,900	-	1.6	-
Sub Total		**125,954,299**	**10,000,000**	**31,120,189**	-	-	-
Education, Gender, Culture and Social Services							
P: Education and Youth Training	SP: Promotion of Basic Education (ECDE)	30,641,611	45,000,000	86,500	16,596,617	0.3	36.9
	SP: Youth Training and Capacity Building	16,060,089	10,000,000	-	4,109,531	-	41.1
P: General Administration Planning and Support Services	SP: Administration Planning and Support Services	152,944,800	-	32,044,450	-	21.0	-
Sub Total		**199,646,500**	**55,000,000**	**32,130,950**	**20,706,148**	**16.1**	**37.6**
Finance and Economic Planning							

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: Economic Policy and County Planning	SP: Monitoring and Evaluation Services	4,270,000	-	69,600	-	1.6	-
	SP: Economic Development, Planning and Coordination Services	4,020,000	-	-	-	-	-
	SP: County Statistics Services	7,005,000	-	143,000	-	2.0	-
P: Financial Management Services	SP: Supply Chain Management Services	4,610,000	-	510,200	-	11.1	-
	SP: Audit Services	9,435,000	-	549,750	-	5.8	-
	SP: Budget Formulation and Coordination	4,417,000	-	159,500	-	3.6	-
	SP: Accounting Services	4,255,000	-	693,400	-	16.3	-
P: General Administration, Planning and Support Services	SP: Human Resource Management Services	168,402,400	-	18,388,724	-	10.9	-
Sub Total		**206,414,400**	-	**20,514,174**	-	**9.9**	-
Environment, Mining and Natural Resources							
P: Environment and Natural Resources Management	SP: Environment and Natural Resource	40,550,000	167,000,000	14,138,600	-	-	-
Sub Total		**40,550,000**	**167,000,000**	**14,138,600**	-	**34.9**	-
Water Services and Irrigation							
P: Water Supply Services	SP: Domestic Water Services	43,193,750	58,500,000	6,000,000	1,478,973	13.9	2.5
	SP: Water Storage Services	1,933,000	-	-	-	-	-
	SP: Irrigation and Drainage Services	6,867,000	29,500,000	-	-	-	-
Sub Total		**51,993,750**	**88,000,000**	**6,000,000**	**1,478,973**	**11.5**	**1.7**
County Public Service Board							
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	25,813,400	-	190,800	-	0.7	-
	SP: Human Resource Management Services	14,520,000	-	349,400	-	2.4	-
Sub Total		**40,333,400**	-	-	-	-	-
Public Health and Sanitation							

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: Preventive and Promotive Health Services	SP: Health Promotion and Disease Control	255,595,400	-	32,228,317	-	**12.6**	-
	SP: Environmental Health services	31,256,750	124,723,404		-	-	-
Sub Total		**286,852,150**	**124,723,404**	**32,228,317**	-	**11.2**	-
Youth and Sports							
P: Sports Development and Promotion	SP: County Football League and Clubs Development	1,200,000		-		-	-
	SP: Athletics Championships and Other Games	5,560,414	10,000,000	-	-	-	-
	SP: Talent Search and Promotion	30,858,386	20,000,000	3,691,600	-	12.0	-
Sub Total		**37,618,800**	**30,000,000**	**3,691,600**	-	**9.8**	-
Culture and Tourism							
P: Culture, Arts and Social Services	SP: Culture and Arts Promotion	26,975,200	6,000,000	3,000,000	-	11.1	-
P: Tourism Development and Promotion	SP: Tourism Promotion and Infrastructure Development	1,380,900	-	-	-	-	-
	SP: Miss Tourism Tharaka Nithi	2,157,150	-	-	-	-	-
Sub Total		**30,513,250**	**6,000,000**	**3,000,000**	-	**9.8**	-
Revenue and Resource Mobilisation							
P: Financial Management Services	SP: Resource Mobilisation and Management	15,759,500	-	-	-	-	-
P: Resource Mobilisation	SP: Revenue Administration	99,279,500	10,000,000	16,247,050	-	16.4	-
Sub Total		**115,039,000**	**10,000,000**	**16,247,050**	-	**14.1**	-
Lands, Physical Planning and Housing							
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	-	103,160,000	-	-	-	-
P: Land Policy and Planning	SP: Physical Planning Services	51,096,000	20,000,000	7,000,000	-	13.7	-
	SP: Land administration & management	6,150,700	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Sub Total		**57,246,700**	**123,160,000**	**7,000,000**	-	**12.2**	-
Fisheries and Ecosystem Development							
P: Livestock and Fisheries Resource Management and Development	SP: Fisheries Development and Promotion	17,005,304	19,810,384	-	-	-	-
Sub Total		**17,005,304**	**19,810,384**	-	-	-	-
Gender, Children and Social Services							
P: Gender and Youth Empowerment	SP: Gender, Youth and Women Empowerment	-		-		**3.8**	-
Sub Total		**26,150,000**	-	**1,000,000**	-	**3.8**	-
Trade, Investment Promotion, Energy and Industry							
P: Energy Resource Development & Management	SP: Energy Resource Development & Management	3,000,400	13,000,000	-	-	-	-
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	48,601,480	5,000,000	7,000,000	-	14.4	-
P: Industrial Development and Investment	SP: Industrial Development	3,750,000	500,000,000	-	-	-	-
	SP: Consumer Protection & Fair Trade Practices	5,480,000	5,000,000	-	-	-	-
Sub Total		**60,831,880**	**523,000,000**	**7,000,000**	-	**11.5**	-
County Assembly							
General Administration, Planning and Support Services	Office of the Clerk	283,794,105	60,000,000	50,604,752	-	**17.8**	-
County Legislation Services	County Assembly Services	198,521,075	-	37,049,762	-	18.7	-
	Coordination Services (Office of the Speaker)	6,300,000	-	2,974,400	-	47.2	-
	Procedure and Oversight Services (Committees)	55,901,416	-	28,357,342	-	50.7	-
Sub Total		**544,516,596**	**60,000,000**	**118,986,256**	-	**21.9**	-
Grand Total		**3,801,154,503**	**2,521,033,319**	**725,719,034**	**151,546,470**	**19.1**	**6.0**

***Source**: Tharaka Nithi County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Procedure and Oversight Services (Committees) in the Department of County Assembly at 50.7 per cent, Coordination Services (Office of the Speaker) in the Department of County Assembly at 47.2 per cent, SP: General Administration Services in the Department of Roads, Infrastructure and Public Works at 38.7 per cent, and SP: Medical Supplies in the Department of Medical Services at 34.3 per cent of budget allocation.

3.41.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The final report was received on 30th October 2023.
2. The underperformance of own-source revenue at Kshs.53.70 million against an annual projection of Kshs. 400.00 million, representing 13.4 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.253, where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Tharaka Nithi County Assembly Car Loan & Mortgage Fund were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.433.85 million as of 30th September 2023. This is despite the availability of Kshs.473.52 million in the CRF account at the end of the period.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.64.00 million were processed through the manual payroll, accounting for 12.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. Inconsistencies in reporting pending bills: At the beginning of the financial year 2023/24, the pending bills were reported as Kshs.753.82 million as 30th June 2023, whereas at the end of the first quarter FY2023/24, the pending bills as of 30th June 2023 are reported as Kshs.547.58 million

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
6. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
7. *The County should ensure accuracy and consistency in reporting pending bills. Regular reconciliations should be undertaken to enhance the credibility of the reports.*

3.42. County Government of Trans Nzoia

3.42.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.9.01 billion, comprising Kshs.3.51 billion (38.9 per cent) and Kshs.5.50 billion (61.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 1.2 per cent compared to the previous financial year when the approved budget was Kshs.9.12 billion and comprised of Kshs.3.31 billion towards development expenditure and Kshs.5.81 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.49 billion (83.1 per cent) as the equitable share of revenue raised nationally, Kshs.301.70 million (3.3 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.876.33 million as conditional grants, and generate Kshs.342.00 million (3.8 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.254.

3.42.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.24 billion as the equitable share of the revenue raised nationally, Kshs.50.53 million as FIF, Kshs.67.19 million as conditional grants and raised Kshs.50.18 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.54 billion, as shown in Table 3.254.

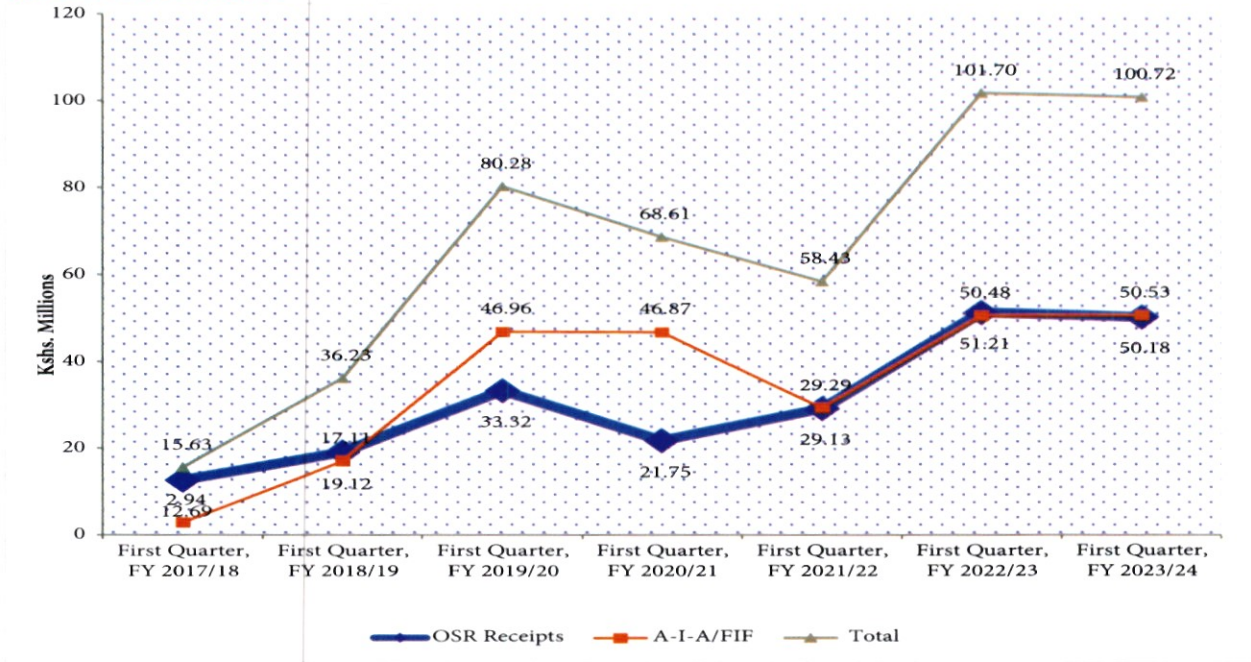
Table 3.254: Trans Nzoia County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,491,188,345	1,237,470,702	16.5
Subtotal		**7,491,188,345**	**1,237,470,702**	**16.5**
B	**Conditional Grants**			
1.	National Agricultural and Rural Inclusive Growth Project	154,827,687	-	-
2.	Kenya Livestock Commercialization Project	35,500,000	-	-
3.	Kenya Informal Settlement Improvement Project II	300,000,000	-	-
4.	Financing Locally Led Climate Action (County Climate Institutional Support)	11,000,000	-	-
5.	Financing Locally Led Climate Action (County Climate Resilient Investment)	125,000,000	-	-
6.	National Value Chain Development Programme	250,000,000	67,192,729	26.9
Subtotal		**876,327,687**	**67,192,729**	**7.7**
C	**Other Sources of Revenue**			
7.	Ordinary Own Source Revenue	342,000,000	50,184,824	14.7
8.	Facility Improvement Fund (FIF)	301,700,000	50,533,471	16.7
Sub Total		**643,700,000**	**100,718,295**	**15.6**
Grand Total		**9,011,216,032**	**1,405,381,726**	**15.6**

Source: *Trans Nzoia County Treasury*

Figure 124 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

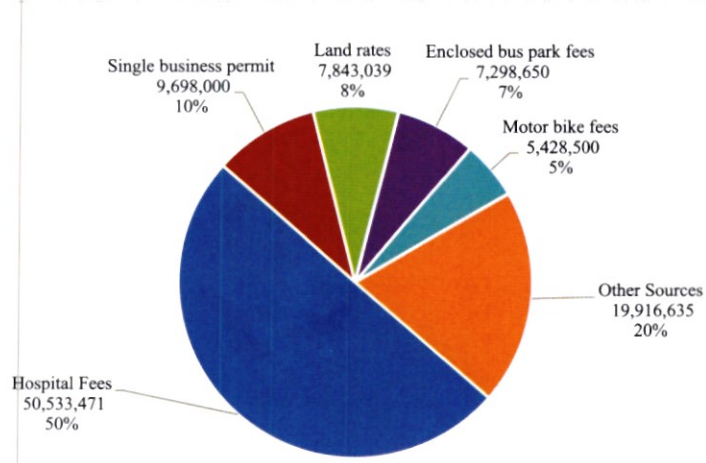
Figure 124: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Trans Nzoia County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.100.72 million from its sources of revenue, inclusive of FIF and AIA. This amount represented a decrease of 1.0 per cent compared to Kshs.101.70 million realised in FY 2022/23 and was 15.6 per cent of the annual target and 8.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 125.

Figure 125: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Trans Nzoia County Treasury

The highest revenue stream of Kshs.50.53 million was from Hospital Fees, contributing to 50 per cent of the total OSR receipts during the reporting period.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.02 billion from the CRF account during the reporting period, which comprised Kshs. 243.60 million (23.8 per cent) for development programmes and Kshs.779.09 million (76.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter

of FY 2023/24 indicates that Kshs.598.48 million was released towards Employee Compensation and Kshs.180.61 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.973.14 million.

3.42.4 County Expenditure Review

The County spent Kshs.1.03 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.8 per cent of the total funds released by the CoB and comprised Kshs.265.86 million and Kshs.764.56 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.6 per cent, while recurrent expenditure represented 13.9 per cent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.16 billion, comprising Kshs.810.46 million for recurrent expenditure and Kshs.353.60 million for development activities. In the first quarter of FY 2023/24, no pending bills were settled. Therefore, as of 30th September 2023, the outstanding amount was Kshs.1.16 billion.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.525.80 million on employee compensation, Kshs.101.51 million on operations and maintenance, and Kshs.209.34 million on development activities. Similarly, the County Assembly spent Kshs.63.27 million on employee compensation, Kshs.73.99 million on operations and maintenance, and Kshs.56.51 million on development activities, as shown in Table 3.255.

Table 3.255: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,780,267,816**	**721,259,476**	**627,305,604**	**137,258,767**	**13.1**	**19.0**
Compensation to Employees	3,109,060,689	300,309,476	525,799,184	63,265,505	16.9	21.1
Operations and Maintenance	1,671,207,127	420,950,000	101,506,421	73,993,262	6.1	17.6
Development Expenditure	**3,239,038,740**	**270,650,000**	**209,344,169**	**56,511,304**	**6.5**	**20.9**
Total	**8,019,306,556**	**991,909,476**	**836,649,774**	**193,770,071**	**10.4**	**19.5**

***Source**: Trans Nzoia County Treasury*

3.42.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.589.06 million, or 41.9 per cent of the available revenue, which amounted to Kshs.1.41 billion. This expenditure represented a decrease from Kshs. 856.32 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.315.98 million paid to health sector employees, translating to 53.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.573.16 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs. 15.90 million was processed through manual payrolls. The manual payrolls accounted for 2.7 per cent of the total PE cost.

The County Assembly spent Kshs.3.91 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.72.47 million. The average monthly sitting allowance was Kshs.38,304 per MCA. The County Assembly has established 23 Committees.

3.42.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.299.86 million to county-established funds in FY 2023/24, constituting 3.3 per cent of the County's overall budget. Table 3.256 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.256: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Car Loan and Mortgage	50,000,000	-	-	No
2.	Elimu Bursary Fund	170,500,000	-	-	No
3.	Emergency Fund	50,000,000	-	-	No
County Assembly Established Funds					
4.	Car Loan and Mortgage Scheme Fund (Members and Staff)	29,364,000	-	-	No
Total		**299,864,000**	-	-	-

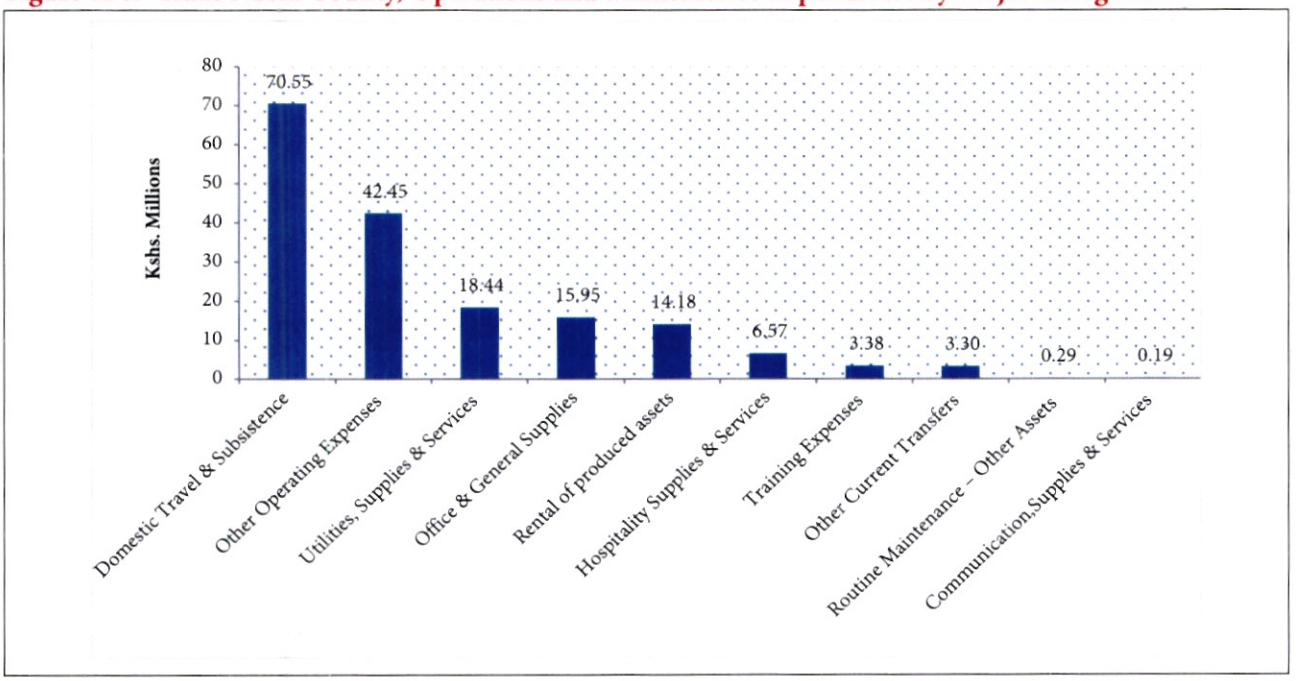
Source: *Trans Nzoia County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of Car Loan and Mortgage, Elimu Bursary, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) funds as indicated in Table 3.256, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.42.9 Expenditure on Operations and Maintenance

Figure 126 summarises the Operations and Maintenance expenditure by major categories.

Figure 126: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: *Trans Nzoia County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.70.55 million and comprised Kshs.40.28 million spent by the County Assembly and Kshs.30.27 million by the County Executive.

3.42.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.265.86 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County did not incur any expenditure. The table 3.257 summarises development projects with the highest expenditure in the reporting period.

Table 3.257: Trans Nzoia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Construction of Ultra-Modern Administration Block	County Assembly	464,359,150	165,250,505	49
2	Gender, Youth	Rehabilitation and Modernisation of Kenyatta Stadium Phase 1A-Kitale	Kenyatta Stadium	657,305,895	186,324,777	16.4
3	Water, Environment and Natural Resources	Supply of tree seedlings	Countywide	2.500,000	2.500,000	100
4	Water, Environment and Natural Resources	Supply of fruit tree seedlings	Countywide	2,416,570	2,416,570	100
5	Water, Environment and Natural Resources	Purchase of modern bee-hives	Countywide	2,889,590	2,889,590	100
6	Water, Environment and Natural Resources	Purchase of bulk bins	Countywide	2.799,650	2.799,650	100

Source: *Trans Nzoia County Treasury*

3.42.11 Budget Performance by Department

Table 3.258 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.258: Trans Nzoia 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
Agriculture	241.78	480.89	27.55	67.19	26.62	67.19	96.6	100.0	11.0	14.0
Livestock	12.65	181.68	-	-	-	-	-	-	-	-
Trade, Commerce	48.97	292.3	7.81	-	7.78	-	99.6	-	15.9	-
Water, Environment and Natural Resources	68.86	436.19	7.14	-	7.08	28.83	99.2	-	10.3	6.6
Public Works, Transport and Infrastructure	147.69	367.32	13.39	61.76	12.9	61.54	96.3	99.6	8.7	16.8
Health Services	-	20	-	-	-	-	-	-	-	-
Health Corporate	2,029.96	228.6	329.96	-	324.35	-	98.3	-	16.0	-
Lands, Housing	80.54	371.73	6.51	-	4.34	-	66.7	-	5.4	-
Municipality Board of Kitale	26.22	42.61	0.07	-	-	-	-	-	-	-
Gender, Sports, Culture	48.86	244.38	9.19	43.13	8.08	36.78	87.9	85.3	16.5	15.1
Governance	180.15	35	45.18	-	45.07	-	99.8	-	25.0	-
Public Service Management	561.06	138.53	49.93	-	48	-	96.1	-	8.6	-
County Public Service Board	75.66	13	8.17	-	7.76	-	95.0	-	10.3	-
Education, ICT	699.04	137.05	61.76	-	61.4	-	99.4	-	8.8	-
Finance	479.95	227.96	70.11	15	69.6	15	99.3	100.0	14.5	6.6
Economic Planning	25.13	21.8	3.67	-	3.7	-	100.8	-	14.7	-
County Attorney	53.74	-	1.38	-	0.64	-	46.4	-	1.2	-
County Assembly	721.26	270.65	137.26	56.51	137.26	56.51	100.0	100.0	19.0	20.9
Total	**5,501.53**	**3,509.69**	**779.09**	**243.6**	**764.56**	**265.86**	**98.1**	**109.1**	**13.9**	**7.6**

***Source**: Trans Nzoia County Treasury*

Analysis of expenditure by department shows that the Department of County Assembly recorded the highest absorption rate of development budget at 20.9 per cent, followed by the Department of Public Works, Transport and Infrastructure at 16.8 per cent. The Department of Governance had the highest percentage of recurrent expenditure to budget at 25.0 per cent, while the Department of Health Services, Livestock and the Municipality Board of Kitale did not report any expenditure.

3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 3.259 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.259: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 30th September 2023 (Kshs.)	Absorption Rate (%)
Agriculture, Livestock		**917,007,143.00**	**93,808,424.00**	**10.2**
Crop Development		662,575,887.00	67,192,729.00	10.1
	Crop Diversification	480,892,200.00	67,192,729.00	14.0
	Post-harvest management and value addition	181,683,687.00	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 30th September 2023 (Kshs.)	Absorption Rate (%)
Administrative and Support Services		254,431,256.00	26,615,695.00	10.5
	Administrative and Support Services	254,431,256.00	26,615,695.00	10.5
Trade, Commerce and Industry		**341,274,495.00**	**7,776,721.50**	**2.3**
Medium and small Enterprises		292,300,000.00	-	-
	Medium and small Enterprises	292,300,000.00	-	-
Administrative and Support Services		48,974,495.00	7,776,721.50	15.9
	Administrative and Support Services	48,974,495.00	7,776,721.50	15.9
Water, Environment and Natural Resources		**505,046,435.00**	**35,911,284.65**	**7.1**
Environment management and protection		436,186,871.00	28,830,000.00	6.6
	Waste Management	436,186,871.00	28,830,000.00	6.6
Administrative and Support Services		68,859,564.00	7,081,284.65	10.3
	Administrative and Support Services	68,859,564.00	7,081,284.65	10.3
Public Works, Roads and Infrastructure		**515,008,738.00**	**74,436,467.45**	**14.5**
Road Construction and Road Maintenance		367,316,580.00	61,540,871.90	16.8
	Maintenance of Roads	367,316,580.00	61,540,871.90	16.8
Administrative and Support Services		147,692,158.00	12,895,595.55	8.7
	Administrative and Support Services	147,692,158.00	12,895,595.55	8.7
Health Services		**20,000,000.00**	-	-
Administrative and Support Services		20,000,000.00	-	-
	Administrative and Support Services	20,000,000.00	-	-
Lands, Housing and Urban Planning		**452,277,155.00**	**4,335,813.00**	**1.0**
Administrative and Support Services		452,277,155.00	4,335,813.00	1.0
	Administrative and Support Services	452,277,155.00	4,335,813.00	1.0
Gender, Sports, Culture and Tourism		**293,245,327.00**	**44,860,318.55**	**15.3**
Cultural development and promotion		244,382,445.00	36,780,568.30	15.1
	Culture development	244,382,445.00	36,780,568.30	15.1
Administrative and Support Services		48,862,882.00	8,079,750.25	16.5
	Administrative and Support Services	48,862,882.00	8,079,750.25	16.5
Public Service Management		**699,580,177.00**	**47,995,540.55**	**6.9**
Infrastructure Development		138,525,000.00	-	-
	Supervision and Management of Projects	138,525,000.00	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 30th September 2023 (Kshs.)	Absorption Rate (%)
Administrative and Support Services		561,055,177.00	47,995,540.55	8.6
	Administrative and Support Services	561,055,177.00	47,995,540.55	8.6
Education and ICT		**836,087,822.00**	**61,402,622.80**	**7.3**
Vocational Training Development		137,050,000.00	-	-
	Vocational Training Development	137,050,000.00	-	-
Administrative And Support Services		699,037,822.00	61,402,622.80	8.8
	Administrative And Support Services	699,037,822.00	61,402,622.80	8.8
Finance		**707,908,445.00**	**84,599,217.00**	**12.0**
Administrative and Support Services		707,908,445.00	84,599,217.00	12.0
	Supervision and Management of Projects	227,962,900.00	15,000,000.00	6.6
	Administrative And Support Services	479,945,545.00	69,599,217.00	14.5
Governance		**215,149,835.00**	**45,071,379.00**	**20.9**
Infrastructure Development		35,000,000.00	-	-
	Supervision and Management of Projects	35,000,000.00	-	-
Administrative And Support Services		180,149,835.00	45,071,379.00	25
	Administrative And Support Services	180,149,835.00	45,071,379.00	25
County Public Service Board		**88,655,299.00**	**7,755,720.00**	**8.7**
Governance and County Values		12,995,000.00	-	-
	Infrastructure Development	12,995,000.00	-	-
Administrative And Support Services		75,660,299.00	7,755,720.00	10.3
	Administrative And Support Services	75,660,299.00	7,755,720.00	10.3
Health Corporate		**2,258,562,980.00**	**324,352,565.00**	**14.4**
Administrative and Support Services		2,258,562,980.00	324,352,565.00	14.4
	Preventive Health Services	228,599,717.00	-	-
	Administrative And Support Services	2,029,963,263.00	324,352,565.00	16
Economic Planning		**46,930,000.00**	**3,700,700.00**	**7.9**
County Research and Development Planning		21,800,000.00	-	-
	County Development Planning Services	21,800,000.00	-	-
Administrative And Support Services		25,130,000.00	3,700,700.00	14.7
	Administrative And Support Services	25,130,000.00	3,700,700.00	14.7
Municipality Board of Kitale		**68,828,705.00**	**-**	**-**

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 30th September 2023 (Kshs.)	Absorption Rate (%)
Administrative And Support Services		68,828,705.00	-	-
	Administrative And Support Services	68,828,705.00	-	-
County Attorney		**53,744,000.00**	**643,000.00**	**1.2**
Administrative And Support Services		53,744,000.00	643,000.00	1.2
	Administrative And Support Services	53,744,000.00	643,000.00	1.2
County Assembly		**991,909,476.00**	**193,770,071.00**	**19.5**
Administrative and Support Services		991,909,476.00	193,770,071.00	19.5
	Administrative and Support Services	991,909,476.00	193,770,071.00	19.5
Grand Total		**9,011,216,032.00**	**1,030,419,844.50**	**11.4**

***Source**: Trans Nzoia County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative and Support Services in the Department of Governance at 25 per cent, Administrative and Support Services in the Department of County Assembly at 19.5 per cent, Administrative and Support Services in the Department of Gender, Sports, Culture and Tourism at 16.5 per cent and Administrative and Support Services in the Department of Health Corporate at 16.0 per cent of budget allocation.

3.42.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation.

1. The underperformance of own-source revenue at Kshs.50.18 million against an annual projection of Kshs.342 million, representing 14.7 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car Loan and Mortgage Fund, Elimu Bursary Fund, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) Fund were not submitted to the Controller of Budget.
3. High level of pending bills, which amounted to Kshs.1.16 billion as of 30th September 2023. This is despite the availability of Kshs.973.14 million in the CRF at the end of the reporting period.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.15.90 million were processed through the manual payroll, accounting for 2.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should institute measures to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*

4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.43. County Government of Turkana

3.43.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.14.53 billion, comprising Kshs.5.18 billion (64.4 per cent) and Kshs.9.35 billion (35.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 13.4 per cent compared to the previous financial year when the approved budget was Kshs.12.81 billion and comprised of Kshs.4.59 billion towards development expenditure and Kshs.8.22 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.13.13 billion (90.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.20 billion as conditional grants (8.2 per cent and generate Kshs.200 million (1.4 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.260.

3.43.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.12 billion as the equitable share of the revenue raised nationally, and raised Kshs.38.85 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.16 billion, as shown in Table 3.260.

Table 3.260: Turkana County, Revenue Performance in FY 2023/24

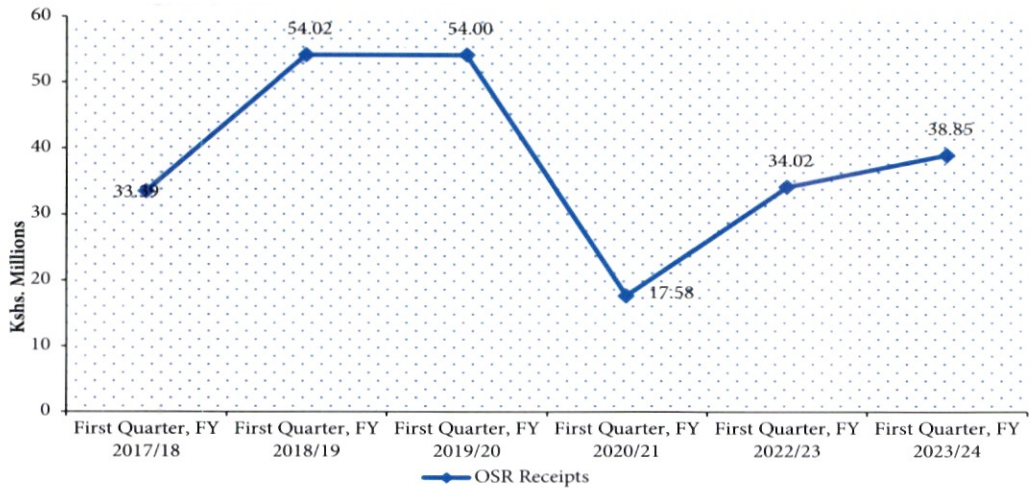
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	**13,129,229,195**	**1,117,258,161**	**8.5**
Subtotal		13,129,229,195	1,117,258,161	8.5
B	**Conditional Grants**			
1.	DANIDA Grant- Primary Health Care in Devolved Context	19,230,750	-	-
2.	IDA (World Bank) Credit (Financing Locally Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
3.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	150,000,000	-	-
4.	Sweden- Agricultural Sector Development Support Program (ASDSP) II	3,845,117	-	-
5.	German Development Bank (KfW)- Drought Resilience Program in Northern Kenya (DRPNK)	465,000,000	-	-
6.	World Bank- Emergency Locust Response Project (ELRP)	220,986,953	-	-
7.	De-Risking and Value Enhancement (DRIVE)	215,141,980	-	-
8.	Grants from the National Government	112,956,314	-	-
Subtotal		**1,198,161,114**	-	-
C	**Other Sources of Revenue**			
9.	Ordinary Own Source Revenue	200,000,000	38,852,863	19.4

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub Total		**200,000,000**	**38,852,863**	**19.4**
Grand Total		**14,527,390,309**	**1,156,111,024**	**8.0**

Source: *Turkana County Treasury*

Figure 127 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

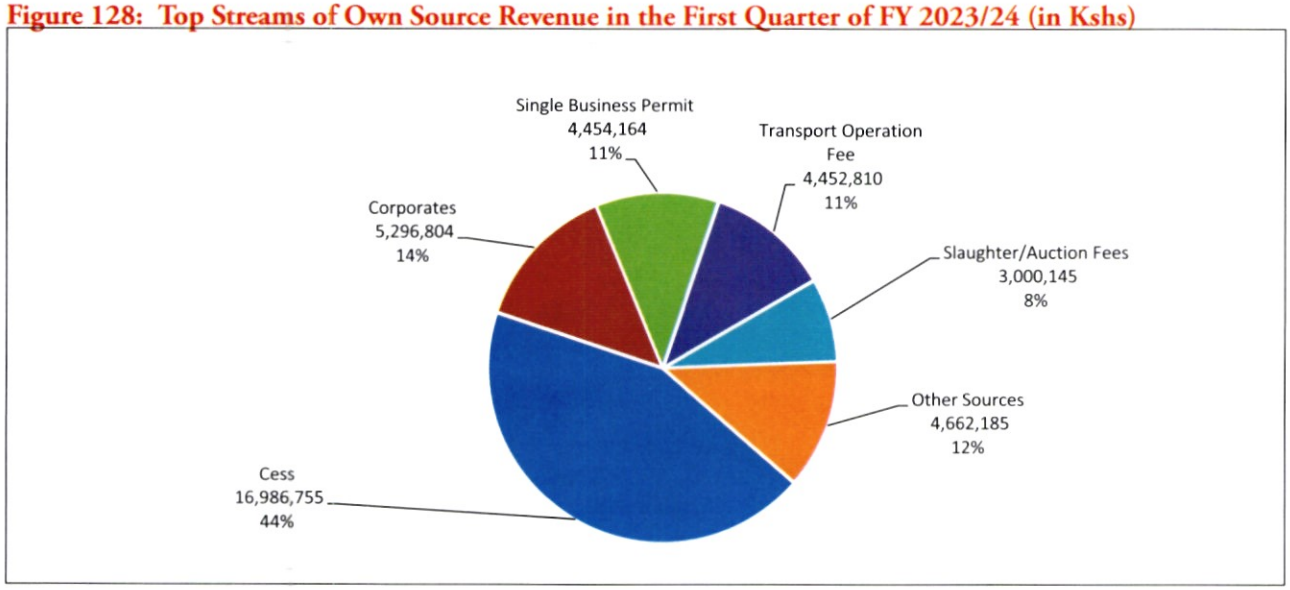
Figure 127: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: Turkana County Treasury

In the first quarter of FY 2023/24, the County generated a total of Kshs.38.85 million from its sources of revenue. This amount represented an increase of 14.2 per cent compared to Kshs.34.02 million realised in FY 2022/23 and was 19.4 per cent of the annual target and 3.5 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.22,000. The revenue streams which contributed the highest OSR receipts are shown in Figure 128.

Figure 128: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Turkana County Treasury

The highest revenue stream of Kshs.16.99 million was from Cess, contributing to 44 per cent of the total OSR receipts during the reporting period. Information on revenue receipts from the Health Sector as Appropriation in Aid (AIA)/Facility Improvement Fund (FIF) was not provided by the County Treasury.

3.43.3 Exchequer Issues

The Controller of Budget authorised withdrawals of Kshs.1.10 billion entirely for recurrent programmes from the CRF account during the reporting period. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.895.17 million was released towards Employee Compensation, and Kshs.201.59 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.2.31 billion.

3.43.4 County Expenditure Review

The County spent Kshs.1.08 billion on recurrent programmes in the reporting period. The expenditure represented 98.8 per cent of the total funds released by the Controller of Budget. Expenditure on recurrent activities represented 11.6 per cent of the annual recurrent expenditure budget estimates.

3.43.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.281.13 million, comprising Kshs.154.30 million for recurrent expenditure and Kshs.126.83 million for development activities. In the first quarter of FY 2023/24, the County did not settle any pending bills.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.808.94 million on employee compensation and Kshs.94.93 million on operations and maintenance. Similarly, the County Assembly spent Kshs.82.33 million on employee compensation and Kshs.97.85 million on operations and maintenance, as shown in Table 3.261.

Table 3.261: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,393,016,961**	**966,834,839**	**903,869,004**	**180,179,090**	**10.8**	**18.6**
Compensation to Employees	4,031,977,000	493,745,539	808,941,037	82,332,836	20.1	16.7
Operations and Maintenance	4,351,039,961	473,089,300	94,927,967	97,846,254	2.2	20.7
Development Expenditure	**5,149,538,509**	**28,000,000**	-	-	-	-
Total	**13,532,555,470**	**994,834,839**	**903,869,004**	**180,179,090**	**6.7**	**18.1**

***Source**: Turkana County Treasury*

3.43.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.891.27 million, or 77.1 per cent of the available revenue, which amounted to Kshs.1.16 billion. This expenditure represented a decrease from Kshs.1.03 billion reported in the first quarter of FY 2022/23. The wage bill included Kshs.513.85 million paid to health sector employees, translating to 57.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.859.52 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.31.75 million was processed through manual payrolls. The manual payrolls accounted for 3.6 per cent of the total PE cost.

The County Assembly spent Kshs.2.59 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.44.97 million. The average monthly sitting allowance was Kshs.53,952 per MCA. The County Assembly has established 21 Committees.

3.43.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.943.61 million to county-established funds in FY 2023/24, constituting 6.5 per cent of the County's overall budget. Table 3.262 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.262: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs.)	Actual Expenditure for FY 2023/24 (Kshs.)	Submission of Annual Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Turkana County Emergency Fund	147,388,667	-	-	Yes
2.	Turkana County Biashara Fund	70,000,000	-	-	Yes
3.	Turkana County Youth and Women Empowerment Fund	50,000,000	-	-	Yes
4.	Turkana County Education and Skills Development Fund	534,219,180	534,219,180	-	Yes
5.	Turkana County Co-operative Enterprise Development Fund	11,000,000	-	-	Yes
6.	Turkana County Climate Change Fund	131,000,000	-	-	Yes
Total		**943,607,847**	**534,219,180**	**-**	**-**

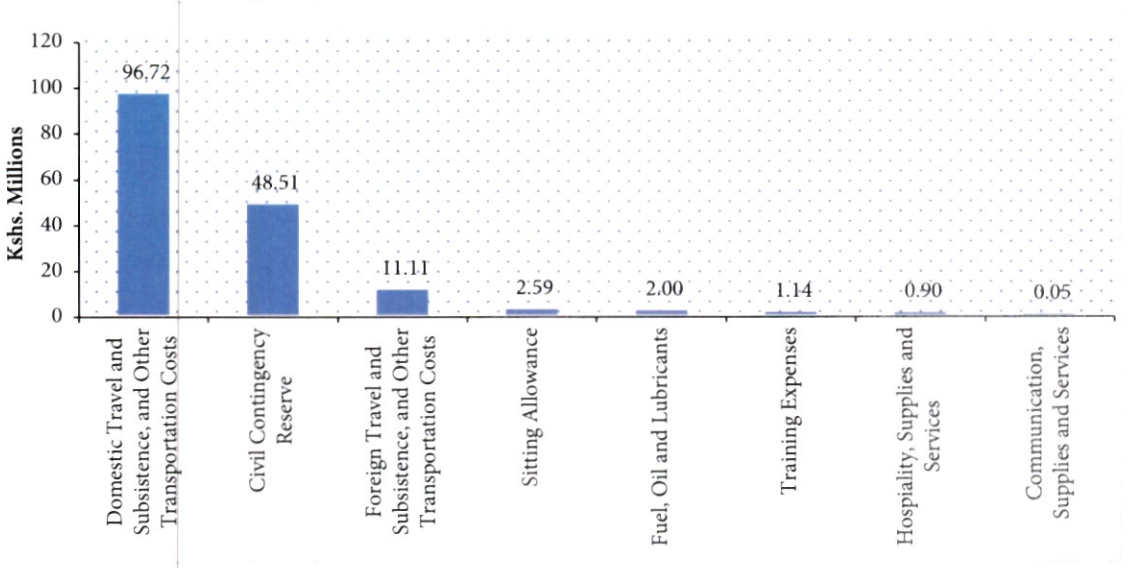
Source: *Turkana County Treasury*

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of 6 funds, as indicated in Table 3.262 as per the requirement of Section 168 of the PFM Act, 2012.

3.43.9 Expenditure on Operations and Maintenance

Figure 129 summarises the Operations and Maintenance expenditure by major categories.

Figure 129: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: *Turkana County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.96.72 million and comprised of Kshs.58.78 million spent by the County Assembly and Kshs.37.94 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.11 million and comprised of Kshs.4.95 million by the County Assembly and Kshs.6.16 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.263.

Table 3.263: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	4	24th August, 2023	PANASA Presidents Cup and Gala Awards	Lagos, Nigeria	2,569,600
County Executive	10	20th August,2023	Case Hearing for 32 Convicted Pastoralists	Kampala-Uganda	2,924,901
County Assembly	10	17th September,2023 to 23rd September,2023	Cross-Border Peace Talks	Moroto-Kotido Uganda	2,322,528
County Assembly	11	25th September,2023 to 29th September,2023	Cross-Border Peace Talks	Moroto-Kotido Uganda	2,661,648

Source: Turkana County Treasury

3.43.10 Budget Performance by Department

Table 3.264 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.264: Turkana 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
Office of Governor	366.29	100.26	31.29	-	10.13	-	32.40	-	2.80	-
Office of the Deputy Governor	45.02	-	-	-	-	-	-	-	-	-
Finance and Economic Planning	446.88	368.52	1.00	-	65.85	-	6,743.50	-	14.70	-

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
Water Services, Environment and Mineral Resources	72.14	401.67	-	-	-	-	-	-	-	-
Health & Sanitation Services	669.28	618.37	-	-	-	-	-	-	-	-
Trade, Gender and Youth Affairs	83.96	521.98	6.47	-	5.13	-	79.20	-	6.10	-
Education, Sports and Social Protection	741.48	412.04	20.66	-	3.21	-	15.50	-	0.40	-
Public Services, Decentralized Administration & Disaster Management	5,211.13	83.38	809.89	-	808.94	-	99.90	-	15.50	-
Infrastructure, Transport and Public Works	93.56	341.12	-	-	-	-	-	-	-	-
Agriculture Pastoral Economy and Fisheries	115.52	1,476.96	8.47	-	5.82	-	68.70	-	5.00	-
Tourism, Culture and Natural Resources	122.29	273.67	16.38	-	3.81	-	23.30	-	3.10	-
Lands, Energy, Housing and Urban Areas Management	93.29	174.58	3.84	-	-	-	-	-	-	-
Turkana County Assembly	966.83	28.00	197.81	-	180.18	-	91.10	-	18.60	-
Turkana County Public Service Board	162.47	15.00	-	-	-	-	-	-	-	-
Office of the County Attorney	96.57	361.97	1.00	-	982.20	-	100.00	-	1.00	-
Lodwar Municipality Board	43.13	-	-	-	-	-	-	-	-	-
Kakuma Municipality	20.00	-	-	-	-	-	-	-	-	-
Total	**9,349.85**	**5,177.54**	**1096.76**	**-**	**1,084.05**	**-**	**98.80**	**-**	**11.60**	**-**

***Source**: Turkana County Treasury*

Analysis of expenditure by department shows that the County Assembly had the highest percentage of recurrent expenditure to budget at 18.6 per cent, followed by the Public Services, Decentralized Administration & Disaster Management at 15.5 per cent. A number of departments did not report any expenditure during the period.

3.43.11 Budget Execution by Programmes and Sub-Programmes

Table 3.265 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.265: Turkana County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Office of the Governor					
General Administration, Planning and Support Service	General Administration and Support services	222,321,545	-	222,321,545	-
Donor /Investor Engagement	Public-Private Partnership Initiatives (PPPs)	1,011,042	-	1,011,042	-
	Political and Intergovernmental Advisory Services	2,054,117	-	2,054,117	-
	Legal Advisory Services	1,411,043	-	1,411,043	-
	Security and cross-border Advisory Services	1,971,248	-	1,971,248	-
	Oil And Gas Advisory Service	1,411,042	-	1,411,042	-
	Gender and Partnership Advisory Services	1,411,042	-	1,411,042	-
	Special Interest groups	1,011,042	-	1,011,042	-
	Climate Change advisory services	1,011,042	-	1,011,042	-
	Education and youth Advisory services	1,011,042	-	1,011,042	-
	Culture, Arts and Heritage advisory services	1,411,042	-	1,411,042	-
Security and Peace Building	County Peace Building and Conflict Management	12,015,895	630,087	11,385,808	5.2
	Internal Peace Building and Conflict Management	22,183,191	-	22,183,191	-
	Resettlement Infrastructural Programme	92,669,450	-	92,669,450	-
	Cross Border Peace Dividends Programme	45,290,681	9,500,000	35,790,681	21.0
Public Participation and Access to Information	Construction of Citizen Resource Centre	4,038,679	-	4,038,679	-
	Web site Development	6,780,245	-	6,780,245	-
	Social Budgeting and Generation of SIR Reports	2,018,886	-	2,018,886	-
	Intergovernmental Relation	15,606,600	-	15,606,600	-
	Strategy Development, Review, Support and Operationalization	1,577,044	-	1,577,044	-
Service Delivery- ISO Certification	Service Charter	4,021,349	-	4,021,349	-
	Development of County Filing Systems	4,339,073	-	4,339,073	-
	Procedure Manual and Training	11,979,699	-	11,979,699	-
Governors Press Service	Governors Press Support	7,988,296	-	7,988,296	-
	Sub total	**466,544,335**	**10,130,087**	**456,414,248**	**2.2**
Office of the Deputy Governor					
General Planning and Support	General Planning and Support services	23,222,687	-	23,222,687	-
Government Programming	Government Programming	8,300,000	-	8,300,000	-
	Community Engagement	10,100,568	-	10,100,568	-
	Government Stakeholder Engagement	1,800,000	-	1,800,000	-
	Government Transformation	1,600,090	-	1,600,090	-
	Sub total	**45,023,345**	**-**	**45,023,345**	**-**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Finance and Economic Planning					
General Administration, Planning and Support Service	General Administration Services	334,824,615	-	334,824,615	-
	General Administration - Economic planning	34,733,408	-	34,733,408	-
Government Communication and Media Relations	Acquiring and development of communication systems/equipment	2,500,000	-	2,500,000	-
	Policies	15,200,000	-	15,200,000	-
	Development and Implementation of ICT Policy and Regulations	2,490,000	-	2,490,000	-
Revenue Collection Systems	Awareness and Campaigns on Revenue.	7,850,836	800,000	7,050,836	10.2
	Revenue Forecast and Revenue Budget Preparation	6,080,564	775,000	5,305,564	12.7
	Revenue Governance	3,975,600	-	3,975,600	-
	Revenue Infrastructure	43,000,000	-	43,000,000	-
	Revenue Automation	11,100,000	514,100	10,585,900	4.6
Accountability and Transparency	Internal Audit	4,100,000	3,497,800	602,200	85.3
	Consultancy Services	2,015,600	861,000	1,154,600	42.7
	Financial Reporting/Research and Development	3,800,000	2,619,200	1,180,800	68.9
	Emergency Fund	147,388,667	49,739,660	97,649,007	33.7
	Tax Management and Statutory Deduction	2,000,000	875,000	1,125,000	43.8
Social and Policy Formulation	Assurance and Insurance of Government	3,150,000	907,000	2,243,000	28.8
	Liability and Debt Management	2,700,000	750,000	1,950,000	27.8
	Turkana Sacco Seed Capital	3,800,000	737,000	3,063,000	19.4
Planning and Policy formulation	Economic Policy Formulation and Dissemination	4,000,000	-	4,000,000	-
	CIDP review and Dissemination	1,546,736	-	1,546,736	-
	County Budget and Economic Forums and Budget Preparation	59,138,777	-	59,138,777	-
	Public Participation and Access to Information	3,500,000	-	3,500,000	-
	Waste Management	10,500,000	-	10,500,000	-
Monitoring and Evaluation	Asset Management	6,900,000	748,000	6,152,000	10.8
	Field visits, data collection and Reporting	2,500,000	1,184,500	1,315,500	47.4
	Training and Knowledge management	3,900,000	842,400	3,057,600	21.6
	Devolved Monitoring and Evaluation Committees	2,500,000	1,000,000	1,500,000	40.0
County Statistical Unit	Soft wares, databases and tools	6,175,000	-	6,175,000	-
	Capacity Development	3,026,422	-	3,026,422	-
	Project Mgt Information System	1,000,000	-	1,000,000	-
Budgetary Supply	Budget Formulation, Coordination and Management	40,992,000	-	40,992,000	-
	Public Participation in Budgeting	18,092,000	-	18,092,000	-
	County Budget and Economic Forum	8,300,000	-	8,300,000	-
	Accountability in Resource Allocation	7,600,000	-	7,600,000	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Resource Mobilisation	Resource Mobilisation	5,017,378	-	5,017,378	-
	Sub total	**815,397,603**	**65,850,660**	**749,546,943**	**8.1**
Water Services, Environment and Mineral Resources					
Turkana Water Programme	General Administration, Planning and support services	283,117,440	-	283,117,440	-
Joint planning with stakeholders	Technical planning and design	99,177,290	-	99,177,290	-
Irrigation and Schemes Development Programme	Feasibility studies for irrigation systems development	3,300,000	-	3,300,000	-
General Administration and Support	General Administration and Support	88,220,000	-	88,220,000	-
	Sub total	**473,814,730**	**-**	**473,814,730**	**-**
Health & Sanitation Services					
General Administration, Planning and support services	General Administration, Planning and support services	545,408,697	-	545,408,697	-
	Health Facilities	83,013,324	-	83,013,324	-
Support to Health Programs	HIV and AIDS including community-based HIV interventions	500,000	-	500,000	-
	TB and Leprosy	500,000	-	500,000	-
	Malaria	300,000	-	300,000	-
	NTDs (neglected tropical diseases)	600,000	-	600,000	-
	Nutrition	600,000	-	600,000	-
	Reproductive health	1,000,000	-	1,000,000	-
	Disease surveillance	400,000	-	400,000	-
	EPI/outreaches	500,000	-	500,000	-
	Health promotion	75,530,390	-	75,530,390	-
	Environmental health services	600,000	-	600,000	-
	Emergency preparedness and disaster response	600,000	-	600,000	-
	mainstreaming	350,000	-	350,000	-
	Community Health Services	81,000,000	-	81,000,000	-
Laboratory Services	Laboratory Services	700,000	-	700,000	-
	Blood Transfusion Services	1,400,000	-	1,400,000	-
	Rehabilitative Services	500,000	-	500,000	-
	Referrals and Emergency Services	24,000,000	-	24,000,000	-
	Radiology Services	500,000	-	500,000	-
	Dental Services	500,000	-	500,000	-
	Clinical Services	472,500	-	472,500	-
	Nursing Services	400,000	-	400,000	-
	Rural Health Facility Support	45,634,941	-	45,634,941	-
	Sub county Health Facilities Support	30,000,000	-	30,000,000	-
	Turkana Level 6 Hospital	119,700,000	-	119,700,000	-
	Medical Supplies	243,000,000	-	243,000,000	-
	UHC Turkana	9,000,000	-	9,000,000	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Health Information and Management	Health Information and Management	628,000	-	628,000	-
	Quality Assurance	448,000	-	448,000	-
	Electronic Medical Records	4,400,000	-	4,400,000	-
	Monitoring and Evaluation of Health	950,000	-	950,000	-
	Research & Development	200,000	-	200,000	-
	Policy & Planning Services	-	-	-	-
	Rehabilitation and Treatment	1,700,000	-	1,700,000	-
	Public Education & Awareness	800,000	-	800,000	-
	Liquor Licensing	11,215,000	-	11,215,000	-
	Training and Capacity Building	600,000	-	600,000	-
	Sub total	**1,287,650,852**	**-**	**1,287,650,852**	**-**
Trade, Gender and Youth Affairs					
Youth Affairs Development	Youth Coordination and Representation	5,700,000	-	5,700,000	-
	Youth Employment Scheme	3,895,000	-	3,895,000	-
	Youth Rare skills	4,105,000	-	4,105,000	-
	Youth and Women Fund	50,000,000	-	50,000,000	-
Modern Physical Markets Infrastructure	Construction and Development of Modern Physical Market	8,172,570	-	8,172,570	-
	Co-operative Marketing, Value Addition, Surveys and Research	5,300,000	-	5,300,000	-
	Co-operative Education, Training, Exchange and Ushirika Day Celeb	6,550,000	-	6,550,000	-
	Strengthening of Key Dormant Co-operative Societies	2,050,000	-	2,050,000	-
	Formulation of Co-operative Policy and Legal Framework	2,800,000	-	2,800,000	-
	Co-operative Development Fund	11,000,000	-	11,000,000	-
Co-operative Societies Development and Performance Improvement	Business Development and Training Services	3,050,000	-	3,050,000	-
	Consumer rights education	1,250,000	-	1,250,000	-
	Industrial Development and Investments	4,700,000	-	4,700,000	-
	Biashara Fund	50,000,000	-	151,592,500	-
General Administration	General Administration	447,362,462	5,125,500	442,236,962	1.1
	Sub total	**605,935,032**	**5,125,500**	**702,402,032**	**0.8**
Education, Sports and Social Protection					
Social Protection Programs/ Affirmative Action	Construction of PWDs multi-purpose resource centre	23,079,237	-	23,079,237	-
	Marginalised and Minority groups support	31,520,000	-	31,520,000	-
	Child Rescue Centres	10,000,000	-	10,000,000	-
	Child Care and Protection	27,226,348	-	27,226,348	-
Sports and arts programme	Construction of sports Stadia	14,450,000	3,206,000	11,244,000	22.2
General administration	General Administration	26,337,042	-	26,337,042	-
	Turkana Education and Skill Development Fund	534,219,180	-	534,219,180	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Vocational Training	Youth Polytechnic Infrastructure	60,600,000	-	60,600,000	-
	Training and Development	4,610,000	-	4,610,000	-
	Co-Curricular Activities	3,501,017	-	3,501,017	-
	Youth Polytechnics- Conditional	12,714,291	-	12,714,291	-
Public Relations	Publicity	1,220,000	-	1,220,000	-
	Research and Sensitization	1,708,000	-	1,708,000	-
Early Childhood Education	School Feeding	105,000,000	-	105,000,000	-
	Quality Improvement	6,614,000	-	6,614,000	-
	Infrastructure Development	283,522,678	-	283,522,678	-
	Support to Pre-Primary Training	7,201,615	-	7,201,615	-
	Sub total	**1,153,523,408**	**3,206,000**	**1,150,317,408**	**0.3**
Public Services, Decentralized Administration & Disaster Management					
Operationalisation of Decentralised Units	Operationalisation of Decentralised Units	10,761,200	-	10,761,200	-
	Decentralised County Policy	35,621,258	-	35,621,258	-
	Coordinated development	11,600,000	-	11,600,000	-
	Policy sensitisation and dissemination	16,933,500	-	16,933,500	-
Governance and Public Participation	Civic education Programme	1,564,400	-	1,564,400	-
	Public Participation and access to information	8,747,050	-	8,747,050	-
	County Dialogue Forum	1,400,000	-	1,400,000	-
	National and County Holidays	1,655,500	-	1,655,500	-
	Policies Design	805,500	-	805,500	-
Disaster risk management	Disaster Preparedness Programmes	2,000,000	-	2,000,000	-
	Disaster Mitigation Programmes	2,000,000	-	2,000,000	-
	Stakeholders Coordination and Support Programme	563,892,100	-	563,892,100	-
	Disaster Risk Management	800,000	-	800,000	-
Inspectorate services	Inspectorate Training Institute	20,866,848	-	20,866,848	-
	Dispute Resolution	2,055,390	-	2,055,390	-
	Capacity Building	2,230,664	-	2,230,664	-
	Inspectorate Services	3,700,000	-	3,700,000	-
	Inspectorate Services Equip	3,700,000	-	3,700,000	-
Human resource management	Payroll and record management	1,500,000	-	1,500,000	-
	Human Resource Development	19,900,000	-	19,900,000	-
	GHRIS Leave and Performance Module Implementation	2,200,000	-	2,200,000	-
	Digitisation and Automation of Human Resource Registry	3,800,000	-	3,800,000	-
	Mainstreaming Public Sector Integrity Programme	2,435,000	-	2,435,000	-
	County performance management	2,098,400	-	2,098,400	-
	Public Service Week	1,489,000	-	1,489,000	-
	Records Management	1,365,600	-	1,365,600	-
	HRM	1,712,000	-	1,712,000	-
General Administration, Planning and Support Services-Public Service	General Administration	4,567,673,255	808,941,037	3,758,732,218	17.7
	Sub total	**5,294,506,665**	**808,941,037**	**4,485,565,628**	**15.3**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Infrastructure, Transport and Public Works					
Develop and Maintain Roads	Roads Maintenance Levy Fund (RMLF)	105,632,247	-	105,632,247	-
	Designing and Construction of Roads	162,212,408	-	162,212,408	-
Develop and maintain staff housing and public offices	Staff Housing	33,300,000	-	33,300,000	-
	Professional Capacity Building	-	-	-	-
General Administration	General Administration	104,205,307	-	104,205,307	-
	General Administration- Public works	29,328,720	-	29,328,720	-
	Sub Total	**434,678,682**	**-**	**434,678,682**	**-**
Agriculture, Pastoral Economy and Fisheries					
Revival of Turkana Fishermen Co-op. society	Spate Irrigation Technology	274,413,482	-	274,413,482	-
	Rehabilitation	800,000	-	800,000	-
	Soil and Water Conservation	2,000,000	-	2,000,000	-
Fish market infrastructure/ fish value addition	Fish market infrastructure/ fish value addition	1,800,000	-	1,800,000	-
	Fisheries livelihood support	33,200,000	-	33,200,000	-
	Fisheries Extension Services	2,300,000	-	2,300,000	-
	Fisheries resource management	6,287,443	-	6,287,443	-
	Fish Farming and Aquaculture	50,700,000	-	50,700,000	-
Sustainable management of fisheries resources	Frame survey	51,600,000	-	51,600,000	-
	Fish Stock assessment	3,900,000	-	3,900,000	-
	Monitoring, Control and Surveillance	16,300,000	-	16,300,000	-
	Resource monitoring facilities	2,850,000	-	2,850,000	-
Livestock breed improvement	Establish livestock Multiplication and breeding Centre.	63,500,000	-	63,500,000	-
	Provision of Livestock Extension services	3,600,000	-	3,600,000	-
	Livestock multiplication and breeding centre	19,083,682	-	19,083,682	-
	Livestock Value Chain	23,800,000	-	23,800,000	-
	Skills Development	16,100,000	-	16,100,000	-
General Administration	General Administration	14,400,000	5,819,200	8,580,800	40.4
	General Administration and Support Services- Pastoral Economy and	113,497,111	-	113,497,111	-
Agriculture Programme	Agri-nutrition/Urban and peri-urban agriculture	7,800,000	-	7,800,000	-
	Smart agriculture practices (Innovations/technologies to mitigate	14,000,000	-	14,000,000	-
	Agricultural Sector Development Support Programme (ASDSP)	51,106,056	-	51,106,056	-
	Agricultural Mechanisation	17,208,874	-	17,208,874	-
	Agric Market Access	1,100,000	-	1,100,000	-
	Agric Extension and Development	30,250,000	-	30,250,000	-
	Subsidy and Support	3,600,000	-	3,600,000	-
	Pest Control and Management	4,700,000	-	4,700,000	-
	NARIGP	150,000,000	-	150,000,000	-
	DRNKP/KFW	612,590,978	-	612,590,978	-
	Sub-Total	**1,592,487,626**	**5,819,200**	**1,586,668,426**	**0.4**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Tourism, Culture and Natural Resources					
General Administration	General Administration, Planning and Support Services	21,984,779	3,814,320	18,170,459	17.3
Tourism destination marketing and promotion	Tourism expos, incentives, conferences and exhibition programs	1,300,000	-	1,300,000	-
	Community-Based Tourism products	1,000,000	-	1,000,000	-
	Tourism Market Research (Baseline Survey & Mapping)	1,000,000	-	1,000,000	-
	Media Campaigns and Promotion of Tourism Products and Programmes	800,000	-	800,000	-
Culture, Arts, Heritage Development, Promotion and Preservation	Ushanga Initiative	52,900,000	-	52,900,000	-
	Culture Promotion and Preservation	3,000,000	-	3,000,000	-
Culture development and preservation infrastructure	Equipment and Infrastructure Development at Ekalees Centre	3,000,000	-	3,000,000	-
Forestry and wildlife management development and management	Forestry Management and Conservation	4,000,000	-	4,000,000	-
	Community Wildlife Conservation	1,000,000	-	1,000,000	-
	Forest Nature-Based Development	1,800,000	-	1,800,000	-
	Forestry Development Infrastructure	2,300,000	-	2,300,000	-
	Forestry Protection	1,000,000	-	1,000,000	-
	Prosopis management	1,000,000	-	1,000,000	-
Heritage Development Promotion and Preservation	Heritage Development Promotion and Preservation	1,000,000	-	1,000,000	-
	Arts and Creativity Development	900,000	-	900,000	-
Environmental Governance Compliance Conservation Protection and Management	Environmental Governance and Compliance	1,000,000	-	1,000,000	-
	Environmental Protection and Conservation	1,300,000	-	1,300,000	-
	FLLoCA	279,500,000	-	279,500,000	-
	Climate Change and Adaptation	1,500,000	-	1,500,000	-
Mineral Resource Mapping Capacity Building and Management	Mineral Resource Mapping	2,000,000	-	2,000,000	-
	Management of Mining and Quarrying activities	3,000,000	-	3,000,000	-
	Capacity building in the exploitation of Mineral Resources	1,600,000	-	1,600,000	-
	Extractives Engagement Bills and Policies	2,000,000	-	2,000,000	-
Petroleum	Oil and Gas	1,400,000	-	1,400,000	-
	Establishment of Extractive Sector Regulations and Strategies	2,200,000	-	2,200,000	-
Energy Development Programme	Renewable Energy Development	2,480,000	-	2,480,000	-
	Sub Total	**395,964,779**	**3,814,320**	**392,150,459**	**1.0**
Lands, Energy, Housing and Urban Areas Management					
Adjudication, registry and settlement	Delineation and adjudication of community land	15,000,000	-	15,000,000	-
Spatial Planning	Spatial Planning	79,300,000	-	79,300,000	-
Formulation of community land policy and regulations	Urban Centre Management	46,304,936	-	46,304,936	-
Compulsory land acquisition for public utilities	Land acquisition for public utilities	26,600,000	-	26,600,000	-
General Administration	Lands General Administration, Planning and Support Services	40,411,612	-	40,411,612	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Land Governance	Land Policies	60,260,518	-	60,260,518	-
	Sub Total	**267,877,066**	-	**267,877,066**	-
Turkana County Assembly					
Headquarters	General Administration Infrastructure and Development	28,000,000	-	28,000,000	-
	General Administration, Planning and Support Services	966,834,859	180,179,090	786,655,769	18.6
	Sub Total	**994,834,859**	**180,179,090**	**814,655,769**	**18.1**
Turkana County Public Service Board					
County Internship Programme	County Internship Programme	36,800,600	-	36,800,600	-
Mainstream Public Sector Integrity Programme and Accountability	Mainstream Public Sector Integrity Programme and Accountability	1,000,000	-	1,000,000	-
	Public Evaluation on County Public Service Board Performance	22,674,582	-	22,674,582	-
	Human Resource Conference and Symposium	4,300,000	-	4,300,000	-
	Exit Meetings Per Department	2,350,000	-	2,350,000	-
	Assessment and stakeholder capacity mapping	1,900,000	-	1,900,000	-
Human resource	Scheme of service	5,600,000	-	5,600,000	-
	Performance Appraisal	9,980,000	-	9,980,000	-
	Enhancing Leadership in County Public Service	1,570,900	-	1,570,900	-
	Performance Management Monitoring	985,430	-	985,430	-
	County Public Service Pre-Retirement Sensitization	1,198,760	-	1,198,760	-
	Evaluation of Different Cadres of Employees (Promotion, Re-Designate)	4,297,654	-	4,297,654	-
Quality Management Systems	Quality Management Systems Development & Establishment	3,500,000	-	3,500,000	-
	QMS Audit /Routine Inspection	974,500	-	974,500	-
	Documentation/Record Management For QMS	2,014,680	-	2,014,680	-
Development coordination Programme	Donor scan/Mapping	3,070,765	-	3,070,765	-
	Establishment of development committees	2,217,659	-	2,217,659	-
	Training of the development committees	5,242,352	-	5,242,352	-
	Formulation and Development of TCPSB Boardroom ICT Infrastructure	1,190,000	-	1,190,000	-
General Administration and Support Services	General Administration	66,604,286	-	66,604,286	-
	Sub Total	**177,472,168**	-	**99,147,106**	-
Office of the County Attorney					
General Administration, Planning and Support Services	General Administration, Planning and Support Services- County At	386,924,678	982,200	7,452,800	0.3
Litigation	Litigation	35,888,345	-	54,850,000	-
	Govt Agreements and Contracts	3,450,000	-	3,157,500	-
	Legal Audit and Compliance	4,650,000	-	2,875,400	-
Legislation	Legislation	10,912,214	-	3,456,107	-
	Policy and Legal Briefs	8,224,000	-	2,112,000	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th September 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
		A	B	C=A-B	D=B/A*100
Training of Legal Counsel	Training of Legal Counsel	4,270,000	-	2,135,000	-
	Legal Training and Awareness	4,225,702	-	2,112,851	-
	Sub Total	**458,544,939**	**982,200**	**78,151,658**	**0.2**
Lodwar Municipality Board					
Municipal Services	General Admin Planning and Support Services	15,267,908	-	15,267,908	-
	Urban Development Grant	16,843,747	-	16,843,747	-
	Municipal Planning	9,722,565	-	9,722,565	-
	Municipal Services	1,300,000	-	1,300,000	-
	Sub Total	**43,134,220**	**-**	**43,134,220**	**-**
Kakuma Municipality					
Municipal Services	General Admin Planning and Support Services	12,678,934	-	12,678,934	-
	Municipal Planning	2,523,823	-	2,523,823	-
	Municipal Services	4,797,243	-	4,797,243	-
	Sub Total	**20,000,000**	**-**	**20,000,000**	**-**
Grand Total		**14,527,390,309**	**1,084,048,094**	**13,087,198,572**	**7.5**

***Source**: Turkana County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Internal Audit at 85.3 per cent, Financial Reporting, Research and Development at 68.9 per cent, Tax Management and Statutory Deductions at 43.8 per cent, and Consultancy Services at 42.7 per cent, all in the Department of Finance and Economic Planning, of budget allocation.

3.43.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 25th October, 2023.
2. Diversion of funds and weak budgeting practice, as shown in Table 3.265, where the expenditure in the Department of Finance and Economic Planning exceeded the approved exchequer issues.
3. High level of pending bills, which amounted to Kshs.281.13 million as of 30th September 2023. This is despite the availability of Kshs.2.31 billion in the CRF as of 30th September 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.31.75 million were processed through the manual payroll, accounting for 3.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Failure by the County to report expenditure on the development budget during the reporting period.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*

3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*
5. *The County leadership should prioritise expenditure on development programmes in order to achieve set objectives in line with approved plans.*

3.44. County Government of Uasin Gishu

3.44.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.10.25 billion, comprising Kshs.3.19 billion (31.1 per cent) and Kshs.7.06 billion (68.9 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a decrease of 13.3 per cent compared to the previous financial year when the approved budget was Kshs.11.82 billion and comprised of Kshs.4.51 billion towards development expenditure and Kshs.7.31 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.43 billion (82.2 per cent) as the equitable share of revenue raised nationally, Kshs.70.8 million (0.7 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.642.19 million (6.3 per cent) as conditional grants and generate Kshs.1.11 billion (10.8 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.266.

The County did not budget Kshs.868.74 million cash balance from the previous financial year, which comprises Kshs.645.91 million in the County Revenue Fund and Kshs.50.8 million and Kshs.172.04 million in the Special Purpose Accounts at the Central Bank of Kenya and Commercial Banks respectively.

3.44.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.39 billion as the equitable share of the revenue raised nationally, Kshs.13.89 million as FIF, had a cash balance of Kshs.868.74 million from FY 2022/23, and raised Kshs.125.37 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.4 billion, as shown in Table 3.266.

Table 3.266: Uasin Gishu County, Revenue Performance in FY 2023/24

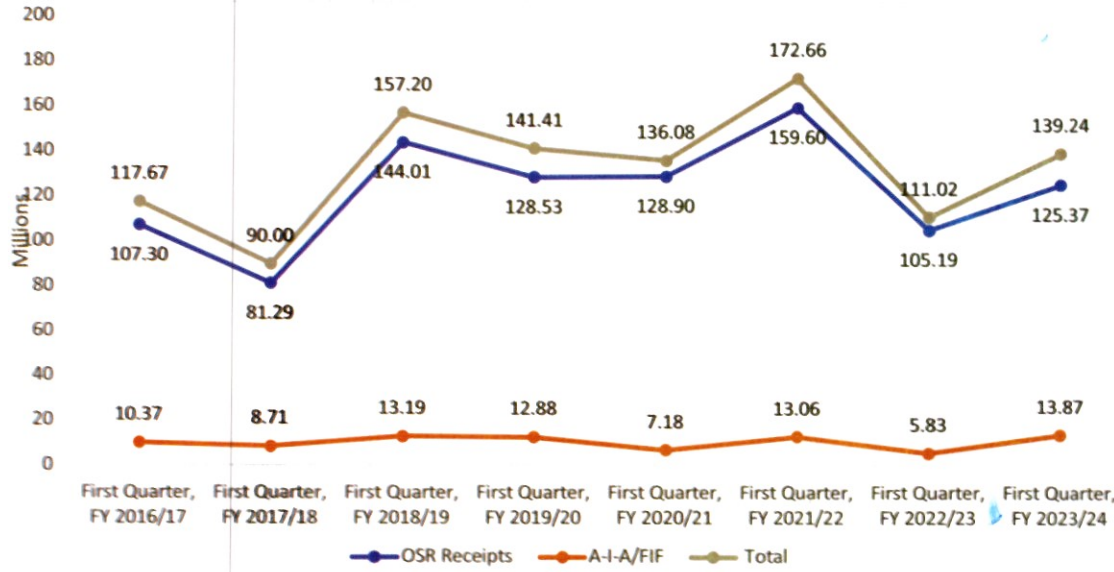
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,426,072,635	1,390,301,985	**16.5**
Sub Total		**8,426,072,635**	**1,390,301,985**	**16.5**
B	**Conditional Grants**			
1	DANIDA (UHiDSP) - Health	11,550,000	-	-
2	National Agricultural Value Chain Development - NAVCDP (IDA- World Bank)	250,000,000	-	-
3	World Bank Credit Finance locally-led Climate Action (FLLoCA)	90,000,000	-	-
4	Kenya Climate Smart Agriculture Project (IDA-World Bank)	11,000,000	-	-
5	Sweden Agriculture Sector Development Support Programme (ASDSP)	1,022,165	-	-
6	Kenya Informal Settlements Improvement Projects (KISIP)	173,698,769	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7	20% Share of Mineral Royalties	5,090,269	-	-
8	Livestock Value Chain support project	99,830,280	-	-
Sub-Total		**642,191,483**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,108,243,370	125,368,903	11.3
2	Balance b/f from FY2022/23	-	868,744,147	-
3	Facility Improvement Fund (FIF)	70,800,000	13,868,430	19.6
Sub Total		**1,179,043,370**	**1,007,981,481**	**85.5**
Grand Total		**10,247,307,488**	**2,398,283,466**	**23.4**

Source: *Uasin Gishu County Treasury*

Figure 130 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

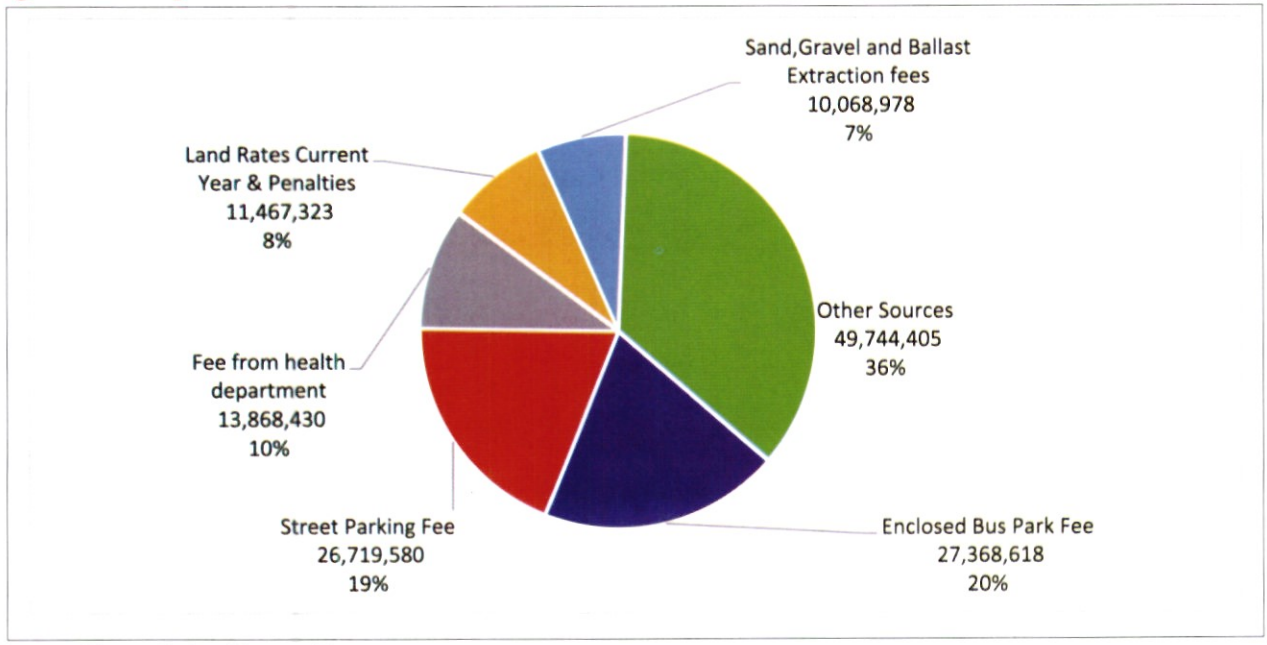
Figure 130: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Uasin Gishu County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.139.24 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 25.4 per cent compared to Kshs.111.02 million realised in FY 2022/23 and was 11.8 per cent of the annual target and 10 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 131.

Figure 131: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Uasin Gishu County Treasury

The highest revenue stream of Kshs.27.34 million was from the enclosed bus park fee, contributing to 20 per cent of the total OSR receipts during the reporting period.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.51 billion from the CRF account during the reporting period, which comprised Kshs.387.47 million (25.7 per cent) for development programmes and Kshs.1.12 billion (74.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.702.59 million was released towards Employee Compensation, and Kshs.420.13 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.643.01 million.

3.44.4 County Expenditure Review

The County spent Kshs.1.64 billion on development and recurrent programmes in the reporting period. The expenditure represented 108.6 per cent of the total funds released by the CoB and comprised Kshs.440.86 million and Kshs.1.2 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.8 per cent, while recurrent expenditure represented 17 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.276.33 million, comprising Kshs.162.42 million for recurrent expenditure and Kshs.113.91 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.130.76 million were settled for recurrent expenditure. Therefore, as of 30th September 2023, the outstanding amount was Kshs.145.55 million.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.648.46 million on employee compensation, Kshs.399.34 million on operations and maintenance, and Kshs.440.86 million on development activities. Similarly, the County Assembly spent Kshs.54.13 million on employee compensation and Kshs.97.49 million on operations and maintenance, as shown in Table 3.267.

Table 3.267: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,260,627,966**	**796,524,510**	**1,047,799,998**	**151,625,783**	**16.7**	**19.0**
Compensation to Employees	3,921,788,363	430,280,364	648,458,918	54,131,125	16.5	12.6
Operations and Maintenance	2,338,839,603	366,244,146	399,341,080	97,494,658	17.1	26.6
Development Expenditure	**3,140,155,012**	**50,000,000**	**440,858,145**	-	**14.0**	-
Total	**9,400,782,978**	**846,524,510**	**1,488,658,143**	**151,625,783**	**15.8**	**17.9**

***Source**: Uasin Gishu County Treasury*

3.44.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.702.59 million, or 29.3 per cent of the available revenue, which amounted to Kshs.2.4 billion. This expenditure represented a decrease from Kshs.895.36 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.445 million paid to health sector employees, translating to 63.3 per cent of the total wage bill. The decrease of 21.5 per cent in Personnel Emoluments is attributed to Kshs.393.27 million wage bill for the month of September 2023 that was paid in October 2023

Further analysis indicates that PE costs amounting to Kshs.665.54 million were processed through the Unified Human Resource System, while Kshs.37.05 million was processed through manual payrolls. The manual payrolls accounted for 5.3 per cent of the total PE cost.

The County Assembly spent Kshs.6.47 million on committee sitting allowances for the 44 MCAs and the Speaker against the annual budget allocation of Kshs.40 million. The average monthly sitting allowance was Kshs.47,917 per MCA. The County Assembly has established 28 Committees.

3.44.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

During the FY 2023/24, the county allocated Kshs.20 million to the Emergency Fund, constituting 0.2 per cent of the County's overall budget. The County further allocated Kshs.303.48 million to county-established funds, constituting 3 per cent of the County's overall budget. Table 3.268 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.268: Performance of County Established Funds in the First Quarter of FY 2023/24

Name of the Fund		Approved Budget Allocation FY 2023/24 (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Annual Financial Statements as of 30th September 2023
County Executive Established Funds					
1	Uasin Gishu County Bursary and Skills Development Support Fund Disbursement	165,903,182	-	-	No
2	Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund	55,000,000	-	-	No
3	Uasin Gishu County Education Revolving Fund	28,609,525	28,547,245	28,547,245	No
4	Uasin Gishu County Enterprise Development Fund	53,963,589	-	-	No
5	Uasin Gishu County Inua Biashara Fund	-	-	-	No

Name of the Fund		Approved Budget Allocation FY 2023/24 (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Annual Financial Statements as of 30th September 2023
County Assembly Established Funds					
6	Uasin Gishu County Assembly Mortgage and Car Loans Scheme Fund	-	-	-	Yes
Total		**303,476,296**	**28,547,245**	**28,547,245**	**-**

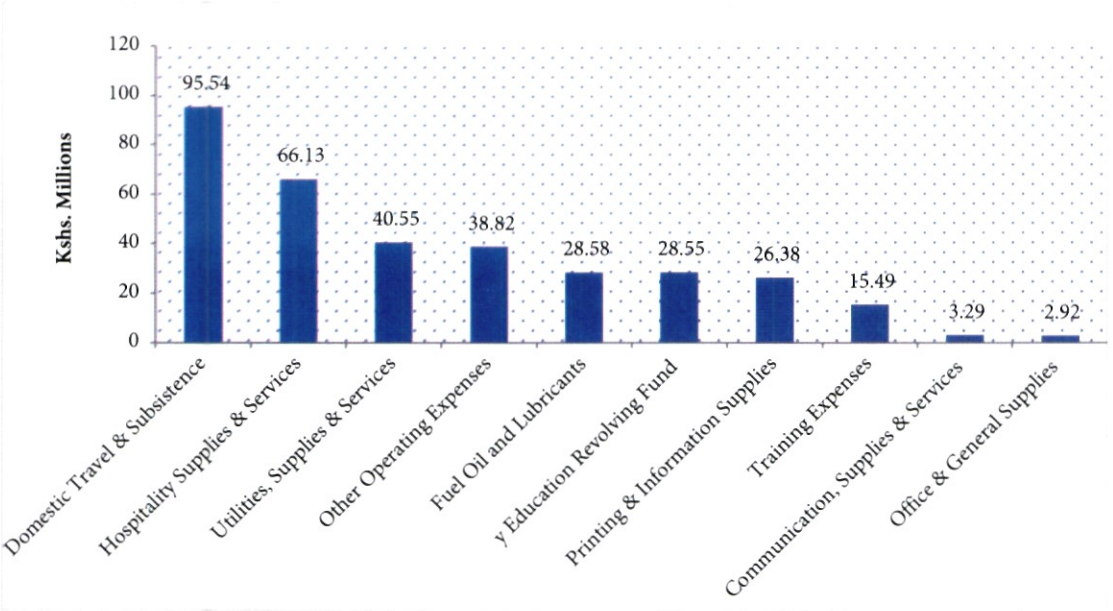
Source: *Uasin Gishu County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from five Fund Administrators of all the funds, as indicated in Table 3.268, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.44.9 Expenditure on Operations and Maintenance

Figure 132 summarises the Operations and Maintenance expenditure by major categories.

Figure 132: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: *Uasin Gishu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.95.54 million and comprised Kshs.55.59 million spent by the County Assembly and Kshs.39.95 million by the County Executive.

3.44.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.440.86 million on development programmes, representing an increase compared to a similar period of FY 2023/24 when the County did not incur any expenditure on development programmes. The table 3.269 summarises development projects with the highest expenditure in the reporting period.

Table 3.269: Uasin County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
Lands and Physical Planning	Acquisition of Land	Huruma Ward	97,000,000	97,000,000	97,000,000	100.
Administration and Devolution	Renovation of County HQs	County QHs	70,000,000	70,000,000	66,765,436	95.4

Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
Eldoret Municipality	Proposed Upgrading of 64 Stadium in Municipal of Eldoret.	Kiplombe (Eldoret West)	1,163,563,925	106,551,260	65,761,727	61.7
Clinical Services	Proposed construction of Ziwa level V Phase II	Ziwa	806,562,179	50,000,000	35,623,885	71.2
Clinical Services	Proposed construction of Sentry box, waiting bay, Pharmacy, Civil works (Cabro) and renovation at UGDH	Moiben	30,000,000	30,000,000	26,350,805	87.8
Clinical Services	Proposed construction of Ziwa Level V Phase III	Ziwa	415,317,248	41,108,416	20,000,000	48.7
Roads, Transport and Public Works	Construction of Road	Sports club	20,000,000	20,000,000	13,233,190	66.2
Agriculture and Agribusiness	Purchase of self-propelled forage harvester	AMS	12,450,000	12,450,000	12,345,191	99.2
Roads, Transport and Public Works	Hire of Equipment for Construction of Tingwa - Kabero Road in Ainabkoi/ Olare Ward	Ainabkoi/ Olare	4,996,932	4,996,932	4,996,932	100.0
Roads, Transport and Public Works	Hire of Equipment for Construction of Tipsy- Upper Tulwet - Mashroom Rd, Outspan - Ancilla Rd, Upendo Church - Saroiyot Rd, Kenjaze - Sach 4 Kapyagoron Rd, Kaptumo Catholic Church - Cheptiret/Kipchamo Ward	Cheptiret/ Kipcha mo	4,796,066	4,796,066	4,775,227	99.6

Source: Uasin Gishu County Treasury

3.44.11 Budget Performance by Department

Table 3.270 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.270: Uasin Gishu 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
Governor's Office	103.33	-	11.62	-	34.37	-	295.8	-	33.3	-
Finance	366.19	-	31.29	-	42.52	-	135.9	-	11.6	-
Public Service Management	651.19	-	65.92	-	93.47	-	141.8	-	14.4	-

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
ICT, E-Government and Innovation	70.52	34.81	6.20	2.84	10.21	2.84	164.6	100.0	14.5	8.2
Roads, Transport and Public Works	505.43	452.78	89.10	29.18	83.24	40.74	93.4	139.6	16.5	9.0
Clinical Services	2,131.43	296.20	420.41	81.97	454.85	116.97	108.2	142.7	21.3	39.5
Agriculture and Agri-business	564.44	167.21	41.00	13.94	31.16	13.94	76.0	100.0	5.5	8.3
Trade, Industry, Investment and Tourism	52.95	342.29	5.79	-	7.77	2.11	134.1	-	14.7	0.6
Education and Vocational Training	663.01	152.12	102.62	-	84.50	-	82.3	-	12.7	-
County Public Service Board	64.79	-	10.56	-	14.32	-	135.6	-	22.1	-
County Assembly	796.52	50.00	160.90	-	151.63	-	94.2	-	19.0	-
Economic Planning	103.94	-	19.92	-	28.16	-	141.4	-	27.1	-
Administration and Devolution	118.40	81.54	11.33	66.77	21.95	67.59	193.8	101.2	18.5	82.9
Youth and Sports Development	108.33	159.13	30.15	-	22.74	29.00	75.4	-	21.0	18.2
Co-Operatives and Enterprise Development	40.18	79.96	5.62	-	6.01	4.48	106.9	-	15.0	5.6
Livestock Development and Fisheries	148.86	90.88	6.76	3.89	5.46	6.43	80.8	165.6	3.7	7.1
Eldoret Municipality	105.85	128.55	16.58	65.76	5.94	65.76	35.8	100.0	5.6	51.2
Promotive and Preventive Health	20.07	58.59	0.40	-	1.02	-	254.2	-	5.1	-
Energy, Environment, Climate Change and Natural Resources	9.18	160.64	0.20	-	1.04	4.52	521.5	-	11.4	2.8
Partnership, Liaison and Linkages	59.45	-	48.50	-	32.63	-	67.3	-	54.9	-
Gender, Social Protection and Culture	36.27	39.31	3.40	1.85	9.40	1.85	276.5	100.0	25.9	4.7
Housing and Urban Development	95.59	216.40	5.74	13.23	8.16	16.75	142.1	126.6	8.5	7.7
Lands and Physical Planning	56.47	153.09	10.64	100.52	19.45	-	182.9	-	34.4	-
Water, Irrigation and Sanitation	174.03	526.65	17.16	7.53	29.27	67.87	170.6	901.6	16.8	12.9
Office of the County Attorney	10.73	-	0.92	-	0.15	-	16.2	-	1.4	-
Total	**7,057.15**	**3,190.16**	**1,122.72**	**387.47**	**1,199.43**	**440.86**	**106.8**	**113.8**	**17.0**	**13.8**

***Source**: Uasin Gishu County Treasury*

Analysis of expenditure by department shows that the Department of Administration and Devolution recorded the highest absorption rate of development budget at 82.9 per cent, followed by Eldoret Municipality at 51.2 per cent. The Department of Partnership, Liaison and Linkages had the highest percentage of recurrent expenditure to budget at 54.9 per cent, while the Office of the County Attorney had the lowest at 1.4 per cent.

The recurrent expenditure is above recurrent exchequer issues in sixteen departments, while the development expenditure is above development exchequer issues in seven departments. This is attributed to the county spending part of the Kshs.222.84 million in the Special Purpose Accounts at the Central Bank of Kenya and Commercial Banks. The cash was not banked into the CRF at the end of the financial year.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3.271 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.271: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office							
General Administration, Planning and Support Services	Administrative support services	103,334,200	-	34,370,128	-	33.3	-
	Sub Total	**103,334,200**	**-**	**34,370,128**	**-**	**33.3**	**-**
Finance							
Financial Services	Finance services	336,986,476	-	32,024,255	-	9.5	-
	Revenue Services	14,850,000	-	5,601,680	-	37.7	-
	Accounts services	4,850,000	-	1,914,500	-	39.5	-
	Procurement and supply services	4,650,000	-	1,364,300	-	29.3	-
	Internal audit services	4,849,431	-	1,616,420	-	33.3	-
	Sub-Total	**366,185,907**	**-**	**42,521,155**	**-**	**11.6**	**-**
Public Service Management							
Administration and Support Services	Administration and Support Services	651,185,899	-	93,469,314	-	14.4	-
	Sub-Total	**651,185,899**	**-**	**93,469,314**	**-**	**14.4**	**-**
ICT, E-Government and Innovation							
ICT Services & Digital Economy	ICT Services	-	34,813,669	-	2,840,000	-	8.2
	CT Services	70,524,500	-	10,206,487	-	14.5	-
	Sub-Total	**70,524,500**	**34,813,669**	**10,206,487**	**2,840,000**	**14.5**	**8.2**
Roads, Transport and Public Works							
Road Infrastructure Development	Roads Infrastructure Services	505,427,925	91,242,708	83,244,965	8,979,398	16.5	9.8
Community Development Services	Ward Development Services	-	361,539,080	-	31,756,840	-	8.8
	Sub-Total	**505,427,925**	**452,781,788**	**83,244,965**	**40,736,238**	**16.5**	**9.0**
Clinical Services							
Administration and Support Services	Administration and Support Services	2,131,425,035	-	454,853,649	-	21.3	-
Curative and Rehabilitative Services	Health Services	-	241,102,519	-	116,974,690	-	48.5

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Community Development Services	Ward Development Services	-	55,100,000	-	-	-	-
	Sub-Total	**2,131,425,035**	**296,202,519**	**454,853,649**	**116,974,690**	**21.3**	**39.5**
Agriculture and Agribusiness							
Crop Production	Climate-smart Agriculture Crop Specialization and Diversification	-	124,212,611	-	12,395,391	-	10.0
	Capacity Building for Farmers	-	12,000,000	-	-	-	-
	Agricultural Mechanization Services	-	18,500,000		1,545,300	-	8.4
	Post-harvest Management Services	564,444,607	-	31,159,407	-	5.5	-
Community Development Services	Ward Development Services	-	12,500,000	-	-	-	-
	Sub-Total	**564,444,607**	**167,212,611**	**31,159,407**	**13,940,691**	**5.5**	**8.3**
Trade, Industry, Investment and Tourism							
General Administration, Planning and Support Services	Administrative Support Services	52,951,385	-	7,766,500	-	-	-
Community Development Services	Ward Development Services	-	71,750,000	-	-	-	-
Trade Development and Promotion	Market Infrastructure Development Services	-	16,537,544	-	-	-	-
	Industrial Development and Investment Services	-	250,000,000	-	2,111,673	-	-
Tourism Development and Promotion	Tourism Promotion and Marketing	-	4,000,000	-	-	-	-
	Sub-Total	**52,951,385**	**342,287,544**	**7,766,500**	**2,111,673**	**14.7**	**0.6**
Education and Vocational Training							
General Administration & Support Services	Administrative and support services	663,013,966	-	84,500,164	-	12.7	-
	Sub-Programme	-	-	-	-	-	-
Community development services	Community development services	-	20,000,000	-	-	-	-
Early Child Development Education	ECDE Services	-	2,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Vocational Training and Skills Development	Vocational Training Services	-	33,868,087	-	-	-	-
Community Development Services	Ward Development Services	-	96,250,000	-	-	-	-
	Sub-Total	**663,013,966**	**152,118,087**	**84,500,164**	-	**12.7**	-
County Public Service Board							
General Administration, Planning and Support Services	Administrative support services	64,789,376	-	14,322,541	-	22.1	-
	Sub-Total	**64,789,376**	-	**14,322,541**	-	**22.1**	-
County Assembly							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	796,524,510	50,000,000	151,625,783	-	19.0	-
	Sub-Total	**796,524,510**	**50,000,000**	**151,625,783**	-	-	-
Economic Planning							
County Planning Services	Budget services	77,081,187	-	16,255,070	-	21.1	-
	Planning Services	26,860,330	-	11,903,300	-	44.3	-
	Sub-Total	**103,941,517**	-	**28,158,370**	-	**27.1**	-
Administration and Devolution							
General Administration, Planning and Support Services	Administrative support services	118,402,734	-	21,953,297	-	18.5	-
Public Service Management	Service Delivery Centers	-	81,539,110	-	67,586,870	-	82.9
	Sub-Total	**118,402,734**	**81,539,110**	**21,953,297**	**67,586,870**	**18.5**	**82.9**
Youth and Sports Development							
Youth Empowerment and Development	Youth Development	87,073,876	-	13,523,500	-	15.5	-
Community Development Services	Ward Development Services	-	96,500,000	-	-	-	-
Sports Development	Sports Activities	19,151,673	-	8,936,480	-	46.7	-
Management and Development of Sports and Sports Facilities	Sports facilities	-	29,000,000	-	29,000,000	-	100.0
Youth Empowerment and Development	Youth Empowerment	2,100,279	33,627,339	277,000	-	13.2	-
	Sub-Total	**108,325,828**	**159,127,339**	**22,736,980**	**29,000,000**	**21.0**	**18.2**

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Co-operatives and Enterprise Development							
Co-operative Development Services	Co-operative Development and Management	40,177,998	-	6,006,737	-	15.0	-
	Co-operatives Development Services	-	6,000,000	-	-	-	-
Community Development Services	Ward Development Services	-	20,000,000	-	-	-	-
Co-operative Development Services	Co-operative Credit	-	53,963,589	-	4,479,440	-	8.3
	Sub-Total	**40,177,998**	**79,963,589**	**6,006,737**	**4,479,440**	**15.0**	**5.6**
Livestock Development and Fisheries							
General Administration, Planning and Support Services	Administrative support services	148,860,593	-	5,461,590	-	3.7	-
Community Development Services	Ward Development Services	-	54,700,000	-	6,433,745	-	11.8
Fish Production	Fish Farming Technologies	-	5,200,000	-	-	-	-
Fisheries Development and Management	Value addition and marketing	-	4,000,000	-	-	-	-
Livestock Development	Livestock Development Services		26,977,213	-	-	-	-
	Sub-Total	**148,860,593**	**90,877,213**	**5,461,590**	**6,433,745**	**3.7**	**7.1**
Promotive and Preventive Health							
Administration and Support Services	0504014310 Administration and Support Services	20,070,000	-	1,016,915	-	5.1	-
Curative and Rehabilitative Services	Health Services	-	58,592,204	-	-	-	-
	Sub-Total	**20,070,000**	**58,592,204**	**1,016,915**	-	**5.1**	-
Energy, Environment, Climate Change and Natural Resources							
Administration and Support Services	Administration and Support Services	**9,180,000**	-	1,043,000	-	11.4	-
Community Development Services	Ward Development Services	-	**71,200,000**	-	70,200	-	0.1
Energy services	Energy Services	-	**25,440,008**	-	465,000	-	1.8
Environmental Conservation and Management	Environmental Conservation Services	-	**39,001,000**	-	3,989,700	-	10.2
	Afforestation, Re-Afforestation and Agroforestry	-	**25,000,000**	-	-	-	-
	Sub-Total	**9,180,000**	**160,641,008**	**1,043,000**	**4,524,900**	**11.4**	**12.2**

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Eldoret Municipality							
General Administration, Planning and Support Services	Administrative support services	105,851,567	-	5,939,418	-	5.6	-
Road Infrastructure Development	Roads Infrastructure Services	-	128,551,260	-	65,761,727	-	51.2
	Sub-Total	**105,851,567**	**128,551,260**	**5,939,418**	**65,761,727**	**5.6**	**51.2**
Partnership, Liaison and Linkages							
Partnerships, Liaisons and Linkages	Partnership, liaisons and Linkages	59,450,000	-	32,634,325	-	54.9	-
	Sub-Total	**59,450,000**	**-**	**32,634,325**	**-**	**54.9**	-
Gender, Social Protection and Culture							
General Administration, Planning and Support Services	Administrative support services	13,770,000	-	5,069,600	-	36.8	-
0Community Development Services	Ward Development Services	-	13,200,000	-	-	-	-
Culture and Heritage	Culture and Heritage Services	15,300,000	3,110,252	3,759,000	-	24.6	-
Social Development Services	Gender Mainstreaming	2,700,000	-	450,000	-	16.7	-
	Social Services		18,000,000	-	1,852,045	-	10.3
	Social Protection & Safety Nets	4,500,000	5,000,000	121,630	-	2.7	-
	Sub-Total	**36,270,000**	**39,310,252**	**9,400,230**	**1,852,045**	**25.9**	**4.7**
Housing and Urban Development							
Administration and Support Services	Administration and Support Services	37,329,246	-	6,600,545	-	17.7	-
Housing Development Services	Housing Development Services	55,322,222	199,698,769	-	12,461,290	-	-
Urban Development & Management Services	Urban Development and Management Services	2,938,502	16,700,324	1,560,100	4,287,730	-	25.7
	Sub-Total	**95,589,970**	**216,399,093**	**8,160,645**	**16,749,020**	**8.5**	**7.7**
Lands and Physical Planning							
Land Management and Administration	Land Management and Administration Services	56,473,755	-	-	-	-	-
Community Development Services	Ward Development Services	-	87,900,000	-	-	-	-
Physical Planning Services	Physical Planning Services	-	30,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 30th September 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Land Management and Administration	Survey Services	-	15,187,174	-	-	-	-
Land Management and Administration	Land Management and Administration Services	-	20,000,000	19,454,666	-	-	-
	Sub-Total	**56,473,755**	**153,087,174**	**19,454,666**	-	-	-
Water, Irrigation and Sanitation							
Environmental Conservation and Management	Climate Change Services	-	60,000,000	-	-	-	-
Community Development Services	Ward Development Services	-	241,400,000	-	62,897,821	-	26.1
Water and Sanitation Development Services	Water Development Services	174,025,346	-	-	-	-	-
Water Services	Water Supply Development	-	225,250,552	29,269,515	4,969,285	-	2.2
	Sub-Total	**174,025,346**	**526,650,552**	**29,269,515**	**67,867,106**	**16.8**	**12.9**
Office of the County Attorney							
Legal Services	Legal Services	10,725,857	-	150,000	-	1.4	-
	Sub-Total	**10,725,857**	-	**150,000**	-	**1.4**	-
Grand Total		**7,057,152,476**	**3,190,155,012**	**1,199,425,781**	**440,858,145**	**17.0**	**13.8**

***Source**: Uasin Gishu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Sports facilities in the Department of Youth, Sports and Development at 100 per cent, Service Delivery Centers in the Department of Administration and Devolution at 82.9 per cent, Roads Infrastructure Services in Eldoret Municipality at 51.2 per cent and Health Services in the department of clinical services at 48.5 per cent of budget allocation.

3.44.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 24th October 2023.
2. Failure to budget Kshs.868.74 million cash balance from the previous financial year
3. The underperformance of own-source revenue at Kshs. 139.24 million against an annual projection of Kshs. 1.18 billion, representing 11.8 per cent of the annual target.
4. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.271, where the County incurred expenditure over approved exchequer issues in several departments.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for Uasin Gishu County Bursary and Skills Development Support Fund Disbursement, Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund, Uasin Gishu County Education Revolving Fund, Uasin Gishu County Enterprise Development Fund and Uasin Gishu County Inua Biashara Fund were not submitted to the Controller of Budget

6. Use of manual payroll. Personnel emoluments amounting to Kshs.37.05 million were processed through the manual payroll, accounting for 5.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should factor in the Kshs.868.74 million cash balance from the previous financial year in the subsequent supplementary budget.*
3. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The Government requires that salaries be processed through the Unified Human Resource 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. Further, there should be strict compliance with the approved staff establishment.*

3.45. County Government of Vihiga

3.45.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.5.9 billion, comprising Kshs.1.9 billion (32 per cent) and Kshs.4.05 billion (68 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 9.1 per cent compared to the previous financial year when the approved budget was Kshs.6.49 billion and comprised of Kshs.1.94 billion towards development expenditure and Kshs.4.55 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.26 billion (88.1 per cent) as the equitable share of revenue raised nationally, Kshs.52.4 million (0.9 per cent) as Appropriations-in-Aid (A-I-A) and Facility Improvement Fund (revenue from health facilities), Kshs.407.4 million as conditional grants and generate Kshs.248.1 million (4.2 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.270.

3.45.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.1.32 billion as the equitable share of the revenue raised nationally, Kshs.36.57 million as A-I-A and FIF, Kshs.7.5 million as conditional grants and generated Kshs.27.62 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.39 billion, as shown in Table 3.272.

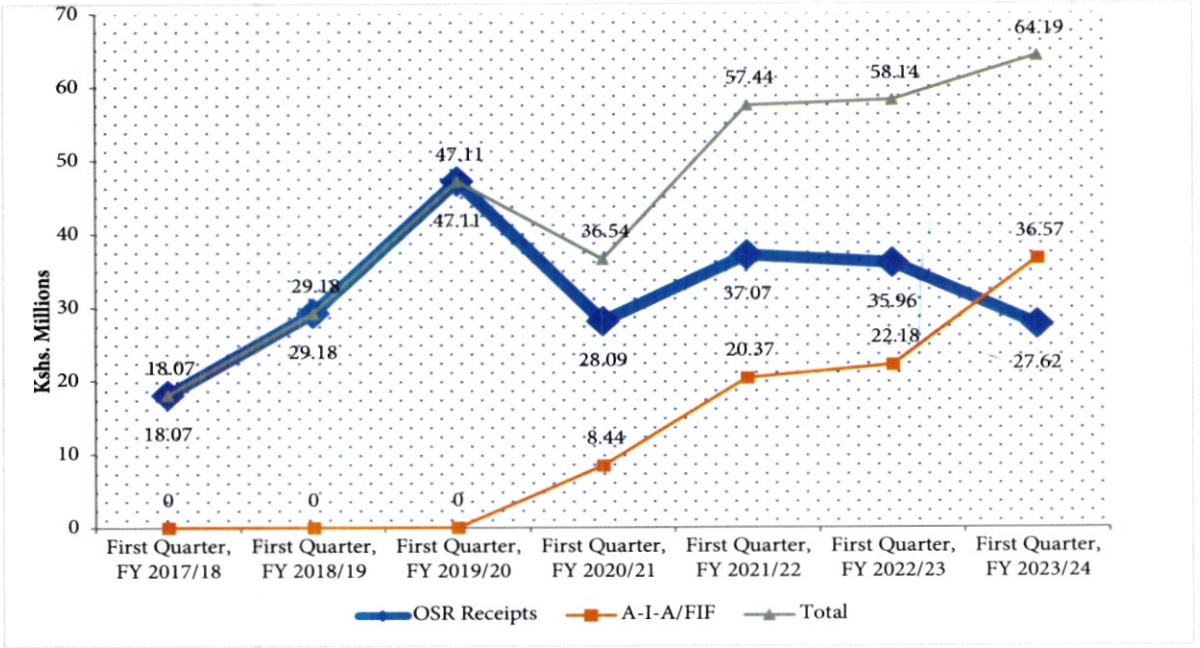
Table 3.272: County, Revenue Performance in FY 2023/24

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,261,531075	1,316,756,721	25
Subtotal		5,261,531,075	1,316,756,721	25
B. Conditional Grants				
1.	Leasing of Medical Equipment	110,638,298	-	-
2.	DANIDA	14,966,438	7,500,000	50.1
3.	Aggregated Industrial Parks Programme	100,000,000	-	-
4.	NARIGP	155,402,308	-	-
5.	ASDSP	4,417,622	-	-
6.	FLLoCA	22,000,000	-	-
Subtotal		407,424,666	7,500,000	1.8
C. Other Sources of Revenue				
7.	Ordinary Own Source Revenue	248,083,481	27,617,310	11.1
8.	Appropriation in Aid (A-I-A) and FIF	52,465,973	36,573,426	69.7
Sub Total		300,549,454	64,190,736	21.4
Grand Total		**5,969,505,195**	**1,388,447,457**	**23.3**

Source: Vihiga County Treasury

Figure 133 shows the trend in own-source revenue collection from the first quarter of FY 2017/18 to the first quarter of FY 2023/24.

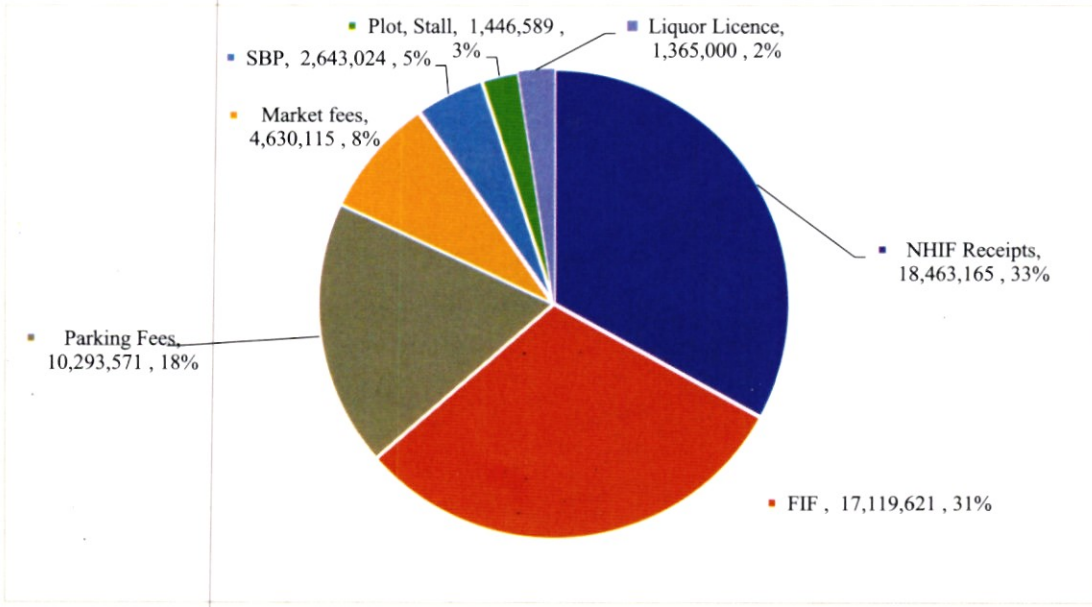
Figure 133: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2023/24



Source: *Vihiga County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.64.19 million from its revenue sources, including FIF and AIA. This amount represented an increase of 10.4 per cent compared to Kshs.58.1 million realised in FY 2022/23 and was 1.1 per cent of the annual target and 4.9 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.1.98 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 134.

Figure 134: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Vihiga County Treasury

The highest revenue stream of Kshs.18.46 million was from NHIF receipts, contributing to 33 per cent of the total OSR receipts during the reporting period.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.852.6 million from the CRF account during the reporting period, which comprised Kshs.123.5 million (14.5 per cent) for development programmes and Kshs.729.1 million (85.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first quarter of FY 2023/24 indicates that Kshs.512.4 million was released towards Employee Compensation, and Kshs.216.7 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.767.7 million.

3.45.4 County Expenditure Review

The County spent Kshs.971.5 million on development and recurrent programmes in the reporting period. The expenditure represented 114 per cent of the total funds released by the CoB and comprised Kshs.198.7 million and Kshs.772.8 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 10.4 per cent, while recurrent expenditure represented 19 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.47 billion, comprising Kshs.519.5 million for recurrent expenditure and Kshs.948.2 million for development activities. In the first quarter of FY 2023/24, pending bills amounting to Kshs.198.7 million were settled, consisting of Kshs.40.9 million for recurrent expenditure and Kshs.157.8 million for development programmes. Therefore, as of 30th September 2023, the outstanding amount was Kshs.1.27 billion.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.467.68 million on employee compensation, Kshs.105.81 million on operations and maintenance, and Kshs.198.74 million on development activities. Similarly, the County Assembly spent Kshs.82.1 million on employee compensation and Kshs.117.19 million on operations and maintenance, as shown in Table 3.273.

Table 3.273: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,358,901,856**	**698,771,318**	**573,498,018**	199,288,894	**17.1**	**28.5**
Compensation to Employees	2,269,039,112	504,752,704	467,683,392	82,097,902	20.6	16.3
Operations and Maintenance	1,089,862,744	194,018,614	105,814,626	117,190,992	9.7	60.4
Development Expenditure	**1,896,532,021**	**15,300,000**	**198,736,541**	-	**10.5**	-
Total	**5,255,433,877**	**714,071,318**	**772,234,559**	**199,288,894**	**14.7**	**27.9**

***Source**: Vihiga County Treasury*

3.45.7 Expenditure on Employees' Compensation

In the first three months of FY 2023/24, expenditure on employee compensation was Kshs.549.8 million, or 39.6 per cent of the available revenue, which amounted to Kshs.1.39 billion. This expenditure represented a decrease from Kshs.615.5 million reported in the first quarter of FY 2022/23. The wage bill included Kshs.161.4 million paid to health sector employees, translating to 29.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.532.2 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.17.6 million was processed through manual payrolls. The manual payrolls accounted for 3.2 per cent of the total PE cost.

The County Assembly spent Kshs.7.2 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.38.7 million. The average monthly sitting allowance was Kshs.64,925 per MCA. The County Assembly has established 16 Committees.

3.45.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.299.46 million to county-established funds in FY 2023/24, constituting 5 per cent of the County's overall budget. Table 3.274 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.274: Performance of County Established Funds in the First Quarter of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
County Executive Established Funds					
1.	Bursary Fund	100,000,000	-	3,112,425	Yes
2.	Sports Fund	5,000,000	-	1,403,652	Yes
3.	Trade and Enterprise Fund	20,000,000	-	1,403,010	Yes
4.	Climate Change Fund	102,000,000	62,957,912	15,233,656	Yes
5.	Facility Improvement Fund (FIF)	52,465,973	-	19,405,752	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2023 (Yes/No.)
6.	Co-operative Enterprise fund	20,000,000	-	-	No
7.	Car & Mortgage Fund	-	-	1,343,691	Yes
	Total	**299,465,973**	**62,957,912**	**41,902,186**	**-**

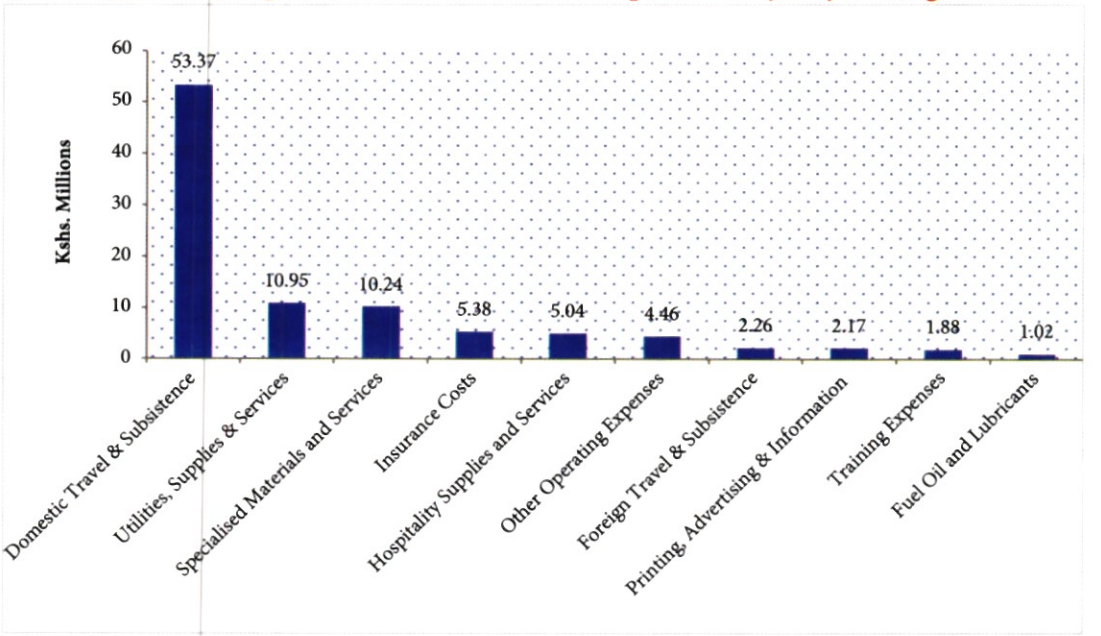
Source: *Vihiga County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the Co-operative Enterprise fund, as indicated in Table 3.274, since it is not operationalised, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.45.9 Expenditure on Operations and Maintenance

Figure 135 summarises the Operations and Maintenance expenditure by significant categories.

Figure 135: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: *Vihiga County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.53.37 million and comprised Kshs.50 million spent by the County Assembly and Kshs.3.4 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.26 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.275.

Table 3.275: Summary of Highest Expenditure on Foreign Travel as of 30th September 2023

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	22.08.2023	Attend 10th East Africa International Arbitration Conference	Zanzibar	204,000
County Executive	2	13.09.2023	Attend registration accreditation of county delegation for participation in Africa climate summit	New York	2,055,000

Source: Vihiga County Treasury

3.45.10 Development Expenditure

In the first quarter of FY 2023/24, the County incurred Kshs.198.7 million on development programmes, representing an increase of 24 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.160.2 million. This is attributed to the payment of development pending bills that the County Government has undertaken in a bid to clear its pending bills.

3.45.11 Budget Performance by Department

Table 3.276 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

Table 3.276: Vihiga 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
Office of The Governor	198.62	76.75	55.59	-	10.95	3.02	19.7	-	5.5	3.9
Finance and Economic Planning.	318.88	185.60	64.08	40.20	103.61	39.88	161.7	99.2	32.5	21.5
Agriculture, Livestock & Fisheries	171.07	299.23	43.42	-	13.28	23.30	30.6	-	7.8	7.8
Health Services	1,335.01	270.85	209.84	-	267.76	6.58	127.6	-	20.1	2.4
Education & Technical Vocational Training	482.80	117.66	61.05	-	75.78	-	124.1	-	15.7	-
Gender, Culture, Youth, Sports and Social Services	95.99	86.14	27.62	-	2.29	-	8.3	-	2.4	-
Commerce, Tourism and Cooperatives.	107.50	202.39	16.23	-	4.68	5.53	28.9	-	4.4	2.7
County Public Service Board	50.81	-	10.02	-	5.78	-	57.7	-	11.4	-
Environment, Water, Natural Resources and Climate Change	132.09	251.41	31.57	-	14.49	42.52	45.9	-	11.0	16.9
Transport & Infrastructure	96.34	204.40	23.36	83.29	7.26	76.89	31.1	92.3	7.5	37.6
Physical Planning, Lands, Housing & Urban Development	107.27	125.87	24.76	-	6.77	1.00	27.3	-	6.3	0.8
County Assembly	698.77	15.30	112.36	-	199.29	-	177.4	-	28.5	-
Public Service & Administration	248.01	76.24	46.91	-	60.84	-	129.7	-	24.5	-
County Attorney	14.50	-	2.30	-	-	-	-	-	-	-
Total	**4,057.67**	**1,911.83**	**729.09**	**123.49**	**772.79**	**198.74**	**106.0**	**160.9**	**19.0**	**10.4**

***Source**: Vihiga County Treasury*

Analysis of expenditure by department shows that the Department of Transport and Infrastructure recorded the highest absorption rate of development budget at 37.6 per cent, followed by the Department of Finance and Economic Planning at 21.5 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 32.5 per cent, while the Office of the County Attorney did not report any expenditure.

3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 3.277 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2023/24.

Table 3.277: Vihiga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Administration, Planning and Support Service		**945,872,006.00**	**528,942,946.00**	**221,761,804.20**	**39,165,641.50**	**23**	**7**
	Administrative Service	936,258,606.00	528,942,946.00	221,407,074.20	39,165,641.50	24	7
	Research and Development	9,613,400.00	-	354,730.00	-	4	-
Livestock Development and Management		**5,041,000.00**	**29,820,002.00**	-	-	-	-
	Veterinary Services and Extension	4,541,000.00	3,500,000.00	-	-	-	-
	Livestock Extension	500,000.00	8,000,000.00	-	-	-	-
	Value Chain Development	-	18,320,002.00	-	-	-	-
Fisheries Development and Management		**3,541,000.00**	**14,000,000.00**	-	-	-	-
	Promotion of Fish Farming	3,541,000.00	14,000,000.00	-	-	-	-
Crop Development and Management		**7,950,000.00**	**4,500,000.00**	-	-	-	-
	Crop Extension	1,824,000.00	-	-	-	-	-
	Food Security Initiatives	6,126,000.00	4,500,000.00	-	-	-	-
Cooperatives Development		**26,037,300.00**	-	**917,130.00**	-	**4**	-
	Cooperative Development Services	26,037,300.00	-	917,130.00	-	4	-
Land Survey and Mapping Services		**4,482,600.00**	**20,000,000.00**	**957,600.00**	-	**21**	-
	Land Survey and Mapping	4,482,600.00	20,000,000.00	957,600.00	-	21	-
1 Urban and Physical Planning and Housing Services		**34,343,111.00**	**16,549,346.00**	2,053,300.00	-	6	-
	Urban and Physical Planning	719,000.00	9,549,346.00	-	-	-	-
	Housing Development	5,162,400.00	7,000,000.00	-	-	-	-
	Vihiga Municipality {KUSP}	28,461,711.00	-	2,053,300.00	-	7	-
Administration, Planning and Support Service		**86,518,384.00**	**56,517,579.00**	**7,593,420.00**	**14,564,464.00**	**9**	**26**
	Administrative Service	86,518,384.00	56,517,579.00	7,593,420.00	14,564,464.00	9	26
Transport Management		**9,823,443.00**	**147,879,239.00**	-	**59,829,751.10**	-	**40**
	Transport System Management	812,600.00	-	-	59,829,751.10	-	-
	Mechanical Services	9,010,843.00	-	-	-	-	-
	Roads Maintenance	0.00	147,879,239.00	-	-	-	-
Administration, Planning and Support Service		**43,178,814.00**	**154,391,780.00**	**1,169,448.00**	**5,531,394.85**	**3**	**4**
	Administrative Service	43,178,814.00	154,391,780.00	1,169,448.00	5,531,394.85	3	4
Public Finance Management		**7,471,012.00**	-	-	-	-	-
	ICT Printing press	7,471,012.00	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Trade Development and Investment		**32,138,440.00**	**44,000,000.00**	**1,807,432.00**	-	6	-
	Market Development and Management	32,138,440.00	44,000,000.00	1,807,432.00	-	6	-
Tourism Development		**6,146,880.00**	**4,000,000.00**	**1,014,200.00**	-	16	-
	Tourism Promotion and Branding	6,146,880.00	4,000,000.00	1,014,200.00	-	16	-
Administration, Planning and Support Service		**1,148,674,761.00**	**186,961,483.00**	**252,801,940.95**	**6,582,189.00**	**22**	**4**
	Administrative Service	33,275,141.00	186,961,483.00	10,670,908.00	6,582,189.00	32	4
	Human Resource Management and Development	1,115,399,620.00	-	242,131,032.95	-	22	-
Promotive and Preventive Healthcare Services		**59,710,000.00**	-	**1,002,280.00**	-	**2**	-
	Public Health Services	550,000.00	-	-	-	-	-
	Community Health Strategy	53,594,000.00	-	-	-	-	-
	Reproductive Healthcare	5,050,000.00	-	1,002,280.00	-	20	-
	Disease Surveillance and Emergency	516,000.00	-	-	-	-	-
Curative and Rehabilitative Health Services		**121,584,000.00**	**83,886,040.00**	**19,243,936.00**	-	**16**	-
	Medical services	14,780,000.00	-	-	-	-	-
	Drugs and Other Medical Supplies	106,804,000.00	-	19,243,936.00	-	18	-
	County referral services	-	83,886,040.00	-	-	-	-
Child and Maternal Health Care		**5,038,060.00**	-	-	-	-	-
	Nutrition Services	5,038,060.00	-	-	-	-	-
Administration, Planning and Support Service		**75,864,028.00**	**53,661,504.00**	**6,631,570.00**	-	**9**	-
	Administrative Service	75,864,028.00	53,661,504.00	6,631,570.00	-	9	-
Vocational Education and Training		**218,838,400.00**	**30,000,000.00**	**6,139,994.00**	-	**3**	-
	Youth Polytechnic Development	218,838,400.00	30,000,000.00	6,139,994.00	-	3	-
Early Childhood Development		**188,094,500.00**	**34,000,000.00**	**64,871,260.00**	-	34	-
	ECD Development	188,094,500.00	34,000,000.00	64,871,260.00	-	34	-
Administration, Planning and Support Service		**748,632,408.00**	**337,085,068.00**	**165,988,242.15**	**59,744,081.35**	**22**	**18**
	Administrative Service	709,037,508.00	324,085,068.00	164,816,102.15	59,744,081.35	23	18
	County Administration	22,065,700.00	13,000,000.00	677,940.00	-	3	-
	County Radio Information Services	17,529,200.00	-	494,200.00	-	3	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Public Finance Management		**30,112,000.00**	-	**10,000,000.00**	-	**33**	-
	Public Finance Management	1,000,000.00	-	-	-	-	-
	Accounting Services	1,000,000.00	-	-	-	-	-
	Budget Formulation Coordination	1,143,000.00	-	-	-	-	-
	Resource Mobilization	24,362,000.00	-	10,000,000.00	-	41	-
	Budget Expenditure Management	2,607,000.00	-	-	-	-	-
Audit Services		**4,336,600.00**	-	**614,170.00**	-	-	-
	Audit Services	4,336,600.00	-	614,170.00	-	14	-
County Planning Services		**600,000.00**	-	-	-	-	-
	Coordination of Policy Formulation and Plans	600,000.00	-	-	-	-	-
Management and Administration of County Services		**15,566,400.00**	**1,500,000.00**	**1,143,800.00**	-	7	-
	County Executive	7,437,100.00	-	494,800.00	-	7	-
	County Secretary	8,129,300.00	1,500,000.00	649,000.00	-	8	-
Administration, Planning and Support Service		**45,982,520.00**	**29,737,034.00**	**1,973,784.70**	-	**4**	-
	Administrative Service	45,982,520.00	29,737,034.00	1,973,784.70	-	4	-
903004860		**36,604,000.00**	**51,400,000.00**	**772,400.00**	-	**2**	-
	Promotion of Sports	18,739,000.00	35,400,000.00	-	-	-	-
	Promotion of Culture and Heritage	12,865,000.00	12,000,000.00	772,400.00	-	6	-
	Recreation and Arts	5,000,000.00	4,000,000.00	-	-	-	-
904004860		**13,403,945.00**	**5,000,000.00**	-	-	-	-
	Social Protection	2,612,945.00	5,000,000.00	-	-	-	-
	Gender, Children, Youth and People with Disability	10,791,000.00	-	-	-	-	-
Administration, Planning and Support Service		**100,977,562.00**	-	-	-	-	-
	Administrative Service	100,977,562.00	-	-	-	-	-
1003004860		**13,665,000.00**	**51,500,000.00**	**842,800.00**	**13,319,019.20**	**6**	**26**
	Water Supply Management	9,830,000.00	50,500,000.00	842,800.00	13,319,019.20	9	26
	Waste Water Management	3,835,000.00	1,000,000.00	-	-	-	-
1004004860		**12,535,000.00**	**15,000,000.00**	**3,346,400.00**	-	**27**	-
	Environmental Protection and Conservation	12,535,000.00	15,000,000.00	3,346,400.00	-	27	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure as of 30th September 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
1005004860		**4,910,000.00**	**11,500,000.00**	**140,000.00**	-	**3**	-
	Farm Forest Management	3,310,000.00	7,500,000.00	140,000.00	-	4	-
	Natural Resources management	1,600,000.00	4,000,000.00	-	-	-	-
GRAND TOTAL		**4,057,673,174.00**	**1,911,832,021.00**	**772,786,912.00**	**198,736,541.00**	**19**	**10**

***Source**: Vihiga County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Resource mobilisation in the Department of Finance and Economic Planning at 41 per cent, ECD development in the Department of Education at 34 per cent, Administrative services in the Department of Public Service and Administration at 32 per cent, and Environmental protection and conservation at 27 per cent of budget allocation.

3.45.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. Underperformance of own source revenue in the first quarter is attributed to two revenue streams that performed dismally, namely: Hire of machines and Tea cess. The dismal performance was because most of the county machinery had been grounded in the period under review; thus, no collections were made, and the latter has been attributed to the fact that the operationalisation of the Tea Cess Act is still underway and a substantive tea cess board is yet to be established to oversee the collection of tea cess.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.277, where the County incurred expenditure over approved exchequer issues in several departments.
3. High level of pending bills, which amounted to Kshs.1.34 billion as of 30th September 2023. This is despite the availability of Kshs.767.7 million in the CRF account at the end of the reporting period.
4. Use of manual payroll. There are still personnel emoluments that are being processed through manual payroll. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should expedite the rollout of the automation revenue system and conduct continuous capacity building of members of the public and staff to ensure the efficiency of the system.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
4. *The Government requires that salaries be processed through the IPPD 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. Further, there should be strict compliance with the approved staff establishment.*

3.46. County Government of Wajir

3.46.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.12.5 billion, comprising Kshs.4.27 billion (34.1 per cent) and Kshs.8.25 billion (65.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase compared to the previous financial year when the approved budget was Kshs.11.25 billion and comprised of Kshs.3.11 billion towards development expenditure and Kshs.8.13 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.85 billion (78.7 per cent) as the equitable share of revenue raised nationally, Kshs.30 million (0.2 per cent) as Appropriations-in-Aid (A-I-A) Kshs.1.47 billion (11.7 per cent) as conditional grants, a cash balance of Kshs.1.0 billion (8 per cent) from FY 2022/23, and generate Kshs.170 million (1.4 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.278.

3.46.2 Revenue Performance

In the first three months of FY 2023/24, the County received Kshs.857.56 million as the equitable share of the revenue raised nationally, Kshs.5.9 million as A-I-A, Kshs.12.56 million as conditional grants, had a cash balance of Kshs1.0 billion from FY 2022/23, and raised Kshs.15.3 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.87 billion, as shown in Table 3.278.

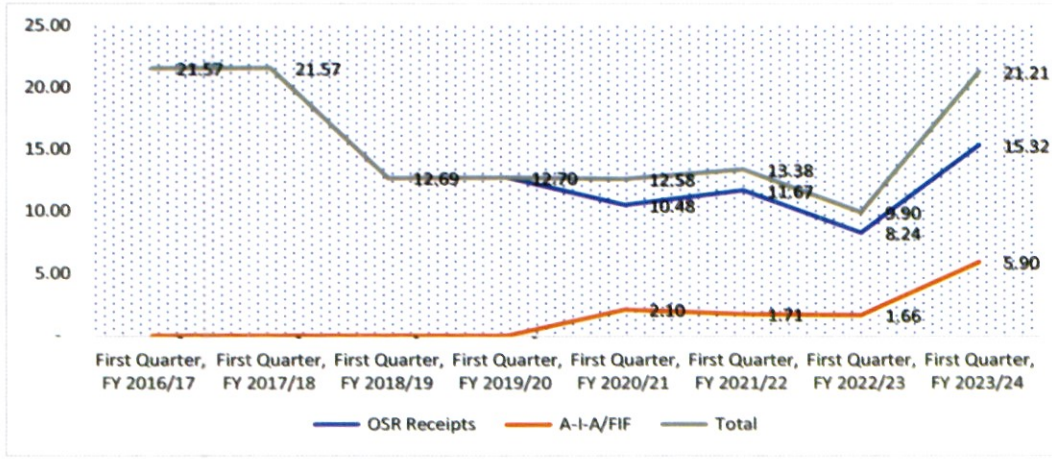
Table 3.278: Wajir County, Revenue Performance in FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,853,656,422.00	837,560,796.00	8.50
	Sub Total	**9,853,656,422.00**	**837,560,796.00**	**8.5**
B	Conditional Grants			
1	DANIDA to Finance Universal Healthcare	26,952,863.35	320,488.00	1.19
2	Emergency Locust Response Project (ELRP)	178,454,153.00	-	-
3	Agricultural Sector Development Support Program (ASDSP)	3,901,152.00	-	-
4	Ministry of Investments, Trade and Industry Conditional Grant for Industrial park	250,000,000.00	-	-
5	Kenya Climate Smart Agriculture	90,000,000.00	-	-
6	Fertiliser Subsidy	2,235,432.00	-	-
7	Wajir Water and Sanitation Project	600,000,000.00	-	-
8	Kenya Informal Settlement Improvement Project (KISIP II)	180,000,000.00	-	-
9	Financing Locally Led Climate Action (F-FLLoCA)	12,235,782.45	12,235,782.00	100.00
10	Financing Locally Led Climate Action (F-FLLoCA)	125,000,000.00	-	-
	Sub-Total	**1,468,779,382.80**	**12,556,270.00**	**0.85**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	170,000,000.00	15,315,522.00	9.00
2	Balance b/f from FY2022/23	1,001,160,704.50	1,001,160,704.50	100.00
3	Appropriation in Aid (AIA)	30,000,000.00	5,898,794.00	19.66
	Sub Total	1,201,160,704.50	1,021,777,621.50	85.07
Grand Total		**12,523,596,509.30**	**1,871,894,687.50**	**14.95**

Source: *Wajir County Treasury*

Figure 136 shows the trend in own-source revenue collection from the first quarter of FY 2016/17 to the first quarter of FY 2023/24.

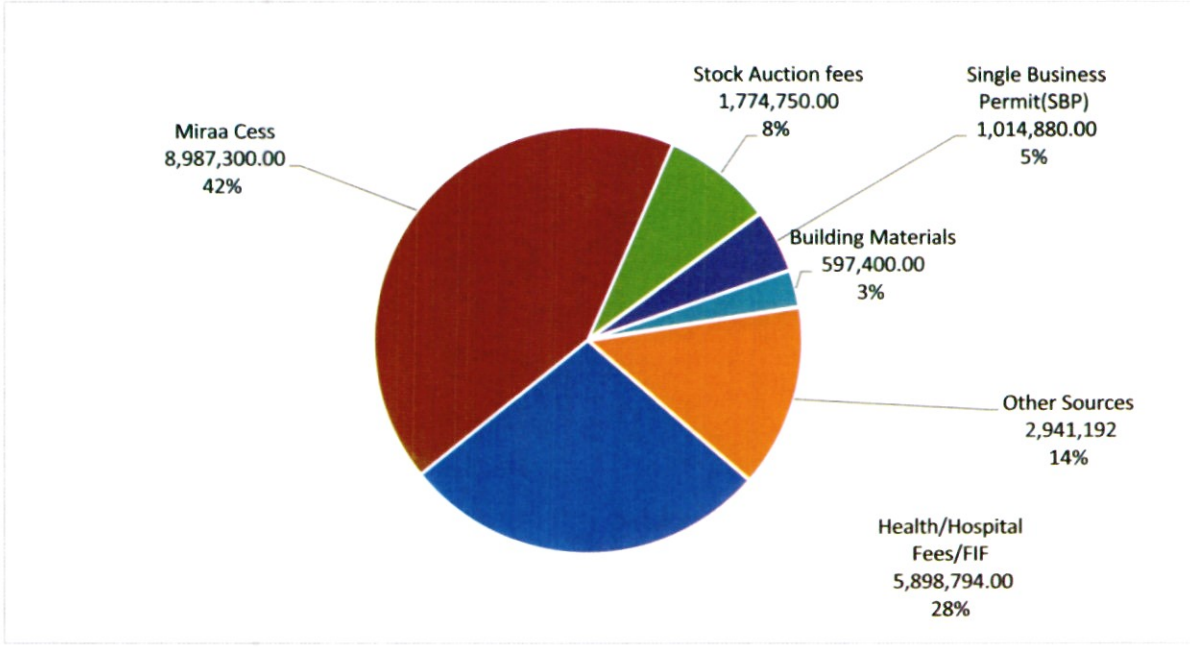
Figure 136: Trend in Own-Source Revenue Collection from the First Quarter of FY 2016/17 to the First Quarter of FY 2023/24



Source: *Wajir County Treasury*

In the first quarter of FY 2023/24, the County generated a total of Kshs.21.21 million from its revenue sources, including FIF and AIA. This amount represented an increase of 114.2 per cent compared to Kshs.9.9 million realised in FY 2022/23 and was 10.6 per cent of the annual target and 1.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 137.

Figure 137: Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



Source: Wajir County Treasury

The highest revenue stream of Kshs.8.99 million was from miraa cess, contributing to 42 per cent of the total OSR receipts during the reporting period.