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ANNUAL COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FY 2014/15

AUGUST, 2015



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AUGUST 2015

PREFACE

It gives me great pleasure to present the annual County Governments Budget Implementation Review Report (CBIRR) for the Financial Year (FY) 2014/15. This annual report has been prepared in accordance with Article 228 (6) of the Constitution, which requires the Office of the Controller of Budget (OCOB) to submit to both Houses of Parliament a report on the implementation of the budgets of the National and County Governments every four months.

The report examines budget performance of the forty seven County Governments for the period July, 2014 to June, 2015. It reviews and considers revenue and expenditure performance against set targets. The analysis contained in this CBIRR is based on financial reports submitted to OCOB by the County Treasuries, approved County Budgets, and reports generated from the Integrated Financial Management Information System (IFMIS). The analysis and findings made in the report are largely based on provisions of the Constitution of Kenya, 2010 and the Public Finance Management (PFM) Act, 2012 as benchmarks. It highlights challenges faced in budget implementation and instances where the public finance management framework has not been adhered to, and proceeds to make recommendations to address the challenges.

The preparation of this report has been made possible by the efforts of staff of both OCOB and County Treasuries. The County Treasuries are responsible for execution of County Budgets while the OCOB is mandated to oversee and report on budget implementation. I take this opportunity to appreciate the crucial role played by the staff from County Treasuries and the OCOB in enhancing effective budget implementation.

This report is intended to create awareness in budget implementation among policy makers, legislators, the public, and all other stakeholders. I therefore, wish to urge the readers of this report to continue taking active interest in the budgeting cycle, from budget formulation to the budget monitoring and evaluation phase. We encourage public participation, which is particularly important in offering constructive discussions with County Governments. It is through public participation that stakeholders can contribute towards ensuring that the County Governments deliver on their objectives, pledges and the promises made to the citizenry. The public should interrogate the use of public resources in line with underlying policy guidelines and the priorities set by Government.



Mrs. Agnes Odhiambo
Controller of Budget

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ACRONYMS

BQ	Bills of Quantities
BROP	Budget Review and Outlook Paper
CA	County Assembly
CARPS	Capacity Assessment and Rationalization of the Public Service
CBEF	County Budget and Economic Forum
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CECM-F	County Executive Committee Member for Finance
CILOR	Contribution In Lieu of Rates
COB	Controller of Budget
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
Danida	Danish International Development Agency
E-G	Electronic Governance
GoK	Government of Kenya
G-PAY	Government Payment System
HSSF	Health Sector Services Fund
ICT	Information Communication Technology
MCA	Member of County Assembly
MTEF	Medium Term Expenditure Framework
M&E	Monitoring and Evaluation
O&M	Operations and Maintenance
OCOB	Office of the Controller of Budget
PE	Personnel Emoluments
PFM Act	Public Finance Management Act, 2012
SMEs	Small and Medium Enterprises

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EXECUTIVE SUMMARY

This FY 2014/15 Annual County Budget Implementation Review Report (CBIRR) is prepared in fulfilment of the requirements of Article 228(6) of the Constitution of Kenya, 2010. It highlights budget implementation for each of the 47 County Governments. Specifically, revenue and expenditure performance is analysed with key challenges encountered being discussed and appropriate recommendations provided. Expenditure by the County governments is mainly analysed by economic classification and by County entity.

In FY 2014/15, the aggregate Approved Budget estimates for the County governments amounted to Kshs.326.29 billion and comprised of Kshs.181.38 billion (55.6 per cent) allocation for recurrent expenditure and Kshs.144.91 billion (44.4 per cent) for development expenditure. Allocation to development activities conforms to the public finance requirement that at least 30 per cent of budget must be allocated for development programs.

In order to finance FY 2014/15 budget, County Governments expected to receive Kshs.226.66 billion from the National Government as equitable share of revenue, Kshs.1.87 billion as conditional allocations to Level 5 Hospitals, collect Kshs.50.38 billion from local sources, and utilize the unspent funds carried forward from FY 2013/14 of Kshs.41.25 billion. Further, Counties expected to receive Kshs.733.65 million from the Danish International Development Agency (DANIDA) as conditional grant to the Health Sector.

During FY 2014/15, County Governments received Kshs.228.53 billion from the National Government as direct transfer to respective County Revenue Funds (CRF) accounts. The transfers comprised of the equitable share of revenue raised nationally of Kshs.226.66 billion and Kshs.1.87 billion as conditional grant to Level 5 Hospitals. Counties raised Kshs.33.85 billion from local sources, received DANIDA grant to the Health Sector of Kshs.733.65 million, and had Kshs.41.67 billion as actual cash balance brought forward from the FY 2013/14. The local revenue raised during the period under review of Kshs.33.85 billion was 67.2 per cent of the total annual local revenue target of Kshs.50.38 billion and an increase from **Kshs.26.3 billion** generated in FY 2013/14. Cumulatively, a total of Kshs.304.78 billion was available to the Counties during the reporting period.

Counties that recorded the highest amounts of local revenue were Nairobi City, Mombasa, Nakuru, Kiambu and Narok at Kshs.11.5 billion,Kshs.2.49 billion, Kshs.2.20 billion, Kshs.2.11 billion and Kshs.1.64 billion respectively. Conversely, West Pokot, Marsabit, Mandera, Lamu and Tana River Counties recorded the lowest local revenue at Kshs.103.9 million, Kshs.99.12 million, Kshs.87.73 million, Kshs.61.67 million and Kshs.33.03 million respectively.

During the reporting period, County Governments accessed Kshs.262.30 billion from the County Revenue Fund (CRF) representing 80.4 per cent of the total Approved Budgets for FY 2014/15. These withdrawals were based on approvals by the Controller of Budget (COB) and consisted of Kshs.166.60 billion (63.5 per cent) for recurrent activities and Kshs.95.70 billion (36.5 per cent) for development activities.

In FY 2014/15, Counties spent a total of **Kshs.258 billion** which was 98.4 per cent of the total funds released for operations. This expenditure consisted of Kshs.167.56 billion for recurrent activities (64.9 per cent) and Kshs.90.44 billion (35.1 per cent) for development projects. The aggregate expenditure represented an absorption rate of **79.1 per cent** of the annual Approved Budget. Absorption rate is calculated as a percentage of actual expenditure to the Approved Budget.

The recurrent expenditure of Kshs.167.56 billion represented an absorption rate of 92.4 per cent of the annual recurrent budget, an increase from an absorption rate of 82.7 per cent recorded in FY 2013/14 when expenditure was Kshs.132.8 billion. Similarly, development expenditure of **Kshs.90.44 billion** translated to an absorption rate of **62.4 per cent** of the annual development budget, an increase from **36.4 per cent** recorded in FY 2013/14 when expenditure was **Kshs.36.6 billion.**

Counties that recorded the highest aggregate absorption rates were Homa Bay, Bomet and West Pokot at 105.2 per cent, 97.8 per cent, and 95.6 per cent respectively. Conversely, Lamu, Tharaka Nithi, Makueni, and Tana River recorded the lowest absorption rates at 68.4 per cent, 68.3 per cent, 62.9 per cent, and 51.7 per cent respectively.

Analysis of development budget indicates that Homa Bay, Bomet, Nandi, West Pokot and

Wajir had the highest absorption rates at 101.2 per cent, 99.6 per cent, 92.1 per cent, 91.8 per cent and 89.3 per cent respectively. Counties that had the lowest absorption rate for development budget were Nakuru, Embu, Tana River, Makueni and Nairobi City County at 42.7 per cent, 39.5 per cent, 38.4 per cent, 37.3 per cent and 33.5 per cent respectively.

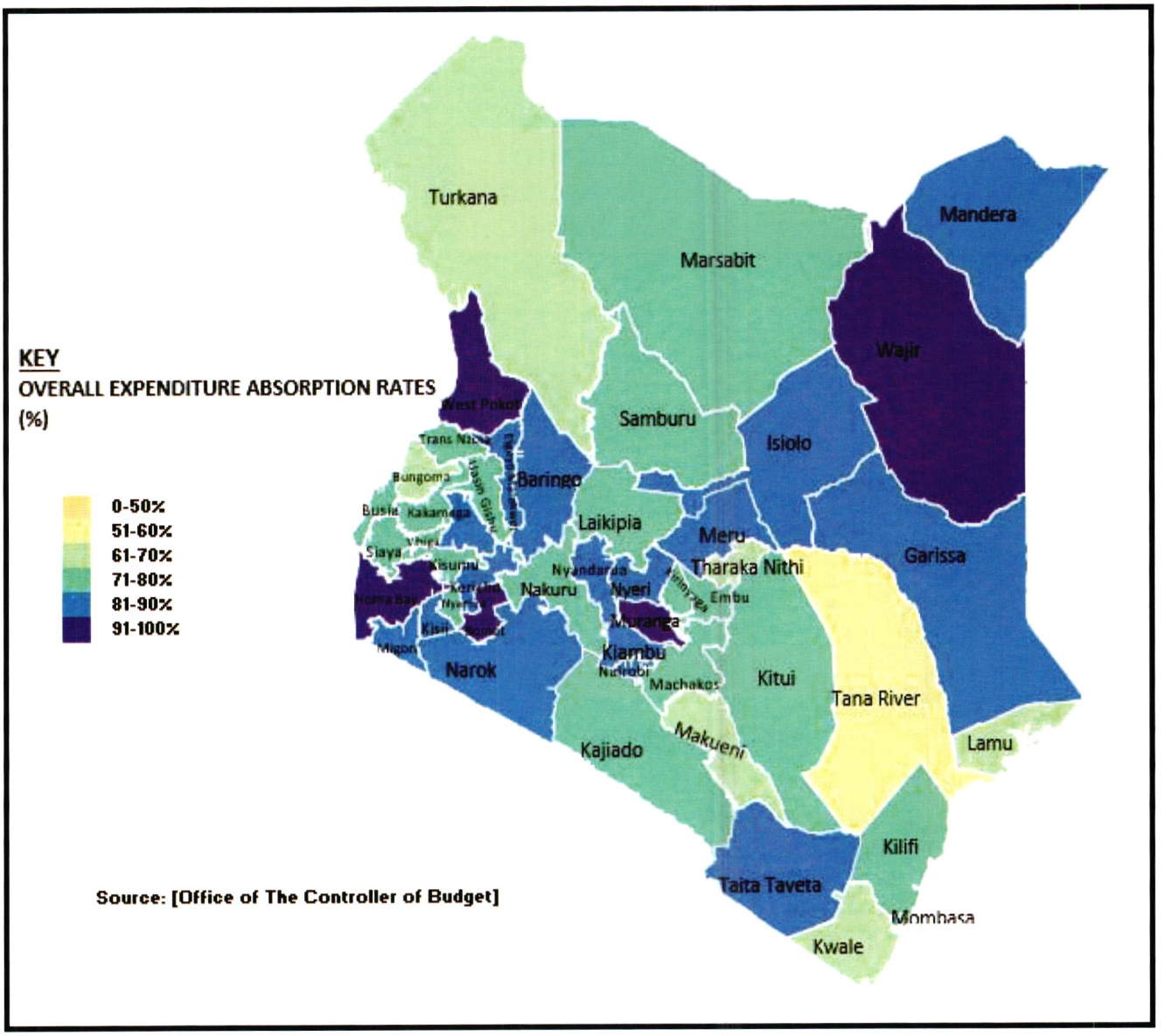
The office has observed that counties have addressed some of the challenges highlighted in the previous CBIRRs such as; (i) adoption of the Integrated Financial Management Information System (IFMIS), (ii) building capacity of technical staff, (iii) proper procurement planning that has led to improved absorption of development funds and (iv) compliance with budgetary timelines as provided for in the Public Financial Management (PFM) Act, 2012.

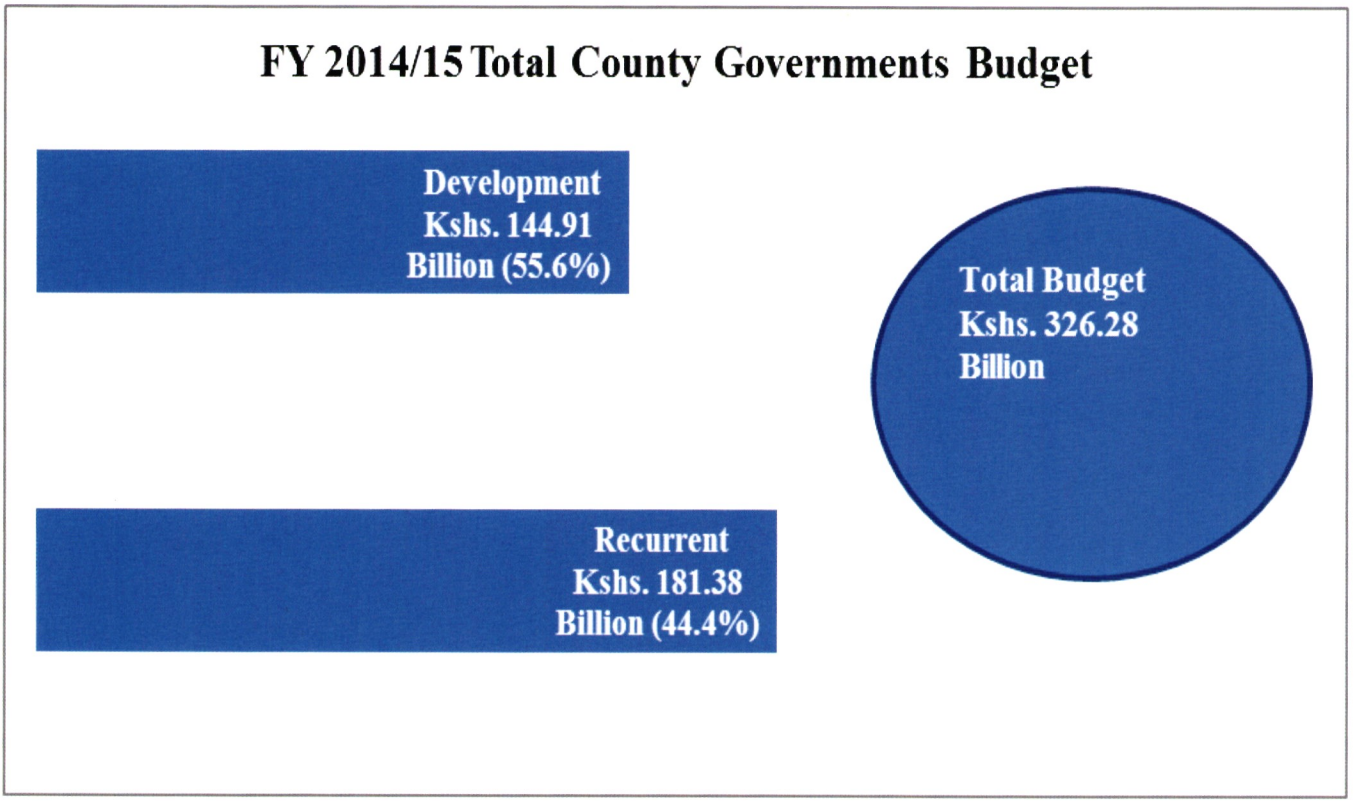
However, there still exist challenges that continue to hamper effective budget execution that require attention. These include; (i) Cash payment and manual processing of ward employees' wages under the County Assemblies contrary to government policy on automation of all financial transactions, (ii) underperformance of revenue collection, (iii) delay in reporting on public Funds established by the Counties, (iv) reallocation of exchequer releases between spending units without following public finance framework, (v) lack of, or ineffective monitoring and evaluation units to check the quality of development expenditure, and (vi) weak internal control systems especially in ensuring proper books of accounts are maintained.

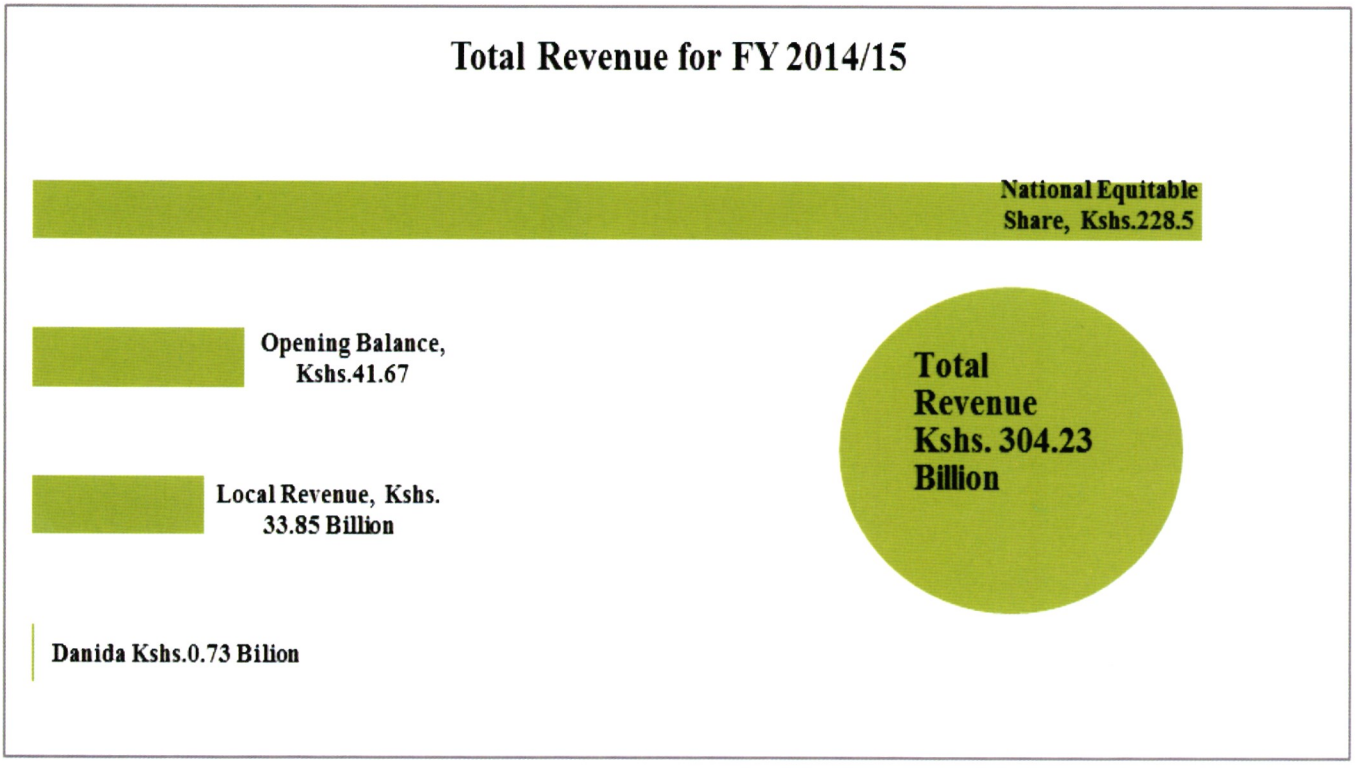
In order to address these challenges, counties should; (i) regularize the employment of ward employees under the County Assemblies and ensure all payments for the running of ward offices are done centrally and processed through IFMIS, (ii) set realistic revenue targets based on historical trends and review local revenue collection mechanisms and strategies to achieve the targets, (iii) appoint administrators for all established County Funds in line with Section 116 of the PFM Act, 2012 and ensure submission of quarterly financial reports to the County Treasury and the Controller of Budget as per Section 168 of the PFM Act, 2012, (iv) enhance budgetary control to ensure that exchequer issues are utilized for the approved purpose. All reallocations should be approved in line with Section 154 (2) of the PFM Act, 2012, (v) establish effective internal control systems units to enhance reporting and proper maintenance of books of accounts.

KEY HIGHLIGHTS

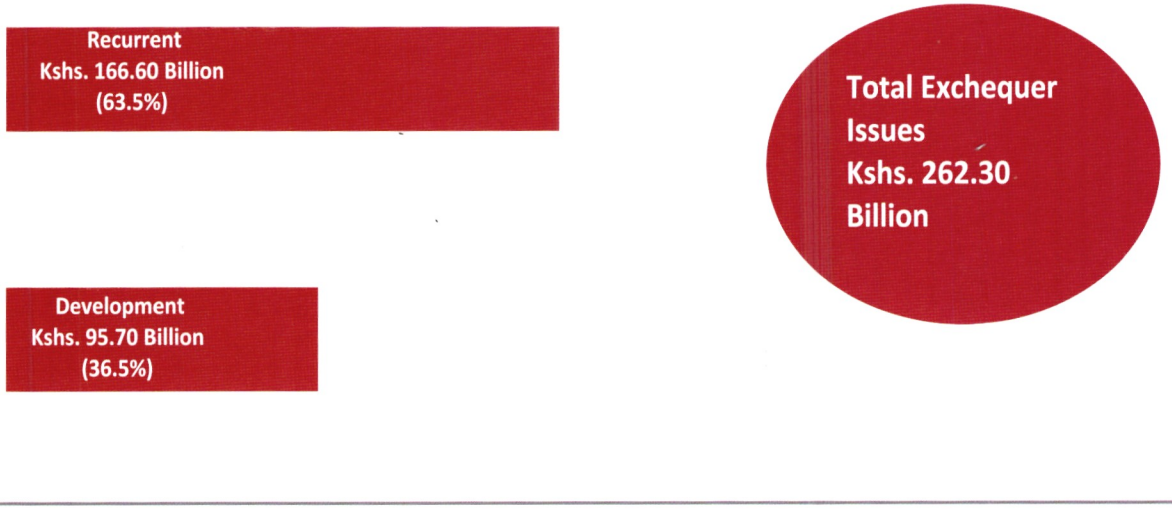
FY 2014/2015 Overall Absorption Rate per County



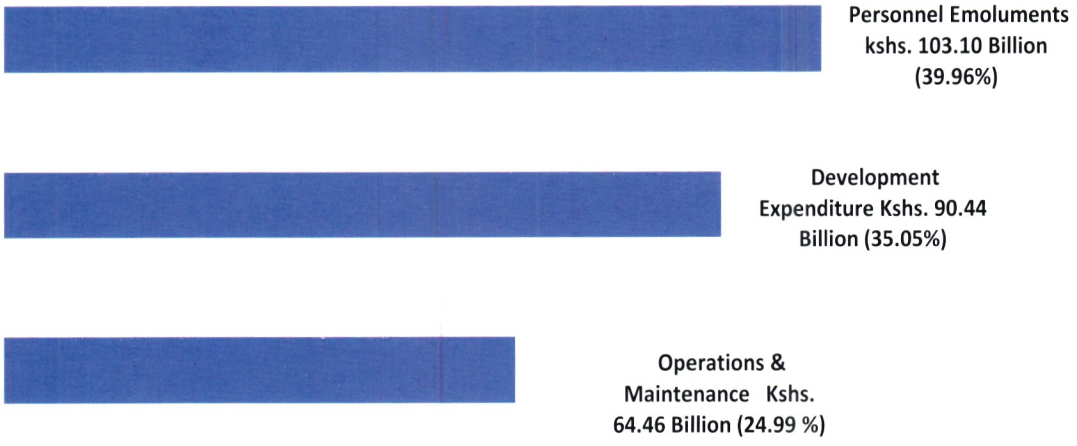

FY 2014/15 Total County Governments Budget
Development Kshs. 144.91 Billion (55.6%)
Recurrent Kshs. 181.38 Billion (44.4%)
Total Budget Kshs. 326.28 Billion

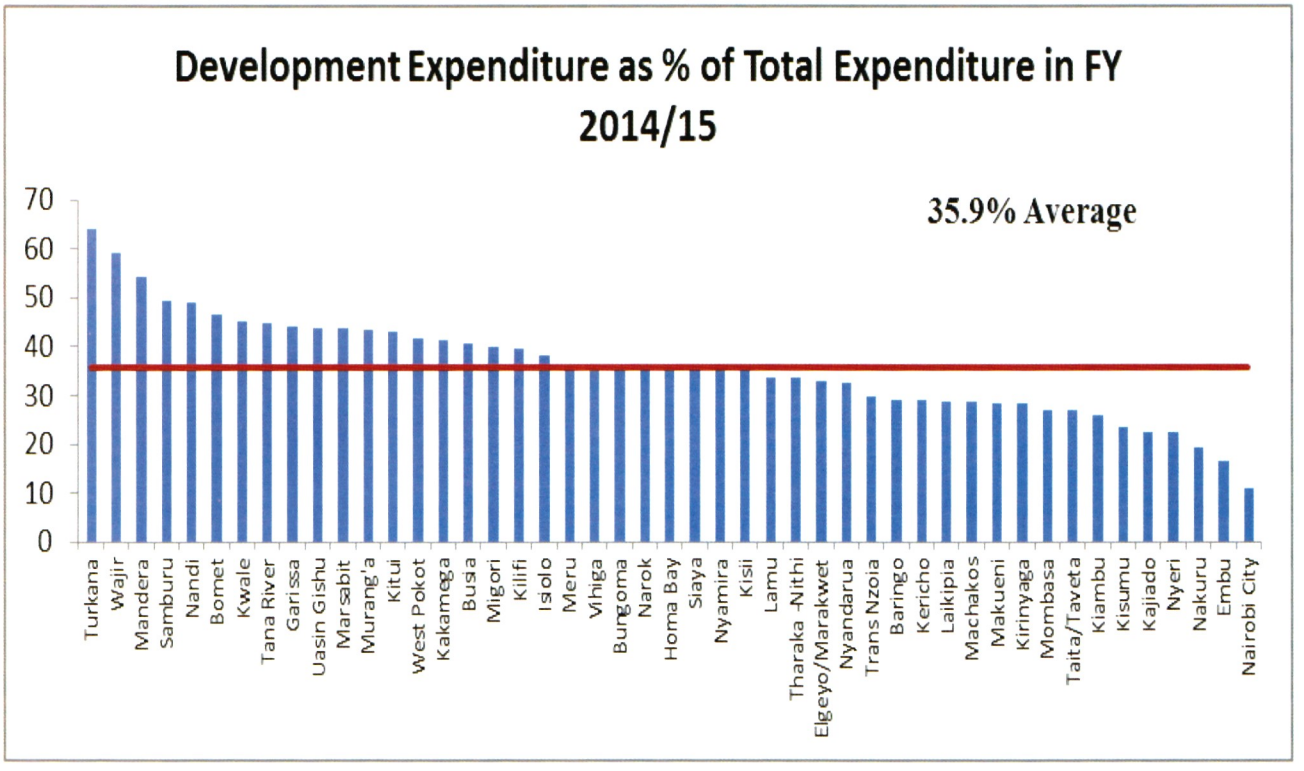

Total Revenue for FY 2014/15
National Equitable Share, Kshs.228.5
Opening Balance, Kshs.41.67
Local Revenue, Kshs. 33.85 Billion
Danida Kshs.0.73 Bilion
Total Revenue Kshs. 304.23 Billion

Exchequer Issues in FY 2014/15



FY 2014/15 Expenditure by Economic Classification




Development Expenditure as % of Total Expenditure in FY 2014/15
35.9% Average
70
60
50
40
30
20
10
0
Turkana
Wajir
Mandera
Samburu
Nandi
Bomet
Kwale
Tana River
Garissa
Uasin Gishu
Marsabit
Murang'a
Kitui
West Pokot
Kakamega
Busia
Migori
Kilifi
Isiolo
Meru
Vihiga
Bungoma
Narok
Homa Bay
Siaya
Nyamira
Kisii
Lamu
Tharaka -Nithi
Elgeyo/Marakwet
Nyandarua
Trans Nzoia
Baringo
Kericho
Laikipia
Machakos
Makueni
Kirinyaga
Mombasa
Taita/Taveta
Kiambu
Kisumu
Kajiado
Nyeri
Nakuru
Embu
Nairobi City

1.0 INTRODUCTION

This is the ninth report in a series of regular County Budget Implementation Review Reports (CBIRRs) by the Office of the Controller of Budget (OCOB) since the start of devolution in March 2013. The report presents a review of in-year budget execution by the County Governments for FY 2014/15. It is prepared in fulfillment of Article 228 (4) and 228 (6) of the Constitution of Kenya, 2010, and Section 39(8) of the Public Finance Management Act, 2012 (PFM Act, 2012).

The report presents the status of budget execution by the County Governments during the period July 2014 to June 2015. It offers useful information to the Senate and County Assemblies who are bestowed with the oversight mandate on utilization of public funds by the County Governments. This report also provides members of the public with information on budget implementation by the County Governments. The County Executives will also find this report useful in evaluating their achievements against set targets and benchmark their performance with other counties.

The report is arranged as follows; chapter one captures the introduction while chapter two provides an analysis of individual counties and cumulative revenue and expenditure performance against targets. In the review of expenditure, focus is on the broad economic classifications of Recurrent and Development expenditure. Recurrent expenditure is further disaggregated into Personnel Emoluments (PE) and Operations and Maintenance (O&M). Debt repayments and pending bills are discussed separately.

Chapter three presents individual County performance. The key issues noted during budget implementation for the period under review are highlighted and appropriate recommendations are provided.

Chapter four summarizes the cross-cutting issues that affect County Governments in budget implementation. Again, appropriate recommendations to enhance budget implementation are provided to ensure that government objectives are realized. Chapter five offers the conclusion.

2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN FY 2014/15

2..1 Revenue Analysis

The combined County Governments' Budget for FY 2014/15, was Kshs.326.29 billion, comprising of Kshs.181.38 billion (55.6 per cent) for recurrent expenditure and Kshs.144.91 billion (44.4 per cent) allocated to development expenditure. The budget was to be financed by equitable transfers from the National Government, revenue from local sources, grants from donors, and balance brought forward from FY 2013/14. The transfer from the National Government as equitable share was Kshs.226.66 billion, conditional allocation to Level 5 Hospitals was Kshs.1.87 billion, Revenue from local sources was estimated at Kshs.50.38 billion, and the balance brought forward from FY 2013/14 was Kshs.41.25 billion. Further, counties received Kshs.733.65 million from DANIDA as conditional grant to the Health sector.

The total funds that were available to the County governments in FY 2014/15 amounted to Kshs.304.78 billion. This amount comprised of Kshs.226.66 billion as equitable share of revenue from the National Government, Kshs.1.87 billion as conditional grant to Level 5 Hospitals, Kshs.33.85 billion from local revenue, Kshs.41.67 billion as actual cash balance from FY 2013/14, and Kshs. 733.65 million from DANIDA.

2.1.1 Transfers from the National Government

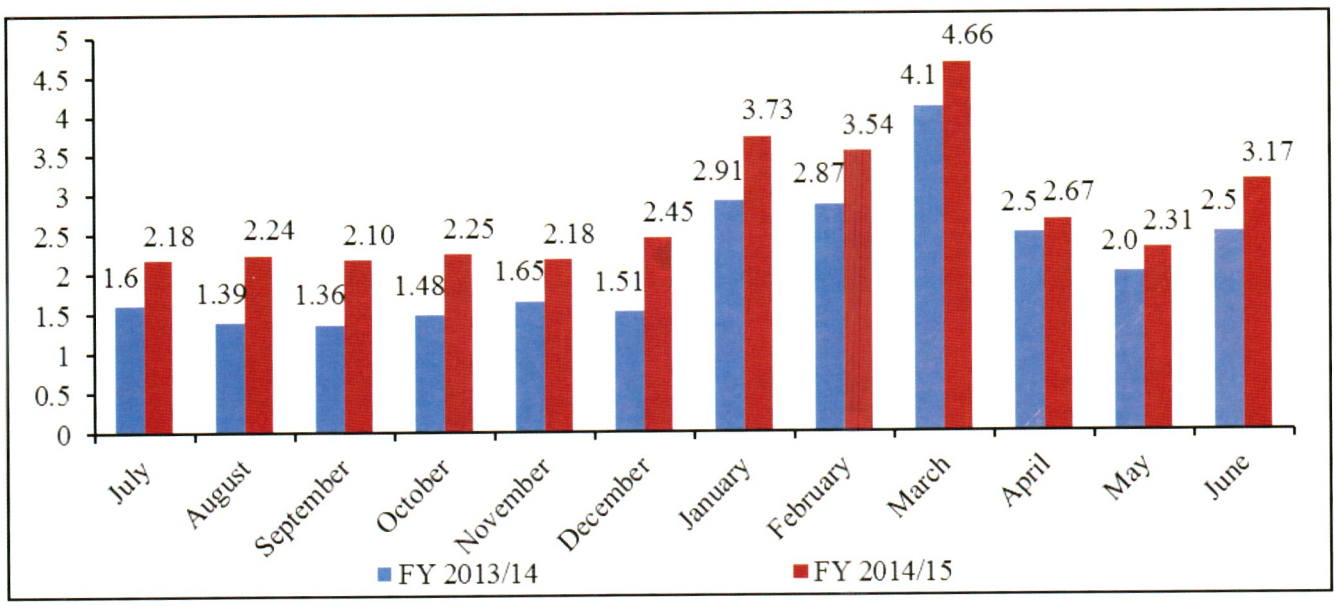
In FY 2014/15, the National Government allocated Kshs.242.43 billion to the Counties based on the Annual County Allocation of Revenue Act (CARA), 2014. This amount consists of Kshs.226.66 billion as the national equitable share of revenue; Kshs.1.87 billion as conditional allocation to Level 5 hospitals, and Kshs.13.9 billion as conditional allocation for on-going projects. However, the conditional allocation for on-going projects of Kshs.13.9 billion was not transferred to the County Governments as these projects were implemented by the National Government.

During FY 2014/15, the Controller of Budget approved transfer of Kshs.228.53 billion from the Consolidated Fund to the various County Revenue Funds (CRF) Accounts as shown in section 2.2.

2.1.2 Locally Collected Revenue

In FY 2014/15, County governments generated a total of **Kshs.33.85 billion** from local sources, which translated to **67.2 per cent** of the total annual local revenue target. This was an improvement compared to **Kshs.26.3 billion** realised in FY 2013/14 when the performance was **48.5 per cent** of annual target. Figure 1 shows the monthly local revenue collection for FY 2014/15 compared to FY 2013/14.

Figure 1: Monthly Local Revenue – FY 2013/14 and FY 2014/15 (Kshs. Billions)



Source: *County Treasuries*

From the analysis Nairobi City County generated the highest amount of local revenue at Kshs.11.50 billion during the period, followed by Mombasa, Nakuru, Kiambu and Narok Counties that raised Kshs.2.49 billion, Kshs.2.20 billion, Kshs.2.11 billion and Kshs.1.64 billion respectively. Counties that raised the lowest amount of local revenue during the reporting period were West Pokot, Marsabit, Mandera, Lamu and Tana River at, Kshs. 103.90 million, Kshs.99.12 million, Kshs.87.73 million, Kshs.61.67 million and Kshs.33.03 million respectively.

Analysis of local revenue as a proportion of annual revenue targets in the reporting period indicates that Marsabit County attained the highest rate at 204.8 per cent followed by Nyandarua and Turkana Counties at 120.3 per cent and 115 per cent respectively. Counties that recorded the lowest proportion of the local revenue against annual targets were Isiolo County at 29.53 per cent, Tana River County at 27.5 per cent and Garissa County at 18.7 per cent, as shown in Table 1 .

Table 1: Locally Collected Revenue by Counties in FY 2014/15

	Annual local revenue target FY 2014/15 (Kshs.)	Ist Quarter Local Revenue (KShs.)	2nd Quarter Local Revenue (Kshs.)	3rd Quarter Local Revenue (Kshs.)	4th Quarter Local Revenue (Kshs.)	Total Local Revenue: Q1+Q2+Q3+ Q4 (Kshs.)	% of Local Revenue Against Annual Local Revenue Target
Baringo	255,800,000	72,859,999	44,782,678	63,604,554	68,476,198	249,723,429	97.6%
Bomet	239,046,286	36,431,865	25,492,000	69,324,853	75,137,616	206,386,334	86.3%
Bungoma	1,075,035,502	75,811,736	72,008,680	156,883,905	199,919,322	504,623,643	46.9%
Busia	324,945,073	72,432,967	63,205,454	85,485,931	94,077,723	315,202,075	97.0%
Elgeyo/Marakwet	132,023,379	23,059,797	23,122,859	29,235,945	53,487,170	128,905,771	97.6%
Embu	748,000,000	81,315,514	68,543,584	141,362,337	109,883,668	401,105,103	53.6%
Garissa	700,000,000	26,077,833	42,501,612	39,083,328	23,054,876	130,717,649	18.7%
Homa Bay	153,687,573	31,889,274	33,106,437	48,718,258	44,146,276	157,860,245	102.7%
Isiolo	452,699,367	49,903,138	29,718,731	28,865,080	25,212,369	133,699,318	29.5%
Kajiado	959,045,150	112,293,534	124,123,000	316,486,406	232,934,828	785,837,768	81.9%
Kakamega	903,537,623	144,832,562	102,901,249	126,213,379	142,941,834	516,889,024	57.2%
Kericho	383,435,490	67,326,982	68,394,702	137,794,483	140,065,265	413,581,432	107.9%
Kiambu	3,263,234,585	407,222,159	375,959,719	681,099,313	646,575,366	2,110,856,557	64.7%
Kilifi	1,000,000,000	103,040,581	106,776,012	218,353,886	117,328,572	545,499,050	54.5%
Kirinyaga	422,454,650	49,515,000	64,781,751	124,320,860	73,017,434	311,635,045	73.8%
Kisii	630,000,000	64,732,629	63,062,372	99,341,721	69,634,693	296,771,415	47.1%
Kisumu	1,500,000,000	179,913,944	263,001,493	316,185,183	211,802,787	970,903,407	64.7%
Kitui	650,000,000	72,108,100	63,468,557	74,713,095	110,231,542	320,521,294	49.3%
Kwale	500,000,000	56,613,666	40,010,533	81,637,615	75,710,446	253,972,260	50.8%
Laikipia	400,000,000	51,378,961	49,444,045	121,626,343	178,035,395	400,484,744	100.1%
Lamu	65,740,000	5,008,154	9,669,663	28,816,985	18,177,453	61,672,255	93.8%
Machakos	2,850,000,000	353,464,417	260,995,380	441,350,333	300,749,758	1,356,559,888	47.6%
Makueni	230,000,000	51,802,993	34,986,402	65,866,418	62,694,141	215,349,954	93.6%
Mandera	251,285,781	18,993,910	18,914,914	32,563,046	17,257,591	87,729,461	34.9%

	Annual local revenue target FY 2014/15 (Kshs.)	I[st] Quarter Local Revenue (KShs.)	2[nd] Quarter Local Revenue (Kshs.)	3[rd] Quarter Local Revenue (Kshs.)	4[th] Quarter Local Revenue (Kshs.)	Total Local Revenue: Q1+Q2+Q3+ Q4 (Kshs.)	% of Local Revenue Against Annual Local Revenue Target
Marsabit	48,400,000	22,888,544	19,413,072	27,857,641	28,948,208	99,107,465	204.8%
Meru	588,038,730	106,009,947	90,321,710	154,307,390	188,600,863	539,239,910	91.7%
Migori	500,000,000	86,593,618	53,650,911	88,697,193	126,169,834	355,111,556	71.0%
Mombasa	5,121,608,017	319,999,583	418,828,833	1,090,221,238	663,550,491	2,492,600,145	48.7%
Murang'a	800,000,000	107,394,856	100,044,430	224,287,289	130,500,959	562,227,534	70.3%
Nairobi City	13,323,722,061	1,781,747,512	2,541,536,355	4,878,473,060	2,298,292,553	11,500,049,480	86.3%
Nakuru	2,755,924,489	461,938,285	433,636,562	694,488,032	610,216,723	2,200,279,602	79.8%
Nandi	456,070,000	99,558,564	82,057,262	58,659,466	57,767,191	298,042,483	65.4%
Narok	3,366,157,146	725,955,853	489,724,059	210,803,882	212,721,916	1,639,205,710	48.7%
Nyamira	219,053,554	23,244,966	27,731,136	23,145,516	30,133,066	104,254,684	47.6%
Nyandarua	200,000,000	26,862,669	25,013,247	100,705,132	88,048,424	240,629,472	120.3%
Nyeri	1,343,926,804	89,680,222	178,464,316	208,249,579	204,305,950	680,700,067	50.7%
Samburu	406,550,140	90,365,678	30,278,803	48,520,806	26,550,061	195,715,348	48.1%
Siaya	301,530,027	36,095,500	24,641,813	41,839,880	40,751,295	143,328,488	47.5%
Taita/Taveta	521,830,636	56,016,258	36,663,851	52,249,953	71,673,616	216,603,678	41.5%
Tana River	120,000,000	5,331,796	3,581,045	11,150,812	12,969,837	33,033,490	27.5%
Tharaka -Nithi	250,000,000	30,794,708	26,915,276	26,036,354	31,983,384	115,729,722	46.3%
Trans Nzoia	385,000,000	34,696,804	27,362,543	139,442,894	99,764,864	301,267,105	78.3%
Turkana	110,000,000	34,258,055	29,535,938	35,793,035	26,937,479	126,524,507	115.0%
Uasin Gishu	890,000,000	180,863,186	112,682,835	318,805,496	188,472,025	800,823,542	90.0%
Vihiga	377,743,491	25,585,989	23,084,832	29,358,286	37,910,119	115,939,226	30.7%
Wajir	105,136,917	20,757,750	25,982,499	27,327,270	33,675,115	107,742,634	102.5%
West Pokot	96,197,480	22,314,108	25,861,390	30,144,156	25,579,675	103,899,329	108.0%
Total	**50,376,859,951**	**6,596,984,166**	**6,875,984,545**	**12,049,497,617**	**8,326,075,970**	**33,848,542,299**	**67.2%**

Source: *County Treasuries*

2.2 Funds Released to the County Revenue Fund Accounts

As of June 30, 2015, the OCOB had approved transfer of Kshs.228.53 billion from the Consolidated Fund to the various County Revenue Funds. This amount comprised of Kshs.226.66 billion as equitable share of revenue, Kshs.1.87 billion as conditional grants to Level 5 Hospitals. Further, Kshs.733.65 million was received as conditional grants from DANIDA to supplement financing of County health facilities.

Analysis of these transfers shows that the highest disbursement at Kshs.11.37 billion was to Nairobi City County followed by Turkana County at Kshs.9.15 billion, Kakamega County at Kshs.8.00 billion, Mandera County at Kshs.7.83 billion and Nakuru County at Kshs.7.42 billion. The Counties that received the least amounts were Tharaka-Nithi at Kshs.2.75 billion, Isiolo at Kshs.2.67 billion, and, Lamu at Kshs.1.80 billion.

2.2.1 Funds Released to the County Operational Accounts

During the reporting period, OCOB approved transfer of Kshs.262.30 billion from the CRFs to the County Operational Accounts. The approved transfers consisted of Kshs.166.60 billion (63.5 per cent) for recurrent expenditure and Kshs.95.70 billion (36.5 per cent) for development expenditure.

The Nairobi City County received the highest aggregate amount of transfers at Kshs.13.48 billion followed by Turkana County at Kshs.10.53 billion, Mandera County at Kshs.9.02 billion and Kiambu at Kshs.8.97 billion. Counties that received the least amounts included Isiolo at Kshs.3.14 billion, Tharaka Nithi at Kshs.2.85 billion and Lamu at Kshs.1.95 billion.

Analysis of the funds released for recurrent activities indicates that Nairobi City County, Nakuru County and Kiambu County received the highest amount at Kshs.12.98 billion, Kshs.6.84 billion and Kshs.6.80 billion respectively. Conversely, Tharaka Nithi, Tana River, and Lamu Counties had the least amount of funds released for recurrent expenditure at Kshs.1.98 billion, Kshs.1.80 billion, Kshs.1.25 billion respectively.

On development activities, Turkana, Mandera, and Wajir Counties received the highest amount of funds at Kshs.7.23 billion, Kshs.4.91 billion and Kshs.3.90 billion respectively. Counties that received the least amount for development activities included Embu at Kshs.739.28 million, Lamu at Kshs.692.67 million, and Nairobi City at Kshs.496 million.

2.3 Expenditure Analysis

The total expenditure by the Counties in FY 2014/15 amounted to Kshs.258.00 billion, representing an absorption rate of 79.1 per cent of the aggregated annual County budgets, an increase from the 64.9 per cent attained in FY 2013/14 when the total expenditure was Kshs.169.4 billion. Recurrent expenditure amounted to Kshs.167.56 billion, representing an absorption rate of **92.4 per cent** of the annual recurrent budget while development expenditure was Kshs.90.44 billion, representing an absorption rate of **62.4 per cent**. In FY 2013/14, recurrent expenditure represented an absorption rate of **78.4 per cent** while development expenditure was **21.6 per cent**.

Counties that had the highest expenditure in absolute terms were; Nairobi City at Kshs.21.02 billion, Mandera at Kshs.9.02 billion, Turkana at Kshs.9.02 billion and Kiambu at Kshs.8.77 billion. Tharaka Nithi, Tana River, and Lamu Counties reported the least absolute expenditure at Kshs.2.70 billion, Kshs.2.35 billion and Kshs.1.72 billion respectively.

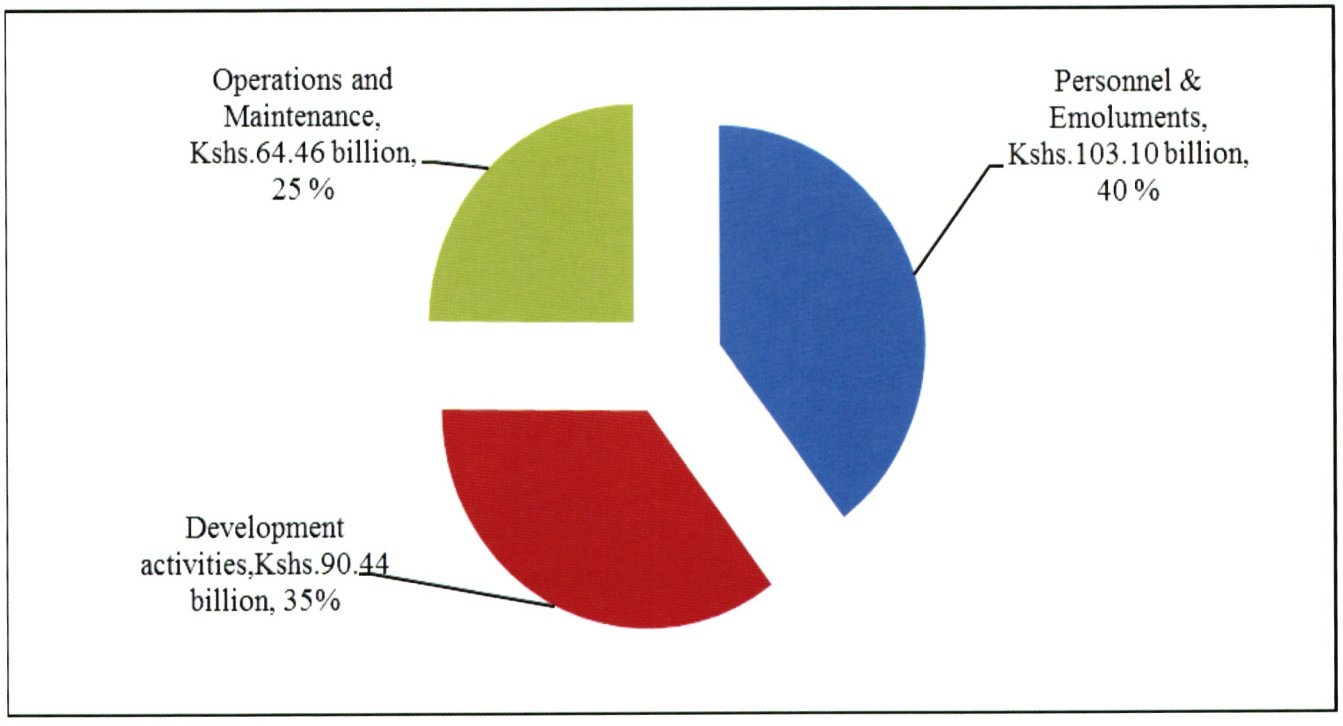
Analysis of expenditure as a percentage of the funds released by OCOB indicates that some counties recorded above 100 per cent of expenditure to total funds released which is an indication that funds were spent without the approval of COB. These Counties include: Nairobi City at 156.0 per cent, Homa Bay at 115.5 per cent, Mombasa at 109.2 per cent, Narok at 104.2 per cent, Machakos at 104.0 per cent, Murang'a at 102.1 per cent, Nyamira at 100.4 per cent, Baringo at 100.4 per cent, Nandi at 100.3 per cent, and Kilifi at 100.2 per cent. This may be attributed to spending of locally generated revenue at source, which contravenes the provisions of Article 207 (1) of the Constitution. Counties that had the least percentage of expenditure to funds released included: Tana River at 51.7 per cent, Trans Nzoia at 85.6 per cent and Marsabit at 85.7 per cent.

On absorption of funds, Homa Bay County attained the highest absorption rate of the annual budget at 105.2 per cent followed by Bomet County at 97.8 per cent, and West Pokot County at 95.6 per cent. Absorption rate above 100 per cent indicates that the County incurred unauthorised expenditure. Counties that reported the least absorption rates were Lamu, Tharaka Nithi, Makueni, and Tana River at 68.4 per cent, 68.3 per cent, 62.9 per cent and 51.7 per cent respectively.

Analysis of the aggregate County expenditure by economic classification shows that Kshs.103.10 billion (40.0 per cent) was spent on personnel emoluments, Kshs.90.44

billion (35.0 per cent) on development activities, and Kshs.64.46 billion (25.0 per cent) on operations and maintenance. Out of the total expenditure, Kshs.2.24 billion was spent on debt repayment & pending bills from the previous financial year, and Kshs.7.48 billion on various established County Funds. Figure 2 depicts analysis of expenditure by economic classification.

Figure 2: Expenditure by Economic Classification



Source: *OCOB and County Treasuries*

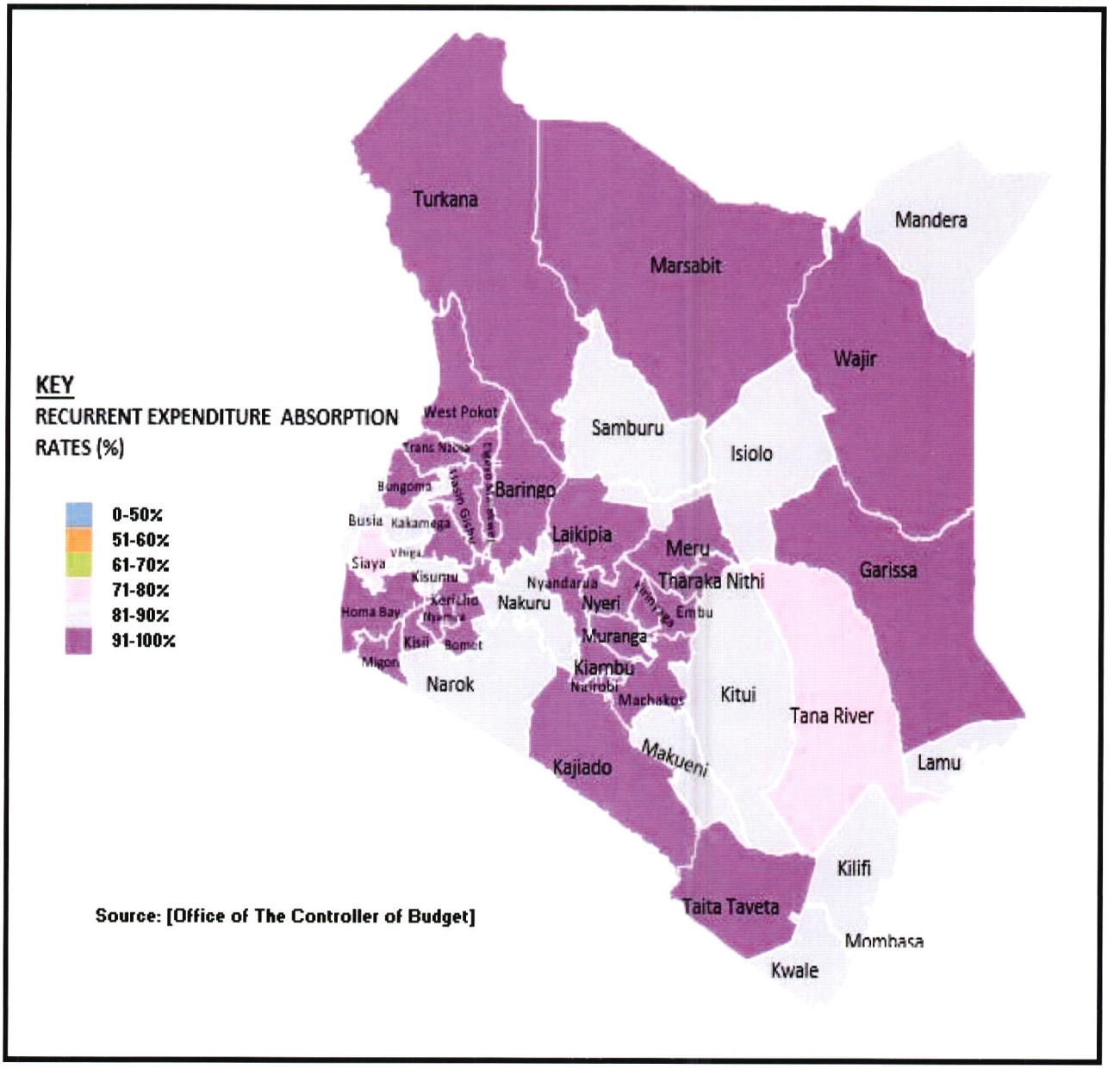
2.4 Recurrent Expenditure

In FY 2014/15, total recurrent expenditure by the Counties amounted to Kshs.167.56 billion, translating to 64.9 per cent of the total expenditure, an absorption rate of 92.4 per cent of the annual recurrent budget, an increase from 82.7 per cent recorded in FY 2013/14 when recurrent expenditure was Kshs.132.8 billion.

The Nairobi City County had the highest absolute expenditure on recurrent activities at Kshs.18.72 billion followed by Nakuru and Kiambu counties at Kshs.6.60 billion and Kshs.6.48 billion respectively. Isiolo, Samburu, Tana River and Lamu Counties had the lowest recurrent expenditure at Kshs.1.76 billion, Kshs.1.66 billion, Kshs.1.29 billion and Kshs. 1.14 billion respectively.

From the analysis, Homa Bay County recorded the highest absorption rate of the annual recurrent budget at 107.6 per cent, followed by Murang'a County at 107.2 per cent, Machakos County at 102.9 per cent, and Nyandarua County at 100.6 per cent. The lowest absorption rate of annual recurrent budget was recorded in the following Counties: Samburu at 80.4 per cent, Kakamega at 80.3 per cent, Siaya at 78.8 per cent, and Tana River at 72.0 per cent as shown in Figure 3.

Figure 3: Recurrent Expenditure by County for FY 2014/15



2.4.1 Personnel Emoluments

During FY 2014/15, the Counties spent a total of Kshs.103.1 billion on personnel emoluments, representing 61.5 per cent of total recurrent expenditure and 40.0 per cent of total expenditure. The highest expenditure on personnel emoluments was recorded in Nairobi City County at Kshs.13.91 billion followed by Nakuru County at Kshs.4.36 billion and Kiambu County at Kshs.4.32 billion. Tana River, Isiolo, and Lamu counties incurred the lowest expenditure on personnel emoluments at Kshs.809.40 million, Kshs.777.02 million and Kshs.651.96 million respectively.

Analysis of personnel emoluments as a proportion of the total recurrent expenditure shows that Laikipia County recorded the highest proportion at 80.0 per cent followed by Kirinyaga County at 76.6 per cent and Nairobi City County at 74.3 per cent. Kilifi, Marsabit and Mandera counties had the lowest proportion of their personnel emoluments as a proportion of total recurrent expenditure at 39.1 per cent, 37.9 per cent and 29.1 per cent respectively.

2.5 Operations and Maintenance

On aggregate, counties spent Kshs.59.54 billion on operations and maintenance, representing 35.5 per cent of the total recurrent expenditure. Counties that reported the highest expenditure on operations and maintenance were Nairobi City at Kshs.4.81 billion followed by Mandera at Kshs.2.91 billion, and Kilifi at Kshs.2.76 billion. Those with the least expenditure were; Laikipia, Tana River and Kirinyaga at Kshs.423.96 million, Kshs.409.10 million and Kshs.381.98 million respectively.

Analysis of operations and maintenance expenditure as a proportion of total recurrent expenditure shows that Mandera County had the highest proportion at 70.9 per cent followed by Kilifi County at 60.9 per cent and Garissa County at 60.7 per cent. Those with the least proportion of expenditure on operations and maintenance as a percentage of total recurrent expenditure were Laikipia at 17.6 per cent, Kirinyaga at 16.7 per cent and Mombasa at 15.4 per cent.

2.5.1 Analysis of MCAs Sitting Allowances

In FY 2014/15, counties spent Kshs.2.94 billion on MCAs' sitting allowances against an annual allocation of Kshs.3.46 billion translating to an absorption rate of 85.6 per cent. This is an increase from the 74.6 per cent absorption rate recorded in the FY 2013/14 where counties spent a total of Kshs.2.4 billion.

Nairobi City County had the highest expenditure on MCAs' sitting allowances at Kshs.150.52 million, followed by Kakamega County at Kshs 147.54 million, Migori County at Kshs.130.75 million, Homa Bay County at Kshs.126.55 million, and Kisii County at Kshs.118.40 million. Counties with the lowest expenditure on MCAs' sitting allowances were; Tharaka Nithi at Kshs.20.89 million, Laikipia at Kshs.17.04 million and Isiolo at Kshs.13.59 million.

Further review of the MCAs' sitting allowances indicates that the Turkana County Assembly spent Kshs.54.30 million on sitting allowances which exceeded the annual budget allocation of Kshs.10 million at 494.3 per cent. Other counties that recorded high proportions of expenditure on MCA's sitting allowances to their respective annual budgets during the reporting period were; Kisii at 134.6 per cent, Murang'a at 126.3 per cent, Nyandarua at 112.2 per cent, Bomet at 111.2 per cent, Siaya at 110.1 per cent and Nyeri at 105.6 per cent.

Conversely, those counties that recorded the lowest proportion of expenditure on MCA's sitting allowences to their respective annual budgets were; Tana River at 44.0 per cent, Mandera at 43.8 per cent and Wajir at 37.0 per cent. Table 2 shows the budgetary allocation and the expenditure for MCAs' sitting allowance during the period under review.

Table 2: FY 2014/15 Annual Budget and Expenditure for MCA Sitting Allowances.

	Budgetary Allocation (Kshs)	Expenditure (Kshs)	Absorption Rate %	No. of MCAs	Monthly Avg. Sitting All. per MCA (Kshs)
Baringo	31,500,000	31,495,764	99.99	49	53,564
Bomet	40,320,000	44,822,000	111.17	35	106,719
Bungoma	118,310,400	102,285,000	86.45	64	133,184
Busia	101,794,809	98,518,624	96.78	54	152,035
Elgeyo/Marakwet	39,224,000	33,450,270	85.28	31	89,920
Embu	32,651,656	33,572,110	102.82	34	82,285
Garissa	73,016,400	65,130,455	89.20	49	110,766
Homa Bay	150,000,000	126,550,080	84.37	64	164,779
Isiolo	14,000,000	13,585,153	97.04	21	53,909
Kajiado	61,288,757	58,608,473	95.63	42	116,287
Kakamega	178,144,800	147,538,300	82.82	88	139,714
Kericho	84,865,600	58,575,200	69.02	48	101,693
Kiambu	72,500,000	71,445,001	98.54	88	67,656
Kilifi	95,000,000	69,848,800	73.53	54	107,791
Kirinyaga	70,982,400	49,994,200	70.43	30	138,873
Kisii	88,000,000	118,396,422	134.54	72	137,033
Kisumu	62,292,294	65,086,800	104.49	50	108,478
Kitui	63,298,000	50,435,732	79.68	57	73,736
Kwale	52,527,857	47,627,221	90.67	34	116,733
Laikipia	17,150,233	17,037,050	99.34	24	59,156
Lamu	24,200,000	24,242,012	100.17	21	96,198
Machakos	63,000,000	36,992,724	58.72	59	52,250
Makueni	28,228,530	28,298,530	100.25	48	49,129
Mandera	50,875,000	22,304,664	43.84	49	37,933
Marsabit	45,000,000	44,999,890	100.00	33	113,636
Meru	113,574,713	107,612,720	94.75	70	128,110
Migori	140,597,000	130,748,408	93.00	61	178,618
Mombasa	53,773,132	52,712,187	98.03	43	102,155
Murang'a	51,042,000	64,488,827	126.34	50	107,481
Nairobi City	190,705,000	150,518,200	78.93	128	97,994
Nakuru	102,000,000	100,449,922	98.48	75	111,611
Nandi	89,356,800	43,824,280	49.04	49	74,531

	Budgetary Allocation (Kshs)	Expenditure (Kshs)	Absorption Rate %	No. of MCAs	Monthly Avg. Sitting All. per MCA (Kshs)
Narok	41,400,000	39,239,956	94.78	48	68,125
Nyamira	64,000,000	50,161,035	78.38	33	126,669
Nyandarua	59,072,000	66,262,582	112.17	42	131,473
Nyeri	77,843,200	82,181,900	105.57	47	145,713
Samburu	44,602,030	37,722,570	84.58	26	120,906
Siaya	78,624,000	86,596,600	110.14	49	147,273
Taita/Taveta	56,448,000	26,448,000	46.85	35	62,971
Tana River	48,991,696	21,553,970	44.00	27	66,525
Tharaka -Nithi	29,540,000	20,894,912	70.73	25	69,650
Trans Nzoia	90,131,200	89,606,400	99.42	39	191,467
Turkana	10,984,012	54,300,000	494.35	47	96,277
Uasin Gishu	53,075,375	53,053,165	99.96	45	98,247
Vihiga	77,566,215	61,861,870	79.75	40	128,879
Wajir	243,554,481	90,100,567	36.99	46	163,226
West Pokot	54,035,004	44,664,100	82.66	33	112,788
Total	**3,429,086,594**	**2,935,842,646**	**85.62**	**2,256**	**108,446**

Source: *OCOB & County Treasuries*

The average monthly MCAs' sitting allowances in the following Counties exceeded SRC's maximum monthly allowance of Kshs.124,800; Bomet, Bungoma, Busia, Homa Bay, Kakamega, Kirinyaga, Kisii, Kisumu, Lamu, Migori, Murang'a, Nyamira, Nyandarua, Nyeri, Siaya, Trans Nzoia, Turkana, Vihiga and Wajir. As highlighted in the previous CBIRR report, the office recommends that an audit of this expense item should be conducted to ascertain the validity of the expenditure and recovery of excess payments.

2.5.2 Analysis of Expenditure on Domestic and Foreign Travels

In FY 2014/15, Counties spent Kshs.9.15 billion on domestic and foreign travel, against an annual budgetary allocation of Kshs.10.05 billion, representing an absorption rate of 91.0 per cent of the annual budget. This is an increase from the expenditure of Kshs.7.70 billion or an absorption rate of 76 per cent recorded in the same period in FY 2013/14.

In absolute terms, Kiambu County had the highest expenditure on domestic and foreign travel at Kshs.370.0 million followed by Kajiado County at Kshs.354.72 million, Nairobi City County at Kshs.340.52 million and Turkana County at Kshs.294.55 million. Conversely, Mombasa County, Vihiga, Kirinyaga and Elgeyo Marakwet Counties had the least expenditure under this category at Kshs.22.6 million, Kshs.84.5 million, Kshs.95.1 million and Kshs.104.2 million respectively.

When actual expenditure is analysed as proportion of annual budgetary allocation for domestic and foreign travel, Vihiga County had the highest proportion at 301.9 per cent followed by Murang'a County at 240.0 per cent, Nakuru County at 159.6 per cent and Bomet County at 136.6 per cent. The Counties with the lowest proportion of expenditure on domestic and foreign travel to annual budgetary allocation were; Kisumu County at 65.2 per cent, Migori County at 59.7 per cent and Mombasa County at 12.9 per cent.

From the analysis presented in Table 3, fourteen counties exceeded their annual allocation for domestic and foreign travel. These are; Baringo, Bomet, Embu, Homa Bay, Kericho, Kisii, Machakos, Murang'a, Nakuru, Siaya, Trans Nzoia, Vihiga, Wajir and West Pokot. The office recommends that an audit of this expense item should be conducted to ascertain the validity of the expenditure.

Table 3: Analysis of Domestic and Foreign Travel by the County Assemblies and the County Executives

	County Assembly			County Executive			Total Expenditure		
	Budget (Kshs)	Expenditure (Kshs)	Absorption	Budget (Kshs)	Expenditure (Kshs)	Absorption (%)	Budget (Kshs)	Expenditure (Kshs)	Absorption (%)
Baringo	72.96	98.30	134.75	91.29	84.92	93.02	164.25	183.23	111.56
Bomet	54.80	54.80	100.00	31.40	62.96	200.50	86.20	117.75	136.61
Bungoma	81.22	34.18	42.09	197.26	130.28	66.05	278.48	164.47	59.06
Busia	37.40	37.32	99.80	162.59	98.45	60.55	199.99	135.77	67.89
Elgeyo/ Marakwet	43.90	43.90	100.00	60.30	60.30	100.00	104.20	104.20	100.00
Embu	76.45	87.43	114.36	38.79	57.49	148.23	115.24	144.92	125.76
Garissa	28.40	27.55	97.00	128.34	124.87	97.30	156.74	152.42	97.25
Homa Bay	88.50	126.32	142.73	48.94	50.76	103.71	137.44	177.08	128.84
Isiolo	72.70	65.56	90.18	234.06	211.40	90.32	306.76	276.96	90.29
Kajiado	154.84	137.12	88.56	253.35	217.60	85.89	408.19	354.72	86.90
Kakamega	123.84	123.41	99.65	207.47	127.31	61.36	331.31	250.72	75.67
Kericho	55.77	62.46	112.00	92.31	100.90	109.30	148.09	163.37	110.32

	County Assembly			County Executive			Total Expenditure		
	Budget (Kshs)	Expenditure (Kshs)	Absorption	Budget (Kshs)	Expenditure (Kshs)	Absorption (%)	Budget (Kshs)	Expenditure (Kshs)	Absorption (%)
Kiambu	208.00	193.19	92.88	192.61	176.81	91.80	400.61	370.00	92.36
Kilifi	85.25	108.89	127.73	251.49	156.12	62.08	336.74	265.01	78.70
Kirinyaga	33.00	29.24	88.60	90.66	65.91	72.70	123.66	95.14	76.94
Kisii	80.39	78.81	98.04	145.11	179.14	123.45	225.50	257.95	114.39
Kisumu	53.57	52.17	97.38	151.00	81.29	53.84	204.57	133.46	65.24
Kitui	99.35	65.68	66.11	152.86	145.74	95.34	252.21	211.42	83.83
Kwale	58.57	34.68	59.21	226.29	190.34	84.11	284.86	225.02	78.99
Laikipia	52.31	52.11	99.61	65.21	57.13	87.60	117.52	109.23	92.95
Lamu	34.23	34.58	101.03	74.18	72.97	98.37	108.41	107.55	99.21
Machakos	128.40	122.62	95.50	57.82	68.58	118.61	186.22	191.20	102.67
Makueni	93.16	96.55	103.65	148.21	142.56	96.19	241.36	239.11	99.07
Mandera	49.48	74.14	149.86	113.68	52.14	45.86	163.16	126.28	77.40
Marsabit	81.85	74.60	91.14	113.50	108.71	95.78	195.35	183.31	93.83
Meru	88.42	96.18	108.77	107.97	90.12	83.47	196.39	186.30	94.86
Migori	91.28	99.56	109.06	336.55	155.70	46.26	427.84	255.25	59.66
Mombasa	11.64	11.30	97.03	163.16	11.30	6.93	174.80	22.60	12.93
Murang'a	31.22	40.31	129.12	30.00	106.62	355.38	61.22	146.93	240.00
Nairobi City	223.54	205.52	91.94	186.15	135.00	72.52	409.69	340.52	83.12
Nakuru	123.39	127.86	103.62	45.14	141.03	312.40	168.53	268.89	159.55
Nandi	45.19	44.51	98.49	195.85	173.87	88.78	241.04	218.38	90.60
Narok	28.09	17.09	60.82	155.09	124.89	80.53	183.18	141.98	77.51
Nyamira	99.98	63.77	63.79	190.30	146.43	76.95	290.27	210.20	72.41
Nyandarua	53.50	62.78	117.34	77.66	99.42	128.02	131.16	162.19	123.66
Nyeri	24.50	25.81	105.33	198.62	178.07	89.65	223.12	203.87	91.37
Samburu	66.44	49.51	74.52	158.52	107.44	67.78	224.96	156.95	69.77
Siaya	91.50	38.62	42.21	114.20	180.96	158.46	205.70	219.58	106.75
Taita/ Taveta	134.14	103.95	77.49	177.61	167.30	94.20	311.75	271.25	87.01
Tana River	123.48	82.39	66.72	235.46	195.43	83.00	358.94	277.82	77.40
Tharaka -Nithi	55.41	49.04	88.51	70.41	66.37	94.26	125.82	115.41	91.72
Trans Nzoia	93.91	106.24	113.13	89.00	122.94	138.13	182.91	229.17	125.30
Turkana	109.54	124.76	113.90	154.12	169.79	110.16	263.66	294.55	111.71
Uasin Gishu	65.49	65.39	99.86	102.53	99.20	96.75	168.02	164.60	97.96
Vihiga	12.00	67.68	563.99	16.00	16.85	105.33	28.00	84.53	301.90
Wajir	32.37	42.77	132.13	149.65	149.69	100.03	182.02	192.46	105.74
West Pokot	24.00	25.78	107.44	186.82	216.11	115.68	210.82	241.90	114.74
Total	**3577.37**	**3466.43**	**96.90**	**6,469.53**	**5,679.20**	**87.78**	**10046.90**	**9145.63**	**91.03**

Source: *OCOB & County Treasuries*

2.6 Development Expenditure

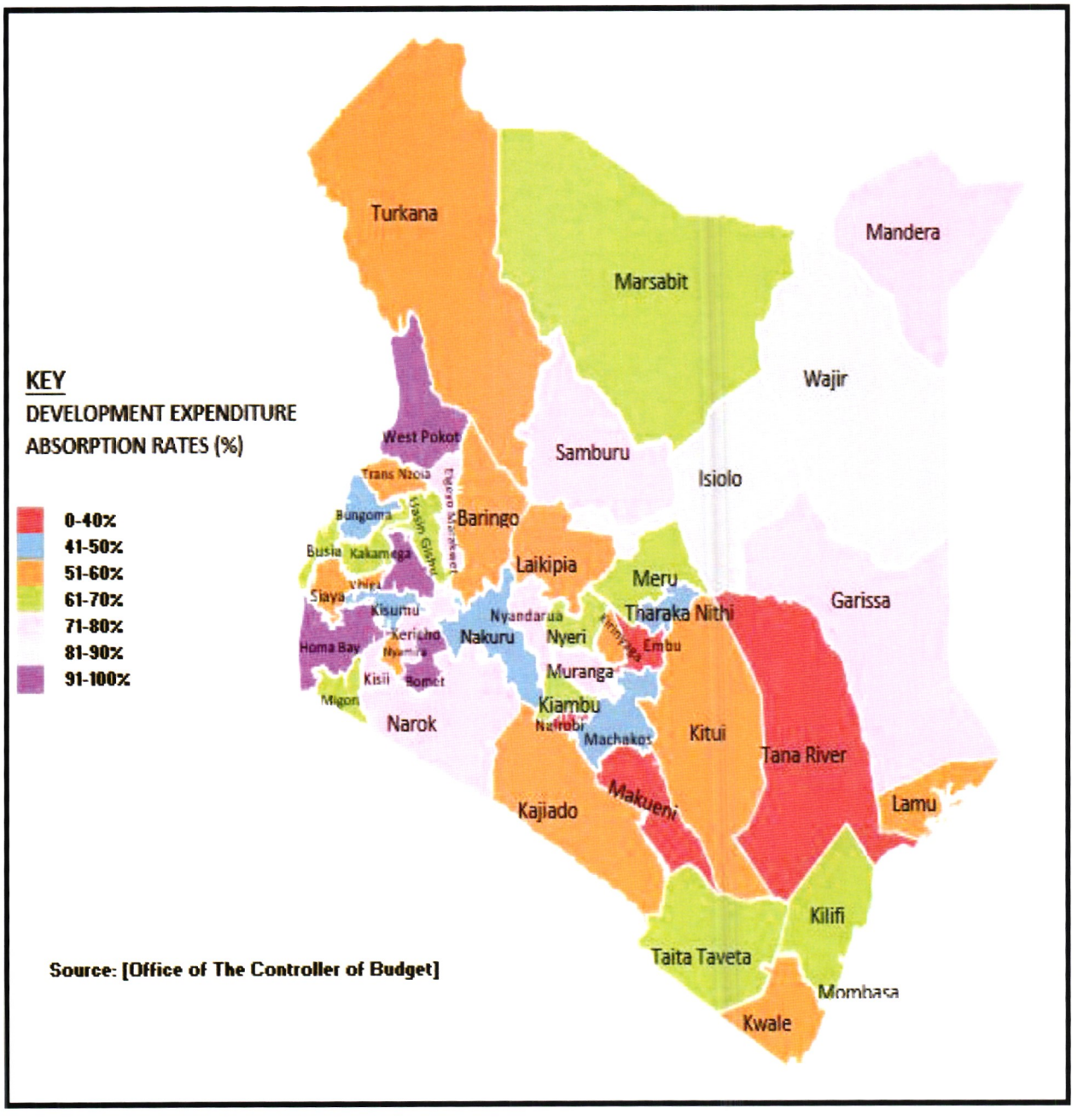
In FY 2014/15, County governments spent a total of **Kshs.90.44 billion** on development activities, representing **62.4 per cent** absorption of the annual development budget, an improvement from **21.6 per cent** of the total development budget reported in FY 2013/14 where expenditure was Kshs.36.6 billion. The development expenditure includes Kshs.1.06 billion spent on debt repayment & pending bills from the previous financial year and Kshs.3.74 billion on established County Funds.

Turkana County recorded the highest expenditure on development activities during the period under review at Kshs.5.78 billion, followed by Mandera, and Wajir Counties at Kshs.4.91 billion and Kshs.3.90 billion respectively. Counties that recorded the lowest expenditure on development activities were; Lamu at Kshs.575.98 million, Embu at Kshs.625.79 million, Kirinyaga at Kshs.902.57 million and Tharaka Nithi at Kshs.906.38 million.

Analysis of development expenditure as a proportion of annual development budget shows that Homa Bay, Bomet and Nandi counties had the highest absorption rate of the annual development budget at 101.2 per cent, 99.6 per cent and 92.1 per cent respectively. Embu, Tana River, Makueni and Nairobi counties had the lowest absorption of the annual development budget at 39.5 per cent, 38.4 per cent, 37.3 per cent and 33.5 per cent respectively.

A detailed analysis of development projects undertaken by counties is provided in chapter three under each County summary report.

Figure 4: Development Expenditure by County for FY 2014/15



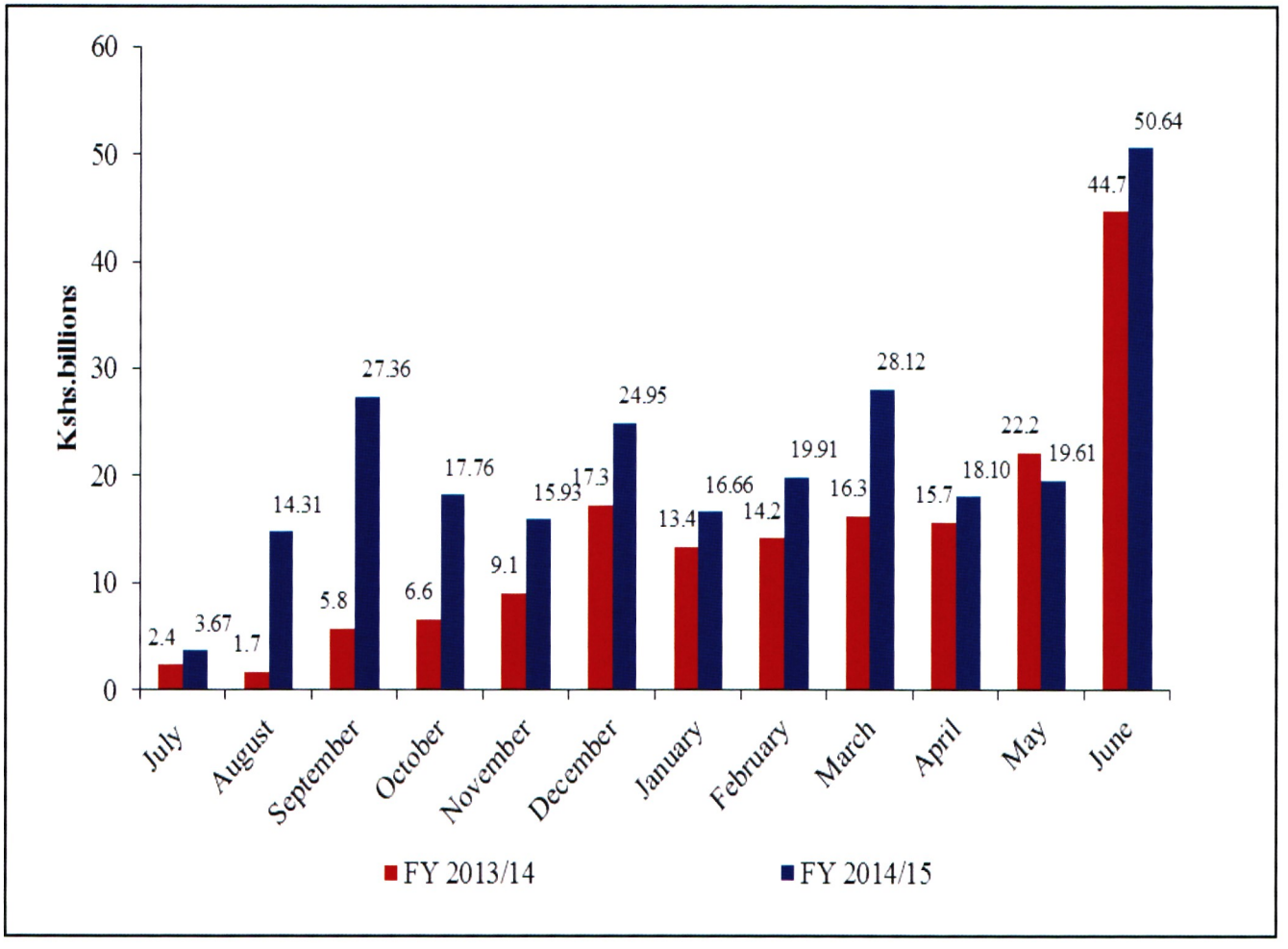
2.7 Expenditure on Debt Repayment and Pending Bills from FY 2013/14

In FY 2014/15, counties spent a total of Kshs.2.24 billion on debt repayment and pending bills, representing about 0.9 per cent of the total expenditure for the period. Out of the Kshs.2.24 billion spent on debt repayments & pending bills, Kshs.1.18 billion related to recurrent expenditure while Kshs.1.06 billion to development activities.

2.8 Monthly Expenditure by Counties

Analysis of aggregate monthly expenditure by the Counties shows a fluctuating trend and ranges from a low of Kshs.3.67 billion in July 2014 to a high of Kshs.50.64 billion in June, 2015. However, there is notable increase of expenditure when compared to FY 2013/14. Figure 5 below shows the monthly expenditure in FY 2013/14 and FY 2014/15.

Figure 5: Monthly Expenditure by Counties FY 2014/15 and FY 2013/14



Source: *OCOB and County Treasuries*

2.9 Pending Bills as of 30th June, 2015

As of 30th June, 2015 the Counties had accumulated pending bills of Kshs.37.64 billion comprising of Kshs.28.33 billion for development activities and Kshs.9.31 billion for recurrent expenditure. Pending bills affects businesses negatively and may also affect execution of the following year's budget and Counties should take necessary measures to avoid accumulation of huge amounts of pending bills at the end of a financial year.

Counties that reported the highest amount of pending bills are Bungoma, Kisumu, Nakuru, Turkana and Vihiga at Kshs.2.53 billion, Kshs.2.50 billion, Kshs.2.46 billion, Kshs.2.40 billion and Kshs.2.02 billion respectively. Busia and Tana River Counties did not report any pending bills as at June 30, 2015.

Table 4: Pending Bills for the Counties as of June 30, 2015

County	Recurrent Expenditure Pending Bills (Kshs)	Development Expenditure Pending Bills (Kshs)	Total Pending Bills (Kshs)
Baringo	138,300,000	35,100,000	173,400,000
Bomet	-	200,000,000	200,000,000
Bungoma	518,685,643	2,018,455,160	2,537,140,803
Busia	-	-	-
Elgeyo/Marakwet	32,743,631	168,673,501	201,417,132
Embu	88,880,000	507,720,000	596,600,000
Garissa	106,000,000	354,000,000	460,000,000
Homa Bay	232,160,000	209,450,000	441,610,000
Isiolo	285,329,225	278,107,377	563,436,602
Kajiado	41,330,000	943,470,000	984,800,000
Kakamega	307,280,000	421,200,000	728,480,000
Kericho	74,314,806	785,252,638	859,567,444
Kiambu	23,600,325	585,392,193	608,992,518
Kilifi	112,833,197	156,425,170	269,258,367
Kirinyaga	44,107,198	156,934,362	201,041,560
Kisii	153,262,408	927,754,478	1,081,016,886
Kisumu	336,482,976	2,162,505,024	2,498,988,000
Kitui	132,943,344	272,994,406	405,937,750
Kwale	94,260,000	1,780,000,000	1,874,260,000
Laikipia	20,840,261	463,159,739	484,000,000
Lamu	20,264,605	29,028,032	49,292,637
Machakos	239,360,000	704,380,000	943,740,000
Makueni	66,572,984	118,397,830	184,970,814
Mandera	534,995,489	1,035,413,185	1,570,408,674
Marsabit	167,133,856	458,501,574	625,635,430
Meru	263,532,768	1,346,416,937	1,609,949,705
Migori	64,590,000	444,060,000	508,650,000
Mombasa	1,052,940,360	413,296,139	1,466,236,499
Murang'a	141,061,251	953,254,275	1,094,315,526
Nairobi City	1,228,390,523	-	1,228,390,523
Nakuru	454,475,161	2,010,021,333	2,464,496,494
Nandi	127,540,000	81,630,000	209,170,000

County	Recurrent Expenditure Pending Bills (Kshs)	Development Expenditure Pending Bills (Kshs)	Total Pending Bills (Kshs)
Narok	59,000,000	519,710,000	578,710,000
Nyamira	215,376,221	187,960,072	403,336,293
Nyandarua	152,393,735	255,408,378	407,802,113
Nyeri	153,179,785	389,565,190	542,744,975
Samburu	94,572,904	279,445,191	374,018,095
Siaya	-	800,340,000	800,340,000
Taita/Taveta	121,520,933	173,959,755	295,480,688
Tana River	-	-	-
Tharaka -Nithi	83,613,822	731,963,795	815,577,617
Trans Nzoia	389,210,000	200,120,000	589,330,000
Turkana		2,400,000,000	2,400,000,000
Uasin Gishu	285,510,000	836,400,000	1,121,910,000
Vihiga	460,124,994	1,560,181,983	2,020,306,977
Wajir	83,250,000	28,820,000	112,070,000
West Pokot	11,983,922	223,925,334	235,909,256
TOTALS	**9,213,946,327**	**28,608,793,051**	**37,822,739,378**

Source: *County Treasuries*

3.0 INDIVIDUAL COUNTY BUDGET PERFORMANCE

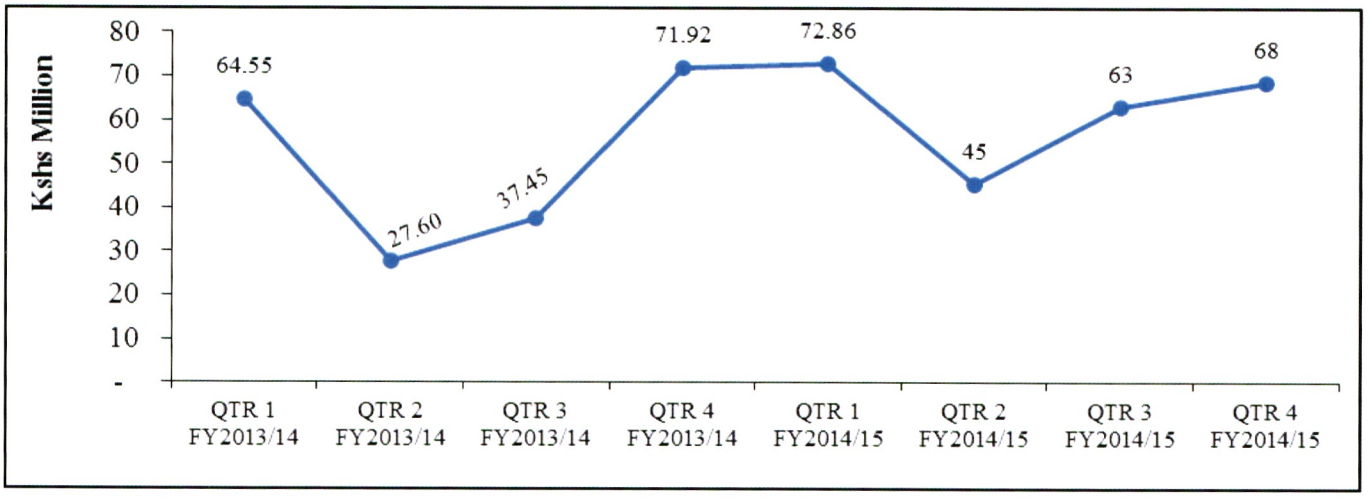
This section provides individual County budget performance during FY 2014/15. It analyses the actual revenue and expenditure. Further, challenges faced in budget implementation are identified and recommendations aimed at improving budget implementation are provided. The 47 counties are presented in alphabetical order.

Baringo County

During the FY 2014/15, the Approved Supplementary Budget for Baringo County was Kshs.5.01 billion, with Kshs.2.96 billion (59 per cent) allocated to recurrent expenditure and Kshs.2.05 billion (41 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 5. In order to finance the budget, the County expected to receive Kshs.3.87 billion (77 per cent) as transfers from the National Government, collect Kshs.255.80 million (5 per cent) from local sources, receive a conditional grant of Kshs.23.79 million (0.5 per cent) from DANIDA, and Kshs.784.17 million (15 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.87 billion from the National Government as direct transfers to the CRF account, raised Kshs.249.72 million from local sources, and had Kshs.784.17 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.249.72 million was an improvement from Kshs.201.59 million collected in FY 2013/14 and accounted for 97.6 per cent of the annual local revenue target. Figure 6 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 6: Baringo County, Trend in Local Revenue collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Baringo County Treasury*

During the reporting period, the County accessed **Kshs.4.14 billion** from the CRF, which was 82.6 per cent of the Approved Supplementary Budget, an improvement from 74.2 per cent accessed in FY 2013/14. This amount consisted of Kshs.2.95 billion (71.3 per cent) for recurrent expenditure and Kshs.1.19 billion (28.7 per cent) for development activities.

The County spent a total of Kshs.4.16 billion during FY 2014/15 which translated to 100.4 per cent of the total funds released for operations, and an improvement from the Kshs.2.52 billion spent in FY 2013/14. A total of Kshs.2.94 billion (71 per cent) was spent on recurrent activities while Kshs.1.22 billion (29 per cent) was spent was spent on development activities. Recurrent expenditure was 100 per cent of the funds released for recurrent activities while development expenditure accounted for 101 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.35.1 million for development activities and Kshs.138.3 million for recurrent expenditure.

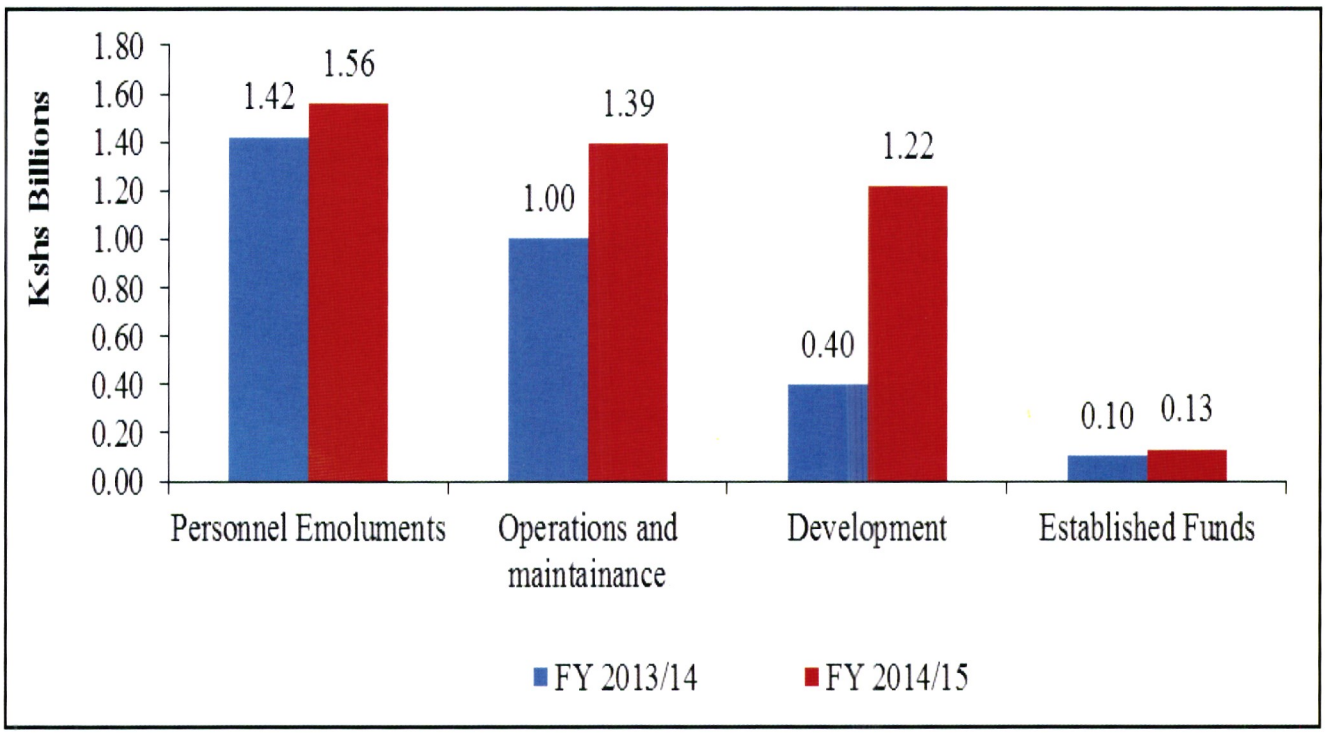
The recurrent expenditure for the period under review represented an absorption rate of **99.5 per cent**, a decline from **99.7 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **59.5 per cent**, an improvement from **30.7 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.95 billion shows that the County spent

Kshs.1.56 billion (53.0 per cent) on personnel emoluments and Kshs.1.39 billion (47.0 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 37.3 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.42 billion.

The County spent Kshs.129.7 million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 7.

Figure 7: Baringo County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Baringo County Treasury*

A breakdown of expenditure by department shows that Industrialization, Commerce and Tourism department attained the highest absorption rate of its annual development budget at 82 per cent. On the other hand, County Treasury Services department had the lowest absorption rate of its annual development budget at 3 per cent. Table 5 shows a summary of expenditure by department.

Table 5: Baringo County, FY 2014/15 Budget and Expenditure by Department

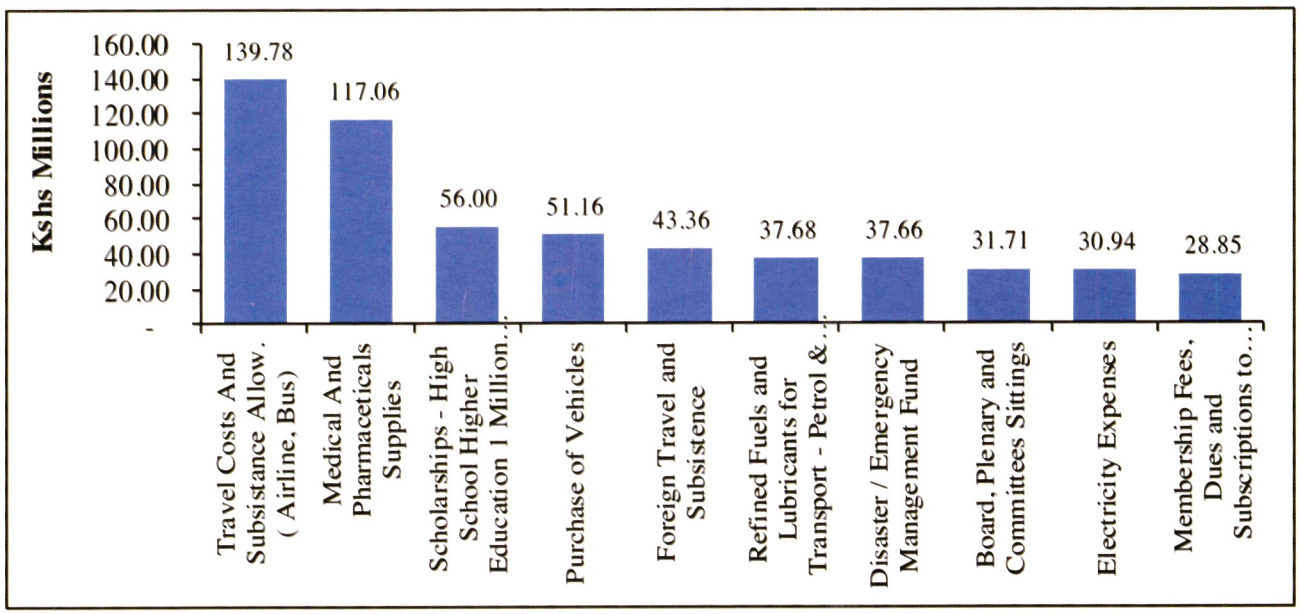
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	363.76	80.28	348.68	45	404.65	25.69	116.1	57.1	111.2	32.0
Governor/County Executive services	284.18	65.72	309.92	35.72	286.94	37.98	92.6	106.3	101.0	57.8
County Treasury Services	233.4	23	233.43	9.3	226.71	0.78	97.1	8.4	97.1	3.4
Transport and Infrastructure	62.68	402.15	62.67	248.4	61.3	301.59	97.8	121.4	97.8	75.0
Industrialization, Commerce and Tourism	93.82	147.31	93.76	113.24	90.15	121.45	96.1	107.3	96.1	82.4
Education, Sports, Culture & Art	246.21	249.8	246.21	192.3	245.36	189.8	99.7	98.7	99.7	76.0
Health	1183.35	270.66	1150.88	100.66	1129.49	107.03	98.1	106.3	95.4	39.5
Housing & Urban Development	132.28	80.77	132.28	47.75	129.29	36.66	97.7	76.8	97.7	45.4
Agriculture, Livestock, Fisheries & Marketing	191.31	239.14	191.31	138.3	192.28	131.25	100.5	94.9	100.5	54.9
Youth, Gender & Social Security Services	59.75	82.33	64	36.13	67.13	26.09	104.9	72.2	112.4	31.7
Water & Irrigation	83.22	373.3	83.22	207.85	85.35	214.1	102.6	103.0	102.6	57.4
Environment & Natural Resources	26.59	37.32	29.25	24.22	26.91	23.12	92.0	95.5	101.2	62.0
Total	**2,960.58**	**2,051.77**	**2,945.60**	**1,198.85**	**2,945.57**	**1,215.55**	**100.0**	**101.4**	**99.5**	**59.2**

Source: *Baringo County Treasury*

The County spent Kshs.31.5 million on sitting allowances to the 49 MCAs, representing an absorption rate of 100 per cent of the annual MCA sitting allowance budget, an increase from Kshs.27.2 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.53,564 compared to SRC recommended ceilings of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.183.2 million compared to Kshs.95.7 million in FY 2013/14, representing an increase of 91.4 per cent. This expenditure comprised of Kshs.84.9 million by the County Executive and Kshs.98.3 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 8.

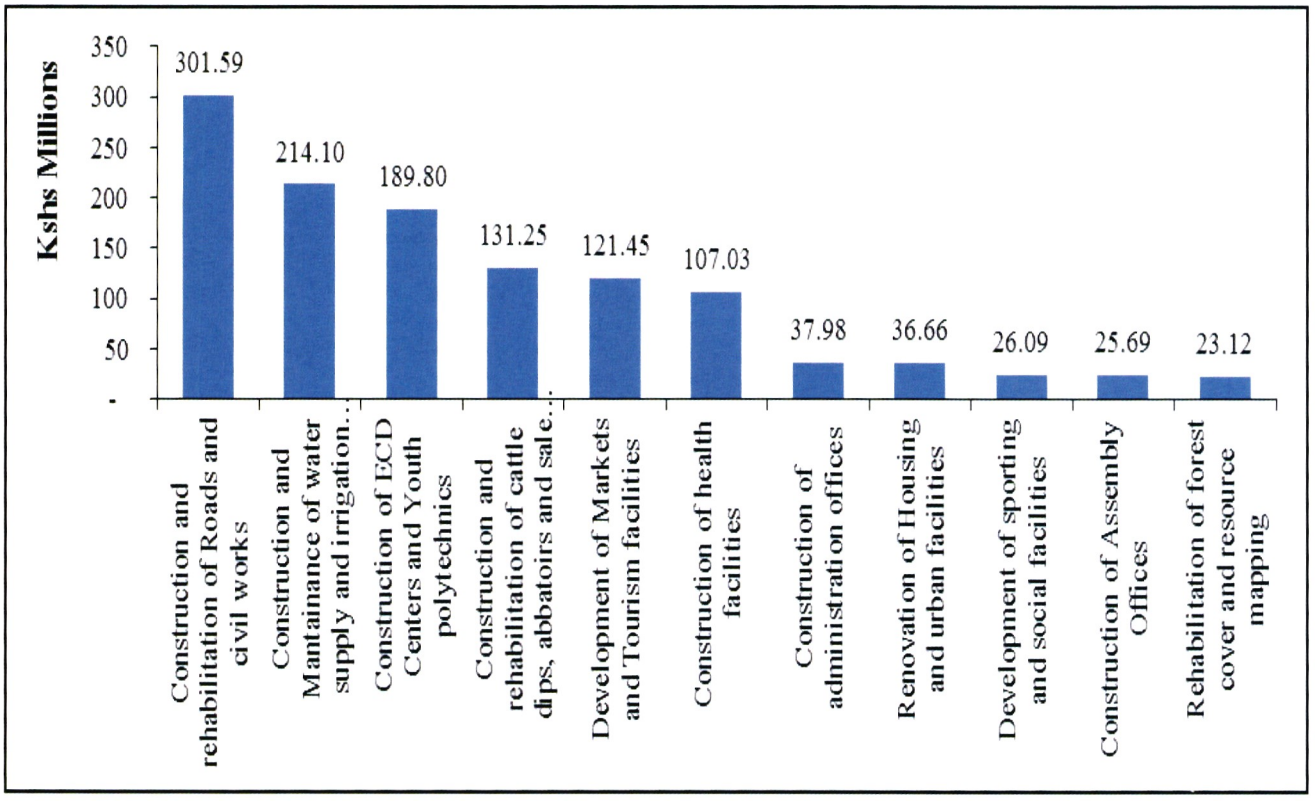
Figure 8: Baringo County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Baringo County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.301.6 million which was spent on grading and gravelling of roads. A total of 250 kilometres of roads were graded across the 30 wards. The second highest expenditure of Kshs. 214.10 million was on construction and maintenance of water supply and irrigation schemes where a total of 180 households were connected to water supply. Figure 9 provides the details of major development expenditure during FY 2014/15.

Figure 9: Baringo County, FY 2014/15 Analysis of Development Expenditure



Source: *Baringo County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 59.5 per cent from 30.7 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 23.88 per cent from Kshs.201.59 million in FY 2013/14 to Kshs.249.72 million in FY 2014/15.

(iii)Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv)Embracing use of IFMIS to process financial transactions.

(v) Compliance with budgetary timelines.

(vi) Improved consultations between the County Treasury and County Assembly during budget formulation.

However, the following challenges continued to hamper effective budget implementation:

1. Inadequate budget control that resulted in expenditure by some County entities

exceeding the approved budget allocation.

2. Inadequate internal audit arrangements.

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

1. *All County entities should closely monitor their budgets to ensure that funds are only utilized in line with budget allocations. Incase of any reallocations these should be regularized through a supplementary budget before the end of the financial year.*

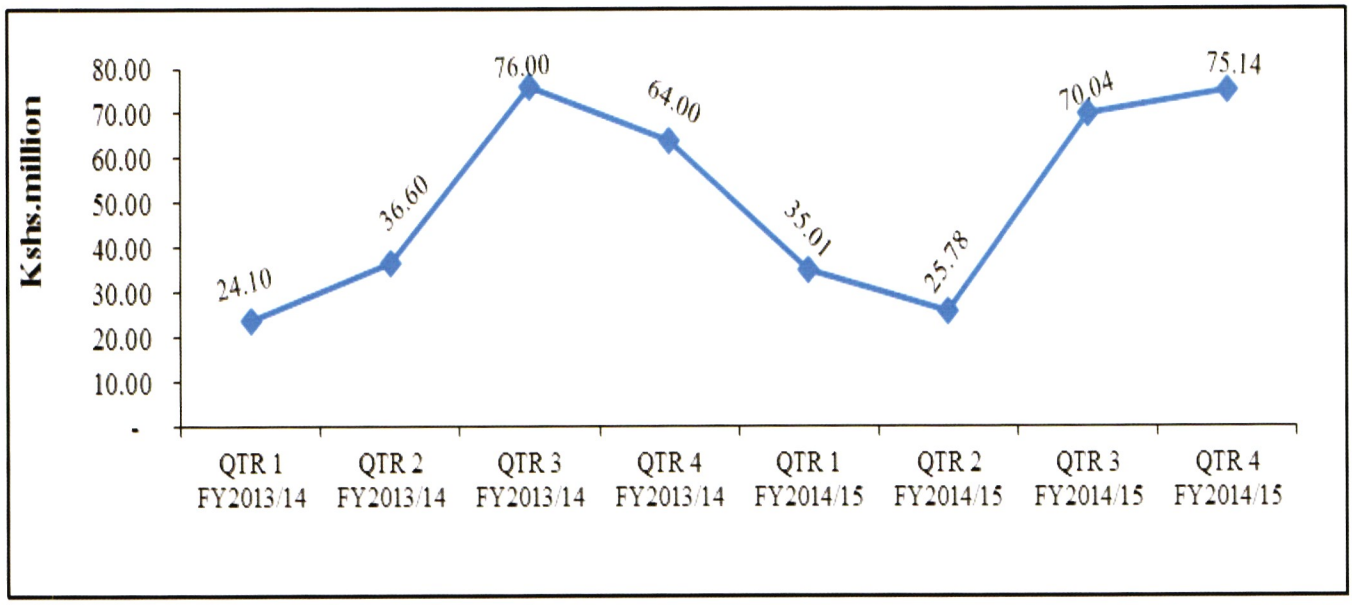
2. *The County Treasury should strengthen the internal audit function in line with Section 155 of the PFM Act, 2012.*

Bomet County

During FY 2014/15, the Approved Supplementary Budget for Bomet County was Kshs.4.51 billion, with Kshs.2.45 billion (54.3 per cent) allocated to recurrent expenditure and Kshs.2.06 billion (45.7 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 6. In order to finance the budget, the County expected to receive Kshs.4.11 billion (91.1 per cent) as transfers from the National Government, collect Kshs.239.05 million (5.3 per cent) from local sources, receive a conditional grant of Kshs.12.57 million (0.3 per cent) from DANIDA, and Kshs.151.97 million (3.4 per cent) as projected cash balance from FY 2013/14.

In FY 2014/15, the County received Kshs.4.14 billion from the National Government as a direct transfer to the CRF account, raised Kshs.205.97 million from local sources and had Kshs.151.97 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.205.97 million was an improvement from Kshs.200.9 million collected in FY 2013/14 and accounted for 86.2 per cent of the annual local revenue target. Figure 10 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 10: Bomet County, Trend in Local Revenue Collection by Quarter for FY 2014/15



Source: *Bomet County Treasury*

During the reporting period, the County accessed **Kshs.4.48 billion** from the CRF, which was 99.4 per cent of the Approved Supplementary Budget, an improvement from 98.4 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.43 billion (53.4 per cent) for recurrent expenditure and Kshs.2.05 billion (45.7 per cent) for development activities.

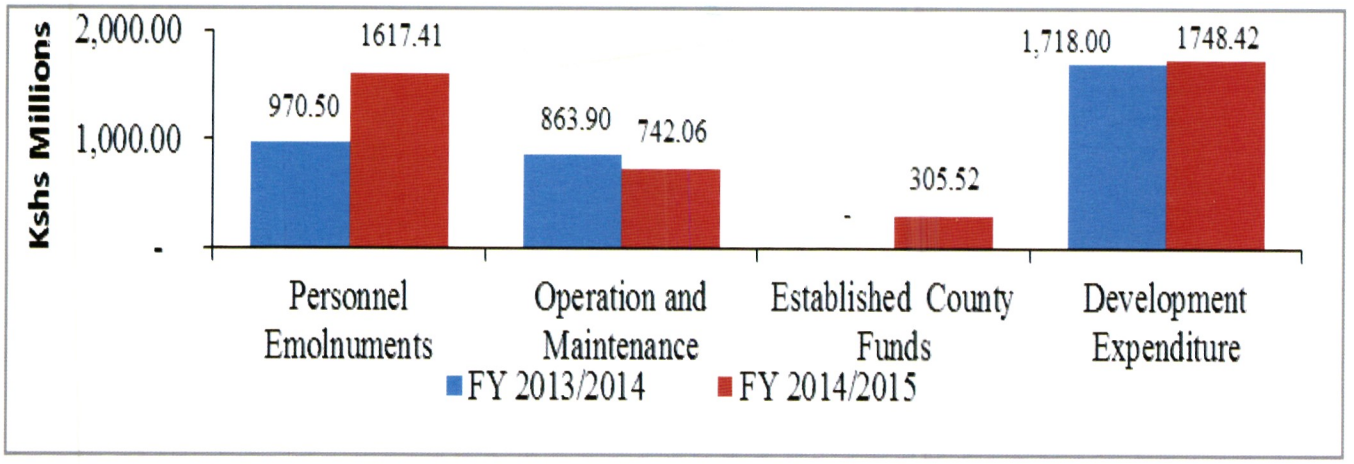
The County spent a total of Kshs.4.41 billion during FY 2014/15 which translated to 98.5 per cent of the total funds released for operations, an improvement from the Kshs.3.60 billion spent in FY 2013/14. A total of Kshs.2.36 billion (53.5 per cent) was spent on recurrent activities while Kshs.2.05 Billion (46.5 per cent) was spent on development activities. Recurrent expenditure was 97.0 per cent of the funds released for recurrent activities while development expenditure accounted for 100.2 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.200 million for development activities.

The recurrent expenditure for the period under review represented an absorption rate of **96.4 per cent**, an increase from **94.5 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **99.6 per cent**, an improvement from **92.4 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.44 billion shows that the County spent Kshs.1.62 billion (68.5 per cent) on personnel emoluments and Kshs.742.10 million (31.5 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 36.6 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 where the County spent Kshs.970.5 million. The increase was as a result of employment of more staff by the County government.

The County spent a total of Kshs.305.52 million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 11.

Figure 11: Bomet County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Bomet County Treasury*

A breakdown of expenditure by department shows that the County Administration attained the highest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 99.0 per cent while Water and Irrigation department attained the lowest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 84.7 per cent. On the other hand, Roads and Public Works attained the highest proportion of development expenditure to supplementary development budgetary allocation at 101.0 per cent while the County Assembly did not incur any development expenditure. Table 6 shows a summary of expenditure by department.

Table 6: Bomet County, FY 2014/15 Budget and Expenditure 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	305		304.71		296.6	0	97.3		97.2	
County Executive &PSB	280.78	80.5	280.13	80.5	273.07	75.99	97.5	94.4	97.3	94.4
County Administration	349.37	0	341.44	0	345.81	0	101.3		99.0	
Finance and Economic planning	390.54	7.61	389.44	7.03	376.32	7.61	96.6	108.3	96.4	100
Agri-Business and Cooperatives	141.59	220.77	141.18	220.77	130.23	218.76	92.2	99.1	92.0	99.1
Water and Irrigation	64.23	167.45	63.98	167.45	54.41	167.3	85.0	99.9	84.7	99.9
Education, Vocational Training, Youth and Sports	144.99	458.21	144.99	456.77	135.37	456.41	93.4	99.9	93.4	99.6
Health and Sanitation	478.33	250.03	477.33	250.03	473.24	249.87	99.1	99.9	98.9	99.9
Lands, Housing and Urban Planning	68.07	111.54	65.23	105.9	65.04	111.48	99.7	105.3	95.5	99.9
Roads and Public works	153.68	436.32	152.81	432.44	144	440.52	94.2	101.9	93.7	101
Environment and Natural resources	11.65	12.86	11.65	12.47	10.13	9.79	87.0	78.5	87.0	76.1
Trade, Energy, Tourism and Industry	16.55	56.6	16.55	56.17	14.36	55.77	86.8	99.3	86.8	98.5
Children and Social Service	43.37	260.45	43.37	260.42	40.89	260.45	94.3	100.0	94.3	100
Total	**2,448.15**	**2,062.34**	**2,432.81**	**2,049.95**	**2,359.47**	**2,053.95**	**97.0**	**100.2**	**96.4**	**99.6**

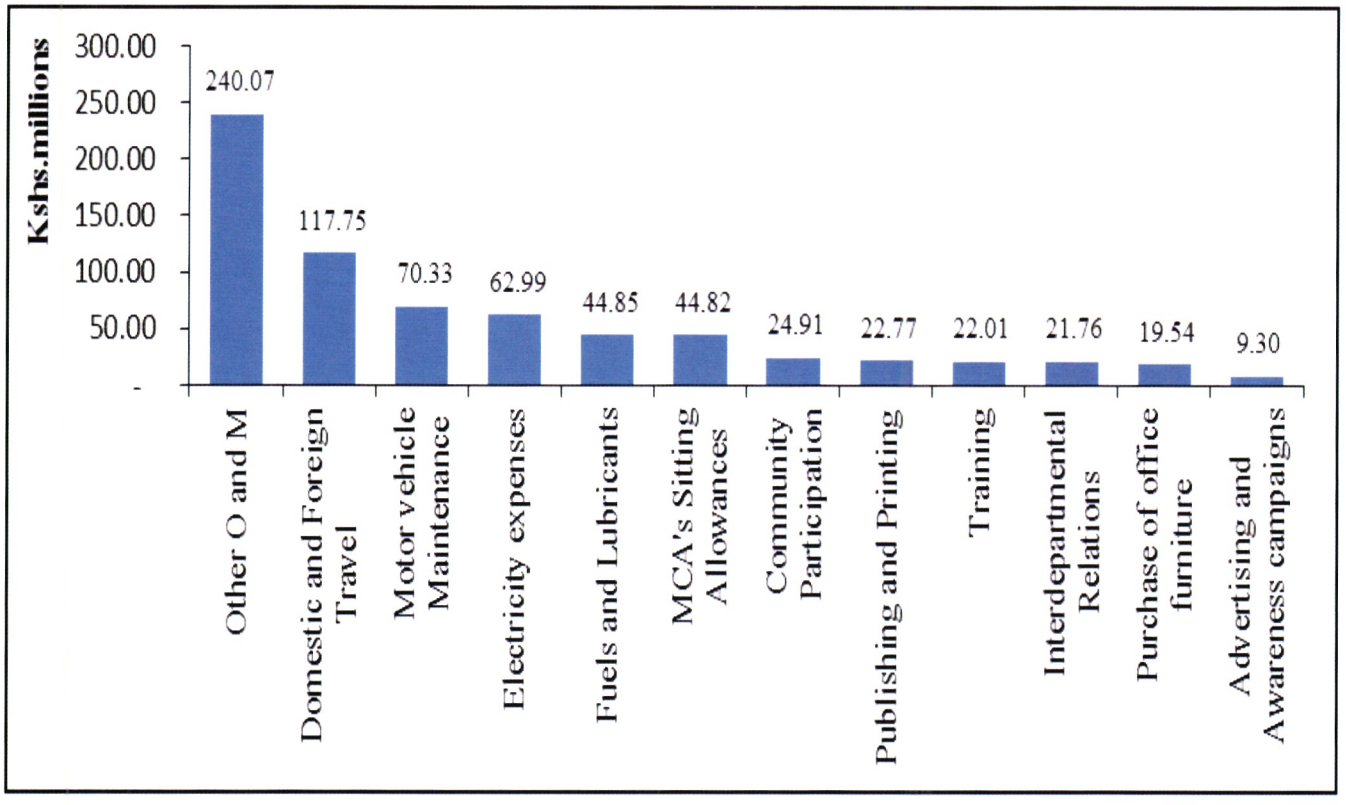
Source: *Bomet County Treasury*

The County spent Kshs.44.82 million on sitting allowances to the 35 MCAs, representing an absorption rate of 111.2 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.28.6 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.106,719 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.117.75 million compared to Kshs.131.1 million in FY 2013/14, representing a reduction of 10 per cent. This expenditure comprised of Kshs.62.95 million by the County Executive and Kshs.54.80 million by

the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 12.

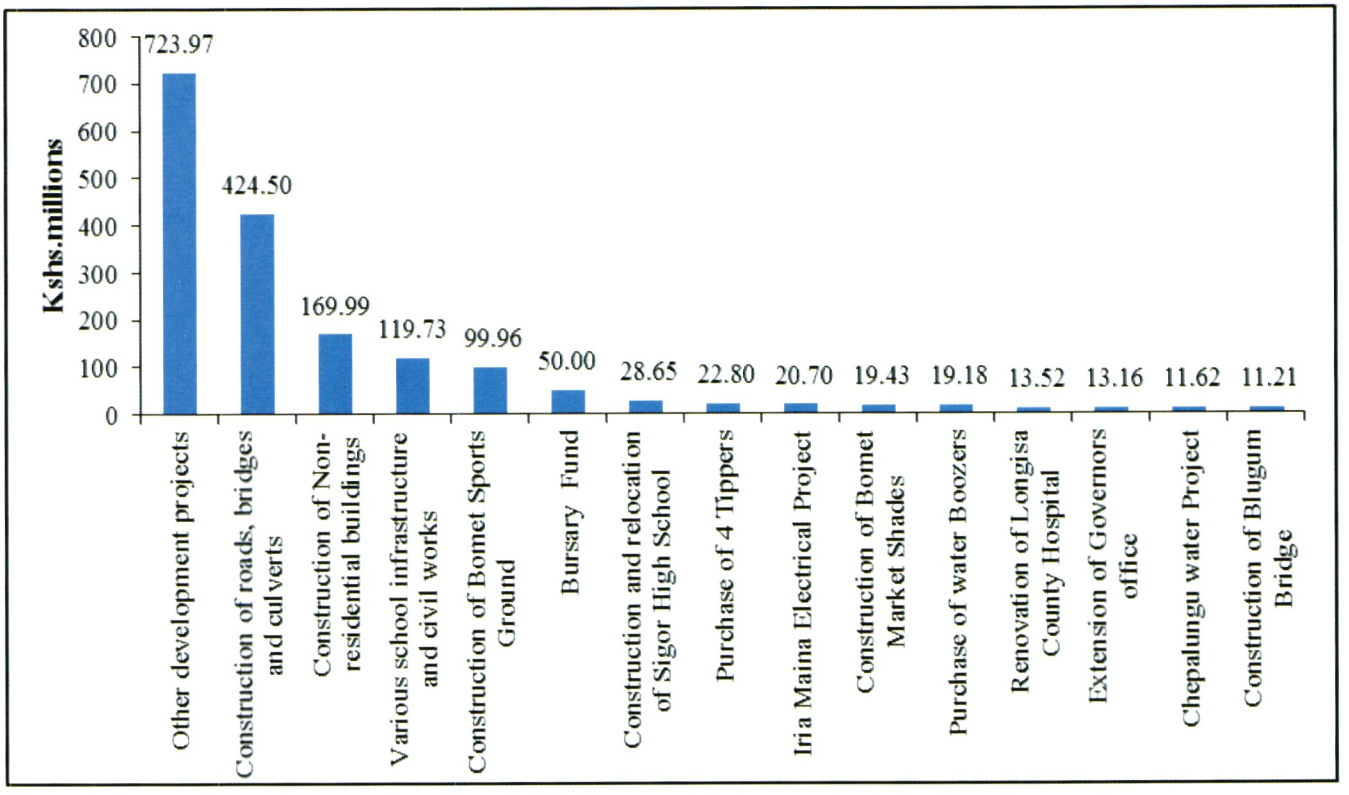
Figure 12: Bomet County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Bomet County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the department of Education, Vocational Training, Youth and Sports had the highest expenditure of Kshs.456.41 million out of which Kshs.169.99 million was spent on construction of non-residential buildings; Kshs.119.73 million on the construction of various school infrastructure and civil works, Kshs.28.65 million on construction and relocation of Sigor High School; and Kshs.50 million paid as bursaries, among others. The second highest expenditure at Kshs.440.52 million was incurred by the Roads and Publics Works department, out of which Kshs.424.50 million was spent on construction of roads, bridges and culverts. Figure 13 provides the details of development expenditure during FY 2014/15.

Figure 13: Bomet County, FY 2014/15 Analysis of Development Expenditure



Source: *Bomet County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 99.6 per cent from 92.4 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 2.52 per cent from Kshs.200.9 million in FY 2013/14 to Kshs.205.97 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Delay in submitting quarterly financial reports on the established County Funds contrary to Section 167 and 168 of the PFM Act, 2012.
2. Inadequate budget control that resulted in expenditure by some county entities exceeding budget allocation.

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

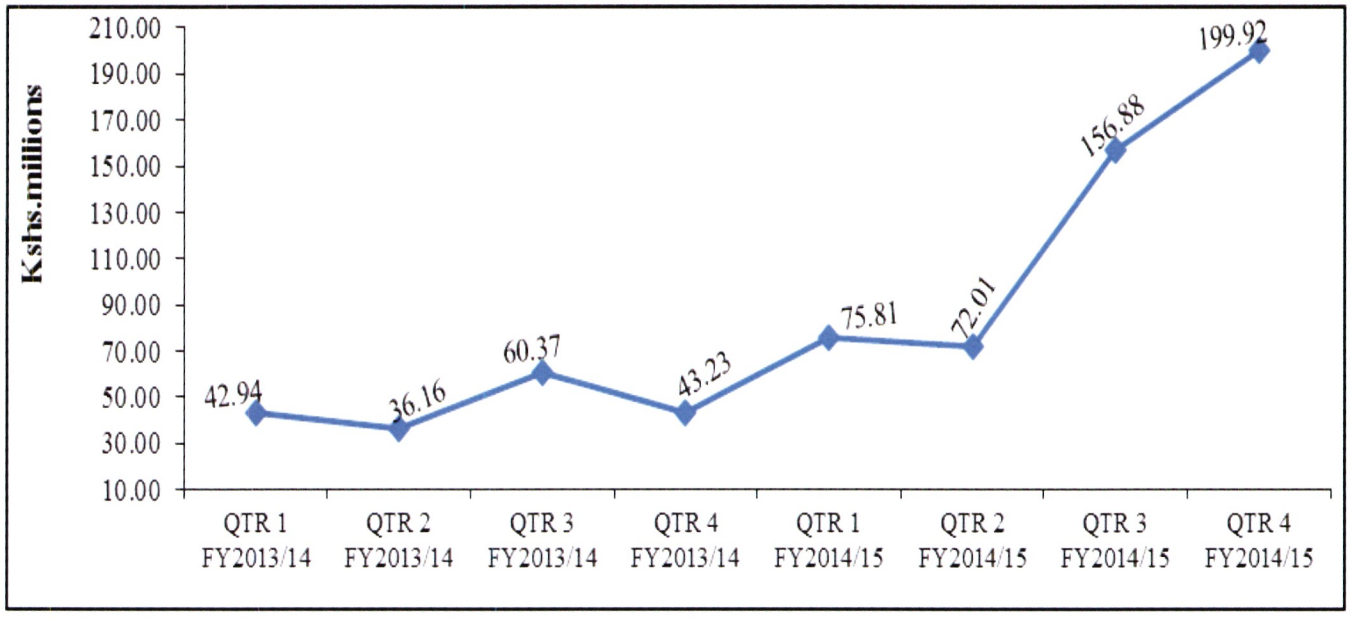
1. *The County Treasury should submit quarterly reports on established County Funds regularly in line with Section 168 of the PFM Act 2012.*
2. *All County entities should closely monitor their budgets to ensure that funds are only utilized on the budgeted activities contained in the annual budget and approved work plans.*

Bungoma County

During the FY 2014/15, the Approved Budget for Bungoma County was Kshs.10.25 billion, with Kshs.4.76 billion (46.5 per cent) allocated to recurrent expenditure and Kshs.5.48 billion (53.5 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 7. In order to finance the budget, the County expected to receive Kshs.7.19 billion (69.3 per cent) as transfers from the National Government, collect Kshs.1.08 billion (10.3 per cent) from local sources, receive a refund from the National Government for salary overpayment to staff transferred from National Government of Kshs.250 million (2.4 per cent), Kshs.1.87 billion (18.0 per cent) as projected cash balance from FY 2013/14 and receive a conditional grant of Kshs.12.37 million from DANIDA which was not included in the budget as a revenue source.

In the FY 2014/15, the County received Kshs.6.71 billion from the National Government as direct transfer to the CRF account, raised Kshs.504.62 million from local sources, and had Kshs.1.87 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.504.62 million was an improvement from Kshs.182.7 million collected in FY 2013/14 and was 46.9 per cent of the annual local revenue target. Figure 14 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 14: Bungoma County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Bungoma County Treasury*

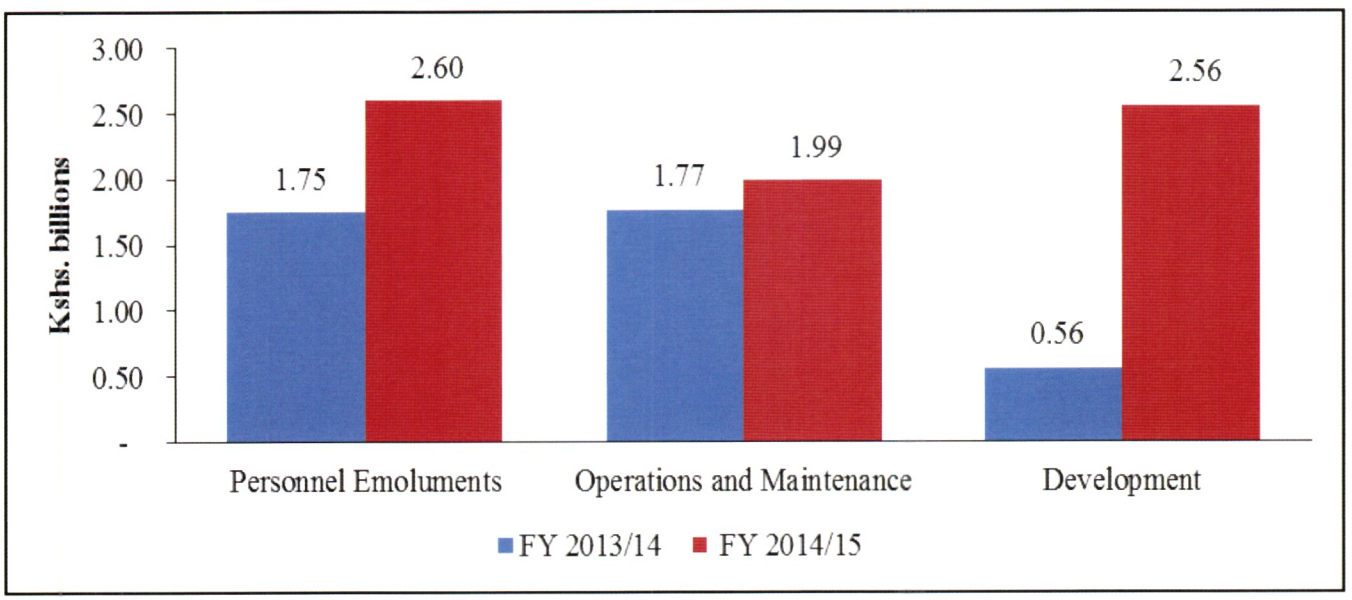
During the reporting period, the County accessed **Kshs.7.18 billion** from the CRF, which was 70.0 per cent of the Approved Budget, an improvement from 55.2 per cent attained in FY 2013/14. This amount consisted of Kshs.4.31 billion (60.1 per cent) for recurrent expenditure and Kshs.2.86 billion (39.9 per cent) for development activities.

The County spent a total of Kshs.7.14 billion during FY 2014/15 which translated to 99.4 per cent of the total funds released for operations, an improvement from the Kshs.4.2 billion spent in FY 2013/14. A total of Kshs.4.58 billion (64.2 per cent) was spent on recurrent activities while Kshs.2.56 billion (35.8 per cent) was spent on development activities. Recurrent expenditure was 106.2 per cent of the funds released for recurrent activities while development expenditure accounted for 89.4 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.2.02 billion for development activities and Kshs.518.69 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **96.1 per cent,** an increase from **69.5 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **46.7 per cent**, an improvement from **15.3 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.4.58 billion shows that the County spent Kshs.2.60 billion (56.8 per cent) on personnel emoluments and Kshs.1.99 billion (43.2 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 56.8 per cent of total expenditure and increased significantly in FY 2014/15 Compared to FY 2013/14 where the County spent Kshs.49.7 million. The increase in personnel emoluments was occasioned by employment of chief officers, sub County administrators, ward administrators, increase in casual employees, and the absorption of staff in the Health sector who were previously paid by the National Government. The analysis is shown in Figure 15.

Figure 15: Bungoma County, FY 2013/15 and FY 2014/15 Expenditure by Economic Classification



Source: *Bungoma County Treasury*

A breakdown of expenditure by department shows that the County Assembly attained the highest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 111.7 per cent as well as highest proportion of development expenditure to Supplementary Budget allocation at 89.8 per cent. The Trade, Energy, Land Industrialization department attained the lowest absorption of recurrent expenditure to supplementary recurrent budgetary allocation at 9.1 per cent while the County Public Service Board (CPSB) did not implement any development expenditure despite requisitioning for development funds. Table 7 shows a summary of expenditure by department.

Table 7: Bungoma County, FY 2014/15 Budget and Expenditure by Department

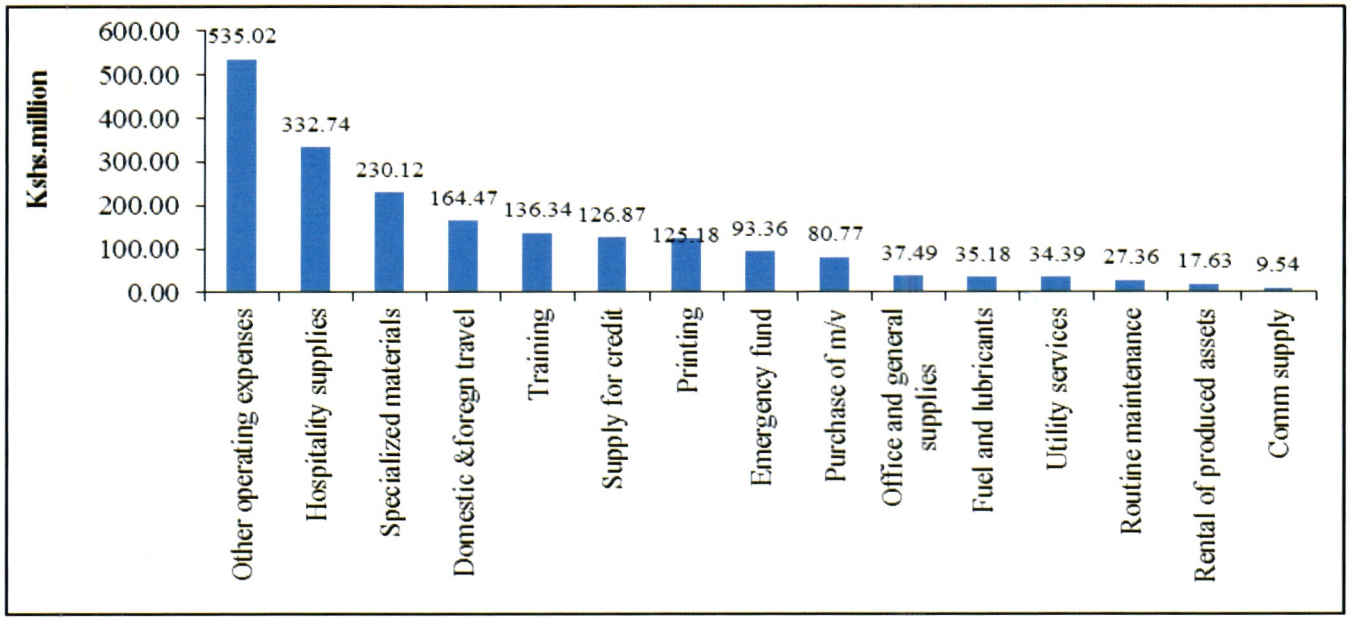
Department	Budget Allocation (Kshs. million)		Exchequer issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer issues (%)		Expenditure to Supplementary Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Public Administration	595.85	85.94	536.67	124	570.36	62	106.3	50.0	95.7	72.1
Finance and Planning	721.83	1,086	593.4	230	690.42	333.66	116.3	145.1	95.6	30.7
Agriculture, Livestock, Fisheries and Co-op Development	376.84	733.5	334.01	542.88	280.99	372.34	84.1	68.6	74.6	50.8
Trade, Energy, Land Industrialization,	334.31	554.3	34.19	78.97	30.46	82.61	89.1	104.6	9.1	14.9
Roads and Public Works	94.01	1,379.6	65.05	875.26	67.65	782	104.0	89.3	72.0	56.7
Tourism, Forestry, Environment, Water and Natural Resources	52.91	359.19	49.78	82.63	47.75	94.08	95.9	113.9	90.2	26.2
Education, Science, Sports and Youth Affairs	325.34	574.1	289.8	262.06	311.21	258.96	107.4	98.8	95.7	45.1
Governors' office	221.12	10.8	202.27	5	217.6	4.1	107.6	82.0	98.4	38.0
Health	1,354.18	384.68	1,250.05	357.75	1,302.42	317.53	104.2	88.8	96.2	82.5
CPSB	61.7	10.2	47.92	10.2	53.5	0	111.6	0.0	86.7	0.0
County Assembly	527.43	116.11	543.29	68	589.4	104.21	108.5	153.3	111.7	89.8
Gender and Culture	103.43	192.62	172.93	93	91.41	102.42	52.9	110.1	88.4	53.2
Land urban and planning	0	0	195.11	133.1	330.89	47.1	169.6	35.4		
TOTAL	**4768.95**	**5487.04**	**4314.47**	**2862.85**	**4584.06**	**2561.01**	**106.2**	**89.5**	**96.1**	**46.7**

Source: *Bungoma County Treasury*

The County spent Kshs.102.29 million on sitting allowances for the 64 MCAs, representing an absorption rate of 86.5 per cent of the annual MCA sitting allowance budget, an increase from Kshs.26.0 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.133,184 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.164.46 million compared to Kshs.103.2 million incurred in FY 2013/14, representing an increase of 59.37 per cent. This expenditure comprised of Kshs.130.28 million by the County Executive and Kshs.34.18 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 16.

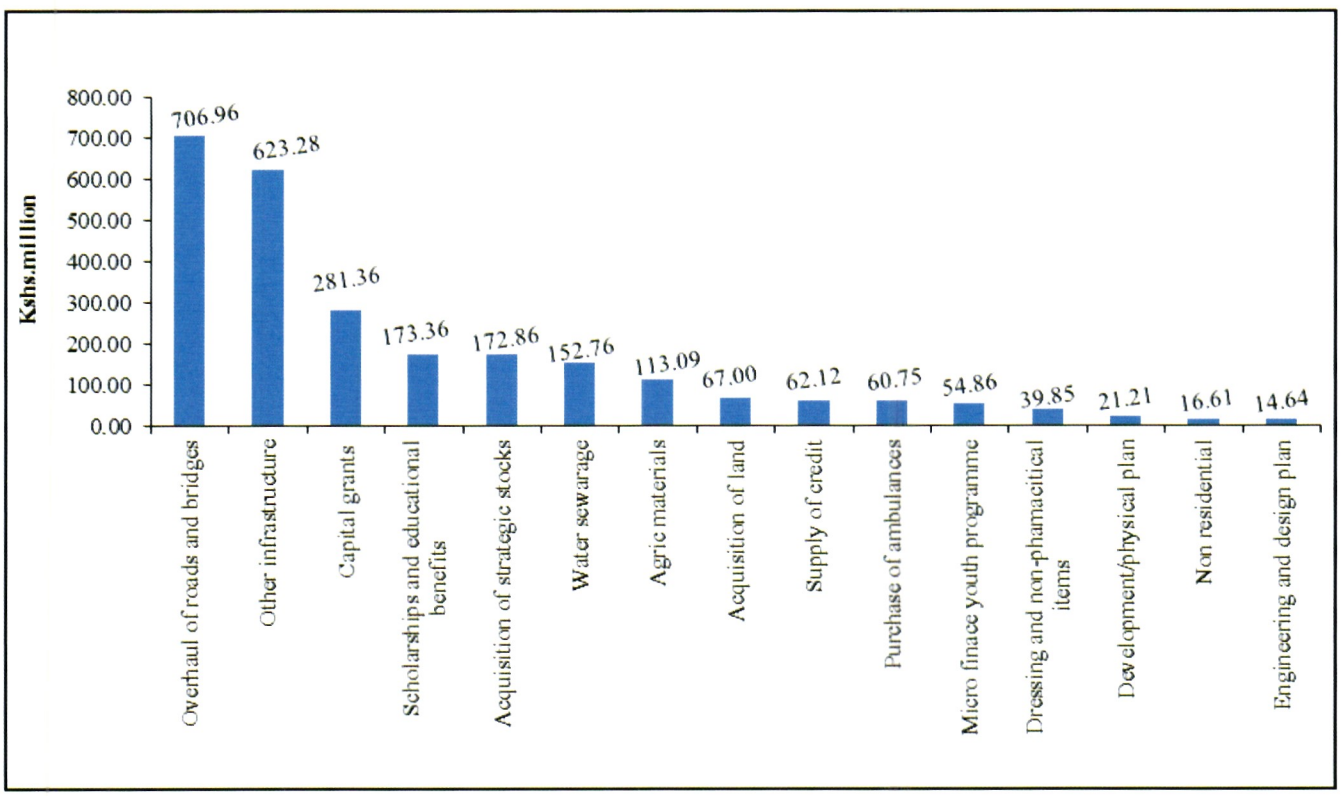
Figure 16: Bungoma County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Bungoma County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the construction of roads and bridges incurred the highest expenditure at Kshs.706.96 million. The second highest expenditure at Kshs.623.28 million was incurred on Other Infrastructure and Civil Works. Figure 17 provides the details of development expenditure during FY 2014/15.

Figure 17: Bungoma County, FY 2014/15 Analysis of Development Expenditure



Source: *Bungoma County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 46.7 per cent from 15.3 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 76.2 per cent from Kshs.182.7 million in FY 2013/14 to Kshs.504.62 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Enactment of regulations to operationalize established County Funds.

However, the following challenges continued to hamper effective budget implementation:

1. Late submission of financial reports by the County Treasury to OCOB.
2. Expenditure by some County Entities exceeded approved budget allocation. For example, expenditure by the County Assembly was 111.7 per cent of its revised budget allocation.
3. Failure to establish an internal audit committee in line with Section 155 of the PFM Act, 2012.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the OCOB.*
2. *The County should ensure that expenditure is within budget allocation. Incase of any reallocations, these should be regularized through a supplementary budget before the end of the financial year.*
3. *The County Treasury should establish an internal audit committee to oversee operations of the Internal Audit Department.*

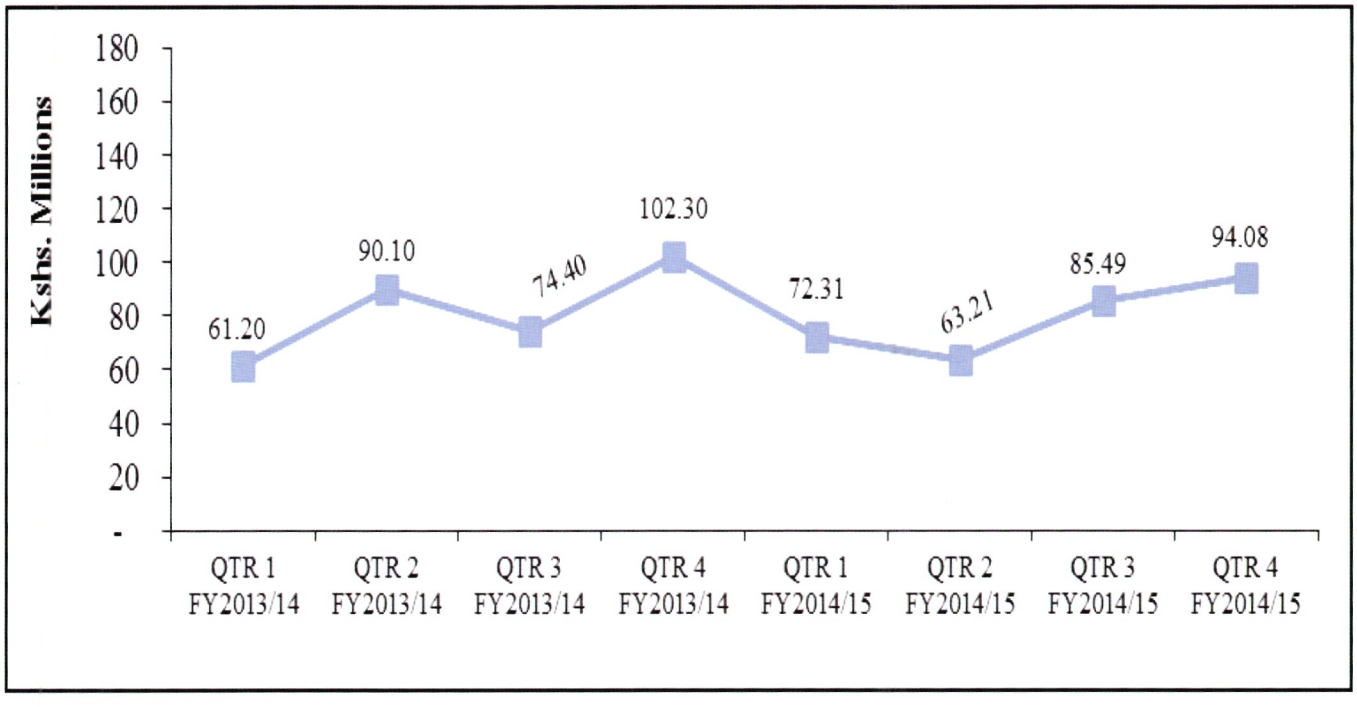
Busia County

During FY 2014/15, the approved Supplementary Budget for Busia County was Kshs.6.32 billion, with Kshs.3.37 billion (53.4 per cent) allocated to recurrent expenditure and

Kshs.2.95 billion (46.6 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 8. In order to finance the budget, the County expected to receive Kshs.5.32 billion (84.1 per cent) as transfers from the National Government (the amount includes Kshs.566.61 million which had been transferred to Bungoma County), collect Kshs.324.94 million (5.1 per cent) from local sources, receive a conditional grant of Kshs.5.16 million (0.2 per cent) from DANIDA, and Kshs.672.99 million (10.6 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.76 billion from the National Government as a direct transfer to the CRF account, raised Kshs.315.20 million from local sources, and had Kshs.672.99 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.315.20 million was a decrease from Kshs.328 million collected in FY 2013/14 and accounted for 97 per cent of the annual local revenue target. Figure 18 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 18: Busia County, Trend in Local Revenue collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Busia County Treasury*

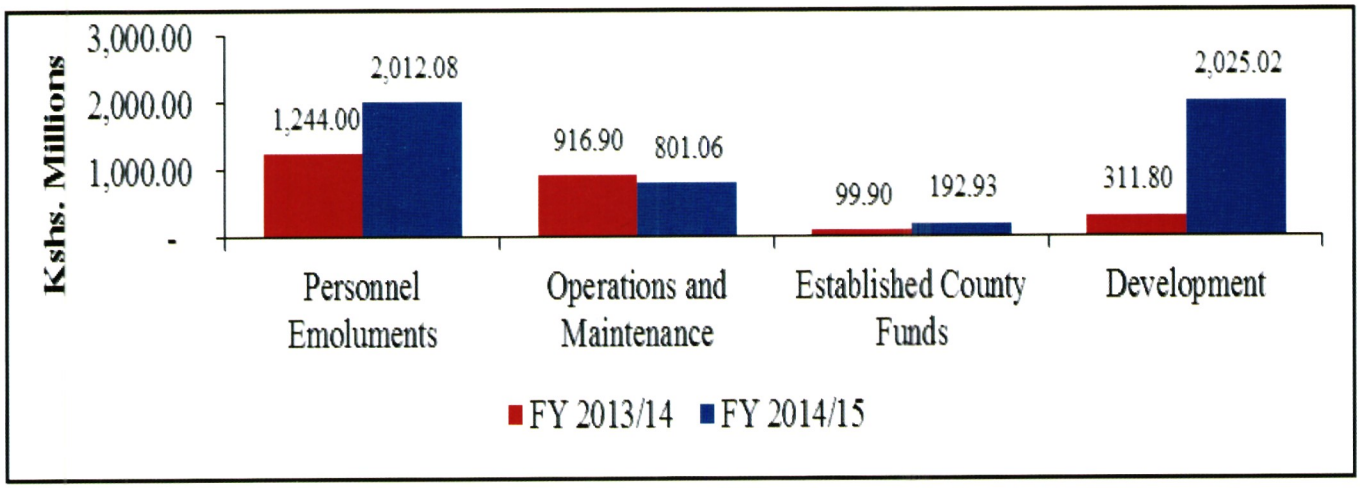
During the reporting period, the County accessed **Kshs.5.15 billion** from the CRF, which was 81.5 per cent of the Approved Supplementary Budget, an improvement from 67.4 per cent in the FY 2013/14. This amount consisted of Kshs.3.13 billion (60.7 per cent) for recurrent expenditure and Kshs.2.03 billion (39.3 per cent) for development activities.

The County spent a total of Kshs.4.99 billion during FY 2014/15 which translated to 96.9 per cent of the total funds released, and an improvement from the Kshs.2.9 billion spent in FY 2013/14. A total of Kshs.2.97 billion (59.5 per cent) was spent on recurrent activities while Kshs.2.02 billion (40.5 per cent) was spent on development activities. Recurrent expenditure was 95 per cent of the funds released for recurrent activities while development expenditure accounted for 99.9 per cent of the funds released for development activities. The County did not report any pending bills as at 30th June 2015.

The recurrent expenditure for the period under review represented an absorption rate of **88.1 per cent**, an increase from **85.3 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **68.7 per cent**, an improvement from **17.6 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.97 billion shows that the County spent Kshs.2.01 billion (67.6 per cent) on personnel emoluments and Kshs.801.05 million (26.9 per cent) on operations and maintenance expenditure and Kshs.158.30 million (5.5 per cent) on MCAs Car Loans and Mortgages. Expenditure on personnel emoluments accounted for 40.3 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.24 billion. The County spent a total of Kshs.192.93 million on established County Funds, out of which Kshs.158.30 million was spent on the MCAs Car loans and Mortgages which was categorized as recurrent expenditure and Kshs.34.63 million on Bursary fund which was categorized as development expenditure. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 19.

Figure 19: Busia County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Busia County Treasury*

A breakdown of expenditure by department shows that the department of Trade, Cooperative, Tourism and Industry attained the highest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 99.8 per cent while the County Public Service Board attained the lowest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 47.4 per cent. Table 8 shows a summary of expenditure by department.

Table 8: Busia County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of Expenditure to exchequer issues		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Animal Resources	206.84	186.69	203.15	142.53	198.18	106.67	97.6	74.8	95.8	57.1
Trade, Cooperative, Tourism and Industry	27.34	64.2	20.91	59.5	27.3	40.61	130.5	68.2	99.8	63.2
Education and Vocational Training	120.16	149.15	119.51	122.5	110.49	119	92.4	97.1	91.9	79.7
Finance and Economic Planning	408.3	1172.94	394.17	601	340.5	680.72	86.3	106.6	83.3	58
Community Gender, Culture & Social Services	58.92	107.52	59.1	63.02	49.34	71.18	83.4	112.9	83.7	66.2

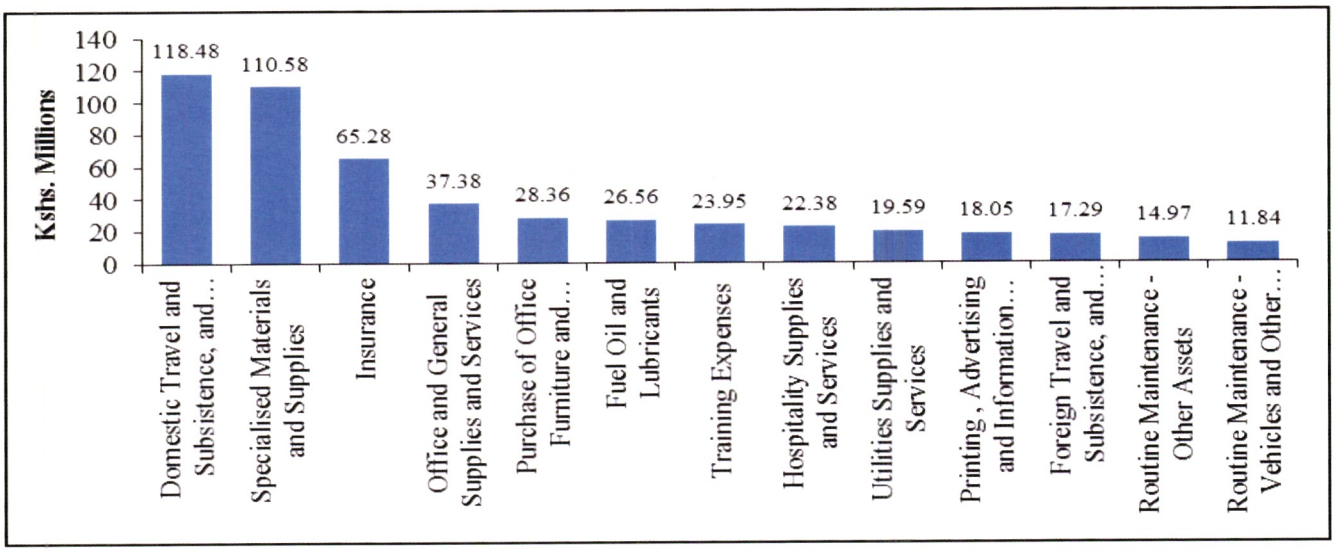
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of Expenditure to exchequer issues		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Works, Transport and Disaster Management	74.5	341.04	71.36	317.27	58.94	339.24	82.5	106.9	79.1	99.4
Labour, public Service, ICT and Intergovernmental relations	375.74	48.25	367.71	37.91	372.9	31.92	101.4	84.1	99.2	66.1
Lands, Housing & Urban development	41.41	111.76	38.45	37.98	35.58	61.67	92.5	162.3	85.9	55.1
Water, Environment & natural resources	74.3	244.59	72.86	216.8	58.94	126.79	80.8	58.4	79.3	51.8
Health and Sanitation	1110.76	390.46	969.46	230.28	959.23	348.59	98.9	151.3	86.3	89.2
County Public Service Board	56.34	-	58.95	-	38.62		65.5	-	47.4	-
Office of the Governor	101.67	52.47	86.44	40	94.51	32.39	109.3	80.9	92.9	61.7
Office of the Deputy Governor	42.56	5	40.69	5	35.52	5	87.2	100	83.4	100
County Executive Administration(County Secretary)	14.38	-	13.14		11.18		85	-	77.7	-
County Assembly	660.21	75.07	611.28	75.07	580.21	61.24	94.9	81.6	63.9	81.6
Total	**3373.43**	**2949.13**	**3127.23**	**2028**	**2971.44**	**2025.02**	**95**	**99.9**	**88.1**	**68.7**

Source: *Busia County Treasury*

The County spent Kshs.98.52 million on sitting allowances to the 54 MCAs, representing an absorption rate of 96.8 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.93 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.152,035 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.135.77 million compared to Kshs.126 million in FY 2013/14, representing an increase of 7.7 per cent. This expenditure comprised of Kshs.98.45 million by the County Executive and Kshs.37.32 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 20.

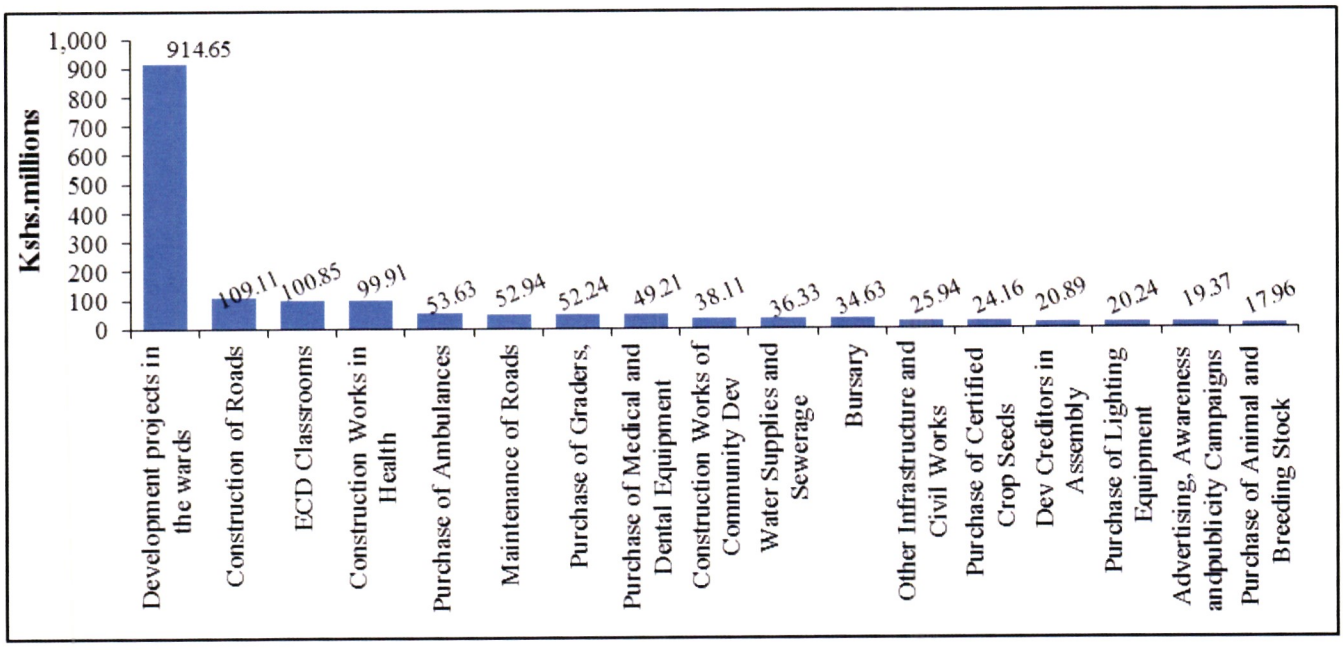
Figure 20: Busia County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Busia County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the highest expenditure was on development projects in the wards, where Kshs.914.65 million was spent on various development projects in the 35 wards. A total of Kshs.348.59 million was spent by the Health and Sanitation department on Construction of a Medical Training College in Busia, various laboratories in the County health facilities, ICU equipment, Theatres and Emergency units. Figure 21 provides the details of development expenditure during FY 2014/15.

Figure 21: Busia County, FY 2014/15 Analysis of Development Expenditure



Source: *Busia County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 68.7 per cent from 17.6 per cent in the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Embracing use of IFMIS to process financial transactions.

However, the following challenges continue to hamper effective budget implementation:

1. Delay in the passage of the second Supplementary Budget, which affected implementation of some planned activities.
2. Inadequate internal audit arrangements.

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

1. *Ensure Supplementary Budgets are prepared and approved in time to allow adequate time for implementation of the planned activities.*
2. *Strengthen the internal audit function in line with Section 155 of the PFM Act, 2012.*

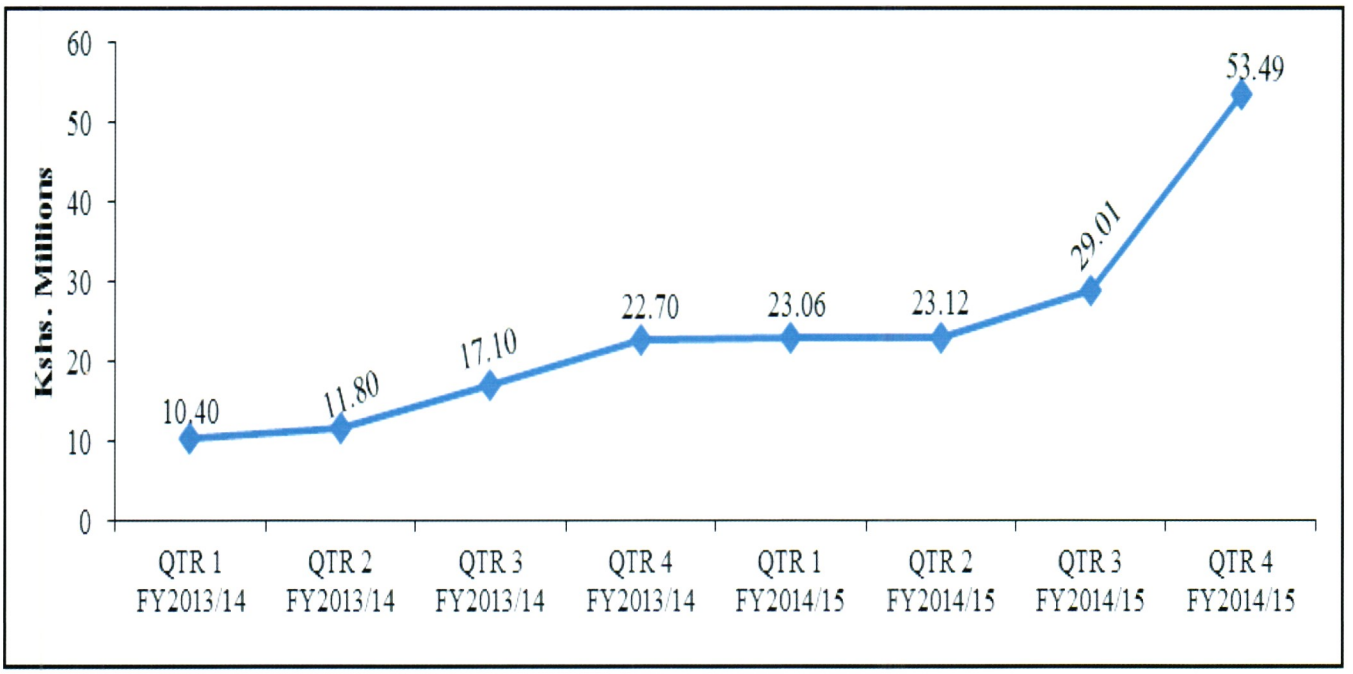
Elgeyo Marakwet County

During the FY 2014/15, the Approved Supplementary Budget for Elgeyo Marakwet County was Kshs.3.78 billion, with Kshs.2.29 billion (60.5 per cent) allocated to recurrent expenditure and Kshs.1.50 billion (39.6 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 9. In order to finance the budget, the County expected to receive Kshs.2.85 billion (75.3 per cent) as transfers from the National Government, collect Kshs.132.02 million (3.5 per cent) from local sources, receive a conditional grant of Kshs.18.42 million (0.5 per cent) from DANIDA, and Kshs.785.25 million (20.8 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.2.87 billion from the National Government as a direct transfer to the CRF account, raised Kshs.128.68 million from local sources, and had Kshs.785.2 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.128.68 million was an improvement from Kshs.61.0

million collected in FY 2013/14 and accounted for 97.5 per cent of the annual local revenue target. Figure 22 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 22: Elgeyo Marakwet County, Trend in Local Revenue collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Elgeyo Marakwet County Treasury*

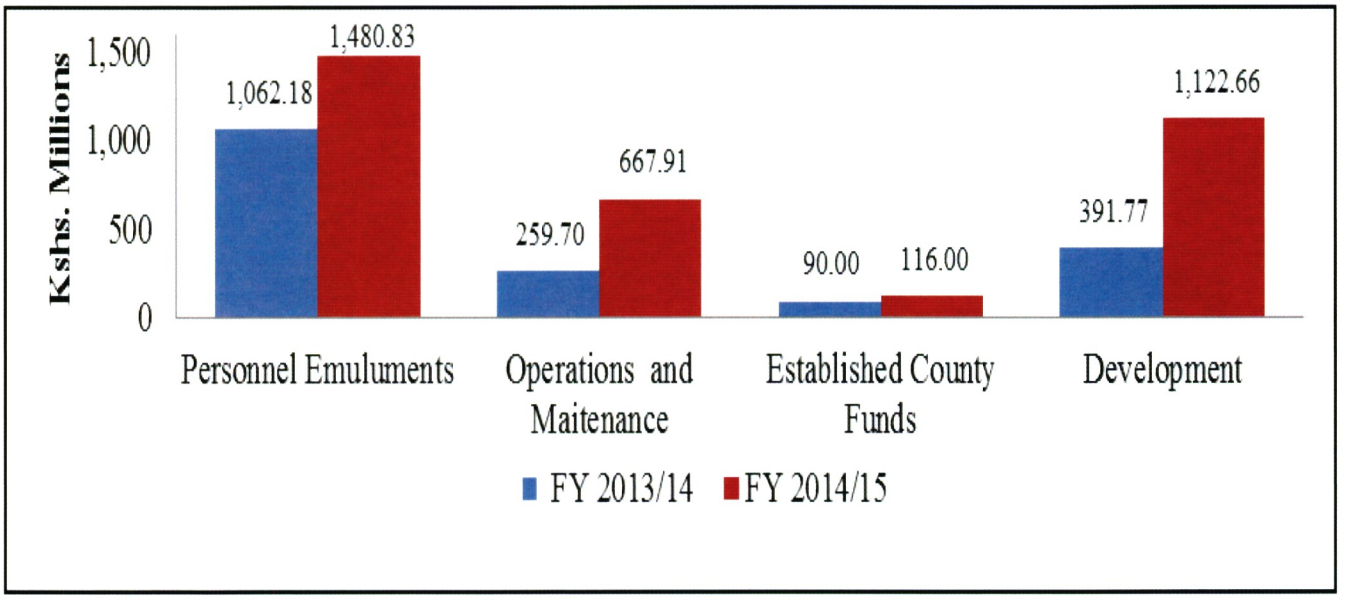
During the reporting period, the County accessed **Kshs.3.51 billion** from the CRF, which was 92.9 per cent of the Approved Supplementary Budget an improvement from 78.0 per cent in the FY 2013/14. This amount consisted of Kshs.2.32 billion (65.9 per cent) for recurrent expenditure and Kshs.1.20 billion (34.1 per cent) for development activities.

The County spent a total of Kshs.3.39 billion during FY 2014/15 which translated to 96.39 per cent of the total funds released, an improvement from the Kshs.1.71 billion spent in FY 2013/14. A total of Kshs.2.26 billion (66.9 per cent) was spent on recurrent activities while Kshs.1.12 billion (33.1 per cent) was spent on development activities. Recurrent expenditure was 97.5 per cent of the funds released for recurrent activities while development expenditure accounted for 94.3 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.168.67 million for development activities and Kshs.32.74 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **98.3 per cent**, an increase from **72.7 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **75.5 per cent**, an improvement from **49.9 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.26 billion shows that the County spent Kshs. 1.48 billion (65.4 per cent) on personnel emoluments and Kshs.667.91 million (29.5 per cent) on operations and maintenance expenditure and Kshs.116.00 million (5.1 per cent) on established County funds. Expenditure on personnel emoluments accounted for 43.7 per cent of total annual expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 where the County spent Kshs.1.06 billion. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 23.

Figure 23: Elgeyo Marakwet County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Elgeyo Marakwet County Treasury*

A breakdown of expenditure by department shows that Water, Irrigation and Environment department attained the highest recurrent absorption rate at 122.0 per cent while the Roads, Public works and transport department had the lowest recurrent absorption rate of 94.8 per cent. On the other hand Roads, Public works and Transport department had the highest development absorption rate at 96.4 per cent while Youth Affairs, Culture, Children and Social Services department had the lowest development absorption rate at 41.6 per cent. Table 9 shows a summary of expenditure by department.

Table 9: Elgeyo Marakwet County, FY 2014/15 Budget and Expenditure by Department

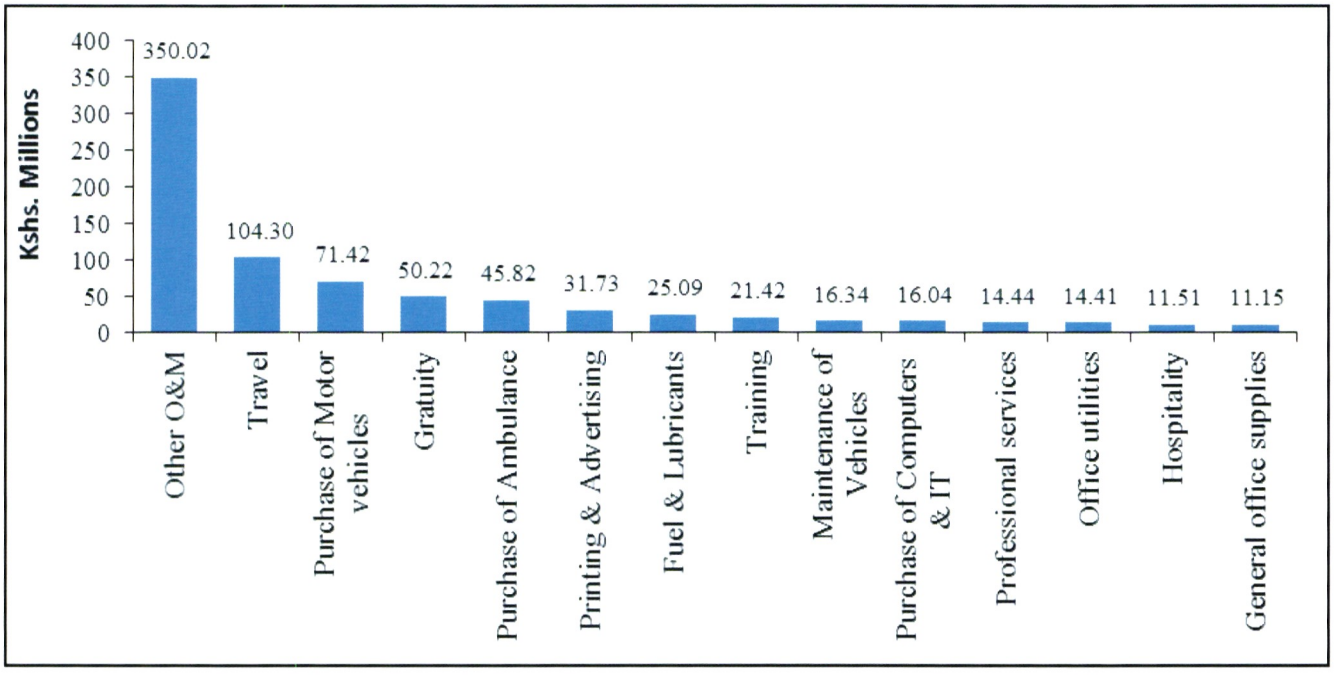
Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	139.1	70.7	139.1	56.9	133.9	50.1	96.3	88.0	96.3	70.9
Deputy Governor's Office	7.9	-	7.9	-	7.9	-	100.0	0.0	100.0	-
Administration	66.8	-	66.8	-	65.0	-	97.3	0.0	97.3	-
Finance and Economic Planning	164.8	19.8	164.8	17.6	161.1	16.8	97.8	95.5	97.8	84.8
Roads, Public Works and Transport	45.4	439.8	45.4	428.6	43.0	423.8	94.8	98.9	94.8	96.4
Youth Affairs, Culture, Children and Social Services	27.6	97.1	27.6	45.7	26.3	40.4	95.1	88.4	95.1	41.6
Education and Technical Training	169.5	175.4	169.5	78.3	167.8	76.0	99.0	97.0	99.0	43.3
Health Services	918.5	209.5	950.3	186.2	904.1	163.0	95.1	87.5	98.4	77.8
Lands, Housing and Physical Planning	17.5	63.2	17.5	50.3	17.5	45.1	99.7	89.6	99.7	71.3
Trade, Tourism, Wildlife, Industrialization and Cooperatives	35.3	56.4	35.3	47.3	34.8	46.7	98.5	98.6	98.5	82.8
Water, Irrigation and Environment	27.8	169.9	27.8	117.2	33.9	114.9	122.0	98.0	122.0	67.6
Agriculture, Livestock and Fisheries	175.2	123.8	175.2	108.8	170.8	101.2	97.5	93.0	97.5	81.7
CPSB	42.5	-	42.5	-	40.5	-	95.4	-	95.4	-
ICT and Public Service	119.5	14.6	119.5	13.0	124.9	10.5	104.5	80.6	104.5	716
County Assembly	328.4	55.2	328.4	46.9	327.5	40.2	99.7	85.7	99.7	72.9
Total	**2,285.50**	**1,495.43**	**2,317.30**	**1,196.80**	**2,258.80**	**1,128.60**	**97.5**	**94.3**	**98.3**	**75.5**

Source: *Elgeyo Marakwet County Treasury*

The County spent Kshs.33.50 million on sitting allowances to the 31 MCAs, representing an absorption rate of 85.28 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.12.4 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.89,920 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.104.30 million compared to Kshs.53.4 million in FY 2013/14, representing an increase of 95.3 per cent. This expenditure comprised of Kshs.60.40 million by the County Executive and Kshs.43.90 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 24.

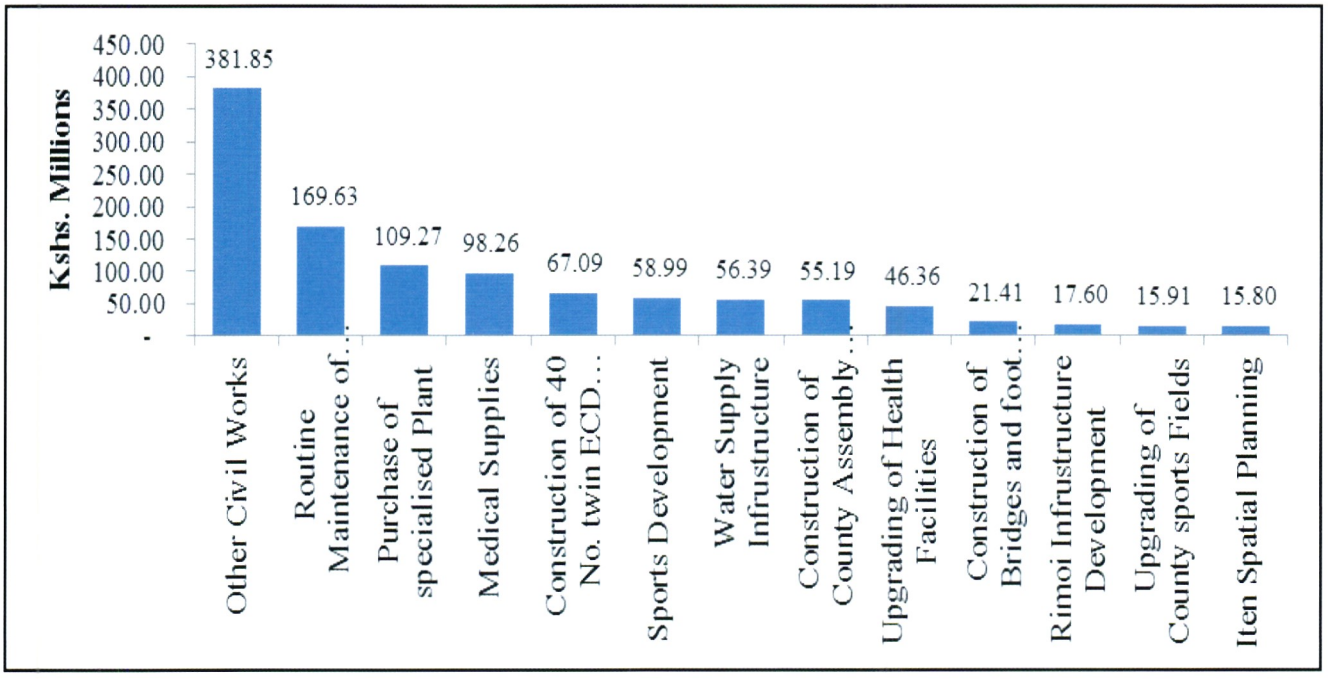
Figure 24: Elgeyo Marakwet County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Elgeyo Marakwet County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that apart from civil works which cuts across all departments, the Roads department had the highest expenditure of Kshs.169.63 million which was spent on grading and gravelling of roads. A total of 18 major roads were constructed across the 20 wards in the County. The third highest expenditure of Kshs.109.27 million was on the purchase of specialized plants (e.g. Motor graders, Dozers, Excavators, Rollers and Tippers). Figure 25 provides the details of development expenditure during FY 2014/15.

Figure 25: Elgeyo Marakwet County,FY 2014/15 Analysis of Development Expenditure



Source: *Elgeyo Marakwet County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 75.5 per cent from 49.9 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 110.95 per cent from Kshs.61 million in FY 2013/14 to Kshs.128.68 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Enactment of regulations for managing established funds.

(vi) Improved working relations between the two arms of the County government.

However, the following challenges that continued to hamper effective budget implementation:

1. Delays in passage of the Supplementary Budget which affected implementation of some planned activities.

2. Failure by the County to constitute the County Budget and Economic Forum as required by Section 137 of the PFM Act, 2012.
3. Delay in submission of financial reports to OCOB.
4. Excess expenditure by some County entities when compared to the approved budget allocations by the County Assembly.

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

1. *The County should ensure that Supplementary Budgets are prepared and approved on time to allow for implementation of the planned activities before year end.*
2. *The County should establish the County Budget and Economic Forum to provide means of consultation on matters relating to the budgeting processes in line with Section 137 of the PFM Act 2012.*
3. *The County should ensure timely submission of financial reports to OCOB.*
4. *The County should ensure that expenditure is within the approved budget allocations. Incase of any reallocations these should be regularized through a supplementary budget before the end of the financial year.*

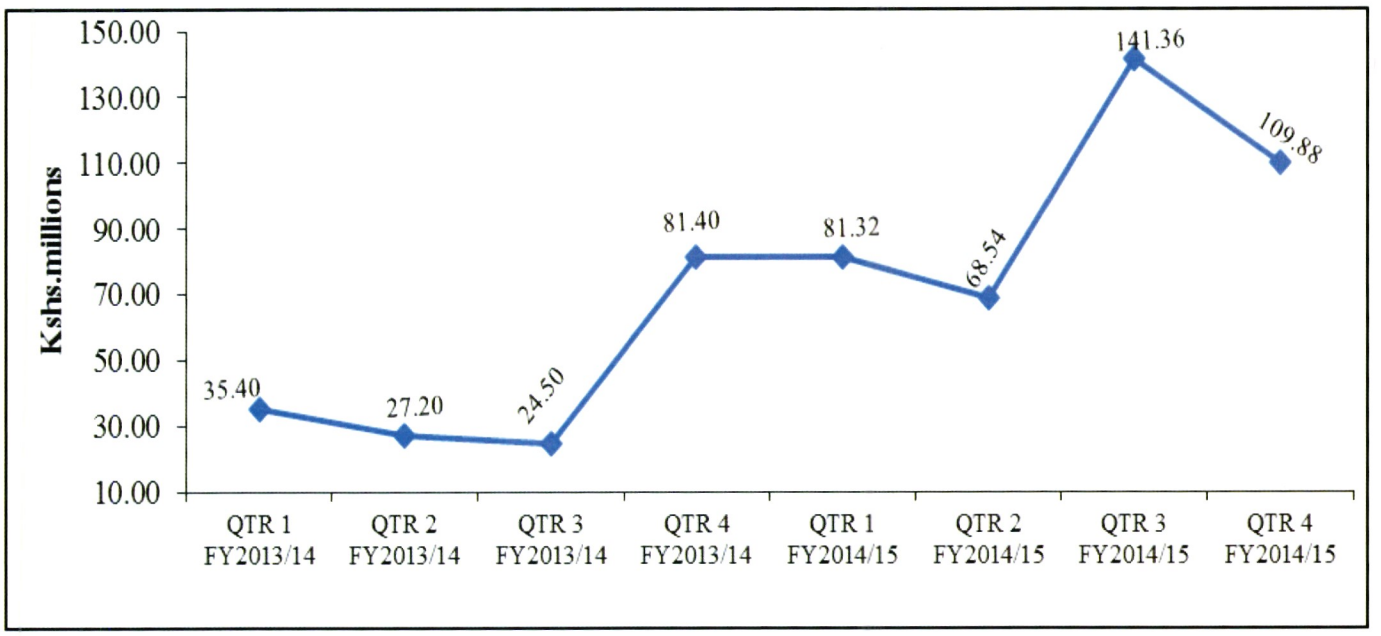
Embu County

During the FY 2014/15, the Approved Supplementary Budget for Embu County was Kshs.4.99 billion, with Kshs.3.40 billion (68.3 per cent) allocated to recurrent expenditure and Kshs.1.58 billion (31.7 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 10. In order to finance the budget, the County expected to receive Kshs.3.53 billion (70.8 per cent) as transfers from the National Government, collect Kshs.748.00 million (15.0 per cent) from local sources, receive a conditional grant of Kshs.11.37 million (0.2 per cent) from DANIDA, and Kshs.695.95 million (14.0 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.54 billion from the National Government as a direct transfer to the CRF account, raised Kshs.401.10 million from local sources, and had Kshs.695.95 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 increased to Kshs.410.10 million, up from Kshs.168.50

in FY 2013/14. This accounted for 53.6 per cent of the annual revenue target. Figure 26 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 26: Embu County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Embu County Treasury*

During the reporting period, the County accessed **Kshs. 3.85 billion** from the CRF, which was 77.1 per cent of the Approved Supplementary Budget, an improvement from 75.9 per cent in the FY 2013/14. This amount consisted of Kshs.3.11 billion (80.8 per cent) for recurrent expenditure and Kshs.739.28 million (19.2 per cent) for development activities.

The County spent a total of Kshs.3.80 billion during FY 2014/15 which translated to 98.9 per cent of the total funds released for operations, an improvement from the Kshs.2.75 billion spent in FY 2013/14. A total of Kshs.3.18 billion (83.5 per cent) was spent on recurrent activities while Kshs.625.79 million (16.5 per cent) was spent on development activities. Recurrent expenditure was 102.3 per cent of the funds released for recurrent activities while development expenditure accounted for 84.6 per cent of the funds released for development activities. The expenditure does not include pending bills as of 30th June 2015 that amounted to Kshs.507.72 million for development activities and Kshs.88.88 million for recurrent expenditure.

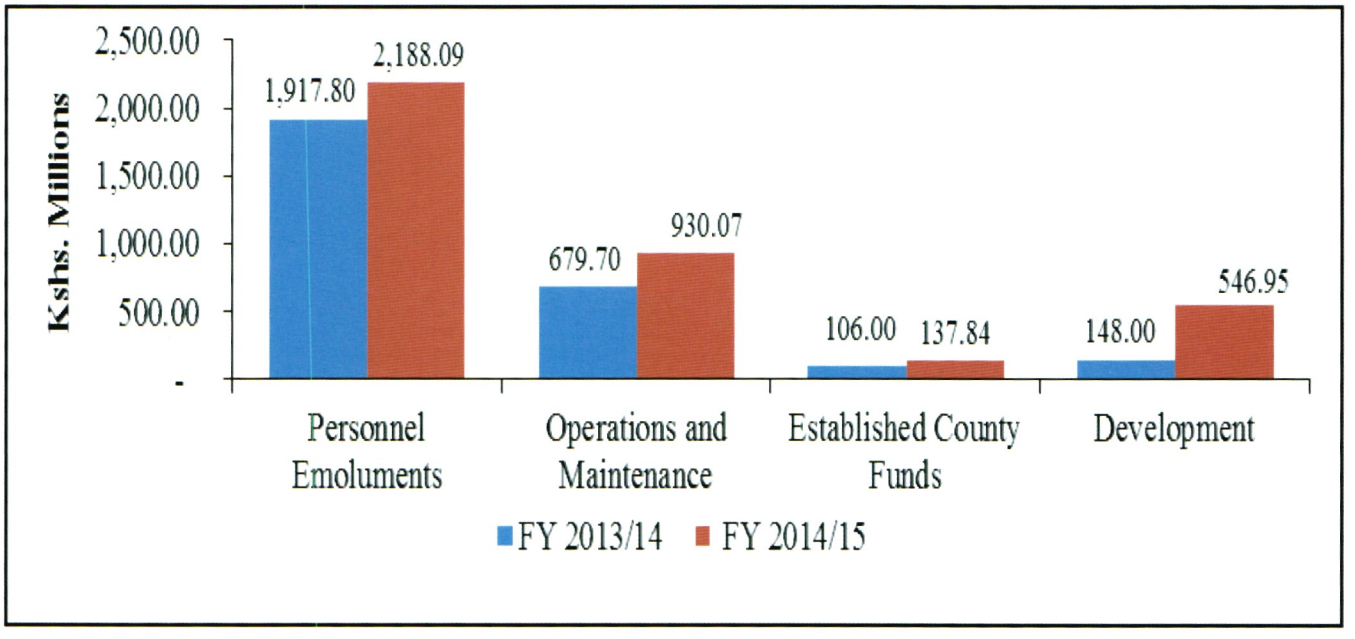
The recurrent expenditure for the period under review represented an absorption rate of

93.3 per cent, an increase from **92.3 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **39.5 per cent**, an improvement from **12.2 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.18 billion shows that the County spent Kshs.2.19 billion (68.9 per cent) on personnel emoluments and Kshs.930.07 million (29.3 per cent) on operations and maintenance expenditure and Kshs.59.00 million (1.9 per cent) on MCAs Mortgage Fund. Expenditure on personnel emoluments accounted for 57.6 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.92 billion.

The County spent Kshs.137.84 million on established County Funds. Out of which Kshs.59.00 million was spent on MCAs Mortgage Fund which was categorized as recurrent expenditure; Kshs.69.84 million was spent on the Education Support Fund and Kshs.9.00 million was spent on Youth Trust Fund which were categorized as development expenditure. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 27.

Figure 27: Embu County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Embu County Treasury*

A breakdown of expenditure by department shows that the Office of the Governor had the highest absorption rate of its annual recurrent budget at 100.2 per cent while Embu Level 5 Hospital had the highest absorption rate of its annual development budget at 156.6 per cent. On the other hand the department of Finance and Economic Planning had the lowest absorption rate of its annual recurrent budget at 27.3 per cent while the County Assembly did not absorb the entire annual development budget. **Table 10** shows a summary of expenditure by department.

Table 10: Embu County, FY 2014/15 Budget and Expenditure by Department

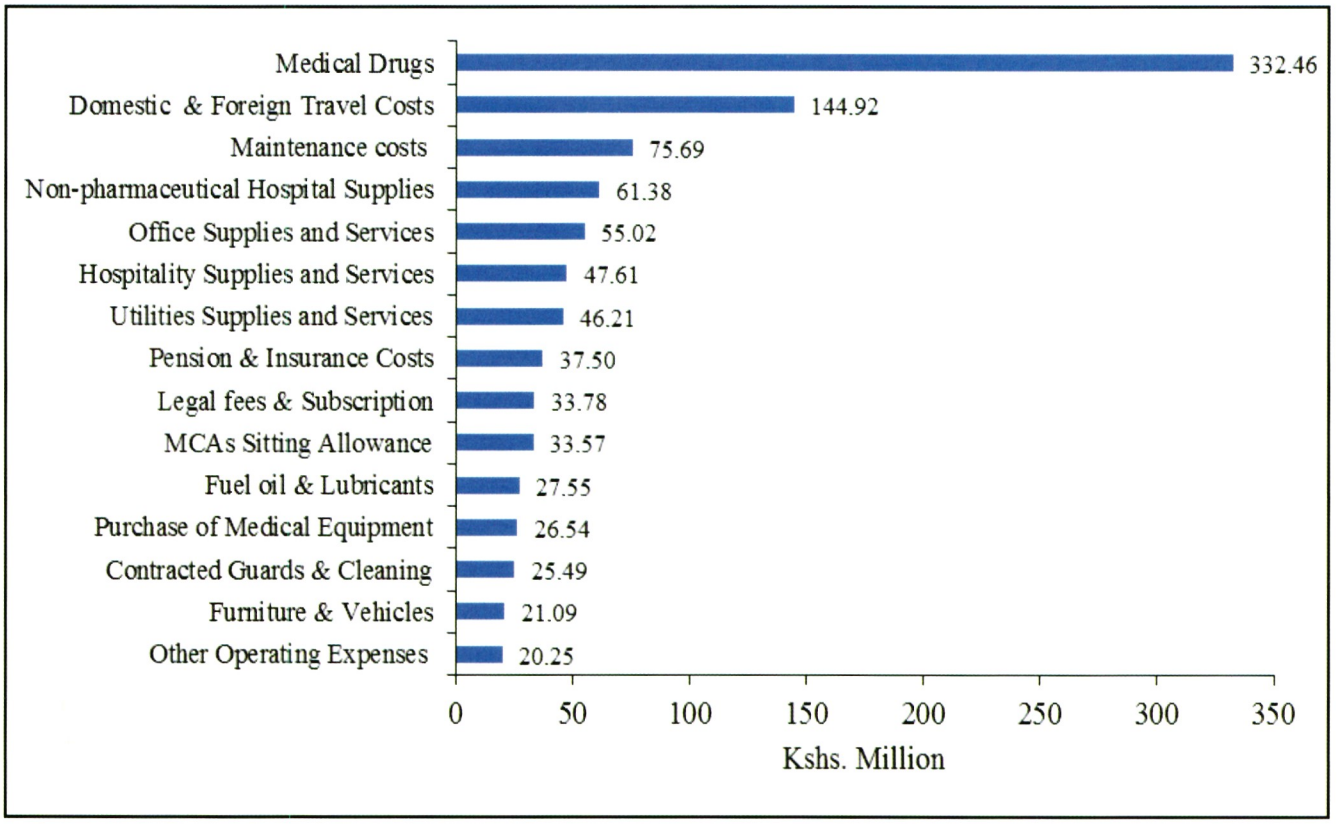
Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	1,902.48	-	1,898.82	-	1,906.16	-	100.4	-	100.2	-
Finance and Economic Planning	202.03	62.4	128.56	34.9	55.14	34.91	42.9	100.0	27.3	55.9
Health Services	366.38	156.89	202.09	41	337.75	38.12	167.1	93.0	92.2	24.3
Embu Level 5 Hospital	379.29	77.7	345.06	77.7	378.2	121.67	109.6	**156.6**	99.7	**156.6**
Investment &Industrialization	3.6	13	3.6	13	1.07	2.07	29.7	15.9	29.7	15.9
Education, Science & Technology	13.86	160.91	13.86	98.85	9.7	77.07	70.0	78.0	70.0	47.9
Youth Empowerment & Sports	9.56	107.77	9.56	43	4.52	52.91	47.3	**123.0**	47.3	49.1
Infrastructure & Public Works	35.09	524.67	35.09	196.19	30.29	177.52	86.3	90.5	86.3	33.8
Trade & Tourism	9.24	42.45	9.24	9.5	3.38	1.72	36.6	18.1	36.6	4.1
Gender Empowerment & Culture	7.66	39.3	7.66	7.75	4	0.69	52.2	8.9	52.2	1.8
Lands, Water & Natural Resources	14.16	260.99	14.16	176.25	8.76	89.69	61.9	50.9	61.9	34.4
Agriculture, Livestock & Fisheries	30.51	103.2	30.51	41.14	16.58	29.29	54.3	71.2	54.3	28.4
County Public service Board	15.4	-	15.4	-	4.89	-	31.8	-	31.8	-
County Assembly	416.76	35	392.89	-	416.72	-	**106.1**	0.0	100.0	0.0
Total	**3,406.02**	**1,584.28**	**3,106.50**	**739.28**	**3,177.16**	**625.66**	102.3	84.6	93.3	39.5

Source: *Embu County Treasury*

The County spent Kshs.33.57 million on sitting allowances to the 34 MCAs, representing an absorption rate of 102.8 per cent of the annual MCAs sitting allowance budget, a decline from Kshs.46.6 million spent in 2013/14. The average monthly sitting allowance per MCA was Kshs.82,285 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.144.92 million compared to Kshs.81.50 million in FY 2013/14, representing an increase of 77.8 per cent. This expenditure comprised of Kshs.57.49 million by the County Executive and Kshs.87.43 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 28

Figure 28: Embu County, FY 2014/15 Operations and Maintenance Expenditure

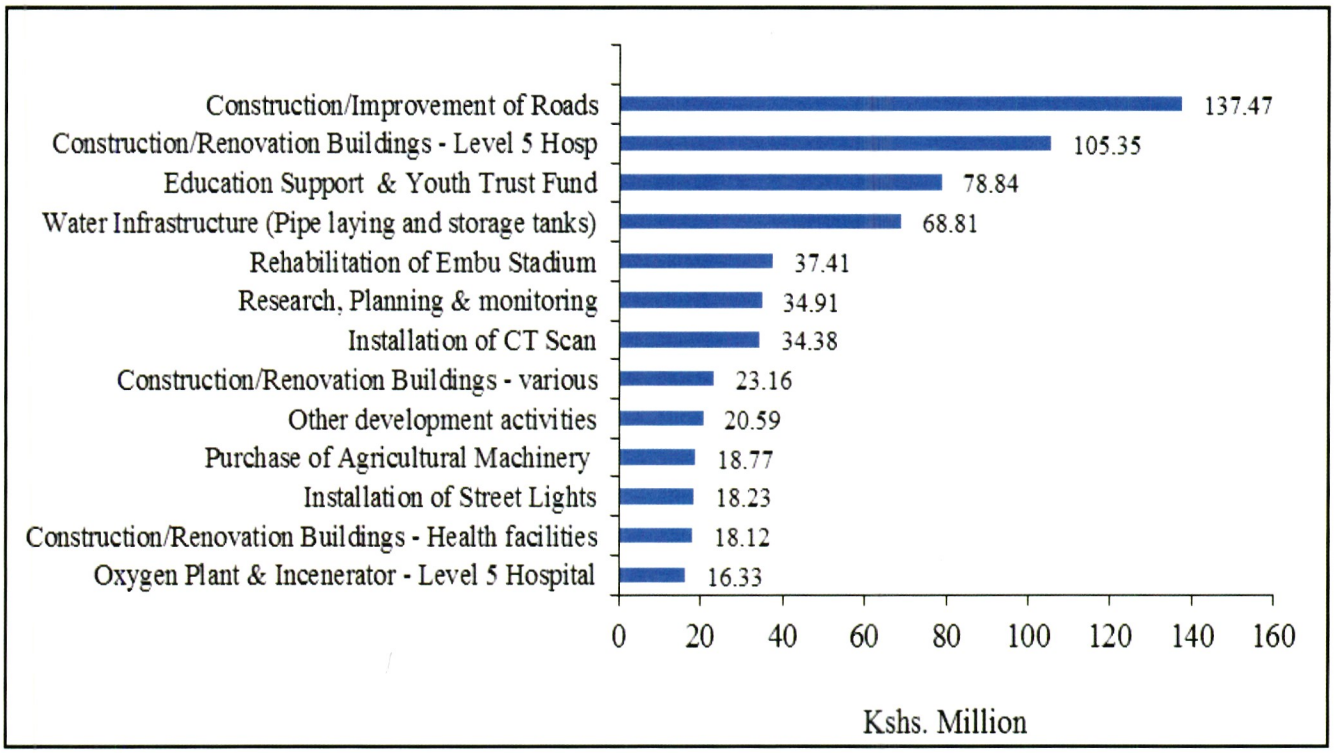


Source: *Embu County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.137.47 million which was spent on grading and gravelling of roads and tarmacking of the main bus Park in Embu town. The second highest expenditure of Kshs.105.35 million was on the construction of a modern theatre and renovation of buildings at the Level 5 Hospital. Figure 29 provides the details

of development expenditure during FY 2014/15.

Figure 29: Embu County, FY 2014/15 Analysis of Development Expenditure



Source: *Embu County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 39.5 per cent from 12.2 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 143.36 per cent from Kshs.168.5 million in FY 2013/14 to Kshs.410.1 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, the following challenges continue to hamper effective budget implementation:

1. Failure to provide quarterly financial statements on the MCAs Car and Mortgage Funds as required under section 167 and 168 of the PFM Act, 2012.

2. Delay in enactment of FY 2014/15 Supplementary Budget, which affected budget implementation.

3. The Internal Audit Committee has not been established as required by Section 155 (5) of PFM Act 2012.

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

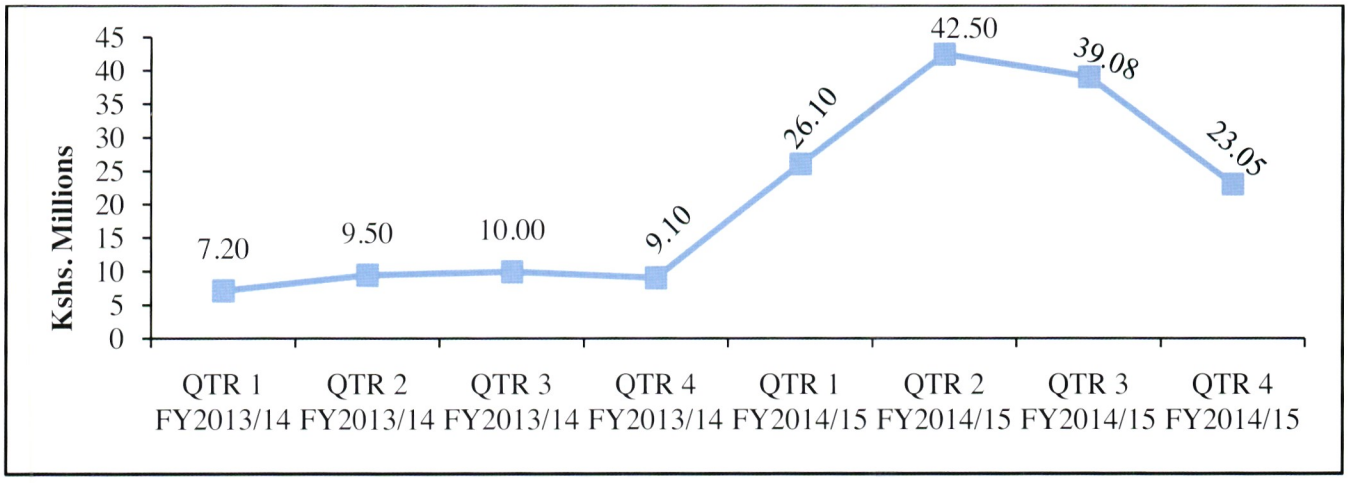
1. *Administrators of the established County Funds should submit quarterly financial statements for all County Funds in line with section 167 and 168 of the PFM Act, 2012.*
2. *Supplementary Budgets should be approved on time to ensure smooth implementation of planned activities.*
3. *The County should establish an Internal Audit Committee as per section 155(5) of the PFM Act, 2012 to oversee operations of the Internal Audit function.*

Garissa County

During FY 2014/15, the Approved Supplementary Budget for Garissa County was Kshs.7.85 billion, with Kshs.3.81 billion (48.6 per cent) allocated to recurrent expenditure and Kshs.4.03 billion (51.4 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 11. In order to finance the budget, the County expected to receive Kshs.5.04 billion (64.2 per cent) as transfers from the National Government, collect Kshs.700 million (8.9 per cent) from local sources, receive a conditional grant of Kshs.276.31 million (3.5 per cent) for Donors projects and for the Level Five Hospital, receive Ksh.15.56 million (0.2 per cent) from DANIDA, Kshs.1.82 billion (23.2 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.5.16 billion from the National Government as a direct transfer to the CRF account, raised Kshs.130.72 million from local sources, and had Kshs.1.82 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.130.72 million was an improvement from Kshs.35.9 million collected in FY 2013/14 and accounted for 18.7 per cent of the annual local revenue target. Figure 30 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 30: Garissa County Trend in Local Revenue Collection by Quarter



Source: *Garissa County Treasury*

During the reporting period, the County accessed **Kshs.6.6 billion** from the CRF, which was 84 per cent of the Supplementary Budget, an improvement from 56 per cent in FY 2013/14. This amount consisted of Kshs.3.68 billion (55.7 per cent) for recurrent expenditure and Kshs.2.92 billion (44.3 per cent) for development activities.

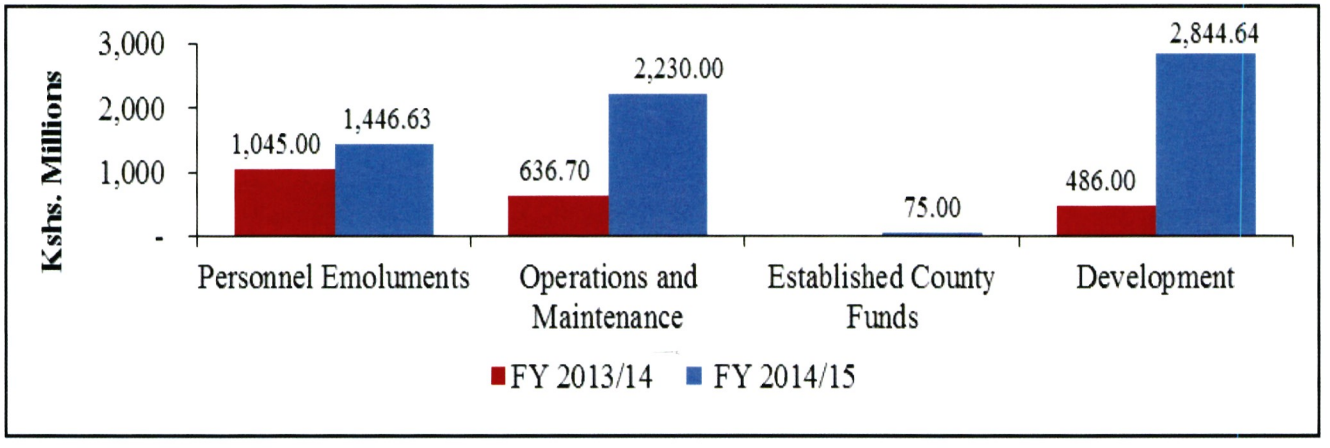
The County spent a total of Kshs.6.59 billion during FY 2014/15 which translated to 99.9 per cent of the total funds released, an improvement from the Kshs.2.2 billion spent in FY 2013/14. A total of Kshs.3.68 billion (55.7 per cent) was spent on recurrent activities while Kshs.2.92 billion (44.3 per cent) was spent on development activities. Recurrent expenditure was 99.9 per cent of the funds released for recurrent activities while development expenditure accounted for 99.9 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.354 million for development activities and Kshs.106 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **96.4 per cent**, an increase from **51 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **72.4 per cent**, an improvement from **31 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.68 billion shows that the County spent Kshs.1.45 billion (39.3 per cent) on personnel emoluments and Kshs.2.23 million (60.7 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments

accounted for 22 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.045 billion. The County spent a total of Kshs.75.00 million on established County Funds, out of which Kshs.40.00 million was spent on Emergency Fund and Kshs.35.00 million on the Bursary Fund which were both categorized as development expenditure. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 31.

Figure 31: Garissa County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Garissa County Treasury*

A breakdown of expenditure by department shows that the department of Finance and Economic Planning attained the highest absorption rate of its recurrent budget at 98.2 per cent. On the other hand, the department of Transport and Infrastructure attained the highest absorption rate of its development budget at 91.9 per cent. Table 11 shows a summary of expenditure by department.

Table 11: Garissa County, FY 2014/15 Budget and Expenditure 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	293.5	223	236	152.4	275	152.4	116.5	100.0	93.7	68.3
Finance and Economic Planning	1,436	614.5	1,398	402.4	1410	359.2	100.9	89.3	98.2	58.5
Education, Youth & Polytechnics	194.6	105.4	193.4	66	183	46.5	94.6	70.5	94.0	44.1
Health	918	529	905.2	354	895	350.6	98.9	99.0	97.5	66.3

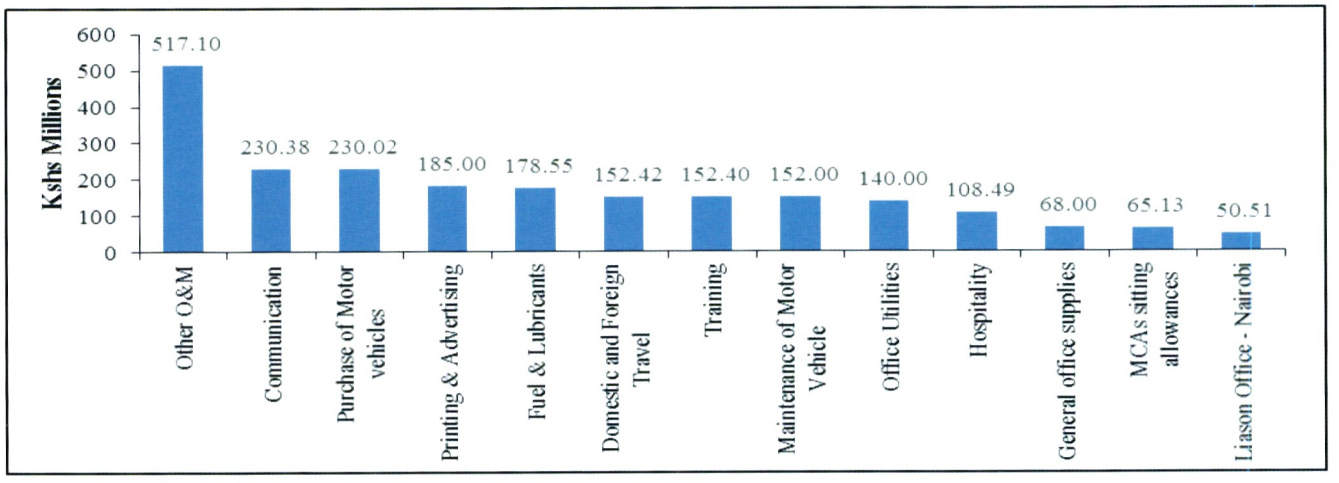
Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Culture, Children & Social Services	30	62	28.6	0	23.3	34	81.5		77.7	54.8
Transport and Infrastructure	110.8	1000	110	919.2	102	919.2	92.7	100.0	92.1	91.9
County Assembly	363	0	350.6	35	346.4	0	98.8	0.0	95.4	
Lands, Housing & Physical planning	12	197.4	11.4	0	11.3	171.4	99.1		94.2	86.8
Trade and Cooperative Development	81.4	36	80.6	6.7	78	6.7	96.8	100.0	95.8	18.6
Environment Energy and Natural Resources	53.7	322	51	241.3	49.6	164	97.3	68.0	92.4	50.9
Agriculture	72.6	131	72	130.9	68	126	94.4	96.3	93.7	96.2
Livestock	55.6	48.1	55	40	51	17	92.7	42.5	91.7	35.3
Water	192.4	769	186.4	572.6	184	572.6	98.7	100.0	95.6	74.5
Total	**3813.6**	**4037.4**	**3678.2**	**2920.5**	**3676.6**	**2919.6**	100.0	100.0	**96.4**	**72.3**

Source: *Garissa County Treasury*

The County spent Kshs.65.13 million on sitting allowances to the 47 MCAs, representing an absorption rate of 89.2 per cent of the annual MCAs sitting allowance budget a decline from Kshs.66.6 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.147,688 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.152.42 million compared to Kshs.128.8 million in FY 2013/14, representing an increase of 18.3 per cent. This expenditure comprised of Kshs.124.87 million by the County Executive and Kshs.27.54 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 32.

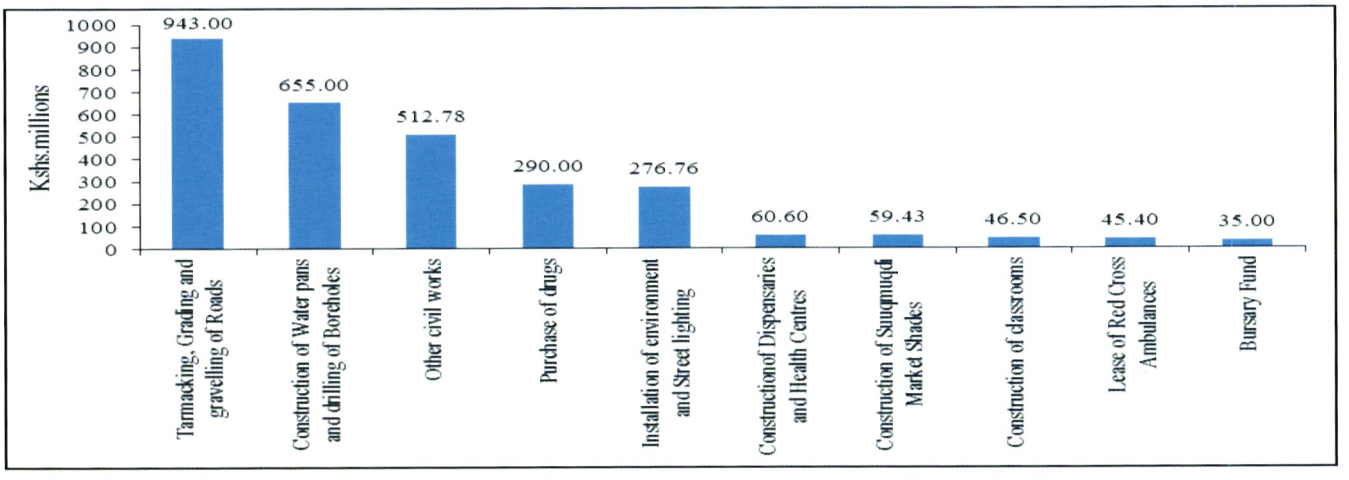
Figure 32: Garissa County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Garissa County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Infrastructure and Roads department had the highest expenditure of Kshs.943 million which was spent on Construction, grading and gravelling of roads. A total of 150 kilometres of roads across the 30 wards were gravelled and of 4 kilometres of roads tarmacked. The second highest expenditure was on water projects which included the excavation of water pans and boreholes where a total of Kshs.655.00 million was spent. Figure 33 provides the details of development expenditure during FY 2014/15.

Figure 33: Garissa County, FY 2014/15 Analysis of Development Expenditure



Source: Garissa *County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 72.4 per cent from 31 per cent in

the previous financial year.

(ii) Improvement in local revenue collection by 264.12 per cent from Kshs.35.9 million in FY 2013/14 to Kshs.130.72 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Designation of departmental accounting officers.

However, the following challenges continued to hamper effective budget implementation:;

1. Inadequate internal audit arrangements.
2. Late submission of Financial Report by the County Treasury.
3. Inefficient monitoring and evaluation of development projects.
4. Absence of designated administrators for established County Funds such as the Bursary Fund thus rendering administration and accounting for the funds difficult.

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

1. *Strengthen the internal audit function in line with Section 155 of the PFM Act, 2012.*
2. *The County Treasury should ensure timely preparation and submission of financial reports to the OCOB.*
3. *The County should develop efficient project monitoring and evaluation systems.*
4. *The County Executive Member for Finance should designate an officer to administer each fund established by the County in line with requirements of Section 116 of the PFM Act, 2012.*

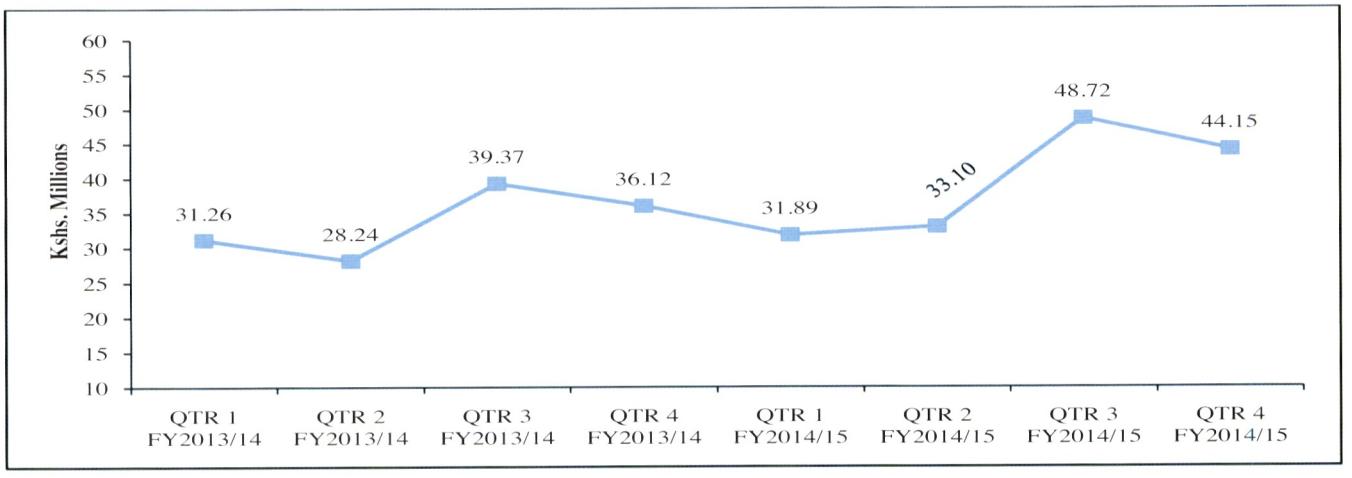
Homa Bay County

During FY 2014/15, the Approved Supplementary Budget for Homa Bay County was Kshs.5.016 billion, with Kshs.3.17 billion (63.3 per cent) allocated to recurrent expenditure and Kshs.1.84 billion (36.7 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 12. In order to finance the budget, the County is expected to receive Kshs.4.91 billion (97.9 per cent) as transfers from the National Government, collect Kshs.153.69 million (3.1 per cent) from local sources, receive a conditional grant of Kshs.22.39 million (0.4 per cent) from DANIDA, and Kshs.19.77

million (0.4 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.94 billion from the National Government as a direct transfer to the CRF account, raised Kshs.157.86 million from local sources, and had Kshs.19.77 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.157.86 million was an improvement from Kshs.135 million collected in FY 2013/14 and accounted for 102.7 per cent of the annual local revised revenue target. Figure 34 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 34 : Homa Bay County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Homa Bay County Treasury*

During the reporting period, the County accessed **Kshs.4.57 billion** from the CRF, which was 91.1 per cent of the Approved Supplementary Budget, an improvement from 77.6 per cent recorded in FY 2013/14. This amount consisted of Kshs.2.97 billion (65.0 per cent) for recurrent expenditure and Kshs.1.60 billion (35.0 per cent) for development activities.

The County spent a total of Kshs.5.28 billion during FY 2014/15 which translated to 115.6 per cent of the total funds released for operations, an increase from the Kshs.4.0 billion spent in FY 2013/14. A total of Kshs.3.42 billion (64.7 per cent) was spent on recurrent activities while Kshs.1.86 billion (35.3 per cent) was spent on development activities. Recurrent expenditure was 115.1 per cent of the funds released for recurrent activities while development expenditure accounted for 116.4 per cent of the funds released for development activities. The expenditure excludes pending bills as of at 30th June, 2015 that

amounted to Kshs.209.45 million for development activities and Kshs.232.16 million for recurrent expenditure.

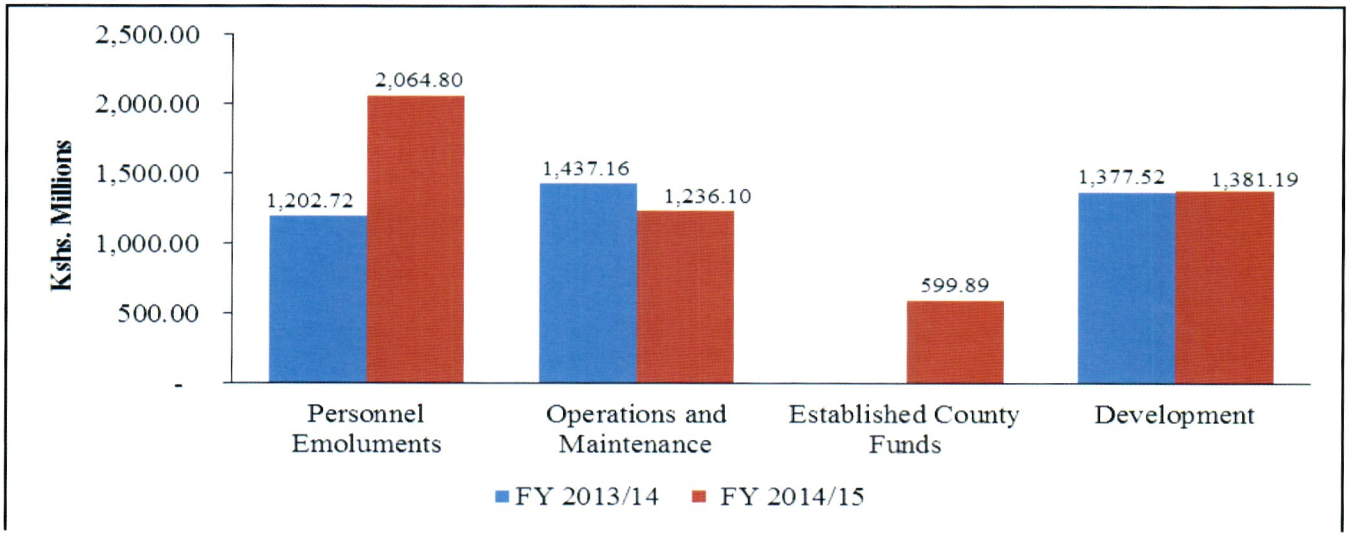
The recurrent expenditure for the period under review represented an absorption rate of **107.6 per cent,** an increase from **84.4 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **101.2 per cent**, an improvement from **61.9 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.42 billion shows that the County spent Kshs.2.06 billion (60.4 per cent) on personnel emoluments; Kshs.1.24 million (36.2 per cent) on operations and maintenance and Kshs.115.34 million (3.4 per cent) on MCAs Car Loans and Mortgages. Expenditure on personnel emoluments accounted for 44.1 per cent of total expenditure which has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.2 billion.

The County spent a total of Kshs.599.89 million on established County Funds.

A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 35.

Figure 35: Homa Bay County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Homa Bay County Treasury*

A breakdown of expenditure by department shows that the Office of the Governor attained the highest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at **155.3 per cent** while County Public Service Board attained the lowest proportion of recurrent

expenditure to supplementary recurrent budgetary allocation at **40.2 per cent**. On the other hand, the department of Finance and Economic Planning attained the highest proportion of development expenditure to supplementary development budgetary allocation at **2,657.9 per cent** while the Energy and Natural Resources department attained the lowest proportion of development expenditure to supplementary development budgetary allocation at **8.8 per cent**. Table 12 shows a summary of expenditure by department.

Table 12: Homa Bay County, FY 2014/15 Budget and Expenditure by Department

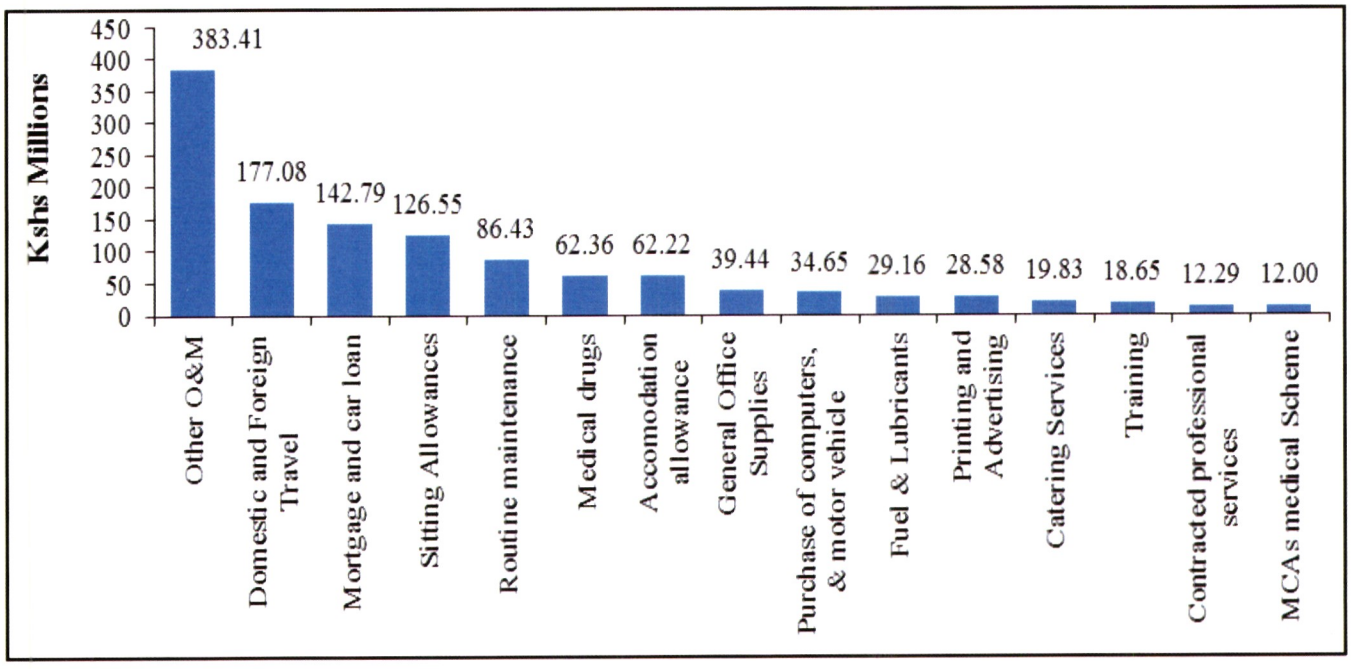
Department	Budget allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	301.62	51.4	287.51	48	468.41	61.67	162.9	128.5	**155.3**	**120.0**
Finance and Economic Planning	335.95	29.79	295.2	18.73	222.9	791.79	75.5	4227.4	**66.3**	**2657.9**
Education & ICT	291.71	109.49	291.71	47.9	272.63	83.8	93.5	174.9	**93.5**	**76.5**
Health Services	814.17	491.5	814.17	405	859.13	136.1	105.5	33.6	**105.5**	**27.7**
Tourism, Culture & sports	27.98	69.39	27.15	63	43.25	8.97	159.3	14.2	**154.6**	**12.9**
Transport & Infrastructure	51.36	555.5	50.97	532.12	71.4	533.08	140.1	100.2	**139.0**	**96.0**
County Assembly	818.23	44.42	699.47	42.21	954.59	25.98	136.5	61.5	**116.7**	**58.5**
Lands, Housing & Physical planning	43.26	25.78	43.23	19	51.07	10.61	118.1	55.8	**118.1**	**41.2**
Trade, industrialization and Investment	129.04	86.4	128.91	84.15	141.03	28.61	109.4	34.0	**109.3**	**33.1**
County Public Service Board	71.83	-	41.97		28.86	-	68.8	-	**40.2**	**-**
Agriculture, Livestock & fisheries	199.17	99.18	198.64	71.36	209.91	33.62	105.7	47.1	**105.4**	**33.9**
Water & Environment	62.17	192.6	62.17	187.03	53.4	141.18	85.9	75.5	**85.9**	**73.3**
Energy and Natural Resources	28.95	85.34	26.65	83.5	39.63	7.49	148.7	9.0	**136.9**	**8.8**
TOTAL	**3,175.44**	**1,840.79**	**2,967.75**	**1,601.00**	**3,416.21**	**1,862.90**	**115.1**	**116.4**	**107.6**	**101.2**

Source: *Homa Bay County Treasury*

The County spent Kshs.126.55 million on sitting allowances to the 64 MCAs, representing an absorption rate of 84.4 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.95.6 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.164,779 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel increased by 5.9 per cent from Kshs.167.23 million in FY 2013/14 to Kshs.177.08 million in FY 2014/15. This expenditure comprised of Kshs.50.76 million by the County Executive and Kshs.126.32 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 36.

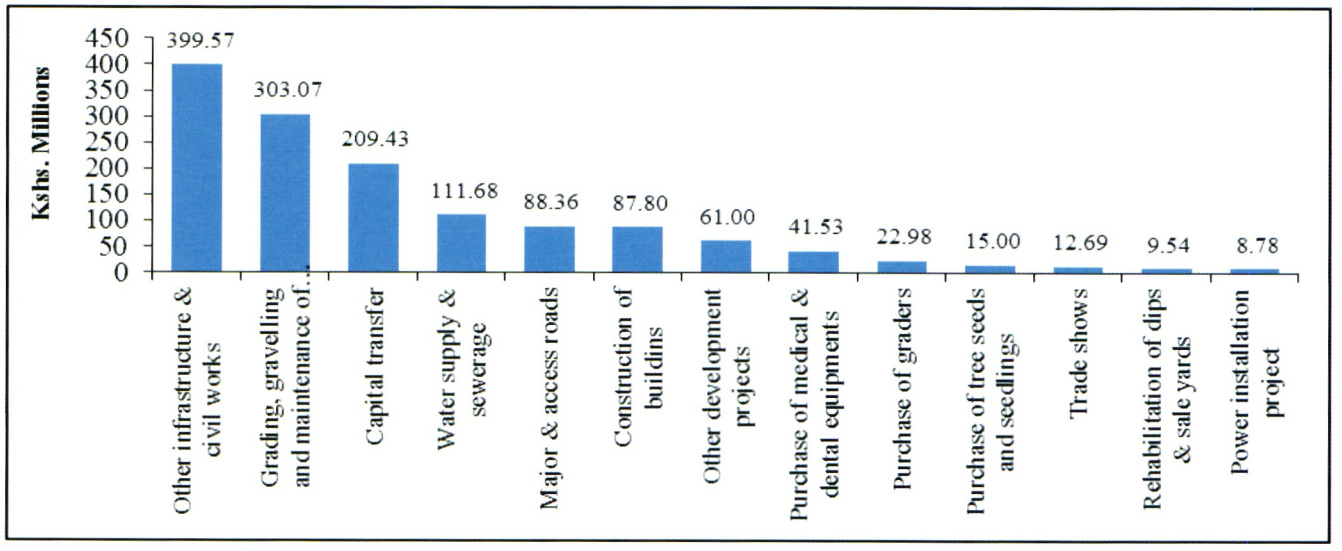
Figure 36: Homa Bay County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Homa Bay County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that other infrastructure & civil works had the highest expenditure of Kshs.399.57 million which was spent on infrastructure development. A total of 480 kilometres of murram roads were constructed across the 40 wards and 3 kilometres of road were tarmacked. The department of Transport & Infrastructure incurred the second highest expenditure of Kshs.303 million which was spent on grading, gravelling and maintenance of roads in the County. Figure 37 provides the details of development expenditure during FY 2014/15.

Figure 37:Homa Bay County, FY 2014/15 Analysis of Development Expenditure



Source: *Homa Bay County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 101.62 per cent from 61.9 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 16.75 per cent from Kshs.135 million in FY 2013/14 to Kshs.157.66 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Designation of departmental accounting officers.

However, the following challenges continued to hamper effective budget implementation:

1. Failure to adopt IFMIS in processing financial transactions at the County Assembly.
2. Expenditure in excess of approved budget allocations as indicated by some departments such as; the County Assembly; Finance and Economic Planning; County Treasury and Economic Planning; Trade, Industrialization and Investment; and Land, Housing and Physical Planning..

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

1. *The County Assembly should operationalize IFMIS in processing financial transactions.*

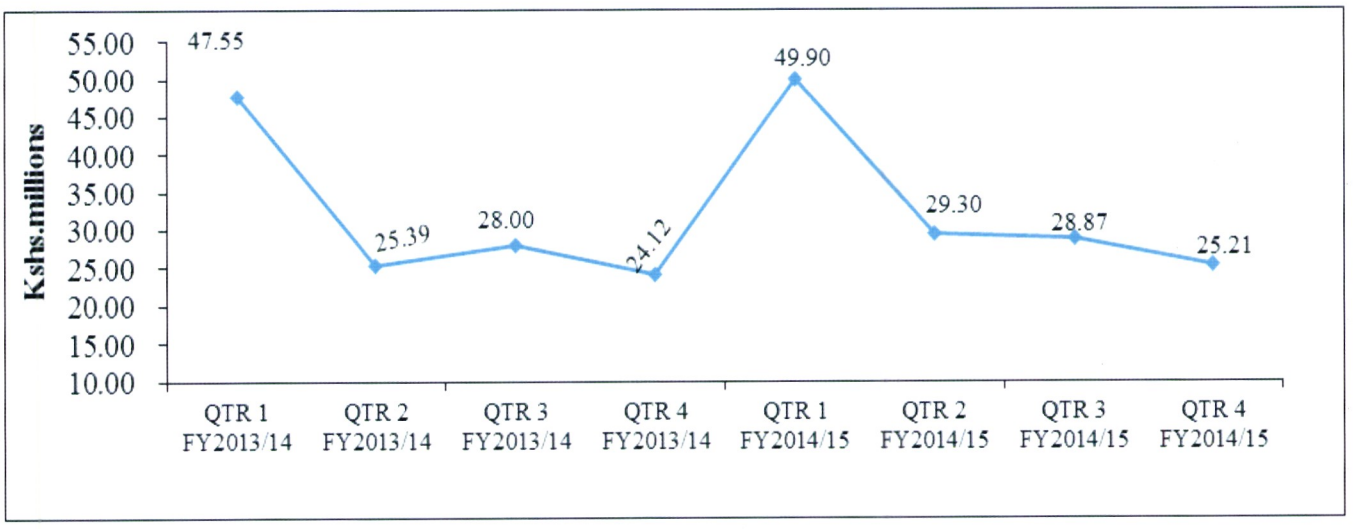
2. *The County should ensure that expenditure is within the approved budget allocations. Incase of any reallocations, these should be regularized through a supplementary budget before the end of the financial year.*

Isiolo County

During FY 2014/15, the Supplementary Budget for Isiolo County was Kshs.3.38 billion, with Kshs 2.05 billion (60.9 per cent) allocated to recurrent expenditure and Kshs.1.33 billion (39.1 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 13. In order to finance the budget, the County expected to receive Kshs.2.67 billion (77.2 per cent) as transfers from the National Government, collect Kshs.452.70 million (13.1 per cent) from local sources, receive a conditional grant of Kshs.5.59 million (0.2 per cent) from DANIDA, and Kshs.332.11 million (9.6 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.2.67 billion from the National Government as a direct transfer to the CRF account, raised Kshs.133.70 million from local sources, and had Kshs.332.11 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.133.70 million was an improvement from Kshs.127 million collected in FY 2013/14 and accounted for 29.5 per cent of the annual local revenue target. Figure 38 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 38: Isiolo County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Isiolo County Treasury*

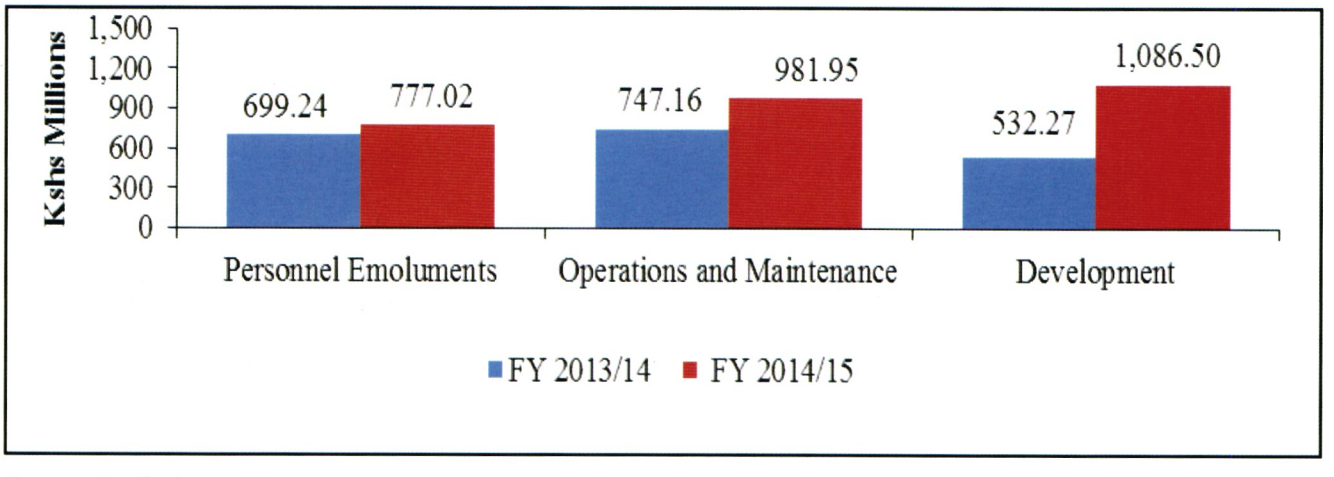
During the reporting period, the County accessed **Kshs.3.14 billion** from the CRF, which was 92.8 per cent of the Supplementary Budget, an improvement from 78.1 per cent when compared to FY 2013/14. This amount consisted of Kshs.1.98 billion (63.2 per cent) for recurrent expenditure and Kshs.1.15 billion (36.8 per cent) for development activities.

The County spent a total of Kshs.2.85 billion during FY 2014/15 which translated to 90.7 per cent of the total funds released for operations, and an improvement from Kshs. 2.07 billion spent in FY 2013/14. A total of Kshs.1.76 billion (61.8 per cent) was spent on recurrent activities while Kshs.1.09 billion (38.2 per cent) was spent on development activities. Recurrent expenditure was 88.7 per cent of the funds released for recurrent activities while development expenditure accounted for 94.2 per cent of the funds released for development activities. The expenditure did not include pending bills as at 30th June 2015 that amounted to Kshs.278.12 million for development activities and Kshs.285.33 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **85.4 per cent**, a decrease from **88.2 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **82.2 per cent**, an improvement from **51.1 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.1.76 billion shows that the County spent Kshs.777.02 million (44.2 per cent) on personnel emoluments, Kshs.981.95 million (55.8 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 27.3 per cent of total expenditure. This is a significant increase when compared to FY 2013/14 when the County spent Kshs.0.69 billion. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown Figure 39.

Figure 39: Isiolo County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Isiolo County Treasury*

A breakdown of expenditure by department shows that the Treasury and economic planning department had the highest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 94.7 per cent while Trade and Industrialization did not undertake any recurrent expenditure despite requisitioning funds for recurrent activities. The Office of the Governor had the highest absorption rate of its annual development budget at 92.9 per cent while the County Assembly did not undertake any development expenditure despite the fact that it requisitioned development funds. Table 13 shows a summary of expenditure by department.

Table 13: Isiolo County, FY 2014/15 Budget and Expenditure by Department

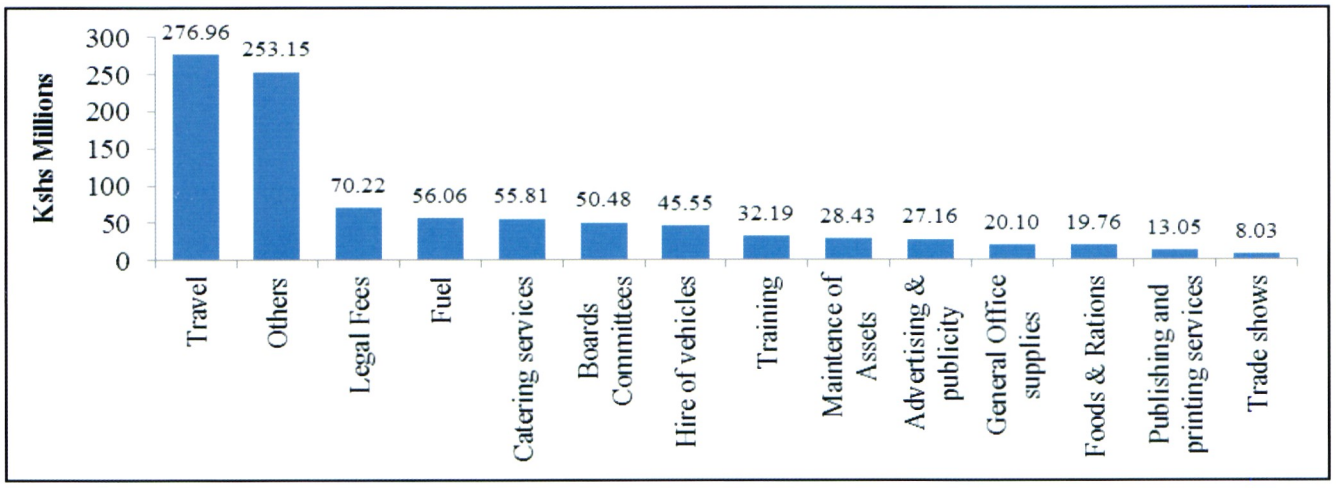
Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	315.00	30.00	314.67	30.00	242.66	-	77.1	0.0	77.0	0.0
Office of the Governor	380.68	219.63	342.39	190.50	337.40	203.97	98.5	107.1	88.6	92.9
Finance and planning	348.31	158.13	311.23	162.00	330.01	145.37	106.0	89.7	94.7	91.9
Roads Housing and works	26.48	343.16	21.98	235.19	21.97	266.68	99.9	113.4	83.0	77.7
Agriculture Lands and physical planning	58.30	12.75	62.80	12.75	47.17	9.46	75.1	74.2	80.9	74.2
Livestock, Veteneries	72.18	47.90	71.79	47.40	59.66	27.75	83.1	58.6	82.7	57.9
Cohesion and intergovernmental relations	74.41	30.00	74.40	29.76	61.01	25.66	82.0	86.2	82.0	85.5
Education, youth	100.05	80.70	99.90	76.03	66.48	73.62	66.5	96.8	66.5	91.2
Tourism, trade	71.07	94.38	71.07	86.85	61.27	86.41	86.2	99.5	86.2	91.6
Public Service management	24.21	-	24.21	-	17.79	-	73.5		73.5	
Water, Environment	55.62	200.86	55.60	200.27	40.13	172.68	72.2	86.2	72.1	86.0
Health Services	529.64	104.17	529.48	83.27	473.42	74.89	89.4	89.9	89.4	71.9
Trade, industrialization	3.05	-	3.05	-	-	-	0.0		0.0	
TOTAL	**2,058.99**	**1,321.67**	**1,982.57**	**1,154.00**	**1,758.97**	**1,086.50**	**88.7**	**94.2**	**85.4**	**82.2**

Source: *Isiolo County Treasury*

The County spent Kshs.13.59 million on sitting allowances to the 21 MCAs, representing an absorption rate of 97.0 per cent of the annual MCAs sitting allowance budget, a decline of 1.5 per cent from Kshs.13.8 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.53,909 as compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.276.96 million compared to Kshs.119.35 million in FY 2013/14, representing an increase of 132.1 per cent. This expenditure comprised of Kshs.65.56 million by the County Assembly and Kshs.211.40 million by the County Executive. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 40.

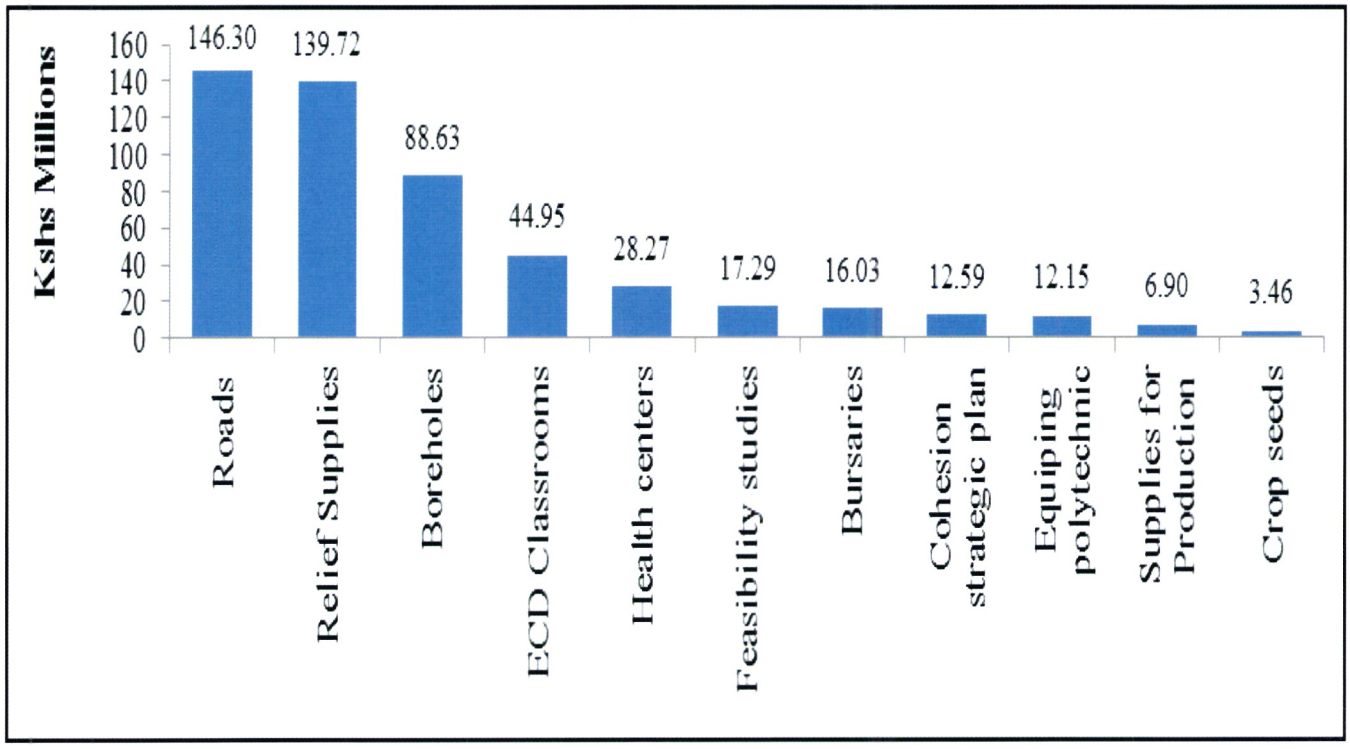
Figure 40: Isiolo County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Isiolo County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.266.68 million which was spent on grading and gravelling of roads. A total of 100 kilometres of *murram* roads were gravelled across the 30 wards while cabro paving and high street lighting masts were installed in Isiolo town, the County Headquarters. The second highest expenditure of Kshs.140 million was incurred by the office of the governor. The expenditure was on emergency supplies (food and other supplies). Figure 41 provides the details of development expenditure during FY 2014/15.

Figure 41: Isiolo County, FY 2014/15 Analysis of Development Expenditure



Source: *Isiolo County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 82.2 per cent from 51.1 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 5.26 per cent from Kshs.127 million in FY 2013/14 to Kshs.133.7 million in FY 2014/15.

(iii) Embracing use of IFMIS to process financial transactions.

(iv) Designation of departmental accounting officers.

However, the following challenges continued to hamper effective budget implementation:

1. Low technical staff capacity within the County Assembly.
2. The County incurred high costs on non-core activities such as domestic and foreign travels, hire of motor vehicles and legal fees.

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

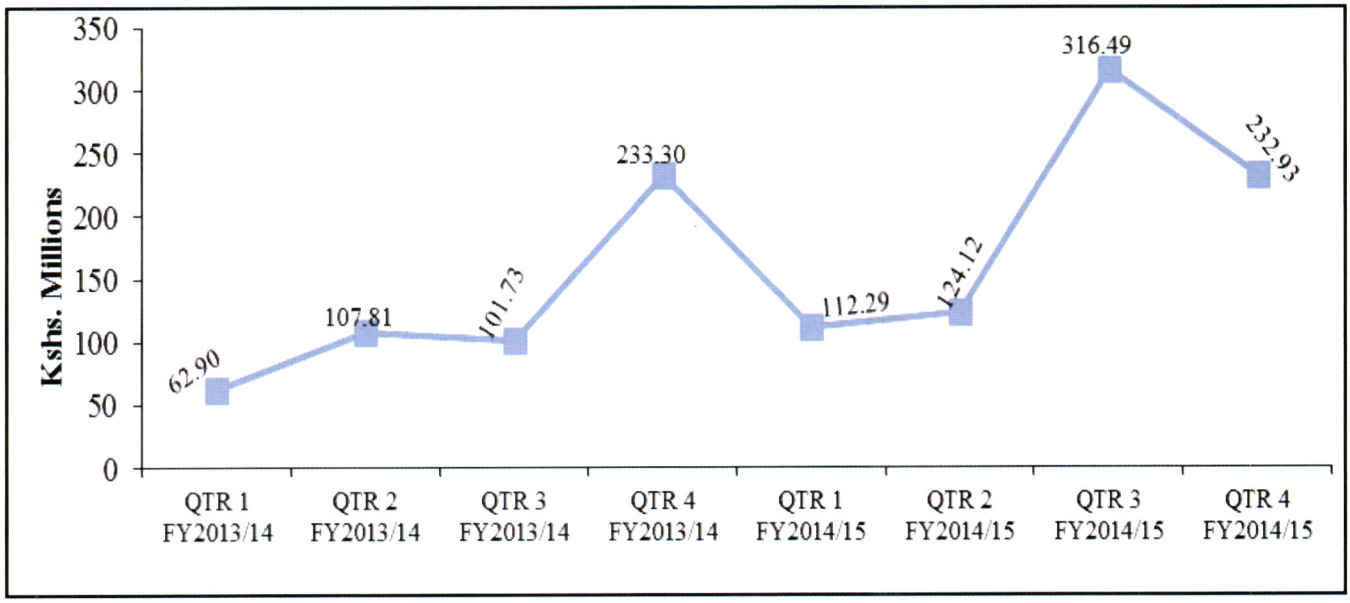
1. *The County Assembly should develop technical staff capacity through training in order to enhance their service delivery.*
2. *The County should reduce expenditure on non-core activities to free up more resources for implementation of development activities.*

Kajiado County

During FY 2014/15, the Approved Budget for Kajiado County was Kshs.5.67 billion, with Kshs.3.62 billion (63.9 per cent) allocated for recurrent expenditure and Kshs.2.04 billion (36.1 per cent) for development expenditure. The budget allocation and expenditure by department is shown in Table 14. In order to finance the budget, the County expected to receive Kshs.3.83 billion (67.6 per cent) as transfers from the National Government, generate Kshs.959.05 million (16.9 per cent) from local sources, receive a conditional grant of Kshs.15.51 million (0.3 per cent) from DANIDA, and Kshs.862.27 million (15.2 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.87 billion from the National Government as direct transfer to the CRF account, raised Kshs.785.84 million from local sources, and had Kshs.862.27 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.785.84 million was an improvement from the Kshs.505.74 million collected in FY 2013/14 and accounted for 81.9 per cent of the annual local revenue target. Figure 42 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 42: Kajiado County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kajiado County Treasury*

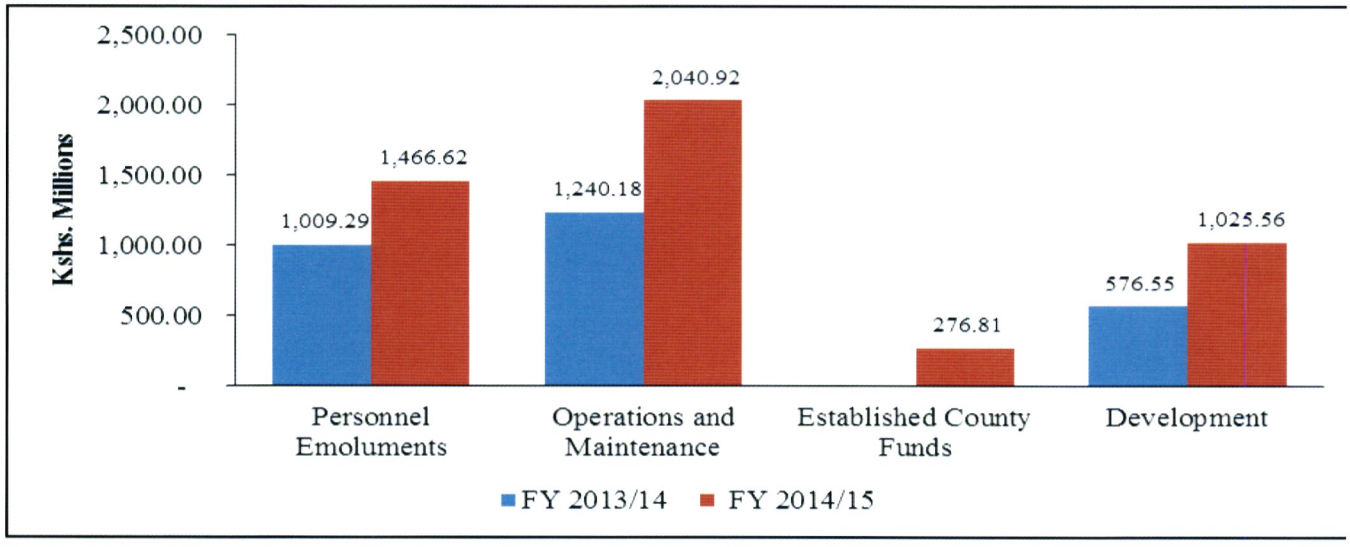
During the reporting period, the County accessed **Kshs.4.74 billion** from the CRF, which was 83.7 per cent of the Approved Budget, a decrease from 89.3 per cent when compared to FY 2013/14. This amount consisted of Kshs.3.68 billion (77.7 per cent) for recurrent expenditure and Kshs.1.06 billion (22.3 per cent) for development activities.

The County spent a total of Kshs.4.53 billion during FY 2014/15 which translated to 97.0 per cent of the total funds released for operations, an improvement from the Kshs.2.83 billion spent in FY 2013/14. A total of Kshs.3.51 billion (77.4 per cent) was spent on recurrent activities while Kshs.1.03 billion (22.6 per cent) was spent was spent on development activities. Recurrent expenditure was 97.3 per cent of the funds released for recurrent activities while development expenditure accounted for 96.8 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.943.47 million for development activities and Kshs.41.33 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **96.8 per cent**, an increase from **89 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **50.2 per cent**, an improvement from **46 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.78 billion shows that the County spent Kshs.1.47 billion (38.8 per cent) on personnel emoluments and Kshs.2.04 million (53.9 per cent) on operations and maintenance expenditure. The County spent Kshs.276.81 million (7.3 per cent) on established County Funds. Expenditure on personnel emoluments accounted for 32.4 per cent of the total expenditure compared to FY 2013/14 when the County spent Kshs.1.01 million. The increase is attributed to employment of new staff. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 43.

Figure 43: Kajiado County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Kajiado County Treasury*

A breakdown of expenditure by department shows that the Department of Water and Irrigation attained the highest proportion of recurrent expenditure at 108.3 per cent while the Public Works and Roads Department attained the lowest proportion of recurrent expenditure compared to supplementary recurrent budgetary allocation at 87.8 per cent. On the other hand, the Department of Agriculture attained the highest proportion of development expenditure at 112.6 per cent while the Trade and Industrialization department attained the lowest proportion of development expenditure at 28.5 per cent. Table 14 shows a summary of expenditure by department.

Table 14: Kajiado County, FY 2014/15 Budget and Expenditure by Department

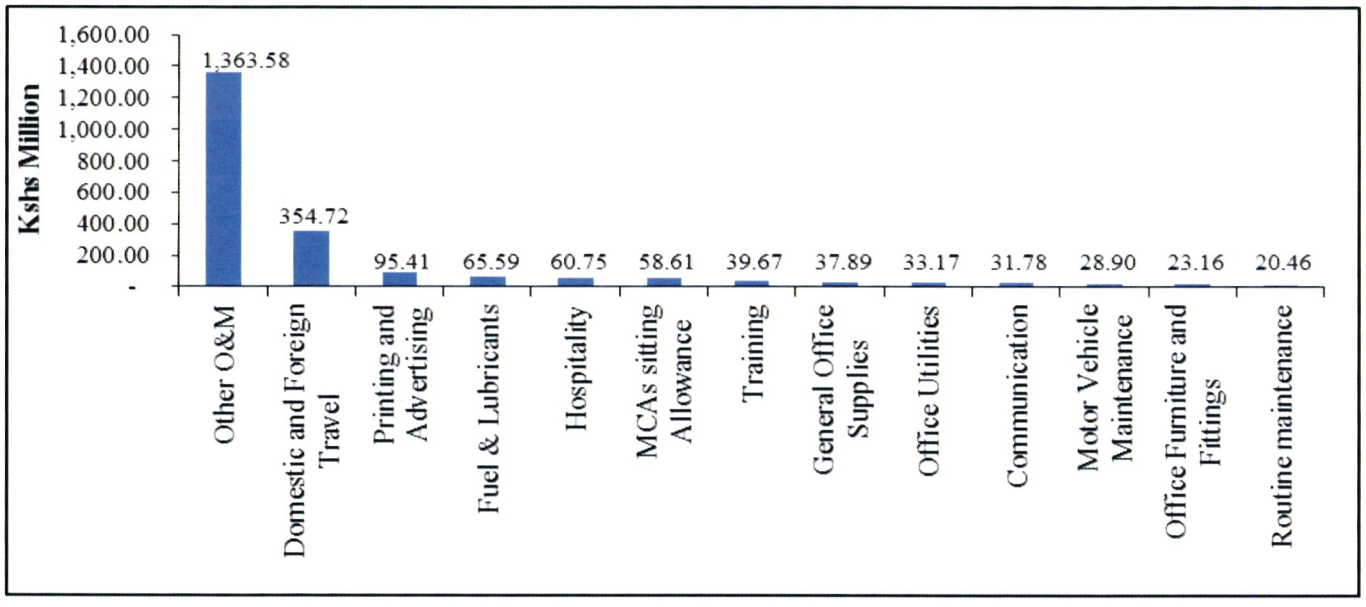
DEPARTMENT	BUDGET ALLOCATION (Kshs.millions)		EXCHEQUER ISSUES (Kshs. millions)		EXPENDITURE (Kshs.millions)		Expenditure to Exchequer issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Health	371.33	265.48	371.33	160.31	370.29	126.73	99.7	79.1	99.7	47.7
Agriculture	146.12	30.39	146.12	30.39	145.55	34.23	99.6	112.6	99.6	112.6
County Assembly	680	111.17	680	54.55	601.84	50.92	88.5	93.3	88.5	45.8
County Executive (Office of the Governor and Deputy Governor)	178.42	40.45	178.42	20	176.04	-	98.7		98.7	
County Public Service	1372.09	0	1372.09	0	1372.09	0	100.0		100.0	
Finance and Economic Planning	356.03	38.39	336.03	31.56	335.99	33.99	100.0	107.7	94.4	88.5
Lands & Physical Planning	80.33	47.56	80.33	47.56	79.55	36.19	99.0	76.1	99.0	76.1
Education	142.06	457.51	142.06	223.69	137.27	207.64	96.6	92.8	96.6	45.4
Public Works & Roads	63.56	616.83	63.56	280.95	55.81	342.45	87.8	121.9	87.8	55.5
Water & Irrigation	45.95	260	45.95	140	49.77	128.7	108.3	91.9	108.3	49.5
Industrialization, Trade & Enterprise Devpt	54.81	123.44	54.81	46	54.78	35.15	99.9	76.4	99.9	28.5
Information & Citizen Participation	63.4	53.59	63.4	25	59.91	29.57	94.5	118.3	94.5	55.2
County Public Sevice Board	69.59	0	69.59	0	68.58	0	98.5		98.5	
TOTAL	**3623.79**	**2044.81**	**3603.69**	**1060.01**	**3507.47**	**1025.57**	**97.3**	**96.8**	**96.8**	**50.2**

Source: *Kajiado County Treasury*

The County spent Kshs.58.61 million on sitting allowances to the 42 MCAs, representing an absorption rate of 95.6 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.15.6 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.116,287 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.354.72 million compared to Kshs.331 million in FY 2013/14, representing an increase of 6.7 per cent. This expenditure comprised of Kshs.217.60 million by the County Executive and Kshs.137.12 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 44.

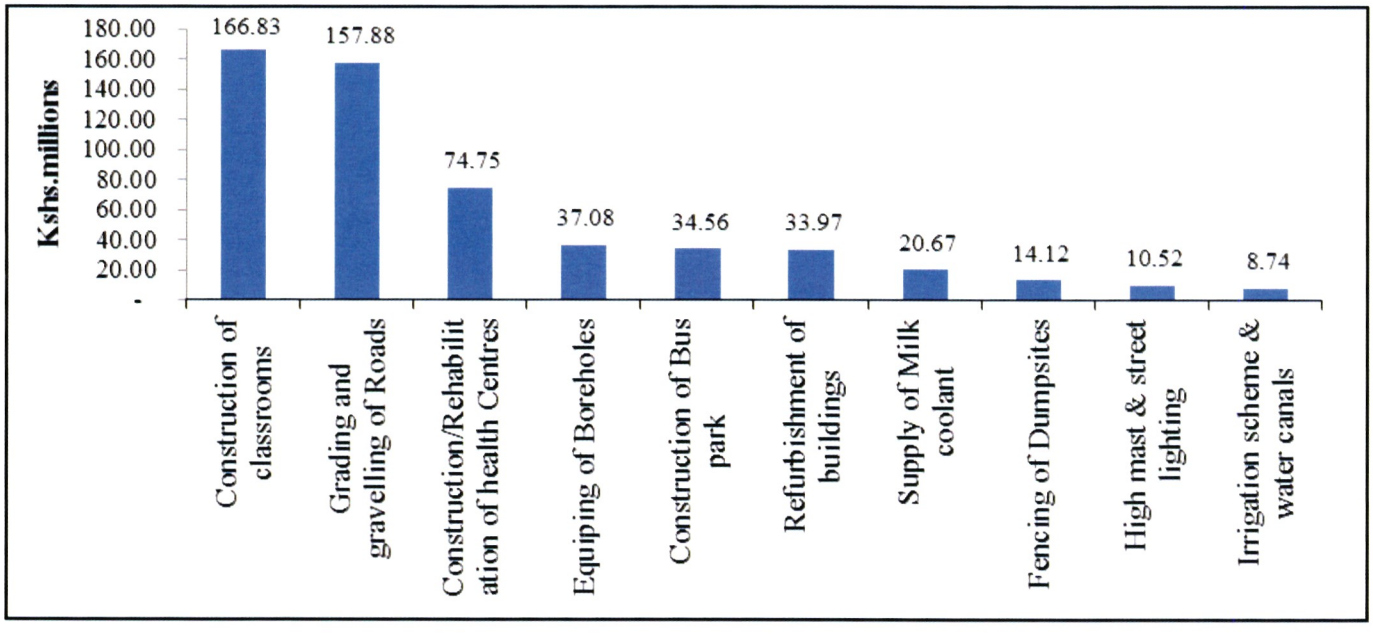
Figure 44: Kajiado County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kajiado County Treasury*

Analysis of the development expenditure indicates that the Roads Department had the highest expenditure of Kshs.168.40 million which was spent on grading and gravelling of roads followed by Education department where a total of Kshs.166.83 million was incurred on construction of classrooms. Figure 45 provides the details of development expenditure during FY 2014/15.

Figure 45: Kajiado County, FY 2014/15 Analysis of Development Expenditure



Source: *Kajiado County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 50.2 per cent from 46 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 55.38 per cent from Kshs.505.74 million in FY 2013/14 to Kshs.785.84 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Designation of departmental accounting officers

However, the following challenges continued to hamper effective budget implementation:

1. The local revenue collection was adversely affected by a legal tussle surrounding the Finance Bill.

2. Diversion of funds released to activities other than those in the funded work plan. In some instances, funds released to one department were diverted to other departments, indicating weak budgetary control and management of public funds.

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

1. *The County Treasury should operationalize the Finance Bill in order to maximize revenue collection.*
2. *The County should utilize approved exchequer issues on expenditure items as per the requisition schedule. Incase of any reallocations these should be regularized through a Supplementary Budget before the end of the financial year.*

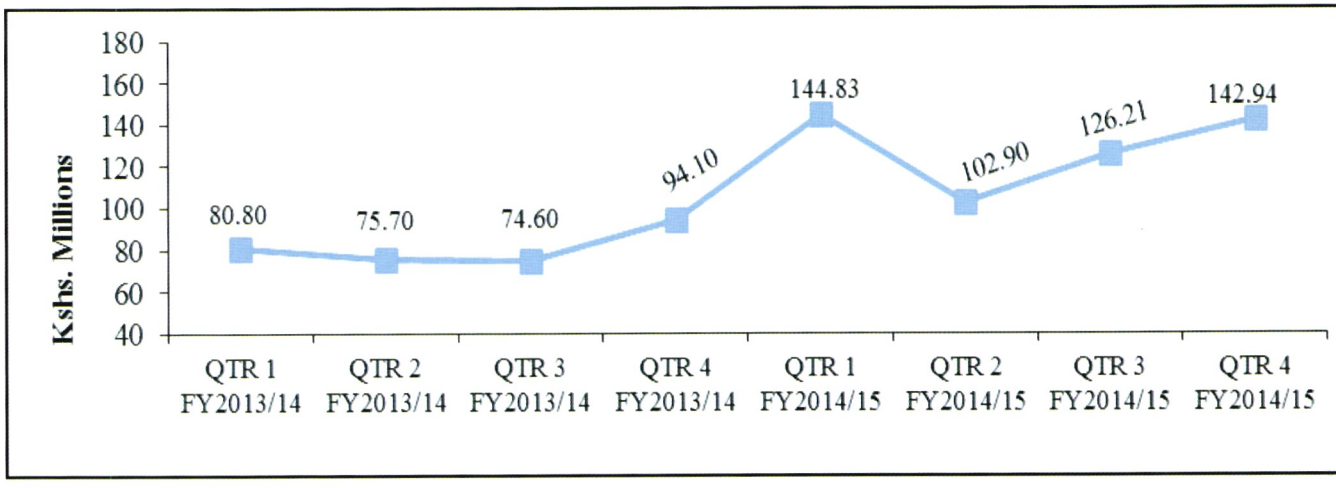
Kakamega County

During FY 2014/15, the Approved Supplementary Budget for Kakamega County was Kshs.10.57 billion, with Kshs.5.45 billion (51.5 per cent) allocated to recurrent expenditure and Kshs.5.12 billion (48.5 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 15. In order to finance the budget, the County expected to receive Kshs.7.78 billion (75.3 per cent) as transfers from the National Government, collect Kshs.903.54 million (8.5 per cent) from local sources, receive a

conditional grant of Kshs.21.12 million (0.2 per cent) from DANIDA, and Kshs.1.68 billion (16 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.7.99 billion from the National Government as a direct transfer to the CRF account, raised Kshs.516.89 million from local sources, and had Kshs.1.68 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.516.89 million was an improvement from Kshs.325.2 million collected in FY 2013/14 and accounted for 57.2 per cent of the annual local revenue target. Figure 46 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 46: Kakamega County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kakamega County Treasury*

During the reporting period, the County accessed **Kshs.8.32 billion** from the CRF, which was 78.7 per cent of the Approved Supplementary Budget, an improvement from 69.5 per cent when compared to FY 2013/14. This amount consisted of Kshs.4.93 billion (59.2 per cent) for recurrent expenditure and Kshs.3.40 billion (40.8 per cent) for development activities.

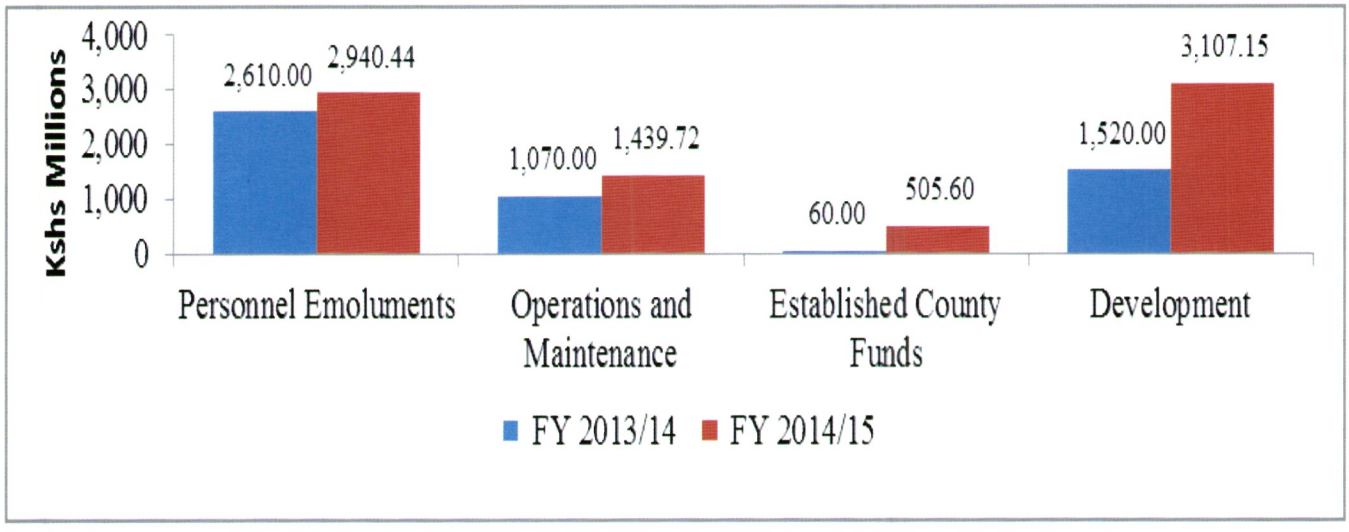
The County spent a total of Kshs.7.49 billion during FY 2014/15 which translated to 90.0 per cent of the total funds released, and a decrease from the Kshs.5.22 billion spent in FY 2013/14. A total of Kshs.4.38 billion (58.5 per cent) was spent on recurrent activities while Kshs.3.11 billion (41.5 per cent) was spent on development activities. Recurrent expenditure was 88.9 per cent of the funds released for recurrent activities while

development expenditure accounted for 91.4 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs. 421.2 million for development activities and Kshs. 307.28 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **80.3 per cent**, a decrease from **91 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **60.6 per cent**, an improvement from **27.2 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.4.38 billion shows that the County spent Kshs. 2.94 billion (67.1 per cent) on personnel emoluments and Kshs.1.44 billion (32.9 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 39.3 per cent of total expenditure and has increased significantly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.2.61 billion. This is due to the increased number of staff employed to carry out core functions of the County Government such as the Chief Officers and Ward Administrators. The County spent Kshs.505.6 million on established County Funds all under the development expenditure. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 47.

Figure 47: Kakamega County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Kakamega County Treasury*

A breakdown of expenditure by department shows that the County Assembly attained the highest proportion of recurrent expenditure to supplementary recurrent budget allocation at 91.3 per cent while Lands, Housing, Urban Areas and Physical planning attained the lowest proportion of recurrent expenditure to supplementary recurrent budget allocation at 47.7 per cent. On the other hand, the Education, Science and Technology department attained the highest proportion of development expenditure to supplementary development budget allocation at 86.1 per cent while the Office of the Governor attained the lowest proportion of development expenditure to supplementary development budget allocation at 1.6 per cent. Table 15 shows a summary of expenditure by department.

Table 15: Kakamega County, FY 2014/15 Budget and Expenditure by Department

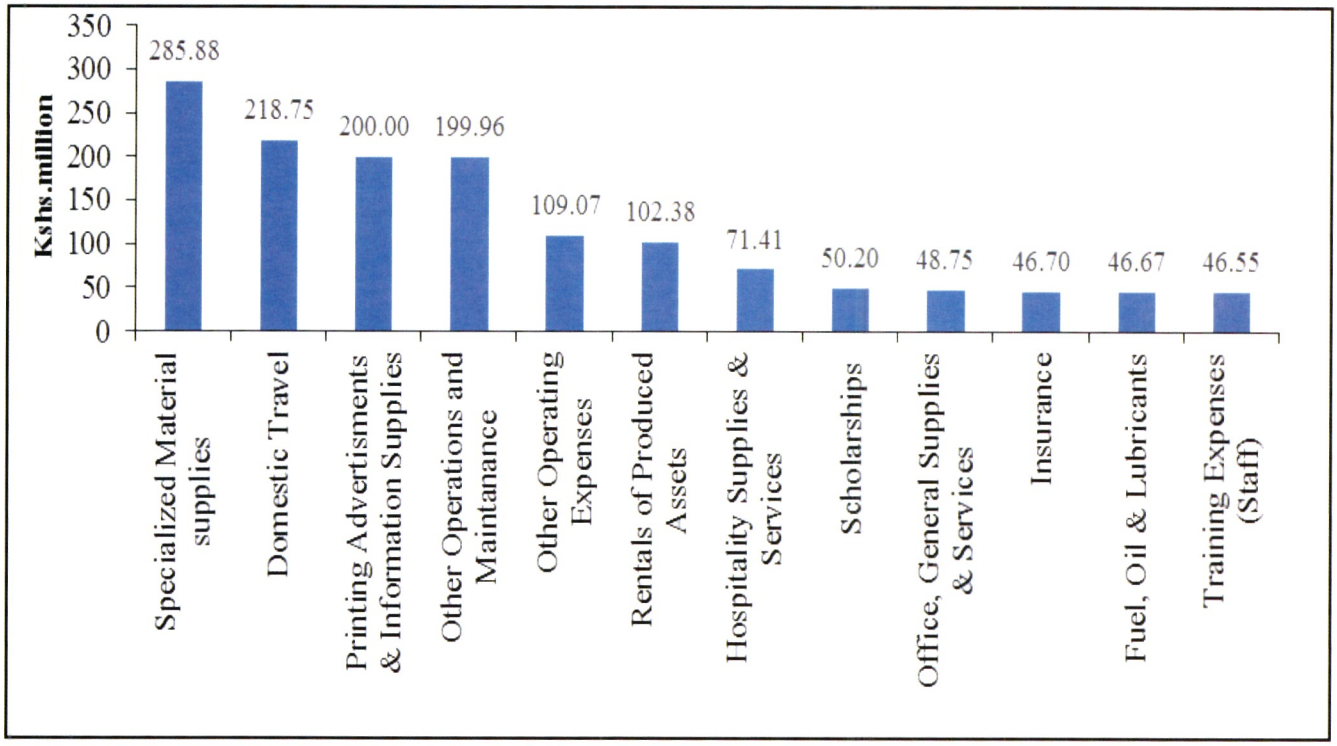
Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	184.89	55	153.64	30	155.12	0.87	**101.0**	2.9	**83.9**	**1.6**
Public Service and Administration	2372.42	185	2196.56	120.75	1786.16	11.31	81.3	9.4	**75.3**	**6.1**
County Treasury and Economic Planning	167.56	560.95	135.44	90	97.48	478.08	72.0	**531.2**	**58.2**	**85.2**
Environment, Natural Resource, Water and Forestry	73.75	173.2	64.83	115.91	63.6	70.49	98.1	60.8	**86.2**	**40.7**
Labour, Social Services, Youth & Sports	29.17	256.25	25.35	131.61	16.92	80.27	66.7	61.0	**58.0**	**31.3**
Transport, Infrastructure & Public Works	43.69	1277	37.67	966.87	30.04	928.39	79.7	96.0	**68.8**	**72.7**
Lands, Housing, Urban Areas & Physical planning	50.03	252	43.32	207.89	23.86	48.59	55.1	23.4	**47.7**	**19.3**
Health Services	1660.21	624.34	1597.44	493.88	1459.83	284.63	91.4	57.6	**87.9**	**45.6**
Agriculture, Livestock, Fisheries & Co-operatives	57.6	750	44.75	534.12	37.98	393.63	84.9	73.7	**65.9**	**52.5**
Industrialization, Trade & Tourism	46.95	340	39.37	210.2	26.12	292.55	66.3	**139.2**	**55.6**	**86.0**
Education, Science & Technology	118.45	550	113.22	454.35	88.94	473.34	78.6	**104.2**	**75.1**	**86.1**
County Assembly	651	100	473.45	42.91	594.09	45	**125.5**	**104.9**	**91.3**	**45.0**
Total	**5455.72**	**5123.74**	**4925.04**	**3398.49**	**4380.14**	**3107.15**	88.9	91.4	**80.3**	**60.6**

Source: *Kakamega County Treasury*

The County spent Kshs.147.54 million on sitting allowances to the 88 MCAs, representing an absorption rate of 82.8 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.119.1 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.139,714 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.250.7 million compared to Kshs.262.5 million in FY 2013/14, representing a decrease of 4.5 per cent. This expenditure comprised of Kshs.127.31 million by the County Executive and Kshs.123.41 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 48.

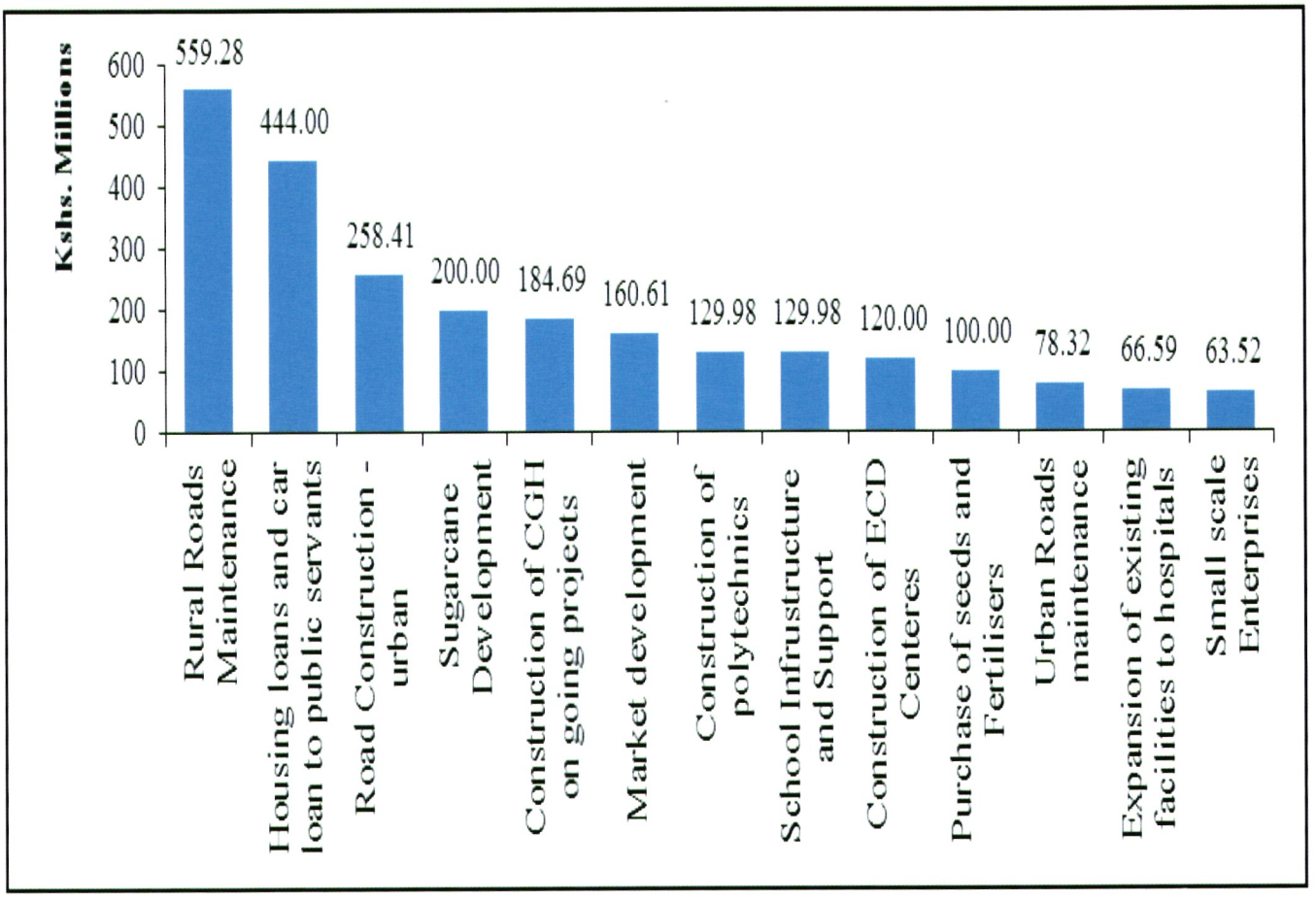
Figure 48: Kakamega County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kakamega County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the top priority was roads, where Kshs.559.28 million was spent on road construction and maintenance. The second highest expenditure of Kshs.444 million which was incurred on MCAs Car Loans and Mortgage despite the fact that MCAs Car Loans & Mortgage was wrongly classified as development activity by the County. A breakdown of development expenditure is shown in Figure 49.

Figure 49: Kakamega County,FY 2014/15 Analysis of Development Expenditure



Source: *Kakamega County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 60.6 per cent from 27.2 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 58.95 per cent from Kshs.325.2 million in FY 2013/14 to Kshs.516.89 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Designation of departmental accounting officers.

However, the following challenges continued to hamper effective budget implementation:

1. Huge wage bill due to a large workforce inherited from the former local authorities which has constrained funding of key development projects in the County.

2. Lack of a functional audit committee
3. Failure to budget for some non-discretionary items such as MCAs sitting allowances.

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

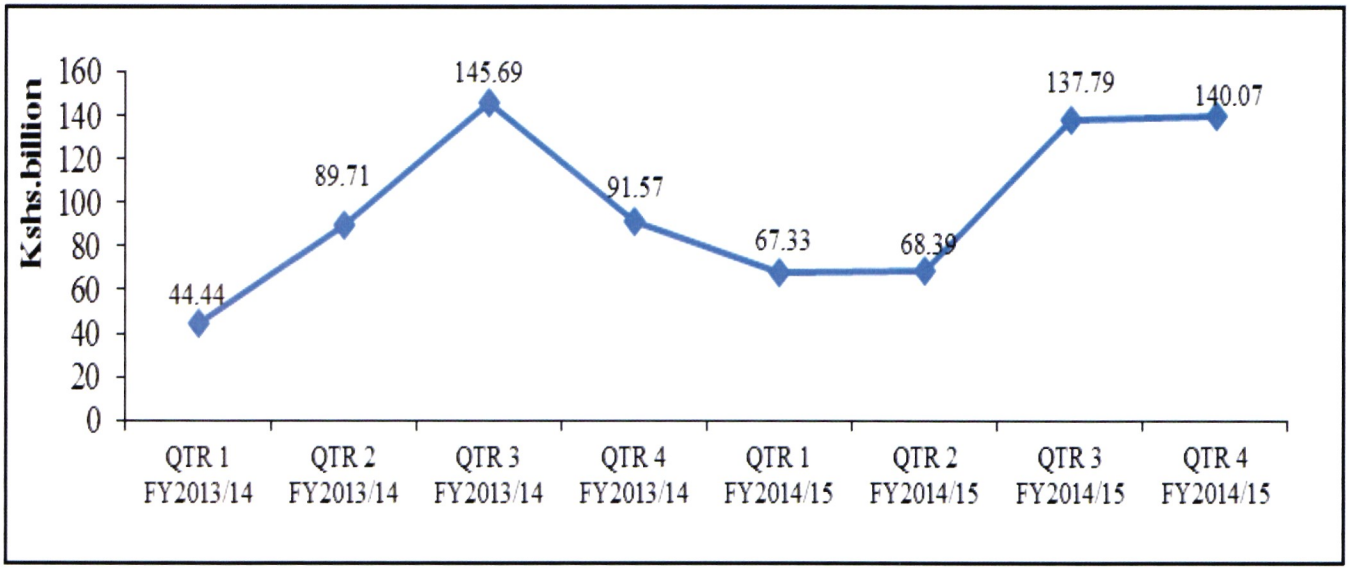
1. *The County should liaise with the National Government to evaluate its staff levels under the CARPS programme.*
2. *The County Treasury should establish an Audit Committee in order to strengthen internal oversight mechanisms in line with the PFM Act, 2012.*
3. *All non-discretionary expenditure items must be appropriately budgeted for.*

Kericho County

During FY 2014/15, the Approved Budget for Kericho County was Kshs.4.81 billion, with Kshs.3.12 billion (64.7 per cent) allocated to recurrent expenditure and Kshs.1.70 billion (35.3 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 16. In order to finance the budget, the County expected to receive Kshs.3.93 billion (81.6 per cent) as transfers from the National Government, generate Kshs.383.43 million (8.0 per cent) from local sources, receive a conditional grant of Kshs.20.22 million (0.4 per cent) from DANIDA, and Kshs.480.19 million (10.0 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.92 billion from the National Government as direct transfer to the CRF account, raised Kshs.413.58 million from local sources, and had Kshs.480.19 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.413.31 million was an improvement from Kshs.371.39 million collected in FY 2013/14 and accounted for 107.9 per cent of the annual revised local revenue target. **Figure 50** shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 50: Kericho County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kericho County Treasury*

During the reporting period, the County accessed **Kshs.4.42 billion** from the CRF, which was 88.2 per cent of the Approved Budget, an improvement from 79.9 per cent when compared to FY 2013/14. This amount consisted of Kshs.3.04 billion (68.9 per cent) for recurrent expenditure and Kshs.1.37 billion (31.1 per cent) for development activities.

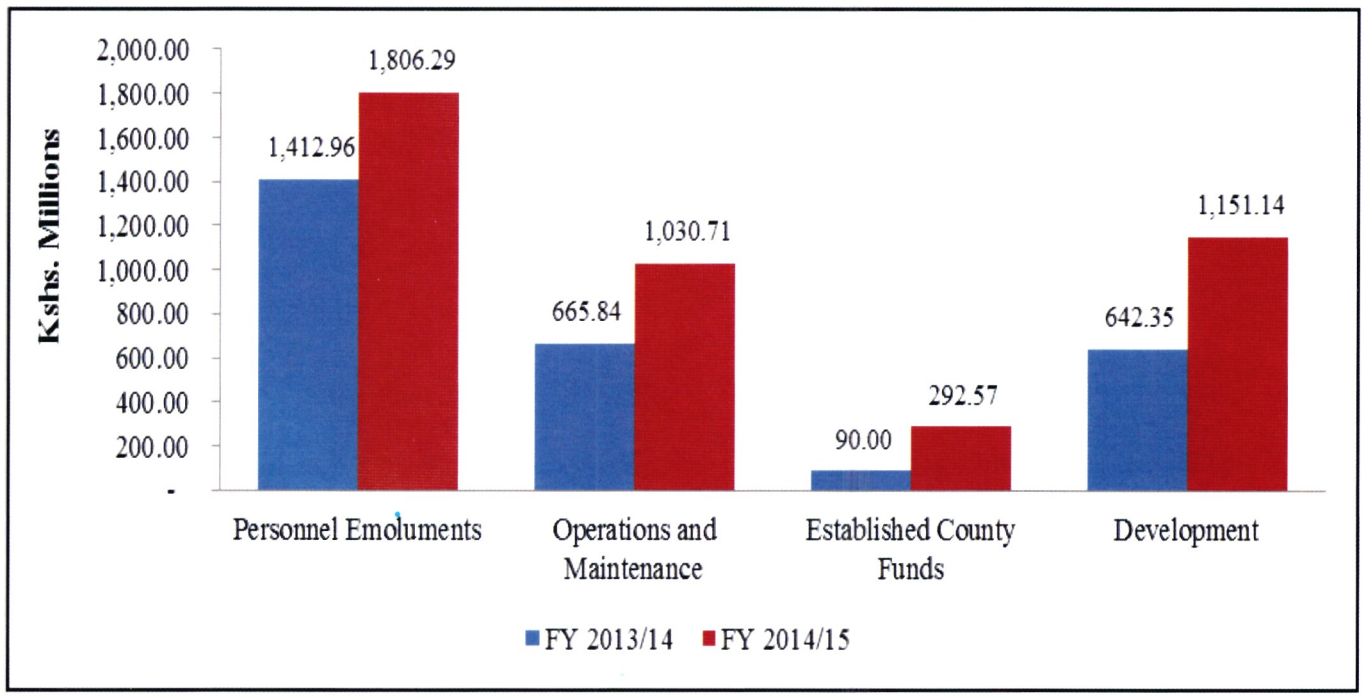
The County spent a total of Kshs.4.28 billion during FY 2014/15 which translated to 97.0 per cent of the total funds released for operations, and an improvement from the Kshs.2.81 billion spent in FY 2013/14. A total of Kshs.3.04 billion (70.8 per cent) was spent on recurrent activities while Kshs.1.25 billion (29.1 per cent) was spent on development activities. Recurrent expenditure was 99.8 per cent of the funds released for recurrent activities while development expenditure accounted for 90.9 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.785.25 million for development activities and Kshs.74.31 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **97.4 per cent**, an increase from **88.6 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **73.8 per cent**, an improvement from **54.3 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.04 billion shows that the County spent

Kshs.1.81 billion (59.5per cent) on personnel emoluments and Kshs.1.03 billion (33.96per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 42.1 per cent of total expenditure and has increased slightly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.1.41 billion. The marginal increase is attributable to hiring of 750 ECD teachers and absorption of additional staff from the National Government. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 51.

Figure 51: Kericho County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Kericho County Treasury*

A breakdown of expenditure by department shows that the County Assembly attained the highest absorption rate at 98.9 per cent. On the other hand, the Trade, Industrialization, Tourism, Wildlife & Cooperative Development department had the lowest absorption rate at 37.4per cent. Table 16 shows a summary of expenditure by department for FY 2014/15.

Table 16: Kericho County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly Services	569.59	9.17	569.59	10	566.08	6.8	99.4	68.0	99.4	74.2
Public Service and Administration	275.96	-	264.6	-	272.16	-	102.9		98.6	
Office of the Governor & Deputy Governor	114.73	-	110.06	-	106.29	-	96.6		92.6	
County Public Service Board	49.08	-	42.43	-	39.64	-	93.4		80.8	
Finance & Economic Planning	208.2	15.54	180.87	8	178.92	-	98.9		85.9	
Agriculture, Livestock & Fisheries	151.61	160.04	150.19	131.22	150.58	110.87	100.3	84.5	99.3	69.3
Environment, Water, Energy & Natural Resources	51.95	142.95	51.87	142.95	49.02	82.48	94.5	57.7	94.4	57.7
Education ,Youth, Culture & Social services	260.63	204.91	248.01	199.75	251.55	142.77	101.4	71.5	96.5	69.7
Health Services	1,267.72	200.65	1,261.20	200.59	1,265.96	116.42	100.4	58.0	99.9	58.0
Land, Housing & Physical Planning	31.99	77.74	31.15	57.27	26.87	44.44	86.3	77.6	84.0	57.2
Public Works, Roads & Transport	51.62	716.02	51.62	507.5	46.02	712.17	89.2	140.3	89.2	99.5
ICT & E-Government	18.79	24.43	18.11	22	17.08	15.53	94.3	70.6	90.9	63.6
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	65.18	146.15	62.57	90.86	65.1	13.97	104.0	15.4	99.9	9.6
TOTAL	**3,117.05**	**1,697.59**	**3,042.28**	**1,370.15**	**3,035.26**	**1,245.44**	**99.8**	**90.9**	**97.4**	**73.4**

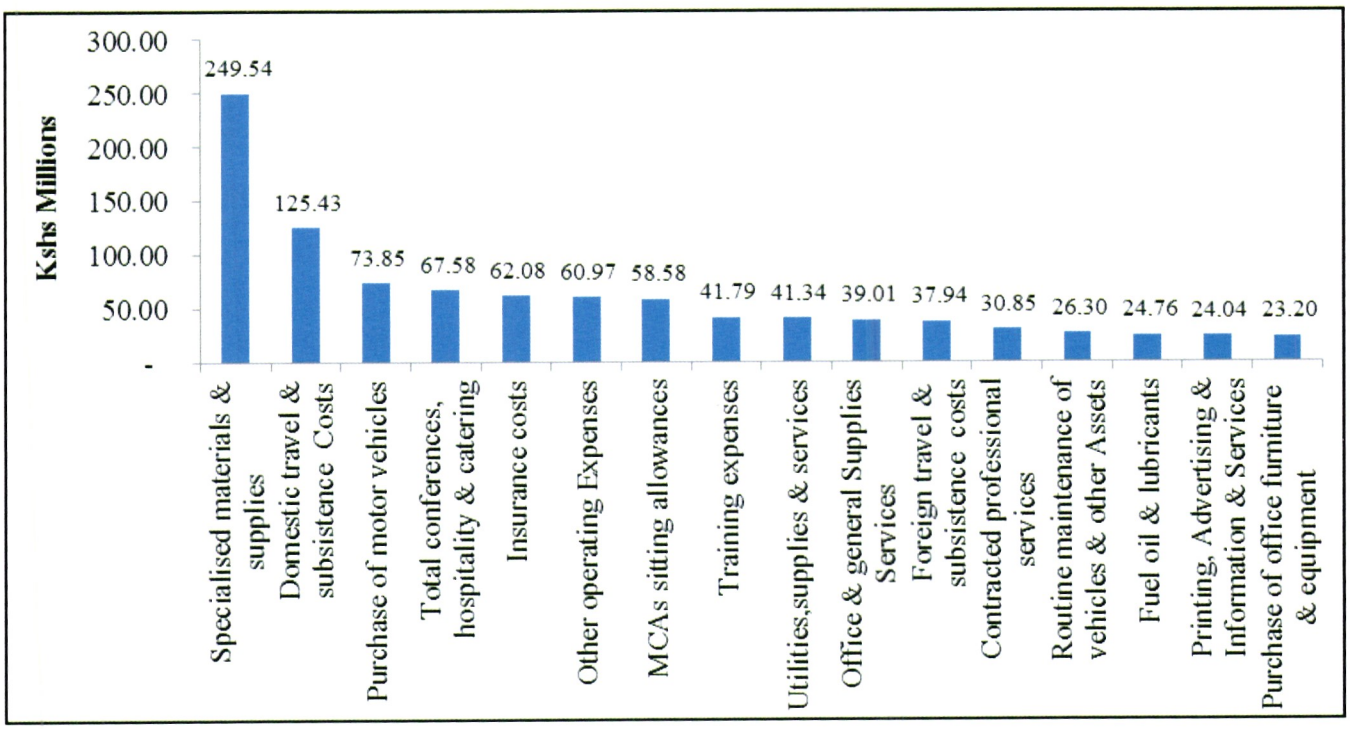
Source: *Kericho County Treasury*

The County spent Kshs.58.58 million on sitting allowances to the 47 MCAs consisting of Kshs.28.07 million and Kshs.30.50 million for Plenary and Committee allowances respectively. The expenditure represents an absorption rate of 69.0 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.32.68 million spent in FY 2013/14.

The average monthly sitting allowance per MCA was Kshs.101,693 compared to SRC recommended ceilings of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.163.37 million compared to Kshs.133.99 million in FY 2013/14, representing an increase of 21.9 per cent. This expenditure comprised of Kshs.100.91 million by the County Executive and Kshs.62.46 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 52.

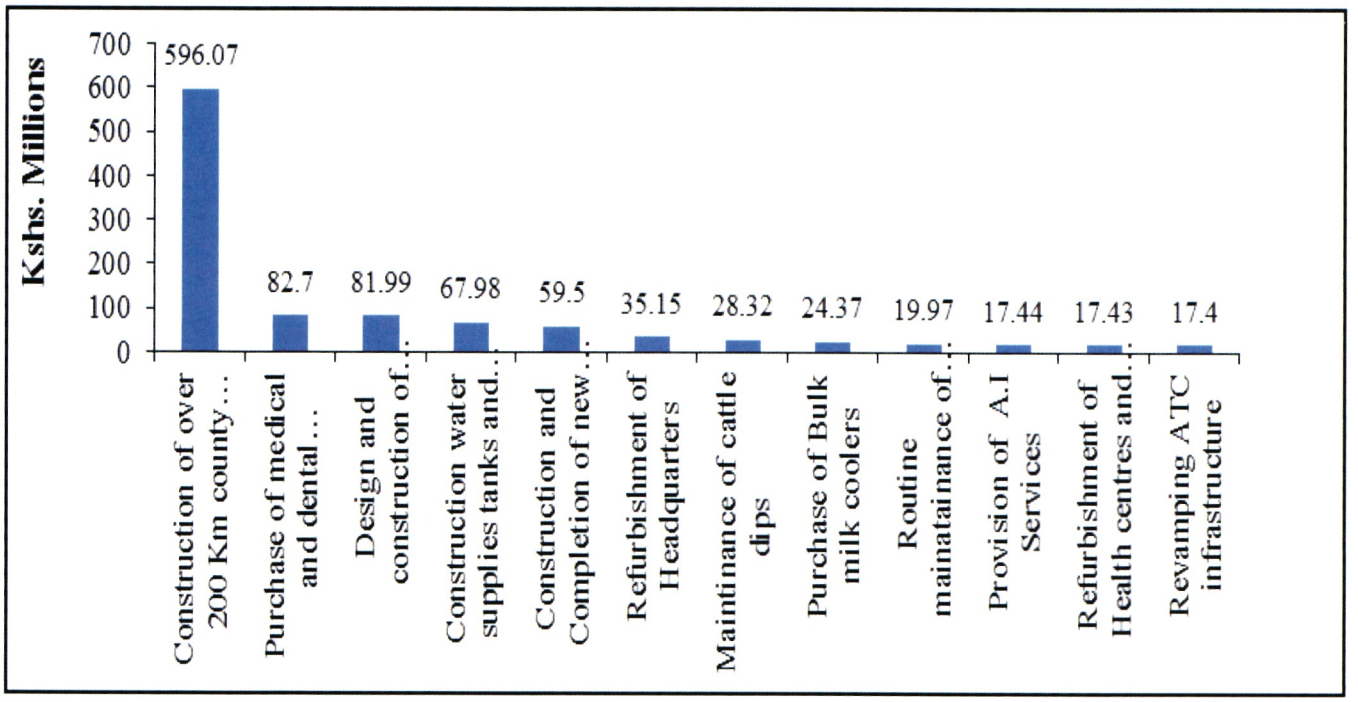
Figure 52: Kericho County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kericho County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Public Works, Roads & Transport department had the highest expenditure of Kshs.596.07 million. This amount was spent on grading and gravelling of roads. A total of over 200 kilometres of gravelled roads were constructed across the 30 wards. The second highest expenditure was incurred under the Health Services department where a total of Kshs.82.7 million was spent in the purchase of medical and dental equipment for use in health centres and dispensaries. Figure 53 provides the details of development expenditure during FY 2014/15.

Figure 53: Kericho County, FY 2014/15 Analysis of Development Expenditure



Source: *Kericho County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 73.8 per cent from 54.3 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 11.29 per cent from Kshs.371.39 million in FY 2013/14 to Kshs.413.31 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Designation of departmental accounting officers.

However, the following challenges continued to hamper effective budget implementation:

1. Inadequate capacity to use IFMIS and the E-procurement module.
2. Delayed adoption of IFMIS by County Assembly.
3. Inadequate budgetary control resulting excessive commitments and over-expenditures.

The County should implement the following recommendations in order to improve budget

execution:

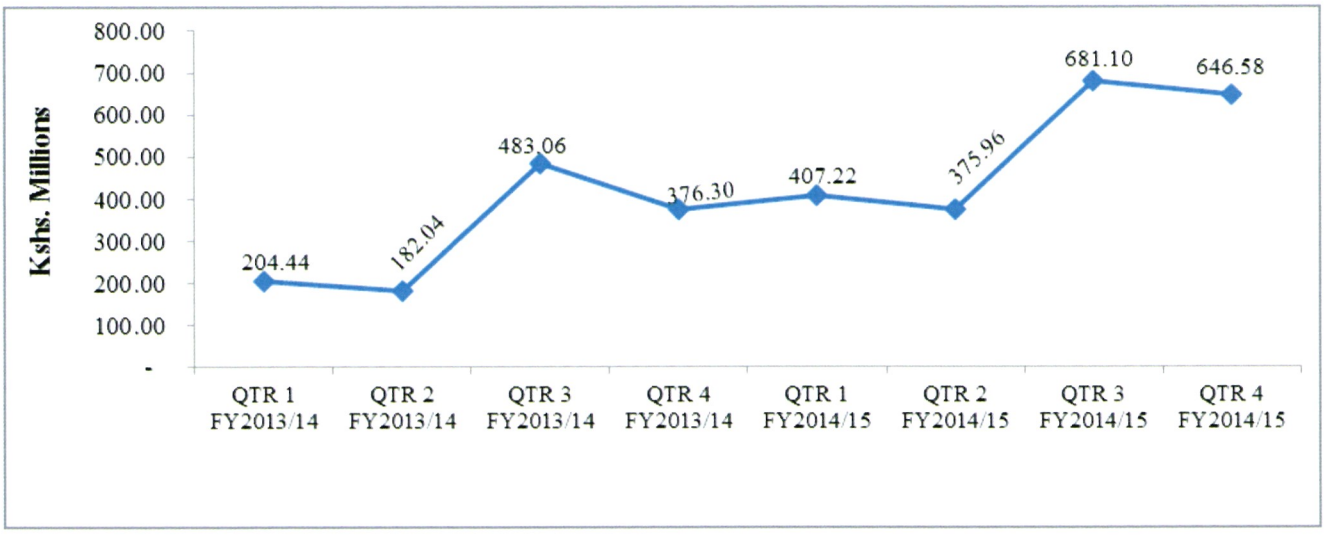
1. *The County should liaise with IFMIS Secretariat to build staff capacity in IFMIS and the E-procurement module.*
2. *The County Assembly should fast track roll out of IFMIS through liaison with IFMIS Directorate at the National Treasury.*
3. *The County Treasury should maintain a Vote Book to appropriately control issues to the departments. This will minimize instances where some departments incur expenditure in excess of their budgetary allocations.*

Kiambu County

During FY 2014/15, the Approved Budget for Kiambu County was Kshs.10.37 billion, with Kshs.6.94 billion (66.9 per cent) allocated to recurrent expenditure and Kshs.3.43 billion (33.1 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 17. In order to finance the budget, the County expected to receive Kshs.6.51 billion (62.6 per cent) as transfers from the National Government, collect Kshs.3.26 billion (31.4 per cent) from local sources, receive a conditional grant for Level IV hospital of Kshs.87.85 million (0.8 per cent), Kshs.127.39 million (1.2 per cent) conditional grant from DANIDA and other donors, and Kshs.406 million (3.9 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.6.62 billion from the National Government as a direct transfer to the CRF account, raised Kshs.2.11 billion from local sources, and had Kshs.389.87 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.2.11 billion was an improvement from Kshs.1.25 billion collected in FY 2013/14 and accounted for 64.7 per cent of the annual local revenue target. Figure 54 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 54: Kiambu County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kiambu County Treasury*

During the reporting period, the County accessed **Kshs.8.97 billion** from the CRF, which was 86.5 per cent of the Approved Budget, an improvement from 71 per cent when compared to FY 2013/14. This amount consisted of Kshs.6.80 billion (75.8 per cent) for recurrent expenditure and Kshs.2.17 billion (24.2 per cent) for development activities.

The County spent a total of Kshs.8.77 billion during FY 2014/15 which translated to 97.7 per cent of the total funds released, and an improvement from the Kshs.6.26 billion spent in FY 2013/14. A total of Kshs.6.48 billion (73.9 per cent) was spent on recurrent activities while Kshs.2.29 billion (26.1 per cent) was spent on development activities. Recurrent expenditure was 95.2 per cent of the funds released for recurrent activities while development expenditure accounted for 105.4 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.585.39 million for development activities and Kshs.23.6 million for recurrent expenditure.

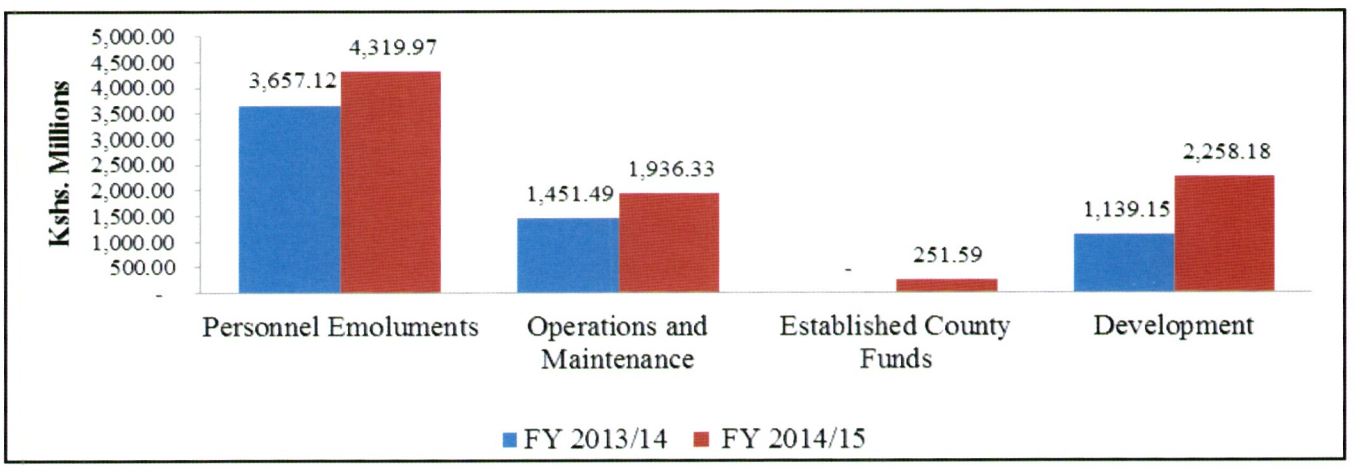
The recurrent expenditure for the period under review represented an absorption rate of **93.3 per cent,** similar to that realized in FY 2013/14 while development expenditure recorded an absorption rate of **66.7 per cent**, an improvement from **54 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.6.48 billion shows that the County spent

Kshs.4.32 billion (66.7 per cent) on personnel emoluments, Kshs.1.94 billion (29.9 per cent) on operations and maintenance expenditure and Kshs.222.43 million (3.4 per cent) under recurrent County funds. Expenditure on personnel emoluments accounted for 49.5 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.3.657 billion. This is attributed to increase in staff owing to recruitment in the various departments as well as annual salary increment.

The County spent Kshs.251.58 million on established County Funds, out of which Kshs.222.43 million was spent on recurrent County funds and Kshs.29.15 million was spent on County development funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 55.

Figure 55: Kiambu County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source:Kiambu County Treasury

A breakdown of expenditure by department shows that the Health department attained the highest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 97.1 per cent while the department of Roads, Transport and Public Works attained the lowest proportion of recurrent expenditure to supplementary recurrent budget allocation at 71.6 per cent. On the other hand, the County Executive attained the highest proportion of development expenditure to supplementary development budget at 97.8 per cent while the department of Youth and Sports attained the lowest proportion of development expenditure to supplementary development budget at 16.7 per cent. Table 17 shows a summary of expenditure by department.

Table 17: Kiambu County, FY 2014/15 Budget and Expenditure by Department

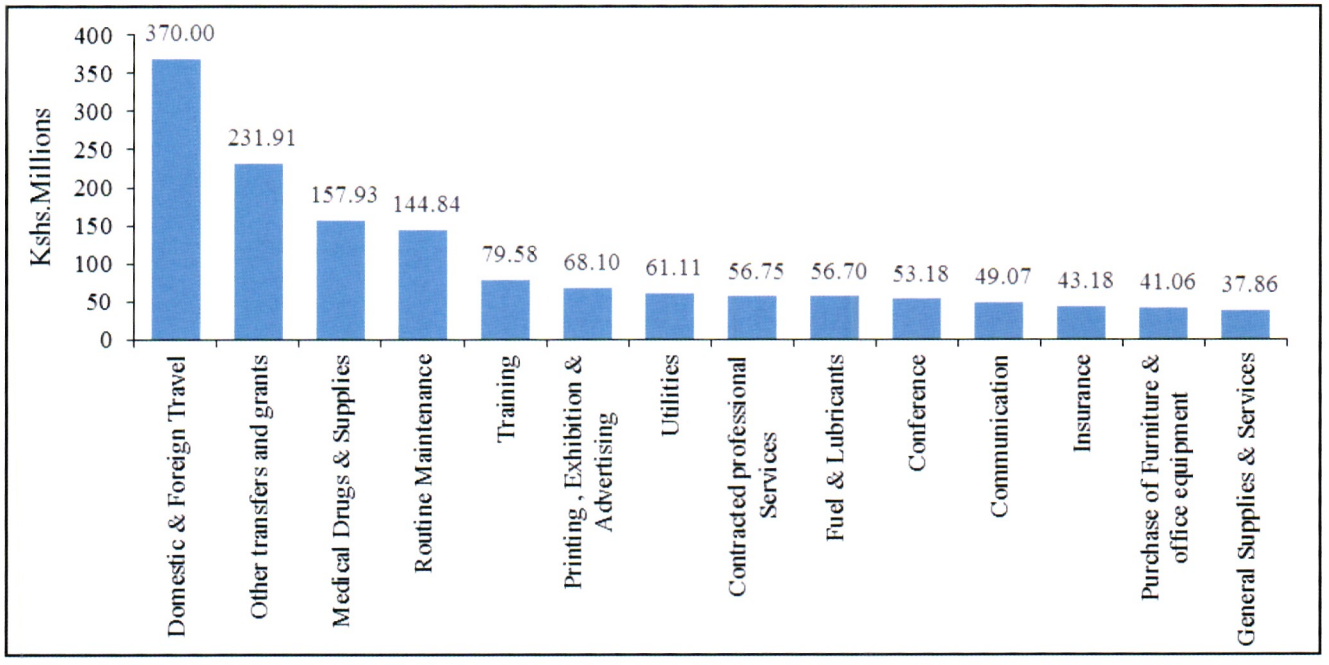
Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	864.42	28	822.68	1.56	821.26	24.14	99.8	1547.4	95	86.2
County Executive	287.85	6.72	270.47	3.77	276.44	6.57	102.2	174.3	96	97.8
County Public Service Board	62.28	0	46.1	0	57.18	0	124		91.8	
Finance and Economic Planning	853.5	97.2	819.25	43.38	736.4	71.66	89.9	165.2	86.3	73.7
Administration and Public Service	399.33	274	399.33	133.55	362.5	227.87	90.8	170.6	90.8	83.2
Agriculture, Livestock and Fisheries	365.1	179.4	365.13	139.09	348.2	142.65	95.4	102.6	95.4	79.5
Water, Environment and Natural Resources	167.66	235.5	167.66	95.8	157.86	139.8	94.2	145.9	94.2	59.4
Health Services	2806.9	586.79	2793.09	343.04	2725.5	471.66	97.6	137.5	97.1	80.4
Education, Culture, ICT and Social Services	388.2	408	388.15	322.47	369.33	251.5	95.2	78	95.1	61.6
Youth and Sports	140.53	357.5	134.78	161.25	128.9	59.88	95.6	37.1	91.7	16.7
Lands, Physical Planning and Housing	127.39	177	123.05	70.73	111.89	44.9	90.9	63.5	87.8	25.4
Trade, Tourism, Industry and Cooperative	156.38	185	154.47	126.49	150.85	73.85	97.7	58.4	96.5	39.9
Roads, Transport and Public Works	324.37	895	318.27	728.95	232.3	772.8	73	106	71.6	86.3
Total	**6,943.91**	**3,430.11**	**6,802.43**	**2,170.08**	**6,478.61**	**2,287.28**	**95.2**	**105.4**	**93.3**	**66.7**

Source: *Kiambu County Treasury*

The County spent Kshs.71.46 million on sitting allowances to the 88 MCAs, representing an absorption rate of 98.5 per cent of the annual MCAs sitting allowance budget, a decline from Kshs.94.07 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.67,656 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.370.00 million compared to Kshs.329.4 million in FY 2013/14, representing an increase of 12 per cent. This expenditure comprised of Kshs.176.81 million by the County Executive and Kshs.193.19 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 56.

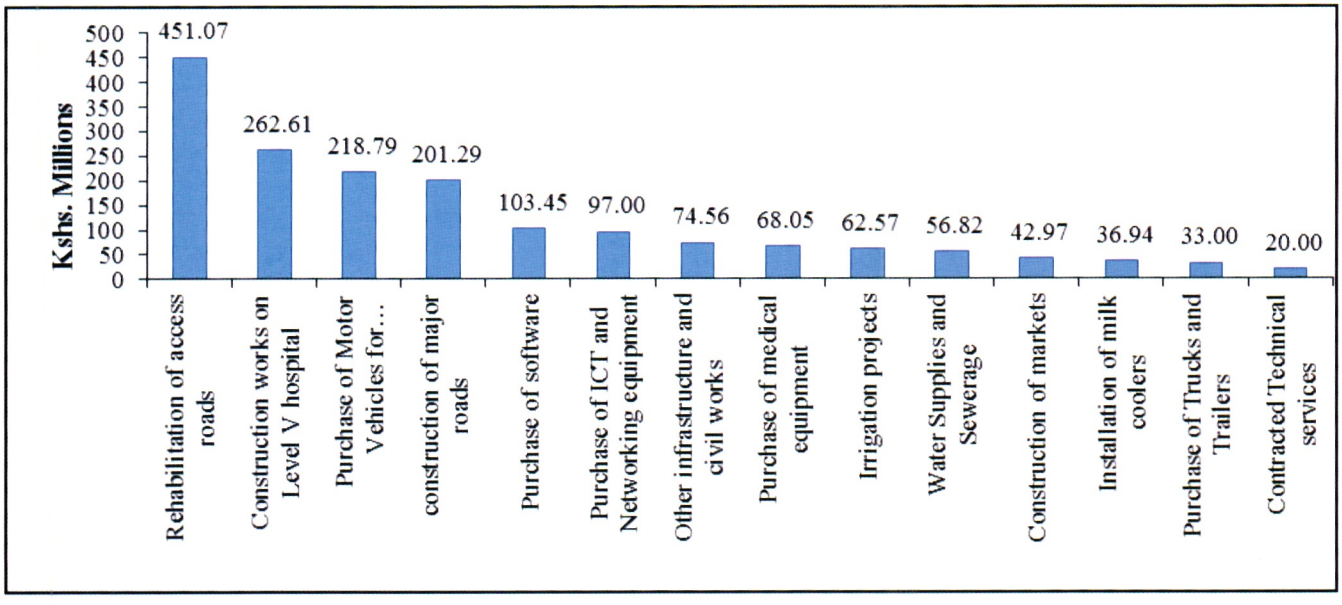
Figure 56: Kiambu County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kiambu County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.772.32 million. Some of the projects completed includes; construction and rehabilitation of 15 Km of tarmac road; rehabilitation of 340 Km of rural access roads; completion of 3 bridges and maintenance of 139 flood lights and 3320 street lights. The second highest expenditure at Kshs.471 million was incurred by the Health Department, out of which Kshs.133.5 million was spent on reproductive health unit; Kshs.49.5 million was spent on hospital equipment and Kshs.13.7 million spent on medical drugs. Figure 57 provides the details of development expenditure during FY 2014/15.

Figure 57: Kiambu County, FY 2014/15 Analysis of Development Expenditure



Source: *Kiambu County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 66.7 per cent from 54 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 68.8 per cent from Kshs.1.25 billion in FY 2013/14 to Kshs.2.11 billion in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Designation of departmental accounting officers.

(v) Improved submission of quarterly reports on various funds managed at the County by the appointed administrators as per Section 168 (3) of PFM Act, 2012.

However, the following challenges continued to hamper effective budget implementation:

1. Lack of Internal Audit committee.
2. County Assembly has not fully embraced IFMIS use in its financial operations.
3. The County failed to allocate at least 30 percent of the County budget to development expenditure contrary to the PFM Act, 2012.

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

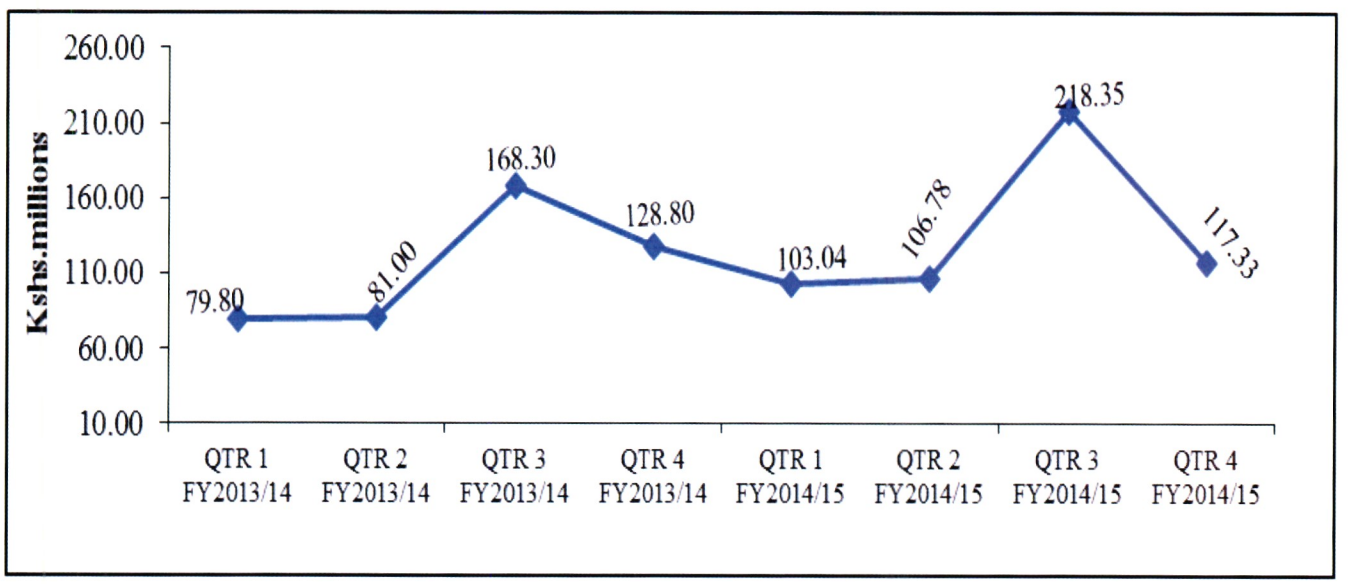
1. *The County Treasury should establish an Internal Audit Committee to enhance financial operations oversight.*
2. *The County Assembly should embrace use of IFMIS system to facilitate smooth budget implementation and reporting.*
3. *The County should ensure that it allocates at least 30 percent of its budget to development expenditure in line with the PFM Act, 2012.*

Kilifi County

During FY 2014/15, the Approved Budget for Kilifi County was Kshs.9.88 billion, with Kshs.5.28 billion (53.5 per cent) allocated to recurrent expenditure and Kshs.4.6 billion (46.5 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 18. In order to finance the budget, the County expected to receive Kshs.6.49 billion (65.0 per cent) as transfers from the National Government, collect Kshs.1.1 billion (11.0 per cent) from local sources, get Kshs.409.2 million (4.1 per cent) Facility Improvement Fund, get Kshs.92 million (0.9 per cent) as Government of Kenya (GoK) grant under the Health Sector Services Fund (HSSF), receive a conditional grant of Kshs.13.15 million (0.1 per cent) from DANIDA, and Kshs.1.88 billion (18.8 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.6.51 billion from the National Government as direct transfer to the CRF account, raised Kshs.545.5 million from local sources, and had Kshs.1.88 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.545.5 million was an improvement from Kshs.459.6 million collected in FY 2013/14 and accounted for 54.5 per cent of the annual local revenue target. Figure 58 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 58: Kilifi County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kilifi County Treasury*

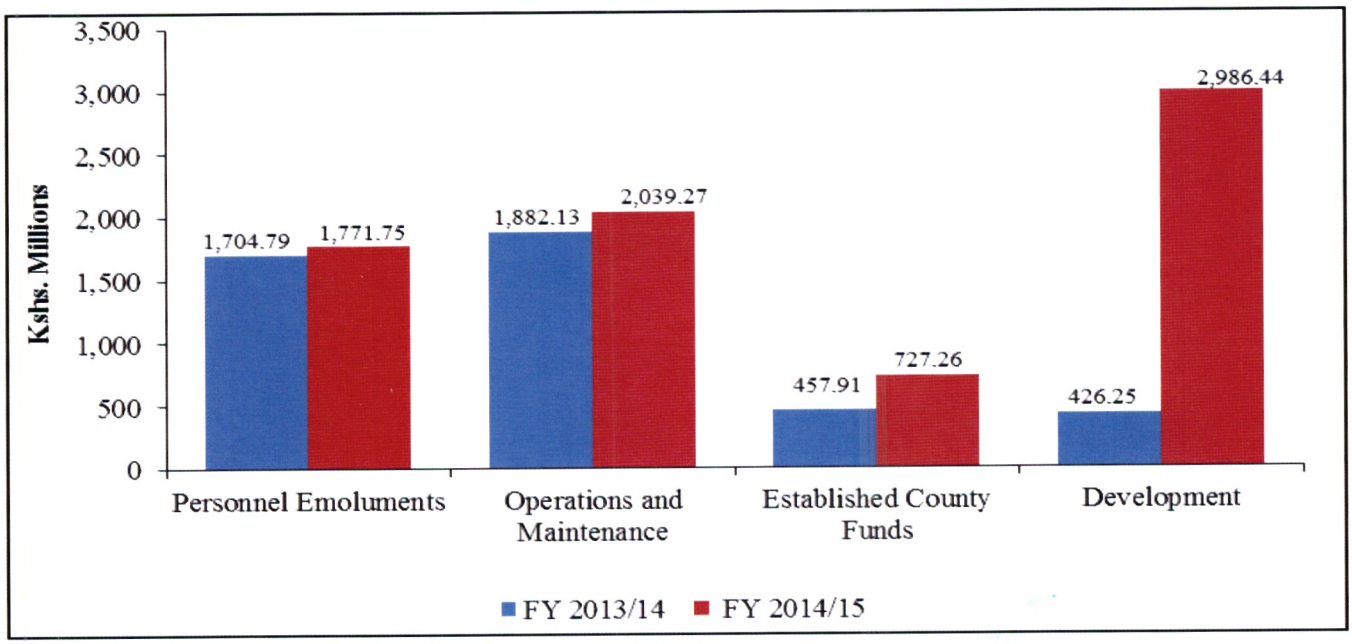
During the reporting period, the County accessed **Kshs.7.51 billion** from the CRF, which was 76 per cent of the Approved Budget, an improvement from 73.1 per cent when compared to FY 2013/14. This amount consisted of Kshs.4.79 billion (63.8 per cent) for recurrent expenditure and Kshs.2.72 billion (36.2 per cent) for development activities.

The County spent a total of Kshs.7.52 billion during FY 2014/15 which translated to 100.2 per cent of the total funds released for operations, and an improvement from the Kshs.4.01 billion spent in FY 2013/14. A total of Kshs.4.54 billion (60.3 per cent) was spent on recurrent activities while Kshs.2.99 billion (39.7 per cent) was spent on development activities. Recurrent expenditure was 94.8 per cent of the funds released for recurrent activities while development expenditure accounted for 109.8 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.156.43 million for development activities and Kshs.112.83 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **85.9 per cent,** an increase from **77.3 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **64.9 per cen**t, an improvement from **20.7 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.4.54 billion shows that the County spent Kshs.1.77 billion (39.1 per cent) on personnel emoluments and Kshs.2.76 billion (60.9 per cent) on operations and maintenance expenditure. The operations and maintenance figure includes County established funds of Kshs.724.86 million. Expenditure on personnel emoluments accounted for 23.6 per cent of total expenditure and has slightly increased in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.7 billion due to annual salary increment. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 59.

Figure 59: Kilifi County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Kilifi County Treasury*

A breakdown of expenditure by department shows that the County Executive had the highest proportion of recurrent expenditure[1] to supplementary recurrent budgetary allocation at 216.0 per cent while the ICT, E-Government, Culture And Social Services department had the highest absorption rate of annual development budget at 107.6 per cent. The Trade Development and Regulation department attained the lowest absorption of recurrent expenditure at 54.0 per cent as well as the lowest absorption of development expenditure at 53.9 per cent. Table 18 shows a summary of expenditure by department.

Table 18: Kilifi County, FY 2014/15 Budget and Expenditure by Department

Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	630.72	247.45	436.4	162.14	533.6	145.58	122.3	89.8	84.6	58.8
County Executive	294.56	176.71	283.49	37.61	636.17	178.4	224.4	474.3	216.0	101.0
Finance and Economic Planning	604.76	35.5	526.78	35.5	380.57	0	72.2	0.0	62.9	0.0
Agriculture	215.06	389.93	215.06	317.35	186.16	240.93	86.6	75.9	86.6	61.8
Environment And Natural Resources	76.35	394.19	76.35	328.69	63.13	238.2	82.7	72.5	82.7	60.4

1 The expenditure of the County Executive is a combination of expenditure of the County executive and County Public Service Management.

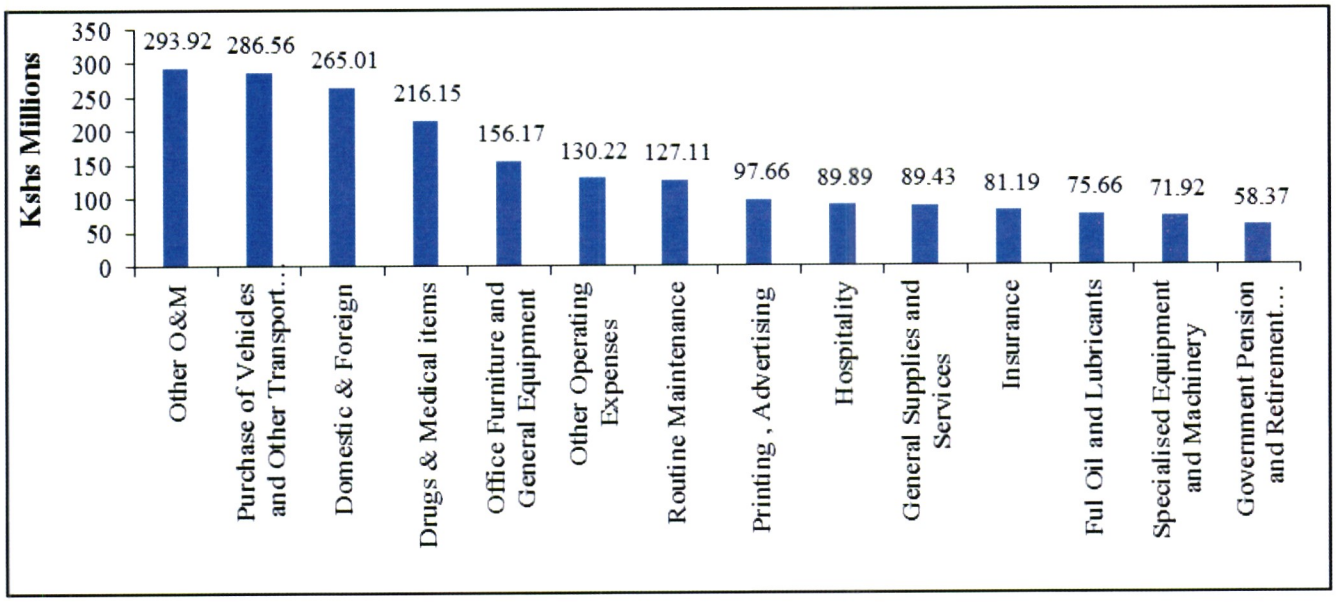
Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Education, Sports and Youth Affairs	712.36	651.65	614.5	351.05	656.02	447.27	106.8	127.4	92.1	68.6
County Health Services	1594.07	611.83	1589.02	152.31	1,549.42	373.42	97.5	245.2	97.2	61.0
Lands, Physical Planning, Housing and Energy	114.4	625.07	114.41	227.61	108.22	476.99	94.6	209.6	94.6	76.3
Public Works and Services	329.22	1163.5	329.22	955.22	186.97	666.86	56.8	69.8	56.8	57.3
ICT, E-Government, Culture And Social Services	87.82	112.86	79.09	71.8	106.71	121.45	134.9	169.2	121.5	107.6
Trade Development And Regulation	97.49	180.66	97.49	80.93	52.66	97.34	54.0	120.3	54.0	53.9
Public Service Management	526.66	0	424.19	0	0	0				
Public Service Board	0	0	0	0	76.24	0				
Total	**5,283.47**	**4,589.35**	**4,786.00**	**2,720.21**	**4,535.87**	**2,986.44**	**94.8**	**109.8**	**85.9**	**65.1**

Source: *Kilifi County Treasury*

The County spent Kshs.69.85 million on sitting allowances to the 54 MCAs, representing an absorption rate of 73.5 per cent of the annual MCA sitting allowance budget, an increase from Kshs.39 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.107,791 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.265.01 million compared to Kshs.203.7 million in FY 2013/14, representing an increase of 30.1 per cent. This expenditure comprised of Kshs.156.12 million by the County Executive and Kshs.108.89 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 60.

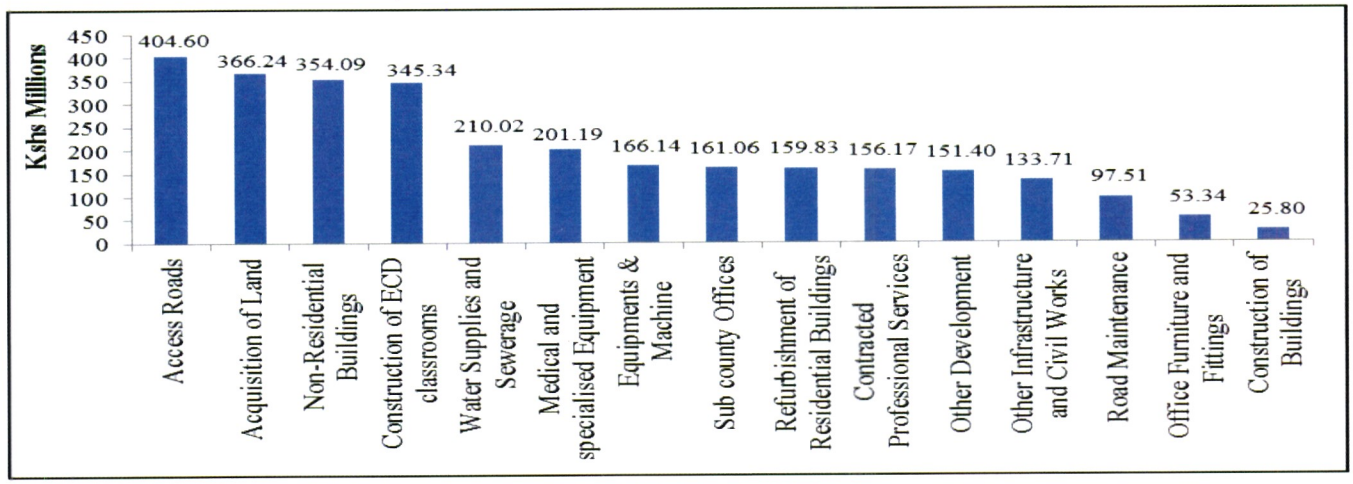
Figure 60 : Kilifi County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kilifi County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Public Works and Services department had the highest expenditure of Kshs.666.86 million, out which Kshs.404.6 million was spent on construction of access roads of roads and Kshs.97.51 million was used to construct new roads across the 35 wards. The second highest development expenditure which stood at Kshs.476.99 million was incurred by the Lands, Physical Planning, Housing and Energy department. The expenditure was mainly for acquisition of Land meant to be for Mtwapa Bus Park at a cost of Kshs.366.24 million. The County Government constructed and furnished model ECD classrooms at a cost of Kshs.345.54 million. Figure 61 provides the details of development expenditure during FY 2014/15.

Figure 61 : Kilifi County, FY 2014/15 Analysis of Development Expenditure



Source: *Kilifi County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 64.9 per cent from 20.7 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 18.69 per cent from Kshs.459.6 million in FY 2013/14 to Kshs.545.5 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Establishment of a monitoring and evaluation committee to enhance transparency and accountability in the implementation of development projects.

However, the following challenges continued to hamper effective budget implementation:

1. Absence of designated administrators for established County Funds. This resulted in difficulties in the operationalization, administration and accounting for the Funds.
2. Diversion of funds released from one department to other departments signalling weak controls on management of public funds.
3. Lack of Project Management and Implementation Committees, comprising of the local communities to oversee implementation of development project at sub-County and ward levels.
4. Lack of internal audit arrangements.

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

1. *For each established County Funds, the County Executive Member for Finance should designate an administrator in line with requirements of Section 116 of the PFM Act, 2012.*
2. *The County should ensure that expenditure is within approved budget allocation. Incase of any reallocations these should be regularized through a supplementary budget before the end of the financial year..*
3. *The County should establish Ward-level community Project Management Committees to oversee implementation of development projects.*

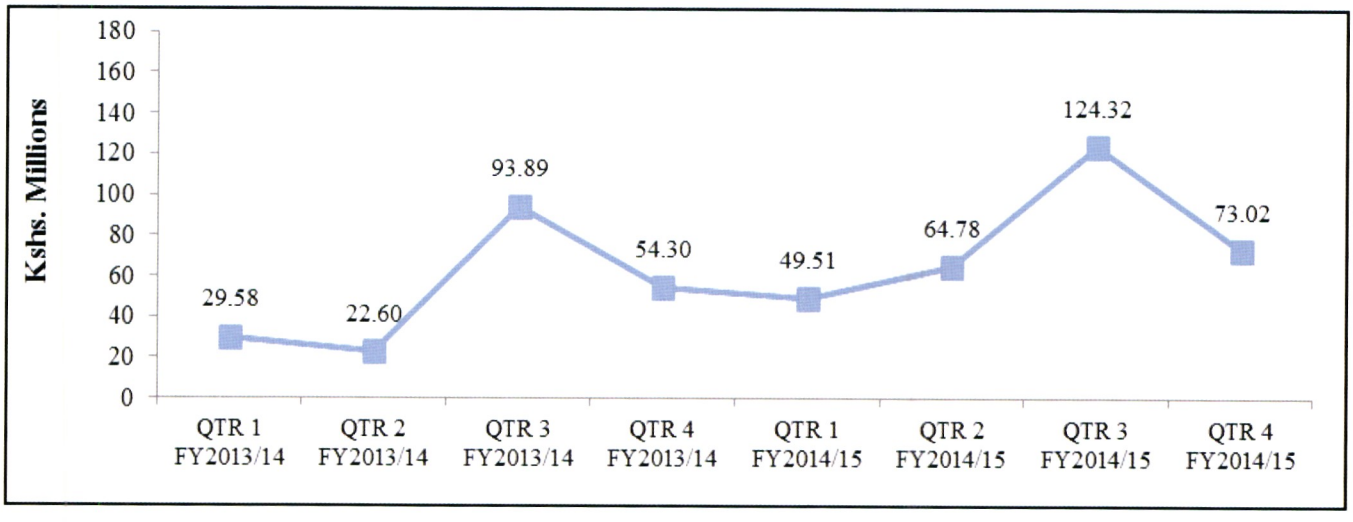
4. *Establish an effective internal audit unit to oversee operations of the internal audit function.*

Kirinyaga County

During FY 2014/15, the Approved Budget for the County was Kshs.4.10 billion, with Kshs.2.53 billion (61.8 per cent) allocated to recurrent expenditure and Kshs.1.57 billion (38.2 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 19. In order to finance the budget, the County expected to receive Kshs.3.09 billion (75 per cent) as transfers from the National Government, collect Kshs.422.45 million (10.3 per cent) from local sources, receive a conditional grant of Kshs.10.39 million (0.3 per cent) from DANIDA, and Kshs.596.19 million (14.5 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.09 billion from the National Government as direct transfer to the CRF account, raised Kshs.311.64 million from local sources, and had Kshs.596.19 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.311.64 million was an improvement from Kshs.200.37 million collected in FY 2013/14 and accounted for 73.8 per cent of the annual local revenue target. Figure 62 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 62: Kirinyaga County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kirinyaga County Treasury*

During the reporting period, the County accessed **Kshs.3.37 billion** from the CRF, which was

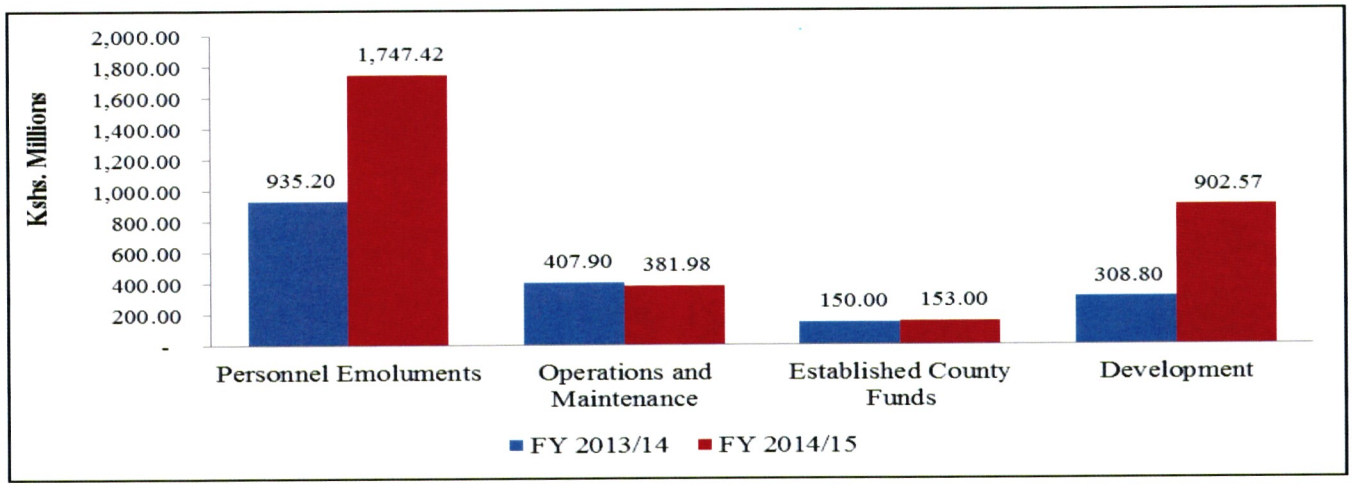
82.1 per cent of the Approved Budget, a decrease from 85.6 per cent when compared to FY 2013/14. The amount consisted of Kshs.2.46 billion (97.1 per cent) for recurrent expenditure and Kshs.904.82 million (57.8per cent) for development activities.

The County spent a total of Kshs.3.18 billion during FY 2014/15 which translated to 94.6 per cent of the total funds released, and an improvement from the Kshs.1.80 billion spent in FY 2013/14. A total of Kshs.2.28 billion (71.6 per cent) was spent on recurrent activities while Kshs.902.57 million (28.3 per cent) was spent on development activities. Recurrent expenditure was 92.8 per cent of the funds released for recurrent activities while development expenditure accounted for 99.8 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.156.93 million for development activities and Kshs.44.11 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **90.0 per cent**, an increase from **70.5 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **57.6 per cent**, an improvement from **34.0 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.28 billion shows that the County spent Kshs.1.75 billion (76.6 per cent) on personnel emoluments and Kshs.534.98 million (19.2 per cent) on operations and maintenance. Expenditure on personnel emoluments accounted for 54.9 per cent of total expenditure and has increased significantly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.935.20 million. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 63 below.

Figure 63: Kirinyaga County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Kirinyaga County Treasury*

A breakdown of expenditure by department shows that the Finance and Economic Planning Department attained the highest absorption rate at 101.9 per cent while the Trade and Cooperative Development Department had the lowest absorption rate at 24.1 per cent. Table 19 shows a summary of expenditure by department.

Table 19: Kirinyaga County, FY 2014/15 Budget and Expenditure by Department

DEPARTMENT	BUDGET ALLOCATION (Kshs. Million)		EXCHEQUER ISSUES (Kshs. Million)		EXPENDITURE (Kshs.Million)		% of expenditure to exchequer issues		Absorption rate (%)		Overall absorption
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV	Total
Office of the Governor	178.21	100.00	172.88	99.99	68.81	83.99	39.8	84.0	38.6	84.0	54.9
Finance and Economic Planning	1,657.79	50.00	1657.79	31.09	1739.94	0.00	104.9	0.0	104.9	0.0	101.9
Education, Sport, Youth affairs & social services	85.16	121.78	84.96	98.02	70.76	85.08	83.3	86.8	83.1	69.4	75.3
Health and Sanitation	185.48	314.47	121.97	127.28	121.43	81.08	99.6	63.7	65.5	25.8	40.5
Culture, Children & Social Services	14.99	29.87	10.58	11.71	16.29	9.86	154.1	84.2	108.7	33.0	66.1
Transport	14.43	357.29	14.43	222.68	9.11	231.6	63.1	104.0	63.1	64.8	64.8
County Assembly	309.77	50.74	309.77	15.36	193.07	8.14	62.3	53.0	62.3	16.1	55.8
Lands, Housing & Physical planning	10.38	75.59	10.38	37.69	8.70	33.09	83.9	87.6	83.9	43.8	48.6
Trade, Energy, Industrialization and Tourism	17.57	66.69	17.39	20.29	8.64	11.67	49.7	57.5	49.2	17.5	24.1
Environment and Natural Resources	23.56	344.82	23.56	193.94	15.52	326.7	65.9	168.5	65.9	94.8	92.9
Agriculture	37.54	55.45	37.21	46.66	30.1	31.35	65.9	168.5	65.9	94.8	66.1
Total	**2,534.89**	**1,566.69**	**2460.93**	**904.83**	**2282.39**	**902.57**	**92.8**	**99.8**	**90.0**	**57.6**	**77.7**

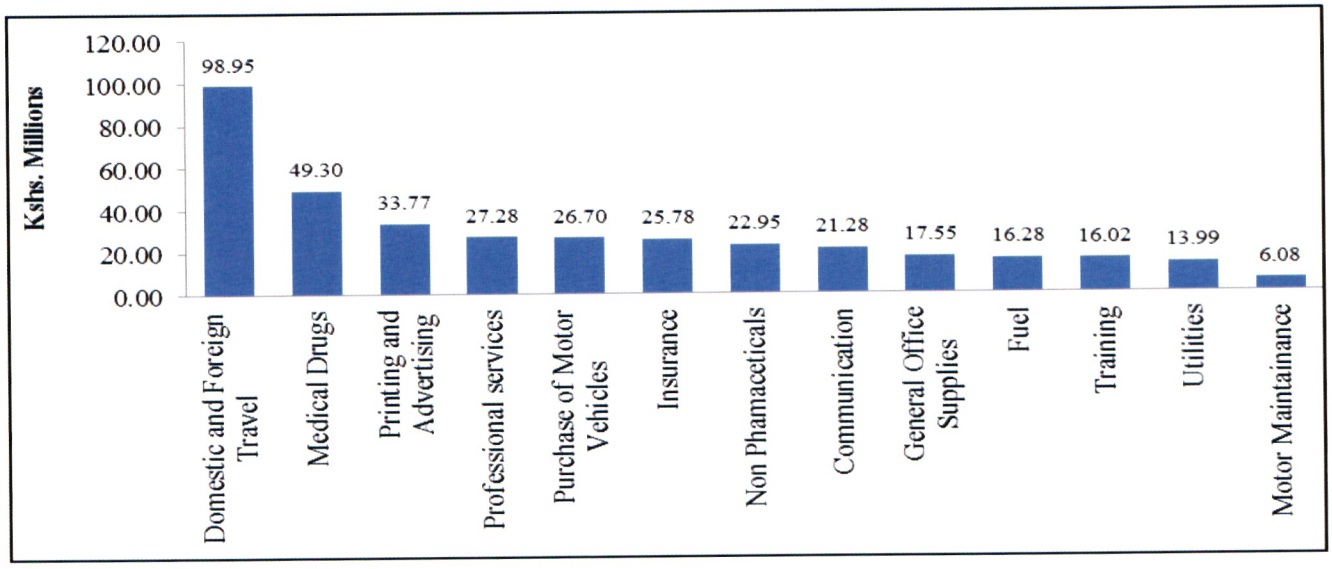
Source: *Kirinyaga County Treasury*

The County spent Kshs.49.99 million on sitting allowances to the 30 MCAs, representing an absorption rate of 70.4 per cent of the annual budget, an increase from Kshs.25.1 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.185,164 compared to the SRC recommended amount of Kshs.124.800.

Total expenditure on domestic and foreign travel was Kshs.98.95 million compared to Kshs.97 million in FY 2013/14, representing an increase of 1.9 per cent. This expenditure comprised of Kshs.65.90 million by the County Executive and Kshs.33.05 million by the County Assembly. The breakdown of operations and maintenance expenditure for FY

2014/15 is shown in Figure 64.

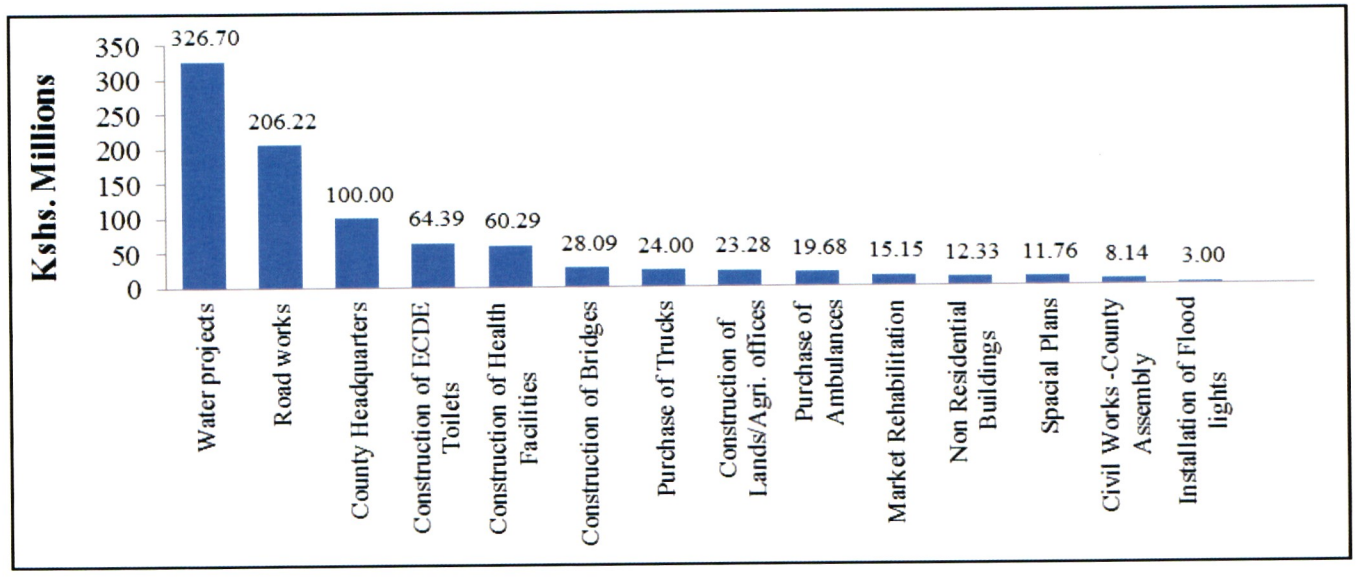
Figure 64: Kirinyaga County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kirinyaga County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Environment, Water and Natural Resources Department had the highest expenditure of Kshs.326.70 million which was spent on 87 water projects. The second highest expenditure was incurred by the Transport and Infrastructure Department which implemented 88 projects at a cost Kshs.231.6 million. Figure 65 provides the details of development expenditure during FY 2014/15.

Figure 65: Kirinyaga County, FY 2014/15 Analysis of Development Expenditure



Source: *Kirinyaga County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 57.6 per cent from 34 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 55.53 per cent from Kshs.200.37 million FY 2013/14 to Kshs.311.64 million in FY 2014/15 through automation of revenue collection.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

However, the following challenges continued to hamper effective budget implementation:

1. High wage bill, which stood at 76.5 per cent of the total annual recurrent expenditure.
2. Use of manual system in processing of financial transactions by the County Assembly.
3. Lack of project management teams to monitor implementation of development projects.

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

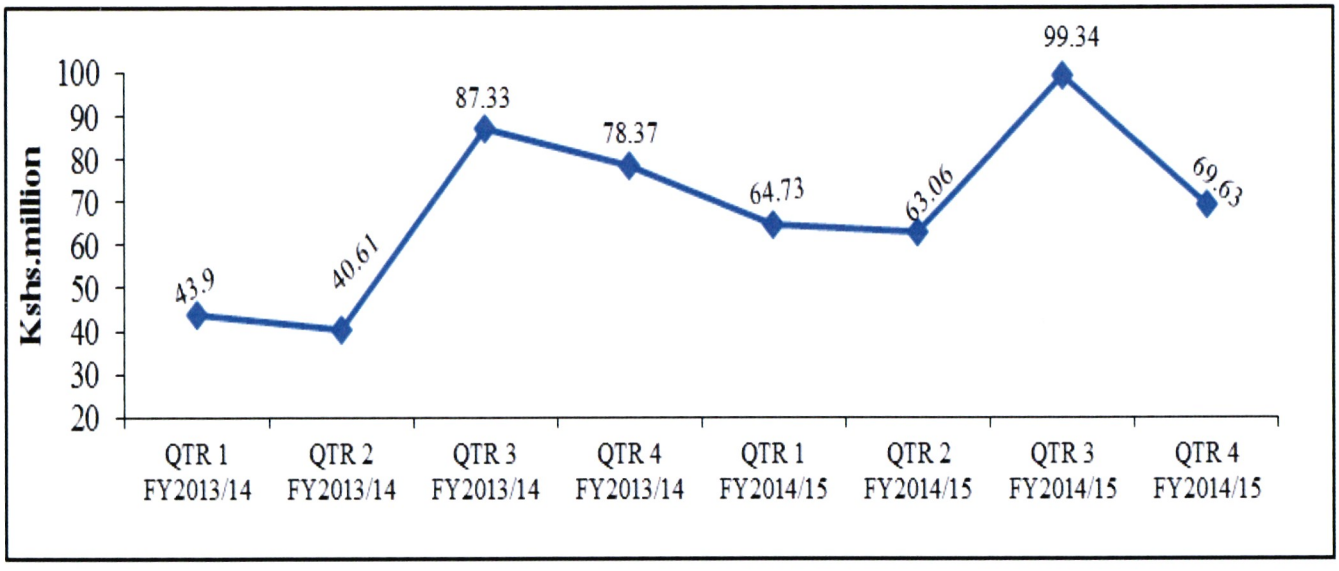
1. *The County should undertake staff audit and staff rationalization.*
2. *County Assembly should adopt IFMIS in processing financial transactions.*
3. *In order to ensure effective project implementation, the county should establish project management teams to enhance monitoring and evaluation of development projects .*

Kisii County

During FY 2014/15, the Approved Budget for Kisii County was Kshs.7.45 billion, with Kshs.4.59 billion (61.6 per cent) allocated to recurrent expenditure and Kshs.2.86 billion (38.4 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 20. In order to finance the budget, the County expected to receive Kshs.6.27 billion (84.2 per cent) as transfers from the National Government, collect Kshs.630 million (7.1 per cent) from local sources, receive a conditional grant of Kshs.20.57 million (0.3per cent) from DANIDA, and Kshs.526.10 million (8.5per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.6.29 billion from the National Government as direct transfers to the CRF account, raised Kshs. 296.77 million from local sources, and had Kshs.526.11 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.296.77 million was an improvement from Kshs.250 million collected in FY 2013/14 and accounted for 47.1 per cent of the annual local revenue target. Figure 66 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 66: Kisii County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kisii County Treasury*

During the reporting period, the County accessed **Kshs.6.54 billion** from the CRF, which was 87.8 per cent of the Approved Supplementary Budget, an improvement from 72.7 per cent when compared to FY 2013/14. This amount consisted of Kshs.4.31 billion (65.9 per cent) for recurrent expenditure and Kshs.2.23 billion (34.1 per cent) for development activities.

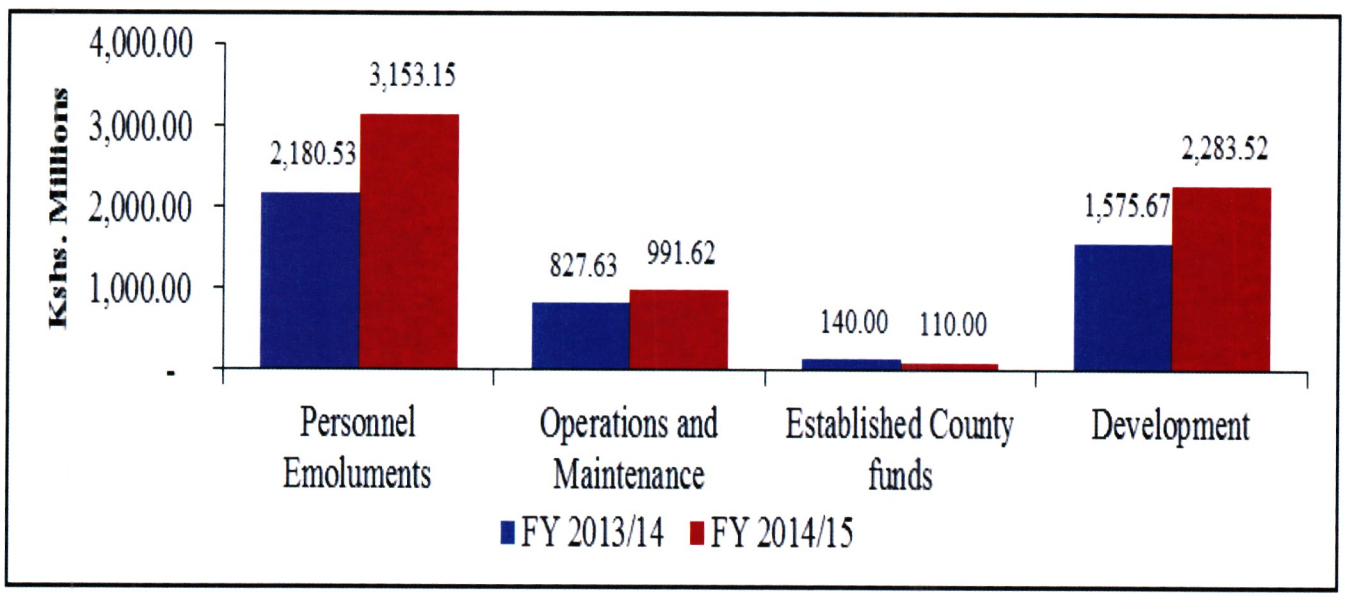
The County spent a total of Kshs.6.54 billion during FY 2014/15 which translated to 100 per cent of the total funds released for operations, and an improvement from the Kshs.4.80 billion spent in FY 2013/14. A total of Kshs.4.25 billion (65.1 per cent) was spent on recurrent activities while Kshs.2.28 billion (34.9 per cent) was spent on development activities. Recurrent expenditure was 98.7 per cent of the funds released for recurrent activities while development expenditure accounted for 102.5 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June

2015 that amounted to Kshs.927.75 million for development activities and Kshs.153.26 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **92.7 per cent**, an increase from **86 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **79.9 per cent**, an improvement from **55 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.4.25 billion shows that the County spent Kshs.3.15 billion (74.1 per cent) on personnel emoluments and Kshs.991.62 million (23.3 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 48.2 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.2.20 billion. The significant increase in personnel emoluments is attributed to promotion of health workers, recruitment of new employees including ECD instructors and absorption of youth polytechnics and Agricultural Training Centre instructors. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 67.

Figure 67: Kisii County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Kisii County Treasury*

A breakdown of expenditure by department shows that the Health department attained the highest absorption rate of recurrent expenditure at 98.9 per cent. On the other hand the Culture and Social Services department had the lowest absorption rate of development

expenditure at 68.4 per cent. Table 20 shows a summary of expenditure by department.

Table 20: Kisii County, FY 2014/15 Budget and Expenditure by Department

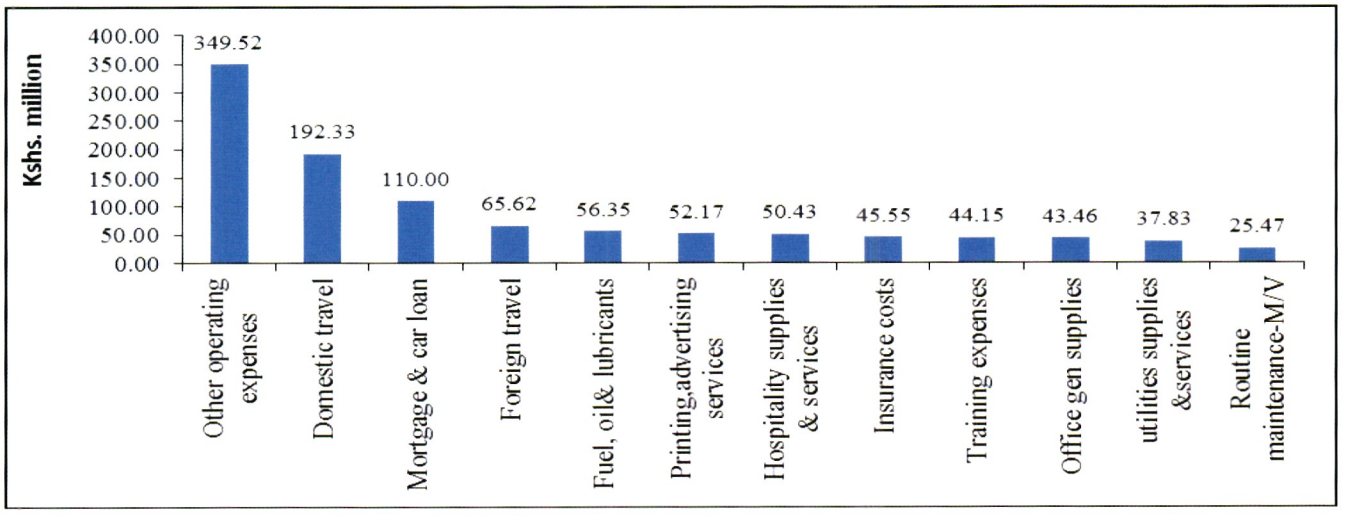
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer issues (%)		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Health	1372.78	479.12	1367.53	319.95	1347.24	300.20	98.52	93.83	98.1	62.7
Agriculture	258.64	128.24	248.55	94.74	237.38	87.36	95.51	92.21	91.8	68.1
County Assembly	641.61		582.61		602.36		103.39		93.9	
County Executive (Office of the Governor and Deputy Governor) & CPSB	256.18	35.00	190.67	24.50	221.93	32.66	116.39	133.31	86.6	93.3
County Administration	504.18	52.00	480.26	52.00	462.47	44.71	96.30	85.98	91.7	86
Finance and Economic Planning	881.39	446.65	762.37	420.35	776.73	422.04	101.88	100.40	88.1	94.5
Environment	113.44	153.90	102.95	42.49	102.41	63.16	99.48	148.65	90.3	41
Education	215.96	284.50	210.98	221.15	203.90	228.30	96.64	103.23	94.4	80.2
Land, Physical Planning & Urban Development	72.02	165.00	64.18	114.00	56.57	118.81	88.14	104.22	78.5	72
Public works and Transport	125.41	885.00	118.17	782.38	112.30	820.53	95.03	104.88	89.5	92.7
Trade regulations & Development	41.49	106.00	38.00	75.50	33.88	73.83	89.16	97.79	81.7	69.7
Culture and Social services	46.45	102.25	46.17	71.00	44.27	69.90	95.88	98.45	95.3	68.4
Kisii Town	60.85	21.50	56.05	10.50	53.33	22.02	95.15	209.71	87.6	102
TOTAL	**4590.40**	**2859.16**	**4308.94**	**2228.56**	**4254.77**	**2283.52**	**98.74**	**102.47**	**92.7**	**79.9**

Source: *Kisii County Treasury*

The County spent Kshs.118.40 million on sitting allowances to the 72 MCAs, representing an absorption rate of 134 per cent of the annual MCA sitting allowance budget, an increase from Kshs.111 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.137,033 compared to the SRC recommended amount of Kshs124,800.

Total expenditure on domestic and foreign travel was Kshs.257.95 million compared to Kshs.246.00 million in FY 2013/14, representing an increase of 4.9 per cent. This expenditure comprised of Kshs.179.14 million by the County Executive and Kshs.78.81 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 68.

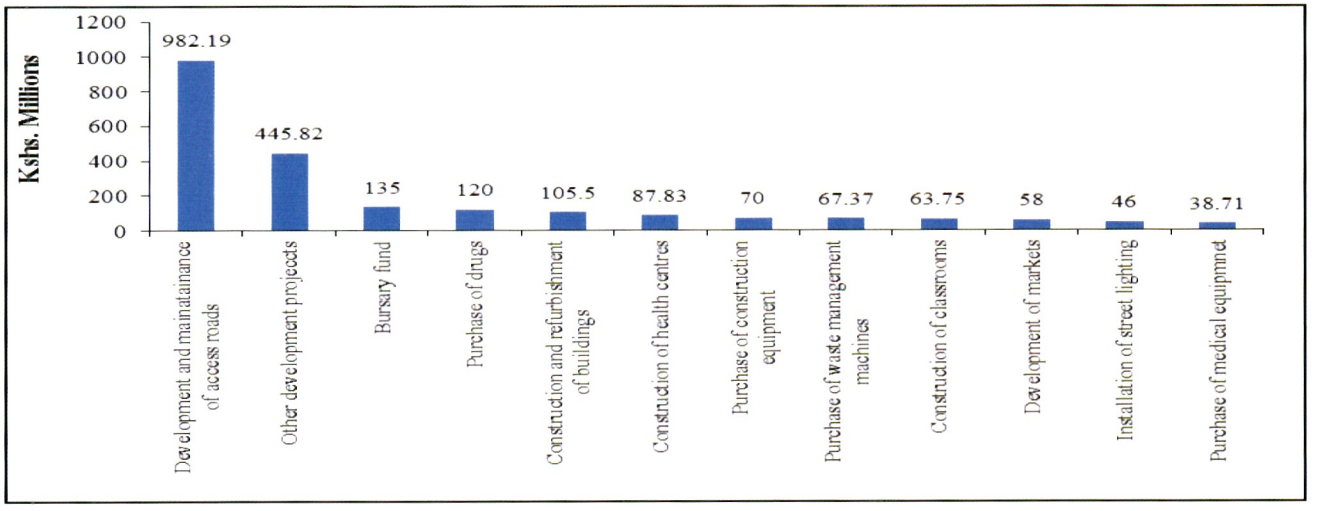
Figure 68: Kisii County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kisii County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.982.19 million, which was spent on grading and gravelling of roads. A total of 370 kilometres of gravelled roads were constructed across the 45 wards. The second highest expenditure was on Bursary Funds. The County Treasury did not avail information on the beneficiaries and how much they received. Figure 69 provides the details of development expenditure during FY 2014/15.

Figure 69: Kisii County, FY 2014/15 Analysis of Development Expenditure



Source: *Kisii County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 79.9 per cent from 55 per cent in

the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Failure to sweep all local revenue into the County Revenue Fund Account.
2. Low local revenue collection which stood at 47.1 per cent of the projected revenue for the FY 2014/15.
3. The exchequer requisitions by some departments were not aligned to departmental cash flow projections. For instance the County Assembly, office of the Governor and Education and Youth Development, Land, Physical Planning & Urban Development departments spent more than what was released to them by OCOB for recurrent activities.
4. Failure to enact regulations to guide in the operationalization of the County Emergency Fund.
5. Failure to designate fund administrators for established County Funds such as the County Assembly Mortgages and Car Loan Fund.

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

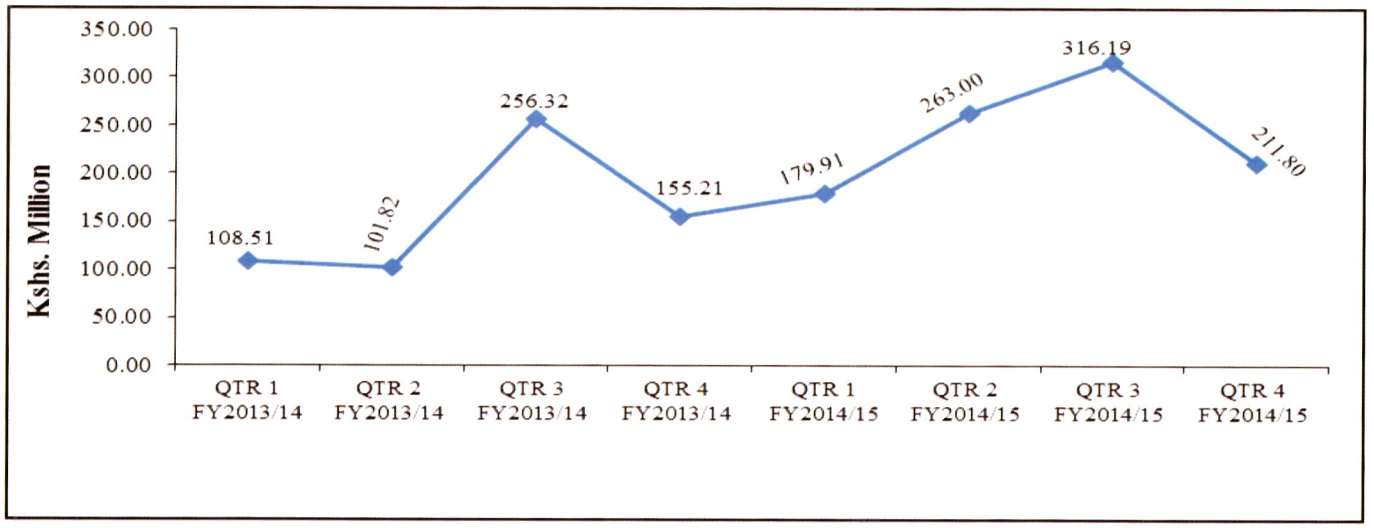
1. *The County Treasury must ensure that all locally generated revenue is deposited into the CRF account.*
2. *The County should develop strategies to enhance local revenue collection and seal revenue leakages.*
3. *All expenditure by the County entities should be aligned to work plans and cash flow projections.*
4. *The County Treasury should develop regulations to operationalize the established County Funds.*
5. *All established County Funds should have designated fund administrators in line with Section 168 of the PFM Act, 2012.*

Kisumu County

During FY 2014/15, the Approved Supplementary Budget for Kisumu County was Kshs.7.94 billion, with Kshs.5.09 billion (61.4 per cent) allocated to recurrent expenditure and Kshs.2.85 billion (35.9 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 21. In order to finance the budget, the County expected to receive Kshs.5.40 billion (68.0 per cent) as transfers from the National Government, collect Kshs.1.50 billion (18.9 per cent) from local sources, receive a conditional grant of Kshs.14.20 million (0.2 per cent) from DANIDA, and Kshs.1.02 billion (12.8 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.5.22 billion from the National Government as a direct transfer to the CRF account, raised Kshs.970.90 million from local sources, and had Kshs.1.02 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.970.90 million was an improvement from Kshs.621.86 million collected in FY 2013/14 and accounted for 64.7 per cent of the annual local revenue target. Figure 70 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 70: Kisumu County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kisumu County Treasury*

During the reporting period, the County accessed **Kshs. 6.50 billion** from the CRF, which was 81.9 per cent of the Approved Supplementary Budget, an improvement from 61.2

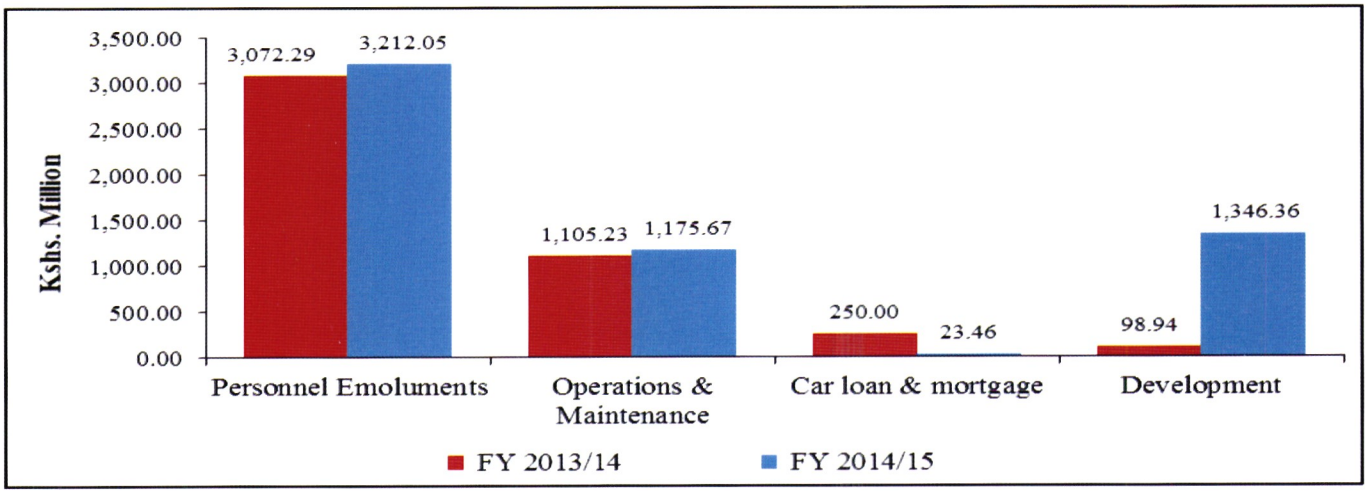
per cent when compared to FY 2013/14. This amount consisted of Kshs.4.99 billion (76.8 per cent) for recurrent expenditure and Kshs.1.51 billion (23.2 per cent) for development activities.

The County spent a total of Kshs.5.76 billion during FY 2014/15 which translated to 88.6 per cent of the total funds released for operations, and an improvement from the Kshs.4.53 billion spent in FY 2013/14. A total of Kshs.4.41 billion (76.6 per cent) was spent on recurrent activities while Kshs.1.35 billion (23.4 per cent) was spent on development activities. Recurrent expenditure was 88.3 per cent of the funds released for recurrent activities while development expenditure accounted for 89.4 per cent of the funds released for development activities. The expenditure did not include pending bills of Kshs.2.49 billion and imprest surrendered but yet to be entered into the IFMIS system that amounted to Kshs.358.08 million as of June 30, 2015. Pending bills comprised of Kshs.2.16 billion for development activities and Kshs.336.48 million for recurrent expenditure, Kshs.333.06 million for inherited liabilities from defunct local authorities which should be included in FY 2015/16 budget before payments can be made. The County issued total imprest of Kshs.708.61 million during the reporting period, out of which Kshs.358.08 million (50.5 per cent) has been surrendered but not yet entered into the IFMIS while Kshs.350.53 million was still outstanding.

The recurrent expenditure for the period under review represented an absorption rate of **86.6 per cent**, a decrease from **91.3 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **47.4 per cent**, an improvement from **4 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.4.41 billion shows that the County spent Kshs.3.21 billion (72.8 per cent) on personnel emoluments and Kshs.1.18 billion (26.8 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 55.7 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.3.07 million. This can be attributed to unremitted payroll deductions for FY 2013/14 paid in FY 2014/15. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 71.

Figure 71: Kisumu County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Kisumu County Treasury*

A breakdown of expenditure by department shows that the Office of the Governor and County Administration department exceeded its annual recurrent budget by 729.6 per cent attributable to use of below the line IFMIS item codes to pay personnel emoluments without regard to the department's annual personnel emoluments budget. Besides, the department of Agriculture, Livestock and Fisheries also exceeded its annual development budget by 50 per cent. On the other hand, City of Kisumu department attained the lowest recurrent budget absorption rate at 13.4 per cent due to the aforementioned irregularity on personnel emoluments expenditure while Health Services department did not spend on development activities. Table 21 shows a summary of expenditure by department.

Table 21 :Kisumu County, FY 2014/15 Budget and Expenditure by Department

DEPARTMENT	BUDGET ALLOCATION (Kshs. Million)		EXCHEQUER ISSUES (Kshs.Million)		EXPENDITURE (Kshs.Million)		% of expenditure to exchequer issues		Absorption Rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor and County Administration	375.57	100.00	375.57	0.00	2,740.32	87.14	729.6		**729.6**	**87.1**
Finance and Economic Planning	856.42	1,267.87	756.42	1,106.37	526.17	1,071.56	69.6	84.5	**61.4**	**84.5**
Education, Gender, Youth, Culture & Sports	94.36	320.94	94.35	161.70	62.72	98.21	66.5	60.7	**66.5**	**30.6**
Health services	1,981.20	145.90	1,981.19	59.80	504.43	0.00	25.5	0.0	**25.5**	**0.0**
City of Kisumu	757.58	0.00	757.58	0.00	101.46	0.00	13.4	0.0	**13.4**	**0.0**

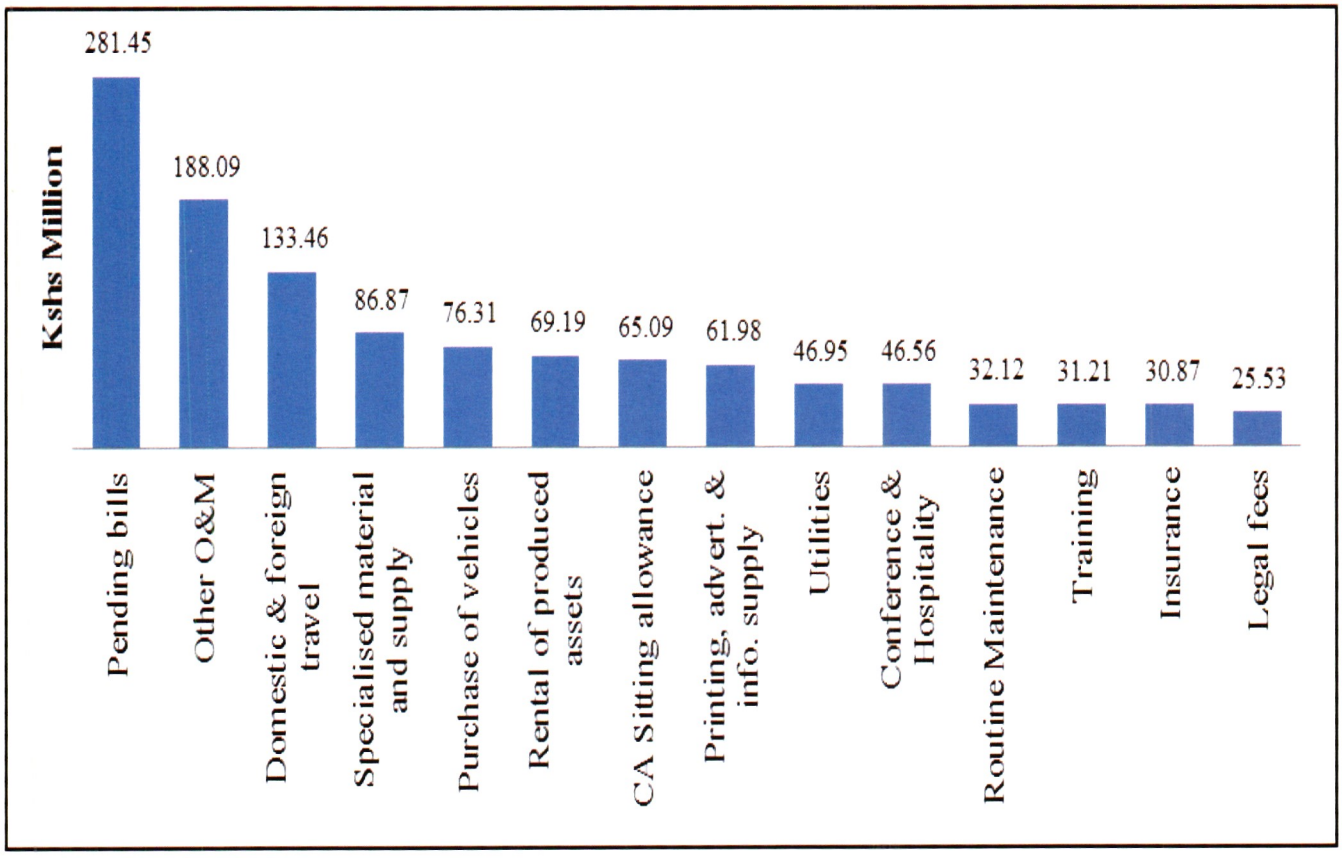
DEPARTMENT	BUDGET ALLOCATION (Kshs. Million)		EXCHEQUER ISSUES (Kshs.Million)		EXPENDITURE (Kshs.Million)		% of expenditure to exchequer issues		Absorption Rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Transport and Infrastructure	109.21	670.10	109.21	82.70	22.66	12.92	20.7	15.7	**20.7**	**1.9**
County Assembly	371.34	0.00	371.23	0.00	295.83	0.00	79.7	0.00	**79.7**	**0.0**
Lands, Housing & Physical planning	28.59	100.85	28.59	5.00	6.67	27.00	23.3	540.0	**23.3**	**26.8**
Tourism, Trade & Heritage	64.71	67.16	64.70	39.70	15.63	0.20	24.2	0.5	**24.2**	**0.3**
Water, Environment and Natural Resources	86.83	111.80	86.78	43.80	24.75	3.39	28.5	7.7	**28.5**	**3.0**
Agriculture, Livestock and Fisheries	298.22	10.00	297.25	0.8	90.20	15.00	30.3	1875	**30.2**	**150.0**
Industrialization & Enterprise Development	40.74	12.00	40.74	2.00	7.81	0.94	19.2	47.0	**19.2**	**7.9**
Energy & Mining	24.21	44.40	24.21	3.5	12.51	30.00	51.7	857.1	**51.7**	**67.6**
Total	**5,088.98**	**2,851.02**	**4,987.82**	**1,505.37**	**4,411.16**	**1,346.36**	**88.4**	**89.4**	**86.7**	**47.2**

Source: *Kisumu County Treasury*

The County spent Kshs.65.09 million on eleven months' sitting allowances to the 50 MCAs, representing an absorption rate of 104.5 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.46.46 million spent in FY 2013/14. The sitting allowance for the month of June 2015 was not paid as of 30th June 2015. The average monthly sitting allowance per MCA was Kshs.118,340 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.133.46 million compared to Kshs.143.30 million in FY 2013/14, representing a decrease of 6.9 per cent. This expenditure comprised of Kshs.81.29 million by the County Executive and Kshs.52.17 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 72.

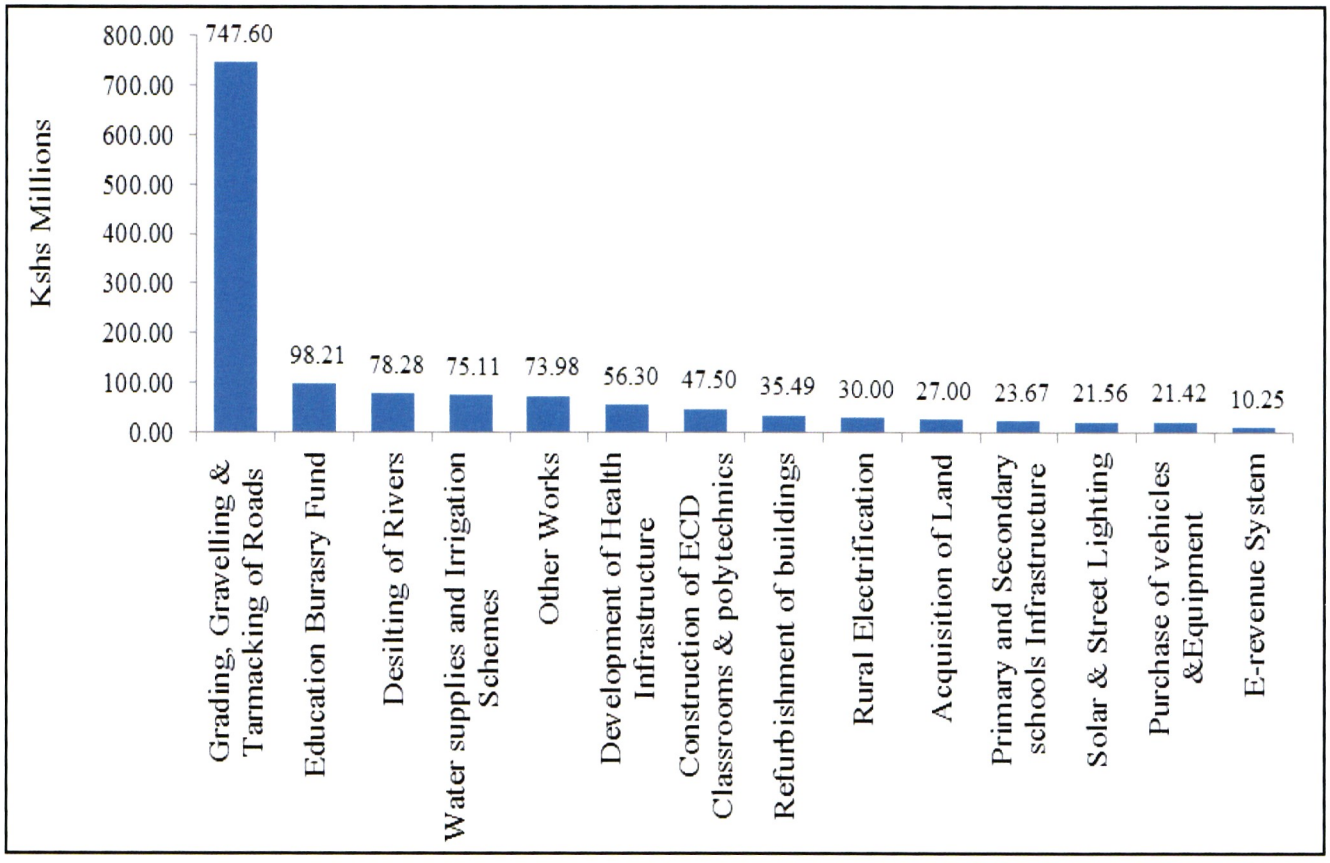
Figure 72: Kisumu County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kisumu County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.747.60 million which was spent on grading, gravelling and tarmacking of roads. A total of 527.34 kilometres of 208 murram roads were constructed across the 35 wards, and 1.1 kilometres of tarmac roads were constructed. The second highest expenditure of Kshs.98.21 million was spent on bursary funds where a total of 17,674 students benefited. Further analysis of the bursary awards showed that Kshs.67.50 million was awarded to 13,767 secondary schools students; Kshs.18.25 million was awarded to 2,706 universities and tertiary colleges students; Kshs.8.23 million was awarded to 1,107 driving colleges and boda boda riding schools students and Kshs.0.51 million was awarded to 94 special schools' students while the balance was for administrative costs. Figure 73 provides the details of development expenditure during FY 2014/15.

Figure 73: Kisumu County, FY 2014/15 Analysis of Development Expenditure



Source: *Kisumu County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 47.4 per cent from 4 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 56.13 per cent from Kshs.621.86 million in FY 2013/14 to Kshs.970.9 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Automation of revenue collection.

However, the following challenges continued to hamper effective budget implementation:

1. Failure to deposit all collected local revenue into the County Revenue Fund.

2. Over-reliance on temporary imprest as a method of procuring low valued goods and services leading to accumulation of high outstanding imprest.

3. Expenditure in excess of budget allocation by some departments, indicating weak budget control.
4. Delayed remittance of the level 5 conditional grant to the Jaramogi Oginga Odinga Teaching and Referral Hospital.

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

1. *The County Treasury to ensure that all collected revenue are deposited into the County Revenue Fund as per Section 109 (2) of The Public Finance Management Act, 2012*
2. *Due to economies of scale, there is need for the County to consolidate departmental requirements for low valued goods and implement bulk purchasing and control at the central stores. Also, County Treasury should enforce direct payments to service providers through IFMIS.*
3. *The County should ensure that the expenditure does not exceed the approved budget allocation. Incase of any reallocations, these should be regularized through a supplementary budget before the end of the financial year.*
4. *The County Treasury should ensure timely remittances of the level 5 conditional grant to the intended health facility.*

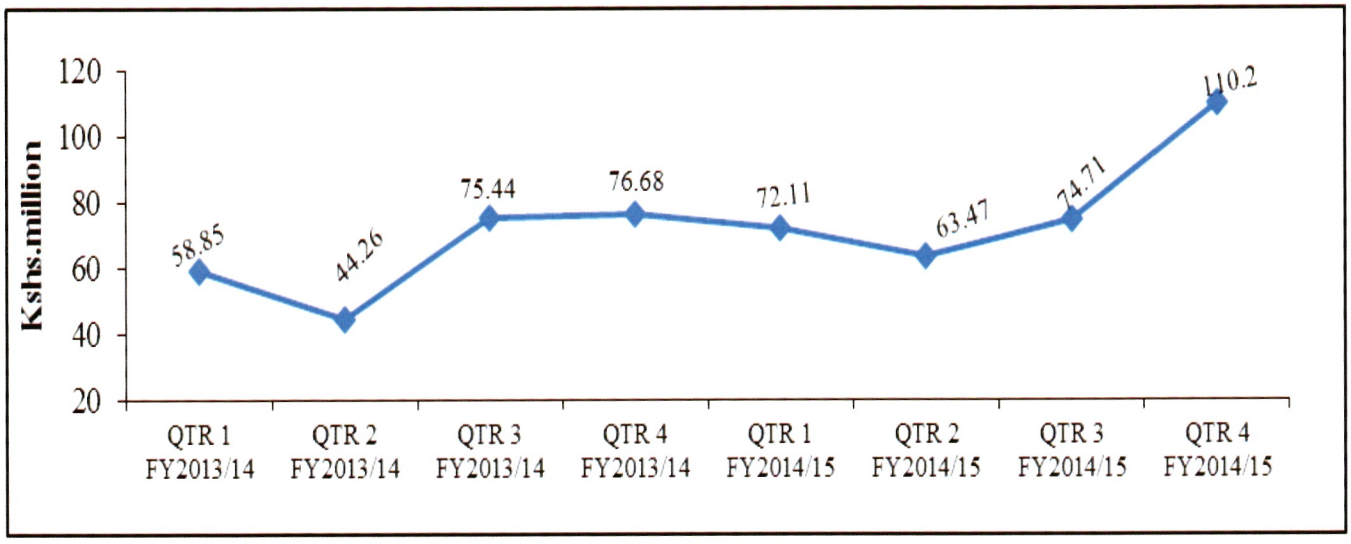
Kitui County

During FY 2014/15, the Approved Supplementary Budget for Kitui County was Kshs.9.57 billion, with Kshs.4.48 billion (46.8 per cent) allocated to recurrent expenditure and Kshs.5.09 billion (53.2 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 22. In order to finance the budget, the County expected to receive Kshs.6.32 billion (67.6 per cent) as transfers from the National Government, collect Kshs.650.00 million (6.9 per cent) from local sources, receive additional conditional grant of Kshs.265.11 million (2.8 per cent), receive additional allocation-grant to supplement financing for County health facility Kshs.34.61 million (0.4 per cent) from DANIDA, and Kshs.2.08 billion (22.3 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.6.38 billion from the National Government

as a direct transfer to the CRF account, raised Kshs.320.52 million from local sources, received Kshs.34.61 million from DANIDA, and had Kshs.2.22 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.320.52 million was an improvement from Kshs.255.24 million collected in FY 2013/14 and accounted for 49.3 per cent of the annual local revenue target. Figure 74 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 74: Kitui County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kitui County Treasury*

During the reporting period, the County accessed **Kshs.7.10 billion** from the CRF, which was 74.2 per cent of the Approved Supplementary Budget, an improvement from 65.6 per cent when compared to FY 2013/14. This amount consisted of Kshs.4.22 billion (59.4 per cent) for recurrent expenditure and Kshs.2.88 billion (40.6 per cent) for development activities.

The County spent a total of Kshs.6.90 billion during FY 2014/15 which translated to 97.2 per cent of the total funds released for operations an improvement from the Kshs.3.53 billion spent in FY 2013/14. A total of Kshs.3.94 billion (57.0 per cent) was spent on recurrent activities while Kshs.2.96 billion (43.0 per cent) was spent on development activities. Recurrent expenditure was 93.3 per cent of the funds released for recurrent activities while development expenditure accounted for 103.0 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June

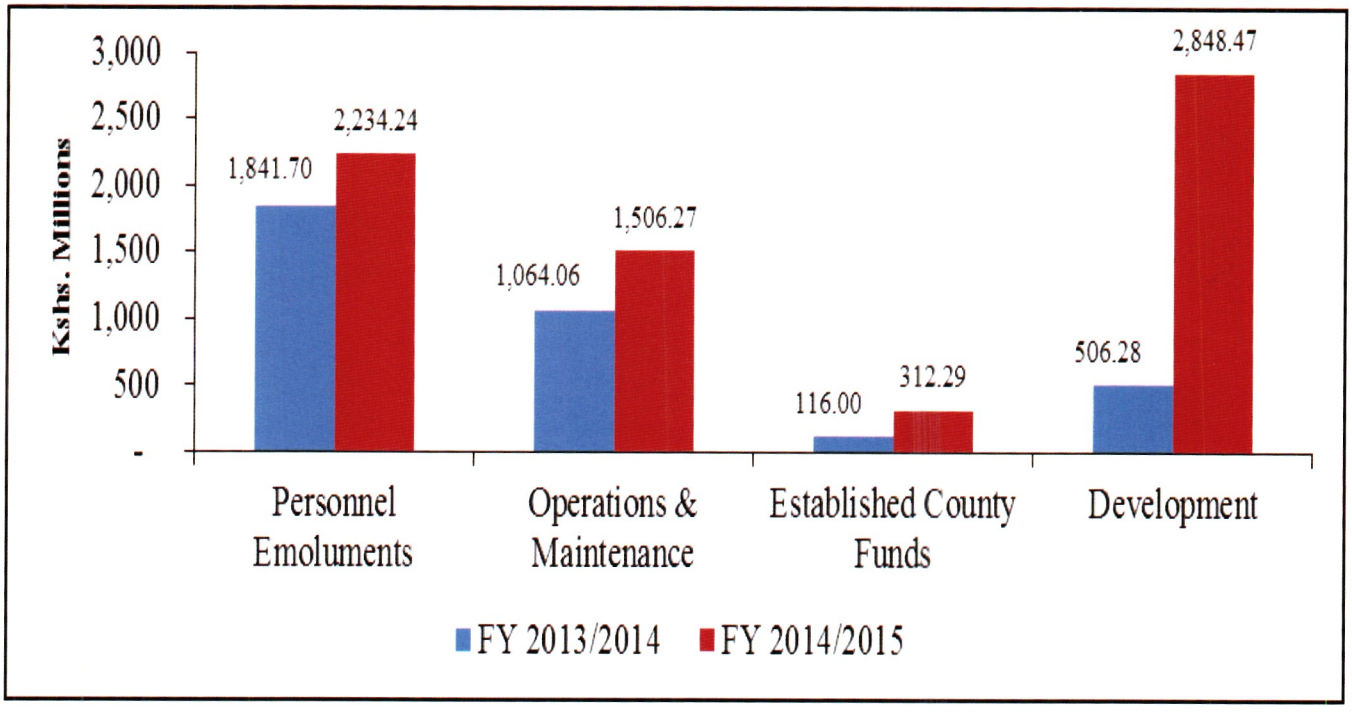
2015 that amounted to Kshs.272.99 million for development activities and Kshs.132.94 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **87.9 per cent**, an increase from **83.5 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **58.3 per cent**, an improvement from **17.6 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.94 billion shows that the County spent Kshs.2.23 billion (56.8 per cent) on personnel emoluments and Kshs.1.70 billion (43.2 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 32.4 per cent of total expenditure and has increased significantly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.1.84 billion. The increase is partly contributed by the newly employed staff, yearly salary increments among others.

The County spent Kshs.312.29 million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 75 .

Figure 75: Kitui County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Kitui County Treasury*

A breakdown of expenditure by department shows that Kitui County Public Service Board attained the highest absorption rate at 92.8 per cent. On the other hand Natural Resources and Tourism department had the lowest absorption rate at 63.4 per cent. Table 22 shows a summary of expenditure by department.

Table 22: Kitui County, FY 2014/15 Budget and Expenditure by Department

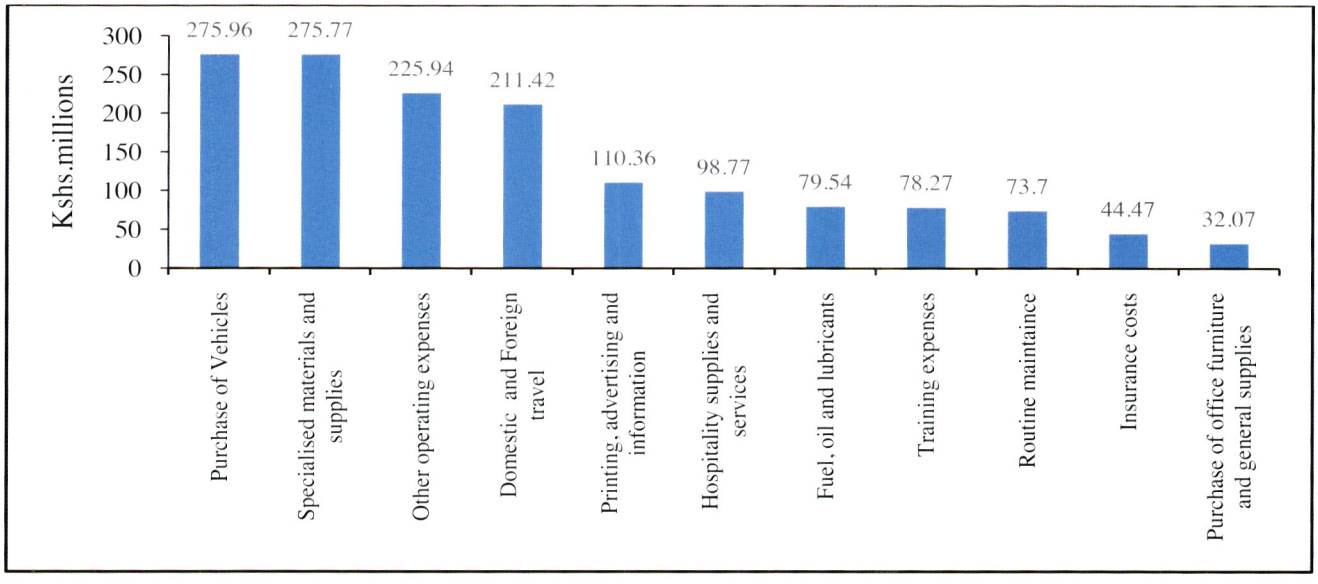
DEPARTMENT	BUDGET ALLOCATION (Kshs. Million)		EXCHEQUER ISSUES (Kshs. Million)		EXPENDITURE (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	425.74	902.47	294.55	592.64	400.48	469.05	136.0	79.1	94.1	52.0
Administration and Coordination of County Affairs	291.23	120.84	291.23	89.24	233.51	31.28	80.2	35.1	80.2	25.9
Agriculture, Water and Irrigation	372.47	925.5	372.47	395.16	302.24	675.45	81.1	170.9	81.1	73.0
Basic Education, Training and Skills Development	317.98	195.68	317.98	77.15	310.25	149.24	97.6	193.4	97.6	76.3
Lands, Infrastructure and Urban Development	300.2	1,419.14	300.2	878.46	281.53	880.29	93.8	100.2	93.8	62.0
Health and Sanitation	1,514.67	552.86	1,514.67	189.02	1,363.95	211.86	90.0	112.1	90.0	38.3
Trade, Industry and Cooperatives	66.66	301.76	66.66	187.19	58.97	179.51	88.5	95.9	88.5	59.5
Culture, Youth, Sports and Social Services	64.16	140.4	64.16	74.85	60.44	85.58	94.2	114.3	94.2	61.0
Environment, Energy and Mineral Resources	42.17	275.47	42.17	275.47	40.13	198.6	95.2	72.1	95.2	72.1
Natural Resources and Tourism	40.5	31.5	40.5	20.41	35.93	9.73	88.7	47.7	88.7	30.9
Finance and Economic Planning	293.62	59.36	293.62	49.75	223.03	50.77	76.0	102.1	76.0	85.5
County Assembly Service Board	689.13	164.17	558.32	50.2	568.48	23.39	101.8	46.6	82.5	14.2
County Public Service Board	62.04	0	62.04	0	57.59	0	92.8		92.8	
TOTAL	**4,480.57**	**5,089.15**	**4,218.57**	**2,879.54**	**3,936.53**	**2,964.75**	**93.3**	103.0	**87.9**	**58.3**

Source: *Kitui County Treasury*

The County spent Kshs.50.44 million on sitting allowances to the 57 MCAs (including speaker), representing an absorption rate of 79.7 per cent of the annual MCAs sitting allowance budget, a decline from Kshs.60.86 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.73,736 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.211.42 million compared to Kshs.234.14 million in FY 2013/14, representing a decrease of 9.7 per cent. This expenditure comprised of Kshs.145.74 million by the County Executive and Kshs.65.68 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 76.

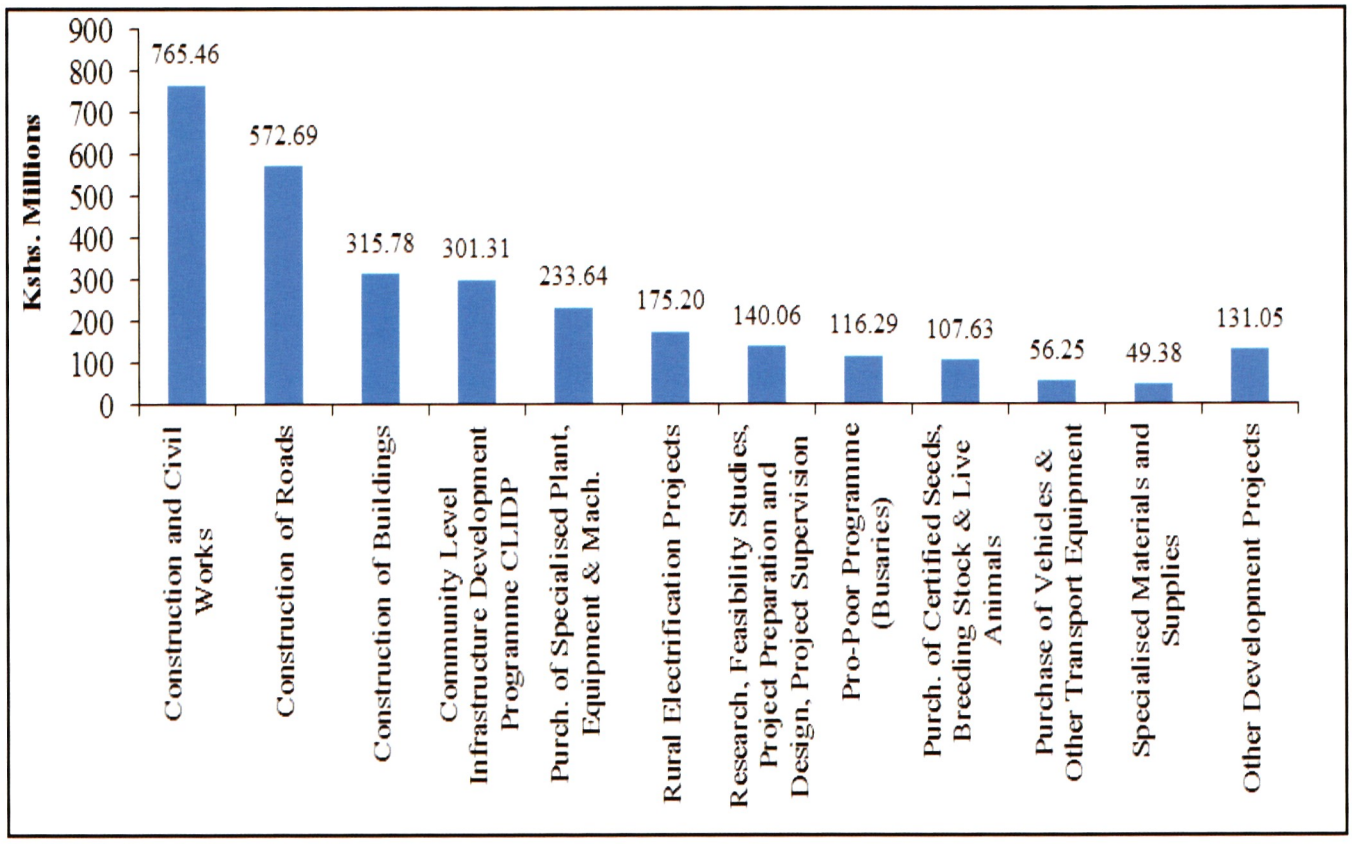
Figure 76: Kitui County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Kitui County Treasury*

Analysis of the development expenditure in FY 2014/15, indicates that the Lands, Infrastructure and Urban Development Department had the highest development expenditure of Kshs.880.29 million, out of which Kshs.571.53 million was spent on construction and improvement of roads across the County, for example: Zombe-Mutito-Ikoo-Nuu road; Kwa Siku-Kasyla road; Mutha-Weldana road among others. Under the Office of the Governor, Kshs.301.31 million was spent on Community Level Infrastructure Development Programme. The programme involved projects with quick impact to the community such as construction of ECDE classrooms (e.g. Kaseluni ECDE centre); supply of water tanks (e.g. to Nguuku Primary School); construction of public toilets (e.g. at Kalanga Market); among others. Under Environment, Energy and Mineral Resource Development, Kshs.175.20 million was incurred on various rural electrification projects within the County. Figure 77 provides the details of development expenditure during FY 2014/15.

Figure 77: Kitui County, FY 2014/15 Analysis of Development Expenditure



Source: *Kitui County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These include:

(i) Improvement in absorption of development funds to 58.3 per cent from 17.6 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 25.58 per cent from Kshs.255.24 million in FY 2013/14 to Kshs.320.52 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Adherence to statutory timelines in preparation of budgetary documents.

However, the following challenges continued to hamper effective budget implementation:

1. The department of Health and Sanitation spent revenue collected before depositing the revenue in the County Revenue Fund as stipulated in section 109 of the PFM Act 2012.

2. The County Treasury experienced several challenges in the use of IFMIS such: as poor network and capacity issues while in June 2015, the County Assembly had un-posted expenditure of Kshs.121.86 million due to user-capacity challenges.

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

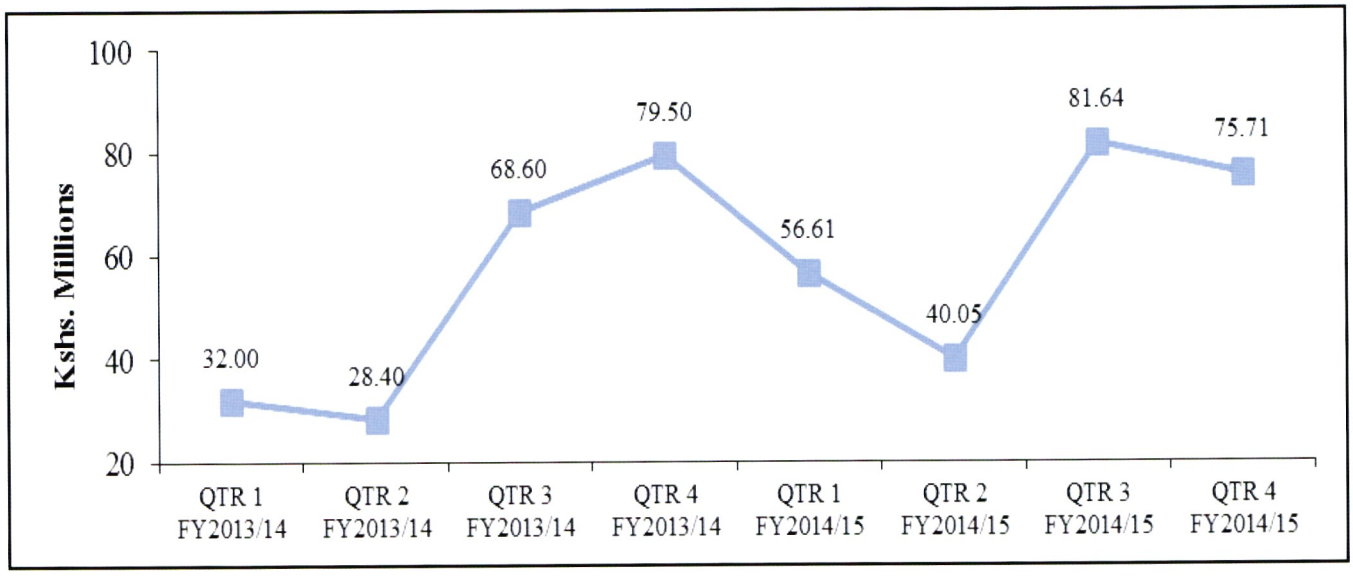
1. *The County Treasury should ensure that all revenues are deposited in the County Revenue Fund and any exception should be authorized by law.*
2. *The County Treasury should liaise with the IFMIS Directorate from time to time to address the challenges faced.*

Kwale County

In the 2014/15 financial year, the Approved Supplementary Budget for Kwale County was Kshs.6.52 billion with Kshs.2.89 billion (44.2 per cent) allocated for recurrent expenditure and Kshs.3.63 billion (55.7 per cent) for development expenditure. The budget allocation and expenditure by departments is shown Table 23. In order to finance this budget, the County expects to receive Kshs.4.47 billion (68.6 per cent) in transfers from the National Government, collect Kshs.500.00 million (7.7 per cent) from local sources, receive DANIDA grant of Kshs.11.24 million (0.2 per cent), World Bank HSSF conditional grant of Kshs.57.97 million (0.7 per cent) and Kshs.1.48 billion (22.7 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.48 billion from the National Government as a direct transfer to the CRF, raised Kshs.253.97 million from local sources and had Kshs.903.30 million as cash balance brought forward from the FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.253.97 million was an improvement from Kshs.208.50 million collected in FY 2013/14 and accounted for 50.8 per cent of the annual local revenue target. Figure 78 below shows the trend of local revenue collection by quarter.

Figure 78: Kwale County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Kwale County Treasury*

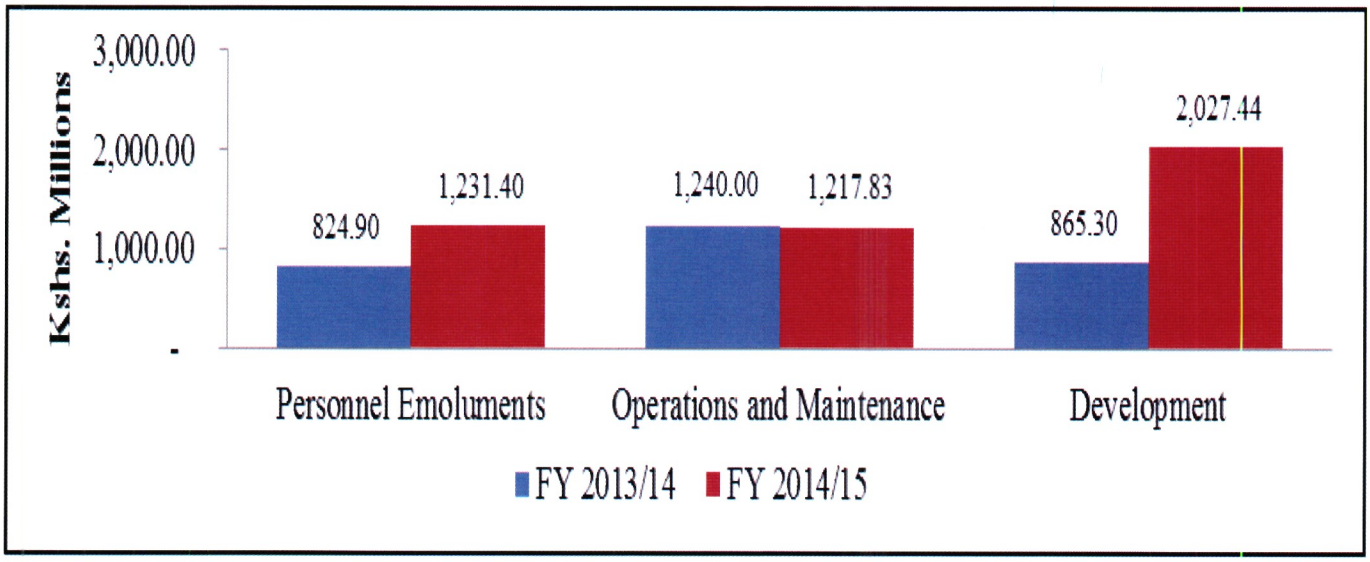
During the reporting period, the County withdrew **Kshs.4.99 billion** from the CRF which was 76.5 per cent of the Approved Budget, an improvement from 65.2 per cent when compared to FY 2013/14. The withdrawals were based on approvals by the COB and consisted of Kshs.2.85 billion (57.1 per cent) for recurrent expenditure and Kshs.2.14 billion (42.9 per cent) for development activities.

The County spent a total of Kshs.4.48 billion during FY 2014/15 which was 89.8 per cent of the total funds released and an improvement from the Kshs.2.93 billion spent in the same period of FY 2013/14. A total of Kshs.2.45 billion (54.7 per cent) was spent on recurrent activities while Kshs.2.03 billion (45.3 per cent) was spent on development activities. Recurrent expenditure was 86.0 per cent of the funds released for recurrent activities while development expenditure accounted for 94.7 per cent of the funds released for development activities. This expenditure does not include pending bills that amounted to Kshs.1.78 billion for development activities and Kshs.94.26 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **84.9 per cent** of the annual recurrent budget, an increase from an absorption rate of **71.9 per cent** realized in FY 2013/14. Development expenditure recorded an absorption rate of **55.8 per cent** of the annual development budget, a decrease from an absorption rate of **56.9 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.45 billion shows that the County spent Kshs.1.23 billion (50.3 per cent) on personnel emoluments and Kshs.1.22 billion (49.7 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments has increased significantly in the period under review compared to financial year 2013/14 when the County spent Kshs.824.90 million. A comparison of the total expenditure between FY2014/15 and FY2013 is shown in Figure 79.

Figure 79: Kwale County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Kwale County Treasury*

A breakdown of expenditure by department shows that Finance and Economic planning department had the highest absorption rates of the annual development budget at 238.2 per cent. On the other hand County Assembly had the lowest absorption rate of its annual development budget at 8.6 per cent. The expenditure of various departments is summarised in Table 23.

Table 23: Kwale County FY 2014/15 Budget and Expenditure by Department for the Fourth Quarter of FY 2014/15

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	213.97	123.92	206.44	83.92	172.03	93.93	83.3	111.9	**80.4**	**75.8**
Finance and Economic Planning	376.89	196.75	375.40	185.74	341.61	468.70	91.0	252.3	**90.6**	**238.2**
Education, Research & Human Resources	399.09	466.38	392.60	191.46	362.16	206.12	92.2	107.7	**90.7**	**44.2**
Medical & Public Health Services	822.07	587.65	820.60	329.97	705.12	272.13	85.9	82.5	**85.8**	**46.3**
Industry, Trade & Investment	39.7	171.39	39.70	144.54	31.49	44.42	79.3	30.7	**79.3**	**25.9**
Infrastructure & Public Works	110.73	300.49	107.26	170.61	96.72	156.44	90.2	91.7	**87.3**	**52.1**
Community, Culture & Talent Management	66.58	301.73	57.34	135.16	47.03	147.22	82.0	108.9	**70.6**	**48.8**
Tourism and ICT	40.34	189.01	36.85	151.42	34.27	107.92	93.0	71.3	**85.0**	**57.1**
Lands, Housing & Physical planning	34.47	144.83	34.47	75.10	26.91	48.22	78.1	64.2	**78.1**	**33.3**
County Assembly	460.08	261.75	460.09	137.67	341.40	22.43	74.2	16.3	**74.2**	**8.6**
Agriculture, Livestock &Fisheries	148.86	341.49	145.26	210.50	143.08	257.54	98.5	122.3	**96.1**	**75.4**
Public Service & Administration	144.61	145.16	144.61	141.52	122.96	36.06	85.0	25.5	**85.0**	**24.8**
Water	27.71	404.09	26.11	183.10	24.46	166.31	93.7	90.8	**88.3**	**41.2**
Total	**2,885.10**	**3,634.64**	**2,846.72**	**2,140.71**	**2,449.24**	**2,027.44**	**86.0**	**94.7**	**84.9**	**55.8**

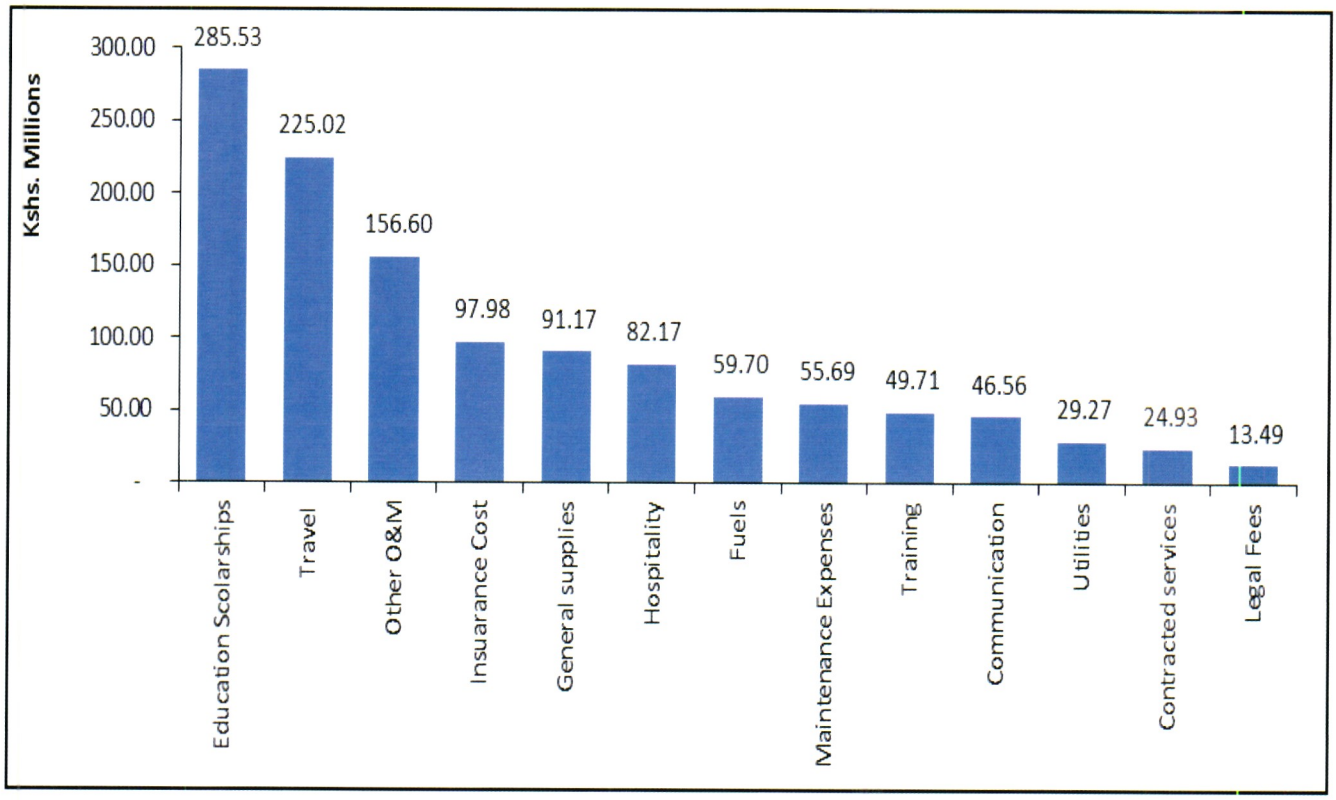
Source: *Kwale County Treasury*

The County spent Kshs.47.63 million on sitting allowances for the 34 members of the County Assembly representing an absorption rate of 90.7 per cent of the annual MCAs sitting allowance budget, a decrease from the Kshs.49.5 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.116,733 compared to the SRC recommended amount of Kshs.124,800.

The total expenditure on domestic and foreign travel amounted to Kshs.225.02 million compared to Kshs.193.90 million spent in FY 2013/14, representing an increase of 16.0 per cent. The total travel expenditure for the County Assembly and the County Executive

amounted to Kshs.34.68 million and Kshs.190.34 million respectively. The breakdown of operations and maintenance expenditure for the period under review is shown in Figure 80.

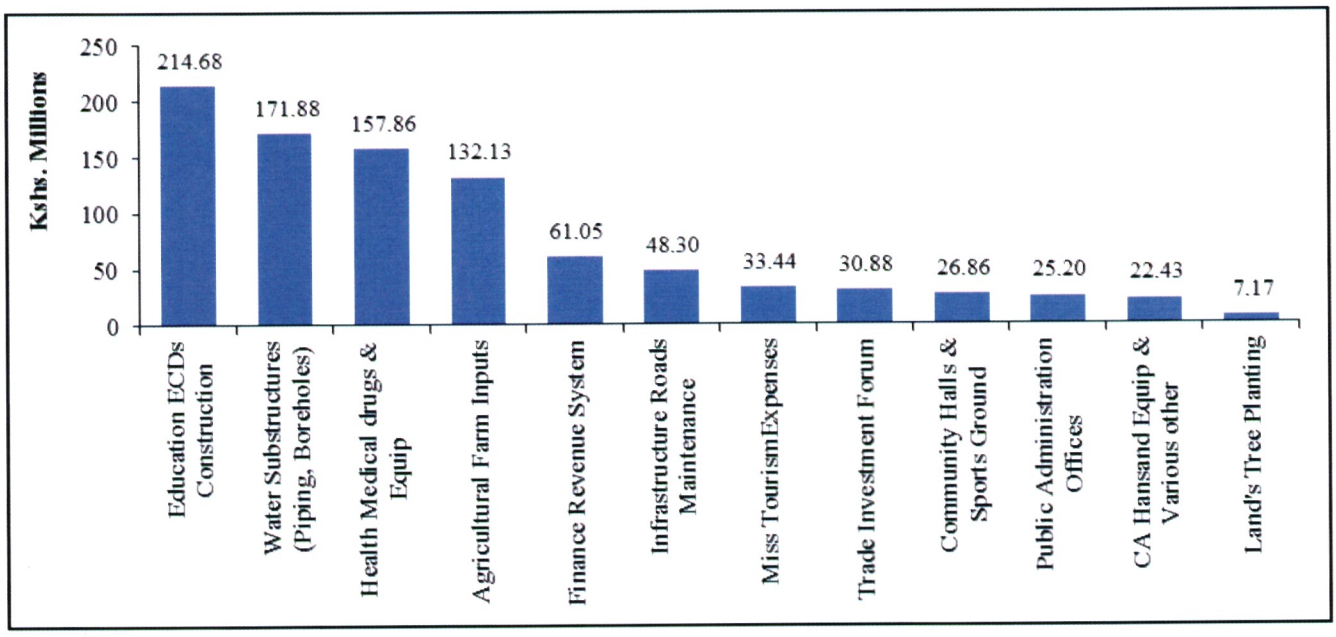
Figure 80: Kwale County, Operations and Maintenance Expenditure



Source: *Kwale County Treasury*

Analysis of the development expenditure for the reporting period of Kshs.2.03 billion shows that Kshs.214.68 million was spent on construction of ECDs; Kshs.171.88 million on water substructures; Kshs.157.86 million on medical drugs and equipment; Kshs.132.13 million on farmers Agricultural free inputs; Kshs.61.05 million as partial payment for a new revenue system; Kshs.48.30 million on roads maintenance expenses; Kshs.33.44 million on Kwale Miss Tourism expenses; Kshs.30.88 million on destination Kwale Investment Forum; Kshs.26.86 million on construction of social halls and sports ground; Kshs.25.20 million on construction of ward public administration offices; Kshs.22.43 million on purchase of County Assembly Hansard equipment among other equipment and Kshs.7.17 million on Tree planting expenses as shown in Figure 81.

Figure 81: Kwale County, FY 2014/15 Analysis of Development Expenditure



Source: *Kwale County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in local revenue collection by 21.81 per cent from Kshs.208.5 million in FY 2013/14 to Kshs.253.97 million in FY 2014/15.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Embracing use of IFMIS to process financial transactions.

(iv) Automation of local revenue collection.

However, the following challenges continued to hamper effective budget implementation:

1. Weak monitoring and evaluation systems for development projects.
2. High wage bill attributable to continuous recruitment of staff.

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

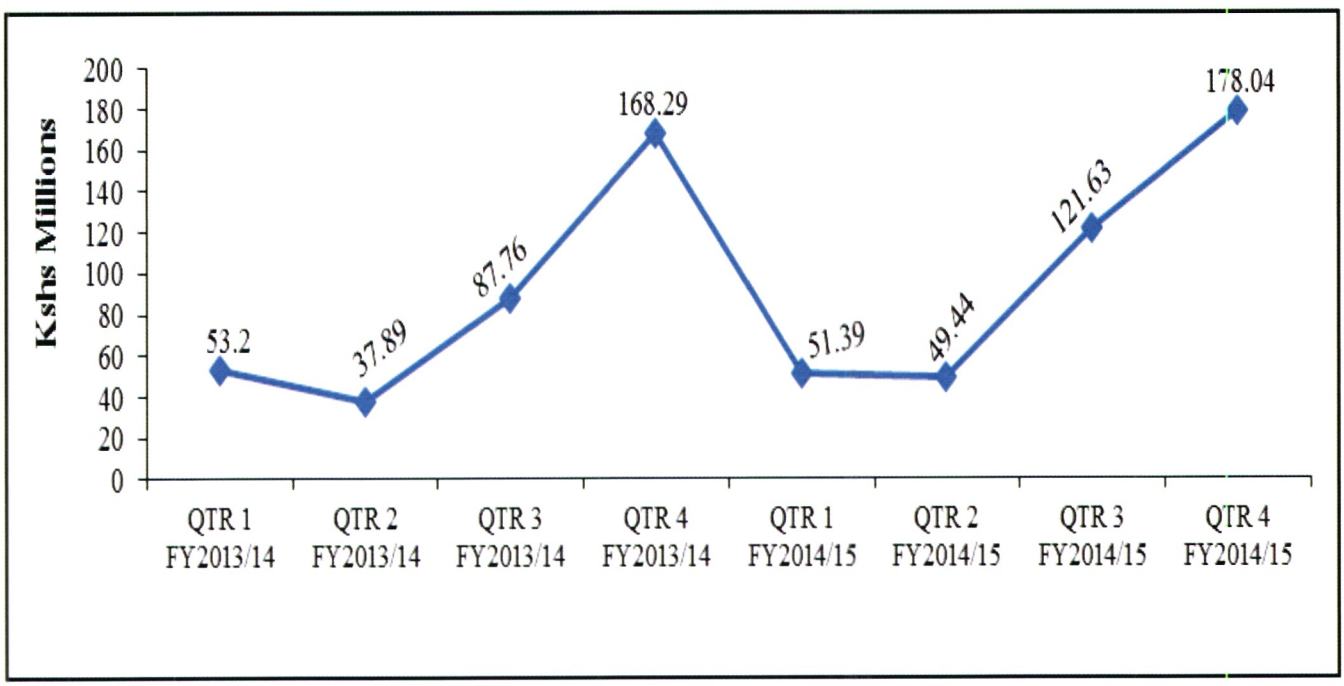
1. *The County should put in place adequate monitoring and evaluation frameworks for development projects.*
2. *The County should liaise with the National Government to address the high wage bill.*

Laikipia County

During FY 2014/15, the Approved Supplementary Budget for the County was Kshs.4.32 billion, with Kshs.2.51 billion (58 per cent) allocated to recurrent expenditure and Kshs.1.89 billion (42 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 24. In order to finance the budget, the County expected to receive Kshs.3.01 billion (80.1 per cent) as transfers from the National Government, collect Kshs.400 million (10.7 per cent) from local sources, receive a conditional grant of Kshs.9.35 million (0.3 per cent) from DANIDA, and Kshs.303.49 million (8.2 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.02 billion from the National Government as a direct transfer to the CRF account, raised Kshs.400.48 million from local sources, and had Kshs.303.49 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.400.48 million was an improvement from Kshs.347 million collected in FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 100.1 per cent of the annual local revenue target. Figure 82 below shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 82: Laikipia County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Laikipia County Treasury*

During the reporting period, the County accessed **Kshs.3.54 billion** from the CRF, which was 82.9 per cent of the Approved Supplementary Budget, an improvement from 71.21 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.27 billion (64 per cent) for recurrent expenditure and Kshs.1.27 billion (36per cent) for development activities.

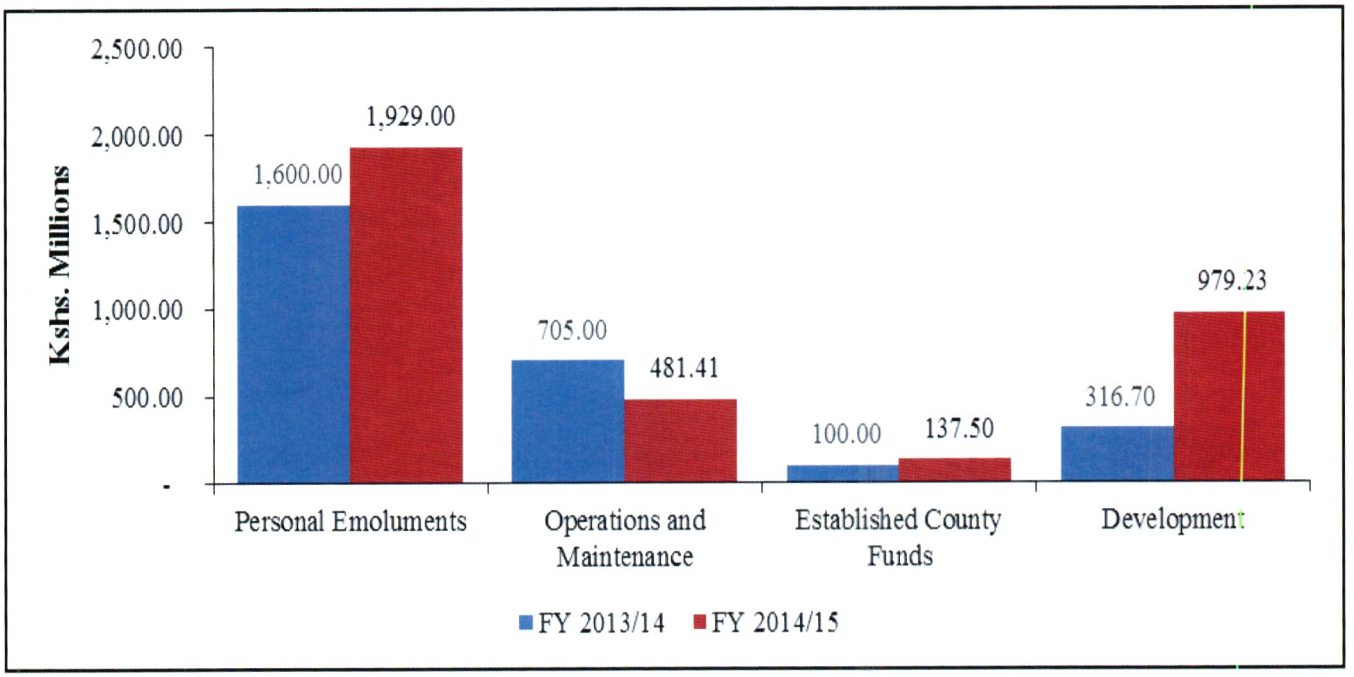
The County spent a total of Kshs.3.39 billion during FY 2014/15 which translated to 95.8 per cent of the total funds released for operations, an improvement from the Kshs.2.6 billion spent in FY 2013/14. A total of Kshs.2.41 billion (68.1 per cent) was spent on recurrent activities while Kshs.979.23 million (27.7 per cent) was spent on development activities. Recurrent expenditure was 106 per cent of the funds released for recurrent activities while development expenditure accounted for 76.9 per cent of the funds released for development activities. The expenditure did not include pending bills as at 30th June 2015 that amounted to Kshs.463.16 million for development activities and Kshs.20.84 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **96.2 per cent**, a decrease from **97 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **53.9 per cent**, an improvement from **34 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.41 billion shows that the County spent Kshs.1.93 billion (80 per cent) on personnel emoluments and Kshs.481.41 million (20 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 56.9 per cent of total expenditure and has increased significantly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.1.6 billion. This was attributed to payment of arrears and gratuity to former local authority staff, establishment of new offices and recruitment of new officers such as departmental directors.

The County spent Kshs.107.91 Million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 83.

Figure 83: Laikipia County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Laikipia County Treasury*

A breakdown of expenditure by department shows that Finance and economic planning department attained the highest absorption rate at 87.4 per cent while County administration department had the lowest absorption rate at 19 per cent. Table 24 shows a summary of expenditure by department.

Table 24: Laikipia County, FY 2014/15 Budget and Expenditure 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	19.5	119.23	17.18	85.27	13.85	90.07	80.6	105.6	71.0	75.5
Education	5.5	93.53	5.4	93.53	3.33	49.9	61.7	53.4	60.5	53.4
County Administration	1,899.42	154.68	1760.84	89.29	1865.58	29.4	105.9	32.9	98.2	19.0
Public Works, Transport & Infrastructure	12.92	384.09	11.77	238.97	11.88	173.33	100.9	72.5	92.0	45.1
Finance & Economic Planning	91.3	407.7	64.1	360.9	69.06	356.18	107.7	98.7	75.6	87.4

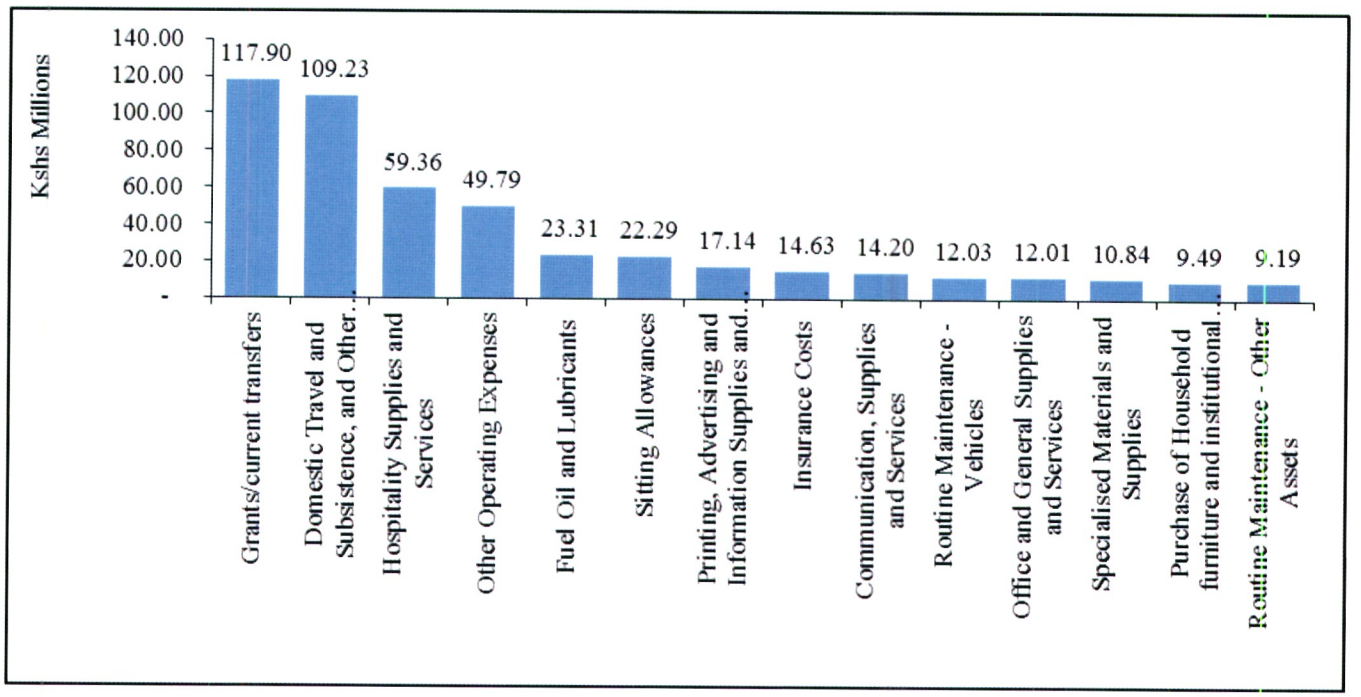
Department	Budget allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	21.48	47.31	18.12	47.31	18.43	17.21	101.7	36.4	85.8	36.4
Health	153.08	194.48	93.51	121.63	135.02	103.89	144.4	85.4	88.2	53.4
Water, Energy, Environment, Forestry & Natural Resources	12.2	321.42	8.42	141.2	10.95	97.78	130.0	69.2	89.8	30.4
Gender, Sports, Culture & Social Services	14.67	28.54	11.1	28.54	10.96	6.11	98.7	21.4	74.7	21.4
County Assembly	275.73	67	275.73	67	271.52	55.35	98.5	82.6	98.5	82.6
Total	**2,505.80**	**1,817.98**	**2,266.17**	**1,273.64**	**2,410.58**	**979.22**	**106.4**	**76.9**	**96.2**	**53.9**

Source: *Laikipia County Treasury*

The County spent Kshs.17.04 million on sitting allowances to the 24 MCAs, representing an absorption rate of 99.3 per cent of the annual budget, a decline from Kshs.25.5 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.59,156.00 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.109.23 million compared to Kshs.115 million in FY 2013/14, representing a decrease of 5.2 per cent. This expenditure comprised of Kshs.57.13 million by the County Executive and Kshs.52.10 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 84.

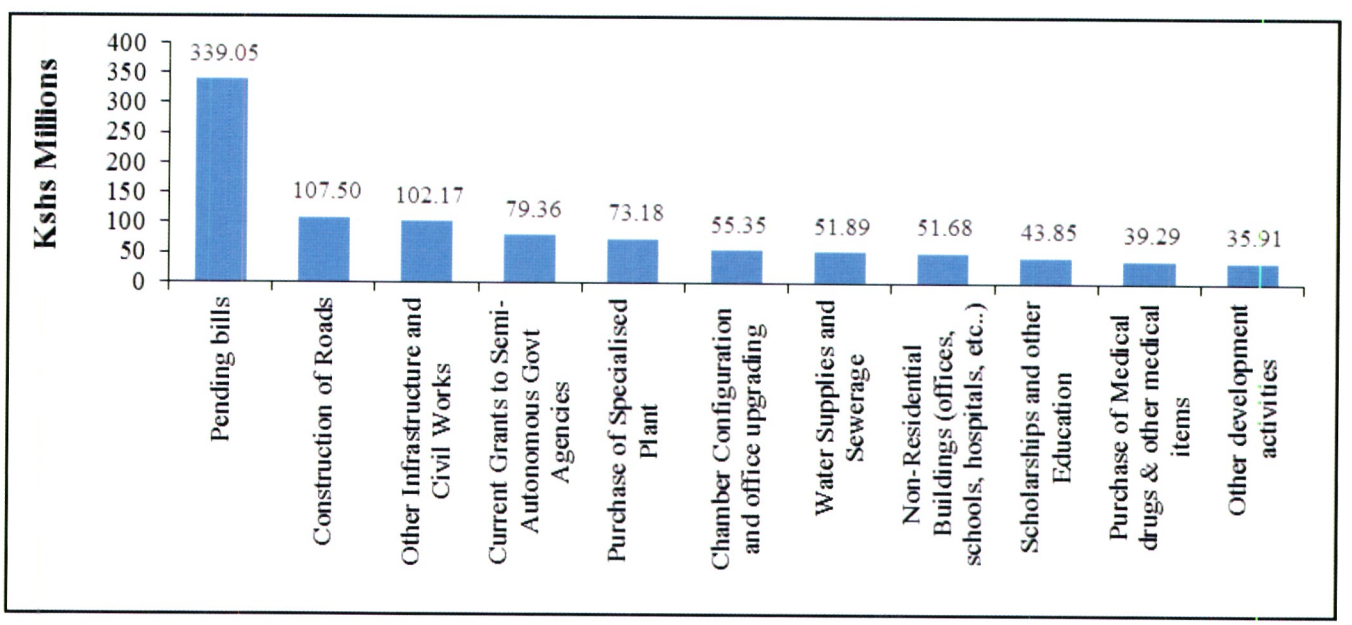
Figure 84: Laikipia County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Laikipia County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Finance and Economic Planning department had the highest expenditure of Kshs.339.05 million which was spent pending bills for the previous FY 2013/14. The second highest expenditure of Kshs.107.50 million was incurred on grading and gravelling of roads by the Public Works, Transport and Infrastructure department. Figure 85 provides the details of development expenditure during FY 2014/15.

Figure 85: Laikipia County, FY 2014/15 Analysis of Development Expenditure



Source: *Laikipia County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 53.9 per cent from 34 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 15.41 per cent from Kshs.347 million in FY 2013/14 to Kshs.400.48 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, effective budget implementation was hampered by delays in disbursement of funds by the National Government which affected timely implementation of planned activities.

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

1. *The National Treasury should release funds as per the schedule released to the counties by the Senate.*

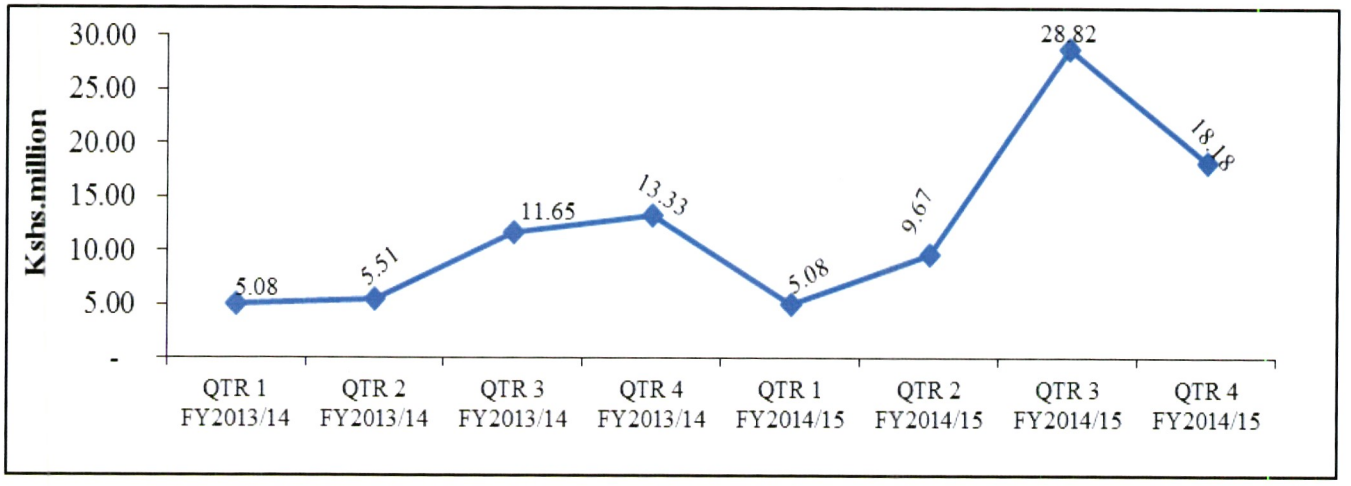
Lamu County

During FY 2014/15, the Approved Supplementary Budget for Lamu County was Kshs.2.51 billion, with Kshs.1.38 billion (54.8 per cent) allocated to recurrent expenditure and Kshs.1.13 billion (45.2 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 25. In order to finance the budget, the County expected to receive Kshs.1.75 billion (69.6 per cent) as transfers from the National Government, collect Kshs.65.74 million (2.6 per cent) from local sources, receive a conditional grant of Kshs.5.26 million (0.2 per cent) from DANIDA, and Kshs.691.74 million (27.6 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.1.80 billion from the National Government as a direct transfer to the CRF account inclusive of Kshs.5.26 million from DANIDA, raised Kshs.61.67 million from local sources and had Kshs.691.74 million as cash balance

brought forward from FY 2013/14. Local revenue raised increased from 35.57 million is 2013/14 to 61.67 million is 2014/15 and accounted for 93.8 per cent of the annual local revenue target. Figure 86 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 86: Lamu County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: Lamu County Treasury

During the reporting period, the County accessed **Kshs.1.95 billion** from the CRF, which was 77.6 per cent of the Approved Supplementary Budget, an improvement from 58.7 per cent when compared to FY 2013/14. This amount consisted of Kshs.1.25 billion (64.4 per cent) for recurrent expenditure and Kshs.692.67 million (35.6 per cent) for development activities.

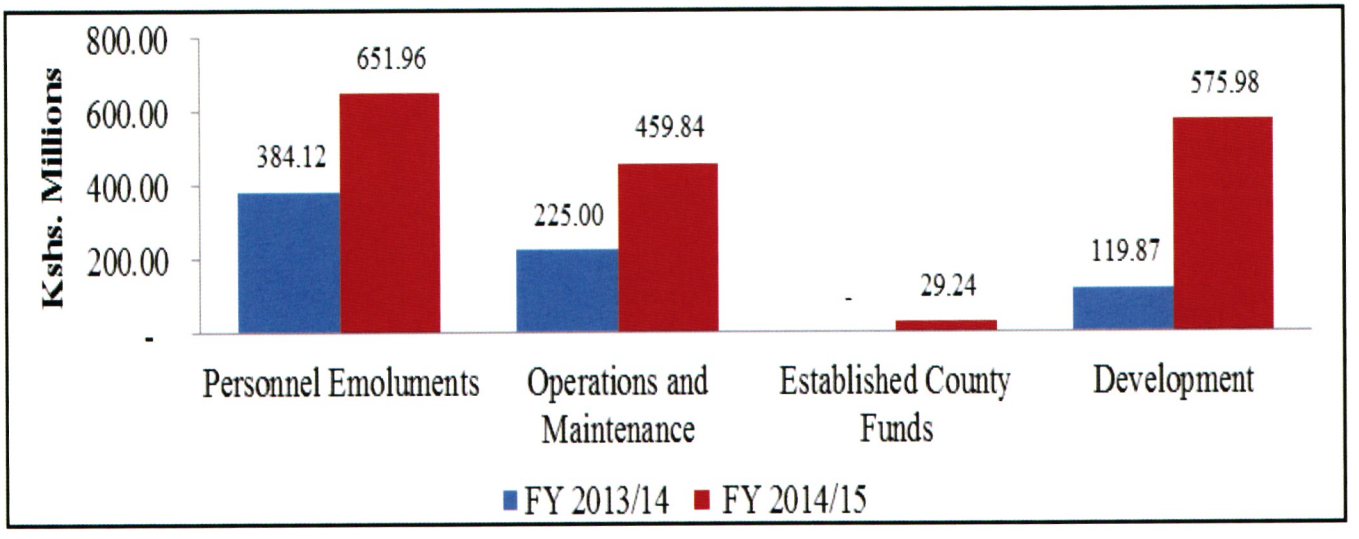
The County spent a total of Kshs.1.72 billion during FY 2014/15 which translated to 88.2 per cent of the total funds released for operations, and an improvement from the Kshs.729.05 million spent in FY 2013/14. A total of Kshs.1.14 billion (66.5 per cent) was spent on recurrent activities while Kshs.575.98 million (33.5 per cent) was spent on development activities. Recurrent expenditure was 90.9 per cent of the funds released for recurrent activities while development expenditure accounted for 83.2 per cent of the funds released for development activities. The expenditure did not include pending bills as at 30th June 2015 that amounted to Kshs.29.03 million for development activities and Kshs.20.26 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **83.0 per cent,** an increase from **53.1 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **50.8 per cent,** an improvement from **24.0 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.1.14 billion shows that the County spent Kshs.651.96 million (57.1 per cent) on personnel emoluments and Kshs.459.84 million (40.3 per cent) on operations and maintenance and Kshs.29.24 million (2.6 per cent) on bursary and scholarship. It should be noted that the County transferred Ksh.40.00 million to the bursary and scholarship account although the actual expenditure of the fund as at June 2015 was Kshs.29.24 million.

Expenditure on personnel emoluments accounted for 37.7 per cent of total expenditure and has increased significantly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.384.12 million. The increase was as a result of employment of more staff by the County government. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 87.

Figure 87: Lamu County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Lamu County Treasury*

A breakdown of expenditure by department shows that the Trade Investment, Culture and Tourism department attained the highest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 94.2 per cent while the Land, Physical

Planning, Infrastructure, Urban Development, Water and Natural Resources department attained the lowest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 74.9 per cent. On the other hand, the Agriculture, Irrigation & Planning attained the highest proportion of development expenditure to supplementary development budgetary allocation at 93.4 per cent while the County assembly attained the lowest proportion of development expenditure to supplementary development budgetary allocation at 21.6 per cent. Table 25 shows a summary of expenditure by department.

Table 25: Lamu County, FY 2014/15 Budget and Expenditure by Department

Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	225	169.61	161.51	85.55	190.05	36.69	117.7	42.9	84.5	21.6
County Executive	346.74	202.96	327.75	90.67	286.04	70.88	87.3	78.2	82.5	34.9
Health and Sanitation	381.71	185.55	377.04	125.97	319.67	78.77	84.8	62.5	83.7	42.5
Finance, Economy and Strategic Planning	99.13	9.67	92.02	9.67	81.48	5.79	88.5	59.9	82.2	59.9
Agriculture, Irrigation & Planning	54.99	47.34	47.17	47.34	49.61	44.2	105.2	93.4	90.2	93.4
Land, Physical Planning, Infrastructure, Urban Dev, Water and Natural Resources	54.72	269.58	50.06	167.33	40.98	186.17	81.9	111.3	74.9	69.1
Education,Gender,Youth Affairs, Sports and Social Services	87.17	114.15	82.68	80.85	64.33	55.35	77.8	68.5	73.8	48.5
Trade Investment, Culture and Tourism	12.4	48.75	11.77	31.45	11.68	32.47	99.2	103.2	94.2	66.6
Information, Communication and E-Government	47.12	14.87	41.5	7.87	39.15	5.09	94.3	64.7	83.1	34.2
Fisheries, Livestock, Veterinary and Co-operative Development	66.33	71.94	63.49	45.98	58.05	60.58	91.4	131.8	87.5	84.2
TOTAL	**1,375.31**	**1,134.42**	**1,254.99**	**692.68**	**1,141.04**	**575.99**	**90.9**	**83.2**	**83.0**	**50.8**

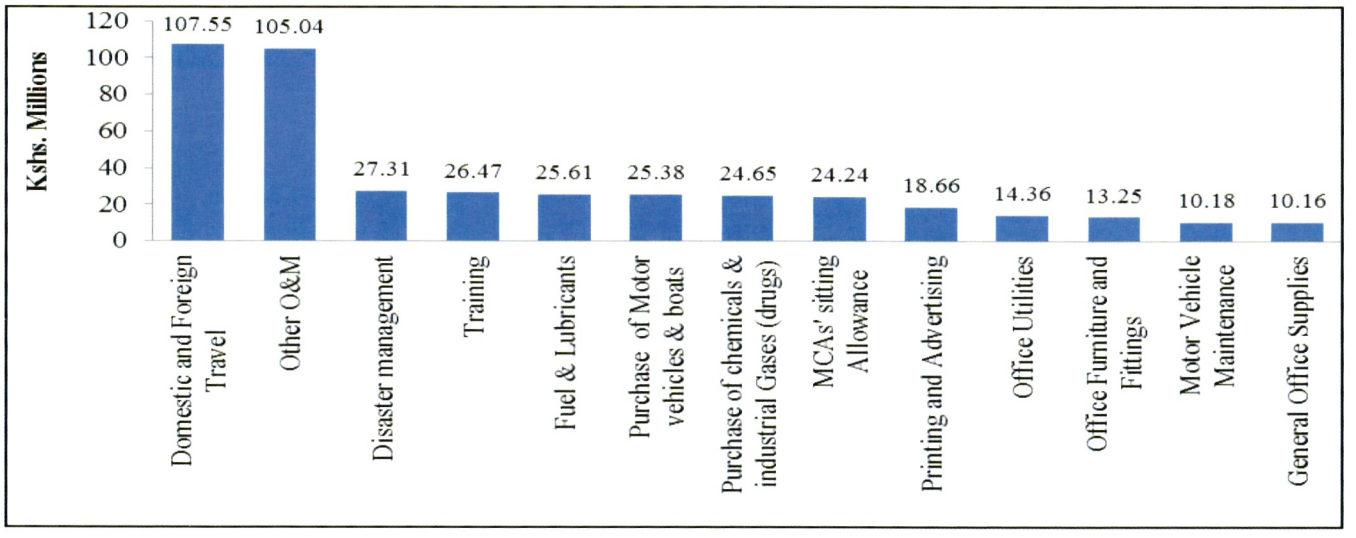
Source: *Lamu County Treasury*

The County spent Kshs.24.24 million on sitting allowances to the 20 MCAs, representing an absorption rate of 100.2 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.6.69 million spent in FY 2013/14. The average monthly sitting allowance per

MCA was Kshs.128,265 as compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.107.55 million compared to Kshs.41.41 million in FY 2013/14, representing an increase of 159.7 per cent. This expenditure comprised of Kshs.72.97 million by the County Executive and Kshs.34.58 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 88.

Figure 88: Lamu County, FY 2014/15 Operations and Maintenance Expenditure



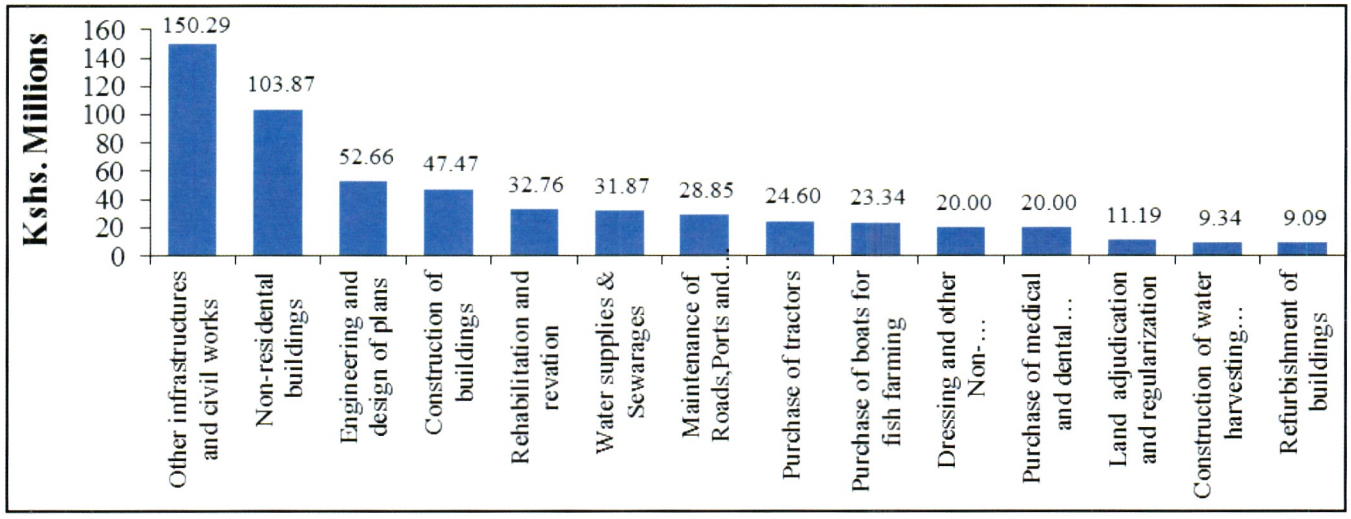
Source: *Lamu County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the department of Land, Physical Planning, Infrastructure, Urban Development, Water and Natural Resources had the highest expenditure of Kshs.186.17 million, out of which Kshs.52.66 million was spent on engineering and design of plans; Kshs.11.19 million was spent on land adjudication and regularization; Kshs.28.85 million on maintenance of roads; Kshs.21.25 million for purchase of lighting equipment; Kshs.3.66 million for purchase of graders; Kshs.30.04 million for water supplies and sewerages and Kshs.38.52 million for other development activities. A total of 12.4 kilometres of water pipeline was constructed in Baragoni and Pandaguo and a 50 cubic metre underground tank has been constructed in Manda. The road maintenance cost includes improvement of MOA-Chalaluma road, improvement of C112-Mkunumbi village road and improvement of Mpeketoni town roads.

The second highest expenditure was on the department of Health, Sanitation and Environment where a total of Kshs.78.77 million was spent. This includes Kshs.20.00

million spent on Dressing and other non-pharmaceuticals equipment; Kshs.20.00 million for purchase of medical and dental equipment; Kshs.1.28 million for rehabilitation and renovation; Kshs.37.49 million for other infrastructure and civil works. One boat ambulance was purchased; medical equipment and hospital beds were purchased and distributed to all the primary health facilities. Figure 89 provides the details of development expenditure during FY 2014/15.

Figure 89 : Lamu County, FY 2014/15 Analysis of Development Expenditure



Source: *Lamu County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 50.8 per cent from 24 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 73.38 per cent from Kshs.35.57 million in FY 2013/14 to Kshs.61.67 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Designation of administrators to manage established County Funds.

However, the following challenges continued to hamper effective budget implementation:

1. Diversion of funds released for development programmes to recurrent activities and other activities and instances where funds released for one department were diverted to other departments signalling weak budgetary controls. For example, the Department

of Fisheries, Livestock and Co-operative Development requested for Kshs.45.98 million for development purpose but had spent Kshs.60.58 million (131%) by 30th June 2015

2. Inadequate internal audits arrangements.
3. Failure to institute project monitoring teams to oversee implementation of development projects.

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

1. *The County should utilize approved exchequer issues on expenditure items as per the requisition schedule. Incase of any reallocations these should be regularized through a supplementary budget before the end of the financial year.*
2. *Establish adequate internal audit arrangements in line with the PFM Act, 2012.*
3. *In order to ensure effective project implementation, the county should establish project management teams to enhance monitoring and evaluation of development projects.*

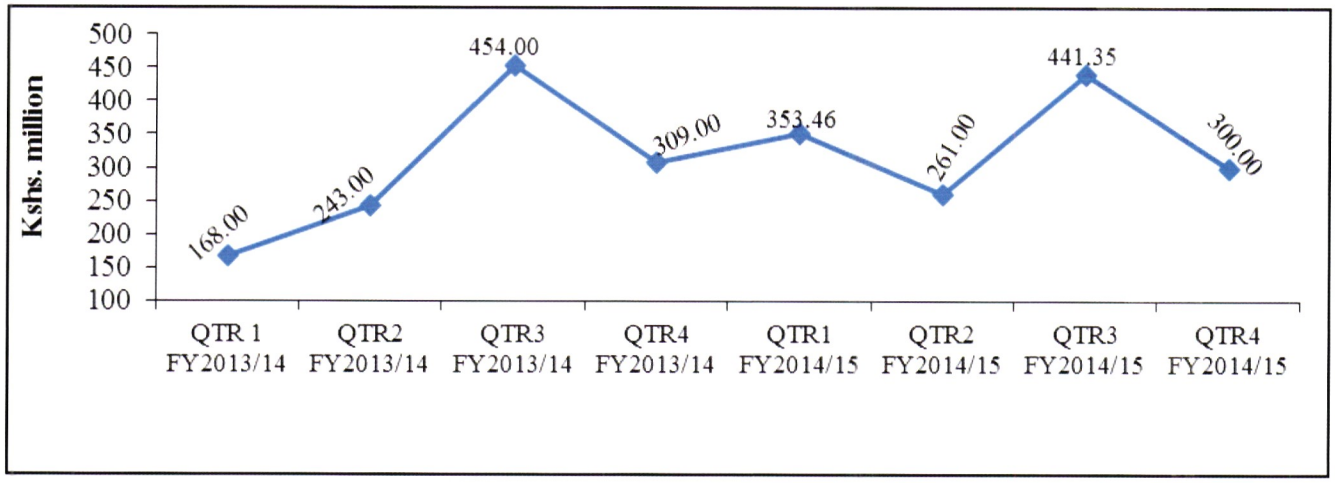
Machakos County

During FY 2014/15, the approved Budget for Machakos County was Kshs.9.26 billion, with Kshs.4.91billion (53 per cent) allocated to recurrent expenditure and Kshs.4.35 billion (47 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 26. In order to finance the budget, the County expected to receive Kshs.6.06 billion (65.8 per cent) as transfers from the National Government, collect Kshs.2.85 billion (30.7 per cent) from local sources, receive a conditional grant of Kshs.24.32 million (0.3 per cent) from DANIDA, receive loans and grants of Kshs.278 million (3 per cent) to supplement financing of County functions, and Kshs.15.53 million (0.2 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.6.09 billion from the National Government as direct transfer to the CRF account, raised Kshs.1.37 billion from local sources, and had Kshs.15.53 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.1.37 billion was an improvement from Kshs.1.17 billion collected in FY 2013/14 and accounted for 47 per cent of the annual local revenue target.

Figure 90 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 90: Machakos County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15.



Source: *Machakos County Treasury*

During the reporting period, the County accessed **Kshs.6.81 billion** from the CRF, which was 73 per cent of the Approved Budget, a decrease from 76 per cent when compared to FY 2013/14. This amount consisted of Kshs.4.70 billion (69 per cent) for recurrent expenditure and Kshs. 2.11 billion (31 per cent) for development activities.

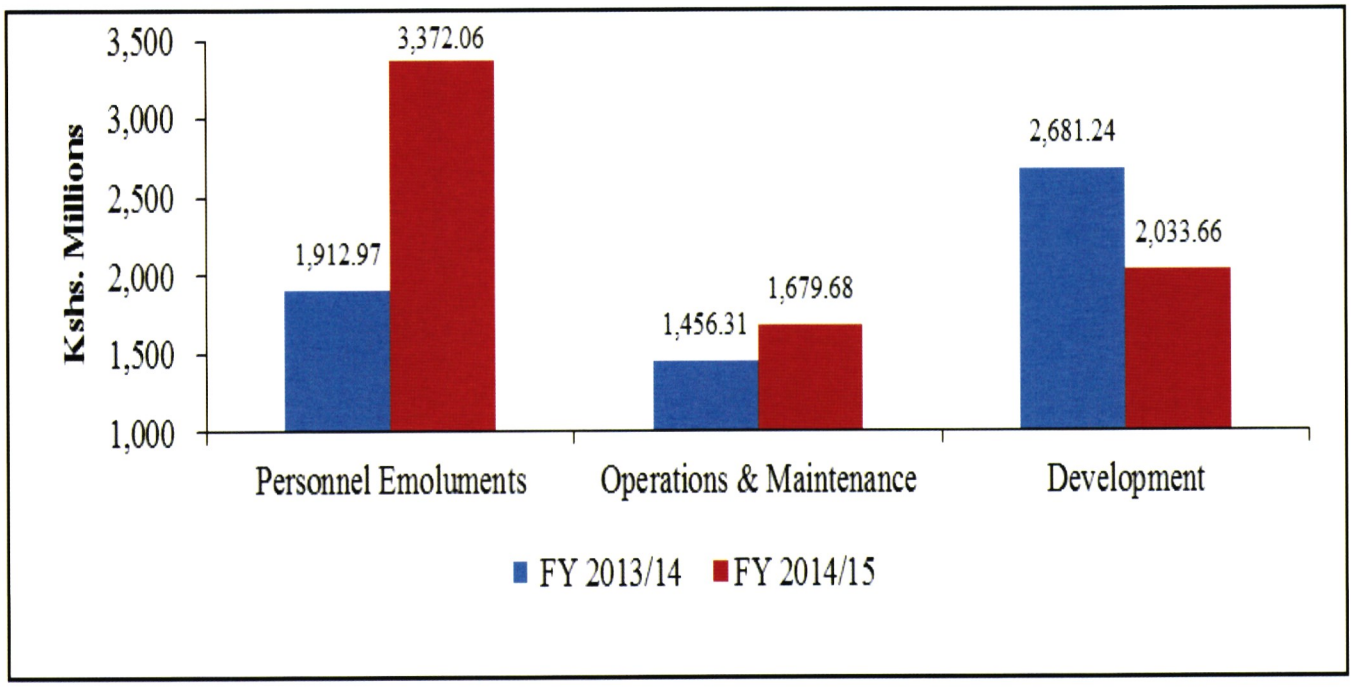
The County spent a total of Kshs.7.08 billion during FY 2014/15 which translated to 104 per cent of the total funds released for operations, and an improvement from the Kshs.6.1 billion spent in FY 2013/14. A total of Kshs.5.05 billion (71 per cent) was spent on recurrent activities while Kshs.2.03 billion (29 per cent) was spent on development activities. Recurrent expenditure was 74 per cent of the funds released for recurrent activities while development expenditure accounted for 30 per cent of the funds released for development activities. The expenditure does not include pending bills that amounted to Kshs.704.38 million for development activities and Kshs.239.36 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **54.5 per cent**, a decrease from **87.9 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **21.9 per cent**, a decline from **104.5 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.5.05 billion shows that the County spent

Kshs. 3.37 billion (66.7 per cent) on personnel emoluments and Kshs.1.68 billion (33.3 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 47.6 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs. 1.91 billion (31 per cent). A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 91.

Figure 91: Machakos County, FY 2014/15 and FY 2014/15 Expenditure by Economic Classification



Source: *Machakos County Treasury*

A breakdown of expenditure by department shows that the Transport department had the highest absorption rate of both its annual recurrent and development budget at 151.6 per cent and 72 per cent respectively. On the other hand the Education department had the lowest absorption rate of its annual recurrent budget at 51.1 per cent while the Trade and Industrialization department had the lowest absorption rate of its annual development budget at 17.9 per cent. Table 26 shows a summary of expenditure by department.

Table 26: Machakos County, FY 2014/15 Budget and Expenditure by Department

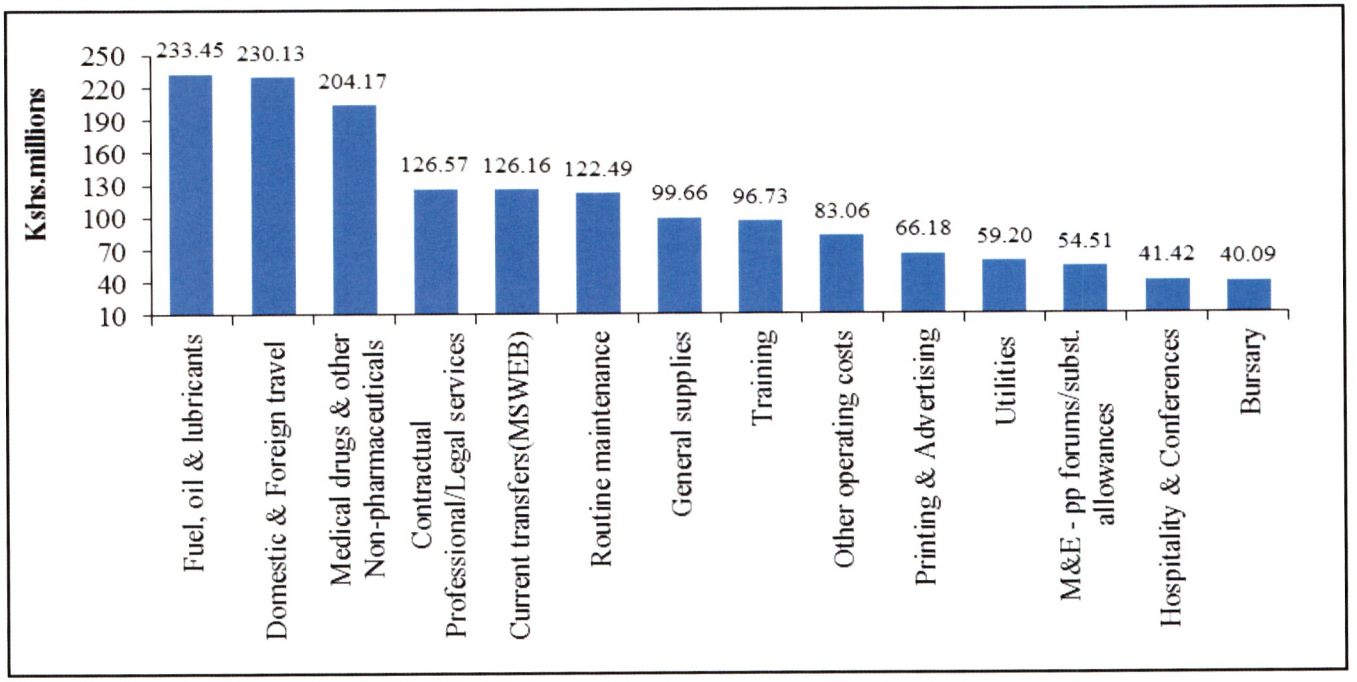
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of Expenditure to Exchequer Issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Executive	396.03	70.00	238.2	64.67	365.64	36.95	153.50	57.14	92.33	52.79
Finance	235.45	33.38	185.41	18.71	225.61	12.93	121.68	69.11	95.82	38.74
Labor & ICT	146.78	174.50	223.31	46.33	118.30	75.92	52.98	163.87	80.60	43.51
CPS Board	56.37	25.42	45.84	18.67	71.58	9.45	156.15	50.62	126.98	37.18
Decentralized Units	636.03	75.95	552.46	79.54	776.28	40.87	140.51	51.38	122.05	53.81
Education	339.19	185.93	259.25	129.54	173.18	92.60	66.80	71.48	51.06	49.80
Health	1708.57	601.83	1366.68	365.55	1730.87	193.76	126.65	53.01	101.31	32.20
Lands	51.14	293.66	76.9	63.20	75.89	100.97	98.69	159.76	148.40	34.38
Tourism	61.26	154.79	81.04	65.96	91.01	46.30	112.30	70.19	148.56	29.91
Transport	158.50	1366.42	294.23	855.36	240.35	983.98	81.69	115.04	151.64	72.01
Agriculture	297.61	177.87	401.2	68.16	355.63	37.56	88.64	55.11	119.50	21.12
Trade	49.03	219.84	96.47	84.68	65.50	39.38	67.90	46.50	133.59	17.91
Water	166.35	790.14	269.62	226.18	222.62	281.54	82.57	124.48	133.83	35.63
County Assembly	608.83	181.17	609.36	26.54	539.26	81.43	88.50	306.82	88.57	44.95
TOTAL	**4911.14**	**4350.90**	**4699.97**	**2113.09**	**5,051.72**	**2033.64**	**107.48**	**96.24**	**102.86**	**46.74**

Source: *Machakos County Treasury*

The County spent Kshs.36.99 million on payment of sitting allowances to the 59 MCAs, representing an absorption rate of 58.7 per cent of the annual budget, a decrease from the Kshs.48 million spent in the same period of FY 2013/14. The average monthly allowance per MCA was Kshs.52,250 compared to the SRC recommended amount of Kshs.124,800.

The total expenditure on domestic and foreign travel amounted to Kshs.230.13 million compared to Kshs.304.15 million in the same period of FY 2013/14, representing a decrease of 24.3 per cent. This expenditure comprised of Kshs.107.51 million by the County Executive and Kshs.122.62 million by the County Assembly. The breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 92.

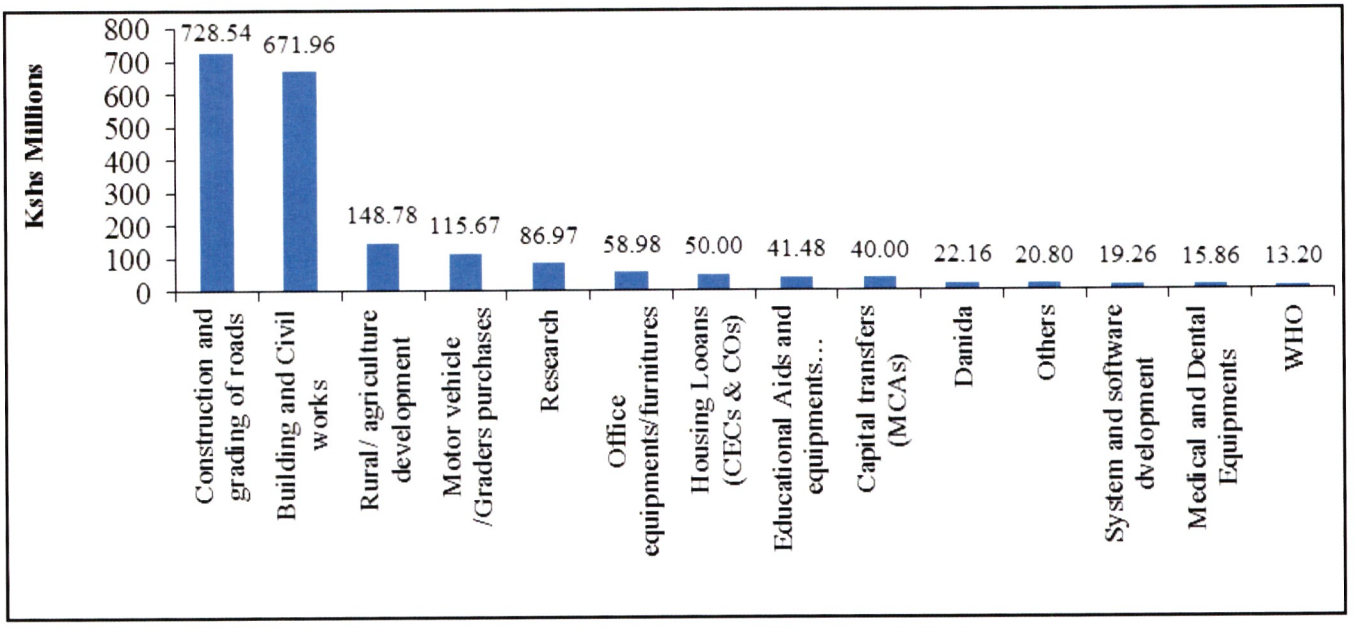
Figure 92: Machakos County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Machakos County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.728 million which was spent on grading and gravelling of roads. A total of Kshs.700 million was spent on construction of access roads across the County, and Kshs.28 million on major roads. The second highest expenditure was on construction and civil works which was Kshs.671 million. Figure 93 provides the details of development expenditure during FY 2014/15.

Figure 93: Machakos County, FY 2014/15 Analysis of Development Expenditure



Source: *Machakos County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in local revenue collection by 17.09 per cent from Kshs.1.17 billion in FY 2013/14 to Kshs.1.37 billion in FY 2014/15.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Failure to constitute an audit committee to ensure effective oversight of the internal audit operations and thereby improve internal controls.
2. Huge wage bill due to continuous staff recruitment, which may result in unsustainable salary costs.

The County should implement the following recommendation in order to improve budget execution:

1. *The County Treasury should constitute an internal audit committee to oversee operations of the internal audit department.*
2. *The County should urgently liaise with the National Government to seek a solution to the huge wage bill.*

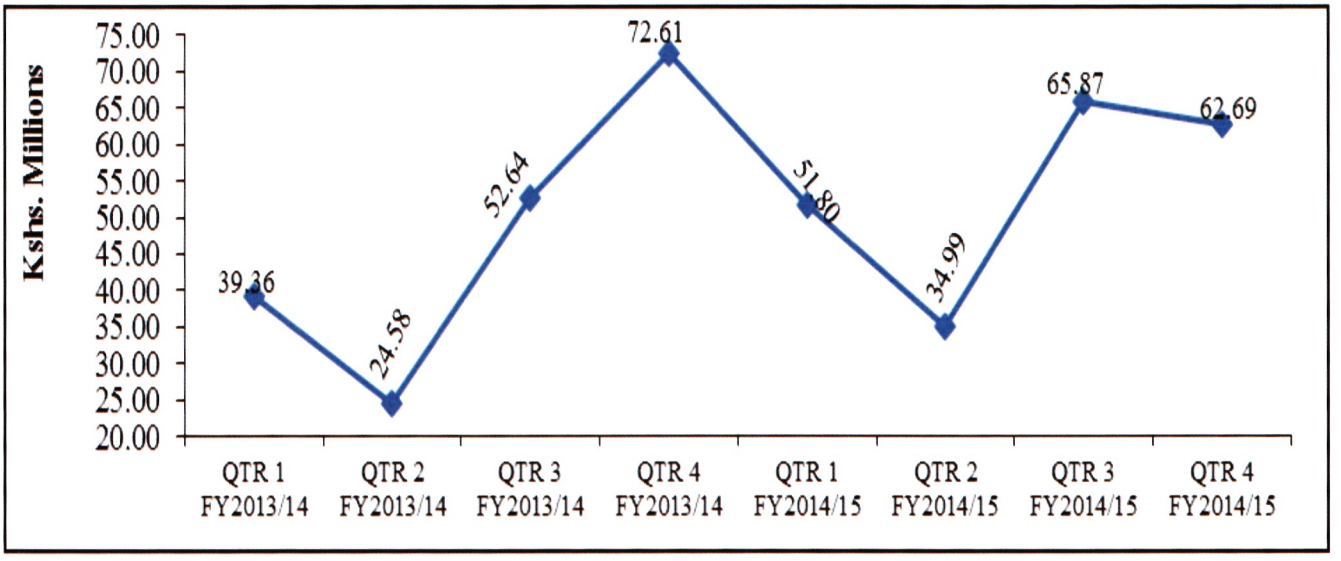
Makueni County

During FY 2014/15, the Approved Budget for Makueni County was Kshs.6.97 billion with Kshs.3.61 billion (51.9 per cent) allocated for recurrent expenditure and Kshs.3.35 billion (48.1 per cent) for development expenditure. The budget allocation and expenditure by departments is shown in Table 27. In order to finance this budget, the County expected to receive Kshs.5.19 billion (74.5 per cent) in transfers from the National Government, collect Kshs.230 million (3.3 per cent) from local sources, receive a conditional grant of Kshs.21.75 million (0.3 per cent) from DANIDA, generated Kshs.89.8 million (1.3 per cent) as Appropriations-In-Aid, World Bank funding to rural health facilities of Kshs.51.02

million (0.7 per cent), Transition Authority infrastructure funds of Kshs.54.39 million (0.7per cent), Donor funding to sanitary programme Kshs.2.51 million (0.1 per cent) and Kshs.1.33 billion (19.0 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.5.23 billion from the National Government as direct transfer to the CRF account, raised Kshs. 215.34 million from local sources, and had Kshs.1.33 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.215.34 million was an improvement from Kshs.189.18 million collected in FY 2013/14 and accounted for 93.6 per cent of the annual local revenue target. Figure 94 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 94: Makueni County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Makueni County Treasury*

During the reporting period, the County accessed **Kshs.4.77 billion** from the CRF, which was 68.5 per cent of the Approved Budget, an improvement from 63.5 per cent when compared to FY 2013/14. This amount consisted of Kshs.3.47 billion (72.7 per cent) for recurrent expenditure and Kshs.1.30 billion (27.3 per cent) for development activities.

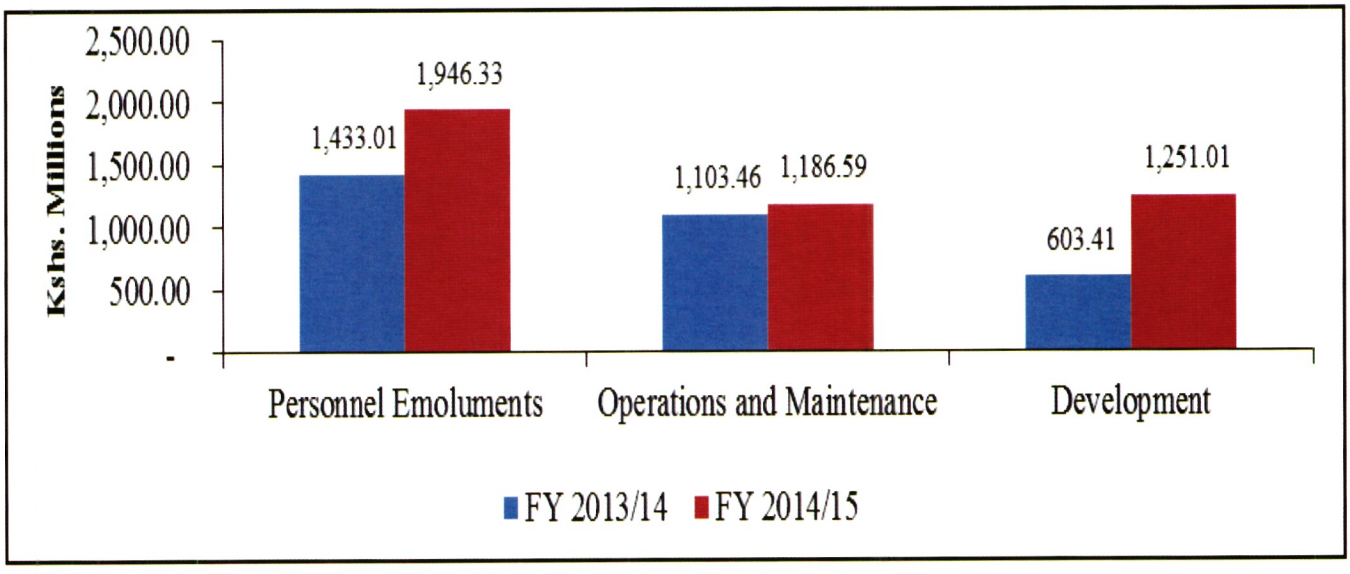
The County spent a total of Kshs.4.38 billion during FY 2014/15 which translated to 91.8 per cent of the total funds released for operations, and an improvement from the Kshs.3.10 billion spent in FY 2013/14. A total of Kshs.3.13 billion (71.4 per cent) was spent on

recurrent activities while Kshs.1.25 billion (28.6 per cent) was spent on development activities. Recurrent expenditure was 90.1 per cent of the funds released for recurrent activities while development expenditure accounted for 95.9 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.118.40 million for development activities and Kshs.66.57 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **86.6 per cent**, an increase from **81.7 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **37.3 per cent**, an improvement from **30.7 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.13 billion shows that the County spent Kshs.1.94 billion (62.1 per cent) on personnel emoluments and Kshs.1.18 billion (37.9 per cent) on operations and maintenance. Expenditure on personnel emoluments accounted for 44.4 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.43 billion as a result of continuous recruitment of staff in the County. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 95 below.

Figure 95: Makueni County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Makueni County Treasury*

A breakdown of expenditure by department shows that the Trade, Industry, Tourism and Cooperatives Department attained the highest absorption rate at 124 per cent. On the other hand the Devolution and Public Service Department had the lowest absorption rate at 40 per cent. Table 27 shows a summary of expenditure by department.

Table 27: Makueni County, FY 2014/15 Budget and Expenditure by Department

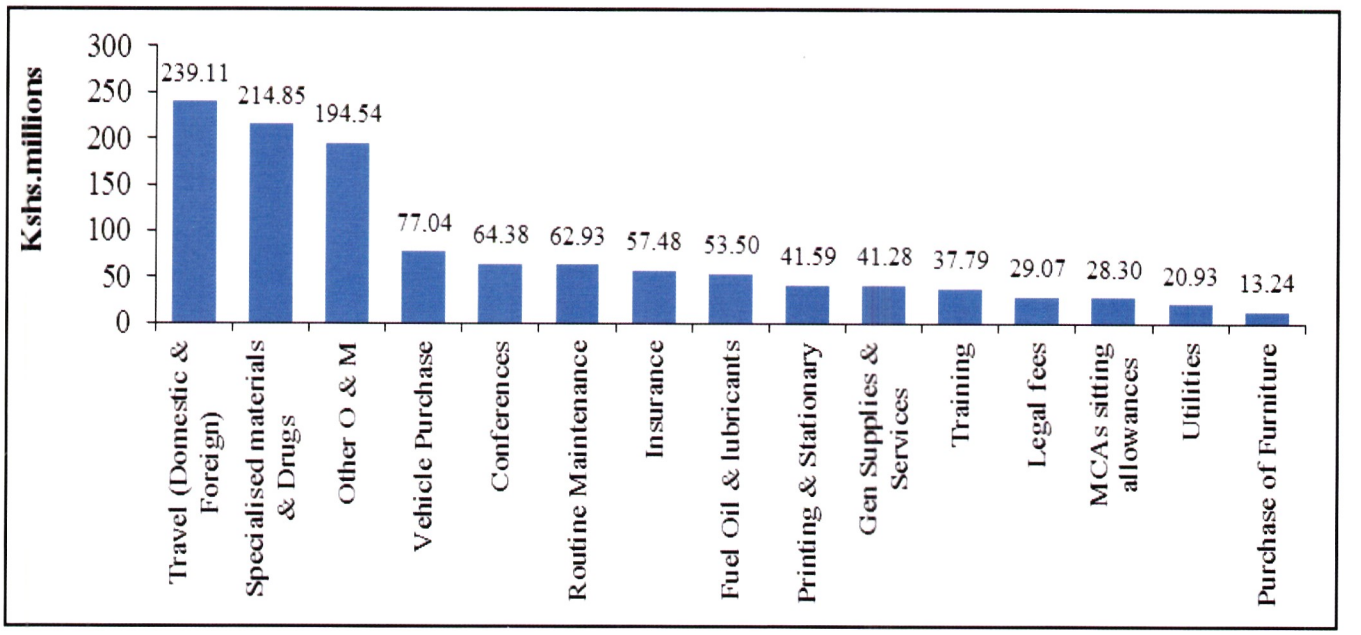
DEPARTMENT	BUDGET ALLOCATION (Kshs. millions)		EXCHEQUER ISSUES (Kshs.millions)		EXPENDITURE (Kshs.millions)		Expenditure to Exchequer issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Department of legal services	58.88	-	35.72	-	27.18	-	76.1		46.2	
Department of ICT	32.12	96.34	30.64	63.48	33.58	56.24	109.6	88.6	104.5	58.4
County Public service board	59.18	-	53.29	-	40.66	-	76.3		68.7	
Department of lands	36.06	223.89	40.27	131.58	34.84	83.66	86.5	63.6	96.6	37.4
Office of Governor	166.21	-	138.27	-	159.48	-	115.3		96.0	
Department of Trade	53.78	315.97	48.63	134	66.8	129.56	137.4	96.7	124.2	41.0
Department of gender	42.94	298.09	50.61	142.02	32.25	95.3	63.7	67.1	75.1	32.0
County Public service	228.07	-	223.93	-	217.14	-	97.0		95.2	
Department of Finance	355.4	55.09	265.44	32.09	250.18	37.3	94.3	116.2	70.4	67.7
Department of Education	203.77	254.56	224.79	88.37	222.9	151.31	99.2	171.2	109.4	59.4
Department of Transport	158.3	459.53	165.33	191.19	160.87	239.67	97.3	125.4	101.6	52.2
Department of Agriculture	197.72	302.85	201.61	142.15	169.61	81.97	84.1	57.7	85.8	27.1
County Assembly	442.95	72.89	442.95	72.89	402.75	47.41	90.9	65.0	90.9	65.0
Department of Water	98.7	854.94	107.88	289.93	93.07	250.35	86.3	86.3	94.3	29.3
Department of Health	1,437.17	381.93	1,414.83	15.52	1,203.66	61.25	85.1	394.7	83.8	16.0
Department of Devolution & Public service	44.75	39	30.03	-	17.95	16.99	59.8		40.1	43.6
TOTAL	**3,616.00**	**3,355.08**	**3,474.22**	**1,303.22**	**3,132.92**	**1,251.01**	**90.2**	**96.0**	**86.6**	**37.3**

Source: *Makueni County Treasury*

The County spent Kshs.28.2 million on sitting allowances to the 48 MCAs, representing an absorption rate of 100 per cent of the annual MCA sitting allowance budget, a decline from Kshs.31.9 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.65,506 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.239.10 million compared to Kshs.233.97 million in FY 2013/14, representing an increase of 2.5 per cent. This expenditure comprised of Kshs.142.55 million by the County Executive and Kshs.96.55 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 96.

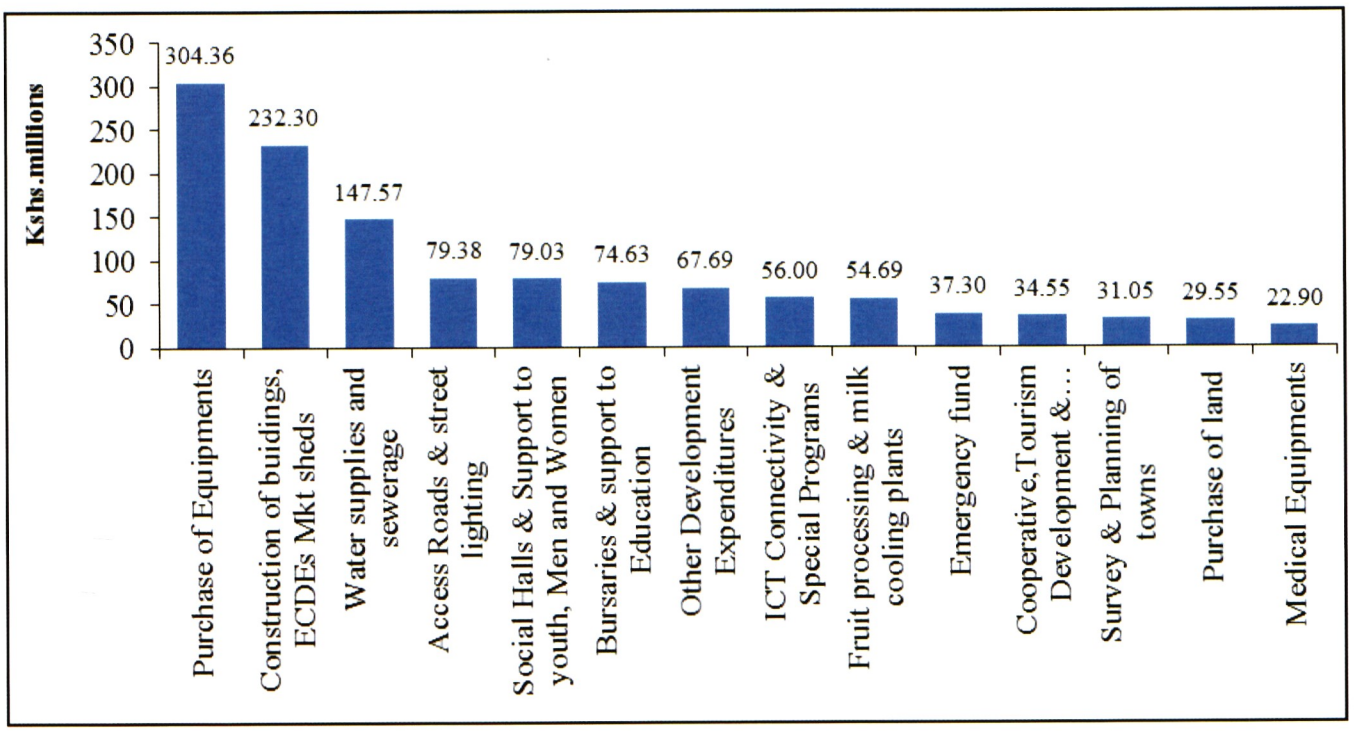
Figure 96: Makueni County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Makueni County Treasury*

Analysis of the development expenditure indicates that the County spent Kshs.304.36 million on purchase of equipment such as Tippers, Rollers, Bowsers, Graders, Metrological and lighting equipment; Kshs.232.30 million on construction of buildings such as the Governor and the Deputy Governor's residence, Executive office block, County Assembly office block, County Assembly prefabs, County Assembly cafeteria, general renovations and construction of ECDE classrooms and market sheds; Kshs.147.57 million on water supplies and sewerage such as sand dams, earth dams and boreholes; Kshs.79.37 million on grading of access roads and street lighting; Kshs.79.03 million on construction of social halls, support to persons with disabilities, OVCs, support to men, women and youth; Kshs.74.63 million on bursaries and support to education; Kshs.67.68 million on other development expenditures; Kshs.56.00 million on ICT connectivity and Special Programs such as drought mitigation responses and community radio; Kshs.54.68 million on fruit processing and milk cooling plants; Kshs.37.30 million on Emergency Fund; Kshs.34.55 million on Cooperative & Tourism Development and Marketing; Kshs.31.04 million on Countywide surveying and planning of towns; Kshs.29.55 million on purchase of land and Kshs.22.90 million on purchase of medical equipment. Figure 97 provides the summaries of development expenditure during FY 2014/15.

Figure 97 : Makueni County, FY 2014/15 Analysis of Development Expenditure



Source: *Makueni County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 37.3 per cent from 30.7 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 13.83 per cent from Kshs.189.18 million in FY 2013/14 to Kshs.215.34 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Improved working relationship between the County Assembly and County Executive.

However, the following challenges continued to hamper effective budget implementation:

1. Inadequate internal audit arrangements.
2. Expenditure in some departments exceeded approved budget allocation, signaling weak budget control.
3. Failure to fully remit all locally generated revenue into the County Revenue Fund as required under Article 207(1) of the Constitution.

4. Non adherence to SRC circulars on remuneration and benefits of public officers specifically on payment of commuter allowances.

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

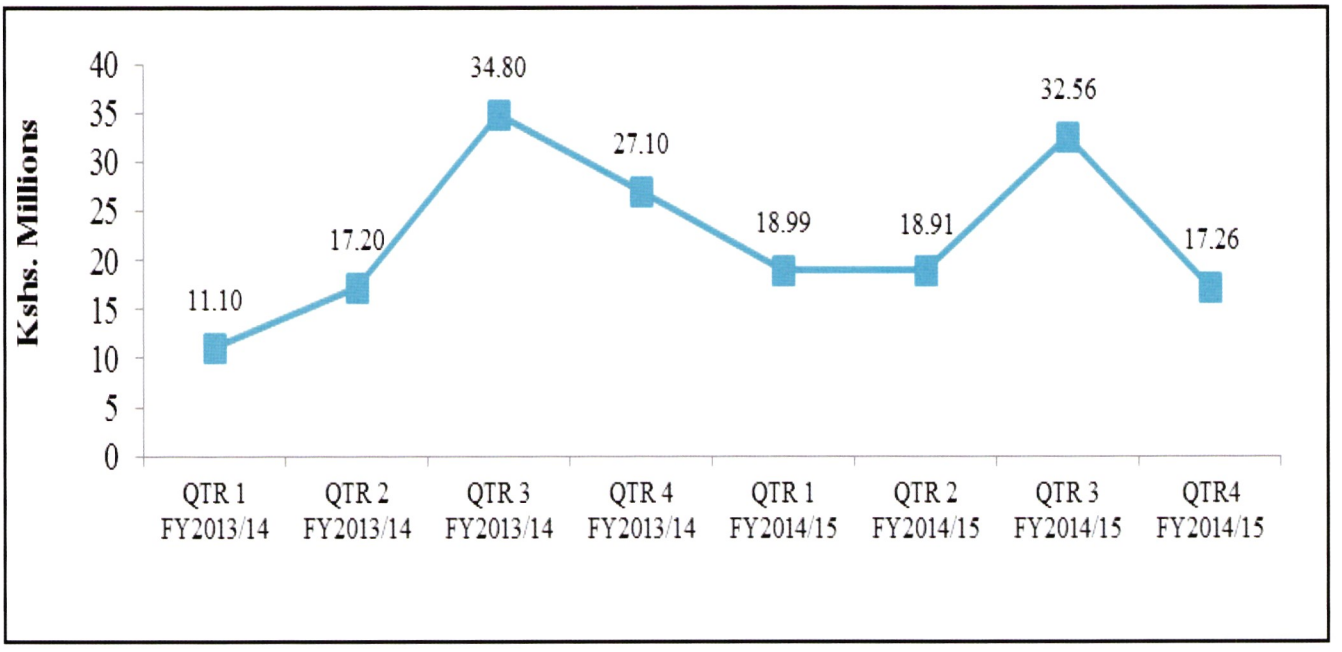
1. *The County Treasury should comply with Section 155 of the PFM Act, 2012 by institutionalizing an Audit Committee and strengthening the internal audit function.*
2. *The County should ensure that expenditure is within the approved budget allocations. Incase of any reallocations, these should be regularized through a supplementary budget before end of the financial year.*
3. *All revenues collected by the County Government should be swept to the CRF as stipulated under article 207(1) of the Constitution.*
4. *The County should ensure adherence to the SRC Circular on staff remuneration and benefits. All irregularly paid amounts should be refunded.*

Mandera County

In the 2014/15 financial year, the Approved Budget for Mandera County was Kshs.11.27 billion with Kshs.4.88 billion (43 per cent) allocated for recurrent expenditure and Kshs.6.39 billion (57 per cent) for development expenditure. The budget allocation and expenditure by departments is shown in Table 28. In order to finance the budget, the County expected to receive Kshs.7.81 billion (69.42 per cent) transfers from the National Government, collect Kshs.251.29 million (2.23 per cent) from local sources, receive a conditional grant of Kshs.12.44 million (0.11 per cent) from DANIDA and Kshs.3.21 billion(28.24 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.7.83 billion from the National Government as direct transfers to the CRF account, raised Kshs.87.73 million from local sources, and had Kshs.3.21 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.87.73 million was a decrease from Kshs.90.10 million collected in FY 2013/14 and accounted for 34.9 per cent of the annual local revenue target. Figure 98 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 98: Mandera County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Mandera County Treasury*

During the reporting period, the County accessed **Kshs.9.02 billion** from the CRF, which was 80 per cent of the Approved Budget, an increase from 53.6 per cent when compared to FY 2013/14. This amount consisted of Kshs.4.11 billion (45.54 per cent) for recurrent expenditure and Kshs.4.91 billion (54.5 per cent) for development activities.

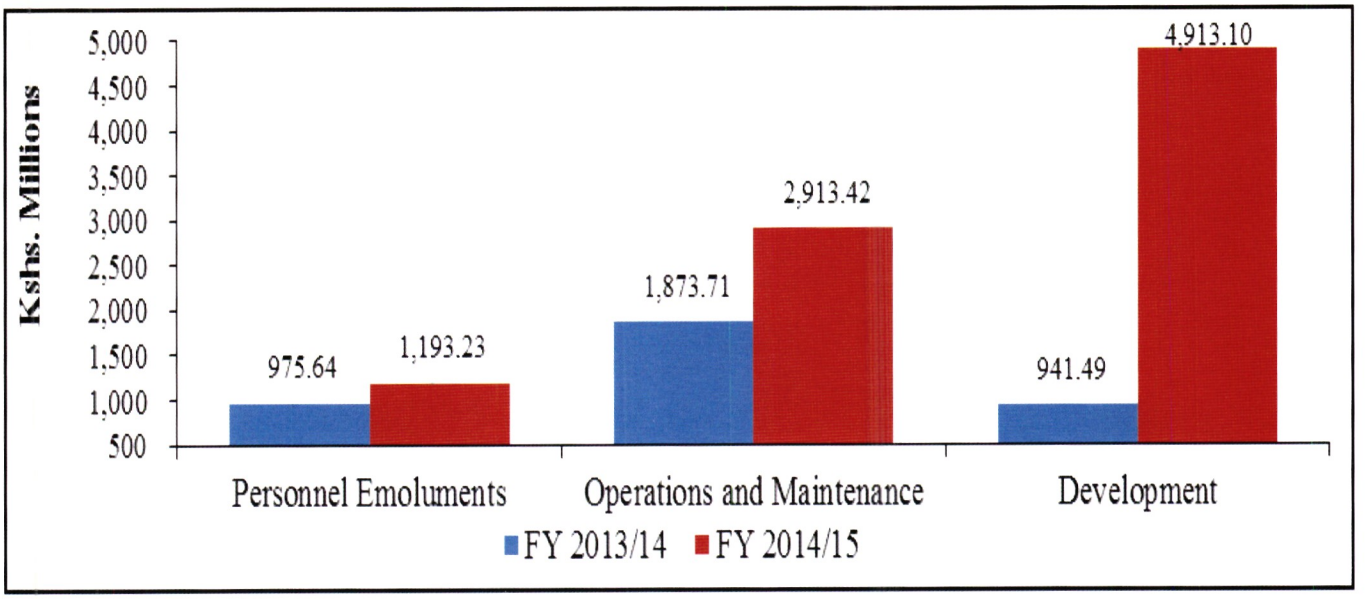
The County spent a total of Kshs.9.02 billion during FY 2014/15 which translated to 99.9 per cent of the total funds released for operations, and an improvement from the Kshs.3.46 billion spent in FY 2013/14. A total of Kshs.4.11 billion (46 per cent) was spent on recurrent activities while Kshs.4.91 billion (54 per cent) was spent on development activities. Recurrent expenditure was 99.9 per cent of the funds released for recurrent activities while development expenditure accounted for 99.9 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.1.04 billion for development activities and Kshs.535 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **73.1 per cent**, an increase from **71.9 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate **88.3 per cent**, an improvement from **28.1 per**

cent realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.4.11 billion shows that the County spent Kshs.1.19 billion (29.1 per cent) on personnel emoluments and Kshs.2.91 billion (70.9 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 13.2 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.975 million. The increase was attributed to employment of additional staff by the County Public Service Board. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 99.

Figure 99: Mandera County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Mandera County*

A breakdown of expenditure by department shows that Lands, Housing and Physical Planning department attained the highest absorption rate at 135.7 per cent. On the other hand the departments of ICT, Trade, Industrialization and Tourism had the lowest absorption rate at 33.2 per cent. Table 28 shows a summary of expenditure by department.

Table 28: Mandera County, FY 2014/15 Budget and Expenditure by Department

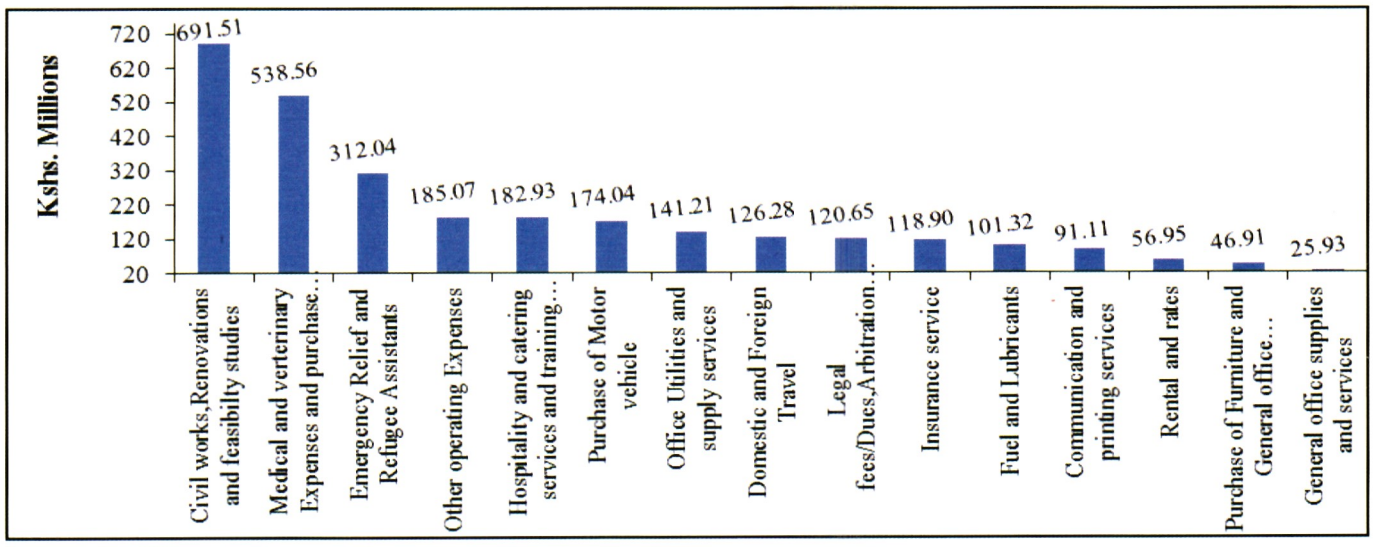
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Executive	216.30	-	197.65	0.00	260.91	0.00	132.01	0.00	120.63	0.00
Finance and Economic Planning	178.63	30.00	160.58	30.00	153.17	29.85	95.38	99.50	85.74	99.50
Public Service ,Conflict Management Cohesion and Integration	1,341.66	204.50	1,125.63	204.00	981.26	198.23	87.17	97.17	73.14	96.93
County Public Service Board	61.14	-	46.73	0.00	50.29	0.00	107.61	0.00	82.26	0.00
County Assembly	459.76	264.50	420.68	212.00	224.14	128.37	53.28	60.55	48.75	48.53
ICT,Trade,Industralization and Tourism	232.51	365.62	231.35	155.00	126.63	71.73	54.74	46.28	54.46	19.62
Health Services	930.91	540.89	772.39	440.27	660.06	274.74	85.46	62.40	70.90	50.79
Lands, Housing and Physical Planning	141.31	50.00	126.09	32.00	188.00	71.55	149.09	223.59	133.04	143.10
Education,Youth,Women and Social Services	432.30	577.25	343.58	577.20	241.95	305.40	70.42	52.91	55.97	52.91
Public Works Roads and Transport	67.28	3,000.96	60.47	1991.99	172.63	2650.91	285.49	133.08	256.59	88.34
Agriculture and Irrigation	238.00	275.00	184.27	274.31	202.79	211.13	110.05	76.97	85.21	76.77
Livestock and Veterinary Services	240.59	205.00	140.60	204.00	120.71	120.84	85.85	59.23	50.17	58.95
Water ,Energy, Environment and Natural Resources	348.51	872.00	299.51	793.50	724.12	850.35	241.77	107.16	207.78	97.52
Total	**4,888.89**	**6,385.72**	**4,109.53**	**4914.27**	**4,106.65**	**4913.10**	**99.93**	**99.98**	**84.00**	**76.94**

Source: *Mandera County Treasury*

The County spent Kshs.22.3 million on sitting allowances to the 49 MCAs, representing an absorption rate of 43.8 per cent of the annual MCA sitting allowance budget, a decline from Kshs.48.1 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.50,577 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.126.28 million compared to Kshs.357.4 million in FY 2013/14, representing a decrease of 35.3 per cent. This expenditure comprised of Kshs.52.14 million by the County Executive and Kshs.74.14 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 100

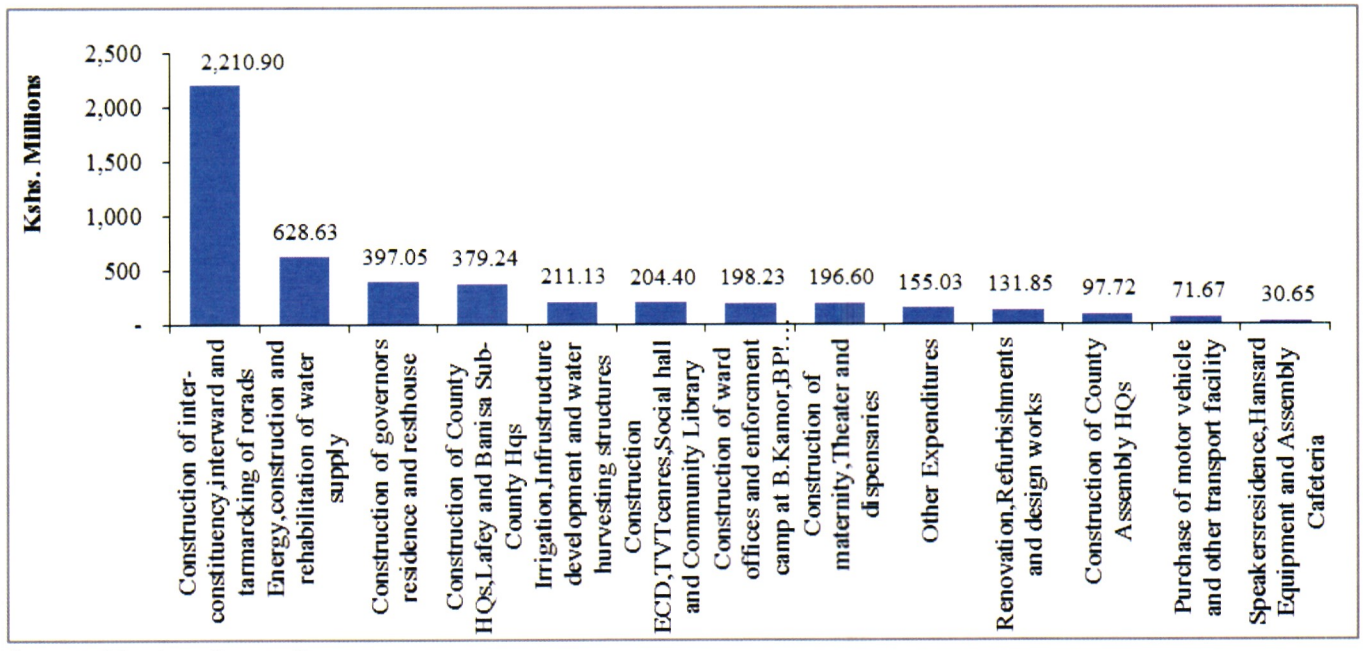
Figure 100: Mandera County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Mandera County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Public works, Roads and Transport department had the highest expenditure of Kshs.2.21 billion which was spent on grading and gravelling and tarmacking of roads. The department with the second highest expenditure was Water, Energy, Environment and Natural Resources where Kshs.850.35 million was spent on rural electrification, construction, renovations and rehabilitations of water infrastructure like dams, tanks, pans and supply of water as shown in Figure 101.

Figure 101 : Mandera County, FY 2014/15 Analysis of Development Expenditure



Source: *Mandera County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 88.3 per cent from 28.1 per cent in the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Embracing use of IFMIS to process financial transactions.

(iv) Developed regulations to operationalize County established Funds.

However, the challenges that continued to hamper effective budget implementation included;

1. Delay in submission of expenditure returns to OCOB which has led to delays in reporting on budget implementation.
2. Over expenditure in some departments signalling weak budgetary controls.
3. Low revenue collections against annual target.

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

1. *The County Treasury should ensure timely submission of expenditure reports to allow for timely reporting on budget implementation.*
2. *The County Government should ensure that there is strict adherence to the budget by all departments.*
3. *Strict measures should be put in place to improve revenue collections.*

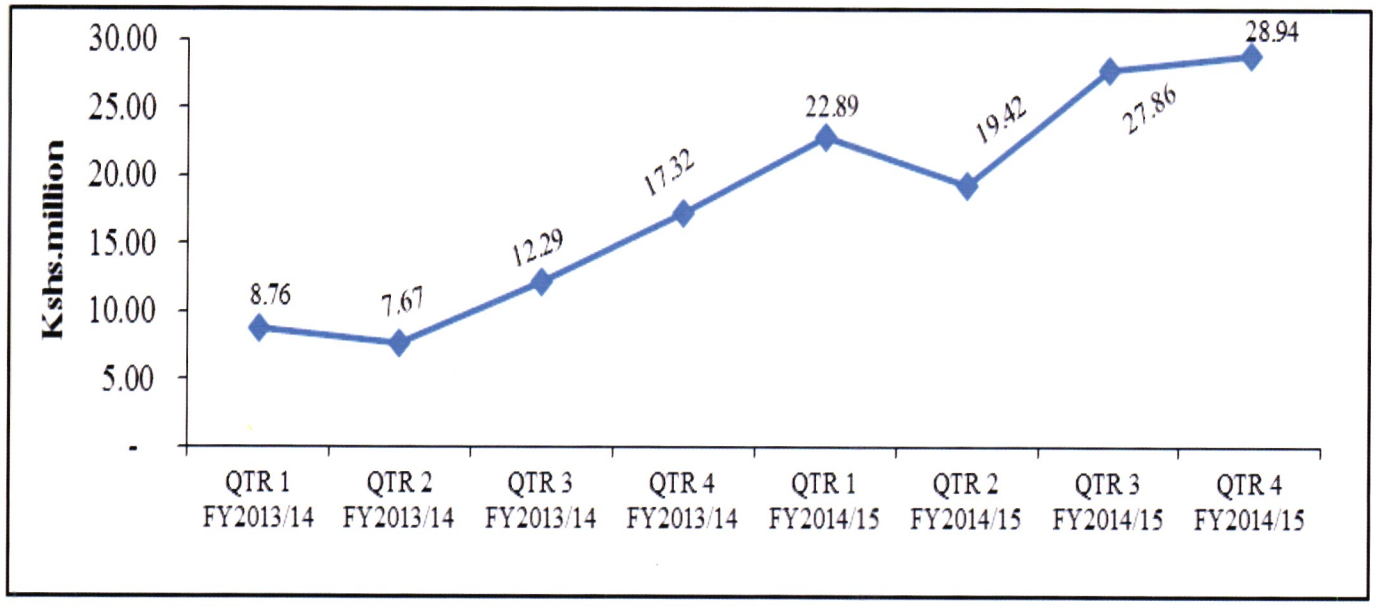
Marsabit County

During FY 2014/15, the Approved Supplementary Budget for Marsabit County was Kshs.5.75 billion, with Kshs.2.74 billion (47.7 per cent) allocated to recurrent expenditure and Kshs.3.01 billion (52.3 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 29. In order to finance the budget, the County expected to receive Kshs.4.42 billion (76.8 per cent) as transfers from the National

Government, collect Kshs.48.40 million (0.84 per cent) from local sources, receive a conditional grant of Kshs.13.17 million (0.23 per cent) from DANIDA, and Kshs.1.27 billion (22.1 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.54 billion from the National Government as direct transfer to the CRF account, raised Kshs.99.12 million from local sources, and had Kshs.1.27 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.99.12 million was an improvement from Kshs.46.03 million collected in FY 2013/14 and accounted for 204.8 per cent of the annual local revenue target. Figure 102 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 102: Marsabit County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Marsabit County Treasury*

During the reporting period, the County accessed **Kshs.5.12 billion** from the CRF, which was 89 per cent of the Approved Supplementary Budget, a decrease from 92.1 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.65 billion (51.7 per cent) for recurrent expenditure and Kshs.2.47 billion (48.3 per cent) for development activities.

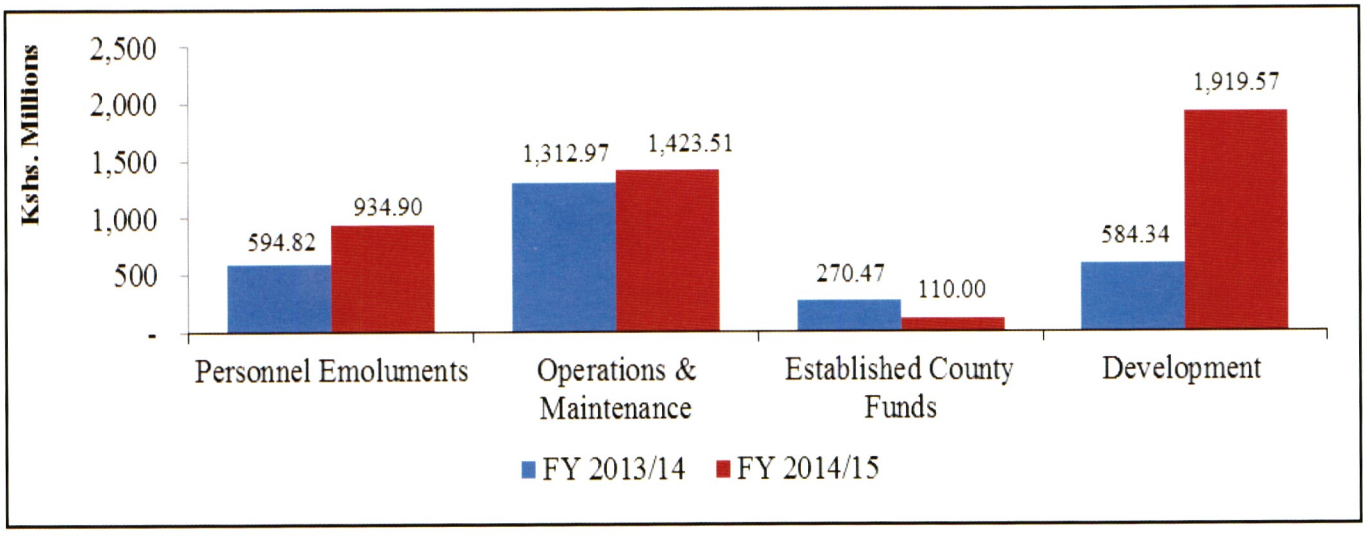
The County spent a total of Kshs.4.38 billion during FY 2014/15 which translated to 85.7 per cent of the total funds released, and an improvement from the Kshs.2.5 billion

spent in FY 2013/14. A total of Kshs.2.47 billion (56.4 per cent) was spent on recurrent activities while Kshs.1.91 billion (43.6 per cent) was spent on development activities. Recurrent expenditure was 93.6 per cent of the funds released for recurrent activities while development expenditure accounted for 77.3 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.458.50 million for development activities and Kshs.167.13 million for recurrent expenditure. Pending bills should be included in FY 2015/16 budget before payments can be made.

The recurrent expenditure for the period under review represented an absorption rate of **90.1 per cent**, a slight decrease from **90.4 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **63.8 per cent**, an improvement from **34.4 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.47 billion shows that the County spent Kshs.934.9 million (37.8 per cent) on personnel emoluments and Kshs.1.42 billion (57.5 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 21.3 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.494.82 million. The increase in personnel emoluments was as a result of recruitment of key personnel by the different County departments. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 103.

Figure 103: Marsabit County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Marsabit County Treasury*

A breakdown of expenditure by department shows that the County Assembly attained the highest absorption rate of its annual recurrent budget at 100 percent while the Trade, Industry and Enterprise Development and Administration departments had the lowest absorption rate at 73.4 per cent. On the other hand, education department had the highest absorption rate of its annual development budget at 78.0 per cent while the department of Trade had the lowest rate at 22.8 per cent. Table 29 shows a summary of expenditure by department.

Table 29: Marsabit County, FY 2014/15 Budget and Expenditure by Department

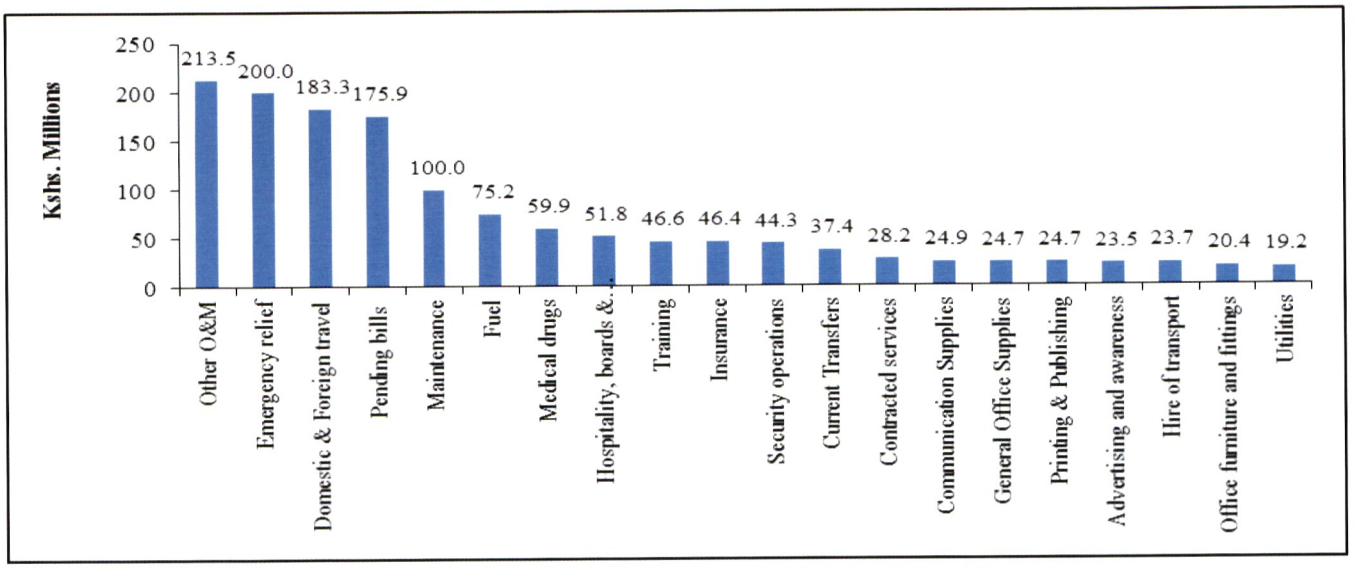
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		% of Expenditure to Exchequer Issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Executive (Office of the Governor)	288.48	60	288.07	20	272.43	20.44	94.6	102.2	94.4	34.1
County Assembly	407	81	406.86	53.65	406.81	37.06	100.0	69.1	100.0	45.8
Finance & Economic Planning	649.9	1,196.20	564.57	1181.54	534.02	888.65	94.6	75.2	82.2	74.3
Agriculture, Livestock & Fisheries Development	126.76	122.01	125.66	104.24	119.65	78.35	95.2	75.2	94.4	64.2
County Public Service Board	60.8	7	60.48	7	53.12	0	87.8	0.0	87.4	0.0
Education ,Skills Development, youth & Sports	71.48	122.8	71.22	117.28	60.29	95.8	84.7	81.7	84.3	78.0
County Health Services	632.41	230	627.7	146.5	611.57	104.78	97.4	71.5	96.7	45.6
Administration ,Coordination & ICT	163.95	93	162.4	92.5	120.34	64.53	74.1	69.8	73.4	69.4
Energy Lands Housing & Urban Development	72.47	153.8	71.01	152.59	68.72	114.19	96.8	74.8	94.8	74.2
Roads & Public Works	62.87	215.48	62.63	170.62	53.22	104.05	85.0	61.0	84.7	48.3
Water, Environment & Natural Resources	105.95	529.9	105.46	270.97	85.92	355.71	81.5	131.3	81.1	67.1
Trade, Industry & Enterprise Development	54.75	118	54.42	86.00	40.21	26.85	73.9	31.2	73.4	22.8
Tourism, Culture & Social Services	45.76	82	45.06	74.00	42.09	29.14	93.4	39.4	92.0	35.5
Total	**2742.58**	**3011.19**	**2645.54**	**2476.89**	**2468.39**	**1919.55**	**93.3**	**77.5**	**90.0**	**63.7**

Source: *Marsabit County Treasury*

The County spent Kshs.44.99 million on sitting allowances to the 33 MCAs, representing an absorption rate of 88.8 per cent of the annual budget, an increase from Kshs.30 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.113,636.08 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.183.31 million compared to Kshs.178.59 million in FY 2013/14, representing an increase of 2.6 per cent. This expenditure comprised of Kshs.108.7 million by the County Executive and Kshs.74.6 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 104.

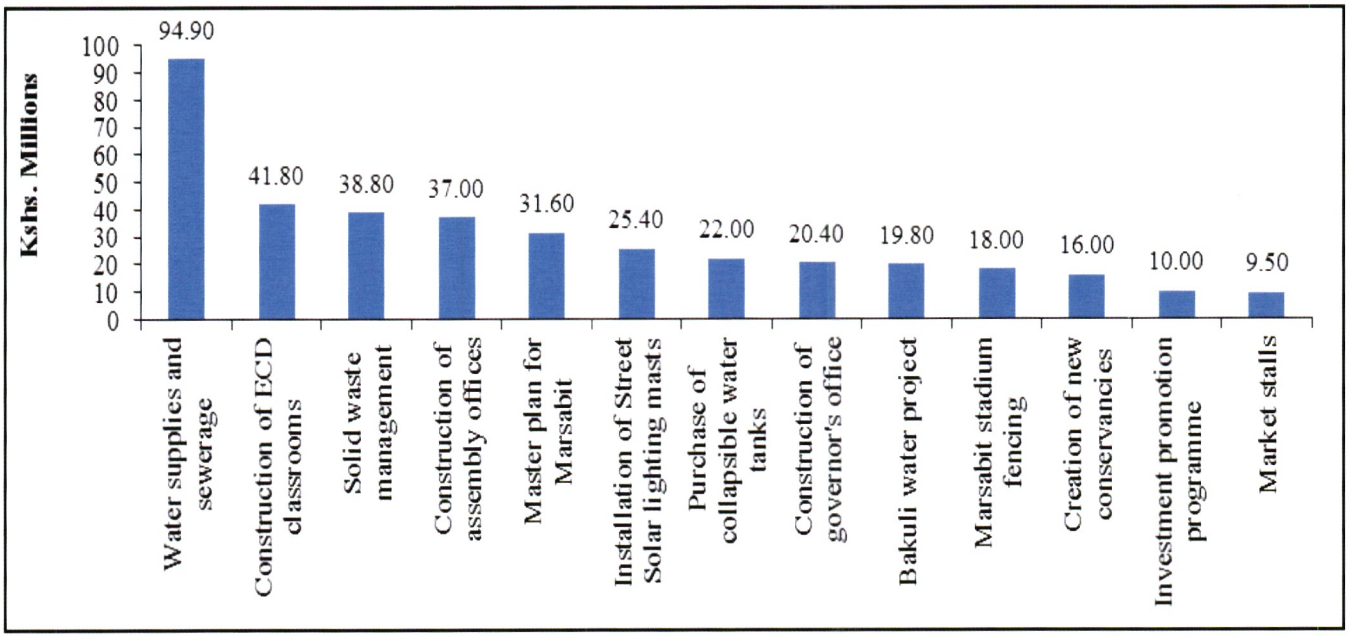
Figure 104 : Marsabit County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Marsabit County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the County Treasury had the highest expenditure of Kshs.820.5 million which was spent on pending bills from FY 2013/14. The second highest expenditure of Kshs.355.71 million was incurred by the department of Water, Environment and Natural Resources, out of which Kshs.94.9 million was spent on water supplies and sewerage, Kshs.19.8 million on *Bakuli IV*; Kshs.16 million on creation of new conservancies; Kshs.22 million on purchase of collapsible tanks among other projects. The department of Energy, Lands and Urban Development spent Kshs.31.6 million on the design of an integrated master plan for Marsabit town; Kshs.25.4 million on installation of solar lights though at the time of preparing the report, the project was only 30 per cent complete and Kshs.38.8 million was spent on solid waste management. The department of Education, Skills development and youth affairs spent Kshs.41.8 million on construction of ECD classrooms; Kshs.18 million on erection and completion of perimeter fence around Marsabit stadium but the project was only 70 per cent complete. County Treasury incurred a total of Kshs.10 million on investment promotion programme among other projects as shown in Figure 105 below.

Figure 105: Marsabit County, FY 2014/15 Analysis of Development Expenditure



Source: *Marsabit County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 63.8 per cent from 34.4 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 115.34 per cent from Kshs.46.03 million in FY 2013/14 to Kshs.99.12 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Compliance with budgetary timelines.

However, the following challenges continued to hamper effective budget implementation:

1. Diversion of funds released for one department to other departments signalling weak controls on management of public funds. For example, the department of Water, Environment & Natural Resources requested for Kshs.270.9 million for development projects but spent Kshs.355.7 million (131.3 per cent)

2. Low absorption of funds especially for flagship projects that had been allocated huge amounts of funds.

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

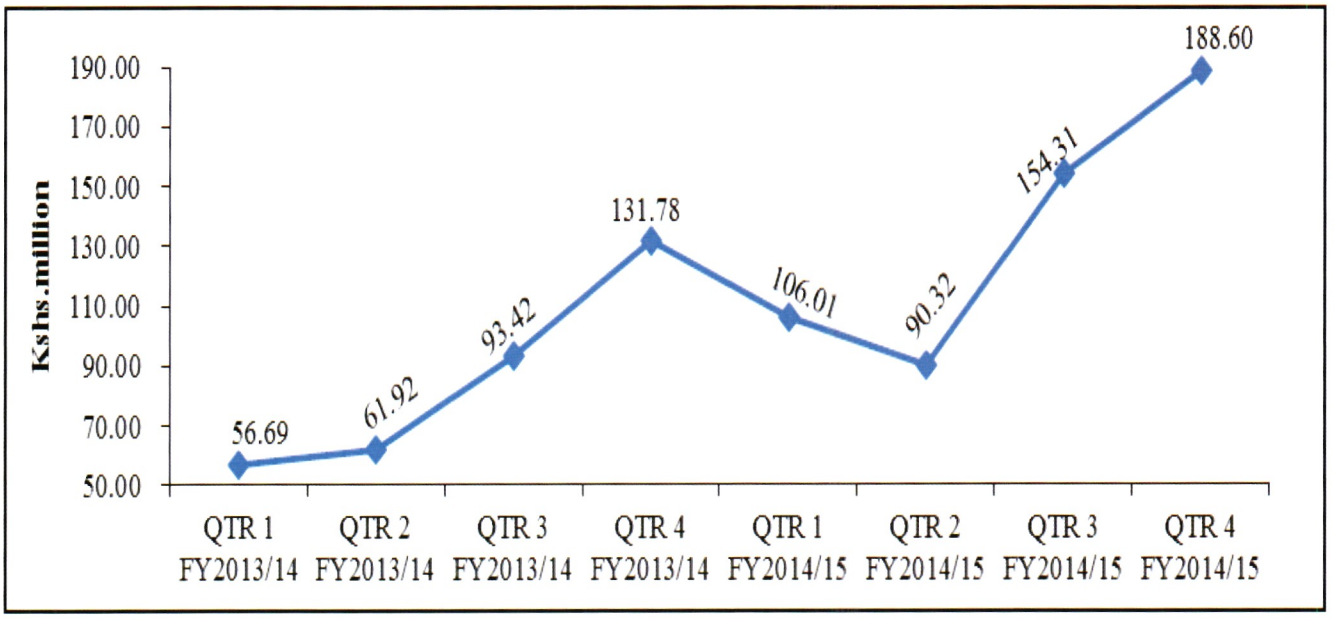
1. *The county should utilize approved exchequer issues on the expenditure items as per the requisition schedule. Incase of any reallocations these should be regularized through a Supplementary Bugdet before the end of the financial year.*
2. *The County should be able to initiate the tendering process at an early stage to avoid projects being curtailed by lengthy procurement processes.*

Meru County

During FY 2014/15, the Approved Supplementary Budget for Meru County was Kshs.7.74 billion, with Kshs.4.38 billion (56.6 per cent) allocated to recurrent expenditure and Kshs.3.36 billion (43.4 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 30. In order to finance the budget, the County expected to receive Kshs.5.67 billion (73.2 per cent) as transfers from the National Government, Kshs. 243 million (3.1 per cent) refund of FY 2013/14 withheld transfers, collect Kshs.588.04 million (7.6 per cent) from local sources, receive a conditional grant of Kshs.18.41 million (0.2 per cent) from DANIDA, Kshs.64.31 million (0.8 per cent) from Level 5 hospital fund and Kshs.1.17 billion (15 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.5.75 billion from the National Government as a direct transfer to the CRF account, raised Kshs.539.24 million from local sources, received a refund of Kshs.181.97 million as withheld transfers and had Kshs.1.17 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.539.24 million was an improvement from Kshs.343.81 million collected FY 2013/14 and accounted for 91.7 per cent of the annual local revenue target. This amount however includes a figure of Kshs.96.05 million not deposited to the CRF on FIF and liquor board which was not spent within the Approved Budget. Figure 106 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 106: Meru County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Meru County Treasury*

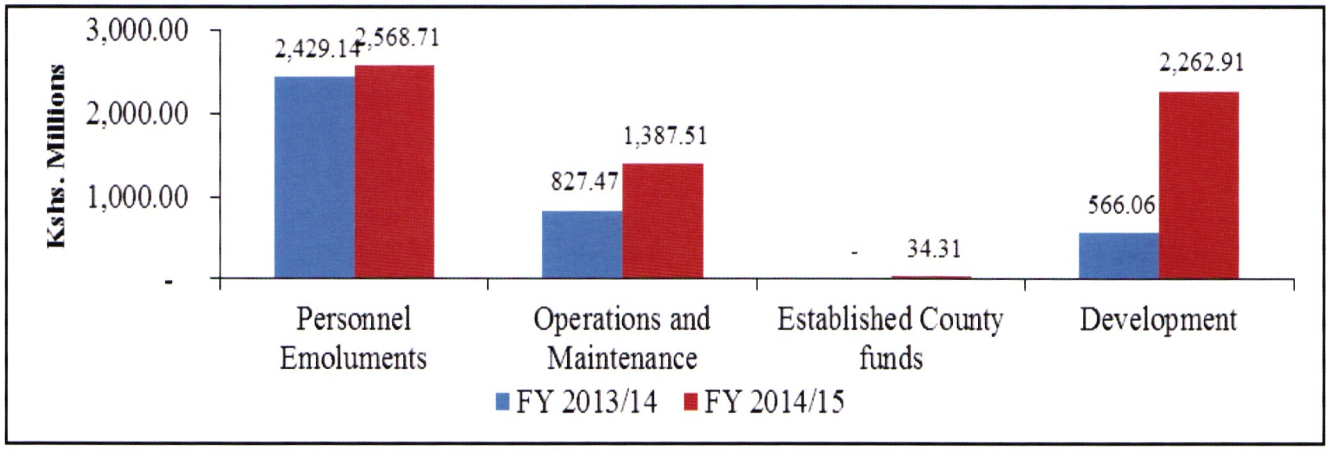
During the reporting period, the County accessed **Kshs.6.91 billion** from the CRF, which was 89.2 per cent of the Approved Supplementary Budget, an improvement from 77.5 per cent when compared to FY 2013/14. This amount consisted of Kshs.4.23 billion (61.2 per cent) for recurrent expenditure and Kshs.2.68 billion (38.8 per cent) for development activities.

The County spent a total of Kshs.6.25 billion during FY 2014/15 which translated to 90.5 per cent of the total funds released, and an improvement from the Kshs.3.82 billion spent in FY 2013/14. A total of Kshs.3.99 billion (63.7 per cent) was spent on recurrent activities while Kshs. 2.27 billion (36.3 per cent) was spent on development activities. Recurrent expenditure was 94.3 per cent of the funds released for recurrent activities while development expenditure accounted for 84.6 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.1.35 billion for development activities and Kshs.263.53 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **90.9 per cent** of the annual recurrent budget, a decline from **115.9 per cent** while development expenditure recorded an absorption rate of **67.5 per cent**, an improvement from **19.7 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.99 billion shows that the County spent Kshs. 2.57 billion (64.5 per cent) on personnel emoluments and Kshs.1.42 billion (35.5 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 41.1 per cent of total expenditure and has increased slightly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.2.43 million. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 107.

Figure 107 : Meru County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Meru County Treasury*

A breakdown of expenditure by department shows that County Public Service Board department attained the highest absorption rate at 106.1 per cent. On the other hand Cooperative, Tourism and Enterprise Development department had the lowest absorption rate at 35.1 per cent. Table 30 shows a summary of expenditure by department.

Table 30: Meru County, FY 2014/15 Budget and Expenditure by Department

DEPARTMENT	BUDGET ALLOCATION (Kshs.Million)		EXCHEQUER ISSUES (Kshs. Million)		EXPENDITURE (Kshs.Million)		% of expenditure to exchequer issues		Absorption (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	622.15	133.87	611.97	53.87	590.48	82.48	96.5	153.1	**94.9**	**61.6**
Office of the Governor	285.46	-	236.46	-	233.98	-	99.0		**82.0**	
County Treasury	460.02	126.32	399.52	126.32	400.67	108.86	100.3	86.2	**87.1**	**86.2**
Agriculture, Livestock and Fisheries	283.81	189.41	283.81	183.41	237.54	116.43	83.7	63.5	**83.7**	**61.5**
Water, Environment and Natural Resources	87.87	489.44	87.87	434.44	85.46	376.54	97.3	86.7	**97.3**	**76.9**

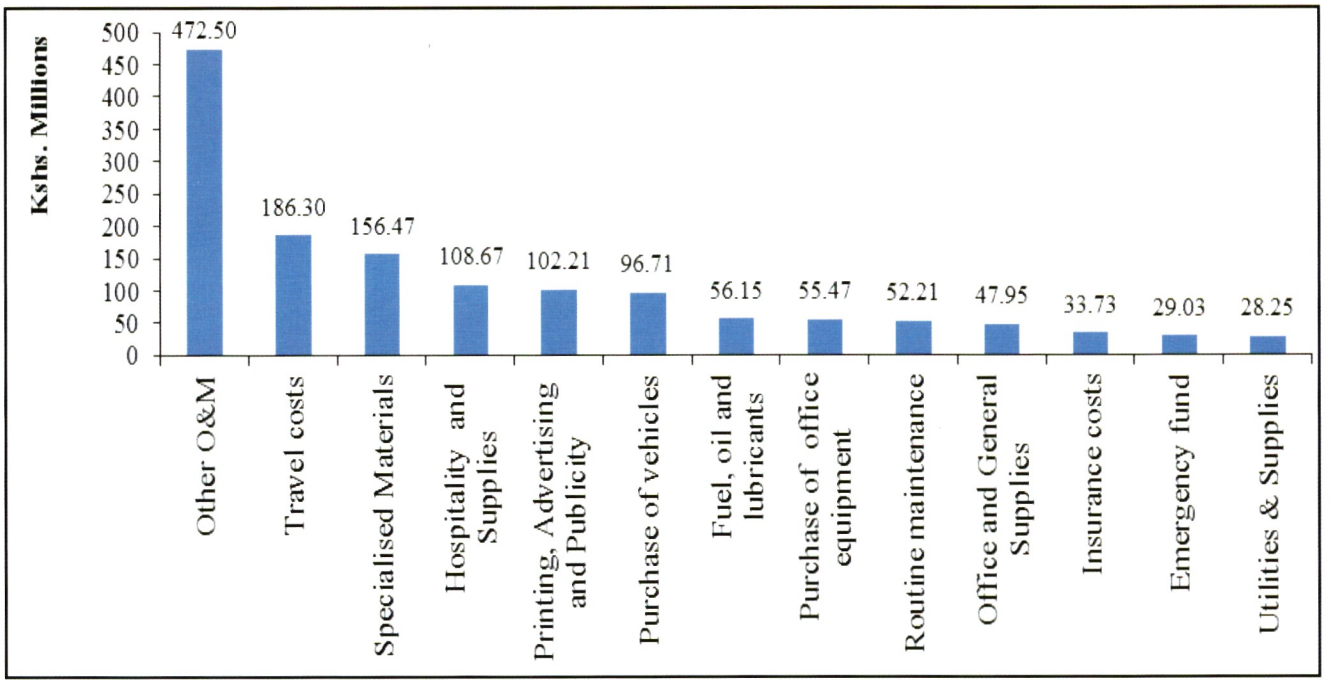
DEPARTMENT	BUDGET ALLOCATION (Kshs.Million)		EXCHEQUER ISSUES (Kshs. Million)		EXPENDITURE (Kshs.Million)		% of expenditure to exchequer issues		Absorption (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Education	254.83	225.49	239.55	188.82	148.82	59.95	62.1	31.7	**58.4**	**26.6**
County Health	1,425.57	359.5	1,415.47	329.5	1,443.02	285.87	101.9	86.8	**101.2**	**79.5**
Lands, Housing, Economic and Physical Planning	86.02	175.14	86.02	85.88	74.4	46.23	86.5	53.8	**86.5**	**26.4**
Public Service and Administration	514.79	86.72	504.76	60.72	454.55	31.43	90.1	51.8	**88.3**	**36.2**
Transport and Infrastructure	145.96	1,022.39	145.96	732.68	144.45	948.86	99.0	129.5	**99.0**	**92.8**
Cooperatives, Trade And Tourism	88.21	352.5	80.68	285	61.2	93.71	75.9	32.9	**69.4**	**26.6**
Culture, Gender and Sports	75.25	190.62	82.78	190.62	59.68	107.83	72.1	56.6	**79.3**	**56.6**
County Public Service Board	13.38	-	17.28	-	14.2	-	82.2		**106.1**	
Town Administration	40.03	10	36.03	8.64	36.8	10	102.1	115.7	**91.9**	**100.0**
TOTAL	**4,383.34**	**3,361.41**	**4,228.15**	**2,679.90**	**3,985.25**	**2,268.19**	94.3	84.6	**90.9**	**67.5**

Source: *Meru County Treasury*

The County spent Kshs.107.61 million on sitting allowances to the 69 MCAs and the speaker of the County assembly, representing an absorption rate of 94.8 per cent of the annual MCA sitting allowance budget, an increase from Kshs.86.68 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.128,110 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.186.30 million compared to Kshs.133.30 million in FY 2013/14, representing an increase of 38.9 per cent. This expenditure comprised of Kshs.90.12 million by the County Executive and Kshs.96.18 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 108.

Figure 108: Meru County, FY 2014/15 Operations and Maintenance Expenditure

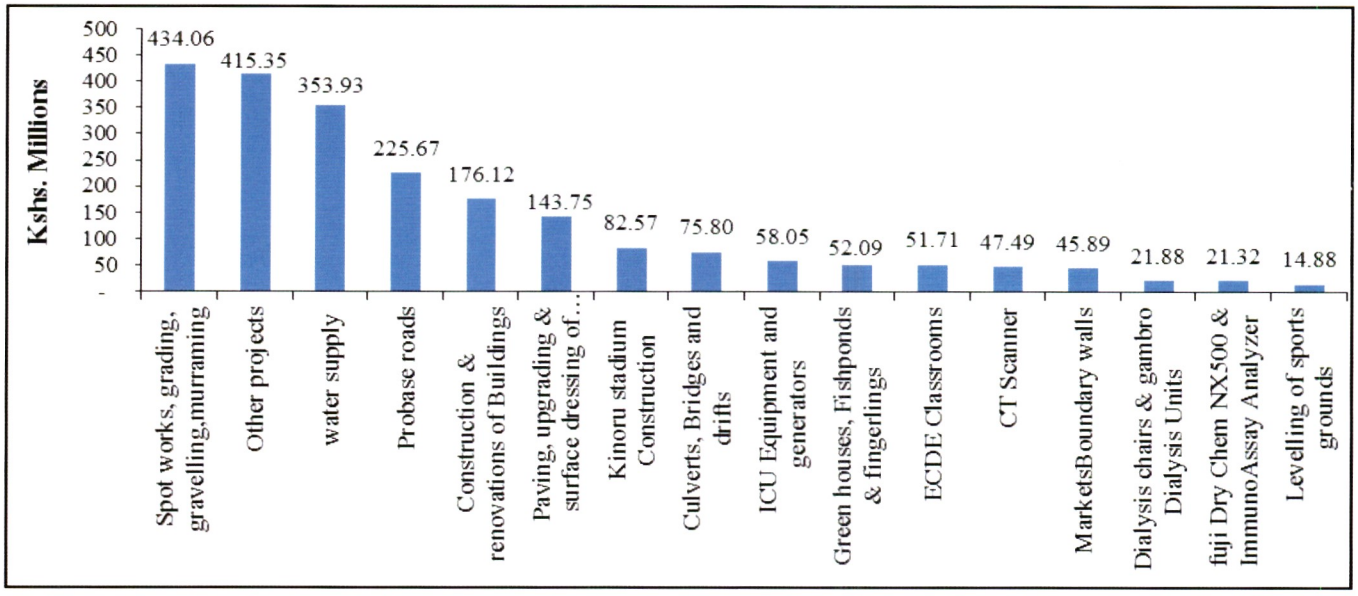


Source: *Meru County Treasury*

Included in other O&M is Kshs.30.5 million on car loans and mortgages interest payment to financial institutions on individual loans taken up by the County Executive and Assembly.

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.960.89 million which was spent on emergency works, grading and gravelling of roads across the 45 wards, and 10 kilometers of tarmac road on probase technology, construction & renovations of offices, Bridges & drifts, Emergency works, grading, dozing, gravelling, paving, upgrading & surface dressing of stage, streets, culverts & work and purchase of graders. However there was recurrent expenditure classified as a development project under the department of transport amounting to Kshs.17 million. The second highest expenditure of Kshs.353.93 million was spent on water supply which included construction of water supply system & purchase of 10,000 liter water tanks as well as digging of boreholes & wells. Figure 109 provides the details of development expenditure during FY 2014/15.

Figure 109 : Meru County, FY 2014/15 Analysis of Development Expenditure



Source: *Meru County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 67.5 per cent from 19.7 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 56.84 per cent from Kshs.343.81 million in FY 2013/14 to Kshs.539.24 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Adherence to the SRC recommendation on MCA sitting allowances.

However, the following challenges continued to hamper effective budget implementation:

1. Non remittance of locally collected revenue to the County Revenue Fund account as stipulated in Section 109(2) of the PFM Act, 2012 during the period under review. Specifically, FIF and liquor revenue was not remitted to the CRF account.
2. Exchequer requisitions were not based on departmental work plans.
3. Supplementary budget did not take into account the exchequer issues and expenditure already incurred by the departments. This resulted in reconciliation issues and

difficulties in implementing approved activities.

4. The County expenditure exceeded the Approved Supplementary Budget ceilings in various departmental votes.
5. Non adherence to timelines on budget preparation process.
6. Lack of regulations to operationalize the Emergency Fund.

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

1. *All County revenue collection should be deposited into the CRF account.*
2. *Exchequer requisitions should be based on departmental work plans to enable proper implementation of the budget.*
3. *Supplementary budgets should take into account departmental expenditures on items and exchequer requisitions to facilitate smooth budget implementation.*
4. *The County should ensure all expenditures made are regular and within the law.*
5. *There is need to adhere to stipulated budget timelines for effective budget implementation.*
6. *Emergency fund operations should be in line with requirements of Section 110 of the PFM Act, 2012.*

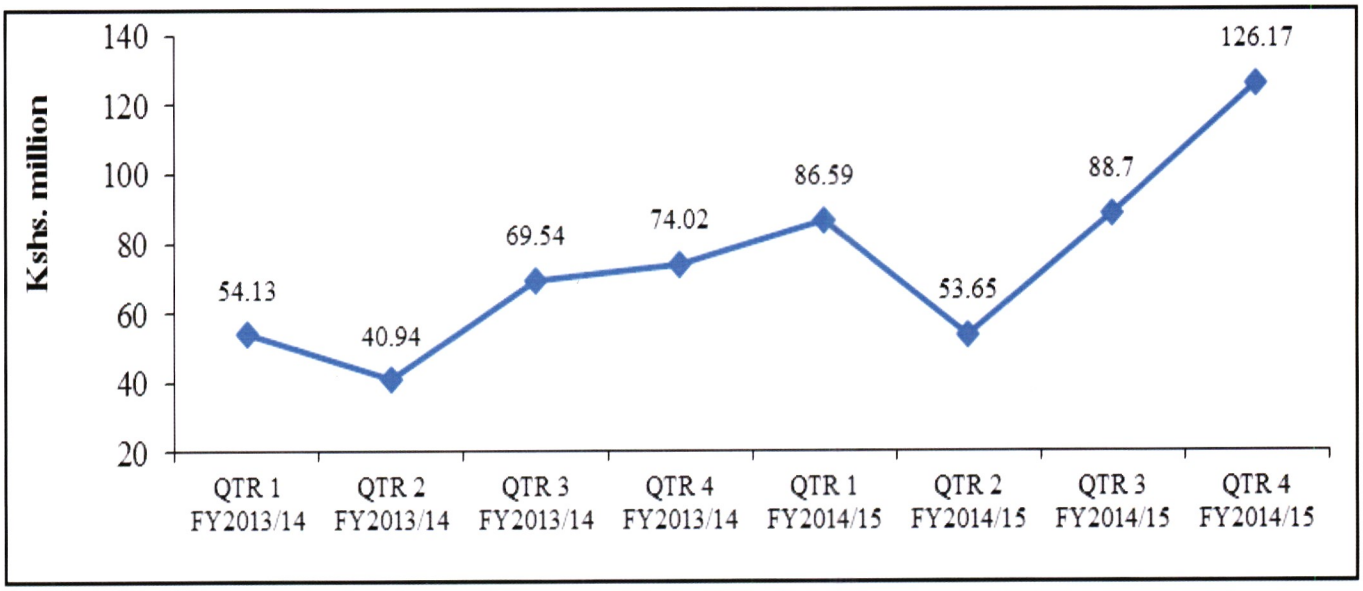
Migori County

During the FY 2014/15, the Approved Supplementary Budget for Migori County was Kshs.5.80 billion, with Kshs.2.89 billion (49.8 per cent) allocated to recurrent expenditure and Kshs.2.91 billion (50.9 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 31. In order to finance the budget, the County expected to receive Kshs.5.09 billion (87.8 per cent) as transfers from the National Government, collect Kshs.500 million (8.6 per cent) from local sources, receive a conditional grant of Kshs.18 million (0.3 per cent) from DANIDA, and Kshs.192 million (3.3 per cent) as conditional grants. The County did not budget for unspent funds from FY 2013/14.

In the FY 2014/15, the County received Kshs.5.11 billion from the National Government as a direct transfer to the CRF account, raised Kshs.355.11 million from local sources, and

had Kshs.5.70 million as cash balance bought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.355.11 million was an improvement from Kshs.238.60 million collected in FY 2013/14 and accounted for 71.02 per cent of the annual local revenue target. Figure 110 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 110: Migori County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Migori County Treasury*

During the reporting period, the County accessed **Kshs.5.39 billion** from the CRF, which was 92.9 per cent of the Approved Supplementary Budget, an improvement from 78.2 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.88 billion (53.4 per cent) for recurrent expenditure and Kshs.2.51 billion (46.6 per cent) for development activities.

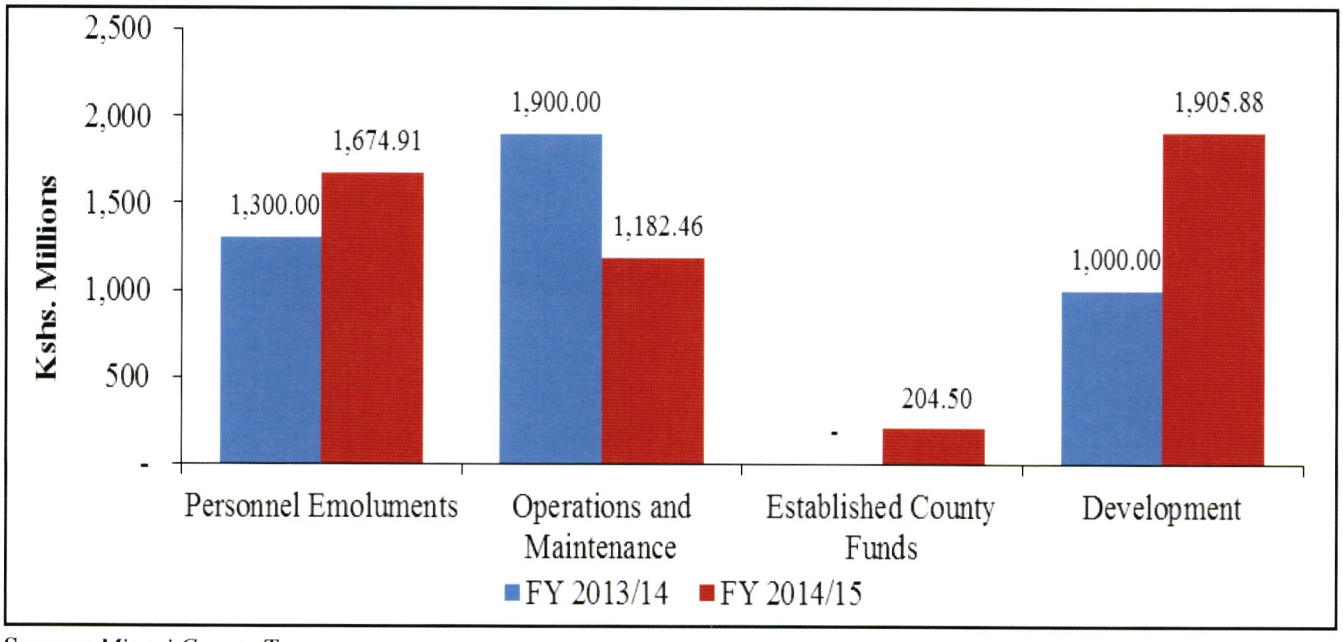
The County spent a total of Kshs.4.76 billion during FY 2014/15 which translated to 88.2 per cent of the total funds released, and an improvement from the Kshs.4.2 billion spent in FY 2013/14. A total of Kshs.2.86 billion (60 per cent) was spent on recurrent activities while Kshs.1.91 billion (40 per cent) was spent on development activities. Recurrent expenditure was 99 per cent of the funds released for recurrent activities while development expenditure accounted for 75.8 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.444.06 million for development activities and Kshs.64.59 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **98.9 per cent**, an increase from **84 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **65.4 per cent**, an improvement from **61 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.86 billion shows that the County spent Kshs.1.67 billion (58.6 per cent) on personnel emoluments and Kshs.1.18 billion (41.4 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 35.1 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.30 billion. This is because of continuous employment in the County by the Public Service Board.

The County spent Kshs.204.50 million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 111.

Figure 111: Migori County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Migori County Treasury*

A breakdown of expenditure by department shows that Roads and Public Works department attained the highest development budget absorption rate at 92.7 per cent. On the other hand Environment & Disaster Management Department had the lowest development budget absorption rate at 17.2 per cent. The office noted that the Roads and Public Works, Environment and Disaster Management, and Public Service Management departments had above 100 per cent absorption rates of their respective recurrent budgets. Absorption

rates higher than 100 per cent is irregular and a sign of poor financial management in the County. Table 31 shows a summary of expenditure by department.

Table 31: Migori County, FY 2014/15 Suplementary Budget and Expenditure by Department

DEPARTMENT	BUDGET ALLOCATION (Kshs.Million)		EXCHEQUER ISSUES (Kshs. Million)		EXPENDITURE (Kshs.Million)		% of expenditure to exchequer issues		Absorption Rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Finance and Economic Planning	535.22	157.69	535.19	123.30	247.54	104.87	46.25	85.05	**46.25**	**66.50**
Education, Sport, Youth & ICT	29.28	299.75	32.26	296.21	22.99	217.16	71.26	73.31	**78.52**	**72.45**
Health and Sanitation	194.49	392.36	182.06	363.24	123.55	354.98	67.86	97.73	**63.53**	**90.47**
Agriculture, Livestock, Fisheries, Veterinary Services	90.14	153.40	90.14	150.09	71.06	71.06	78.83	47.34	**78.83**	**46.32**
Roads and Public Works	20.61	646.99	24.61	527.60	24.31	599.78	98.78	113.68	**117.95**	**92.70**
County Assembly	485.00	228.02	485.00	228.02	485.00	91.83	100.00	40.27	**100.00**	**40.27**
Lands, Housing & Physical planning	50.36	60.43	50.36	60.44	35.49	22.61	70.47	37.41	**70.47**	**37.42**
Trade, Industrialization and Tourism	28.45	135.62	28.45	108.63	19.86	30.81	69.81	28.36	**69.81**	**22.72**
Environment and Disaster Management	14.58	132.75	14.59	77.13	37.99	22.89	260.38	29.68	**260.56**	**17.24**
Public Service Management	1,420.59	412.28	1,420.59	411.56	1777.38	312.40	125.12	75.91	**125.12**	**75.77**
Water and Energy	21.65	293.213	21.78	166.78	12.20	77.49	56.01	46.46	**56.35**	**26.43**
Total	**2,890.37**	**2,912.50**	**2,885.03**	**2,513.00**	**2857.37**	**1905.88**	**99.04**	**75.84**	**98.86**	**65.44**

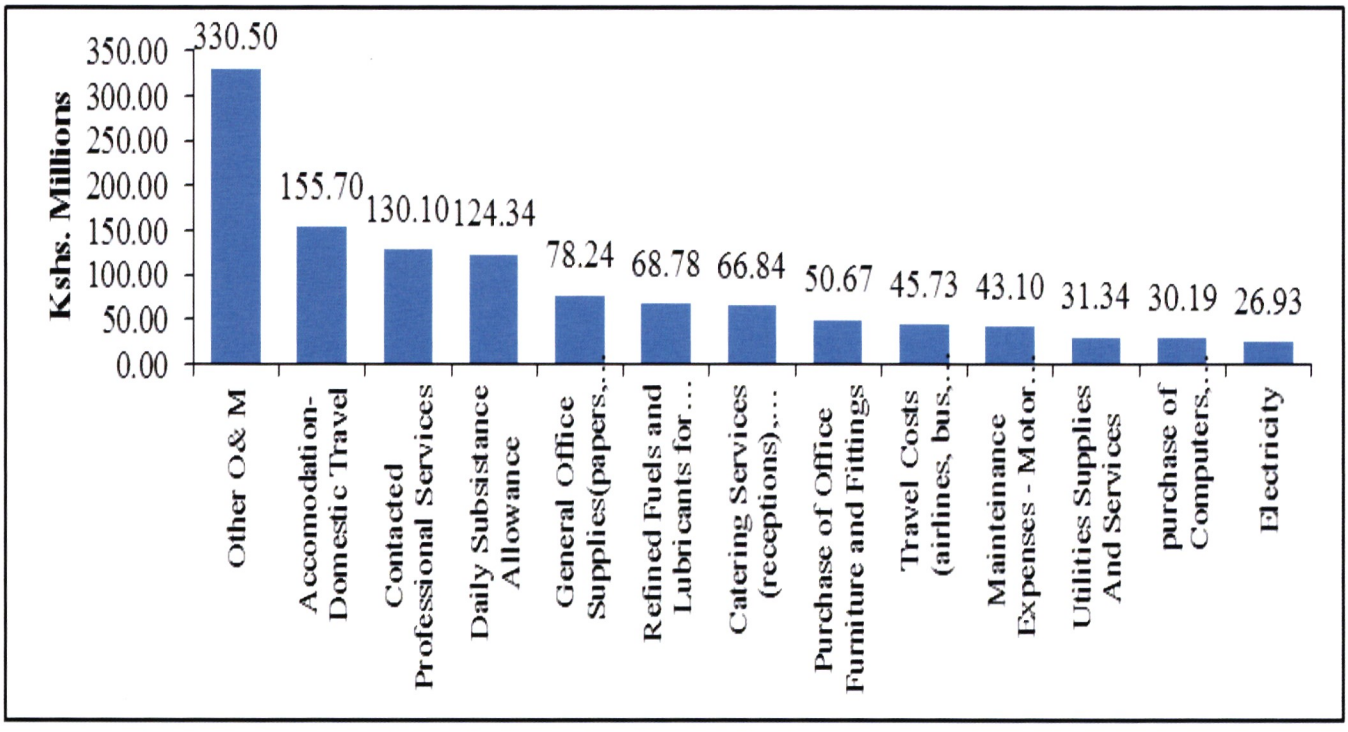
Source: *Migori County Treasury*

The County spent Kshs.130.75 million on sitting allowances to the 61 MCAs, representing an absorption rate of 93 per cent of the annual MCA sitting allowance budget, an increase from Kshs.126 million spent in FY 2013/14. The average monthly sitting allowance per

MCA was Kshs.178,618 compared to the SRC recommended amount of Kshs.124, 800.

Total expenditure on domestic and foreign travel was Kshs.155.70 million compared to Kshs.369.40 million in FY 2013/14, representing a decrease of 57.9 per cent. This expenditure comprised of Kshs.56.14 million by the County Executive and Kshs.99.56 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 112.

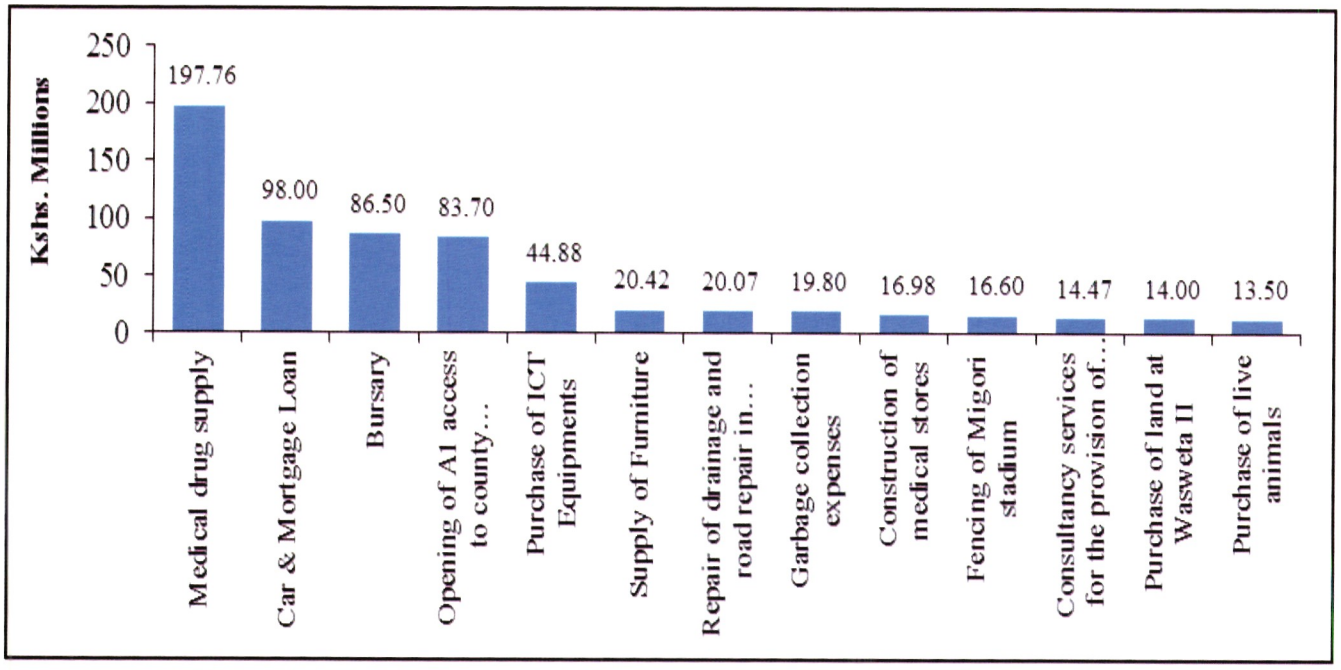
Figure 112: Migori County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Migori County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Health department had the highest expenditure at Kshs.197.76 million which was spent on supply of medical drugs for various health facilities within the County. Roads department also spent Kshs.83.70 million on 4 kilometres proposed upgrading to bitumen standard of A1-Access to the Migori offices-Ombo Hospital A1 loop. The office noted that the County spent Kshs.98.0 million on Car & Mortgage loans which should have been classified as a recurrent expenditure. Figure 113 provides the details of development expenditure during FY 2014/15.

Figure 113 : Migori County,FY 2014/15 Analysis of Development Expenditure



Source: *Migori County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 65.4 per cent from 61 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 48.83 per cent from Kshs.238.6 million in FY 2013/14 to Kshs.355.11 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Lack of internal Audit Committee contrary to Section 155(5) of PFMA, 2012.
2. Some county entities incurred expenditure in excess of budget allocations.
3. Lack of regulations for administration of the County Emergency Fund.
4. Manual collection and reporting on local revenue.

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

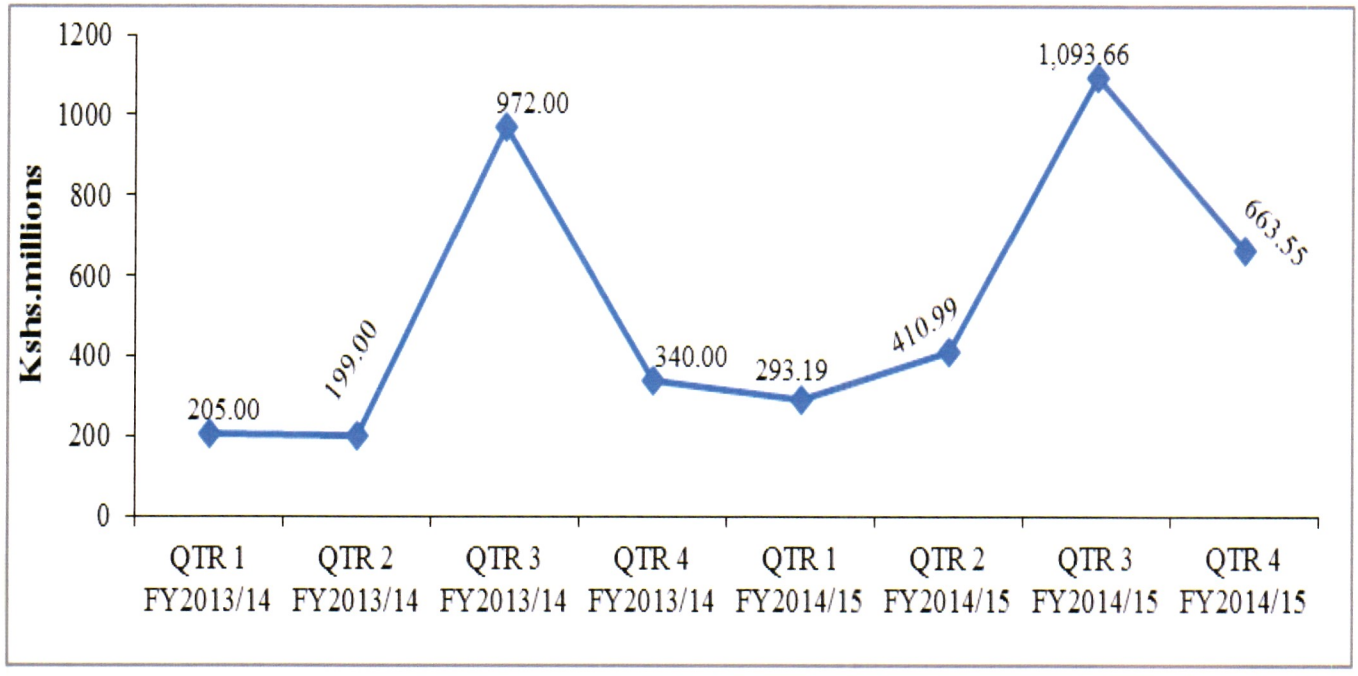
1. *Establish an Internal Audit Committee as per Section 155(5) of the PFM Act, 2012 to enhance oversight and transparency in public finance management.*
2. *The county Treasury should ensure that expenditure by the county entities is within the approved budget.*
3. *The CEC-Finance should develop regulations and designate a person for administering the County Emergency Fund in line with requirements of Section 116 of the PFM Act, 2012.*
4. *Automation of Revenue Collection system should be done to improve revenue collection and reporting.*

Mombasa County

During FY 2014/15, the Approved Supplementary Budget for Mombasa County was Kshs.9.87 billion, with Kshs.6.68 billion (67.8 per cent) allocated to recurrent expenditure and Kshs.3.18 billion (32.2 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 32. In order to finance the budget, the County expected to receive Kshs.4.74 billion (48.1 per cent) as transfers from the National Government, collect Kshs.5.12 billion (51.9 per cent) from local sources, receive a conditional grant of Kshs.3.92 million (0.04 per cent) from DANIDA.

In the FY 2014/15, the County received Kshs.4.75 billion from the National Government as a direct transfer to the CRF account, raised Kshs.2.49 billion from local sources, and had Kshs.435.49 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.2.49 billion was an improvement from Kshs.1.72 billion collected in FY 2013/14 and accounted for 48.6 per cent of the annual local revenue target. Figure 114 below shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 114: Mombasa County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Mombasa County Treasury*

During the reporting period, the County accessed **Kshs.7.07 billion** from the CRF, which was 71.6 per cent of the Approved Supplementary Budget, an improvement from 39.5 per cent when compared to FY 2013/14. This amount consisted of Kshs.5.42 billion (76.7 per cent) for recurrent expenditure and Kshs.1.64 billion (23.3 per cent) for development activities.

The County spent a total of Kshs.7.71 billion during FY 2014/15 which translated to 109.1 per cent of the total funds released, and an improvement from the Kshs.5.2 billion spent in FY 2013/14. A total of Kshs.5.62 billion (72.9 per cent) was spent on recurrent activities while Kshs.2.04 billion (27.1 per cent) was spent on development activities. Recurrent expenditure was 79.5 per cent of the funds released for recurrent activities while development expenditure accounted for 29.5 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.413.29 million for development activities and Kshs.1.88 billion for recurrent expenditure.

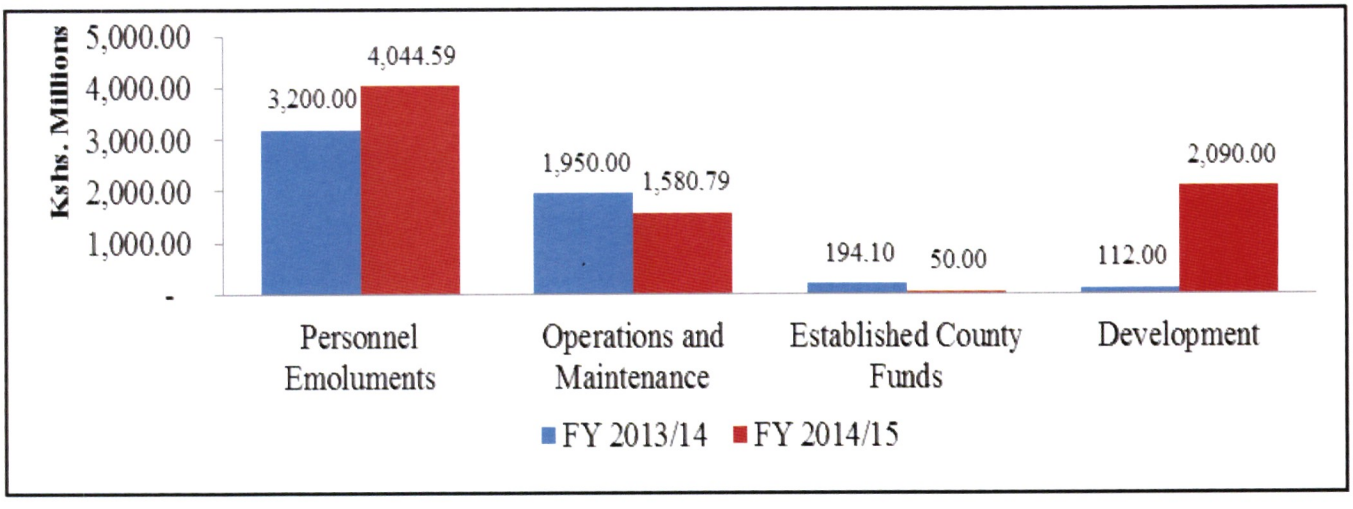
The recurrent expenditure for the period under review represented an absorption rate of **84.1 per cent,** an increase from **73.1 per cent** realized in FY 2013/14 while development

expenditure recorded an absorption rate of **65.7 per cent,** an improvement from **2.4 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.5.6 billion shows that the County spent Kshs.4.04 billion (72.2 per cent) on personnel emoluments and Kshs.1.58 billion (28.1 per cent) on operations and maintenance expenditure. Expenditure on operations and maintenance included Kshs.713.93 million spent on debt repayment. Expenditure on personnel emoluments accounted for 52.4 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.3.2 billion.

The County spent Kshs.50 million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 115.

Figure 115 : Mombasa County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Mombasa County Treasury*

A breakdown of expenditure by department shows that the water, environment and natural resources department attained the highest absorption rate of its recurrent budget at 94.6 per cent while the Tourism and Betting Control department had the lowest absorption rate at 46.5 per cent. Table 32 shows a summary of expenditure by department.

Table 32: Mombasa County, FY 2014/15 Budget and Expenditure by Department

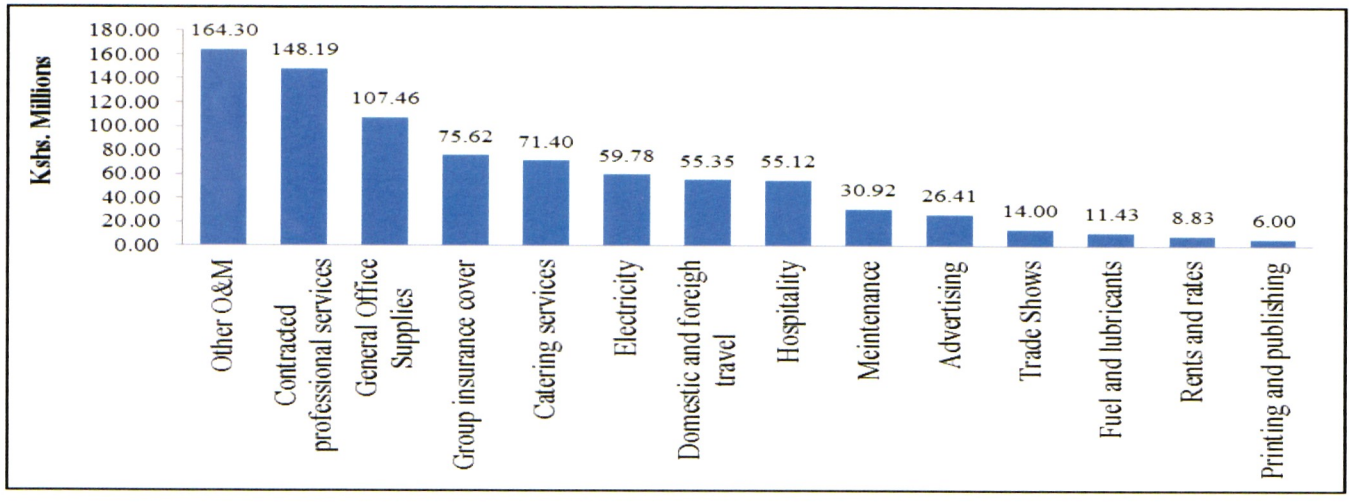
Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	405.03	31.35	281.32	4	380.75	15.93	135.3	398.3	**94.0**	**50.8**
County Executive	232.46	406.2	209.81	0	172.23	305.45	82.1		**74.1**	**75.2**
County Secretary	572.64		29.8		522.21		1752.4		**91.2**	
Public Service Board	62.09	23.7	54.95	16.16	42.69	18.18	77.7	112.5	**68.8**	**76.7**
Agriculture	156.16	135.66	134	30	109.29	65.06	81.6	216.9	**70.0**	**48.0**
Lands, Housing & Physical Planning	191.93	93.76	147.72	12.65	114.28	44.08	77.4	348.5	**59.5**	**47.0**
Water, Environment & Natural Resources	452.42	309.68	452.42	36	428.4	244.56	94.7	679.3	**94.7**	**79.0**
Trade	165.09	414.56	149.16	280.3	122.73	240.1	82.3	85.7	**74.3**	**57.9**
Education	198.33	188	198.33	124.40	164.12	174.35	82.8		**82.8**	**92.7**
Health Services	1,770.39	339.54	1,651.51	313.5	1,466.02	69.95	88.8	22.3	**82.8**	**20.6**
Finance and economic Planning	1,839.02	510.43	1,513.79	336.42	1,592.19	401.07	105.2	119.2	**86.6**	**78.6**
Youth, Gender and Sports	202.11	80.89	182.96	24	142.04	9.97	77.6	41.5	**70.3**	**12.3**
Transport and Infrastructure	332.26	597.2	327.98	445.84	288.35	483.47	87.9	108.4	**86.8**	**81.0**
Tourism and Betting Control	107.64	51.63	85.29	25.7	50.01	19.8	58.6	77.0	**46.5**	**38.3**
Total	**6,687.55**	**3,182.65**	**5,419.04**	**1,648.97**	**5,625.32**	**2,092.00**	**103.8**	**126.9**	**84.1**	**65.**

Source: *Mombasa County Treasury*

The County spent Kshs.52.71 million on sitting allowances to the 43 MCAs, representing an absorption rate of 98 per cent of the annual MCA sitting allowance budget, an increase from Kshs.14.4 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.102,155 compared to the SRC recommended amount of Kshs.124, 800.

Total expenditure on domestic and foreign travel was Kshs.55.35 million compared to Kshs. 66.10 million in FY 2013/14, representing a decrease of 19.4 per cent. This expenditure comprised of Kshs.44.1 million by the County Executive and Kshs.11.3 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 116.

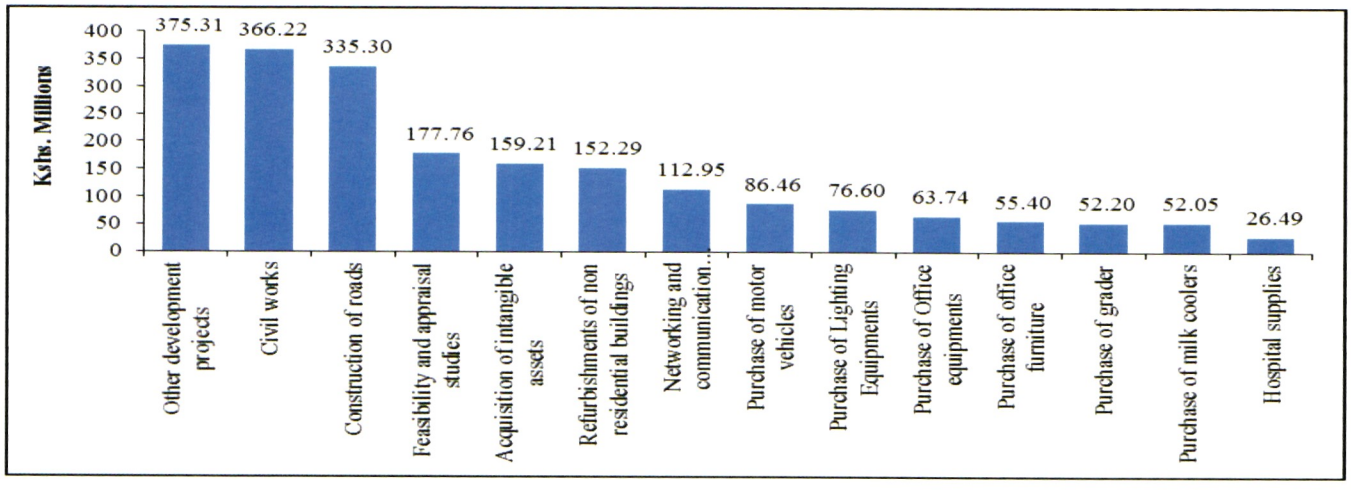
Figure 116: Mombasa County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Mombasa County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Transport and Infrastructure department had the highest expenditure of kshs.483.47 million, out of which Kshs.366.22 million was spent on civil works. The County also incurred expenditure on appraisal and feasibility studies which amounted to Kshs.177.76 million, acquisition of intangible asset amounting to Kshs.159.21 million and Kshs.152.29 million was spent on refurbishments of non-residential buildings. Figure 117 provides the details of development expenditure during FY 2014/15.

Figure 117: Mombasa County,FY 2014/15 Analysis of Development Expenditure



Source: *Mombasa County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These include:

(i) Improvement in absorption of development funds to 65.7 per cent from 2.4 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 44.77 per cent from Kshs.1.72 billion in FY 2013/14 to Kshs.2.49 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(v) Embracing use of IFMIS to process financial transactions.

(vi) Appointment of a fund administrator for the Scholarship Fund.

However, effective budget implementation was hampered by delayed disbursement of funds by the National Treasury especially during the first quarter of the financial year.This led to slow implementation of development projects.

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

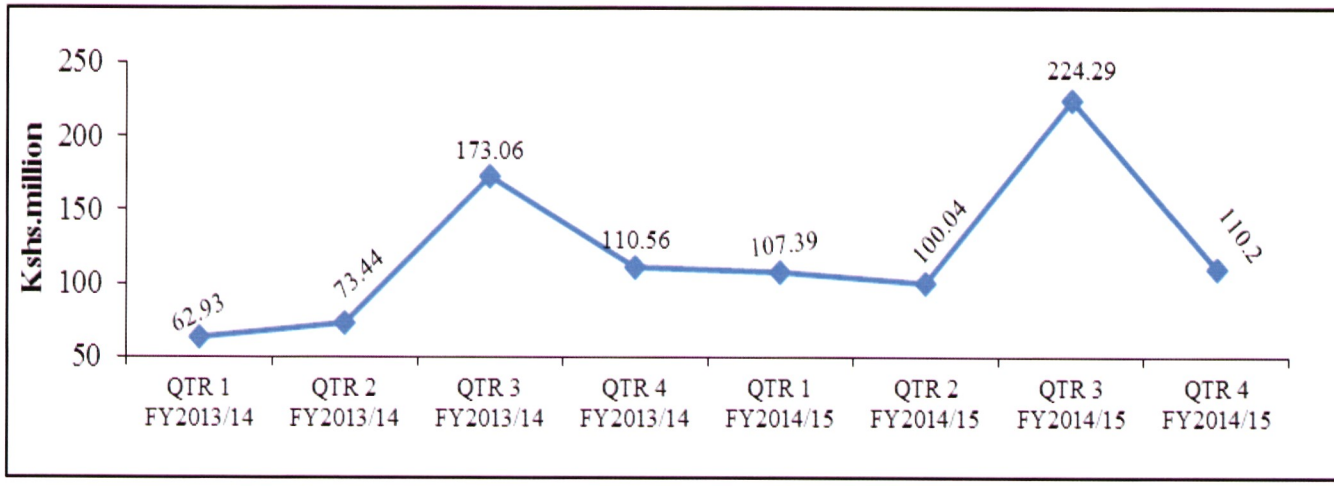
1. *The National Treasury should ensure that funds are disbursed on time to avoid delays in budget implementation.*

Murang'a County

During FY 2014/15, the Approved Supplementary Budget for Murang'a County was Kshs.5.98 billion, with Kshs.2.86 billion (47.9 per cent) allocated to recurrent expenditure and Kshs.3.12 billion (52.1 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 33. In order to finance the budget, the County expected to receive Kshs.4.67 billion (78.1 per cent) as transfers from the National Government, collect Kshs.800 million (13.4 per cent) from local sources, receive a conditional grant of Kshs.22.43 million (0.4 per cent) from DANIDA, and Kshs.486 million (8.1 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.28 billion from the National Government as a direct transfer to the CRF account, raised Kshs.562.23 million from local sources, and had Kshs.485.73 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.562.23 million was an improvement from Kshs.419.99 million collected in FY 2013/14 and accounted for 70.3 per cent of the annual local revenue target. Figure 118 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 118: Murang'a County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Murang'a County Treasury*

During the reporting period, the County accessed **Kshs.5.31 billion** from the CRF, which was 88.9 per cent of the Approved Supplementary Budget, an improvement from 71.7 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.89 billion (54.3 per cent) for recurrent expenditure and Kshs.2.42 billion (45.7 per cent) for development activities.

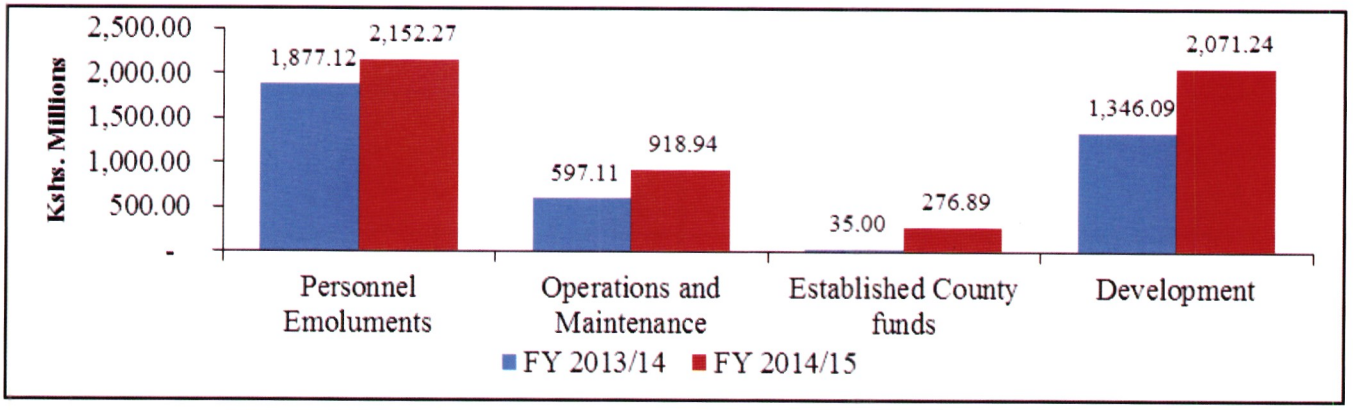
The County spent a total of Kshs.5.42 billion during FY 2014/15 which translated to 102.1 per cent of the total funds released from CRF, and an improvement from the Kshs.3.86 billion spent in FY 2013/14. A total of Kshs.3.07 billion (56.7 per cent) was spent on recurrent activities while Kshs.2.35 billion (43.3 per cent) was spent on development activities. Recurrent expenditure was 106.6 per cent of the funds released for recurrent activities while development expenditure accounted for 96.9 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.953.25 billion for development activities and Kshs.141.06 million for recurrent expenditure. This does not include County assembly pending bills.

The recurrent expenditure for the period under review represented an absorption rate of **107.2 per cent**, an increase from **101.9 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **75.3 per cent**, an improvement from **51.3 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.07 billion shows that the County spent Kshs.2.15 billion (70.1 per cent) on personnel emoluments and Kshs.918.94 million

(29.9 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 39.7 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.88 billion. This could be attributed to increased recruitment of new staff and implementation of annual increment of salaries. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 119.

Figure 119: Murang'a County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Murang'a County Treasury*

A breakdown of expenditure by department shows that Public Service and Administration department attained the highest absorption rate at 153.2 per cent. On the other hand Environment and Natural Resources department had the lowest absorption rate at 5.2 per cent. Table 33 shows a summary of expenditure by department.

Table 33: Murang'a County, FY 2014/15 Budget and Expenditure 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 & Irrigation	268	532	268	526	687.6	263.1	256.6	50.0	256.6	49.5
Commerce, Industry & Cooperative Development	200.9	488	200.9	371.5	139	297.1	69.2	80.0	69.2	60.9
County Assembly	386.5	283.7	404.9	190	375.7	157.6	92.8	82.9	97.2	55.6
Education & Technical Training	141.6	247	141.6	115	36.4	210.3	25.7	182.9	25.7	85.1
Energy, Transport & Infrastructure	224.3	681	224.2	680	69.5	886	31.0	130.3	31.0	130.1

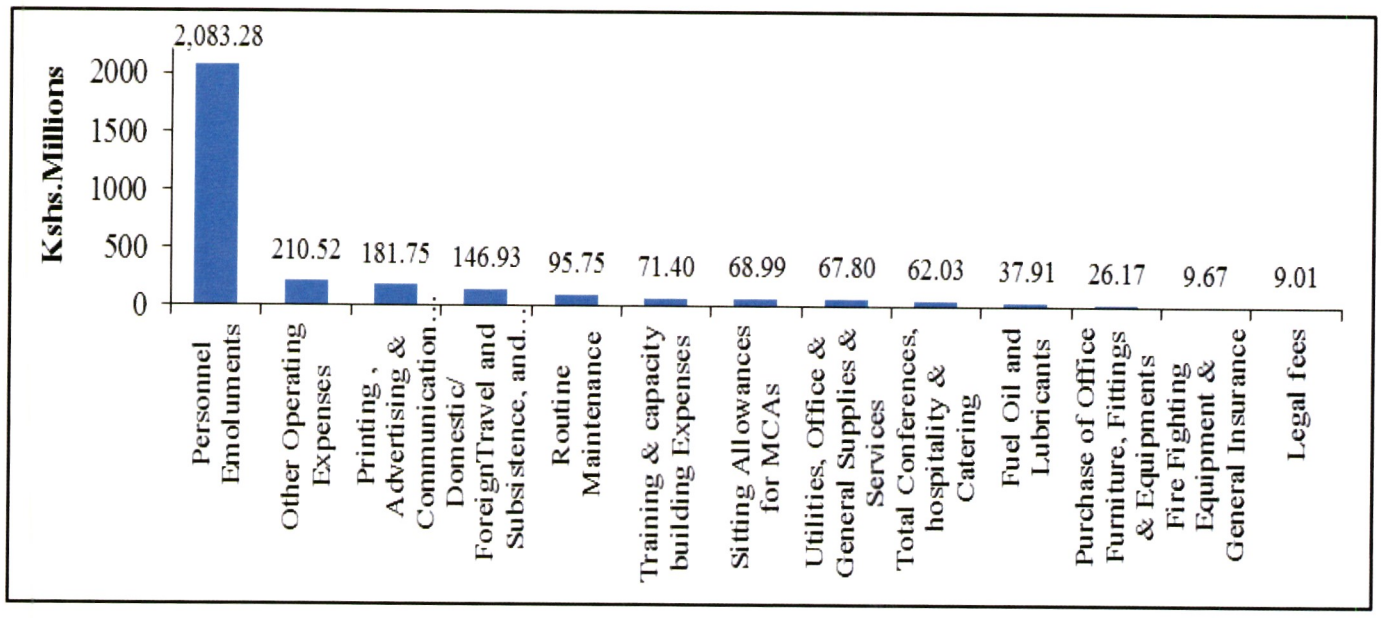
Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		% Expenditure to Exchequer Issues		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Environment and Natural Resources	0	34.8	-	26	0.1	1.7		6.5		4.9
Finance & Economic Planning, ICT	496	404	496	78.5	520.6	85.8	105.0	109.3	105.0	21.2
Health and Sanitation	588.8	326	588.8	325.5	586.7	345.2	99.6	106.1	99.6	105.9
Lands Housing and Physical Planning	67	53	66.9	53	9.7	42.7	14.5	80.6	14.5	80.6
Public Service & Administration	379.2	0	379.2	-	580.9	-	153.2		153.2	
Youth Culture, Gender, Social Services & Special Programs	111.8	68	111.8	59	65.2	58.6	58.3	99.3	58.3	86.2
Grand Totals	**2,864.10**	**3,117.50**	**2,882.30**	**2,424.50**	**3,071.20**	**2,348.10**	106.6	96.8	107.2	75.3

Source: *Murang'a County Treasury*

The County spent Kshs.64.49 million on sitting allowances to the 50 MCAs and the speaker, representing an absorption rate of 126.3 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.45.99 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.107,481 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.146.93 million compared to Kshs.206.75 million in FY 2013/14, representing a decrease of 28.9 per cent. This expenditure comprised of Kshs.106.62 million by the County Executive and Kshs.40.31 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 120.

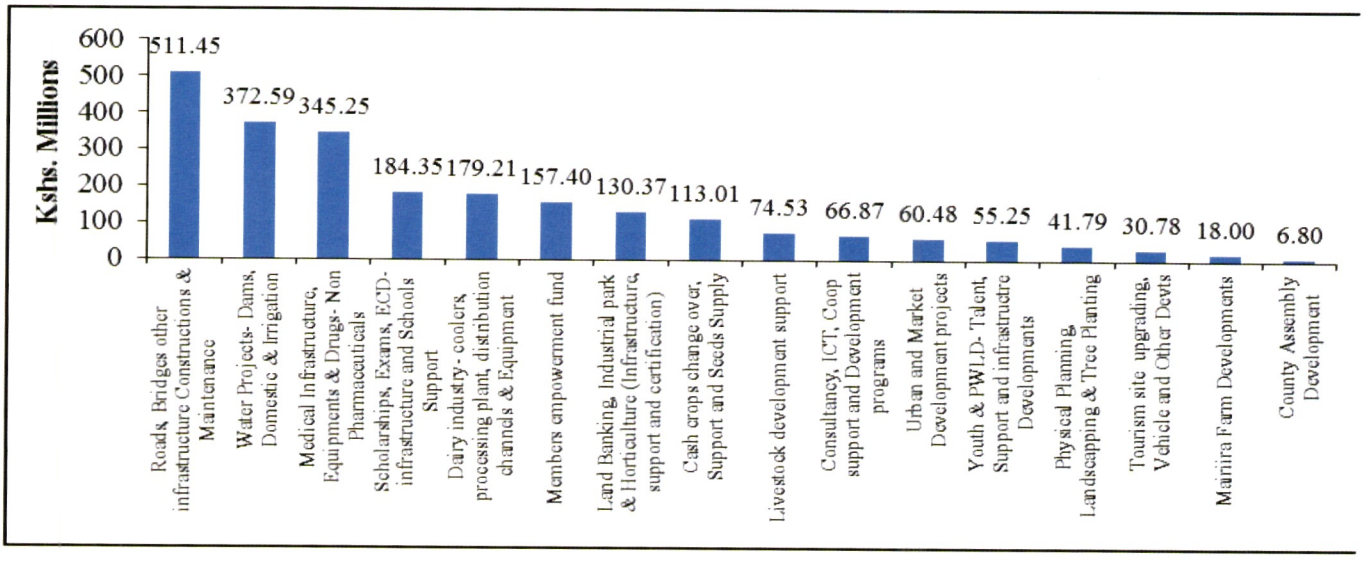
Figure 120: Murang'a County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Murang'a County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Energy, Transport and Infrastructure department had the highest expenditure of Kshs.885.95 million which was spent on grading and gravelling of roads and water projects among other infrastructures. The second highest expenditure of Kshs.345.25 million was incurred by the Health and sanitation department, out of which Kshs.285.44 million was spent on Medical Equipment, Pharms and Non-pharms, Kshs.31.70 million was spent on eye centre and Kshs.23.72 million was spent on refurbishments and other medical related support. Figure 121 provides the details of development expenditure during FY 2014/15.

Figure 121: Murang'a County, FY 2014/15 Analysis of Development Expenditure



Source: *Murang'a County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 75.3 per cent from 51.3 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 33.87 per cent from Kshs.419.99 million in FY 2013/14 to Kshs.562.23 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Failure to appropriately maintain a vote book for effective budget control.
2. Relatively high pending bills as at 30th June 2015, which stood at Kshs.1.1 billion and accounted for 39.7 per cent of total expenditure in FY 2014/15.
3. Over expenditure by some departments which was attributed to unauthorized expenditure in excess of budget allocations.
4. Delay in submission of monthly and quarterly expenditure reports to COB, in addition to submission of manual reports (instead of IFMIS reports) which are prone to errors and inconsistencies.

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

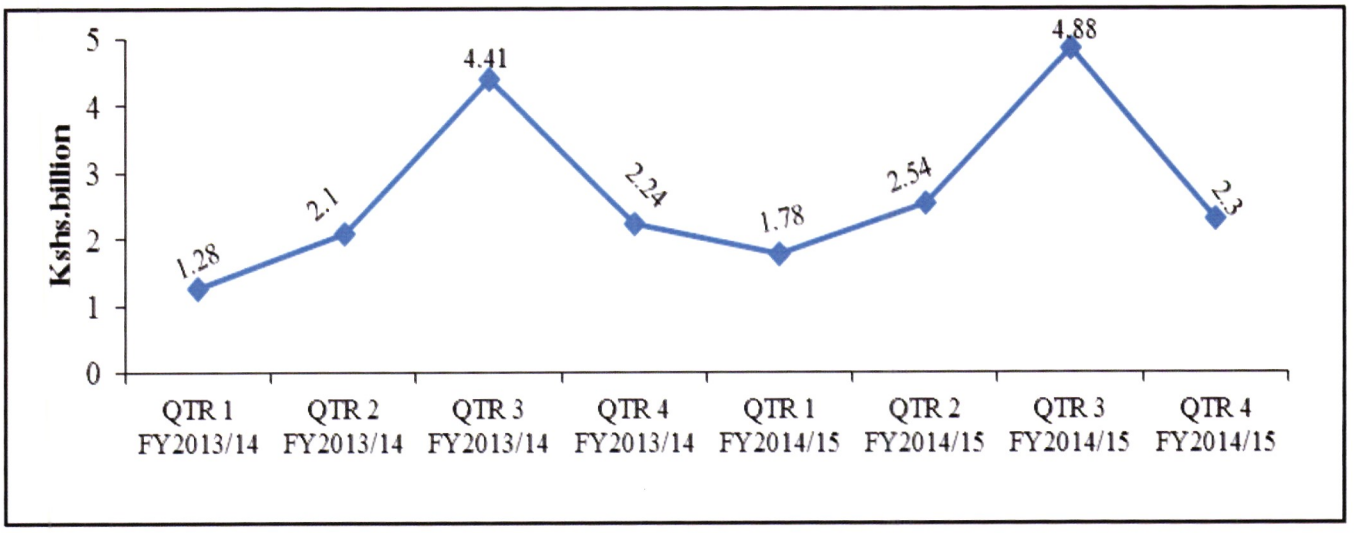
1. *The County Treasury should adhere to budget votes and exchequer requests should be made based on planned activities by each department.*
2. *The County Executive and County Assembly should establish and adopt regulations to govern the debt and wage bill levels.*
3. *The County Treasury should ensuere that all expendituere is within budget allocation.*
4. *Both the County Executive and County Assembly should adopt IFMIS and the Internet Banking systems in processing financial transactions.*

Nairobi City County

During the FY 2014/15, the Approved Supplementary Budget for Nairobi City County was Kshs.25.59 billion, with Kshs.18.74 billion (73.2 per cent) allocated to recurrent expenditure and Kshs.6.85 billion (26.8 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 34. In order to finance the budget, the County expected to receive Kshs.11.34 billion (43.4 per cent) as transfers from the National Government, collect Kshs.13.32 billion (54.1 per cent) from local sources, receive a conditional grant of Kshs.24.92 million (0.1 per cent) from DANIDA.

In the FY 2014/15, the County received Kshs.11.37 billion from the National Government as a direct transfer to the CRF account, raised Kshs.11.50 billion from local sources. The local revenue raised in FY 2014/15 of Kshs.11.50 billion was an improvement from Kshs.10.03 billion collected FY 2013/14 and accounted for 86.3 per cent of the annual local revenue target. Figure 122 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 122: Nairobi City County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Nairobi City County Treasury*

During the reporting period, the County accessed **Kshs.12.62 billion** from the CRF, which was 49.3 per cent of the approved Supplementary Budget, an improvement from 38.0 per cent when compared to FY 2013/14. This amount consisted of Kshs.12.13 billion (96.1 per cent) for recurrent expenditure and Kshs.496 million (3.9 per cent) for development activities.

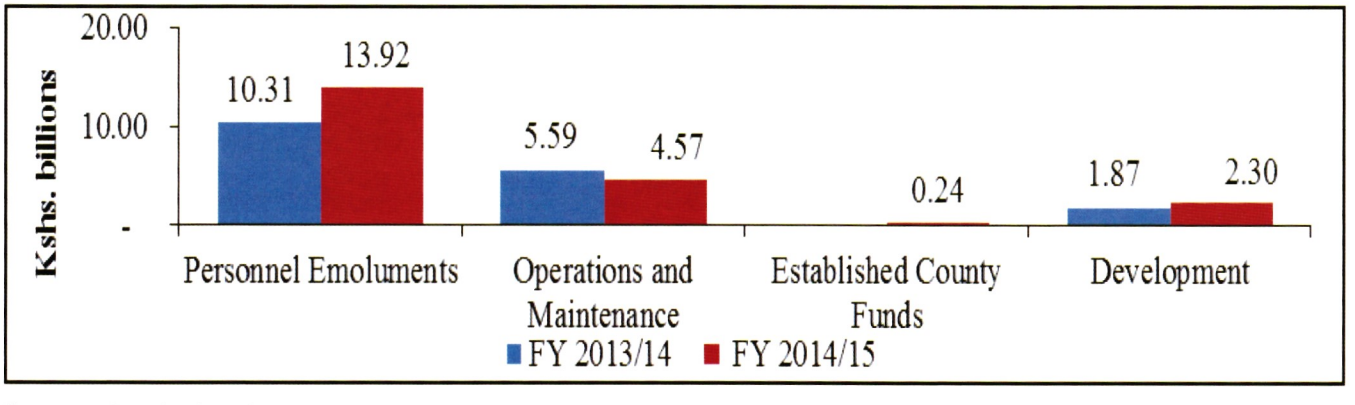
The county spent a total of Kshs.21.02 billion during FY 2014/15 which translates to 166.6 per cent of the total funds released, and an increase from the Kshs.5.11 billion spent in FY 2013/14. A total of Kshs.18.72 billion (89.1 per cent) was spent on recurrent activities while Kshs.2.3 billion (10.9 per cent) was spent on development activities. Recurrent expenditure was 154.4 per cent of the funds released for recurrent activities while development expenditure accounted for 463.4 per cent of the funds released for development activities. The expenditure includes pending bills as at 30th June 2015 that amounted to Kshs.1.23 billion for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **99.9 per cent**, an increase from **90 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **33.5 per cent**, an improvement from **25 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.18.72 billion shows that the County spent Kshs.13.92 billion (74.3 per cent) on personnel emoluments and Kshs.4.57 billion (24.4 per cent) on operations and maintenance expenditure and Kshs.237.45 million (1.3 per cent) under recurrent County funds. Expenditure on personnel emoluments accounted for 66.1 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.10.31 billion.

The County spent Kshs.237.45 million on established County Funds, out of which Kshs.127.23 million was spent on the MCAs Car loans and Mortgages and Kshs.110.23 million was on spent on Bursary fund, which were both categorized as recurrent expenditures. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 123.

Figure 123: Nairobi City County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Nairobi City County Treasury*

A breakdown of expenditure by department shows that the Water, Energy Environment Forestry & Natural Resources department attained the highest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 123.1 per cent while Public Service Management attained the lowest proportion of recurrent expenditure to supplementary recurrent budgetary allocation at 56.9 per cent. On the other hand, the Health department attained the highest proportion of development expenditure to supplementary development budgetary allocation at 94.3 per cent while Trade, Co-operative and Industrialisation department attained the lowest proportion of development expenditure to supplementary development budgetary allocation at 2.5 per cent. Table 34 shows a summary of expenditure by department.

Table 34: Nairobi City County, FY 2014/15 Budget and Expenditure by Department

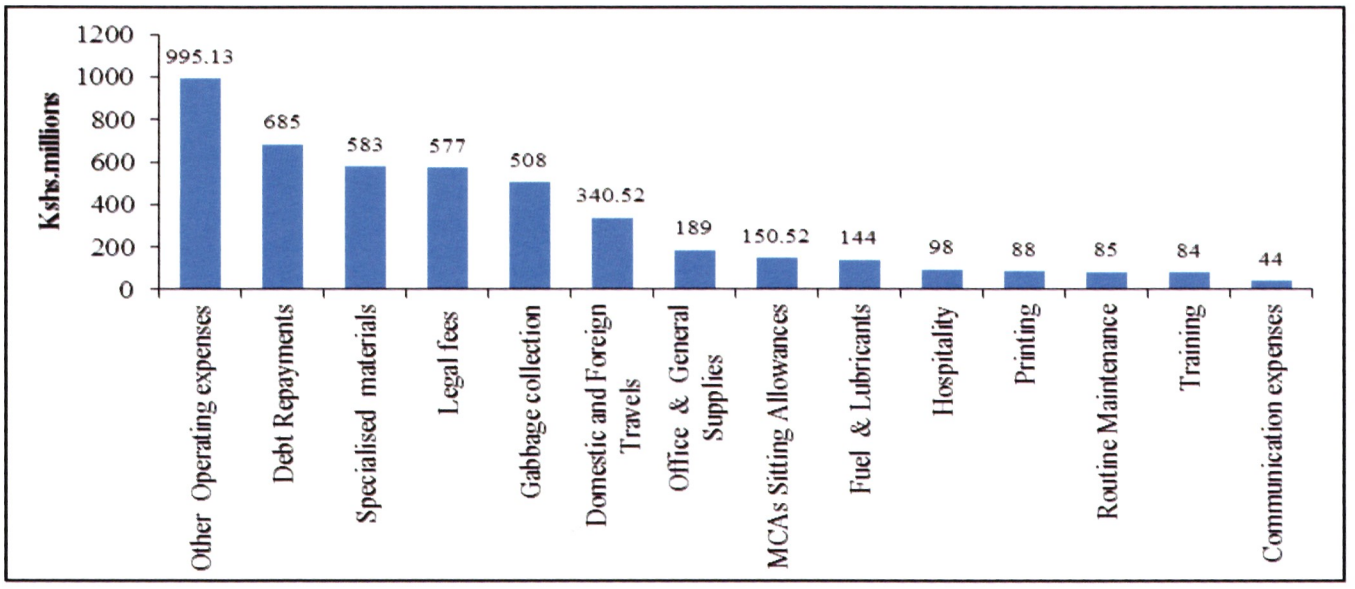
Department	Budget allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Public Service Board	79.94	28	38.48	-	50.12	3.64	**130.3**		62.7	13
Office Of the Governor	4,308.73	476	3,081.96	-	5203.9	145.51	**168.9**		120.8	30.6
ICT,E-Government & Public Communications	68.27	150	52.13	-	68.32	93.74	131.1		100.1	62.5
Finance & Economic Planning	2,076.15	72	1,811.33	-	2112.77	18.77	116.6		101.8	26.1
Health	4,327.66	594	2,859.55	50	4686.27	560.38	163.9	1120.8	108.3	94.3
Physical Planning, Lands & Housing	339.76	157	292.46	-	322.86		110.4		95	-
Public Works & Infrastructure	1,416.78	4,289.19	859.1	316	1185.73	1156.15	138	365.9	83.7	27
Education, Youth Affairs ,Sports Culture & Social Services	1,484.37	202	867.3	-	1242	77.5	143.2		83.7	38.4
Trade,Co-operative,Industrialisation	202.38	301	109.95	-	207.22	7.6	188.5		102.4	2.5
Public Service Management	1,901.55	22	212.24	-	1082.23		509.9		56.9	-
Agriculture, Livestock & Fisheries Development	287.25	20	191.06	-	254.1	17.88	133		88.5	89.4
Water, Energy Environment Forestry & Natural Resources	870.23	135.6	566.57	-	1071.24	103.51	189.1		123.1	76.3
County Assembly	1,372.93	406.03	1,186.05	130	1237.53	113.66	104.3	87.4	90.1	28.0
TOTAL	**18,736.00**	**6,852.82**	**12,128.18**	**496**	**18,724.29**	**2,298.34**	**154.4**	**463.4**	**99.9**	**33.5**

Source: *Nairobi City County Treasury*

The County spent Kshs.151.52 million on sitting allowances to the 128 MCAs, representing an absorption rate of 78.9 per cent of the annual MCA sitting allowance budget, an increase from Kshs.2.5 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.97,994 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.340.52 million compared to Kshs.134 million in FY 2013/14, representing an increase of 253 per cent. This expenditure comprised of Kshs.135.00 million by the County Executive and Kshs.205.52 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 124.

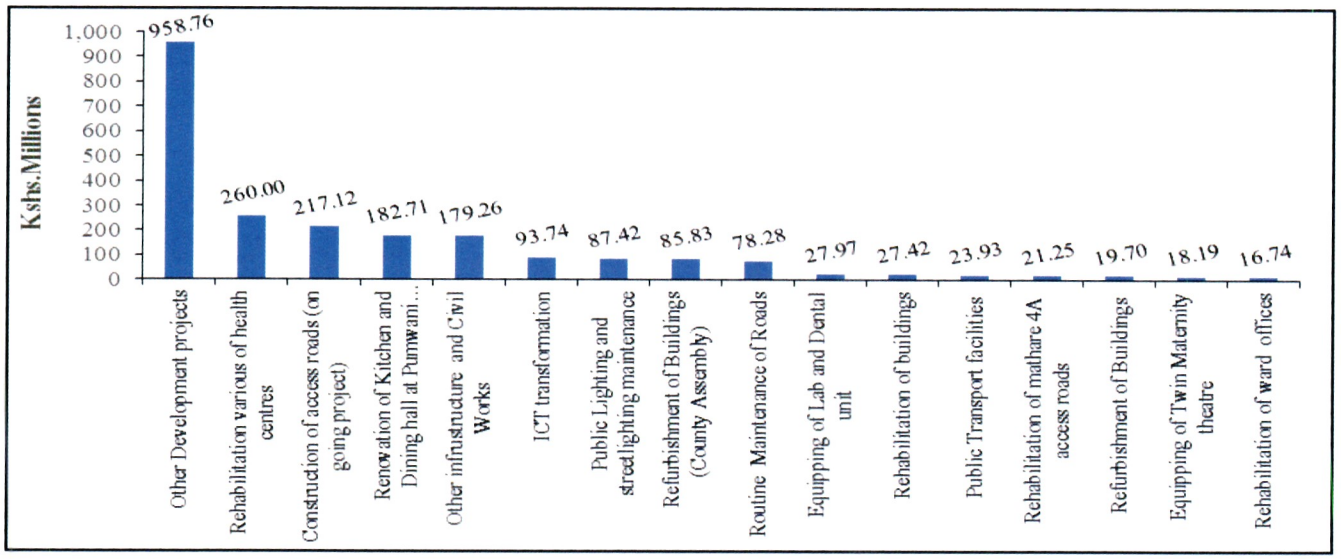
Figure 124: Nairobi City County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Nairobi City County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Public Works & Infrastructure department had the highest expenditure of Kshs.1.16 billion, out of which Kshs.217.12 million was spent on construction of access roads (on-going projects); Kshs.78.28 million was spent on routine maintenance of roads and Kshs.87.42 million was spent on installation of public lighting and street lighting. The second highest expenditure of Kshs.560.38 million was incurred by the Health department, out of which Kshs.260.00 million was spent to rehabilitate various health centres in the County; Kshs.182.71 million was spent to renovate Kitchen and dining Hall at Pumwani Maternity Hospital as shown in Figure 125 below.

Figure 125:Nairobi County, FY 2014/15 Analysis of Development Expenditure



Source: *Nairobi City County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in local revenue collection by 11.65 per cent from Kshs.10.03 billion in FY 2013/14 to Kshs.11.5 billion in FY 2014/15.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Embracing use of IFMIS to process financial transactions.

(iv) Compliance with budgetary timelines.

However, the following challenges continued to hamper effective budget implementation:

1. The County has persistently utilized locally collected revenue at source contrary to Article 207 of the Constitution and Section 109 of the PFM Act, 2012 which stipulates that all funds raised or collected on behalf of the County Government should be deposited into the County Revenue Fund account.

2. The Count Assembly is yet to approve the Debt Management Strategy to manage its liabilities contrary to Section 123 of the PFM Act, which requires Counties to develop a Debt Management Strategy to manage outstanding debts.

3. Low absorption of development funds and slow implementation of development activities.

4. Most of the departments exceeded the exchequer issues allocated and their budgetary allocations as indicated in the Table 34.

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

1. *The County Treasury should ensure that all local revenue collected is deposited in the County Revenue Fund account.*

2. *The County Assembly should approve the debt management strategy as per sections 123 of the PFM Act, 2012 to manage the County liabilities.*

3. *The County should come up with measures to address the low absorption of development funds through involvement of all the stakeholders in order to enhance timely implementation of development projects.*

4. *The county should utilize approved exchequer issues on the expenditure items as per the requisition schedule. Incase of any reallocations , these should be regularized through a supplementary budget before end of the financial year.*

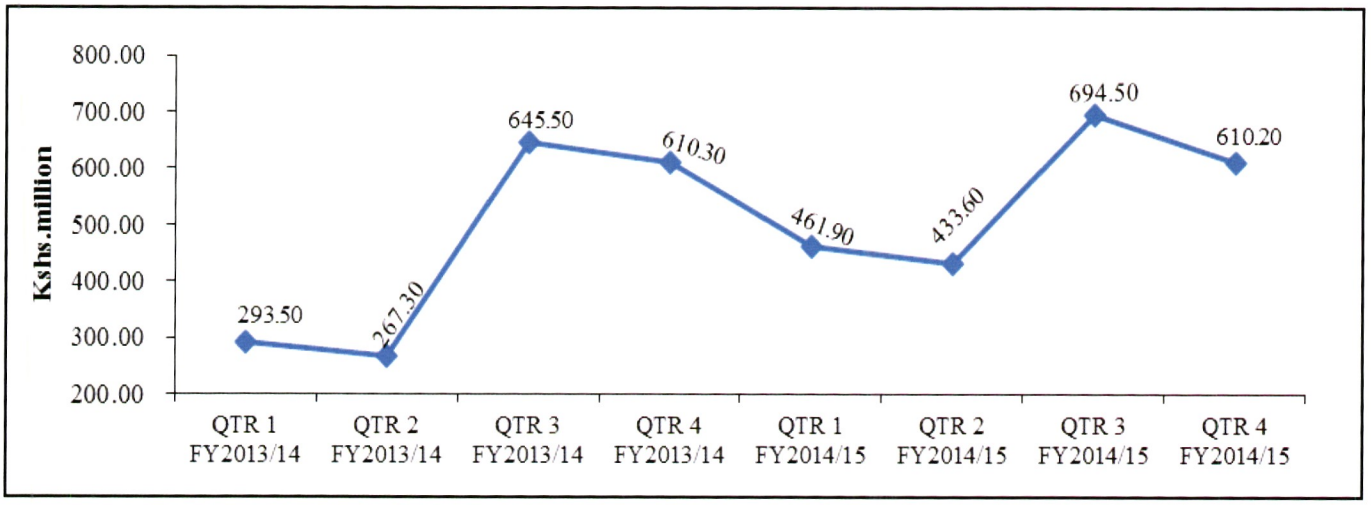
Nakuru County

During FY 2014/15, the Approved Budget for Nakuru County was Kshs.11.09 billion, with Kshs.7.34 billion (66.2 per cent) allocated to recurrent expenditure and Kshs.3.75 billion (33.8 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 35. In order to finance the budget, the County expected to receive Kshs.7.08 billion (63.9 per cent) as transfers from the National Government, collect Kshs.2.76 billion (24.9 per cent) from local sources, receive a conditional grant of Kshs.317.84 million (2.9 per cent) from National Government for Level five hospital, Kshs.22.88 million (0.2 per cent) from DANIDA, and Kshs.906.24 million (8.2 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.7.42 billion from the National Government as a direct transfer to the CRF account, raised Kshs.2.20 billion from local sources, and had Kshs.906.24 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.2.20 billion was an improvement from Kshs.1.82 billion

collected in FY 2013/14 and accounted for 79.8 per cent of the annual local revenue target. **Figure 126** shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 126: Nakuru County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Nakuru County Treasury*

During the reporting period, the County accessed **Kshs.8.46 billion** from the CRF, which was 76.4 per cent of the Approved Budget, an improvement from 61.8 per cent when compared to FY 2013/14. This amount consisted of Kshs.6.84 billion (80.8 per cent) for recurrent expenditure and Kshs.1.63 billion (19.2 per cent) for development activities.

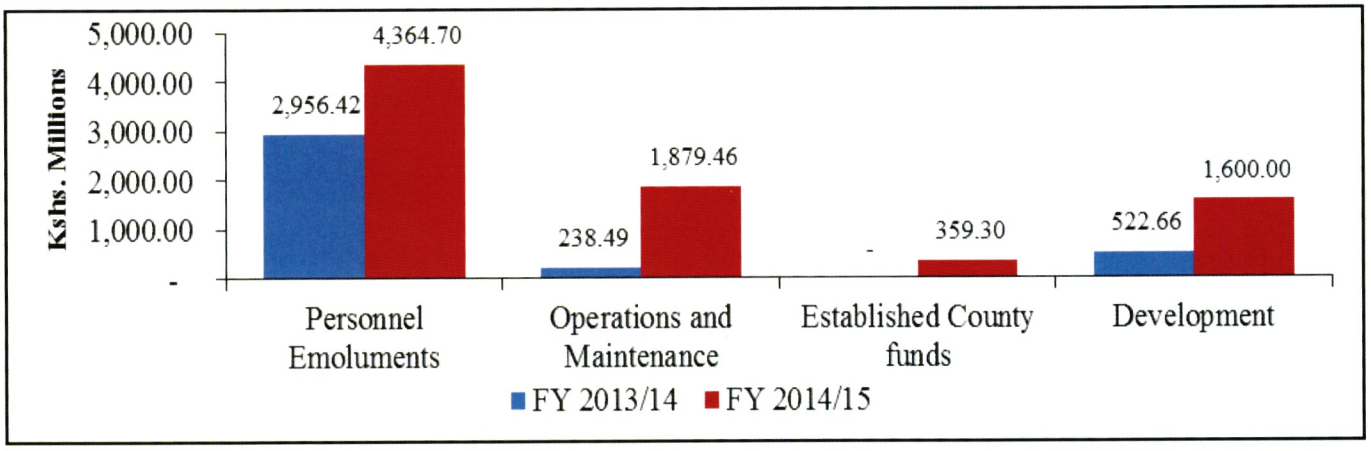
The County spent a total of Kshs.8.20 billion during FY 2014/15 which translated to 96.9 per cent of the total funds released for operations, and an improvement from the Kshs.5.86 billion spent in FY 2013/14. A total of Kshs.6.60 billion (80.0 per cent) was spent on recurrent activities while Kshs.1.60 billion (20.0 per cent) was spent on development activities. Recurrent expenditure was 97.0 per cent of the funds released for recurrent activities while development expenditure accounted for 98.0 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.2.01 billion for development activities and Kshs.454.48 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **90.0 per cent**, a decrease from **91.9 per cent** realized in FY 2013/14 while development

expenditure recorded an absorption rate of **43.2 per cent**, an improvement from **16.5 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.6.60 billion shows that the County spent Kshs.4.36 billion (53.2 per cent) on personnel emoluments and Kshs.2.09 billion (25.4 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 53.2 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.2.96 billion. The increase in expenditure on personnel emoluments has been attributed to recruitments of 11 sub County administrators and their deputies, 55 ward administrators and recruitment of other staff. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 127.

Figure 127: Nakuru County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Nakuru County Treasury*

A breakdown of recurrent expenditure by department shows that Office of the Governor and deputy Governor attained the highest absorption rate of its recurrent budget at 140.7 per cent. On the other hand ICT and E-government department had the lowest absorption rate at 42.3 per cent. A breakdown of development expenditure by department reveals that the County Assembly had the highest absorption rate of its development budget at 88.4 per cent while the department of Finance and Economic Planning recorded the lowest rate of 6.7 per cent. Table 35 shows a summary of expenditure by department.

Table 35: Nakuru County, FY 2014/15 Budget and Expenditure by Department

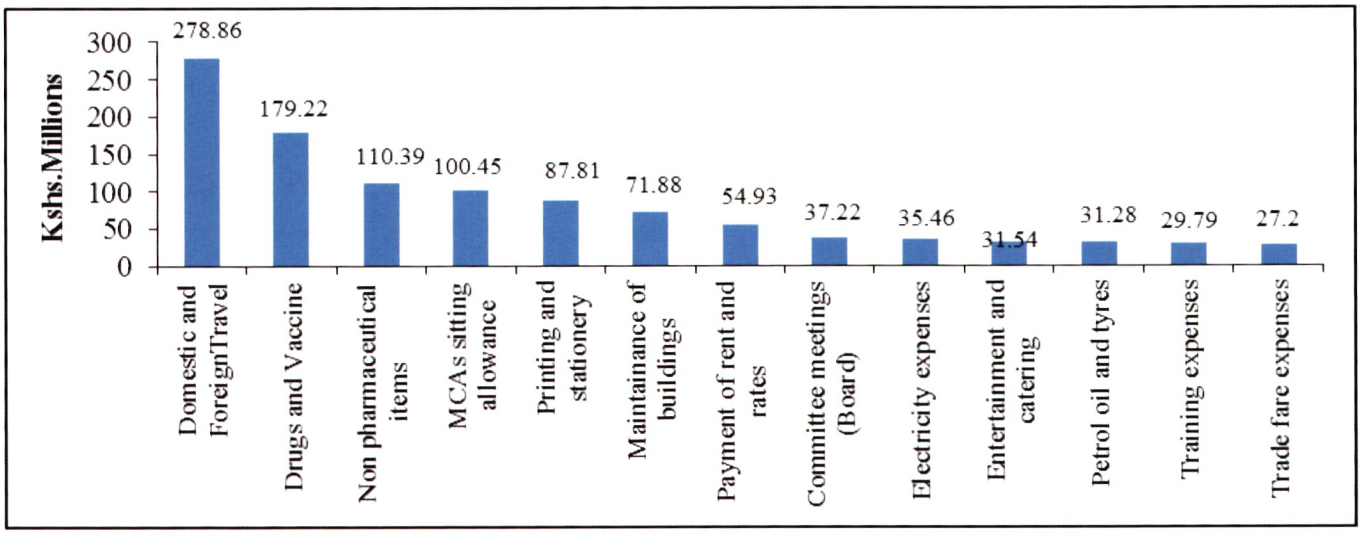
Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	177.98	37.56	238	5	250.35	10.50	105.1	210.0	140.7	28.0
County Assembly	748.12	302.50	743.10	296.92	705.01	267.45	94.9	90.1	94.2	88.4
Finance and Economic Planning	816.82	202.20	846.08	202.20	701.80	13.57	82.9	6.7	85.9	6.7
Public Service Management	607.08	6.00	627.71	-	570.87	2.50	90.9	-	94.0	41.7
Education, Sport, Youth & culture	483.22	564.45	321.81	147.52	273.84	152.09	85.1	103.1	56.7	26.9
ICT & E-Government	53.78	53.82	32.03	13.70	22.74	16.57	71.0	121.0	42.3	30.8
Health and Sanitation	3,199.47	676.06	2,866.95	212.11	3,084.89	177.51	107.6	83.7	96.4	26.3
Roads and Public Works	299.40	1,046.27	268.98	473.70	220.12	636.12	81.8	134.3	73.5	60.8
Lands, Housing & Physical planning	103.05	149.37	82.89	34.48	76.23	52.55	92.0	152.4	74.0	35.2
Public Service Board	92.14	-	56.61	-	41.86	-	74.0	-	45.4	-
Trade, Energy, Industrialization and Tourism	119.91	232.85	85.29	72.71	62.34	70.57	73.1	97.1	52.0	30.3
Environment and Natural Resources	313.21	306.18	297.88	98.09	228.89	124.91	76.8	127.4	73.1	40.8
Agriculture livestock & Fisheries	363.28	130.32	370.95	73.11	364.63	75.89	98.3	103.8	100.4	58.2
Total	**7,377**	**3,708**	**6,839**	**1,630**	6,603.59	1,600.23	96.6	98.2	89.5	43.2

Source: *Nakuru County Treasury*

The County spent Kshs.100.45 million on sitting allowances to the 74 MCAs, representing an absorption rate of 98.5 per cent of the annual MCA sitting allowance budget, an increase from Kshs.76.56 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.150,826 compared to SRC recommended ceilings of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.278.86 million compared to Kshs.357.73 million in FY 2013/14, representing a decrease of 22.1 per cent. This expenditure comprised of Kshs.137.80 million by the County Executive and Kshs.127.86 million by the County Assembly. A breakdown of top 15 operations and maintenance expenditure for FY 2014/15 is shown in Figure 128.

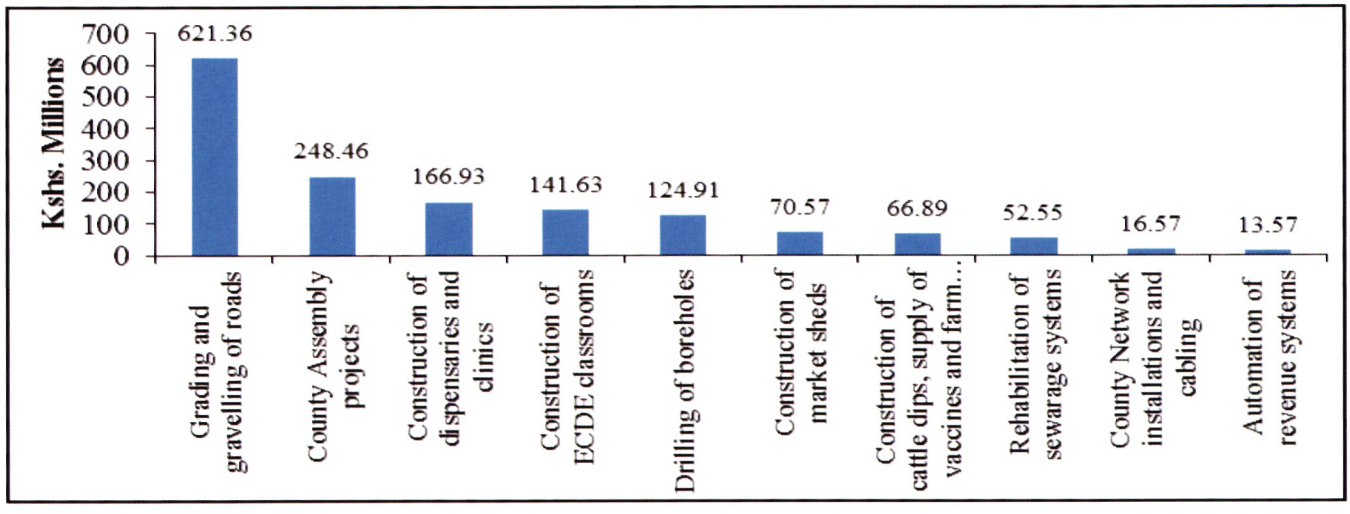
Figure 128: Nakuru County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Nakuru County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.621.36 million which was spent on grading, gravelling and gravelling of roads. A total of 1000 kilometres of roads were graded and another 500 kilometres of road were gravelled across the 55 wards in the County. The second highest expenditure of Kshs.248.46 million was County Assembly. A total of Kshs. 170 million was transferred to Car loan and mortgages fund, out of which members of the County Assembly accessed a total of Kshs.99.09 million. In addition County Assembly constructed speaker's house at a cost of Kshs.41.28 million. Figure 129 provides the details of development expenditure during FY 2014/15.

Figure 129: Nakuru County, FY 2014/15 Analysis of Development Expenditure



Source: *Nakuru County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 43.2 per cent from 16.5 per cent in the previous financial year.

(ii) Improvement in local revenue collection 20.88 per cent from Kshs.1.82 billion in FY 2013/14 to Kshs.2.2 billion in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Compliance with budgetary timelines.

However, the following challenges continued to hamper effective budget implementation:

1. Lack of Internal Audit Committee contrary to Section 155(5) of the PFMA, 2012.
2. Large commitments by County Government entities that exceeded budget allocations.
3. Consolidation of personnel emolument costs for all the rest of the County entities under some departments.

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

1. *Establish an Internal Audit Committee as per section 155(5) of the PFM Act, 2012 to oversee operations of the internal audit department.*
2. *All County entities should limit commitments to the budget ceilings based on the County Appropriation Act.*
3. *The County Treasury should ensure that staff emoluments are reported by department.*

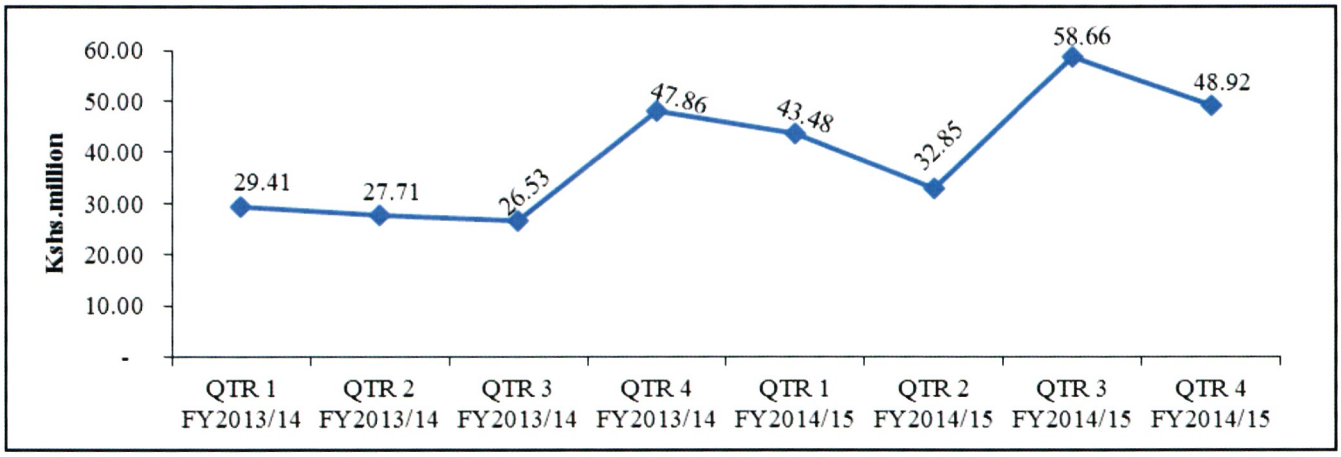
Nandi County

During FY 2014/15, the Approved Budget for Nandi County was Kshs.5.19 billion, with Kshs.2.71 billion (52.2 per cent) allocated to recurrent expenditure and Kshs.2.48 billion (47.8 per cent) to development. The budget allocation and expenditure by department is shown in Table 36. To finance this budget, the County expected to receive Kshs.4.06 billion (77.2 per cent) as transfers from the National Government, collect Kshs.456.1 million (8.6 per cent) from local sources, receive a conditional grant of Kshs.15.93 million (0.3 per

cent) from DANIDA, and Kshs.730 million (13.9 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.16 billion from the National Government as direct transfer to the CRF account, raised Kshs.183.90 million from local sources, and had Kshs.730 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.183.90 million was an improvement from Kshs.131.51 million collected in FY 2013/14 and accounted for 40.3 per cent of the annual local revenue target. Figure 130 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 130: Nandi County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Nandi County Treasury*

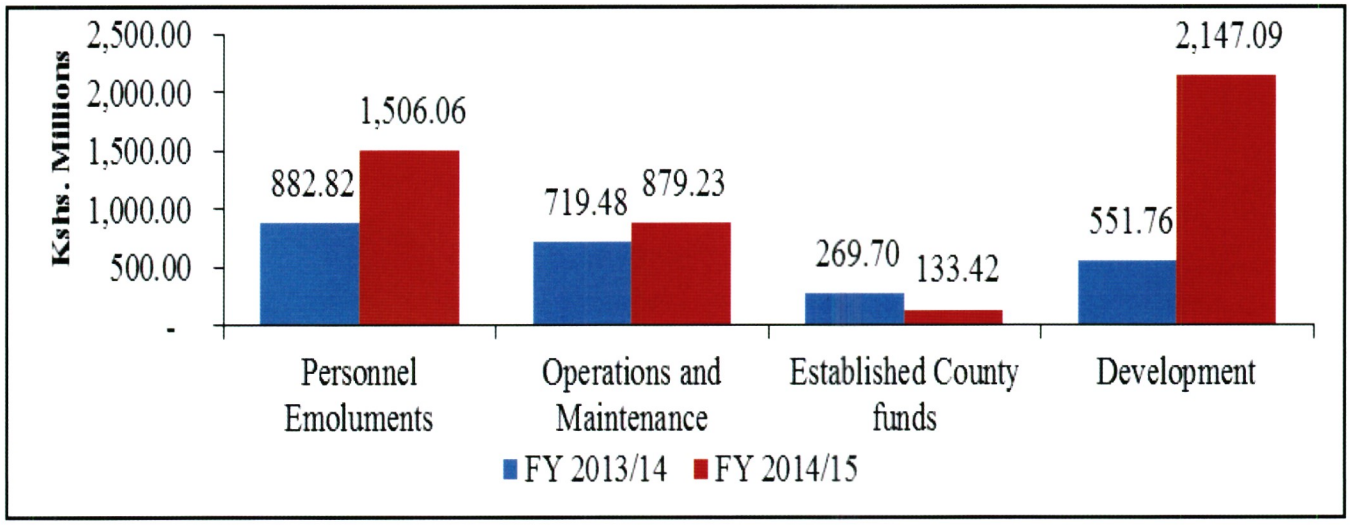
During the reporting period, the County accessed **Kshs.4.67 billion** from the CRF, which was 90.0 per cent of the Budget, an improvement from 75.0 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.40 billion (51.4 per cent) for recurrent expenditure and Kshs.2.27 billion (48.6 per cent) for development activities.

The County spent a total of Kshs.4.67 billion during FY 2014/15 which translated to 99.9 per cent of the total funds released for operations, and an improvement from the Kshs.2.42 billion spent in FY 2013/14. A total of Kshs.2.40 billion (51.4 per cent) was spent on recurrent activities while Kshs.2.27 billion (48.6 per cent) was spent was spent on development activities. Recurrent expenditure was 99.9 per cent of the funds released for recurrent activities while development expenditure accounted for 99.9 per cent of the funds released for development activities. The expenditure does not include pending bills, which were Kshs.81.63 million for development activities and Kshs.127.54 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **99.9 per cent,** an increase from **70.9 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **99.9 per cent**, an improvement from **84.9 per cent** realized in FY 2013/14.

Analysis of the total recurrent expenditure of Kshs.2.40 billion shows that the County spent Kshs.1.51 billion (62.9 per cent) on personnel emoluments and Kshs.893.02 million (37.1 per cent) on operations and maintenance. Expenditure on personnel emoluments accounted for 32.3 per cent of total expenditure and has increased significantly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.882.82 million. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 131.

Figure 131: Nandi County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Nandi County Treasury*

A breakdown of expenditure by department shows that, the County Assembly attained the highest absorption rate of recurrent budget at 97.8 per cent while the Trade, Industrialization and Tourism Department recorded the lowest absorption rate on recurrent budget at 59.8 per cent. The Health Services Department attained the highest absorption rate of development budget at 112.7 per cent while the County Assembly had the lowest absorption rate of development budget at 36.5 per cent. Table 36 shows a summary of expenditure by department.

Table 36: Nandi County, FY 2014/15 Budget and Expenditure by Department

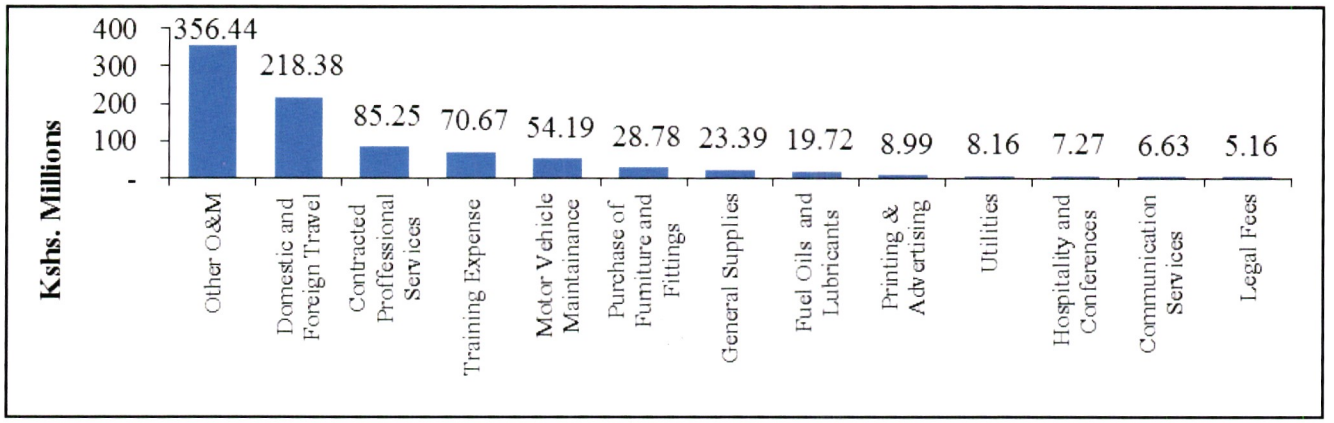
Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of Expenditure to Exchequer Issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	244.2	186.1	225.0	179.1	227.1	174.2	101.0	97.3	93.0	93.6
Finance and Economic Planning	548.7	49.0	493.8	34.7	503.9	37.2	102.1	107.2	91.8	76.0
Education, Sport, Youth & ICT	162.1	168.4	93.7	167.5	132.9	166.5	141.9	99.4	82.0	98.9
Health Services	691.8	364.3	596.2	364.0	656.5	410.6	110.1	112.8	94.9	112.7
Gender, Culture & Social Development	70.9	124.1	64.2	124.1	47.1	84.6	73.3	68.2	66.5	68.2
Public Works, Roads and Transport	159.5	741.0	139.2	660.7	123.1	668.0	88.4	101.1	77.2	90.2
County Assembly	363.8	60.0	354.5	60.0	355.7	21.9	100.4	36.5	97.8	36.5
Lands, Housing & Physical planning	84.9	114.4	72.4	109.4	61.7	97.5	85.2	89.1	72.6	85.2
Trade, Industrialization and Tourism	82.7	158.0	70.8	141.5	49.4	145.8	69.8	103.0	59.8	92.2
County Public Service Board	37.1		36.5		24.2		66.3	0.0	65.3	0.0
Agriculture	214.3	95.3	208.8	95.3	184.8	70.2	88.5	73.7	86.2	73.7
Water, sanitation & natural resources	47.3	422.6	45.3	335.8	32.7	390.2	72.0	116.2	69.1	92.3
TOTAL	**2,707.2**	**2,483.2**	**2,400.3**	**2,272.2**	**2,399.1**	**2,266.7**	**99.9**	**99.8**	**88.6**	**91.3**

Source: *Nandi County Treasury*

The County spent Kshs.43.82 million on sitting allowances to the 49 MCAs, representing an absorption rate of 49.0 per cent of the annual MCA sitting allowance budget, a decline from Kshs.46.18 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.74,524 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.218.38 million compared to Kshs.155.41 million in FY 2013/14, representing an increase of 40.5 per cent. This expenditure comprised of Kshs.173.87 million by the County Executive and Kshs.44.51 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 132.

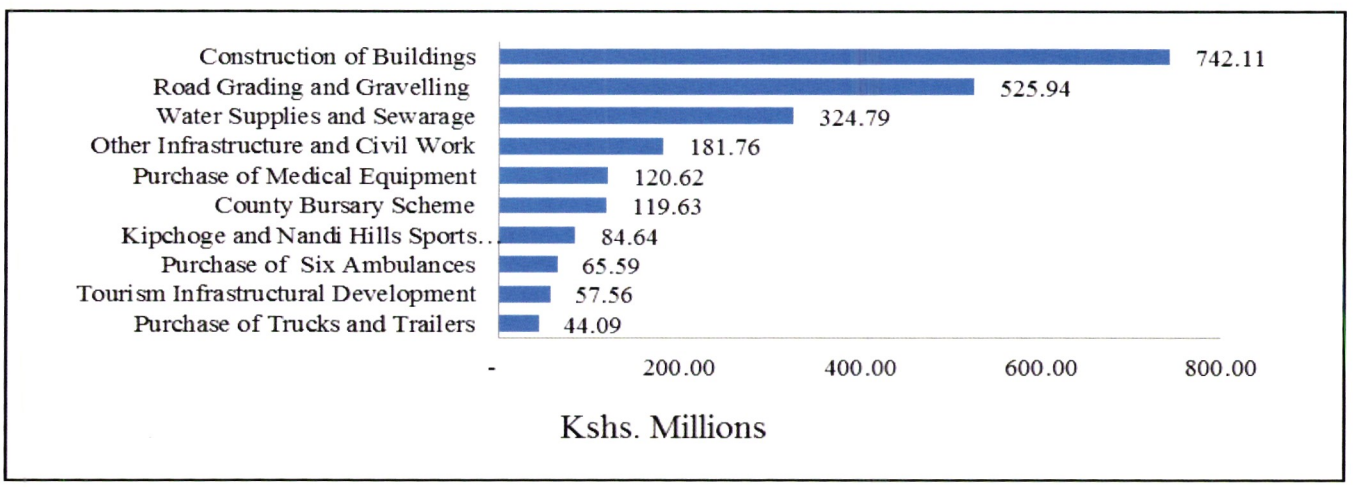
Figure 132: Nandi County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Nandi County Treasury*

Analysis of the development expenditure indicates that construction of buildings had the highest expenditure of Kshs.742.11 million. The second highest expenditure of Kshs.525.94 million was on grading and gravelling of roads. A total of 1,303 kilometres of roads were gravelled across the 30 wards. Furthermore, the County constructed 3 bridges, 2 vented drifts, a foot bridge and 4 kilometres of tarmac road. Figure 133 provides details of development expenditure for FY 2014/15.

Figure 133: Nandi County, FY 2014/15 Analysis of Development Expenditure



Source: *Nandi County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These include:--

(i) Improvement in absorption of development funds to 99.9 per cent from 84.9 per cent in the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Embracing use of IFMIS to process financial transactions.

(iv) Establishment of an audit committee to enhance financial operations oversight.

However, the following challenges continued to hamper effective budget implementation:

1. Lack of Project management teams to oversee the implementation of development projects.
2. Huge wage bill, which might not be sustainable.
3. Low performance of local revenue collection, which stood at 40.3 per cent of the annual revenue target in the FY 2014/15.

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

1. *In order to ensure effective project implementation, the county should establish project management teams to enhance monitoring and evaluation of development projects.*
2. *The County should liaise with National Government to address the rising wage bill.*
3. *The County Treasury should set realistic revenue targets and devise mechanism to enhance local revenue.*

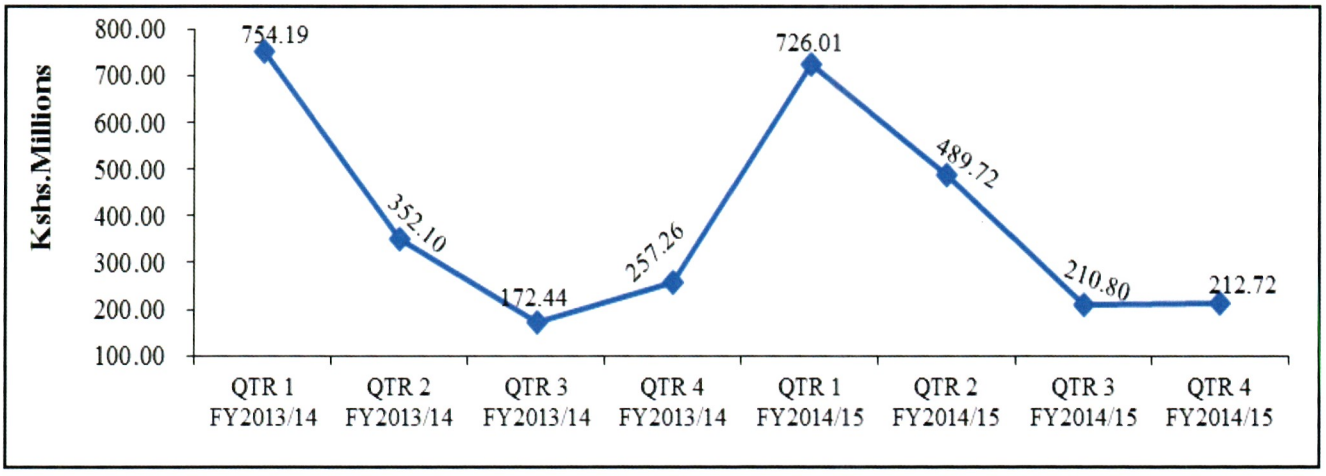
Narok County

During FY 2014/15, the Budget for Narok County was Kshs.8.03 billion, with Kshs.5.00 billion (62.3 per cent) allocated to recurrent expenditure and Kshs.3.03 billion (37.7 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 37. In order to finance the budget, the County expected to receive Kshs.4.63 billion (57.7 per cent) as transfers from the National Government, collect Kshs.3.37 billion (42.0 per cent) from local sources, receive a conditional grant of Kshs.15.51 million (0.3 per cent) from DANIDA, and Kshs.356.10 million as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.63 billion from the National Government as direct transfer to the CRF account, raised Kshs.1.64 million from local sources, and had Kshs.356.10 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 was Kshs.1.64 billion which is an improvement from Kshs.1.54 billion collected in FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 48.7 per cent of the annual local revenue target. Figure 134 shows the trend of local revenue

collection by quarter for FY 2013/14 and FY 2014/15.

Figure 134: Narok County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Narok County Treasury*

During the reporting period, the County accessed **Kshs.6.39 billion** from the CRF, which was 79.6 per cent of the Approved Budget, an improvement from 64.6 per cent when compared to FY 2013/14. This amount consisted of Kshs.4.35 billion (68.1 per cent) for recurrent expenditure and Kshs.2.04 billion (31.9 per cent) for development activities.

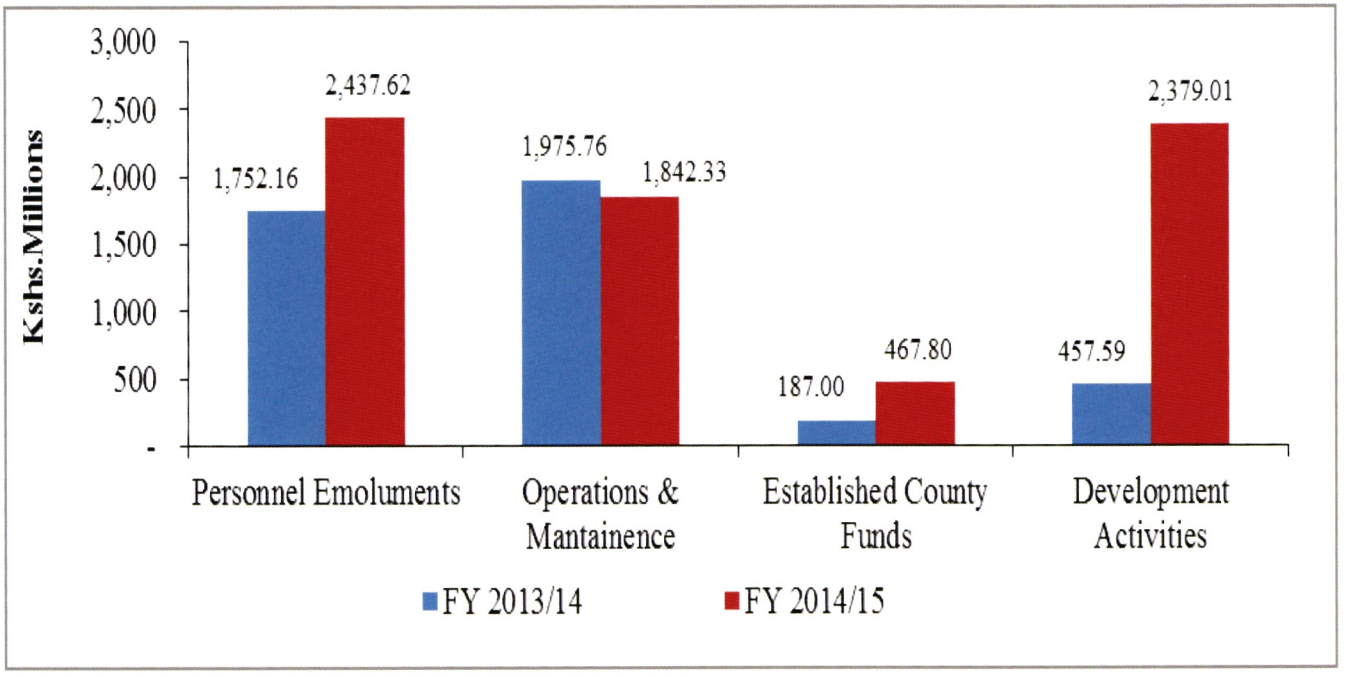
The County spent a total of Kshs.6.66 billion during FY 2014/15 which translated to 103.6 per cent of the total funds released for operations, and an increase from the Kshs.4.23 billion spent in FY 2013/14. A total of Kshs.4.28 billion (64.3 per cent) was spent on recurrent activities while Kshs.2.38 billion (35.7 per cent) was spent was spent on development activities. Recurrent expenditure was 98.4 per cent of the funds released for recurrent activities while development expenditure accounted for 116.7 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.519.71 million for development activities and Kshs.59 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **85.6 per cent**, an increase from **71.8 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **78.5 per cent**, an improvement from **22 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.4.28 billion shows that the County spent Kshs.2.44 billion (57.0 per cent) on personnel emoluments and Kshs.1.84 billion (43.0 per

cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 36.7 per cent of total expenditure and has increased significantly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.1.75 billion because of increased employment and implementation of a collective bargaining agreement on salary increase to unionisable employees. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 135.

Figure 135: Narok County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Narok County Treasury*

A breakdown of expenditure by department shows that the department of Health and Sanitation attained the highest absorption rate of its recurrent budget at 92.1 per cent. The office of the Governor attained the highest absorption rate of its development budget at 384.3 per cent. This is attributed to the fact that funds requisitioned for other departments were diverted to fund activities under the Office of the Governor. The Environment, Energy, Water and Natural Resources department had the lowest absorption rate of its recurrent budget at 8.1 per cent while the department of Lands, Housing and Urban Development had the lowest absorption rate of its development budget at 4.5 per cent. Table 37 shows a summary of expenditure by department.

Table 37: Narok County, FY 2014/15 Budget and Expenditure by Department

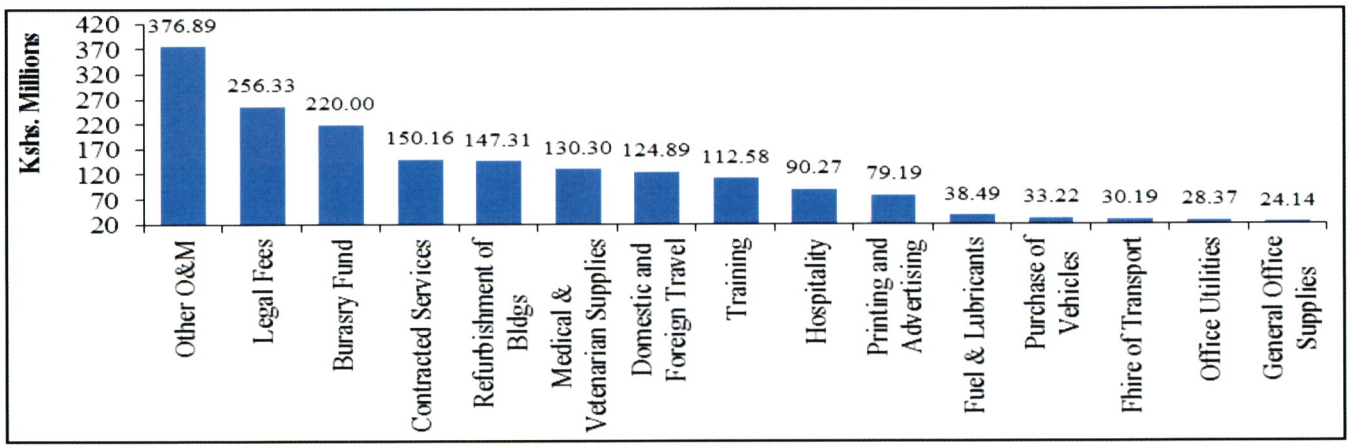
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	356.18	284	354.59	163	283.78	159.78	80.0	98.0	79.7	56.3
Office of the Governor	2,653.28	50	2,333.36	20.2	2,434.25	192.15	104.4	951.2	91.7	384.3
Finance & Economic Planning	324.25	283	204.48	283	272.37	250.07	133.2	88.4	84.0	88.4
Transport, Roads & Infrastructure	37.85	1,539	37.85	1,199	21.27	1,288.7	56.2	107.5	56.2	83.7
Education, Youth, Sports, Culture & Social services	385.94	342.5	352.44	227.1	303.87	272.71	86.2	120.1	78.7	79.6
Environment, Energy, Water & Natural resources	26.24	161.88	26.24	55	2.12	139.75	8.1	254.1	8.1	86.3
County public service Board	55.82	0	55.42	0	45.49	0	82.1	0.0	81.5	0.0
Agriculture, Livestock & Fisheries	149.32	166.5	143.36	33	95.32	30.65	66.5	92.9	63.8	18.4
Health & Sanitation	835.07	20	710.48	20	769.15	5	108.3	25.0	92.1	25.0
Land, housing, Urban Development	33.74	160	33.74	26.5	22	7.27	65.2	27.4	65.2	4.5
ICT & E-Government	12.06	10	12.04	10	1.45	7.27	12.0	72.7	12.0	72.7
Tourism, Wildlife, Trade, Industrialization & Cooperatives	131.1	15	88.71	2.7	51.17	3.4	57.7	125.9	39.0	22.7
Total	**5,000.85**	**3,031.88**	**4,352.71**	**2,039.50**	**4,302.24**	**2,356.71**	**98.9**	**115.6**	**86.0**	**77.7**

Source: *Narok County Treasury*

The County spent Kshs.39.23 million on sitting allowances to the 48 MCAs, representing an absorption rate of 94.8 per cent of the annual MCA sitting allowance budget, an increase from Kshs.28.77 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.68,124 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.138.97 million compared to Kshs.284.85 million in FY 2013/14, representing a decrease of 51.3 per cent. This expenditure comprised of Kshs.124.89 million by the County Executive and Kshs.14.09 million by the County Assembly. However, the office established that some expenditure relating to domestic and foreign travel by the County Assembly was erroneously charged to Refurbishment of Residential Buildings. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 136.

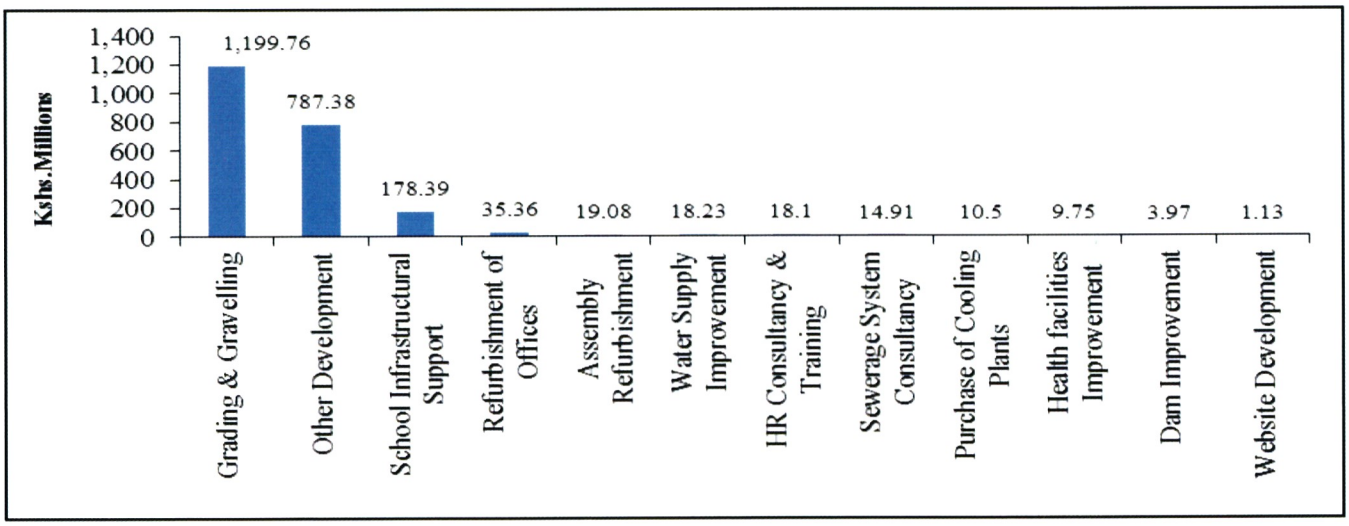
Figure 136: Narok County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Narok County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Transport and Public works department had the highest expenditure of Kshs.1.20 billion which was spent on grading and gravelling of roads. The second highest expenditure of Kshs.179.39 million was incurred by the department of Education on school infrastructural support programme. A breakdown of development expenditure is shown Figure 137.

Figure 137: Narok County, FY 2014/15 Analysis of Development Expenditure



Source: *Narok County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 78.5 per cent from 22 per cent in the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Expenditure by some county entities exceeded their approved budget allocations.
2. Erroneous classification of expenditure resulting in underreporting of some expenditure such as the County Assembly foreign and domestic travel costs.
3. Expenditure by County entities such as Office of Governor, Department of Finance & Planning, Department Health, Transport, and Education, exceeded their budgetary allocations.
4. Low revenue collection, which stood at 48.7 per cent of the annual local revenue target.

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

1. *The county should ensure that expenditure does not exceed the approved budget allocations. Incase of any reallocations, these should be regularized through a supplementary budget before end of the financial year.*
2. *The County Treasury should ensure that all expenditure is appropriately classified as per the GFS coding structure.*
3. *The County Treasury should maintain a Vote Book to appropriately control exchequer issues to the departments. This will minimize instances where some departments incur expenditure in excess of their budgetary allocations.*
4. *The County Treasury should provide realistic local revenue targets based on historical performance as well as come up with measure to improve local revenue performance.*

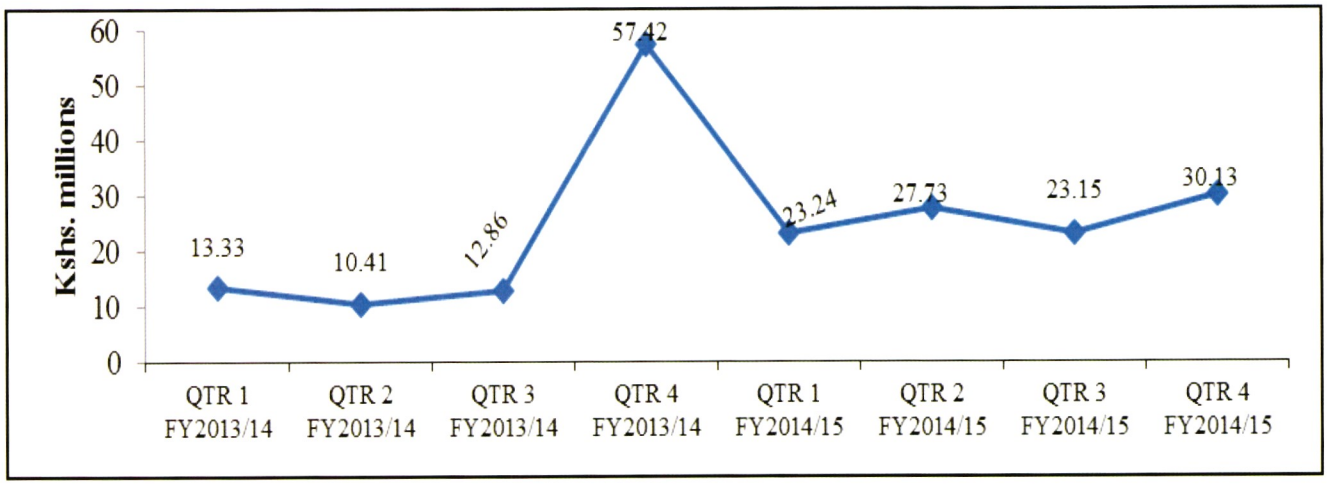
Nyamira County

During FY 2014/15, the Approved Budget for Nyamira County was Kshs.4.67 billion, with Kshs.2.71 billion (58.1 per cent) allocated to recurrent expenditure and Kshs.1.95 billion (41.9 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 38. In order to finance the budget, the County expected to receive Kshs.3.61 billion (77.2 per cent) as transfers from the National Government, collect Kshs.219.05 million (4.7 per cent) from local sources, receive a conditional grant of

Kshs.21.54 million (0.5 per cent) from DANIDA, and Kshs.823.29 million (17.6 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.62 billion from the National Government as direct transfers to the CRF account, raised Kshs.104.20 million from local sources, and had Kshs.823.29 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.104.20 million was an improvement from Kshs.94.02 million collected in FY 2013/14 and accounted for 47.6 per cent of the annual local revenue target. Figure 138 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 138: Nyamira County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Nyamira County Treasury*

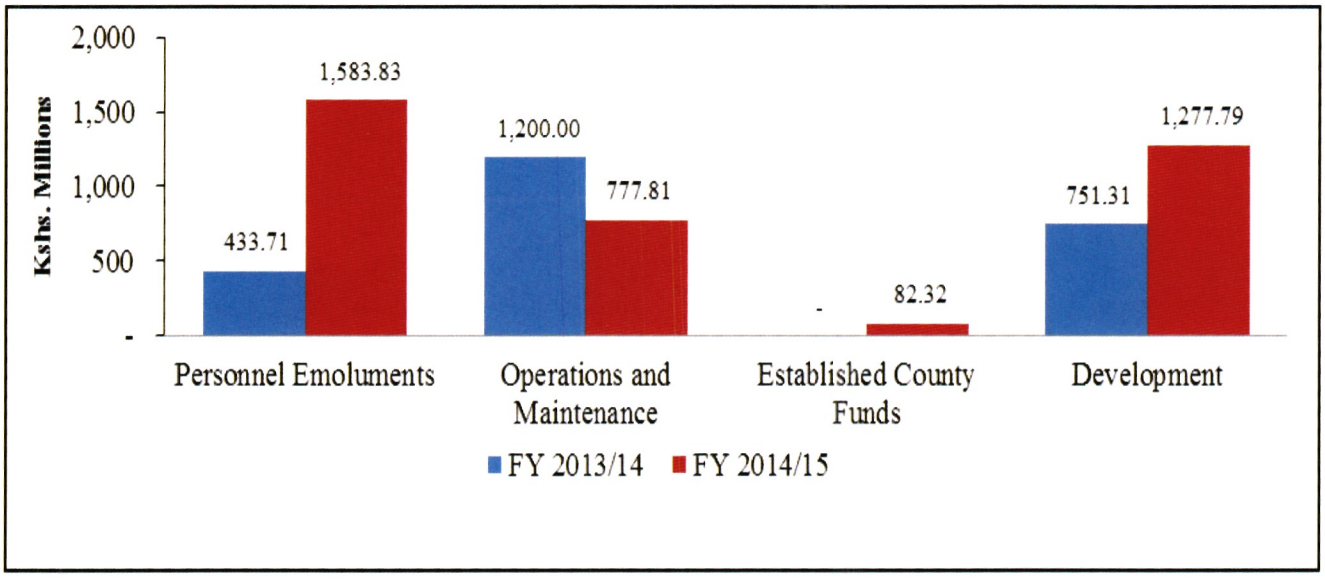
During the reporting period, the County accessed **Kshs.3.62 billion** from the CRF, which was 77.5 per cent of the Supplementary Budget, an improvement from 72.2 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.58 billion (71.4 per cent) for recurrent expenditure and Kshs.1.03 billion (28.6 per cent) for development activities.

The County spent a total of Kshs.3.62 billion which translated to 100.0 per cent of the total funds released, and an improvement from the Kshs.2.40 billion spent in FY 2013/14. A total of Kshs.2.36 billion (64.8 per cent) was spent on recurrent activities while Kshs.1.27 billion (35.1 per cent) was spent was spent on development activities. Recurrent expenditure was 91.2 per cent of the funds released for recurrent activities while development expenditure accounted for 123.4 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.187.96 million for development activities and Kshs.215.38 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **86.8 per cent**, increase from **69.0 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **65.2 per cent**, an improvement from **31.2 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.36 billion shows that the County spent Kshs.1.58 billion (67.1 per cent) on personnel emoluments and Kshs.777.81 million (32.9per cent) on operations and maintenance. Expenditure on personnel emoluments accounted for 33.8 per cent of total expenditure and has increased significantly in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.433.71 million. A comparison of the total expenditure between the period under review and the same period last financial year is shown in Figure 139 below.

Figure 139: Nyamira County, FY 2013/14 and FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Nyamira County Treasury*

A breakdown of expenditure by department shows that County Assembly attained the highest absorption rate at 246.9 per cent of development expenditure. On the other hand Roads Transport and Public Works department had the lowest absorption rate at 53.7 per cent of recurrent expenditure. Table 38 shows a summary of expenditure by department.

Table 38: Nyamira County, FY 2014/15 Budget and Expenditure by Department

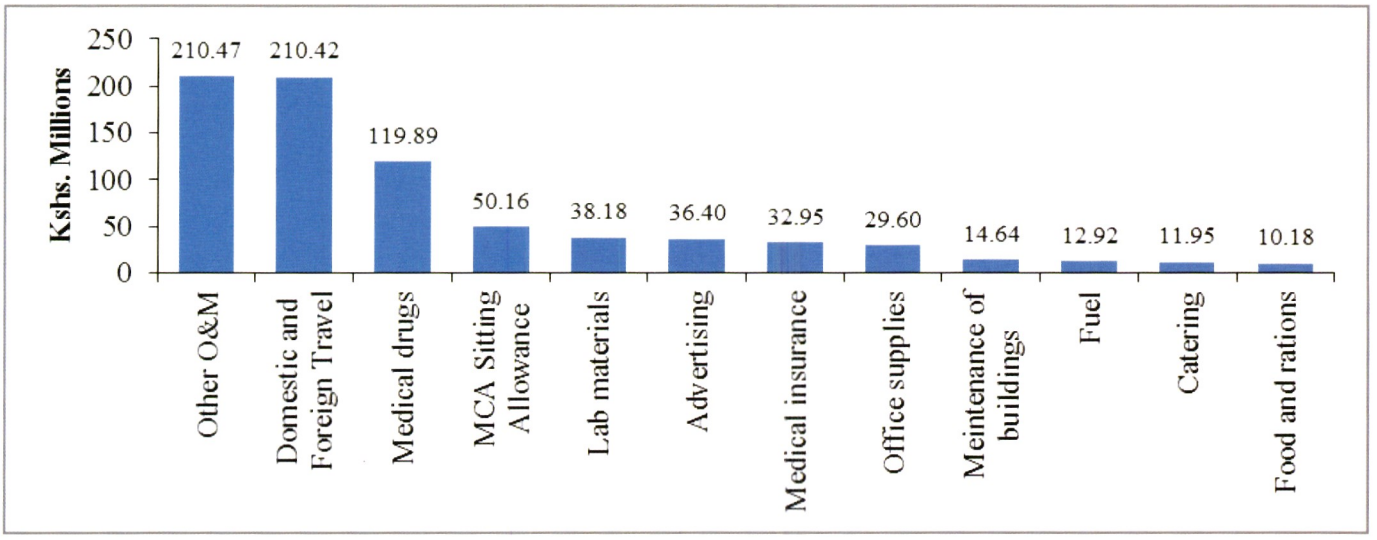
Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of Expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	250.08	39.22	279.2	0	262.06	96.87	93.9		104.8	247.0
Office of the Governor	696.57	82	537.49	0	620.49	111.83	115.4		89.1	136.4
Finance and Economic Planning	96.39	18.09	96.38	0	77.63	18.09	80.5		80.5	100.0
Agriculture	161.83	74	161.81	79.46	138.14	60.22	85.4	75.8	85.4	81.4
Environment, Energy and Natural resources	27.37	71.76	27.36	0	21.09	61.41	77.1		77.1	85.6
Education and ICT development	162.07	117.75	162.05	100.92	103.15	51.22	63.7	50.8	63.6	43.5
Health	1,053.21	345.06	1,053.20	245.34	941.99	208.31	89.4	84.9	89.4	60.4
Lands Housing and Physical Planning	44.36	32.17	44.33	22.27	27.62	29.24	62.3	131.3	62.3	90.9
Water Sanitation and Irrigation	67.78	184.64	67.76	152.02	55.02	80.29	81.2	52.8	81.2	43.5
Roads, Transport and Public Works	46.99	667.01	46.97	353.74	25.24	455.41	53.7	128.7	53.7	68.3
Trade, Tourism, Industrialization, and Cooperative Development	53.67	114.65	53.66	51.7	38.28	78.17	71.3	151.2	71.3	68.2
Youth, Sports, Gender, Culture and Social Services	58.98	36.52	58.98	30	50.86	26.68	86.2	88.9	86.2	73.1
Fund		176		68				0.0		0.0
Total	**2,719.35**	**1,958.91**	**2,589.23**	**1,035.47**	**2,361.57**	**1,277.79**	91.2	123.4	86.8	65.2

Source: *Nyamira County Treasury*

The County spent Kshs.50.19 million on sitting allowances to the 33 MCAs, representing an absorption rate of 73.8 per cent of the annual MCA sitting allowance budget, an increase from Kshs.38.78 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.126,700 compared to the SRC recommended ceilings of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.210.42 million compared to Kshs.289.72 million in FY 2013/14, representing a decrease of 27.3 per cent. This expenditure comprised of Kshs.151.57 million by the County Executive and Kshs.58.84 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 140.

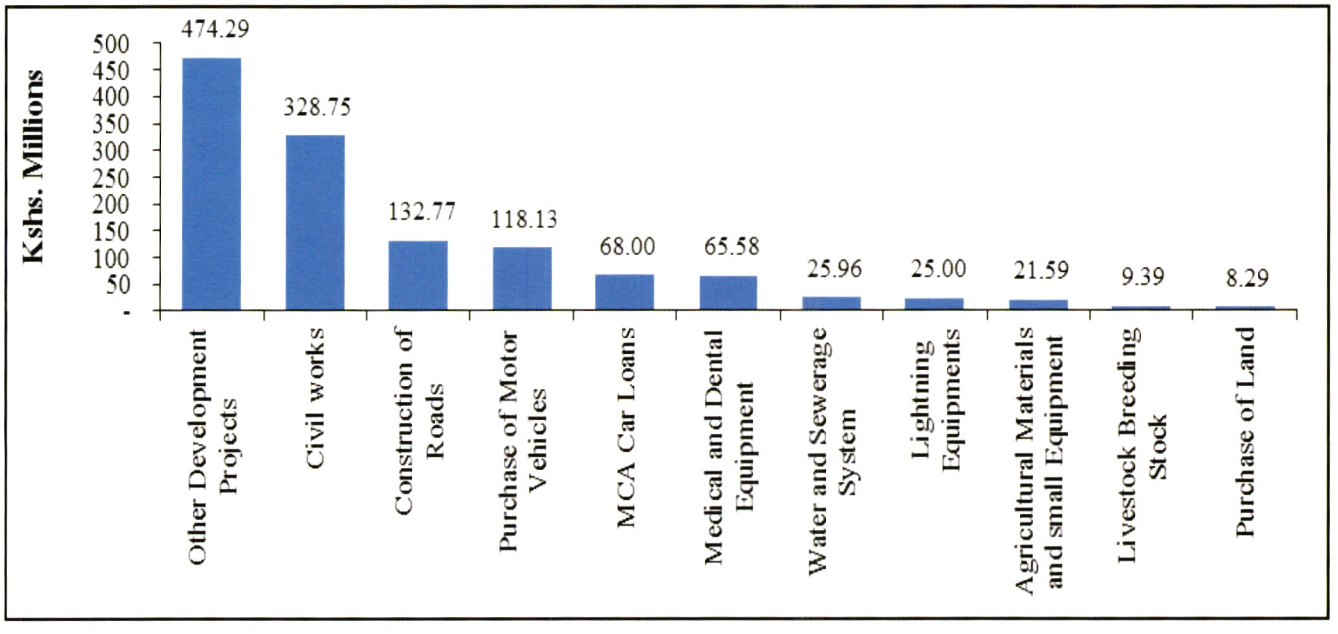
Figure 140: Nyamira County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Nyamira County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department registered the highest expenditure of Kshs.328.75 million, which was spent on construction and civil works as well as the second highest expenditure of Kshs.132.77 million which was incurred on grading and gravelling of roads. The third largest expenditure of Kshs.118.13 million was incurred on purchase of motor vehicles which included project cars and tractors as shown in Figure 141 below.

Figure 141 : Nyamira County, FY 2014/15 Analysis of Development Expenditure



Source: *Nyamira County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 65.2 per cent from 31.2 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 10.62% from Kshs.94.2 million in FY 2013/14 to Kshs.104.2 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Designation of an administrator for each established County Fund in line with Section 116 of the PFM Act.

However, the following challenges continued to hamper effective budget implementation:

1. Failure by the County to develop a Supplementary Budget in time to capture emerging issues during the budget implementation process.
2. Diversion of exchequer issues to fund activities that were not captured in the approved work plan.

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

1. *The County should review the annual Budget from time to time and develop a Supplementary Budget as necessary.*
2. *The county should utilize approved exchequer issues on the expenditure items as per the requisition schedule. Incase of any reallocations , these should be regularized through a supplementary budget before end of the financial year.*

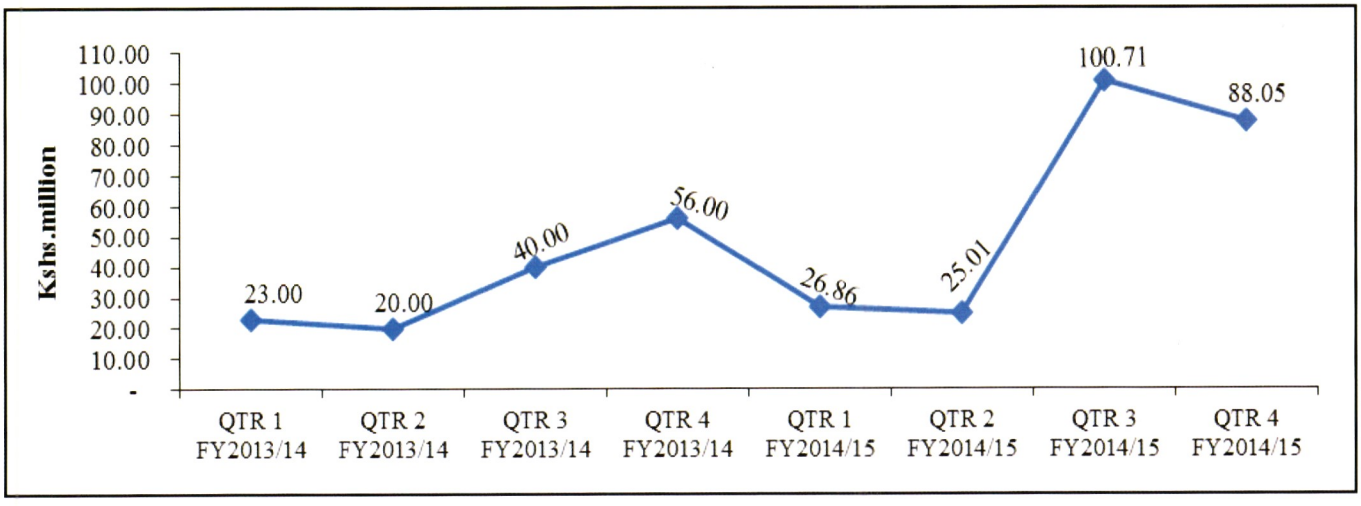
Nyandarua County

During FY 2014/15, the Approved Supplementary Budget for Nyandarua County was Kshs.4.45 billion, with Kshs.2.62 billion (58.9 per cent) allocated to recurrent expenditure

and Kshs.1.82 billion (41.1 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 39. In order to finance the budget, the County expected to receive Kshs.3.75 billion (84.4 per cent) as transfers from the National Government, collect Kshs.200 million (4.5 per cent) from local sources, receive a conditional grant of Kshs.16.48 million (0.4 per cent) from DANIDA, and Kshs.479.95 million (10.8 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.41 billion from the National Government as a direct transfer to the CRF account, raised Kshs.240.62 million from local sources, and had Kshs.479.95 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 was Kshs.240.62 million which is an improvement from Kshs.138.43 million collected in FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 120.31 per cent of the annual local revenue target. Figure 142 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 142: Nyandarua County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Nyandarua County Treasury*

During the reporting period, the County accessed **Kshs.4.13 billion** from the CRF, which was 92.7 per cent of the Approved Supplementary Budget, an improvement from 84.6 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.58 billion (62.4 per cent) for recurrent expenditure and Kshs.1.55 billion (37.5 per cent) for development activities.

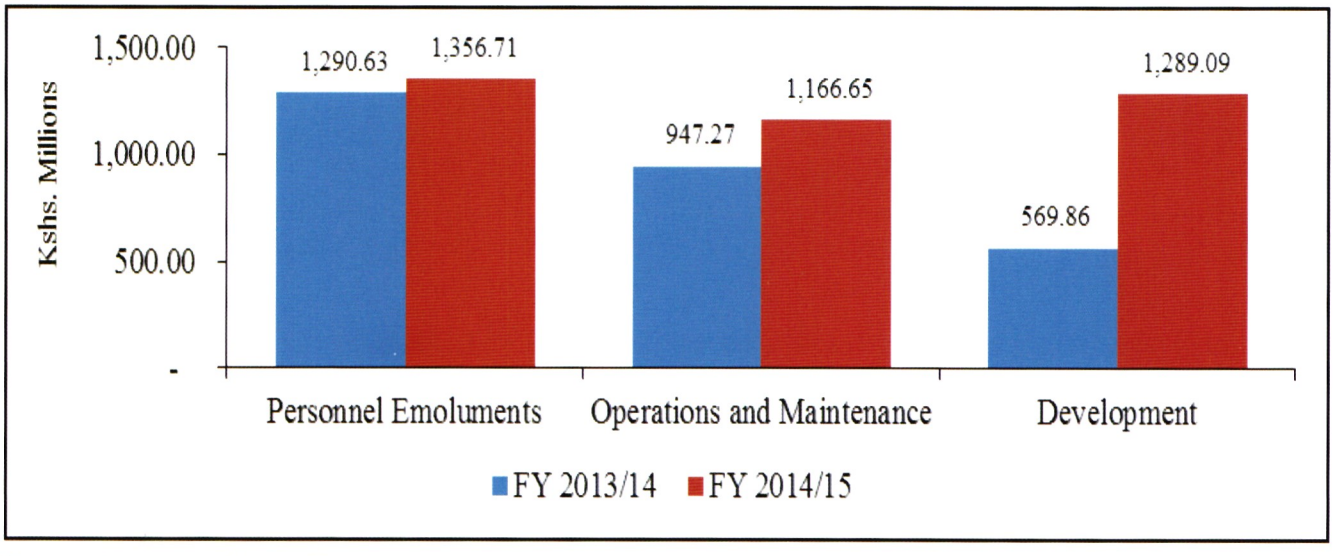
The County spent a total of Kshs.3.93 billion during FY 2014/15 which translated to 95.1

per cent of the total funds released for operations, and an improvement from the Kshs.2.88 billion spent in FY 2013/14. A total of Kshs.2.64 billion (67.2 per cent) was spent on recurrent activities while Kshs.1.29 billion (32.8 per cent) was spent was spent on development activities. Recurrent expenditure was 102.4 per cent of the funds released for recurrent activities while development expenditure accounted for 83.1 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.255.41 million for development activities and Kshs.152.39 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **100.6 per cent**, an increase from **99.6 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **70.5 per cent**, an improvement from **55.1 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.64 billion shows that the County spent Kshs.1.35 billion (51.3 per cent) on personnel emoluments and Kshs.1.28 billion (48.7 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 34.5 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.44.7 million. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 143.

Figure 143: Nyandarua County, Expenditure by Economic Classification



Source: *Nyandarua County Treasury*

A breakdown of expenditure by department shows that Legal and Public Service department attained the highest absorption rate at of its development budget at 100.0 per cent. On the other hand the department of ICT and E-government did not incur any development expenditure in spite of the fact that the department was issued approval by the OCOB to spend development funds. Table 39 shows a summary of expenditure by department.

Table 39: Nyandarua County, FY 2014/15 Budget and Expenditure by Department

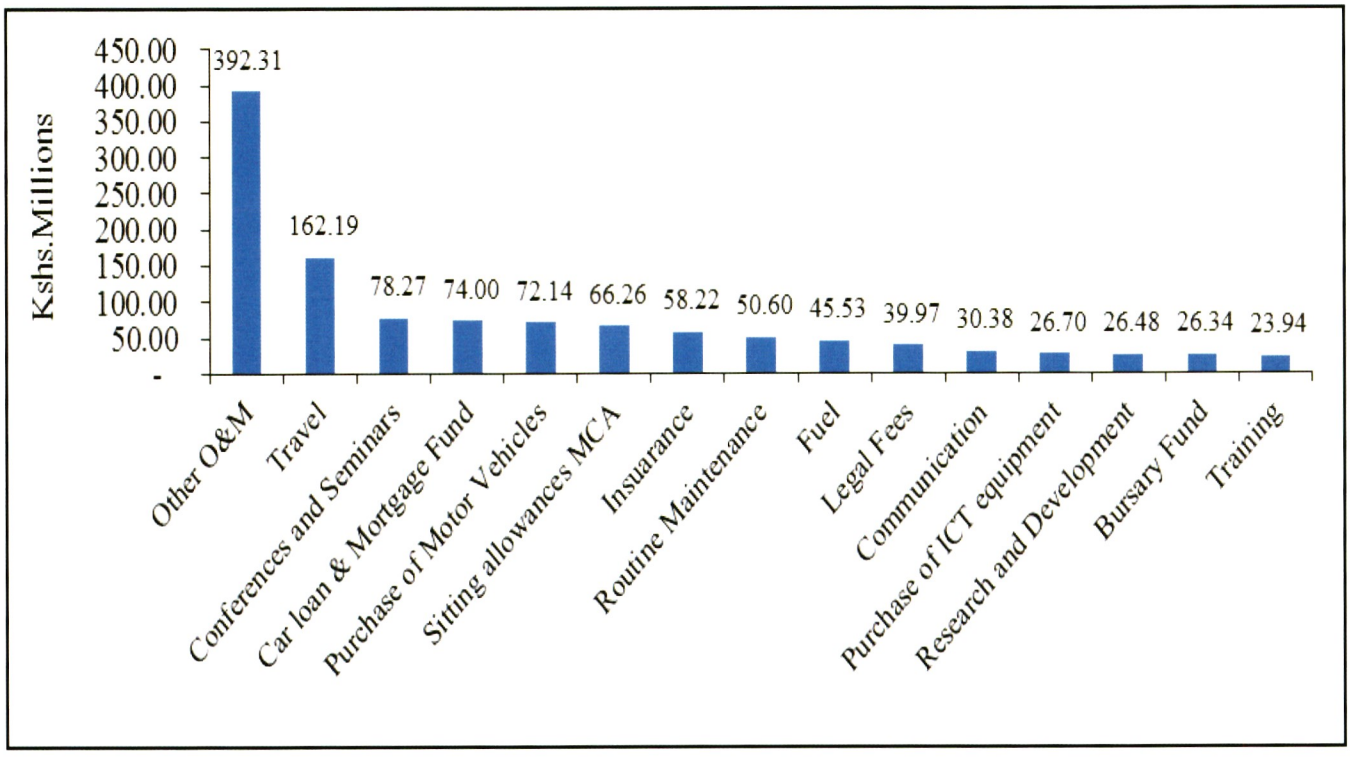
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Legal and Public Service	290.84	3.00	290.84	-	314.33	3.00	108.1		108.1	100.0
Finance & Economic Planning	393.59	111.79	348.59	111.79	341.77	21.48	98.0	19.2	86.8	19.2
Agriculture Livestock & Fisheries	264.49	190.22	264.49	159.91	269.47	163.85	101.9	102.5	101.9	86.1
Lands, Housing & Physical Planning	75.66	57.00	75.66	54.30	53.49	29.12	70.7	53.6	70.7	51.1
Roads Transport & Public Works	74.51	669.09	74.51	560.16	77.61	517.10	104.2	92.3	104.2	77.3
ICT & E-Government	53.52	11.00	53.52	11.00	48.89	-	91.3	0.0	91.3	0.0
Health Services	708.53	381.95	708.43	328.22	716.61	253.43	101.2	77.2	101.1	66.4
Education, Gender, Culture	147.61	63.83	147.61	59.65	177.75	57.90	120.4	97.1	120.4	90.7
Tourism Youth and Sports	10.59	34.88	10.59	29.58	14.71	34.15	138.9	115.4	138.9	97.9
Industrializa-tion Coop, tourism	64.12	52.57	64.12	45.66	66.31	10.59	103.4	23.2	103.4	20.1
Water & Environment	65.14	131.32	65.14	110.99	68.76	116.88	105.6	105.3	105.6	89.0
County Assembly	478.11	121.40	478.11	80.29	493.54	81.54	103.2	101.6	103.2	67.2
TOTAL	**2,626.71**	**1,828.05**	**2,581.61**	**1,551.55**	**2,643.24**	**1,289.04**	**102.4**	**83.1**	**100.6**	**70.5**

Source: *Nyandarua County Treasury*

The County spent Kshs.66.26 million on sitting allowances to the 42 MCAs which is inclusive of the County Assembly Service Board, representing an absorption rate of 112.1 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.54.84 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.175,298 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.162.19 million compared to Kshs.153.02 million in FY 2013/14, representing an increase of 56.5 per cent. This expenditure comprised of Kshs.99.41 million by the County Executive and Kshs.62.77 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 144.

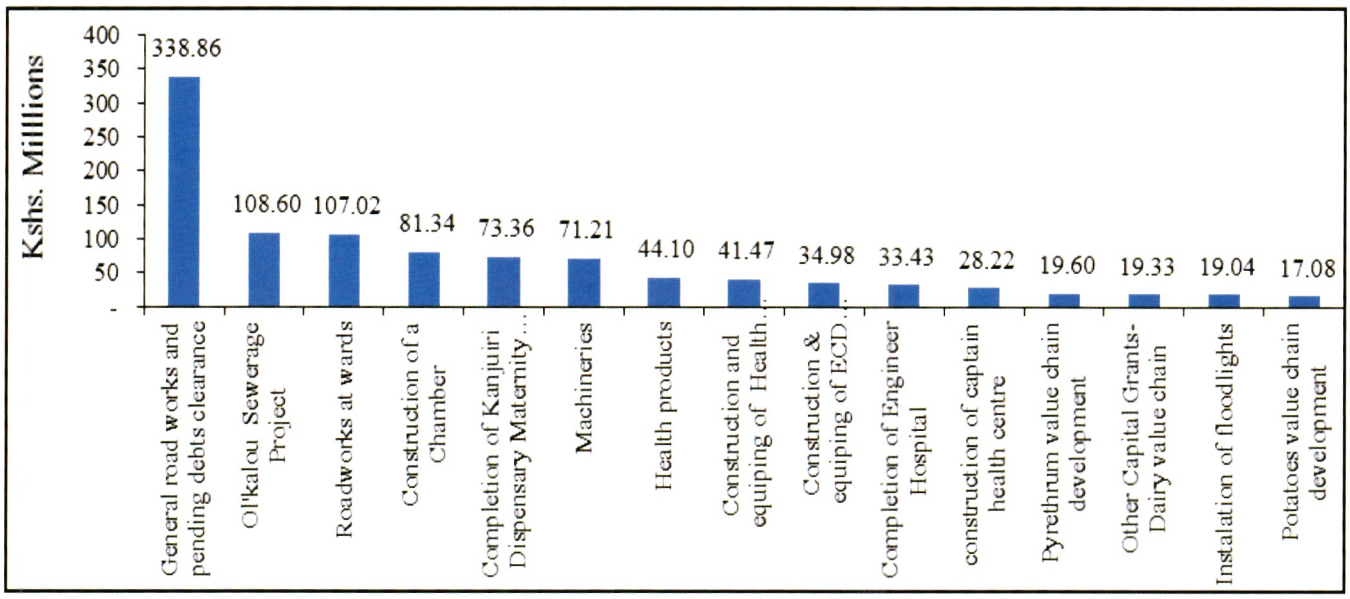
Figure 144: Nyandarua County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Nyandarua County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.517.1 million which was spent on grading and gravelling of roads across the 25 wards, payment of pending bills from the FY 2013/14 at Kshs.445.88 million and purchase of graders at Kshs.71.21 million. The second highest expenditure was incurred in the Health department where major works included on Construction of Kanjuiri dispensary maternity ward at Kshs.73.69 million, Procurement of health products (medicine from KEMSA) at Kshs.44.10 million on, construction and equipping of health facilities at Kshs.41.47 million, completion of the Engineer hospital and Captain Health Centre at Kshs.33.43 million and Kshs.28.22 million respectively as shown in Figure 145 below.

Figure 145: Nyandarua County, FY 2014/15 Analysis of Development Expenditure



Source: *Nyandarua County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These include:

(i) Improvement in absorption of development funds to 70.5 per cent from 55.1 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 73.82 per cent from Kshs.138.43 million in FY 2013/14 to Kshs.240.62 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Expenditure by some departments exceeded vote allocations.
2. Absence of designated administrators for established public funds, rendering administration and accounting for the funds difficult.
3. Lack of Internal Audit Committee contrary to Section 155(5) of the PFM Act, 2012.
4. Expenditure by some county entities exceeded the approved budget allocation.

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

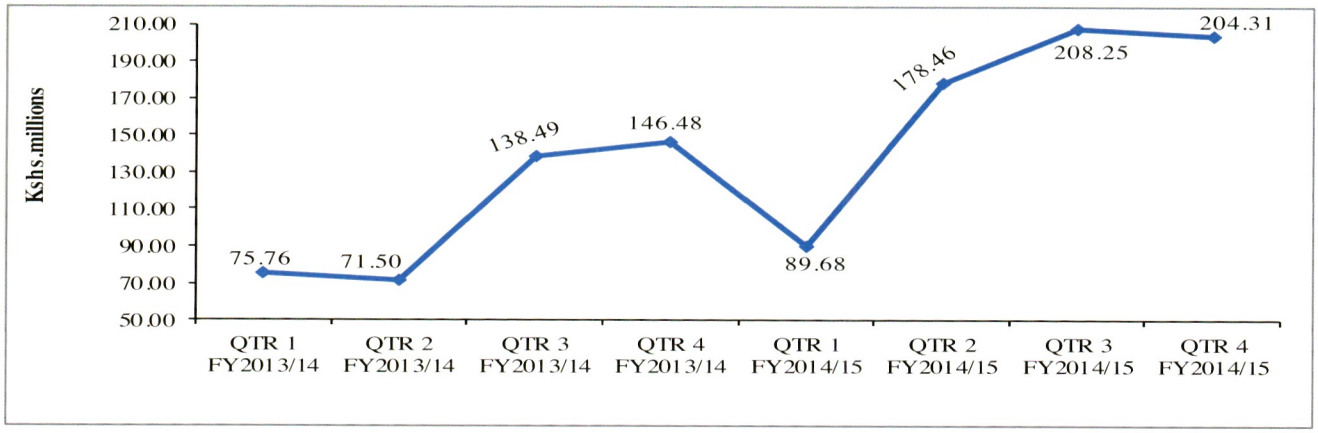
1. *The County should always spend within their budgetary allocation or seek for additional budgetary allocations through a Supplementary Budget in case of need to incur more expenditure.*
2. *For each public Fund, the County Executive Member for finance should designate a person to administer the Fund in line with requirements of section 116 of the PFM Act, 2012.*
3. *Establish an Internal Audit Committee as per section 155(5) of the PFM Act, 2012 to enhance oversight over public financial management.*
4. *The county should ensure that the expenditure is within the approved budget allocations. In case of any reallocations, these should be regularised through a supplementary budget before end of the financial year.*

Nyeri County

During FY 2014/15, the Approved Supplementary Budget for the County was Kshs.5.44 billion, with Kshs.3.87 billion (71.0 per cent) allocated to recurrent expenditure and Kshs.1.58 billion (29.0 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 40. In order to finance the budget, the County expected to receive Kshs.4.08 billion (74.9 per cent) as transfers from the National Government, collect Kshs.1.34 billion (24.7 per cent) from local sources and receive a conditional grant of Kshs.20.55 million (0.4 per cent) from DANIDA.

In the FY 2014/15, the County received Kshs.4.08 billion transfers from the National Government as direct transfers to the CRF account, raised Kshs.680.70 million from local sources, and had Kshs.150.97 million as cash balance brought forward from FY 2013/14. In addition, the County received conditional grants of Kshs.20.55 million from DANIDA for support of County health facilities and Kshs.46.44 million from KeRRA towards improvement of County roads ahead of Sr. Irene's beatification. The local revenue raised in FY 2014/15 of Kshs.680.70 million which is an improvement from Kshs.432.23 million collected in FY 2013/14. The total local revenue raised in FY2014/15 accounted for 50.6 per cent of the local revenue target. Figure 146 below shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 146: Nyeri County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Nyeri County Treasury*

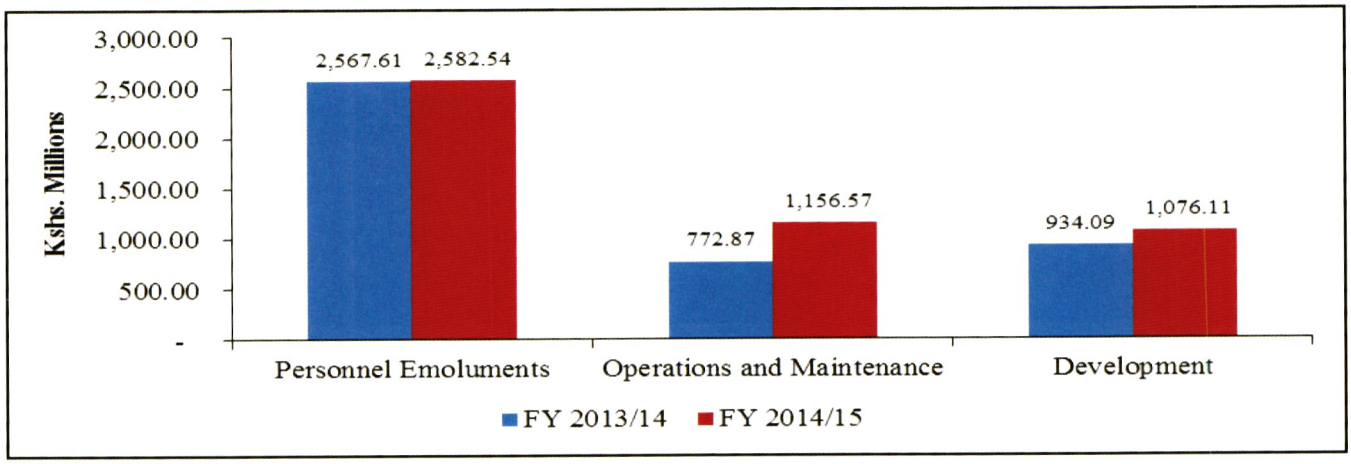
During the reporting period, the County accessed **Kshs.4.92 billion** from the CRF, which was 90.4 per cent of the Approved Supplementary Budget, an improvement from 74.7 per cent when compared to FY 2013/14. This amount consisted of Kshs.3.86 billion (78.4 per cent) for recurrent expenditure and Kshs.1.06 billion (21.6 per cent) for development activities.

The County spent a total of Kshs.4.82 billion during FY 2014/15 which translated to 97.8 per cent of the total funds released, and an increase from the Kshs.4.27 billion spent in FY 2013/14. A total of Kshs.3.74 billion (77.7 per cent) was spent on recurrent activities while Kshs.1.08 billion (22.3 per cent) was spent on development activities. Recurrent expenditure was 97 per cent of the funds released for recurrent activities while development expenditure accounted for 101 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.389.57 million for development activities and Kshs.153.18 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **96.7 per cent**, a decrease from **107.8 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **68.2 per cent**, an improvement from **64.3 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.74 billion shows that the County spent Kshs.2.58 billion (69.1 per cent) on personnel emoluments and Kshs.1.16 billion (30.9 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 53.6 per cent of total expenditure and has slightly increased in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.2.57 billion. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in **Figure 147** below.

Figure 147: Nyeri County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Nyeri County Treasury*

A breakdown of expenditure by department shows that County Assembly attained the highest absorption rate at 121.1 per cent. On the other hand, Lands, housing and physical planning department had the lowest absorption of its budget at 34.3 per cent. Table 40 shows a summary of expenditure by department.

Table 40: Nyeri County, FY 2014/15 Budget and Expenditure 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	102.6	19.93	102.6	16.8	81.31	15.8	79.2	94.0	79.20%	79.30%
Office of the County Secretary	64.91	102.15	64.91	13.5	55.87	62.86	86.10%	465.70%	86.10%	61.50%
Finance and Economic Planning	542.16	81.37	531.64	31.37	604.31	51.06	113.70%	162.80%	111.50%	62.70%
Education, sport, youth & ICT	81.23	45.27	81.23	41.27	50.06	12.87	61.60%	31.20%	61.60%	28.40%
Health Services	1,766.34	337.67	1,766.34	262.67	1,824.50	282.61	103.30%	107.60%	103.30%	83.70%
Gender, Culture & Social Development	49.47	23.97	49.47	23.87	30.69	4.731	62.00%	19.80%	62.00%	19.70%
Public Works, Roads and Transport	106.36	510.31	106.36	393.56	76.38	353.93	71.80%	89.90%	71.80%	69.40%
County Assembly	356.18	30	356.18	30	442.05	25.55	124.10%	85.20%	124.10%	85.20%
Lands, Housing & Physical planning	47.14	24.31	47.14	24.306	21.64	2.83	45.90%	11.60%	45.90%	11.60%
Public Administration	158.56	33.88	158.56	22.24	213.13	13.38	134.40%	60.10%	134.40%	39.50%
Trade, industrialization and tourism	46.14	38.35	46.14	18.35	19.46	11.76	42.20%	64.10%	42.20%	30.70%
County Public Service Board	34.36	0	34.36	0	24.38	0	71.00%	-	71.00%	-
Agriculture, Livestock, Fisheries & Cooperatives	314.59	109.62	314.59	73.62	190.72	66.71	60.60%	90.60%	60.60%	60.90%

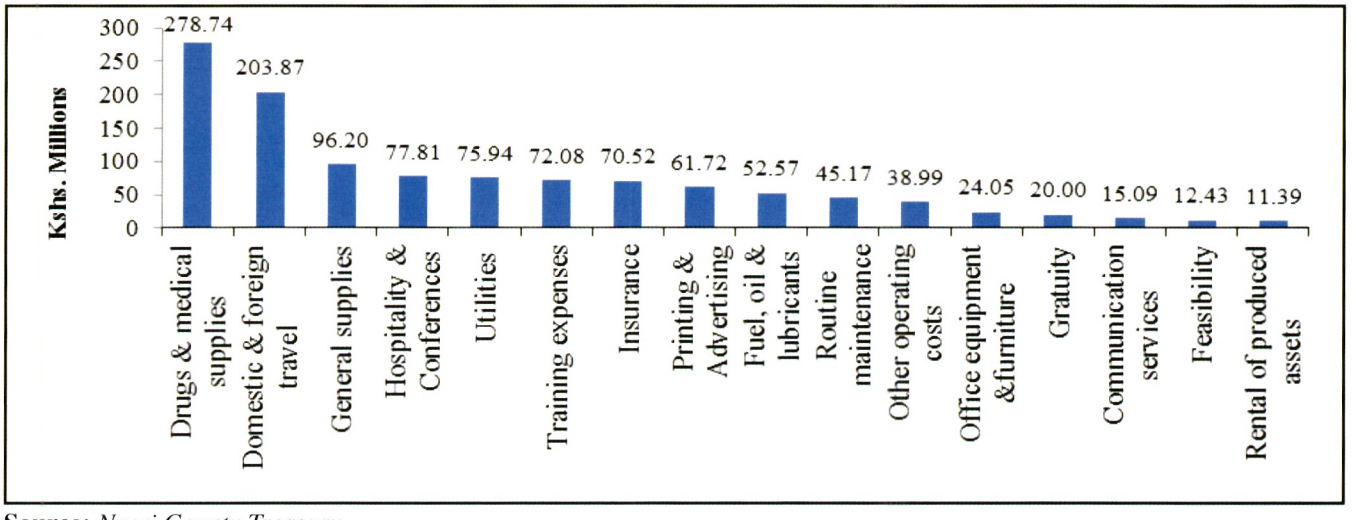
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to exchequer issues		Absorption rate	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Water, sanitation & natural resources	157.07	95.13	157.07	67.9	76.45	48.94	48.70%	72.10%	48.70%	51.50%
Energy	39.85	125.59	39.85	46	28.11	123.06	70.50%	267.50%	70.50%	98.00%
Total	**3,866.95**	**1,577.58**	**3,856.43**	**1,065.46**	**3,739.11**	**1,076.11**	**97.00%**	**101.00%**	**96.70%**	**68.20%**

Source: *Nyeri County Treasury*

The County spent Kshs.82.58 million on sitting allowances to the 47 MCAs, representing an absorption rate of 106.1 per cent when compared to the annual sitting allowance budget of Kshs.77.84 million. The expenditure on sitting allowances during the period under review indicates an increase of 19.1 per cent from Kshs.69.02 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.146,417 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.203.87 million compared to Kshs.153.04 million in FY 2013/14, representing an increase of 33.2 per cent. This expenditure comprised of Kshs.126.80 million by the County Executive and Kshs.77.08 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 148.

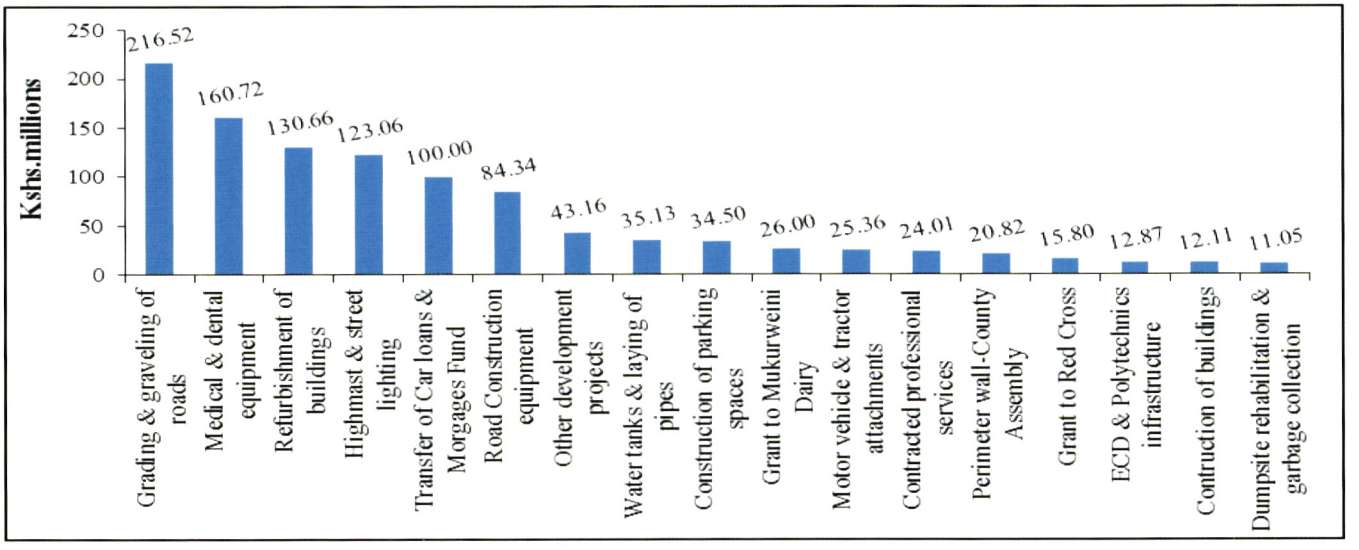
Figure 148: Nyeri County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Nyeri County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.216.51 million which was spent on grading and gravelling of roads in the 30 wards. The second highest expenditure amounting to Kshs.160.72 million was incurred on purchase of medical equipment such as dialysis, imaging and dental machines for level V and level IV hospitals in the County. Figure 149 provides the details of development expenditure during FY 2014/15.

Figure 149: Nyeri County, FY 2014/15 Analysis of Development Expenditure



Source: *Nyeri County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 68.2 per cent from 64.3 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 57.49 per cent from Kshs.432.23 million in FY 2013/14 to Kshs.680.7 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

(v) Compliance with budgetary timelines.

However, the following challenges continued to hamper effective budget implementation:

1. Establishment of County Public Funds without approved regulations and designated administrators contrary to the provisions of PFM Act, 2012 thus inhibiting effective accounting of the county public Funds.
2. Delayed capturing of considerable expenditure transactions, especially personnel costs in IFMIS by the end of the financial year leading to inaccurate reporting.
3. Large amount of outstanding imprest at the end of the financial year, which reflected weak practices on control of imprest.

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

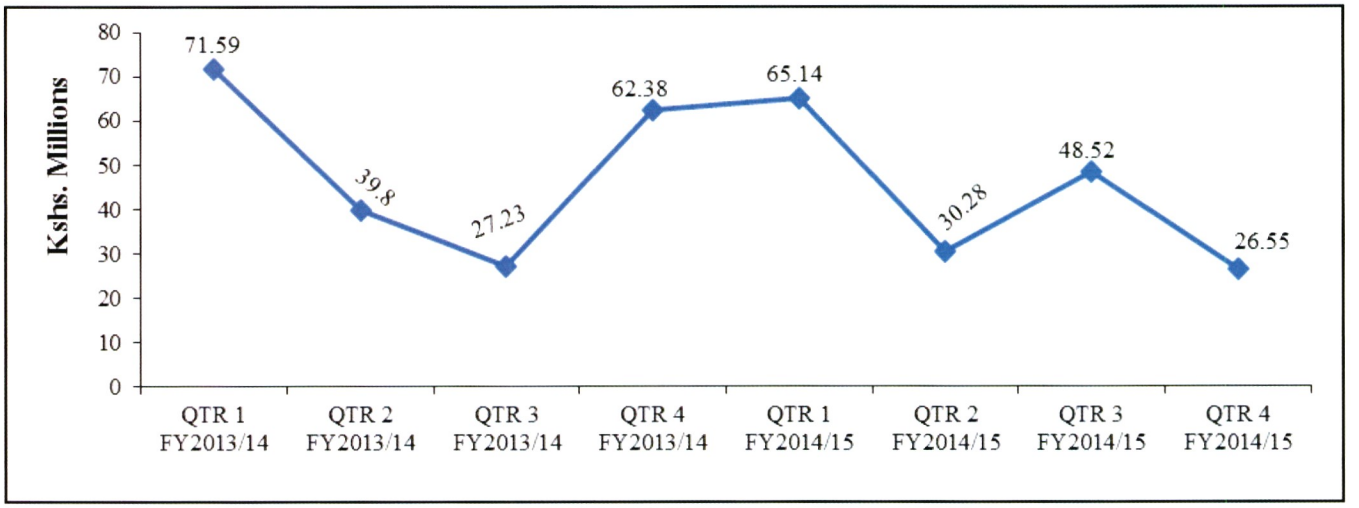
1. *Establishment of County Public Funds should conform to the provisions outlined in section 116 of the PFM Act. Further, the County Treasury should seek the authority of the Controller of Budget before releasing monies to any Public Fund in accordance with the law.*
2. *All payment transactions should be processed through IFMIS in real time, so as to ensure complete, accurate and timely financial reporting.*
3. *The County Treasury should enforce government regulations on issuance and surrender of imprest.*

Samburu County

During FY 2014/15, the Approved Supplementary Budget for Samburu County was Kshs.4.14 billion, with Kshs.2.07 billion (50.0 per cent) allocated to recurrent expenditure and Kshs.2.07 billion (50.0 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 41. In order to finance the budget, the County expected to receive Kshs.3.02 billion (87.9 per cent) as transfers from the National Government, collect Kshs.406.55 million (11.8 per cent) from local sources, receive a conditional grant of Kshs.8.61 million (0.3 per cent) from DANIDA, and Kshs.608.63 million as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.2.75 billion from the National Government as direct transfers to the CRF account, raised Kshs.170.49 million from local sources, and had Kshs.608.63 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 was Kshs.170.49 million which is a decline from Kshs.201 million collected in FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 41.9 per cent of the annual local revenue target. Figure 150 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 150: Samburu County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Samburu County Treasury*

During the reporting period, the County accessed **Kshs.3.62 billion** from the CRF, which was 87.6 per cent of the Approved Supplementary Budget increase from 77.5 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.05 billion (56.4 per cent) for recurrent expenditure and Kshs.1.57 billion (43.6 per cent) for development activities.

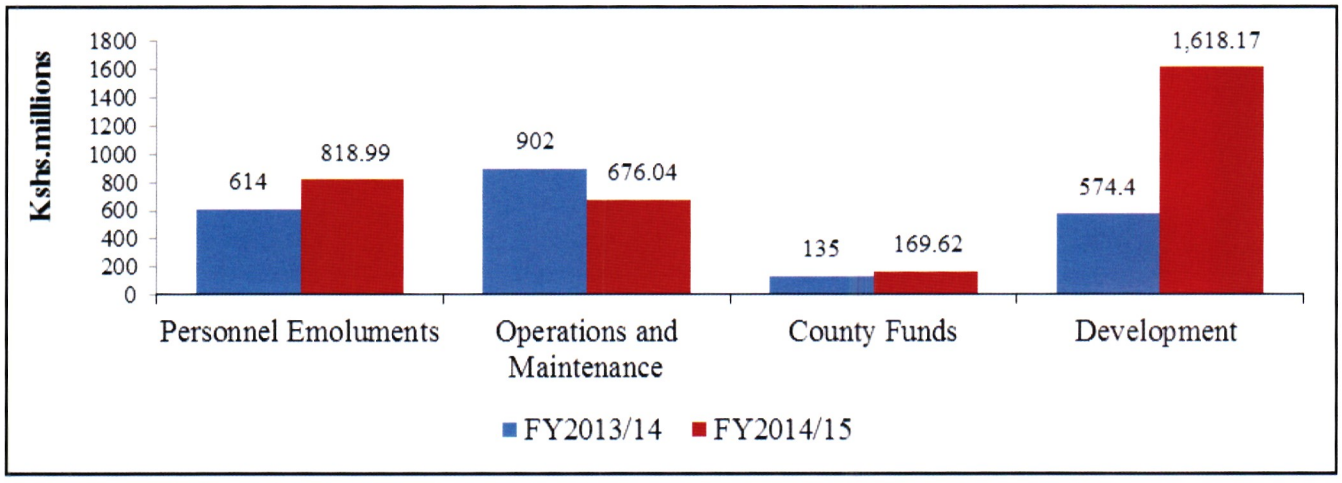
The County spent a total of Kshs.3.28 billion during FY 2014/15 which translated to 90.6 per cent of the total funds released for operations, and an improvement from the Kshs. 2.09 billion spent in FY 2013/14. A total of Kshs.1.66 billion (50.7 per cent) was spent on recurrent activities while Kshs.1.62 billion (49.3 per cent) was spent on development activities. Recurrent expenditure was 81.3 per cent of the funds released for recurrent activities while development expenditure accounted for 102.4 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.279.44 million for development activities and Kshs.94.57 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **80.3 per cent**, an increase from **78.9 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **78.2 per cent**, an improvement from **60.4 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.1.66 billion shows that the County spent Kshs.818.9 million (49 per cent) on personnel emoluments and Kshs.676.04 million (41 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 24.9 per cent of total expenditure and has significantly increased in FY 2014/15

compared to FY 2013/14 when the County spent Kshs.614 million. The increase in the personnel emoluments was as a result of continued recruitment by the County Public Service Board. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 151.

Figure 151: Samburu County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Samburu County Treasury*

A breakdown of expenditure by department shows that the Health department had the highest absorption rate of its annual recurrent budget at 91.4 per cent while the department of trade had the lowest at 47.8 per cent. On the other hand the executive & CPSB and Finance and Economic planning exceeded their respective development budgets at 215 per cent and 100.2 per cent respectively. The department of Physical Planning, Housing and Urban Development had the lowest absorption rate of its development budget at 39.6 per cent. Table 41 shows a summary of expenditure by department.

Table 41: Samburu County, FY 2014/15 Budget and Expenditure by Department

Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of expenditure to Exchequer Issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
County Assembly	402.83	70	372.83	60	332.24	67.51	89.1	112.5	82.5	96.4
County Executive & CPSB	258.66	10	244.66	6	208.12	21.56	85.1	359.3	80.5	215.6
Finance & Economic planning	306.99	52.84	305.99	41.8	270.12	52.94	88.3	126.7	88.0	100.2
Agriculture, Livestock & Fisheries	123.66	200.12	134.66	150.09	67.01	144.41	49.8	96.2	54.2	72.2
Education, Youth Affairs & Sports	263.31	181.46	258.31	129.37	220.4	119.41	85.3	92.3	83.7	65.8
Environment & Natural Resources	25.84	41.26	35.84	53.6	11.92	34.19	33.3	63.8	46.1	82.9

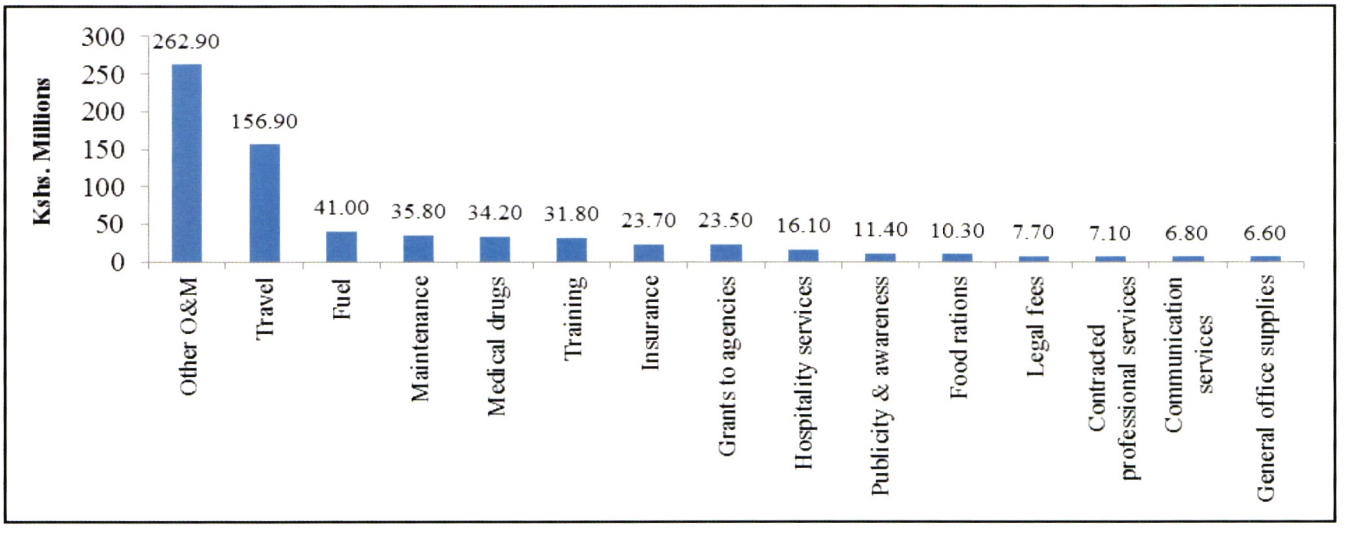
Department	Budget allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of expenditure to Exchequer Issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Health services	406.4	224.19	406.4	183.68	371.34	177.2	91.4	96.5	91.4	79.0
Trade, Tourism & Cooperative development	94.28	253.52	96.28	195.79	45.07	201.18	46.8	102.8	47.8	79.4
Public works, County roads & water	101.41	858.68	101.41	624.38	80.57	707.81	79.5	113.4	79.5	82.4
Physical planning, Housing and Urban Development	45.12	128.54	46.12	95.55	27.28	50.93	59.2	53.3	60.5	39.6
Gender, culture and social services	43.19	47.45	45.19	39.69	30.58	41.03	67.7	103.4	70.8	86.5
Total	**2071.69**	**2068.06**	**2,048**	**1,579.95**	**1664.65**	**1618.17**	**81.3**	**102.4**	**80.4**	**78.3**

Source: *Samburu County Treasury*

The County spent Kshs.37.7 million on sitting allowances to the 26 MCAs, representing an absorption rate of 84.6 per cent of the annual MCA sitting allowance budget, an increase from Kshs.15.3 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.120, 905 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.156.9 million compared to Kshs.77.6 million In FY 2013/14, representing an increase of 102.2 per cent. This expenditure comprised of Kshs.49.51 million by the County Executive and Kshs.107.44 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 152.

Figure 152: Samburu County, FY 2014/15 Operations and Maintenance Expenditure

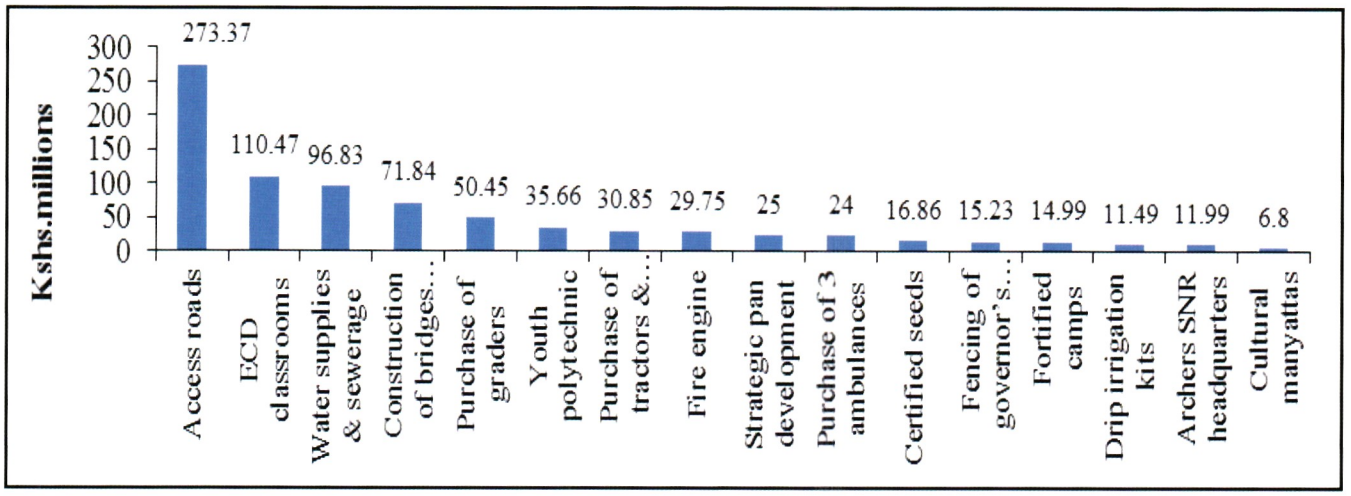


Source: *Samburu County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the County Transport and Public works which had the highest expenditure spent Kshs.273.37 million on improvement

of road network within the County, Kshs.96.83 million on water supplies and sewerage and Kshs.71.84 million on bridges and culverts. The department of Agriculture, Livestock and Fisheries spent Kshs.30.85 million on purchase of 6 tractors, 6 ploughs, 3 harrows and 2 planters; Kshs.16.68 million and Kshs.11.49 million on purchase of certified seeds and drip irrigation kits respectively as shown in Figure 153.

Figure 153: Samburu County, FY 2014/15 Analysis of Development Expenditure



Source: *Samburu County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 78.2 per cent from 60.4 per cent in the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Diversion of funds released for one department to other departments signalling weak controls on management of public funds. For example, the County Assembly, Office of the Governor, CPSB and the Finance department requested for Kshs.6 million, Kshs.41.8 million and Kshs.60 million for development projects but spent Kshs.21.6 million, Kshs.52.9 million and Kshs.67.5 million respectively. The Office of the Governor, CPSB and Finance department also over spent on their development budget.

2. Lack of an audit committee to provide oversight and enhance effective review and quality assurance of financial operations of both the County Assembly and County Executive.
3. Lack of appropriate Monitoring and Evaluation framework to monitor implementation of development projects.

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

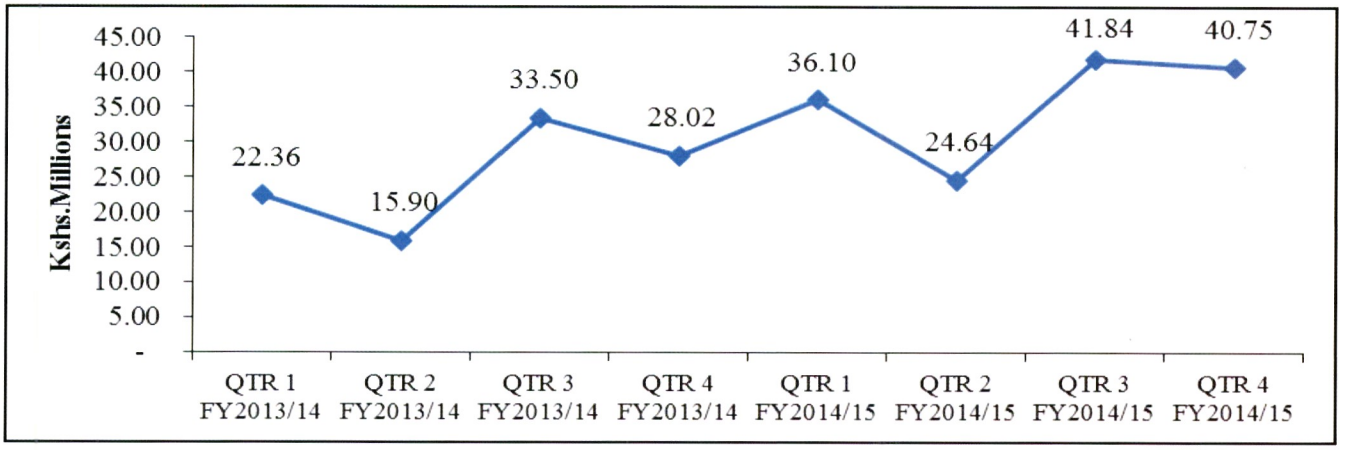
1. *The county should utilize approved exchequer issues on the expenditure items as per the requisition schedule. Incase of any reallocations , these should be regularized through a supplementary budget before end of the financial year.*
2. *The County should ensure that all County funds have the necessary regulations to avoid inconveniences in budget implementation.*
3. *The County should establish an internal audit committee in line with section 155 of the PFM Act, 2012.*
4. *The County should put in place a monitoring and evaluation framework to ensure effective management of development projects.*

Siaya County

During FY 2014/15, the Approved Supplementary Budget for Siaya County was Kshs.5.89 billion, with Kshs.3.43 billion (58.3 per cent) allocated to recurrent expenditure and Kshs.2.45 billion (41.7 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 42. In order to finance the budget, the County expected to receive Kshs.4.36 billion (71.4 per cent) as transfers from the National Government, collect Kshs.301.53 million (5.1 per cent) from local sources, receive a conditional grant of Kshs.25.15 million (0.4 per cent) from DANIDA, and Kshs.1.22 billion (20.4 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.36 billion from the National Government as a direct transfer to the CRF account, raised Kshs.143.33 million from local sources, and had Kshs.1.22 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 was Kshs.143.33 million which is an improvement from Kshs.99.77 million collected in FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 47.5 per cent of the annual local revenue target. Figure 154 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 154: Siaya County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Siaya County Treasury*

During the reporting period, the County accessed **Kshs.4.76 billion** from the CRF, which was 80.8 per cent of the Supplementary Budget, a decrease from 83.1 per cent when compared to FY 2013/14. This amount consisted of Kshs.3.15 billion (66.2 per cent) for recurrent expenditure and Kshs.1.61 billion (33.8 per cent) for development activities.

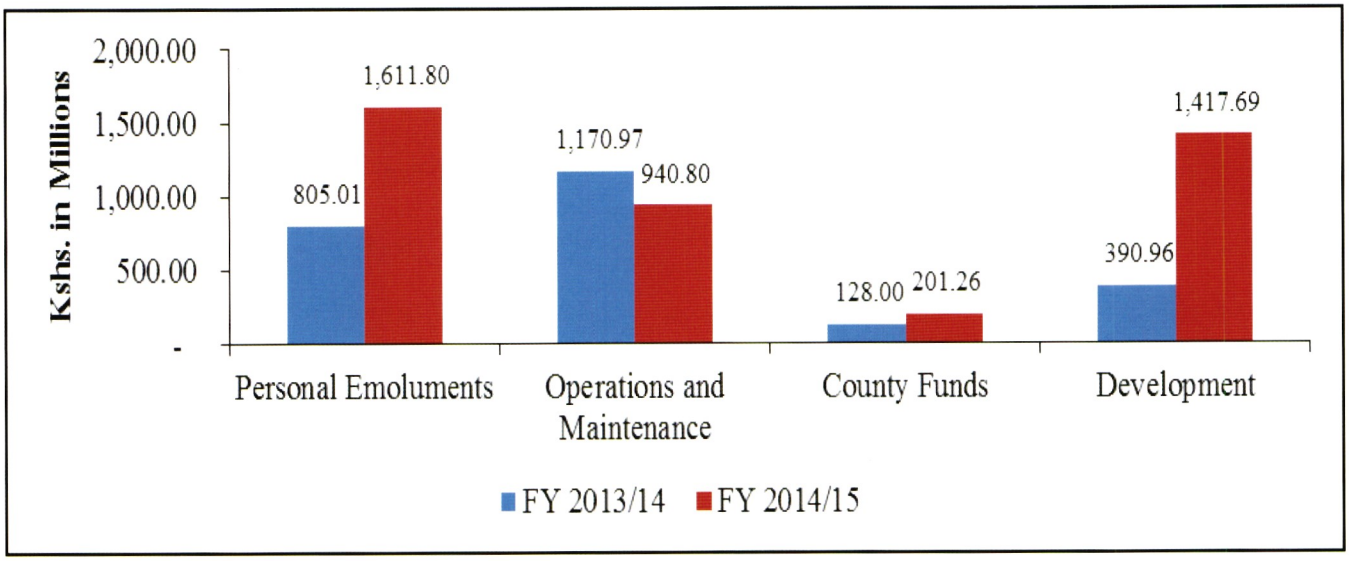
The County spent a total of Kshs.4.17 billion during FY 2014/15 which translated to 87.6 per cent of the total funds released, and an improvement from the Kshs.2.50 billion spent in FY 2013/14. A total of Kshs.2.70 billion (64.7 per cent) was spent on recurrent activities while Kshs.1.47 billion (35.3 per cent) was spent on development activities. Recurrent expenditure was 85.7 per cent of the funds released for recurrent activities while development expenditure accounted for 91.3 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.800.34 million for development expenditure. At the time of writing the report, the County Treasury had not worked out a final figure for recurrent expenditure pending bills.

The recurrent expenditure for the period under review represented an absorption rate of **78.7 per cent**, an increase from **70.5 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **60.0 per cent**, an improvement from **31.8 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.70 billion shows that the County spent Kshs.1.61 billion (59.6 per cent) on personnel emoluments and Kshs.940.8 million (34.8 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 38.6 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY

2013/14 when the County spent Kshs.905.01 million. The increase in personal emoluments is attributed to an increased number of staff who were employed and the general annual salary increment for the staff. A comparison of the total expenditure on funds between FY 2014/15 and FY 2013/14 is shown in Figure 155 below.

Figure 155: Siaya County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Siaya County Treasury*

A breakdown of expenditure by department shows that Roads, Transport and Public works department attained the highest overall absorption rate at 97.1 per cent. On the other hand Education department had the lowest overall absorption rate at 46.5 per cent. Table 42 shows a summary of expenditure by department.

Table 42: Siaya County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Siaya County Assembly	773.85	94	550.6	79	556.33	70.32	101	89	71.9	74.8
County Executive	290.47	239.71	290.47	72.81	248.57	213.38	85.6	293.1	85.6	89
Finance and Economic Planning	584.09	25	554.99	4.5	525.37	15.85	94.7	352.2	89.9	63.4
Agriculture	218.76	210.34	218.12	185.86	185.84	65.28	85.2	35.1	85	31
Health To	1,242.65	342.47	1,241.65	253.71	952.27	144.7	76.7	57	76.6	42.3
Education	103.53	512.58	95.74	352.79	111.49	174.71	116.5	49.5	107.7	34.1
Water, Environment and Natural Resources	94.57	320.88	91.85	251.89	75.63	145.79	82.3	57.9	80	45.4

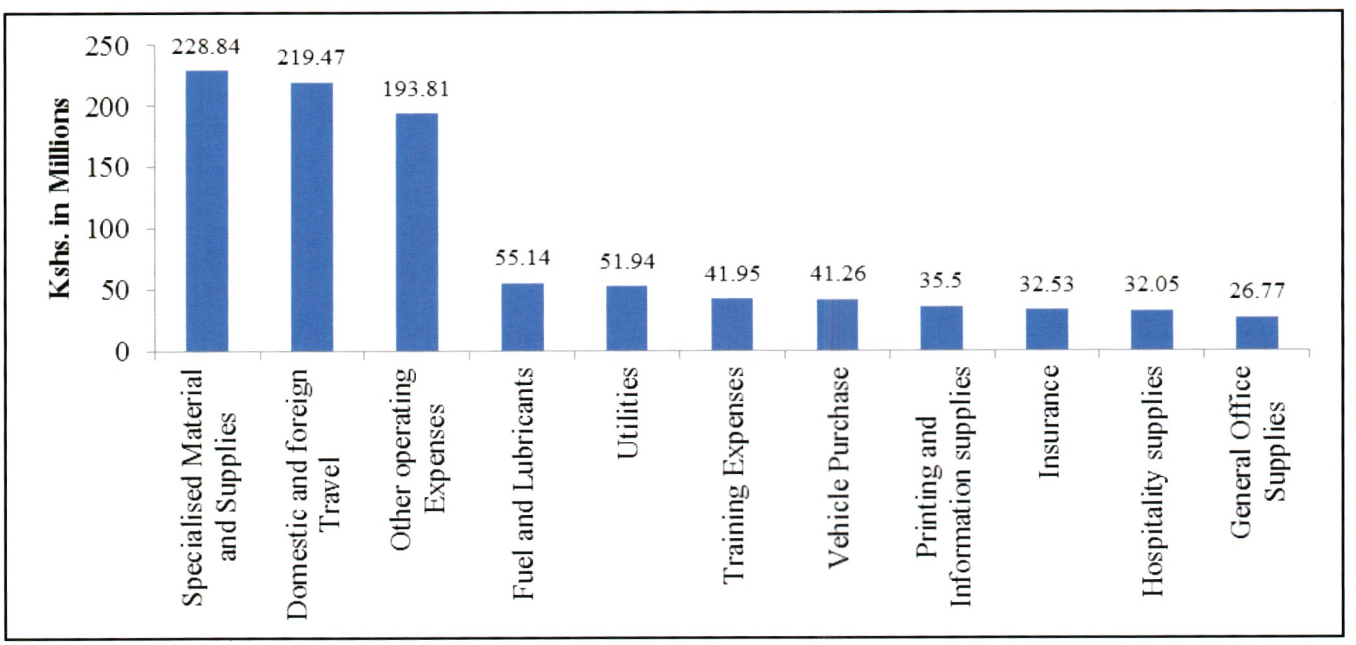
Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Physical Planning, Lands and Housing	40.49	51.97	29.37	51.97	8.67	41.22	29.5	79.3	21.4	79.3
Trade Development	19.68	148.96	42.77	86.35	20.38	72.61	47.7	84.1	103.6	48.7
Transport/Roads	43.1	494.65	18.26	259.38	8.96	512.93	49.1	197.8	20.8	103.7
Tourism and ICT	21.41	11.5	21.1	9.75	11.44	9.95	54.2	102.1	53.4	86.5
TOTAL	**3,432.60**	**2,452.06**	**3,154.92**	**1,608.01**	**2,704.95**	**1,466.74**	**85.7**	**91.2**	**78.8**	**59.8**

Source: *Siaya County Treasury*

The County spent Kshs.86.60 million on sitting allowances to the 49 MCAs (speaker included), representing an absorption rate of 110.1 per cent of the annual MCA sitting allowance budget, an increase from Kshs.42.58 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.147,273 compared to the SRC recommended amount of Kshs.124,000.

Total expenditure on domestic and foreign travel was Kshs.219.58 million compared to Kshs.183.76 million in FY 2013/14, representing an increase of 19.6 per cent. This expenditure comprised of Kshs.180.96 million by the County Executive and Kshs.38.62 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 156.

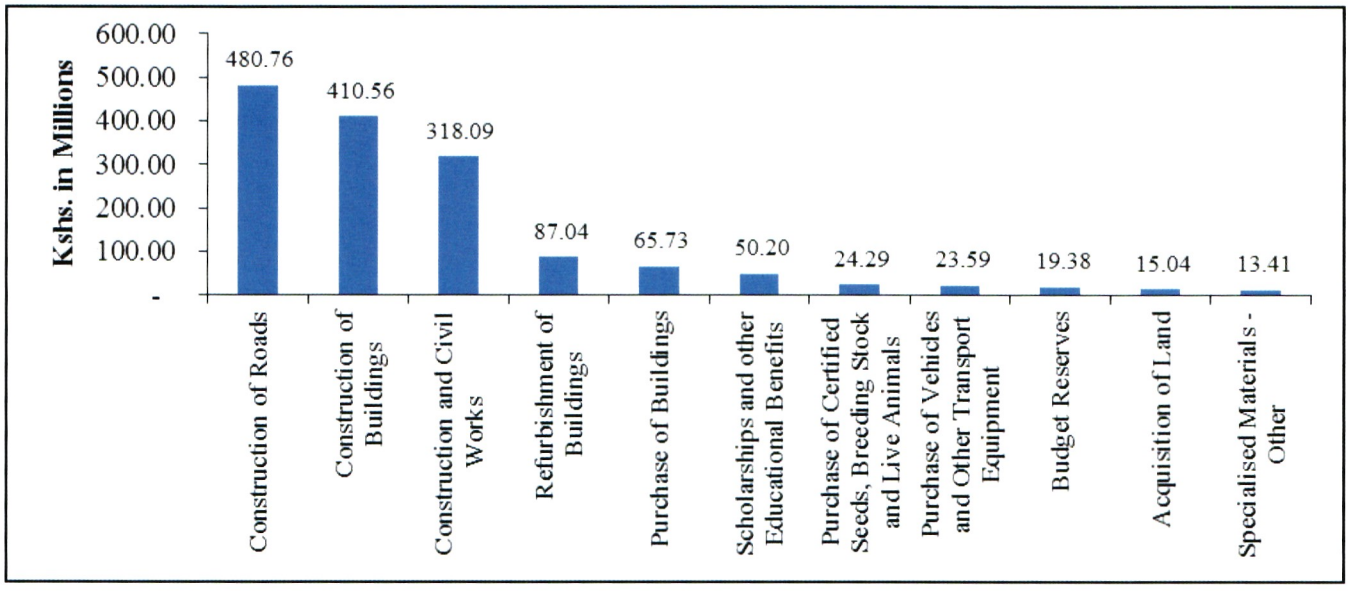
Figure 156: Siaya County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Siaya County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads, Transport and Public Works department had the highest expenditure of Kshs.512.93 million, out of which Kshs.480.76 million was spent on grading and gravelling of roads across all the 30 wards in the County. The second highest expenditure was on construction of buildings where a total of Kshs.410.56 million was spent in putting up ECD buildings, offices and hospitals. Figure 157 provides the details of development expenditure during FY 2014/15.

Figure 157 : Siaya County, FY 2014/15 Analysis of Development Expenditure



Source: *Siaya County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 60 per cent from 31.8 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 43.66 per cent from Kshs.99.77 million in FY 2013/14 to Kshs.143.33 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. The County incurred expenditure in excess of budget allocation for some departments.

2. The County incurred expenditure on the Bursary Fund without enacting regulations

to operationalize the Fund.

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

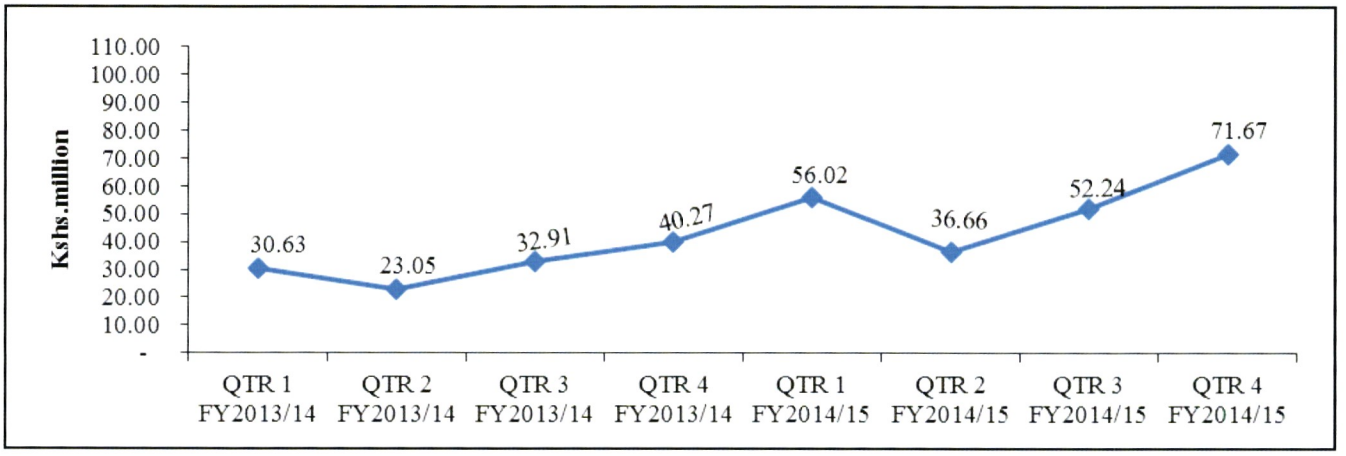
1. *The county should ensure that expenditure is within approved budget. Incase of any reallocations, these should be regularized through a supplementary budget before the end of the financial year.*
2. *The County Treasury should ensure that regulations for managing the Bursary fund and any other fund established by the County are developed and enacted.*

Taita Taveta County

During FY 2014/15, the Approved Supplementary Budget for Taita Taveta County was Kshs.4.15 billion, with Kshs.2.65 billion (63.9 per cent) allocated to recurrent expenditure and Kshs.1.32 billion (36.1 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 43. In order to finance the budget, the County expects to receive Kshs.2.89 billion (70.0 per cent) transfers from the National Government, collect Kshs.521.83 million (12.6 per cent) from local sources, DANIDA grant of Kshs.12.43 million (0.3 per cent), World Bank Health Sector Fund and National Social Security Fund of Kshs.37.9 million (0.9 per cent) and Kshs.508.41 million (12.3 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.2.65 billion from the National Government as a direct transfer to the CRF account, raised Kshs.216.60 million from local sources, and had Kshs.508.41 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 was Kshs.216.60 million which is an improvement from Kshs.126.86 million collected in FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 41.39 per cent of the annual local revenue target. Figure 158 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 158: Taita Taveta County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Taita Taveta County Treasury*

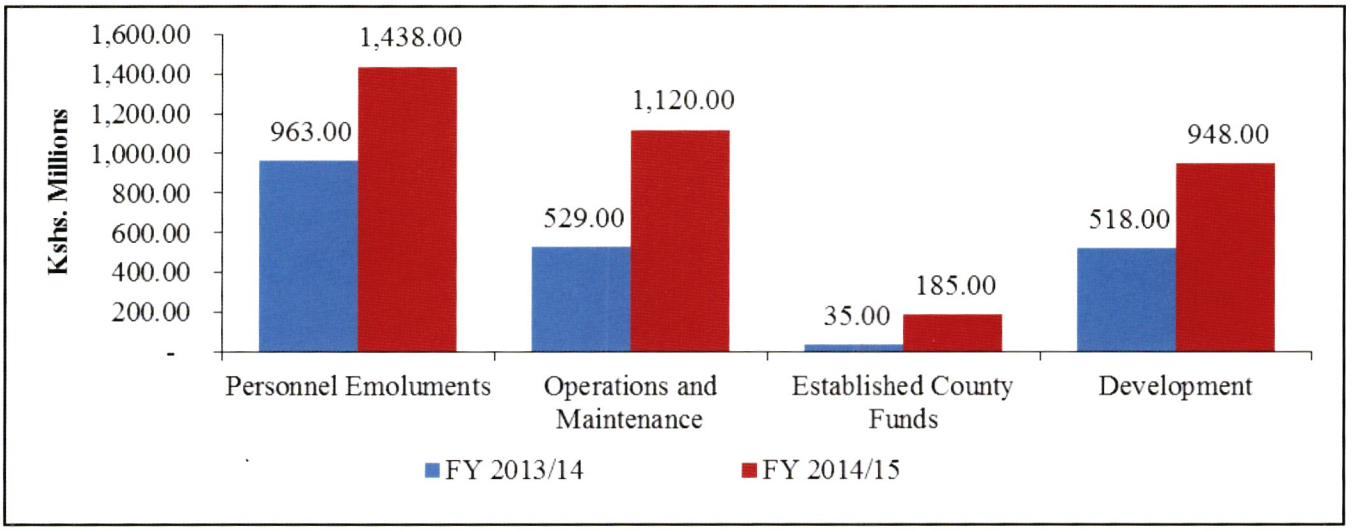
During the reporting period, the County accessed **Kshs.3.54 billion** from the CRF, which was 85.36 per cent of the Approved Supplementary Budget, an improvement from 76 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.28 billion (64.3 per cent) for recurrent expenditure and Kshs.1.26 billion (35.7 per cent) for development activities.

The County spent a total of Kshs.3.51 billion during FY 2014/15 which translated to 99.2 per cent of the total funds released for operations, and an improvement from the Kshs.2.01 billion spent in FY 2013/14. A total of Kshs.2.56 billion (73.0 per cent) was spent on recurrent activities while Kshs.948 million (27.0 per cent) was spent on development activities. Recurrent expenditure was 88.9 per cent of the funds released for recurrent activities while development expenditure accounted for 75.0 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.173.96 million for development activities and Kshs.121.52 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **96.6 per cent**, an increase from **81 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **71.8 per cent**, an improvement from **47 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.56 billion shows that the County spent Kshs.1.44 billion (56.2 per cent) on personnel emoluments and Kshs.1.12 million (43.8 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 56.2 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.963 million. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 159.

Figure 159: Taita Taveta County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Taita Taveta County Treasury*

A breakdown of recurrent expenditure by department shows that Veterinary Services department had the highest absorption rate of 1279 per cent followed by Youth Polytechnic department at 849 per cent. On the other hand, the Fisheries department had the highest absorption rate of its development budget at 116 per cent while the department of Education had the second highest absorption rate of its development budget at 101.22 per cent. Table 43 shows a summary of expenditure by department.

Table 43: Taita Taveta County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure To Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	336.24	85.45	335.92	80.45	358.15	85.45	106.6	106.2	106.5	100.0
Administration & Devolution Headquarters	1,436.27	7.4	1,183.04	7.4	880.2	6.67	74.4	90.1	61.3	90.1
Taveta Sub County Administration	2.57	-	1.9	-	2.56	-	134.7		99.6	
Wundanyi Sub County Administration	3.11	-	2.3	-	2.59	-	112.6		83.3	
Mwatate Sub County Administration	2.97	-	2.2	-	2.42	-	110.0		81.5	
Voi Sub County Administration	3.18	-	2.35	-	2.86	-	121.7		89.9	
Taveta Town Administration	11.22	3	8.09	3	12.02	3	148.6	100.0	107.1	100.0
Voi Town Administration	14.1	1.5	11	1.5	13.09	1.38	119.0	92.0	92.8	92.0
Governor's Office	53.38	53.42	53.51	53.42	91.14	7.83	170.3	14.7	170.7	14.7
Deputy Governor's Office	21.43	-	11.43	-	8.53	-	74.6		39.8	

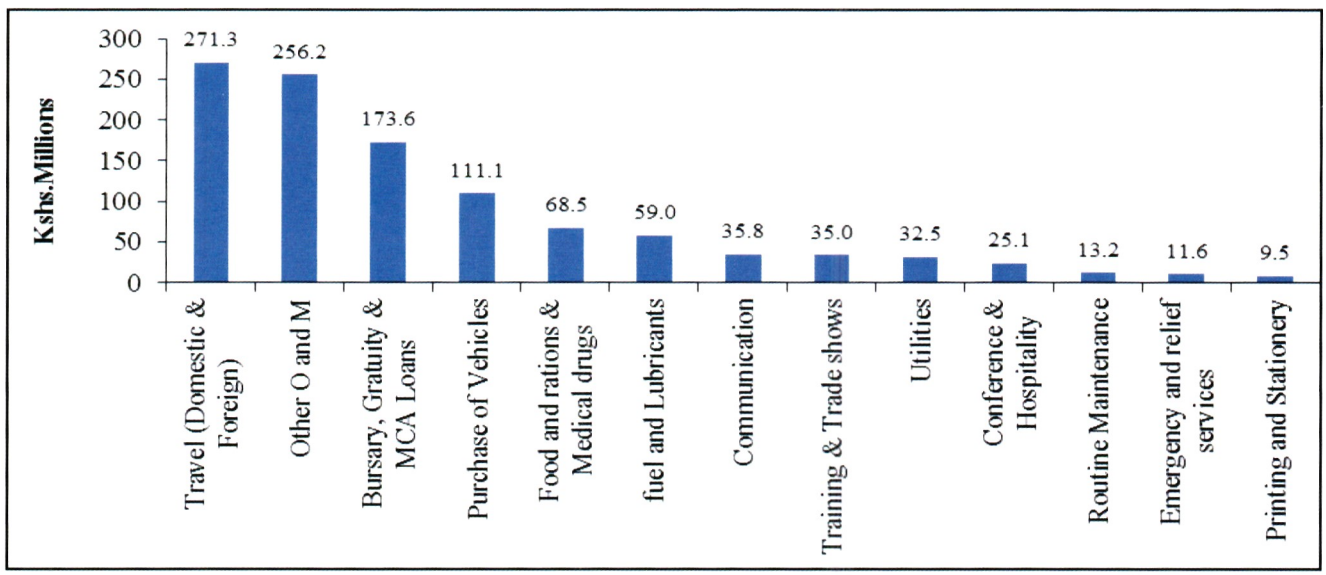
Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure To Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Emergency Fund	22	-	8	-	11.61	-	145.1		52.8	
County Treasury (Accounting, Audit, Budgeting, Procurement)	177.03	5.52	171.46	5.52	210.89	4.89	123.0	88.6	119.1	88.6
County Treasury(Revenue Management)	5.78	-	4.57	-	-	-				
Planning	101.28	3.14	86.57	3.14	89.77	3.11	103.7	99.0	88.6	99.0
Agriculture	7.18	37.67	7.18	37.67	41.79	26.39	582.0	70.1	582.0	70.1
Livestock	7.97	42.94	7.11	38.23	33.11	30.25	465.7	79.1	415.4	70.4
Water Services & Irrigation	6.02	355.7	5.2	255	14.08	184.16	270.8	72.2	233.9	51.8
Education	108.15	81.22	91.04	82.65	154.32	82.2	169.5	99.5	142.7	101.2
Youth Development	4.52	6.28	3.34	4.15	2.93	4.33	87.7	104.3	64.8	68.9
Youth(Polytechnics)	3.3	43.66	3.15	35.8	26.72	33.01	848.3	92.2	809.7	75.6
Health	204.1	202.48	179.43	161.46	425.1	122.97	236.9	76.2	208.3	60.7
Sports	2	1.3	1.66	0.81	0.93	0.6	56.0	74.1	46.5	46.2
Housing	1.91	7.45	1.42	7.35	2.72	0.69	191.5	9.4	142.4	9.3
Public Works	4.56	14.25	4.56	31.35	16.4	-	359.6		359.6	
Trade, Tourism And Industry	16.14	53.45	16.33	28.1	17.83	29.1	109.2	103.6	110.5	54.4
Cultural Services	2.14	-	1.58	-	1.37	-	86.7		64.0	
Cooperative Development	3.71	-	2.74	-	5.06	-	184.7		136.4	
Veterinary	3.17	12.52	2.08	6.01	26.58	6.93	1277.9	115.3	838.5	55.4
Roads and Transport	8.71	206.27	7.65	206.91	11.2	94.15	146.4	45.5	128.6	45.6
County Public Service Board	20.53	-	18	-	35.91	-	199.5		174.9	
ICT	5.22	34.7	5.22	34.7	6.45	29.63	123.6	85.4	123.6	85.4
Environment, Mining & Natural Resource	9.51	24.3	9.16	20.7	13.66	13.45	149.1	65.0	143.6	55.3
Lands & Physical Planning	2.5	11.6	2.16	11.6	2.57	4.12	119.0	35.5	102.8	35.5
Gender	4.73	60	3.33	60	6.09	59.29	182.9	98.8	128.8	98.8
One Ward One Programme	-	4	-	-	-	4				
Fisheries	2.05	5.74	1.35	2.87	7.99	6.7	591.9	233.4	389.8	116.7
Equalization of Wards Infrastructure	-	87.03	-	40.01	-	73.94		184.8		85.0
Defunct Local Authorities	-	44.23	-	44.49	-	30.29		68.1		68.5
Gratuity Fund	32.52	-	19.75	-	19.75	-	100.0		60.7	
Total	**2,651.18**	**1,496.21**	**2,275.76**	**1,264.29**	**2,558.37**	**948.54**	**112.4**	**75.0**	**96.5**	**63.4**

Source: *Taita Taveta County Treasury*

The County spent Kshs.26.44 million on sitting allowances to the 35 MCAs, representing an absorption rate of 100 per cent of the annual MCA sitting allowance budget, an increase from Kshs.6.8 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.62,971 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.271.25 million compared to Kshs.232.6 million in FY 2013/14, representing an increase of 85.6 per cent. This expenditure comprised of Kshs.167.30 million by the County Executive and Kshs.103.95 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 160.

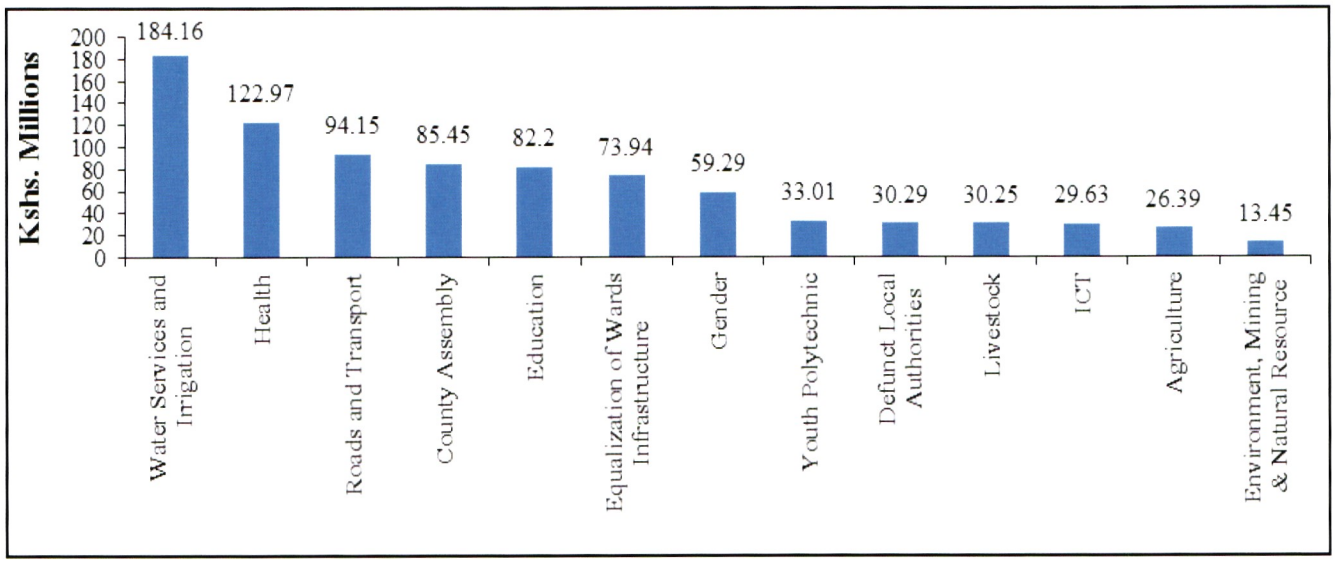
Figure 160: Taita Taveta County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Taita Taveta County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Water department had the highest expenditure of Kshs.184.16 million which was spent on water supplies and sewerage across the 20 wards. The second highest expenditure of Kshs.122.97 million was incurred by the Health department to construct various clinics and dispensaries within the County. The County did not provide detailed expenditure returns on the development projects implemented during FY 2014/15, but instead, provided cumulative expenditure returns by department as shown in Figure 161.

Figure 161: Taita Taveta County, FY 2014/15 Analysis of Development Expenditure



Source: *Taita Taveta County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 71.8 per cent from 47 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 70.74 per cent from Kshs.126.86 million in FY 2013/14 to Kshs.216.6 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(v) Embracing use of IFMIS to process financial transactions.

(vi) Developed regulations to operationalize the Emergency Fund.

However, the following challenges continued to hamper effective budget implementation:

1. Some County entites incurred expenditure in excess of their approved budget allocations.

2. Lack of monitoring and evaluation unit to oversee and monitor implementation of development projects in the County.

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

1. *The county should ensure that all expenditure is within approved budget allocations. Incase of any reallocations, these should be regularized through a supplementary budget before end of the financial year.*

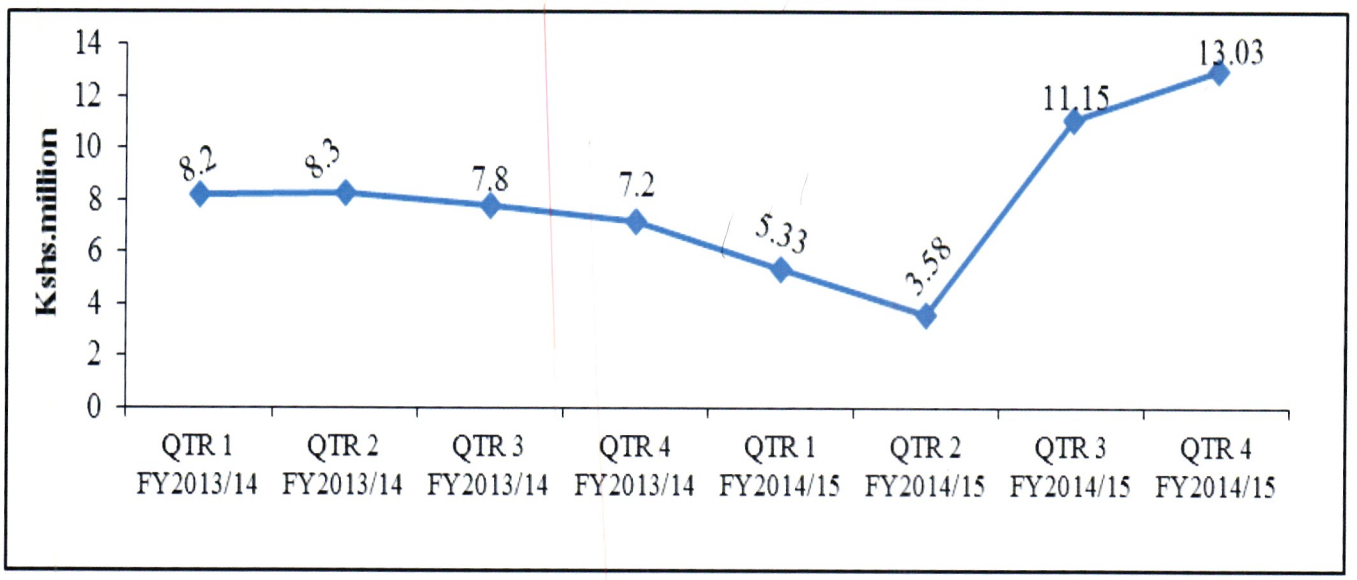
2. *The County should put in place a monitoring and evaluation unit to oversee and monitor implementation of development projects.*

Tana River

During FY 2014/15, the Approved Budget for Tana River County was Kshs.4.55 billion, with Kshs.1.80 billion (39.6 per cent) allocated to recurrent expenditure and Kshs.2.75 billion (60.4 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 44. In order to finance the budget, the County expected to receive Kshs.3.48 billion (76.5 per cent) as transfers from the National Government, collect Kshs.120.00 million (2.6 per cent) from local sources, receive a conditional grant of Kshs.7.1 million (1.6 per cent) from DANIDA, and Kshs.1.4 billion (30.8 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.55 billion from the National Government as a direct transfer to the CRF account, raised Kshs.33.03 million from local sources, and had Kshs.1.4 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 was Kshs.33.03 million which is an improvement from Kshs.31.56 million collected FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 27.5 per cent of the annual local revenue target. Figure 162 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 162: Tana River County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Tana River County Treasury*

During the reporting period, the County accessed **Kshs.4.55 billion** from the County Revenue

Fund (CRF), which is 100.0 per cent of the Approved Budget, an improvement from 82 per cent when compared to FY 2013/14. This amount consisted of Kshs.1.80 billion (36.1 per cent) for recurrent expenditure and Kshs.2.75 billion (55.2 per cent) for development activities.

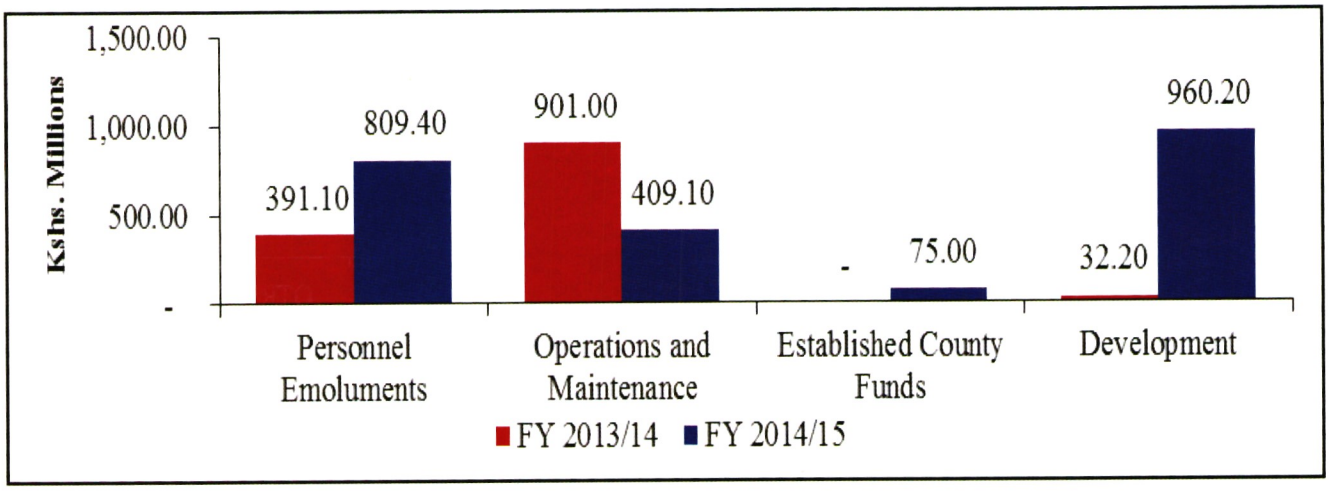
The County spent a total of Kshs.2.35 billion during FY 2014/15 which translated to 51.6 per cent of the total funds released, a decline from the Kshs.2.5 billion spent in FY 2013/14. A total of Kshs.1.29 billion (71.7 per cent) was spent on recurrent activities while Kshs.1.06 billion (43.3 per cent) was spent on development activities. Recurrent expenditure was 65.3 per cent of the funds released for recurrent activities while development expenditure accounted for 38.4 per cent of the funds released for development activities. There were no pending bills.

The recurrent expenditure for the period under review represented an absorption rate of **71.7 per cent**, an increase from **64.0 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **38.4 per cent**, an improvement from **3 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.1.29 billion shows that the County spent Kshs.809.80 million (62.2 per cent) on personnel emoluments and Kshs.409.10 million (37.8 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 34.4 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.391.8 million.

A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 163.

Figure 163: Tana River County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Tana River County Treasury*

A breakdown of expenditure by department showed that the Office of the Governor attained the highest absorption rate of its recurrent budget at 97.9 per cent while the Agriculture, Lands, Veterinary, Livestock and Fisheries department had the lowest absorption rate of its recurrent budget at 34.3 per cent. On the other hand, the Roads and Public works department had the highest absorption rate of its annual development budget at 44.1 per cent. Table 44 shows a summary of expenditure by department.

Table 44: Tana River County, FY 2014/15 Budget and Expenditure by Department

DEPARTMENT	BUDGET ALLOCATION (Kshs. Million)		EXCHEQUER ISSUES (Kshs.Million)		EXPENDITURE (Kshs.Million)		% of expenditure to exchequer issues		Absorption (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	258.6	186.84	258.4	186.69	253.19	41.74	98.0	22.4	**97.9**	**12.0**
Finance and Economic Planning	313.78	52.58	313.04	52,29	210.20	-	67.2	-	**67.0**	**-**
Cohesion & Special programmes	10.95	134.56	10.87	133.28	8.00	40.12	73.6	30.1	**73.1**	**29.8**
Agriculture,Lands,Veterinary, Livestock & Fisheries	197.67	87.22	196.80	86.60	133.49	26.78	67.8	30.9	**34.3**	**30.7**
Trade, Tourism & Industrialization	30.34	39.55	29.8	39.28	21.99	-	73.8	-	**72.5**	**-**
Roads & Public Works	64.68	1,218.02	64.3	1,184.91	26.89	537.28	41.8	45.3	**41.6**	**44.1**
Health, Water & Sanitation	313.05	661.66	312.60	515.58	162.78	188.59	52.1	34.2	**52.0**	**28.5**
Education, Youth Development& Vocational Training	24.17	313.65	24.07	292.32	17.97	106.76	74.7	36.5	**74.3**	**34.0**
Gender, Culture & Social Services	28.16	103.85	28.08	102.93	18.58	-	66.2	-	**66.0**	**-**
Environment & Social Services	33.89	6.45	32.7	6.23	25.47	-	77.9	-	**75.2**	**-**
County Public Service Board	35.73	-	35.7	-	26.47	-	74.1	-	**78.1**	**-**
County Assembly	619.25	188.75	486.8	152.88	368.97	41.47	75.8	27.1	**59.6**	**22.0**
Total	**1,930.30**	**2,993.10**	**1,793.15**	**2,752.98**	**1,274.00**	**982.74**	**71.1**	**35.7**	**66.0**	**32.8**

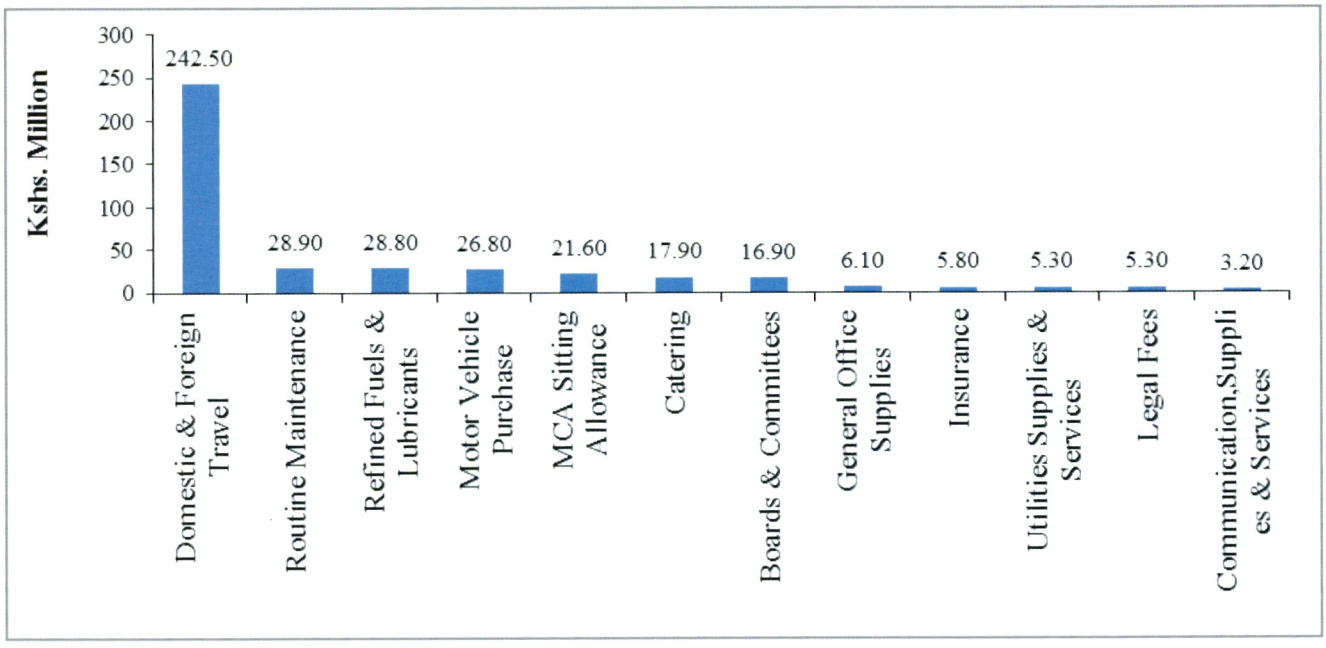
Source: *Tana River County Treasury*

The County spent Kshs.21.55 million on sitting allowances to the 27 MCAs, representing an absorption rate of 44.0 per cent of the annual MCA sitting allowance budget, a decline from

Kshs.23.0 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.66,525 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.210.11 million compared to Kshs.67.2 million in FY 2013/14, representing an increase of 312.6 per cent. This expenditure comprised of Kshs.195.43 million by the County Executive and Kshs.14.68 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 164.

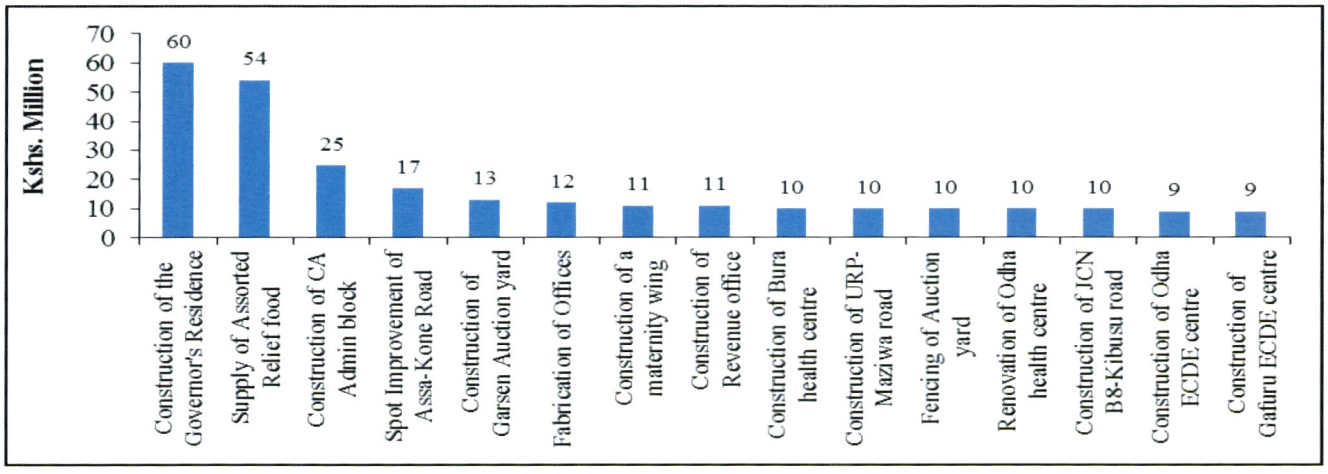
Figure 164: Tana River County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Tana River County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.425.2 million which was spent on grading and gravelling of roads. A total of 5,366 kilometres of road was gravelled across the 15 wards. The second highest expenditure was on the construction and renovation of health facilities where a total of Kshs.177.7 million was spent. Figure 165 provides the details of development expenditure during FY 2014/15.

Figure 165: Tana River County, FY 2014/15 Analysis of Development Expenditure



Source: *Tana River County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 38.4 per cent from 3 per cent in the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

However, the following challenges continued to hamper effective budget implementation:

1. The County Assembly is yet to operationalize IFMIS and G-PAY in processing financial transactions. As a result, the County Assembly has inadequate control of its budget as some of the payments such as payment of staff and MCA's salaries are made by the County Treasury.
2. Persistent underperformance in local revenue collection.
3. Intermittent use of the IFMIS in processing financial transactions.
4. Delays in submission of financial reports to oversight institutions such as the County Assembly and Office of the Controller of Budget.
5. Failure to deposit all local revenue into the County Revenue Fund contrary to Article 207 of the Constitution of Kenya, 2010.
6. Huge wage bill which accounted for 62.2 per cent of the annual recurrent expenditure.
7. The County incurred huge expenditure on domestic and foreign travel. Total expenditure on domestic and foreign travel was Kshs.242.5 million which accounted for 53.6 per

cent of the annual operation and maintenance expenditure.

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

1. *The County Assembly should operationalize IFMIS and G-PAY for effective management of its financial operations.*
2. *The County should institute measures to enhance local revenue collection.*
3. *All financial transactions should be processed using IFMIS and G-PAY to enhance transparency and accountability.*
4. *The County should ensure timely submission of financial reports to oversight institutions.*
5. *All locally collected revenue should be deposited in the CRF in line with Article 207 of the Kenya Constitution, 2010.*
6. *The County Public Service Board should develop an optimal staffing structure to address the escalating wage bill.*
7. *The County should reduce expenditure on non-core activities especially domestic and foreign travels and allocate more resource to core activities.*

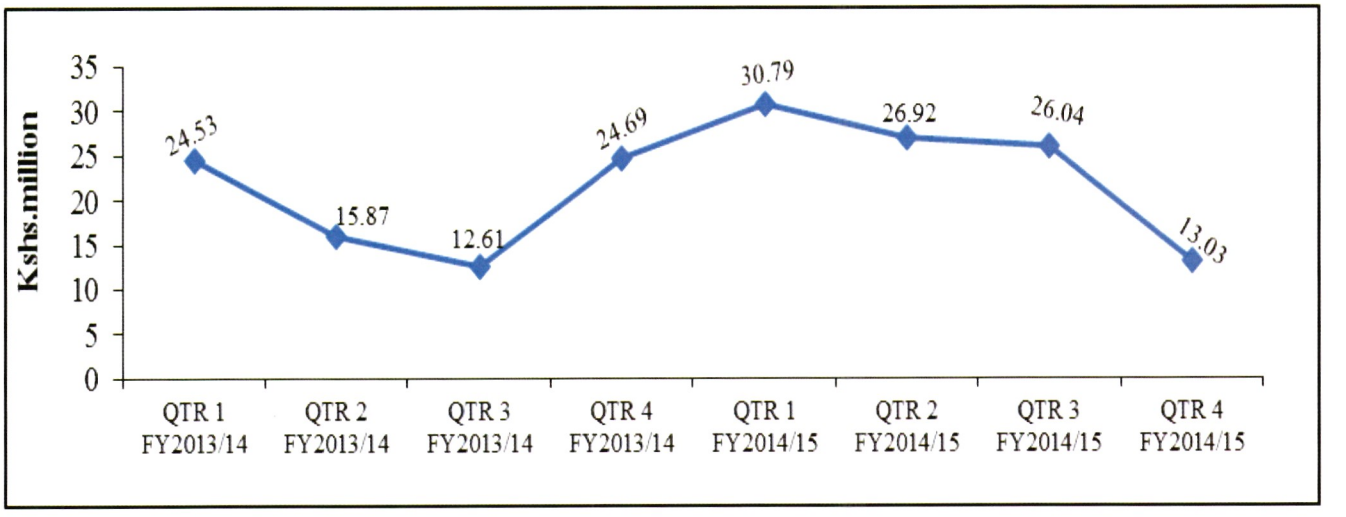
Tharaka Nithi County

During FY 2014/15, the Approved Budget for Tharaka Nithi County was Kshs.3.96 billion, with Kshs.1.98 billion (50 per cent) allocated to recurrent expenditure and Kshs.1.98 billion (50 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 45. In order to finance the budget, the County expected to receive Kshs.2.74 billion (69.5 per cent) as transfers from the National Government, collect Kshs.250.0 million (6.3 per cent) from local sources, receive a conditional grant of Kshs.698.8 million (17.7 per cent) from DANIDA, and Kshs.251.68 million (6.5 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.2.50 billion from the National Government as direct transfers to the CRF account, raised Kshs.115.73 million from local sources, and had Kshs.251.68 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.115.73 million which is an improvement from Kshs.77.71

million collected FY 2013/14 and accounted for 46.3 per cent of the annual local revenue target. Figure 166 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 166: Tharaka Nithi County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Tharaka Nithi County Treasury*

During the reporting period, the County accessed **Kshs.2.86 billion** from the CRF, which was 72.2 per cent of the Approved Budget an improvement from Kshs.1.80 billion when compared to FY 2013/14. This amount consisted of Kshs.1.98 billion (69.5 per cent) for recurrent expenditure and Kshs.870.55 million (30.5 per cent) for development activities.

The County spent a total of Kshs.2.70 billion during FY 2014/2015 which translated to 94.5 per cent of the total funds released, and an improvement from the Kshs.2.3 billion spent in FY 2013/14. A total of Kshs.1.8 billion (66.7 per cent) was spent on recurrent activities while Kshs.906.4 million (33.3 per cent) was spent on development activities. Recurrent expenditure was 90.9 per cent of the funds released for recurrent activities while development expenditure accounted for 104.1 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.731.96 million for development activities and Kshs.83.61 million for recurrent expenditure.

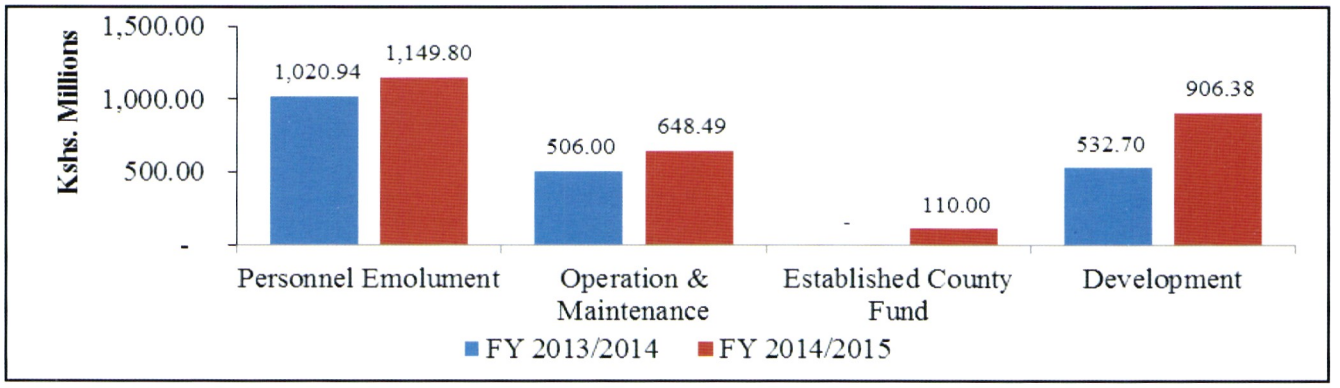
The recurrent expenditure for the period under review represented an absorption rate of **90.9 per cent**, decrease from **99.9 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **45.8 per cent**, decline from **54.8 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.1.8 billion shows that the County spent

Kshs.1.15 billion (64 per cent) on personnel emoluments and Kshs.648.5 million (36 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 42.6 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/2014 when the County spent Kshs.1.02 billion.

A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 167.

Figure 167: Tharaka Nithi County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Tharaka Nithi County Treasury*

Breakdown of expenditure by department shows that Health Services department attained the highest absorption rate of its recurrent budget at 94.6 per cent while the Tourism, Environment Water & Natural Resources department had the lowest absorption rate at 62.9 per cent. Table 45 shows a summary of expenditure by department.

Table 45: Tharaka Nithi County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure To Exchequer Issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	185.17	0	185.17	0	170.15	0	91.9		91.9	
Finance and Economic Planning	172.02	110.95	172.02	52.23	138.53	22.8	80.5	43.7	80.5	20.5
Education, Youth , Gender & Social services	60.17	325.35	60.17	72.28	52.89	163.92	87.9	226.8	87.9	50.4
Health Services	723	195	723	70	683.74	52.93	94.6	75.6	94.6	27.1

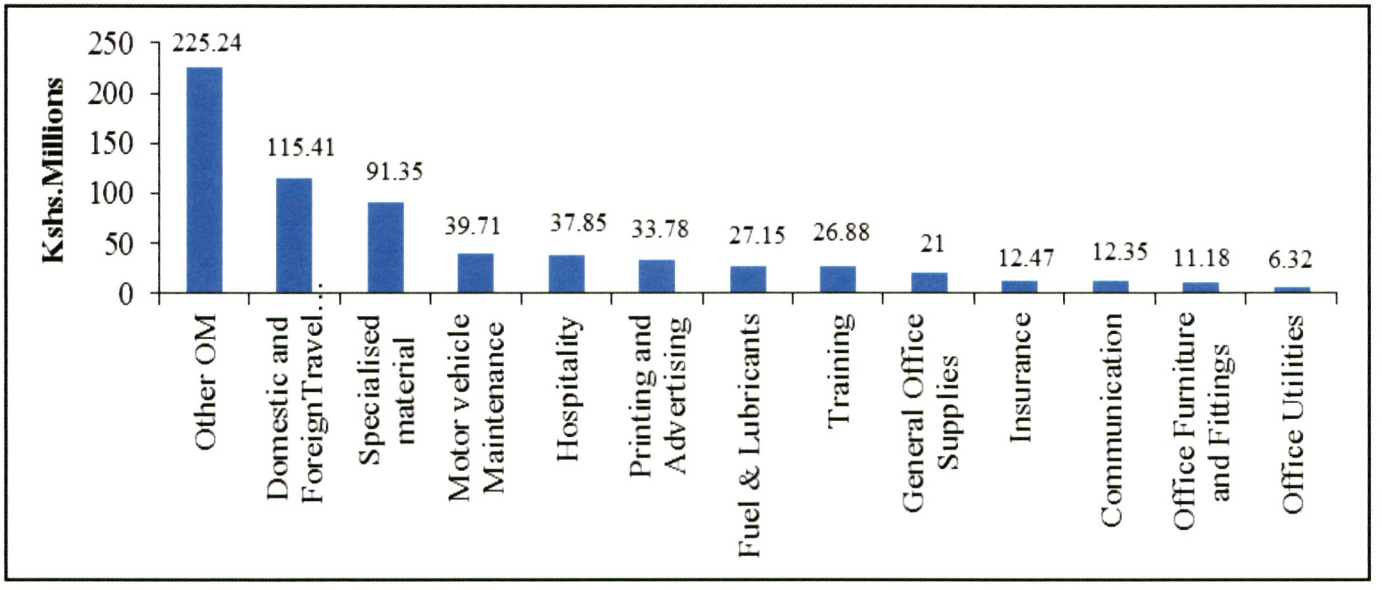
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure To Exchequer Issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Physical Planning, Land, Housing, Energy and ICT	43.24	192.24	43.24	16.2	39.25	8.94	90.8	55.2	90.8	4.7
Road, Transport, Public Works and Legal Affairs	51.1	523.62	51.1	316.25	37.07	463.63	72.5	146.6	72.5	88.5
County Assembly	379.4	50	379.4	30	351.87	21.76	92.7	72.5	92.7	43.5
Labour and Urban Development	91.38	124.2	91.38	59	88.62	53.06	97.0	89.9	97.0	42.7
Trade, Industrialisation and Co-operative Development	41.53	126.28	41.53	2.7	35.29	8	85.0	296.3	85.0	6.3
Agriculture, Livestock and Fisheries Development	189.12	135.94	189.12	126.22	173.66	100.86	91.8	79.9	91.8	74.2
Tourism, Environment, Water & natural resources	43.3	198.1	43.3	125.68	27.22	10.48	62.9	8.3	62.9	5.3
Total	**1979.41**	**1981.67**	**1979.41**	**870.55**	**1798.29**	**906.38**	90.8	104.1	90.8	45.7

Source: *Tharaka Nithi County Treasury*

The County spent Kshs.20.89 million on sitting allowances to the 25 MCAs, representing an absorption rate of 70.7 per cent of the annual MCA sitting allowance budget, a decline from Kshs.27.65 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.69,650, compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.115.41 million compared to Kshs.140.12 million in FY 2013/14, representing a decrease of 82.4 per cent. This expenditure comprised of Kshs.66.37 million by the County Executive and Kshs.49.04 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 168.

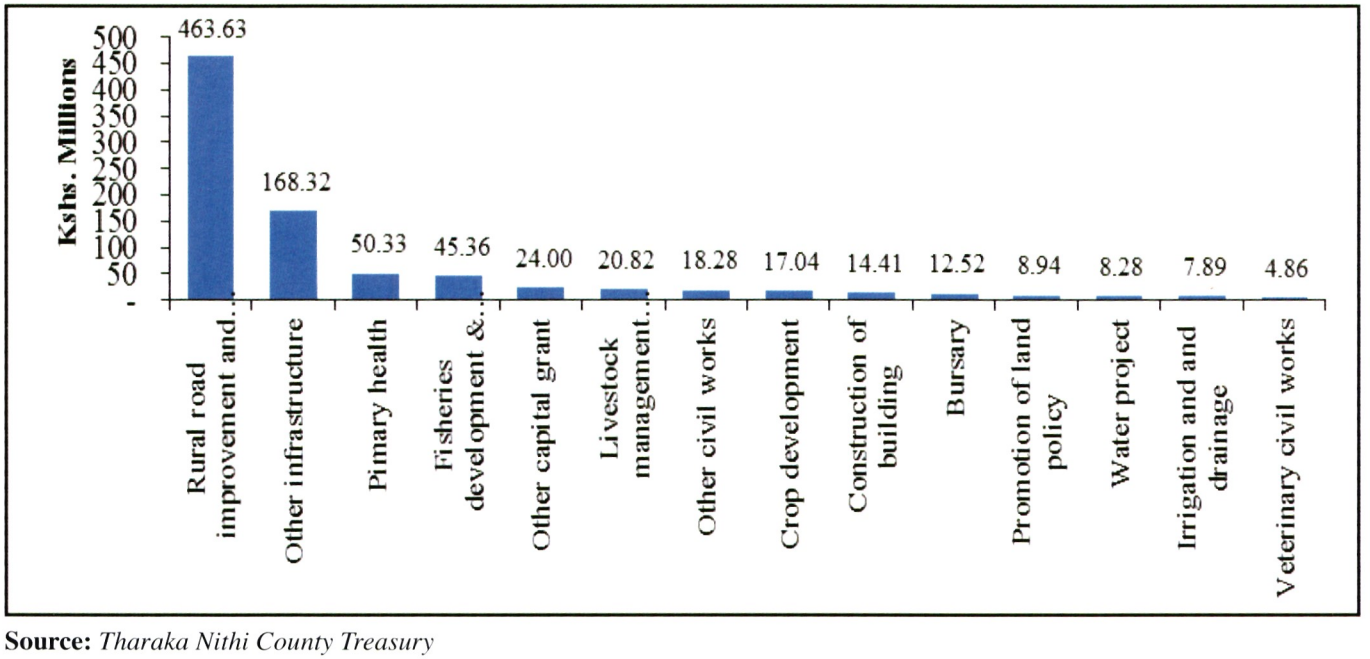
Figure 168: Tharaka Nithi County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Tharaka Nithi County Treasury*

Analysis of the development expenditure indicates that the Road department had the highest expenditure of Kshs.463.63 million which was spent on grading of 789 kilometres of road, gravelling of 150 kilometres, 5 foot bridges, and 2 complete drifts. The second highest expenditure was on other infrastructure where a total of Kshs.168.32 million was spent as shown in Figure 169.

Figure 169: Tharaka Nithi County,FY 2014/15 Analysis of Development Expenditure



Source: *Tharaka Nithi County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in local revenue collection from Kshs.77.71 million in FY 2013/14 to Kshs.115.73 million in FY 2014/15.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

However, the following challenges continued to hamper effective budget implementation:

1. Absence of internal audit committee contrary to Section 155 (5) of the PFM Act, 2012.
2. The County incurred huge wage bill which accounted for 64 per cent of the total recurrent expenditure.
3. Lack of project management teams to monitor implementation of development projects.
4. The County Assembly did not use IFMIS to process financial transactions.

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

1. *The County should institute an internal audit committee to oversee operations of the internal audit department in line with the PFM Act, 2012.*
2. *The County Public Service Board should develop an optimal staffing structure to address the high wage bill.*
3. *In order to ensure effective project implementation, the county should establish project management teams to enhance monitoring and evaluation of development projects .*
4. *The County Assembly should embrace the use of IFMIS in processing financial transactions.*

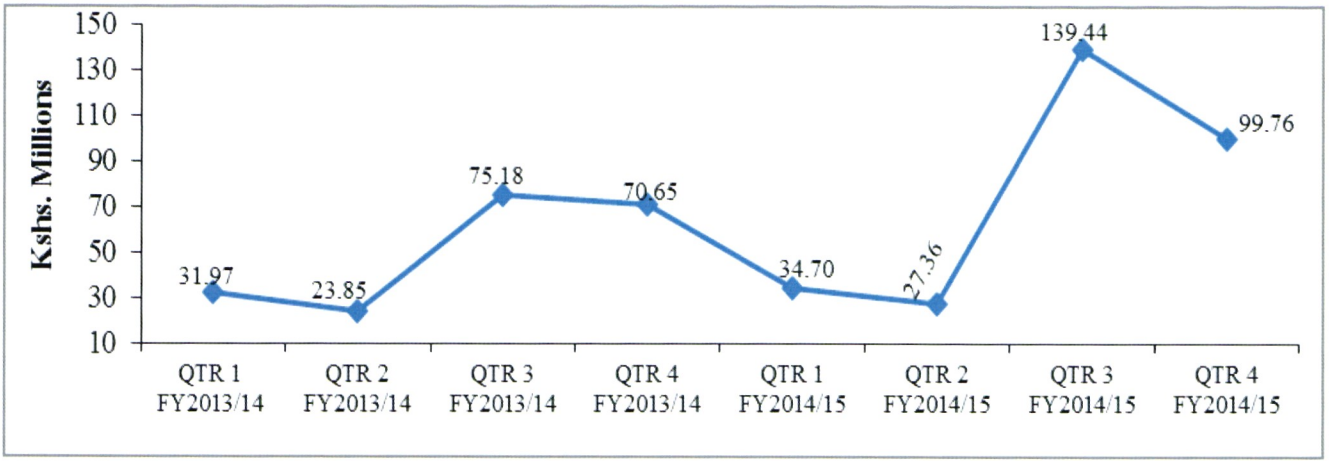
Tran Nzoia County

During FY 2014/15, the Approved Supplementary Budget for Trans Nzoia County was Kshs.5.27 billion, with Kshs.3.00 billion (56.9 per cent) allocated to recurrent expenditure and Kshs.2.27 billion (43.1 per cent) to development expenditure. The budget allocation and expenditure by departments is shown in Table 46. In order to finance the budget, the County expected to receive Kshs.4.45 billion (84.3 per cent) as transfers from the National Government, collect Kshs.385 million (7.3 per cent) from local sources, receive a conditional grant of Kshs.8.95 million (0.2 per cent) from DANIDA, and Kshs.429.49 million (8.2 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.4.06 billion from the National Government as a direct transfer to the CRF account, raised Kshs.301.27 million from local sources, and had Kshs.429.49 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 was Kshs.301.27 million which is an improvement from Kshs.201.66

million collected in FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 78.3 per cent of the annual local revenue target. **Figure 170** shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 170: Trans Nzoia County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Trans Nzoia County Treasury*

During the reporting period, the County accessed **Kshs.4.75 billion** from the CRF, which was 90.1 per cent of the Approved Supplementary Budget, an improvement from 78.5 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.77 billion (58.2 per cent) for recurrent expenditure and Kshs.1.99 billion (41.8 per cent) for development activities.

The County spent a total of Kshs.4.09 billion during FY 2014/15 which translated to 86.1 per cent of the total funds released, and an improvement from the Kshs.3 billion spent in FY 2013/14. A total of Kshs.2.88 billion (70.3 per cent) was spent on recurrent activities while Kshs.1.21 billion (29.7 per cent) was spent on development activities. Recurrent expenditure was 103.9 per cent of the funds released for recurrent activities while development expenditure accounted for 61.2 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.200.12 million for development activities and Kshs.389.21 million for recurrent expenditure.

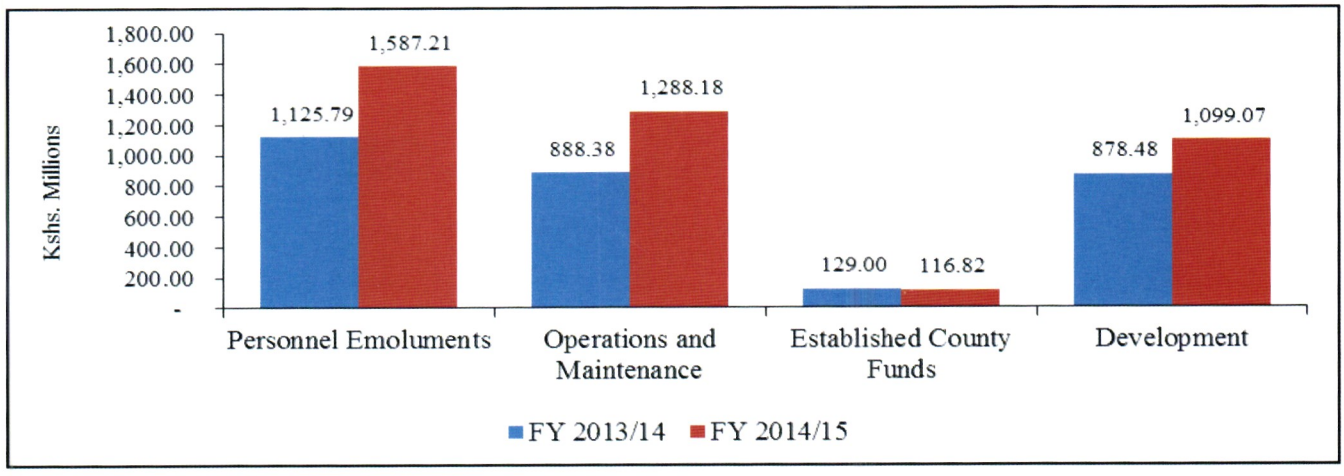
The recurrent expenditure for the period under review represented an absorption rate of **95.8 per cent**, an increase from **65.8 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **53.5 per cent**, a decline from **74 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.88 billion shows that the County spent Kshs.1.59 billion (55.2 per cent) on personnel emoluments and Kshs.1.29 billion (44.8 per cent)

on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 55.2 per cent of total expenditure and has increased in FY 2014/15 when compared to FY 2013/14 when the County spent Kshs.1.11 billion.

The County spent Kshs.116.82 million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 171.

Figure 171: Trans Nzoia County, FY 2013/14 and FY 2014/15 Expenditure by Economic Classification



Source: *Trans Nzoia County Treasury*

A breakdown of expenditure by department shows that Governance and Public Service Management department attained the highest absorption rate at 129.2 per cent. On the other hand Finance and Economic Planning, and, Physical Planning, Lands and Housing departments had the lowest absorption rate at 22 per cent respectively. Table 46 shows a summary of expenditure by department.

Table 46: Trans Nzoia County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Health	1,052.84	398.50	916.33	395.84	960.15	271.85	104.8	68.7	91.2	68.2
Agriculture, livestock and fisheries	295.61	142.41	287.61	139.34	250.04	77.05	86.9	55.3	84.6	54.1
Water, Energy, Environment, Forestry & Natural Resources	68.36	295.96	67.28	295.96	50.03	162.41	74.4	54.9	73.2	54.9
Education	61.19	228.44	58.68	129.00	33.05	161.04	56.3	124.8	54.0	70.5
Public Works, Transport & Infrastructure	205.31	447.00	202.79	398.53	172.27	166.22	84.9	41.7	83.9	37.2
Physical Planning, Lands & Housing	25.38	138.65	22.51	117.79	29.44	30.57	130.8	26.0	116.0	22.0

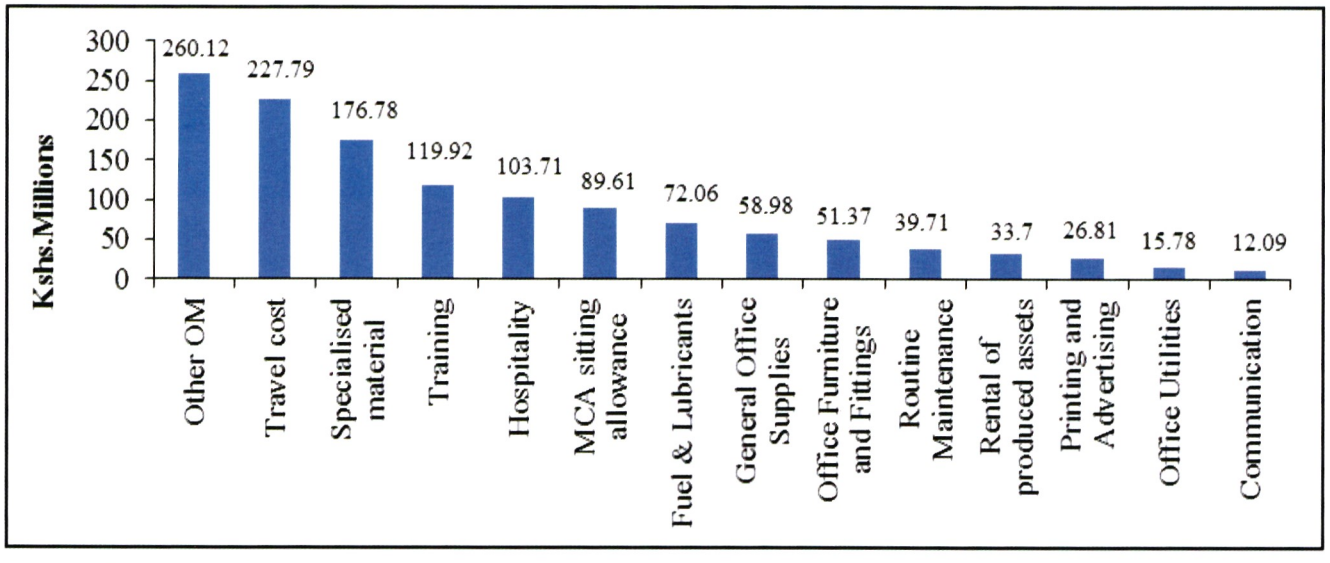
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Finance, Economic Planning, commerce & industry	455.87	182.01	407.15	171.90	302.11	40.00	74.2	23.3	66.3	22.0
Governance and Public Service Management	280.19	191.98	279.20	160.17	516.05	248.07	184.8	154.9	184.2	129.2
County Assembly	495.06	106.40	475.06	93.84	528.86	-	111.3	0.0	106.8	0.0
Gender, Youth, Sports, Culture & Tourism	61.86	139.47	50.22	83.47	33.38	58.68	66.5	70.3	54.0	42.1
Total	**3,001.67**	**2,270.82**	**2,766.83**	**1,985.84**	**2,875.38**	**1,215.89**	**103.9**	**61.2**	**95.8**	**53.5**

Source: *Trans Nzoia County Treasury*

The County spent Kshs.89.61 million on sitting allowances to the 39 MCAs, representing an absorption rate of 99.4 per cent of the annual MCA sitting allowance budget, an increase from Kshs.82.8 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.191,467 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.227.79 million compared to Kshs.148.09 million in FY 2013/14, representing an increase of 34.9 per cent. This expenditure comprised of Kshs.122.94 million by the County Executive and Kshs.104.85 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in **Figure 172**.

Figure 172: Trans Nzoia County, FY 2014/15 Operations and Maintenance Expenditure (Kshs.Millions)

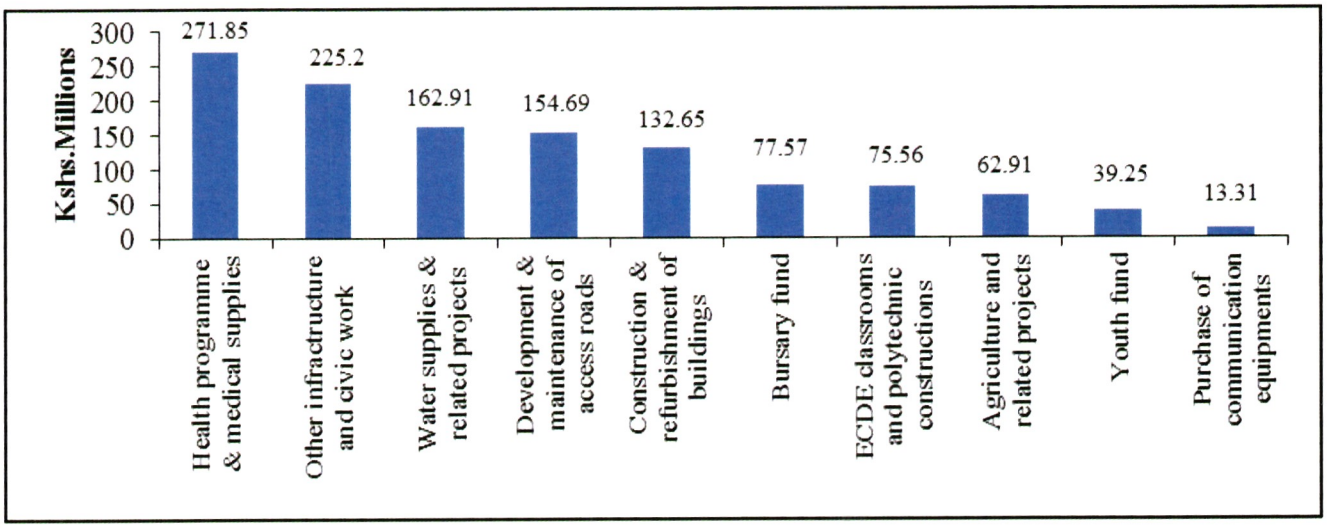


Source: *Trans Nzoia County Treasury*

Analysis of the development expenditure in the FY 2014/2015 indicates that the Health department had the highest expenditure of Kshs.271.85 million which was spent on acquisition

of site and premises of referral facility at the County and other medical programmes and medical supplies. The second highest expenditure was on construction of water springs and spring protection and on drilling and hand digging of boreholes, where a total of Kshs.162.91 million was spent. **Figure 173** provides the details of development expenditure during FY 2014/15.

Figure 173: Trans Nzoia County,FY 2014/15 Analysis of Development Expenditure (Kshs.Millions)



Source: *Trans Nzoia County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in local revenue collection by 49.40 per cent from Kshs.201.66 million in FY 2013/14 to Kshs.301.27 million in FY 2014/15.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

However, the following challenges continued to hamper effective budget implementation:

1. Delay in submission of financial reports to the OCOB.
2. Lack of an Audit Committee contrary to Section 155(5) of the PFM Act, 2012.
3. Lack of a project management teams to monitor implementation of developmental projects.
4. Expenditure in execess of approved budget allocation by some departments.

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

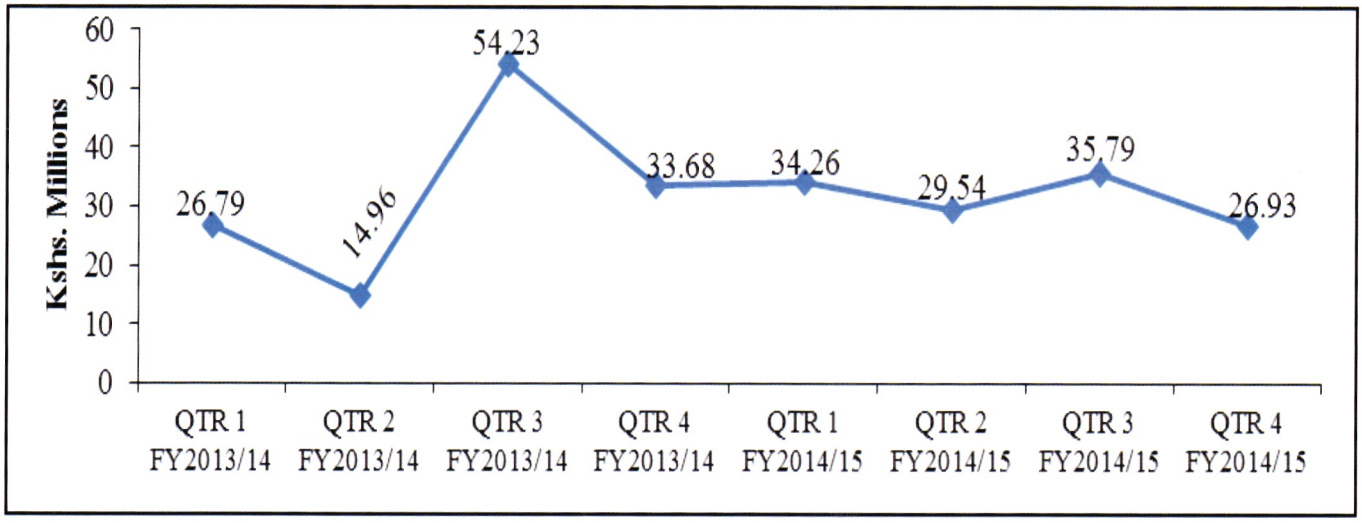
1. *The County treasury should ensure that financial reports are submitted in a timely manner.*
2. *Establish an Internal Audit Committee as per section 155(5) of the PFM Act, 2012 to enhance prudent public financial management.*
3. *The County Treasury should consistently use IFMIS in all financial transactions.*
4. *The County should hasten setting up of a monitoring and evaluation team to monitor and report on implementation of development projects.*
5. *The county should ensure that expenditure is within the approved budget. Incase of any reallocations, these should be regularized through a supplementary budget before end of the financial year.*

Turkana County

During FY 2014/15, the Approved Supplementary Budget for Turkana County was Kshs.13.12 billion, with Kshs.3.3 billion (24.2 per cent) allocated to recurrent expenditure and Kshs.9.82 billion (74.8 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 47. In order to finance the budget, the County expected to receive Kshs.9.14 billion (69.7 per cent) as transfers from the National Government, collect Kshs.110 million (1 per cent) from local sources, receive a conditional grant of Kshs.31.79 million (0.2 per cent) from DANIDA, and Kshs.3.84 billion (29 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.9.14 billion from the National Government as a direct transfer to the CRF account, raised Kshs.126.52 million from local sources, and had Kshs.3.6 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 was Kshs.126.52 million which is a decrease from Kshs.129.65 million collected FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 115.0 per cent of the annual local revenue target. Figure 174 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 174 : Turkana County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Turkana County Treasury*

During the reporting period, the County accessed **Kshs.10.5 billion** from the CRF, which was 80 per cent of the Approved Supplementary Budget, an improvement from Kshs.4.61 billion accessed in FY 2013/14. This amount consisted of Kshs.3.30 billion (31.4 per cent) for recurrent expenditure and Kshs.7.22 billion (68.6 per cent) for development activities.

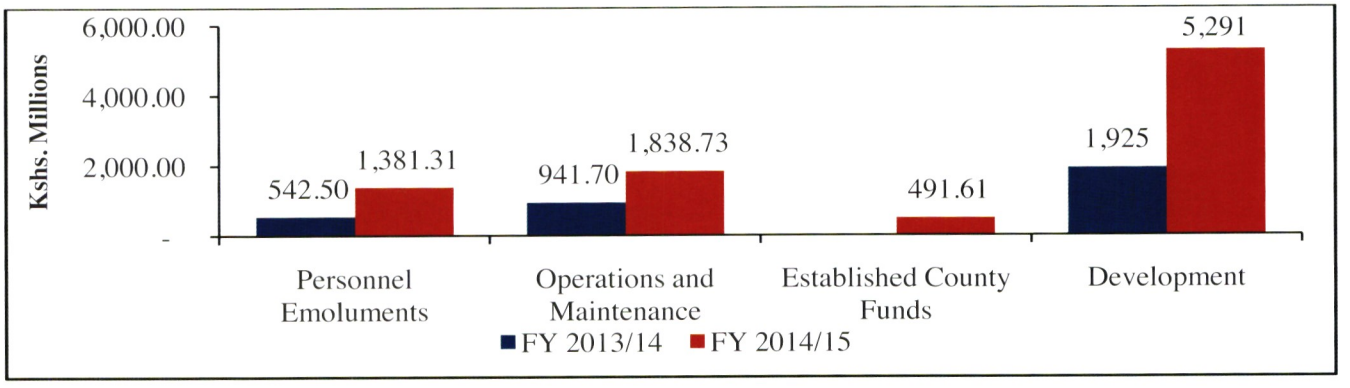
The County spent a total of Kshs.9.02 billion during FY 2014/15 which translated to 85.6 per cent of the total funds released, and an improvement from the Kshs.3.4 billion spent in FY 2013/14. A total of Kshs.3.23 billion (36 per cent) was spent on recurrent activities while Kshs.5.78 billion (64 per cent) was spent on development activities. Recurrent expenditure was 97.9 per cent of the funds released for recurrent activities while development expenditure accounted for 79.9 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.2.4 billion for development activities. The pending bills have been included in FY 2015/16 budget.

The recurrent expenditure for the period under review represented an absorption rate of **97.9 per cent**, an increase from **36 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **58.9 per cent**, an improvement from **48 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.23 billion shows that the County spent Kshs. 1.38 billion (43 per cent) on personnel emoluments and Kshs.1.85 billion (57 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 15.3 per cent of total expenditure and has increased significantly in FY 2014/15 compared

to FY 2013/14 when the County spent Kshs.542.5 million. The County spent Kshs.492 million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 175.

Figure 175: Turkana County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Turkana County Treasury*

A breakdown of expenditure by department shows that the Public Service and Disaster Management department attained the highest proportion of recurrent expenditure to recurrent budget at 437.6 per cent while Finance and Economic Planning department attained the lowest proportion of recurrent expenditure to recurrent budget at 25.0 per cent. On the other hand, the Finance and Economic Planning department attained the highest proportion of development expenditure to development budget at 83.8 per cent while County Assembly attained the lowest proportion of development expenditure to development budget at 4.2 per cent. Table 47 shows a summary of expenditure by department.

Table 47: Turkana County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	194	603	194	379	100	464	51.5	122.4	51.5	76.9
Office of the Deputy Governor	53		53	-	26		49.1		49.1	
Finance and Economic Planning	533	1,141	532	727	133	956	25.0	131.5	25.0	83.8
Water,Irriga-tion and Agriculture	159	970	159	734	72	425	45.3	57.9	45.3	43.8
Health and Sanitation	816	1,242	816	1,041	234	794	28.7	76.3	28.7	63.9
Tourism, Trade and Industry	78	447	77	353	68	267	88.3	75.6	87.2	59.7
Education, Sport, Youth & ICT	154	1,392	180	992	41	818	22.8	82.5	26.6	58.8
Roads and Public Works	82	1,030	82	803	89	828	108.5	103.1	108.5	80.4

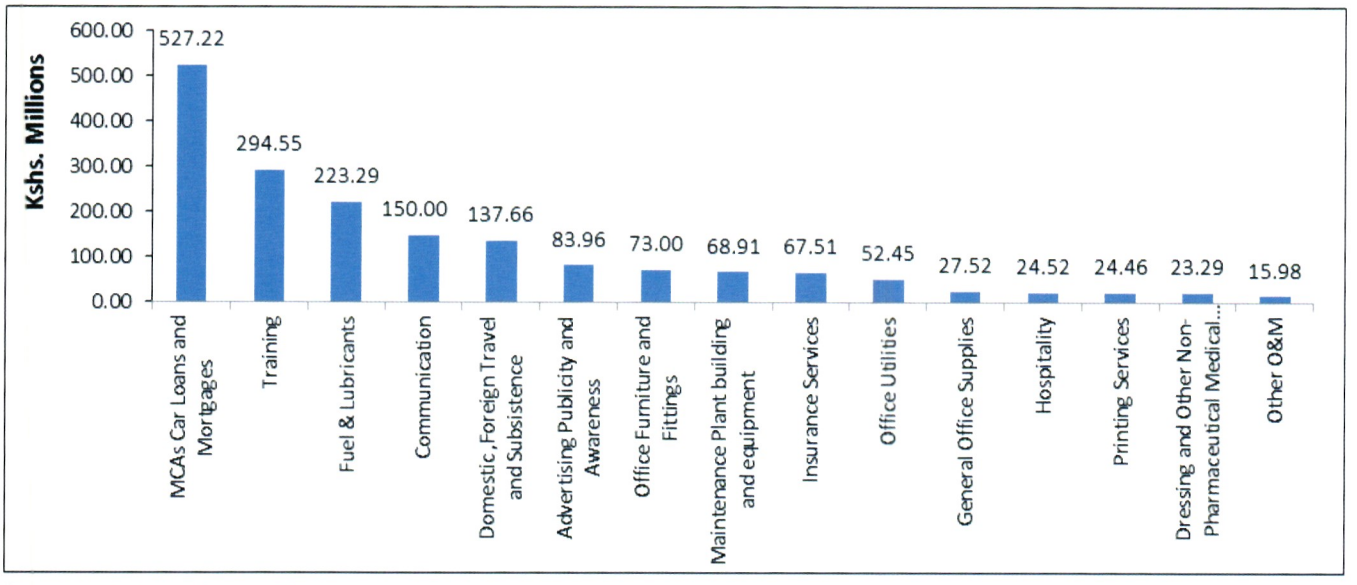
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Pastoral Economy and Fisheries	88	644	88	524	38	324	43.2	61.8	43.2	50.3
Energy, Environment and Natural Resources	90	361	90	231	56	99	62.2	42.9	62.2	27.4
Land, Physical Planning and Urban Management	100	488	100	336	45	64	45.0	19.0	45.0	13.1
Liaison Office	43		44	-	52		118.2		120.9	
Public Service Board	85		85	-	49	-	57.6		57.6	
County Assembly	477	475	477	261	695	20	145.7	7.7	145.7	4.2
Public Service and Disaster Management	351	1,026	351.54	838	1,536	725	436.9	86.5	437.6	70.7
Total	**3,303**	**9,819**	**3,329**	**7,219**	**3,234**	**5,784**	**97.2**	**80.1**	**97.9**	**58.9**

Source: *Turkana County Treasury*

The County spent Kshs.54.3 million on sitting allowances to the 47 MCAs, representing an absorption rate of 494.3 per cent of the annual MCAs sitting allowance budget, an increase from Kshs.21 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.96,277 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.294.55 million compared to Kshs. 276.4 million in FY 2013/14, representing an increase of 27.3 per cent. This expenditure comprised of Kshs.169.79 million by the County Executive and Kshs.124.76 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 176.

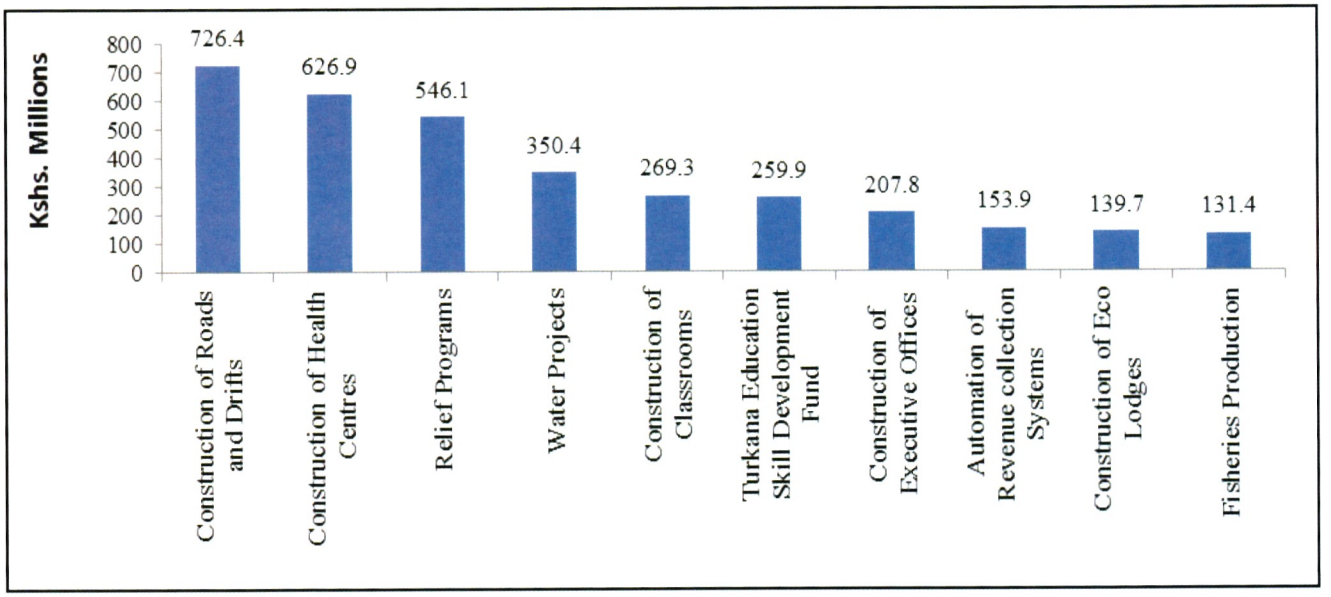
Figure 176: Turkana County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Turkana County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that Kshs.726.4 million was spent on construction of roads and drifts which included tarmacking of 6 km road and construction of 66 feeder roads. Kshs.153.9 million was spent on automation of local revenue collection in order to improve revenue performance and reporting. Figure 177 provides the details of development expenditure during FY 2014/15.

Figure 177: Turkana County, FY 2014/15 Analysis of Development Expenditure



Source: *Turkana County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 58.9 per cent from 48 per cent in the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Full adoption of IFMIS in processing financial transactions.

(iv) Compliance with budgetary timelines.

However, the following challenges continued to hamper effective budget implementation:

1. Failure of the county to develop a supplementary budget in time to correct the inconsistencies in the FY 2014/15 budget as well as capture emerging issues during budget implementation process.

2. Decline in local revenue collection from Kshs.129.65 million in FY 2013/14 to Kshs. 126.52 million in FY 2014/15.

3. Inadequate internal audit arrangements.

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

1. *The County should ensure Supplementary Budgets are prepared and approved in time to allow adequate time for implementation of the planned activities.*

2. *The County should come up with measures to enhance local revenue performance.*

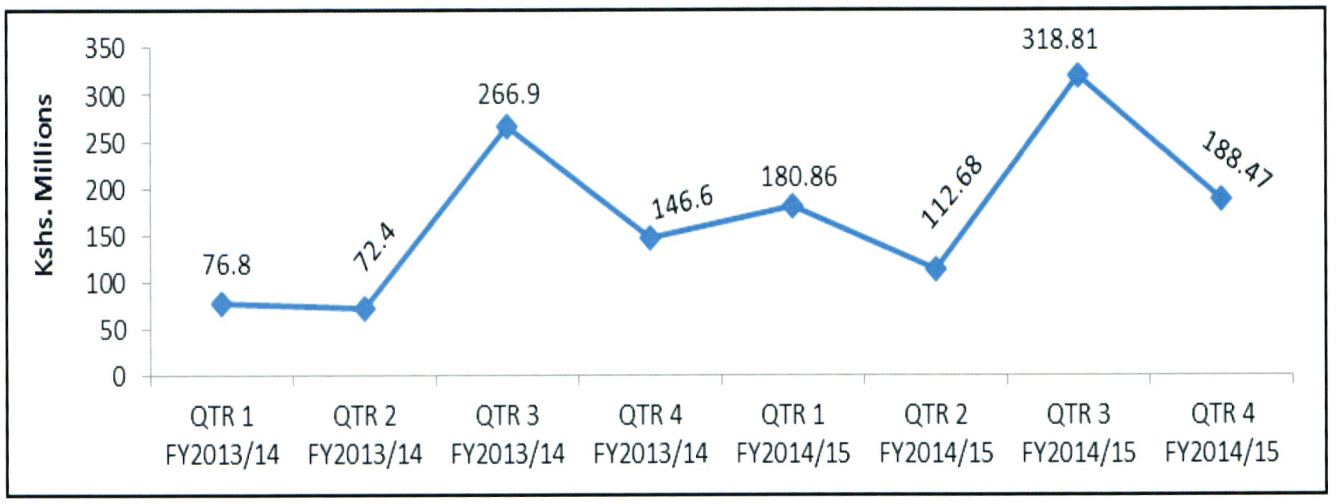
3. *The County should strengthen the internal audit function in line with Section 155 of the PFM Act, 2012.*

Uasin Gishu County

During FY 2014/15, the Approved Supplementary Budget for Uasin Gishu County was Kshs.6.93 billion, with Kshs.3.42 billion (49.3 per cent) allocated to recurrent expenditure and Kshs.3.51 billion (50.7 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 48. In order to finance the budget, the County expected to receive Kshs.4.54 billion (65.4 per cent) as transfers from the National Government, collect Kshs.890 million (12.8 per cent) from local sources, receive a conditional grant of Kshs.14.94 million (0.1 per cent) from DANIDA, Kshs.1.49 billion (21.5 per cent) as projected cash balance from FY 2013/14 and Kshs. 29.82 million (0.2) as donor project fund.

In FY 2014/15, the County received Kshs.4.12 billion from the National Government as a direct transfer to the CRF account, raised Kshs.800.82 million from local sources, and had Kshs.1.49 billion as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.800.82 million was an improvement from Kshs.562.7 million collected FY 2013/14.The total local revenue raised in FY 2014/15 accounted for 90.0 per cent of the annual local revenue target. Figure 178 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 178: Uasin Gishu County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Uasin Gishu County Treasury*

During the reporting period, the County accessed **Kshs.6.13 billion** from the CRF, which was 88.5 per cent of the Approved Supplementary Budget, a decrease from 89.1 per cent when compared to FY 2013/14 same period. This amount consisted of Kshs.3.28 billion (53.5 per cent) for recurrent expenditure and Kshs.2.85 billion (46.5 per cent) for development activities.

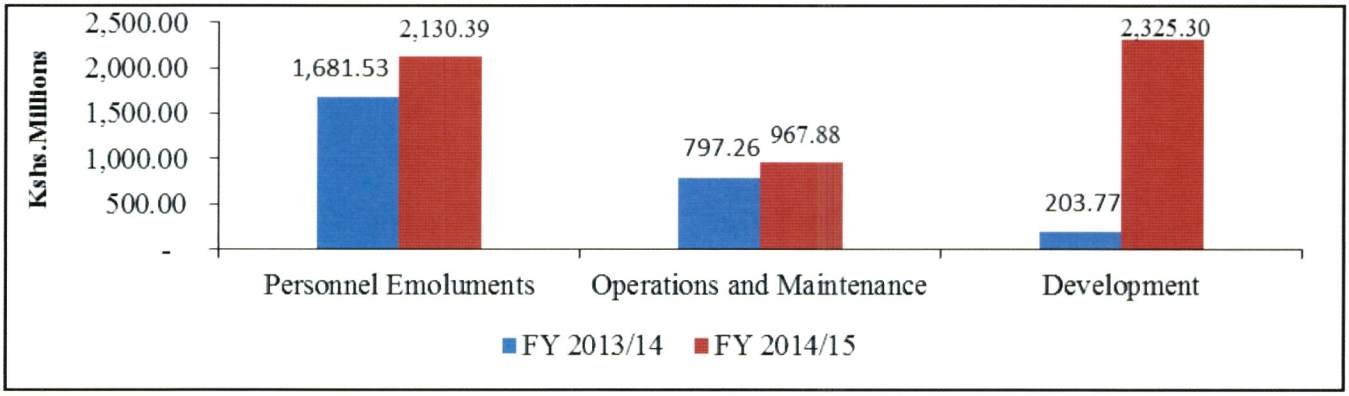
The County spent a total of Kshs.5.54 billion during FY 2014/15 which translated to 90.3 per cent of the total funds released, and an improvement from the Kshs.2.7 billion spent in FY 2013/14. A total of Kshs. 3.10 billion (56.0 per cent) was spent on recurrent activities while Kshs.2.43 billion (44.0 per cent) was spent on development activities. Recurrent expenditure was 94.6 per cent of the funds released for recurrent activities while development expenditure accounted for 85.3 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.836.40 million for development activities and Kshs.285.51 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **90.8 per cent**, an increase from **85 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **69.3 per cent**, an improvement from **13 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.3.10 billion shows that the County spent Kshs.2.13 billion (68.7 per cent) on personnel emoluments and Kshs.972.59 million (31.4 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments

accounted for 38.4 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.68 billion. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 179.

Figure 179: Uasin GishuCounty, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Uasin Gishu County Treasury*

A breakdown of expenditure by department shows that Health department attained the highest absorption rate of its recurrent budget at 100.9 per cent while the Lands, Housing and Physical planning department had the lowest absorption rate of its recurrent budget at 23 per cent. Table 48 shows a summary of expenditure by department.

Table 48: Uasin Gishu County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	118.44	10.00	118.44	-	108.92	-	92.0	-	**92.0**	**-**
Finance and Economic Planning	414.96	140.31	410.67	54.14	390.81	37.31	95.0	68.9	**94.2**	**26.6**
Education, Sport, Youth & Social Cultural Services	226.72	472.61	266.72	401.00	222.72	368.15	98.0	91.8	**98.2**	**77.9**
Health and Sanitation	723.27	345.11	723.27	170.30	729.68	209.05	101.0	122.8	**100.9**	**60.6**
ICT and E-Government	28.03	140.56	28.03	140.56	20.74	101.88	74.0	72.5	**74.0**	**72.5**
Roads and Public Works	253.37	1,620.24	253.37	1,463.51	244.42	1,288.45	96.0	88.0	**96.5**	**79.5**
County Assembly	424.38	28.50	424.38	28.50	415.27	22.31	98.0	78.3	**97.9**	**78.3**
Lands, Housing & Physical planning	128.18	110.37	128.18	60.36	29.53	31.68	23.0	52.5	**23.0**	**28.7**

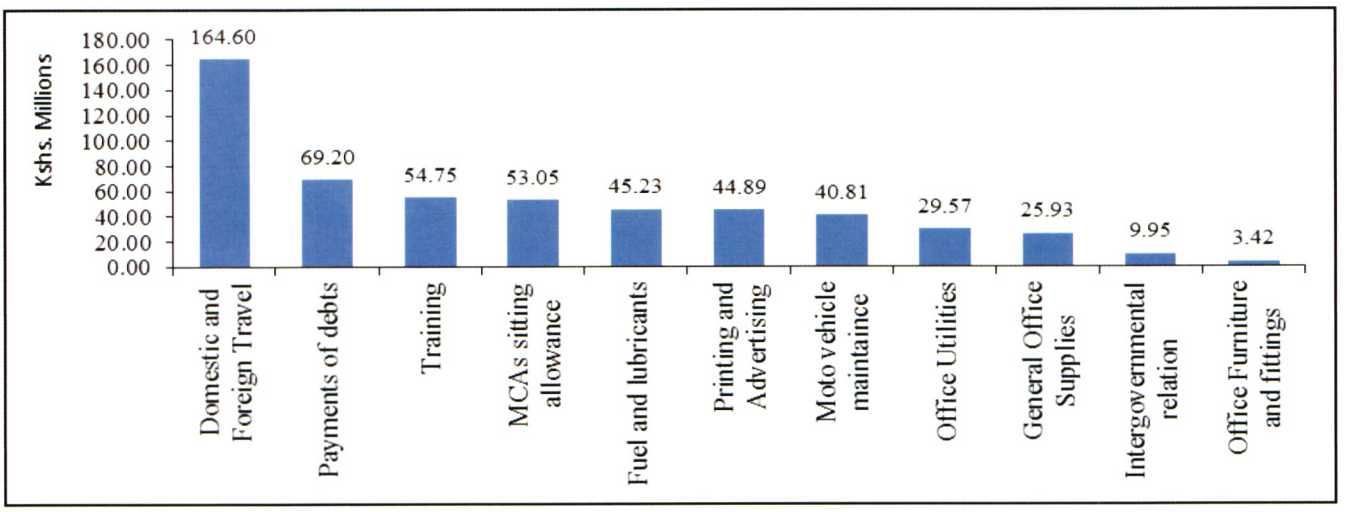
Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Trade, Energy, Industrialization and Tourism	70.64	142.29	69.13	50.94	59.89	29.44	87.0	57.8	**84.8**	**20.7**
Environment and Natural Resources	179.37	208.81	179.37	208.81	167.57	186.82	93.0	89.5	**93.4**	**89.5**
Agriculture Livestock and Fisheries	301.36	215.87	301.36	202.70	289.56	123.51	96.0	60.9	**96.1**	**57.2**
County Public Service Board	25.60	3.73	29.60	3.73	27.43	-	93.0	-	**92.7**	**-**
Public Service Management	517.47	75.04	387.47	69.96	396.43	35.90	102.0	51.3	**76.6**	**47.8**
Total	**3,415.80**	**3,513.65**	**3,280.01**	**2,854.49**	**3,102.98**	**2,434.49**	**95.0**	**85.3**	**90.8**	**69.3**

Source: *Uasin Gishu County Treasury*

The County spent Kshs.53.05 million on sitting allowances to the 45 MCAs, representing an absorption rate of 100 per cent of the annual MCA sitting allowance budget, an increase from Kshs.73.3 million in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.98,247 compared to SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.164.60 million compared to Kshs.82.30 million in FY 2013/14, representing an increase of 100.0 per cent. This expenditure comprised of Kshs.99.20 million by the County Executive and Kshs.65.39 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 180.

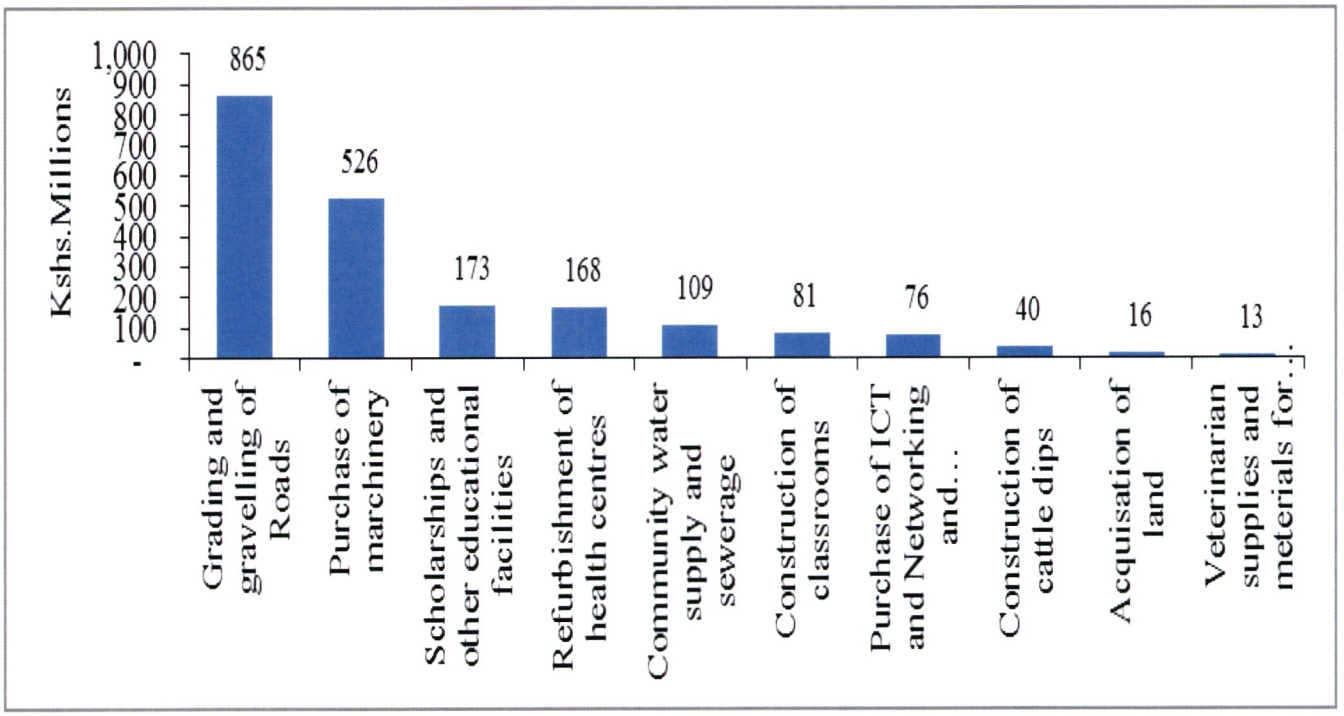
Figure 180: Uasin Gishu County, FY 2014/15 Operations and Maintenance Expenditure



Source: *Uasin Gishu County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads, Transport and infrastructure department had the highest expenditure at Kshs.865.17 million which was spent on grading and gravelling of roads. Figure 181 provides the details of development expenditure during FY 2014/15.

Figure 181:Uasin Gishu County,FY 2014/15 Analysis of Development Expenditure



Source: *Uasin Gishu County Treasury.*

In the period under review, the County made progress to address challenges that affected budget implementation. These include:

(i) Improvement in absorption of development funds to 69.3 per cent from 13 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 42.32 per cent from Kshs.562.7 million in FY 2013/14 to Kshs.800.82 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Full adoption of IFMIS in processing financial transactions.

(v) Compliance with budgetary timelines.

However, the following challenges continued to hamper effective budget implementation:

1. Inadequate internal audit arrangements.
2. Lack of laws that govern revenue collection from various revenue streams, exposing the County to the risks of litigation as well as limiting optimal revenue collection.

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

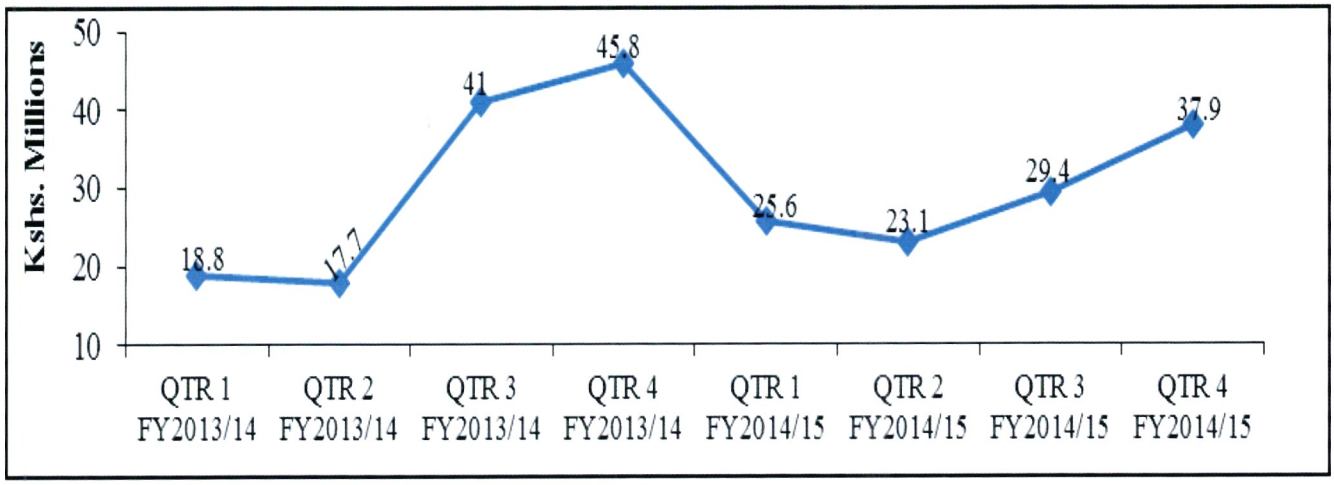
1. *The County should establish an effective audit department and also constitute an audit committee in line with the PFM Act, 2012 to enhance oversight of financial operations.*
2. *The County should expedite the approval of necessary laws that govern revenue collection from various streams.*

Vihiga County

During FY 2014/15, the Approved Supplementary Budget for Vihiga County was Kshs.4.76 billion, with Kshs.2.54 billion (53.4 per cent) allocated to recurrent expenditure and Kshs.2.22 billion (46.6 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 49. In order to finance the budget, the County expected to receive Kshs.3.38 billion (71 per cent) as transfers from the National Government, collect Kshs.377.74 million (7.9 per cent) from local sources, receive a conditional grant of Kshs.23.7 million (0.5 per cent) from DANIDA, and Kshs.573.45 million (12 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.3.39 billion from the National Government as a direct transfer to the CRF account, raised Kshs.115.4 million from local sources, and had Kshs.568.21 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.115.4 million was a decrease from Kshs.123.3 million collected FY 2013/14 and accounted for 30.7 per cent of the annual local revenue target. Figure 182 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 182: Vihiga County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Vihiga County Treasury*

During the reporting period, the County accessed **Kshs.4.07 billion** from the CRF, which was 85.5 per cent of the Approved Supplementary Budget, an improvement from 78.8 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.42 billion (59.5 per cent) for recurrent expenditure and Kshs.1.65 billion (40.5 per cent) for development activities.

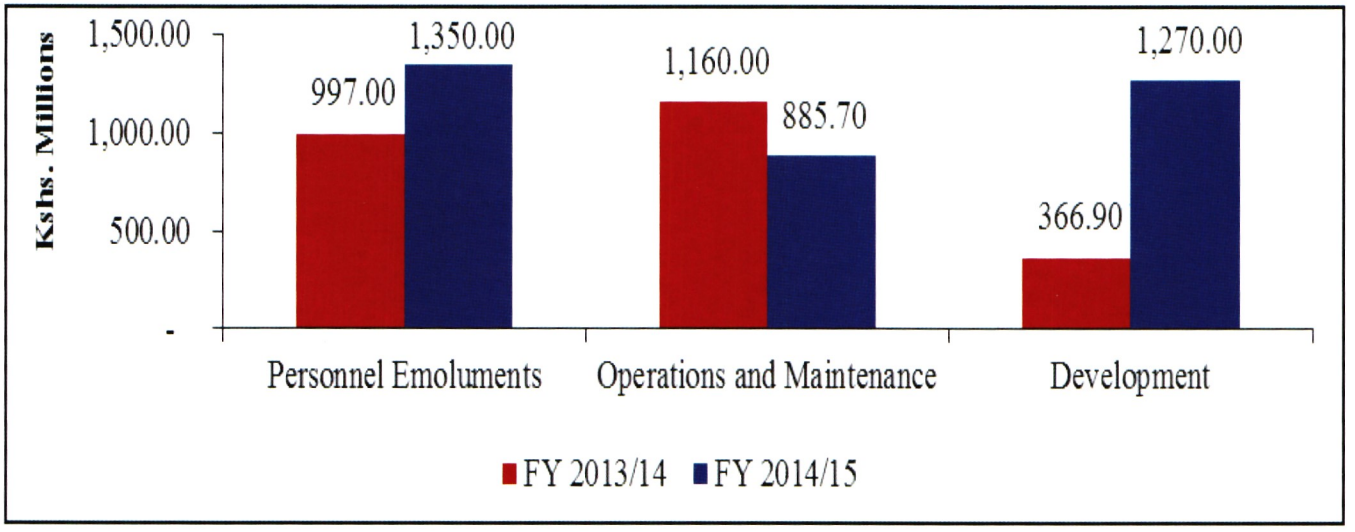
The County spent a total of Kshs.3.50 billion during FY 2014/15 which translated to 86.1 per cent of the total funds released, and an improvement from the Kshs.2.5 billion spent in FY 2013/14. A total of Kshs.2.23 billion (63.7 per cent) was spent on recurrent activities while Kshs.1.27 billion (36.3 per cent) was spent on development activities. Recurrent expenditure was 92.1 per cent of the funds released for recurrent activities while development expenditure accounted for 77.0 per cent of the funds released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.1.56 billion for development activities and Kshs.460.12 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **87.8 per cent**, a decrease from **100 per cent** realized in FY 2013/14 while development expenditure recorded an absorption rate of **57.2 per cent**, an improvement from **32 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.23 billion shows that the County spent Kshs.1.35 billion (60.4 per cent) on personnel emoluments and Kshs.885.68 million (39.6 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 38.6 per cent of total expenditure and has increased significantly in FY 2014/15

compared to FY 2013/14 when the County spent Kshs.997.3 million. This increase was due to the absorption of the staff under the Economic Stimulus Program (ESP) in the Health Services and Environment, Natural Resources, Water & Forestry departments. The County also increased the number of staff under contract and casual workers. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 183.

Figure 183: Vihiga County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Vihiga County Treasury*

A breakdown of expenditure by department shows that the County Assembly attained the highest absorption rate of its recurrent budget at 113.3 per cent. On the other hand County Public Service Board had the lowest absorption rate of its recurrent budget at 64.4 per cent. Table 49 shows a summary of expenditure by department.

Table 49: Vihiga County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Agriculture, lives.	141.24	86	136.51	79.68	130.94	71.04	95.9	89.2	**92.7**	**82.6**
Lands, Housing	25.43	138	23.2	130.50	16.70	81.01	72	62.1	**65.7**	**58.7**
Transport & Infrastructure	113.14	682.1	106.82	616.67	82.32	505.78	77.1	82.0	**72.8**	**74.2**
Industrialization	32.85	131.6	31.68	31.60	30.68	11.80	96.8	37.3	**93.4**	**9.0**
Health Services	755.81	136	730.00	136.00	647.27	85.66	88.7	63	**85.6**	**63.0**
Education ,Science	96.59	256.2	90.94	134.75	67.99	114.69	74.8	85.1	**70.3**	**44.8**
County Executive	255.52	212.89	250.43	8.00	235.81	180.66	94.2	2258.3	**92.2**	**84.7**
County Assembly	295.56	223	285.77	223.00	334.95	57.78	117.2	25.9	**113.3**	**25.9**
County Treasury	207.38	147.84	193.19	104.00	186.48	83.80	96.5	80.6	**89.9**	**56.7**
County Public S.B.	83.03	00	79.5	0	53.49	0	67.3	0	**64.4**	**0**

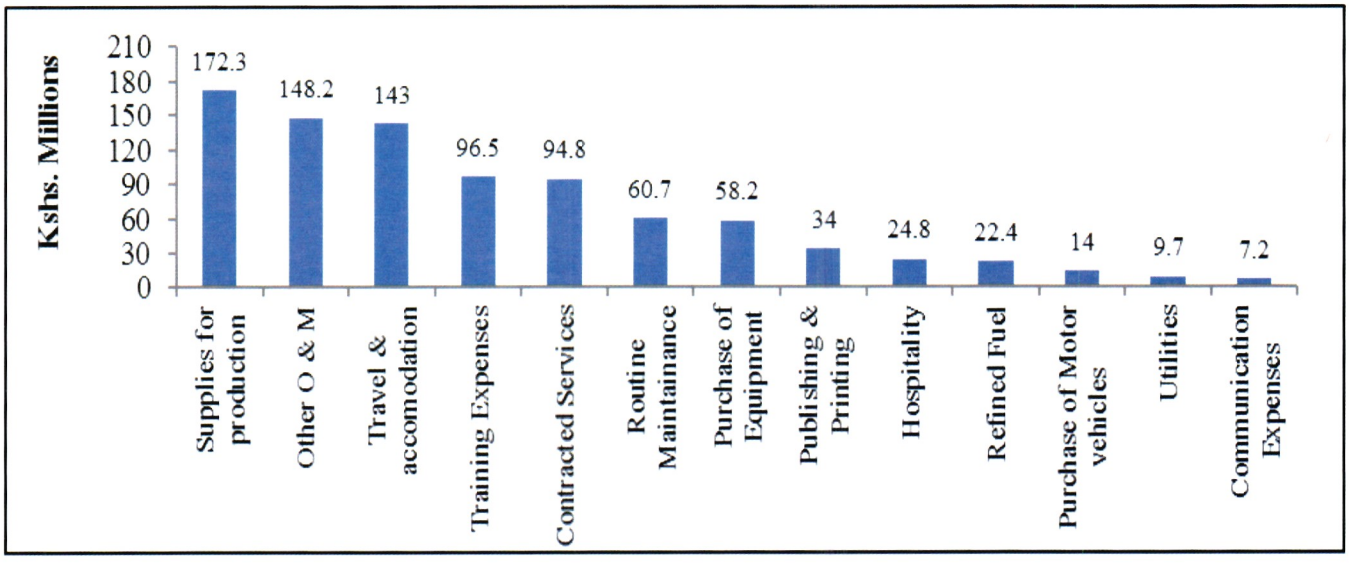
Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Public S. & A	424.64	3.5	393.59	0	358.5	3.00	91.1	85.7	**84.4**	**85.7**
Gender, Culture &Youth	74.3	51.5	68.21	36.50	59.67	7.78	87.5	21.3	**80.3**	**15.1**
Environment	36.72	109.62	34.6	145.91	29.79	68.15	86.1	46.7	**81.1**	**62.24**
Totals	**2,542.21**	**2,221.23**	**2424.42**	**1646.6**	**2234.59**	**1271.2**	**92.2**	**77**	**87.9**	**57.3**

Source: *Vihiga County Treasury*

The County spent Kshs.61.86 million on sitting allowances to the 39 MCAs, representing an absorption rate of 79.8 per cent of the annual MCA sitting allowance budget, an increase from Kshs.36 million spent in FY 2013/14. The MCA's sitting allowances are part of personnel & emolument expenditure budget. The average monthly sitting allowance per MCA was Kshs.132,183 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.84.53 million compared to Kshs.202.0 million in FY 2013/14, representing a decrease of 58.2 per cent. This expenditure comprised of Kshs.16.85 million by the County Executive and Kshs.67.68 million by the County Assembly. A breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 184.

Figure 184: Vihiga County, FY 2014/15 Operations and Maintenance Expenditure

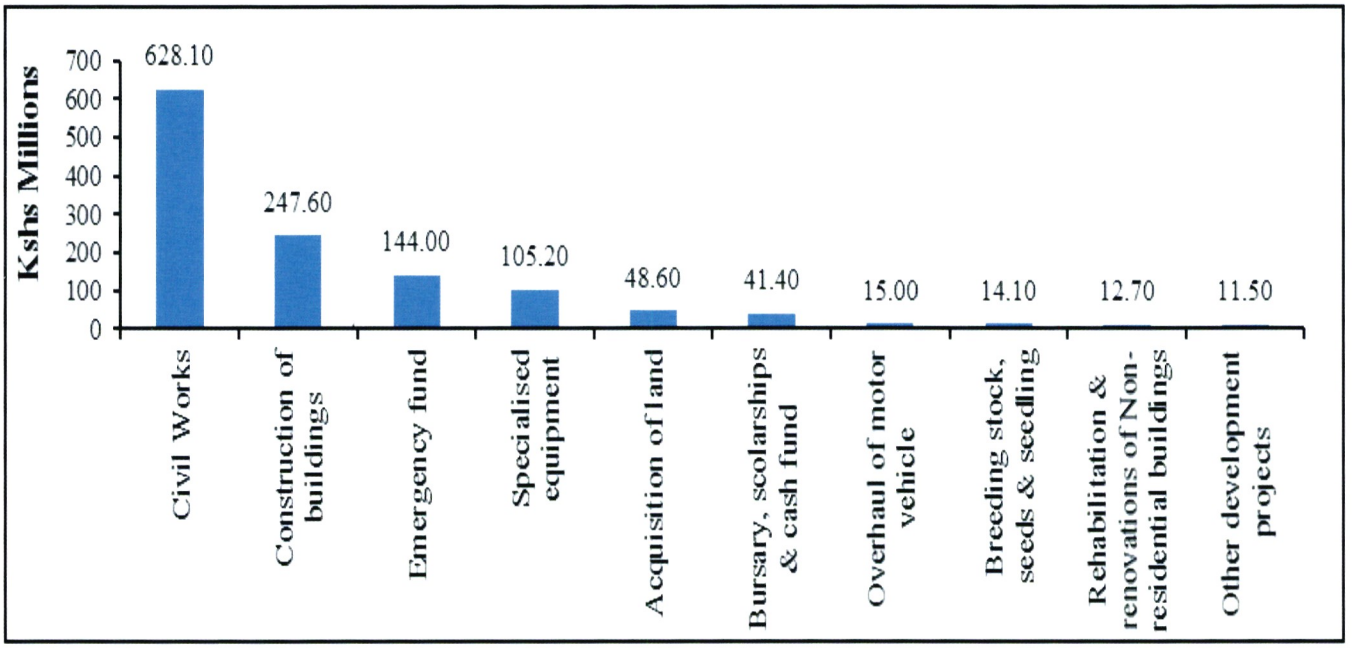


Source: *Vihiga County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the Roads department had the highest expenditure of Kshs.505.78 million which was spent on grading and gravelling of roads. A total of about 400 kilometres of roads were gravelled across the 25 wards. The

second highest expenditure of Kshs.114.69 million was incurred by the Education department. 13 ECD classrooms and four village polytechnic were constructed across the County. The Health department purchased and installed an Oxygen plant at Vihiga County Referral Hospital in Mbale at a cost of Kshs.30.00 Million. The department of Lands, Housing and Physical Planning also purchased equipment for Geographical Information System (GIS) laboratory at Kshs.6.0 million which were part of specialised equipment expenditure. Figure 185 provides the details of development expenditure during FY 2014/15.

Figure 185: Vihiga County,FY 2014/15 Analysis of Development Expenditure



Source: *Vihiga County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 57.2 per cent from 32 per cent in the previous financial year.

(ii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iii) Full adoption of IFMIS in processing financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Some County departments such as the Transport and Infrastructure department implemented projects that were not factored in the budget.

2. Both the County Executive and the County Assembly exceeded their budgeted allocation for travel and accommodation.

3. The County Treasury encountered challenges in implementing e-procurement module leading to payments being made outside the system in May and June 2015.

4. Absence of an internal audit committee as per section 155(5) of the PFM Act, 2012.

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

1. *County departments should limit expenditure to their budget allocations and procurement plans.*

2. *Both the County Executive and Assembly should budget adequately for travel and accommodation. In addition, the County Treasury should develop stringent budget control.*

3. *The County Treasury should liaise with the National Treasury to address the challenges encountered in the implementation of e-procurement module.This will ensure effective budget implementation.*

4. *The County Treasury should constitute an Internal Audit Committee as per Section 155 (5) of the PFM Act, 2012.*

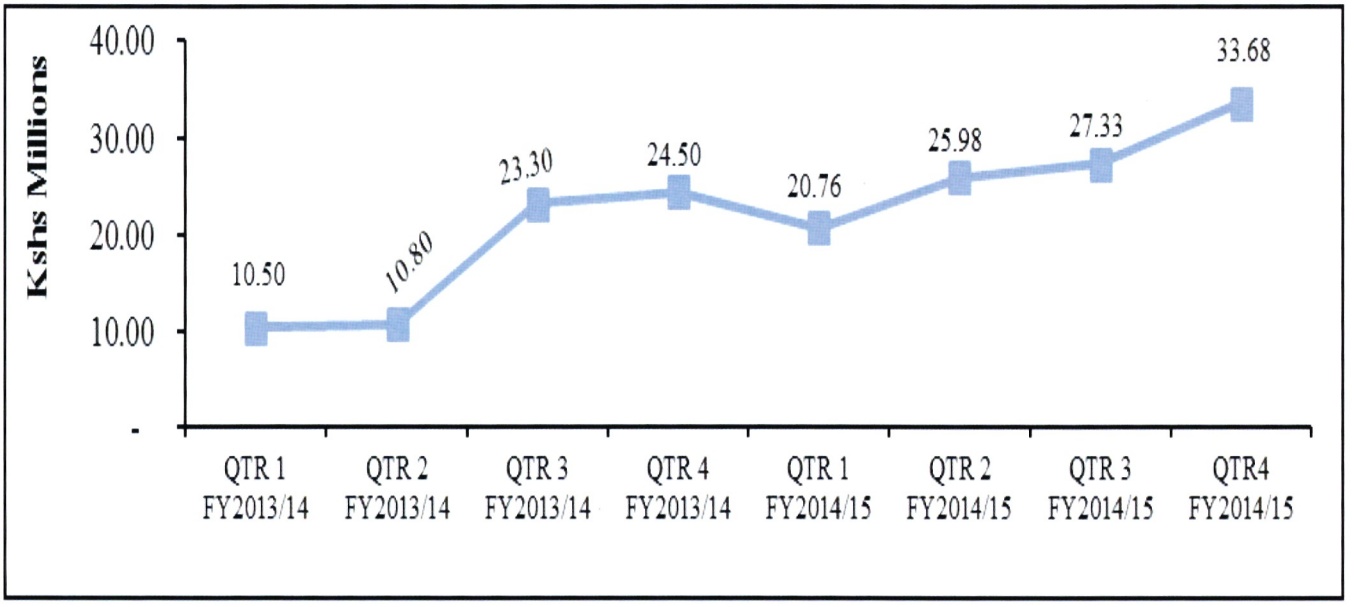
Wajir County

In the 2014/15 financial year, the Approved Supplementary Budget for Wajir was Kshs.7.27 billion with Kshs.2.90 billion (39.9 per cent) allocated for recurrent expenditure and Kshs.4.38 billion (60.1 per cent) for development expenditure. The budget allocation and expenditure by departments is shown in Table 50. To finance this budget, the County expects to receive Kshs.6.18 billion (85 per cent) as transfers from the National Government, collect Kshs.105.15 million (1.4 per cent) from local sources, receive a conditional grant of Kshs.17.71 million (0.2 per cent) from DANIDA, and Kshs.975.18 million (13.4 per cent) as projected cash balance from FY 2013/14.

In the FY 2014/15, the County received Kshs.6.18 billion from the National Government as a direct transfer to the CRF account, raised Kshs.107.74 million from local sources, and had Kshs.975.18 million as cash balance brought forward from FY 2013/14.The local revenue

raised in FY 2014/15 of Kshs.107.74 million was an improvement from Kshs.69.10 million realized in FY 2013/14. The total local revenue raised in FY 2014/15 accounted for 102.5 per cent of the annual local revenue target. Figure 186 below shows the trend of local revenue collection by quarter for FY 2013/14 and 2014/15.

Figure 186: Wajir County, Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *Wajir County Treasury*

During the period under review, the County accessed **Kshs.6.73 billion** from the CRF, which was 92.6 per cent of the Approved Supplementary Budget, an increase from 88.9 per cent when compared to FY 2013/14. The amount consisted of Kshs.2.83 billion (42.1 per cent) for recurrent expenditure and Kshs.3.90 billion (57.9 per cent) for development activities.

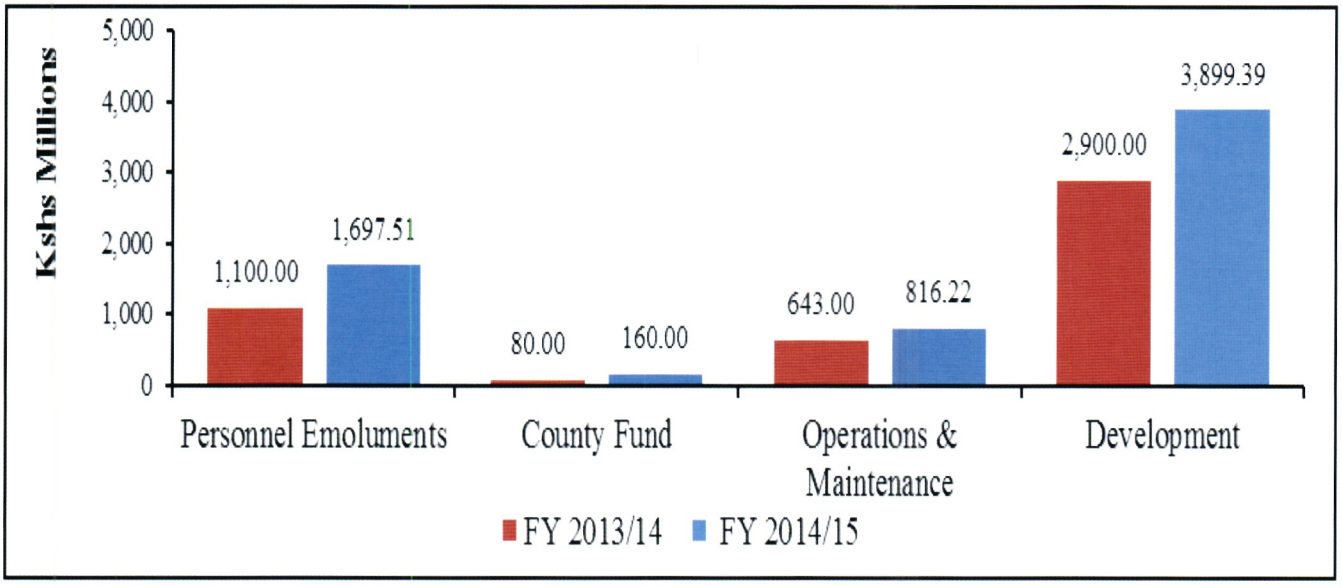
The County spent a total of Kshs.6.57 billion during FY 2014/15 which translated to 97.6 per cent of the total funds released, and an improvement from the Kshs.4.41 billion spent in FY 2013/14.A total of Kshs.2.67 billion (40.6 per cent) was spent on recurrent activities while Kshs.3.90 billion (59.4 per cent) was spent on development activities. Recurrent expenditure was 94.3 per cent of the funds released for recurrent activities while development expenditure accounted for 100 per cent of the fund released for development activities. The expenditure does not include pending bills as at 30th June 2015 that amounted to Kshs.28.82 million for development activities and Kshs.83.25 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **92.3 per cent**, an increase from **89.4 per cent** realized in FY 2013/14 while development

expenditure recorded an absorption rate of **89.3 per cent**, an improvement from **78.2 per cent** realized in the same period of FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.67 billion shows that the County spent Kshs.1.70 billion (63.4 per cent) on personnel emoluments and Kshs.816.22 million (30.6 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 25.8 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.1.12 billion. The County spent Kshs.160 million on established County Funds. A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 187.

Figure 187: Wajir County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *Wajir County Treasury*

A breakdown of expenditure by departments shows that Energy & Environment Department had an absorption rate of its recurrent budget at 105.2 per cent while the finance and Economic Planning department had the lowest absorption rate of its recurrent budget at 61.5 per cent. Table 50 shows a summary of expenditure by departments.

Table 50: Wajir County, FY 2014/15 Budget and Expenditure by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of expenditure to exchequer issues		Absorption rate (%)	
	REC	DEV	REC	DEV	REC	DEV	REC	DEV	REC	DEV
Office of the Governor	294.57	0	294.57	0	295.57	0	100.1	0	100.1	0
Finance and Economic Planning	556.15	0	506.15	0	341.83	0	67.5	0	61.5	0
Sport & ICT	78.51	244.49	78.51	239.45	80.2	239.3	102.15	99.93	102.15	97.88
Health Services	583.47	680.42	583.47	584.58	583.47	584.58	100	95.4	100	85.91
Public Works, Roads and Transport	48.86	1654.53	48.86	1523.4	48.87	1523.4	100	100	100	92.07
County Assembly	453.65	0	453.65	0	453.65	0	100	0	100	0
Lands, Housing & Physical Planning	51.12	190.59	51.12	152.86	51.1	152.86	100	100	100	80.2
Education,Culture and Youth	164.35	139.97	164.35	122.41	164.36	122.4	100	100	100	87.45
Town Administration	97.27	0	97.27	0	97.27	0	100	0	100	0
Public Services and Decentralised function	206.78	0	206.78	0	206.78	0	100	0	100	0
Trade, Industralisation and Tourism	46.9	130	46.9	104.83	46.9	104.8	100	100	100	80.62
Agriculture	122.12	346.71	122.12	204.68	122.12	204.67	100	100	100	59.03
Energy and Enviriment	31.29	23.5	31.29	23.5	32.9	23.5	105.15	100	105.15	100
Water, sanitation & Natural Resources	148.66	967.94	148.6	943.6	148.7	943.6	100.1	100	100.1	97.49
Total	**2895.4**	**4378.15**	**2833.72**	**3899.4**	**2673.72**	**3899.39**	**94.35**	**100**	**92.31**	**89.32**

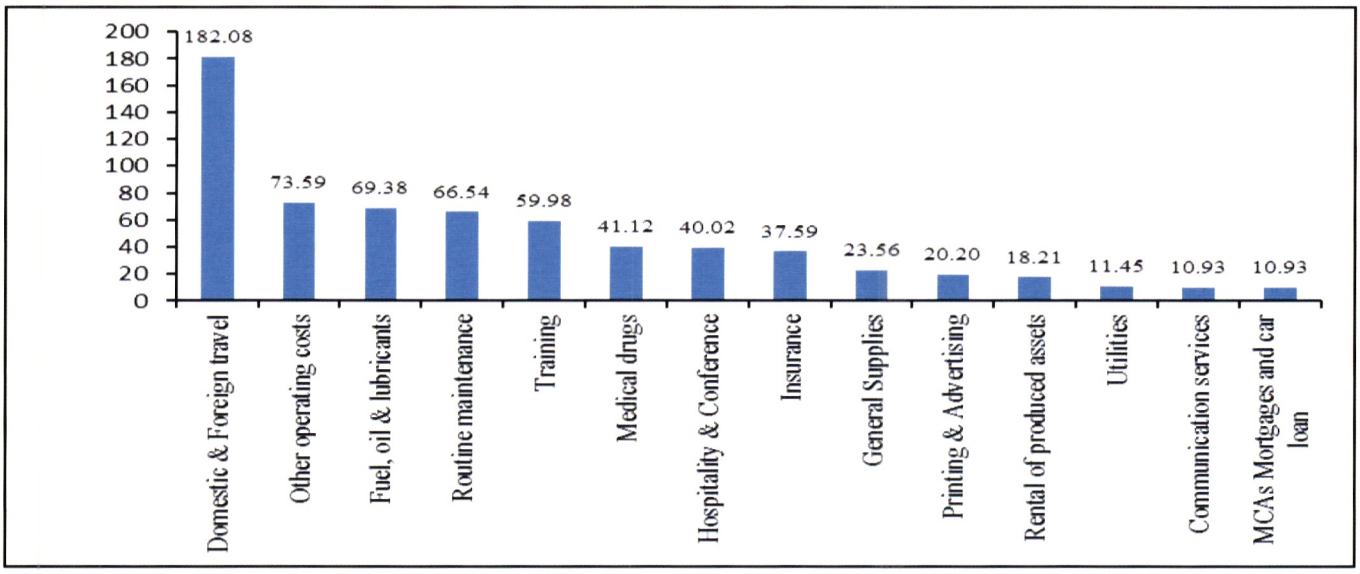
Source: *Wajir County Treasury*

The County spent Kshs.90.01 million on payment of sitting allowances to the 46 MCAs, representing an absorption rate of 37.0 per cent of the annual MCA sitting allowance budget, an increase from the Kshs.76.1 million spent in FY 2013/14. The average monthly sitting allowance per MCA was Kshs.163,226 compared to SRC recommended amount of Kshs.124,800.

The total expenditure on domestic and foreign travel was Kshs.182.08 million compared to Kshs.143 million in FY 2013/14, representing an increase of 27.3 per cent. This expenditure comprised of Kshs.130.04 million for the County Executive and Kshs.52.04 million by the

County Assembly.The breakdown of operations and maintenance expenditure for FY 2014/15 is shown in Figure 188.

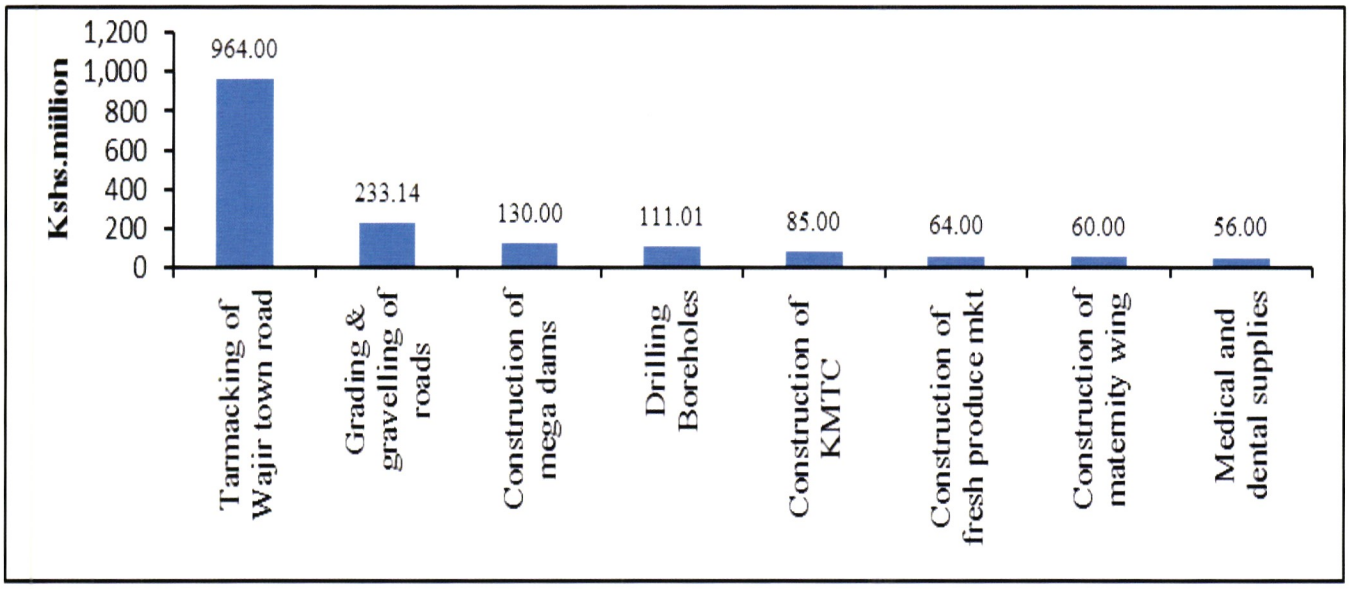
Figure 188: Wajir County, Operations and Maintenance Expenditure



Source: *Wajir County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that the County spent Kshs.964 million on tarmacking of Wajir Town roads, Kshs.233.13 million on gravelling, grading and maintenance of access roads, Kshs.111 million on construction of 3 mega dams and Kshs.85 million on construction of medical training college. Figure 189 provides the details of development expenditure during FY 2014/15.

Figure 189: Wajir County, FY 2014/15 Analysis of Development Expenditure



Source: *Wajir County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 89.3 per cent from 78.2 per cent in the previous financial year.

(ii) Improvement in local revenue collection by 56.14 per cent from Kshs.69.0 million in FY 2013/14 to Kshs.107.74 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) Embracing use of IFMIS to process financial transactions.

However, the following challenges continued to hamper effective budget implementation:

1. Failure to adhere to the annual procurement plan and monthly work plans by the County departments.
2. Delays in preparation and submission of financial reports by the County Treasury to OCOB.

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

1. *The County Treasury should ensure that issued funds are utilised for intended activities by the departments through timely exchequer advices to the departments and stringent budgetary controls.*

2. *The County should comply with the legal timelines for submission of financial reports.*

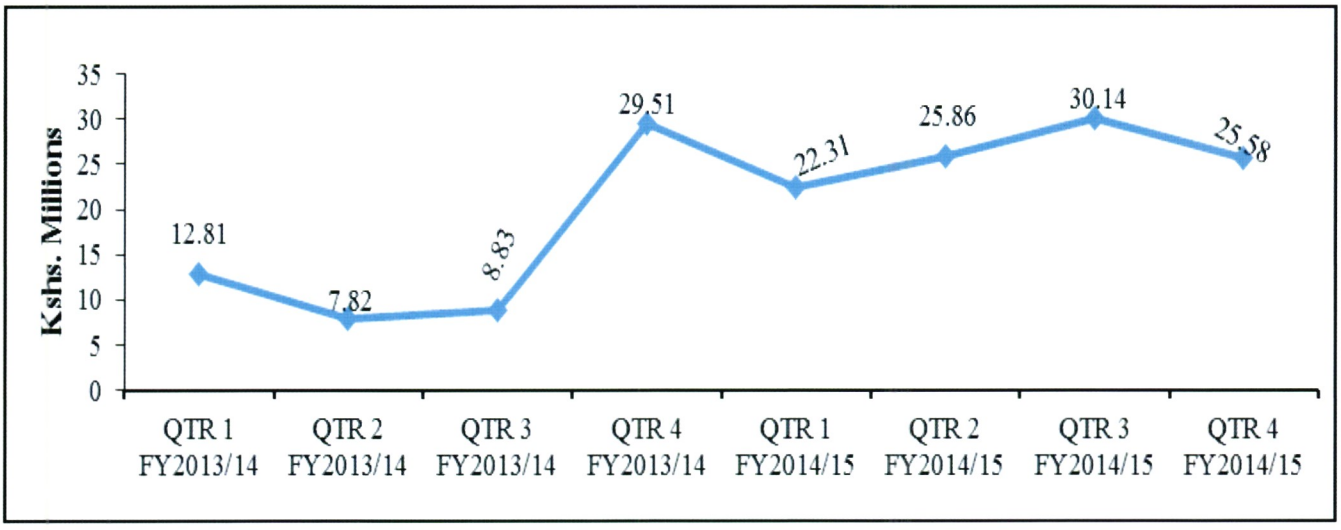
West Pokot County

During FY 2014/15, the Approved Budget for West Pokot County was Kshs.4.27 billion, with Kshs.2.42 billion (56.7 per cent) allocated to recurrent expenditure and Kshs.1.85 billion (43.3 per cent) to development expenditure. The budget allocation and expenditure by department is shown in Table 51. In order to finance the budget, the County expected to receive Kshs.3.76 billion (88.1 per cent) as transfers from the National Government, collect Kshs.96.20 million (2.3 per cent) from local sources, receive a conditional grant of Kshs.10.00 million (0.2 per cent) from DANIDA, and Kshs.403.49 million (9.4 per cent) as projected cash balance from

FY 2013/14.

In the FY 2014/15, the County received Kshs.3.85 billion from the National Government as direct transfers to the CRF account, raised Kshs.103.90 million from local sources, and had Kshs.403.49 million as cash balance brought forward from FY 2013/14. The local revenue raised in FY 2014/15 of Kshs.103.90 million was an improvement from Kshs.58.89 million collected in FY 2013/14 and accounted for 108.0 per cent of the annual local revenue target. Figure 190 shows the trend of local revenue collection by quarter for FY 2013/14 and FY 2014/15.

Figure 190: West Pokot County, Quarterly Trend in Local Revenue Collection by Quarter for FY 2013/14 and FY 2014/15



Source: *West Pokot County Treasury*

During the reporting period, the County accessed **Kshs.4.16 billion** from the CRF, which was 97.4 per cent of the Approved Budget, an improvement from 79.3 per cent when compared to FY 2013/14. This amount consisted of Kshs.2.41 billion (58.0 per cent) for recurrent expenditure and Kshs.1.75 billion (42.0 per cent) for development activities.

The County spent a total of Kshs.4.09 billion during FY 2014/15 which translated to 98.1 per cent of the total funds released for operations, and an improvement from the Kshs.2.90 billion spent in FY 2013/14. A total of Kshs.2.39 billion (59.5 per cent) was spent on recurrent activities while Kshs.1.70 billion (41.5 per cent) was spent on development activities. Recurrent expenditure was 98.9 per cent of the funds released for recurrent activities while development expenditure accounted for 97.1 per cent of the funds released for development. The expenditure

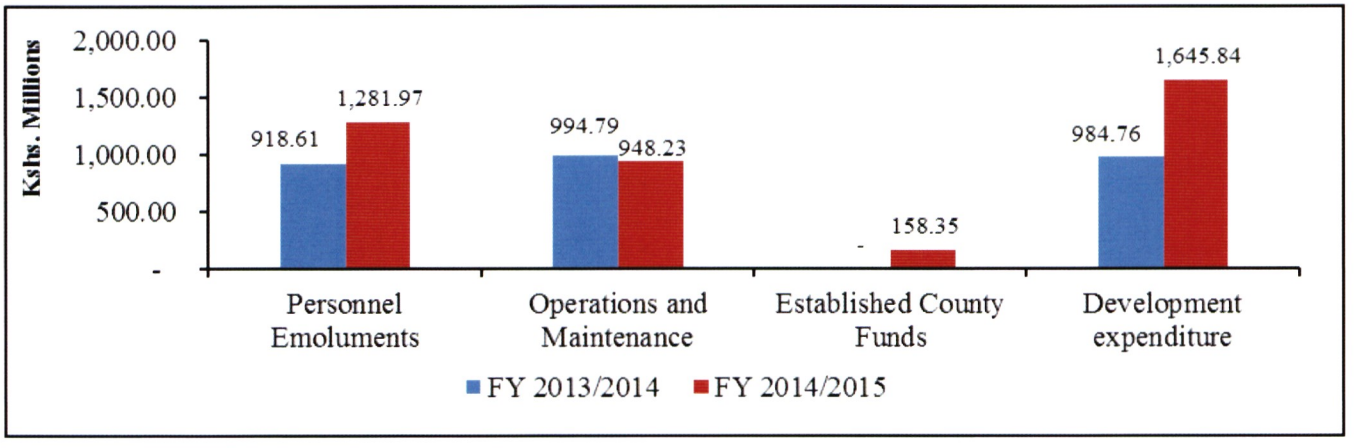
does not include pending bills as at 30th June 2015 that amounted to Kshs.223.93 million for development activities and Kshs.11.98 million for recurrent expenditure.

The recurrent expenditure for the period under review represented an absorption rate of **98.6 per cent**, an increase from **97 per cen**t realized in FY 2013/14 while development expenditure recorded an absorption rate of **91.8 per cent**, an improvement from **60 per cent** realized in FY 2013/14.

Analysis of the recurrent expenditure of Kshs.2.39 billion shows that the County spent Kshs.1.28 billion (53.7 per cent) on personnel emoluments and Kshs.1.11 billion (46.3 per cent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 31.4 per cent of total expenditure and has increased significantly in FY 2014/15 compared to FY 2013/14 when the County spent Kshs.918.61 million. The increase in wage bill in FY 2014/15 was attributed to recruitment of new members of staff. However, the salaries of the new staff had not been provided for in the budget.

A comparison of the total expenditure between FY 2014/15 and FY 2013/14 is shown in Figure 191.

Figure 191: West Pokot County, FY 2013/14 and 2014/15 Expenditure by Economic Classification



Source: *West Pokot County Treasury*

A breakdown of expenditure by department shows that Office of the Governor attained the highest absorption rate of its recurrent budget at 119.9 per cent while the department of Health and Sanitation attained the lowest absorption rate of its recurrent budget at 52.9 per cent. On the other hand, the Roads, Public Works and Transport department had the highest absorption rate of its development budget at 98.5 per cent while Water Development, Environment and Natural Resources department attained the lowest absorption rate of its development budget

at 74.1 per cent. Table 51 shows a summary of expenditure by department.

Table 51: West Pokot County, FY 2014/15 Budget and Expenditure by Department

Department	Budget allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Expenditure to Annual Budget (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	1,204.68	157.65	1,203.35	147.00	1,444.00	145.45	120.0	98.9	119.9	92.3
Finance and Economic Planning	94.06	65.50	93.53	59.00	76.90	58.04	82.2	98.4	81.8	88.6
Roads, Public Works and Transport	48.39	373.95	48.13	344.00	34.62	368.52	71.9	107.1	71.5	98.5
Health and Sanitation	404.84	304.03	403.66	298.45	214.08	299.21	53.0	100.3	52.9	98.4
Education, Communication and ICT	169.42	128.72	168.56	128.50	153.40	117.26	91.0	91.3	90.5	91.1
Agriculture and Irrigation	34.08	153.26	33.24	148.00	22.52	83.15	67.7	56.2	66.1	54.3
Livestock, Fisheries and Veterinary Services	32.36	97.63	32.30	91.00	25.55	87.60	79.1	96.3	79.0	89.7
Trade, Industry and Cooperatives	23.29	107.41	22.70	96.00	21.10	102.53	92.9	106.8	90.6	95.5
Land, Physical Planning and Urban Development	38.57	118.02	37.80	110.50	32.77	113.42	86.7	102.6	85.0	96.1
Water development, Environment & Natural Resources	39.91	168.91	39.23	161.45	33.28	125.20	84.8	77.5	83.4	74.1
Tourism, Culture, Sports, Youth and Gender Development	33.68	87.25	33.35	78.90	30.57	68.98	91.7	87.4	90.8	79.1
County Assembly	299.88	87.65	298.65	86.00	299.76	76.48	100.4	88.9	100.0	87.3
TOTAL	**2,423.16**	**1,849.98**	**2,414.51**	**1,748.80**	**2,388.54**	**1,645.84**	**98.9**	**94.1**	**98.6**	**89.0**

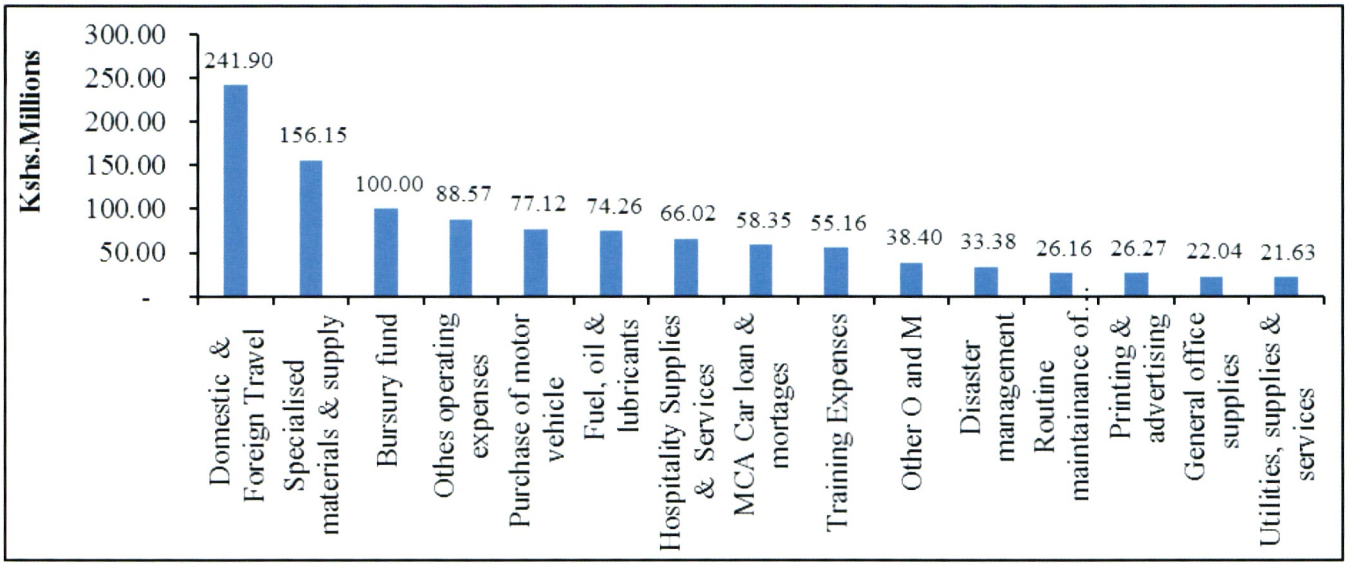
Source: *West Pokot County Treasury*

The County spent Kshs.44.66 million on sitting allowances to the 32 MCAs and the speaker, representing an absorption rate of 82.7 per cent of the annual MCA sitting allowance budget, an increase from Kshs.24.20 million spent in FY 2013/14. The MCAs sitting allowances is accounted as part of personnel emoluments The average monthly sitting allowance per MCA was Kshs.112,788 compared to the SRC recommended amount of Kshs.124,800.

Total expenditure on domestic and foreign travel was Kshs.241.90 million compared to Kshs.108.50 million in FY 2013/14, representing an increase of 122.94 per cent. This expenditure comprised of Kshs.216.11 million by the County Executive and Kshs.25.78 million by the County Assembly. A breakdown of operations and maintenance expenditure

for FY 2014/15 is shown in Figure 192.

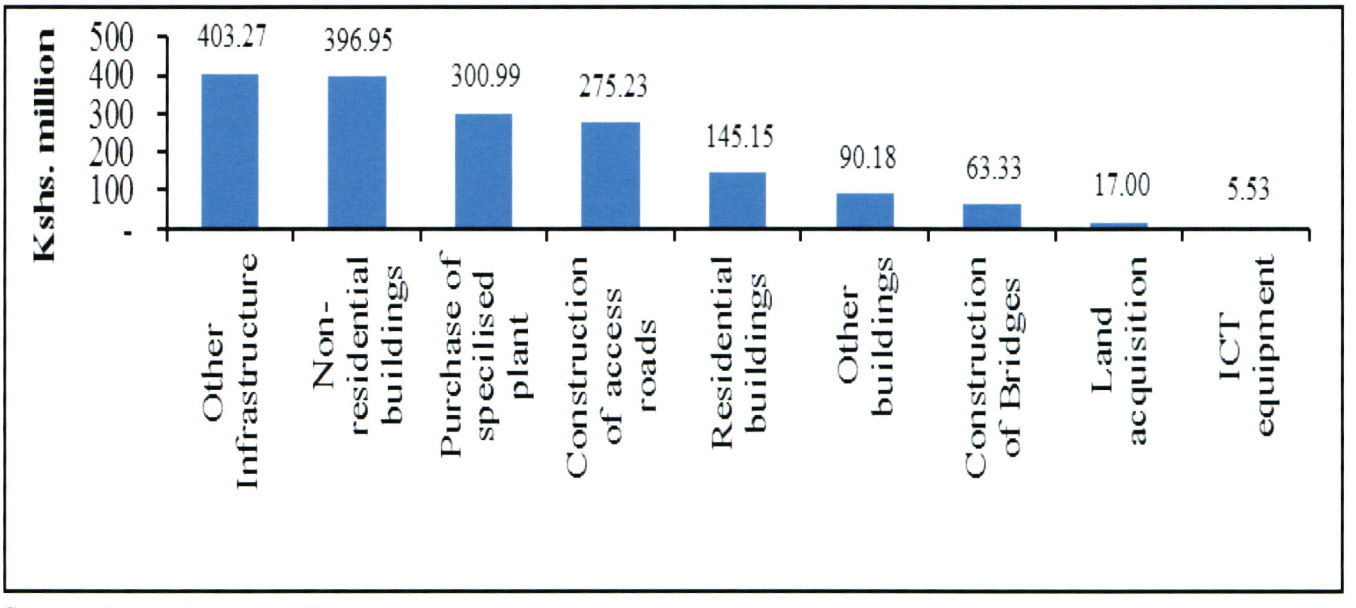
Figure 192: West Pokot County, FY 2014/15 Operations and Maintenance Expenditure



Source: *West Pokot County Treasury*

Analysis of the development expenditure in FY 2014/15 indicates that, the County spent Kshs.403.27 million on various infrastructure projects that included the construction of County Treasury offices, construction of County Land offices, drilling of bore holes and upgrading of water panels, among others. The second highest expenditure amounting to Kshs.396.95 million was incurred on construction of non-residential buildings which included construction of Doctors flats – 12 units at Kapenguria Referral Hospital, construction of staff houses at dispensaries, construction of several cattle dips, construction of ICU and Causality Wing at Kapenguria County Referral Hospital as shown in Figure 193.

Figure 193: West Pokot County, FY 2014/15 Analysis of Development Expenditure



Source: *West Pokot County Treasury*

In the period under review, the County made progress to address challenges that affected budget implementation. These included:

(i) Improvement in absorption of development funds to 91.8 per cent from 60 per cent in the previous financial year.

(ii) Improvement in local revenue collection from Kshs.58.89 million in FY 2013/14 to Kshs.103.9 million in FY 2014/15.

(iii) Improvement in staff capacity through training and recruitment of chief officers and other technical staff.

(iv) The County embraced the use of IFMIS in processing financial transactions.

(v) Enactment of revenue bills to facilitate smooth revenue collection.

However, the challenge that continued to hamper effective budget implementation was a huge wage bill that may be unsustainable.

The County should implement the following recommendation in order to improve budget execution:

1. *The County Public Service Board should develop an appropriate staff structure and map existing staffing to this structure. This will help in eliminating staff duplication.*

4.0 KEY CHALLENGES AND RECOMMENDATIONS

This section highlights the key challenges faced by the County Governments in budget implementation during the reporting period. The challenges are highlighted and recommendations aimed at improving budget implementation are also made.

4.1 Recruitment and Remuneration of Ward Employees under the County Assemblies

The County Assemblies established ward offices for the MCAs to facilitate effective interactions and service delivery to members of the public. This is line with the Transition Authority Circular, Ref: TA/2/1 dated 28th January, 2014, on hiring of ward office employees by the County Assembly.

The office has noted that, in some Counties, ward employees were not recruited by the County Public Service Boards as required by Law. Instead, they were directly sourced and recruited by the MCAs. Further, payment of their salaries is done on cash basis by the MCAs.

The office recommends that all County Assemblies should regularize the employment of ward employees under the County Assembly and also ensure that all payments related to the ward offices and ward employees are processed through IFMIS. All irregular payments should be recovered.

4.2 Low Revenue Collection

Article 209 (3) of the Constitution allows counties to impose property rates, entertainment taxes, and any other tax authorized by an Act of Parliament. In FY 2014/15, counties targeted to collect Kshs.50.38 billion; a decrease from Kshs.54.21 billion targeted in FY 2013/14. The total collection in FY 2014/15 was Kshs.33.85 billion compared to Kshs.26.30 billion in FY 2013/14 and was 67.2 per cent of the annual target, an increase compared to 48.5 per cent in FY 2013/14.

The continued low performance of local revenue collections has been pointed out in previous CBIRRs and should be addressed to avoid hidden budget deficit. Under performance in local revenue collection implies that some planned activities will not be implemented.

There is need for counties to review their local revenue collection mechanisms and strategies

in order to achieve the set targets. Further, the local revenue targets should be realistic and based on historical trends.

4.3 Inadequate Administration and Reporting on Public Funds Established by the Counties

Section 116 of the PFM Act, 2012 allows Counties to establish County Public Funds, which should be managed by an Administrator appointed by the CECM-F. The Administrators are required to ensure preparation and submission of quarterly financial reports of Funds to the County Treasury and the Controller of Budget in line with Section 168 of the PFM Act, 2012.

The office has noted that the reporting and administration of County Funds was not adequate in FY 2014/15. There was lack of autonomy in the administartion of the County Funds from other County operational accounts. In some counties, the CECM-F did not appoint an Administrator to oversee operations of the established Funds.

OCOB recommends that all established County Public Funds should be managed in compliance with requirements of the PFM Act, 2012.

4.4 Expenditure in Excess of Approved Budget Allocations by Some County Entities

The County Assembly is required to approve Budgets to allocate resources to County entities for both recurrent and development expenditure while the County Treasury is required to ensure that all County entities access and spend resources in line with the approved allocations. Section 154 (2) of the PFM Act 2012 provides limited power to accounting officers to reallocate approved funds. However, the reallocations must be regularised through a Supplementary Budget.

During the reporting period, the Office noted that some County entities incurred expenditure that exceeded their Supplementary Budget allocations. It is recommended that County Treasuries should ensure strict adherence to the budget approved by the County Assemblies through regular reconciliations between exchequer issues, expenditure, and the vote book. In case of reallocations, these must be regularised through a Supplementary Budget.

4.5 Lack of Effective Monitoring and Evaluation Frameworks

During the period under review, it was noted that some County Governments have not established project management teams to enhance M&E in the budget implementation.

Section 103 (3) of the PFM Act, 2012 identifies the CECM-F as the head of the County Treasury. The responsibilities of the County Treasury include; monitoring, evaluation and overseeing the management of public finances and economic affairs of the County government as provided for under Section 104(1) of PFM Act, 2012.

In order to ensure effective project implementaion, counties should establish project management teams to enhance M&E of development projects.

4.6 High Expenditure on Personnel Costs

Section 107 of the PFM Act, 2012 requires the County Treasury to enforce fiscal responsibility principles. Further, Section107 (2 c) of the PFM Act, 2012 mandates the CBCM-F to prescribe through regulations, a percentage of expenditure on wages and benefits for its public officers as a percentage of the County government's total revenue which should be approved by the County Assembly.

In FY 2014/15, counties aggregately spent Kshs.101.10 billion on Personel Emoluments (PE); an increase from Kshs.77.4 billion in FY 2013/14. The PE expenditure in FY 2014/15 was 61.5 per cent of the total recurrent expenditure and 39.7 per cent of the total expenditure.

We recommend the all personnel expenditure should be kept at sustainable levels. The Counties should liaise with the National Government to address this challenge.

4.7 Large Outstanding Imprests

Government regulations require that imprest must be accounted for by the due date or recovered from the imprest holder's salary. In addition, an officer is prohibited from holding more than one imprest at any particular time.

During the reporting period, the office established that counties continued to issue imprest to individuals before the surrender of previously held imprest. This is contrary to financial regulations that require an officer to surrender any outstanding imprest before a new one is issued.

County Treasuries should ensure strict adherence to financial regulations on management of imprest. Regular reconciliations should be done on the imprest account and any unaccounted imprest recovered as provided in law.

4.8 High Level of Pending Bills

As at June 2015, a total of Kshs.37.6 billion was reported as pending bills by the counties. These bills were attributed to failure by the counties to effectively manage the procurement function and failures by the National treasury to disburse national transfers to the counties in a timely manner.

A high level of pending bills affects businesses negatively and may also affect implementation of planned activities in the following financial year as budgeted funds will be first used to settle pending bills.

We recommend that the counties should effectively manage pending bills by alligning procurement plans and cash flow projections. In addition, the National Treasury should disburse national transfers in line with the approved disbursement schedule as per the County Allocation of Revenue Act. We also reommend that the Auditor General should audit these pending bills.

5.0 CONCLUSION

This report sought to provide an overview on budget implementation during the FY 2014/15 by the County Governments. The report indicates that overall absorption of funds improved to **79.1 per cent** when compared to an **absorption rate of 64.9 per cent** in FY 2013/14**.** On aggregate, the Counties spent **Kshs.167.56 billion** on recurrent expenditure and **Kshs.90.44 billion** on development activities against the recurrent budget of **Kshs.181.38 billion** and development budget of **Kshs.144.91 billion**. This expenditure translated to an absorption rate of 92.4 per cent and 62.4 per cent for recurrent and development expenditure respectively. During FY 2013/14, recurrent and development expenditure recorded an absorption rate of 82.7 per cent and 36.4 per cent respectively.

The improved performance is attributed to better planning and increased staff capacity through training and the efforts instituted by the Counties to address issues and challenges that affected budget implementation. Further, oversight institutions including the County Assemblies and the Public have continued to demand value for money, which lead to enhanced budget execution.

This report has identified challenges which have continued to hamper effective budget executive. The challenges include; (i) irregular payments of ward employees under the County Assemblies, (ii) underperformance of local revenue collections, (iii) inadequate administration and reporting on established County public Funds, (iv) diversion of exchequer releases between departments, (v) lack of an effective monitoring and evaluation units and (vi) high level of pending bills. The report has made appropriate recommendations to address these challenges.

The OCOB is committed to ensuring there is prudent and effective use of public resources by all public entities in the Counties. The office will continue to provide regular reports to all stakeholders regarding budget implementation with the aim of informing and positively influencing budget execution in counties.

Annex 1: FY 2014/15 Budget Allocations, Funds Released, Expenditure and Absorption Rates

County	Gross Estimates			Exchequer Issues			Expenditure			% Expenditure to Gross Estimates		% Expenditure to Exchequer Issues	
	Rec. (Kshs)	Dev (Kshs)	Total	Rec. (Kshs)	Dev (Kshs)	Total	Rec. (Kshs)	Dev (Kshs)	Total	Rec	Dev	Rec	Dev
Baringo	2,960,575,785	2,051,765,651	5,012,341,436	2,945,603,785	1,198,854,234	4,144,458,019	2,945,568,741	1,215,548,125	4,161,116,867	99.5%	59.2%	100.0%	101.4%
Bomet	2,448,145,902	2,062,324,094	4,510,469,996	2,432,820,623	2,049,944,118	4,482,764,741	2,359,469,298	2,053,946,495	4,413,415,793	96.4%	99.6%	97.0%	100.2%
Bungoma	4,768,980,034	5,486,983,718	10,255,963,752	4,314,458,887	2,862,857,403	7,177,316,290	4,584,102,793	2,560,698,469	7,144,801,262	96.1%	46.7%	106.2%	89.4%
Busia	3,373,425,777	2,949,128,479	6,322,554,256	3,127,237,884	2,028,000,000	5,155,237,884	2,971,439,994	2,025,023,825	4,996,463,819	88.1%	68.7%	95.0%	99.9%
Elgeyo Marakwet	2,285,501,047	1,495,425,163	3,780,926,210	2,317,308,794	1,196,799,169	3,514,107,963	2,264,736,819	1,122,661,432	3,387,398,251	99.1%	75.1%	97.7%	93.8%
Embu	3,406,010,272	1,584,286,571	4,990,296,843	3,106,476,556	739,280,270	3,845,756,826	3,177,158,903	625,787,382	3,802,946,285	93.3%	39.5%	102.3%	84.6%
Garissa	3,813,209,883	4,031,987,641	7,845,197,524	3,678,161,420	2,920,644,899	6,598,806,319	3,676,625,268	2,919,644,899	6,596,270,167	96.4%	72.4%	100.0%	100.0%
Homa Bay	3,175,446,171	1,840,792,365	5,016,238,536	2,967,757,263	1,601,000,000	4,568,757,263	3,416,242,180	1,862,891,008	5,279,133,188	107.6%	101.2%	115.1%	116.4%
Isiolo	2,058,988,161	1,321,669,874	3,380,658,035	1,982,570,821	1,154,000,000	3,136,570,821	1,758,970,460	1,086,504,930	2,845,475,390	85.4%	82.2%	88.7%	94.2%
Kajiado	3,623,695,468	2,044,801,766	5,668,497,234	3,603,695,380	1,060,000,000	4,663,695,380	3,507,546,610	1,025,562,487	4,533,109,097	96.8%	50.2%	97.3%	96.8%
Kakamega	5,453,817,552	5,123,736,246	10,577,553,798	4,925,040,548	3,398,492,682	8,323,533,230	4,380,182,605	3,107,152,418	7,487,335,023	80.3%	60.6%	88.9%	91.4%
Kericho	3,117,052,155	1,697,587,928	4,814,640,083	3,042,281,298	1,370,147,373	4,412,428,671	3,035,263,683	1,245,441,892	4,280,705,575	97.4%	73.4%	99.8%	90.9%
Kiambu	6,943,933,129	3,430,117,065	10,374,050,194	6,802,429,336	2,170,061,431	8,972,490,767	6,478,729,408	2,287,332,900	8,766,062,308	93.3%	66.7%	95.2%	105.4%
Kilifi	5,283,472,081	4,599,357,242	9,882,829,324	4,785,990,477	2,720,212,893	7,506,203,370	4,535,871,965	2,986,443,202	7,522,315,167	85.9%	64.9%	94.8%	109.8%
Kirinyaga	2,534,893,988	1,566,696,338	4,101,590,326	2,460,929,090	904,825,900	3,365,754,990	2,282,392,981	902,573,092	3,184,966,073	90.0%	57.6%	92.7%	99.8%
Kisii	4,590,403,000	2,859,157,885	7,449,560,885	4,308,943,563	2,228,555,173	6,537,498,736	4,254,770,433	2,283,522,311	6,538,292,744	92.7%	79.9%	98.7%	102.5%
Kisumu	5,088,969,861	2,851,015,472	7,939,985,333	4,987,814,146	1,505,365,894	6,493,180,040	4,411,182,457	1,346,359,705	5,757,542,162	86.7%	47.2%	88.4%	89.4%
Kitui	4,480,576,740	5,089,142,779	9,569,719,519	4,218,579,907	2,879,543,821	7,098,123,728	3,936,510,143	2,964,753,279	6,901,263,422	87.9%	58.3%	93.3%	103.0%
Kwale	2,885,092,886	3,634,637,464	6,519,730,350	2,846,722,991	2,140,718,081	4,987,441,072	2,449,223,145	2,027,438,754	4,476,661,899	84.9%	55.8%	86.0%	94.7%
Laikipia	2,505,800,199	1,818,013,048	4,323,813,247	2,266,170,472	1,273,653,791	3,539,824,263	2,410,574,179	979,233,719	3,389,807,898	96.2%	53.9%	106.4%	76.9%
Lamu	1,375,294,783	1,134,423,502	2,509,718,285	1,254,977,676	692,669,737	1,947,647,413	1,141,038,133	575,981,457	1,717,019,590	83.0%	50.8%	90.9%	83.2%
Machakos	4,911,146,837	4,350,880,977	9,262,027,814	4,700,402,112	2,113,098,489	6,813,500,601	5,051,736,304	2,033,658,544	7,085,394,848	102.9%	46.7%	107.5%	96.2%
Makueni	3,616,046,273	3,355,082,456	6,971,128,729	3,474,227,126	1,303,226,512	4,777,453,638	3,132,921,539	1,251,011,306	4,383,932,845	86.6%	37.3%	90.2%	96.0%
Mandera	4,888,887,648	6,385,723,117	11,274,610,765	4,109,530,340	4,914,267,180	9,023,797,520	4,106,652,755	4,913,101,637	9,019,754,392	84.0%	76.9%	99.9%	100.0%

County	Gross Estimates			Exchequer Issues			Expenditure			% Expenditure to Gross Estimates		% Expenditure to Exchequer Issues	
	Rec. (Kshs)	Dev (Kshs)	Total	Rec. (Kshs)	Dev (Kshs)	Total	Rec. (Kshs)	Dev (Kshs)	Total	Rec	Dev	Rec	Dev
Marsabit	2,742,614,071	3,011,199,873	5,753,813,944	2,645,550,000	2,476,895,500	5,122,445,500	2,468,414,041	1,919,574,184	4,387,988,225	90.0%	63.7%	93.3%	77.5%
Meru	4,383,339,508	3,361,412,028	7,744,751,536	4,228,149,941	2,679,903,022	6,908,052,963	3,985,253,303	2,268,188,040	6,253,441,343	90.9%	67.5%	94.3%	84.6%
Migori	2,890,367,205	2,912,502,582	5,802,869,787	2,885,030,000	2,513,000,000	5,398,030,000	2,857,391,185	1,905,870,005	4,763,261,190	98.9%	65.4%	99.0%	75.8%
Mombasa	6,687,638,691	3,182,659,446	9,870,298,137	5,419,110,532	1,648,979,890	7,068,090,422	5,625,385,350	2,092,040,900	7,717,426,250	84.1%	65.7%	103.8%	126.9%
Murang'a	2,864,065,000	3,117,522,000	5,981,587,000	2,882,330,000	2,424,500,000	5,306,830,000	3,071,210,427	2,348,128,476	5,419,338,904	107.2%	75.3%	106.6%	96.9%
Nairobi City	18,736,017,853	6,852,815,590	25,588,833,443	12,983,000,000	496,000,000	13,479,000,000	18,724,240,725	2,298,323,292	21,022,564,017	99.9%	33.5%	144.2%	463.4%
Nakuru	7,338,981,380	3,746,063,280	11,085,044,660	6,838,612,562	1,629,531,158	8,468,143,720	6,603,591,014	1,600,230,071	8,203,821,085	90.0%	42.7%	96.6%	98.2%
Nandi	2,707,150,941	2,483,162,999	5,190,313,940	2,400,311,504	2,272,288,432	4,672,599,936	2,399,082,379	2,287,935,426	4,687,017,805	88.6%	92.1%	99.9%	100.7%
Narok	5,000,847,052	3,031,881,853	8,032,728,905	4,352,703,207	2,039,500,000	6,392,203,207	4,279,949,434	2,379,007,473	6,658,956,907	85.6%	78.5%	98.3%	116.6%
Nyamira	2,432,122,052	2,246,144,224	4,678,266,276	2,589,231,803	1,035,477,214	3,624,709,017	2,361,644,043	1,277,791,822	3,639,435,865	97.1%	56.9%	91.2%	123.4%
Nyandarua	2,626,662,549	1,828,067,889	4,454,730,438	2,581,662,547	1,551,586,418	4,133,248,965	2,643,281,576	1,289,093,491	3,932,375,067	100.6%	70.5%	102.4%	83.1%
Nyeri	3,866,948,836	1,577,552,876	5,444,501,712	3,856,433,836	1,065,464,949	4,921,898,785	3,739,110,114	1,076,114,886	4,815,225,000	96.7%	68.2%	97.0%	101.0%
Samburu	2,071,690,333	2,068,051,709	4,139,742,042	2,047,690,333	1,579,951,761	3,627,642,094	1,664,652,045	1,618,175,851	3,282,827,896	80.4%	78.2%	81.3%	102.4%
Siaya	3,432,622,485	2,452,070,749	5,884,693,234	3,153,020,000	1,608,000,000	4,761,020,000	2,704,838,104	1,466,721,700	4,171,559,804	78.8%	59.8%	85.8%	91.2%
Taita/Taveta	2,651,181,070	1,496,208,516	4,147,389,586	2,275,764,230	1,264,290,774	3,540,055,004	2,558,366,266	948,542,578	3,506,908,844	96.5%	63.4%	112.4%	75.0%
Tana River	1,796,710,000	2,752,980,000	4,549,690,000	1,796,710,000	2,752,980,000	4,549,690,000	1,293,504,627	1,057,700,000	2,351,204,627	72.0%	38.4%	72.0%	38.4%
Tharaka -Nithi	1,979,406,161	1,981,668,278	3,961,074,439	1,979,406,156	870,547,503	2,849,953,659	1,798,284,239	906,384,940	2,704,669,179	90.8%	45.7%	90.8%	104.1%
Trans Nzoia	3,001,667,455	2,270,827,111	5,272,494,566	2,766,832,716	1,985,834,607	4,752,667,323	2,875,383,138	1,215,893,767	4,091,276,905	95.8%	53.5%	103.9%	61.2%
Turkana	3,302,302,254	9,819,281,072	13,121,583,326	3,302,874,983	7,229,581,188	10,532,456,171	3,232,783,986	5,782,345,395	9,015,129,381	97.9%	58.9%	97.9%	80.0%
Uasin Gishu	3,415,799,492	3,513,649,306	6,929,448,798	3,280,016,157	2,854,494,736	6,134,510,893	3,102,980,486	2,434,492,722	5,537,473,208	90.8%	69.3%	94.6%	85.3%
Vihiga	2,542,206,592	2,221,231,045	4,763,437,637	2,424,419,000	1,646,616,000	4,071,035,000	2,234,597,838	1,271,171,830	3,505,769,668	87.9%	57.2%	92.2%	77.2%
Wajir	2,896,389,988	4,365,430,683	7,261,820,671	2,833,723,275	3,899,397,826	6,733,121,101	2,673,723,275	3,899,387,826	6,573,111,101	92.3%	89.3%	94.4%	100.0%
West Pokot	2,423,159,501	1,849,975,563	4,273,135,064	2,414,509,012	1,748,800,000	4,163,309,012	2,388,544,270	1,697,626,715	4,086,170,985	98.6%	91.8%	98.9%	97.1%
Total	**181,379,256,101**	**144,907,095,513**	**326,286,351,614**	**166,597,222,290**	**95,699,840,028**	**262,297,062,318**	**167,555,122,662**	**90,443,014,658**	**257,998,137,321**	92.4%	62.4%	100.6%	94.5%

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