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OFFICE OF THE CONTROLLER OF BUDGET

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COUNTY GOVERNMENTS
ANNUAL BUDGET IMPLEMENTATION REVIEW REPORT

FOR THE FY 2021/22

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 11 APR 2023
DAY. TUESDAY
TABLED BY: Hon. Owen Baya, MP Deputy Leader of Majority Party
CLERK-AT THE-TABLE: Esther Nguyo

SEPTEMBER, 2022

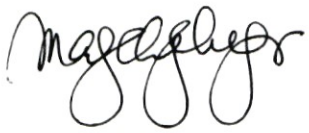
FOREWORD

I am pleased to present the Annual County Government Budget Implementation Report for the financial year 2021/22. The report has been prepared in accordance with Article 228 (6) of the Constitution of Kenya 2010, which requires my office to submit a report to each house of Parliament on the implementation of the National and County Governments' budgets every four months.

This Annual County Government Budget Implementation Report examines the cumulative budget performance of the forty-seven Counties for the period July 2021 to June 2022. The analysis and preparation of this report are based on the financial reports submitted to the Controller of Budget by the County Treasuries, the approved County Budgets and reports generated from the Integrated Financial Management Information System. The report highlights the achievements and challenges encountered in budget implementation by the County Governments in the financial year. It also proposes recommendations to address the difficulties identified to promote better budget implementation and prudence in public finance management.

In line with my constitutional mandate, my office will continue to promote the prudent use of public funds by ensuring timely advice on the budgets, approval of requests for withdrawal of funds and regular information on budget implementation. Further, my office will remain steadfast in ensuring that information on budget performance is published and publicised regularly through the quarterly Budget Implementation Review Reports in line with Section 39(8) of the Public Finance Management Act, 2012.

Finally, I wish to thank the staff from the County Governments and my office who have made the publication of this report possible.



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
DRPNK	Drought Resilience Programme in Northern Kenya
ECDE	Early Childhood Development Education
EU	European Union
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
SME	Small and Medium Enterprises
SRC	Salaries and Remuneration Commission
THSUCP	Transforming Health Systems for Universal Health Care Project
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This report has been prepared to fulfil Article 228(6) of the Constitution of Kenya, 2010, and Section 9 of the Controller of Budget Act, 2016. The report provides information on the status of budget implementation in FY 2021/22 by County Governments. It analyses revenue and expenditure performance against annual budget estimates and is based on financial and non-financial reports submitted by County Governments in line with Sections 166 and 168 of the Public Finance Management Act, 2012.

The aggregate budget estimates for the 47 County governments in FY 2021/22 amounted to Kshs.535.74 billion and comprised Kshs.193.53 billion (36.1 per cent) allocated to development and Kshs.342.21 billion (63.9 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programmes. To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.60.42 billion from their own revenue sources, Kshs.7.54 billion as conditional grants from the National Government, Kshs.32.34 billion from Development Partners, and utilise Kshs.58.88 billion cash balance from FY 2020/21.

The total funds available to the County Governments in the FY 2021/22 amounted to Kshs.436.46 billion. This amount consisted of Kshs.340.4 billion as an equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.12.01 billion as conditional grants, Kshs.48.14 billion actual reconciled cash balance from FY 2020/21, and Kshs.35.91 billion raised from own sources. The Kshs.35.91 billion received by county governments from their own sources of revenue was 59.4 per cent of the annual target and an improvement compared to Kshs.34.44 billion (64.2 per cent) generated in FY 2020/21. Analysis of own-source revenue as a proportion of the annual revenue target shows that sixteen counties recorded a performance of less than 60 per cent of the annual target. These were; - Busia (30 per cent), Murang'a (32.9 per cent), Kajiado (33.1 per cent), Garissa (43.7 per cent), Embu (43.8 per cent), Kitui (45.2 per cent), Nairobi City (47.1 per cent), Nyandarua (47.8 per cent), Bungoma (49.3 per cent), Kisumu (49.5 per cent), Wajir (52.4 per cent), Meru (55.9 per cent), Nyamira (56.4 per cent), Narok (56.7 per cent), Kisii (57.8 per cent), and Marsabit (58.6 per cent).

To implement county government budgets, the Controller of Budget authorised withdrawals of Kshs.410.86 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.94.7 billion (23 per cent) for development expenditure and Kshs.315.25 billion (77 per cent) for recurrent expenditure. This was an improvement from Kshs.404.97 billion authorised in FY 2020/21. Chapter three of this report provides a detailed analysis of the funds released to each county.

During the reporting period, County Governments spent Kshs.400.96 billion, representing an absorption rate of 74.8 per cent of the total annual budgets. This represented a decrease from an absorption rate of 79.3 per cent reported in FY 2020/21, where total expenditure was Kshs.398.01 billion. The total expenditure of Kshs.400.96 billion represented 97.6 per cent of authorised withdrawals of Kshs.410.86 billion.

Recurrent expenditure was Kshs.302.49 billion, representing 88.4 per cent of the annual recurrent budget, a decline from 89.5 per cent (Kshs.281.95 billion) reported in the FY 2020/21. Development expenditure amounted to Kshs.98.47 billion, representing an absorption rate of 50.9 per cent and a decline from 62.1 per cent attained in the FY 2020/21 when total development expenditure was Kshs.116.07 billion. A total of 17 counties recorded an absorption rate of less than 50 per cent of development expenditure. These were; - Garissa (29.3 per cent), Nairobi City (29.3 per cent), Kisumu (31.5 per cent), Machakos (32.6 per cent), Taita/Taveta (33 per cent), Narok (33.4 per cent), Vihiga (33.5 per cent), Busia (33.8 per cent), Kilifi (35.4 per cent), Mombasa (37 per cent), Turkana (39.5 per cent), Nyandarua (39.8 per cent), Murang'a (41.7 per cent), Baringo (43.9 per cent), Bungoma (44 per cent), Kisii (46.1 per cent), and Laikipia (47.6 per cent). An analysis of the development projects implemented by counties is provided in chapter three.

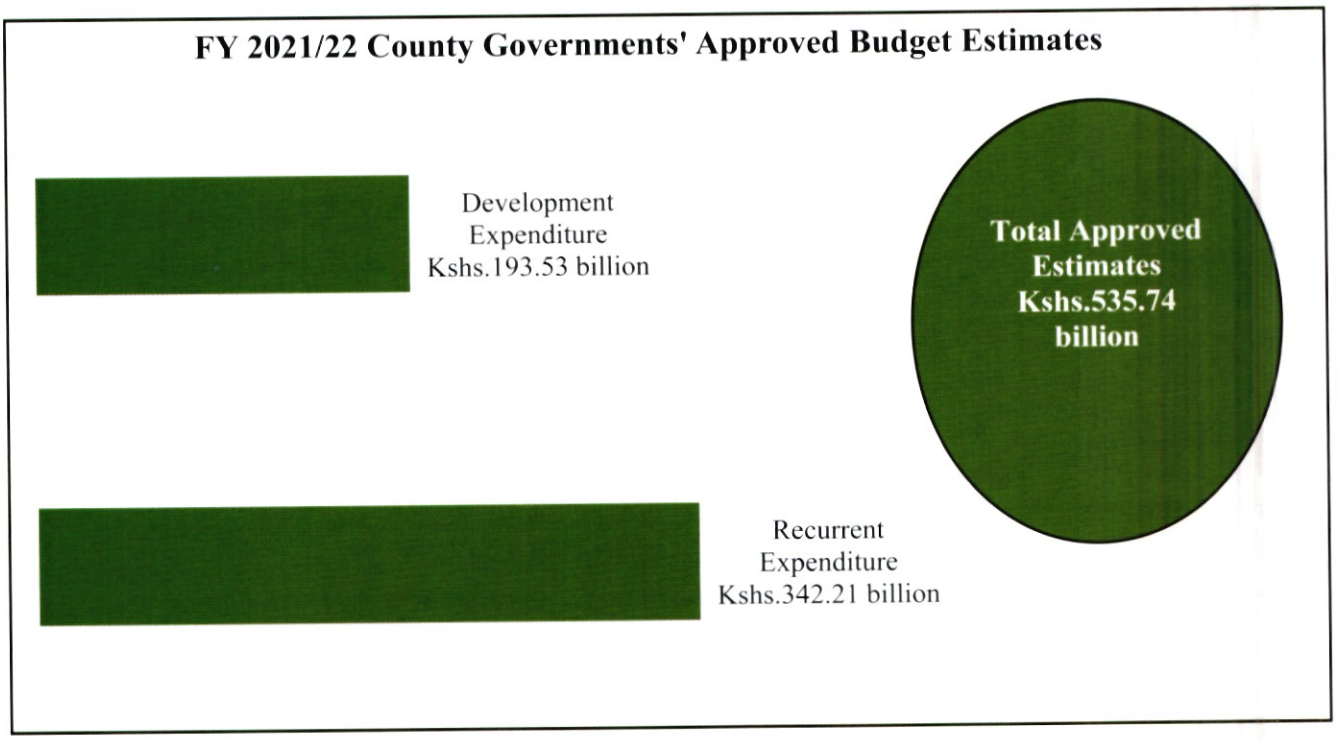
As of June 30, 2022, Counties reported accumulated pending bills amounting to Kshs.153.02 billion, comprise of Kshs.151.68 billion by the County Executives and Kshs.1.34 billion by the County Assemblies. Nairobi Cit County accounted for 69.5 per cent of the stock of the pending bills at Kshs.99.06 billion. Other Counties with high level of pending bills are Mombasa at Kshs.5.87 billion and Kiambu at Kshs.5.23 billion. Mandera Count Executive did not report any outstanding pending bills.

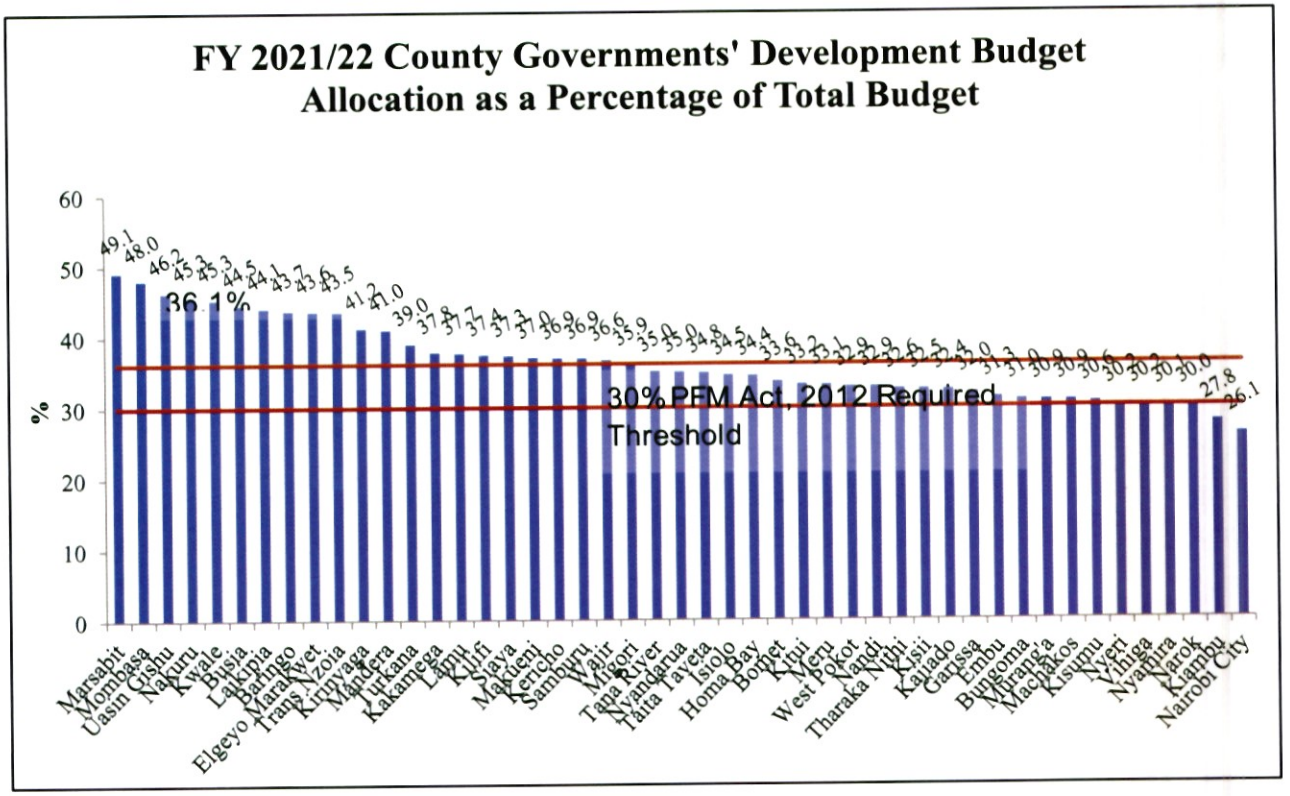
This report has identified challenges that hampered effective budget execution during the reporting period. The included; a high level of outstanding pending bills as self-reported by the county governments that summed up t Kshs.153.02 billion as of 30th June 2022, low expenditure on development budget, which was Kshs.98.47 billio and represented an absorption rate of 50.9 per cent of the County Governments' cumulative annual developmen expenditure budget of Kshs.193.53 billion, under-performance in own-source revenue collection, which wa Kshs.35.91 billion compared with the annual target of Kshs.60.42 billion, high expenditure on personnel emolument at Kshs.190.11 billion, which accounted for 47.4 per cent of the total spending of Kshs.400.96 billion or 43.6 pe cent of the FY 2021/22 available revenue of Kshs.436.46 billion, and the use of manual systems to process payroll which is prone to abuse. County governments processed Kshs.15.63 billion for wages through manual system other than the prescribed Integrated Payroll Personnel Database (IPPD). Other identified challenges include delay in submission of financial and non-financial reports by county governments to the Controller of Budge and weak budgetary control and use of revenue at source contrary to Article 207 (1) of the Constitution.

To address the identified challenges, the Controller of Budget advises county governments to settle pending bills as a first charge in the FY 2022/23 budget in line with Regulation 41 (2) of the Public Finance Managemen (County Governments) 2015. On the low development expenditure, county governments should prioritise the implementation of development projects in FY 2022/23 to improve the standard of living for their citizens and ensure that spending on development activities meets the minimum set threshold of 30 per cent of their annua budgets. In addition, counties are advised to review their FY 2022/23 revenue targets to confirm that they are realistic and implement strategies to mobilise their own source revenue collection. Further, the County Governments should ensure that spending on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015. In FY 2022/23, all the County Governments, including the County Assemblies, are required to migrate to the Unified Human Resource (HR) Information System for the public service by 1st October 2022, in line with the guidelines by the Head of the Public Service. The migration to the Unified-HR system will create sufficient capacity to capture securely, process, store, and supply information for the timely execution of the Human Resource Management function in the public service.

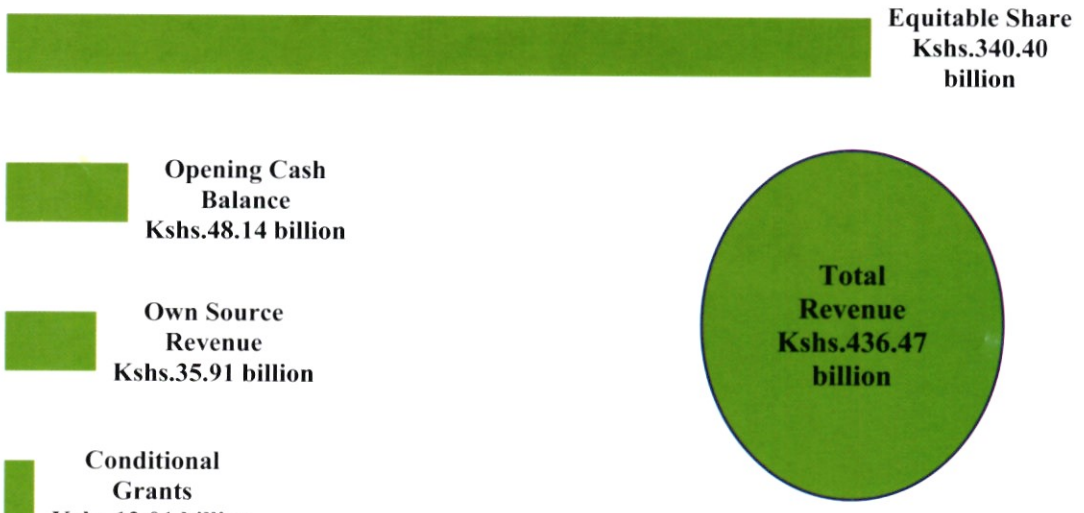
In addition, county governments are advised to implement mechanisms that ensure adherence to legal provisions on submitting financial and non-financial statutory reports. Further, proper internal control mechanisms should be adopted by County Treasuries to ensure all own source revenue receipts are banked intact into the County Revenue Fund and to ensure expenditure is within the approved budget and in line with work plans.

KEY HIGHLIGHTS

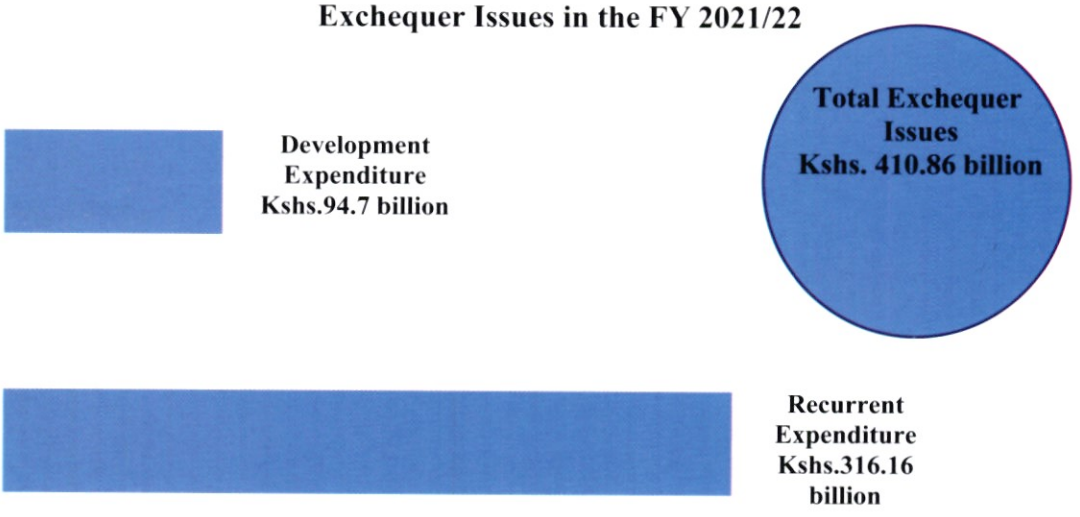




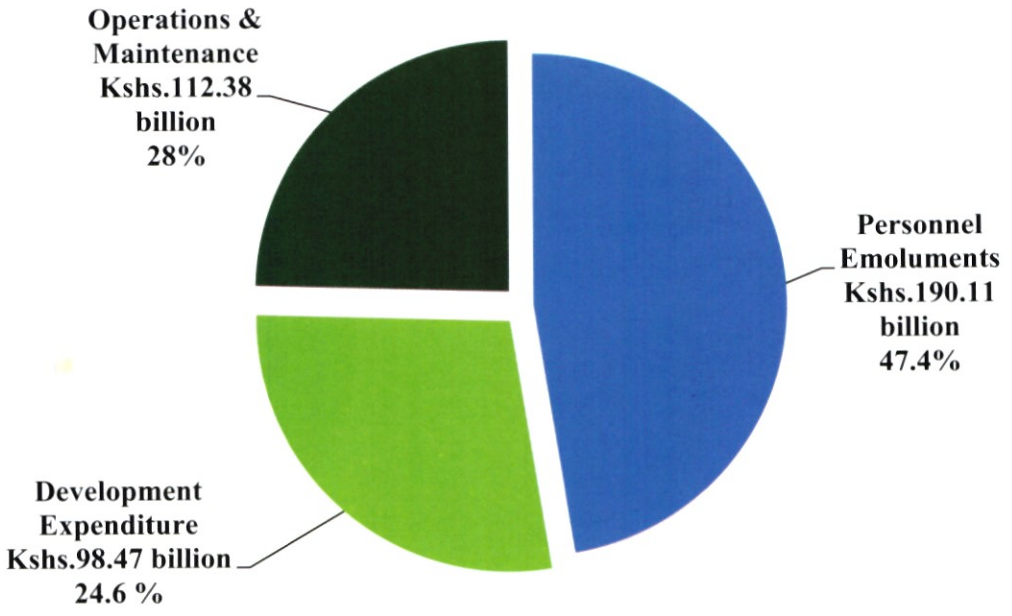
Total Revenue Available in FY 2021/22



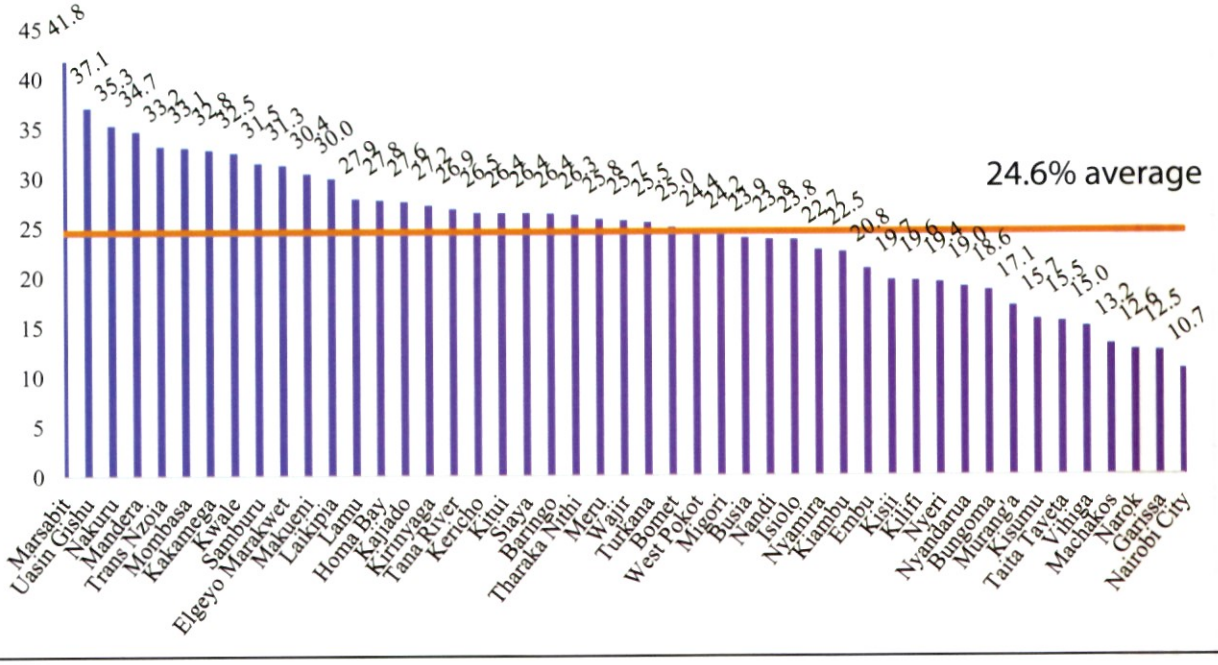
Exchequer Issues in the FY 2021/22



Expenditure by Economic Classification in the FY 2021/22



FY 2021/22 County Governments' Development Expenditure as a Percentage of Total Expenditure



1 INTRODUCTION

The Office of the Controller of Budget (OCoB) is established under Article 228(1) of the Constitution of Kenya 2010 to oversee and report on the implementation of the National and County Governments Budgets. Further, Article 228 (4) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act 2016 clarify the mandate of the Controller of Budget (CoB). The mandate includes authorising withdrawals from public funds, reporting on budget implementation to each House of Parliament every four months and publishing and publicising the statutory reports, among other functions. To fulfil its mandate, the CoB has prepared this annual County Budget Implementation Review Report (CBIRR) on the progress made by the County Governments in budget implementation in the Financial Year (FY) 2021/22. This report cumulates the three earlier reports made during FY 2021/22.

The annual CBIRR provides information on revenue raised by Counties, disbursement of the equitable share of revenue by the National Treasury, and receipts of conditional grants from the National Government and Development Partners. It also provides information on expenditure and is based on financial and non-financial information received from the County Governments for the period under review. Performance is compared against annual targets per the approved County government's budget. The report also highlights each County government's key challenges during the budget implementation process and proposes recommendations to enhance budget execution. The CBIRR offers valuable information on budget implementation to oversight institutions under the Public Finance Framework, such as Parliament, County Assemblies, Commission on Revenue Allocation, the National Treasury, and the public. The County executives will find this report suitable for evaluating their achievement against set annual targets and as a basis for benchmarking performance against other Counties.

This report is structured into five chapters. Chapter two analyses the aggregated budget performance of the 47 County governments. Specifically, the chapter analyses the revenue performance against the set targets and presents an actual expenditure analysis compared to the approved Budget Estimates. Expenditure is classified into recurrent and development activities. Recurrent spending is further decomposed into Personnel Emoluments (PE) and Operations and Maintenance (O&M). A summary report on the County governments' pending bills as of June 30 2022, is provided in this chapter. The absorption rate is computed as a percentage of actual expenditure against the approved budget allocation in the analysis.

Chapter three presents individual County government budget performance and covers information on budget allocations for recurrent and development expenditure, budget financing, exchequer issues and actual spending. Information on budget performance by the departments for each County government and a report on budget execution by programme and sub-programmes is captured in this chapter. Chapter four highlights the County governments' key challenges and provides appropriate recommendations to address the identified challenges to ensure smooth implementation of County Budgets. Chapter five provides the conclusion.

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FY 2021/22

2.1 Introduction

This chapter presents a financial analysis of aggregated county budget implementation for the FY 2021/22.

2.2 Revenue Analysis

In the FY 2021/22, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.535.74 billion and comprised Kshs.193.53 billion (36.1 per cent) allocated to development expenditure and Kshs.342.21 billion (63.9 per cent) for recurrent expenditure.

To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, generate Kshs.60.42 billion from their own revenue sources, receive Kshs.7.54 billion as conditional grants from the National Government and Kshs.32.34 billion from Development Partners, and utilise Kshs.58.88 billion unspent cash balance from FY 2020/21.

2.2.1 Revenue Out-turn

The total funds available to the County Governments in the FY 2021/22 amounted to Kshs.436.46 billion. This amount consisted of Kshs.340.4 billion as the equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.12.01 billion as conditional grants, Kshs.48.14 billion actual reconciled cash balance from FY 2020/21, and Kshs.35.91 billion raised from own sources. Table 2:1 provides the schedule of received conditional grants in FY 2021/22.

Table 2:1: Receipt of Conditional Grants in FY 2021/22

S/No.	Conditional Allocations from loans & grants	Allocation as per the County Governments Grants Act, 2022 (Kshs.)	Amount Received (Kshs.)
1	IDA (World Bank) Transforming Health Systems for Universal Care Project	2,234,664,077	1,445,456,880
2	IDA(World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	6,394,997,409	3,995,298,591
3	IDA (World Bank)-Kenya Climate Smart Agriculture Project (KCSAP)	7,838,338,490	-
4	EU Grant (Instruments for Devolution Advice and Support IDEAS)	230,730,934	-
5	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	5,000,000,000	1,509,911,512
6	DANIDA Grant-Primary Health Care in Devolved Context	701,250,000	322,911,258
7	IDA(World Bank) Credit: Kenya Devolution Support Project (KDSP) - Level 2 grant	4,599,999,996	3,582,260,723
8	Sweden-Agriculture Sector Development Support Programme (ASDSP)II	1,300,042,904	501,105,906
9	German Development Bank(KFW)-Drought Resilience Programme in Northern Kenya(DRPNK)	370,000,000	-
10	World Bank-Emergency Locust Response Project (ELRP)	800,000,001	297,369,711
11	World Bank-Kenya Informal Settlement Improvement Project (KISIP II)	2,800,000,000	-
12	UNFPA-9th Country Programme Implementation	73,866,705	-
	Total Loans and Grants	**32,343,890,516**	**12,014,314,585**

Source; *OCOB Exchequer Records*

2.2.2 Own-Source Revenue

During the reporting period, county governments generated a total of Kshs.35.91 billion from their own sourc revenue (OSR), which was 59.4 per cent of the annual target of Kshs.60.42 billion. This was an improvemer compared to Kshs.34.44 billion generated in FY 2020/21. Analysis of own-source revenue collection for July 202 to June 2022 is shown in Table 2:2.

Table 2:2: Own Source Revenue Collection for the FY 2021/22

County	Annual Own Source Revenue (OSR) Target for FY 2021/22 (Kshs.)	FY 2021/22 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	288,546,935	264,898,800	91.8
Bomet	260,000,000	202,430,010	77.9
Bungoma	746,811,602	368,035,218	49.3
Busia	976,108,322	292,736,456	30.0
Elgeyo Marakwet	266,100,000	162,252,071	61.0
Embu	900,000,000	394,540,728	43.8
Garissa	150,000,000	65,624,500	43.7
Homa Bay	164,982,028	146,642,418	88.9
Isiolo	113,686,337	107,832,875	94.9
Kajiado	1,595,132,700	527,943,689	33.1
Kakamega	1,600,000,000	1,226,076,737	76.6
Kericho	842,636,240	566,821,704	67.3
Kiambu	4,288,015,282	3,149,182,552	73.4
Kilifi	1,118,754,087	827,496,951	74.0
Kirinyaga	485,000,000	364,653,724	75.2
Kisii	700,000,000	404,554,620	57.8
Kisumu	1,984,000,003	982,789,204	49.5
Kitui	800,000,000	361,271,342	45.2
Kwale	438,000,000	302,688,593	69.1
Laikipia	1,313,813,276	894,884,655	68.1
Lamu	120,000,000	126,995,226	105.8
Machakos	1,682,894,197	1,118,461,753	66.5
Makueni	906,306,710	749,406,507	82.7
Mandera	200,037,792	132,899,851	66.4
Marsabit	170,000,000	99,563,452	58.6
Meru	689,061,600	385,391,541	55.9
Migori	350,000,000	386,872,946	110.5
Mombasa	4,957,305,414	3,608,672,111	72.8
Murang'a	1,580,000,000	520,317,425	32.9
Nairobi City	19,610,744,671	9,238,804,878	47.1
Nakuru	1,980,000,000	1,707,447,685	86.2
Nandi	387,106,430	275,658,466	71.2
Narok	2,354,426,171	1,334,563,666	56.7
Nyamira	295,000,000	166,487,465	56.4
Nyandarua	990,000,000	473,061,809	47.8
Nyeri	1,000,000,000	948,313,629	94.8
Samburu	157,264,422	120,049,011	76.3
Siaya	445,445,551	434,376,276	97.5
Taita Taveta	450,282,421	315,575,986	70.1
Tana River	87,846,000	72,260,813	82.3

County	Annual Own Source Revenue (OSR) Target for FY 2021/22 (Kshs.)	FY 2021/22 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Tharaka Nithi	350,000,000	234,293,360	66.9
Trans Nzoia	529,500,000	379,991,105	71.8
Turkana	180,000,000	204,349,844	113.5
Uasin Gishu	1,414,917,111	858,341,720	60.7
Vihiga	232,658,878	236,265,160	101.6
Wajir	100,000,000	52,415,625	52.4
West Pokot	170,000,000	113,444,832	66.7
Total	**60,422,384,180**	**35,907,638,989**	**59.4**

Source: *County Treasuries*

Analysis of own-source revenue as a proportion of the annual revenue target indicated that four counties achieved their set annual target:- Turkana at 113.5 per cent, Migori County at 110.5 per cent, Lamu County at 105.5 per cent, and Vihiga at 101.6 per cent. Conversely, eight counties recorded below 50 per cent performance, namely; - Busia, Murang'a, Garissa, Kajiado, Embu, Kitui, Nairobi City, Nyandarua, and Bungoma. The OCOB recommends that the eight counties that recorded below 50 per cent performance of OSR in the period under review should build capacity revenue enhancement and management in the coming financial year.

2.3 Funds Released to the Counties

2.3.1 Funds released from the Consolidated Fund to the Counties

In FY 2021/22, the Controller of Budget (COB) approved the transfer of Kshs.340.4 billion as an 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 transferred amount represented 92.0 per cent of the approved equitable share of Kshs.370 billion as contained in the County Allocation of Revenue Act, 2021. A further Kshs.12.01 billion was transferred as conditional grants from development partners in the FY 2021/22 to County Governments in line with the County Governments Grants Act, 2022 as shown in Table 1:1. A detailed analysis of the released equitable share and conditional grants to each County is provided in chapter three.

2.3.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.409.44 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.94.18 billion (23 per cent) for development expenditure and Kshs.315.25 billion (77 per cent) for recurrent expenditure. This was an improvement from Kshs.404.97 billion authorised in FY 2020/21. 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 FY 2021/22 was Kshs.400.96 billion, representing an absorption rate of 74.8 per cent of the total annual County Governments' budget. This decreased from an absorption rate of 79.3 per cent reported in FY 2020/21, where total expenditure was Kshs.398.01 billion.

Recurrent expenditure was Kshs.302.49 billion, representing 88.4 per cent of the annual recurrent budget, a decline from 89.5 per cent reported in FY 2020/21. Development expenditure amounted to Kshs.98.47 billion, representing an absorption rate of 50.9 per cent and a decline from 62.1 per cent attained in the FY 2020/21 when total development expenditure was Kshs.116.07 billion. The analysis of expenditure by economic classification in the FY 2021/22 is provided in Table 2:3.

Table 2:3: Expenditure by Major Economic Classification - FY 2021/22

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	3,450,297,215	1,700,450,967	5,150,748,182	1,847,194,402	6,997,942,583
Bomet	3,121,646,889	2,036,959,212	5,158,606,101	1,719,968,378	6,878,574,478
Bungoma	5,205,871,724	3,395,355,333	8,601,227,057	1,969,506,954	10,570,734,011
Busia	3,122,046,063	1,765,735,689	4,887,781,752	1,537,628,130	6,425,409,882
Elgeyo Marakwet	2,534,891,069	972,298,271	3,507,189,340	1,597,342,232	5,104,531,572
Embu	3,038,753,284	1,182,982,811	4,221,736,095	1,110,827,995	5,332,564,090
Garissa	5,288,457,614	1,558,739,654	6,847,197,268	978,127,536	7,825,324,804
Homa Bay	4,111,201,732	1,582,909,855	5,694,111,587	2,189,697,432	7,883,809,019
Isiolo	1,632,366,774	2,127,297,253	3,759,664,027	1,172,139,312	4,931,803,339
Kajiado	3,710,827,358	1,840,700,684	5,551,528,042	2,118,956,743	7,670,484,785
Kakamega	5,881,178,118	3,426,683,256	9,307,861,374	4,550,517,235	13,858,378,609
Kericho	3,021,507,388	2,036,469,328	5,057,976,715	1,822,643,979	6,880,620,694
Kiambu	7,642,930,758	2,281,050,904	9,923,981,662	2,885,947,037	12,809,928,699
Kilifi	4,316,315,088	4,362,071,319	8,678,386,407	2,116,784,099	10,795,170,506
Kirinyaga	2,685,963,218	1,648,490,435	4,334,453,653	1,623,487,753	5,957,941,406
Kisii	5,702,631,700	2,000,979,430	7,703,611,130	1,887,895,633	9,591,506,763
Kisumu	5,127,435,441	1,180,420,758	6,307,856,199	1,175,681,558	7,483,537,756
Kitui	4,996,565,079	2,589,449,422	7,586,014,501	2,728,054,436	10,314,068,937
Kwale	3,419,373,586	3,183,529,547	6,602,903,133	3,184,346,882	9,787,250,015
Laikipia	2,814,969,584	1,540,242,492	4,355,212,076	1,862,129,632	6,217,341,708
Lamu	1,528,838,096	1,166,597,803	2,695,435,899	1,042,916,227	3,738,352,126
Machakos	6,400,178,586	2,273,138,970	8,673,317,557	1,317,517,151	9,990,834,707
Makueni	3,547,379,878	2,330,806,331	5,878,186,208	2,571,187,021	8,449,373,229
Mandera	3,295,140,489	4,273,271,022	7,568,411,511	4,027,479,362	11,595,890,873
Marsabit	2,801,611,546	1,713,211,963	4,514,823,509	3,245,198,049	7,760,021,558
Meru	5,080,221,641	2,341,780,607	7,422,002,247	2,585,918,790	10,007,921,037
Migori	3,254,649,814	3,368,854,252	6,623,504,066	2,115,152,376	8,738,656,442
Mombasa	5,561,531,213	1,473,353,281	7,034,884,494	3,474,451,994	10,509,336,488
Murang'a	4,362,009,462	2,323,898,354	6,685,907,816	1,374,406,246	8,060,314,062
Nairobi City	14,794,066,094	10,515,642,116	25,309,708,210	3,024,714,779	28,334,422,989
Nakuru	6,811,152,345	3,251,293,786	10,062,446,131	5,499,909,648	15,562,355,779
Nandi	3,849,486,012	1,951,443,981	5,800,929,993	1,809,182,923	7,610,112,916
Narok	4,264,839,019	5,009,922,456	9,274,761,474	1,338,292,141	10,613,053,615
Nyamira	3,323,342,851	1,193,181,884	4,516,524,735	1,327,812,045	5,844,336,780

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
Nyandarua	2,494,435,404	2,272,289,203	4,766,724,607	1,116,410,916	5,883,135,523
Nyeri	3,843,715,293	1,971,400,076	5,815,115,369	1,403,365,761	7,218,481,130
Samburu	2,293,546,213	1,740,242,425	4,033,788,638	1,855,246,816	5,889,035,454
Siaya	3,107,987,447	2,120,221,909	5,228,209,356	1,879,752,735	7,107,962,091
Taita Taveta	2,820,179,212	1,671,767,138	4,491,946,349	822,563,378	5,314,509,728
Tana River	2,123,686,861	3,117,724,230	5,241,411,091	1,927,723,338	7,169,134,429
Tharaka Nithi	2,198,285,651	979,745,106	3,178,030,757	1,132,434,701	4,310,465,458
Trans Nzoia	3,200,142,358	2,011,531,242	5,211,673,599	2,591,583,388	7,803,256,987
Turkana	4,599,325,204	2,686,116,395	7,285,441,599	2,491,863,053	9,777,304,653
Uasin Gishu	3,822,981,507	2,587,903,902	6,410,885,409	3,781,954,388	10,192,839,797
Vihiga	2,541,724,411	1,130,926,989	3,672,651,400	647,138,047	4,319,789,447
Wajir	4,401,864,681	2,515,735,890	6,917,600,571	2,391,604,385	9,309,204,956
West Pokot	2,964,438,325	1,976,748,977	4,941,187,302	1,596,706,031	6,537,893,334
Total	**190,111,989,295**	**112,381,566,908**	**302,493,556,198**	**98,471,363,043**	**400,964,919,244**

Source: *OCoB and County Treasuries*

A review of cumulative expenditure by economic classification showed that Kshs.190.11 billion (47.4 per cent) was spent on Personnel Emoluments, Kshs.112.38 billion (28.0 per cent) on Operations and Maintenance, and Kshs.98.47 billion (24.6 per cent) on Development Expenditure.

2.4.1 Development Expenditure

The County governments spent Kshs.98.47 billion on development activities, representing an absorption rate of 50.9 per cent of the annual development budget, which decreased from 62.1 per cent, reported in FY 2020/21 when development expenditure was Kshs.116.07 billion. Analysis of county budgets and expenditures in the FY 2021/22 is provided in Table 2:4.

Table 2:4: County Budget Allocation, Expenditure and Absorption Rate for the FY 2021/22

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development 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	5,415.43	4,205.19	9,620.63	5,150.75	1,847.19	6,997.94	95.1	43.9	72.7
Bomet	5,842.23	2,961.02	8,803.24	5,158.61	1,719.97	6,878.57	88.3	58.1	78.1
Bungoma	9,974.99	4,479.38	14,454.36	8,601.23	1,969.51	10,570.73	86.2	44.0	73.1
Busia	5,681.53	4,548.85	10,230.38	4,887.78	1,537.63	6,425.41	86.0	33.8	62.8
Elgeyo/ Marakwet	3,700.80	2,858.56	6,559.35	3507.189	1597.342	5104.532	94.8	55.9	77.8
Embu	4,750.39	2,168.72	6,919.11	4,221.74	1,110.83	5,332.56	88.9	51.2	77.1
Garissa	7,096.95	3,343.79	10,440.74	6,847.20	978.13	7,825.32	96.5	29.3	74.9
Homa Bay	6,350.27	3,334.09	9,684.36	5,694.11	2,189.70	7,883.81	89.7	65.7	81.4

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development 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
Isiolo	4,169.53	2,198.31	6,367.84	3,759.66	1,172.14	4,931.80	90.2	53.3	77.4
Kajiado	7,451.72	3,570.37	11,022.09	5,551.53	2,118.96	7,670.48	74.5	59.3	69.6
Kakamega	10,202.21	6,198.03	16,400.24	9,307.86	4,550.52	13,858.38	91.2	73.4	84.5
Kericho	5,299.72	3,104.29	8,404.00	5,057.98	1,822.64	6,880.62	95.4	58.7	81.9
Kiambu	12,637.21	4,869.66	17,506.87	9,923.98	2,885.95	12,809.93	78.5	59.3	73.2
Kilifi	9,981.52	5,971.31	15,952.83	8,678.39	2,116.78	10,795.17	86.9	35.4	67.7
Kirinyaga	4,531.06	3,174.27	7,705.33	4,334.45	1,623.49	5,957.94	95.7	51.1	77.3
Kisii	8,498.97	4,091.72	12,590.70	7,703.61	1,887.90	9,591.51	90.6	46.1	76.2
Kisumu	8,451.05	3,726.80	12,177.85	6,307.86	1,175.68	7,483.54	74.6	31.5	61.5
Kitui	8,327.23	4,141.51	12,468.74	7,586.01	2,728.05	10,314.07	91.1	65.9	82.7
Kwale	6,986.72	5,778.92	12,765.64	6,602.90	3,184.35	9,787.25	94.5	55.1	76.7
Laikipia	4,966.83	3,911.73	8,878.56	4,355.21	1,862.13	6,217.34	87.7	47.6	70.0
Lamu	3,115.71	1,881.67	4,997.38	2,695.44	1,042.92	3,738.35	86.5	55.4	74.8
Machakos	9,051.33	4,038.39	13,089.72	8,673.32	1,317.52	9,990.83	95.8	32.6	76.3
Makueni	7,269.88	4,274.95	11,544.84	5,878.19	2,571.19	8,449.37	80.9	60.1	73.2
Mandera	7,840.82	5,442.85	13,283.67	7,568.41	4,027.48	11,595.89	96.5	74.0	87.3
Marsabit	4,745.54	4,586.00	9,331.54	4,514.82	3,245.20	7,760.02	95.1	70.8	83.2
Meru	8,387.69	4,153.46	12,541.15	7,422.00	2,585.92	10,007.92	88.5	62.3	79.8
Migori	6,690.49	3,753.53	10,444.02	6,623.50	2,115.15	8,738.66	99.0	56.4	83.7
Mombasa	10,168.15	9,388.90	19,557.05	7,034.88	3,474.45	10,509.34	69.2	37.0	53.7
Murang'a	7,372.37	3,296.19	10,668.56	6,685.91	1,374.41	8,060.31	90.7	41.7	75.6
Nairobi City	29,293.58	10,333.96	39,627.54	25,309.71	3,024.71	28,334.42	86.4	29.3	71.5
Nakuru	12,851.05	10,662.94	23,513.99	10,062.45	5,499.91	15,562.36	78.3	51.6	66.2
Nandi	6,019.80	2,945.75	8,965.55	5,800.93	1,809.18	7,610.11	96.4	61.4	84.9
Narok	9,344.77	4,007.34	13,352.11	9,274.76	1,338.29	10,613.05	99.3	33.4	79.5
Nyamira	4,778.83	2,053.79	6,832.62	4,516.52	1,327.81	5,844.34	94.5	64.7	85.5
Nyandarua	5,223.94	2,808.58	8,032.51	4,766.72	1,116.41	5,883.14	91.2	39.8	73.2
Nyeri	6,097.46	2,635.80	8,733.27	5,815.12	1,403.37	7,218.48	95.4	53.2	82.7
Samburu	4,653.65	2,723.89	7,377.54	4,033.79	1,855.25	5,889.04	86.7	68.1	79.8
Siaya	5,624.76	3,345.54	8,970.29	5,228.21	1,879.75	7,107.96	92.9	56.2	79.2
Taita/Taveta	4,662.91	2,492.70	7,155.61	4,491.95	822.56	5,314.51	96.3	33.0	74.3
Tana River	5,510.90	2,973.82	8,484.71	5,241.41	1,927.72	7,169.13	95.1	64.8	84.5
Tharaka -Nithi	3,987.11	1,924.15	5,911.26	3,178.03	1,132.43	4,310.47	79.7	58.9	72.9
Trans Nzoia	5,254.43	4,050.87	9,305.30	5,211.67	2,591.58	7,803.26	99.2	64.0	83.9
Turkana	9,880.51	6,308.33	16,188.84	7,285.44	2,491.86	9,777.30	73.7	39.5	60.4
Uasin Gishu	7,103.02	6,110.64	13,213.66	6,410.89	3,781.95	10,192.84	90.3	61.9	77.1
Vihiga	4,475.23	1,933.65	6,408.88	3,672.65	647.14	4,319.79	82.1	33.5	67.4
Wajir	7,341.86	4,243.70	11,585.56	6,917.60	2,391.60	9,309.20	94.2	56.4	80.4
West Pokot	5,150.59	2,521.09	7,671.68	4,941.19	1,596.71	6,537.89	95.9	63.3	85.2
Total	**342,212.74**	**193,529.00**	**535,741.71**	**302,493.56**	**98,471.36**	**400,964.88**	**88.4**	**50.9**	**74.8**

Source: *OCoB and County Treasuries*

Analysis of development expenditure as a proportion of the approved annual development budget shows that only three counties attained an absorption rate above 70 per cent, namely, Mandera at 74 per cent, Kakamega at

73.4 per cent, and Marsabit at 70.8 per cent. A total of 17 counties recorded a below 50 per cent absorption rate of development expenditure, namely; -Laikipia, Kisii, Bungoma, Baringo, Murang'a, Nyandarua, Turkana, Mombasa, Kilifi, Busia, Vihiga, Narok, Taita Taveta, Machakos, Kisumu, Nairobi City, and Garissa. The Controller of Budget recommends that these 16 county governments develop and implement strategies to enhance the utilisation of funds allocated for development activities in the coming financial year. An analysis of the development projects implemented by counties is provided in chapter three.

2.4.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.302.49 billion or 74.5 per cent of the total expenditure on recurrent activities. This expenditure represents 88.4 per cent of the annual county government's budget for recurrent activities and a decline from 89.5 per cent recorded in the FY 2020/21 when expenditure stood at Kshs.281.95 billion.

The recurrent expenditure comprised Kshs.190.11 billion (62.8 per cent) on Personnel Emoluments and Kshs.112.38 billion (37.2 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 Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. In the FY 2021/22, expenditure on compensation to employees was Kshs.190.11 billion, which translated to 47.4 per cent of the total expenditure of Kshs.400.96 billion. The expenditure on personnel emoluments translated to 43.6 per cent when calculated as a percentage of available revenue of Kshs.427.47 billion in the FY 2021/22.

Expenditure on wages and benefits by 4 Counties were within the ceiling provided in law, namely; Mandera, Tana River, Isiolo and Kwale at 28.4 per cent, 29.6 per cent, 33.1 per cent, 33.1 per cent, and 34.9 per cent respectively. An analysis of the expenditure on personnel emoluments by counties is provided in chapter three.

2.4.4 Review of MCA Sitting Allowances

The County Assemblies spent Kshs.2.01 billion on MCA's Sitting allowances against an approved budget allocation of Kshs.2.47 billion during the reporting period. This expenditure translated to 81.3 per cent of the approved MCAs sitting allowance budget, a decrease from 84.7 per cent attained in the FY 2020/21 when Kshs.2.18 billion was spent. Table 2:5 shows the budgetary allocation and expenditure on MCAs and Speakers' sitting allowances in the FY 2021/22.

Table 2:5: MCAs Budget Allocation, Expenditure and Absorption Rate in FY 2021/22

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
Baringo	58,364,274	25,920,700	44.4	46	46,958
Bomet	27,630,578	27,630,578	100.0	37	62,231
Bungoma	26,121,600	21,614,187	82.7	61	29,528
Busia	75,593,600	58,993,600	78.0	54	91,040
Elgeyo Marakwet	43,500,000	43,437,354	99.9	34	106,464
Embu	29,000,000	24,777,200	85.4	35	58,993
Garissa	44,907,867	33,985,292	75.7	51	55,532
Homa Bay	117,715,200	101,509,337	86.2	61	138,674
Isiolo	15,669,258	15,669,258	100.0	18	72,543

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
Kajiado	10,000,000	8,133,102	81.3	42	16,13
Kakamega	133,286,400	133,288,400	100.0	90	123,41
Kericho	46,003,200	46,003,200	100.0	48	79,86
Kiambu	120,000,000	53,769,300	44.8	93	48,18
Kilifi	72,965,066	71,000,000	97.3	55	107,57
Kirinyaga	61,846,400	33,729,200	54.5	34	82,67
Kisii	107,420,000	107,419,160	100.0	71	126,07
Kisumu	47,089,076	45,640,301	96.9	49	77,62
Kitui	53,271,200	35,704,434	67.0	55	54,098
Kwale	42,001,592	42,001,592	100.0	31	112,908
Laikipia	32,565,600	16,757,000	51.5	25	55,857
Lamu	20,952,000	13,588,500	64.9	19	59,599
Machakos	56,638,868	62,713,600	110.7	61	85,674
Makueni	78,549,432	57,674,271	73.4	39	123,236
Mandera	25,000,000	15,768,900	63.1	49	26,818
Marsabit	35,000,000	27,774,469	79.4	31	74,663
Meru	104,476,926	79,753,070	76.3	69	96,320
Migori	109,516,800	109,516,800	100.0	57	160,112
Mombasa	40,000,000	28,406,700	71.0	43	55,052
Murang'a	68,000,000	56,238,685	82.7	54	86,788
Nairobi City	85,733,635	85,274,600	99.5	124	57,308
Nakuru	73,527,000	73,526,775	100.0	73	83,935
Nandi	53,557,481	22,051,600	41.2	40	45,941
Narok	57,614,000	34,581,300	60.0	48	60,037
Nyamira	55,892,800	47,869,887	85.6	37	107,815
Nyandarua	31,350,016	29,205,365	93.2	40	60,845
Nyeri	50,668,800	31,748,600	62.7	45	58,794
Samburu	22,400,000	17,388,040	77.6	28	51,750
Siaya	43,134,254	42,435,000	98.4	43	82,238
Taita Taveta	21,792,318	21,383,700	98.1	34	52,411
Tana River	18,125,000	17,424,000	96.1	24	60,500
Tharaka Nithi	28,644,000	19,643,750	68.6	21	77,951
Trans Nzoia	40,853,610	24,255,800	59.4	40	50,533
Turkana	36,000,000	20,839,540	57.9	48	36,180
Uasin Gishu	36,689,000	36,689,000	100.0	48	63,696
Vihiga	66,643,200	42,015,028	63.0	39	89,776
Wajir	12,776,400	12,772,400	100.0	50	21,287
West Pokot	29,288,328	29,288,328	100.0	34	71,785
Total	**2,467,774,779**	**2,006,810,903**	**81.3**	**2228**	**75,060**

Source: *OCoB and County Treasuries*

County Assemblies that recorded the highest average monthly sitting allowance per MCA were Migori at Kshs.160,112, Homa Bay at Kshs.138,674 and Kisii at 126,079.

2.4.5 Pending Bills as of June 30, 2022

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 June 30, 2022, Counties reported accumulated pending bills amounting to Kshs.153.02 billion, comprised of Kshs.151.68 billion by the County Executive and Kshs.1.34 billion by the County Assemblies, as shown in Table 2.6.

Table 2.6: Pending Bills for the Counties as of June 30, 2022

County	County Executive (Kshs.)			County Assembly (Kshs.)			Grand Total (Kshs.)
	Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total	
	A	B	C=A+B	D	E	F=D+E	F=C+F
Baringo	57,263,418	132,614,730	189,878,148	39,127,015	7,923,118	47,050,133	236,928,281
Bomet	-	35,134,403	35,134,403	-	-	-	35,134,403
Bungoma	341,359,370	159,324,029	500,683,399	-	-	-	500,683,399
Busia	535,810,627	1,227,240,647	1,763,051,274	67,241,110	-	67,241,110	1,830,292,384
Elgeyo Marak-wet	8,536,274	5,788,774	14,325,048	-	-	-	14,325,048
Embu	1,044,473,502	1,082,343,288	2,126,816,790	110,766,766	-	110,766,766	2,237,583,556
Garissa	-	1,383,348,868	1,383,348,868	36,901,187	21,415,183	58,316,370	1,441,665,238
Homa Bay	16,918,370	865,410,066	882,328,436	-	-	-	882,328,436
Isiolo	640,682,037	185,876,996	826,559,033	-	151,340,424	151,340,424	977,899,457
Kajiado	-	1,077,546,304	1,077,546,304	4,629,652		4,629,652	1,082,175,956
Kakamega	31,206,001	24,536,678	55,742,679	-	-	-	55,742,679
Kericho	65,391,000	440,587,000	505,978,000	-	-	-	505,978,000
Kiambu	3,579,837,179	2,216,702,383	5,796,539,562	68,192,952	9,351,325	77,544,277	5,874,083,839
Kilifi	635,062,298	845,032,513	1,480,094,811			-	1,480,094,811
Kirinyaga	233,722,376	249,091,100	482,813,476	-	-	-	482,813,476
Kisii	369,702,887	1,024,151,528	1,393,854,415	25,026,658	33,524,547	58,551,205	1,452,405,620
Kisumu	-	1,876,629,991	1,876,629,991	24,781,809	-	24,781,809	1,901,411,800
Kitui	385,916,852	1,226,835,225	1,612,752,077	6,107,508		6,107,508	1,618,859,585
Kwale	282,246,165	2,301,455,007	2,583,701,172		-	-	2,583,701,172
Laikipia	292,193,421	556,654,864	848,848,285	6,270,000		6,270,000	855,118,285
Lamu	2,543,798	1,727,952	4,271,750	-	-	-	4,271,750
Machakos	403,841,791	321,340,938	725,182,729	84,339,616		84,339,616	809,522,345
Makueni	274,341,729	343,947,654	618,289,383	25,448,833	14,020,934	39,469,767	657,759,150
Mandera			-	5,048,570		5,048,570	5,048,570
Marsabit	755,763,127	-	755,763,127			-	755,763,127
Meru	78,071,563	57,347,834	135,419,397		28,000,000	28,000,000	163,419,397
Migori	379,194,082	94,786,881	473,980,963	5,852,800	139,815,705	145,668,505	619,649,468
Mombasa	3,951,627,352	1,195,792,355	5,147,419,707	77,601,951	-	77,601,951	5,225,021,658
Murang'a	1,401,670,962	642,739,263	2,044,410,225	-	-	-	2,044,410,225
Nairobi City	-	99,058,655,235	99,058,655,235	-	-	-	99,058,655,235
Nakuru	476,105,541	302,310,929	778,416,470	27,469,839		27,469,839	805,886,309
Nandi	28,009,682	55,039,138	83,048,820	-	-	-	83,048,820
Narok	-	415,304,050	415,304,050	-	-	-	415,304,050
Nyamira	120,000,000	360,000,000	480,000,000	-	22,523,319	22,523,319	502,523,319
Nyandarua	271,617,512	678,920,016	950,537,528	3,128,097	75,959,887	79,087,984	1,029,625,512
Nyeri	118,488,926	328,474,939	446,963,865	3,040,556		3,040,556	450,004,421
Samburu	242,493,971	547,462,255	789,956,226			-	789,956,226

County	County Executive (Kshs.)			County Assembly (Kshs.)			Grand Total (Kshs.)
	Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total	
	A	B	C=A+B	D	E	F=D+E	F=C+F
Siaya	305,651,861	433,168,323	738,820,184	5,685,824	7,484,933	13,170,757	751,990,941
Taita Taveta	414,536,191	576,817,900	991,354,091	29,815,650	12,807,021	42,622,671	1,033,976,762
Tana River	153,220,000	816,800,000	970,020,000	-	-	-	970,020,000
Tharaka Nithi	313,342,461	188,233,599	501,576,060	18,438,281	65,620,435	84,058,716	585,634,776
Trans Nzoia	1,940,436,739	919,420,241	2,859,856,980	-	-	-	2,859,856,980
Turkana	896,378,463	1,351,803,368	2,248,181,831	26,115,914	-	26,115,914	2,274,297,745
Uasin Gishu	248,784,792	287,483,599	536,268,391	21,112,773	23,097,568	44,210,341	580,478,732
Vihiga	154,841,228	409,559,275	564,400,503			-	564,400,503
Wajir	-	3,468,515,746	3,468,515,746	-	-	-	3,468,515,746
West Pokot	-	458,509,112	458,509,112	-	-	-	458,509,112
Total	**21,451,283,548**	**130,230,464,996**	**151,681,748,544**	**722,143,361**	**612,884,399**	**1,335,027,760**	**153,016,776,304**

Source: *County Treasuries*

Nairobi City County accounted for 64.74 per cent of the pending bills stock at Kshs.99.06 billion. Other Counties with a high level of pending bills are Mombasa at Kshs.5.23 billion and Kiambu at Kshs.5.87 billion. Mandera County Executive did not report any outstanding pending bills.

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

3 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FY 2021/22

3.1 County Government of Baringo

3.1.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.9.62 billion, comprising Kshs.4.21 billion (43.7 per cent) and Kshs.5.41 billion (56.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.52 billion (67.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.288.55 million (3 per cent) from its sources of revenue, and use a cash balance of Kshs.2.14 billion (22.3 per cent) from FY 2020/21. The County also expected to receive Kshs.667.34 million (6.9 per cent) as conditional grants.

The conditional grants comprised Kshs.300 million for Kenya Climate Smart Agriculture Project (KCSAP), Kshs.142.16 million for Transforming Health systems for Universal care Project (WB), Kshs.75.82 million for Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.48.30 million for Kenya Devolution Support Project (KDSP) Level 1 Grant, Kshs.36.74 million for Instruments for Devolution Advise and Support (IDEAS), Kshs.27.91 million for Emergency Locusts Project, Kshs.25.12 million for Agricultural Sector Development Support Programme (ASDSP) II, and Kshs.11.29 million for DANIDA Primary Health Care.

3.1.2 Revenue Performance

In FY 2021/22, the County received Kshs.5.86 billion as the equitable share of the revenue raised nationally, Kshs.354.40 million as conditional grants, had a cash balance of Kshs.2.14 billion from FY 2020/21, and raised Kshs.264.90 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.8.62 billion, as shown in Table 3.1.

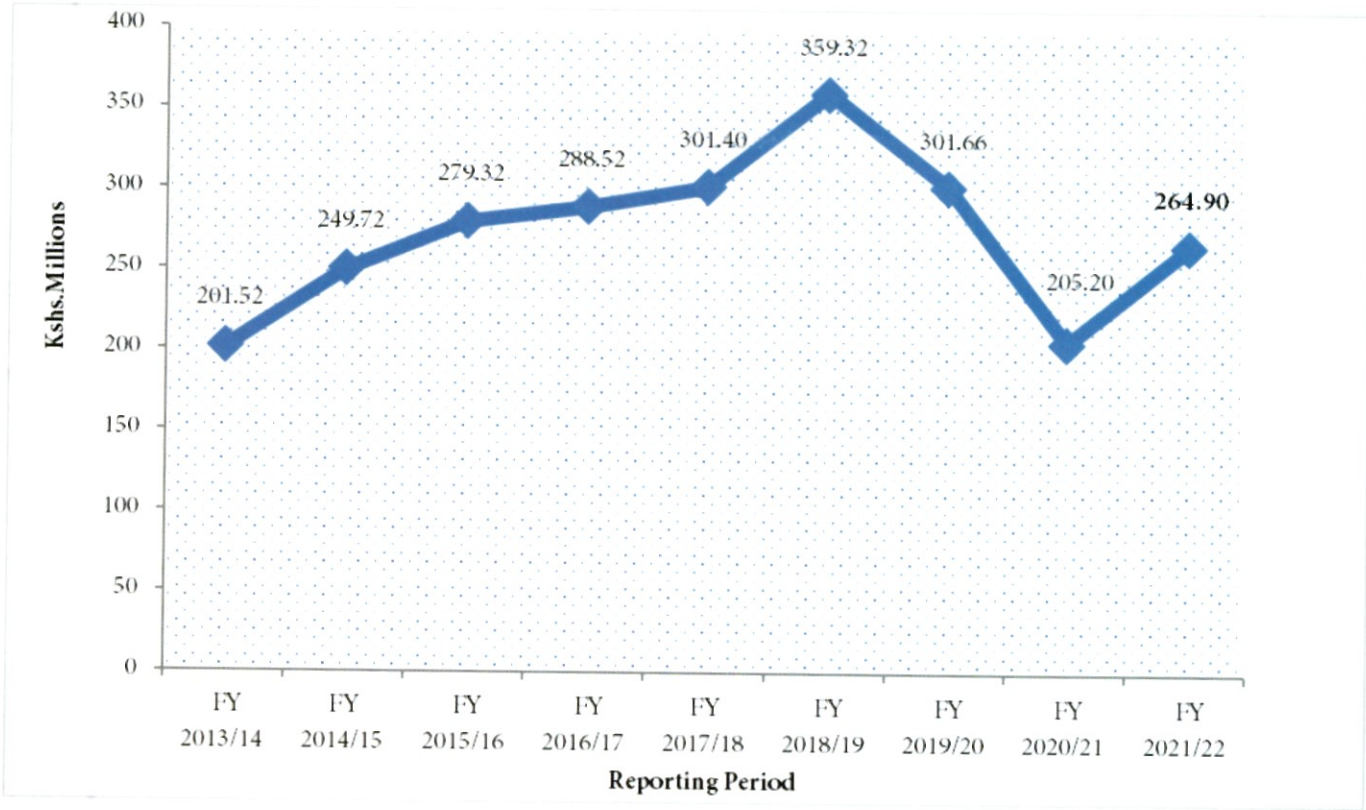
Table 3.1: Baringo County, Revenue Performance in FY 2021/22

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**	6,522,692,464	5,859,843,020	89.8
Sub Total		**6,522,692,464**	**5,859,843,020**	**89.8**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	288,546,935	264,898,800	91.8
2.	Conditional Grants	667,338,025	354,401,067	53.1
3.	Balance b/f from FY 2020/21	2,142,049,180	2,142,049,180	100
Sub Total		**3,097,934,140**	**2,761,349,047**	**89.1**
Grand Total		**9,620,626,604**	**8,621,192,067**	**89.6**

Source: *Baringo County Treasury*

Figure 3.1 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.1: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Baringo County Treasury*

In FY 2021/22, the County generated a total of Kshs.264.90 million as own-source revenue. This amount represented an increase of 29.1 per cent compared to Kshs.205.20 million realised in FY 2020/21 and was 91.8 per cent of the annual target. The County has implemented an automated OSR collection system called ZIZI Pay by River Bank Solutions Limited & KCB Bank Limited Consortium. The increase was primarily attributed to an enhanced collection in hospital fees and charges, Single Business Permits (SBP) and Market fees & Dues

3.1.3 Exchequer Issues

The Controller of Budget approved Kshs.6.99 billion in withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.80 billion (25.8 per cent) for development programmes and Kshs.5.19 billion (74.2 per cent) for recurrent programmes, as shown in Table 3.6.

3.1.4 Overall Expenditure Review

The County spent Kshs.6.99 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the COB and comprised of Kshs.1.85 billion and Kshs.5.15 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 43.9 per cent, while recurrent expenditure represented 95.1 per cent of the annual recurrent expenditure budget.

3.1.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.236.93 million and comprised Kshs.189.88 million for the County Executive and Kshs.47.05 million for the County Assembly, as shown in Table 3.2.

Table 3.2: Progress on Settlement of Pending Bills as of 30th June, 2022

Outstanding Pending Bills as of 30 June 2022			
Budget Classification	**County Executive**	**County Assembly**	**Total**
Development Expenditure	132,614,730	7,923,118	140,537,848
Recurrent Expenditure	57,263,418	39,127,015	96,390,433
Total Pending Bills	**189,878,148**	**47,050,133**	**236,928,281**

Source: *Baringo County Treasury*

The outstanding pending bills as of 30th June 2022 do not include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.395.49 million, out of which the County has settled bills amounting to Kshs.162.11 million, leaving a balance of Kshs.233.38 million as of 30th June 2022, an amount owed to the Ministry of Health.

3.1.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.03 billion on employee compensation, Kshs.1.38 billion on operations and maintenance, and Kshs.1.81 billion on development activities. Similarly, the County Assembly spent Kshs.418.92 million on employee compensation, Kshs.319.83 million on operations and maintenance, and Kshs.35.35 million on development activities, as shown in Table 3.3.

Table 3.3: 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	**4,669,413,126**	**746,019,020**	**4,411,997,880**	**738,750,301**	**94.5**	**99.0**
Compensation to Employees	3,061,863,149	422,488,845	3,031,380,083	418,917,132	99.0	99.2
Operations and Maintenance	1,607,549,977	323,530,175	1,380,617,798	319,833,169	85.9	98.9
Development Expenditure	**4,148,694,458**	**56,500,000**	**1,811,741,133**	**35,453,269**	43.7	**62.7**
Total	**8,818,107,584**	**802,519,020**	**6,223,739,013**	774,203,570	**70.6**	**96.5**

Source: *Baringo County Treasury*

3.1.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 40 per cent of the annual realised revenue of Kshs.8.62 billion.

Personnel Emoluments amounting to Kshs.3.33 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.115.31 million was processed through a manual payroll. The manual payrolls accounted for 3.3 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.45 billion includes Kshs.1.79 billion attributable to the health sector, which translates to 52 per cent of the total wage bill in the reporting period.

3.1.8 County Established Funds

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 Ksh.105.25 million to county-established funds in FY 2021/22, constituting 1.1 per cent of the County's overall budget for the year. Table 3.4 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.4: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Baringo County Executive Car Loan & House Mortgage Scheme	7,648,040	-	No	-
2.	Baringo County Bursary & Scholarships Fund	42,000,000	39,734,852	Yes	94.6
3.	Baringo County Emergency Fund	27,905,333	12,500,000	Yes	44.8
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	6,200,000	6,000,000	No	96.8
7.	Baringo County Assembly Members Car & Mortgage Fund	-	-	Yes	-
8.	Baringo County Assembly Staff Car Loans & Mortgage Fund	16,000,000	12,900,000	Yes	80.6
Total		**105,253,373**	**71,134,852**		**67.6**

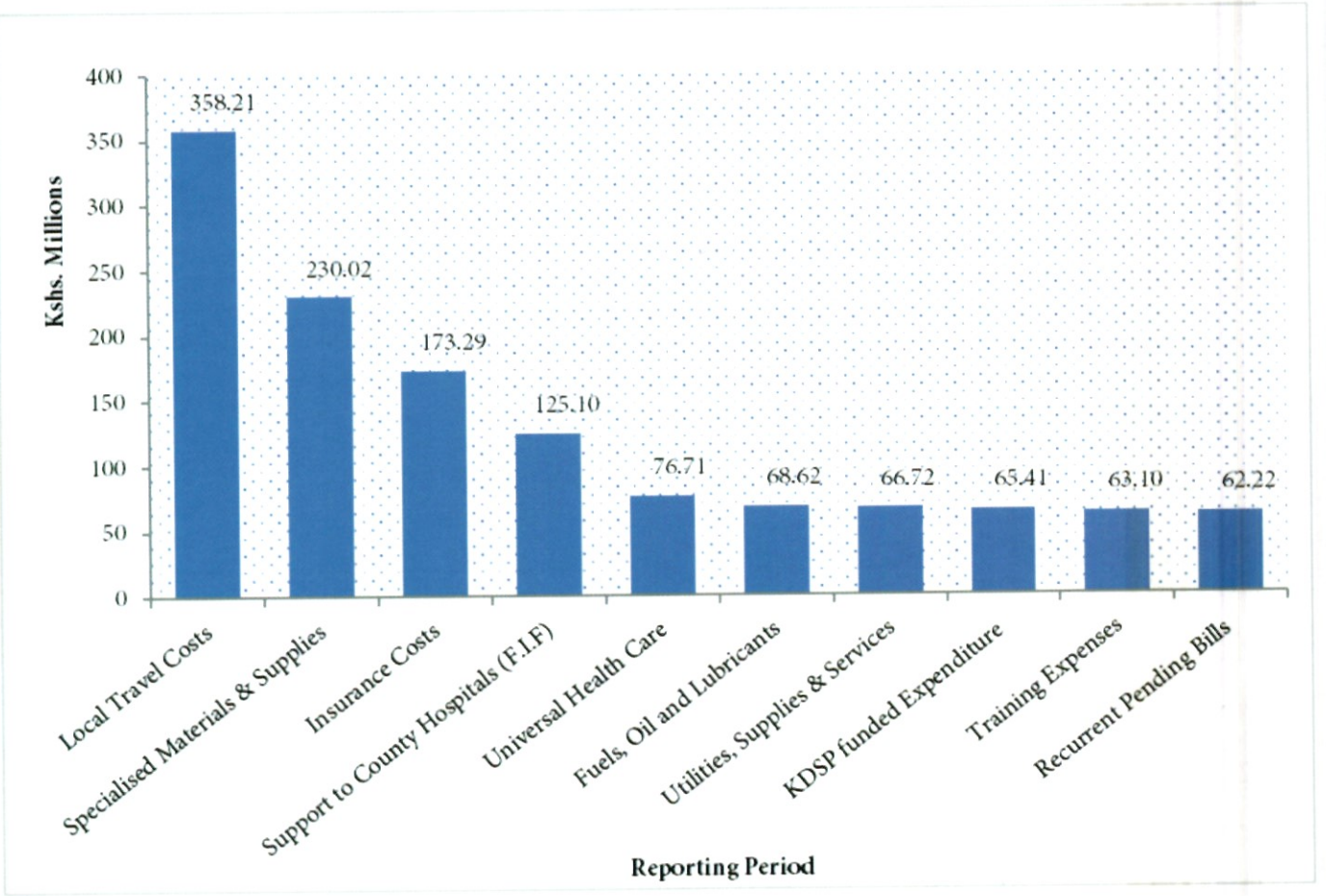
Source: *Baringo County Treasury*

The OCOB received quarterly financial returns from the administrators of Baringo County Assembly Members & Staff Car Loans & Mortgage Funds, Bursary & Scholarships Fund and Emergency Fund during the reporting period, as indicated in Table 3.4.

3.1.9 Expenditure on Operations and Maintenance

Figure 3.2 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.2: Baringo County, Operations and Maintenance Expenditure by Major Categories



Source: *Baringo County Treasury*

The County Assembly spent Kshs.25.92 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.58.36 million. The average monthly sitting allowance was Kshs.46,958 per MCA. The County Assembly has established 25 Sectorial Committees.

During the period, expenditure on domestic travel amounted to Kshs.358.21 million and comprised Kshs.147.64 million spent by the County Assembly and Kshs.210.57 million by the County Executive. The cost of foreign travel amounted to Kshs.39.52 million and consisted of Kshs.29.99 million by the County Assembly and Kshs.9.53 million by the County Executive.

3.1.10 Development Expenditure

The County incurred Kshs.1.85 billion on development programmes, representing an increase of 108.1 per cent compared to FY 2020/21, when the County spent Kshs.887.52 million. Table 3.5 summarises development projects with the highest expenditure in the reporting period.

Table 3.5: Baringo County, List of Development Projects with the Highest Expenditure

S / No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
1	Agriculture, Livestock, Fisheries & Marketing	Implementation of KCSAP Assorted & Specified Programmes & Activities	Baringo Central	-	426,694,497	238,938,558	None	60	IDA World Bank	On-going
2	County Treasury	Implementation of KDSP Assorted & Specified Programmes & Activities	Baringo Central	-	310,835,800	132,500,614	None	40	World Bank	On-going
,3	Transport & Infrastructure	Purchase of Dozer, Grader, Excavator and 2 Tipper Lorries and a service van of road machinery	Baringo South	73,352,780	108,000,000	73,352,780	None	100	GoK	Delivered and commissioned
4	Agriculture, Livestock, Fisheries & Marketing	Completion of Maoi Slaughter House	Mogotio Sub-County	-	51,000,000	51,000,000	None	65	GoK	On-going
5	Transport & Infrastructure	Purchase of Motor grader, Excavator, 2 Tippers and a roller	Baringo North	52,000,000	52,000,000	41,180,000	None	100	GoK	Delivered and commissioned
6	Lands, Housing & Urban Development	Implementation of the Kenya Urban Support Activities	Kabarnet Town	-	37,450,261	37,450,261	None	35	World Bank	On-going
7	Health Services	Supply of Emergency Equipment Support	Baringo Central	26,382,735	26,382,735	26,382,735	None	100	GoK	Delivered & in use
8	Water & Irrigation	Rig Operationalisation	Flagship	30,000,000	30,000,000	23,560,879	None	100	GoK	Completed & commissioned
9	Education & ICT	Disbursement of grants to all VTCs	Baringo Central	-	20,494,894	20,494,894	None	100	GoK	Completely Disbursed
10	Agriculture, Livestock, Fisheries & Marketing	County Livestock Improvement	Baringo Central	30,000,000	30,000,000	16,499,197	None	100	GoK	Completed

Source: *Baringo County Treasury*

3.1.11 Budget Performance by Department

Table 3.6 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.6: 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	746.02	56.50	740.55	35.45	738.75	35.45	99.8	100.0	99.0	62.7

Governor/County Executive Services	3,391.66	17.46	3,390.71	-	3,376.84	4.59	99.6	-	99.6	26.3
County Treasury Services	323.97	321.83	157.19	80.99	258.29	61.26	164.3	75.6	79.7	19.0
Lands, Housing & Urban Development	45.95	130.73	40.41	44.73	31.63	49.77	78.3	111.3	68.8	38.1
Education and ICT	83.04	205.78	80.46	141.02	72.31	101.37	89.9	71.9	87.1	49.3
Industrialisation, Commerce & Tourism	23.42	103.27	23.42	46.19	12.59	25.66	53.8	55.6	53.8	24.8
Water & Irrigation	66.41	890.82	55.43	356.73	63.96	394.33	115.4	110.5	96.3	44.3
Environment & Natural Resources	23.52	56.10	17.38	15.38	13.58	23.91	78.1	155.4	57.7	42.6
Health Services	596.09	310.85	583.96	120.65	504.54	68.41	86.4	56.7	84.6	22.0
Agriculture, Livestock, Fisheries & Marketing	47.73	708.16	38.65	491.12	28.43	418.71	73.5	85.3	59.6	59.1
Transport & Infrastructure	40.96	1,264.07	40.96	356.63	30.84	611.38	75.3	171.4	75.3	48.4
Youth, Gender & Social Security Services	26.67	139.60	24.36	114.80	18.99	52.34	78.0	45.6	71.2	37.5
Total	**5,415.43**	**4,205.19**	**5,193.49**	**1,803.68**	**5,150.75**	**1,847.19**	**99.2**	**102.4**	**95.1**	**43.9**

Source: *Baringo County Treasury*

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of the development budget at 62.7 per cent, followed by the Department of Agriculture, Livestock, Fisheries & Marketing at 59.1 per cent. The Department of Governor & County Executive Services had the highest recurrent expenditure to the budget percentage at 99.6 per cent. In contrast, the Department of Industrialization, Commerce & Tourism had the lowest at 53.8 per cent.

3.1.12 Budget Execution by Programmes and Sub-Programmes

Table 3.7 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.7: Baringo County, Budget Execution by Programmes and Sub-programmes

Programs	Sub-Programs	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Default Value (Non- Departmental)	Default Value (Non- Departmental)	-	**(9,584,351)**	**9,584,351**	**0.0**
		-	- 9,584,351	9,584,351	0.0
County Assembly		**403,014,366**	**283,061,970**	**119,952,396**	**70.2**
	P1 OFFICE OF THE CLERK	-	-	-	0.0
		9,200,000	7,775,753	1,424,247	84.5
	General Administration, Planning and Support Services	393,814,366	275,286,217	118,528,149	69.9
	General administration	-	-	-	0.0
Office of the Speaker		**9,304,000**	**8,089,630**	**1,214,370**	**86.9**
		9,304,000	8,089,630	1,214,370	86.9
	General Administration, Planning and Support Services	-	-	-	0.0
County Assembly Administration		**390,200,654**	**358,322,796**	**31,877,858**	**91.8**
		390,200,654	358,322,796	31,877,858	91.8
Office of the Governor and Deputy Governor		**92,890,850**	**63,606,965**	**29,283,885**	**68.5**
		75,429,600	63,422,747	12,006,853	84.1
		17,461,250	184,217	17,277,033	1.1
	P3 GOVERNORS OFFICE	-	-	-	0.0

Programs	Sub-Programs	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	P4 DEPUTY GOVERNOR	-	-	-	0.0
County Executive Administration		**3,016,066,167**	**3,010,804,158**	**5,262,009**	**99.8**
		-	-	-	0.0
	Civic Education Development Services	700,000	700,000	-	100.0
	General administration	-	-	-	0.0
	Inter and Intra -governmental Relations services	7,000,000	6,998,050	1,950	100.0
		3,008,366,167	3,003,106,108	5,260,059	99.8
County Secretary		**213,703,255**	**202,605,604**	**11,097,651**	**94.8**
	County Secretary	-	-	-	0.0
		213,703,255	202,605,604	11,097,651	94.8
County Public Service Board		-	-	-	**0.0**
	County Public Service Board	-	-	-	0.0
		6,278,159	**6,253,400**	**24,759**	**99.6**
	Tiaty Sub-County (Administration)	-	-	-	0.0
		6,278,159	6,253,400	24,759	99.6
		6,086,222	**6,288,177**	**(201,955)**	**103.3**
		6,086,222	6,288,177	(201,955)	103.3
	Baringo North Sub County	-	-	-	0.0
		5,758,027	**4,553,120**	**1,204,907**	**79.1**
		5,758,027	4,553,120	1,204,907	79.1
	Baringo Central Sub County	-	-	-	0.0
		6,144,000	**5,101,596**	**1,042,404**	**83.0**
	Baringo South Sub County	-	-	-	0.0
		6,144,000	5,101,596	1,042,404	83.0
		5,862,377	**5,032,728**	**829,649**	**85.8**
		5,862,377	5,032,728	829,649	85.8
	Mogotio Sub County	-	-	-	0.0
		5,902,412	**5,887,000**	**15,412**	**99.7**
		5,902,412	5,887,000	15,412	99.7
	Eldama Ravine Sub County	-	-	-	0.0
Office of the Deputy Governor		**18,586,339**	**17,823,092**	**763,247**	**95.9**
	P4 DEPUTY GOVERNOR	-	-	-	0.0
		18,586,339	17,823,092	763,247	95.9
	P3 GOVERNORS OFFICE	-	-	-	0.0
Headquarters		-	-	-	**0.0**
	Treasury Accounts	-	-	-	0.0
	Civic Education Development Services	-	-	-	0.0
Finance & Economic Planning		**517,553,553**	**259,486,180**	**258,067,373**	**50.1**
	General Administration, Planning and Support Services	3,963,263	1,936,330	2,026,933	48.9
	Revenue Services Development Services	317,871,487	65,712,913	252,158,574	20.7
	General administration	195,718,803	191,836,937	3,881,866	98.0
	Treasury Accounts	-	-	-	0.0
	KDS Programme	-	-	-	0.0
	Early Childhood Development Education	-	-	-	0.0
	Economic Planning, Budget, Monitoring and Evaluation Services	-	-	-	0.0
Fiscal Planning		-	-	-	**0.0**
	Tiaty Sub County (Administration)	-	-	-	0.0

Programs	Sub-Programs	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Budget		-	-	-	**0.0**
	Baringo North Sub County	-	-	-	0.0
Accounting		-	-	-	**0.0**
	Baringo Central Sub County	-	-	-	0.0
	Tiaty Sub County (Administration)	-	-	-	0.0
	Baringo South sub-county	-	-	-	0.0
	Eldama Ravine Sub County	-	-	-	0.0
	Mogotio Sub County	-	-	-	0.0
	Baringo North Sub County	-	-	-	0.0
Procurement		-	-	-	**0.0**
	Baringo South Sub County	-	-	-	0.0
Internal Audit		-	-	-	**0.0**
	Mogotio Sub County	-	-	-	0.0
Revenue Management Services		-	-	-	**0.0**
	Eldama Ravine Sub County	-	-	-	0.0
Monitoring and Evaluation		**128,250,000**	**125,413,071**	**2,836,929**	**97.8**
	Economic Planning, Budget, Monitoring and Evaluation Services	128,250,000	125,413,071	2,836,929	97.8
Plant disease control		-	-	-	**0.0**
	KDS Programme	-	-	-	0.0
Transport		**1,307,929,055**	**484,220,047**	**823,709,008**	**37.0**
	Rural Infrastructure Development	1,256,969,062	449,597,513	807,371,549	35.8
	Urban Infrastructure Development	10,000,000	-	10,000,000	0.0
	General administration	40,959,993	34,622,534	6,337,459	84.5
County Roads		-	**74,715,592**	**(74,715,592)**	**0.0**
	General Administration, Planning and support services	-	-	-	0.0
	Development and Rehabilitation of rural roads and structures	-	74,715,592	(74,715,592)	0.0
Industrial Development Services		**103,265,959**	**30,486,818**	**72,779,141**	**29.5**
	Tourism Dev & Marketing	-	-	-	0.0
	Co-operative services Development	55,885,959	17,441,114	38,444,845	31.2
	Industrial Development services	20,000,000	-	20,000,000	0.0
	Trade Development	27,380,000	13,045,704	14,334,296	47.6
Trade Development and Management Services		**23,420,000**	**17,755,765**	**5,664,235**	**75.8**
	Trade Development	-	-	-	0.0
	General administration	23,420,000	17,755,765	5,664,235	75.8
Education		**288,822,304**	**165,491,281**	**123,331,023**	**57.3**
	Early Childhood Development Education	203,984,804	82,664,932	121,319,872	40.5
	General Administration, Planning and support services	1,800,000	-	1,800,000	0.0
	General administration services	83,037,500	82,826,350	211,150	99.7
	Special Programmes	-	-	-	0.0
ICT		-	-	-	**0.0**
	Vocational Training	-	-	-	0.0
Youth Polytechnics		-	-	-	**0.0**
	Vocational Training	-	-	-	0.0

Programs	Sub-Programs	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
County Health Services		**906,942,302**	**639,973,668**	**266,968,634**	**70.6**
	General administration	596,087,641	568,417,287	27,670,354	95.4
	Health/preventive services	-	-	-	0.0
	Preventive and Promotive Health Services	180,532,392	59,585,023	120,947,369	33.0
	Curative and Rehabilitative Services	130,322,269	11,971,358	118,350,911	9.2
Promotion of primary health care		-	-	-	**0.0**
	General administration	-	-	-	0.0
Lands		**153,456,715**	**80,707,716**	**72,748,999**	**52.6**
	General administration	22,723,832	21,938,265	785,567	96.5
	Land Use Planning	20,200,000	-	20,200,000	0.0
		1,600,000	-	1,600,000	0.0
	Land Administration	65,312,545	21,319,190	43,993,355	32.6
	Urban Development-Kabarnet	-	-	-	0.0
	Livestock Development and Management	800,000	-	800,000	0.0
	Other Urban Infrastructure development and management	42,820,338	37,450,261	5,370,077	87.5
Land Survey and Mapping		**9,806,568**	**8,397,165**	**1,409,403**	**85.6**
	General administration	9,806,568	8,397,165	1,409,403	85.6
	Civic Education Development Services	-	-	-	0.0
	Urban Development-Eldama ravine	-	-	-	0.0
Housing		**13,419,157**	**10,936,305**	**2,482,852**	**81.5**
	General administration	13,419,157	10,936,305	2,482,852	81.5
	Other Urban Infrastructure development and management	-	-	-	0.0
	Inter and Intra -governmental Relations services	-	-	-	0.0
Agricultural Services		**755,889,807**	**415,149,984**	**340,739,823**	**54.9**
	Livestock Development and Management	97,735,267	75,763,824	21,971,443	77.5
	Improved livestock Production	155,351,348	79,762,674	75,588,674	51.3
	Agricultural mechanisation services	442,348,884	208,817,218	233,531,666	47.2
	General administration	47,725,333	38,187,412	9,537,921	80.0
	Fisheries Development and Management	-	-	-	0.0
	Agricultural Development	-	-	-	0.0
	Agricultural training services	7,028,975	6,809,900	219,075	96.9
	Crop Production and Management	5,700,000	5,808,955	(108,955)	101.9
Culture Services		**166,271,350**	**68,431,418**	**97,839,932**	**41.2**
		3,500,000	-	3,500,000	0.0
	Sports Development	7,175,571	-	7,175,571	0.0
		26,670,453	25,989,578	680,875	97.4
		128,925,326	42,441,840	86,483,486	32.9
Sports Development and Management Services		-	**9,040,600**	**(9,040,600)**	**0.0**
	General administration	-	-	-	0.0
	Sports Development	-	-	-	0.0
		-	9,040,600	(9,040,600)	0.0
Water Management Services		**954,333,259**	**411,322,734**	**543,010,525**	**43.1**
		882,746,380	345,181,832	537,564,549	39.1
		66,411,879	66,140,902	270,977	99.6

Programs	Sub-Programs	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
		5,175,000	-	5,175,000	0.0
Environment Administration and Planning		**23,524,809**	**17,106,709**	**6,418,100**	**72.7**
		23,524,809	17,106,709	6,418,100	72.7
		-	-	-	0.0
Environmental and Natural resource protection Management		**56,104,338**	**22,270,995**	**33,833,343**	**39.7**
		2,800,000	-	2,800,000	0.0
		22,958,442	8,648,495	14,309,947	37.7
		27,518,796	12,200,000	15,318,796	44.3
		1,677,500	924,300	753,200	55.1
		-	-	-	0.0
		1,149,600	498,200	651,400	43.3
Headquarters		-	-	-	**0.0**
	Inter and Intra -governmental Relations services	-	-	-	0.0
Headquarters		**31,840,600**	**30,555,943**	**1,284,657**	**96.0**
		-	-	-	0.0
		31,840,600	30,555,943	1,284,657	96.0
	Grand Total	**9,620,626,604**	**6,839,307,877**	**2,781,318,727**	**71.1**

Source: *Baringo County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Baringo North Sub-County Administration in the Department of County Executive Services at 103.3 per cent, Crop Production & Management in the Department of Agriculture, Livestock, Fisheries & Marketing at 101.9 per cent, Civic Education Development Services & Inter and Intra-governmental Relations services in the Department of Governor & County Executive Services each at 100 per cent, Eldama Ravine Sub-County Administration in the Department of Governor & County Executive Services at 99.7 per cent, and Tiaty Sub-County Administration in the Department of Governor & County Executive Services at 99.6 per cent of their budget allocation.

3.1.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.1.85 billion in FY 2021/22 from the annual development budget allocation of Kshs.4.21 billion. The development expenditure represented 43.9 per cent of the annual development budget.
2. A high wage bill, which accounted for 40 per cent of the annual realised revenue of Kshs.8.62 billion in FY 2021/22, thus constraining funding to other programmes.
3. Weak budgeting practice as shown in Table 3.7 where the County incurred expenditure over approved budgetary allocations.
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 Small & Medium Enterprise Fund, Co-operative Development Fund, County Executive Car Loan & House Mortgage Scheme, and Community Wildlife Conservation Fund were not submitted to the Controller of Budget
5. Use of manual payroll. Personnel emoluments amounting to Kshs.115.31 million were processed through the manual payroll and accounted for 3.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper internal controls.
6. Unimplemented programmes and subprogrammes as reflected from the low or no absorption (Monitoring and Evaluation items with 0.0%)
7. 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 County Treasury, save for the County Assembly, submitted final financial reports on 2nd August 2022 against the stipulated timeline of 20th August 2022 provided in the OCOB Circular.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
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 policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
6. *The County should regularly monitor the implementation of all programmes and sub-programmes to ensure some are not abandoned.*
7. *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.*

3.2 County Government of Bomet

3.2.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.8.8 billion, comprising Kshs.2.96 billion (33.6 per cent) and Kshs.5.84 billion (66.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.69 billion (76.0 per cent) as the equitable share of revenue raised nationally, use a cash balance of Kshs.668.55 million (7.6 per cent) from FY 2020/21, and generate Kshs.260 million (3.0 per cent) from its own sources of revenue, The County also expected to receive Kshs.1.18 billion (13.4 per cent) as conditional grants, comprised of Kshs.153.30 million for Leasing of Medical Equipment, Kshs.319,907 from Road Maintenance Fuel Levy Fund, Kshs.24.31 million for COVID 19 response allocation, Kshs.24.26 million for Development of Youth Polytechnics, Kshs.150.77 million from World Bank loan for Transforming Health Systems for Universal Care Project, Kshs.92.31 million for Kenya Urban Support Programme, Kshs.215.35 million for Kenya Devolution Support Programme (Level 1 & 2 Grant); Kshs.20.03 million for HSSF DANIDA, Kshs.427.70 million for IDA Kenya Climate-Smart Programme, Kshs.43.24 million for Agriculture Sector Development Support Programme, and Kshs.10 million for Climate Change.

3.2.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.16 billion as the equitable share of the revenue raised nationally, Kshs.166.8 million as conditional grants, raised Kshs.202.43 million as own-source revenue and had a cash balance of Kshs.676.57 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.2 billion, as shown in Table 3.8.

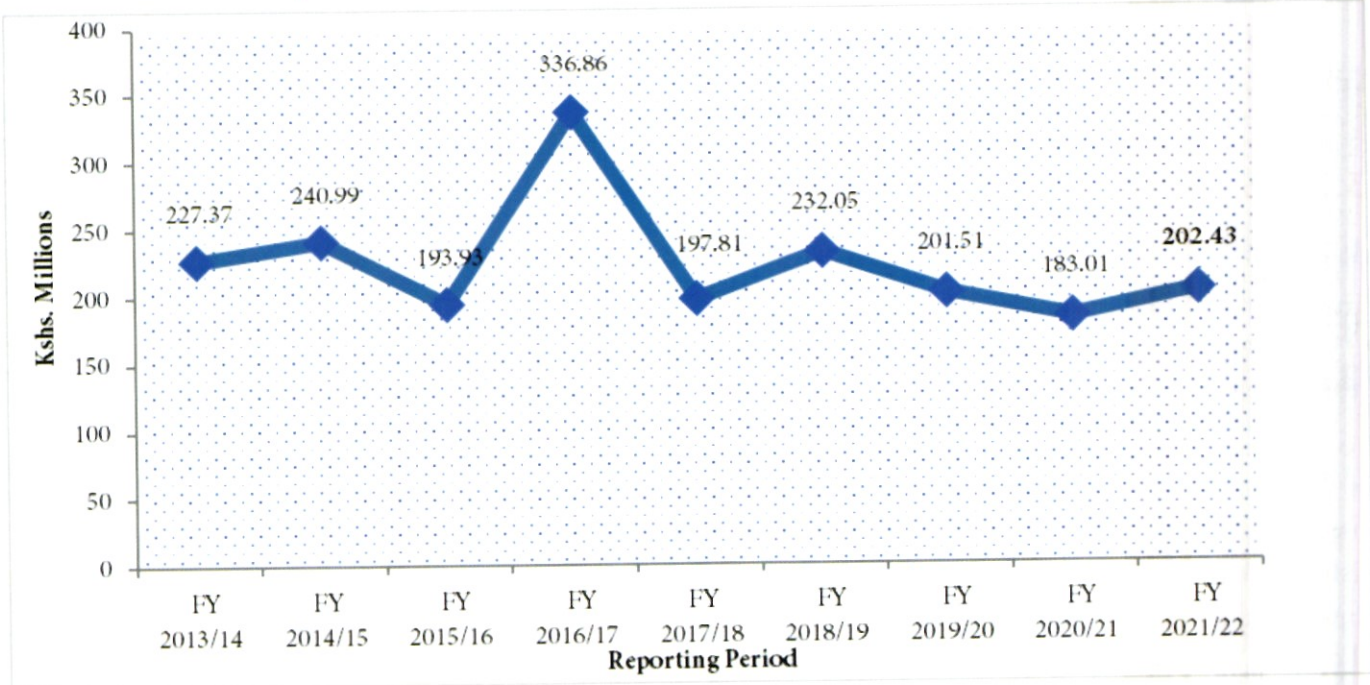
Table 3.8: Bomet County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,691,099,118	6,155,811,191	92.0
Sub Total		**6,691,099,118**	**6,155,811,191**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	260,000,000	202,430,010	77.9
2.	Conditional Grants	1,183,589,768	166,798,008	14.1
3.	Balance b/f from FY2020/21	668,554,856	676,567,127	101.2
Sub Total		**2,112,144,624**	**1,045,795,145**	**49.5**
Grand Total		**8,803,243,742**	**7,201,606,336**	**81.8**

Source: *Bomet County Treasury*

Figure 3.3 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.3 : Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Bomet County Treasury*

In FY 2021/22, the County generated a total of Kshs.202.43 million as own-source revenue. This amount represented an increase of 10.6 per cent compared to Kshs.183.01 million realised in FY 2020/21 and was 77.9 per cent of the annual target. The County has implemented an automated OSR collection system called Jambo Pay.

3.2.3 Exchequer Issues

The Controller of Budget approved Kshs.7.2 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.92 billion (26.7 per cent) for development programmes and Kshs.5.27 billion (73.3 per cent) for recurrent programmes, as shown in Table 3.12.

3.2.4 Overall Expenditure Review

The County spent Kshs.6.88 billion on development and recurrent programmes during the reporting period. This expenditure represented 95.6 per cent of the total funds released by the CoB and comprised of Kshs.1.72 billion

1

and Kshs.5.16 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 58.1 per cent, while recurrent expenditure represented 88.3 per cent of the annual recurrent expenditure budget.

3.2.5 Settlement of Pending Bills

Per the Auditor General Special report, the eligible pending bills as of 30th June 2020 amounted to Kshs.575.28 million. At the beginning of FY 2021/22, the County prepared a payment plan to settle all the bills in the financial year. Delay in the disbursement of the equitable share of revenue raised nationally by the National Treasury was cited by the County Treasury as a contributor to the delay in clearance of the pending bills.

During the FY 2021/22, pending bills amounting to Kshs.540.14 million were settled. Outstanding pending bills amounted to Kshs.35.13 million as of 30th June 2022.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.12 billion was spent on employee compensation, Kshs.2.04 billion on operations and maintenance, and Kshs1.72 billion on development activities, as shown in Table 3.9.

Table 3.9: 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	**5,119,158,905**	**723,066,449**	**4,480,546,460**	**678,059,641**	**87.5**	**93.8**
Compensation to Employees	3,121,433,665	281,632,573	2,840,014,316	281,632,573	91.0	100.0
Operations and Maintenance	1,997,725,240	441,433,876	1,640,532,144	396,427,068	82.1	89.8
Development Expenditure	**2,748,363,311**	**212,655,077**	**1,669,761,113**	**50,207,265**	**60.8**	**23.6**
Total	**7,867,522,216**	**935,721,526**	**6,150,307,573**	**728,266,905**	**78.2**	**77.8**

Source: *Bomet County Treasury*

3.2.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 43.4 per cent of the annual revenue of Kshs.7.2 billion.

The total exchequer requisitions towards Personnel Emoluments amounted to Kshs.3.37 billion, during the period under review, out of which the IPPD system reports supported Kshs.2.13 billion while manual schedules supported Kshs.1.24 billion. The manual schedules accounted for 36.7 per cent of the total P.E exchequer requests, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The actual wage bill of Kshs.3.12 billion includes Kshs.1.22 billion attributable to the health sector, which translates to 39 per cent of the total wage bill in the reporting period.

3.2.8 County Established Funds

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.173.73 million to county-established funds in FY 2021/22, which constituted 2.0 per cent of the County's overall budget for the year. Table 3.10 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.10: County Established Fund performance as of 30th June 2022

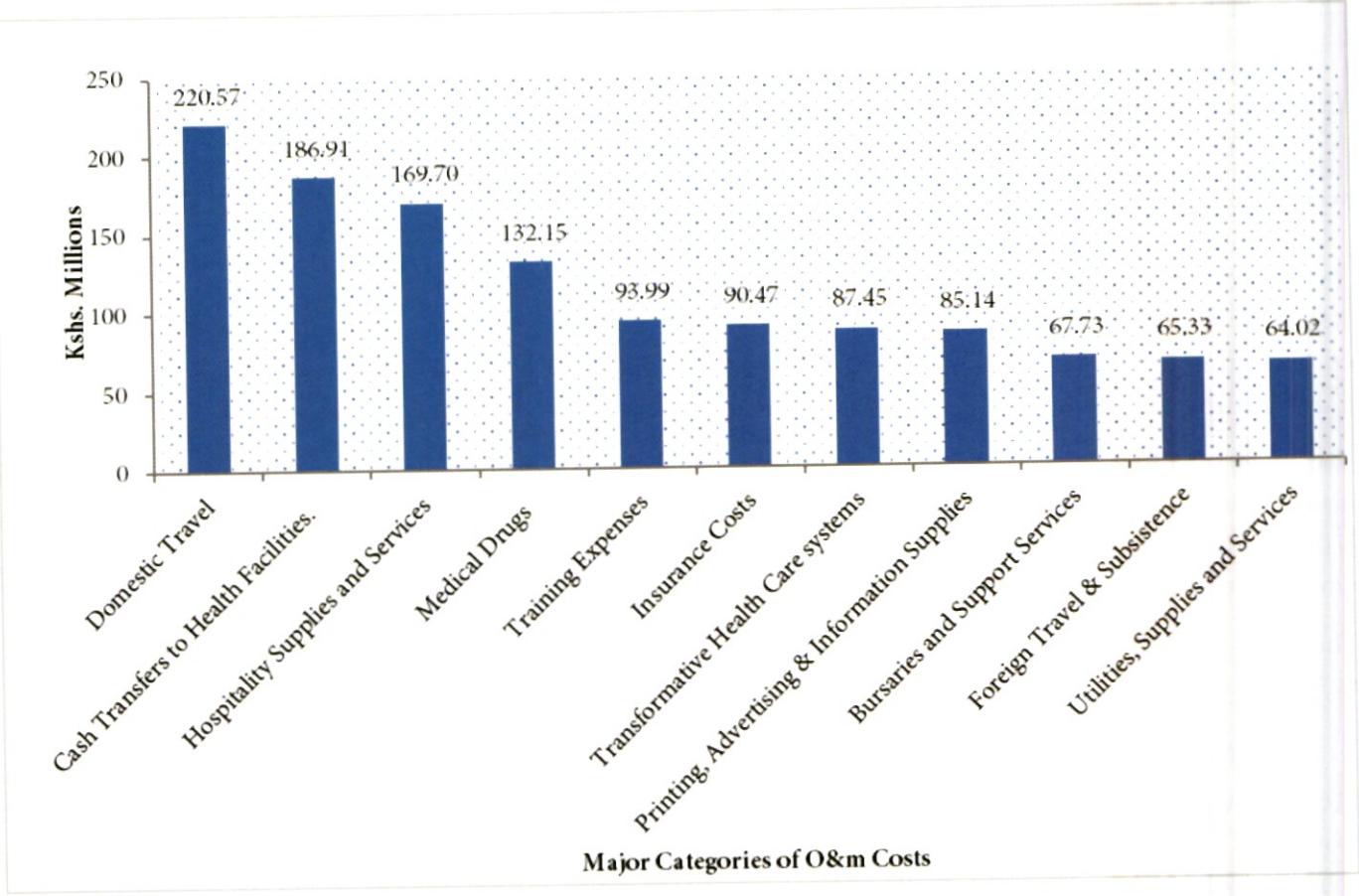
S/No	Name of the Fund	Approved Budget Allocation in FY 2021/22	Actual Expenditure as of 30th June 2022	Submission of quarterly financial statements
		Kshs.	Kshs.	(Yes/No)
1	Bomet County Assembly Car Loan and Mortgage (Members) Scheme Fund	75,000,000	30,000,000	No
2	Housing Loans to Public Servants – Department of Finance	3,100,000	3,100,000	No
3	Car loans to public servants – Department of Finance	1,875,000	1,700,000	No
4	Enterprise Development Fund – Department Co-operatives and Enterprise Development	500,000	-	No
5	Bursaries and Support Services - Department of Education and Vocational Training	91,916,277	67,730,043	No
5	Emergency Fund – Department of Finance	1,337,122	1,300,000	No
Total		**173,728,399**	**103,830,043**	

Source: *Bomet County Treasury*

3.2.9 Expenditure on Operations and Maintenance

Figure 3.4 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.4: Bomet County, Operations and Maintenance Expenditure by Major Categories



Source: *Bomet County Treasury*

The County Assembly reported an expenditure of Kshs.27.63 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.27.63 million. The average monthly sitting allowance was Kshs.62,231 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.220.57 million and comprised of Kshs.99.97 million spent by the County Assembly and Kshs.120.59 million by the County Executive. Expenditure on foreign travel amounted to Kshs.65.33 million and included Kshs.35.05 million by the County Assembly and Kshs.30.27 million by the County Executive.

3.2.10 Development Expenditure

The County incurred Kshs.1.72 billion on development programmes, which represented an increase of 15.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.49 billion. Table 3.11: lists the highest expenditure on development projects during the reporting period.

Table 3.11: Bomet County, List of Development Projects with the Highest Expenditure

S/No	Department	Project Name	Project Location	Allocation FY 21/22 (Kshs.)	Reported Expenditure (Kshs.)	Absorption (%)
1	Medical Services	Purchase of ambulances - support by THS	All	10,983,937	9,530,000	86.8
2	Medical Services	Purchase of Medical and Dental Equipment -	All	8,728,514	6,972,300	79.9
3	Roads Public Works and Transport	Routine Maintenance of Kenyagoro TBC-Kipraisi-Kenyagoro Day-Kiboro TBC	Boito	6,276,412	6,276,412	100.0
4	Roads Public Works and Transport	Routine Maintenance of Kimenderit - Kotoibek - Olbutyo Bridge Road	Nyangores	5,939,604	5,939,604	100.0
5	Roads Public Works and Transport	Routine Maintenance of Taprire-Chepngungul and Kamaget-Kapngetuny Road	Chebunyo	5,907,561	5,907,561	100.0
6	Roads Public Works and Transport	Routine Maintenance of Cheplakwet- Koroitik Road	Embomos	5,827,492	5,827,492	100.0
7	Roads Public Works and Transport	Routine Maintenance of Kipanjalal-Kamogoso and Kimenderit-Kipsonoi Road	Chesoen	5,823,135	5,823,135	100.0
8	Roads Public Works and Transport	Routine Maintenance of Chepkorgong-Chepanyiny Sec and Arap Bett-Kapkidogo-Sach Angwan-DCC Church (Ndamichonik) Road	Kongasis	5,769,075	5,769,075	100.0
9	Roads Public Works and Transport	Routine Maintenance of Tabarit Pry-Kapamtala-Chepchirik(Kweleta) Road	Ndanai / Abosi	5,703,198	5,703,198	100.0
10	Roads Public Works and Transport	Routine Maintenance of Natasha-Oldabach & Birirbei-Chebulu Pry Schl Road	Mutarakwa	5,677,360	5,677,360	100.0

Source: *Bomet County Treasury*

3.2.11 Budget Performance by Department

Table 3.12 Summarises the approved budget allocation and performance by departments in FY 2021/22.

Table 3.12: Bomet County, Budget Performance 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 Executives	250.58	-	207.82	-	214.77	-	103.3	-	85.7	-

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	34.52	-	25.97	-	30.40	-	117.1	-	88.1	-
Administration	32.65	7.50	21.60	-	23.78	1.78	110.1	-	72.8	23.8
Public Service	1,959.93	-	1,925.62	-	1,716.81	-	89.2	-	87.6	
Information, Communication, and Technology	23.39	12.00	14.72	-	21.16	3.09	143.8	-	90.5	25.7
Finance	182.65	294.00	142.73	292.70	159.53	139.74	111.8	47.7	87.3	47.5
Economic Planning	165.18	171.35	76.11	167.35	155.97	29.90	204.9	17.9	94.4	17.4
Lands, Housing and Urban Planning	81.86	140.01	23.08	41.11	20.65	33.14	89.5	80.6	25.2	23.7
Youth, Sports, Gender, and Culture	61.92	10.00	46.79	0.78	55.86	1.59	119.4	203.2	90.2	15.9
Medical Services and Public Health	1,944.39	225.41	1,786.99	27.68	1,797.09	30.39	100.6	109.8	92.4	13.5
Education and Vocational Training	131.21	136.38	126.09	119.84	101.86	133.01	80.8	111.0	77.6	97.5
Water Sanitation and Environment	125.59	299.53	105.94	272.15	78.97	272.23	74.5	100.0	62.9	90.9
Agriculture, Livestock, and Veterinary Services	16.59	553.28	7.09	161.04	15.28	163.63	215.6	101.6	92.1	29.6
Roads, Public Works and Transport	75.67	839.84	62.78	764.54	70.27	837.12	111.9	109.5	92.9	99.7
Trade, Energy, Tourism, Industry and Investment	11.51	28.57	7.59	23.15	9.42	13.69	124.2	59.1	81.9	47.9
Co-operatives and Enterprise Development	21.51	30.48	14.98	-	8.71	10.45	58.1	-	40.5	34.3
County Assembly	723.07	212.66	678.07	53.06	678.06	50.21	100.0	94.6	93.8	23.6
TOTAL	**5,842.23**	**2,961.02**	**5,273.98**	**1,923.40**	**5,158.61**	**1,719.97**	**97.8**	**89.4**	**88.3**	**58.1**

Source: *Bomet County Treasury*

Analysis of expenditure by departments shows that the Department of Roads, Public Works, and Transport recorded the highest absorption rate of development budget at 99.7 per cent, while the Department of Medical Services and Public Health had the lowest at 13.5 per cent. The Department of Economic Planning had the highest percentage of recurrent expenditure to budget at 94.4 per cent. In contrast, the Department of Lands, Housing, and Urban Planning had the lowest at 25.2 per cent.

3.2.12 Budget Execution by Programmes and Sub-Programmes

Table 3.13 summarises the budget execution by programmes in FY 2021/22.

Table 3.13: Bomet County, Budget Execution by Programmes and Sub-programmes

Department	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Medical Services and Public Health		**2,169,799,187**	**1,827,487,054**	**342,312,133**	**84.2**
	Human Resources for Health Services	1,252,531,842	1,238,911,376	13,620,466	98.9
	Curative Services	229,697,381	167,054,895	62,642,486	72.7
	Health Care Financing	227,238,000	213,938,050	13,299,950	94.1
	Health Infrastructure	225,407,763	30,392,620	195,015,143	13.5
	Reproductive Health Services	134,794,849	87,446,496	47,348,353	64.9
	Preventing and Promotive Services	100,129,352	89,743,618	10,385,734	89.6
Public Service		**1,959,933,665**	**1,716,805,901**	**243,127,764**	**87.6**

Department	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Salaries and Wages	1,861,933,665	1,623,058,954	238,874,711	87.2
	Operations and Maintenance	98,000,000	93,746,947	4,253,053	95.7
County Assembly of Bomet		**935,721,526**	**728,266,905**	**207,454,621**	**77.8**
	General Administration, Human Resource and Administrative Services	541,166,494	333,711,873	207,454,621	61.7
	Legislative Services	297,442,155	297,442,155	-	100.0
	Oversight and Representation	97,112,877	97,112,877	-	100.0
Roads Public Works and Transport		**915,517,983**	**907,396,548**	**8,121,435**	**99.1**
	Roads Construction & Maintenance	655,920,971	655,339,659	581,312	99.9
	Development and Maintenance of other Public works	181,623,240	180,696,686	926,554	99.5
	Operations and Maintenance	75,673,772	70,274,283	5,399,489	92.9
	County Transport Infrastructure	2,300,000	1,085,920	1,214,080	47.2
Agriculture, Livestock and Veterinary Services		**569,871,931**	**178,905,902**	**390,966,029**	**31.4**
	Crop Development and Management	508,877,257	149,591,669	359,285,588	29.4
	Livestock, Fisheries & Veterinary Services	44,404,674	14,038,113	30,366,561	31.6
	Operations and Maintenance	16,590,000	15,276,119	1,313,881	92.1
Finance		**476,644,029**	**299,273,549**	**177,370,480**	**62.8**
	Financial Management Services	293,997,469	139,740,392	154,257,077	47.5
	Operations and Maintenance	182,646,560	159,533,157	23,113,403	87.3
Water, Sanitation and Environment		**425,126,406**	**351,202,707**	**73,923,699**	**82.6**
	Development of Water Supply for Domestic and Commercial purposes	277,785,106	270,535,727	7,249,379	97.4
	Operations and Maintenance	110,084,100	70,506,160	39,577,940	64.0
	Environment and Natural Resources	31,657,200	10,160,820	21,496,380	32.1
	Policy planning and administrative services	4,500,000	-	4,500,000	-
	Irrigation Development	1,000,000	-	1,000,000	-
	Waste water management	100,000	-	100,000	-
Economic Planning		**336,534,172**	**185,862,156**	**150,672,016**	**55.2**
	KDSP (Level 2 Grant)	171,353,974	29,896,474	141,457,500	17.4
	Operations and Maintenance	89,935,065	88,545,577	1,389,488	98.5
	KDSP (Level 1 Grant)	48,308,859	41,456,605	6,852,254	85.8
	Planning and Statistics	13,166,274	13,023,200	143,074	98.9
	Budget Preparation and Management	9,770,000	9,290,300	479,700	95.1
	Monitoring and Evaluation Services	4,000,000	3,650,000	350,000	91.3
Education and Vocational Training		**267,590,451**	**234,871,696**	**32,718,755**	**87.8**
	Early Childhood Development and Education	136,380,437	133,008,825	3,371,612	97.5
	Policy, Planning and General Administrative Services	123,173,624	94,197,480	28,976,144	76.5
	Operations and Maintenance	8,036,390	7,665,391	370,999	95.4
County Executive		**250,576,680**	**214,769,674**	**35,807,006**	**85.7**
	Operations and Maintenance	250,576,680	214,769,674	35,807,006	85.7
Lands, Housing and Urban Planning		**221,871,238**	**53,797,329**	**168,073,909**	**24.2**

Department	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Municipality	142,307,578	1,955,600	140,351,978	1.4
	Urban Management	43,495,000	29,427,957	14,067,043	67.7
	Lands Development	20,000,000	16,438,392	3,561,608	82.2
	Housing Development	8,688,660	2,542,100	6,146,560	29.3
	Operations and Maintenance	7,380,000	3,433,280	3,946,720	46.5
Youth, Sports, Gender, and Culture		**71,924,917**	**57,447,915**	**14,477,002**	**79.9**
	Youth and Sports Development	41,421,330	33,909,235	7,512,095	81.9
	Gender, Children Services and Social Protection	13,775,500	10,063,800	3,711,700	73.1
	Operations and Maintenance	8,180,777	7,721,100	459,677	94.4
	Culture and library services	5,600,000	3,754,160	1,845,840	67.0
	Policy Development and Administrative Services	2,947,310	1,999,620	947,690	67.8
Co-operatives and Enterprise Development		**51,993,028**	**19,157,055**	**32,835,973**	**36.8**
	Agribusiness Development and Marketing	29,729,728	10,447,080	19,282,648	35.1
	Operations and Maintenance	21,510,100	8,709,975	12,800,125	40.5
	Enterprise Development Fund	500,000	-	500,000	-
	Policy Formulation, Review and Administration	253,200	-	253,200	-
Administration		**40,146,942**	**25,563,260**	**14,583,682**	**63.7**
	Operations and Maintenance	32,446,942	23,779,300	8,667,642	73.3
	Infrastructure Development and Equipment	7,500,000	1,783,960	5,716,040	23.8
	Centre for Devolved Governance	200,000	-	200,000	-
Trade, Energy, Tourism and Industry, and Investment		**40,081,095**	**23,109,301**	**16,971,794**	**57.7**
	Trade Development	15,042,054	6,480,229	8,561,825	43.1
	Operations and Maintenance	11,509,041	9,421,635	2,087,406	81.9
	Energy Development	6,000,000	3,014,130	2,985,870	50.2
	Industry Development	5,540,000	4,193,307	1,346,693	75.7
	Tourism Development	1,990,000	-	1,990,000	-
Information, Communication, and Technology		**35,391,160**	**24,252,704**	**11,138,456**	**68.5**
	Operations and Maintenance	23,391,160	21,164,239	2,226,921	90.5
	Information Communication Technology (ICT) Services	12,000,000	3,088,465	8,911,535	25.7
County Public Service Board		**34,519,332**	**30,404,822**	**4,114,510**	**88.1**
	Operations and Maintenance	34,519,332	30,404,822	4,114,510	-
Grand Total		**8,803,243,742**	**6,878,574,478**	**1,924,669,263**	**78.1**

Source: *Bomet County Treasury*

Programmes with high levels of implementation based on absorption rates were: The Legislative Services programme and Oversight & Representation programme, both in the Department of County Assembly of Bomet at 100 per cent each; and Roads Construction & Maintenance programme and Development & Maintenance of other Public works programme both in the Department of Roads Public Works and Transport at 99.9 per cent and 99.5 per cent of their budget allocations.

3.2.13 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. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury. As of the end of the reporting period, Kshs.6.16 billion had been disbursed against an expected disbursement of Kshs.6.96 billion. The shortfall of Kshs.535.29 million negatively affected budget implementation in FY 2021/22.
2. Under disbursement of the conditional allocations. As of the end of the reporting period, Kshs.166.8 million had been remitted to the Bomet County Revenue Fund against a budget of Kshs.1.18 billion. Underfunding of conditional allocations contributed to the shortfall of the FY 2021/22 budget financing.
3. Failure to pay all salaries through the IPPD System. Personnel emoluments outside the IPPD system amounted to 36.7 per cent of the total PE exchequer request of Kshs.3.37 billion.
4. Low absorption of development funds as indicated by the expenditure of Kshs.1.72 billion in FY 2021/22 from the annual development budget allocation of Kshs.2.96 billion. The development expenditure represented 58.1 per cent of the annual development budget.
5. A high wage bill, which accounted for 43.4 per cent of the total revenue receipts in FY 2021/22, thus constraining funding to other programmes.
6. Underperformance of own-source revenue at Kshs.202.43 million against an annual projection of Kshs.260 million, representing 77.9 per cent of the annual target.
7. 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.
8. 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 submitted between 13th July 2022 and 18th August 2022 and was incomplete as it excluded a status report on pending bills from FY 2021/22.

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

1. *The National Treasury should consider disbursing the balance of Kshs.535.29 million of the FY 2021/22 national equitable share of revenue raised nationally in FY 2022/23 as this will help Bomet County implement pending activities.*
2. *The County Treasury should liaise with the National Treasury and other stakeholders to address the delays in disbursements of budgeted conditional allocations.*
3. *The County Public Service Board should fast-track the acquisition of personal numbers for all their staff and ensure that all personnel emoluments are processed through the IPPD system.*
4. *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.*
5. *The County should identify and address issues causing delays in implementing development projects.*
6. *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.*
7. *The County should address its revenue performance to ensure the approved budget is fully financed.*
8. *The CECMF should follow up to ensure all Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.3 County Government of Bungoma

3.3.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.14.45 billion, comprising Kshs.4.48 billion (31.0 per cent) and Kshs.9.97 billion (69 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.10.66 billion (73.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.746.81 million (5.2 per cent) from its own sources of revenue, and use a cash balance of Kshs.23.07 million (1.6 per cent) from FY 2020/21. The County also expected to receive Kshs.2.07 billion (14.3 per cent) as conditional grants, which consisted of Leasing of Medical Equipment Kshs.153.29 million, UNICEF Kshs.1.57 million, Universal Health Care Projects Kshs.52.97 million, DANIDA Kshs.19.71 million, World Bank Agricultural and Rural Growth Project Kshs.280.53 million, ASDSP II Kshs.26.75 million, Kenya Devolution Support Programme- Level 11 Kshs.112.82 million, Urban Support Programme (Development) Kshs.300.98 million, Urban Support Programme (Recurrent) Kshs.11 million, KISP II (Kenya Informal Settlement Improvement Project) Kshs.50 million, and Retention Kshs.8.77 million.

3.3.2 Revenue Performance

In FY 2021/22, the County received Kshs.10.56 billion as the equitable share of the revenue raised nationally, raised Kshs.368.04 million as own-source revenue, Kshs.615.26 million as AIA, Kshs.245.22 million as conditional grants, and had a cash balance of Kshs.230.67 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.12.32 billion, as shown in Table 3.14

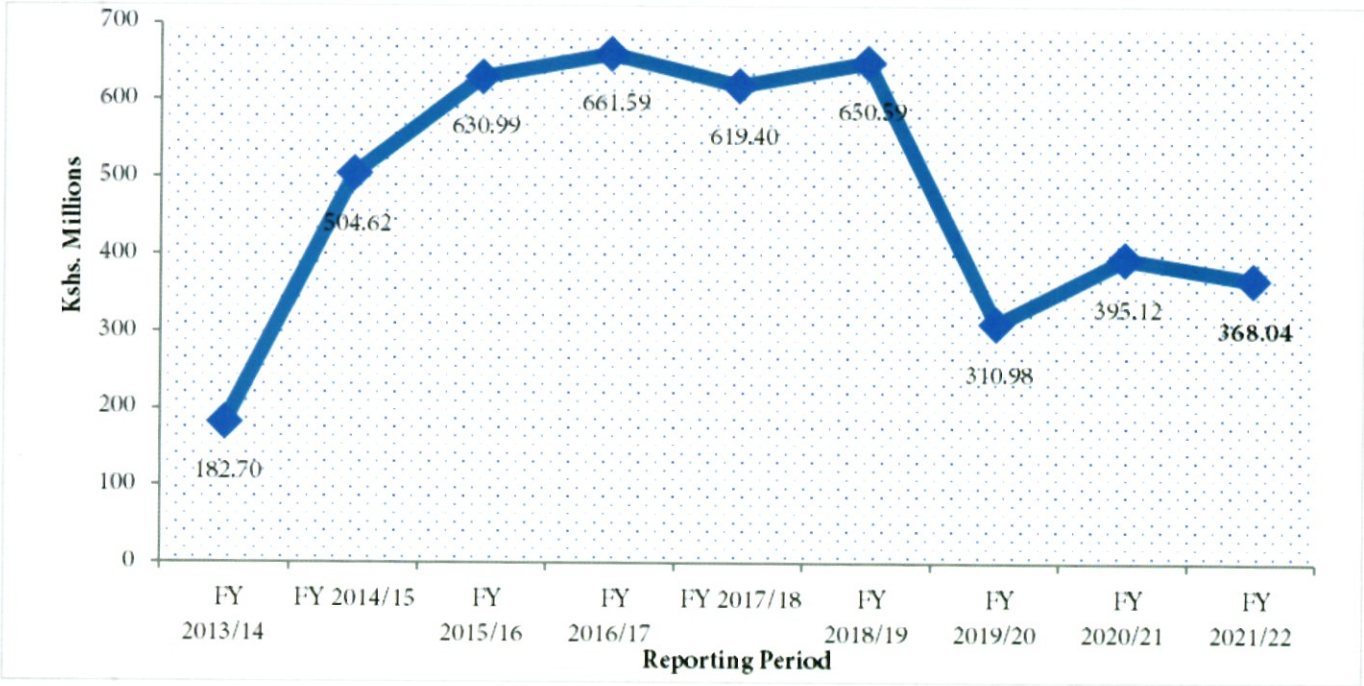
Table 3.14: Bungoma County, Revenue Performance in FY 2021/22

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**	10,659,435,192	10,562,640,623	99.1
Sub Total		**10,659,435,192**	**10,562,640,623**	**99.1**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	746,811,602	368,035,218	49.3
2.	Conditional Grants	2,067,149,798	245,216,629	11.9
3.	Balance b/f from FY 2020/21	230,673,452	230,673,452	100
4.	Other Revenues	8,769,449	-	-
5.	AIA	741,524,891	615,261,490	83
Sub Total		**3,794,929,192**	**1,459,186,789**	**38.5**
Total		**14,454,364,384**	**12,021,827,412**	**83.2**

Source: *Bungoma County Treasury*

Figure 3.5 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.5: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Bungoma County Treasury*

In FY 2021/22, the County generated a total of Kshs.368.04 million as own-source revenue. This amount represented a decrease of 6.9 per cent compared to Kshs.395.12 million realised in FY 2020/21 and was 49.3 per cent of the annual target. The County has implemented an automated OSR collection system called Revenue Automated System.

3.3.3 Exchequer Issues

The Controller of Budget approved Kshs.10.90 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.93 billion (17.7 per cent) for development programmes and Kshs.8.97 billion (82.3 per cent) for recurrent programmes.

3.3.4 Overall Expenditure Review

The County spent Kshs.10.61 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.4 per cent of the total funds released by the CoB and comprised of Kshs.1.97 billion and Kshs.8.64 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 44.0 per cent, while recurrent expenditure represented 86.7 per cent of the annual recurrent expenditure budget.

3.3.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.978.77 million and comprised Kshs.392.30 million for recurrent expenditure and Kshs.586.46 million for development expenditure. During the period under review, pending bills amounting to Kshs.478.08 million were settled, consisting of Kshs.50.94 million for recurrent expenditure and Kshs.427.14 million for development programmes, as shown in Table 3.15.

Table 3.15: Progress on Settlement of Pending Bills as of 30th June 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)
	A	B	C=A-B
Recurrent Expenditure	392,301,480	50,940,000	341,361,400
Development Expenditure	586,463,615	427,140,230	159,323,385
Total	**978,765,095**	**478,080,230**	**500,684,785**

Source: *Bungoma County Treasury*

The County Treasury did not provide a report on pending bills accrued in FY 2021/22.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.84 billion on employee compensation, Kshs.2.84 billion on operations and maintenance, and Kshs.1.93 billion on development activities. Similarly, the County Assembly spent Kshs.368.17 million on employee compensation, Kshs.552.85 million on operations and maintenance, and Kshs.41.1 million on development activities, as shown in Table 3.16.

Table 3.16: 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	**9,053,807,120**	**921,179,505**	**7,680,199,918**	**921,027,139**	**84.8**	**100**
Compensation to Employees	5,215,992,101	347,197,199	4,837,698,677	368,173,047	92.7	106
Operations and Maintenance	3,837,815,019	573,982,306	2,842,501,241	552,854,092	74.1	96.3
Development Expenditure	**4,372,377,759**	**107,000,000**	**1,927,940,733**	**41,566,221**	**44.1**	**38.8**
Total	**13,426,184,879**	**1,028,179,505**	**9,608,140,651**	**962,593,360**	**71.6**	**93.6**

Source: *Bungoma County Treasury*

3.3.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 43.3 per cent of the annual realised revenue of Kshs.12.02 billion.

Personnel Emoluments amounting to Kshs.4.84 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.214.92 million was processed through a manual payroll. The manual payroll accounted for 4.3 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The Government policy is that salaries should be processed through the IPPD system; the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.4.84 billion includes Kshs.2.36 billion attributable to the health sector, which translates to 48.8 per cent of the total wage bill in the reporting period.

3.3.8 County Established Funds

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 Ksh.480.00 million to county-established funds in FY 2021/22, constituting 3.3 per cent of the County's overall budget for the year. Table 3.17 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.17: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Bursary and scholarship	410,000,000	410,000,000	No	100.0
2.	Emergency Fund	70,000,000	0	No	0.0
	Total	**480,000,000**	**410,000,000**		

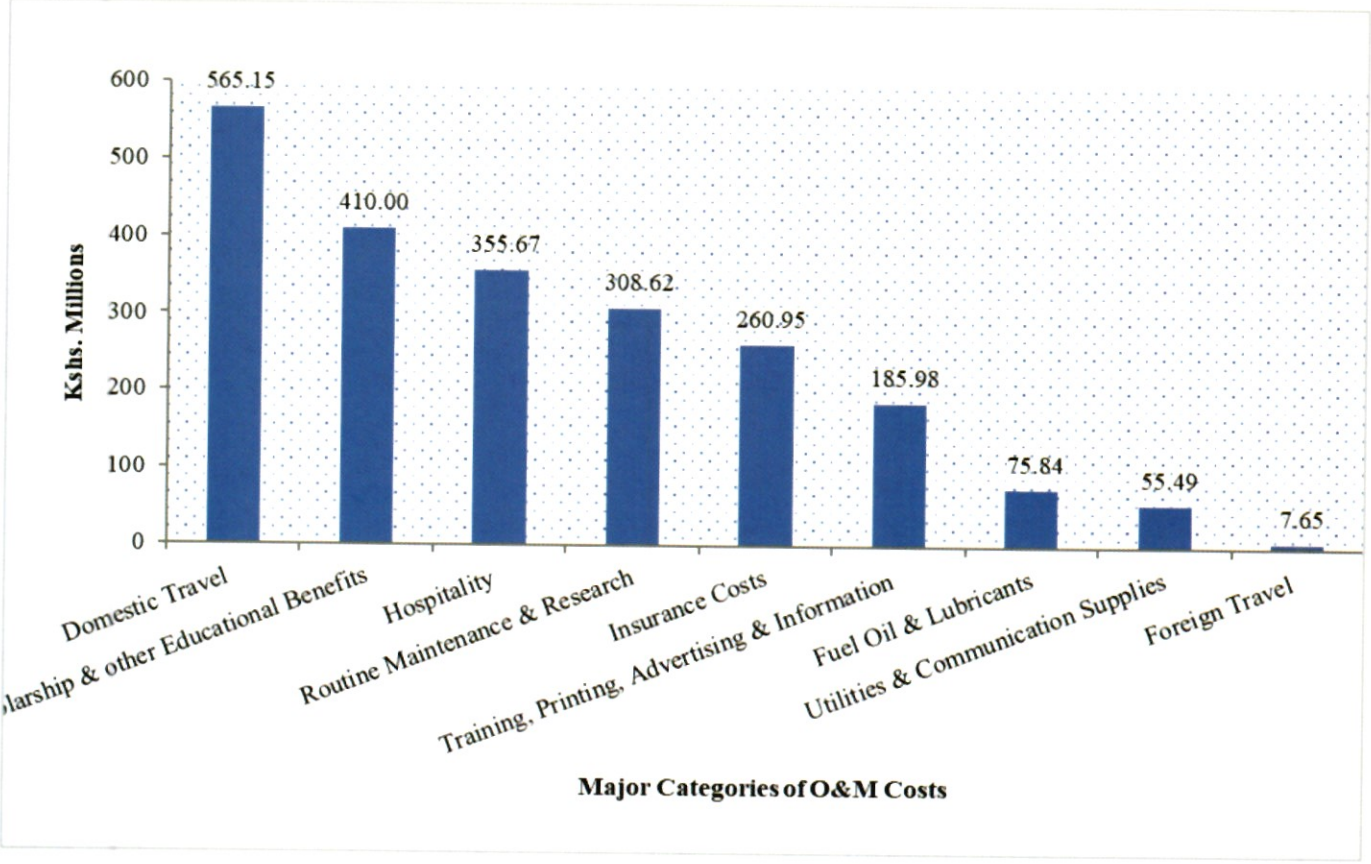
Source: *Bungoma County Treasury*

The OCoB did not receive quarterly financial returns from administrators of funds, as indicated in 4.

3.3.9 Expenditure on Operations and Maintenance

Figure 3.6 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.6: Bungoma County, Operations and Maintenance Expenditure by Major Categories



Source: *Bungoma County Treasury*

The County Assembly spent Kshs.21.61 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.26.12 million. The average monthly sitting allowance was Kshs.29,528 per MCA. The County Assembly has established 7 Committees.

During the period, expenditure on domestic travel amounted to Kshs.565.15 million and comprised Kshs.224.86 million spent by the County Assembly and Kshs.340.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.65 million and consisted of s.2.32 million by the County Assembly and Kshs.5.33 million by the County Executive.

3.3.10 Development Expenditure

The County incurred Kshs.1.97 billion on development programmes, representing a decrease of 41.4 per cent compared to FY 2020/21, when the County spent Kshs.3.36 billion. Table 3.18 summarises development projects with the highest expenditure in the reporting period.

Table 3.18: Bungoma County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Roads	Upgrading of Kanduyi - Sang'alo Jnctn Dual Carriage	Kanduyi-Sang'alo junction	751,000,000	751,000,000	454,736,567	None	60.5	GoK	Ongoing
Roads	Maintenance of Rural Roads (CEF)	45 wards	451,195,500	451,195,500	170,388,649	None	37.7	GoK	Ongoing
Roads	Maintenance of Rural Roads (RMLF)	45 wards	227,038,896	227,038,896	26,925,547	None	11.8	GoK	Ongoing
Education	Unconditional grants for VTCs	45 wards	60,525,266	60,525,266	29,900,000	None	49.4	GoK	Ongoing
Education	Implementation of bursary and scholarship	45 wards	410,000,000	410,000,000	410,000,000	None	100.0	GoK	Ongoing
Gender and Youth	Construction and modernisation of Masinde Muliro stadium	Kanduyi s/c	189,116,354	189,116,354	144,622,699	None	76.4	GoK	Ongoing
County Assembly	Construction of Administration block.	H/Q	107,000,000	107,000,000	41,566,221	None	38.8	GoK	Ongoing

Source: *Bungoma County Treasury*

3.3.11 Budget Performance by Department

Table 3.19 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.19: 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 Co-operatives	459.98	805.85	542.94	330.14	429.11	330.12	79.0	100.0	93.3	41.0
Tourism, Forestry, Environment, Water and Natural Resources	385.45	231.74	383.65	96.54	371.95	94.21	97.0	97.6	96.5	40.7
Roads and Public Works	184.55	1,714.78	1,455.32	1,067.88	148.18	1,012.13	10.2	94.8	80.3	59.0

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
Education, Science, Sports and Youth Affairs	1,471.02	241.03	1,542.91	146.40	1,436.52	146.11	93.1	99.8	97.7	60.6
Health and Sanitation	3,704.59	97.12	2,725.58	53.92	2,727.44	46.66	100.1	86.5	73.6	48.0
Trade, Energy and Industrialisation	73.49	38.08	64.28	16.26	71.00	15.38	110.5	94.6	96.6	40.4
Land, Urban, Physical Planning and Housing	129.65	632.96	108.58	10.24	10.26	9.04	9.4	88.3	7.9	1.4
Gender, Culture, Youth and Sports	126.38	277.74	119.79	156.94	118.38	156.17	98.8	99.5	93.7	56.2
Finance and Planning	1,320.49	8.77	1,414.33	-	1,202.07	-	85.0	-	91.0	-
County Public Service	59.21	-	53.83	8.19	54.70	-	101.6	-	92.4	-
Governor/Deputy Governors	532.78	-	369.30	-	505.15	-	136.8	-	94.8	-
Public Administration	606.22	324.30	583.06	-	556.65	118.11	95.5	-	91.8	36.4
County Assembly	921.18	107.00	921.18	41.57	921.03	41.57	100.0	100.0	100.0	38.9
TOTAL	**9,974.99**	**4,479.38**	**8,974.95**	**1,928.07**	**8,644.73**	**1,969.51**	**96.3**	**102.1**	**86.7**	**44.0**

Source: *Bungoma County Treasury*

The Department of Education, Science, Sports and Youth Affairs recorded the highest absorption rate of development budget at 60.6 per cent, followed by the Department of Roads and Public Works at 59 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Land, Urban, Physical Planning and Housing had the lowest at 7.9 per cent.

3.3.12 Budget Execution by Programmes and Sub-Programmes

Table 3.20 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.20: Bungoma County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Cooperative and Livestock					
Programme 1: General Administration, planning and support services					
S.P 1.1 Administrative and Support Services	S.P 1.1 Administrative and Support Services	142,448,565	140,224,036	2,224,529	98.4
S.P 1.2 Human Resource Management and Development	S.P 1.2 Human Resource Management and Development	314,512,616	307,722,984	6,789,632	97.8
S.P 1.3: Policy, Legal and Regulatory Framework	S.P 1.3: Policy, Legal and Regulatory Framework	7,600,000	-	7,600,000	0.0
S.P 1.7: Leadership and Governance	S.P 1.7: Leadership and Governance	2,000,000	-	2,000,000	0.0
Programme 2: Land and Crop Development and Management					
S.P 2.1: Agricultural extension and training services	S.P 2.1: Agricultural extension and training services	4,746,821	-	4,746,821	0.0
S.P 2.2: Crop production and productivity	S.P 2.2: Crop production and productivity	86,970,400	86,840,085	130,315	99.9
SP 2.7 Irrigation Extension and training	SP 2.7 Irrigation Extension and training	2,540,000	-	2,540,000	0.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 3: Livestock development and management					
SP 3.1 Livestock production extension, Training and Information Services	SP 3.1 Livestock production extension, Training and Information Services	5,600,000	-	5,600,000	0.0
SP 3.4 Disease and Vector Control	SP 3.4 Disease and Vector Control	7,000,000	-	7,000,000	0.0
SP 3.5 Food Safety And Quality Control	SP 3.5 Food Safety And Quality Control	5,500,000	-	5,500,000	0.0
SP 3.8 Breeding and AI Subsidy programme	SP 3.8 Breeding and AI Subsidy programme	3,000,000	-	3,000,000	0.0
Programme 4: Fisheries development and management					
SP 4.1 Fisheries extension service and training	SP 4.1 Fisheries extension service and training	3,000,000	-	3,000,000	0.0
SP 4.2 Fisheries product value-chain development	SP 4.2 Fisheries product value-chain development	3,500,000	-	3,500,000	0.0
Programme 5: Cooperatives Development and Management					
SP 5.1 Cooperatives extension service and training (Co-operative Governance (Training))	SP 5.1 Cooperatives extension service and training (Co-operative Governance (Training))	9,800,000	-	9,800,000	0.0
SP 5.2 Cooperatives Audit Services	SP 5.2 Cooperatives Audit Services	1,500,000	-	1,500,000	0.0
Programme 6: Institutional Development and Management					
SP 6.3 Infrastructural development (ATC)	SP 6.3 Infrastructural development (ATC)	30,700,000	-	30,700,000	0.0
SP 6.5 Tractor hire services	SP 6.5 Tractor hire services	5,000,000	-	5,000,000	0.0
SP 6.8 Operational development (CFF)	SP 6.8 Operational development (CFF)	3,240,000	-	3,240,000	0.0
ASDSP II	ASDSP II	46,167,495	-	46,167,495	0.0
NARIGP	NARIGP	514,946,619	195,164,127	319,782,492	37.9
Ward Based Projects	Ward Based Projects	62,461,000	29,287,672	33,173,328	46.9
Total Expenditure		**1,262,233,516**	**759,238,904**	**502,994,612**	**60.2**
HEALTH & SANITATION					
Programme1: General Administration and Planning and Support Services				-	
SP 1: Health Administration Planning and support services	SP 1: Health Administration Planning and support services	680,964,067	278,722,858	402,241,209	40.9
Human resources	Human resources	2,421,263,243	2,361,961,263	59,301,980	97.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP3.Health Infrastructure	SP3.Health Infrastructure	97,124,894	46,659,463	50,465,431	48.0
Programme 2: Preventive Promotive and Rehabilitative		104,824,022	-	104,824,022	0.0
SP 2: Communicable and non-communicable	SP 2: Communicable and non-communicable	18,005,084	-	18,005,084	0.0
SP 2: Health Promotion services	SP 2: Health Promotion services	6,000,000	-	6,000,000	0.0
SP 3: Disease surveillance	SP 3: Disease surveillance	2,746,938	-	2,746,938	0.0
SP 4: Community health services	SP 4: Community health services	78,072,000	-	78,072,000	0.0
Programme 3: Curative & Health Services					
SP 3: Routine Medical Services	SP 3: Routine Medical Services	424,865,820	86,754,938	338,110,882	20.4
SP 3: Blood Bank Services	SP 3: Blood Bank Services	10,000,000	-	10,000,000	0.0
Programme 4: Health Research		8,200,000	-	8,200,000	0.0
SP 4: Capacity Development	SP 4: Capacity Development	8,200,000	-	8,200,000	0.0
Programme 5: Maternal and Child Health		54,469,787	-	54,469,787	0.0
SP 5: Maternity Services	SP 5: Maternity Services	52,969,787	-	52,969,787	0.0
SP 5: Immunisation Services	SP 5: Immunisation Services	1,500,000	-	1,500,000	0.0
Total Expenditure		**3,969,205,642**	**2,774,098,522**	**1,195,107,120**	**69.9**
ROADS & PUBLIC WORKS					
Transport infrastructure development and management	Transport infrastructure development and management	1,549,460,621	948,872,421	600,588,200	61.2
Public safety and transport operations	Public safety and transport operations	10,440,000	-	10,440,000	0.0
Building standards and other civil works	Building standards and other civil works	3,537,534	-	3,537,534	0.0
General administration, planning and support services	General administration, planning and support services	335,894,584	211,437,525	124,457,059	62.9
Total Expenditure		**1,899,332,739**	**1,160,309,946**	739,022,793	**61.1**
WATER & TOURISM					
Programme 1: General Administration Planning and Support Services					
SP. Human Resources Management	SP. Human Resources Management	58,513,750	53,742,804	4,770,946	91.8
SP. Policy and Legal Framework formulation	SP. Policy and Legal Framework formulation	1,000,000	-	1,000,000	0.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP. Marking of international/national events	SP. Marking of international/ national events	4,800,000	4,597,445	202,555	95.8
SP. Annual devolution conference	SP. Annual devolution conference	3,000,000	-	3,000,000	0.0
Programme 2: Water and Sewerage Services Management					
SP Water Services Provision	SP Water Services Provision	152,668,384	55,849,143	96,819,242	36.6
SP. Rig operation and maintenance	SP. Rig operation and maintenance	1,850,705	290,192	1,560,513	15.7
SP. Stakeholders engagement (water users association)	SP. Stakeholders engagement (water users association)	4,800,000	-	4,800,000	0.0
SP. KOICA counterpart funding	SP. KOICA counterpart funding	16,553,051	-	16,553,051	0.0
SP. Sub- County operations	SP. Sub- County operations	3,200,000	-	3,200,000	0.0
SP. Routine Maintenance of water supplies	SP. Routine Maintenance of water supplies	2,400,000	-	2,400,000	0.0
SP. Office operation and maintenance	SP. Office operation and maintenance	140,459,380	124,775,588	15,683,792	88.8
Programme 3: Integrated Solid Waste Management					
SP. Garbage collection and transportation	SP. Garbage collection and transportation	227,942,024	226,907,089	1,034,935	99.5
TOTAL Expenditure		**617,187,294**	**466,162,261**	**151,025,033**	**75.5**
EDUCATION AND VOCATIONAL TRAINING					
Programme 1: General Administration, Planning and Support Services					
SP 1: Salaries and allowances	SP 1: Salaries and allowances	1,011,120,892	978,040,480	33,080,412	96.7
SP3: Administration and support services	SP3: Administration and support services	49,904,000	48,698,021	1,205,979	97.6
Programme 2: Early Childhood Education Development					
SP6: Infrastructure development	SP6: Infrastructure development	115,730,000	82,015,571	33,714,429	70.9
SP9:Pending bills	SP9:Pending bills	32,737,719	-	32,737,719	0.0
PROGRAMME 3: VOCATIONAL TRAINING CENTRES					
Sp1: Tuition support grant	Sp1: Tuition support grant	92,566,263	64,089,938	28,476,325	69.2
PROGRAMME 4: EDUCATIONAL SUPPORT SCHEME					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sp1: Education support and bursary scheme	Sp1: Education support and bursary scheme	410,000,000	410,000,000	-	100.0
TOTAL Education		**1,712,058,874**	**1,582,844,010**	**129,214,864**	**92.5**
TRADE, ENERGY &INDUSTRILISATION					
Trade and Enterprise Development	Trade and Enterprise Development	1,900,000	-	1,900,000	0.0
Energy Development and Management	Energy Development and Management	4,000,000	3,040,085	959,916	76.0
Salaries and emoluments	Salaries and emoluments	25,063,211	24,326,054	737,157	97.1
General Administration, Planning and Support Services	General Administration, Planning and Support Services	46,523,605	46,678,148	(154,543)	100.3
CEF	CEF	30,846,000	11,174,628	19,671,372	36.2
Supplier's Credit	Supplier's Credit	3,235,741	1,167,732	2,068,009	36.1
Total Expenditure Trade		**111,568,557**	**86,386,646**	25,181,911	**77.4**
LANDS AND URBAN PLANNING					
Programme 1: General Administration, Planning and Support services					
SP 1: Institutional accountability, efficiency and effectiveness in service delivery	SP 1: Institutional accountability, efficiency and effectiveness in service delivery	63,657,092	60,787,698	2,869,394	95.5
SP 2: Human resource development and management	SP 2: Human resource development and management	5,745,622	-	5,745,622	0.0
Programme 2: Land Resource Survey/ Mapping and Management					
SP 1: Land acquisition	SP 1: Land acquisition	9,700,000	-	9,700,000	0.0
Programme 3: County Physical Planning and Infrastructure					
Total Land		**79,102,714**	**60,787,698**	18,315,016	**76.8**
HOUSING DEPARTMENT					
Programme 1 General Administration, Planning and Support services					
SP 1: salaries and emoluments	SP 1: salaries and emoluments	8,054,246	7,883,027	171,219	97.9
SP 2: Administrative Services	SP 2: Administrative Services	10,698,820	8,854,029	1,844,791	82.8
SP 3: Research and Development	SP 3: Research and Development	6,260,298	6,099,648	160,650	97.4
SP 4: Human resource development and management	SP 4: Human resource development and management	939,045	-	939,045	0.0
Programme 2 Housing development and Human Settlement					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP 1: Estate Management	SP 1: Estate Management	-	934,558	(934,558)	-
sp3: Housing Grant	sp3: Housing Grant	50,000,000		50,000,000	0.0
Total Housing		**75,952,409**	**23,771,262**	52,181,147	**31.3**
BUNGOMA MUNICIPALITY					
Programme I: Urban Economy, General Administration, Planning and Support services					
SP 1.1: Human Resource Capacity Development and Management	SP 1.1: Human Resource Capacity Development and Management	3,898,202	-	3,898,202	0.0
SP 1.2: General Administration and Support Services	SP 1.2: General Administration and Support Services	17,131,933	15,054,313	2,077,620	87.9
SP 1.3: Planning and Financial Management	SP 1.3: Planning and Financial Management	2,178,239	-	2,178,239	0.0
Programme III: Urban Infrastructure Development and Management					
SP 3.1: Urban Transport and Infrastructure	SP 3.1: Urban Transport and Infrastructure	198,876,358	-	198,876,358	0.0
Total Expenditure		**222,084,732**	**15,054,313**	207,030,419	**6.8**
KIMILILI MUNICIPALITY					
Programme 1: General Administration, Planning and Support services					
SP1:General Adm planning and support services	SP1:General Adm planning and support services	22,083,705	11,979,514	10,104,191	54.2
SP2:Administration and HR Services	SP2:Administration and HR Services	1,745,987	-	1,745,987	0.0
Programme 2:Urban Infrastructure Development and management					
Infrastructure. Housing and public works	Infrastructure. Housing and public works	364,952,055	-	364,952,055	0.0
Total Expenditure		**388,781,747**	**11,979,514**	376,802,233	**3.1**
Grand Total Lands, Housing & municipality		**765,921,602**	**111,592,788**	**654,328,814**	**14.6**
FINANCE AND ECONOMIC PLANNING					
Economic development planning and coordination services	Economic development planning and coordination services	76,478,230	76,282,052	196,179	99.7
Monitoring and evaluation services	Monitoring and evaluation services	37,337,494	29,683,832	7,653,662	79.5
Public finance management	Public finance management	96,243,550	56,032,450	40,211,100	58.2
Human Resources Management	Human Resources Management	701,815,431	632,277,804	69,537,627	90.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General administration, planning, policy coordination and support services	General administration, planning, policy coordination and support services	417,381,974	407,794,816	9,587,158	97.7
Total Expenditure		**1,329,256,679**	**1,202,070,954**	**127,185,725**	**90.4**
PUBLIC ADMINISTRATION					
Public service Management and Administration					
General administration, planning and support services	General administration, planning and support services	307,495,281	303,742,622	3,752,659	98.8
Public Participation, Civic Education and outreach services	Public Participation, Civic Education and outreach services	7,400,000	-	7,400,000	0.0
General administration, planning and support services	General administration, planning and support services	262,541,621	258,042,815	4,498,806	98.3
Kenya Devolution Support Programme	Kenya Devolution Support Programme	344,173,420	112,977,775	231,195,645	32.8
ICT and information management services	ICT and information management services	8,914,028	-	8,914,028	0.0
Total Expenditure		**930,524,350**	**674,763,212**	**255,761,138**	**72.5**
GENDER AND YOUTHS					
Programme 1: General Administration, Planning and Support services					
Sp 1.2 Administrative services	Sp 1.2 Administrative services	75,899,981	75,058,879	841,102	98.9
SP 1. 2. Compensation to employees	SP 1. 2. Compensation to employees	48,275,943	43,321,932	4,954,011	89.7
Sp1.4 DHRC Meeting	Sp1.4 DHRC Meeting	1,000,000	-	1,000,000	0.0
Sp1.5staff bonding	Sp1.5staff bonding	1,200,000	-	1,200,000	0.0
Programme4.0 Sports Facility Development and Management	Programme4.0 Sports Facility Development and Management			-	
Sp 4.1Development of sports facility	Sp 4.1Development of sports facility	273,573,021	156,172,154	117,400,867	57.1
Programme5.0 Sports talent development and management			-	-	
5.1Sports and talent development established	5.1Sports and talent development established	4,171,000	-	4,171,000	0.0
Total Expenditure		**404,119,945**	**274,552,966**	**129,566,979**	**67.9**
PUBLIC SERVICE					
Programme 1: General Administration, Planning and Support services				-	
SP 1. 1 Administrative service	SP 1. 1 Administrative service	48,511,431	47,800,694	710,737	98.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 2: (Human Resource Management and Development)				-	
SP 2. 1 Human Resource Management	SP 2. 1 Human Resource Management	7,991,250	6,898,111	1,093,139	86.3
Programme 3:(Governors and National Values			-	-	
SP 3. 1Quality Assurance	SP 3. 1Quality Assurance	2,702,854	-	2,702,854	0.0
Total Expenditure		**59,205,535**	**54,698,805**	**4,506,730**	**92.4**
GOVERNORS & D. GOVERNORS					
Programme 1: General Administration planning & support	Programme 1: General Administration planning & support	532,779,578	505,145,914	27,633,664	94.8
Programme 2: County Executive Committee Affairs	Programme 2: County Executive Committee Affairs	-	-	-	-
Programme 3: County Strategic and Service Delivery.	Programme 3: County Strategic and Service Delivery.	-	-	-	-
Total Expenditure		**532,779,578**	**505,145,914**	**27,633,664**	**94.8**
COUNTY ASSEMBLY					
General Administration and Support Services	General Administration and Support Services	612,516,945	592,370,319	20,146,626	96.7
Legislation services	Legislation services	23,766,600	14,186,205	9,580,395	59.7
Oversight	Oversight	54,579,084	61,905,719	(7,326,635)	113.4
Representation and outreach services	Representation and outreach services	230,316,876	252,564,896		109.7
General Infrastructure	General Infrastructure	107,000,000	41,566,221		38.8
		1,028,179,505	**962,593,360**	**65,586,145**	**93.6**
Grand Total		**14,621,573,816**	**10,614,458,287**	**4,007,115,528**	**72.6**

Source: *Bungoma County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Oversight in the County Assembly at 113.4 per cent, Representation and Outreach Services in the County Assembly at 109.7 per cent, and General Administration, Planning and Support Services in the Department of Trade, Energy & Industrialisation at 100.3 per cent of budget allocation. Absorption rates above 100 per cent are irregular and should be corrected.

3.3.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.1.97 billion in FY 2021/22 from the annual development budget allocation of Kshs.4.45 billion. The development expenditure represented 44 per cent of the annual development budget.
2. A high wage bill, which accounted for 43.3 per cent of the annual realised revenue of Kshs.12.02 billion in FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.368.04 million against an annual projection of Kshs.746.81 million, representing 49.2 per cent of the annual target.
4. Weak budgeting practice as shown in Table 3.19, where the County incurred expenditure over approved exchequer issues. This implies the unauthorised use of funds for purposes other than those intended for the

funds.

5. High level of pending bills which amounted to Kshs.500.68 million as of 30th June 2022. The reported pending bills did not include those accumulated in FY 2021/22.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.214.92 million were processed through the manual payroll and accounted for 4.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
7. 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 12th August 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
7. *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.*

3.4 County Government of Busia

3.4.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.10.30 billion, comprising Kshs.4.55 billion (44.5 per cent) and Kshs.5.68 billion (55.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.17 billion (70.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.976.11 million (9.5 per cent) from its sources of revenue, and use a cash balance of Kshs.1.39 billion (13.6 per cent) from FY 2020/21. The County also expected to receive Kshs.695.30 million (6.8 per cent) as conditional grants, which consisted of Universal Health Care at Kshs.42.2 million, Kenya Climate Smart Agriculture Project at Kshs.295.79 million, DANIDA at Kshs.13.3 million, Agriculture Sector Development Support Programme 11 (ASDSP 11) at Kshs.26 million, Water Tower Protection and Climate Change Mitigation and Adoption Project at Kshs.106 million, Kenya Urban Support Programme at Kshs.202 million and Nutritional International at Kshs.10 million.

3.4.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.60 billion as the equitable share of the revenue raised nationally, raised Kshs.292.74 million as own-source revenue, and Kshs.244.90 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.7.13 billion, as shown in Table 3.21.

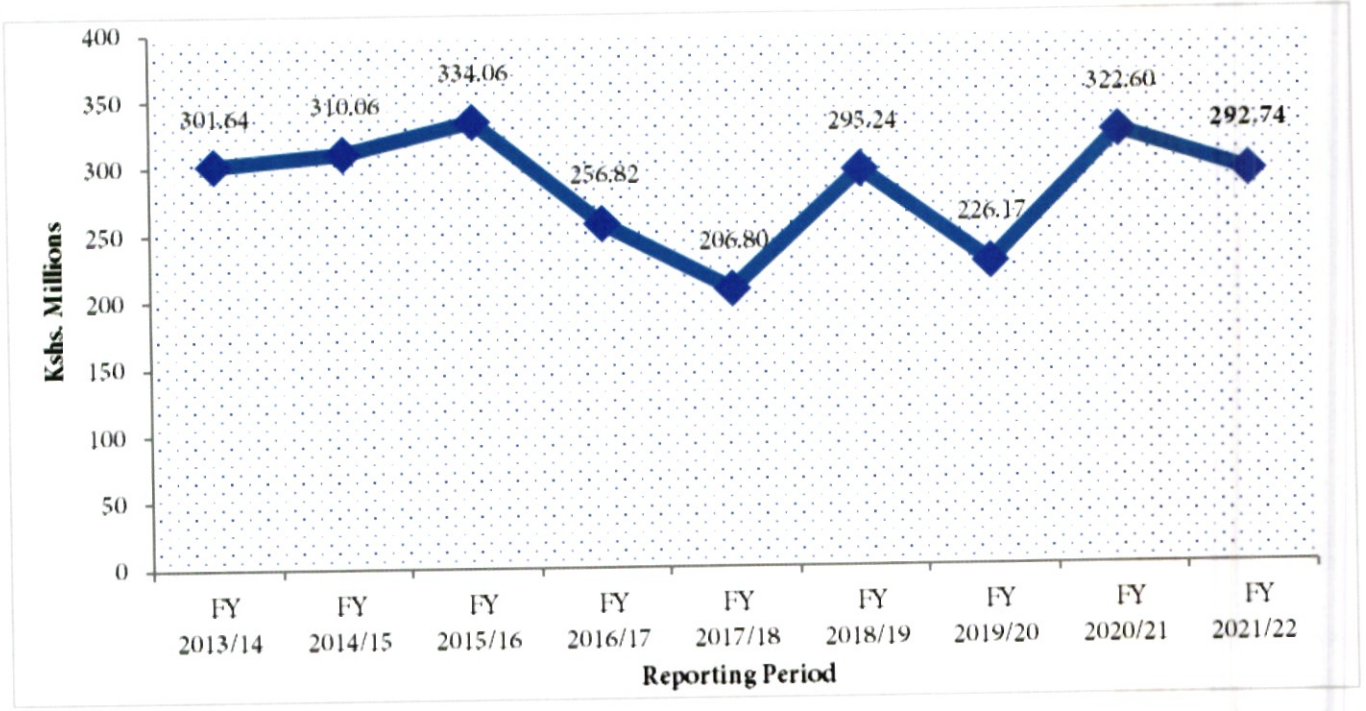
Table 3.21: Busia County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,172,162,009	6,598,389,051	92.0
Sub Total		**7,172,162,009**	**6,598,389,051**	**92.0**
B	**Other Sources of Revenue**			
1	Own Source Revenue	976,108,322	292,736,456	30
2	Conditional Grants	695,308,068	242,396,186	34.8
3	Balance b/f from FY2020/21	1,386,799,236	-	-
Sub Total		**3,058,215,626**	**535,132,642**	**17.5**
Grand Total		**10,230,377,635**	**7,133,521,693**	**69.7**

Source: *Busia County Treasury*

Figure 3.7 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.7: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Busia County Treasury*

In FY 2021/22, the County generated a total of Kshs.292.74 million as own-source revenue. This amount represented a decrease of 10.1 per cent compared to Kshs.322.56 million realised in FY 2020/21 and was 30 per cent of the annual target. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The County has implemented an automated OSR collection system called the County PRO management system.

3.4.3 Exchequer Issues

The Controller of Budget approved Kshs.7.20 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.56 billion (21.8 per cent) for development programmes and Kshs.5.63 billion (78.2 per cent) for recurrent programmes.

3.4.4 Overall Expenditure Review

The County spent Kshs.6.42 billion on development and recurrent programmes during the reporting period. This expenditure represented 89.3 per cent of the total funds released by the CoB and comprised of Kshs.1.54 billion

and Kshs.4.89 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 33.8 per cent, while recurrent expenditure represented 86 per cent of the annual recurrent expenditure budget.

3.4.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.769.75 million and comprised of Kshs.29.09 million for recurrent expenditure and Kshs. 740.65 million for development expenditure. During the period under review, pending bills amounting to Kshs.583.06 million were settled for development programmes only, as shown in Table 3.22.

Table 3.22: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	29,099,005	-	29,099,005	567,962,222	597,061,226
Development Expenditure	740,655,335	583,059,944	157,595,390	1,069,645,257	1,227,240,647
Total	**769,754,339**	**583,059,944**	**186,694,395**	**1,637,607,478**	**1,824,301,873**

Source: *Busia County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.1.82 billion included the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.742.93 million, out of which the County has settled bills amounting to Kshs.499.85 million, leaving a balance of Kshs.243.09 million as of 30th June 2022.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.62 billion on employee compensation, Kshs.1.48 billion on operations and maintenance, and Kshs.1.44 billion on development activities. Similarly, the County Assembly spent Kshs.499.02 million on employee compensation, Kshs.284.95 million on operations and maintenance, and Kshs.99.96 million on development activities, as shown in Table 3.23.

Table 3.23: 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	**4,880,120,791**	**801,409,679**	**4,103,808,782**	**783,972,970**	**84.1**	**97.8**
Compensation to Employees	2,898,231,787	522,684,651	2,623,027,263	499,018,800	90.5	95.5
Operations and Maintenance	1,981,889,004	278,725,028	1,480,781,519	284,954,170	74.7	102.2
Development Expenditure	**4,443,847,164**	**105,000,000**	**1,437,664,985**	**99,963,145**	**32.4**	**95.2**
Total	**9,323,967,955**	**906,409,679**	**5,541,473,767**	**883,936,115**	**59.4**	**97.5**

Source: *Busia County Treasury*

3.4.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 43.7 per cent of the annual realised revenue of Kshs.7.13 billion.

Personnel emoluments amounting to Kshs.3.01 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.109.86 million was processed through a manual payroll. The manual payroll amounted to 3.5 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

The Government policy is that salaries should be processed through the IPPD system; the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.12 billion includes Kshs.1.18 billion attributable to the health sector, which translates to 37.9 per cent of the total wage bill in the reporting period.

3.4.8 County Established Funds

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 Ksh.90.51 million to county-established funds in FY 2021/22, which constituted 0.9 per cent of the County's overall budget for the year. Table 3.24 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.24: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022	Absorption (%)
		A	B	C	B/A*100
1.	Busia County Cooperative Enterprise Development Fund	6,000,000	1,700,000	YES	28.3
2.	Busia County Health Services Fund	23,070,935	22,979,428	YES	99.6
3.	Busia County Agricultural Development Fund	41,440,100	90,077	YES	0.22
4.	Education Revolving scheme	15,000,000	7,553,745	No	50.3
	Total	**90,511,035.**	**32,323,250**		

Source: *Busia County Treasury*

The OCoB did receive quarterly financial returns from Fund Administrators, as indicated in Table 3.24

3.4.9 Expenditure on Operations and Maintenance

Figure 3.8 shows a summary of operations and maintenance expenditure by major categories.

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
Total for Vote		**1,233,217,267.84**	**552,734,561.95**	**680,482,705.89**	**45**
TRADE					
CP 12: General Administration and Support services	**CSP 12.1:** Administrative support service	71,728,843.17	56,241,889.10	15,486,954.07	78
CP 13: Trade Developments and Investment	**CSP 13.1:** Busia county trade development fund	6,000,000.00	1,700,000.00	4,300,000.00	28
	CSP 13.2: Market modernisation and development	105,070,250.00	15,932,062.00	89,138,188.00	15
CP 14: Fair Trade Practices	**CSP 14.1:** Weights and measures.	3,000,000.00	-	3,000,000.00	0
CP 15: Cooperative development	**CSP 15.1** Busia county cooperative enterprise development fund	-	-	-	0
	CSP 15.2: Revitalization of cotton ginneries	11,750,000.00	-	11,750,000.00	0
	CSP 15.3: Value addition	-	-	-	0
CP 16: Other Development Projects	**CSP 16.1.** Other Development projects	121,394,516.00	69,882,109.00	51,512,407.00	58
Total for Vote		**318,943,609.17**	**143,756,060.10**	**175,187,549.07**	**45**
FINANCE					
CP 22:General Administration and Support services	**CSP 22.1:** Administrative support service	918,537,365.40	877,548,932.13	40,988,433.28	96
CP 23: Financial management, Control and Development services	**CSP 23.1:** Revenue generation services	2,000,000.00	-	2,000,000.00	0
CP 24: Information and Communication Services	**CSP 24.1:** ICT support services	2,500,000.00	2,101,131.55	398,868.45	84
CP 25: Other Development Projects	**CSP 25.1:** Other Development projects	22,400,000.00	-	22,400,000.00	0
Total for Vote		**945,437,365.40**	**879,650,063.68**	**65,787,301.73**	**93**
EDUCATION					
CP 17: General Administration and Support services	**CSP 17.1:** Administrative support service	425,919,138.24	347,077,703.30	78,841,434.94	81
CP 18: Early Childhood Development Education (Basic Education)	**CSP 18.1**: Improvement of the infrastructure in E.C.D.E Centre	51,502,000.00	-	51,502,000.00	0
	CSP 18.2 E.C.D.E Capitation	-	-	-	0
	CSP 18.3: Child Nutrition	-	-	-	0
CP 19: Tertiary/Vocational Training Development	**CSP 19.1:** Infrastructure development	23,582,126.00	-	23,582,126.00	0
CP 20: Education support	**CSP 20.1:** Education support scheme	52,097,410.00	7,303,560.30	44,793,849.70	14
CP 21: Other Development Projects	**CSP 21.1** Other Development Projects	150,023,826.00	59,372,540.05	90,651,285.95	40
Total for Vote		**703,124,500.24**	**413,753,803.65**	**289,370,696.59**	**59**
CULTURE					
CP 26: General Administration and Support services	**CSP 26.1:** Administrative support service	95,440,030.36	80,148,468.05	15,291,562.31	84
CP 27: Social services	**CSP 27.1:** Infrastructural development	3,500,000.00	-	3,500,000.00	0
	CSP 27.2: Community Support	15,400,000.00	5,982,758.60	9,417,241.40	39

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
CP 28:Youth and Empowerment Development	**CSP 28.1** Equipping and Operationalization of youth empowerment	3,950,000.00	-	3,950,000.00	0
CP 29:Promotion and development of sports	**CSP 29.1:** Infrastructural development	6,000,000.00	-	6,000,000.00	0
	CSP 29.2: Sports promotion	-	-	-	
CP 30: Child care and protection	**CSP 30.1:** Rehabilitation and custody	5,000,000.00	2,205,788.10	2,794,211.90	44
CP 31: Culture Promotion and Development	**CSP 31.1:** Cultural infrastructural development	-	-	-	
CP 32: Promotion and development of Local tourism in the county	**CSP 32.1:** Tourism development	-	-	-	
CP 33: Alcoholic Drinks and Drugs Control	**CSP 33.1:** Infrastructure development	-	-	-	0
CP 34: Other Development Projects	**CSP 34.1:**Other Development projects	87,939,982.00	17,165,886.50	70,774,095.50	20
Total for Vote	-	**217,230,012.36**	**105,502,901.25**	**111,727,111.11**	**49**
PUBLIC WORKS	-				
CP 35: General Administration and support services	**CSP 35.1:** Administrative support service	128,583,785.56	100,394,242.20	28,189,543.36	78
CP 36:Development and Maintenance of Roads	**CSP 36.1:** Routine maintenance of roads	385,000,000.00	97,077,784.00	287,922,216.00	25
	CSP 36.2: Development of Roads	112,489,285.00	58,604,803.00	53,884,482.00	52
CP 37:Building Infrastructure Development	**CSP 37.1:** Infrastructure Development	2,923,010.00	-	2,923,010.00	0
CP 38: Energy Development	**CSP 38.1** Energy Services	9,200,000.00	-	9,200,000.00	0
	CSP 38.2: Solar Energy Exploration	16,500,000.00	-	16,500,000.00	0
	CSP 38.3: Renewable energy	-	-	-	0
CP 39: Alternative Transport Infrastructure Development	**CSP 39.1:** Road safety campaign	1,000,000.00	-	1,000,000.00	0
CP 40: Other Development Projects	**CSP 40.1:** Other Development Projects	569,619,323.00	155,442,279.35	414,177,043.65	27
Total for Vote		**1,225,315,403.56**	**411,519,108.55**	**813,796,295.01**	**34**
PUBLIC SERVICE MANAGEMENT					
CP 41: General Administration and support services	**CSP 41.1:** Administrative support services	391,221,339.57	153,123,149.90	238,098,189.67	39
Total for Vote		**391,221,339.57**	**153,123,149.90**	**238,098,189.67**	**39**
PUBLIC SERVICE BOARD	**CP 42: General Administration and support services**				
CP 41: General Administration and support services	**CSP 41.1:** Administrative support services	100,036,202.50	74,396,355.15	25,639,847.35	74
Total for Vote		**100,036,202.50**	**74,396,355.15**	**25,639,847.35**	**74**
LANDS					
CP 42: General Administration and support services	**CSP 42.1:** Administrative support services	130,911,618.86	87,369,467.95	43,542,150.91	67

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
CP 43: County Land Administration and Planning	**CSP 43.1:** Land use planning	5,503,212.00	500,000.00	5,003,212.00	9
CP 44: Housing development and management	**CSP 44.1:** Housing Development	46,770,752.00	-	46,770,752.00	0
CP 45: County Urban Management and Development	**CSP 45.1:** Urban management	56,298,859.00	-	56,298,859.00	0
	CSP 45.2: Urban Development (Malaba Municipalities)	212,531,513.00	40,802,535.05	171,728,977.95	19
	CSP 45.3: Urban Development(Busia Municipality)	15,000,000.00	-	15,000,000.00	0
CP 46: Other Development Projects	**CSP 46.1:**Other Development Projects	19,049,760.00	695,000.00	18,354,760.00	4
Total for Vote	-	**486,065,714.86**	**129,367,003.00**	**356,698,711.86**	**27**
WATER	-				
CP 47: General Administration and support services	**CSP 47.1**: Administrative support services	142,603,493.27	78,260,467.65	64,343,025.62	55
CP 48: Water Supply Services	**CSP 48.1:** Urban water supply and sewerage	77,970,555.00	34,255,989.00	43,714,566.00	44
	CSP 48.2: Rural water supply	100,920,218.00	79,656,794.00	21,263,424.00	79
CP 49: Environment Management and Protection	**CSP 49.1** Environmental management	17,500,000.00	7,275,125.00	10,224,875.00	42
CP 50:Small Holder Irrigation and Drainage	**CSP 50.1:** Irrigation infrastructure development	-	-	-	
CP 51: Forest development and management	**CSP 51.1:**Rehabilitation and restoration of degraded landscape	10,000,000.00	-	10,000,000.00	0
CP 52: Water Tower Protection and Climate Change Mitigation	**CSP 52.1:** Water Tower Protection and Climate Change Mitigation	-	-	-	
CP53: Other Development Projects	**CSP 53.1** Other Development Projects	330,150,442.00	32,069,052.45	298,081,389.55	10
Total for Vote		**679,144,708.27**	**231,517,428.10**	**447,627,280.17**	34
HEALTH					
CP 54: General Administration and support services	**CSP 54.1:** Administrative support service	1,813,298,516.50	1,745,681,492.35	67,617,024.15	96
CP 55: Curative Health Services	**CSP 55.1:** Infrastructure development	303,680,900.60	204,065,677.00	99,615,223.60	67
	CSP 55.2: Hospital equipment	46,625,360.00	19,351,209.80	27,274,150.20	42
CP 56: Preventive and Promotive Health services	**CSP 56.1:** Infrastructure development	105,838,637.00	49,219,847.00	56,618,790.00	47
	CSP 56.2: Lower-level hospital equipment	1,345,360.00	-	1,345,360.00	0
	CSP 56.3: Preventive Services	12,000,000.00	-	12,000,000.00	0
	CSP 56.4: Health promotion unit	129,133,623.00	70,269,795.00	58,863,828.00	54
CP 57: Other Development Projects	**CSP 57.1:** Other Development projects	92,970,932.00	51,845,880.00	41,125,052.00	56
Total for Vote		**2,504,893,329.10**	**2,140,433,901.15**	**364,459,427.95**	**85**
GOVERNORSHIP					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
CP 59: General Administration and support services	**CSP 59.1:** Administrative support service	423,788,502.77	287,624,407.99	136,164,094.78	68
CP 60: Disaster Risk Management	**CSP 60.1:** Disaster preparedness	74,579,000.00	18,095,021.00	56,483,979.00	24
CP 61: Information dissemination and knowledge management	**CSP 61.1:** Communication Services	18,471,000.00	-	18,471,000.00	0
CP 62: Other Development Projects	**CSP 62.1:** Other Development projects	2,500,000.00	-	2,500,000.00	0
Total for Vote		**519,338,502.77**	**305,719,428.99**	**213,619,073.78**	**59**
COUNTY ASSEMBLY					
CP 63: Administrative support service	**CSP 63.1:**Administrative support service	801,409,679.00	783,972,969.95	17,436,709.05	98
CP 64: County Assembly Infrastructural Development	ICSP 64.1: Infrastructural Development	105,000,000.00	99,963,145.30	5,036,854.70	95
Total For Vote		**906,409,679.00**	**883,936,115.25**	**22,473,563.75**	**98**
GRAND TOTAL		**10,230,377,634.62**	**6,425,409,880.72**	**3,804,967,753.91**	**63**

Source: *Busia County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Administrative support service in the County Assembly at 98 per cent, Administrative support service in the Department of Finance at 96 per cent, Administrative support service in the Department of Health at 96 per cent, and Infrastructural Development in the County Assembly at 95 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 OCOB identified the following challenges which hampered effective budget implementation;

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.54 billion in FY 2021/22 from the annual development budget allocation of Kshs.4.55 billion. The development expenditure represented 33.8 per cent of the annual development budget.
2. A high wage bill, which accounted for 43.7 per cent of the annual realised revenue of Kshs.7.13 billion in FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.292.74 million against an annual projection of Kshs. 976.11 million, representing 30 per cent of the annual target.
4. High level of pending bills which amounted to Kshs.1.82 billion as of 30th June 2022.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.109.86 million were processed through the manual payroll and accounted for 3.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
6. 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 15th August 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid*

without delay in the coming financial year.

5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
6. *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.*

3.5 County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.6.60 billion, comprising Kshs.2.86 billion (43.6 per cent) and Kshs.3.70 billion (56.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.61 billion (70.4 per cent) as the equitable share of revenue raised nationally, use a cash balance of Kshs.1.08 billion (16.5 per cent) from FY 2020/21 and generate Kshs.266.10 million (4.1 per cent) from its sources of revenue. The County also expected to receive Kshs.702.05 million (10.7 per cent) as conditional grants comprised of DANIDA Universal Health Care - Kshs.8.56 million, World Bank-Transforming Health Systems-Kshs.37.02 million, World Bank-Kenya Climate Smart Agriculture Project (KCSAP)-Kshs.350 million, Sweden-Agriculture Sector Development Support Programme (ASDSP) – Kshs.23.84 million, World Bank-Kenya Informal Settlement Improvement Project (KISIP II) – Kshs.50.00 million, World Bank-Emergency Locust Response Project (ELRP) – Kshs.47.84 million and World Bank-Kenya Development Support Programme (KDSP) Level 2 – Kshs.184.80 million.

3.5.2 Revenue Performance

In FY 2021/22, the County received Kshs.4.24 billion as the equitable share of the revenue raised nationally, Kshs.214.31 million as conditional grants, raised Kshs.162.25 million as own-source revenue and had a cash balance of Kshs.1.08 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.69 billion, as shown in Table 3.28.

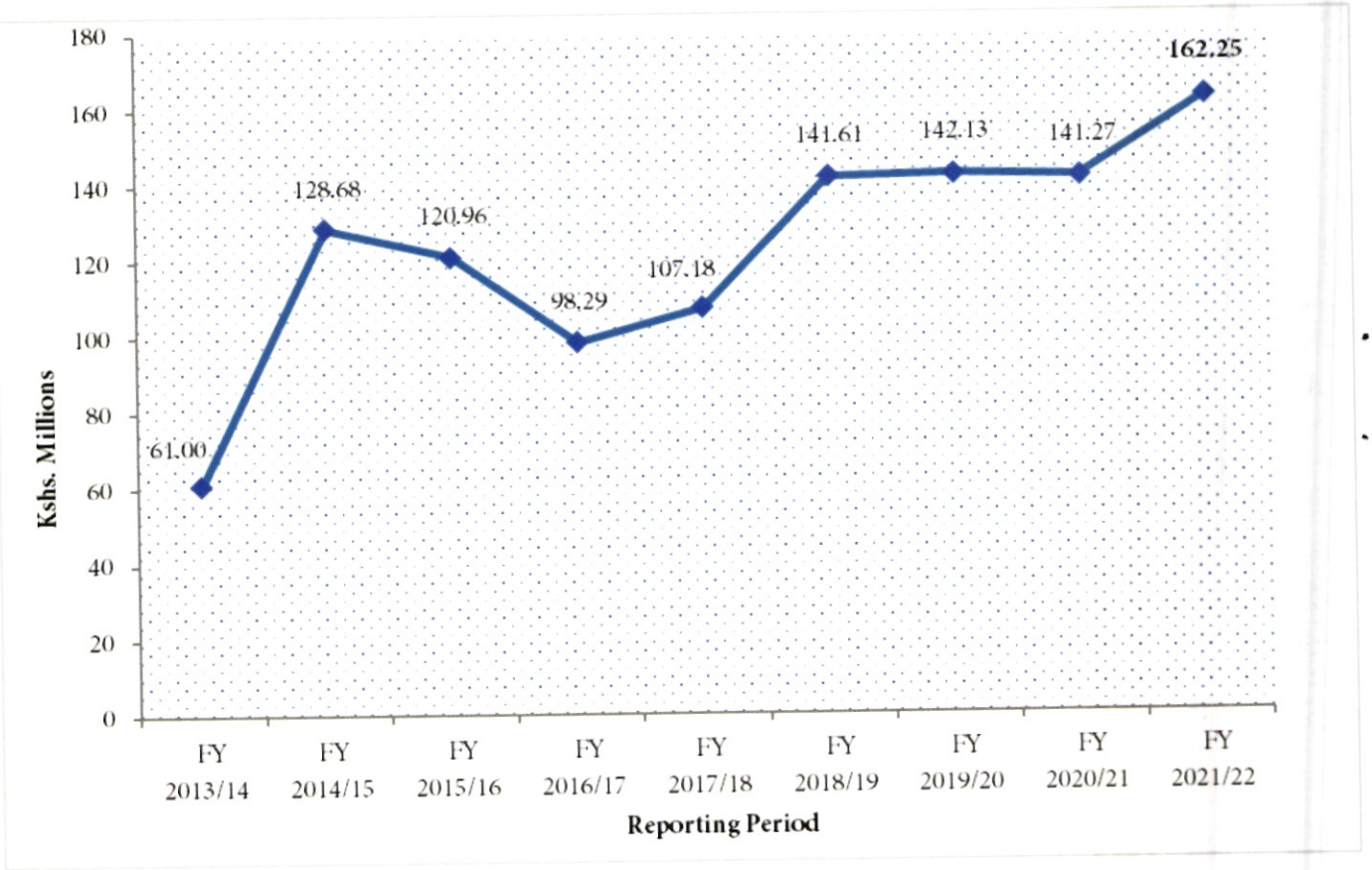
Table 3.28: Elgeyo Marakwet County Treasury County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,606,532,480	4,238,009,884	92.0
Sub Total		**4,606,532,480**	**4,238,009,884**	**92.0**
B	**Other Sources of Revenue**			
1	Own Source Revenue	266,100,000	162,252,071	61.0
2	Conditional Grants	702,054,383	214,312,515	30.5
3	Balance brought forward from FY2020/21	1,078,886,623	1,078,886,623	100.0
Sub Total		**2,047,041,006**	**1,455,451,209**	**71.1**
Grand Total		**6,653,573,486**	**5,693,461,093**	**85.6**

Source: *Elgeyo Marakwet County Treasury*

Figure 3.9 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.9 : Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Elgeyo Marakwet County Treasury*

In FY 2021/22, the County generated a total of Kshs166.25 million as own-source revenue. This amount represented an increase of 14.9 per cent compared to Kshs.141.27 million realised during a similar period in FY 2020/21 and was 61.0 per cent of the annual target.

3.5.3 Exchequer Issues

The Controller of Budget approved Kshs.5.19 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.71 billion (33 per cent) for development programmes and Kshs.3.48 billion (67 per cent) for recurrent programmes, as shown in Table 3.33.

3.5.4 Overall Expenditure Review

The County spent Kshs.5.10 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.3 per cent of the total funds released by the CoB and comprised of Kshs.1.60 billion and Kshs.3.51 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 55.9 per cent, while recurrent expenditure represented 94.8 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.14.33 million by the County Executive. The Assembly did not report any pending bills as of 30th June 2022, as shown in Table 3.29.

Table 3.29: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	County Executive	County Assembly	Total
Recurrent Expenditure	8,536,274	-	8,536,274
Development Expenditure	5,788,774	-	5,788,774
Total	**14,325,048**	-	**14,325,048**

Source: *Elgeyo Marakwet County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.14.33 million.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.26 billion on employee compensation, Kshs.651.77 million on operations and maintenance, and Kshs.1.60 billion on development activities. Similarly, the County Assembly spent Kshs.271.34 million on employee compensation and Kshs.320.53 million on operations and maintenance, as shown in Table 3.30.

Table 3.30: 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	**3,006,577,885**	**593,254,972**	**2,915,314,384**	**591,874,956**	**97.0**	**99.8**
Compensation to Employees	2,320,973,152	332,214,925	2,263,547,113	271,343,956	97.5	81.7
Operations and Maintenance	685,604,733	261,040,047	651,767,271	320,531,000	95.1	122.8
Development Expenditure	2,860,169,489	-	1,597,342,232	-	55.8	-
Total	**5,866,747,374**	**593,254,972**	**4,512,656,616**	**591,874,956**	**76.9**	**99.8**

Source: *Elgeyo Marakwet County Treasury*

3.5.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 44.5 per cent of the annual realised revenue of Kshs.5.69 billion.

The wage bill of Kshs.2.53 billion included Kshs.1.31 billion, which was attributable to the health sector and translated to 51.7 per cent of the total wage bill in the reporting period.

3.5.8 County Established Funds

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 Ksh43.00 million to county-established funds in FY 2021/22, which constituted 0.6 per cent of the County's overall budget for the year.

Table 3.31 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.31: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)	Absorption (%)
1.	Elgeyo Marakwet County Bursary Fund	32,000,000	32,000,000	Yes	100
2.	Elgeyo Marakwet County Alcoholic Drinks Control Fund	4,000,000	0	Yes	0
3.	Elgeyo Marakwet County Assembly Car & Mortgage Revolving Fund	7,000,000*	7,000,000*	Yes	100
4.	Elgeyo Marakwet (County Assembly) Catering Services Revolving Fund	0*	0*	Yes	N/A

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)	Absorption (%)
5.	Elgeyo Marakwet County Executive Car & Mortgage Revolving Fund	0*	0*	Yes	N/A
	Total	**43,000,000**	**39,000,000**		

Source: *Elgeyo Marakwet County Treasury*

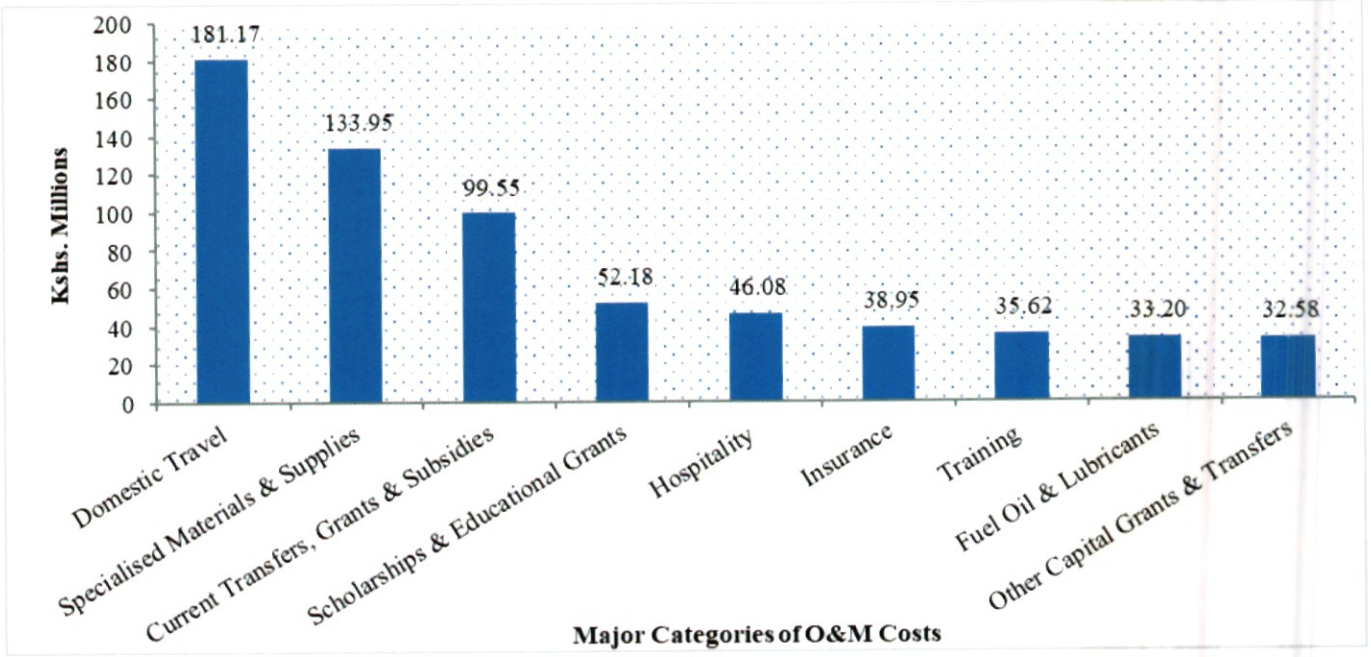
*Note - * means that these are revolving funds, and where there is a positive figure in the budget column, it means an injection of additional funding.*

The OCoB received quarterly financial returns from administrators of five funds, as indicated in Table 3.31.

3.5.9 Expenditure on Operations and Maintenance

Figure 3.10 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.10: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: *Elgeyo Marakwet County Treasury*

The County Assembly spent Kshs.43.44 million on committee sitting allowances for the 34 MCAs and the Speaker against the annual budget allocation of Kshs.43.5 million. The average monthly sitting allowance was Kshs.106,464 per MCA. The County Assembly has established 18 Committees.

During the period, expenditure on domestic travel amounted to Kshs.181.17 million and comprised Kshs.65.53 million spent by the County Assembly and Kshs.115.64 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.75 million and consisted of Kshs.15.67 million by the County Assembly and Kshs.2.09 million by the County Executive.

3.5.10 Development Expenditure

The County incurred Kshs.1.60 billion on development programmes, representing an increase of 10.2 per cent compared to FY 2020/21, when the County spent Kshs.1.45 billion. Table 3.66 summarises development projects with the highest expenditure in the reporting period.

Table 3.32: Elgeyo Marakwet County Treasury, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Support farmers to adopt Climate Smart strategies in agricultural production	Agriculture	County	350,000,000	114,431,675	114,431,675	32.7
2	Construction of Mother and Baby Wing at Iten County Referral Hospital (KDSP)	Agriculture	County	62,085,000	62,085,000	51,601,633	83.1
3	Construction of Ainabyat Water Project (KDSP)	Agriculture	County	34,500,000	34,500,000	34,167,595	99.0
4	Construction of Disaster Management Centre, Kenya Urban Support Programme	Water, Environment & Lands	County	74,236,956	32,120,470	32,120,470	43.3
5	World Bank-Transforming Health Systems	Health	Head Quarters	54,284,046	31,336,491	31,336,491	57.7
6	Purchase of fully equipped Ambulance (Land Cruiser)	Health	Arror	11,300,000	11,299,999	11,299,999	100.0
7	Capacity enhancement of farmers to increase the productivity of priority value chains	Agriculture	County	23,843,630	11,163,077	11,163,077	46.8
8	purchase of ward ambulance for E/embolot	Health	Embobut Embolot	11,000,000	10,999,999	10,999,999	100.0
9	Kapsowar Town roads	Roads, Public Works & Transport	KAPSOWAR	8,839,076	8,839,976	8,839,976	100.0
10	Kaptarakwa SCH Theatre Equipment	Health	Kaptarakwa	9,000,000	8,800,000	8,800,000	97.8

Source: *Elgeyo Marakwet County Treasury*

3.5.11 Budget Performance by Department

Table 3.33 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.33: 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	593.30	-	591.90	-	591.9	-	100.0	-	99.8	-
Office of Governor	166.90	-	163.20	-	162.5	-	99.6	-	97.4	-
Fin & Econ Planning	260.30	-	205.90	-	226.1	-	109.8	-	86.9	-
Agric. And Irrigation	93.50	693.20	90.40	252.80	90.4	284.6	100.0	112.6	96.7	41.1
Education And Technical Training	293.70	201.80	273.80	102.60	272.9	97.8	99.7	95.3	92.9	48.5
Health And Sanitation	1,685.90	494.40	1,603.80	279.20	1,603.8	166.9	100.0	59.8	95.1	33.8

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
Water, Lands, Environment & Climate Change	95.20	515.50	92.90	327.30	92.8	334.7	99.9	102.3	97.5	64.9
Roads, Public Works & Transport	136.70	633.90	117.20	444.90	123.7	468.1	105.5	105.2	90.5	73.8
Tourism, Culture, Wildlife, Trade & Industry	38.00	20.40	37.00	71.30	37.1	13.2	100.3	18.5	97.6	64.7
Youth Affairs, Sports, ICT & Social Services	44.90	117.10	43.20	81.80	42.5	87.9	98.4	107.5	94.7	75.1
Public Service Mgt. & County Admin	134.70	24.70	117.30	21.20	116.3	18.9	99.1	89.2	86.3	76.5
County Public Service Board	56.60	2.50	47.20	-	50.1	-	106.1	-	88.5	-
Livestock Production Fisheries & Co-Op Dev	101.30	155.10	97.10	133.40	97.2	125.1	100.1	93.8	96.0	80.7
Total	**3,700.80**	**2,858.60**	**3,480.90**	**1,714.60**	**3,507.2**	**1,597.3**	**100.8**	**93.2**	**94.8**	**55.9**

Source: *Elgeyo Marakwet County Treasury*

Analysis of expenditure by department shows that the Department of Livestock Production Fisheries & Co-operative Development recorded the highest absorption rate of development budget at 80.7 per cent, followed by the Department of Public Service Management & County Administration at 76.5 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 99.8 per cent. In comparison, the Department of Public Service Management & County Administration had the lowest at 86.3 per cent.

3.5.12 Budget Execution by Programmes and Sub-Programmes

Table 3.34 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.34 : Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
County Assembly				
General administration, planning and support services		226,239,780.00	226,239,780.00	100
	General administration, planning and support services	226,239,780.00	226,239,780.00	100
Legislation and representation		312,835,742.00	311,235,729.00	99
	Legislation and representation	312,835,742.00	311,235,729.00	99
Legislative oversight		54,179,450.00	54,179,450.00	100
	Legislative oversight	54,179,450.00	54,179,450.00	100
Sub Total for County Assembly		593,254,972.00	591,654,959.00	100
Office of the Governor				
General administration and support services		176,099,179.00	166,492,915.65	95
	General administration and support services	176,099,179.00	166,492,915.65	95
Governance		49,895,562.00	46,110,888.25	92
	Governance	49,895,562.00	46,110,888.25	92
Sub Total for Office of the Governor		225,994,741.00	212,603,803.90	94
Finance & Economic Planning				
General administration and support services		93,216,406.00	80,108,400.60	86

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	General administration and support services	93,216,406.00	80,108,400.60	86
Financial Management		125,534,976.00	118,476,239.05	94
	Monitoring, Evaluation and reporting	2,290,000.00	2,287,070.00	100
	Economic Planning & Budgeting	105,541,311.00	99,731,702.80	94
	Accounting services	10,044,411.00	9,836,146.25	98
	Supply Chain Management	1,724,412.00	1,504,620.00	87
	Revenue Management Services	5,934,842.00	5,116,700.00	86
Sub Total for Finance and Economic Planning		218,751,382.00	198,584,639.65	91
Agriculture and Irrigation				
General administration and support services		93,458,495.00	90,373,718.60	97
	General administration and support services	93,458,495.00	90,373,718.60	97
Crop Development		552,475,926.00	202,236,863.45	37
	Cash Crops Development	26,997,343.00	15,783,089.00	58
	Agricultural Extension and Training Services	525,478,583.00	186,453,774.45	35
Soil Conservation		12,343,896.00	10,928,658.35	89
	Soil Conservation	12,343,896.00	10,928,658.35	89
Irrigation Development		128,402,185.00	71,484,279.60	56
	Irrigation Development	128,402,185.00	71,484,279.60	56
Sub Total for Agriculture and Irrigation		786,680,502.00	375,023,520.00	48
LIVESTOCK AND FISHERIES				
General administration and support services		100,309,765.00	97,049,711.20	97
	General administration and support services	100,309,765.00	97,049,711.20	97
Livestock Development		81,431,383.00	64,784,170.00	80
	Livestock Production	79,511,025.00	64,485,670.00	81
	Livestock Extension and Training Services	1,920,358.00	298,500.00	16
Cooperatives development		14,406,899.00	8,055,731.00	56
	Cooperatives development	14,406,899.00	8,055,731.00	56
Veterinary Services		59,259,680.00	52,261,153.25	88
	Disease Surveillance and Control	51,379,680.00	45,197,881.00	88
	A.I. Services	7,880,000.00	7,063,272.25	90
Sub Total for Livestock and Fisheries		255,407,727.00	222,150,765.45	87
TRADE AND TOURISM				
General administration and support services		37,977,361.00	37,090,421.75	98
	General administration and support services	37,977,361.00	37,090,421.75	98
Tourism Development		6,111,949.00	3,813,629.10	62
	Tourism Development	6,111,949.00	3,813,629.10	62
Trade and enterprise development		11,788,780.00	8,183,245.00	69
	Trade and enterprise development	11,788,780.00	8,183,245.00	69
Culture and Heritage Preservation		2,450,000.00	1,250,000.00	51
	Culture and Heritage Preservation	2,450,000.00	1,250,000.00	51
Sub Total for Trade and Tourism		58,328,090.00	50,337,295.85	86
ROADS, PUBLIC WORKS & TRANSPORT				
General administration and support services		114,769,140.00	103,510,743.60	90
	General administration and support services	114,769,140.00	103,510,743.60	90
Road Transport		-	(1,000.00)	-
	Construction of Roads and Bridges	-	(1,000.00)	-
Road Improvement		616,147,747.00	458,379,541.85	74
	Rural road Works	616,147,747.00	458,379,541.85	74
Public works		19,587,010.00	12,740,342.40	65
	Public Works	19,587,010.00	12,740,342.40	65
Energy		20,100,000.00	17,398,988.70	87
	Energy	20,100,000.00	17,398,988.70	87
Sub Total for Roads, Public Works and Transport		770,603,897.00	592,028,616.55	77

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Public Service Management				
General administration and support services		128,367,019.00	113,950,905.60	89
	General administration and support services	128,367,019.00	113,950,905.60	89
Public Service Management		27,042,755.00	21,216,588.80	78
	SP 4.1 Human Resource Management	495,000.00	489,260.00	99
	Coordination of government functions	25,697,755.00	19,881,238.80	77
	Citizen participation and Civic Education	850,000.00	846,090.00	100
Sub Total for Public Service Management		155,409,774.00	135,167,494.40	87
EDUCATION & TECHNICAL TRAINING				
General administration and support services		293,659,070.00	272,887,582.55	93
	General administration and support services	293,659,070.00	272,887,582.55	93
Technical Vocational Education & Training		28,166,071.00	13,454,121.00	48
	Technical Vocational Education & Training	28,166,071.00	13,454,121.00	48
Pre-Primary Education		173,613,388.00	84,331,815.45	49
	Pre-Primary Education	173,613,388.00	84,331,815.45	49
Sub Total for Education and Technical Training		495,438,529.00	370,673,519.00	75
SPORTS, YOUTH AND GENDER AFFAIRS				
General administration and support services		44,914,178.00	42,487,800.00	95
	General administration and support services	44,914,178.00	42,487,800.00	95
Sports Development		28,487,598.00	21,217,884.50	74
	Sports Infrastructure Development	14,495,017.00	10,644,245.50	73
	Sports Talent Development	13,992,581.00	10,573,639.00	76
Social Empowerment		79,901,975.00	58,112,622.00	73
	Social Empowerment	79,901,975.00	58,112,622.00	73
Social Protection		5,770,000.00	5,652,000.00	98
	Social Protection	5,770,000.00	5,652,000.00	98
ICT Services		2,940,438.00	2,939,580.00	100
	ICT Services	2,940,438.00	2,939,580.00	100
Sub Total for Sports, Youth and Gender Affairs		162,014,189.00	130,409,886.50	80
Water, Lands & Physical Planning				
General administration and support services		95,158,451.00	92,775,246.85	97
	General administration and support services	95,158,451.00	92,775,246.85	97
Water & Sanitation Management		348,284,867.00	297,129,979.35	85
	Water Services	348,284,867.00	297,129,979.35	85
Environmental Management & Protection		1,299,950.00	1,297,950.00	100
	Environmental conservation	1,299,950.00	1,297,950.00	100
Solid waste management		500,000.00	500,000.00	100
	Solid waste management	500,000.00	500,000.00	100
Lands, Physical Planning and Urban Development		165,463,536.00	35,814,772.10	22
	Lands, Physical Planning and Urban Development	165,463,536.00	35,814,772.10	22
Sub Total for Water, Lands and Physical Planning		610,706,804.00	427,517,948.30	70
County Public Service Board				
General administration and support services		41,583,281.00	28,621,411.00	69
	General administration and support services	41,583,281.00	28,621,411.00	69
Sub Total for County Public Service Board		41,583,281.00	28,621,411.00	69
Health and Sanitation				
General administration and support services		1,685,867,002.00	1,603,814,298.25	95
	Default - Non-Programmatic	1,685,867,002.00	1,603,814,298.25	95
Preventive and Promotive Health		57,284,046.00	31,705,699.25	55
	Community and Environmental Health	57,284,046.00	31,705,699.25	55

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Curative and Rehabilitative Health		437,066,925.00	135,194,625.25	31
	Commodity management	500,000.00	495,050.00	99
	County Hospitals	255,236,206.00	36,773,061.00	14
	Primary Care Units	152,050,719.00	75,131,516.25	49
	Emergency Medical Services	29,280,000.00	22,794,998.00	78
Sub-Total For Health and Sanitation		2,180,217,973.00	1,770,714,622.75	81
Grand Total		**6,554,391,861.00**	**5,105,488,482.35**	**78**

Source: *Elgeyo Marakwet County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Solid waste management in the Department of Health, General administration, planning and support services in the County Assembly, Legislative oversight in the County Assembly, ICT Services in the Department of Sports, Youth and Gender Affairs, and Environmental Management & Protection in the Department of Water, Lands & Physical Planning all at 00 per cent absorption rate.

3.5.13 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. A high wage bill, which accounted for 44.5 per cent of the total available revenue of Kshs.5.69 billion in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.162.25 million against an annual projection of Kshs.266.10 million, representing 61 per cent of the annual target.
3. 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 financial reports for the fourth quarter of FY 2021/22 were submitted more than a month past the deadline.

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

1. *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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *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.*

3.6 County Government of Embu

3.6.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.6.92 billion, comprising Kshs.2.17 billion (31.3 per cent) and Kshs.4.75 billion (68.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.13 billion (74.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.900 million (13 per cent) from its own sources of revenue, and use a cash balance of Kshs.265.75 million (3.8 per cent) from FY 2020/21. The County also expected to receive Kshs.628.12 million (9.1 per cent) as conditional grants, which consisted of Leasing of Medical Equipment (Kshs.153.30 million), Transforming Health Systems for Universal Care Project (Kshs.5.71 million), National Agricultural and Rural Inclusive Growth Project (NARIGP) (Kshs.387.95 million), DANIDA Grant (Kshs.9.54 million), Sweden - Agricultural Sector Development Support Programme (ASDSP) II (Kshs.22.22 million), Emergency Locust Response Project (ELRP) (Kshs.28.40 million), and Kenya Nutrition Support Grant (Kshs.21 million).

3.6.2 Revenue Performance

In FY 2021/22, the County received Kshs.4.72 billion as the equitable share of the revenue raised nationally, raised Kshs.394.54 million as own-source revenue, Kshs.291.74 million as conditional grants, and had a cash balance of Kshs.265.75 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.67 billion, as shown in Table 3.35.

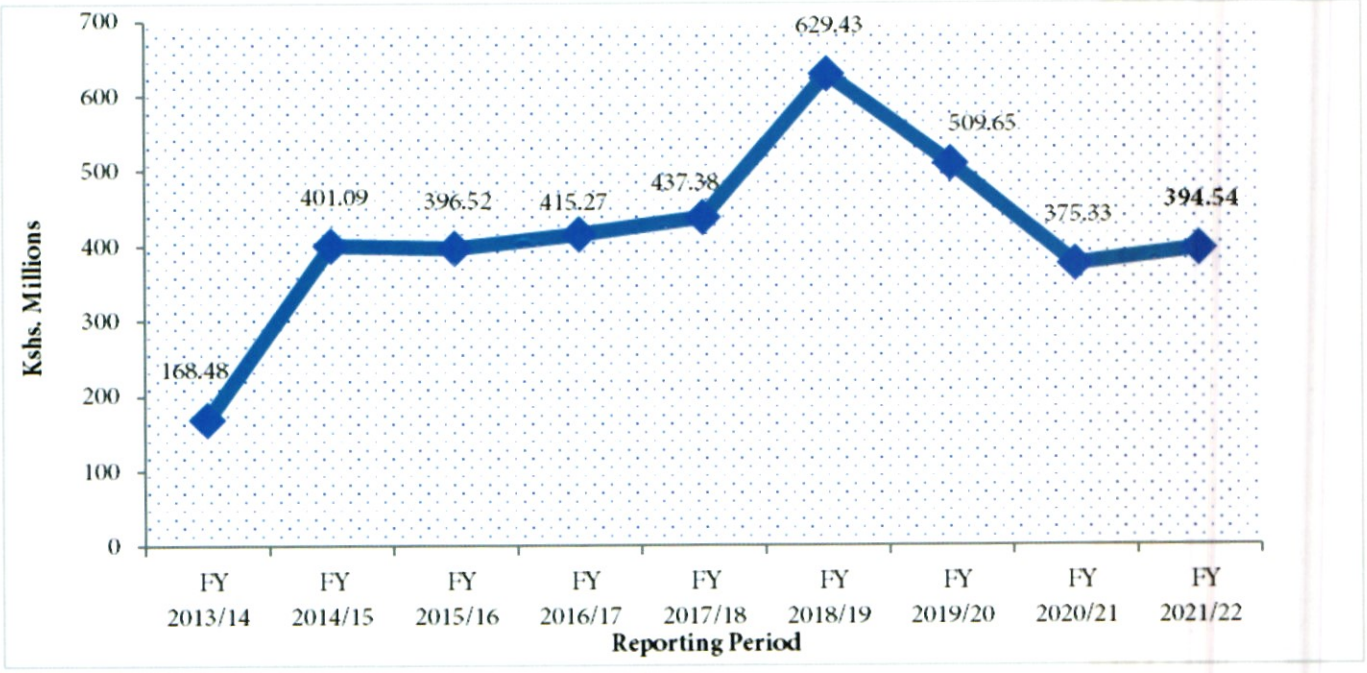
Table 3.35: Embu County, Revenue Performance in FY 2021/22

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**	**5,125,243,762**	**4,715,224,263**	92.0
Sub Total		**5,125,243,762**	**4,715,224,263**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	900,000,000	394,540,728	43.8
2.	Conditional Grants	628,119,396	291,736,066	46.4
3.	Balance b/f from FY 2020/21	265,751,342	265,751,342	100.0
Sub Total		**1,793,870,738**	**952,028,136**	**53.1**
Grand Total		**6,919,114,500**	**5,667,252,399**	**81.9**

Source: *Embu County Treasury*

Figure 3.11 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.11: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Embu County Treasury*

In FY 2021/22, the County generated a total of Kshs.394.54 million as own-source revenue. This amount represented an increase of 5.1 per cent compared to Kshs.375.33 million realised in FY 2020/21 and was 43.8 per cent of the annual target. The County has implemented an automated OSR collection system called Embu Pay.

3.6.3 Exchequer Issues

The Controller of Budget approved Kshs.5.46 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.10 billion (20.2 per cent) for development programmes and Kshs.4.36 billion (79.8 per cent) for recurrent programmes, as shown in Table 3.40.

3.6.4 Overall Expenditure Review

The County spent Kshs.5.33 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.7 per cent of the total funds released by the CoB and comprised of Kshs.1.11 billion and Kshs.4.21 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 51.2 per cent, while recurrent expenditure represented 88.9 per cent of the annual recurrent expenditure budget.

3.6.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.05 billion and comprised of Kshs.1.21 billion for recurrent expenditure and Kshs.838.99 million for development expenditure. During the period under review, pending bills amounting to Kshs.1.61 billion were settled, consisting of Kshs.1.01 billion for recurrent expenditure and Kshs.600.69 million for development programmes, as shown in Table 3.36.

Table 3.36: Progress on Settlement of Pending Bills as of 30th June 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	1,214,713,664	1,011,408,642	203,305,022	951,935,246	1,155,240,268
Development Expenditure	838,989,259	600,692,725	238,296,534	844,046,754	1,082,343,288
Total	**2,053,702,923**	**1,612,101,367**	**441,601,556**	**1,795,982,000**	**2,237,583,556**

Source: *Embu County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.2.24 billion included the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.358.06 million, out of which the County has settled bills amounting to Kshs.331.76 million, leaving a balance of Kshs.26.30 million as of 30th June 2022.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that the County Executive spent Kshs.2.77 billion on employee compensation, Kshs.858.16 million on operations and maintenance, and Kshs.1.08 billion on development activities. Similarly, the County Assembly spent Kshs.269.49 million on employee compensation, Kshs.324.82 million on operations and maintenance, and Kshs.23.08 million on development activities, as shown in Table 3.37.

Table 3.37: 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	**4,051,323,442**	**699,069,773**	**3,631,430,800**	**590,305,295**	**89.6**	**84.4**
Compensation to Employees	2,904,149,060	293,148,848	2,773,266,923	265,486,361	**95.5**	90.6
Operations and Maintenance	1,147,174,382	405,920,925	858,163,877	324,818,934	**74.8**	80.0
Development Expenditure	**2,110,721,285**	**58,000,000**	**1,087,744,996**	**23,082,999**	**51.5**	**39.8**
Total	**6,162,044,727**	**757,069,773**	**4,719,175,796**	**613,388,294**	**76.6**	**81.0**

Source: *Embu County Treasury*

3.6.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 53.6 per cent of the annual realised revenue of Kshs.5.67 billion.

Personnel emoluments amounting to Kshs.2.87 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.166.23 million was processed through a manual payroll. The manual payroll accounted for 5.5 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.04 billion, including Kshs.1.53 billion, attributable to the health sector, which translates to 50.2 per cent of the total wage bill in the reporting period.

3.6.8 County Established Funds

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 Ksh.149.85 million to county-established funds in FY 2021/22, constituting 2.2 per cent of the County's overall budget for the year. Table 3.38 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.38: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Embu County Education Support Fund	118,850,000	62,675,345	Yes	52.7
2.	Embu County Youth Trust Fund	-	-	Yes	-
3.	Embu County Emergency Fund	11,000,000	-	No	-
4.	Embu County Executive Car & Mortgage	-	2,431,430.0	Yes	-
5.	Embu County Assembly Mortgage Members Scheme Fund	-	-	No	-
6.	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund	20,000,000	-	No	-
	Total	**149,850,000**	**65,106,775**		**43.4**

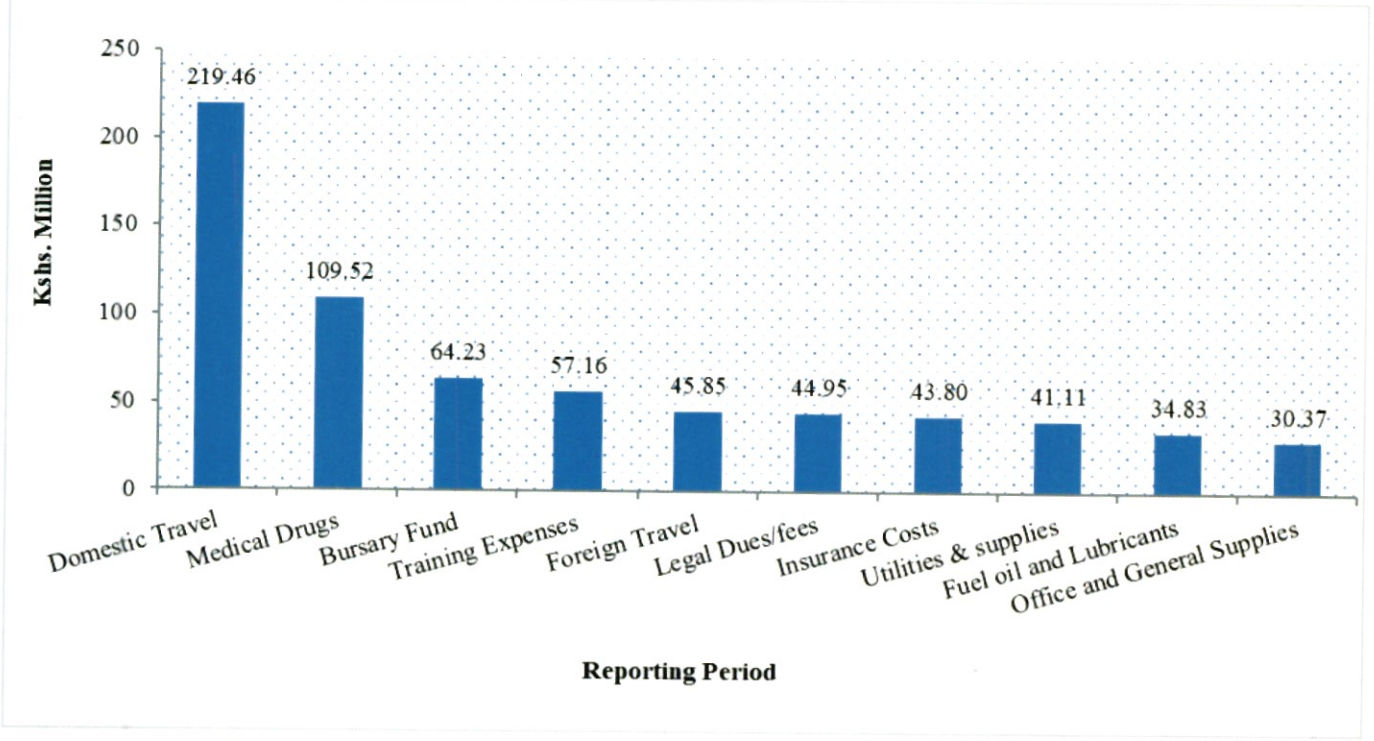
Source: *Embu County Treasury*

The OCoB received quarterly financial returns from administrators of 3 funds, as indicated in Table 3.38. There was a misallocation of funds for the Embu County Education Support Fund, where Kshs.100.26 million was issued, but the Funds Financial Statements for the FY 2021/22 indicated only Kshs.64.23 million was received from County Government. This implies an amount of Kshs.36.04 million was diverted.

3.6.9 Expenditure on Operations and Maintenance

Figure 3.12 shows a summary of operations and maintenance expenditure by significant categories.

Figure 3.12: Embu County, Operations and Maintenance Expenditure by Major Categories



Source: *Embu County Treasury*

The County Assembly spent Kshs.24.78 million on committee sitting allowances for the 35 MCAs and the Speaker against the annual budget allocation of Kshs.29.00 million. The average monthly sitting allowance was Kshs.58,993 per MCA. The County Assembly has established 18 Committees.

During the period, expenditure on domestic travel amounted to Kshs.219.46 million and comprised of Kshs.118.94 million spent by the County Assembly and Kshs.100.51 million by the County Executive. Expenditure on foreign travel amounted to Kshs.45.85 million and comprised of Kshs.43.45 million by the County Assembly and Kshs.2.30 million by the County Executive.

3.6.10 Development Expenditure

The County incurred Kshs.1.11 billion on development programmes, representing a decrease of 13.4 per cent compared to FY 2020/21, when the County spent Kshs.1.28 billion. Table 3.39 summarises development projects with the highest expenditure in the reporting period.

Table 3.39: Embu County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract Sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Infrastructure and Public Works	Kivwe-Kithimu Road-Phase 2	Kithimu Ward	25,908,845	25,908,845	25,908,845	None	100	GoK	Project implementation complete.
Infrastructure and Public Works	Upgrading to Bitumen Standards of Kivue Karingari Phase 2	County Wide Ward	24,100,000	24,100,000	23,813,304	None	99	GoK	Project implementation is ongoing.
Infrastructure and Public Works	Mukuuri-Kanja Road-Phase 2	Kagaari North Ward	27,425,648	27,425,648	23,023,157	None	84	GoK	Project implementation is ongoing.

Sector	Project Name	Project Location	Contract Sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Infrastructure and Public Works	Kivue-Karingari-Phase 1	Kithimu Ward	25,197,645	25,197,645	22,813,522	None	91	GoK	Project implementation is ongoing.
Infrastructure and Public Works	Upgrading to Bitumen Standards Of A9 Majimbo Junction to Kamiu Primary Phase I (AGPO –Women)	County Wide Ward	20,070,000	20,070,000	20,070,000	None	100	GoK	Project implementation complete.
Infrastructure and Public Works	Rwika-Jeremiah Nyaga Technical Institute Road-Phase 2	Mbeti South Ward	16,101,206	16,101,206	15,795,702	None	98	GoK	Project implementation complete.
Infrastructure and Public Works	Upgrading to Bitumen Standards of Mukuuri-Kanja Road Phase 3 & Upgrading to Bitumen Standards of ACK Muthege Church to Kirimiri Coffee Factory	County Wide Ward	35,836,000	35,836,000	15,144,433	None	42	GoK	Project implementation is ongoing.
Lands, Physical Planning and Urban Development, Water, Environment and Natural Resources	Completion of Rondisho Boundary	Makima Ward	19,994,600	19,994,600	14,000,000	None	70	GoK	Project implementation ongoing
Infrastructure and Public Works	Rehabilitation of Kibugu Road (AGPO-Women)	County Wide Ward	13,750,000	13,750,000	13,750,000	None	100	GoK	Project implementation complete.
Infrastructure and Public Works	Mufu Market Road-Phase 1	Kyeni North Ward	16,359,532	16,359,532	13,223,072	None	81	GoK	Project implementation is ongoing.

Source: *Embu County Treasury*

3.6.11 Budget Performance by Department

Table 3.40 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.40: 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	235.95	-	224.95	-	213.18	-	94.8	-	90.3	-
County Public Service Board	33.39	-	33.39	-	28.19	-	84.4	-	84.4	-
Public Service and Administration	500.96	22.50	500.96	-	472.48	4.14	94.3	-	94.3	18.4
County Assembly	699.07	58.00	590.78	23.08	590.31	23.08	99.9	100.0	84.4	39.8

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
Gender, Culture, Children and Social Services	10.37	58.58	8.91	30.68	6.91	34.78	77.5	113.4	66.6	59.4
Finance and Economic Planning	107.91	3.20	106.09	-	93.74	3.20	88.4	-	86.9	100.0
Trade Tourism Investment and Industrialization	23.94	46.78	23.94	14.08	19.37	9.78	80.9	69.5	80.9	20.9
Agriculture, Livestock, Fisheries and Co-Operative Development	408.39	309.75	347.54	162.27	341.44	155.27	98.2	95.7	83.6	50.1
Health	1,872.49	165.41	1,785.36	19.66	1,706.20	22.87	95.6	116.3	91.1	13.8
Embu Level 5 Hospital	221.59	87.48	171.53	18.63	219.74	7.88	128.1	42.3	99.2	9.0
Infrastructure, Public Works and Housing.	56.40	1,221.60	56.40	747.35	41.95	749.05	74.4	100.2	74.4	61.3
Education, Science and Technology	439.13	67.42	419.59	30.29	375.29	25.34	89.4	83.7	85.5	37.6
Lands, Physical Planning and Urban Development & Water	86.43	91.76	75.34	41.86	74.75	42.32	99.2	101.1	86.5	46.1
Youth Empowerment and Sports	39.37	36.24	10.06	15.73	28.45	33.11	282.7	210.4	72.3	91.4
Embu County Revenue Authority (ECRA)	15.00	-	1.62	-	9.74	-	602.3	-	64.9	-
Total	**4,750.39**	**2,168.72**	**4,356.46**	**1,103.63**	**4,221.74**	**1,110.83**	**96.9**	**100.7**	**88.9**	**51.2**

Source: *Embu County Treasury*

Analysis of expenditure by the department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 100.0 per cent, followed by the Department of Youth Empowerment and Sports at 91.4 per cent. The Department of Embu Level 5 Hospital had the highest recurrent expenditure to the budget percentage at 99.2 per cent. The Department of Embu County Revenue Authority (ECRA) had the lowest at 64.9 per cent.

3.6.12 Budget Execution by Programmes and Sub-Programmes

Table 3.41 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.41: Embu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
OFFICE OF GOVERNOR					
P1: General Administration Planning and Support Services	SP1.1: Management of County Affairs (Office of Governor)	141,567,538	127,906,269	13,661,269	90.3
P2: County Leadership and Coordination	SP2.1: Sub-County Administration and Field Services	47,189,179	42,635,423	4,553,756	90.3
	SP2.2: Management of County Executive Services (Office of County Secretary)	28,313,508	25,581,254	2,732,254	90.3
P3: County Leadership and Coordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Economic Advisors)	18,875,672	17,054,169	1,821,503	90.3

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Sub Total		**235,945,897**	**213,177,115**	**22,768,782**	**90.3**
COUNTY PUBLIC SERVICE BOARD					
P1: Administration of Human Resources in Public Service	SP1.1: Performance Management & Discipline	2,838,227	2,396,193	442,034	84.4
	SP1.2: Administration of board programmes	4,173,863	3,523,813	650,050	84.4
	SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit	5,843,408	4,933,338	910,070	84.4
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	3,839,954	3,241,908	598,046	84.4
Administration of Human Resources in Public Service	SP2.1 Recruitment and Selection, Career Management, HR Policy & Audit	5,565,151	4,698,417	866,733	84.4
	SP2.2 Administration of Board programmes/ Agenda	5,565,151	4,698,417	866,733	84.4
	SP2.3 Performance Management & Discipline	5,565,151	4,698,417	866,733	84.4
Sub Total		**33,390,903**	**28,190,503**	**5,200,400**	**21.2**
PUBLIC SERVICE AND ADMINISTRATION					
P1: General Administration Planning and Support Services	SP1.1: Service Delivery and Management of County Affairs	225,531,794	205,352,190	20,179,604	91.1
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	179,451,480	163,394,942	16,056,538	91.1
	SP2.2: Office Infrastructure Expansion	118,476,350	107,875,601	10,600,749	91.1
Sub Total		**523,459,624**	**476,622,733**	**46,836,891**	**91.1**
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES					
P1: Policy and General Administrative Services	SP1.1: General Administrative Unit	10,342,310	6,253,129	4,089,181	60.5
P2: Gender and Social Development	SP2.1: Communication Mobilization and Development	13,789,747	8,337,505	5,452,242	60.5
	SP2.2: Social Welfare Services	10,342,310	6,253,129	4,089,181	60.5
	SP2.3: Vocational Rehabilitation and Training	6,894,874	4,168,753	2,726,121	60.5
	SP2.4: Gender Mainstreaming and Development	10,342,310	6,253,129	4,089,181	60.5
P3: Children Services	SP3.1: Child Rehabilitation and Custody	10,342,310	6,253,129	4,089,181	60.5
P4: Culture and Cultural Preservation	SP 4.1 Cultural Preservation	6,894,874	4,168,753	2,726,121	60.5
Sub Total		**68,948,735**	**41,687,526**	**27,261,209**	**60.5**
FINANCE AND ECONOMIC PLANNING					

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	19,727,760	17,213,010	2,514,750	87.3
P2: Economic Policy and County Planning	SP 2.1: Economic Development Planning and Coordination	27,618,864	24,098,214	3,520,650	87.3
P3: Financial Management Services	SP3.1: Control and Management of Public Finances	12,815,154	11,181,572	1,633,582	87.3
P4: Monitoring and Evaluation	SP 4.1:Monitoring and Evaluation of projects	26,458,863	23,086,081	3,372,782	87.3
P5: Research and Statistics	SP5.1: County database and profile	24,486,087	21,364,780	3,121,307	87.3
Sub Total		**111,106,728**	**96,943,656**	**14,163,072**	**17.9**
TRADE, TOURISM, INVESTMENT AND INDUSTRIALISATION					
P1:Administrative Support Services	P1.1:Administrative Support Services	8,403,186	3,463,948	4,939,239	41.2
P2: Trade Development and Promotion	P2.1: Trade Development and Promotion	34,029,284	14,027,495	20,001,788	41.2
P3:Industrial Development and Investment	P3.1:Industrial Development and Investment	15,558,572	6,413,529	9,145,043	41.2
P4:Tourism Development	P4.1:Tourism Development	12,729,741	5,247,433	7,482,308	41.2
Sub Total		**70,720,783**	**29,152,405**	**41,568,378**	**41.2**
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT					
P1:Administrative Support Services	P1.1: Administrative Support Services	93,729,847	64,829,163	28,900,684	69.2
P2:Crop Development and Management	P2.1:Crop Development and Management	334,882,340	231,624,636	103,257,704	69.2
P3:Agribusiness and Information Management	P3.1:Agribusiness and Information Management	93,357,755	64,571,801	28,785,953	69.2
P4:Livestock Resources Management and Development	P4.1:Livestock Resources Management and Development	124,352,975	86,009,948	38,343,027	69.2
P5:Fisheries Development	P5.1:Fisheries Development	71,813,658	49,670,617	22,143,041	69.2
Sub Total		**718,136,575**	**496,706,165**	**221,430,410**	**69.2**
HEALTH					
P1: Curative Health Services	SP1.1: Primary Health Care	1,173,654,053	995,795,118	177,858,934	84.8
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	483,067,503	409,862,054	73,205,448	84.8
P3: General Administration Planning and Support Services	SP3.1: General Administration services	381,172,786	323,408,758	57,764,028	84.8
Sub Total		**2,037,894,341**	**1,729,065,931**	**308,828,410**	**84.8**
EMBU LEVEL 5 HOSPITAL					
P1: Curative Health Services	SP1.1: Primary Health Care	207,978,515	153,226,859	54,751,657	73.7
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	58,275,818	42,934,341	15,341,477	73.7
P3: General Administration Planning and Support Services	SP3.1: General Administration services	42,822,001	31,548,839	11,273,162	73.7
Sub Total		**309,076,334**	**227,710,038**	**81,366,296**	**73.7**

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING.					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	127,800,768	79,091,770	48,708,998	61.9
P2: Roads Transport	SP2.1: Road Infrastructure and Public Works	958,505,762	593,188,276	365,317,486	61.9
P3: Energy and Housing	SP3.1: Energy and Housing	191,701,152	118,637,655	73,063,497	61.9
Sub Total		**1,278,007,682**	**790,917,701**	**487,089,981**	**61.9**
EDUCATION, SCIENCE AND TECHNOLOGY					
P1: General Administration, Planning and Support Services	SP1.1:General Administration and Support Services	202,621,433	160,252,620	42,368,813	79.1
P2:Quality Assurance and Standards	SP2.1: Quality Assurance and standards	101,310,716	80,126,310	21,184,406	79.1
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	202,621,433	160,252,620	42,368,813	79.1
Sub Total		**506,553,582**	**400,631,550**	**105,922,032**	**79.1**
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
P1: Physical Planning and Urban Development	SP1.1: Physical Planning Services	8,409,570	5,642,632	2,766,938	67.1
	SP1.2: Establishment and Promotion of Land Policy	11,773,397	7,899,684	3,873,713	67.1
	SP1.3: Environmental conservation	8,409,570	5,642,632	2,766,938	67.1
P2: General Administration, Planning and Support Services	SP2.1 General Administration and Support Services	16,819,139	11,285,263	5,533,876	67.1
P3: Water Supply and Sewerage Services	SP3.1: Domestic water supply	75,686,128	50,783,686	24,902,442	67.1
P4:Irrigation and civil works	SP4.1: Irrigation and civil works	47,093,591	31,598,738	15,494,853	67.1
Sub Total		**168,191,396**	**112,852,635**	**55,338,761**	**67.1**
EMBU MUNICIPAL BOARD					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	1,800,000	759,638	1,040,362	42.2
P2: Roads Transport	SP2.1: Road Infrastructure and Public Works	8,200,000	3,460,573	4,739,427	42.2
Sub Total		**10,000,000**	**4,220,211**	**5,779,789**	**42.2**
YOUTH EMPOWERMENT AND SPORTS					
P1: Youth Development and Empowerment Services	SP5.1:Youth Development and Empowerment Services	37,806,074	30,780,418	7,025,655	81.4
P2: Management and Development of Sports and Sports facilities	SP5.1: Community Sports programme	30,244,859	24,624,335	5,620,524	81.4
P3: General Administration Planning and Support Services	SP3.1: General Administration services	7,561,215	6,156,084	1,405,131	81.4
Sub Total		**75,612,147**	**61,560,836**	**14,051,311**	**81.4**
EMBU COUNTY REVENUE AUTHORITY (ECRA)					
P1: Financial Management Services	SP1.1: Revenue Management Services	2,736,028	1,776,009	960,019	64.9

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	SP1.2: Revenue Management Services	12,263,972	7,960,781	4,303,191	64.9
Sub Total		**15,000,000**	**9,736,790**	**5,263,210**	**64.9**
COUNTY ASSEMBLY					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	302,827,909	245,355,318	57,472,592	81.0
P: 1: Legislation	SP: 1: Legislation	454,241,864	368,032,976	86,208,888	81.0
Sub Total		**757,069,773**	**613,388,294**	**143,681,479**	**81.0**
Grand Total		**6,919,114,500**	**5,332,564,090**	**1,586,550,410**	**77.1**

Source: *Embu County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: SP1.1: Service Delivery and Management of County Affairs, SP2.1: Human Resource Development and Culture Change Management, and SP2.2: Office Infrastructure Expansion in the Department of Public Service and Administration at 91.1 per cent, SP1.1: Management of County Affairs (Office of Governor), SP2.1: Sub-County Administration and Field Services, SP2.2: Management of County Executive Services (Office of County Secretary), and SP3.1: Public Sector Advisory Services (Legal, Political, and Economic Advisors) in the Department of Office of Governor at 90.3 per cent, SP1.1: Administration, Planning and Support Services, SP 2.1: Economic Development Planning and Coordination, SP3.1: Control and Management of Public Finances, SP 4.1:Monitoring and Evaluation of projects, and SP5.1: County database and profile in the Department of Finance and Economic Planning at 87.3 per cent of budget allocation.

3.6.13 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. A high wage bill, which accounted for 53.6 per cent of the annual realised revenue of Kshs.5.67 billion in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.394.54 million against an annual projection of Kshs.900 million, representing 43.8 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.2.24 billion as of 30th June 2022.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.166.22 million were processed through the manual payroll and accounted for 5.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
5. There was a misallocation of exchequer issues, where money meant for the Education Support Fund and Personnel Emoluments were diverted to other expenditures. This is evidenced in Table 3.40, where the county reported expenditure above exchequer issues in several Departments.
6. 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 between 13th August 2022 and 17th August 2022.

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

1. *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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should address the high level of pending bills by ensuring that genuine bills are paid as a first charge in the coming financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to*

fast-track the acquisition of personal numbers for their staff.

5. *The County Treasury should ensure resources meant for established Funds and personnel emoluments are applied as planned. Further, the County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.*
6. *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.*

3.7 County Government of Garissa

3.7.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.10.44 billion, comprising Kshs.3.34 billion (32 per cent) and Kshs.7.10 billion (68 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.93 billion (75.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.150 million (1.4 per cent) from its own sources of revenue, and use a cash balance of Kshs.597.24 million (5.7 per cent) from FY 2020/21. The County also expected to receive Kshs.1.77 billion (16.9 per cent) as conditional grants, which consists of Kshs.153.30 million as a grant for Leasing of Medical Equipment, Kshs.1.09 billion as loans and grants, Kshs.112.63 million as Kenya urban Support Program, Kshs.228 million as Water and Sanitation Development program, Kshs.16.02 million as Transforming Health System World Bank, Kshs.104 million as Road Maintenance Levy Fund and Kshs.64.16 million as Kenya Development Support Programme.

3.7.2 Revenue Performance

In FY 2021/22, the County received Kshs.7.29 billion as the equitable share of the revenue raised nationally, raised Kshs.65.62 million as own-source revenue, Kshs.803.08 million as conditional grants, and had a cash balance of Kshs.608.09 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.77 billion, as shown in Table 3.42.

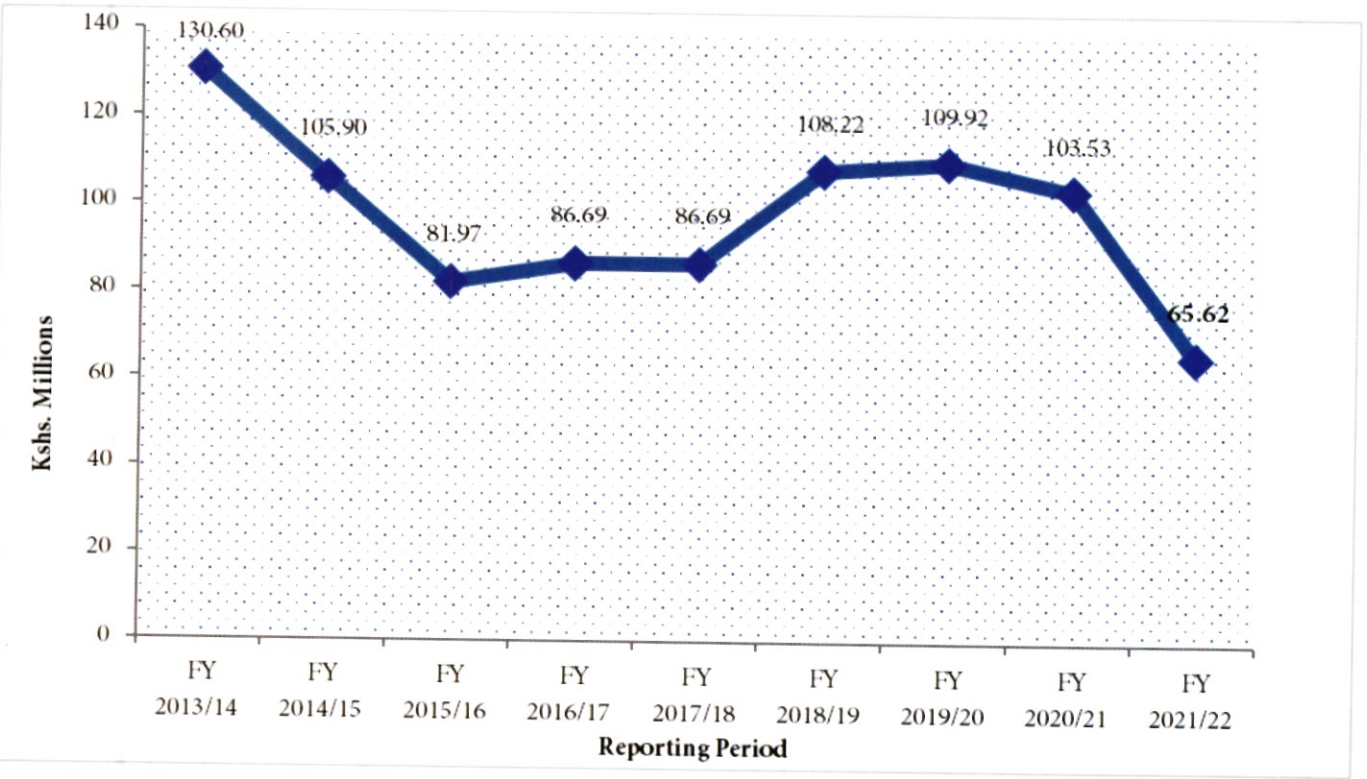
Table 3.42: Garissa County, Revenue Performance in FY 2021/22

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**	7,927,212,254	7,293,035,276	92
Sub Total		**7,927,212,254**	**7,293,035,276**	**92**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	150,000,000	65,624,500	43.8
2.	Conditional Grants	1,766,290,377	803,082,693	45.5
3.	Balance b/f from FY 2020/21	597,235,500	608,092,586	101.8
Sub Total		**2,513,525,877**	**1,476,799,779**	**58.8**
Grand Total		**10,440,738,131**	**8,769,835,055**	**84**

Source: *Garissa County Treasury*

Figure 3.13 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.13: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Garissa County Treasury*

In FY 2021/22, the County generated a total of Kshs.65.62 million as own-source revenue. This amount represented a decrease of 36.6 per cent compared to Kshs.103.53 million realised in FY 2020/21 and was 43.8 per cent of the annual target. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The County has not implemented an automated OSR collection system.

3.7.3 Exchequer Issues

The Controller of Budget approved Kshs.8.90 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.94 billion (21.8 per cent) for development programmes and Kshs.6.96 billion (78.2 per cent) for recurrent programmes.

3.7.4 Overall Expenditure Review

The County spent Kshs.7.83 billion on development and recurrent programmes during the reporting period. This expenditure represented 87.9 per cent of the total funds released by the CoB. It comprised Kshs.978.13 million and Kshs.6.85 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 96.5 per cent. In comparison, recurrent expenditure represented 29.3 per cent of the annual budget.

3.7.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.1.44 billion and comprised Kshs.1.38 billion for the County Executive and Kshs.58.32 million for the County Assembly, as shown in Table 3.43.

Table 3.43: Progress on Settlement of Pending Bills as of 30th June, 2022

Outstanding Pending Bills as of 30 June 2022			
Budget Classification	**County Executive**	**County Assembly**	**Total**
Development Expenditure	1,383,348,868	21,415,183	1,404,764,051
Recurrent Expenditure	-	36,901,187	36,901,187
Total Pending Bills	**1,383,348,868**	**58,316,370**	**1,441,665,238**

Source: *Garissa County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.1.44 billion included the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.16 million, out of which the County has settled bills amounting to Kshs.265.50 million, leaving a balance of Kshs.893.71 million as of 30th June 2022.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.69 billion on employee compensation, Kshs.1.26 billion on operations and maintenance, and Kshs.934.54 million on development activities. Similarly, the County Assembly spent Kshs.601.49 million on employee compensation, Kshs.299.92 million on operations and maintenance, and Kshs.43.58 million on development activities, as shown in Table 3.44.

Table 3.44: 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	**6,158,213,296**	**901,415,183**	**5,945,789,551**	**901,407,717**	**96.6**	**100.0**
Compensation to Employees	4,639,245,245	618,833,491	4,686,971,535	601,486,079	101.0	97.2
Operations and Maintenance	1,518,968,051	282,581,692	1,258,818,016	299,921,638	82.9	106.1
Development Expenditure	**3,278,790,954**	**65,000,000**	**934,542,719**	**43,584,817**	**28.5**	**67.1**
Total	**9,437,004,250**	**966,415,183**	**6,880,332,270**	**944,992,534**	**72.9**	**97.8**

Source: *Garissa County Treasury*

3.7.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 60.3 per cent of the annual realised revenue of Kshs.8.77 billion.

Personnel emoluments amounting to Kshs.4.29 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.1.03 billion was processed through manual payrolls. The manual payroll accounted for 19.4 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.5.32 billion, includes Kshs.2.11 billion attributable to the health sector, which translates to 39.7 per cent of the total wage bill in the reporting period.

3.7.8 County Established Funds

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 Ksh.144 million to county-established funds in FY 2021/22, which constituted 1.4 per cent of the County's overall budget for the year. Table 3.45 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.45: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	MCA's Car Grant	84,000,000	84,000,000	Yes	100
2.	Bursaries	60,000,000	-	No	-
3.	**Total**	**144,000,000**	**84,000,000**		

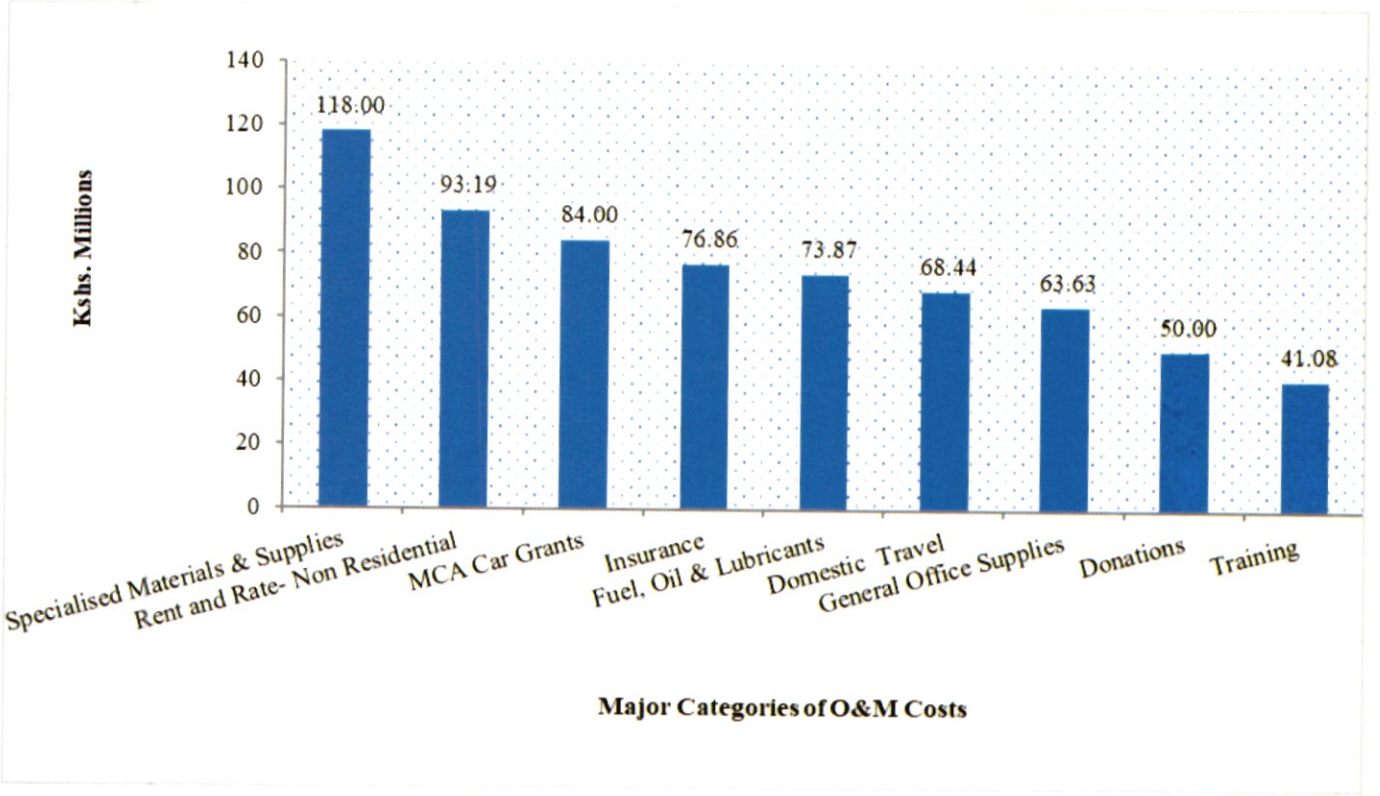
Source: *Garissa County Treasury*

The OCoB received quarterly financial returns from administrators of MCA Car grants funds, as indicated in Table 3.45.

3.7.9 Expenditure on Operations and Maintenance

Figure 3.14 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.14: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: *Garissa County Treasury*

The County Assembly spent Kshs.33.99 million on committee sitting allowances for the 51 MCAs and the Speaker against the annual budget allocation of Kshs.44.91 million. The average monthly sitting allowance was Kshs.55,532 per MCA. The County Assembly has established 18 Committees.

During the period, expenditure on domestic travel amounted to Kshs.68.44 million and was entirely spent by County Assembly. The cost of foreign travel amounted to Kshs.3.37 million to the County Assembly.

3.7.10 Development Expenditure

The County incurred Kshs.978.13 million on development programmes, representing a decrease of 46.3 per cent compared to FY 2020/21 when the County spent Kshs.1.82 billion. Table 3.46 summarises development projects with the highest expenditure in the reporting period.

Table 3.46: Garissa County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Finance	Construction of Sub County Administration Office	Countywide	92,459,479	92,459,479	92,459,479	None	100	GoK	The project is complete and in use.
Culture	Proposed Construction of Dogob Orphanage Centre	Balambala	60,334,560	60,334,560	60,334,560	None	100	GoK	The project is complete and in use.
County Assembly	Proposed Construction of an office block at the County Assembly Headquarter	Garissa Township	60,000,000	39,386,128	39,386,128	None	65.6	GoK	Ongoing
Road	Improvement and Maintenance of Liboi and Labile Dayid road	Dadaab	35,560,520	35,560,520	35,560,520	None	100	GoK	The project is complete and in use.
Agriculture	Proposed Construction of Cold storage and Fruit processing	Garissa Township	28,734,560	28,734,560	28,734,560	None	100	GoK	The project is complete and in use.
Agriculture	Proposed Renovation and improvement of Livestock treatment shed centre	Garissa Township	19,330,010	19,330,010	19,330,010	None	100	GoK	The project is complete and in use.
Water	Supply of Collapsable Water Pump	Countywide	17,320,210	17,320,210	17,320,210	None	100	GoK	The project is complete and in use.
Environment	Proposed Beautification of Garissa Township	Garissa Township	15,882,852	15,882,852	15,882,852	None	100	GoK	The project is complete and in use.
Environment	Proposed Desilting of wildlife drinking pan Fafijahnan Centre	Fafi	11,400,000	11,400,000	11,400,000	None	100	GoK	The project is complete and in use.

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Water	Supply and delivery of pumps water	Lagdera	11,095,500	11,095,500	11,095,500	None	100	GoK	The project is complete and in use.

Source: *Garissa County Treasury*

3.7.11 Budget Performance by Department

Table 3.47 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.47: 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 &, Cooperative	170.20	504.18	165.49	229.17	154.19	153.39	93.2	66.9	90.6	30.4
Environment, Energy, Natural Resource and Wildlife Management	63.15	80.00	59.95	55.30	59.95	55.30	100.0	100.0	94.9	69.1
Roads and Transport	38.32	214.00	38.32	0.00	38.98	39.36	101.7	0.0	101.7	18.4
Trade, Tourism and Enterprise	69.00	0.00	67.49	0.00	66.49	0.00	98.5	0.0	96.4	0.0
Health and Sanitation	2,518.86	453.03	2,486.37	70.53	2,422.85	175.40	97.4	248.7	96.2	38.7
Education and Labour	795.41	40.00	792.92	31.55	717.10	-	90.4	-	90.2	-
County Assembly	939.00	65.00	901.42	43.58	901.41	43.58	100.0	100.0	96.0	67.1
Office of the Governor	298.80	-	298.80	0.00	326.50	-	109.3	-	109.3	-
Finance, Revenue, Economic Planning and County Affairs	1,577.30	817.33	1,528.20	655.67	1,511.20	92.46	98.9	14.1	95.8	11.3
Gender, Social Service and Sport	56.20	40.00	55.55	23.87	55.55	60.33	100.0	252.8	98.8	150.8
Water and Irrigation	173.56	974.28	173.56	672.71	194.85	291.20	112.3	43.3	112.3	29.9
Lands, Housing and Urban Planning	281.78	43.34	281.78	43.29	293.64	67.10	104.2	155.0	104.2	154.8
Public Service Board	36.07	0.00	35.94	0.00	35.74	-	99.5	-	99.1	-
Garissa Municipality	79.30	112.63	78.74	112.63	68.74	-	87.3	-	86.7	-
TOTAL	**7,096.95**	**3,343.79**	**6,964.53**	**1,938.29**	**6,847.20**	**978.13**	**98.3**	**50.5**	**96.5**	**29.3**

Source: *Garissa County Treasury*

Analysis of expenditure by department shows that the Department of Lands, Housing and Urban Planning recorded the highest absorption rate of development budget at 154.8 per cent, followed by the Department of Gender, Social Service and Sport at 150.8 per cent. The Department of Water and Irrigation had the highest percentage of recurrent expenditure to budget at 112.3 per cent, while the Department of Garissa Township had the lowest at 86.7 per cent. The expenditure above 100 per cent of the budget is irregular and may indicate a diversion of funds.

3.7.12 Budget Execution by Programmes and Sub-Programmes

Table 3.48 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.48: Garissa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative					
Agriculture Service	Agriculture Extension and Exhibition	1,200,000	400,000	800,000	33.3
Livestock Service	Livestock	96,224,397	61,314,260	34,910,137	63.7
	Livestock Production	5,550,000	350,000	5,200,000	6.3
Veterinary Service	Veterinary	33,350,000	500,000	32,850,000	1.5
Fisheries Services	Fisheries	200,000	-	200,000	-
General Administration and Support Services	General Administration and Support Services	537,257,309	244,420,056	292,837,253	45.5
Cooperative Services	Cooperative	600,000	600,000	-	100.0
	Sub Total	674,381,706	307,584,316	366,797,390	45.6
Energy, Environment and Natural Resources					-
Energy Service	Energy	1,205,000	505,000	700,000	41.9
Environment	Environment	81,100,000	55,295,992	25,804,008	68.2
Natural Resource	Natural Resource	1,600,000	1,500,000	100,000	93.8
General Administration and Support Services	General Administration and Support Services	59,243,025	57,947,750	1,295,275	97.8
	Sub Total	143,148,025	115,248,742	27,899,283	80.5
Road and Transport					-
Road Service	Road	216,417,200	41,760,520	174,656,680	19.3
General Administration and Support Services	General Administration and Support Services	35,906,400	36,582,000	- 675,600	101.9
	Sub Total	252,323,600	78,342,520	173,981,080	31.0
Trade, Tourism and Enterprise					-
Trade Service	Trade	2,400,000	600,000	1,800,000	25.0
Weight and Measure	Weight and Measure	1,350,000	1,300,000	50,000	96.3
General Administration and Support Services	General Administration and Support Services	64,447,996	64,587,055	- 139,059	100.2
Tourism Service	Tourism	802,259	-	802,259	-
	Sub Total	69,000,255	66,487,055	2,513,200	96.4
Health and Sanitation					-
Preventive and Promotive	Preventive	497,297,872	201,034,710	296,263,162	40.4
Curative	Curative	207,997,156	154,067,000	53,930,156	74.1
General Administration and Support Services	General Administration and Support Services	2,266,587,436	2,243,150,914	23,436,522	99.0
	Sub Total	2,971,882,464	2,598,252,624	373,629,840	87.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education and Labour					-
General Administration and Support Services	General Administration and Support Services	529,889,663	514,568,910	15,320,753	97.1
Vocational Services	Vocational Training Centres	12,601,200	1,886,200	10,715,000	15.0
ECD	ECD	34,412,400	13,361,000	21,051,400	38.8
Human Resource	Human Resource	244,219,292	165,103,641	79,115,651	67.6
Information and ICT	Information and ICT	14,282,733	22,182,000	- 7,899,267	155.3
	Sub Total	835,405,288	717,101,751	118,303,537	85.8
County Assembly					-
General Administration and Support Services	General Administration and Support Services	1,004,003,881	944,992,534	59,011,347	94.1
	Sub Total	1,004,003,881	944,992,534	59,011,347	94.1
Office of the Governor					-
Governor's Office	Governor	61,900,000	92,400,000	- 30,500,000	149.3
Deputy Governor	Deputy Governor	35,120,000	31,300,000	3,820,000	89.1
General Administration and Support Services	General Administration and Support Services	120,810,000	118,610,000	2,200,000	98.2
Street Lighting	Street Lighting	47,656,215	47,256,000	400,215	99.2
Intergovernmental and Institutional	Intergovernmental	17,812,430	17,622,000	190,430	98.9
County Attorney	County Attorney	15,500,000	19,310,000	- 3,810,000	124.6
	Sub Total	298,798,645	326,498,000	- 27,699,355	109.3
Finance, Revenue, Economic Planning and County Affairs					-
Accounting Service	Accounting	3,713,739	1,610,000	2,103,739	43.4
Budget Service	Budget	6,780,000	4,100,000	2,680,000	60.5
Revenue Service	Revenue	199,927,781	206,627,781	- 6,700,000	103.4
Economic and Statistic	Economic Planning	31,086,000	33,385,700	- 2,299,700	107.4
Supply Chain Service	Procurement	5,630,000	2,350,000	3,280,000	41.7
Internal Audit	Internal Audit	3,862,600	2,100,000	1,762,600	54.4
Special Program	Special Program	135,940,000	68,999,090	66,940,910	50.8
General Administration and Support Services	General Administration and Support Services	1,990,914,215	1,269,440,798	721,473,417	63.8
Donor Coordination	Donor Coordination	16,780,548	15,050,000	1,730,548	89.7
	Sub Total	2,394,634,883	1,603,663,369	790,971,514	67.0
Gender, Social Service and Sport					-
General Administration and Support Services	General Administration and Support Services	91,411,832	112,867,785	- 21,455,953	123.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Social Protection	Social Protection	1,025,000	625,000	400,000	61.0
Cinemas	Cinemas	3,763,600	2,391,600	1,372,000	63.5
	Sub Total	96,200,432	115,884,385	- 19,683,953	120.5
Water and Irrigation					-
General Administration and Support Services	General Administration and Support Services	168,556,361	190,100,035	- 21,543,674	112.8
Irrigation Schemes	Irrigation Scheme	5,000,000	4,750,000	250,000	95.0
Water Supply Service	Water Infrastructure	974,278,252	291,196,811	683,081,441	29.9
	Sub Total	1,147,834,613	486,046,846	661,787,767	42.3
Lands, Housing and Urban Planning					-
Urban Sanitation and Development	Urban Sanitation and Development	900,000	700,000	200,000	77.8
Urban Planning and Disaster Management	Urban Planning and Disaster Management	8,614,626	10,414,000	- 1,799,374	120.9
General Administration and Support Services	General Administration and Support Services	267,036,738	321,593,101	- 54,556,363	120.4
Lands	Lands	33,000,000	12,681,561	20,318,439	38.4
Housing	Housing	15,574,997	15,350,000	224,997	98.6
	Sub Total	325,126,361	360,738,662	- 35,612,301	111.0
County Public Service Board					-
General Administration and Support Services	General Administration and Support Services	36,072,000	35,744,000	328,000	99.1
	Sub Total	36,072,000	35,744,000	328,000	99.1
Town Municipality					-
General Administration and Support Services	General Administration and Support Services	191,925,978	68,740,000	123,185,978	35.8
	Sub Total	191,925,978	68,740,000	123,185,978	35.8
Grand Total		**10,440,738,131**	**7,825,324,804**	**2,615,413,327**	**74.9**

Source: *Garissa County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Information and ICT in the Department of Education and Labour at 155.3 per cent, Governor in the Department of Office of the Governor at 149.3 per cent, County Attorney in the Department of Office of the Governor at 124.6 per cent, and General Administration and Support Service at 123.5 per cent of budget allocation. Expenditure above 100 per cent is irregular. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

3.7.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.978.13 million in FY 2021/22 from the annual development budget allocation of Kshs.3.34 billion. The development expenditure represented

29.3 per cent of the annual development budget.

2. A high wage bill, which accounted for 60.3 per cent of the annual realised revenue of Kshs.8.77 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.65.62 million against an annual projection of Kshs.150 million, representing 43.8 per cent of the annual target.
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 Emergency Fund and Bursary Fund reports were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.1.44 billion as of 30th June 2022
6. Use of manual payroll. Personnel emoluments amounting to Kshs.1.03 billion were processed through the manual payroll and accounted for 19.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
7. 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 22nd July 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
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 take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
7. *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.*

3.8 County Government of Homa Bay

3.8.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.9.68 billion, comprising Kshs.3.33 billion (34.6 per cent) and Kshs.6.35 billion (65.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.81 billion (80.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.164.98 million (1.7 per cent) from its sources of revenue, and use a cash balance of Kshs.886.75 million (9.3 per cent) from FY 2020/21. The County also expected to receive Kshs.672.76 million (6.9 per cent) as conditional grants, which consisted of Kshs.279.12 million from the National Agriculture and Rural Inclusive Growth Project (NARIGP), Kshs.153.30 million for Leasing of Medical Equipment, Kshs.70.45 million for Transforming Health Systems for Universal Health Care Project, Kshs.50 million for Kenya Informal Settlement Improvement Project (KISIP II) Kshs.31.10 million For Agricultural Sector Development Support Programme (ASDSP), Kshs.14.94 million from DANIDA grant, Kshs.8.85 million for UNFPA Project and kshs.65 million for the Kenya Urban Support Programme (KUSP-UDG).

3.8.2 Revenue Performance

In FY 2021/22, the County received Kshs.7.18 billion as the equitable share of the revenue raised nationally, raised Kshs.146.64 million as own-source revenue, Kshs.163.16 million as Appropriation-in-Aid, Kshs.103.11 million as conditional grants, and had a cash balance of Kshs.886.74 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.48 billion, as shown in Table 3.49.

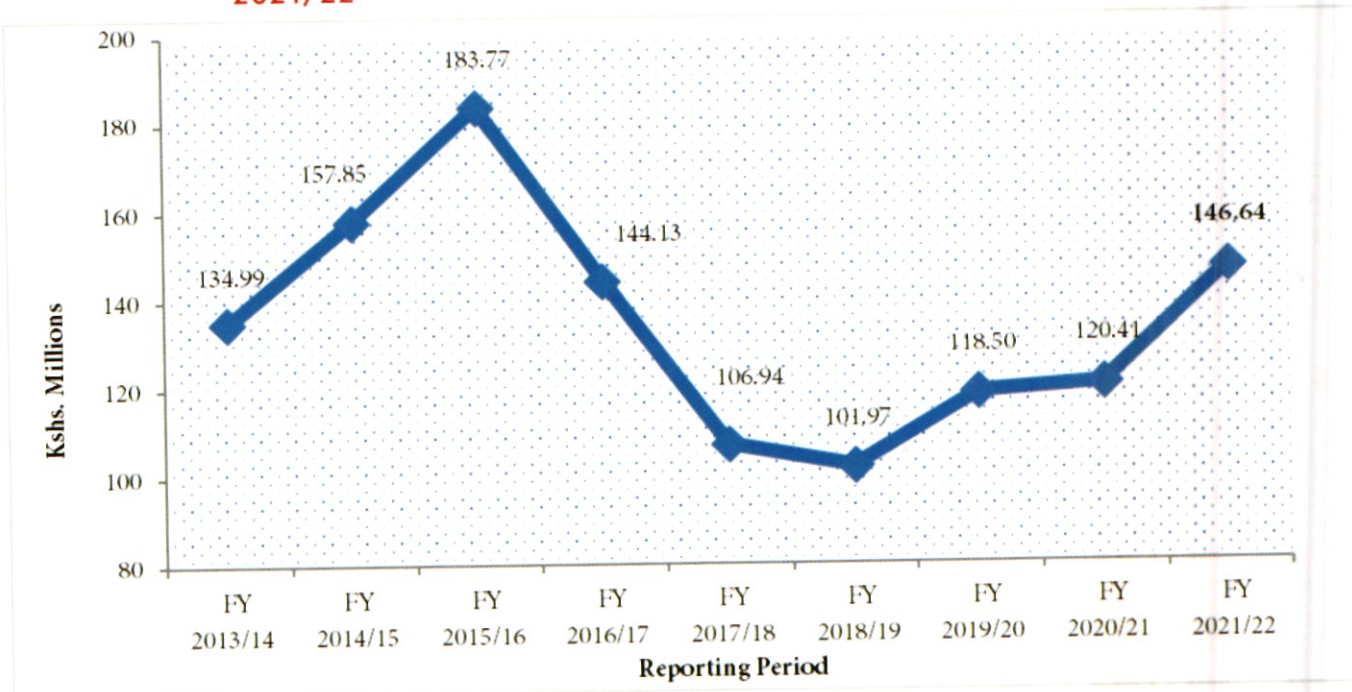
Table 3.49: Homa Bay County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,805,353,300	7,180,925,039	92.0
Sub Total		**7,805,353,300**	**7,180,925,039**	**92.0**
B	**Other Sources of Revenue**			
1	Own Source Revenue	164,982,028	146,642,418	88.9
2	Conditional Grants	672,761,293	103,114,838	15.3
3	Balance b/f from FY2020/21	886,748,289	886,748,289	100.0
4	AIA	154,511,564	163,162,574	105.6
Sub Total		**1,879,003,174**	**1,299,668,119**	**69.2**
Grand Total		**9,684,356,474**	**8,480,593,158**	**87.6**

Source: *Homa Bay County Treasury*

Figure 3.15 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.15: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Homa Bay County Treasury*

In FY 2021/22, the County generated a total of Kshs.146.64 million as own-source revenue. This amount represented an increase of 21.8 per cent compared to Kshs.120.41 million realised in FY 2020/21 and was 88.8 per cent of the annual target. The County has implemented an automated OSR collection system called Zizi Software Solutions. The increase can be attributed to the sealing of leakages in own source revenue and improved infrastructure within the open-air markets within the County.

3.8.3 Exchequer Issues

The Controller of Budget approved Kshs.7.89 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.20 billion (27.8 per cent) for development programmes and Kshs.5.69 billion (72.2 per cent) for recurrent programmes, as shown in Table 3.54.

3.8.4 Overall Expenditure Review

The County spent Kshs.7.88 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs.2.19 billion and Kshs.5.69 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 65.7 per cent. In comparison, recurrent expenditure represented 89.7 per cent of the annual recurrent expenditure budget.

3.8.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.740.70 million and comprised Kshs.16.97 million for recurrent expenditure and Kshs.723.73 million for development expenditure. During the period under review, pending bills amounting to Kshs.703.25 million were settled, consisting of Kshs.16.97 million for recurrent expenditure and Kshs.686.28 million for development programmes, as shown in Table 3.50.

Table 3.50: Progress on Settlement of Pending Bills as of 30th June 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	16,969,604	16,969,604	-	16,918,370	16,918,370
Development Expenditure	723,732,404	686,283,110	37,449,294	827,960,772	865,410,066
Total	**740,702,008**	**703,252,714**	**37,449,294**	**844,879,142**	**882,328,436**

Source: *Homa Bay County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.882.33 million include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.148.16 million, out of which the County has settled bills amounting to Kshs.122.89 million, leaving a balance of Kshs.25.28 million as of 30th June 2022.

3.8.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.71 billion on employee compensation, Kshs.1.04 billion on operations and maintenance, and Kshs.2.12 billion on development activities. Similarly, the County Assembly spent Kshs.405.40 million on employee compensation, Kshs.545.79 million on operations and maintenance, and Kshs.69.28 million on development activities, 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	**5,320,876,133**	**1,029,394,205**	**4,742,921,014**	**951,190,573**	**89.1**	**92.4**
Compensation to Employees	3,998,863,194	410,648,975	3,705,801,879	405,399,853	92.7	98.7
Operations and Maintenance	1,322,012,939	618,745,230	1,037,119,135	545,790,720	78.4	88.2
Development Expenditure	**3,262,802,336**	**71,283,800**	**2,120,413,632**	**69,283,800**	**65.0**	**97.2**
Total	**8,583,678,469**	**1,100,678,005**	**6,863,334,646**	**1,020,474,373**	**80.0**	**92.7**

Source: Homa Bay County Treasury

3.8.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 48.5 per cent of the annual realised revenue of Kshs.8.48 billion.

Personnel emoluments amounting to Kshs.3.42 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.694.33 million was processed through a manual payroll. The manual payrolls accounted for 16.9 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.4.11 billion includes Kshs. 2.12 billion attributable to the health sector, which translates to 51.5 per cent of the total wage bill in the reporting period.

3.8.8 County Established Funds

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 Ksh.249.03 million to county-established funds in FY 2021/22, which constituted 2.6 per cent of the County's overall budget for the year. Table 3.52 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.52: County Established Fund performance as of 30th June 2022

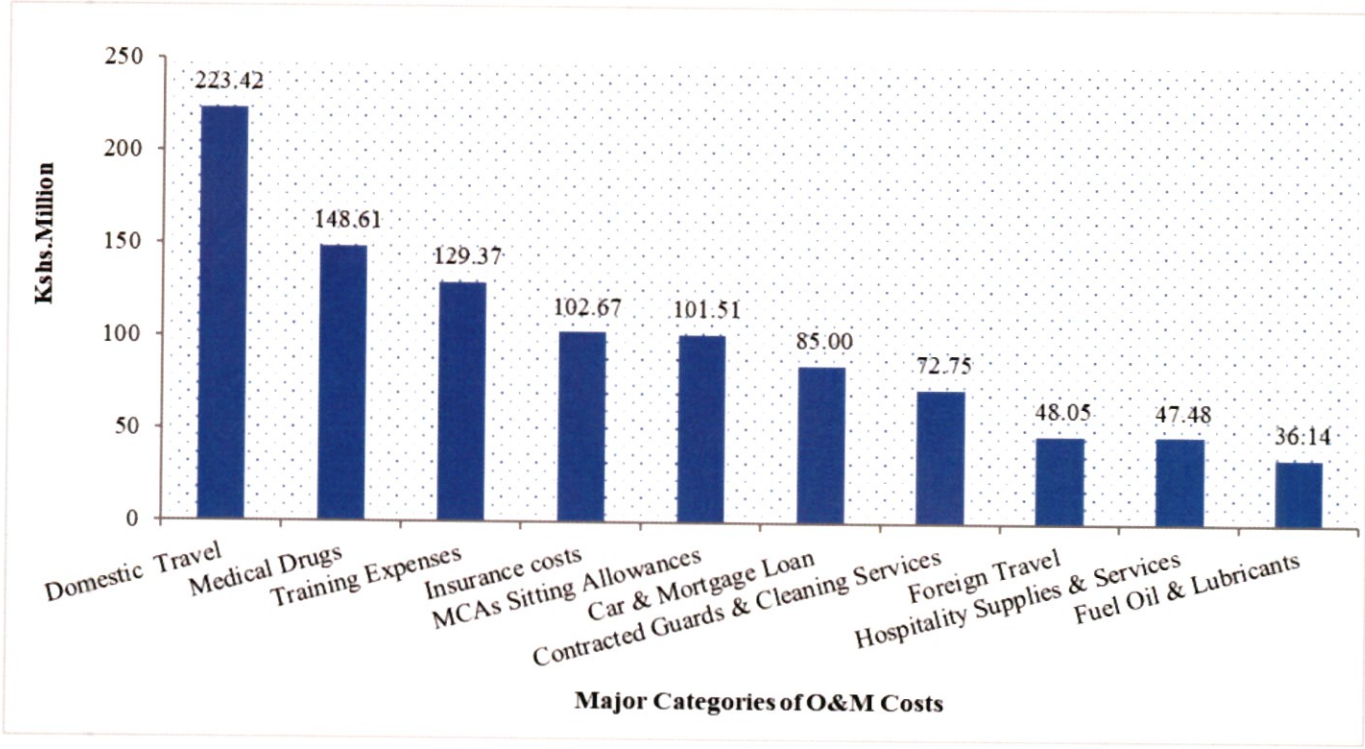
S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)
		A	B	C
1.	Homa Bay county car loan and mortgage fund account	-	-	No
2.	Homa Bay county Education Bursary Fund Account	51,500,000		No
3.	Homa Bay county Emergency Fund Account	100,000,000	20,700,000	No
4.	Homa Bay county Trade Fund Account	-	-	No
5.	Homa Bay County Assembly Car Loan and Mortgage Fund	97,525,627	85,000,000	No
	Total	**249,025,627**	**105,700,000**	

Source: *Homa Bay County Treasury*

The OCoB did not receive quarterly financial returns from administrators of all the established county funds, as indicated in Table 3.52

Figure 3.16 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.16: Homa Bay County, Operations and Maintenance Expenditure by Major Categories



Source: *Homa Bay County Treasury*

The County Assembly spent Kshs.101.51 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs. 117.72 million. The average monthly sitting allowance was Kshs.138,674 per MCA. The County Assembly has established 25 Committees.

During the period, expenditure on domestic travel amounted to Kshs.223.42 million and comprised Kshs.103.70 million spent by the County Assembly and Kshs.119.72 million by the County Executive. Expenditure on foreign travel amounted to Kshs.48.05 million and comprised of Kshs.28.86 million by the County Assembly and Kshs.19.19 million by the County Executive.

3.8.9 Development Expenditure

The County incurred Kshs.2.19 billion on development programmes, representing a decrease of 0.2 per cent compared to FY 2020/21 when the County spent Kshs.2.19 billion. Table 3.53 summarises development projects with the highest expenditure in the reporting period.

Table 3.53: Homa Bay County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Tourism, Sports, Youth Gender, Culture and Social Services	Construction of Homa Bay County Stadium	Arujo Ward	369,781,250	354,604,265	329,178,148	-	80	GoK	The stadium has not been completed

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Lands, Housing, Urban Development and Physical Planning	Purchase of Survey equipment	Homa Bay Town	35,000,000	35,000,000	29,342,475	-	100	GoK	The equipment was delivered and is in use
Lands, Housing, Urban Development and Physical Planning	Renovation works on Residential Houses	Homa Bay Town	23,000,000	23,000,000	22,470,177	-	100	GoK	The Houses are in use. However, the County government has not reported rental income.
Municipal Board	Completion of Homa Bay Municipal Market	Homa Bay Town	21,000,000	105,446,488	21,000,000	-	100	Donor	The market has been commissioned and is in use.
Health Services	Male & Female Ward-Mbita Hospital	Kasgunga ward	19,000,000	19,000,000	19,000,000	-	100	GoK	The road is complete and in use.
Health Services	Maternity & Theatre at Ndhiwa	Kanyamwa -Kosewe Ward	20,000,000	20,000,000	18,337,529	-	100	GoK	
Municipal Board	Upgrading to bitumen C19 Junction to Tom Mboya University link road	Homa Bay Town	44,321,606	44,321,606	15,000,000	-	30	Donor	
Roads, Transport and Public Works	Marindi - Magina - Pala - Oria Bridge Road	Ndhiwa	14,000,000	14,000,000	13,615,430	-	100	GoK	
Roads, Transport and Public Works	Nyandiwa - Nyenga Road	Ndhiwa	8,820,294	12,023,980	12,023,980	3,203,686	100	GoK	
Roads, Transport and Public Works	Manywanda-Kodumba road	Ndhiwa	13,235,295	13,235,295	10,000,000	-	40	GoK	

Source: *Homa Bay County Treasury*

3.8.10 Budget Performance by Department

Table 3.54 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.54: 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
Agriculture, Livestock, Fisheries and Food Security	179.36	527.53	164.86	126.36	164.86	125.91	100.0	99.6	91.9	23.9
Tourism, Sports, Youth Gender, Culture and Social Services	61.73	369.61	47.90	329.18	47.90	329.18	100.0	100.0	77.6	89.1
Roads, Transport and Public Works	64.18	1,019.87	35.10	643.54	35.10	643.54	100.0	100.0	54.7	63.1
Energy and Mining	56.91	35.77	25.00	33.20	25.00	34.26	100.0	103.2	43.9	95.8
Education and ICT	514.40	104.19	445.07	79.22	455.07	78.95	102.2	99.7	88.5	75.8
Health Services	2,800.70	370.62	2,593.91	329.53	2,591.37	328.60	99.9	99.7	92.5	88.7
Lands, Housing, Urban Development and Physical Planning	52.33	89.66	27.89	94.40	27.89	88.34	100.0	93.6	53.3	98.5
Trade, Industry, Cooperatives and Enterprise Development	170.40	230.45	153.72	131.39	153.69	130.80	100.0	99.5	90.2	56.8
Water, Environment and Natural Resources	115.37	182.74	103.50	240.48	103.16	240.48	99.7	100.0	89.4	131.6
Finance, Economic Planning and Service Delivery	634.89	99.18	498.12	34.31	497.94	34.31	100.0	100.0	78.4	34.6
Office of the Governor	604.30	74.13	603.94	49.78	595.49	49.78	98.6	100.0	98.5	67.2
County Public Service Board	52.39	1.25	40.98	-	37.76	0.25	92.1	-	72.1	20.0
County Assembly	1,029.39	71.28	951.19	71.28	951.19	69.28	100.0	97.2	92.4	97.2
Municipal Board	13.93	157.79	6.40	36.00	7.70	36.00	120.3	100.0	55.3	22.8
TOTAL	**6,350.27**	**3,334.09**	**5,697.58**	**2,198.67**	**5,694.11**	**2,189.70**	**99.9**	**99.6**	**89.7**	**65.7**

Source: *Homa Bay County Treasury*

Analysis of expenditure by department shows that the Department of Water, Environment and Natural Resources recorded the highest absorption rate of development budget at 131.6 per cent, followed by the Department of Lands, Housing, Urban Development and Physical Planning at 98.5 per cent. The high absorption by the Department of Water, Environment and Natural Resources can be attributed to the reduction in the development vote when the County government prepared a Supplementary Budget without considering the amount already released and spent by the Department. The Office of the Governor had the highest percentage of recurrent expenditure to budget at 98.5 per cent. In comparison, the Department of Energy and Mining had the lowest at 43.9 per cent. An absorption rate above 100 per cent is irregular and indicates possible diversion of funds.

3.8.11 Budget Execution by Programmes and Sub-Programmes

summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.55: Homa Bay County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Department of Agriculture, Livestock, Fisheries and Food Security					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Policy Planning, General Administration and Support Services	General Administration and Support Services	179,356,753	164,857,274	14,499,479	91.9
	Sub total	**179,356,753**	**164,857,274**	**14,499,479**	**91.9**
Crop, Land and Agribusiness Development Services	Agribusiness Development Services	12,880,300	12,500,000	380,300	97.0
	National Agriculture Rural Inclusive Growth	398,751,450	113,413,211	285,338,239	28.4
	Agriculture Sector Development Support Programme	44,537,832	-	44,537,832	-
	Sub total	**456,169,582**	**125,913,211**	**330,256,371**	**27.6**
Food Security Enhancement Services	Sub Sector Infrastructure Development Services	71,364,875	-	71,364,875	-
	Sub total	**71,364,875**	-	**71,364,875**	-
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	50,000,645	47,900,000	2,100,645	95.8
	Policy and Planning Services	4,629,410	-	4,629,410	-
	Sub total	**54,630,055**	**47,900,000**	**6,730,055**	**87.7**
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	2,057,549	-	2,057,549	-
	Sub total	**2,057,549**	-	**2,057,549**	-
	Gender and Women Empowerment	3,045,503	-	**3,045,503**	-
	Youth Empowerment	2,000,000	-	2,000,000	-
	Sub total	**5,045,503**	-	**5,045,503**	-
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	350,323,926	329,178,148	21,145,778	94.0
	Sports Management and Talent Development	19,284,339	-	19,284,339	-
	Sub total	**369,608,265**	**329,178,148**	**40,430,117**	**89.1**
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	42,773,393	31,100,000	11,673,393	72.7
	Roads and Transport Services Operations	15,189,712	4,000,000	11,189,712	26.3
	Sub total	**57,963,105**	**35,100,000**	**22,863,105**	**60.6**
Public works and maintenance services	Quality control and Enforcement	693,470	-	693,470	-
	Plant and Machinery maintenance	5,524,443	-	5,524,443	-
	Sub total	**6,217,913**	-	**6,217,913**	-

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Road Development and Maintenance Services	Road Development and Rehabilitation services	771,143,002	522,451,573	248,691,429	67.8
	Road maintenance	248,727,763	121,087,870	127,639,893	48.7
	Sub total	**1,019,870,765**	**643,539,443**	**376,331,322**	**63.1**
Department of Energy and Mining					
Energy Services	Electrical Power Services	31,464,324	-	31,464,324	-
	Solar Power Services	35,768,644	34,261,525	1,507,119	95.8
	Sub total	**67,232,968**	**34,261,525**	**32,971,443**	**51.0**
General Administration, Planning and Support Services	Administrative Support Services	25,445,800	25,000,000	445,800	98.2
	Sub total	**25,445,800**	**25,000,000**	**445,800**	**98.2**
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	16,979,561	-	16,979,561	-
	Quality Assurance Services	497,418,325	455,066,202	42,352,123	91.5
	Sub total	**514,397,886**	**455,066,202**	**59,331,684**	**88.5**
ECDE and Vocational Training Services	EYE Services	68,907,176	49,953,077	18,954,099	72.5
	Vocational Training Services	26,232,809	20,000,000	6,232,809	76.2
	Sub total	**95,139,985**	**69,953,077**	**25,186,908**	**73.5**
	ICT Infrastructure Development	9,050,000	9,000,000	50,000	99.4
	Sub total	**9,050,000**	**9,000,000**	**50,000**	**99.4**
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	303,171,046	292,457,677	10,713,369	96.5
	Administrative Support Services	2,179,542,448	2,178,462,303	1,080,145	100.0
	Sub total	**2,482,713,494**	**2,470,919,980**	**11,793,514**	**99.5**
Preventive and promotive health services	Community health services	18,000,000	6,434,379	11,565,621	35.7
	Disease control services	67,750,000	35,579,159	32,170,841	52.5
	Facility infrastructure improvement services	103,276,310	78,435,899	24,840,411	75.9
	Sub total	**189,026,310**	**120,449,437**	**68,576,873**	**63.7**
Curative and rehabilitative health services	Routine medical health services	228,089,518	91,000,000	137,089,518	39.9
	Medical emergency response services	20,000,000	-	20,000,000	-
	Facility infrastructure improvement services	247,347,872	237,598,750	9,749,122	96.1
	Sub total	**495,437,390**	**328,598,750**	**166,838,640**	**66.3**
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	-
	Capacity development services	2,146,000	-	2,146,000	-
	Sub total	**4,146,000**	-	**4,146,000**	-
Department of Lands, Housing, Urban Development and Physical Planning					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
General Administration Services	General administrative support services	37,899,737	27,889,250	10,010,487	73.6
	General office operations	14,425,369	-	14,425,369	-
	Sub total	**52,325,106**	**27,889,250**	**24,435,856**	**53.3**
Lands and Physical planning	Spatial planning Services	14,800,000	14,800,000	-	100.0
	Survey and Valuation Services	3,818,890	3,818,890	-	100.0
	Sub total	**18,618,890**	**18,618,890**	-	**100.0**
Housing and Urban Development	Housing improvement services	21,044,052	20,803,257	240,795	98.9
	Urban Development Services	50,000,000	48,922,750	1,077,250	97.8
	Sub total	**71,044,052**	**69,726,007**	**1,318,045**	**98.1**
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	153,818,074	149,692,428	4,125,646	97.3
	Policy Development and Implementation Services	16,585,379	4,000,000	12,585,379	24.1
	Sub total	**170,403,453**	**153,692,428**	**16,711,025**	**90.2**
	Enterprise Development and Promotion Services	28,216,039	12,700,000	15,516,039	45.0
	Trade Infrastructure Development Services	111,880,317	73,402,535	38,477,782	65.6
	Sub total	**140,096,356**	**86,102,535**	**53,993,821**	**61.5**
Industrial Development and Investment Services	Value Chain Development Services	90,353,220	44,695,957	45,657,263	49.5
	Sub total	**90,353,220**	**44,695,957**	**45,657,263**	**49.5**
Department of Water, Environment and Natural Resources					
General Administrative services	Administrative Support Services	71,389,364	69,158,871	2,230,493	96.9
	Policy and Planning Services	43,976,281	34,000,001	9,976,280	77.3
	Sub total	**115,365,645**	**103,158,872**	**12,206,773**	**89.4**
Water Supply and Management Services	Urban Water Supply Services	37,297,000	38,200,000	(903,000)	102.4
	Rural Water Supply Services	125,742,776	182,581,162	(56,838,386)	145.2
	Sub total	**163,039,776**	**220,781,162**	**(57,741,386)**	**135.4**
Environmental Protection and Management Services	Pollution and Waste Management services	14,703,000	14,703,000	-	100.0
	Climate Change Services	5,000,000	5,000,000	-	100.0
	Sub total	**19,703,000**	**19,703,000**	-	**100.0**
Department of Finance, Economic Planning and Service Delivery					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
General administration and support services	Staff Remuneration and Welfare Support Services	429,763,622	414,232,320	15,531,302	96.4
	General Logistics, Coordination and Asset Management Services	23,719,886	20,574,319	3,145,567	86.7
	Devolution and Service Delivery Support Services	5,533,056	5,533,056	-	100.0
	Sub total	**459,016,564**	**440,339,695**	**18,676,869**	**95.9**
Planning, budgeting and development coordination services	Economic planning and development services	14,101,158	12,700,000	1,401,158	90.1
	Resource Allocation Services	17,007,346	16,507,812	499,534	97.1
	Public Participation Facilitation Services	39,336,548	28,392,625	10,943,923	72.2
	Sub total	**70,445,052**	**57,600,437**	**12,844,615**	**81.8**
Strategy and service delivery management services	Monitoring and evaluation services	4,067,225	-	4,067,225	-
	Strategy and service delivery improvement services	7,331,886	-	7,331,886	-
	Sub total	**11,399,111**	-	**11,399,111**	-
Resource mobilisation services	External Resources Mobilisation Services	19,165,878	-	19,165,878	-
	Internal Revenue Generation Services	56,406,228	10,000,000	46,406,228	17.7
	Sub total	**75,572,106**	**10,000,000**	**65,572,106**	**13.2**
Financial management services	Accounting and Financial Reporting Services	28,839,308	24,311,789	4,527,519	84.3
	Audit and Advisory Services	10,034,865	-	10,034,865	-
	Emergency Management Services	78,765,091	-	78,765,091	-
	Sub total	**117,639,264**	**24,311,789**	**93,327,475**	**20.7**
Executive Services (Office of the Governor)					
Public service administration support services	Human resource management and development services	449,020,422	427,781,947	21,238,475	95.3
	Sub total	**449,020,422**	**427,781,947**	**21,238,475**	**95.3**
Governance and coordination services	Executive management and liaison services	115,963,966	109,400,865	6,563,101	94.3
	Field coordination and administration services	77,285,900	76,312,000	973,900	98.7
	Sub total	**193,249,866**	**185,712,865**	**7,537,001**	**96.1**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Strategy and service delivery improvement services	Strategy and advisory services	1,283,730	1,000,000	283,730	77.9
	Efficiency monitoring services	15,600,550	15,000,000	600,550	96.2
	Information and communication services	9,185,000	9,000,000	185,000	98.0
	Disaster management services	10,090,100	6,780,138	3,309,962	67.2
	Sub total	**36,159,380**	**31,780,138**	**4,379,242**	**87.9**
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	2,533,400	2,533,400	-	100.0
	Administrative Support Services	36,502,286	35,221,885	1,280,401	96.5
	Facility Improvement & Capacity Strengthening Services	1,250,000	-	1,250,000	-
	Sub total	**40,285,686**	**37,755,285**	**2,530,401**	**93.7**
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	9,565,000	-	9,565,000	-
	Human Resource Advisory Services	1,000,000	-	1,000,000	-
	Capacity Development Services	2,000,000	250,000	1,750,000	12.5
	Sub total	**12,565,000**	**250,000**	**12,315,000**	**2.0**
Performance Management Services	Performance Contracting and Appraisal Services	785,000	-	785,000	-
	Sub total	**785,000**	-	**785,000**	-
County Assembly Service Board					
Legislative Services	Members' welfare Support services	300,212,940	290,212,920	300,212,940	96.7
	Legislative development and approval services	105,545,286	103,542,786	105,545,286	98.1
	Sub total	**405,758,226**	**393,755,706**	**405,758,226**	**97.0**
Oversight and Control Services	Capacity building services	8,000,000	8,000,000	8,000,000	100.0
	Report writing services	25,000,000	25,000,000	25,000,000	100.0
	Public participation and education services	14,000,000	13,800,000	14,000,000	98.6
	Sub total	**47,000,000**	**46,800,000**	**47,000,000**	**99.6**
Ward Representation Services	Staff welfare support services	66,628,836	66,228,800	400,036	99.4
	Ward operations and maintenance	19,661,760	19,661,760	-	100.0
	Sub total	**86,290,596**	**85,890,560**	**400,036**	**99.5**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Policy, Planning and Administrative Support services	Administrative support services	293,382,983	239,855,156	41,002,200	86.0
	Financial Management Services	196,962,400	184,889,151	12,073,249	93.9
	Assembly infrastructure development Services	71,283,800	69,283,800	2,000,000	97.2
	Sub total	**561,629,183**	**494,028,107**	**55,075,449**	**90.2**
Homa Bay Municipal Board					
	Policy and Planning Services	5,950,000	-	5,950,000	-
	Administration and Support Services	7,979,604	7,697,342	282,262	96.5
	Sub total	**13,929,604**	**7,697,342**	**282,262**	**55.3**
	Infrastructure Development Services	157,787,718	36,000,000	121,787,718	22.8
	Sub total	**157,787,718**	**36,000,000**	**121,787,718**	**22.8**
Grand Total		**9,684,356,474**	**7,883,905,019**	**1,800,547,455**	**81.4**

Source: *Homa Bay County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Rural Water Supply Services in the Department of Water, Environment and Natural Resources at 145.2 per cent, Urban Water Supply Services in the Department of Water, Environment and Natural Resources at 102.4 per cent. This is because the development budget was drastically reduced during the second Supplementary budget, and Spatial planning Services in the Department of Lands and Physical Planningwere at 100 per cent of budget allocation. An absorption rate above 100 per cent is irregular and indicates possible diversion of funds.

3.8.12 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. A high wage bill, which accounted for 48.5 per cent of the annual realised revenue of Kshs.8.48 billion in FY 2021/22, thus constraining funding to other programmes.
2. Weak budgeting practice as shown in Table 3.54, where the County incurred expenditure over approved budgetary allocations. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.
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. Reports for the Homa Bay County Assembly Car Loan and Mortgage Fund and Homa Bay County Emergency Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.882.33 billion as of 30th June 2022.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.694.33 million were processed through the manual payroll and accounted for 16.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
6. 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 submitted on 28th July 2022.

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

1. *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.

2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
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 take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
6. *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.*

3.9 County Government of Isiolo

3.9.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.6.37 billion, comprising Kshs.2.2 billion (34.5 per cent) and Kshs.4.17 billion (65.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.71 billion (74 per cent) as the equitable share of revenue raised nationally, generate Kshs.113.69 million (1.8 per cent) from its sources of revenue, and use a cash balance of Kshs.878.48 million (13.8 per cent) from FY 2020/21. The County also budgeted to receive Kshs.665.28 million (10.4 per cent) as conditional grants, which comprised Kshs.330.70 million for the Climate Smart Agricultural Project, DANIDA grant amounting to Kshs.9.40 million, Transforming Health Systems for Universal Care Grant amounting to Kshs.25.53 million, Sweden Agricultural Sector Development Support Programme amounting to Kshs.26.38 million, Kshs.76.03 million for Emergency Locust Response Project, Kenya Devolution Support Program - Level 1 Grant amounting to Kshs.120.37 million, UNFPA-9th Country Programme implementation amounting to Kshs.8.86 million and supplement for construction of County Headquarters amounting to Kshs.68 million

3.9.2 Revenue Performance

In FY 2021/22, the County received Kshs.4.33 billion as the equitable share of the revenue raised nationally, raised Kshs.107.83 million as own-source revenue, Kshs.446.42 million as conditional grants, and had a cash balance of Kshs.878.48 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.77 billion, as shown in Table 3.56.

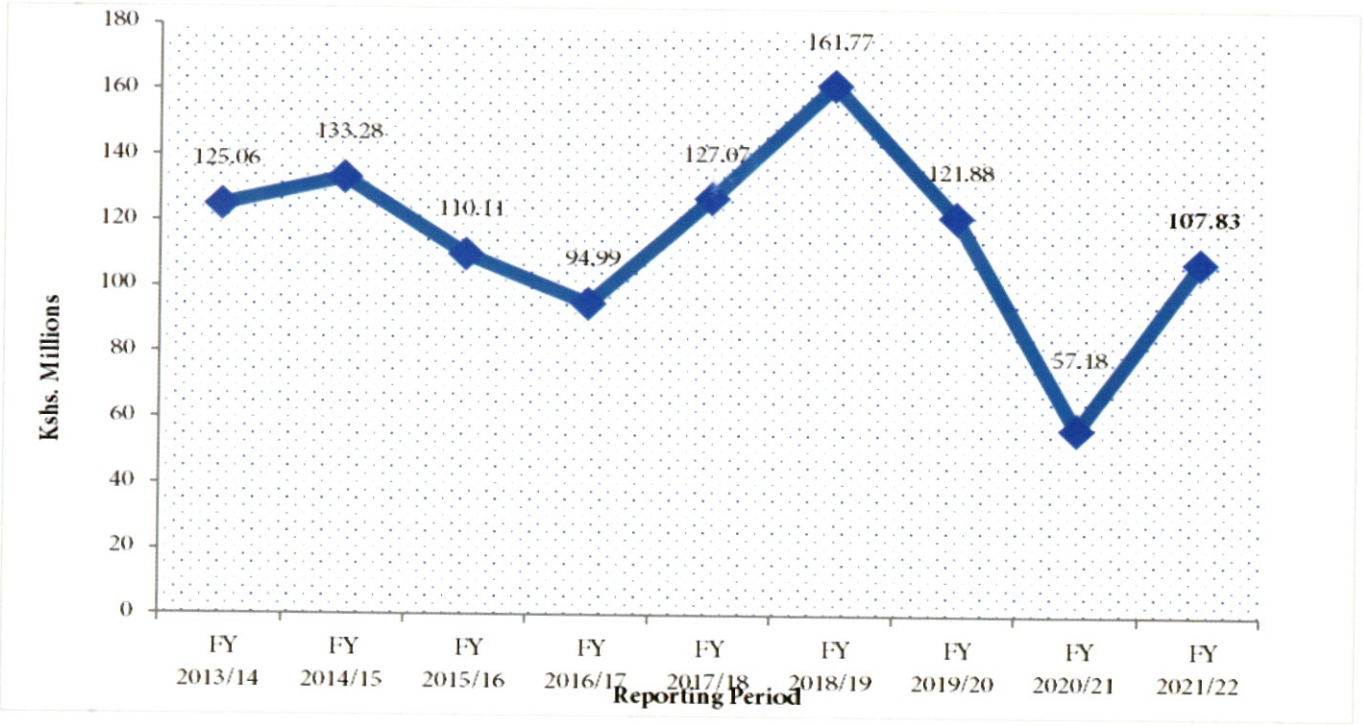
Table 3.56 : Isiolo County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,710,388,265	4,333,556,996	92
Sub Total		**4,710,388,265**	**4,333,556,996**	**92**
B	**Other Sources of Revenue**			
1	Own Source Revenue	113,686,337	107,832,875	94.9
2	Conditional Grants	665,286,901	446,429,645	67.1
3	Balance b/f from FY2020/21	878,478,632	878,478,632	100
Sub Total		**1,657,451,870**	**1,432,741,152**	**86.4**
Grand Total		**6,367,840,135**	**5,766,298,148**	**90.6**

Source: *Isiolo County Treasury*

Figure 3.17 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.17: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Isiolo County Treasury*

In FY 2021/22, the County generated a total of Kshs.107.83 million as own-source revenue. This amount represented an increase of 88.6 per cent compared to Kshs.57.18 million realised in FY 2020/21 and was 94.9 per cent of the annual target. The County has not implemented an automated OSR collection system.

3.9.3 Exchequer Issues

The Controller of Budget approved Kshs.5.34 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.45 million (27.2 per cent) for development programmes and Kshs.3.89 billion (72.8 per cent) for recurrent programmes, as shown in Table 3.61.

3.9.4 Overall Expenditure Review

The County spent Kshs.4.96 billion on development and recurrent programmes during the reporting period. This expenditure represented 93 per cent of the total funds released by the CoB and comprised of Kshs.1.17 billion and Kshs.3.79 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 53.3 per cent, while recurrent expenditure represented 90.9 per cent of the annual recurrent expenditure budget.

3.9.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.977.9 million and comprised of Kshs.826.56 million by the County Executive and Kshs.151.34 million for the County Assembly, as shown in Table 3.57.

Table 3.57: Pending Bills as of 30th June, 2022

Outstanding Pending Bills as of 30 June 2022			
Classification	**County Executive (Kshs.)**	**County Assembly (Kshs.)**	**Total (Kshs.)**
Development Expenditure	185,876,996	151,340,424	337,217,420
Recurrent Expenditure	640,682,037	-	640,682,037
Total pending Bills	**826,559,033**	**151,340,424**	**977,899,457**

Source: *Isiolo County Treasury*

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.35 billion on employee compensation, Kshs.1.97 billion on operations and maintenance, and Kshs.1.12 billion on development activities. Similarly, the County Assembly spent Kshs.279.78 million on employee compensation, Kshs.156.84 million on operations and maintenance, and Kshs.56.43 million on development activities, 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	**3,721,278,400**	**448,252,680**	**3,067,851,410**	**448,090,016**	**82.4**	**100.0**
Compensation to Employees	1,558,552,147	279,780,933	1,352,585,841	279,780,933	86.8	100.0
Operations and Maintenance	2,162,726,253	168,471,747	1,970,460,800	156,836,453	91.1	93.1
Development Expenditure	2,096,309,055	102,000,000	1,115,713,098	56,426,214	53.2	55.3
Total	**9,538,865,855**	**998,505,360**	**7,506,611,149**	**941,133,616**	**78.7**	**94.3**

Source: *Isiolo County Treasury*

3.9.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 28.3 per cent of the annual realised revenue of Kshs.5.77 billion.

Personnel emoluments amounting to Kshs.1.33 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.21.6 million was processed through a manual payroll. The manual payroll accounted for 1.6 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.1.35 billion includes Kshs.829.65 million attributable to the health sector, which translates to 61.3 per cent of the total wage bill in the reporting period.

3.9.8 County Established Funds

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.180 million to county-established funds in FY 2021/22, constituting 2.8 per cent of the County's overall budget for the year. Table 3.59 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.59: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Emergency fund	110,000,000	107,923,753	Yes	98
2.	Bursary fund	70,000,000	55,501,612	Yes	79.3
	Total	**180,000,000**	**163,425,365**		

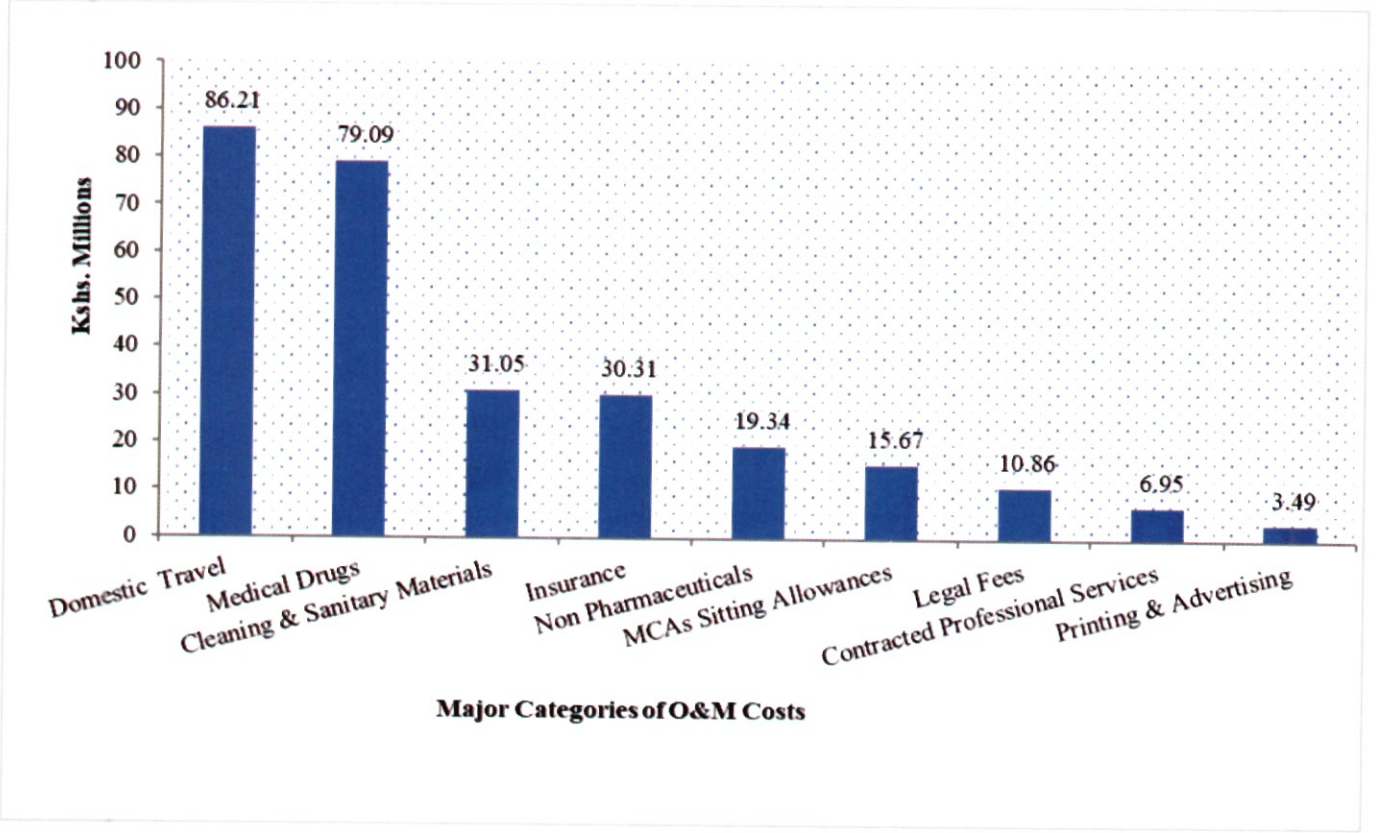
Source: *Isiolo County Treasury*

The OCoB received quarterly financial returns from administrators of the Bursary Fund and the Emergency Fund, as indicated in Table 3.59.

3.9.9 Expenditure on Operations and Maintenance

Figure 3.18 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.18: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: *Isiolo County Treasury*

The County Assembly spent Kshs.15.67 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.15.67 million. The average monthly sitting allowance was Kshs.72,543 per MCA. The County Assembly has established 13 Committees.

During the period, expenditure on domestic travel amounted to Kshs.86.21 million and comprised Kshs.56.56 million spent by the County Assembly and Kshs.29.65 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.47 million and was entirely incurred by the County Executive.

3.9.10 Development Expenditure

The County incurred Kshs.1.17 billion on development programmes, representing a decrease of 4.8 per cent compared to FY 2020/21, when the County spent Kshs.1.23 billion. Table 3.60 summarises development projects with the highest expenditure in the reporting period.

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

Department	Project details	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
County Assembly	Construction of County assembly chambers	Isiolo Municipality	15,800,000	15,053,586	95.3
Municipal administration	Construction of Isiolo market	Isiolo Municipality	50,536,430	21,690,389	42.9

Department	Project details	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Youth and Sports	Construction of Isiolo Stadium	Isiolo Municipality	75,000,000	27,166,144	36.2
Water and Irrigation	Kijito pipeline extension	Burat ward	5,000,000	4,928,604	98.6
Water and Irrigation	Purchase and installation of 5 Gensets	County Wide	11,500,000	11,147,400	96.9
Municipal administration	Cabro paving Isiolo CBD(1.2Kms)	Isiolo Municipality	101,147,532	30,887,311	30.5
Municipal administration	municipal road improvement	Isiolo Municipality	25,437,120	25,437,120	100
Health Services	Construction of KMTC-Hostels Gardening	Isiolo Municipality	5,000,000	4,217,000	84.3
Health Services	Construction of maternity ward at Bulapesa Dispensary	Cherab Ward	4,500,000	4,402,100	97.8
Health Services	Construction of ENT Clinic	Garbatula	1,600,000	1,231,870	77
Health Services	Equipping of Lenguruma dispensary	Oldonyiro	4,000,000	3,876,320	96.9

Source: *Isiolo County Treasury*

3.9.11 Budget Performance by Department

Table 3.61 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.61: 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	448.25	102.00	445.25	56.88	448.09	56.43	100.6	99.2	100.0	55.3
Office of the Governor	307.65	-	306.62	-	288.95	-	94.2	-	93.9	-
County Public Service Board	59.71	-	55.63	-	55.20	-	99.2	-	92.5	-
Deputy Governor	25.00	-	24.49	-	21.17	-	86.5	-	84.7	-
County Secretary	31.13	-	25.43	-	25.23	-	99.2	-	81.1	-
Administration and PSM	254.32	12.23	130.04	7.00	139.40	6.52	107.2	93.2	54.8	53.3
Delivery Unit	19.70	-	19.91	-	18.88	-	94.8	-	95.8	-
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	70.14	-	60.73	-	64.04	-	105.4	-	91.3	-

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
Finance and Economic Planning	259.12	459.37	214.63	332.98	218.68	167.65	101.9	50.3	84.4	36.5
Special Programmes and ICT	254.30	110.00	212.66	110.00	210.38	110.00	98.9	100.0	82.7	100.0
Economic Planning	65.26	-	58.55	-	56.70	-	96.8	-	86.9	-
Lands and Physical Planning	28.77	22.75	21.41	20.37	26.99	21.51	126.1	105.6	93.8	94.6
Roads and Infrastructure	18.25	118.78	14.18	111.20	13.97	54.67	98.5	49.2	76.6	46.0
Public Works and Housing	24.13	-	19.91	-	19.93	-	100.1	-	82.6	-
Municipal Administration	70.99	177.12	62.02	45.45	58.85	85.17	94.9	187.4	82.9	48.1
Agriculture	50.75	587.72	48.63	298.64	47.96	213.66	98.6	71.5	94.5	36.4
Livestock, Veterinary and Fisheries	141.18	70.13	120.09	59.11	136.08	57.07	113.3	96.6	96.4	81.4
Education and Vocational Training	239.61	26.26	234.60	10.10	223.93	18.30	95.5	181.2	93.5	69.7
Youth and Sports	35.02	134.98	34.84	61.58	31.39	87.81	90.1	142.6	89.6	65.1
Culture and Social Services	21.37	31.70	19.21	2.00	15.95	3.90	83.0	195.2	74.6	12.3
Tourism and Wildlife Management	233.61	10.00	207.81	8.37	216.47	3.00	104.2	35.8	92.7	30.0
Trade, Industries, Cooperatives	60.94	2.50	55.44	2.50	52.14	-	94.1	-	85.6	-
Water and Irrigation	101.57	152.23	88.30	122.10	74.00	142.78	83.8	116.9	72.9	93.8
Environment and Natural Resources	39.83	43.81	36.85	37.74	35.66	41.34	96.8	109.6	89.5	94.4
Health Services	1,308.92	136.73	1,306.23	87.94	1,271.05	102.32	97.3	116.3	97.1	74.8
Total	**4,170**	**2,198**	**3,823**	**1,374**	**3,771**	**1,172**	**98.6**	**85.3**	**90.4**	**53.3**

Source: *Isiolo County Treasury*

Analysis of expenditure by department shows that the Department of Special Programmes and ICT recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Lands and Physical Planning at 94.6 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Administration and Public Service Management had the lowest at 54.8 per cent.

3.9.12 Budget Execution by Programmes and Sub-Programmes

Table 3.62 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

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

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
101003510		**Livestock resource management and development**	**113,509,713**	**92,169,488**	**21,340,225**	**81.2**
	101023510	Livestock Production	113,509,713	92,169,488	21,340,225	81.2
103003510		**Administrative, planning, and support services**	**50,748,528**	**45,583,781**	**5,164,747**	**89.8**

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	103013510	Administration and Support Services	50,748,528	45,583,781	5,164,747	89.8
105003510		**Value Addition**	**27,672,762**	**17,185,000**	**10,487,762**	**62.1**
	105013510	Veterinary Support Services	27,672,762	17,185,000	10,487,762	62.1
107003510		**Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)**	**24,132,288**	**19,136,779**	**4,995,509**	**79.3**
	107013510	Administration and Planning Services	24,132,288	19,136,779	4,995,509	79.3
109003510		**Land Survey and land use planning**	**28,766,821**	**26,992,012**	**1,774,809**	**93.8**
	109013510	County land planning and spatial development	28,766,821	26,992,012	1,774,809	93.8
204003510		**Public Works.**	**18,250,840**	**12,790,056**	**5,460,784**	**70.1**
	204013510	Road Improvement	18,250,840	12,790,056	5,460,784	70.1
207003510		**Municipal Administration**	**70,990,354**	**52,892,003**	**18,098,351**	**74.5**
	207013510	General Administration and Planning	70,990,354	52,892,003	18,098,351	74.5
301003510		**Trade development and promotion**	**60,935,150**	**33,019,337**	**27,915,813**	**54.2**
	301013510	Entrepreneurship and business management training	60,935,150	33,019,337	27,915,813	54.2
304003510		**Tourism Promotion**	**233,605,944**	**175,745,999**	**57,859,945**	**75.2**
	304023510	Tourism Development	233,605,944	175,745,999	57,859,945	75.2
401003510		**Health Preventive and Promotive Services**	**12,060,000**	**14,968,249**	**- 2,908,249**	**124.1**
	401023510	Preventive and Promotive Health Services	-	3,750,000	- 3,750,000	-
	401033510	Disease Surveillance And Epidemic preparedness	12,060,000	11,218,249	841,751	93.0
402003510		**Health Curative Services**	**1,124,423,451**	**1,084,117,880**	**40,305,571**	**96.4**
	402013510	Provision Of Essential Health products In all The Level	13,550,000	13,047,300	502,700	96.3
	402033510	Administration Support Services	1,110,873,451	1,071,070,580	39,802,871	96.4
403003510		**Administration and Planning**	**172,440,945**	**150,783,398**	**21,657,547**	**87.4**
	403013510	Curative and Rehabilitative Health Services	172,440,945	150,783,398	21,657,547	87.4
501003510		**Administration, Planning and Support Services.**	**239,606,884**	**215,198,775**	**24,408,109**	**89.8**
	501013510	Administration	169,606,884	145,198,775	24,408,109	85.6
	501033510	Contracted Services	70,000,000	70,000,000	-	100.0
504003510		**Management and development of Sports and sports facilities**	**35,024,991**	**27,518,499**	**7,506,492**	**78.6**
	504013510	Sports Academy Centre	35,024,991	27,518,499	7,506,492	78.6
505003510		**Culture and Social Services**	**21,374,319**	**9,402,302**	**11,972,017**	**44.0**
	505013510	Culture Development	21,374,319	9,402,302	11,972,017	44.0
701003510		**Management of County Affairs**	**307,646,808**	**262,062,027**	**45,584,781**	**85.2**
	701013510	Personnel Services	307,646,808	262,062,027	45,584,781	85.2
708003510		**Prudent use of Financial Resources**	**19,704,882**	**18,428,119**	**1,276,763**	**93.5**
	708013510	Governors Delivery Unit	19,704,882	18,428,119	1,276,763	93.5
709003510		**Administration and support services**	**265,131,806**	**210,741,228**	**54,390,578**	**79.5**
	709013510	Personnel Services	94,364,868	87,671,944	6,692,924	92.9
	709023510	Support Services	159,102,408	117,207,524	41,894,884	73.7
	709083510	Administrative Infrastructure support	11,664,530	5,861,760	5,802,770	50.3

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
710003510		**Public financial management**	**5,652,500**	**6,170,500**	**- 518,000**	**109.2**
	710013510	Administrative Services	-	538,000	- 538,000	-
	710043510	Audit Services	5,652,500	5,632,500	20,000	99.6
711003510		**Economic Planning and Coordination ion**	**65,263,933**	**56,704,709**	**8,559,224**	**86.9**
	711013510	Monitoring and Evaluation	38,177,682	29,990,719	8,186,963	78.6
	711023510	Economic Policy and County Development Plans	10,046,251	10,008,100	38,151	99.6
	711043510	County Development Stakeholders Forums	8,900,000	8,757,690	142,310	98.4
	711053510	County Baseline Surveys on County Development Indicators	7,000,000	6,863,600	136,400	98.1
	711073510	Capacity building and Support to Departments	1,140,000	1,084,600	55,400	95.1
712003510		**Cohesion and Peace Building**	**70,139,535**	**63,327,230**	**6,812,305**	**90.3**
	712013510	Administrative and Civic Education Services	70,139,535	63,327,230	6,812,305	90.3
713003510		**County Governance and Coordination Affairs**	**25,000,000**	**21,168,936**	**3,831,064**	**84.7**
	713013510	County Governance	-	1,321,800	- 1,321,800	-
	713033510	Intergovernmental Services (Deputy Governor Services)	25,000,000	19,847,136	5,152,864	79.4
716003510		**County Devolved Administrative Affairs**	**31,127,905**	**20,263,276**	**10,864,629**	**65.1**
	716013510	Devolved Administrative Affairs	31,127,905	20,263,276	10,864,629	65.1
719003510		**Town administration, planning and support services**	**242,657,578**	**128,953,978**	**113,703,600**	**53.1**
	719023510	General Administration Support Services	242,657,578	128,953,978	113,703,600	53.1
723003510		**County Public Service**	**59,706,625**	**55,050,663**	**4,655,962**	**92.2**
	723023510	Administration Support Services	59,706,625	55,050,663	4,655,962	92.2
725003510		**Special programmes**	**254,303,285**	**209,590,158**	**44,713,127**	**82.4**
	725023510	Disaster management	254,303,285	209,590,158	44,713,127	82.4
726003510		**KDSP(Kenya Devolution Support Programme) Conditional Grant**	-	**- 2,056,000**	**2,056,000**	-
	726013510	Kenya Devolution Support	-	- 2,056,000	2,056,000	-
1001003510		**Provision & Management of domestic & livestock rural water supply**	**101,570,612**	**67,981,857**	**33,588,755**	**66.9**
	1001013510	Administration and Planning Support Services	101,570,612	67,981,857	33,588,755	66.9
1003003510		**Conservation of Environment & Natural Resources**	**39,829,941**	**15,762,062**	**24,067,879**	**39.6**
	1003013510	Administration and Support Services	39,829,941	15,762,062	24,067,879	39.6
		Grand Total	**3,721,278,400**	**3,111,652,301**	**609,626,099**	**83.6**
101003510		**Livestock resource management and development**	**38,131,151**	**26,475,000**	**11,656,151**	**69.4**
	101023510	Livestock Production	38,131,151	26,475,000	11,656,151	69.4
102003510		**Fisheries development**	**32,000,000**	**14,097,500**	**17,902,500**	**44.1**
	102033510	capacity building	32,000,000	14,097,500	17,902,500	44.1
104003510		**Crop Productivity Improvement**	**587,716,962**	**213,658,786**	**374,058,177**	**36.4**
	104013510	Increase food productivity & output by 30%.	-	-	-	-
	104043510	Establishment of Demo Farms	43,498,333	-	43,498,333	-

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	104053510	Administration Climate Change Mitigation	544,218,629	213,658,786	330,559,844	39.3
107003510		**Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)**	-	-	-	-
	107013510	Administration and Planning Services	-	-	-	-
109003510		**Land Survey and land use planning**	**22,753,823**	**21,514,530**	**1,239,293**	**94.6**
	109023510	County Land Survey and Mapping	22,753,823	21,514,530	1,239,293	94.6
204003510		**Public Works.**	**118,784,675**	**54,666,178**	**64,118,497**	**46.0**
	204023510	Estate Flood lighting facilities.	118,784,675	54,666,178	64,118,497	46.0
206003510		**KUSP**	-	-	-	-
	206023510	Urban Development	-	-	-	-
207003510		**Municipal Administration**	**177,121,082**	**85,170,472**	**91,950,610**	**48.1**
	207023510	Infrastructural Development	177,121,082	85,170,472	91,950,610	48.1
301003510		**Trade development and promotion**	**2,500,000**	-	**2,500,000**	-
	301013510	Entrepreneurship and business management training	2,500,000	-	2,500,000	-
304003510		**Tourism Promotion**	**10,000,000**	**3,000,000**	**7,000,000**	**30.0**
	304033510	Protection of endangered wildlife animals.	10,000,000	3,000,000	7,000,000	30.0
401003510		**Health Preventive and Promotive Services**	**136,729,585**	**102,320,961**	**34,408,624**	**74.8**
	401023510	Preventive and Promotive Health Services	136,729,585	102,320,961	34,408,624	74.8
	401053510		-	-	-	-
502003510		**Provision of education and training services**	**21,363,760**	**13,413,858**	**7,949,902**	**62.8**
	502013510	ECDE Classroom Infrastructure	21,363,760	13,413,858	7,949,902	62.8
	502043510	Promotion of Quality Youth empowerment	-	-	-	-
503003510		**Cultural and Arts Empowerment**	**4,892,403**	**4,882,403**	**10,000**	**99.8**
	503053510		4,892,403	4,882,403	10,000	99.8
504003510		**Management and development of Sports and sports facilities**	**134,975,000**	**80,848,856**	**54,126,144**	**59.9**
	504013510	Sports Academy Centre	134,975,000	80,848,856	54,126,144	59.9
709003510		**Administration and support services**	**351,234,519**	**174,176,177**	**177,058,342**	**49.6**
	709083510	Administrative Infrastructure support	80,234,519	6,524,871	73,709,648	8.1
	709133510	Public Financial Management Services	271,000,000	167,651,306	103,348,694	61.9
712003510		**Cohesion and Peace Building**	-	-	-	-
	712013510	Administrative and Civic Education Services	-	-	-	-
725003510		**Special programmes**	**110,000,000**	**11,490,000**	**98,510,000**	**10.4**
	725023510	Disaster management	110,000,000	11,490,000	98,510,000	10.4
726003510		**KDSP(Kenya Devolution Support Programme) Conditional Grant**	**120,374,189**	-	**120,374,189**	-
	726013510	Kenya Devolution Support	120,374,189	-	120,374,189	-
902003510			**31,700,000**	**3,903,000**	**27,797,000**	**12.3**

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	902023510	Marginalised Group Empowerment support services	19,700,000	1,903,000	17,797,000	9.7
	902033510	Empowerment Support Services	12,000,000	2,000,000	10,000,000	16.7
1002003510		**Water Supply and Storage Services**	**152,225,167**	**142,780,621**	**9,444,546**	**93.8**
	1002023510	Water Supply and Storage	152,225,167	142,780,621	9,444,546	93.8
	1002043510	Civil Works-Establishment of Dams & Pans	-	-	-	-
1003003510		**Conservation of Environment & Natural Resources**	**43,806,739**	**41,344,756**	**2,461,983**	**94.4**
	1003023510	Environmental Conservation	43,806,739	41,344,756	2,461,983	94.4
		Administration Support Services	267,433,086	267,377,829	55,257	100.0
						-
		Legislative service	180,819,594	180,712,187	107,407	99.9
						-
		Infrastructure support	102,000,000	56,426,214	45,573,786	55.3
		Grand Total	**6,367,840,135**	**4,609,911,628**	**1,757,928,507**	**72.4**

Source: *Isiolo County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Preventive and Promotive Health in the Department of Health at 124.1 per cent, Administrative Support services in the Department of County Assembly at 100 per cent, County Land Planning and Spatial Development in the Department of Lands and Physical Planning at 93.8 per cent, and Governors Delivery unit in the Governor's department at 93.5 per cent of budget allocation.

3.9.13 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. Weak budgeting practices. As shown in Table 3.61, the County incurred expenditure over approved budgetary allocations. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than the intended purposes
2. High level of pending bills which amounted to Kshs.977.9 million as of 30th June 2022.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.21.6 million were processed through the manual payroll and accounted for 1.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
4. 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 submitted on 22nd August 2022.

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 that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF account per Section 109 (2) of the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
4. *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.*

3.10 County Government of Kajiado

3.10.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.11.02 billion, comprising Kshs.3.57 billion (32.4 per cent) and Kshs.7.45 billion (67.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.95 billion (72.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.6 billion (14.5 per cent) from its sources of revenue, and use a cash balance of Kshs.283.4 million (2.6 per cent) from FY 2020/21. The County also expected to receive Kshs.1.19 billion (10.8 per cent) as conditional grants, which consisted of Transforming Healthcare Systems for Universal Care at Kshs.142.1 million; DANIDA at Kshs.14.2 million; Nutrition International Fund at Kshs.10 million; COVID-19 Response Funds (Balance b/f) at Kshs.1.49 million; Agriculture Sector Development Support Programme (ASDSP) at Kshs.24.7 million; Kenya Climate Smart Agriculture Project (KCSAP) including balance b/f 2020/21) at Kshs.448.98 million; Kenya Development Support Program (KDSP) Level I and II at Kshs.244 million; Kenya Urban Support Programme (KUSP) at Kshs.219.4 million; Kenya Informal Settlement Improvement Project (KISIP) at Kshs.50 million; and Roads Maintenance Levy Fund (RMLF) (b/f 2020/21FY) at Kshs.33.7 million.

3.10.2 Revenue Performance

In FY 2021/22, the County received Kshs.7.32 billion as the equitable share of the revenue raised nationally, raised Kshs.527.94 million as own-source revenue, and Kshs.212.95 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.8.06 billion, as shown in Table 3.28.

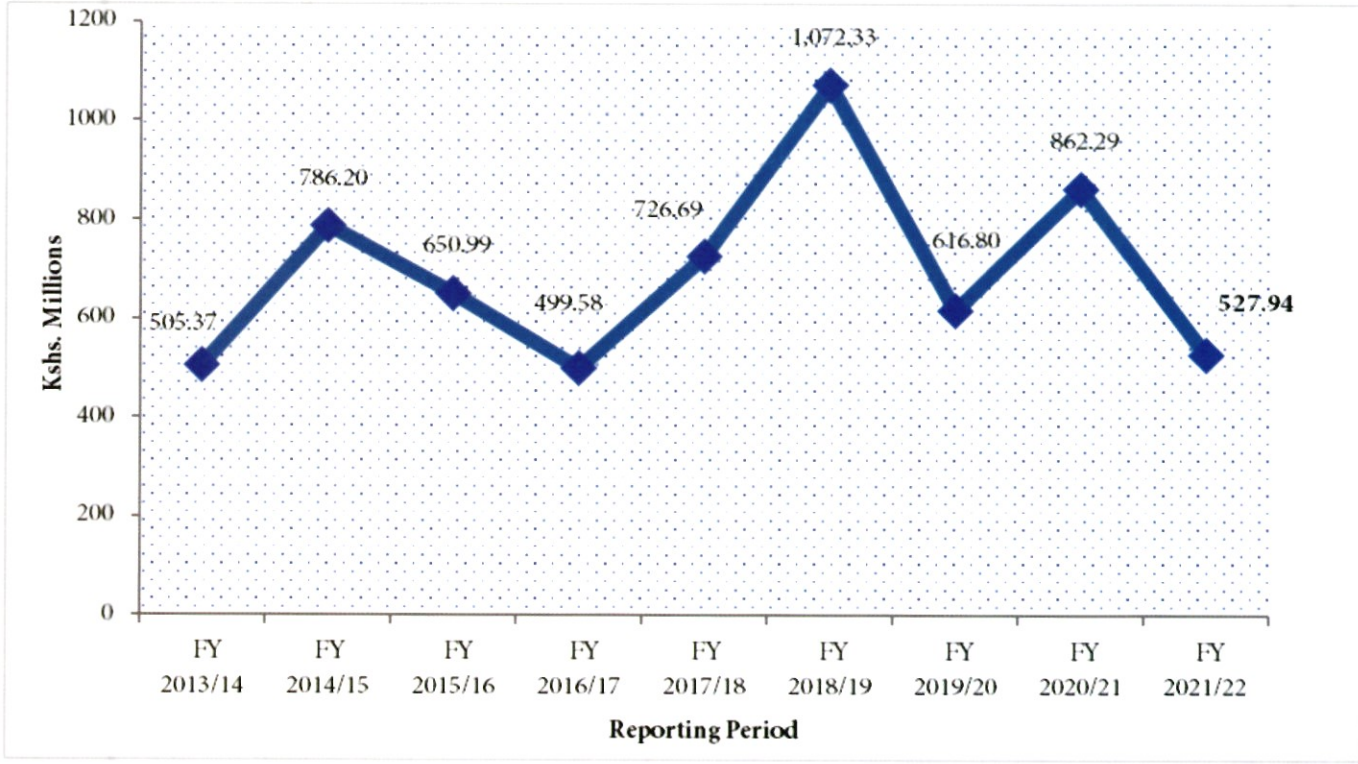
Table 3.63: Kajiado County, Revenue Performance in FY 2021/22

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**	7,954,768,229	7,321,566,217	92.0
Sub Total		**7,954,768,229**	**7,321,566,217**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	1,595,132,700	527,943,689	33.1
2.	Conditional Grants	1,188,789,664	212,951,940	17.9
3.	Balance b/f from FY 2020/21	283,399,846	-	-
Sub Total		**3,067,322,210**	**740,895,629**	**24.2**
Grand Total		**11,022,090,439**	**8,062,461,847**	**73.1**

Source: *Kajiado County Treasury*

Figure 3.19 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.19: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Kajiado County Treasury*

In FY 2021/22, the County generated a total of Kshs.527.94 million as own-source revenue. This amount represented a decrease of 14.4 per cent compared to Kshs.616.80 million realised in FY 2020/21 and was 33.1 per cent of the annual target.

3.10.3 Exchequer Issues

The Controller of Budget approved Kshs.8.21 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.31 billion (28.1 per cent) for development programmes and Kshs.5.90 billion (71.9 per cent) for recurrent programmes, as shown in Table 3.67.

3.10.4 Overall Expenditure Review

The County spent Kshs.7.67 billion on development and recurrent programmes during the reporting period. This expenditure represented 93.4 per cent of the total funds released by the CoB and comprised of Kshs.2.12 billion and Kshs.5.55 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 59.3 per cent, while recurrent expenditure represented 74.5 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.1.08 billion million and comprised of Kshs. 1.07 billion by the County Executive Kshs. 4.63 million by the County Assembly. The County Government of Kajiado did not submit a report showing a breakdown of the pending bills and payment status.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that the County Executive spent Kshs.3.4 billion on employee compensation, Kshs.1.39 billion on operations and maintenance, and Kshs.2.1 billion on development activities. Similarly, the County Assembly spent Kshs.309.04 million on employee compensation, Kshs.450.88 million on operations and maintenance, and Kshs.19.41 million on development activities, 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
Recurrent Expenditure	**6,576,319,377**	**875,404,523**	**4,791,601,863**	**759,926,179**	**72.9**	**86.8**
Compensation to Employees	3,971,307,999	309,087,789	3,401,783,304	309,044,054	85.7	100
Operations and Maintenance	2,605,011,378	566,316,734	1,389,818,559	450,882,125	53.4	79.6
Development Expenditure	**3,385,066,539**	**185,300,000**	**2,099,549,464**	**19,407,279**	**62.0**	**10.5**
Total	**9,961,385,916**	**1,060,704,523**	**6,891,151,327**	**779,333,458**	**69.2**	**73.5**

Source: *Kajiado County Treasury*

3.10.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 46 per cent of the annual realised revenue of Kshs.8.06 billion.

Personnel emoluments amounting to Kshs.3.70 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.13.98 million was processed through a manual payroll. The manual payroll accounted for 0.4 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.71 billion includes Kshs.1.64 billion attributable to the health sector, which translates to 44.2 per cent of the total wage bill in the reporting period.

3.10.8 County Established Funds

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 Ksh.261.29 million to county-established funds in FY 2021/22, constituting 2.4 per cent of the County's overall budget for the year.

Table 3.65 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.65: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
1.	Kajiado Alcoholic Drinks Control Fund	66,290,000	-	Yes	-
2.	Bursary Fund - Scholarships and other Educational Benefits	150,000,000	75,000,000	Yes	50.0
3.	Micro finance-Disability Fund programme	10,000,000	5,000,000	Yes	50.0
4.	Kajiado County Executive Car Loans & Mortgage Fund	23,500,000	15,500,000	Yes	66.0
5.	Micro-finance - Youth & Women Enterprise Fund	10,000,000	7,500,000	Yes	75.0
6.	Kajiado County Women Empowerment Fund	-	-	Yes	-
7.	Covid-19 Response Fund	1,499,045	-	Yes	-
Total		**261,289,045**	**103,000,000**		**39.4**

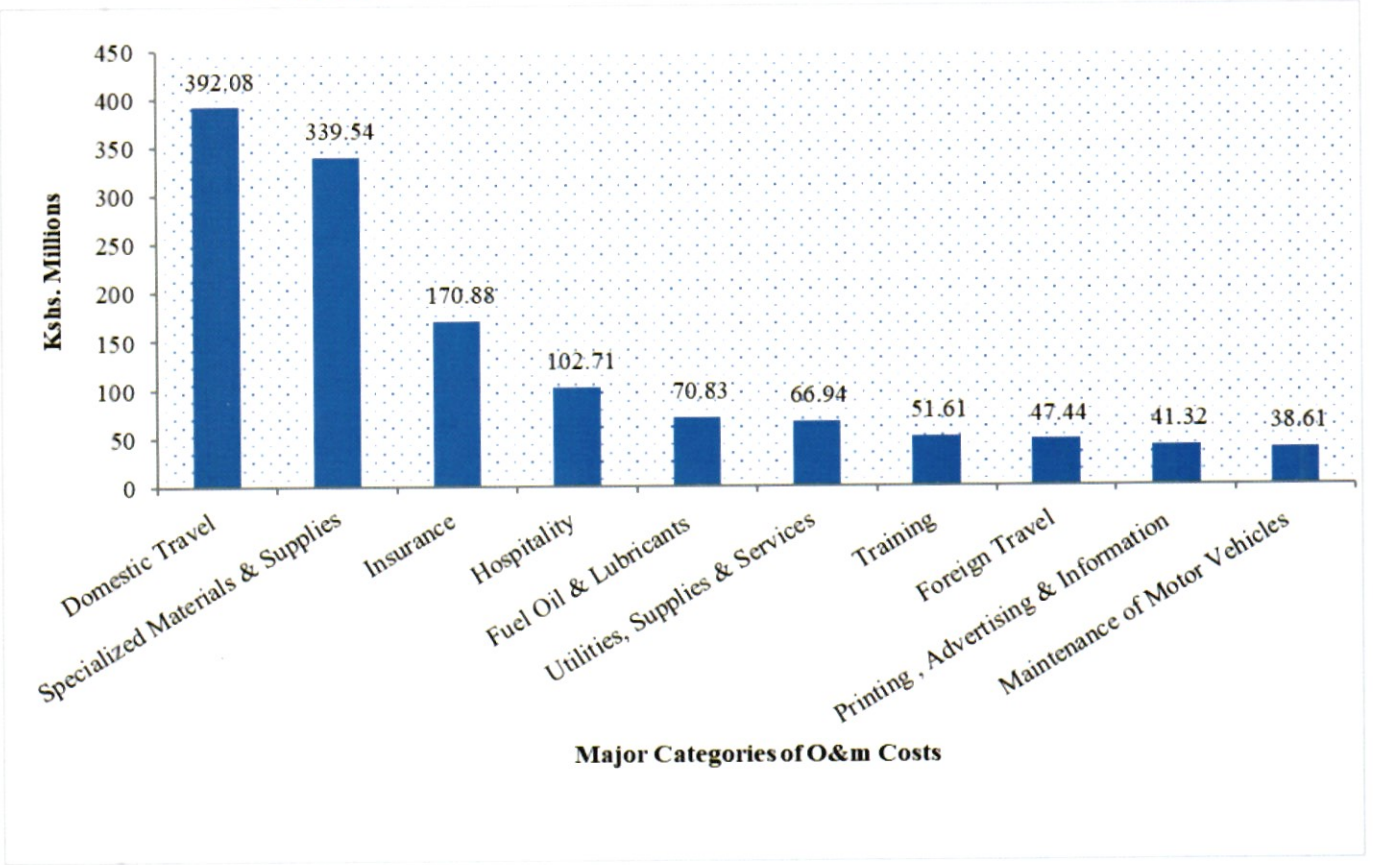
Source: *Kajiado County Treasury*

The OCoB received quarterly financial returns from administrators of 23 funds, as indicated in Table 3.65.

3.10.9 Expenditure on Operations and Maintenance

Figure 3.20 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.20: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: *Kajiado County Treasury*

The County Assembly spent Kshs.8.13 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.10 million. The average monthly sitting allowance was Kshs.16,137 per MCA. The County Assembly has established 19 Committees.

During the period, expenditure on domestic travel amounted to Kshs.392.08 million and comprised Kshs.169.48 million spent by the County Assembly and Kshs.222.60 million by the County Executive. Expenditure on foreign travel amounted to Kshs.47.44 million and comprised of Kshs.42.04 million by the County Assembly and Kshs.5.40 million by the County Executive.

3.10.10 Development Expenditure

The County incurred Kshs.2.12 billion on development programmes, representing a decrease of 25.6 per cent compared to FY 2020/21, when the County spent Kshs. 2.85 billion. Table 3.66 summarises development projects with the highest expenditure in the reporting period.

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

Project Name	Location	Sector	Contract Sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Lesoit Earth Dam	Matapato South	Agriculture	18,600,432	16,740,387	90.0
Kitenden Earth Dam	Entonet/Lenkism	Agriculture	18,582,620	16,724,358	90.0
Esiret Earth Dam	Purko	Agriculture	17,590,762	16,711,223	95.0
Lenchoni Earth Dam	Magadi	Agriculture	18,552,153	16,696,937	90.0
Oldepe Earth Dam	Purko	Agriculture	18,466,620	16,619,958	90.0

Project Name	Location	Sector	Contract Sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Oloolainyamok Earth Dam	Iloodokilani	Agriculture	18,380,780	16,542,702	90.0
Kimelok Earth Dam	Ewuaso O Nkidong'i	Agriculture	18,195,180	16,375,662	90.0
Esilanke Nanyokie Earth Dams	Purko	Agriculture	17,999,952	16,199,956	90.0
Oloontona Oloirien Earth Dam	Matapato North	Agriculture	17,900,859	16,110,773	90.0
Parsilet Earth Dam	Matapato South	Agriculture	17,704,239	15,933,815	90.0

Source: *Kajiado County Treasury*

3.10.11 Budget Performance by Department

Table 3.67 summarises the approved budget allocation, expenditure, and absorption rate by departments in FY 2021/22.

Table 3.67: 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
County Assembly	875.40	185.30	765.40	19.41	759.93	19.41	99.3	100	86.8	10.5
Office of The Governor and The Deputy Governor	232.68	-	190.91	-	152.82	-	80.1	-	65.7	-
County Public Service Board	107.90	-	94.83	-	58.97	-	62.2	-	54.7	-
Medical Services and Public Health	2,341.87	88.33	2,034.89	92.04	2,103.11	85.73	103.4	93.1	89.8	97.1
Water, Environment, and Natural Resources	242.92	177.00	200.81	118.66	159.03	10.07	79.2	8.5	65.5	5.7
Roads, Transport, Public Works, and Energy	182.11	592.33	163.87	373.53	182.11	374.62	111.1	100	100	63.2
Public Service, Administration Social Services, and Inspectorate Services	997.94	46.00	566.50	-	459.76	-	81.2	-	46.1	0.0
Finance, Economic Planning, and ICT	792.29	1,504.43	550.15	1,412.81	548.28	1,174.22	99.7	83.1	69.2	78.1
Lands, Physical Planning and Urban Development	106.32	50.00	85.92	-	56.74	-	66.0	-	53.4	-
Education, Vocational Training, Youth and Sports	696.32	58.50	556.95	42.28	605.15	2.48	108.7	5.9	86.9	4.2
Gender, Culture, Tourism, and Wildlife	99.94	-	100.88	3.35	88.45	-	87.7	0.0	88.5	-
Agriculture, Livestock, and Fisheries	328.98	648.98	225.12	229.25	191.01	452.43	84.9	197.4	58.1	69.7
Trade, Cooperatives, and Enterprise Development	128.29	-	109.71	19.69	84.25	-	76.8	0.0	65.7	-

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
Kajiado Municipality	59.18	83.43	49.61	-	33.11	-	66.7	-	55.9	-
Ngong Municipality	87.70	136.07	69.63	-	49.37	-	70.9	-	56.3	-
Office of The County Attorney	171.88	-	136.49	-	19.44	-	14.2	-	11.3	-
Total	**7,451.72**	**3,570.37**	**5,901.66**	**2,311.02**	**5,551.53**	**2,118.96**	**94.1**	**91.7**	**74.5**	**59.3**

Source: *Kajiado County Treasury*

Analysis of expenditure by the department shows that the Department of Medical Services and Public Health recorded the highest absorption rate of development budget at 97.1 per cent, followed by the Department of Finance, Economic Planning, and ICT at 78.1 per cent. The Department of Roads, Transport, Public Works, and Energy had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Office of the County Attorney had the lowest at 11.3 per cent.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 3.68 summarizes the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.68: Kajiado County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
101024660	General Administration, Planning & Support Services	731,053,556	527,499,724	72.2
101024660	General Administration and Support Services	731,053,556	527,499,724	72.2
	Livestock Resources Management Development	3,541,682	323,600	9.1
103034660	Veterinary Services	3,541,682	323,600	9.1
	Fisheries Development and Management	2,745,714	494,200	18.0
104024660	Fisheries	2,745,714	494,200	18.0
	Land Policy and Planning	48,318,438	10,542,199	21.8
106034660	Physical Planning	14,712,000	2,680,500	18.2
106044660	Land Survey and Mapping	7,919,838	4,609,900	58.2
106054660	Housing	5,395,600	912,999	16.9
106064660	Land administration	6,541,000	1,489,800	22.8
106074660	Urban Development	13,750,000	849,000	6.2
	Animal Husbandry Livestock Resource Management & Development	262,493,385	157,865,746	60.1
107014660	Animal Husbandry	209,461,899	150,496,484	71.8
107024660	County Abattoirs	3,023,171	119,000	3.9
107034660	Animal Disease Control	49,075,889	7,250,262	14.8
107044660	Livestock Sale Yards	932,426	-	0.0
	Agricultural Development	36,131,517	3,404,980	9.4
108014660	Crop Husbandry	12,177,143	741,700	6.1
108024660	Plant Disease Control	3,100,018	29,400	0.9
108034660	Agricultural Mechanization Services	4,433,658	-	0.0
108044660	Demonstration Farm	622,144	9,000	1.4
108054660	Agricultural Training Centre	1,875,014	-	0.0
108064660	Irrigation	13,923,540	2,624,880	18.9
	Environment Management	143,947,231	105,575,612	73.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
109014660	Environmental Protection	136,977,231	101,657,762	74.2
109024660	Noise Pollution Management	2,650,000	1,399,250	52.8
109034660	Control of Air Pollution	870,000	399,200	45.9
109044660		3,450,000	2,119,400	61.4
110014660	Urban Development	50,000,000	-	0.0
	General Administration, Planning and Support Services	766,442,100	504,585,980	65.8
201014660	Headquarters Administrative Services	113,608,347	93,693,430	82.5
201024660	Roads	600,833,753	379,300,007	63.1
201034660	Energy	20,000,000	11,651,400	58.3
201044660	Fire Fighting	12,000,000	8,610,086	71.8
201054660	Transport	20,000,000	11,331,057	56.7
	Citizen Participation	16,385,956	7,018,100	42.8
205034660	Citizen Participation	16,385,956	7,018,100	42.8
	Roads and Public Works	8,000,000	4,031,900	50.4
206014660	Public Works	8,000,000	4,031,900	50.4
209014660	General Administration, Planning and Support Services	80,769,676	31,962,171	39.6
210014660	Urban Infrastructural Development	6,991,657	643,549	9.2
211014660	Environmental Management and Public Health	4,850,000	505,123	10.4
212014660	General Administration, Planning and Support Services	205,560,821	49,280,464	24.0
213014660	Urban Infrastructural Development	59,209,560	92,400	0.2
214014660	Environmental Management and Public Health	9,000,000	-	0.0
301014660	General Administration, Planning and Support Services	84,262,464	70,169,926	83.3
	Trade Development	44,027,102	14,082,376	32.0
304014660	Trade Licensing	8,784,400	3,892,209	44.3
304024660	Trade Development	19,018,234	6,910,867	36.3
304034660	Cooperative Services and Development	13,329,566	2,486,800	18.7
304044660	Enterprise Development	2,894,902	792,500	27.4
	Culture and Local Tourism Promotion	3,209,288	711,000	22.2
307024660	Local Tourism Promotion	3,209,288	711,000	22.2
	General Administration, Planning and Support Services	1,913,039,227	1,799,440,212	94.1
401024660	General Administration and Support Services	1,913,039,227	1,799,440,212	94.1
	Curative Health Services	286,873,940	255,625,622	89.1
403024660	Medical Services	286,873,940	255,625,622	89.1
	Curative and Rehabilitative	5,507,600	2,731,574	49.6
404024660	Ambulance services	5,507,600	2,731,574	49.6
	Public Health and Sanitation	224,783,129	131,040,328	58.3
405014660	Preventive and Promotive	204,196,323	119,931,420	58.7
405024660	Licensing and control	8,223,316	4,481,920	54.5
405034660	Sanitation	2,665,000	860,338	32.3
405044660	Mobile Clinics	5,259,850	3,284,170	62.4
405054660		4,438,640	2,482,480	55.9
	General Administration, Planning and Support Services	448,492,654	407,698,311	90.9
501014660	Headquarters Administrative Services	448,492,654	407,698,311	90.9
	Social Protection, Culture and Recreation	43,100,000	915,800	2.1
503014660	Homecraft Centers Development	2,100,000	915,800	43.6
503024660	Control of Drugs and Pornography	41,000,000	-	0.0
	Education Support	280,584,022	175,178,111	62.4
504014660	Pre-Primary Education	214,919,128	145,960,683	67.9
504024660	Home Craft Centers	65,664,894	29,217,428	44.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	Social Protection and Recreation	52,574,560	16,595,870	31.6
505014660	Control of Drugs and Pornography	26,678,600	528,700	2.0
505024660	Liquor Licensing	2,925,460	689,000	23.6
505034660	Betting and Casinos	1,388,000	525,968	37.9
505054660	Disability Mainstreaming	21,582,500	14,852,202	68.8
	General Administration and Policy Coordination	3,105,693,654	2,066,055,765	66.5
701014660	Headquarters Administrative Services	3,081,298,208	2,054,350,310	66.7
701054660	County Executive Committee	12,580,000	5,757,905	45.8
701074660	County Inspectorate	11,815,446	5,947,550	50.3
	Public Services Coordination and Management	144,650,000	59,757,060	41.3
703014660	Human Resource Management	144,650,000	59,757,060	41.3
	Public Financial Management	196,978,660	143,718,740	73.0
705044660	Accounting services	-	-	-
705054660	Supply Chain Management Services	57,231,000	28,347,160	49.5
705064660	Fiscal and Economic Planning	15,600,000	9,638,300	61.8
705074660	Budget	17,580,000	10,399,530	59.2
705084660	Accounting	14,562,000	8,017,265	55.1
705104660	Internal Audit	11,797,000	7,363,600	62.4
705114660	Revenue Collection	80,208,660	39,177,005	48.8
	Economic Policy Coordination and Supervision	15,639,300	8,862,700	56.7
706034660	Monitoring and Evaluation Services	15,639,300	8,862,700	56.7
	Devolution Services	60,834,000	24,578,174	40.4
707014660	Coordination of Devolution Services	21,266,000	10,818,736	50.9
707024660	Intergovernmental Relations	32,588,000	10,552,850	32.4
707034660	County Government Advisory Service	6,980,000	3,206,588	45.9
	Public Service, Administration and Citizen Participation	24,250,000	14,747,250	60.8
708024660	Public Service, administration and citizen participation	-	-	-
708034660	County Administration	24,250,000	14,747,250	60.8
708054660	Citizen participation	-	-	-
	ICT, Special Programmes and Service Delivery	39,606,001	19,908,264	50.3
710014660	Information, Communication and Technology	29,426,401	15,753,319	53.5
710024660	Special Programmes	10,179,600	4,154,945	40.8
		7,265,855	3,583,100	49.3
701014660	General administration, planning and support services	171,876,663	50,669,737	29.5
901024660	Cultural Activities	4,875,855	2,469,500	50.6
901034660	County Parks	690,000	523,400	75.9
901044660	County Museums	1,700,000	590,200	34.7
902014660	Gender	72,797,281	78,501,183	107.8
903024660	Sports Training and Competitions	18,691,370	5,688,592	30.4
903034660	Gender Mainstreaming	5,237,840	3,544,504	67.7
	General administration, planning and support services	128,880,244	98,747,129	76.6
1001024660	Storm Water Management Services	11,559,636	5,022,667	43.5
1001034660	General Administration, Policy, and Coordination	117,320,608	93,724,462	79.9
1003014660	Water	147,089,769	34,774,250	23.6
	General administration, policy and coordination	-	-	-
	Office of the Clerk	54,554,000	53,777,308	98.6
	Directorate of Finance & Compliance	13,610,000	12,755,071	93.7
	Directorate of Administration Liaison & Support Services	80,681,026	79,996,129	99.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	County Assembly Service Board	430,243,789	319,908,853	74.4
	Legislation, Representation, and Oversight			
	Assembly	209,531,708	208,637,105	99.6
	Office of the Speaker	25,884,000	24,391,131	94.2
	Directorate of Legislation & Procedures	60,900,	60,460,582	99.3
	Grand Total	**10,836,790,439**	**7,651,077,506**	**70.6**

Source: *Kajiado County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Gender in the Department of Gender, Culture, Tourism, and Wildlife at 107.8 per cent, County Assembly Headquarters in the County Assembly at 99.6 per cent, Directorate of Legislation & Procedures in the County Assembly at 99.3 per cent, and Directorate of Administration Liaison & Support Services in the County Assembly at 99.2 per cent of budget allocation. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended.

3.10.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.2.12 billion in FY 2021/22 from the annual development budget allocation of Kshs.3.57 billion. The development expenditure represented 59.3 per cent of the annual development budget.
2. A high wage bill, which accounted was 46 per cent of the annual realised revenue of Kshs.8.06 billion in FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.527.94 million against an annual projection of Kshs.1.60 billion, representing 33.1 per cent of the annual target.
4. High level of pending bills which amounted to Kshs.1.08 billion as of 30th June 2022.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.13.98 million were processed through the manual payroll and accounted for 0.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
6. Inadequate reporting on the implementation of programmes and sub-programmes. The Controller of Budget observed that the programme-based budget report submitted did not indicate the names of programmes. Further, some sub programmes lack adequate description, indicating poor program design during the budget formulation phase.
7. 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 19th August 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
6. *Ensure compliance with guidelines on the preparation and reporting on programmes and sub-programmes*
7. *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.*

3.11 County Government of Kakamega

3.11.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 was Kshs.16.4 billion, comprising Kshs.6.2 billion (37.8 per cent) and Kshs.10.20 billion (62.2 per cent) allocations for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.12.39 billion (75.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.6 billion (9.8 per cent) from its own sources of revenue, and use a cash balance of Kshs.1.72 billion (10.5 per cent) from FY 2020/21. The County was also expected to receive Kshs.691.09 million (4.2per cent) as conditional grants, which consisted of the World Bank Universal Health Care Fund at Kshs.73.14 million, KCSAP-Kenya Climate Smart Agriculture Project at Kshs. 338.78 million, ASDSP (Agricultural Sector Development Support Programme at Kshs.28.08 million, DANIDA Grant at Kshs.23.07 million, Kenya Devolution Support Programme-Level 2 at Kshs.78 million and Kenya Informal Settlement Improvement Project-(KISIP II) at Kshs.150 million. Also included in the budget for conditional grants was a cash balance from FY 2020/21 of Kshs.632.9 million.

3.11.2 Revenue Performance

In FY 2021/22, the County received Kshs.11.40 billion as the equitable share of the revenue raised nationally, raised Kshs.1.23 billion as own-source revenue, Kshs.270.95 million as conditional grants and had a cash balance of Kshs.1.72 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.14.62 billion, as shown in Table 3.69.

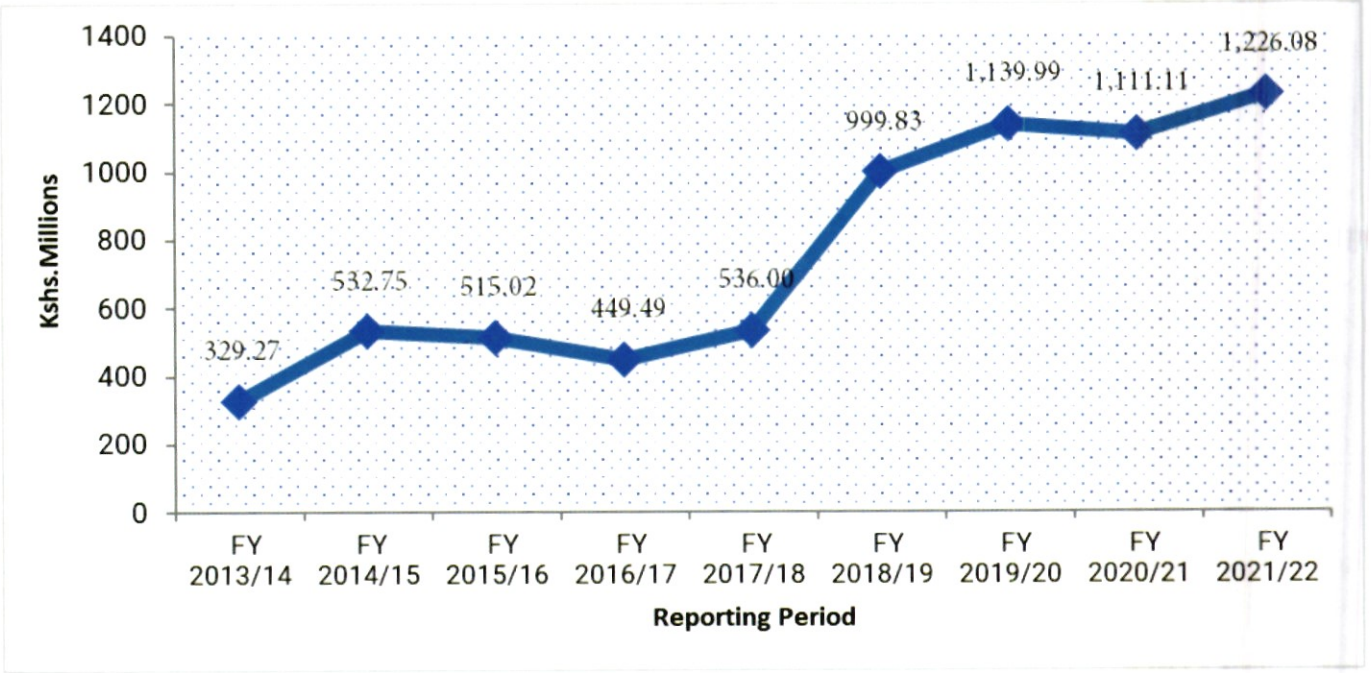
Table 3.69: County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,389,412,168	11,398,259,193	92.0
Sub Total		**12,389,412,168**	**11,398,259,193**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	1,600,000,000	1,226,076,737	76.6
2.	Conditional Grants	691,090,920	273,452,773	39.5
3.	Balance b/f from FY 2020/21	1,719,735,907	1,719,735,907	100.0
Sub Total		**4,010,826,827**	**3,216,765,416**	**80.2**
Grand Total		**16,400,238,995**	**14,617,524,609**	**89.1**

Source: *Kakamega County Treasury*

Figure 3.21 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.21 : Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Kakamega County Treasury*

In FY 2021/22, the County generated a total of Kshs. 1.23 billion as own-source revenue, which was 77 per cent of the annual target. This amount represented an increase of Kshs.10.3 per cent compared to Kshs.1.11 billion realised in FY 2020/21. The rise of OSR by 10.3 per cent can be attributed to the enforcement of revenue collection and revenue received from the disposal of County Assets amounting to Kshs.32 million.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.12.68 billion from the CRF account during the reporting period. The amount comprised of Kshs. 4.55 billion (32.61 per cent) for development programmes and Kshs.9.41 billion (67.39 per cent) for recurrent programmes, as shown in Table 2

3.11.4 Overall Expenditure Review

The County spent Kshs.13.85 billion during the reporting period on development and recurrent programmes. This expenditure represented 99.3 per cent of the total funds released by the CoB and comprised of Kshs.4.55 billion and Kshs.9.41 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 73.4 per cent, while recurrent expenditure represented 91.2 per cent of the annual recurrent expenditure budget.

3.11.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.1.32 billion for the County Executive, as shown in Table 3.70

Table 3.70: Progress on Settlement of Pending Bills as of 30th June, 2022

Outstanding Pending Bills as of 30 June 2022			
Budget Classification	**County Executive**	**County Assembly**	**Total**
Development Expenditure	905,741,027	-	905,741,027
Recurrent Expenditure	416,489,058	-	416,489,058
Total Pending Bills	**1,322,230,085**	-	**1,322,230,085**

Source: *Kakamega County Treasury*

The outstanding pending bills as of 30th June 2022 amounted to Kshs.1.32 billion.

3.11.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.24 billion on employee compensation, Kshs.2.79 billion on operations and maintenance, and Kshs.4.55 billion on development activities. Similarly, the County Assembly spent Kshs.642.04 million on employee compensation and Kshs.635.56 million on operations and maintenance, as shown in Table 3.71

Table 3.71: 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	**8,923,334,051**	**1,278,878,607**	**8,030,254,609**	**1,277,606,765**	**90.0**	**99.9**
Compensation to Employees	5,317,798,562	668,590,425	5,239,134,981	642,043,137	98.5	96.0
Operations and Maintenance	3,605,535,489	610,288,182	2,791,119,628	635,563,628	77.4	104.1
Development Expenditure	**6,198,026,337**	-	**4,550,517,235**	-	**73.4**	-
Total	**15,121,360,388**	**1,278,878,607**	**12,580,771,844**	**1,277,606,765**	**83.2**	**99.9**

Source: *Kakamega County Treasury*

3.11.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 40.2 per cent of the annual realised revenue of Kshs.14.62 billion.

Personnel emoluments amounting to Kshs.4.85 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.392.72 million was paid through a manual payroll. The manual payroll accounted for 7.5 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

Given that Government policy is that salaries should be processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.5.24 billion for County Executive includes Kshs.2.8 billion is attributable to the health sector, which translates to 53.5 per cent of the total wage bill in the reporting period.

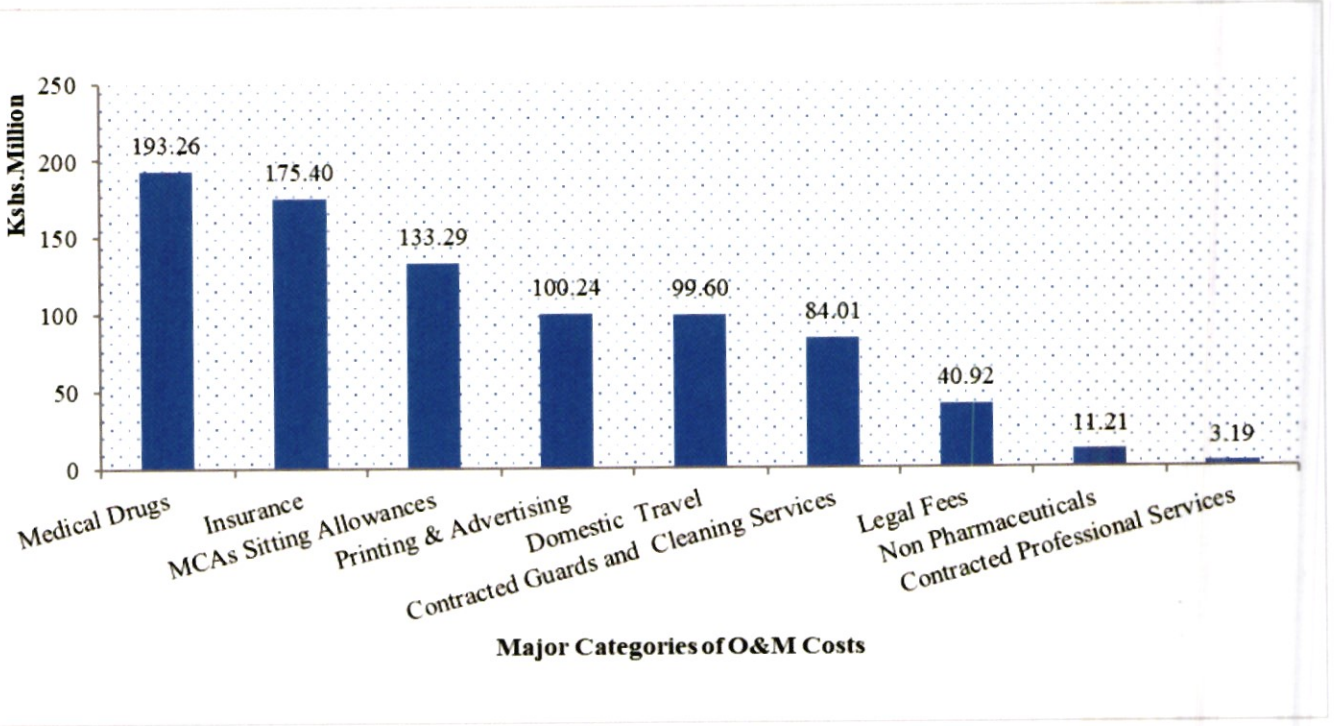
3.11.8 County Established Funds

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.50 million to the Emergency Fund in FY 2021/22. The report by the Fund Administrator showed that the Emergency Fund had an expenditure of Kshs.25.05 million in the FY 2021/22.

3.11.9 Expenditure on Operations and Maintenance

Figure 3.22 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.22: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: *Kakamega County Treasury*

The County spent Kshs.133.29 million on committee sitting allowances for the 90 MCAs and Speaker against the annual budget allocation of Kshs.133.29 million. The average monthly sitting allowance was Kshs.123,415 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.99.6 million and comprised of Kshs.25.2 million spent by the County Assembly and Kshs.74.4 million by the County Executive.

3.11.10 Development Expenditure

The County incurred an expenditure of Kshs.4.55 billion on development programmes, which represented a decrease of 1.3 per cent compared to FY 2020/21 when the County spent Kshs.4.61 billion. Table 3.72 summarises development projects with the highest expenditure in the reporting period.

Table 3.72: Kakamega County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Contract sum (Kshs.)	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Maintainance of Makhwabuye-Malava road	Malava	4,199,965	4,199,965	4,130,366	98.0
2	Construction of road projects in Matungu (10KM per ward)	Matungu	40,499,544	40,499,544	40,499,514	100.0
3	Supply, installation, testing and commissioning of 30M monopole high mast at Koromatangi, Tea-Zone and Kefinco Area	Lurambi	14,871,665	14,871,665	14,871,665	100.0
4	Construction of Roads projects under the 10km per ward programme in Khwisero sub-county LOT 5	Khwisero	20,541,860	20,541,860	20,518,363	100.0

S/No.	Project Name	Location	Contract sum (Kshs.)	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
5	Construction of roads under 10km per ward programme in Shinyalu sub county LOT 7	Shinyalu	13,477,692	13,477,692	13,477,653	100.0
6	Construction of roads under 10km per ward programme in Ikolomani sub county LOT 6	Ikolomani	19,403,320	19,403,320	19,400,536	100.0
7	Construction of roads under 10km per ward programme in Shinyalu sub-county	Shinyalu	13,477,692	13,477,692	13,477,653	100.0
8	Construction of Itumbu ECDE Centre	Lugari	3,395,107	1,204,157	3,394,323	100.0
9	Construction of Lurambi ECDE Centre	Lurambi	3,426,107	1,390,563	3,422,498	99.9
10	Construction of Shisesia ECDE Centre	Ikolomani	3,314,329	970,712	3,301,617	99.6
11	Construction of Ebutobe ECDE Centre	Mumias West	3,479,884	912,862	3,479,884	100.0
12	Construction of 2 No. Classrooms and staffroom at Binyenya CP	Likuyani	3,740,000	3,740,000	3,740,000	100.0
13	Construction of 3 No. Classrooms at Musambaa CP	Matungu	3,739,060	1,597,950	3,739,060	100.0
14	Bukhungu Stadium Construction	Lurambi	3,240,001,303	525,000,000	424,401,820	81.0

Source: *Kakamega County Treasury*

3.11.11 Budget Performance by Department

Table 3.73 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.73: Kakamega 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	65.02	1,300.90	56.07	989.65	46.93	989.65	83.7	100.0	72.2	76.1
Trade, Tourism and Industrialization	46.66	147.00	11.77	90.14	28.27	90.14	240.1	100.0	60.6	61.3
County Assembly	1,278.88	-	1,278.88	-	1,277.61	-	99.9	-	99.9	-
Office of the Governor	220.29	3.00	143.27	1.46	175.53	-	122.5	-	79.7	-
Education, Science & Technology	380.92	313.65	369.48	181.85	375.24	181.85	101.6	100.0	98.5	58.0
Environment and Natural Resources	32.12	478.71	11.92	360.68	23.76	360.68	199.3	100.0	74.0	75.3
Finance, Economic Planning & ICT	386.75	71.00	236.82	12.28	322.06	23.66	136.0	192.7	83.3	33.3
Information Communication and Technology (ICT)	19.09	69.28	15.63	57.51	13.72	57.51	87.7	100.0	71.9	83.0
Public Service	5,901.22	182.13	5,698.86	143.81	5,718.52	143.81	100.3	100.0	96.9	79.0

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
County Public Service Board	19.26	-	13.10	-	19.25	-	146.9	-	100.0	-
Health Services	1,239.10	856.72	1,217.37	811.90	956.41	801.90	78.6	98.8	77.2	93.6
Lands, Physical Planning, Housing and Urban Development	180.01	693.52	122.47	308.66	119.68	308.66	97.7	100.0	66.5	44.5
Social Services, Youth and Sports	83.90	640.00	28.30	626.03	57.72	626.03	204.0	100.0	68.8	97.8
Roads, Transport and Public Works	349.00	1,442.11	201.23	966.63	173.18	966.63	86.1	100.0	49.6	67.0
TOTAL	**10,202.21**	**6,198.03**	**9,405.19**	**4,550.60**	**9,307.86**	**4,550.52**	**99.0**	**100.0**	**91.2**	**73.4**

Source: *Kakamega County Treasury*

Analysis of expenditure by department shows that the Department of Social Services, Youth and Sports recorded the highest absorption rate of development budget at 97.8 per cent, followed by the Department of Health Services at 93.6 per cent. The Department of Education, Science & Technology had the highest percentage of recurrent expenditure to budget at 98.5 per cent, while the Department of Roads, Transport and Public Works had the lowest at 49.6 per cent.

3.11.12 Budget Execution by Programmes and Sub-Programmes

Table 3.74 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.74: Kakamega County, Budget Execution by Programmes and Sub-programmes Budget Execution by Program and Sub-Programmes - County Executives: Development Expenditure

Program	Description	Approved Budget Estimates (Kshs.)	Actual Expenditure (Kshs.)	Budget utilisation difference (Kshs.)	Absorption Rate (%)
101004810	**Livestock development**	**196,500,000**	**72,584,779**	**123,915,221**	36.9
	Dairy Development	55,000,000	52,068,767	**2,931,233**	94.7
	Poultry development	5,000,000	-	**5,000,000**	-
	Livestock disease and pest prevention	15,000,000	13,084,675	**1,915,325**	87.2
	Livestock Market Infrastructure Improvement	21,500,000	7,431,337	**14,068,663**	34.6
102004810	**Fish Farming Productivity Programme**	**50,000,000**	**51,441,477**	**(1,441,477)**	102.9
	Promotion of Fish Farming	50,000,000	51,441,477	**(1,441,477)**	102.9
103004810	**Crop Production and Management Services**	**1,117,263,588**	**837,171,026**	**280,092,562**	74.9
	Cash crop development	4,000,000	2,364,700	**1,635,300**	59.1
	Food crop production	702,889,731	668,863,927	**34,025,804**	95.2
	Crop pest and disease management	7,000,000	3,086,000	**3,914,000**	44.1
	Agricultural Extension and Research	403,373,857	162,856,399	**240,517,458**	40.4
105004810	**Agricultural Extension and Research**	**10,000,000**	**9,849,038**	**150,962**	98.5
	Training and demonstration	10,000,000	9,849,038	**150,962**	98.5
106004810	**Cooperative Development**	**20,000,000**	**18,600,000**	**1,400,000**	93.0
	Marketing and value addition	20,000,000	18,600,000	**1,400,000**	93.0
107004810	**Land Management Services**	**90,300,000**	**68,672,515**	**21,627,485**	76.0
	Land use policy and planning	70,000,000	55,204,859	**14,795,141**	78.9
	Land Administration and Planning	9,500,000	2,757,014	**6,742,986**	29.0

Program	Description	Approved Budget Estimates (Kshs.)	Actual Expenditure (Kshs.)	Budget utilisation difference (Kshs.)	Absorption Rate (%)
	Survey Services	10,800,000	10,710,642	**89,358**	99.2
108004810	**Housing Management Services**	**163,500,000**	**13,173,543**	**150,326,457**	8.1
	Housing Infrastructure development	13,500,000	13,173,543	**326,457**	97.6
	Slum Upgrading	150,000,000	-	**150,000,000**	-
110004810	**Urban Development Service**	**439,723,425**	**338,379,520**	**101,343,905**	77.0
	Urban Infrastructure Services	381,723,425	278,476,826	**103,246,599**	73.0
	Social Amenities and Sanitary Services	58,000,000	59,902,694	**(1,902,694)**	103.3
201004810	**Road Infrastructure Development**	**1,352,106,752**	**950,187,492**	**401,919,260**	70.3
	Road Maintenance	158,035,792	108,679,813	**49,355,979**	68.8
	Bridges Culverts Construction	34,070,960	51,040,711	**(16,969,751)**	149.8
	Road construction	1,160,000,000	790,466,968	**369,533,032**	68.1
203004810	**Energy Reticulation**	**50,000,000**	**16,439,376**	**33,560,624**	32.9
	Electrification.	20,000,000	14,871,665	**5,128,335**	74.4
	Renewable Energy	30,000,000	1,567,711	**28,432,289**	5.2
307004810	**Trade Development and Investment**	**113,500,000**	**73,885,005**	**39,614,995**	65.1
	Modern Market infrastructure development	113,500,000	73,885,005	**39,614,995**	65.1
309004810	**Industrial development and investment**	**33,500,000**	**19,999,880**	**13,500,120**	59.7
	Industrial Development and Promotion	33,500,000	19,999,880	**13,500,120**	59.7
401004810	**Preventive and promotive services**	**84,000,000**	**50,000,000**	**34,000,000**	59.5
	Maternal and child healthcare promotion	84,000,000	50,000,000	**34,000,000**	59.5
402004810	**Promotion of Curative health services**	**772,724,270**	**597,059,220**	**175,665,050**	77.3
	Health Infrastructure Development	653,724,270	509,217,770	**144,506,500**	77.9
	Primary medical health services	98,000,000	84,728,750	**13,271,250**	86.5
	Blood Transfusion Services	21,000,000	3,112,700	**17,887,300**	14.8
503004810	**Vocational Education and Training development**	**79,551,307**	**37,978,472**	**41,572,835**	47.7
	Polytechnic Support and Development	79,551,307	37,978,472	**41,572,835**	47.7
	Training Promotion and Development	-	-	-	-
504004810	**Early Childhood Development Education (ECDE)**	**226,100,000**	**147,071,274**	**79,028,726**	65.0
	ECD Infrastructure Development	226,100,000	147,071,274	**79,028,726**	65.0
	Childcare and development	-	-	-	-
505004810	**Education Support Programme**	**8,000,000**	**4,528,319**	**3,471,681**	56.6
	Non-Tertiary Education Support	8,000,000	4,528,319	**3,471,681**	56.6
506004810	**Polytechnic Improvement**	-	-	-	-
	Polytechnic Tuition Subsidy	-	-	-	-
704004810	**Support, Coordination and Advisory Services**	-	-	-	-
	Legal Services	-	-	-	-
705004810	**Information and communication services**	**124,280,640**	**74,991,267**	**49,289,373**	60.3
	Information and communication services	124,280,640	74,991,267	**49,289,373**	60.3
709004810	**Support, Coordination and Advisory services**	-	-	-	-
	Support and Advisory services	-	-	-	-
	County Internal Audit services	-	-	-	-
710004810	**County Assembly Services**	**40,000,000**	-	-	-
	Oversight services	40,000,000	-	-	-
712004810	**County Public service and Administrative services**	**182,128,447**	**160,741,386**	**21,387,061**	88.3
	County Administration	146,528,447	136,469,195	**10,059,252**	93.1
	Human Resource Management	35,600,000	24,272,191	**11,327,809**	68.2

Program	Description	Approved Budget Estimates (Kshs.)	Actual Expenditure (Kshs.)	Budget utilisation difference (Kshs.)	Absorption Rate (%)
718004810	**Investment promotion**	**19,000,000**	**8,720,000**	**10,280,000**	45.9
	Investment promotion	19,000,000	8,720,000	**10,280,000**	45.9
901004810	**Administration, Planning and Support services**	**7,140,370**	**4,800,979**	**2,339,391**	67.2
	Administrative Services	7,140,370	4,800,979	**2,339,391**	67.2
902004810	**Culture and Arts Development**	**11,600,000**	**6,593,593**	**5,006,407**	56.8
	Culture and Heritage Conservation	11,600,000	6,593,593	**5,006,407**	56.8
903004810	**Management And Development Of Sports And Sports Facilities**	**512,400,000**	**526,310,484**	**(13,910,484)**	102.7
	Development of Sports facilities	507,180,000	506,452,468	**727,532**	99.9
	Promotion and Development of Sports and Talent	5,220,000	19,858,016	**(14,638,016)**	380.4
904004810	**Youth & Gender Development And Promotion Services**	**11,000,000**	**24,969,295**	**(13,969,295)**	227.0
	Youth, Disability and Gender Empowerment and mainstreaming	11,000,000	24,969,295	**(13,969,295)**	227.0
906004810	**Social Development And Promotions**	**105,000,000**	**103,911,959**	**1,088,041**	99.0
	Social Development and Social Protection	105,000,000	103,911,959	**1,088,041**	99.0
1005004810	**Natural Resource Management**	**26,000,000**	**9,836,984**	**16,163,016**	37.8
	Afforestation and Re-afforestation	10,000,000	7,736,984	**2,263,016**	77.4
	Protection of natural resources and environmental processes	16,000,000	2,100,000	**13,900,000**	13.1
1006004810	**Water and Sanitation Services**	**385,707,538**	**311,360,671**	**74,346,867**	80.7
	Water Resource Supply and management	385,707,538	311,360,671	**74,346,867**	80.7
1007004810	**Environmental conservation**	**67,000,000**	**1,788,000**	**65,212,000**	2.7
	Environmental Protection	-	1,788,000	**(1,788,000)**	-
	Climate Change management	67,000,000	-	**67,000,000**	-
	Grand Total	**6,304,026,337**	**4,550,517,234**	**1,753,509,103**	**72.2**

101004810		**Livestock development**	**34,365,330**	**30,167,630**	**4,197,700**	87.8
	101014810	Dairy Development	26,883,753	25,857,787	1,025,966	96.2
	101034810	Livestock disease and pest prevention	7,481,577	4,309,843	3,171,734	57.6
102004810		**Fish Farming Productivity Programme**	-	**136,980**	**(136,980)**	-
	102024810	Promotion of Fish Farming	-	136,980	(136,980)	-
103004810		**Crop Production and Management Services**	**20,953,131**	**18,230,679**	**2,722,452**	87.0
	103024810	Food crop production	20,953,131	18,230,679	2,722,452	87.0
105004810		**Agricultural Extension and Research**	**3,033,093**	-	3,033,093	0.0
	105014810	Training and demonstration	3,033,093	-	3,033,093	0.0
106004810		**Cooperative Development**	**4,716,912**	**4,220,823**	**496,090**	89.5
	106014810	Marketing and value addition	4,716,912	4,220,823	496,090	89.5
107004810		**Land Management Services**	**30,468,630**	**20,640,235**	**9,828,395**	67.7
	107014810	Land use policy and planning	2,007,424	1,207,688	799,736	60.2
	107024810	Land Administration and Planning	24,867,735	16,899,819	7,967,916	68.0
	107034810	Survey Services	3,593,471	2,532,728	1,060,743	70.5
108004810		**Housing Management Services**	**2,435,861**	**2,202,558**	**233,303**	90.4
	108014810	Housing Infrastructure development	2,435,861	2,202,558	233,303	90.4

110004810		**Urban Development Service**	**147,108,945**	**117,976,800**	**29,132,145**	80.2
	110024810	Social Amenities and Sanitary Services	147,108,945	117,976,800	29,132,145	80.2
120004810		**Irrigation and Drainage Development**	**1,953,780**	**853,770**	**1,100,010**	43.7
	120014810	Small Holder Irrigation and Drainage	1,953,780	853,770	1,100,010	43.7
201004810		**Road Infrastructure Development**	**344,693,389**	**38,501,034**	**306,192,355**	11.2
	201034810	Road construction	344,693,389	38,501,034	306,192,355	11.2
204004810		**Public works Management**	**4,303,173**	**2,728,579**	**1,574,594**	63.4
	204014810	Public works Management	4,303,173	2,728,579	1,574,594	63.4
304004810		**Promotion of tourism and marketing**	**18,515,200**	**6,475,911**	**12,039,289**	35.0
	304014810	Promotion of tourism and marketing	18,515,200	6,475,911	12,039,289	35.0
306004810		**Administration, Planning and support services**	**10,974,400**	**7,882,628**	**3,091,772**	71.8
	306014810	Administration Support Services	10,974,400	7,882,628	3,091,772	71.8
307004810		**Trade Development and Investment**	**12,002,400**	**7,446,539**	**4,555,861**	62.0
	307014810	Modern Market infrastructure development	3,936,800	3,446,539	490,261	87.5
	307024810	Micro and small enterprises development	8,065,600	4,000,000	4,065,600	49.6
309004810		**Industrial development and investment**	**5,164,200**	**5,212,273**	**(48,073)**	100.9
	309014810	Industrial Development and Promotion	5,164,200	5,212,273	(48,073)	100.9
401004810		**Preventive and promotive services**	**119,600,000**	**96,004,533**	**23,595,467**	80.3
	401024810	Community Health Strategy	105,900,000	88,264,026	17,635,974	83.3
	401034810	Diseases surveillance & Emergency response	5,400,000	2,359,960	3,040,040	43.7
	401044810	Nutrition service Promotion	600,000	450,000	150,000	75.0
	401054810	HIV /AIDS Control	1,200,000	782,500	417,500	65.2
	401064810	Maternal and child healthcare promotion	2,400,000	1,331,850	1,068,150	55.5
	401074810	TB Control	1,200,000	1,079,000	121,000	89.9
	401084810	Malaria control	1,400,000	221,317	1,178,683	15.8
	401094810	Promotion of family planning	1,500,000	1,515,880	(15,880)	101.1
402004810		**Promotion of Curative health services**	**1,071,110,461**	**968,740,465**	**102,369,996**	90.4
	402024810	Primary medical health services	1,071,110,461	968,740,465	102,369,996	90.4
403004810		**General Administrative and Support services**	**48,389,187**	**30,794,798**	**17,594,389**	63.6
	403014810	Administrative and Human Resources management	35,289,187	18,884,368	16,404,819	53.5
	403024810	Disability mainstreaming	480,000	206,470	273,530	43.0
	403034810	Health Data and Information Management	12,620,000	11,703,960	916,040	92.7
503004810		**Vocational Education and Training development**	**133,488,461**	**132,294,739**	**1,193,723**	99.1

	503014810	Polytechnic Support and Development	133,488,461	132,294,739	1,193,723	99.1
504004810		**Early Childhood Development Education (ECDE)**	**69,340,556**	**68,029,661**	**1,310,896**	98.1
	504024810	Childcare and development	69,340,556	68,029,661	1,310,896	98.1
505004810		**Education Support Programme**	**178,087,166**	**172,997,875**	**5,089,291**	97.1
	505024810	Non-Tertiary Education Support	178,087,166	172,997,875	5,089,291	97.1
703004810		**Management and administration of County Functions**	**139,098,846**	**129,885,702**	**9,213,144**	93.4
	703024810	County executive services	139,098,846	129,885,702	9,213,144	93.4
704004810		**Support, Coordination and Advisory Services**	**33,475,703**	**4,654,812**	**28,820,891**	13.9
	704014810	Legal Services	33,475,703	4,654,812	28,820,891	13.9
705004810		**Information and communication services**	**19,088,761**	**15,274,858**	**3,813,903**	80.0
	705014810	Information and communication services	19,088,761	15,274,858	3,813,903	80.0
706004810		**Economic and policy formulation and management planning**	**52,135,029**	**44,036,348**	**8,098,682**	84.5
	706014810	Economic policy formulation	52,135,029	44,036,348	8,098,682	84.5
707004810		**Public finance management**	**279,924,495**	**225,295,027**	**54,629,468**	80.5
	707014810	Accounting and Financial services	65,468,500	55,298,230	10,170,270	84.5
	707024810	Financial Accounting and Reporting	133,174,580	97,797,207	35,377,373	73.4
	707034810	Budget Formulation and management	77,568,479	69,041,671	8,526,808	89.0
	707044810	Procurement services	3,712,936	3,157,919	555,017	85.1
709004810		**Support, Coordination and Advisory services**	**53,575,952**	**43,973,173**	**9,602,780**	82.1
	709014810	Support and Advisory services	43,985,211	37,288,515	6,696,696	84.8
	709024810	County Internal Audit services	9,590,741	6,684,658	2,906,083	69.7
712004810		**County Public service and Administrative services**	**5,910,194,180**	**5,698,863,823**	**211,330,357**	96.4
	712014810	County Administration	382,781,752	297,173,469	85,608,283	77.6
	712024810	Human Resource Management	5,527,412,428	5,401,690,354	125,722,074	97.7
713004810		**General Administration and Support services**	**35,391,320**	**32,590,780**	**2,800,540**	92.1
	713014810	Administrative Services	35,391,320	32,590,780	2,800,540	92.1
716004810		**Alcoholics and Drinks Control**	**4,425,328**	**2,490,248**	**1,935,080**	56.3
	716014810	Alcohol and Drug Rehabilitation Program	4,425,328	2,490,248	1,935,080	56.3
718004810		**Investment promotion**	**19,300,965**	**13,244,231**	**6,056,734**	68.6
	718014810	Investment promotion	19,300,965	13,244,231	6,056,734	68.6
901004810		**Administration, Planning and Support services**	**25,843,858**	**18,890,989**	**6,952,869**	73.1
	901014810	Administrative Services	25,843,858	18,890,989	6,952,869	73.1
902004810		**Culture and Arts Development**	**11,090,000**	**10,113,607**	**976,393**	91.2

	902014810	Culture and Heritage Conservation	11,090,000	10,113,607	976,393	91.2
903004810		**Management And Development Of Sports And Sports Facilities**	**30,140,000**	**20,098,196**	**10,041,804**	66.7
	903024810	Promotion and Development of Sports and Talent	30,140,000	20,098,196	10,041,804	66.7
904004810		**Youth & Gender Development And Promotion Services**	**3,528,000**	**3,169,880**	**358,120**	89.8
	904014810	Youth, Disability and Gender Empowerment and mainstreaming	3,528,000	3,169,880	358,120	89.8
906004810		**Social Development And Promotions**	**12,100,600**	**9,402,033**	**2,698,567**	77.7
	906014810	Social Development and Social Protection	8,440,600	6,689,850	1,750,750	79.3
	906024810	Child welfare Services	3,660,000	2,712,183	947,817	74.1
908004810		**Development of Library services**	**1,200,000**	**669,361**	**530,639**	55.8
	908014810	Library services	1,200,000	669,361	530,639	55.8
1005004810		**Natural Resource Management**	**9,727,459**	**7,040,906**	**2,686,553**	72.4
	1005014810	Afforestation and Re-afforestation	7,235,983	5,094,350	2,141,633	70.4
	1005024810	Protection of natural resources and environmental processes	2,491,476	1,946,556	544,920	78.1
1006004810		**Water and Sanitation Services**	**15,237,354**	**12,296,015**	**2,941,339**	80.7
	1006014810	Water Resource Supply and management	15,237,354	12,296,015	2,941,339	80.7
1007004810		**Environmental conservation**	**7,151,926**	**5,454,269**	**1,697,657**	76.3
	1007014810	Environmental Protection	7,151,926	5,454,269	1,697,657	76.3
		County Assembly Services	**1,278,878,607**	**1,278,878,607**	-	100.0
		County Assembly Services	1,278,878,607	1,278,878,607	-	100.0
		Grand Total	**10,202,212,658**	**9,307,861,374**	**894,351,285**	**91.2**

Source: *Kakamega County Treasury*

Programmes which had actual expenditure above the approved budget allocation were: Youth & Gender Development and Promotion Services at 227.0 per cent, Fish Farming Productivity Programme at 102.9 per cent, Management and Development of Sports and Sports Facilities at 102.7 per cent, and Industrial development and investment at 100.9 per cent of budget allocation. The absorption rate above 100 per cent is irregular and indicates a diversion of funds.

3.11.13 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. A high wage bill, which accounted for 40.2 per cent of the annual realised revenue of Kshs.14.62 billion in FY 2021/22, thus constraining funding to other programmes.
2. Failure to refund unspent balances from the previous financial year to the County Revenue Fund Contrary to Section 136 of the PFM Act, 2012. The County spent the cash balance at source during the reporting period, which indicates non-adherence to policy, as shown in Table 6.
3. High level of pending bills which amounted to Kshs.1.32 billion as of 30th June 2022.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.392.72 million were processed through the manual payroll and accounted for 7.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
5. The underperformance of own-source revenue at Kshs.1.23 billion against an annual projection of Kshs.1.6 billion, representing 76.6 per cent of the annual target.

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

1. *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.*
2. *The County Treasury should ensure all unspent funds are refunded to the County Revenue Fund in line with Section 136 of the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
5. *The County should devise and implement its own source revenue enhancement strategies to ensure the approved budget is fully financed.*

3.12 County Government of Kericho

3.12.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.8.40 billion, comprising Kshs.3.10 billion (36.9 per cent) and Kshs.5.30 billion (63.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.43 billion (76.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.842.64 million (10 per cent) from its sources of revenue, and use a cash balance of Kshs.389.24 million (3.2 per cent) from FY 2020/21. The County was also expected to receive Kshs.735.65 million (10.2 per cent) as conditional grants, which consisted of Kshs.12.92 million for the DANIDA fund, Kshs.43.11 million Agricultural Sector development support Fund (ASDSP II), Kshs.75.95 million Transformative health system (world bank), Kshs.175.96 million Kenya Devolution Support Project (world bank), Kshs.350 million Climate Smart Agriculture Project (world bank), Kshs.66.39 million Kenya Urban Support Program UDG (SIDA) and Kshs.11.32 million Climate Change Institutional Support (World Bank).

3.12.2 Revenue Performance

In FY 2021/22, the County received Kshs.5.92 billion as the equitable share of the revenue raised nationally, raised Kshs.566.82 million as own-source revenue, Kshs.481.75 million as conditional grants, and had a cash balance of Kshs.267.55 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.23 billion, as shown in Table 3.75

Table 3.75: Kericho County, Revenue Performance in FY 2021/22

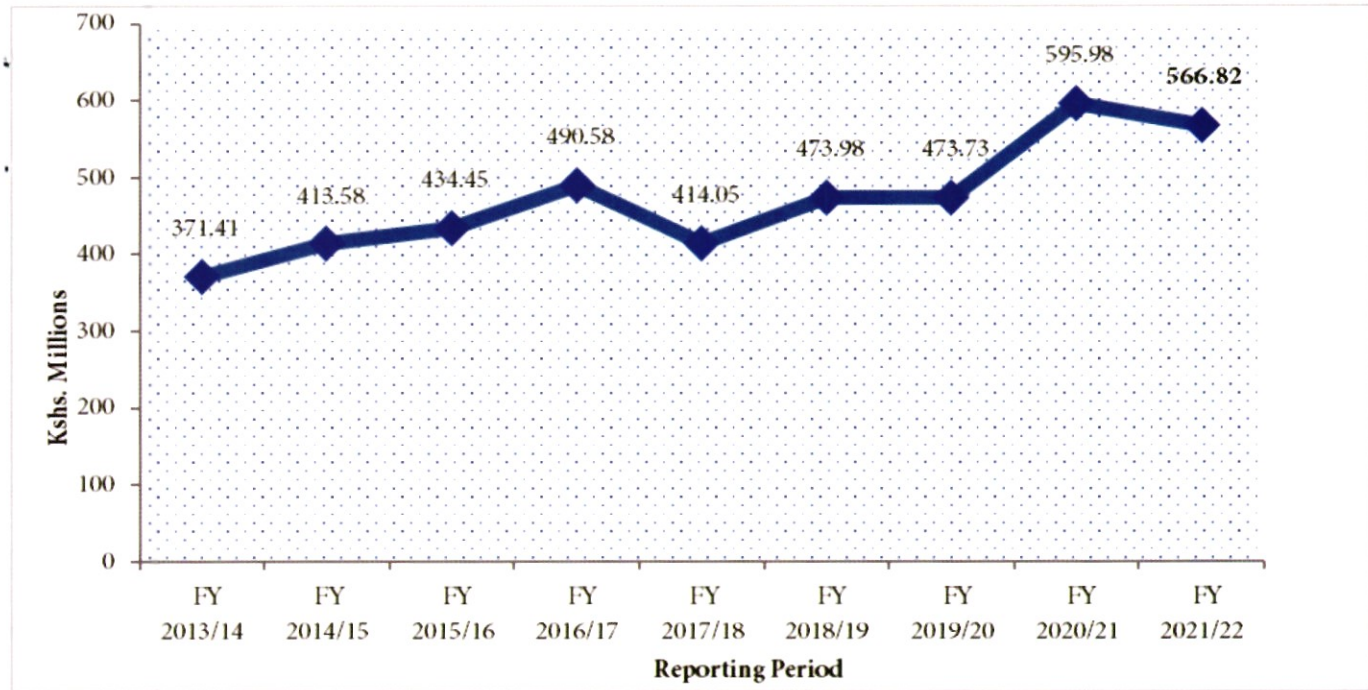
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	6,430,664,924	5,916,211,733	92.0
Sub Total		**6,430,664,924**	**5,916,211,733**	**92**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	842,636,240	566,821,704	67.3
2.	Conditional Grants	858,187,276	481,748,267	56.1
3.	Balance b/f from FY 2020/21	266,715,727	267,546,609	100.3
4.	Other Revenues	5,800,000	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub Total		1,973,339,244	1,316,116,580	66.7
Grand Total		8,404,004,168	7,232,328,313	86.1

Source: *Kericho County Treasury*

Figure 3.23 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.23: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Kericho County Treasury*

In FY 2021/22, the County generated a total of Kshs.566.82 million as own-source revenue. This amount represented a decrease of 4.9 per cent compared to Kshs.595.96 million realised in FY 2020/21 and was 67.3 per cent of the annual target. The County has implemented an automated OSR collection in partnership with Riverbank solutions.

3.12.3 Exchequer Issues

The Controller of Budget approved Kshs.7.16 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.12 billion (29.6 per cent) for development programmes and Kshs.5.04 billion (70.4 per cent) for recurrent programmes, as shown in Table 3.80.

3.12.4 Overall Expenditure Review

The County spent Kshs.6.88 billion on development and recurrent programmes during the reporting period. This expenditure represented 96 per cent of the total funds released by the CoB and comprised of Kshs.1.82 billion and Kshs.5.06 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 58.7 per cent, while recurrent expenditure represented 95.4 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.505.98 million for the County Executive, as shown in Table 3.76.

Table 3.76: Progress on Settlement of Pending Bills as of 30th June, 2022

Outstanding Pending Bills as of 30 June 2022 (Kshs.)			
Budget Classification	**County Executive**	**County Assembly**	**Total**
Development Expenditure	440,587,000		440,587,000
Recurrent Expenditure	65,391,000		65,391,000
Total Pending Bills	**505,978,000**	-	**505,978,000**

Source: *Kericho County Treasury*

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.68 billion on employee compensation, Kshs.1.64 billion on operations and maintenance, and Kshs.1.82 billion on development activities. Similarly, the County Assembly spent Kshs.338.89 million on employee compensation, Kshs.389.89 million on operations and maintenance, and Kshs.1.60 million on development activities, as shown in Table 3.77

Table 3.77: 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	**4,570,902,648**	**728,813,928**	**4,329,204,534**	**728,772,181**	**94.7**	**100.0**
Compensation to Employees	2,683,247,268	338,889,298	2,682,618,090	338,889,298	100.0	100.0
Operations and Maintenance	1,887,655,381	389,924,630	1,646,586,445	389,882,883	87.2	100.0
Development Expenditure	**3,085,305,663**	**18,981,929**	**1,821,035,216**	**1,608,763**	**59.0**	**8.5**
Total	**7,656,208,311**	**747,795,857**	**6,150,239,750**	**730,380,944**	**80.3**	**97.7**

Source: *Kericho County Treasury*

3.12.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 41.8 per cent of the annual realised revenue of Kshs.7.23 billion.

Personnel emoluments amounting to Kshs.2.59 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.430 million was processed through a manual payroll. The manual payroll accounted for 4.2 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.02 billion includes Kshs.1.73 billion attributable to the health sector, which translates to 57.3 per cent of the total wage bill in the reporting period.

3.12.8 County Established Funds

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 Ksh.129.58 million to county-established funds in FY 2021/22, which constituted 1.5 per cent of the County's overall budget for the year. Table 3.78 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.78: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	County Emergency Fund	22,000,000	-	No	0
2.	Executive Car Loan and Mortgage	4,000,000	-	No	0
3.	Kericho County Assembly Car Loan and Mortgage	15,000,000	-	No	0
4.	Bursary Fund	88,579,000	80,819,000	Yes	100
Total		**129,579,000**	**80,819,000**		**62.37**

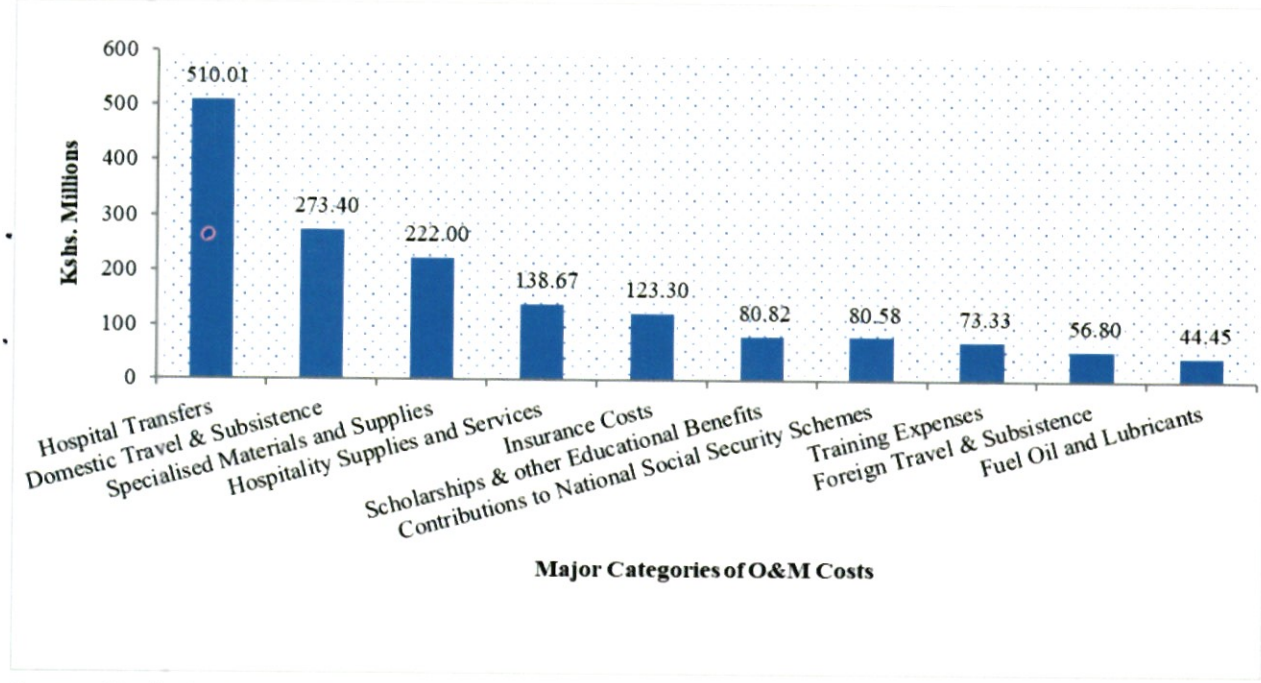
Source: *Kericho County Treasury*

The OCoB received quarterly financial returns from only the Fund Administrator of the Bursary funds, as indicated in Table 3.78.

3.12.9 Expenditure on Operations and Maintenance

Figure 3.24 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.24: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: *Kericho County Treasury*

The County Assembly spent Kshs.46 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.46 million. The average monthly sitting allowance was Kshs.79,866 per MCA. The County Assembly has established 14 Committees.

During the period, expenditure on domestic travel amounted to Kshs.273.39 million and comprised Kshs.135.85 million spent by the County Assembly and Kshs.137.54 million by the County Executive. The cost of foreign travel amounted to Kshs.56.80 million and consisted of Kshs.51.46 million by the County Assembly and Kshs.5.34 million by the County Executive.

3.12.10 Development Expenditure

The County incurred Kshs.1.82 billion on development programmes, representing a decrease of 2.1 per cent compared to FY 2020/21 when the County spent Kshs.1.86 billion. Table 3.79 summarises development projects with the highest expenditure in the reporting period.

Table 3.79: Kericho County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Lands, Housing & Physical Planning	Transfer of Municipality Funds		66,394,492	66,394,492	66,394,492	None	100	World Bank	Complete
Health Services	Supply and Delivery of 3 no fully Equipped Ambulances	Kericho County Referral Hospital	28,590,000	28,590,000	28,590,000	None	100	GoK	Complete
Water, Energy, Environment, Forestry and Natural Resources	Supply of Bulk Water to Bureti Sub-County	Bureti	25,000,000	35,000,000	25,000,000	None	71	GoK	Complete
Finance and Economic Planning	Rehabilitation and construction of Kimologit water supply	Kamasian	20,328,873	80,255,118	20,328,873	None	57	GoK	ONGOING
ICT, E-Government Sports and Youth Affairs	Other Infrastructure and civil works	County H/QS	13,718,117	15,656,672	13,718,117	None	88	GoK	ONGOING
Water, Energy, Environment, Forestry And Natural Resources	Construction of Kipkobob Water Supply Project	Chemosot Ward	11,868,160	11,868,160	11,868,160	None	100	GoK	Complete
Finance and Economic Planning	Proposed rehabilitation and construction of drainage and tarmacking of minor roads at Londiani town	Kedowa/ Kimugul Ward	11,364,185	41,867,445	11,364,185	None	84	GoK	ONGOING
Health Services	supply and delivery of medical equipment	Countywide	10,490,000	10,490,000	10,490,000	None	100	GoK	Complete

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Education, Culture and Social Services	Supply of learning materials	HQ	8,688,830	8,688,830	8,688,830	None	100	GoK	Completed

Source: *Kericho County Treasury*

3.12.11 Budget Performance by Department

Table 3.80 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.80: 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 Services	728.81	18.98	728.64	1.64	728.77	1.61	100.0	97.9	100.0	8.5
Public Service & Administration	368.74	22.85	338.46	14.99	338.46	14.99	100.0	100.0	91.8	65.6
Office of the Governor & Deputy governor	148.11	-	131.99	-	131.99	-	100.0	0.0	89.1	0.0
County Public Service Board	65.42	-	63.47	-	63.47	-	100.0	0.0	97.0	0.0
Finance & Economic Planning	295.46	552.38	259.89	250.63	259.89	148.24	100.0	59.1	88.0	26.8
Health Services	2,610.51	432.41	2,484.11	276.06	2,500.71	258.02	100.0	93.5	95.8	59.7
Agriculture, Livestock & Fisheries	166.54	485.91	162.84	220.85	162.84	117.56	100.0	53.2	97.8	24.2
Education, Youth Affairs, Culture & Social Services	411.07	111.19	398.38	86.17	398.38	86.17	100.0	100.0	96.9	77.5
Public Works, Roads & Transport	95.06	955.33	90.46	820.94	90.46	810.93	100.0	98.8	95.2	84.9
Trade, Industrialization, Tourism, Cooperative Management & Wildlife	73.96	54.96	70.82	41.70	70.82	41.70	100.0	100.0	95.8	75.9
Water, Energy, Natural Resources & Environment	165.71	305.09	151.50	282.12	151.50	282.12	100.0	100.0	91.4	92.5
Land, Housing & Physical Planning	104.10	137.31	99.45	105.32	99.45	38.93	100.0	37.0	95.5	28.3
Information, Communication & E-Government	66.22	27.88	61.23	22.38	61.23	22.38	100.0	100.0	92.5	80.3
Total	**3,104.29**	**5,041.25**	**2,122.81**	**5,057.98**	**1,822.64**	**3,104.29**	**100.3**	**85.9**	**95.4**	**58.7**

Source: *Kericho County Treasury*

Analysis of expenditure by department shows that the Department of Water, Energy and Natural Resources recorded the highest absorption rate of development budget at 92.5 per cent, followed by the Department of Public Works and roads at 84.9 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Finance and Economic Planning had the lowest at 88 per cent.

3.12.12 Budget Execution by Programmes and Sub-Programmes

Table 3.82 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.81 : Kericho County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
County Coordination Services	County Coordination Services	148,113,284	131,989,001	16,124,283	89.11
Public sector advisory services	Economic and Social Advisory Service	-	-	-	0.00
		148,113,284	**131,989,001**	**16,124,283**	89.11
DEPARTMENT: FINANCE AND ECONOMIC PLANNING					
Administration, Planning and Support Services.	Administration Services.	450,104,082	291,374,481	158,729,601	64.73
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	36,075,639	27,938,676	8,136,963	77.44
Public Finance Management	Budget Formulation coordination and management	350,511,676	138,580,782	211,930,894	39.54
Audit Services	County Audit	9,950,000	7,954,621	1,995,379	79.95
		846,641,397	**465,848,561**	**380,792,836**	55.02
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES					
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	37,452,435	24,305,274	13,147,161	64.90
Crop Development and Management	Agriculture Extension Services	544,127,994	213,426,554	330,701,440	39.22
Livestock Resource Management and Development	Livestock Disease Management and Control.	11,106,381	9,109,638	1,996,743	82.02
Livestock Resource Management and Development	Livestock Production and Extension Services	52,000,523	32,260,290	19,740,233	62.04
Fisheries development	Management and Development of Capture Fisheries	7,762,998	1,303,642	6,459,356	16.79
		652,450,331	**280,405,398**	**372,044,933**	42.98
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT					
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	175,418,651	151,499,095	23,919,556	86.36
Water supply services	Rural Water Supply	295,382,366	282,122,175	13,260,191	95.51
		470,801,017	**433,621,271**	**37,179,746**	92.10
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES					
General Administration & planning services.	Policy Development and Administration	272,251,091	257,879,672	14,371,419	94.72
Basic Education	Early Childhood Development Education	171,298,939	171,298,939	-	100.00
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	22,799,998	17,669,642	5,130,356	77.50
Youth development and empowerment services	Youth development (YP) Training	55,909,040	49,136,058	6,772,982	87.89

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
		522,259,068	**495,984,311**	**26,274,757**	94.97
DEPARTMENT: HEALTH SERVICES					
Curative Health	Administration and Planning	1,705,104,024	1,517,965,366	187,138,658	89.02
Curative Health	Hospital(curative)Services	-	-	-	-
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,337,816,607	1,258,315,337	79,501,270	94.06
		3,042,920,631	**2,776,280,703**	**266,639,928**	91.24
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING					
Administration and support services	General Administration and Planning	125,563,278	116,737,571	8,825,708	92.97
Housing Development and Human Resource	Housing Development	47,044,359	40,295,416	6,748,943	85.65
Land policy and planning	Development Planning and Land Reforms	63,900,008	41,634,313	22,265,695	65.16
Land policy and planning	Land Use Planning	6,102,443	6,102,443	0	100.00
		242,610,088	**204,769,742**	**37,840,346**	84.40
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT					
Transport Management and Safety	General Administration Planning and Support Services	83,550,000	79,669,543	3,880,457	95.36
Infrastructure, Roads and Transport	Rehabilitation of Road	950,728,395	867,652,024	83,076,371	91.26
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	16,106,317	10,791,534	5,314,783	67.00
		1,050,384,712	**958,113,101**	**92,271,611**	91.22
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT					
Trade development and investment	Fairtrade Practices and Consumer Protection (weight & measures)	73,835,176	69,111,447	4,723,729	93.60
Trade development and investment	Administrative and Support Services.	18,125,061	11,910,194	6,214,867	65.71
Cooperative development and management	Cooperative Advisory & Extension Services.	33,966,870	28,500,212	5,466,659	83.91
Tourism development and marketing	Local Tourism Development.	3,000,000	3,000,000	-	100.00
		128,927,107	**112,521,852**	**16,405,255**	87.28
DEPARTMENT: ICT AND E-GOVERNMENT					
Information & Communication Service	News and Information Services	66,216,581	61,227,089	4,989,492	92.46
Information & Communication Service	ICT and BPO development services	27,876,262	22,380,298	5,495,964	80.28
		94,092,843	**83,607,388**	**10,485,455**	88.86
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	65,415,254	63,465,850	1,949,405	97.02
		65,415,254	**63,465,850**	**1,949,405**	97.02
DEPARTMENT: PUBLIC SERVICE MANAGEMENT					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	306,029,266	282,903,455	23,125,811	92.44
Administration of Human Resources and Public Service	Human Resource Development	85,563,313	70,546,217	15,017,096	82.45
		391,592,579	**353,449,672**	**38,142,907**	90.26
DEPARTMENT: ASSEMBLY					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	432,648,856	432,647,536	432,647,536	100.00
Legislative Services		304,824,004	287,450,389	287,450,389	94.30
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	10,322,997	10,283,019	10,283,019	
		747,795,857	**730,380,944**	**730,380,944**	97.67
County Executive Grand Total		**8,404,004,168**	**6,880,260,694**	**1,523,743,474**	81.87

Source: *Kericho County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Early Child Development Education in the Department of Education at 100 per cent, administration of Human Resources and Public Service in the Department of Assembly at 100 per cent, land policy and planning in the Department of Lands and urban planning at 100 per cent, and administration of Human Resources and Public Service in the Department of Public service administration at 97.3 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 OCOB identified the following challenges which hampered effective budget implementation;

1. A high wage bill, which accounted for 41.8 per cent of the total realised revenue in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.566.82 million against an annual projection of Kshs. 842.63 million, representing 67.3 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 Emergency Fund and Mortgage and Car loan Fund reports were not submitted to the Controller of Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.430 million were processed through the manual payroll and accounted for 4.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
5. 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 03rd August 2022.

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

1. *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.*
2. *The County should address its 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 Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
5. *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.*

3.13 County Government of Kiambu

3.13.1 Overview of FY 2021/22 Budget

The County's approved first supplementary budget for FY 2021/22 was Kshs.17.51 billion, comprising Kshs.4.87 billion (27.8 per cent) and Kshs.12.64 billion (72.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.11.72 billion (66.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.4.29 billion (24.5 per cent) from its own sources of revenue, and use a cash balance of Kshs.870.69 million (5 per cent) from FY 2020/21. The County expected to also receive Kshs.589.24 million (3.4 per cent) as conditional grants, which consisted of Transforming Health Systems for Universal Care Project (WB) Kshs.11.43 million, National Agricultural and Rural Inclusive Growth Project (NAGRIP) Kshs.402.84 million, Kenya Devolution Support Project (KDSP) Level 2 Grant Kshs.73.73 million, DANIDA Grant Kshs.20.90 million, Sweden - Agricultural Sector Development Support Programme (ASDSP) II Kshs.30.34 million, and Kenya Informal Settlement Improvement Project (KISIP II) Kshs.50 million. The County also expects other revenues of Kshs.41.4 million (0.2 per cent), which include Kshs.26.40 million from the MSF Belium, and Nutrition International project Kshs.15 million.

3.13.2 Revenue Performance

In FY 2021/22, the County received Kshs.10.78 billion as the equitable share of the revenue raised nationally, raised Kshs.3.15 billion as own-source revenue, Kshs.298.98 million as conditional grants, and had a cash balance of Kshs.870.69 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.15.14 billion, as shown in Table 3.82

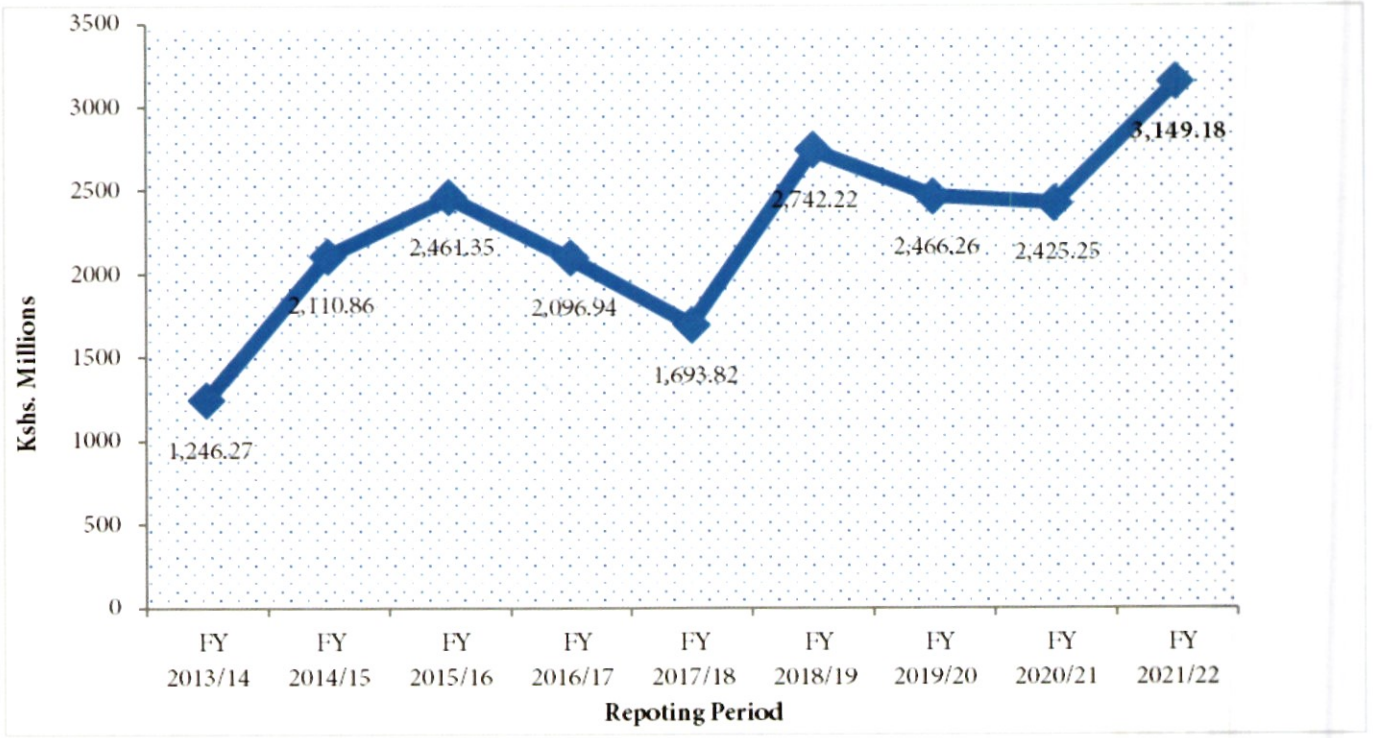
Table 3.82: Kiambu County, Revenue Performance in FY 2021/22

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**	**11,717,525,720**	10,780,123,663	92.0
Sub Total		**11,717,525,720**	**10,780,123,663**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	4,288,015,282	3,149,182,552	73.4
2.	Conditional Grants	589,239,254	298,984,800	50.7
3.	Balance b/f from FY 2020/21	870,686,826	870,686,826	100
4.	Other Revenues	41,400,000	41,616,128	100.5
Sub Total		**5,789,341,362**	**4,360,470,306**	**75.3**
Grand Total		**17,506,867,082**	**15,140,593,969**	**86.5**

Source: *Kiambu County Treasury*

Figure 3.25 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.25: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Kiambu County Treasury*

In FY 2021/22, the County generated a total of Kshs.3.15 billion as own-source revenue. This amount represented an increase of 29.8 per cent compared to Kshs.2.43 billion realised in FY 2020/21 and was 73.4 per cent of the annual target. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.371.68 million.

The County has implemented an automated revenue management system referred to Kiambu-Pay, which has been influential in the increase in revenue performance. Kiambu-Pay is a cashless payment method that has helped seal loopholes at sub-counties and hospitals, emphasising the maiprincipalvenue collection streams, e.g. physical planning, land rates, vehicle parking, hospital fees and single business permits etc. Furthermore, the creation of various task forces in supervising, analysing and reporting on revenue collection processes and public sensitisation on the importance of revenue payment, including reminders through sending of bulk SMS, has also contributed mainly to revenue collection efficiency.

3.13.3 Exchequer Issues

The Controller of Budget approved Kshs.14.60 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.2.25 million (15.4 per cent) for development programmes and Kshs.12.34 billion (84.6 per cent) for recurrent programmes, as shown in Table 3.87.

3.13.4 Overall Expenditure Review

The County spent Kshs.12.81 billion on development and recurrent programmes during the reporting period. This expenditure represented 87.8 per cent of the total funds released by the CoB and comprised of Kshs.2.89 billion and Kshs.9.92 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 59.3 per cent, while recurrent expenditure represented 78.5 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.5.73 billion and comprised of Kshs.3.54 billion for recurrent expenditure and Kshs.2.19 billion for development expenditure. During the period under review, pending bills amounting to Kshs.485.60 million were settled, consisting of Kshs.135.91 million for recurrent expenditure and Kshs.349.68 million for development programmes, as shown in Table 3.83

Table 3.83: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	3,541,915,204	135,914,794	3,406,001,410	242,028,721	3,648,030,131
Development Expenditure	2,190,115,616	349,683,303	1,840432,313	385,621,395	2,226,053,708
Total	**5,732,031,820**	**485,598,097**	**5,246,433,723**	**627,650,116**	**5,874,083,839**

Source: *Kiambu County Treasury*

The outstanding pending bills amounted to Kshs.5.87 billion as of 30th June 2022, including Kshs.627.65 million pending bills committed during the FY 2021/22. The unpaid pending bills as of 30th June 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.3.75 billion, out of which the County has settled bills amounting to Kshs.930.12 million, leaving a balance of Kshs.2.82 billion as of 30th June 2022.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.7.02 billion on employee compensation, Kshs.1.68 billion on operations and maintenance, and Kshs.2.87 billion on development activities. Similarly, the County Assembly spent Kshs.627.79 million on employee compensation, Kshs.603.92 million on operations and maintenance, and Kshs.15.68 million on development activities, as shown in Table 3.84

Table 3.84: 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	**11,229,189,503**	**1,408,021,994**	**8,692,273,646**	**1,231,708,016**	**77.4**	**87.5**
Compensation to Employees	7,895,529,419	646,014,863	7,015,138,232	627,792,526	88.8	97.2
Operations and Maintenance	3,333,658,084	762,007,131	1,677,135,414	603,915,490	50.3	79.3
Development Expenditure	**4,779,657,585**	**90,000,000**	**2,870,270,629**	**15,676,408**	**60.1**	**17.4**
Total	**16,008,845,088**	**1,498,021,994**	**11,562,544,275**	**1,247,384,424**	**72.2**	**83.3**

Source: *Kiambu County Treasury*

3.13.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 50.5 per cent of the annual realised revenue of Kshs.15.14 billion.

Personnel emoluments amounting to Kshs.6.85 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. At the same time, those paid through manual payroll, including casuals, were Kshs.776.11 million. The manual payroll accounted for 10 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.7.80 billion includes Kshs.3.96 billion attributable to the health sector, which translates to 55.9 per cent of the total wage bill in the reporting period.

3.13.8 County Established Funds

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 Ksh.484.30 million to county-established funds in FY 2021/22, constituting 2.8 per cent of the County's overall budget for the year. Table 3.85 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.85: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Kiambu County Assembly Car loan & Mortgage Scheme Fund	-	-	Yes	-
2.	Kiambu County Assembly Staff Mortgage Scheme Fund	50,000,000	-	Yes	-
3.	Kiambu Alcoholic Drinks Control Fund	31,300,000	23,210,000	Yes	74.2
4.	Kiambu County Education Bursary Fund	231,000,000	180,000,000	Yes	77.9
5.	Kiambu County Emergency Fund	30,000,000	-	Yes	-
6.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	-	-	Yes	-
7.	Kiambu County Jiinue Fund	142,000,000	-	Yes	-
	Total	**484,300,000**	**203,210,000**		**42.0**

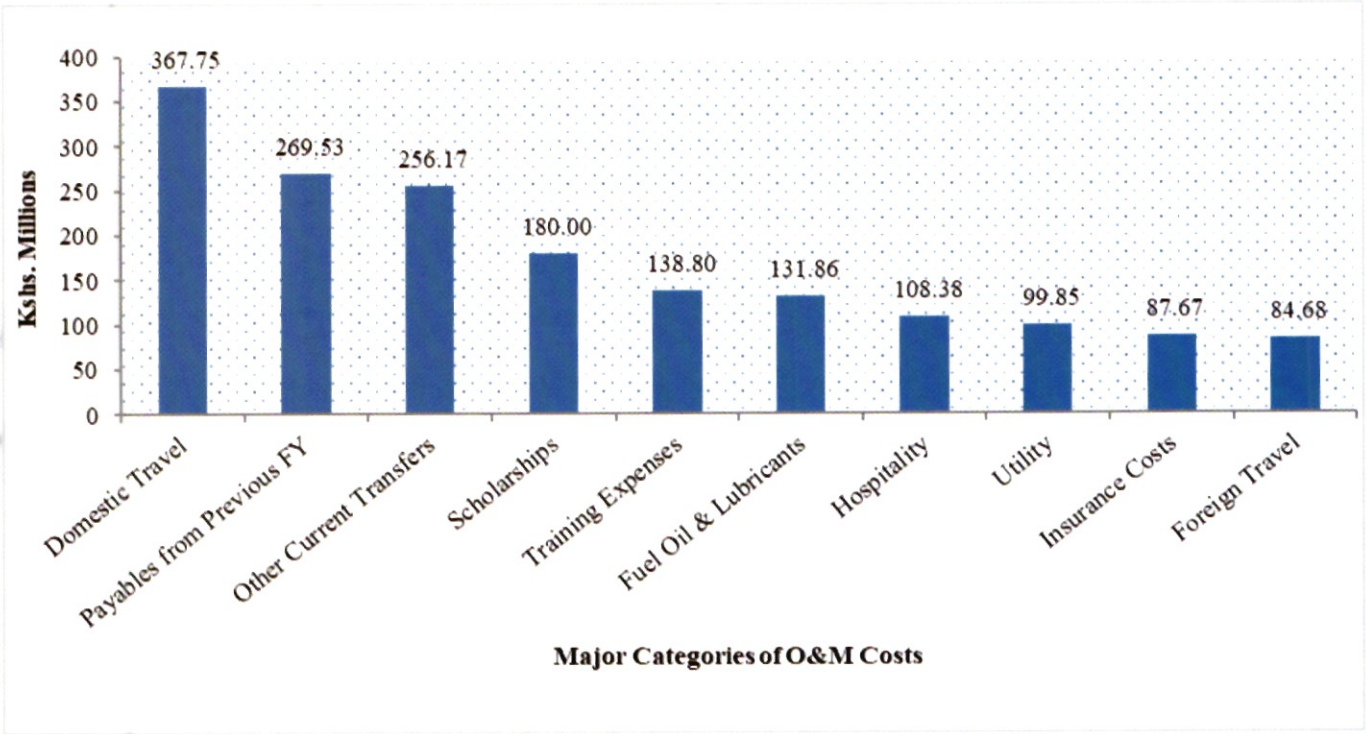
Source: *Kiambu County Treasury*

The OCoB received quarterly financial returns from administrators of seven funds, as indicated in Table 3.85

3.13.9 Expenditure on Operations and Maintenance

Figure 3.26 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.26: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kiambu County Treasury*

The County Assembly spent Kshs.53.77 million on committee sitting allowances for the 93 MCAs and the Speaker against the annual budget allocation of Kshs.120 million. The average monthly sitting allowance was Kshs.48,180 per MCA. The County Assembly has established 22 Committees.

During the period, expenditure on domestic travel amounted to Kshs.367.75 million and comprised Kshs.259.81 million spent by the County Assembly and Kshs.107.94 million by the County Executive. Expenditure on foreign travel amounted to Kshs.84.68 million and comprised of Kshs.80.99 million by the County Assembly and Kshs.3.69 million by the County Executive.Development Expenditure

The County incurred Kshs.2.89 billion on development programmes, representing a decrease of 12.5 per cent compared to FY 2020/21 when the County spent Kshs.3.30 billion. Table 3.86 summarises development projects with the highest expenditure in the reporting period.

Table 3.86: Kiambu County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Agriculture	Supply of certified seeds during the long rains	All Wards	33,271,802	33,271,802	33,271,802	None	Complete	GOK	None
Roads	Rehabilitation of Rural Access Roads (195.7KM)	All wards	426,000,000	426,000,000	26,365,942	None	Pending Bill	GOK	None
Agriculture	Purchase and distribution of certified maise seeds	All Wards	26,300,000	26,300,000	26,300,000	None	Complete	GOK	None

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Health	Construction of level 4 hospital at Githunguri health centre	Githunguri	676,000,000	155,304,477	155,304,477	None	50% Complete	GOK	None
Agriculture	Purchase and Distribution of Certified Seeds -Short Rains	All Wards	15,800,000	15,800,000	15,800,000	None	Compete	GOK	None
Trade	Construction of 3 No. Kigumo Market Sheds, Ablution Block & Storm Water Disposal	Githunguri	37,791,103	37,791,103	14,290,371	None	Ongoing	GOK	None
Water	Delivery of HDPE pipes, fittings & other equipment to Kikuyu Water and Sewerage Co.	Kikuyu	13,000,000	13,000,000	13,000,000	None	Complete	GOK	None
Trade	Construction of Gitaru Market	Kabete	12,083,302	12,083,302	12,083,302	None	Complete	GOK	None
Health	Construction of level 4 hospital at Bibirioni	Limuru	285,999,364	84,118,072	84,118,072	None	50% complete	GOK	None
Trade	Construction of Market Shed, Office and Ablution Block	Rironi	12,700,000	12,700,000	9,200,511	None	70% Complete	GOK	None

Source: *Kiambu County Treasury*

3.13.10 Budget Performance by Department

Table 3.87 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.87: 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	1,408.02	90.0	1,231.71	15.68	1,231.71	15.68	100.0	100.0	87.5	17.4
County Executive	385.58	-	374.90	-	258.14	-	68.9	-	66.9	-
County Public Service Board	62.10	-	63.81	-	34.41	-	53.9	-	55.4	-
Finance, Economic Planning and ICT	1,885.27	278.73	1,851.98	78.23	1,209.67	177.50	65.3	226.9	64.2	63.7
Administration and Public Service	860.99	31.00	855.36	30.40	725.41	30.79	84.8	101.3	84.3	99.3

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, Crop Production & Irrigation	463.16	816.03	477.00	233.13	338.96	314.75	71.1	135.0	73.2	38.6
Water, Environment and Natural Resources	371.52	293.00	363.51	67.40	254.47	177.76	70.0	263.8	68.5	60.7
Health Services	5,099.02	802.64	5,021,81	756.80	4,360.11	335.47	-	44.3	85.5	41.8
Education, Culture and Social Services	1,119.68	145.19	1,119.02	22.89	866.35	26.37	77.4	115.2	77.4	18.2
Youth and Sports	148.45	327.54	150.37	57.15	99.70	234.81	66.3	410.9	67.2	71.7
Lands, Physical Planning and Housing	234.66	264.28	234.66	11.30	129.83	22.60	55.3	200.0	55.3	8.6
Trade, Tourism, Industry &Co-operative	142.00	386.10	142.00	59.52	84.27	339.52	59.3	570.4	59.3	87.9
Roads, Transport and Public Works	456.76	1,435.16	456.30	920.09	330.97	1,210.71	72.5	131.6	72.5	84.4
	12,637.21	**4,869.66**	**12,343.41**	**2,252.57**	**9,923.98**	**2,885.95**	**80.4**	**128.1**	**78.5**	**56.6**

Source: *Kiambu County Treasury*

Analysis of expenditure by department shows that the Department of Administration and Public Service recorded the highest absorption rate of development budget at 99.3 per cent, followed by the Department of Trade, Tourism, Industry & Co-operative at 87.9 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 87.5 per cent, while the Department of Lands, Physical Planning and Housing had the lowest at 55.3 per cent. It is noted that the ratio of Expenditure to Exchequer Issues for development activities was above 100 per cent in some departments as shown in the above table. This indicates a weak internal control which led to the reallocation of exchequer issues.

3.13.11 Budget Execution by Programmes and Sub-Programmes

Table 3.88 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.88: Kiambu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
County Assembly					
Legislation and Oversight services		785,986,944	752,592,130	33,394,814	95.75
	Legislation and Oversight services	785,986,944	752,592,130	33,394,814	95.75
Representation services		153,630,023	142,586,872	11,043,151	92.81
	Representation services	153,630,023	142,586,872	11,043,151	92.81
General Administration and support services		558,405,027	352,205,422	206,199,605	63.07
	General Administration and support services	558,405,027	352,205,422	206,199,605	63.07
	Sub-Total	**1,498,021,994**	**1,247,384,424**	**250,637,570**	**83.27**
County Executive					
General Administration and Support Services		326,967,488	241,167,338	85,800,150	73.76
	General Administration Planning and Support Services	326,967,488	241,167,338	85,800,150	73.76
Representation services		58,613,503	16,967,708	41,645,795	28.95

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Representation services	58,613,503	16,967,708	41,645,795	28.95
	Sub-Total	**385,580,991**	**258,135,046**	**127,445,945**	**66.95**
County Public Service Board					
Leadership and Admin of HR Management and Development in County Public Service		62,096,211	34,406,511	27,689,700	55.41
	Human Resource development and management services	62,096,211	34,406,511	27,689,700	55.41
	Sub-Total	**62,096,211**	**34,406,511**	**27,689,700**	**55.41**
Finance & Economic Planning & ICT					
Public Finance Management and Economic Policy and Strategy		2,164,003,233	1,387,163,813	776,839,420	64.10
	General Administration and support services	1,435,721,545	877,844,555	557,876,990	61.14
	financial management services	720,281,688	504,737,317	215,544,371	70.07
	Economic planning services	8,000,000	4,581,941	3,418,059	57.27
	Sub-Total	**2,164,003,233**	**1,387,163,813**	**776,839,420**	**64.10**
Administration & Public Service					
Admin & Co-ord of county affairs, HR Dev, Mngt, Capacity Building		19,121,529	7,738,667	11,382,862	40.47
	Human resource development and management	19,121,529	7,738,667	11,382,862	40.47
General Administration Planning and Support Services		872,866,812	748,462,177	124,404,635	85.75
	Economic Planning Coordination services	872,866,812	748,462,177	124,404,635	85.75
	Sub-Total	**891,988,341**	**756,200,844**	**135,787,497**	**84.78**
Agriculture, Livestock and Fisheries					
Crop, Livestock and Fisheries Development and Management		1,279,189,749	653,702,722	625,487,027	51.10
	General administration and support services	453,162,497	338,954,054	114,208,443	74.80
	Livestock resource management and development	74,000,000	49,959,638	24,040,362	67.51
	Fisheries Development	9,000,000	-	9,000,000	-
	Crop production and management	743,027,252	264,789,030	478,238,222	35.64
	Sub-Total	**1,279,189,749**	**653,702,722**	**625,487,027**	**51.10**
Water, Environment & Natural Resources					
Water Resources Mngt, Environment Protection and Conservation		293,000,000	177,761,094	115,238,906	60.67
	Environmental & Solid Waste management	59,000,000	55,504,400	3,495,600	94.08
	Water Resource Management and Sanitation	224,000,000	120,536,694	103,463,306	53.81

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Natural Resources Conservation and Management	5,000,000	1,720,000	3,280,000	34.40
	Renewable Energy and Climate Change	5,000,000	-	5,000,000	-
General Administration and Support Services		371,523,466	254,465,347	117,058,119	68.49
	General Administration & Support Services	371,523,466	254,465,347	117,058,119	68.49
	Sub-Total	**664,523,466**	**432,226,441**	**232,297,025**	**65.04**
Health Services					
Health curative services		606,824,220	209,718,718	397,105,502	34.56
	Health Curative Services	606,824,220	209,718,718	397,105,502	34.56
General Administration and Support Services		4,240,282,316	4,081,494,553	158,787,763	96.26
	General Administration and Support Services	4,240,282,316	4,081,494,553	158,787,763	96.26
Community Health Services		453,407,612	165,728,654	287,678,958	36.55
	Community Health Services	453,407,612	165,728,654	287,678,958	36.55
County Hospital Infrastructure		449,142,334	187,469,603	261,672,731	41.74
	County Hospital Infrastructure	449,142,334	187,469,603	261,672,731	41.74
County Pharmaceutical Services		152,000,000	51,168,472	100,831,528	33.66
	Pharmaceutical and Non-Pharmaceutical supplies	152,000,000	51,168,472	100,831,528	33.66
	Sub-Total	**5,901,656,482**	**4,695,580,000**	**1,206,076,482**	**79.56**
Education, Culture & Social Services					
Pre-primary education Promotion of Culture; ICT and Social Services		436,187,527	219,138,528	217,048,999	50.24
	Pre-primary education and youth polytechnics services	436,187,527	219,138,528	217,048,999	50.24
General Administration and Support Services		822,681,747	671,361,825	151,319,922	81.61
	General Administration and Support Services	822,681,747	671,361,825	151,319,922	81.61
Culture, Gender and Social services		6,000,000	2,219,500	3,780,500	36.99
	Culture, Gender and Social services	6,000,000	2,219,500	3,780,500	36.99
	Sub-Total	**1,264,869,274**	**892,719,853**	**372,149,421**	**70.58**
Youth & Sports					
Development and Management of Sports Facilities		185,538,853	184,806,297	732,556	99.61
	Development and Management of Sports Facilities	185,538,853	184,806,297	732,556	99.61
Youth Empowerment		142,000,000	50,000,000	92,000,000	35.21
	Youth Empowerment	142,000,000	50,000,000	92,000,000	35.21
Promotion and development of sports		148,445,280	99,704,320	48,740,960	67.17

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Promotion and development of sports	148,445,280	99,704,320	48,740,960	67.17
	Sub-Total	**475,984,133**	**334,510,617**	**141,473,516**	**70.28**
Lands, Physical Planning & Housing					
Land Management and Physical Planning; & Housing Development		476,752,477	143,660,718	333,091,759	30.13
	Land Management and Physical Planning	362,470,216	121,063,422	241,406,794	33.40
	Housing Development	114,282,261	22,597,296	91,684,965	19.77
Municipal Administration & Urban Development		22,189,438	8,765,530	13,423,908	39.50
	Municipal Administration and Urban Development	22,189,438	8,765,530	13,423,908	39.50
	Sub-Total	**498,941,915**	**152,426,248**	**346,515,667**	**30.55**
Trade, Tourism, Industry & Co-operative					
Industrial, Investments, Tourism, Trade and Cooperative Development		528,100,912	423,794,183	104,306,729	80.25
	General Administration, Planning and Support Services	142,002,334	84,274,044	57,728,290	59.35
	Trade Administration, Development and Promotion	298,500,000	277,950,334	20,549,666	93.12
	Tourism promotion and marketing	16,500,000	-	16,500,000	-
	Co-operative Development and Management	41,000,000	40,584,616	415,384	98.99
	Industrialisation	5,098,578	-	5,098,578	-
	Enterprise development	25,000,000	20,985,189	4,014,811	83.94
	Sub-Total	**528,100,912**	**423,794,183**	**104,306,729**	**80.25**
Roads, Transport & Public Works					
Administration, planning & support Services		456,755,348	330,969,649	125,785,699	72.46
	General Administration and Support services	456,755,348	330,969,649	125,785,699	72.46
Road Transport		1,435,155,033	1,210,708,348	224,446,695	84.36
	Construction of Roads and Bridges	1,435,155,033	1,210,708,348	224,446,695	84.36
	Sub-Total	**1,891,910,381**	**1,541,677,997**	**350,232,394**	**81.49**
	Grand-Total	**17,506,867,082**	**12,809,928,699**	**4,696,938,393**	**73.17**

Source: *Kiambu County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Development and management of sports services in the Department of Youths and Sports at 99.6 per cent, general administration and support services in the Department of Health Services at 99.3 per cent, cooperative development and management in the Department of Trade, Tourism, Industry & Co-operative at 98.9 per cent, and Legislation and Oversight services in the County Assembly at 95.8 per cent of budget allocation.

3.13.12 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. Violation of the fiscal responsibility principle on the minimum allocation towards development expenditure

of 30 per cent based on Kshs.4.87 billion (27.8 per cent) and Kshs.12.64 billion (72.2 per cent) allocation for development and recurrent programmes, respectively.

2. A high wage bill, which accounted for 50.5 per cent of the annual revenue of Kshs.15.14 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.3.15 billion against an annual projection of Kshs.4.29 billion, representing 73.4 per cent of the annual target.
4. A huge accumulation of pending bills amounting to Kshs.5.87 billion, which accounts for 33.6 per cent of the FY 2021/22 approved budget.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.776.11 million were processed through the manual payroll and accounted for 10 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
6. Over-expenditure on departmental expenditure to exchequer issues averaging 128.1 per cent, thus indicating reallocation of the requisitioned exchequer.
7. 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 submitted on 29th July 2022.

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

1. *The County Treasury should comply with the fiscal responsibility principles on 70:30 per cent requirement as spelt in the PFM Act, 2012 Section 107(2)(b).*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should progress towards clearance of the vast pending bills, which stand at Kshs.5.87 billion. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
6. *The County Treasury should ensure expenditure compliance towards requisitioned funds to avoid the reallocation of exchequers.*
7. *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.*

3.14 County Government of Kilifi

3.14.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.15.95 billion, comprising Kshs.5.97 billion (37.4 per cent) and Kshs.9.98 billion (62.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.11.64 billion (73 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.12 billion (7 per cent) from its sources of revenue, and use a cash balance of Kshs.370.69million (2.3 per cent) from FY 2020/21. The County also expected to receive Kshs.2.82 billion (17.7per cent) as conditional grants, which consisted of Lease of medical equipment kshs.153.29 million (5.4 per cent) ,Road Levy maintenance Fund kshs.1.41million (0.05 per cent), Transforming Health Systems (THS) Kshs.76.19 million(2.7 per cent), National Agricultural and Rural Inclusive Growth Project (NARIGP)Kshs.254.61 million(9 per cent), DANIDA Kshs.23.14 million(0.8 per cent), Water & Sanitation Development Programme (WSDP)Kshs.1.84 billion (65.2 per cent), Kenya Devolution Support Programme (KDSP) Level II Grant Kshs.146.94 million (5.2 per cent), Agricultural Sector Development Support Programme (ASDSP) II Kshs.28.47 million (1

per cent), Kenya Urban Support Programme (KUSP)-Urban Institutional Grant Kshs.86.39 million (3.1 per cent), Kenya Informal Settlement and Improvement Project (KISIP) Kshs.200 million (7.1 per cent), Compensation for User Fee Forgone Kshs.1.33 million (0.05 per cent) and UNFPA 9TH Country Programme Implementation 8.86 million (0.31 per cent).

3.14.2 Revenue Performance

In FY 2021/22, the County received Kshs.10.7 billion as the equitable share of the revenue raised nationally, raised Kshs.827.5 million as own-source revenue, Kshs.1.16 billion as conditional grants, and had a cash balance of Kshs.370.69 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.13.07 billion, as shown in Table 3.89

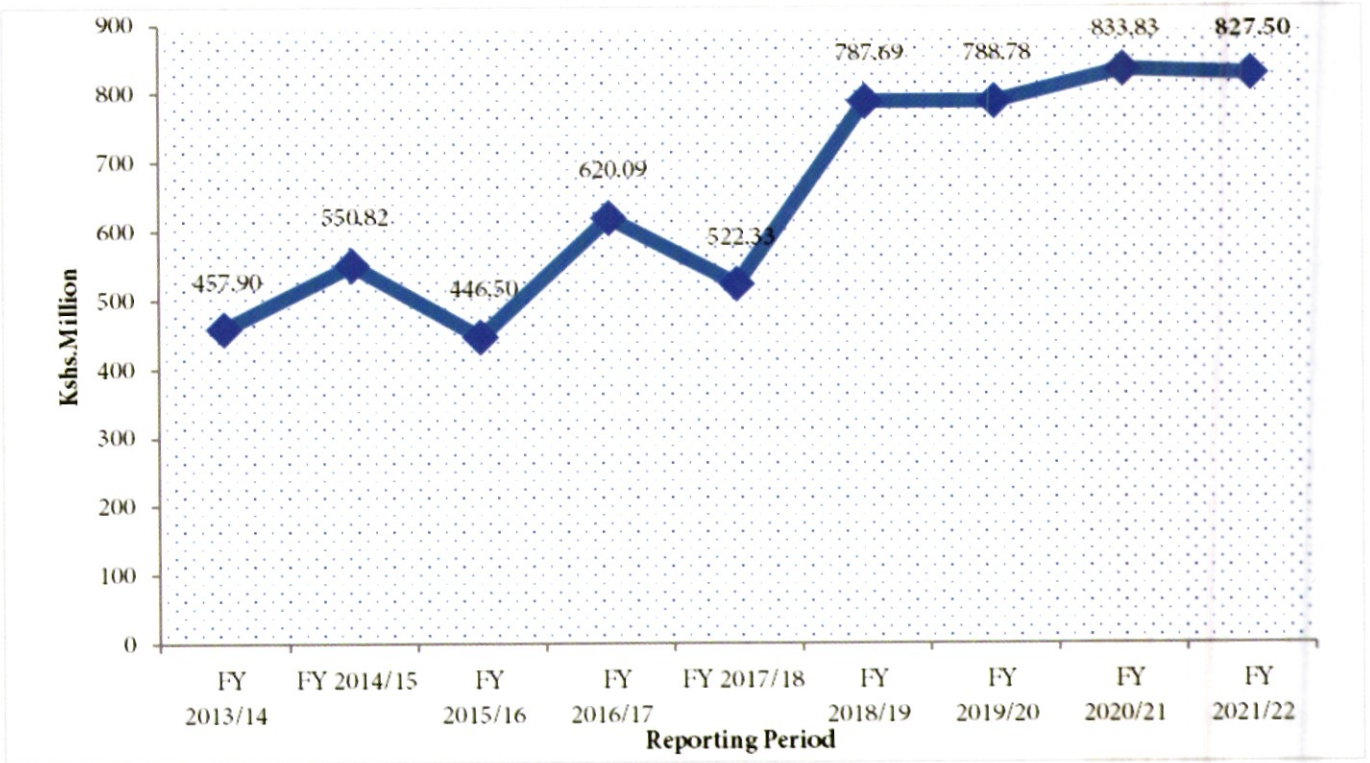
Table 3.89: Kilifi County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,641,592,941	10,710,265,505	92.0
Sub Total		**11,641,592,941**	**10,710,265,505**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	1,118,754,087	827,496,951	74
2.	Conditional Grants	2,821,792,931	1,162,699,600	41.2
3.	Balance b/f from FY2020/21	370,687,591	370,687,591	100.0
Sub Total		**4,311,234,609**	**2,360,884,142**	**54.8**
Grand Total		**15,952,827,550**	**13,071,149,647**	**81.9**

Source: *Kilifi County Treasury*

Figure 3.29 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.27: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Kilifi County Treasury*

In FY 2021/22, the County generated a total of Kshs.827.50 million as own-source revenue. This amount represented a decrease of 0.8 per cent compared to Kshs.833.83 million realised in FY 2020/21 and was 74 per cent of the annual target. The County has implemented an automated OSR collection system called County Pro.

3.14.3 Exchequer Issues

The Controller of Budget approved Kshs.12.61 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.3.52 billion (27.9 per cent) for development programmes and Kshs.9.09 billion (72.1 per cent) for recurrent programmes, as shown in Table 2.

3.14.4 Overall Expenditure Review

The County spent Kshs.10.79 billion on development and recurrent programmes during the reporting period. This expenditure represented 85.6 per cent of the total funds released by the CoB and comprised of Kshs.2.12 billion and Kshs.8.68 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 35.4 per cent, while recurrent expenditure represented 86.9 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.38 billion and comprised of Kshs.733.9 million for recurrent expenditure and Kshs. 641.4 million for development expenditure. During the period under review, pending bills amounting to Kshs.612.66 million were settled, consisting of Kshs.458.7million for recurrent spending and Kshs.153.9 million for development programmes, as shown in Table 3.90

Table 3.90: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	641,397,833	458,690,611	182,707,222	845,032,513	1,027,739,735
Development Expenditure	733,915,151	153,971,397	579,943,755	635,062,298	1,215,006,053
Total	**1,375,312,984**	**612,662,008**	**762,650,976**	**1,480,094,812**	**2,242,745,788**

Source: *Kilifi County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.2.24 billion included the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.598.5 million, out of which the County has settled bills amounting to Kshs.240.9 million, leaving a balance of Kshs.357.6 million as of 30th June 2022.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.2 billion on employee compensation, Kshs.3.61 billion on operations and maintenance, and Kshs.2.11 billion on development activities. Similarly, the County Assembly spent Kshs.116.67 million on employee compensation, Kshs.750.26 million on operations and maintenance, and Kshs.4.86 million on development activities, as shown in Table 3.91

Table 3.91: 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	**9,080,017,998**	**901,500,000**	**7,811,458,123**	**866,928,284**	**86.0**	**96.2**
Compensation to Employees	4,199,255,008	116,670,340	4,199,644,748	116,670,340	100.0	100.0
Operations and Maintenance	4,880,762,990	784,829,660	3,611,813,375	750,257,944	74.0	95.6
Development Expenditure	**5,907,809,552**	**63,500,000**	**2,111,928,371**	**4,855,728**	**35.7**	**7.6**
Total	**14,987,827,550**	**965,000,000**	**9,923,386,494**	**871,784,012**	**66.2**	**90.3**

Source: *Kilifi County Treasury*

3.14.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 33 per cent of the annual realised revenue of Kshs.13.07 billion.

Personnel emoluments amounting to Kshs.3.99 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.324.1 million was paid through manual payrolls. The manual payroll accounted for 8.1 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.4.32 billion included Kshs.2.03 billion attributable to the health sector, which translates to 46.9 per cent of the total wage bill in the reporting period.

3.14.8 County Established Funds

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 2021/22, constituting 4.2 per cent of the County's overall budget for the year. Table 3 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.92: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
8.	Scholarship Fund	350,000,000	350,000,000	NO
9.	Mbegu Fund	15,000,000	0	NO
10.	Emergency Fund	200,000,000	200,000,000	NO
11.	Assembly Car & Mortgage Fund	110,000,000	75,000,000	NO
Total		**675,000,000**	**625,000,000**	

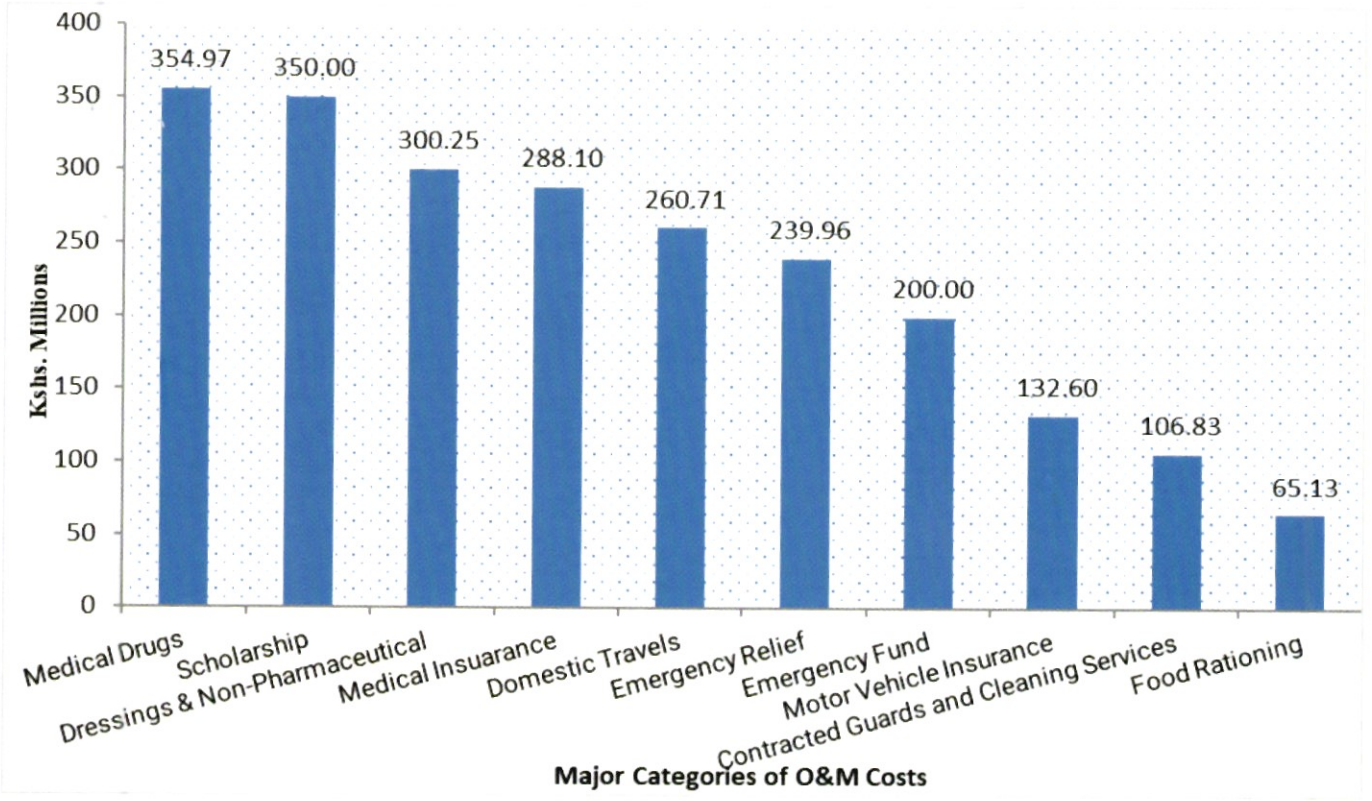
Source: *Kilifi County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators of county-established Funds, as indicated in Table 3.92.

3.14.9 Expenditure on Operations and Maintenance

Figure 3.28 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.28: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: *Kilifi County Treasury*

The County Assembly spent Kshs.71 million on committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.72.95 million. The average monthly sitting allowance was Kshs.107,576 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 23 Committees.

During the period, expenditure on domestic travel amounted to Kshs.260.71 million and comprised Kshs.103.5 million spent by the County Assembly and Kshs.157.2 million by the County Executive. Expenditure on foreign travel amounted to Kshs.32.9 million and comprised of Kshs.19.2 million by the County Assembly and Kshs.13.8 million by the County Executive.

3.14.10 Development Expenditure

The County incurred Kshs.2.12 billion on development programmes, representing a decrease of 74.7 per cent compared to FY 2020/21 when the County spent Kshs. 3.67 billion. Table 3.66 summarises development projects with the highest expenditure in the reporting period.

Table 3.93: Kilifi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Kilifi County Health Complex (phase II)	Health	Kilifi	175,000,000	159,613,891	91.2
2	Upgrading to bitumen standards of Kibao cha Fundisa - Adu (Phase I)	Roads	Adu	199,175,764	120,905,939	60.7

3	Kenya Devolution Support Programme (KSDP)	Finance	Kilifi	102,491,953	102,491,953	100.0
4	Equipment of Health Complex	Health	Kilifi	100,000,000	45,642,323	45.6
5	National Agricultural and Rural Inclusive Growth Project (NARIGP)	Agriculture	All Wards	254,610,493	43,301,887	17.0
6	Construction of 2 No. wards at Marafa Health Center	Health	Marafa	85,197,877	61,538,742	72.2
7	Non-Residential Buildings (offices, schools, hospitals, etc.)	Education	All Wards	52,911,600	42,807,146	80.9
8	Upgrading of Adu Health Facility	Health	Adu	115,435,001	29,892,976	25.9
9	Construction of Pavement & toilet at Gongoni market	Trade	Gongoni	23,600,000	23,600,000	100.0
10	Completion of Mtwapa Bus Park	Roads	Mtwapa	18,165,220	18,165,220	100.0

Source: *Kilifi County TreasuryBudget Performance by Department*

Table 3.94 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.94: 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	901.50	63.50	866.50	4.86	865.50	4.86	99.9	100.0	96.0	7.6
Office of the Governor	405.81		323.28		330.34		102.2	-	81.4	-
County Attorney	111.88		45.62		105.43		231.1	-	94.2	-
Finance	392.17	497.59	300.55	448.29	290.80	457.12	96.8	102.0	74.2	91.9
Economic Planning	61.20		24.68		62.90		254.8	-	102.8	-
Agriculture	95.26	345.69	92.41	286.27	74.50	137.67	80.6	48.1	78.2	39.8
Livestock	23.26	34.28	4.94	10.93	17.50	20.10	354.4	183.9	75.2	58.6
Fisheries	25.03	53.75	16.09	2.00	20.50	6.00	127.4	300.8	81.9	11.2
Water And Sanitation	22.40	1,857.17	10.93	839.63	17.30	863.00	158.3	102.8	77.2	46.5
Environment & Natural Resources	234.36	4.25	201.35	-	206.60		102.6	-	88.2	0.0
Education (Sports & Youth Affairs)	438.75	158.50	434.36	73.27	419.90	88.70	96.7	121.1	95.7	56.0
Information Communication and Technology	23.96		10.39		17.60		169.4	-	73.4	-
Medical Services	1,118.08	819.61	1,074.52	543.63	969.00	488.50	90.2	89.9	86.7	59.6
Public Health	180.80	9.83	66.39	-	32.90		49.6	-	18.2	0.0
Roads & Public Works	373.89	1,365.96	330.01	1,080.77	317.20		96.1	0.0	84.8	0.0
Lands and energy	431.45	534.60	387.78	77.89	326.80		84.3	0.0	75.7	0.0
Physical Planning & Urban Development	17.94	68.99	8.44	20.57	12.00		142.2	0.0	66.9	0.0
Gender, Culture & Social Services	143.09	53.33	66.00	33.82	75.50	27.40	114.4	81.0	52.8	51.4

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
Trade And Tourism	85.23	96.04	67.27	102.23	50.00	19.00	74.3	18.6	58.7	19.8
Cooperatives Devpt	13.85		8.92		5.00		56.1	-	36.1	-
Public Service Board	37.83		30.27		44.00		145.4	-	116.3	-
Devolution & Disaster Service	420.03	8.20	337.99	-	295.80	3.20	87.5	-	70.4	39.0
Public Service Management	4,423.75		4,376.59		4,121.00		94.2	-	93.2	-
Total	**9,981.52**	**5,971.31**	**9,085.28**	**3,524.15**	**8,678.08**	**2,115.54**	**95.5**	**60.0**	**86.9**	**35.4**

Source: *Kilifi County Treasury*

Analysis of expenditure by department shows that the Department of Finance recorded the highest absorption rate of the development budget at 91.9 per cent, followed by the Department of Livestock at 58.6 per cent. The Department of Public Service Board had the highest percentage of recurrent expenditure to budget at 116.3 per cent, while the Department of Economic Planning had the lowest at 102.8 per cent. The overspending results from poor budgeting practice within the County and indicates weak internal control.

3.14.11 Budget Execution by Programmes and Sub-Programmes

Table 3.95 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.95: Kilifi County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	Legislation	482,874,928	482,874,928	-	100.0
	Oversight	29,050,000	29,050,000	-	100.0
	Administration	389,575,072	353,927,921	35,647,151	90.8
	Development	63,500,000	4,855,728	58,644,272	7.6
	Sub Totals	**965,000,000**	**870,708,577**	94,291,423	90.2
Office of the Governor	Intergovernmental relations	75,469,651	51,740,049	23,729,602	68.6
	Administration, planning and support services	330,344,731	282,831,504	47,513,227	85.6
	Sub Totals	**405,814,382**	**334,571,553**	71,242,829	82.4
County Attorney	Administration Planning and Support Services	111,880,767	105,434,164	6,446,603	94.2
	Sub Totals	**111,880,767**	**105,434,164**	6,446,603	94.2
Finance	Administration, Planning and Support Services	223,000,013	223,000,012	1	100.0
	Budget Formulation, Coordination and Management	74,039,329	38,011,230	36,028,099	51.3
	Audit Services	16,366,085	4,986,652	11,379,433	30.5
	Accounting Services	9,300,000	5,239,566	4,060,434	56.3
	Supply Chain Management Services	9,852,000	1,820,547	8,031,453	18.5
	Resource Mobilisation/Debt Management	59,608,644	17,716,712	41,891,932	29.7
	Development	497,590,267	457,117,822	40,472,445	91.9
	Sub Totals	**889,756,338**	**747,892,541**	141,863,797	84.1
Economic Planning	County Fiscal Planning	27,250,000	39,859,732	(12,609,732)	146.3
	Statistical Information Services/ Monitoring	33,949,386	23,040,294	10,909,092	67.9
	Sub Totals	**61,199,386**	**62,900,026**	(1,700,640)	102.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture	General Administration, Planning and Support Services	53,507,810	38,192,980	15,314,830	71.4
	Crop Production and Management	76,119,732	71,922,408	4,197,324	94.5
	Agribusiness and Information Management	288,142,486	82,748,269	205,394,217	28.7
	Irrigation and Drainage Infrastructure	22,865,612	19,294,215	3,571,397	84.4
	Sustainable soil and Water management	317,520	-		0.0
	Sub Totals	**440,953,160**	**212,157,871**	228,795,289	48.1
Livestock	Administration, Planning and Support services	20,185,478	11,673,193	8,512,285	57.8
	Livestock Policy and Capacity Development	1,902,465	1,387,352	515,113	72.9
	Livestock Production and Management	8,289,718	6,151,045	2,138,673	74.2
	Livestock Value Addition and Marketing	16,888,039	9,290,509	7,597,530	55.0
	Food Safety and Animal Products Development	6,772,179	6,082,685	689,494	89.8
	Livestock Disease Management and Control	3,508,500	3,198,140	310,360	91.2
	Sub Totals	**57,546,378**	**37,782,923**	19,763,455	65.7
Fisheries	Fisheries Policy and Capacity Development	10,187,656	9,031,313	1,156,343	88.6
	Sustainable Fisheries Production and Management	5,220,410	5,757,469	(537,059)	110.3
	Assurance of Fish Safety, Value Addition and Marketing	61,369,917	17,147,445	44,222,472	27.9
	Marine Fisheries Production & blue economy	2,000,000	-	-	-
	Sub Totals	**78,777,982**	**31,936,226**	46,841,756	40.5
Water & Sanitation	General Administration, Planning and Support Services	22,395,329	17,296,076	5,099,253	77.2
	Water Supply Infrastructure	1,856,173,743	863,168,924	993,004,819	46.5
	Sub Totals	**1,878,569,072**	**880,465,000**	998,104,072	46.9
Environment	County Environment Management	234,361,241	206,621,111	27,740,130	88.2
	Development	4,250,000		4,250,000	-
	Sub Totals	**238,611,241**	**206,621,111**	31,990,130	86.6
Education	General administration, planning and support services	82,066,496	63,260,999	18,805,497	77.1
	Early Childhood development education	127,196,990	89,328,201	37,868,789	70.2
	Education support services	350,000,000	350,000,000	-	100.0
	Education and training	37,989,654	6,036,083	31,953,571	15.9
	Sub Totals	**597,253,140**	**508,625,284**	88,627,856	85.2
ICT	Information Communication Technology	23,962,166	17,655,670	6,306,496	73.7
	Sub Totals	**23,962,166**	**17,655,670**	6,306,496	73.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Health	General & specialised medical & surgical services	813,413,638	709,647,991	103,765,647	87.2
	Administration for Health	1,121,388,401	746,519,245	374,869,156	66.6
	Reproductive Maternal Neonatal Child Adolescent Health	2,891,740	1,277,684	1,614,056	44.2
	Sub Totals	**1,937,693,779**	**1,457,444,921**	480,248,858	75.2
Public Health	Communicable Disease Control	190,629,643	32,877,950	157,751,693	17.2
	Sub Totals	**190,629,643**	**32,877,950**	157,751,693	17.2
Roads & Public Works	General administration, planning and support services	373,885,515	317,193,879	56,691,636	84.8
	Road Transport	1,365,960,328	963,788,225	402,172,103	70.6
	Sub Totals	**1,739,845,843**	**1,280,982,104**	458,863,739	73.6
Lands	General Administration	431,445,276	326,804,146	104,641,130	75.7
	Development	534,604,070	258,129,683	276,474,387	48.3
	Sub Totals	**966,049,346**	**584,933,829**	381,115,517	60.5
Physical Planning & Urban Development	General Administration	17,943,450	12,111,285	5,832,165	67.5
	Development	68,986,097	30,935,623	38,050,474	44.8
	Sub Totals	**86,929,547**	**43,046,908**	43,882,639	49.5
Gender, Culture & Social Services	General Administration	141,388,668	75,677,207	65,711,461	53.5
	Development	55,032,734	27,389,344	27,643,390	49.8
	Sub Totals	**196,421,402**	**103,066,550**	93,354,852	52.5
Trade And Tourism	General Administration	86,232,864	50,021,845	36,211,019	58.0
	Development	95,798,858	19,113,415	76,685,443	20.0
	Co-operatives	14,091,378	5,083,200	9,008,178	36.1
	Sub Totals	**196,123,100**	**74,218,460**	121,904,640	37.8
Public Service Board	General Administration	37,827,265	44,348,832	(6,521,567)	117.2
	Sub Totals	**37,827,265**	**44,348,832**	(6,521,567)	117.2
Devolution & Disaster Service	General Administration	411,230,876	295,880,018	115,350,858	71.9
	Development	17,000,000	3,232,161	13,767,839	19.0
	Sub Totals	**428,230,876**	**299,112,179**	129,118,697	69.8
Public Service Management	General Administration	4,423,752,737	4,121,105,822	302,646,915	93.2
	Sub Totals	**4,423,752,737**	**4,121,105,822**	302,646,915	93.2
Grand Total		**15,952,827,550**	**12,120,788,528**	**3,832,039,022**	**76.0**

Source: *Kilifi County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: County Fiscal Planning in the Department of Economic Planning at 146.3 per cent, General Administration at County Public Service at 117.2 per cent in the Department of Public Service Board, and Sustainable Fisheries Production and Management at 110.3 per cent in the Department of Fisheries. Absorption rates above 100 per cent are irregular and point to the absence of an adequate internal control system.

3.14.12 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. Low absorption of development funds as indicated by the expenditure of Kshs.2.1 billion in FY 2021/22 from the annual development budget allocation of Kshs.5.97 billion. The development expenditure represented 35.4 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.827.5 million against an annual projection of Kshs.1.12 billion, representing 74 per cent of the annual target. Further, the reported OSR included Kshs.257.37 million relating to NHIF, which was used at the source as it was not transferred through the CRF.
3. Weak budgeting practice is shown in Tables 5 and, where the County incurred expenditure over approved

budgetary allocations.

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 Mbegu Fund, Education Scholarship Fund, Car & Mortgage Fund, and Emergency Funds were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.2.24 billion as of 30th June 2022.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.324.1 million were processed through the manual payroll and accounted for 8.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
7. 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 County should implement the following recommendations to improve budget execution;

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that 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 take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
7. *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.*

3.15 County Government of Kirinyaga

3.15.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 was Kshs.7.71 billion, comprising Kshs.3.17 billion (41.2 per cent) and Kshs.4.53 billion (58.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.20 billion (67.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.485 million (6.3 per cent) from its own sources of revenue, and use a cash balance of Kshs.1.09 billion (14.1 per cent) from FY 2020/21. The County also expected to receive Kshs.573.63 million (7.4 per cent) as conditional grants, which consisted of Kshs.344.61 million as IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP), Kshs.146.61 million as IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.47.49 million as Transforming Health systems for Universal care Project (WB), Kshs.22.52 million as Sweden - Agricultural Sector Development Support Programme (ASDSP) II and Kshs.9.39 million as Danida Grant. The County has also budgeted for Other Revenues Kshs.364.73 million as Delayed Exchequer (FY 2021/2022 Estimated Delayed Exchequer)

3.15.2 Revenue Performance

In FY 2021/22, the County received Kshs.4.78 billion as the equitable share of the revenue raised nationally, raised Kshs.364.65 million as own-source revenue, Kshs.293.66 million as conditional grants, and had a cash balance of Kshs.1.09 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7071 billion, as shown in Table 3.96.

KIRINYAGA COUNTY GOVERNMENT									
Sector	Project Name	Project Location	Contract sum	FY 2021-22 Budget	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Transport and Infrastructure	Kandakame Excavation, gravelling and Compacting	Kerugoya Ward	27,626,119	28,000,000	27,623,865	NIL	100	Gok	Complete
Transport and Infrastructure	Construction of Kandakame Bridge	Kerugoya Ward	15,098,560	15,335,647	13,931,901	NIL	90	Gok	Ongoing
Transport and Infrastructure	Kimandi-Kamondo Access Roads	Kerugoya Ward	12,487,500	12,500,000	12,487,500	NIL	100	Gok	Complete
Transport and Infrastructure	Construction of Gachuria Moyo Bridge phase 2	Tebere Ward/Murinduko Ward	16,388,184	12,047,464	12,044,036	NIL	100	Gok (KRB Roll Over)	Complete

Source: *Kirinyaga County Treasury*

3.15.11 Budget Performance by Department

Table 3.101 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.101: 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	251.71	795.88	241.20	269.92	241.20	269.92	100	100	95.8	33.9
Cooperative Development Trade and Tourism	42.84	19.47	40.22	5.02	40.22	5.02	100	100	93.9	25.8
County Assembly	637.39	369.57	637.39	274.89	637.39	274.89	100	100	100.0	74.4
County Executive	459.74	143.63	450.82	73.11	450.82	73.11	100	100	98.1	50.9
Education	299.81	22.01	297.25	8.69	297.25	8.69	100	100	99.1	39.5
Environment and Natural Resources	102.59	126.68	101.85	18.03	101.85	18.03	100	100	99.3	14.2
Finance and Economic Planning	599.77	2.08	485.73	-	485.73	-	100	-	81.0	-
Gender and Youth	46.17	5.00	37.44	1.49	37.44	1.49	100	100	81.1	29.9
Medical Services and Public Health	1,962.28	958.75	1,916.37	535.14	1,916.37	535.14	100	100	97.7	55.8
Physical Planning and Housing	28.97	99.19	28.10	4.50	28.10	4.50	100	100	97.0	4.5

Sports Culture and Social Services	22.71	19.94	21.60	3.72	21.60	3.72	100	100	95.1	18.7
Transport and Infrastructure	77.08	612.08	76.49	428.97	76.49	428.97	100	100	99.2	70.1
Total	**4,531.06**	**3,174.27**	**4,334.45**	**1,623.49**	**4,334.45**	**1,623.49**	**100**	**100**	**95.7**	**51.1**

Source: *Kirinyaga County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 74.4 per cent, followed by the Department of Transport and Infrastructure at 70.1 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Finance and Economic Planning had the lowest at 81.0 per cent.

3.15.12 Budget Execution by Programmes and Sub-Programmes

Table 3.102 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.102: Kirinyaga County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Legislation and Oversight	Legislation and Oversight	1,006,961,558	912,285,254	94,676,304	90.6
Sub Total		**1,006,961,558**	**912,285,254**	**94,676,304**	**90.6**
Office of the Governor and Deputy Governor	070601 County Executive Services	303,048,284	302,166,764.70	881,519	99.7
County Executive Administration	070701County Executive Services	143,630,336	73,119,321.95	70,511,014	50.9
Management of County Affairs	070801 Coordination of County Functions	121,452,000	118,261,867.50	3,190,133	97.4
County Executive Committee Affairs	070901 Organization of County Business	6,200,000	5,205,043.05	994,957	84.0
County Public Service Board	071001 Human Resource Management	12,906,040	11,755,906.00	1,150,134	91.1
Administrative Support Services	020202 ICT Governance	3,480,000	3,055,600.00	424,400	87.8
	020701 Government Buildings Services	2,567,000	1,888,285.00	678,715	73.6
	070411 Audit Committee	1,919,000	1,654,700.00	264,300	86.2
	070412 County Enforcement Activities	4,185,000	3,310,600.00	874,400	79.1
	070413 ICT Infrastructure Development Management	2,458,800	2,418,000.00	40,800	98.3
	070414 ICT Systems Development Management	1,522,000	1,096,200.00	425,800	72.0
Sub Total		**603,368,460**	**523,932,288**	**79,436,172**	**86.8**
Public Finance Management	070401 Finance Services	560,294,675	445,555,794.50	114,738,881	79.5
	070402 Revenue Services	16,800,000	16,325,065.15	474,935	97.2
	070404 Procurement and Supply Services	6,446,500	6,441,500.00	5,000	99.9
	070405 Internal Audit Services	1,318,200	1,129,000.00	189,200	85.6
	070408 Budget Formulation, Coordination and Management	7,914,520	7,762,320.00	152,200	98.1
	070409 Accounting Services	5,477,500	5,278,260.00	199,240	96.4
County Planning and Economic Policy Management	070501 Economic Planning Services	3,599,000	3,233,800.00	365,200	89.9
Sub Total		**601,850,395.00**	**485,725,739.65**	**116,124,655**	**80.7**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,921,022,278	2,451,512,581.23	469,509,697	83.9
Sub Total		**2,921,022,278**	**2,451,512,581**	**469,509,697**	**83.9**
Basic Education	050101 General Administration	264,796,229	263,934,529.00	861,700	99.7
	050102 Free Pre-Primary Education	19,840,000	13,968,188.80	5,871,811	70.4
State Education Function Support	050203 Tertiary Education	0	-	0	0.0
Technical and Vocational Training	050301 Village Polytechnique	37,186,304	28,037,834.00	9,148,470	75.4
Sub Total		**321,822,533**	**305,940,552**	**15,881,981**	**95.1**
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	304,910.00	90	100.0
	010105 Livestock Production Management	2,480,000	2,094,528.00	385,472	84.5
	010106 Livestock Disease Management & Control	1,200,000	1,024,802.50	175,198	85.4
Crop Development and Management	010202 Agricultural Extension Services	1,500,000	1,335,328.00	164,672	89.0
	010203 Agribusiness and Market Development	320,000	85,000.00	235,000	26.6
	010206 Land and Crop Development	1,331,000	775,888.50	555,112	58.3
	010207 Food Security Initiatives	400,000	399,300.00	700	99.8
Kamweti Agricultural Training Centre	Extension and Training	-	-	-	0.0
Fisheries Development	010402 Aquaculture Development	200,000	7,265.00	192,735	3.6
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	2,543,000	-	2,543,000	0.0
	011001 General Administration and Planning	1,037,317,762	505,098,576.91	532,219,185	48.7
Sub Total		**1,047,596,762**	**511,125,599**	**536,471,163**	**48.8**
Culture	090702 Social Welfare Services	10,687,000	2,427,800.00	8,259,200	22.7
	091201 Gender Administration Services	30,821,210	30,696,169.75	125,040	99.6
	091301 Gender and Social Development	8,990,000	5,308,465.00	3,681,535	59.0
Youth	090901 Youth Development and Empowerment Services	670,000	498,395.00	171,605	74.4
Sub Total		**51,168,210**	**38,930,830**	**12,237,380**	**76.1**
Sports	090701 General Administration	12,221,217	11,999,197.25	222,020	98.2
	090801 Development of Sports and Sports Facilities	19,937,353	3,723,843.52	16,213,509	18.7
	091401 Management & Development of Sports and Sports Facilities	2,925,000	2,823,435.00	101,565	96.5

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	1,549,000.00	-	100.0
	091701 Preservation & Promotion of Heritage and Culture	248,800	209,400.00	39,400	84.2
Children Services	091101 Child Community Support Services	5,764,000	5,014,259.00	749,741	87.0
Sub Total		**42,645,370**	**25,319,135**	**17,326,235**	**59.4**
Trade Development and Investment	030401 General Administration and Planning	37,773,441	37,689,435.90	84,005	99.8
	030103 Capacity Building for Traders and SMEs	1,527,000	96,803.00	1,430,197	6.3
	030104 promotion, Development & Growth of Trade	354,000	315,800.00	38,200	89.2
	030105 Fair Trade Practises and Consumer Protection	205,000	150,000.00	55,000	73.2
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	150,000.00	45,500	76.7
	030304 International Tourism Promotion and Marketing	310,000	214,100.00	95,900	69.1
	030305 Promotion of Industrial Development	1,268,500	763,000.00	505,500	60.1
	030306 Provision of Industrial Training	140,000	-	140,000	0.0
Cooperative Development and Marketing	030101 General Administration & Planning	19,471,788	5,020,957.50	14,450,831	25.8
	030405 Cooperative Advisory and Extension Services	295,000	284,200.00	10,800	96.3
	030406 Cooperative Education and Training	542,000	351,300.00	190,700	64.8
	030407 Cooperative Governance and Accountability	159,000	134,700.00	24,300	84.7
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	70,000.00	-	100.0
Sub Total		**62,311,229**	**45,240,296**	**17,070,933**	**72.6**
Water Supply Services	090101 Water and Irrigation	126,675,566	18,025,591.00	108,649,975	14.2
Energy Programme	090301 Energy Services	405,000	378,900.00	26,100	93.6
Cleaning and Waste Management	090502 Environment Management and Protection	675,800	616,550.00	59,250	91.2
Nema	090401 Waste Management Services	101,508,439	100,850,755.90	657,683	99.4
Sub Total		**229,264,805**	**119,871,797**	**109,393,008**	**52.3**
Land and Physical Planning	010601 General Administration and Planning	26,533,028	26,062,285.45	470,742	98.2
	010604 County Spatial Planning	1,510,000	1,378,340.00	131,660	91.3
	010605 Town Zoning and Mapping	99,192,631	4,500,000.00	94,692,631	4.5
	010607 Survey and Mapping	505,000	336,113.00	168,887	66.6
Housing Development	010701 Improvement and Development of Human Settlements	420,000	320,700.00	99,300	76.4

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Sub Total		**128,160,659**	**32,597,438**	**95,563,220**	**25.4**
Transport Management	020301 General Administration and Planning	61,571,285	61,388,495.30	182,790	99.7
Disaster Management	020401 Fire Fighting and Emergency Services	4,507,000	4,412,248.00	94,752	97.9
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	613,381,564	430,259,287.16	183,122,277	70.1
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	9,399,865.00	300,135	96.9
Sub Total		**689,159,849**	**505,459,895**	**183,699,954**	**73.3**
Grand Total		**7,705,332,108**	**5,957,941,406**	**1,747,390,702**	**77.3**

Source: *Kirinyaga County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Livestock Extension and Capacity Building Services in the Department of Agriculture, Livestock and Fisheries at 100.0 per cent, Control & Campaign Against Drug & Substance Abuse in the Department of Sports Culture and Social Services at 100.0 per cent, Inspections and Investigations for Cooperatives in the Department of Cooperative Development Trade and Tourism at 100.0 per cent, and General Administration and Planning at 99.8 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 OCOB identified the following challenges which hampered effective budget implementation;

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.62 billion in FY 2021/22 from the annual development budget allocation of Kshs.2.80 billion. The development expenditure represented 51.1 per cent of the annual development budget.
2. A high wage bill, which accounted for 41.2 per cent of the annual realised revenue of Kshs.6.52 billion in FY 2021/22, thus constraining funding to other programmes.
3. High level of pending bills which amounted to Kshs.482.81 million as of 30th June 2022.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.195.19 million were processed through the manual payroll and accounted for 7.3 per cent of the total payroll cost.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.16 County Government of Kisii

3.16.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.12.59 billion, comprising Kshs.4.09 billion (32.5 per cent) and Kshs.8.50 billion (67.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.89 billion (70.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.700 million (5.6 per cent) from its sources of revenue, and use a cash balance of Kshs.2.10 billion (16.7 per cent) from FY 2020/21. The County also expected to receive Kshs.893 million (7.1 per cent) as conditional grants, which consisted of Kshs.153.30 million for Leasing of Medical Equipment, Kshs. 128.51 million for Kenya Devolution Support Program "Starter Pack"- (Level 11), Kshs.324.30 million for NAGRIP, Kshs.26.37 million for Agriculture Sector Development Support Program-SIDA, Kshs.63.08 million for Health systems for universal care, Kshs.17.25 million from DANIDA, Kshs.16.14 million for European Union Instruments for Devolution Advice and Support and Urban Development Grant.

3.16.2 Revenue Performance

In FY 2021/22, the County received Kshs.8.18 billion as the equitable share of the revenue raised nationally, raised Kshs.404.55 million as own-source revenue, Kshs.493.55 million as conditional grants, and had a cash balance of Kshs.783.03 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.9.86 billion, as shown in Table 3.103.

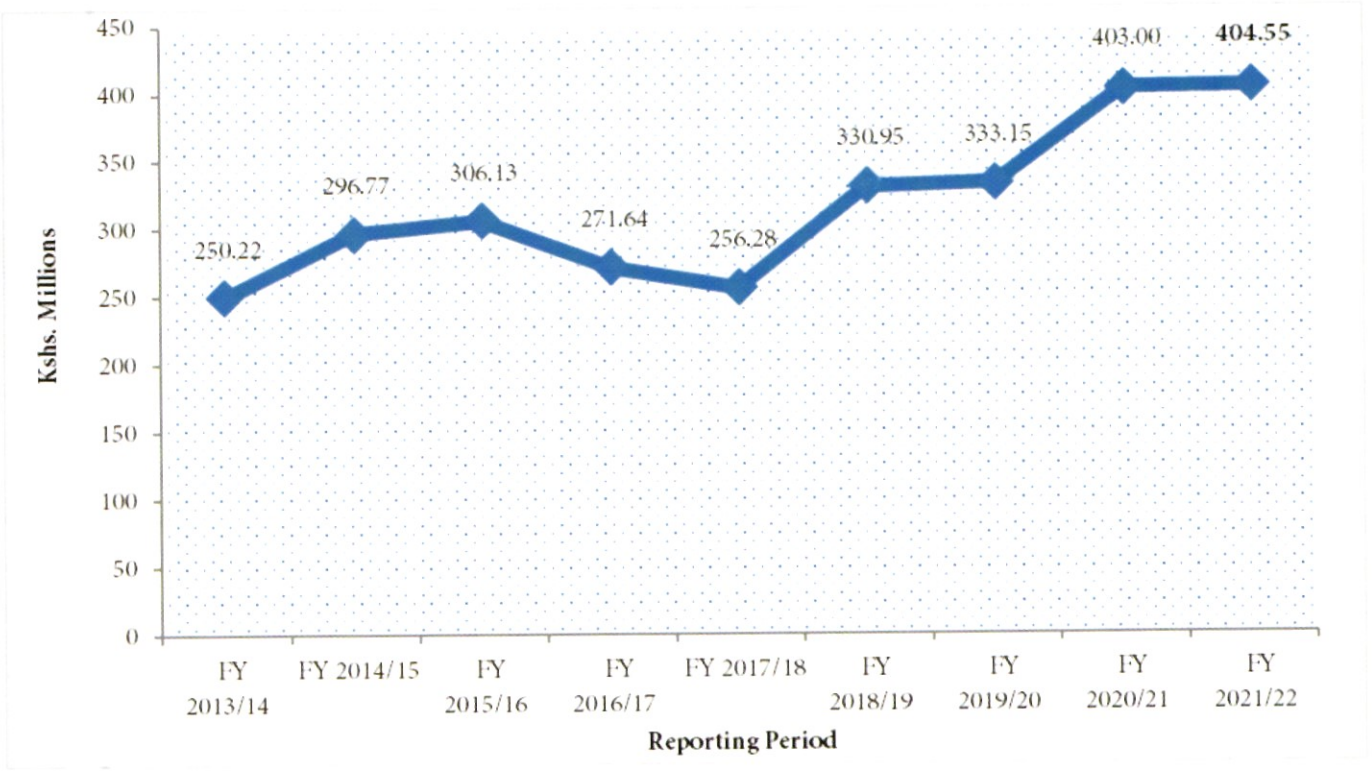
Table 3.103: Kisii County, Revenue Performance in FY 2021/22

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**	**8,894,274,509**	**8,182,732,547**	**92**
Sub Total		**8,894,274,509**	**8,182,732,547**	**92**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	700,000,000	404,554,620	57.8
2.	Conditional Grants	892,995,249	493,552,192	55.3
3.	Balance b/f from FY 2020/21	2,103,425,220	783,025,743	37.2
Sub Total		**3,696,420,469**	**1,681,132,555**	**45.5**
Grand Total		**12,590,694,978**	**9,863,865,102**	**78.3**

Source: *Kisii County Treasury*

Figure 3.31 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.31: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Kisii County Treasury*

In FY 2021/22, the County generated a total of Kshs.404.55 million as own-source revenue. This amount represented an increase of 0.4 per cent compared to Kshs.403 million realised during a similar period in FY 2020/21 and was 57.8 per cent of the annual target. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.3.44 million. The County has implemented an automated OSR collection system referred to as ZIZI.

3.16.3 Exchequer Issues

The Controller of Budget approved Kshs.9.79 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.08 billion (21.2 per cent) for development programmes and Kshs.7.71 billion (78.8 per cent) for recurrent programmes, as shown in Table 3.108.

3.16.4 Overall Expenditure Review

The County spent Kshs.9.59 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.9 per cent of the total funds released by the CoB and comprised of Kshs.1.89 billion and Kshs.7.70 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 46.1 per cent, while recurrent expenditure represented 90.6 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.701.31 million and comprised Kshs.221.92 million for recurrent expenditure and Kshs.479.39 million for development expenditure. During the period under review, pending bills amounting to Kshs.573.42 million were settled, consisting of Kshs.180.61 million for recurrent expenditure and Kshs.392.80 million for development programmes, as shown in Table 3.104.

Table 3.104: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	221,919,298	180,618,248	41,301,050	353,428,495	394,729,545
Development Expenditure	479,395,667	392,801,377	86,594,290	971,081,784	1,057,676,075
Total	**701,314,966**	**573,419,625**	**127,895,341**	**1,324,510,280**	**1,452,405621**

Source: *Kisii County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.1.45 billion includes the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.701.31million, out of which the County has settled bills amounting to Kshs.573.42 million, leaving a balance of Kshs127.89million as of 30th June 2022.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.09 billion on employee compensation, Kshs.1.71 billion on operations and maintenance, and Kshs.1.82 billion on development activities. Similarly, the County Assembly spent Kshs.608.50 million on employee compensation, Kshs.288.82 million on operations and maintenance, and Kshs.63.64 million on development activities, 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	**7,504,140,181**	**994,832,424**	**6,806,288,371**	**897,322,759**	**90**	**90**
Compensation to Employees	5,102,455,459	612,152,984	5,094,129,993	608,501,707	99.8	99.4
Operations and Maintenance	2,401,684,722	382,679,440	1,712,158,378	288,821,052	71.3	75.5
Development Expenditure	**3,984,969,715**	**106,753,158**	**1,824,255,613**	**63,640,020**	**45.8**	**59.6**
Total	**11,489,109,896**	**1,101,585,582**	**8,630,543,984**	**960,962,779**	**75.1**	**87.2**

Source: *Kisii County Treasury*

3.16.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 57.8 per cent of the annual realised revenue of Kshs.9.86 billion.

The wage bill of Kshs.5.70 billion includes Kshs.2.74 billion attributable to the health sector, which translates to 48.1 per cent of the total wage bill in the reporting period.

3.16.8 County Established Funds

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.55 million to county-established funds in FY 2021/22, constituting 0.4 per cent of the County's overall budget for the year. e during the reporting period.

Table 3.106 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.106: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Kisii County Executive Car and Mortgage Fund	-	3,530,383	Yes	0
2.	Kisii County Assembly Mortgage and car Loan Fund	-	22,568,381	Yes	0
3.	Kisii County Emergency Fund Account Report	25,000,000	21,002,207	Yes	84
4.	Kisii County Climate change Fund	30,000,000	-	No	0
Total		**55,000,000**	**47,101,097**		**85.6**

Source: *Kisii County Treasury*

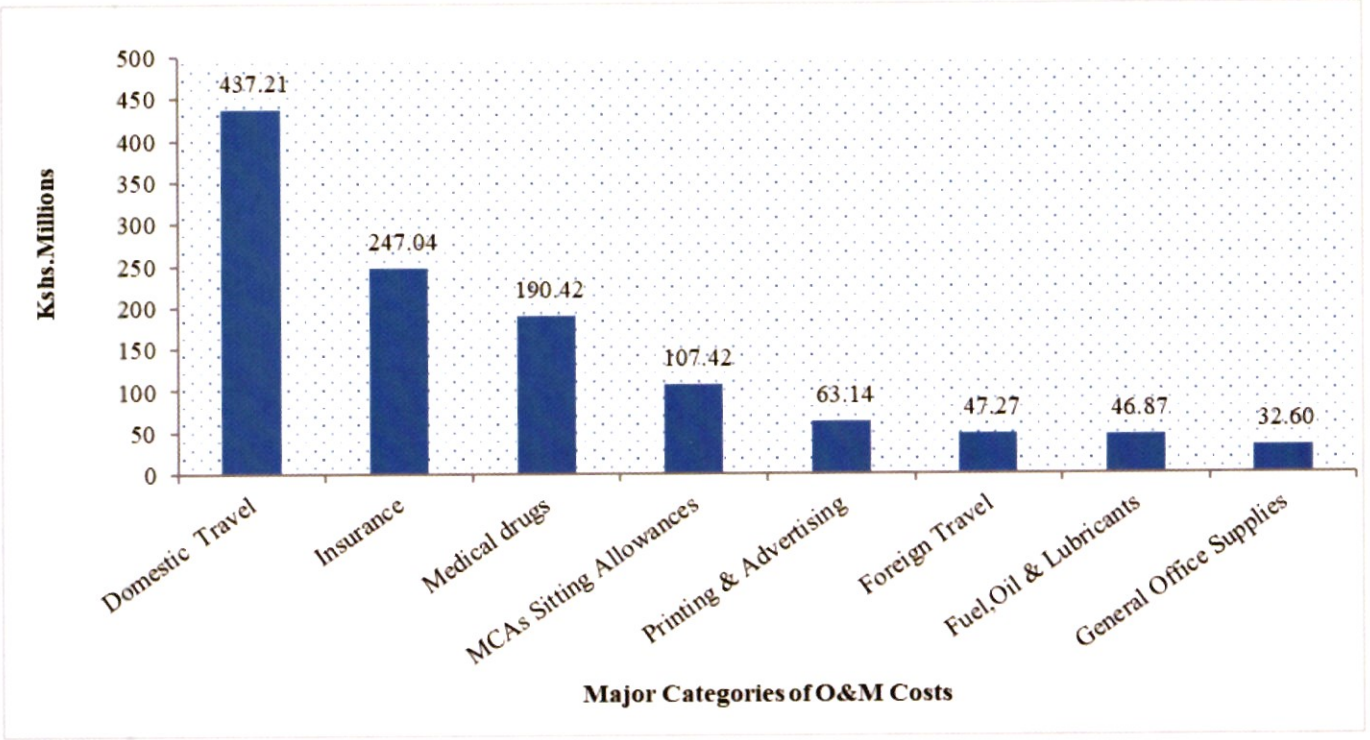
The OCoB received quarterly financial returns from administrators of 4 funds, as indicated in 3.106 .

The Car and Mortgage Funds are revolving funds, and the reported expenditure is based on allocations from previous financial years as these funds did not have budget allocation in FY 2021/22.

3.16.9 Expenditure on Operations and Maintenance

Figure 3.32 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.32: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisii County Treasury*

The County Assembly spent Kshs.107.42 million on committee sitting allowances for the 70 MCAs and the Speaker against the annual budget allocation of Kshs.107.42 million. The average monthly sitting allowance was Kshs.126,078 per MCA. The County Assembly has established 23 Committees.

During the period, expenditure on domestic travel amounted to Kshs.437.21 million and comprised Kshs.183.94 million spent by the County Assembly and Kshs.253.27 million by the County Executive. Expenditure on foreign travel amounted to Kshs.47.27 million and comprised of Kshs.27.36 million by the County Assembly and Kshs.19.91 million by the County Executive.

3.16.10 Development Expenditure

The County incurred Kshs.1.89 billion on development programmes, representing a decrease of 27.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 2.60 billion. Table 3.107 summarises development projects with the highest expenditure in the reporting period.

Table 3.107: Kisii County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Health Services	Proposed construction of reproductive Health unit	KTRH	94,372,652	94,372,652	92,739,526	None	98	Gok	Project is ongoing
Culture and Social Services	Proposed Construction of Athletic Track Phase 2 In Gusii Stadium	Gusii Stadium	58,071,870	58,071,870	25,208,434	None	43	Gok	Project is ongoing
Culture and Social Services	Proposed construction of tartan Track phase 1 in Gusii Stadium	Gusii Stadium	58,071,870	58,071,870	23,420,500	None	40	Gok	Project is ongoing
Finance and economic planning	Supply, Installation, Configuration and deployment of server hardware, visualisation, adds replication and provision of Microsoft operating system.	All Departments	18,050,000	18,050,000	17,123,349	None	95	Gok	Project is ongoing
Lands, Physical Planning & Urban Development	Proposed cabro paving in front of Guardian parking	All wards	14,526,804	14,526,804	14,259,251	None	98	Gok	Project is complete

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Health Services	Integrated water storage and supply system upgrade	KTRH	14,427,855	14,427,855	13,379,271	None	93	Gok	Project is ongoing
Health Services	Proposed construction of reproductive health unit	Kisii Central	175,987,487	175,987,487	10,000,000	None	6	Gok	Project is ongoing
Lands, Physical Planning & Urban Development	Supply, Delivery, Installation and commissioning of No. 170 Solar lights	HQS	10,165,078	10,165,078	9,619,509	None	95	Gok	Project is complete
Health Services	Proposed construction of Doctor's plaza KTRH	KTRH	9,567,660	9,567,660	9,342,578	None	98	Gok	Project complete
Finance and Economic Planning	Supply, Installation, Configuration AOF Structured Local, Wireless and Metro Networks and Telecommunications system at Kitutu Chache, ATC resource centre	All departments	12,040,000	12,040,000	8,933,361	None	74	Gok	Project Ongoing

Source: *Kisii County Treasury*

3.16.11 Budget Performance by Department

Table 3.108 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.108: 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	461.04	35.30	402.60	7.27	382.56	7.27	95.0	100	83	20.6

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
Administration and Stakeholder Management	540.97	89.34	477.57	10.20	482.77	10.20	101.1	100	89.2	11.4
Finance and Economic Planning	1296.86	86.84	1146.32	56.49	1142.84	56.49	99.7	100	88.1	65.1
Agriculture and Co-operative Development	506.13	784.58	476.37	590.05	473.30	492.46	99.4	83.5	93.5	62.8
Energy, Water, Environment And Natural Resources	193.12	201.61	152.78	73.76	145.23	73.76	95.1	100	75.2	36.6
Education, Youth Affairs And Social Development	485.52	153.89	457.05	26.58	465.94	26.70	101.9	100.6	96	17.3
County Health Services	3160.00	805.33	3054.62	398.16	3067.24	269.65	100.4	110.1	97.1	33.5
Lands, Physical Planning And Urban Development	185.51	116.60	156.84	45.55	154.42	41.78	98.5	100	83.2	35.8
Roads, Public Works And Transport	281.73	1227.78	212.83	598.22	208.74	642.29	98.1	107.4	74.1	52.3
Trade Development, Industry and Tourism	131.67	93.24	96.02	15.61	96.56	15.61	100.6	100	73.3	16.7
Culture and Social Services	99.66	148.92	85.57	75.21	88.20	75.21	103.1	100	88.5	50.5
Kisii Municipality	161.94	241.54	99.73	118.71	98.48	112.85	98.7	92.1	60.8	46.7
County Assembly	994.83	106.75	897.32	63.64	897.32	63.64	100	100	90.2	59.6
Total	**8498.97**	**4091.72**	**7715.62**	**2079.44**	**7703.61**	**1887.90**	**99.8**	**98**	**90.6**	**46.1**

Source: *Kisii 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 65.1 per cent, followed by the Department of Agriculture and co-operative development at 62.8 per cent. The Department of county health services had the highest percentage of recurrent expenditure to budget at 97.1 per cent, while the Department of Kisii Municipality had the lowest at 60.8 per cent.

3.16.12 Budget Execution by Programmes and Sub-Programmes

Table 3.109 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.109: Kisii County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
County Assembly	Office of the speaker	6,355,200	1,317,568	5,037,632	20.7
	Representation, legislative and oversight services	232,407,914	192,180,784	40,227,130	82.7
	county assembly service board	862,822,468	767,464,428	95,358,040	88.9
	Sub total	**1,101,585,582**	**960,962,780**	**140,622,802**	**87.2**
County Executive	Administration, planning and support services	376,287,952	314,744,450	61,543,502	83.6
	office of the county secretary	21,890,000	14,854,343	7,035,657	67.9
	legal services	7,320,000	4,126,722	3,193,278	56.4
	communication services	24,570,000	16,523,757	8,046,243	67.3
	special programmes	7,950,000	7,101,805	848,195	89.3
	public-private partnership	6,900,000	3,852,310	3,047,690	55.8

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
	Advisory services	6,750,000	4,459,242	2,290,758	66.1
	Chief of staff	4,700,000	3,829,900	870,100	81.5
	County public service Board	39,970,000	20,336,509	19,633,491	50.9
	Sub total	**496,337,952**	**389,829,038**	**106,508,914**	**78.5**
Administration and Stakeholder management	Administration, planning and support services	472,385,448	444,985,095	27,400,353	94.2
	devolved units services	62,843,694	15,001,237	47,842,457	23.9
	Human Resource Development	10,050,000	2,876,892	7,173,108	28.6
	Enforcement services	8,800,000	4,897,700	3,902,300	55.7
	Stakeholder management	50,309,602	8,175,680	42,133,922	16.3
	public participation and civic Education	6,300,000	3,785,340	2,514,660	60.1
	disaster management	12,626,255	7,904,432	4,721,823	62.6
	Fleet Management	7,000,000	5,341,316	1,658,684	76.3
	Sub total	**630,314,999**	**492,967,692**	**137,347,307**	**78.2**
Finance & Economic planning	Administration, coordination and support services	1,051,044,503	948,834,693	102,209,810	90.3
	public financial management services	79,825,000	52,425,609	27,399,391	65.7
	county planning services	252,835,594	198,076,616	54,758,978	78.3
	Sub total	**1,383,705,097**	**1,199,336,918**	**184,368,179**	**86.7**
Agriculture, Livestock, Veterinary & Fisheries	administrative and support services	475,889,510	167,686,930	308,202,580	35.2
	crop development and value addition	395,303,675	402,525,485	(7,221,810)	101.8
	livestock development	60,590,000	58,563,854	2,026,146	96.7
	veterinary services	276,888,980	271,352,292	5,536,688	98.0
	co-operative development and management	3,100,000	2,001,885	1,098,115	64.6
	fisheries development	51,751,910	45,131,043	6,620,867	87.2
	Kisii agricultural training centre	27,184,180	18,493,391	8,690,789	68.0
	Sub total	**1,290,708,255**	**965,754,880**	**324,953,375**	**74.8**
Energy, Environment And Natural Resources	administration and planning services	58,166,331	47,405,567	10,760,764	81.5
	water and sanitation services	317,222,867	166,764,210	150,458,657	52.6
	environment management	13,500,000	4,193,000	9,307,000	31.1
	energy services	5,841,809	627,550	5,214,259	10.7
	Sub total	**394,731,007**	**218,990,327**	**175,740,680**	**55.5**
Education, Youth Affairs & Social Development	general administration and planning services	485,517,045	465,937,450	19,579,595	96.0
	early childhood development education	86,707,636	3,395,513	83,312,123	3.9
	vocational training	67,179,898	23,303,505	43,876,393	34.7
	Sub total	**639,404,579**	**492,636,468**	**146,768,111**	**77.0**
County Health Services	medical services	3,920,271,432	3,317,958,399	602,313,033	84.6
	public health	45,060,000	18,931,260	26,128,740	42.0
	Sub total	**3,965,331,432**	**3,336,889,659**	**628,441,773**	**84.2**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
Lands, Physical Planning and Urban Development	Administration, planning and support services	168,375,000	146,419,069	21,955,931	87.0
	land use services	36,799,078	25,372,790	11,426,288	68.9
	urban development	96,931,284	24,408,751	72,522,533	25.2
	Sub total	**302,105,362**	**196,200,610**	**105,904,752**	**64.9**
Roads, public works, Transport and Housing	general administration and planning services	104,470,000	87,152,991	17,317,009	83.4
	roads development	1,172,884,248	639,594,825	533,289,423	54.5
	public works	217,146,474	118,528,853	98,617,621	54.6
	housing services	15,000,000	5,757,950	9,242,050	38.4
	Sub total	**1,509,500,722**	**851,034,619**	**658,466,103**	**56.4**
Trade, Tourism, Co-operatives and Enterprise Development	administration and planning services	87,261,639	77,547,941	9,713,698	88.9
	tourism development	8,200,000	2,163,650	6,036,350	26.4
	weights and measures	3,250,000	1,035,000	2,215,000	31.8
	liquor licensing	800,000	605,000	195,000	75.6
	Markets development	122,701,153	28,624,688	94,076,465	23.3
	betting and gaming	2,700,000	2,193,800	506,200	81.3
	Sub total	**224,912,792**	**112,170,079**	**112,742,713**	**49.9**
Culture and Social Services	administration and planning services	74,097,361	66,546,059	7,551,302	89.8
	sports development	144,837,091	87,440,626	57,396,465	60.4
	cultural services	26,148,677	6,573,677	19,575,000	25.1
	social development	3,500,000	2,845,110	654,890	81.3
	Sub total	**248,583,129**	**163,405,472**	**85,177,657**	**65.7**
Kisii Municipality	General administration, planning and support services	161,937,287	98,479,842	63,457,445	60.8
	infrastructure development	241,536,783	112,848,380	128,688,403	46.7
	Sub total	**403,474,070**	**211,328,222**	**192,145,848**	**52.4**
Grand Total		**12,590,694,978**	**9,591,506,764**	**2,999,188,214**	**76.2**

Source: *Kisii County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: crop development and value addition in the Department of Agriculture, Livestock, Veterinary & Fisheries at 101.8 per cent, veterinary services in the Department of Agriculture, Livestock, Veterinary & Fisheries at 98 per cent, Livestock development in the Department of Agriculture, Livestock, Veterinary & Fisheries at 96.7 per cent, and general administration and planning services at 96 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 OCOB identified the following challenges which hampered effective budget implementation;

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.89 billion in FY 2021/22 from the annual development budget allocation of Kshs.4.1 billion. The development expenditure represented 46.1 per cent of the annual development budget.
2. A high wage bill, which accounted for 57.8 per cent of the annual realised revenue of Kshs.9.86 billion in FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.404.55 million against an annual projection of Kshs. 700 million, representing 57.8 per cent of the annual target.
4. The County Treasury's use of revenue at source and poor budgeting practice, as shown in Tables and Table 3.68,

where the County incurred expenditure over approved budgetary allocations.

5. High level of pending bills which amounted to Kshs.1.45 billion as of 30th June 2022.
6. 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 4th August 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *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.*

3.17 County Government of Kisumu

3.17.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.18 billion, comprising Kshs.3.73 billion (30.6 per cent) and Kshs.8.45 billion (69.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.03 billion (60.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.98 billion (8.1 per cent) from its sources of revenue, and use a cash balance of Kshs.719.5 million (5.9 per cent) from FY 2020/21. The County also expects to receive Kshs.1.45 billion (11.9 per cent) as conditional grants, which consists of DANIDA Kshs.15.13 million, KDSP Kshs. 108.56 million, Kenya Smart Agriculture Project Kshs. 389.67 million, ASDP Kshs. 49.83 million, World Bank Grant for transforming Health Care Kshs. 134.82 million, EU Ideas Kshs. 35.1 million, KISSIP Kshs.300 million, Youth Polytechnic 16.36 million, KUSP (UDG) Kshs, 135.4 million, KUSP (Urban) Kshs. 579 thousand, SEACAP Kshs.7.13 million, RLMF Kshs. 127.62 million, and Level Five Grant Kshs.96.33 million.

3.17.2 Revenue Performance

In FY 2021/22, the County received Kshs.7.38 billion as the equitable share of the revenue raised nationally, raised Kshs.982.79 million as own-source revenue, Kshs.362.67 million as conditional grants, and had a cash balance of Kshs.719.5 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.9.45 billion, as shown in Table 3.110.

Table 3.110: Kisumu County, Revenue Performance in FY 2021/22

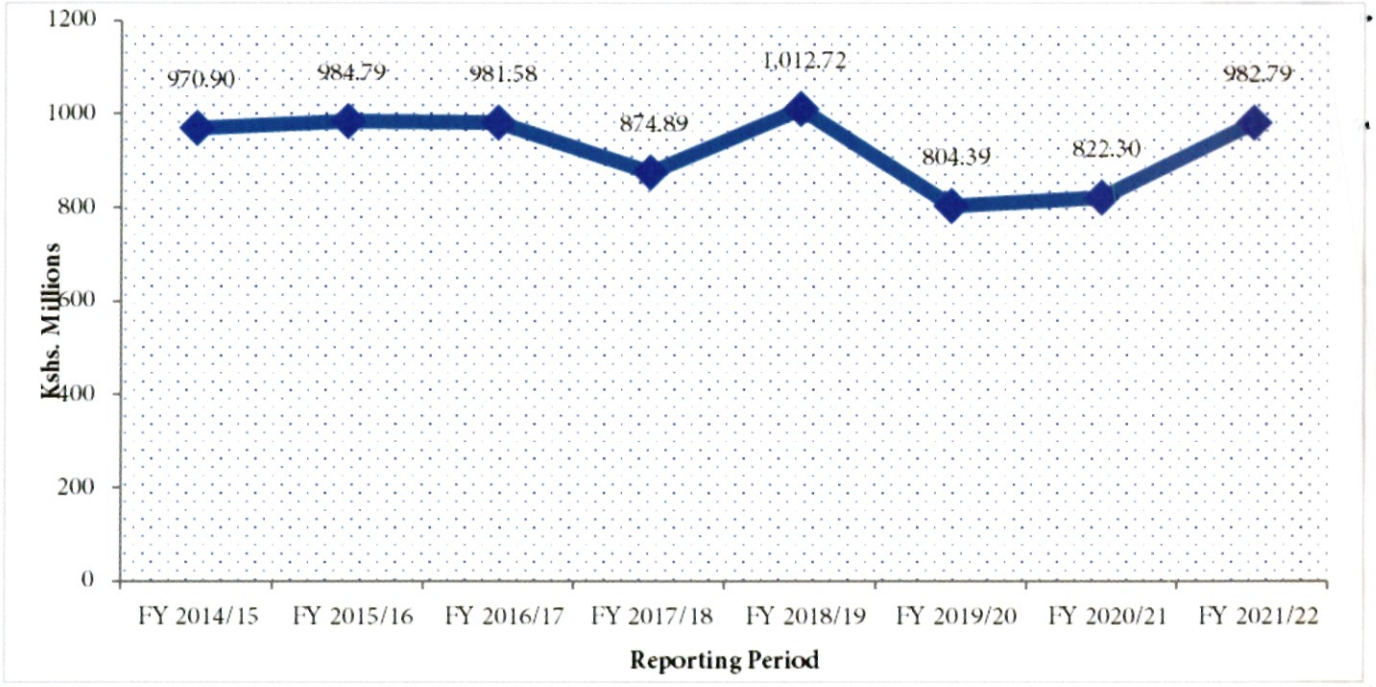
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**8,026,139,240**	**7,384,048,098**	**92.0**
Sub Total		**8,026,139,240**	**7,384,048,098**	92.0
B	**Other Sources of Revenue**			
1.	Own Source Revenue	1,984,000,003	982,789,204	49.5
2.	Conditional Grants	1,448,213,910	362,667,126	25.0

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3.	Balance b/f from FY 2020/21	719,499,320	719,499,320	100.0
Sub Total		**4,151,713,233**	**2,064,955,650**	**49.7**
Grand Total		**12,177,852,473**	**9,449,003,748**	**77.6**

Source: *Kisumu County Treasury*

Figure 3.33 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.33: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Kisumu County Treasury*

In FY 2021/22, the County generated a total of Kshs.982.79 million as own-source revenue. This amount represented an increase of 19.5 per cent compared to Kshs. 822.3 million realised in FY 2020/21 and was 49.5 per cent of the annual target. The growth can be attributed to the scaling up of licences and the use of point-of-sale systems (POS). The County has implemented an automated OSR collection system called County Pro by Strathmore University.

3.17.3 Exchequer Issues

The Controller of Budget approved Kshs.8.73 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.33 billion (16.3 per cent) for development programmes and Kshs.7.40 billion (84.7per cent) for recurrent programmes, as shown in Table 3.115.

3.17.4 Overall Expenditure Review

The County spent Kshs.7.48 billion on development and recurrent programmes during the reporting period. This expenditure represented 85.7 per cent of the total funds released by the CoB and comprised of Kshs.1.18 billion and Kshs.7.40 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 31.5 per cent, while recurrent expenditure represented 87.5 per cent of the annual recurrent expenditure budget.

3.17.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.83 billion for development expenditure. During the period under review, pending bills amounting to Kshs.508 million were settled for development programmes, as shown in Table 3.111.

Table 3.111: Progress on Settlement of Pending Bills as of 30th June 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	-	-	-	-	-
Development Expenditure	1,825,211,453	507,997,768	1,317,213,684	559,416,306	1,876,629,990
Total	**1,825,211,453**	**507,997,768**	**1,317,213,684**	**559,416,306**	**1,876,629,990**

Source: *Kisumu County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.1.88 billion included the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.04 billion, out of which the County has settled bills amounting to Kshs.508.0 million, leaving a balance of Kshs.539.13 Million as of 30th June 2022.

3.17.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.84 billion on employee compensation, Kshs.705.65 million on operations and maintenance, and Kshs.1.09 billion on development activities. Similarly, the County Assembly spent Kshs. 763.58 million on employee compensation, Kshs.288.82 million on operations and maintenance, and Kshs. 88.29 million on development activities, as shown in Table 3.112.

Table 3.112: 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	**7,671,733,724**	**763,581,710**	**5,544,274,489**	**763,581,710**	**72.3**	**100.0**
Compensation to Employees	4,838,619,667	288,815,774	4,838,619,667	288,815,774	100.0	100.0
Operations and Maintenance	2,833,114,057	474,765,936	705,654,822	474,765,936	24.9	100.0
Development Expenditure	**3,576,801,293**	**88,429,223**	**1,087,252,335**	**88,429,223**	**30.4**	**100.0**
Total	**11,248,535,017**	**852,010,932**	**6,631,526,824**	**852,010,932**	**59.0**	**100.0**

Source: *Kisumu County Treasury*

3.17.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 54.3 per cent of the annual realised revenue of Kshs.9.45 billion.

Personnel emoluments amounting to Kshs.4.39 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.667.69 million was paid through manual payrolls. The manual payroll accounted for 13.0 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.5.13 billion includes Kshs.2.56 billion attributable to the health sector, which translates to 49.9 per cent of the total wage bill in the reporting period.

3.17.8 County Established Funds

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.655 million to county-established funds in FY 2021/22, which constituted 5.4 per cent of the County's overall budget for the year. Table 3.113 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.113: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June (Yes/N0)	Absorption (%)
		A	B	C	B/A*100
1	Bursary / Education	205,000,000	205,000,000	Yes	100
2	Kisumu County Social Health Insurance Fund.	140,000,000	140,000,000	Yes	100
3	Kisumu County Emergency Fund	100,000,000	100,000,000	Yes	100
4	COVID -19 Response	50,000,000	50,000,000	Yes	100
5	Kisumu County Assembly Loan Mortgage Fund	25,000,000	15,000,000	Yes	60
6	Kisumu Enterprises Fund	100,000,000	-		-
7	Kisumu County Rural Electrification and Renewal Energy Corp. Fund	35,000,000	-		-
	Total	**655,000,000**	**510,000,000**		**77.9**

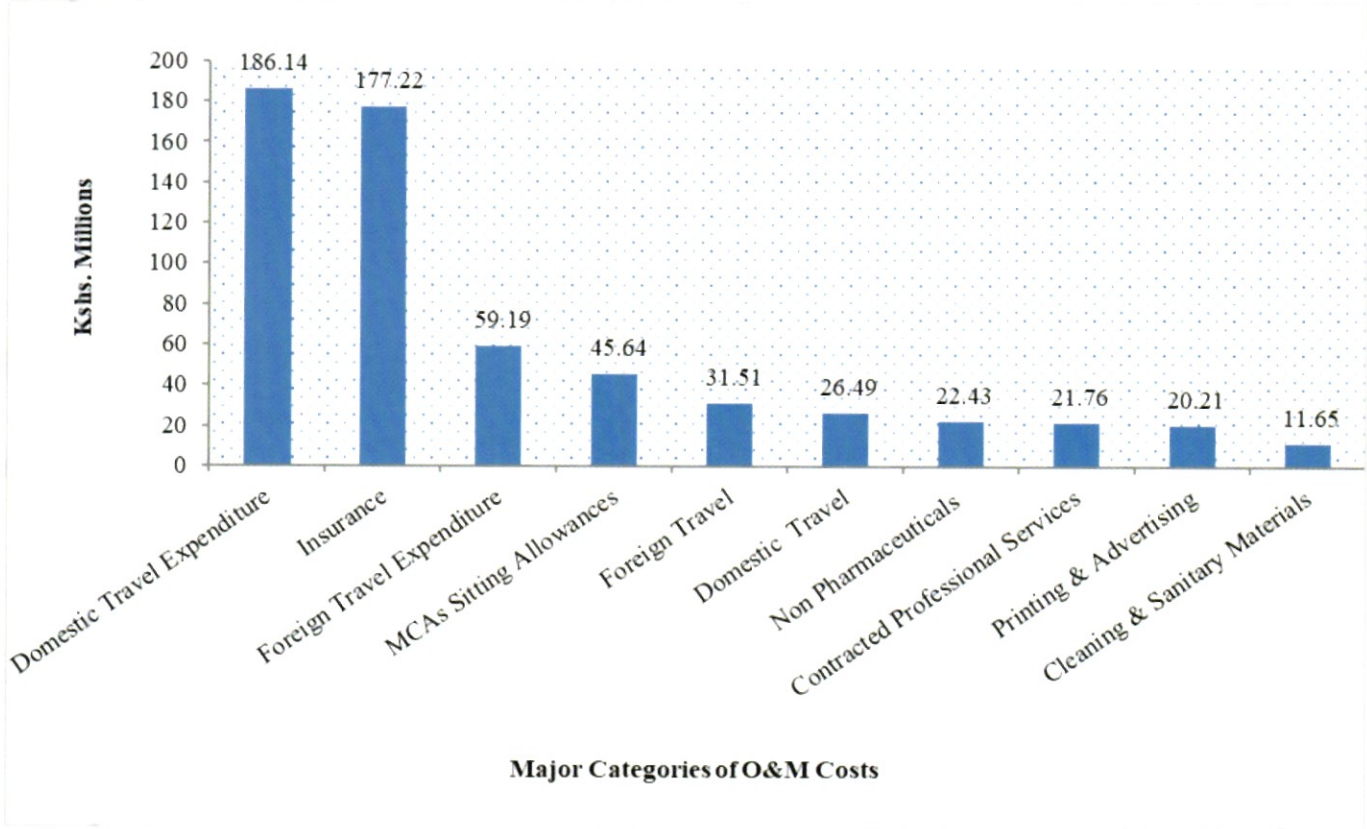
Source: *Kisumu County Treasury*

The OCoB received quarterly financial returns from Fund Administrators of five established funds, as indicated in Table 3.113.

3.17.9 Expenditure on Operations and Maintenance

Figure 3.34 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.34: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisumu County Treasury*

The County Assembly spent Kshs.45.64 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.47.09 million. The average monthly sitting allowance was Kshs.77,620 per MCA. The County Assembly has established 23 Committees.

During the period, expenditure on domestic travel amounted to Kshs.186.14 million and comprised Kshs.159.65 million spent by the County Assembly and Kshs.26.49 million by the County Executive. Expenditure on foreign travel amounted to Kshs.59.19 million and comprised of Kshs.33.72 million by the County Assembly and Kshs.25.47 million by the County Executive.

3.17.10 Development Expenditure

The County incurred Kshs.1.18 billion on development programmes, representing a decrease of 39.1 per cent compared to FY 2020/21, hen the County spent Kshs.1.93 billion. Table 3.114 summarises development projects with the highest expenditure in the reporting period.

Table 3.114: Kisumu County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Contract variation (Kshs)	Imple-men-tation status (%)	Source of Funding (GoK/do-nor)	Remarks
			(Kshs)	(Kshs)					
Roads	Construction of Ring Road Within Mam-boleo Show Ground	Mamboleo Show Ground	21,177,170	25,200,832	21,177,170	-	84.0	GoK	Project Complet-ed

Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Lands& Housing	Construction & Renovation of Outer Perimeter Fence at Mamboleo Show Ground	Mamboleo Show Ground	17,996,040	21,415,288	17,996,040	-	84.0	GoK	Project Completed
Finance	Supply, Installation, Testing &Commissioning Of Automated Asset Verification, Tagging & Management System	HQ	11,957,960	14,229,972	11,957,960	-	84.0	GoK	Project Completed
Trade	Proposed Paving of Katito Open Air Market and Drains	Katito	7,346,492	8,742,326	7,346,492	-	84.0	GoK	Project Completed
Roads	Construction of Kolewe Box Culvert	Kolowe	4,992,937	5,941,595	4,992,937	-	84.0	GoK	Project Completed
Roads	Construction of Kombewa Market Ring Road	Kombewa	4,968,222	5,912,184	4,968,222	-	84.0	GoK	Project Completed
Water	Construction 0f Esuvaru Water Project	Esuvaru	4,851,027	5,772,722	4,851,027	-	84.0	GoK	Project Complete

Source: *Kisumu County Treasury*

3.17.11 Budget Performance by Department

Table 3.115 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.115: 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	Dev	Rec	Dev
Office of Governor and County Administration	290.75	-	260.83	-	236.78	-	90.8	0.0	38.3	0.0
Public Health, Medical Services	3,700.53	144.20	3,329.23	32.08	2,558.32	68.44	76.8	213.4	69.1	47.5
Tourism Culture, Arts & Sports	73.48	146.55	47.26	10.23	46.37	64.02	98.1	625.7	63.1	43.7
Public Works, roads & Transport	207.22	505.42	1 191.78	59.03	203.44	91.35	106.1	154.8	98.2	18.1
Physical Planning, Lands, Housing & Urban Dev	79.51	341.10	50.73		91.16	8.70	179.7	0.0	114.7	2.5

Agriculture, Livestock, Food & Fisheries	203.49	581.59	135.77	268.82	192.57	250.03	141.8	93.0	94.6	43.0
Education, Human Resource Dev, & ICT	582.99	210.90	554.32	74.23	580.34	93.56	104.7	126.0	99.5	44.4
Environment, Water, Irrigation, & Natural Resource.	108.94	74.95	73.72	7.92	86.47	36.21	117.3	457.1	79.4	48.3
County Public Service Board	75.03	-	41.21	-	66.84	-	162.2	0.0	89.1	0.0
Kisumu City	406.78	324.86	353.12	136.65	370.24	263.42	104.8	192.8	91.0	81.1
Finance and Economic Planning	1,423.37	927.75	1,222.10	511.77	729.17	77.94	59.7	15.2	51.2	8.4
Public Administration & Devolution	408.46	15.00	285.83	-	299.11	2.27	104.6	0.0	73.2	15.2
Trade Energy and Industry	111.18	304.48	85.61	145.66	83.45	131.31	97.5	90.1	75.1	43.1
County Assembly	779.32	150.00	764.32	88.43	763.58	88.43	99.9	100.0	98.0	59.0
TOTAL	**8,451.05**	**3,726.80**	**7,395.84**	**1,334.83**	**6,307.86**	**1,175.68**	**85.3**	**88.1**	**74.6**	**31.5**

Source: *Kisumu County Treasury*

Analysis of expenditure by department shows that the Department of Kisumu City recorded the highest absorption rate of development budget at 81.1 per cent, followed by the County Assembly at 59.0 per cent. The Department of Physical Planning, Lands, Housing & Urban Development had the highest percentage of recurrent expenditure to budget at 114.7 per cent, while the Department office of Governor and County Administration had the lowest at 38.3 per cent.

3.17.12 Budget Execution by Programmes and Sub-Programmes

Table 3.116 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.116: Kisumu County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs)**	**Absorption (%)**
	County Assembly	**929,317,456**	**852,010,932**	**77,306,524**	**91.7**
101005060	**General Administration and Planning Services**	**1,231,881,669**	**876,827,028**	**355,054,641**	**71.2**
	Planning and Coordination Services	518,077,505	505,576,157	12,501,348	**97.6**
	Planning and Administration	713,804,164	371,250,872	342,553,292	**52.0**
102005060	**County Survey Services**	**805,000**	**530,000**	**275,000**	**65.8**
	County Survey	805,000	530,000	275,000	**65.8**
103005060	**Physical Planning & Housing**	**2,819,050**	**1,064,000**	**1,755,050**	**37.7**
	Physical planning services	2,066,050	506,000	1,560,050	**24.5**
	county housing management	753,000	558,000	195,000	**74.1**
104005060	**Promotion of sustainable land use**	**432,555**	**341,355**	**91,200**	**78.9**
	Promotion of Soil and Water Management	432,555	341,355	91,200	**78.9**
105005060	**Agriculture Productivity Improvement**	**94,960,771**	**38,149,369**	**56,811,402**	**40.2**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs)**	**Absorption (%)**
	Management of Agriculture Advisory services	474,750	333,250	141,500	**70.2**
	Promotion of Crop production Value Chains	82,322,939	32,256,409	50,066,530	**39.2**
	Promotion of Livestock Production Value Chains	2,900,000	200,000	2,700,000	**6.9**
	Management of Stations	8,895,082	5,101,710	3,793,372	**57.4**
	Development of Product Quality Assurance	368,000	258,000	110,000	**70.1**
106005060	**Agricultural Productivity Improvement**	**210,000**	**65,000**	**145,000**	**31.0**
	Agriculture Credit Access	210,000	65,000	145,000	**31.0**
	Agriculture input Access	-	-	-	
107005060	**Promotion of market access and products development**	**12,422,500**	**9,502,904**	**2,919,596**	**76.5**
	Promotion of Agribusiness	150,000	50,000	100,000	**33.3**
	Promotion value addition	12,272,500	9,452,904	2,819,596	**77.0**
108005060	**Revenue Generation and Management**	**25,649,231**	**25,649,230**	**1**	**100.0**
	Local Revenue Mobilisation	25,649,231	25,649,230	1	**100.0**
109005060	**Urban Planning $ Development Control**	**54,964,179**	**45,588,700**	**9,375,479**	**82.9**
	Urban planning and development	54,964,179	45,588,700	9,375,479	**82.9**
201005060	**County Roads and Public Works Management**	**1,037,084,922**	**300,642,123**	**736,442,799**	**29.0**
	General administration & planning	533,160,260	181,477,580	351,682,680	**34.0**
	Road construction and maintenance services	503,924,662	119,164,543	384,760,119	**23.6**
203005060	**Administration, Planning and Support Services**	**1,845,216,646**	**1,456,192,329**	**389,024,318**	**78.9**
	Administrative services	1,845,216,646	1,456,192,329	389,024,318	**78.9**
205005060	**Energy Production**	**70,324,690**	**52,165,870**	**18,158,820**	**74.2**
		26,507,200	13,419,249	13,087,951	**50.6**
	Climate Change	600,000	520,000	80,000	**86.7**
	Petroleum and Electricity	43,217,490	38,226,621	4,990,869	**88.5**
206005060	**Mining Efficiency**	**94,443,006**	**24,044,556**	**70,398,450**	**25.5**
	Mining Efficiency	1,580,800	1,229,343	351,457	**77.8**
	Resource Mobilisation	22,338,330	20,217,416	2,120,914	**90.5**
	Green Energy	70,523,876	2,597,797	67,926,079	**3.7**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
207005060	**Roads General Administration and Planning**	**33,089,048**	**23,767,543**	**9,321,505**	**71.8**
	Public Works	1,500,000	1,495,182	4,818	**99.7**
	Mechanical Engineering Services	31,589,048	22,272,361	9,316,687	**70.5**
208005060	**ICT Services**	**1,360,805**	**1,064,805**	**296,000**	**78.2**
	ICT Services	1,360,805	1,064,805	296,000	**78.2**
301005060	**General Administration and Policy-making Services**	**39,975,658**	**13,740,247**	**26,235,411**	**34.4**
	Infrastructure Development	4,426,963	3,734,713	692,250	**84.4**
	Trade Support Services	35,548,695	10,005,534	25,543,161	**28.1**
302005060	**Regulation and Verification of Weights**	**6,774,840**	**117,040**	**6,657,800**	**1.7**
	Verification and Calibration of Weighing Equipment	6,774,840	117,040	6,657,800	**1.7**
303005060	**Tourism Development and Management**	**15,630,330**	**5,070,830**	**10,559,500**	**32.4**
	Tourism Development	8,987,990	2,477,630	6,510,360	**27.6**
	Tourism Event Management	6,642,340	2,593,200	4,049,140	**39.0**
304005060	**Administration Planning and Support**	**103,187,326**	**68,092,473**	**35,094,853**	**66.0**
	Administration planning	103,187,326	68,092,473	35,094,853	**66.0**
305005060	**Co-Operative Development and Management**	**18,487,785**	**13,302,960**	**5,184,825**	**72.0**
	Extension services	8,988,690	7,048,640	1,940,050	**78.4**
	Co-operative Governance	9,499,095	6,254,320	3,244,775	**65.8**
306005060	**Enterprise Development**	**53,692,322**	**319,322**	**53,373,000**	**0.6**
	Business Development Services	53,692,322	319,322	53,373,000	**0.6**
307005060	**Industrial Development**	**291,000**	**291,000**	-	**100.0**
	Renovation and operationalisation of C.I.D.Cs	291,000	291,000	-	**100.0**
401005060	**Preventive & Promotive Health Services**	**241,974,322**	**183,784,783**	**58,189,539**	**76.0**
	Environmental health and sanitation	87,005,269	87,005,268	1	**100.0**
	Community health strategy	500,000	-	500,000	**0.0**
	Disease surveillance	8,245,000	8,045,000	200,000	**97.6**
	Health promotion service	146,224,053	88,734,515	57,489,538	**60.7**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
402005060	**Health Curative Services**	**138,450,529**	**72,163,511**	**66,287,018**	**52.1**
	Elimination of communicable and non-communicable diseases	1,150,000	777,400	372,600	**67.6**
	Reproductive Health	137,300,529	71,386,111	65,914,418	**52.0**
403005060	**General Administration, Operational Research and Planning**	**3,083,958,072**	**3,065,340,994**	**18,617,078**	**99.4**
	Governance and leadership	25,662,916	14,259,976	11,402,940	**55.6**
	Human resources for Health	3,058,295,156	1,507,750,206	11,402,940	**49.3**
405005060	**Health Sector Support Program (DANIDA)**	**138,044,056**	**62,994,129**	**75,049,928**	**45.6**
	Health Promotive Services	138,044,056	62,994,129	75,049,928	**45.6**
407005060	**Jaramogi Oginga Odinga Teaching and Referral Hospital**	**146,334,964**	**146,334,964**	-	**100.0**
	Jaramogi Oginga Odinga Teaching and Referral Hospital	146,334,964	146,334,964	-	**100.0**
408005060	**Kisumu County Referral Hospital**	**55,000,000**	**47,895,155**	**7,104,845**	**87.1**
	Kisumu County Referral Hospital	55,000,000	47,895,155	7,104,845	**87.1**
409005060	**Medical and Bio-Medical Services**	**234,200,000**	**128,139,422**	**106,060,578**	**54.7**
	County and Sub-County Hospital Services	234,200,000	128,139,422	106,060,578	**54.7**
501005060	**Early Childhood Development.**	**38,578,941**	**38,407,684**	**171,257**	**99.6**
	Promotion of early childhood education.	38,578,941	38,407,684	171,257	**99.6**
502005060	**Youth Training and Development**	**21,310,010**	**3,562,380**	**17,747,630**	**16.7**
	Youth Polytechnics Services	21,310,010	3,562,380	17,747,630	**16.7**
504005060	**Gender and Social Dev.**	**8,545,700**	**2,863,700**	**5,682,000**	**33.5**
	Gender & Disability Mainstreaming	7,628,700	2,417,700	5,211,000	**31.7**
	Betting Control Services	917,000	446,000	471,000	**48.6**
505005060	**Early Child Education Management**	**304,830,800**	**151,996,000**	**152,834,800**	**49.9**
	Early Child Education	304,830,800	151,996,000	152,834,800	**49.9**
506005060	**Sports Management and Development**	**49,610,000**	**18,752,114**	**30,857,886**	**37.8**
	Sports Management	49,610,000	18,752,114	30,857,886	**37.8**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
507005060	**Sports Stadia Development**	**4,282,150**	**1,156,600**	**3,125,550**	**27.0**
	Sports Academy	4,282,150	1,156,600	3,125,550	**27.0**
508005060	**Alcoholic Drinks**	**593,075**	**379,075**	**214,000**	**63.9**
	Alcoholic Drinks	593,075	379,075	214,000	**63.9**
515005060	**Pre-Primary Policy and Legislation**	**22,789,300**	**9,658,895**	**13,130,405**	**42.4**
	Primary Policy and Legislation	22,789,300	9,658,895	13,130,405	**42.4**
517005060	**Youth Training and Legislation**	**90,860,014**	**72,424,620**	**18,435,394**	**79.7**
	Youth Training and Legislation	90,860,014	72,424,620	18,435,394	**79.7**
701005060	**General Administration and Planning services**	**348,329,664**	**266,527,348**	**81,802,316**	**76.5**
	Administration and Formulation of County policy	-	(478,000)	478,000	
	Development and Management of County Administrative systems	321,441,823	243,723,731	77,718,092	**75.8**
	Human Resource development services	828,000	492,000	336,000	**59.4**
	Social Responsibility Including Civic and Public Engagement	26,059,841	22,789,617	3,270,224	**87.5**
702005060	**Management of County affairs and Special Programmes**	**5,189,976**	**2,399,691**	**2,790,285**	**46.2**
	Inter-Government Coordination and protocol	5,189,976	2,399,691	2,790,285	**46.2**
703005060	**Inter-Governmental relations, Communication and Protocol**	**36,874,588**	**18,698,261**	**18,176,327**	**50.7**
	Governor's Press Service and Communication	27,612,652	11,013,825	16,598,827	**39.9**
	Internal Auditing Services	9,261,936	7,684,436	1,577,500	**83.0**
704005060	**County Public Service Board**	**1,055,433,436**	**696,388,283**	**359,045,153**	**66.0**
	General Administration and Support services	977,907,158	646,705,364	331,201,794	**66.1**
	Human Resource Recruitment and Development	70,788,954	43,819,483	26,969,471	**61.9**
	Human Resource Audit and Staff Rationalization	770,000	730,435	39,565	**94.9**
	Promotion of Values and Principles	5,967,324	5,133,001	834,323	**86.0**
705005060	**Public Financial Management**	**234,382,143**	**106,646,997**	**127,735,146**	**45.5**
	Revenue Mobilisation	75,194,234	25,740,110	49,454,124	**34.2**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs)**	**Absorption (%)**
	assets management	2,437,675	1,728,575	709,100	**70.9**
	management of public financial resources	4,654,700	2,806,575	1,848,125	**60.3**
	Budget Formulation & Coordination Services	152,095,534	76,371,737	75,723,797	**50.2**
706005060	**County Planning and Development Coordination Services**	**91,919,274**	**48,922,390**	**42,996,885**	**53.2**
	Policy Formulation & Planning	65,926,635	32,373,581	33,553,054	**49.1**
	Monitoring & Evaluation	25,992,639	16,548,809	9,443,831	**63.7**
707005060	**County Communication & ICT Services**	**310,000**	**193,100**	**116,900**	**62.3**
	Management Information System	310,000	193,100	116,900	**62.3**
709005060	**Representation services & public participation**	**4,694,000**	**570,970**	**4,123,030**	**12.2**
	Public participation services	4,694,000	570,970	4,123,030	**12.2**
711005060	**County Planning and Development Coordination Services**	**4,512,050**	**2,468,200**	**2,043,850**	**54.7**
	County Planning and Development Coordination Services	4,512,050	2,468,200	2,043,850	**54.7**
902005060	**Conservation and management of natural ecosystem**	**131,062,493**	**60,777,542**	**70,284,951**	**46.4**
	Sustainable Access to safe Water	371,199	150,000	221,199	**40.4**
	Water resources & Sewerage services	130,691,294	60,627,542	70,063,752	**46.4**
903005060	**General Administration and Planning Services**	-	-	-	
	Policy planning & Administration	-	-	-	
904005060	**Environmental Planning And Management**	**5,941,400**	**5,459,900**	**481,500**	**91.9**
	Environment Conservation Of Natural Resources	945,800	654,200	291,600	**69.2**
	Solid Waste Management	4,995,600	4,805,700	189,900	**96.2**
906005060		**2,920,977**	**2,192,870**	**728,107**	**75.1**
	Pollution Control	2,920,977	2,192,870	728,107	**75.1**
907005060		**3,899,750**	**1,229,373**	**2,670,377**	**31.5**
	Culture and Heritage Development	3,899,750	1,229,373	**2,670,377**	**31.5**
	Grand Total	**12,177,852,473**	**7,483,537,756**	**4,694,314,717**	**61.5**

Source: *Kisumu County Treasury*

3.18.8 County Established Funds

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 2021/22, constituting 1.0 per cent of the County's overall budget for the year. Table 3.120 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.120: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022	Absorption (%)
		A	B	C	B/A*100
1.	Kitui County Assembly MCA Mortgage & Car Loan Fund *	0	312,300	Yes	N/A
2.	Kitui County Assembly Staff Mortgage & Car Loan Fund **	50,000,000	42,519,256	Yes	85
3.	Kitui County Empowerment Fund **	80,000,000	80,000,000	No	100
	Total	**130,000,000**	**122,831,556**		**94.5**

Source: *Kitui County Treasury*

**Actual expenditure for the Kitui County Assembly Staff Mortgage & Car Loan Fund and the Kitui County Empowerment Fund represents the exchequer requisition transferred to the fund.*

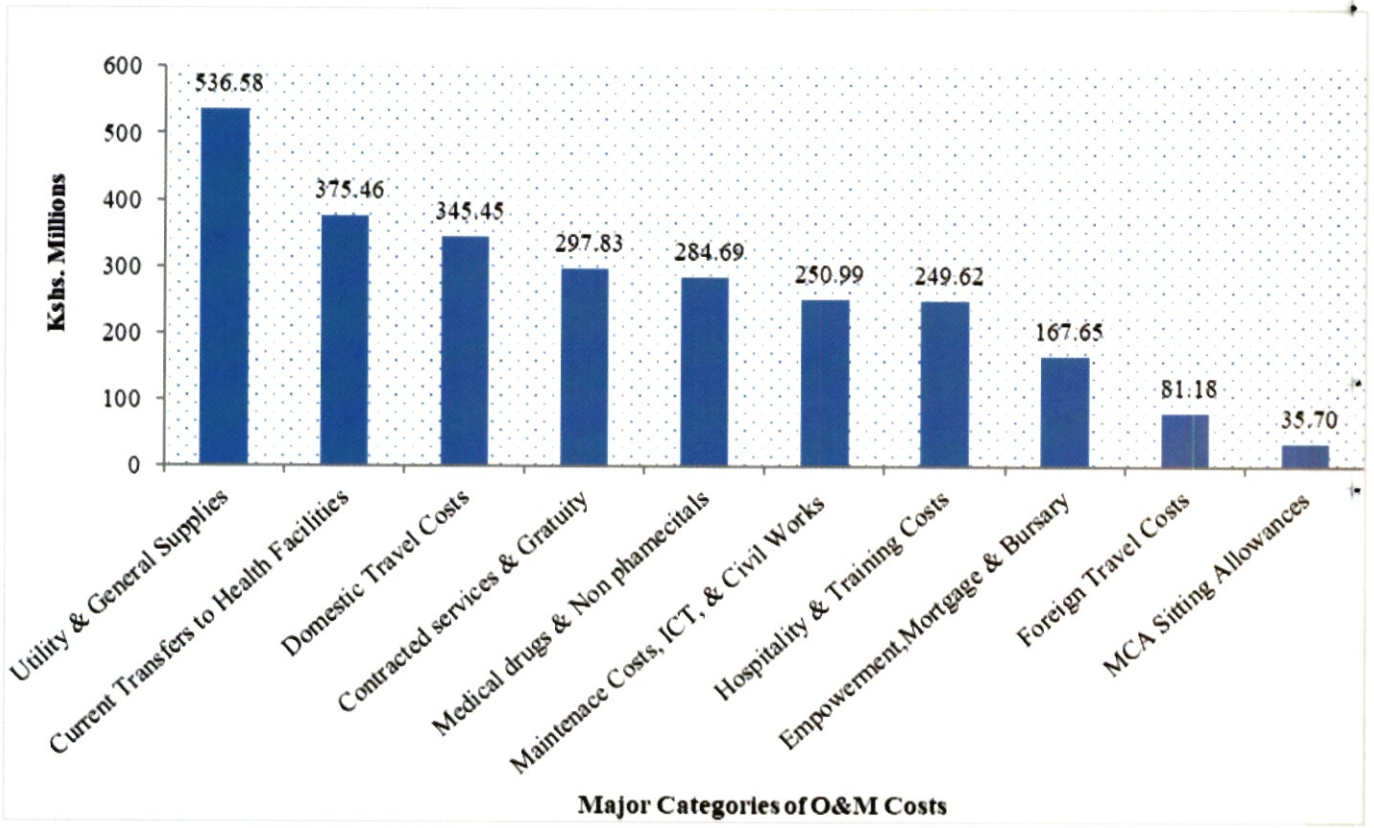
***The was no additional budgetary allocation towards Kitui County Assembly MCA Mortgage & Car Loan Fund in the FY 2021/22. However, the fund incurred administrative expenses, as indicated in Table 3.120.*

The OCoB received quarterly financial returns from Kitui County Assembly MCA Mortgage & Car Loan Fund administrators and those from Kitui County Assembly Staff Mortgage & Car Loan Fund. However, Kitui County Empowerment Fund's fund administrator was yet to submit FY 2021/22 fourth-quarter financial reports by the time of finalising this report.

3.18.9 Expenditure on Operations and Maintenance

Figure 3.36 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.36: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: *Kitui County Treasury*

The County Assembly spent Kshs.35.70 million on committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.53.27 million. The average monthly sitting allowance was Kshs.54,098 per MCA. The County Assembly has established 20 Committees.

During the period, expenditure on domestic travel amounted to Kshs.345.45 million and comprised of Kshs.137.19 million spent by the County Assembly and Kshs.208.26 million by the County Executive. Expenditure on foreign travel amounted to Kshs.81.18 million and comprised of Kshs.73.09 million by the County Assembly and Kshs.8.08 million by the County Executive.

3.18.10 Development Expenditure

The County incurred Kshs.2.73 billion on development programmes, representing a decrease of 21 per cent compared to FY 2020/21 when the County spent Kshs.3.45 billion. Table 3.121 summarises development projects with the highest expenditure in the reporting period.

Table 3.121: Kitui County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Trade cooperatives & investment	Supply of solar security lights in Kitui central	Kitui Central	48,980,100	48,980,100	100	Complete
Trade cooperatives & investment	Supply of 10m concrete poles	Kitui Central	28,869,753	28,869,753	100	Complete
Agriculture water & irrigation	Makuta Earth Dam desilting	Kitui East	26,576,758	26,576,758	100	Complete
Agriculture Water & irrigation	Sekeani sump well water project - sump well, plumbing system, rising main distribution lines	Kitui Rural	20,177,354	20,177,354	100	Complete

Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Kitui Municipality	Construction of Kithomboani Modern Market in Kitui Town	Kitui Central	351,585,555	17,664,147	80	Multiyear project -On-going
Trade cooperatives & investment	Supply and Installation of a 715KVA standby generator for stone crusher at Kwa Kilui	Kitui Rural	17,237,600	17,237,600	100	Complete
Office Of the Governor	Water pipeline from Valve No.22 to Katutu Girls' new line	Kitui West	10,584,216	10,584,216	100	Complete
Agriculture water & irrigation	Supply of power to Masinga treatment works for the month of July	Kitui Central	10,451,862	10,451,862	100	Complete
Agriculture water and irrigation	implementation of the climate-proofed infrastructure programme	Kitui Central	10,431,449	10,431,449	100	Complete
Office Of the Governor	Mathuki-kimongo matulani heavy grading	Kitui east	9,935,052	9,935,052	100	Complete

Source: *Kitui County Treasury*

3.18.11 Budget Performance by Department

Table 3.122 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.122: 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	572.56	1,064.66	502.91	708.81	494.05	660.5	98.2	93.2	86.3	62.0
Public Service Management and Administration	529.94	1.47	529.94	1.08	478.85	1.08	90.4	100	90.4	73.5
Agriculture, Water and Irrigation	477.5	1,019.86	475.95	488.54	433.08	652	91	133.5	90.7	63.9
Basic Education, ICT and Youth Development	554.52	192.61	554.52	77.88	522.57	114.1	94.2	146.5	94.2	59.2
Infrastructure, Housing, Transport and Public Works	283.7	741.37	281.99	657.79	251.59	673.9	89.2	102.4	88.7	90.9
Health and Sanitation	3,376.36	146.77	3,318.70	90.76	3,178.57	104.01	95.8	114.6	94.1	70.9
Trade, Cooperatives and Investment	269.78	232.92	268.74	217.63	227.35	199.47	84.6	91.7	84.3	85.6
Environment, Tourism and Natural Resources	153.05	96.38	152.88	32.66	126.89	84.33	83	258.2	82.9	87.5
Gender, Sports and Culture	101.81	82.08	98.42	25.33	66.69	26.94	67.8	106.4	65.5	32.8
County Treasury	608.85	154.73	548.76	112.82	579.34	12.93	106	11.5	95.2	8.4
County Public Service Board	55.31	0	30.41	0	46.83	0	154	0.0	84.7	0.0
County Assembly	989.6	71.76	916.55	0	916.52	0	100	0.0	92.6	0.0
Kitui Municipality	117.72	185.11	99.45	48.13	86.68	147.99	87.2	307.5	73.6	79.9
Mwingi Town	73.34	42.69	48.61	2.5	53.52	9.96	110	398.4	73.0	23.3
Livestock, Apiculture and Fisheries Development	78.44	49.42	51.61	1.25	69.35	23.47	134	1881	88.4	47.5
Lands & Physical Planning	84.76	59.69	80.63	5.91	54.12	17.36	67.1	294	63.8	29.1

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
TOTAL	8,327.23	4,141.51	7,960.09	2,471.07	7,586.01	2,728.05	95.3	110.4	91.1	65.9

Source: *Kitui County Treasury*

Analysis of expenditure by department shows that the Department of Infrastructure, Housing, Transport and Public Works recorded the highest absorption rate of development budget at 90.9 per cent, followed by the Department of Environment, Tourism and Natural Resources at 87.5 per cent. The County Assembly did not report any development expenditure in FY 2021/22. The Department of County Treasury had the highest percentage of recurrent expenditure to budget at 95.2 per cent, while the Department of Lands & Physical Planning had the lowest at 63.8 per cent.

3.18.12 Budget Execution by Programmes and Sub-Programmes

Table 3.123 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.123: Kitui County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of the Office of The Governor					
General Administration And Planning	701013710	1,384,834,632	955,800,437	429,034,195	69.0
General Administration And Planning	702013710	70,966,018	59,328,388	11,637,630	83.6
Office of the County secretary	703013710	88,129,450	81,192,112	6,937,338	92.1
Procurement	704023710	93,293,728	58,232,867	35,060,861	62.4
Subtotal Office of the Governor		**1,637,223,828**	**1,154,553,804**	**482,670,024**	**70.5**
Department of the Public Service Management and Administration					
Coordination And Administrative Services	705013710	142,352,229	125,515,779	16,836,450	88.2
Coordination And Administrative Services	706013710	211,848,422	201,751,346	10,097,076	95.2
Coordination And Programmes Tracking	707013710	17,899,299	11,170,806	6,728,493	62.4
General Administration And Planning	701013710	159,305,894	141,491,370	17,814,524	88.8
Subtotal Public Service Management and Administration		**531,405,844**	**479,929,301**	**51,476,543**	**90.3**
Department of Agriculture Water and Livestock Development					
Agriculture	102013710	481,715,874	201,792,278	279,923,596	41.9
Agriculture	103013710	37,177,765	21,017,186	16,160,579	56.5
Agriculture	103023710	109,325,157	51,908,957	57,416,200	47.5
Agriculture	104013710	4,533,763	2,829,614	1,704,149	62.4
General Administration And Planning	101013710	303,038,439	296,912,503	6,125,936	98.0
Water	101013710	76,516,299	73,187,496	3,328,803	95.6
Water	111013710	389,824,204	352,656,865	37,167,339	90.5
Water	111023710	95,230,053	84,780,540	10,449,513	89.0
Subtotal Agriculture Water and Livestock Development		**1,497,361,554**	**1,085,085,439**	**412,276,115**	**72.5**
Department of Basic Education, ICT, and Youth Development					
Basic Education	502013710	414,806,720	347,241,124	67,565,596	83.7
General Administration And Planning	501013710	150,579,934	143,964,977	6,614,957	95.6
Internet	505013710	15,825,722	12,760,564	3,065,158	80.6
Training And Skills Development	503013710	99,541,009	81,454,394	18,086,615	81.8
Training And Skills Development	504013710	4,915,400	1,043,500	3,871,900	21.2
Training And Skills Development	506013710	61,460,909	50,205,249	11,255,660	81.7
Subtotal Basic Education, ICT, and Youth Development		**747,129,694**	**636,669,808**	**110,459,886**	**85.2**
Department of Lands, Infrastructure, Housing and Urban Development					

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration And Planning	101013710	125,528,531	112,758,715	12,769,816	89.8
Housing	107013710	28,316,290	20,725,759	7,590,531	73.2
Housing	109013710	35,115,030	29,203,499	5,911,531	83.2
Roads, Transport And Mechanical Services	110013710	798,205,198	728,399,225	69,805,973	91.3
Roads, Transport And Mechanical Services	203013710	37,903,760	34,405,072	3,498,688	90.8
Subtotal Lands, Infrastructure, Housing and Urban Development		**1,025,068,809**	**925,492,270**	**99,576,539**	**90.3**
Department of Health and Sanitation					
General Administration And Planning	401013710	136,314,136	112,313,679	24,000,457	82.4
General Administration And Planning	401023710	74,322,752	71,435,881	2,886,871	96.1
General Administration And Planning	401033710	4,844,081	3,769,760	1,074,321	77.8
Health	404013710	3,677,301	1,689,750	1,987,551	46.0
Health	404023710	0	(84,600)	84,600	0.0
Health	404043710	1,296,995	1,296,995	0	100.0
Medical Services	402013710	2,670,479,175	2,512,793,943	157,685,232	94.1
Medical Services	402023710	18,800,000	17,144,189	1,655,811	91.2
Medical Services	403023710	133,042,972	132,110,341	932,631	99.3
Medical Services	404033710	60,621,486	32,816,287	27,805,199	54.1
Public Health	403013710	16,675,686	13,657,431	3,018,255	81.9
Public Health	403023710	1,700,000	814,795	885,205	47.9
Public Health	403033710	2,150,000	1,721,800	428,200	80.1
Rural Health Services	402033710	382,746,480	367,889,495	14,856,985	96.1
Rural Health Services	404023710	13,901,500	11,408,069	2,493,431	82.1
Rural Health Services	404033710	2,562,793	1,804,264	758,529	70.4
Subtotal Health and Sanitation		**3,523,135,357**	**3,282,582,079**	**240,553,278**	**93.2**
Department of Trade, Cooperatives and Investment					
Cooperatives	304013710	11,626,609	8,960,735	2,665,874	77.1
Cooperatives	304023710	44,670,200	31,986,436	12,683,764	71.6
General Administration And Planning	301013710	96,092,752	80,505,803	15,586,949	83.8
Trade And Markets	110013710	0	219,200	(219,200)	0.0
Trade And Markets	301013710	345,864,540	301,641,020	44,223,520	87.2
Trade And Markets	303023710	4,441,675	3,500,547	941,128	78.8
Subtotal Trade, Cooperatives and Investments		**502,695,776**	**426,813,741**	**75,882,035**	**84.9**
Department of Environment and Natural Resources					
Energy	1005013710	5,401,195	4,725,865	675,330	87.5
Energy	1006013710	95,762,948	82,212,766	13,550,182	85.9
Environment	1002013710	13,446,282	12,089,019	1,357,263	89.9
Environment	1003013710	1,294,036	543,100	750,936	42.0
Environment	1004013710	2,163,023	1,564,300	598,723	72.3
General Administration And Planning	1001013710	63,322,786	48,934,869	14,387,917	77.3
Mineral Resources	1003013710	7,863,316	7,738,730	124,586	98.4
Mineral Resources	1003023710	9,711,848	9,319,225	392,623	96.0
Mineral Resources	1003043710	10,178,577	6,250,400	3,928,177	61.4
Mineral Resources	1007013710	1,750,548	1,021,600	728,948	58.4
Mineral Resources	1008013710	2,117,236	1,192,700	924,536	56.3
Tourism	305013710	4,209,922	3,933,500	276,422	93.4
Tourism	305033710	8,614,044	8,386,322	227,722	97.4
Tourism	1003023710	23,587,894	23,309,851	278,043	98.8
Subtotal Environment and Natural Resources		**249,423,655**	**211,222,247**	**38,201,408**	**84.7**
Department of Tourism, Sports and Culture					
Culture	307013710	20,099,601	11,308,709	8,790,892	56.3

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Culture	307023710	12,928,447	8,845,472	4,082,975	68.4
Culture	308013710	9,485,704	6,259,760	3,225,944	66.0
Culture	308023710	2,411,550	739,140	1,672,410	30.6
Gender, Culture & Social Services	307013710	14,037,270	0	14,037,270	0
General Administration And Planning	301013710	36,916,890	26,756,197	10,160,693	72.5
Sports	306013710	9,350,077	6,942,000	2,408,077	74.2
Sports	306023710	10,614,301	5,842,409	4,771,892	55.0
Tourism	306013710	13,137,270	9,220,530	3,916,740	70.2
Tourism	306023710	54,908,708	17,724,307	37,184,401	32.3
Subtotal Tourism, Sports and Culture		**183,889,818**	**93,638,524**	**90,251,294**	**50.9**
Department of the County Treasury					
Accounts	704013710	56,777,755	55,978,703	799,052	98.6
Accounts	712053710	17,423,824	12,377,429	5,046,395	71.0
Budgetary Supplies	712013710	155,361,803	143,087,979	12,273,824	92.1
Economic Affairs	710013710	88,555,135	86,188,473	2,366,662	97.3
Economic Affairs	710023710	12,741,471	10,330,868	2,410,603	81.1
Economic Affairs	712023710	12,126,930	9,414,205	2,712,725	77.6
General Administration And Planning	701013710	411,812,807	267,057,627	144,755,180	64.8
Internal Audit	712033710	8,774,100	7,842,750	931,350	89.4
Subtotal County Treasury		**763,573,825**	**592,278,034**	**171,295,791**	**77.6**
Department of County Public Service Board					
Board	713013710	11,259,284	8,998,287	2,260,997	79.9
Board	713023710	6,605,268	5,776,304	828,964	87.4
Board	714013710	5,033,615	4,078,980	954,635	81.0
General Administration And Planning	701013710	32,416,599	27,976,620	4,439,979	86.3
Subtotal County Public Service Board		**55,314,766**	**46,830,191**	**8,484,575**	**84.7**
County Assembly					
General Administration And Planning	701013710	395,712,894	293,076,828	102,636,066	74.1
Legislative Department	715013710	665,644,537	625,816,164	39,828,373	94.0
Subtotal County Assembly		**1,061,357,431**	**918,892,992**	**142,464,439**	**86.6**
Department of Kitui Municipality					
Environment, Culture, Recreation and Community Development	207013710	7,917,627	7,350,525	567,102	92.8
Environment	207013710	27,477,336	24,669,777	2,807,559	89.8
Finance	207023710	29,815,000	17,977,846	11,837,154	60.3
Finance headquarter	207023710	4,250,000	1,832,165	2,417,835	43.1
General Administration And Planning	201013710	49,757,428	37,183,665	12,573,763	74.7
Planning, Development Control, Transport and Infrastructure	207013710	18,835,000	13,244,409	5,590,591	70.3
Planning, Development Control, Transport and Infrastructure	209013710	151,391,108	123,326,290	28,064,818	81.5
Trade	207033710	13,385,097	9,082,636	4,302,461	67.9
Subtotal Kitui Municipality		**302,828,596**	**234,667,313**	**68,161,283**	**77.5**
Department of Mwingi Town Administration					
Environment, Culture, Recreation and Community Development	1001013710	3,498,080	2,263,800	1,234,280	64.7
General Administration And Planning	109013710	13,775,916	5,512,820	8,263,096	40.0
General Administration And Planning	201013710	67,060,500	41,812,499	25,248,001	62.4
General Administration And Planning	706013710	2,316,250	580,117	1,736,133	25.0
Planning, Development Control, Transport and Infrastructure	207013710	15,001,455	5,292,455	9,709,000	35.3
Planning, Development Control, Transport and Infrastructure	207023710	1,090,400	634,870	455,530	58.2

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Planning, Development Control, Transport and Infrastructure	207033710	7,565,280	6,094,865	1,470,415	80.6
Planning, Development Control, Transport and Infrastructure	1001013710	5,726,245	1,289,794	4,436,451	22.5
Subtotal Mwingi Town Administration		**116,034,126**	**63,481,220**	**52,552,906**	**54.7**
Department of Livestock apiculture and fisheries Development					
Aquaculture Devt	105013710	1,852,271	401,431	1,450,840	21.7
General Administration	101013710	64,383,055	61,692,904	2,690,151	95.8
Livestock Devt	106013710	27,808,966	13,993,252	13,815,714	50.3
Livestock Devt	106023710	33,808,540	16,736,155	17,072,385	49.5
Subtotal Livestock apiculture and fisheries Development		**127,852,832**	**92,823,742**	**35,029,090**	**72.6**
Department of Lands and Physical Planning					
General Administration	101013710	50,371,843	28,802,408	21,569,435	57.2
Land Information & Mgt	108013710	51,596,711	15,364,777	36,231,934	29.8
Land Survey	108023710	18,278,096	13,299,201	4,978,895	72.8
Land Adjudication	108023710	9,900,000	7,323,179	2,576,821	74.0
Land Survey	108023710	4,000,000	1,451,900	2,548,100	36.3
Land Adjudication	108023710	10,000,000	5,241,752	4,758,248	52.4
Subtotal Lands and Physical Planning		**144,146,650**	**71,483,217**	**72,663,433**	**49.6**
Grand Total		**12,468,442,561**	**10,316,443,922**	**2,151,998,639**	**82.7**

Source: *Kitui County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Health in the Department of Health and Sanitation at 100 per cent, Medical Service in the Department of Health and Sanitation at 99.3 per cent, Tourism in the Department of Environment and Natural Resources at 98.8 per cent, and Accounts at 96.6 per cent of budget allocation.

3.18.13 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. A high wage bill, which accounted for 46.1 per cent of the annual realised revenue of Kshs.10.84 billion in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.361.27 million against an annual projection of Kshs. 800 million, representing 45.2 per cent of the annual target.
3. Weak budgeting practice as shown in Table 3.122, 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 Kitui County Empowerment Fund report was not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.1.62 billion as of 30th June 2022.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.515.3 million were processed through the manual payroll and accounted for 10.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
7. 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 submitted on 4th August 2022.

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

1. *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.

2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that 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 take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
7. *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.*

3.19 County Government of Kwale

3.19.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.12.77 billion, comprising Kshs.5.78 billion (45.3 per cent) and Kshs.6.99 billion (54.7 per cent) for development and recurrent programmes, respectively.

To finance the budget, the County was expected to receive Kshs.8.27 billion (64.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.438 million (3.4 per cent) from its sources of revenue, and use a cash balance of Kshs.2.63 billion (20.6 per cent) from FY 2020/21. The County was also expected to receive Kshs.1.43 billion (11.2 per cent) as conditional grants, which consisted of World Bank Grant on Kenya Devolution Support Programme Ksh.102.49 million, DANIDA Grant to Supplement Financing of County Health facilities of Ksh.17.25 million, World Bank Grant for Transforming Health Systems for the Universal Health Care Project of Ksh.9.44 million, National Agricultural and Rural Inclusive Growth Project NARIGP of Ksh.278.05 million, Water and Sanitation Development Project (WSDP) of Ksh.600 million, Agricultural Sector Development Support Programme-ASDSP of Ksh.27.46 million and Kenya Informal Settlement Improvement Project KISIP II of Ksh.50 million.

3.19.2 Revenue Performance

In FY 2021/22, the County received Kshs.7.60 billion as the equitable share of the revenue raised nationally, raised Kshs.302.69 million as own-source revenue, Kshs.438.50 million as conditional grants, and had a cash balance of Kshs.2.63 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.10.97 billion, as shown in Table 3.124.

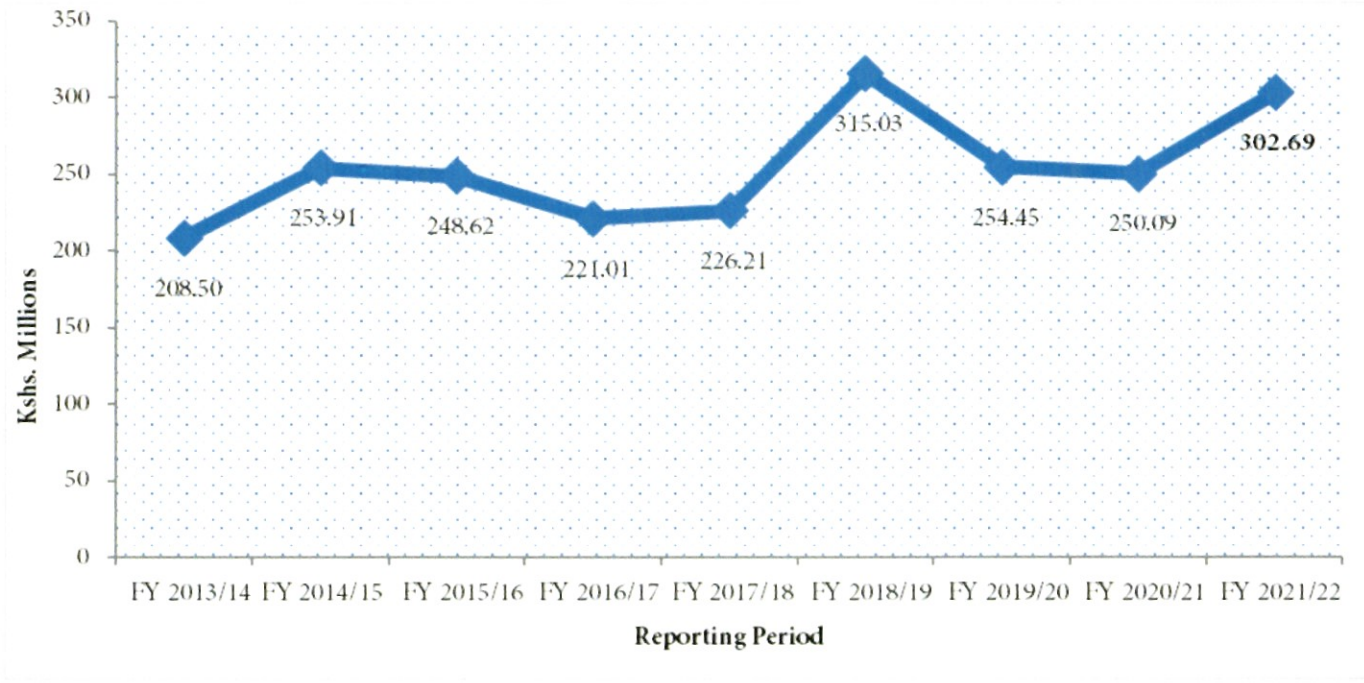
Table 3.124: Kwale County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,265,585,516.00	7,604,338,674.00	92.00
Sub Total		**8,265,585,516.00**	**7,604,338,674.00**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	438,000,000.00	302,688,593.00	69.11
2.	Conditional Grants	1,433,046,675.00	438,504,008.65	30.60
3.	Balance b/f from FY2020/21	2,629,007,981.05	2,629,007,981.05	100.00
Sub Total		**4,500,054,656.05**	**3,370,200,582.70**	**74.89**
Grand Total		**12,765,640,172.05**	**10,974,539,256.70**	**86.0**

Source: *Kwale County Treasury*

Figure 3.37 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.37: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Kwale County Treasury*

In FY 2021/22, the County generated a total of Kshs.302.69 million as own-source revenue. This amount represented an increase of 21 per cent compared to Kshs.250.09 million realised in FY 2020/21 and was 69.1 per cent of the annual target. The growth can be attributed to improvement in the economic condition in the County as compared to last financial year, which was affected by the Covid-19 Pandemic.

3.19.3 Exchequer Issues

The Controller of Budget approved Kshs.9.65 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.97 billion (30.8 per cent) for development programmes and Kshs.6.68 billion (69.2 per cent) for recurrent programmes, as shown in Table 3.129.

3.19.4 Overall Expenditure Review

The County spent Kshs.9.79 billion on development and recurrent programmes during the reporting period. This expenditure represented 101.4 per cent of the total funds released by the CoB and comprised of Kshs.3.18 billion and Kshs.6.60 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 55.1 per cent, while recurrent expenditure represented 94.5 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.2.76 billion and comprised Kshs.2.58 billion for the County Executive and Kshs.173.28 million for the County Assembly, as shown in Table 3.125.

Table 3.125: Progress on Settlement of Pending Bills as of 30th June, 2022

Outstanding Pending Bills as of 30 June 2022			
Budget Classification	**County Executive**	**County Assembly**	**Total**
Development Expenditure	2,301,455,007	173,280,662	2,474,735,668.9
Recurrent Expenditure	282,246,165		282,246,165
Total Pending Bills	**2,583,701,172**	**173,280,662**	**2,756,981,833.4**

Source: *Kwale County Treasury*

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.12 billion on employee compensation, Kshs.2.84 million on operations and maintenance, and Kshs.2.98 billion on development activities. Similarly, the County Assembly spent Kshs.297.09 million on employee compensation, Kshs.347.59 million on operations and maintenance, and Kshs.206.56 million on development activities, as shown in Table 3.126.

Table 3.126: 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	**6,338,278,697**	**648,445,792**	**5,958,219,171**	**644,683,962**	**94.0**	**99.4**
Compensation to Employees	3,166,156,735	297,089,336	3,122,284,250	297,089,336	98.6	100.0
Operations and Maintenance	3,172,121,962	351,356,456	2,835,934,921	347,594,626	89.4	98.9
Development Expenditure	6,338,278,696	379,840,821	2,977,786,723	206,560,159	47.0	54.4
Total	**12,676,557,393**	**1,028,286,613**	**8,936,005,894**	**851,244,121**	**70.5**	**82.8**

Source: *Kwale County Treasury*

3.19.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 31.2 per cent of the annual realised revenue of Kshs.10.97 billion.

The wage bill of Kshs.3.42 billion includes Kshs.1.68 million, attributable to the health sector, which translates to 49.2 per cent of the total wage bill in the reporting period.

3.19.8 County Established Funds

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 Ksh.528.5 million to county-established funds in FY 2021/22, constituting 4.8 per cent of the County's overall budget for the year. Table 3.127 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.127: County Established Fund performance as of 30th June 2022

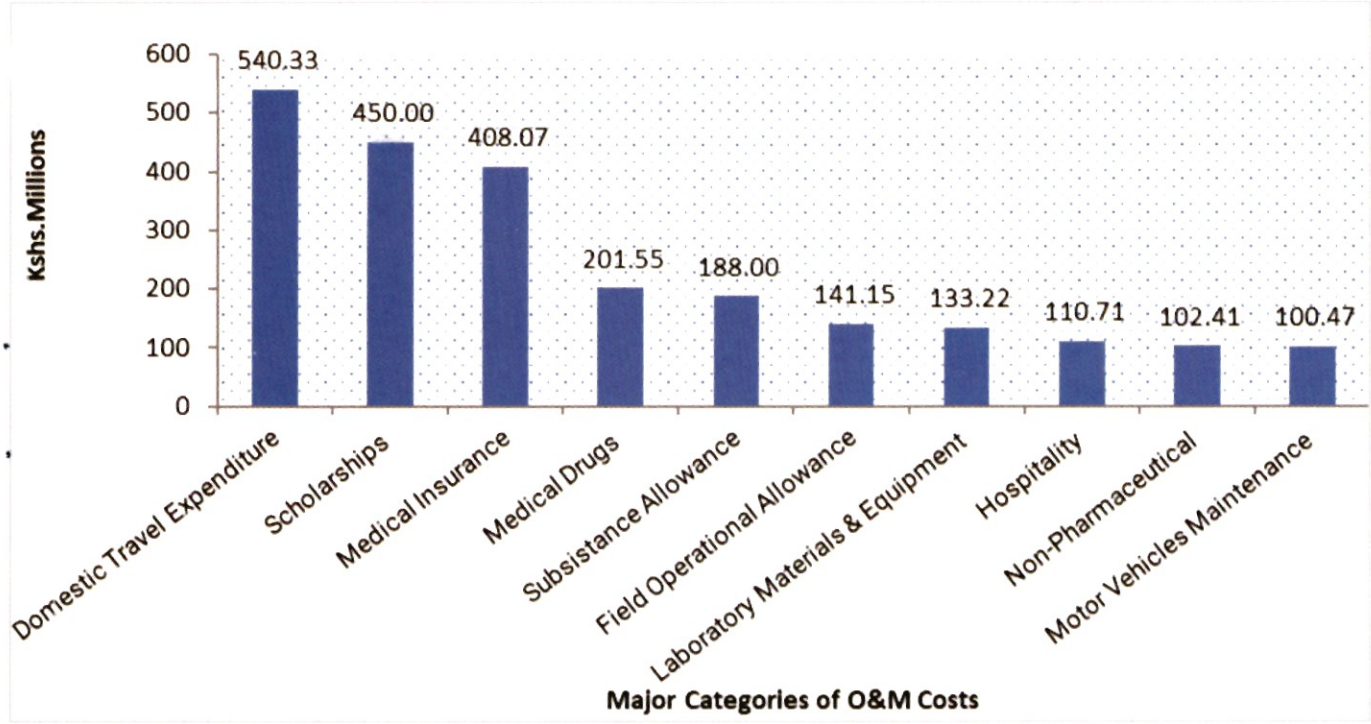
S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)
		A	B	C
1.	Kwale County Disaster Management Fund	5,000,000	994,600	No.
2.	Kwale County Youth, Women & PWDs Fund	43,500,000	-	No
3.	Kwale County Bursary Fund	450,000,000	450,000,000	No.
4.	Kwale County Assembly Car loan and Mortgage	30,000,000	-	No.
Total		**528,500,000**	**450,994,600**	

Source: *Kwale County Treasury*

3.19.9 Expenditure on Operations and Maintenance

Figure 3.38 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.38: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: *Kwale County Treasury*

The County Assembly spent Kshs.42 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.42 million. The average monthly sitting allowance was Kshs.112,908 per MCA. The County Assembly has established 24 Committees.

During the period, expenditure on domestic travel amounted to Kshs.540.33 million and comprised of Kshs.137.25 million spent by the County Assembly and Kshs.403.08 million by the County Executive. Expenditure on foreign travel amounted to Kshs.50.89 million and comprised of Kshs.50.46 million by the County Assembly and Kshs.0.43 million by the County Executive.

3.19.10 Development Expenditure

The County incurred Kshs.3.18 billion on development programmes, representing a decrease of 13.2 per cent compared to FY 2020/21 when the County spent Kshs. 3.67 billion. Table 3.128 summarises development projects with the highest expenditure in the reporting period.

Table 3.128: Kwale County, List of Development Projects with the Highest Expenditure

Project Name	Department	(Location of the Project)	Contract Sum (Kshs.)	Annual Budget Allocation FY 2021/22 (Kshs.)	Actual Expenditure to date (Kshs.)	Absorption (%)	Implementation Status
Construction of County Headquarters	Executive Services	Kwale Town	462,376,631	2,279,600	461,504,423	99.8	In Use
Water and Sanitation Project	Water Services	Kwale HQ	600,000,000	600,000,000	211,388,777	35.2	Kshs 211,288,777 disbursed and transferred to KWAWASCO.
Assembly Chambers Fixtures & Fittings	County Assembly	Kwale	136,525,897	137,000,000	136,525,896	100	Completed

Project Name	Department	(Location of the Project)	Contract Sum (Kshs.)	Annual Budget Allocation FY 2021/22 (Kshs.)	Actual Expenditure to date (Kshs.)	Absorption (%)	Implementation Status
Construction of a Fresh produce Wholesale market at Kombani	Trade, Investment and Co-operative Development	Waa/Ngombeni ward	118,634,482	27,170,714	106,840,083	90	Cold storage installation remaining
Construction of Governor's Residence	Executive Services	Golini	183,403,077	32,892,195	105,125,727	57.3	Projects are not in progress as there is a circular capping on the cost of construction of the governor's residence in the Country.
Maintenance of Community Water Projects (Pumps/motors, Dam embankment/spillway, pipes & pipe fittings/ accessories), Power bills and water Treatment chemicals for Community Managed Schemes	Water Services	All wards	77,716,917	77,716,917	75,182,621	96.7	Projects tendered and awarded. All completed and operational
Expansion of the new COVID-19 unit	Medical and Public Health Services	Ramisi Ward	57,966,321	57,966,321	48,199,029	83.2	Finishing level
Construction of Fruit Processing plant at Shimba Hills - Phase II	Trade, Investment and Co-operative Development	Kubo South Ward	61,562,268	15,030,033	43,462,580	70.6	Office block complete; ripening shed at the finishing stage.
Construction of the Kwale Stadium	Community Development	Matuga	102,429,001	102,429,001	43,437,386	42.4	Ongoing
Kwale Teachers Training College Phase Iii	Education	Puma Ward	63,249,798	63,000,000	43,315,426	68.5	Ongoing

Source: *Kwale County Treasury*

3.19.11 Budget Performance by Department

Table 3.129 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.129: 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	1,223.51	37.58	1,171.75	16.77	1,126.16	16.77	96.1	100.0	92.0	44.6
Agriculture, Livestock and Fisheries	195.13	633.30	192.79	331.41	185.52	249.01	96.2	75.1	95.1	39.3

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
Land, Environment, Mining and natural resources	190.80	169.72	155.04	110.51	170.91	116.11	110.2	105.1	89.6	68.4
Medical and Public Health Services	2,563.93	1,066.99	2,421.61	468.85	2,393.84	649.67	98.9	138.6	93.4	60.9
County Assembly	648.45	379.84	618.63	258.14	644.68	206.56	104.2	80.0	99.4	54.4
Trade, Investment and Co-operative Development	77.40	193.56	75.89	117.24	73.40	131.19	96.7	111.9	94.8	67.8
Community Development	140.86	196.90	134.11	146.48	140.49	142.97	104.8	97.6	99.7	72.6
Executive Services	120.54	35.17	119.19	1.41	104.87	-	88.0	-	87.0	-
Education	1,022.68	800.51	1,021.74	398.30	1,020.66	484.17	99.9	121.6	99.8	60.5
Water Services	100.83	1,360.67	100.07	673.07	100.06	667.23	100.0	99.1	99.2	35.6
Roads and Public Works	242.40	735.76	237.31	330.80	211.80	416.76	89.3	126.0	87.4	56.6
Tourism and ICT	59.33	68.58	54.24	65.44	54.74	63.94	100.9	97.7	92.3	93.2
County Public Service Board	52.60	-	51.99	-	44.01	-	84.7	-	83.7	-
Public Service & Administration	341.93	45.51	318.26	44.50	326.13	30.97	102.5	69.6	95.4	99.5
Kwale Municipality	2.23	31.12	2.05	-	2.73	-	133.4	-	122.7	-
Diani Municipality	4.11	23.68	2.84	9.00	2.89	9.00	101.8	100.0	70.4	-
TOTAL	**6,986.72**	**5,778.92**	**6,677.51**	**2,971.92**	**6,602.90**	**3,184.35**	**98.9**	**107.1**	**94.5**	**55.1**

Source: *Kwale County Treasury*

Analysis of expenditure by department shows that the Department of Public Service and Administration recorded the highest absorption rate of development budget at 99.5 per cent, followed by the Department of Tourism and ICT at 93.2 per cent. The Kwale Municipality had the highest percentage of recurrent expenditure to budget at 122.7 per cent, while the Department of Diani Municipality had the lowest at 70.4 per cent. An absorption rate above 100 per cent is irregular and indicates diversion of funds.

3.19.12 Budget Execution by Programmes and Sub-Programmes

Table 3.130 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.130: Kwale County, Budget Execution by Programmes and Sub-programmes

Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Finance & Economic Planning				
Budget formulation, coordination and management	216,983,511	216,759,921	223,590	99.90
Audit Services	271,044,476	255,614,336	15,430,140	94.31
General Administration	640,327,306	559,788,188	80,539,118	87.42
Revenue Collection Management	94,399,740	76,513,758	17,885,982	81.05
Public Finance and Accounting Services	17,263,209	17,230,103	33,106	99.81
Procurement Services	10,267,000	6,867,668	3,399,332	66.89
Risk Assurance Services				

Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Subtotal	**1,250,285,242**	**1,132,773,974**	**117,511,268**	**90.60**
Agriculture, Livestock and Fisheries				
General administration and support services	234,500,815	188,385,377	46,115,438	80.33
Personnel Services	148,745,355	148,115,468	629,887	99.58
Crop Production and Food Security	338,994,708	7,613,966	331,380,742	2.25
Agricultural Extension, Research and Training	5,641,244	5,296,134	345,110	93.88
Farm Land Utilisation, Mechanisation and Crop Storage	37,544,590	33,486,876	4,057,714	89.19
Dairy and Meat Production	2,204,736	876,086	1,328,650	39.74
Value Addition of Livestock and Livestock Products	24,101,305	19,897,867	4,203,438	82.56
Livestock Disease Control	21,463,214	19,099,617	2,363,597	88.99
Fish production Management	2,069,096	1,514,098	554,998	73.18
Value Addition and Marketing	13,169,000	10,241,039	2,927,961	77.77
Subtotal	**828,434,063**	**434,526,528**	**393,907,535**	**52.45**
Land, Environment, Mining and natural resources				
General administration and support services	176,881,031	127,985,184	48,895,847	72.36
Personnel Services	29,109,681	28,962,844	146,837	99.50
Urban Development Support Services	35,272,295	18,262,165	17,010,130	51.77
Physical development plans	21,289,161	26,520,107	(5,230,946)	124.57
Establishment of squatter settlement schemes	66,117,400	65,474,360	643,040	99.03
County Environmental Awareness Initiative	31,552,666	19,530,832	12,021,834	61.90
Empowering communities in the extractive industry	300,000	291,100	8,900	97.03
Subtotal	**360,522,234**	**287,026,592**	**73,495,642**	**79.61**
Medical and Public Health Services				
Maternal newborn and child health	116,947,169	29,702,211	87,244,958	25.40
Public health Hygiene	2,495,000	2,379,783	115,217	95.38
Medical Health Drugs	425,110,750	425,085,369	25,381	99.99
General Administration	789,924,540	632,910,219	157,014,321	80.12
Personnel Services	1,697,432,139	1,681,343,137	16,089,002	99.05
Msambweni hospital	78,107,710	64,427,784	13,679,926	82.49
Kinango Hospital	38,100,000	37,183,464	916,536	97.59
Kwale Hospital	37,160,000	23,777,061	13,382,939	63.99
Tiwi Rural Health Facility	16,753,554	8,236,167	8,517,387	49.16
Samburu Hospital	30,138,000	11,201,630	18,936,370	37.17
Lunga Lunga Hospital	30,035,694	19,238,465	10,797,229	64.05
Rural Health facilities	366,132,900	105,738,337	260,394,563	28.88
Diani Health Centre	2,590,000	2,280,750	309,250	88.06
Subtotal	**3,630,927,456**	**3,043,504,377**	**587,423,079**	**83.82**
County Assembly				
Audit Services	297,089,336	297,089,336	-	100.00
General Administration	555,937,666	380,944,541	174,993,125	68.52
Oversight and legislation of county affairs	175,259,611	173,210,244	2,049,367	98.83
Subtotal	**1,028,286,613**	**851,244,121**	**177,042,492**	**82.78**
Trade, Investment and Co-operative Development				
Building capacity of traders for better market access	9,442,500	8,726,930	715,570	92.42
Enforcement of Weights & Measures Act	6,470,000	6,265,355	204,645	96.84
Investment publicity and promotion	12,108,666	10,990,709	1,117,957	90.77
Personnel Services	38,914,187	38,515,305	398,882	98.97
Administration Services	92,855,762	73,480,578	19,375,184	79.13
Rehabilitation of Existing Markets	5,590,000	4,588,257	1,001,743	82.08
Construction of New Markets	58,599,795	45,218,698	13,381,097	77.17

Table 3.132: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	195,630,561	53,486,218	142,144,343	156,319,078	298,463,421
Development Expenditure	753,490,719	586,494,215	166,996,504	389,658,360	556,654,864
Total	**949,121,280**	**639,980,433**	**309,140,847**	**545,977,438**	**855,118,285**

Source: *Laikipia County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.855.12 million, including the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.446.08 million, out of which the County has settled bills amounting to Kshs.256.4 million, leaving a balance of Kshs.267.69 as of 30th June 2022.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.57 billion on employee compensation, Kshs.1.29 billion on operations and maintenance, and Kshs.1.82 billion on development activities. Similarly, the County Assembly spent Kshs.247.48 million on employee compensation, Kshs.246.9 million on operations and maintenance, and Kshs.43.27 million on development activities, as shown in Table 3.133.

Table 3.133: 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	**4,472,237,791**	**494,589,219**	**3,860,737,209**	**494,474,867**	**86.3**	**100.0**
Compensation to Employees	2,887,925,632	247,481,707	2,567,488,767	247,480,817	88.9	100.0
Operations and Maintenance	1,584,312,159	247,107,512	1,293,248,442	246,994,050	81.6	100.0
Development Expenditure	**3,868,465,619**	**43,268,047**	**1,818,863,658**	**43,265,974**	**47.0**	**100.0**
Total	**8,340,703,410**	**537,857,266**	**5,679,600,867**	**537,740,841**	**68.1**	**100.0**

Source: *Laikipia County Treasury*

3.20.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 45.3 per cent of the annual realised revenue of Kshs.6.22 billion.

Personnel emoluments amounting to Kshs.2.17 million were processed through the Integrated Personnel and Payroll Database (IPPD) system. At the same time, Kshs.646.68 million was paid through manual payrolls. The manual payroll accounted for 23 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.2.81 billion includes Kshs.1.36 billion attributable to the health sector, which translates to 48.2 per cent of the total wage bill in the reporting period.

3.20.8 County Established Funds

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 Ksh.480.06 million to county-established funds in FY 2021/22, which constituted 5.4 per cent of the County's overall budget for the year. Table 3.134 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.134: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 30th June 2022 (Kshs.)		Submission of annual financial statements as of 30th June 2022	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Leasing Fund	357,064848		357,064,848	-	Yes	
2.	Co-operative Fund	10,000,000		-	-		No
3	Enterprise Fund	29,100,000		10,000,000	-	Yes	
4	Emergency Fund	33,892,400		14,543,732	-	Yes	
5	Bursary Fund	50,000,000		50,000,000	-	Yes	
6.	Laikipia County Executive Car & Mortgage	-		-			No.
7	Laikipia County Assembly Staff Car & Mortgage Fund	-	16,760,883	-	16,760,883		Yes
		480,057,248	**16,760,883**	**431,608,580**	**16,760,883**		

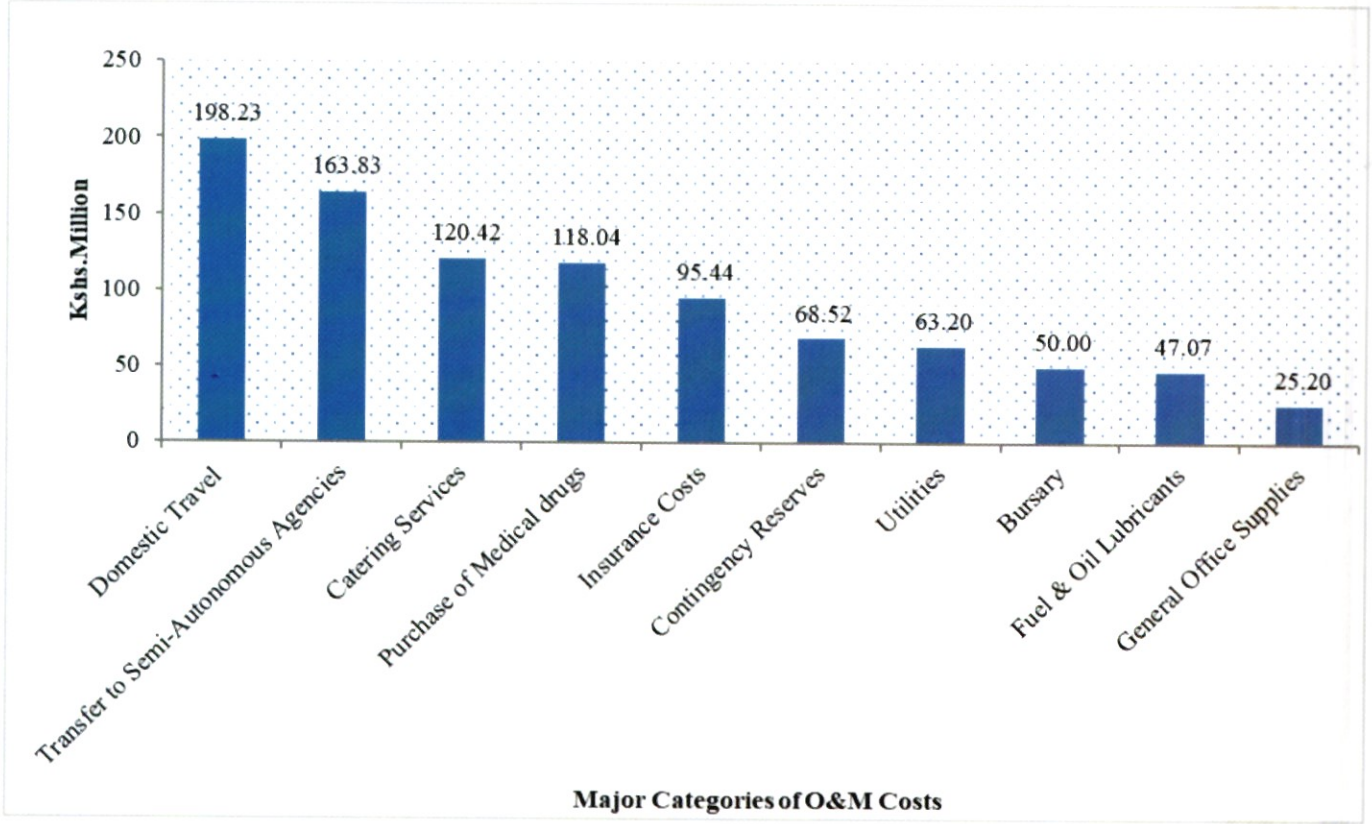
Source: *Laikipia County Treasury*

The OCoB received quarterly financial returns from administrators of 5 funds, as indicated in Table 3.134

3.20.9 Expenditure on Operations and Maintenance

Figure 3.40 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.40: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: *Laikipia County Treasury*

The County Assembly spent Kshs.16.76 million on committee sitting allowances for the 25 MCAs and the Speaker against the annual budget allocation of Kshs.32.57 million. The average monthly sitting allowance was Kshs.55,857 per MCA. The County Assembly has established 10 standing committees and 8 sectoral committees.

During the period, expenditure on domestic travel amounted to Kshs.198.23 million and comprised of Kshs.56.14 million spent by the County Assembly and Kshs.142.09 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.03 million and comprised of Kshs.26.6 million by the County Assembly and Kshs.3.43 million by the County Executive.

3.20.10 Development Expenditure

The County incurred Kshs.1.86 billion on development programmes, representing an increase of 22.1 per cent compared to FY 2020/21 when the County spent Kshs.1.45 billion. Table 3.135 summarises development projects with the highest expenditure in the reporting period.

Table 3.135: Laikipia County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)
Infrastructure	Improvement works on county roads in Oljabet	Marmanet	113,126,378	114,243,760	113,126,378	None	100	GoK
Infrastructure	Improvement of county roads in Nyahururu	Igwamiti	123,315,093	123,315,093	123,315,093	None	100	GoK
Water	Construction of Makurian-Osirua water project	Mukogondo East	86,271,263	97,548,443	86,271,263	None	100	GoK
Water	Rehabilitation & drainage work on Kimathi, Rumuruti & Chief's camp roads	Nanyuki	31,676,688	31,676,688	31,676,688	None	100	GoK
Agriculture	Construction of Kariunga-Mutirithia-Naibor integrated irrigation project	Segera	29,988,401	29,988,401	29,988,401	None	100	GoK
Land &Energy	Consultancy for preparation of GIS Spatial Plan for Laikipia County 2021-2031	Headquarters	14,708,800	14,708,800	14,708,800	None	100	GoK
Water	Kamangura drilling, equipping and reticulation	Thigithi	9,014,978	9,014,978	9,014,978	None	100	GoK
Water	Pipeline extension of Nganoini water project	Salama	3,997,325	3,997,325	3,997,325	None	100	GoK
Trade & Industry	Renovation at the old market at Thingithu ward	Thingithu	3,499,366	3,499,366	3,499,366	None	100	GoK
Trade & Industry	Proposed Trade Kiosks at Ndikiri In Segera Ward	Segera	3,404,739	3,404,739	3,404,739	None	100	GoK

Source: *Laikipia County Treasury*

3.20.11 Budget Performance by Department

Table 3.136 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.136: 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 Services	3,442.63	284.97	3,031.89	49.28	3,050.37	254.50	100.61	516.50	88.6	89.3
Finance & Economic Planning	256.13	1,437.40	244.63	85.05	240.20	123.06	98.19	144.68	93.8	8.6
Health & Sanitation	550.59	248.54	424.62	230.54	393.53	162.01	92.68	70.27	71.5	65.2
Agriculture, Livestock & Fisheries	28.94	774.95	19.59	157.38	20.66	307.64	105.48	195.48	71.4	39.7
Infrastructure & Public Works	23.54	757.93	19.25	629.69	11.28	688.86	58.60	109.40	47.9	90.9
Education, Youth & Sports	117.68	128.90	98.88	82.72	101.14	97.08	102.29	117.36	85.9	75.3
Trade, Tourism & Enterprise Development	16.22	57.80	16.02	31.43	15.85	31.35	98.96	99.75	97.8	54.2
Water Services	26.02	134.02	22.56	105.24	22.71	110.39	100.64	104.89	87.3	82.4
Rumuruti Municipality	10.50	43.96	10.50	16.00	5.00	43.96	47.62	274.72	47.6	100.0
County Assembly	494.59	43.27	494.48	43.27	494.47	43.27	100.00	100.00	100.0	100.0
	4,966.83	**3,911.73**	**4,382.42**	**1,430.60**	**4,355.21**	**1,862.13**	**99.38**	**130.16**	**87.7**	**47.6**

Source: *Laikipia County Treasury*

As shown in Table 3.136, departments incurred expenditure on development activities way above exchequer issues. This could be attributed to poor budgetary controls.

3.20.12 Budget Execution by Programmes and Sub-Programmes

Table 3.137 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.137: Laikipia County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
Education					
General Administration & Planning services	Personnel services	71,265,456	56,321,856	14,943,600	79.0
	Administration Services	12,269,490	10,311,836	1,957,654	84.0
Vocational Training Institutes.	Vocational Training Institutes.	44,782,318	31,158,263	13,624,055	69.6
Collaboration with Stakeholders	Collaboration with Stakeholders.	4,000,000	3,746,894	253,106	93.7
Gender Culture and Social Services.	Gender Culture and Social Services.	26,390,485	20,631,949	5,758,536	78.2
Youth and Sports.	Youth & Sports	16,704,700	12,722,360	3,982,340	76.2
Education & Library Services	Education and Library Services.	65,684,875	59,354,449	6,330,426	90.4
Talent Development Services	Talent Development	5,484,112	3,976,349	1,507,763	72.5
Sub-total		**246,581,436**	**198,223,957**	**48,357,480**	**80.4**

Sub-programmes with high levels of implementation based on absorption rates were: County assembly's administration services, legislation & oversight services and County assembly infrastructure improvement services at 100 per cent. Land management services and survey & planning in the department of Infrastructure & Lands had the lowest absorption rates at 2.7 per cent and 6.6 per cent, respectively.

3.20.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.1.86 billion in FY 2021/22 from the annual development budget allocation of Kshs.3.91 billion. The development expenditure represented 47.6 per cent of the annual development budget.
2. A high wage bill, which accounted for 45.3 per cent of the annual realised revenue of Kshs.6.22 billion in FY 2021/22, thus constraining funding to other programmes. Expenditure on compensation to employees was 45.3 per cent of the annual realised revenue of Kshs.6.22 billion.
3. The underperformance of own-source revenue at Kshs.894.8 million against an annual projection of Kshs.1.31 billion, representing 68.1 per cent of the annual target.
4. A hidden budget deficit was created by the mid-year upward revision of the County's Own Source Revenue from Kshs.1.01 billion to Kshs.1.31 billion. The County Revenue Board collected Kshs.894.88 million in FY 2021/22, resulting in a financing shortfall of Kshs.415.12 million.
5. High level of pending bills which amounted to Kshs.855.12 million as of 30th June 2022.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.646.68 million were processed through the manual payroll and accounted for 23 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
7. Weak budgeting practice as shown in Table 3.136, where the County incurred expenditure over approved exchequer issues.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County should closely monitor OSR performance trends and set realistic targets to avoid hidden budget deficits, which tend to exacerbate the already dire county pending bills situation.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
7. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.*

3.21 County Government of Lamu

3.21.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget II for FY 2021/22 was Kshs.5 billion, comprising Kshs.1.88 billion (37.7 per cent) and Kshs.3.12 billion (62.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.3.11 billion (62.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.120 million (2.4 per cent) from its sources of revenue and a cash

balance of Kshs.1 billion (20 per cent) from FY 2020/21. The County also expected to receive Kshs.771.38 million (15.4 per cent) as conditional grants, which consisted of Supplement for Construction of county HQs Kshs.38 million, UDG Grant Kshs.76.99 million, UIG GRANT KUSP Kshs.41.78 million, Kenya Devolution Support Programme Kshs.76.53 million, Fuel levy Kshs.8.63 million, COVID 19 grant Kshs.2.84 million, IDA (World bank/Transforming Health System For Universal Care Project Kshs.154.82 million, Sweden Agricultural Sector Development Support Programme(ASDSP II) Kshs.51.49 million. IDA (World bank/Kenya Climate Smart Agriculture Projects Kshs.300.10 million, DANIDA Grant Primary Health Care in Devolved Context Kshs.7.75 million, UNFPA Kshs.4.43 million and WORLD BANK-Kenya Informal Settlement Improvement Project (KISIP II) Kshs.10 million.

3.21.2 Revenue Performance

In FY 2021/22, the County received Kshs.2.86 billion as the equitable share of the revenue raised nationally, raised Kshs.127 million as own-source revenue, Kshs.40.08 million as conditional grants, and had a cash balance of Kshs.1 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.02 billion, as shown in Table 3.138

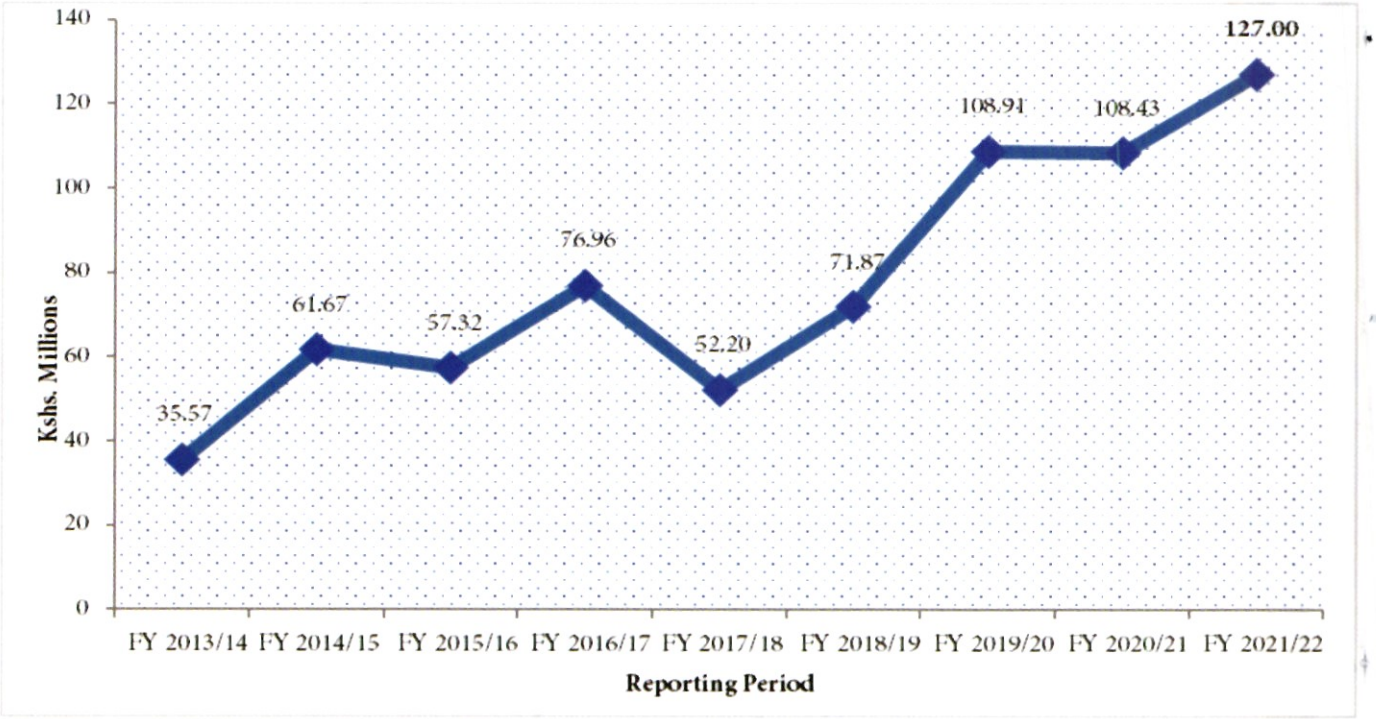
Table 3.138: Lamu County, Revenue Performance in FY 2021/22

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**	**3,105,649,643**	**2,857,197,673**	**92**
Sub Total		**3,105,649,643**	**2,857,197,673**	**92**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	120,000,000	126,995,226	105.8
2.	Conditional Grants	771,378,597	40,082,157	5.2
3.	Balance b/f from FY 2020/21	1,000,348,097	1,000,348,097	100
Grand Total		**4,997,376,336**	**4,024,623,153**	**80.5**

Source: *Lamu County Treasury*

Figure 3.41 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.41: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Lamu County Treasury*

In FY 2021/22, the County generated a total of Kshs.127 million as own-source revenue. This amount represented an increase of 17.1 per cent compared to Kshs.108.43 million realised in FY 2020/21 and was 105.8 per cent of the annual target.

3.21.3 Exchequer Issues

The Controller of Budget approved Kshs.3.49 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.858.72 million (24.6 per cent) for development programmes and Kshs.2.63 billion (75.4 per cent) for recurrent programmes, as shown in Table 3.143 .

3.21.4 Overall Expenditure Review

The County spent Kshs.3.74 billion on development and recurrent programmes during the reporting period. This expenditure represented 107.1 per cent of the total funds released by the CoB and comprised of Kshs.1.04 billion and Kshs.2.7 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 55.2 per cent, while recurrent expenditure represented 86.5 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.233.4 million and comprised of Kshs.50 million for recurrent expenditure, Kshs.21.64 million for development expenditure and Kshs.161.76 million as reported by the Office of the Auditor General in the Special Report on Pending Bills. During the period under review, pending bills amounting to Kshs.227.39 million were settled, as shown in Table 3.139

Table 3.139: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	49,997,590	46,092,606	3,904,984	56,147,457	60,052,442
Development Expenditure	21,645,128	20,091,676	1,553,452	11,471,352	13,024,804
Special Audit Report Eligible	161,757,261	161,200,767	556,494	556,494	556,494
Total	**233,399,979.65**	**227,385,048.75**	**6,014,930.90**	**68,175,303**	**73,633,740**

Source: *Lamu County Treasury*

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.36 billion on employee compensation, Kshs.1 billion on operations and maintenance, and Kshs.1.03 billion on development activities. Similarly, the County Assembly spent Kshs.164.93 million on employee compensation, Kshs.166.43 million on operations and maintenance, and Kshs.15.07 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	Executive	Assembly
Total Recurrent Expenditure	**2,607,128,626**	**418,000,000**	**2,364,083,025**	**331,352,874**	**90.7**	**79.3**
Compensation to Employees	1,465,723,883	196,731,710	1,363,911,480	164,926,616	93.1	83.8
Operations and Maintenance	1,141,404,743	221,268,290	1,000,171,544	166,426,258	87.6	75.2
Development Expenditure	1,812,247,711	160,000,000	1,027,842,407	15,073,820	56.7	9.4
Total	**4,419,376,337**	**578,000,000**	**3,391,925,432**	**346,426,694**	**76.8**	**59.9**

Source: *Lamu County Treasury*

3.21.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 38 per cent of the annual realised revenue of Kshs.4.02 billion.

Personnel emoluments amounting to Kshs.1.3 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.227.81 million was paid through a manual payroll. The manual payroll accounted for 14.9 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.1.53 billion includes Kshs.825 million attributable to the health sector, which translates to 54 per cent of the total wage bill in the reporting period.

3.21.8 County Established Funds

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.218 million to county-established funds in FY 2021/22, which constituted 4.4 per cent of the County's overall budget for the year. Table 3.141 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.141: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Lamu County Bursary Fund	168,000,000	168,000,000	Yes	100
2.	Lamu County Emergency Fund	7,000,000	7,000,000	Yes	100
3.	Lamu County Persons with Disabilities Fund	2,000,000	2,000,000	Yes	100
4.	Lamu County Gender and Social Development Fund	2,000,000	2,000,000	Yes	100
5.	Lamu County Youth Development Fund	2,000,000	2,000,000	Yes	100
6.	County Grant to TVET	37,000,000	37,000,000	Yes	100
	Total	**218,000,000**	**218,000,000**		

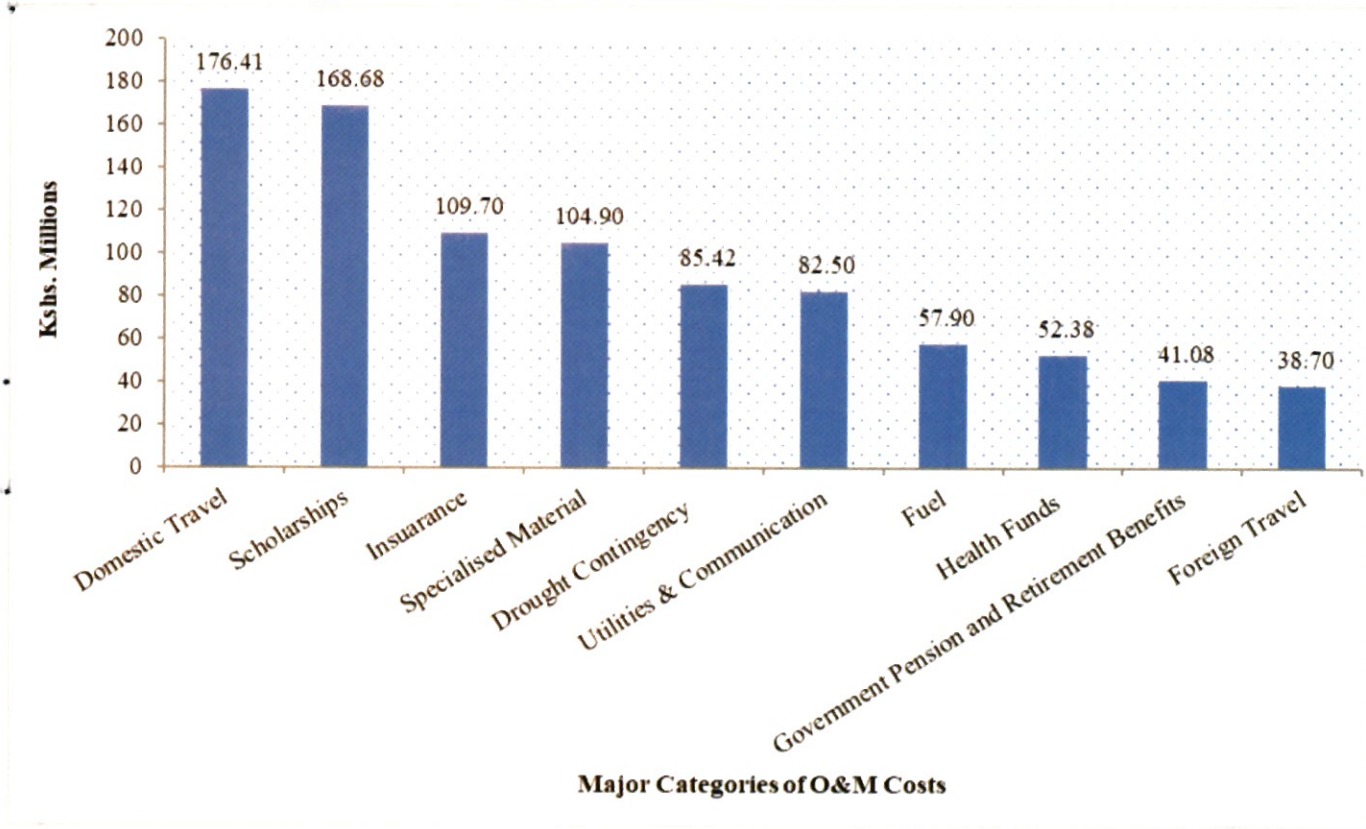
Source: *Lamu County Treasury*

The OCoB received quarterly financial returns from the Fund Administrators of all six funds, as indicated in Table 3.141

3.21.9 Expenditure on Operations and Maintenance

Figure 3.42 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.42: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: *Lamu County Treasury*

The County Assembly spent Kshs.13.59 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.20.95 million. The average monthly sitting allowance was Kshs.59,599 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 15 Committees.

During the period, expenditure on domestic travel amounted to Kshs.176.41 million and comprised Kshs.55.07 million spent by the County Assembly and Kshs.121.34 million by the County Executive. Expenditure on foreign travel amounted to Kshs.38.70 million and comprised of Kshs.37.43 million by the County Assembly and Kshs.1.27 million by the County Executive.

3.21.10 Development Expenditure

The County incurred Kshs.1.04 billion on development programmes, representing an increase of 21.6 per cent compared to FY 2020/21 when the County spent Kshs. 854.12 million. Table 3.142 summarises development projects with the highest expenditure in the reporting period.

Table 3.142: Lamu County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Medical Services	Lamu County sponsored NHIF cover	Countywide	120,000,000	120,000,000	120,000,000	100	The project is complete and in use.
Municipality	Construction of Mokowe Market	Mokowe	43,340,111	43,340,111	43,340,111	100	The project is complete and in use.

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Agriculture & Irrigation	Purchase of Certified Seeds and Seedlings - maize, cotton, green grams and sorghum.	Countywide	36,844,543	37,000,000	36,844,543	100	The project is complete and in use.
Agriculture & Irrigation	Purchase of 10 Tractors	Countywide	35,000,000	35,000,000	35,000,000	100	The project is complete and in use.
Trade	Construction of Open-Air Market	Mpeketoni	30,000,000	30,000,000	26,131,200	87.1	The project is almost complete
Medical Services	Completion of Mpeketoni SCH Maternity Unit	Mpeketoni	22,878,000	22,878,000	20,465,351	89.5	The project is almost complete
Infrastructure	Faza Hospital Bridge	Faza	18,997,132	19,000,000	18,997,132	100	The project is almost complete
Land	Tilting of Hindi Magogoni Scheme	Hindi	18,500,000	18,500,000	18,375,200	99.3	Waiting to be commissioned
Water Management	Faza Desalination Plant	Faza	20,000,000	20,000,000	16,439,585	82.2	Almost done
Lands	Tilting of Hindi Magogoni Scheme	Magogomi	18,375,200	18,500,000	18,375,200	99.3	The project is complete and in use.

Source: *Lamu County Treasury*

3.21.11 Budget Performance by Department

Table 3.143 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.143: 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
County Assembly	418.00	160.00	331.82	15.07	331.35	15.07	99.9	100	79.3	9.4
County Executive & PSM	492.76	47.75	478.34	7.70	476.86	7.70	99.7	100	96.8	16.1
Finance	192.66	0.00	110.12	0.00	113.31	0.00	102.9	-	58.8	-
Agriculture & Irrigation	120.80	379.72	69.84	98.92	95.42	268.69	136.6	271.6	79.0	70.8
Land, Physical Planning	35.96	102.54	22.35	56.31	25.08	56.31	112.2	100	69.7	54.9
Education, Gender, Sports, Youth, Culture & Social Services	255.83	134.80	251.30	95.29	249.47	95.20	99.3	99.9	97.5	70.6
Medical Services	1143.28	284.50	969.60	188.9	992.71	188.40	102.4	99.7	86.8	66.2
Trade, Tourism & Investment Development	25.17	62.13	22.86	42.95	21.84	17.56	95.5	40.87	86.8	28.3
Livestock, Veterinary & Cooperative Development	39.01	30.62	38.17	13.50	37.92	13.50	99.3	100.	97.2	44.1
Public Service Board	55.86	0.00	55.85	0.00	52.35	0.00	93.7	-	93.7	-
Water Management & Conservation	75.48	239.12	74.10	47.14	72.35	48.79	97.6	103.5	95.9	20.4
Gender, Sports, Youth, Culture & Social Services	16.10	91.84	12.97	48.37	13.30	48.37	102.5	100	82.6	52.7
Public Health Sanitation and Environment	68.60	24.68	66.80	22.48	65.27	22.48	97.7	100	95.1	91.1
Fisheries	30.83	12.83	29.12	12.82	28.93	12.82	99.4	100	93.9	99.9

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
Budget & Economic Planning	23.67	0.00	21.83	0.00	21.38	0.00	97.9	-	90.4	-
Infrastructure and Energy	40.82	215.62	36.11	191.49	36.02	181.95	99.7	95.0	88.3	84.4
Lamu Municipality	80.89	95.50	35.77	17.78	61.87	61.38	173.0	345.2	76.5	64.3
	3,115.71	**1,881.67**	**2,626.97**	**858.72**	**2,695.44**	**1,038.21**	**102.6**	**120.9**	**86.5**	**55.2**

Source: *Lamu County Treasury*

Analysis of expenditure by department shows that the Department of Fisheries recorded the highest absorption rate of the development budget at 99.9 per cent, while the County Assembly had the lowest absorption at 9.4 per cent. The Department of Education, Gender, Sports, Youth, Culture & Social services had the highest recurrent expenditure to budget at 97.5 per cent, while the Department of Finance had the lowest at 58.8 per cent.

3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 3.144 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.144: Lamu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
County Assembly		**578,000,000.00**	**346,426,694.20**	**231,573,305.80**	**59.9**
P.1 Administration, planning and support services.	SP.1.1: Administration, planning and support services.	388,207,120.00	186,096,532.70	202,110,587.30	47.94
P.2 Legislation and Oversight	SP2.1	189,792,880.00	160,330,161.50	29,462,718.50	84.48
County Assembly Total		**578,000,000.00**	**346,426,694.20**	**231,573,305.80**	**59.94**
County Executive		**540,502,971.00**	**484,559,253.85**	**55,943,717.15**	**89.65**
P1. Administration Services	SP1.1 Headquarters	463,820,364.00	450,201,669.10	13,618,694.90	97.06
	SP2.1: Office of the Governor & Deputy Governor	37,682,607.00	34,357,584.75	3,325,022.25	91.18
	Disaster Management Headquarters	1,000,000.00	-	1,000,000.00	-
	Fire Fighting Headquarters	38,000,000.00	-	38,000,000.00	-
Programme 1. Administration Services Total		**540,502,971.00**	**484,559,253.85**	**55,943,717.15**	**89.65**
Finance, Economy and Strategic Planning		**192,405,262.00**	**113,305,692.75**	**79,099,569.25**	**58.89**
P2: Public Finance & Accounting	SP2.2: Accounting, Standards & Reporting	6,940,015.00	6,096,697.45	843,317.55	87.85
	SP2.3: Procurement & Supply Chain management	4,074,209.00	3,218,568.45	855,640.55	79.00
	SP2.4: Resource mobilisation	4,244,409.00	3,811,332.10	433,076.90	89.80
	SP2.5:Internal Audit	3,558,909.00	2,959,124.90	599,784.10	83.15
	SP2.6:Internal Audit-KDSP Headquarters	76,534,906.00	3,474,600.00	73,060,306.00	4.54
P2: Public Finance & Accounting Total		**93,352,448.00**	**19,560,322.90**	**73,792,125.10**	**20.95**
P.1. Administration Services	SP1.1 Headquarters	99,052,814.00	93,745,369.85	5,307,444.15	94.64
Programme 1. Administration Services Total		**99,052,814.00**	**93,745,369.85**	**5,307,444.15**	**94.64**
Agriculture and Irrigation		**500,518,785.00**	**364,106,325.55**	**136,412,459.45**	**72.75**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
P2: Promotion of Agro-Processing & Value addition Technologies	Agricultural Technology Devp Centres (ATDC)	35,000,000.00	35,000,000.00	-	100.00
	SP2.1: Plant disease control Headquarters - 3214000901 Conditional Grants (KCSAP & ASDSP)	247,733,640.00	191,353,750.00	56,379,890.00	77.24
	SP2.1: Plant disease control Headquarters - 3214000901 Conditional Grants (KCSAP & ASDSP)	52,368,686.00	33,535,218.90	18,833,467.10	64.04
P2: Total		335,102,326.00	259,888,968.90	75,213,357.10	77.56
P 1. Administration Services	SP1.1 Directorate of Agriculture & Extension Services	50,780,716.00	44,320,974.00	6,459,742.00	87.28
	SP1.7 Crop Management Headquarters	114,635,743.00	59,896,382.65	54,739,360.35	52.25
Programme 1. Administration Services Total		165,416,459.00	104,217,356.65	61,199,102.35	63.00
Land, Physical Planning		**138,504,927.00**	**81,391,673.40**	**57,113,253.60**	**58.76**
P.2. Land Management	SP2: Survey & Planning	102,542,909.00	56,308,814.10	46,234,094.90	54.91
P2 Land Management Total		102,542,909.00	56,308,814.10	46,234,094.90	54.91
P 1: Administration Services	SP1.1 Headquarters	35,962,018.00	25,082,859.30	10,879,158.70	69.75
P 1: Administration Services Total		35,962,018.00	25,082,859.30	10,879,158.70	69.75
Education		**390,628,894.00**	**344,669,696.60**	**45,959,197.40**	**88.23**
P2. Education and Training Programme	SP2.4: County TVT Grant	37,000,000.00	36,999,999.95	0.05	100.00
	SP2.3: Promotion of ECD	96,115,894.00	57,904,488.15	38,211,405.85	60.24
	SP2.2: Village Polytechnics	1,681,000.00	291,380.40	1,389,619.60	17.33
	SP2.1: Scholarship	168,681,442.00	168,680,000.00	1,442.00	100.00
P2. Education and Training Programme Total		303,478,336.00	263,875,868.50	39,602,467.50	86.95
P 1: Administration Services	SP1.1 Headquarters	87,150,558.00	80,793,828.10	6,356,729.90	92.71
P 1: Administration Services Total		87,150,558.00	80,793,828.10	6,356,729.90	92.71
Medical Services		**1,427,780,347.00**	**1,181,105,700.20**	**246,674,646.80**	**82.72**
P:2 Primary health services	SP:2.1 Curative & Rehabilitative	409,167,970.00	291,017,783.20	118,150,186.80	71.12
P:2 Primary health services Total		409,167,970.00	291,017,783.20	118,150,186.80	71.12
P1. General Administration, Planning, Monitoring and Support Services	SP:1.1 human resource management and development	823,614,856.00	813,101,095.15	10,513,760.85	98.72
	SP4 Preventive and Promotive Services	1,800,000.00	639,000.00	1,161,000.00	35.50
	SP4 Preventive and Promotive Services	21,021,358.00	18,646,220.90	2,375,137.10	88.70
P1. General Administration, Planning, Monitoring and Support Services Total		846,436,214.00	832,386,316.05	14,049,897.95	98.34

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
P3: Preventive & Promotive Health Dept	**SP4 Preventive and Promotive Services**	**172,176,163.00**	**57,701,600.95**	**114,474,562.05**	**33.51**
P3: Preventive & Promotive Health Dept Total		172,176,163.00	57,701,600.95	114,474,562.05	33.51
Trade		**87,298,305.00**	**39,394,384.75**	**47,903,920.25**	**45.13**
P3: Trade Promotion	SP3.1 Trade & Investment	64,037,772.00	19,131,532.20	44,906,239.80	29.88
P3: Trade Promotion Total		64,037,772.00	19,131,532.20	44,906,239.80	29.88
P 1: Administration Services	SP1.1 Headquarters	20,206,668.00	17,786,287.55	2,420,380.45	88.02
P 1: Administration Services Total		20,206,668.00	17,786,287.55	2,420,380.45	88.02
P2: Promotion & Marketing	SP2.1 Tourism	3,053,865.00	2,476,565.00	577,300.00	81.10
P2: Promotion & Marketing Total		3,053,865.00	2,476,565.00	577,300.00	81.10
Livestock		**69,630,528.00**	**51,418,795.75**	**18,211,732.25**	**73.85**
P 1: Administration Services	SP1.1 Headquarters	35,911,698.00	35,024,541.40	887,156.60	97.53
P 1: Administration Services Total		35,911,698.00	35,024,541.40	887,156.60	97.53
P3: Livestock Extension Services	SP2.1 Livestock Production	976,764.00	918,044.30	58,719.70	93.99
P3: Livestock Extension Services Total		2,446,878.00	918,044.30	1,528,833.70	37.52
P4: Veterinary Service Management	Veterinary Service	30,666,474.00	14,940,116.90	15,726,357.10	48.72
P4: Veterinary Service Management Total		30,666,474.00	14,940,116.90	15,726,357.10	48.72
P5: Cooperative Development	SP5.1: Cooperative Management	605,478.00	536,093.15	69,384.85	88.54
P5: Cooperative Development Total		605,478.00	536,093.15	69,384.85	88.54
County Public Service Board		**55,863,246.00**	**52,347,428.60**	**3,515,817.40**	**93.71**
P 1: Administration Services	SP1.1 Headquarters	44,331,946.00	41,195,322.60	3,136,623.40	92.92
P 1: Administration Services Total		44,331,946.00	41,195,322.60	3,136,623.40	92.92
P2 Human Resource Management & Development	SP2.1 Headquarters	11,531,300.00	11,152,106.00	379,194.00	96.71
P2 Human Resource Management & Development Total		11,531,300.00	11,152,106.00	379,194.00	96.71
Water		**314,599,579.00**	**121,135,990.20**	**193,463,588.80**	**38.50**
P3: Water Supply distribution	SP1.2: Water Management, Conservation & Provision	239,116,916.00	48,785,734.25	190,331,181.75	20.40
P3: Water Supply distribution Total		239,116,916.00	48,785,734.25	190,331,181.75	20.40
P 1: Administration Services	SP1.1 Headquarters	23,432,663.00	21,953,830.85	1,478,832.15	93.69
	SP1.2: Water Management, Conservation & Provision	52,050,000.00	50,396,425.10	1,653,574.90	96.82
P 1: Administration Services Total		75,482,663.00	72,350,255.95	3,132,407.05	95.85
Gender, Sports, Youth, Culture & Social Services		**107,947,968.00**	**61,674,338.05**	**46,273,629.95**	**57.13**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
P 3: Youth & Sports Development	SP 2.2 Sport Development	43,122,071.00	22,381,344.20	20,740,726.80	51.90
	SP1.1 Headquarters	22,041,149.00	6,973,351.60	15,067,797.40	31.64
P 3: Youth & Sports Development Total		65,163,220.00	29,354,695.80	35,808,524.20	45.05
P4: Social Services	SP1.1 Headquarters	5,409,384.00	5,036,047.00	373,337.00	93.10
	SP3.1 Social Development	21,271,476.00	13,983,529.40	7,287,946.60	65.74
P4: Social Services Total		26,680,860.00	19,019,576.40	7,661,283.60	71.29
P 1: Administration Services	SP1.1 Headquarters	16,103,888.00	13,300,065.85	2,803,822.15	82.59
P 1: Administration Services Total		16,103,888.00	13,300,065.85	2,803,822.15	82.59
Public Health Environment and Sanitation		**93,284,483.00**	**87,752,929.00**	**5,531,554.00**	**94.07**
201 Public Health and Sanitation	SP1.2: Public Health and Sanitation	1,865,000.00	1,809,760.00	55,240.00	97.04
201 Public Health and Sanitation Total		1,865,000.00	1,809,760.00	55,240.00	97.04
P 1: Administration Services	SP1.1 Headquarters	63,990,912.00	61,484,995.40	2,505,916.60	96.08
	SP1.2: Public Health and Sanitation	2,745,000.00	1,973,765.00	771,235.00	71.90
P 1: Administration Services Total		66,735,912.00	63,458,760.40	3,277,151.60	95.09
P3: Waste management	Sp2.4: Sanitation and Hygiene	24,683,571.00	22,484,408.60	2,199,162.40	91.09
P3: Waste management Total		24,683,571.00	22,484,408.60	2,199,162.40	91.09
Fisheries		**43,658,704.00**	**41,748,429.60**	**1,910,274.40**	**95.62**
P2. Fish farming	SP 2.1: Infrastructure development	12,833,424.00	12,818,390.70	15,033.30	99.88
	SP 2.2: Fisheries production and productivity	-	-	-	
P2. Fish farming Total		12,833,424.00	12,818,390.70	15,033.30	99.88
P 1: Administration Services	SP1.1 Headquarters	30,825,280.00	28,930,038.90	1,895,241.10	93.85
P 1: Administration Services Total		30,825,280.00	28,930,038.90	1,895,241.10	93.85
Budget & Economic Planning		**23,665,999.00**	**21,382,760.05**	**2,283,238.95**	**90.35**
P 1: Administration Services	SP1.1 Headquarters	15,435,455.00	14,358,125.05	1,077,329.95	93.02
P 1: Administration Services Total		15,435,455.00	14,358,125.05	1,077,329.95	93.02
P2: Economic Planning Services	SP2.1: Headquarters	8,230,544.00	7,024,635.00	1,205,909.00	85.35
P2: Economic Planning Services Total		8,230,544.00	7,024,635.00	1,205,909.00	85.35
Infrastructure		**256,438,600.00**	**217,972,789.65**	**38,465,810.35**	**85.00**
P4 Infrastructure Development	Infrastructure	210,621,993.00	181,950,504.20	28,671,488.80	86.39
	Street Lights	5,000,000.00	-	5,000,000.00	-
P4 Infrastructure Development Total		215,621,993.00	181,950,504.20	33,671,488.80	84.38
P1: General Administration	SP1.1 Headquarters	40,816,607.00	36,022,285.45	4,794,321.55	88.25

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
P1: General Administration Total		40,816,607.00	36,022,285.45	4,794,321.55	88.25
Lamu -Municipality		**176,397,739.00**	**123,251,932.55**	**53,145,806.45**	**69.87**
P1: General Administration	SP1.1 Headquarters	51,114,290.00	35,114,052.60	16,000,237.40	68.70
	SP1.2: Kenya Urban Support Programme	41,779,689.00	28,760,864.80	13,018,824.20	68.84
P1: General Administration Total		92,893,979.00	63,874,917.40	29,019,061.60	68.76
P2: Infrastructure Development	Kenya Urban Support Programme	83,503,760.00	59,377,015.15	24,126,744.85	71.11
Infrastructure Development Total		83,503,760.00	59,377,015.15	24,126,744.85	71.11
Grand Total		**4,997,126,337.00**	**3,738,352,125.75**	**1,258,774,211.25**	**74.81**

Source: *Lamu County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Agricultural Technology Development Centres (ATDC) in the Department of Agriculture & Irrigation at 100 per cent, SP2.1: Scholarship and SP2.4: County TVT Grant, both in the Department of Education each had 100 per cent, Infrastructure development in the Department of Fisheries at 99.8 per cent and SP:1.1 human resource management and development in the Department of Medical Services at 98.7 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 OCOB identified the following challenges which hampered effective budget implementation;

1. A high wage bill, which accounted for 38 per cent of the annual realised revenue of Kshs.4.02 billion in FY 2021/22, thus constraining funding to other programmes.
2. Weak budgeting practice as shown in Table 3, where the County incurred expenditure over approved exchequer issues.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.227.81 million were processed through the manual payroll and accounted for 14.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to 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 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.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.22 County Government of Machakos

3.22.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.13.09 billion, comprising Kshs.4.04 billion (30.9 per cent) and Kshs.9.05 billion (69.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.9.16 billion (70 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.68 billion (12.9 per cent) from its sources of revenue, and use a cash balance of Kshs.659.27 million (5 per cent) from FY 2020/21. The County was also expected to receive Kshs.1.59 billion (12.1 per cent) as conditional grants, which consisted of Kshs.673.5 million for Kenya Urban Support World Bank Project, Kshs.426.65 million for Kenya Climate Smart World Bank Agricultural Project; Kshs.227.99 million for Kenya Devolution Support Project from World Bank; Kshs.153.29 million for Leasing of Medical Equipment; Kshs.32.05 million for Transforming Health Systems for Universal Care Project from World Bank; Kshs.28.38 million for Emergency Locust Response World Bank Project; Kshs.25.49 million for Agriculture Sector Development Support Program; Kshs.17.18 million for Universal Healthcare in Devolved System DANIDA Project, and Kshs.703,210 for Level Five Hospital.

3.22.2 Revenue Performance

In FY 2021/22, the County received Kshs.8.43 billion as the equitable share of the revenue raised nationally, raised Kshs.1.12 billion as own-source revenue, Kshs.135.66 million as conditional grants, and had a cash balance of Kshs.659.27 million from FY 2020/21. The Total funds available for budget implementation during the period amounted to Kshs.10.34 billion, as shown in Table 3.145.

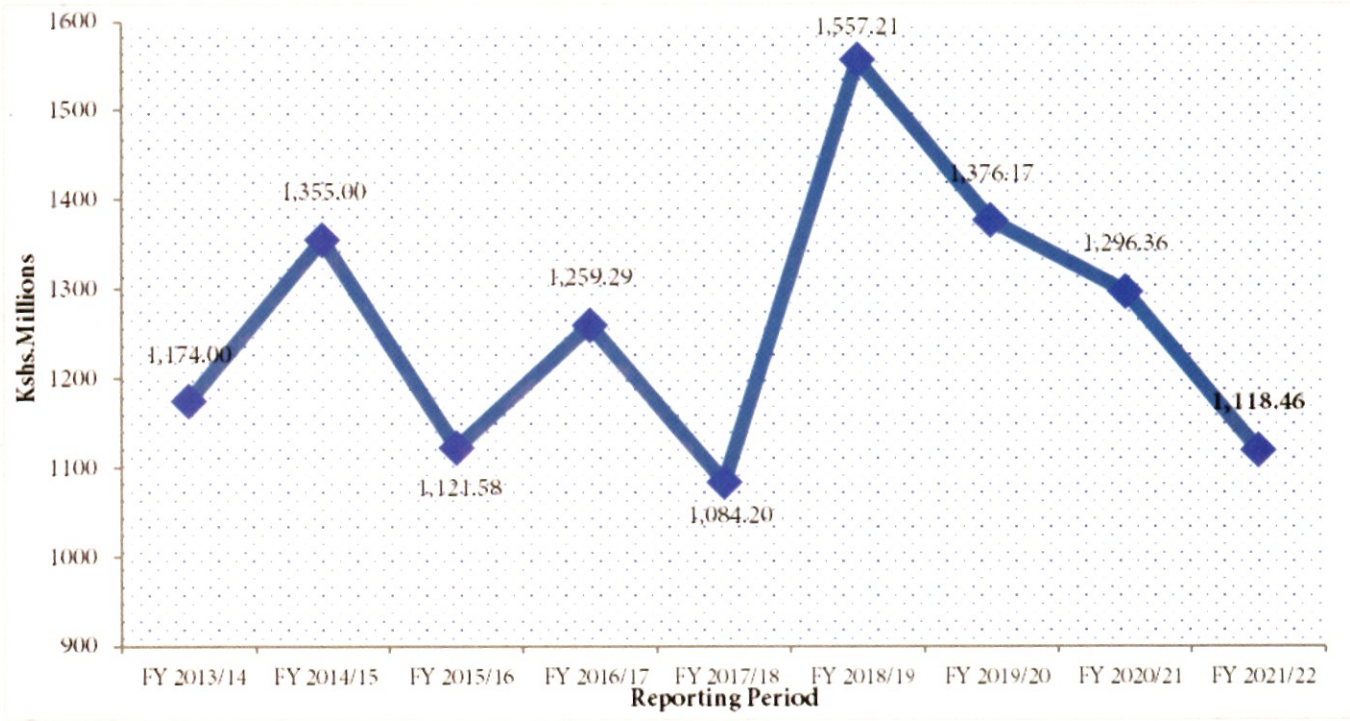
Table 3.145: Machakos County, Revenue Performance in FY 2021/22

No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,162,304,232	8,429,319,897	92
Sub Total		**9,162,304,232**	**8,429,319,897**	**92**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	1,682,894,197	1,118,461,753	66.5
2.	Conditional Grants	1,585,251,867	135,656,077	8.56
3.	Balance B/F from FY2020/21	659,266,584	659,266,584	100
Sub Total		**3,927,412,648**	**1,913,384,414**	**48.7**
Grand Total		**13,089,716,880**	**10,342,704,311**	**79.0**

Source: *Machakos County Treasury*

Figure 3.43 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.43: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Machakos County Treasury*

In FY 2021/22, the County generated a total of Kshs.1.12 billion as own-source revenue. This amount represented a decrease of 13.7 per cent compared to Kshs.1.30 billion realised in FY 2020/21 and was 66.5 per cent of the annual target. The County has implemented an automated revenue management system called Machakos County Integrated Financial Operations Management System (CIFOMS).

3.22.3 Exchequer Issues

The Controller of Budget approved Kshs.10.35 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.40 billion (13.6 per cent) for development programmes and Kshs.8.94 billion (86.4 per cent) for recurrent programmes, as shown in Table 3.149.

3.22.4 Overall Expenditure Review

The County spent Kshs.10 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.5 per cent of the Total funds released by the CoB and comprised of Kshs.1.32 billion and Kshs.8.67 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 32.6 per cent, while recurrent expenditure represented 95.8 per cent of the annual recurrent expenditure budget.

3.22.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.809.52 million and comprised Kshs.488.18 million for recurrent expenditure and Kshs.321.34 million for development expenditure. The County Treasury failed to provide a report showing the amount of settled pending bills during the financial year accrued in FY 2021/22.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.91 billion on employee compensation, Kshs.1.84 billion on operations and maintenance, and Kshs.1.22 billion on development activities. Similarly, the County Assembly spent Kshs.492.63 million on employee compensation, Kshs.432.53 million on operations and maintenance, and Kshs.95.71 million on development activities, as shown in Table 3.146.

Table 3.146: 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	**8,006,148,498**	**1,043,185,491**	**7,748,160,422**	**925,157,135**	**1.0**	**0.9**
Compensation to Employees	6,206,663,229	499,150,087	5,907,546,748	492,631,839	95.2	98.7
Operations and Maintenance	1,799,485,268	544,035,404	1,840,613,674	432,525,296	102.3	79.5
Development Expenditure	**3,693,670,680**	**346,712,213**	**1,221,811,885**	**95,705,266**	**33.1**	**27.6**
Total	**11,699,819,177**	**1,389,897,704**	**8,969,972,307**	**1,020,862,401**	**76.7**	**0.7**

Source: *Machakos County Treasury*

3.22.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's Total revenue. Expenditure on compensation to employees was 61.9 per cent of the annual realised revenue of Kshs.10.34 billion.

The wage bill of Kshs.6.40 billion, including Kshs.3.41 billion attributable to the health sector, which translates to 53.3 per cent of the Total wage bill in the reporting period.

3.22.8 County Established Funds

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.170.34 million to county-established funds in FY 2021/22, constituting 0.3 per cent of the County's overall budget for the year. Table 3.147 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.147: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)
		A	B	C
1.	Staff Car loans	5,000,000	Not Provided	No
2.	MCA Car loans	50,000,000	Not Provided	No
3.	Staff Mortgages	35,000,000	Not Provided	No
4.	Emergency Fund	0	Not Provided	No
5.	Bursary Fund	80,389,996	40,224,007	Yes
	Total	**170,389,996**	**40,224,007**	

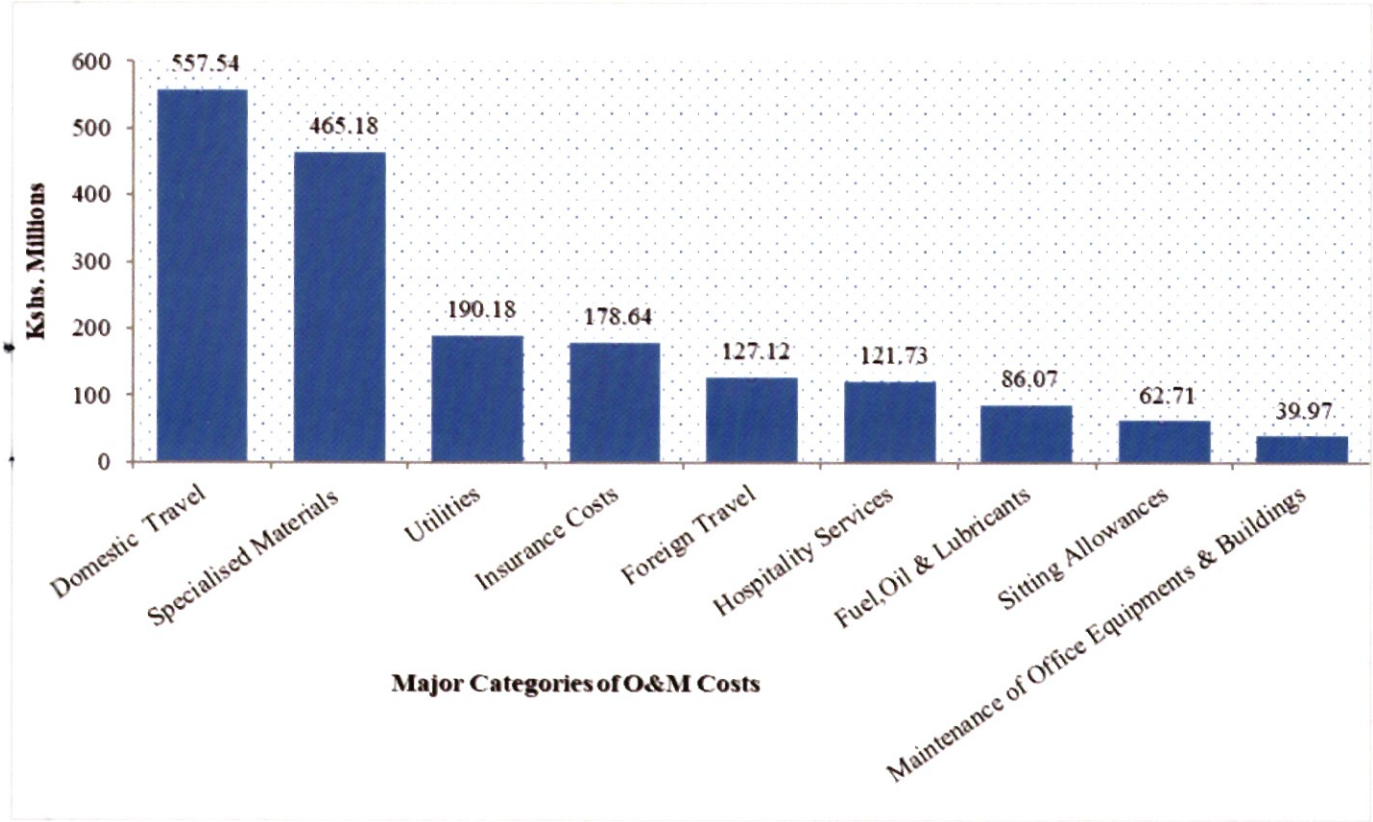
Source: *Machakos County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of four established funds, as indicated in Table 3.147.

3.22.9 Expenditure on Operations and Maintenance

Figure 3.44 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.44: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: *Machakos County Treasury*

The County Assembly spent Kshs.62.71 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.56.64 million. The average monthly sitting allowance was Kshs.85,674 per MCA. The County Assembly has established 26 Committees.

During the period, expenditure on domestic travel amounted to Kshs.557.54 million and comprised Kshs.228.38 million spent by the County Assembly and Kshs.329.16 million by the County Executive. Expenditure on foreign travel amounted to Kshs.127.12 million and comprised of Kshs.71.40 million by the County Assembly and Kshs.55.72 million by the County Executive.

3.22.10 Development Expenditure

The County incurred Kshs.1.32 billion on development programmes, representing a decrease of 50.8 per cent compared to FY 2020/21, when the County spent Kshs. 2.68 billion. Table 3.148 summarises development projects with the highest expenditure in the reporting period.

Table 3.148: Machakos County, List of Development Projects with the Highest Expenditure

No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading of roads	Transport	Sub counties	362,013,396	274,505,687	75.8
2	Equipping and reticulation of Kyua borehole in Katangi ward, Koma bus park borehole in Matungulu West and Lita catholic borehole in Kathiani central.	Water	Sub counties	91,147,878	50,193,554	55.1
3	Construction of Buildings -New Chamber	Assembly	Machakos	201,385,357	33,248,186	16.5

No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
4	Renovation of health facilities	Health	Various sub-counties	31,885,921	25,231,778	79.1
5	Construction of weirs and sand dams	Water	Various sub-counties	45,422,284	24,828,750	54.7
6	Construction of Buildings -Speaker's Residence	Assembly	Machakos	35,000,000	23,702,775	67.7
7	Construction of Buildings (Ward offices)	Assembly	Machakos	76,326,856	18,780,553	24.6
8	Purchase of Communication Equipment ;(Installation Of Hansard Equipment in Committee Rooms)	Assembly	Machakos	14,000,000	12,152,470	86.8
9	Purchase of Household & Institutional Appliances-Water Treatment System	Assembly	Machakos	5,000,000	4,556,929	91.1
10	Construction of Boda boda sheds	Trade	Machakos	17,000,000	4,282,720	25.2
11	Purchase of Household & Institutional Equipment-Gym Equipment	Assembly	Machakos	18,000,000	3,264,353	18.1
12	Construction of ECDE classes at Kikuyuni, Kamale, Ivutu & Mwaani	Education	Kangundo	103,297,706	2,814,000	2.7

Source: *Machakos County Treasury*

3.22.11 Budget Performance by Department

Table 3.149 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.149: 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	562.1	5.1	559.1	-	505.6	-	90.4	-	89.9	-
County Public Service Board	39.8	10	39.8	-	34.1	-	85.9	-	85.9	-
Roads, Transport and Public Works	199.3	880.8	199.2	589.4	195.8	581.6	98.3	98.7	98.3	66
Health Services and Emergency Services	4,086.2	372.8	4,082.2	126.3	4,066.2	103.8	99.6	82.2	99.5	27.8
Water, Irrigation, Environment and Natural Resources	106.1	329.3	106.0	173.2	103.5	186.4	97.7	107.6	97.6	56.6
Agriculture, Food Security and Co-operative Development.	418.4	501.4	380.6	68.0	405.9	7.7	106.6	11.3	97	1.5
Finance and Economic Planning.	563.0	239.5	559.3	16.2	543.6	11.2	97.2	68.9	96.6	4.7
Public Service, Quality Management and ICT	775.5	9.3	773.8	-	676.8	1.1	87.5	-	87.3	12.3
Tourism, Youth, Sports and Culture.	114.4	91	112.3	47.0	102.2	40.1	91	85.4	89.4	44.1
Trade, Industrialisation and Innovation.	127.6	274.9	140.2	213.8	101.3	222.1	72.2	103.9	79.3	80.8
Education, Skills Training and Social Welfare	399.0	182.1	398.6	26.3	389.4	22.6	97.7	86	97.6	12.4
Energy, Lands, Housing and Urban Development.	123.7	780.5	123.3	26.4	106.9	36.7	86.7	139	86.5	4.7
County Administration and Decentralised Units	518.5	14.9	517.0	4.9	517.1	8.6	100.0	175.4	99.7	57.7

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 Assembly	1,017.8	346.7	981.3	112.2	924.0	95.7	94.2	85.3	90.8	27.6
TOTAL	**9,051**	**4,038**	**8,973**	**1,404**	**8,672**	**1,318**	**96.7**	**93.9**	**95.8**	**32.6**

Source: *MachakosCounty Treasury*

Analysis of expenditure by department shows that the Department of Trade, Industrialization and Innovation recorded the highest absorption rate of development budget at 80.8 per cent, followed by the Department of Roads, Transport and Public Works at 66.0 per cent. The Department of County Administration and Decentralised Units had the highest percentage of recurrent expenditure to budget at 99.7 per cent, while the Department of Trade, Industrialization and Innovation had the lowest at 79.3 per cent.

3.22.12 Budget Execution by Programmes and Sub-Programmes

The County Treasury submitted the Budget Execution by Programmes and Sub-programmes report for only the development expenditure budget. The report excluded programmes undertaken by the County Assembly. Table 3.150 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.150: Machakos County, Budget Execution by Programmes and Sub-programmes for the Development Budget

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Office of the Governor					
Sub-programme 1	Co-ordination and Supervisory Services	5,080,367	-	5,080,367	-
Total		**5,080,367**	**-**	**5,080,367**	**-**
County Public Service Board					
Sub-programme 1	Human Resource and Administration	10,000,000	-	10,000,000	-
Total		**10,000,000**	**-**	**10,000,000**	**-**
Roads, Transport and Public Works					
Sub-programme 1	General Administration and support services	80,862,352	61,995,310	18,867,042	76.7
Sub-programme 2	Road Development and Management	565,191,951	421,467,257	143,724,694	74.6
Sub-programme 3	County Government Buildings Services	117,761,524	77,509,340	40,252,184	65.8
Sub-programme 4	County Fleet Management	55,000,000	20,589,322	34,410,678	37.4
Total		**818,815,827**	**581,561,229**	**237,254,598**	71
Health and Emergency Services					
Sub-programme 1	General Administration and Planning	210,493,741	840,414	209,653,327	0.4
Sub-programme 2	Machakos Level 5	38,730,720	24,132,409	14,598,311	62.3
Sub-programme 3	Kangundo Level 4	13,750,518	7,278,666	6,471,852	52.9
Sub-programme 4	Matuu Level 4	14,734,478	12,528,016	2,206,462	85
Sub-programme 5	Kathiani Level 4	3,271,062	-	3,271,062	-
Sub-programme 6	Mwala Level 4	1,120,000	-	1,120,000	-
Sub-programme 7	Kimiti Level 4	369,073	-	369,073	-
Sub-programme 13	Public Health and Community Outreach	85,219,634	58,539,759	26,679,875	68.7
Sub-programme 14	Emergency Services	5,131,533	484,000	4,647,533	9.4
Total		**372,820,759**	**103,803,264**	**269,017,495**	27.8
Water, Irrigation, Environment and Natural Resources					
Sub-programme 1	Water Supply and Sewerage	189,252,259	110,972,718	78,279,541	58.6
Sub-programme 2	Water Resources Management and Storage	10,000,000	5,000,000	5,000,000	50

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Sub-programme 3	Irrigation Schemes Development and Promotion	51,482,486	25,082,999	26,399,487	48.7
Sub-programme 4	General Administration and support services	2,859,436	1,031,504	1,827,932	36.1
Sub-programme 5	Environment and natural resources	75,660,446	44,266,997	31,393,449	58.5
Total		**329,254,627**	**186,354,218**	**142,900,409**	56.6
Agriculture, Food Security and Co-Operative Development					
Sub-programme 1	General Administration and support services	395,834,435	-	395,834,435	-
Sub-programme 2	Crop Development and Management	46,000,000	3,741,379	42,258,621	8.1
Sub-programme 3	Livestock Resources Management and Development	8,500,000	3,248,730	5,251,270	38.2
Sub-programme 4	Fisheries Development	3,000,000	-	3,000,000	-
Sub-programme 5	Veterinary Services	9,119,264	683,704	8,435,560	7.5
Sub-programme 6	Agriculture Training Centre	2,000,000	-	2,000,000	-
Sub-programme 7	Co-operative Development	204,000	-	204,000	-
Sub-programme 8	Promotion of corporative marketing and value chain	35,869,000	-	35,869,000	-
Sub-programme 9	Promotion and growth of corporative societies	918,000		918,000	-
Total		**501,444,699**	**7,673,813**	**493,770,886**	1.5
Finance and Revenue Management					
Sub-programme 1	Resource Management	11,782,500	8,956,300	2,826,200	76.0
Sub-programme 2	Budget Formulation, Co-ordination and implementation	31,082,500	-	31,082,500	-
Sub-programme 3	Audit Section	2,004,779	1,214,702	790,077	60.6
Sub-programme 4	Supply Chain Management Section	1,000,000	800,000	200,000	80
Sub-programme 5	Accounts Services	182,817,541	218,138	182,599,403	0.1
Sub-programme 6	Economic Planning & Statistical Services	10,800,000	-	10,800,000	-
Total		**239,487,320**	**11,189,140**	**228,298,180**	4.7
Public Service, Quality Management and ICT					
Sub-programme 1	General Administration and support services	2,450,000	1,148,960	1,301,040	46.9
Sub-programme 3	Closed Circuit Television	6,879,343	-	6,879,343	-
Total		**9,329,343**	**1,148,960**	**8,180,383**	12.3
Tourism, Youth, Sports and Culture					
Sub-programme 1	Tourism Development and Marketing	6,714,630	4,342,239	2,372,391	64.7
Sub-programme 2	Management of Recreational Facilities	878,750	-	878,750	-
Sub-programme 3	Machawood	370,000	-	370,000	-
Sub-programme 4	County Image	370,000	-	370,000	-
Sub-programme 5	Stadium Management	71,657,079	29,048,229	42,608,850	40.5
Sub-programme 6	Sports	6,000,000	4,020,674	1,979,326	67
Sub-programme 7	Youth Empowerment	5,000,000	2,700,000	2,300,000	54
Total		**90,990,459**	**40,111,142**	**50,879,317**	44.1
Trade, Economic Planning and Industrialization					
Sub-programme 1	Trade Development	227,543,727	204,422,631	23,121,096	89.8
Sub-programme 2	Business and enterprise development	12,000,000	1,745,165	10,254,835	14.5
Sub-programme 4	Industrial Development	35,362,745	15,901,795	19,460,950	45
Total		**274,906,472**	**222,069,591**	**52,836,881**	80.8

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Education, Skills, Training & Social Welfare					
Sub-programme 1	HQ General Administration and support services	114,775,228	22,593,487	92,181,741	19.7
Sub-programme 2	Basic Education	7,000,000	-	7,000,000	-
Sub-programme 3	Youth Development Services	56,327,605	-	56,327,605	-
Sub-programme 4	Gender and Social Services	4,000,000	-	4,000,000	-
Total		**182,102,833**	**22,593,487**	**159,509,346**	12.4
Energy, Lands, Housing and Urban Development					
Sub-programme 1	County Electrification	69,502,191	28,801,379	40,700,812	41.4
Sub-programme 2	Lands and Physical Planning	10,000,000	-	10,000,000	-
Sub-programme 3	Housing and Urban Development	701,000,000	7,888,236	693,111,764	1.1
Total		**780,502,191**	**36,689,615**	**743,812,576**	4.7
County Administration and Decentralized Units					
Sub-programme 1	General Administration and support services	9,354,561	5,689,276	3,665,285	60.8
Sub-programme 2	Solid Waste Management	5,586,000	2,928,150	2,657,850	52.4
Total		**14,940,561**	**8,617,426**	**6,323,135**	**57.7**
Grand Total		**3,629,675,458**	**1,221,811,885**	**2,407,863,573**	**33.7**

Source: *Machakos County Treasury*

Development Sub-programmes with high levels of implementation based on absorption rates were: Trade development in the Department of Trade, Economic Planning and Industrialization at 89.8 per cent, Matuu Level 4 in the Department of Health and emergency services at 85 per cent, Supply Chain Management Section in the Department of Finance and revenue management at 80 per cent, and General Administration and support services at 76.7 per cent of budget allocation.

3.22.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.1.36 billion in FY 2021/22 from the annual development budget allocation of Kshs.4.04 billion. The development expenditure represented 13.2 per cent of the annual development budget.
2. A high wage bill, which accounted was 61.9 per cent of the annual realised revenue of Kshs.10.34 billion in FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.1.12 billion against an annual projection of Kshs. 1.68 billion, representing 66.5 per cent of the annual target.
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 Staff Car loans, MCA Car loans, Staff Mortgages and Emergency Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.809.52 million as of 30th June 2022.
6. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. Further, the submitted report was incomplete as it excluded a report on Budget Execution by Programmes and Sub-programmes for recurrent expenditure. The report was submitted on 29th July 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
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 take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
6. *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. The County Treasury should ensure that complete reports are submitted in line with recommended templates.*

3.23 County Government of Makueni

3.23.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.11.54 billion, comprising Kshs.4.27 billion (37 per cent) and Kshs.7.27 billion (63.0 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.13 billion (70.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.906.31 million (7.9 per cent) from its sources of revenue, and use a cash balance of Kshs.1.50 billion (13 per cent) from FY 2020/21. The County also expected to receive Kshs.1 billion (8.7 per cent) as conditional grants, which consisted of the Kenya Urban Support Project (level 1 grant) Kshs.36.06 million, Universal Health Care registration Kshs.35 million, Makueni Fruit Processing Plant AIA Kshs.150 million, Transforming Health Systems for Universal Care Project Kshs.87.59 million, National Agriculture and Rural Inclusive Growth Project Kshs.284.35 million, DANIDA Grant Primary Health Care Kshs.16.41 million, Kenya Devolution Support Program ("level 2" grant) Kshs.184.80 million, Instruments for Devolution Advice and Support Kshs.11 million, Agriculture Sector Development Support Programme Kshs.35.57 million Conditional Allocation for Leasing of Medical Equipment Kshs.153.30 million and Nutrition International Donor funding Kshs.10 million.

3.23.2 Revenue Performance

In FY 2021/22, the County received Kshs.7.84 billion as the equitable share of the revenue raised nationally, raised Kshs.749.41 million as own-source revenue, Kshs.273.52 million as conditional grants, and had a cash balance of Kshs.1.50 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.10.01 billion, as shown in Table 3.151.

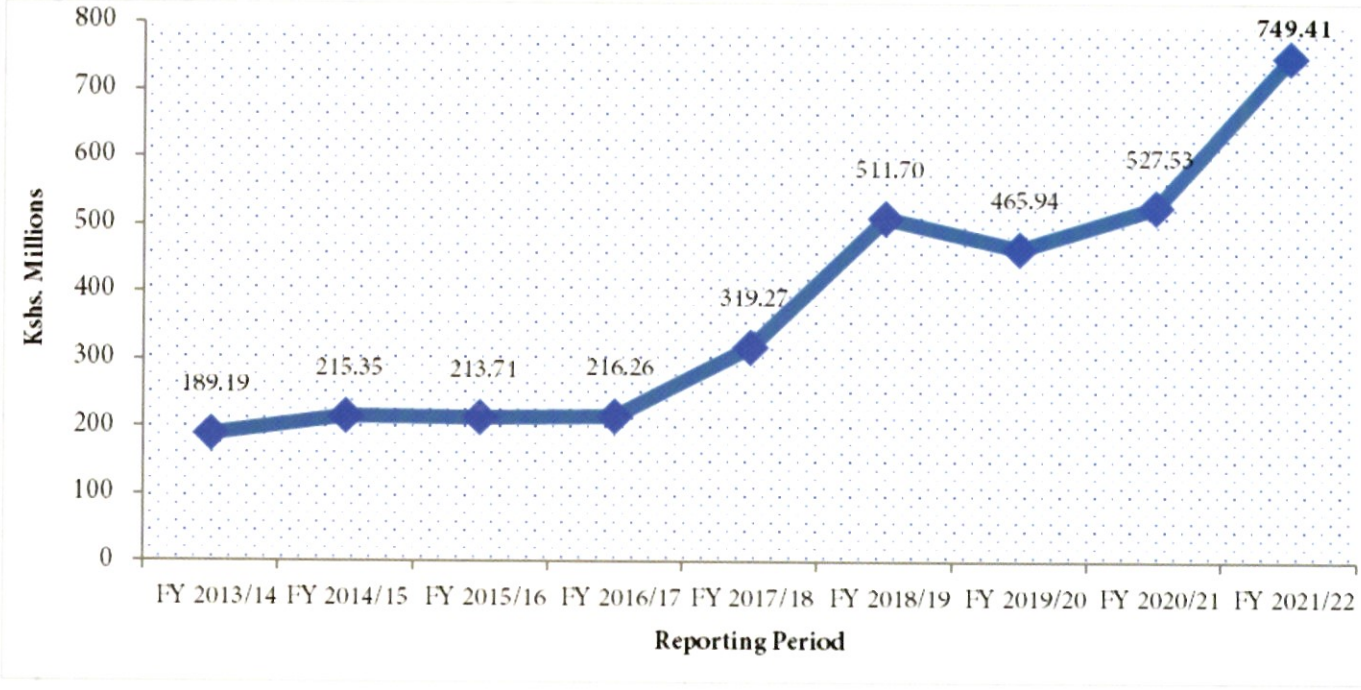
Table 3.151: Makueni County, Revenue Performance in FY 2021/22

No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,132,783,562	7,482,160,879	92
Sub-Total		**8,132,783,562**	**7,482,160,879**	**92**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	906,306,710	749,406,507	82.7
2.	Conditional Grants	1,004,073,194	273,519,615	27.2
3.	Balance B/F from FY2020/21	1,501,673,251	1,501,673,251	100.0
Sub Total		**3,412,053,155**	**2,524,599,374**	**74**
Grand Total		**11,544,836,717**	**10,006,760,253**	**86.7**

Source: *Makueni County Treasury*

Figure 3.45 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.45: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Makueni County Treasury*

In FY 2021/22, the County generated a total of Kshs.749.41 million as own-source revenue. This amount represented an increase of 42.1 per cent compared to Kshs.527.53 million realised in FY 2020/21 and was 82.7 per cent of the annual target. This significant improvement is attributable to community engagement through market champions in various markets and improved internal controls. The County has implemented an automated OSR collection system called Zizi County Revenue Collection System.

3.23.3 Exchequer Issues

The Controller of Budget approved Kshs.8.56 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.53 billion (29.6 per cent) for development programmes and Kshs6.03 billion (70.4 per cent) for recurrent programmes, as shown in Table 3.156.

3.23.4 Overall Expenditure Review

The County spent Kshs.8.45 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.7 per cent of the total funds released by the CoB and comprised of Kshs.2.57 billion and Kshs.5.88 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 60.0 per cent, while recurrent expenditure represented 80.9 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.58.14 million and comprised of Kshs.42.89 million for recurrent expenditure and Kshs.15.25 million for development expenditure. During the period under review, pending bills amounting to Kshs.55.68 million were settled, as shown in Table 3.152.

Table 3.152: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	42,892,865	42,383,125	509,740	299,280,821	299,790,561
Development Expenditure	15,251,220	13,295,460	1,955,760	356,012,828	357,968,588
Total	**58,144,085**	**55,678,585**	**2,465,500**	**655,293,649**	**657,759,149**

Source: *Makueni County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.657.76 million comprised Kshs.299.79 million and Kshs.357.97 million as recurrent and development pending bills, respectively.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.35 billion on employee compensation, Kshs.1.89 billion on operations and maintenance, and Kshs.2.55 billion on development activities. Similarly, the County Assembly spent Kshs.195.41 million on employee compensation, Kshs.445.20 million on operations and maintenance, and Kshs.13.73 million on development activities, as shown in Table 3.153.

Table 3.153: 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	**6,553,742,594**	**756,641,539**	5,237,568,267	640,617,941	**0.8**	**0.8**
Compensation to Employees	3,993,532,191	363,744,904	3,351,965,535	195,414,342	83.9	53.7
Operations and Maintenance	2,560,210,402	392,896,635	1,885,602,732	445,203,599	73.7	113.3
Development Expenditure	**4,203,982,443**	**30,470,142**	**2,555,957,345**	**13,728,676**	**60.8**	**45.1**
Total	**10,757,725,037**	**787,111,681**	**7,793,525,612**	**654,346,617**	**72.4**	**0.8**

Source: *Makueni County Treasury*

3.23.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 35.4 per cent of the annual realised revenue of Kshs.10.01 billion.

Personnel emoluments amounting to Kshs.3.30 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.446.50 million was paid through manual payrolls. The manual payroll accounted for 12.6 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.3.55 billion includes Kshs.2.03 billion attributable to the health sector, which translates to 57.3 per cent of the total wage bill in the reporting period.

3.23.8 County Established Funds

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.214.21 million to county-established funds in FY 2021/22, constituting 1.9 per cent of the County's overall budget for the year. Table 3.154 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.154: County Established Fund performance as of 30th June 2022

No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Makueni Emergency Fund	50,970,037	35,041,025.10	No	68.7
2.	Makueni County Bursary Fund	113,243,011	45,074,052	No	39.8
3.	Makueni County State and Public officers Car loan and Mortgages Fund	20,000,000	9,700,000	No	48.5
4.	Makueni County Youth, Women, PWDs and Table banking Fund	No Budget	46,654,945	No	N/A
5.	Makueni County Assembly MCAs and Public officers Car loan and Mortgages Fund	30,000,000	30,000,000	No	100.0
	Total	**30,000,000**	**132,976,808**		

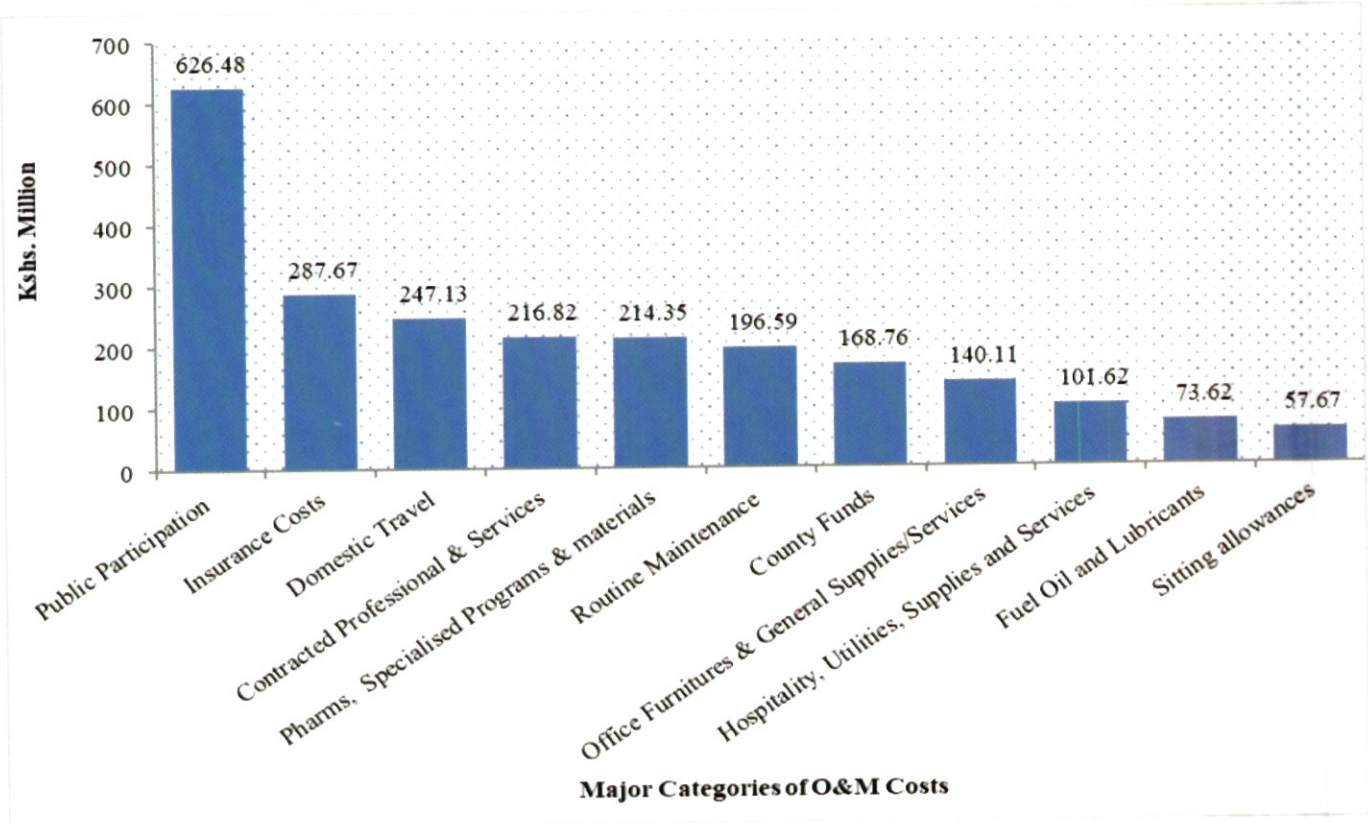
Source: *Makueni County Treasury*

As indicated in Table, the OCoB had not received quarterly financial returns from Fund Administrators.

3.23.9 Expenditure on Operations and Maintenance

Figure 3.46 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.46: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: *Makueni County Treasury*

The County Assembly spent Kshs.57.67 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs.78.55 million. The average monthly sitting allowance was Kshs.123,235 per MCA. The County Assembly has established 22 Committees.

During the period, expenditure on domestic travel amounted to Kshs.247.13 million and comprised Kshs.141.05 million spent by the County Assembly and Kshs.106.08 million by the County Executive. Expenditure on foreign travel amounted to Kshs.374,000 by the County Executive.

3.23.10 Development Expenditure

The County incurred Kshs.2.57 billion on development programmes, representing a decrease of 28.8 per cent compared to FY 2020/21, hen the County spent Kshs.3.31 billion. Table 3.155 summarises development projects with the highest expenditure in the reporting period.

Table 3.155: Makueni County, List of Development Projects with the Highest Expenditure

No	Project Name	Department	Location	Budget	Expenditure	Absorption Rate	Source of Funding (GoK/donor)
1	Other Operating Expenses - Universal Health Care	Health Services	Countywide	270,290,975	265,355,914	98.2	Makueni County
2	Kenya Urban Support Project (KUSP)	Lands, Urban Development, Environment and Climate change	Countywide	165,216,924	98,105,955	59.4	Conditional Grant-KUSP
3	National Agricultural and Rural Inclusive Growth Project (NARIGP)	Agriculture, Irrigation, Livestock & Fisheries Development	Countywide	284,347,300	70,787,249	24.9	Conditional Grant-NAGRIP

No	Project Name	Department	Location	Budget	Expenditure	Absorption Rate	Source of Funding (GoK/donor)
4	Makueni County Fruit Processing Plant Development and Marketing Authority - AIA	Agriculture, Irrigation, Livestock & Fisheries Development	Nzaui Kilili Kalamba	60,000,000	60,000,000	100.0	Makueni County
5	Conditional Grant for COVID 19 Emergency Response	Health Services	Countywide	80,219,797	52,962,184	66.0	Conditional Grant-COVID 19
6	Transforming Health Systems for Universal Care Project	Health Services	Countywide	142,427,633	51,779,243	36.4	Makueni County
7	Construction of Thwake bridge	Transport, Roads, Public Works and Energy	Kalawa	-	42,993,991	N/A	Makueni County and National Govt
8	Makueni Integrated Grain Value Chain Development Project	Agriculture, Irrigation, Livestock & Fisheries Development	Makindu	60,000,000	41,389,215	69.0	Makueni County
9	CTTI Capitation	Education, Sports and ICT	Countywide	40,000,000	39,710,226	99.3	Conditional Grant-Polytechnic
10	Electrical Fencing - Tsavo East and West	Transport, Roads, Public Works and Energy	Kibwezi	75,000,000	38,440,739	51.3	Makueni County
11	Community Economic Empowerment- 30 wards Agricultural extension service for increased production and productivity	Agriculture, Irrigation, Livestock & Fisheries Development	All	38,356,336	38,111,622	99.4	Makueni County
12	Rural Electrification Programme - REREC Matching grant	Transport, Roads, Public Works and Energy	Countywide	30,000,000	30,000,000	100.0	Conditional Grant-REREC Grant

Source: *Makueni County Treasury*

3.23.11 Budget Performance by Department

Table 3.156 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.156: 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
County Attorney's Office	33.44	-	11.30	-	27.70	-	245.2	-	82.8	-
County Public Service Board	55.89	1.83	48.15	3.15	43.52	1.74	90.4	55.3	77.9	95.2
Lands, Urban Development, Environment and Climate Change	164.22	263.27	159.31	52.32	134.75	153.79	84.6	294.0	82.1	58.4
Governorship- Office of Governor and Deputy Governor	225.34	-	192.52	-	191.23	-	99.3	-	84.9	-

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
Trade, Industry, Marketing, Tourism & Cooperatives Development	59.69	43.42	47.77	23.14	45.20	30.36	94.6	131.2	75.7	69.9
Gender, Children, Culture and Social Services	100.93	54.17	84.80	47.58	88.50	50.00	104.4	105.1	87.7	92.3
Office of the County Secretary	467.15	-	448.60	-	441.58	-	98.4	-	94.5	-
Finance & Socio-Economic Planning	601.90	374.03	494.17	173.91	524.43	95.04	106.1	54.6	87.1	25.4
Education, Sports & ICT	486.85	317.77	469.90	255.12	461.63	233.70	98.2	91.6	94.8	73.5
Transport, Roads, Public Works and Energy	192.90	879.90	168.48	590.30	159.98	722.71	95.0	122.4	82.9	82.1
Agriculture, Livestock & Fisheries development	272.52	743.21	266.08	386.12	237.47	308.99	89.2	80.0	87.1	41.6
Water and Irrigation Services (Includes Sand Authority)	220.43	532.03	164.88	441.54	143.90	329.04	87.3	74.5	65.3	61.8
Department of Health Services	3,253.96	955.09	2,425.11	492.19	2,460.7	560.31	101.5	113.8	75.6	58.7
Devolution, County Administration, Participatory Development, Youth & Public Service	378.03	79.74	316.71	50.20	280.31	66.90	88.5	133.3	74.2	83.9
County Assembly	756.64	30.47	730.58	15.24	640.62	13.73	87.7	90.1	84.7	45.1
Total	**7,269.9**	**4,275**	**6,028.3**	**2,530.8**	**5,881.6**	**2,566.3**	**97.6**	**101.4**	**80.9**	**60.0**

Source: *Makueni County Treasury*

Analysis of expenditure by department shows that the County Public Service Board recorded the highest absorption rate of development budget at 95.2 per cent, followed by the Department of Gender, Children, Culture and Social Services at 92.3 per cent. The Department of Education, Sports & ICT had the highest percentage of recurrent expenditure to budget at 94.8 per cent, while the Department of Devolution, County Administration, Participatory Development, Youth & Public Service had the lowest at 74.2 per cent.

3.23.12 Budget Execution by Programmes and Sub-Programmes

Table 3.157 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.157: Makueni County, Budget Execution by Programmes and Sub-programmes

Department	Programme/ Sub Programme	FY 2021/22 Budget	FY 2021/22 Expenditure	Absorption	Variance (Kshs.)
Agriculture, Livestock & Fisheries	Programme 1: General administration & planning				
	SP1.1: General administration & planning	642,410,018	368,656,801	57	273,753,217
	Programme 2: Land, Crop development & productivity				
	SP2.1: Land, Crop development & productivity	84,040,433	30,309,834	36	53,730,598

Department	Programme/ Sub Programme	FY 2021/22 Budget	FY 2021/22 Expenditure	Absorption	Variance (Kshs.)
	Programme 3: Agribusiness and information management				
	SP3.1: Agribusiness and information management	226,234,168	125,733,598	56	100,500,570
	Programme 4: Livestock Production, Management and Development				
	SP4.1: Livestock Production, Management and Development	63,048,271	27,132,620	43	35,915,651
	Total Budget	1,015,732,890	551,832,853	54	463,900,037
Transport & Infrastructure	Programme 1: General administration & planning				
	SP1.1: General administration & planning	140,610,589	122,919,928	87	17,690,662
	Programme 2: Road transport				
	SP2.1: Road transport	733,163,986	626,647,155	85	106,516,832
	Programme 3: Infrastructure development				
	SP3.1: Infrastructure development	33,459,460	22,445,369	67	11,014,091
	Programme 4: Energy Infrastructure & development				
	SP4.1: Energy Infrastructure & development	165,566,153	110,589,602	67	54,976,551
	Total Budget	1,072,800,188	882,602,053	82	190,198,136
Trade, Industry & Cooperatives	Programme 1: General administration & planning				
	SP1.1: General administration & planning	45,877,893	35,588,772	78	10,289,121
	Programme 2: Trade development & promotion				
	SP2.4: Trade marketing & promotion	38,670,181	28,770,446	74	9,899,736
	Programme 3: Industrial development and promotion				
	SP3.1: Industrial development and promotion	4,237,700	2,838,713	67	1,398,987
	Programme 4: Tourism development & promotion				
	SP4.1: Tourism development & promotion	5,365,500	3,437,960	64	1,927,540
	Programme 5: Cooperative development and management				
	SP5.1: Cooperative development and management	8,965,000	7,694,490	86	1,270,510
	Total Budget	103,116,274	78,330,380	76	24,785,894
Land, Physical Planning & Mining	Programme 1: General administration & planning				
	SP1.1: General administration & planning	64,218,560	57,330,478	89	6,888,082
	Programme 2: Land Survey & Mapping				
	SP2.1:: Land Survey & Mapping	42,087,710	25,307,865	60	16,779,846
	Programme 3: Urban planning				
	SP3.1: Urban planning	200,850,178	115,898,294	58%	84,951,884
	Programme 4: Mining mapping & development				
	SP4.1: Mining mapping & development	3,300,000	2,620,447	79	679,553
	Programme 5: Environment management and protection				
	SP5.1: Environment management and protection	117,036,829	87,385,641	75	29,651,188
	Total Budget	427,493,277	288,542,725	67	138,950,552
Water, Irrigation & Environment	Programme 1: General administration & planning				
	SP1.1 General administration & planning	142,104,202	109,347,950	77	32,756,251
	Programme 2: Water Infrastructure Development				
	SP 2.1: Water harvesting and storage	113,659,566	87,140,061	77	26,519,505
	SP 2.2: Piped water supply infrastructure	245,295,550	165,480,125	67	79,815,426
	SP 2.3: Groundwater development	167,572,682	94,836,727	57	72,735,955
	Total Budget	668,632,000	456,804,863	68	211,827,136
Sand Authority	Programme 1: General administration & planning				
	SP1.1: General administration & planning	83,828,840	19,625,278	23	64,203,562
	Total Budget	83,828,840	19,625,278	23	64,203,562

Department	Programme/ Sub Programme	FY 2021/22 Budget	FY 2021/22 Expenditure	Absorption	Variance (Kshs.)
Education & ICT	Programme 1: General administration & planning				
	SP1.1: General administration & planning	348,954,834	338,675,968	97	10,278,866
	Programme 2: Early childhood education				
	SP2.1: Early childhood education	147,627,930	128,253,082	87	19,374,848
	Programme 3: Technical training & non-formal education				
	SP3.1: Technical training & non-formal education	76,808,762	59,776,557	78	17,032,205
	Programme 4: Support for education				
	SP4.1: Support for education	119,920,486	104,885,511	87	15,034,975
	Programme 5: ICT Infrastructure & Systems Development				
	SP5.1: ICT Infrastructure & Systems Development	41,455,005	25,112,906	61	16,342,099
	Programme 6: Sports Development				
	SP6.1: Sports Development	69,852,152	39,544,200	57	30,307,952
	Total Budget	804,619,170	696,248,224	87	108,370,945
Health	Programme 1: General administration & planning				
	SP1.1: General administration & planning	3,034,827,249	2,324,807,916	77	710,019,333
	Programme 2: Curative health care services				
	SP2.1: Curative health care services	850,095,305	434,965,582	51	415,129,723
	Programme 3: Preventive and promotive health care services				
	SP3.1: Preventive and promotive health care services	324,128,357	261,487,886	81	62,640,470
	Total Budget	4,209,050,911	3,021,261,384	72	1,187,789,527
Youth, Gender & Social Services	Programme 1: General administration & planning				
	SP1.1: General administration & planning	80,141,925	67,947,369	85	12,194,556
	Programme 2: Gender & Social Development				
	SP2.1: Gender & Social Development	74,959,321	69,370,443	93	5,588,878
	Total Budget	155,101,246	137,317,812	89	17,783,434
County Attorney	Programme 1: Legal & advisory services				
	SP1.1: Legal & advisory services	33,440,152	27,704,600	83	5,735,553
	Total Budget	33,440,152	27,704,600	83	5,735,553
County Secretary	Programme 1: Leadership and coordination of departments.				
	SP1.1: Leadership and coordination of departments.	467,152,607	441,580,785	95	25,571,822
	Total Budget	467,152,607	441,580,785	95	25,571,822
Governorship	Programme 1: General administration & planning				
	SP1.1: General administration & planning	225,337,337	191,229,833	85	34,107,504
	Total Budget	225,337,337	191,229,833	85	34,107,504
Devolution & Public Service	Programme 1: General administration & planning				
	SP1.1: General administration & planning	295,015,452	237,911,396	81	57,104,056
	Programme 2: Public Participation & Civic Education				
	SP2.1: Public Participation & Civic Education	58,052,534	50,580,474	87	7,472,060
	Programme 3: Information and communication				

Department	Programme/ Sub Programme	FY 2021/22 Budget	FY 2021/22 Expenditure	Absorption	Variance (Kshs.)
	SP3.1: Information and communication	8,150,000	6,817,909	84	1,332,091
	Programme 4: Enforcement and compliance				
	SP4.1: Enforcement and compliance	54,550,000	52,270,538	96	2,279,462
	Programme 5: Youth Development Support & Empowerment				
	SP5.1: Youth Development	42,003,049	37,172,646	88	4,830,403
	Total Budget	457,771,035	384,752,962	84	73,018,073
County Public Service Board	Programme 1: General Administration and Planning				
	SP1.1: General Administration and Planning	57,722,843	45,263,611	78	12,459,232
	Total Budget	57,722,843	45,263,611	78	12,459,232
Finance & Socio-Economic Planning	Programme 1: General administration & planning				
	SP1.1: General administration & planning	719,626,268	399,955,893	56	319,670,375
	Programme 2: Public financial management				
	SP2.1 Accounting services	16,965,000	15,881,879	94	1,083,121
	SP2.2: Budget formulation, coordination and management	79,715,000	79,070,231	99	644,769
	SP2.3: Internal audit services	8,165,000	7,391,129	91	773,871
	SP2.4: Resource mobilisation	86,125,000	78,550,180	91	7,574,820
	SP2.5: Supply chain management services	9,165,000	8,830,000	96	335,000
	SP2.6: Economic planning	56,165,000	48,621,317	87	7,543,683
	Total Budget	975,926,268	638,300,628	65	337,625,640
County Assembly	Legislation & Oversight	787,111,681	745,814,187	95	41,297,493
	TOTAL COUNTY BUDGET	**11,544,836,717**	**8,607,212,178**	**75**	**2,937,624,539**

Source: *Makueni County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Budget formulation, coordination and management in the Department of Finance and Socio-Economic planning at 99 per cent, General administration & planning in the Department of Education and ICT at 97 per cent, Budget formulation, coordination and management in the Department of Devolution and Public Service at 96 per cent, and Legislation & Oversight in the County assembly at 95 per cent of budget allocation.

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. A high wage bill, which accounted for 41.4 per cent of the total expenditure in FY 2021/22, thus constraining funding to other programmes.
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 Makueni Emergency Fund, Makueni County Bursary Fund, Makueni County State and Public officers Car loan and Mortgages Fund, Makueni County Youth, Women, PWDs and Table banking Fund, Makueni County Assembly MCAs and Public officers Car loan and Mortgages Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.657.56 million as of 30th June 2022.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.446.50 million were processed through the manual payroll and accounted for 12.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
5. 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 County should implement the following recommendations to improve budget execution;

1. *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.

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 take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
5. *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.*

3.24 County Government of Mandera

3.24.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.13.28 billion, comprising Kshs.5.44 billion (41 per cent) and Kshs.7.84 billion (59 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.11.19 billion (84.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.200.04 million (1.5 per cent) from its sources of revenue, and use a cash balance of Kshs.1.11 billion (8.4 per cent) from FY 2020/21. The County also expected to receive Kshs.779.10 million (5.9 per cent) as conditional grants, which consisted of Kshs.298.88 million from the Kenya Climate-Smart Agriculture Project (NEDI), Kshs. 141.84 million from Kenya Devolution Support Program Allocation for 2021/2022, and Kshs.52.93 million from the World Bank Emergency locust response Project (ENRP).

3.24.2 Revenue Performance

During the financial year, the County received Kshs.10.30 billion as the equitable share of the revenue raised nationally, raised Kshs.132.90 million as own-source revenue, received Kshs.393.20 million as conditional grants, and had a cash balance of Kshs.846.01 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.11.67 billion, as shown in Table 3.158.

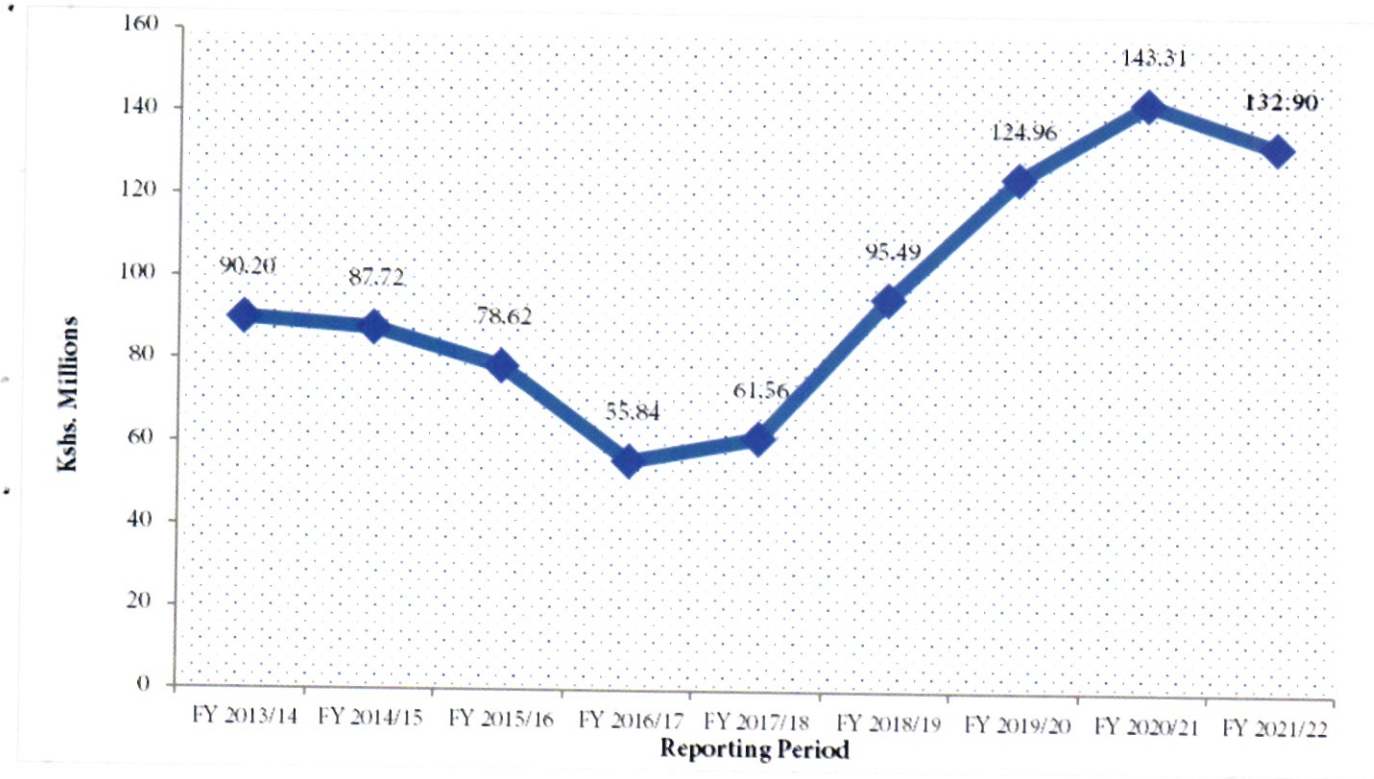
Table 3.158: Mandera County, Revenue Performance in FY 2021/22

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**	11,190,382,598	10,295,151,990	92.0
Sub Total				
B	**Other Sources of Revenue**			
1.	Own Source Revenue	200,037,792	132,899,851	66.4
2.	Conditional Grants	779,103,352.25	393,201,576	50.5
3.	Balance b/f from FY 2020/21	1,114,145,470	846,010,972	75.9
Sub Total		**2,093,286,615**	**1,372,112,399**	**65.5**
Grand Total		**13,283,669,213**	**11,667,264,389**	**87.8**

Source: *Mandera County Treasury*

Figure 3.47 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.47: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Mandera County Treasury*

In FY 2021/22, the County generated a total of Kshs.132.90 million as own-source revenue. This amount represented a decrease of 7.3 per cent compared to Kshs.143.31 million realised in FY 2020/21 and was 66.4 per cent of the annual target. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.67.14 million.

3.24.3 Exchequer Issues

The Controller of Budget approved Kshs.11.52 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.4.03 billion (34.9 per cent) for development programmes and Kshs.7.50 billion (65.1 per cent) for recurrent programmes, as shown in Table 3.161.

3.24.4 Overall Expenditure Review

The County spent Kshs.11.60 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.6 per cent of the total funds released by the CoB and comprised of Kshs.4.03 billion and Kshs.7.57 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 74 per cent. In comparison, recurrent expenditure represented 96.5 per cent of the annual budget.

3.24.5 Settlement of Pending Bills

The County Executive did not submit a report on the status of pending bills during the reporting period. The County Assembly reported pending bills of Kshs.5.05 million as of 30th June 2022.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs. 2.90 billion on employee compensation, Kshs.3.87 billion on operations and maintenance, and Kshs. 3.99 billion on development activities. Similarly, the County Assembly spent Kshs.400.09 million on employee compensation, Kshs.407.10 million on operations and maintenance, and Kshs.41.98 million on development activities, as shown in Table 3.159.

Table 3.159: 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
Recurrent Expenditure	**6,929,769,093**	**911,048,184**	**6,761,217,943**	**807,193,568**	**97.6**	**88.6**
Compensation to Employees	2,982,180,687	483,481,819	2,895,049,931	400,090,558	97.1	82.8
Operations and Maintenance	3,947,588,406	427,566,365	3,866,168,012	407,103,010	97.9	95.2
Development Expenditure	5,270,598,380	172,253,555	3,985,501,082	41,978,279	75.6	24.4
Total	**12,200,367,473**	**1,083,301,739**	**10,746,719,025**	**849,171,847**	**88.1**	**78.4**

Source: *Mandera County Treasury*

3.24.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 33.1 per cent of the annual realised revenue of Kshs.11.67 billion.

Personnel emoluments amounting to Kshs.2.74 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.385.35 million was processed on manual payrolls, accounting for 11.1 per cent of the total P.E costs. Government policy requires all Government entities to process salaries through the IPPD system.

Given that the County cited the lack of Personal Numbers for failing to process salaries in the IPPD system, the County is advised to fast-track the acquisition of the Personal Numbers.

The wage bill of Kshs.3.30 billion includes Kshs.1.17 billion attributable to the health sector, which translates to 35.6 per cent of the total wage bill in the reporting period.

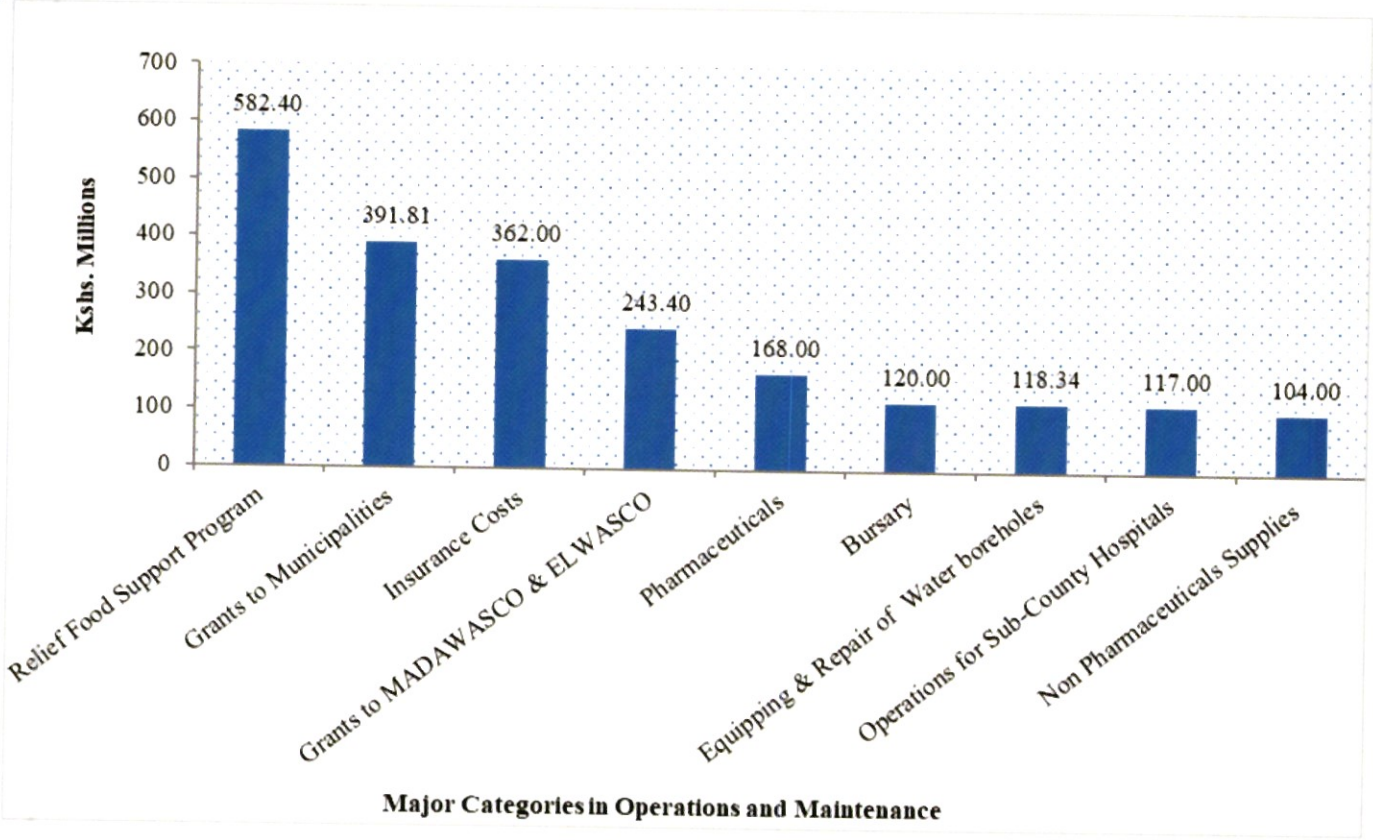
3.24.8 County Established Funds

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 Ksh.120 million to the Bursary Program in FY 2021/22, which constituted 0.9 per cent of the County's overall budget for the year. The OCoB received quarterly financial returns from the Administrator of the Bursary program, which showed the program utilised the entire amount.

3.24.9 Expenditure on Operations and Maintenance

Figure 3.48 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.48: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: *Mandera County Treasury*

The County Assembly spent Kshs.15.77 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.25.00 million. The average monthly sitting allowance was Kshs.26,818 per MCA. The County Assembly has established 23 Committees.

During the period, expenditure on domestic travel amounted to Kshs.95.61 million and comprised of Kshs.64.91 million spent by the County Assembly and Kshs.26.75 million by the County Executive. The cost of foreign travel amounted to Kshs.23.50 million and comprised Kshs.22 million by the County Assembly and Kshs.1.50 million by the County Executive.

3.24.10 Development Expenditure

The County incurred Kshs.4.03 billion on development programmes, representing a decrease of 9.1 per cent compared to FY 2020/21 when the County spent Kshs. 4.43 billion. Table 3.160 summarises development projects with the highest expenditure in the reporting period.

Table 3.160: Mandera County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Water, Energy, Environment and Natural Resources	Desilting of various dams countywide	All wards	205,000,000	205,000,000	205,000,000	100	Project complete
Public Works Roads and Transport	Construction of Dandu - Ires Teno - Gagaba - Sake - RMLF	Mandera west	100,000,000	100,000,000	100,000,000	100	Project complete

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Lands, Housing Developments and Physical Planning	Completion of County Headquarter	Mandera East	69,045,841	69,045,841	69,045,841	100	Project complete
Public Works Roads and Transport	Construction and Opening up of Awacho Sambur - Kiliwehiri Road	Mandera West	63,500,000	63,500,000	63,500,000	100	Project complete
County Public Service Board	Construction of County Public Service Board Offices	Mandera East	60,000,000	60,000,000	60,000,000	100	Project complete
Public Works Roads and Transport	Opening Up Access Roads to KMTC and MTTC Area	Mandera East	59,000,000	59,000,000	59,000,000	100	Project complete
Public Works Roads and Transport	Opening up and light grading of Mandera bypass road	Mandera East	57,000,000	57,000,000	57,000,000	100	Project complete
Trade, Investments, Industrialisation, and Cooperative Development	Expansion and reconstruction of Slaughter House in Elwak	Elwak	55,000,000	55,000,000	55,000,000	100	Project complete
Lands, Housing Developments and Physical Planning	Construction of Rhamu Sub-County Headquarters	Mandera north sub-county	78,993,535	78,993,535	50,000,000	63.3	Ongoing
Public Works Roads and Transport	Low Volume seal tarmac road to Malka Punda and Parking at River Access Point (KUSP)	Mandera East	102,000,000	102,000,000	50,000,000	49.0	Ongoing

Source: *Mandera County Treasury*

3.24.11 Budget Performance by Department

Table 3.161 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.161: 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	911.05	172.25	807.19	41.98	807.19	41.98	100.0	100.0	88.6	24.4
Agriculture and livestock	217.54	915.40	182.92	450.07	182.92	450.07	100.0	100.0	84.1	49.2
Education, Culture and Sports	447.23	315.89	439.66	183.30	439.66	183.30	100.0	100.0	98.3	58.0

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
Genders, Social Services and Youth Affairs	66.22	108.00	66.20	105.37	66.20	105.37	100.0	100.0	100	97.6
Finance and Economic Planning and ICT	956.72	430.30	956.72	326.41	956.72	326.41	100.0	100.0	100	75.9
Health Services	1,860.68	667.43	1,746.55	455.94	1,818.48	455.94	104.1	100.0	97.7	68.3
Trade, Investments, Industrialisation, and Co-operative Development	63.94	92.29	62.50	59.34	62.50	59.34	100.0	100.0	97.8	64.3
Lands, Housing Developments and Physical Planning	469.68	24.41	465.17	15.00	465.17	15.00	100.0	100.0	99.0	61.4
Office of the Governor and Deputy Governor	484.38	-	478.84	-	478.84	-	100.0	-	98.9	-
County Public Service Board	78.28	62.00	76.90	62.00	76.90	62.00	100.0	100.0	98.2	100
Public Service Management and Devolved Units	1,365.22	103.19	1,301.42	93.09	1,301.42	93.09	100.0	100.0	95.3	90.2
Public Works Roads and Transport	125.70	1,101.56	123.33	841.36	123.33	841.36	100.0	100.0	98.1	76.4
Water, Energy, Environment and Natural Resources	794.18	1,450.12	789.08	1,393.61	789.08	1,393.61	100.0	100.0	99.4	96.1
Total	**7,840.82**	**5,442.85**	**7,496.48**	**4,027.48**	**7,568.41**	**4,027.48**	**101.0**	**100.0**	**96.5**	**74.0**

Source: *Mandera County Treasury*

Analysis of expenditure by the departments shows that the Department of County Public Service Board recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Genders, Social Services and Youth Affairs at 97.6 per cent. The Department of Genders, Social Services and Youth Affairs, and the Department of Finance and Economic Planning and ICT had the highest recurrent expenditure to budget at 100 per cent, respectively. In comparison, the Department of Agriculture and livestock had the lowest at 84.1 per cent.

3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 3.162 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.162: Mandera County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption (%)**
Agricultural and Livestock Sector Support	Food security Initiatives	772,331,827	401,828,545	270,503,282	52.0
	Sub Total	**772,331,827**	**401,828,545**	270,503,282	52.0
	Livestock Production	253,854,158	152,701,708	53,643,610	60.2
	Sub Total	**253,854,158**	**152,701,708**	**53,643,610**	**60.2**
General Administration & Support Services	Administration & Support Services	702,129,906	631,666,110	10,463,796	90.0
		2,307,913,251	2,066,685,017	41,228,234	89.5
	Sub Total	**3,010,043,157**	**2,698,351,128**	**51,692,029**	**89.6**
Administration Services	Administration and Compensation	2,806,319,287	2,736,030,600	70,288,687	97.5
		206,504,275	197,998,871	8,505,404	95.9
	Sub Total	**3,012,823,562**	**2,934,029,471**	**78,794,091**	97.4

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption (%)**
Trade, Cooperatives and Investment Sector Support	Co-operative Development	6,450,000	6,012,800	437,200	93.2
	Sub Total	6,450,000	6,012,800	437,200	93.2
	Trade Development and Promotion	149,781,948	116,033,239	33,748,709	77.5
	Sub Total	**149,781,948**	**116,033,239**	**33,748,709**	**77.5**
Youth Rehabilitation and Development	Youth Affairs	108,000,000	106,367,530	1,632,470	98.5
	Sub Total	**108,000,000**	**106,367,530**	**1,632,470**	**98.5**
Physical Infrastructure Development	Infrastructure Development	1,101,559,021	776,871,162	124,687,859	70.5
	Land Survey	24,410,211	18,193,136	6,217,075	74.5
	Health care Infrastructure	667,433,394	393,720,475	180,802,499	59.0
	Physical Infrastructure	103,193,187	50,000,000	-	48.5
	Sub Total	**1,896,595,813**	**1,238,784,773**	**311,707,433**	**65.3**
ECDE and Sports Development Services	Early Childhood Development Education (ECDE)	315,892,015	196,755,112	119,136,903	62.3
	Sub Total	**315,892,015**	**196,755,112**	**119,136,903**	**62.3**
Public Finance Management	Financial and Procurement Services	430,300,000	294,598,670	101,701,330	68.5
	Sub Total	**430,300,000**	**294,598,670**	**101,701,330**	**68.5**
Water Provision Services	Water Supply	1,346,418,191	1,036,656,529	149,761,662	77.0
		769,951,579	621,353,709	8,597,870	80.7
	Sub Total	**2,116,369,770**	**1,658,010,238**	**158,359,532**	**78.3**
Solar Energy and Environmental Services	Solar Energy Services	103,701,231	103,701,231	-	100.0
	Environmental Management Services	24,223,992	22,153,992	2,070,000	91.5
	Sub Total	**127,925,223**	**125,855,223**	**2,070,000**	**98.4**
Legislation and Oversight Services	County Assembly Oversight Services	1,083,301,740	817,390,589	205,911,151	75.5
	Sub Total	**1,083,301,740**	**817,390,589**	**205,911,151**	**75.5**
	Grand Total	**13,283,669,213**	**10,746,719,025**	**1,389,337,740**	**80.9**

Source: *Mandera County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Solar Energy Services in the Department of Water, Energy, Environment and Natural Resources at 100 per cent, Youth Affairs in the Department of Genders, Social Services and Youth Affairs at 98.5 per cent, and Administration and Compensation in the Department of Finance and Economic Planning and ICT at 97.5 per cent.

3.24.13 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. The underperformance of own-source revenue at Kshs.132.90 million against an annual projection of Kshs.200.04 million, representing 66.4 per cent of the annual target.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.385.35 million were processed through the manual payroll and accounted for 11.1 per cent of the total payroll cost.
3. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. Further, the County Treasury failed to provide a

report on the status of pending bills as of 30th June 2022.

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

1. *The County should address its revenue performance to ensure the approved budget is fully financed.*
2. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
3. *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.*

3.25 County Government of Marsabit

3.25.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.9.33 billion, comprising Kshs.4.59 billion (49.1 per cent) and Kshs.4.74 billion (50.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.28 billion (78 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (1.8 per cent) from its sources of revenue, and use a cash balance of Kshs.576.38 million (6,2 per cent) from FY 2020/21. The County also expected to receive Kshs.1.31 billion (14 per cent) as conditional grants, which consisted of Roads Maintenance Fuel Levy Fund Kshs.204 million (15,6 per cent), Kenya Climate Smart Agriculture Project Kshs. 306.9 million(23.5 per cent), Drought Resilience Programme in Northern Kenya Kshs.170 million(13 per cent), Kenya Devolution Support Programme Kshs.116.52 (8.9 per cent), IDA (World Bank) credit: Kenya Urban Support Project (KUSP)- Urban Institutional Grants (UIG)- Unspent balance Kshs.18.63 million, Conditional Grant - IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP) unspent balance Ksh.59.52 million, Conditional Grant - IDA (World Bank) Credit - (Transforming Health Systems for Universal Care Project) unspent balance Kshs.47.1 million, Emergency Locust Response Project Kshs.84.5 million, Conditional Grant - Compensation for User Fee Foregone - Unspent balance Kshs.6.64 million.

3.25.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.69 billion as the equitable share of the revenue raised nationally, raised Kshs.99.56 million as own-source revenue, Kshs.143.4 million as conditional grants, and had a cash balance of Kshs.576.38 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.51 billion, as shown in Table 3.163.

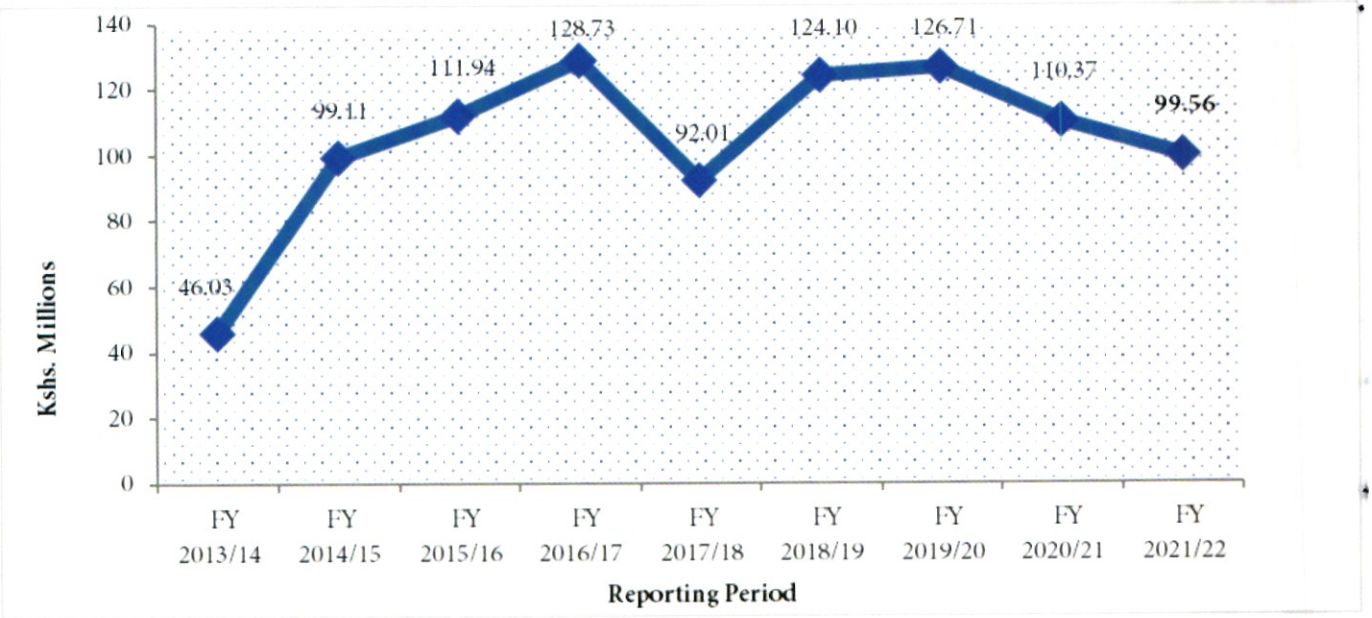
Table 3.163: Marsabit County, Revenue Performance in FY 2021/22

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**	7,277,004,032	6,694,843,713	92.0
Sub Total		**7,277,004,032**	**6,694,843,713**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	170,000,000	99,563,452	58.6
2.	Conditional Grants	1,308,160,502	143,396,198	10.9
3.	Balance b/f from FY 2020/21	576,376,950	576,376,950	100.0
Sub Total		**2,054,537,452**	**819,336,600**	**39.9**
Grand Total		**9,331,541,484**	**7,514,180,313**	**80.5**

Source: *Marsabit County Treasury*

Figure 3.49 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.49: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Marsabit County Treasury*

In FY 2021/22, the County generated a total of Kshs.99.56 million as own-source revenue. This amount represented a decrease of 9.8 per cent compared to Kshs.110.37 million realised in FY 2020/21 and was 58.6 per cent of the annual target. The County has partially implemented an automated OSR collection system called Sense Networks Revenue Automation System for the unstructured revenue streams.

3.25.3 Exchequer Issues

The Controller of Budget approved Kshs.7.45 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.77 billion (37.1 per cent) for development programmes and Kshs.4.69 billion (62.9 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

The County spent Kshs.7.76 billion on development and recurrent programmes during the reporting period. This expenditure represented 104.1 per cent of the total funds released by the CoB and comprised of Kshs.3.25 billion and Kshs.4.51 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 70.8 per cent. In comparison, recurrent expenditure represented 95.1 per cent of the annual budget.

3.25.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.72 billion for development expenditure. During the period under review, pending bills amounting to Kshs.837.36 million were settled, as shown in Table 3.164.

Table 3.164: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
Recurrent Expenditure	-	-	-
Development Expenditure	1,717,614,853.77	961,851,726.33	755,763,127.44
Total	**1,717,614,853.77**	**961,851,726.33**	**755,763,127.44**

Source: *Marsabit County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.755.76 million include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 was Kshs.372.75 million, out of which the County has settled bills amounting to Kshs.206.14 million, leaving a balance of Kshs.166.62 million as of 30th June, 2022.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.59 billion on employee compensation, Kshs.1.16 billion on operations and maintenance, and Kshs.3.23 billion on development activities. Similarly, the County Assembly spent Kshs.204.45 million on employee compensation, Kshs.554.71 million on operations and maintenance, and Kshs.19.37 million on development activities, 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	**3,946,376,036**	**799,162,996**	**3,755,660,513**	**759,162,996**	**95.2**	**95.0**
Compensation to Employees	2,597,312,582	204,454,199	2,597,157,347	204,454,199	100.0	100.0
Operations and Maintenance	1,349,063,454	594,708,797	1,158,503,166	554,708,797	85.9	93.3
Development Expenditure	**4,312,229,581**	**273,772,871**	**3,225,826,582**	**19,371,467**	**74.8**	**7.1**
Total	**8,258,605,617**	**1,072,935,867**	**6,981,487,095**	**778,534,463**	**84.5**	**72.6**

Source: *Marsabit County Treasury*

3.25.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 37.3 per cent of the annual realised revenue of Kshs.7.51 billion.

Personnel emoluments amounting to Kshs.2.64 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. At the same time, Kshs.161.61 million was paid through manual payrolls. The manual payroll accounted for 5.8 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.2.8 billion includes Kshs.1.32 billion attributable to the health sector, which translates to 47.2 per cent of the total wage bill in the reporting period.

3.25.8 County Established Funds

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 Ksh.273.16 million to county-established funds in FY 2021/22, constituting 2.5 per cent of the County's overall budget for the year. Table 3.166 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.166: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)
		A	B	C
1.	County Assembly Staff Car Loan and Mortgage Fund	44,162,996	-	NO
2.	Emergency Fund	130,000,000	-	NO
3.	Scholarship	99,000,000	-	NO
	Total	**273,162,996**		

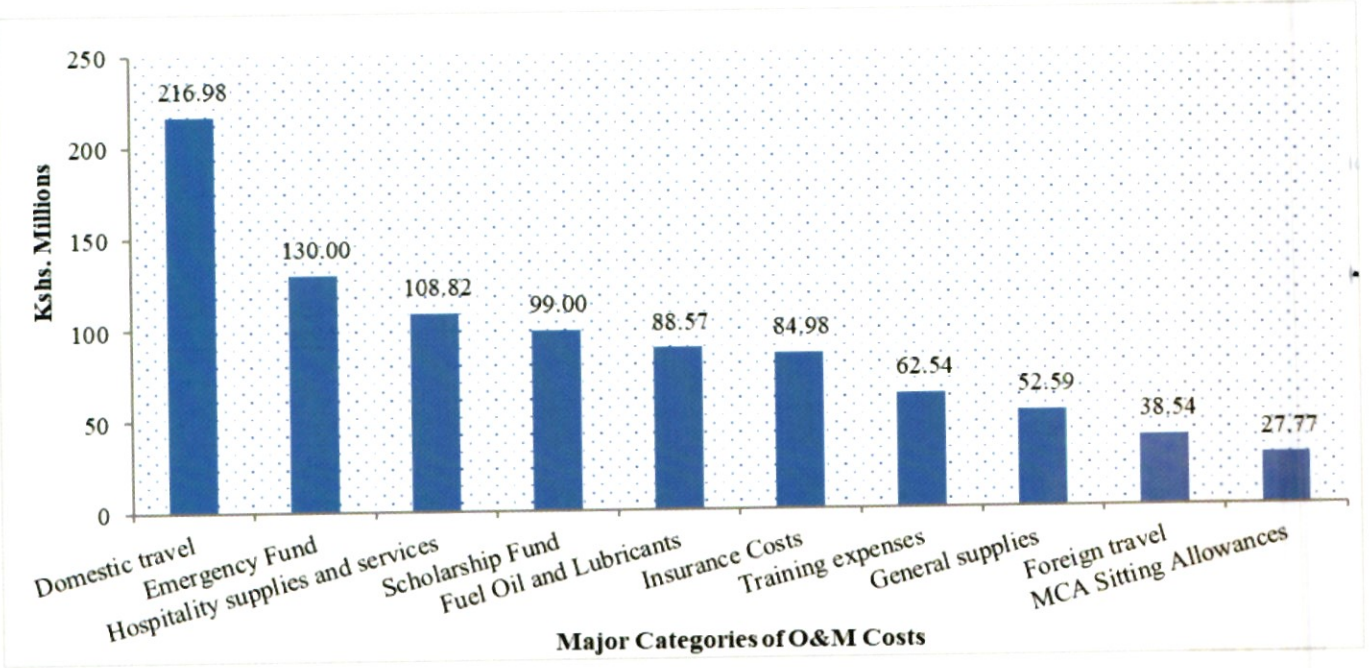
Source: *Marsabit County Treasury*

The OCoB has not received quarterly financial returns from administrators of funds, as indicated in Table 3.166.

3.25.9 Expenditure on Operations and Maintenance

Figure 3.50 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.50: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: *Marsabit County Treasury*

The County Assembly spent Kshs.27.77 million on committee sitting allowances for the 31 MCAs and the Speaker against the annual budget allocation of Kshs.35 million. The average monthly sitting allowance was Kshs.74,663 per MCA. The County Assembly has established 21 Committees.

During the period, expenditure on domestic travel amounted to Kshs.216.98 million and comprised Kshs.86.26 million spent by the County Assembly and Kshs.130.72 million by the County Executive. Expenditure on foreign travel amounted to Kshs.38.54 million and comprised of Kshs.27 million by the County Assembly and Kshs.11.54 million by the County Executive.

3.25.10 Development Expenditure

The County incurred Kshs.3.25 billion on development programmes, representing a decrease of 19.6 per cent compared to FY 2020/21 when the County spent Kshs. 3.44 billion. Table 3.167 summarises development projects with the highest expenditure in the reporting period.

Table 3.167: Marsabit County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Tourism and Culture	Construction and completion of a fish factory - phase II	Loiyangalani	15,000,000	15,000,000	12,121,216	None	80.8	GoK	The project is on going

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Health Services	Erection and completion of Sololo Level IV Hospital	Sololo	133,150,000	133,150,000	102,433,281	None	76.9	GoK	The project is on going
Public Works, Roads	Upgrading of Moyale Town Roads to Bitumen Standard	Moyale	130,000,000	130,000,000	60,000,000	None	46.2	GoK	The project is on going
Health Services	Supply of Medical Equipment	All Wards	90,000,000	90,000,000	29,795,700	None	100	GoK	Completed
Health Services	Construction and completion of KMTC	Marsabit	71,000,000	71,000,000	17,496,435	None	50	GoK	The project is on going

Source: *Marsabit County Treasury*

3.25.11 Budget Performance by Department

Table 3.168 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.168: 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	799.16	273.77	759.16	19.37	759.16	19.37	100.	100.0	95.0	7.1
County Executive Services	535.00	850.00	533.56	844.45	521.58	842.05	97.8	99.7	97.5	99.1
Finance Management Services	622.32	1,675.99	622.83	968.12	598.85	1,438.42	96.2	148.6	96.2	85.8
Agriculture, Livestock, Fisheries	209.14	135.96	207.39	61.56	199.25	85.63	96.1	139.1	95.3	63.0
County Public Service	95.87	7.00	94.50	-	90.06	-	95.3	0.0	93.9	0.0
Education Youth Affairs	373.71	133.65	372.19	91.74	351.13	77.10	94.3	84.0	94.0	57.7
County Health Services	1,355.47	496.33	1,354.71	303.07	1,348.47	308.15	99.5	101.7	99.5	62.1
Administration and ICT	263.90	44.00	262.48	-	221.25	36.20	84.3	-	83.8	82.3
Physical Planning and Development, Energy, Lands, Municipality	122.64	148.41	120.13	130.45	119.98	101.02	99.9	77.4	97.8	68.1
Public Works, Roads	89.39	480.79	86.47	159.71	71.11	161.65	82.2	101.2	79.5	33.6
Water, Environment	134.32	308.10	132.30	186.99	119.92	145.75	90.6	77.9	89.3	47.3
Trade and Industry	81.85	10.00	80.76	-	60.57	8.66	75.0	-	74.0	86.6
Tourism, Culture and Social Services	62.77	22.00	60.01	-	53.47	21.20	89.1	-	85.2	96.4
TOTAL	**4,745.54**	**4,586.0**	**4,686.5**	**2,765.47**	**4,514.82**	**3,245.20**	**96.3**	**117.3**	**95.1**	**70.8**

Source: *Marsabit County Treasury*

Analysis of expenditure by department shows that the County Executive Services recorded the highest absorption rate of development budget at 99.1 per cent, followed by the Department of Tourism, Culture and Social Services at 96.4 per cent. The Department of Health had the highest percentage of recurrent expenditure to budget at 99.5 per cent, while the Department of Trade had the lowest at 74 per cent.

3.25.12 Budget Execution by Programmes and Sub-Programmes

Table 3.169 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.169: Marsabit County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
A.. COUNTY ASSEMBLY					
1: General Administration Support Services	SP 1.1 salaries and allowances for employees and M.C.As	204,454,199	204,454,199.0	-	-
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conferences and seminars	47,674,469	47,674,469.00	-	-
Total Expenditure for Programme 1		**252,128,668**	**252,128,668**	-	
Programme 2: Legislature and Oversight	SP 2.1 Domestic and foreign accommodation, air travel and daily subsistence allowance	113,257,457	113,257,457.00	-	-
	SP 2.2 ICT, Hansard and Communication equipment	11,500,000	11,500,000.00	-	-
	SP 2.3 Mortgage & Car Loans and tax	86,987,786	46,987,786.00	40,000,000.00	46.0
	SP 2.4 Staff Trainings and Development and Tuitions	37,907,263	37,907,263.00	-	-
	SP 2.5 Public Participation	-	-	-	-

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
		249,652,506	**209,652,506.0**	**40,000,000.00**	
	SP 3.11 Equipping of library	-	-	-	-
	SP 3.12 Maintenance of motor vehicle	12,750,000	12,750,000.00	-	-
	SP 3.13 Purchase of furniture and general equipment	7,366,678	7,366,678.00	-	-
Total Expenditure for Programme 2 Programme 3: County Assembly infrastructure improvement	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for the speaker's residence, construction and equipping of ward offices	273,772,871	19,371,467.09	254,401,403.91	92.9
	SP 3.15 Improvement of ICT services	-	-	-	-
	SP 3.16 Maintenance of plants, machinery & other assets	10,016,760	10,016,760.00	-	-
	SP 3.17 Electricity, water and sewerage and other utility charges	17,428,878	17,428,878.00	-	-
	SP 3.18 Printing, advertisement and information supplies and services	46,321,371	46,321,371.00	-	-
	SP 3.19 Rental of approved assets and hire of motor vehicles	12,200,000	12,200,000.00	-	-
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	27,980,382	27,980,382.00	-	-

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
	SP 3.21 Purchase of computers, printers and general office supplies and accessories and sanitary cleaning materials	45,020,000	45,020,000.00	-	-
	SP 3.22 Fuel, oil, lubricants and tyres	10,000,000	10,000,000.00	-	-
	SP 3.23 Bank service commission and charges, legal fees, management fees and contracted professional charges and other operating expenses	25,730,000	25,730,000.00	-	-
	SP 3.24 Ward office	28,400,000	28,400,000.00	-	-
	SP 3.25 Uniform, Specialized materials and supplies	13,000,000	13,000,000.00	-	-
	-SP 3.26 Membership fees and dues and subscription to international organisations	750,000	750,000.00	-	-
	SP 3.28 Refurbishment of buildings	8,000,000	8,000,000.00	-	-
	SP 3.29 Gratuity/pension	32,417,163	32,417,163.00	-	-
	SP 3.30 Purchase of motor vehicle	0	-	-	#DIV/0!
	SP 3.31Research, Feasibility Studies, Project and Preparation and Design, Projects	-	-		-
	Total expenditure for Programme 3	**571,154,103.0**	**316,752,699.1**	**254,401,403.9**	
		1,072,935,277.0	**778,533,873.09**	**294,401,403.9**	
COUNTY EXECUTIVE SERVICES PHYSICAL PLANNING AND DEVELOPMENT	Urban Development Services	71,912,795.00	51,558,906.00	20,353,889.00	71.7
	Lands and Physical Planning Services	76,500,000.00	49,462,426.00	27,037,574.00	64.7
	General administration planning and Support Services	122,637,768.00	119,984,367.00	2,653,401.00	97.8
	Sub total	**271,050,563.00**	**221,005,699.00**	**50,044,864.00**	81.5
EDUCATION	General Administration, Planning and Support Services	373,713,480.00	351,132,290.00	22,581,190.00	94.0
	Pre – Primary Education	48,449,946.00	12,309,700.00	36,140,246.00	25.4
	Youth Development	61,200,000.00	54,829,400.00	6,370,600.00	89.6
	Vocational Education and Training	7,000,000.00	1,891,800.00	5,108,200.00	27.0
	Sports	17,000,000.00	8,071,900.00	8,928,100.00	47.5
	Sub total	**507,363,426.00**	**428,235,090.00**	**79,128,336.00**	**84.4**
EXECUTIVE SERVICES	General Administration, Planning and Support Services	1,385,000,000.00	1,363,631,737.00	21,368,263.00	98.5
	Management of County Affairs	-	-	-	-
	Public Sector Advisory Services	-	-	-	-
	Inter/Intra Governmental	-	-	-	-
	County Legal Services	-	-	-	-
	Sub total	**1,385,000,000.00**	**1,363,631,737.00**	**21,368,263.00**	**98.5**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
ADMINISTRATION AND ICT	General administration planning and Support Services	307,900,000.00	257,450,330.00	50,449,670.00	83.6
	ICT Infrastructure	-	-	-	-
	Coordination of functions of devolved Units	-	-	-	-
	Public Participation and Civic Education	-	-	-	-
	Sub total	**307,900,000.00**	**257,450,330.00**	**50,449,670.00**	**83.6**
AGRICULTURE AND LIVESTOCK DEVELOPMENT	General Administration, Planning and Support Services	101,831,802.00	110,107,586.00	(8,275,784.00)	108.1
	Livestock Resources Management and Development	97,197,918.00	77,662,842.00	19,535,076.00	79.9
	Fisheries Development and Management	46,713,971.00	19,479,766.00	27,234,205.00	41.7
	Crop Development and Management	99,357,722.00	77,630,558.00	21,727,164.00	78.1
	Sub total	**345,101,413.00**	**284,880,752.00**	**60,220,661.00**	82.5
HEALTH SERVICES	Curative Health Services	180,815,000.00	135,929,945.00	44,885,055.00	75.2
	General Administration, Planning and Support Services	1,660,983,678.00	1,510,685,552.00	150,298,126.00	91.0
	Maternal and child health	10,000,000.00	10,000,000.00	-	100.0
	Sub total	**1,851,798,678.00**	**1,656,615,497.00**	**195,183,181.00**	89.5
COUNTY PUBLIC SERVICE BOARD	General administration planning and Support Services	95,868,568.00	90,064,739.00	5,803,829.00	93.9
	Human Resource Management and Development	7,000,000.00	-	7,000,000.00	-
	Sub total	**102,868,568.00**	**90,064,739.00**	**12,803,829.00**	87.6
CULTURE AND SOCIAL SERVICES	Youth Development	-	-	-	-
	Culture Services	18,500,000.00	18,121,100.00	378,900.00	98.0
	Social Services	3,500,000.00	3,083,200.00	416,800.00	88.1
	General administration, planning and support services	62,770,872.00	53,468,984.00	9,301,888.00	85.2
	Sub total	**84,770,872.00**	**74,673,284.00**	**10,097,588.00**	88.1
FINANCE AND ECONOMIC PLANNING	General administration planning and Support Services	2,265,008,750.00	2,009,448,732.00	255,560,018.00	88.7
	Public Finance Management	19,300,000.00	13,857,200.00	5,442,800.00	71.8
	Economic and financial policy Formulation	14,000,000.00	13,965,500.00	34,500.00	99.8
	Sub total	**2,298,308,750.00**	**2,037,271,432.00**	**261,037,318.00**	88.6
ROADS, HOUSING AND PUBLIC WORKS	Road Transport Infrastructure Development	480,786,567.00	161,652,433.00	319,134,134.00	33.6
	Housing Development	42,900,760.00	37,990,106.00	4,910,654.00	88.6
	General administration planning and Support Services	46,489,581.00	33,119,724.00	13,369,857.00	71.2
	Sub total	**570,176,908.00**	**232,762,263.00**	**337,414,645.00**	40.8
TRADE, INDUSTRY & ENTERPRISE DEVELOPMENT	General administration planning and Support Services	89,850,000.00	67,528,613.00	22,321,387.00	75.2
	Trade and Industrial Development	-	-	-	-
	Enterprise Development	2,000,000.00	1,700,000.00	300,000.00	85.0

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
	Sub total	**91,850,000.00**	**69,228,613.00**	**22,621,387.00**	75.4
WATER	Water Resources Management	288,100,000.00	130,446,275.00	54,624,098.60	45.3
	General administration planning and Support Services	93,147,470.00	79,708,273.00	209,600.00	85.6
	Natural Resources Conservation and Management	61,169,560.00	55,513,111.00	475,900.00	90.8
	Sub total	**442,417,030.00**	**265,667,659.00**	**55,309,598.60**	60.0
Grand Total		**9,331,541,485**	**7,760,020,968**	**1,155,679,341**	**83.2**

Source: *Marsabit County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Maternal Health in the Department of Health at 100 per cent, all programmes in the County Assembly at 100 per cent, Economic Policy Formulation in the Department of Finance at 99.8 per cent, and Culture Services at 98 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 OCOB identified the following challenges which hampered effective budget implementation;

1. A high wage bill, which accounted for 37.3 per cent of the annual realised revenue of Kshs.7.51 billion in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.99.56 million against an annual projection of Kshs.170 million, representing 58.6 per cent of the annual target.
3. Weak budgeting practice as shown in Table 3.161, 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 Scholarship Fund, Emergency Fund and County Assembly Staff Mortgage Fund were not submitted to the Controller of Budget.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.161.61 million were processed through the manual payroll and accounted for 5.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
6. High level of pending bills, which amounted to Kshs.755.76 million as of 30th June 2022.
7. 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 5th August 2022.

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

1. *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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.*
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 policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*

7. *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.*

3.26 County Government of Meru

3.26.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.54 billion, comprising Kshs.4.15 billion (33.1 per cent) and Kshs.8.39 billion (66.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.79 billion (70.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.689.06 million (5.5 per cent) from its own sources of revenue, and use a cash balance of Kshs.1.13 billion (9.6 per cent) from FY 2020/21. The County also expects to receive Kshs.1.66 billion (13.3 per cent) as conditional grants and Kshs.270 million (2.2 per cent) as Appropriations in Aid (AIA).

3.26.2 Revenue Performance

In FY 2021/22, the County received Kshs.8.03 billion as the equitable share of the revenue raised nationally, raised Kshs.385.39 million as own-source revenue, Kshs.511.51 million as conditional grants, and had a cash balance of Kshs.1.13 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.10.06 billion, as shown in Table 3.170.

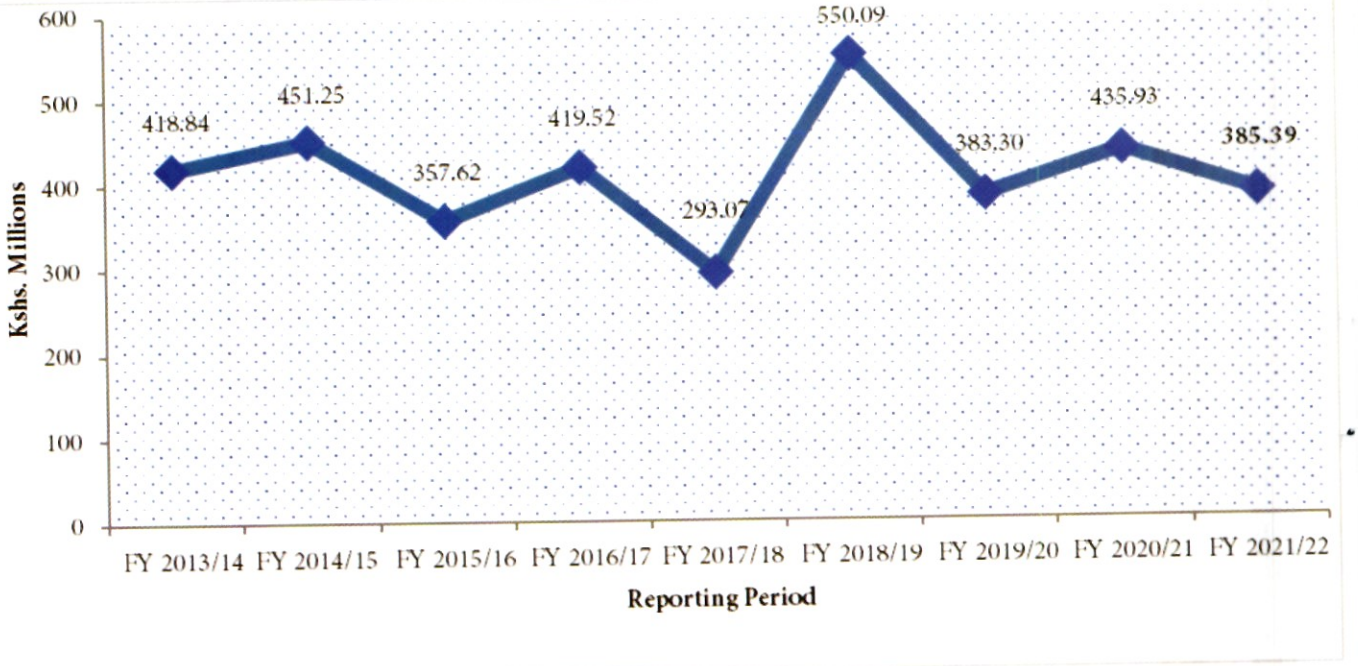
Table 3.170 : Meru County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,788,594,074	8,029,085,488	91.36
	Sub Total	**8,788,594,074**	**8,029,085,488**	**91.4**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	689,061,600	385,391,541	55.9
2.	Conditional Grants	1,662,489,483	511,513,800	30.8
3.	Balance b/f from FY2020/21	1,131,009,431	1,131,009,431	100
4.	AIA	270,000,000	-	-
Sub Total		**3,752,560,514**	**2,027,914,772**	**54.0**
Grand Total		**12,541,154,588**	**10,057,000,260**	**80.2**

Source: *Meru County Treasury*

Figure 3.51 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.51: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Meru County Treasury*

In FY 2021/22, the County generated a total of Kshs.385.39 million as own-source revenue. This amount represented a decrease of 11.6 per cent compared to Kshs.435.93 million realised during a similar period in FY 2020/21 and was 55. 9 per cent of the annual target. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.324,450. The County has implemented an automated OSR collection system called Jambo pay.

3.26.3 Exchequer Issues

The Controller of Budget approved Kshs.10.02 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.60 billion (25.9 per cent) for development programmes and Kshs.7.42 billion (74.1 per cent) for recurrent programmes, as shown in Table 3.175.

3.26.4 Overall Expenditure Review

The County spent Kshs.10 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.9 per cent of the total funds released by the CoB and comprised of Kshs.2.58 billion and Kshs.7.42 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 62.3 per cent, while recurrent expenditure represented 88.5 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.971.66 million and comprised Kshs.211.94 million for recurrent expenditure and Kshs.759.72 million for development expenditure. During the period under review, pending bills amounting to Kshs. 808.24 million were settled, consisting of Kshs.133.87 million for recurrent expenditure and Kshs.674.37 million for development programmes, as shown in Table 3.171.

Table 3.171: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)
	A	B	C=A-B
Development Expenditure	759,717,496.85	674,369,663.18	85,347,833.67
Recurrent Expenditure	211,942,143.15	133,870,579.81	78,071,563.34
Total	**971,659,640.00**	**808,240,242.99**	**163,419,397.01**

Source: *Meru County Treasury*

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs. 4.58 billion on employee compensation, Kshs.1.88 billion on operations and maintenance, and Kshs.2.59billion on development activities. Similarly, the County Assembly spent Kshs. 501.14million on employee compensation, Kshs.459.93 million on operations and maintenance, and Kshs.0.0 million on development activities, as shown in Table 3.172.

Table3.172: 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	**7,379,031,810**	**1,008,660,369**	**6,460,927,964**	**961,074,283**	**87.6**	**95.3**
Compensation to Employees	4,579,078,502	521,143,139	4,579,078,502	501,143,139	100.0	96.2
Operations and Maintenance	2,799,953,308	487,517,230	1,881,849,463	459,931,144	67.2	94.3
Development Expenditure	4,085,462,410	68,000,000	2,585,918,790	-	**63.3**	**0.0**
Total	**11,464,494,220**	**1,076,660,369**	**9,046,846,754**	**961,074,283**	**78.9**	**89.3**

Source: *Meru County Treasury*

3.26.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 50.5 per cent of the annual realised revenue of Kshs.10.06 billion.

Personnel emoluments amounting to Kshs.4.22 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs. 360.07 million was paid through manual payrolls. The manual payroll accounted for 7.8 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.5.08 billion includes Kshs.3.01 billion attributable to the health sector, which translates to 59.0 per cent of the total wage bill in the reporting period.

3.26.8 County Established Funds

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 Ksh.308.92 million to county-established funds in FY 2021/22, constituting 2.5 per cent of the County's overall budget for the year. e during the reporting period.

Table 3.173 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.173: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Meru Micro-Finance	81,230,864	81,230, 864	Yes	100
2.	Meru Investment and Development Corporation	54,803,972	54,803,972	No	100
3.	Scholarship/Bursary	128,894,362	128,850,000	Yes	100
4.	Meru Youth Service	44,000,000	40,000,000	No	90.9
	Total	**308,929,198**	**249,951,239**		**80.9**

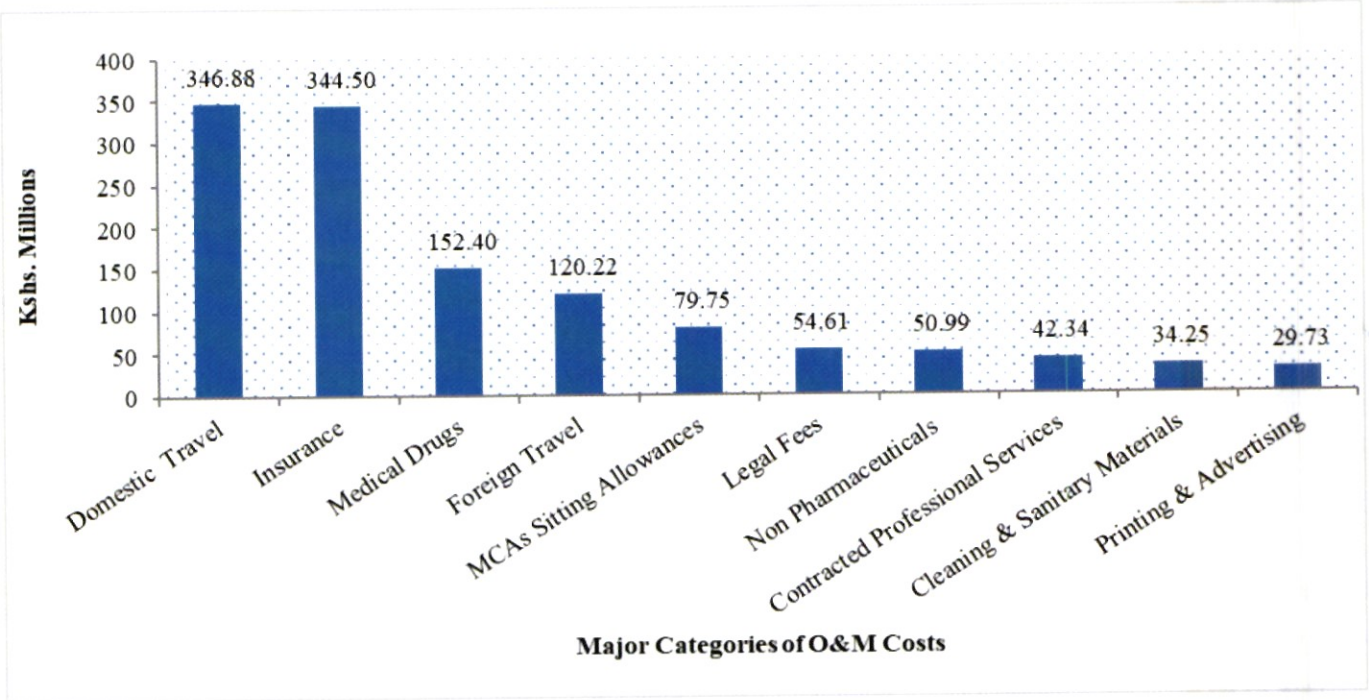
Source: *Meru County Treasury*

The OCoB received quarterly financial returns from the Fund Administrators of two established county funds, as indicated in Table 3.173.

3.26.9 Expenditure on Operations and Maintenance

Figure 3.20 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.52: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: *Meru County Treasury*

The County Assembly spent Kshs.79.75million on committee sitting allowances for the 69 MCAs and the Speaker against the annual budget allocation of Kshs.104.47 million. The average monthly sitting allowance was Kshs.96,320.13 per MCA. The County Assembly has established 27 Committees.

During the period, expenditure on domestic travel amounted to Kshs.346.88 million and comprised of Kshs. 207.17 million spent by the County Assembly and Kshs.139.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.120.22 million and comprised of Kshs. 117.70 million by the County Assembly and Kshs.2.52 million by the County Executive.

3.26.10 Development Expenditure

The County incurred Kshs.2.58 billion on development programmes, representing a decrease of 4.0 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.2.63 billion. Table 3.174 summarises development projects with the highest expenditure in the reporting period.

Table 3.174: Meru County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Health	Proposed Construction of KMTC	Kangeta	5,455,460.30	5,455,460.30	5,455,460.30	None	100	GoK	The project is complete and in use.
Health	Refurbishment of Cancer Centre	Meru Teaching Referral Hospital	5,090,982.71	5,090,982.71	5,090,982.71	None	100	GoK	Complete and in use
Roads	Opening, Grading and Gravelling works	Abothuguchi Central Ward	4,082,500	4,082,500	4,082,500	None	100	GoK	Complete and in use
Roads	Road Maintenance	Buuri	3,795,000	3,795,000	3,795,000	None	100	GoK	Complete and in Use
Roads	Road Maintenance	Ntima west	4,132,200	4,132,200	4,132,000	None	100	GoK	Complete and in use
Land	Construction of Modern Commercial Stalls	Municipality	9,365,726	9,365,726	9,365,726	None	100	GoK	Complete and in use
Education	Supply of VTC equipment	Various	8,351,000	8,351,000	8,351,000	None	100	GoK	Complete and in use
Environment	Installation of flood light	Various	13,322,727	13,322,727	13,322,727	None	100	GoK	Complete and in use

Source: *Meru County Treasury*

3.26.11 Budget Performance by Department

Table 3.175 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.175: 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	1,008.66	68.00	961.07	-	961.07	-	100	0.0	95.3	0.0
Office of the Governor	368.05	-	299.00	-	298.88	-	100	0.0	81.2	0.0
Finance, Economic Planning and ICT	996.45	26.0	845.63	26.55	863.22	25.55	102.1	96.2	86.6	98.3
Agriculture, Livestock and Fisheries Development	324.89	635.20	274.16	257.16	278.22	246.16	101.5	95.7	85.6	38.8
Water Service and Irrigation	124.52	520.31	118.48	496.95	118.42	496.95	100	100	95.1	95.5
Education, Technology, Gender and Social Development	853.11	200.30	792.12	87.28	792.12	87.28	100	100	92.9	43.6
Health Service	3,154.72	379.98	2,873.92	152.98	2,873.9	152.99	100	100	91.1	40.3
Lands, Physical Planning, Urban Development and Public Works	172.97	562.99	137.19	104.02	137.16	104.03	100.	100	79.3	18.5
Public Service Administration and Legal Affairs	809.01	141.84	659.30	141.84	658.70	141.84	99.9	100	81.4	100
Road, Transport and Energy	134.77	1,422.83	125.49	1,232.48	99.93	1,231.9	79.6	100	74.2	86.6
Trade, Investment, Industrialization, Tourism and Cooperative Development	142.0	149.621	109.69	72.73	10.,69	7273	100	100	77	48.6
Youth Affairs and Sport	183.75	34.81	136.06	24.82	136.06	2.82	100	100	74	71.3
County Public Service Board	45.19	-	37.83	-	38.39	-	101.5	0.0	84.9	0.0
Environment, Wildlife and Natural Resources	69.59	11.56	52.43	1.69	56.22	1.69	107.2	100	80.8	14.7
TOTAL	**8,387.69**	**4,153.5**	**7,422.38**	**2,598.5**	**7,422**	**2,585.9**	**100**	**99.5**	**88.5**	**62.3**

Source: *Meru County Treasury*

Analysis of expenditure by department shows that the Department of Public Service recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Finance at 98.3 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 95.3 per cent, while the Department of Youth Affairs had the lowest at 74 per cent.

3.26.12 Budget Execution by Programmes and Sub-Programmes

Table 3.176 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.176: Meru County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
COUNTY ASSEMBLY					
Legislation and Representation	Legislation and Representation	501,410,701.06	491,482,940.27	9,927,760.79	98.02
Legislative Oversight	Legislative Oversight	225,571,489.34	218,852,839.04	6,718,650.30	97.02
General Admin, Planning & Support	General Admin, Planning & Support	349,678,178.60	250,738,503.69	98,939,674.91	71.71
		1,076,660,369.00	**961,074,283.00**	**115,586,086**	**89.26**
DEPARTMENT: OFFICE OF THE GOVERNOR					
General Administration	General Administration	260,520,561.00	224,865,341.10	35,655,219.90	86.31

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
Governor Press/Communication and Events	Governor Press/ Communication and Events	29,620,000.00	25,843,910.00	3,776,090.00	87.25
Efficiency Monitoring	Efficiency Monitoring	13,376,180.00	11,113,588.00	2,262,592.00	83.08
Research and Strategy	Research and Strategy	13,850,000.00	7,569,150.00	6,280,850.00	54.65
Disaster Management, Rescue & Emergency Services	Disaster Management, Rescue & Emergency Services	13,118,766.00	5,779,200.00	7,339,566.00	44.05
External Linkages & Partnership	External Linkages & Partnership	18,700,000.00	14,956,004.00	3,743,996.00	79.98
'County Secretary	County Secretary	18,866,780.00	8,755,590.00	10,111,190.00	46.41
Total		**368,052,287.00**	**298,882,783.10**	**69,169,503.90**	**81.21**
General Administration	Administration	169,703,336.00	160,589,522.72	9,113,813.28	94.63
Deputy Governor's Office	Office Affairs	28,290,200.00	25,803,955.00	2,486,245.00	91.21
Procurement	Procurement	11,651,412.00	11,254,373.00	397,039.00	96.59
Internal Audit	Internal Audit	9,656,600.00	8,372,845.00	1,283,755.00	86.71
Budget and Policy	Budget and Policy	31,052,108.00	28,645,297.00	2,406,811.00	92.25
Accounts	Accounts	86,908,681.00	71,879,016.20	15,029,664.80	82.71
Semi-Autonomous Agencies: Investment Corporation	Meru Investment Corporation	54,803,972.00	52,101,239.25	2,702,732.75	95.07
Microfinance Corporation	Meru Microfinance Corporation	81,230,864.00	74,000,000.00	7,230,864.00	91.10
Revenue Board	Meru Revenue Board	332,144,000.00	330,665,076.51	1,478,923.49	99.55
ICT Development	ICT Development	36,720,000.00	34,941,894.60	1,778,105.40	95.16
Economic Planning and Coordination Services	Economic Planning and Coordination Services	10,490,800.00	9,122,980.00	1,367,820.00	86.96
Fleet Management	Fleet Management	169,804,174.00	81,400,713.43	88,403,460.57	47.94
Total		**1,022,456,147.00**	**888,776,912.71**	**133,679,234.29**	**86.93**
General Administration	General Administration	854,589,953.00	479,116,357.00	375,473,596.00	56.06
Livestock	Livestock	24,151,342.00	6,535,200.00	17,616,142.00	27.06
Fisheries	Fisheries	6,592,500.00	2,577,940.00	4,014,560.00	39.10
Agricultural Services	Agricultural Services	27,604,485.25	7,618,980.00	19,985,505.25	27.60
Animal Disease Management	Animal Disease Management	3,204,500.00	901,450.00	2,303,050.00	28.13
Agricultural Training Centre (ATC) & AMS	Agricultural Training Centre (ATC)	43,948,486.00	27,629,776.00	16,318,710.00	62.87
Total		**960,091,266.25**	**524,379,703.00**	**435,711,563.25**	**54.62**
DEPARTMENT: WATER & IRRIGATION					
General Administration	Administration Services	644,832,711.00	615,366,550.10	29,466,160.90	95.43
Total		**644,832,711.00**	**615,366,550.10**	**29,466,160.90**	**95.43**
DEPARTMENT: EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT					
General Administration	General Administration	741,325,548.00	723,266,543.30	18,059,004.70	97.56
Early Childhood Development Education(ECDE)	Early Childhood Development Education(ECDE)	188,171,921.00	104,379,558.20	83,792,362.80	55.47
'Technical and Vocation Education	'Technical and Vocation Education	61,887,374.00	31,025,519.00	30,861,855.00	50.13

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
'Gender Mainstreaming and Social Services	'Gender Mainstreaming and Social Services	57,531,600.00	16,259,800.00	41,271,800.00	28.26
PWD Empowerment	PWD Empowerment	4,500,000.00	4,466,300.00	33,700.00	99.25
Total		**1,053,416,443.00**	**879,397,720.50**	**174,018,722.50**	**83.48**
DEPARTMENT: HEALTH SERVICES					
General Administration	General Administration	2,585,182,239.00	2,580,582,234.67	4,600,004.33	99.82
Curative Health	Curative Health	741,964,134.00	368,466,163.37	373,497,970.63	49.66
Preventive and Promotive Health	Preventive and Promotive Health	207,546,020.00	77,859,091.28	129,686,928.72	37.51
Total		**3,534,692,393.00**	**3,026,907,489.32**	**507,784,903.68**	**85.63**
DEPARTMENT: LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS					
General Administration	General Administration	64,718,847.00	64,718,845.55	1.45	100.00
Lands & Public Works	Lands & Public Works	40,204,541.00	31,610,757.00	8,593,784.00	78.62
Physical Planning, House & Urban Development	Physical Planning, House & Urban Development	443,577,842.00	117,602,265.49	325,975,576.51	26.51
Meru Municipality	Meru Municipality	187,459,311.00	27,252,674.00	160,206,637.00	14.54
Total		**735,960,541.00**	**241,184,542.04**	**494,775,998.96**	**32.77**
DEPARTMENT: PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS					
General Administration	General Administration	20,940,335.00	16,771,099.15	4,169,235.85	80.09
Coordination of County Government Functions Sub County	Coordination of County Government Functions Sub County	21,299,314.00	15,397,300.00	5,902,014.00	72.29
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	82,089,327.00	27,325,371.00	54,763,956.00	33.29
Human Resource	Human Resource	749,366,236.00	674,337,116.55	75,029,119.45	89.99
Office of the County Attorney	Office of the County Attorney	73,891,658.00	64,949,437.55	8,942,220.45	87.90
Towns Management & Administration	Towns Management & Administration	3,269,855.00	1,762,125.00	1,507,730.00	53.89
Total		**950,856,725.00**	**800,542,449.25**	**150,314,275.75**	**84.19**
DEPARTMENT: 'ROADS, TRANSPORT & ENERGY					
General Administration-Roads	General Administration-Roads	1,401,524,308.00	1,214,426,003.32	187,098,304.68	86.65
Energy	Energy	156,074,345.00	117,374,595.70	38,699,749.30	75.20
Total		**1,557,598,653.00**	**1,331,800,599.02**	**225,798,053.98**	**85.50**
DEPARTMENT: 'TRADE, TOURISM & COOPERATIVES DEVELOPMENT					
Headquarters	Headquarters	62,893,762.00	62,893,760.85	1.15	100.00
Co-operatives Development	Co-operatives Development	40,800,000.00	31,948,003.00	8,851,997.00	78.30
Tourism Development	Tourism Development	45,393,836.00	8,435,856.00	36,957,980.00	18.58
Trade Development	Trade Development	142,542,787.00	79,145,916.94	63,396,870.06	55.52
Total		**291,630,385.00**	**182,423,536.79**	**109,206,848.21**	**62.55**
DEPARTMENT: 'YOUTH AFFAIRS & SPORTS					
General Administration	General Administration	37,869,071.00	37,869,070.95	0.05	100.00

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Youth Affairs	Youth Affairs	101,265,086.00	64,980,133.30	36,284,952.70	64.17
Sports Development	Sports Development	53,287,299.00	45,605,566.80	7,681,732.20	85.58
Arts and Culture Development	Arts and Culture Development	26,139,990.00	12,425,280.80	13,714,709.20	47.53
Total		**218,561,446.00**	**160,880,051.85**	**57,681,394.15**	**73.61**
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Human Resource Management	Human Resource Management	45,198,022.00	38,385,002.97	6,813,019.03	84.93
Total		**45,198,022.00**	**38,385,002.97**	**6,813,019.03**	**84.93**
DEPARTMENT: ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE					
General Administration	General Administration	69,591,450.75	56,220,413.47	13,371,037.28	80.79
Environmental Managemental and climate change mitigation plans	Environmental Managemental and climate change mitigation plans	11,555,750.00	1,699,000.00	9,856,750.00	14.70
Total		**81,147,200.75**	**57,919,413.47**	**23,227,787.28**	**71.38**
GRAND TOTAL		**12,541,154,589.00**	**10,007,921,037.12**	**2,533,233,551.88**	**79.80**

Source: *Meru County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: General administration in the Department of Public service at 100 per cent, Revenue Board in the Department of Finance at 99.5 per cent, Legislation and representation in the County Assembly at 98 per cent, and Lowest absorption by Meru Municipality at 14.5 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 OCOB identified the following challenges which hampered effective budget implementation;

1. A high wage bill, which accounted for 50.5 per cent of the annual realised revenue of Kshs.10.06 billion in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.385.39 million against an annual projection of Kshs.689.06 million, representing 55.9 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 Meru Investment and Development Fund and Meru Youth Fund reports were not submitted to the Controller of Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.360.07 million were processed through the manual payroll and accounted for 7.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
5. 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 submitted on 29th July 2022.

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

1. *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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed and reduce the occurrence and accumulation of pending bills.*
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 policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
5. *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.*

3.27 County Government of Migori

3.27.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs10.44 billion, comprising Kshs.3.75 billion (35.9 per cent) and Kshs.6.69 billion (64.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8 billion (76.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.350 million (3.4 per cent) from its own sources of revenue, and use a cash balance of Kshs.1.18 billion (11.4 per cent) from FY 2020/21. The County was also expected to receive Kshs.899.64 million (8.6 per cent) as conditional grants, which consisted of Kshs.153.29 million for Leasing Medical Equipment, Kshs.15.01 million for DANIDA, Kshs.276.07 million for IDA National Agricultural and Rural Inclusive Growth Project, Kshs.15.62 million for Instrument for Devolution Advice and support, Kshs.48.94 million for Transforming Health Systems for Universal Care Project, Kshs.4.4 million for UNFPA-9th country programme implementation, Kshs.31.01 million for Agricultural Sector Development Support Programme (ASDSP II) and Kshs.283.42 million for Kenya Urban Support Programme.

3.27.2 Revenue Performance

In FY 2021/22, the County received Kshs.7.36 billion as the equitable share of the revenue raised nationally, raised Kshs.386.87 million as own-source revenue, Kshs.271.80 million as conditional grants, and had a cash balance of Kshs.1.18 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.9.21. billion, as shown in Table 3.177.

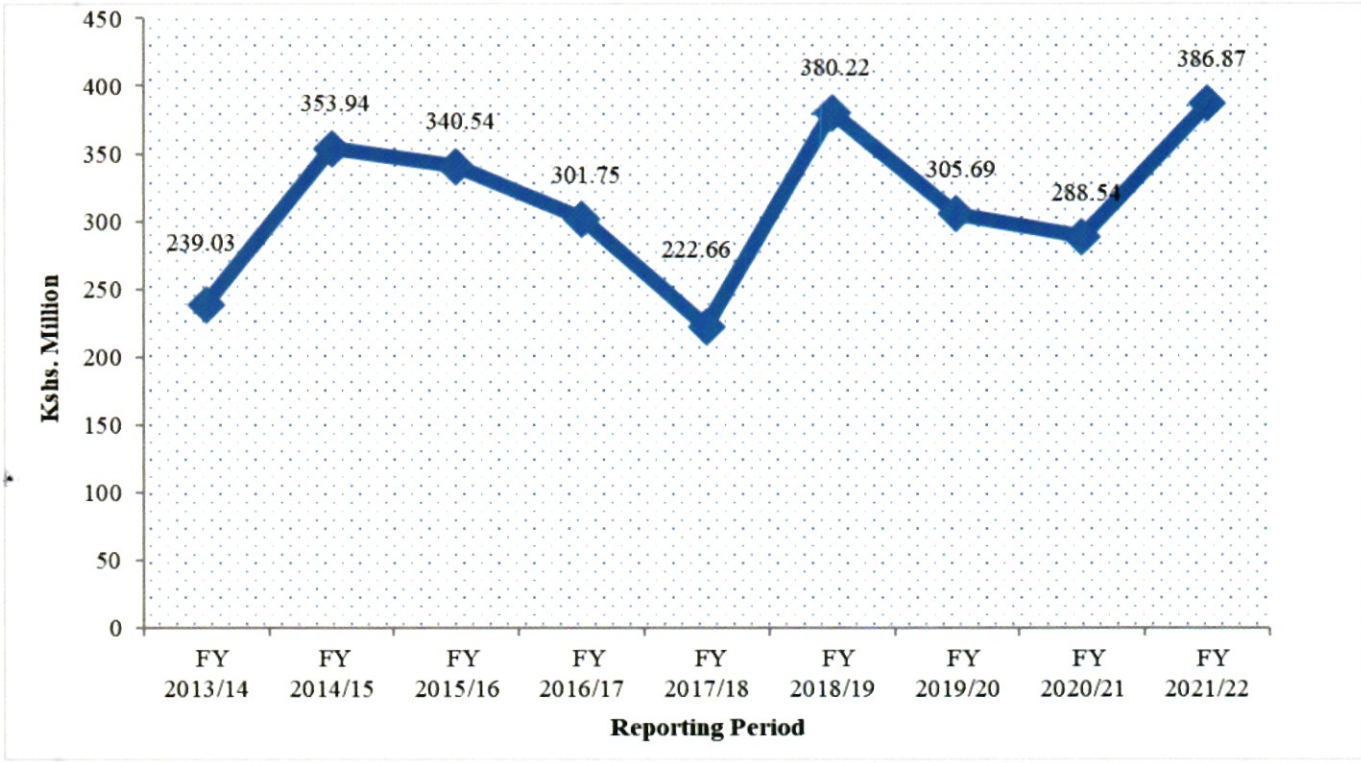
Table 3.177: Migori County, Revenue Performance in FY 2021/22

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**	**8,005,020,448**	**7,364,618,812**	**92**
Sub Total		**8,005,020,448**	**7,364,618,812**	**92**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	350,000,000	386,872,945	110.5
2.	Conditional Grants	899,644,834	271,806,088	30.2
3.	Balance b/f from FY 2020/21	1,189,351,530	1,189,351,530	100
Sub Total		**2,438,996,364**	**1,848,030,563**	**76**
Grand Total		**10,444,016,812**	**9,212,649,375**	**88.2**

Source: *Migori County Treasury*

Figure 3.53 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.53: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Migori County Treasury*

In FY 2021/22, the County generated a total of Kshs.386.87 million as own-source revenue. This amount represented an increase of 34 per cent compared to Kshs.288.54 million realised in FY 2020/21 and was 110.5 per cent of the annual target. The County has implemented an automated OSR collection system called the County Integrated Financial Operation Management System.

3.27.3 Exchequer Issues

The Controller of Budget approved Kshs.8.88 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.26 billion (25.4 per cent) for development programmes and Kshs.6.62 billion (74.6 per cent) for recurrent programmes.

3.27.4 Overall Expenditure Review

The County spent Kshs.8.74 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.4 per cent of the total funds released by the CoB and comprised of Kshs.2.12 billion and Kshs.6.62 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 56.4 per cent, while recurrent expenditure represented 99 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.601.89 million and comprised Kshs.350.47 million for recurrent expenditure and Kshs.251.43 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.573.19 million were settled, consisting of Kshs.336.55 million for recurrent expenditure and Kshs.236.64 million for development programmes, as shown in Table 3.178.

Table 3.178: Progress on Settlement of Pending Bills as of 30th June 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	350,469,966	336,551,073	13,918,893	385,046,882	398,965,775
Development Expenditure	251,423,606	236,637,647	14,785,959	234,602,585.60	249,388,544
Total	**601,893,572**	**573,188,720**	**28,704,852**	**619,649,467.60**	**648,354,319**

Source: *Migori County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.648.35 million include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.601.89 million, out of which the County has settled bills amounting to Kshs. 573.18 million, leaving a balance of Kshs.28.71 million as of 30th June 2022.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs2.77 billion on employee compensation, Kshs2.99 billion on operations and maintenance, and Kshs.2.11 billion on development activities. Similarly, the County Assembly spent Kshs.484.63 million on employee compensation and Kshs.378.85 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	**5,826,978,547**	**863,510,576**	**5,760,018,134**	**863,485,932**	**98.9**	**100**
Compensation to Employees	2,664,754,324	484,659,178	2,770,015,276	484,634,537	104	100
Operations and Maintenance	3,162,224,223	378,851,398	2,990,002,858	378,851,394	94.6	100
Development Expenditure	**3,671,890,435**	**81,637,254**	**2,115,152,376**	-	**57.6**	-
Total	**9,498,868,982**	**945,147,830**	**7,875,170,509**	**863,485,932**	**83**	**91**

Source: *Migori County Treasury*

3.27.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Spending on compensation to employees was 35.3 per cent of the annual realised revenue of Kshs.9.21 billion.

Personnel emoluments amounting to Kshs.3.12 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.129.69 million was paid through manual payrolls. The manual payroll accounted for 4 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.3.25 billion includes Kshs.1.19 billion attributable to the health sector, which translates to 36.7per cent of the total wage bill in the reporting period.

3.27.8 County Established Funds

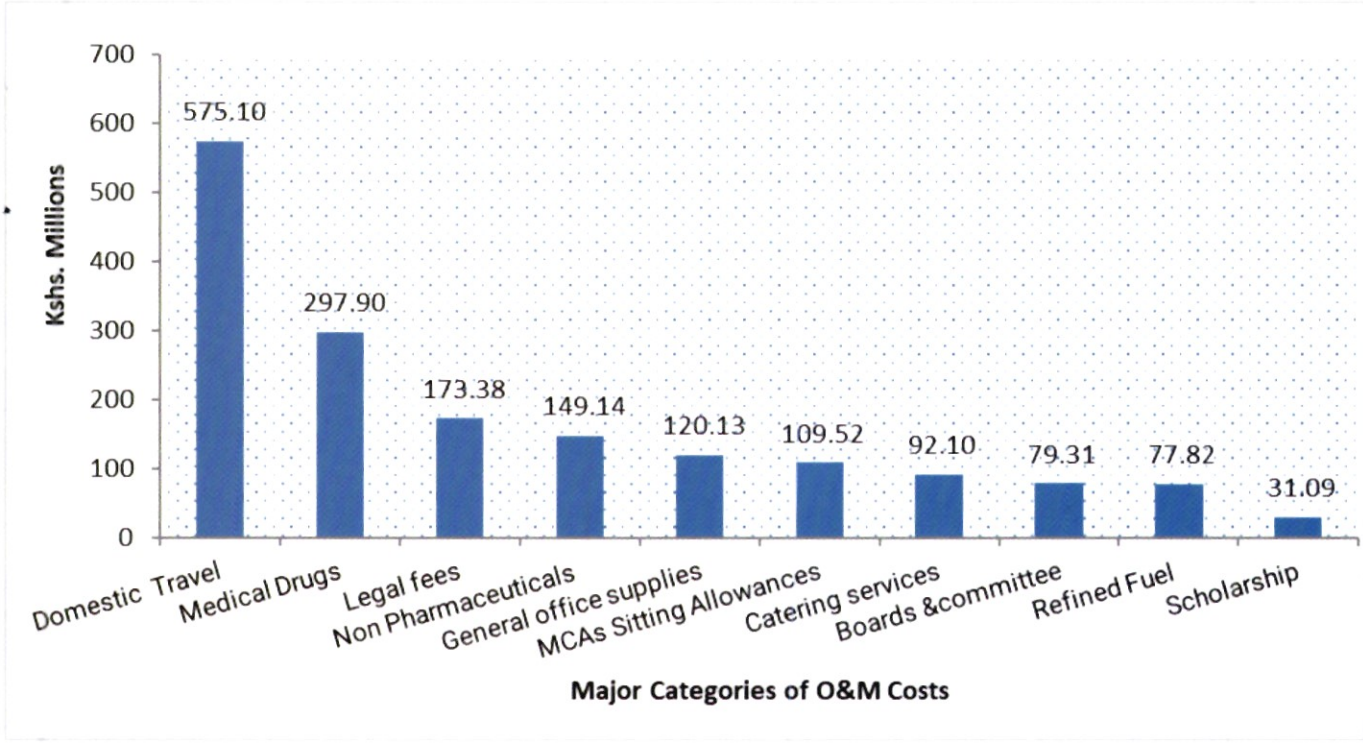
Section 116 of the PFM Act, 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County did not allocate funds county-established

funds in FY 2021/22. Further, there was the failure by the Fund Administrators of the Migori County Executive Car and mortgage Loan Fund, Migori County Alcoholic Drink Fund, and Migori car Loan and Mortgage Fund to submit quarterly financial and non-financial reports in line with section 168 of the PFM Act 2012.

3.27.9 Expenditure on Operations and Maintenance

Figure 3.54 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.54: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: *Migori County Treasury*

The County Assembly spent Kshs.109.52 million on committee sitting allowances for the 57 MCAs and the Speaker against the annual budget allocation of Kshs.109.52 million. The average monthly sitting allowance was Kshs.160,112 per MCA. The County Assembly has established 25 Committees.

During the period, expenditure on domestic travel amounted to Kshs.575.09 million and comprised Kshs.185.31 million spent by the County Assembly and Kshs.389.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.4 million and consisted of Kshs.6.2 million by the County Assembly and Kshs.1.2 million by the County Executive.

3.27.10 Development Expenditure

The County incurred Kshs.2.12 billion on development programmes, representing a decrease of 2.6 per cent compared to FY 2020/21 when the County spent Kshs. 2.19 billion. Table 3.180 summarises development projects with the highest expenditure in the reporting period.

Table3.180: Migori County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Medical services	Completion of ICU / Casualty Unit (Phase 3	Suna Central	66,516,986	67,700,000	40,591,169	None	59.96	GoK	The project is complete and in use
Lands, Housing, Physical Planning and Survey	Purchase of land for a solid waste disposal site for Migori town	Suna Central	19,820,000	19,820,000	19,820,000	None	100	GoK	The project is complete and in use
Roads, Public Works Transport	Opening of bohorera_masaba dam road, kombe maranatha _ chonjo chinjo	Masaba	17,500,000	17,500,000	17,500,000	None	100	GoK	Project is complete and in use.
Roads, Public Works Transport	Proposed Access Road to Ondoche	Kaler	16,975,631	16,975,631	16,975,631	None	100	GoK	The project is complete and in use
Medical services	Completion of Internal Access roads and patient walkways at MCRH	Suna Central	16,813,446	17,000,000	16,813,446	None	98.9	GoK	The project is complete and in use
Education, Youth Sports, Culture and Social Development	Construction of story workshops and administration block at Uriri VETC – Phase I	Central Kanyamugago		19,966,906	16,741,672.	None	84	GoK	Project incomplete
Roads, Public Works Transport	Opening/ Spot Improvement Of Othoro-Kamboro-Andingo Junction-Oriama Bridge-Hon Omamba-Masoge-Obama Primary-Nyangweso-Achama Road	North Kanyamugago	13,999,173	13,999,173	13,999,173.	None	100	GoK	The project is complete and in use

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Water and Energy	Construction of Bongu Raga water supply	Kachieng		13,850,000	13,850,000	None	100	GoK	The project is complete and in use
Roads, Public Works Transport	Opening of new road from Magoto - Wadh Agago - Kit Bul - Sagero - Sinyanga	Wasweta II	12,000,000	12,000,000	12,000,000	None	100	GoK	The project is complete and in use

Source: *Migori County Treasury*

3.27.11 Budget Performance by Department

Table 3.181 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.181: 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 Production, Fisheries, Veterinary Services and Water	280.18	419.02	279.26	270.31	277.35	260.04	99.3	96.2	99	62.1
County Assembly	863.51	81.64	863.48	-	863.48	-	100	-	100	-
County Attorney	217,.15	-	211.43	-	197.35	-	93.3	-	91	-
County Executive	210.03	108.40	209.41	23.8	210.02	4.9	100.3	21	100	4.6
Education, Youth Sports, Culture and Social Development	344.06	373.69	343.26	209.01	344.03	122.34	100.2	58.5	100	32.7
Environment and Disaster Management	122.04	30.66	120.57	26.65	121.02	29.96	100.4	112.4	99	98
Finance and Economic Planning	899.79	7	897.68	3.19	890.15	3.19	99.2	100	99	45.5
Medical Services	1,775.36	207.10	1,762.78	115.73	1,774.23	71.07	100.6	61.4	100	34.3
Public Health	420.45	397.27	390.34	169.73	419.45	180.58	108	106.4	99.8	45.5
Lands, Housing, Physical Planning and Survey	136.42	370.09	135,16	296.73	130.33	287.10	96.4	96.8	95.5	77.6
Public Service Management	970.13	101.07	969.23	92.68	969.13	66.79	100.	67.8	99.9	66.1
Roads, Public Works Transport	250.53	1,085.27	248.20	761,65	241.36	866.52	97.2	113.8	96.3	79.8
Trade Development and Regulation	94.01	174.35	90.29	114.20	91.11	74.45	100	65.2	96.9	42.7
Water and Energy	106.81	397.94	102.46	176.59	94.45	148.07	92.2	83.9	88.4	37.2

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
Totals	**6,690.48**	**3,753.52**	**6,623.58**	**2,260.33**	**6,623.50**	**2,115.15**	**100**	**93.6**	**99**	**56.4**

Source: *Migori County Treasury.*

Analysis of expenditure by the departments shows that the Department of Environment and Disaster Management recorded the highest absorption rate of development budget at 98 per cent, followed by the Department of Roads, Public Works Transport at 79.8 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of County Attorney had the lowest at 91 per cent.

3.27.12 Budget Execution by Programmes and Sub-Programmes

Table 3.182 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table3.182: Migori County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock Development and Fisheries Development					
Agriculture Mechanization Services	Agriculture Mechanization Services	1,700,000	1,700,000	0	100
Crop Development	Crop Development	3,820,400	3,820,000	400	100
	Crop Development	49,420,000	49,420,000	0	100
Fisheries Development	Fisheries Development	1,860,000	1,860,000	0	100
	Fisheries Development and Management	6,212,000	6,100,000	112,000	98
	Aquaculture Development and Extension Services	22,714,000	3,628,080	19,085,920	16
General administration, planning & support service	General administration	151,011,774	106,862,774	44,149,000	71
	capacity building and training	2,419,790	2,400,000	19,790	99
	Field Extension Services and Support Programme	9,947,800	8,826,084	1,121,716	89
	Field Extension Services and Support Programme	9,691,300	1,196,840	8,494,460	12
	Field Extension Services and Support Programme	9,243,150	1,366,000	7,877,150	15
	Field Extension Services and Support Programme	9,296,044	424,491	8,871,553	5
	Field Extension Services and Support Programme	320,000	0	320,000	0
	Field Extension Services and Support Programme	500,000	0	500,000	0
	Donor Fund	342,397,464	225,846,073	116,551,391	66
	Donor Fund	2,596,660	2,590,000	6,660	100

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Livestock Resources Management and Development	Disease control	1,750,000	0	1,750,000	0
	Feed & livestock products safety, equipment and laboratory services	4,390,000	4,390,000	0	100
	Livestock Breeds Improvement & Upgrading	50,747,989	50,147,000	600,989	99
Veterinary services	Veterinary Public Health Management	1,186,000	631,551	554,449	53
	Livestock Breeding and Livestock Products	5,378,500	5,300,000	78,500	99
	Livestock Disease Control and Management	8,600,000	8,600,000	0	100
	Veterinary Public Health Management	4,000,000	4,000,000	0	100
	Subtotal	699,202,871	489,108,893	210,093,978	70
County Assembly					
General administration and support services	General Administration & supportive services	701,155,331	619,493,599	81,661,732	88
Oversight management services	Committee management services	50,738,280	50,738,280	0	100
Legislative services	legislation development & approval services	193,254,219	193,254,219	0	100
	Sub Total	945,147,830	863,486,098	81,661,732	91
County Attorney					
Management and administration	General administration	217,151,962	212,945,893	4,206,069	98
	Total	217,151,962	212,945,893	4,206,069	98
County Executive					
Governance and Executive Management	Citizen Delivery Services	137,400,000	97,852,978	39,547,022	71
	Peace Building Initiatives	3,216,000	0	3,216,000	0
	Governance and Executive management	97,999,345	68,260,079	29,739,266	70
	Strategy and advisory	58,826,999	14,718,495	44,108,504	25
General Administration (Deputy Governors)	General Administration (Deputy Governors)	20,984,000	20,924,680	59,320	100
	Subtotal	318,426,344	201,756,232	116,670,112	63
Education, Gender, Sports, Youth Development and Culture					
General administration	Donor Fund	34,727,623	34,298,723	428,900	99
	General administration	364,569,462	274,697,701	89,871,761	75
	Vocational Training Services	21,000,000	5,999,600	15,000,400	29
	Child Care Services	97,079,239	75,061,342	22,017,897	77

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sports and Talent Development	Sports Development	132,661,725	68,024,960	64,636,765	51
	Construction of Cultural Central and Cultural Activities	2,500,000	2,500,000	0	100
	Child Care Services	0	0	0	0
	Culture and Heritage Conservation	400,000	397,400	2,600	99
Education Support Services	Bursaries	57,000,000	21,212,498	35,787,502	37
Gender and Equality Services	Women Empowerment	1,320,000	0	1,320,000	0
Sports and Talent Development	Vocational Training Services	5,000,000	4,971,947	28,053	99
	Enterprise Development Services	1,500,000	997,000	503,000	66
	sub Total	717,758,049	488,161,171	229,596,878	68
Environment, Natural Resource and Disaster Management					
Solid Waste Management	Solid Waste Management	25,340,864	25,049,409	291,455	99
Forestry Conservation and Development	Forestry Conservation and Development	28,796,400	28,795,637	763	100
Disaster Management Services	Disaster Management Services	22,881,326	22,881,326	0	100
General Administration Support Services	General Administration Support Services	75,681,181	75,680,183	998	100
	Grand Total	152,699,771	152,406,555	293,216	100
Finance and Economic Planning					
General Administration (Planning)	General Administration (Planning)	430,651,045	430,651,045	0	100
Financial management services	Resource mobilisation	137,454,024	137,454,020	4	100
	Accounting Services	244,717,909	244,717,895	14	100
	Procurement Services	10,907,570	10,907,182	388	100
	Audit Services	26,440,000	26,439,593	407	100
Economic policy and county planning	Budget Coordination and Management	4,450,000	4,156,964	293,036	93
	Policy and Plans Developments	46,235,000	46,105,609	129,391	100
	Community Development	5,936,705	1,723,957	4,212,748	29
	Sub Total	906,792,253	902,156,265	4,635,988	99
Health-Medical services					
General administration	General administration	1,539,552,795	1,567,808,351	-28,255,556	102
	Infrastructure and Health facility management	184,790,610	184,790,609	1	100
Preventive, promotive Health services and Disease Control	Purchase of Non-pharmaceuticals	226,057,461	226,056,481	980	100

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Curative, Rehabilitative and Referral services	Hospital Services	32,070,725	32,070,697	28	100
	Sub Total	1,982,471,591	2,010,726,138	(28,254,547)	101
Health - Public health					
[redacted] and administ- support services	Administrative and support services	571,229,447	365,583,294	205,646,152	64
tive and promo- health services	Community health services	70,960,000	20,084,900	50,875,100	28
urative, rehabilitative d referral services	Pharmaceutical and non-pharmaceutical commodities	115,840,164	115,000,000	840,164	99
ernal funding	Donor funds	59,698,750	48,000,000	11,698,750	80
	Total	817,728,361	548,668,194	269,060,167	67
Lands, Housing and Physical Planning					
Land development services	Survey Services	68,626,600	31,938,900	36,687,700	47
General administration	General administration	437,892,652	389,335,131	48,557,522	89
	Grand Total	506,519,252	421,274,031	85,245,222	83
Public Service Management					
General administration (PSM)	General administration (PSM)	987,988,430	924,960,318	63,028,112	94
ICT Infrastructure	ICT Infrastructure	36,460,000	16,107,540	20,352,460	44
	Technical Support	10,900,000	7,396,150	3,503,850	68
Sub County Administration Services	Devolved Units Development Services	14,332,716	5,462,507	8,870,209	38
Personnel management	Human Resource Management	13,400,000	12,975,495	424,505	97
	Budget Formulation coordination and Management	16,606,706	16,590,780	15,926	100
	sub Total	1,071,211,852	983,492,790	87,719,062	92
Roads, Transport and Public Works					
Road management services	Road management services	1,215,441,341	933,023,221	282,418,120	77
General administration	General administration	120,365,434	99,239,655	21,125,779	82
	Sub Total	1,335,806,775	1,032,262,876	303,543,899	77
Trade Tourism and Cooperative Development					
General administration	General administration	158,317,594	98,762,534	59,555,060	62
Trade Development and Promotion SME	Trade Development and Promotion SME	110,030,020	85,839,383	24,190,637	78
	Sub Total	268,347,614	184,601,918	83,745,696	69
	Water and Energy				

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Water Supply and Management Services	Rural Water Services	245,730,488	97,365,134	148,365,355	40
	Urban Water Services	125,611,327	61,727,290	63,884,037	49
Alternative Energy Technologies	Alternative Energy Technologies	133,410,472	88,517,132	44,893,340	66
	Sub Total	504,752,287	247,609,555	257,142,732	
Grand Total		**10,444,016,812**	**8,738,656,608**	**1,705,360,204**	

Source: *Migori County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Agriculture Mechanizati Services in the Department of Agriculture, Livestock Development and Fisheries Development at 100 per ce Oversight management services in the Department of County Assembly at 100 per cent, Preventive, promot Health services and Disease Control in the Department of Health-Medical services at 100 per cent, and General Administration Planning at 100 per cent 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 OCOB identified the following challenges which hampered effective budget implementation;

1. 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 Migori county executive car and mortgage loan Fund, Migori County Alcoholic Drink Fund and Migori Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
2. High level of pending bills which amounted to Kshs.479.83 million as of 30th June 2022.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.129.69 million were processed through the manual payroll and accounted for 4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
4. 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 submitted on 3rd August 2022.

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

1. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
4. *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.*

3.28 County Government of Mombasa

3.28.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.14.6 billion, comprising Kshs.4.43 billion (30.4 per cent) and Kshs.10.17 billion (69.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.57 billion (51.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.4.96 billion (34.0 per cent) from its own sources of revenue, and

use a cash balance of Kshs.265.66 million (1.8 per cent) from FY 2020/21. The County also expected to receive Kshs.1.81 billion (12.4 per cent) as conditional grants, which consisted of Kshs.221.68 million from the Fuel Levy Fund, Kshs.23.50 for Agriculture Sector Support Program II, Kshs.18.91 million for Conditional Allocation for development of Youth Polytechnics, Kshs. 23.38 for CA-User Fees Forgone, Kshs.388.44 for Level 5 Hospital, Kshs.15.64 million for DANIDA grant, Kshs. 18.13 million for Transforming Health Systems for Universal Care Project (World Bank-IDA), Kshs.300 million for World Bank - Kenya Informal Settlement Improvement Project (KISIP) and Kshs.800 million for World Bank - Water and Sanitation Development Project

3.28.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.96 billion as the equitable share of the revenue raised nationally, raised Kshs.3.61 billion as own-source revenue, Kshs.479.79 million as conditional grants, and had a cash balance of Kshs.265.66 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.11.32 billion, as shown in Table 3.183.

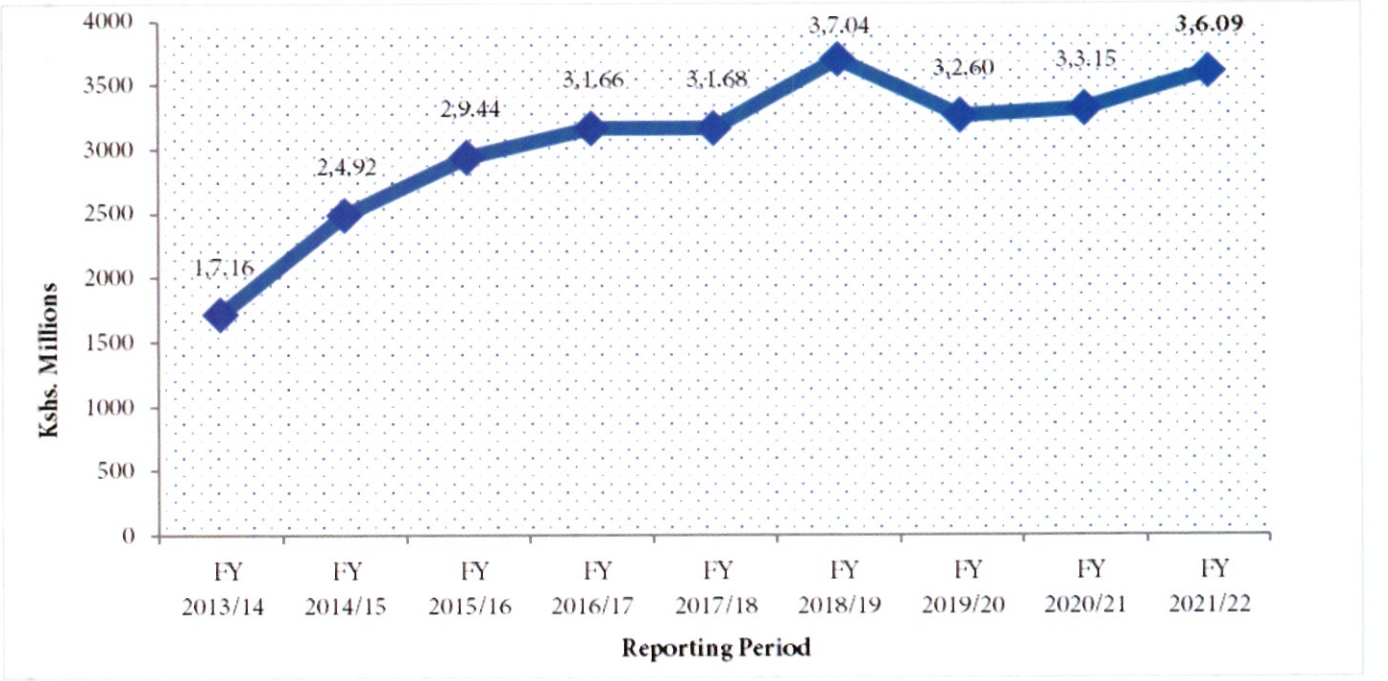
Table3.183 : Mombasa County, Revenue Performance in FY 2021/22

S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,567,354,061	6,961,965,735	92.0
Sub Total		**7,567,354,061**	**6,961,965,735**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	4,957,305,414	3,608,672,111	72.8
2.	Conditional Grants	1,809,680,204	479,786,359	26.5
3.	Balance b/f from FY2020/21	265,660,321	265,660,321	100.0
Sub Total		**7,032,645,939**	**4,354,118,791**	**61.9**
Grand Total		**14,600,000,000**	**11,316,084,526**	**77.5**

Source: *Mombasa County Treasury*

Figure 3.55 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.55: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: Mombasa County Treasury

In FY 2021/22, the County generated a total of Kshs.3.61 billion as own-source revenue. This amount represented an increase of 8.9 per cent compared to Kshs.3.31 billion realised in FY 2020/21 and was 72.8 per cent of the annual target. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.1.14 million. The County has implemented an automated OSR collection system called Mombasa County e-Services System.

3.28.3 Exchequer Issues

The Controller of Budget approved Kshs.9.91 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.35 billion (13.6 per cent) for development programmes and Kshs.8.56 billion (86.4 per cent) for recurrent programmes, as shown in Table 3.188.

3.28.4 Overall Expenditure Review

The County spent Kshs.10.51 billion on development and recurrent programmes during the reporting period. This expenditure represented 106.0 per cent of the total funds released by the CoB and comprised of Kshs.3.47 billion and Kshs.7.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 78.4 per cent, while recurrent expenditure represented 69.2 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.4.46 billion and comprised of Kshs.2.66 billion for recurrent expenditure and Kshs.1.88 billion for development expenditure. During the period under review, pending bills amounting to Kshs.2.08 billion were settled, consisting of Kshs.1.04 billion for recurrent expenditure and Kshs.1.03 billion for development programmes, as shown in Table 3.184.

Table3.184: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	1,800,758,325	1,043,118,383.0	757,639,942	4,786,869,245	4,029,229,303
Development Expenditure	2,664,513,991	1,034,662,180.0	1,629,851,811	2,378,331,475	1,195,792,355
Total	**4,465,272,316**	**2,077,780,563.0**	**2,387,491,753**	**7,165,200,720**	**5,225,021,658**

Source: *Mombasa County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.5.23 billion include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.61 billion, out of which the County has settled bills amounting to Kshs.60.0 million, leaving a balance of Kshs.1.55 billion as of 30th June 2022.

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.21 billion on employee compensation, Kshs.1.20 billion on operations and maintenance, and Kshs.3.47 billion on development activities. Similarly, the County Assembly spent Kshs.349.73 million on employee compensation, Kshs.272.0 million on operations and maintenance, and no development activities, as shown in Table 3.185.

Table 3.185: 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	**9,388,896,436**	**779,254,392**	**6,413,161,483**	**621,723,011**	**68.3**	**79.8**
Compensation to Employees	5,600,203,873	354,754,584	5,211,798,278	349,732,935	93.1	98.6
Operations and Maintenance	3,788,692,563	424,499,808	1,201,363,205	271,990,076	31.7	64.1
Development Expenditure	4,231,849,172	200,000,000	3,474,451,994	-	82.1	-
Total	**13,620,745,608**	**979,254,392**	**9,887,613,477**	**621,723,011**	**72.6**	**63.5**

Source: *Mombasa County Treasury*

3.28.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 49.1 per cent of the annual realised revenue of Kshs.11.32 billion.

Personnel emoluments amounting to Kshs.5.17 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.37.2 million was processed through manual payrolls. The manual payroll accounted for 0.7 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.5.21 billion includes Kshs.2.53 billion, attributable to the health sector, which translates to 48.5 per cent of the total wage bill in the reporting period.

3.28.8 County Established Funds

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 Ksh.262.11 million to county-established funds in FY 2021/22, constituting 1.8 per cent of the County's overall budget for the year. Table 3.186 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.186: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 30th June 2022(Kshs)		Submission of quarterly financial statements
		County Executive	County Assembly	County Executive	County Assembly	Yes/No
1.	Mombasa County Scholarship	162,114,800	-	-	-	No.
2.	Mombasa County Assembly Members & Staff Car Loan & Mortgage Fund	-	100,000,000	-	-	No.
	Total	**162,114,800**	**100,000,000**			

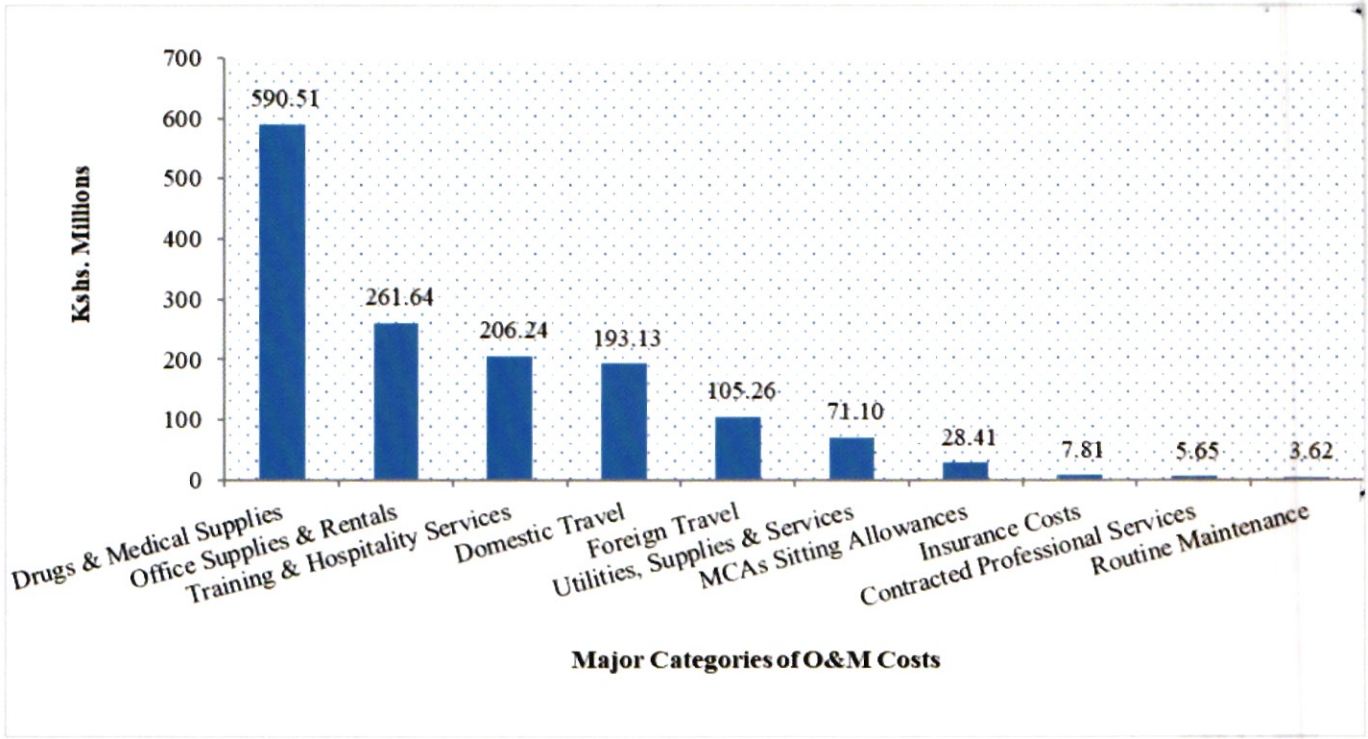
Source: *Mombasa County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators of the Mombasa County Scholarship Fund and the County Assembly Staff Car Loan & Mortgage Fund, as indicated in Table 3.186

3.28.9 Expenditure on Operations and Maintenance

Figure 3.56 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.56: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: *Mombasa County Treasury*

The County Assembly spent Kshs.28.41 million on committee sitting allowances for the 43 MCAs and the Speaker against the annual budget allocation of Kshs.40.00 million. The average monthly sitting allowance was Kshs. 55,052 per MCA. The County Assembly has established 21 Committees.

During the period, expenditure on domestic travel amounted to Kshs.193.13 million and comprised of Kshs.77.61million spent by the County Assembly and Kshs.115.52 million by the County Executive. Expenditure on foreign travel amounted to Kshs.105.26 million and comprised of Kshs.82.35 million by the County Assembly and Kshs.22.91 million by the County Executive.

3.28.10 Development Expenditure

The County incurred Kshs.3.47 billion on development programmes, representing a decrease of 26.9 per cent compared to FY 2020/21 when the County spent Kshs. 4.75 billion. Table 3.187 summarises development projects with the highest expenditure in the reporting period.

Table 3.187: Mombasa County, List of Development Projects with the Highest Expenditure

S/No	Project Name/Description	Project Location	Project Budget/Contract Price (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption %	Project Status
1	Development of Mombasa Stadium	Tudor	1,768,183,999.45	279,424,402.00	15.8	On Going
2	IDA (WB) Credit: Water & Sanitation	Across The County	1,100,000,000.00	217,684,297.00	82.9	On Going
3	Purchase of High-Density Fibre Fishing Boat With Accessories	Across The County	196,000,000.00	152,456,217.60	77.8	28 Boats Delivered
4	Re-carpeting Emergency Works Periodic Maintenance Of Chief Naaman Mikanjuni & Denan Kimathi Roads	Jomvu	31,388,308.60	23,829,941.25	75.9	On Going

S/No	Project Name/Description	Project Location	Project Budget/Contract Price (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption %	Project Status
5	Construction To Closed Culverts Storm Water Drainage From Uwanja Wa Bofu Jamvi La Wageni Mweza Greek	Likoni	60,156,187.20	17,282,483.80	28.7	On Going
6	Improvement of Access Road Levelling & Gravelling of Proposed Kiembeni Fire Station & Drainage Works	Kisauni	24,822,937.06	14,995,566.95	60.4	On Going
7	The Construction of Cathlab At Coast General Teaching & Referal Hospital	Bondeni	25,000,000.00	8,037,855.00	32.2	On Going
8	Periodic Maintenance of Mbuyuni Mwamba Avenue Oceanic & Mikindani Roads	Mikindani	35,137,107.50	7,504,742.35	21.4	On Going
9	Refurbishment of Classes And Construction of Toilets - Mtopanga ECD	Mtopanga	7,525,650.00	6,321,356.00	84	Complete
10	Proposed Refurbishment of Likoni Shika Adabu Market	Shika Adabu	3,484,883.40	3,484,883.40	100	Currently In Use

Source: *Mombasa County Treasury*

3.28.11 Budget Performance by Department

Table 3.188 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.188 : 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 Executive	280.46	-	279.40	-	122.94	1.93	44.0	-	43.8	-
Public Service Board	87.90	-	87.36	-	73.09	1.86	83.7	-	83.1	-
Finance & Economic Planning	1,333.47	638.07	828.73	314.50	828.73	1,458.48	100.0	463.7	62.1	228.6
Environment, Waste Management and Energy	715.47	168.65	708.90	120.37	443.20	94.62	62.5	78.6	61.9	56.1
Education, Information Technology & MV 2035	370.91	141.57	369.92	34.32	289.50	5.26	78.3	15.3	78.1	3.7
Health Services	2,869.48	358.98	2,687.61	25.55	2,958.30	709.68	110.1	2,777.9	103.1	197.7
Water, Sanitation & Natural Resources	51.49	919.00	34.11	267.68	34.11	252.75	100.0	94.4	66.3	27.5
Youth, Gender, Sports and Cultural Affairs	352.22	241.87	337.32	165.78	226.90	112.76	67.3	68.0	64.4	46.6
Trade, Tourism & Investment	493.23	7.88	460.29	40.99	304.14	5.28	66.1	12.9	61.7	67.0

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
Land, Planning, Housing and Urban Renewal	404.53	420.97	279.11	24.87	123.97	60.29	44.4	242.4	30.6	14.3
Transport, Infrastructure & Public Works	510.87	1,272.92	346.03	346.77	257.77	762.81	74.5	220.0	50.5	59.9
Agriculture, Fisheries, Livestock and Co-operatives	177.88	48.43	168.76	8.64	161.18	6.61	95.5	76.4	90.6	13.6
Devolution & Public Service Administration	1,740.99	13.51	1,351.33	-	589.33	2.13	43.6	-	33.9	15.8
County Assembly	779.25	200.00	624.18	-	621.72	-	99.6	-	79.8	-
TOTAL	**10,168.15**	**4,431.85**	**8,563.03**	**1,349.48**	**7,034.88**	**3,474.45**	**82.2**	**257.5**	**69.2**	**78.4**

Source: *Mombasa 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 228.6 per cent, followed by the Department of Health Services at 197.7 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 103.1 per cent, while the Department of Land, Planning, Housing and Urban Development had the lowest at 30.6 per cent. The absorption rate above 100 per cent is irregular. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

3.28.12 Budget Execution by Programmes and Sub-Programmes

Table 3.189 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.189: Mombasa County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
3011 The Executive	Governor's Affairs & Advisory Services	116,594,492	39,067,389	77,527,103	33.5
	Deputy Governor's Affairs & External Relations	51,274,828	13,619,254	37,655,574	26.6
	Cabinet Affairs, Policy Research and Legal Services	57,875,327	61,616,509	(3,741,182)	106.5
	MV 2035 & E-Government	37,000,000	1,980,711	35,019,289	5.4
	Strategic Delivery Unit	17,716,961	8,584,497	9,132,464	48.5
3013 County Public Service Board	Administration Unit	87,901,639	74,947,546	12,954,093	85.3
3014 Finance and Economic Planning	Administration Unit	1,860,879,147	2,189,166,173	(328,287,026)	117.6
	Accounting Unit	52,650,000	54,303,626	(1,653,626)	103.1
	Planning and Monitoring Unit	58,010,653	43,736,418	14,274,235	75.4
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	533,352,194	439,137,240	94,214,954	82.3
	Waste Management	93,327,252	33,858,999	59,468,253	36.3
	Environmental Compliance and Monitoring	126,960,000	62,526,436	64,433,564	49.2
	Climate Change	55,239,000	2,294,000	52,945,000	4.2
	Energy	75,239,000	0	75,239,000	0.0

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	234,218,416	289,986,399	-55,767,983	123.8
	Education headquarters	59,211,170	0	59,211,170	0.0
	Childcare	8,500,000	0	8,500,000	0.0
	Elimu Fund	161,890,000	0	161,890,000	0.0
	Information Technology Headquarters	48,659,356	4,771,293	43,888,063	9.8
3017 Health Services	Administration Unit	2,900,061,316	3,515,102,557	(615,041,241)	121.2
	Curative/Clinical Health Services	58,249,239	0	58,249,239	0.0
	Preventive and Promotive Services Unit	222,031,161	152,638,047	69,393,114	68.7
	Special Programs	48,123,140	215,578	47,907,562	0.4
3018 Water, Sanitation & Natural Resources	Administration unit	852,059,919	34,112,268	817,947,651	4.0
	Sanitation/Sewerage Services Headquarters	37,750,000	0	37,750,000	0.0
	Water Supply Headquarters	30,450,000	252,746,881	(222,296,881)	830.0
	Natural Resources	50,230,000	0	50,230,000	0.0
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	322,701,716	278,749,051	43,952,665	86.4
	Youth Empowerment	95,480,000	11,581,644	83,898,356	12.1
	Gender Affairs and Disability Mainstreaming	35,000,000	13,156,356	21,843,644	37.6
	Sports development	-	-	-	-
	Cultural Affairs	110,000,000	25,095,479	84,904,521	22.8
	Public Recreation and Entertainment	30,900,000	11,076,574	19,823,426	35.8
3020 Trade, Tourism & Investment	Administration Unit	321,970,982	251,176,905	70,794,078	78.0
	Trade Development	100,787,810	19,675,215	81,112,595	19.5
	Development of Tourism	10,159,449	6,780,486	3,378,963	66.7
	Investment Promotion and Products Headquarters	33,080,000	20,678,635	12,401,365	62.5
	Development of County Industrial Parks	12,000,000	11,108,103	891,897	92.6
	Ease of Doing Business-Headquarters	23,105,082		23,105,082	0.0
3021 Lands, Housing and Physical Planning	Administration Unit	219,083,825	107,337,211	111,746,614	49.0
	Physical planning	130,000,000	23,335,974	106,664,026	18.0
	Land Management Unit	63,566,175	43,782,227	19,783,948	68.9
	Housing Development Unit	380,501,378	8,974,661	371,526,717	2.4
	Urban Renewal	32,350,000	831,414	31,518,586	2.6
3022 Transport, Infrastructure & Public Works	Administration Unit	741,284,162	427,245,800	314,038,363	57.6
	Road and Transport Unit	776,400,000	591,567,728	184,832,271	76.2

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
	Works Unit	40,780,299	663,969	40,116,330	1.6
	Transport Planning, Management and Safety	19,750,000	100,000	19,650,000	0.5
	Mechanical Services	69,375,000	910,579	68,464,421	1.3
	Safety, Risk Management and Rescue Services	136,200,000	100,000	136,100,000	0.1
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	109,219,199	161,032,481	(51,813,282)	147.4
	Crop Management Unit	15,398,491	6,359,327	9,039,164	41.3
	Livestock Unit	22,556,206	0	22,556,206	0.0
	Fisheries Unit-Headquarters	43,599,045	398,071	43,200,974	0.9
	Veterinary Services	19,431,413	0	19,431,413	0.0
	Cooperatives	16,112,093	0	16,112,093	0.0
3026 Devolution & Public Service Administration	Administration	1,330,005,214	489,503,503	840,501,711	36.8
	Devolution and public service administration	223,909,196	86,501,785	137,407,411	38.6
	Public Service Reforms and Delivery	103,911,867	6,502,586	97,409,281	6.3
	Compliance and Enforcement	68,600,000	1,668,555	66,931,445	2.4
	County Administration and decentralised services	28,072,796	7,287,336	20,785,460	26.0
3012 County Assembly	Human Resources Management	849,584,071	492,100,398	357,483,673	57.9
	Legal Services	129,670,321	129,642,613	27,708	100.0
Grand Total		**14,600,000,000**	**10,509,336,488**	**4,090,663,512**	**72.0**

Source: *Mombasa County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Water Supply Headquarters in the Department of Water, Sanitation and Natural Resources at 830.0 per cent, Administration Unit-Headquarters in the Department of Agriculture, Fisheries, Livestock and Co-operatives at 147.4 per cent, General administration in the Department of Education and Information Technology at 123.8 per cent, General Administration in the Department of Health Services 121.2 per cent of budget allocation. Absorption rate above 100 per cent is irregular and indicates diversion of funds.

3.28.13 Key Observations and Recommendations

A high wage bill, which accounted for 49.1 per cent of the total expenditure, thus constraining funding to other FY 2021/22 programmes.

1. The underperformance of own-source revenue at Kshs.3.61 billion against an annual projection of Kshs.4.96 billion, representing 72.8 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.5.23 billion as of 30th June 2022.
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, as shown in Table 3.186.
4. Weak budgeting practice as shown in Table 3.188, where the County incurred expenditure over approved exchequer issues and approved budget allocation. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

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 between 15th August 2022 and 22nd August 2022.

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

1. *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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed and reduce the accumulation of pending bills.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
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 Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget and exchequer issues.*
6. *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.*

3.29 County Government of Murang'a

3.29.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.10.67 billion, comprising Kshs.3.29 billion (30.9 per cent) and Kshs.7.37 billion (69.1per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.18 billion (67.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.58 billion (14.8 per cent) from its sources of revenue, and use a cash balance of Kshs.1.04 billion (9.7 per cent) from FY 2020/21. The County also expects to receive Kshs.869.19 million (8.1 per cent) as conditional grants, which consists of Kshs.335.68 million for the National Agricultural and Rural Inclusive Growth Project (NAGRIP), DANIDA grant amounting to Kshs.13.95 million, Transforming Health Systems for Universal care grant amounting to Kshs.81.80 million, Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG) amounting to Kshs.62.44 million, Agricultural Sector Deepening Support Program amounting to Kshs.23.49 million, Kshs.153.29 million for Leasing of Medical Equipment's, Kenya Devolution Support Program - Level 1 Grant amounting to Kshs.60 million.

3.29.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.61 billion as the equitable share of the revenue raised nationally, raised Kshs.520.32 million as own-source revenue, Kshs.192.33 million as conditional grants, and had a cash balance of Kshs.1.04 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.36 billion, as shown in Table 3.190.

Table 3.190: Murang'a County, Revenue Performance in FY 2021/22

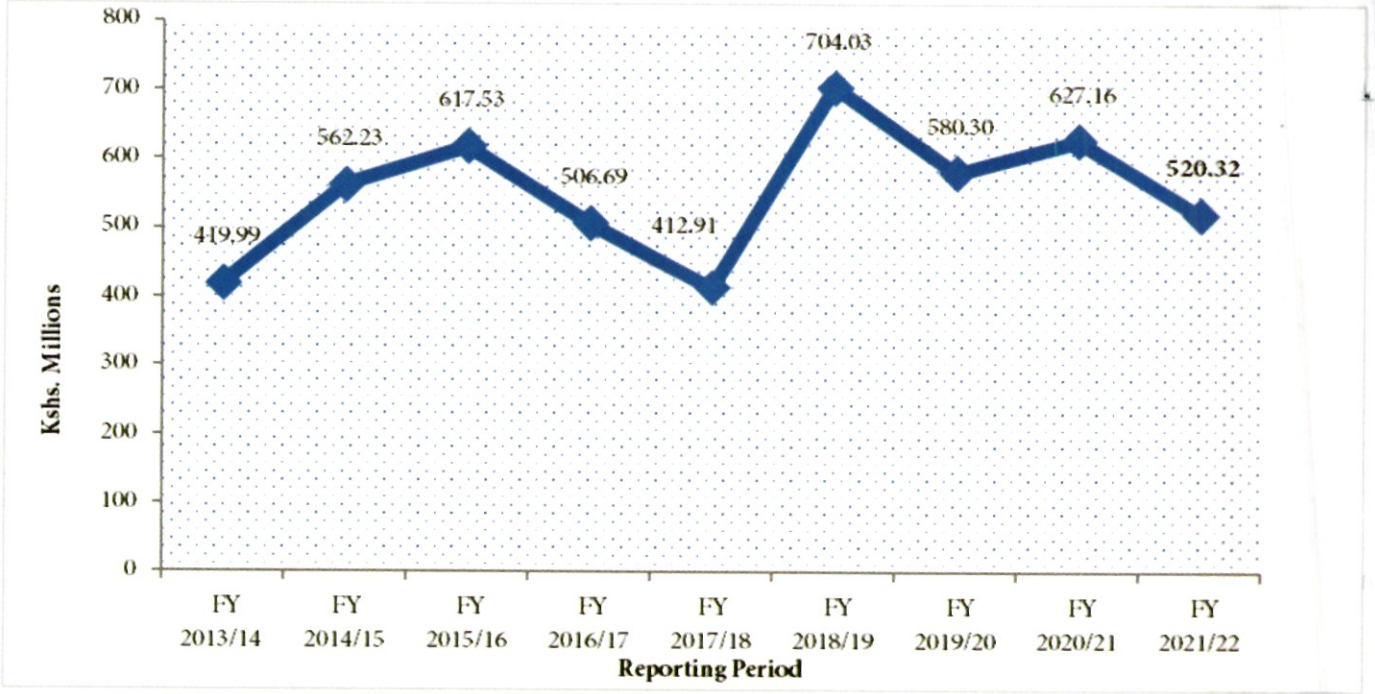
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,180,155,855	6,605,743,388	92.0
Sub Total		**7,180,155,855**	**6,605,743,388**	**92.0**
B	**Other Sources of Revenue**			
	Own Source Revenue	1,580,000,000	520,317,425	32.9

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
1.	Conditional Grants	608,227,154	192,325,614	31.6
2.	Balance b/f from FY 2020/21	1,039,222,750	1,039,222,750	100.0
3.	Other Revenues	260,958,511	-	-
Sub Total		**3,488,408,415**	**1,751,865,789**	**50.2**
Grand Total		**10,668,564,270**	**8,357,609,177**	**78.3**

Source: *Murang'a County Treasury*

Figure 3.57 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.57: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Murang'a County Treasury*

In FY 2021/22, the County generated a total of Kshs.520.32 million as own-source revenue. This amount represented a decrease of 17.0 per cent compared to Kshs.627.16 million realised during a similar period in FY 2020/21 and was 32.9 per cent of the annual target. The County has not automated OSR collection.

3.29.3 Exchequer Issues

The Controller of Budget approved Kshs.8.08 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.39 billion (17.3 per cent) for development programmes and Kshs.6.69 billion (82.7 per cent) for recurrent programmes, as shown in Table 3.195 .

3.29.4 Overall Expenditure Review

The County spent Kshs.8.06 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs.1.37 billion and Kshs.6.69 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 41.7 per cent, while recurrent expenditure represented 90.7 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.91 billion and comprised Kshs.521.05 million for recurrent expenditure and Kshs.1.39 billion for development expenditure. During the period under review, pending bills amounting to Kshs.1.09 billion were settled, consisting of Kshs.280.36 million for recurrent expenditure and Kshs.814.11 million for development programmes, as shown in Table 3.191.

Table 3.191: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	521,047,849	280,355,446	240,692,403	1,160,978,559	1,401,670,962
Development Expenditure	1,387,584,163	814,111,946	573,472,217	69,267,046	642,739,263
Total	**1,908,632,012**	**1,094,467,392**	**814,164,620**	**1,230,245,605**	**2,044,410,225**

Source: *Murang'a County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.2.04 billion, include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.525.74 million, out of which the County has settled bills amounting to Kshs.510.15 million, leaving a balance of Kshs.15.59 million as of 30th June 2022.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.14 billion on employee compensation, Kshs.1.77 billion on operations and maintenance, and Kshs.1.36 billion on development activities. Similarly, the County Assembly spent Kshs.219.46 million on employee compensation, Kshs.555.67 million on operations and maintenance, and Kshs.10.93 million on development activities, as shown in Table 3.192.

Table 3.192: 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	**6,431,628,021**	**940,743,240**	**5,910,773,463**	**775,134,353**	**91.9**	**82.4**
Compensation to Employees	4,275,170,330	277,782,000	4,142,548,613	219,460,849	96.9	79.0
Operations and Maintenance	2,156,457,691	662,961,240	1,768,224,850	555,673,504	82.0	83.8
Development Expenditure	3,265,629,235	30,563,774	1,363,479,076	10,927,170	41.8	35.8
Total	**9,697,257,256**	**971,307,014**	**7,274,252,539**	**786,061,523**	**75.0**	**80.9**

Source: *Murang'a County Treasury*

3.29.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 40.9 per cent of the annual realised revenue of Kshs.8.35 billion.

Personnel emoluments amounting to Kshs.3.85 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.504.12 million was processed through manual payrolls. The manual payroll amounted to 11.6 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.4.36 billion includes Kshs.2.67billion attributable to the health sector, which translates to 61.2 per cent of the total wage bill in the reporting period.

3.29.8 County Established Funds

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.445.54 million to county-established funds in FY 2021/22, constituting 4.2 per cent of the County's overall budget for the year. e during the reporting period.

Table 3.193 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.193: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Murang'a County Assembly Car Loan and Mortgage Scheme Fund	101,540,000	37,175,000	Yes	36.6
2.	Murang'a County Education Scholarship Fund - Bursary	244,000,000	219,952,260	Yes	90.1
3.	Small Traders Empowerment Program	100,000,000	20,010,150	Yes	20.0
Total		**445,540,000**	**277,137,410**		**62.2**

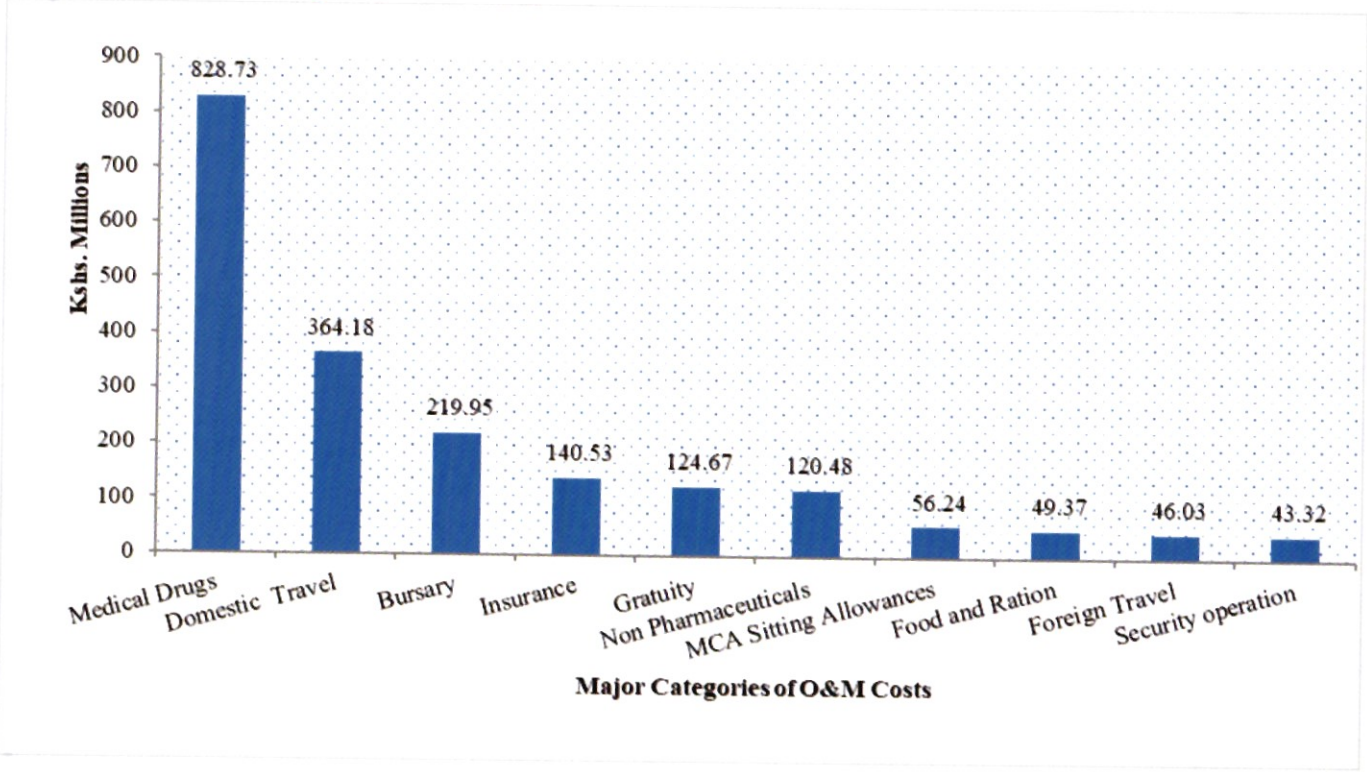
Source: *Murang'a County Treasury*

The OCoB received quarterly financial returns from administrators of all the funds, as indicated in Table 3.193.

3.29.9 Expenditure on Operations and Maintenance

Figure 3.58 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.58: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: *Murang'a County Treasury*

The County Assembly spent Kshs.56.24 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.68 million. The average monthly sitting allowance was Kshs.86,788 per MCA. The County Assembly has established 20 Committees.

During the period, expenditure on domestic travel amounted to Kshs.364.18 million and comprised Kshs.276.63 million spent by the County Assembly and Kshs.87.54 million by the County Executive. Expenditure on foreign travel amounted to Kshs.46.03 million and comprised of Kshs.43.32 million by the County Assembly and Kshs.2.71 million by the County Executive.

3.29.10 Development Expenditure

The County incurred Kshs.1.37 billion on development programmes, representing a decrease of 45.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 2.54 billion. Table 3.194 summarises development projects with the highest expenditure in the reporting period.

Table 3.194: Murang'a County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Agriculture	Supply of Maize Seeds	countywide	101,828,379	130,000,000	101,828,379.00	Nil	78.3	GOK	Ongoing
Health	Supply of ICU Equipment	countywide	58,158,015	97,793,792	58,158,015	Nil	60	GOK	Ongoing
Agriculture	Supply of Fertiliser	countywide	45,509,392	75,000,000	45,509,392	Nil	61	GOK	Complete and in use
Agriculture	Supply of HASS Avocados	countywide	29,375,128	29,375,128	29,375,128	Nil	100.0	GOK	Complete and in use

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Municipality	Kenya Urban Support Programme (KUSP)	Murang'a	25,498,484	25,498,484	25,498,484	Nil	100	Donor	Complete and in use
Health	Supply of Renal Equipment	countywide	15,766,400	15,766,400	15,766,400	Nil	100.0	GOK	Ongoing
Agri/ livestock production	Construction of A Go Down At Animal Feeds Factory	Maragua	9,145,729	9,145,729	9,145,729	Nil	100.0	GOK	Complete and in use
Health	Installation of Generator At Kigumo Sub County Hospital	Kigumo sub-county hospital	4,137,568	4,137,568	4,137,568	Nil	100.0	GOK	Complete and in use
Roads	Grading Works of Mbaire - Kiharo Ha Gaitho Access Road - Ruchu Ward	Mbaire-Kiharo-Ruchu Ward	3,931,240	3,931,240	3,931,240	Nil	100.0	GOK	Complete and in use
Roads	Grading Works of Muruthi - Kwa Mburu Access Road - Ichagaki Ward	Muruthi-Kwa-Ichagaki Ward	3,930,080	3,930,080	3,930,080	Nil	100.0	GOK	Complete and in use

Source: *Murang'a County Treasury*

3.29.11 Budget Performance by Department

Table 3.195 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.195: Murang'a 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	322.26	1.00	248.87	-	258.00		103.7	0.0	80.1	0.0
Finance, Information Technology and Economic Plan.	451.23	7.34	320.85	-	320.84		100.0	0.0	71.1	0.0
Agriculture, Livestock and Fisheries	268.39	918.94	255.51	410.73	254.40	410.73	99.6	100.0	94.8	44.7
Energy Transport and Roads	26.60	558.00	18.10	302.70	18.10	286.54	100.0	94.7	68.0	51.4
Commerce, Trade, Industry and Tourism	40.26	473.89	20.44	169.89	20.44	169.88	100.0	100.0	50.8	35.8
Health and Sanitation	3,734.46	860.92	3,678.60	326.68	3,678.60	326.68	100.0	100.0	98.5	37.9
Lands, Housing & Physical Planning	37.54	9.00	13.50	-	13.50	2.10	100.0	0.0	36.0	23.3
Education & Technical Training	556.51	76.00	453.79	61.89	453.79	61.89	100.0	100.0	81.5	81.4
Public Service Adm.	707.96		671.49	-	670.69		99.9	0.0	94.7	0.0
Youth, Culture, Gender, Social Services & Special Programs	111.44	75.00	101.46	20.23	101.81	16.24	100.3	80.3	91.4	21.7

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
Environment & Natural Resources	18.09	26.50	8.50	10.39	5.60	2.00	65.9	19.2	30.9	7.5
County Public Service Board	43.72		26.57	-	22.57		84.9	0.0	51.6	0.0
Water & Irrigation	56.72	80.00	50.34	55.52	50.04	61.91	99.4	111.5	88.2	77.4
Murang'a Municipality	56.45	179.04	42.41	25.50	42.41	25.50	100.0	100.0	75.1	14.2
County Assembly	940.74	30.56	775.13	11.16	775.13	10.93	100.0	97.9	82.4	35.8
TOTAL	**7,372.37**	**3,296.19**	**6,685.55**	**1,394.69**	**6,685.91**	**1,374.40**	**100.0**	**98.5**	**90.7**	**41.7**

Source: *Murang'a County Treasury*

Analysis of expenditure by department shows that the Department of Education & Technical Training recorded the highest absorption rate of development budget at 81.4 per cent, followed by the Department of Water & Irrigation at 77.4 per cent. The Department of Health and Sanitation had the highest recurrent expenditure to the budget percentage at 98.5 per cent. The Department of Environment & Natural Resources had the lowest at 30.9 per cent.

3.29.12 Budget Execution by Programmes and Sub-Programmes

Table 3.196 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.196: Murang'a County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
GOVERNORSHIP, COUNTY CO-ORDINATION AND ADMINISTRATION					
Project Co-ordination and Monitoring	Project Co-ordination and Monitoring	4,500,000	3,448,365	1,051,635	76.6
Compliance and Enforcement	Office Administration and Support Services	9,160,000	6,295,000	2,865,000	68.7
County Executive and Co-ordination	General Administration Planning and Support Services	280,100,810	237,007,048	43,093,762	84.6
General Administration Planning and Support Services - Devt	General Administration Planning and Support Services - Devt	1,000,000	-	1,000,000	0.0
Internal Audit Program	Audit Services	9,946,700	5,480,000	4,466,700	55.1
Disaster Management	Disaster Fund Management	15,555,000	5,774,172	9,780,828	37.1
	Sub total	**320,262,510**	**258,004,585**	**62,257,925**	**80.6**
FINANCE, IT AND PLANNING					
Information Communication and Technology	Information Communication and Technology	4,500,000	338,000	4,162,000	7.5
Local Revenue Mobilisation	Local Revenue Mobilisation	26,300,000	16,564,578	9,735,422	63.0
Economic Planning	Economic Planning and CIDP Review	14,500,000	4,232,460	10,267,540	29.2
Public Participation	Public Participation	11,500,000	7,892,841	3,607,159	68.6
General Administration Planning and Support Services	General Administration Planning and Support Services	389,373,918	286,975,754	102,398,164	73.7
County Monitoring	Corporate Governance	4,300,000	2,318,054	1,981,946	53.9
Budget Planning and Implementation	Budget Implementation and Monitoring	8,100,000	2,513,825	5,586,175	31.0
	Sub total	**458,573,918**	**320,835,512**	**137,738,406**	**70.0**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
AGRICULTURE, LIVESTOCK AND FISHERIES					
General Administration and Support	Land and Crops Development	250,136,766	248,297,466	1,839,300	99.3
Food Security	Promotion of Food Security - Dev	772,839,318	273,310,137	499,529,181	35.4
Promotion of Food Security - Rec	Promotion of Food Security - Rec	3,500,000	700,000	2,800,000	20.0
Agricultural Training Centres	Capacity development, Mechanisation and Innovation	3,500,000	2,123,800	1,376,200	60.7
Food Security	Promotion Food Security	6,000,000	1,803,680	4,196,320	30.1
Value addition and marketing of fish products	Value addition and marketing of fish products	2,700,000	2,110,000	590,000	78.1
Veterinary Program	Veterinary Services - Rec	5,000,000	1,122,000	3,878,000	22.4
Veterinary Services	Veterinary Services - Dev	142,100,000	135,618,998	4,481,002	95.4
Livestock Development	Livestock and Fisheries Development	1,550,000	50,000	1,500,000	3.2
	Sub total	**1,187,326,084**	**665,136,081**	**522,190,003**	**56.0**
ENERGY TRANSPORT AND ROADS					
General Administration and Planning	Construction of Roads and Bridges	26,599,911	18,100,331	8,499,580	68.0
Roads Development	Infrastructure Devpt	558,000,000	286,535,760	271,464,240	51.4
	Sub total	**584,599,911**	**304,636,091**	**279,963,820**	**52.1**
COMMERCE, TRADE, INDUSTRY AND TOURISM					
Trade and Industry Development	Domestic Trade Development - DEV	473,890,269	169,881,669	304,008,600	35.8
Domestic Trade Development	Domestic Trade Development - REC	39,261,000	20,443,745	18,817,255	52.1
	Sub total	**513,151,269**	**190,325,414**	**322,825,855**	**37.1**
EDUCATION & TECHNICAL TRAINING					
Administration and Support	Curriculum Implementation	8,500,000	2,099,070	6,400,930	24.7
Youth Polytechnics Program	Revitalisation of Youth Polytechnics - DEV	75,999,947	61,898,298	14,101,649	81.4
	Revitalisation of Youth Polytechnics - REC	12,250,000	1,752,000	10,498,000	14.3
Scholarships and other Interventions	Early Child Development and Education	277,756,877	255,750,793	22,006,084	92.1
Scholarships and other Interventions	Motivation of Primary and Secondary Schools	272,000,000	194,185,264	77,814,736	71.4
	Sub total	**646,506,824**	**515,685,425**	**130,821,399**	**79.8**
HEALTH AND SANITATION					
Health Administration and Planning Support	Prevention Curriculum Development	2,748,785,325	2,709,017,950	39,767,375	98.6
Preventive	Treatment Protocols and Service Provider	3,300,000	1,371,061	1,928,939	41.5
Public Health	Community Screening, Early Identification and Interventions	3,300,000	1,617,200	1,682,800	49.0
Curative Program	Free Primary HealthCare - REC	979,073,370	966,590,599	12,482,771	98.7

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
	Free Primary HealthCare - DEV	860,919,759	326,678,289	534,241,470	37.9
	Sub total	**4,595,378,454**	**4,005,275,099**	**590,103,355**	**87.2**
LANDS, HOUSING & PHYSICAL PLANNING					
Administration and Support program	Land Policy and Planning	37,540,871	13,497,611	**24,043,260**	36.0
Land Survey Program	Digital Mapping	9,000,000	2,102,000	**6,898,000**	23.4
	Sub total	**46,540,871**	**15,599,611**	**30,941,260**	**33.5**
COUNTY PUBLIC SERVICE BOARD				-	-
General Administration Planning and Support Services	General Administration Planning and Support Services	35,717,945	22,565,698	**13,152,247**	63.2
	Sub total	**35,717,945**	**22,565,698**	**13,152,247**	**63.2**
YOUTH, CULTURE, GENDER, SOCIAL SERVICES & SPECIAL PROGRAMS					
Youth Development Program	Social Welfare and Vocational Rehabilitation	78,699,377	75,867,055	**2,832,322**	96.4
General Administration Planning and Support Services	Development and Promotion of Culture - Rec	32,738,652	25,944,294	**6,794,358**	79.2
Development And Promotion of Culture - Dev	Development and Promotion of Culture - Dev	75,000,000	16,239,023	**58,760,977**	21.7
	Sub total	**186,438,029**	**118,050,372**	**68,387,657**	**63.3**
ENVIRONMENT & NATURAL RESOURCES					
Environmental Leadership	Environmental Leadership and Governance	12,690,793	3,230,361	**9,460,432**	25.5
Waste Management Program	Hazardous Waste	5,400,000	2,364,797	**3,035,203**	43.8
Environmental Conservation	Environmental Management	26,500,000	1,998,999	**24,501,001**	7.5
	Sub total	**44,590,793**	**7,594,157**	**36,996,636**	**17.0**
PUBLIC SERVICE ADM.					
General Administration Planning and Support Services	General Administration Planning and Support Services	705,962,989	670,687,509	**35,275,480**	95.0
	Sub total	**705,962,989**	**670,687,509**	**35,275,480**	**95.0**
WATER & IRRIGATION					
Irrigation Development	Promotion of Irrigation and Drainage, Development and Management	1,300,000	-	**1,300,000**	0.0
Water Development	Water Supply Infrastructure - REC	55,418,686	50,037,334	**5,381,352**	90.3
	Water Supply Infrastructure - DEV	80,000,000	61,913,741	**18,086,259**	77.4
	Sub total	**136,718,686**	**111,951,075**	**24,767,611**	**81.9**
MURANG'A MUNICIPARITY					
Urban Development	Urban Development and Support	179,036,084	25,498,484	153,537,600	14.2
General Administration and Support	General Administration Planning and Support Services	56,452,889	42,407,428	14,045,461	75.1
	Sub total	**235,488,973**	**67,905,912**	**167,583,061**	**28.8**
COUNTY ASSEMBLY					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
Legislation and representation	Legislation and representation	366,400,000	317,127,969	49,272,031	86.6
Oversight	Oversight	294,650,000	233,883,062	60,766,938	79.4
Administration planning and support	Administration planning and support	310,257,014	235,050,490	75,206,524	75.8
	Sub total	**971,307,014**	**786,061,521**	**185,245,493**	**80.9**
Grand Total		**10,668,564,270**	**8,060,314,062**	**2,608,250,208**	**75.6**

Source: *Murang'a County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Free Primary Health Care in the Department of Health and Sanitation at 98.7 per cent, Prevention Curriculum Development in the Department of Health and Sanitation at 98.6 per cent, General Administration Planning and Support Services in the Department of Public Service Administration at 95.0 per cent, and Scholarships and other Interventions in the Department of Education at 92.1 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 OCOB identified the following challenges which hampered effective budget implementation;

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.37 billion in FY 2021/22 from the annual development budget allocation of Kshs.3.29 billion. The development expenditure represented 41.7 per cent of the annual development budget.
2. A high wage bill, which accounted for 40.9 per cent of the annual realised revenue of Kshs.8.35 billion in FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.520.32 million against an annual projection of Kshs.1.58 billion, representing 32.9 per cent of the annual target.
4. High level of pending bills which amounted to Kshs.2.04 billion as of 30th June 2022.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.504.12 million were processed through the manual payroll and accounted for 11.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
6. 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 August 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
6. *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.*

3.30 County Government of Nairobi City

3.30.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.39.63 billion, comprising Kshs.10.33 billion (26.1 per cent) and Kshs.29.29 billion (73.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.19.25 billion (48.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.19.61 billion (49.5 per cent) from its own sources of revenue, and use a cash balance of Kshs.600 million (1.5 per cent) from FY 2020/21. The County also expected to receive Kshs.166.79 million (0.4 per cent) as conditional grants, which consisted of Kshs.87.49 million from Transforming Health systems for Universal Care Project (WB), Kshs.35.27 million from DANIDA Grant, Kshs.36.64 million from Sweden - Agricultural Sector Development Support Programme (ASDSP) II and Kshs.7.39 million from UNFPA.

3.30.2 Revenue Performance

In FY 2021/22, the County received Kshs.17.71 billion as the equitable share of the revenue raised nationally, raised Kshs.9.24 billion as own-source revenue and Kshs.265.86 million as Appropriations in Aid (AIA). The total funds available for budget implementation during the period amounted to Kshs.26.95 billion, as shown in. 3.197.

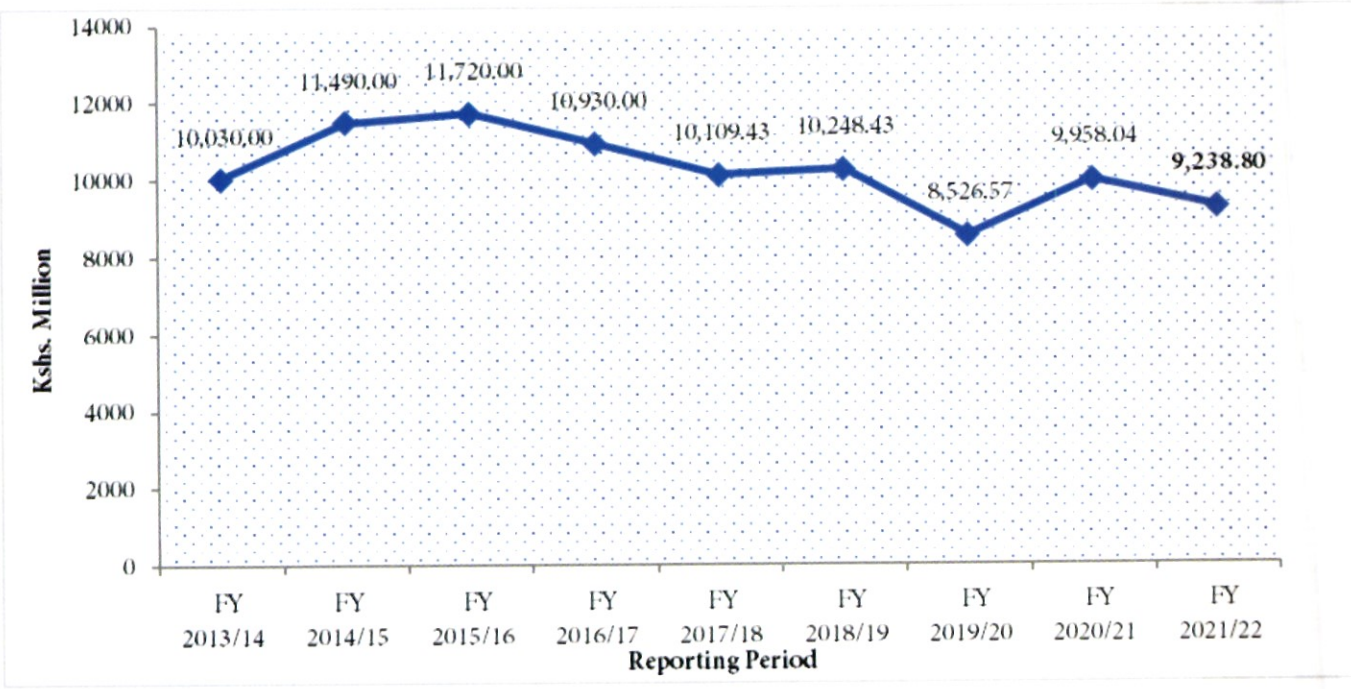
Table 3.197: Nairobi City County, Revenue Performance in FY 2021/22

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**	19,250,000,000	17,709,703,219	92.0
Sub Total		**19,250,000,000**	**17,709,703,219**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	19,360,744,671	8,972,939,992	46.3
2.	Conditional Grants	166,791,329	-	-
3.	Balance b/f from FY 2020/21	600,000,000	-	-
4.	Appropriation in Aid (AIA)	250,000,000	265,864,886	106.3
Sub Total		**20,377,536,000**	**9,238,804,878**	**45.3**
Grand Total		**39,627,536,000**	**26,948,508,097**	**68.0**

Source: *Nairobi City County Treasury*

Figure 3.59 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.59: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Nairobi City County Treasury*

In FY 2021/22, the County generated a total of Kshs.9.24 billion as own-source revenue. This amount represented a decrease of 7.2 per cent compared to Kshs.9.96 billion realised in FY 2020/21 and was 47.1 per cent of the annual target. The County has implemented an automated OSR collection system referred to as Revenue Sure (NS) by the National Bank of Kenya and the Nairobi Revenue System (NRS) of the Kenya Revenue Authority.

3.30.3 Exchequer Issues

The Controller of Budget approved Kshs.26.64 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.3.09 billion (11.6 per cent) for development programmes and Kshs.23.55 billion (88.4 per cent) for recurrent programmes, as shown in Table 3.200.

3.30.4 Overall Expenditure Review

The County spent Kshs.27.03 billion on development and recurrent programmes during the reporting period. This expenditure represented 101.5 per cent of the total funds released by the CoB and comprised of Kshs.3.02 billion and Kshs.24.01 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 29.3 per cent, while recurrent expenditure represented 82.0 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.85.72 billion. At the beginning of FY 2021/22, the County failed to prepare a satisfactory payment plan for settling the pending bills in the current financial year. During the period under review, the County Treasury did not provide a report on the settlement of pending bills as of 30th June 2022.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.14.02 billion on employee compensation, Kshs.9.99 billion on operations and maintenance, and Kshs.3.02 billion on development activities. Similarly, the County Assembly spent Kshs.773.94 million on employee compensation and Kshs.528.99 million on operations and maintenance, as shown in Table 3.198.

Table 3.198: 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	**27,747,707,880**	**1,545,872,087**	**24,006,770,074**	**1,302,938,136**	**86.5**	**84.3**
Compensation to Employees	15,111,113,433	893,996,178	14,020,121,332	773,944,762	92.8	86.6
Operations and Maintenance	12,636,594,447	651,875,909	9,986,648,742	528,993,374	79.0	81.1
Development Expenditure	**10,280,956,033**	**53,000,000**	3,024,714,779	-	29.4	0.0
Total	**38,028,663,913**	**1,598,872,087**	**27,031,484,853**	**1,302,938,136**	**71.1**	**81.5**

Source: *Nairobi City County Treasury*

3.30.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 49.8 per cent of the annual realised revenue of Kshs.26.95 billion.

Personnel emoluments amounting to Kshs.14.72 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.74.89 million those paid through manual payrolls. The manual payroll accounted for 0.5 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.14.79 billion includes Kshs.5.6 billion attributable to the health sector, which translates to 37.9 per cent of the total wage bill in the reporting period.

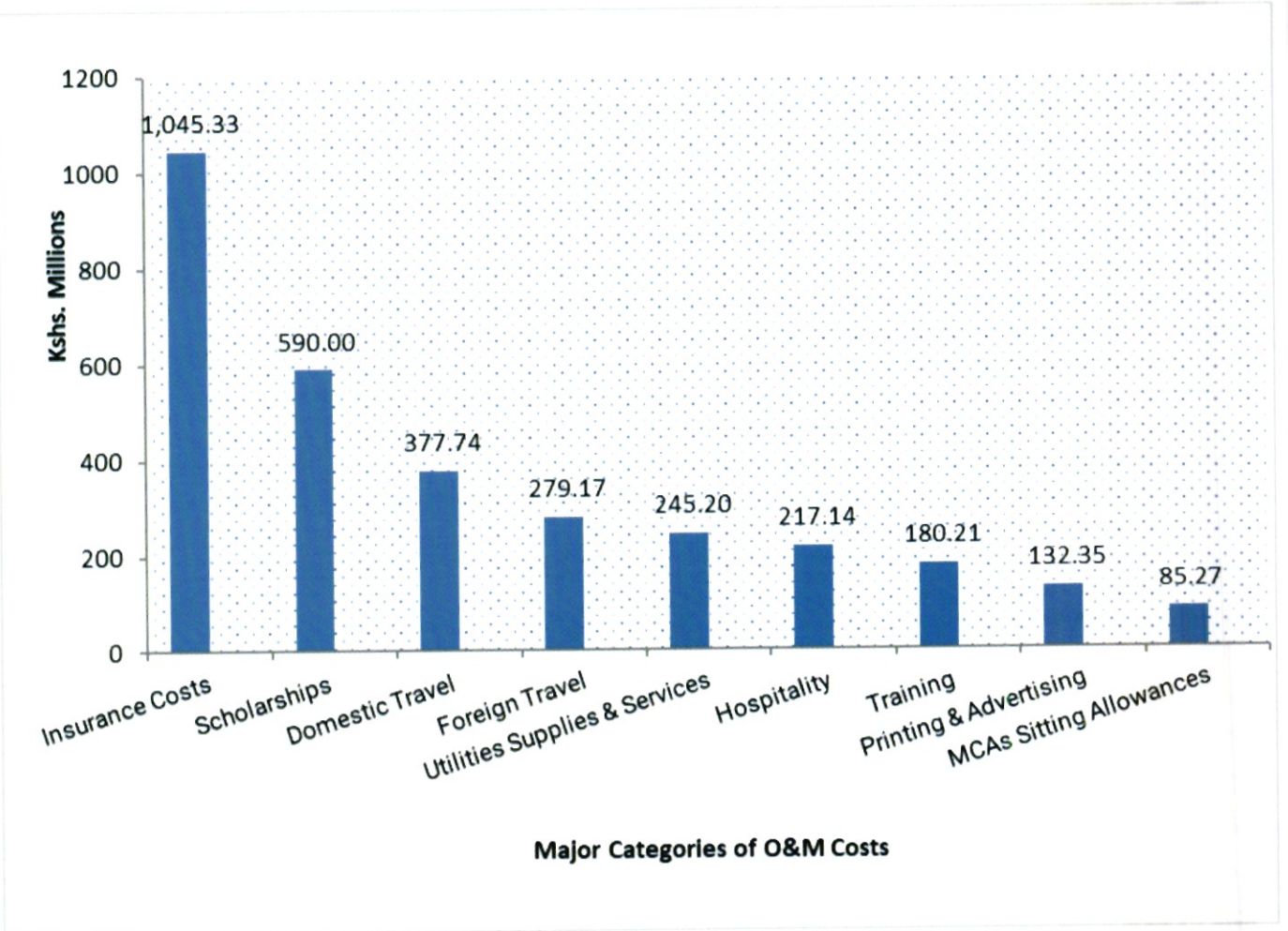
3.30.8 County Established Funds

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 make any budgetary allocation to County established funds in FY 2021/22.

3.30.9 Expenditure on Operations and Maintenance

Figure 3.60 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.60: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: *Nairobi City County Treasury*

The County Assembly spent Kshs.85.27 million on committee sitting allowances for the 124 MCAs and the Speaker against the annual budget allocation of Kshs.85.73 million. The average monthly sitting allowance was Kshs.57,308 per MCA. The County Assembly has established 25 Committees.

During the period, expenditure on domestic travel amounted to Kshs.377.74 million and comprised Kshs.164.42 million spent by the County Assembly and Kshs.213.32 million by the County Executive. Expenditure on foreign travel amounted to Kshs.279.17 million and comprised of Kshs.60.17 million by the County Assembly and Kshs.219.01 million by the County Executive.

3.30.10 Development Expenditure

The County incurred Kshs.3.02 billion on development programmes, representing a decrease of 46.4 per cent compared to FY 2020/21, when the County spent Kshs.5.63 billion. Table 3.199summarises development projects with the highest expenditure in the reporting period.

Table 3.199: Nairobi City County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Being payment for delivery of 5 no of vehicles	5312000101 Head-quarters depart-ment	City Hall	36,000,000	36,000,000	100.0

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
2	Being payment for supply and delivery of Breathing Apparatus	5312000501 Fire Department headquarters		36,250,000	35,050,000	96.7
3	Supply, delivery and installation of apparel and garment-making equipment for Jogoo road.	5319001201 Trade Development Department headquarters	Jogoo road	35,500,000	28,357,500	79.9
4	Being payment of supply delivery installation of weights and measures equipment	5319000801 Weights & Measures Department headquarters		44,036,580	17,206,000	39.1
5	Being payment for the supply and delivery of a truck	5312000701 Decentralisation headquarters	City Hall	30,914,538	16,457,000	53.2
6	Being Payment For Proposed Completion Of Mukuru Health Centre At Kwa Njenga Ward	5314001201 Debt Management Headquarters	Kwa Njenga	441,793,416	10,035,902	2.27
7	Being Rehabilitation of Kariobangi North Carpark And Outlet Drains	5314001201 Debt Management Headquarters	Kariobangi North		7,530,720	1.7
8	Being Rehabilitation of Dandora 111 Social Hall	5314001201 Debt Management Headquarters	Dandora		19,160,000	4.3
9	Being payment for supply and delivery of Hardcore For Acces Roads To Dandora Dumpsite	5314001201 Debt Management Headquarters	Dandora		14,700,000	3.3
10	Being Payment for Supply and delivery of Hardcore for Acces Roads to Dandora Dumpsite.	5314001201 Debt Management Headquarters	Dandora		19,600,000	4.4

Source: *Nairobi City County Treasury*

3.30.11 Budget Performance by Department

Table 3.200 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.200: 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	89.32	44.62	52.65	5.95	52.65	5.95	100	100	58.9	13.3
Office Of Governor & Deputy Governor	5,208.44	281.15	4,306.77	146.69	4,306.77	146.69	100	100	82.7	52.2
ICT, E-Govt & Public Communications	260.97	96.50	153.80	-	153.80	-	100	-	58.9	-
Finance & Economic Planning	4,244.31	459.79	4,036.66	199.26	4,036.66	199.26	100	100	95.1	43.3
Health	245.07	-	36.78	-	80.92	-	220	-	33.0	-

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
Urban Planning And Lands	51.86	-	16.93	-	16.93	-	100	-	32.6	-
Public Works, Transport & Infrastructure	74.78	454.43	24.42	100.00	24.42	247.07	100	247	32.7	54.4
Education, Youth Affairs, Sports, Culture & Social Services	1,941.70	302.14	1,606.84	125.76	1,606.84	125.76	100	100	82.8	41.6
Trade, Commerce, Tourism & Cooperatives	723.56	127.36	610.38	45.56	610.38	45.56	100	100	84.4	35.8
Public Service Management	1,628.69	21.00	1,126.24	2.30	1,126.24	2.30	100	100	69.2	11.0
Agriculture, Livestock Development, Fisheries & Forestry	336.17	45.70	166.46	-	166.46		1.00	-	49.5	-
County Assembly	1,545.88	53.00	1,302.94	-	1,302.94	-	100	-	84.3	-
Environment, Water, Energy & Natural Resources	52.93	-	19.24	-	19.24	-	100	-	36.3	-
Ward Development Programmes	113.21	1,492.78	16.80	264.82	16.80	264.82	100	100	14.8	17.7
Emergency Fund	470.65	-	470.65	-	470.65	-	100	-	100.0	-
Liquor Licensing Board	200.00	50.00	-	-	199.45	-	0	-	99.7	-
Nairobi Metropolitan Services	12,106.04	6,905.49	9,604.62	2,198.30	9,815.62	1,987.30	102	90	81.1	28.8
TOTAL	**29,294**	**10,334**	**23,552**	**3,089**	**24,007**	**3,025**	**101.9**	**97.9**	**82.0**	**29.3**

Source: *Nairobi City County Treasury*

Analysis of expenditure by department shows that the Department of Public Works, Transport & Infrastructure recorded the highest absorption rate of development budget at 54.4 per cent, followed by the Office of Governor & Deputy Governor at 52.2 per cent. The Department of Emergency had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Ward Development Programmes had the lowest at 14.8 per cent.

3.30.12 Budget Execution by Programmes and Sub-Programmes

Table 3.201 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.201: Nairobi City County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0701000 P1 General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	133,932,880	58,595,970	75,336,910	43.8
	Total 5311000000 COUNTY PUBLIC SERVICE BOARD	133,932,880	58,595,970	75,336,910	43.8
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	693,805,647	474,077,307	219,728,341	68.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	0718025310 Sp2 Sub County Administration	1,849,320,899	1,610,813,511	238,507,388	87.1
	0718075310 Sp7 County Executive	236,289,369	146,756,972	89,532,397	62.1
	0718095310 Sp9 Audit	107,501,454	66,152,925	41,348,529	61.5
0724005310 P 24 Security and Safety Management	0724055310 Inspectorate	1,181,988,402	1,002,379,657	179,608,745	84.8
	0724015310 sp 24.1 investigative Services	53,966,941	22,326,369	31,640,572	41.4
P; 0726005310:Disaster Management Coordination	072601510: Fire & Disaster Management	546,530,595	485,820,010	60,710,585	88.9
0725005310 P 25 management of legal affairs	0725015310 sp 25.1 legal services	820,191,479	545,126,119	275,065,360	66.5
	Total 5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	5,489,594,786	4,353,452,868	1,136,141,918	79.3
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	131,613,068	92,602,176	39,010,892	70.4
0208000 P2: Information And Communication Services	0208010 SP 2.1: News And Information Services	61,128,403	22,697,800	38,430,603	37.1
	0208030 SP 2.3: ICT and Media Regulatory Services	18,129,108	3,384,500	14,744,608	18.7
	0208040 SP 2.4 E-Government Services	60,944,363	8,818,400	52,125,963	14.5
0210005310 ICT Infrastructure Development	0210010 SP1: ICT Infrastructure Connectivity	69,466,288	12,400,000	57,066,288	17.9
	0210035310 sp 3:Information Security	16,185,300	13,900,000	2,285,300	85.9
	Total 5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	357,466,530	153,802,876	203,663,654	43.0
0701005310 Public Financial Management	0701015310 Assets Management Services	280,722,542	234,670,562	46,051,980	83.6
	0701065310 sp1.6 Accounting Services	1,702,631,217	2,023,708,998	(321,077,781)	118.9
	0701075310 sp1.7 Budget Formulation Coordination and mgt	297,195,306	206,398,080	90,797,226	69.4
	0701085310 sp1.8 Resource Mobilisation	846,883,610	664,600,944	182,282,666	78.5
	070115310 Debt Management Services	749,888,919	714,842,980	35,045,939	95.3
	0718085310 Sp8 Supply Chain Management	126,967,698	107,763,543	19,204,155	84.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0718015310 Sp1 General Administration & Support Services	0718015310 Sp1 General Administration & Support Services	481,443,787	311,476,909	169,966,878	64.7
0719000 P3: Economic and Financial Policy Formulation and Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	113,371,579	72,458,333	40,913,246	63.9
	Total 5314000000 FINANCE & ECONOMIC PLANNING	4,599,104,658	4,335,920,349	263,184,309	94.3
5315001200 Reproductive Health, Maternal Health (RMNCAH)		144,815,852	-		-
0404005310 General administration, planning and support services	0404015310 Sp4.1 Administration/Human Resource for Health	100,254,954	36,782,389	63,472,565	36.7
	Total 5315000000 HEALTH	245,070,806	36,782,389	63,472,565	15.0
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	51,864,014	16,928,113	34,935,901	32.6
	Total 5316000000 URBAN PLANNING AND LANDS	51,864,014	16,928,113	34,935,901	32.6
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	529,215,349	24,422,949	504,792,400	4.6
	Total 5317000000 PUBLIC WORKS, TRANSPORT & INFRASTRUCTURE	529,215,349	24,422,949	504,792,400	4.6
0508005310 General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,572,997,092	1,411,960,454	161,036,638	89.8
0509005310 P9 Education services	0509015310 sp 9.1 Quality Assurance and Co-curriculum	1,280,951	104,000	1,176,951	8.1
	0509025310 sp 9.2 Early Childhood Development Centres	192,270,000	84,203,445	108,066,555	43.8
	0509035310 sp 9.3 Technical and Vocational Training	52,631,593	396,400	52,235,193	0.8
0902005310 2.1 Social Services	0902015310 General Administration & Support Services	181,865,713	161,563,155	20,302,558	88.8
	0902025310 Sp.2.2 Gender and Community Empowerment	82,439,373	22,391,400	60,047,973	27.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	0902045310 Sp2.4 Development and promotion of sports	61,030,251	7,386,925	53,643,326	12.1
	0902055310 Sp2.5 Youth Empowerment and Promotion	82,537,521	41,592,370	40,945,151	50.4
	0902065310 Sp 2.6 Social welfare and care for the Aged	7,637,182	-	7,637,182	-
	0902075310 Sp 2.7 Promotion of Library and Information Services	1,444,191	-	1,444,191	-
	0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	7,698,969	2,998,900	4,700,069	39.0
	Total 5318000000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	2,243,832,836	1,732,597,050	511,235,786	77.2
0301000 P.1 General Administration Planning and Support Services	0301010 SP1 General Administration Planning and Support Services	262,219,721	241,654,972	20,564,749	92.2
0310005310 P.10 Co-operative Development and Audit Services	0310015310 sp 10.1 Cooperative Development Services	25,673,198	1,776,975	23,896,223	6.9
	0310025310 sp 10.2 Cooperative Audit Services	6,405,915	305,000	6,100,915	4.8
0311005310 P.11 Tourism Promotion and Marketing	0311015310 sp 11.1 Tourism Development	58,154,117	35,125,100	23,029,017	60.4
0312005310 P.12 Trade development and Market Services	0312015310 sp 12.1 Trade Development	322,233,032	333,897,800	(11,664,768)	103.6
	0312025310 sp 12.2 Market Services	106,369,492	20,485,100	85,884,392	19.3
	0313025310 sp 13.2 Weights & Measures Services	13,592,954	5,691,200	7,901,754	41.9
	0313035310 sp 13.3 Trade Licensing Services	23,270,850	382,400	22,888,450	1.6
	0313045310 sp 13.4 Betting & Gaming Services	32,995,661	14,027,400	18,968,261	42.5
	Total 5319000000 TRADE,COMMERCE,TOURISM & COOPERATIVES	850,914,940	653,345,947	197,568,993	76.8
0701000 P1 General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	566,043,571	288,149,113	277,894,458	50.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0710000 P 5: Public Service Transformation	0710010 S.P.5.1 Human Resource Management	814,235,345	778,105,080	36,130,265	95.6
	0710020 S.P.5.2 Human Resource Development	244,937,827	55,599,824	189,338,003	22.7
0723005310 P 23 Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	13,861,768	1,882,000	11,979,768	13.6
	0723025310 sp 23.2 Governance Monitoring and Evaluation	6,936,271	1,394,900	5,541,371	20.1
	0723035310 sp 23.3 Quality Management Systems and ISO certification	3,671,692	1,112,400	2,559,292	30.3
	Total 5320000000 PUBLIC SERVICE MANAGEMENT	1,649,686,474	1,126,243,317	523,443,157	68.3
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	220,217,957	150,131,816	70,086,141	68.2
P;0119005310:Urban Agriculture Promotion & Regulation	019015310: Crop Development and Management	70,165,204	11,508,360	58,656,844	16.4
	0119025310: Fisheries Development and Management	31,224,871	604,600	30,620,271	1.9
	0119035310: Livestock Resources management and development	14,881,283	1,329,800	13,551,483	8.9
0116005310 P.10:- Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	14,143,917	1,210,000	12,933,917	8.6
0117005310 P.11:Aforestation	0117015310 sp 11.1 Forestry Services	15,048,026	294,400	14,753,626	2.0
0118015310 Food Systems and Surveillance	0118015310 sp18:1 Food Systems and Surveillance Services	15,989,164	1,378,700	14,610,464	8.6
	Total 5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	381,670,422	166,457,676	215,212,746	43.6
1001005310 P1 General Administration & Support Services	1001015310 Sp1 General Administration & Support Services	52,934,581	19,243,824	33,690,757	36.4
	Total 5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	52,934,581	19,243,824	33,690,757	36.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0 2 1 4 0 0 5 3 1 0 P8:Ward Development	0214015310 sp 8.1 Ward Development & Administration	1,605,992,681	281,613,272	1,324,379,409	17.5
	Total 5325000000 WARD DEVELOPMENT FUND	1,605,992,681	281,613,272	1,324,379,409	17.5
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	470,655,510	470,655,510	-	100.0
	5326000000 EMERGENCY FUND	470,655,510	470,655,510	-	100.0
0313015310 sp 13.1 Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	199,453,345	50,546,655	79.8
	Total 5327000000 LIQUOR LICENSING BOARD	250,000,000	199,453,345	50,546,655	79.8
Legislation & Representation	Office of the Speaker	9,196,150	2,792,422	6,403,728	30.4
	County Legislature	736,909,687	438,068,850	298,840,837	59.4
Oversight	Committees Services	166,148,587	92,887,086	73,261,501	55.9
General Administration and Support Services	County Assembly Service Board	24,691,205	13,350,174	11,341,031	54.1
	Office of the Clerk	608,926,458	338,735,946	270,190,512	55.6
	Total COUNTY ASSEMBLY	1,545,872,087	885,834,479	660,037,608	57.3
	5328000100 Nairobi Metropolitan Services	19,011,527,000	11,802,918,463	1,337,798,135	62.1
	TOTAL NAIROBI METROPOLITAN SERVICES	19,011,527,000	11,802,918,463	1,337,798,135	62.1
Grand Total		**39,627,536,000**	**27,031,484,853**	**12,596,051,147**	**68.2**

Source: *Nairobi City County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Accounting Services in the department of Finance & Economic Planning at 118.9 per cent, Trade development and Market Services in the Department of Trade, Commerce, Tourism & Cooperatives at 103.6 per cent, General Administration and Support services in the Department of Emergency Fund at 100 per cent, and Public Service Transformation in the Department of Public Service Management at 95.6 per cent of budget allocation. An absorption rate above 100 per cent is irregular and points to a weak internal control system in the County Government.

3.30.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.3.02 billion in FY 2021/22 from the annual development budget allocation of Kshs.10.33 billion. The development expenditure represented 29.3 per cent of the annual development budget.
2. A high wage bill, which accounted for 49.8 per cent of the annual realised revenue of Kshs.26.95 billion in FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.9.24 billion against an annual projection of Kshs.19.36 billion, representing 47.1 per cent of the annual target.
4. High level of pending bills and failure by the County to prepare a satisfactory payment plan to settle these bills. The reported outstanding pending bills were worth Kshs.99,058,655,235 as of the end of the financial year.

5. 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 submitted on 11th August 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay.*
5. *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.*

3.31 County Government of Nakuru

3.31.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.23.51 billion, comprising Kshs.10.66 billion (45.3 per cent) and Kshs.12.85 billion (54.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.13.03 billion (55.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.3.38 billion (14.4 per cent) from its own sources of revenue (inclusive of A-I-A), and a cash balance of Kshs.5.70 billion (24.2 per cent) from FY 2020/21. The County also expected to receive Kshs.1.41 billion (6 per cent) as conditional grants, which consisted of Kshs.23.21 million from DANIDA, Kshs.120.37 from Kenya Devolution Support Program (KDSP) Level II, Kshs.269.56 from World Bank National Agricultural and Rural inclusive growth Projects (NARIGP), Kshs.26.34 million from Agricultural Sector Development Support Projects (ASDSP II), Kshs.429.74 million from Kenya Urban Support Project (KUSP) - Urban Development Grant, Kshs.300 million from Kenya Informal Settlement Improvement Project II (KISIP II), Kshs.10 million from Nutrition International Grant, Kshs.153.30 million from Leasing of Medical Equipment and Kshs.79.79 from World Bank THS-UC.

3.31.2 Revenue Performance

In FY 2021/22, the County received Kshs.11.98 billion as the equitable share of the revenue raised nationally, raised Kshs.3.26 billion as own-source revenue (inclusive of A-I-A), Kshs.302.54 million as conditional grants, and had a cash balance of Kshs.5.70 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.21.24 billion, as shown in Table 3.202.

Table 3.202: Nakuru County, Revenue Performance in FY 2021/22

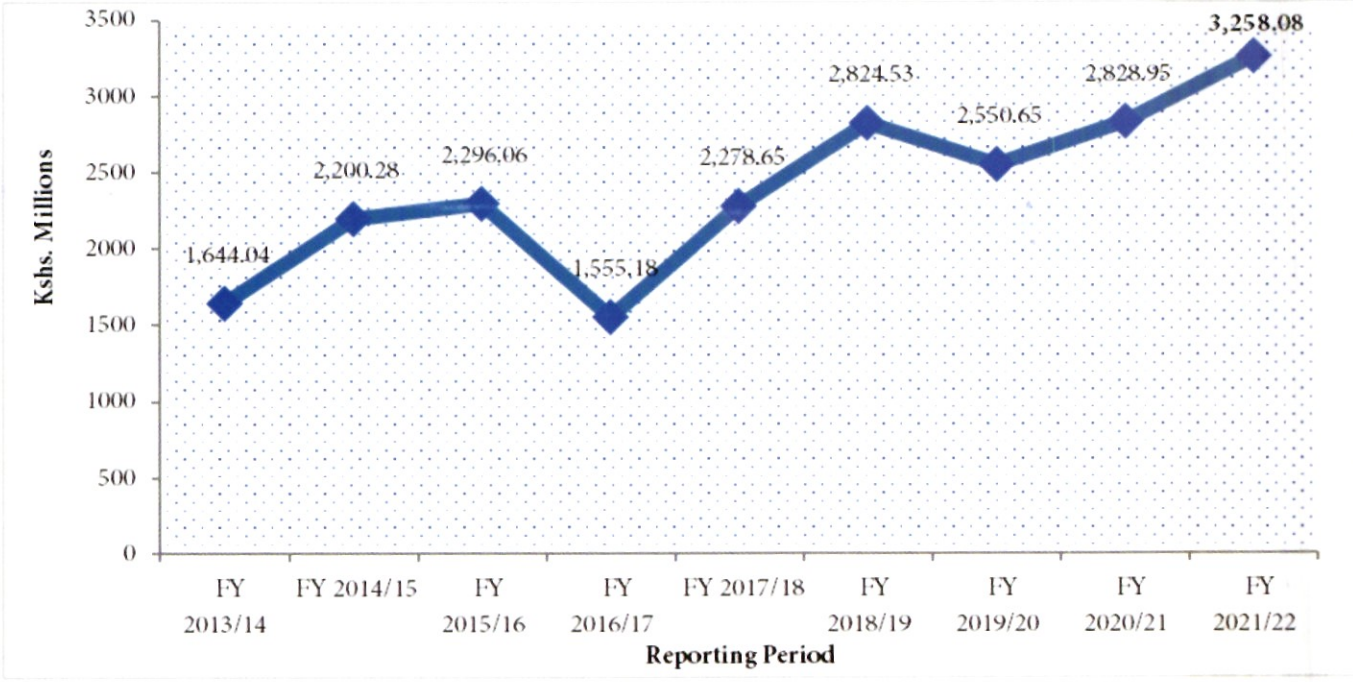
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**13,026,116,323**	**11,984,027,016**	**92.0**
Sub Total		**13,026,116,323**	**11,984,027,016**	**92.0**
B	**Other Sources of Revenue**			
5.	Own Source Revenue	1,980,000,000	1,760,744,685	86.2
6.	Conditional Grants	1,412,322,231	302,543,216	21.4
7.	Balance b/f from FY 2020/21	5,695,548,026	5,695,548,026	100.0
8.	Other Revenues (Facility Improvement Fund)	1,400,000,000	1,550,628,478	110.8
Sub Total		**10,487,870,257**	**9,256,167,405**	**88.3**
Grand Total		**23,513,986,580**	**21,240,194,421**	**90.3**

Source: *Nakuru County Treasury*

The table above shows that the other revenues, which are entirely FIF in the Department of Health, surpassed their annual target by 10.8 per cent.

Figure 3.61 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.61: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Nakuru County Treasury*

In FY 2021/22, the County generated a total of Kshs.3.26 billion as own-source revenue. This amount represented an increase of 15.2 per cent compared to Kshs.2.83 billion realised in FY 2020/21 and was 86.2 per cent of the annual target. The County has implemented an automated OSR collection system called County Integrated Financial Management System (CIFOMS). The increase can be attributed to implementing additional revenue-raising strategies such as improved surveillance, mapping and automated reinforcements.

3.31.3 Exchequer Issues

The Controller of Budget approved Kshs.17.12 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.5.19 billion (30.3 per cent) for development programmes and Kshs.11.93 billion (69.7 per cent) for recurrent programmes, as shown in Table.

3.31.4 Overall Expenditure Review

The County spent Kshs.15.54 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.8 per cent of the total funds released by the CoB and comprised of Kshs.5.48 billion and Kshs.10.06 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 51.6 per cent, while recurrent expenditure represented 78.3 per cent of the annual recurrent expenditure budget.

3.31.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.245.16 million. During the period under review, pending bills amounting to Kshs.169.11 million were settled.

Table 3.203: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
Recurrent Expenditure	Not Categorised	Not Categorised	Not Categorised	Not Categorised	503,575,379
Development Expenditure	Not Categorised	Not Categorised	Not Categorised	Not Categorised	302,310,929
Total	**245,164,388**	**169,114,821**	**78,549,567**	**727,336,742**	**805,886,309**

Source: *Nakuru County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs. 805.89 million included the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.245.16 million, out of which the County has settled bills amounting to Kshs.169.11 million, leaving a balance of Kshs.78.55 million as of 30th June 2022.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.6.39 billion on employee compensation, Kshs.2.57 billion on operations and maintenance, and Kshs.5.17 billion on development activities. Similarly, the County Assembly spent Kshs.418.65 million on employee compensation, Kshs.680.73 million on operations and maintenance, and Kshs.329.76 million on development activities, as shown in Table 3.146.

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	**11,648,835,291**	**1,202,212,204**	**8,963,059,872**	**1,099,386,259**	**76.9**	**91.4**
Compensation to Employees	7,030,755,182	418,753,246	6,392,497,836	418,654,509	90.9	100.0
Operations and Maintenance	4,618,080,108	783,458,958	2,570,146,523	680,731,749	55.7	86.9
Development Expenditure	10,278,543,883	384,395,202	5,170,146,523	329,763,125	50.3	85.8
Total	**21,927,379,174**	**1,586,607,406**	**14,133,206,395**	**1,429,149,384**	**64.5**	**90.1**

Source: *Nakuru County Treasury*

3.31.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 32.1 per cent of the annual realised revenue of Kshs.21.24 billion.

Personnel emoluments amounting to Kshs.5.75 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.1.06 billion was processed through manual payrolls. The manual payroll accounted for 15.6 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.6.81 billion includes Kshs.4.89 billion attributable to the health sector, which translates to 71.9 per cent of the total wage bill in the reporting period.

3.31.8 County Established Funds

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 Ksh.626.90 million to county-established funds in FY 2021/22, constituting 2.9 per cent of the County's overall budget for the year. Table 3.205 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.205: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Emergency Fund	100,500,000	84,929,862	Yes	84.5
2.	Nakuru County Persons Living with disability Fund	71,634,886	17,136,215	Yes	23.9
3.	Bursary Fund	254,763,210	254,763,210	Yes	100.0
4.	Nakuru County Assembly MCA Car and Mortgage Loan	100,000,000	50,000,000	Yes	50.0
5.	Nakuru County Executive Car and Mortgage Loan	40,000,000	40,000,000	Yes	100.0
6.	Nakuru County Enterprise Fund	60,000,000	-	Yes	-
Total		**626,898,096**	**431,406,287**		**68.8**

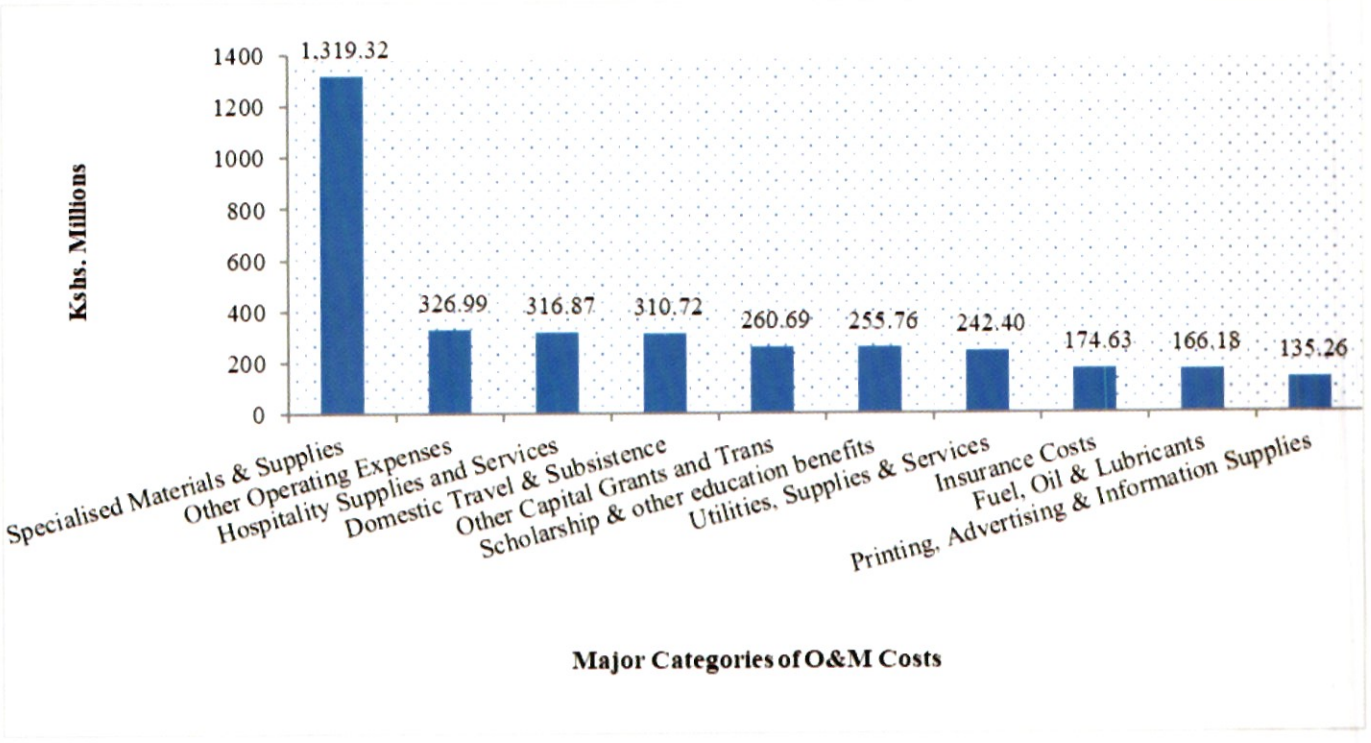
Source: *Nakuru County Treasury*

The OCoB received quarterly financial returns from the Fund Administrators, as indicated in Table 3.205.

3.31.9 Expenditure on Operations and Maintenance

Figure 3.62 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.62: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury*

The County Assembly spent Kshs.73.53 million on committee sitting allowances for the 73 MCAs and the Speaker against the annual budget allocation of Kshs.73.53 million. The average monthly sitting allowance was Kshs.83,935 per MCA. The County Assembly has established 21 Committees.

During the period, expenditure on domestic travel amounted to Kshs.310.72 million and comprised Kshs.111.52 million spent by the County Assembly and Kshs.199.20 million by the County Executive. Expenditure on foreign travel amounted to Kshs.114.75 million and comprised of Kshs.74.07 million by the County Assembly and Kshs.40.68 million by the County Executive.

3.31.10 Development Expenditure

The County incurred Kshs.5.48 billion on development programmes, representing an increase of 12.7 per cent compared to FY 2020/21 when the County spent Kshs. 4.88 billion. Table 3.206 summarises development projects with the highest expenditure in the reporting period.

Table 3.206: Nakuru County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Naivasha Municipality	Construction of Naivasha Market Phase 2	Naivasha	252,973,477	260,000,000	115,587,322	45.7	Project Ongoing
Infrastructure	Conditional Grant-Road Maintenance Levy Fund	Nakuru	Not Provided	290,544,581	164,229,860	56.5	Project Ongoing
County Treasury	Construction of County Treasury	County Headquarters	886,000,000	150,000,000	149,999,999	16.9	Project Ongoing
Nakuru Municipality	Proposed construction of Afraha Stadium Phase 1	Bahati Ward	348,000,000	219,603,423	128,396,577	36.9	Project Ongoing
Health Services	Acquisition, installation and commissioning of a 2000 litre/pm oxygen plant in PGH	PGH	118,813,958	119,019,995	102,757,514	86.4	Project Ongoing
Naivasha Municipality	Improvement of 3km roads in Lakeview ward to bitumen standards and construction of related infrastructure	Naivasha Municipality	89,133,075	89,133,075	89,133,075	Not Provided	Project Ongoing
Health Services	Upgrading of Molo Sub County Hospital	Molo	150,095,777	74,917,206	73,677,860	49.1	Project Ongoing
Health Services	Completion of Outpatients complex (PGH)	PGH	760,879,085	69,212,237	68,578,083	99.0	Project Ongoing
Nakuru Municipality	Proposed NMT, street lighting and drainage within Nakuru CBD	Nakuru Municipality	80,750,000	95,000,000	72,587,859	89.9	Project Ongoing

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
Naivasha Municipality	Completion of Construction of Naivasha Municipal park, construction of drainage and NMT facilities on adjoining Roads	Naivasha Municipality	69,229,960	69,229,960	22,207,215	32.1	Project Ongoing

Source: *Nakuru County Treasury*

3.31.11 Budget Performance by Department

Table 3.207 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.207: 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	1,202.21	384.40	1,148.99	329.76	1,099.37	329.76	95.7	100.0	91.4	85.8
Finance and Economic Planning	1,196.36	519.40	1,137.68	410.86	622.19	363.60	54.7	88.5	52.0	70.0
Public Service Training and Devolution	839.37	71.65	818.81	35.39	317.43	19.41	38.8	54.9	37.8	27.1
Agriculture, Livestock and Fisheries	620.23	806.54	610.47	482.20	460.53	430.21	75.4	89.2	74.3	53.3
Lands, Physical Planning and Housing	163.68	1095.25	153.14	164.28	125.63	367.39	82.0	223.6	76.8	33.5
Office of the Governor and Deputy Governor	342.02	103.49	322.97	60.32	204.63	62.35	63.4	103.4	59.8	60.2
Education, ICT and E-Government	822.67	668.98	722.90	180.27	618.67	177.63	85.7	98.5	75.2	26.6
Trade, Industry Marketing and Tourism	252.68	307.55	249.06	155.90	107.59	146.26	43.2	93.8	42.6	47.6
Youth, Culture, Sports and Social Services	439.93	253.42	401.61	110.10	280.69	118.78	69.9	107.9	63.8	46.9
Infrastructure, Roads, Public Works and Transport	393.93	2407.36	391.74	1625.27	367.40	1582.06	93.8	97.3	93.3	65.7
Environment, Water, Energy and Natural Resources	356.79	1,133.33	345.35	437.90	276.33	476.77	80.0	108.9	77.5	42.1
Health Services	6,030.28	1,586.81	5,496.40	600.00	5,436.24	771.69	98.9	128.6	90.1	48.6
CPSB	98.29	11.18	81.87		79.49	-	97.1	-	80.9	-
Nakuru Municipality	54.47	840.38	28.04	409.40	27.77	260.84	99.0	63.7	51.0	31.0

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
Naivasha Municipality	38.47	473.21	26.07	187.02	38.47	393.15	147.6	210.2	100	83.1
	12,851.05	**10,662.94**	**11,934.31**	**5,188.67**	**10,062.45**	**54,99.91**	**84.3**	**106.0**	**78.3**	**51.6**

Source: *Nakuru County Treasury*

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of the development budget at 85.8 per cent, while the County Public Service Board (CPSB) did not report any expenditure on the development budget. The Naivasha Municipality had the highest percentage of recurrent expenditure to budget at 100.0 per cent, while the Department of Public Service, Training and Devolution had the lowest at 37.8 per cent.

3.31.12 Budget Execution by Programmes and Sub-Programmes

Table 3.208 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.208: Nakuru County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Finance and Economic Planning					
Programme 1: Administration, Planning and Support Services	SP 1.1: Administration Services	401,194,096	386,797,200	14,396,896	96.4
	Sp 1.2: Personnel Services	552,772,189	511,654,148	41,118,041	92.6
Sub Total		**953,966,285**	**898,451,348**	**55,514,937**	**94.2**
Programme 2: Public Finance Management	SP 2.1: Budget Formulation Coordination and Management	68,407,062	67,437,481	969,581	98.6
	SP 2.2: Resource Mobilisation	83,630,120	79,009,672	4,620,448	94.5
	SP 2.3: Internal Audit	34,644,521	32,546,554	2,097,967	93.9
	SP 2.4: Procurement	18,120,293	17,175,127	945,166	94.8
	SP 2.5: Public Finance and Accounting	26,536,381	24,562,317	1,974,064	92.6
	SP 2.6: Debt Management	246,236,208	216,550,694	29,685,514	87.9
	SP 2.7: External Resource Mobilization	11,923,988	11,732,692	191,296	98.
Sub Total		**489,498,573**	**449,014,537**	**40,484,036**	**91.7%**
Programme 3: Economic and Financial Policy Formulation and Management	SP 3.1: Fiscal Planning	29,960,301	27,310,033	2,650,268	91.2
	SP 3.2: Monitoring & Evaluation / Statistical Data Management	9,626,747	8,571,196	1,055,551	89.0
	SP 3.3: KDSP Programme	232,715,207	111,558,895	121,156,312	47.9
Sub Total		**272,302,255**	**147,440,124**	**124,862,131**	**54.1**
Department of Public Service Training and Devolution					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 1 Administration, Planning and Support service	Sub-programme 1.1(Administration service)	202,357,877	200,880,920	1,476,957	99.3
	Sub-programme 1.2(Personal Service)	543,295,896	543,038,210	257,686	100.0
	Sub-programme 1.3(Financial Service)	500,000	-	500,000	0.0
	Sub-programme 1.4(Co-ordination of Public and Special Community Programme)	3,550,000	2,777,550	772,450	78.2
	Sub-programme 1.5(Mainstream Workplace HIV/ AIDS, Alcohol & Drug Abuse Control)	2,000,000	579,600	1,420,400	29.0
	Sub-programme 1.6(Rehabilitation/Construction of Sub County Offices)	85,119,295	19,413,295	65,706,000	22.8
Sub Total		**836,823,068**	**766,689,575**	**70,133,493**	**91.6**
Programme 2:Legal Services	Sub-programme 2.1(Legal Services to County Government and Public)	10,575,000	8,097,425	2,477,575	76.6
	Sub-programme 2.2 (Co-ordination of County Compliance and enforcement services)	5,625,000	4,417,730	1,207,270	78.5
Sub Total		**16,200,000**	**12,515,155**	**3,684,845**	**77.3**
Programme 3: Human Resource Management and Development	Sub-programme 3.1 Performance Contracting	5,000,000	3,850,000	1,150,000	77.0
	Sub-programme 3.2 Performance Appraisal System	5,000,000	4,227,625	772,375	84.6
	Sub-programme 3.3 Staff development Through Capacity Building and Training	70,603,631	61,953,296	8,650,335	87.7
Sub Total		**80,603,631**	**70,030,921**	**10,572,710**	**86.9**
Programme 4: Disaster Management and Humanitarian Assistance	Sub-programme 4.1 Disaster Management and Humanitarian Assistance	5,500,000	3,314,038	2,185,962	60.3
Sub Total		**5,500,000**	**3,314,038**	**2,185,962**	**60.3**
Department of Agriculture, Livestock and Fisheries					
Programme 1: Administration, Planning and Support Services	SP 1.1: Human Resources Services	336,085,782	326,018,973	10,066,809	97.0
	SP 1.2: Administration, Planning and Support Services	378,075,953	260,514,185	117,561,768	68.9
Sub Total		**714,161,735**	**586,533,158**	**127,628,577**	**82.1**
Programme 2: Livestock Resource Management and Development	SP 2.1: Livestock Production and Management	151,346,882	74,047,465	77,299,417	48.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 2.2: Promotion of Value Addition of Livestock and Livestock Products	29,203,118	21,509,375	7,693,743	73.7
	SP 2.3: Livestock Extension Service Delivery	29,230,295	21,059,150	8,171,145	72.0
	SP 2.4: Food Safety and Livestock Products Development	9,050,000	6,041,000	3,009,000	66.8
	SP 2.5: Livestock Disease Management and Control	50,383,413	31,873,198	18,510,215	63.3
Sub Total		**269,213,708**	**154,530,188**	**114,683,520**	**57.4**
Programme 3: Fisheries Development	SP 3.1: Aquaculture development	10,500,000	5,799,199	4,700,801	55.2
	SP 3.2: Development of capture fisheries resources	3,871,070	2,320,550	1,550,520	59.9
	SP 3.3: Fish quality assurance, value addition and marketing	2,562,140	1,645,290	916,850	64.2
Sub Total		**16,933,210**	**9,765,039**	**7,168,171**	**57.7**
Programme 4: Crop Development and Management	SP 4.1: Extension, Research and Training	6,308,006	3,247,875	3,060,131	51.5
	SP 4.2: Crop Production and Food Security	297,601,617	225,015,863	72,585,754	75.6
	SP 4.3: Farmland utilisation, Conservation and Mechanisation	5,775,287	4,021,750	75,645,885	69.6
	SP 4.4: Agribusiness Development and Marketing	4,020,230	3,175,260	844,970	79.0
	SP 4.5: Agri-nutrition	755,057	563,750	191,307	74.7
Sub Total		**314,460,197**	**236,024,498**	**152,328,047**	**75.1**
Department of Lands, Physical Planning and Housing					
Programme 1: Administration, Planning, Management and Support Services	SP 1.1 Administration and financial service	138,172,848	113,533,369	24,639,480	82.2
Sub Total		**138,172,848**	**113,533,369**	**24,639,480**	**82.2**
Programme 2: Land Use Planning and Survey	SP 2.1 Nakuru County Land use plan	1,083,412,309	358,887,695	724,524,614	33.1
	SP 2.2 Land Information Management System (LIM)	3,400,000	2,235,000	1,165,000	65.7
	SP 2.3 Surveying and Mapping of county	9,357,748	2,068,946	7,288,802	22.1
	SP 2.4 Urban Plan and Development	1,925,000	1,500,000	425,000	77.9
	SP 2.5 Surveying of Urban Centres	1,348,045	1,200,000	148,045	89.0
	SP 2.6 Surveying of County Estate and facilitation of Lease processing	1,500,000	1,425,000	75,000	95.0
	SP 2.7 Establishment of a Survey Centre and Mapping Centre	1,000,000	900,000	100,000	90.0
Sub Total		**1,101,943,102**	**368,216,641**	**733,726,461**	**33.4**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 3: Housing Development and Management	SP 3.1 Maintenance of County Houses	6,310,000	2,771,389	3,538,611	43.9
	SP 3.2 Housing Technology Establishment of five Constituency Building Technology Centres	12,500,000	8,499,313	4,000,687	68.0
	SP 3.3 Development of Housing Infrastructure	-	-	-	
Sub Total		**18,810,000**	**11,270,702**	**7,539,298**	**59.9**
Office of the Governor and Deputy Governor -					
Administration, Planning and Support	Administration and Planning	259,804,704	60,194,391	199,610,313	23.2
	Personnel Services	94,514,968	7,232,773	87,282,195	7.7
Sub Total		**354,319,672**	**67,427,164**	**286,892,508**	**19.0**
Management of County Affairs	County Executive Services	14,352,112	1,644,820	12,707,292	11.5
	Policy Direction and Co-ordination	82,176,056	53,664,930	28,511,126	65.3
	County Policing Services	4,305,633	2,123,000	2,182,633	49.3
	Leadership and Governance	2,870,422	1,200,300	1,670,122	41.8
Sub Total		**103,704,223**	**58,633,050**	**45,071,173**	**56.5**
Co-ordination and Supervisory Services	The organisation of County Business	21,528,167	10,820,000	10,708,167	50.3
	Special Programmes	7,176,056	5,400,200	1,775,856	75.3
Sub Total		**28,704,223**	**16,220,200**	**12,484,023**	**56.5**
Department of Education, ICT and E-Government					
Programme 1: Administration, Planning and Support Services	S.P. 1:1 Personnel services	374,561,593	242,649,217	131,912,376	64.8
	S.P. 1:2 Administration and Support Services	599,242,852	196,768,858	402,473,994	32.8
	S.P. 1.3: Financial services				-
-Sub Total		**973,804,445**	**439,418,075**	**534,386,370**	**45.1**
Programme 2: Promotion of Early Childhood Education and Development	S.P. 2.1: Promotion of early childhood	36,639,846	10,146,840	26,493,006	27.7
	S.P. 2.2: Bursaries	254,763,210	254,763,209	1	100.0
	S.P. 2.3: Education development	19,311,176	-	19,311,176	0.0
Sub Total		**310,714,232**	**264,910,049**	**45,804,183**	**85.3**
Programme 3: Vocational Training	S.P. 3.1: Vocational training	81,437,259	69,674,046	11,763,213	85.6
	S.P. 3.2: Revitalisation of the youth programme	77,049,914	-	77,049,914	0.0
Sub Total		**158,487,173**	**69,674,046**	**88,813,127**	**44.0**
Programme 4: Information and Communication Service	S.P. 4.1: Public Communication and Media Services	18,491,437	10,185,856	8,305,581	55.1
Sub Total		**18,491,437**	**10,185,856**	**8,305,581**	**55.1**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 5: ICT Infrastructure Development and e-Government Services	S.P. 5.1: Network Infrastructure	6,800,000	-	6,800,000	0.0
	S.P. 5.2: Hardware and Software platforms	5,000,000	4,989,000	11,000	99.8
	S.P. 5.3: e-Government Services	18,352,000	7,119,516	11,232,484	38.8
Sub Total		**30,152,000**	**12,108,516**	**18,043,484**	**40.2**
Department of Trade, Industry Marketing and Tourism					
Programme 1: Administration, Planning and Support Services	SP 1.1: Administration, Planning and Support Services	49,252,574	44,146,195	5,106,379	89.6
	SP 1.2: Personnel Services	77,252,979	48,717,329	28,535,650	63.1
	SP 1.3: Financial Services				-
Sub Total		**126,505,553**	**92,863,523**	**33,642,030**	**73.4**
Programme 2: Cooperative Development and Management	SP 2.1: Enhance Marketing Cooperatives	24,700,000	2,949,950	21,750,050	11.9
	SP 2.2: Sacco Member Empowerment	5,646,036	4,471,114	1,174,922	79.2
	SP 2.3: Enforcement of Compliance in Cooperatives	1,863,964	1,451,000	412,964	77.8
	SP 2.4: Extension Services	2,600,000	1,933,060	666,940	74.3
Sub Total		**34,810,000**	**10,805,124**	**24,004,876**	**31.0**
Programme 3: Commerce and Enterprise	SP.3:1 Business Development Services for SMEs	10,500,000	-	10,500,000	0.0
	SP 3.2: Facilitating Producer Business Groups (PBGs)	3,840,000	3,233,723	606,277	84.2
	SP 3.3: SME Funding	52,000,000	-	52,000,000	0.0
	SP 3.4: Trade Licensing	2,800,000	2,125,275	674,725	75.9
	SP 3.5: Consumer Protection	4,455,000	3,272,900	1,182,100	73.5
Sub Total		**73,595,000**	**8,631,898**	**64,963,102**	**11.7**
Programme 4: Market Rehabilitation and Development	SP 4.1: Rehabilitation and Renovation of Existing Markets	265,354,558	137,320,753	128,033,805	51.7
	SP 4.2: Development of Retail and Wholesale Markets in Nakuru	7,500,000	5,989,050	1,510,950	79.9
	SP 4.3: Market Users Delivery Services	43,720,030	42,408,423	1,311,607	97.0
Sub Total		**316,574,588**	**185,718,226**	**130,856,362**	**58.7**
Programme 5: Promotion of Tourism and Markets	SP 5.1: Promotion of Local Tourism	4,750,000	4,549,384	200,616	95.8
	SP 5.2: Establishment and Management of County Tourism Information Centre	4,000,000		4,000,000	0.0
Sub Total		**8,750,000**	**4,549,384**	**4,200,616**	**52.0**
Department of Youth, Culture, Sports and Social Service					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 1: Administration, Planning and Support Services	SP 1.2 Administration	154,460,078	85,571,856	68,888,222	55.4
	SP 1.3 Personnel services	114,639,196	3,765,942	110,873,254	3.3
	SP 1.4 Financial services	2,090,000	1,454,855	635,146	69.6
Sub Total		**271,189,274**	**90,792,652**	**180,396,622**	**33.5**
Programme 2: Development of Socio-Cultural Diversity, Economic Empowerment and Responsible Gaming	SP 2.2 Cultural development activities	17,241,000	4,240,390	13,000,610	24.6
	SP 2.3 Gender development activities	6,500,000	5,544,100	955,900	85.3
	SP 2.4 Promotion of responsible gaming.	1,800,000	829,142	970,858	46.1
	SP 2.5 Social Development activities	13,242,866	8,799,574	4,443,292	66.4
	SP 2.6 Social Cultural Development	14,640,737	9,224,300	5,416,437	63.0
Sub Total		**53,424,603**	**28,637,506**	**24,787,097**	**53.6**
Programme 3: Management and Development of Sports, Recreation and Sports Facilities	SP 3.2 Development of Sports Infrastructure	93,000,000	39,416,717	53,583,283	42.4
	SP 3.3 Sporting Tournament	11,030,866	9,212,642	1,818,224	83.5
	SP 3.4 Sports Funding.	70,634,886	68,895,735	1,739,151	97.5
Sub Total		**174,665,752**	**117,525,094**	**57,140,658**	**67.3**
Programme 4: Youth Empowerment and Participation	SP 4.2 Youth empowerment and participation	194,064,666	162,519,386	31,545,281	83.7
	SP 4.3 Youth development	-	-	-	-
Sub Total		**194,064,666**	**162,519,386**	**31,545,281**	**83.7**
Department of Infrastructure, Roads, Public Works and Transport					
Programme 1: Administration, Planning and Support Services	SP 1.1. Administrative services.	63,214,076	60,421,928	2,792,149	95.6
	SP 1.2: Personnel services.	146,498,933	132,859,972	13,638,961	90.7
	SP 1.3: Financial Services.	-		-	
Sub Total		**209,713,009**	**193,281,900**	**16,431,109**	**92.2**
Programme 2. Infrastructure, Development & Maintenance.	S.P 2.1-Construction rehabilitation & maintenance of Roads, Drainage & Bridges.	2,463,566,719	1,639,926,393	823,640,326	66.6
	S.P 2.2-Rehabilitation & Maintenance of Transport Terminus.	3,160,000	1,690,565	1,469,435	53.5
	S.P 2.3-Construction & Maintenance of non-residential County Buildings.	13,260,000	6,603,731	6,656,269	49.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	S.P 2.4-Installation, Rehabilitation & Maintenance of Lighting facilities.	103,610,000	102,266,460	1,343,540	98.7
Sub Total		**2,583,596,719**	**1,750,487,149**	**833,109,570**	**67.8**
Programme 3. Firefighting & Disaster Management.	S.P 3.1 Firefighting and Emergency Services	7,660,000	5,689,042	1,970,958	74.3
Sub Total		**7,660,000**	**5,689,042**	**1,970,958**	**74.3**
Department of Environment, Water, Energy and Natural Resource					
Programme 1: Administration	S.P 1.1: Administrative services	33,035,288	16,355,656	16,679,632	49.5
	S.P 1.2: Human Resource	236,363,541	180,375,678	55,987,863	76.3
Sub Total		**269,398,829**	**196,731,334**	**72,667,495**	**73.0**
Programme 2: Water and Sewerage management	SP 2.1 Provision of Water	8,750,000	4,541,137	4,208,863	51.9
	S.P 2.2 Provision of sewerage	1,416,880,597	450,580,536	966,300,061	31.8
Sub Total		**1,425,630,597**	**455,121,673**	**970,508,924**	**31.9**
Programme 3: Environmental Management	S.P 3:1 Pollution control	101,891,276	86,364,078	15,527,198	84.8
	S.P 3:3 Greening and Beautification	119,081,446	29,781,371	89,300,075	25.0
Sub Total		**220,972,722**	**116,145,449**	**104,827,273**	**52.6**
Department of Health Service					
Programme 1: Administration and Planning	SP 1.1: Health Information System	111,970,436	17,292,206	94,678,230	15.4
	SP 1.2: Governance and Leadership	425,760,541	404,892,223	20,868,318	95.1
	SP 1.3: Human Resource Management	194,729,016	194,729,016	-	100.0
	SP 1.4: Research and Development	2,500,000	1,348,900	1,151,100	54.0
	SP 1.5: Health Infrastructure and Development	29,400,000	8,744,530	20,655,470	29.7
Sub Total		**764,359,993**	**627,006,875**	**137,353,118**	**82.0**
Programme 2: Health Preventive and Promotive Services	SP 2:1: Primary Health Care	477,563,074	224,793,486	252,769,588	47.1
	SP 2.2: Environmental Health and Sanitation	3,150,000	2,599,399	550,601	82.5
	SP 2:3: Human Resource	1,510,739,524	1,457,565,355	53,174,169	96.5
	SP 2.4: Disease Surveillance and Emergency Response	1,997,550	1,381,276	616,274	69.1
	SP 2.5: Health Promotive	1,740,000	1,006,000	734,000	57.8
	SP 2:6: HIV Programme	2,300,000	1,904,625	395,375	82.8
	SP 2:7: Nutrition	20,000,000	6,973,544	13,026,456	34.9
	SP 2:8 Reproductive Health	1,750,000	1,357,005	392,995	77.5
	SP 2:9 Immunisation	2,500,000	2,397,719	102,281	95.9
Sub Total		**2,021,740,148**	**1,699,978,409**	**321,761,739**	**84.1**
Programme 3: Health Curative and Rehabilitative Services	SP 3:1: Provision of Essential Health Services at all levels	2,222,537,135	1,572,612,259	649,924,876	70.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 3.2: Elimination of communicable and non-communicable diseases	2,200,000	1,981,050	218,950	90.0
	SP 3:3: Human Resource	2,573,622,163	2,306,357,108	267,265,055	89.6
Sub Total		**4,798,359,298**	**3,880,950,417**	**917,408,881**	**80.9**
County Public Service Board					
Programme: Administration and Human Resource Planning	SP1.1 Administration services	100,471,261	74,550,850	25,920,411	74.2
	SP1.2 Financial services	2,000,000	1,140,683	859,317	57.0
	SP1.3 Human Resource Planning	4,000,000	2,500,000	1,500,000	62.5
	SP 1.4 Provision of Human Resource Planning	3,000,000	1,300,000	1,700,000	43.3
Sub Total		**109,471,261**	**79,491,533**	**29,979,728**	**72.6**
Nakuru Municipality					
Programme 1: Administration and Planning	SP 1.1 Administration and Planning	23,381,482	22,647,016	734,466	96.9
	SP 1.2 Personnel Services	16,668,432	11,998,031	4,670,401	72.0
	SP 1.3 Financial Services	600,000	300,000	300,000	50.0
Sub Total		**40,649,914**	**34,945,047**	**5,704,867**	**86.0**
Programme 2: Nakuru Municipality Urban Planning and Development	SP 2.1 Infrastructure Development and Urban Planning	841,805,592	257,577,635	584,227,957	30.6
	SP 2.2 Nakuru Municipality Environmental Management	1,500,000	1,000,000	500,000	66.7
	SP 2.3 Trade Markets and Investments	2,000,000	1,500,000	500,000	75.0
	SP 2.4 Nakuru Municipality Social Services	3,688,664	2,000,000	1,688,664	54.2
Sub Total		**848,994,256**	**262,077,635**	**586,916,621**	**30.9**
Naivasha Municipality					
Programme 1: Administration, Planning and Support Services	S.P 1.1 Administration and Planning	29,432,526	17,166,098	12,266,428	58.3
	S.P 1.2: Personnel Services	8,433,360	216,564	8,216,796	2.6
	S.P 1.3: Financial services	600,000	-	600,000	0.0
Sub Total		**38,465,886**	**17,382,662**	**21,083,224**	**45.2**
Programme 2: Naivasha Municipal Services	S.P 2.1 Planning and Infrastructure	474,615,032	-	474,615,032	0.0
	S.P 2.2 Environmental Management and Sanitation	900,000	-	900,000	0.0
	S.P 2.3 Naivasha Social Services	400,000	-	400,000	0.0
	S.P 2.4 Tourism, Investment and Trade	1,000,000	-	1,000,000	0.0
Sub Total		**476,915,032**	-	**476,915,032**	**0.0**
County Assembly					
Procedures and Committee Services	Procedures and Committee Services	782,537,383	781,540,526	996,857	99.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Administration	419,674,821	417,803,435	1,871,386	99.6
Sub Total		**1,202,212,204**	**1,199,343,960**	**2,868,244**	**99.8**
Grand Total		**23,513,986,580**	**15,562,355,779**	**7,951,630,801**	**66.2**

Source: *Nakuru County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Bursaries in the Department of Education, ICT and E-Government at 100.0 per cent and Human Resource Management in the Department of Health Services at 100.0 per cent of annual budget allocation.

3.31.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.5.48 billion in the First nine months of FY 2021/22 from the annual development budget allocation of Kshs.10.66 billion. The development expenditure represented 51.6 per cent of the annual development budget.
2. High level of pending bills which amounted to Kshs.805.87 million as of 30th June 2022.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.1.06 billion were processed through the manual payroll and accounted for 15.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
4. 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 complete report was submitted on 19th August 2022.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
4. *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.*

3.32 County Government of Nandi

3.32.1 Overview of FY 2021/22 Budget

The County's approved Supplementary Budget for FY 2021/22 was Kshs.8.97 billion, comprising Kshs.2.95 billion (32.9 per cent) and Kshs.6.02 billion (67.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.99 billion (78 per cent) as the equitable share of revenue raised nationally, generate Kshs.387.11 million (4.3 per cent) from its own sources of revenue, and use a cash balance of Kshs.989.36 million (11 per cent) from FY 2020/21. The County was also expected to receive Kshs.598.21 million (6.7 per cent) as conditional grants, which consisted of DANIDA Kshs.11.85 million, Kenya Development Support Program (KDSP) Kshs.82.68 million, Transforming Health Systems for Universal Care Project (WB) Kshs.118.90 million, National Agricultural and Rural Inclusive Growth Project (NAGRIP) Kshs.297.11 million, Kenya Informal Settlement Improvement Fund (KISIP) Kshs.50 million Agricultural Sector Development Support Programme (ASDSP) kshs.23.68 million and Kshs.14 million from other loans and grants.

3.32.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.43 billion as the equitable share of the revenue raised nationally, raised Kshs.275.66 million as own-source revenue, Kshs.237.63 million as conditional grants, and had a cash balance of Kshs.327.65 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.27 billion, as shown in Table 3.209.

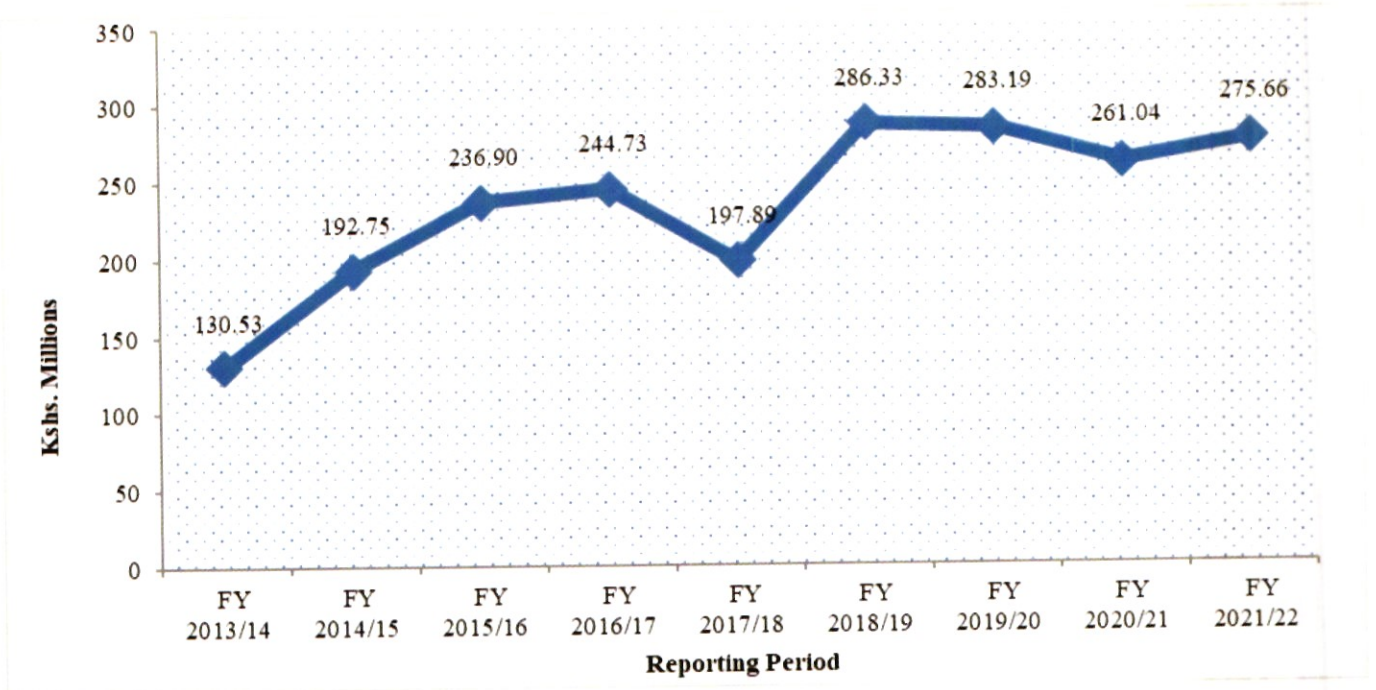
Table 3.209: Nandi County, Revenue Performance in FY 2021/22

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**	**6,990,869,041**	**6,413,599,515**	**92.0**
Sub Total				
B	**Other Sources of Revenue**			
1.	Own Source Revenue	387,106,430	275,658,466	71.2
2.	Conditional Grants	598,211,166	237,630,384	39.7
3.	Balance b/f from FY 2020/21	989,363,172	327,650,621	33.1
Sub Total		**1,974,680,768**	**840,939,471**	**42.6**
Grand Total		**8,965,549,809**	**7,272,538,986**	**81.1**

Source: *Nandi County Treasury*

Figure 3.63 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.63: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Nandi County Treasury*

In FY 2021/22, the County generated a total of Kshs.275.66 million as own-source revenue. This amount represented an increase of 5.6 per cent compared to Kshs.261.04 million realised in FY 2020/21 and was 71.2 per cent of the annual target.

3.32.3 Exchequer Issues

The Controller of Budget approved Kshs.7.31 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.44 billion (19.7 per cent) for development programmes and Kshs.5.87 billion (80.3 per cent) for recurrent programmes, as shown in Table 3.213.

3.32.4 Overall Expenditure Review

The County spent Kshs.7.61 billion on development and recurrent programmes during the reporting period. This expenditure represented 104.1 per cent of the total funds released by the CoB and comprised of Kshs.1.81 billion and Kshs.5.80 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.4 per cent, while recurrent expenditure represented 96.4 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.794.31 million and comprised Kshs.254.75 million for recurrent expenditure and Kshs.539.56 million for development expenditure. During the period under review, pending bills amounting to Kshs.711.27 million were settled, consisting of Kshs.226.75 million for recurrent expenditure and Kshs.484.52 million for development programmes, as shown in Table 3.210.

Table 3.210: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)
	A	B	C=A-B
Recurrent Expenditure	254,753,024	226,743,342	28,009,682
Development Expenditure	539,561,672	484,522,534	55,039,138
Total	**794,314,696**	**711,265,876**	**83,048,820**

Source: *Nandi County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.83.05 million included the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.957.49 million, out of which the County has settled bills amounting to Kshs.874.44 million, leaving a balance of Kshs.83.05 million as of 30th June 2022. The County Treasury did not report pending bills accrued in FY 2021/22.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that the County Executive spent Kshs.3.48 billion on employee compensation, Kshs.1.67 billion on operations and maintenance, and Kshs.1.7 billion on development activities. Similarly, the County Assembly spent Kshs.374.28 million on employee compensation, Kshs.280.56 million on operations and maintenance, and Kshs.55.05 million on development activities, as shown in Table 3.211

Table 3.211: 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	**5,350,346,659**	**669,452,972**	**5,146,094,861**	**654,835,132**	**96.2**	**97.8**
Compensation to Employees	3,474,491,256	361,928,343	3,475,208,516	374,277,496	100.0	103.4
Operations and Maintenance	1,875,855,403	307,524,629	1,670,886,345	280,557,636	89.1	91.2
Development Expenditure	2,880,750,178	65,000,000	1,754,129,202	55,053,721	60.9	84.7
Total	**8,231,096,837**	**734,452,972**	**6,900,224,063**	**709,888,853**	**83.8**	**96.7**

Source: *Nandi County Treasury*

3.32.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 52.9 per cent of the annual realised revenue of Kshs.7.27 billion.

Personnel emoluments amounting to Kshs.3.53 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.207.6 million was processed through manual payroll. The manual payroll accounted for 6.8 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.3.78 billion includes Kshs.2 billion attributable to the health sector, which translates to 52.9 per cent of the total wage bill in the reporting period.

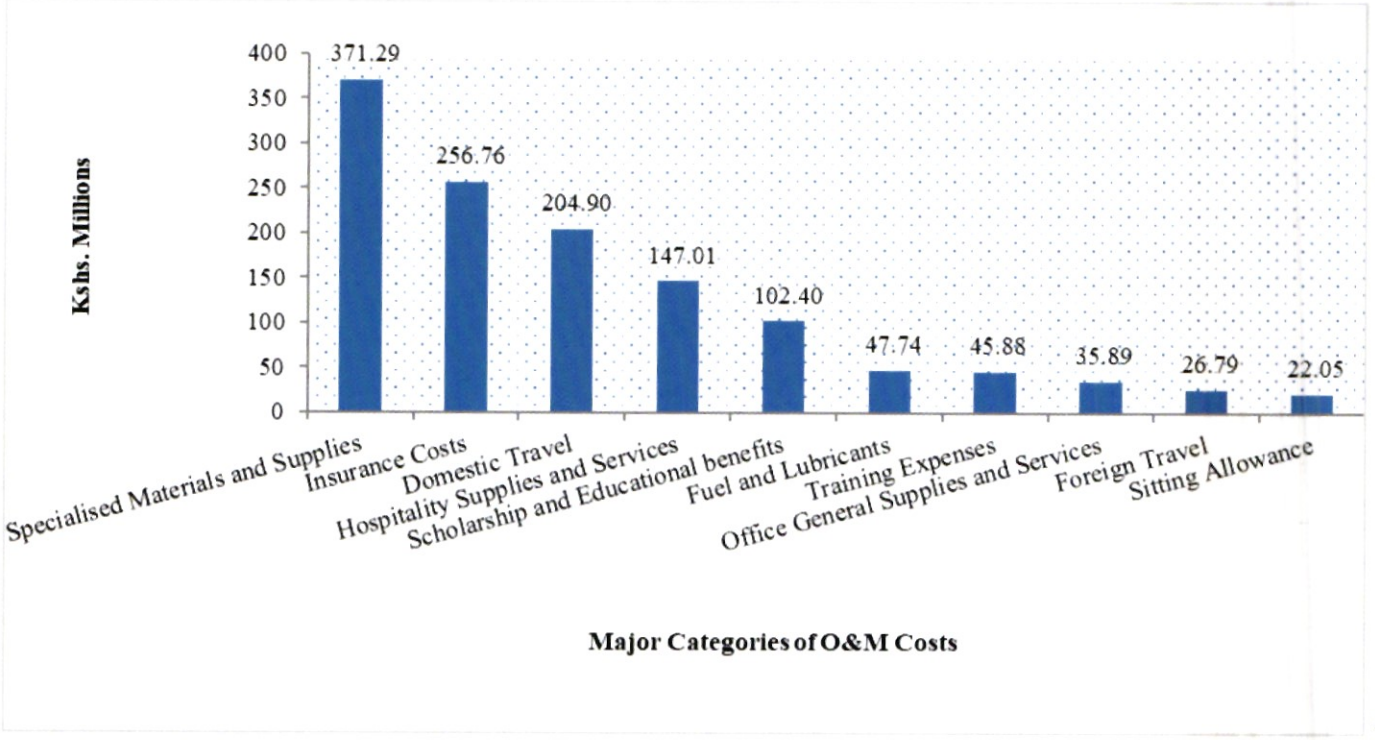
3.32.8 County Established Funds

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 Ksh.116.5 million to the Nandi County Education Fund in FY 2021/22, constituting 1.3 per cent of the County's overall budget for the year. The Fund Administrator of the County Education Fund reported an expenditure of Kshs.107 million as of 30th June 2022.

3.32.9 Expenditure on Operations and Maintenance

Figure 3.64 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.64: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nandi County Treasury*

The County Assembly spent Kshs.22.05 million on committee sitting allowances for the 40 MCAs and the Speaker against the annual budget allocation of Kshs.53.56 million. The average monthly sitting allowance was Kshs.45,940 per MCA. The County Assembly has established 21 Committees.

During the period, expenditure on domestic travel amounted to Kshs.204.90 million and comprised of Kshs.96.67 million spent by the County Assembly and Kshs.108.31 million by the County Executive. Expenditure on foreign travel amounted to Kshs.26.79 million and comprised of Kshs.17.58 million by the County Assembly and Kshs.9.20 million by the County Executive.

3.32.10 Development Expenditure

The County incurred Kshs.1.81 billion on development programmes, representing a decrease of 5.7 per cent compared to FY 2020/21 when the County spent Kshs.1.92 billion. Table 3.212 summarises development projects with the highest expenditure in the reporting period.

Table 3.212: Nandi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Hire and Lease of Equipment and Machinery	Countywide	242,345,041	231,513,875	95.5
2.	Spot Improvement of Roads	Countywide	36,700,000	34,907,776	95.1
3.	Supply of Fuel for Road works	Countywide	60,000,000	54,955,252	91.6
4.	Supply of Vaccines and Semen	Countywide	74,292,900	62,308,351	83.9
5.	Renovation of Dispensaries	Countywide	108,239,995	67,957,645	62.8
6.	Construction of Kapsabet County Referral Hospital	Kapsabet	72,996,289	39,703,407	54.4
7.	Construction of Culverts	Countywide	35,000,000	16,064,881	45.9
8.	Construction of Water Projects	Countywide	206,847,634	73,247,044	35.4
9.	Construction of ECD Classrooms	Countywide	128,903,082	42,201,307	32.7
10.	Construction of Nandi Cooperative Creameries	Kabiyet	72,650,000	21,843,879	30.1

Source: *Nandi County Treasury*

3.32.11 Budget Performance by Department

Table 3.213 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.213: 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	638.35	58.36	637.81	1.21	613.11	1.49	96.1	122.9	96.0	2.5
Finance and Economic Planning	604.89	-	573.38	-	593.25	1.83	103.5	-	98.1	-
Devolved Units and Special Programmes	80.17	539.45	74.73	151.43	64.15	116.87	85.8	77.2	80.0	59.4
Health and Sanitation	2,863.68	720.65	2,810.43	278.23	2,814.54	344.33	100.1	123.8	98.3	63.8
Agriculture, Livestock and Fisheries	272.30	37.30	258.26	216.58	257.06	327.72	99.5	151.3	94.4	45.5
Tourism, Culture and Co-operative Development	50.25	117.90	48.19	4.29	41.98	5.20	87.1	121.3	83.5	13.9
Youth, Gender and Social Services	115.28	216.88	108.68	48.29	116.10	68.43	106.8	141.7	100.7	58.0
Education Research and Vocational Training	376.03	364.45	372.89	102.65	349.87	156.50	93.8	152.5	93.0	72.2
Lands, Environment and Natural Resources	99.47	574.05	98.35	224.62	92.52	213.90	94.1	95.2	93.0	58.7
Roads, Transport and Public Works	154.38	574.05	154.18	368.61	121.99	511.86	79.1	138.9	79.0	89.2
Trade and Industrial Development	52.94	54.97	52.54	2.53	44.14	6.00	84.0	236.9	83.4	10.9

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 and Labour	42.62	-	27.16	-	37.39	-	137.7	-	87.7	-
County Assembly	669.45	65.00	651.34	44.67	654.84	55.05	100.5	123.3	97.8	84.7
Total	**6,019.80**	**2,945.75**	**5,867.93**	**1,443.10**	**5,800.93**	**1,809.18**	**98.9**	**125.4**	**96.4**	**61.4**

Source: *Nandi County Treasury*

Analysis of expenditure by department showed that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 89.2 per cent, followed by the County Assembly at 84.7 per cent. The Department of Youth, Gender and Social Services had the highest percentage of recurrent expenditure to budget at 100.7 per cent, while the Department of Roads, Transport and Public Works had the lowest at 79.0 per cent.

3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 3.214 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.214: Nandi County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
County Executive					
General Administration and Planning	General Administration and Support services	638,347,158	613,107,223	25,239,935	96.0
	Sub total	**638,347,158**	**613,107,223**	**25,239,935**	**96.0**
Physical Infrastructure	Physical Infrastructure	58,300,000	1,485,178	56,814,822	2.5
	Sub total	**58,300,000**	**1,485,178**	**56,814,822**	**2.5**
Finance and Economic Planning					
Finance and Accounting	General Administration and Support services	604,888,378	593,248,751	11,639	98.1
	Sub total	**604,888,378**	**593,248,751**	**11,639**	**98.1**
Revenue	Revenue Collection and Management	-	1,833,493	(1,833,493)	-
	Sub total	-	**1,833,493**	**(1,833,493)**	-
Devolved Units and Special Programmes					
Sub-County Administration	Administrative & Support of Human Resources	80,165,685	64,146,540	16,019,145	80.0
	Sub total	**80,165,685**	**64,146,540**	**16,019,145**	**80.0**
Town Administration Section	Administration and Support of Human Services	196,821,516	116,872,449	79,949,067	59.4
	Sub total	**196,821,516**	**116,872,449**	**79,949,067**	**59.4**
Health and Sanitation					
Public Health and Sanitation	Health Service Delivery Administration Services	2,863,677,844	2,814,543,357	49,134,517	98.3
	Sub total	**2,863,677,844**	**2,814,543,357**	**49,134,517**	**98.3**
Curative Health Services	Physical Planning	539,446,273	344,328,695	195,117,578	63.8
	Sub total	**539,446,273**	**344,328,695**	**195,117,578**	**63.8**
Agriculture, Livestock and Fisheries					

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Agriculture and Crop Production	Administration and General Support services	272,298,844	257,064,395	15,234,449	94.4
	Sub total	**272,298,844**	**257,064,395**	**15,234,449**	**94.4**
Livestock and Veterinary	Livestock Resources Management	720,645,039	327,716,864	392,928,175	45.5
	Sub total	**720,645,039**	**327,716,864**	**392,928,175**	**45.5**
Tourism, Culture and Cooperative Development					
Tourism	General Administration and Support Services	50,844,650	41,977,827	8,266,823	83.5
	Sub total	**50,844,650**	**41,977,827**	**8,266,823**	**83.5**
Culture	Development and Promotion of Culture	37,299,290	5,202,196	32,097,094	123.9
	Sub total	**37,299,290**	**5,202,196**	**32,097,094**	**123.9**
Youth, Gender and Social Services					
Youth Affairs	General Administration and Support Services	115,279,747	116,095,461	(815,714)	100.7
	Sub total	**115,279,747**	**116,095,461**	**(815,714)**	**100.7**
Sports	Sports Development	117,897,558	68,429,888	49,467,670	58.0
	Sub total	**117,897,558**	**68,429,888**	**49,467,670**	**58.0**
Education, Research and Vocational Training					
Pre-education and Care Services	General Administration and Support Services	376,032,223	349,869,941	26,162,282	93.0
	Education	216,878,974	156,504,115	60,374,859	72.2
	Sub total	**592,911,197**	**506,374,056**	**86,537,141**	**85.4**
Lands, Environment and Natural Resources					
Natural Resources and Mining	General Administration and Support Services	99,469,652	92,516,313	6,953,339	93.0
	Sub total	**99,469,652**	**92,516,313**	**6,953,339**	**93.0**
Lands	Lands Adjudication	2,600,000	-	2,600,000	0.0
	Sub total	**2,600,000**	-	**2,600,000**	**0.0**
Water	Water Supply	364,447,634	213,899,234	150,548,400	58.7
	Sub total	**364,447,634**	**213,899,234**	**150,548,400**	**58.7**
Roads, Transport and Public Works					
Public Works	General Administration and Support Services	154,379,793	121,989,885	32,389,908	79.0
	Sub total	**154,379,793**	**121,989,885**	**32,389,908**	**79.0**
Roads and Infrastructure	Roads Transport	574,045,041	511,855,338	62,189,703	89.2
	Sub total	**574,045,041**	**511,855,338**	**62,189,703**	**89.2**
Trade and Industrial Development					
Markets	General Administration and Support Services	52,941,161	44,142,668	8,798,493	83.4
	Sub total	**52,941,161**	**44,142,668**	**8,798,493**	**83.4**
Industrial, SME Development	Trade Development	54,968,853	6,001,752	48,967,101	10.9
	Sub total	**54,968,853**	**6,001,752**	**48,967,101**	**10.9**
Public Service and Labour					
General Administration and Planning	Administration and Support of Human Resources	42,421,494	37,392,500	5,228,994	87.7
	Sub total	**42,421,494**	**37,392,500**	**5,228,994**	**87.7**

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
County Assembly					
Administrative Section	Administration and Support Services	65,000,000	55,053,722	9,946,278	84.7
	Sub total	**65,000,000**	**55,053,722**	**9,946,278**	**84.7**
County Assembly Service Board	County Assembly Service Board	669,452,972	654,835,131	14,617,841	97.8
	Sub total	**669,452,972**	**654,835,131**	**14,617,841**	**97.8**
Grand Total		**8,965,549,809**	**7,610,112,916**	**1,357,270,386**	**84.9**

Source: *Nandi County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Health Service Delivery Administration Services in the Department of Health and Sanitation at 98.3 per cent, General Administration and Support Services in the Department of Finance and Economic Planning at 98.1 per cent, General Administration and Support Services in the Department of County Executive at 96.0 per cent, and Administration and General Support Services at 94.4 per cent of budget allocation.

3.32.13 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. A high wage bill, which accounted for 52.9 per cent of the annual realised revenue of Kshs.7.27 billion in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.275.66 million against an annual projection of Kshs.387.11 million, representing 71.2 per cent of the annual target.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.207.6 million were processed through the manual payroll and accounted for 6.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
4. 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 submitted on 2nd August 2022.

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

1. *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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
4. *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.*

3.33 County Government of Narok

3.33.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.13.35 billion, comprising Kshs.4.01 billion (30 per cent) and Kshs.9.34 billion (70 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.84 billion (66.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.2.34 billion (17.6 per cent) from its sources of revenue, and use a cash balance of Kshs.1.35 billion (10.1 per cent) from FY 2020/21. The County also expected to receive Kshs.799.26 million (6 per cent) as conditional grants. The conditional grants consisted of Sweden - Agricultural Sector Development

Support Programme (ASDSP) II of Kshs.30.98 million, KDSP level 2 of 141.85million, DANIDA grant for PHC of Kshs.17.81 million, IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP) Kshs.398.15 million, Transforming Health systems for Universal care Project (WB) Kshs.49.79 million UNFPA-9th County Programme Implementation Kshs.7.39 million and Leasing of Medical Equipment Kshs.153.3 million.

3.33.2 Revenue Performance

In FY 2021/22, the County received Kshs.8.14 billion as the equitable share of the revenue raised nationally, raised Kshs.1.33 billion as own-source revenue, Kshs.477.62 million as conditional grants, which consist of world bank THS loan 49.398 million, NARIG 201.029 million, PHC of 8.906 million, ASDSP 18.291 million and 200million infrastructure support from the Ministry of Health and had a cash balance of Kshs.1.35 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.11.30 billion, as shown in Table 3.215.

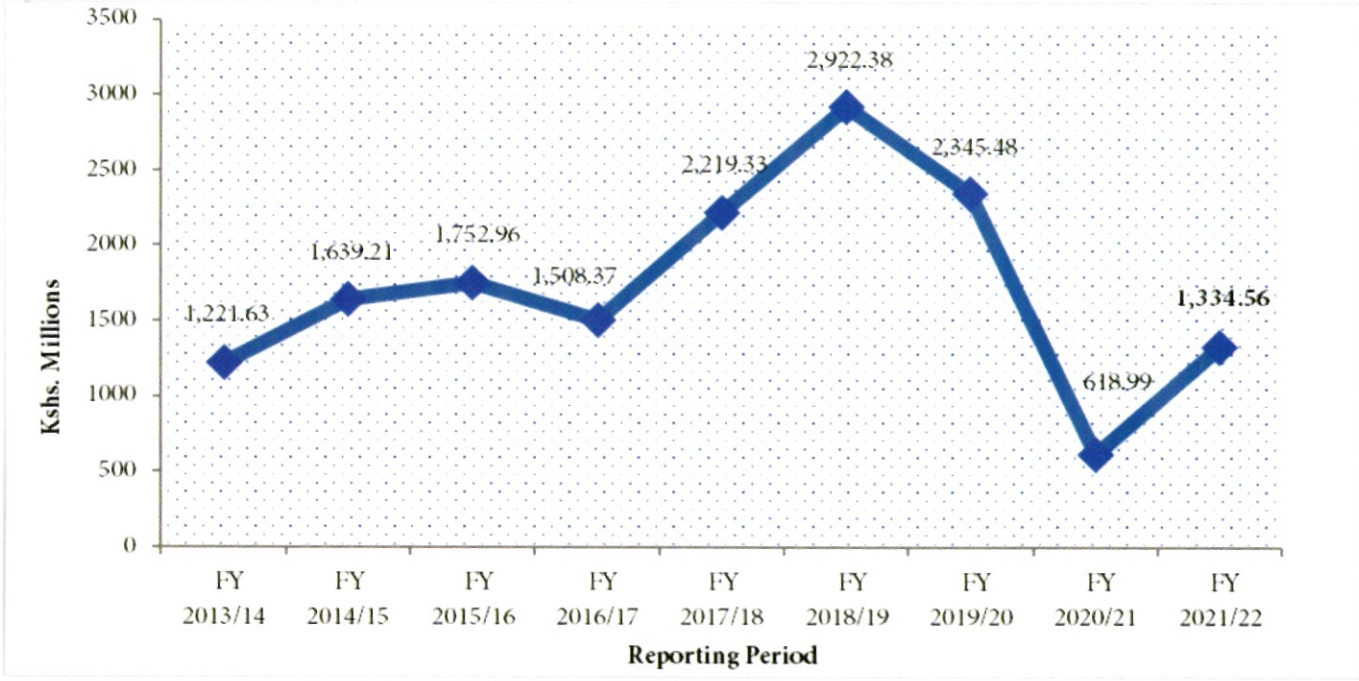
Table 3.215: Narok County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000	8,137,206,302	92.0
Sub Total		**8,844,790,000**	**8,137,206,302**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	2,354,426,170	1,334,563,665	56.7
2.	Conditional Grants	799,261,732	477,623,922	59.7
3.	Balance b/f from FY2020/21	1,353,634,985	1,353,634,985	100.0
Sub Total		**4,507,322,888**	**3,165,822,574**	**70.2**
Grand Total		**13,352,112,888**	**11,303,028,876**	**84.7**

Source: *Narok County Treasury*

Figure 3.65 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.65: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Narok County Treasury*

In FY 2021/22, the County generated a total of Kshs.1.33 billion as own-source revenue. This amount represented an increase of 116 per cent compared to Kshs.618.99 million realised in FY 2020/21 and was 56.7 per cent of the annual target.

3.33.3 Exchequer Issues

The Controller of Budget approved Kshs.10.64 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.35 billion (12.7 per cent) for development programmes and Kshs.9.29 billion (87.3 per cent) for recurrent programmes, as shown in Table 3.220.

3.33.4 Overall Expenditure Review

The County spent Kshs.10.61 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs.1.34 billion and Kshs.9.27 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 33.4 per cent, while recurrent expenditure represented 99.3 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.894.84 million for both recurrent expenditure and development expenditure. During the period under review, pending bills amounting to Kshs.594.83 million were settled, leaving a balance of Kshs.300.01 million, as shown in Table 3.216.

Table 3.216: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent and Development Expenditure	894,837,549	594,826,800	300,010,649	115,293,401	415,304,050
Total	**894,837,549**	**594,826,800**	**300,010,649**	**115,293,401**	**415,304,050**

Source: *Narok County Treasury*

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.77 billion on employee compensation, Kshs.4.71 billion on operations and maintenance, and Kshs.1.33 billion on development activities. Similarly, the County Assembly spent Kshs.495.37 million on employee compensation, Kshs.298 million on operations and maintenance, and Kshs.10 million on development activities, 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	**8,493,765,497**	**851,002,608**	**8,481,390,816**	**793,370,658**	**99.9**	**93.2**
Compensation to Employees	3,781,842,712	505,370,987	3,769,468,031	495,370,987	99.7	98.0
Operations and Maintenance	4,711,922,785	345,631,620	4,711,922,785	297,999,671	100.0	86.2
Development Expenditure	**3,974,651,301**	**32,693,482**	**1,328,292,141**	**10,000,000**	**33.4**	**30.6**
Total	**12,468,416,797**	**883,696,090**	**9,809,682,957**	**803,370,658**	**78.7**	**90.9**

Source: *Narok County Treasury*

3.33.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 37.7 per cent of the annual realised revenue of Kshs.11.30 billion.

Personnel emoluments amounting to Kshs.3.46 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.301.33 million was processed through manual payrolls. The manual payroll accounted for 8.0 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The total IPPD wage bill of Kshs. 3.76 billion includes Kshs.1.26 billion, attributable to the health sector, which translates to 33.7 per cent of the total wage bill in the reporting period.

3.33.8 County Established Funds

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 Ksh.480.88 million to county-established funds in FY 2021/22, which constituted 3.6 per cent of the County's overall budget for the year. Table 3.218 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.218: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Bursary Fund	260,094,929	199,494,100	yes	76.71
2.	Maasai Mara Support Fund	220,489,047	45,000,000	yes	20.41
3.	House loans to members of parliament and their staff	300,000	-	No	0.00
	Total	**480,883,976**	**244,494,100**		**50.8**

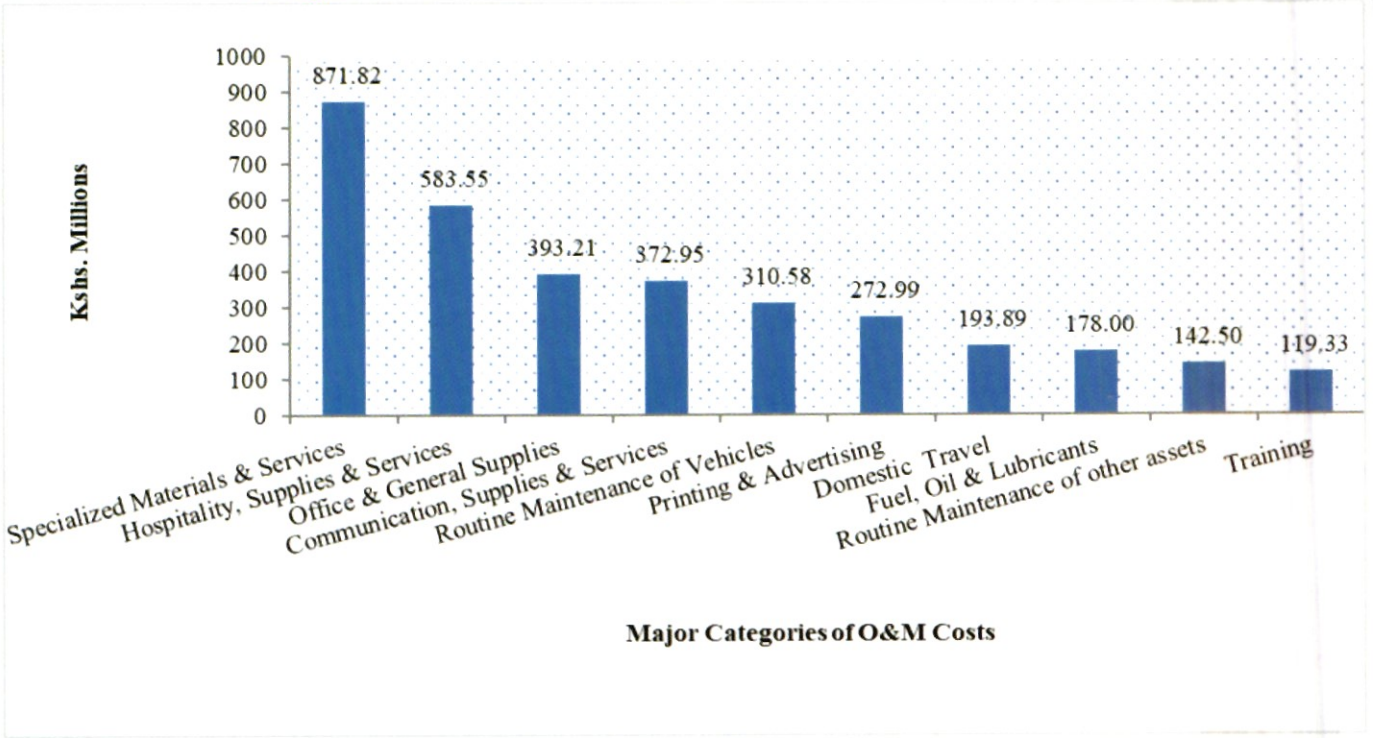
Source: *Narok County Treasury*

The OCoB received quarterly financial returns from the Maasai Mara Support Fund administrators and the Bursary Fund, as indicated in Table 3.218.

3.33.9 Expenditure on Operations and Maintenance

Figure 3.66 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.66: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: *Narok County Treasury*

The County Assembly spent Kshs.34.58 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.57.61 million. The average monthly sitting allowance was Kshs. 60,037 per MCA. The County Assembly has established 17 Committees.

During the period, expenditure on domestic travel amounted to Kshs.193.89 million and comprised of Kshs.67 million spent by the County Assembly and Kshs.123.89 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.36 million by the County Executive.

3.33.10 Development Expenditure

The County incurred Kshs.1.34 billion on development programmes, representing an increase of 15.5 per cent compared to FY 2020/21 when the County spent Kshs. 1.16 billion. Table 3.219 summarises development projects with the highest expenditure in the reporting period.

Table 3.219: Narok County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract Sum (Kshs)	Budget (Kshs)	Amount Paid To Date (Kshs)	Contract Variation (Kshs)	Imple-mentation Status (%)	Source Of Funding (Gok/Do-nor)	Re-marks
Health and sanitation	New Narok county refer-ral hospital	Narok town ward	558,795,432	558,795,432	497,871,926	None	89	GOK-KDSP	Ongoing
Health and sanitation	Construction of new Narok medical school	Narok town ward	288,850,043	288,850,043	235,273,801	None	85	GOK	Ongoing
Health and sanitation	Mechanical, electrical engineering and associated works at ncrh	Narok town ward	469,614,655	469,614,655	245,000,000	None	52	GOK	Ongoing

Sector	Project Name	Project Location	Contract Sum (Kshs)	Budget (Kshs)	Amount Paid To Date (Kshs)	Contract Variation (Kshs)	Implementation Status (%)	Source Of Funding (Gok/Donor)	Remarks
Lands, physical planning and housing	Construction of new Narok bus terminus	Narok town ward	131,431,939.5	131,431,939.5	126,096,062.6	None	95	GOK- KUSP -NCG	Ongoing
Trade and cooperatives	Construction of Nairegies enkare market	Keekonyokie ward	42,624,000	42,624,000	42,624,000	None	100	GOK	Completed
Trade and cooperatives	Construction of Lolgorian market	Lolgorian ward	39,859,850	39,859,850	39,859,850	None	100	GOK	completed
Health and sanitation	Expansion works at Nairegie enkare hospital	Keekonyokie ward	105,406,405	105,406,405	10,000,000	None	10	GOK	Ongoing
Health and sanitation	Expansion of Dikirr hospital	Mogondo ward	44,300,238	44,300,238	17,447,996	None	45	GOK	Ongoing
Public service management	Construction of sub-county offices at nairagie	Keekonyokie ward	19,933,760	19,933,760	12,262,528	None	62	GOK	Ongoing
Health & Sanitation	Removal of asbestos &tiling	Narok town ward	27,990,220	27,990,220	27,990,220	None	100	GOK	Completed

Source: *Narok County Treasury*

3.33.11 Budget Performance by Department

Table 3.220 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.220: 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	851.00	32.69	793.37	10.00	793.37	10.00	100.0	100.0	93.2	30.6
Office of the Governor and Deputy Governor	139.37	-	139.37	-	139.32	-	100.0	-	100.0	-
Treasury, Economic Planning &ICT	769.27	235.53	769.27	-	769.21	-	100.0	-	100.0	-
Roads, County Transport Public Works and Infrastructure	652.01	533.65	652.01	116.70	651.93	115.94	100.0	99.4	100.0	21.7
Education, Youth affairs, Sports Culture and social services	1,295.51	151.65	1,295.51	-	1,295.24	-	100.0	-	100.0	-
Environment & Natural resources	250.50	140.74	250.50	-	250.45	-	100.0	-	100.0	-

County public service Board	75.31	-	75.31	-	75.31	-	100.0	-	100.0	-
Agriculture, Livestock and Fisheries	253.36	465.67	253.36	421.66	253.36	421.66	100.0	100.0	100.0	90.6
County Health and sanitation	2,630.07	2,019.55	2,630.07	711.29	2,621.10	711.29	99.7	100.0	99.7	35.2
Lands, Housing, Physical Planning & Urban Development	325.19	192.73	325.19	33.44	325.19	31.37	100.0	93.8	100.0	16.3
Tourism & Wildlife	384.76	52.50	384.76	-	384.75	-	100.0	-	100.0	-
County administrative and Public Service Management	1,615.11	122.08	1,615.11	5.46	1,612.21	5.46	99.8	100.0	99.8	4.5
Trade & Industrialization	103.31	60.55	103.31	52.44	103.31	42.57	100.0	81.2	100.0	70.3
Total	**9,344.77**	**4,007.34**	**9,287.14**	**1,351.00**	**9,274.76**	**1,338.29**	**99.9**	**99.1**	**99.3**	**33.4**

Source: *Narok County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of development budget at 90.6 per cent, followed by the Department of Trade and Industrialization at 70.3 per cent. For the recurrent budget, the County Assembly had the lowest at 93.2 per cent, followed by the Department of Health and Sanitation and County Administrative and Public Service at 99.7 and 99.8 per cent, respectively.

3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 3.221 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.221: Narok County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Description	Approved Budget(Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
4610		**Default - Non-Programmatic**	-	-	-	0
	0	Default - Non-Programmatic	-	-	-	0
101000000		**Land Policy and Planning**	-	-	-	0
	101029999	Land Information Management	-	-	-	0
102000000		**Housing Development and Human Settlement**	-	-	-	0
	102019999	Housing Development	-	-	-	0
102004610		**Crop Development and Management**	**601,988,764**	**63,939,234**	**538,049,530**	11
	102024610	Crop Productivity Improvement	601,988,764	63,939,234	**538,049,530**	11
103004610		**Livestock Resources management and development**	**132,347,982**	-	**132,347,982**	0
	103014610	Livestock Pests & Disease Management & Control	61,596,366	-	**61,596,366**	0
	103074610	Livestock Information Management	70,751,616	-	**70,751,616**	0
104004610		**Fisheries development and Management**	**29,678,706**	-	**29,678,706**	0
	104014610	Fish Products Production	29,678,706	-	**29,678,706**	0
105000000		**Urban and Metropolitan Development**	-	-	-	0
	105029999	Metropolitan Planning & Infrastructure Development	-	-	-	0

Program	Sub Program	Description	Approved Budget(Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
105004610		**Land Policy and Planning**	**173,262,143**	**165,000,000**	**8,262,143**	95
	105014610	Development Planning and Land Reforms	173,262,143	165,000,000	**8,262,143**	95
	105024610		-	-	-	0
106004610		**Housing Development and Human Settlement**	**192,067,540**	-	**192,067,540**	0
	106014610	Housing Development	192,067,540	-	**192,067,540**	0
107004610		**Urban Mobility and Transport**	**260,671,166**	**5,000,000**	**255,671,166**	2
	107014610	Metropolitan Planning & Infrastructure Development	260,671,166	5,000,000	**255,671,166**	2
108000000		**Crop Development and Management**	-	-	-	0
	108029999	Food Security Initiatives	-	-	-	0
111000000		**Fisheries Development and Management**	-	-	-	0
	111029999	Aquaculture Development Marketing & Research	-	-	-	0
112000000		**Livestock Resources Management and Development**	-	-	-	0
	112029999	Livestock Production and Management	-	-	-	0
201004610		**Roads Transport and Public Works**	**1,357,651,132**	**454,768,087**	**902,883,045**	33
	201014610	General Administration, Planning and Support Services	182,703,471	16,181	**182,687,290**	0
	201024610	Construction of Roads and Bridges	956,554,174	244,358,420	**712,195,754**	26
	201034610	Maintenance of Roads	218,393,487	210,393,486	**8,000,001**	96
202000000		**Road Transport**	-	-	-	0
	202019999	Construction of Roads and Bridges	-	-	-	0
	202039999	Maintenance of Roads	-	-	-	0
202004610		**ICT Services**	**47,923,165**	**42,488,363**	**5,434,802**	89
	202014610	ICT Infrastructure Development	47,923,165	42,488,363	**5,434,802**	89
210000000		**ICT Infrastructure Development**	-	-	-	0
	210019999	ICT Infrastructure Connectivity	-	-	-	0
301004610		**General Administration and Support Services**	**179,962,356**	**167,373,581**	**12,588,775**	93
	301014610	Administrative Services	7,588,775	-	**7,588,775**	0
	301024610	Cooperative Development & Management	23,446,192	21,446,192	**2,000,000**	91
	301034610	Trade Development and Promotion	148,927,389	145,927,389	**3,000,000**	98
302000000		**Industrial Development and Investments**	-	-	-	0
	302019999	Promotion of Industrial Development and Investments	-	-	-	0
303004610		**Tourism Development and Promotion**	**443,107,293**	**433,107,293**	**10,000,000**	98
	303014610	Tourism Promotion and Marketing	443,107,293	433,107,293	**10,000,000**	98

Program	Sub Program	Description	Approved Budget(Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
306000000		**Tourism Development and Promotion**	-	-	-	0
	306019999	Tourism Promotion and Marketing	-	-	-	0
401000000		**Preventive & Promotive Health Services**	-	-	-	0
	401019999	Health Promotion	-	-	-	0
401004610		**Preventive &Promotive Health Services**	**1,689,000,000**	**1,675,000,000**	**14,000,000**	99
	401014610	Health Promotion	1,689,000,000	1,675,000,000	**14,000,000**	99
402004610		**Curative Health Services**	**331,034,233**	**329,984,050**	**1,050,183**	100
	402014610	Referral Services	331,034,233	329,984,050	**1,050,183**	100
403004610		**General Administration, Planning & Support Services**	**2,313,922,140**	**2,286,260,560**	**27,661,580**	99
	403014610	Health Policy, Planning and Financing	2,313,922,140	2,286,260,560	**27,661,580**	99
404000000		**General Administration, Planning & Support Services**	-	-	-	0
	404019999	Health Policy, Planning & Financing	-	-	-	0
501000000		**Primary Education**	-	-	-	0
	501049999	Early Child Development and Education	-	-	-	0
502004610		**Manpower Development, Employment and Productivity Management**	**1,224,941,270**	**1,021,150,000**	**203,791,270**	83
	502014610	Early Child Development and Education	1,224,941,270	1,021,150,000	**203,791,270**	83
	502024610	Infrastructure Development and Expansion	-	-	-	0
701004610		**General Administration, Planning and Support Services**	**1,671,738,425**	**1,443,653,789**	**228,084,636**	86
	701014610	Administrative Services	769,697,099	551,708,655	**217,988,444**	72
	701024610	Information Communication Services	-	-	-	0
	701044610	Coordination and Administrative Services	323,846,234	321,460,000	**2,386,234**	99
	701054610	Public service and Field Administrative Services	413,589,984	410,589,984	**3,000,000**	99
	701084610	Board Management Services	164,605,108	159,895,150	**4,709,958**	97
	701104610	Legal and Public Affairs	-	-	-	0
702004610		**Public Finance Management**	**335,677,978**	**321,984,149**	**13,693,829**	96
	702014610	Accounting services	30,796,221	28,000,000	**2,796,221**	91
	702024610	Resource Mobilisation	145,522,112	142,178,000	**3,344,112**	98
	702034610	Budget Formulation, Coordination and Management	35,932,873	34,932,873	**1,000,000**	97
	702044610	Supply Chain Management Services	69,038,396	65,484,900	**3,553,496**	95
	702054610	Internal Audit Services	54,388,376	51,388,376	**3,000,000**	94
703004610		**Economic Policy and County Planning**	**680,918,885**	**542,124,799**	**138,794,086**	80
	703014610	Economic Planning Coordination	656,360,296	522,915,199	**133,445,097**	80

Program	Sub Program	Description	Approved Budget(Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	703024610	Monitoring and Evaluation Services	24,558,589	19,209,600	**5,348,989**	78
704004610		**Legislation and Representation**	**840,204,000**	**840,204,000**	-	100
	704014610	Legislative Oversight	492,522,712	492,522,712	-	100
	704024610	County Co-ordination Services	307,540,000	307,540,000	-	100
	704034610	Research and Policy	40,141,288	40,141,288	-	100
706000000		**Economic Policy and National Planning**	-	-	-	0
	706019999	Economic Planning Coordination services	-	-	-	0
722000000		**Legislative Oversight**	-	-	-	0
	722019999	Legislation and Representation	-	-	-	0
724000000		**Inter-Governmental Revenue and Financial Matters**	-	-	-	0
	724029999	Research and Policy	-	-	-	0
725000000		**General Administration, Planning and Support Services**	-	-	-	0
	725019999	Administration	-	-	-	0
	725029999	Board Management Service	-	-	-	0
729000000		**Audit Services**	-	-	-	0
	729029999	County Governments Audit	-	-	-	0
901000000		**Sports**	-	-	-	0
	901019999	Sports Training and competitions	-	-	-	0
901004610		**Social Development and Children Services**	**445,789,292**	**430,789,292**	**15,000,000**	97
	901014610	Gender and Youth Development	129,739,090	119,739,090	**10,000,000**	92
	901024610	Social Assistance to Vulnerable Groups	21,646,436	21,646,436	-	100
	901034610	Development and Promotion of culture	19,710,027	19,710,027	-	100
	901044610	Development and Management of sports facilities	148,900,562	143,900,562	**5,000,000**	97
	901054610	Sports Services	-	-	-	0
	901064610	Voluntary Training Services	125,793,177	125,793,177	-	100
907000000		**Manpower Development, Employment and Productivity Management**	-	-	-	0
	907019999	Human Resource Planning & Development	-	-	-	0
1001000000		**General Administration, Planning and Support Services**	-	-	-	0
	1001019999	Environmental Policy Management	-	-	-	0
1002004610		**Environment Management and Protection**	**400,226,420**	**390,226,420**	**10,000,000**	98
	1002014610	Forests Conservation and Management	400,226,420	390,226,420	**10,000,000**	98

Program	Sub Program	Description	Approved Budget(Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
1003000000		**Natural Resources Conservation and Management**	-	-	-	0
	1003039999	Wildlife Conservation and Security	-	-	-	0
		Grand Total	**13,352,112,889**	**10,613,053,616**	**2,739,059,273**	**79**

Source: *Narok County Treasury*

Programmes with high levels of implementation based on absorption rates at 100 per cent were: Legislation and Representation and Curative Health Services.

3.33.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.1.37 billion in FY 2021/22 from the annual development budget allocation of Kshs.4.0 billion. The development expenditure represented 33.4 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.1.33 billion against an annual projection of Kshs.2.35 million, representing 56.7 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.415.3 million as of 30th June 2022.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.301.33 million were processed through the manual payroll and accounted for 8.0 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
5. 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 County should implement the following recommendations to improve budget execution;

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
5. *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.*

3.34 County Government of Nyamira

3.34.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.6.83 billion, comprising Kshs.2.05 billion (30 per cent) and Kshs.4.78 billion (70 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.14 billion (75.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.295 million (4.3 per cent) from its own sources of revenue, and use a cash balance of Kshs.838.91 million (12.3 per cent) from FY 2020/21. The County also expected to receive Kshs.563.37 million (8.2 per cent) as conditional grants, which consists of a World Bank loan – National Agriculture Rural Inclusive Growth Project Kshs.275.42million, World Bank Grant – Transforming Health Sector Universal Coverage Kshs.90.23million, DANIDA Kshs.10.67million, Agricultural Sector Development Support Program Kshs.24.25million, Kenya Devolution Support Program II Kshs.112.82, Kenya Informal Settlement Improvement 2 Kshs.50.0million.

3.34.2 Revenue Performance

In FY 2021/22, the County received Kshs.4.72 billion as the equitable share of the revenue raised nationally, raised Kshs.166.49 million as own-source revenue, Kshs.293.15 million as conditional grants, and had a cash balance of Kshs.838.91 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.02 billion, as shown in Table 3.222.

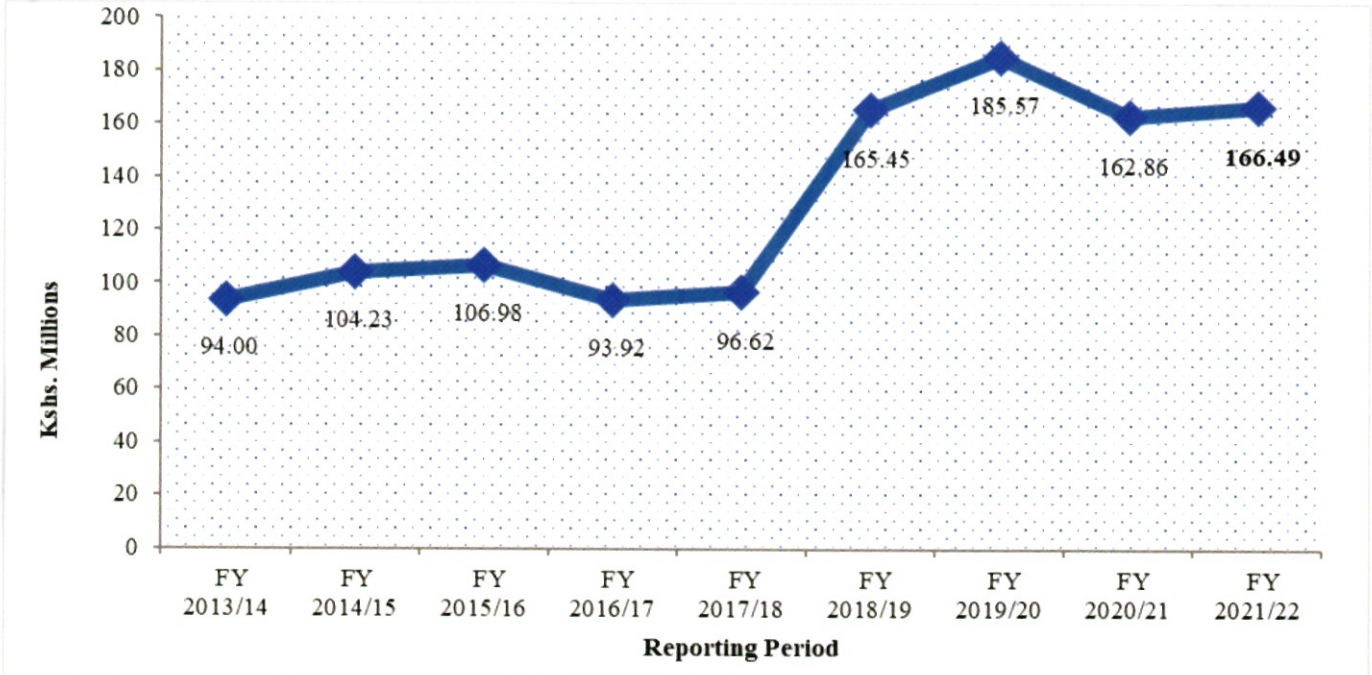
Table 3.222: Nyamira County, Revenue Performance in FY 2021/22

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	5,135,340,036	4,724,512,833	92.0
Sub Total		**5,135,340,036**	**4,724,512,833**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	295, 000, 000	166, 487, 465	56.4
2.	Conditional Grants	563, 367, 518	293, 154, 514	52.0
3.	Balance b/f from FY 2020/21	838, 910, 105	838, 910, 105	100.0
Sub Total		**1,697,277,623**	**1,298,552,084**	**76.5**
Grand Total		**6,832,617,659**	**6,023,064,917**	**88.2**

Source: *Nyamira County Treasury*

Figure 3.67 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.67: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Nyamira County Treasury*

In FY 2021/22, the County generated a total of Kshs.166.49 million as own-source revenue. This amount represented an increase of 2.2 per cent compared to Kshs.162.86 million realised in FY 2020/21 and was 56.4 per cent of the annual target.

3.34.3 Exchequer Issues

The Controller of Budget approved Kshs.5.61 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.1 billion (19.8 per cent) for development programmes and Kshs.4.5 billion (80.2 per cent) for recurrent programmes, as shown in Table 3.227 .

3.34.4 Overall Expenditure Review

The County spent Kshs.5.85 billion on development and recurrent programmes during the reporting period. This expenditure represented 104.3 per cent of the total funds released by the CoB and comprised of Kshs.1.33 billion and Kshs.4.52 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 64.9 per cent. In comparison, recurrent expenditure represented 94.6 per cent of the annual recurrent expenditure budget.

3.34.5 Settlement of Pending Bills

The outstanding pending bills at the beginning of the financial year amounted to Kshs.344.55 million and comprised Kshs.121.35 million for recurrent expenditure and Kshs.223.22 million for development expenditure.

During the period under review, pending bills amounting to Kshs.230.51 million were settled, consisting of Kshs.68.16 million for recurrent expenditure and Kshs.162.36 million for development programmes, as shown in Table 3.223.

Table 3.223: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	119,435,006	68, 155, 764	51,279,242	120,000,000	171,279,242
Development Expenditure	215,538,480	162,357,783	53,180,697	360,000,000	413,180,697
Total	**334,973,486**	**230,513,546**	**104,459,939**	**480,000,000**	**584,459,939**

Source: *Nyamira County Treasury*

During the financial year, the Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.275.00 million, which the County settled. The outstanding pending bills as of 30th June, 2022 were Kshs.584.56 million. The outstanding pending bills by the County Assembly amounted to Kshs.22.52 million as of 30th June 2022.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.91 billion on employee compensation, Kshs.1.10 billion on operations and maintenance, and Kshs.1.23 billion on development activities. Similarly, the County Assembly spent Kshs.299.10 million on employee compensation, Kshs.208.13 million on operations and maintenance, and Kshs.89.2 million on development activities, 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	**4,166,387,927**	**612,444,433**	**4,009,295,342**	**507, 229, 393**	**96.2**	**82.8**
Compensation to Employees	2,907,319,654	362,839,306	2,907,357,859	299, 099, 550	100.0	82.4
Operations and Maintenance	1,259,068,273	249,605,127	1,101,937,483	208, 129, 843	87.5	83.4
Development Expenditure	**1,898,785,299**	**155,000,000**	**1,238,611,963**	**89, 200, 082**	**65.2**	**57.5**
Total	**6,065,173,226**	**767,444,433**	**5,247,907,305**	**596, 429, 475**	**86.5**	**77.7**

Source: *Nyamira County Treasury*

3.34.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 53.2 per cent of the annual realised revenue of Kshs.6.02 billion.

Personnel emoluments amounting to Kshs.3.19 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. At the same time, Kshs.15.91 million was processed through a manual payroll. The manual payroll accounted for 0.5 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

In line with Government policy that salaries should be processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.21 billion includes Kshs.1.37 billion attributable to the health sector, which translates to 42.7 per cent of the total wage bill in the reporting period.

3.34.8 County Established Funds

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 Ksh.175.71 million to county-established funds in FY 2021/22, which constituted 2.6 per cent of the County's overall budget for the year. Table 3.225 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.225: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Bursary and scholarship Fund	110,706, 801	110,706, 800	YES.
2.	Car Loan & Mortgage – County Assembly	15,000, 000	Not Provided	N0.
3.	Emergency Fund	30,000, 000	Not Provided	N0.
4.	Trade Fund	20,000, 000	Not Provided	NO.
	Total	**175,706,801**	**110,706,800**	

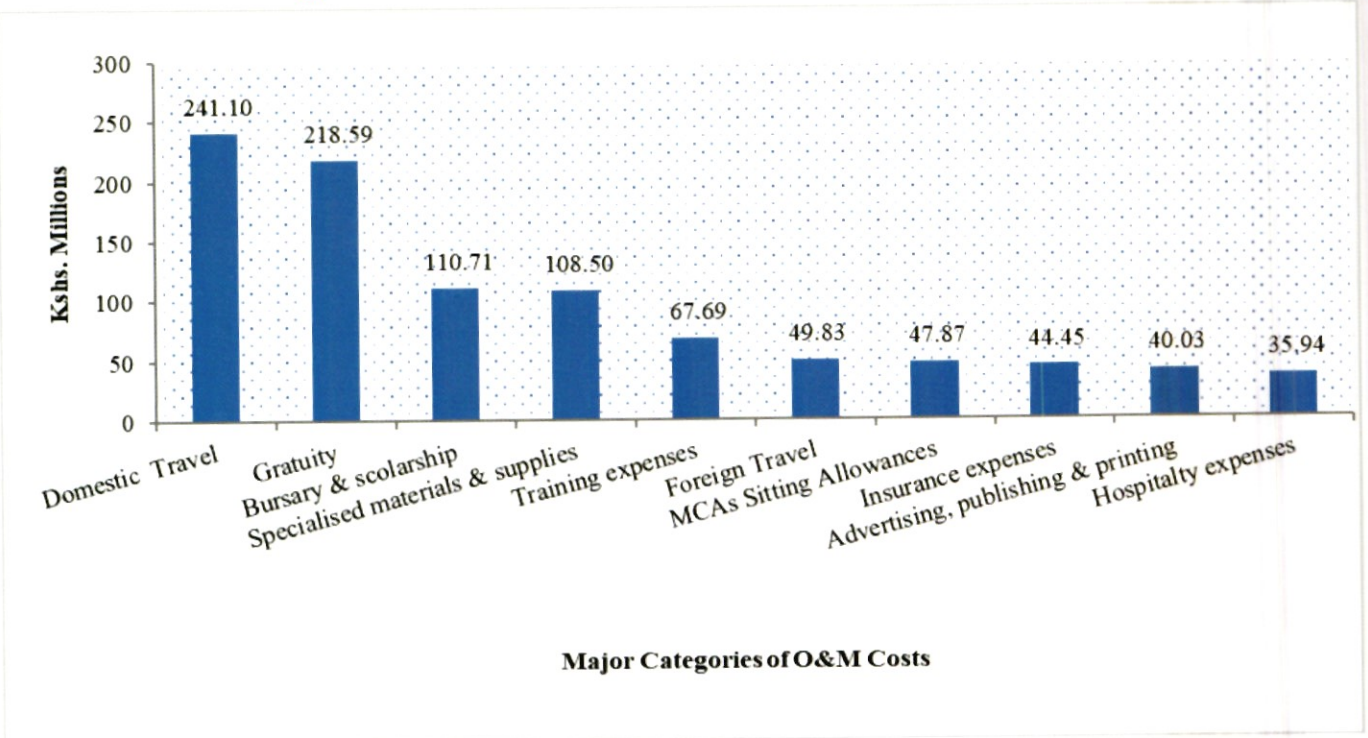
Source: *Nyamira County Treasury*

The OCoB received quarterly financial returns from the Fund Administrator of the Bursary and Scholarship Fund, as indicated in Table 3.225.

3.34.9 Expenditure on Operations and Maintenance

Figure 3.68 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.68: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyamira County Treasury*

The County Assembly spent Kshs.47.87 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.55.89 million. The average monthly sitting allowance was Kshs.107,815 per MCA and the Speaker. The County Assembly has established 20 Committees.

During the period, expenditure on domestic travel amounted to Kshs.241.10 million and comprised of Kshs.108.45 million spent by the County Assembly and Kshs.132.65 million by the County Executive. Expenditure on foreign travel amounted to Kshs.49.83 million and comprised of Kshs.11.02 million by the County Assembly and Kshs.38.81 million by the County Executive.

3.34.10 Development Expenditure

The County incurred Kshs.1.33 billion on development programmes, representing a decrease of 5.0 per cent compared to FY 2020/21, when the County spent Kshs.1.40 billion. Table 3.226 summarises development projects with the highest expenditure in the reporting period.

Table 3.226: Nyamira County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
County Assembly	Construction of MCAs ward offices	All 20 wards	170,000,000	137,774,903	80, 821, 600	None	80.0	GoK	Some offices are complete and in use.
Finance	Maintenance of revenue system	County HQ	39,500,000	39,500,000	11,000,000	None	50.0	GoK	System in use
Water	Nyambaria water supply	Magombo	21, 511,338	21,511,338	9,195,840	None	100.0	GoK	Some payments are still pending.

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Education	3 ECDE classrooms	Riomego Primary	3, 500, 000	3, 500, 000	3, 500, 000	None	100.0	GoK	Work complete
Municipality	ICT networking equipment.	HQ	4, 000, 000	4, 000, 000	0.0	None	100.	GoK	Equipment delivered
Trade	Fencing of Sironga Industrial park	Sironga	14,500,000	14,500,000	11, 783, 627	None	94.0	GoK	Works complete
Sports	Completion of Manga Stadium	Manga	83, 721, 866	83, 721, 866	65, 340, 150	None	63.0	GoK	Works ongoing.
Roads	Riabagaka – Rianyakangi – TBC road	Bogichora	4,902,762	4,902,762	4,902,762	None	100	GoK	Complete.
Lands	Completion of County HQ	HQ	382,970,401	30,053,255	30,053,255	None	8	GoK	Project has stalled
Health	Doctors' plaza with 80-bed capacity	Nyamira CRH	142,319,154	127,018,652	127,018,652	None	73	Gok	Project ongoing.

Source: *Nyamira County Treasury*

3.34.11 Budget Performance by Department

Table 3.227 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.227: 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	612.44	155.00	612.44	88.72	507.23	89.20	82.8	100.5	82.8	57.5
County Executive	452.16	0.00	392.07	0.00	417.63	0.00	106.5	0.0	92.4	0.0
Finance, ICT & Economic Plan	422.06	199.44	342.79	133.57	365.12	34.88	106.5	26.1	86.5	17.5
Agriculture & Livestock	166.65	313.58	162.43	200.27	163.60	213.97	100.7	106.8	98.2	68.2
Environment, Energy	98.62	146.40	88.17	121.64	92.73	144.78	105.2	119.0	94.0	98.9
Education & Vocational Training	481.83	15.13	480.28	15.13	479.08	36.80	99.8	243.2	99.4	243.2
Health Services	1,778.99	520.14	1,698.58	276.13	1,746.83	394.92	102.8	143.0	98.2	75.9
Lands, Housing & Urban Development	80.35	142.44	68.89	60.39	77.97	78.05	113.2	129.2	97.0	54.8
Roads, Transport & Public Works	126.31	259.40	126.31	147.42	121.75	215.62	96.4	146.3	96.4	83.2
Trade, Tourism, Industrialisation	38.66	54.65	36.12	16.70	37.66	38.65	104.3	231.4	97.4	70.7
Youths, Sports, Gender, Culture	56.87	54.14	53.80	36.72	54.16	31.95	100.7	87.0	95.2	59.0

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
County Public Service Board	66.11	0.00	61.59	0.00	57.39	0.00	93.2	0.0	86.8	0.0
Public Service Management	350.57	30.00	338.44	0.00	348.79	5.95	103.1	0.0	99.5	19.8
Nyamira Municipality	47.20	163.46	46.90	8.00	46.57	43.06	99.3	538.3	98.7	26.3
	4,778.83	**2,053.79**	**4,508.81**	**1,104.70**	**4,516.52**	**1,327.81**	**100.2**	**120.2**	**94.5**	**64.7**

Source: *Nyamira County Treasury*

Analysis of expenditure by department shows that the Department of Education and Vocation Training recorded the highest absorption rate of development budget at 243.2 per cent, followed by the Department of Environment, water, energy and natural resources at 98.9 per cent. The Department of Public Service Management had the highest percentage of recurrent expenditure to budget at 99.5 per cent, while the County Assembly had the lowest at 82.8 per cent. An absorption rate above 100 per cent is irregular and indicates possible diversion of funds.

3.34.12 Budget Execution by Programmes and Sub-Programmes

Table 3.228 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.228: 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		**487, 237, 161**	**355, 694, 089**	**131, 543, 072**	**73.0**
010100	Policy planning, general administration	332, 237, 161	266, 494, 007	65, 743, 154	80.2
070900	Legislation and representation services	155,000,000	89, 200, 082	65, 799, 918	57.5
Sub total		**280, 207, 272**	**240, 735, 386**	**39, 471, 886**	**85.9**
070800	Committee management services	33,395,023	33, 262, 195	132, 828	99.6
070900	Legislation and representation services	246, 812, 249	207, 473, 191	39, 339, 058	84.1
Department of County Executive					
070100	General administration and support services	379, 649, 855	354, 905, 101	24, 744, 754	93.4
Subtotal		**379, 649, 855**	**354, 905, 101**	**24, 744, 754**	**93.4**
070100	General administration and support services	18, 489, 700	17, 344, 868	1, 144, 831	93.8
070600	Governance and coordination services	54, 022, 770	45, 382, 061	8, 640, 709	84.0
Subtotal		**72, 512, 470**	**62, 726, 929**	**9, 785, 541**	**86.5**
Department of Finance and economic planning					
050400	ICT Services	3, 000, 000	2, 951, 279	48, 721	98.4
070100	General administration and support services	255, 486, 995	247, 037, 965	8, 449, 030	96.7
070500	Resource mobilisation	15, 254, 660	14, 078, 691	1, 425, 969	92.3
Sub total		**273, 991, 655**	**264, 067, 935**	**9, 923, 720**	**96.4**
050400	ICT Services	10, 204, 852	6, 476, 474	3, 728, 378	63.5
070200	Budget formulation and management	8,600,010	7, 245, 500	1, 354, 510	84.3
Sub total		**18, 804, 862**	**13, 721, 974**	**5, 082, 888**	**73.0**
070200	Budget formulation and management	102, 339, 891	70, 072, 924	32, 266, 957	68.5
Subtotal		**102, 339, 891**	**70, 072, 924**	**32, 266, 957**	**68.5**
070400	County financial management & control	3, 000, 000	2, 981, 346	18, 654	99.4
Sub total		**3, 000, 000**	**2, 981, 346**	**18, 654**	**99.4**
070100	General administration and support services	2, 550, 020	2, 472, 115	77, 905	96.9
Sub total		**2, 550, 020**	**2, 472, 115**	**77, 905**	**96.9**
070400	County financial management & control	3, 000, 006	2, 579, 680	420, 326	86.0
Sub total		**3, 000, 006**	**2, 579, 680**	**420, 326**	**86.0**

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
050400	ICT services	112, 815, 048	0.00	112, 815, 048	0.0
070200	Budget formulation and management	105, 000, 000	44, 104, 973	61, 165, 027	42.0
Sub total		**217,815,048**	**44, 104, 973**	**173, 410, 075**	**20.2**
Department of Agriculture, livestock and fisheries development					
010100	Policy planning, general administration and support services	163,541,681	162, 519, 901	1, 021, 712	99.4
Sub total		**163,541,681**	**162, 519, 901**	**1, 021, 712**	99.4
010400	Livestock promotion and development	2,500,000	2,500,000	0	100.0
Sub total		**2,500,000**	**2, 500, 000**	**0**	**100.0**
010200	Crop, agribusiness & land management services	313,081,363	211, 473, 293	101, 608, 070	67.5
Sub total		**313,081,363**	**211, 473, 293**	**101, 608, 070**	**67.5**
010300	Fisheries development & promotion services	1, 113, 000	1,084,500	28,500	97.4
Sub total		**1, 113, 000**	**1,084,500**	**28,500**	**97.4**
Environment, water and natural resources					
100100	Policy planning, general administration and support services	78, 623, 857	77, 065, 981	77, 065, 981	98.0
Subtotal		**78, 623, 857**	**77, 065, 981**	**77, 065, 981**	**98.0**
100200		22, 509,200	18,178,581	4,333,619	80.8
Sub total		**22, 509,200**	**18,178,581**	**4,333,619**	**80.8**
100300	Water supply and management services	143, 890, 800	142, 268, 078	1, 622, 722	99.5
Subtotal		**143, 890, 800**	**142, 268, 078**	**1, 622, 722**	**99.5**
Department of Education and vocational training					
050100	General administration, policy planning & support services	363, 582, 278	363, 079, 220	503, 058	99.9
Sub total		**363, 582, 278**	**363, 079, 220**	**503, 058**	**99.9**
050200	ECDE and CCC development services	19, 110, 732	38, 969, 582	(19, 858, 850)	203.9
Subtotal		**19, 110, 732**	**38, 969, 582**	**(19, 858, 850)**	**203.9**
050300	Vocational training and development services	114, 275, 430	113, 836, 048	439, 382	99.6
Subtotal		**114, 275, 430**	**113, 836, 048**	**439, 382**	**99.6**
Department of Health Services					
040100	General administration, planning and support services	1,588,499,992	1,587,220,716	1, 279, 276	99.9
040200	Curative health services	10, 355, 529	9, 014, 527	1, 341, 002	87.1
Subtotal		**1,598,855,521**	**1,596,235,243**	**2, 620, 278**	**99.8**
040200	Curative health services	700, 271, 470	545, 512, 701	154, 758, 769	77.9
Subtotal		**700, 271, 470**	**545, 512, 701**	**154, 758, 769**	**77.9**
Department of Lands, housing and urban development					
010100	Policy planning, general administration and support services	80, 352, 053	77, 966, 933	2, 385, 120	97.0
010500	Physical planning and surveying services	24, 998, 000	25, 217, 500	(219, 500)	100.9
010700	Management and development of towns	63, 255, 194	51, 906, 575	11, 348, 619	82.1
Subtotal		**168, 605, 247**	**155, 091, 008**	**13, 514, 239**	**92.0**
010600	Housing improvement development	54, 187, 416	922, 500	53, 264, 916	1.7
Subtotal		**54, 187, 416**	**922, 500**	**53, 264, 916**	**1.7**
Department of roads, transport and public works					
010100	Policy planning, general administration and support services	8, 500, 000	8, 495, 000	5, 000	99.9
020100	General administration and support services	112, 861, 008	110, 821, 601	2, 039, 407	98.2
Subtotal		**121, 361, 008**	**119, 316, 601**	**2, 044, 407**	**98.3**
020200	Roads development and management	263, 900, 044	217, 624, 527	46, 275, 517	82.5
Subtotal		**263, 900, 044**	**217, 624, 527**	**46, 275, 517**	**82.5**
020200	Roads development and management	450, 000	432, 480	17, 520	96.1

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Subtotal		**450, 000**	**432, 480**	**17, 520**	**96.1**
Department of trade, tourism, industrialisation and co – operative development					
030100	Policy planning, general administration and support services	34, 481, 800	33, 695, 205	786, 595	97.7
030300	Tourism development and promotion	896, 000	746, 226	149, 774	83.3
	Subtotal	**35, 377, 800**	**34, 441, 431**	**936, 369**	**97.4**
030200	Trade, cooperative, investment development promotion	57, 927, 337	41, 865, 489	16, 061, 849	72.3
Subtotal		**57, 927, 337**	**41, 865, 489**	**16, 061, 849**	**72.3**
Department of youths, sports, gender, culture social services					
070100	General administration and support services	51,889, 578	51, 372, 382	517, 196	99.0
	Subtotal	**51, 889, 578**	**51, 372, 382**	**517, 196**	**99.0**
090200	Promotion and management of sports	4, 725, 000	937, 048	3, 787, 952	19.8
Subtotal		**4, 725, 000**	**937, 048**	**3, 787, 952**	**19.8**
090200	Promotion and management of sports	54, 394, 800	33, 794, 012	20, 600, 788	62.1
Subtotal		**54, 394, 800**	**33, 794, 012**	**20, 600, 788**	**62.1**
Department of County public service board					
070100	General administration and support services	5, 381, 500	4, 184, 600	1, 196, 900	77.8
100100	Policy planning, general administration and support services	60, 731, 790	53, 209, 387	7, 522, 403	87.6
Subtotal		**66, 113, 290**	**57, 393, 987**	**8, 719, 303**	**86.8**
Department of public service management					
010100	Policy planning, general administration and support services	347,035,806	345, 625, 494	1, 410, 312	99.6
070100	General administration and support services	454,000	600, 600	(146, 700)	132.3
071000	Coordination, strategy and HR Services	33, 076, 500	8, 498, 454	24, 578, 046	25.7
	Subtotal	**380, 566, 306**	**354, 724, 645**	**25, 841, 658**	**93.2**
Department of Nyamira Municipality					
010100	Policy planning, general administration and support services	47,195, 970	46, 574, 799	621, 171	98.7
020200	Roads development and management	163,460,354	43, 063, 273	120, 397, 081	26.3
Sub total		**210, 656, 324**	**89, 638, 072**	**121, 018, 252**	**42.6**
Grand Total		**6,832,617,659**	**5,844,436,780**	**988, 180, 879**	**85.5**

Source: *Nyamira County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: ECDE and CCC development services in the Department of Education, vocational training at 203.9 per cent, General administration and support services in the Department of Public service management at 132.9 per cent, Physical planning and surveying services in the Department of Lands, physical planning and urban development at 100.9 per cent, and Livestock promotion and development in the Department of Agriculture, livestock development and fisheries at 100.0 per cent of budget allocation. An absorption rate above 100 per cent is irregular. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

3.34.13 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. A high wage bill, which accounted for 53.2 per cent of the total expenditure in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.166.49 million against an annual projection of Kshs.295 million, representing 56.4 per cent of the annual target.

3. Poor budgeting practice as shown in Table 3.227, where the County incurred expenditure over approved budgetary allocations. This is an indication of the diversion of funds.
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 Emergency Fund, Car Loan and Mortgage Fund and Trade Fund reports were not submitted to the Controller of Budget.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.15.91 million were processed through the manual payroll and accounted for 0.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to 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 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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
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 policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.35 County Government of Nyandarua

3.35.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.8.03 billion, comprising Kshs.2.81 billion (35.0 per cent) and Kshs.5.22 billion (65.0 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.67 billion (79.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.990 million (12.3 per cent) from its own sources of revenue, and use a cash balance of Kshs.644.68 million (8.0 per cent) from FY 2020/21. The County also expected to receive Kshs.727.39 million (9.1 per cent) as conditional grants, which consisted of Kshs.75.00 million as a Supplement for the construction of county headquarters, Kshs.153.29 million as Leasing of Medical Equipment, Kshs.94.48 million as Transforming Health systems for Universal care Project (WB), Kshs.289.61 million as IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP), Kshs.10.8 million as DANIDA Grant, Kshs.31.22 million as EU Grant (Instruments for Devolution Advise and Support IDEAS), Kshs.50.00 million as World Bank -Kenya Informal Settlement Improvement Project- KISIP II, Kshs.22.98 million as Sweden - Agricultural Sector Development Support Programme (ASDSP) II.

3.35.2 Revenue Performance

In FY 2021/22, the County received Kshs.5.22 billion as the equitable share of the revenue raised nationally, raised Kshs.473.06 million as own-source revenue, Kshs252.34 million as conditional grants, and had a cash balance of Kshs.644.68 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.59 billion, as shown in Table 3.229.

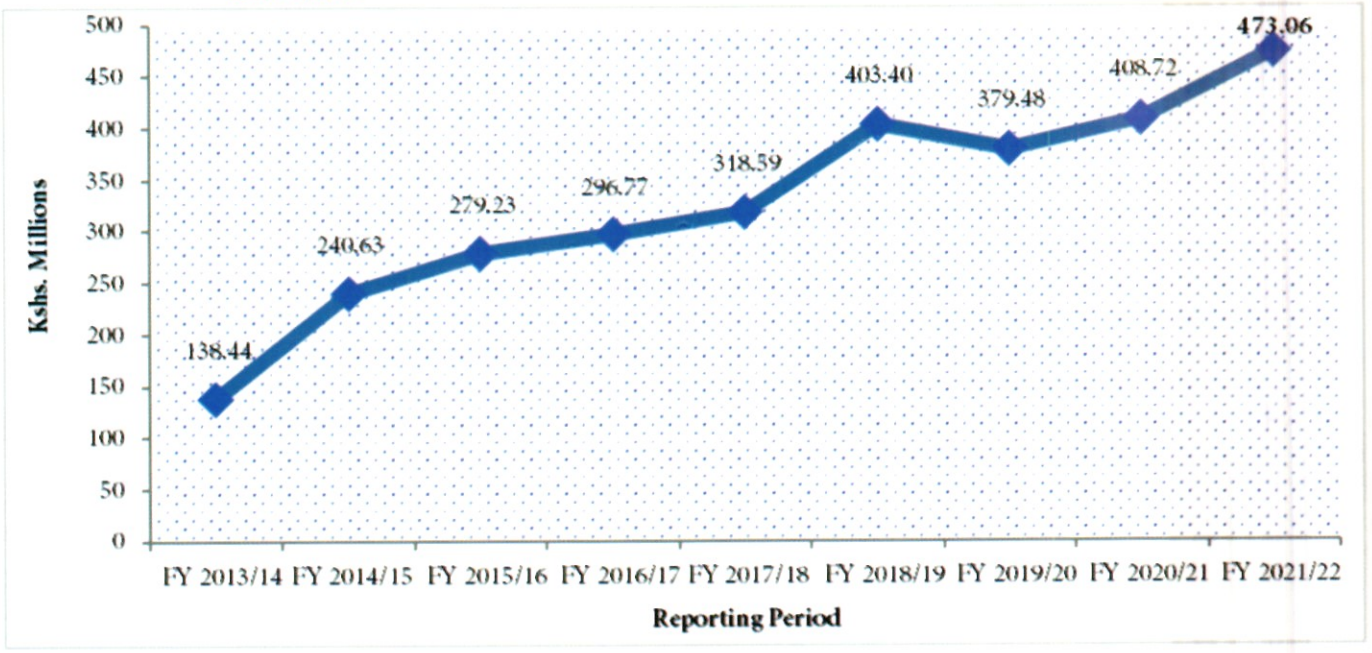
Table 3.229: Nyandarua County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,670,444,228	5,216,808,686	92.0
B	**Other Sources of Revenue**			
1.	Own Source Revenue	990,000,000	473,061,809	47.8
2.	Conditional Grants	727,391,878	252,340,586	34.7
3.	Balance b/f from FY2020/21	644,678,221	644,678,221	100.0
Sub Total		**2,362,070,099**	**1,370,080,616**	**58.0**
Grand Total		**8,032,514,327**	**6,586,889,302**	**82.0**

Source: *Nyandarua County Treasury*

Figure 3.69 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.69: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Nyandarua County Treasury*

In FY 2021/22, the County generated a total of Kshs.473.06 million as own-source revenue. This amount represented an increase of 13.6 per cent compared to Kshs.408.72 million realised in FY 2020/21 and was 47.8 per cent of the annual target. The County has implemented an automated OSR collection system called Nyandarua County Automated Revenue Management System.

3.35.3 Exchequer Issues

The Controller of Budget approved Kshs.5.88 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.12 billion (19.0 per cent) for development programmes and Kshs.4.77 billion (81.0 per cent) for recurrent programmes, as shown in Table 3.234.

3.35.4 Overall Expenditure Review

The County spent Kshs.5.88 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.9 per cent of the total funds released by the CoB and comprised of Kshs.1.12 billion and Kshs.4.76 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 39.8 per cent. In comparison, recurrent expenditure represented 91.2 per cent of the annual budget.

3.35.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.1,029.63 million and comprised Kshs.950.54 million for the County Executive and Kshs.79.09 million for the County Assembly, as shown in Table 3.230.

Table 3.230: Progress on Settlement of Pending Bills as of 30th June, 2022

Outstanding Pending Bills as of 30 June 2022			
Budget Classification	**County Executive**	**County Assembly**	**Total**
Development Expenditure	678,920,016	75,959,887	754,879,903
Recurrent Expenditure	271,617,512	3,128,097	274,745,609
Total Pending Bills	**950,537,527**	**79,087,984**	**1,029,625,511**

Source: *Nyandarua County Treasury*

The outstanding pending bills as of 30th June 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.01 billion, out of which the County has settled bills amounting to Kshs.419.13 million, leaving a balance of Kshs.589.77 million as of 30th June, 2022.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.14 billion on employee compensation, Kshs.1.93 billion on operations and maintenance, and Kshs.1.03 billion on development activities. Similarly, the County Assembly spent Kshs.350.52 million on employee compensation, Kshs.338.82 million on operations and maintenance, and Kshs.87.55 million on development activities, as shown in Table 3.231.

Table 3.231: 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	**4,519,294,062**	**704,643,697**	**4,077,384,366**	**689,340,240**	**90.2**	**97.8**
Compensation to Employees	2,171,300,000	357,620,682	2,143,911,202	350,524,202	98.7	98.0
Operations and Maintenance	2,347,994,062	347,023,015	1,933,473,164	338,816,039	82.3	97.6
Development Expenditure	2,703,576,568	105,000,000	1,028,865,908	87,545,008	38.1	83.4
Total	**7,222,870,630**	**809,643,697**	**5,106,250,274**	**776,885,248**	**70.7**	**96.0**

Source: *Nyandarua County Treasury*

3.35.7 Expenditure on Personnel Emoluments

- Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 37.9 per cent of the annual realised revenue of Kshs.6.59 billion.

  Personnel emoluments amounting to Kshs.2.14 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.349.77 million was processed on manual payrolls. The manual payroll accounted for 14.0 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

- Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.49 billion includes Kshs.1.01 billion attributable to the health sector, which translates to 40.5 per cent of the total wage bill in the reporting period.

3.35.8 County Established Funds

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 Ksh.331.3 million to county-established funds in FY 2021/22, which constituted 5.6 per cent of the County's overall budget for the year. Table 3.232 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.232: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)
		A	B	C
1.	County Assembly Staff Car Loans and Mortgage Fund	40,000,000	79,588,876	YES
2.	County Assembly Members Car Loans and Mortgage Fund	-	2,000,000	YES
3.	County Emergency Fund	48,000,000	44,890,170	YES
4.	County Bursary Fund	177,300,000	150,273,439	YES
5.	County Mortgage Fund- Civil Servants	66,000,000	104,237,460	YES
6	County Mortgage Fund- CECM	-	19,635,722	YES
Total		**331,300,000**	**400,625,667**	

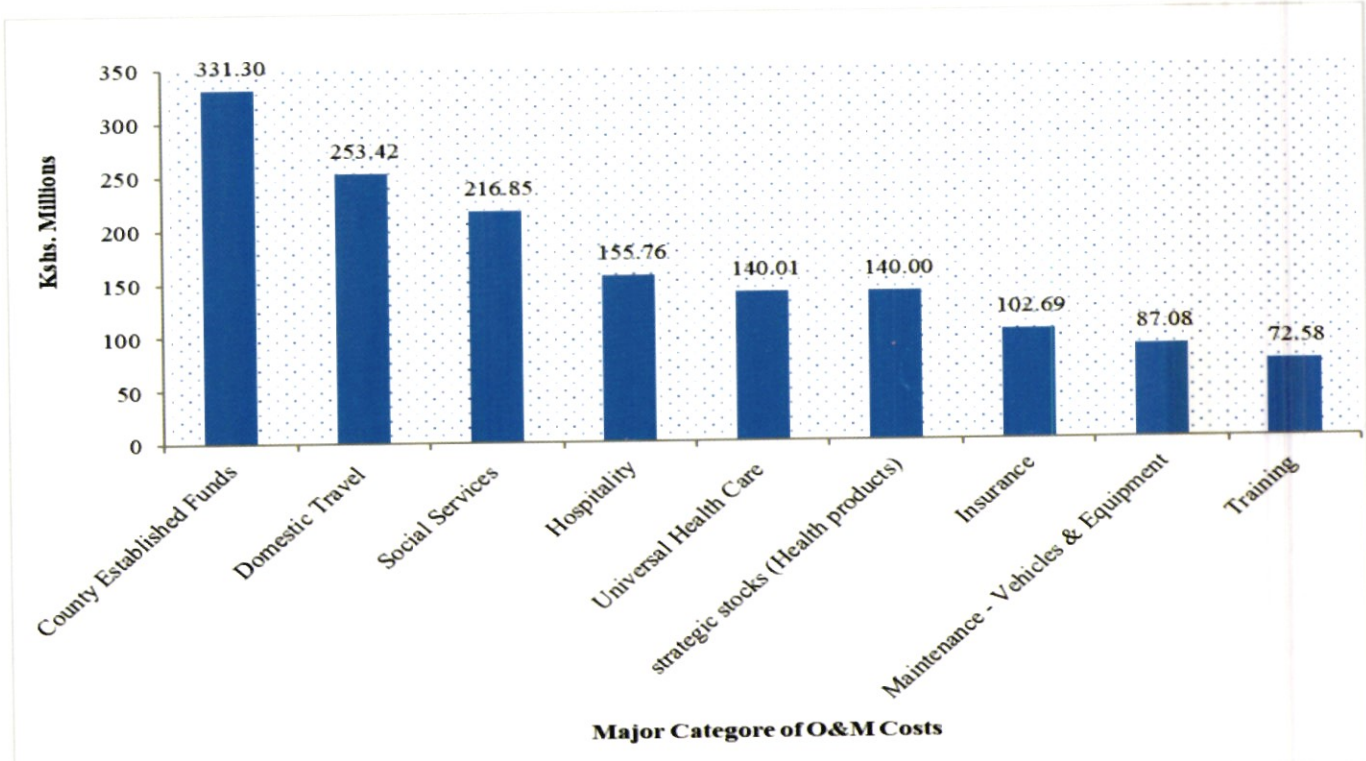
Source: *Nyandarua County Treasury*

The OCoB received the annual financial returns from administrators of the six established county funds, as indicated in Table 3.232. It is noteworthy that the County Car Loans and Mortgage Funds for the County Assembly and Executive are revolving funds.

3.35.9 Expenditure on Operations and Maintenance

Figure 3.70 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.70: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyandarua County Treasury*

The County Assembly spent Kshs.29.21 million on committee sitting allowances for the 40 MCAs and the Speaker against the annual budget allocation of Kshs.31.35 million. The average monthly sitting allowance was Kshs.60,845 per MCA. The County Assembly has established 20 Committees.

During the period, expenditure on domestic travel amounted to Kshs.253.42 million and comprised of Kshs.56.01 million spent by the County Assembly and Kshs.197.40 million by the County Executive. The cost of foreign travel amounted to Kshs.35.89 million and comprised of Kshs.27.00 million by the County Assembly and Kshs.8.86 million by the County Executive.

3.35.10 Development Expenditure

The County incurred Kshs.1.12 billion on development programmes, representing a decrease of 45.1 per cent compared to FY 2020/21 when the County spent Kshs. 2.04 billion. Table 3.233 summarises development projects with the highest expenditure in the reporting period.

Table 3.233: Nyandarua County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum	FY 2021-22 Budget	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Transport, Energy & Public Works	County headquarters (County contribution)	Kaimbaga	681,000,000	35,000,000	33,924,802	Nil	72	Gok	Ongoing
Health Services	JM Complex- County Contribution	Rurii Ward	1,486,000,000	70,000,000	161,000,000	Nil	11	Gok	Ongoing
Health Services	JM Pathology Department/Mortuary	Rurii Ward	64,076,595	12,746,820	50,391,778	11,812,595	95	Gok	Ongoing
Health Services	Engineer Male Ward	Engineer Ward	96,000,000	6,000,000	5,967,083	Nil	10	Gok	Ongoing
Health Services	Manunga theatre	Kipipiri Ward	25,000,000	6,800,000	20,000,000	Nil	100	Gok	Completed
Health Services	upgrade Bamboo	Magumu	25,000,000	5,000,000	22,000,000	Nil	80	Gok	Ongoing
Industrialisation Cooperatives, Trade & Enterprise Development	Improvement of Njabini town (cabro works) in Njabini Kiburu ward.	Njabini Town	4,999,960	4,999,960	4,999,960	Nil	100	Gok	In Use
Industrialisation Cooperatives, Trade & Enterprise Development	Engineer Ward- Engineer wholesale market	Engineer Ward	4,999,698	5,000,000	4,999,698	Nil	100	Gok	In Use
Water, Environment, Tourism &Natural resources	Ol'kalou Arboretum-Phase 2 Completion of solar-heated swimming pool and septic tank -Kaimbaga ward	Kaimbaga	27,759,042	20,600,000	17,892,189	Nil	75	Gok	The Project Is Under Phase Financing (2yrs)
Youth, Sports and Arts	Olkalou Stadium - VIP dais	Kaimbaga	51,107,550	5,000,000	48,021,737	Nil	94	Gok	Stalled Project

Source: *Nyandarua County Treasury*

3.35.11 Budget Performance by Department

Table 3.234 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.234: 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
Transport, Energy & Public Works	128.14	1,008.15	111.93	554.09	111.93	554.09	100.0	100.0	87.4	55.0
Agriculture Livestock & Fisheries	153.97	466.35	112.47	156.40	112.47	156.40	100.0	100.0	73.0	33.5
County Assembly	704.64	105.00	690.40	87.55	689.34	87.55	99.8	100.0	97.8	83.4
County Attorney	51.14	-	48.12	-	48.12	-	100.0	-	94.1	-
County Public Service Board	27.69	-	27.39	-	27.39	-	100.0	-	98.9	-
Education, Gender, Youth, Culture and Social Services	54.64	88.40	45.42	38.19	45.42	38.19	100.0	100.0	83.1	43.2
Finance & Economic Development	504.02	-	438.36	-	438.36	-	100.0	-	87.0	-
Governor's Office & Service Delivery	129.69	-	127.58	-	127.58	-	100.0	-	98.4	-
Health Services	670.47	354.99	413.67	123.79	413.67	123.79	100.0	100.0	61.7	34.9
Industrialisation Cooperatives, Trade & Enterprise Development	55.04	127.19	54.54	60.47	54.54	60.47	100.0	100.0	99.1	47.5
Lands, Housing & Physical Planning	30.63	48.10	25.51	1.62	25.51	1.62	100.0	100.0	83.3	3.4
Ol-Kalou Municipality	17.90	84.12	13.42	-	13.42	-	100.0	-	75.0	-
Public Administration & ICT	69.93	3.50	67.15	-	67.15	-	100.0	-	96.0	-
The County Secretary	2,280.51	-	2,257.23	-	2,257.23	-	100.0	-	99.0	-
Water, Environment, Tourism &Natural resources	83.10	460.66	80.14	82.25	80.14	82.25	100.0	100.0	96.4	17.9
Youth, Sports and Arts	262.42	62.12	254.46	12.05	254.46	12.05	100.0	100.0	97.0	19.4
TOTAL	**5,223.94**	**2,808.58**	**4,767.79**	**1,116.41**	**4,766.72**	**1,116.41**	**100.0**	**100.0**	**91.2**	**39.8**

Source: *Nyandarua County Treasury*

Analysis of expenditure by the department shows that the County Assembly recorded the highest absorption rate of the development budget at 83.4 per cent, followed by the Department of Transport, Energy & Public Works at 55.0 per cent. The Department of Industrialization Cooperatives, Trade & Enterprise Development had the highest recurrent expenditure to the budget percentage at 99.1 per cent. The Department of Health Services had the lowest at 61.7 per cent.

3.35.12 Budget Execution by Programmes and Sub-Programmes

Table 3.235 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.235: Nyandarua County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance (Kshs.)**	**Absorption (%)**
General administration, planning and support services	Service Delivery Unit	26,600,000	26,600,000	-	100.0
	Governor's Office & Investment Promotion	73,920,000	73,920,000	-	100.0
	Liaison and Intergovernmental Relations	16,186,000	16,186,000	-	100.0
	Civic Education and Public Participation	12,979,317	10,872,532	2,106,785	83.8
Sub Total		**129,685,317**	**127,578,532**	**2,106,785**	98.4
County Secretary	County Secretary-Administration	55,660,105	52,965,840	2,694,265	95.2
	Cabinet Affairs	930,000	929,970	30	100.0

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance (Kshs.)**	**Absorption (%)**
Human Resource Management	Payroll (Including Compensation to employees)	2,068,900,000	2,048,495,902	20,404,098	99.0
	Human Resource Management (Including employee gratuity, pension and medical insurance)	155,020,000	154,839,743	180,257	99.9
Sub Total		**2,280,510,105**	**2,257,231,455**	**23,278,650**	99.0
County Attorney Services	legal and public affairs	51,141,862	48,121,174	3,020,688	94.1
Sub Total		**51,141,862**	**48,121,174**	**3,020,688**	94.1
Public administration	Public Administration	9,400,000	9,399,120	880	100.0
	sub-county and ward administration	22,590,000	21,579,917	1,010,083	95.5
	Communication and Public Relations	14,199,987	10,426,590	3,773,397	73.4
	Enforcement and Compliance	17,844,800	17,842,130	2,670	100.0
ICT and E-government Services	ICT and E-government Services	9,400,000	7,898,706	1,501,294	84.0
Sub Total		**73,434,787**	**67,146,463**	**6,288,324**	91.4
County Public Service Board	County Public Service Board	27,689,000	27,389,000	300,000	98.9
Sub Total		**27,689,000**	**27,389,000**	**300,000**	98.9
Public Finance Management	County Funds	291,300,000	291,300,000	-	100.0
	treasury services	21,103,117	20,875,288	227,829	98.9
	Financial reporting	11,915,000	11,915,000	-	100.0
	Revenue Collection and Administration (Including automation)	27,450,000	27,450,000	-	100.0
	Revenue Enhancement and Monitoring	21,200,000	21,200,000	-	100.0
	Supply Chain Management	7,680,000	7,678,101	1,899	100.0
	Internal Audit and Risk Management	8,900,000	8,900,000	-	100.0
	Internal Audit Committee	5,000,000	2,998,300	2,001,700	60.0
Economic planning and development	County Budgeting	14,298,750	14,298,750	-	100.0
	County Statistics and Data Bank	6,600,000	6,600,000	-	100.0
	Monitoring and Evaluation	9,544,800	9,544,800	-	100.0
	Economic Modelling and Research	3,451,700	3,451,700	-	100.0
	Economic Development Planning	75,580,068	12,150,000	63,430,068	16.1
Sub Total		**504,023,435**	**438,361,939**	**65,661,496**	87.0
Preventive and Promotive Services	Preventive and Promotive Services	6,271,274	6,271,274	-	100.0
Curative Services	Curative Services	253,199,497	252,799,272	400,225	99.8
	Universal health care and grants	399,775,885	150,399,810	249,376,075	37.6
General administration, planning and support services	Solid Waste and Cemeteries	5,200,000	4,200,000	1,000,000	80.8
	Infrastructure and Equipment	361,013,156	123,793,624	237,219,532	34.3
Subtotal		**1,025,459,812**	**537,463,980**	**487,995,832**	52.4
Primary education	ECDE	75,056,219	58,536,120	16,520,099	78.0
Youth training and development	The revitalisation of youth polytechnics	16,717,994	9,112,226	7,605,768	54.5
Culture	development and promotion of culture	4,330,000	4,255,043	74,957	98.3
Arts & Theatre	Arts & Theatre	46,931,999	11,705,954	35,226,045	24.9
Sub Total		**143,036,213**	**83,609,343**	**59,426,870**	58.5
Trade development and promotion	Financial and Trade Services	45,640,000	37,758,494	7,881,506	82.7
Industrial development and investment	Industrial and Enterprise Development	4,314,057	12,583,705	-8,269,648	291.7
	Weights & Measures	2,610,000	2,590,217	19,783	99.2

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance (Kshs.)**	**Absorption (%)**
Cooperative development and management	Cooperative advisory services	18,010,000	18,009,538	462	100.0
	cooperative audit extension services	5,120,458	5,119,158	1,300	100.0
Urban development	Urban development	106,540,580	38,944,868	67,595,712	36.6
Ol'kalou municipality	Ol'kalou municipality	102,026,681	13,421,062	88,605,619	13.2
Sub Total		**284,261,776**	**128,427,042**	**155,834,734**	45.2
Sports	Sports Development	80,605,000	45,172,928	35,432,072	56.0
Youth Affairs	Youth Affairs	34,500,000	34,499,701	299	100.0
Gender Affairs and Social Services & youth empowerment	Social Services	158,020,000	157,205,771	814,229	99.5
	Gender Affairs and Social Services	44,670,098	22,874,603	21,795,495	51.2
General administration, planning and support services	Alcohol Drinks Control and Civic Education	6,750,000	6,750,000	-	100.0
Sub Total		**324,545,098**	**266,503,003**	**58,042,095**	82.1
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	237,621,789	81,911,238	155,710,551	34.5
Environment	environmental support and management	29,504,900	27,061,950	2,442,950	91.7
	climate change resilience	18,100,000	7,599,222	10,500,778	42.0
	natural resource	1,800,000	999,380	800,620	55.5
Tourism development and promotion	tourism infrastructure development	248,326,925	42,920,400	205,406,525	17.3
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	8,400,000	1,898,575	6,501,425	22.6
Sub Total		**543,753,614**	**162,390,765**	**381,362,849**	29.9
Road transport	Transport (Including fuel level, General Administration & Support Services)	669,696,261	543,346,146	126,350,115	81.1
	Public Works	390,587,779	81,183,325	309,404,454	20.8
Alternative energy technologies	alternative energy technologies	68,997,260	36,390,000	32,607,260	52.7
General administration, planning and support services	Emergency Response & Preparedness	7,000,000	5,099,305	1,900,695	72.8
Sub Total		**1,136,281,300**	**666,018,776**	**470,262,524**	58.6
Land policy and planning	Physical Planning	9,810,455	5,645,893	4,164,562	57.5
	Survey and Mapping	9,488,000	5,460,915	4,027,085	57.6
	Land Administration and Management	30,721,545	10,044,515	20,677,030	32.7
Housing	Housing	28,711,080	5,983,275	22,727,805	20.8
Sub Total		**78,731,080**	**27,134,598**	**51,596,482**	34.5
Crop development and management	land and crop development	537,190,485	198,978,344	338,212,141	37.0
	Seed Potato Production Unit (SPPU Lab)	10,695,804	6,281,240	4,414,564	58.7
Livestock resources management and development	livestock production and management	9,835,618	8,795,408	1,040,210	89.4
	Veterinary Services	15,195,000	14,994,855	200,145	98.7
Fisheries Development and management	fisheries policy, strategy and capacity building	5,400,000	4,005,977	1,394,023	74.2
General administration, planning and support services	Institution Support (ATCs)	13,135,000	8,412,962	4,722,038	64.0
	Agriculture Mechanisation Services	6,085,000	5,934,345	150,655	97.5
	General administration and Extension Services	12,550,324	12,247,172	303,152	97.6
	Subsidised Artificial Insemination	10,230,000	9,223,901	1,006,099	90.2

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance (Kshs.)**	**Absorption (%)**
Sub Total		**620,317,231**	**268,874,204**	**351,443,027**	43.3
County Assembly	legislative, oversight and representation	809,643,697	776,885,248.16	32,758,449	96.0
Sub Total		**809,643,697**	**776,885,248**	**32,758,449**	96.0
Grand Total		**8,032,514,327**	**5,883,135,523**	**2,149,378,804**	**73.2**

Source: *Nyandarua County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Service Delivery Unit in the Governor's Office at 100.0 per cent, Governor's Office & Investment Promotion in the Governor's Office at 100.0 per cent, Liaison and Intergovernmental Relations in the Governor's Office at 100.0 per cent and Cabinet Affairs at 100.0 per cent in the Office of the County Secretary at 100.0 per cent of budget allocation. The Sub-Programme Industrial and Enterprise Development in the Department of Industrialization Cooperatives, Trade & Enterprise Development had an absorption rate above 100 per cent at 291.7 per cent, which was occasioned by a reduction of the Budget Allocation in the said department during the Supplementary Budget, yet the Expenditure had already been incurred.

3.35.13 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. Low absorption of development funds as indicated by the expenditure of Kshs.1.12 billion in FY 2021/22 from the annual development budget allocation of Kshs.2.7 billion. The development expenditure represented 39.8 per cent of the annual development budget.
2. A high wage bill, which accounted for 42.4 per cent of the total expenditure in FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.473.06 million against an annual projection of Kshs. 990 million, representing 47.8 per cent of the annual target.
4. High level of pending bills which amounted to Kshs.1,029.63 million as of 30th June 2022.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.349.77 million were processed through the manual payroll and accounted for 14.0 per cent of the total payroll cost.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.36 County Government of Nyeri

3.36.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.8.74 billion, comprising Kshs.2.64 billion (30.2 per cent) and Kshs.6.10 billion (69.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.23 billion (71.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.0 billion (11.5 per cent) from its sources of revenue, and use a cash balance of Kshs.810.51 million (9.3 per cent) from FY 2020/21. The County also expects to receive Kshs.694.02 million (7.9 per cent) as conditional grants.

Conditional grants consisted of Kshs.352.82 million from IDA (World Bank) for Kenya Climate Smart Agriculture Project, Kshs.29.07 million from IDA (World Bank) for Agriculture Sector Development Support Programme, Kshs.184.79 million from IDA (World Bank) as credit for Kenya Devolution Support Programme "Level 2 grant", Kshs.60.0 million from IDA (World Bank) as credit for Kenya Informal Sector Settlement Programme, Kshs.48.73 million for Transforming Health Systems for Universal Care, Kshs.11.99 million as a grant from DANIDA for Universal Healthcare to Devolved System and Kshs.6.60 million as a grant from CDC for HIV Programme.

3.36.2 Revenue Performance

In FY 2021/22, the County received Kshs.5.73 billion as the equitable share of the revenue raised nationally, raised Kshs.948.31 million as own-source revenue, Kshs.297.31 million as conditional grants, and had a cash balance of Kshs.810.51 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.78 billion, as shown in Table. 3.236.

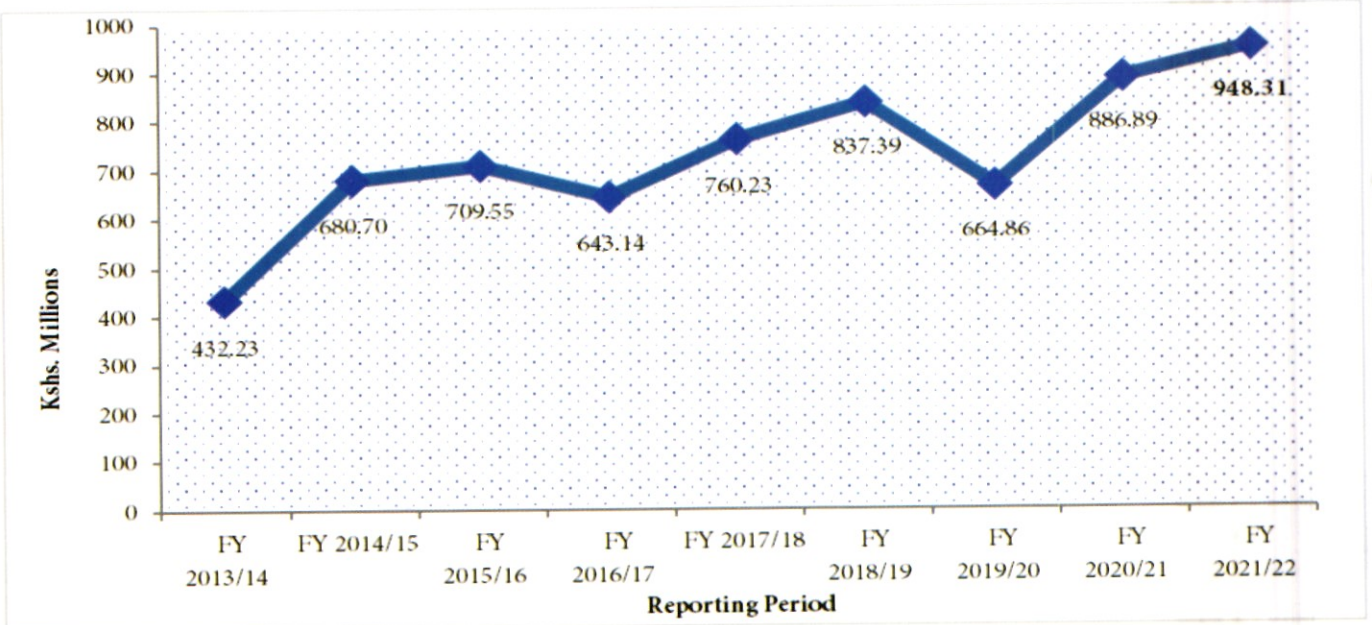
Table 3.236: Nyeri County, Revenue Performance in FY 2021/22

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**	6,228,728,555	5,730,430,268	92.0
Sub Total		**6,228,728,555**	**5,730,430,268**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	1,000,000,000	948,313,629	94.8
2.	Conditional Grants	694,024,498	297,314,062	42.8
3.	Balance b/f from FY 2020/21	810,515,428	810,515,428	100.0
Sub Total		**2,504,539,926**	**2,056,143,119**	**82.1**
Grand Total		**8,733,268,481**	**7,786,573,387**	89.2

Source: *Nyeri County Treasury*

Figure 3.71 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.71: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Nyeri County Treasury*

In FY 2021/22, the County generated a total of Kshs.948.31 million as own-source revenue. This amount represented an increase of 6.9 per cent compared to Kshs.886.89 million realised in FY 2020/21 and was 94.8 per cent of the annual target. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.106.29 million. The County has implemented an automated OSR collection system referred to as Nyeripay.

3.36.3 Exchequer Issues

The Controller of Budget approved Kshs.7.02 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.49 billion (21.3 per cent) for development programmes and Kshs.5.53 billion (78.7 per cent) for recurrent programmes, as shown in Table 3.241.

3.36.4 Overall Expenditure Review

The County spent Kshs.7.22 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.8 per cent of the total funds released by the CoB and comprised of Kshs.1.40 billion and Kshs.5.82 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 53.2 per cent, while recurrent expenditure represented 95.4 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.110.97 million and comprised Kshs.79.73 million for recurrent expenditure and Kshs.31.24 million for development expenditure. During the period under review, pending bills amounting to Kshs.102.80 million were settled, consisting of Kshs.78.62 million for recurrent expenditure and Kshs.24.18 million for development programmes, as shown in Table 3.237.

Table 3.237: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	79,726,732	78,622,390	1,104,342	120,425,140	121,529,482
Development Expenditure	31,243,495	24,183,974	7,059,520	321,415,418	328,474,939
Total	**110,970,226**	**102,806,364**	**8,163,862**	**441,840,559**	**450,004,421**

Source: *Nyeri County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.450 million include a balance of Kshs.8.16 million pending bills relating to previous years.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.58 billion on employee compensation, Kshs.1.49 billion on operations and maintenance, and Kshs.1.4 billion on development activities. Similarly, the County Assembly spent Kshs.258.85 million on employee compensation, Kshs.475.65 million on operations and maintenance, and Kshs.2.78 million on development activities, as shown in Table 3.238.

Table 3.238: 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	**5,362,963,778**	**734,500,292**	**5,080,615,077**	**734,500,292**	**94.7**	**100.0**
Compensation to Employees	3,668,325,920	258,853,361	3,584,861,932	258,853,361	97.7	100.0

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Operations and Maintenance	1,694,637,858	475,646,931	1,495,753,145	475,646,931	88.3	100.0
Development Expenditure	**2,623,804,411**	**12,000,000**	**1,400,589,301**	**2,776,460**	**53.4**	**23.1**
Total	**7,986,768,189**	**746,500,292**	**6,481,204,378**	**737,276,752**	**81.1**	**98.8**

Source: *Nyeri County Treasury*

3.36.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 49.4 per cent of the annual realised revenue of Kshs.7.78 billion.

Personnel emoluments amounting to Kshs.3.38 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.457.83 million was paid through manual payrolls. The manual payroll accounted for 11.9 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.3.84 billion includes Kshs.2.18 billion attributable to the health sector, which translates to 56.8 per cent of the total wage bill in the reporting period.

3.36.8 County Established Funds

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 Ksh.619.81 million to county-established funds in FY 2021/22, constituting 7.1 per cent of the County's overall budget for the year. Table 3.239 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.239: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund	-	-	No	-
2.	Nyeri County Elimu Fund	160,000,000	160,000,000	Yes	100.0
3.	Nyeri County Enterprise Development Fund	-	-	Yes	
4.	Nyeri County Health Fund	459,814,533	334,823,362	Yes	72.8
5.	Nyeri County Assembly Car Loan and Mortgage (Members) Scheme Fund	-	38,390,000	Yes	-
6.	Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund	-	-	Yes	-
	Total	**619,814,533**	**533,213,362**		**86.0**

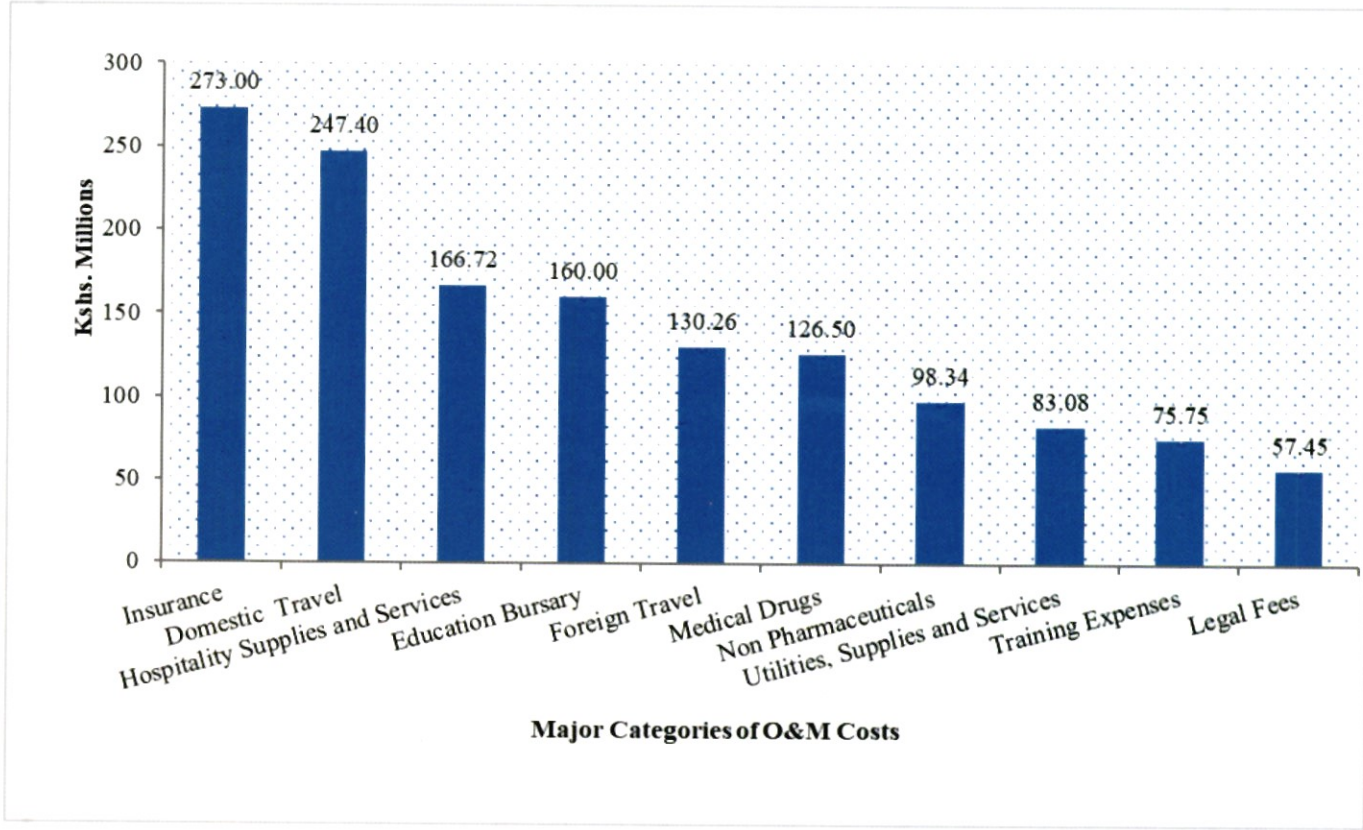
Source: *Nyeri County Treasury*

The OCoB received quarterly financial returns from administrators of three established funds, as indicated in Table 3.239.

3.36.9 Expenditure on Operations and Maintenance

Figure 3.72 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.72: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyeri County Treasury*

The County Assembly spent Kshs.31.75 million on committee sitting allowances for the 44 MCAs and the Speaker against the annual budget allocation of Kshs.50.67 million. The average monthly sitting allowance was Kshs.58,794 per MCA. The County Assembly has established 22 Committees.

During the period, expenditure on domestic travel amounted to Kshs.247.4 million and comprised Kshs.132.66 million spent by the County Assembly and Kshs.114.74 million by the County Executive. Expenditure on foreign travel amounted to Kshs.130.26 million and comprised of Kshs.87.06 million by the County Assembly and Kshs.43.2 million by the County Executive.

3.36.10 Development Expenditure

The County incurred Kshs.1.40 billion on development programmes, representing a decrease of 40 per cent compared to FY 2020/21, when the County spent Kshs. 2.18 billion. Table 3.240 summarises development projects with the highest expenditure in the reporting period.

Table 3.240: Nyeri County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Transport, Public Works Infrastructure and Energy	Roads Improvement	County-wide	488,087,127	369,476,159	100	GOK	Projects under the program are complete and in use.
Transport, Public Works Infrastructure and Energy	Street Lighting Program	County-wide	205,329,181	111,348,982	100	GOK	Projects under the program are complete and in use.

Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Health Services	Construction of Naromoru Level 4 Hospital	Naromoru/ Kiamathaga Ward	215,252,577	89,187,894	80	Donor	On-going
Lands, Physical Planning & Urban Development	Construction of Transport Termini	Rware	178,162,735	158,345,858	90	Donor	On-going
Agriculture, Livestock & Fisheries	Kenya Climate Smart Agriculture Programme	County-wide	317,252,638	194,563,713	75	Donor	On-going
Education & Sports	Purchase of sports equipment and uniform	County-wide	24,700,000	22,216,652	100	GOK	Complete and in use
Gender, Youth & Social Services	Purchase of empowerment equipment	County-wide	21,350,000	24,043,688	100	GOK	Complete and in use
Agriculture, Livestock & Fisheries	Livestock Breed improvement - Breeding stock	County-wide	21,744,800	21,744,800	85	GOK	Issuance of breeding stock on-going
County Public Service and Solid Waste Management	Purchase of Skip Loader	County-wide	14,000,000	14,000,000	100	GOK	Complete and in use
Finance & Economic Planning	Purchase of 2 specialised enforcement vehicles	County Headquarters	12,400,000	11,890,000	100	GOK	Complete and in use

Source: *Nyeri County Treasury*

3.36.11 Budget Performance by Department

Table 3.241 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.241: Nyeri County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs)		Exchequer Issues FY 2021/22 (Kshs)		Expenditure FY 2021/22 (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	157.08	0.00	142.55	0.00	141.24	0.00	99.1	0.0	89.9	0.0
Office of the County Secretary	323.19	24.50	322.49	8.76	321.54	4.49	99.7	51.2	99.5	18.3
Finance and Economic Planning	1,006.75	268.25	747.76	203.34	887.84	107.73	118.7	53.0	88.2	40.2
Lands, Physical Planning, Housing and Urbanization	60.18	347.08	57.37	121.10	54.03	216.17	94.2	178.5	89.8	62.3

Department	Budget Allocation (Kshs)		Exchequer Issues FY 2021/22 (Kshs)		Expenditure FY 2021/22 (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	2,615.08	339.19	2,456.30	146.67	2,561.89	136.17	104.3	92.8	98.0	40.1
Gender, Youth and Social Services	67.16	67.85	59.09	38.86	58.50	35.94	99.0	92.5	87.1	53.0
County Public Service and Solid Waste Management	113.19	69.00	106.14	43.39	107.71	45.05	101.5	103.8	95.2	65.3
Agriculture, Livestock and Fisheries	244.77	493.47	237.17	307.98	241.68	226.30	101.9	73.5	98.7	45.9
Trade, Culture, Tourism and Co-Operative Development	58.25	76.98	53.09	20.40	52.58	21.31	99.0	104.4	90.3	27.7
Education and Sports	441.45	89.45	398.56	48.89	417.03	48.85	104.6	99.9	94.5	54.6
Water, Irrigation, Environment and Climate Change	75.93	140.32	67.96	56.80	66.58	56.78	98.0	100.0	87.7	40.5
County Assembly	734.50	12.00	697.40	2.78	716.50	2.78	102.7	100.0	97.5	23.1
County Public Service Board	43.55	5.00	38.00	4.27	43.26	4.27	113.8	100.0	99.3	85.4
Transport, Public Works Infrastructure and Energy	115.16	702.73	105.20	491.76	111.80	497.54	106.3	101.2	97.1	70.8
Office of the County Attorney	41.23	0.00	40.12	0.00	32.94	0.00	82.1	0.0	79.9	0.0
TOTAL	**6,097.46**	**2,635.80**	**5,529.20**	**1,494.99**	**5,815.12**	**1,403.37**	**105.2**	**93.9**	**95.4**	**53.2**

Source: *Nyeri County Treasury*

Analysis of expenditure by department shows that the County Public Service Board recorded the highest absorption rate of development budget at 85.4 per cent, followed by the Department of Transport, Public Works, Infrastructure and Energy at 70.8 per cent. The Office of the County Secretary had the highest percentage of recurrent expenditure to budget at 99.5 per cent, while the office of the County Attorney had the lowest at 79.9 per cent.

3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 3.242 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.242: 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	670,020,743	420,403,864	249,616,879	62.74
	Crop Management	County Agriculture Extension Program	7,673,500	3,754,111	3,919,389	
	Wambugu ATC	Farm Development	6,851,500	6,851,500	0	100.00
	AMS Naromoru	Development Of Agricultural Land For Crop Production	7,710,500	4,901,152	2,809,348	63.56
	Livestock Production Management	Provision of Extension Services to Livestock farmers	17,521,100	13,929,514	3,591,586	79.50
	Fisheries development	Administrative Support Services	7,209,500	3,974,963	3,234,537	55.14
	Veterinary services	Administrative Support Services	21,246,340	14,158,092	7,088,248	66.64
Subtotal			**738,233,183**	**467,973,197**	**270,259,986**	**63.39**

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	390,760,150	256,381,236	134,378,914	65.61
	Land Policy and Planning	Land Policy Formulation	15,057,481	12,799,952	2,257,529	85.01
	Housing Development and Human Settlement	Government Building	1,440,000	1,012,043	427,957	70.28
Subtotal			**407,257,631**	**270,193,232**	**137,064,399**	**66.34**
Transport, Public Works Infrastructure and Energy	General administration and policy Development and implementation	Administration, planning and support services	73,962,887	70,651,991	3,310,896	95.52
	Roads development, maintenance and management	County access and feeder roads improvement	505,025,159	399,757,670	105,267,489	79.16
	Energy Sector Development	Street lighting programme	41,193,000	41,151,539	41,461	99.90
		Street Lighting	197,700,000	97,779,534	99,920,466	49.46
Subtotal			**817,881,046**	**609,340,734**	**208,540,312**	**74.50**
Trade, Culture, Tourism and Co-Operative Development	Tourism Development	Promotion of Tourism	6,324,585	1,890,005	4,434,580	29.88
	Trade and Cooperative Development	Trade Promotion	118,547,395	67,327,555	51,219,840	56.79
	Co-operatives	Cooperative Development And Management	10,350,000	4,671,691	5,678,309	45.14
Subtotal			**135,221,980**	**73,889,252**	**61,332,728**	**54.64**
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,837,559,894	2,600,654,538	236,905,356	91.65
		Health Services	116,706,488	97,398,952	19,307,536	83.46
Subtotal			**2,954,266,382**	**2,698,053,490**	**256,212,892**	**91.33**
Education and Sports	General administration and policy Development and implementation	Administrative Support Services	468,847,431	417,920,486	50,926,945	89.14
	County Sports Development	Search and nurture talents	42,631,000	36,888,781	5,742,219	86.53
	ECDE Management	ECDE Management	6,417,496	4,194,445	2,223,051	65.36
	Youth Training and Development	Youth Training and Development	13,000,000	6,883,142	6,116,858	52.95
Subtotal			**530,895,927**	**465,886,854**	**65,009,073**	**87.75**
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Management of county affairs	5,426,126	5,355,271	70,855	98.69
		Administration, planning and support services	151,657,836	135,882,945	15,774,891	89.60
Subtotal			**157,083,962**	**141,238,216**	**15,845,746**	**89.91**
Office of the County Secretary	Coordination of County Functions and Public Service Management	Administration, planning and support services	338,421,828	319,921,549	18,500,279	94.53
		County publicity campaign	1,170,000	685,583	484,417	58.60
		ICT Infrastructure Development	8,100,000	5,425,815	2,674,185	66.99
Subtotal			**347,691,828**	**326,032,947**	**21,658,881**	**93.77**

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Finance and Economic Planning	Executive services	Administration and personnel services	1,198,999,989	930,940,198	268,059,791	77.64
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	13,747,266	11,182,503	2,564,763	81.34
	Public Finance Management	Financial Accounting	11,901,000	11,149,277	751,723	93.68
		Procurement Compliance and Reporting	11,100,000	9,069,461	2,030,539	81.71
		Internal Audit	7,859,800	7,008,882	850,918	89.17
	Revenue Mobilisation	Revenue Mobilisation	25,270,000	22,134,427	3,135,573	87.59
	Economic Planning and Policy Formulation	Monitoring and Evaluation	6,126,372	4,089,300	2,037,072	66.75
Subtotal			**1,275,004,427**	**995,574,048**	**279,430,379**	**78.08**
County Assembly	General administration, Policy Development and implementation	Administration and planning services	746,500,292	719,277,583	27,222,709	96.35
Subtotal			**746,500,292**	**719,277,583**	**27,222,709**	**96.35**
County Public Service and Solid Waste Management	Human resources Management	Administration Planning and Support Services	107,055,287	97,540,164	9,515,123	91.11
	Sanitation management	Environment Conservation, Protection and Management	11,629,820	11,236,837	392,983	96.62
		Administrative Support Services	63,500,000	43,974,633	19,525,367	69.25
Subtotal			**182,185,107**	**152,751,634**	**29,433,473**	**83.84**
County Public Service Board	General Administration and Planning services	Administration and Personnel Services	48,548,187	47,525,770	1,022,417	97.89
Subtotal			**48,548,187**	**47,525,770**	**1,022,417**	**97.89**
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	57,252,024	51,766,823	5,485,201	90.42
	Social development	Administration and planning services	74,350,000	39,973,946	34,376,054	53.76
		County children's home management	3,412,000	2,701,939	710,061	
Subtotal			**135,014,024**	**94,442,708**	**40,571,316**	**69.95**
Water and Irrigation Services	Water Management	Administrative Support Services	72,279,777	63,936,899	8,342,878	88.46
		Water Services	127,169,171	48,549,802	78,619,369	38.18
	Environment Services	Environment Conservation, Protection and Management	16,802,077	10,876,884	5,925,193	64.74
Subtotal			**216,251,025**	**123,363,585**	**92,887,440**	**57.05**
Office of the County Attorney	General Administration and Planning services	Management of county affairs	41,233,480	32,937,881	8,295,599	79.88
Subtotal			**41,233,480**	**32,937,881**	**8,295,599**	**79.88**
		Grand Total	**8,733,268,481**	**7,218,481,130**	**1,514,787,351**	**82.65**

Source: *Nyeri County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Management of County Affairs in the office of the Governor at 98.7 per cent, Administration and Personnel Services in the office of the County Public Service Board at 97.9 per cent and Environment Conservation, Protection and Management in the Department of County Public Service and Solid Waste Management at 96.6 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 OCOB identified the following challenges which hampered effective budget implementation;

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.40 billion in FY 2021/22 from the annual development budget allocation of Kshs.2.64 billion. The development expenditure represented 53.2 per cent of the annual development budget.
2. A high wage bill, which accounted for 49.4 per cent of the total annual realised revenue in FY 2021/22, 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 County Executive Car-Mortgage Fund, MCAs Car-Mortgage Fund and County Assembly Staff Car-Mortgage Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.450 million as of 30th June 2022.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.457.83 million were processed through the manual payroll and accounted for 11.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to 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 identify and address issues causing delays in implementing development projects.*
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 County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.37 County Government of Samburu

3.37.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.7.34 billion, comprising Kshs.2.72 billion (36.9 per cent) and Kshs.4.65 billion (63.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.37 billion (72.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.157.26 million (2.1 per cent) from its sources of revenue, and use a cash balance of Kshs.1.19 billion (16.1 per cent) from FY 2020/21. The County also expected to receive Kshs.663.31 million (9.0 per cent) as conditional grants, which consisted of Kshs.153.29 million Leasing of Medical Equipment, Kshs.141.56 million Kenya Devolution Support Program, Kshs.212.28 million National Agricultural and Rural Inclusive Growth Project, Kshs.15.63 million EU Grant for Instrument for Devolution Advice and Support

(Abattoir Construction), Kshs.32.99 million Agriculture Sector Development Support Programme (ASDSP), Kshs.5.6 million for Transforming Health Systems for Universal Care Project, Kshs.91.71 million for Emergency Locust Response Project and Kshs.10.24 million DANIDA Health Support funds.

3.37.2 Revenue Performance

In FY 2021/22, the County received Kshs.4.94 billion as the equitable share of the revenue raised nationally, raised Kshs.120.05 million as own-source revenue, Kshs.192.58 million as conditional grants, and had a cash balance of Kshs.1.26 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.52 billion, as shown in Table 3.243.

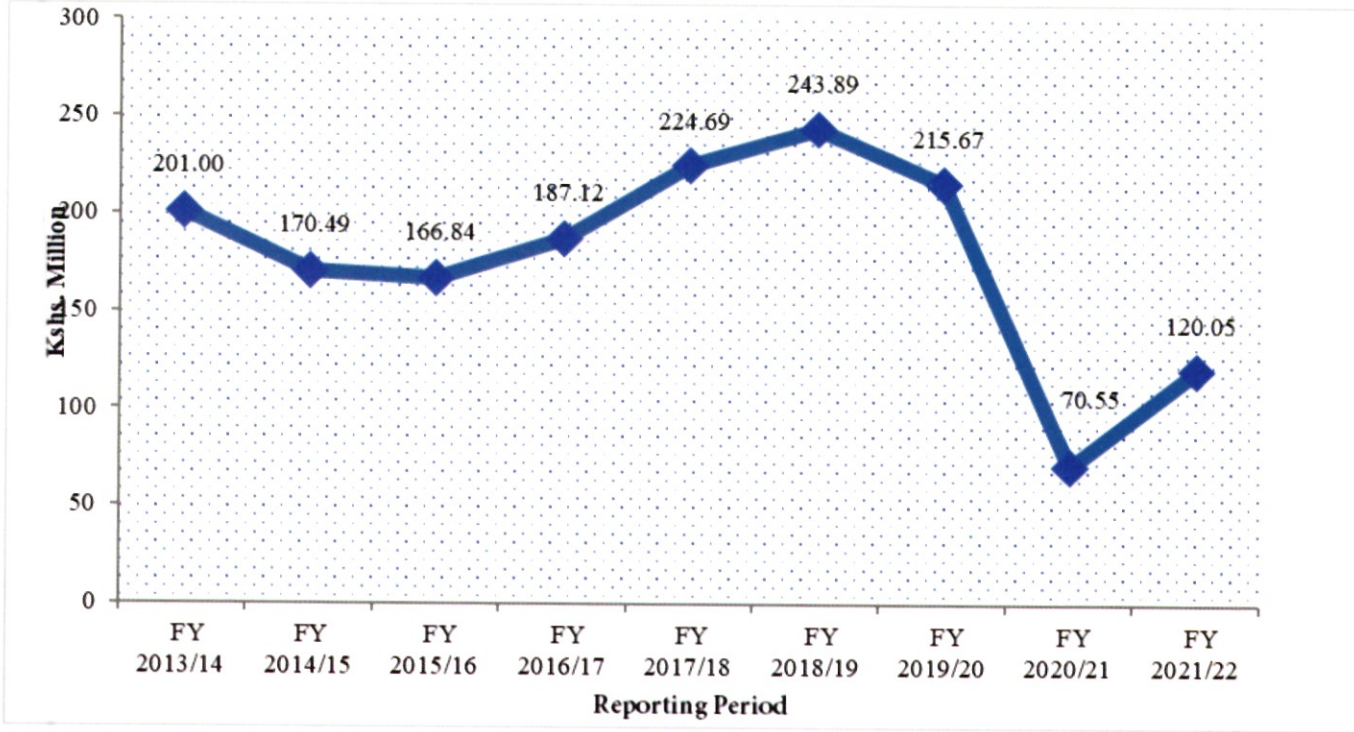
Table 3.243: Samburu County, Revenue Performance in FY 2021/22

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**	5,371,346,037	4,941,638,353	92.0
Sub Total		**5,371,346,037**	**4,941,638,353**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	157,264,422	120,049,011	76.3
2.	Conditional Grants	663,308,793	192,581,145	29.0
3.	Balance b/f from FY 2020/21	1,185,620,772	1,261,395,561	106.4
Sub Total		**2,006,193,987**	**1,574,025,716**	**78.46**
Grand Total		**7,377,540,024**	**6,515,664,069**	**88.3**

Source: *Samburu County Treasury*

Figure 3.73 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.73: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Samburu County Treasury*

In FY 2021/22, the County generated a total of Kshs.120.05 million as own-source revenue. This amount represented an increase of 70.2 per cent compared to Kshs.70.55 million was realised during a similar period in FY 2020/21

and was 76.3 per cent of the annual target. The increase may be attributed to the relatively improved tourist visits that have contributed a more significant share of the county's own source revenue over the years. The County has not implemented an automated OSR collection system.

3.37.3 Exchequer Issues

The Controller of Budget approved Kshs.5.60 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.49 billion (26.6 per cent) for development programmes and Kshs.4.11 billion (73.4 per cent) for recurrent programmes, as shown in Table 3.248.

3.37.4 Overall Expenditure Review

The County spent Kshs.5.89 billion on development and recurrent programmes during the reporting period. This expenditure represented 105.2 per cent of the total funds released by the CoB and comprised of Kshs.1.86 billion and Kshs.4.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 68.1 per cent, while recurrent expenditure represented 86.7 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.636.34 million and comprised Kshs.90.94 million for recurrent expenditure and Kshs.545.41 million for development expenditure, as shown in Table 3.244.

Table 3.244: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	90,935,475	67,901,191	23,034,284	219,459,686	242,493,971
Development Expenditure	545,409,480	387,551,424	157,858,056	389,604,199	547,462,255
Total	**636,344,955**	**455,452,615**	**180,892,340**	**609,063,885**	**789,956,225**

Source: *Samburu County Treasury*

During the period under review, pending bills amounting to Kshs.455.45 million were settled, consisting of Kshs.67.90 million for recurrent expenditure and Kshs.387.55 million for development programmes, as shown in Table 3.244.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.98 billion on employee compensation, Kshs.1.54 billion on operations and maintenance, and Kshs.1.70 billion on development activities. Similarly, the County Assembly spent Kshs.317.99 million on employee compensation, Kshs.199.97 million on operations and maintenance, and Kshs.154.31 million on development activities, as shown in Table 3.245.

Table 3.245: 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	**4,135,643,327**	**518,009,215**	**3,515,824,422**	**517,964,216**	**85**	**100**
Compensation to Employees	2,051,610,879	317,949,938	1,975,552,552	317,993,661	96	100
Operations and Maintenance	2,084,032,448	200,059,277	1,540,271,870	199,970,555	74	100
Development Expenditure	**2,568,722,667**	**155,164,815**	**1,700,940,858**	**154,305,958**	**66**	**99**
Total	**6,704,365,994**	**673,174,030**	**5,216,765,280**	**672,270,174**	**78**	**100**

Source: *Samburu County Treasury*

3.37.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 35.2 per cent of the annual realised revenue of Kshs.6.52 billion.

Personnel emoluments amounting to Kshs.2.11 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.274.92 million was processed through a manual payroll. The manual payroll accounted for 11.5 per cent of the total P.E costs against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.29 billion includes Kshs.836.81 million attributable to the health sector, which translates to 36.5 per cent of the total wage bill in the reporting period.

3.37.8 County Established Funds

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 Ksh.351.30 million to county-established funds in FY 2021/22, constituting 4.8 per cent of the County's overall budget for the year.

Table 3.246 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.246: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Conservancies Fund	149,000,000	149,000,000	No	100
2.	Bursary Fund	125,600,000	106,700,000	No	85.0
3.	Emergency Fund	62,500,313	0	No	0.0
4.	Youth & Women Fund	8,200,000	0	No	0.0
5.	Covid-19 Fund	6,000,000	0	No	0.0
	Total	**351,300,313**	**255,700,000**		**72.8**

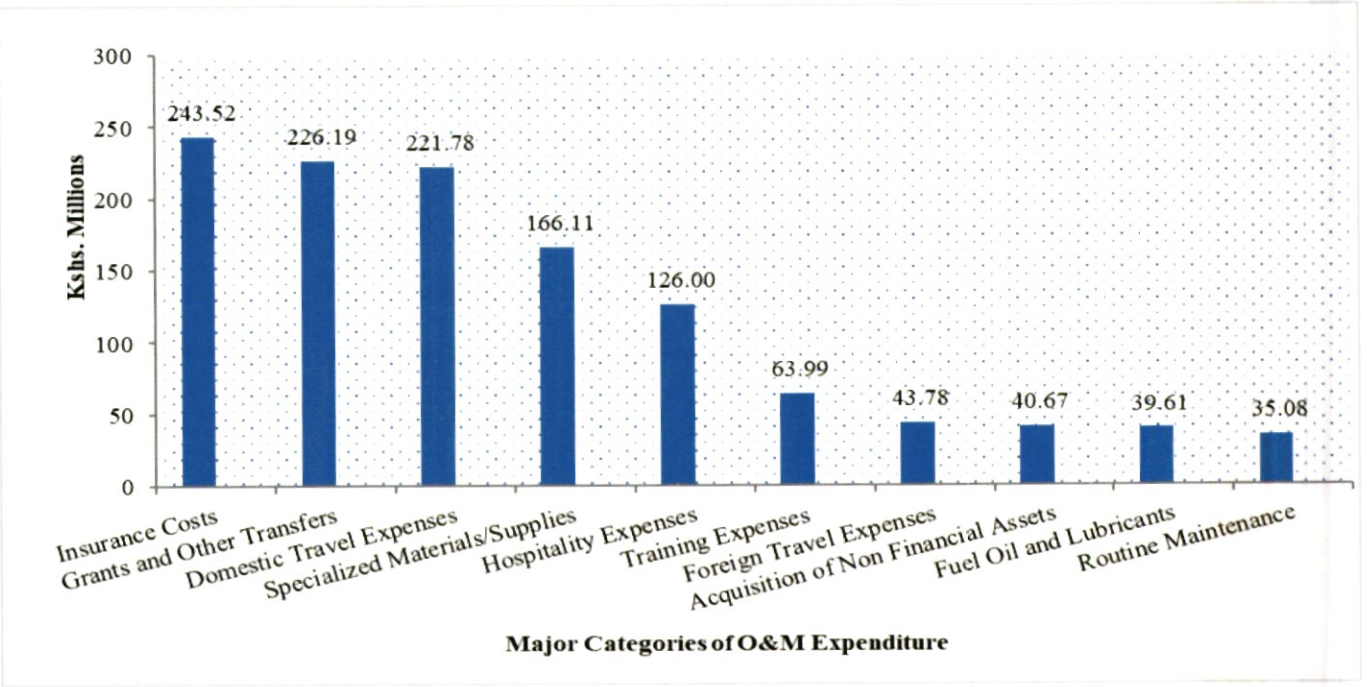
Source: *Samburu County Treasury*

The OCoB did not receive quarterly financial returns from administrators of any of the funds, as indicated in Table 3.246.

3.37.9 Expenditure on Operations and Maintenance

Figure 3.74 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.74: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: *Samburu County Treasury*

The County Assembly spent Kshs.17.39 million on committee sitting allowances for the 28 MCAs and the Speaker against the annual budget allocation of Kshs.22.40 million. The average monthly sitting allowance was Kshs. 51,750 per MCA. The County Assembly has established 15 Committees.

During the period, expenditure on domestic travel amounted to Kshs.221.78 million and comprised of Kshs.80.94 million spent by the County Assembly and Kshs.140.83 million by the County Executive. Expenditure on foreign travel amounted to Kshs.43.78 million and comprised of Kshs.28.45 million by the County Assembly and Kshs.15.33 million by the County Executive.

3.37.10 Development Expenditure

The County incurred Kshs.1.86 billion on development programmes, representing an increase of 35.8 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.37 billion. Table 3.247 summarises development projects with the highest expenditure in the reporting period.

Table 3.247: Samburu County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Trade, Tourism and Co-operative Development	Support to Samburu County Conservancies	County-wide	149,000,000	149,000,000	149,000,000	None	100.0	GoK	Conservancies in use
Health Services	Construction of Inpatient Block at Samburu County Referral Hospital	Maralal	101,557,646	101,557,646	101,557,646	None	100.0	GoK	Complete, not furnished/ not Commissioned

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
County Assembly	Construction of County Assembly Chambers	Maralal	83,164,815	81,022,256	81,022,256	None	97.4	GoK	On-going
Agriculture, Livestock and Fisheries	Supply and Delivery of Camel Heifers and Bulls		48,160,000	48,160,000	48,160,000	None	100.0	GoK	Distributed to the Community
County Executive	Construction of Governor's Official Residence	Maralal	34,940,154	34,940,154	34,940,154	None	100.0	GoK	On-going
County Assembly	Construction of County Speaker's Residence	Maralal	34,000,000	28,467,562	28,467,562	None	83.7	GoK	On-going
Health Services	Supply, Delivery and Commissioning of Oxygen Plant to Samburu Referral Hospital	Maralal	24,500,000	24,500,000	24,500,000	None	100.0	GoK	Installed, Not Commissioned
Agriculture, Livestock and Fisheries	Supply of Sahiwal Bulls and Heifers	Samburu East	23,520,000	23,520,000	23,520,000	None	100.0	GoK	Distributed to the Community
Environment and Natural Resources	Drilling of 4no. Boreholes at Nachola Ward	Samburu West	18,030,155	18,030,155	18,030,155	None	100.0	GoK	Complete and in use
Agriculture, Livestock and Fisheries	Supply of Certified Seeds	Samburu West	16,500,000	16,500,000	16,500,000	None	100.0	GoK	Supplied

Source: *Samburu County Treasury*

3.37.11 Budget Performance by Department

Table 3.248 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.248: 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	478.25	43.00	426.39	38.83	444.06	38.83	104.1	100.0	92.9	90.3
Finance, Economic Planning & ICT	782.16	48.88	727.52	27.47	684.18	33.01	94.0	120.1	87.5	67.5
Agriculture, Livestock Development, Veterinary Services & Fisheries	284.88	548.99	257.77	239.52	196.58	419.97	76.3	175.3	69.0	76.5

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
Water, Environment, Natural Resources & Energy	199.10	439.77	198.10	173.44	135.47	185.50	68.4	107.0	68.0	42.2
Education and Vocational Training	510.32	205.55	459.07	183.08	461.43	191.02	100.5	104.3	90.4	92.9
Medical Services, Public Health & Sanitation	1,215.25	543.39	878.84	190.12	1,159.48	294.47	131.9	154.9	95.4	54.2
Lands, Housing, Physical Planning & Urban Development	194.82	94.98	181.08	9.68	132.38	50.00	73.1	516.6	68.0	52.6
Roads, Transport & Public Works	112.64	367.07	110.39	245.43	81.36	262.71	73.7	107.0	72.2	71.6
Tourism, Trade, Enterprise Development & Cooperatives	204.58	214.42	202.17	176.30	131.83	176.02	65.2	99.8	64.4	82.1
Culture, Social Services, Gender, Sports & Youth Affairs	153.63	62.66	151.54	50.36	89.05	49.41	58.8	98.1	58.0	78.9
County Assembly	518.01	155.16	517.96	154.31	517.96	154.31	100.0	100.0	100.0	99.4
TOTAL	**4,653.65**	**2,723.89**	**4,110.84**	**1,488.54**	**4,033.79**	**1,855.25**	**98.1**	**124.6**	**86.7**	**68.1**

Source: *Samburu County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 99.4 per cent, followed by the Department of Education and Vocational Training at 92.9 per cent. The County Assembly also had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Culture, Social Services, Gender, Sports & Youth Affairs had the lowest at 58.0 per cent.

3.37.12 Budget Execution by Programmes and Sub-Programmes

Table 3.249 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.249: Samburu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
County Executive					
0701004210 P1 Management of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	238,115,344	214,724,008	23,391,336	90.2
	0704014210 SP2 Administration of Human Resources in County Public Service	68,987,568	65,153,671	3,833,897	94.4
	0701034210 SP3 Sub County Administration	174,947,707	166,034,558	8,913,149	94.9

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	39,202,837	36,978,248	2,224,589	94.3
	Subtotal	**521,253,456**	**482,890,485**	**38,362,971**	**92.6**
Finance, Economic Planning and ICT					
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	493,620,715	432,139,622	61,481,093	87.5
	0705024210 SP2 ICT Services	58,615,474	42,867,825	15,747,649	73.1
	Sub total	**552,236,189**	**475,007,447**	**77,228,742**	**86.0**
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	43,011,010	40,604,738	2,406,272	94.4
	0706024210 SP2 Resource Mobilisation	68,034,838	58,414,204	9,620,634	85.9
	0706034210 SP3 Internal Audit	19,713,870	18,339,946	1,373,924	93.0
	0706044210 SP4 Supply Chain Management	21,618,886	18,554,124	3,064,762	85.8
	0706014210 SP1 Budget Formulation Coordination and Management	13,542,800	12,397,357	1,145,443	91.5
	0706064210 SP6 Fiscal Planning	80,488,850	68,266,241	12,222,609	84.8
	Sub total	**246,410,254**	**216,576,610**	**29,833,644**	**87.9**
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	7,551,953	6,237,101	1,314,852	82.6
	Sub total	**7,551,953**	**6,237,101**	1,314,852	82.6
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	24,842,922	19,364,525	5,478,397	77.9
	Subtotal	**24,842,922**	**19,364,525**	**5,478,397**	**77.9**
Agriculture, Livestock Development, Veterinary Services & Fisheries					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	567,412,323	433,265,245	134,147,078	76.4
	Sub total	**567,412,323**	**433,265,245**	**134,147,078**	**76.4**
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock Policy Development and Capacity Building	12,548,584	10,345,700	2,202,884	82.4

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	0103024210 SP2 Livestock Production and Management	70,867,032	42,994,984	27,872,048	60.7
	0103034210 SP3 Livestock Diseases Management and Control	24,639,666	15,358,638	9,281,028	62.3
	0103044210 SP4 Livestock Marketing and Rangeland Management	80,963,983	42,363,253	38,600,730	52.3
	Sub total	**189,019,265**	**111,062,575**	**77,956,690**	**58.8**
0104004210 P4 Fisheries Development and Management	0104014210 SP1 Management and Development of Fisheries	11,049,552	9,212,105	1,837,447	83.4
	Sub total	**11,049,552**	**9,212,105**	1,837,447	83.4
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	50,478,776	48,113,781	2,364,995	95.3
	0105024210 SP2 Food Security Initiatives	15,917,190	14,900,608	1,016,582	93.6
	Subtotal	**66,395,966**	**63,014,389**	**3,381,577**	**94.9**
Water, Environment, Natural Resources & Energy					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	20,101,883	16,146,143	3,955,740	80.3
	Sub total	**20,101,883**	**16,146,143**	**3,955,740**	**80.3**
1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management	29,065,922	9,680,439	19,385,483	33.3
	1002024210 SP2 Forests Conservation and Management	13,183,286	4,650,637	8,532,649	35.3
	Sub total	**42,249,208**	**14,331,076**	**27,918,132**	**33.9**
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	5,015,494	2,806,336	2,209,158	56.0
	1003034210 SP3 Mining Services	2,198,572	1,381,770	816,802	62.8
	1003044210 SP4 Water Catchment and Protection Services	8,976,184	4,583,029	4,393,155	51.1
	Sub total	**16,190,250**	**8,771,135**	**7,419,115**	**54.2**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
1004004210 P4 Water and sanitation infrastructure	1004014210 SP1 Storm Water Management	5,419,985	3,248,832	2,171,153	59.9
	1004024210 SP2 Water and Sanitation Services	554,914,350	278,471,875	276,442,475	50.2
	Subtotal	**560,334,335**	**281,720,707**	**278,613,628**	**50.3**
Education and Vocational Training					
0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services	218,313,119	166,713,342	51,599,777	76.4
	Sub total	**218,313,119**	**166,713,342**	51,599,777	76.4
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalisation of Youth Polytechnics	21,736,692	19,682,758	2,053,934	90.6
	Sub total	**21,736,692**	**19,682,758**	2,053,934	90.6
0502004210 P2 Early childhood development and Education	0502014210 SP1 Early Childhood Development and Education	475,824,842	466,057,734	9,767,108	97.9
	Subtotal	**475,824,842**	**466,057,734**	**9,767,108**	**97.9**
Medical Services, Public Health & Sanitation					
0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental & Health Promotion	110,172,827	107,513,632	2,659,195	97.6
	0402014210 SP1 Nutrition	15,014,900	14,223,773	791,127	94.7
	0401054210 SP3 Communicable Disease Control	94,731,472	94,451,371	280,101	99.7
	0401064210 SP4 Non-communicable Disease Prevention & Control	37,912,158	37,640,850	271,308	99.3
	0401074210 SP5 Reproductive, Maternal, Neonatal, Child and Adolescent Health	58,280,924	56,516,511	1,764,413	97.0
	Sub total	**316,112,281**	**310,346,137**	**5,766,144**	**98.2**
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	694,926,888	622,917,519	72,009,369	89.6
	0402054210 SP2 Free Primary Health Services	311,731,498	197,647,547	114,083,951	63.4
	Sub total	**1,006,658,386**	**820,565,066**	**186,093,320**	**81.5**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure Development	238,936,565	139,363,917	99,572,648	58.3
	0403034210 SP2 Human Resource Management and Development	72,050,220	71,013,054	1,037,166	98.6
	0403044210 SP3 Monitoring and Evaluation, Research and Development	4,887,284	4,726,613	160,671	96.7
	0403054210 SP4 Health Policy, Planning & Financing	28,050,403	16,224,952	11,825,451	57.8
	0403064210 SP5 Health Standards and Quality Assurance Services	91,945,595	91,707,832	237,763	99.7
	Subtotal	**435,870,067**	**323,036,368**	**112,833,699**	**74.1**
Lands, Housing, Physical Planning & Urban Development					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	139,402,626	88,617,967	50,784,659	63.6
	Sub total	**139,402,626**	**88,617,967**	50,784,659	63.6
0102004210 P2 Land Policy Planning and Housing	0102014210 SP1 Land Use Planning	6,021,006	4,957,199	1,063,807	82.3
	0102034210 SP2 Land Survey and Mapping	8,826,752	4,964,557	3,862,195	56.2
	0102044210 SP3 Housing Management Services	882,166	323,137	559,029	36.6
	Sub total	**15,729,924**	**10,244,893**	5,485,031	65.1
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban Centre Management	134,670,091	83,518,987	51,151,104	62.0
	Subtotal	**134,670,091**	**83,518,987**	**51,151,104**	**62.0**
Roads, Transport & Public Works					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	197,895,795	130,803,949	67,091,846	66.1
	0201034210 SP2 Firefighting Services	2,787,226	2,003,961	783,265	71.9
	0201044210 SP3 Design, Implementation and Supervision of Public Buildings	11,325,634	9,947,592	1,378,042	87.8
	Sub total	**212,008,655**	**142,755,502**	**69,253,153**	**67.3**
0202004210 P2 Roads and public Infrastructure Development	0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges	204,922,758	155,938,533	48,984,225	76.1
	0202024210 SP2 Design, supervision and rehabilitation of County Buildings	10,354,650	6,997,772	3,356,878	67.6
	0202034210 SP3 Street Lights Management	44,986,504	34,141,352	10,845,152	75.9
	0202044210 SP4 Public Road Transport and Parking	7,438,881	4,236,560	3,202,321	57.0
	Subtotal	**267,702,793**	**201,314,217**	**66,388,576**	**75.2**
Tourism, Trade, Enterprise Development & Cooperatives					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	25,537,923	9,567,820	15,970,103	37.5
	Sub total	**25,537,923**	**9,567,820**	**15,970,103**	**37.5**
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	48,263,638	29,999,129	18,264,509	62.2
	Sub total	**48,263,638**	**29,999,129**	**18,264,509**	**62.2**
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	290,230,615	232,194,492	58,036,123	80.0
	Sub total	**290,230,615**	**232,194,492**	**58,036,123**	**80.0**
0305004210 P5 Trade Development and Promotion	0305014210 SP1 Domestic Trade Development	26,320,775	16,590,105	9,730,670	63.0
	Sub total	**26,320,775**	**16,590,105**	**9,730,670**	**63.0**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0306004210 P6 P1 General Administration Planning and Support Services	0306014210 SP6 SP1 General Administration Planning and Support Services	28,644,226	19,496,726	9,147,500	68.1
	Subtotal	**28,644,226**	**19,496,726**	**9,147,500**	**68.1**
Culture, Social Services, Gender, Sports & Youth Affairs					
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	82,315,085	55,581,812	26,733,273	67.5
	Sub total	**82,315,085**	**55,581,812**	**26,733,273**	**67.5**
0902004210 P2 Culture and Social Services development	0902014210 SP1 Conservation of Heritage	978,000	886,200	91,800	90.6
	0902024210 SP2 Development and Promotion of Culture	7,932,448	5,848,930	2,083,518	73.7
	0902034210 SP3 Social Welfare and Gender	34,438,000	17,939,020	16,498,980	52.1
	0902044210 SP4 Community Mobilisation and Development	6,206,880	5,248,771	958,109	84.6
	Sub total	**49,555,328**	**29,922,921**	**19,632,407**	**60.4**
0903004210 P3 Promotion of other sports activities	0903014210 SP1 Development and Management of Sports Facilities	18,275,000	10,636,404	7,638,596	58.2
	Sub total	**18,275,000**	**10,636,404**	**7,638,596**	**58.2**
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	48,810,000	33,091,841	15,718,159	67.8
	Sub total	**48,810,000**	**33,091,841**	**15,718,159**	**67.8**
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	17,336,372	9,231,516	8,104,856	53.2
	Subtotal	**17,336,372**	**9,231,516**	**8,104,856**	**53.2**
The County Assembly					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
County Assembly	0707014210 SP1 Legislative and Oversight	71,513,212	71,413,212	100,000	99.9
	0707024210 SP2 County Assembly Administration	376,328,872	375,701,582	627,290	99.8
	0707034210 SP3 Representation	225,331,946	225,155,380	176,566	99.9
	Subtotal	**673,174,030**	**672,270,174**	**903,856**	**99.9**
Grand Total		**7,377,540,024**	**5,889,035,454**	**1,488,504,570**	**79.8**

Source: *Samburu County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Preventive and Promotive Health Services in the Department of Medical Services, Public Health & Sanitation at 98.2 per cent, Early childhood development and Education in the Department of Education and Vocational Training at 97.9 per cent, and Crop Development and Management in the Department of Agriculture, Livestock Development, Veterinary Services & Fisheries at 94.9 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 OCOB identified the following challenges which hampered effective budget implementation;

1. 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.
2. High level of pending bills which amounted to Kshs.789.96 million as of 30th June 2022.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.274.92 million were processed through the manual payroll and accounted for 11.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
4. 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 August 2022.

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

1. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
4. *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.*

3.38 County Government of Siaya

3.38.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget (II) for FY 2021/22 was Kshs.8.97 billion, comprising Kshs.3.35 billion (27.3 per cent) and Kshs.5.62 billion (62.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.97 billion (77.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.445.45 million (5.0 per cent) from its sources of revenue, and use a cash

balance of Kshs.864.89 million (9.6 per cent) from FY 2020/21. The County was also expected to receive Kshs.693.45 million (7.7 per cent) as conditional grants, which consisted of the Kenya Devolution Support Project level 2 grant (Kshs.112.82 million), Lease of Medical Equipment (Kshs.153.30 million), Transforming Health Systems for Universal Health Care (Kshs.76.12 million), Kenya Climate Smart Agriculture Project (Kshs.314.64 million), DANIDA (Kshs.12.83 million) and Agriculture Sector Development Support Project (Kshs.23.75 million).

3.38.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.41 billion as the equitable share of the revenue raised nationally, raised Kshs.434.38 million as own-source revenue, Kshs.426.62 million as conditional grants, and had a cash balance of Kshs.864.89 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.14 billion, as shown in Table 3.250.

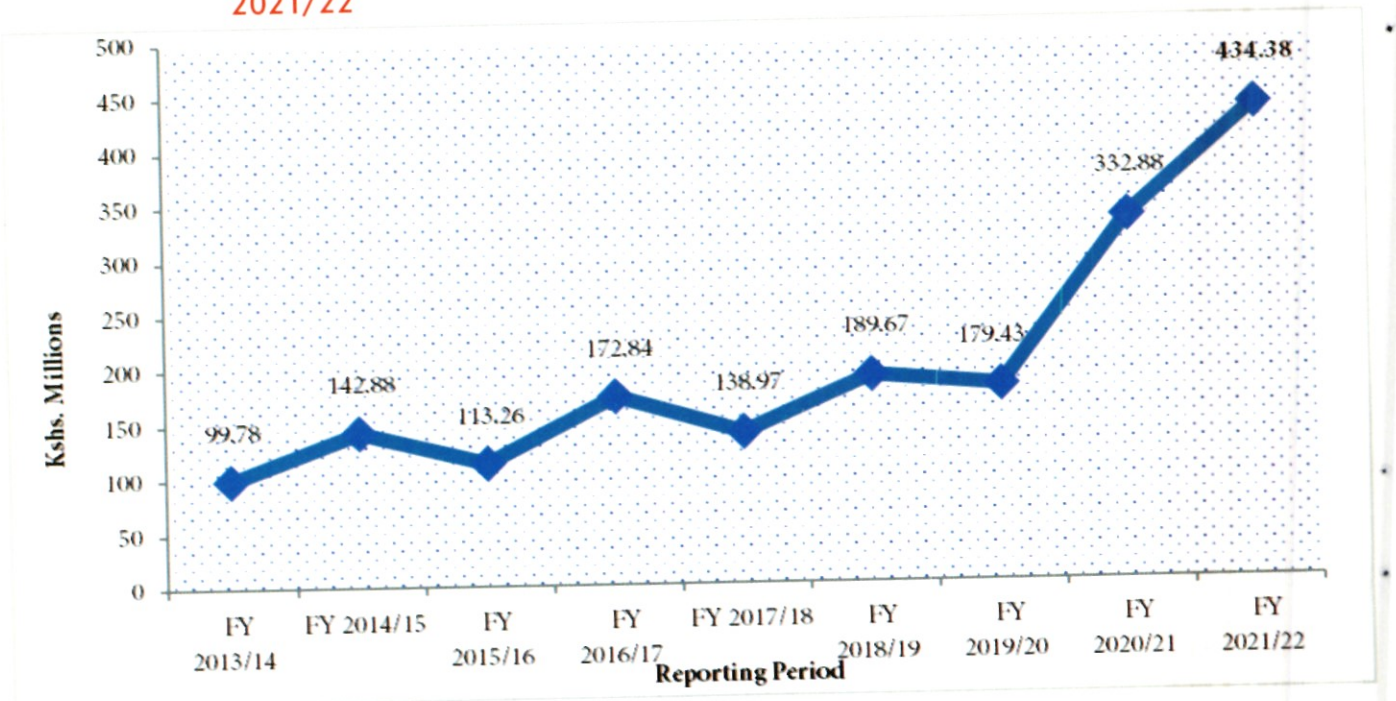
Table 3.250: Siaya County, Revenue Performance in FY 2021/22

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**	**6,966,507,531**	**6,409,186,926**	**92.0**
Sub Total		**6,966,507,531**	**6,409,186,926**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	445,445,551	434,376,276	97.5
2.	Conditional Grants	693,450,547	426,622,226	61.5
3.	Balance b/f from FY 2020/21	864,890,950	864,890,950	100.0
Sub Total		**2,003,787,048**	**1,725,889,452**	**86.1**
Grand Total		**8,970,294,579**	**8,135,076,378**	**90.7**

Source: *Siaya County Treasury*

Figure 3.75 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.75: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Siaya County Treasury*

In FY 2021/22, the County generated a total of Kshs.434.38 million as own-source revenue. This amount represented an increase of 30.5 per cent compared to Kshs.434.38 million realised in FY 2020/21 and was 97.5 per cent of the annual target. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The County does not have an automated OSR collection system.

3.38.3 Exchequer Issues

The Controller of Budget approved Kshs.7.69 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.29 billion (29.8 per cent) for development programmes and Kshs.5.40 billion (70.2 per cent) for recurrent programmes, as shown in Table 3.255 .

3.38.4 Overall Expenditure Review

The County spent Kshs.7.11 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.5 per cent of the total funds released by the CoB and comprised of Kshs.1.88 billion and Kshs.5.23 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 56.2 per cent, while recurrent expenditure represented 92.9 per cent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.602.08 million and comprised Kshs.250.51 million for recurrent expenditure and Kshs.351.58 million for development expenditure. During the period under review, pending bills amounting to Kshs.495.45 million were settled, consisting of Kshs.166.30 million for recurrent expenditure and Kshs.329.15 million for development programmes, as shown in Table 3.251.

Table 3.251: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	250,505,842.32	166,300,937.23	84,204,905.09	209,649,786.68	293,854,691.77
Development Expenditure	351,575,916.79	329,150,035.68	22,425,881.11	389,103,119.25	411,529,000.36
Total	**602,081,759.11**	**495,450,972.91**	**106,630,786.20**	**598,752,905.93**	**705,383,692.13**

Source: *Siaya County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.705.38 million, including the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.76.47 million, out of which the County has settled bills amounting to Kshs.61.16 million, leaving a balance of Kshs.15.30 million as of 30th June 2022.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.79 billion on employee compensation, Kshs.1.69 billion on operations and maintenance, and Kshs.1.69 billion on development activities. Similarly, the County Assembly spent Kshs.317.84 million on employee compensation, Kshs.433.63 million on operations and maintenance, and Kshs.137.13 million on development activities, as shown in Table 3.252.

Table 3.252: 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	**4,858,105,383**	**766,651,724**	**4,476,738,097**	**751,471,259**	**92.1**	**98.0**
Compensation to Employees	2,985,513,630	368,963,917	2,790,142,649	317,844,798	93.5	95.9
Operations and Maintenance	1,872,591,753	397,687,807	1,686,595,448	433,626,461	90.1	99.6
Development Expenditure	**2,944,401,934**	**401,135,538**	**1,742,625,745**	**137,126,990**	**59.2**	**34.2**
Total	**7,802,507,317**	**1,167,787,262**	**6,219,363,842**	**888,598,249**	**79.7**	**76.1**

Source: *Siaya County Treasury*

3.38.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 38.2 per cent of the annual realised revenue of Kshs.8.14 billion.

Personnel emoluments amounting to Kshs.2.28 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. At the same time, Kshs.792.55 million was processed through manual payrolls. The manual payroll accounted for 25.5 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.3.11 billion includes Kshs.1.51 billion attributable to the health sector, which translates to 48.6 per cent of the total wage bill in the reporting period.

3.38.8 County Established Funds

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 Ksh.310 million to county-established funds in FY 2021/22, which constituted 3.5 per cent of the County's overall budget for the year. Table 3.253 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.253: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Siaya County Emergency Fund	80,000,000	75,987,080	YES	95.0
2.	Siaya County Assembly Staff Car loan and Mortgage Fund	80,000,000	80,000,000	YES	100.0
3.	Siaya County Bursary Fund	150,000,000	150,000,000	YES	100.0
	Total	**310,000,000**	**305,987,000**		**98.7**

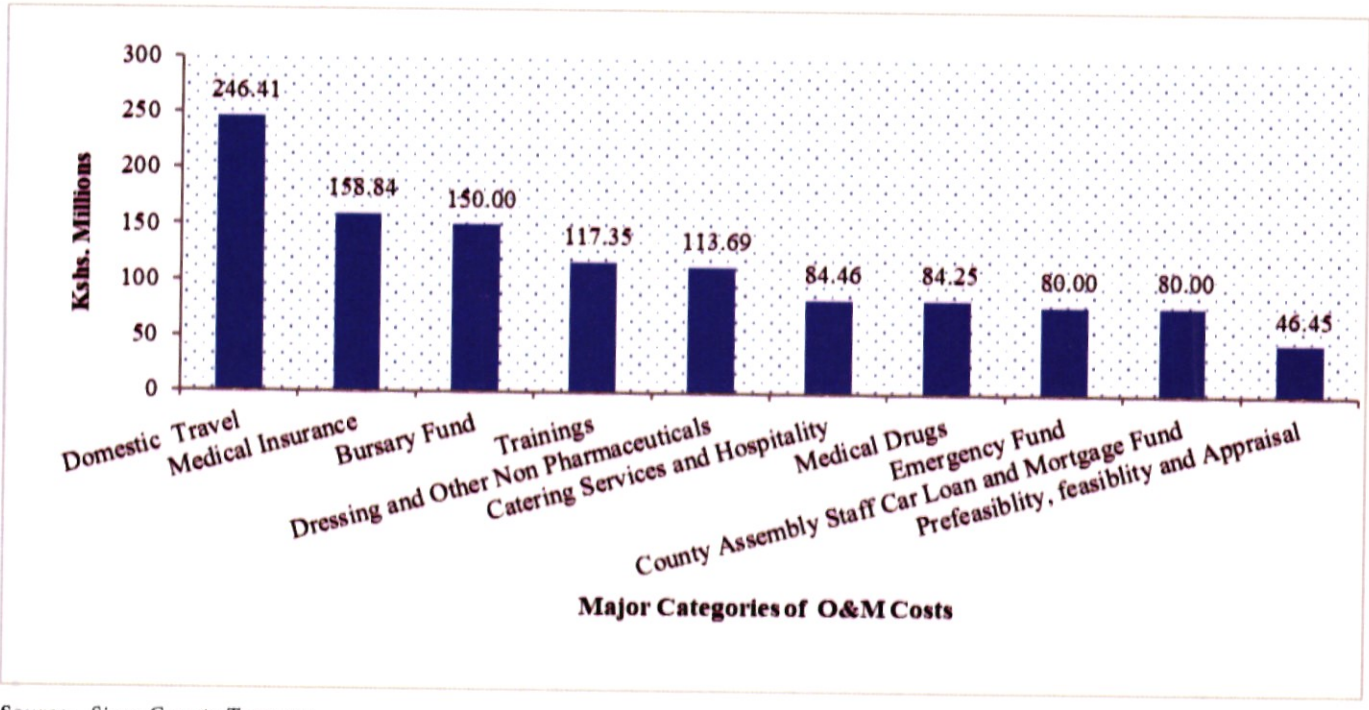
Source: *Siaya County Treasury*

The OCoB received quarterly financial returns from the Siaya County Emergency Fund Administrator, Siaya County Assembly Car Loan and Mortgage Fund and Siaya County Bursary Funds, as indicated in Table 3.253.

3.38.9 Expenditure on Operations and Maintenance

Figure 3.76 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.76: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: *Siaya County Treasury*

The County Assembly spent Kshs.42.44 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.43.13 million. The average monthly sitting allowance was Kshs.82,238 per MCA. The County Assembly has established 23 Committees.

During the period, expenditure on domestic travel amounted to Kshs.246.41 million and comprised Kshs.132.51 million spent by the County Assembly and Kshs.113.90 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.10 million by the County Executive.

3.38.10 Development Expenditure

The County incurred Kshs.1.88 billion on development programmes, representing a decrease of 16.4 per cent compared to FY 2020/21 when the County spent Kshs.2.25 billion. Table 3.254 summarises development projects with the highest expenditure in the reporting period.

Table 3.254: Siaya County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Education, Youth Affairs, Gender, Sports and Culture	Construction of Siaya County Stadium	Siaya Headquarters	394,661,767	78,207,870	67,093,742	-	60	County Government	Project is incomplete
Roads, Public Works, Energy and Transport	Installation of High masts lighting in Siaya County	Siaya Headquarters	59,865,960	25,113,829	25,105,080	-	70	County Government	Projects still ongoing

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
County Assembly	Construction and Fencing of 30 Ward Offices	County wide	57,934,334	57,934,334	19,205,163	-	50	County Assembly	Projects still ongoing
County Assembly	Geo-survey, Drilling and equipping of Boreholes in 30 wards	County wide	80,730,095	80,730,095	19,066,450	-	50	County Assembly	Projects still ongoing
Roads, Public Works, Energy and Transport	Tarmacking of Opoda road in Bondo Township	South Sakwa	17,692,949	-	17,692,949	-	100	County Government	Project complete and in use
County Assembly	Construction of meeting Halls in 30 ward offices	County wide	65,000,000	65,000,000	15,099,708	-	30	County Assembly	Projects still ongoing
County Assembly	Acquisition, Supervision and Installation of Hansard ICT System Infrastructure and Equipment Development (E-Busines)	County Assembly Headquarters	14,564,983	14,564,983	14,564,983	-	100	County Assembly	Project completed and in use
County Assembly	Development, Installation and Commissioning of Asset Inventory and fleet Management System	County Assembly Headquarters	12,850,000	12,850,000	12,260,000	-	100	County Assembly	Project complete and in use
Enterprise and Industrial Development	Construction of modern market at Sigomere	Sigomere ward	17,450,085	4,800,000	11,765,952	-	80	County Government	Project still ongoing
County Assembly	Development, Supply, Installation and Commissioning of Virtual Conference Boardrooms	County Assembly Headquarters	14,792,974	14,792,974	11,476,177	-	70	County Assembly	Project still ongoing

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
Enterprise and Industrial development	Supply, Installation, Configuration, Customisation, testing, commissioning -and support of Enterprise Resource ERP	Siaya Headquarters	72,420,000	72,420,000	10,000,000	-	20	County Government	Project still ongoing

Source: *Siaya County Treasury*

3.38.11 Budget Performance by Department

Table 3.255 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.255: 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	766.65	401.14	751.48	137.63	751.47	137.13	100.0	99.6	98.0	34.2
Governance and Administration	569.79	19.97	520.99	17.90	520.99	20.83	100.0	116.4	91.4	104.3
Finance and Economic Planning	1,344.85	5.00	1,330.56	5.00	1,273.95	20.64	95.7	412.9	94.7	412.9
Agriculture, Irrigation, Food, Livestock and Fisheries	227.80	397.53	218.91	131.53	218.91	41.81	100.0	31.8	96.1	10.5
Water, Environment and Natural Resources	48.55	234.62	48.54	166.64	47.83	133.59	98.5	80.2	98.5	56.9
Education, Youth Affairs, Gender, Sports and Social Services	344.87	347.80	342.63	347.80	342.63	266.76	100.0	76.7	99.4	76.7
County Health Services	2,028.54	328.05	1,897.34	101.33	1,787.34	135.34	94.2	133.6	88.1	41.3
Lands, Physical Planning, Urban Development and Housing	71.81	69.20	66.73	22.35	66.73	10.43	100.0	46.7	92.9	15.1
Roads, Public Works, Energy and Transport	65.28	1,359.82	64.88	1,239.83	66.30	1,017.71	102.2	82.1	101.6	74.8
Enterprise and Industrial Development	103.80	168.15	103.80	106.10	98.95	81.48	95.3	76.8	95.3	48.5
Tourism, Culture, ICT and Arts	52.81	14.27	52.80	14.27	53.13	14.02	100.6	98.3	100.6	98.3
Total	**5,624.76**	**3,345.54**	**5,398.65**	**2,290.37**	**5,228.21**	**1,879.75**	**96.8**	**82.1**	**92.9**	**56.2**

Source: *Siaya 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 412.9 per cent. At the same time, the Department of Lands, Physical Planning, Urban Development and Housing had the lowest at 15.1 per cent. The Department of Roads, Public Works, Energy and Transport had the highest percentage of recurrent expenditure to budget at

101.6 per cent. The Department of County Health Services had the lowest at 88.1 per cent. The reallocations of funds occasioned the absorption rate above 100 per cent in the supplementary budget, which the County approved towards the end of the Financial Year. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

3.38.12 Budget Execution by Programmes and Sub-Programmes

Table 3.256 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.256: Siaya County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
COUNTY ASSEMBLY					
Legislation	Legislation	327,598,807.00	324,570,637.00	3,028,170.00	99.1
Oversight	Oversight	64,343,140.00	64,342,700.00	440.00	100.0
Staff management and Development	Staff management and Development	775,845,315.00	488,878,311.55	286,967,003.45	63.0
	Sub Total	**1,167,787,262.00**	**877,791,648.55**	289,995,613.45	75.2
GOVERNANCE AND ADMINISTRATION					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	284,629,988.00	261,806,544.65	22,823,443.35	92.0
The Office of the Governor	The Office of the Governor	73,782,936.00	26,270,426.80	47,512,509.20	35.6
County Public Service Board	County Public Service Board	62,911,711.00	12,505,339.10	50,406,371.90	19.9
Fire fighting and disaster management	Fire fighting and disaster management	21,266,212.00	13,587,866.65	7,678,345.35	63.9
Sub County Administration	Sub County Administration	47,194,849.00	7,037,164.15	40,157,684.85	14.9
Human Resource Management	Human Resource Management	99,970,701.00	23,966,967.40	76,003,733.60	24.0
	Sub Total	**589,756,397.00**	**345,174,308.75**	244,582,088.25	58.5
FINANCE AND ECONOMIC PLANNING					
Financial services	Financial services	22,400,506.00	33,498,800.20	-11,098,294.20	149.5
Administration Planning, Revenue & Accounting	Administration Planning, Revenue & Accounting	1,196,339,843.00	643,910,388.90	552,429,454.10	53.8
Procurement	Procurement	11,201,194.00	9,468,804.00	1,732,390.00	84.5
Budget Services	Budget Services	33,172,389.00	29,359,094.00	3,813,295.00	88.5
Internal Audit	Internal Audit	9,160,204.00	6,184,963.00	2,975,241.00	67.5
Economic planning services	Economic planning services	58,904,760.00	48,074,012.35	10,830,747.65	81.6
Economic planning services	Economic planning services	18,675,853.00	19,730,599.60	-1,054,746.60	105.6
	Sub Total	**1,349,854,749.00**	**790,226,662.05**	559,628,086.95	58.5
AGRICULTURE, IRRIGATION, FOOD, LIVESTOCK AND FISHERIES					
Administration	Administration	105,841,550.00	49,518,030.40	56,323,519.60	46.8
Veterinary Services	Veterinary Services	35,911,633.00	15,986,583.00	19,925,050.00	44.5
Crop Management	Crop Management	436,412,463.00	238,615,868.00	197,796,595.00	54.7
Fisheries Development &Management	Fisheries Development &Management	47,165,241.00	22,113,633.00	25,051,608.00	46.9
	Sub Total	**625,330,887.00**	**326,234,114.40**	299,096,772.60	52.2
WATER, ENVIRONMENT AND NATURAL RESOURCES					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Administration	Administration	35,795,603.00	5,371,891.20	30,423,711.80	15.0
Water Services	Water Services	243,502,444.00	147,415,697.75	96,086,746.25	60.5
Forestry	Forestry	3,874,181.00	1,281,442.40	2,592,738.60	33.1
	Sub Total	**283,172,228.00**	**154,069,031.35**	129,103,196.65	54.4
EDUCATION, YOUTH AFFAIRS, GENDER, SPORTS AND SOCIAL SERVICES					
Administration Services	Administration Services	465,312,563.00	421,389,702.90	43,922,860.10	90.6
ECD programmes	ECD programmes	3,383,087.00	1,839,700.00	1,543,387.00	54.4
Youth Polytechnics and Youth Training	Youth Polytechnics and Youth Training	76,493,510.00	61,998,178.95	14,495,331.05	81.1
Sports	Sports	113,717,250.00	104,634,743.45	9,082,506.55	92.0
Culture	Culture	1,170,442.00	0.00	1,170,442.00	-
Social Resources	Social Resources	33,756,768.00	9,320,641.00	24,436,127.00	27.6
	Sub Total	**693,833,620.00**	**599,182,966.30**	94,650,653.70	86.4
COUNTY HEALTH SERVICES					
General administration and Planning Services	General administration and Planning Services	1,817,967,480.00	1,610,881,532.50	207,085,947.50	88.6
Curative Health Care Services	Curative Health Care Services	74,095,690.00	77,330,197.95	-3,234,507.95	104.4
Preventive, Promotive and Rehabilitative Health Services	Preventive, Promotive and Rehabilitative Health Services	166,811,341.00	149,148,157.00	17,663,184.00	89.4
Facility Improvement Fund	Facility Improvement Fund	71,356,312.00	25,552,906.00	45,803,406.00	35.8
HIV Services	HIV Services	12,832,875.00	3,911,184.45	8,921,690.55	30.5
RH Services	RH Services	0	392,000.00	-392,000.00	#DIV/0!
TB Services	TB Services	105,795,258.00	33,540,653.75	72,254,604.25	31.7
Nutrition Services	Nutrition Services	57,578,536.00	14,010,497.00	43,568,039.00	24.3
Environmental Health Services	Environmental Health Services	50,158,116.00	10,692,265.00	39,465,851.00	21.3
	Sub Total	**2,356,595,608.00**	**1,925,459,393.65**	431,136,214.35	81.7
LANDS, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT					
Physical Planning	Physical Planning	43,947,825.00	9,700,229.10	34,247,595.90	22.1
Land Survey & Mapping	Land Survey & Mapping	60,036,859.00	11,681,513.60	48,355,345.40	19.5
Housing	Housing	1,674,330.00	1,669,512.00	4,818.00	99.7
General Administration, Planning and Support Services	General Administration, Planning and Support Services	35,348,998.00	28,844,484.00	6,504,514.00	81.6
	Sub Total	**141,008,012.00**	**51,895,738.70**	89,112,273.30	36.8
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					
General Administration services	General Administration services	271,800.00	202,005.00	69,795.00	74.3
Road Development, Maintenance and Management	Road Development, Maintenance and Management	1,414,817,752.00	1,070,452,809.70	344,364,942.30	75.7
County Government Buildings Services	County Government Buildings Services	10,010,000.00	2,149,619.90	7,860,380.10	21.5
	Sub Total	**1,425,099,552.00**	**1,072,804,434.60**	352,295,117.40	75.3
ENTERPRISE AND INDUSTRIAL DEVELOPMENT					
General Administration and Planning Services	General Administration and Planning Services	98,450,773.00	61,732,422.10	36,718,350.90	62.7
Trade Development and Investment	Trade Development and Investment	1,495,000.00	840,200.00	654,800.00	56.2
Promotion of Fair Trade Practices	Promotion of Fair Trade Practices	1,958,839.00	1,150,906.00	807,933.00	58.8

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Cooperative Extension Services	Cooperative Extension Services	7,756,274.00	1,462,764.20	6,293,509.80	18.9
Market services	Market services	162,286,208.00	107,646,045.70	54,640,162.30	66.3
	Sub Total	**271,947,094.00**	**172,832,338.00**	99,114,756.00	63.6
TOURISM, CULTURE, ICT AND ARTS					
ICT	ICT	14,020,657.00	13,936,847.00	83,810.00	99.4
Tourism	Tourism	2,099,136	1,049,568	1,049,568.00	50.0
General Administration, Planning and Support Services	General Administration, Planning and Support Services	47,072,036.00	8,915,841.95	38,156,194.05	18.9
Communication Services	Communication Services	2,717,341.00	3,872,740.00	-1,155,399.00	142.5
	Sub Total	**65,909,170.00**	**27,774,996.95**	38,134,173.05	42.1
	Grand Total	**8,970,294,579.00**	**6,343,445,633.30**	**2,626,848,945.70**	**70.7**

Source: *Siaya County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Financial Planning Services in the Department of Finance and Economic Planning at 149.5 per cent, Economic Planning Services in the Department of Finance and Economic Planning at 105.6 per cent, Curative Healthcare Services in the Department of County Health Services at 104.4 per cent and Oversight in the Department of the County Assembly at 100.0 per cent of budget allocation. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

3.38.13 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. A high wage bill, which accounted for 38.2 per cent of the annual realised revenue of Kshs.8.14 billion in FY 2021/22, thus constraining funding to other programmes.
2. Weak budgeting practice as shown in Table 3.255 and Table 3.256, where the County incurred expenditure over approved budgetary allocations. This is an indication of the possible diversion of funds.
3. High level of pending bills which amounted to Kshs.705.38 million as of 30th June 2022.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.792.55 million were processed through the manual payroll and accounted for 25.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
5. 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 August 2022.

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

1. *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.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

5. *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.*

3.39 County Government of Taita Taveta

3.39.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.7.15 billion, comprising Kshs. 2.49 billion (34.8 per cent) and Kshs.4.66 billion (65.2 per cent) allocated for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.64 billion (64.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.450.28 million (6.3 per cent) from its sources of revenue, Kshs 100 million (1.4 per cent) from other revenues sources and a cash balance of Kshs.267.34 million (3.7 per cent) from FY 2020/21. The County also expected to receive Kshs.1.69 billion (23.7 per cent) as conditional grants, which consisted of Kshs 5.29 million for Compensation of User Fees Forgone, Kshs.193.65 million for the Road Maintenance Fuel Levy Fund, Kshs.42 million for Rehabilitation of Village Polytechnics, Kshs.68.14 million for Transforming Health Systems for Universal Care Project, Kshs.290.41 million for Kenya Climate Smart Agriculture Project, Kshs.43.6 million for the Kenya Urban Support Programme, Kshs Kshs.55.62 million for Instruments for Devolution Advise, Kshs.950 million for Water & Sanitation Development Projects, Kshs.9.3 million for DANIDA, and Kshs.26.60 million for Agricultural Sector Development Support Programme.

3.39.2 Revenue Performance

In FY 2021/22, the County received Kshs.4.45 billion as the equitable share of the revenue raised nationally, raised Kshs.315.58 million as own-source revenue, Kshs.540.60 million as conditional grants, Kshs.82.77 million from other revenue sources, and had a cash balance of Kshs.481,953 from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.39 billion, as shown in Table 3.257.

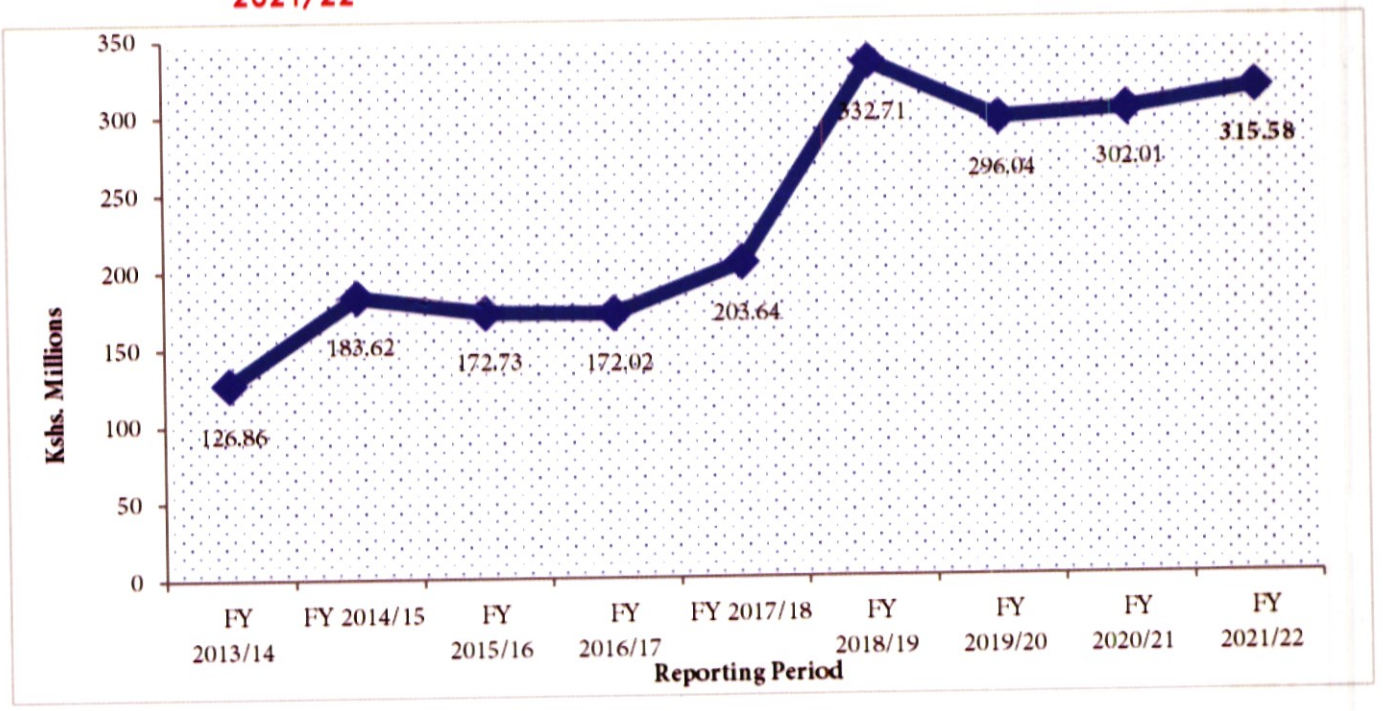
Table 3.257: Taita Taveta County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,643,223,570	4,454,800,721	95.9
Sub Total		**4,643,223,570**	**4,454,800,721**	**95.9**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	450,282,421	315,575,986	70.1
2.	Conditional Grants	1,694,753,372	540,603,975	31.9
3.	Balance b/f from FY 2020/21	267,348,630	481,953	0.2
4.	Other Revenues	100,000,000	82,774,521	82.8
Sub Total		**2,512,384,423**	**939,436,435**	**37.4**
Grand Total		**7,155,607,993**	**5,394,237,156**	**75.4**

Source: *Taita Taveta County Treasury*

Figure 3.77 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.77: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Taita Taveta County Treasury*

In FY 2021/22, the County generated a total of Kshs.315.58 million as own-source revenue. This amount represented an increase of 4.4 per cent compared to Kshs.302.01 million realised in FY 2020/21 and was 70.1 per cent of the annual target. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The County has implemented an automated OSR collection system called the Taita Taveta LAIFOM system.

3.39.3 Exchequer Issues

The Controller of Budget approved Kshs.5.41 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.864.95 million (16 per cent) for development programmes and Kshs.4.54 billion (84 per cent) for recurrent programmes, as shown in Table 3.262.

3.39.4 Overall Expenditure Review

The County spent Kshs.5.31 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.2 per cent of the total funds released by the CoB. It comprised Kshs.822.56 million and Kshs.4.49 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 33 per cent. In comparison, recurrent expenditure represented 96.3 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

The outstanding pending bills at the beginning of the financial year amounted to Kshs.768.06 million and comprised Kshs.264.71 million for recurrent expenditure and Kshs.503.35 million for development expenditure. During the period under review, pending bills amounting to Kshs.137.41 million were settled, consisting of Kshs.41.57 million for recurrent expenditure and Kshs.95.83 million for development programmes, as shown in Table 3.258.

Table 3.258: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	264,712,186	41,579,016	223,133,170	221,218,671	444,351,840
Development Expenditure	503,353,496	95,838,836	407,514,660	182,110,261	589,624,920
Total	**768,065,681**	**137,417,852**	**630,647,829**	**403,328,931**	**1,033,976,761**

Source: *Taita Taveta County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.1.033 billion, include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.713.20 million, out of which the County has settled bills amounting to Kshs.52.24 million, leaving a balance of Kshs.630.64 million as of 30th Jun, 2022.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.52 billion on employee compensation, Kshs.1.34 billion on operations and maintenance, and Kshs.801.69 million on development activities. Similarly, the County Assembly spent Kshs.296.76 million on employee compensation, Kshs.323.23 million on operations and maintenance, and Kshs.20.87 million on development activities, as shown in Table 3.259.

Table 3.259: 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	**3,937,009,705**	**725,895,690**	**3,871,947,694**	**619,998,656**	**98.3**	**85.4**
Compensation to Employees	2,587,479,484	298,196,304	2,523,417,472	296,761,740	97.5	99.5
Operations and Maintenance	1,349,530,221	427,699,386	1,348,530,222	323,236,916	99.9	75.6
Development Expenditure	**2,422,089,751**	**70,612,847**	**801,691,057**	**20,872,321**	**33.1**	**29.6**
Total	**6,359,099,456**	**796,508,537**	**4,673,638,751**	**640,870,977**	**73.5**	**80.5**

Source: *Taita Taveta County Treasury*

3.39.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 52.2 per cent of the annual realised revenue of Kshs.5.39 billion.

The wage bill of Kshs.2.82 billion includes Kshs.1.46 billion attributable to the health sector, which translates to 52.0 per cent of the total wage bill in the reporting period.

3.39.8 County Established Funds

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 Ksh.183.6 million to county-established funds in FY 2021/22, constituting 2.6 per cent of the County's overall budget for the year. Table 3.260 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.260: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)
		A	B	C
1.	Education Fund	145,000,000	73,000,000	Yes
2.	County Emergency Fund	13,000,000	-	Yes
3.	Liquor Control and Licensing Fund	5,600,000	-	Yes
4.	County Executive Car Loan & Mortgage	10,000,000	-	Yes
5.	Taita Taveta Assembly Mortgage Scheme Fund	10,000,000	38,705,400	Yes
	Total	**183,600,000**	**111,705,400**	

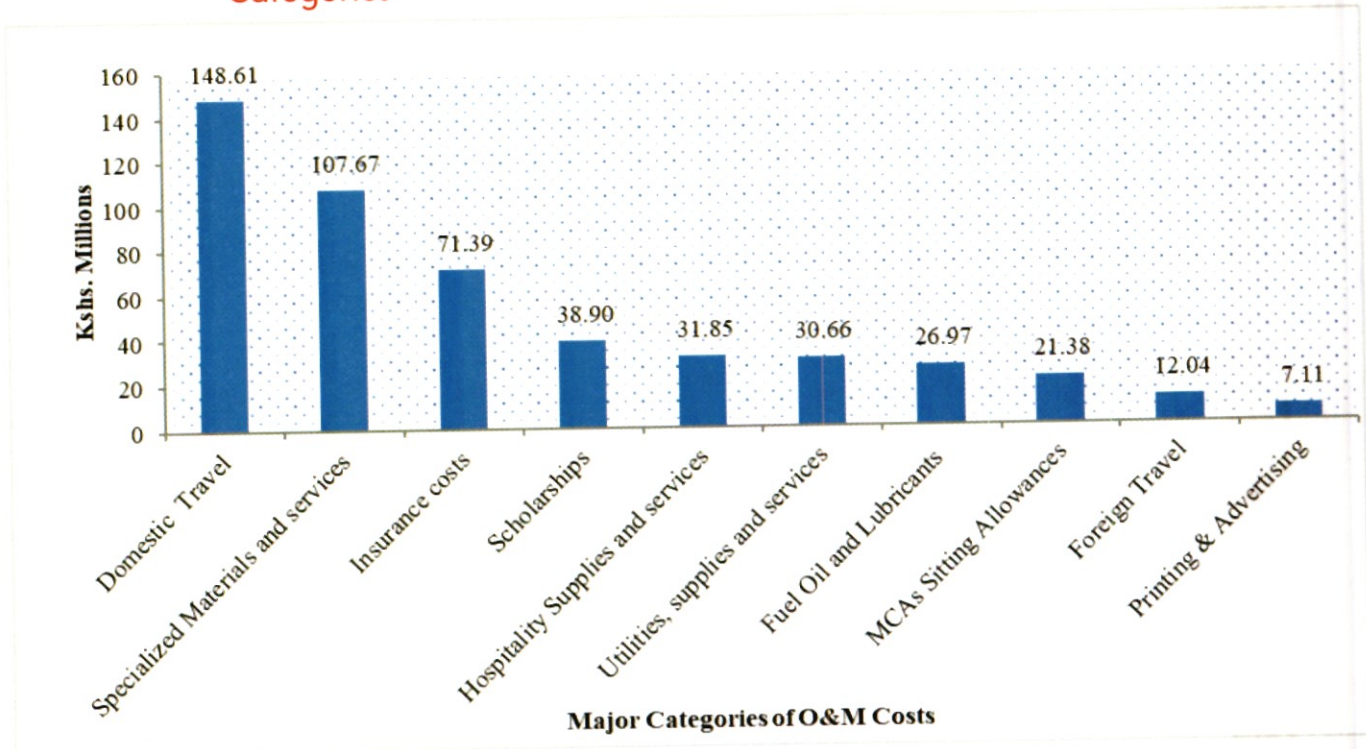
Source: *Taita Taveta County Treasury*

The OCoB received quarterly financial returns from the Fund Administrators of the five funds, as indicated in Table 3.260 Taita Taveta Assembly Mortgage Scheme Fund reported an expenditure above the budget of FY 2021/22 as it is a revolving fund, and the spending captures loans advanced to members.

3.39.9 Expenditure on Operations and Maintenance

Figure 3.78 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.78: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: *Taita Taveta County Treasury*

The County Assembly spent Kshs.21.38 million on committee sitting allowances for the 34 MCAs and the Speaker against the annual budget allocation of Kshs.21.79 million. The average monthly sitting allowance was Kshs.52,411 per MCA. The County Assembly has established 21 Committees.

During the period, expenditure on domestic travel amounted to Kshs.148.61 million and comprised of Kshs.92.41 million spent by the County Assembly and Kshs.56.20 million by the County Executive. The cost of foreign travel amounted to Kshs.12.04 million and comprised Kshs.3.33 million by the County Assembly and Kshs.8.70 million by the County Executive.

3.39.10 Development Expenditure

The County incurred Kshs.822.56 million on development programmes, representing a decrease of 51 per cent compared to FY 2020/21, when the County spent Kshs.1.68 billion. Table 3.261 summarises development projects with the highest expenditure in the reporting period.

Table 3.261: Taita Taveta County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)
County Assembly	Completion & Furnishing of County Assembly Chamber s and installation of Hansard System	Wundanyi	37,123,090	20,872,321
Public Works	Maintenance of Roads (Pending Bills)	Countywide	34,654,823	33,745,600
Public Works	Supply and Delivery of 2NO.fire engine trucks. (Pending Bill)	Voi	25,000,000	14,448,000
Health Services	Supply and Delivery of Assorted Medical Equipment	Countywide	15,226,889	13,833,047
Agriculture	Agricultural Sector Development Programme (Grant)	Countywide	26,612,835	4,500,000
Agriculture	Kenya Climate Smart Agriculture Program - (World Bank)	County wide	290,416,775	189,446,641
Water	Water and Sanitation Development Project (World Bank)	County wide	950,000,000	255,488,407
Health Services	DANIDA grant for universal healthcare for devolved system program	County wide	9,396,750	4,195,199
Lands	Kenya Urban Support Programme-Urban Towns Upgrading Programme	Mwatate	10,000,000	6,024,165
Public Works	Formation & Maintenance of Roads	County wide	72,368,095	35,737,751

Source: *Taita Taveta County Treasury*

3.39.11 Budget Performance by Department

Table 3.262 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.262: 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	725.90	70.61	621.86	25.06	620.00	20.87	99.7	83.3	85.4	29.6
Public Service and Administration	2,846.18	-	2,846.18	-	2,805.23	-	98.6	0.0	98.6	0.0
The Governor's and Deputy Governor's Office	153.09	2.14	153.09	2.14	152.00	1.85	99.3	86.5	99.3	86.5
Finance and Economic Planning	328.54	211.57	318.53	75.62	324.57	74.60	101.9	98.7	98.8	35.3
Agriculture, Livestock and Fisheries	14.00	410.11	14.00	238.66	12.00	230.98	85.7	96.8	85.7	56.3

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
Water and Irrigation	10.14	1,016.33	10.14	344.60	10.00	328.25	98.6	95.3	98.6	32.3
Education and Libraries	171.41	29.60	171.41	-	169.00	5.80	98.6	0.0	98.6	19.6
Health	295.25	159.24	295.25	52.09	283.00	48.43	95.9	93.0	95.9	30.4
Trade, Tourism and Cooperative Development	20.19	27.39	20.19	22.89	20.11	21.89	99.6	95.6	99.6	79.9
County Public Service Board	17.58	6.47	17.58	3.97	16.58	3.15	94.3	79.3	94.3	48.7
Infrastructure and Public Works	23.96	235.28	23.96	72.37	22.96	69.48	95.8	96.0	95.8	29.5
Lands, Environment and Natural Resources	42.91	117.61	42.91	11.20	42.80	10.00	99.8	89.3	99.8	8.5
Youth, Gender, Sports, Culture and Social Services	13.75	206.35	13.75	16.36	13.70	7.27	99.6	44.4	99.6	3.5
TOTAL	**4,662.91**	**2,492.70**	**4,548.86**	**864.95**	**4,491.95**	**822.56**	**98.7**	**95.1**	**96.3**	**33.0**

Source: *Taita Taveta County Treasury*

Analysis of expenditure by department shows that the Office of the Governor & Deputy Governor recorded the highest absorption rate of development budget at 86.5 per cent, followed by the Department of Trade, Tourism &Cooperative development at 79.9 per cent. The Department of Lands, Environment & Natural resources had the highest percentage of recurrent expenditure to budget at 99.8 per cent, while the County Assembly had the lowest at 85.4 per cent.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3.263 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.263: Taita Taveta County, Budget Execution by Programmes and Sub-programmes

Programme	Sub Programme	Approved Budget	Expenditure	Variance	Absorption (%)
		KShs.	KShs.	KShs.	
101003260	Administration Planning and Support Services	80,868,589	24,268,357	56,600,233	30.0
	Administration Planning and Support Services	80,868,589	24,268,357	56,600,233	30.0
102003260	Development programme	374,943,825	191,080,735	183,863,090	51.0
	Development programme	374,943,825	191,080,735	183,863,090	51.0
104003260	Agricultural Development Programme	515,608,014	442,978,724	72,629,290	85.9
	Agricultural Development Programme	515,608,014	442,978,724	72,629,290	85.9
105003260	Livestock and Fisheries Development	26,114,201	20,965,655	5,148,546	80.3
	Livestock and Fisheries Development	26,114,201	20,965,655	5,148,546	80.3
301003260	General Administration and support services programme	3,936,897	3,468,540	468,357	88.1
	General Administration and support services programme	3,936,897	3,468,540	468,357	88.1
302003260	Trade Development programme.	33,885,468	32,382,481	1,502,987	95.6
	Trade Development programme.	33,885,468	32,382,481	1,502,987	95.6
401003260	Administration and Support Services	308,024,626	184,542,103	123,482,524	59.9
	Administration and Support Services	308,024,626	184,542,103	123,482,524	59.9
402003260	Health Development Programme	271,191,087	231,425,782	39,765,305	85.3
	Health Development Programme	271,191,087	231,425,782	39,765,305	85.3
501003260	General Administration, Planning and Support services	74,166,375	27,538,690	46,627,685	37.1

Programme	Sub Programme	Approved Budget	Expenditure	Variance	Absorption (%)
		KShs.	KShs.	KShs.	
	General Administration, Planning and Support services	74,166,375	27,538,690	46,627,685	37.1
502003260	Early childhood Education and Youth Training Development Programme	87,412,000	57,800,000	29,612,000	66.1
	Early childhood Education & Youth Training Development Programme	87,412,000	57,800,000	29,612,000	66.1
701003260	General Administration support services	2,486,659,159	2,337,200,935	149,458,224	94.0
	General Administration support services	2,486,659,159	2,337,200,935	149,458,224	94.0
702003260	County Assembly Infrastructure improvement	796,508,537	640,870,977	155,637,561	80.5
	County Assembly Infrastructure improvement	796,508,537	640,870,977	155,637,561	80.5
703003260	Decentralised Infrastructure development programme	6,469,047	-	6,469,047	-
	Decentralised Infrastructure development programme	6,469,047	-	6,469,047	-
704003260	General Administration and Management of County Affairs	154,571,291	153,850,000	721,291	99.5
	General Administration and Management of County Affairs	154,571,291	153,850,000	721,291	99.5
705003260	Leadership Development Programme	2,138,094	-	2,138,094	-
	Leadership Development Programme	2,138,094	-	2,138,094	-
706003260	General Administration Planning, Internal Audit & Support Services	438,357,914	399,166,000	39,191,914	91.1
	General Administration, Planning, Internal Audit & Support Services	438,357,914	399,166,000	39,191,914	91.1
707003260	Treasury Development Programme	211,569,047	153,850,000	57,719,047	72.7
	Treasury Development Programme	211,569,047	153,850,000	57,719,047	72.7
1001003260	Water and irrigation Development Programme	1,016,331,034	338,251,407	678,079,627	33.3
	Water and irrigation Development Programme	1,016,331,034	338,251,407	678,079,627	33.3
1002003260	General Administration, Support and Support Services	10,144,129	5,110,175	5,033,954	50.4
	General administration, Support and Support Services	10,144,129	5,110,175	5,033,954	50.4
1003003260	Natural Resources Support Programme	256,708,659	69,759,168	186,949,491	27.2
	Natural Resources Support Programme	256,708,659	69,759,168	186,949,491	27.2
	Grand Total	**7,155,607,993**	**5,314,509,728**	**1,841,098,265**	**74.3**

Source: *Taita Taveta County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: General Administration and Management of County Affairs in the Office of The Governor at 100 per cent, Trade development in the department of Trade, Tourism & Cooperative development at 96 per cent and General Administration Support services in the Department of Public Service& Administration at 94 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 OCOB identified the following challenges which hampered effective budget implementation;

1. Low absorption of development funds as indicated by the expenditure of Kshs.822.56 million in the FY 2021/22 from the annual development budget allocation of Kshs.2.49 billion. The development expenditure represented 33 per cent of the annual development budget.
2. A high wage bill, which accounted for 52.2 per cent of the annual realised revenue of Kshs.5.39 billion in the FY 2021/22, thus constraining funding to other programmes.
3. High level of pending bills which amounted to Kshs.1.03 billion as of 30th June 2022.

4. The underperformance of own-source revenue at Kshs.315.58 million against an annual projection of Kshs.450.28 million, representing 70.1 per cent of the annual target.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
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 County leadership should take charge of the worsening pending bills situation to ensure eligible pending bills are paid in the new financial year.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.40 County Government of Tana River

3.40.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.8.48 billion, comprising Kshs.2.97billion (35.0 per cent) and Kshs.5.51billion (65.0 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.53 billion (76.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.87.85 million (1 per cent) from its sources of revenue, and use a cash balance of Kshs.1.32 billion (15.6 per cent) from FY 2020/21. The County was also expected to receive Kshs.543.56 million (6.4 per cent) as conditional grants, consisting of conditional grants from the national government: Supplement for constructing county headquarters Kshs.75 million. In addition, the county has budgeted for conditional grants from other development partners, which consisted of Transforming Health System for Universal Health care Project (THSUCP) Kshs.57.53 million, Kenya Climate Smart Agricultural Project (KCSAP) Kshs.350.27 million, DANIDA-Universal Health Care in Devolved System Program Kshs.12.97 million, Instruments for Devolution Advice and Support (IDEAS) Kshs.19.82 million, Agricultural Sector Development Support Programs (ASDP) II Kshs.27.97 million.

3.40.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.01 billion as the equitable share of the revenue raised nationally, raised Kshs.72.26 million as own-source revenue, Kshs.256.92 million as conditional grants, and had a cash balance of Kshs.1.32 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.48 billion, as shown in Table 3.264.

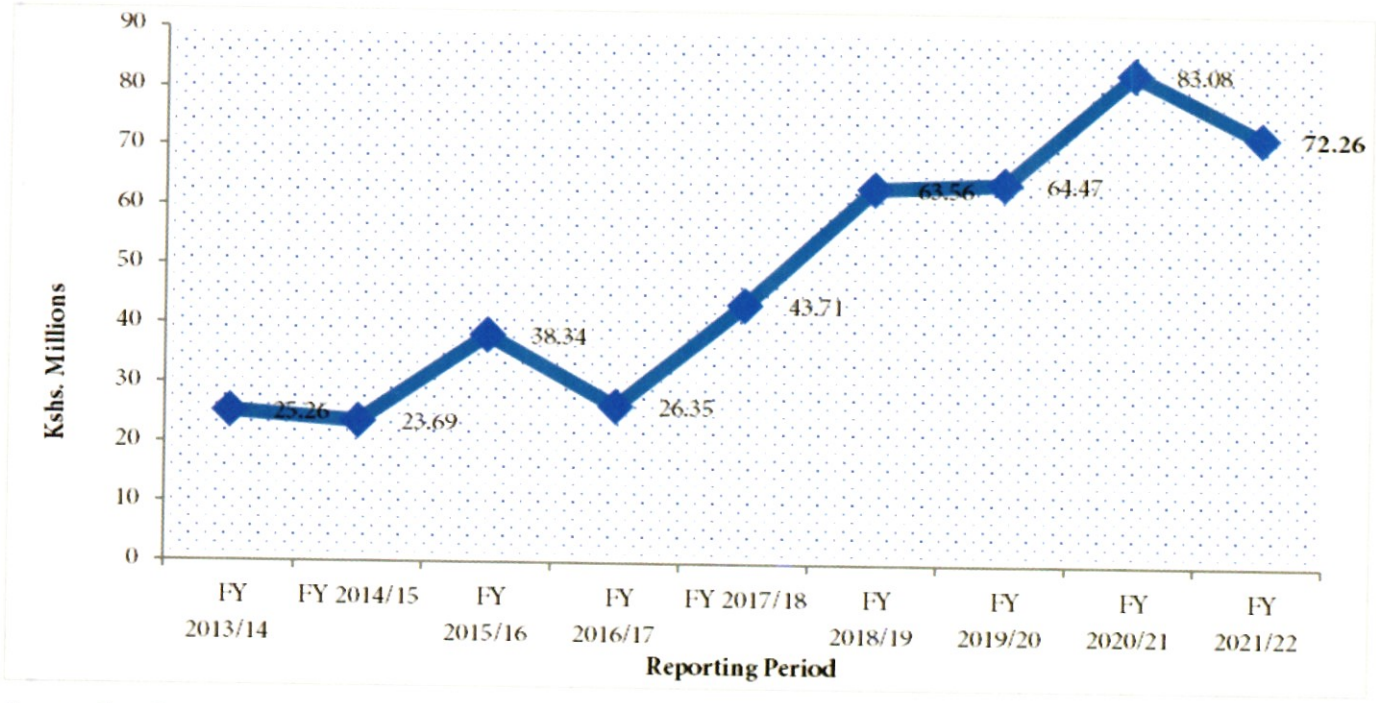
Table 3.264: Tana River County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,528,408,765	6,006,136,062	92.0
Sub Total		**6,528,408,765**	**6,006,136,062**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	87,846,000	72,260,813	82.3
2.	Conditional Grants	543,563,507	256,920,886	47.3
3.	Balance b/f from FY2020/21	1,324,896,099	1,324,896,099	100.0
Sub Total		**1,956,305,606**	**1,654,077,798**	**84.6**
Grand Total		**8,484,714,371**	**7,660,213,860**	**90.3**

Source: *Tana River County Treasury*

Figure 3.79 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.79: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Tana River County Treasury*

In FY 2021/22, the County generated a total of Kshs.72.26 million as own-source revenue. This amount represented a decrease of 13.0 per cent compared to Kshs.83.08 million realised in FY 2020/21 and was 82.3 per cent of the annual target.

3.40.3 Exchequer Issues

The Controller of Budget approved Kshs.6.83 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.73 million (25.3 per cent) for development programmes and Kshs.5.10 billion (74.7 per cent) for recurrent programmes, as shown in Table 3.269.

3.40.4 Overall Expenditure Review

The County spent Kshs.7.72 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.5 per cent of the total funds released by the CoB and comprised of Kshs.1.93 billion and Kshs.5.79 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 64.8 per cent, while recurrent expenditure represented 95.1 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.41 billion and comprised of Kshs.1.05 billion for recurrent expenditure and Kshs.1.35 billion for development expenditure. During the period under review, pending bills amounting to Kshs.969.44 million were settled, consisting of Kshs.153.22 million for recurrent expenditure and Kshs.816.22 million for development programmes, as shown in Table 3.265.

Table 3.265: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	1,054,949,260	153,220,000	901,729,260	-	901,729,260
Development Expenditure	1,353,113,226	816,220,000	537,893,226	-	537,893,226
Total	**2,408,062,486**	**969,440,000**	**1,439,622,486**	-	**1,439,622,486**

Source: *Tana River County Treasury*

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.92 billion on employee compensation, Kshs.2.76 billion on operations and maintenance, and Kshs.1.64 billion on development activities. Similarly, the County Assembly spent Kshs203.68 million on employee compensation, Kshs.358.89 million on operations and maintenance, and Kshs.290.18 million on development activities, as shown in Table 3.266.

Table 3.266: 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	**4,922,501,700**	**588,396,752**	**4,678,833,796**	**562,577,295**	**95.0**	**95.6**
Compensation to Employees	1,906,653,864	363,140,016	1,920,000,000	203,686,861	100.7	56.1
Operations and Maintenance	3,015,847,836	408,890,434	2,758,833,796	358,890,434	91.5	87.8
Development Expenditure	2,653,815,919	320,000,000	1,637,544,388	290,178,950	61.7	90.7
Total	**7,576,317,619**	**908,396,752**	**6,316,378,184**	**852,756,245**	**83.4**	**93.9**

Source: *Tana River County Treasury*

3.40.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 27.7 per cent of the annual realised revenue of Kshs.7.66 billion.

The wage bill of Kshs.2.1 billion includes Kshs.1.03 billion attributable to the health sector, which translates to 48.4 per cent of the total wage bill in the reporting period.

3.40.8 County Established Funds

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. 363.73 million to county-established funds in FY 2021/22, constituting 4.3 per cent of the County's overall budget for the year. Table 3.267 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.267: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 30th June 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Tana River County Ward Bursary Fund	150,000,000	-	149,498,427	-	Yes	
2.	Tana River County Emergency Fund	132,165,375	-	124,706,421	-	Yes	

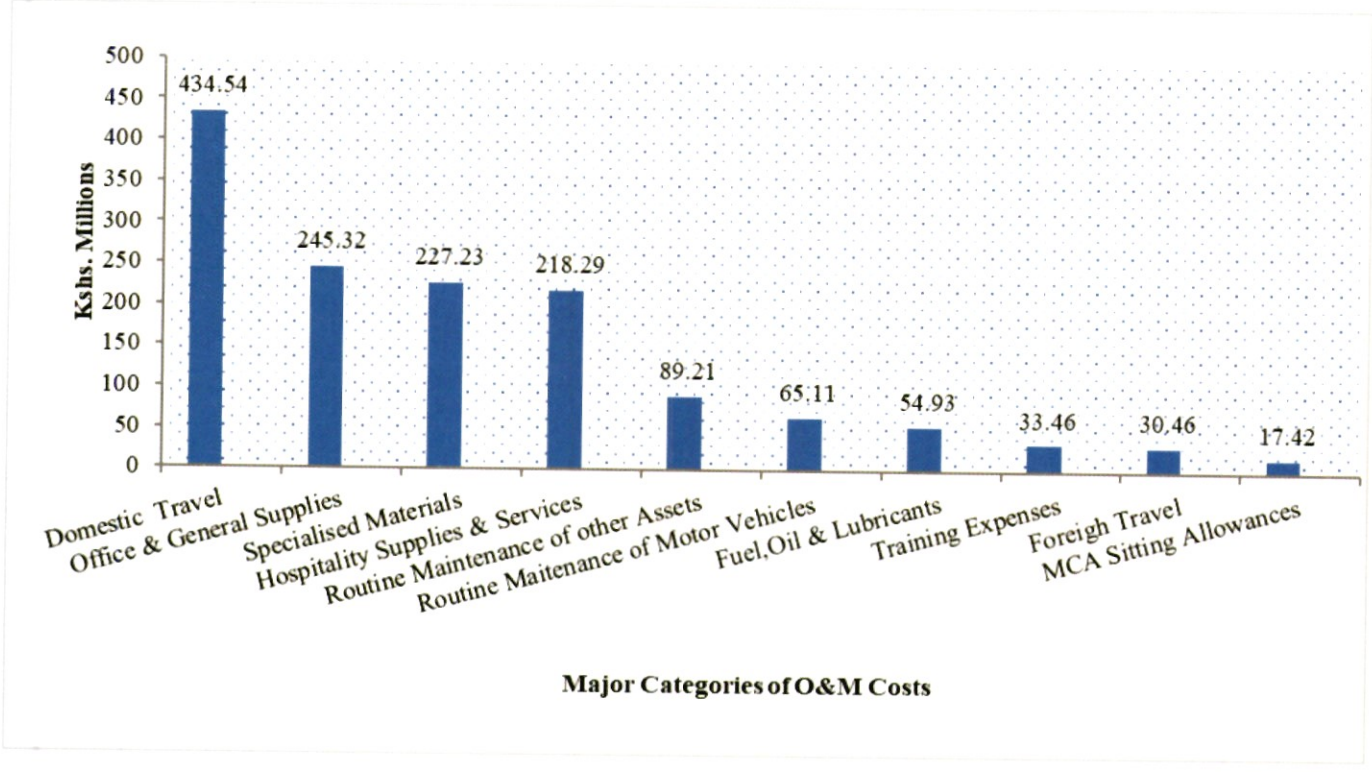
S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 30th June 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
3.	Tana River County Staff Car and Mortgage Fund	81,563,009	-	17,190,411	-		No
	Total	**363,728,384**		**291,395,259**			

Source: *Tana River County Treasury*

3.40.9 Expenditure on Operations and Maintenance

Figure 3.80 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.80: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: *Tana River County Treasury*

The County Assembly spent Kshs.17.42 million on committee sitting allowances for the 24 MCAs and the Speaker against the annual budget allocation of Kshs.18.13 million. The average monthly sitting allowance was Kshs.60,500 per MCA. The County Assembly has established 19 Committees.

During the period, expenditure on domestic travel amounted to Kshs.434.54million and comprised of Kshs.168.44 million spent by the County Assembly and Kshs.266.09 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.46 million and was all incurred by the County Executive.

3.40.10 Development Expenditure

The County incurred Kshs.1.93 billion on development programmes, representing an increase of 49.6 per cent compared to FY 2020/21, when the County spent Kshs.1.29 billion. Table 3.268 summarises development projects with the highest expenditure in the reporting period.

Table 3.268: Tana River County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Location	Budget (Kshs.)	Amount paid (Kshs.)	Variation	Status	Source of Funding	Remarks
Public Works	Construction Works for Storm Water Drainage phase 3	Chewani	50,000,000	43,002,360	N/A	Complete and in use	GoK	Project complete and in use
Public Works	Retention for Rehabilitation of Handa Mpya to Carbros Standard	Mikinduni	380,000,000	380,000,000	N/A	Complete and in use	GoK	Project complete and in use
Environment	Installation and Rehabilitation of Handa Mpya Bore Hole	Mikinduni	40,000,000	31,044,893	N/A	Ongoing	GoK	Ongoing
Medical Services	Construction of High Dependency unit at Hola Hospital	Chewani	35,000,000	29,080,562	N/A	Ongoing	GoK	Ongoing
Agriculture	Construction of a Slaughter House	Wayu	30,000,000	17,562,516	N/A	Ongoing	GoK	Ongoing
Public Works	Emaus Road to Bitumen Standards	Mikinduni	29,000,000	29,000,000	N/A	Complete and in use	GoK	Ongoing
Sports	Construction of Hola Stadium	Chewani	27,486,000	23,000,000	N/A	Ongoing	GoK	Ongoing

Source: *Tana River County Treasury*

3.40.11 Budget Performance by Department

Table 3.269 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.269: 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	588.39	320	588.39	296.37	562.57	290.18	95.6	97.9	95.6	90.7
Office of the Governor	583.32	-	232		583.32		251.4	-	100.0	-
Finance and Planning	806.99	644.27	454.54	534.8	434.8	534.8	95.7	100.0	53.9	83.0
Public Service Board	74.31	-	28.08		28.08		100.0	-	37.8	-
Trade, Tourism and Industry	38.59	27.5	8.04	8.63	14.92	8.63	185.6	100.0	38.7	31.4
Agriculture and Rural Development	190.13	526.13	12.73	157.14	35.21	157.14	276.6	100.0	18.5	29.9
Gender, Social Services and Youth Development	59.8	47.48	5.26	47.34	13.98	47.34	265.8	100.0	23.4	99.7

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
Education, Vocational Training and Sports	226.96	39.67	165.79	29.67	165.79	29.67	100.0	100.0	73.0	74.8
Health Services and Sanitation	1,221.89	210	629.89	208.83	248.22	208.83	39.4	100.0	20.3	99.4
Special Program and Cohesion	184.77	-	5.82		20.15		346.2	-	10.9	-
Roads and Public Works	80.15	586.09	5.25	136.45	33.81	136.45	644.0	100.0	42.2	23.3
Water, Environment and Natural Resources	134.39	216.73	33.89	211.55	155.33	211.55	458.3	100.0	115.6	97.6
Public Service, Administration and Citizen Participation	1,238.08	53	492.42	34.12	1,238.08	34.12	251.4	100.0	100.0	64.4
Lands and Physical Planning	39.59	111.5	12.33	78.62	39.59	78.62	321.1	100.0	100.0	70.5
Hola Municipality	43.59	191.42	23.98	132.66	43.59	132.66	181.8	100.0	100.0	69.3
TOTAL	**5,510.95**	**2,973.79**	**2,698.41**	**1,876.18**	**3,617.44**	**1,869.99**	**134.1**	**99.7**	**65.6**	**62.9**

Source: *Tana River County Treasury*

Analysis of expenditure by department shows that the Department of Gender and Social Services recorded the highest absorption rate of development budget at 99.7 per cent, followed by the Department of Health Services at 99.4 per cent. The Department of Water, Environment and Natural Resources Finance had the highest recurrent expenditure to budget at 115.6 per cent, while the Department of Special Programs had the lowest at 10.9 per cent. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

3.40.12 Budget Execution by Programmes and Sub-Programmes

Table 3.270 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.270 : Tana River County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agriculture	Administration, planning support services	24,193,636.00	10,461,426.65	13,732,209.35	43.24
	Administration, planning support services	24,193,636.00	10,461,426.65	13,732,209.35	43.24
	Agricultural Development project	555,424,314.00	354,533,634.90	200,890,679.10	63.83
	Agricultural Mechanization Services (AMS Garsen station)	18,284,500.00	11,107,753.05	7,176,746.95	60.75
	Minor/Village irrigation schemes	47,000,000.00	24,160,904.80	22,839,095.20	51.41
	Agricultural Extension Services	88,523,658.00	77,825,021.00	10,698,637.00	87.91
	Village Irrigation Scheme	4,738,000.00	2,870,739.00	1,867,261.00	60.59
	Administration, planning support services	355,271,550.00	223,172,923.05	132,098,626.95	62.82
	Agriculture Sector Development Support Project (ASDSP)	40,286,606.00	14,965,394.00	25,321,212.00	37.15
	Food and Agriculture Organization	1,320,000.00	430,900.00	889,100.00	32.64
	Veterinary Development	51,736,818.00	38,251,575.80	13,485,242.20	73.93

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Veterinary extension services	3,637,500.00	631,860.00	3,005,640.00	17.37
	Artificial insemination (Pilot scheme)	2,263,000.00	936,493.30	1,326,506.70	41.38
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	2,836,872.00	2,020,649.80	816,222.20	71.23
	Conduct Disease Surveillance	7,706,600.00	4,785,952.15	2,920,647.85	62.1
	Artificial insemination (Pilot scheme)	33,260,846.00	29,613,620.55	3,647,225.45	89.03
	Leather Development Service	2,032,000.00	263,000.00	1,769,000.00	12.94
	Livestock Development	37,927,500.00	27,793,340.10	10,134,159.90	73.28
	Livestock production extension services	3,042,500.00	385,800.00	2,656,700.00	12.68
	Livestock Development	27,505,000.00	27,347,340.10	157,659.90	99.43
	Fodder Development	980,000.00	-	980,000.00	0
	Irrigation Fodder Production	6,400,000.00	60,200.00	6,339,800.00	0.94
	Fisheries Development	34,076,043.00	-	34,076,043.00	0
	Fisheries development	34,076,043.00	-	34,076,043.00	0
Lands and Physical Planning	County Land Survey Services	-	1,970,935.00	-1,970,935.00	-
	Surveying and Mapping	-	1,970,935.00	-1,970,935.00	-
	Fisheries	14,758,831.00	10,823,902.40	3,934,928.60	73.34
	Empowerment of Women and Youth on Fish Safety and Quality Assurance	2,090,000.00	171,148.00	1,918,852.00	8.19
	Construction of Ice Plant and Cold Storage	12,668,831.00	10,652,754.40	2,016,076.60	84.09
	Land Policy and Planning	149,238,120.00	116,489,411.00	32,748,709.00	78.06
	Physical Planning	67,060,303.00	54,515,179.00	12,545,124.00	81.29
	Land Survey and Mapping	61,177,817.00	49,926,532.00	11,251,285.00	81.61
	Land Administration	21,000,000.00	12,047,700.00	8,952,300.00	57.37
Roads & Public Works	Infrastructure Development programme	340,096,490.00	304,601,667.90	35,494,822.10	89.56
	Roads	340,096,490.00	304,601,667.90	35,494,822.10	89.56
	Administration, Planning and Support Services	44,611,000.00	12,502,656.00	32,108,344.00	28.03
	Administration, planning, Operation and Maintenance	44,611,000.00	12,502,656.00	32,108,344.00	28.03
	Public Works	242,695,000.00	239,024,487.55	3,670,512.45	98.49
	County Headquarters	242,695,000.00	239,024,487.55	3,670,512.45	98.49
	County Roads Development	26,000,196.00	14,378,678.40	11,621,517.60	55.3
	Routine Maintenance	3,628,330.00	3,526,580.00	101,750.00	97.2
	Opening of New Roads	3,877,733.00	1,772,970.00	2,104,763.00	45.72
	Grading and gravelling of County Roads	16,645,000.00	8,110,728.40	8,534,271.60	48.73
	Tarmacking of County Roads	1,849,133.00	968,400.00	880,733.00	52.37
	County Housing Development	204,264,142.00	203,170,572.75	1,093,569.25	99.46
	Housing Development	10,801,780.00	3,062,093.00	7,739,687.00	28.35
	Urbanisation	193,462,362.00	200,108,479.75	-6,646,117.75	103.44
	Urban Development	43,500,000.00	32,287,022.60	11,212,977.40	74.22
	Hola Municipality	43,500,000.00	32,287,022.60	11,212,977.40	74.22
Trade and Tourism Development	Promotion of Trade, Tourism and Cooperative Development	66,090,342.00	31,324,811.35	34,765,530.65	47.4
	Promotion of Trade	43,995,171.00	21,443,329.35	22,551,841.65	48.74
	Promotion of Tourism	11,277,102.00	5,371,753.00	5,905,349.00	47.63
	Promotion of Cooperative Development	10,818,069.00	4,509,729.00	6,308,340.00	41.69
	Administration and Support Services	1,003,654,825.00	897,020,125.80	106,634,699.20	89.38

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Medical Services	Administration, planning & support Services	1,003,654,825.00	897,020,125.80	106,634,699.20	89.38
	Curative and Rehabilitative	403,071,235.00	421,032,107.00	-17,960,872.00	104.46
	Medical Supplies	156,599,895.00	141,178,326.30	15,421,568.70	90.15
	Medical Services	46,968,340.00	35,659,810.70	11,308,529.30	75.92
	Ambulance Services	67,503,000.00	168,831,707.60	-101,328,707.60	250.11
	SP4 Curative Services	132,000,000.00	75,362,262.40	56,637,737.60	57.09
	Preventive and Promotive	25,173,900.00	20,390,809.90	4,783,090.10	81
	Preventive and Promotive	14,353,500.00	11,393,456.00	2,960,044.00	79.38
	Licensing and Control of Undertaking	5,820,400.00	5,734,979.00	85,421.00	98.53
	Mobile Clinics	5,000,000.00	3,262,374.90	1,737,625.10	65.25
Education and ICT Development	General Administration, Planning and Support Services	164,805,896.00	158,438,235.00	6,367,661.00	96.14
	General Operation, Planning and Support Services	164,805,896.00	158,438,235.00	6,367,661.00	96.14
	Quality and Standard Assurance in Eye Centre	47,708,022.00	31,072,241.00	16,635,781.00	65.13
	ECDE Learning/Teaching Materials	13,341,027.00	4,531,907.00	8,809,120.00	33.97
	ECDE Furniture and Equipment Support	34,366,995.00	26,540,334.00	7,826,661.00	77.23
	Vocational Training Centres and Adult Education	54,120,788.00	51,395,159.00	2,725,629.00	94.96
	Quality and Standards Assurance	6,358,292.00	4,944,295.00	1,413,997.00	77.76
	Provision of Modern Tools and Equipment	18,087,602.00	16,776,817.00	1,310,785.00	92.75
	Subsidised Youth Polytechnic Tuition Fund (SYPT)	29,674,894.00	29,674,047.00	847	100
	Administration, planning support services	451,444,556.00	368,790,005.60	82,654,550.40	81.69
	Coordination and Supervisory Services	451,444,556.00	368,790,005.60	82,654,550.40	81.69
	ICT Infrastructure	33,000,000.00	-	33,000,000.00	0
	Develop ICT infrastructure	33,000,000.00	-	33,000,000.00	0
	Administration, planning support services	2,189,740,828.00	2,056,216,969.85	133,523,858.15	93.9
	Administration, planning support services	2,189,740,828.00	2,056,216,969.85	133,523,858.15	93.9
Finance and Economic Planning	Financial Management	210,707,837.00	186,101,983.85	24,605,853.15	88.32
	Financial management	5,609,349.00	5,577,720.00	31,629.00	99.44
	Supply Chain Management	21,800,000.00	18,672,909.70	3,127,090.30	85.66
	Own Source Revenue Collection	45,700,000.00	22,860,187.00	22,839,813.00	50.02
	Budget and Economic Planning	82,605,695.00	69,657,279.00	12,948,416.00	84.33
	Accounting & Finance	22,660,000.00	43,818,561.05	-21,158,561.05	193.37
	Internal Audit	12,345,750.00	9,407,225.00	2,938,525.00	76.2
	Monitoring and Evaluation	19,987,043.00	16,108,102.10	3,878,940.90	80.59
Public Service Administration	Board Administration, Planning and Governance	63,543,920.00	33,333,796.45	30,210,123.55	52.46
	Board Operations & Governance	63,543,920.00	33,333,796.45	30,210,123.55	52.46
		17,433,700.00	11,877,648.00	5,556,052.00	68.13
	Ethics Governance and Compliance	4,468,500.00	3,798,140.00	670,360.00	85
	Informational Communication Technology (ICT)	6,665,200.00	2,337,608.00	4,327,592.00	35.07

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Human Resource Management & Development	3,200,000.00	2,876,800.00	323,200.00	89.9
	Skills and Competence Development	3,100,000.00	2,865,100.00	234,900.00	92.42
		170,139,884.00	4,763,252.00	165,376,632.00	2.8
	Performance Management System	5,200,000.00	3,953,352.00	1,246,648.00	76.03
	Human Resource Development	164,939,884.00	809,900.00	164,129,984.00	0.49
	Human Resource Management & Development	122,093,500.00	80,492,196.00	41,601,304.00	65.93
	County Administration	96,900,000.00	73,267,196.00	23,632,804.00	75.61
	County Enforcement	25,193,500.00	7,225,000.00	17,968,500.00	28.68
	County Administration	10,000,000.00	5,138,700.00	4,861,300.00	51.39
	Citizen Participation	10,000,000.00	5,138,700.00	4,861,300.00	51.39
	Citizen Participation	131,878,000.00	93,898,413.90	37,979,586.10	71.2
	County Leadership & Coordination of CDAs	38,500,000.00	27,844,440.00	10,655,560.00	72.32
	County Government Advisory Service	64,878,000.00	47,096,994.20	17,781,005.80	72.59
	Coordination of Peace and Cohesion	28,500,000.00	18,956,979.70	9,543,020.30	66.52
Environment and Natural Resources	Administration, planning support services	52,329,120.00	24,776,002.00	27,553,118.00	47.35
	Administration, planning support services	52,329,120.00	24,776,002.00	27,553,118.00	47.35
	The natural disaster mitigation programme	147,665,375.00	135,777,675.00	11,887,700.00	91.95
	Drought management (Preparedness, Response and Recovery)	4,500,000.00	3,612,300.00	887,700.00	80.27
	Emergency Relief (food, medicine, blankets, cash grant)	143,165,375.00	132,165,375.00	11,000,000.00	92.32
	Drought management (Preparedness, Response and Recovery)	37,350,000.00	24,010,327.90	13,339,672.10	64.28
	Culture Promotion and Development	26,300,000.00	19,187,727.90	7,112,272.10	72.96
	Empowerment/Capacity Building of Cultural Practitioners	11,050,000.00	4,822,600.00	6,227,400.00	43.64
	Community Awareness Creation on Child Rights and Child Protection	4,700,000.00	2,610,210.40	2,089,789.60	55.54
	Baseline Survey for OVC	2,500,000.00	1,139,556.00	1,360,444.00	45.58
	Community Awareness Creation on Child Rights and Child Protection	1,400,000.00	1,070,654.40	329,345.60	76.48
	Enhanced Child Participation	800,000.00	400,000.00	400,000.00	50
	ECD improvement	13,020,000.00	12,378,300.00	641,700.00	95.07
	Women Empowerment	1,600,000.00	1,523,700.00	76,300.00	95.23
Youth, Gender and Social Services	Gender and Leadership	11,420,000.00	10,854,600.00	565,400.00	95.05
	General Administration	37,000,560.00	30,976,853.60	6,023,706.40	83.72
	County Sports Leagues	2,233,560.00	745,600.00	1,487,960.00	33.38
	Sports Equipment Support	34,767,000.00	30,231,253.60	4,535,746.40	86.95
	General Administration, Support and Support Services	26,128,592.00	15,263,856.30	10,864,735.70	58.42
	General Administration, Support and Support Services	26,128,592.00	15,263,856.30	10,864,735.70	58.42
	Environmental Management Programme	67,320,425.00	77,267,382.20	-9,946,957.20	114.78

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Environmental Management Programme	41,956,300.00	55,890,182.20	-13,933,882.20	133.21
	Environmental Protection	6,765,340.00	3,120,200.00	3,645,140.00	46.12
	Control of Air Pollution	18,598,785.00	18,257,000.00	341,785.00	98.16
	Environmental Management Programme	230,384,760.00	152,709,891.85	108,221,105.15	66.28
	Water Management Services	224,079,104.00	151,013,917.30	73,065,186.70	67.39
	Sanitation	3,737,920.00	300,000.00	3,437,920.00	8.03
	Storm Water Management	2,567,736.00	1,395,974.55	1,171,761.45	54.37
	Sanitation	27,289,464.00	23,031,920.00	4,257,544.00	84.4
	Irrigation Management Services	27,289,464.00	23,031,920.00	4,257,544.00	84.4
County Assembly	General Administration	886,756,245.00	852,756,245.00	4,257,544.00	96.17
	General administration	886,756,245.00	852,756,245.00	4,257,544.00	96.17
	Grand Total	**7,576,317,619.00**	**6,316,378,185.00**	**1,759,181,431.50**	**83.37**

Source: *Tana River County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Ambulance Services in the Department of Medical Services at 250.11 per cent, Accounting & Finance in the Department of Finance and Economic Planning at 193.37 per cent, Environmental Management Programme in the Department of Youth, Gender and Social Services at 133.21 per cent of the annual allocation. Further, the County spent Kshs.1.97 billion on County Land Survey Services Sub-programme under the Department of Lands and Physical Planning without an approved budget. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

3.40.13 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. Weak budgeting practice as shown in Table 3.269 and where the County incurred expenditure over approved budgetary allocations. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.
2. High level of pending bills which amounted to Kshs.1.44 billion as of 30th June 2022.
3. 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 26th August 2022. Further, the submitted financial reports were not reconciled as the report on Budget Allocation, and Absorption Rate by Departments varied with the report on Expenditure by Economic Classification.

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 that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
3. *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. Further, the County Treasury must institute mechanisms to ensure the financial reports are regularly reconciled to enhance the credibility of budget execution reports.*

3.41 County Government of Tharaka Nithi

3.41.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.5.91 billion, comprising Kshs.1.92 billion (32.6 per cent) and Kshs.3.99 billion (67.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County was expected to receive Kshs.4.21 billion (71.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.350 million (5.9 per cent) from its sources of revenue, and had a cash balance of Kshs.511.05 million (8.6 per cent) from FY 2020/21. The County was also expected to receive Kshs.836.0 million (14.1 per cent) as conditional grants, which comprised Leasing of Medical Equipment (Kshs.153.30 million), DANIDA Grant (Kshs.8.70 million), Kenya Urban Support Project (KUSP) (Kshs.50Million), World Bank – Transforming Health Systems (Kshs.83.426,500 million), ASDSP Grant (Kshs.35,126,147 million), Kenya Climate Smart Agriculture (KCSAP) (Kshs.350 million), KUSP-UDG (Kshs.50.0 million), KUSP-UIG (Kshs.20.0 million), Emergency Locust Response Project (Kshs.49.46 million), Climate Change Mitigation and Adaption Programme (Kshs.10.0 million), Supplement for the construction of county headquarters (Kshs.76 million).

3.41.2 Revenue Performance

In FY 2021/22, the County received Kshs.3.88 billion as the equitable share of the revenue raised nationally, raised Kshs.234.29 million as own-source revenue, Kshs.274.86 million as conditional grants, and had a cash balance of Kshs.511.05 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.4.91 billion, as shown in Table 3.271.

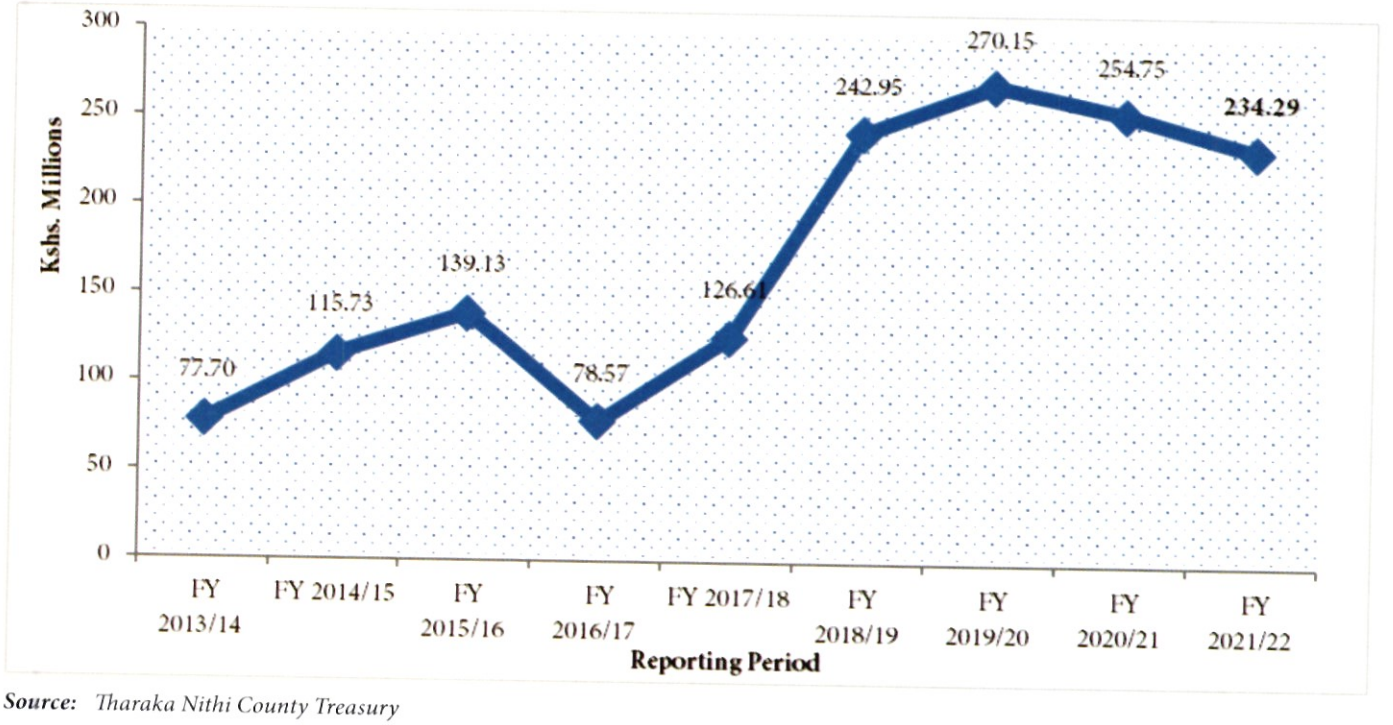
Table 3.271: Tharaka Nithi County, Revenue Performance in FY 2021/22

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**	**4,214,198,393**	**3,887,062,704**	**92.2**
Sub Total		**4,214,198,393**	**3,887,062,704**	**92.2**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	350,000,000	234,293,360	66.9
2.	Conditional Grants	836,008,117	274,855,098	32.9
3.	Balance b/f from FY 2020/21	511,054,098	511,054,098	100
Sub Total		**1,697,062,308**	**1,020,202,556**	**60.1**
Grand Total		**5,911,260,701**	**4,907,265,260**	**83.0**

Source: *Tharaka Nithi County Treasury*

Figure 3.81 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.81: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Tharaka Nithi County Treasury*

In FY 2021/22, the County generated a total of Kshs.234.29 million as own-source revenue. This amount represented a decrease of 8.0 per cent compared to Kshs.254.75 million realised in FY 2020/21 and was 66.9 per cent of the annual target. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The County has implemented an automated OSR collection system referred to as JamboPay.

3.41.3 Exchequer Issues

The Controller of Budget approved Kshs.4.20 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.01 billion (24.2 per cent) for development programmes and Kshs.3.19 billion (75.8 per cent) for recurrent programmes, as shown in Table 3.276.

3.41.4 Overall Expenditure Review

The County spent Kshs.4.30 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.40 per cent of the total funds released by the CoB and comprised of Kshs.1.13 billion and Kshs.3.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 58.9 per cent. In comparison, recurrent expenditure represented 79.5 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.327.63 million and comprised Kshs.118.38 million for recurrent expenditure and Kshs.209.25 million for development expenditure. During the period under review, pending bills amounting to Kshs.183.16 million were settled, consisting of Kshs.64.65 million for recurrent expenditure and Kshs.118.51 million for development programmes, as shown in Table 3.272.

Table 3.272: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	118,382,441	64,648,995	53,733,446	278,047,296	331,780,742
Development Expenditure	209,248,000	118,511,865	90,736,135	162,937,899	253,674,034
Total	**327,630,441**	**183,160,860**	**144,469,581**	**440,985,195**	**585,454,776**

Source: *Tharaka Nithi County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.585.45 million include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.327.38 million, out of which the County has settled bills amounting to Kshs.183.16 million, leaving a balance of Kshs.144.50 million as of 30th June 2022.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs2.02 billion on employee compensation, Kshs.761.39 million on operations and maintenance, and Kshs.1.13 billion on development activities. Similarly, the County Assembly spent Kshs.181.67 million on employee compensation, Kshs.218.36 million on operations and maintenance, and Kshs.6.83 million on development activities, 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	**3,562,693,509**	**424,413,000**	**2,777,998,025**	**400,032,732**	**78.0**	**90.0**
Compensation to Employees	2,231,285,424	198,426,103	2,016,612,090	181,673,561	90.4	91.6
Operations and Maintenance	1,755,821,085	225,986,897	761,385,935	218,359,171	43.4	96.6
Development Expenditure	**1,899,154,192**	**25,000,000**	**1,125,601,330**	**6,833,371**	**59.3**	**27.3**
Total	**5,461,847,701**	**449,413,000**	**3,903,599,355**	**406,866,103**	**71.5**	**90.0**

Source: *Tharaka Nithi County Treasury*

3.41.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 44.8 per cent of the annual realised revenue of Kshs.4.91 billion.

Personnel emoluments amounting to Kshs.2.37 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. At the same time, Kshs.182.67 million was processed through a manual payroll. The manual payroll accounted for 7.7 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.2.43 billion includes Kshs.1.30 billion attributable to the health sector, which translates to 53.5 per cent of the total wage bill in the reporting period.

3.41.8 County Established Funds

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.25.0 million to county-established funds in FY 2021/22, constituting 0.4 per cent of the County's overall budget for the year. Table 3.274 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.274: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Tharaka Nithi Bursary Fund	10,000,000	10,000,000	Yes	100
2.	Tharaka Nithi Emergency Fund	15,000,000	-	N0	-
	Total	**25,000,000**	**10,000,000**		**40**

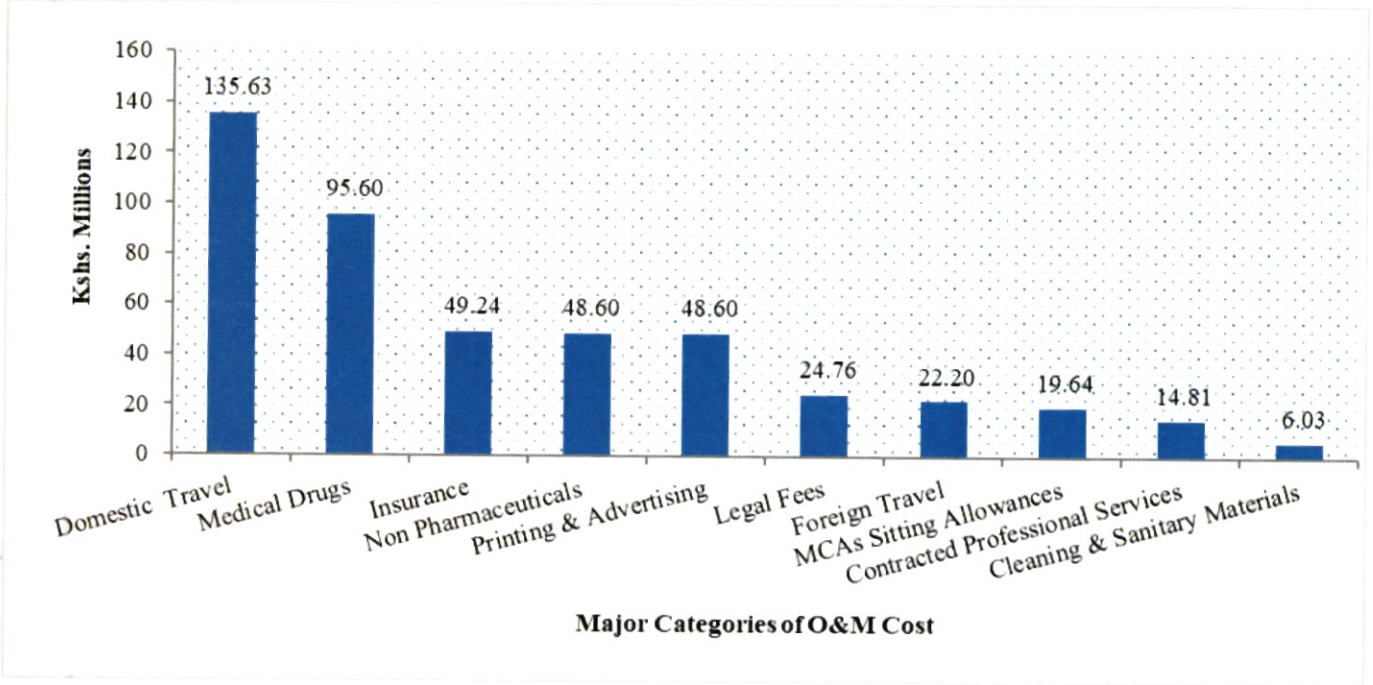
Source: *Tharaka Nithi County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrator of the Tharaka Nithi Emergency Fund, as indicated in Table 3.274.

3.41.9 Expenditure on Operations and Maintenance

Figure 3.82 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.82: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: *Tharaka Nithi County Treasury*

The County Assembly spent Kshs.19.64 million on committee sitting allowances for the 21 MCAs and the Speaker against the annual budget allocation of Kshs.28.64 million. The average monthly sitting allowance was Kshs.77,951 per MCA. The County Assembly has established 18 Committees.

During the period, expenditure on domestic travel amounted to Kshs.135.63 million and comprised Kshs.88.04 million spent by the County Assembly and Kshs.47.60million by the County Executive. Expenditure on foreign travel amounted to Kshs.22.20 million and comprised of Kshs.22.17million by the County Assembly and Kshs.0.03 million by the County Executive.

3.41.10 Development Expenditure

The County incurred Kshs.1.13 billion on development programmes, representing a decrease of 11 per cent compared to FY 2020/21 when the County spent Kshs. 1.26 billion. Table 3.275 summarises development projects with the highest expenditure in the reporting period.

Table 3.275: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Health and Sanitation	Installation of 3 patient lifts at Chuka County Referral Hospital	Kiringani ward	21,666,456	14,444,304	14,444,304	None	85	GoK	Project is ongoing
Roads and Public works	Construction of Mutuguta Bridge	Chogoria/ Mwimbi	15,000,000	15,000,000	8,856,6007	None	59	GoK	Ongoing
Lands, Planning and Urban Development	Construction of Kathwana Market	Igambang'ombe	127,430,740	72,000,000	26,296,589	None	37	GoK	Ongoing
Lands, Planning and Urban Development	Support to Katwana Infrastructure Development	Igambangómbe	-	50,000,000	26,414,486	None	53	GoK	Ongoing
Youth and Sports	Kathwana Social hall	Igambangómbe	10,418,536	10,000,000	10,418,536	None	100	GoK	Complete and in use
Lands, planning and Urban Development	Improvement of Chuka grounds	Kiringani ward	4,344,640	4,000,000	4,946,430	None	100	GoK	Complete and in use
Livestock, Veterinary and Fisheries	Artificial Insemination and Breeding programme	County wide	8,000,000	6,499.690	6,499,690	None	81	GoK	On going
Roads and Public works	Upgrading of Karandini-Kithoroni road to Bitumen standards	Magumoni	450,000,000	88,715,674	138,980,697	None	100	GoK	Complete and in use
Roads and Public works	Upgrading of Mitheru – Kaaanwa road to Bitumen standards	Mitheru/ Mariani	-	60,000,000	45,960,000	None	77	GoK	Ongoing

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Roads and Public works	Upgrading of Kambandi-Cheera- Ruguti Road to Bitumen	Mugwe ward	356,261,151	60,000,000	58,191,300	None	100	GoK	Complete and in use

Source: *Tharaka Nithi County Treasury*

3.41.11 Budget Performance by Department

Table 3.276 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.276: 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
Governor and Deputy Governor's office	194.89	-	109.12	-	109.12	-	100.0	-	56.0	-
Roads and Public Works	198.51	496.61	139.89	389.62	143.41	388.41	102.5	99.7	72.2	78.2
Health Services	1,609.47	199.13	1,363.60	85.09	1,367.95	106.18	100.3	124.8	85.0	53.3
Lands, Physical Planning and Urban Development	87.27	277.80	64.94	126.12	64.94	125.74	100.0	99.7	74.4	45.3
Agriculture, Co-operatives and Industry	123.01	384.72	99.52	157.44	99.52	283.50	100.0	180.1	80.9	73.7
Public Service and Disaster Management	139.35	-	131.13	-	123.26	-	94.0	-	88.5	-
Education and Vocational Training	197.50	53.07	145.98	46.88	145.44	45.81	99.6	97.7	73.6	86.3
Trade and Revenue	96.47	-	83.04	-	82.57	-	99.4	-	85.6	-
Finance and Economic planning	411.62	168.55	244.72	138.83	244.28	137.29	99.8	98.9	59.3	81.5
County Assembly	424.41	25.00	393.14	6.89	393.14	6.89	100.0	100.0	92.6	27.6
Water and Irrigation	40.25	110.20	29.55	13.06	29.11	13.06	98.5	100.0	72.3	11.9
County Public Service Board	23.93	-	13.22	-	13.14	-	99.4	-	54.9	-
Energy and Housing	35.30	5.20	29.66	3.20	28.69	3.20	96.7	100.0	81.3	61.5
Public Health and Sanitation	263.13	153.30	239.10	21.56	237.32	-	99.3	-	90.2	-
Youth, Sports, Culture and Tourism	62.70	16.20	28.26	12.62	27.81	12.51	98.4	99.1	44.4	77.2
Livestock, Veterinary and Fisheries	79.29	34.37	61.79	10.34	61.44	9.90	99.4	95.7	77.5	28.8
Total	**3,987.11**	**1,924.15**	**3,176.66**	**1,011.66**	**3,171.14**	**1,132.49**	**99.8**	**111.9**	**79.5**	**58.9**

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 86.3 per cent, followed by the Department of Finance and Economic Planning at 81.5 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 92.6 per cent, while the Department of Youth and Sports had the lowest at 44.4 per cent.

3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 3.277 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.277: Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Department Office of Governor and Deputy Governor					
County Government Advisory Services	Communication and Strategy	9,158,661	6,446,900	2,711,761	70
County Leadership and C0-ordination of MDAs	Co-ordination of MDAs	40,250,000	25,211,369	15,038,631	63
	Public Sector Advisory Services	15,880,400	6,050,234	9,830.166	38
General Administration, planning and Support Services	Co-ordination and supervisory services	23,480,000	3,181,800	20,298,200	14
	Management of County Affairs	106,116,911	68,231,601	37,885,310	64
	Subtotal	**194,885,972**	**109,121,904**	**85,764,068**	**56**
Department Roads, Infrastructure, Public works and ICT					
General Administration planning and support services	General Administration services	27,439,324	27,439,250	74	100
ICT Infrastructure Development	ICT Infrastructure Development	16,600,000	14,793,682	1,806,318	89
Public Works and Housing Services	Public Works Services	20,054,500	12,992,036	7,062,464	65
Roads and Transport	Rural Roads Improvement and Maintenance	631,019,548	476,599,467	154,420,081	76
	Subtotal	**695,113,372**	**531,824,435**	**163,288,937**	**77**
Department Medical Services					
Curative and Rehabilitative Services	Laboratory Services	44,000,000	33,437,920	10,5762,080	76
	Medical Supplies	207,000,000	145,025,066	61,974,934	70
General Administration, planning and support services	General Administration	387,236,175	218,384,704	168,851,471	56
	Health Sector planning, budgeting, Monitoring and Evaluation	8,496,000	7,123,556	1,372,444	84
	Human Resource Management	1,161,864,550	1,070,153,964	91,710,586	92
	Procurement Services	-	-	-	0-
	Subtotal	**1,808,596,725**	**1,474,125,210**	**334,471,515**	**82**
Department Lands, Physical Planning, Urban Development, Environment and Natural Resources					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Environment and Natural Resources Management	Environment and Natural Resources	18,206,408	1,128,316	17,078,092	6
General Administration, Planning and Support Services	General Administration services	40,000,000	22,789,620	17,210,380	57
Kathwana Municipality Development Programme	Kathwana Urban Area Support	127,396,660	42,858,522	84,538,138	34
Land Policy and Planning	Land Administration and management	10,199,500	4,798,781	5,400,719	47
	Physical planning services	71,999,382	54,811,023	17,188,359	76
Urban Development and Administration	Urban Administrative Services	97,269,828	64,291,535	32,978,293	66
	Subtotal	**365,071,778**	**190,677,797**	**174,393.981**	**52**
Department of Agriculture, Co-operatives and Industry					
Co-operative Development and Management	Co-operative Development	1,473,037	-	1,473,037	0
Crop Development and Management	Crops Development, Agribusiness and Market Development	96,688,169	89,897,523	6,790,646	93
General Administration, Planning and Support Services	Administration, Policy, Strategy and Management of Agriculture	409,573,649	293,122,869	116,450,780	72
	Subtotal	**507,734,855**	**383,020,392**	**124,714,463**	**75**
Department: Public Administration and Devolution Affairs					
County Government Advisory Services	Disaster Management and Co-ordination	1,200,000	398,405	801,595	33
General Administration, planning and Support Services	General Administration and Support services	132,894,880	120,741,414	12,153,466	91
	Human Resource Management Services	1,700,000	831,130	868,870	49
	Sub County Administration and Field Services	3,560,000	1,292,600	2,267,400	36
	Subtotal	**139,354,880**	**123,263,549**	**16,091,331**	**88**
Department: Education and Vocational Training					
Education and Youth Training	Promotion f Basic Education (ECD)	65,069,585	41,343,431	23,725,154	64
	Youth Training and Capacity Building	41,951,607	36,207,954	4,843,653	88
General Administration, Planning and Support Services	Administration, planning and support services	144,444,755	113,700,409	30,744,346	79
	Subtotal	**250,565,947**	**191,251,794**	**59,314,153**	**76**
Department Trade and Revenue					
General Administration, Planning and support services	General Administration and support services	89,771,630	81,519,618	8,252,012	91
Industrial Development and Investment	Industrial Development	3,300,000	449,010	2,850,990	14
Trade Development and Promotion	Consumer protection and fair trade	3,400,000	598,500	2,801,500	18

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Subtotal	**96,471,630**	**82,567,128**	**13,904,502**	86
Department Finance and Economic Planning					
Economic Policy and County Planning	County Statistics Services	5,300,000	2,893,120	2,406,880	55
	Economic Development, Planning and Co-ordination Services	15,100,000	8,506,980	6,593,020	56
	Monitoring and Evaluation services	4,800,000	836,250	3,963,750	17
Financial Management Services	Accounting Services	7,250,000	2,033,935	5,216,065	28
	Audit Services	8,043,400	3,271,080	4,772,320	41
	Budget Formulation	7,450,000	4,080,988	3,3690,12	55
	Supply chain management	3,070,000	1,050,900	2.019,100	34
General Administration, planning and support Services	Human Resource Management Services	335,812,265	231,631,118	104,181,147	69
Kenya Devolution Support Programme	Tharaka Nithi KDSP Capacity Building	172,242,250	118,352,383	53,889,867	69
Resource Mobilisation	Revenue Administration	21,109,300	8,919,695	12,189,605	42
	Subtotal	**580,177,215**	**381,576,449**	**198,600,766**	**66**
Department: Water Services and Irrigation					
Water supply services	Domestic water services	143,820,800	39,079,239	104,741,561	27
	Irrigation and Drainage Services	5,387.350	2,883,720	2,503,630	54
	Water Storage services	1,239,506	203,200	1,036,306	16
	Subtotal	**150,447,656**	**42,166,159**	**108,281,497**	**28**
Department County Public Service Board					
Financial Management Services	Monitoring and Evaluation Services	1,300,000	705,200	594,800	54
General Administration, planning and Support services	General Administration and support services	20,058,364	12,008,057	8,050,307	60
Human Resource Management and Development	County Public Service Board services	2,575,000	2,575,000	2,151,700	16
	Subtotal	**23,933,364**	**13,136,557**	**10,796,807**	**55**
Department: Energy and Housing					
Energy Resource Development and Development	Energy resource Development and Management	45,400,796	3,319,396	2,081,400	61
General Administration, planning and support services	General Administration services	35,099,095	28,569,438	6,529,657	81
	Subtotal	**40,499,891**	**31,88,834**	**8,611,057**	
Department of Public Health and Sanitation					
Preventive and promotive Health Services	Disease Surveillance	1,281,115	-	1,281,115	0
	Environmental Health Services	18,061,825	8,783,285	9,278,540	49
	Health promotion and Disease Control	392,883,287	228,295,138	164,588,149	58
	HIV and AIDS support services	2,700,000	240,000	2,460,000	9

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Reproductive Maternal and Childcare	1,500,000	--	1,500,000	0
	Subtotal	**416,426,227**	**237,318,423**	**179,107,804**	**57**
Department Youth, Sports, Culture and Social Services					
Culture, Arts, and Social Services	Culture and Arts Promotion	13,639,500	10,481,565	3,157,935	57
	Gender, PWDs and Social Services	14,257,200	3,458,552	10,798,648	24
General Administration, planning and support services	Administration, policy, strategy and Culture	3,200,000	2,979,233	220,767	93
Sports Development and Promotion	Athletics champions and other games	5,012,050	183,010	4,829,040	4
	County food ball League and clubs Development	2,433,000	140,400	2,292,600	6
	Talent Search and Promotion	29,529,303	20,311,233	9,218,070	69
Tourism Development and Promotion	Miss Tourism Tharaka Nithi	10,277,000	2,768,617	7,508,383	27
	Tourism, Branding and Marketing	553,775	-	553,775	0
	Subtotal	**78,901,828**	**40,322,610**	**38,579,218**	**51**
Department: Livestock, Veterinary and Fisheries Resource Management					
Livestock and Fisheries Resource Management	Fisheries Development and promotion	13,938,915	-	13,938,915	0
	Livestock policy development and Capacity Building	77,452,649	65,087,854	12,364,795	84
	Veterinary Services and Disease Prevention	22,274,797	6,250,260	16,024,537	28
	Subtotal	**113,666,361**	**71,338,114**	**42,328,247**	**63**
Department: County Assembly					
County Assembly	**Legislative Services**	**449,413,000**	**400,032,532**	**49,380,468**	**89**
Grand Total		**5,911,260,701**	**4,303,631,887**	**1,627,628,814**	**73**

Source: *Tharaka Nithi County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: General Administration Services in the Department of Roads, infrastructure, Public Works and ICT at 100 per cent, Crops Development, Agribusiness and Market Development in the Department of Agriculture, Co-operatives and Industry at 93 per cent, Administration, policy, strategy and management of Culture in the Department of Youth, Sports, Culture and Tourism at 93 per cent, and Human Resource Management in the Department of Medical Services at 92 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 OCOB identified the following challenges which hampered effective budget implementation.

1. A high wage bill, which accounted for 44.8 per cent of the annual realised revenue of Kshs.4.91 billion in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.234.88 million against an annual projection of Kshs.350 million, representing 66.9 per cent of the annual target.
3. Weak budgeting practice as shown in Table 3.276, 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 Tharaka Nithi Emergency Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.585.45 million as of 30th June 2022.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.182.67 million were processed through the manual payroll and accounted for 7.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to 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 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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.*
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 take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.42 County Government of Trans Nzoia

3.42.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.9.31 billion, comprising Kshs.4.05 billion (43.5 per cent) and Kshs.5.25 billion (56.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.12 billion (77.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.529.50 million (5.7 per cent) from its sources of revenue, and use a cash balance of Kshs.864.66 million (9.3 per cent) from FY 2020/21. The County also expected to receive Kshs.724.98 million (7.8 per cent) as conditional grants, which consisted of NARIGP Kshs.298.66 million, THUSP Kshs.80.44 million, DANIDA Kshs.12.76 million, Leasing of Medical Equipment Kshs.153.30 million, ASDSP Kshs.24.03 million, KDSP level 2 Kshs.105.80 million and KISIP II Kshs.50 million.

3.42.2 Revenue Performance

In FY 2021/22, the County received Kshs.6.61 billion as the equitable share of the revenue raised nationally, raised Kshs 379.99 million as own-source revenue, Kshs.337.75 million as conditional grants, and had a cash balance of Kshs. 864.66 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.19 billion, as shown in Table 3.278.

Table 3.278: Trans Nzoia County, Revenue Performance in FY 2021/22

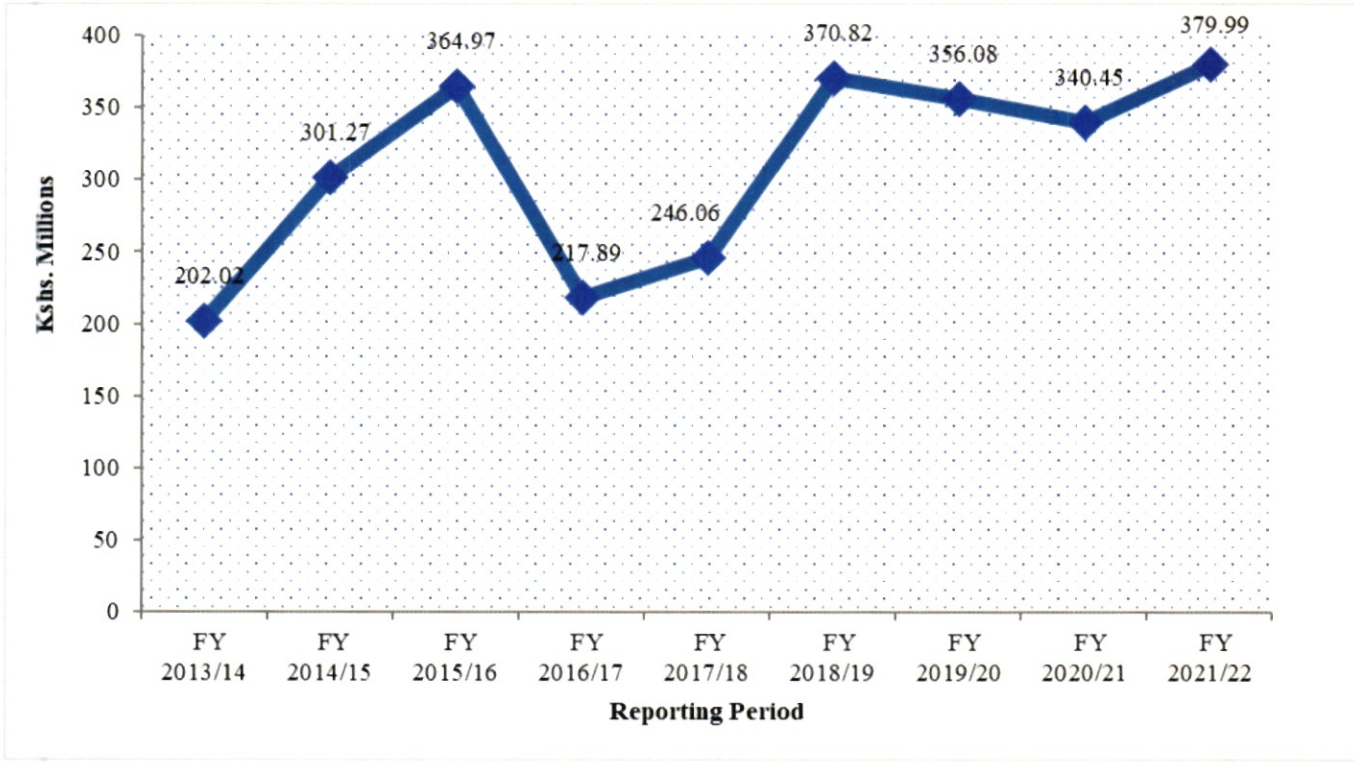
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,186,157,670	6,611,265,058	92.0
Sub Total		**7,186,157,670**	**6,611,265,058**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	529,500,000	379,991,105	71.8

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	Conditional Grants	724,984,356	337,747,244	46.6
3.	Balance b/f from FY 2020/21	864,662,730	864,662,730	100.0
Sub Total		**2,119,147,086**	**1,582,401,079**	**74.7**
Grand Total		**9,305,304,756**	**8,193,666,137**	**88.1**

Source: *Trans Nzoia County Treasury*

Figure 3.83: shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.83: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Trans Nzoia County Treasury*

In FY 2021/22, the County generated a total of Kshs.379.99 million as own-source revenue. This amount represented an increase of 11.6 per cent compared to Kshs.340.45 million realised in FY 2020/21 and was 71.8 per cent of the annual target.

3.42.3 Exchequer Issues

The Controller of Budget approved Kshs. 7.57 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs. 2.36 million (31.2 per cent) for development programmes and Kshs. 5.21 billion (68.8 per cent) for recurrent programmes, as shown in Table 3.283 .

3.42.4 Overall Expenditure Review

The County spent Kshs.7.80 billion on development and recurrent programmes during the reporting period. This expenditure represented 103.1 per cent of the total funds released by the CoB and comprised of Kshs.2.59 billion and Kshs.5.21 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 64.0 per cent, while recurrent expenditure represented 99.2 per cent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.15 billion and comprised Kshs.781.22 million for recurrent expenditure and Kshs.1.37 billion for development expenditure. During the period under review, pending bills amounting to Kshs.1.05 billion were settled, consisting of Kshs.357.50 million for recurrent expenditure and Kshs.692.12 million for development programmes, as shown in 3.279.

Table 3.279 : Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	781,223,133	425,111,785	356,111,348	345,946,547	919,420,241
Development Expenditure	1,365,486,040	692,124,883	673,361,157	1,073,240,522	1,940,436,739
Total	**2,146,709,173**	**1,117,236,668**	**1,029,472,505**	**1,419,187,068**	**2,859,856,980**

Source: *Trans Nzoia County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.2.86 billion, and include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs. 558.29 million, out of which the County has settled bills amounting to Kshs. 505.62 million, leaving a balance of Kshs. 52.67 as of 30th June, 2022.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs. 2.91 billion on employee compensation, Kshs.1.63 billion on operations and maintenance, and Kshs. 2.50 billion on development activities. Similarly, the County Assembly spent Kshs 290.50 million on employee compensation, Kshs.386.15 million on operations and maintenance, and Kshs.95.90 million on development activities, as shown in Table 3.280.

Table 3.280: 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	**4,577,779,363**	**676,650,593**	**4,535,023,006**	**676,650,593**	**99.1**	**100.0**
Compensation to Employees	2,864,795,507	290,500,310	2,909,642,048	290,500,310	101.6	100.0
Operations and Maintenance	1,712,983,856	386,150,283	1,625,380,959	386,150,283	94.9	100.0
Development Expenditure	**3,678,603,728**	**372,271,072**	**2,495,680,526**	**95,902,862**	**67.8**	**25.8**
Total	**8,256,383,091**	**1,048,921,665**	**7,030,703,532**	**772,553,455**	**85.2**	**73.7**

Source: *Trans Nzoia County Treasury*

3.42.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 39.1 per cent of the annual realised revenue of Kshs. 8.19 billion.

Personnel emoluments amounting to Kshs.2.95 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.249.40 million was processed through manual payroll. The manual payroll accounted for 7.8 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as the reason for failing to process all salaries in the IPPD system.

Based on Government policy that salaries should be fully processed through the IPPD system, the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.20 billion includes Kshs.1.90 billion attributable to the health sector, which translates to 59.2 per cent of the total wage bill in the reporting period.

3.42.8 County Established Funds

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.66.5 million to county-established funds in FY 2021/22, constituting 0.7 per cent of the County's overall budget for the year. Table 3.281 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.281: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Trans-Nzoia County Elimu Bursary Fund	50,000,000	25,000,000	NO	50.0
2.	Trans Nzoia County Car and Mortgage Fund	14,500,000	10,000,000	YES	69.0
3.	Trans Nzoia Women and Youth Fund	2,000,000	-		0.0
	Total	66,500,000	35,000,000		**52.6**

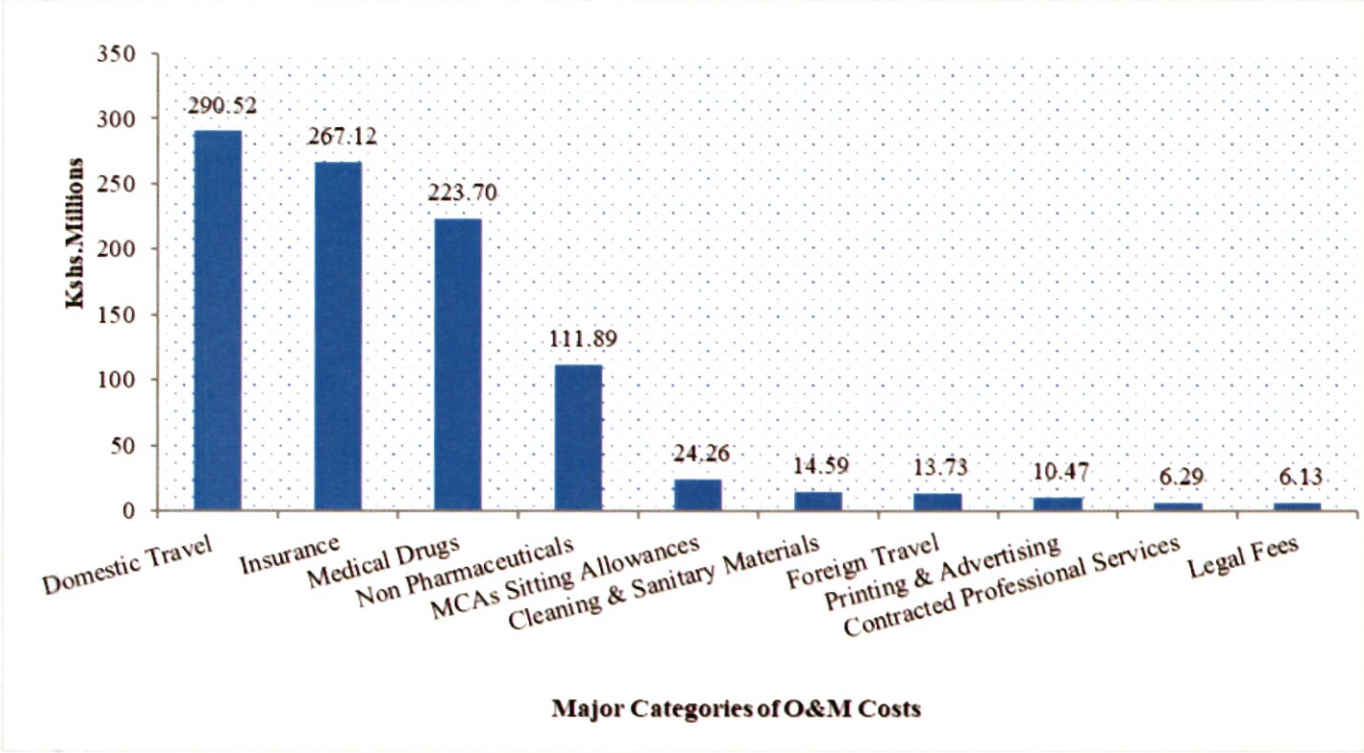
Source: *Trans Nzoia County Treasury*

The OCoB received quarterly financial returns from the Fund Administrators of the Trans-Nzoia County Elimu Bursary Fund and the Trans Nzoia County Car and Mortgage Fund, as indicated in Table 3.281

3.42.9 Expenditure on Operations and Maintenance

Figure 3.84 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.84: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: *Trans Nzoia County Treasury*

The County Assembly spent Kshs. 24.26 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs. 40.85 million. The average monthly sitting allowance was Kshs.101,066 per MCA. The County Assembly has established 27 Committees.

During the period, expenditure on domestic travel amounted to Kshs. 290.52 million and comprised of Kshs. 73.24 million spent by the County Assembly and Kshs.217.28 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28.83 million and comprised of Kshs.15.10 million by the County Assembly and Kshs.13.73 million by the County Executive.

3.42.10 Development Expenditure

The County incurred Kshs. 2.59 billion on development programmes, representing a decrease of 9.2 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 2.75 billion. Table 3.282 summarises development projects with the highest expenditure in the reporting period.

Table 3.282 : Trans Nzoia County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Health Corporate	Construction of Trans Nzoia County Referral Hospital	Matisi	393,156,751	393,156,751	328,467,034	None	83.5	GoK	Project complete and in Use.
Public Works, Transport and Infrastructure	Box Culverts, Culverts and Footbridges	Shimo Foot Bridge and Banda	8,000,000	8,000,000	6,665,280	None	83.3	Gok	Project complete and in Use.
Agriculture	Supply of Maize Sees	Machewa and Nabiswa Wards	3,988,000	3,988,000	3,988,000	None	100	GoK	Project complete.
Water, Environment and Natural Resources	Supply of Gravel Pack and Drilling Foam	County Headquarter	3,685,345	3,685,345	3,685,345	None	100	Gok	Complete
Education & ICT	Construction Of Twin Classroom and Office at Chalicha VTC	Sikhendu	3,071,178	3,071,178	3,071,178	None	100	GOK	Complete
Economic Planning	Supply of Plastic Chairs and Ordinary Iron Sheets	Nabiswa	3,064,615	3,064,615	3,064,615	None	100	Gok	Complete
Finance	Routine Maintenance of Kabuyefwe Sec –Mukuyuni Market	Sikhendu	3,045,435	3,045,435	3,045,435	None	100	Gok	Complete

Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)	Remarks
Finance	Supply of Kenpoly Chairs	County Headquarter	2,925,672	2,925,672	2,925,672	None	100	Gok	Complete
Gender, Sports ,Culture	Kwanza Rehabilitation Center	Kwanza	2,500,000	2,469,181	2,469,181	None	100	Gok	Ongoing
Lands, Housing	Purchase of land for ECDE Establishment at Kakarwa	Chepsiro	8,700,000	8,700,000	800,000	None	9.2	Gok	On going

Source: *Trans Nzoia County Treasury*

3.42.11 Budget Performance by Department

Table 3.283 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.283: 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	233.92	455.37	233.16	307.41	230.68	324.79	98.9	105.7	98.6	71.3
Livestock	29.95	45.30	26.18	39.01	27.78	33.51	106.1	85.9	92.7	74.0
Trade, Commerce	53.56	320.26	50.40	126.97	53.04	2.21	105.2	1.7	99.0	0.7
Water, Environment and Natural Resources	92.98	168.01	88.09	150.26	91.46	165.34	103.8	110.0	98.4	98.4
Public Works, Transport and Infrastructure	196.03	233.50	191.85	221.47	189.96	142.57	99.0	64.4	96.9	61.1
Health Corporate	1,933.56	706.41	1,926.98	301.74	1,931.72	524.72	100.2	173.9	99.9	74.3
Lands & Housing	67.70	69.03	67.58	11.59	56.28	8.02	83.3	69.2	83.1	11.6
Municipality Board of Kitale	45.15	165.60	41.07	-	43.57	48.48	106.1	0.0	96.5	29.3
Gender, Sports &Culture	51.30	87.59	50.78	68.96	50.74	84.49	99.9	122.5	98.9	96.5
Governance	157.50	47.33	156.94	3.55	157.35	2.46	100.3	69.2	99.9	5.2
Public Service Management	552.62	259.57	552.14	105.80	549.93	90.76	99.6	85.8	99.5	35.0
County Public Service Board	76.85	7.57	72.15	-	68.95	0.42	95.6	0.0	89.7	5.6
Education, CT	389.47	67.97	389.43	31.13	388.47	39.86	99.8	128.0	99.7	58.6
Finance	640.49	601.17	631.82	507.69	639.01	585.27	101.1	115.3	99.8	97.4

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
Economic Planning	56.69	443.93	56.44	386.64	56.08	442.77	99.4	114.5	98.9	99.7
County Assembly	676.65	372.27	676.65	95.90	676.65	95.90	100.0	100.0	100.0	25.8
TOTAL	**5,254.43**	**4,050.87**	**5,211.66**	**2,358.14**	**5,211.67**	**2,591.58**	**100.0**	**109.9**	**99.2**	**64.0**

Source: *Trans Nzoia County Treasury*

Analysis of expenditure by department shows that the Department of Economic Planning recorded the highest absorption rate of development budget at 99.7 per cent, followed by the Department of Water, Environment and Natural Resources at 98.4 per cent. The Department of Health had the highest percentage of recurrent expenditure to budget at 99.9 per cent, while the Department of Lands and Housing had the lowest at 83.1 per cent.

3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 3.284 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.284: Trans Nzoia County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Approved Supplementary Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
4261	Agriculture, Livestock	880,763,980	764,551,407	616,765,666	147,785,741	80.7
P1	Crop Development	604,532,234	500,678,136	358,305,377	142,372,759	71.6
Sp1.1	Crop Diversification	531,017,155	455,373,957	324,792,382	130,581,575	71.3
Sp1.2	Post-Harvest management and value addition	73,515,079	45,304,179	33,512,995	11,791,184	74.0
P2	Administrative and Support Services	276,231,746	263,873,271	258,460,289	5,412,982	97.9
Sp2.1	Administrative and Support Services	276,231,746	263,873,271	258,460,289	5,412,982	97.9
4262	Trade, Commerce and Industry	152,723,901	373,819,545	55,255,935	318,563,610	14.8
P1	Medium and small Enterprises	89,257,025	320,257,025	2,212,221	318,044,804	0.7
Sp1.1	Medium and small Enterprises	89,257,025	320,257,025	2,212,221	318,044,804	0.7
P2	Administrative and Support Services	63,466,876	53,562,520	53,043,713	518,807	99.0
Sp2.1	Administrative and Support Services	63,466,876	53,562,520	53,043,713	518,807	99.0
4263	Water, Environment and Natural Resources	358,563,684	260,991,322	256,799,803	4,191,520	98.4
P1	Environment management and protection	260,069,115	168,011,498	165,336,641	2,674,857	98.4
Sp1.1	Waste Management	260,069,115	168,011,498	165,336,641	2,674,857	98.4
P2	Administrative and Support Services	98,494,569	92,979,824	91,463,162	1,516,662	98.4
Sp2.1	Administrative and Support Services	98,494,569	92,979,824	91,463,162	1,516,662	98.4
4264	Public Works, Roads and Infrastructure	619,817,302	429,530,790	332,538,944	96,991,846	77.4
P1	Road Construction and Road Maintenance	417,879,433	233,497,311	142,574,024	90,923,287	61.1
Sp1.1	Maintenance of Roads	417,879,433	233,497,311	142,574,024	90,923,287	61.1

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Approved Supplementary Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
P2	Administrative and Support Services	201,937,869	196,033,479	189,964,920	6,068,559	96.9
Sp2.1	Administrative and Support Services	201,937,869	196,033,479	189,964,920	6,068,559	96.9
4266	Lands, Housing and Urban Planning	198,021,203	136,730,283	64,305,488	72,424,795	47.0
P1	Administrative and Support Services	198,021,203	136,730,283	64,305,488	72,424,795	47.0
Sp1.1	Administrative and Support Services	198,021,203	136,730,283	64,305,488	72,424,795	47.0
4267	Gender, Sports, Culture and Tourism	277,299,082	138,887,842	135,228,721	3,659,121	97.4
P1	Culture development and promotion	221,591,180	87,585,780	84,491,852	3,093,928	96.5
Sp1.1	Culture development	221,591,180	87,585,780	84,491,852	3,093,928	96.5
P2	Administrative and Support Services	55,707,902	51,302,062	50,736,869	565,193	98.9
Sp2.1	Administrative and Support Services	55,707,902	51,302,062	50,736,869	565,193	98.9
4268	Public Service Management	748,026,738	812,184,547	640,692,546	171,492,001	78.9
P1	Infrastructure Development	243,393,837	259,568,837	90,758,701	168,810,136	35.0
Sp1.1	Supervision and Management of Projects	243,393,837	259,568,837	90,758,701	168,810,136	35.0
P2	Administrative and Support Services	504,632,901	552,615,710	549,933,845	2,681,865	99.5
Sp2.1	Administrative and Support Services	504,632,901	552,615,710	549,933,845	2,681,865	99.5
4269	Education and ICT	557,427,865	457,444,061	428,326,949	29,117,113	93.6
P1	Vocational Training Development	164,401,494	67,970,110	39,856,641	28,113,469	58.6
Sp1.1	Vocational Training Development	164,401,494	67,970,110	39,856,641	28,113,469	58.6
P2	Administrative and Support Services	393,026,371	389,473,951	388,470,307	1,003,644	99.7
Sp2.1	Administrative and Support Services	393,026,371	389,473,951	388,470,307	1,003,644	99.7
0	Finance	855,743,917	1,241,652,421	1,224,283,345	17,369,076	98.6
	Administrative and Support Services	855,743,917	1,241,652,421	1,224,283,345	17,369,076	98.6
	Supervision and Management of Projects	137,738,318	601,165,546	585,272,141	15,893,406	97.4
	Administrative and Support Services	718,005,599	640,486,875	639,011,204	1,475,671	99.8
	Governance	240,649,246	204,827,719	159,802,595	45,025,124	78.0
	Infrastructure Development	52,325,000	47,325,000	2,456,897	44,868,103	5.2
	Supervision and Management of Projects	52,325,000	47,325,000	2,456,897	44,868,103	5.2
	dministrative and Support rvices	188,324,246	157,502,719	157,345,698	157,021	99.9
	ninistrative and Support ces	188,324,246	157,502,719	157,345,698	157,021	99.9
	Public Service Board	86,615,170	84,411,170	69,365,465	15,045,705	82.2

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Approved Supplementary Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
P1	Governance and County Values	8,465,000	7,565,000	420,100	7,144,900	5.6
Sp1.1	Infrastructure Development	8,465,000	7,565,000	420,100	7,144,900	5.6
P2	Administrative and Support Services	78,150,170	76,846,170	68,945,365	7,900,805	89.7
Sp2.1	Administrative and Support Services	78,150,170	76,846,170	68,945,365	7,900,805	89.7
4275	Health Corporate	2,447,614,453	2,639,968,211	2,456,438,156	183,530,055	93.0
P1	Administrative and Support Services	2,447,614,453	2,639,968,211	2,456,438,156	183,530,055	93.0
Sp1.1	Preventive Health Services	654,517,568	706,407,105	524,719,684	181,687,421	74.3
Sp1.2	Administrative and Support Services	1,793,096,885	1,933,561,106	1,931,718,472	1,842,634	99.9
4277	Economic Planning	488,569,184	500,629,184	498,850,004	1,779,180	99.6
P1	County Research and Development Planning	441,874,451	443,934,451	442,769,766	1,164,685	99.7
Sp1.1	County Development Planning Services	441,874,451	443,934,451	442,769,766	1,164,685	99.7
P2	Administrative and Support Services	46,694,733	56,694,733	56,080,237	614,496	98.9
Sp2.1	Administrative and Support Services	46,694,733	56,694,733	56,080,237	614,496	98.9
4278	Municipality Board of Kitale	292,412,959	210,754,589	92,049,918	118,704,671	43.7
P1	Administrative and Support Services	292,412,959	210,754,589	92,049,918	118,704,671	43.7
Sp1.1	Administrative and Support Services	292,412,959	210,754,589	92,049,918	118,704,671	43.7
4271	County Assembly	1,048,921,665	1,048,921,665	772,553,455	276,368,210	73.7
P1	Administrative and Support Services	1,048,921,665	1,048,921,665	772,553,455	276,368,210	73.7
Sp1.1	Administrative and Support Services	1,048,921,665	1,048,921,665	772,553,455	276,368,210	73.7
	Grand Total	**9,253,170,349**	**9,305,304,756**	**7,803,256,987**	**1,502,047,769**	**83**

Source: *Trans Nzoia County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Administrative and Supp
Services in the Department of Health Corporate at 99.9 per cent, Administrative and Support Services in
Department of Finance at 99.8 per cent County Development Planning Services in the Department of Econ
Planning at 99.7 per cent and Administrative and Support Services in the Department of Public Service Manag
at 99.5 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 OCOB ide
following challenges which hampered effective budget implementation;

1. A high wage bill, which accounted for 39.1 per cent of the annual realised revenue of Kshs.8.19
2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.379.99 million against an annual
Kshs.529.50 million, representing 71.8 per cent of the annual target.
3. Failure to refund unspent balances from the previous financial year to the County Revenue F
Section 136 of the PFM Act, 2012. The County spent the cash balances at source during th

and may be an issue of misappropriation of funds if not regularised. The County reported actual expenditure of Kshs.7.80 billion compared to the approved exchequer issues of Kshs.7.58 billion.

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 Trans-Nzoia County Elimu Bursary Fund report was not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.2.86 billion as of 30th June 2022.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.249.40 million were processed through the manual payroll and accounted for 7.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
7. 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 25th July 2022.

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

1. *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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should ensure all unspent funds are refunded to the County Revenue Fund in line with Section 136 of the PFM Act, 2012.*
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 take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
7. *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.*

3.43 County Government of Turkana

3.43.1 Overview of FY 2021/22 Budget

he County's approved supplementary budget for FY 2021/22 is Kshs.16.19 billion, comprising Kshs.6.31 billion per cent) and Kshs.9.9 billion (61 per cent) allocation for development and recurrent programmes, respectively.

finance the budget, the County expected to receive Kshs.12.61 billion (89.9 per cent) as the equitable share of nue raised nationally, generate Kshs.180 million (1.28 per cent) from its own sources of revenue, and use a cash ce of Kshs.2.3 billion (16.8 per cent) from FY 2020/21. The County also expects to receive Kshs.673.43 million r cent) as conditional grants, which consists of Transforming Health Systems for Universal Care Project t 12.78 million, Universal Health Care in Devolved System Programme at Kshs.23.35 million, UNFPA- 9th Programme Implementation at Kshs.2.95 million, National Agricultural and Rural Inclusive Growth NARIGP) at Kshs.270.57 million, Agricultural Sector Development Support Programme (ASDSP) II at million, Drought Resilience Programme in Northern Kenya (DRPNK) at Kshs.200 million, Emergency onse Project (ELRP) at Kshs.120.21 million.

Revenue Performance

the County received Kshs.11.6 billion as the equitable share of the revenue raised nationally, raised illion as own-source revenue, Kshs.115.32 million as conditional grants, and had a cash balance of from FY 2020/21. The total funds available for budget implementation amounted to Kshs.14.26 n Table 3.285

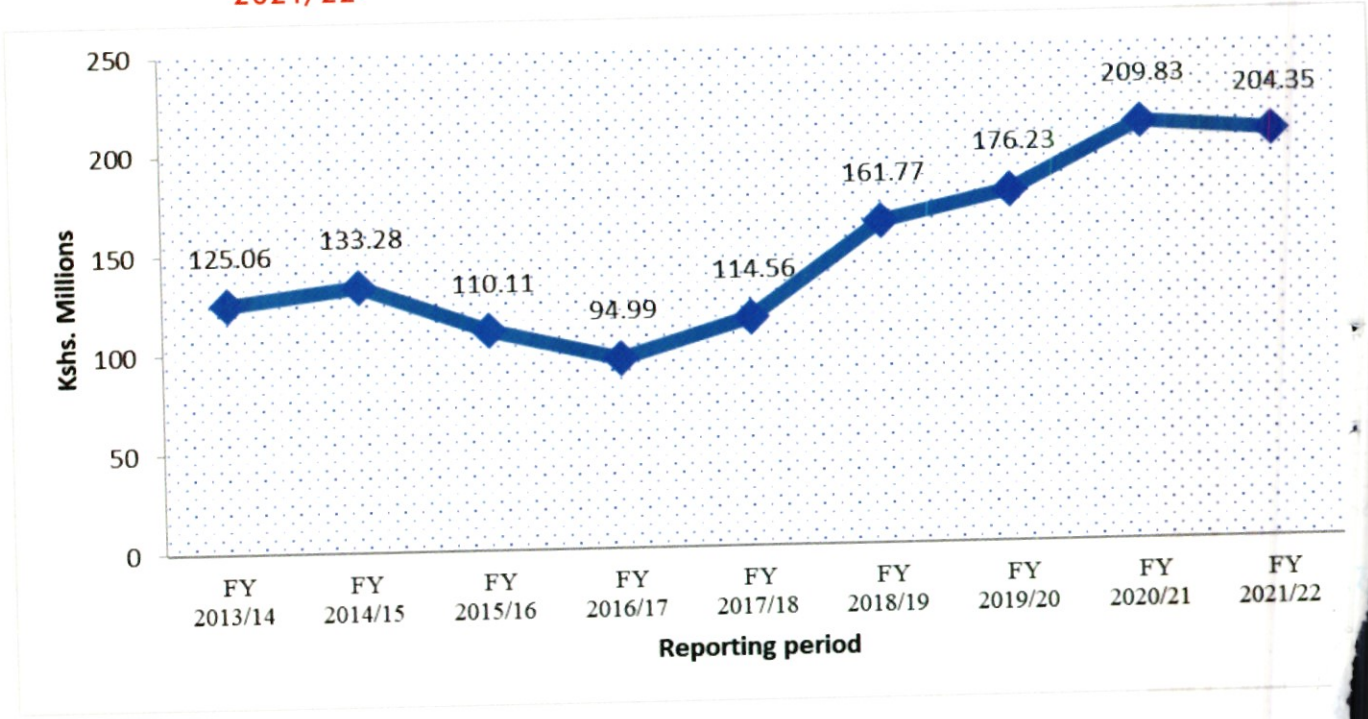
Table 3.285: Turkana County, Revenue Performance in FY 2021/22

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**	12,609,305,994	11,600,561,515	92.0
Sub Total		**12,609,305,994**	**11,600,561,515**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	180,000,000.00	204,349,844.00	113.5
2.	Conditional Grants	673,432,568	115,315,048	17.1
3.	Balance b/f from FY 2020/21	2,726,097,130	2,338,840,344	85.8
Sub Total		**3,579,529,698**	**2,658,505,236**	**74.3**
Grand Total		**16,188,835,692**	**14,259,066,752**	**88.1**

Source: *Turkana County Treasury*

Figure 3.85 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.85: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Turkana County Treasury*

In FY 2021/22, the County generated a total of Kshs.204.35 million as own-source revenue. This amount repre a decrease of 2.7 per cent compared to Kshs.209.83 million realised in FY 2020/21 and was 113.5 per the annual target. The County has implemented an automated OSR collection system called Turkana automated revenue collection system.

3.43.3 Exchequer Issues

The Controller of Budget approved Kshs.10.77 billion withdrawals from the CRF account during period. The amount comprised of Kshs.2.49 billion (23.1 per cent) for development programme billion (76.9 per cent) for recurrent programmes, as shown in Table 3.290.

3.43.4 Overall Expenditure Review

The County spent Kshs.10.77 billion on development and recurrent programmes during the rep expenditure represented 100 per cent of the total funds released by the CoB and comprised

and Kshs.8.27 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 39.5 per cent, while recurrent expenditure represented 83.7 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2022 amounted to Kshs.2.27 billion and comprised Kshs.2.25 billion for the County Executive and Kshs.26.11 million for the County Assembly, as shown in Table 3.286.

Table 3.286: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills as of 30th June 2022 (Kshs.)		
	County Executive	County Assembly	Total
Development Expenditure	1,351,803,368	-	1,351,803,368
Recurrent Expenditure	896,378,463	26,115,914	922,494,377
Total	**2,248,181,831**	**26,115,914**	**2,274,297,745**

Source: Turkana County Treasury

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.60 billion on employee compensation, Kshs.2.69 billion on operations and maintenance, and Kshs.2.34 billion on development activities. Similarly, the County Assembly spent Kshs.588.74 million on employee compensation, Kshs.233.21 million on operations and maintenance, and Kshs.154.73 million on development activities, as shown inTable 3.287.

Table 3.287: 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	**9,058,558,734**	**821,950,164**	**7,285,441,599**	**821,950,164**	**80.4**	**100.0**
Compensation to Employees	3,423,538,737	587,044,291	4,599,325,204	588,742,176	134.3	100.3
Operations and Maintenance	5,635,019,997	234,905,873	2,686,116,395	233,207,988	47.7	99.3
Development Expenditure	**6,153,326,795**	**155,000,000**	**2,337,129,625**	**154,733,428**	**38.0**	**99.8**
Total	**15,211,885,529**	**976,950,164**	**11,398,918,423**	**976,683,592**	**74.9**	**100.0**

Source: Turkana County Treasury

3.43.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit on the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 36.4 per cent of the annual realised revenue of Kshs.14.26 billion.

County Established Funds

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.1.02 billion to county-established funds in FY 2021/22, which constituted 6.3 per cent of the County's overall budget for the year. Table 3.288 comprises each established Fund's budget allocation and performance during the reporting period.

County Established Fund performance as of 30th June 2022

the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
y Fund	100,000,000	182,314,054	Yes
And Skills Development Fund	374,000,000	187,641,255	Yes
Women Empowerment Fund	100,000,000	3,060,737	Yes
nd	191,000,000	185,600,000	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
5.	Covid-19 Emergency Response Fund	212,332,128	34,727,511	Yes
6.	Car Loan And Mortgage Fund Executive	40,000,000	-	No
7.	**Total**	**1,017,332,128**	**593,343,557**	

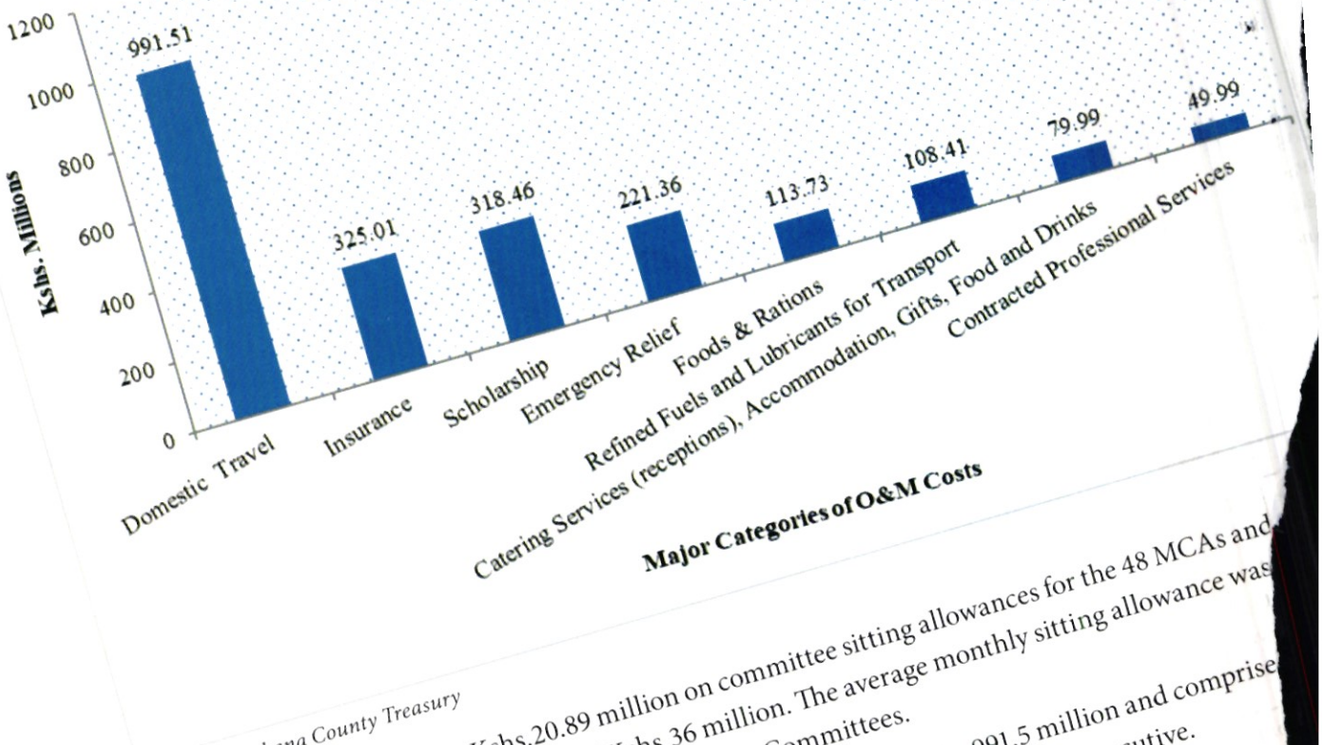
Source: *Turkana County Treasury*

The OCoB received quarterly financial returns from Fund Administrators of 6 established county funds, as indicated in Table 3.288.

3.43.9 Expenditure on Operations and Maintenance

Figure 3.86 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.86: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: *Turkana County Treasury*

The County Assembly spent Kshs.20.89 million on committee sitting allowances for the 48 MCAs and against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was per MCA. The County Assembly has established 12 Committees.

During the period, expenditure on domestic travel amounted to Kshs.991.5 million and comprise million spent by the County Assembly and Kshs.885.1 million by the County Executive.

3.43.10 Development Expenditure

The County incurred Kshs.2.49 billion on development programmes, representing a decreas compared to FY 2020/21, when the County spent Kshs.2.8 billion. Table 3.289 summarises dev with the highest expenditure in the reporting period.

Table 3.289: Turkana County, List of Development Projects with the Highes

Turkana County, Budget Allocation and Absorption Rate by Department

arises the approved budget allocation, expenditure and absorption rate by departments in FY

udget performance by Department

Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Con-tract vari-ation (Kshs)	Imple-mentation status (%)	Source of Funding (GoK/do-nor)	Remarks
Health	Delivery of Health Products to 225 Health facilities	County	40,010,388	40,010,388	40,010,388	None	100	GoK	The project is complete and in use.
Finance And Economic Planning	Completion of Lokiriama Revenue Centre	Lokiriama	40,000,000	40,000,000	40,000,000	None	100	GoK	Project is complete
Trade And Gender	Renovation and construc-tion work at Loya market at Loima sub-county	Loima	7,000,000	7,000,000	7,000,000	None	100	GoK	Project is complete
Infrastruc-ture, Trans-port And Public Works	Routine Maintenance of Rural Roads	Headquar-ters	137,125,681	137,125,681	137,125,681	None		GoK	Project is complete
Agriculture, Pastoral Economy and Fisheries	Rehabilitation works at Lok-war kapuir surface irriga-tion schemes.	Kapuir	23,526,960	23,526,960	23,526,960	None		GoK	Project is complete
	Construction of Napuu Wa-ter Aquiver	Headqua-ters	16,602,442	16,602,442	16,602,442	None	100	GoK	Project is complete
	construction of office block t HQ-Min-try of water rvices	Headquar-ters	12,350,000	12,350,000	12,350,000	None	100	GoK	Project is complete
		County Treasury							

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
Governance	394.75	290.15	323.96	128.4	323.96	128.4	100	100	82.1	44.5
Office of the Deputy Governor	35.42	-	27.02	-	27.02	-	100	-	76.3	-
County Attorney	152.66		127.17		127.17	-	100	-	83.3	-
Finance and Economic Planning	738.38	769.03	510.77	223.57	510.77	223.57	100	100	69.2	29.1
Water Services, Environment and Mineral Resources	239.58	673.11	213.03	262.96	213.03	262.96	100	100	88.9	39.1
Health & Sanitation Services	541.93	788.26	412.84	346.92	412.84	346.92	100.0	100.0	76.2	44.0
Trade, Gender and Youth Affairs	130.33	383.26	96.96	163.6	96.96	163.6	100.0	100.0	74.4	42.7
Education, Sports and Social Protection	746.58	678.18	635.72	303.98	635.72	303.98	100.0	100.0	85.2	44.8
Public Service, Administration, & Disaster Management	5,276.33	63.37	4,470.06	14.88	4,470.06	14.88	100.0	100.0	84.7	23.5
Infrastructure Transport & Public Works	164.83	426.58	132.92	213.97	132.92	213.97	100.0	100.0	80.6	50.2
Agriculture, Pastoral Economy & Fisheries	97.80	1,387.81	85.18	467.02	85.18	467.02	100.0	100.0	87.1	33.7
Tourism, Culture and Natural Resources	134.45	280.33	87.62	69.60	87.62	69.60	100.0	100.0	65.2	24.8
Lands, Energy, Housing & Urban Areas Mgt.	234.91	265.4	190.40	114.92	190.40	87.62	100.0	100.0	81.1	33.2
County Assembly	821.95	155.00	821.95	72.15	154.73	190.40	100.0	100.0	100	99.8
County Public Service Board	88.13	3.54	143.96	66.58	30.55	821.95	100.0	100.0	81.9	-
Lodwar Municipality	82.47		6,308.33	8,274.33	2,495.1	72.15	100.0	100.0	80.7	21.3
TOTAL	9,880.50					66.58	100.0	100.0	83.7	39

Source: Turkana County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption of the development budget at 99.8 per cent, followed by the Department of Infrastructure, Transport and Works at 50.2 per cent. The County Assembly had the highest percentage of recurrent expenditure to b 100 per cent, while the Department of Tourism, Culture and Natural Resources had the lowest at 65.2

3.43.12 Budget Execution by Programmes and Sub-Programmes

Table 3.291 summarises the budget execution by programmes and sub-programmes in FY 2021/

Table 3.291: Turkana County, Budget Execution by Programmes and Sub-pro

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)
	A	B	C=A-B
Adjudication, registry and settlement	15,777,162	3,397,835	12,379,327
Delineation & adjudication of community land	15,777,162	3,397,835	12,379,327
Spatial Planning	20,072,530	9,109,317	10,963,21
Formulation of community land policy and regulations	20,072,530	9,109,317	10,963,21
Urban Centre Mgt	19,815,014	635,646	19,179,3
	9,580	-	9,5

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.) A	Expenditure (Kshs.) B	Variance (Kshs.) C=A-B	Implementation Status (%) D=B/A*100
Urban Centre Mgt	13,761,901	635,646	13,126,256	4.6
Kakuma Kalobeyei Municipality	6,043,534	-	6,043,534	-
Compulsory land acquisition for public utilities	**9,088,290**	**533,880**	8,554,410	5.9
Land acquisition for public utilities	9,088,290	533,880	8,554,410	5.9
Establishment and rehabilitation of public utilities in Lodwar	**4,081,467**	**1,475,150**	2,606,317	36.1
Improvement of Moi Garden Stadia	4,081,467	1,475,150	2,606,317	36.1
Revival of Turkana Fishermen Co-op. society	**50,909,946**	**3,194,414**	47,715,533	6.3
Spate Irrigation Technology	12,960,480	146,892	12,813,588	1.1
Spate Irrigation Technology	1,290,355	393,322	897,033	30.5
Spate Irrigation Technology	20,213,101	-	20,213,101	-
Rehabilitation	13,364,451	702,128	12,662,323	5.3
Soil & Water Conservation	1,737,440	702,062	1,035,379	40.4
Fish market infrastructure/ fish value addition	1,344,120	1,250,010	94,109	93.0
Fish market infrastructure/ fish value addition	**53,669,546**	**10,667,788**	43,001,758	19.9
Fisheries livelihood support	691,795	266,641	425,154	38.5
Fisheries Extension Services	47,222,197	9,685,509	37,536,689	20.5
Fisheries resource management	757,514	10,329	747,185	1.4
Fisheries resource management	1,557,882	449,176	1,108,705	28.8
Fisheries resource management	645,177	25,015	620,162	3.9
Fish Farming & Aquaculture	1,984,906	196,097	1,788,809	9.9
Sustainable management of fisheries resources	810,075	35,021	775,054	4.3
Frame survey	**41,299,851**	**7,255,666**	34,044,185	17.6
Fish Stock assessment	29,888,734	216,155	29,672,578	0.7
Monitoring, Control and Surveillance	3,118,357	1,419,197	1,699,161	45.5
Resource monitoring facilities	2,580,710	885,826	1,694,884	34.3
Livestock breed improvement	5,712,050	4,734,488	977,562	82.9
Establish livestock Multiplication and breeding Centre.	**96,740,374**	**32,187,952**	64,552,422	33.3
Provision of Livestock Extension services	21,390,535	19,774,873	1,615,662	92.4
Livestock multiplication and breeding centre	2,591,276	336,307	2,254,969	13.0
Livestock Value Chain	23,482,861	11,243,797	12,239,064	47.9
Skills Devt	41,158,142	413,040	40,745,102	1.0
General Administration	8,117,561	419,935	7,697,625	5.2
General Administration	**895,441,283**	**498,277,729**	397,163,554	55.6
eneral Administration and Support Services-	142,213,636	140,462,503	1,751,133	98.8
toral Economy and	423,855,895	189,116,198	234,739,698	44.6
ral Administration, Planning and Support	329,371,752	168,699,028	160,672,724	51.2
es – Lands General Administration, Plan-	**80,074,204**	**47,353,591**	32,720,613	59.1
Support Services - Lands	617,888	558,405	59,483	90.4
e Programme	49,600,871	46,084,376	3,516,496	92.9
n/Urban & peri-urban agriculture	4,956,622	10,918	4,945,703	0.2
Sector Development Support Pro-	967,766	283,919	683,848	29.3
SP)	21,288,397	-	21,288,397	-
chanization	415,974	415,974	-	100.0
cess	2,427,612	-	2,427,612	-
& Devt	**107,164,464**	**16,026,777**	91,137,686	15.0
t	107,164,464	16,026,777	91,137,686	15.0
gt	**280,017,650**	**192,705,236**	87,312,414	68.8
	280,017,650	192,705,236	87,312,414	68.8
	210,209,452	**7,546,008**	202,663,444	3.6
	210,209,452	7,546,008	202,663,444	3.6
onse Project	**121,487,475**	**87,861,906**	33,625,569	72.3
	121,487,475	87,861,906	33,625,569	72.3

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.) A	Expenditure (Kshs.) B	Variance (Kshs.) C=A-B	Implementation Status (%) D=B/A*100
Develop and maintain roads	**140,089,812**	**106,133,216**	33,956,595	75.8
Annual Roads Inventory and Conditional Survey (ARICS)	1,344,120	316,498	1,027,621	23.5
Roads maintenance levy fund(RMLF)	132,617,121	104,996,089	27,621,032	79.2
Roads	6,128,571	820,628	5,307,943	13.4
Develop and maintain staff housing and public offices	**16,997**	-	16,997	-
Protection and gabion works of lokichar river	16,997	-	16,997	-
Develop and maintain other public works	**2,231,238**	**1,350,358**	880,880	60.5
Capacity Building	967,766	848,926	118,840	87.7
Professional Capacity Building	1,263,472	501,432	762,040	39.7
General Administration	**447,124,089**	**338,081,522**	109,042,567	75.6
General Administration	423,329,652	331,730,185	91,599,467	78.4
General Administration- Public works	23,794,437	6,351,337	17,443,100	26.7
	967,766	-	967,766	-
Mechanical Services	967,766	-	967,766	-
	967,766	-	967,766	-
Structural Services	967,766	-	967,766	-
	915,094	**450,987**	464,107	49.3
Electrical Services	915,094	450,987	464,107	49.3
	4,842,183	**3,612,791**	1,229,392	74.6
Building Inspectorate	4,842,183	3,612,791	1,229,392	74.6
	415,254	**328,648**	86,606	79.1
Architectural Services	415,254	328,648	86,606	79.1
Cooperative Societies Development & Performance Improvement	**196,188,254**	**152,478,611**	43,709,643	77.7
Cooperatives Development Fund	1,755,154	1,755,154	-	100.0
Value Addition Initiatives	6,534,615	3,132,817	3,401,798	47.9
Business Development and Training Services	1,579,591	903,163	676,428	57.2
Liquor control Programme	941,217	936,646	4,572	99.5
Cooperative societies' development and revival programmes	1,656,149	1,656,149	-	100.0
Legal Metrology Services	1,088,904	689,988	398,916	63.4
Verification of traders' equipment	3,661,564	3,661,564	-	100.0
Consumer rights education	1,220,461	1,021,729	198,731	83.7
Standards and Anti-Counterfeit Services	1,075,296	602,802	472,494	56.
Market Infrastructure Development	30,711,379	2,982,937	27,728,442	
Industrial Development and Investments	5,880,106	3,080,525	2,799,581	
Biashara Fund	141,491,707	132,055,138	9,436,570	
Modern Physical Markets Infrastructure	**51,083,984**	**39,278,268**	11,805,716	
Construction & Development of Modern Physical Market	2,857,697	2,710,113	147,584	
Co-operative Marketing, Value Addition, Surveys & Research	4,782,465	1,564,783	3,217,682	
Co-operative Education, Training, Exchange and Ushirika Day Celeb	4,844,394	2,077,958	2,766,436	
Strengthening of Key Dormant Co-operative Societies	4,677,536	3,068,869	1,608,667	
Formulation of Cooperative Policy and Legal Framework	3,602,240	1,559,015	2,043,226	
Cooperative Development Fund	30,319,652	28,297,530	2,022,122	
General Administration	**146,627,079**	**76,290,651**	70,336,428	
General Administration	146,627,079	76,290,651	70,336,428	
Gender Promotion	**16,480,649**	**9,705,471**	6,775,178	
Gender Empowerment and advocacy	9,168,639	6,485,443	2,683,196	
Gender Mainstreaming and Co-ordination	1,821,013	792,331	1,028,683	
Legal Compliance and Redress	3,878,054	1,903,250	1,974,80	

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.) A	Expenditure (Kshs.) B	Variance (Kshs.) C=A-B	Implementation Status (%) D=B/A*100
Promotion of Gender Equality and Empowerment	1,612,943	524,448	1,088,496	32.5
Youth Affairs Development	**108,651,065**	**95,578,224**	13,072,840	88.0
Youth Coordination and Representation	3,010,828	565,843	2,444,985	18.8
Youth Employment Scheme	2,150,591	99,041	2,051,550	4.6
Youth Rare skills	2,424,140	588,242	1,835,899	24.3
Youth and Women Fund	101,065,505	94,325,098	6,740,407	93.3
General Administration, Planning and support services	**761,523,050**	**357,427,048**	404,096,002	46.9
General Administration, Planning and support services	213,748,370	130,787,419	82,960,951	61.2
Health Facilities	547,774,680	226,639,629	321,135,051	41.4
Support to Health Programs	**213,512,343**	**134,917,437**	78,594,907	63.2
HIV & AIDS, including community-based HIV interventions	230,548	-	230,548	-
TB & Leprosy	268,824	-	268,824	-
Malaria	322,589	-	322,589	-
NTDs(neglected tropical diseases)	268,824	-	268,824	-
Nutrition	2,486,123	1,170,009	1,316,115	47.1
Reproductive health	4,061,370	2,632,083	1,429,287	64.8
Disease surveillance	591,413	-	591,413	-
EPI/outreaches	752,707	-	752,707	-
Health promotion	164,273,881	101,682,833	62,591,048	61.9
Environmental health services	806,472	-	806,472	-
Emergency preparedness & disaster response	806,472	-	806,472	-
mainstreaming	268,824	-	268,824	-
Community Health Services	38,374,297	-	8,941,786	76.7
	86,757,967	29,432,511	30,767,501	64.5
Laboratory Services	698,942	**55,990,466**	698,942	-
Blood Transfusion Services	2,248,154	-	2,248,154	-
Rehabilitative Services	537,648	-	537,648	-
Referral & Emergency Services	752,707	-	752,707	-
Radiology Services	510,765	-	510,765	-
Dental Services	322,589	-	322,589	-
linical Services	537,648	-	537,648	-
ursing Services	537,648	-	537,648	-
al Health Facility Support	49,037,832	-	6,591,538	86.6
county Health Facilities Support	6,683,242	42,446,294	457,785	93.2
Turkana	24,890,793	6,225,456	17,572,077	29.4
	72,210	7,318,716	72,210	-
ies	72,210	-	72,210	-
	267,262,247	**228,807,117**	38,455,130	85.6
on & Mgt	265,649,304	228,246,091	37,403,213	85.9
	1,612,943	561,027	1,051,917	34.8
Records	**3,763,535**	**79,233**	3,684,302	2.1
uation Health	1,344,120	-	1,344,120	-
ment	537,648	-	537,648	-
ervices	268,824	-	268,824	-
	806,472	79,233	727,239	9.8
tment	537,648	-	537,648	-
wareness	268,824	-	268,824	-
	10,417,801	**1,513,215**	8,904,586	14.5
ilding	2,419,415	280,146	2,139,270	11.6
r All	3,118,357	433,141	2,685,217	13.9
ng Existing ECDE centres	4,073,557	799,929	3,273,628	19.6
	806,472	-	806,472	-
	5,950,140	**5,950,140**	-	100.0
	5,950,140	5,950,140	-	100.0

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.) A	Expenditure (Kshs.) B	Variance (Kshs.) C=A-B	Implementation Status (%) D=B/A*100
Social protection programs/ Affirmative Action	74,935,168	33,605,760	41,329,408	44.8
Construction of PWDs multi-purpose resource centre	23,842,961	6,991,323	16,851,638	29.3
Marginalised and Minority groups support	4,172,726	2,892,639	1,280,087	69.3
Child Rescue Centres	**21,244,153**	**6,601,971**	14,642,182	31.1
Child Care & Protection	25,675,328	17,119,826	8,555,502	66.7
Sports and arts programme	24,951,044	3,526,009	21,425,035	14.1
Construction of sport Stadia	**15,795,418**	**3,526,009**	12,269,409	22.3
Stadia	9,155,626	-	9,155,626	-
General Administration	930,372,962	667,839,636	262,533,326	71.8
General Administration	**552,387,972**	**315,063,768**	237,324,204	57.0
Turkana Education and Skill Development Fund	377,984,990	352,775,868	25,209,122	93.3
Vocational Training	49,690,506	49,690,506	-	100.0
Youth Polytechnic Infrastructure	15,192,121	8,337,513	6,854,607	54.9
Training and Development	6,702,158	1,007,920	5,694,237	15.0
Co-Curricular Activities	**8,450,765**	**4,379,212**	4,071,552	51.8
Youth Polytechnics- Conditional	35,965,860	35,965,860	-	100.0
Public Relations	2,577,202	581,986	1,995,216	22.6
Publicity	**1,107,807**	**581,986**	525,821	52.5
Research and Sensitisation	1,469,395	-	1,469,395	-
Early Childhood Education	362,742,844	151,297,566	211,445,278	41.7
School Feeding	153,620,260	130,618,293	23,001,967	85.0
Quality Improvement	5,965,098	3,620,334	2,344,764	60.7
Infrastructure Development	**189,209,670**	**9,869,433**	179,340,237	5.2
Support for Pre-Primary Training	13,947,816	7,189,506	6,758,310	51.5
General Administration, Planning and Support Services	6,170,926,996	5,123,226,520	1,047,700,476	83.0
General Administration Services	671,264,930	202,970,201	468,294,729	30.2
General Administration - Economic planning	116,883,864	92,513,596	24,370,268	79.2
Security Access Installation	7,546,008	7,546,008	-	100.0
General Admin Planning & Support	12,847,631	6,708,517	6,139,114	52.2
General Administration, Planning and Support Services-Public Ser	4,593,420,733	4,268,613,113	324,807,620	92.9
General Administration, Planning and Support Services-Administrator	362,426,833	253,147,567	109,279,266	69
General Administration, Planning and Support Services- Office of	313,065,001	212,538,466	100,526,535	
General Administration, Planning and Support Services- Liaison O	21,930,204	15,504,630	6,425,574	
General Admin Planning & Support	**24,512,428**	**16,521,874**	7,990,554	
Covid-19 Emergency Response Fund	50,532,753	47,162,549	3,370,203	
Governor's Residence	10,481,026	7,515,835	2,965,190	
Construction of governor's residence	2,018,112	1,468,250	549,862	
Documentation, communication policy and strategy	3,031,617	3,031,617	-	
Civic Education and Public Sensitization	**4,148,314**	**2,304,006**	1,844,308	
Production of County Newspaper and Newsletter	1,623,781	711,962	911,819	
Donor/ Investor engagement	13,417,380	8,241,235	5,176,144	
Public-Private Partnership Initiatives (PPPs)	1,261,500	936,045	325,455	
Political and Intergovernmental Advisory Services	2,063,883	611,227	1,452,656	
Legal Advisory Services	1,261,500	776,597	484,902	
Security and Cross-border Advisory Services	1,261,500	954,985	306,51	
Oil And Gas Advisory Service	1,261,500	1,257,061	4,43	
Gender and Partnership Advisory Services	1,261,500	1,106,490	155,0	
Special Interest groups	1,261,500	1,061,289	200,2	
Climate Change advisory services		704,660	556,8	

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.) A	Expenditure (Kshs.) B	Variance (Kshs.) C=A-B	Implementation Status (%) D=B/A*100
Education and youth Advisory services	**1,261,500**	**624,206**	637,294	49.5
Culture, Arts and Heritage advisory services	1,261,500	208,675	1,052,824	16.5
Security and Peace Building	245,323,840	115,155,186	130,168,655	46.9
Community Cohesion and Resettlement	20,476,630	11,720,474	8,756,157	57.2
Operationalisation of peace-building structures and institutions	66,379,162	36,161,889	30,217,273	54.5
Resettlement Infrastructural Programme	**119,929,293**	**36,345,219**	83,584,074	30.3
Cross Border peace dividends programme	38,538,755	30,927,605	7,611,151	80.3
Government Communication and Media Relations	46,261,697	23,282,726	22,978,970	50.3
Acquiring & developing communication systems/ equipment	10,365,340	6,023,437	4,341,904	58.1
Bills	14,213,760	5,069,974	9,143,786	35.7
Policies	10,101,297	8,123,317	1,977,980	80.4
Development and Implementation of ICT Policy and Regulations	**2,475,205**	**1,814,223**	660,983	73.3
Acquisition of Information Systems and Equipment	9,106,094	2,251,776	6,854,318	24.7
Revenue Collection Systems	102,548,236	46,882,375	55,665,861	45.7
Feasibility Study on Revenue Base	4,921,744	4,008,172	913,572	81.4
Awareness and Campaigns on Revenue.	4,448,205	4,070,797	377,409	91.5
Motorbikes for Revenue Officers 30 No.	11,870,580	3,112,728	8,757,852	26.2
Strengthening Revenue Systems	38,500,523	32,983,384	5,517,138	85.7
Revenue Forecast and Revenue Budget Preparation	**2,707,293**	**2,707,293**	-	100.0
Completion of Lokiriama Revenue Centre	40,528,185	-	40,528,185	-
Accountability and Transparency	150,374,637	59,949,726	90,424,911	39.9
Internal Audit	5,330,963	5,329,656	1,307	100.0
Procurement systems	3,243,610	3,021,582	222,028	93.2
IFMIS training	5,077,802	4,729,295	348,506	93.1
Financial Reporting/Research and Development	**51,262,013**	**46,869,193**	4,392,820	91.4
Modern Fencing, Gate and Parking Yards for County Treasury Office	85,460,249	-	85,460,249	-
cial and Financial Security	12,647,999	7,928,570	4,719,430	62.7
urance and Insurance of Govt. Assets	2,393,012	846,850	1,546,162	35.4
ility and Debt Management	**3,579,597**	**2,443,436**	1,136,161	68.3
na SACCO Seed Capital	6,675,391	4,638,284	2,037,107	69.5
g and Policy formulation	229,466,058	37,605,189	191,860,869	16.4
Policy formulation and Dissemination	20,233,253	5,169,081	15,064,172	25.5
y and Dissemination	984,471	984,471	-	100.0
ation and Dissemination	159,343,601	28,594,540	130,749,060	17.9
and Economic Forums	41,775,593	-	41,775,593	-
on and Access to Information	5,231,144	2,167,768	3,063,376	41.4
ent	**1,025,573**	**412,672**	612,901	40.2
rdination Programme	1,006,853	276,656	730,198	27.5
g	5,865,075	2,381,931	3,483,143	40.6
velopment committees	2,016,583	1,034,799	981,784	51.3
lopment committees	1,723,274	932,102	791,172	54.1
velopment of TCPSB Board-	**1,066,933**	**226,380**	840,553	21.2
ure	1,058,285	188,650	869,635	17.8
tion	12,681,563	11,570,907	1,110,656	91.2
GIS e.t.c)	7,436,068	6,080,667	1,355,401	81.8
on and Reporting	2,013,322	2,013,322	-	100.0
ge management	**2,255,049**	**2,104,204**	150,844	93.3

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementation Status (%)
	A	B	C=A-B	D=B/A*100
Devolved Monitoring and Evaluation Committees	1,472,191	1,372,713	99,478	93.2
Public Participation and Access to Information	29,972,107	12,262,058	17,710,048	40.9
Construction of Citizen Resource Centre	5,039,150	4,221,047	818,103	83.8
Web site Development	8,459,864	3,844,010	4,615,854	45.4
Social Budgeting and Generation of SIR Reports	2,519,010	2,035,347	483,663	80.8
Intergovernmental Relation	**11,986,369**	**1,380,719**	10,605,650	11.5
Strategy Development, Review, Support and Operationalisation	1,967,713	780,935	1,186,778	39.7
County Statistical Unit	21,460,528	15,288,438	6,172,090	71.2
Soft wares, databases and tools	15,577,508	11,238,505	4,339,002	72.1
Capacity Development	**1,918,155**	**784,125**	1,134,030	40.9
Project Mgt Information System	3,964,866	3,265,808	699,058	82.4
Service Delivery- ISO Certification	12,901,600	4,254,441	8,647,159	33.0
Service Charter	5,017,527	2,235,839	2,781,689	44.6
Development of County Filing Systems	**5,413,958**	**1,480,697**	3,933,260	27.3
Procedure Manual and Training	2,470,115	537,905	1,932,210	21.8
County Internship Programme	**23,598,117**	**21,891,155**	1,706,962	92.8
County Internship Programme	23,598,117	21,891,155	1,706,962	92.8
Operationalisation of Decentralised Units	72,854,481	38,527,401	34,327,080	52.9
Operationalisation of Decentralised Units	8,121,170	6,749,078	1,372,092	83.1
Decentralised County Policy	38,190,686	14,643,000	23,547,686	38.3
Coordinated development	**9,069,070**	**5,303,664**	3,765,406	58.5
Policy sensitisation and dissemination	17,473,554	11,831,658	5,641,896	67.7
Mainstream Public Sector Integrity programme & Accountability	3,533,597	2,513,909	1,019,688	71.1
Mainstream Public Sector Integrity programme & Accountability	730,569	508,884	221,685	69.7
Public Evaluation of County Public Service Board	1,109,512	550,859	558,653	49.6
Performance &Cus	**927,285**	**862,795**	64,491	93.0
Human Resource Conference & Symposium	766,231	591,372	174,859	77.2
Exit Meetings Per Department	6,474,540	5,564,961	909,579	86.0
Disaster Risk Reduction	1,299,678	1,121,044	178,635	86
Turkana County Drought and Disaster Contingency Fund (CDDCF)	860,237	800,481	59,756	9
Turkana Multi-hazard/Risk	**3,169,245**	**3,056,546**	112,699	
Assessment and stakeholder capacity mapping	1,145,380	586,891	558,490	
Regular Assessments of Food, Flood and Conflict	6,713,961	4,262,393	2,451,569	
Security	912,510	730,918	181,593	
Human resource	1,571,687	590,915	980,773	
Scheme of service	691,096	628,245	62,852	
Performance Appraisal	679,141	444,782	234,360	
Enhancing Leadership In County Public Service	726,473	435,947	290,526	
Review and Development of HR Policies	467,805	338,957	128,848	
Human Resource Development/Career Progression	562,606	290,939	271,667	
Performance Management Monitoring	**527,735**	**442,147**	85,588	
Development of Database Filing System	574,906	359,544	215,362	
County Public Service Pre-Retirement Sensitization	3,006,213	2,731,851	274,362	
Evaluation of Different Cadres of Employees(Promotion, Re-Designation)	1,349,038	1,349,038		
Quality management system programming	**911,471**	**911,471**		
Quality Management Systems Development & Establishment	917,041	471,343	445,6	
QMS Audit /Routine Inspection				
Documentation/Record Management For QMS				

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.) A	Expenditure (Kshs.) B	Variance (Kshs.) C=A-B	Implementation Status (%) D=B/A*100
Budgetary Supply	97,836,620	46,279,718	51,556,902	47.3
Budget Formulation, Co-ordination and Management	68,053,190	33,401,871	34,651,319	49.1
Public Participation in Budgeting	**25,263,934**	**11,169,054**	14,094,880	44.2
County Budget and Economic Forum	4,519,496	1,708,793	2,810,702	37.8
Resource Mobilisation	**4,014,592**	**3,390,497**	624,095	84.5
Resource Mobilisation	4,014,592	3,390,497	624,095	84.5
Governors Press Service	**7,471,730**	**4,287,642**	3,184,088	57.4
Governors Press support	7,471,730	4,287,642	3,184,088	57.4
Governance and Public Participation	40,623,720	24,289,389	16,334,331	59.8
Civic education Programme	1,075,296	505,771	569,524	47.0
Public Participation and access to information	35,204,007	20,882,914	14,321,093	59.3
County Dialogue Forum	1,075,296	376,772	698,523	35.0
National & County Holidays	**2,462,650**	**1,725,942**	736,708	70.1
Policies Design	806,472	797,990	8,481	98.9
Disaster risk management	321,159,899	95,249,414	225,910,485	29.7
Disaster Preparedness Programmes	1,344,120	339,570	1,004,549	25.3
Disaster Mitigation Programmes	1,344,120	1,102,662	241,457	82.0
Stakeholders' Co-ordination and Support Programme	1,344,120	412,236	931,884	30.7
Humanitarian Relief Food Programme	**316,589,893**	**93,327,090**	223,262,803	29.5
Disaster Risk Mgt	537,648	67,857	469,791	12.6
Inspectorate services	28,297,714	14,324,319	13,973,396	50.6
Establishment and Mainstreaming of the county Inspectorate	-	-	-	-
Inspectorate Training Institute	20,202,256	10,363,725	9,838,531	51.3
Dispute Resolution	1,374,859	12,969	1,361,890	0.9
Capacity Building	1,774,239	1,443,776	330,463	81.4
Inspectorate Services	**2,688,240**	**498,203**	2,190,037	18.5
Inspectorate Services Equip	2,258,121	2,005,646	252,475	88.8
Human resource management	20,234,912	8,415,270	11,819,642	41.6
Payroll and record management	1,935,532	648,159	1,287,373	33.5
Human Resource Development	4,804,421	970,143	3,834,277	20.2
HRIS Leave & Performance Module Implemention	1,505,414	946,953	558,461	62.9
gitisation and Automation of Human Resource istry	2,688,239	981,741	1,706,498	36.5
streaming Public Sector Integrity Pro- e	4,193,653	2,377,569	1,816,084	56.7
erformance management ice Week	1,451,649	738,351	713,298	50.9
	967,766	221,598	746,168	22.9
ng	**1,075,296**	**761,949**	313,347	70.9
gement	1,612,942	768,807	844,135	47.7
Engagement	22,974,638	12,736,832	10,237,806	55.4
on	7,478,847	2,806,138	4,672,709	37.5
ation	5,255,406	1,843,971	3,411,435	35.1
tion, Planning and Support	**5,477,750**	**4,776,565**	701,185	87.2
	4,762,634	3,310,157	1,452,477	69.5
narketing and promotion	**278,107,451**	**84,021,668**	194,085,783	30.2
tives, conferences and exhi-	278,107,451	84,021,668	194,085,783	30.2
rism products	6,494,267	388,940	6,105,327	6.0
rch (Baseline Survey &	537,648	-	537,648	-
	1,505,414	96,608	1,408,806	6.4
	1,655,437	-	1,655,437	-

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.) A	Expenditure (Kshs.) B	Variance (Kshs.) C=A-B	Implementation Status (%) D=B/A*100
Media Campaign and Promotion of Tourism Products and Programmes	2,795,769	292,332	2,503,436	10.5
Tourism development and Promotion	**200,041**	-	200,041	-
Completion and Furnishing of Eco-Lodges	200,041	-	200,041	-
Culture, arts, heritage development, promotion and preservation	69,205,914	22,334,186	46,871,728	32.3
Ushanga Initiative	14,031,380	9,373,894	4,657,485	66.8
Culture Promotion and Preservation	27,037,012	492,377	26,544,635	1.8
Arts and Creativity Development	1,182,825	-	1,182,825	-
Heritage Promotion	**1,612,943**	**402,084**	1,210,859	24.9
Annual tourism and cultural festival	25,341,754	12,065,831	13,275,923	47.6
Culture development and preservation of infra-structure	**2,526,638**	-	2,526,638	-
Equipment and Infrastructure Development at Ekalees Centre	2,526,638	-	2,526,638	-
Forestry and wildlife management development and management	17,444,842	5,331,811	12,113,031	30.6
Forestry Management and Conservation	5,298,955	2,962,704	2,336,251	55.9
Community Wildlife Conservation	3,951,083	2,066,663	1,884,420	52.3
Forest Nature-Based Development	2,245,928	-	2,245,928	-
Forestry Development Infrastructure	4,369,953	**224,965**	4,369,953	-
Forestry Protection	**826,216**	77,479	601,251	27.2
Prosopis Mgt	752,707	2,695,811	675,228	10.3
Environmental Governance Compliance Conservation Protection & Mgt	17,555,659	309,009	14,859,848	15.4
Environmental Governance & Compliance	3,647,877	453,515	3,338,868	8.5
Environmental Protection & Conservation	4,376,002	-	3,922,487	10.4
Plastic Collection Re-use Facility	**801,373**	1,933,287	801,373	-
Climate Change & Adaptation	8,730,408	3,157,306	6,797,121	22.1
Mineral Resource Mapping Capacity Building & Mgt	9,390,999	377,300	6,233,692	33.6
Mineral Resource Mapping	1,955,715	722,436	1,578,414	19.3
Management of Mining & Quarrying activities	1,930,437	574,779	1,208,001	37.5
Capacity building in the exploitation of Mineral Resources	3,005,242	**1,340,171**	2,430,462	19
Artisanal mining equipment	**1,431,109**	142,620	90,938	9
Extractives Engagement Bills & Policies	1,068,497	66,028	925,877	-
Petroleum	3,647,566	**66,028**	3,581,538	
Oil and Gas	**1,862,053**	-	1,796,025	
Establishment of Extractive Sector Regulations & Strategies	1,785,513	**5,518,962**	1,785,513	
Energy Development Programme	**14,101,006**	5,518,962	8,582,045	
Renewable Energy Development	14,101,006	101,166,814	8,582,045	
Turkana Water Programme	384,684,436	-	283,517,622	
General Administration, Planning and support services	12,127,861		12,127,861	
Construction and Desilting of Water Pans/Rock Catchment	62,004,188	-	62,004,188	
Rehabilitation of Water Infrastructure	183,049,585	77,443,263	105,606,322	
Drilling and Equipping of Boreholes	118,274,439	17,664,926	100,609,512	
Equipment of Quality Analysis Laboratory	**4,855,224**	**4,329,522**	525,701	
Project Co-ordination and Management	4,373,140	1,729,102	2,644,038	
Joint planning with stakeholders	**32,900,196**	**1,174,027**	31,726,169	
Technical planning and design	32,900,196	1,174,027	31,726,169	
IRRIGATION AND SCHEMES DEVELOPMENT PROGRAMME	**5,136,998**	**2,514,632**	2,622,36	

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.) A	Expenditure (Kshs.) B	Variance (Kshs.) C=A-B	Implementation Status (%) D=B/A*100
Feasibility studies for irrigation systems development	5,136,998	2,514,632	2,622,367	49.0
TURKANA AGRICULTURE PROGRAMME	1,641,417	1,641,417	-	100.0
Farmers training	419,841	419,841	-	100.0
Establishment of farm demonstrations and trials	125,452	125,452	-	100.0
Organising field days show and exhibitions	**66,028**	**66,028**	-	100.0
Climate Change & Adaptation	1,030,096	1,030,096	-	100.0
TURKANA REHABILITATION PROGRAMME	1,424,988	1,424,988	-	100.0
Construction of trapezoidal bunds, contours & micro catchment	636,694	636,694	-	100.0
Construction of rock catchments and sand dams	209,402	209,402	-	100.0
The sinking of shallow wells	225,173	225,173	-	100.0
Artisanal Mining Equipment	**6,799**	-	6,799	100.0
Extractive Bills & Policies	353,719	353,719	-	100.0
General Administration and Support	**498,545,797**	**307,872,671**	190,673,125	61.8
General Administration and Support	498,545,797	307,872,671	190,673,125	61.8
Oil & gas	213,080	213,080	-	100.0
Extractive Regulations & Strategies	**164,031**	**164,031**	-	100.0
Urban Devt Grant	49,049	49,049	-	100.0
Urban Devt Grant	**25,565,072**	-	25,565,072	100.0
General Admin Planning and Support Services	25,565,072	25,565,072	-	100.0
General Admin Planning and Support Services	202,996,724	146,640,239	-	-
Municipal Planning	123,556,827	98,758,887	27.8	27.8
Municipal Services	**5,941,605**	1,629,798	20.1	20.1
County Assembly of Turkana	73,498,292	46,251,554	72.6	72.6
General Administration, Planning and Support Services- County At	**976,950,164**	266,572	37.1	37.1
Legislation	908,052,162	- 68,631,430	100.0	100.0
Oversight	29,373,059	29,373,059	107.6	107.6
Total	39,524,943	39,524,943	-	-
	16,188,835,692	**5,414,251,243**	-	**66.6**

1. The County should identify and address issues causing delays in implementing development projects.
2. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the coming financial year.
3. 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.

3.44 County Government of Uasin Gishu

3.44.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.13.21 billion, comprising Kshs.6.11 billion (46.2 per cent) and Kshs.7.1 billion (53.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.07 billion (61.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.41 billion (10.7 per cent) from its own sources of revenue, and use a cash balance of Kshs.2.95 billion (22.4 per cent) from FY 2020/21. The County also expected to receive Kshs.775.87 million (5.9 per cent) as conditional grants, which consisted of Kshs.354.49 million IDA (World Bank) credit - Kenya Climate Smart Agriculture Project (KCSAP), Kshs.63.53 million IDA (World Bank) credit - Transforming Health Systems for Universal Support Project (KUSP), Kshs.123.31 million IDA (World Bank) credit - Kenya Devolution Support Project (KDSP) - Level Care Project, Kshs.112.82 million IDA (World Bank) credit - Kenya Devolution Support Project (KDSP) - Level 2, Kshs.14.03 1, Kshs.73.26 million IDA (World Bank) credit - Universal Healthcare for Devolved System Program, Kshs. 11 million EU Grant- million DANIDA Grant - Trade and Kshs.23.44 million Sweden- Agricultural Sector Development Support Programme (ASDSP). (IDEAS)

3.44.2 Revenue Performance

In FY 2021/22, the County received Kshs7.42 billion as the equitable share of the revenue raised nationally, raised Kshs.858.34 million as own-source revenue, Kshs.199.81 million as conditional grants, and had a cash balance of Kshs.2.95 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.11.44 billion, as shown in Table 3.292.

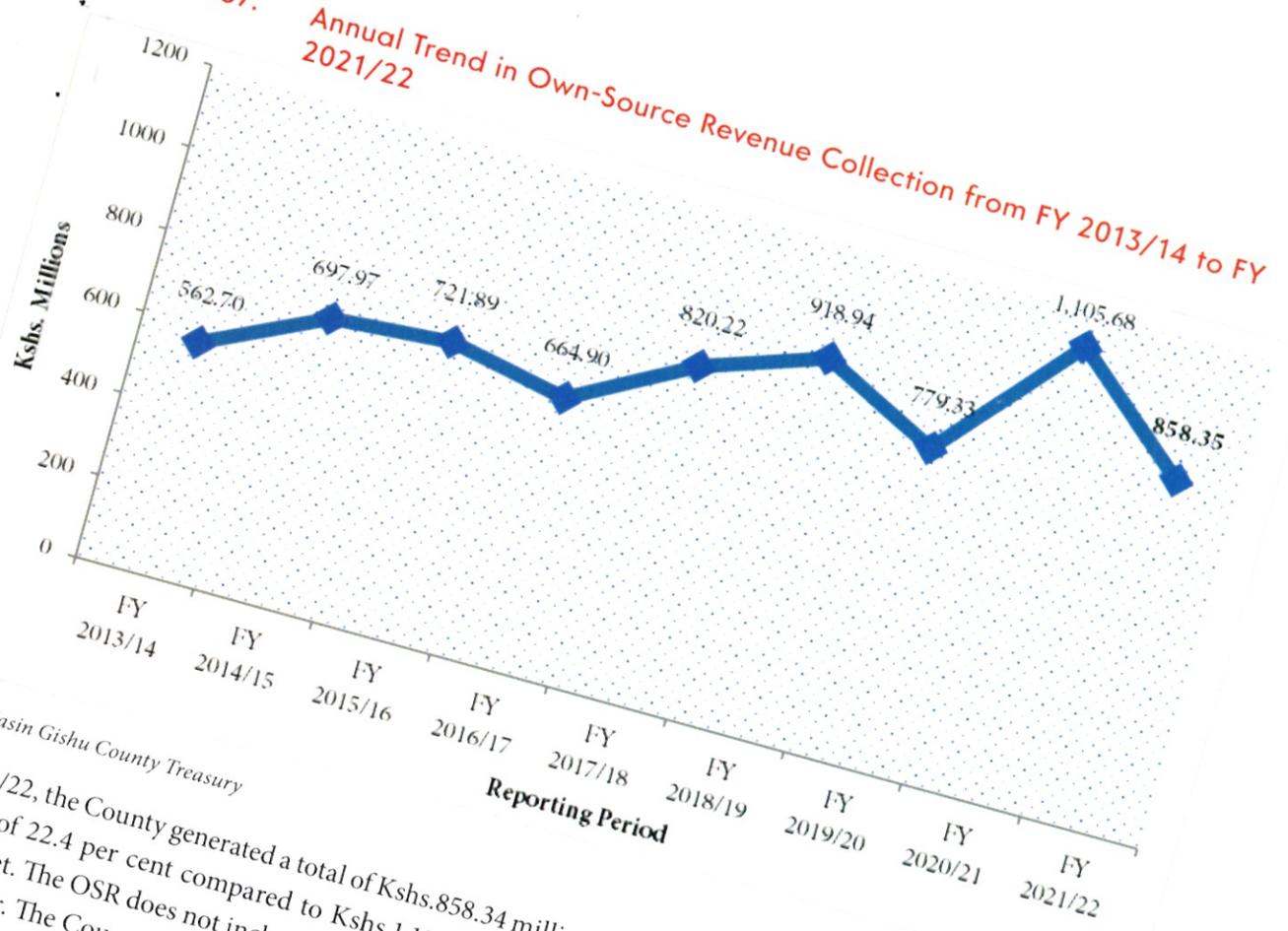
Table 3.292: Uasin Gishu County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Ann Allocation (%
A.	Equitable Share of Revenue Raised Nationally	8,068,858,318	7,423,349,651	
Sub Total		**8,068,858,318**	**7,423,349,651**	
B	**Other Sources of Revenue**			
1.	Own Source Revenue	1,414,917,111	858,341,720	
2.	Conditional Grants	775,874,947	199,808,181	
3.	Balance b/f from FY 2020/21	2,954,009,117	2,954,009,117	
Sub Total		**5,144,801,175**	**4,012,159,018**	
Grand Total		**13,213,659,493**	**11,435,508,669**	

Source: *Uasin Gishu County Treasury*

Figure 3.33 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 20

Figure 3.87: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Uasin Gishu County Treasury*

In FY 2021/22, the County generated a total of Kshs.858.34 million as own-source revenue. This amount represented a decrease of 22.4 per cent compared to Kshs.1.11 billion realised in FY 2020/21 and was 60.7 per cent of the annual target. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The County has implemented an automated OSR collection system called UG PAY.

3.44.3 Exchequer Issues

The Controller of Budget approved Kshs.9.29 billion withdrawals from the CRF account during the reporting eriod. The amount comprised of Kshs.2.8 billion (31.1 per cent) for development programmes and Kshs.6.41 llion (68.9 per cent) for recurrent programmes, as shown in Table 3.297.

14.4 Overall Expenditure Review

County spent Kshs.10.19 billion on development and recurrent programmes during the reporting period. This diture represented 109.7 per cent of the total funds released by the CoB and comprised of Kshs.3.78 billion s.6.41 billion on development and recurrent programmes, respectively. Expenditure on development es represented an absorption rate of 61.9 per cent, while recurrent expenditure represented 90.3 per nnual recurrent expenditure budget.

Settlement of Pending Bills

g pending bills as of 30th June 2021 amounted to Kshs.155.19 million and comprised of Kshs.56.4 rrent expenditure and Kshs.98.79 million for development expenditure. During the period under bills amounting to Kshs.135.32 million were settled, consisting of Kshs.39.23 million for recurrent Kshs.96.09 million for development programmes, as shown in Table 3.293.

Table 3.293: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	56,406,120	39,234,537	17,171,583	284,785,459	301,957,042
Development Expenditure	98,785,045	96,086,905	2,698,140	181,593,053	184,291,193
Total	**155,191,165**	**135,321,442**	**19,869,723**	**466,378,512**	**486,248,235**

Source: *Uasin Gishu County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.486.25 million included the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.462.03 million, out of which the County has settled bills amounting to Kshs.421.95 million, leaving a balance of Kshs.35.58 million as of 30th June 2022.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.49 billion on employee compensation, Kshs.2.21 billion on operations and maintenance, and Kshs.3.7 billion on development activities. Similarly, the County Assembly spent Kshs.330.65 million on employee compensation, Kshs.377.14 million on operations and maintenance, and Kshs.81.13 million on development activities, as shown in Table 3.294.

Table 3.294: 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	**6,395,232,361**	**707,791,808**	**5,703,103,187**	**707,782,222**	**89.2**	**100.0**
Compensation to Employees	3,761,947,379	350,654,059	3,492,334,810	330,646,697	92.8	94.3
Operations and Maintenance	2,633,284,982	357,137,749	2,210,768,377	377,135,525	84.0	105.6
Development Expenditure	**5,792,001,834**	**318,633,490**	**3,700,825,742**	**81,128,646**	**63.9**	**25.5**
Total	**12,187,234,195**	**1,026,425,298**	**9,403,928,929**	**788,910,868**	**77.2**	**76.9**

Source: *Uasin Gishu County Treasury*

3.44.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 stipulates that of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 33.4 per cent of the annual realised revenue of Kshs.[illegible]

Personnel emoluments amounting to Kshs.3.35 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.475.43 million was processed through manual payrolls. The [illegible] accounted for 12.4 per cent of the total P.E costs, against which the County cited a lack of Personnel [illegible] a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.3.82 billion, including Kshs.1.64 billion attributable to the health sector [illegible] to 42.8 per cent of the total wage bill in the reporting period.

3.44.8 County Established Funds

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.294.3 million to county-established funds in FY 2021/22, constituting 2.2 per cent of the County's overall budget for the year. Table 3.295 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.295: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	County Assembly Car Loan and Mortgage	-	-	Yes	-
2.	County Executive Car Loan and Mortgage	14,300,000	14,300,000	Yes	100.0
3.	Uasin Gishu Inua Biashara Fund	32,000,000	31400000	Yes	98.1
4.	Uasin Gishu County Bursary and Skills Development Support Fund	127,500,000	127,500,000	Yes	100.0
5.	Uasin Gishu TVET Fund	50,500,000	50,500,000	Yes	100.0
6.	Uasin Gishu Cooperative Development Fund	70,000,000	70,000,000	Yes	100.0
	Total	**294,300,000**	**293,700,000**		**99.8**

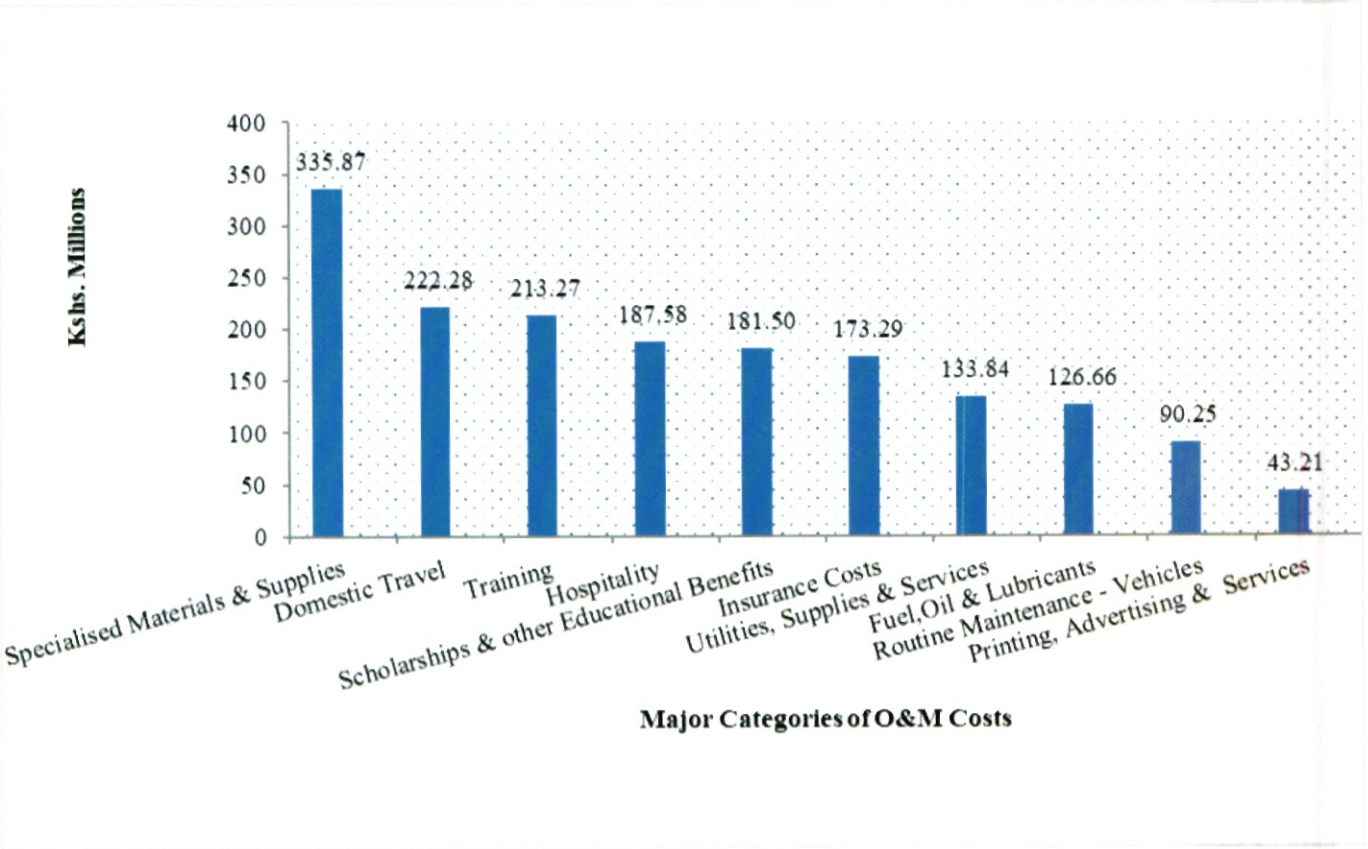
Source: *Uasin Gishu County Treasury*

The OCoB received quarterly financial returns from administrators of all funds, as indicated in Table 3.295.

3.44.9 Expenditure on Operations and Maintenance

Figure 3.88 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.88: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: *Uasin Gishu County Treasury*

The County Assembly spent Kshs.36.69 million on committee sitting allowances for the 47 MCAs and the Speaker against the annual budget allocation of Kshs.36.69 million. The average monthly sitting allowance was Kshs. 63,696 per MCA. The County Assembly has established 28 Committees.

During the period, expenditure on domestic travel amounted to Kshs.222.28 million and comprised Kshs.106.53 million spent by the County Assembly and Kshs.115.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.63 million and comprised of Kshs.12.87 million by the County Assembly and Kshs.4.75 million by the County Executive.

3.44.10 Development Expenditure

The County incurred Kshs.3.78 billion on development programmes, representing an increase of 1.22 per cent compared to FY 2020/21, when the County spent Kshs.2.56 billion. Table 3.296 summarises development projects with the highest expenditure in the reporting period.

Table 3.296: Uasin Gishu County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)
Eldoret Municipality	Upgrading of 64 Stadium in Municipal of Eldoret	Eldoret Municipality	453,579,223	453,579,223	427,636,599	-	94.3	GoK

Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)
Health Services	Construction of mortuary, chapel, kitchen, laundry and boundary wall	Ziwa	184,836,534	184,836,534	181,135,000	-	98.0	GoK
Health Services	Construction of sections of the ground, 1st, 2nd and 3rd floor, slabs, columns, ramps and shuttering	Ziwa	189,783,406	189,783,406	157,968,910	-	83.2	GoK
Devolution and Public Administration	Chain link fence, gate, sentry boxes, VIP restrooms and eaves boarding, electrical works and 10,000L plastic water tank	Kimumu, Kiplombe, Kuinet/Kapsuswa, Segero/Barsombe, Karuna/Meibeki,	218,952,342	218,952,342	134,842,865	-	61.6	GoK
Roads, Transport, Energy and Public Works	Tarmacking of Racecourse Road to Oletepes & Marriott in Racecourse Neighborhood	Eldoret Municipality	106,890,681	106,890,681	106,890,681	-	100.0	GoK
Lands and Housing	Land Banking	County wide	116,553,760	116,553,760	105,179,979	-	90.2	GoK
Health Services	Completion of the main hospital to the 2nd floor and laundry, kitchen, morgue, incinerator,	kesses	105,132,920	105,132,920	103,208,086	-	98.2	GoK
Roads, Transport, Energy and Public Works	Non-motorised Transportation, beautification of Nandi Road and Arboretum in Kapsoya Neighborhood	Eldoret Municipality	90,789,894	90,789,894	90,112,318	-	99.3	GoK
Trade, Investment and Industrialisation	Construction of Kimumu-Bahati Ultra-Modern Market	Kimumu	78,090,600	78,090,600	75,422,738	-	96.6	GoK
Roads, Transport, Energy and Public Works	Tarmacking of Arap Kitongo Road in Kiplombe Neighborhood	Eldoret Municipality	71,229,865	71,229,865	71,229,853	-	100.0	GoK

Source: *Uasin Gishu County Treasury*

3.44.11 Budget Performance by Department

Table 3.297 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.297: Uasin Gishu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		FY 2021/22 Exchequer Issues (Kshs. Million)		FY 2021/22 Expenditure (Kshs. Million)		FY 2021/22 Expenditure to Exchequer Issues (%)		FY 2021/22 Absorption rate (%)	
	Rec.	Dev	Rec.	Dev	Rec.	Dev	Rec.	Dev	Rec.	Dev
Office of the Governor	170.10	-	142.51	-	150.71	-	105.8	-	88.6	-
Finance	469.90	-	310.21	-	361.07	-	116.4	-	76.8	-
Public Service Management	965.72	13.86	794.20	8.07	826.16	6.51	104.0	-	85.5	47.0
ICT and E-Government	68.75	47.67	54.20	19.75	55.12	19.75	101.7	100.0	80.2	41.4
Roads, Transport, Energy and Public Works	494.87	1,167.85	487.28	608.31	437.46	815.45	89.8	134.1	88.4	69.8
Lands and Housing	92.32	326.53	88.09	124.98	77.88	102.85	88.4	82.3	84.4	31.5
Water, Environment, Natural Resources, Tourism and Wildlife Management	222.89	706.65	178.43	421.79	167.03	498.96	93.6	118.3	74.9	70.6
Health Services	2,042.45	755.57	1,973.17	560.60	1,936.24	614.34	98.1	109.6	94.8	81.3
Agriculture	252.91	563.64	236.99	294.19	240.19	277.20	101.4	94.2	95.0	49.2
Trade, Investment and Industrialization	103.58	216.12	88.94	59.69	96.50	128.63	-	215.5	93.2	59.5
Education, Culture and Social Services	456.96	243.14	441.48	108.23	443.31	133.64	100.4	123.5	97.0	55.0
County Public Service Board	66.05	-	42.54	-	41.38	-	97.3	-	62.6	-
County Assembly	707.79	318.63	707.78	81.13	707.78	81.13	100.0	100.0	100.0	25.5
Budget and Economic Planning	195.55	-	171.13	-	182.81	-	106.8	-	93.5	-
Devolution and Public Administration	175.48	249.45	155.88	99.58	140.34	113.56	90.0	114.0	80.0	45.5
Youth and Sports Development	271.38	181.99	240.01	104.69	255.97	110.70	106.6	105.7	94.3	60.8
Cooperatives and Enterprise Development	92.70	81.31	83.51	81.25	85.89	81.22	102.8	-	92.6	99.9
Livestock Development and Fisheries	64.79	197.63	50.23	122.51	55.87	125.38	111.2	102.3	86.2	63.4
Physical Planning and Urban Development	52.98	91.52	49.09	59.34	44.07	59.34	89.8	100.0	83.2	64.8
Eldoret Municipality	135.86	949.07	105.16	138.35	105.09	613.30	99.9	443.3	77.4	64.6
TOTAL	**7,103.02**	**6,110.64**	**6,400.84**	**2,892.46**	**6,410.89**	**3,781.95**	**100.2**	**130.8**	**90.3**	**61.9**

Source *Uasin Gishu County Treasury*

Analysis of expenditure by department shows that the Department of Cooperatives and Enterprise Development recorded the highest absorption rate of development budget at 99.9 per cent, followed by the Department of Health Services at 81.3 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the County Public Service Board had the lowest at 62.6 per cent.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3.298 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.298: Uasin Gishu County, Budget Execution by Programmes and Sub-programmes

Program/Sub Program	Approved Budget FY 2021/22	Actual Payments FY 2021/22	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Governor's Office	**170,099,629**	**150,713,680**	**19,385,949**	**88.6**
Administration	**120,215,739**	**103,223,771**	**16,991,968**	**85.9**
Administration and Support Services	120,215,739	103,223,771	16,991,968	85.9
Inter-Governmental Committee	**10,000,000**	**9,735,394**	**264,606**	97.4
Administration and Support Services	10,000,000	9,735,394	264,606	97.4
	35,383,890	**33,647,065**	**1,736,825**	95.1
Administration and Support Services	35,383,890	33,647,065	1,736,825	95.1
	4,500,000	**4,107,450**	**392,550**	91.3
Administration and Support Services	4,500,000	4,107,450	392,550	91.3
Finance and Economic Planning	**469,899,364**	**361,072,268**	**108,827,096**	**76.8**
Administration	**363,349,364**	**256,356,303**	**106,993,061**	70.6
Public Finance Management	363,349,364	256,356,303	106,993,061	70.6
Revenue Section	**58,400,000**	**57,436,222**	**963,778**	98.3
Public Finance Management	58,400,000	57,436,222	963,778	98.3
Accounts Section	**29,350,000**	**29,350,000**	-	100.0
Public Finance Management	29,350,000	29,350,000	-	100.0
Procurement and Supplies Section	**3,800,000**	**3,388,350**	**411,650**	89.2
Public Finance Management	3,800,000	3,388,350	411,650	89.2
Internal Audit Section	**15,000,000**	**14,541,393**	**458,607**	96.9
Public Finance Management	15,000,000	14,541,393	458,607	96.9
Public Service Management	**979,579,744**	**832,679,089**	**146,900,655**	**85.0**
Administration	**874,248,773**	**734,425,558**	**139,823,215**	84.0
Administration and Support Services	860,392,466	723,411,122	136,981,344	84.1
Human Resource Management and Development	2,000,000	1,996,150	3,850	99.8
County Governance Support Services	11,856,307	9,018,286	2,838,021	76.1
Communication Section	**22,962,800**	**21,375,108**	**1,587,692**	93.1
Administration and Support Services	22,962,800	21,375,108	1,587,692	93.1
Legal Section	**69,246,731**	**69,246,731**	-	100.0
Administration and Support Services	69,246,731	69,246,731	-	100.0
Registry Section	**405,000**	**128,900**	**276,100**	31.8
Administration and Support Services	405,000	128,900	276,100	31.8
Human Resource Section	**12,716,440**	**7,502,792**	**5,213,648**	59.0
Administration and Support Services	12,716,440	7,502,792	5,213,648	59.0
ICT and E-Government	**116,418,194**	**74,868,126**	**41,550,068**	**64.3**
Administration- ICT and E-Government	**116,418,194**	**74,868,126**	**41,550,068**	64.3
ICT Infrastructure Development	47,669,254	20,796,484	26,872,770	43.6
Administrative Support Services	68,748,940	54,071,642	14,677,298	78.7
Roads, Transport and Infrastructure	**1,662,714,760**	**1,252,910,697**	**409,804,063**	**75.4**
Administration	**212,267,230**	**155,610,581**	**56,656,649**	73.3
Roads Infrastructure Development	212,267,230	155,610,581	56,656,649	73.3

Program/Sub Program	Approved Budget FY 2021/22	Actual Payments FY 2021/22	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Roads Department	**1,301,971,663**	**975,714,484**	**326,257,179**	74.9
Roads Infrastructure Development	1,301,971,663	975,714,484	326,257,179	74.9
Public Works Department	**12,964,000**	**1,003,441**	**11,960,559**	7.7
Roads Infrastructure Development	2,964,000	1,003,441	1,960,559	33.9
Administration Support Services	10,000,000	-	10,000,000	0.0
Transport Department	**22,750,000**	**10,224,025**	**12,525,975**	44.9
Disaster Management	22,750,000	10,224,025	12,525,975	44.9
	112,761,867	**110,358,166**	**2,403,701**	97.9
Street Lighting Services	112,761,867	110,358,166	2,403,701	97.9
Lands, Housing and Physical Planning	**418,849,742**	**180,735,717**	**238,114,025**	**43.2**
Administration	**211,316,547**	**109,890,547**	**101,426,000**	52.0
Land Policy and Management	211,316,547	109,890,547	101,426,000	52.0
Physical Planning Section	**172,487,579**	**67,233,276**	**105,254,303**	39.0
Crop Development and Management	125,365,285	61,110,982	64,254,303	48.7
Land Policy and Management	47,122,294	6,122,294	41,000,000	13.0
Survey Section	**11,183,664**	**3,611,894**	**7,571,770**	32.3
Land Policy and Management	11,183,664	3,611,894	7,571,770	32.3
Housing Section	**23,861,952**	-	**23,861,952**	**0.0**
Land Policy and Management	23,861,952	-	23,861,952	0.0
Water, Environment, Energy and Natural Resources	**929,538,657**	**665,993,018**	**263,545,639**	**71.6**
Administration	**222,886,256**	**165,295,280**	**57,590,976**	74.2
Water Supply Services	222,886,256	165,295,280	57,590,976	74.2
Environment Section	**66,578,500**	**35,446,113**	**31,132,387**	53.2
Rural Electrification	7,128,500	1,965,000	5,163,500	27.6
Environmental Management and Protection	59,450,000	33,481,113	25,968,887	56.3
Water Section	**624,073,901**	**458,442,325**	**165,631,576**	73.5
Water Supply Services	624,073,901	458,442,325	165,631,576	73.5
Energy Section	**16,000,000**	**6,809,300**	**9,190,700**	42.6
Tourism Development and Marketing	16,000,000	6,809,300	9,190,700	42.6
Health Services	**2,798,020,115**	**2,550,579,711**	**247,440,404**	**91.2**
Administration	**2,559,041,110**	**2,329,907,163**	**229,133,947**	91.0
Curative Health Services	438,836,534	405,104,291	33,732,243	92.3
Health Infrastructure	48,013,947	21,891,797	26,122,150	45.6
Clinical Services	96,307,773	57,414,725	38,893,048	59.6
Administration and Support Services	1,975,882,856	1,845,496,350	130,386,506	93.4
Clinical Services	**233,979,005**	**215,672,548**	**18,306,457**	92.2
Clinical Services	233,979,005	215,672,548	18,306,457	92.2
Prevention and Health Promotion	**5,000,000**	**5,000,000**	-	100.0
Public Health Services	5,000,000	5,000,000	-	100.0
Agriculture, Livestock and Fisheries	**816,556,892**	**517,385,297**	**299,171,595**	**63.4**
Administration-	**254,969,699**	**240,515,383**	**14,454,316**	94.3
Crop Development and Management	9,600,000	7,095,000	2,505,000	73.9
Administration Support Services	245,369,699	233,420,383	11,949,316	95.1
Livestock	**5,000,000**	**1,118,976**	**3,881,024**	22.4
Crop Development and Management	5,000,000	**1,118,976**	3,881,024	22.4
Agriculture	**511,684,490**	**256,279,558**	**255,404,932**	50.1
Livestock Resource Management and Development	2,500,000	1,864,600	635,400	74.6
Crop Development and Management	509,184,490	254,414,958	254,769,532	50.0
Chebororwa Training Center	**10,940,423**	**2,292,944**	**8,647,479**	21.0
Agricultural Training Services - Chebororwa	10,940,423	2,292,944	8,647,479	21.0

Program/Sub Program	Approved Budget FY 2021/22	Actual Payments FY 2021/22	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Agricultural Machinery Service	**33,962,280**	**17,178,435**	**16,783,845**	50.6
Agricultural Mechanization Services	33,962,280	17,178,435	16,783,845	50.6
Trade, Cooperatives, Tourism and Wildlife	**319,694,974**	**225,128,977**	**94,565,997**	**70.4**
Administration-	**103,575,353**	**95,896,801**	**7,678,552**	92.6
Administration and Support Services	103,575,353	95,896,801	7,678,552	92.6
Trade Department	**216,119,621**	**129,232,176**	**86,887,445**	59.8
Trade Development and Investment	144,721,138	93,346,373	51,374,765	64.5
Market Services	71,398,483	35,885,803	35,512,680	50.3
Education, Social Cultural, Youth and Sports	**700,098,622**	**576,943,868**	**123,154,754**	**82.4**
Administration	**282,527,039**	**267,580,682**	**14,946,357**	94.7
Administration and Support Services	274,527,039	263,580,682	10,946,357	96.0
Basic Education	8,000,000	4,000,000	4,000,000	50.0
Education Department	**367,884,868**	**270,722,646**	**97,162,222**	73.6
Basic Education	356,884,868	263,226,203	93,658,665	73.8
Early Childhood Education and Training	11,000,000	7,496,443	3,503,557	68.1
Department of Culture	**44,186,715**	**33,140,540**	**11,046,175**	75.0
Administration and Support Services	32,000,000	31,991,030	8,970	100.0
Community Development Services	12,186,715	1,149,510	11,037,205	9.4
	5,500,000	**5,500,000**	-	100.0
Social Development Services	5,500,000	5,500,000	-	100.0
County Public Service Board	**66,049,506**	**41,378,986**	**24,670,520**	**62.6**
Headquarters	**66,049,506**	**41,378,986**	**24,670,520**	62.6
Administration and Support Services	66,049,506	41,378,986	24,670,520	62.6
County Assembly	**1,026,425,298**	**788,910,868**	**237,514,431**	**76.9**
Headquarters	**1,026,425,298**	**788,910,868**	**237,514,431**	76.9
County Planning and Economic Policy Management	1,026,425,298	788,910,868	237,514,431	76.9
Budget and Economic Planning	**195,549,887**	**182,805,512**	**12,744,375**	**93.5**
	110,563,087	**98,013,857**	**12,549,230**	88.6
County Planning and Economic Policy Management	110,563,087	98,013,857	12,549,230	88.6
	12,288,145	**12,093,000**	**195,145**	98.4
County Planning and Economic Policy Management	12,288,145	12,093,000	195,145	98.4
	40,548,655	**40,548,655**	-	100.0
County Planning and Economic Policy Management	40,548,655	40,548,655	-	100.0
	32,150,000	**32,150,000**	-	100.0
County Planning and Economic Policy Management	32,150,000	32,150,000	-	100.0
Devolution and Public Administration	**424,936,276**	**253,902,690**	**171,033,586**	**59.8**
	424,936,276	**253,902,690**	**171,033,586**	59.8
Administration Support Services	180,836,544	138,769,852	42,066,692	76.7
Administration and Support Services	244,099,732	115,132,838	128,966,894	47.2
Youth and Sports Development	**453,364,198**	**366,669,532**	**86,694,666**	**80.9**
Administration	**178,053,283**	**159,380,022**	**18,673,261**	89.5
Administration and Support Services	177,953,283	159,280,022	18,673,261	89.5

Program/Sub Program	Approved Budget FY 2021/22	Actual Payments FY 2021/22	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Management and Development of Sports and Sports Facilities	100,000	100,000	-	100.0
	146,011,263	**121,579,401**	**24,431,862**	83.3
Administration and Support Services	93,611,263	70,009,901	23,601,362	74.8
Youth Training and Development	52,400,000	51,569,500	830,500	98.4
	129,299,652	**85,710,109**	**43,589,543**	66.3
Tourism Development and Marketing	55,000,000	32,677,163	22,322,837	59.4
Administration and Support Services	45,023,638	45,023,638	-	100.0
Management and Development Of Sports And Sports Facilities	29,276,014	8,009,308	21,266,706	27.4
Cooperatives and Enterprise Development	**174,015,073**	**167,102,031**	**6,913,042**	**96.0**
Administration	**54,115,073**	**47,202,031**	**6,913,042**	87.2
Weights and Measurements	49,535,077	42,655,024	6,880,053	86.1
Cooperatives Development and Marketing	4,579,996	4,547,007	32,989	99.3
	119,900,000	**119,900,000**	-	100.0
Weights and Measurements	119,900,000	119,900,000	-	100.0
Livestock Development and Fisheries	**262,418,442**	**181,253,679**	**81,164,763**	**69.1**
Administration	**91,649,514**	**18,440,607**	**73,208,907**	20.1
Crop Development and Management	91,649,514	18,440,607	73,208,907	20.1
	8,500,000	**8,495,334**	**4,666**	99.9
Fisheries Development	8,500,000	8,495,334	4,666	99.9
	162,268,928	**154,317,738**	**7,951,190**	95.1
Livestock Resource Management and Development	18,697,098	11,600,000	7,097,098	62.0
Agribusiness Development	143,571,830	142,717,738	854,092	99.4
Physical Planning and Urban Development	**144,505,213**	**103,411,803**	**41,093,410**	**230.4**
Administration	**48,061,083**	**41,578,619**	**6,482,464**	86.5
Housing Development	48,061,083	41,578,619	6,482,464	86.5
	12,890,000	**10,654,588**	**2,235,412**	82.7
Housing Development	12,890,000	10,654,588	2,235,412	82.7
	83,554,130	**51,178,596**	**32,375,534**	61.3
Housing Development	83,554,130	51,178,596	32,375,534	61.3
Eldoret Municipality	**1,084,924,907**	**718,394,248**	**366,530,659**	**78.2**
Administration	**1,084,874,907**	**718,388,248**	**366,486,659**	66.2
Roads Infrastructure Development	644,696,959	326,502,043	318,194,916	50.6
Housing Development	340,177,948	297,880,100	42,297,848	87.6
Management and Development of Sports and Sports Facilities	100,000,000	94,006,106	5,993,894	94.0
	50,000	**6,000**	**44,000**	12.0
Disaster Management	50,000	6,000	44,000	12.0
Grand Total	**13,213,659,493**	**10,192,839,797**	**3,020,819,697**	**77.1**

Source: *Uasin Gishu County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Public Finance Management in the Department of Finance at 100 per cent, Weights and Measurements in the Department of Cooperatives and Enterprise Development at 100 per cent, Management and Development of Sports and Sports Facilities in the Department of Youth and Sports Development at 100 per cent, and Social Development Services at 100 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 OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.858.34 million against an annual projection of Kshs.1.41 billion, representing 60.7 per cent of the annual target.
2. Failure to refund unspent balances from the previous financial year to the County Revenue Fund Contrary to Section 136 of the PFM Act, 2012. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.475.43 million were processed through the manual payroll and accounted for 12.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
4. 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 reports were received on August 15th 2022.

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

1. *The County should address its revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should ensure all unspent funds are refunded to the County Revenue Fund in line with Section 136 of the PFM Act, 2012.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
4. *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.*

3.45 County Government of Vihiga

3.45.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 was Kshs.6.41 billion, comprising Kshs.1.93 billion (30.2 per cent) and Kshs.4.48 billion (69.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.07 billion (79.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.232.66 million (3.6 per cent) from its own sources of revenue, and use a cash balance of Kshs.90.57 million (1.4 per cent) from FY 2020/21. The County was also expected to receive Kshs.1.02 billion (15.9 per cent) as conditional grants. The Conditional grants consisted of Road Maintenance Levy Kshs.136.93 million, Leasing of Medical Equipment Kshs.153.30 million, Conditional Grant for Rehabilitation of Village Polytechnics Kshs.2.68 million, Transforming Health Systems for Universal Care Project-THS-UHC Kshs.89.31 million, National Agriculture And Rural Inclusive Growth Project - NARIGP Kshs.357.94 million, Agriculture Sector Development Support Programme - ASDSP II Kshs.27.23 million, Kenya Devolution Support Programme - KDSP 1 Kshs.128.57 million, Kenya Urban Support Programme - UDG Grant Kshs.72.69 million, Kenya Urban Support Programme - UIG Grant Kshs.0.03 million and Nutrition International Kshs.21.11 million.

3.45.2 Revenue Performance

In FY 2021/22, the County received Kshs.4.66 billion as the equitable share of the revenue raised nationally, raised Kshs.236.27 million as own-source revenue, Kshs.492.59 million as conditional grants, and had a cash balance of Kshs.90.57 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.49 billion, as shown in Table 3.299.

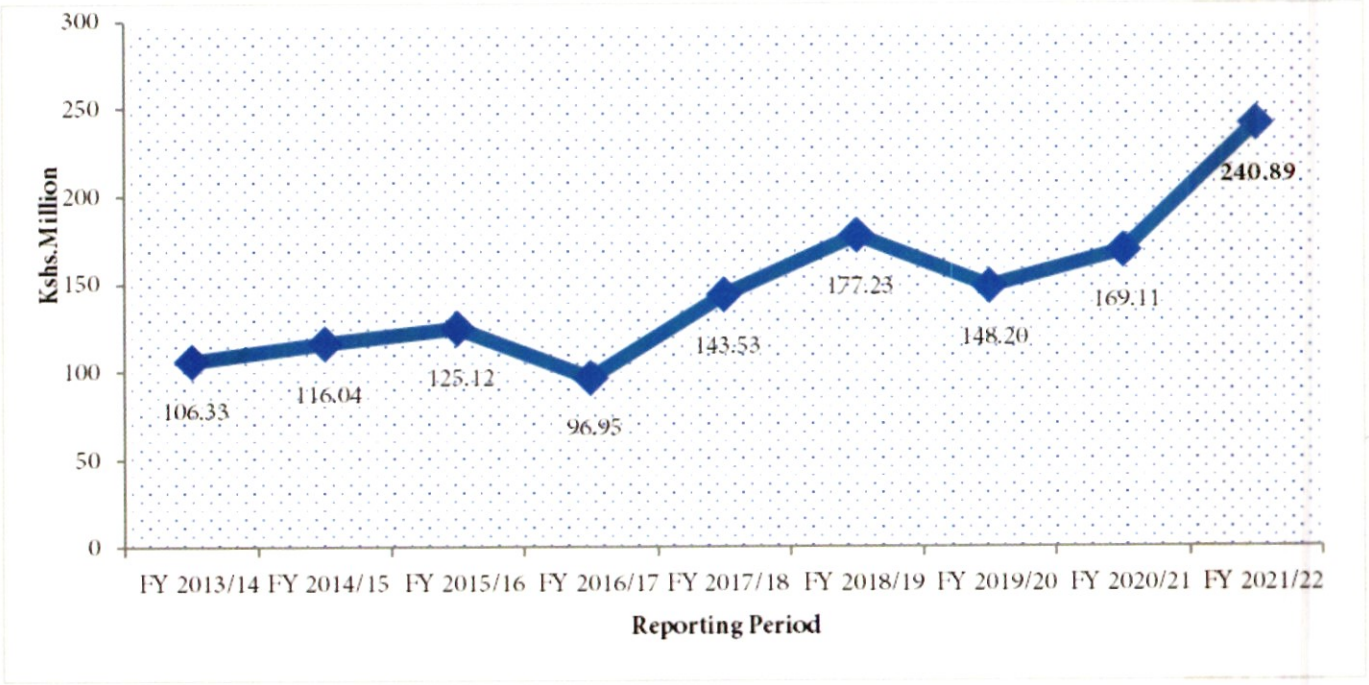
Table 3.299: Vihiga County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,067,356,827	4,661,968,278	92.0
Sub Total		**5,067,356,827**	**4,661,968,278**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	232,658,878	240,890,593	103.5
2.	Conditional Grants	1,018,293,939	492,591,277	48.4
3.	Balance b/f from FY2020/21	90,568,796	90,568,796	100.0
Sub Total		**1,341,521,613**	**824,050,666**	**61.4**
Grand Total		**6,408,878,440**	**5,486,018,944**	**85.6**

Source: *Vihiga County Treasury*

Figure 3.89 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.89: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Vihiga County Treasury*

In FY 2021/22, the County generated a total of Kshs.240.89 million as own-source revenue. This amount represented an increase of 29.8 per cent compared to Kshs.169.11million in FY 2020/21 and was 103.5 per cent of the annual target. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The County is yet to automate the collection of OSR.

3.45.3 Exchequer Issues

The Controller of Budget approved Kshs.5.13 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.887.66 million (17.3 per cent) for development programmes and Kshs.4.25 billion (82.7 per cent) for recurrent programmes, as shown in Table 3.304.

3.45.4 Overall Expenditure Review

The County spent Kshs.4.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 84.1 per cent of the total funds released by the CoB and comprised Kshs.647.14 million

and Kshs.3.67 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 33.5 per cent, while recurrent expenditure represented 82.1 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.690.58 million and comprised Kshs.105.62 million for recurrent expenditure and Kshs.584.96 million for development expenditure, as shown in Table 3.300.

Table 3.300: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs	Pending Bills for FY 2021/22	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Development	584,960,000	-	584,960,000	409,559,275	994,519,275
Recurrent	105,620,000	-	105,620,000	154,841,228	260,461,228
Total	**690,580,000**	-	**690,580,000**	**564,400,504**	**1,254,980,504**

Source: *Vihiga County Treasury*

The outstanding pending bills as of 30th June 2022 of Kshs.1.25 billion, which included bills accrued in FY 2021/22 of Kshs.564.4 million. The County Treasury failed to provide a report on the settlement of pending bills in FY 2021/22.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.34 billion on employee compensation, Kshs.1.01 billion on operations and maintenance, and Kshs.647.14 million on development activities. Similarly, the County Assembly spent Kshs.204.38 million on employee compensation and Kshs.118.72 million on operations and maintenance, as shown in Table 3.146.

Table 3:301 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	**3,815,617,937**	**659,609,764**	**3,349,553,898**	**323,097,502**	**87.8**	**49.0**
Compensation to Employees	2,322,701,714	361,566,781	2,337,347,672	204,376,739	100.6	56.5
Operations and Maintenance	1,492,916,223	298,042,983	1,012,206,226	118,720,763	67.8	39.8
Development Expenditure	**1,903,650,739**	**30,000,000**	**647,138,047**	-	**34.0**	-
Total	**5,719,268,676**	**689,609,764**	**3,996,691,945**	**323,097,502**	**69.9**	**46.9**

Source: *Vihiga County Treasury*

3.45.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 46.3 per cent of the annual realised revenue of Kshs.5.49 billion.

Personnel emoluments amounting to Kshs.1.54 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.934.89 million was processed through manual payrolls. The manual payroll accounted for 38 per cent of the total P.E costs, against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.2.47 billion includes Kshs.911.82 million attributable to the health sector, which translates to 37 per cent of the total wage bill in the reporting period.

County Established Funds

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.177 million to county-established funds in FY 2021/22, constituting 2.8 per cent of the County's overall budget for the year. Table 3.302 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.302: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Vihiga County Education Fund	107,000,000	107,000,000	No	100
2.	Climate change Fund	30,000,000	30,000,000	No	100
3.	Trade and Enterprise Fund	-	-	No	0
4.	Empowerment Fund	-	-	No	0
5.	County Sports Fund	20,000,000	11,000,000	No	55
6	County Waste Management	-	-	No	0
7	Amatsi Water Company	-		No	0
8	Car loan and Mortgage Fund	-	-	No	0
9	Municipal Fund	20,000,000	19,315,525	No	97
	Total	**177,000,000**	**167,315,525**		**94.5**

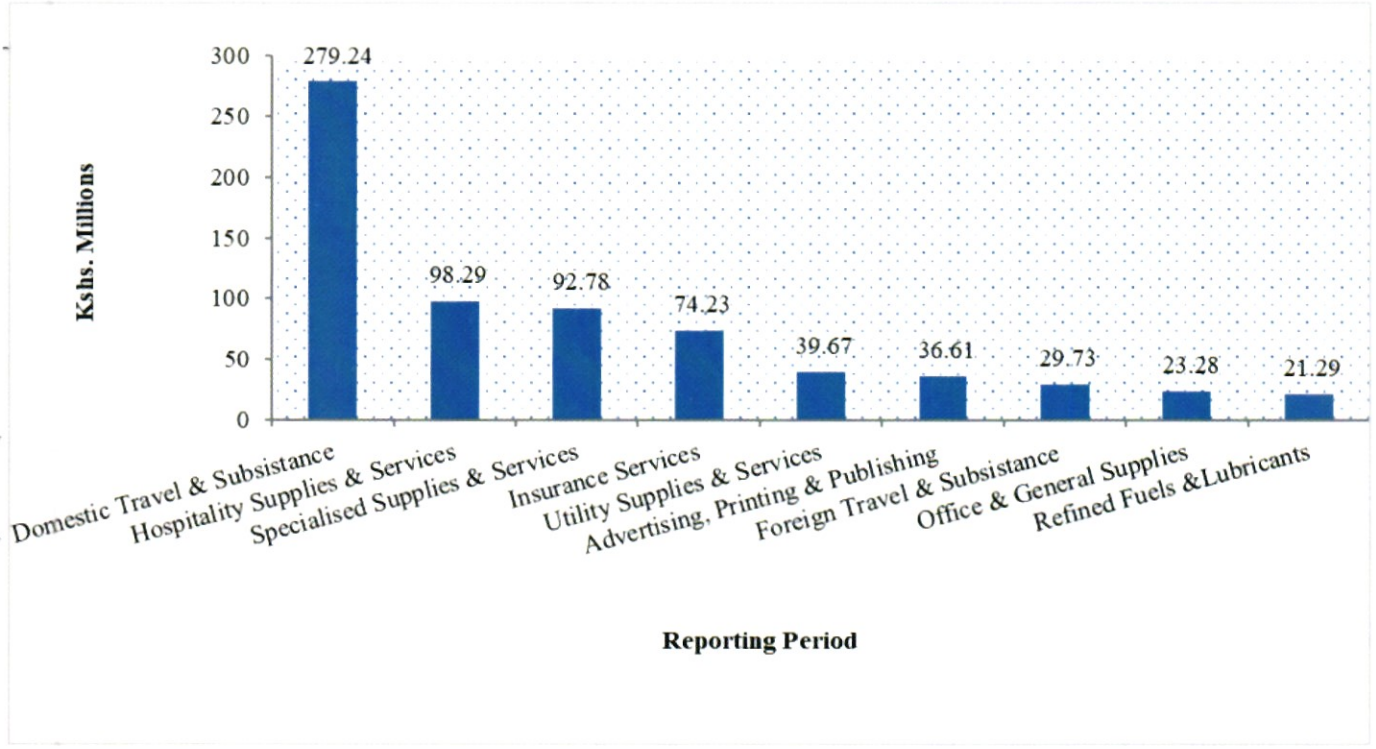
Source: *Vihiga County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of established county funds, as indicated inTable 3.302.

3.45.8 Expenditure on Operations and Maintenance

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.90: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: *Vihiga County Treasury*

The County Assembly spent Kshs.42.02 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs.66.64 million. The average monthly sitting allowance was Kshs.89,776 per MCA. The County Assembly has established 22 Committees.

During the period, expenditure on domestic travel amounted to Kshs.279.24 million and comprised of Kshs.49.22 million spent by the County Assembly and Kshs.230.02 million by the County Executive. Expenditure on foreign travel amounted to Kshs.29.73 million and comprised of Kshs.0.09 million by the County Assembly and Kshs.29.64 million by the County Executive.

3.45.9 Development Expenditure

The County incurred Kshs.647.14 million on development programmes, representing a decrease of 67.7 per cent compared to FY 2020/21, when the County spent Kshs.2 billion. Table 3.303 summarises development projects with the highest expenditure in the reporting period.

Table 3.303: Vihiga County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Contract sum (Kshs.)	Budget (Kshs.)	Expenditure (Kshs.)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
1	Maintenance Tiriki East Roads	Transport and Infrastructure	Hamisi Sub County	4,849,100	4,849,100	4,849,100	100	GoK	The project is complete and in use.
2	Maintenance Tiriki West Roads	Transport and Infrastructure	Hamisi Sub County	4,849,100	4,849,100	4,199,050	100	GoK	The project is complete and in use.
3	Khwipanga-Polytechnic-Asalu Ring Road	Transport and Infrastructure	Emuhaya Sub County	4,174,409	4,174,409	4,174,409	100	GoK	The project is complete and in use.

S/No.	Project Name	Department	Location	Contract sum (Kshs.)	Budget (Kshs.)	Expenditure (Kshs.)	Implementation status (%)	Source of Funding (GoK/donor)	Remarks
4	Mali Ya Mungu-Esalwa Church Of God Road	Transport and Infrastructure	Emuhaya Sub County	3,174,808	3,174,808	3,174,808	100	GoK	The project is complete and in use.
5	Maintenance Emuhaya Sub-County Roads	Transport and Infrastructure	Across 5 Subcounties	6,653,400	6,653,400	6,653,400	100	GoK	The project is complete and in use.
6	Maintenance of Luanda Sub-County Roads	Transport and Infrastructure	Across 5 Subcounties	7,582,050	7,582,050	7,582,050	100	GoK	The project is complete and in use.
7	Rehabiltation Kapsoi-Goibei Road	Transport and Infrastructure	Hamisi Sub County	4,892,300	4,892,300	4,892,300	100	GoK	The project is complete and in use.
8	Maintenance Vihiga Sub-County Roads	Transport and Infrastructure	Across 5 Subcounties	6,864,300	6,864,300	6,864,300	100	GoK	The project is complete and in use.

Source: *Vihiga County Treasury*

The County Treasury only provided a report of development projects by the Department of Transport and Infrastructure.

3.45.10 Budget Performance by Department

Table 3.304 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.304: 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	246.45	9.51	238.38	-	201.66	2.26	84.6	0	81.8	23.7
Finance and Economic Planning	343.78	358.60	290.87	337.75	374.28	47.96	128.7	14.2	108.9	13.4
Agriculture, Livestock, Fisheries and Co-operatives	200.80	432.35	192.38	120.55	180.85	89.97	94.0	74.6	90.1	20.8
Health Services	1,549.25	261.26	1,445.54	61.62	1,165.05	46.73	80.6	75.8	75.2	17.9
Education, Science, Technical and Vocational Training	385.03	136.44	375.75	86.41	321.25	68.64	85.5	79.4	83.4	50.3
Gender, Culture, Youth, Sports and Social Services	86.70	10.58	83.59	5.71	65.58	4.01	78.4	70.2	75.6	37.9
Trade, Industry, Tourism and Entrepreneurship	90.11	32.53	82.29	29.41	105.75	7.73	128.5	26.3	117.4	23.8

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
County Public Service Board	53.72	-	50.08	-	40.87	-	81.6	0	76.1	0
Environment, Water, Energy and Natural Resources	136.78	123.95	133.11	46.22	97.74	98.06	73.4	212.	71.5	79.1
Transport, Infrastructure and Communication	136.02	402.06	129.20	162.88	254.33	275.94	196.8	169.4	187.0	68.6
Physical Planning, Lands and Housing	101.11	136.39	96.81	26.14	83.27	5.85	86.0	22.4	82.4	4.3
County Assembly	659.61	30.00	659.61	10.96	323.10	-	49.0	0.0	49.0	0.0
Administration and Coordination of County Affairs	485.87	-	469.47	-	458.95	-	97.8	0	94.5	0
Total	**4,475.23**	**1,933.65**	**4,247.08**	**887.66**	**3,672.65**	**647.14**	**86.5**	**72.9**	**82.1**	**33.5**

Source: *Vihiga County Treasury*

Analysis of expenditure by department shows that the Department of Environment, Water, Energy and Natural Resources recorded the highest absorption rate of development budget at 79.1 per cent, followed by the Department of Transport, Infrastructure and Communication at 68.6 per cent. The Department of Transport, Infrastructure and Communication had the highest recurrent expenditure to the budget percentage at 187 per cent, while the County Assembly had the lowest at 49 per cent. Department of Finance and Economic Planning, Trade, Industry, Tourism and Entrepreneurship and Transport, Infrastructure and Communication had an absorption rate above 100 per cent which is irregular. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than those intended for the funds.

3.45.11 Budget Execution by Programmes and Sub-Programmes

Table 3.68Table 3.305 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.305: Vihiga County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption (%)
Administration, Planning and Support Service	Administrative Service	**716,904,701**	**271,627,921**	**445,276,780**	**38**
		716,904,701	271,627,921	445,276,780	38
Livestock Development and Management	Veterinary Services and Extension	**10,370,357**	**10,107,257**	**263,100**	**97**
		10,370,357	10,107,257	263,100	97
Fisheries Development and Management	Promotion of Fish Farming	**9,200,000**	**7,347,793**	**1,852,207**	**80**
		9,200,000	7,347,793	1,852,207	80
Crop Development and Management	Crop Extension	**14,700,000**	**12,622,465**	**2,077,535**	**86**
		10,000,000	8,625,695	1,374,305	86
	Cash Crop Production and Development	4,700,000	3,996,770	703,230	85
Cooperatives Development	Cooperative Development Services	**14,250,000**	**9,962,074**	**4,287,926**	**70**
		14,250,000	9,962,074	4,287,926	70
Land Survey and Mapping Services	Land Survey and Mapping	**3,000,000**	**2,186,730**	**813,270**	**73**
		3,000,000	2,186,730	813,270	73

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption (%)
1 Urban and Physical Planning and Housing Services	Urban and Physical Planning	**102,217,134**	**3,335,825**	**98,881,309**	**3**
		4,000,000	485,200	3,514,800	12
	Vihiga Municipality {KUSP}	98,217,134	2,850,625	95,366,509	3
Administration, Planning and Support Service	Administrative Service	**524,606,284**	**548,905,062**	**-24,298,778**	**105**
		524,606,284	548,905,062	-24,298,778	105
Transport Management	Transport System Management	**12,666,962**	**6,253,129**	**6,413,833**	**49**
		12,666,962	6,253,129	6,413,833	49
Infrastructure Development	Roads Maintenance	**800,000**	**34,500**	**765,500**	**4**
		800,000	34,500	765,500	4
Administration, Planning and Support Service	Administrative Service	**116,434,582**	**93,226,134**	**23,208,448**	**80**
		116,434,582	93,226,134	23,208,448	80
Trade Development and Investment	Market Development and Management	**6,200,000**	**5,985,603**	**214,397**	**97**
		6,200,000	5,985,603	214,397	97
	Business Support and Consumer Protection	0	0	0	0
Tourism Development	Tourism Promotion and Branding	**0**	**0**	**0**	**0**
		0	0	0	0
Administration, Planning and Support Service	Administrative Service	**1,640,198,559**	**1,406,797,594**	**233,400,965**	**86**
		774,417,351	547,475,634	226,941,717	71
	Human Resource Management and Development	863,281,208	857,038,961	6,242,247	99
	Healthcare Financing	2,500,000	2,283,000	217,000	91
Promotive and Preventive Healthcare Services	Public Health Services	**17,386,125**	**14,540,419**	**2,845,706**	**84**
		3,500,000	2,886,899	613,101	82
	Community Health Strategy	9,086,125	8,495,320	590,805	93
	Health Promotion	1,000,000	983,300	16,700	98
	Reproductive Healthcare	3,000,000	1,999,900	1,000,100	67
	Disease Surveillance and Emergency	800,000	175,000	625,000	22
Curative And Rehabilitative Health Services		**105,572,575**	**105,171,639**	**400,936**	**100**
	Medical services	105,372,575	105,171,639	200,936	100
	County referral services	200,000	0	200,000	0
Child and Maternal Health Care		**47,362,113**	**21,262,205**	**26,099,908**	**45**
	Antenatal and Post Natal healthcare	2,500,000	1,331,748	1,168,252	53
	Antenatal and Post Natal Healthcare	9,700,000	2,478,716	7,221,284	26
	Newborn, Child and Adolescent Health	800,000	74,750	725,250	9
	Nutrition Services	34,362,113	17,376,991	16,985,122	51
Administration, Planning and Support Service	Administrative Service	**321,275,197**	**305,783,829**	**15,491,369**	**95**
		321,275,197	305,783,829	15,491,369	95
Vocational Education and Training	Youth Polytechnic Development	**54,208,358**	**49,788,122**	**4,420,236**	**92**
		54,208,358	49,788,122	4,420,236	92

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption (%)
Early Childhood Development	ECD Development	**145,986,291**	**140,050,411**	**5,935,880**	**96**
		145,986,291	140,050,411	5,935,880	96
Administration, Planning and Support Service	Administrative Service	**1,409,301,077**	**1,038,840,012**	**370,461,065**	**74**
		1,359,413,392	999,306,396	360,106,996	74
	County Administration	10,570,000	7,673,681	2,896,319	73
	County Radio Information Services	39,317,685	31,859,935	7,457,751	81
Public Finance Management	Public Finance Management	**44,864,421**	**36,510,578**	**8,353,843**	**81**
		6,937,340	6,447,685	489,655	93
	Accounting Services	3,053,851	2,848,980	204,871	93
	Audit Services	13,512,983	7,142,560	6,370,423	53
	Budget Formulation Coordination	7,544,400	7,118,300	426,100	94
	Resource Mobilisation	7,478,312	6,840,590	637,722	91
	Budget Expenditure Management	6,337,535	6,112,463	225,072	96
County Planning Services	Monitoring and Evaluation	**5,142,017**	**4,729,917**	**412,100**	**92**
		1,825,000	1,465,700	359,300	80
	Coordination of Policy Formulation and Plans	3,317,017	3,264,217	52,800	98
Management and Administration of County Services	County Secretary	**38,617,579**	**27,938,397**	**10,679,182**	**72**
		0	0	0	0
	Legal Services	38,617,579	27,938,397	10,679,182	72
Administration, Planning and Support Service	Administrative Service	**57,171,504**	**39,061,232**	**18,110,272**	**68**
		57,171,504	39,061,232	18,110,272	68
Promotion of Sports	Promotion of Sports	**36,619,329**	**19,458,627**	**17,160,702**	**53**
		21,541,200	6,514,250	15,026,950	30
	Promotion of Culture and Heritage	15,078,129	12,944,377	2,133,752	86
		3,484,000	**391,940**	**3,092,060**	**11**
Social Protection	Social Protection	150,000	0	150,000	0
	Gender, Children, Youth and People with Disability	3,334,000	391,940	2,942,060	12
Administration, Planning and Support Service	Administrative Service	**241,982,456**	**212,008,956**	**29,973,500**	**88**
		241,982,456	212,008,956	29,973,500	88
Water Supply Management	Water Supply Management	**12,697,054**	**11,889,710**	**807,344**	**94**
		6,394,300	6,180,000	214,300	97
	Waste Water Management	6,302,754	5,709,710	593,044	91
		1,500,000	**1,500,000**	**0**	**100**
Environmental Protection and Conservation	Environmental Protection and Conservation	1,500,000	1,500,000	0	100
		4,550,000	**2,526,300**	**2,023,700**	**56**
Natural Resources management	Natural Resources Management	4,550,000	2,526,300	2,023,700	56
Grand Total		**5,719,268,675**	**4,409,844,379**	**1,309,424,296**	**77**

Source: *Vihiga County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Environmental Protection and Conservation in the Department of Environment, Water, Energy and Natural Resources at 100 per cent, Human Resource Management and Development in the Department of Administration and Coordination of County Affairs at 99 per cent, Health Promotion

in the Department of Health Services at 98 per cent, and Water Supply Management in the Department of Health Services at 97per cent of budget allocation. The report on Budget Execution by Programmes and Sub-programmes presented on Table 7 excludes the County Assembly which was not provided to the OCOB.

3.45.12 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. Fund administrators failed to submit financial and non-financial statements in line with Section 168 of the PFM Act, 2012. The OCoB did not receive financial reports for the Vihiga County Executive Car Loan Scheme Fund, Vihiga County Executive Mortgage Scheme Fund, Vihiga County Sports Fund, and Vihiga County Bursary Fund.
2. Low absorption of development funds as indicated by the expenditure of Kshs.647.14 million in the FY 2021/22 from the annual development budget allocation of Kshs.1.93 billion. The development expenditure represented 33.5 per cent of the annual development budget.
3. A high wage bill, which accounted for 46.3 per cent of the annual realised revenue of Kshs.5.49 billion in the FY 2021/22, thus constraining funding to other programmes.
4. High level of pending bills which amounted to Kshs.1.25 billion as of 30th June 2022. The County Treasury failed to provide a report on the settlement of pending bills in FY 2021/22.
5. Weak budgeting practice is shown in Table 3.304, where the County incurred expenditure over approved exchequer issues and above approved budget allocation.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.934.89 million were processed through the manual payroll and accounted for 38 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
7. 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 17th August 2022. Further, there was a failure to provide a complete report on development projects undertaken in the FY 2021/22,

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

1. *The County Executive Committee Member for Finance (CECM-F) should ensure Fund Administrators prepare and submit financial reports in line with Section 168 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *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.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
7. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012*

3.46 County Government of Wajir

3.46.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 was Kshs.11.59 billion, comprising Kshs.4.24 billion (36.6 per cent) and Kshs.7.34 billion (63.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.9.47 billion (81.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (0.9 per cent) from its own sources of revenue, and use a cash balance of Kshs499.62- million (4.3 per cent) from FY 2020/21. The County also expected to receive Kshs.1.51 billion (13 per cent) as conditional grants, which consists of Kshs.33.85 million for the Transforming Health System- World Bank, Kshs.18.93 million as DANIDA grants, Kshs.346.04 million as Kenya Climate Smart Agricultural Project, Kshs.15.63 million as EU Grants, Kshs.40.58 million as ASDSP, Kshs.600 million as Water and Sanitation, Kshs.88.55 million as Emergency Locust Responses Project, Kshs.4.43 million as 9th Country programme implementation, Kshs.90.84 million as Kenya Urban Support Programme amount brought forward from FY 2020-21, KSshs.127.35 million as Kenya Road Maintenance levy fund brought down from FY 2020-21 and Kshs.95 million as Kenya Devolution Support Programme brought down from FY 2020-21.

3.46.2 Revenue Performance

In FY 2021/22, the County received Kshs.8.72 billion as the equitable share of the revenue raised nationally, raised Kshs.52.42 million as own-source revenue, Kshs.412.86 million as conditional grants, and had a cash balance of Kshs.722.58 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.9.9 billion, as shown in Table 3.306.

Table 3.306: Wajir County, Revenue Performance in FY 2021/22

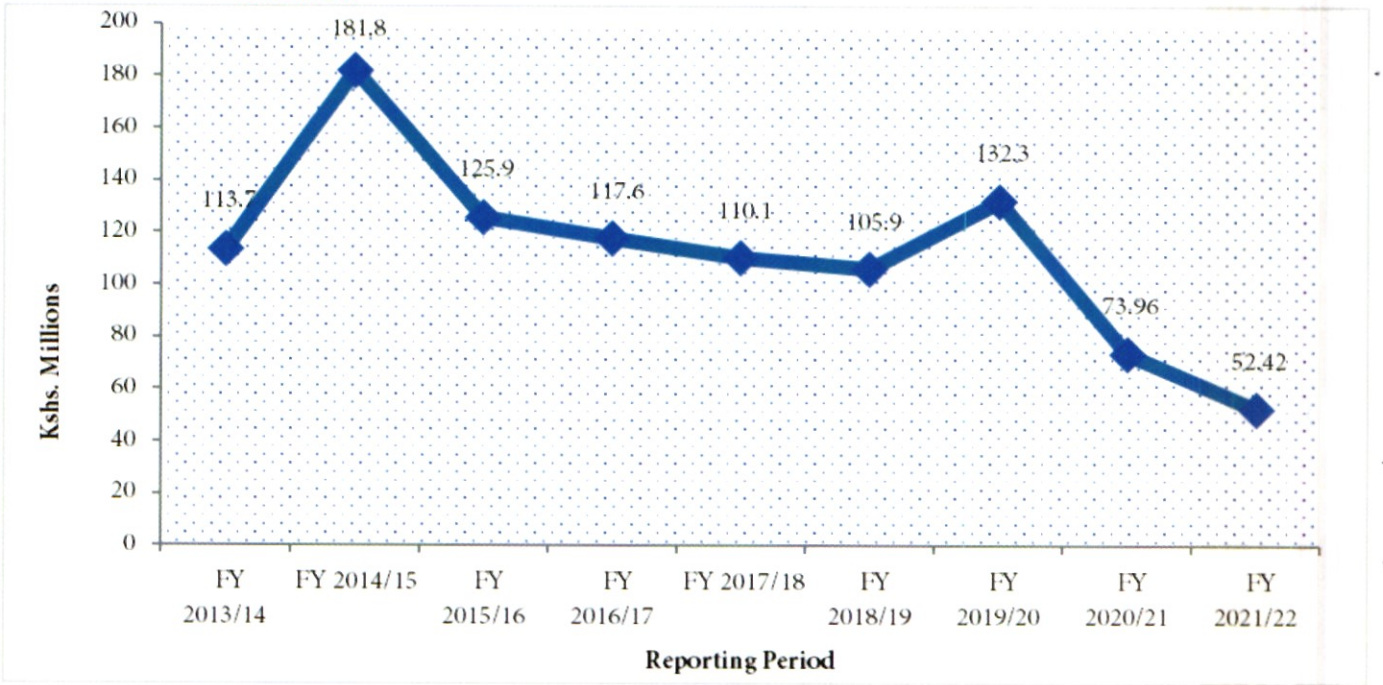
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,474,726,151	8,716,748,065	92.0
Sub Total		9,474,726,151	8,716,748,065	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	100,000,000	52,415,625	52.4
2.	Conditional Grants	1,511,207,274	412,858,238	27.3
3.	Balance b/f from FY 2020/21	499,622,360	722,577,265	144.6
Sub Total		2,110,829,634	1,187,851,128	56.2
Grand Total		**11,585,555,785**	**9,904,599,193**	**85.5**

Source: *Wajir County Treasury*

The County had underestimated the cash balance from previous financial years and therefore recorded a 144.6 per cent performance. This is due to failure to undertake regular bank reconciliations.

Figure 3.91 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.91: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *Wajir County Treasury*

In FY 2021/22, the County generated a total of Kshs.52.42 million as own-source revenue. This amount represented a decrease of 29.1 per cent compared to Kshs.73.96 million realised in FY 2020/21 and was 52.2 per cent of the annual target. The County is yet to implement an automated OSR collection system.

3.46.3 Exchequer Issues

The Controller of Budget approved Kshs.9.9 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.2.85 billion (28.8 per cent) for development programmes and Kshs.7.05 billion (71.2 per cent) for recurrent programmes, as shown in Table 3.310.

3.46.4 Overall Expenditure Review

The County spent Kshs.9.31 billion on development and recurrent programmes during the reporting period. This expenditure represented 94 per cent of the total funds released by the CoB and comprised of Kshs.2.39 billion and Kshs.6.92 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 56.4 per cent, while recurrent expenditure represented 94.2 per cent of the annual recurrent expenditure budget.

3.46.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.3.83 billion, out of which the county settled pending bills worth Kshs.364.88 million. The bills paid were not disaggregated by classification, as shown in Table 3.307.

Table 3.307: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	Not Categorised	Not Categorised	Not Categorised	-	Not Categorised
Development Expenditure	Not Categorised	Not Categorised	Not Categorised	-	Not Categorised

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Total	3,833,400,682	364,884,936	3,468,515,746		3,468,515,746

Source: *Wajir County Treasury*

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.94 billion on employee compensation, Kshs.2.13 billion on operations and maintenance, and Kshs.2.39 billion on development activities. Similarly, the County Assembly spent Kshs.457.25 million on employee compensation and Kshs.385.81 million on operations and maintenance, as shown in Table 3.308.

Table 3.308: 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	**7,341,856,100**	**853,341,593**	**6,074,538,629**	**843,061,942**	**83**	**99**
Compensation to Employees	4,518,117,479	430,844,233	3,944,613,295	457,251,386	87.3	106.1
Operations and Maintenance	2,823,738,621	422,497,360	2,129,925,333	385,810,556	75.4	91.3
Development Expenditure	4,243,699,685	40,000,000	2,391,604,384	-	56.3	-
Total	**11,585,555,785**	**893,341,593**	**8,466,143,013**	**843,061,942**	**73.1**	**94**

Source: *Wajir County Treasury*

3.46.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 44.4 per cent of the annual realised revenue of Kshs.9.9 billion.

The wage bill of Kshs.4.4 billion included Kshs.1.21 billion attributable to the health sector, which translates to 26.4 per cent of the total wage bill in the reporting period.

3.46.8 County Established Funds

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 2021/22, constituting 2.5 per cent of the County's overall budget for the year. Table 3.309 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.309: County Established Fund performance as of 30th June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Bursary Fund	100,000,000	-	No	-
2.	Emergency Fund	130,000,000	-	No	-
3.	Climate Change Fund	80,000,000	-	No	-
	Total	**310,000,000**	-		

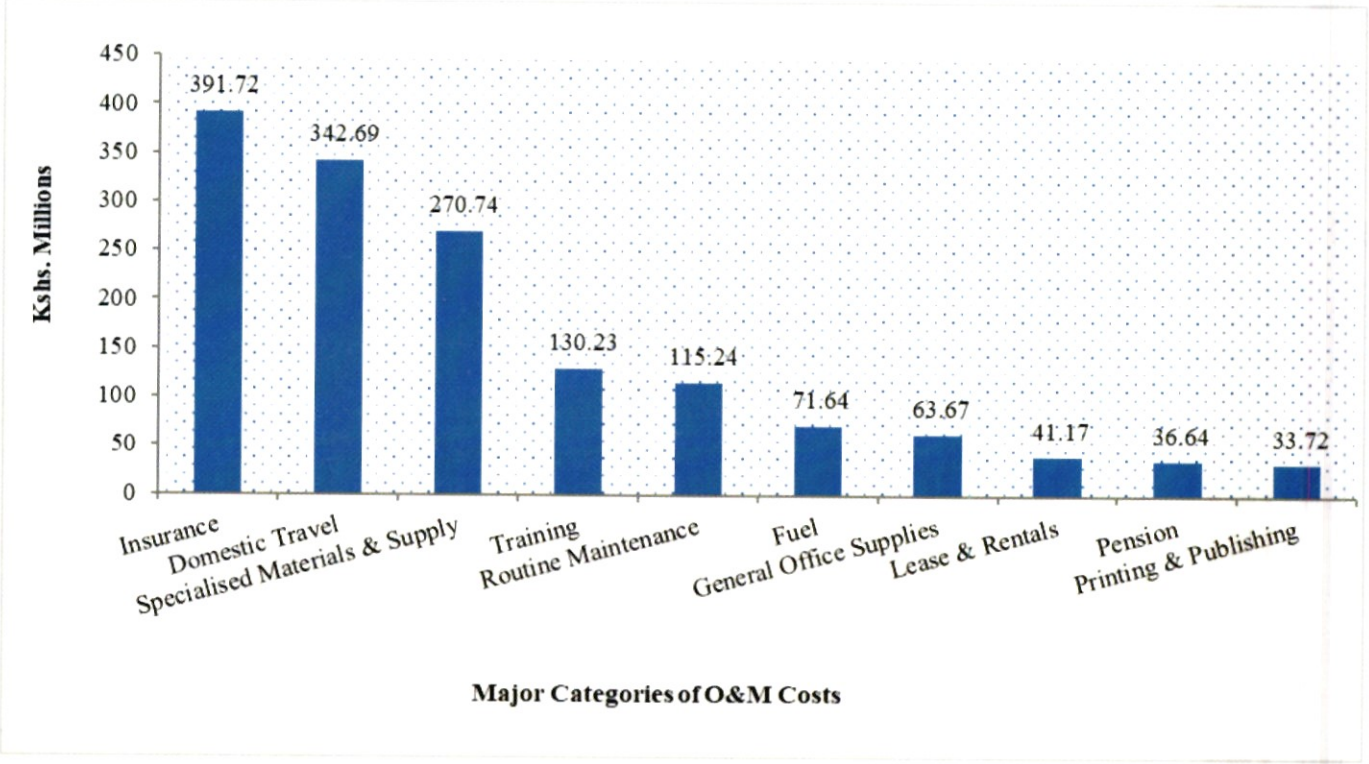
Source: *Wajir County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators of the county-established funds as required by law, as indicated inTable 3.308.

3.46.9 Expenditure on Operations and Maintenance

Figure 3.92 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.92: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: *Wajir County Treasury*

The County Assembly spent Kshs.12.77 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.12.78 million. The average monthly sitting allowance was Kshs.21,287 per MCA. The County Assembly has established 21 Committees.

During the period, expenditure on domestic travel amounted to Kshs.342.69 million and comprised Kshs.188.52 million spent by the County Assembly and Kshs.154.17 million by the County Executive.

3.46.10 Development Expenditure

The County incurred Kshs.2.39 billion on development programmes, representing a decrease of 22.9 per cent compared to FY 2020/21, when the County spent Kshs.3.1 billion. Table 3.3010 summarises development projects with the highest expenditure in the reporting period.

Table 3.3010: Wajir County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed expansion and desilting of Bir water pan	Water Resources Development	4,992,500	4,992,500	100.0
2	Proposed renovations, construction of toilet & landscaping work at the county headquarters mosque	Lands, Housing and Physical Planning	4,995,190	4,995,190	100.0

S/No.	Project Name	Department	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
3	Proposed construction, completion and operationalisation of modern health centre at Sabuli	Public Health, Medical Services and Sanitation	13,000,000	13,000,000	100.0
4	Enhanced value addition to camel meat project	Agriculture, Livestock, And Fisheries Development	19,123,785	19,123,785	100.0
5	Supply, delivery, installation and commissioning of oxygen plant in Wajir Referral Hospital	Public Health, Medical Services and Sanitation	20,600,000	20,600,000	100.0
6	Proposed gravelling of Baladwein-Orote road	Water Resources Development	26,149,032	26,149,032	100.0
7	Construction of 42,000m3 mega dam at Madho settlements water tank at Tarbaj Youth Polytechnic	Water Resources Development	29,650,528	29,650,528	100.0
8	Construction of 50,000 m3 water pan at Abaq Dere, Burdeer	Water Resources Development	34,998,200	34,998,200	100.0
9	Construction of 65,000m3 mega dam at Handaki South	Water Resources Development	49,994,016	49,994,016	100.0
10	Supply of submersible water tanks	Water Resources Development	51,500,000	51,500,000	100.0

Source: *Wajir County Treasury*

3.46.11 Budget Performance by Department

Table 3.311 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.311: Wajir 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	522	-	522	-	518	-	99.2	-	99.2	-
County Assembly	853	40	843	-	843	-	100.0	-	98.8	-
Finance and Economic Planning	750	-	700	-	714		102.1	-	95.2	-
Public Health, Medical Service and Sanitation	2,496	635	2,442	594	2,325	372	95.2	62.5	93.2	58.6
Water Resources	293	707	283	688	270	688	95.4	99.9	92.4	97.3
Public Works, Housing and Physical Planning	80	248	64	163	63	140	97.1	86.0	78.3	56.4
Roads and Transport	133	495	106	350	106	342	100.2	97.8	80.3	69.2
Agriculture, Livestock and Fisheries	233	759	222	582	211	387	95.0	66.5	90.5	51.0
Education, Youth, Gender and Social Services	573	219	558	188	558	198	99.9	105.3	97.4	90.6
ICT and E-Government, Trade, Industrialization and Cooperative Development	195	62	168	24	167	31	99.2	129.3	85.5	50.7
Public Services, Special Programs and Decentralization Unit	653	66	614	52	614	49	100.0	93.9	94.0	73.8
Energy, Environment and Natural Resources	85	201	85	114	86	112	100.8	98.6	100.8	55.8
CPSB	84	-	65	-	64		98.4	-	76.5	-
WAJWASCO	174	672	174	52	174	40	99.8	77.7	99.8	6.0
Wajir Municipality	217	141	203	40	204	32	100.5	79.1	94.0	22.7

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
TOTAL	7,342	4,244	7,052	2,848	6,918	2,391	98.1	84.0	94.2	56.4

Source: *Wajir County Treasury*

Analysis of expenditure by department shows that the Department of Water Resources recorded the highest absorption rate of development budget at 97.3 per cent, followed by the Department of Education, Gender, Youth and Social Services at 90.6 per cent. The Department of Energy, Environment and Nat. Resources had the highest percentage of recurrent expenditure to budget at 100.8 per cent, while the County Public Service Board had the lowest at 76.5 per cent. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than that for which the funds were intended.

3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 3.312 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.312: Wajir County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Program	**Sub-Program**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption %**
County Executive					
County Executive Services	County Executive Services	522,488,510.00	522,195,709.10	292,800.90	100
County Executive Services	County Executive Services	32,307,199.10	32,600,000.00	(292,800.90)	101
TOTAL		**554,795,709.10**	**554,795,709.10**	-	**100**
County Assembly					
Headquarters	Headquarters				
	County Legislative Services	893,341,593.00	824,192,681.60	69,148,911.40	92
	General Administration and Support Services	-	-	-	
	Preventive and promotive services	-	-	-	
	Curative Services	-	-	-	
	TOTAL	**893,341,593.00**	**824,192,681.60**	**69,148,911.40**	92
Finance and Economic Planning					
General administration and support	General administration and support services	579,409,612.00	571,491,496.20	7,918,115.80	99
				-	
Economic Planning	Economic Planning		-	-	
	County Economic Planning Services	28,744,800.00	33,489,784.80	(4,744,984.80)	117
	County Statistical Information Services			-	
	Monitoring & Evaluation Services			-	
Treasury Services	Treasury Services		3,338,132.00	(3,338,132.00)	
County Executive Services	County Executive Services			-	
	Kenya Devolution Support Programme (KDSP)	3,707,400.00	5,692,720.00	(1,985,320.00)	154

Budget Execution by Programmes and Sub-Programmes					
Program	**Sub-Program**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption %**
County Accounting	County Accounting Services			-	
	Finance Services	63,781,000.00	63,697,110.00	83,890.00	100
Revenue	Revenue		-	-	
	Finance Services	29,813,792.00	34,898,469.00	(5,084,677.00)	117
County Budget Management	Budget		-	-	
	Finance Services	14,796,700.00	13,278,680.00	1,518,020.00	90
Internal Audit	Internal Audit		-	-	
	Internal Audit Services	9,520,725.00	10,661,280.00	(1,140,555.00)	112
Procurement	Procurement		-	-	
	Finance Services	20,276,000.00	22,651,170.00	(2,375,170.00)	112
	Total	**750,050,029.00**	**759,198,842.00**	**(9,148,813.00)**	101
Roads and Transport			-	-	
	Improvement of roads network	516,481,086.00	507,449,086.00	9,032,000.00	98
	General Administration and Support Services	102,364,574.00	97,301,515.20	5,063,058.80	95
	General Administration and Support Services	-	-	-	
Transport	Transport		-	-	
	Enhancement of public roads transport system	8,280,000.00	7,252,937.65	1,027,062.35	88
Public Works	Public Works	-	-	-	
	Monitoring and evaluation	-	-	-	
	Enhancement of public roads transport system	-	-	-	
	Construction of Offices	-	-	-	
	Improvement of roads network	-	-	-	
	TOTAL	**627,125,660.00**	**612,003,538.85**	**15,122,121.15**	98
Water					
General Administration and Support Services	General Administration and Support Services	112,625,124.00	84,549,117.35	28,076,006.65	75
Maintenance Services	Maintenance Services	569,936,000.00	390,000,000.00	179,936,000.00	68
Infrastructure Development	Infrastructure Development Services	317,000,000.00	317,000,000.00	-	100
	TOTAL	999,561,124.00	791,549,117.35	208,012,006.65	79
WAJWASCO					
	General Administration and Support Services	846,109,130.00	614,162,540.10	231,946,589.90	73
	TOTAL	**846,109,130.00**	**614,162,540.10**	**231,946,589.90**	73
Energy, Environment and Nat. Resources					
Energy Services	Energy Services	35,215,724.00	31,577,500.00	3,638,224.00	90
Environment & Natural Resources	Environment & Natural Resources	184,521,600.00	180,300,113.70	4,221,486.30	98
General Administration and Support Services	General Administration and Support Services	65,131,704.00	47,112,669.20	18,019,034.80	72
Natural Resources	Wildlife and Tourism	954,800.00	891,000.00	63,800.00	93
	TOTAL	285,823,828.00	259,881,282.90	25,942,545.10	91
Public Health			-	-	
Preventive and promotive services	Preventive and promotive services	101,787,000.00	119,532,965.00	(17,745,965.00)	117

Budget Execution by Programmes and Sub-Programmes					
Program	**Sub-Program**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption %**
	General Administration and Support Services	-	924,727.32	(924,727.32)	
	Reproductive Health Services	-	-	-	
	Curative Services	884,312,000.00	984,168,588.50	(99,856,588.50)	111
	RMNCH	-	-	-	
Kenya Medical Training College	Kenya Medical Training College	-	-	-	
	Kenya Medical Training College (KMTC)				
RMNCH	RMNCH		-	-	
	RMNCH	108,119,183.00	79,185,023.60	28,934,159.40	73
TB & HIV - AIDS	TB & HIV - AIDS		-	-	
	TB & HIV-AIDS	17,600,000.00	20,271,555.00	(2,671,555.00)	115
Health Research	Health Research		-	-	
	Health Research Services	13,256,000.00	13,241,671.45	14,328.55	100
Health Shared Services	Health Shared Services		-	-	
	General Administration and Support Services	2,005,754,734.00	1,400,567,898.00	605,186,836.00	70
	TOTAL	**3,130,828,917.00**	**2,617,892,428.87**	**512,936,488.13**	84
Education, Youth, Gender and Social Services					
Vocational Training Services	Vocational Training Services	-	2,957,200.00	(2,957,200.00)	
Gender, Culture and Social Services	Gender, Culture and Social Services	-	-	-	
Youth polytechnics	Youth polytechnics	17,653,000.00	17,486,620.00	166,380.00	99
General Administration and Support Services	General Administration and Support Services	-	-	-	
SP2 youth polytechnic support services	SP2 Youth Polytechnic Support Services	-	2,957,200.00	(2,957,200.00)	
ECD	ECD Support Services	674,919,328.00	648,001,265.40	26,918,062.60	96
Sports promotion and development	Sports promotion and development	-	-	-	
Social Services	Social Services		-	-	
	Sports promotion and development	40,044,400.00	37,426,980.00	2,617,420.00	93
	Cultural promotion and preservation	26,227,800.00	26,491,808.00	(264,008.00)	101
Gender	Gender		-	-	
	Gender, Culture and Social Services	27,924,100.00	23,671,612.00	4,252,488.00	85
Heritage and Library Services	Heritage and Library Services		-	-	
	County Economic Planning Services	5,000,000.00	5,000,000.00	-	100
	TOTAL	**791,768,628.00**	**763,992,685.40**	**27,775,942.60**	
Agriculture, Livestock and Fisheries					
Agricultural infrastructure development program	Agricultural infrastructure development program	41,400,900.00	46,030,883.00	(4,629,983.00)	111
Kenya Climate Smart Agriculture	Kenya Climate Smart Agriculture	357,281,090.00	245,377,383.80	111,903,706.20	69

Budget Execution by Programmes and Sub-Programmes					
Program	**Sub-Program**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption %**
Administrative and support services	Administrative and support services	177,072,580.00	148,512,039.25	28,560,540.75	84
Livestock & Veterinary	Livestock & Veterinary		-	-	
	Veterinary Support Services	72,715,000.00	27,381,468.00	45,333,532.00	3
	Livestock Infrastructure improvement program	215,297,068.00	116,739,468.70	98,557,599.30	54
Fisheries	Fisheries		-	-	
	Aquaculture, Inland fisheries production and Extension services	15,436,400.00	10,261,120.00	5,175,280.00	66
Irrigation	Irrigation		-	-	
	Irrigation management services	50,734,400.00	61,834,991.90	(11,100,591.90)	122
	Agriculture Sector Development Support Programme	62,580,823.00	8,000,000.00	54,580,823.00	13
		992,518,261.00	**664,137,354.65**	**328,380,906.35**	66.9
ICT and E-Government, Trade, Industrialization and Cooperative Development					
Industrial Development	Industrial Development	-	-	-	
Co-operative Development	Co-operative Development	-	-	-	
Trade Services	Trade Services	39,636,540.00	29,014,478.95	10,622,061.05	0
Administrative and Support Services	Administrative and Support Services	170,955,660.00	175,520,534.20	(4,564,874.20)	103
Tourism & Wildlife	Tourism & Wildlife	-	-	-	
Industrialisation	Industrialisation		-	-	
	Industrial Development	3,000,000.00	2,000,000.00	1,000,000.00	67
Co-operative Development	Co-operative Development		-	-	
	Capacity Building Services	10,740,980.00	10,232,268.35	508,711.65	95
	Trade Services	10,000,000.00	9,985,900.00	14,100.00	100
ICT Services	ICT Services		-	-	
	ICT Infrastructure Services	22,190,000.00	29,400,233.90	(7,210,233.90)	132
		256,523,180.00	**256,153,415.40**	**369,764.60**	132
Public Works, Housing and Physical Planning					
Housing development and Human Settlement	Housing development and Human Settlement	-	-	-	
Government Building Services	Government Building Services	-	(96,240.00)	96,240.00	
Administrative and support services	Administrative and support services	69,960,621.00	44,910,578.25	25,050,042.75	64
Housing	Housing	-	-	-	
	Housing development and Human Settlement	-	-	-	
	Government Building Services	-	-	-	
Physical Planning	Physical Planning		-	-	
	Land Policy and Physical Planning	161,408,600.00	106,995,814.70	54,412,785.30	66
Public Works	Public Works		-	-	
Government Building Services	Government Building Services	802,400.00	231,996.00	570,404.00	29

Budget Execution by Programmes and Sub-Programmes					
Program	**Sub-Program**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption %**
	Housing development and Human Settlement	1,646,500.00	1,520,825.00	125,675.00	92
	Energy Services	-	-	-	
	Enhancement of public roads transport system	94,111,000.00	23,691,188.15	70,419,811.85	25
		327,929,121.00	**177,254,162.10**	**150,674,958.90**	**54.1**
Public Services, Special Programs and Decentralization Unit					
Public Participation	Public Participation	-	-	-	
Administration of Human Resources	Administration of Human Resources	499,448,217.00	505,170,934.80	(5,722,717.80)	101
Decentralised Unit	Decentralised Unit		-	-	
	Administration of Human Resources	25,550,640.00	23,493,524.10	2,057,115.90	92
Town Administration	Town Administration		-	-	
	Engineering, Maintenance and Physical infrastructure services	56,500,000.00	36,550,495.30	19,949,504.70	65
	Environment, Beautification and Sanitation services	-	-	-	
Special Programs	Special Programs	-		-	
Public Participation	Public Participation	14,614,000.00	15,854,707.50	(1,240,707.50)	108
Conflict Resolution	Conflict Resolution	17,191,851.00	17,558,471.00	(366,620.00)	102
Intergovernmental Relations	Intergovernmental Relations		-	-	
	County Executive Services	8,636,624.00	8,449,100.00	187,524.00	98
Disaster Management	Disaster Management	75,519,800.00	76,648,201.00	(1,128,401.00)	101
Service Delivery and Performance Contracting	Service Delivery and Performance Contracting	14,808,000.00	12,275,064.00	2,532,936.00	83
Governance and Ethics	Governance and Ethics	7,337,600.00	5,984,040.00	1,353,560.00	82
		719,606,732.00	**701,984,537.70**	**17,622,194.30**	
CPSB			-	-	
General Administration and Support Services	General Administration and Support Services	83,595,808.00	69,885,410.15	13,710,397.85	84
Wajir Municipality			-	-	
General Administration and Support Services	General Administration and Support Services	357,685,264.00	279,445,946.55	78,239,317.45	78
	Grand Total	**11,584,955,785.00**	**9,946,529,652.72**	**1,638,426,132.28**	86

Source: *Wajir County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: the Kenya Devolution Sector Support Program in the Department of Finance and Economic Planning at 154 per cent, the ICT services program in the Department of ICT, E-government, Trade, Industrialization and Cooperatives Development at 132 per cent, Irrigation Management services in the Department of Agriculture, Livestock and Fisheries at 122 per cent, and Prevention and promotive services at 117 per cent of budget allocation. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than that for which the funds were intended.

3.46.13 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. A high wage bill, which accounted for 44.4 per cent of the annual realised revenue of Kshs.9.9 billion in FY 2021/22, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.52.42 million against an annual projection of Kshs.100 million, representing 52.4 per cent of the annual target.
3. Weak budgeting practice is shown in Table 3.311 and Table 3.312, where the County incurred expenditure over approved budgetary allocations. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than that for which the funds were intended.
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 Emergency Fund, Bursary Fund, and Climate Change Fund reports were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.3.47 billion as of 30th June 2022.
6. 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 submitted on 15th August 2022.

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

1. *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.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The County Treasury should ensure all unspent funds are refunded to the County Revenue Fund in line with Section 136 of the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *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.*

3.47 County Government of West Pokot

3.47.1 Overview of FY 2021/22 Budget

The County's approved Supplementary budget for FY 2021/22 was Kshs.7.67 billion, comprising Kshs.2.52 billion (32.9 per cent) and Kshs 5.15 billion (67.1 per cent) allocations for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.30 billion (82.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2.2 per cent) from its own sources of revenue, and use a cash balance of Kshs.644.44 million (8.4 per cent) from FY 2020/21. The County also expected to receive Kshs.559.95 million (7.3 per cent) as conditional grants, which consisted of Kshs.353.54 million for the Kenya Climate Smart Agriculture Project (KCSAP), Kshs.51.22 million for Transforming Health systems for Universal care Project (WB), Kshs.66.27 million for Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.11 million for Instruments for Devolution Advise and Support (IDEAS), Kshs.34.5 million for Emergency Locusts Project, Kshs.32.31 million for Agricultural Sector Development Support Programme (ASDSP) II, and Kshs.11.29 million for DANIDA Primary Health Care.

3.47.2 Revenue Performance

In FY 2021/22, the County received Kshs.5.79 billion as the equitable share of the revenue raised nationally, raised Kshs.113.44 million as own-source revenue, Kshs.559.95 million as conditional grants, and had a cash balance of Kshs.664.44 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.11 billion, as shown in Table 3.313.

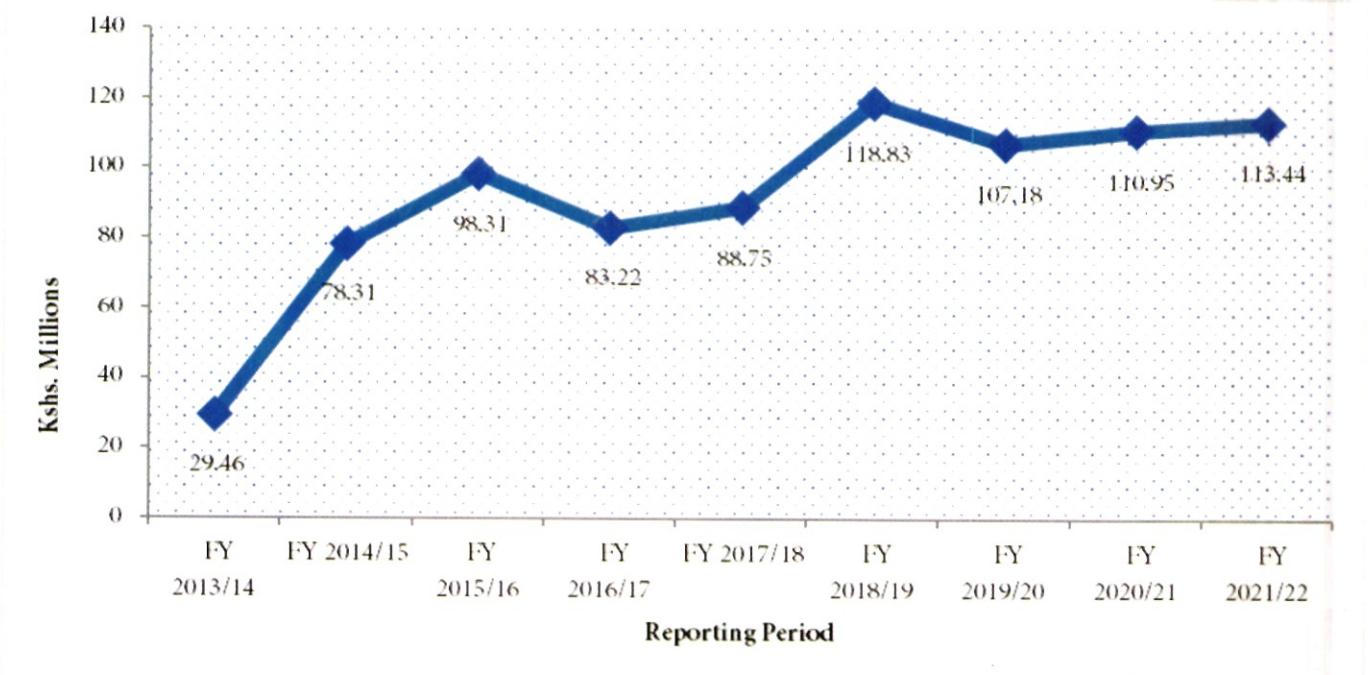
Table 3.313: West Pokot County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,297,284,329	5,793,501,582	92.0
Sub Total		**6,297,284,329**	**5,793,501,582**	**92.0**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	170,000,000	113,444,832	66.7
2.	Conditional Grants	559,953,126	559,953,126	100.0
3.	Balance b/f from FY2020/21	644,441,894	644,441,894	100.0
Sub Total		**1,374,395,020**	**1,317,839,852**	**95.9**
Grand Total		**7,671,679,349**	**7,111,341,434**	**92.7**

Source: *West Pokot County Treasury*

Figure 3.93 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2021/22.

Figure 3.93: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2021/22



Source: *West Pokot County Treasury*

In FY 2021/22, the County generated a total of Kshs.113.44 million as own-source revenue. This amount represented a decrease of 2.2 per cent compared to Kshs.110.95 million realised in FY 2020/21 and was 66.7 per cent of the annual target. The County has implemented an automated OSR collection system called Sense Network& Equity Bank. The increase is largely attributed to an enhanced sand, gravel and ballast collection, Single Business Permits (SBP) and Market fees & Dues, and receipts from Facility Improvement Fund.

3.47.3 Exchequer Issues

The Controller of Budget approved Kshs.6.70 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.71 billion (25.5 per cent) for development programmes and Kshs.4.99 billion (74.5 per cent) for recurrent programmes, as shown in Table 3.318.

3.47.4 Overall Expenditure Review

The County spent Kshs.6.54 billion on development and recurrent programmes during the reporting period. This expenditure represented97.6 per cent of the total funds released by the COB and comprised of Kshs.1.60 billion and Kshs.4.94 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 63.3 per cent, while recurrent expenditure represented 95.9 per cent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs. 222.59 million comprised of Kshs.75.50 million for recurrent expenditure and Kshs.147.09 million for development expenditure, as shown in Table 3.314.

Table 3.314: Progress on Settlement of Pending Bills as of 30th June, 2022

Budget Classification	Outstanding Pending Bills Amount as of 30th June 2021 (Kshs.)	Amount Paid in FY 2021/22 (Kshs.)	Outstanding Pending Bill from previous financial years (Kshs.)	Pending Bills for FY 2021/22 (Kshs.)	Total Outstanding Pending Bills as of 30th June, 2022
	A	B	C=A-B	D	E=C+D
Recurrent Expenditure	75,496,951	23,164,801	52,332,150	-	52,332,150
Development Expenditure	147,090,962	65,293,456	81,797,506	324,379,456	406,176,962
Total	**222,587,913**	**88,458,257**	**134,129,656**	**324,379,456**	**458,509,112**

Source: *West Pokot County Treasury*

The outstanding pending bills as of 31st June, 2022 of Kshs.458.51 million include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 was Kshs.673.36 million, out of which the County has settled bills amounting to Kshs.539.23 million, leaving a balance of Kshs.134.13 million as of 31st June, 2022.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.64 billion on employee compensation, Kshs.1.69 billion on operations and maintenance, and Kshs.1.57 billion on development activities. Similarly, the County Assembly spent Kshs.320.45 million on employee compensation, Kshs.286.58 million on operations and maintenance, and Kshs.23.35 million on development activities, as shown in Table 3.145.

Table 3.315: 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	**4,498,420,177**	**652,173,508**	**4,334,158,865**	**607,028,437**	**96.3**	**93.1**
Compensation to Employees	2,672,188,217	321,452,296	2,643,986,029	320,452,296	98.9	99.7
Operations and Maintenance	1,826,231,960	330,721,212	1,690,172,836	286,576,141	92.5	86.7
Development Expenditure	2,488,151,631	32,934,033	1,573,356,355	23,349,676	63.2	70.9
Total	**6,986,571,808**	**685,107,541**	**5,907,515,221**	**630,378,113**	**84.6**	**92.0**

Source: *West Pokot County Treasury*

3.47.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 41.7 per cent of the annual realised revenue of Kshs.7.11 billion.

Personnel emoluments amounting to Kshs.2.51 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.451.25 million was processed through manual payrolls. The manual payroll accounted for 15.2 per cent of the total P.E costs against which the County cited a lack of Personal Numbers as a reason for failing to process all salaries in the IPPD system.

The wage bill of Kshs.2.96 billion includes Kshs.1.66 billion attributable to the health sector, which translates to 56.1 per cent of the total wage bill in the reporting period.

3.47.8 County Established Funds

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.648.31 million to county-established Funds in FY 2021/22, constituting 8.5 per cent of the County's overall budget for the year. Table 3.316 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.316: County Established Fund performance as of 31st June 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 30th June 2022 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2022 (Yes/No.)	Absorption (%)
		A	B	C	B/A*100
1.	Bursary & Scholarships Fund	538,000,000	522,957,050	No	97
2.	County Cooperative Development Fund	88,311,154	58,020,687	No	66
3.	West Pokot County Assembly staff Car Loans	22,000,000	22,000,000	No	100
	Total	**648,311,154**	**602,977,737**		**93.0**

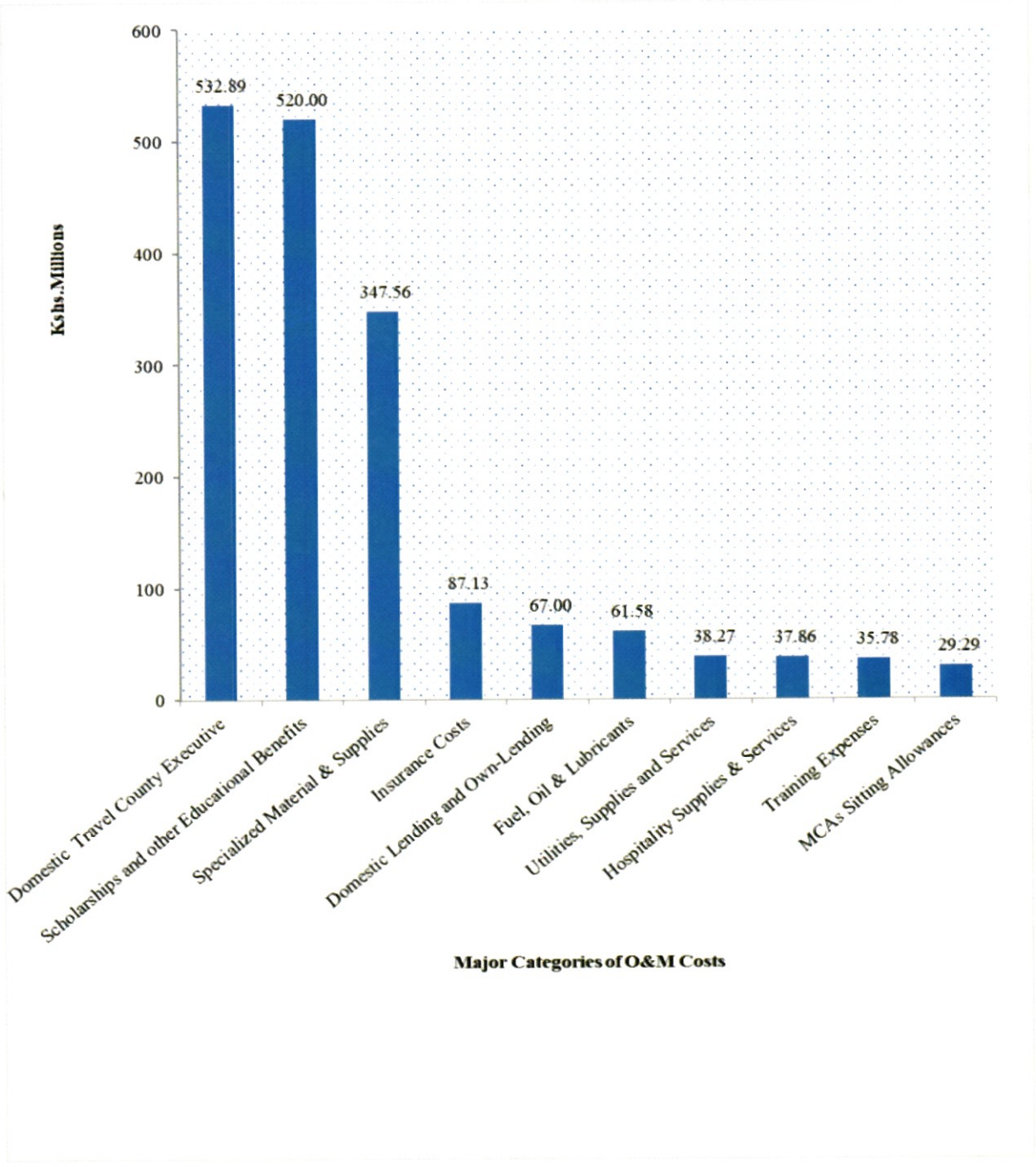
Source: *West Pokot County Treasury*

The OCOB did not receive the fourth quarter financial returns from the Fund Administrators, as indicated in Table 3.316.

3.47.9 Expenditure on Operations and Maintenance

Figure 3.94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.94: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: *West Pokot County Treasury*

The County Assembly spent Kshs.29.29 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.29.29 million. The average monthly sitting allowance was Kshs.95,715 per MCA. The County Assembly has established 25 Sectorial Committees.

During the period, expenditure on domestic travel amounted to Kshs.532.89 million and comprised of Kshs.78.61 million spent by the County Assembly and Kshs.454.29 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.78 million and comprised of Kshs.0.34 million by the County Assembly and Kshs.7.44 million by the County Executive.

3.47.10 Development Expenditure

The County incurred Kshs.1.60 billion on development programmes, representing an increase of 108.1 per cent compared to FY 2020/21, when the County spent Kshs.887.52 million. Table 3.317 summarises development projects with the highest expenditure in the reporting period.

Table 3.317: West Pokot County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)	Source of Funding (GoK/donor)
1	Land Housing and Urban Development	Tarmacking of Kacheliba Township Roads-	Kacheliba	4,491,423	4,491,423	4,491,423	None	100	GoK
2	Agriculture and Irrigation	Purchase of Certified Crop Seeds to be distributed to farmers in All Wards(-Maise, Onions, Green grams, Millet, Sorghum etc)	County wide	95,616,600	95,616,600	95,616,600	None	100	GoK
3	Agriculture and Irrigation	Purchase of assorted seedlings (coffee, Tea, Sisal, Pyrethrum, Cotton, Sunflower, Aloe vera, Onions, Horticulture crops) in Respective Wards	Various wards	10,000,000	9,749,000	9,749,000	None	100	GoK
4	Agriculture and Irrigation	Kenya Climate Smart Agriculture Project	Siyoi, sook, enough,lomut, alale and seker	353,574,020		229,826,240	None	65	Donor
5	Public work and Roads	Kaptukor-Amkokon-Kokunur-Kapelnyang Road-Tapach Ward	Tapach	3,498,733	3,500,000	3,498,733	None	100	GoK
6	Public work and Roads	Embough-Psapai-Krich-Matolong road (part expansion and heavy grading works 28kms)	Endugh	6,440,320	6,440,320	6,440,320		70	GoK
7	Public work and Roads	Chewoyet pri.-Tampu-Lutheran road (drainage works, heavy grading and spot gravelling works 4kms)	Kapenguria Ward	6,404,893	6,404,893	6,404,893		100	GoK
8	Pastoral Economy	EU -IDEAS Grant		11,000,000	11,000,000	11,000,000		100	Donor
9	Education & ICT	Disbursement of Bursaries	Entire County	538,000,000	538,000,000	522,957,050	None	100	GoK
10	Water and Environment	Construction of Kapkorus-Makutano Water Supply Project(ROLLOVER	Kapenguria	13,127,972	6,966,960	9,565,476	None	82	GoK

Source: *West Pokot County Treasury*

3.47.11 Budget Performance by Department

Table 3.318 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2021/22.

Table 3.318: West Pokot 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	362.47	160.48	361.17	69.05	354.24	68.91	98.1	99.8	97.7	24.2
Finance and Economic Planning	255.52	138.90	226.30	135.92	226.30	80.32	100.0	59.1	88.6	57.8
Roads, Public Works, Transport and Infrastructure	72.25	403.67	71.00	318.60	69.37	331.66	97.7	104.1	96.0	82.2
Health, Sanitation and Emergencies	2,105.16	286.47	2,051.23	196.96	2,048.90	159.37	99.9	80.9	97.3	55.6
Education and Technical Training	856.66	293.26	834.31	264.65	834.31	249.70	100.0	94.4	97.4	85.1
Agriculture and Irrigation	80.31	481.08	79.13	293.70	75.92	290.92	95.9	99.1	94.5	60.5
Pastoral Economy	81.60	196.11	80.60	118.05	80.60	105.14	100.0	89.1	98.8	53.6
Trade, Industrialisation, Investment & Cooperatives	123.34	81.70	117.85	46.02	117.85	44.27	100.0	96.2	95.5	54.2
Land, Housing, Physical Planning and Urban Dev	97.33	62.08	92.39	15.90	97.12	28.23	105.1	177.6	99.8	45.5
Water, Environment and Natural Resources	97.30	328.86	88.23	188.56	88.23	178.03	100.0	94.4	90.7	54.1
Tourism, Youth, Sports, Gender and Social Services	94.75	55.53	86.91	42.80	87.91	35.80	101.2	83.6	92.8	64.5
County Public Service, ICT & Decentralised Units	224.25	-	220.43	-	220.43	1.00	100.0	0.0	98.3	0.0
Intergovernmental., Special programmes and Directorates	47.49	-	32.99	-	32.99	-	100.0	0.0	69.5	0.0
County Assembly	652.17	32.93	646.74	23.35	607.03	23.35	93.9	100.0	93.1	70.9
TOTAL	**5,150.59**	**2,521.09**	**4,989.28**	**1,713.55**	**4,941.19**	**1,596.71**	**99.0**	**93.2**	**95.9**	**63.3**

Source: *West Pokot County Treasury*

Analysis of expenditure by department shows that the Department of Education and Technical Training recorded the highest absorption rate of development budget at 85.1 per cent, followed by the Department of Roads, Public Works, Transport and Infrastructure at 82.2 per cent. The Department of Lands, Housing and Physical Planning had the highest percentage of recurrent expenditure to budget at 99.8 per cent, while the Department of Intergovernmental, Special programs and Directorates had the lowest at 69.5 per cent.

3.47.12 Budget Execution by Programmes and Sub-Programmes

Table 3.319 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.319: West Pokot County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
COUNTY EXECUTIVE					
	SP 1 - (General Administration, planning and Support Services)	453,940,963.00	362,762,726.95	91,178,236.05	79.91
	SP 2 -(County Public service Board	20,497,120.00	19,086,774.55	1,410,345.45	93.12
	SP 3 -(County Executive Affairs)	34,037,415.00	27,036,818.40	7,000,596.60	79.43
	SP 4-(Liasion and Intergovernmental service)	14,473,815.00	14,266,425.00	207,390.00	98.57
	TOTAL	**522,949,313.00**	**423,152,744.90**	**99,796,568.10**	**80.92**
FINANCE &ECONOMIC PLANNING					
	SP 1(General Administration, Planning and Support Services	356,496,444.00	223,793,800.35	132,702,643.65	62.78
	SP 2-(Treasury Accounting Services)	7,659,823.00	7,072,600.00	587,223.00	92.33
	SP 3-(Supply Chain Management Services)	7,938,000.00	6,082,899.65	1,855,100.35	76.63
	SP 4-(Resource Mobilization)	10,910,000.00	8,916,400.75	1,993,599.25	81.73
	SP 5-(Internal Audit Services)	6,243,600.00	6,208,239.90	35,360.10	99.43
	SP 6-(Budget Formulation Services)	16,821,282.00	15,474,080.00	1,347,202.00	91.99
	SP 7-(Economic Planning)	51,718,485.00	40,146,916.60	11,571,568.40	77.63
	SP 8-(Monitoring and Evaluation)	2,900,000.00	2,899,638.65	361.35	99.99
	TOTAL	**460,687,634.00**	**310,594,575.90**	**150,093,058.10**	**67.42**
ROADS, PUBLIC WORKS, TRANSPORT AND INFRASTRUCTURE					
	SP 1(General Administration, Planning and Support Services	63,685,590.00	61,886,183.95	1,799,406.05	97.17
	SP 2(Road Transport)	267,189,628.00	230,179,337.30	37,010,290.70	86.15
	SP 3(CONSTRUCTION OF BRIDGES)	22,080,000.00	12,714,563.90	9,365,436.10	57.58
	SP 4(Public works)	2,080,000.00	778,600.00	1,301,400.00	37.43
	SP 5-(Ward Specific Projects)	126,564,819.00	96,251,075.70	30,313,743.30	76.05
	TOTAL	**481,600,037.00**	**401,809,760.85**	**79,790,276.15**	**83.43**
HEALTH AND SANITATION					
	SP 1(General Administration, Planning and Support Services	1,742,642,577.00	1,728,360,502.70	14,282,074.30	99.18
	SP 2-(Preventive Health Services)	96,166,000.00	95,320,945.15	845,054.85	99.12
	SP 3-(Curative Health Services)	302,815,840.00	203,326,991.00	99,488,849.00	67.15
	SP 4-(Kacheliba Sub-county hospital)	19,980,000.00	18,430,978.20	1,549,021.80	92.25
	SP 5-(Sigor Sub-county hospital)	15,430,000.00	14,462,245.35	967,754.65	93.73

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
	SP 6-(Chepareria Sub-county hospital)	16,330,000.00	12,600,984.90	3,729,015.10	77.16
	SP 7(Facility Improvement Fund)	76,800,000.00	72,345,485.10	4,454,514.90	94.20
	SP 8(Ward Specific)	121,463,042.00	87,164,152.30	34,298,889.70	71.76
	TOTAL	**2,391,627,459.00**	**2,232,012,284.70**	**159,615,174.30**	**93.33**
EDUCATION AND TECHNICAL TRAINING					
	SP 1(General Administration, Planning and Support Services	384,973,967.00	352,441,033.45	32,532,933.55	91.55
	SP 2 -(ECD Services)	39,659,648.00	35,810,236.20	3,849,411.80	90.29
	SP 3-(Youth Vocational training)	24,184,886.00	24,107,147.10	77,738.90	99.68
	SP 4-(Bursary Fund)	538,000,000.00	522,957,050.00	15,042,950.00	97.20
	SP 5 - (Ward specific)	163,106,046.00	148,695,395.55	14,410,650.45	91.16
	TOTAL	**1,149,924,547.00**	**1,084,010,862.30**	**65,913,684.70**	**94.27**
AGRICULTURE AND IRRIGATION					
	SP 1 - (General Administration, Planning and Support Services)	76,523,315.00	72,234,383.10	4,288,931.90	94.40
	SP 2-(Crop Development and Management)	455,324,020.00	275,225,795.65	180,098,224.35	60.45
	SP 3-(Cash Crop Production(Special Programs)	11,142,000.00	10,990,000.00	152,000.00	98.64
	SP 4 -(Ward specific)	18,400,000.00	8,393,145.50	10,006,854.50	45.61
	TOTAL	**561,389,335.00**	**366,843,324.25**	**194,546,010.75**	**65.35**
PASTORAL ECONOMY					
	SP 1 - (General Administration, Planning and Support Services)	66,672,569.00	64,588,724.15	2,083,844.85	96.87
	SP 2 - (Livestock Production and Range Management)	129,203,397.00	82,348,654.80	46,854,742.20	63.74
	SP 3-(Livestock Disease management)	7,718,400.00	6,091,595.40	1,626,804.60	78.92
	SP 4-(Fisheries Development)	434,400.00	428,569.55	5,830.45	98.66
	SP 5-(Nasukuta Livestock Improvement Center)	743,500.00	587,000.00	156,500.00	78.95
	SP 6 -(Ward specific)	69,797,562.00	37,444,756.60	32,352,805.40	53.65
	SP 7 -(Dairy Development(Special Programmes)	3,142,000.00	1,854,140.00	1,287,860.00	59.01
	TOTAL	**277,711,828.00**	**193,343,440.50**	**84,368,387.50**	**69.62**
TRADE, INDUSTRIALISATION, INVESTMENT & COOPERATIVES DEVELOPMENT					
	SP 1 - (General Administration, Planning and Support Services)	84,389,786.00	57,345,273.00	27,044,513.00	67.95
	SP 2-(Cooperative Development)	116,861,155.00	28,091,618.00	88,769,537.00	24.04
	SP 3 - (Trade, License and Market Development)	6,860,000.00	1,928,000.00	4,932,000.00	28.10
	SP 4-(Ward specific)	21,873,887.00	997,362.00	20,876,525.00	4.56
	TOTAL	**229,984,828.00**	**88,362,253.00**	**141,622,575.00**	**38.42**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
	SP 1 - (General Administration, Planning and Support Services)	64,440,457.00	59,390,592.45	5,049,864.55	92.16
	SP 2 -(Land Policy and Physical Planning)	3,753,800.00	3,677,021.35	76,778.65	97.95
	SP 3-(Housing Development)	912,000.00	911,839.60	160.40	99.98
	SP 4-(Urban Development)	31,241,250.00	28,957,177.40	2,284,072.60	92.69
	SP 5-(Kapenguria Municipality)	55,259,448.00	24,664,602.50	30,594,845.50	44.63
	SP 6-(Ward specific)	3,801,728.00	1,149,783.00	2,651,945.00	30.24
	TOTAL	**159,408,683.00**	**118,751,016.30**	**40,657,666.70**	**74.49**
WATER, ENVIRONMENT AND NATURAL RESOURCES					
	SP 1 - (General Administration, Planning and Support Services)	71,803,452.00	67,815,468.55	3,987,983.45	94.45
	SP 2 -(Water Supply Services)	164,329,745.00	77,107,147.45	87,222,597.55	46.92
	SP 3 -(Environment & Natural Resource Development)	12,831,042.00	12,821,087.50	9,954.50	99.92
	SP 4 -(Ward Specific)	177,199,599.00	109,612,548.75	67,587,050.25	61.86
	TOTAL	**426,163,838.00**	**267,356,252.25**	**158,807,585.75**	**62.74**
YOUTH, SPORTS, TOURISM, GENDER AND SOCIAL SERVICES.					
	SP 1 - (General Administration, Planning and Support Services)	54,062,504.00	52,945,379.30	1,117,124.70	97.93
	SP 2-(Tourism Development)	3,978,413.00	3,083,214.40	895,198.60	77.50
	SP 3-(Gender, Youths and Sports Development)	70,648,131.00	48,019,201.50	22,628,929.50	67.97
	SP 4(Culture and Social Development)	1,939,718.00	1,780,454.45	159,263.55	91.79
	SP 5-(Ward Specific)	19,652,289.00	17,379,546.35	2,272,742.65	88.44
	TOTAL	**150,281,055.00**	**123,207,796.00**	**27,073,259.00**	**81.98**
COUNTY PUBLIC SERVICE, ICT AND DECENTRALISED UNITS					
	SP 1 - (General Administration, Planning and Support Services)	169,322,774.00	167,822,379.75	1,500,394.25	99.11
	SP 2-(Human Resource)	2,344,000.00	2,309,950.00	34,050.00	98.55
	SP 3-(Legal Services)	26,286,089.00	26,260,964.00	25,125.00	99.90
	SP 4 - (Records Management)	2,144,000.00	2,133,720.00	10,280.00	99.52
	SP 5- (Communication Services)	840,000.00	792,000.00	48,000.00	94.29
	SP 6 - (ICT Infrastructure Connectivity)	2,116,422.00	2,059,744.00	56,678.00	97.32
	SP 7 - (Field Administration)	21,201,680.00	20,046,051.15	1,155,628.85	94.55
	TOTAL	**224,254,965.00**	**221,424,808.90**	**1,674,527.25**	**98.74**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
Programme 13 -SPECIAL PROGRAMMES AND DIRECTORATES					
	SP 1 - (General Administration, Planning and Support Services)	17,844,444.00	16,023,339.10	1,821,104.90	89.79
	SP 2 -(Dairy Development)	-		-	0.00
	SP 3-(Cash crop production)	-		-	0.00
	SP 4-(Investment and Cooperative development)	575,900.00	575,750.00	150.00	99.97
	SP 5 - (Emergency and disaster response)	11,250,000.00	11,249,950.00	50.00	100.00
	SP 6 -(Peacebuilding and reconciliation)	5,826,000.00	5,800,200.00	25,800.00	99.56
	SP 7- (Resource mobilisation and Coordination)	1,350,000.00	1,350,000.00	-	100.00
	SP 8(Gender and special needs)	10,640,000.00	7,989,300.00	2,650,700.00	75.09
	TOTAL	**47,486,344.00**	**42,988,539.10**	**4,497,804.90**	**90.53**
COUNTY ASSEMBLY					
	SP 1 - (General Administration, Planning and Support Services)	367,264,236.00	351,369,692.30	15,894,543.70	95.67
	SP 2 -(Legislation and Representation)	249,213,338.00	246,373,680.10	2,839,657.90	98.86
	SP 3-(Staff Affairs and Development)	68,629,967.00	68,629,200.00	767.00	100.00
	TOTAL	**685,107,541.00**	**666,372,572.40**	**18,734,968.60**	**97.27**

Source: *West Pokot County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Emergency and Disaster Response in the Department of Special Programmes at 100 per cent, Resource Mobilisation in the Department of Special Programmes at 100 per cent, Staff affairs at County Assembly at 100 per cent Staff Affairs and Development and County Assembly at 100 per cent and Housing Development at the Department of Lands, Housing, Physical Planning and Urban Development.

3.47.13 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. A high wage bill, which accounted for 41.7 per cent of the annual realised revenue of Kshs.7.11 billion in FY 2021/22, thus constraining funding to other programmes.
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 Bursary Fund, Co-operative Development Fund, County Executive and Assembly Car Loan & Mortgage Fund, and the Emergency Fund were not submitted to the Controller of Budget.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.451.25 million were processed through the manual payroll and accounted for 15.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
4. The underperformance of own-source revenue at Kshs.113.44 million against an annual projection of Kshs.170 million, representing 66.7 per cent of the annual target.
5. 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 County Treasury submitted final financial reports

on 5th August, 2022 against a stipulated timeline of 20th July 2022.

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

1. *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.*
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 policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed and reduce the accumulation of pending bills.*
5. *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.*

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in FY 2021/22 and include appropriate recommendations to address the challenges. The cross-cutting challenges included:

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to charge by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.35.91 billion, which was 59.4 per cent of the annual target of Kshs.60.42 billion. The OCOB noted that eight counties recorded below 50 per cent performance, namely; - Busia, Murang'a, Garissa, Kajiado, Embu, Kitui, Nairobi City, Nyandarua, and Bungoma. The underperformance of own-source revenue collection implies that some planned activities were not implemented during the financial year due to budget deficits.

Own Source Revenue provides an important source of revenue for Counties to finance their budget, and the shortfalls in revenue collection have resulted in pending bills since the anticipated revenue is not realised. In view of the under-collection of OSR by County Governments, the Intergovernmental Budget and Economic Forum (IBEC) approved the Tax Administration Diagnostic Assessment Tool (TADAT) assessment to be carried out in county governments. TADAT is an approachthat addresses the weak OSR administrative capacity of in county governments and enhances revenue generation and improves accountability.

The Controller of Budget advises Counties to review the revenue targets to realistic amounts during the planning and budgeting process. Further, Counties should build capacity of key staff to undertake TADAT assessments and implement revenue enhancement programmes in the coming financial year.

4.3 Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012, provides that over the medium term, a minimum of thirty per cent of the County Government's budget shall be spent on development programmes.

In FY 2021/22, County Governments incurred a total of Kshs.98.47 billion representing an absorption rate of 50.9 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.193.53 billion. This performance decreased from an absorption rate of 62.1 per cent, reported in FY 2020/21 when development expenditure was Kshs.116.07 billion. A total of 17 counties recorded an absorption rate of less than 50 per cent on development expenditure, namely; -Laikipia, Kisii, Bungoma, Baringo, Murang'a, Nyandarua, Turkana, Mombasa, Kilifi, Busia, Vihiga, Narok, Taita Taveta, Machakos, Kisumu, Nairobi City, and Garissa.

The low absorption of the development budget indicated that Counties did not prioritise the implementation of development projects in FY 2021/22. The Controller of Budget recommends that the identified 17 County Governments develop and implement strategies to enhance the utilisation of funds allocated for development activities in the coming financial year. Further, county governments should ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets.

4.4 High Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the county government's expenditure on wages and benefits at 35 per cent of the county's total revenue.

Overall, County Governments spent Kshs.190.11 billion on personnel emoluments, which accounted for 47.4 per cent of the total expenditure of Kshs.400.96 billion and 43.6 per cent of the realised revenue of Kshs.436.46 billion in FY 2021/22. This expenditure increased from Kshs.176.03 billion incurred in FY 2020/21.

The Controller of Budget notes that personnel expenditure by only four counties was within the 35 per cent ceiling, namely;- Mandera, Tana River, Isiolo and Kwale, at 28.4 per cent, 29.6 per cent, 33.1 per cent, 33.1 per cent, and 34.9 per cent, respectively.

The OCOB recommends that County Governments should ensure that expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4.5 High Level of Pending Bills

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 properly procured and delivered or services rendered at the end of a financial year.

As of June 30, 2022, Counties reported accumulated pending bills amounting to Kshs.153.02 billion, comprised of Kshs.151.68 billion by the County Executive and Kshs.1.34 billion by the County Assemblies. Outstanding pending bills by Nairobi City County accounted for 69.5 per cent of the entire stock of pending bills at Kshs.99.06 billion. Other Counties with a high level of pending bills are Mombasa at Kshs.5.87 billion and Kiambu at Kshs.5.23 billion.

County Governments are advised to settle the eligible pending bills as a first charge on the budget in line with Regulation 41 (2) of the Public Finance Management (County Governments) 2015, which states that "debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations".

4.6 Use of Manual Systems to Process Payroll

The Office of the Controller of Budget noted that wages amounting to Kshs.15.63 billion were processed through manual systems and vouchers. County governments cited lack of Personal Numbers for failing to process all salaries in the IPPD system. This is contrary to Government policy, which requires wages to be processed through the IPPD system. The manual payroll is prone to abuse and may lead to the loss of public funds due to lack of proper controls.

The counties that made high wage payments through the manual systems were; Bomet at Kshs.1.24 billion, Nakuru at Kshs.1.06 billion, Garissa at Kshs.1.03 billion, Vihiga at Kshs.934.89 million, Siaya at Kshs.792.55 million, Kiambu at Kshs.776.11 million, Homa Bay at Kshs.694.33 million, Laikipia at Kshs.646.68 million, Kisumu at Kshs.515.30 million and Murang'a at Kshs.504.12 million.

The Controller of Budget advises county governments to fast-track the acquisition of staff personal numbers to ensure the entire wage bill is processed through the prescribed personnel system. County governments are required to migrate to the Unified Human Resource Information System by October 2022 in line with the guidelines by the Head of Public Service.

4.7 Delay in Submission of Financial and Non-Financial Reports to the Controller of Budget

County Governments are required to prepare and submit financial and non-financial reports in line with Section 166(4) and Section 168 (3) of the PFM Act, 2012, not later than one month after the end of each quarter. Further, Section 16 of the Controller of Budget Act, 2016, requires Accounting Officers to co-operate with the Controller of Budget to enable the Controller of Budget to carry out their functions per the Constitution and any other law. Accounting Officers are required to respond promptly to any inquiry made by the Controller of Budget; furnish

the Controller of Budget with periodic reports as to the status of management of the budget and public funds in respect of the question raised within such period as may be prescribed by the Controller of Budget, and provide any other information that the Controller.

In line with the above requirement, the Controller of Budget issued a letter to County Treasuries requesting for submission of financial and financial reports for the period under review by 30th July 2022.

Despite the above legal provisions, county governments did not submit the financial and financial reports within the recommended timeline, which led to a delay in finalising this County Budget Implementation Review Report. Nine county governments submitted their reports after 11th August 2022, namely; Elgeyo Marakwet, Embu, Isiolo, Kajiado, Kilifi, Narok, Tana River, Turkana, and Wajir.

Consequently, county governments must put in place mechanisms to ensure adherence to the legal provisions on the submission of quarterly financial and non-financial reports as provided in law.

4.8 Weak Budgetary Control and Use of Revenue at Source

Article 207(1) of the Constitution states that all money raised by or on behalf of a county government shall be paid into the County Revenue Fund (CRF) Account unless reasonably excluded by an Act of Parliament. Further, Section 136(2) of the PFM Act, 2012, requires all unspent cash balances to be refunded to the CRF Account at the close of the financial year.

In FY 2021/22, the OCOB noted that county governments reported expenditures that exceeded the approved exchequer issues by the Controller of Budget and approved budget allocations as approved by their respective County Assemblies, which led to absorption rates above 100 per cent. This indicates a weak budgetary control by County Treasuries and possible use of revenue at the source. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than that for which funds were intended. This weakness was observed in; Baringo, Homa Bay, Isiolo, Kilifi, Kitui, Kwale, Laikipia, Marsabit, Mombasa, Nairobi City, Siaya, Tana River, Tharaka Nithi, Vihiga, and Wajir.

It is recommended that County Governments should ensure all own source revenue receipts are banked intact into the County Revenue Fund Account, unspent cash balances are refunded to the CRF at the close of a financial year in line with the law, and that there are proper internal control mechanisms to ensure expenditure is within the approved budget and in line with approved work plans.

5 CONCLUSION

This report sought to provide information on the status of budget implementation in FY 2021/22 by County Governments. The report is prepared in fulfilment of Article 228(6) of the Constitution of Kenya, 2010, and Section 9 of the Controller of Budget Act, 2016.

In FY 2021/22, the County Governments' budgets approved by the County Assemblies amounted to Kshs.535.74 billion. This amount comprised Kshs.193.53 billion (36.1 per cent) allocated to development expenditure and Kshs.342.21 billion (63.9 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires an allocation of at least 30 per cent of the budget to development programmes. To finance the budgets, county governments were expected to receive Kshs.370 billion as the equitable share of revenue raised nationally, generate Kshs.60.42 billion from their own revenue sources, receive Kshs.7.54 billion as conditional grants from the National Government and Kshs.32.34 billion from Development Partners, and utilise Kshs.58.88 billion unspent cash balance from FY 2020/21.

The total funds available to the County Governments in the FY 2021/22 amounted to Kshs.436.46 billion. This amount consisted of Kshs.340.4 billion as an equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.12.01 billion as conditional grants, Kshs.48.14 billion actual reconciled cash balance from FY 2020/21, and Kshs.35.91 billion raised from own sources. The own source revenue generated was 59.4 per cent of the annual target.

The total expenditure by County governments in FY 2021/22 was Kshs.400.96 billion, representing an absorption rate of 74.8 per cent of the total annual County Governments' budget. This was a decrease from an absorption rate of 79.3 per cent reported in FY 2020/21, where total expenditure was Kshs.398.01 billion. Recurrent expenditure was Kshs.302.49 billion, representing 88.4 per cent of the annual recurrent budget, a decline from 89.5 per cent reported in FY 2020/21. Development expenditure amounted to Kshs.98.47 billion, representing an absorption rate of 50.9 per cent and a decline from 62.1 per cent attained in FY 2020/21 when total development expenditure was Kshs.116.07 billion.

The key challenges that hampered effective budget execution have been identified. They included; a high level of pending bills, low expenditure on the development budget, under-performance in own-source revenue collection, high expenditure on personnel emoluments, and use of manual systems to process payroll. Other challenges included delay in submission of financial and non-financial reports by county governments, weak budgetary control by the County Treasuries, and use of own revenue at source contrary to Article 207 (1) of the Constitution.

The report has provided appropriate recommendations on addressing the challenges to enhance the smooth execution of the budget in the future, which included;advicee for county governments to settle pending bills as a first charge in the FY 2022/23 budget in line with Regulation 41 (2) of the Public Finance Management (County Governments) 2015, prioritisation of implementation of development projects in FY 2022/23 intomprove the standard of living for their citizens, counties are advised to review their FY 2022/23 revenue targets to confirm that they are realistic. Further, the County Governments should ensure that spending on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015. In FY 2022/23, all the County Governments are required to migrate to the Unified Human Resource (HR) Information System for the public service by 1st October 2022, in line with the guidelines by the Head of the Public Service. County governments are advised to put in place mechanisms to ensure adherence to legal provisions on submitting financial and non-financial statutory reports, and to develop mechanisms to ensure all own source revenue receipts are banked intact into the County Revenue Fund and that expenditure is within the approved budget and in line with work plans.