



THE REPUBLIC OF KENYA

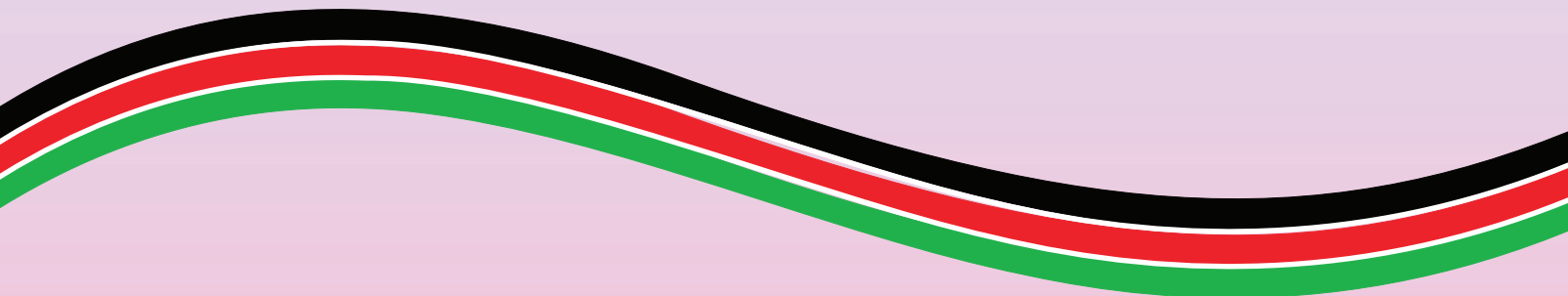
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

**FOR THE FIRST HALF
FY 2020/21**

FEBRUARY, 2021





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FOREWORD

I am pleased to present the County Governments Budget Implementation Review Report (CBIRR) for the first half of the Financial Year (FY) 2020/21. The report has been prepared in conformity with Article 228 (6) of the Constitution and Section 9 of the Controller of Budget Act, 2016, which require the Controller of Budget (COB) to submit to Parliament a report on the implementation of the budgets of the national and county governments every four months. The report also fulfils requirements of Section 39 (8) of the Public Finance Management (PFM) Act, 2012, which requires the Controller of Budget (COB) to ensure members of the public access information on the budget implementation of the National and County Governments.

This report presents the budget performance of the forty seven County Governments for the period of July to December, 2020. The report is based on an analysis of submissions of financial and non-financial performance to the Office of the Controller of Budget (OCoB) by County Treasuries, and financial reports generated from the Integrated Financial Management Information System (IFMIS). Some of the information contained in this report includes approved budgets, budget financing, exchequer issues, actual expenditures and budget absorption rates of county governments during the reporting period.

Preparation of this report was made possible through the concerted efforts of staff from County Governments and the Office of the Controller of Budget to whom I am extremely grateful. I urge all readers to constructively engage the county governments on budget implementation matters in order to promote prudent use of public resources.



Dr. Margaret Nyakang'o
CONTROLLER OF BUDGET

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ACRONYMS

ADP	Annual Development Plan
A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
CA	County Assembly
CARA	County Allocation of Revenue Act
CBEF	County Budget and Economic Forum
CBIRR	County Budget Implementation Review Report
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CECM-F	County Executive Committee Member for Finance
CIDP	County Integrated Development Plan
COB	Controller of Budget
COVID-19	Coronavirus Disease 2019
CPF	Country Pension Fund
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DRPNK	Drought Resilience Programme in Northern Kenya
ECDE	Early Childhood Development Education
ERP	Enterprise Resource Planning
EU	European Union
FAO	Food and Agriculture Organization
FIF	Facility Improvement Fund
FY	Financial Year
IB	Internet Banking
ICT	Information Communication Technology
IDA	International Development Association
IDEAS	Instruments for Devolution Advice and Support
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll Personnel Database
KASP	Kenya Agricultural Support Programme

KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
KRB	Kenya Roads Board
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
LAPFUND	Local Authorities prudent Fund
LAPTRUST	Local Authorities Pension Trust
LREB	Lake Region Economic Bloc
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project
O&M	Operations and Maintenance
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
RMLF	Road Maintenance Levy Fund
SME	Small and Medium Enterprise
SRC	Salaries and Remuneration Commission
THSUC	Transforming Health Systems for Universal Health Care
UHC	Universal Health Care
UIB	Urban Integrated Plan
UDG	Urban Development Grant
UIG	Urban Institutional Grants
WB	World Bank
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This is the First Half County Budget Implementation Review Report (CBIRR) for the FY 2020/21 and has been prepared in fulfilment of Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act 2016. It covers the period from July to December 2020 and presents information on budget implementation by each of the 47 County Governments by analysing revenue and expenditure performance against the annual budget estimates. The information contained in this report is based on financial and non-financial reports submitted by County Governments and those generated from the Integrated Financial Management System (IFMIS).

The approved aggregate budget estimates for the 47 County governments in FY 2020/21 was Kshs.485.47 billion and comprised of Kshs.184.16 billion (37.9 per cent) allocated to Development Expenditure and Kshs.301.31 billion (62.1 per cent) for Recurrent Expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget must be allocated for development programs. To finance the budgets, county governments expect to receive Kshs.316.5 billion as the equitable share of the revenue raised nationally, Kshs.23.16 billion as conditional grants from the National Government, Ksh.30.20 billion as loans and grants from Development Partners, generate Kshs.54.41 billion from own revenue sources, and utilize Kshs.46.3 billion cash balances from FY 2019/20.

In the period under review, the total funds available to the County Governments amounted to Kshs.182.97 billion. This amount consisted of Kshs.26.22 billion as the equitable share of the revenue raised nationally which was a balance from FY 2019/20 but disbursed in the FY 2020/21, Kshs.88.79 billion as equitable share for the FY 2020/21, Kshs.8.95 billion as conditional grants from Development Partners, Kshs.46.3 billion cash balances from FY 2019/20, with Kshs.12.72 billion raised from own sources.

County governments generated a total of Kshs.12.72 billion from own source revenue collection, which was 23.4 per cent of the annual target of Kshs.54.41 billion, a decrease compared to Kshs.15.33 billion generated in a similar period of FY 2019/20. Analysis of own source revenue as a proportion of the annual revenue target indicates that Tana River, Busia, and Migori achieved the highest proportions at 61.9 per cent, 43.2 per cent, and 41.5 per cent respectively.

The Controller of Budget authorised withdrawals of Kshs.143.77 billion from the County Revenue Funds to the Operational Accounts of the County Governments. The transfers comprised of Kshs.26.75 billion (18.6 per cent) for development expenditure and Kshs.117.02 billion (81.4 per cent) for recurrent expenditure. The total expenditure by County governments in the first quarter of FY 2020/21 was Kshs.134.9 billion, and represented an absorption rate of 27.8 per cent of the total annual County Government's Budgets. The absorption rate was a decline from 29.5 per cent attained in a similar period of FY 2019/20 when total expenditure was Kshs.143.27 billion. Absorption rate is used to measure performance and is computed as a percentage of expenditure against the approved annual budget.

Recurrent expenditure was Kshs.109.71 billion, representing 36.4 per cent of the annual recurrent budget, and a decline from 41.7 per cent reported in a similar period of FY 2019/20. Development expenditure amounted to Kshs.25.19 billion, representing an absorption rate of 13.7 per cent, and a slight improvement from 11.6 per cent attained in a

similar period of FY 2019/20 when total development expenditure was Kshs.22.77 billion. Expenditure by economic classification showed that Kshs.78.85 billion (58.5 per cent) was spent on Personnel Emoluments, Kshs.30.86 billion (22.9 per cent) on Operations and Maintenance, and Kshs.25.19 billion (18.7 per cent) on development programmes. Analysis of development expenditure as a proportion of approved annual development budget shows that Homa Bay, Kitui and Murang'a Counties attained the highest absorption rates at 27.8 per cent, 27.8 per cent, and 27.7 per cent respectively. Nairobi City County did not report any expenditure on development activities during the reporting period. Marsabit, Kakamega and Murang'a Counties had the highest development expenditure as a percentage of their total expenditure at 40.9 per cent, 33.6 per cent and 31.6 per cent respectively.

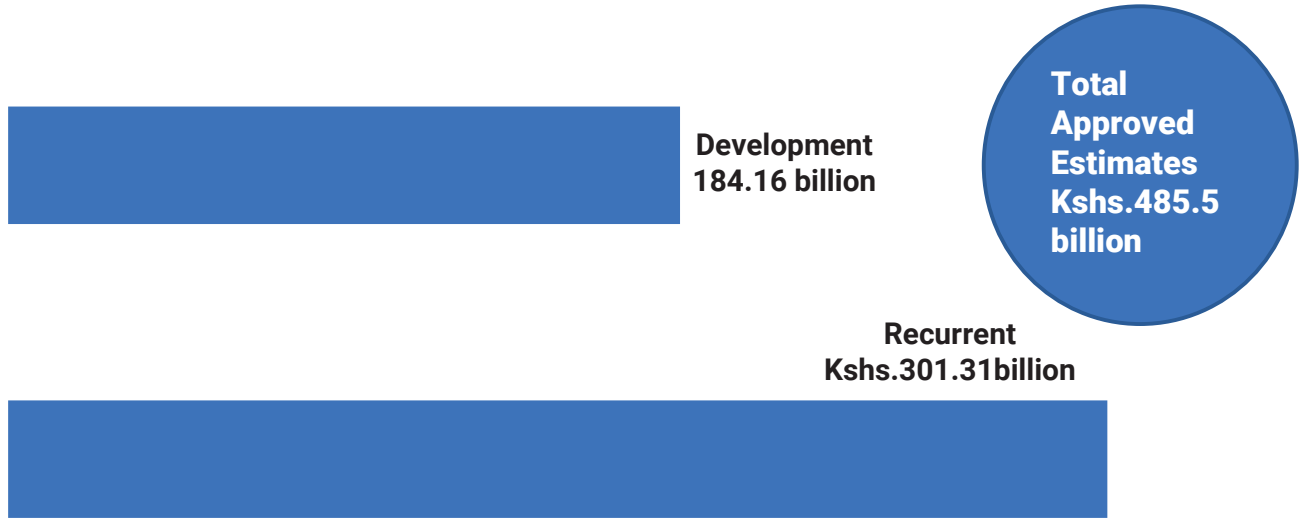
During the reporting period, counties cumulatively had an allocation of Kshs.10.83 billion for COVID-19 interventions which comprised of Kshs.5.04 billion allocated in the FY 2020/21 budgets and Kshs.5.78 billion as cash balances from the previous financial year. Total expenditure during the reporting period was Kshs.5.71 billion which represents 52.7 per cent of the funds available for COVID-19 interventions.

The report has identified challenges which hampered effective budget execution during the reporting period. They included under-performance in own source revenue collection which represented 23.4 per cent of the annual target, low expenditure on development programmes which was 13.7 per cent of the annual development budget, delay in submission of financial reports to the OCoB by County Treasuries and failure to timely remit pension contributions by county governments. The unremitted pension contributions to the County Pension Fund stood at Kshs.26.02 billion as of 31st December, 2020 while outstanding remittances to Local Authorities Provident Fund was Kshs.14.57 billion as of 30th November, 2020.

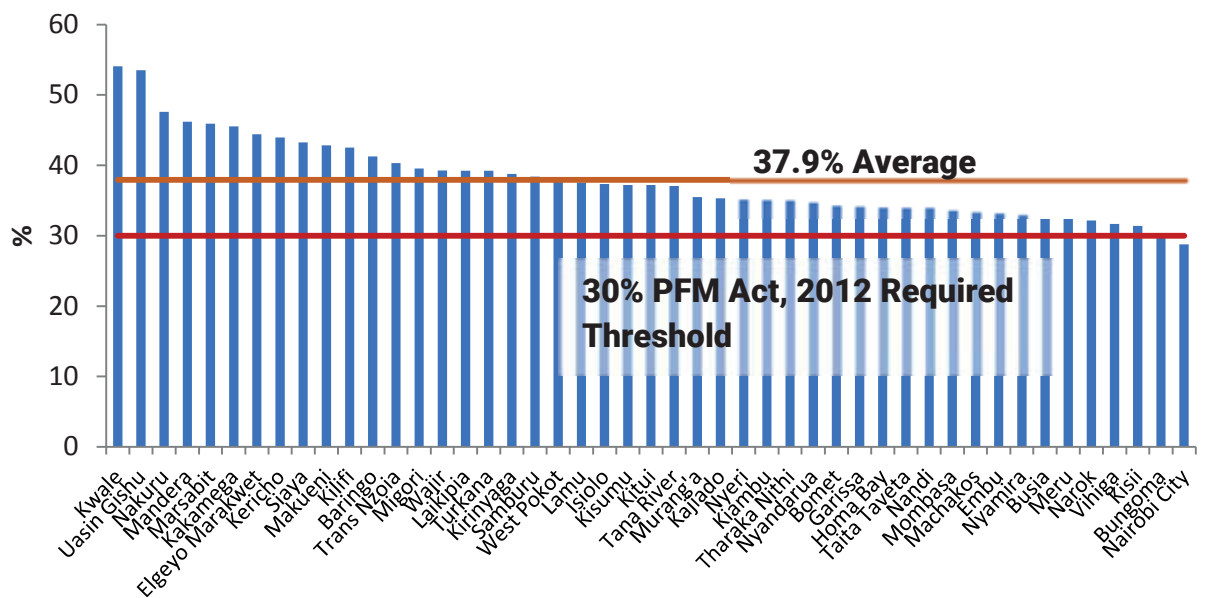
To address these challenges, the OCoB recommends that the County Treasuries should develop and implement measures to enhance own revenue collection for sustainable budget financing while monitoring performance in order to make appropriate interventions during the Supplementary Budget process. To address the low expenditure of development budget, Counties should develop and implement strategies to ensure expenditure on development activities comply with Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012. Further, County Treasuries should develop their capacity to ensure reports on financial and non-financial performance are submitted to the Controller of Budget on time. On remittance of pension contributions to retirement schemes, the OCoB recommends that the outstanding amounts be a first charge on the Budget in line with Regulation 41 (2) and 55 (2)(b) of the Public Finance Management (County Governments) Regulations, 2015.

KEY HIGHLIGHTS

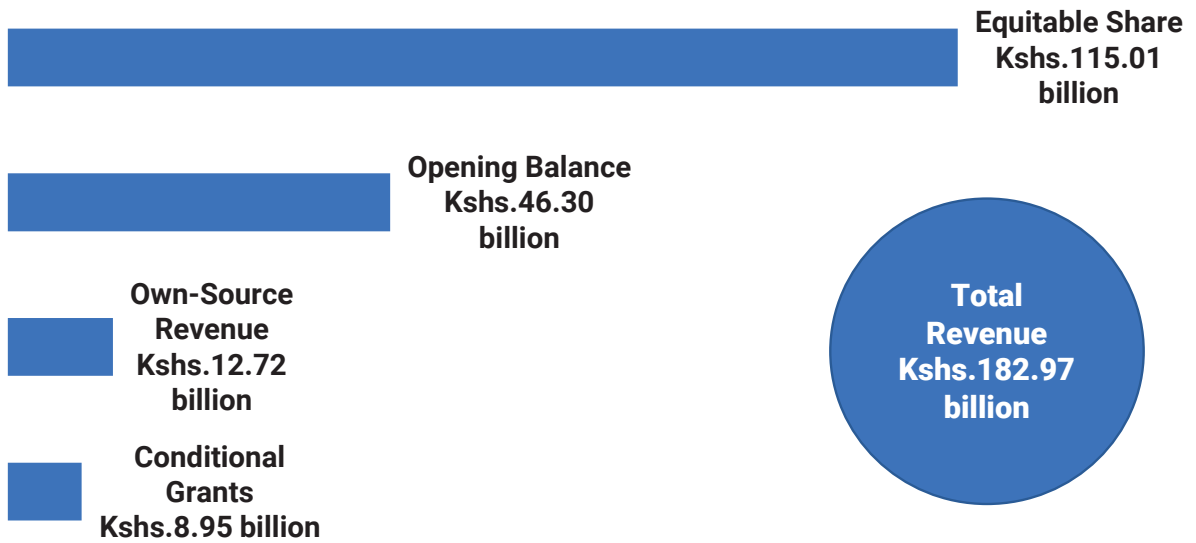
FY 2020/21 County Governments' Approved Budget Estimates



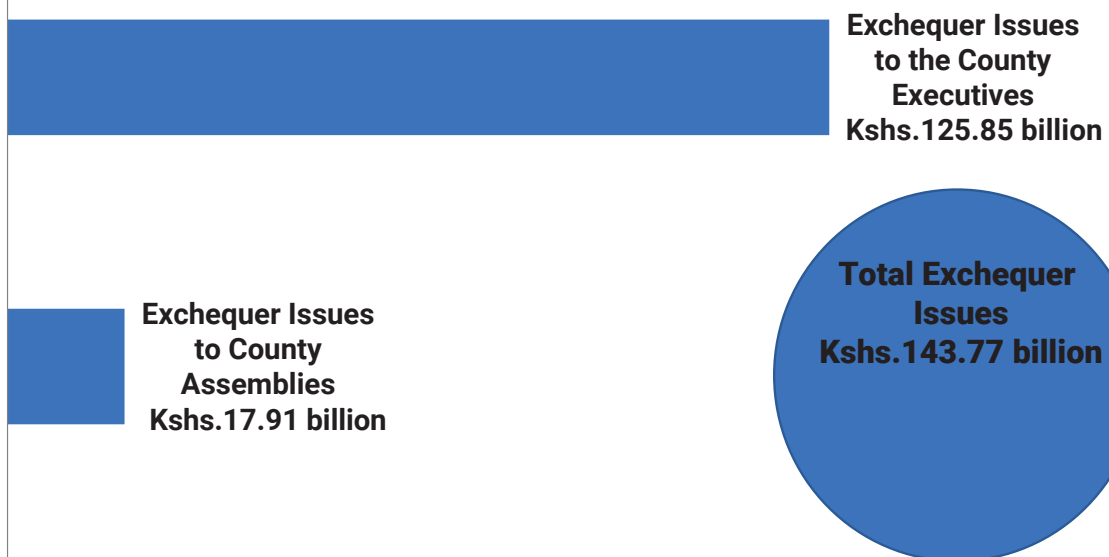
Fy 2020/21 County Governments' Development Budget Allocation as a Percentage of Total Budget



Total Revenue Available in FY 2020/21 (Kshs. Billion)



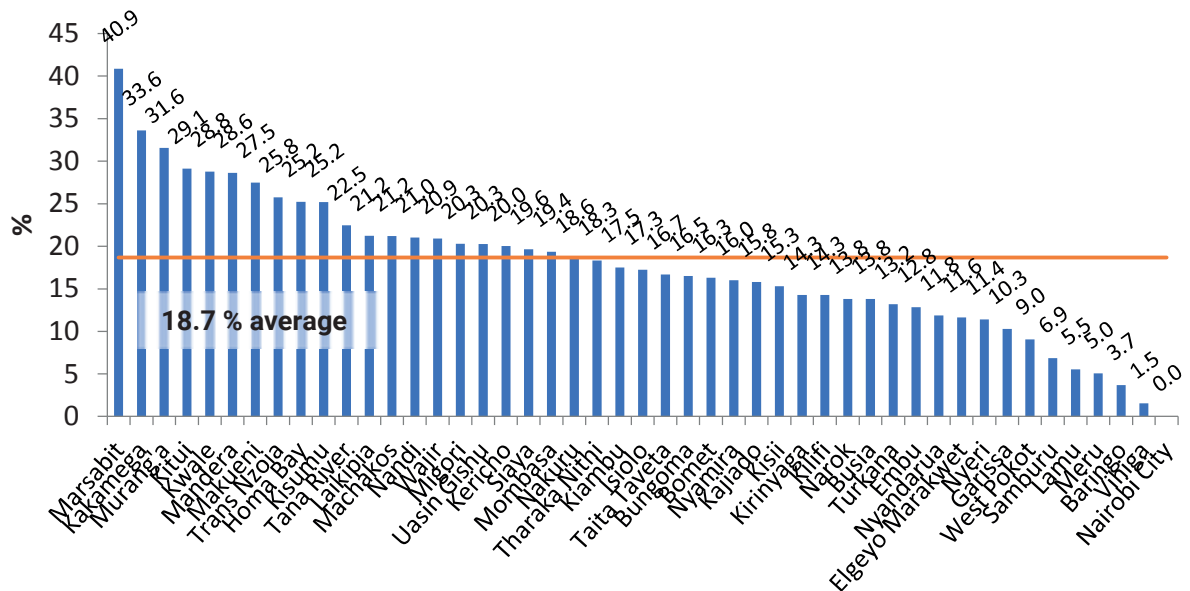
Exchequer Issues in the First Half of FY 2020/21



Expenditure by Economic Classification in the First Half of FY 2020/21



First Half FY 2020/21 Development Expenditure as a Percentage of Total Expenditure



1 INTRODUCTION

This is the half year County Budget Implementation Review Report (CBIRR) by the OCoB for the FY 2020/21. It covers the period from July to December, 2020. The report has been prepared in fulfilment of Article 228(6) of the Constitution, Section 9 of the Controller of Budget Act, 2016 and Section 39 (8) of the Public Finance Management (PFM) Act, 2012 which requires the COB to submit quarterly budget implementation reports to Parliament and also ensure members of the public have access to information on the budget implementation of the National and County Governments.

The report presents the status of the budget execution by the 47 county governments. It contains information on own source revenue raised by counties, disbursement of equitable share of revenue raised nationally, disbursement of conditional grants from both the National Government and Development Partners, actual expenditure and absorption rates attained by each county during the reporting period. The CBIRR is based on quarterly financial reports submitted to the OCoB by County Treasuries in line with Section 166 and 168 of the PFM Act, 2012, data obtained from the Integrated Financial Management System (IFMIS), and information obtained by OCOB in the course of overseeing budget implementation.

This report is organized into five chapters. Chapter one is the introduction. Chapter two provides an analysis of budget performance by Counties. Specifically, it presents an analysis of own source revenue performance against the set annual targets, and a review of actual expenditure against approved budget estimates for individual counties and at aggregate level. Expenditure is classified into recurrent and development. Recurrent expenditure is further disaggregated into major expenditure items of Personnel Emoluments (P.E), and Operations and Maintenance (O&M). The absorption rate is used to measure performance and is computed as a percentage of expenditure against the approved annual budget estimates.

Chapter three presents individual county budget performance and covers information on budget allocation for recurrent and development expenditure, budget financing, exchequer issues and actual expenditure. A report on budget execution by programme and sub-programmes and a report on budget performance by department for each County are also captured in this chapter. Further, the chapter contains information on budget allocation and expenditure related to the Corona Virus Disease (COVID-19) pandemic.

In an effort to promote best practices, the OCoB has summarized the cross-cutting challenges that affected budget implementation by the county governments in the reporting period and made appropriate recommendations. This summary of challenges and recommendations is presented in chapter four. Chapter five provides the conclusion.

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST HALF OF FY 2020/21

2.1 Introduction

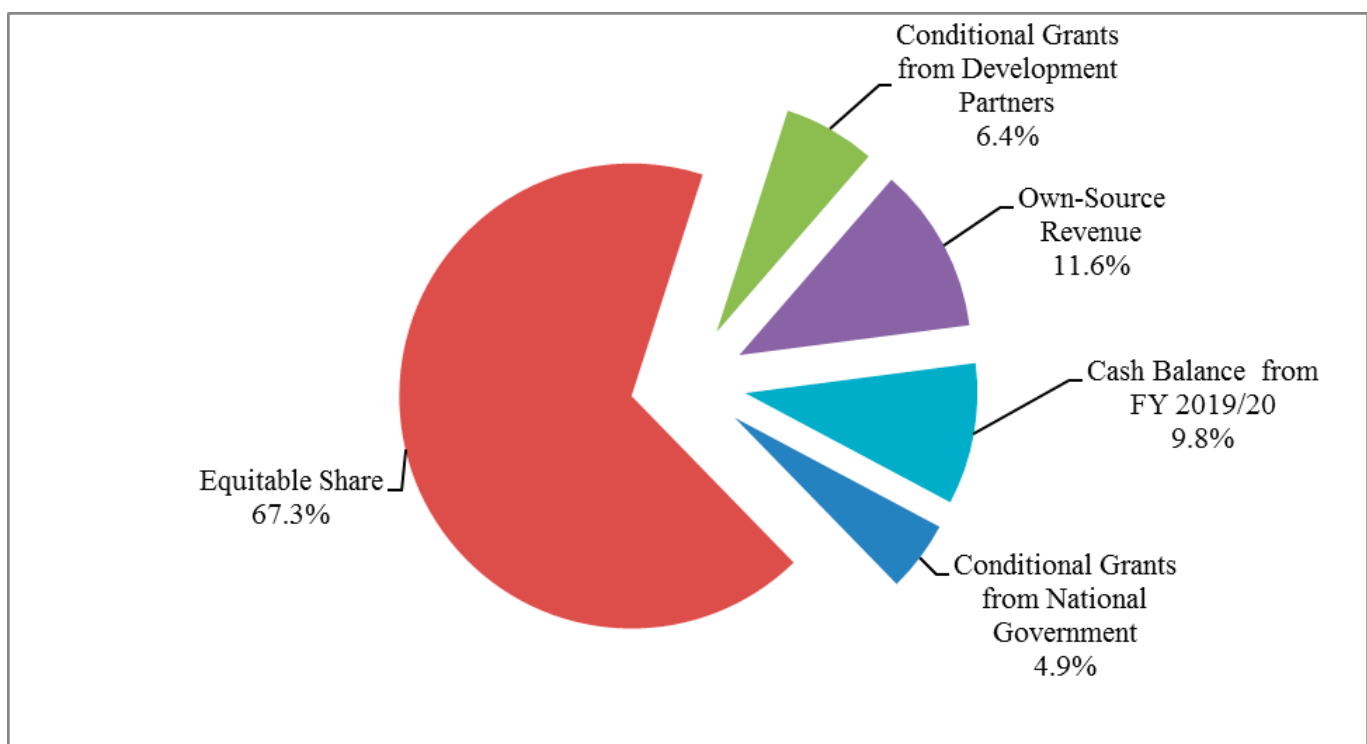
This chapter presents financial analysis of aggregated county budget implementation for the first half of FY 2020/21.

2.2 Revenue Analysis

In first half of FY 2020/21, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.485.47 billion and comprised of Kshs.184.16 billion (37.9 per cent) allocated to development expenditure and Kshs.301.31 billion (62.1 per cent) for recurrent expenditure.

To finance the budgets, county governments expect to receive Kshs.316.5 billion as the equitable share of revenue raised nationally, Kshs.23.16 billion as total conditional grants from the National Government, Ksh.30.20 billion as total loans and grants from Development Partners, generate Kshs.54.41 billion from own revenue sources, and utilize Kshs.46.3 billion cash balance from FY 2019/20. Figure 2.1 shows the expected sources of budget financing in FY 2020/21.

Figure 2-1: Expected Sources of Budget Financing in FY 2020/21



Source: CARA, 2020, County Treasuries

The breakdown of conditional grants as per CARA, 2020 are shown in Table 2.1.

Table 2.1: Conditional Grants as per CARA, 2020

S/No.	Grants Contained in CARA, 2020	Annual CARA, 2020 Allocation (Kshs.)
Conditional grants from the National Government		
1	Leasing of Medical Equipment	6,205,000,019
2	Level 5 Hospitals	4,326,000,000
3	Road Maintenance Fuel Levy Fund	9,433,265,629
4	Compensation of User Fee Foregone	900,000,000
5	Rehabilitation of Village Polytechnics	2,000,000,018
6	Construction of County Headquarters	300,000,000
	Sub Total	23,164,265,666
Conditional grants from the Development Partners		
7	Transforming Health Systems for Universal Care Project (World Bank)	4,345,375,738

S/No.	Grants Contained in CARA, 2020	Annual CARA, 2020 Allocation (Kshs.)
8	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	4,261,646,438
9	IDA (World Bank)- Kenya Climate Smart Agriculture Project (KCSAP)	7,119,726,782
10	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level 1 grant",	2,115,000,000
11	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)- Urban Development Grant (UDG)	6,366,000,000
12	DANIDA for Universal Healthcare in Devolved System Program	900,000,000
13	EU for Instruments for Devolution Advice and Support (IDEAS)	216,014,391
14	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	3,400,000,000
15	Sweden-Agricultural Sector Development Support Programme (ASDSP) II	652,584,158
16	EU for Water Tower Protection and Climate Change Mitigation and Adaption Programme (WaTER)	528,000,001
17	German Development Bank (KfW)-Drought Resilience Programme in Northern Kenya (DRPNK)	300,000,000
	Sub Total	30,204,347,508
	Grand Total	53,368,613,174

Source: CARA, 2020

2.2.1 Revenue Out-turn

The total funds available to the County Governments in first half of FY 2020/21 amounted to Kshs.182.97 billion. This amount consisted of Kshs.26.22 billion in outstanding equitable share of revenue raised nationally for FY 2019/20, which was disbursed in August 2020, Kshs.88.79 billion as equitable share for the FY 2020/21, Kshs.8.95 billion as conditional grants from Development Partners, Kshs.46.3 billion cash balance from FY 2019/20, and Kshs.12.72 billion raised from own sources.

2.2.2 Own- Source Revenue

During the reporting period, county governments generated a total of Kshs.12.72 billion, which was 23.4 per cent of the annual target of Kshs.54.41 billion. This was a decrease compared to Kshs.15.33 billion generated in a similar period of FY 2019/20. Analysis of quarterly own source revenue collection for the period July to December, 2020 is shown in Table 2.2.

Table 2.2: Own Source Revenue Collection for the Period July to December, 2020 of FY 2020/21

County	Annual Own Source Revenue (OSR) Target for FY 2020/21 (Kshs.)	First Half of FY 2020/21 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	346,088,720	90,187,118	26.1
Bomet	275,922,277	60,987,365	22.1
Bungoma	700,000,000	147,270,818	21.0
Busia	350,000,002	151,344,410	43.2
Elgeyo Marakwet	80,000,000	28,281,645	35.4
Embu	909,000,000	172,467,230	19.0
Garissa	150,000,000	37,614,205	25.1
Homa Bay	296,163,284	32,999,300	11.1
Isiolo	113,686,337	10,054,447	8.8
Kajiado	1,500,000,000	386,778,268	25.8
Kakamega	2,113,000,000	354,024,422	16.8
Kericho	644,058,870	138,244,326	21.5
Kiambu	3,988,390,833	897,969,272	22.5
Kilifi	900,000,000	365,909,460	40.7
Kirinyaga	405,000,000	162,654,917	40.2
Kisii	650,000,000	99,556,860	15.3
Kisumu	1,579,172,106	247,557,026	15.7
Kitui	600,000,000	110,690,148	18.4
Kwale	365,641,316	71,576,380	19.6
Laikipia	1,006,875,000	322,973,110	32.1
Lamu	100,000,000	24,803,561	24.8
Machakos	1,729,798,232	417,422,311	24.1
Makueni	1,093,000,000	226,966,343	20.8
Mandera	200,037,792	70,154,020	35.1
Marsabit	150,000,000	53,402,424	35.6
Meru	600,000,000	152,728,513	25.5
Migori	285,000,000	118,325,664	41.5
Mombasa	5,252,448,363	1,079,839,414	20.6

County	Annual Own Source Revenue (OSR) Target for FY 2020/21 (Kshs.)	First Half of FY 2020/21 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Murang'a	900,000,000	227,702,680	25.3
Nairobi City	16,209,511,170	3,963,262,002	24.5
Nakuru	1,800,000,000	529,363,068	29.4
Nandi	405,408,260	108,888,344	26.9
Narok	3,133,923,503	334,402,340	10.7
Nyamira	250,000,000	74,140,009	29.7
Nyandarua	830,000,000	139,417,122	16.8
Nyeri	1,000,000,000	317,796,614	31.8
Samburu	180,312,319	26,315,260	14.6
Siaya	351,000,000	136,204,803	38.8
Taita Taveta	363,000,000	100,539,000	27.7
Tana River	72,600,000	44,944,006	61.9
Tharaka Nithi	350,000,000	96,302,623	27.5
Trans Nzoia	500,000,000	120,878,739	24.2
Turkana	150,000,000	52,672,373	35.1
Uasin Gishu	991,000,000	285,223,670	28.8
Vihiga	216,096,587	55,094,734	25.5
Wajir	150,000,000	24,955,722	16.6
West Pokot	168,352,202	44,612,371	26.5
Total	54,404,487,173	12,715,498,455	23.4

Source: County Treasuries

Analysis of own source revenue as a proportion of the annual revenue target indicates that Tana River, Busia, and Migori achieved the highest proportions at 61.9 per cent, 43.2 per cent, and 41.5 per cent respectively. Conversely, counties that recorded the lowest proportion of own source revenue against annual targets were Isiolo at 8.8 per cent, Narok at 10.7 per cent, and Homa Bay at 11.1 per cent.

2.3 Funds Released to the Counties

2.3.1 Funds released from the Consolidated Fund to the Counties

In first half of the FY 2020/21, the COB approved the transfer of Kshs.123.96 billion as the equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) in accordance with Article 206 (4) of the Constitution. The transferred amount includes the outstanding allocation of the equitable share of revenue for FY 2019/20 of Kshs.26.22 billion, which was disbursed in August, 2020.

In addition, County Governments received Kshs.2.66 billion for Kenya Climate Smart Agriculture Project (KCSAP), Kshs.352.8 million for Universal Healthcare for the Devolved System Programme from DANIDA, Kshs.3.23 billion for National Agricultural and Rural Inclusive Growth Project (NAGRIP), Kshs.1.25 billion for Water & Sanitation Development Project (WSDP), and Kshs.1.46 billion for Kenya Urban Support (KUDG). A detailed analysis of the released equitable and conditional grants to each county is provided in Chapter three.

2.3.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.143.77 billion from the County Revenue Funds to County Operational Accounts, comprised of Kshs.26.75 billion (18.6 per cent) for development expenditure and Kshs.117.02 billion (81.4 per cent) for recurrent expenditure. A detailed analysis of the funds released to each county is provided in Chapter three.

2.4 Expenditure Analysis

The total expenditure by County governments in first half of the FY 2020/21 was Kshs.134.9 billion representing an absorption rate of 27.8 per cent of the total annual County Government's Budgets. This was a decrease from an absorption rate of 29.5 per cent attained in a similar period in FY 2019/20 when total expenditure was Kshs.143.27 billion.

The recurrent expenditure was Kshs.109.71 billion, representing 36.4 per cent of the annual recurrent budget, and a decline from 41.7 per cent reported in a similar period of FY 2019/20. Development expenditure amounted to Kshs.25.19 billion, representing an absorption rate of 13.7 per cent, an improvement from 11.6 per cent attained in the first half of FY 2019/20 when total development expenditure was Kshs.22.77 billion. The analysis of expenditure by economic classification in first half FY 2020/21 is provided in Table 2.2.

Table 2.2: Expenditure by Major Economic Classification - First Half of FY 2020/21

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	1,645,233,295	243,277,256	1,888,510,552	72,308,664	1,960,819,216
Bomet	1,401,696,172	538,583,475	1,940,279,647	377,426,716	2,317,706,363
Bungoma	2,564,203,146	918,544,281	3,482,747,427	688,606,070	4,171,353,497
Busia	1,680,224,310	660,669,246	2,340,893,556	374,747,100	2,715,640,656
Elgeyo Marakwet	1,287,002,501	216,750,961	1,503,753,462	198,221,106	1,701,974,568
Embu	1,363,486,393	276,335,865	1,639,822,258	241,403,302	1,881,225,560
Garissa	2,115,750,935	1,024,458,909	3,140,209,844	360,077,303	3,500,287,147
Homa Bay	1,785,633,140	423,761,802	2,209,394,942	745,488,320	2,954,883,262
Isiolo	682,736,106	456,960,160	1,139,696,266	237,686,011	1,377,382,277
Kajiado	1,686,662,495	1,013,220,900	2,699,883,395	506,916,352	3,206,799,747
Kakamega	2,283,794,102	671,170,134	2,954,964,236	1,495,921,141	4,450,885,377
Kericho	1,216,718,975	520,216,832	1,736,935,807	434,916,882	2,171,852,690
Kiambu	3,326,001,790	1,050,428,635	4,376,430,425	929,286,303	5,305,716,728
Kilifi	1,463,927,599	251,065,036	1,714,992,635	285,714,545	2,000,707,180
Kirinyaga	1,290,197,865	551,952,592	1,842,150,457	307,280,947	2,149,431,404
Kisii	2,366,686,359	418,896,849	2,785,583,208	503,851,222	3,289,434,430
Kisumu	2,273,817,660	673,819,600	2,947,637,260	993,814,860	3,941,452,120
Kitui	2,301,830,008	680,706,018	2,982,536,026	1,225,514,684	4,208,050,710
Kwale	1,636,503,416	1,209,888,689	2,846,392,105	1,149,837,874	3,996,229,979
Laikipia	1,161,888,192	601,051,315	1,762,939,507	475,520,813	2,238,460,320
Lamu	733,368,173	235,748,934	969,117,107	56,638,575	1,025,755,682
Machakos	1,223,858,909	1,680,571,167	2,904,430,076	781,030,741	3,685,460,817
Makueni	1,549,968,381	776,667,738	2,326,636,119	881,644,496	3,208,280,615
Mandera	1,928,849,001	1,391,263,782	3,320,112,783	1,332,210,360	4,652,323,143
Marsabit	1,031,752,101	344,843,303	1,376,595,404	950,844,300	2,327,439,704
Meru	2,290,356,801	1,109,278,110	3,399,634,911	180,773,773	3,580,408,684
Migori	1,505,211,827	425,866,330	1,931,078,157	491,979,180	2,423,057,337
Mombasa	1,799,229,239	1,153,113,561	2,952,342,800	708,605,376	3,660,948,176
Murang'a	1,600,508,781	294,754,996	1,895,263,777	873,847,561	2,769,111,338
Nairobi City	3,255,442,605	593,967,350	3,849,409,955	-	3,849,409,955
Nakuru	3,128,160,143	648,981,385	3,777,141,528	865,205,643	4,642,347,171
Nandi	1,885,347,662	420,856,975	2,306,204,637	613,994,045	2,920,198,682
Narok	1,786,597,326	1,155,460,678	2,942,058,003	471,749,608	3,413,807,611
Nyamira	1,504,865,090	353,916,482	1,858,781,572	353,889,027	2,212,670,599
Nyandarua	1,134,406,527	663,403,779	1,797,810,306	241,556,280	2,039,366,587
Nyeri	1,978,870,527	426,115,731	2,404,986,258	308,682,805	2,713,669,063
Samburu	1,116,211,697	308,382,556	1,424,594,253	104,926,609	1,529,520,862
Siaya	1,225,768,198	772,966,655	1,998,734,853	488,291,007	2,487,025,860
Taita Taveta	1,077,696,366	596,761,252	1,674,457,618	335,765,034	2,010,222,652
Tana River	446,570,250	776,774,112	1,223,344,362	354,679,241	1,578,023,603
Tharaka Nithi	1,104,046,313	424,215,677	1,528,261,990	343,104,032	1,871,366,022
Trans Nzoia	1,475,561,724	676,310,927	2,151,872,651	746,752,890	2,898,625,541
Turkana	2,052,290,930	1,219,038,330	3,271,329,260	497,458,889	3,768,788,148
Uasin Gishu	1,870,230,899	460,980,581	2,331,211,480	592,345,789	2,923,557,269
Vihiga	1,132,501,505	242,365,174	1,374,866,679	21,350,084	1,396,216,763
Wajir	2,144,558,870	949,650,717	3,094,209,587	817,363,026	3,911,572,613
West Pokot	1,336,211,284	356,091,985	1,692,303,269	168,314,470	1,860,617,739
Total	78,852,435,588	30,860,106,819	109,712,542,407	25,187,543,057	134,900,085,464

Source: OCoB and County Treasuries

The Counties that attained the highest expenditure in absolute terms were; Kiambu at Kshs.5.31 billion, Mandera at Kshs.4.65 billion, and Nakuru at Kshs.4.64 billion. The lowest expenditure was recorded by Vihiga, Isiolo and Lamu at Kshs.1.4 billion, Kshs.1.38 billion and Kshs.1.03 billion.

A review of cumulative expenditure by economic classification showed that Kshs.78.85 billion (58.5 per cent) was spent on Personnel Emoluments, Kshs.30.86 billion (22.9 per cent) on Operations and Maintenance, and Kshs.25.19 billion (18.7 per cent) on Development Expenditure.

2.4.1 Development Expenditure

The County governments spent Kshs.25.19 billion on development activities, representing an absorption rate of 13.7 per cent of the annual development budget, which is an increase from 11.6 per cent, reported in a similar period of FY 2019/20 when development expenditure was Kshs.22.77 billion.

Analysis of county budgets and expenditure in first half of the FY 2020/21 is provided in Table 2.3.

Table 2.3: County Budget Allocation, Expenditure and Absorption Rate for First Half FY 2020/21

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Baringo	4,647.47	3,265.07	7,912.54	1,888.51	72.31	1,960.82	40.6	2.2	24.8
Bomet	4,824.82	2,523.03	7,347.86	1,940.28	377.43	2,317.71	40.2	15.0	31.5
Bungoma	8,298.25	3,604.08	11,902.33	3,482.75	688.61	4,171.35	42.0	19.1	35.0
Busia	4,962.61	2,385.98	7,348.59	2,340.89	374.75	2,715.64	47.2	15.7	37.0
Elgeyo/Marakwet	3,284.02	2,621.53	5,905.55	1,503.75	198.22	1,701.97	45.8	7.6	28.8
Embu	4,315.42	2,149.24	6,464.66	1,639.82	241.40	1,881.23	38.0	11.2	29.1
Garissa	6,696.48	3,480.28	10,176.76	3,140.21	360.08	3,500.29	46.9	10.3	34.4
Homa Bay	5,184.12	2,678.46	7,862.59	2,209.39	745.49	2,954.88	42.6	27.8	37.6
Isiolo	3,255.96	1,939.95	5,195.91	1,139.70	237.69	1,377.38	35.0	12.3	26.5
Kajiado	6,107.95	3,334.87	9,442.81	2,699.88	506.92	3,206.80	44.2	15.2	34.0
Kakamega	8,989.67	7,511.21	16,500.87	2,954.96	1,495.92	4,450.89	32.9	19.9	27.0
Kericho	4,290.88	3,366.95	7,657.83	1,736.94	434.92	2,171.85	40.5	12.9	28.4
Kiambu	11,606.99	6,287.73	17,894.73	4,376.43	929.29	5,305.72	37.7	14.8	29.6
Kilifi	8,435.04	6,242.74	14,677.78	1,714.99	285.71	2,000.71	20.3	4.6	13.6
Kirinyaga	4,144.20	2,624.07	6,768.27	1,842.15	307.28	2,149.43	44.5	11.7	31.8
Kisii	8,680.12	3,976.09	12,656.21	2,785.58	503.85	3,289.43	32.1	12.7	26.0
Kisumu	8,025.44	4,754.92	12,780.36	2,947.64	993.81	3,941.45	36.7	20.9	30.8
Kitui	7,435.15	4,404.66	11,839.81	2,982.54	1,225.51	4,208.05	40.1	27.8	35.5
Kwale	5,479.99	6,447.71	11,927.69	2,846.39	1,149.84	3,996.23	51.9	17.8	33.5
Laikipia	4,812.19	3,107.73	7,919.92	1,762.94	475.52	2,238.46	36.6	15.3	28.3
Lamu	2,501.57	1,505.51	4,007.08	969.12	56.64	1,025.76	38.7	3.8	25.6
Machakos	7,338.06	3,678.89	11,016.95	2,904.43	781.03	3,685.46	39.6	21.2	33.5
Makueni	6,674.86	4,998.07	11,672.94	2,326.64	881.64	3,208.28	34.9	17.6	27.5
Mandera	7,169.05	6,150.68	13,319.73	3,320.11	1,332.21	4,652.32	46.3	21.7	34.9
Marsabit	4,337.62	3,680.22	8,017.84	1,376.60	950.84	2,327.44	31.7	25.8	29.0
Meru	7,965.48	3,818.30	11,783.78	3,399.63	180.77	3,580.41	42.7	4.7	30.4
Migori	5,392.70	3,527.18	8,919.88	1,931.08	491.98	2,423.06	35.8	13.9	27.2
Mombasa	9,709.24	4,925.34	14,634.58	2,952.34	708.61	3,660.95	30.4	14.4	25.0
Murang'a	5,730.89	3,154.16	8,885.06	1,895.26	873.85	2,769.11	33.1	27.7	31.2
Nairobi City	26,862.51	10,842.47	37,704.98	3,849.41	-	3,849.41	14.3	-	10.2
Nakuru	10,482.05	9,522.43	20,004.48	3,777.14	865.21	4,642.35	36.0	9.1	23.2
Nandi	5,022.02	2,589.50	7,611.52	2,306.20	613.99	2,920.20	45.9	23.7	38.4
Narok	7,636.22	3,619.80	11,256.02	2,942.06	471.75	3,413.81	38.5	13.0	30.3
Nyamira	4,619.08	2,276.12	6,895.20	1,858.78	353.89	2,212.67	40.2	15.5	32.1
Nyandarua	4,478.17	2,388.52	6,866.69	1,797.81	241.56	2,039.37	40.1	10.1	29.7
Nyeri	5,849.24	3,180.41	9,029.65	2,404.99	308.68	2,713.67	41.1	9.7	30.1
Samburu	4,238.93	2,641.73	6,880.66	1,424.59	104.93	1,529.52	33.6	4.0	22.2
Siaya	5,078.33	3,873.23	8,951.56	1,998.73	488.29	2,487.03	39.4	12.6	27.8
Taita/Taveta	3,813.25	1,967.42	5,780.67	1,674.46	335.77	2,010.22	43.9	17.1	34.8
Tana River	4,934.50	2,905.44	7,839.95	1,223.34	354.68	1,578.02	24.8	12.2	20.1

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Tharaka -Nithi	3,801.34	2,056.49	5,857.83	1,528.26	343.10	1,871.37	40.2	16.7	31.9
Trans Nzoia	4,861.24	3,284.27	8,145.51	2,151.87	746.75	2,898.63	44.3	22.7	35.6
Turkana	9,134.85	5,897.90	15,032.76	3,271.33	497.46	3,768.79	35.8	8.4	25.1
Uasin Gishu	5,452.72	6,274.37	11,727.09	2,331.21	592.35	2,923.56	42.8	9.4	24.9
Vihiga	3,742.96	1,736.93	5,479.89	1,374.87	21.35	1,396.22	36.7	1.2	25.5
Wajir	6,645.59	4,298.51	10,944.10	3,094.21	817.36	3,911.57	46.6	19.0	35.7
West Pokot	4,362.67	2,655.50	7,018.17	1,692.30	168.31	1,860.62	38.8	6.3	26.5
Total	301,311.91	184,155.71	485,467.62	109,712.54	25,187.54	134,900.09	36.4	13.7	27.8

Source: OCoB and County Treasuries

Analysis of development expenditure as a proportion of approved annual development budget shows that Homa Bay, Kitui and Murang'a Counties attained the highest absorption rate at 27.8 per cent, 27.8 per cent, and 27.7 per cent respectively. Nairobi City County did not report any expenditure on development activities during the reporting period. An analysis of the development projects implemented by counties is provided in Chapter three.

2.4.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.109.71 billion or 81.3 per cent of the total expenditure on recurrent activities. This expenditure represents 36.4 per cent of the annual county government's budget for recurrent activities, and a decline from 41.7 per cent recorded in the first half of the FY 2019/20 when expenditure stood at Kshs.120.5 billion.

The recurrent expenditure comprised of Kshs.78.85 billion (71.9 per cent) on Personnel Emoluments and Kshs.30.86 billion (28.1 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by counties is provided in Chapter three.

2.4.3 Review of MCA Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.1.06 billion on MCAs Sitting allowances against an approved budget allocation of Kshs.2.9 billion. This expenditure translates to 36.4 per cent of the approved MCAs sitting allowance budget, and a decrease from 40 per cent attained in a similar period of FY 2019/20 when Kshs.1.16 billion was spent. Table 2.4 shows the budgetary allocation and expenditure on MCAs and Speakers sitting allowances in first half of the FY 2020/21.

Table 2.4: MCAs Budget Allocation, Expenditure and Absorption Rate in First Half FY 2020/21

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Baringo	66,947,766	23,202,100	34.7	46	84,066
Bomet	31,630,578	17,389,900	55.0	37	78,333
Bungoma	179,966,216	4,006,082	2.2	61	10,946
Busia	75,114,363	40,263,500	53.6	54	124,270
Elgeyo Marakwet	37,931,200	25,502,100	67.2	34	125,010
Embu	33,542,577	19,884,168	59.3	35	94,687
Garissa	63,024,000	14,319,900	22.7	49	48,707
Homa Bay	117,715,200	63,059,957	53.6	61	172,295
Isiolo	8,657,460	1,861,800	21.5	18	17,239
Kajiado	30,528,000	1,278,000	4.2	42	5,071
Kakamega	133,286,400	53,491,690	40.1	90	99,059
Kericho	68,047,200	20,285,373	29.8	48	70,435
Kiambu	120,000,000	50,927,500	42.4	93	91,268
Kilifi	26,463,480	12,403,922	46.9	55	37,588
Kirinyaga	70,310,400	20,550,900	29.2	34	100,740
Kisii	115,074,000	46,555,000	40.5	71	109,284
Kisumu	83,440,800	41,068,238	49.2	49	139,688
Kitui	59,771,200	27,510,150	46.0	55	83,364

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Kwale	49,242,000	24,663,800	50.1	34	120,901
Laikipia	37,720,800	12,670,832	33.6	25	84,472
Lamu	19,952,000	7,517,300	37.7	19	65,941
Machakos	60,728,920	42,956,000	70.7	61	117,366
Makueni	74,000,000	32,108,100	43.4	48	111,486
Mandera	55,000,000	17,368,200	31.6	49	59,076
Marsabit	40,000,000	9,375,960	23.4	31	50,408
Meru	100,075,665	41,439,500	41.4	69	100,095
Migori	120,211,200	33,713,300	28.0	57	98,577
Mombasa	50,000,000	18,189,200	36.4	43	70,501
Murang'a	72,000,000	20,381,290	28.3	54	62,905
Nairobi City	109,120,000	33,155,200	30.4	124	44,563
Nakuru	100,000,000	20,302,555	20.3	79	42,832
Nandi	53,557,481	10,465,000	19.5	40	43,604
Narok	16,581,162	16,347,000	98.6	48	56,760
Nyamira	55,436,372	31,295,900	56.5	37	140,973
Nyandarua	55,773,600	19,287,900	34.6	40	80,366
Nyeri	50,668,800	29,746,600	58.7	45	110,173
Samburu	24,300,000	13,739,830	56.5	28	81,785
Siaya	48,040,000	27,197,500	56.6	43	105,417
Taita Taveta	26,200,000	11,776,400	44.9	35	56,078
Tana River	49,171,200	10,754,000	21.9	24	74,681
Tharaka Nithi	31,248,000	7,964,000	25.5	21	63,206
Trans Nzoia	62,853,600	14,875,500	23.7	40	61,981
Turkana	36,000,000	12,769,900	35.5	48	44,340
Uasin Gishu	36,689,000	18,987,300	51.8	48	65,928
Vihiga	73,797,200	25,589,900	34.7	39	109,359
Wajir	37,856,000	7,242,100	19.1	48	25,146
West Pokot	31,788,328	-	-	34	-
Total	2,899,462,168	1,055,440,347	36.4	2,243	78,425

Source: OCoB and County Treasuries

The County Assemblies of Homa Bay, Nyamira, Kisumu and Elgeyo Marakwet reported higher expenditure on sitting allowance than the recommended monthly ceiling of Kshs.124,800 by the Salaries and Remuneration Commission (SRC). West Pokot County Assembly did not report any expenditure on MCAs sitting allowance during the reporting period.

2.4.4 Remittance of Pension Contributions by County Governments

The Local Authorities Provident Fund (LAPFUND) and County Pension Fund (CPF) are statutory retirement benefit schemes which serve the employees of County Governments and affiliated entities. County governments are required to remit contributions from employees and employer contributions to these schemes on a monthly basis for investment. Upon retirement, the schemes pay to the members lumpsum amounts made of the contributions received and the investment income to the member.

The OCOB noted delays by County Governments to remit staff contributions to the pension schemes which has affected the ability to settle retirement claims for retiring members. Unremitted pension contributions to the Local Authorities Pension Trust (LAPTRUST) and CPF stood at Kshs.26.02 billion as at 31st December, 2020 while outstanding remittances to LAPFUND were Kshs.14.57 billion as of 30th November, 2020. Table 2.5 shows the breakdown of unremitted retirement contributions by the County Governments.

Table 2.5: Unremitted Retirement Contributions by County Governments (Kshs.)

County	Local Authorities Pension Trust (LAPTRUST) As at 31st December, 2020	County Pension Fund (CPF) As at 31st December, 2021	Local Authorities Provident Fund (LAPFUND) As at 30th November, 2020	Total Outstanding unremitted Pension Arrears
Baringo	14,722,311	2,664,547	173,925,687	191,312,545
Bomet	14,501,408	3,250,141		17,751,549
Bungoma	34,295,648	9,639,015		43,934,663
Busia	174,315,148	5,975,840		180,290,988
Elgeyo_Marakwet	1,699,384	1,739,977		3,439,361
Embu	39,648,166	71,114,379		110,762,545
Garissa	22,323,933	10,526,249	740,450,828	773,301,011
Homa_Bay	33,760,160	17,930,309	473,628,210	525,318,679
Isiolo	3,993,632	1,856,955	432,779,864	438,630,451
Kajiado	10,932,560	105,256,299		116,188,859
Kakamega	37,594,380	88,563,762		126,158,142
Kericho	7,162,054	2,248,800		9,410,855
Kiambu	193,368,282	23,595,839		216,964,121
Kilifi	55,265,577	1,798,335		57,063,911
Kirinyaga	31,301,337	8,188,534		39,489,871
Kisii	74,527,231	39,043,958	561,883,676	675,454,865
Kisumu	60,829,455	22,224,726		83,054,181
Kitui	14,680,784	14,985,435		29,666,219
Kwale	6,766,404	1,185,116		7,951,521
Laikipia	35,004,098	9,224,884	301,628,785	345,857,768
Lamu	2,152,770	315,980		2,468,750
Machakos	110,649,528	105,633,320	312,837,987	529,120,835
Makueni	24,984,526	20,546,215		45,530,741
Mandera	23,628,058	106,411,800		130,039,858
Marsabit	400,217	62,124,587		62,524,804
Meru	25,677,555	7,949,649	207,829,849	241,457,053
Migori	63,599,957	12,646,121	821,982,751	898,228,829
Mombasa	3,241,037,399	32,484,225	2,309,945,191	5,583,466,816
Muranga	152,504,610	5,901,970	354,483,226	512,889,806
Nairobi_City	19,073,022,491	8,858,529	6,442,773,221	25,524,654,241
Nakuru	229,656,882	12,153,923		241,810,805
Nandi	23,976,879	14,576,723	198,838,875	237,392,476
Narok	80,404,819	73,554,148		153,958,967
Nyamira	15,290,794	14,162,461		29,453,255
Nyandarua	17,751,915	10,609,550		28,361,465
Nyeri	20,404,545	1,617,891		22,022,435
Samburu	111,401,416	17,655,283		129,056,699
Siaya	23,605,917	8,467,821	190,905,707	222,979,445
Taita_Taveta	5,055,314	11,020,504		16,075,818
Tana_River	16,895,107	3,008,386		19,903,493
Tharaka_Nithi	46,215,162	10,266,982	189,105,152	245,587,297
Trans_Nzoia	326,603,631	5,341,754	198,319,523	530,264,908
Turkana	5,909,847	60,748,995		66,658,842
Uasin_Gishu	99,644,058	26,949,137	203,716,349	330,309,543
Vihiga	15,944,629	16,106,669	142,933,920	174,985,218
Wajir	4,746,780	299,691,466	252,426,935	556,865,181
West_Pokot	2,965,223	97,801	63,953,058	67,016,082
Total	24,630,821,982	1,389,914,989	14,574,348,794	40,595,085,765

Source: LAPFUND and CPF

Pension remittances are statutory payments and failure by any County to remit the same has grave implications on budget implementation. The OCoB advises County Governments to develop a remedial plan on how this debt will be settled.

2.4.5 Expenditure on COVID-19

During the reporting period, counties cumulatively had an allocation of Kshs.10.83 billion for COVID-19 interventions which comprised of Kshs.5.04 billion allocated in the FY 2020/21 budgets and Kshs.5.78 billion as cash balances from

the previous financial year. Total expenditure during the reporting period was Kshs.5.71 billion which represents 52.7 per cent of the funds available for COVID-19 interventions. Table 2.6 shows the budget and expenditure incurred by counties on COVID-19 interventions during the reporting period.

Table 3: COVID-19 Budget and Expenditure for the First Half of FY 2020/21

COVID-19 EXPENDITURE					
County	FY 2020/21 Budget Allocation (Kshs.)	Available Balance at the beginning of financial Year (Kshs.)	Cumulative Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)	Absorption
	A	B	C=A+B	D	E=D/C*100
Baringo	134,996,000	117,000,000	251,996,000	131,233,936	52.1
Bomet	286,043,804	-	286,043,804	211,338,776	73.9
Bungoma	-	213,714,000	213,714,000	76,847,890	36.0
Busia	106,464,000	-	106,464,000	-	-
Elgeyo_Marakwet	57,212,000	18,800,800	76,012,800	37,200,700	48.9
Embu	-	141,052,000	141,052,000	171,889,000	121.9
Garissa	88,519,000	-	88,519,000	88,519,000	100.0
Homa_Bay	-	173,292,000	173,292,000	148,358,876	85.6
Isiolo	90,575,000	-	90,575,000	90,575,000	100.0
Kajiado	-	52,567,000	52,567,000	46,889,492	89.2
Kakamega	587,818,000	-	587,818,000	139,664,636	23.8
Kericho	116,200,000	-	116,200,000	84,348,503	72.6
Kiambu	-	664,127,918	664,127,918	327,786,073	49.4
Kilifi	59,895,000	218,022,000	277,917,000	220,490,420	79.3
Kirinyaga	164,681,000	-	164,681,000	48,325,000	29.3
Kisii	299,612,000	46,270,131	345,882,131	222,772,392	64.4
Kisumu	285,920,000	-	285,920,000	276,486,980	96.7
Kitui	-	498,518,000	498,518,000	298,848,132	59.9
Kwale	234,713,102	134,448,352	369,161,454	103,203,884	28.0
Laikipia	-	-	-	-	-
Lamu	-	47,819,500	47,819,500	24,280,000	50.8
Machakos	186,490,000	1,569,360	188,059,360	91,250,469	48.5
Makueni	186,490,000	-	186,490,000	91,250,469	48.9
Mandera	614,473,000	-	614,473,000	614,473,000	100.0
Marsabit	28,819,000	60,000,000	88,819,000	-	-
Meru	138,633,361	135,860,000	274,493,361	188,314,724	68.6
Migori	89,415,132	201,895,000	291,310,132	201,245,158	69.1
Mombasa	200,000,000	-	200,000,000	142,100,245	71.1
Muranga	-	51,057,362	51,057,362	20,236,519	39.6
Nairobi-City	-	47,605,000	47,605,000	-	-
Nakuru	150,000,000	-	150,000,000	116,049,485	77.4
Nandi	10,000,000	182,781,000	192,781,000	224,994,927	116.7
Narok	111,980,000	10,645,000	122,625,000	10,000,000	8.2
Nyamira	141,822,000	110,000,000	251,822,000	153,842,983	61.1
Nyandarua	25,900,000	126,214,000	152,114,000	44,115,000	29.0
Nyeri	30,000,000	223,201,755	253,201,755	96,920,050	38.3
Samburu	25,000,000	306,822,000	331,822,000	170,392,000	51.4
Siaya	100,000,000	140,281,000	240,281,000	209,177,762	87.1
Taita_Taveta	-	82,012,325	82,012,325	41,475,252	50.6
Tana_River	-	61,963,000	61,963,000	28,335,000	45.7
Tharaka_Nithi	106,944,319	26,262,681	133,207,000	106,944,319	80.3
Trans_Nzoia	186,050,415	329,344,194	515,394,609	186,177,460	36.1
Turkana	-	937,556,113	937,556,113	84,797,610	9.0
Uasin_Gishu	46,395,000	373,896,873	420,291,873	46,395,000	11.0
Vihiga	-	50,288,284	50,288,284	35,905,755	71.4
Wajir	35,070,000	-	35,070,000	35,070,000	100.0
West_Pokot	114,400,000	-	114,400,000	21,176,900	18.5
Total	5,040,531,133	5,784,886,648	10,825,417,781	5,709,698,777	52.7

Source: County Treasuries

A detailed analysis of the expenditure on COVID-19 by counties is provided in Chapter three.

3 BUDGET PERFORMANCE BY COUNTY

3.1 County Government of Baringo

3.1.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.7.91 billion, comprising of Kshs.3.27 billion (41.3 per cent) and Kshs.4.65 billion (58.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.10 billion (64.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.16 billion (14.7 per cent) as total conditional allocation, generate Kshs.346.09 million (4.4 per cent) from own sources of revenue, and a cash balance of Kshs.1.17 billion (14.8 per cent) from FY 2019/20. The County also expects to receive Kshs.134.99 million (1.7 per cent) as "other revenues" not contained in the CARA, 2020.

Other revenues" consist of Kshs.84.34 million for COVID-19 grant from the National Government, Kshs.5.67 million COVID-19 grants from DANIDA and Kshs.44.99 million for Frontline Healthcare Workers Allowances.

3.1.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.840.78 million as the equitable share of the revenue raised nationally, Kshs.577.82 million as conditional allocation, raised Kshs.90.19 million as own-source revenue, other revenues 50.66 million, and had a cash balance of Kshs.1.17 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.73 billion as shown in Table 3.1.

Table 3.1: Baringo County, Revenue Performance in the First Half of FY 2020/21

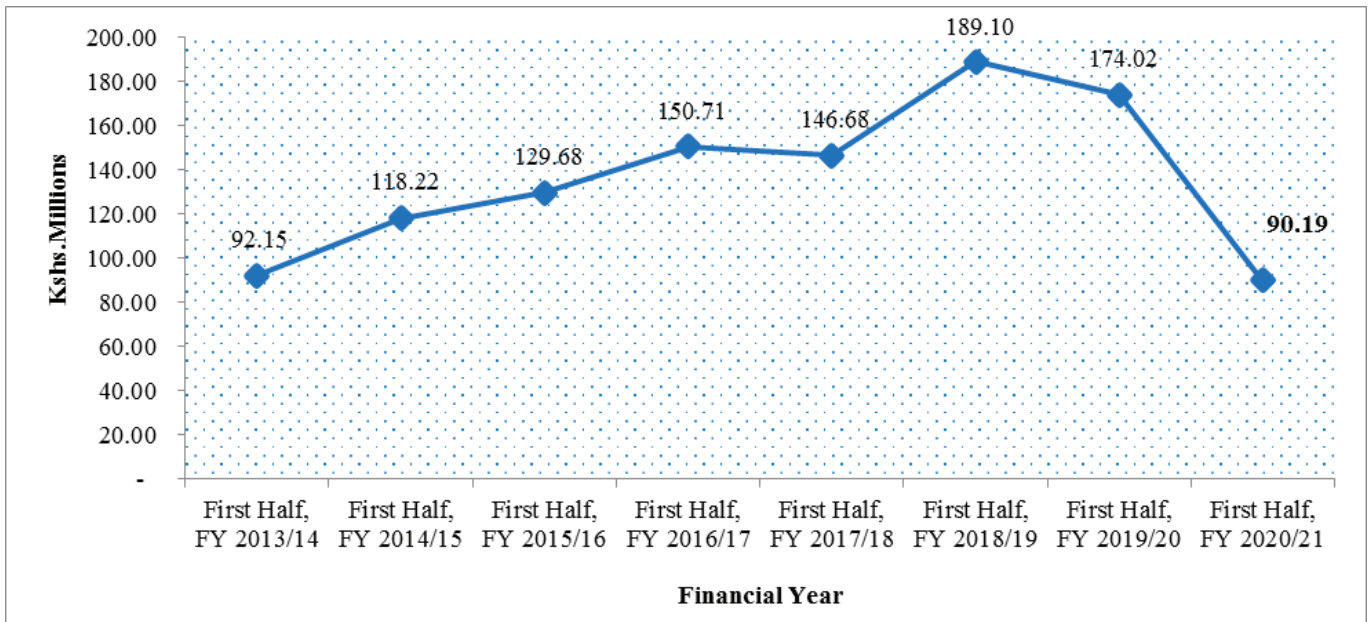
S/No.	Revenue Category	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	509,565,000	5,095,650,000	840,782,250	16.5
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone Plus Balance B/fwd	13,191,000	26,382,000	13,191,000	50.0
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	0.0
3.	Road Maintenance Fuel Levy Fund Plus Balance B/fwd	152,818,903	353,897,567	239,283,390	67.6
4.	Rehabilitation of Village Polytechnics plus Balance B/fwd	20,494,894	38,070,692	17,575,798	46.2
Sub Total		318,526,074	550,371,536	270,050,188	49.1
C.	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB) plus Balances B/fwd	98,424,470	123,948,349	25,523,879	20.6
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP) plus balance B/fwd	247,240,980	319,549,645	192,855,150	60.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant plus Balances B/fwd	45,000,000	75,000,000	30,000,000	40.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG) balances B/fwd	-	37,450,261	37,450,261	100.0
5.	DANIDA Grant	14,490,000	14,490,000	7,245,000	50.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	15,626,168	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II plus Balance B/fwd	13,557,645	15,057,645	1,500,000	10.0
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG) balances B/fwd	-	13,200,000	13,200,000	100.0
Sub Total		434,339,263	614,322,068	307,774,290	50.1
D.	Other Sources of Revenue				
1.	Own Source Revenue	-	346,088,720	90,187,118	26.1
2.	Balance b/f from FY 2019/20	-	1,171,110,595	1,171,110,595	100.0
3.	Other Revenues	-	134,996,000	50,655,000	37.5
Sub Total		-	1,652,195,315	1,311,952,713	79.4

S/No.	Revenue Category	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Grand Total		1,262,430,337	7,912,538,919	2,730,559,441	34.5

Source: Baringo County Treasury

Figure 3.1 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.1: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Baringo County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.90.19 million as own-source revenue. This amount represented a decrease of 48.2 per cent compared to Kshs.174.02 million realised during a similar period in FY 2019/20 and was 26.1 per cent of the annual target. The reduction in own-source revenue collection was as a result of economic disruptions occasioned by the effects of COVID-19 pandemic, which affected business and financial operations across the country.

3.1.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.99 billion from the CRF account during the reporting period. The amount comprised of Kshs.73.81 million (3.7 per cent) for development programmes and Kshs.1.92 billion (96.3 per cent) for recurrent programmes.

3.1.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.96 billion on development and recurrent programmes. The expenditure represented 98.5 per cent of the total funds released by the COB and comprised of Kshs.72.31million and Kshs.1.89 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 2.2 per cent while recurrent expenditure represented 40.6 per cent of the annual recurrent budget.

3.1.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.65 billion was spent on Compensation to Employees, Kshs.243.28 million on Operations and Maintenance, and Kshs.72.31 million on development activities as shown in Table 3.2.

Table 3.2: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,647,467,647	1,917,803,986	1,888,510,552	40.6
Compensation to Employees	3,272,959,357	1,673,231,272	1,645,233,295	50.3
Operations and Maintenance	1,374,508,290	244,572,714	243,277,256	17.7
Total Development Expenditure	3,265,071,272	73,808,664	72,308,664	2.2
Development Expenditure	3,265,071,272	73,808,664	72,308,664	2.2
Total	7,912,538,919	1,991,612,650	1,960,819,216	24.8

Source: Baringo County Treasury

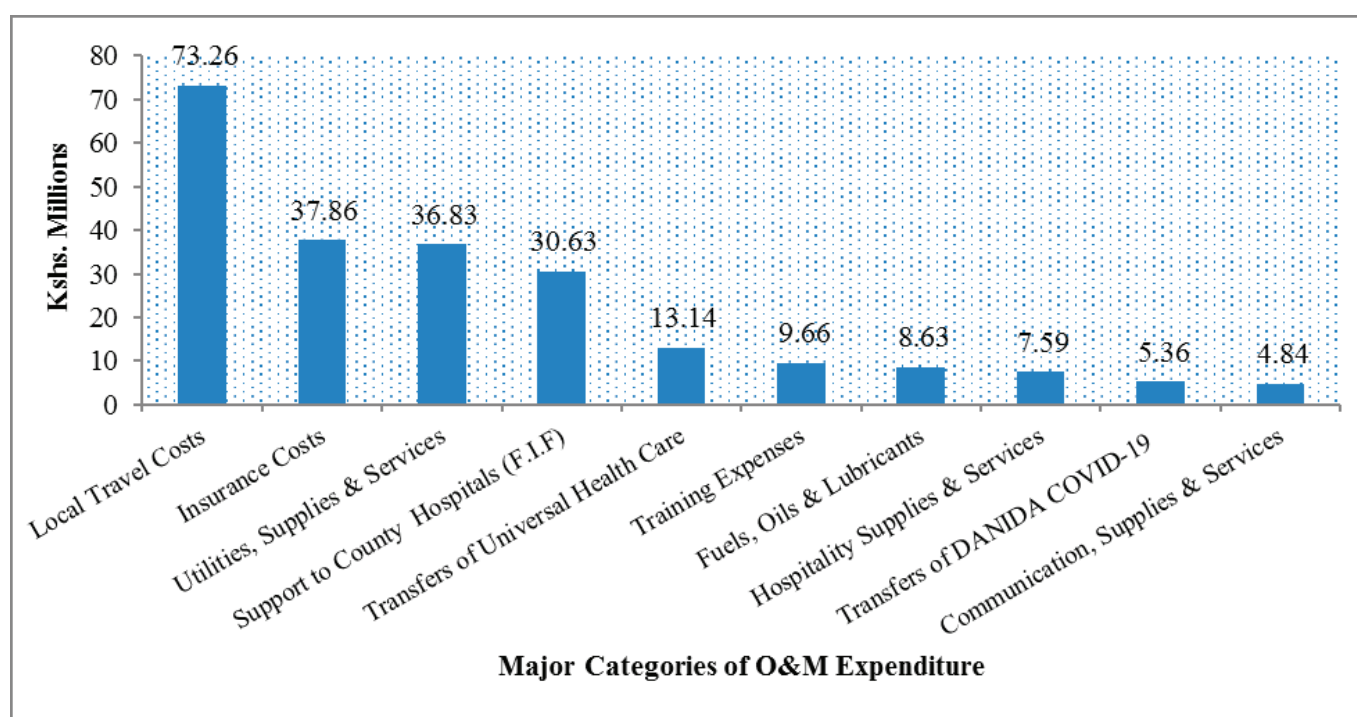
3.1.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 83.9 per cent of the total expenditure for the reporting period and 41.6 per cent of half year proportional revenue estimate of Kshs.3.96 billion.

3.1.7 Expenditure on Operations and Maintenance

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

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



Source: Baringo County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.23.20 million on committee sitting allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.66.95 million. The average monthly sitting allowance was Kshs.84,066 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.73.26 million and comprised of Kshs.44.28 million spent by the County Assembly and Kshs.28.98 million by the County Executive. The County did not report expenditure on foreign travels

3.1.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county budgeted Kshs.134.99 million to cater for COVID-19 related expenditure while a total of Kshs.117 million was brought forward from FY 2019/20. A total of Kshs.131.23 million was spent during the reporting period as shown in Table 3.3.

Table 3.3: COVID-19 Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1	Supply of PPEs to curb COVID 19 - Health	13,240,000
2	Construction of COVID -19 Isolation Ward at Mogotio Sub-County Hospital	13,140,962
3	Supply and delivery of Emergency relief food-	8,523,000
4	Supply and delivery of Emergency relief food	7,997,870
5	Supply and delivery of Emergency relief food	7,768,500
6	Supply of COVID 19 equipment - Health	7,080,000
7	Supply of COVID 19 equipment - Health	6,546,000
8	Supply and delivery of Emergency relief food	5,907,350
9	Supply of COVID 19 equipment - Health	5,705,000
10	Supply of Con Soya blend Super cereals	4,200,000
11	Supply of Con Soya blend Super cereal plus	3,793,500
12	Supply of face masks - Health	2,500,000
13	Supply of tires for water Bowsers - Water	2,400,000
14	COVID 19 Surveillance Activities - health	2,000,000
15	Supply and Delivery of water tanks	1,972,500
16	Supply and Delivery of water tanks	1,962,780
17	Supply and Delivery of water tanks	1,960,440
18	Community sensitization on preventive measures on COVID 19	1,887,500
19	Community Sensitization and preventive measures against COVID 19 - Health	1,687,500
20	Supply and Delivery of medical supplies to support Fight of COVID 19	1,674,500
21	Supply of COVID 19 equipment - Health	1,567,000
22	Supply and Delivery of water tanks	1,417,000
23	Supply and Delivery of water tanks	1,021,500
24	Facilitation for staff allowances fighting COVID 19 - Health	1,000,000
25	Facilitation for staff allowances fighting COVID 19 - Health	1,000,000
26	supply of bulky fuel for Ambulances - COVID 19 - Health	1,000,000
27	supply of bulky fuel for water tracing - water	880,000
28	Payment for Transportation services of relief food Tiaty Sub county	793,359
29	Inspection and Assessment of Mogotio sub county Hospital COVID 19 l isolation wards	741,100
30	Facilitation of Awareness and Surveillance activities COVID 19 - Health	700,000
31	Facilitation for food distribution for vulnerable families - Tiaty Sub county	687,000
32	Supply of Face masks material	669,500
33	Payment for Transportation services of relief food Mogotio Sub county	653,224
34	Facilitation for Summit meeting on COVID 19 -Nairobi	615,000
35	Supply of Human Drugs to fight COVID 19 - Health	611,000
36	Supply of Chlorine Granules - COVID 19	594,000
37	Mask accessories branding logistics - Health	590,500
38	Validation - of registered Vulnerable for emergency relief food supply	586,370
39	Targeting and Registration of Vulnerable for emergency relief food supply	564,000
40	Facilitation for food distribution for vulnerable families - Mogotio Sub county	531,000
41	Support for case training on surge of malnutrition on COVID 19 - health	515,000
42	Facilitation for food distribution for vulnerable families - Baringo Central Sub county	510,000
43	Facilitation for food distribution for vulnerable families - Baringo South Sub county	507,000
44	Operationalization of Livestock Markets that were closed during COVID pandemic	502,000

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
45	Facilitation for food distribution for vulnerable families - Baringo North Sub county	501,000
46	Facilitation of Medical staff Supporting preparedness of COVID - 19 responses	500,000
47	Supply of bulky fuels for COVID 19 responses	500,000
48	Supply of bulky fuel for COVID 19 responses -	500,000
49	Labor payment for Manufactory of Face masks - Kituro VTC - Health	500,000
50	Facilitation of COVID 19 security meeting - (curfew Enforcement)	499,000
51	Transportation of Emergency COVID Relief food-Baringo south	497,784
52	Facilitation for food distribution for vulnerable families - E/Ravine Sub county	441,000
53	Facilitation for COVID 19 committee meeting	417,500
54	Facilitation of security meetings	400,000
55	Facilitation of Awareness and Surveillance activities COVID 19 - Health	400,000
56	Supply of spraying pumps for fumigation - health	378,700
57	Support towards Sensitization on COVID 19	354,000
58	Facilitation of Awareness and Surveillance activities COVID 19 - Health	350,000
59	Facilitation of Awareness and Surveillance activities COVID 19 - Health	350,000
60	Facilitation of Awareness and Surveillance activities COVID 19 - Health	340,000
61	Facilitation for food distribution for vulnerable families - county wide	326,100
62	Media sensitization on COVID 19 - health	300,000
63	Facilitation of Evaluation committee for supply of Food stuffs	296,000
64	Facilitation for Loading and offloading of relief food	286,282
65	Transportation of Emergency COVID Relief food-Baringo North	281,579
66	Support to Set up of an Isolation Ward at Kaptimbor	270,000
67	Payment for branding services of COVID -19 water tanks	264,000
68	Training of BCRH ICU staff on preparedness for COVID 19 - Health	235,200
69	Facilitation for Summit meeting on COVID 19 -Nairobi	210,000
70	Facilitation of COVID 19 security meeting - (curfew Enforcement)	200,000
71	Repairs on ICU Ventilators	186,180
72	Payment for Transportation services of relief food E/Ravine Sub county	171,280
73	Facilitation for COVID 19 committee meeting	150,000
74	Logistics accessories for production of 50,000 Face masks for COVID 19	150,000
75	Payment for Transportation services of relief food Baringo Central Sub county	108,271
76	Transportation of Relief food	106,000
77	Catering for COVID 19 committee meeting - Health	71,244
78	Airtime for COVID -19 responses	67,000
79	BCG IMPREST - Catering for COVID 19 committee meeting	62,519
80	KSG - IPC Training on COVID 19 - health	60,400
81	Catering for COVID 19 committee meeting - BCG IMPREST (55,000
82	Bulky fuel for Opening of Livestock markets	49,350
83	Supply of spare parts KBG 039A -Health	45,000
84	Transportation of PPE kits - Health	32,000
85	Payments for Storage services for Emergency relief food at E/Ravine NCPB	31,110
86	Payments for Storage services for Emergency relief food at Kabarnet NCPB	26,483
87	Supply of fittings for Kasoiyo water tank to Curb COVID -19 -Water	23,790
88	Catering for COVID 19 committee meeting	23,709
89	Payments for Staff cards for Essential services during COVID 19	13,500
	Total	131,233,936

Source: Baringo County Treasury

3.1.9 Development Expenditure

The County incurred an expenditure of Kshs.72.31 million on development programmes, which represented a decrease of 75.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.224.90 million. The entire amount was spent on IDA World Bank Kenya Climate Smart Agriculture Assorted Specified Value Addition Programmes against a budget of Kshs.319.55 million.

3.1.10 Budget Performance by Department

Table 3.4 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.4: Baringo County, Budget Performance by Department

Line 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	687.93	17.10	260.09	-	245.77	-	94.5	-	35.7	-
Governor/County Executive services	433.20	16.36	114.25	-	117.41	-	102.8	-	27.1	-
County Treasury Services	354.07	260.78	73.85	-	73.58	-	99.6	-	20.8	-
Lands, Housing & Urban Development	91.75	112.86	18.51	-	18.31	-	98.9	-	20.0	-
Education and ICT	303.85	164.89	158.56	-	158.50	-	100.0	-	52.2	-
Industrialization, Commerce and Tourism	78.41	82.63	19.68	-	18.46	-	93.8	-	23.6	-
Water & Irrigation	117.93	694.06	49.47	-	47.94	-	96.9	-	40.7	-
Environment & Natural Resources	38.76	27.58	17.41	-	15.48	-	88.9	-	39.9	-
Health Services	2,201.57	366.98	1,072.18	-	1,072.13	-	100.0	-	48.7	-
Agriculture, Livestock, Fisheries & Marketing	238.77	518.03	93.22	73.8	88.75	72.31	95.2	98.0	37.2	14.0
Transport and Infrastructure	63.73	921.96	23.67	-	22.14	-	93.6	-	34.7	-
Youth, Gender & Social Security Services	37.50	81.85	16.92	-	10.04	-	59.3	-	26.8	-
	4,647.47	3,265.07	1,917.80	73.81	1,888.51	72.31	98.5	98.0	40.6	2.2

Source: Baringo County Treasury

Analysis of expenditure by department shows that all the departments did not incur any development expenditure on development activities except for the Department of Agriculture, Livestock, Fisheries & Marketing which recorded an absorption rate of development budget at 14 per cent. The Department of Education and ICT had the highest percentage of recurrent expenditure to recurrent budget at 52.2 per cent while the Department of Lands, Housing & Urban Development had the lowest at 20 per cent.

3.1.11 Budget Execution by Programmes and Sub-Programmes

Table 3.5 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

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

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Default Value (Non-Departmental)	-	6,337,778	-6,337,778	-
		-	6,337,778	-6,337,778	-
County Assembly	County Assembly	347,866,198	87,838,205	260,027,993	25.3
	PI OFFICE OF THE CLERK	-	-3,210,933	3,210,933	-
	General Administration, Planning and Support Services	347,866,198	91,049,138	256,817,060	26.2
	General administration	-	-	-	-
Office of the Speaker	Office of the Speaker	378,486,898	160,643,531	217,843,367	42.4
		378,486,898	160,643,531	217,843,367	42.4
	General Administration, Planning and Support Services				
County Assembly Administration	County Assembly Administration	10,023,968	3,431,239	6,592,729	34.2
		10,023,968	3,431,239	6,592,729	34.2

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Office of the Governor and Deputy Governor	Office of the Governor and Deputy Governor	97,134,246	29,096,108	68,038,138	30.0
		22,132,571	-	22,132,571	-
	P4 DEPUTY GOVERNOR	-	-	-	-
	P3 GOVERNORS OFFICE	-	12,600	-12,600	-
		75,001,675	29,083,508	45,918,167	38.8
County Executive Administration	County Executive Administration	60,254,250	6,595,161	53,659,089	10.9
	Inter and intra -governmental Relations services	-	-	-	-
	General administration	-	-	-	-
		60,254,250	6,595,161	53,659,089	10.9
	Civic Education Development Services	-	-	-	-
County Secretary	County Secretary	127,804,788	35,892,298	91,912,490	28.1
	County Secretary	-	-	-	-
		127,804,788	35,892,298	91,912,490	28.1
County Public Service Board	County Public Service Board	-	-	-	-
	County Public service Board	-	-	-	-
		18,139,445	1,572,049	16,567,396	8.7
Tiaty sub county (Administration)	Tiaty sub county (Administration)	-	-	-	-
		18,139,445	1,572,049	16,567,396	8.7
		17,009,891	3,095,298	13,914,593	18.2
		17,009,891	3,095,298	13,914,593	18.2
Baringo North sub county	Baringo North sub county	-	-	-	-
		14,700,716	1,015,820	13,684,896	6.9
Baringo central sub county	Baringo central sub county	-	-	-	-
		14,700,716	1,015,820	13,684,896	6.9
		18,863,174	1,775,911	17,087,263	9.4
Baringo South sub county	Baringo South sub county	-	-	-	-
		18,863,174	1,775,911	17,087,263	9.4
		16,176,354	4,678,850	11,497,504	28.9
		16,176,354	4,678,850	11,497,504	28.9
Mogotio sub county	Mogotio sub county	-	-	-	-
		16,610,248	1,432,700	15,177,548	8.6
Eldama Ravine sub county	Eldama Ravine sub county	-	-	-	-
		16,610,248	1,432,700	15,177,548	8.6
Office of the Deputy Governor		24,206,329	6,263,779	17,942,550	25.9
	P4 DEPUTY GOVERNOR	-	-	-	-
	P3 GOVERNORS OFFICE	-	-	-	-
		24,206,329	6,263,779	17,942,550	25.9
Headquarters	Headquarters	-	-	-	-
	Civic Education Development Services	-	-	-	-
Finance & Economic Planning		566,844,263	143,814,981	423,029,282	25.4
	Early Childhood Development Education	-	-	-	-
	Treasury Accounts	-	-	-	-
	General administration	249,331,361	143,814,981	105,516,380	57.7
	Revenue Services Development Services	302,012,902	-	302,012,902	-
	KDSP Programme	15,500,000	-	15,500,000	-
	Economic Planning, Budget, Monitoring and Evaluation Services	-	-	-	-
Fiscal Planning		-	-	-	-
	Tiaty sub county (Administration)	-	-	-	-
Budget		-	-	-	-
	Baringo North sub county	-	-	-	-
Accounting		-	-	-	-
	Mogotio sub county	-	-	-	-
	Baringo central sub county	-	-	-	-
	Baringo South sub county	-	-	-	-

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Tiary sub county (Administration)	-	-	-	-
	Eldama Ravine sub county	-	-	-	-
	Baringo North sub county	-	-	-	-
Procurement		-	-	-	-
	Baringo South sub county	-	-	-	-
Internal Audit		-	-	-	-
	Mogotio sub county	-	-	-	-
Revenue Management Services		-	-	-	-
	Eldama Ravine sub county	-	-	-	-
Plant disease control		75,000,000	9,882,569	65,117,431	13.2
	KDSP Programme	75,000,000	9,882,569	65,117,431	13.2
Transport		127,108,414	36,161,773	90,946,641	28.4
	General administration	127,108,414	36,161,773	90,946,641	28.4
	Rural Infrastructure Development	-	-	-	-
County Roads		1,139,822,819	3,000,000	1,136,822,819	0.3
	General Administration, Planning and support services	-	-	-	-
	Development and Rehabilitation of rural roads and structures	1,139,822,819	3,000,000	1,136,822,819	0.3
Industrial Development Services		119,582,662	132,000	119,450,662	0.1
	Tourism Dev & Marketing	-	132,000	-132,000	-
	Trade Development	119,582,662	-	119,582,662	-
	Industrial Dev services	-	-	-	-
Trade Development and Management Services		78,405,925	29,959,382	48,446,543	38.2
	General administration	78,405,925	29,959,382	48,446,543	38.2
	Trade Development	-	-	-	-
Education		499,900,141	171,358,096	328,542,045	34.3
	General administration services	303,852,363	171,358,096	132,494,267	56.4
	Special Programmes	-	-	-	-
	Early Childhood Development Education	196,047,778	-	196,047,778	-
ICT		-	-	-	-
	Vocational Training	-	-	-	-
Youth Polytechnics		-	-	-	-
	Vocational Training	-	-	-	-
County Health Services		2,739,322,038	1,097,885,054	1,641,436,984	40.1
	Curative and Rehabilitative Services	537,750,858	19,543,626	518,207,232	3.6
	General administration	2,201,571,180	1,078,341,428	1,123,229,752	49.0
	Health/preventive services	-	-	-	-
	Preventive and Promotive Health Services	-	-	-	-
Promotion of Primary Health care		-	-	-	-
	General administration	-	-	-	-
Lands		177,733,417	9,947,699	167,785,718	5.6
	Land Administration	-	-	-	-
	Urban Development-Kabarnet	144,012,958	-	144,012,958	-
	General administration	33,720,459	9,947,699	23,772,760	29.5
	Land Use Planning	-	-	-	-
Land Survey and Mapping		19,919,916	1,079,575	18,840,341	5.4
	General administration	19,919,916	1,079,575	18,840,341	5.4
	Civic Education Development Services	-	-	-	-
	Urban Development-Eldama ravine	-	-	-	-
Housing		38,114,586	11,228,316	26,886,270	29.5
	Other Urban Infrastructure development and management	-	-	-	-
	General administration	38,114,586	11,228,316	26,886,270	29.5
	Inter and intra -governmental Relations services	-	-	-	-
Agricultural Services		953,995,403	135,627,225	818,368,178	14.2

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Fisheries Development and Management	-	-	-	-
	General administration	238,767,192	61,818,561	176,948,631	25.9
	Crop Production and Management	715,228,211	73,808,664	641,419,547	10.3
	Livestock Development and Management	-	-	-	-
	Agricultural training services	-	-	-	-
	Agricultural Development	-	-	-	-
Culture Services		37,502,586	6,442,875	31,059,711	17.2
	Sports Development	-	-	-	-
		37,502,586	6,442,875	31,059,711	17.2
Sports Development & Management Services		109,752,138	-	109,752,138	-
	Sports Development	-	-	-	-
	General administration	-	-	-	-
		109,752,138	-	109,752,138	-
Water Management Services	Water Management Services	978,436,098	35,880,306	942,555,792	3.7
		860,510,383	-	860,510,383	-
		117,925,715	35,880,306	82,045,409	30.4
Environment Administration and planning		38,761,709	13,881,264	24,880,445	35.8
		38,761,709	13,881,264	24,880,445	35.8
Environmental and Natural Resource Protection Management	Environmental and Natural resource protection Management	38,534,871	-	38,534,871	-
		38,534,871	-	38,534,871	-
Headquarters		-	-	-	-
	Inter and intra -governmental Relations services	-	-	-	-
Headquarters		44,429,627	11,105,758	33,323,869	25.0
		44,429,627	11,105,758	33,323,869	25.0
	Grand Total	8,930,443,117	2,067,055,600	6,863,387,516	23.1

Source: Baringo County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General Administration Services in the Department of Finance & Economic Planning at 57.7 per cent, General administration services in the Department of Education at 56.4 per cent, and General administration in the Department of Health Services at 49 per cent of their budget allocation.

3.1.12 Key Observations and Recommendations

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

1. Low absorption of development funds of Kshs.72.31 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.27 billion. The development expenditure represented 2.2 per cent of the annual development budget and a significant decrease of 75.7 per cent from Kshs.224.90 million incurred in a similar period of FY 2019/20. The low expenditure is despite the County having available revenue of Kshs.2.73 billion in the reporting period.
2. A high wage bill, which accounted for 83.9 per cent of the total expenditure of Kshs.1.96 billion in the first half of FY 2020/21 thus constraining funding to other programmes.
3. The underperformance of own source revenue at Kshs.90.19 million against an annual projection of Kshs. 346.09 million, accounting for 26.1 per cent of the annual target and a decline of 48.2 per cent from Kshs.174.02 million achieved in a similar period in the FY 2019/20.
4. Use of revenue at source and poor budgeting practice by the County Treasuries as shown in Table 3.5 where the County incurred expenditure of Kshs.6.3 million on “Default Value (Non- Departmental)” without the approved budgetary allocation.

- Failure by the County to reconcile the approved budget amounts in the Programme Based Reports which shows an overall budget figure of Kshs.8.93 billion as shown in Table 3.5 compared with the Appropriation Act which provided the budget as Kshs.7.91 billion.

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

- The County should identify and address issues causing persistent delays in the implementation of development projects.
- The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
- The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.
- The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget.
- The County Treasury should liaise with Directorate of IFMIS at the National Treasury to ensure that the County's approved budget is accurately uploaded and any variances are addressed accordingly.

3.2 County Government of Bomet

3.2.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.7.35 billion, comprising of Kshs.2.52 billion (34.3 per cent) and Kshs.4.82 billion (65.7 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expected to receive Kshs.5.51 billion (79.3 per cent) being equitable share of revenue raised nationally, Kshs.1.16 billion (16.6 per cent) as total conditional grants, generate Kshs.276 million (4 per cent) from own sources of revenue, and the cash balance of Kshs.4.04 million (0.1 per cent) from FY 2019/20.

3.2.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.31 billion as the equitable share of the revenue raised nationally, Kshs.187.63 million as conditional grants, raised Kshs.60.99 million as own-source revenue, and had a cash balance of Kshs.4.04 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.60 billion as shown in Table 3.6.

Table 3.6: Bomet County, Revenue Performance in the First Half of FY 2020/21

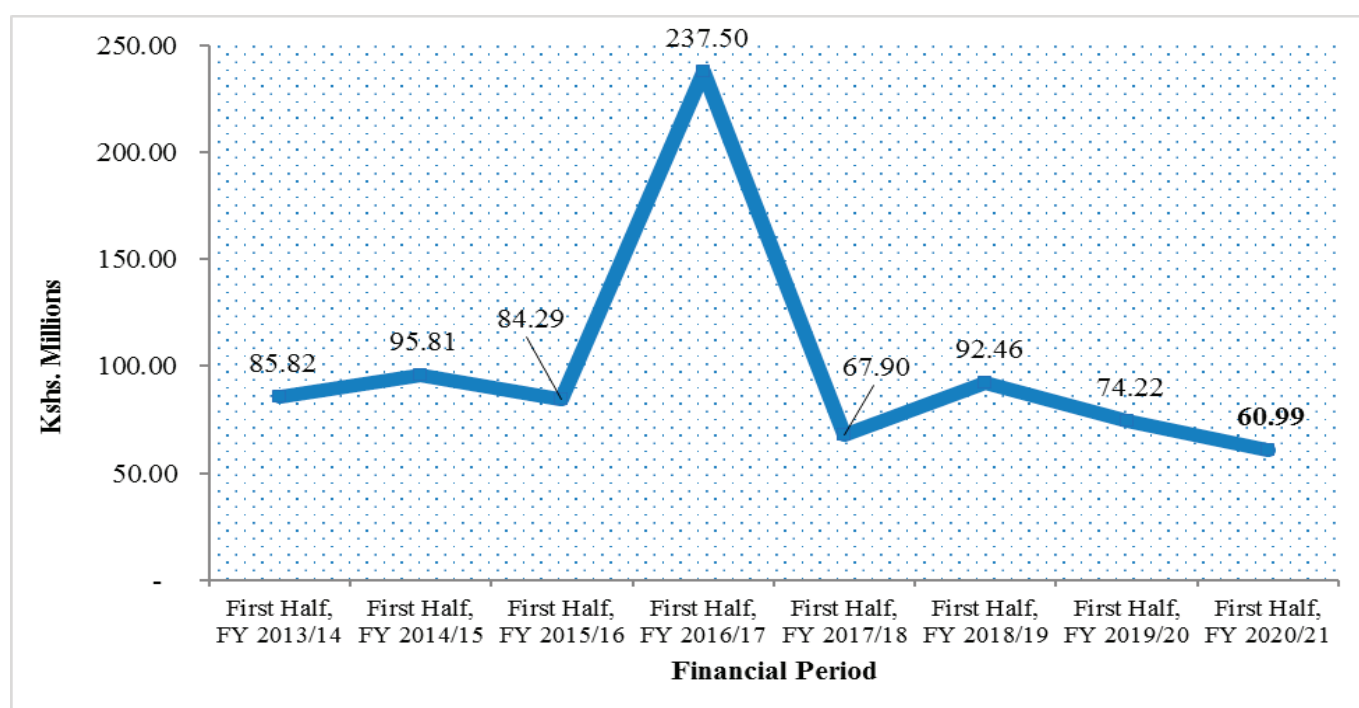
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,507,100,000	5,507,100,000	2,306,076,579.	45.76
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	16,713,356	16,713,356	-	-
2	Leasing of Medical Equipment	132,021,277	132,021,277.00	-	-
3	Road Maintenance Fuel Levy Fund	164,138,822	164,138,822	41,034,705	25.00
4	Rehabilitation of Village Polytechnics	48,499,894	48,499,894	-	-
	Sub Total	361,373,349	361,373,349	41,034,705	11.36
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	186,727,125	186,727,125	-	-
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	182,000,000	182,000,000	64,802,833	35.61
3	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	168,000,000	168,000,000	-	-
4	DANIDA Grant	15,660,000	15,660,000	7,830,000	50.00
5	Nutritional International	10,000,000	10,000,000	-	-
6	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	212,353,974	212,353,974	-	-

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,658,274	19,658,274	-	-
	Covid-19 Pandemic	115,000,000	115,000,000	115,000,000	100.0
Sub Total		909,399,373	909,399,373	187,632,833	20.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	275,922,277	60,987,365	22.1
2.	Balance b/f from FY2019/20	-	409,110,277	4,043,038	1.0
Sub Total		-	685,032,554	65,030,403	9.5
Grand Total		6,777,872,722	7,462,905,276	2,599,774,520	37.7

Source: Bomet County Treasury

Figure 3.3 shows the trend in own-source revenue collection Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21.

Figure 3.3: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Bomet County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.60.99 million as own-source revenue. This amount represented a decrease of 17.8 per cent compared to Kshs.74.22 million realised during a similar period in FY 2019/20 and was 22.1 per cent of the annual target.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.60 billion from the CRF account during the reporting period. The amount comprised of Kshs.408.51 million (15.7 per cent) for development programmes and Kshs.2.19 billion (84.3 per cent) for recurrent programmes.

3.2.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.32 billion on development and recurrent programmes. The expenditure represented 89.2 per cent of the total funds released by the COB and comprised of Kshs.377.43 million and Kshs.1.94 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 15 per cent while recurrent expenditure represented 40.2 per cent of the annual recurrent budget.

3.2.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.40 billion was spent on Compensation to Employees, Kshs.538.58 million on Operations and Maintenance, and Kshs.377.43 million on development activities as shown in Table 3.7.

Table 3.7: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,824,824,088	2,191,188,739	1,940,279,647	40.2
Compensation to Employees	2,557,830,374	1,508,276,797	1,401,696,172	54.8
Operations and Maintenance	2,266,993,714	682,911,942	538,583,475	23.8
Total Development Expenditure	2,523,031,188	408,585,781	377,426,716	15.0
Development Expenditure	2,523,031,188	408,585,781	377,426,716	15.0
Total	7,347,855,276	2,599,774,520	2,317,706,363	31.5

Source: Bomet County Treasury

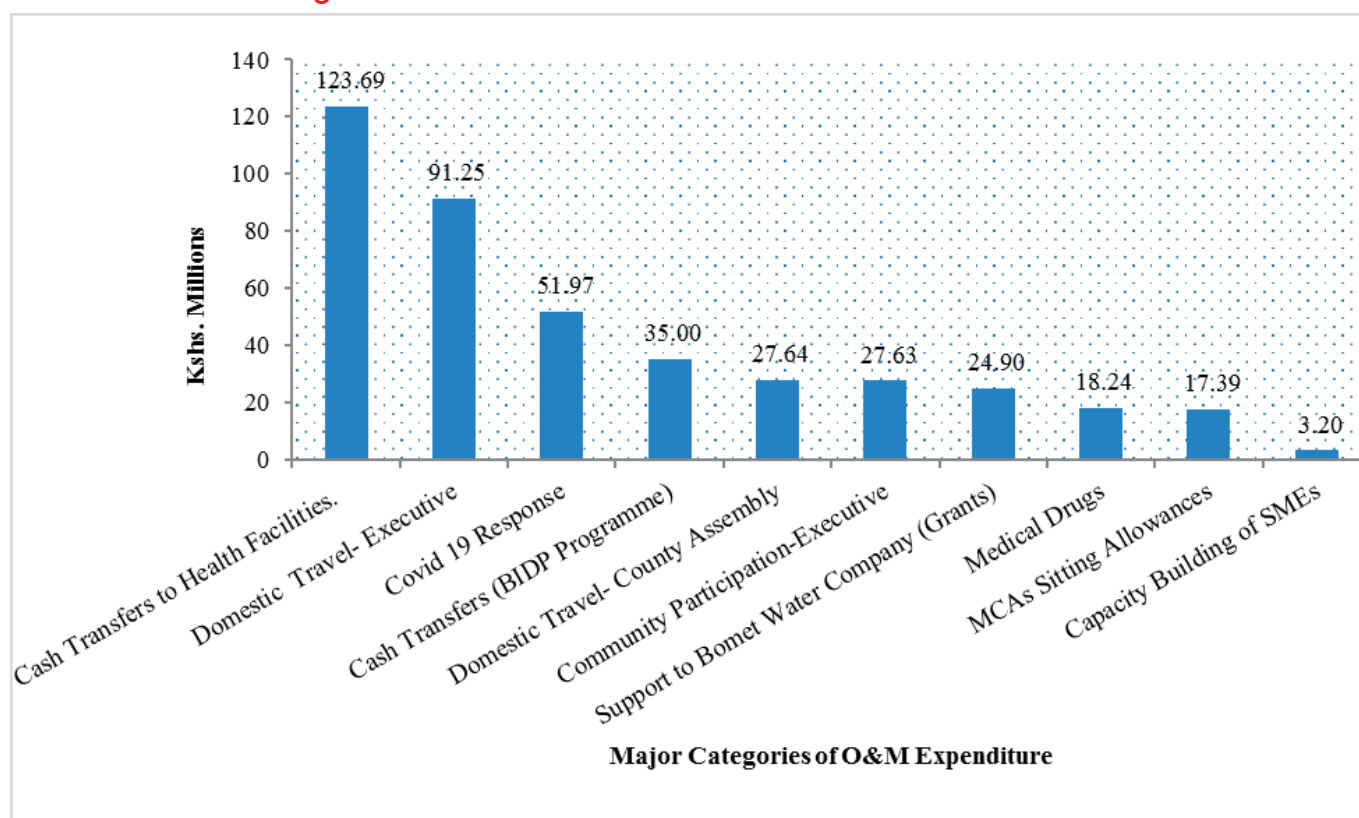
3.2.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 60.5 per cent of the total expenditure for the reporting period and 38.2 per cent of half year proportional revenue estimate of Kshs.3.67 billion.

3.2.7 Expenditure on Operations and Maintenance

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

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



Source: Bomet County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.17.39 million on committee sitting allowances for the 37 MCAs and Speaker against the annual budget allocation of Kshs.31.63 million. The average monthly sitting allowance was Kshs.78,333 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.118.89 million and comprised of Kshs.27.64 million spent by the County Assembly and Kshs.91.25 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.22 million and comprised of Kshs.1.36 million by the County Assembly and Kshs.11.86 million by the County Executive.

3.2.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County budgeted for Kshs.286.04 million to cater for COVID-19 related expenditure. Total expenditure was Kshs.211.34 million during the reporting period as shown in Table 3.8.

Table 3.8: COVID-19 Budget and Expenditure Summary

Sub Programme Code	Description of Source of funds and Expenditure	Budgeted (Kshs.)	Actual Expenditure (Kshs.)
2211332	Conditional grant from the national Government	115,000,000	51,969,822
2640499	DANIDA Funds disbursements (Additional) Covid- 19 intervention	6,615,000	6,615,000
2110101	Covid 19 Medical allowance for Front Line	31,470,000	31,470,000
VARIOUS	Own Source Revenue	132,958,804	121,283,954
TOTAL Expenditure as of 31-December 2020		286,043,804	211,338,776

Source: Bomet County Treasury

A breakdown of the actual COVID-19 expenditure during the period under review is provided in Table 3.9.

Table 3.9: Bomet County, Summary of COVID-19 Expenditure items

No.	Description of the expenditure item	Amount spent (Kshs.)
1	Covid 19 Medical allowance for Front line	31,470,000
2	Medica drugs	26,965,865
3	Health Extraneous Allowance	16,000,000
4	Emergency Relief eg outbreaks of disease	13,967,505
5	Purchase of Specialised Plant and Machinery	12,424,580
6	Dressings and Other Non- Pharmaceutical Medical Items -(gloves, linen, etc)	12,373,935
7	Laboratory Materials, Supplies and Small Equipment	11,734,751
8	Salary and wages	8,200,000
9	Fuel for motor vehicles, motorcycles & generators	8,068,213
10	Transfer to Health Facilities (DANIDA Grant)	6,615,000
11	Purchase of Uniforms and Clothing – Staff	5,000,000
12	Supply ,Delivery ,Installation & Commissioning of 50 Bed Capacity-Female ward 2 At Koiwa Isolation centre	4,887,442
13	Supply ,Delivery ,Installation & Commissioning of 50 Bed Capacity-Female ward 1 At Koiwa Isolation centre	4,825,980
14	Supply ,Delivery ,Installation & Commissioning of 50 Bed Capacity-Male ward 1 At Koiwa Isolation centre	4,819,950
15	Supply ,Delivery ,Installation & Commissioning of 50 Bed Capacity-Male ward 2 At Koiwa Isolation centre	4,809,950
16	Contact tracing, surveillance, compliance, fumigation and support supervision	4,000,000
17	Supply and Delivery of of 50 Single crack beds and 50 mackintosh covered mattresses for Female ward 2	2,998,500
18	Supply ,Delivery of Single crank beds,Mackintosh covered mattresses for Female ward 1 At Koiwa Isolation centre	2,921,500
19	Supply ,Delivery of 50 Single crank beds & 50 Mackintosh covered mattresses for Male ward 1 At Koiwa Isolation centre	2,920,000
20	Supply ,Delivery of 50 Single crank beds,Mackintosh covered mattresses for Male ward 2 At Koiwa Isolation centre	2,907,500
21	Supply and Delivery of Cellular Blankets and Branded soft ,Light in weiight ,colour fatness bed line{Bed sheets}	2,852,000
22	Procurement, Installation & commissioning of a standby generator for Longisa CRH	2,697,500
23	Sanitary and Cleaning Materials, Supplies and Services	2,130,420
24	Installation of Oxygen Manifold for Koiwa Hospital	1,999,000
25	Installation of Oxygen Manifold for Longisa Hospital	1,995,000
26	Supply ,Delivery of Bedside Lockers for Female ward 2 and Male ward 2 At Koiwa Isolation centre	1,990,000
27	Supply ,Delivery of Bedside Lockers for Female ward 1 and Male ward 1 At Koiwa Isolation centre	1,953,000
28	Supply ,Delivery ,Installation & Commissioning of Mechanical works, Bio Digester,Toilets,bathrooms,and Plumbing Works	1,890,000
29	Maintenance of motor vehicles & motorcycles	1,579,180

No.	Description of the expenditure item	Amount spent
		(Kshs.)
30	Supply and Delivery of oxygen Delivery accessories oxygen flow meters Accessories	1,365,000
31	Supply and delivery of personal protective equipment (3PLY Surgical Facemasks)	1,335,000
32	Publishing and Printing Services eg data tools, patient files	80,250
33	General Office Supplies (papers, pencils, forms, small office equipment)	61,755
	Total	209,838,776

Source: Bomet County Treasury

3.2.9 Development Expenditure

The County incurred an expenditure of Kshs.377.43 million on development programmes, which represented an increase of 50.5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.250.73 million. Table 3.10 provides a summary of development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading of Silibwet town access roads bitumen std (1kilometre)	Silibwet Town	46,528,720	38,940,863	83.7
2	Upgrading of Chebirir to Bomet Uni road bitumen std (1kilometre)	Bomet Town	67,163,280	43,206,427	64.3
3	Horticultural Packhouse	Bomet east	4,000,000	3,600,000	90.0
4	Repair of Dips	All Wards	21,000,000	9,473,354	45.1
5	Animal Disease Control and Vaccination	All Wards	10,000,000	9,588,855	95.9
6	Itare Water supply	Mogosiek,kapletundo Wards	66,241,770	46,229,600	69.8
7	Medical and Dental Equipment	Longisa Hospital	12,820,000	12,563,800	98.0
8	Installation of Structured Cabling	Kipreres,siongiroi,Merigi Wards	5,000,000	5,920,932	118.4
9	Kesengei Lower school ECD	Kapletundo	1,524,071	1,524,071	100.0
10	Kipanjala school- ECD	Mogosiek Ward	1,498,948	1,498,948	100.0

Source: Bomet County Treasury

3.2.10 Budget Performance by Department

Table 3.11 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.11: Bomet County, Budget Performance by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	631.32	140.00	299.46	66.49	266.56	64.68	89.0	97.3	42.2	46.2
County Executives	1,703.11	-	1,009.35	-	983.96	-	97.5	-	57.8	-
Public Service Board	48.53	-	9.36	-	3.09	-	33.0	-	6.4	-
Administration	47.00	56.00	13.86	-	19.92	-	143.8	-	42.4	-
Information Communication and Technology	24.21	17.00	1.88	5.92	0.35	5.92	18.5	100	1.4	34.8
Finance	129.70	232.35	65.09	6.53	78.15	69.19	120.1	1058.9	60.3	29.8
Economic Planning	117.68	-	32.21	-	32.29	-	100.3	-	27.4	-
Lands, Housing and Urban Planning	40.00	193.00	4.62	-	5.12	-	110.9	-	12.8	-
Youth, Sports, Gender and Culture	74.02	21.00	6.10	-	5.41	-	88.6	-	7.3	-
Medical Services & Public Health	1,640.85	279.76	661.56	-	491.75	-	74.3	-	30.0	-
Education and Vocational Training	151.47	142.80	31.76	33.92	5.40	32.87	17.0	96.9	3.6	23.0
Water Sanitation and Environment	104.25	372.18	46.44	35.00	29.66	38.00	63.9	108.6	28.5	10.2

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Ex-chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture Cooperatives and Marketing	25.16	344.76	3.68	76.40	4.14	9.37	112.3	12.3	16.4	2.7
Roads, Public Works & Transport	66.88	662.18	5.25	184.05	10.38	157.39	197.5	85.5	15.5	23.8
Trade, Energy, Tourism, Industry And Investment	20.65	62.00	0.56	0.27	4.10	-	735.6	-	19.9	-
Total	4,824.82	2,523.03	2,191.19	408.59	1,940.28	377.43	88.5	92.4	40.2	15.0

Source: Bomet County Treasury

Analysis of expenditure by department shows that County Assembly recorded the highest absorption rate of development budget at 46.2 per cent. The Department of Finance had the highest percentage of recurrent expenditure to recurrent budget at 60.3 per cent while the Department of ICT had the lowest at 1.4 per cent.

3.2.11 Budget Execution by Programmes and Sub-Programmes

Table 3.12 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

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

	Programmes	Sub Programmes	Approved Budget (Kshs)	Actual payment Kshs)	Variance (Kshs)	Absorption Rate (%)
County Executive	County Executive	Compensation to employees	1,517,380,000	906,099,417.80	611,280,582.2	60
	County Executive	Use of Good and Services	185,727,874	77,862,790.00	107,865,084.0	42
		Sub-Total	1,703,107,874	983,962,208	719,145,666.2	58
Public Service Board	Public service Board					
	Public service Board	Use of Good and Services	48,534,200	3,094,933.00	45,439,267.0	6
		Sub-Total	48,534,200	3,094,933	45,439,267.0	6
Administration	Administration	Use of Good and Services	47,000,000	19,924,344.40	27,075,655.6	42
	Development		56,000,000		56,000,000.0	0
Ict	ICT Services	Use of Good and Services	24,205,000	349,000.00	23,856,000.0	1
	Development		17,000,000	5,920,832.00	11,079,168.0	35
Finance	Operation and Maintenance	Use of Good and Services	129,700,151.00	78,148,683.00	51,551,468.0	60
	Development			-		
2. Economic Planning	Economic planning Services	22 - Use of Goods and Services total	117,680,824	32,292,652.40	85,388,171.6	27
	Development		232,353,974	-	232,353,974.0	
Lands Housing And Urban Planning	Operation maintenance and	Use of Goods and Services total	40,000,000	3,557,000.00	36,443,000.0	9
	Development		193,000,000	-	193,000,000.0	0
Youth Sports Gender And Culture	Operation maintenance and	Use of Goods and Services total	74,020,370	5,408,110.00	68,612,260.0	7
	Development		21,000,000	-	21,000,000.0	
Medical Services And Public Health	Salaries and Wages	Compensation to Employees	707,300,000	351,326,068.20	355,973,931.8	50
	Operation and maintenance	Use of Goods and Services	689,138,222	140,421,302.00	548,716,920.0	20
	Programmes 4				0.0	
		Cash Transfers to Health Facilities.	154,408,000	123,689,000.00	30,719,000.0	80
		Covid- 19 Response	115,000,000	51,969,822.00	63,030,178.0	45
		Sub Total	958,546,222	0	958,546,222.0	0

	Programmes	Sub Programmes	Approved Budget (Kshs)	Actual payment Kshs)	Variance (Kshs)	Absorption Rate (%)
	Development		279,756,170	9,370,831	270,385,339.2	3
Agriculture Cooperatives And Marketing					0.0	
	Operation and maintenance	Use of Goods and Services sub total	25,155,546	4,135,900.00	21,019,646.0	16
	Development		344,758,274	-	344,758,274.0	0
Water Sanitation And Environment		Policy planning and administrative services			0.0	
		Support to Bomet Water Company (Grants)	80,000,000	24,900,000	55,100,000.0	44
					0.0	
	Operation and maintenance	Use of Goods and Services	24,250,000	4,759,385	19,490,615	19.6
		Sub-Total	104,250,000	29,659,385	74,590,615.0	28.45
	Development		372,182,407	3,001,092	369,181,315.0	1
Education And Vocational Trainings					0.0	
	Operations and Maintenance	Use of Goods and Services	151,470,250.00	5,397,050.00	146,073,200.0	4
	Development		142,799,894.00	32,869,740.10	109,930,153.9	23
Roads Public Works And Transport					0.0	
	Policy planning and administrative services	Use of goods and services	64,382,125	10,376,006.00	54,006,119.0	16
	Policy Development (Roads)		2,500,000.00	-	2,500,000.0	0
		Sub-Total	66,882,125.00	10,376,006.00	56,506,119.0	16
	Development		662,180,469.00	157,393,225.25	504,787,243.8	24
Trade Energy Tourism Industry And Investment	Operations and Maintenance	Used of Goods and services	20,650,000	-	20,650,000.0	0
	Development		62,000,000	-	62,000,000.0	0
County Assembly					0.0	
	P1 County Assembly Legislative Services	SP 1.2: Committee Services	31,630,578.10	17,389,900.00	14,240,678.1	55
		SP 2.2: Public Participation	3,410,000.00	858,900.00	2,551,100.0	25
	P2 Oversight Presentation	SP 2.1: Decentralization of Services	30,000,000.00	19,902,049.00	10,097,951.0	66
		SP 3.2: Administrative Services	298,121,526.00	122,286,419.00	175,835,107.0	41
		Personal emoluments	308,200,000	144,270,686	163,929,314.0	47
		Operation & maintenance	298,121,526	122,286,419	175,835,107.0	41
		Development	115,000,000	64,684,270	50,315,729.1	56
		Personal emoluments	2,532,880,000	1,401,696,172	1,131,183,828.0	55
		Operation & maintenance	2,291,944,088	538,583,474	1,753,360,613.2	23
		Development	2,498,031,188	377,426,715	2,120,604,472.1	15
Total		TOTAL	7,322,855,276	2,317,706,362	5,005,148,913.3	32

Source: Bomet County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Cash Transfers to Health Facilities at 80 per cent in the Department of Medical Services And Public Health, Decentralization of Services in the County Assembly at 66 per cent, and Compensation to employees in the County Executive at 60 per cent of budget allocation.

3.2.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were submitted on 25th January, 2021 Contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.377.43 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.52 billion. The development expenditure represented 15 per cent of the annual development budget.
3. Under performance of own revenue at Kshs.60.99 million against an annual projection of Kshs.275.92 million, representing 22.1 per cent of the annual target.
4. A high wage bill, which accounted for 60.5 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
5. Discrepancy between the report on budget execution by programmes and sub-programmes which indicates approved budget of Kshs.7.32 billion compared to Kshs.7.35 billion captured in the County financial reports and approved budget documents.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and COB Act, 2016.*
2. *The County should identify and address issues causing delays in implementation of development projects.*
3. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*
4. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The County Treasury should reconcile the budget documents with IFMIS generated reports to ensure budget implementation reports are credible.*

3.3 County Government of Bungoma

3.3.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.11.90 billion, comprising of Kshs.3.60 billion (30.3 per cent) and Kshs.8.30 billion (69.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.99 billion (75.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.65 billion (13.8 per cent) as total conditional allocation, and generate Kshs.700 million (5.9 per cent) from own sources of revenue.. The County also expects to receive Kshs.563.35 million (4.7 per cent) as Appropriation-In-Aid (AIA).

3.3.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.5.09 billion as the equitable share of the revenue raised nationally, Kshs.240.51 million as conditional allocation, raised Kshs.147.27 million as own-source revenue and raised Kshs.196.70 million as Appropriation-In-Aid (AIA). The total funds available for budget implementation during the period amounted to Kshs.5.67 billion as shown in Table 3.13.

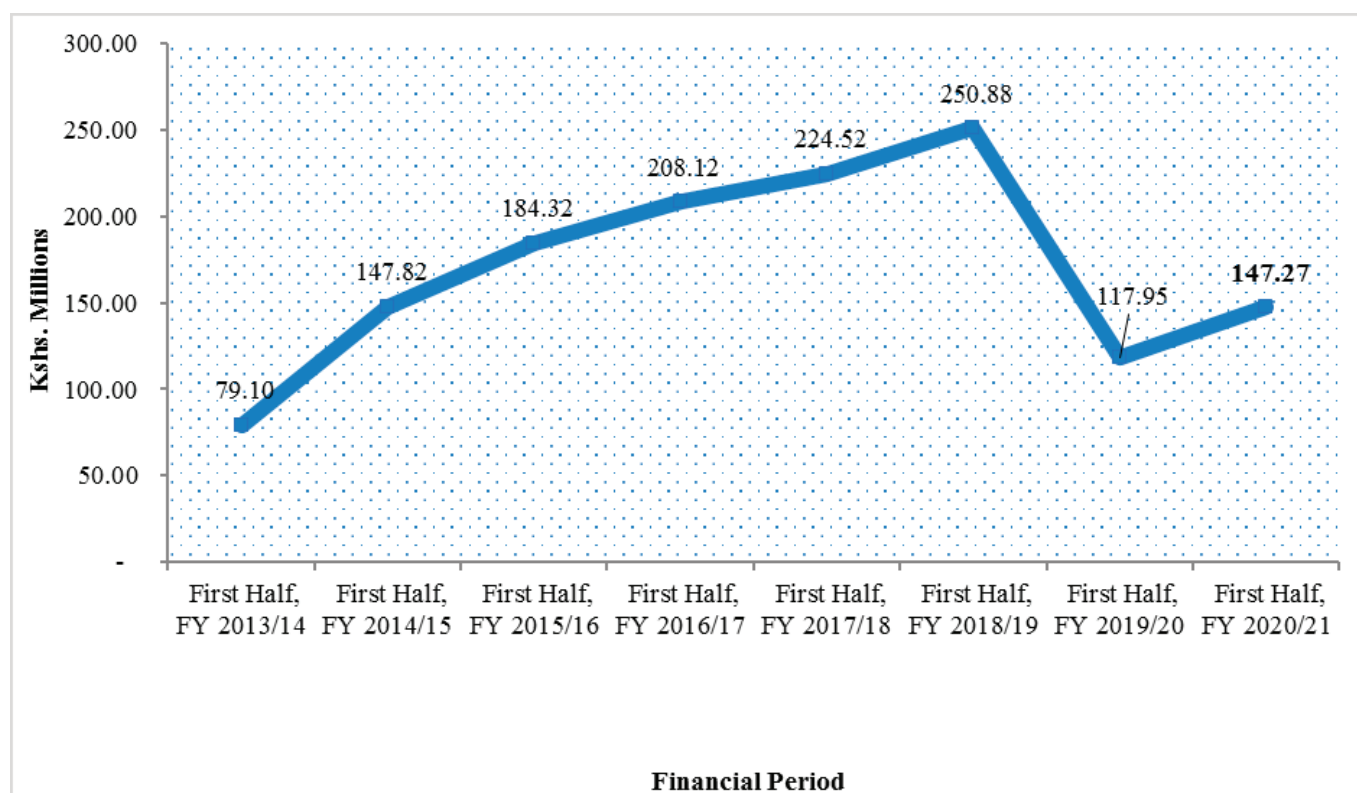
Table 3.13: Bungoma County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	Equitable Share of Revenue Raised Nationally	8,956,950,000	8,993,740,000	5,086,287,985	56.6
A	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	32,837,307	32,837,307	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	266,961,417	266,961,417	129,853,393	48.6
4.	Rehabilitation of Village Polytechnics	67,849,894	67,849,894		
Sub Total		499,669,895	499,669,895	129,853,393	26.0
B	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	38,480,000	38,480,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	201,210,550	350,000,000	84,648,233	24.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000		
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	311,977,100	-	-
5.	DANIDA Grant	25,290,000	25,290,000	26,004,375	102.8
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	-	212,537,788	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	14,376,061	14,376,061	-	-
8.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	52,565,915	80,000,000	-	-
9.	UNICEF	-	1,571,000	-	-
10.	COVID 19 Grant	-	66,330,000	-	-
Sub Total		376,922,526.00	1,145,561,949.00	109,938,233.00	9.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	700,000,000	147,270,818	21.0
2.	Appropriation-In-Aid	-	563,357,039	196,698,756	34.9
Sub Total		-	1,263,357,039	343,969,574	27.2
Grand Total		9,833,542,421	11,902,328,883	5,670,049,184	47.6

Source: Bungoma County Treasury

Figure 3.5 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.5: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Bungoma County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.147.27 million as own-source revenue. This amount represented an increase of 24.9 per cent compared to Kshs.117.95 million realised during a similar period in FY 2019/20 and was 21 per cent of the annual target.

3.3.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.36 billion from the CRF account during the reporting period. The amount comprised of Kshs.775.76 million (17.8 per cent) for development programmes and Kshs.3.59 billion (82.2 per cent) for recurrent programmes.

3.3.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.4.17 billion on development and recurrent programmes. The expenditure represented 95.6 per cent of the total funds released by the COB and comprised of Kshs.688.61 million and Kshs.3.48 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 19.1 per cent while recurrent expenditure represented 42 per cent of the annual recurrent budget.

3.3.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.56 billion was spent on compensation to employees, Kshs.918.54 million on operations and maintenance, and Kshs.688.61 million on development activities as shown in Table 3.14.

Table 3.14 : Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	8,298,250,996	3,586,903,345	3,482,747,427	42.0
Compensation to Employees	4,667,225,784	2,252,173,278	2,564,203,146	54.9
Operations and Maintenance	3,631,025,212	1,334,730,067	918,544,281	25.3
Total Development Expenditure	3,604,077,887	775,756,492	688,606,070	19.1
Development Expenditure	3,604,077,887	775,756,492	688,606,070	19.1

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total	11,902,328,883	4,362,659,837	4,171,353,497	35.0

Source: Bungoma County Treasury

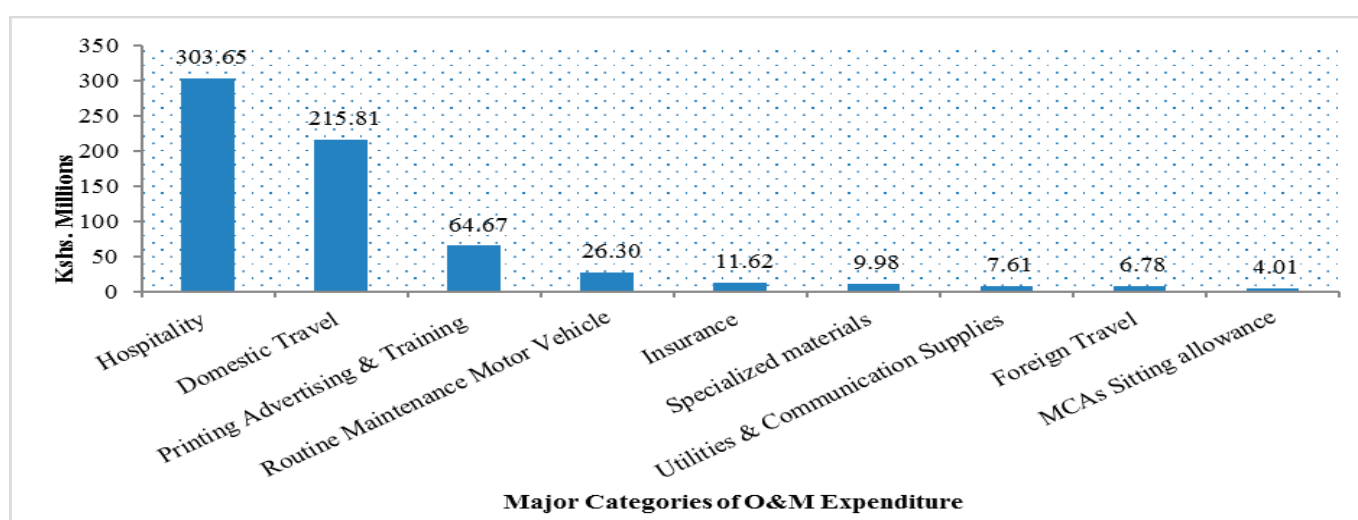
3.3.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 61.5 per cent of the total expenditure for the reporting period and 43.1 per cent of half year proportional revenue estimate of Kshs.5.95 billion

3.3.7 Expenditure on Operations and Maintenance

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

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



Source: Bungoma County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.4.01 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.179.97 million. The average monthly sitting allowance was Kshs.10,946 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.215.81 million and comprised of Kshs.5.22 million spent by the County Assembly and Kshs.210.58 million by the County Executive. Expenditure on foreign travel by the County Executive amounted to Kshs.6.78 million.

3.3.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.213.71million to cater for COVID-19 related expenditure while a total of Kshs.76.85 million was spent during the reporting period a shown in Table 3.15.

Table 3.15: COVID-19 Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1	Supply of PPEs	15,238,500
2	Boards, Committees, Conferences and Seminars	612,400
3	Daily Subsistence Allowance	7,427,500
4	Food and Ration	4,109,640
5	Fund operations	5,000,000
6	Fund operations-impres	10,830,050
7	Other operations	805,000
8	Purchase of Bedding and Linen	11,109,700

9	Supply of isolation ward equipment	18,069,500
10	Supply of fuel for fumigation	2,025,600
11	Payment for quarantine accommodation and meals	1,520,000
12	Supply of Jik	100,000
	Total	76,847,890

Source: Bungoma County Treasury

3.3.9 Development Expenditure

The County incurred an expenditure of Kshs.688.61 million on development programmes, which represented a decrease of 8.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.754.58 million. Table 3.16 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.16: Bungoma County, List of Development Projects with the Highest Expenditure

S/no.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1.	Upgrading of Kanduyi - Sang'alo Junction Dual Carriage	Kanduyi - Sang'alo Junction	350,000,000	193,191,450	193,191,450	55.2
2.	Maintenance of Rural Roads (RMLF)	45 Wards	266,961,417	129,853,393	115,989,288	43.4
3.	Conditional grants for VTCs		67,503,724	-	28,073,046	41.6
4.	Construction and modernization of masinde Muliro stadium	Kanduyi	168,616,077	104,177,016	70,197,498	41.6
5.	Acquisition of Strategic Stocks		86,074,180	84,648,233	29,202,382	33.9
6.	Upgrading of Pamuz - Muyayi - Ndengelwa road to bitumen standard	Pamuz, Muyayi and Ndengelwa Estate in Bungoma Municipality	109,887,700	-	78,595,946	71.5
7.	Installation of digital billboards at the bus park, Kanduyi junctions and Municipal grounds	Bungoma bus park, Kanduyi junction and Bungoma town CBD				
8.	Installation of collection chambers within Bungoma Municipality	Bungoma Municipality environs				
9.	Installation of manhole covers within Bungoma Municipality	Bungoma Municipality environs				
10.	Installation of collection bins within Bungoma Municipality	Bungoma Municipality environs				

Source: Bungoma County Treasury

3.3.10 Budget Performance by Department

Table 3.17 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.17: Bungoma County, Budget Performance by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	347.08	594.84	207.53	113.85	188.73	29.20	90.9	25.6	54.4	4.9
Tourism, Forestry, Environment, Water and Natural Resources	260.94	293.28	130.37		130.88	-	100.4	-	50.2	-
Roads and Public Works	169.55	1,286.87	62.46	324.99	58.48	309.18	93.6	95.1	34.5	24.0
Education, Science	1,167.65	326.34	477.11	-	479.52	28.07	100.5	-	41.1	8.6
Health and Sanitation	3,197.19	265.01	1,264.36	8.46	1,260.59	-	99.7	-	39.4	-
Trade, Energy and Industrialization	56.88	68.50	31.01	-	24.92	-	80.3	-	43.8	-
Land ,Urban ,Physical Planning and Housing	106.26	334.39	51.19	224.27	46.09	215.27	90.0	96.0	43.4	64.4
Gender, Culture, Youth and Sports	135.12	189.39	40.53	104.18	52.59	73.99	129.8	71.0	38.	39.1
Finance and Planning	1,008.08	-	551.18	-	444.54	-	80.7	-	44.1%	-

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service	47.10	-	18.76	-	20.14	-	107.4	-	42.8	-
Governor/Deputy Governors	441.00	-	205.49	-	235.81	-	114.8	-	53.5	-
Public Administration	508.70	230.43	181.52	-	203.84	32.88	112.3	-	40.1	14.3
County Assembly	852.69	15.00	365.37	-	336.61	-	92.1	-	39.5	-
TOTAL	8,298.25	3,604.07	3,586.90	775.76	3,482.75	688.61	97.1	88.8	42.0	19.1

Source: Bungoma County Treasury

Analysis of expenditure by department shows that the Department of Land, Urban, Physical Planning and Housing recorded the highest absorption rate of development budget at 64.4 per cent while the Department of Health and Sanitation did not report any expenditure on development activities. The Department of Agriculture, Livestock, Fisheries and Co-operatives had the highest percentage of recurrent expenditure to recurrent budget at 54.4 per cent while the Department of Roads and Public Works had the lowest at 34.5 per cent.

3.3.11 Budget Execution by Programmes and Sub-Programmes

Table 3.18 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.18: Bungoma County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved (Kshs)	Budget	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Agriculture, Livestock, Fisheries						
General Administration, planning and support services	Administrative and Support Services		8,811,476	5,415,420	3,396,056	61.5
	Human Resource Management and Development.		289,172,958	177,599,578	111,573,380	61.4
	Policy, Legal and Regulatory Framework		2,000,000	1,764,270	235,730	88.2
	Planning and financial Management		2,615,043	1,959,886	655,157	74.9
	Sector Coordination		1,500,000	-	1,500,000	0
	Leadership and Governance		1,000,000	-	1,000,000	0
Land and Crop Development and Management	Agricultural extension and training services		2,340,000	-	2,340,000	0
	Crop production and productivity		62,631,411	-	62,631,411	0
	Soil rehabilitation, protection and conservation		600,000	-	600,000	0
	Value addition and Agro processing		700,000	-	700,000	0
	Agri nutrition and food utilization		500,000	-	500,000	0
	Irrigation Extension and training		600,000	-	600,000	0
	Irrigation infrastructure development and agricultural water storage		10,000,000	-	10,000,000	0
Livestock development and management	Livestock production extension, Training and Information Services		2,896,991	-	2,896,991	0
	Value addition and processing		80,000,000	29,202,382	50,797,618	36.5
	Livestock production value chain development (Dairy ,Poultry, Honey & Rabbit value chains)		7,500,000	1,993,331	5,506,669	26.6
	Disease and Vector Control		4,000,000	-	4,000,000	0
	Food Safety And Quality Control		7,000,000	-	7,000,000	0
	Veterinary Extension Services		1,000,000	-	1,000,000	0
	Breeding and AI Subsidy programme		5,000,000	-	5,000,000	0
Fisheries development and management	Fisheries extension service and training		2,500,000	-	2,500,000	0
	Fisheries product value-chain development		4,904,380	-	4,904,380	0
Cooperatives Development and Management	Cooperatives extension service and training (Co-operative Governance (Training))		1,950,069	-	1,950,069	0
	Cooperatives Audit Services		250,000	-	250,000	0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Production, Agro processing, value addition & Marketing (Input and Infrastructural Support to Cooperatives)	28,000,000	-	28,000,000	0
Institutional Development and Management	Mabanga ATC Administration management services	2,000,000	-	2,000,000	0
	Agricultural Enterprise Development (ATC)	2,500,000	-	2,500,000	0
	Infrastructural development (ATC)	30,600,000	-	30,600,000	0
	Agricultural mechanization extension	500,000	-	500,000	0
	Tractor hire services	8,000,000	-	8,000,000	0
	General administrative services (CFF)	100,000	-	100,000	0
	Technology transfer (CFF)	400,000	-	400,000	0
	Operational development (CFF)	500,000	-	500,000	0
NARIGP	NARIGP	350,000,010	-	350,000,010	0
ASDSP II	ASDSP II	19,861,959	-	19,861,959	0
Total		941,934,297	217,934,867	723,999,430	23.1
Roads & Public Works					
Transport infrastructure development and management	Transport infrastructure development and management	1,320,000,470	309,180,738	1,010,819,733	23.4
Public safety and transport operations	Public safety and transport operations	18,668,115	-	18,668,115	0
Building standards and other civil works	Building standards and other civil works	3,999,534	-	3,999,534	0
General administration, planning and support services	General administration, planning and support services	113,754,758	58,476,384	55,278,373	51.4
Total		1,456,422,877	367,657,122	1,088,765,755	25.2
Health & Sanitation					
General Administration and Planning, and Support Services	Health Administration Planning and support services	501,607,010	86,730,608	414,876,402	17.3
	Human resources	2,027,711,289	1,173,863,070	853,848,219	57.9
	Health Infrastructure	172,032,460			0.0
Preventive Promotive and Rehabilitative	Communicable and non-communicable	42,676,050			0.0
	Health Promotion services	5,000,000			0.0
	Disease surveillance	1,576,051			0.0
	Community health services	76,800,000			0.0
	Nutrition Management	10,000,000			0.0
	HIV/AIDS awareness.	2,000,000			0.0
Curative and Rehabilitative Health Services	Routine Medical Services	551,556,410			0.0
	Blood Bank Services	10,000,000			0.0
	Maternity Services	61,252,101			0.0
Total		3,462,211,371	1,260,593,678	2,201,617,693	36.4
Education & Statistics					
General Administration, Planning and Support Services	Salaries and allowances	955,040,802	461,477,999	493,562,803	48.3
	Policy formulation	3,000,000	-	3,000,000	0
	Monitoring and evaluation	2,000,000	-	2,000,000	0
	Administration and support services	53,502,973	18,045,117	35,457,856	33.7
	Capacity building and stakeholders forum	4,000,000	-	4,000,000	0
	Planning and financial management	3,000,000	-	3,000,000	0
Early Childhood Education Development	Quality Assurance and Standards	1,000,000	-	1,000,000	0
	Promotion of good governance	500,000	-	500,000	0
	Curriculum implementation	1,000,000	-	1,000,000	0
	Capacity building of ECDE teachers	1,269,142	-	1,269,142	0
	Special needs assessment	1,000,000	-	1,000,000	0
	learning materials	3,000,000	-	3,000,000	0
	Infrastructure development	229,389,000	-	229,389,000	0
Vocational Education and Training	Assessment of curriculum	1,000,000	-	1,000,000	0
	Tuition support grant	67,849,894	28,073,046	39,776,848	41.4

Programme	Sub- Programme	Approved (Kshs)	Budget	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Promotion of governance		1,000,000	-	1,000,000	0
	Quality assurance and standards		1,000,000	-	1,000,000	0
	Special needs assessment		1,000,000	-	1,000,000	0
	Capacity building for VTC managers		1,000,000	-	1,000,000	0
	Centre of excellence		29,104,858	-	29,104,858	0
Education Support Programme	Education support and bursary scheme		124,336,685	-	124,336,685	0
	Mentorship and launch of scholarship		10,000,000	-	10,000,000	0
Total			1,493,993,354	507,596,163	986,397,192	34.0
Water & Tourism						
Water						
	Administration services		69,582,437	8,575,473	61,006,964	12.3
General Administration Planning and support Services	Human Resources Management		23,491,552	13,743,331	9,748,221	58.5
	Policy and Legal Framework formulation		5,000,000	-	5,000,000	0
Water and Sewerage Services Management	Water Services Provision		240,991,104	-	240,991,104	0
			339,065,093	22,318,804	316,746,289	6.6
Tourism						
General Administration Planning and support Services	Administration & Human Resources Management		54,275,801	22,193,373	32,082,428	40.9
Integrated Solid Waste Management	Dumpsite Management		16,882,637	-	16,882,637	0
	Garbage collection and transportation		144,000,000	86,362,958	57,637,042	60.0
Total			215,158,438	108,556,331	106,602,107	50.5
	Grand Total		554,223,531	130,875,135	423,348,396	23.6
Trade & Industrialization						
Trade and Enterprise Development	Trade and Enterprise Development		4,180,000	-	4,180,000	0
Market Infrastructure Development	Market Infrastructure Development		25,000,000		25,000,000	0.0
Energy Development and Management	Energy Development and Management		21,555,632	-	21,555,632	0
Industrial Development and Investment	Industrial Development and Investment		15,000,000	-	15,000,000	0
General Administration, Planning and Support Services	General Administration, Planning and Support Services		52,696,228	24,916,533	27,779,695	47.3
WBP	WBP		6,945,000	-	6,945,000	0
Total			125,376,860	24,916,533	100,460,327	19.9
Lands & Urban Planning						
General Administration, Planning and Support services	Human resource development and management		50,447,791	24,751,865	25,695,926	49.1
	Institutional accountability, efficiency and effectiveness in service delivery		1,595,694	-	1,595,694	0
Land Resource Survey/ Mapping and Management	Land acquisition		10,469,160	-	10,469,160	0
	Survey of government land quality control of survey activities		18,643,612	-	18,643,612	0
County Physical Planning and Infrastructure	Physical Planning and Urban Development		6,841,464	-	6,841,464	0
Total			87,997,721	24,751,865	63,245,856	28.1
Housing						
General Administration, Planning and Support services	Human Resource Management		12,851,403	7,441,152	5,410,251	57.9
	Administrative Services		4,670,000	-	4,670,000	0
	Research and Development		2,400,000	-	2,400,000	0
	Capacity Development		380,228	-	380,228	0
Housing development and Human Settlement	Estate Management		1,906,521	-	1,906,521	0
	Housing Development		1,813,042	-	1,813,042	0

Programme	Sub- Programme	Approved (Kshs)	Budget	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Total			24,021,194	7,441,152	16,580,042	31.0
Bungoma Municipality						
Urban Economy, General Administration, Planning and Support services	Human Resource Development and Management		25,000	-	25,000	0
	General Administration and Support Services		7,741,584	7,640,960	100,624	98.7
	Institutional Accountability, Efficiency and Effectiveness		1,564,574	-	1,564,574	0
	Leadership and Coordination of Municipal Board Operations		2,640,000	-	2,640,000	0
	Capacity Development		1,500,000	-	1,500,000	0
	Public Participation and Outreach Services		1,360,000	-	1,360,000	0
Land Use, Urban Infrastructure Development and Management	Urban Transport and Infrastructure		109,887,700	78,595,946	31,291,754	71.5
Total			124,718,858	86,236,906	38,481,952	69.1
Kimilili Municipality						
General Administration, Planning and Support services	General Administration planning and support services		5,500,000	6,253,000	-753,000	113.7
	Administration and HR Services		7,331,159	-	7,331,159	0
Urban Infrastructure Development and management	Infrastructure. Housing and public works		191,089,400	136,674,552	54,414,848	71.5
Total			203,920,559	142,927,552	60,993,007	70.1
TOTAL LANDS			440,658,332	261,357,475	179,300,857	59.3
Finance & Economic planning						
Economic development planning and coordination services	Economic development planning and coordination services		49,065,088	31,208,060	17,857,028	63.6
Monitoring and evaluation services	Monitoring and evaluation services		46,204,160	17,541,535	28,662,625	38.0
Public finance management	Public finance management		96,319,698	-	96,319,698	0
General administration, planning, policy coordination and support services	General administration, planning, policy coordination and support services		816,488,849	395,792,449	420,696,400	48.5
Total			1,008,077,795	444,542,044	563,535,752	44.1
Public Administration & County Secretary						
Public service Management and Administration			-	-	-	0
General administration, planning and support services	General administration, planning and support services		334,976,577	162,663,821	172,312,756	48.6
Public Participation, Civic Education and outreach services	Public Participation, Civic Education and outreach services		5,000,000	-	5,000,000	0
Total			339,976,577	162,663,821	177,312,756	47.8
Office of the County Secretary and ICT						
General administration, planning and support services	General administration, planning and support services		123,726,057	21,564,190	102,161,867	17.4
Kenya Devolution Support Programme	Kenya Devolution Support Programme		257,537,789	52,497,187	205,040,602	20.4
ICT and information management services	ICT and information management services		17,890,473	-	17,890,473	0
Total			399,154,319	74,061,376	325,092,943	18.6
Grand Total			739,130,896	236,725,197	502,405,699	32.0
Gender, Youth & Sports						
Cultural Development and management	Administrative services		23,270,614	34,277,525	-11,006,911	147.3
	Payment of utilities		1,040,000	-	1,040,000	0
	Human Resource Management		46,696,748	18,318,813	28,377,935	39.2
	Staff training		2,000,000	-	2,000,000	0

Programme	Sub- Programme	Approved (Kshs)	Budget	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	DHRC Meeting		1,000,000	-	1,000,000	0
	Staff bonding		1,200,000	-	1,200,000	0
	Planning and Budgeting		2,500,000	-	2,500,000	0
	Development Historical and cultural sites		5,925,672	-	5,925,672	0
	Promotion of communities culture		14,700,000	-	14,700,000	0
	Sports and cultural association		17,000,000	-	17,000,000	0
	Liquor and Licensing		2,500,000	-	2,500,000	0
Gender Equality And Empowerment Of Vulnerable Groups	Gender equality framework		6,500,000	-	6,500,000	0
	Gender empowerment		4,000,000	-	4,000,000	0
	Gender mainstreaming		2,000,000	-	2,000,000	0
	Disability mainstreaming		2,000,000	-	2,000,000	0
Sports Facility Development and Management	Development of sports facility		178,616,377	73,997,220	104,619,157	41.4
Sports talent development and management	Sports and talent development established		4,850,004	-	4,850,004	0
Youth Development and Management	Youth development services		8,700,000	-	8,700,000	0
Total			324,499,415	126,593,558	197,905,857	39.0
Public Service						
General administration and support services	Administrative services		31,016,784	15,652,722	15,364,062	50.5
Human Resource Management and Development	Human Resource Management & Development		7,391,056	4,489,765	2,901,291	60.7
	Ethics governors and national		8,695,000	-	8,695,000	0
Total			47,102,840	20,142,487	26,960,353	42.8
Governors & Deputy Governor						
General Administration, Planning and Support Services	Feasibility Studies/ advisory services		1,000,000	-	1,000,000	0
	Human Resource Management		251,261,866	124,396,869	126,864,998	49.5
	Administrative services		153,241,950	111,413,900	41,828,050	72.7
County Executive Committee Affairs	Leadership and Coordination of County Departments and Agencies		10,500,000	-	10,500,000	0
County Strategic and Service Delivery	Staff Management Services.		24,996,184	-	24,996,184	0
Total			441,000,000	235,810,769	205,189,232	53.5
County Assembly						
General Administration, Planning and Support Services	General Administration, Planning and Support Services		594,372,529	219,289,546	375,082,983	36.9
Legislation			16,153,646	7,511,710	8,641,936	46.5
Representation and outreach services			48,533,200	15,798,540	32,734,660	32.6
Oversight			193,637,940	94,008,675	99,629,265	48.5
General infrastructure			15,000,000	-	15,000,000	0.0
Total			867,697,315	336,608,471	531,088,844	38.8
Grand Total			11,902,328,883	4,171,353,498	7,730,975,385	35.0

Source: Bungoma County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Lands (Bungoma Municipality) at 98.7 per cent, Policy, Legal and Regulatory Framework Administrative services in the Department of Agriculture at 88.4 per cent, Administrative services in the Department of Governors' at 72.7 per cent, Infrastructure. Housing and public works and Urban Transport and Infrastructure in the Department of Lands at 71.5per cent of budget allocation.

3.3.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.688.61 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.60 billion. The development expenditure

represented 19.1 per cent of the annual development budget

2. A high wage bill, which accounted for 61.5 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.147.27 million against an annual projection of Kshs.700 million, representing 21 per cent of the annual target.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
3. The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.

3.4 County Government of Busia

3.4.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.7.35 billion, comprising of Kshs.2.39 billion (32.5 per cent) and Kshs.4.96 billion (67.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.11 billion (83.1 per cent) as the equitable share of revenue raised nationally, Kshs.783.68 billion (10.7 per cent) as total conditional allocation, generate Kshs.350 million (4.8 per cent) from own sources of revenue. The County also expects to receive Kshs.106.46 million (1.4 per cent) as "other revenues" not contained in the CARA, 2020 which was an allocation to COVID-19 related expenditure.

3.4.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.64 billion as the equitable share of the revenue raised nationally and raised Kshs.151.34 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.79 billion as shown in Table 3.19.

Table 3.19: Busia County, Revenue Performance in the First Half of FY 2020/21

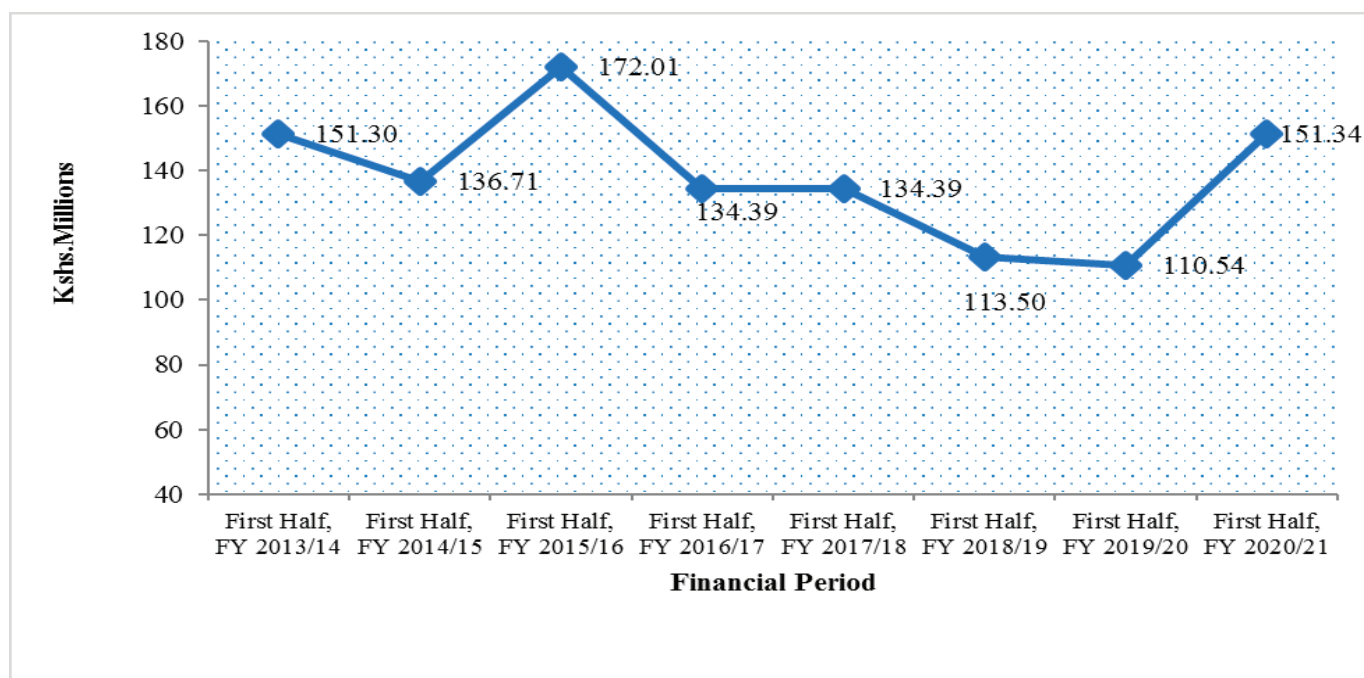
S/No.	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,013,500,000	6,108,450,000	1,637,494,326	26.8
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	16,934,085	16,934,085	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	182,062,027	182,062,027	-	-
4.	Rehabilitation of Village Polytechnics	57,199,894	57,199,894	-	-
Sub Total		388,217,283	256,196,006	-	-
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	31,200,000	31,200,000	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,226,100	320,226,100	-	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	DANIDA Grant	17,100,000	17,100,000	-	-
5.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	69,825,044	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,004,970.00	14,004,970	-	-
7.	EU - Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	30,127,734.00	30,127,734	-	-
Sub Total		457,658,804	527,483,848	-	-

S/No.	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
D	Other Sources of Revenue				
1.	Own Source Revenue	-	350,000,002	151,344,410	43.2
2.	Other Revenues	-	106,464,000	-	-
Sub Total		-	456,464,002	151,344,410	33.2
Grand Total		6,859,376,087	7,348,593,856	1,788,838,736	24.3

Source: Busia County Treasury

Figure 3.7 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.7: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Busia County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.151.34 million as own-source revenue. This amount represented an increase of 36.9 per cent compared to Kshs.110.54 million realised during a similar period in FY 2019/20 and was 43.2 per cent of the annual target.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.86 billion from the CRF account during the reporting period. The amount comprised of Kshs.464.44 million (14.5 per cent) for development programmes and Kshs.2.45 billion (85.5 per cent) for recurrent programmes.

3.4.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.72 billion on development and recurrent programmes. The expenditure represented 94.9 per cent of the total funds released by the COB and comprised of Kshs.374.75 million and Kshs.2.34 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 15.7 per cent while recurrent expenditure represented 47.2 per cent of the annual expenditure budget.

3.4.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.68 billion was spent on compensation to employees, Kshs.660.67 million on operations and maintenance, and Kshs.374.75 million on development activities as shown in Table 3.20.

Table 3.20: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,962,612,304	2,445,773,652	2,340,893,556	47.2
Compensation to Employees	3,211,371,848	1,690,655,143	1,680,224,310	52.3
Operations and Maintenance	1,751,240,456	755,118,509	660,669,246	37.7
Total Development Expenditure	2,385,981,551	416,444,450	374,747,100	15.7
Development Expenditure	2,385,981,551	416,444,450	374,747,100	15.7
Total	7,348,593,855	2,862,218,102	2,715,640,656	37.0

Source: Busia County Treasury

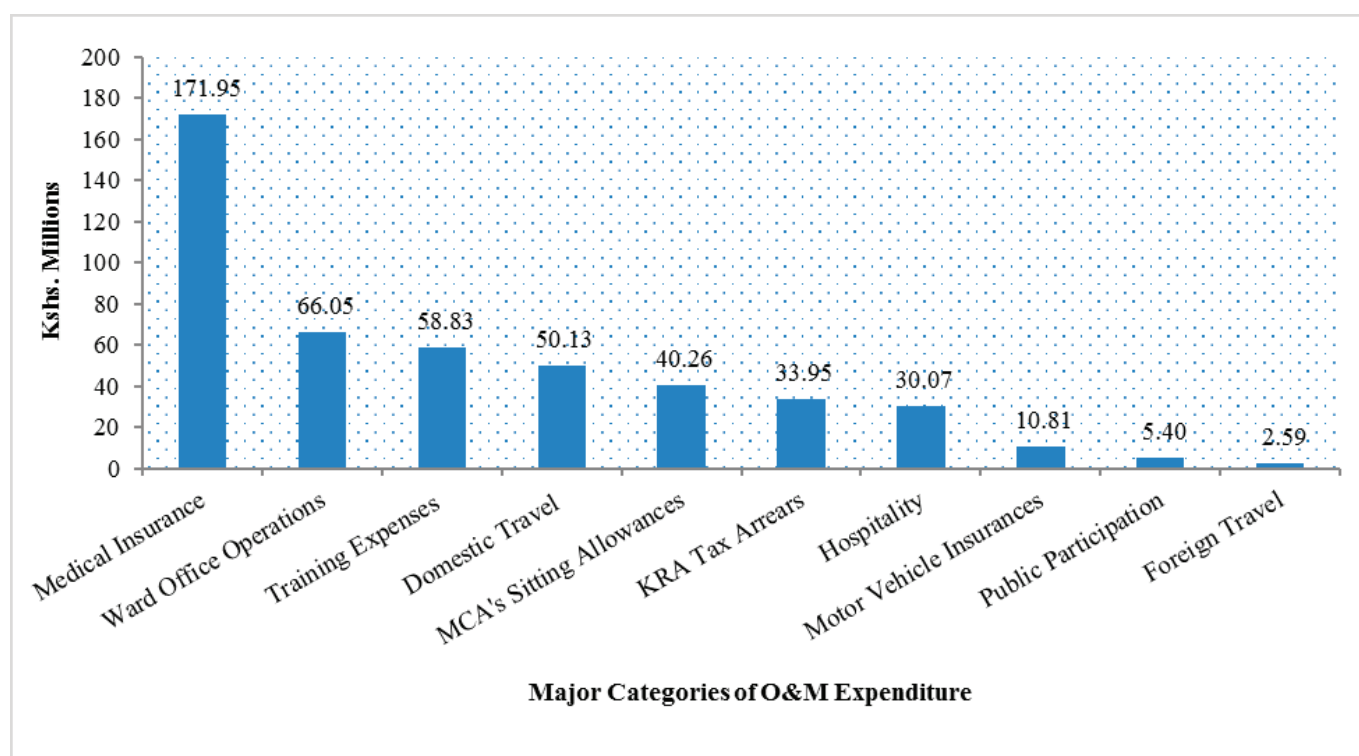
3.4.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 61.9 per cent of the total expenditure for the reporting period and 22.9 per cent of half year proportional revenue estimate of Kshs.3.67 billion.

3.4.7 Expenditure on Operations and Maintenance

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

Figure 3.8: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: Busia County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.40.26 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.75.11 million. The average monthly sitting allowance was Kshs.124,270 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.50.13 million and comprised of Kshs.32.63 million spent by the County Assembly and Kshs.17.50 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.59 million and comprised of Kshs.0.39 million by the County Assembly and Kshs.2.20 million by the County Executive.

3.4.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County allocated Kshs.106.46 million to cater for COVID-19 related expenditure while a total of Kshs.6.65 million was brought forward from FY 2019/20. The County did not report any expenditure on COVID-19 during the reporting period.

3.4.9 Development Expenditure

The County incurred an expenditure of Kshs.374.75 million on development programmes, which represented an increase of 40.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.223.89 million. Table 3.21 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.21: Busia County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Routine Maintenance of County roads	Countywide	182,062,027	151,807,484	83.4
2	Subsidized vocational training centers support grant	Countywide	56,748,618	52,336,567	92.2
3	Upgrading county roads to bitumen standards.	Countywide	140,000,000	38,972,213	27.8
4	Other Development Projects	Countywide	126,350,000	38,971,941	30.8
5	Kenya Climates Smart Agriculture Programme (KCSP)	Countywide	320,226,100	34,672,081	10.8
6	World Bank Loan for Transforming Universal Health Care System	Countywide	31,200,000	12,905,943	41.4
7	DANIDA	Countywide	17,100,000	11,125,696	65.1
8	Water tower protection and climate change	Countywide	30,127,734	8,108,200	26.9
9	Cassava value addition and equipping of cassava factory	Countywide	15,400,000	6,476,245	42.1
10	Other Development Projects	Countywide	50,200,000	3,258,030	6.5

Source: Busia County Treasury

3.4.10 Budget Performance by Department

Table 3.22 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.22: Busia County, Budget Performance by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Animal Resources	224.77	502.88	112.79	153.61	98.78	91.79	87.6	59.8	43.9	18.3
Trade, Cooperatives and Industrialization	52.30	89.40	34.19	19.52	2.08	-	6.1	-	4.0	-
Education and Vocational Training	390.99	171.90	217.32	47.10	37.53	52.34	17.3	111.1	9.6	30.4
Finance, Economic Planning and ICT	741.09	14.40	330.48	2.30	479.69	-	145.1	-	64.7	-
Youth, Culture, sports, Tourism and Social Services	60.52	62.35	34.80	12.90	3.11	-	8.9	-	5.1	-
Roads, Public Works, Energy and Transport	104.22	837.42	60.64	114.44	3.00	192.11	4.9	167.9	2.9	22.9
Public Service Management	275.39	-	133.92	-	143.51	-	107.2	-	52.1	-
Lands, Housing and urban Development	65.94	72.76	34.59	8.00	6.56	-	19.0	-	9.9	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water Environment and Natural Resources	112.08	257.76	58.18	27.50	55.38	11.22	95.2	40.8	49.4	4.4
Health and Sanitation	1,804.98	232.01	864.12	29.68	950.83	27.29	110.0	91.9	52.7	11.8
County Public Service Board	65.22	-	40.22	-	34.34	-	85.4	-	52.7	-
The Governorship	326.14	79.10	163.78	1.40	183.72	-	112.2	-	56.3	-
County Assembly	738.97	66.00	360.74	-	342.38	-	94.9	-	46.3	-
Total	4,962.61	2,385.98	2,445.77	416.44	2,340.89	374.75	95.7	90.0	47.2	15.7

Source: Busia County Treasury

Analysis of expenditure by department shows that the Department of Education and Vocational Training recorded the highest absorption rate of development budget at 30.4 per cent. The Department of Finance, Economic Planning and ICT had the highest percentage of recurrent expenditure to budget at 64.7 per cent while the Department of Roads Public works, Energy and Transport had the lowest at 2.9 per cent.

3.4.11 Budget Execution by Programmes and Sub-Programmes

Table 3.23 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.23: Busia County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes							
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)		
Agriculture							
CP 1: General Administration And Support Services	Administrative support service	224,770,355	98,779,688	125,990,667	43.9		
CP 2: Crop Production And Management	CSP 3.1 Input support services	-	-	-	-		
	CSP 3.2: Crop development	-	-	-	-		
	CSP 3.3: Crop protection	-	-	-	-		
CP 3: Land Use And Management	CSP 2.1: Agricultural mechanization	3,300,000	-	3,300,000	-		
CP 4: Agricultural Training And Extension Services	CSP 4.1: Agriculture extension services	-	-	-	-		
	CSP 4.2: Agricultural Training services	6,704,970	2,673,673	4,031,297	39.9		
CP 5: Agribusiness And Agricultural Value Chain Development	CSP 5.1: Value addition	15,400,000	6,476,245	8,923,755	42.1		
CP 6: Agricultural Financial Support Services	CSP 6.1: Agricultural credit support services	7,700,000	-	7,700,000	-		
Cp 7: Kenya Climate Smart Agriculture Programme	CSP 7.1: Kenya Climate SMART	320,226,100	34,672,081	285,554,019	10.8		
CP 8: Fisheries And Aquaculture Resources Development	CSP 8.1: Aquaculture development	15,000,000	8,997,580	6,002,420	60.0		
	CSP 8.2: Fisheries training infrastructure development	2,000,000	-	2,000,000	-		
	CSP 8.3: Fish value addition and marketing	-	-	-	-		
	CSP 8.4: Lake based aquaculture parks	-	-	-	-		
Cp 9: Veterinary Health Services	CSP 10.1: Veterinary Disease control	4,201,841	-	4,201,841	-		
	CSP 10.2: AI services	-	-	-	-		
	CSP 10.3 Meat inspection services	-	-	-	-		
	CSP 10.4 Veterinary Extension	2,000,000	-	2,000,000	-		
CP 10: Livestock Production & Development	CSP 9.1: Livestock production improvement	-	-	-	-		
	CSP 9.2: Livestock Extension	-	-	-	-		
Cp 11: Other Development Projects	CSP 11.1: Other Development projects	126,350,000	38,971,941	87,378,059	30.8		
Total For Vote		727,653,266	190,571,208	537,082,058	26.2		
Trade							

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)	
CP 12: General Administration And Support Services	CSP 12.1: Administrative support service	52,301,463	2,077,050	50,224,413	4.0	
CP 13: Trade Developments and Investment	CSP 13.1: Busia county trade development fund	10,400,000	-	10,400,000	-	
	CSP 13.2: Market modernization and development	38,900,000	-	38,900,000	-	
Cp 14: Fair Trade Practices	CSP 14.1: Weights and measures.	3,500,000	-	3,500,000	-	
CP 15: Cooperative Development	CSP 15.1 Busia county cooperative enterprise development fund	-	-	-	-	
	CSP 15.2: Revitalization of cotton ginneries	5,000,000	-	5,000,000	-	
	CSP 15.3: value addition	7,700,000	-	7,700,000	-	
Cp 16: Other Development Projects	CSP 16.1. Other Development projects	23,900,000	-	23,900,000	-	
Total For Vote		<u>141,701,463</u>	<u>2,077,050</u>	<u>139,624,413</u>	1.5	
Finance						
CP 22:General Administration and Support Services	CSP 22.1: Administrative support service	741,093,761	479,687,772	261,405,988	64.7	
CP 23: Financial Management, Control And Development Services	CSP 23.1: Revenue generation services	5,000,000	-	5,000,000	-	
CP 24: Information and Communication Services	CSP 24.1: ICT support services	6,000,000	-	6,000,000	-	
Cp 25: Other Development Projects	CSP 25.1: Other Development projects	3,400,000	-	3,400,000	-	
Total For Vote		<u>755,493,761</u>	<u>479,687,772</u>	<u>275,805,988</u>	63.5	
Education						
CP 17: General Administration and Support Services	CSP 17.1: Administrative support service	390,986,154	37,527,647	353,458,507	9.6	
Cp 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of infrastructure in E.C.D.E Centers	-	-	-	-	
	CSP 18.2 E.C.D.E Capitation	-	-	-	-	
	CSP 18.3: Child nutrition	-	-	-	-	
Cp 19: Tertiary/Vocational Training Development	CSP 19.1: Infrastructure development	24,500,000	-	24,500,000	-	
CP 20: Education Support	CSP 20.1: Education support scheme	114,399,788	52,336,567	62,063,221	45.7	
Cp 21: Other Development Projects	CSP 21.1 Other Development Projects	33,000,000	-	33,000,000	-	
Total For Vote		<u>562,885,942</u>	<u>89,864,214</u>	<u>473,021,728</u>	16.0	
Culture						
CP 26: General Administration and Support Services	CSP 26.1: Administrative support service	60,522,480	3,111,211	57,411,269	5.1	
CP 27: Social Services	CSP 27.1: infrastructural development	-	-	-	-	
	CSP 27.2:Community Support	-	-	-	-	
CP 28:Youth and Empowerment Development	CSP 28.1 Equipping and Operationalization of youth empowerment	6,400,000	-	6,400,000	-	
CP 29:Promotion and Development of Sports	CSP 29.1: Infrastructural development	5,000,000	-	5,000,000	-	
	CSP 29.2: sports promotion	-	-	-	-	
CP 30: Child Care and Protection	CSP 30.1: Rehabilitation and custody	-	-	-	-	
CP 31: Culture Promotion and Development	CSP 31.1: Cultural infrastructural development	21,400,000	-	21,400,000	-	
CP 32: Promotion and Development of Local Tourism In The County	CSP 32.1: Tourism development	-	-	-	-	
CP 33: Alcoholic Drinks and Drugs Control	CSP 33.1: Infrastructure development	-	-	-	-	
Cp 34: Other Development Projects	CSP 34.1:Other Development projects	29,550,000	-	29,550,000	-	
Total For Vote		<u>122,872,480</u>	<u>3,111,211</u>	<u>119,761,269</u>	2.5	
Public Works						

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)	
CP 35: General Administration and Support Services	CSP 35.1: Administrative support service	104,221,960	2,998,547	101,223,413	2.9	
CP 36:Development and Maintenance of Roads	CSP 36.1: Routine maintenance of roads	429,462,027	192,111,697	237,350,330	44.7	
	CSP 36.2: Development of Roads	-	-	-	-	
Cp 37:Building Infrastructure Development	CSP 37.1: Infrastructure Development	-	-	-	-	
Cp 38: Energy Development	CSP 38.1 Energy Services	1,200,000	-	1,200,000	-	
	CSP 38.2: Solar Energy Exploration	7,510,000	-	7,510,000	-	
	CSP 38.3: Renewable energy	-	-	-	-	
CP 39: Alternative Transport Infrastructure Development	CSP 39.1: Road safety campaign	-	-	-	-	
Cp 40: Other Development Projects	CSP 40.1: Other Development Projects	399,250,000	-	399,250,000	-	
Total For Vote		941,643,987	195,110,244	746,533,743	20.7	
Public Service Management						
CP 41: General Administration and Support Services	CSP 41.1: Administrative support services	275,387,209	143,506,014	131,881,195	52.1	
Total For Vote		275,387,209	143,506,014	131,881,195	52.1	
Public Service Board						
CP 41: General Administration and Support Services	CSP 41.1: Administrative support services	65,215,844	34,344,320	30,871,524	52.7	
Total For Vote		65,215,844	34,344,320	30,871,524	52.7	
Lands						
CP 42: General Administration and Support Services	CSP 42.1: Administrative support services	65,943,621	6,560,185	59,383,436	9.9	
CP 43: County Land Administration and Planning	CSP 43.1: Land use planning	6,540,000	-	6,540,000	-	
CP 44: Housing Development and Management	CSP 44.1: Housing Development	-	-	-	-	
CP 45: County Urban Management and Development	CSP 45.1: Urban management	40,720,006	-	40,720,006	-	
	CSP 45.2: Urban Development	9,200,000	-	9,200,000	-	
Cp 46: Other Development Projects	CSP 46.1:Other Development Projects	16,300,000	-	16,300,000	-	
Total For Vote		138,703,627	6,560,185	132,143,442	4.7	
Water						
CP 47: General Administration and Support Services	CSP 47.1: Administrative support services	112,082,727	55,382,030	56,700,697	49.4	
Cp 48: Water Supply Services	CSP 48.1: Urban water supply and sewerage	73,100,000	3,109,448	69,990,552	4.3	
	CSP 48.2: Rural water supply	-	-	-	-	
CP 49: Environment Management and Protection	CSP 49.1 Environmental management	-	-	-	-	
CP 50:Small Holder Irrigation And Drainage	CSP 50.1: Irrigation infrastructure development	2,310,000	-	2,310,000	-	
CP 51: Forest Development and Management	CSP 51.1:Rehabilitation and Restoration degraded landscape	6,770,000	-	6,770,000	-	
CP 52: Water Tower Protection and Climate Change Mitigation	CSP 52.1: Water Tower Protection and Climate Change Mitigation	30,127,734	8,108,200	22,019,534	26.9	
Cp53: Other Development Projects	CSP 53.1 Other Development Projects	145,450,000	-	145,450,000	-	
Total For Vote		369,840,461	66,599,678	303,240,783	18.0	
Health						
CP 54: General Administration and Support Services	CSP 54.1: Administrative support service	1,804,975,637	950,826,962	854,148,675	52.7	
Cp 55: Curative Health Services	CSP 55.1: Infrastructure development	52,600,000	-	52,600,000	-	
	CSP 55.2: Hospital equipment	32,775,000	-	32,775,000	-	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)	
CP 56: Preventive And Promotive Health Services	CSP 56.1: Infrastructure development	14,000,000	-	14,000,000	-	
	CSP 56.2: Lower level hospital equipment	1,000,000	-	1,000,000	-	
	CSP 56.3: Preventive Services	9,000,000	-	9,000,000	-	
	CSP 56.4: Health promotion unit	72,434,085	24,031,638	48,402,447	33.2	
Cp 57: Other Development Projects	CSP 57.1: Other Development projects	50,200,000	3,258,030	46,941,970	6.5	
Total For Vote		2,036,984,722	978,116,630	1,058,868,092	48.0	
Governors						
CP 59: General Administration And Support Services	CSP 59.1: Administrative support service	326,138,441	183,715,051	142,423,390	56.3	
Cp 60: Disaster Risk Management	CSP 60.1: Disaster preparedness	67,940,000	-	67,940,000	-	
CP 61: Information Dissemination and Knowledge Management	CSP 60.1: Communication Services	9,160,000	-	9,160,000	-	
Cp 62: Other Development Projects	CSP 62.1: Other Development projects	2,000,000	-	2,000,000	-	
Total		405,238,441	183,715,051	221,523,390	45.3	
The County Assembly						
CP 63: Administrative Support Service	CSP 63.1: Administrative support service	738,972,659	342,377,079	396,595,580	46.3	
Cp 64: County Assembly Infrastructural Development	ICSP 64.1: Infrastructural Development	66,000,000	-	66,000,000	-	
Sub-Totals		804,972,659	342,377,079	462,595,580	42.5	
GRAND TOTAL		7,348,593,861	2,715,640,656	4,632,953,205	37.0	

Source: Busia County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General administration and Support Services in the Department of Finance at 65 per cent, Fisheries and Agriculture Resources in the Department of Agriculture at 60 per cent, and General Administration and Support Services in the Office of the Governor of at 56 per cent of budget allocation.

3.4.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were submitted on 22nd January, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.374.75 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.39 billion. The development expenditure represented 15.7 per cent of the annual development budget.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and COB Act, 2016.
2. The County should identify and address issues causing delays in the implementation of development projects.

3.5 Elgeyo Marakwet County

3.5.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.5.91 billion, comprising of Kshs.2.62 billion (44.4 per cent) and Kshs.3.28 billion (55.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.3.86 billion (65.4 per cent) as the equitable share of revenue raised nationally, Kshs.692.99 million (11.7 per cent) as total conditional allocation, generate Kshs.144 million (2.4 per cent) from own sources of revenue, and a cash balance of Kshs.1.15 billion (19.5 per cent) from FY 2019/20. The County also expects to receive Kshs.57.21 million (1.0 per cent) as “other revenues” not contained in the CARA, 2020.

3.5.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.27 billion as the equitable share of the revenue raised nationally, Kshs.169.51 million as conditional grants, raised Kshs.54.16 million as own-source revenue, had a cash balance of Kshs.941.70 million from FY 2019/20, and “other revenues” (COVID-19 grant) of Kshs.89.90 million. The total funds available for budget implementation during the period amounted to Kshs.2.53 billion as shown in Table 3.24.

Table 3.24: Elgeyo Marakwet County, Revenue Performance in the First Half of FY 2020/21

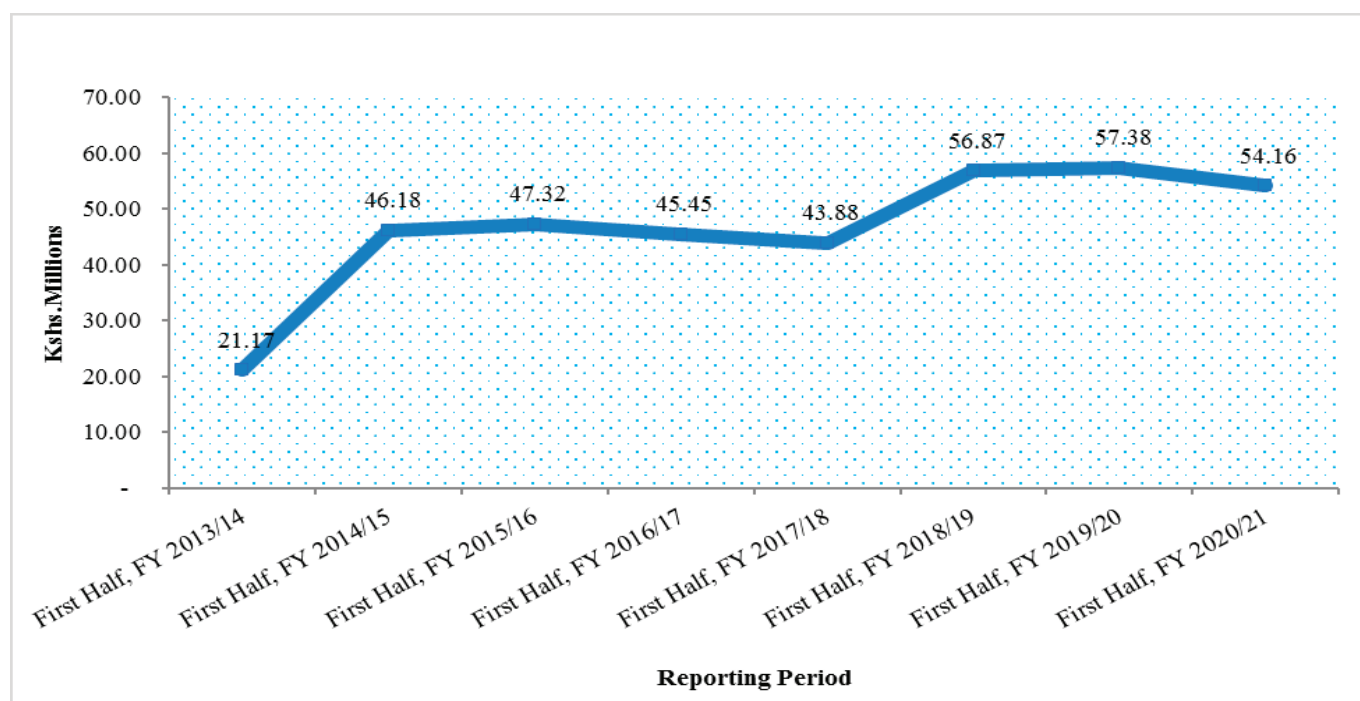
S/No.	Revenue Category	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	3,861,300,000	3,861,300,000	1,274,229,000	33.0
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	8,788,919	8,788,919	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	115,085,841	115,085,841	28,771,460	25.0
4.	Rehabilitation of Village Polytechnics	27,904,894	27,904,894	-	-
Sub Total		283,800,931	151,779,654	28,771,460	19.0
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	33,340,400	33,340,400	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	280,000,045	280,000,045	105,477,960	37.7
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	89,802,100	25,572,154	28.5
5.	DANIDA Grant	10,980,000	10,980,000	9,690,000	88.3
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,921,815	12,921,815	-	-
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	69,163,856	69,163,856	-	-
Sub Total		451,406,116	541,208,216	115,167,960	25.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	144,000,000	54,159,666	37.6
2.	Balance b/f from FY 2019/20	-	1,150,053,927	941,696,967	81.9
3.	Other Revenues	-	57,212,000	89,897,000	157.1
Sub Total		-	1,351,265,927	1,085,753,633	80.4
Grand Total		4,596,507,047	5,905,553,797	2,529,494,207	42.8

Source: Elgeyo Marakwet County Treasury

Other revenues includes the grant from the National Government for COVID -19 of Kshs.57.21 million, and the grant from National Government for Allowances for front line Health Care Workers of Kshs.32.69 million which was not budgeted during the period under review resulting into an absorption rate of 157.1 per cent.

Figure 3.9 shows the trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21

Figure 3.9: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Elgeyo Marakwet County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.54.16 million as own-source revenue. This amount represented a decrease of 5.6 per cent compared to Kshs.57.38 million realized during a similar period in FY 2019/20 and was 37.6 per cent of the annual target.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.86 billion from the CRF account during the reporting period. The amount comprised of Kshs.303.75 million (16.0 per cent) for development programmes and Kshs.1.60 billion (86.0 per cent) for recurrent programmes.

3.5.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.70 billion on development and recurrent programmes. The expenditure represented 89.5 per cent of the total funds released by the COB and comprised of Kshs.198.22 million and Kshs.1.50 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 7.6 per cent while recurrent expenditure represented 45.8 per cent of the annual recurrent budget.

3.5.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.29 billion was spent on compensation to employees, Kshs.216.75 million on Operations and Maintenance, and Kshs.198.22 million on development activities as shown in Table 3.25.

Table 3.25: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	3,284,021,050	1,598,403,301	1,503,753,462	45.8
Compensation to Employees	2,641,734,492	1,289,161,825	1,287,002,501	48.7
Operations and Maintenance	642,286,558	309,241,476	216,750,961	33.7
Total Development Expenditure	2,621,532,747	256,982,823	198,221,106	7.6
Development Expenditure	2,621,532,747	303,749,764	198,221,106	7.6
Total	5,905,553,797	1,855,386,124	1,701,974,568	28.8

Source: Elgeyo Marakwet County Treasury

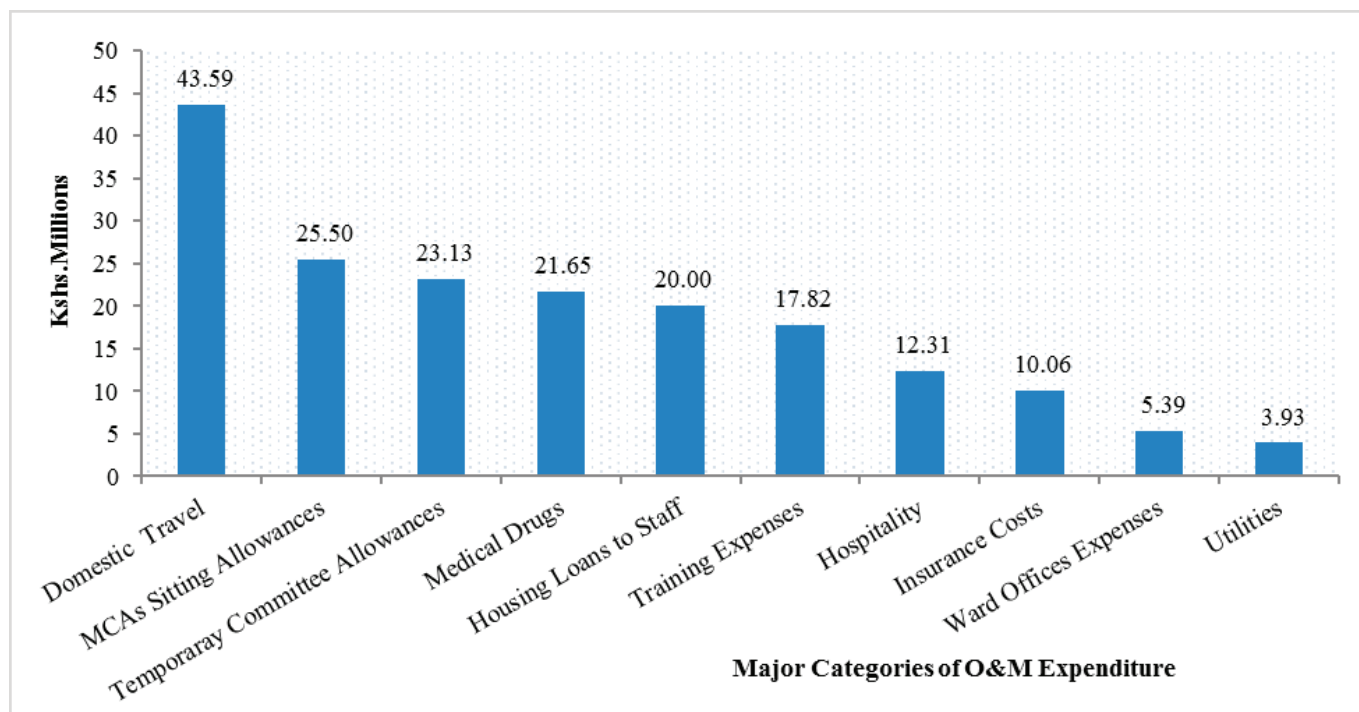
3.5.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 75.6 per cent of the total expenditure for the reporting period and 43.6 per cent of half year proportional revenue estimate of Kshs.2.95 billion.

3.5.7 Expenditure on Operations and Maintenance

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

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



Source: Elgeyo Marakwet County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.25.50 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.37.93 million. The average monthly sitting allowance was Kshs.125,010 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.43.59 million and comprised of Kshs.31.64 million spent by the County Assembly and Kshs.11.95 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.26 million which was incurred by the County Executive.

3.5.8 COVID-19 Budget and Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.57.21 million to cater for COVID-19 related expenditure. A total of Kshs.36.89 million was not budgeted for during the FY 2020/21; being Kshs.32.69 million grant from National Government for Allowances for Front Line Health Care Workers, and Kshs.4.2 million from DANIDA for COVID-19. The County spent a total of Kshs.37.20 million during the reporting period as shown in Table 3.26.

Table 3.26: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	FY2020/21 Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
1	Domestic Travel - Accommodation	2,400,000	-
2	Daily Subsistence Allowance	6,540,000	-
3	Dressing and Other Non-Pharmaceutical	12,072,500	-
4	Maintenance of Buildings and Stations-Non Residential	10,188,000	-
5	Purchase of Medical and Dental Equipment's	26,011,500	315,700
6	Grant from National Government for Allowances for front line Health Care Workers	-	32,685,000
7	DANIDA grant for COVID in FY 2019/20 (Kshs)	-	4,200,000
Total		57,212,000	37,200,700

Source: Elgeyo Marakwet County Treasury

3.5.9 Development Expenditure

The County incurred an expenditure of Kshs.198.22 million on development programmes, which represented a decrease of 34.5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.302.63 million. Table 3.27 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.27: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Embobut Kountikonin Kasabwa Water Project	Endo	5,800,000	5,800,000	100
2	Perimeter fencing of the farm using metal posts & chain link	Endo	4,208,000	4,208,000	100
3	Nyawa Rimoi Road	Tambach	4,131,000	4,131,000	100
4	Tripondany-Metibelio road	Kaptarakwa	3,283,000	3,250,000	100
5	Kipkures Water Project	Soy North	2,965,935	2,965,935	100
6	Fencing/Water Furrows	Arror	2,919,900	2,919,900	100
7	Roads Supervision	Countywide	8,449,528	2,750,000	100
8	Kipkener-Kapkata Road	Arror	2,940,000	2,680,600	100
9	Construction and Equipping Twin Classroom	Moiben/ Kuserwo	2,646,000	2,646,000	100
10	Kipchetui-Kibendo Road	Emsoo	2,363,961	2,363,961	100
10	Construction of Tinone Twin ECD classroom	Kabiemet	2,689,070	2,689,070	100

Source: Elgeyo Marakwet County Treasury

3.5.10 Budget Performance by Department

Table 3.28 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.28: Elgeyo Marakwet County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	557.72	15.25	291.16	-	288.24	-	99.0	-	51.7	-
Office of the Governor	143.88	-	67.36	-	65.74	-	97.6	-	45.7	-
Finance and Economic planning	223.85	-	118.85	-	88.85	-	74.8	-	39.7	-
Agriculture and Irrigation	100.78	751.25	45.01	121.47	44.86	25.81	99.7	21.2	44.5	3.4
Education and Tech. Training	196.39	280.61	87.56	33.07	87.33	33.07	99.7	100	44.5	11.8
Health and Sanitation	1,545.88	299.10	792.01	18.15	734.87	16.94	92.8	93.4	47.5	5.7
Water, Lands, Environment & Climate Change	78.06	518.71	35.33	46.34	35.12	26.40	99.4	57.0	45.0	5.1
Roads, Public Works and Transport	66.97	499.07	31.68	-71.69	31.17	85.79	98.4	119.7	46.5	17.2

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Tourism, Culture, Wildlife, Trade & Industry	35.61	15.68	15.81	-	15.53	-	98.2	-	43.6	-
Youth Affairs, Sports, ICT & Social Services	38.37	111.44	16.59	4.47	16.02	4.47	96.5	100	41.7	4.0
Public Service Management & County Administration	152.26	31.97	35.15	0.84	34.68	0.84	98.7	100	22.8	2.6
County Public Service Board	46.74	-	19.50	-	19.50	-	100	-	41.7	-
Livestock Production, Fisheries & Cooperative Development	97.52	98.45	42.39	7.72	41.85	4.89	98.7	63.4	42.9	5.0
	3,284.02	2,621.53	1,598.40	303.75	1,503.75	198.22	94.1	65.3	45.8	7.6

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by department shows that the Department of Roads, Public Works and Transport recorded the highest absorption rate of development budget at 17.2 per cent. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 51.7 per cent while the Department of Public Service Management & County Administration had the lowest at 22.8 per cent.

3.5.11 Budget Execution by Programmes and Sub-Programmes

Table 3.29 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.29: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
County Assembly					
General administration, planning and support services		229,035,561	117,976,467	111,059,094	51.5
	General administration, planning and support services	229,035,561	117,976,467	111,059,094	51.5
Legislation and representation		297,659,817	147,864,892	149,794,925	49.7
	Legislation and representation	297,659,817	147,864,892	149,794,925	49.7
Legislative oversight		46,279,404	22,399,506	23,879,898	48.4
	Legislative oversight	46,279,404	22,399,506	23,879,898	48.4
	Sub-Total	572,974,782	288,240,865	284,733,917	50.3
Office of the Governor					
General administration and support services		127,513,712	60,629,239	66,884,473	47.5
	General administration and support services	127,513,713	60,629,239	66,884,474	47.5
Open Governance, Transparency and Accountability		16,367,800	5,106,174	11,261,626	31.2
	Governance	16,367,800	5,106,174	11,261,626	31.2
	Sub-Total	143,881,513	65,735,413	78,146,100	45.7
Finance and Economic Planning					
General administration and support services		68,476,851	44,808,150	23,668,701	65.4
	General administration and support services	68,476,851	44,808,150	23,668,701	65.4
Financial Management		110,370,018	42,503,783	67,866,235	38.5
	Monitoring, Evaluation and reporting	514,641	480,175	34,466	93.3
	Economic Planning & Budgeting	104,748,027	40,693,396	64,054,631	38.8
	Accounting services	1,544,061	1,130,683	413,378	73.2
	Supply Chain Management	1,180,110	-	1,180,110	-
	Revenue Management Services	2,383,179	199,529	2,183,650	8.4
General administration, Planning, and support services		45,000,000	1,534,000	43,466,000	3.4
	General administration, Planning, and support services	45,000,000	1,534,000	43,466,000	3.4
	Sub-Total	223,846,869	88,845,933	135,000,936	39.7
Agriculture and Irrigation					
General administration and support services		100,777,147	44,861,633	55,915,514	44.5
	General administration and support services	100,777,147	44,861,633	55,915,514	44.5

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
Crop Development		556,795,213	16,392,125	540,403,088	2.9
	Cash Crops Development	32,009,209	1,918,800	30,090,409	6.0
	Food Crops Development	500,000	-	500,000	-
	Agricultural Extension and Training Services	524,286,004	14,473,325	509,812,679	2.8
Soil Conservation		1,294,590	-	1,294,590	-
	Soil Conservation	1,294,590	-	1,294,590	-
Irrigation Development		193,159,535	9,420,211	184,357,925	4.9
	Irrigation Development	193,159,535	9,420,211	184,357,925	4.9
	Sub-Total	852,026,485	70,673,969	781,971,117	8.3
Education and Technical Training					
General administration and support services		196,390,607	87,331,653	109,058,954	44.5
	General administration and support services	196,390,607	87,331,653	109,058,954	44.5
Technical and Vocational Education and Training (TVET)		41,624,894	-	41,624,894	-
	Technical Vocational Education & Training	41,624,894	-	41,624,894	-
Pre-Primary Education		238,988,640	33,065,065	205,923,575	13.8
	Pre-Primary Education	238,988,640	33,065,065	205,923,575	13.8
	Sub-Total	477,004,141	120,396,718	356,607,423	25.2
Health and Sanitation					
General administration and support services		1,545,876,304	733,841,454	812,034,850	47.5
	Default - Non Programmatic	1,545,876,304	733,841,454	812,034,850	47.5
Preventive and Promotive health		25,754,114	4,213,839	21,540,275	16.4
	Community and Environmental Health	25,754,114	4,213,839	21,540,275	16.4
	Communicable & Non-Communicable Disease Prevention & Control	5,415,670	-	5,415,670	-
Curative and Rehabilitative Health		270,640,517	13,760,039	256,880,478	5.1
	Commodity management	1,800,000	99,922	1,700,078	5.6
	County Hospitals	41,240,958	1,971,770	39,269,188	4.8
	Primary Care Units	205,444,339	11,163,257	194,281,082	5.4
	Emergency Medical Services	22,155,220	525,090	21,630,130	2.4
	Sub-Total	1,844,978,770	751,815,332	1,093,163,438	40.7
Water, Lands, Environment and Climate Change					
General administration and support services		78,059,121	35,121,857	42,937,265	45.0
	General administration and support services	78,059,121	35,121,857	42,937,265	45.0
Water and Sanitation Management		211,921,855	20,386,269	191,535,586	9.6
	Water Services	211,921,855	20,386,269	191,535,586	9.6
Environmental Management and Protection		71,563,856	-	71,563,856	-
	Environmental conservation	71,563,856	-	71,563,856	-
Solid Waste Management		1,200,000	-	1,200,000	-
	Solid waste management	1,200,000	-	1,200,000	-
Lands, Physical planning and Urban Development		234,024,252	6,014,134	228,010,118	2.6
	Lands, Physical planning and Urban Development	234,024,252	6,014,134	228,010,118	2.6
	Sub-Total	596,769,084	61,522,260	535,246,824	10.3
Roads, Public Works and Transport					
General administration and support services		61,478,217.00	27,335,731	34,142,486	44.5
	General administration and support services	61,478,217.00	27,335,731	34,142,486	44.5
Public Works		490,000.00	27,900	462,100	5.7
	Public Works	490,000.00	27,900	462,100	5.7
Energy		5,000,000.00	3,802,180	1,197,820	76.0
	Energy	5,000,000.00	3,802,180	1,197,820	76.0
Road Improvement		491,184,257.00	85,788,191	405,396,066	17.5
	Rural road Works	491,184,257.00	85,788,191	405,396,066	17.5
Public works		6,153,600.00	0	6,153,600	-
	Public Works	6,153,600.00	0	6,153,600	-
Energy		1,728,000.00	0	1,728,000	-
	Energy	1,728,000.00	0	1,728,000	-
	Sub-Total	566,034,074.00	116,954,002	449,080,072	20.7
Tourism, Culture, Wildlife, Trade and Industry					
General administration and support services		35,609,808	15,528,087	20,081,721	43.6

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
	General administration and support services	35,609,808	15,528,087	20,081,721	43.6
Tourism Development		6,124,128	0	6,124,128	-
	Tourism Development	6,124,128	0	6,124,128	-
Trade and Enterprise Development		3,794,640	0	3,794,640	-
	Trade and enterprise development	3,794,640	0	3,794,640	-
Culture and Heritage Preservation		5,759,550	0	5,759,550	-
	Culture and Heritage Preservation	5,759,550	0	5,759,550	-
	Sub-Total	51,288,126	15,528,087	35,760,039	30.3
Youth Affairs, Sports, ICT and Social Services					
General administration and support services		38,369,182	16,406,717	21,962,465	42.8
	General administration and support services	38,369,182	16,406,717	21,962,465	42.8
Sports Development		63,362,475	4,086,840	59,275,635	6.4
	Sports Infrastructure Development	9,920,000	0	9,920,000	-
	Sports Talent Development	53,442,475	4,086,840	49,355,635	7.6
Social Empowerment		37,328,731	-	37,328,731	-
	Social Empowerment	37,328,731	0	37,328,731	-
Social Protection.		9,300,000	-	9,300,000	-
	Social Protection	9,300,000	0	9,300,000	-
ICT Services		1,451,000	-	1,451,000	-
	ICT Services	1,451,000	0	1,451,000	-
	Sub-Total	149,811,388	20,493,557	129,317,831	13.7
Public Service Management and County Administration					
General administration and support services		151,885,578.00	34,675,365	117,210,213	22.8
	General administration and support services	151,885,578.00	34,675,365	117,210,213	22.8
Public Service Management		375,000.00	0	375,000	-
	Citizen participation and Civic Education	375,000.00	0	375,000	-
Public Service Management		31,971,009.00	840,870	31,130,139	2.6
	Coordination of government functions	31,971,009.00	840,870	31,130,139	2.6
	Total	184,231,587.00	35,516,235	148,715,352	19.3
County Public Service Board					
General administration and support services		46,738,274	19,504,609	27,233,665	41.7
	General administration and support services	46,738,274	19,504,609	27,233,665	41.7
	Sub-Total	46,738,274	19,504,609	27,233,665	41.7
Livestock Production, Fisheries and Cooperative Development					
General administration and support services		97,522,268	38,375,922	59,146,346	39.4
	General administration and support services	97,522,268	38,375,922	59,146,346	39.4
Livestock Development		55,686,396	3,562,650	52,123,746	6.4
	Livestock Production	48,600,931	3,562,650	45,038,281	7.3
	Livestock Extension and Training Services	7,085,465	0	7,085,465	-
Cooperative Development		9,079,272	899,236	8,180,036	9.9
	Cooperatives development	9,079,272	899,236	8,180,036	9.9
Veterinary Services		33,680,770	3,909,780	29,770,990	11.6
	Disease Surveillance and control	23,379,570	3,615,780	19,763,790	15.5
	A I Services	10,301,200	294,000	10,007,200	2.9
	Sub-Total	195,968,706	46,747,588	149,221,118	23.9
	Grand Total	5,905,553,799	1,701,974,568	4,203,579,231	28.8

Source: Elgeyo Marakwet County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Energy Services in the Department of Roads, Public Works and Transport at 76.0 per cent, General Administration and Support Services in the Department of Finance and Economic Planning at 65.4 per cent, and General Administration and Support Services in the County Assembly at 51.5 per cent.

3.5.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.198.22 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.62 billion. The development expenditure represented 7.6 per cent of the annual development budget.
2. A high wage bill, which accounted for 75.6 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
3. Underperformance of own revenue at Kshs.54.16 million against an annual projection of Kshs.144 million, representing 37.6 per cent of the annual target.

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

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*

3.6 County Government of Embu

3.6.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.6.46 billion, comprising of Kshs.2.15 billion (33.2 per cent) and Kshs.4.32 billion (66.8 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expected to receive Kshs.4.56 billion (70.5 per cent) being equitable share of revenue raised nationally, Kshs.998.06 million (15.4 per cent) as total conditional allocations and generate Kshs.909 million (14.1 per cent) from own sources of revenue. The budget did not include the cash balance of Kshs.483.92 million from FY 2019/20.

3.6.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.79 billion as the equitable share of the revenue raised nationally, Kshs.140.98 million as conditional grants, raised Kshs.172.47 million as own-source revenue, and had a cash balance of Kshs.483.92 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.59 billion as shown in Table 3.30.

Table 3.30: Embu County, Revenue Performance in the First Half of FY 2020/21

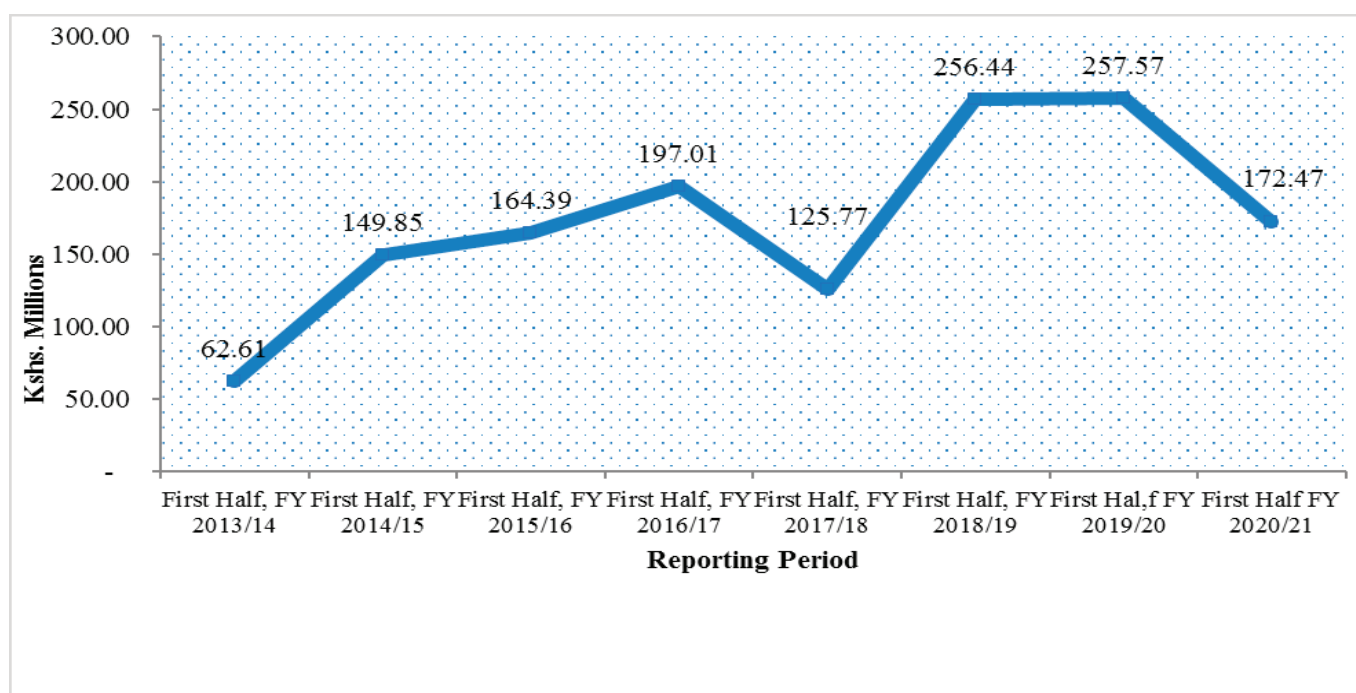
No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,304,400,000	4,557,600,000	1,790,630,400	39.3
B.	Conditional Grants from the National Government Revenue				
1.	Rehabilitation of Village Polytechnics	34,249,894	34,249,894	-	-
2.	Conditional Grants to Level-5 Hospitals	301,040,462	301,040,462	-	-
3.	Road Maintenance Fuel Levy Fund	135,839,025	135,839,025	-	-
4.	Leasing of Medical Equipment	132,021,277	132,023,277	-	-
5.	Compensation for User Fee Foregone	10,724,225	10,724,225	-	-
Sub Total		613,874,883	613,876,883	-	-
C.	Loans and Grants from Development Partners				
1.	IDA (WB) Credit (National Agricultural & Rural Inclusive Growth Project NAGRIP)	202,094,150	202,094,150	134,862,324	66.7
2.	Transforming Health systems for Universal care Project (WB)	112,736,973	112,736,973	-	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	DANIDA Grant	12,240,000	12,240,000	6,120,000	50.0

No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,112,312	12,112,312		-
Sub Total		384,183,435	384,183,435	140,982,324	36.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	909,000,000	172,467,229	19.0
2.	Balance B/F from FY2019/20	-	-	483,916,664	-
Sub Total		-	909,000,000	656,383,893	72.2
Grand Total		5,302,458,318	6,464,660,318	2,587,996,618	40.0

Source: Embu County Treasury

Figure 3.11 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.11: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Embu County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.172.47 million as own-source revenue. This amount represented a decrease of 33 per cent compared to Kshs.257.57 million realised during a similar period in FY 2019/20 and was 19 per cent of the annual target. The decrease of 33 per cent of own source revenue is attributed to the impact of COVID-19 pandemic which affected the performance of major revenue streams in the County.

3.6.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.07 billion from the CRF account during the reporting period. The amount comprised of Kshs.319.85 million (15.4 per cent) for development programmes and Kshs.1.75 billion (84.6 per cent) for recurrent programmes.

3.6.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.88 billion on both development and recurrent programmes. The expenditure represented 90.8 per cent of the total funds released by the COB and comprised of Kshs.241.40 million and Kshs.1.64 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 11.2 per cent while recurrent expenditure represented 38 per cent of the annual recurrent budget.

3.6.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.36 billion was spent on Compensation to Employees, Kshs.276.34 million on Operations and Maintenance, and Kshs.241.40 million on Development activities as shown in Table 3.31.

Table 3.31: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,315,419,007	1,752,920,817	1,639,822,258	38.0
Compensation to Employees	3,049,557,975	1,435,065,132	1,363,486,393	44.7
Operations and Maintenance	1,265,861,032	317,855,685	276,335,865	21.8
Total Development Expenditure	2,149,239,311	319,845,021	241,403,302	11.2
Development Expenditure	2,149,239,311	319,845,021	241,403,302	11.2
Total	6,464,658,318	2,072,765,838	1,881,225,560	29.1

Source: Embu County Treasury

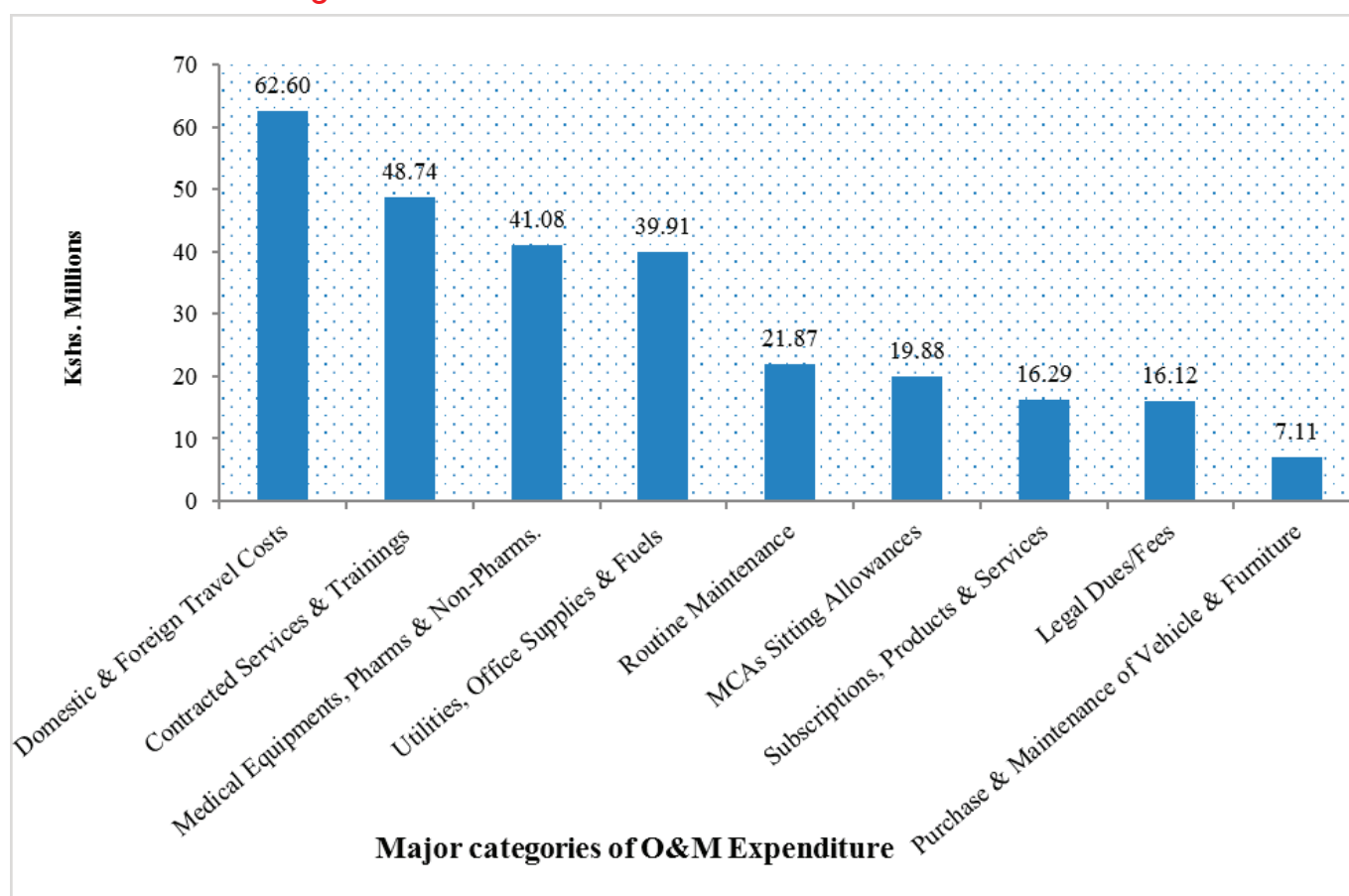
3.6.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 72.5 per cent of the total expenditure for the reporting period and 42.2 per cent of half year proportional revenue estimate of Kshs.3.23 billion.

3.6.7 Expenditure on Operations and Maintenance

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

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



Source: Embu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.19.88 million on committee sitting allowances for the 35 MCAs and Speaker against the annual budget allocation of Kshs.33.54 million. The average monthly sitting allowance was Kshs.94,687 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.62.60 million and comprised of Kshs.54.94 million spent by the County Assembly and Kshs.7.66 million by the County Executive.

3.6.8 COVID-19 Budget and Expenditure

The County did not budget for COVID 19 expenditure in the FY2020/21. However, the county spent Kshs.171.89 million of the unspent balances brought forward from FY2019/20 as shown in Table 3.32.

Table 3.32: COVID-19 Budget and Expenditure Summary

NO	Source of Funds	Description of Expenditure Category	Annual Budget Allocation (2019/2020)-Kshs..	Expenditure as of 30.12.2020 (Kshs)
1	Grants from the National Government	Purchase of Equipment and PPEs for hospital use	80,587,000	74,724,195
2	Grants from the National Government (Allowances)	Allowances for Health Workers in the County	48,465,000	48,465,000
3	County Own Contribution- Savings from Other Votes	Fuel County Government	12,000,000	1,400,000
		Utilization of Health Workers Allowances from County Government		2,599,790
		Supply of Surgical Mask		2,000,000
		Supply of PPE's and Sanitizers		6,000,000
4	Donations by Ministry of Health and Corporates	PPE's donated in Kind		36,700,015
Grand Total			141,052,000	171,889,000.34

Source: Embu County Treasury

3.6.9 Development Expenditure

The County reported an expenditure of Kshs.241.40 million on development programmes, which represented an increase of 309.6 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.58.94 million. Table 3.33 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.33: Embu County, List of Development Projects with the Highest Expenditure

No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading to bitumen standards of Mukuuri-Kanja road	Kanja Road	44,054,690	30,128,640	68.4
2	Upgrading to Bitumen Standards of Kivwe-Kithimu Road	Kithimu	24,000,000	18,380,114	76.6
3	Construction of The County Assembly Office Complex	Kirimari	102,500,000	15,000,000	14.6
4	Upgrading to bitumen standards of Rwika-Jeremiah Nyaga road	Mbeti South	13,000,000	12,756,657	98.1
5	Construction of ishiara bio-digester	Evurore	24,700,000	9,996,102	40.5
6	Upgrading to Bitumen Standards of Mate- Nthagaiya Road Phase II	Runyenjes Central	-	7,394,610	-
7	Upgrading to bitumen standards of Runyenjes-Kigaa road	Runyenjes Central	14,000,000	6,055,000	43.3
8	Proposed Clean Air System and Mechanical Conditioning in Molecular Lab for Level 5 Hospital	Kirimari	-	5,895,000	-
9	Development of CBROP,ADP,CFSP	County Wide	8,000,000	4,817,500	60.2
10	Completion of Kithimu grain store	Kithimu	5,000,000	4,500,000	90.0

Source: Embu County Treasury

The payment on upgrading to Bitumen Standards of Mate-Nthagaiya Road Phase II and Proposed Clean Air System and Mechanical Conditioning in Molecular Lab for Level 5 Hospital projects were among the pending bills yet to be settled as at 30th June 2020. However, the county should include all pending bills in the financial years' budget as a first charge and are settled as required by the law.

3.6.10 Budget Performance by Department

Table 3.34 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.34: Embu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	234.8	-	81.5	-	80.8	-	99.1%	-	34.4	-
County Public Service Board	43.1	-	13.0	-	13.4	-	103.0%	-	31.2	-
Public Service and Administration	397.7	20.0	194.8	-	191.0	-	98.0%	-	48.0	-
Gender, Culture, Children and Social Services	8.0	44.2	2.8	-	2.3	2.0	79.8%	-	28.0	4.4
Finance and Economic Planning	141.9	29.1	32.3	-	40.7	4.8	126.0	-	28.7	16.6
Trade Tourism Investment and Industrialization	23.1	44.0	9.6	-	8.3	-	86.8	-	35.9	-
Agriculture, Livestock, Fisheries and Co-Operative Development	265.9	229.4	133.0	121.9	118.2	4.5	88.9	3.7	44.5	2.0
Health	1,901.1	179.7	827.0	14.2	741.7	19.7	89.7	138.6	39.0	10.9
Embu Level 5 Hospital	222.1	154.1	94.4	8.0	51.7	11.8	54.8	147.4	23.3	7.6
Infrastructure, Public Works and Housing.	51.4	1,137.3	23.0	160.8	21.1	180.7	91.8	112.4	41.0	15.9
Education, Science and Technology	296.2	48.0	123.6	-	124.2	3.0	100.4	-	41.9	6.2
Lands, Physical Planning and Urban Development & Water	86.4	107.6	28.7	-	-	-	0.0	-	-	-
Youth Empowerment and Sports	7.8	33.3	3.5	-	0.6	-	16.9	-	7.5	-
Embu County Revenue Authority (ECRA)	25.8	-	5.0	-	1.1	-	22.2	-	4.3	-
County Assembly	610.1	122.5	180.7	15.0	244.8	15.0	135.5	100	40.1	12.2
TOTAL	4,315.4	2,149.2	1,752.9	319.8	1,639.8	241.4	93.5	75.5	38.0	11.2

Source: Embu County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 16.6 per cent. The Public Service and Administration had the highest percentage of recurrent expenditure to recurrent budget at 48 per cent while the Department of Lands, Physical Planning and Urban Development & Water did not report expenditure on recurrent programmes during the reporting period.

3.6.11 Budget Execution by Programmes and Sub-Programmes

Table 3.35 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.35: Embu County, Budget Execution by Programmes and Sub-programmes

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
OFFICE OF GOVERNOR					
General Administration Planning and Support Services	Management of County Affairs (Office of Governor)	140,881,939	48,450,605	92,431,334	34.4%
County Leadership and Coordination	Sub-County Administration and Field Services	46,960,646	16,150,202	30,810,445	34.4%
	Management of County Executive Services (Office of County Secretary)	28,176,388	9,690,121	18,486,267	34.4%
County Leadership and Coordination	Public Sector Advisory Services (Legal, Political, and Economic Advisors)	18,784,259	6,460,081	12,324,178	34.4%
Sub Total		234,803,232	80,751,008	154,052,224	34.4%
COUNTY PUBLIC SERVICE BOARD					
Administration of Human Resources in Public Service	Performance Management & Discipline	7,319,914	2,280,516	5,039,398	31.2%
	Administration of board programmes	10,764,579	3,353,700	7,410,879	31.2%
	Recruitment and Selection, Career Management, HR Policy & Audit	15,070,411	4,695,181	10,375,230	31.2%
	Quality service delivery in the County Public Service that is effective and efficient	9,903,413	3,085,404	6,818,009	31.2%
Sub Total		43,058,317	13,414,802	29,643,515	31.2%
PUBLIC SERVICE AND ADMINISTRATION					
General Administration Planning and Support Services	Service Delivery and Management of County Affairs	179,974,839	82,287,901	97,686,938	45.7%

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
Public Service	Human Resource Development and Culture Change Management	143,202,653	65,474,962	77,727,691	45.7%
	Office Infrastructure Expansion	94,544,373	43,227,476	51,316,897	45.7%
Sub Total		417,721,865	190,990,338	226,731,527	45.7%
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES					
Policy and General Administrative Services	General Administrative Unit	7,829,601	631,215	7,198,386	8.1%
Gender and Social Development	Communication Mobilization and Development	10,439,468	841,620	9,597,848	8.1%
	Social Welfare Services	7,829,601	631,215	7,198,386	8.1%
	Vocational Rehabilitation and Training	5,219,734	420,810	4,798,924	8.1%
	Gender Mainstreaming and Development	7,829,601	631,215	7,198,386	8.1%
Children Services	Child Rehabilitation and Custody	7,829,601	631,215	7,198,386	8.1%
Culture and Cultural Preservation	Cultural Preservation	5,219,734	420,810	4,798,924	8.1%
Sub Total		52,197,340	4,208,098	47,989,242	8.1%
FINANCE AND ECONOMIC PLANNING					
General Administration Planning and Support Services	Administration, Planning and Support Services	30,356,197	8,082,986	22,273,211	26.6%
Economic Policy and County Planning	Economic Development Planning and Coordination	42,498,676	11,316,180	31,182,496	26.6%
Financial Management Services	Control and Management of Public Finances	19,719,387	5,250,708	14,468,679	26.6%
Monitoring and Evaluation	Monitoring and Evaluation of projects	18,213,718	4,849,791	13,363,927	26.6%
Research and Statistics	County database and profile	15,178,099	4,041,493	11,136,606	26.6%
Kenya Devolution Support Programme	Kenya Devolution Support Programme	45,000,000	11,982,211	33,017,789	26.6%
Sub Total		170,966,077	45,523,368	125,442,709	26.6%
TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION					
Administrative Support Services	Administrative Support Services	7,970,283	984,899	6,985,384	12.4%
Trade development and Promotion	Trade development and Promotion	32,276,212	3,988,416	28,287,796	12.4%
Industrial Development and Investment	Industrial Development and Investment	14,757,048	1,823,549	12,933,499	12.4%
Tourism Development	Tourism Development	12,073,948	1,491,994	10,581,954	12.4%
Sub Total		67,077,491	8,288,858	58,788,633	12.4%
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT					
Administrative Support Services	Administrative Support Services	64,643,215	16,011,770	48,631,445	24.8%
Crop Development and Management	Crop Development and Management	230,960,274	57,207,594	173,752,680	24.8%
Agribusiness and Information Management	Agribusiness and Information Management	64,386,592	15,948,206	48,438,386	24.8%
Livestock Resources Management and Development	Livestock Resources Management and Development	85,763,248	21,243,087	64,520,161	24.8%
Fisheries Development	Fisheries Development	49,528,148	12,267,851	37,260,297	24.8%
Sub Total		495,281,477	122,678,508	372,602,969	24.8%
HEALTH					
Curative Health Services	Primary Health Care	1,198,371,306	438,497,221	759,874,084	36.6%
Preventive and Promotive Health Services	Health Promotion & Disease Control	493,240,945	180,482,279	312,758,666	36.6%
General Administration Planning and Support Services	General Administration services	389,200,317	142,412,670	246,787,646	36.6%
Sub Total		2,080,812,567	761,392,170	1,319,420,397	36.6%
EMBU LEVEL 5 HOSPITAL					
Curative Health Services	Primary Health Care	253,156,973	42,737,466	210,419,507	16.9%
Preventive and Promotive Health Services	Health Promotion & Disease Control	70,934,873	11,975,087	58,959,786	16.9%
General Administration Planning and Support Services	General Administration services	52,124,077	8,799,485	43,324,592	16.9%
Sub Total		376,215,923	63,512,038	312,703,885	16.9%
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING.					
General Administration Planning and Support Services	General Administration Services	118,873,336	20,181,678	98,691,658	17.0%

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
Roads Transport	Road Infrastructure and Public Works	891,550,021	151,362,583	740,187,438	17.0%
Energy and housing	Energy and Housing	178,310,004	30,272,517	148,037,488	17.0%
Sub Total		1,188,733,361	201,816,777	986,916,584	17.0%
EDUCATION, SCIENCE AND TECHNOLOGY					
General Administration, Planning and Support Services	General Administration and Support Services	137,698,237	50,856,884	86,841,353	36.9%
Quality Assurance and Standards	Quality Assurance and standards	68,849,118	25,428,442	43,420,676	36.9%
ECDE and Tertiary Education (Polytechnics)	ECDE and Tertiary Education (Polytechnics)	137,698,237	50,856,884	86,841,353	36.9%
Sub Total		344,245,592	127,142,210	217,103,382	36.9%
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
Land Policy and Planning	Spatial planning and urban Planning	9,699,190	0	9,699,190	0.0%
	Survey and land Planning	13,578,865	0	13,578,865	0.0%
General Administration, Planning and Support Services	General Administration and support Services	19,398,379	0	19,398,379	0.0%
Water Supply and sewerage Services	Domestic water supply	87,292,706	0	87,292,706	0.0%
Environment Management and Natural Resources Conservation	Environmental conservation	9,699,190	0	9,699,190	0.0%
Expansion and provision of Irrigation water	Supply of Irrigation water	54,315,462	0	54,315,462	0.0%
Sub Total		193,983,792	0	193,983,792	0.0%
YOUTH EMPOWERMENT AND SPORTS					
Youth Development and Empowerment Services	Youth Development and Empowerment Services	20,594,375	295,090	20,299,286	1.4%
Management and development of Sport and Sport facilities	Community Sports programme	16,475,500	236,072	16,239,428	1.4%
General Administration Planning and Support Services	General Administration services	4,118,875	59,018	4,059,857	1.4%
Sub Total		41,188,750	590,179	40,598,571	1.4%
EMBU COUNTY REVENUE AUTHORITY (ECRA)					
Financial Management Services	Revenue Management Services	4,708,689	204,378	4,504,311	4.3%
	Revenue Management Services	21,106,221	916,103	20,190,118	4.3%
Sub Total		25,814,910	1,120,481	24,694,429	4.3%
COUNTY ASSEMBLY					
General Administration Planning and Support Services	General Administration Planning and Support Services	280,650,931	102,001,533	178,649,398	36.3%
Legislation	Legislation	451,906,693	164,243,800	287,662,893	36.3%
Sub Total		732,557,624	266,245,333	466,312,291	36.3%
Grand Total		6,464,658,318	1,887,674,168	4,576,984,150	29.2%

Source: Embu County Treasury

Programmes with the highest absorption rates were: General Administration Planning and Support Services and Public Service in the Department of Public Service and Administration at 45.7 per cent, General Administration, Planning and Support Services, Quality Assurance and Standards ECDE and Tertiary Education (Polytechnics) in the Department of Education, Science and Technology at 36.9 per cent, Curative Health Services, Preventive and Promotive Health Services and General Administration Planning and Support Services at 36.6 per cent of budget allocation of department of Health and General Administration Planning and Support Services and Legislation in the Department of County Assembly at 36.3 per cent.

3.6.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.241.40 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.15 billion. The development expenditure represented 11.2 per cent of the annual development budget.
2. A high wage bill, which accounted for 72.5 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
3. Under-performance of own source revenue at Kshs.172.47 million against an annual projection of Kshs.909

million, representing 19 per cent of the annual target.

4. The County did not budget for pending bills in the FY 2020/21 budget therefore these bills could not be settled in the period under review.
5. Failure to budget for unspent balances of Kshs.483.92 million from the FY2019/20.

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

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should devise and implement strategies to address own source revenue performance to ensure the approved budget is fully financed.*
4. *The County should verify all pending bills and include them in the FY 2020/21 budget in order to settle them as first charge as stipulated in law.*
5. *The County should prepare a supplementary budget and budget for the unspent balances from the FY 2019/20.*

3.7 County Government of Garissa

3.7.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.10.18 billion, comprising of Kshs.3.48 billion (34.2 per cent) and Kshs.6.70 billion (65.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.03 billion (69 per cent) as the equitable share of revenue raised nationally, Kshs.1.65 billion (16.2 per cent) as total conditional grants, generate Kshs.150 million (1.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.30 billion (12.7 per cent) from FY 2019/20. The County also expects to receive Kshs.51.90 million (0.5 per cent) as "other revenues" not contained in the CARA, 2020.

3.7.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.77 billion as the equitable share of the revenue raised nationally, Kshs.376.63 million as conditional grants, raised Kshs.37.61 million as own-source revenue, and had a cash balance of Kshs.1.30 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.48 billion as shown in Table 3.36.

Table 3.36: Garissa County, Revenue Performance in the First Half of FY 2020/21

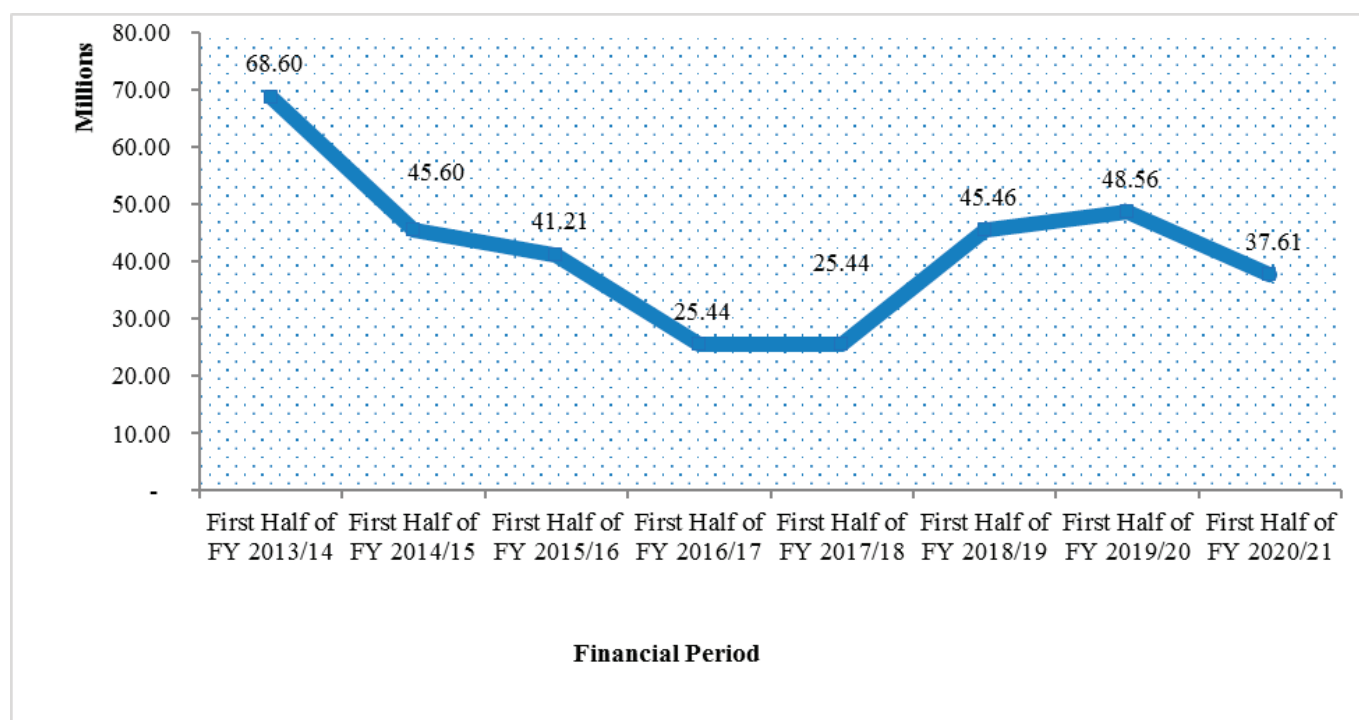
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,026,300,000	7,026,300,000	1,773,608,530	25.2
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	344,739,884	344,739,884	-	-
2.	Compensation for User Fee Foregone	12,964,636	12,964,636	-	-
3.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
4.	Road Maintenance Fuel Levy Fund	209,418,497	209,418,497	99,723,095	47.6
5.	Rehabilitation of Village Polytechnics	17,899,894	17,899,894	-	-
	Sub Total	717,044,188	717,044,188	99,723,095	13.9
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	33,760,000	33,760,000	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,528,195	320,528,195	105,477,960	32.9
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	DANIDA Grant	19,980,000	19,980,000	9,900,000	49.6
5.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	500,000,000	500,000,000	161,533,119	32.3

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,513,345	15,513,345	-	-
Sub Total		934,781,540	934,781,540	276,911,079	29.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	150,000,000	37,614,205	25.1
2.	Balance b/f from FY 2019/20	-	1,296,733,762	1,296,733,762	100
3.	Other Revenues	-	51,900,000	-	-
Sub Total		-	1,498,633,762	1,334,347,967	89.0
Grand Total		8,678,125,728	10,176,759,490	3,484,590,671	34.2

Source: Garissa County Treasury

Figure 3.13 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.13 : Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Garissa County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.37.61 million as own-source revenue. This amount represented a decrease of 22.5 per cent compared to Kshs.48.56 million realised during a similar period in FY 2019/20 and was 25.1 per cent of the annual target.

3.7.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.63 billion from the CRF account during the reporting period. The amount comprised of Kshs.709.32 million (19.5 per cent) for development programmes and Kshs.2.92 billion (80.5 per cent) for recurrent programmes.

3.7.4 Overall Expenditure Review

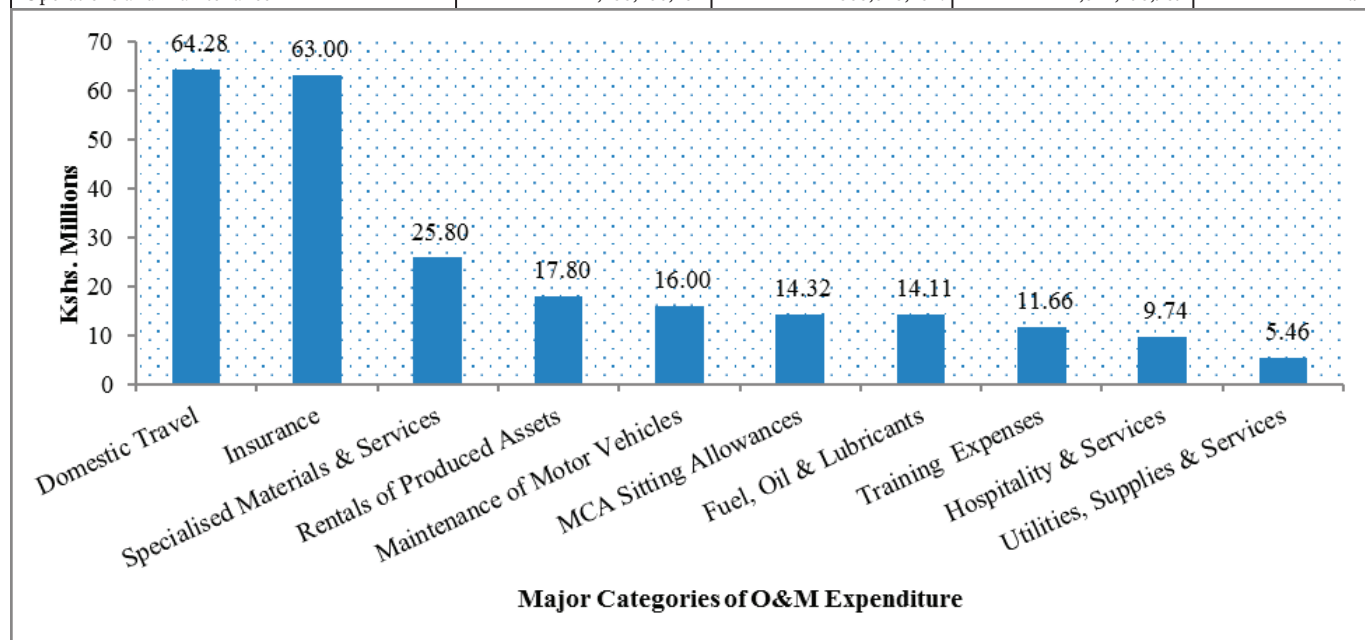
During the reporting period, the County spent a total of Kshs.3.50 billion on development and recurrent programmes. The expenditure represented 96.3 per cent of the total funds released by the COB and comprised of Kshs.360.07 million and Kshs.3.14 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 10.3 per cent while recurrent expenditure represented 46.9 per cent of the annual recurrent budget.

3.7.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.12 billion was spent on Compensation to Employees, Kshs.1.03 billion on Operations and Maintenance, and Kshs.360.08 million on development activities as shown in Table 3.37.

Table 3.37: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	6,696,475,196	2,924,599,037	3,140,209,844	46.9
Compensation to Employees	4,416,368,994	2,115,750,935	2,115,750,935	47.9
Operations and Maintenance	2,280,106,202	808,848,102.	1,024,458,909	44.9



Source: Garissa County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.14.32 million on committee sitting allowances for the 46 MCAs and Speaker against the annual budget allocation of Kshs.63.02 million. The average monthly sitting allowance was Kshs.48,707 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.64.27 million and comprised of Kshs.17.93 million spent by the County Assembly and Kshs.46.35 million by the County Executive.

3.7.8 COVID-19 Expenditure

A total of Kshs.88.52 million was brought forward from FY 2019/20 and was spent during the reporting period as shown in Table 3.38.

Table 3.38: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
1	DANIDA Grant	7,735,000	7,735,000
2	Health Workers Allowances	39,165,000	39,165,000
3	National Government Grant	41,619,000	41,619,000
Total		88,519,000	88,519,000

Source: Garissa County Treasury

3.7.9 Development Expenditure

The County incurred an expenditure of Kshs.360.07 million on development programmes, which represented a decrease of 28 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.500.36 million. Table 3.39 provides a summary of development projects with the highest expenditure in the reporting period.

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

	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
4.	Construction of County Head Quarters	Township	275,521,642	33,000,000	12.0
5.	Construction of Masalani State Lodge	Masalani	92,338,394	10,000,000	10.8
6.	Construction of Bura State Lodge	Fafi	67,746,378	16,000,000	23.6
7.	Construction of Gaimagala Bura Junction Road	Bura-Fafi	34,564,942	2,500,000	7.2
8.	Construction of Oliye Water Pan	Balamba	29,499,692	5,000,000	16.9
9.	Construction of new Water Pan Konza	Ijara	27,312,675	5,000,000	18.3
10.	Construction of Water Pan	Helugho	25,819,285	8,000,000	31.0
11.	Rehabilitation of Masalani Water Supply	Masalani	23,963,280	5,000,000	20.9
12.	Construction of Laku Water Supply	Fafi	22,612,986	4,000,000	17.7
13.	Construction of Water Pan at Keno	Kuno Bulamba	12,678,564	6,000,000	47.3

Source: Garissa County Treasury

3.7.10 Budget Performance by Department

Table 3.40 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.40: Garissa County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock and Fisheries	204.22	452.95	62.99	105.48	52.47	50.52	83.3	47.9	25.7	11.2
Gender, Social Services & Sports	76.20	70.00	17.09	-	12.45	-	72.8	-	16.3	-
Roads and Transport	40.32	508.86	20.34	199.45	18.74	201.64	92.1	101.1	46.5	39.6
Education & Labour	724.18	67.94	351.03	-	230.30	-	65.6	-	31.8	-
Environment, Energy & Natural Resources	63.16	-	51.24	-	48.12	-	93.9	-	76.2	-
Lands, Housing and works, Urban Development	281.59	20.00	112.29	-	100.23	-	89.3	-	35.6	-
Finance & Economic Planning	1,295.34	640.00	980.46	75.85	980.46	9.93	100	13.1	75.7	1.6
Health & Sanitation	2,453.85	332.02	1,144.06	-	1,144.06	-	100	-	46.6	-
Trade, Enterprise Development and Tourism	90.00	100.00	60.00	-	20.44	-	34.1	-	22.7	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water & Irrigation Services	199.56	905.00	130.78	161.53	80.21	97.99	61.3	60.7	40.2	10.8
Executive Services	393.79	-	117.58	-	100.45	-	85.4	-	25.5	-
County Public Service Board	37.07	-	25.83	-	25.83	-	100.0	-	69.7	-
Town management Board	80.80	233.51	60.45	167.01	60.45	-	100.0	-	74.8	-
County Assembly	756.40	150.00	266.00	-	266.00	-	100.0	-	35.2	-
TOTAL	6,696.48	3,480.28	3,400.14	709.32	3,140.21	360.08	92.4	50.8	46.9	10.3

Source Garissa County Treasury

Analysis of development expenditure by department shows that the Department of Roads and Transport recorded the highest absorption rate of development budget at 39.6 per cent. The Department of Environment, Energy and Natural Resources had the highest percentage of recurrent expenditure to recurrent budget at 76.2 per cent while the Department of Gender, Social Services had the lowest absorption at 16.3 per cent.

3.7.11 Budget Execution by Programmes and Sub-Programmes

Table 3.41 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

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

Programme	Sub Programme	Approved Budget (Kshs.)	Payment (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture	Livestock Production				
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	2,000,000	432,800	1,567,200	21.6
	Sub Total	5,550,000	432,800	5,117,200	7.8
Veterinary Services	Current Grants to Semi-Autonomous Government Agencies	29,020,018	11,000,000	18,020,018	37.9
	Other Capital Grants and Trans	15,513,345	0	15,513,345	-
	Sub Total	137,571,599	11,000,000	126,571,599	8.0
	Foods and Rations	5,000,000	2,455,750	2,544,250	49.1
	Current Grants to Semi-Autonomous Government Agencies	27,715,000	13,814,728	13,900,272	49.8
	Sub Total	163,415,000	16,270,478	147,144,522	10.0
	Basic Salaries - Civil Service	1,559,746,851	779,500,000	780,246,851	50.0
	Contractual Employees	18,502,667	9,000,000	9,502,667	48.6
	House Allowance	145,390,391	72,200,000	73,190,391	49.7
	Horaria	34,692,498	13,722,468	20,970,030	39.6
	Hardship Allowance	94,440,691	47,000,000	47,440,691	49.8
	Special Duty Allowance	4,625,666	1,620,145	3,005,521	35.0
	Extraneous Allowance	73,857,498	30,482,916	43,374,582	41.3
	Security Allowance	7,243,275	1,219,000	6,024,275	16.8
	Current Grants to Semi-Autonomous Government Agencies	46,724,636	4,027,819	42,696,817	8.6
	Purchase of Office Furniture and Fittings	4,000,000	1,426,590	2,573,410	35.7
	Purchase of air conditioners, Fans and Heating Appliances	2,310,514	0	2,310,514	-
	Sub Total	2,145,694,526	960,316,539	1,185,377,987	44.8
	Basic Salaries - Civil Service	324,088,122	0	324,088,122	-
	House Allowance	40,297,180	877,182	39,419,998	2.2
	Sub Total	493,889,663	1,777,182	492,112,481	0.4

Programme	Sub Programme	Approved Budget (Kshs.)	Payment (Kshs.)	Variance (Kshs.)	Absorption (%)
	Accommodation - Domestic Travel	300,000	100,000	200,000	33.3
	Daily Subsistence Allowance	1,000,000	500,000	500,000	50.0
	Sub Total	14,412,400	600,000	13,812,400	4.2
	Gratuity - Civil Servants	51,511,478	0	51,511,478	-
	Sub Total	189,991,478	0	189,991,478	-
Information and ICT	Information and ICT			0	-
	Purchase of Computers, Printers and other IT Equipment	3,848,377	0	3,848,377	-
	Sub Total	724,177,474	2,377,182	721,800,292	0.3
County Assembly	Garissa - County Assembly			0	-
Speakers office	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	1,286,968	643,484	643,484	50.0
	Daily Subsistence Allowance	2,184,000	1,092,000	1,092,000	50.0
	Sub Total	7,110,968	1,735,484	5,375,484	24.4
Office of the Clerk	Clerk's Office			0	-
	Basic Salaries - County Assembly Service	170,658,280	118,642,633	52,015,647	69.5
	House Allowance	28,966,320	6,430,733	22,535,587	22.2
	Hardship Allowance	24,533,016	3,673,007	20,860,009	15.0
	Transport Allowance	11,472,000	500,000	10,972,000	4.4
	Employer Contributions to National Social Security Fund	2,132,000	129,600	2,002,400	6.1
	Employer Contributions to Private Social Security Funds and Schemes	16,968,445	4,230,135	12,738,310	24.9
	Electricity	3,000,000	304,811	2,695,189	10.2
	Water and Sewerage Charges	600,000	50,000	550,000	8.3
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	1,800,000	900,000	900,000	50.0
	Daily Subsistence Allowance	28,000,000	12,107,400	15,892,600	43.2
	Sundry Items (e.g. airport tax, taxis, etc?)	600,000	0	600,000	-
	Travel Allowance	8,000,000	4,000,000	4,000,000	50.0
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	1,000,000	498,920	501,080	49.9
	Boards, Committees, Conferences and Seminars	1,500,000	30,000	1,470,000	2.0
	General Office Supplies (papers, pencils, forms, small office equipment etc)	600,000	268,096	331,904	44.7
	Refined Fuels and Lubricants for Transport	3,419,200	493,400	2,925,800	14.4
	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	5,000,000	532,400	4,467,600	10.6
	Security Operations	5,000,000	2,666,300	2,333,700	53.3
		335,149,261	155,457,435	179,691,826	46.4
	Boards, Committees, Conferences and Seminars	1,300,000	0	1,300,000	-
	Group Personal Insurance	27,000,000	19,000,000	8,000,000	70.4
	Plant, Equipment and Machinery Insurance	2,000,000	798,818	1,201,182	39.9
	Maintenance Expenses - Motor Vehicles	1,600,000	0	1,600,000	-
	Maintenance of Plant, Machinery and Equipment (including lifts)	500,000	35,400	464,600	7.1
	Maintenance of Office Furniture and Equipment	500,000	250,000	250,000	50.0

Programme	Sub Programme	Approved Budget (Kshs.)	Payment (Kshs.)	Variance (Kshs.)	Absorption (%)
	Maintenance of Buildings and Stations -- Non-Residential	2,000,000	1,000,000	1,000,000	50.0
	Maintenance of Communications Equipment	500,000	14,100	485,900	2.8
	Sub Total	35,400,000	21,098,318	14,301,682	59.6
General Administration	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	2,000,000	997,700	1,002,300	49.9
	Daily Subsistence Allowance	22,700,000	10,176,658	12,523,342	44.8
	Publishing & Printing Services	500,000	106,670	393,330	21.3
	Advertising, Awareness and Publicity Campaigns	700,000	334,498	365,502	47.8
	Hire of Transport, Equipment	1,200,000	0	1,200,000	-
	Travel Allowance	10,000,000	1,514,400	8,485,600	15.1
	Remuneration of Instructors and Contract Based Training Services	1,000,000	0	1,000,000	-
	Production and Printing of Training Materials	500,000	0	500,000	-
	Hire of Training Facilities and Equipment	1,000,000	239,400	760,600	23.9
	Boards, Committees, Conferences and Seminars	3,500,000	1,310,200	2,189,800	37.4
	Supplies and Accessories for Computers and Printers	1,700,000	802,574	897,426	47.2
	Maintenance of Computers, Software, and Networks	3,500,000	800,000	2,700,000	22.9
	Sub Total	51,800,000	16,282,100	35,517,900	31.4
General Administration	Horaria	4,224,000	1,520,000	2,704,000	36.0
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	800,000	108,516	691,484	13.6
	Daily Subsistence Allowance	5,600,000	2,800,000	2,800,000	50.0
	Travel Allowance	5,000,000	2,500,000	2,500,000	50.0
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	1,000,000	90,000	910,000	9.0
	Boards, Committees, Conferences and Seminars	500,000	0	500,000	-
	Sub Total	21,124,000	7,018,516	14,105,484	33.2
General Administration	Basic Salaries - Members of Parliament	147,513,811	71,325,926	76,187,885	48.4
	Transport Allowance	17,280,000	7,821,233	9,458,767	45.3
	National Assembly Attendance Allowance	63,024,000	25,662,263	37,361,737	40.7
				0	-
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	45,240,000	19,366,847	25,873,153	42.8
	Daily Subsistence Allowance	1,900,000	927,400	972,600	48.8
				0	-
	Rents and Rates - Non-Residential	7,360,000	1,230,000	6,130,000	16.7
	Boards, Committees, Conferences and Seminars	1,500,000	0	1,500,000	-
	Gratuity - Members of Parliament	18,000,000	9,000,000	9,000,000	50.0
	Sub Total	305,817,811	135,333,670	170,484,141	44.3
Governor's Office	Governor's Office			0	-
	Security Allowance	3,000,000	460,000	2,540,000	15.3
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	2,000,000	1,000,000	1,000,000	50.0
	Accommodation - Domestic Travel	2,000,000	1,000,000	1,000,000	50.0
	Daily Subsistence Allowance	1,500,000	700,000	800,000	46.7

Programme	Sub Programme	Approved Budget (Kshs.)	Payment (Kshs.)	Variance (Kshs.)	Absorption (%)
	Travel Costs (airlines, bus, railway, etc.)	1,500,000	400,000	1,100,000	26.7
	Sub Total	179,400,000	3,560,000	175,840,000	2.0
Deputy Governor's Office	Deputy Governor's Office			0	-
	Deputy Governor's Office			0	-
	Security Allowance	2,500,000	756,000	1,744,000	30.2
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	1,000,000	500,000	500,000	50.0
	Accommodation - Domestic Travel	1,000,000	331,600	668,400	33.2
	Sub Total	36,120,000	1,587,600	34,532,400	4.4
General Administration	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	500,000	238,000	262,000	47.6
	Accommodation - Domestic Travel	800,000	382,392	417,608	47.8
	Daily Subsistence Allowance	800,000	400,000	400,000	50.0
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	500,000	226,200	273,800	45.2
	General Office Supplies (papers, pencils, forms, small office equipment etc)	500,000	0	500,000	-
	Sub Total	3,713,739	1,246,592	2,467,147	33.6
Finance and Economic Planning	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	800,000	400,000	400,000	50.0
	Accommodation - Domestic Travel	800,000	400,000	400,000	50.0
	Daily Subsistence Allowance	800,000	367,762	432,238	46.0
	Accommodation Allowance	500,000	168,000	332,000	33.6
	Trainee Allowance	300,000	78,400	221,600	26.1
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	500,000	250,000	250,000	50.0
	Boards, Committees, Conferences and Seminars	800,000	400,000	400,000	50.0
	Sub Total	6,780,000	2,064,162	4,715,838	30.4
General Administration	Basic Salaries - Civil Service	157,667,431	78,833,054	78,834,377	50.0
	House Allowance	15,493,843	3,309,246	12,184,597	21.4
	Hardship Allowance	14,849,092	5,236,170	9,612,922	35.3
	Accommodation - Domestic Travel	700,000	284,517	415,483	40.6
	Daily Subsistence Allowance	800,000	400,000	400,000	50.0
	Sub Total	208,927,781	88,062,988	120,864,793	42.1
General Administration	Basic Salaries - Civil Service	13,093,930	4,043,997	9,049,933	30.9
	Transport Allowance	2,012,000	969,400	1,042,600	48.2
	Accommodation - Domestic Travel	1,000,000	500,000	500,000	50.0
	Daily Subsistence Allowance	1,000,000	500,000	500,000	50.0
	Hire of Transport, Equipment	1,500,000	450,000	1,050,000	30.0
	Travel Allowance	500,000	210,000	290,000	42.0
	Boards, Committees, Conferences and Seminars	800,000	400,000	400,000	50.0
	Sub Total	34,086,000	7,073,397	27,012,603	20.8
Procurement	Internet Connections	50,000	17,762	32,238	35.5
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	800,000	400,000	400,000	50.0
	Accommodation - Domestic Travel	800,000	400,000	400,000	50.0
	Daily Subsistence Allowance	800,000	350,000	450,000	43.8

Programme	Sub Programme	Approved Budget (Kshs.)	Payment (Kshs.)	Variance (Kshs.)	Absorption (%)
	Trainer Allowance	100,000	6,500	93,500	6.5
	Accommodation Allowance	500,000	250,000	250,000	50.0
	Trainee Allowance	200,000	100,000	100,000	50.0
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	500,000	250,000	250,000	50.0
	Boards, Committees, Conferences and Seminars	500,000	105,000	395,000	21.0
	Sub Total	5,630,000	1,879,262	3,750,738	33.4
Audit	Internal Audit Department				-
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	500,000	250,000	250,000	50.0
	Accommodation - Domestic Travel	500,000	106,500	393,500	21.3
				0	-
	Daily Subsistence Allowance	500,000	250,000	250,000	50.0
	Trainee Allowance	200,000	29,300	170,700	14.7
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	600,000	300,000	300,000	50.0
	Boards, Committees, Conferences and Seminars	500,000	112,000	388,000	22.4
	Sub Total	3,862,600	1,047,800	2,814,800	27.1
General Administration	Basic Salaries - Civil Service	20,830,000	8,226,629	12,603,371	39.5
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	800,000	300,000	500,000	37.5
	Accommodation - Domestic Travel	1,000,000	500,000	500,000	50.0
	Daily Subsistence Allowance	1,000,000	500,000	500,000	50.0
	Accommodation Allowance	500,000	250,000	250,000	50.0
	Trainee Allowance	500,000	250,000	250,000	50.0
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	200,000	63,200	136,800	31.6
	Boards, Committees, Conferences and Seminars	200,000	95,000	105,000	47.5
	Donations	44,000,000	15,305,860	28,694,140	34.8
	Payables from Previous Financial Period - Other (Budget)s	22,038,706	10,404,860	11,633,846	47.2
	Sub Total	196,978,706	35,895,549	161,083,157	18.2
General Administration	Basic Salaries - Civil Service	240,837,780	166,701,904	74,135,876	69.2
				0	-
	House Allowance	16,020,580	6,045,466	9,975,114	37.7
	Hardship Allowance	19,006,558	0	19,006,558	-
	Transport Allowance	438,016	105,000	333,016	24.0
	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	800,000	400,000	400,000	50.0
	Accommodation - Domestic Travel	800,000	400,000	400,000	50.0
	Daily Subsistence Allowance	800,000	300,000	500,000	37.5
	Travel Costs (airlines, bus, railway, etc.)	1,000,000	500,000	500,000	50.0
	Accommodation	800,000	400,000	400,000	50.0
	Daily Subsistence Allowance	1,000,000	500,000	500,000	50.0
	Sundry Items (e.g. airport tax, taxis, etc?)	800,000	340,000	460,000	42.5
	Travel Allowance	500,000	230,400	269,600	46.1
	Trainer Allowance	500,000	183,000	317,000	36.6
	Accommodation Allowance	500,000	250,000	250,000	50.0
	Trainee Allowance	500,000	191,400	308,600	38.3

Programme	Sub Programme	Approved Budget (Kshs.)	Payment (Kshs.)	Variance (Kshs.)	Absorption (%)
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	500,000	250,000	250,000	50.0
	Boards, Committees, Conferences and Seminars	1,000,000	500,000	500,000	50.0
	Refined Fuels and Lubricants for Transport	1,000,000	500,000	500,000	50.0
	Trainee Allowance	200,000	39,000	161,000	19.5
	Sub Total	16,780,548	5,422,278	11,358,270	32.3
General Administration	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	1,000,000	0	1,000,000	-
	Accommodation - Domestic Travel	1,000,000	500,000	500,000	50.0
	Hire of Transport, Equipment	5,200,000	1,450,000	3,750,000	27.9
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	1,000,000	500,000	500,000	50.0
	Boards, Committees, Conferences and Seminars	500,000	250,000	250,000	50.0
	Supplies for Production	10,000,000	893,136	9,106,864	8.9
	Refined Fuels and Lubricants for Transport	3,000,000	1,063,000	1,937,000	35.4
	Maintenance Expenses - Motor Vehicles	2,000,000	500,000	1,500,000	25.0
	Sub Total	194,556,361	5,156,136	189,400,225	2.7
General Administration	Refined Fuels and Lubricants for Transport	1,000,000	500,000	500,000	50.0
	Maintenance of Office Furniture and Equipment	600,000	0	600,000	-
	Sub Total	5,000,000	500,000	4,500,000	10.0
General Administration	Accommodation - Domestic Travel	200,000	97,600	102,400	48.8
	Sub Total	1,614,626	97,600	1,517,026	6.0
General Administration	Basic Salaries - Civil Service	154,932,739	52,474,693	102,458,046	33.9
	House Allowance	54,866,827	20,941,020	33,925,807	38.2
General Administration	Travel Costs (airlines, bus, railway, mileage allowances, etc.)	100,000	10,315	89,685	10.3
	Accommodation - Domestic Travel	300,000	150,000	150,000	50.0
	Sub Total	248,500,000	73,576,028	174,923,972	29.6
General Administration	Accommodation - Domestic Travel	500,000	201,500	298,500	40.3
	Sub Total	6,696,475,196	3,140,209,844	3,556,265,352	46.9
Development Vote					-
Total Net Expenditure vote D3311		452,951,045		452,951,045	-
Roads Maintenance	Garissa - Ministry of Transport and Infrastructure				-
	Maintenance of Roads, Ports and Jetties	209,418,497	208,194,069	1,224,428	99.4
	Major Roads	100,000,000	4,143,659	95,856,341	4.1
	Payables from Previous Financial Period - Other (Budget)s	199,446,188	199,418,245	27,943	100.0
	Sub Total	508,864,685	411,755,973	97,108,712	80.9
Office of the Clerk	Clerk's Office				-
	Residential Buildings (including hostels)	50,000,000	0	50,000,000	-
	Non-Residential Buildings (offices, schools, hospitals, etc.)	100,000,000	12,014,347	87,985,653	12.0
	Sub Total	150,000,000	12,014,347	137,985,653	8.0
	Payables from Previous Financial Period - Other (Budget)s	550,000,000	306,616,495	243,383,505	55.7

Programme	Sub Programme	Approved Budget (Kshs.)	Payment (Kshs.)	Variance (Kshs.)	Absorption (%)
	Sub Total	3,480,284,294	306,616,495	293,383,505	8.8
	Total Expenditure	10,176,759,490	3,140,209,844	7,036,549,646	30.9

Source: Garissa County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Maintenance of Roads, Ports and Jetties in the Department of Roads and infrastructure Development at 99.4 per cent, General Administration in the Department of Office of the Clerk at 70 per cent, General Administration in the Department of Office of the Governor at 50 per cent.

3.7.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were submitted on 14th February, 2021. Contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.360.07 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.14 billion. The development expenditure represented 10.3 per cent of the annual development budget. The low expenditure is despite the county carrying a cash balance of Kshs.1.3 billion from FY 2019/20.
3. A high wage bill, which accounted for 60.4 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
4. Underperformance of own source revenue at Kshs.37.61 million against an annual projection of Kshs.150 million, representing 25.1 per cent of the annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*

3.8 County Government of Homa Bay

3.8.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.7.86 billion, comprising of Kshs.2.68 billion (34.1 per cent) and Kshs.5.18 billion (65.9 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.74 billion (85.7 per cent) as the equitable share of revenue raised nationally, Kshs.704.95 million (9.0 per cent) as total conditional allocation, generate Kshs.296.16 million (3.8 per cent) from own sources of revenue, and a cash balance of Kshs.30.68 million (0.4 per cent) from FY 2019/20.

3.8.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.22 billion as the equitable share of the revenue raised nationally, Kshs.191.32 million as conditional allocation, raised Kshs.33 million as own-source revenue, and had a cash balance of Kshs.687.74 million from FY 2019/20. The County also received Kshs.5.42 million from UN Habitat for completion of Nyakwere market. The total funds available for budget implementation during the period amounted to Kshs.3.17 billion as shown in Table 3.42.

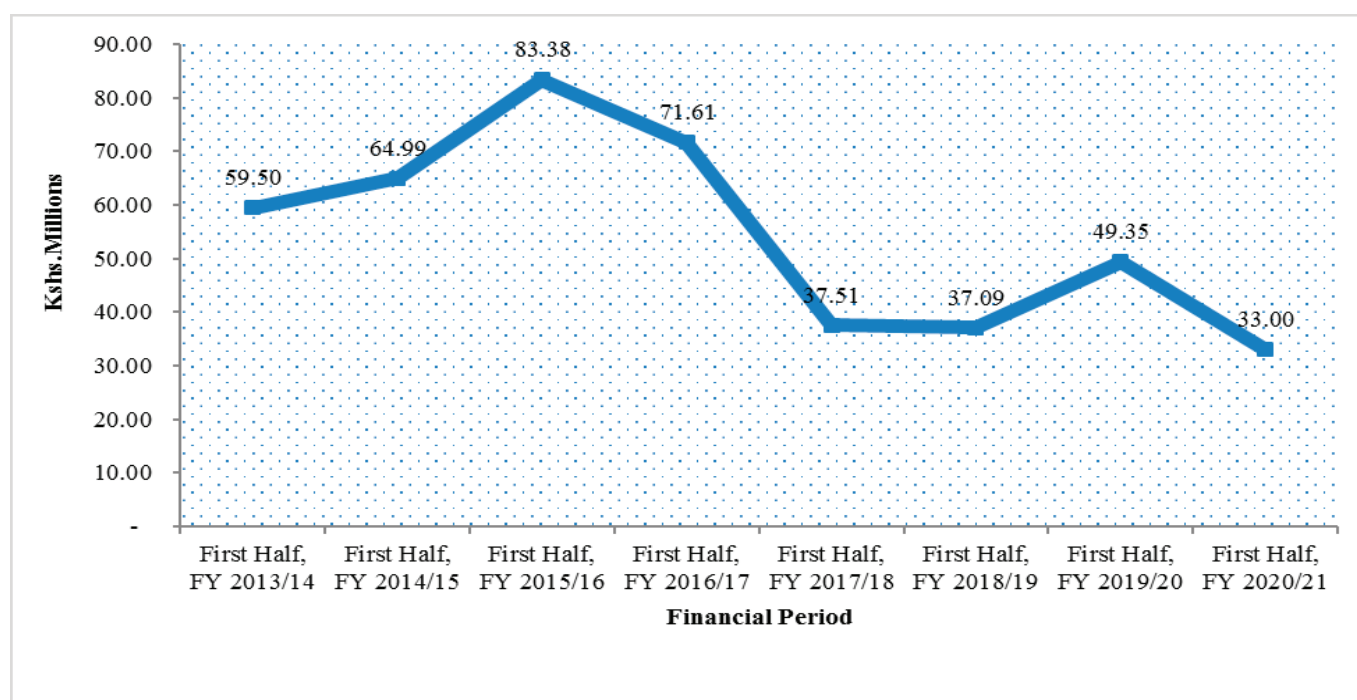
Table 3.42: Homa Bay County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,741,450,000	6,741,450,000	2,224,678,500	33.0
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	22,185,346	22,185,346	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	200,928,558	200,928,558	98,072,272	48.8
4.	Rehabilitation of Village Polytechnics	40,399,894	40,399,894	-	-
Sub Total		395,535,075	395,535,075	98,072,272	24.8
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	33,040,000	33,040,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,467,950	198,467,950	93,245,922	47.0
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	DANIDA Grant	19,170,000	19,170,000	-	-
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,738,669	13,738,669	-	-
Sub Total		309,416,619	309,416,619	93,245,922	30.1
D	Other Sources of Revenue				
1.	Own Source Revenue	-	296,163,284	32,999,300	11.1
2.	Balance b/f from FY 2019/20	-	30,676,139	687,743,382	2241.9
3.	Other Revenues (UN Habitat)	-	-	5,421,500	-
4.	A-I-A	-	89,347,885	27,022,742	30.2
Sub Total		-	416,187,308	753,186,924	181.0
Grand Total		7,446,401,694	7,862,589,002	3,169,183,618	40.3

Source: Homa Bay County Treasury

Figure 3.15 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.15: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Homa Bay County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.33 million as own-source revenue. This amount represented a decrease of 33.1 per cent compared to Kshs.49.35 million realised during a similar period in FY 2019/20 and was 11.1 per cent of the annual target. The significant decrease was attributed to closure of business and other restrictions meant to curb the spread of COVID -19 pandemic. These measures affected revenue streams such as market dues and bus park/parking fees.

3.8.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.00 billion from the CRF account during the reporting period. The amount comprised of Kshs.745.49 million (24.8 per cent) for development programmes and Kshs.2.26 billion (75.2 per cent) for recurrent programmes.

3.8.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.95 billion on development and recurrent programmes. The expenditure represented 98.3 per cent of the total funds released by the COB and comprised of Kshs.745.49 million and Kshs.2.21 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 27.8 per cent while recurrent expenditure represented 42.6 per cent of the annual recurrent budget.

3.8.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.79 billion was spent on compensation to employees, Kshs.423.76 million on operations and maintenance, and Kshs.745.48 million on development activities as shown in Table 3.43.

Table 3.43: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	5,184,124,376	2,259,279,565	2,209,394,942	42.6
Compensation to Employees	3,333,831,092	1,776,968,437	1,785,633,140	53.6
Operations and Maintenance	1,850,293,284	482,311,128	423,761,802	22.9
Total Development Expenditure	2,678,464,626	745,488,320	745,488,320	27.8
Development Expenditure	2,678,464,626	745,488,320	745,488,320	27.8
Total	7,862,589,002	3,004,767,885	2,954,883,262	37.6

Source: Homa Bay County Treasury

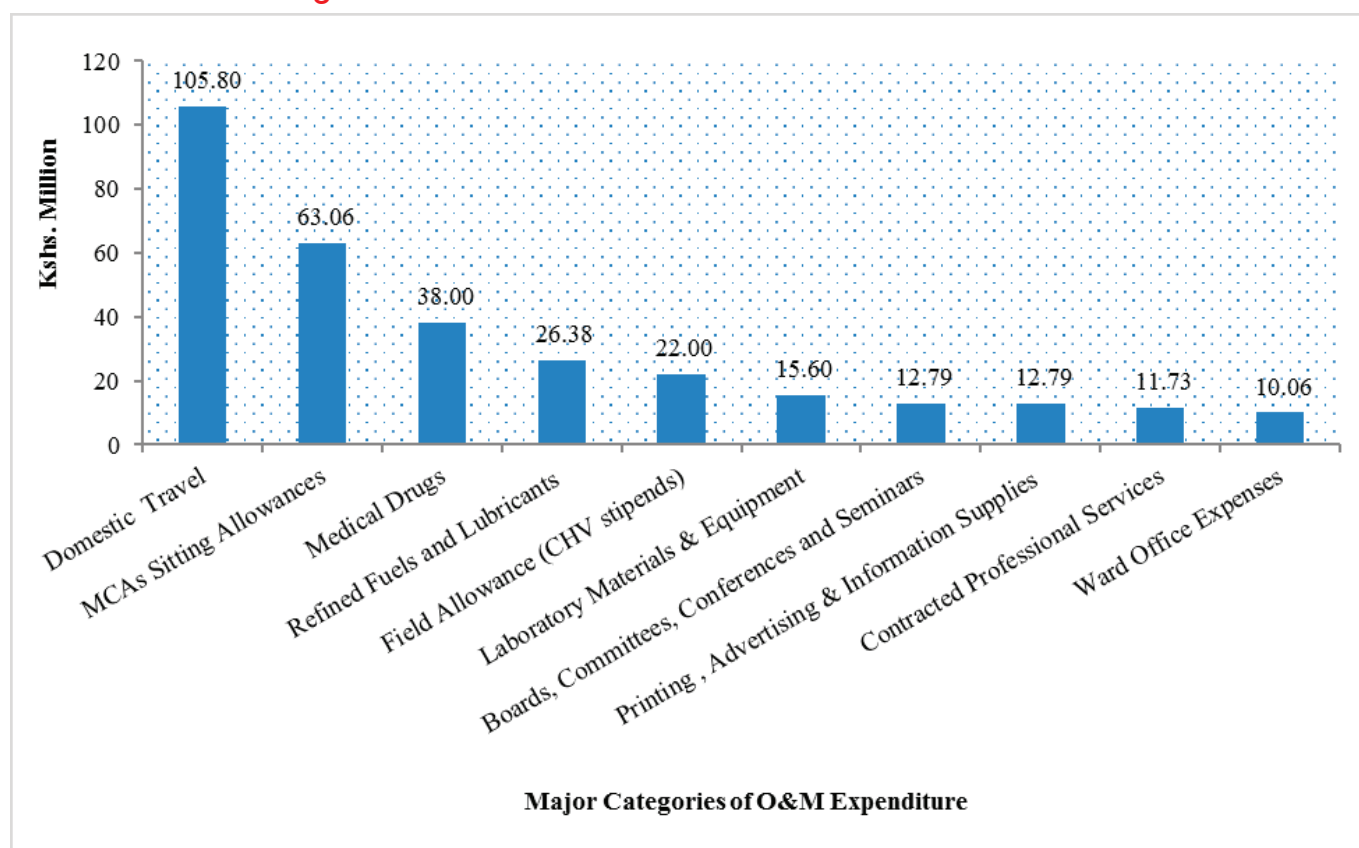
3.8.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 60.4 per cent of the total expenditure for the reporting period and 56.3 per cent of available revenue of Kshs.3.17 billion.

3.8.7 Expenditure on Operations and Maintenance

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

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



Source: Homa Bay County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.63.06 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.117.72 million. The average monthly sitting allowance was Kshs.172,295 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.105.80 million and comprised of Kshs.73.37 million spent by the County Assembly and Kshs.32.43 million by the County Executive.

3.8.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county did not provide funds to cater for COVID-19 related expenditure. A total of Kshs.173.29 million was brought forward from FY 2019/20 while Kshs.146.04 million was spent during the reporting period. Table 3.44 provides a summary of the COVID-19 expenditure.

Table 3.44: Summary of COVID-19 Expenditure

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1.	Construction of ICU/Isolation wards	110,105,577
2.	Sanitizers, masks, thermos gun & other items	20,519,799
3.	Allowance to health workers under COVID 19 unit	7,908,000
4.	Purchase of PPEs	5,805,500
5.	Others (Hotels, fuel, printing and publications)	4,020,000
Total		148,358,876

Source: Homa Bay County Treasury

3.8.9 Development Expenditure

The County incurred an expenditure of Kshs.745.49 million on development programmes, which represented an increase of 30.1 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 573.12 billion. Table 3.45 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.45: Homa Bay County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate
1	Completion of phase 1 of Homa Bay Stadium	Homa Bay Town	100,000,000	40,000,000	39,070,296	39.1
2	Construction of Sena Level IV Maternity	Mfangano Ward	28,697,295	25,787,777	25,787,777	89.9
3	Mfangano Ring Road	Mfangano Ward	18,259,890	18,259,891	18,259,891	100.0
4	Bala-Kapunda - Lwanda Access Road	West Karachuonyo	15,380,310	15,380,310	15,380,310	100.0
5	Rakwaro - Lida - Sikri Road	Wangchieng Ward	12,128,770	12,128,770	12,128,770	100.0
6	Kowuonda-Koga Road	Kanyadoto Ward	11,221,277	11,221,277	11,221,277	100.0
7	Nyakwere-Chuowe Road	Wangchieng Ward	11,113,367	11,113,367	11,113,367	100.0
8	Kogwe-Randung-Sinema Road	Gem West/ Homa Bay East Wards	8,386,889	8,386,889	8,386,889	100.0
9	Kawuonda-Kokidi Pan	North Karachuonyo	4,695,579	4,695,579	4,695,579	100.0
10	Construction of Ogando Dispensary	Lambwe Ward	4,295,846	4,295,846	4,295,846	100.0

Source: Homa Bay County Treasury

3.8.10 Budget Performance by Department

Table 3.46 shows a summary of the approved budget allocation and performance by department in the first half of FY 2020/21.

Table 3.46: Homa Bay County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Food Security	178.97	359.42	120.00	98.67	119.77	85.57	99.8	86.7	66.9	23.8
Tourism, Sports, Youth Gender, Culture and Social Services	51.58	112.00	13.00	40.00	12.99	39.07	99.9	97.7	25.2	34.9
Roads, Transport and Public Works	74.92	781.59	39.00	244.99	36.20	256.07	92.8	104.5	48.3	32.8
Energy and Mining	35.78	70.00	12.00	-	11.34	1.03	94.5	-	31.7	1.5
Education and ICT	534.23	120.00	280.00	10.00	279.50	9.79	99.8	97.9	52.3	8.2
Health Services	2,080.87	360.32	1,034.81	221.82	1,034.27	220.38	99.9	99.3	49.7	61.2
Lands, Housing, Urban Development and Physical Planning	51.16	72.70	17.00	2.00	16.90	2.05	99.4	102.3	33.0	2.8
Trade, Industry, Cooperatives and Enterprise Development	192.95	100.94	126.00	14.00	125.73	14.84	99.8	106.0	65.2	14.7
Water, Environment and Natural Resources	119.35	280.00	39.00	110.00	38.70	109.94	99.2	99.9	32.4	39.3
Finance, Economic Planning and Service Delivery	227.48	121.22	42.22	4.00	41.93	4.55	99.3	113.7	18.4	3.8
Office of the Governor	600.30	46.00	101.59	-	101.09	1.71	99.5	-	16.8	3.7
County Public Service Board	77.69	2.00	12.66	-	12.65	0.50	100.0	-	16.3	25.0
County Assembly	932.23	122.28	420.00	-	377.32	-	89.8	-	40.5	-
Municipal Board	26.60	130.00	2.00	-	1.00	-	50.1	-	3.8	-
TOTAL	5,184.12	2,678.46	2,259.28	745.49	2,209.39	745.49	97.8	100.0	42.6	27.8

Source: Homa Bay County Treasury

Analysis of expenditure by department shows that the Department of Health services recorded the highest absorption rate of development budget at 61.2 per cent while the County Assembly and the Municipal Board did not report any expenditure on development activities. The Department of Agriculture, Livestock, Fisheries and Food Security had the highest percentage of recurrent expenditure to recurrent budget at 66.9 per cent while the Municipal Board had the lowest at 3.8 per cent.

3.8.11 Budget Execution by Programmes and Sub-Programmes

Table 3.47 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.47: Homa Bay County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	4,000,000	-	4,000,000	-
	General Administration and Support Services	184,973,123	119,770,000	65,203,123	64.7
	Sub total	188,973,123	119,770,000	69,203,123	63.4
Crop, Land and Agribusiness Development Services	Crop Development Services	8,543,000	-	8,543,000	-
	Agribusiness Development Services	6,974,850	-	6,974,850	-
	Land Development Services	10,556,000	-	10,556,000	-
	National Agriculture Rural Inclusive Growth	204,967,950	85,567,550	119,400,400	41.7
	Agriculture Sector Development Support Programme	19,238,669	-	19,238,669	-
	Sub total	250,280,469	85,567,550	164,712,919	34.2
Food Security Enhancement Services	Farm Input Access Services	10,419,950	-	10,419,950	-
	Sub Sector Infrastructure Development Services	25,001,000	-	25,001,000	-
	Sub total	35,420,950	-	35,420,950	-
Fisheries Resources Development Services	Capture Fisheries	16,397,700	-	16,397,700	-
	Farmed Fish Production	12,317,500	-	12,317,500	-
	Sub total	28,715,200	-	28,715,200	-
Livestock Development Programme	Livestock Improvement and Development	6,265,000	-	6,265,000	-
	Livestock Products Value Addition and Marketing	16,925,708	-	16,925,708	-
	Livestock Health and Disease Management	11,809,292	-	11,809,292	-
	Sub total	35,000,000	-	35,000,000	-
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	32,430,246	12,985,409	19,444,837	40.0
	Policy and Planning Services	5,434,000	-	5,434,000	-
	Sub total	37,864,246	12,985,409	24,878,837	34.3
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	7,000,000	-	7,000,000	-
	Cultural Development and Promotion Services	6,500,000	-	6,500,000	-
	Sub total	13,500,000	-	13,500,000	-
Social Development and Empowerment Services	Gender and Women Empowerment	2,000,000	-	2,000,000	-
	Social Development and Support Services	-	-	-	-
	Youth Empowerment	2,017,423	-	2,017,423	-
	Disability Mainstreaming	3,000,000	-	3,000,000	-
	Sub total	7,017,423	-	7,017,423	-
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	100,000,000	39,070,296	60,929,704	39.1
	Sports Management and Talent Development	5,200,000	-	5,200,000	-
	Sub total	105,200,000	39,070,296	66,129,704	37.1
Department of Roads, Transport and Public Works					

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
General Administration, Planning and Support Services	Human Resource and Support Services	51,815,944	36,200,000	15,615,944	69.9
	Roads and Transport Services Operations	13,301,105	-	13,301,105	-
	Sub total	65,117,049	36,200,000	28,917,049	55.6
Public works and maintenance services	Quality control	868,450	-	868,450	-
	Plant and Machinery maintenance	8,363,300	-	8,363,300	-
	Enforcement Services	570,000	-	570,000	-
	Sub total	9,801,750	-	9,801,750	-
Road Development and Maintenance Services	Road Development and Rehabilitation services	480,000,000	215,475,018	264,524,982	44.9
	Road maintenance	236,589,735	40,597,254	195,992,481	17.2
	Plant and Machinery Purchase and maintenance	65,000,000	-	65,000,000	-
	Sub total	781,589,735	256,072,272	525,517,463	32.8
Department of Energy and Mining					
Energy Services	Electrical Power Services	28,000,000	11,336,000	16,664,000	40.5
	Solar Power Services	22,000,000	-	22,000,000	-
	Low Cost energy Technologies promotion Services	16,000,000	-	16,000,000	-
	Sub total	66,000,000	11,336,000	54,664,000	17.2
Mineral Resource Development and Marketing Services	Construction mineral development and marketing services	4,000,000	-	4,000,000	-
	Sub total	4,000,000	-	4,000,000	-
General Administration, Planning and Support Services	Administrative Support Services	35,222,955	1,032,105	34,190,850	2.9
	Development of Policies, Plans, Regulations and Legislations	559,600	-	559,600	-
	Sub total	35,782,555	1,032,105	34,750,450	2.9
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	26,590,773	-	26,590,773	-
	Quality Assurance Services	487,338,835	279,500,000	207,838,835	57.4
	Sub total	513,929,608	279,500,000	234,429,608	54.4
ECDE and Vocational Training Services	ECDE Services	62,000,000	9,788,602	52,211,398	15.8
	Vocational Training Services	69,270,000	-	69,270,000	-
	Sub total	131,270,000	9,788,602	121,481,398	7.5
ICT Services	Information Services	1,030,700	-	1,030,700	-
	ICT Infrastructure Development	8,000,000	-	8,000,000	-
	Sub total	9,030,700	-	9,030,700	-
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	8,991,000	-	8,991,000	-
	Administrative Support Services	1,809,112,446	1,034,271,806	774,840,640	57.2
	Sub total	1,818,103,446	1,034,271,806	783,831,640	56.9
Preventive and promotive health services	Community health services	54,500,000	-	54,500,000	-
	Disease control services	5,400,000	-	5,400,000	-
	Facility infrastructure improvement services	164,500,000	-	164,500,000	-
	Sub total	224,400,000	-	224,400,000	-

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Curative and rehabilitative health services	Routine medical health services	172,676,139	53,997,860	118,678,279	31.3
	Medical emergency response services	20,687,192	-	20,687,192	-
	Facility infrastructure improvement services	200,320,190	166,381,730	33,938,460	83.1
	Sub total	393,683,521	220,379,590	173,303,931	56.0
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	-
	Capacity development services	3,000,000	-	3,000,000	-
	Sub total	5,000,000	-	5,000,000	-
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	33,768,444	16,900,060	16,868,384	50.0
	Policy development	2,100,000	-	2,100,000	-
	Monitoring and Evaluation	350,000	-	350,000	-
	General office operations	14,944,955	-	14,944,955	-
	Sub total	51,163,399	16,900,060	34,263,339	33.0
Lands and Physical planning	County Spatial planning	16,502,000	2,046,416	14,455,584	12.4
	Survey, Demarcation and upgrading of markets	6,165,000	-	6,165,000	-
	Symbio-City Change Project	5,249,600	-	5,249,600	-
	Land Banking	2,500,000	-	2,500,000	-
	Inventorization and Security of public lands	1,000,000	-	1,000,000	-
	Preparation of Valuation Roll	4,000,000	-	4,000,000	-
	Sub total	35,416,600	2,046,416	33,370,184	5.8
Housing and Urban Development	Housing improvement services	7,006,000	-	7,006,000	-
	Smart settlement services (Equipping of Ndhiwa ABTC)	7,177,230	-	7,177,230	-
	Delineation and Establishment of urban institutions	10,063,000	-	10,063,000	-
	Affordable Housing Programme	5,023,440	-	5,023,440	-
	Slum Upgrading Programme	2,015,960	-	2,015,960	-
	Urban Lakefront Planning and Development	3,000,000	-	3,000,000	-
	Human Settlements and Sustainable Urbanization Forums	2,000,000	-	2,000,000	-
	Climate Resilience for Urban Poor	1,000,000	-	1,000,000	-
	Sub total	37,285,630	-	37,285,630	-
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	162,826,059	125,734,262	37,091,797	77.2
	Policy Development and Implementation Services	30,123,140	-	30,123,140	-
	Sub total	192,949,199	125,734,262	67,214,937	65.2
Trade, Cooperative and Entrepreneurship Development Service	Cooperative Development Services	-	-	-	-
	Enterprise Development and Promotion Services	10,000,000	-	10,000,000	-
	Trade Infrastructure Development Services	60,000,000	14,842,675	45,157,325	24.
	Sub total	70,000,000	14,842,675	55,157,325	21.2
Industrial Development and Investment Services	Value Chain Development Services	30,935,404	-	30,935,404	-
	Financial and Investment Services	-	-	-	-
	Sub total	30,935,404	-	30,935,404	-

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Department of Water, Environment and Natural Resources					
General Administrative services	Administrative Support Services	115,848,105	38,700,000	77,148,105	33.4
	Policy and Planning Services	3,500,000	-	3,500,000	-
	Sub total	119,348,105	38,700,000	80,648,105	32.4
Water Supply and Management Services	Urban Water Supply Services	11,000,000	-	11,000,000	-
	Ward Based Projects	200,000,000	109,935,002	90,064,998	55.0
	Other Water Projects	14,000,000	-	14,000,000	-
	Industrial water Supply	5,000,000	-	5,000,000	-
	Sub total	230,000,000	109,935,002	120,064,998	47.8
Environmental Protection and Management Services	Pollution and Waste Management services	24,000,000	-	24,000,000	-
	Forestry Development Services	13,000,000	-	13,000,000	-
	Climate Change Services	13,000,000	-	13,000,000	-
	Sub total	50,000,000	-	50,000,000	-
Department of Finance, Economic Planning and Service Delivery					
General administration and support services	Staff Remuneration and Welfare Support Services	112,375,703	41,932,066	70,443,637	37.3
	General Logistics, Coordination and Asset Management Services	16,177,298	-	16,177,298	-
	Devolution and Service Delivery Support Services	30,532,068	-	30,532,068	-
	Sub total	159,085,069	41,932,066	117,153,003	26.4
Planning, budgeting and development coordination services	Economic planning and development services	5,600,200	-	5,600,200	-
	Resource Allocation Services	10,129,000	-	10,129,000	-
	Community Development Participation Services	15,146,874	-	15,146,874	-
	Sub total	30,876,074	-	30,876,074	-
Strategy and service delivery management services	Monitoring and evaluation services	2,987,200	-	2,987,200	-
	Strategy and service delivery improvement services	14,085,993	-	14,085,993	-
	Sub total	17,073,193	-	17,073,193	-
Resource mobilization services	External Resources Mobilization Services	1,934,248	-	1,934,248	-
	Internal Revenue Generation Services	4,221,280	-	4,221,280	-
	Sub total	6,155,528	-	6,155,528	-
Financial management services	Accounting and Financial Reporting Services	12,554,530	-	12,554,530	-
	Audit and Advisory Services	4,956,997	-	4,956,997	-
	Emergency Management Services	120,000,000	4,548,172	115,451,828	3.8
	Sub total	135,511,527	4,548,172	130,963,355	3.4
Executive Services(Office of the Governor)					
Public service administration support services	Human resource management and development services	260,167,019	101,090,930	159,076,089	38.9
	supply chain management services	5,159,541	-	5,159,541	-
	Legal Services	16,000,000	-	16,000,000	-
	Logistics, security and asset management services	34,174,728	-	34,174,728	-
	Performance contracting and appraisal services	7,500,000	-	7,500,000	-
	Sub total	323,001,288	101,090,930	221,910,358	31.3

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Governance and coordination services	Executive management and liaison services	74,568,410	1,705,640	72,862,770	2.3
	Field coordination and administration services	133,266,000	-	133,266,000	-
	Sub total	207,834,410	1,705,640	206,128,770	0.8
Strategy and service delivery improvement services	Strategy and advisory services	20,399,120	-	20,399,120	-
	Efficiency monitoring services	22,953,000	-	22,953,000	-
	Information and communication services	6,250,000	-	6,250,000	-
	Disaster management services	11,860,600	-	11,860,600	-
	Compliance and Enforcement services	54,000,000	-	-	-
	Sub total	115,462,720	-	61,462,720	-
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	2,124,900	-	2,124,900	-
	Administrative Support Services	51,444,305	12,654,524	38,789,781	24.6
	Facility Improvement & Capacity Strengthening Services	2,000,000	-	2,000,000	-
	Sub total	55,569,205	12,654,524	42,914,681	22.8
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	11,817,000	-	11,817,000	-
	Human Resource Advisory Services	8,230,000	500,000	7,730,000	6.1
	Capacity Development Services	3,295,500	-	3,295,500	-
	Sub total	23,342,500	500,000	22,842,500	2.1
Performance Management Services	Performance Contracting and Appraisal Services	783,000	-	783,000	-
	Sub total	783,000	-	783,000	-
County Assembly Service Board					
Legislative Services	Members welfare Support services	291,765,464	110,710,463	181,055,001	37.9
	Legislative development and approval services	79,570,958	29,257,844	50,313,114	36.8
	Sub total	371,336,422	139,968,307	231,368,115	37.7
Oversight and Control Services	Capacity building services	3,500,000	13,932,105	(10,432,105)	398.1
	Report writing services	5,300,000	21,766,446	(16,466,446)	410.7
	Public participation and education services	6,533,554	6,533,554	-	100.0
	Sub total	15,333,554	42,232,105	(26,898,551)	275.4
Ward Representation Services	Staff welfare support services	53,168,048	25,961,403	27,206,645	48.8
	Ward operations and maintenance	84,000,000	10,056,266	73,943,734	12.0
	Sub total	137,168,048	36,017,669	101,150,379	26.3
Policy, Planning and Administrative support services	Administrative support services	245,896,952	144,888,304	101,008,648	58.9
	Financial management Services	162,497,600	14,212,500	148,285,100	8.7
	Assembly infrastructure development Services	122,283,800	-	122,283,800	-
	Sub total	530,678,352	159,100,804	371,577,548	30.0
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,613,000	-	3,613,000	-
	Administration and Support Services	22,987,000	1,001,000	21,986,000	4.4
	Sub total	26,600,000	1,001,000	25,599,000	3.8

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Urban development services	Land Use Planning and Management	31,256,000	-	31,256,000	-
	Infrastructure Development Services	45,824,000	-	45,824,000	-
	Environmental Management Services	52,920,000	-	52,920,000	-
	Sub total	130,000,000	-	130,000,000	-
Grand Total		7,862,589,002	2,954,883,262	4,907,705,740	37.6

Source: Homa Bay County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Oversight and control services in the County Assembly at 275.4 per cent, Planning and Administrative services in the Department of Department of Trade, Industrialization, Cooperatives and Enterprise Development at 65.2 per cent, Policy Planning, General Administration and Support Services in the Department of Department of Agriculture, Livestock, Fisheries and Food Security at 63.4 per cent and Water Supply and Management Services at 47.8 per cent of budget allocation.

The Oversight and Control Services of the County Assembly had an absorption rate of 275.4 per cent, which was attributed to realignment of programmes in the course of the financial year. The budgetary allocation for this programme will be adjusted in the supplementary budget.

3.8.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.745.49 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.68 billion. The development expenditure represented 27.8 per cent of the annual development budget.
2. The underperformance of own source revenue at Kshs.32.99 million against an annual projection of Kshs. 296.16 million, representing 11.1 per cent of the annual target.
3. Poor budgeting practice by the County Treasury as shown in Table 3.46 and Table 3.47 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County should devise and implement strategies to enhance own source revenue performance in order to ensure the approved budget is fully financed.*
3. *The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget.*

3.9 County Government of Isiolo

3.9.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.5.20 billion, comprising of Kshs.1.94 billion (37.3 per cent) and Kshs.3.26 billion (62.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.24 billion (77.1 per cent) as the equitable share of revenue raised nationally, Kshs.942.48 million (17.1 per cent) as total conditional allocations, generate Kshs.113.69 million (2.1 per cent) from own sources of revenue, and a cash balance of Kshs.205.65 million (3.7 per cent) from FY 2019/20.

3.9.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.76 billion as the equitable share of the revenue raised nationally, Kshs.131.58 million as conditional grants, raised Kshs.10.05 million as own-source revenue, and had a cash balance of Kshs.205.65 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.11 billion as shown in Table 3.48.

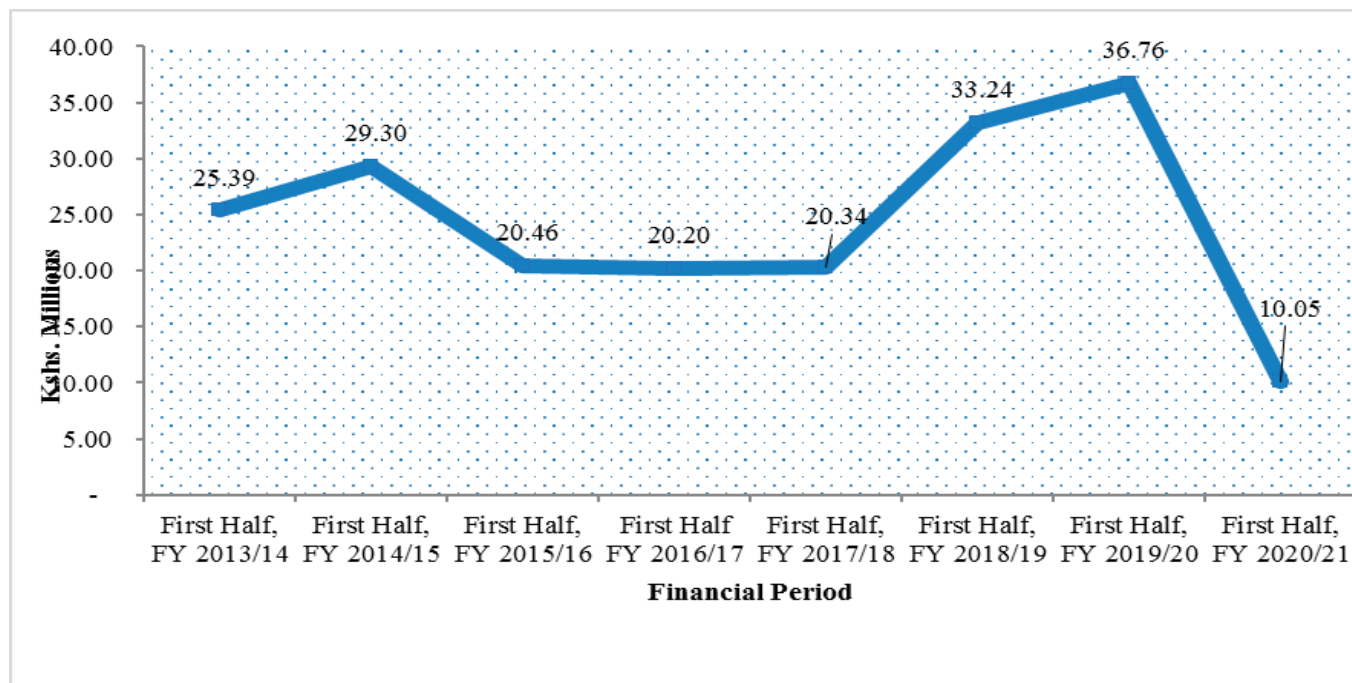
Table 3.48: Isiolo County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,241,100,000	1,764,297,600	41.6
B.	Conditional Grants from the National Government Revenue				
1	Supplement for construction of county headquarters	100,000,000	100,000,000	-	-
2	Compensation for User Fee Foregone	3,472,461	3,472,461	-	-
3	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
4	Road Maintenance Fuel Levy Fund	124,519,106	124,519,106	31,129,777	25.0
5	Rehabilitation of Village Polytechnics	5,344,894	5,344,894	-	-
Sub Total		365,357,738	365,357,738	31,129,777	8.5
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	26,720,000	26,720,000	-	-
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	479,143,620	479,143,620	100,455,118	21.0
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4	DANIDA Grant	12,060,000	12,060,000	-	-
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,193,675	14,193,675	-	-
Sub Total		577,117,295	577,117,295	100,455,119	17.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	113,686,337	10,054,447	8.8
2.	Balance b/f from FY 2019/20	-	205,650,644	205,650,644	100
Sub Total		-	319,336,981	215,705,091	67.5
Grand Total		5,183,575,033	5,502,912,014	2,111,587,587	38.4

Source: Isiolo County Treasury

Figure 3.17 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.17: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Isiolo County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.10.05 million as own-source revenue. This amount represented a decrease of 72.6 per cent compared to Kshs.36.76 million realised during a similar period in FY 2019/20 and was 8.8 per cent of the annual target. The significant decline is attributed to the impact of the COVID-19 pandemic on businesses and measures by government to contain this pandemic.

3.9.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.56 billion from the CRF account during the reporting period. The amount comprised of Kshs.280.79 million (18 per cent) for development programmes and Kshs.1.28 billion (82 per cent) for recurrent programmes.

3.9.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.38 billion on development and recurrent programmes. The expenditure represented 88.1 per cent of the total funds released by the COB and comprised of Kshs.237.69 million and Kshs.1.14 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 12.3 per cent while recurrent expenditure represented 35 per cent of the annual recurrent expenditure budget.

3.9.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.682.74 billion was spent on Compensation to Employees, Kshs.456.96 million on Operations and Maintenance, and Kshs.237.69 million on development activities as shown in Table 3.49.

Table 3.49: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	3,255,955,913	1,282,565,022	1,139,696,266	35.0
Compensation to Employees	1,417,234,071	846,408,687	682,736,106	48.2
Operations and Maintenance	1,838,721,842	436,156,334	456,960,160	24.9
Development Expenditure	1,939,952,280	280,788,286	237,686,011	12.3
Development Expenditure	1,113,422,512	214,006,223	237,686,011	21.3
Total	5,195,908,193	1,563,353,307	1,377,382,277	26.5

Source: Isiolo County Treasury

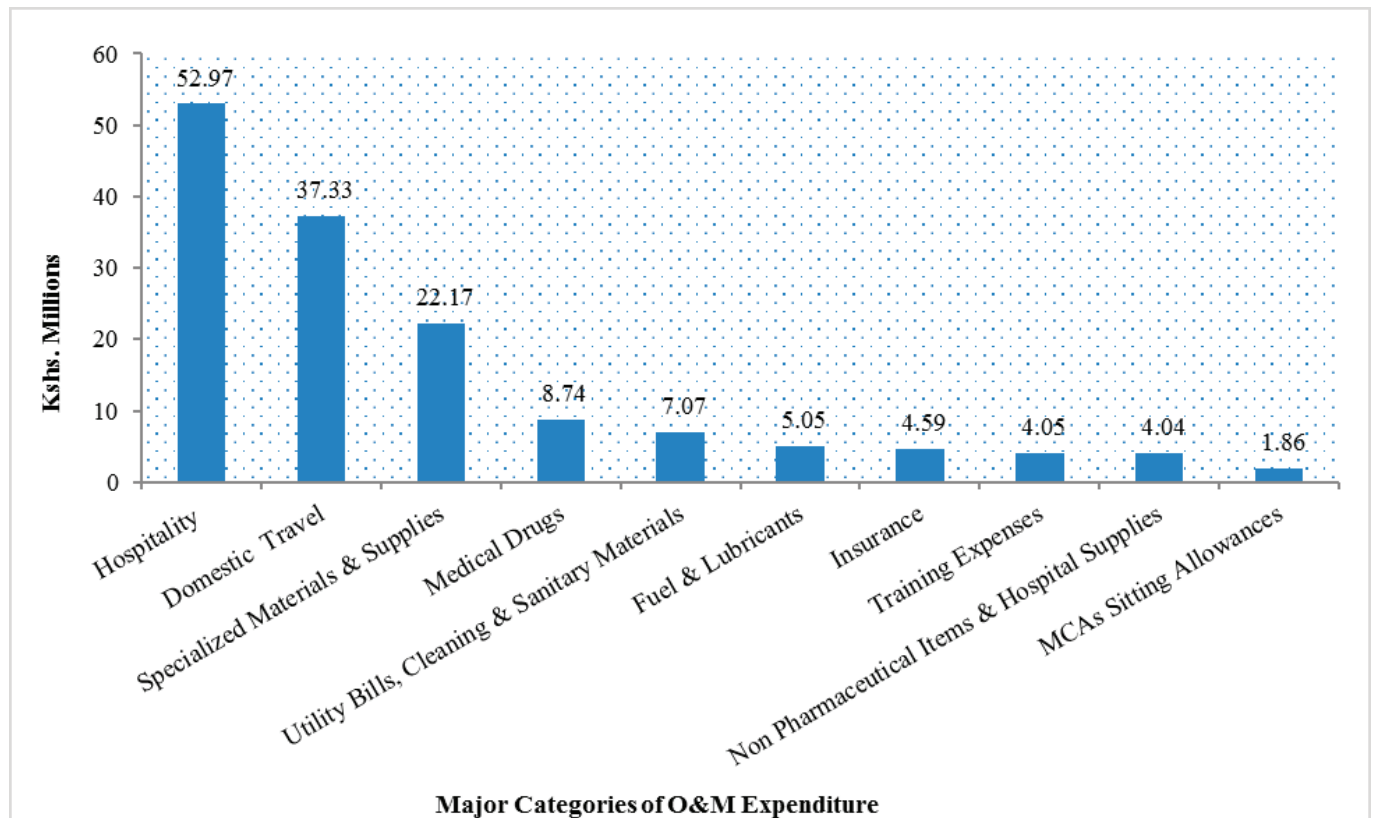
3.9.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 49.6 per cent of the total expenditure for the reporting period and 26.3 per cent of half year proportional revenue estimate of Kshs.2.6 billion.

3.9.7 Expenditure on Operations and Maintenance

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

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



Source: Isiolo County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.1.86 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.8.66 million. The average monthly sitting allowance was Kshs.17,239 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, the County Executive spent expenditure amounted to Kshs.37.33 million on domestic travel and Kshs.1.09 million on foreign travels.

3.9.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.90.58 million to cater for COVID-19 which was entirely spent during the reporting period as shown in Table 3.50.

Table 3.50: COVID-19 Budget and Expenditure Summary

S/No.	Description of the expenditure item	Amount spent (Kshs.)
1	Provision of service for Doctors and other services - 23 staff @ 4,500 for 2 months	6,000,000
2	Food supply to Street Children - assorted food item	1,000,000
3	Food supply to quarantine Centre (1B) - assorted items	1,160,000
4	Supply of 14,000 sanitizers and mask @ 200	2,800,000
5	Supply of face masks - 50,00 @ 61/=	3,050,000
6	Provision of face mask for Isiolo Community	1,000,000
7	Provision of transport service for COVID-19 activities - 2 vehicles for 2 months	2,580,000
8	Radio Coverage School Program @ 30,000 per lesson - 20 lessons	600,000
9	Chlorine for fumigation of institutions - 5,000 litres	1,000,000
10	Fuel for COVID-19 activities (7050 litres	705,000
11	Committee allowance - 50 members @ 5,000 for 2 sittings	500,000
12	T-shirts - purchase for Covid-19 volunteers 300 @ 800 each	240,000
13	Supply of 1900 bales of maize meal @ 3,000	5,700,000
14	Supply of 2200 bales of maize meal @ 3000	6,600,000
15	supply of 1945 bales of maize meal @ 3000	5,835,000
16	Supply of assorted food to Merti Quarantine	400,000
17	Patient Monitor – 5 pcs, Pulse Oximeter PC – 10 pcs, Autoclave Machines Electric-18L- 1 pc, Patient Monitor – 13 pcs	997,072
18	Electric Bed – 3 pcs, Gloves Exam Late\<100pkts) – 500 pkts., Oxytocin Injection-(1 Opackt) – 100 pkts	705,106
19	Bio Hazard Sets Green – 15 pcs, Hospital Bed- 5 pcs, Medicine Trolley – 6 pcs	201,942
20	Bed Manual – 4 pcs, Trolley Patient – 6 pcs	402,730
21	Oxygen Concentrator Ehial Flow- 10 pcs, Suction Machines Twin Bot Electric 2ol/Min – 5 pcs, Electric Beds- 4 pcs, Mattresses Thick Standard-13pcs, Electric Beds s.c. on castor- 5 pcs, Electric Beds s c – 8 pcs	3,884,119
22	Ventilator- 1 pc	1,500,000
23	Patient trolley-4 pcs, Food Trolley- 3 pcs, Hospital Bedside-13 pcs, Trolley Linen Stainless Steel-2 pcs, Trolley Medicines-3 pcs,	8,400,000
	Fuel	2,580,000
	Sample Referrals Allowances	332,631
	Covid-19 Health Care workers allowances	3,537,400
24	Training-HCWS – 2 ; 155@ 1,000	310,000
25	Training – HCWS – 2 ; 105 @ 7,000	1,470,000
26	Training- Support staff – 2 ; 100@ 1,000	200,000
27	Contact tracing and sample collection – HCWs- 2 ; 25 @ 7,000	350,000
28	Contact tracing and sample collection – drivers – 2; 15 @ 4,200	126,000
29	Public Health and Surveillance activities-HCWs , 1; 52 @ 7,000	364,000
30	Rapid Response Team meeting lunch allowance-HCWS- 14;30 @ 1,000	420,000
31	Supervision activities –HCW – 5; 7 @ 8,400	294,000
32	30.10.2020 – Designing 70 pcs- 129, designing 50 pcs , designing 70 pcs	1,000,000
33	Face masks 120 pcs , sanitizers 100 pkts	2,330,000
34	Staff identity cards- 1,380, ID card Printing machine - 1	2,000,000
35	Provision of car hire services – 40 days	2,000,000
36	Executive table-1 pc, Laptops-4 pcs, Executive Chair-1 pc, Printer – 1 pc, Steel cabinet-2 pcs	1,000,000
37	Car hire services 100 days	2,500,000
38	Review on staff establishment and organogram training – 5 days	2,500,000
39	Establishment training of civic education	2,000,000
	ICG/KDSP/HTH/001 - Protection Of Health Care Provider <ul style="list-style-type: none"> • Purchase of Personal Protective Equipment (Ppe) • Gloves - 500pkts • Disposable Caps - 100pkts • Disposable Gooves • Tyvek Suits - 800 • Goggles • Face Shields 00 	1,000,000

S/No.	Description of the expenditure item	Amount spent (Kshs.)
40	<ul style="list-style-type: none"> Surgical Gowns - 200 Protection Goggles (Gima) - 600 	
41	Accommodation for Health Workers manning quarantine & isolation centers	6,000,000
42	ICG/KDSP/HTH/001 - Training Of Health Care Providers <ul style="list-style-type: none"> Training health care providers on handling of Covid 19 case Management Infection, Prevention and control. Sample management & surveillance Accommodation full board Training health care providers 200pcs 2 facilitator Hall Hire 3 Days Public Address System 3 Days Projector 3 days 	3,000,000
TOTAL		90,575,000

Source: Isiolo County Treasury

3.9.9 Development Expenditure

The County incurred an expenditure of Kshs.237.69 million on development programmes, which represented a decrease of 2.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.244.40 million. Table 3.51 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.51: Isiolo County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption (%)	Rate
1	Construction of Stadium	Isiolo Municipality	152,000,000	39,090,870		25.7
2	Construction of Market	Isiolo Municipality	131,015,510	31,783,751		24.3
3	Construction of access roads	County wide	124,519,106	31,129,777		25.0
4	Purchase of Animals and Breeding Stock	County wide	10,000,000	10,000,000		100.0
5	Overhaul of Water Supplies and Sewerage		30,400,000	5,000,000		16.4

Source: Isiolo County Treasury

3.9.10 Budget Performance by Department

Table 3.52 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.52: Isiolo County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	421.36	80.00	188.79	-	182.76	-	96.8	-	43.4	-
Office of the Governor	348.21	-	126.77	-	104.76	-	82.6	-	30.1	-
County Public Service Board	61.01	-	32.39	-	20.69	-	63.9	-	33.9	-
County Secretary	21.94	-	6.81	-	3.85	-	56.6	-	17.6	-
Administration and PSM	147.64	4.00	89.20	-	-	-	-	-	-	-
Delivery Unit	27.99	-	8.91	-	8.13	-	91.3	-	29.1	-
Cohesion, Intergovernmental Relations, Aid Coordination and Disaster Management	50.36	-	8.42	-	-	-	-	-	-	-
Finance	202.06	317.13	55.79	78.33	75.09	94.92	134.6	121.2	37.2	29.9

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Special Programmes and ICT	45.82	103.92	1.50	-	7.29	-	486.2	-	15.9	-
ECONOMIC PLANNING	53.88	-	11.16	-	16.38	-	146.8	-	30.4	-
LANDS and Physical Planning	27.55	29.50	6.17	-	7.05	-	114.2	-	25.6	-
Roads and Infrastructure	15.40	159.91	4.70	-	4.71	-	100.3	-	30.6	-
Public Works and Housing	21.88	3.50	9.58	-	6.94	-	72.4	-	31.7	-
Municipal Administration	51.12	228.98	21.18	31.78	13.54	51.54	63.9	162.2	26.5	22.5
Agriculture	53.64	493.34	31.39	64.80	18.22	28.84	58.0	44.5	34.0	5.8
Livestock, Veterinary and Fisheries	116.24	35.24	56.07	-	45.80	-	81.7	-	39.4	-
Education and vocational training	203.42	33.34	71.80	-	57.58	-	80.2	-	28.3	-
Youth and Sports	29.46	160.00	12.17	39.09	8.69	36.99	71.4	94.6	29.5	23.1
Culture and Social Services	24.61	21.00	8.20	-	4.60	-	56.1	-	18.7	-
Tourism and Wildlife management	134.18	19.40	66.20	-	46.99	-	71.0	-	35.0	-
Trade, Industries and Cooperatives	19.76	18.00	10.04	-	6.96	-	69.3	-	35.2	-
Water and Irrigation	59.44	87.90	25.55	-	15.91	4.90	62.3	-	26.8	5.6
Environment and Natural Resources	21.05	36.00	10.29	-	6.36	-	61.9	-	30.2	-
Health Services	1,097.93	108.78	454.02	-	477.40	20.49	105.1	-	43.5	18.8
TOTAL	3,255.96	1,939.95	1,317.09	214.01	1,139.70	237.69	86.5	111.1	35.0	12.3

Source: Isiolo County Treasury

Analysis of expenditure by department shows that the Department of Finance recorded the highest absorption rate of development budget at 29.9 per cent while the Department of Water and irrigation recorded the lowest absorption rate of development at 5.6 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to recurrent budget at 43.5 per cent while the Department of Special Programmes and ICT had the lowest at 15.9 per cent.

3.9.11 Budget Execution by Programmes and Sub-Programmes

Table 3.53 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.53: Isiolo County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payment (Kshs.)	Absorption Rate (%)
		55,841,423	41,438,822	74.2
101023510	Livestock Production	55,841,423	41,438,822	74.2
		2,000,000	0	0
102033510	capacity building	2,000,000	0	0
		26,820,569	17,461,927	65.1
103013510	Administration and Support Services	26,820,569	17,461,927	65.1
103063510		0	0	
		246,668,648	28,738,094	11.7
104043510	Establishment of Demo Farms	7,096,838	1,260,000	17.8
104053510	Administration Climate Change Mitigation	239,571,810	27,478,094	11.5
		32,927,212	5,495,475	16.7
105013510	Veterinary Support Services	32,927,212	5,495,475	16.7
		12,688,110	6,937,535	54.7
107013510	Administration and Planning Services	12,688,110	6,937,535	54.7
		0	0	
108013510	Crop Productivity Enhancement Support	0	0	
		28,522,600	6,733,330	23.6
109013510	County land planning and spatial development	13,772,600	6,733,330	48.9
109023510	County Land Survey and Mapping	14,750,000	0	0
		87,656,519	3,937,302	4.5
204013510	Road Improvement	7,700,000	3,937,302	51.1
204023510	Estate Flood lighting facilities.	79,956,519	0	0
		46,984,050	15,958,086	34
206023510	Urban Development	46,984,050	15,958,086	34
		93,069,853	55,594,899	59.7
207013510	General Administration and Planning	25,562,098	15,587,644	61
207023510	Infrastructural Development	67,507,755	40,007,255	59.3
		18,882,277	6,327,200	33.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payment (Kshs.)	Absorption Rate (%)
301013510	Entrepreneurship and business management training	18,882,277	6,327,200	33.5
		76,790,665	45,718,984	59.5
304023510	Tourism Development	67,090,665	45,718,984	68.1
304033510	Protection of endangered wildlife animals.	9,700,000	0	0
		80,237,972	32,629,083	40.7
401023510	Preventive and Promotive Health Services	74,207,972	26,685,900	36
401033510	Disease Surveillance And Epidemic preparedness	6,030,000	5,943,183	98.6
		466,374,871	407,843,355	87.4
402033510	Administration Support Services	466,374,871	407,843,355	87.4
		81,735,675	12,772,514	15.6
403013510	Curative and Rehabilitative Health Services	81,735,675	12,772,514	15.6
		101,712,084	55,550,000	54.6
501013510	Administration	84,212,084	55,550,000	66
501033510	Contracted Services	17,500,000	0	0
		14,000,000	0	0
502013510	ECDE Classroom Infrastructure	12,000,000	0	0
502043510	Promotion of Quality Youth empowerment	2,000,000	0	0
		2,672,447	0	0
503053510		2,672,447	0	0
		97,231,453	44,564,330	45.8
504013510	Sports Academy Centre	76,000,000	36,990,330	48.7
504023510	Youth and Women Empowerment	21,231,453	7,574,000	35.7
		14,303,957	4,243,260	29.7
505013510	Culture Development	14,303,957	4,243,260	29.7
		13,994,424	8,133,600	58.1
708013510	Governors Delivery Unit	13,994,424	8,133,600	58.1
		216,434,913	171,105,387	79.1
709013510	Personnel Services	45,367,725	31,292,161	69
709023510	Support Services	0	0	
709043510	Purchase of Pool Transport	5,000,000	0	0
709083510	Administrative Infrastructure support	166,067,188	139,813,226	84.2
		33,161,176	16,742,753	50.5
710013510	Administrative Services	33,161,176	16,742,753	50.5
		26,940,883	14,682,090	54.5
711013510	Monitoring and Evaluation	14,067,758	6,676,100	47.5
711023510	Economic Policy and County Development Plans	5,023,126	2,629,100	52.3
711043510	County Development Stakeholders Forums	3,450,000	2,312,290	67
711053510	County Baseline Surveys on County Development Indicators	3,500,000	2,580,600	73.7
711073510	Capacity building and Support to Departments	900,000	484,000	53.8
		20,180,600	11,649,295	57.7
712013510	Administrative and Civic Education Services	20,180,600	11,649,295	57.7
		174,106,076	101,881,621	58.5
713013510	County Governance	174,106,076	101,881,621	58.5
		10,969,904	3,846,620	35.1
716013510	Devolved Administrative Affairs	10,969,904	3,846,620	35.1
		68,317,392	16,277,935	23.8
719023510	General Administration Support Services	68,317,392	16,277,935	23.8
		30,506,800	21,020,400	68.9
723023510	Administration Support Services	30,506,800	21,020,400	68.9
		74,870,068	7,292,400	9.7
725013510	Administration & Planning	14,917,257	4,292,400	28.8
725023510	Disaster management	59,952,811	3,000,000	5
		22,500,000	4,500,000	20
726013510	Kenya Devolution Support	22,500,000	4,500,000	20
		8,500,000	0	0
902023510	Marginalized Group Empowerment support services	4,000,000	0	0
902033510	Empowerment Support Services	4,500,000	0	0
		29,717,700	13,460,570	45.3
1001013510	Administration and Planning Support Services	29,717,700	13,460,570	45.3
		43,950,000	4,895,000	11.1
1002023510	Water Supply and Storage	42,950,000	3,915,000	9.1
1002043510	Civil Works-Establishment of Dams & Pans	1,000,000	980,000	98
		28,524,514	5,867,800	20.6

Programme	Sub- Programme	Approved Budget (Kshs)	Budget	Actual Payment (Kshs.)	Absorption Rate (%)
1003013510	Administration and Support Services		10,524,514	5,867,800	55.8
1003023510	Environmental Conservation		18,000,000	0	0
			40,000,000	0	0
721013510	Infrastructure support		40,000,000	0	0
			94,246,425	13,521,452	14.3
722023510	Legislative service		94,246,425	13,521,452	14.3
			129,681,154	32,530,190	25.1
724023510	Administration Support Services		129,681,154	32,530,190	25.1
	Grand Total		2,653,722,409	1,239,351,309	46.7

Source: Isiolo County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Disease Surveillance and Epidemic preparedness in the Department of Livestock at 98.6 per cent, Civil Works-Establishment of Dams & Pans in the Department of Water at 98 per cent, Administration Support Services in the Department of Health at 87.4 per cent, and Administrative Infrastructure Support in the Department of Finance at 84.2 per cent of budget allocation.

3.9.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were submitted on 19th February, 2021 but were incomplete, as they excluded information on COVID-19 expenditure. The OCoB issued instructed Counties to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low expenditure on development programmes of Kshs.237.69 million in the first half of FY 2020/21 against the annual development budget of Kshs.1.94 billion. The development expenditure represented 12.3 per cent of the annual development budget.
3. Underperformance of own revenue at Kshs.10.05 million against an annual projection of Kshs.113.69 million, representing 8.8 per cent of the annual target.
4. Failure by the County to reconcile the approved budget amounts in the Programme Based Reports which shows an overall budget figure of Kshs.2.65 billion as shown in Table 3.53 compared with the Appropriation Act which provided the budget as Kshs.5.20 billion.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.
2. The County should identify and address issues causing delays in the implementation of development projects.
3. The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.
4. The County Treasury should liaise with Directorate of IFMIS at the National Treasury to ensure that the County's approved budget is accurately uploaded and any variances are addressed accordingly.

3.10 County Government of Kajiado

3.10.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.9.44 billion, comprising of Kshs. 3.33 billion (35.3 per cent) and Kshs.6.11 billion (64.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.41 billion (67.9 per cent) as the equitable share of revenue raised nationally, Kshs.961.81 million (10.2 per cent) as total conditional allocations, generate Kshs.1.5 billion (15.9 per cent) from own sources of revenue, and a cash balance of Kshs.574 million (6.1 per cent) from FY 2019/20.

3.10.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.67 billion as the equitable share of the revenue raised nationally, Kshs.114.61 million as conditional grants, raised Kshs.386.78 million as own-source revenue, and Kshs.45.20 million as COVID 19 Allowances to Health Workers. The total funds available for budget implementation during the period amounted to Kshs.3.22 billion as shown in Table 3.54.

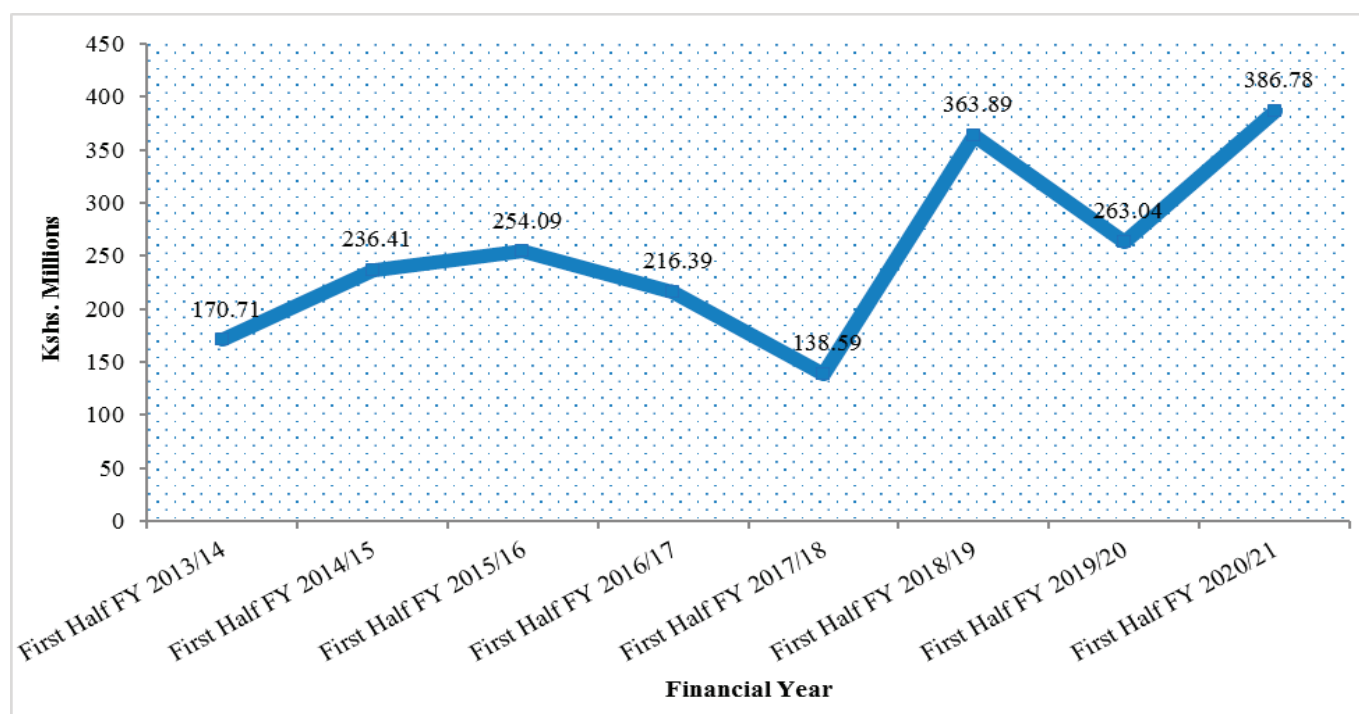
Table 3.54: Kajiado County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,424,950,000	6,407,000,000	2,672,779,200	41.7
B.	Conditional Grants from the National Government Revenue				
14.	Compensation for User Fee Foregone	16,955,365	16,955,365	-	-
15.	Leasing of Medical Equipment	132,021,277	-	-	-
16.	Road Maintenance Fuel Levy Fund	190,551,966	190,551,966	-	-
17.	Rehabilitation of Youth Polytechnics	28,504,894	28,926,170	-	-
18.	Sub Total	368,033,502	236,433,501	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	203,253,802	135,621,176	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	279,821,200	143,531,050	105,477,960	73.5
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	30,000,000	-	-
4.	DANIDA Grant	18,270,000	24,844,848	9,135,000	36.8
5.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	99,347,298	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,357,272	17,285,908	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	274,750,300	-	-
8.	Sub Total	559,702,274	725,380,580	114,612,960	15.8
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,500,000,000	386,778,268	25.8
2.	Balance b/f from FY2019/20	-	574,000,000	-	-
	Other Revenues	-	-	45,195,000	-
3.	Sub Total	-	2,074,000,000	431,973,268	20.8
	Grand Total	7,352,685,776	9,442,814,081	3,219,365,428	34.1

Source: Kajiado County Treasury

Figure 3.19 shows the trend in own-source revenue collection for the first half from FY 2013/14 to FY 2020/21.

Figure 3.19: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kajiado County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.386.78 million as own-source revenue. This amount represented an increase of 47 per cent compared to Kshs.263.04 million realised during a similar period in FY 2019/20 and was 25.8 per cent of the annual target.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.08 billion from the CRF account during the reporting period. The amount comprised of Kshs.307.63 million (10 per cent) for development programmes and Kshs.2.77 billion (90 per cent) for recurrent programmes.

3.10.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.21 billion on development and recurrent programmes. The expenditure represented 104.2 per cent of the total funds released by the COB and comprised of Kshs.506.92 million and Kshs.2.70 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 15.2 per cent while recurrent expenditure represented 44.2 per cent of the annual recurrent expenditure budget.

3.10.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.69 billion was spent on compensation to employees, Kshs.1.01 billion on Operations and Maintenance, and Kshs.506.91 million on development activities as shown in Table 3.55.

Table 3.55: Summary of Expenditure by Economic Classification in the First Half of FY2020/21

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	6,107,948,172	2,699,883,395	44.2
Compensation to Employees	3,645,543,607	1,686,662,495	46.3
Operations and Maintenance	2,462,404,565	1,013,220,900	41.1
Total Development Expenditure	3,334,865,909	506,916,352	15.2
Development Expenditure	3,334,865,909	506,916,352	15.2
Total	9,442,814,081	3,206,799,747	34

Source: Kajiado County Treasury

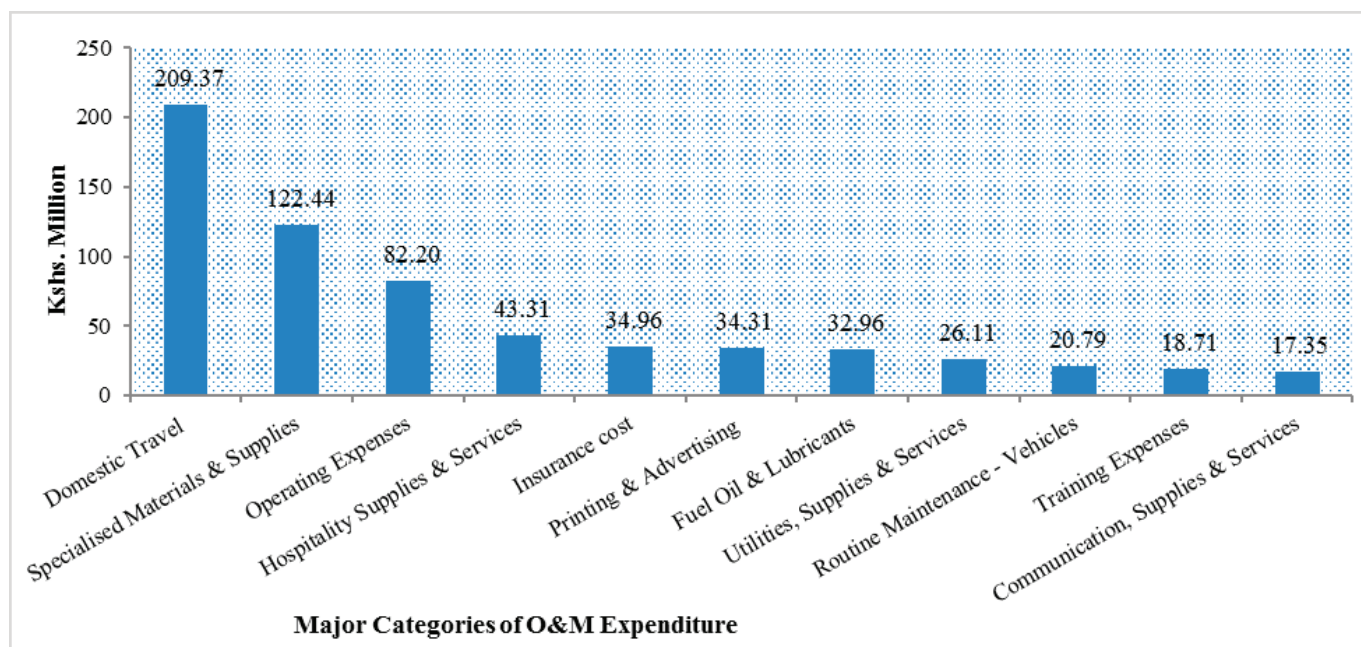
3.10.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 52.6 per cent of the total expenditure for the reporting period and 35.7 per cent of half year proportional revenue estimate of Kshs.4.72 billion.

3.10.7 Expenditure on Operations and Maintenance

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

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



Source: Kajiado County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.1.28 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.30.53 million. The average monthly sitting allowance was Kshs.5,071 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.203.37 million and comprised of Kshs.76.53 million spent by the County Assembly and Kshs.132.84 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.26 million by the County Executive.

3.10.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county had a total Kshs.52.57 million to cater for COVID-19 related expenditure which was a balance from FY 2019/20. During the period, Kshs.46.89million was spent on COVID-19 related expenditure. The County however, did not provide a disaggregated report on the expenditure items on COVID-19.

3.10.9 Development Expenditure

The County incurred an expenditure of Kshs.506.92 million on development programmes, which represented a decrease of 13.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.584.65 million. Table 3.56 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.56: Kajiado County, List of Development Projects with the Highest Expenditure in the First Half of FY2020/21

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Kimana Enkii Olorika Road	Rombo	30,000,000	13,319,433	44.4
2	Emotoroki Lenkism Eselenkei Meshenani Road	Kajiado South	20,000,000	11,965,023	59.8
3	Iltilal Oyarata Lemongo Rombo Road	Kajiado South	13,000,000	10,864,790	83.6
4	Imbirikani Kyulu Hills Rd	Kajiado South	14,000,000	9,661,516	69.0
5	Piliwa Iloshon Road	Kajiado South	13,000,000	8,627,089	66.4
6	Imbirikani Chyulu Road	Dalalekutuk	1,000,000	7,512,479	751.2
7	Olokii Iltuleta Paiti Iingosuani Road	Imbirikani	12,500,000	7,478,352	59.8
8	Lorngosua Parmitaro Road	Kajiado South	18,000,000	7,310,188	40.6
9	Kima Arroi Road	Kajiado Central	17,000,000	6,765,139	39.8
10	Duka Moja Masimba Road	Imaroro	8,000,000	6,644,468	83.1

Source: Kajiado County Treasury

3.10.10 Budget Performance by Department

Table 3.57 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.57: Kajiado County, Budget Performance by Department in the First Half of FY2020/21

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor and The Deputy Governor	237.11	-	115.80	-	100.07	-	86.4	-	42.2	-
County Public Service Board	94.81	-	30.88	-	38.42	-	124.4	-	40.5	-
Medical Services, Public Health & Sanitation	2,229.72	204.50	1,207.15	-	1,058.38	4.00	87.7	-	47.5	-
Water, Irrigation, Environment and Natural Resources	216.09	398.50	62.12	64.80	90.57	-	145.8	-	41.9	-
Roads, Transport, Public Works, Housing and Energy	160.80	714.05	73.60	45.59	69.27	-	94.1	-	43.1	-
Public Service, Administration and Citizen Participation	600.16	-	189.90	-	225.64	-	118.8	-	37.6	-
County Treasury	567.00	1,071.66	243.55	166.99	241.61	368.16	99.2	220.5	42.6	34.4
Lands, Physical Planning and Urban Development	95.13	7.20	46.10	-	41.75	-	90.6	-	43.9	-
Education, Youth and Sports	552.84	301.98	296.64	-	262.13	-	88.4	-	47.4	-
Gender, Social Services, Culture & Tourism and Wildlife	143.79	10.00	48.38	-	56.15	-	116.1	-	39.1	-
Agriculture, Livestock, Veterinary Services and Fisheries	312.30	178.03	101.53	-	114.45	1.78	112.7	-	36.6	1.0
Trade, Cooperative Development and Enterprise Development	117.23	123.00	45.78	-	54.03	-	118.0	-	46.1	-
Kajiado Municipality	73.34	50.00	18.99	-	17.51	25.00	92.2	-	23.9	50
Ngong Municipality	41.86	215.95	28.29	-	15.31	107.98	54.1	-	36.6	50
County Assembly	665.76	60.00	260.67	30.24	314.61	-	120.7	-	47.3	-
TOTAL	6,107.95	3,334.87	2,769.37	307.63	2,699.88	506.92	97.5	164.8	44.2	15.2

Source: Kajiado County Treasury

Analysis of expenditure by department shows that the Kajiado and Ngong Municipalities recorded the highest absorption rate of development budget at 50 per cent respectively. The Department of Medical Services, Public Health & Sanitation and the Department of Education, Youth and Sports had the highest percentage of recurrent expenditure to recurrent budget at 47.5 per cent and 47.4 per cent respectively.

3.10.11 Budget Execution by Programmes and Sub-Programmes

Table 3.58 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.58: Kajiado County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
101004660		General Administration, Planning and Support Services	556,101,697	119,404,123	436,697,574	21.5
	101014660	Headquarters Administrative Services	-	-	-	-
	101024660	General Administration and Support Services	556,101,697	119,404,123	436,697,574	21.5
102004660		Crop and Plant Husbandry	-	-	-	-
	102014660	Crop Development and Management.	-	-	-	-
	102024660	Plant Diseases Management and Control	-	-	-	-
103004660		Livestock Resource Management and Development	2,821,682	702,800	2,118,882	24.9
	103014660	Animal Husbandry Management	-	-	-	-
	103024660	Livestock Sale Yard and Abattoirs Development	-	-	-	-
	103034660	Veterinary Services	2,821,682	702,800	2,118,882	24.9
104004660		Fisheries Development and Management	2,075,725	70,000	2,005,725	3.4
	104014660	Fisheries Policy Strategy and Capacity Building	-	-	-	-
	104024660	Fisheries	2,075,725	70,000	2,005,725	3.4
105004660		Environment Protection and Natural Resources	-	-	-	-
	105014660	Forestry Conservation and Management	-	-	-	-
	105024660	Air and Noise Pollution and Other Public Nuisance	-	-	-	-
106004660		Land Policy and Planning	51,949,900	13,322,019	38,627,881	25.6
	106014660	Land Survey	-	-	-	-
	106024660	Boundaries and Fencing Services	-	-	-	-
	106034660	Physical Planning	17,923,900	4,719,069	13,204,831	26.3
	106044660	Land Survey and Mapping	11,890,000	490,000	11,400,000	4.1
	106054660	Housing	4,116,000	-	4,116,000	-
	106064660		5,530,000	1,899,090	3,630,910	34.3
	106074660		12,490,000	6,213,860	6,276,141	49.8
107004660		Animal Husbandry Livestock Resource Management and Development	70,245,565	3,206,109	67,039,457	4.6
	107014660	Animal Husbandry	22,214,079	1,786,200	20,427,879	8.0
	107024660	County Abattoirs	1,223,171	0	1,223,171	0.0
	107034660	Animal Disease Control	46,075,889	1,411,600	44,664,289	3.1
	107044660	Livestock Sale Yards	732,426	8,309	724,118	1.1
108004660		Agricultural Development	24,670,585	1,755,869	22,914,716	7.1
	108014660	Crop Husbandry	15,577,143	800,550	14,776,593	5.1
	108024660	Plant Disease Control	3,100,018	179,200	2,920,818	5.8
	108034660	Agricultural Mechanization Services	4,433,658	732,684	3,700,974	16.5
	108044660	Demonstration Farm	622,144	29,400	592,744	4.7
	108054660	Agricultural Training Centre	937,622	14,035	923,587	1.5
109004660		Environment Management	89,161,432	18,753,141	70,408,291	21.0
	109014660	Environmental Protection	85,491,432	17,073,886	68,417,546	20.0
	109024660	Noise Pollution Management	1,100,000	592,000	508,000	53.8
	109034660	Control of Air Pollution	620,000	259,435	360,565	41.8
	109044660		1,950,000	827,820	1,122,180	42.5
201004660		General Administration, Planning and Support Services	843,098,258	60,790,771	782,307,487	7.2
	201014660	Headquarters Administrative Services	105,581,124	41,348,504	64,232,620	39.2
	201024660	Roads	702,817,134	5,763,000	697,054,134	0.8
	201034660	Energy	12,000,000	3,788,000	8,212,000	31.6
	201044660	Fire Fighting	7,500,000	2,873,895	4,626,105	38.3
	201054660	Transport	15,200,000	7,017,372	8,182,628	46.2
202004660		Energy and Infrastructure	0	1,301,628	-1,301,628	-
	202014660	Construction of Roads and Bridges	-	-	-	-
	202024660	Development of Energy	-	-	-	-

Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	202034660	Housing	-	1,301,628	-1,301,628	-
203004660		Public Works, Transport and Housing Development	10,000,000	-	10,000,000	-
	203014660	Housing Development	10,000,000	-	10,000,000	-
	203024660	Fire Fighting Services	-	-	-	-
	203034660	Transport Services	-	-	-	-
204004660		Information Communication and Technology	-	-	-	-
	204014660	General Administration, planning and Support Services	-	-	-	-
205004660		Citizen Participation	-	-	-	-
	205014660	Media Relations	-	-	-	-
	205024660	Gender Mainstreaming	-	-	-	-
	205044660	Disability Mainstreaming	-	-	-	-
206004660		Roads and Public Works	7,214,000	3,224,600	3,989,400	44.7
	206014660	Public Works	7,214,000	3,224,600	3,989,400	44.7
301004660		General Administration, Planning and Support Services	75,783,475	37,093,012	38,690,463	48.9
	301014660	General Administration, Planning and Support Services	75,783,475	37,093,012	38,690,463	48.9
302004660		Trade and Tourism Development	-	-	-	-
	302014660	Tourism Promotion and Marketing	-	-	-	-
	302024660	Trade Development	-	-	-	-
303004660		Cooperative Development and Management	-	-	-	-
	303014660	Cooperative Services	-	-	-	-
304004660		Trade Development	136,698,401	13,969,390	122,729,011	10.2
	304014660	Trade Licensing	6,342,400	2,895,297	3,447,103	45.6
	304024660	Trade Development	106,368,234	3,142,848	103,225,386	3.0
	304034660	Cooperative Services and Development	20,032,866	6,281,245	13,751,621	31.4
	304044660	Enterprise Development	3,954,901	1,650,000	2,304,901	41.7
305004660		Industrialization and Local Tourism Promotion	-	-	-	-
	305014660	Industrialization	-	-	-	-
	305024660	Local Tourism Promotion	-	-	-	-
307004660		Culture And Local Tourism Promotion	2,790,685	1,150,849	1,639,836	41.2
	307024660	Local Tourism Promotion	2,790,685	1,150,849	1,639,836	41.2
401004660		General Administration, Planning and Support Services	1,953,112,877	854,860,419	1,098,252,458	43.8
	401014660	Health Policy, Planning & Financing	-	-	-	-
	401024660	General Administration and Support Services	1,953,112,877	854,860,419	1,098,252,458	43.8
402004660		Preventive & Promotive Health Services	-	-	-	-
	402014660	Promotion of Primary Health Care	-	-	-	-
	402024660	Licensing and Control Undertaking	-	-	-	-
	402034660	Cemetery Funeral Parlor and Crematoria	-	-	-	-
403004660		Curative Health Services	320,818,690	131,423,009	189,395,682	41.0
	403024660	Medical Services	320,818,690	131,423,009	189,395,682	41.0
	403034660	Ambulance Services	-	-	-	-
404004660		Curative and Rehabilitative	7,940,000	4,213,694	3,726,306	53.1
	404014660	Medical Supplies	-	-	-	-
	404024660	Ambulance services	7,940,000	4,213,694	3,726,306	53.1
405004660		Public Health and Sanitation	323,887,803	88,232,906	235,654,897	27.2
	405014660	Preventive and Promotive	307,954,883	84,939,856	223,015,027	27.6
	405024660	Licensing and control of undertaking	7,705,000	1,331,000	6,374,000	17.3
	405034660	Sanitation	4,627,920	609,000	4,018,920	13.2
	405044660	Mobile Clinics	3,600,000	1,353,050	2,246,950	37.6
501004660		General Administration, Planning and Support Services	386,273,357	192,707,064	193,566,293	49.9
	501014660	Headquarters Administrative Services	386,273,357	192,707,064	193,566,293	49.9
502004660		Children and Youth Empowerment	-	-	-	-
	502014660	Early Child Development and Education	-	-	-	-
	502024660	Revitalization of Youth Polytechnics	-	-	-	-

Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
503004660		Social Protection, Culture and Recreation	800,000	445,200	354,800	55.7
	503014660	Home craft Centers Development	800,000	445,200	354,800	55.7
	503024660	Control of Drugs and Pornography	-	-	-	-
	503034660	Betting and Casinos	-	-	-	-
	503044660	Museum Development	-	-	-	-
	503054660	Sports Training and Competitions	-	-	-	-
	503064660	County Parks Management	-	-	-	-
504004660		Education Support	342,790,894	57,429,935	285,360,959	16.8
	504014660	Pre-Primary Education	307,686,000	55,775,720	251,910,280	18.1
	504024660	Home Craft Centers	35,104,894	1,654,215	33,450,679	4.7
	504034660	Village Polytechnics	-	-	-	-
505004660		Social Protection and Recreation	4,450,000	2,333,949	2,116,051	52.4
	505014660	Control of Drugs and Pornography	1,600,000	378,650	1,221,350	23.7
	505024660	Liquor Licensing	2,550,000	1,208,299	1,341,701	47.4
	505034660	Betting and Casinos	300,000	747,000	-447,000	249.0
	505044660	Sports Training and Competitions	-	-	-	-
701004660		General Administration and Policy Co-ordination	3,258,128,817	1,295,749,498	1,962,379,319	39.8
	701014660	Headquarters Administrative Services	3,240,060,139	1,285,778,823	1,954,281,316	39.7
	701054660	County Executive Committee	9,803,232	3,168,625	6,634,607	32.3
	701064660	ICT	-	-	-	-
	701074660	County Inspectorate	8,265,446	6,802,050	1,463,396	82.3
702004660		Executive Committee Affairs	-	-	-	-
	702014660	General Administrative and Executive Affairs	-	-	-	-
703004660		Public Services Coordination and Management	98,150,000	3,021,831	95,128,169	3.1
	703014660	Human Resource Management	98,150,000	3,021,831	95,128,169	3.1
705004660		Public Financial Management	158,276,434	48,023,250	110,253,184	30.3
	705024660	Budget Formulation Coordination and Management	-	-	-	-
	705034660	Audit Services	-	-	-	-
	705044660	Accounting services	-	-	-	-
	705054660	Supply Chain Management Services	50,561,000	14,886,619	35,674,381	29.4
	705064660	Fiscal and Economic Planning	10,750,000	5,484,599	5,265,401	51.0
	705074660	Budget	16,053,000	6,921,266	9,131,734	43.1
	705084660	Accounting	12,827,000	6,538,803	6,288,197	51.0
	705094660	Procurement	-	-	-	-
	705104660	Internal Audit	7,747,000	3,453,200	4,293,800	44.6
	705114660	Revenue Collection	60,338,434	10,738,763	49,599,671	17.8
706004660		Economic Policy Coordination and Supervision	15,138,000	4,865,699	10,272,301	32.1
	706014660	Economic Planning Coordination Services	-	-	-	-
	706024660	Statistical Information Services	-	-	-	-
	706034660	Monitoring and Evaluation Services	15,138,000	4,865,699	10,272,301	32.1
707004660		Devolution Services	36,784,000	11,639,202	25,144,798	31.6
	707014660	Coordination Of Devolution Services	18,266,000	5,215,046	13,050,954	28.6
	707024660	Intergovernmental Relations	9,988,000	2,929,202	7,058,798	29.3
	707034660	County Government Advisory Service	8,530,000	3,494,954	5,035,046	41.0
708004660		Public Service, Administration and Citizen Participation	45,704,130	28,595,960	17,108,170	62.6
	708014660	County Administration Services	-	-	-	-
	708024660	Public Service, administration and citizen participation	-	-	-	-
	708034660	County administration	29,050,000	19,084,360	9,965,640	65.7
	708044660	county executive committee	-	-	-	-
	708054660	Citizen participation	16,654,130	9,511,600	7,142,530	57.1
709004660		Citizen Participation	-	-	-	-
	709014660	Citizen Participation	-	-	-	-
710004660		ICT, Special Programmes and Service Delivery	36,468,934	11,726,541	24,742,393	32.2
	710014660	Information, Communication and Technology	25,355,334	8,417,672	16,937,662	33.2

Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	710024660	Special Programmes	11,113,600	3,308,869	7,804,731	29.8
901004660			15,004,182	4,694,329	10,309,853	31.3
	901014660	Museum	980,000	642,999	337,001	65.6
	901024660	Cultural Activities	13,524,182	3,778,330	9,745,852	27.9
	901034660	County Parks	500,000	273,000	227,001	54.6
902004660			110,887,050	43,136,788	67,750,262	38.9
	902014660	Gender	110,887,050	43,136,788	67,750,262	38.9
903004660			93,059,184	13,926,288	79,132,896	15.0
	903014660	Youth Development	63,000,000	-	63,000,000	-
	903024660	Sports Training and Competitions	15,326,317	6,575,185	8,751,132	42.9
	903034660	Gender Mainstreaming	2,944,867	1,504,800	1,440,067	51.1
	903044660	Disability Mainstreaming	11,788,000	5,846,303	5,941,697	49.6
1001004660		General Administration, Planning and Support Services	121,790,572	49,467,757	72,322,815	40.6
	1001014660	Human Resources and Support Services	-	-	-	-
	1001024660	Storm Water Management Services	4,796,709	1,672,896	3,123,813	34.9
	1001034660	General Administration, Policy and Co-ordination	116,993,863	47,794,861	69,199,002	40.9
1002004660		Water and Sanitation Services	-	-	-	-
	1002014660	Sanitation Services	-	-	-	-
	1002024660	Water Supply Infrastructure	-	-	-	-
1003004660			303,742,360	24,045,817	279,696,543	7.9
	1003014660	Water	294,460,000	20,315,837	274,144,163	6.9
	1003024660	Sanitation	-	-	-	-
	1003034660	Storm Water Management	-	-	-	-
	1003044660	Irrigation	9,282,360	3,729,980	5,552,380	40.2
		Grand Total	9,505,818,689	3,145,283,446	6,360,535,243	33.1

Source: Kajiado County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Public Service, Administration and Citizen Participation at 62.6 per cent, Social Protection, Culture and Recreation at 55.7 per cent, and Social Protection and Recreation at 52.4 per cent of budget allocation.

3.10.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were submitted on 12th February, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.506.91 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.33 billion. The development expenditure represented 15.2 per cent of the annual development budget.
3. A high wage bill, which accounted for 52.6 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
4. Failure to correctly budget for conditional grants contained in the CARA, 2020.
5. Failure by the County to reconcile the approved budget amounts in the Programme Based Reports which shows an overall budget figure of Kshs.9.51 billion as shown in Table 6 compared with the Appropriation Act which provided the budget as Kshs.9.44 billion.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.
2. The County should identify and address issues causing delays in the implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill

and ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4. Ensure all conditional grants in CARA 2020 are correctly budgeted for in the Supplementary Budget.
5. The County Treasury should liaise with Directorate of IFMIS at the National Treasury to ensure that the County's approved budget is accurately uploaded and any variances are addressed accordingly.

3.11 County Government of Kakamega

3.11.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.16.50 billion, comprising of Kshs.7.51 billion (45.5 per cent) and Kshs.8.99 billion (54.5 per cent) allocation for development and recurrent programmes respectively. The supplementary budget was passed in December 2020

To finance the budget, the County expects to receive Kshs.10.41 billion (63.1 per cent) as the equitable share of revenue raised nationally, Kshs.1.77 billion (10.7 per cent) as total conditional grants, generate Kshs.2.11 billion (12.8 per cent) from own sources of revenue, and a cash balance of Kshs.2.21 billion (13.4 per cent) from FY 2019/20.

3.11.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.60 billion as the equitable share of the revenue raised nationally, Kshs.219.14 million as conditional grants, raised Kshs.354.02 million as own-source revenue, and had a cash balance of Kshs.2.21 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5.39 billion as shown in Table 3.59.

Table 3.59: Kakamega County, Revenue Performance in the First Half of FY 2020/21

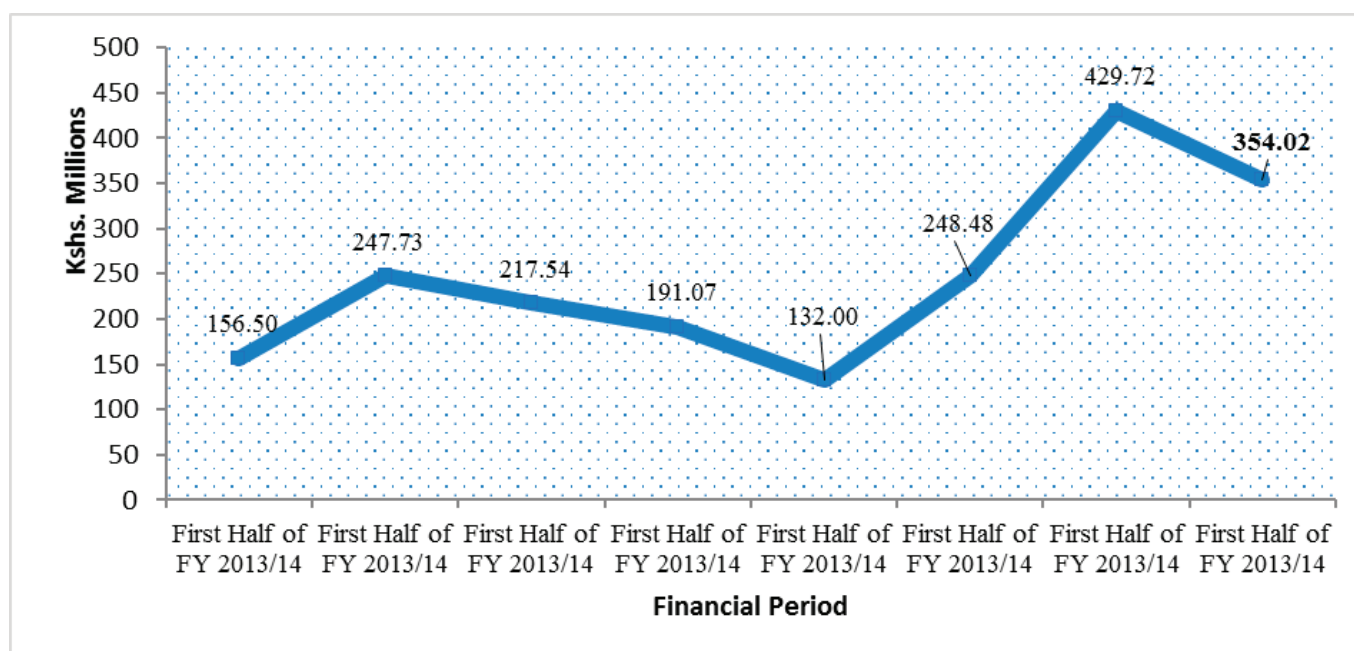
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,412,850,000	10,412,850,000	2,603,212,500	25
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	427,283,237	427,283,237	-	-
2.	Compensation for User Fee Foregone	37,789,290	37,789,290	-	-
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	315,071,072	315,071,072	78,767,768	25
5.	Rehabilitation of Village Polytechnics	102,349,894	102,349,894	-	-
Sub Total		1,014,514,770	882,493,493	78,767,768.00	8.9
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	50,214,024	50,214,024	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	302,964,820	302,964,820	125,569,326	41.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	-	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	389,118,800	-	-
5.	DANIDA Grant	29,610,000	29,610,000.00	14,805,000.00	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,041,144	23,041,144	-	-
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	42,632,067	-	-	-
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level I Grant	-	45,000,000	-	-
9.	Sweden - Agricultural Sector Development Support Programme (ASDSP) I	-	23,041,144	-	-
10.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	-	42,632,067	-	-
Sub Total		485,462,055	905,621,999	140,374,326	15.5
D.	Other Sources of Revenue				
1.	Own Source Revenue	-	2,113,000,000	354,024,422	16.8

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	Balance b/f from FY 2019/20	-	2,209,948,667	2,209,948,667	100
Sub Total		-	4,322,948,667	2,563,973,089	59.3
Grand Total		9,799,826,825	16,523,914,159	5,386,327,683	32.6

Source: Kakamega County Treasury

Figure 3.21 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.21: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kakamega County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.354.02 million as own-source revenue. This amount represented a decrease of 17.6 per cent compared to Kshs.429.72 million realised during a similar period in FY 2019/20 and was 16.8 per cent of the annual target.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.06 billion from the CRF account during the reporting period. The amount comprised of Kshs.1.18 billion (29.1 per cent) for development programmes and Kshs.2.88 billion (70.9 per cent) for recurrent programmes.

3.11.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.4.45 billion on development and recurrent programmes. The expenditure represented 109.6 per cent of the total funds released by the COB and comprised of Kshs.1.50 billion and Kshs.2.95 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 19.9 per cent while recurrent expenditure represented 32.9 per cent of the annual recurrent budget.

3.11.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.28 billion was spent on Compensation to Employees, Kshs.671.17 million on Operations and Maintenance, and Kshs.1.50 billion on development activities as shown in Table 3.60.

Table 3.60: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	8,989,667,636.160	2,880,203,796.000	2,954,964,235.740	32.9
Compensation to Employees	5,731,424,497.000	2,159,259,096.000	2,283,794,102.000	39.8
Operations and Maintenance	3,258,243,139.160	720,944,700.000	671,170,133.740	20.6
Total Development Expenditure	7,511,205,379.000	1,181,588,415.000	1,495,921,141.250	20.5
Development Expenditure	7,511,205,379.000	1,181,588,415.000	1,495,921,141.250	19.9
Total	16,500,873,015.160	4,061,792,211.000	4,450,885,376.990	27

Source: Kakamega County Treasury

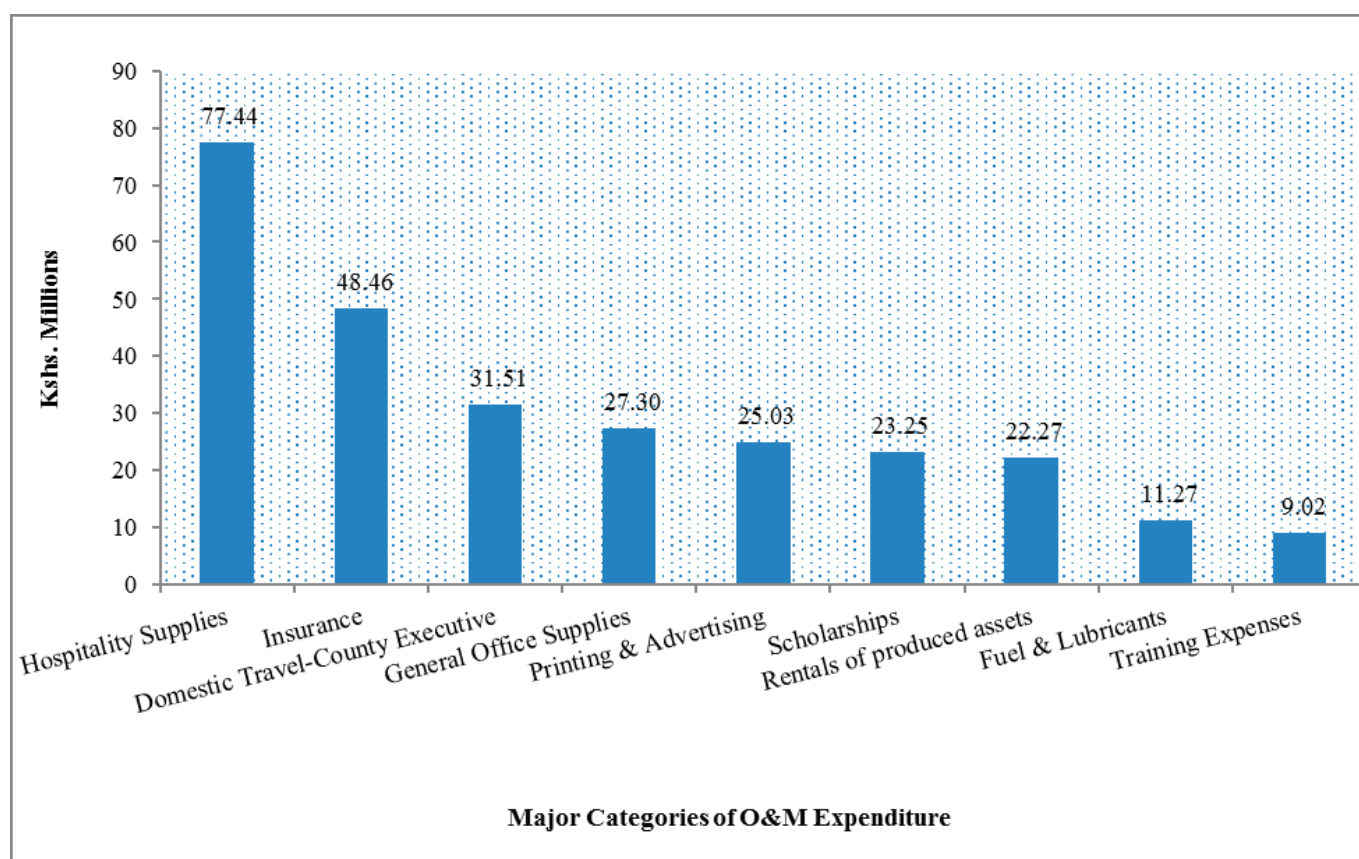
3.11.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 51.3 per cent of the total expenditure for the reporting period and 27.7 per cent of half year proportional revenue estimate of Kshs.8.25 billion.

3.11.7 Expenditure on Operations and Maintenance

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

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



Source: Kakamega County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.53.49 million on committee sitting allowances for the 90 MCAs and Speaker against the annual budget allocation of Kshs.133.29 million. The average monthly sitting allowance was Kshs.99,059 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.33.05 million and comprised of Kshs.1.54 million spent by the County Assembly and Kshs.31.51 million by the County Executive. Expenditure on foreign travel amounted to Kshs.275,300 incurred by the County Executive.

3.11.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county budgeted Kshs.100 million to cater for COVID-19 related expenditure while a total of Kshs.487.82 million was brought forward from FY 2019/20. Total expenditure was Kshs.139.66 million during the reporting period as shown in Table 3.61 .

Table 3.61: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
1	COVID-19 Grants from the National Government	262,173,000	34,199,373
2	Health Workers COVID allowances from the National Government	78,930,000	-
3	County budget provision (Emergency Fund)	205,000,000	105,465,263
4	DANIDA	11,515,000	-
5	KDSP Level 1	30,000,000	-
6	Donation	200,000	-
Total		587,818,000	139,664,636

Source: Kakamega County Treasury

3.11.9 Development Expenditure

The County incurred an expenditure of Kshs.1.50 billion on development programmes, which represented a decrease of 12.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.71 billion. Table 3.62 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.62: Kakamega County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Farm Inputs	Countywide	450,000,000	290,582,802	64.6
2	Bitumen road	Countywide	500,000,000	198,087,188	39.6
3	10 km per ward roads- Ward based	Countywide	300,000,000	193,139,230	64.4
4	County youth Services-ward based	Countywide	350,000,000	126,143,664	36.0
5	Kenya Climate Smart Agricultural Programme	Countywide	302,964,820	125,569,326	41.4
6	Water Infrastructure Development	Countywide	75,000,000	67,821,203	90.4
7	Bukhungu stadium	Kakamega Town	500,000,000	62,456,021	12.5
8	Purchase of Software	County HQ	88,000,000	43,206,000	49.1
9	Electrification and High mast-ward based	All wards	100,000,000	43,082,029	43.1

Source: Kakamega County Treasury

3.11.10 Budget Performance by Department

Table 3.63 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.63: Kakamega County Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock, Fisheries and Cooperatives	42.39	1620.61	-	423.76	0.88	418.44	-	98.7	2.1	25.8
Health Services	827.13	1408.45	235.47	116.49	200.24	123.78	85.0	106.3	24.2	8.8
Education, Science & Technology & ICT	203.46	522.81	39.31	53.58	44.09	57.09	112.2	106.6	21.7	10.9
Transport, Infrastructure, Public Works & Energy	202.90	1341.44	5.23	410.95	4.83	631.56	92.4	153.7	2.4	47.1
Lands, Housing, Urban Areas and Physical Planning	183.28	795.68	42.12	-	50.94	0.40	120.9	-	27.8	0.1

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
Social Services, Youth & Sports	72.98	569.00	1.56	62.46	6.89	62.46	441.7	100	9.4	11.0
Trade, Industrialization and Tourism	38.99	310.00	0.03	32.74	3.08	32.74	10,266.7	100	7.9	10.6
Water, Environment & Natural Resources	25.74	470.81	0.12	39.41	4.47	80.30	3,725.0	203.8	17.4	17.1
Public Service & Administration	5520.32	220.00	2091.77	-	2210.23	20.47	105.7	-	40.0	9.3
Office of the Governor	198.74	10.50	37.03	0.38	46.45	0.92	125.4	242.1	23.4	8.8
Finance and Economic Planning	451.99	20.00	50.84	-	43.25	-	85.1	-	9.6	-
County Public Service Board	26.54	-	7.75	-	5.83	-	75.2	-	22.0	-
ICT, E-government & Communication	38.71	171.90	12.68	41.83	9.19	67.76	72.5	162.0	23.7	39.4
County Assembly	1156.50	50.00	356.30	-	326.88	-	91.7	-	28.3	-
Total	8,989.67	7,511.21	2,880.20	1181.59	2,957.25	1495.92	102.7	126.6	32.9	19.9

Source: Kakamega County Treasury

Analysis of expenditure by department shows that the Department of Transport, Infrastructure, Public Works and Energy recorded the highest absorption rate of development budget at 47.1 per cent while the County Assembly did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 28.2 per cent while the Department of Agriculture, Livestock, Fisheries and Cooperatives had the lowest at 2.1 per cent.

It should be noted that the expenditure to exchequer issues is higher than 100 per cent for both recurrent and development expenditures. This is brought about failure to refund unspent balances to the County Revenue Fund at the end of FY2019/20.

3.11.11 Budget Execution by Programmes and Sub-Programmes

Table 3.64 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.64: Kakamega County, Budget Execution by Programmes and Sub-programmes

Programme	Sub Program/Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Default Value (Non- Departmental)				
	County Assembly Headquarters	1,206,498,260	97,911,837	1,108,586,423	8.1
710004810	County Assembly	1,206,498,260	97,911,837	1,108,586,423	8.1
	Crop Production	1,437,268,854	500,385,254	936,883,600	34.8
103004810	Crop Production and Management Services	1,437,268,854	500,385,254	936,883,600	34.8
105004810	Agricultural training services	-	-	-	-
	Livestock	36,501,930	442,153	36,059,778	1.2
102004810	Fisheries Development	-	-	-	-
101004810	Livestock Resource Management and Development	36,501,930	442,153	36,059,778	1.2
	Fisheries	27,847,971	4,905,551	22,942,420	17.6
102004810	Fisheries Development	27,847,971	4,905,551	22,942,420	17.6
	Veterinary	47,791,244	13,712,846	34,078,398	28.7
101004810	Livestock Resource Management and Development	47,791,244	13,712,846	34,078,398	28.7
	Cooperative Development and Marketing	27,856,384	164,796	27,691,588	0.6
106004810	Cooperative development and marketing	27,856,384	164,796	27,691,588	0.6
	Agricultural Training Centres (ATC)	18,172,563	9,800	18,162,763	0.1
105004810	Agricultural training services	18,172,563	9,800	18,162,763	0.1
	Irrigation	1,501,717	-	1,501,717	-
120004810	Irrigation and Drainage Development	1,501,717	-	1,501,717	-
		66,063,034	8,516,956	57,546,078	12.9
101004810	Livestock Resource Management and Development	66,063,034	8,516,956	57,546,078	12.9
	Health Services	1,625,293,736	277,249,089	1,348,044,647	17.1

Programme	Sub Program/Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
401004810	Preventive and promotive services	85,400,000	151,200	85,248,800	0.2
403004810	Administrative, planning and support services	-	-	-	-
402004810	Curative services	1,539,893,736	277,097,889	1,262,795,847	18.0
	Public Health	78,606,750	22,260,000	56,346,750	28.3
401004810	Preventive and promotive services	72,400,000	22,260,000	50,140,000	30.7
403004810	Administrative, planning and support services	6,206,750	-	6,206,750	-
	Dispensaries	25,108,212	1,512,417	23,595,795	6.0
402004810	Curative services	25,108,212	1,512,417	23,595,795	6.0
	Health centers	173,873,683	13,787,139	160,086,544	7.9
402004810	Curative services	173,873,683	13,787,139	160,086,544	7.9
		27,867,250	222,950	27,644,300	0.8
403004810	Administrative, planning and support services	27,867,250	222,950	27,644,300	0.8
		7,989,500	180,000	7,809,500	2.3
403004810	Administrative, planning and support services	7,989,500	180,000	7,809,500	2.3
		296,836,203	23,885,236	272,950,967	8.0
402004810	Curative services	296,836,203	23,885,236	272,950,967	8.0
	E.C.D.E	210,535,267	17,956,841	192,578,426	8.5
504004810	Early Childhood Development Education (ECDE)	210,535,267	17,956,841	192,578,426	8.5
	County Polytechnics	305,650,055	46,884,985	258,765,070	15.3
503004810	Vocational Education and Training development	185,650,055	39,852,707	145,797,348	21.5
506004810	Polytechnic Improvement	120,000,000	7,032,279	112,967,721	5.9
	Education Support Programmes	210,090,638	21,163,925	188,926,714	10.1
505004810	Education Support Programme	210,090,638	21,163,925	188,926,714	10.1
	Public Works	17,884,863	421,510	17,463,353	2.4
204004810	Public works Management	17,884,863	421,510	17,463,353	2.4
	Noise pollution	100,000,000	70,532,965	29,467,035	70.5
203004810	Energy Reticulation	100,000,000	70,532,965	29,467,035	70.5
	Public Nuisance	1,426,455,092	592,085,000	834,370,092	41.5
201004810	Infrastructure , roads and transport services	1,426,455,092	592,085,000	834,370,092	41.5
	Lands	13,245,176	854,869	12,390,307	6.5
107004810	Land use policy and planning	13,245,176	854,869	12,390,307	6.5
	Survey	9,068,004	569,339	8,498,665	6.3
107004810	Land use policy and planning	9,068,004	569,339	8,498,665	6.3
	Physical Planning	77,304,925	438,969	76,865,956	0.6
107004810	Land use policy and planning	77,304,925	438,969	76,865,956	0.6
	Housing	2,149,744	314,083	1,835,661	14.6
108004810	Housing development and management	2,149,744	314,083	1,835,661	14.6
	Kakamega Municipality	460,203,522	33,224,638	426,978,884	7.2
110004810	Urban Development Service	460,203,522	33,224,638	426,978,884	7.2
		416,989,653	15,939,129	401,050,524	3.8
110004810	Urban Development Service	416,989,653	15,939,129	401,050,524	3.8
	Social Services	82,842,132	22,341,410	60,500,722	27.0
906004810		62,842,132	22,341,410	40,500,722	35.6
904004810		20,000,000	-	20,000,000	-
	Children Services	6,075,188	25,438	6,049,750	0.4
906004810		6,075,188	25,438	6,049,750	0.4
	Sports	488,270,213	407,954,328	80,315,885	83.6
903004810		488,270,213	407,954,328	80,315,885	83.6
303004810	Development and development of Sports and sports facilities	-	-	-	-
	Youth Development	16,115,485	32,500	16,082,985	0.2
904004810		16,115,485	32,500	16,082,985	0.2
302004810	Socio/Cultural and arts development	-	-	-	-
	Culture	22,288,456	3,345,133	18,943,324	15.0
902004810		22,288,456	3,345,133	18,943,324	15.0
302004810	Socio/Cultural and arts development	-	-	-	-
	Labour	1,806,843	-	1,806,843	-
901004810		1,806,843	-	1,806,843	-
301004810	Labour promotional services	-	-	-	-

Programme	Sub Program/Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
905004810		-	-	-	-
	Licensing and control of undertaking	23,828,249	4,633,497	19,194,753	19.4
901004810		23,828,249	4,633,497	19,194,753	19.4
	Veterinary Services	756,370	-	756,370	-
310004810	Library Services	-	-	-	-
908004810		756,370	-	756,370	-
	Trade	138,710,000	41,675,551	97,034,449	30.0
307004810	Trade Development and Investment	138,710,000	41,675,551	97,034,449	30.0
306004810	Administration, Planning and support services	-	-	-	-
	Tourism	9,750,000	276,000	9,474,000	2.8
304004810	Promotion of tourism and marketing	-	- 229,000	229,000	-
308004810	Tourism Development and Marketing	9,750,000	505,000	9,245,000	5.2
	Weights and Measure	8,150,000	34,800	8,115,200	0.4
306004810	Administration, Planning and support services	8,150,000	34,800	8,115,200	0.4
	Industrialization	129,500,000	11,549,067	117,950,933	8.9
309004810	Industrial development and investment	129,500,000	11,549,067	117,950,933	8.9
	Housing	4,355,000	1,034,069	3,320,931	23.7
306004810	Administration, Planning and support services	4,355,000	1,034,069	3,320,931	23.7
	Energy	5,420,000	438,280	4,981,720	8.1
306004810	Administration, Planning and support services	5,420,000	438,280	4,981,720	8.1
	Electricity	53,100,000	139,800	52,960,200	0.3
307004810	Trade Development and Investment	53,100,000	139,800	52,960,200	0.3
	Environment	16,391,677	4,044,853	12,346,824	24.7
1006004810		-	-	-	-
1001004810	Environment management	-	-	-	-
1007004810		16,391,677	4,044,853	12,346,824	24.7
	Water and Sewerage	387,544,974	66,159,484	321,385,490	17.1
1002004810	Water provision and management	-	-	-	-
1006004810		387,544,974	66,159,484	321,385,490	17.1
	Forestry	52,590,682	592,996	51,997,686	1.1
1005004810		52,590,682	592,996	51,997,686	1.1
	Natural Resource	40,023,128	1,125,582	38,897,546	2.8
1005004810		40,023,128	1,125,582	38,897,546	2.8
	Public Service	5,227,287,606	2,091,843,196	3,135,444,410	40.0
712004810	County Public service and Administrative services	5,227,287,606	2,091,843,196	3,135,444,410	40.0
	County Administration	394,544,690	121,720,054	272,824,636	30.9
712004810	County Public service and Administrative services	394,544,690	121,720,054	272,824,636	30.9
	Ward Administration	16,171,229	4,022,162	12,149,067	24.9
712004810	County Public service and Administrative services	16,171,229	4,022,162	12,149,067	24.9
	Sub- County Administration	62,315,428	7,522,763	54,792,665	12.1
712004810	County Public service and Administrative services	62,315,428	7,522,763	54,792,665	12.1
	Directorate of Alcoholic Drinks	4,636,099	1,425,469	3,210,630	30.7
716004810	Alcoholics and Drinks Control	4,636,099	1,425,469	3,210,630	30.7
		35,365,828	6,462,429	28,903,399	18.3
712004810	County Public service and Administrative services	35,365,828	6,462,429	28,903,399	18.3
	Governor's Office	107,390,000	35,527,547	71,862,453	33.1
703004810	Management of county affairs	107,390,000	35,527,547	71,862,453	33.1
	Liaison Office	9,745,000	3,384,094	6,360,906	34.7
709004810	Coordination and supervisory services	9,745,000	3,384,094	6,360,906	34.7
	County Court	11,970,000	966,968	11,003,032	8.1
704004810	Coordination and supervisory services	11,970,000	966,968	11,003,032	8.1
	Intergovernmental Relation	6,500,000	-	6,500,000	-
709004810	Coordination and supervisory services	6,500,000	-	6,500,000	-
	Internal Audit	15,374,443	2,003,323	13,371,120	13.0
709004810	Coordination and supervisory services	15,374,443	2,003,323	13,371,120	13.0
	Cooperative Societies	10,630,000	745,057	9,884,943	7.0

Programme	Sub Program/Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
709004810	Coordination and supervisory services	10,630,000	745,057	9,884,943	7.0
		16,160,000	1,758,365	14,401,635	10.9
709004810	Coordination and supervisory services	16,160,000	1,758,365	14,401,635	10.9
		2,597,000	-	2,597,000	-
709004810	coordination and supervisory services	2,597,000	-	2,597,000	-
		12,010,000	1,939,632	10,070,368	16.2
703004810	Management of county affairs	12,010,000	1,939,632	10,070,368	16.2
		16,860,989	449,650	16,411,339	2.7
709004810	Coordination and supervisory services	16,860,989	449,650	16,411,339	2.7
	Accounting	227,885,198	4,135,462	223,749,736	1.8
707004810	Public finance management	227,885,198	4,135,462	223,749,736	1.8
	Economic Planning	34,137,912	15,647,529	18,490,383	45.8
706004810	Economic and policy formulation and management planning	34,137,912	15,647,529	18,490,383	45.8
	Budget	35,074,500	5,807,848	29,266,652	16.6
707004810	Public finance management	35,074,500	5,807,848	29,266,652	16.6
	Revenue Agency	60,567,000	12,604,533	47,962,467	20.8
707004810	Public finance management	60,567,000	12,604,533	47,962,467	20.8
	Public Entertainment	66,022,658	2,337,566	63,685,092	3.5
713004810	General Administration and Support services	66,022,658	2,337,566	63,685,092	3.5
	Liquor Licensing	7,489,450	993,811	6,495,639	13.3
707004810	Public finance management	7,489,450	993,811	6,495,639	13.3
	Video show and hiring	40,813,290	2,527,611	38,285,679	6.2
718004810	Investment promotion	40,813,290	2,527,611	38,285,679	6.2
	County Public Service Board	26,537,547	4,137,085	22,400,462	15.6
712004810	County Public service and Administrative services	26,537,547	4,137,085	22,400,462	15.6
	Administration and Support	7,342,507	470,240	6,872,267	6.4
705004810	Information and communication services	7,342,507	470,240	6,872,267	6.4
		177,087,052	75,203,086	101,883,966	42.5
705004810	Information and communication services	177,087,052	75,203,086	101,883,966	42.5
		23,064,296	4,655,441	18,408,856	20.2
705004810	Information and communication services	23,064,296	4,655,441	18,408,856	20.2
	E-Government	3,120,666	142,600	2,978,066	4.6
705004810	Information and communication services	3,120,666	142,600	2,978,066	4.6
	Grand Total	16,500,873,015	4,739,390,363	11,761,482,651	28.7

Source: Kakamega County Treasury

Programmes with the highest levels of implementation based on absorption rates were: the sports Program in the department of Social Services, Youth & Sports at 83.6 per cent, Energy Reticulation Program in the Department of Transport, Infrastructure and Public Works & Energy at 70.5 per cent, Economic Planning in the Department of Finance and Economic Planning at 45.8 per cent of the budget allocation.

3.11.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Assembly to the Controller of Budget, which affected timely preparation of budget implementation report. The report was submitted on 25th January, 2021. contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.50 billion in the first half of FY 2020/21 from the annual development budget allocation of Kshs.7.51 billion. The development expenditure represented 20.5 per cent of the annual development budget.
3. Underperformance of own source revenue at Kshs.354.02 million against an annual projection of Kshs.2.11 billion, representing 16.8 per cent of the annual target.

- Poor budgeting practice by the County Treasury as they do not undertake year end reconciliations to identify projects being rolled over, matched with rolled over funds. The County incurred expenditure in areas where funds had not been requested as shown in Table 3.63.

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

- The County Assembly should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2012
- The County should identify and address issues causing delays in the implementation of development projects.
- The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.
- The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenue should be banked intact in the CRF account in line with Section 109 (2) of the PFM Act, 2012.

3.12 County Government of Kericho

3.12.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.7.66 billion, comprising of Kshs.3.37 billion (44 per cent) and Kshs.4.29 billion (56 per cent) allocations for development and recurrent programmes respectively.

To finance the budget, the county expected to receive Kshs.5.44 billion (71.1 per cent) as equitable share of revenue raised nationally, Kshs.1 billion (13.1 per cent) as total conditional grants, generate Kshs.644.06 million (8.4 per cent) from own sources of revenue, and a cash balance of Kshs.565.38 million (7.4 per cent) from FY 2019/20.

3.12.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.24 billion as equitable share of the revenue raised nationally, Kshs.200.18 million as conditional grants, raised Kshs.138.24 million as own-source revenue, and had a cash balance of Kshs.565.38 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.14 billion as shown in Table 3.65.

Table 3.65: Kericho County, Revenue Performance in the First Half of FY 2020/21

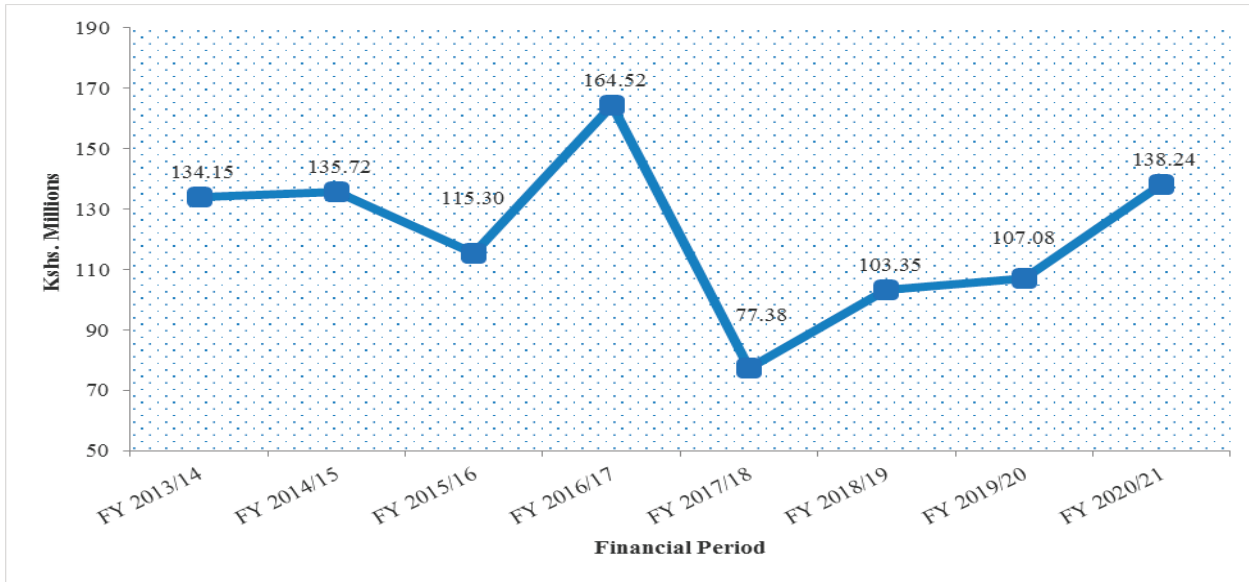
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,443,800,000	5,443,800,000	2,238,288,000	41.1
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	18,048,789	18,048,789	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	273,409,756	273,409,756	-	-
4.	Rehabilitation of Village Polytechnics	22,866,170	22,866,170	-	-
1.	Other Donor Funds -Covid-19 Allowances	36,180,000	36,180,000	-	-
Sub Total		482,525,992	350,504,715		
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	82,748,619	82,748,619	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	277,000,000	277,000,000	119,541,916	43.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	132,491,953	132,491,953	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	103,228,166	103,228,166	72,984,012	70.7
5.	DANIDA Grant	17,062,500	17,062,500	7,650,000	44.8
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	41,557,771	41,557,771	-	-
Sub Total		654,089,009	654,089,009	200,175,929	31
D	Other Sources of Revenue				
1.	Own Source Revenue	644,058,870	644,058,870	138,244,326	21.5
2.	Balance b/f from FY 2019/20	-	565,380,551	565,380,551	100.0
Sub Total		644,058,870	1,209,439,421	703,624,877	58.2

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Grand Total		7,224,473,870	7,657,833,144	3,142,088,805	41.0

Source: Kericho County Treasury

Figure 3.23 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.23: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kericho County Treasury

During the first half of FY2020/21, the County generated a total of Kshs.138.24 million as own-source revenue. This amount represented an increase of 29.1 per cent compared to Kshs.107.08 million realised during a similar period in FY 2019/20 and was 21.5 per cent of the annual target. The increase can be attributed to enhancement in revenue collection measures.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.35 billion from the CRF account during the reporting period. The amount comprised of Kshs.609.31 million (25.9 per cent) for development programmes and Kshs.1.74 billion (74.1 per cent) for recurrent programmes.

3.12.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.17 billion on development and recurrent programmes. The expenditure represented 92.4 per cent of the total funds released by the COB and comprised of Kshs.434.92 million and Kshs.1.74 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 12.9 per cent while recurrent expenditure represented 40.5 per cent of the annual recurrent budget.

3.12.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.22 billion was spent on compensation to employees, Kshs.520.22 million on Operations and Maintenance, and Kshs.434.92 million on development activities as shown in Table 3.66.

Table 3.66: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,290,881,684	1,740,163,605	1,736,935,807	40.5
Compensation to Employees	2,819,745,677	1,216,718,975	1,216,718,975	43.1
Operations and Maintenance	1,471,136,007	523,444,630	520,216,832	35.4
Total Development Expenditure	3,366,951,461	609,308,463	434,916,882	12.9
Development Expenditure	3,366,951,461	609,308,463	434,916,882	12.9
Total	7,657,833,145	2,349,472,068	2,171,852,690	28.4

Source: Kericho County Treasury

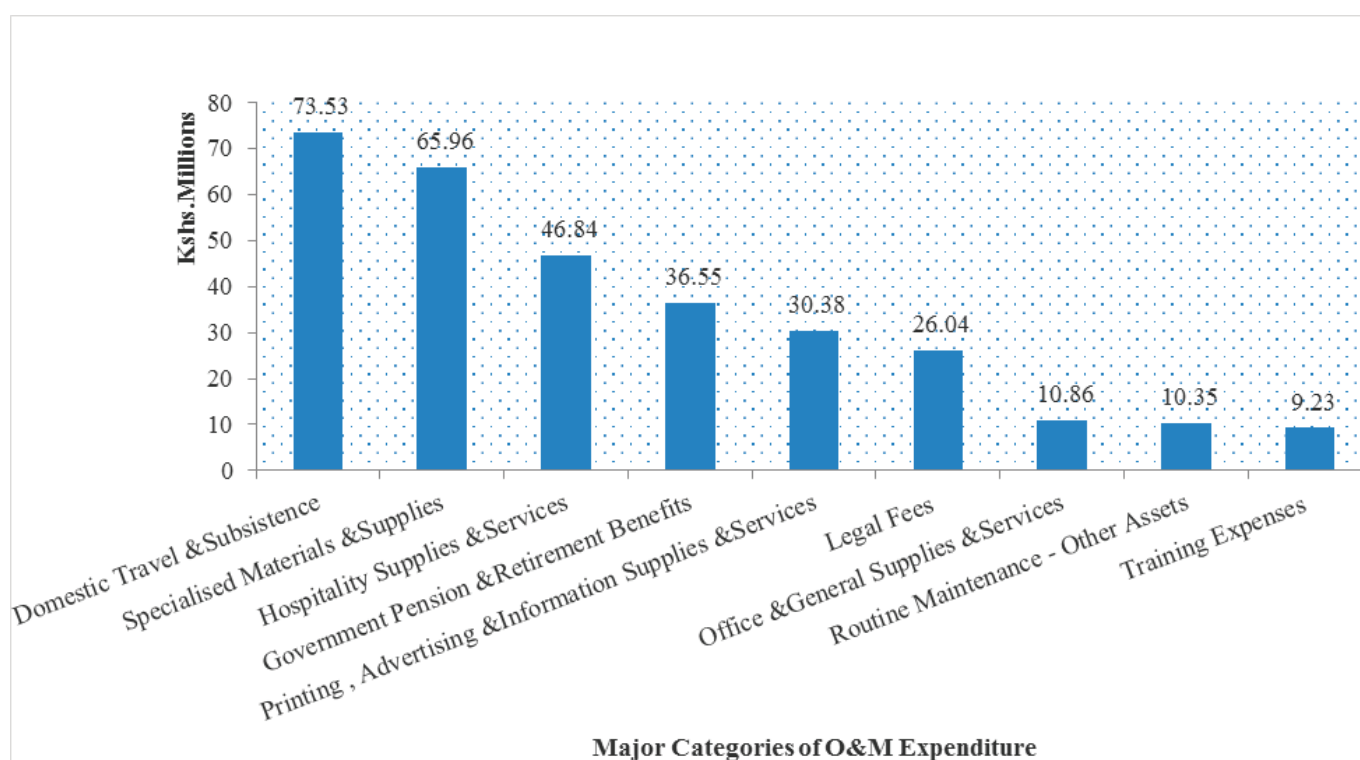
3.12.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 56 per cent of the total expenditure for the reporting period and 31.8 per cent of half year proportional revenue estimate of Kshs.3.83 billion.

3.12.7 Expenditure on Operations and Maintenance

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

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



Source: Kericho County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.20.29 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.68.05 million. The average monthly sitting allowance was Kshs.70,435 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.73.53 million and comprised of Kshs.47.10 million spent by the County Assembly and Kshs.26.43 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.65 million and comprised of Kshs.1.75 million by the County Assembly and Kshs.1.91 million by the County Executive.

3.12.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.36.18 million to cater for COVID-19 related expenditure while a total of Kshs.84.34 million was brought forward from FY 2019/20. During the period, Kshs.84.35 million was spent on COVID-19 related expenditure. Table 3.367 provides a summary of the COVID-19 budget and expenditure.

Table 3.67: COVID-19 Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020(Kshs)
1.	Front Workers Allowances	36,180,000
2.	COVID 19 lab items and baseline test reagents	8,541,777
3.	Assorted Medical drugs	11,225,550
4.	Assorted Non-pharmaceuticals	477,500
5.	Supply and delivery of PPEs	12,100,000
6.	Beds - double crank (100.NO.) and Beddings	11,050,000
7.	Pedal bins (100 No.)	280,000
8.	Bin liners	2,992,500
9.	Laundry machines for isolation unit	1,389,500
10.	Isolation ward TV sets and installations	730,000
11.	Water works	2,388,813
12.	Completion of level 2 support facilities	2,624,223
13.	Patient Monitors ,pulse oximeters, suction machine and oxygen flowmeters	7,614,000
14.	Ventilators	
15.	Quarantine and isolation costs	4,078,500
16.	Isolation nutritional Support	789,440
17.	Sensitization, Awareness and Publicity	600,450
18.	Medical gases and oxygen piping	1,043,439
19.	Toll free line pre-payment	150,000
20.	Standby Automatic switch generator	2,731,901
21.	Generator House at Ainamoi	1,151,286
22.	Provision of Hospital Cleaning services	3,962,301
23.	Rehabilitation of medical infrastructure at KCRH	497,350
24.	Airtime for surveillance , follow up and coordination	300,000
25.	Deep freezer for specimen storage	1,080,000
26.	Body bags	357,000
27.	Electricity ,Water bills	6,192,973
28.	Totals	84,348,503

Source: Kericho County Treasury

3.12.9 Development Expenditure

The County incurred an expenditure of Kshs.434.92 million on development programmes, which represented a decrease of 26.1 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.588.61 million. Table 3.68 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.68: Kericho County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (kshs)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Judgement-Mabwaita-Ngenyrd; Kapmajumo-Kap MP-KapChemosotrd; Kapmajuma- Kap Edwin rd; Samuget- Mabwaita Honest church: Kap Zakaria- Chematich Pry School rd; Chepsogot-Kapkatet TBC rd; Sosit-Shiners Rd	Kapkatet	8,133,690	8,133,690	100
2.	Chomisian-Ngesumin rd; Munandet-Chemamul rd; Ngesumin Pry-ArapTobonrd; Ngesumin-Kuresiet rd-Kamanansim-Cheptuiyet rd.	Litein	7,893,500	7,893,500	100
3.	Kipsitet-Mbasard; Kipsitet bridge-Kaplabotword; Ngeremwo-Kipsitet dip rd; Nunda-Kipteranrd; Kipteran-Nyaberird-Laitigo pry-Maemba rd; Laitigo pry- kapsermi rd; Kapsimingoi-Ndanyomare rd	Soin	6,360,000	6,360,000	100
4.	Muharate-Nyairobi-Jagoror rd;Jagoror-Some rd; Jagoror-KapSharack rd;Makutano-Nyairobi sec rd-Kiplaba-Kimologit Bridgerd-Kapsugurup-Greenland rd	Kamasian	6,216,900	6,216,900	100
5.	off E222-Kaptoroi-Kiptenden rd;Muiwek-Tuiyobei rd	Kapsoit	6,183,180	6,183,180	100
6	Mutwot-kokwasoi-Emdit road	Kaplelartet	6,164,640	6,164,640	100

S/No.	Project Name/Description	Project Location	Project Budget (kshs)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
7	Kapsiyia TBC-Kiletien-Chesabobo rd; Kibingei Sec School-Tea farm rd; Off Taplotin- Chemumbe-Chesegoro rd; Free Pentecost-Signpost-Milimani rd	Kabianga	6,144,870	6,144,870	100
8	Kokwet-Toroton-Kipsasur rd;Bomore-Kap Chapati rd; Kokwet Centre rd;Momugut-Kapinguron;Chemunya-la-Storerd;Sachangwan-Kapchorua rd;Burutu-Kapkese rd	Chilchila	5,642,380	5,642,380	100
9	B1-Kedowa-Ewat road	Kedowa/Kimugul	5,603,520	5,603,520	100
10	Ketpyserd; Kamelilord	Ainamoi	5,409,180	5,409,180	100

Source: Kericho County Treasury

3.12.10 Budget Performance by Department

Table 3.69 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.69: Kericho County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	628.22	13.78	297.33	-	296.44	-	99.7	-	47.2	-
Public Service Management	331.32	17.52	131.14	-	129.19	-	98.5	-	39.0	-
Agriculture, Livestock Development and Fisheries	143.85	388.71	63.98	119.54	61.55	0.64	96.2	0.5	42.8	0.2
Education, Youth Affairs, Children, Culture and Social Services	353.11	276.17	90.81	-	89.26	1.78	98.3	-	25.3	0.6
Health	1,999.28	495.40	824.70	7.65	854.79	10.03	103.6	131.1	42.8	2.0
Trade, Industrialisation, Tourism, Wildlife and Cooperative Management	59.37	10.33	24.42	-	24.07	0.21	98.6	-	40.5	2.0
Public Works, Roads, Transport and ICT	98.77	1,258.49	50.58	409.13	40.33	320.85	79.7	78.4	40.8	25.5
Water, Energy, Natural Resources and Environment	113.89	436.61	51.28	-	51.36	13.43	100.2	-	45.1	3.1
Lands, Housing and Physical Planning	98.08	192.23	51.64	72.98	32.15	87.98	62.3	120.6	32.8	45.8
Finance and Economic Planning	240.69	262.27	60.88	-	67.50	-	110.9	-	28.0	-
Office of The Governor	98.30	-	52.36	-	54.98	-	105.0	-	55.9	-
Information Communication and Technology (ICT)	71.79	15.43	26.48	-	21.97	-	83.0	-	30.6	-
County Public Service Board	54.20	-	14.57	-	13.33	-	91.5	-	24.6	-
TOTAL	4,290.88	3,366.95	1,740.16	609.31	1,736.94	434.92	99.8	71.4	40.5	12.9

Source: Kericho County Treasury

Analysis of expenditure by department shows that the Department of Public Works and Roads recorded the highest absorption rate of development budget at 25.5 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to recurrent budget at 55.9 per cent while the County Public Service Board had the lowest at 24.6 per cent.

3.12.11 Budget Execution by Programmes and Sub-Programmes

Table 3.70 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.70: Kericho County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Office of The Governor					
County Coordination Services	County Coordination Services	98,301,145	54,975,170	43,325,975	55.9
Public sector advisory services	Economic and Social Advisory Service	2,765,000	-	2,765,000	-
		101,066,145	54,975,170	46,090,975	54.4
Finance and Economic Planning					
Administration, Planning and Support Services.	Administration Services.	358,493,218	26,596,060	331,897,158	7.4
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	12,461,851	7,173,122	5,288,729	57.6
Public Finance Management	Budget Formulation co-ordination and management	129,142,332	31,936,574	97,205,758	24.7
Audit Services	County Audit	2,866,483	1,796,030	1,070,453	62.7
Sub-Total		502,963,884	67,501,786	435,462,098	13.4
Agriculture, Livestock and Fisheries					
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	29,037,959	2,008,475	27,029,484	6.9
Crop Development and Management	Agriculture Extension Services	420,071,834	34,625,490	385,446,344	8.2
Livestock Resource Management and Development	Livestock Disease Management and Control.	10,760,397	1,164,641	9,595,756	10.8
Livestock Resource Management and Development	Livestock Production and Extension Services	65,095,995	24,092,491	41,003,504	37.0
Fisheries development	Management and Development of Capture Fisheries	7,595,177	294,995	7,300,182	3.9
		532,561,362	62,186,092	470,375,270	11.7
Water, Energy, Natural Resources and Environment					-
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	113,073,653	63,684,807	49,388,846	56.3
Water supply services	Rural Water Supply	437,426,643	1,103,112	436,323,531	0.3
		550,500,296	64,787,919	485,712,377	11.8
Education, Youth Affairs, Culture and Social Services					
General Administration & planning services.	Policy Development and Administration	274,980,529	89,043,422	185,937,108	32.4
Basic Education	Early Childhood Development Education	272,491,184	219,600	272,271,584	0.1
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	24,899,378	1,573,630	23,325,748	6.3
Youth development and empowerment services	Youth development (YP) Training	56,907,040	202,282	56,704,758	0.4
		629,278,131	91,038,933	538,239,198	14.5
Health Services					
Curative Health	Administration and Planning	1,213,146,245	644,383,492	568,762,753	53.1
Curative Health	Hospital(curative)Services	-	-	-	-
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,281,534,216	220,434,953	1,061,099,263	17.2
		2,494,680,461	864,818,445	1,629,862,016	34.7
Lands, Housing and Physical Planning					
Administration and support services	General Administration and Planning	61,128,784	16,281,629	44,847,155	26.6
Housing Development and Human Resource	Housing Development	50,808,299	7,947,726	42,860,573	15.6
Land policy and planning	Development Planning and Land Reforms	172,021,347	95,765,957	76,255,390	55.7
Land policy and planning	Land Use Planning	6,352,443	142,400	6,210,043	2.2
		290,310,873	120,137,712	170,173,161	41.4
Public Works, Roads and Transport					
Transport Management and safety	General Administration Planning and Support Services	78,843,520	27,126,386	51,717,134	34.4
Infrastructure, Roads and Transport	Rehabilitation of Road	1,262,094,286	334,006,258	928,088,028	26.5
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	16,330,335	53,600	16,276,735	0.3
		1,357,268,141	361,186,244	996,081,897	26.6
Trade, Industrialization, Tourism, Wildlife and Cooperative Management					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	40,283,406	16,028,469	24,254,937	39.8
Trade development and investment	Administrative and Support Services.	8,840,976	822,526	8,018,450	9.3
Cooperative development and management	Cooperative Advisory & Extension Services.	20,574,770	7,428,577	13,146,193	36.1
Tourism development and marketing	Local Tourism Development.	-	-	-	-
		69,699,152	24,279,572	45,419,580	34.8
ICT and E-Government					
Information & Communication Service	News and Information Services	71,791,149	17,319,795	54,471,354	24.1
Information & Communication Service	ICT and BPO development services	15,432,683	4,649,665	10,783,018	30.1
		87,223,832	21,969,461	65,254,371	25.2
County Public Service Board					
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	54,200,321	13,334,589	40,865,732	24.6
		54,200,321	13,334,589	40,865,732	24.6
Public Service Management					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	253,093,364	114,023,308	139,070,056	45.1
Administration of Human Resources and Public Service	Human Resource Development	95,747,770	15,169,549	80,578,221	15.8
		348,841,134	129,192,857	219,648,277	37.0
Assembly					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	354,511,272	197,925,518	156,585,754	55.8
Legislative Services		275,170,145	93,268,375	181,901,770	33.9
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	12,322,996	5,250,017		42.6
		642,004,413	296,443,910	338,487,524	46.2
County Grand Total -Excluding Conditional Grants(Transfers)		7,657,833,145	2,171,852,690	5,481,672,476	28.4

Source: Kericho County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Audit Services and Administration, Planning and Support Services.in the Department of Finance at 62.7 per cent and 57.6 per cent respectively.

3.12.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were submitted on 22nd January, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.434.91million in the first half of FY 2020/21 compared to the annual development budget allocation of Kshs.3.36 billion. The development expenditure represented 12.9 per cent of the annual development budget.
3. Under performance of own source revenue collection at Kshs.138.24 million against annual projection of Kshs.644.06 million. The realised own source revenue represented 21.5 per cent of its annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.
2. The County should identify and address issues causing delays in the implementation of development projects.
3. The County should devise and implement strategies to address own source revenue performance so as to ensure the approved budget is fully financed.

3.13 County Government of Kiambu

3.13.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.17.89 billion, comprising of Kshs.6.29 billion (35.1 per cent) and Kshs.11.61 billion (64.9 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.9.43 billion (52.7 per cent) as the equitable share of revenue raised nationally, Kshs.3.17 billion (17.7 per cent) as total conditional grants, generate Kshs.3.99 billion (22.3 per cent) from own sources of revenue, and a cash balance of Kshs.1.30 billion (7.3 per cent) from FY 2019/20.

3.13.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.3.11 billion as the equitable share of the revenue raised nationally, Kshs.739.58 million as conditional grants, raised Kshs.897.97 million as own-source revenue, and had a cash balance of Kshs.1.30 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.05 billion as shown in Table 3.71.

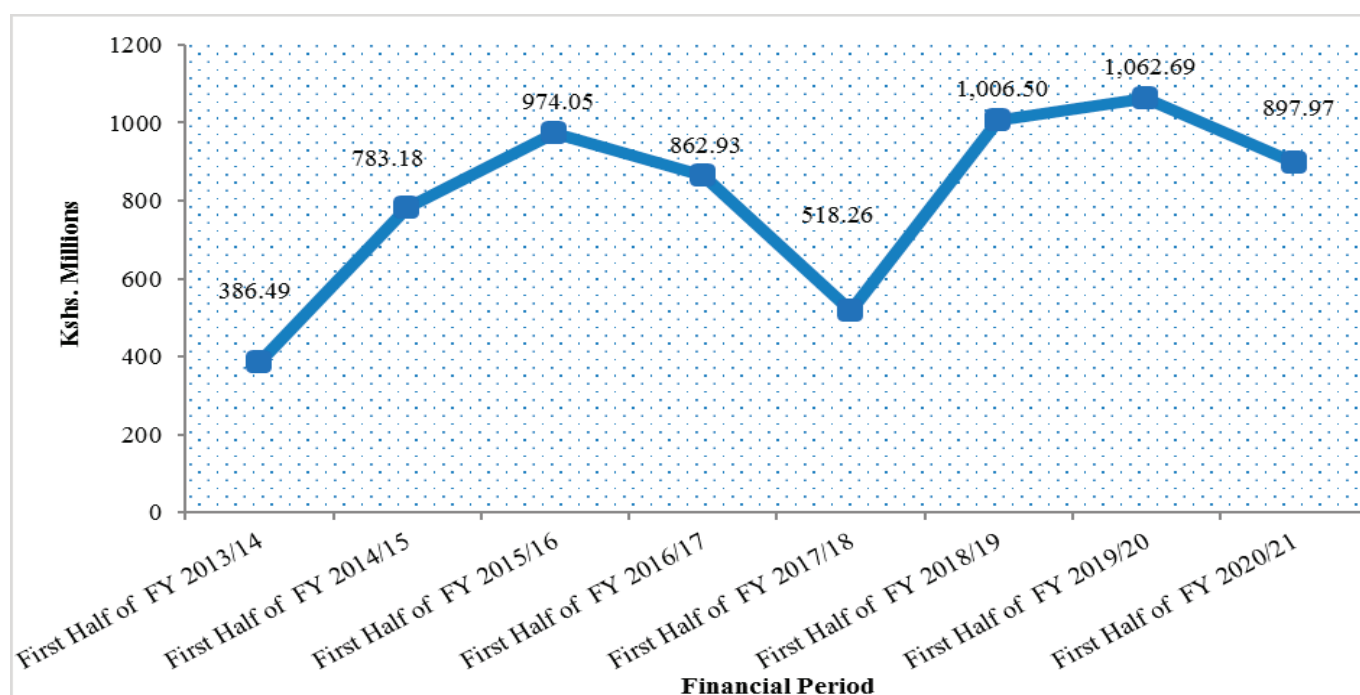
Table 3.71: Kiambu County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,431,700,000	9,431,700,000	3,112,461,000	33
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	538,716,763	538,716,763	-	-
2.	Compensation for User Fee Foregone	34,671,542	34,671,542	-	-
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	293,374,561	293,374,561	-	-
	Rehabilitation of Village Polytechnics	61,984,894	61,984,894	-	-
	Sub-Total	1,060,769,037	928,747,760	-	-
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	49,790,789	49,790,789	-	-
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	222,340,320	222,340,320	202,525,924	91.1
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	1,885,993,000	537,057,640	28.5
9.	DANIDA Grant	26,820,000	26,820,000	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,436,146	13,436,146	-	-
	Sub Total	357,387,255	2,243,380,255	739,583,564	33.0
D	Other Sources of Revenue				
1.	Own Source Revenue	-	3,988,390,833	897,969,272	22.5
2.	Balance b/f from FY 2019/20	-	1,302,507,988	1,302,507,988	100
	Sub Total	-	5,290,898,821	2,200,477,260	41.6
Grand Total		10,849,856,292	17,894,726,836	6,052,521,824	33.8

Source: Kiambu County Treasury

Figure 3.25 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.25: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kiambu County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.897.97 million as own-source revenue. This amount represented a decrease of 15.5 per cent compared to Kshs.1.06 billion realised during a similar period in FY 2019/20 and was 22.5 per cent of the annual target.

3.13.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.70 billion from the CRF account during the reporting period. The amount comprised of Kshs.904.35 million (15.9 per cent) for development programmes and Kshs.4.79 billion (84.1 per cent) for recurrent programmes.

3.13.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.5.31 billion on development and recurrent programmes. The expenditure represented 93.1 per cent of the total funds released by the COB and comprised of Kshs.929.29 million and Kshs.4.38 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 14.8 per cent while recurrent expenditure represented 37.7 per cent of the annual recurrent budget.

3.13.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.33 billion was spent on compensation to employees, Kshs.1.05 billion on operations and maintenance, and Kshs.929.29 million on development activities as shown in Table 3.72.

Table 3.72: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	11,606,992,334	4,794,359,060	4,376,430,425	37.7
Compensation to Employees	7,445,633,566	3,525,184,023	3,326,001,790	44.7
Operations and Maintenance	4,161,358,768	1,269,175,037	1,050,428,635	25.2
Total Development Expenditure	6,287,734,502	904,353,142	929,286,303	14.8
Development Expenditure	6,287,734,502	904,353,142	929,286,303	14.8
Total	17,894,726,836	5,698,712,202	5,305,716,728	29.7

Source: Kiambu County Treasury

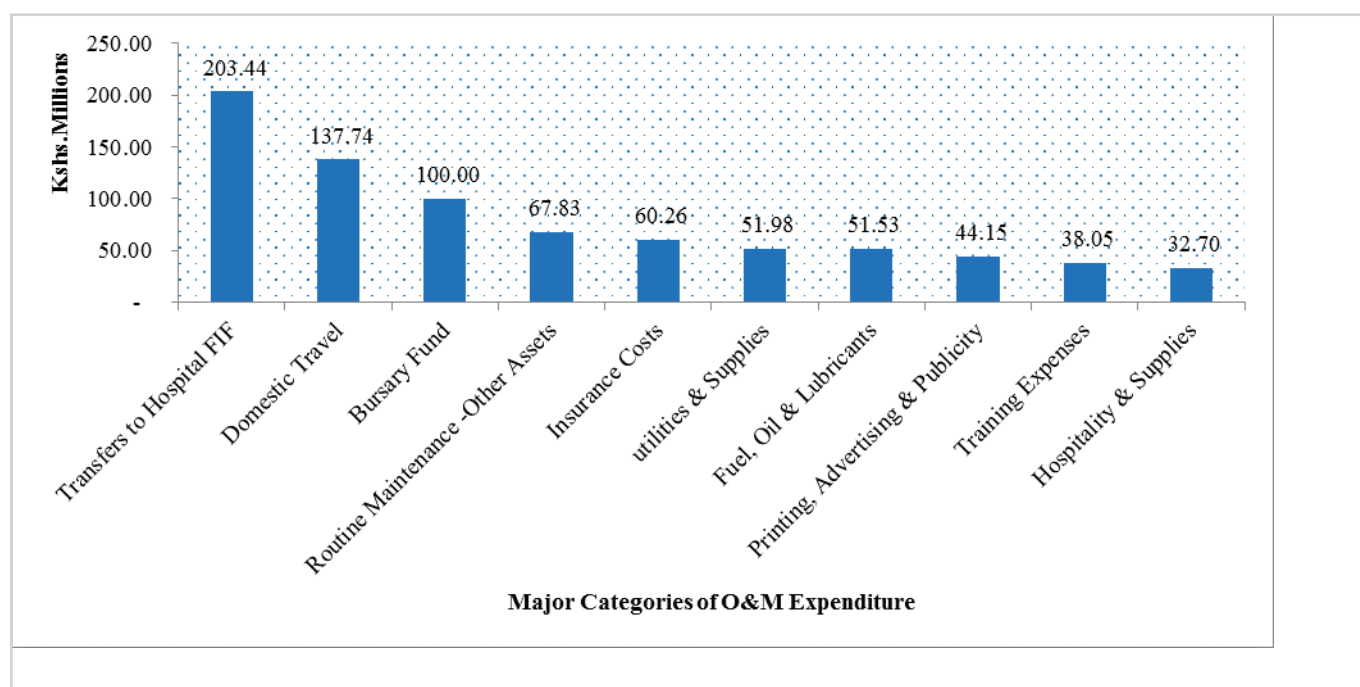
3.13.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 62.7 per cent of the total expenditure for the reporting period and 37.2 per cent of half year proportional revenue estimate of Kshs.8.95 billion.

3.13.7 Expenditure on Operations and Maintenance

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

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



*FIF- Hospital Facility Improvement Fund

Source: Kiambu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.50.93 million on committee sitting allowances for the 93 MCAs and Speaker against the annual budget allocation of Kshs.120.00 million. The average monthly sitting allowance was Kshs.91,268 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.137.74 million and comprised of Kshs.77.94 million spent by the County Assembly and Kshs.59.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.46 million spent by the County Executive.

3.13.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County had a total of Kshs.664.13 million brought forward from FY 2019/20 for COVID 19 expenditure. A total of Kshs.327.79 million was spent during the reporting period as shown in Table 3.73.

Table 3.73: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	FY 2019/20 Budget allocation B/F Balances (Kshs)	Expenditure as of 30.12.2020 (Kshs)
	Grant from National Government	185,492,000	35,378,356
	Development Budget	145,200,000	29,385,260
1	Construction of Panelled Building COVID -19 Centre in Ruiru Level 4 Hospital	62,000,000	29,385,260
	Construction of Pre- Engineered Steel Structure Covid-19 Centre in Lusighetti Level 4 Hospital	30,000,000	-
	Supply and Deliver Beds, Lockers and Mattresses for the Covid-19 Centres	25,000,000	-
	Supply and Deliver Medical equipment for the COVID Centres	17,200,000	-
	Supply and delivery of a generator at Kiambu County Covid-19 Centre- Tigoni	11,000,000	-

S/No	Description of Expenditure Category	FY 2019/20 Budget allocation B/F Balances (Kshs)	Expenditure as of 30.12.2020 (Kshs)
	Recurrent Budget	40,292,000	5,993,096
2	Non-Pharmaceuticals for Covid-19 Centres	21,078,876	-
	Pharmaceutical for Covid-19 Items	5,000,000	-
	Purchase of office furniture and fittings	2,213,124	-
	Other Operating Expenses for Covid-19 centres and Operations	12,000,000	5,993,096
	The grant for allowances for Frontline Health Care Workers	106,635,000	106,635,000
	DANIDA Grant for COVID 19	10,430,000	10,430,000
	County own revenue allocated for COVID-19	361,570,918	175,342,717
	Aggregate Own Source Health	331,570,918	146,675,717
3	Dressings and Other Non-Pharmaceutical Medical Items	91,197,784	41,906,290
	Rehabilitation and renovation of Hospitals	19,534,315	12,999,115
	Medical Equipment	29,984,043	12,614,050
	Purchase of Bedding and Linen	9,148,782	5,112,002
	Pharmaceutical	7,536,124	-
	Sanitary and Cleaning Materials, Supplies and Services	4,445,850	2,991,680
	Publishing and Printing	157,320	710,920
	FIF Sub-total	162,004,218	76,334,057
4	Dressings and Other Non-Pharmaceutical Medical Items	100,000,000	70,341,660
	Laboratory Materials, Supplies and Small Equipment	20,000,000	-
	Purchase of Bedding and Linen	7,644,000	-
	Accommodation - domestic travel	7,000,000	-
	Daily Subsistence Allowance	11,000,000	-
	Training Expenses - Other (Bud	3,660,900	-
	Sanitary and Cleaning Materials, Supplies and Services	3,461,800	-
	Research and Feasibility studies on covid-19	1,800,000	-
	Non-Capital Development	15,000,000	-
Other health own source- Sub- Total	169,566,700	70,341,660	
5	Supply and delivery of food rations for vulnerable families across the County due to COVID 19	30,000,000	28,667,000
TOTAL		664,127,918	327,786,073

Source: Kiambu County Treasury

3.13.9 Development Expenditure

The County incurred an expenditure of Kshs.929.29 million on development programmes, which represented a decrease of 11.8 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.05 billion. Table 3.74 provides a summary of development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name/Description	Project Location	Project Budget (Kshs)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Improvement to bituminous standards of Kimbo Matangini Road	Ruiru	-	35,596,502	-
2.	Supply and delivery of motor grader	Kiambu County	-	31,350,000	-
3.	Procure Maize and Bean seed for short rains and to procure seed for the long rains	Kiambu County	37,000,000	29,275,800	79.1
4.	Supply and delivery of motor grader	Kiambu County		28,785,000	-
5.	Suply of Tigoni-Gachororo 10km 4" water HDPE pipes (Widescope Const. Ltd)	Kiambaa sub county	19,916,460	19,916,460	100.0
6.	Proposed construction of office at Red Nova Kiambu	Kiambu, Red Nova	60,000,000	19,095,286	31.8
7.	Coffee rehabilitation fertilizer.	All Wards	30,000,000	17,360,000	57.9
8.	Construction of Market Shed, an Office and Ablution Block	Rironi Ward	12,700,000	9,200,000	72.4
9.	Supply and delivery of roller	Kiambu County		9,120,000	-
10.	Construction of 4-storeyed type medical ward block at Tigoni level 4 hospital	Limuru	20,000,000	8,000,000	40.0

Source: Kiambu County Treasury

The County incurred an expenditure of Kshs.929.29 million on development programmes, which represented a decrease of 11.8 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.05 billion. Table 3.75 provides a summary of development projects with the highest expenditure in the reporting period.

3.13.10 Budget Execution by Programmes by Departments

Table 3.75 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.76: Kiambu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,232.68	77.20	379.37	6.78	367.49	6.78	96.9	100.0	29.8	8.8
County Executive	388.36	-	133.97	-	150.76	-	112.5	-	38.8	-
County Public Service Board	78.96	-	28.40	-	13.00	-	45.8	-	16.5	-
Finance, Economic Planning and ICT	1,487.55	375.74	475.84	15.86	445.39	-	93.6	0.0	29.9	-
Administration, Public Service & Communication	662.04	50.00	312.65	4.75	278.18	4.75	89.0	100.0	42.0	9.5
Agriculture, Crop Production and Irrigation	515.80	513.28	206.01	56.54	137.95	112.72	67.0	199.4	26.7	22.0
Water, Energy, Environment and Natural Resources	340.37	246.94	156.36	-	127.27	40.03	81.4	-	37.4	16.2
Health Services	5,055.33	927.26	2,358.61	37.28	2,170.68	15.00	92.0	40.2	42.9	1.6
Education, Youth, Sports, Culture and Social Services	933.80	161.98	327.52	0.59	410.46	5.93	125.3	997.1	44.0	3.7
Youth and Sports	140.12	109.50	60.79	-	36.19	-	59.5	-	25.8	-
Lands, Physical Planning and Housing	214.82	2,022.46	83.50	562.47	31.16	568.70	37.3	101.1	14.5	28.1
Trade, Tourism, Industry and Co-operative	143.89	300.00	51.70	14.14	35.97	23.34	69.6	165.1	25.0	7.8
Roads, Transport and Public Works	413.28	1,503.37	219.64	205.94	171.93	152.03	78.3	73.8	41.6	10.1
Total	11,606.99	6,287.73	4,794.36	904.35	4,376.43	929.29	91.3	102.8	37.7	14.8

Source: Kiambu County Treasury

Analysis of expenditure by department shows that the Department of Lands, Physical Planning and Housing recorded the highest absorption rate of development budget at 28.1 per cent. The Department of Education, Youth, Sports, Culture and Social Services had the highest percentage of recurrent expenditure to recurrent budget at 44 per cent while the Department of Lands, Physical Planning and Housing had the lowest at 14.5 per cent.

3.13.11 Budget Execution by Programmes and Sub-Programmes

Table 3.77 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.77: Kiambu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Agriculture, Crop Production and Irrigation					
	General administration and support services	486,931,917	137,947,229	348,984,688	28.3
	Livestock resource management and development	79,400,000	4,713,550	74,686,450	5.9
0101004060 Crop, Livestock and Fisheries development and Management	Fisheries Development	17,000,000	10,150,000	6,850,000	59.7
	Crop production and management	445,744,352	97,854,906	347,889,446	22.0
		1,029,076,269	250,665,685	778,410,584	24.4
	Sub Total	1,029,076,269	250,665,685	778,410,584	24.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Lands, Physical Planning and Housing					
	Planning & Housing Administration	195,136,167	29,928,812	165,207,355	15.3
	Housing Development	58,000,000	19,095,286	38,904,714	32.92
0102004060 Land Management and Physical Planning; & Housing Development	Land Management and Physical Planning	65,000,000	-	65,000,000	-
		318,136,167	49,024,098	269,112,069	15.4
0105004060 Municipal Administration & Urban Development	Municipal Administration and Urban Development	1,919,145,915	550,831,240	1,368,314,675	28.7
		1,919,145,915	550,831,240	1,368,314,675	28.7
	Sub Total	2,237,282,082	599,855,338	1,637,426,744	26.8
Roads, Transport and Public Works					
0201004060 Maintenance of Roads, Bridges, Land Transport, Construction & Maintenance	Construction of road and civil works	1,503,374,561	152,032,575	1,351,341,986	10.1
		1,503,374,561	152,032,575	1,351,341,986	10.1
0202004060 Administration, planning & support	General Administration and Support services	413,275,910	171,933,630	241,342,280	41.6
		413,275,910	171,933,630	241,342,280	41.6
	Sub Total	1,916,650,471	323,966,205	1,592,684,266	16.9
Trade, Tourism, Industry and Co-operative					
	General administration and support services	100,740,095	29,807,201	70,932,894	29.6
	Trade, Industrial Development and Investments	294,800,000	26,119,520	268,680,480	8.9
	Tourism Development and Promotion	3,000,000	-	3,000,000	-
0301004060 Industrial, Investments, Tourism, Trade and Cooperative Development	Cooperative Development and promotion	38,344,930	3,386,361	34,958,569	8.8
	Enterprise Development	7,000,000	-	7,000,000	-
		443,885,025	59,313,082	384,571,943	13.4
	Sub Total	443,885,025	59,313,082	384,571,943	13.4
Health Services					
0401004060 Curative and preventive health care services	Health curative services	1,641,450,485	229,758,567	1,411,691,918	14.0
		1,641,450,485	229,758,567	1,411,691,918	14.0
0402004060 Administration, Planning and Support Services	General Administration and Support Services	4,185,081,945	1,904,236,799	2,280,845,146	45.5
		4,185,081,945	1,904,236,799	2,280,845,146	45.5
0403004060 Preventive Health Services	Community Health Services	81,055,329	24,503,297	56,552,032	30.2
		81,055,329	24,503,297	56,552,032	30.2
0405004060 County Pharmaceutical Services	Pharmaceutical and Non Pharmaceutical supplies	75,000,000	27,177,609	47,822,391	36.2
		75,000,000	27,177,609	47,822,391	36.2
	Sub Total	5,982,587,759	2,185,676,272	3,796,911,487	36.5
Education, Youth, Sports, Culture and Social Services					
0501004060 Pre-primary edu, Promotion of Culture; ICT and social Services	Pre primary education and youth polytechnics services	368,869,558	118,015,044	250,854,514	32.0
	Vocational Training centres	23,000,000	-	23,000,000	-
		391,869,558	118,015,044	273,854,514	30.1
0502004060 General Administration and support Services	General Administration and support Services	679,911,538	297,589,309	382,322,229	43.8
		679,911,538	297,589,309	382,322,229	43.8
0504004060 Culture Gender and Social Service Development	Culture, Gender & Social Services	24,000,000	787,500	23,212,500	3.3
		24,000,000	787,500	23,212,500	3.3
	Sub Total	1,095,781,096	416,391,853	679,389,243	38.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
County Assembly					
General Administration and support services	General Administration and support services	481,493,255	102,844,664	378,648,591	21.4
		481,493,255	102,844,664	378,648,591	21.4
Representation services	Representation services	178,073,111	49,818,632	128,254,479	28.0
		178,073,111	49,818,632	128,254,479	28.0
0701004060 Legislation and Oversight of county Government	Legislation and Oversight services	650,312,178	221,608,203	428,703,975	34.1
		650,312,178	221,608,203	428,703,975	34.1
	Sub Total	1,309,878,544	374,271,499	935,607,045	28.6
County Executive					
	General Administration and support services	326,651,105	126,158,023	200,493,082	38.6
0702004060 Leadership and Co-ord of County Administration and Departments	Representation Services	61,710,000	24,605,053	37,104,947	39.9
		388,361,105	150,763,076	237,598,029	38.8
	Sub Total	388,361,105	150,763,076	237,598,029	38.8
County Public Service Board					
	General Administration and support services				
0703004060 Leadership and Admin of HR management and development in County Public Service	Human Resource development and management services	78,962,096	12,995,519	65,966,577	16.5
		78,962,096	12,995,519	65,966,577	16.5
	Sub Total	78,962,096	12,995,519	65,966,577	16.5
Finance and Economic Planning					
	General Administration and support services	1,596,242,124	349,970,639	1,246,271,485	21.9
	financial management services	190,796,121	94,360,084	96,436,037	49.5
0704004060 Public Finance Management and Economic Policy and Strategy	Economic planning services	10,000,000	1,054,430	8,945,570	10.5
		1,797,038,245	445,385,153	1,351,653,092	24.8
902004060 ICT Services	ICT Services	66,249,021	-	66,249,021	-
		66,249,021	-	66,249,021	-
	Sub Total	1,863,287,266	445,385,153	1,417,902,113	23.9
Administration, and Public Service and Communication					
	General administration and support services	691,522,259	277,502,344	414,019,915	40
0705004060 Admin & co-ord of county affairs, HR Dev, Management, Capacity Building	Human resource development and management	5,000,000	-	5,000,000	-
		696,522,259	277,502,344	419,019,915	40
0703004060 Leadership and Admin of HR mgnt and dev in County Public Service	Leadership and Admin of HR mgnt and dev in County Public Service	15,521,529	5,434,799	10,086,730	35
		15,521,529	5,434,799	10,086,730	35
	Sub Total	712,043,788	282,937,143	429,106,645	40
Youth and Sports					
0901004060 Promotion and development of sports; Youth services	General administration and support services	249,615,300	36,193,412	213,421,888	14.5
		249,615,300	36,193,412	213,421,888	14.5
	Sub Total	249,615,300	36,193,412	213,421,888	14.5
Water, Energy, Environment and Natural Resources					
	Environmental management	50,944,735	-	50,944,735	-
	Water provision and management	176,000,000	40,031,559	135,968,441	22.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Natural resources conservation and Management	15,000,000	-	15,000,000	-
1001004060 Water Resources Management, Environment Protection and Conservation	Renewable Energy and Climate Change	7,000,000	-	7,000,000	-
		248,944,735	40,031,559	208,913,176	16.1
1002004060 General Administration Planning and Support Services	General Administration and Support Services	338,371,300	127,270,932	211,100,368	37.6
		338,371,300	127,270,932	211,100,368	37.6
	Sub Total	587,316,035	167,302,491	420,013,544	28.5
Grand Total		17,894,726,836	5,305,716,728	12,589,010,108	29.6

Source: Kiambu County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Administration, Planning and Support Services in the Department of Health Services at 45.5 per cent, General Administration and Support Services in the Department of Education, Youth, Sports, Culture and Social Services at 43.8 per cent, Administration, Planning & Support in the Department of Roads, Transport and Public Works at 41.6 per cent, and Admin & co-ord. of County Affairs, HR Dev, Management, Capacity Building in the Department of Administration, and Public Service and Communication at 39.8 per cent of budget allocation.

3.13.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.929.29 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.6.29 billion. The development expenditure represented 14.8 per cent of the annual development budget.
2. A high wage bill, which accounted for 62.7 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
3. Under-performance of own-source revenue at Kshs.897.67 million against an annual projection of Kshs.3.99 billion, representing 22.5 per cent of the annual target.
4. Poor budgeting practice by the County Treasury as shown in Table 3.76 where the County incurred expenditure on projects that were not budgeted for.

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

1. The County should identify and address issues causing delays in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
3. The County should devise and implement strategies to address its revenue performance to ensure the approved budget is fully financed.
4. The County Treasury should improve budgetary control to ensure that expenditure is within the approved budget.

3.14 County Government of Kilifi

3.14.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.14.68 billion, comprising of Kshs.6.24 billion (42.5 per cent) and Kshs.8.43 billion (57.5 per cent) allocations for development and recurrent programmes respectively.

To finance the budget, the county expects to receive Kshs.10.6 billion (72.2 per cent) as equitable share of revenue raised nationally, Kshs.1.81 billion (1231 per cent) as total conditional grants, generate Kshs.900 million (6.1 per cent) from own sources of revenue, and had a cash balance of Kshs.1.37 billion (9.3 per cent) from FY 2019/20 as contained in the CARA, 2020.

3.14.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.61 billion as the equitable share of the revenue raised nationally, Kshs.685.54 million as conditional grants, raised Kshs.365.91 million as own-source revenue, and had a cash balance of Kshs.1.37 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5.03 billion as shown in Table 3.78.

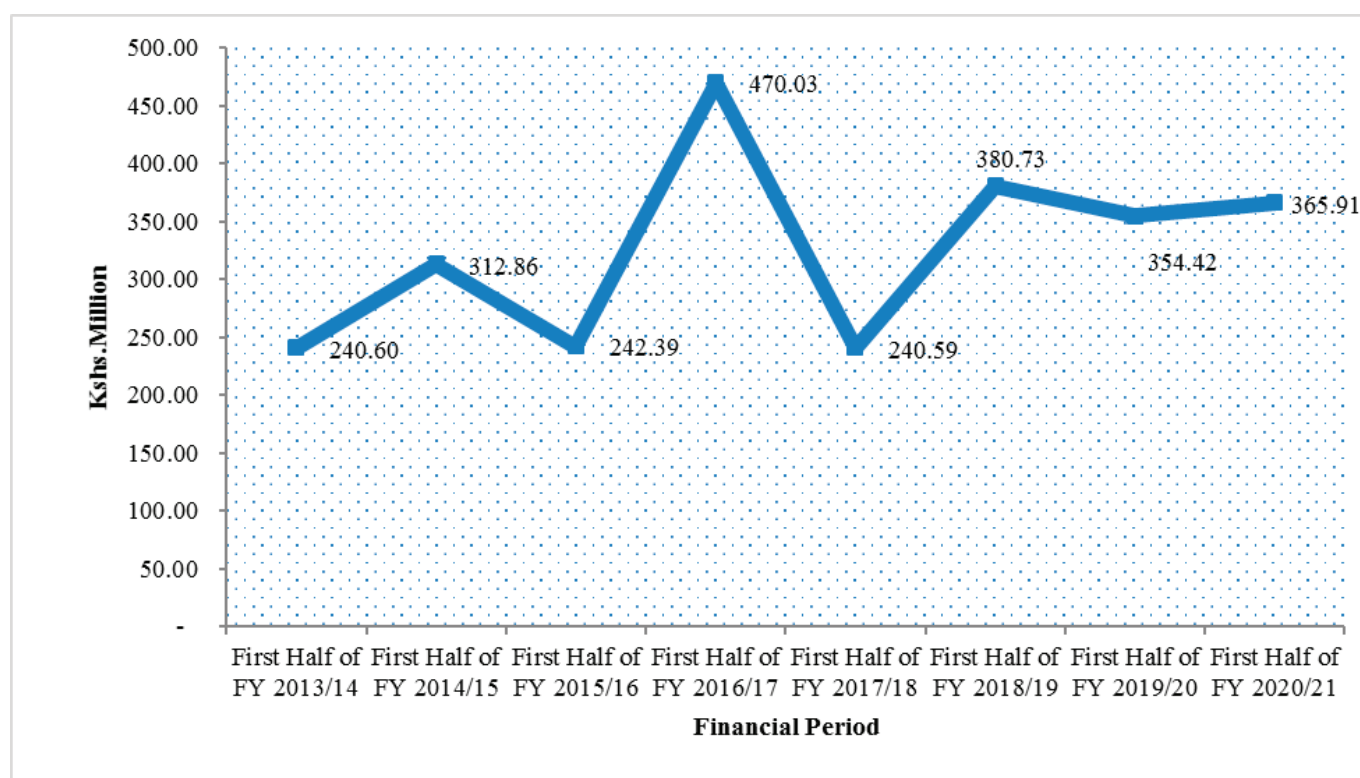
Table 3.78: Kilifi County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,602,750,000	10,602,750,000	2,611,125,000	24.6
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	25,969,864	25,969,864	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	316,014,398	316,014,398	79,003,600	25.0
4.	Rehabilitation of Village Polytechnics	79,999,894	79,999,894	-	-
Sub Total		554,005,433	554,005,433	79,003,600	14.3
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	265,111,481	265,111,481	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,440,766	198,440,766	71,064,372	35.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	236,411,097	-	188,377,564.00	-
5.	DANIDA Grant	29,700,000	29,700,000	-	-
6.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	700,000,000	700,000,000	347,093,107	49.6
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	14,982,463	14,982,463	-	-
8.	Kenya Urban Support Programme (KUSP)-Urban Institutional Grant	8,800,000			-
Sub Total		1,498,445,807	1,253,234,710	606,535,044	48.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	900,000,000	365,909,460	40.7
2.	Balance b/f from FY2019/20	-	1,367,787,241	1,367,787,241	100.0
Sub Total		-	2,267,787,241	1,733,696,701	76.5
Grand Total		12,655,201,240	14,677,777,384	5,030,360,344	34.3

Source: Kilifi County Treasury

Figure 3.27 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.27: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kilifi County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.365.91 million as own-source revenue. This amount represented an increase of 3 per cent compared to Kshs.354.42 million realised during a similar period in FY 2019/20 and was 40.7 per cent of the annual target.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.64 billion from the CRF account during the reporting period. The amount comprised of Kshs.969.8 million (26.7 per cent) for development programmes and Kshs.2.67 billion (73.3 per cent) for recurrent programmes.

3.14.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.0 billion on development and recurrent programmes. The expenditure represented 55 per cent of the total funds released by the COB and comprised of Kshs.285.71 million and Kshs.1.71 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 4.6 per cent while recurrent expenditure represented 20.3 per cent of the annual recurrent budget.

3.14.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.46 billion was spent on compensation to employees, Kshs.251.06 million on operations and maintenance, and Kshs.285.71 million on development activities as shown in Table 3.79.

Table 3.79: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	8,435,037,503	2,668,301,401	1,714,992,635	20.3
Compensation to Employees	4,322,405,873	1,963,927,598	1,463,927,599	33.9
Operations and Maintenance	4,112,631,630	704,373,803	251,065,036	6.1
Total Development Expenditure	6,242,739,881	969,806,313	285,714,545	4.6
Development Expenditure	6,242,739,881	969,806,313	285,714,545	4.6
Total	14,677,777,384	3,638,107,714	2,000,707,180	13.6

Source: Kilifi County Treasury

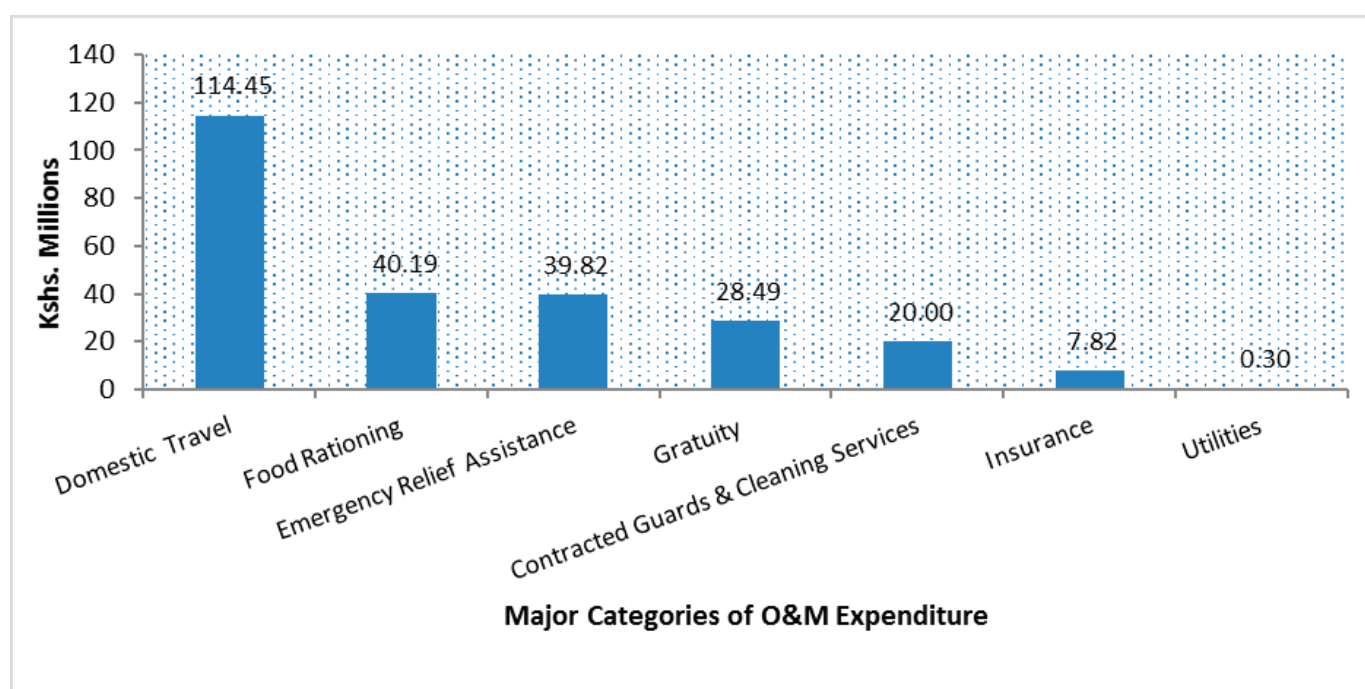
3.14.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 73.2 per cent of the total expenditure for the reporting period and 19.9 per cent of half year proportional revenue estimate of Kshs.7.34 billion.

3.14.7 Expenditure on Operations and Maintenance

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

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



Source: Kilifi County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.12.4 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.26.46 million. The average monthly sitting allowance was Kshs.37,588 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.114.45 million and comprised of Kshs.26.22 million spent by the County Assembly and Kshs.88.2 million by the County Executive.

3.14.8 COVID-19 Expenditure

During the reporting period, Kshs.220.49 million was spent to cater for COVID-19 related expenses. Table 3.80 provides a summary of the COVID-19 expenditure.

Table 3.80: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1.	Supply and delivery of 7 No ventilator's	46,100,000
2.	Purchase of disposable masks	44,210,000
3.	Supply of Maize flour	43,470,000
4.	Supply of Non-pharmaceutical items	23,936,420
5.	Purchase of personal protective equipment	21,650,000
6.	Supply of delivery of Beans	21,060,000
	Purchase of generator for isolation centre	20,064,000
	Total	220,490,420

Source: Kilifi County Treasury

3.14.9 Development Expenditure

The County incurred an expenditure of Kshs.285.71 million on development programmes, which represented a decrease of 15.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.330.6 million. Table 3.81 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.81: Kilifi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1.	National Agricultural and Rural Inclusive Growth Project (NARIGP)	All Wards	198,440,766	77,564,372	39.1
2.	Micro finance Programme (Mbegu fund)	All Wards	105,000,000	52,500,000	50.0
3.	Kilifi County Health Complex (phase II)	Kilifi	207,626,466	40,885,219	19.7
4.	Construction of Mtwapa Market Loading Bay	Mtepeni	40,000,000	25,760,702	64.4
5.	Construction of Assembly Main Block Offices	Malindi	23,500,000	15,000,000	63.8
6.	Completion of Maternity & Theatre at Rabai Health Centre	Rabai	21,965,200	10,982,600	50.0
7.	Construction of Matsangoni market	Matsangoni	12,000,000	7,144,256	59.5
8.	Construction of a dispensary at Barani primary	Kanamai	7,500,000	4,169,525	55.6
9.	Construction of Soyosoyo dispensary	Soyosoyo	5,768,135	3,502,338	60.7

Source: Kilifi County Treasury

3.14.10 Budget Performance by Department

Table 3.82 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.82: Kilifi County, Budget Performance by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	818.0	119.0	356.0	23.0	36.0	23.0	10.0	99.6	4.3	19.1
Office of the Governor	280.0	-	110.0	-	107.0	-	97.7	-	38.3	-
County Attorney	90.0	-	-	-	1.0	-	-	-	1.0	-
Finance	639.0	66.0	203.0	-	106.0	-	52.3	-	16.6	-
Economic Planning	87.0	-	-	-	7.0	-	-	-	7.9	-
Agriculture	362.0	376.0	118.0	173.0	21.0	84.0	17.5	48.6	5.7	22.3
Livestock	51.0	157.0	6.0	-	4.0	-	66.6	-	8.0	-
Fisheries	51.0	101.0	2.0	-	8.0	-	445.9	-	14.9	-
Water and Sanitation	193.0	1,255.0	144.0	379.0	69.0	23.0	47.7	6.1	35.6	1.8
Environment & Natural Resources	117.0	56.0	14.0	-	59.0	-	417.7	-	50.0	-
Education (Sports & Youth Affairs)	1,018.0	665.0	253.0	8.0	-	-	-	-	-	-
ICT	82.0	-	-	-	-	-	-	-	-	-
Medical Services	2,728.0	1,188.0	1,146.0	211.0	1,056.0	65.0	92.2	-	38.7	5.5
Public Health	497.0	33.0	-	-	-	-	-	-	-	-
Roads & Public Works	299.0	1,114.0	62.0	79.0	104.0	-	167.0	-	34.7	-
Lands and Energy	149.0	337.0	32.0	-	26.0	-	79.8	-	17.3	-
Physical Planning & Urban Development	38.0	173.0	-	-	-	-	-	-	1.0	-
Gender, Culture & Social Services	131.0	183.0	18.0	6.0	21.0	-	121.3	-	16.4	-
Trade And Tourism	130.0	303.0	32.0	91.0	22.0	91.0	69.0	100.0	17.0	30.1
Cooperatives Development	14.0	-	-	-	-	-	-	-	0.7	-
Public Service Board	65.0	-	22.0	-	20.0	-	91.7	-	31.3	-

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Devolution & Public Service	144.0	80.0	79.0	-	44.0	-	56.2	88.3	30.7	0.1
Disaster Management	389.0	-	63.0	-	-	-	-	-	-	-
Kilifi Municipality	25.0	-	4.0	-	2.0	-	45.8	-	7.7	-
Malindi Municipality	35.0	36.0	4.0	-	2.0	-	42.9	-	4.8	-
Total	8,435.0	6,243.0	2,668.0	970.0	1,715.0	286.0	64.3	29.5	20.3	4.6

Source: Kilifi County Treasury

Analysis of expenditure by department shows that the Department of Trade and Tourism recorded the highest absorption rate of development budget at 30.1 per cent. The Department of Environment and Natural Resources had the highest percentage of recurrent expenditure to recurrent budget at 50 per cent.

3.14.11 Budget Execution by Programmes and Sub-Programmes

Table 3.83 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.83: Kilifi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
County Attorney	Administration Planning And Support Services	90,000,000	869,082	89,130,918	1.0
	Sub total	90,000,000	869,082	89,130,918	1.0
Agriculture	Administration, Planning and Support services	547,264,356	94,376,864	452,887,492	17.2
	Food Sufficiency Initiatives	54,063,600	985,722	53,077,878	1.8
	Agribusiness and Information Management	61,653,432	7,829,684	53,823,748	12.7
	Irrigation and Drainage Infrastructure	75,194,574	1,357,808	73,836,766	1.8
	Sub total	738,175,962	104,550,078	633,625,884	14.2
Devolution, Public service and Disaster management	General Administration Planning and Support services	5,450,000	3,328,250	2,121,750	61.1
Devolution, Public service and Disaster management	Devolution	598,839,152	41,014,255	557,824,897	6.8
	Emergency	3,400,000	-	3,400,000	0.0
	Strategic Human Resource Management	5,750,000	-	0	0.0
	Sub total	613,439,152	44,342,505	569,096,647	7.2
	General Administration Planning and Support services	5,450,000	3,328,250	2,121,750	61.1
Education	General administration, planning and support services	638,564,598	-	638,564,598	0.0
	Early Childhood development education	521,095,209	-	521,095,209	0.0
	Education support services	350,000,000	-	0	0.0
	Vocation Education and training	173,714,638	-	0	0.0
	Sub total	1,683,374,445	-	0	0.0
Environment, Forestry, Natural Resources & Wildlife	Environment management and protection	173,033,265	58,650,885	114,382,380	33.9
	Sub total	173,033,265	58,650,885	114,382,380	33.9
Economic Planning	County Fiscal Planning	66,910,250	5,504,550	61,405,700	8.2
	Statistical Information services / Monitoring	20,514,532	1,405,970	19,108,562	6.9
	Sub total	87,424,782	6,910,520	80,514,262	7.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Finance	Administration, Planning and Support Services	577,494,892	89,293,189	488,201,703	15.5
	Kenya devolution support programme	22,500,000	4,630,230	17,869,770	20.6
	Budget Formulation, Coordination and Management	14,031,000	7,035,522	6,995,478	50.1
	Audit Services	3,065,000	736,005	2,328,995	24.0
	Accounting Services	5,812,500	1,630,245	4,182,255	28.0
	Supply Chain Management Services	4,650,000	1,323,536	3,326,464	28.5
	Development	66,033,455		66,033,455	0.0
	Resource Mobilization/Debt Management	11,835,260	1,689,900	10,145,360	14.3
Sub total	705,422,107	106,338,627	599,083,480	15.1	
Gender	General Administration, Planning and Support Services	70,092,915	19,816,602	50,276,313	28.3
	Conservation of Culture	9,700,000	211,200	9,488,800	2.2
	Sports Development	85,703,440	218,200	85,485,240	0.3
	Gender Mainstreaming	19,000,000	811,300	18,188,700	4.3
	Betting control and licensing	4,036,809	434,000	3,602,809	10.8
	Social Development	125,788,722		125,788,722	0.0
	Sub total	314,321,886	21,491,302	292,830,584	6.8
Health	Curative and rehabilitative	529,781,345		529,781,345	0.0
	General Administration, Planning & Support Services	2,728,128,585	1,056,403,930	1,671,724,655	38.7
	Development	1,187,744,033	64,828,551	1,122,915,482	5.5
	Sub total	4,445,653,963	1,121,232,481	3,324,421,482	25.2
Lands & Energy	General Administration Planning and Support services	310,338,666	25,398,202	284,940,464	8.2
	Land policy and planning	97,674,381	-	0	0.0
	Alternative Energy Technologies	78,404,074	392,890	78,011,184	0.5
	Sub total	486,417,121	25,791,092	460,626,029	5.3
Livestock	Administration, Planning and Support services	26,793,000	1,201,152	25,591,848	4.5
	Livestock Production and Management	73,515,001		73,515,001	0.0
	Livestock Value Addition and Marketing	56,864,834	1,010,900	55,853,934	1.8
	Food Safety and Animal Products Development	20,792,038	1,502,600	19,289,438	7.2
	Livestock Disease Management and Control	30,876,628	375,160	30,501,468	1.2
	Sub total	208,841,501	4,089,812	204,751,689	2.0
Fisheries	Fisheries Policy and Capacity Development	94,254,847	7,594,857	86,659,990	8.1
	Assurance of Fish Safety, Value Addition and Marketing	57,787,508		57,787,508	0.0
	Sub total	152,042,355	7,594,857	144,447,498	5.0
Office of the Governor	Intergovernmental relations	5,500,000	2,678,941	2,821,059	48.7
	Administration, planning and support services	274,895,858	104,690,984	170,204,874	38.1
	Sub total	280,395,858	107,369,925	173,025,933	38.3
County Assembly	General administration	936,088,616	58,170,320	877,918,296	6.2
	Sub total	936,088,616	58,170,320	877,918,296	6.2
Public Works	General administration, planning and support services	149,514,147	103,841,865	45,672,282	69.5
	Road Transport	1,263,777,408	-	0	0.0
	Sub total	1,413,291,555	103,841,865	1,309,449,690	7.3
Trade & Tourism	General Administration, Planning and Support services	99,433,235	21,004,882	78,428,353	21.1
	Trade Development and Promotion	314,020,414	90,971,228	223,049,186	29.0
	Co-operative Development and Promotion	14,350,000	104,999	14,245,001	0.7
	Tourism Development and Promotion	19,490,000	1,214,276	18,275,724	6.2
	Sub total	447,293,649	113,295,385	333,998,264	25.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Public Service Board	General Administration, Planning and Support Services	52,582,963	17,377,174	35,205,789	33.0
	Coordination and Supervision	2,922,200	278,600	2,643,600	9.5
	Human Resource Development	5,100,000	1,581,365	3,518,635	31.0
	Performance Management	4,553,038	1,140,532	3,412,506	25.0
	Sub total	65,158,201	20,377,671	44,780,530	31.3
Kilifi Municipality	General Administration	25,000,000	1,918,216	23,081,784	7.7
	Sub total	25,000,000	1,918,216	23,081,784	7.7
Malindi Municipality	General Administration	71,000,000	1,680,310	69,319,690	2.4
	Sub total	71,000,000	1,680,310	69,319,690	2.4
Physical Planning & Urban Development	General Administration	211,211,458	377,400	210,834,058	0.2
	Sub total	211,211,458	377,400	210,834,058	0.2
ICT	General Administration	81,855,754		81,855,754	0.0
	Sub total	81,855,754	-	0	0.0
Water & Sanitation	General Administration, Planning and Support Services	193,077,617	68,655,819	124,421,798	35.6
	Water Resource management	1,255,258,137	23,158,988	1,232,099,149	1.8
	Sub total	1,448,335,754	91,814,806	1,356,520,948	6.3
Grand Total		14,677,777,384	2,000,707,139	12,677,070,245	13.6

Source: Kilifi County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General administration in the Department of County Assembly at 69.5 per cent, General administration in the Department of Devolution and Public Service at 61 per cent, Budget Formulation in the Department of Finance at 50 per cent, and Inter governmental relations in the Department of Office of the Governor at 48.7 per cent of budget allocation.

3.14.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.285.71 million in the first half of FY 2020/21 compared with the annual development budget allocation of Kshs.6.24 billion. The development expenditure represented 4.6 per cent of the annual development budget. This is despite the county receiving Kshs.969.8 million for development in the period under review.

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

1. The County should identify and address issues causing delays in the implementation of development projects.

3.15 County Government of Kirinyaga

3.15.1 Overview of FY 2020/21 Budget

The County's approved Supplementary budget for FY 2020/21 is Kshs.6.77 billion, comprising of Kshs.2.62 billion (38.8 per cent) and Kshs.4.14 billion (61.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.24 billion (62.7 per cent) as the equitable share of revenue raised nationally, Kshs.540.67 million (8.0 per cent) as total conditional grants, generate Kshs.405 million (6.0 per cent) from own sources of revenue, and a cash balance of Kshs.809.99 million (12.0 per cent) from FY 2019/20. The County also expects to receive Kshs.771.50 million (11.4 per cent) as "other revenues" not contained in the CARA, 2020.

3.15.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.06 billion as the equitable share of the revenue raised nationally, Kshs.55.27 million as conditional grants, raised Kshs.162.65 million as own-source revenue, other sources of revenue Kshs.529.41 million and had a cash balance of Kshs.809.99 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.62 billion as shown in Table 3.84.

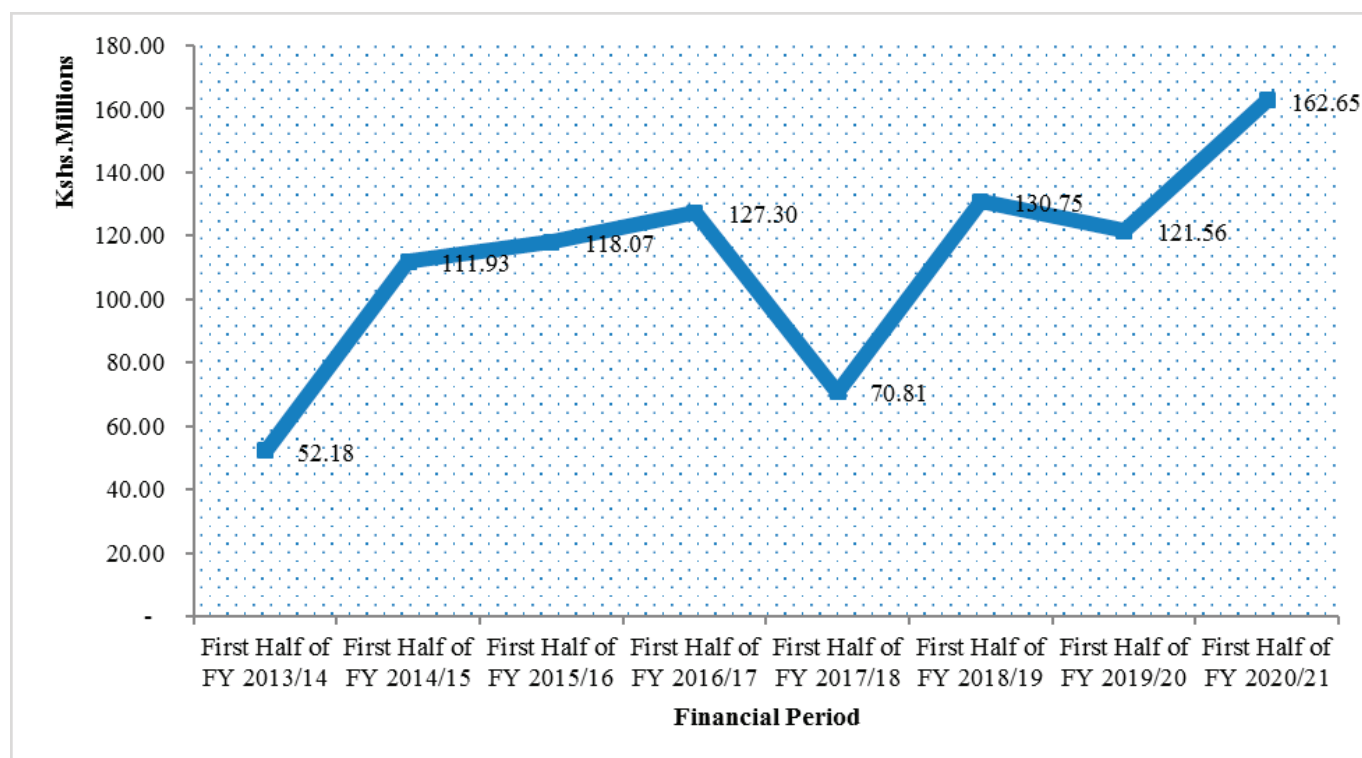
Table 3.84: Kirinyaga County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,241,100,000	4,241,100,000	1,060,275,000	25.0
B.	Conditional Grants from the National Government Revenue				
10.	Compensation for User Fee Foregone	11,282,570	11,282,570	-	-
11.	Leasing of Medical Equipment	132,021,277	-	-	-
12.	Road Maintenance Fuel Levy Fund	127,349,086	127,349,086	-	-
13.	Rehabilitation of Village Polytechnics	26,899,894	26,899,894	-	-
Sub- Total		297,552,827	165,531,550	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	26,720,000	26,720,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	199,748,243	199,748,243	49,242,534	24.7
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	71,302,200	-	-
5.	DANIDA Grant	12,060,000	12,060,000	6,030,000	50.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	11,509,004	11,509,004	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	8,800,000	-	-
Sub-Total		295,037,247	375,139,447	55,272,533.70	14.7
D	Other Sources of Revenue				
1	Own Source Revenue	-	405,000,000	162,654,917	40.2
2	Balance B/f from FY 2019/20	-	809,996,082	809,996,082	100
3	COVID-19 Emergency Response	-	116,356,000	116,356,000	100
4	Savings from Roads Maintenance Levy Fund for FY 2018-2019	-	24,400,000	-	-
5	Delayed Exchequer Disbursement June 2020	-	364,734,600	364,734,600	100
6	Additional Allocation Financed by Grant from Government of Denmark to Supplement Financing of County Health facilities (DANIDA)	-	4,585,000	4,585,000	100
7	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP) Level 1 Grant (Roll-Over FY 2018/2019)	-	41,078,830	-	-
8	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP) Level 1 Grant (Roll-Over FY 2019/2020)	-	30,000,000	-	-
9	IDA-(World Bank) Kenya Devolution Support Programme Grant (KDSP) Level 2 Grant	-	146,608,512	-	-
10	Receipt from National Government's Ministry of Health for allowances to be paid to frontline health care workers for COVID-19	-	43,740,000	43,740,000	100
Sub- Total		-	1,986,499,024	1,502,066,599	75.6
Grand Total		4,833,690,074	6,768,270,021	2,617,614,133	38.7

Source: Kirinyaga County Treasury

Figure 3.29 Figure 3.1 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.29: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kirinyaga County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.162.65 million as own-source revenue. This amount represented an increase of 33.8 per cent compared to Kshs.121.56 million realised during a similar period in FY 2019/20 and was 40.2 per cent of the annual target.

3.15.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.15 billion from the CRF account during the reporting period. The amount comprised of Kshs.307.28 million (14.3 per cent) for development programmes and Kshs.1.84 billion (85.7 per cent) for recurrent programmes.

3.15.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.15 billion on development and recurrent programmes. The expenditure represented 100 per cent of the total funds released by the COB and comprised of Kshs.307.28 million and Kshs.1.84 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 11.7 per cent while recurrent expenditure represented 44.5 per cent of the annual recurrent budget.

3.15.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.29 billion was spent on compensation to employees, Kshs.551.95 million on Operations and Maintenance, and Kshs.307.28 million on development activities as shown in Table 3.85.

Table 3.85: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,144,198,736	1,842,150,457	1,842,150,457	44.5
Compensation to Employees	2,564,402,244	1,290,197,865	1,290,197,865	50.3
Operations and Maintenance	1,579,796,492	551,952,592	551,952,592	34.9
Total Development Expenditure	2,624,071,285	307,280,947	307,280,947	11.7
Development Expenditure	2,624,071,285	307,280,947	307,280,947	11.7
Total	6,768,270,021	2,149,431,404	2,149,431,404	31.8

Source: Kirinyaga County Treasury

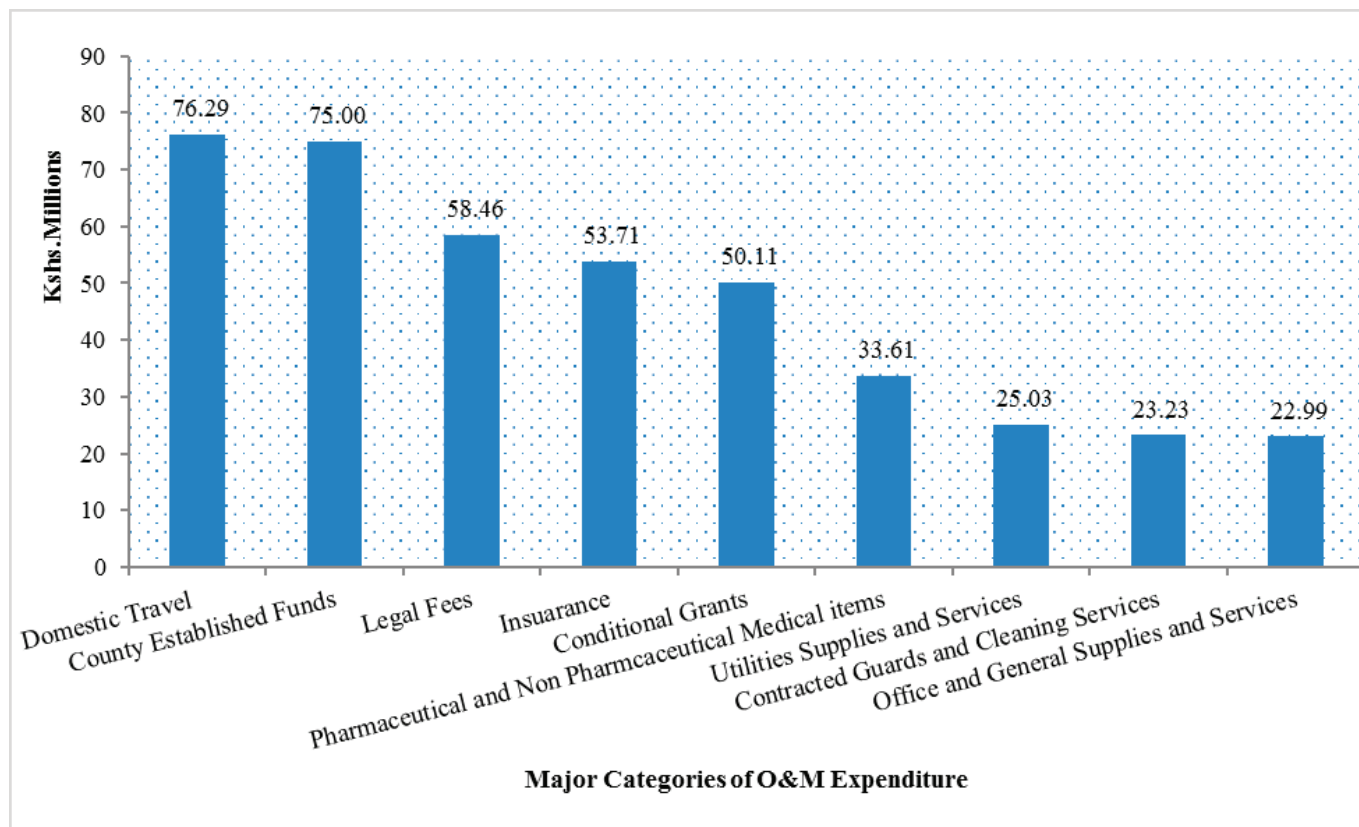
3.15.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 60 per cent of the total expenditure for the reporting period and 49.3 per cent of the available revenue of Kshs.2.62 billion.

3.15.7 Expenditure on Operations and Maintenance

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

Figure 3.30: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: Kirinyaga County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.20.55 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.70.31 million. The average monthly sitting allowance was Kshs.100,740 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.76.29 million and comprised of Kshs.41.11 million spent by the County Assembly and Kshs.35.17 million by the County Executive.

3.15.8 COVID-19 Budget and Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.164.68 million to cater for COVID-19 related expenditure which was brought forward from FY 2019/20. The County spent a total of Kshs.48,325,000 during the reporting period. Table 3.86 provides a summary of the COVID-19 budget and expenditure

Table 3.86: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
National Government for COVID-19 Grant	Development	116,356,000	-
Allowances for Front Line Health Care Workers	Recurrent	43,740,000	43,740,000
DANIDA Grant for COVID-19 Interventions	Recurrent	4,585,000	4,585,000
TOTAL		164,681,000	48,325,000

Source: Kirinyaga County Treasury

3.15.9 Development Expenditure

The County incurred an expenditure of Kshs.307.28 million on development programmes, which represented an increase of 80.5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.170.26 million. Table 3.87 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.87: Kirinyaga County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Ongoing Construction of 220 bed capacity medical Complex and Kiandai Dispensary Completion, fencing, exhaustable toilet and Equiping	Medical Services and Public Health	Kerugoya	261,637,442	120,548,451	46.1
2	Conditional Grant from National Government for COVID-19 Emergency Response)	Medical Services and Public Health	Kerugoya	116,356,000	116,356,000	100
3	IDA- (World Bank)Credit National Agricultural and Rural Inclusive Growth Project (NARIGP)	Agriculture, Livestock and Fisheries	County HQS	244,686,978	20,304,100	8.3
4	IDA- (World Bank)Credit National Agricultural and Rural Inclusive Growth Project (NARIGP)	Physical Planning and Housing	County HQS	71,302,200	20,304,100	28.5
5	Kenya Urban Support Projects (KUSP)	Agriculture, Livestock and Fisheries	County HQS	16,916,271	16,916,271	100
6	Animal feeds production (upscaling of dairy & poultry)	Transport and Infrastructure	Kerugoya	5,997,050	5,997,050	100
7	Supply of Murrum Grading of Kwa Jemimah Githioro Factory Road	Transport and Infrastructure	Baragwi	3,363,575	3,363,575	100
8	Kiamwathi- Kamburi- Makarara Road:- Purchase and supply of Murrum.	Transport and Infrastructure	Kanyekini	1,293,771	1,293,771	100
9	Tender for the Spot improvement of Ngomongo - Kiarura - St Francis Road.	Transport and Infrastructure	Tebere	1,120,908	1,120,908	100
10	Tender for the Spot improvement of Kiamanyeki - Mabwagaiini - Ndindiruku Road.	Transport and Infrastructure	Kabare	610,981	610,981	100

Source: Kirinyaga County Treasury

3.15.10 Budget Performance by Department

Table 3.88 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.88: Kirinyaga County Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	481.8	149.1	276.9	-	276.9	-	100	-	57.5	-
Finance and Economic Planning	572.6	152.7	209.3	-	209.3	-	100	-	36.6	-
Medical Services and Public Health	1,711.9	557.6	675.9	236.9	675.9	236.9	100	100	39.5	42.5

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education	245.7	54.0	163.4	-	163.4	-	100	-	66.5	-
Agriculture, Livestock and Fisheries	235.7	546.6	121.1	37.2	121.1	37.2	100	100	51.4	6.8
Gender and Youth	46.2	7.0	14.2	-	14.2	-	100	-	30.8	-
Sports Culture and Social Services	20.6	34.1	7.3	-	7.3	-	100	-	35.2	-
Cooperative Development Trade and Tourism	42.8	40.3	23.5	-	23.5	-	100	-	55.0	-
Environment and Natural Resources	102.6	92.1	44.9	-	44.9	-	100	-	43.8	-
Physical Planning and Housing	37.8	165.0	15.0	20.3	15.0	20.3	100	100	39.6	12.3
Transport and Infrastructure	77.1	324.8	33.5	12.9	33.5	12.9	100	100	43.4	4.0
County Assembly	569.4	500.9	257.1	-	257.1	-	100	-	45.2	-
Total	4,144.2	2,624.1	1,842.2	307.3	1,842.2	307.3	100	100	44.5	11.7

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the Department of Medical Services and Public Health recorded the highest absorption rate of development budget at 42.5 per cent. The Department of Education had the highest percentage of recurrent expenditure to recurrent budget at 66.5 per cent while the Department of Gender and Youth had the lowest at 30.8 per cent.

3.15.11 Budget Execution by Programmes and Sub-Programmes

Table 3.89 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.89: Kirinyaga County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Legislation and Oversight		1,070,254,050	257,147,153.00	813,106,897	24.
Sub Total		1,070,254,050	257,147,153	813,106,897	24
Office of the Governor and Deputy Governor	070601 County Executive Services	305,960,284	137,466,166.30	168,494,118	44.9
County Executive Administration	070701 County Executive Services	149,097,638	40,679,206.50	108,418,432	27.3
Management of County Affairs	070801 Coordination of County Functions	111,452,000	81,248,150.25	30,203,850	72.9
County Executive Committee Affairs	070901 Organization of County Business	6,200,000	2,318,200.00	3,881,800	37.4
County Public Service Board	071001 Human Resource Management	13,253,640	2,440,991.70	10,812,648	18.4
Administrative Support Services	020202 ICT Governance	5,480,000	1,257,613.00	4,222,387	22.9
	020701 Government Buildings Services	2,567,000	203,868.00	2,363,132	7.9
	070411 Audit Committee	1,919,000	762,649.00	1,156,351	39.7
	070412 County Enforcement Activities	4,185,000	1,469,550.00	2,715,450	35.1
	070413 ICT Infrastructure Development Management	13,458,800	7,302,400.00	6,156,400	54.3
	070414 ICT Systems Development Management	17,314,717	1,789,044.00	15,525,673	10.3
Sub Total		630,888,079	276,937,839	353,950,240	43.9
Public Finance Management	070401 Finance Services	675,440,776	186,648,727.30	490,792,049	27.6
	070402 Revenue Services	22,864,008	8,325,077.65	14,538,930	36.4
	070404 Procurement and Supply Services	6,446,500	2,765,728.50	3,680,772	42.9
	070405 Internal Audit Services	1,318,200	459,616.00	858,584	34.9
	070408 Budget Formulation, Coordination and Management	9,224,520	4,531,716.00	4,692,804	49.1
	070409 Accounting Services	5,477,500	3,261,742.45	2,215,758	59.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Planning and Economic Policy Management	070501 Economic Planning Services	4,516,246	3,299,774.10	1,216,472	73.1
Sub Total		725,287,750.00	209,292,382.00	515,995,368.00	28.9
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,269,457,747	912,787,732.00	1,356,670,015	40.2
Sub Total		2,269,457,747	912,787,732	1,356,670,015	40.2
Basic Education	050101 General Administration	215,396,229	135,282,259.00	80,113,970	62.8
	050102 Free Pre- Primary Education	2,770,000	1,053,895.00	1,716,105	38.0
State Education Function Support	050203 Tertiary Education	54,038,344	-	54,038,344	-
Technical and Vocational Training	050301 Village Polytechnique	27,578,394	27,109,389.00	469,005	98.3
Sub Total		299,782,967	163,445,543	136,337,424	54.5
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	113,760.00	191,240	37.3
	010105 Livestock Production Management	2,480,000	245,624.00	2,234,376	9.9
	010106 Livestock Disease Management & Control	1,200,000	252,985.00	947,015	21.1
Crop Development and Management	010202 Agricultural Extension Services	1,500,000	670,688.00	829,312	44.7
	010203 Agribusiness and Market Development	320,000	88,975.00	231,025	27.8
	010206 Land and Crop Development	1,331,000	371,608.00	959,392	27.9
	010207 Food Security Initiatives	400,000	349,120.00	50,880	87.3
Kamweti Agricultural Training Centre	Extension and Training		-	-	
Fisheries Development	010402 Aquaculture Development	200,000	-	200,000	-
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	543,000	386,554.00	156,446	71.2
	010601 General Administration and Planning	774,021,812	155,822,885.00	618,198,927	20.1
Sub Total		782,300,812	158,302,199	623,998,613	20.2
Culture	Social Welfare Services	10,687,000	368,800.00	10,318,200	3.5
	091201 Gender Administration Services	30,821,210	13,705,950.00	17,115,260	44.5
	091301 Gender and Social Development	10,990,000	57,000.00	10,933,000	0.5
Youth	090901 Youth Development and Empowerment Services	670,000	71,000.00	599,000	10.6
Sub Total		53,168,210	14,202,750	38,965,460	26.7
Sports	09701 General Administration	12,221,217	3,451,214.00	8,770,003	28.2
	090801 Development of Sports and Sports Facilities	34,100,000	2,043,104.00	32,056,896	6.0
	091401 Management & Development of Sports and Sports Facilities	825,000	90,900.00	734,100	11.0
Social Services	090702 Social Services	-	-	-	
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	1,549,000.00	-	100.0
	091701 Preservation & Promotion of Heritage and Culture	248,800	62,600.00	186,200	25.2
Children Services	091101 Child Community Support Services	5,764,000	64,857.00	5,699,143	1.1
Sub Total		54,708,017	7,261,675	47,446,342	13.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade Development and Investment	030401 General Administration and Planning	37,773,441	11,622,603.00	26,150,838	30.8
	030103 Capacity Building for Traders and SME's	1,527,000	50,000.00	1,477,000	3.3
	030104 promotion, Development & Growth of Trade	354,000	130,400.00	223,600	36.8
	030105 Fair Trade Practices and Consumer Protection	205,000	84,200.00	120,800	41.1
Tourism Development and Marketing	030302 Tourism promotion and Marketing	195,500	73,400.00	122,100	37.5
	030304 International Tourism Promotion and Marketing	310,000	53,000.00	257,000	17.1
	030305 Promotion of Industrial Development	1,268,500	46,200.00	1,222,300	3.6
	030306 Provision of Industrial Training	140,000	37,400.00	102,600	26.7
Cooperative Development and Marketing	030101 General Administration & Planning	40,336,868	11,141,796.00	29,195,072	27.6
	030405 Cooperative Advisory and Extension Services	295,000	114,000.00	181,000	38.6
	030406 Cooperative Education and Training	542,000	143,700.00	398,300	26.5
	030407 Cooperative Governance and Accountability	159,000	50,000.00	109,000	31.4
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	-	70,000	0.0
Sub Total		83,176,309	23,546,699	59,629,610	28.3
Water Supply Services	090101 Water and Irrigation	92,050,000	14,303,470.00	77,746,530	15.5
Energy Programme	090301 Energy Services	405,000	-	405,000	0.0
Cleaning and Waste Management	090502 Environment Management and Protection	101,508,439	30,603,902.00	70,904,537	30.1
Nema	090502 Environment Management and Protection	675,800	-	675,800	0.0
Sub Total		194,639,239	44,907,372	149,731,867	23.1
Land and Physical Planning	010601 General Administration and Planning	35,333,028	8,516,387.00	26,816,641	24.1
	010604 County Spatial Planning	1,510,000	566,200.00	943,800	37.5
	010605 Town Zoning and Mapping	164,999,831	25,933,019.50	139,066,812	15.7
	010607 Survey and Mapping	505,000	115,000.00	390,000	22.8
Housing Development	010701 Improvement and Development of Human Settlements	420,000	140,000.00	280,000	33.3
Sub Total		202,767,859	35,270,607	167,497,253	17.4
Transport Management	020301 General Administration and Planning	61,571,285	16,633,576.00	44,937,709	27.0
Disaster Management	020401 Fire Fighting and Emergency Services	4,507,000	548,867.00	3,958,133	12.2
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	326,060,698	21,062,221.00	304,998,477	6.5
Government Building Services	020701 Government Building Services	-	-	-	
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	8,084,790.00	1,615,210	83.3
Sub Total		401,838,983	46,329,454	355,509,529	11.5
Grand Total		6,768,270,022	2,149,431,404	4,618,838,618	31.8

Source: Kirinyaga County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Control and Campaign against Drug and Substance Abuse in the Department of Sports, Culture and Social Services at 100 per cent, Village Polytechnique in the Department of Education at 98.3 per cent, Food Security Initiatives in the Department of Agriculture, Livestock and Fisheries at 87.3 per cent, and Infrastructure Development Services in the Department of Transport and Infrastructure at 83.3 per cent of budget allocation.

3.15.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.307.28 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.62 billion. The development expenditure represented 11.7 per cent of the annual development budget.
2. A high wage bill, which accounted for 60 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.

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

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.16 County Government of Kisii

3.16.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.12.66 billion, comprising of Kshs.3.98 billion (31.4 per cent) and Kshs.8.68 billion (68.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.82 billion (61.8 per cent) as the equitable share of revenue raised nationally, Kshs.1.60 billion (12.6 per cent) as total conditional grants, generate Kshs.650 million (5.1 per cent) from own sources of revenue, and a cash balance of Kshs.2.59 billion (20.5 per cent) from FY 2019/20.

3.16.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.57 billion as the equitable share of the revenue raised nationally, Kshs.348.73 million as conditional grants, raised Kshs.99.56 million as own-source revenue, and had a cash balance of Kshs.1.42 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.4.44 billion as shown in Table 3.90.

Table 3.90: Kisii County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,785,900,000	7,817,550,000	2,569,347,000	32.9
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	417,572,254	417,572,254	-	-
2.	Compensation for User Fee Foregone	26,138,997	26,138,997	-	-
3.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
4.	Road Maintenance Fuel Levy Fund	233,001,661	233,001,661	58,250,415	25.0
5.	Rehabilitation of Village Polytechnics	70,549,894	70,549,894	-	-
Sub Total		879,284,083	879,284,083	58,250,415	6.6
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	68,638,638	68,638,638	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,615,016	198,615,016	195,245,299	98.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	117,337,642	-	-
5.	DANIDA Grant	22,140,000	22,140,000	11,070,000	50
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	16,140,145	16,140,145	-	-

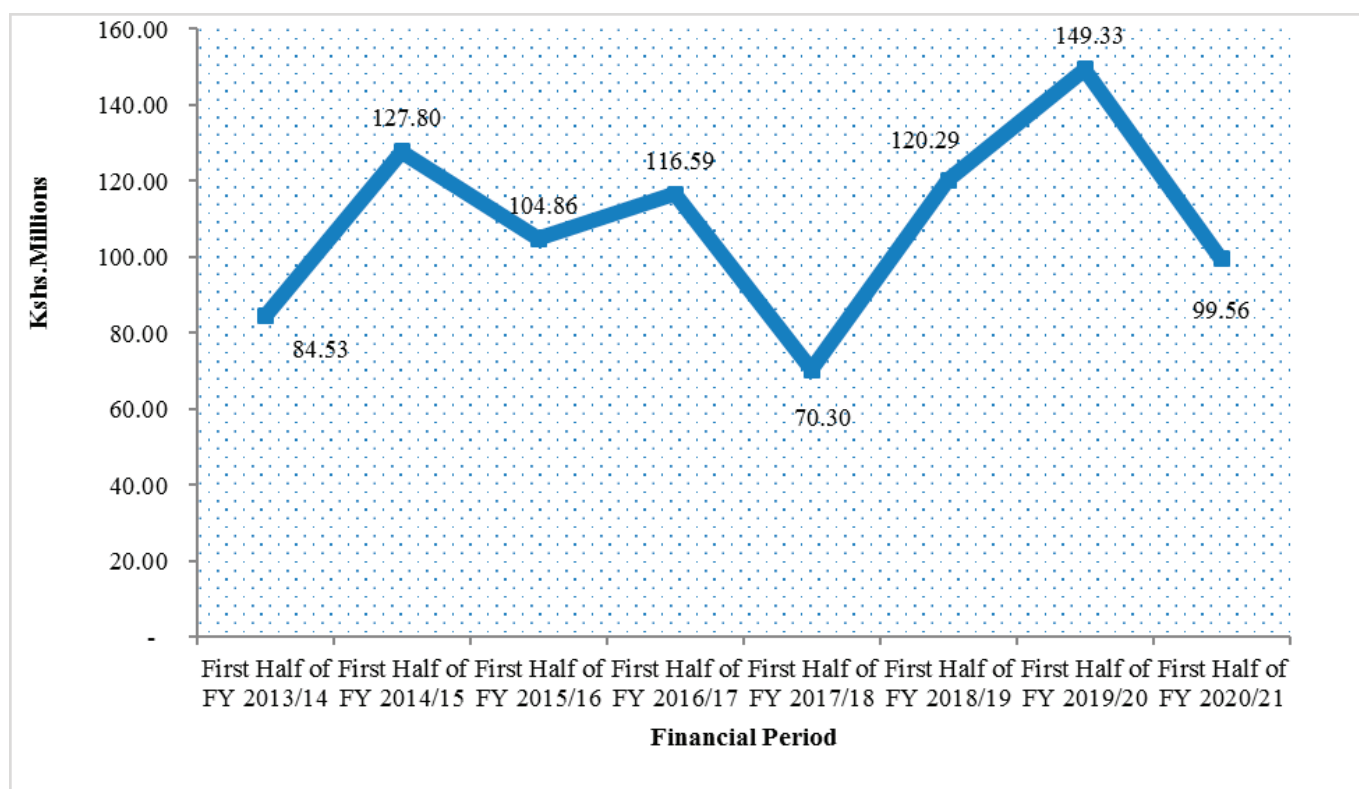
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	128,507,146	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,185,102	14,185,102	-	-
9.	Conditional Grant- Front Line Health workers Top up Allowances	-	84,165,000	84,165,000	100
10.	Aquaculture Business Development Programme (IFAD)	-	23,700,000	-	-
Sub Total		364,718,901	718,428,689	90,480,299	40.4
D	Other Sources of Revenue				
	Own Source Revenue	-	650,000,000	99,556,860	15.3
	Balance b/f from FY2019/20	-	2,590,952,010	1,423,379,290	54.9
Sub Total		-	3,240,952,010	1,522,936,150	47.0
Grand Total		9,029,902,984	12,656,214,782	4,441,013,864	35.2

Source: Kisii County Treasury

Figure 3.31 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.31: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kisii County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.99.56 million as own-source revenue. This amount represented a decrease of 33.3 per cent compared to Kshs.149.33 million realised during a similar period in FY 2019/20 and was 15.3 per cent of the annual target.

3.16.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.96 billion from the CRF account during the reporting period. The amount comprised of Kshs.527.59 million (13.3 per cent) for development programmes and Kshs.3.43 billion (86.7 per cent) for recurrent programmes.

3.16.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.29 billion on development and recurrent programmes. The expenditure represented 83.1 per cent of the total funds released by the COB and comprised of Kshs.503.85 million and Kshs.2.79 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 12.7 per cent while recurrent expenditure represented 32.1 per cent of the annual recurrent expenditure budget.

3.16.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.37 billion was spent on compensation to employees, Kshs.418.90 million on Operations and Maintenance, and Kshs.503.85 million on development activities as shown in Table 3.91.

Table 3.91: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	8,680,123,767	3,429,823,853	2,785,583,208	32.1
Compensation to Employees	5,853,638,238	2,824,826,044	2,366,686,359	40.4
Operations and Maintenance	2,826,485,529	604,997,809	418,896,849	14.8
Total Development Expenditure	3,976,091,015	527,587,505	503,851,222	12.7
Development Expenditure	3,976,091,015	527,587,505	503,851,222	12.7
Total	12,656,214,782	3,957,411,358	3,289,434,430	26

Source: Kisii County Treasury

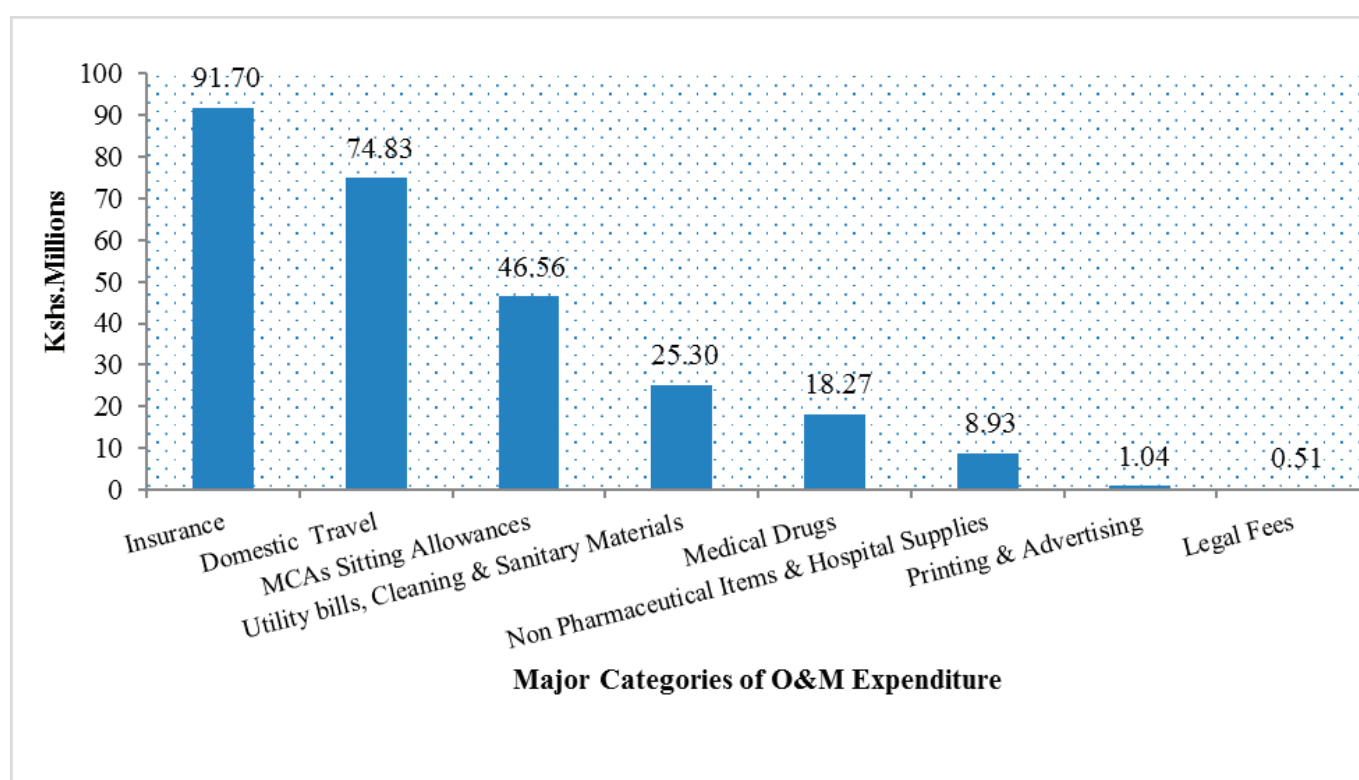
3.16.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 71.9 per cent of the total expenditure for the reporting period and 37.4 per cent of half year proportional revenue estimate of Kshs.6.33 billion.

3.16.7 Expenditure on Operations and Maintenance

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

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



Source: Kisii County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.46.56 million on committee sitting allowances for the 71 MCAs and Speaker against the annual budget allocation of Kshs.115.07 million. The average monthly sitting allowance was Kshs.109,284 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.74.83 million and comprised of Kshs.29.04 million spent by the County Assembly and Kshs.45.78 million by the County Executive.

3.16.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.299.61 million to cater for COVID-19 related expenditure while Kshs.46.27 million was brought forward from FY 2019/20. During the period under review, a total of Kshs.222.77 million was spent. Table 3.92 provides a summary of the COVID-19 budget and expenditure.

Table 3.92: COVID-19 Budget and Expenditure Summary

S. No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1.	Supply of Assorted Non-Pharms to Kisii Teaching & Referral Hospital	31,421,206
2.	Supply of Alcohol Based Hand Rub	702,000
3.	Supply of Sodium Hypochloride	400,725
4.	Supply of Surgical Face Masks	5,171,200
5.	Supply and Installation of CCTV For COVID 19 Isolation and Treatment Units at Kisii Teaching & Referral Hospital	976,910
6.	Electrical and Mechanical Works to Amenity Wing to Kisii Teaching & Referral Hospital	1,702,310
7.	Supply of Assorted Medical Equipment	1,622,800
8.	Supply and Delivery of Assorted Equipment	1,637,796
9.	Supply of Patient Monitors to Kisii Teaching & Referral Hospital	2,920,950
10.	Supply and Delivery of Hospital Beds to Kisii Teaching & Referral Hospital	2,971,125
11.	Renovations to Eye Ward	3,450,100
12.	Supply and Delivery of Mattresses to Kisii Teaching & Referral Hospital and Repair of Hospital Beds	3,604,050
13.	Renovations to Amenity Ward Kisii Teaching & Referral Hospital	4,380,360
14.	Supply and Delivery of ICU Beds to Kisii Teaching & Referral Hospital	3,982,020
15.	Electrical and Mechanical Works to Male Ward	4,962,500
16.	Renovations to Male Ward at Kisii Teaching & Referral Hospital	4,980,180
17.	Supply and Delivery of Mechanical Ventilators	7,034,818
18.	Supply and Delivery of Ppes	29,458,323

S. No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
19.	Food Rations for Isolation Units At Kisii Teaching & Referral Hospital	3,500,000
20.	Supply of Medical Drugs and Non-Pharms	12,753,000
21.	Construction of Kitchen, Toilet and Fencing of Getembe Dispensary	2,400,019
22.	DANIDA Grants Disbursed to Health Centres and Dispensaries Countywide	8,575,000
23.	Allowances frontline healthcare workers	84,165,000
24.	Total	222,772,392

Source: Kisii County Treasury

3.16.9 Development Expenditure

The County incurred an expenditure of Kshs.503.85 million on development programmes, which represented a decrease of 50.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.02 billion. Table 3.93 provides a summary of development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed Construction of reproductive health unit	Kisii Teaching and Referral Hospital	594,066,178	24,433,206	4
2	Supply of VIP Seats to the Main Pavillion at Kisii Stadium	Gusii Stadium	6,732,460	6,732,460	100
3	Supply and delivery of deep frozen semen, liquid nitrogen and vials of xylazine	All 45 wards	6,499,100	6,499,100	100
4	Supply of dip sticks, meat inspection ink and ectoparasitocides	All 45 wards	5,800,000	5,800,000	100
5	Bumburia Mkt-Mogumo Pry-Charachani Road	Kegogi	4,272,512	4,272,512	100
6	Rianyakiana-Nyabirundi-Nyoera Road	Bassi Central	4,229,012	4,229,012	100
7	Gesero-Sigisi-Saye-Kerina Road	Riana	4,167,880	4,167,880	100
8	Supply and assembling of hospital medical beds	Kisii Teaching and Referral Hospital	3,997,410	3,997,410	100
9	Kegogi Mkt - Engoto Road	Kegogi	3,991,500	3,987,800	99.9
10	Etor-Sameta mkt-Rianyanchoka-MosemiTC-Nyamokenye Road	Sameta Mokwerero	3,886,200	3,886,200	100

Source: Kisii County Treasury

3.16.10 Budget Performance by Department

Table 3.94 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.94: Kisii County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	992.53	180.55	376.39	-	311.16	-	82.7	-	31.4	-
Office of the Governor and Deputy Governor	465.69	20.00	172.78	-	101.20	-	58.6	-	21.7	-
Administration, Corporate Services and Stakeholder Management	675.51	36.45	270.99	4.10	201.64	0.10	74.4	2.5	29.8	0.3
Finance & Economic planning	1,124.48	70.00	440.20	11.42	350.68	5.22	79.7	45.7	31.2	7.5
Agriculture, Livestock, Veterinary & Fisheries and Co-operative development	405.91	615.51	147.88	250.41	125.68	202.05	85.0	80.7	31.0	32.8
Energy, Environment And Natural Resources	197.24	209.27	54.83	23.12	39.87	7.14	72.7	30.9	20.2	3.4

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
Education, Youth Affairs & Social Development	619.28	142.34	220.78	4.18	155.27	3.03	70.3	72.6	25.1	2.1
County Health Services	3,608.62	1,050.50	1,582.23	45.56	1,350.33	157.63	85.3	346.0	37.4	15.0
Lands, Physical Planning and Urban Development	89.51	92.38	26.63	1.97	25.74	1.97	96.6	100.0	28.8	2.1
Roads, Public Works, Transport and Housing	208.85	1,077.27	58.80	157.78	49.73	105.12	84.6	66.6	23.8	9.8
Trade	87.59	114.15	27.88	1.78	25.15	1.78	90.2	100.0	28.7	1.6
Culture and Social Services	77.01	133.66	20.43	22.26	19.66	6.73	96.2	30.2	25.5	5.0
Kisii town	127.91	234.00	30.00	5.00	29.47	13.08	98.2	261.6	23.0	5.6
Total	8,680	3,976	3,430	528	2,786	504	81.2	95.5	32.1	12.7

Source: Kisii County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock, Veterinary & Fisheries and Co-operative development at 32.8 per cent. The Department of County Health Services had the highest percentage of recurrent expenditure to recurrent budget at 37.4 per cent while the Department of Energy, Environment and Natural Resources had the lowest at 20.2 per cent.

3.16.11 Budget Execution by Programmes and Sub-Programmes

Table 3.95 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

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

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
County Assembly	Office of The Speaker	18,090,000	1,432,818	16,657,182	7.9
	Representation, Legislative and Oversight Services	185,071,420	48,408,782	136,662,638	26.2
	County Assembly Service Board	969,920,620	261,323,208	708,597,412	26.9
	Sub Total	1,173,082,040	311,164,808	861,917,232	26.5
County Executive	Administration, Planning and Support Services	388,699,172	92,634,604	296,064,568	23.8
	Office of The County Secretary	29,520,000	630,000	28,890,000	2.1
	Legal Services	14,500,000	508,405	13,991,595	3.5
	Communication Services	9,250,000	831,600	8,418,400	9.0
	Special Programmes	6,950,000	840,800	6,109,200	12.1
	Public Private Partnership	3,400,000	516,500	2,883,500	15.2
	Advisory Services	3,250,000	439,000	2,811,000	13.5
	County Public Service Board	30,120,200	4,803,700	25,316,500	15.9
	Sub Total	485,689,372	101,204,609	384,484,763	20.8
Administration, Corporate Services and Stakeholder management	Administration, Planning and Support Services	579,211,277	192,480,801	386,730,476	33.2
	Devolved Units Services	45,144,044	1,193,619	43,950,425	2.6
	Human Resource Development	8,000,000	705,700	7,294,300	8.8
	Enforcement Services	12,800,000	550,000	12,250,000	4.3
	Stakeholder Management	14,925,000	834,400	14,090,600	5.6
	Public Participation and Civic Education	15,075,000	1,376,000	13,699,000	9.1
	Disaster Management	14,804,282	-	14,804,282	-
	Fleet Management	22,000,000	4,600,505	17,399,495	20.9
Sub Total	711,959,603	201,741,025	510,218,578	28.3	

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Finance & Economic planning	Administration, Coordination and Support Services	924,750,533	333,270,858	591,479,675	36.0
	Public Financial Management Services	77,075,000	13,001,473	64,073,527	16.9
	County Planning Services	192,656,938	9,624,300	183,032,638	5.0
	Sub Total	1,194,482,471	355,896,631	838,585,840	29.8
Agriculture, Livestock, Veterinary & Fisheries	Administrative and Support Services	315,066,818	142,731,221	172,335,597	45.3
	Crop Development and Value Addition	423,255,789	137,450,964	285,804,825	32.5
	Livestock Development	46,300,000	4,842,400	41,457,600	10.5
	Veterinary Services	175,500,000	42,699,134	132,800,866	24.3
	Co-Operative Development and Management	3,350,000	-	3,350,000	-
	Fisheries Development	48,050,000	-	48,050,000	-
	Kisii Agricultural Training Centre	9,900,000	-	9,900,000	-
	Sub Total	1,021,422,607	327,723,719	693,698,888	32.1
Energy, Environment and Natural Resources	Administration and Planning Services	115,394,842	43,663,919	71,730,923	37.8
	Water and Sanitation Services	270,312,875	3,350,000	266,962,875	1.2
	Environment Management	17,000,000	-	17,000,000	-
	Energy Services	3,810,500	-	3,810,500	-
	Sub Total	406,518,217	47,013,919	359,504,298	11.6
Education, Youth Affairs & Social Development	General Administration and Planning Services	619,277,713	155,270,772	464,006,941	25.1
	Early Childhood Development Education	60,793,940	3,034,500	57,759,440	5.0
	Vocational Training	81,549,094	-	81,549,094	-
	Sub Total	761,620,747	158,305,272	603,315,475	20.8
County Health Services	Medical Services	4,567,670,274	1,507,951,023	3,059,719,251	33.0
	Public Health	91,450,000	-	91,450,000	-
	Sub Total	4,659,120,274	1,507,951,023	3,151,169,251	32.4
Lands, Physical Planning and Urban Development	Administration, Planning and Support Services	70,507,240	24,703,620	45,803,620	35.0
	Land Use Services	54,800,000	3,004,400	51,795,600	5.5
	Urban Development	56,583,915	-	56,583,915	-
	Sub Total	181,891,155	27,708,020	154,183,135	15.2
Roads, Public Works, Transport and Housing	General Administration and Planning Services	125,540,000	43,577,263	81,962,737	34.7
	Roads Development	1,052,778,254	105,121,314	947,656,940	10.0
	Public Works	102,305,555	5,950,000	96,355,555	5.8
	Housing Services	5,500,000	200,000	5,300,000	3.6
	Sub Total	1,286,123,809	154,848,577	1,131,275,232	12.0
Trade, Tourism, Cooperatives and Enterprise Development	Administration and Planning Services	186,085,479	25,266,071	160,819,408	13.6
	Tourism Development	8,750,000	395,000	8,355,000	4.5
	Weights and Measures	1,700,000	589,500	1,110,500	34.7
	Liquor Licensing	1,200,000	150,000	1,050,000	12.5
	Betting and Gaming	4,000,000	536,800	3,463,200	13.4
	Sub Total	201,735,479	26,937,371	174,798,108	13.4
Culture and Social Services	Administration and Planning Services	59,206,460	18,106,064	41,100,396	30.6
	Sports Development	127,595,581	7,132,460	120,463,121	5.6
	Cultural Services	20,559,921	1,150,000	19,409,921	5.6
	Social Development	3,300,000	-	3,300,000	-
	Sub Total	210,661,962	26,388,524	184,273,438	12.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Kisii town	General Administration, Planning and Support Services	127,905,459	29,473,229	98,432,230	23.0
	Infrastructure Development	234,001,587	13,077,703	220,923,884	5.6
	Sub Total	361,907,046	42,550,932	319,356,114	11.8
Grand Total		12,656,214,782	3,289,434,430	9,366,780,352	26.0

Source: Kisii County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Administrative and Support Services in the Department of Agriculture, Livestock, Veterinary & Fisheries at 45.3 per cent, followed by Administration and Planning Services in the Department of Energy, Environment and Natural Resources at 37.8 per cent of budget allocation.

3.16.12 Key Observations and Recommendations

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

1. A high wage bill, which accounted for 71.9 per cent of the total expenditure in the first half of FY 2020/21.
2. Low absorption of development funds as indicated by the expenditure of Kshs.503.85 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.98 billion. The development expenditure represented 12.7 per cent of the annual development budget.
3. Under-performance of own-source revenue at Kshs.99.56 million against an annual projection of Kshs.650 million, representing 15.3 per cent of the annual target.

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

1. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County should devise and implement strategies to mobilise own-source to ensure the approved budget is fully financed.*

3.17 County Government of Kisumu

3.17.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.12.78 billion, comprising of Kshs.4.75 billion (37.2 per cent) and Kshs.8.03 billion (62.8 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expected to receive Kshs.6.84 billion (53.5 per cent) being equitable share of revenue raised nationally, Kshs.3.14 billion (24.6 per cent) as total conditional grants, generate Kshs.1.58 billion (12.4 per cent) from own sources of revenue, and the cash balance of Kshs.968.04 million (7.6 per cent) from FY 2019/20. The County also expects to receive Kshs.254.55 million (2.0 per cent) as "other revenues" not contained in the CARA, 2020.

3.17.2 Revenue Performance

During the first quarter of FY2020/21, the County received Kshs.2.26 billion as equitable share of the revenue raised nationally, Kshs.110.18 million as total conditional grants, raised Kshs.247.56 million as own-source revenue, and had a cash balance of Kshs.657.56 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.27 billion as shown in Table 3.96.

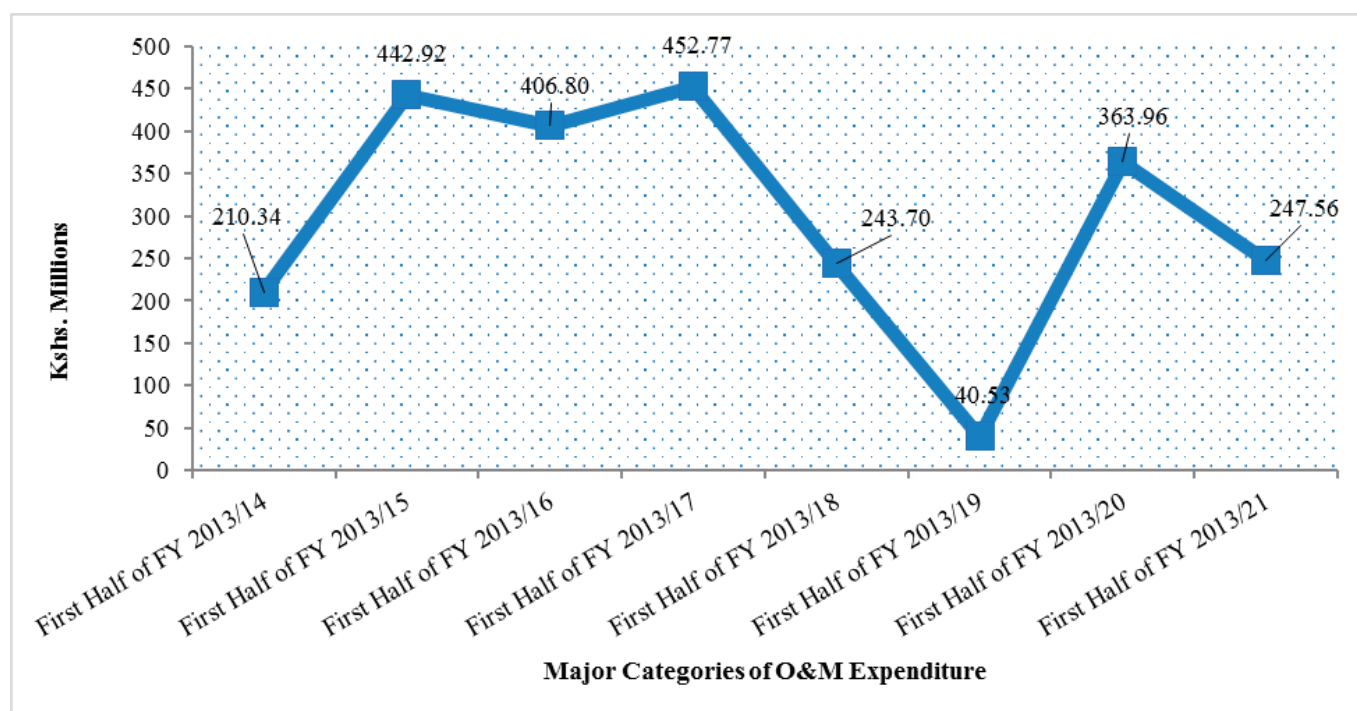
Table 3.96: Kisumu County, Revenue Performance in FY 2020/21

S/No.	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,836,400,000	6,838,321,494	2,256,012,000	33
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	21,299,489	21,299,489	-	-
2.	Kisumu Level '5' Hospital	369,017,341	408,193,262	-	-
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	203,758,538	305,104,656	-	-
5.	Rehabilitation of Village Polytechnics	45,349,894	70,323,192	-	-
Sub Total		771,446,539	804,920,599		
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	57,625,645	135,297,510	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project	240,035,100	323,159,500	100,455,119	31.1
3.	COVID - 19 Fund	-	278,220,000	-	-
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	75,545,790	-	-
5.	EU Grant- Instruments for Devolution Advice & Support	15,626,168	87,814,812	-	-
6.	IDA (WB) Credit: (KUSP) -Urban Development Grant (UDG)	-	1,351,803,512	-	-
7.	DANIDA Grant	19,440,000	19,440,000	9,720,000	50
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,186,151	20,407,439	-	-
9.	EU- WaTER Protection & climate change mitigation	34,868,974	34,868,974	-	-
10.	IDA (WB) Credit: (KUSP) -Urban Institutional Grants (UIG)	-	8,800,000	-	-
Sub Total		425,782,038	2,335,357,537	110,175,119	4.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,579,172,106	247,557,026	15.7
2.	Balance b/f from FY 2019/20	-	968,038,494	657,564,585	67.9
3.	Other Revenues	-	254,545,521	-	-
Sub Total			2,801,756,121	905,121,611	27.8
Grand Total		8,033,628,577	12,780,355,751	3,271,308,730	6.1

Source: Kisumu County Treasury

Figure 3.33 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.33: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



.Source: Kisumu County Treasury

During the first half of FY2020/21, the County generated a total of Kshs.247.56 million as own-source revenue. This amount represented a decrease of 32.0 per cent compared to Kshs.363.96 million realised during a similar period in FY 2019/20 and was 15.7 per cent of the annual target. The decrease can be attributed to structural adjustments which the county is carrying out in Kisumu town and the COVID-19 measures which has impacted negatively on the business environment.

3.17.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.71 billion from the CRF account during the reporting period. The amount comprised of Kshs.283.09 million (10.4 per cent) for development programmes and Kshs.2.43 billion (89.6 per cent) for recurrent programmes.

3.17.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.94 billion on development and recurrent programmes. The expenditure represented 146.1 per cent of the total funds released by the COB and comprised of Kshs.993.81 million and Kshs.2.95 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 21.2 per cent while recurrent expenditure represented 36.7 per cent of the annual recurrent budget.

3.17.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.27 billion was spent on Compensation to Employees, Kshs.673.82 million on Operations and Maintenance, and Kshs.993.81 million on development activities as shown in Table 3.97.

Table 3.97: Summary of FY 2020/21 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	8,025,436,366	2,947,637,260	36.7
Compensation to Employees	5,009,926,373	2,273,817,660	45.4
Operations and Maintenance	3,015,509,993	673,819,600	22.3
Total Development Expenditure	4,754,919,385	993,814,860	20.9
Development Expenditure	4,754,919,385	993,814,860	20.9
Total	12,780,355,751	3,941,452,120	30.8

Source: Kisumu County Treasury

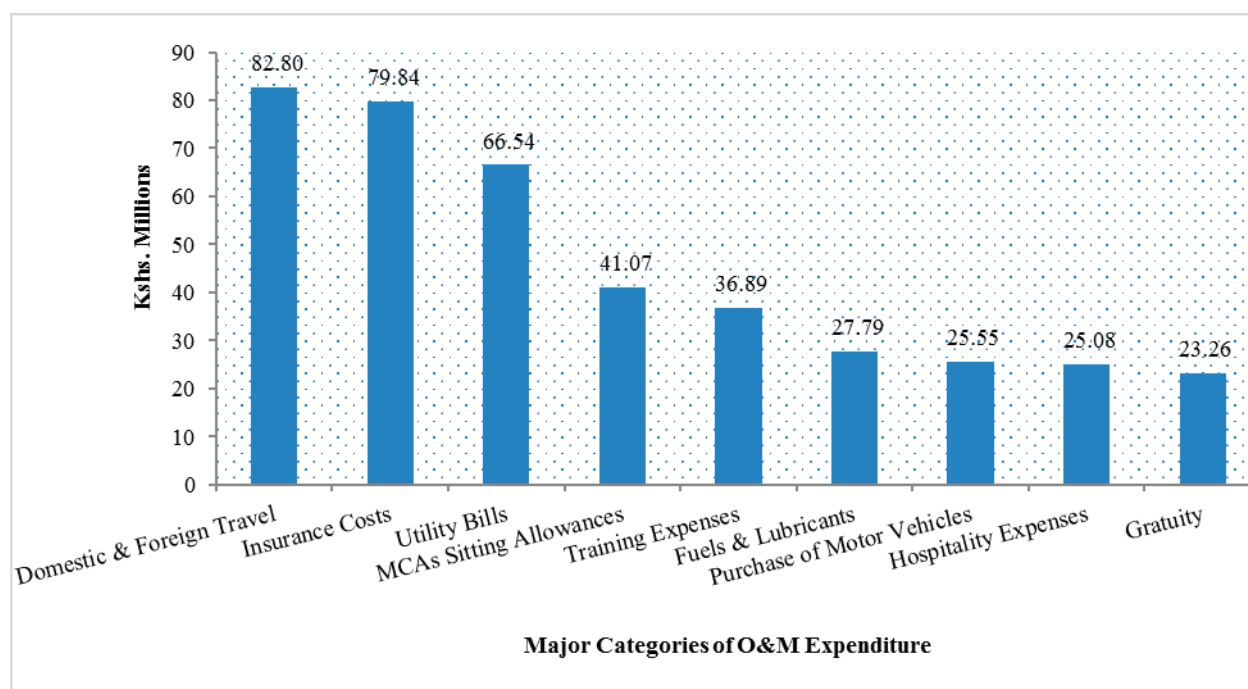
3.17.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 57.5 per cent of the total expenditure for the reporting period and 35.6 per cent of half year proportional revenue estimate of Kshs.6.39 billion.

3.17.7 Expenditure on Operations and Maintenance

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

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



Source: Kisumu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.41.07 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.83.44 million. The average monthly sitting allowance was Kshs.139,688 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.79.19 million and comprised of Kshs.41.40 million spent by the County Assembly and Kshs.37.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.62 million by the County Executive.

3.17.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county had Kshs.285.92 million balances from FY 2019/20 for COVID-19 related expenditure. A total of Kshs.276.49 million was spent during the reporting period as shown in Table 3.98.

Table 3.98: COVID-19 Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1	COVID- 19 Health staff allowances	68,400,000
2.	Communication	3,318,410
3.	Protective gears (gloves, boots & masks)	54,954,491
4.	Office stationary	190,089
5.	ICT Equipment	5,234,524
6.	Office furniture	753,294
7.	Health equipment	21,478,177
8.	Hire of tents and toilets	8,497,800
9.	Renovation of buildings	8,482,765
10.	Beddings	29,400,000
11.	Catering services	6,806,500
12.	Laboratory supplies	26,131,970
13.	Daily subsistence allowances	12,456,500
14.	Transfer to health centres & dispensaries	7,700,000
15.	Accommodation centres	10,068,740
16.	Uniforms	2,195,970
17.	Transportation	409,600
18.	Consultancy services	1,800,000
19.	Agriculture	8,208,150
20.	Freight services	2,084,950
Total		276,486,980

Source: Kisumu County Treasury

3.17.9 Development Expenditure

The County incurred an expenditure of Kshs.993.81 million on development programmes, which represented an increase of 254 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.284.61 billion. Table 3.99 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.99: Kisumu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Deputy Governor's residence	Milimani	29,263,818	12,644,914	43.2
2	Construction of modern retail market at Pap Onditi	Pap Onditi	42,400,000	19,366,032	45.7
3	Construction of Modern market at Kombewa market	Kombewa	35,982,162	35,473,602	98.6
4	Supply of 300 POS machines	County wide	21,500,000	21,500,00	100
5	Kisumu county valuation roll	County HQ	23,799,997	9,500,000	39.9
6	Desilting of Alwera stream 3.7 Km	Alwera	4,001,300	4,001,300	100
7	Construction of male ward at Ahero sub-county hospital	Ahero	3,999,448	3,999,448	100
8	Construction of Wambuka – Kanalegioa road	Wambuka	3, 687,556	3,511,529	95.5
9	Improvement of Odiyo – Wang'eenononam road	Odiyo	3,497,748	3,497,748	100
10	Construction of Rambra water project	Rambara	2,414,180	2,414,180	100

Source: Kisumu County Treasury

3.17.10 Budget Performance by Department

Table 3.100 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.100: Kisumu County, Budget Performance by Department for FY 2020/21

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and County Administration	552.28	95.00	171.42	-	207.74	-	121.20	-	37.6	-
Finance and Economic Planning	1,062.18	458.50	351.11	182.63	429.26	259.43	122.30	142.10	40.4	56.6

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	245.34	504.20	140.03	100.46	71.96	91.96	51.40	91.50	29.3	18.2
Education, Human Resource Development & ICT	544.55	361.57	158.00	-	217.82	1.85	137.90	-	40.0	0.5
Tourism, Culture, Arts and Sports	82.68	133.75	23.67	-	18.36	-	78.00	-	22.2	-
Physical Planning, Lands, Housing & Urban Devel.	81.34	127.00	23.54	-	13.31	-	56.50	-	16.4	-
Public Works, Roads and Transport	321.64	518.10	88.04	-	81.44	62.05	92.50	-	25.3	12.0
Health Services	3,734.61	318.40	1,046.59	-	1,580.53	-	151.00	-	42.3	-
Water, Environment and Natural Resources	106.61	378.37	29.00	-	1.54	13.20	5.30	-	1.4	3.5
Business, Co-Operatives and Markets	76.12	161.26	21.52	-	1.37	12.04	6.40	-	1.8	7.5
Energy and Industry	48.77	131.65	14.00	-	1.98	-	14.10	-	4.1	-
County Assembly	701.92	110.00	226.07	-	276.39	-	122.30	-	39.4	-
City of Kisumu	390.62	1,457.10	116.97	-	40.35	553.29	34.50	-	10.3	38.0
County Public Service Board	76.78	-	20.44	-	5.58	-	27.30	-	7.3	-
Total	8,025.44	4,754.92	2,430.39	283.08	2,947.64	993.81	121.3	351.1	36.7	20.9

Source: Kisumu County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 56.6 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to recurrent budget at 42.3 per cent while the Department of Water, Environment and Natural Resources had the lowest at 1.4 per cent.

3.17.11 Budget Execution by Programmes and Sub-Programmes

Table 3.101 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.101: Kisumu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General Administration and Planning Services	Planning and Coordination Services	383,800,651	165,987,050	217,813,601	43.2
	Planning and Administration	792,452,164	151,085,866	641,366,298	19.1
	Sub Total	1,176,252,215	317,072,916	859,179,899	27.0
County Survey Services	County Survey	2,520,000	52,200	2,467,800	2.1
	Sub Total	2,520,000	52,200	2,467,800	2.1
Agriculture Productivity Improvement	Management of Agriculture Advisory Services	33,187,938	8,365,250	24,822,688	25.2
					-
	Promotion of Crop Production Value Chains	500,000	188,000	312,000	37.6
	Promotion of Livestock Production Value Chains	683,500	510,500	173,000	74.7
	Development of Product Quality Assurance	512,200	100,000	412,200	19.5
	Agriculture Sector Planning and Management	663,900	100,000	563,900	15.1
	Sub Total	52,853,697	9,972,191	42,881,506	18.9
Physical Planning and Housing	Physical Planning Services	1,530,000	144,885	1,385,115	9.5
	County Housing Management	1,650,000	217,275	1,432,725	13.2
	Sub Total	3,180,000	362,160	2,817,840	11.4
Promotion of Sustainable Land Use	Promotion of Soil and Water Management.	8,585,150	28,720	8,556,430	0.3
	Promotion of Mechanization	30,180,000	-	30,180,000	-
	Sub Total	38,765,150	28,720	38,736,430	0.1

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture Productivity Improvement	Agriculture Credit Access	7,547,500	3,196,200	4,351,300	42.3
	Agriculture Input Access	100,000	-	100,000	-
	Sub Total	7,647,500	3,196,200	4,451,300	41.8
Promotion of Market Access and Product Development	Promotion of Agribusiness	611,750	185,250	426,500	30.3
	Promotion of Value Addition	844,950	-	844,950	-
	Sub Total	1,456,700	185,250	1,271,450	12.7
Revenue Generation Management	Local Revenue Mobilization	25,649,231	8,991,189	16,658,042	35.1
	Sub Total	25,649,231	8,991,189	16,658,042	35.1
Urban Planning and Development Control	Urban Planning and Development	225,554,417	18,701,552	206,852,865	8.3
	Sub Total	225,554,417	18,701,552	206,852,865	8.3
County Roads and Public Works Management	General Administration and Planning	211,357,787	13,634,378	197,723,409	6.5
	Road Construction and Maintenance Services	506,104,656	84,345,761	421,758,895	16.7
	Sub Total	717,462,443	97,980,139	619,482,304	13.7
Administration, Planning and Support Services	Administrative Services	1,131,709,492	623,546,593	508,162,899	55.1
	Financial Services	35,647,860	7,315,407	28,332,453	20.5
	Sub Total	1,167,357,352	630,862,001	536,495,351	54.0
Energy Production	Climate Change	1,173,000	77,428	1,095,572	6.6
	Petroleum and Electricity	15,605,924	1,422,973	14,182,951	9.1
	Sub Total	16,778,924	1,500,401	15,278,523	8.9
Mining Efficiency	Mining Efficiency	2,259,677	105,400	2,154,277	4.7
	Resource Mobilization	29,868,417	11,214,949	18,653,468	37.5
	Green Energy	121,085,000	76,000	121,009,000	0.1
	Sub Total	153,213,094	11,396,349	141,816,745	7.4
Roads General Administration and Planning	Public Works	12,800,000	2,505,000	10,295,000	19.6
	Mechanical Engineering Services	213,841,161	10,000,000	203,841,161	4.7
	Sub Total	226,641,161	12,205,000	214,436,161	5.4
ICT Services	ICT Services	32,852,339	365,490	32,486,849	1.1
	Sub Total	32,852,339	365,490	32,486,849	1.1
Communication Services	Communication Services	2,335,000	-	2,335,000	-
	Sub Total	2,335,000	-	2,335,000	-
	Infrastructure Development	6,355,446	37,000	6,318,446	0.6
General Administration and Policy Making	Trade Support Services	11,550,000	74,750	11,475,250	0.6
	Sub Total	17,905,446	111,750	17,793,696	0.6
Regulation and Verification of Weights	Verification and Calibration of Weighing Equipment	1,347,500	67,200	1,280,300	5.0
	Sub Total	1,347,500	67,200	1,280,300	5.0
Tourism Development and Management	Tourism Development	11,285,000	-	11,285,000	-
	Tourism Event Management	5,708,860	345,500	5,363,360	6.1
	Tourism Standards Development	3,280,000	100,000	3,180,000	3.0
	Sub Total	20,273,860	445,500	19,828,360	2.2
Administration Planning and Support	Administration Planning	108,496,863	46,683,676	61,813,187	43.0
	Sub Total	108,496,863	46,683,676	61,813,187	43.0
Co-Operative Development Management	Co – Operative Governance	51,528,231	79,800	51,448,431	0.2
	Sub Total	51,528,231	79,800	51,448,431	0.2
Enterprise Development	Business Development Services	6,650,000	172,000	6,478,000	2.6
	Sub Total	6,650,000	172,000	6,478,000	2.6
Preventive and Promotive Health Services	Environmental Health and Sanitation	1,492,586,026	555,739,735	936,846,291	37.2
	Community Health Strategy	1,100,000	-	1,100,000	-
	Disease Surveillance	1,200,000	9,450	1,950,550	0.8
	Health Promotion Services	80,511,968	2,170,255	78,341,713	2.7
	Sub Total	1,575,397,994	557,919,440	1,017,478,555	35.4
Health Curative Services	Elimination of Communicable and Non – Communicable Diseases	3,500,000	828,350	2,671,650	23.7
	Reproductive Health	137,797,510	27,541,431	110,256,079	20.0
	Sub Total	141,297,510	28,369,781	112,927,729	20.1
General Administration, Operational Research and Planning Services	Governance and Leadership	73,044,000	28,035,224	45,008,776	38.4
	Human Resource For Health	2,899,119,895	1,440,755,902	1,458,363,993	-
	Sub Total	2,972,163,895	1,468,791,126	1,503,372,769	49.4
Health Sector Support Program	Health Promotion Services	202,341,389	34,663,210	167,678,179	17.1
	Sub Total	202,341,389	34,663,210	167,678,179	17.1

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Jaramogi Odinga Teaching and Referral Hospital	J.O.O Teaching and Referral Hospital	369,070,349	33,000,000	336,070,349	8.9
	Sub Total	369,070,349	33,000,000	336,070,349	8.9
Kisumu County Referral Hospital	Kisumu County Referral Hospital	26,740,133	1,800,000	24,940,133	6.7
	Sub Total	26,740,133	1,800,000	24,940,133	6.7
Medical & Bio – Medical Services	County and Sub – County Hospital Services	338,848,000	13,900,000	324,948,000	4.1
	Sub Total	338,848,000	13,900,000	324,948,000	4.1
Early Childhood Development	Promotion of Early Childhood Education	51,274,053	7,495,050	43,779,003	14.6
	Sub Total	51,274,053	7,495,050	43,779,003	14.6
Youth Training and Development	Youth Polytechnics Services	18,000,000	218,360	17,781,640	1.2
	Sub Total	18,000,000	218,360	17,781,640	1.2
Gender and Social Development	Gender and Disability Mean Streaming	3,755,000	-	3,755,000	-
	Betting Control	925,000	-	925,000	-
	Sub Total	4,680,000	-	4,680,000	-
Early Childhood Education Management	Early Childhood Education	402,250,000	68,629,026	333,620,974	17.1
	Sub Total	402,250,000	68,629,026	333,620,974	17.1
Sports Management and Development	Sports Management	112,768,352	67,200	112,701,152	0.1
	Talent Development	1,561,619	-	1,561,619	-
	Sub Total	114,329,971	67,200	114,262,771	0.1
Sports Stadia Development	Sports Academy	2,288,600	530,000	1,758,600	23.2
	Sub Total	2,288,600	530,000	1,758,600	23.2
Alcoholic Drinks	Alcoholic Drinks	1,350,000	-	1,350,000	-
	Sub Total	1,350,000	-	1,350,000	-
Pre - Primary Policy and Legislation	Pre - Primary Policy and Legislation	21,568,878	8,226,917	13,341,961	38.1
	Sub Total	21,568,878	8,226,917	13,341,961	38.1
Youth Training and Legislation	Youth Training and Legislation	135,023,192	1,845,000	133,178,192	1.4
	Sub Total	135,023,192	1,845,000	133,178,192	1.4
General Administration and Planning Services	General Administration	148,578,565	49,178,657	99,399,908	33.1
	Human Development Services	86,113,823	22,372,628	63,741,195	26.0
	Development & Management of County Administrative Systems	25,010,078	9,360,173	15,649,905	37.4
	Social Responsibility Including Civic & Public Management	35,957,380	1,162,279	34,795,101	3.2
	Sub Total	295,659,846	84,583,737	211,076,109	28.6
Management of County Affairs and Special Affairs	Inter-Government Coordination and Protocol	3,272,417	375,200	2,897,217	11.5
	Sub Total	3,272,417	375,200	2,897,217	11.5
Inter-Governmental Relations, Communication and Coordination.	Governor's Press Service and Communication	18,855,443	2,601,025	16,254,418	13.8
	Internal Auditing Services	15,000,000	1,346,875	13,653,125	9.0
	Sub Total	33,855,443	3,497,900	29,907,543	10.3
County Public Service Board	General Administration and Support Services	786,053,297	176,713,538	609,339,759	22.5
	Human Resource Recruitment and Development	26,316,588	1,084,570	25,232,018	4.1
	Human Resource Audit and Staff Rationalization	970,000	164,300	805,700	16.9
	Promotion of Values and Principles	7,895,341	792,400	7,102,941	10.0
Sub Total	821,235,226	178,754,808	642,480,418	21.8	
Public Finance Management	Revenue Mobilisation	58,120,030	10,069,145	48,050,885	17.3
	Assets Management	23,000,000	1,253,790	21,746,210	5.5
	Management of Public Financial Resources	10,500,000	1,458,100	9,041,900	13.9
	Budget Formulation and Coordination	137,789,916	37,730,840	100,059,076	27.4
	Sub Total	229,409,946	50,511,875	178,898,071	22.0
County Planning & Development Coordination Services	Policy Formulation and Planning	16,160,000	599,400	15,560,600	3.7
	Monitoring and Evaluation	41,846,674	7,095,110	34,751,564	17.0
	Sub Total	58,006,674	7,694,510	50,312,164	13.3
County Communication and ICT Services	Management of Information System	963,750	29,600	934,150	3.1
	Sub Total	963,750	29,600	934,150	3.1

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Assembly Service Board	Committee Services	235,524,574	61,875,891	173,648,683	26.3
	Representation & Public Participation	103,016,000	37,747,329	65,268,67	36.6
	Sub Total	338,540,574	99,623,220	238,917,354	29.4
Representation Services & Public Participation	Public Participation Services	15,440,000	647,700	14,792,300	4.2
	Sub Total	15,440,000	647,700	14,792,300	4.2
Legislation and Oversight Services	Legislation and Oversight Services	158,443,295	78,327,502	80,115,793	49.4
	Policy Services (Speaker's Office)	36,838,194	13,588,378	23,249,815	36.9
	Sub Total	195,281,489	91,915,881	103,365,608	47.1
County Planning & Development Coordination Services	County Planning and Development Coordination	16,490,969	3,164,044	13,326,925	19.2
	Sub Total	16,490,969	3,164,044	13,326,925	19.2
	Sustainable Access To Safe Water	750,000	33,000	717,000	4.4
Conservation and Management of Natural Lecosystems	Water Resources & Sewerage Services	323,429,792	13,595,118	309,834,674	4.2
	Sub Total	324,179,792	13,628,118	310,551,674	4.2
Environment Planning and Management	Environmental Conservation of Natural Resources	1,190,000	99,000	1,091,000	8.3
	Solid Waste Management	3,190,998	163,905	3,027,093	5.1
	Sub Total	4,380,998	262,905	4,118,093	6.0
Pollution Management	Pollution Control	1,172,840	30,000	1,142,840	2.6
	Sub Total	1,172,840	30,000	1,142,840	2.6
Culture and Arts Development	Culture and Heritage Development	5,079,400	-	5,079,400	-
	Artistic Talent Development	4,040,700	102,200	3,938,500	2.5
	Sub Total	9,120,100	102,200	9,017,900	1.1
Grand Total		12,780,355,751	3,941,452,120	8,858,897,259	30.8

Source: Kisumu County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Administration, Planning and Support Services in the Department of Governance & County Administration at 54 per cent, General Administration, Operational Research and Planning Services in the Department of Health services at 49.4 per cent, and Legislative and Oversight Services in the County Assembly at 47.1 per cent. of budget allocation.

3.17.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.993.81 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.4.75 billion. The development expenditure represented 21.2 per cent of the annual development budget.
2. A high wage bill, which accounted for 57.5 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
3. Under performance of own-source revenue at Kshs.247.56 million against an annual projection of Kshs.1.58 billion, representing 15.7 per cent of the annual target.
4. Use of revenue at source and poor budgeting practice by the County Treasury as shown in Table 3.100 where the County incurred expenditure in excess of approved exchequer issues.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

3. The County should devise and implement strategies to improve performance of own-source revenue performance to ensure that the budget is fully financed.
4. The County Treasury should enhance vote book and budgetary controls to ensure that expenditure is within the approved exchequer issues.

3.18 County Government of Kitui

3.18.1 Overview of FY 2020/21 Budget

The County's approved Supplementary budget for FY 2020/21 is Kshs.11.84 billion, comprising of Kshs.4.40 billion (37.2 per cent) and Kshs.7.44 billion (62.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.83 billion (74.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.31 billion (11.1 per cent) as total conditional grants, generate Kshs.600 million (5.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.10 billion (9.3 per cent) from FY 2019/20.

3.18.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.91 billion as the equitable share of the revenue raised nationally, Kshs.269.22 million as conditional grants, raised Kshs.110.69 million as own-source revenue, and had a cash balance of Kshs.1.58 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.4.87 billion as shown in Table 3.102.

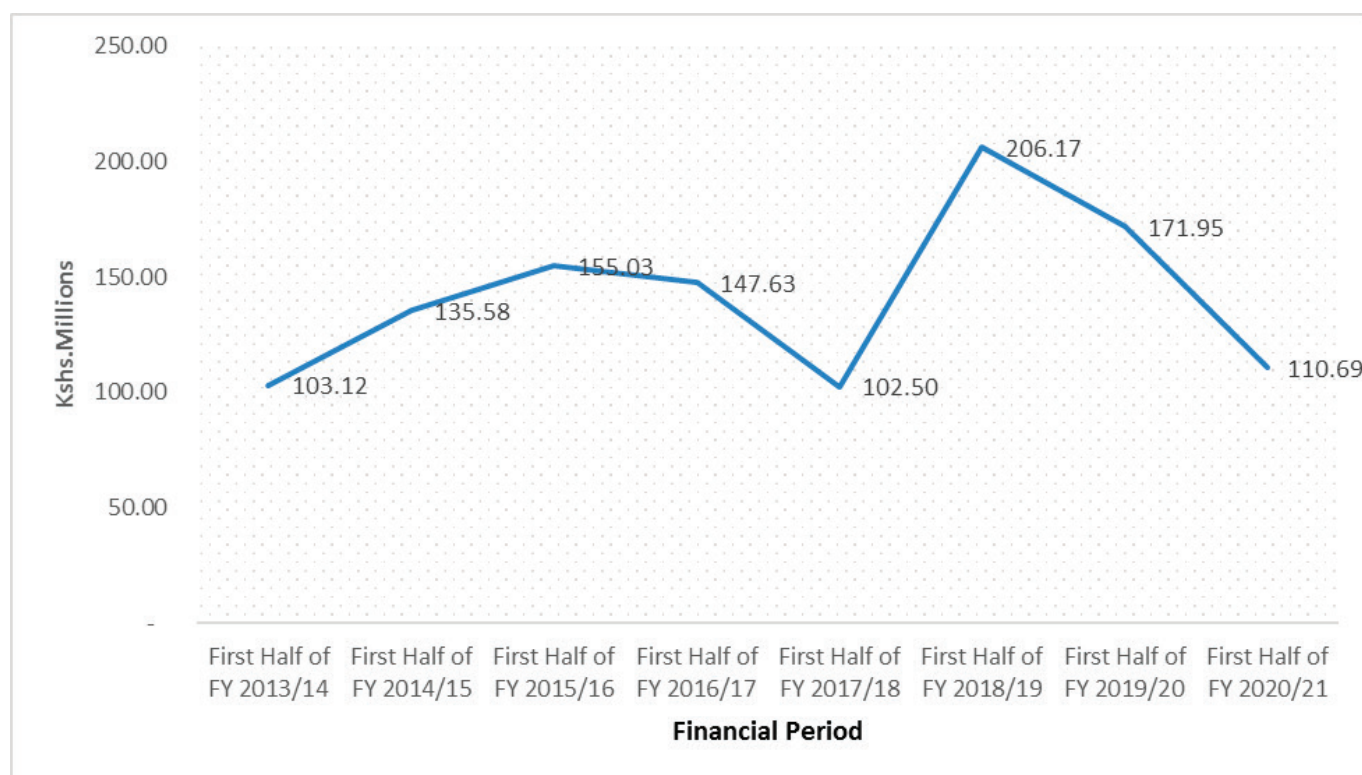
Table 3.102: Kitui County, Revenue Performance in the First Half of FY 2020/21

S/ No.	Revenue Category	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,830,350,000	8,830,350,000	2,914,015,500	33.0
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	22,499,906	22,499,906	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	264,131,438	343,981,921	66,032,859	19.2
4.	Rehabilitation of Village Polytechnics	92,149,894	167,820,430	-	-
	Sub Total	510,802,515	534,302,257	66,032,859	12.4
C.	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	38,320,000	43,906,649	12,555,000	28.6
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	199,218,200	277,878,927	190,631,819	68.6
7.	DANIDA Grant	25,110,000	25,542,200	-	-
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	45,000,000	70,841,398	-	-
9.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,428,645	27,151,151	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	333,514,064	-	-
	Sub Total	323,076,845.00	778,834,389.00	203,186,819.00	26.1
D.	Other Sources of Revenue				
11.	Own Source Revenue	-	600,000,000	110,690,148	18.4
12.	Balance b/f from FY 2019/20	-	1,096,323,973	1,578,584,301	144
	Sub Total	-	1,696,323,973	1,689,274,449	99.6
	Grand Total	9,664,229,360	11,839,810,619	4,872,509,627	41.2

Source: Kitui County Treasury

Figure 3.35 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.35: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kitui County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.110.69 million as own-source revenue. This amount represented a decrease of 35.6 per cent compared to Kshs.171.95 million realised during a similar period in FY 2019/20 and was 18.4 per cent of the annual target.

The decrease of revenue collection can be attributed to effects of COVID-19 and budget approval stalemate that was experienced in the first four months of the FY 2020/21

3.18.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.99 billion from the CRF account during the reporting period. The amount comprised of Kshs.962.18 million (24.1 per cent) for development programmes and Kshs.3.02 billion (75.9 per cent) for recurrent programmes.

3.18.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.4.21 billion on development and recurrent programmes. The expenditure represented 105.6 per cent of the total funds released by the COB and comprised of Kshs.1.23 billion and Kshs.2.98 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 27.8 per cent while recurrent expenditure represented 40.1 per cent of the annual recurrent budget.

3.18.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.30 billion was spent on compensation to employees, Kshs.680.71 million on operations and maintenance, and Kshs.1.22 billion on development activities as shown in Table 3.103.

Table 3.103: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	7,435,146,063	3,023,889,437	2,982,536,026	40.1
Compensation to Employees	4,659,140,672	2,245,195,687	2,301,830,008	49.4
Operations and Maintenance	2,776,005,391	778,693,750	680,706,018	24.5
Total Development Expenditure	4,404,664,556	962,180,382	1,225,514,684	27.8

Development Expenditure	4,404,664,556	962,180,382	1,225,514,684	27.8
Total	11,839,810,619	3,986,069,819	4,208,050,710	35.5

Source: Kitui County Treasury

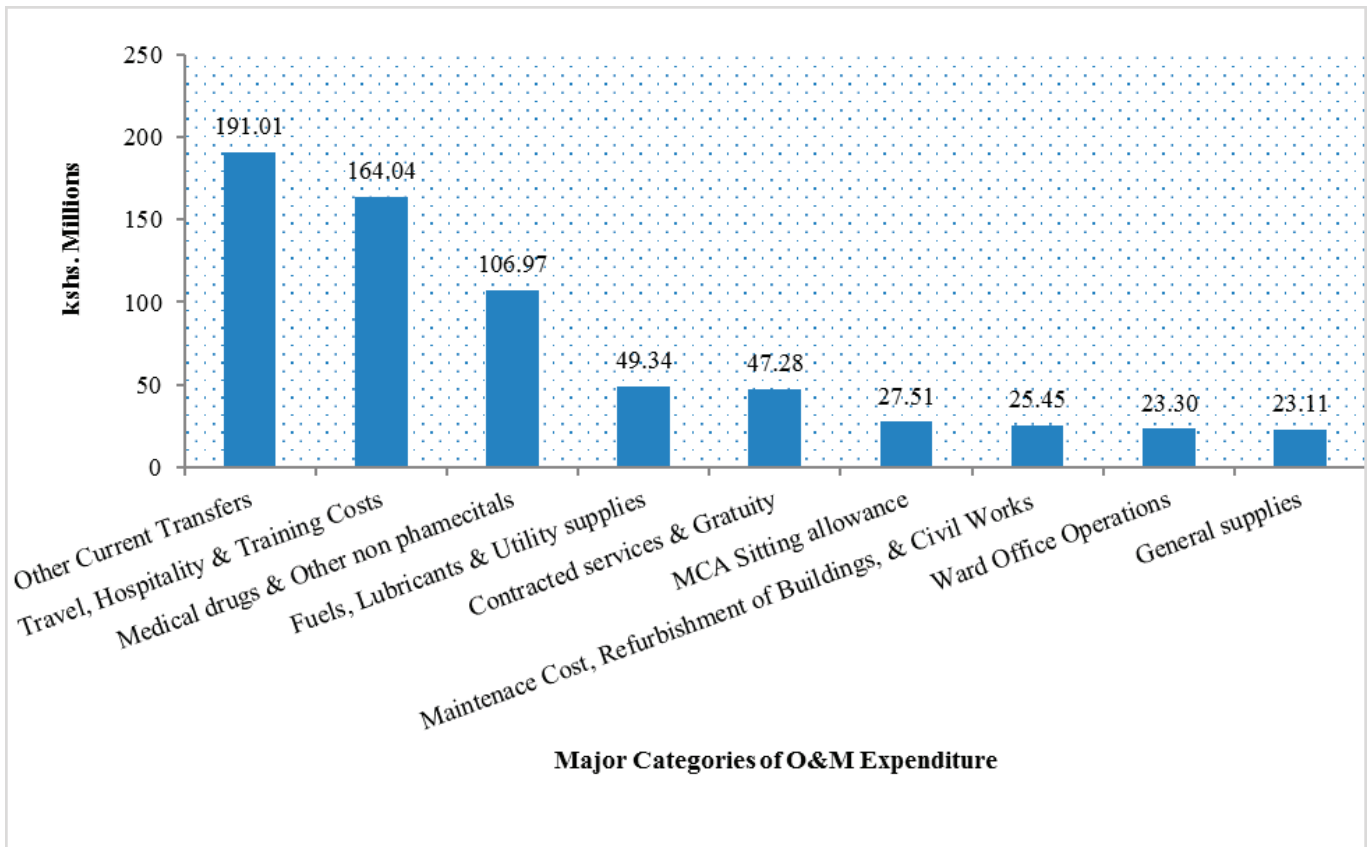
3.18.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 54.7 per cent of the total expenditure for the reporting period and 38.9 per cent of half year proportional revenue estimate of Kshs.5.92 billion.

3.18.7 Expenditure on Operations and Maintenance

Figure 3.36 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.36: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: Kitui County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.27.51 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.59.77 million. The average monthly sitting allowance was Kshs.83,364 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.101.45 million and comprised of Kshs.35.65 million spent by the County Assembly and Kshs.65.80 million by the County Executive.

3.18.8 COVID-19 Budget and Expenditure

In the approved supplementary budget for FY 2020/21, the County provided Kshs.498.52 million to cater for COVID-19 related expenditure. The entire budgeted amount in the current FY was brought forward from FY 2019/20. A total of Kshs.298.85 million was spent during the reporting period. Table 3.104 provides a summary of the COVID-19 budget and expenditure.

Table 3.104: COVID-19 Expenditure Summary

S/No.	Description of the Expenditure	Actual Expenditure (Kshs.)
1	Permanent and Contractual Employees (locum, casual wages)	79,032,403
2	Telephone, Telex, Facsimile and Mobile Phone Services	32,000
3	Daily Subsistence Allowances	8,510,397
4	Training Expenses	530,650
5	Hospitality Supplies and Services	2,738,570
6	Specialised Materials and Supplies	4,559,147
7	Office and General Supplies and Services	5,439,535
8	Fuel Oil and Lubricants	3,580,525
9	Other Operating Expenses (Disease Surveillance, provision of PPEs)	129,025,491
10	Routine Maintenance - Vehicles and Other Transport Equipment	410,820
11	Routine Maintenance - Other Assets	193,500
12	Construction of Building	4,939,200
13	Rehabilitation of Civil Works	149,989
14	Purchase of Specialised Plant, Equipment and Machinery	7,122,126
15	Other Capital Grants and Trans	9,729,974
16	Installation of Solar Energy Lights at Kanguu, Kanduti, Utwiini, Ithumulani, Nzaaya Kwa Mwove Kanzau Itulani and Mwaani	12,997,916
17	Payment for workshop tools walking foot rivet tools and drill bits	3,159,904
18	Bush clearing at Manyonyeni training centre	3,990,915
19	Purchase Safety helmets at Manyonyeni	1,056,000
20	Purchase of moulds at Manyonyeni	1,637,350
21	Purchase of Specialised Plant, Equipment and Machinery	20,011,720
		298,848,132

Source: Kitui County Treasury

3.18.9 Development Expenditure

The County incurred an expenditure of Kshs.1.23 billion on development programmes, which represented an increase of 114.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.571.52 million. Table 3.105 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.105: Kitui County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Hire of Equipment For Road Grading	County Wide	28,174,000	28,174,000	100
2	Power for Masinga Water Treatment Works	Kitui Central	28,157,049	28,157,049	100
3	Hire of Machenery 1 Excacavator,5 Tippers 20 Tonne Capacity, 1 Low Loader, And 1 Fuel Tank	County Wide	21,257,800	21,257,800	100
4	Water Pipeline From Kavisuni-Mavindini-Kilevi-Kalala		21,247,707	21,247,708	100
5	Standard Metallic Hospital Beds/ Tents(100 Seater)/ Infrared Gun Thermometers	County Wide	15,214,500	15,214,500	100
6	Procurement of Surgical Masks for Health	County Wide	13,930,000	13,930,000	100
7	Bush Clearing in Chuluni, Endau Malalani, Ikanga/Kyatune, Kauwi, Kivou, Kyome/Thaana, Kyuso, Matinyani, Mutha, Nguni, Nuu, Tseikuru, Voo/Kyamatu, & Mwingi Central Wards	County Wide	11,380,760	11,380,760	100
8	Construction of Kamunyu Itong'olani Earthdam	County Wide	12,184,350	10,965,915	90
9	Construction of Intake at Timboni to Muangeni	County Wide	25,737,037	10,294,815	40
10	Kwa Mutio Junction-Kawala-Barrow Pit Road Phase 1	Kitui East	16,771,708	10,002,535	59.6

Source: Kitui County Treasury

3.18.10 Budget Performance by Department

Table 3.106 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.106: Kitui County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	648.42	1,100.60	178.03	304.78	145.38	417.51	81.7	137.0	22.4	37.9

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service Management & Administration	391.37	0.32	233.36	-	205.95	-	88.3	∞	52.6	0.0
Agriculture, Water & Livestock Development	448.92	1,044.29	231.09	341.72	192.33	236.32	83.2	69.2	42.8	22.6
Basic Education ICT & Youth Development	485.01	326.62	244.16	23.52	217.48	41.42	89.1	176.1	44.8	12.7
Lands, Infrastructure, Housing & Urban Development	228.70	756.76	116.13	180.19	95.71	187.96	82.4	104.3	41.8	24.8
Health & Sanitation	3,146.34	233.76	1,277.48	12.56	1,417.64	78.27	111.0	623.4	45.1	33.5
Trade, Cooperatives & Investment	363.33	267.38	50.96	42.19	44.52	85.89	87.4	203.6	12.3	32.1
Environment, & Natural Resources	93.07	122.09	45.94	20.09	30.54	39.73	66.5	197.8	32.8	32.5
Tourism, Sports & Culture	107.76	88.46	42.80	17.61	42.23	27.07	98.6	153.7	39.2	30.6
County Treasury	495.93	88.86	232.02	-	214.48	-	92.4	∞	43.2	0.0
County Public Service Board	31.91	-	13.13	-	11.33	-	86.3	∞	35.5	∞
County Assembly	836.03	44.98	305.64	8.80	303.46	8.80	99.3	100.0	36.3	19.6
Kitui Municipality	93.26	300.48	31.94	-	36.55	95.52	114.5	∞	39.2	31.8
Mwingi Town	65.10	30.07	21.19	10.72	24.94	7.02	117.7	65.5	38.3	23.4
TOTAL	7,435.15	4,404.66	3,023.89	962.18	2,982.54	1,225.51	98.6	127.4	40.1	27.8

Source: Kitui County Treasury

Analysis of expenditure by department shows that the Office of the Governor recorded the highest absorption rate of development budget at 37.9 per cent. The Department of Public Service Management & Administration had the highest percentage of recurrent expenditure to recurrent budget at 52.6 per cent while the Department of Trade, Cooperatives & Investment had the lowest at 12.3 per cent.

The percentage of expenditure to exchequer issues is above 100 per cent which is attributed to failure to refund unspent balances in the Special Purpose Accounts as the close of the FY 2019/20 to the County Revenue Fund. The County did not seek an approval from the Controller of Budget to spent these balances in the FY 2020/21 as expenditure was at source.

3.18.11 Budget Execution by Programmes and Sub-Programmes

Table 3.107 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.107: Kitui County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Office of The Governor					
General Administration and Planning	701013710	1,552,520,555	502,129,252	1,050,391,303	32.3
	702013710	73,566,597	2,281,923	71,284,674	3.1
	705013710	77,478,771	36,405,230	41,073,541	47.0
Procurement	704023710	45,462,825	22,067,246	23,395,579	48.5
Sub Total		1,749,028,748	562,883,651	1,186,145,097	32.2
Administration and Coordination of County Affairs					
Coordination and Administrative Services	705013710	124,176,857	52,169,415	72,007,442	42.0
	706013710	143,397,744	105,119,868	38,277,876	73.3
General Administration and Planning	701013710	124,115,553	48,663,626	75,451,927	39.2
Sub Total		391,690,154	205,952,909	185,737,245	52.6
Agriculture Water and Livestock Development					
Agriculture	101029999	27,803,793	7,259,261	20,544,532	26.1
	102013710	310,634,404	105,183,921	205,450,483	33.9
	103013710	84,042,202	11,822,466	72,219,736	14.1
	103023710	78,599,235	2,877,490	75,721,745	3.7
	104013710	2,587,578	147,728	2,439,850	5.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Fisheries	105013710	2,146,058	237,800	1,908,258	11.1
General Administration and Planning	101013710	293,464,324	142,043,048	151,421,276	48.4
Livestock Production	106013710	40,437,375	6,579,242	33,858,133	16.3
	106023710	20,399,299	9,372,270	11,027,029	45.9
Water	111013710	457,215,909	55,430,336	401,785,573	12.1
	111023710	113,929,375	57,811,308	56,118,067	50.7
	111033710	61,946,567	29,887,066	32,059,501	48.2
Sub Total		1,493,206,119	428,651,936	1,064,554,183	28.7
Basic Education, ICT, and Youth Development					
Basic Education	502013710	357,916,962	137,105,050	220,811,912	38.3
General Administration and Planning	501013710	92,741,160	42,539,481	50,201,679	45.9
Information Communication Technology	505013710	23,333,306	6,059,000	17,274,306	26.0
Training and Skills Development	503013710	208,531,610	29,248,091	179,283,519	14.0
	504013710	2,432,853	-	2,432,853	0.0
	506013710	126,667,686	43,948,295	82,719,391	34.7
Sub Total		811,623,577	258,899,917	552,723,660	31.9
Lands, Infrastructure, Housing and Urban Development					
General Administration and Planning	101013710	109,268,206	40,469,296	68,798,910	37.0
Housing	107013710	25,660,186	3,529,619	22,130,567	13.8
	109013710	24,108,102	9,704,570	14,403,532	40.3
Land Adjudication and Settlement	108023710	11,443,420	2,597,522	8,845,898	22.7
Physical Planning	108013710	32,672,769	11,346,240	21,326,529	34.7
Roads, Transport and Mechanical Services Headquarters	110013710	734,157,074	198,025,715	536,131,359	27.0
	203013710	36,197,033	17,493,256	18,703,777	48.3
Survey and Mapping	108023710	11,950,112	495,550	11,454,562	4.1
Sub Total		985,456,902	283,661,768	701,795,134	28.8
Health and Sanitation					
General Administration and Planning	401013710	96,313,817	44,214,691	52,099,126	45.9
	401023710	65,599,204	32,319,849	33,279,355	49.3
	401033710	4,844,084	2,283,042	2,561,042	47.1
Health Promotion and Disease Control	404013710	2,725,985	631,753	2,094,232	23.2
	404023710	53,592,106	10,378,163	43,213,943	19.4
Medical Services	402013710	2,606,711,494	1,136,459,651	1,470,251,843	43.6
	402023710	13,610,550	2,048,119	11,562,431	15.0
	403023710	126,707,592	63,352,605	63,354,987	50.0
	404033710	25,542,200	9,580,829	15,961,371	37.5
Public Health	403013710	7,105,912	2,062,880	5,043,032	29.0
	403023710	1,531,796	704,445	827,351	46.0
	403033710	1,982,324	900,600	1,081,724	45.4
Rural Health Services	402033710	324,380,396	167,599,857	156,780,539	51.7
	404023710	23,238,178	10,197,811	13,040,367	43.9
	404033710	3,714,860	517,200	3,197,660	13.9
	404043710	22,499,905	12,659,937	9,839,968	56.3
Sub Total		3,380,100,403	1,495,911,432	1,884,188,971	44.3
Trade, Cooperatives and Investments					
Cooperatives	304013710	289,628,725	93,195,664	196,433,061	32.2
	304023710	23,382,092	9,616,037	13,766,055	41.1
General Administration and Planning	301013710	52,186,173	19,450,553	32,735,620	37.3
Trade and Markets	301013710	257,957,196	5,588,391	252,368,805	2.2
	303023710	7,558,635	2,565,249	4,993,386	33.9
Sub Total		630,712,821	130,415,894	500,296,927	20.7
Environment and Natural Resources					
Energy	1004013710	450,528	-	450,528	0.0
	1005013710	2,713,108	369,000	2,344,108	13.6
	1006013710	102,554,377	33,218,887	69,335,490	32.4
Environment	1002013710	14,935,137	5,479,762	9,455,375	36.7
	1003013710	2,882,936	421,900	2,461,036	14.6
	1004013710	5,500,419	1,074,720	4,425,699	19.5
Environment and Natural Resources	1001013710	49,010,772	19,028,691	29,982,081	38.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Mineral Resources	1003013710	3,751,989	301,500	3,450,489	8.0
	1003023710	10,647,333	3,571,450	7,075,883	33.5
	1003043710	2,883,216	801,750	2,081,466	27.8
	1007013710	16,378,419	5,819,146	10,559,273	35.5
	1008013710	3,446,668	190,600	3,256,068	5.5
Sub Total		215,154,902	70,277,406	144,877,496	32.7
Tourism, Sports and Culture					
Gender, Culture and Social Services Headquarters	307013710	15,357,714.00	4,037,713.00	2,955,649.00	26.3
	307023710	6,666,320.00	2,429,786.00	4,236,534.00	36.4
	308013710	9,553,992.00	2,914,813.00	4,585,563.00	30.5
	308023710	1,351,586.00	96,900.00	804,157.00	7.2
General Administration and Planning	301013710	26,873,438.00	9,318,382.00	17,555,056.00	34.7
Sports	306013710	15,193,762.00	5,380,454.00	7,353,751.00	35.4
	306023710	61,895,781.00	26,268,635.00	2,088,627.00	42.4
Tourism	305013710	4,902,603.00	1,775,045.00	3,127,558.00	36.2
	305033710	16,896,057.00	3,515,044.00	4,183,487.00	20.8
	1003023710	37,531,400.00	13,559,447.00	18,642,627.00	36.1
Sub Total		196,222,653	69,296,219	65,533,009	35.3
County Treasury					
Accounts	704013710	54,340,358	26,486,554	27,853,804	48.7
	712053710	11,593,445	3,915,042	7,678,403	33.8
Budgetary Supplies	712013710	128,894,745	54,872,704	74,022,041	42.6
	712023710	10,923,447	3,196,297	7,727,150	29.3
Economic Affairs	710013710	79,552,564	30,498,288	49,054,276	38.3
	710023710	13,398,649	4,333,093	9,065,556	32.3
General Administration and Planning	701013710	277,646,184	88,065,275	189,580,909	31.7
Internal Audit	712033710	8,442,176	3,111,000	5,331,176	36.9
Sub Total		584,791,568	214,478,253	370,313,315	36.7
County Public Service Board					
Board	713013710	7,775,439	2,823,080	4,952,359	36.3
	713023710	7,297,121	2,544,634	4,752,487	34.9
	714013710	4,834,050	1,526,532	3,307,518	31.6
General Administration and Planning	701013710	12,001,036	4,431,580	7,569,456	36.9
Sub Total		31,907,646	11,325,826	20,581,820	35.5
County Assembly					
General Administration and Planning	701013710	297,003,008	94,791,360	202,211,648	31.9
Legislative Department	715013710	583,999,151	217,470,793	366,528,358	37.2
Sub Total		881,002,159	312,262,153	568,740,006	35.4
Kitui Municipality					
Environment, Culture, Recreation and Community Development	207013710	20,210,653	6,986,096	13,224,557	34.6
Finance	207023710	18,585,320	6,947,363	11,637,957	37.4
General Administration and Planning	201013710	39,261,973	14,239,770	25,022,203	36.3
Planning, Development Control, Transport and Infrastructure	207013710	13,470,278	5,262,841	8,207,437	39.1
	209013710	275,845,214	95,519,897	180,325,317	
Trade, Commerce and Industrialisation	207033710	26,370,160	3,117,028	23,253,132	11.8
Sub Total		393,743,598	132,072,995	261,670,603	33.5
Mwingi Town Administration					
Environment, Culture, Recreation and Community Development	1001013710	10,636,043	4,412,097	6,223,946	41.5
General Administration and Planning	109013710	17,226,282	3,782,863	13,443,419	22.0
	201013710	43,316,523	15,914,253	27,402,270	36.7
	706013710	6,299,069	1,928,762	4,370,307	30.6
Planning, Development Control, Transport and Infrastructure	207013710	9,926,419	2,510,876	7,415,543	25.3
	207023710	1,414,659	297,500	1,117,159	21.0
	207033710	6,350,374	3,114,000	3,236,374	49.0
Sub Total		95,169,369	31,960,351	63,209,018	33.6
Grand Total		11,839,810,619	4,208,050,710	7,631,759,910	35.5

Source: Kitui County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Coordination and Administrative Services in the Department of Administration and Coordination of County Affairs at 73.3 per cent, Rural Health Services in the Department of Health and Sanitation at 56.3 per cent, and Water in the Department of Agriculture Water and Livestock Development at 50.7 per cent of budget allocation.

3.18.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.23 billion in the first half of FY 2020/21 from the annual development budget allocation of Kshs.4.40 billion. The development expenditure represented 27.3 per cent of the annual development budget.
2. A high wage bill, which accounted for 54.7 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
3. Under-performance of own revenue at Kshs.110.69 million against an annual projection of Kshs.600 million, representing 18.4 per cent of the annual target.
4. Delay in approval and operationalisation of the FY 2020/21 budget estimates which was approved on 1st October 2020.
5. Failure by Fund Administrators to submit financial and non-financial statements in line with Section 168 of the PFM Act, 2012. The OCoB did not receive quarterly financial statements for the Kitui County Executive Car Loan Scheme Fund, Kitui County Executive Mortgage Scheme Fund, Kitui County Empowerment Fund, and Kitui County Emergency Fund.
6. Failure to fully budget for the unspent cash balance from FY 2019/20. The county budgeted for Kshs.1.09 billion while the actual amount was Kshs.1.58 billion.

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

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should devise and implement strategies to improve its own source revenue performance to ensure the approved budget is fully financed.*
4. *The County Executive and the County Assembly should work closely to ensure future budgets are approved within legal timelines.*
5. *The County Executive Committee Member for Finance (CECM-F) should ensure Fund Administrators prepare and submit financial reports in line with Section 168 of the PFM Act, 2012.*
6. *The County should prepare a supplementary budget to include unbudgeted balances from FY 2019/20 in the FY 2020/21 budget.*

3.19 County Government of Kwale

3.19.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.11.93 billion, comprising of Kshs. 6.45 billion (54.1 per cent) and Kshs.5.48 billion (45.9 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.66 billion (64.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.17 billion (9.8 per cent) as total conditional grants, generate Kshs.365.64 million (3.1 per cent) from own sources of revenue, and a cash balance of Kshs.2.73 billion (22.9 per cent) from FY 2019/20.

3.19.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.95 billion as the equitable share of the revenue raised nationally, Kshs.289.30 million as conditional grants, raised Kshs.71.58 million as own-source revenue, and had a cash balance of Kshs.2.73 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5.05 billion as shown in Table 3.108.

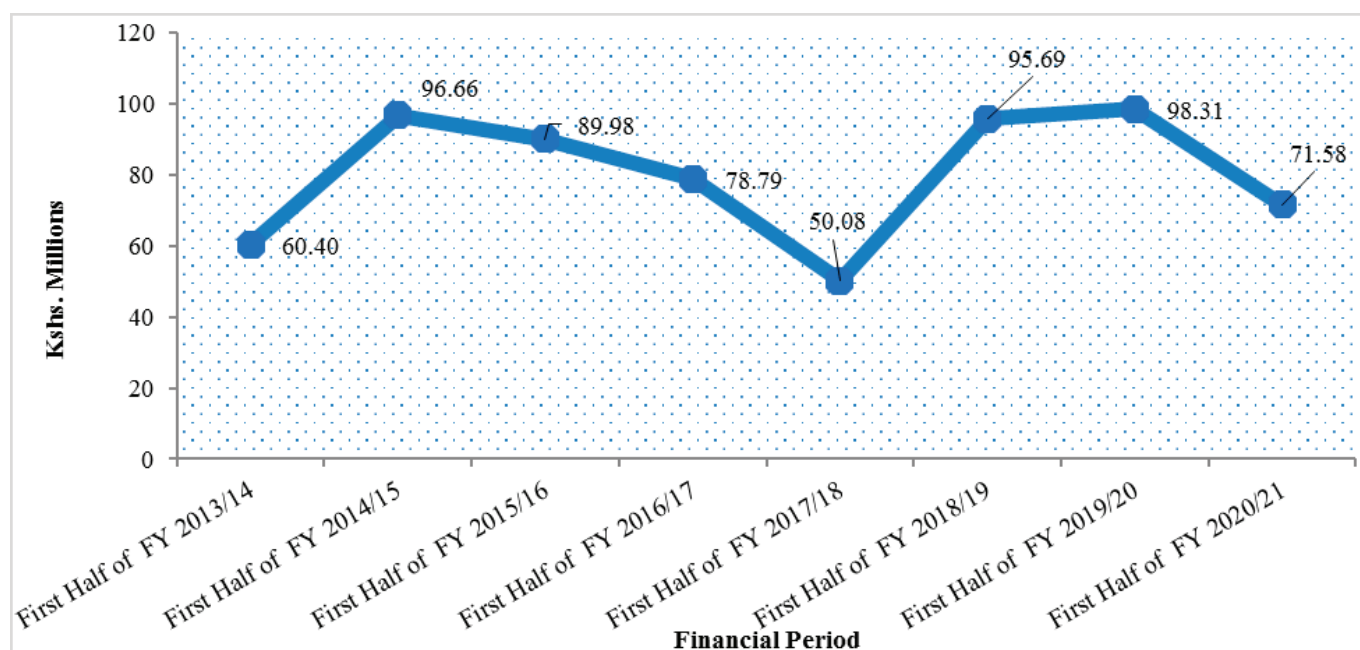
Table 3.108: Kwale County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,785,900,000	7,659,300,000	1,954,260,900	25.5
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	15,209,593	15,209,593	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	228,285,028	228,285,028	57,071,257	25.0
4.	Rehabilitation of Village Polytechnics	56,299,894	56,299,894	-	-
5.	COVID-19 Conditional Grant balance	-	106,569,000	-	-
Sub Total		431,815,792	406,363,515	57,071,257	14.0
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,200,000	35,200,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	199,640,546	199,640,546	110,779,303	55.5
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	75,000,000	-	-
4.	DANIDA Grant	22,140,000	22,140,000	-	-
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,624,891	15,624,891	-	-
6.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	400,000,000	107,214,642	26.8
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,732,422	14,732,422	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	-	14,238,060	-
Sub Total		732,337,859	762,337,859	232,232,005	30.5
D	Other Sources of Revenue				
1.	Own Source Revenue	365,641,316	365,641,316	71,576,380	19.6
2.	Balance b/f from FY 2019/20	2,734,050,576	2,734,050,576	2,734,050,576	100
Sub Total		3,099,691,892	3,099,691,892	2,805,626,956	90.5
Grand Total		12,049,745,543	11,927,693,266	5,049,191,118	42.3

Source: Kwale County Treasury

Figure 3.37 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.37: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Kwale County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.71.58 million as own-source revenue. This amount represented a decrease of 27.2 per cent compared to Kshs.98.31 million realised during a similar period in FY 2019/20 and was 19.6 per cent of the annual target. The decrease in revenue is attributed to unfavourable socio-economic condition necessitated by the measures taken to contain the Covid-19 Pandemic.

3.19.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.12 billion from the CRF account during the reporting period. The amount comprised of Kshs.1.14 billion (27.7 per cent) for development programmes and Kshs.2.98 billion (72.3 per cent) for recurrent programmes.

3.19.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.4 billion on development and recurrent programmes. The expenditure represented 97.1 per cent of the total funds released by the COB and comprised of Kshs.1.15 billion and Kshs.2.85 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 17.8 per cent while recurrent expenditure represented 51.9 per cent of the annual recurrent expenditure budget.

3.19.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.64 billion was spent on Compensation to Employees, Kshs.1.21 billion on Operations and Maintenance, and Kshs.1.15 billion on development activities as shown in Table 3.109.

Table 3.109: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	5,479,986,482	2,980,574,655	2,846,392,105	51.9
Compensation to Employees	2,989,752,626	1,607,488,016	1,636,503,416	54.7
Operations and Maintenance	2,490,233,856	1,373,086,639	1,209,888,689	48.6
Total Development Expenditure	6,447,706,784	1,140,540,015	1,149,837,874	17.8
Development Expenditure	6,447,706,784	1,140,540,015	1,149,837,874	17.8
Total	11,927,693,266	4,121,114,670	3,996,229,979	33.5

Source: Kwale County Treasury

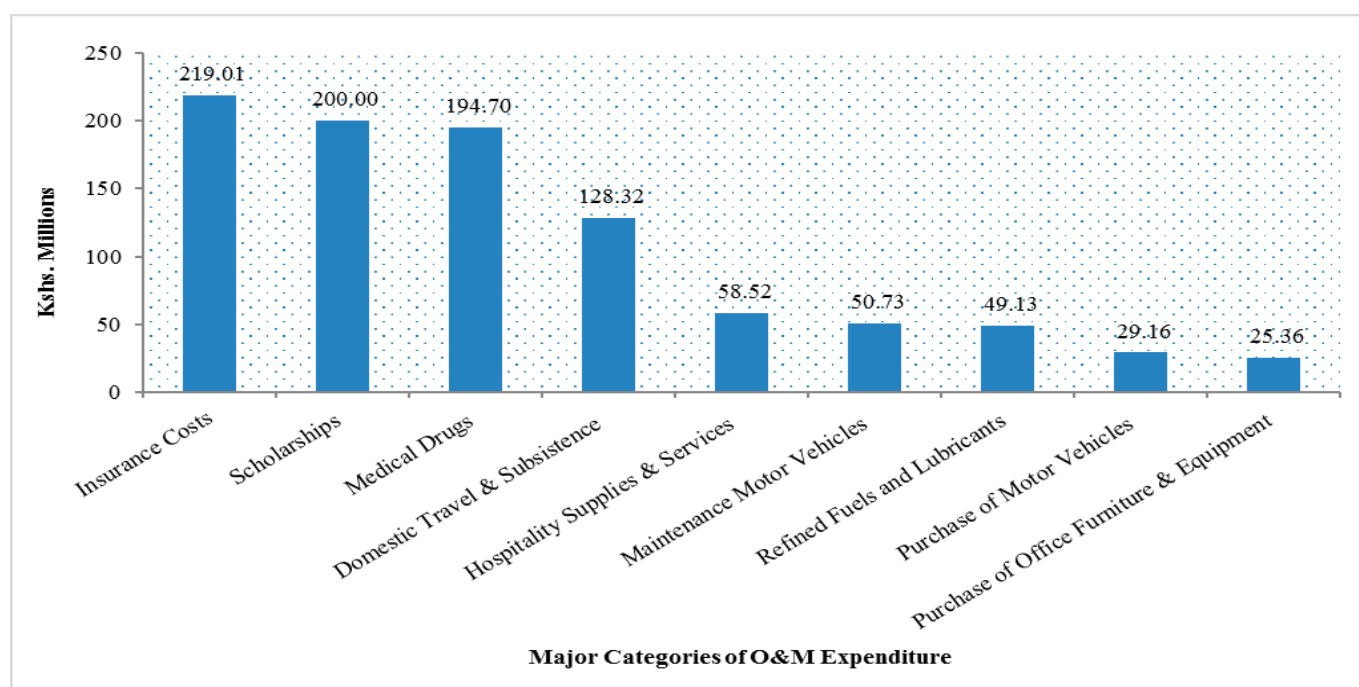
3.19.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 41 per cent of the total expenditure for the reporting period and 27.4 per cent of half year proportional revenue estimate of Kshs.5.96 billion.

3.19.7 Expenditure on Operations and Maintenance

Figure 3.38 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.38: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: Kwale County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.24.67 million on committee sitting allowances for the 33 MCAs and Speaker against the annual budget allocation of Kshs.49.24 million. The average monthly sitting allowance was Kshs.120,901 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.128.32 million and comprised of Kshs.9.74 million spent by the County Assembly and Kshs.118.59 million by the County Executive. Expenditure on foreign travel amounted to Kshs.921,900 by the County Executive.

3.19.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs. 234.71 million to cater for COVID-19 related expenditure while a total of Kshs.134.45 million was brought forward from FY 2019/20. A total of Kshs.103.20 million was spent from the balance brought forward during the reporting period as shown in Table 3.110.

Table 3.110: COVID-19 Budget and Expenditure Summary

S/no	Description of expenditure category	Balance Brought Forward from FY 2019/2020 (Kshs.)	Expenditure as of 30.12.2020 (Kshs.)
1.	Supply and delivery of 2700 bags of cement for COVID	30,513,000	1,687,500
2.	Purchase of tv sets for corona advertisements	640,000	626,022
3.	Cost of supplying COVID non pharmaceutical products	8,400,000	7,499,260
4.	Provision for pas(public address system) for COVID advertisement	5,230,000	4,160,000
5.	Purchase of ICU beds	14,500,000	14,500,000
6.	Purchase of PPES	1,998,000	1,863,750
7.	Completion of Msambweni annex and conversion to county COVID Centre.	27,867,352	27,867,352

S/no	Description of expenditure category	Balance Brought Forward from FY 2019/2020 (Kshs.)	Expenditure as of 30.12.2020 (Kshs.)
8.	Fuel	3,300,000	3,000,000
9.	The grant from the national government for allowances for front line health care workers	42,000,000	42,000,000
Total		134,448,352	103,203,884

Source: Kwale County Treasury

3.19.9 Development Expenditure

The County incurred an expenditure of Kshs.1.15 billion on development programmes, which represented an increase of 3.8 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.11 billion. Table 3.111 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.111: Kwale County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Water and Sanitation Project	Water	Kwale HQ	400,000,000	107,214,642	26.8
2	Sport Field Levelling	Social Services	Kwale	81,819,999	58,637,325	71.7
3	County Assembly Complex	County Assembly	Kwale Town	79,325,838	35,612,024	44.9
4	Grant To Youth Polytechnics	Education	All Wards	45,873,971	34,953,750	76.2
5	Proposed Tarmaking of Kona Ya Jadin-Lotfa Resort Road In Ukunda Ward	Roads & Public Works	Ukunda	50,000,000	27,797,768	55.6
6	Flagship Project - Fruit Processing Plant in Shimba Hills -Kubo South Phase II	Trade	Simba-hills Kubo South	59,752,679	22,673,199	38.0
7	Construction of Stadium	Social Services	Kwale	119,259,841	21,564,405	18.1
8	Grant to Kwale Water & Sewerage Company (KWAWASCO)	Water	Kwale HQ	20,000,000	20,000,000	100
9	Supply Of ECDE Instructional Materials	Education	All Wards	19,953,100	19,953,100	100
10	Construction of Vanga Sports Ground	Social Services	Vanga	21,263,062	19,944,490	93.8

Source: Kwale County Treasury

3.19.10 Budget Performance by Department

Table 3.112 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.112: Kwale County, Budget Performance 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
Finance and Economic Planning	513.22	30.59	408.76	4.40	410.12	4.40	100.3	100.0	79.9	14.4
Agriculture, Livestock and Fisheries	196.69	642.48	94.25	169.33	84.55	132.38	89.7	78.2	43.0	20.6
Land, Environment, Mining and natural resources	141.69	161.13	63.24	7.46	58.41	17.38	92.4	233.0	41.2	10.8
Medical and Public Health Services	1,982.62	976.93	1,256.98	115.10	1,211.67	92.51	96.4	80.4	61.1	9.5
County Assembly	589.35	234.85	278.14	39.33	232.54	49.33	83.6	125.4	39.5	21.0
Trade, Investment and Co-operative Development	80.31	265.89	26.15	50.16	24.74	37.87	94.6	75.5	30.8	14.2
Social Services and Talent Management	146.67	291.02	39.15	31.07	35.93	31.79	91.8	102.3	24.5	10.9
Executive Services	123.56	69.23	51.56	-	49.63	2.01	96.3	-	40.2	2.9
Education	1,032.49	1,099.32	440.90	184.88	438.61	236.28	99.5	127.8	42.5	21.5
Water Services	73.11	1,201.81	31.61	324.63	29.91	333.62	94.6	102.8	40.9	27.8
Roads and public Works	153.41	1,185.10	66.87	171.10	61.72	177.87	92.3	104	40.2	15.0

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
Tourism and ICT	52.88	96.18	18.53	5.55	17.92	11.10	96.7	200	33.9	11.5
County Public Service Board	50.40	-	25.16	-	18.42	-	73.2	-	36.5	-
Public Service & Administration	333.59	98.14	178.83	37.54	170.25	23.30	95.2	62.1	51.0	23.7
Kwale Municipality	5.00	54.06	0.45	-	1.62	-	360.0	-	32.4	-
Diani Municipality	5.00	40.98	-	-	0.35	-	-	-	7.0	-
Total	5,479.99	6,447.71	2,980.58	1,140.55	2,846.39	1,149.84	95.5	100.8	51.9	17.8

Source: Kwale County Treasury

Analysis of expenditure by department shows that the Department of Water Services recorded the highest absorption rate of development budget at 27.8 per cent. The Department of Public Service & Administration had the highest percentage of recurrent expenditure to recurrent budget at 51.0 per cent while the Department of Diani Municipality had the lowest at 7.0 per cent.

3.19.11 Budget Execution by Programmes and Sub-Programmes

Table 3.113 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.113: Kwale County, Budget Execution by Programmes and Sub-programmes

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Finance and Economic Planning				
Budget Formulation, Co-ordination and Management (0703023060)	50,363,427	40,037,702	10,325,725	79.5
General Administration (0704043060)	302,513,457	229,592,243	72,921,214	75.9
Revenue Collection Management (0710013060)	26,998,098	16,519,167	10,478,931	61.2
Public Finance and Accounting Services (0711013060)	11,289,109	8,834,038	2,455,071	78.3
Procurement Services (0711023060)	5,517,065	1,146,470	4,370,595	20.8
Risk Assurance Services (0711033060)	5,447,030	3,160,221	2,286,809	58.0
Personal Services(0704013060)	133,083,391	115,229,973	17,853,418	86.6
TOTAL	535,211,577	414,519,814	120,691,763	77.4
Agriculture, Livestock and Fisheries				
General Administration And Support Services {0102053060}	371,120,740	190,794,277	180,326,463	51.4
Crop Production & Food Security {0107013060}	268,738,968	565,078	268,173,890	0.2
Dairy And Meat Production {0108013060}	58,575,000	2,411,465	56,163,535	4.1
Fish Production Management {0109013060}	21,237,294	571,596	20,665,698	2.7
Livestock Disease Control {0108033060}	71,694,000	4,368,661	67,325,339	6.1
Farm Land Utilization, Mechanization & Crop Storage {0107033060}	44,135,000	17,840,622	26,294,378	40.4
Agricultural Extension, Research & Training. {0107023060}	3,665,000	381,825	3,283,175	10.4
TOTALS	839,166,002	216,933,524	622,232,478	25.85
Land, Environment, Mining and natural resources				
0102053060 (General administration and Support services)	149,802,776	25,010,787	124,791,989	16.7
0102063060 (Personnel Services)	21,735,980	13,665,173	8,070,808	62.9
0104013060 (Physical development plans)	21,480,000	3,777,800	17,702,200	17.6
0105013060 (Establishment of squatter settlement schemes)	45,281,207	29,738,682	15,542,525	65.7
0105033060 (identification and acquisition of land for development)	12,900,000	2,000,000	10,900,000	15.5
0106023060 (County Environmental Awareness Initiative)	50,600,000	776,300	49,823,700	1.5
0901023060 (Empowering communities in extractive industry)	1,020,000	825,600	194,400	80.9

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
TOTAL	302,819,963	75,794,342	227,025,621	25.0
Medical and Public Health Services				
General Administration(0403013060)	763,164,425	134,524,493	628,639,932	17.6
Medical Drugs(0402043060))	220,000,000	189,972,740	30,027,260	86.4
HMIS(0403043060))	4,530,000	2,249,400	2,280,600	49.7
Personnel Services(0403053060)	1,402,677,613	860,065,447	542,612,166	61.3
Msambweni Hospital (0405013060)	44,276,733	22,413,701	21,863,032	50.6
Kinango Hospital(0406013060)	30,125,186	10,630,099	19,495,087	35.3
Kwale Hospital(0407013060)	59,030,000	11,050,838	47,979,162	18.7
Tiwi Rural Health Facility(0408013060)	5,104,000	1,710,595	3,393,405	33.5
Samburu Hospital(0409013060)	22,045,200	2,827,422	19,217,778	12.8
Lungalunga Hospital(0410013060)	14,898,200	6,832,662	8,065,538	45.9
Public Health(0401053060)	3,350,000	605,565	2,744,435	18.1
Rural Health Facilities(0412013060)	390,343,554	61,293,053	329,050,501	15.7
TOTAL	2,959,544,911	1,304,176,015	1,655,368,896	44.1
County Assembly				
General Administration And Support Services	707,450,432	246,395,517	461,054,915	34.8
Oversight, Legislation And Representation	116,749,934	35,473,926	81,276,008	30.4
TOTAL	824,200,366	281,869,443	542,330,923	34.2
Trade, Investment and Co-operative Development				
Administration services(0305023060)	11,289,000	2,581,895	8,707,105	22.9
Construction of new markets(0306023060)	45,589,356	-	45,589,356	-
Weights & Measures	11,748,424	1,019,850	10,728,574	8.7
Trade Development and Investment	13,718,987	3,653,768	10,065,219	26.6
Other Current Transfers(0306023060)	10,000,000	-	10,000,000	-
Personnel Services (305013060)	28,701,006	14,019,428	14,681,578	48.8
Building Capacity of Traders for better Market Access(301013060)	5,763,500	2,008,960	3,754,540	34.9
Industry & Enterprise Development	83,856,000	454,329	83,401,671	0.5
Cooperative Development	7,230,348	999,920	6,230,428	13.8
Dometic payable-from previous years	128,305,577	37,871,390	90,434,187	29.5
TOTAL	346,202,198	62,609,540	283,592,658	18.1
Social Services and Talent Management				
Administration	170,959,015	57,582,587	113,376,428	33.7
Community Development	91,787,056	389,025	91,398,031	0.4
Culture And Heritage	30,414,943	2,252,820	28,162,123	7.4
Sports And Talent Management	144,523,958	7,493,503	137,030,455	5.2
TOTAL	437,684,972	67,717,935	369,967,037	15.5
Executive Services				
Audit Services704013060	76,797,685	30,898,872	45,898,813	40.2
General Administration704043060	102,615,818	18,269,217	84,346,601	17.8
Legal Advisory Services707013060	2,386,000	962,360	1,423,640	40.3
Media and Communication Services707033060	10,986,460	1,494,500	9,491,960	13.6
TOTAL	192,785,963	51,624,949	141,161,014	26.8
Education				
Personnel Services (0502023060)	516,326,025	215,379,673	300,946,352	41.7
Scholarship and Bursary (0504013060)	404,500,000	200,000,000	204,500,000	49.4
Administration Planning support service (0502013060)	572,232,925	203,185,674	369,047,251	35.5
Infrastructure development (0503023060) and (0501043060)	456,302,167	-	456,302,167	-
Youth Training Development(0503013060)	79,099,894	35,898,530	43,201,364	45.4
Early Childhood Development (0501013060)	103,350,000	20,425,045	82,924,955	19.8
TOTAL	2,131,811,011	674,888,922	1,456,922,089	31.7

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Water Services				
Construction & Maintenance of water pipeline supply systems (1001023060)	101,500,000	-	101,500,000	-
Development of Borehole water supply system (1001033060)	83,082,966	-	83,082,966	-
Development/Construction of surface water supply systems (1001043060)	235,426,042	-	235,426,042	-
Community Water Project (1001063060)	21,044,263	7,829,966	13,214,297	37.2
Personnel Services (1002013060)	40,992,416	14,271,497	26,720,919	34.8
Administration Services (1002023060)	792,875,292	341,427,111	451,448,181	43.1
TOTAL	1,274,920,979	363,528,574	911,392,405	28.5
Roads and Public Works				
Administration Services (0305023060)	420,848,360	164,672,034	256,176,326	39.1
Rehabilitations of Roads, Drainage and bridges (0202013060)	721,232,335	45,014,960	676,217,375	6.2
Personnel Services (0305013060)	153,411,638	29,902,022	123,509,616	19.5
Installation of Street Lighting Facilities (0203013060)	43,016,877	-	43,016,877	-
TOTAL	1,338,509,210	239,589,016	1,098,920,194	17.9
Tourism and ICT				
Personnel services {0305013060}	21,602,016	11,069,063	10,532,953	51.2
Administration services {0305023060}	27,666,930	13,543,628	14,123,302	49.0
Local area network installation and ict support {0308013060}	46,406,063	1,718,555	44,687,508	3.7
Tourism Promotion {0304013060}	53,385,338	2,695,369	50,689,969	5.0
TOTAL	149,060,347	29,026,615	120,033,732	19.5
County Public Service Board				
Human Resource Planning (706013060)	16,820,856	6,889,709	9,931,147	41.0
Transformation Of Service Delivery In Public Service (706023060)	1,700,000	369,428	1,330,572	21.7
HR Management And Skill Development (706033060)	-	-	-	-
Compensation To Employees (706043060)	29,281,935	11,025,017	18,256,918	37.7
Human Resource Planning (706053060)	1,300,000	-	1,300,000	-
Staff Rationalization (706063060)	1,300,000	138,650	1,161,350	10.7
TOTAL	50,402,791	18,422,804	31,979,987	36.6
Public Service & Administration				
Audit Services 0704013060	167,949,004	95,079,414	72,869,590	56.6
General Administration 0704043060	159,425,820	62,785,071	96,640,749	39.4
County compliance and enforcement 0708033060	20,622,200	8,935,896	11,686,304	43.3
Sub County Admin Msambweni 0712013060	11,222,000	4,602,268	6,619,732	41.0
sub County Admin lungalunga 0712023060	13,152,000	4,885,227	8,266,773	37.1
sub County Admin Matuga 0712033060	11,378,000	4,059,293	7,318,707	35.7
sub County Admin Kinango 0712043060	14,668,028	3,546,645	11,121,383	24.2
county garbage and cleaning services 0713013060	15,361,568	6,670,725	8,690,843	43.4
Human Resource and Planning, 0714013060	17,958,000	2,990,637	14,967,363	16.7
TOTAL	431,736,620	193,555,176	238,181,444	44.8
Kwale Municipality				
0102063060 (Personnel)	2,000,000	-	2,000,000	-
0111013060 (Kwale municipality)	57,056,358	1,618,910	55,437,448	2.8
TOTAL	59,056,358	1,618,910	57,437,448	2.7
Diani Municipality				
0102063060 (Personnel)	2,400,000	354,400	2,045,600	14.8
0112013060 (Diani municipality)	43,580,000	-	43,580,000	-
TOTAL	45,980,000	354,400	45,625,600	0.8
Grand Total	11,919,093,268	3,996,229,979	7,922,863,289	33.5

Source: Kwale County Treasury

Programmes with the highest levels of implementation based on absorption rates were: personnel in the Department of Finance & Economic Planning at 86.6 per cent, Medical drugs in the Department of Medical and Public health at 86.4 per cent, Empowering communities in extractive industry in the Department of Land, Environment, Mining and Natural Resources at 80.9 per cent, and Budget Formulation, Co-ordination & Management in the Department of Finance & Economic Planning at 79.5 per cent of budget allocation.

3.19.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.15 billion in the first half of FY 2020/21 from the annual development budget allocation of Kshs.6.45 billion. The development expenditure represented 17.8 per cent of the annual development budget.
2. Underperformance of own revenue at Kshs. 71.58 million against an annual projection of Kshs.365.64 million, representing 19.6 per cent of the annual target.
3. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The complete financial returns were submitted on 26th January, 2021. The OCoB issued instructed Counties to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.

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

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County should devise and implement strategies to address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.*

3.20 County Government of Laikipia

3.20.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.7.92 billion, comprising of Kshs.3.11 billion (39.2 per cent) and Kshs.4.81 billion (60.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.83 billion (65.5 per cent) as the equitable share of revenue raised nationally, Kshs.811.76 million (11 per cent) as total conditional grants, generate Kshs.1.01 billion (13.6 per cent) from own sources of revenue, and a cash balance of Kshs.728.59 million (9.9 per cent) from FY 2019/20. The County budget has a deficit of Kshs.542.13 million.

3.20.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.78 billion as the equitable share of the revenue raised nationally, Kshs.107.78 million as conditional grants, raised Kshs.322.97 million as own-source revenue, and had a cash balance of Kshs.728.59 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.95 million as shown in Table 3.114.

Table 3.114: Laikipia County, Revenue Performance in the First Half of FY 2020/21

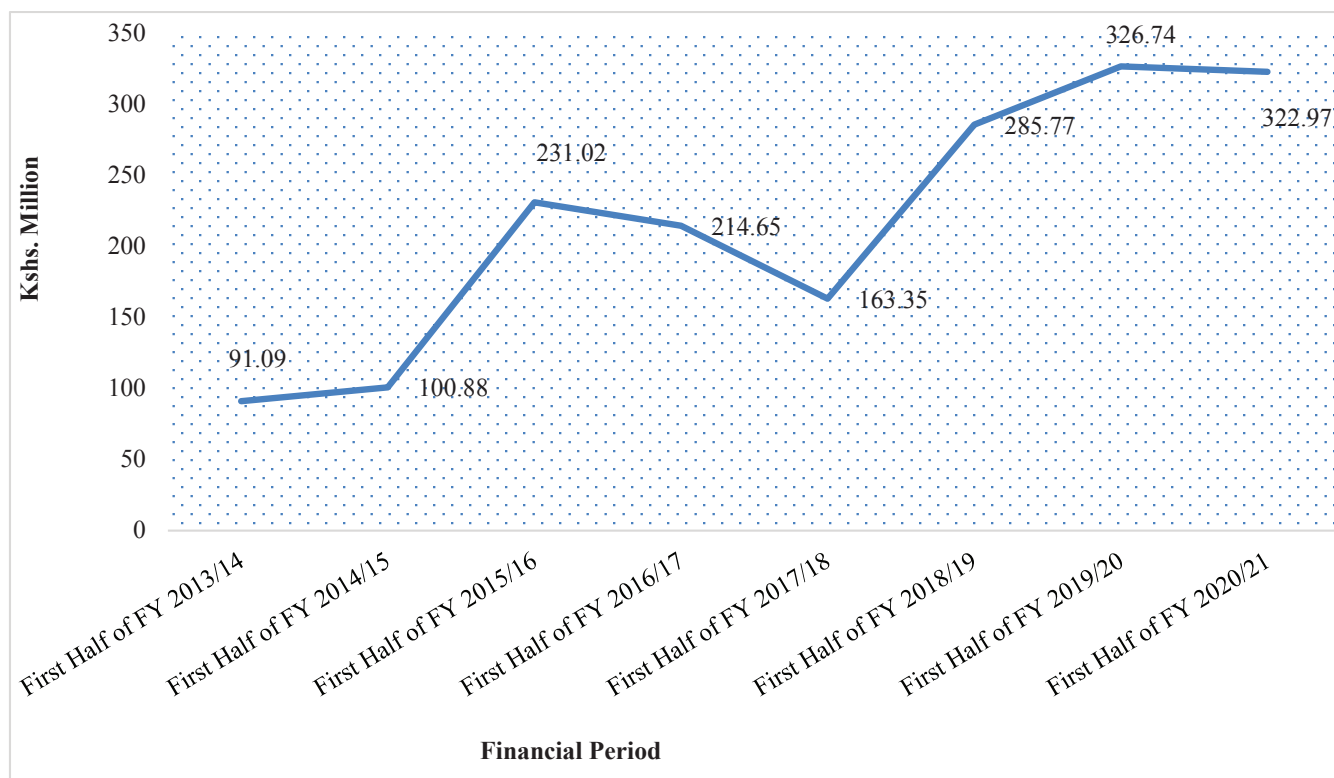
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,177,800,000	4,830,560,000	1,787,964,800	37.0
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	9,968,208	9,968,208	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277.00	-	-
3.	Road Maintenance Fuel Levy Fund	143,385,638	143,385,638	-	-
4.	Rehabilitation of Village Polytechnics	18,319,894	18,319,894	-	-

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
5.	COVID-19 Grants from the National Government	-	91,344,000	-	-
Sub Total		303,695,017	395,039,017	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	90,610,649	90,610,649	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	236,105,200	236,105,200	100,455,118	42.5
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	DANIDA Grant	11,880,000	11,880,000	5,940,000	50.0
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	15,626,168	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,916,815	12,916,815	-	-
7.	DANIDA Grant for COVID-19 Intervention	-	4,585,000	-	-
Sub Total		412,138,832	416,723,832	106,395,118	25.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,006,875,000	322,973,110	32.1
2.	Balance b/f from FY 2019/20	-	728,598,998	728,598,998	100
Sub Total			1,735,473,998	1,051,572,108	60.6
Grand Total		4,893,633,849	7,919,923,421	2,945,932,026	39.9

Source: Laikipia County Treasury

Figure 3.39 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.39: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Laikipia County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.322.97 million as own-source revenue. This amount represented a slight decrease of 1.1 per cent compared to Kshs.326.74 million realised during a similar period in FY 2019/20 and was 32.1 per cent of the annual target. The COVID-19 pandemic also continues to have significant impact on the local economy and perhaps this explains the drop in OSR collection.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.23 billion from the CRF account during the reporting period. The amount comprised of Kshs.471.66 million (21.2 per cent) for development programmes and Kshs.1.76 billion (78.8 per cent) for recurrent programmes.

3.20.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.2 billion on development and recurrent programmes. The expenditure represented 98.9 per cent of the total funds released by the COB and comprised of Kshs.441.1 million and Kshs.1.76 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 14.2 per cent while recurrent expenditure represented 36.6 per cent of the annual recurrent expenditure budget.

3.20.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.2 billion was spent on Compensation to Employees, Kshs.601.1 million on Operations and Maintenance, and Kshs.441.1 million on development activities as shown in Table 3.115.

Table 3.115: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,812,193,378	1,756,559,992	1,762,939,507	36.6
Compensation to Employees	3,036,810,460	1,168,888,192	1,161,888,192	38.3
Operations and Maintenance	1,775,382,918	623,956,286	601,051,315	33.9
Total Development Expenditure	3,107,730,043	471,663,517	441,089,667	14.2
Development Expenditure	3,107,730,043	471,663,517	441,089,667	14.2
Total	7,919,923,421	2,228,223,509	2,204,029,174	27.8

Source: Laikipia County Treasury

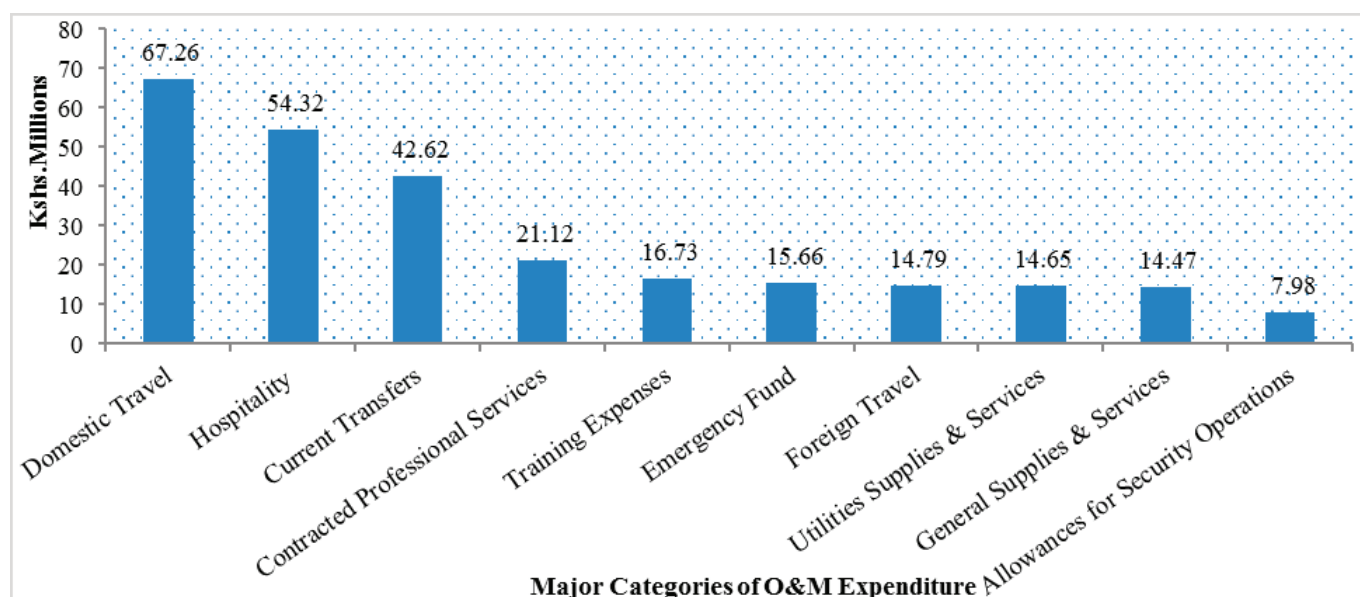
3.20.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 52.7 per cent of the total expenditure for the reporting period and 29.3 per cent of half year proportional revenue estimate of Kshs.3.96 billion.

3.20.7 Expenditure on Operations and Maintenance

Figure 3.40 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.40: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: Laikipia County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.12.67 million on committee sitting allowances for the 25 MCAs and Speaker against the annual budget allocation of Kshs.32.3772 million. The average monthly sitting allowance was Kshs.84,472 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.67.26 million and comprised of Kshs.12.35 million spent by the County Assembly and Kshs.54.92 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.79 million and comprised of Kshs.12.34 million by the County Assembly and Kshs.2.45 million by the County Executive.

3.20.8 COVID-19 Expenditure

In the period under review, the county spent a total of Kshs.135.69 million as shown in Table 3.116.

Table 3.116: COVID-19 Budget and Expenditure Summary

S/No.	Description of the expenditure Category	Expenditure as of 30.12.2020 (Kshs.)
1.	Allowances under COVID-19 Unit	4,266,200
2.	Purchase of PPEs	68,179,560
3.	Fuel and Oil Costs	3,660,992
4.	Other miscellaneous expenses	6,435,026
5.	Hospitality	39,722,000
6.	Printing & Stationery	679,820
7.	Electricity & Water Expenses	12,746,548
Total		135,690,146

Source: Laikipia County Treasury

3.20.9 Development Expenditure

The County incurred an expenditure of Kshs.441.1 on development programmes, which represented an increase of 199.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.147.37 million. Table 3.117 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.117: Laikipia County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of storm water drainage , paving, water tanks & electricals	Nanyuki-Old Market	39,016,747	19,000,000	19,000,000	48.7
2	Additional works on various selected roads in Nanyuki Ward	Nanyuki	3,936,033	3,936,033	3,921,702	99.6

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
3	Stage Stalls	Nanyuki	6,507,557	6,507,557	6,507,557	100
4	Drilling of Igwamiti Dispensary bore-hole	Igwamiti	3,618,620	3,618,620	3,618,620	100
5	Construction of Gachuiro bridge	Umande	5,447,198	5,447,198	5,447,198	100
6	Construction of X-Ray Block	Kimanjo	3,974,158	3,974,158	3,974,158	100
7	Grading & Gravelling of DEB Trojan Road	Trojan	3,056,600	3,056,600	3,056,600	100
8	Grading & Gravelling of Kamau 71 -kwa Nganga Road	Marmanet	3,189,420	3,189,420	3,189,420	100

Source: Laikipia County Treasury

3.20.10 Budget Performance by Department

Table 3.118 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.118: Laikipia County, Budget Performance by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration Services	3,339.88	61.38	1,261.36	8.41	1,275.42	2.67	101.1	31.7	38.2	4.3
Finance and Economic Planning	182.13	861.02	72.99	395.98	90.78	314.59	124.4	79.4	49.8	36.5
County Health & Sanitation	560.99	200.09	128.65	-	123.50	-	96	-	22	-
Agriculture, Livestock & Fisheries	66.25	554.06	-	35.65	3.61	18.31	-	51.4	5.4	3.3
Infrastructure, Physical Planning & Lands	34.84	817.74	2.89	-	11.97	66.59	413.9	-	34.4	8.1
Education, Sports & Social Services	91.18	146.88	10.32	-	14.93	-	144.6	-	16.4	-
Trade & Industrialization	23.22	123.84	7.05	30.00	7.03	30.45	99.8	101.5	30.3	24.6
Water Services	18.02	241.62	7.35	1.62	5.76	8.47	78.3	521.8	31.9	3.5
County Assembly	495.69	101.09	265.95	-	229.95	-	86.5	-	46.4	-
TOTAL	4,812.19	3,107.73	1,756.56	471.66	1,762.94	441.09	100.4	93.5	36.6	14.2

Source: Laikipia County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 36.5 per cent and had the highest percentage of recurrent expenditure to recurrent budget at 49.8 per cent.

3.20.11 Budget Execution by Programmes and Sub-Programmes

Table 3.119 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.119: Laikipia County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Education, Youth & Sports					
General Administration & Planning services	Personnel services	1,800,000	385,600	1,414,400	21.4
	Administration Services	5,777,793	1,023,900	4,753,893	17.7
Sports, Arts and Social Services	Talent Development Services	500,000	-	500,000	-
	Sport Development and Promotion	7,500,000	283,100	7,216,900	3.8
	Child care services	2,500,000	906,810	1,593,190	36.3
	Social and Cultural Development	7,200,000	-	7,200,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Education and Training	Vocational Education and Training	97,680,795	12,326,406	85,354,389	12.6
	Collaboration And Partnership on Skills and Technology Transfer	3,500,000		3,500,000	-
	Early Childhood Education Development	49,500,000		49,500,000	-
	Basic Education School Infrastructure	12,102,193		12,102,193	-
	Education Empowerment	50,000,000		50,000,000	-
		238,060,781	14,925,816	223,134,965	6.3
County Assembly					
General Administration & Planning Services	Administration services	298,068,250	176,260,256	121,807,994	59.1
Legislative & Oversight	Legislation & Oversight Services	197,625,500	88,116,469	109,509,031	44.6
Infrastructure improvement services	County Assembly Infrastructure improvement	101,092,291		101,092,291	-
Sub-total		596,786,041	264,376,725	332,409,316	44.3
County Health Services					
General Administration & Planning	Emergency Referral & Rehabilitative Services	88,980,071		88,980,071	100
	Essential Health Institutions & Services	132,261,404	18,228,721	114,032,683	13.8
	Administrative project planning and implementation services	65,605,000		65,605,000	100
Curative & Rehabilitative Services	Strategic Health Interventions	6,000,000	126,200	5,873,800	2.1
	Emergency Referral & Rehabilitative Services	76,784,000	1,738,760	75,045,240	2.2
	Use of Goods & Services	82,768,595	44,243,589	38,525,006	53.4
	Community Health Strategy, Advocacy, and Surveillance	4,000,000		4,000,000	100
	Strategic Health Interventions	6,000,000	1,527,000	4,473,000	2.5
	Social Health Insurance Scheme	8,000,000		8,000,000	100
	Public Health Promotion & Nutrition	3,300,000.0		3,300,000	100
	Community Health Strategy, Advocacy, and Surveillance	95,929,000	6,720,298	89,208,702	6.9
	Participatory Budgeting Support Services	4,000,000		4,000,000	100
Nanyuki Referral Hospital	Emergency Referral & Rehabilitative Services	101,757,133	20,480,173	81,276,960	20.1
Nyahururu Referral Hospital	Emergency Referral & Rehabilitative Services	85,699,071	30,437,627	55,261,444	35.5
Sub-total		761,084,274	123,502,368	637,581,906	
Infrastructure, Physical Planning & Lands					
Administration, Planning and Support Services	Administration Services	3,314,000	2,798,901	515,099	84.5
	Planning & Financial Management	2,790,000	998,700	1,791,300	35.8
Land & Housing Management	Housing Policy Development	4,000,000	20,000	3,980,000	0.5
Physical Planning & Survey	Land Management	10,000,000	-	10,000,000	-
	Survey & Planning Services	17,696,000	6,652,300	11,043,700	37.6
Public Works Service delivery Improvement	County Building Construction Standard	4,200,000	697,400	3,502,600	16.6
Roads Network Improvement and Urban Development	Roads Network Improvement and Bridges	329,149,511	-	329,149,511	-
	Urban Development	40,000,000	-	40,000,000	-
	Road Network Maintenance	279,392,783	65,071,040	214,321,743	23.3
	Heavy Equipment Maintenance	15,000,000	-	15,000,000	-
	Road Reserve Maintenance	10,000,000	-	10,000,000	-
Critical Infrastructure Rehabilitation	Interward bridge construction	16,000,000	-	16,000,000	-
	Managed Specialized Equipment	120,000,000	-	120,000,000	-
Renewable Energy Services	County Renewable/Green Energy Services	1,036,268	-	1,036,268	-
Sub-total		852,578,562	76,238,341	776,340,221	8.9
Trade, Tourism & Cooperatives					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
General Administration & Planning services	Administration Services	9,316,496	1,559,527	7,756,969	16.7
	Personnel Services	1,500,000	536,701	963,299	35.8
	Policy Development	500,000	100,000	400,000	20
Co-operative Development and promotion	Co-operative Development and promotion	19,500,000	1,221,940	18,278,060	6.3
	Research & Development	4,506,679	491,780	4,014,899	10.9
	Market Infrastructure Development	1,000,000	332,100	667,900	33.2
	Lab weights & Measures	2,500,000	-	2,500,000	-
Home Craft Industrialization & Enterprise	Industrial Development & Investment Promotion	5,800,000	950,800	4,849,200	16.4
	Enterprise Development	75,000,000	30,453,300	44,546,700	40.6
	Industrial mapping & promotion initiative	8,000,000	-	8,000,000	-
Trade and Investment	Trade promotion Services	2,500,000	685,730	1,814,270	27.4
	Market Infrastructure Development	5,840,271	-	5,840,271	-
Tourism Development & Promotion	Tourism Promotion & Marketing	5,300,000	87,400	5,212,600	1.6
	Tourism Infrastructural Development	5,792,275	1,067,900	4,724,375	18.4
Sub-total		147,055,721	37,487,178	109,568,543	25.5
County Administration Services					
Human Capital Management & Development	Compensation to employees	3,029,507,605	1,139,373,517	1,890,134,088	37.6
	County Public Service Board	14,500,000	5,101,930	9,398,070	35.2
County Administration Services	Headquarter Administration Services	7,296,931	3,789,000	3,507,931	51.9
	ICT Infrastructure & Connectivity	12,400,000	6,700,678	5,699,322	54
	County Administration Services	10,000,000	5,000,000	5,000,000	50
	County services delivery and result reporting	6,500,000	2,046,304	4,453,696	31.5
	Car & Mortgage	15,000,000	-	15,000,000	-
	Decentralized Services	3,000,000	-	3,000,000	-
	Executive Support Service	77,381,174	34,908,000	42,473,174	45.1
	Grants & Transfers	86,121,027	48,910,499	37,210,528	56.8
	Urban Facilities Management	50,000,000	1,900,500	48,099,500	3.8
Security & Policing Services	Legal Services	29,000,000	5,149,971	23,850,029	17.8
	Disaster Reduction Management	5,000,000	2,500,000	2,500,000	50
	Enforcement And Disaster Management	4,000,000	-	4,000,000	-
	Alcohol Control Committee	4,500,000	1,729,200	2,770,800	38.4
	Intergovernmental & Donor Relations	22,000,000	12,674,300	9,325,700	57.6
Public Participation & Civic Education	Fire Services	6,000,000	2,315,802	3,684,198	38.6
	Public participation	19,052,452	7,888,179	11,164,273	41.4
Sub-total		3,401,259,189	1,279,987,880	2,121,271,309	37.6
Water, Environment & Natural Resources					
Water Development	Rural Water Supply & Sanitation	198,623,342	-	198,623,342	-
General Administration & Support Services	Administration & Planning Services	13,000,000	3,756,195	9,243,805	28.9
	Personnel Services	2,500,000	2,000,000	500,000	80
	Strategic Project Monitoring & Intervention	5,000,000	1,623,460	3,376,540	32.5
Environment & Natural Resources	Solid Waste Management	17,519,589	1,091,400	16,428,189	6.2
	Human Wildlife Conflict Prevention	4,500,000	-	4,500,000	-
	Integrated land rehabilitation	2,000,000	-	2,000,000	-
	Climate Change Adaptation & mitigation	6,500,000	-	6,500,000	-
	Natural Resources Management	10,000,000	-	10,000,000	-
Sub-total		259,642,931	8,471,055	251,171,876	3.3
Agriculture, Livestock & Veterinary					
General Administrative & Planning Services	Headquarter Administration Services	38,005,096	-	38,005,096	-
	Agriculture Sector Extension Management	47,546,600	3,367,726	44,178,874	7.08
Crop Development	Irrigation Development and management	705,287	-	705,287	-
	Land and Crop Productivity Enhancement and Management	11,997,561	-	11,997,561	-
	Strategic Food Security Service/AMS	92,457,157	-	92,457,157	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Livestock Resources Management & Development	Animal Health and Disease Management and Control	414,148,713	18,210,384	395,938,329	4.40
	Livestock Resource Development and Management	4,273,872	103,350.00	4,170,522	2.42
Fisheries Development	Fisheries Development and Management	11,175,863		11,175,863	-
Sub-total		620,310,149	21,681,460	598,628,689	3.50
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	128,150,000	49,318,542	78,831,458	38.5
Administration, Planning & Support Services	Personnel Services	2,450,000	1,038,800	1,411,200	42.4
	Infrastructural Services	29,178,340	18,560,700	10,617,640	63.6
Public Finance Management Services	Internal Audit Services	9,000,000	2,353,358	6,646,642	26.1
	County Treasury Administrative Services	728,759,542	246,788,025	481,971,517	33.9
	Revenue collection services	39,000,000	19,500,000	19,500,000	50.0
	Fleet and Logistics	5,800,000	2,560,000	3,240,000	44.1
	Supply chain management services	14,394,223	4,005,609	10,388,614	27.8
Development Planning Services	Monitoring and Evaluation Services	9,580,000	1,890,560	7,689,440	19.7
	Strategic Partnership & Collaboration	13,663,022	0	13,663,022	0.0
	Research, Statistics & Documentation	10,120,000	1,780,900	8,339,100	17.6
	Participatory Budgeting	14,033,899	1,230,000	12,803,899	8.8
	Intergovernmental Relations	39,016,747	56,343,428	-17,326,681	144.4
Sub-total		1,043,145,773	405,369,922	637,775,851	38.9
GRAND TOTAL		7,919,923,421	2,204,029,174	5,715,894,247	27.8

Source: Laikipia County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Intergovernmental Relations at 144.4 per cent, followed by the following programmes at 100 per cent of budget allocation;- Administrative Project Planning and Implementation Services, Community Health Strategy, Advocacy, and Surveillance, Nutrition all in the Department of Health Services.

3.20.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.441.1 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.11 billion. The development expenditure represented 14.2 per cent of the annual development budget.
2. A high wage bill, which accounted for 52.7 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
3. Underperformance of own source revenue at Kshs.322.97 million against an annual projection of Kshs.1 billion, representing 32.1 per cent of the annual target.
4. The County budget for FY 2020/21 is not balanced. Expenditure estimates exceed the revenue estimates by Kshs.542.13 million.
5. Weak budgeting practices by the Department of Finance & Economic Planning as shown in Table 3.118 where the County incurred expenditure in excess of approved exchequer issues and budgetary allocations.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill and ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
3. The County should address its revenue performance to ensure the approved budget is fully financed.

4. The County Treasury should ensure that the budget is balanced by preparing a supplementary budget to correct the deficit.
5. The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget.

3.21 County Government of Lamu

3.21.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.4.01 billion, comprising of Kshs.1.51 billion (37.6 per cent) and Kshs.2.5 billion (62.4 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expects to receive Kshs.2.75 billion (68.7 per cent) as the equitable share of revenue raised nationally, Kshs.638.18 million (15.9 per cent) as total conditional grants, generate Kshs.100 million (2.5 per cent) from own sources of revenue, and the cash balance of Kshs.515.35 million (12.9 per cent) from FY 2019/20.

3.21.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.651.42 million as the equitable share of the revenue raised nationally, Kshs.128.85 million as conditional grants, raised Kshs.24.80 million as own-source revenue, and had a cash balance of Kshs.1.35 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.16 billion as shown in Table 3.120.

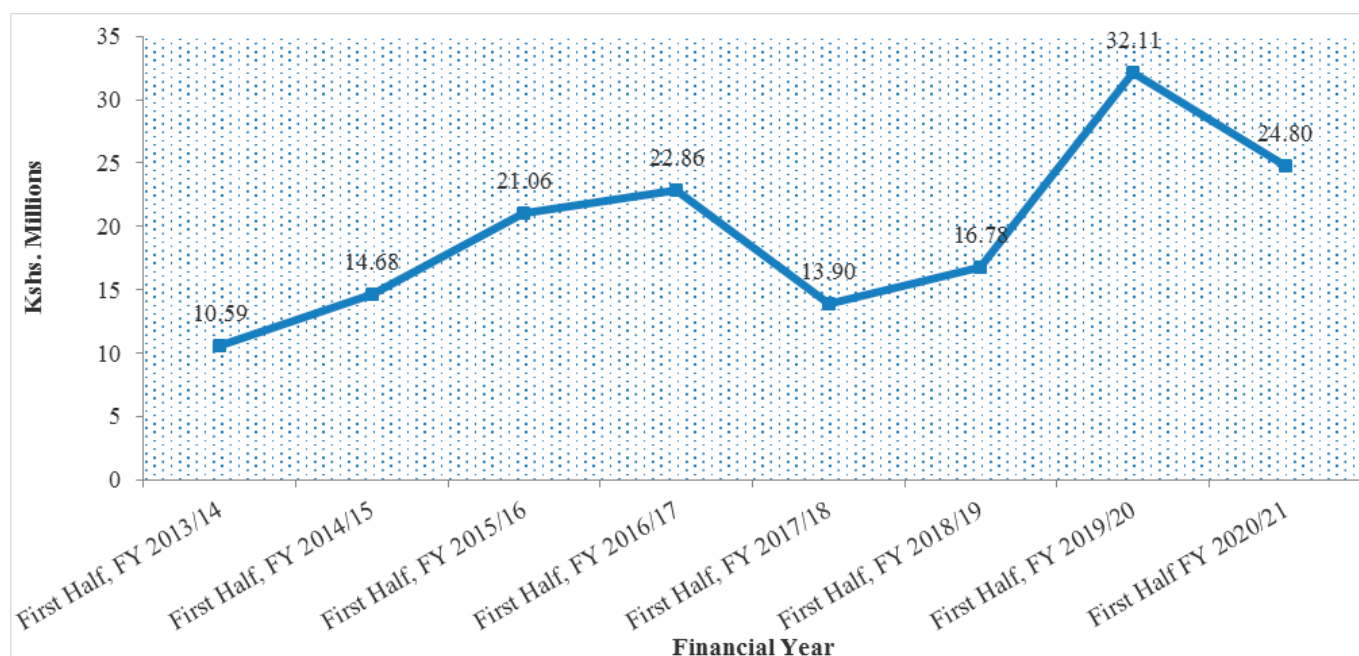
Table 3.120: Lamu County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue Category	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	2,595,300,000	2,753,550,000	651,420,300	23.7
B.	Conditional Grants from the National Government				
1.	Supplement for construction of county headquarters	50,000,000	50,000,000		
2.	Compensation for User Fee Foregone	2,451,034	2,451,034		
3.	Leasing of Medical Equipment	132,021,277			
4.	Road Maintenance Fuel Levy Fund	82,069,411	82,069,411	20,517,353	25
5.	Rehabilitation of Village Polytechnics	50,299,894	50,299,894		
	Sub Total	316,841,616	184,820,339	20,517,353	11
C.	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	131,761,634	131,761,634		
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	257,872,086	257,872,086	90,409,436	35.1
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000		
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)			14,238,060	
5.	DANIDA Grant	7,380,000	7,380,000	3,690,000	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	11,343,998	11,343,998		
	Sub Total	453,357,718	453,357,718	108,337,496	23.9
D.	Other Sources of Revenue				
7.	Own Source Revenue		100,000,000	24,803,561	24.8
1.	Balance b/f from FY 2019/20		515,348,678	1,354,453,684	262.8
	Sub Total		615,348,678	1,379,257,244	224.1
	Grand Total	3,365,499,334	4,007,076,735	2,159,532,393	53.9

Source: Lamu County Treasury

Figure 3.41 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.41: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Lamu County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.24.8 million as own-source revenue. This amount represented a decrease of 22.8 per cent compared to Kshs.32.11 million realised during a similar period in FY 2019/20 and was 24.8 per cent of the annual target.

3.21.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.15 billion from the CRF account during the reporting period. The amount comprised of Kshs.182.57 million (15.8 per cent) for development programmes and Kshs.970.85 million (84.2 per cent) for recurrent programmes.

3.21.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.02 billion on development and recurrent programmes. The expenditure represented 88.9 per cent of the total funds released by the COB and comprised of Kshs.56.64 million and Kshs.969.12 million on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 3.8 per cent while recurrent expenditure represented 38.7 per cent of the annual recurrent budget.

3.21.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.733.37 million was spent on Compensation to Employees, Kshs.235.75 million on Operations and Maintenance, and Kshs.55.64 million on development activities as shown in Table 3.121.

Table 3.121: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	2,501,568,526	970,853,506	969,117,106	38.7
Compensation to Employees	1,429,187,423	750,427,206	733,368,173	51.3
Operations and Maintenance	1,072,381,103	220,426,301	235,748,934	22
Total Development Expenditure	1,505,508,209	182,570,218	56,638,575	3.8
Development Expenditure	1,505,508,209	182,570,218	56,638,575	3.8
Total	4,007,076,735	1,153,423,724	1,025,755,682	25.6

Source: Lamu County Treasury

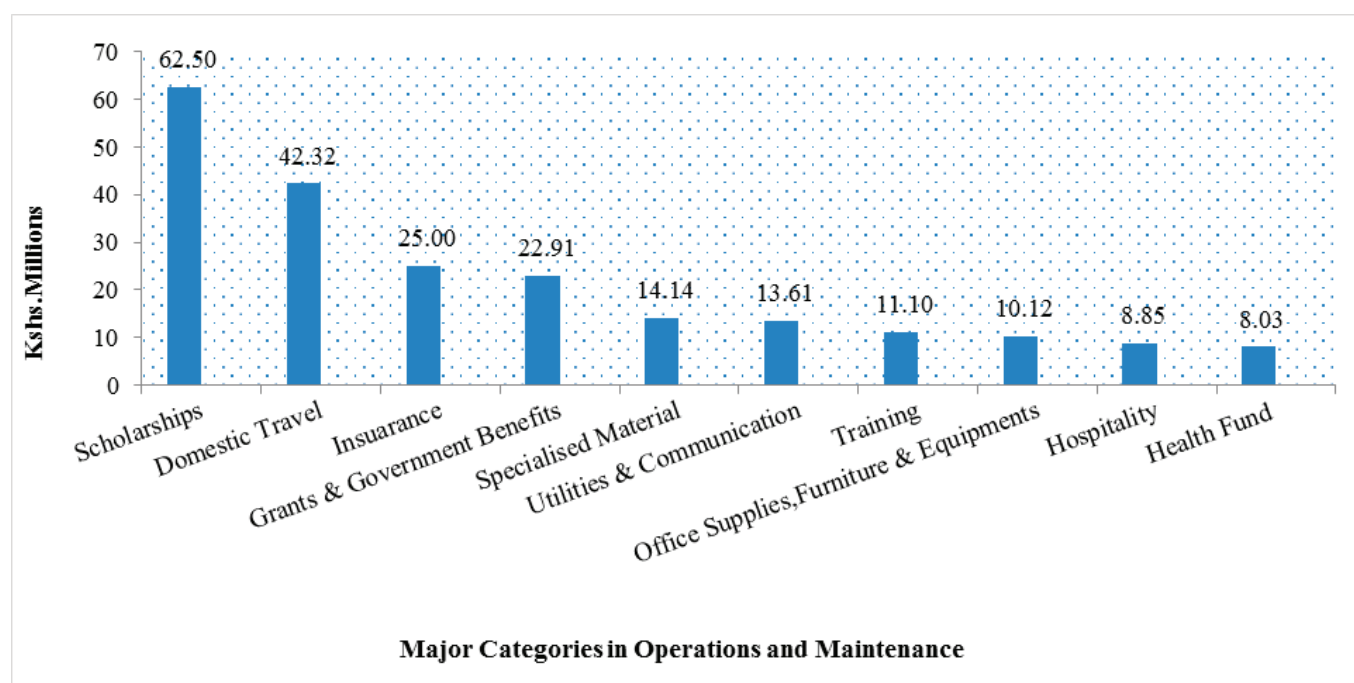
3.21.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 71.5 per cent of the total expenditure for the reporting period and 36.6 per cent of half year proportional revenue estimate of Kshs.2 billion.

3.21.7 Expenditure on Operations and Maintenance

Figure 3.42 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.42: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: Lamu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.7.52 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.19.95 million. The average monthly sitting allowance was Kshs.65,941 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.42.32 million and comprised of Kshs.17.29 million spent by the County Assembly and Kshs.25.03 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.86 million spent by the County Assembly.

3.21.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county did not provide funds to cater for COVID-19 related expenditure while Kshs.47.81 million was brought forward from FY 2019/20. A total of Kshs.24.28 million was spent during the reporting period as shown in Table 3.122.

Table 3.122: COVID-19 Budget and Expenditure Summary (Create a column for B/F Balances)

S/No	Description of Expenditure Category	Balance from FY 2019/20 (Kshs.)	Expenditure as of 30.12.2020 (Kshs)
1	The grant from the National Government for COVID-19	13,682,000	
2	The grant from the National Government for Allowances for Front Line Health Care Workers	20,325,000	20,325,000
3	DANIDA Grant for COVID in FY 2019/20(Kshs.) dispatched to dispensaries across Lamu County.	3,955,000	3,955,000
4	FY 2019/20 County own revenue allocated to COVID-19	9,857,500	
Total		47,819,500	24,280,000

Source: Lamu County Treasury

3.21.9 Development Expenditure

The County incurred an expenditure of Kshs.56.64 million on development programmes, which represented an improvement compared to a similar period in FY 2019/20 when the County did not report expenditure on development budget. Table 3.123 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.123: Lamu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Out Patient Department (OPD)	Bahari Ward - Mpeketoni	51,000,000	41,477,629	81.3
2	Purchase of ambulance	Basuba	9,600,000	9,530,000	99.3
3	Livestock health improvement programme	County Wide	6,000,000	2,998,800	50
4	Project coordination for Kenya Climate Smart Agriculture projects -	County Wide	120,000,000	2,632,147	2.2

Source: Lamu County Treasury

3.21.10 Budget Performance by Department

Table 3.124 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.124: Lamu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	400	120	113.35	-	115.40	-	101.8	-	28.9	-
County Executive & PSM	332.68	111	142.24	-	138.60	-	97.4	-	41.7	-
Finance	118.12	-	48.86	-	47.63	-	97.5	-	40.3	-
Agriculture & Irrigation	108.72	260.58	24.18	90.41	23.66	2.63	97.8	2.9	21.8	1
Land and Physical Planning	26.14	96.63	8.37	-	8.46	-	101.1	-	32.4	-
Education and Village Polytechnic	211.42	112.79	98.28	-	97.40	-	99.1	-	46.1	-
Medical Services	990.95	295.44	407.23	68.64	413.46	51.01	101.5	74.3	41.7	17.3
Trade, Tourism & Investment Development	20.29	17.50	6.67	-	5.53	-	82.9	-	27.2	-
Livestock, Veterinary & Cooperative Development	38.11	14.99	17.86	3	17.89	3	100.2	100	47	20
Public Service Board	45.16	-	15.80	-	16.36	-	103.5	-	36.2	-
Water Management & Conservation	24.83	204	17.55	-	15.37	-	87.6	-	61.9	-
Gender, Sports, Youth, Culture & Social services	23.76	69.50	6.56	-	6.05	-	92.3	-	25.5	-
Sanitation & Environment	62.32	6	31.17	-	30.29	-	97.2	-	48.6	-
Fisheries Development	32.88	12	13.20	-	10.62	-	80.5	-	32.3	-
Infrastructure & Energy	34.12	180.07	9.24	20.52	12.41	-	134.3	-	36.4	-
Lamu Municipality	32.08	5	10.30	-	9.98	-	96.9	-	31	-
TOTAL	2,501.6	1,505.5	970.85	182.57	969.12	56.64	99.8	31	38.7	3.8

Source: Lamu County Treasury

Analysis of expenditure by department shows that the Department of Livestock, Veterinary & Cooperative Development recorded the highest absorption rate of development budget at 20 per cent. The Department of Water Management & Conservation had the highest percentage of recurrent expenditure to recurrent budget at 61.9 per cent while the Department of Agriculture & Irrigation had the lowest at 21.8 per cent.

3.21.11 Budget Execution by Programmes and Sub-Programmes

Table 3.125 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.125: Lamu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Department County Assembly					
County Assembly	P.1 Administration, planning and support services.	206,989,120	66,548,345	140,440,776	32.2
	P.2 Legislation and Oversight	313,010,880	48,855,563	264,155,317	15.6
	Subtotal	520,000,000	115,403,908	404,596,093	22.2
Department of County Executive					
County Executive	P 1: Executive Services	230,508,739	132,146,682	98,362,057	57.3
	P.2 Office of the Governor & Deputy Governor	15,331,000	6,455,330	8,875,670	42.1
	P 3: Coordination & Policy formulation	172,344,384	-	172,344,384	-
	P 6: Fire Fighting	25,000,000	-	25,000,000	-
	P 7: Disaster Management	500,000	-	500,000	-
	Subtotal	443,684,123	138,602,012	305,082,111	31.2
Department of Finance					
Finance	P 1: Administration, planning support services	91,400,556	45,551,048	45,849,508	49.8
	P 2: Public Finance Management	12,190,000	-	12,190,000	-
	P 3: Budget and Economic Planning	14,529,080	2,080,800	12,448,280	14.3
	Subtotal	118,119,636	47,631,848	70,487,788	40.3
Department of Agriculture & Irrigation					
Agriculture & Irrigation	P 1: Administration and planning support services	44,850,000	26,117,909	18,732,091	58.2
	P 2: Extension services	47,000,000	-	47,000,000	-
	P 3: Crop Productivity	3,000,000	174,948	2,825,052	5.8
	P 4: (KCSAP and ASD-SP11)	274,455,084	-	274,455,084	-
	Subtotal	369,305,084	26,292,857	343,012,227	7.1
Department of Land, Physical Planning					
Land, Physical Planning	P 1: Administration, planning & support Services	20,841,947	8,462,038	12,379,909	40.6
	P 2: Land Management	101,928,158	-	101,928,158	-
	Subtotal	122,770,105	8,462,038	114,308,067	6.9
Department of Education					
Education	P 1. General Administration, Planning and Support services	69,598,095	24,408,790	45,189,305 -	35.1
	P2. Early Childhood Development	66,975,000	-	66,975,000	-
	P 4. Education and Training Programme	137,333,199	72,986,267	64,346,932	53.1
	P6. Village Polytechnics	50,299,894	-	50,299,894	-
	Subtotal	324,206,188	97,395,057	226,811,131	30
Department of Medical Services					
Medical Services	P 1: General Administration, Planning and Support Services	809,510,000	387,398,827	422,111,173	47.9
	P 2: Curative Services	144,392,668	17,120,501	127,272,167	11.9
	P 3: Preventive & Promotive Services	332,492,841	59,949,782	272,543,059	18
	Subtotal	1,286,395,509	464,469,110	821,926,399	36.1
Department of Trade, Investment, Culture & Tourism					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Trade, Investment, Culture & Tourism	P 1:Administration, planning & support Services	8,765,893	4,980,197	3,785,696	56.8
	P 2: Tourism Promotion	7,184,072	108,350	7,075,722	1.5
	P 3: Trade & Industrialization	21,838,341	437,660	21,400,681	2
	Subtotal	37,788,306	5,526,207	32,262,099	14.6
Department of Livestock, Veterinary & Co-operative Development					
Livestock, Veterinary & Co-operative Development	P.1 Administration, planning and support services.	32,108,648	17,268,285	14,840,363	53.8
	P 3: Livestock Production	9,980,092	238,626	9,741,466	2.4
	P 4: Veterinary Services	3,072,479	341,300	2,731,179	11.1
	P 5: Cooperative Development	7,938,555	3,045,300	4,893,255	38.4
	Subtotal	53,099,774	20,893,511	32,206,263	39.3
Department of Public Service Board					
Public Service Board	P.1 Administration, planning and support services.	38,925,596	14,735,284	24,190,312	37.9
	P 2: Human Resource Management & Development	6,229,500	1,626,200	4,603,300	26.1
	Subtotal	45,155,096	16,361,484	28,793,612	36.2
Department of Water Management & Conservation					
Water Management & Conservation	P 1: Administration and planning support services	17,373,210	5,320,416	12,052,794	30.6
	P 2: Water Management and Provision	211,461,360	10,049,600	201,411,760	4.8
	Subtotal	228,834,570	15,370,016	213,464,554	6.7
Department of Gender, Youth Affairs, Sports & Social Services					
Gender, Youth Affairs, Sports & Social Services	P 1.General Administration, Planning and Support services	12,950,400	6,051,049	6,899,351	46.7
	P 2. Sports & Youth Development	8,183,800		8,183,800	-
	P 3. Social Services	72,123,200		72,123,200	-
	Subtotal	93,257,400	6,051,049	87,206,351	6.5
Department of Sanitation & Environment					
Sanitation & Environment	P 1: General Administration, Planning and Support Services	56,955,296	29,909,682	27,045,614	52.5
	P 2: Public Health and Sanitation	9,020,260	377,200	8,643,060	4.2
	P 4: Environment and Natural Resources	2,339,740		2,339,740	-
	Subtotal	68,315,296	30,286,882	38,028,414	44.3
Department of Fisheries Development					
Fisheries Development	P 1.General Administration, Planning and Support services	32,882,174	10,621,733	22,260,441	32.3
	P 2. Fisheries Development	12,000,000		12,000,000	-
	Subtotal	44,882,174	10,621,733	34,260,441	23.7
Department of Infrastructure and Energy					
Infrastructure and Energy	P 1: Administration, planning & support Services	33,321,205	12,406,894	20,914,311	37.2
	P 4: Infrastructure Development	180,864,411		180,864,411	-
	Subtotal	214,185,616	12,406,894	201,778,722	5.8
Department of Lamu Municipality					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Lamu Municipality	P 1: Administration, planning & support Services	25,397,378	9,981,076	15,416,302	39.3
	P 1: Urban Development	11,680,480	-	11,680,480	-
	Subtotal	37,077,858	9,981,076	27,096,782	26.9
	Grand Total	4,007,076,735	1,025,755,682	2,981,321,054	25.6

Source: Lamu County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Administration and Planning Support Services in the Department of Agriculture & Irrigation at 58.2 per cent, Executive Services in the Department of County Executive at 57.3 per cent and Administration, Planning & Support Services in the Department of Trade, Investment, Culture & Tourism at 56.8 per cent of budget allocation.

3.21.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.56.64 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.1.51 billion. The development expenditure represented 3.8 per cent of the annual development budget.
3. A high wage bill, which accounted for 71.5 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
4. Underperformance of own source revenue at Kshs.24.80 million against an annual projection of Kshs. 100 million, representing 24.8 per cent of the annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

4. The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.

3.22 County Government of Machakos

3.22.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.11.02 billion, comprising of Kshs.3.68 billion (33.4 per cent) and Kshs.7.34 billion (66.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.04 billion (73 per cent) as the equitable share of revenue raised nationally, Kshs.1.25 billion (11.3 per cent) as total conditional grants, generate Kshs.1.73 billion (15.7 per cent) from own sources of revenue. The County did not budget for the cash balance from FY 2019/20 of Kshs.433.46 million.

3.22.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.3.23 billion as the equitable share of the revenue raised nationally, Kshs.277.91 million as conditional grants and raised Kshs.417.42 million as own-source revenue and had a cash balance from FY 2019/20 of Kshs.433.46 million. The total funds available for budget implementation during the period amounted to Kshs.4.08 billion as shown in Table 3.126.

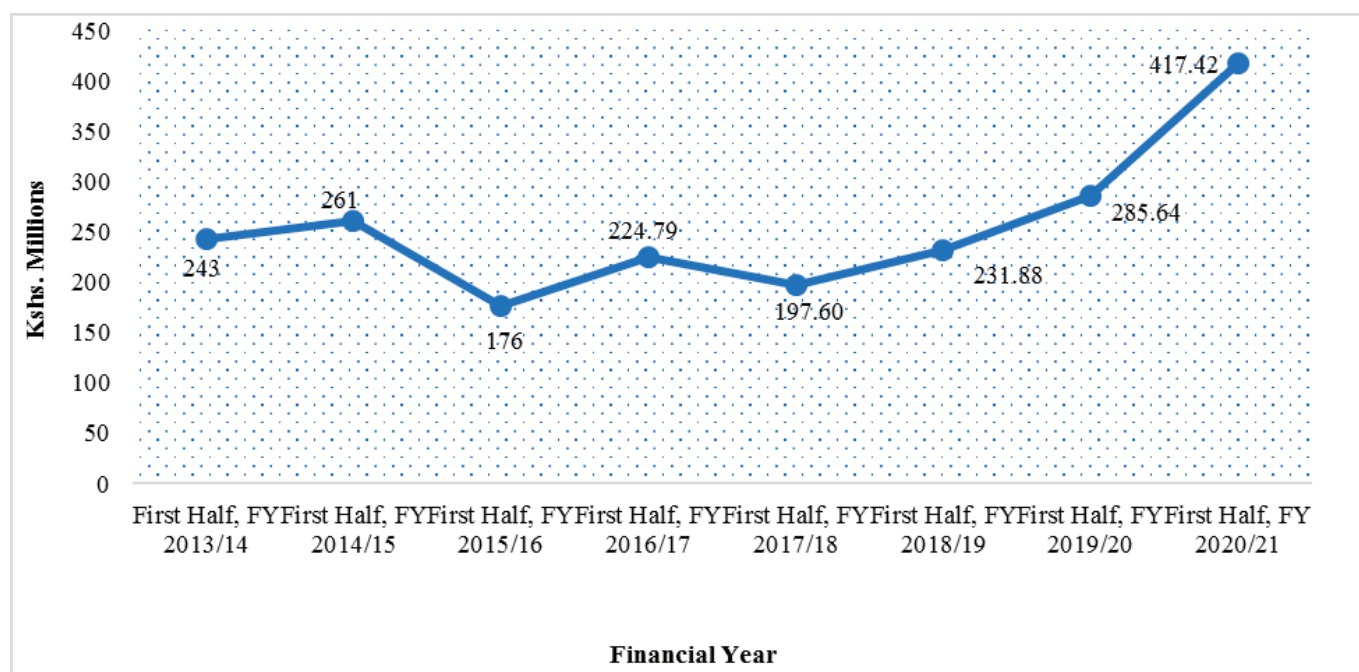
Table 3.126: Machakos County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,754,250,000	8,039,100,000	3,225,768,000	40.13
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	383,583,815	383,583,815	-	-
2.	Compensation for User Fee Foregone	24,129,039	24,129,039	-	-
3.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
4.	Road Maintenance Fuel Levy Fund	239,604,947	239,604,947	59,901,237	25
5.	Rehabilitation of Village Polytechnics	62,749,894	62,749,894	-	-
Sub Total		842,088,972	842,088,972	59,901,237	7.1
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	45,165,352	45,165,352	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	279,999,640	279,999,640	120,546,485	43.1
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	-	-	86,441,371	-
5.	DANIDA Grant	22,050,000	22,050,000	11,025,000	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,746,442	13,746,442	-	-
Sub Total		405,961,434	405,961,434	277,914,093	68.5
D.	Other Sources of Revenue				
1.	Own Source Revenue	1,729,798,235	1,729,798,235	417,422,311	24.1
2.	Balance b/f from FY2019/20	-	-	433,461,904	-
Sub Total		1,729,798,235	1,729,798,235	850,884,215	49.2
Grand Total		10,732,098,641	11,016,948,641	4,076,652,215	37.0

Source: Machakos County Treasury

Figure 3.43 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.43: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Machakos County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.417.42 million as own-source revenue. This amount represented an increase of 46.1 per cent compared to Kshs.285.64 million realised during a similar period in FY 2019/20 and was 24.1 per cent of the annual target.

The increase can be attributed to mobilization of revenue collection through enhanced enforcement, sensitization forums and enhanced mobility by revenue officers.

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.74 billion from the CRF account during the reporting period. The amount comprised of Kshs.804.22 million (21.5 per cent) for development programmes and Kshs.2.94 billion (39.6 per cent) for recurrent programmes.

3.22.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.69 billion on development and recurrent programmes. The expenditure represented 98.5 per cent of the total funds released by the COB and comprised of Kshs.781.03 million and Kshs.2.90 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 21.2 per cent while recurrent expenditure represented 39.6 per cent of the annual recurrent budget.

3.22.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.22 billion was spent on Compensation to Employees, Kshs.1.68 billion on Operations and Maintenance, and Kshs.781.03 million on development activities as shown in Table 3.127.

Table 3.127: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	7,338,055,006	2,938,486,487	2,904,430,076	39.6
Compensation to Employees	5,367,511,305	1,223,858,909	1,223,858,909	22.8
Operations and Maintenance	1,970,543,700	1,714,627,578	1,680,571,167	85.3
Total Development Expenditure	3,678,893,632	804,216,370	781,030,741	21.2
Development Expenditure	3,678,893,632	804,216,370	781,030,741	21.2
Total	11,016,948,638	3,742,702,857	3,685,460,816	33.5

Source: Machakos County Treasury

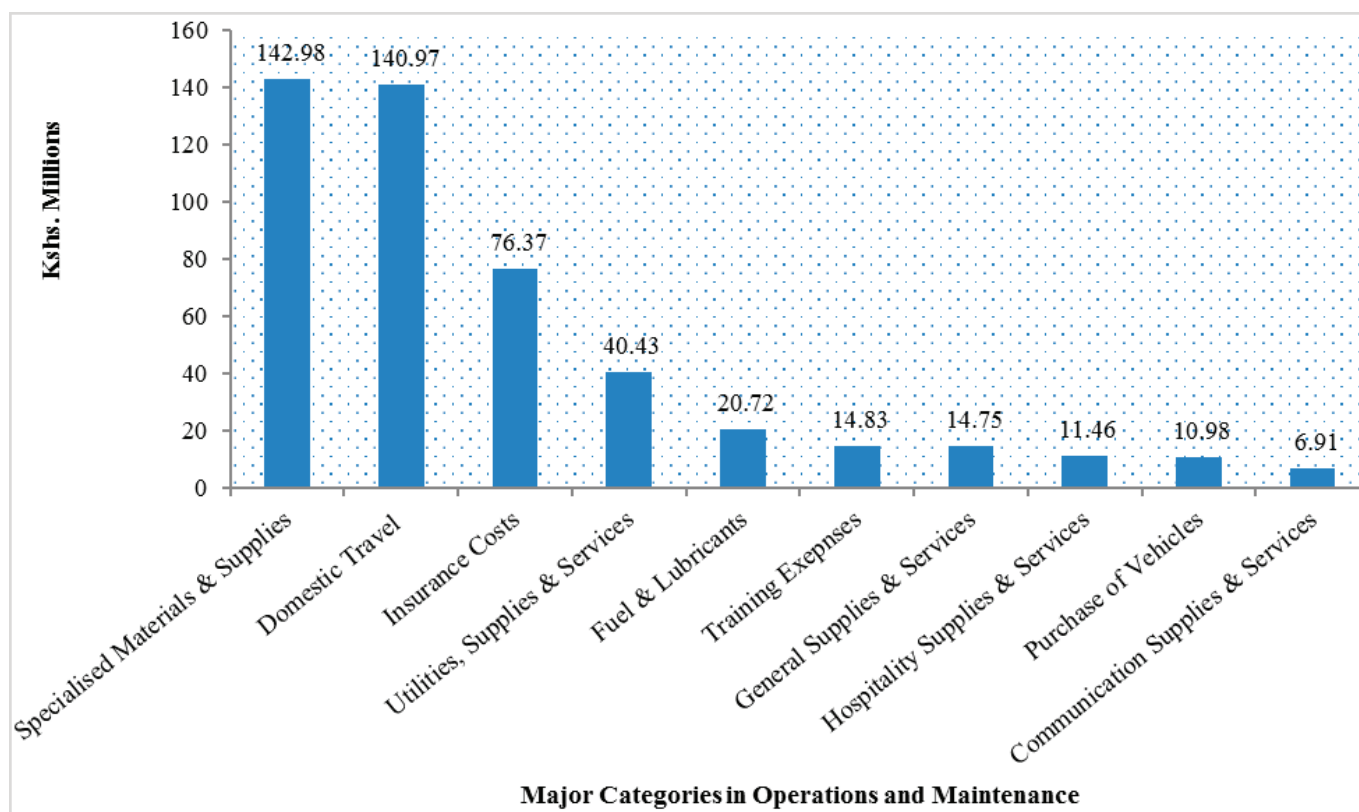
3.22.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 33.2 per cent of the total expenditure for the reporting period and 22.2 per cent of half year proportional revenue estimate of Kshs.5.51 billion.

3.22.7 Expenditure on Operations and Maintenance

Figure 3.44 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.44: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.42.96 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.60.73 million. The average monthly sitting allowance was Kshs.117,366 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.140.97 million and comprised of Kshs.96.09 million spent by the County Assembly and Kshs.44.88 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.25 million and comprised of Kshs.3.31 million by the County Assembly and Kshs. 933,041 by the County Executive.

3.22.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county allocated Kshs.50 million to cater for COVID-19 related expenditure. There was no expenditure reported on COVID-19 in the period under review.

3.22.9 Development Expenditure

The County incurred an expenditure of Kshs.781.03 million on development programmes, which represented a decrease of 60.1 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.96 billion. Table 3.128 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.128: Machakos County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of 15 To 18 Storey Government Office	Machakos	46,064,734	46,064,734	100
2	Upgrading of Seven-Kionyweni-Miu Road	Kathiani	180,000,000	43,484,103	24.2
3	Construction of Stadia - Kinyui & Ikombe	Matungulu & Yatta	93,775,171	31,442,015	33.5
4	Borehole Drilling	Various Locations - Masinga, Machakos, Yatta And Kathiani	461,105,132	30,902,300	6.7
5	Tree Seedling Distribution Programme	All Sub Counties	30,257,841	10,920,878	36.1
6	Construction of Ecde Classrooms	Mavoko	91,434,842	7,901,693	8.6
7	Construction of Kaseve Dispensary	Matungulu	1,887,568	1,887,568	100

Source: Machakos County Treasury

3.22.10 Budget Performance by Department

Table 3.129 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.129: Machakos County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	554.12	3.68	120.10	-	142.85	1.95	118.9	-	25.8	53
Public Service, Labour and ICT	395.75	20.36	201.62	-	175.13	-	86.9	-	44.3	-
Trade, Investment, Economic Planning & Industrialization	83.19	147	33.37	7.09	28.68	-	86	-	34.5	-
Finance & Revenue Management	422.55	41.62	139.47	-	84.31	6.98	60.5	-	20	16.8
Decentralized Units, County Administration, Environment & Solid Waste Management	393.51	44.16	181.62	-	133.07	-	73.3	-	33.8	-
Agriculture, Food Security & Co-operative Development	260.16	311.09	87.35	124.86	80.76	124.85	92.5	100	31	40.1
Water, irrigation, Environment & Natural Resources	49.78	589.47	29.70	144.91	30.77	139.51	103.6	96.3	61.8	23.7
Health & Emergency Services	3551.2	546.37	1528.13	30.31	1678.74	29	109.9	95.7	47.3	5.3
Transport, Roads, Public Works & Housing	172.34	1109.9	61.84	392.20	62.24	380.11	100.6	96.9	36.1	34.2
Education, Youth & Social Welfare	334.17	261.09	102.91	20.61	55.96	20.44	54.4	99.2	16.7	7.8
Lands, Urban Development, Energy & Natural Resources	70.77	98.15	27.76	8.28	18.49	8.21	66.6	99.2	26.1	8.4
Tourism Sports & Culture	97.65	135.05	33.57	43.58	26.85	37.61	80	86.3	27.5	27.8
County Public Service Board	41.68	5.98	13.22	-	13.02	-	98.5	-	31.2	-
County Assembly	911.15	365	377.83	32.38	373.55	32.38	98.9	100	41	8.9
TOTAL	7,338	3,678.9	2,938.5	804.22	2,904.4	781.03	98.8	97.1	39.6	21.2

Source: Machakos County Treasury

Analysis of expenditure by department shows that the Office of the Governor recorded the highest absorption rate of development budget at 53 per cent. The Department of Water, Irrigation and Natural Resources had the highest percentage of recurrent expenditure to recurrent budget at 61.8 per cent while the Department of Education, Youth and Social Welfare had the lowest at 16.7 per cent.

3.22.11 Budget Execution by Programmes and Sub-Programmes

Table 3.130 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.130: Machakos County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)	
OFFICE OF THE GOVERNOR						
Sub-programme 1	Office of the Governor	341,181,357	108,257,489	232,923,868	31.7	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual (Kshs)	Payments	Variance (Kshs)	Absorption (%)
Sub-programme 2	Transport Services	27,135,676		5,257,759	21,877,917	19.4
Sub-programme 3	Human Resource and Administration Section	86,840,760		14,724,725	72,116,035	17
Sub-programme 4	ICT Section	13,387,204		3,023,107	10,364,097	22.6
Sub-programme 5	Hospitality Services Section	14,580,000		6,777,743	7,802,257	46.5
Sub-programme 6	Cabinet Office	6,493,175		500,000	5,993,175	7.7
Sub-programme 7	Office of the Deputy Governor	36,000,000		6,218,450	29,781,550	17.3
Sub-programme 8	Directorate of Projects Delivery, Monitoring and Evaluation	9,759,080		-	9,759,080	-
Sub-programme 9	Office of the County Secretary	13,466,246		40,000	13,426,246	0.3
Sub-programme 10	Office of the County Advisors	8,954,060		-	8,954,060	-
TOTAL		557,797,558		144,799,273	412,998,285	26.0
PUBLIC SERVICE, QUALITY MANAGEMENT AND ICT						
Sub-programme 1	General Administration and support services	329,202,369		174,861,301	154,341,068	53.1
Sub-programme 2	Quality Management	625,000		-	625,000	-
Sub-programme 3	Training, Research and Development	50,009,537		265,200	49,744,337	0.5
Sub-programme 4	Information Communication Technology	4,875,011		-	4,875,011	-
Sub-programme 5	ICT Infrastructure	23,268,549		-	23,268,549	-
Sub-programme 6	Closed Circuit Television	8,125,500		-	8,125,500	-
TOTAL		416,105,966		175,126,501	240,979,465	42.1
TRADE, INDUSTRIALIZATION AND INNOVATION						
Sub-programme 1	Headquarter Administration Services	55,466,852		18,949,536	36,517,316	34.2
Sub-programme 2	Trade Development	93,978,274		1,504,450	92,473,824	1.6
Sub-programme 3	Business and Enterprise Development	16,771,939		-	16,771,939	-
Sub-programme 4	Industrialization and Innovation	35,000,000		-	35,000,000	-
Sub-programme 5	Investment Facilitation and Support	11,410,890		715,000	10,695,890	6.3
Sub-programme 6	Hygiene and Sanitation	5,808,080		2,109,300	3,698,780	36.3
Sub-programme 7	Legal Services	11,756,150		5,406,089	6,350,061	46.0
TOTAL		230,192,185		28,684,375	201,507,810	12.5
FINANCE AND ECONOMIC PLANNING						
Sub-programme 1	Revenue Management	66,491,789		27,637,843	38,853,946	41.6
Sub-programme 2	Budget formulation, Coordination and Implementation Section	3,642,059		3,353,170	288,889	92.1
Sub-programme 3	Supply Chain Management Section	-		-	-	-
Sub-programme 4	Accounts Section	2,748,771		1,000,000	1,748,771	36.4
Sub-programme 5	Audit Section	2,700,000		-	2,700,000	-
Sub-programme 6	Human Resource Management and Support Services	376,084,863		54,466,823	321,618,040	14.5
Sub-programme 7	Economic Planning and Statistical Services	11,597,030		4,828,988	6,768,042	41.6
Sub-programme 8	External Resource Mobilization	900,003		-	900,003	-
TOTAL		464,164,515		91,286,824	372,877,691	19.7
COUNTY ADMINISTRATION AND DECENTRALIZED UNITS						
Sub-programme 1	General Administration and support services	412,173,174		128,657,831	283,515,343	31.2
Sub-programme 2	Civic Engagement	2,500,000		-	2,500,000	-
Sub-programme 3	Administration and Co-ordination Services	-		-	-	-
Sub-programme 4	Solid Waste Management	11,000,000		4,412,542	6,587,458	40.1
Sub-programme 5	Sanitation Management	5,000,000		-	5,000,000	-
Sub-programme 6	Forensic and Inspectorate Services	2,000,000		-	2,000,000	-
Sub-programme 7	Inspectorate Services and Management	5,000,000		-	5,000,000	-
TOTAL		437,673,174		133,070,373	304,602,801	30.4
AGRICULTURE, FOOD SECURITY AND CO-OPERATIVE DEVELOPMENT						
Sub-programme 1	General Administration and support services	401,078,182		177,726,979	223,351,203	44.3
Sub-programme 2	Crop Development and Management	70,405,627		25,207,255	45,198,372	35.8
Sub-programme 3	Livestock Resources Management and Development	51,831,291		1,741,379	50,089,912	3.4
Sub-programme 4	Fisheries Development	10,734,848		-	10,734,848	-
Sub-programme 5	Veterinary Services	27,901,008		-	27,901,008	-
Sub-programme 6	Agriculture Training Centre	2,000,000		-	2,000,000	-
Sub-programme 7	Co-operative Development and Marketing	4,900,000		938,400	3,961,600	19.2
Sub-programme 8	Capacity Building to Co-operative Societies	-		-	-	-
Sub-programme 7	Promotion of Co-operative Marketing and Value Chain	1,500,000		-	1,500,000	-
Sub-programme 8	Co-operative Financial Services	-		-	-	-

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)	
Sub-programme 9	Promotion and growth of Co-operative Societies	900,000	-	900,000	-	
Sub-programme 10	Co-operative Audit Support Services	-	-	-	-	
TOTAL		571,250,956	205,614,014	365,636,942	36.0	
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES						
Sub-programme 1	Water Supply and Sewerage	355,300,909	92,243,882	263,057,027	26	
Sub-programme 2	Irrigation Schemes, Development and Promotion	206,466,851	56,649,904	149,816,947	27.4	
Sub-programme 3	Development and Promotion of Irrigation Schemes	-	-	-	-	
Sub-programme 4	General Administration and support services	39,782,480	9,964,562	29,817,918	25.0	
Sub-programme 5	Environment and Natural Resources	37,698,019	11,420,878	26,277,141	30.3	
TOTAL		639,248,259	170,279,226	468,969,033	26.6	
HEALTH AND EMERGENCY SERVICES						
Sub-programme 1	General Administration and support services	3,228,918,806	1,541,398,597	1,687,520,209	47.7	
Sub-programme 2	Machakos Level 5	656,661,136	115,600,923	541,060,213	17.6	
Sub-programme 3	Kangundo Level 4	36,967,617	24,907,745	12,059,872	67.4	
Sub-programme 4	Matuu Level 4	34,123,954	22,296,029	11,827,925	65.3	
Sub-programme 5	Kathiani Level 4	22,749,302	-	22,749,302	-	
Sub-programme 6	Mwala Level 4	11,374,651	2,505,000	8,869,651	22	
Sub-programme 7	Public Health and Community Outreach	91,820,163	1,028,250	90,791,913	1.1	
Sub-programme 8	Emergency Services	17,984,435	-	17,984,435	-	
TOTAL		4,100,600,064	1,707,736,544	2,392,863,520	41.6	
ROADS, TRANSPORT AND PUBLIC WORKS						
Sub-programme 1	Head quarter Administrative services	257,242,556	75,398,605	181,843,951	29.3	
Sub-programme 2						
Sub-programme 3	County Government Buildings	213,725,949	163,608,048	50,117,901	76.6	
Sub-programme 4	County Fleet Management	65,000,000	38,562,532	26,437,468	59.3	
TOTAL		1,282,217,310	442,346,703	839,870,607	34.5	
EDUCATION, YOUTH AND SOCIAL WELFARE						
Sub-programme 1	Head quarter Administrative services	478,069,486	75,053,161	403,016,325	15.7	
Sub-programme 2	Basic Education	7,000,000	-	7,000,000	-	
Sub-programme 3	Youth Development Services	100,192,410	-	100,192,410	-	
Sub-programme 4	Gender and Social Services	10,000,000	1,353,600	8,646,400	13.5	
TOTAL		595,261,896	76,406,761	518,855,135	12.8	
ENERGY, LANDS, HOUSING AND URBAN DEVELOPMENT						
Sub-programme 1	Lands	63,903,860	15,014,448	48,889,412	23.5	
Sub-programme 2	Energy and Natural Resources	75,238,842	6,030,442	69,208,400	8	
Sub-programme 3	Housing and Urban Development	29,777,391	5,657,166	24,120,225	19	
TOTAL		168,920,093	26,702,056	142,218,037	15.8	
TOURISM, CULTURE, YOUTH AND SPORTS						
Sub-programme 1	General administrative and Support Services	89,967,332	29,744,121	60,223,211	33.1	
Sub-programme 2	Heritage & Culture	2,928,986	-	2,928,986	-	
Sub-programme 3	Liquor Management	159,695	-	159,695	-	
Sub-programme 4	Tourism Development and Marketing	24,295,129	30,000	24,265,129	0.1	
Sub-programme 5	Machawood	2,790,873	-	2,790,873	-	
Sub-programme 6	County Image Directorate	1,800,000	-	1,800,000	-	
Sub-programme 7	Youth and Sports	110,757,740	34,680,783	76,076,957	31.3	
TOTAL		232,699,755	64,454,904	168,244,851	27.7	
COUNTY PUBLIC SERVICE BOARD						
Sub-programme 1	Human Resource and Administration	47,658,601	13,023,009	34,635,593	27.3	
TOTAL		47,658,601	13,023,009	34,635,593	27.3	
COUNTY ASSEMBLY						
Sub-programme 1	Legislation and Oversight	1,276,145,156	405,930,254	870,214,902	31.8	
TOTAL		1,276,145,156	405,930,254	870,214,902	31.8	
GRAND TOTAL		11,019,935,488	3,685,460,816	7,334,474,672	33.4	

Source: Machakos County Treasury

Programmes with the highest levels of implementation based on absorption rates were: County Government Buildings in the Department of Roads, Transport and Public Works at 76.6 per cent, Kangundo Level 4 and Matuu Level 4 in the Department of Health and Emergency Services at 67.4 and 65.3 per cent respectively, and County Fleet Management in the Department of Roads, Transport and Public Works at 59.3 per cent of budget allocation.

3.22.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The complete financial returns were submitted on 22nd January, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.781.03 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.68 billion. The development expenditure represented 21.2 per cent of the annual development budget.
3. Failure to budget for unspent balance of Kshs.433.46 million from FY 2019/20.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County should prepare a supplementary budget to include the unspent balances in the budget.*

3.23 County Government of Makueni

3.23.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.11.67 billion, comprising of Kshs. 5 billion (42.8 per cent) and Kshs.6.67 billion (57.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.41 billion (63.4 per cent) as the equitable share of revenue raised nationally, Kshs.855.94 million (7.3 per cent) as total conditional allocations (CARA 2020), generate Kshs.1.09 billion (9.4 per cent) from own sources of revenue, and a cash balance of Kshs.1.93 billion (16.6 per cent) from FY 2019/20. The County also expects to receive Kshs.385.39 million (3.3 per cent) as "other revenues" not contained in the CARA, 2020.

The "other revenues" consist of Conditional Grant - for COVID 19 Emergency response of Kshs.119.72 million, Nutrition International Kshs.10 million, DANIDA - UHC Health Programme support Kshs.7.95 million, Equitable share from National Government - COVID Health allowances of Kshs.58.83 million, Nutrition International - FY 2019/20 Funds of Kshs.3 million, World Food Programme Funding of Kshs.1 million, Bulk SMS Donor Support of Kshs.100,000, and IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level 2 grant" of Kshs.184.8 million

3.23.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.3.08 billion as the equitable share of the revenue raised nationally. Included in the Kshs.3.08 billion equitable-share was Kshs.636.92 million relating to FY 2019/20. Also received in the first half of FY 2020/21 was Kshs.301.58 million as conditional allocations, raised Kshs.226.97 million as own-source revenue, and a cash balance of Kshs.1.06 billion from FY 2019/20. "Other revenues" receipted consisted of Kshs.5 million for Nutrition International and Kshs.38.8 million for IDA (World Bank) credit: Kenya Urban Support Project (KUSP) - Urban Institutional Grants (UIG). The total funds available for budget implementation during the period amounted to Kshs.4.71 billion as shown in Table 3.131.

Table 3.131: Makueni County, Revenue Performance in the First Half of FY 2020/21

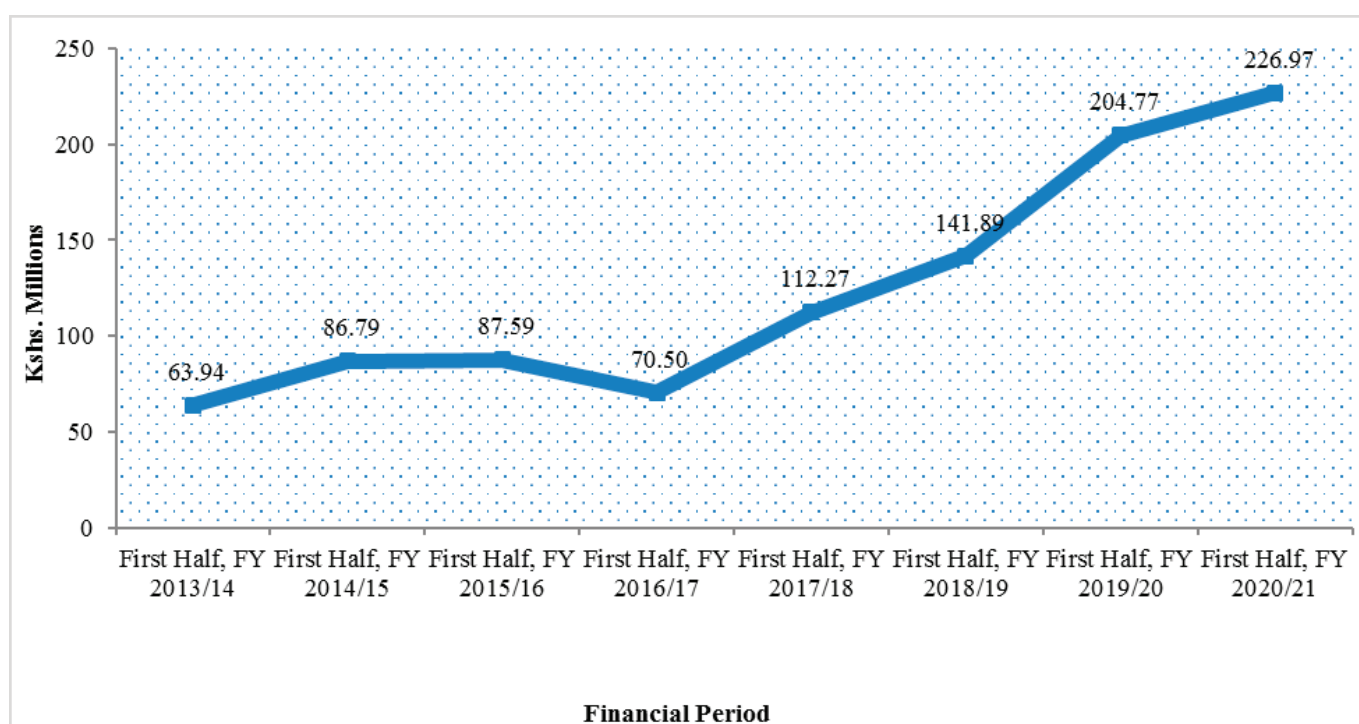
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,406,100,000	7,406,100,000	3,080,937,600	41.6
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	19,435,760	19,435,760	-	-
2	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3	Road Maintenance Fuel Levy Fund	216,965,109	216,965,109	54,241,277	25
4	Rehabilitation of Village Polytechnics	68,299,894	68,299,894	-	-
Sub Total		436,722,040	436,722,040	54,241,277	12.4
C	Loans and Grants from Development Partners				

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Transforming Health systems for Universal care Project (WB)	98,890,804	98,890,804	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,499,820	198,499,820	186,625,037	94
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	DANIDA Grant	21,060,000	21,060,000	10,530,000	50
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	11,000,000	41,236,231	50,179,739	121.7
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,534,090	14,534,090	-	-
Sub Total		388,984,714	419,220,945	247,334,776	59.0
D	Other Sources of Revenue				
1.	Own Source Revenue		1,093,000,000	226,966,343	20.8
2.	Balance B/F from FY2019/20	-	1,932,511,040	1,056,993,892	54.7
3.	Other Revenues	-	385,385,683	43,802,017	11.4
Sub Total		-	3,410,896,723	1,327,762,253	38.9
Grand Total		8,231,806,754	11,672,939,708	4,710,275,905	40.4

Source: Makueni County Treasury

Figure 3.45 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.45: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Makueni County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.226.97 million as own-source revenue. This amount represented an increase of 10.8 per cent compared to Kshs.204.77 million realised during a similar period in FY 2019/20 and was 20.8 per cent of the annual target. Effects of COVID-19 to the economy were highlighted as a contributor the revenue under-performance in the period under review. Climate change was also pointed out as having an influence on Agricultural Cess Collection.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.25 billion from the CRF account during the reporting period. The amount comprised of Kshs.928.18 million (28.6 per cent) for development programmes and Kshs.2.32 billion (71.4 per cent) for recurrent programmes.

3.23.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.21 billion on development and recurrent programmes. The expenditure represented 98.7 per cent of the total funds released by the COB and comprised of Kshs.881.64 million and Kshs.2.33 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 17.6 per cent while recurrent expenditure represented 34.9 per cent of the annual recurrent budget.

3.23.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.55 billion was spent on compensation to employees, Kshs.776.67 million on Operations and Maintenance, and Kshs.881.64 million on development activities as shown in Table 3.132.

Table 3.132: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	6,674,864,839	2,322,675,994	2,326,636,119	34.9
Compensation to Employees	3,964,381,050	1,563,879,048	1,549,968,381	39.1
Operations and Maintenance	2,710,483,789	758,796,946	776,667,738	28.7
Total Development Expenditure	4,998,074,870	928,180,924	881,644,496	17.6
Development Expenditure	4,998,074,870	928,180,924	881,644,496	17.6
Total	11,672,939,709	3,250,856,918	3,208,280,615	27.5

Source: Makeni County Treasury

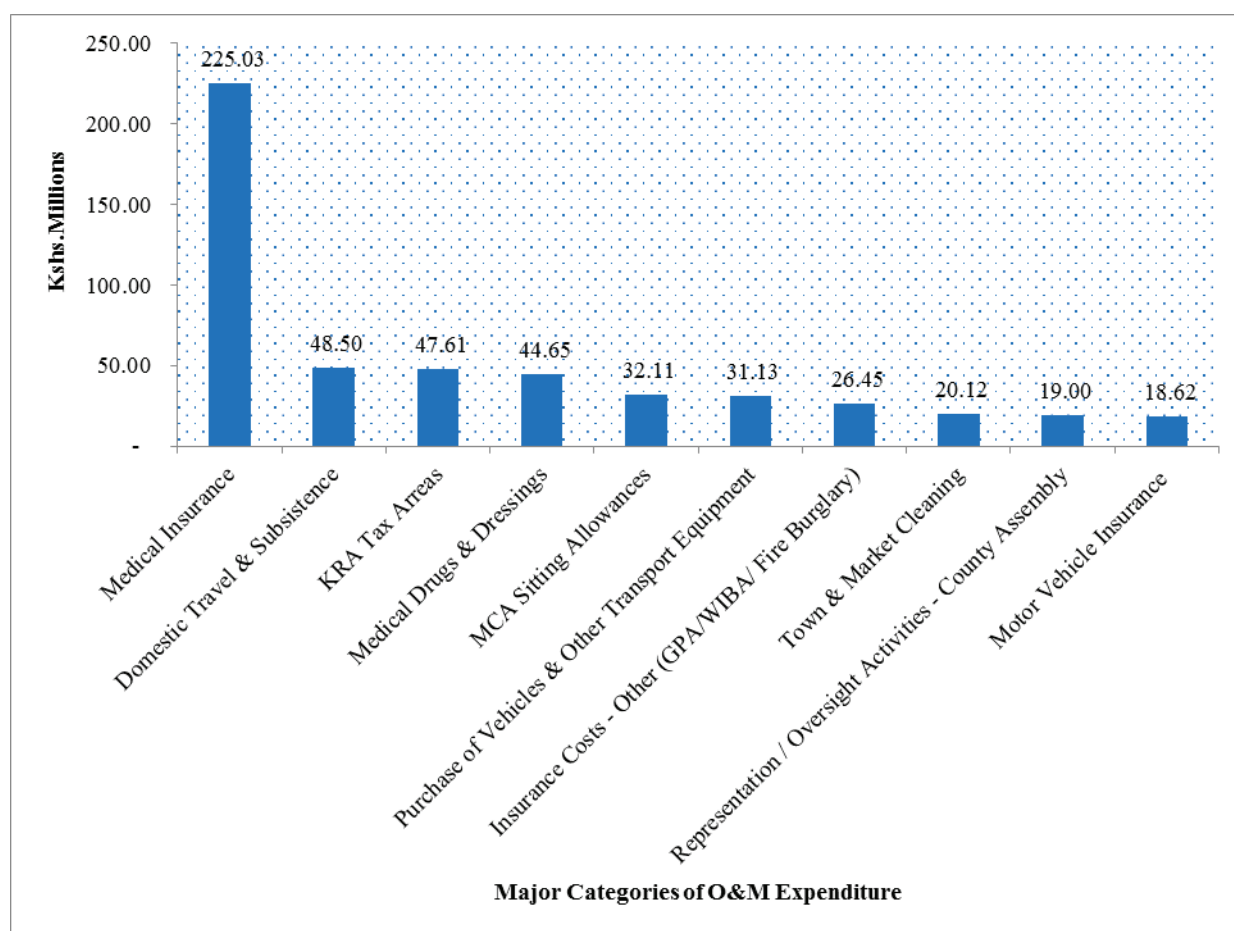
3.23.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 48.2 per cent of the total expenditure for the reporting period and 26.6 per cent of available revenue of Kshs.5.84 billion.

3.23.7 Expenditure on Operations and Maintenance

Figure 3.46 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3.46: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.32.11 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.74 million. The average monthly sitting allowance was Kshs.111,486 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.48.5 million and comprised of Kshs.33.26 million spent by the County Assembly and Kshs.15.25 million by the County Executive.

3.23.8 COVID-19 Budget and Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.186.49 million to cater for COVID-19 related expenditure while a total of Kshs.91.25 million was spent during the reporting period as shown in Table 3.133.

Table 3.133: Makueni County, Implementation status on the utilization of COVID-19 Funds for First Half of FY2020/21

Source of Funds	Budgeted Amount (FY 2020/21) (Kshs.)	Receipts through the CRF Account (Kshs.)	Exchequer Releases through the OCOB (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Grants from the National Government	119,715,000	119,715,000	119,715,000	24,475,469	20.4
Donor Funds (DANI-DA)	7,945,000	7,945,000	7,945,000	7,945,000	100
Health Care workers allowance	58830000	58830000	58830000	58830000	100
Total	186,490,000	186,490,000	186,490,000	91,250,469	48.9

Source: Makueni County, Department of Health Services

A breakdown of the actual COVID-19 expenditure during the period under review is provided in Table 3.134.

Table 3.134: Makueni County, Summary of COVID-19 Expenditure items

S/No.	Description of the expenditure item	Amount spent (Kshs.)
1	Health Care workers allowance	58,830,000
2	Purchase of Personal Protective Equipment (PPEs)	15,827,800
3	Operation and Maintenance – Rural Health Facilities	7,945,000
4	COVID-10 Treatment Unit Management and Operationalization	7,830,940
5	Refined fuel for Coordination of COVID 19 Activities	649,949
6	Health Care Workers' Trainings	106,780
7	Communication and Coordination	60,000
	Total	91,250,469

Source: Makueni County, Department of Health Services

3.23.9 Development Expenditure

The County incurred an expenditure of Kshs.879.69 million on development programmes, which represented an increase of 39.1 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.620.1 million. Table 3.135 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.135: Makueni County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	County wide	198,499,820	149,095,450	75.1
2	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Level 2 grant"		481,447,416	142,430,969	29.6
3	Universal health care programme	County wide	242,465,244	123,300,299	50.9
4	Construction of Thwake bridge	Kalawa	257,053,102	42,216,675	16.4
5	Conditional Allocation for Development of Youth Polytechnics	All wards	98,466,644	29,300,782	29.8
6	Conditional Grant - for COVID 19 Emergency response -		119,715,000	24,475,469	20.4
7	Construction of Kamunyolo Earth dam	Wote	34,933,640	14,971,956	42.9
8	Makueni Fruit Processing Plant Development	Nzaui Kilili Kalamba	100,000,000	11,993,989	12
9	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)- Urban Institutional Grants (UIG)	County Wide	32,978,697	11,889,320	36.1
10	Procurement & Installation Of Hansard In The Chamber And Committee Rooms	Makueni County Assembly	48,000,000	10,000,000	20.8

Source: Makueni County Treasury

3.23.10 Budget Performance by Department

Table 3.136 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.136: Makueni County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	703.98	120.41	304.69	19.23	306.52	19.23	100.6	100	43.5	16.0
Office of the Governor	193.06	-	53.37	-	61.53	-	115.3		31.9	
Office of the Deputy Governor	13.91	-	0.02	-	1.99	-	8,999.2		14.3	
County Attorney's Office	46.63	-	14.91	-	10.30	-	69		22.1	
County Public Service Board	54.42	15.00	22.20	-	14.13	-	63.6		26	-
County Secretary Office	454.10	-	293.79	-	278.48	-	94.8		61.3	
Devolution, Administration, Participatory Development, Youth & Public Service	314.47	58.56	99.14	7.69	96.78	10.43	97.6	135.6	30.8	17.8
Finance and Socio-Economic Planning	543.52	576.64	163.27	3.12	163.90	142.43	100.4	4,560	30.2	24.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Irrigation, Livestock & Fisheries Development	267.42	636.62	95.98	210.89	73.31	178.78	76.4	84.8	27.4	28.1
Water, Environment & Climate Change	162.13	952.27	52.10	164.13	48.44	165.74	93	101	29.9	17.4
Sand Authority	54.54	76.73	7.23	2.85	10.12	2.85	140	100	18.6	3.7
Education and ICT	391.74	334.82	117.65	46.03	94.81	71.92	80.6	156.3	24.2	21.5
Health Services	2,965	815.43	927.71	272.37	1,004.98	179.24	108.3	65.8	33.9	22
The Department of Lands, Mining and Urban Development	117.22	270.71	36.18	45.38	33.10	23	91.5	50.7	28.2	8.5
Transport and Infrastructure	237.84	975.61	87.66	145.01	80.09	74.28	91.4	51.2	33.7	7.6
Trade, Industry, Tourism & Cooperatives	48.14	106.23	17.01	8.14	16.92	10.93	99.5	134.2	35.2	10.3
Gender and Social Services	106.75	59.05	29.78	3.33	31.24	2.80	104.9	84.1	29.3	4.7
TOTAL	6,674.86	4,998.07	2,322.68	928.18	2,326.64	881.64	100.2	95.0	34.9	17.6

Source: Makueni County Treasury

Analysis of expenditure by department shows that The Department of Agriculture, Irrigation, Livestock and Fisheries Development recorded the highest absorption rate of development budget at 28.1 per cent while the County Public Service Board did not report any expenditure on development activities. The County Secretary Office had the highest percentage of recurrent expenditure to recurrent budget at 61.3 per cent while the Office of the Deputy Governor had the lowest at 14.3 per cent.

3.23.11 Budget Execution by Programmes and Sub-Programmes

Table 3.137 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.137: Makueni County, Budget Execution by Programmes and Sub-programmes

Department	Programme / Sub - Programme	Approved Estimates FY 2020/21 (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Implementation status (%)
Agriculture, Livestock & Fisheries	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	613,328,912	205,129,621	408,199,291	33
	Programme 2: Land, Crop development & productivity			-	
	SP2. 1 Land, Crop development & productivity	35,462,343	562,870	34,899,473	2
	P3; Agribusiness and information management			-	-
	SP3. 1 Agribusiness and information management	168,298,835	12,828,649	155,470,186	8
	Programme 4: Livestock Production, Management and Development			-	-
	SP4. 1 Livestock Production, Management and Development	86,946,324	4,142,386	82,803,938	5
	Total Budget	904,036,414	222,663,526	681,372,887	25
	Transport & Infrastructure	Programme 1: General administration & planning			-
SP1. 1 General administration & planning		182,082,672	75,727,713	106,354,959	42
Programme 2: Road transport				-	
SP2. 1 Road transport		926,897,647	77,875,548	849,022,100	8
P3; Infrastructure development				-	
SP3. 1 Infrastructure development		34,735,276	-	34,735,276	-
Programme 2: Energy Infrastructure & development				-	-
SP4. 1 Energy Infrastructure & development		69,741,288	1,478,600	68,262,688	2
Total Budget		1,213,456,884	155,081,861	1,058,375,023	13

Department	Programme / Sub - Programme	Approved Estimates FY 2020/21 (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Implementation status (%)	
Trade, Industry & Cooperatives	Programme 1: General administration & planning			-	-	
	SP1. 1 General administration & planning	42,200,723	17,284,688	24,916,034	41	
	Programme 2: Trade development & promotion			-	-	
	SP2.1; Entrepreneurial development and training			-	-	
	SP2.2; Fair trade and consumer protection			-	-	
	SP2.3; Local markets development			-	-	
	SP2.4; Trade marketing & promotion	84,065,437	4,388,207	79,677,230	5	
	P3; Industrial development and promotion			-	-	
	SP3. 1 Industrial development and promotion	50,000	1,741,800	(1,691,800)	3484	
	Programme 4: Tourism development & promotion			-	-	
	SP4. 1 Tourism development & promotion	6,551,511	289,520	6,261,991	4	
	Programme 5: Cooperative development and management			-	-	
	SP4. 1 Cooperative development and management	21,494,745	4,149,000	17,345,745	19	
	Total Budget	154,362,416	27,853,215	126,509,200	18	
Land, Physical Planning & Mining	Programme 1: General administration & planning			-	-	
	SP1. 1 General administration & planning	41,449,554	10,737,403	30,712,152	26	
	Programme 2: Land Survey & Mapping			-	-	
	SP2. 1 Land Survey & Mapping	62,692,977	2,099,300	60,593,677	3	
	P3; Urban planning			-	-	
	SP3. 1 Urban planning	179,487,454	16,795,095	162,692,360	9	
	Programme 2: Mining mapping & development			-	-	
	SP4. 1 Mining mapping & development	1,522,500	-	1,522,500	-	
	Programme 4: Environment management and protection			-	-	
	SP4. 1 Environment management and protection	102,781,916	26,465,331	76,316,584	26	
	Total Budget	387,934,401	56,097,129	331,837,273	14	
	Water, Irrigation & Environment	Programme 1: General administration & planning			-	-
		SP1. 1 General administration & planning	135,010,304	46,104,142	88,906,162	34
		Programme 2: Water infrastructure Development			-	-
SP 2.1 Water harvesting and storage		404,531,015	74,921,639	329,609,376	19	
SP 2.2. Piped water supply infrastructure		439,316,897	59,744,087	379,572,810	14	
SP2.3 Ground water development		135,534,970	33,406,699	102,128,270	25	
P3; Irrigation infrastructure development				-	-	
SP3. 1 Irrigation infrastructure development				-	-	
Programme 4: Environment management and protection				-	-	
SP4. 1 Environment management and protection		-	-	-	-	
Total Budget		1,114,393,185	214,176,567	900,216,618	19	
Sand Authority		Programme 1: General administration & planning			-	-
		SP1. 1 General administration & planning	131,262,726	12,966,711	118,296,015	10
		Total Budget	131,262,726	12,966,711	118,296,015	10
Education & ICT	Programme 1: General administration & planning			-	-	
	SP1. 1 General administration & planning	372,593,466	88,249,422	284,344,043	24	
	Programme 2: Early childhood education			-	-	
SP1. 1 Early childhood education	119,408,409	28,970,656	90,437,753	24		

Department	Programme / Sub - Programme	Approved Estimates FY 2020/21 (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Implementation status (%)
	Programme 3: Technical training & non-formal education			-	-
	SP1. 1 Technical training & non-formal education	30,157,272	33,613,363	(3,456,092)	111
	Programme 4: Support to education			-	-
	SP1. 1 Support to education	70,374,644	1,999,840	68,374,804	3
	Programme 5; ICT Infrastructure & Systems Development			-	-
	SP3. 1 ICT Infrastructure & Systems Development	55,897,517	6,566,207	49,331,310	12
	Programme 6; Youth Development support & Empowerment			-	-
	SP6. 1 Youth Development	-	-	-	-
	Programme 7: Sports Development			-	-
	SP7. 1 Sports Development	78,122,930	7,338,490	70,784,440	9
	Total Budget	726,554,237	166,737,978	559,816,259	23
Health	Programme 1: General administration & planning			-	-
	SP1. 1 General administration & planning	3,386,647,973	1,137,917,005	2,248,730,968	34
	Programme 2: Curative health care services			-	-
	SP2. 1: Curative health care services	255,393,727	44,653,681	210,740,046	17
	Programme 3; Preventive and promotive health care services			-	-
	SP3. 1 Preventive and promotive health care services	138,388,507	1,645,160	136,743,347	1
	Total Expenditure of Vote	3,780,430,207	1,184,215,847	2,596,214,360	31
Youth, Gender & Social Services	Programme 1: General administration & planning			-	-
	SP1. 1 General administration & planning	102,154,282	30,616,337	71,537,945	30
	Programme 2: Gender & Social Development			-	-
	SP2. 1 Gender & Social Development	63,640,575	3,429,824	60,210,751	5
	P3; Youth Development support & Empowerment			-	-
	SP3. 1 Youth Development			-	-
	Programme 2: Sports Development			-	-
	SP4. 1 Sports Development			-	-
	Total Budget	165,794,857	34,046,161	131,748,696	21
County Attorney	Programme 1: Legal & advisory services			-	-
	SP1. 1 Legal & advisory services	46,631,942	10,295,811	36,336,132	22
	Total Budget	46,631,942	10,295,811	36,336,132	22
County Secretary	Programme 1: Leadership and coordination of departments.			-	-
	SP1. 1 Leadership and coordination of departments.	454,100,746	278,484,086	175,616,661	61
	Total Budget	454,100,746	278,484,086	175,616,661	61
Governorship	Programme 1: General administration & planning			-	-
	SP1. 1 General administration & planning	206,970,183	63,521,474	143,448,709	31
	Total Budget	206,970,183	63,521,474	143,448,709	31
Devolution & Public Service	Programme 1: General administration & planning			-	-
	SP1. 1 General administration & planning	234,751,808	83,853,459	150,898,349	36
	Programme 2: Public Participation & Civic Education			-	-
	SP2. 1: Public Participation & Civic Education	39,590,000	8,474,710	31,115,290	21
	Programme 3; Information and communication			-	-
	SP3. 1 Information and communication	12,570,000	366,500	12,203,500	3
	Programme 4: Enforcement and compliance			-	-

Department	Programme / Sub - Programme	Approved Estimates FY 2020/21 (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Implementation status (%)
	SP4. 1 Enforcement and compliance	41,950,000	8,232,191	33,717,809	20
	Programme 5:Volunteerism & mentorship			-	-
	SP5. 1 Volunteerism & mentorship	-	-	-	-
	Programme 6; Youth Development support & Empowerment			-	-
	SP6. 1 Youth Development	44,166,555	6,280,527	37,886,028	14
	Total Budget	373,028,362	107,207,387	265,820,976	29
County Public Service Board	Programme 1: General Administration and Planning			-	-
	SP1.1: General Administration and Planning	69,424,545	14,129,749	55,294,796	20
	Total Budget	69,424,545	14,129,749	55,294,796	20
Finance & Socio-Economic Planning	Programme 1: General administration & planning			-	-
	SP1. 1 General administration & planning	954,130,967	301,255,846	652,875,121	32
	Programme 2: Public financial management			-	-
	SP2.1 Accounting services	11,075,000	2,299,833	8,775,167	21
	SP2.2; Budget formulation, coordination and management	29,139,550	10,359,980	18,779,569	36
	SP2.3; Internal audit services	13,739,203	2,161,124	11,578,079	16
	SP2.4; Resource mobilisation	58,905,000	1,756,484	57,148,516	3
	SP2.5; Supply chain management services	6,065,465	1,735,943	4,329,522	29
	SP2.6; Economic planning	47,110,194	2,661,333	44,448,861	6
	Total Budget	1,120,165,378	322,230,545	797,934,834	29
County Assembly	Legislation & Oversight	824,393,224	282,762,609	541,630,615	34
Grand Total		11,672,939,708	3,152,470,655	8,520,469,054	27

Source: Makueni County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Industrial development and promotion in the Department of Trade, Industry, Tourism & Cooperatives at 3,483.6 per cent, Technical Training & Non-Formal Education in the Department of Education and ICT at 111.5 per cent, and Leadership and Coordination of Departments in the County Secretary Office at 61.3 per cent of budget allocation. The absorption rates above 100 per cent should be regularised in the next Supplementary Budget.

3.23.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.879.69 million in the first half of FY 2020/21 compared with the annual development budget allocation of Kshs.5 billion. The development expenditure represented 17.6 per cent of the annual development budget.
2. Under-performance of own source revenue collection at Kshs.226.97 million against an annual projection of Kshs.1.09 billion, representing 20.8 per cent of the annual target.

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

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*

3.24 County Government of Mandera

3.24.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.13.32 billion, comprising of Kshs.6.15 billion (46.2 per cent) and Kshs.7.17 billion (53.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.10.22 billion (76.8 per cent) as the equitable share of revenue raised nationally, Kshs.1.22 billion (9.2 per cent) as total conditional grants, generate Kshs.200.04 million (1.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.67 billion (12.6 per cent) from FY 2019/20.

3.24.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.3.37 billion as the equitable share of the revenue raised nationally, Kshs.279.84 million as conditional grants, raised Kshs.70.15 million as own-source revenue, and had a cash balance of Kshs.1.27 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5 billion as shown in Table 3.138.

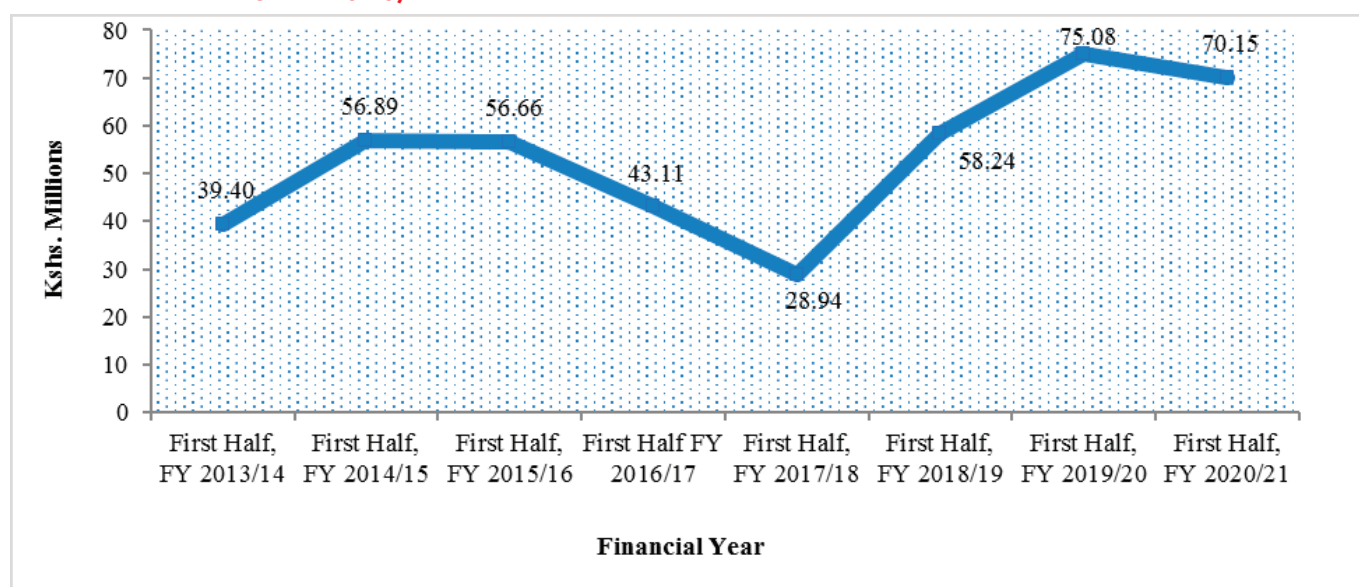
Table 3.138: Mandera County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,222,950,000	10,222,950,000	3,373,573,500	33
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	25,474,920	25,474,920	-	-
2.	Leasing of Medical Equipment	132,021,277		-	-
3.	Road Maintenance Fuel Levy Fund	304,694,480	304,694,480	-	-
4.	Rehabilitation of Youth Polytechnics	15,049,894	15,049,894	6,650	0.0
Sub Total		477,240,571	345,219,294	6,650	0.1
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	300,000,000	144,609,161	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	290,090,936	324,000,000	100,455,119	31
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	175,819,500	50,066,573	28.5
5.	DANIDA Grant	29,070,000	29,070,000	-	-
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	143,000,000	129,309,291	90.4
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,048,048	17,048,048	-	-
Sub Total		681,208,984	878,546,709	279,830,982	31.9
D.	Other Sources of Revenue				
8.	Own Source Revenue	-	200,037,792	70,154,020	35.1
1.	Balance b/f from FY 2019/20	-	1,672,971,298	1,274,244,865	76.2
Sub Total		-	1,873,009,089	1,344,398,885	71.8
1.	Grand Total	11,381,399,555.	13,319,725,092	4,997,810,017	37.5

Source: Mandera County Treasury

Figure 3.47 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.47: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Mandera County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.70.15 million as own-source revenue. This amount represented a decrease of 6.6 per cent compared to Kshs.75.08 million realised during a similar period in FY 2019/20 and was 35.1 per cent of the annual target.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.43 billion from the CRF account during the reporting period. The amount comprised of Kshs.1.37 billion (30.9 per cent) for development programmes and Kshs.3.07 billion (69.1 per cent) for recurrent programmes.

3.24.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.4.65 billion on development and recurrent programmes. The expenditure represented 104.9 per cent of the total funds released by the COB and comprised of Kshs.1.33 billion and Kshs.3.32 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 21.7 per cent while recurrent expenditure represented 46.3 per cent of the annual recurrent expenditure budget.

3.24.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.93 billion was spent on compensation to employees, Kshs.1.39 billion on operations and maintenance, and Kshs.1.33 billion on development activities as shown in Table 3.139

Table 3.139: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	7,169,045,514	3,320,112,783	46.3
Compensation to Employees	3,288,262,563	1,928,849,001	58.7
Operations and Maintenance	3,880,782,951	1,391,263,782	35.9
Total Development Expenditure	6,150,679,578	1,332,210,360	21.7
Development Expenditure	6,150,679,578	1,332,210,360	21.7
Total	13,319,725,092	4,652,323,143	34.9

Source: Mandera County Treasury

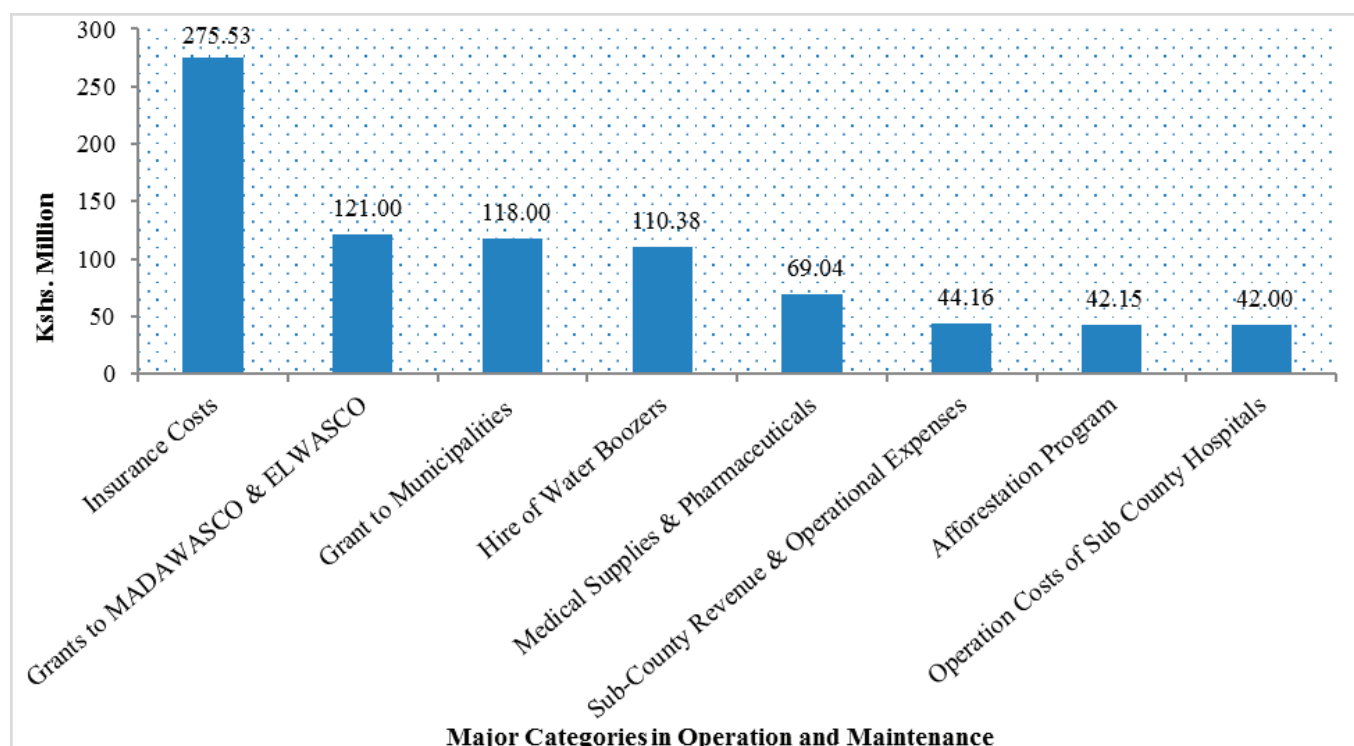
3.24.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 41.5 per cent of the total expenditure for the reporting period and 29 per cent of half year proportional revenue estimate of Kshs.6.6 billion.

3.24.7 Expenditure on Operations and Maintenance

Figure 3.48 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.48: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: Mandera County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.17.37 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.55 million. The average monthly sitting allowance was Kshs.59,076 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.23.46 million and comprised of Kshs.7.73 million spent by the County Assembly and Kshs.15.73 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16 million and comprised of Kshs.12 million incurred by the County Assembly and Kshs.4 million incurred by the County Executive.

3.24.8 COVID-19 Expenditure

The County reported an expenditure of Kshs.614.47 million on COVID-19 related interventions. The financing of this expenditure was from grant from the National Government for Covid 19 of Kshs. 391.32 million, grant from the National Government for allowances for frontline healthcare workers of Kshs.31.85 million, DANIDA grant of Kshs. 11.31 million, and County's own contribution from its resources of Kshs.180 million. The County however did not provide a disaggregation of the COVID-19 expenditure.

3.24.9 Development Expenditure

The County incurred an expenditure of Kshs.1.33 billion on development programmes, which represented an increase of 5.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.26 billion. Table 3.140 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.140: Mandera County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Drilling and Equipping of new boreholes throughout the County	County Wide	135,000,000	135,000,000	100.0
2	Road Maintenance Fuel Levy (Conditional Grant) B/F - Fund Released	County Wide	160,026,064	72,546,304	45.3
3	Proposed Completion of Governor's Residence	Mandera East	81,120,492	61,120,492	75.3
4	Construction of Water and Sewerage infrastructure at MCHR	Mandera East	51,180,917	51,180,917	100.0
5	Kenya Urban Support Program (Conditional Grant) b/f - Not Released	Mandera East	98,923,344	50,066,573	50.6

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
6	Under Provision for Mandera Teachers Training College	Mandera East	155,500,000	50,000,000	32.2
7	Proposed construction of KMTC in Mandera East	Mandera East	163,611,577	50,000,000	30.6
8	Solar street lighting - Elwak	Mandera South	39,327,845	39,327,845	100
9	Proposed Construction of 3 No. Wards, Maternity Block, Laboratory Block & Store At Banisa Level IV Hospital At Banisa Sub County 777750	Banisa	60,247,546	35,000,000	58.1
10	Under Provision for Construction of Kutulo level IV hospital	Kutulo	48,971,553	30,000,000	61.3

Source: Mandera County Treasury

3.24.10 Budget Performance by Department

Table 3.141 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.141: Mandera County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	790.83	221.22	278.07	35.57	276.12	-	99.3	-	34.9	-
Agriculture and livestock	238.84	897.59	62.97	149.92	73.49	176.58	116.7	117.8	30.8	19.7
Education, Culture and Sports	325.86	361.02	152.85	50.00	174.96	50	114.5	100	53.7	13.8
Genders, Social Services and Youth Affairs	73.52	123.89	24.38	-	26.28	-	107.8	-	35.7	-
Finance and Economic Planning and ICT	586.75	51.83	148.95	-	169.55	-	113.8	-	28.9	-
Health Services	2,042.9	880.54	940.06	178.58	1,045.87	178.58	111.3	100	51.2	20.3
Trade, Investments, Industrialisation, and Co-operative Development	49.49	135.96	16.93	10.00	22.31	10	131.8	100	45.1	7.4
Lands, Housing Developments and Physical Planning	317.42	281.74	164.74	53.07	167.66	53.07	101.8	100	52.8	18.8
Office of the Governor and Deputy Governor	472.20	-	150.46	-	168.79	-	112.2	-	35.7	-
County Public Service Board	69.60	12.00	23.78	-	26.81	-	112.7	-	38.5	-
Public Service Management and Devolved Units	1,331.9	149.37	645.40	10.45	696.96	10.45	108.0	100	52.3	7.0
Public Works Roads and Transport	154.11	1,308.66	78.45	247.91	86.85	247.91	110.7	100	56.4	18.9
Water, Energy, Environment and Natural Resources	715.61	1,726.86	378.10	632.28	384.47	605.62	101.7	95.8	53.7	35.1
Total	7,169.1	6,150.7	3,065.1	1,367.8	3,320.1	1,332.2	108.3	97.4	46.3	21.7

Source: Mandera County Treasury

Analysis of expenditure by department shows that the Department of Water, Energy, Environment and Natural Resources recorded the highest absorption rate of development budget at 35.1 per cent. The Department of Public Works Roads and Transport had the highest percentage of recurrent expenditure to recurrent budget at 56.4 per cent while the Department of Finance and Economic Planning and ICT had the lowest at 28.9 per cent.

3.24.11 Budget Execution by Programmes and Sub-Programmes

Table 3.142 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.142: Mandera County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Livestock Agricultural Sector Support	Agricultural Infrastructure, Conservation and Research	613,190,420	71,966,696	541,223,724	11.7
	Livestock Agricultural Sector Support	208,154,333	85,773,737	122,380,596	41.2
	Sub total	821,344,753	157,740,433	663,604,320	19.2
Co-operative Development Programmes	Cooperatives Agricultural Support	11,100,000	2,500,000	8,600,000	22.5
	Sub total	11,100,000	2,500,000	8,600,000	22.5
Trade development	Trade development &Promotion	184,651,853	29,627,682	155,024,171	16
	Sub total	184,651,853	29,627,682	155,024,171	16
Youth Rehabilitation and Development	Youth Development Programmes and Policy	123,890,988	-	123,890,988	-
	Sub total	123,890,988	-	123,890,988	-
Physical Infrastructure Development	Infrastructure & Equipment	281,744,752	79,004,919	202,739,834	28
	Infrastructure Construction, Expansion and Maintenance	880,544,060	204,660,456	675,883,604	23.2
	Infrastructure Development and Expansion	149,371,471	11,050,483	138,320,988	7.4
	Infrastructure Development and Expansion	1,088,675,003	424,886,518	663,788,485	39
	Sub total	2,400,335,286	719,602,376	1,680,732,911	30
Administration & Compensation	General Administration & Support Services	703,665,141	318,519,626	385,145,515	45.3
	General Administration & Support Services	2,716,025,034	1,243,252,092	1,472,772,941	45.8
	Sub total	3,419,690,175	1,561,771,718	1,857,918,456	45.7
Administration, Planning and Support Services	Administration Services	3,075,475,253	870,530,625	2,204,944,628	28.3
	Administration and Support Services	169,323,062	53,834,223	115,488,839	31.8
	Sub total	3,244,798,314	924,364,847	2,320,433,467	28.5
Sports and Early Childhood Development Education (ECDE)	ECDE Infrastructure.	361,020,068	55,529,500	305,490,568	15.4
	Sub total	361,020,068	55,529,500	305,490,568	15.4
Legislation & Oversight Services	County Assembly Administration offices	221,218,668	35,570,232	185,648,436	16.1
	Sub total	221,218,668	35,570,232	185,648,436	16.1
Financial Services	Procurement Services	51,825,600	-	51,825,600	-
	Sub total	51,825,600	-	51,825,600	-
Water Provision Services	Water Storage Structures	1,365,446,271	610,200,980	755,245,292	44.7
	Water provision services	785,032,458	340,359,139	444,673,319	43.4
	Sub total	2,150,478,729	950,560,118	1,199,918,610	44.2
Solar Energy and Environmental Services	Street lighting	242,116,629	162,638,930	79,477,699	67.2
	Environmental Protection	87,254,030	42,149,350	45,104,680	48.3
	Sub total	329,370,659	204,788,280	124,582,379	62.2
Grand Total		13,319,725,092	4,642,055,186	8,677,669,906	34.9

Source: Mandera County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Street Lighting at 67.2 per cent, Environmental Protection at 48.3 per cent, and Water Storage Structures at 44.7 per cent of budget allocation.

3.24.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.33 billion in the first half of FY 2020/21 from the annual development budget allocation of Kshs.6.15 billion. The development expenditure represented 21.7 per cent of the annual development budget.
2. The underperformance of own source revenue at Kshs.70.15 million against an annual projection of Kshs.200.04 million, representing 35.1 per cent of the annual target.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County should address its own source revenue performance to ensure the approved budget is fully financed.

3.25 County Government of Marsabit

3.25.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 is Kshs.8.02 billion, comprising of Kshs.3.68 billion (45.9 per cent) and Kshs.4.34 billion (54.1 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expects to receive Kshs.6.87 billion (85.7 per cent) as the equitable share of revenue raised nationally, Kshs.999.79 million (12.5 per cent) as total conditional grants, generate Kshs.150 million (1.8 per cent) from own sources of revenue. The County did not include in the budget the cash balance of Kshs.583.12 million brought forward from FY 2019/20.

3.25.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.24 billion as the equitable share of the revenue raised nationally, Kshs.169.32 million as conditional grants, raised Kshs.53.4 million as own-source revenue, and had a cash balance of Kshs.583.12 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.04 billion as shown in Table 3.143

Table 3.143: Marsabit County, Revenue Performance in the First Half of FY 2020/21

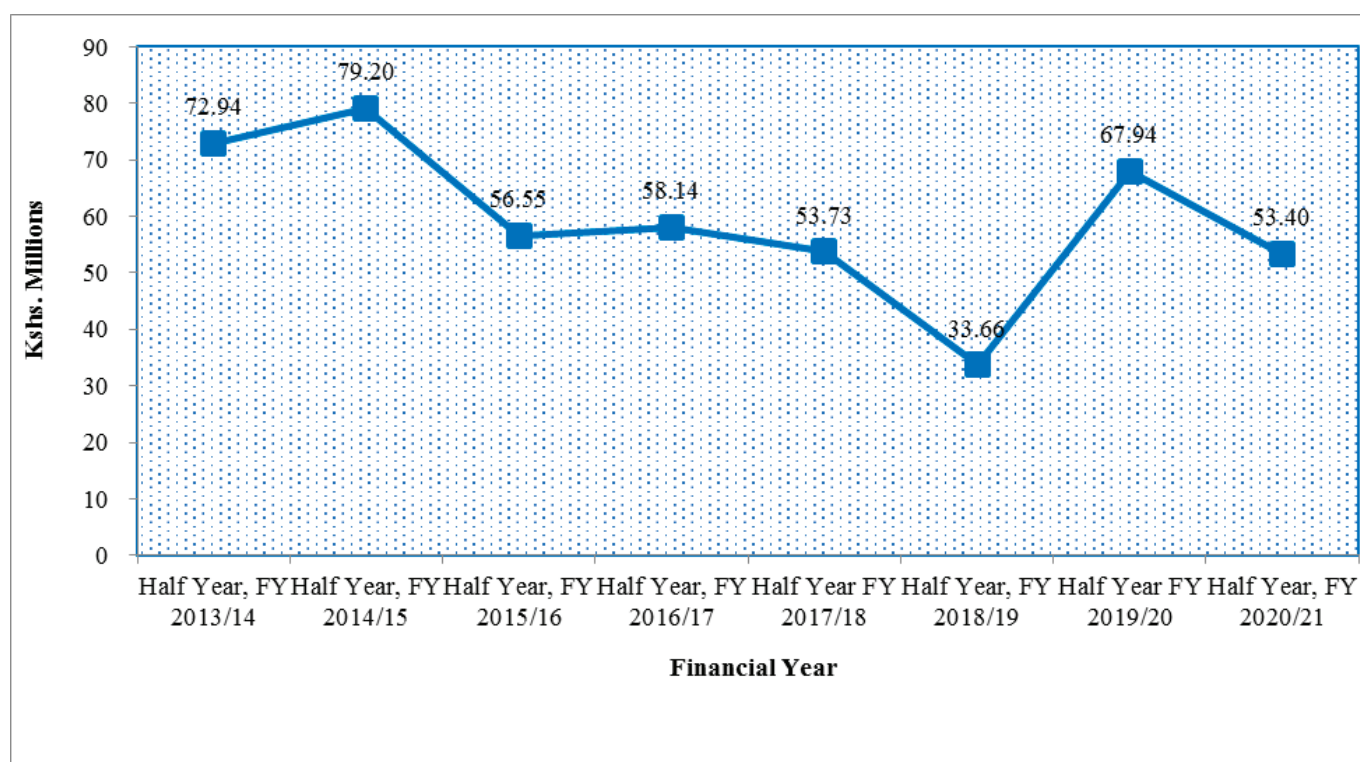
S / No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,773,100,000	6,868,050,000	2,235,123,000	32.5
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	6,643,714	6,643,714	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	204,701,864	204,701,864	-	-
4.	Rehabilitation of Village Polytechnics	10,699,894	10,699,894	-	-
5.	Grant for COVID-19	-	28,819,000	59,239,000	205.6
Sub Total		354,066,749	382,885,749	59,239,000	15.5
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	99,759,979	99,759,979	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	319,933,840	319,933,840	100,455,119	31.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	DANIDA Grant	19,260,000	19,260,000	9,630,000	50
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	16,140,048	16,140,048	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,810,792	16,810,792	-	-

S / No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	100,000,000	100,000,000	-	-
Sub Total		616,904,659	616,904,659	110,085,119	17.8
D Other Sources of Revenue					
1.	Own Source Revenue	-	150,000,000	53,402,424	35.6
2.	Balance b/f from FY 2019/20	-	-	583,124,498	-
Sub Total		-	150,000,000	636,526,922	424.4
Grand Total		7,744,071,408	8,017,840,408	3,040,974,041	37.9

Source: Marsabit County Treasury

Figure 3.49 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.49: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Marsabit County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.53.4 million as own-source revenue. This amount represented a decrease of 21.4 per cent compared to Kshs.67.94 million realised during a similar period in FY 2019/20 and was 35.6 per cent of the annual target.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.81 billion from the CRF account during the reporting period. The amount comprised of Kshs.937.61 million (33.4 per cent) for development programmes and Kshs.1.87 billion (66.6 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.33 billion on development and recurrent programmes. The expenditure represented 82.8 per cent of the total funds released by the COB and comprised of Kshs.950.84 million and Kshs.1.38 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 25.8 per cent while recurrent expenditure represented 31.7 per cent of the annual recurrent budget.

3.25.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.03 billion was spent on Compensation to Employees, Kshs.344.84 million on Operations and Maintenance, and Kshs.950.84 million on development activities as shown in Table 3.144.

Table 3.144: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,337,619,991	1,871,641,647	1,376,595,404	31.7
Compensation to Employees	2,750,598,303	1,031,752,101	1,031,752,101	37.5
Operations and Maintenance	1,587,021,688	839,889,546	344,843,303	21.7
Total Development Expenditure	3,680,220,417	937,605,579	950,844,300	25.8
Development Expenditure	3,680,220,417	937,605,579	950,844,300	25.8
Total	8,017,840,408	2,809,247,226	2,327,439,704	29

Source: Marsabit County Treasury

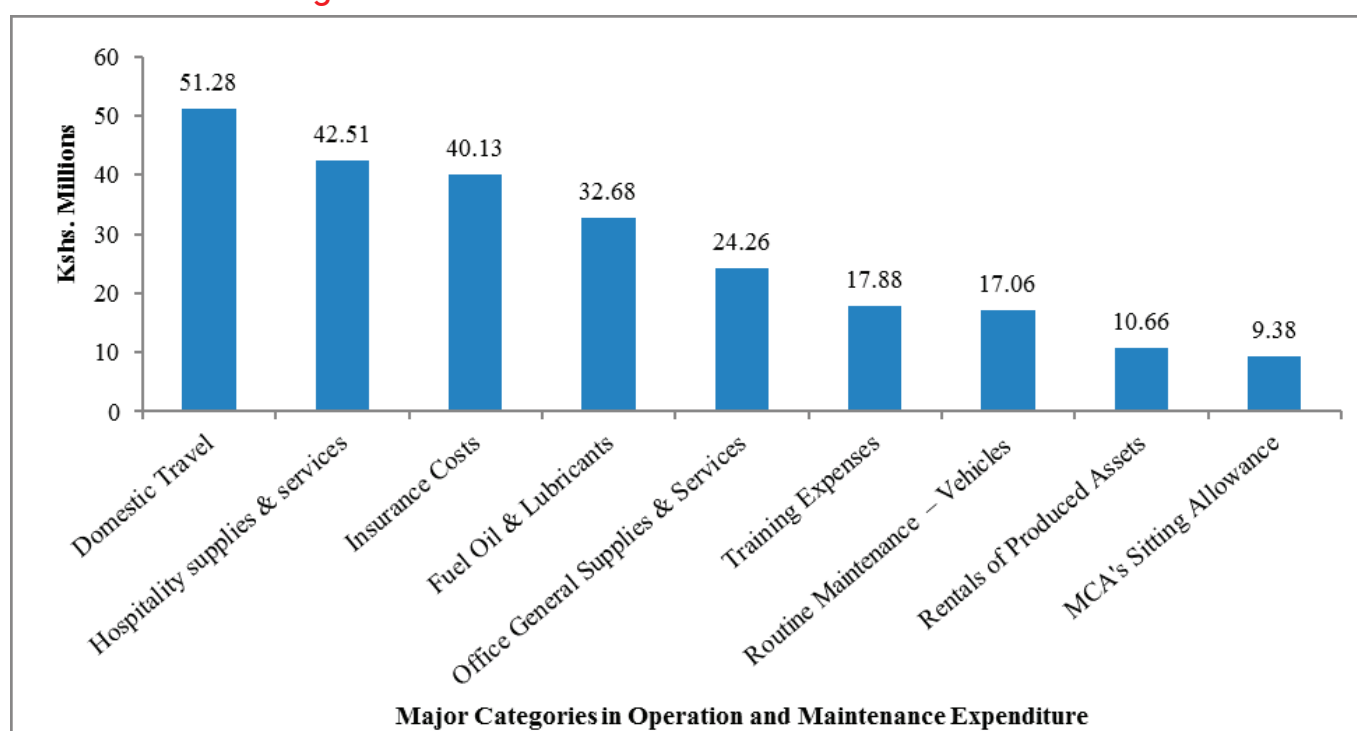
3.25.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 44.3 per cent of the total expenditure for the reporting period and 12.9 per cent of half year proportional revenue estimate of Kshs.4.09 billion.

3.25.7 Expenditure on Operations and Maintenance

Figure 3.50 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.50: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: Marsabit County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.9.38 million on committee sitting allowances for the 31 MCAs and Speaker against the annual budget allocation of Kshs.40 million. The average monthly sitting allowance was Kshs.50,408 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.51.28 million and comprised of Kshs.8.65 million spent by the County Assembly and Kshs.42.63 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.06 million incurred by the County Executive.

3.25.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county received a grant of Kshs. 28.82 million to cater for COVID-19 related expenditure while Kshs 38.22 million was brought forward from FY 2019/20. The county did not report any expenditure towards COVID 19 in the reporting period.

3.25.9 Development Expenditure

The County incurred an expenditure of Kshs.950.84 million on development programmes, which represented an increase of 34.1 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.709.31 million. Table 3.145 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.145: Marsabit County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Supply and delivery of famine relief food	All Wards	360,000,000	360,000,000	360,000,000	100
2	Completion of Sololo Level IV Hospital	Sololo	93,000,000	50,000,000	50,000,000	53.8
3	Proposed completion of modern market	Marsabit	65,000,000	45,400,000	45,400,000	69.8
4	Proposed erection and completion of tuition block for Kmtc at marsabit Hospital	Marsabit	75,000,000	35,274,231	35,274,231	47
5	Upgrading of moyale town roads to bitumen standard	Moyale	98,237,063	15,000,000	15,769,402	16.1
6	Desilting and expansion of teso water pan in butiye ward	Moyale	3,500,000	3,500,000	3,499,800	100

Source: Marsabit County Treasury

3.25.10 Budget Performance by Department

Table 3.146 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.146: Marsabit County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	680.18	50	219.51	-	160.73	-	73.2	-	23.6	-
County Executive Services	535	460	232.47	361.06	185.54	360.11	79.8	99.7	34.7	78.3
Finance Management Services	348	139.28	153.49	-	99.23	32.28	64.6	-	28.5	23.2
Agriculture, Livestock, Fisheries	200	554.98	88.80	44.56	55.90	-	63	-	28	-
County Public Service	90	5	48.01	-	30.41	-	63.4	-	33.8	-
Education Youth Affairs	324	290.80	140.42	67.70	87.05	81.49	62.0	120.4	26.9	28
County Health Services	1,278.44	937.29	580.66	200.63	500.51	279.66	86.2	139.4	39.2	29.8
Administration and ICT	330.00	16.15	146.11	-	116.45	4.64	79.7	-	35.3	28.7
Physical Planning and Development, Energy, Lands	143	93.35	70.56	40.94	30.02	23.64	42.5	57.7	21	25.3
Public Works, Roads	93	413.14	44.52	46.00	32.54	55.55	73.1	120.8	35	13.4
Water, Environment	135	557.46	70.88	104.82	38.26	56.76	54	54.2	28.3	10.2
Trade and Industry	81	107.40	44.61	54.60	22.79	46.82	51.1	85.8	28.1	43.6
Tourism, Culture and Social Services	100	55.35	31.60	17.30	17.15	9.90	54.3	57.2	17.2	17.9
TOTAL	4,337.62	3,680.22	1,871.64	937.61	1,376.60	950.84	73.6	101.4	31.7	25.8

Source: Marsabit County Treasury

Analysis of expenditure by department shows that the Department of Executive Services recorded the highest absorption rate of development budget at 78.3 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to recurrent budget at 39.2 per cent while the Department of Tourism, Culture and Social Services had the lowest at 17.2 per cent.

3.25.11 Budget Execution by Programmes and Sub-Programmes

Table 3.147 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.147: Marsabit County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes							
Programme	Sub- Programme	Approved (Kshs)	Budget	Actual (Kshs)	Payments	Variance	Absorption (%)
County Assembly of Marsabit	Operations and Oversight	730,182,991		160,728,055		569,454,936	22.0
Physical Planning And Development	Urban Development Services	-		-		-	-
	Lands and Physical Planning Services	93,350,000		23,638,992		69,711,008	25.3
	General administration planning and Support Services	143,000,000		30,020,027		112,979,973	21.0
	Sub total	236,350,000		53,659,019		182,690,981	22.7
Education	General Administration, Planning and Support Services	324,000,000		87,051,702		236,948,298	26.9
	Pre – Primary Education	290,803,724		81,485,448		209,318,276	28.0
	Youth Development	-		-		-	-
	Vocational Education and Training	-		-		-	-
	Sports	-		-		-	#DIV/0!
	Sub total	614,803,724		168,537,150		446,266,574	27.4
Executive Services	General Administration, Planning and Support Services	360,000,000		344,110,930		15,889,070	95.6
	Management of County Affairs	635,000,000		201,539,473		433,460,527	31.7
	Public Sector Advisory Services	-		-		-	-
	Inter/Intra Governmental	-		-		-	-
	County Legal Services	-		-		-	-
	Sub total	995,000,000		545,650,403		449,349,597	54.8
Administration And ICT	General administration planning and Support Services	330,000,000		116,454,029		213,545,971	35.3
	ICT infrastructure	16,150,000		4,640,000		11,510,000	28.7
	Coordination of functions of devolved Units	-		-		-	-
	Public Participation and Civic Education	-		-		-	-
	Sub total	346,150,000		121,094,029		225,055,971	35
Agriculture and Livestock Development	General Administration, Planning and Support Services	90,116,158		36,230,119		53,886,039	40.2
	Livestock Resources Management and Development	88,652,172		17,309,239		71,342,933	19.5
	Fisheries Development and Management	21,231,666		2,364,800		18,866,866	11.1
	Crop Development and Management	554,984,815		-		554,984,815	-
	Sub total	754,984,811		55,904,158		699,080,653	7.4
Health Services	Curative Health Services	-		-		-	#DIV/0!
	General Administration, Planning and Support Services	2,215,731,869		780,170,672		1,435,561,197	35.2
	Maternal and child health	-		-		-	-
	Sub total	2,215,731,869		780,170,672		1,435,561,197	35.2
County Public Service Board	General administration planning and Support Services	95,000,000		30,414,105		64,585,895	32.0
	Human Resource Management and Development	-		-		-	-
	Sub total	95,000,000		30,414,105		64,585,895	32
Culture and Social Services	Youth Development	-		-		-	-
	Culture Services	55,350,000		9,895,200		45,454,800	-
	Social Services	-		-		-	-
	General administration, planning and support services	100,000,000		17,154,934		82,845,066	17.2
	Sub total	155,350,000		27,050,134		128,299,866	17.4

Budget Execution by Programmes and Sub-Programmes							
Programme	Sub- Programme	Approved (Kshs)	Budget	Actual (Kshs)	Payments	Variance	Absorption (%)
Finance and Economic Planning	General administration planning and Support Services		348,000,000		99,225,370	248,774,630	28.5
	Public Finance Management		94,284,991		29,752,700	64,532,291	
	Economic and financial policy Formulation		45,000,000		2,525,000	42,475,000	5.6
	Sub total		487,284,991		131,503,070	355,781,921	27.0
Roads, Housing and Public Works	Road Transport Infrastructure Development		413,138,927		55,549,959	357,588,968	13.4
	Housing Development		-		-	-	-
	General administration planning and Support Services		93,000,000		32,540,165	60,459,835	35
	Sub total		506,138,927		88,090,124	418,048,803	17.4
Trade, Industry & Enterprise Development	General administration planning and Support Services		81,000,000		22,794,811	58,205,189	28.1
	Trade and Industrial Development		-		-	-	
	Enterprise Development		107,400,000		46,824,700	60,575,300	43.6
	Sub total		188,400,000		69,619,511	118,780,489	37
Water	Water Resources Management		557,463,091		56,761,437	54,624,099	10.2
	General administration planning and Support Services		92,728,213		35,156,637	209,600	37.9
	Natural Resources Conservation and Management		42,271,787		3,101,200	475,900	7.3
	Sub total		692,463,091		95,019,274	55,309,599	13.7
Grand Total		8,017,840,404		2,327,439,704	5,148,266,482	29	

Source: Marsabit County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support in the Department of Executive Services at 95.6 per cent, Enterprise Development in the Department of Trade at 43.6 per cent and the Management of County Affairs in the Department of Executive Services at 31.7 per cent of budget allocation.

3.25.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.950.84 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.68 billion. The development expenditure represented 25.8 per cent of the annual development budget.
2. Under performance of own revenue at Kshs.53.4 million against an annual projection of Kshs.150 million, representing 35.6 per cent of the annual target.
3. Failure to budget for unspent cash FY 2019/20 which amounted to Kshs.583.12 million.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County should address its own source revenue performance to ensure the approved budget is fully financed.
3. The County should prepare a Supplementary budget to ensure that cash balances from FY 2019/20 are captured appropriately in the FY 2020/21 budget.

3.26 County Government of Meru

3.26.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.11.78 billion, comprising of Kshs.3.82 billion (32.4 per cent) and Kshs.7.97 billion (67.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.04 billion (68.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.48 billion (12.5 per cent) as total conditional grants, generate Kshs.600 million (5.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.45 billion (12.3 per cent) from FY 2019/20. The County also expects to receive Kshs.220 million (1.9 per cent) as Appropriation-in-Aid (A-I-A).

3.26.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.3.34 billion as the equitable share of the revenue raised nationally, Kshs.301.82 million as conditional grants, raised Kshs.152.73 million as own-source revenue, and had a cash balance of Kshs.238.94 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.4.04 billion as shown in Table 3.148.

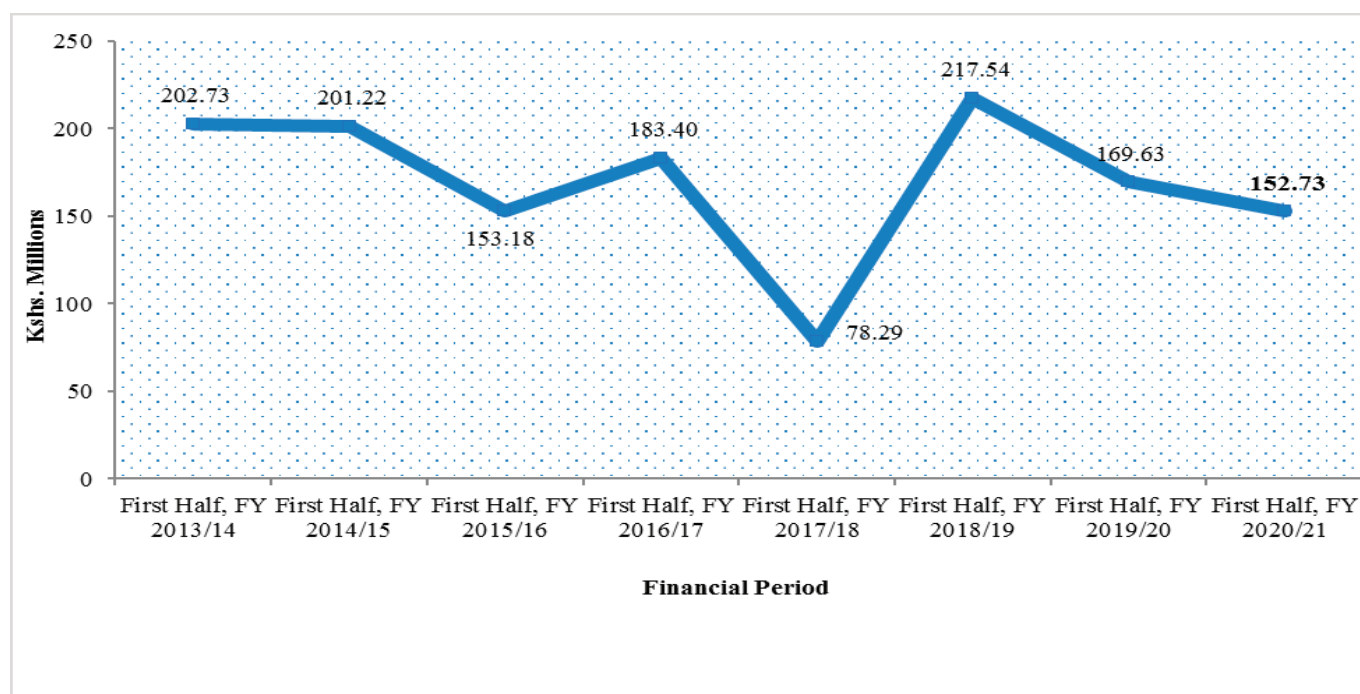
Table 3.148: Meru County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue Category	Annual 2020 (Kshs)	CARA, Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,039,100,000		8,039,100,000	3,344,265,600	41.6
B.	Conditional Grants from the National Government					
1.	Conditional Grants to Level-5 Hospitals	373,872,832		373,872,832	-	-
2.	Compensation for User Fee Foregone	31,648,428		31,648,848	-	-
3.	Road Maintenance Fuel Levy Fund	241,491,600		241,491,600	60,372,900	25
4.	Rehabilitation of Village Polytechnics	58,249,894		58,249,984	-	-
5.	Conditional grants-Covid 19 management	-		102,886,000	152,886,000	148.6
Sub Total		705,262,754		808,149,264	213,258,900	26.4
C.	Loans and Grants from Development Partners					
1.	Transforming Health Systems for Universal care Project (WB)	36,400,000		36,400,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	202,802,950		202,802,950	79,638,247	39.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	-		232,216,740	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-		116,890,200	-	-
5.	DANIDA Grant	22,860,000		22,860,000	8,925,000	39
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,550,139		13,703,648	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant B/F 2018-2019	45,000,000		45,000,000	-	-
Sub Total		320,613,089		669,873,538	88,563,247	13.2
D.	Other Sources of Revenue					
1.	Own Source Revenue	-		600,000,000	152,728,513	25.5
2.	Balance b/f from FY 2019/20	-		1,446,657,433	238,943,083	16.5
3.	A.I.A	-		220,000,000	-	-
Sub Total				2,266,657,433	391,671,596	17.3
Grand Total		9,064,975,843		11,783,780,235	4,037,759,343	34.3

Source: Meru County Treasury.

Figure 3.51 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.51: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Meru County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.152.73 million as own-source revenue. This amount represented a decrease of 10 per cent compared to Kshs.169.63 million realised during a similar period in FY 2019/20 and was 25.5 per cent of the annual target.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.83 billion from the CRF account during the reporting period. The amount comprised of Kshs.276.74 million (7.3 per cent) for development programmes and Kshs.3.55 billion (92.7 per cent) for recurrent programmes.

3.26.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.58 billion on development and recurrent programmes. The expenditure represented 93.5 per cent of the total funds released by the COB and comprised of Kshs.180.77 million and Kshs.3.40 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 4.7 per cent while recurrent expenditure represented 42.7 per cent of the annual recurrent budget.

3.26.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.29 billion was spent on compensation to employees, Kshs.1.11 billion on Operations and Maintenance, and Kshs.180.77 million on development activities as shown in Table 3.149.

Table 3.149: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	7,965,483,592	3,550,510,216	3,399,634,911	42.7
Compensation to Employees	4,864,474,522	2,400,694,108	2,290,356,801	56.7
Operations and Maintenance	3,101,009,070	1,149,816,109	1,109,278,110	27.5
Total Development Expenditure	3,818,296,643	276,739,956	180,773,773	4.5
Development Expenditure	3,818,296,643	276,739,956	180,773,773	4.7
Total	11,783,780,235	3,827,250,172	3,580,408,684	88.7

Source: Meru County Treasury

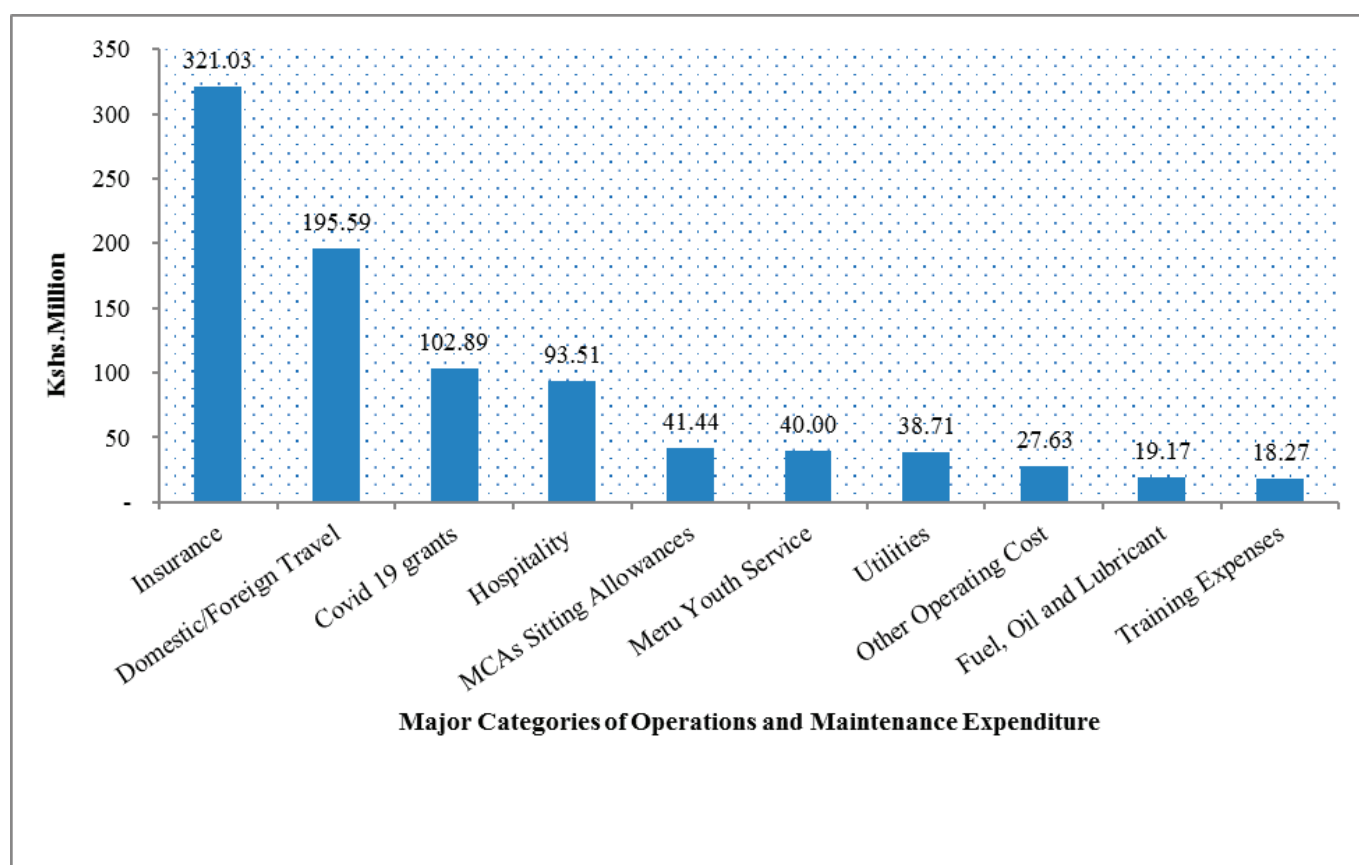
3.26.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 64 per cent of the total expenditure for the reporting period and 19.4 per cent of available revenue of Kshs.4.04 billion.

3.26.7 Expenditure on Operations and Maintenance

Figure 3.52 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.52: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: Meru County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.41.44 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.100.08 million. The average monthly sitting allowance was Kshs.100,095 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.195.59 million and comprised of Kshs.120.04 million spent by the County Assembly and Kshs.75.55 million by the County Executive.

3.26.8 COVID-19 Budget and Expenditure

In the approved supplementary budget for FY 2020/21, the county provided Kshs.238.75 million to cater for COVID-19 related expenditure. During the reporting period, a total of Kshs.188.31 million was spent. Table 3.150 provides a summary of the COVID-19 budget and expenditure.

Table 3.150: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 31.12.2020 (Kshs)
1	Hospital double crank beds	5,000,000	4,798,680
2	Hospital single crank beds	3,000,000	1,998,000

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 31.12.2020 (Kshs)
3	Cellular Hospital bed cover	2,604,000	2,484,000
4	Oxygen Cylinder	1,150,000	1,120,000
5	3inch Mattresses with mackintosh	2,745,000	2,677,020
6	Surgical masks	26,000,000	27,210,500
7	Accommodation of Meru County staff handling COVID 19	20,000,000	15,663,500
8	Fumigation and IUC materials	11,000,000	1,022,000
9	Medical Equipment	17,487,000	1,986,580
10	Oxygen piping at MeTRH Isolation centre	3,000,000	1,097,592
11	Renovation and refurbishing Igoji isolation centre	24,100,000	23,456,492
12	Procurement of KN95 face masks	8,000,000	5,400,000
13	Sanitizers Reagent	10,000,000	1,659,600
14	Proposed Extensions & Alterations works at eye clinic & NHIF Ward at MeTRH	3,500,000	3,590,769
15	Procurement of handwashing containers	4,400,000	2,200,000
16	Procurement of ordinary metallic beds for isolation centres	5,250,000	3,760,000
17	Procurement of paintworks at Mboroga, Kunene and Nyambene isolation centres	5,000,000	1,699,992
18	Procurement of Oxygen Concentrators for Maua Methodist Isolation Centre	650,000	630,000
19	National Government grants for Allowance to Health Workers	76,935,000	76,935,000
20.	DANIDA grants for COVID 19- distributed to Health facilities for their operation and maintenance	8,925,000	8,925,000
	Grand Total	238,746,000	188,314,724

Source: Meru County Treasury

3.26.9 Development Expenditure

The County incurred an expenditure of Kshs.180.77 million on development programmes, which represented a decrease of 36.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.284.01 billion. Table 3.151 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.151: Meru County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Improvement and maintenance of the roads	Countywide	302,750,000	119,437,875	39.5
2	Funding of the farmers on different products	Countywide	200,974,932	28,494,171	14.2
3	Finishing of the County Headquarter office block	Municipality	45,000,000	15,000,000	33.3
4	Construction of ward in Meru Teaching and Referral Hospital	Municipality	264,138,621	12,205,107	4.6
5	Construction of the Governor's and Deputy Governor's residence	Municipality	75,000,000	5,636,620	7.5

Source: Meru County Treasury

3.26.10 Budget Performance by Department

Table 3.152 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.152: Meru County, Budget Performance by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	983.22	40	408	-	407.70	-	99.9	-	41.5	-
Office of the Governor	312.06	4.00	119.46	-	113.77	-	95.2	-	36.5	-
Finance, Economic Planning and ICT	993.30	83.13	375.20	15	344.05	15	91.7	100	34.6	18.
Agriculture, Livestock & Fishery	302.23	408.62	121.44	64.09	114.72	28.49	94.5	44.5	38	7

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water & Irrigation	132.51	356.67	49.33	-	46.83	-	94.9	-	35.3	-
Education Technology, Gender Culture & Social Development	768.11	268.96	276.63	-	262.85	-	95.0	-	34.2	-
Health Services	3,181.85	330.39	1,560.5	12.21	1,492.21	12.21	95.6	100	46.9	3.7
Land, Physical Planning, Urban Development & Public Works	99.57	625.90	44.52	5.64	42.46	5.64	95.4	100	42.6	0.9
Public Service Administration & Legal Affairs	738.19	238.71	431.32	-	419.74	-	97.3	-	56.9	-
Roads, Transport & Energy	95.46	1,197.58	36.28	179.81	31.49	119.44	86.8	66.4	33	10
Trade, Investment, Industrialization, Tourism & Cooperative Development	104.48	122.58	36.06	-	34.18	-	94.8	-	32.7	-
Youth Affairs & Sport	167.28	104.55	68.05	-	66.52	-	97.8	-	39.8	-
Public Service Board	43.04	-	8.54	-	7.95	-	93.2	-	18.5	-
Environment, Wildlife & Natural Resources	44.20	37.22	15.18	-	15.15	-	99.8	-	34.3	-
TOTAL	7,965.48	3,818.3	3,550.5	276.74	3,399.63	180.77	95.8	65.3	42.7	4.7

Source: Meru County Treasury

Analysis of expenditure by department shows that the Department of Finance, Economic Planning and ICT recorded the highest absorption rate of development budget at 18 per cent. The Department of Public Services Administration and Legal Affairs had the highest percentage of recurrent expenditure to recurrent budget at 56.9 per cent while the County Public Service Board had the lowest at 18.5 per cent.

3.26.11 Budget Execution by Programmes and Sub-Programmes

Table 3.153 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.153: Meru County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual (Kshs)	Payments	Variance (Kshs)	Absorption (%)
County Assembly						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	371,585,852		130,681,817	240,904,035	35.2
Legislative and Representation	Legislative and Representation	445,155,546		190,211,845	254,943,701	42.7
Legislative Oversight	Legislative Oversight	206,478,602		86,806,338	119,672,264	42
	Sub Total	1,023,220,000		407,700,000	615,520,000	39.8
Office of the Governor						
Efficiency, Monitoring and Evaluation	Efficient, Monitoring and Evaluation	44,891,346		6,450,720	38,440,626	14.4
	Performance management and Appraisal	-		-	-	-
	Sub Total	-		-	-	-
Communication and Events	Communication and Events	19,451,136		3,206,041	16,245,095	16.5
Disaster Management, Rescue and Emergency	Disaster Management, Rescue and Emergency	16,832,403		3,125,600	13,706,803	18.6
Human Resource Management	Human Resource Management	-		-	-	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	216,588,384		89,967,844	126,620,540	41.5

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)	
Research and Strategy	Research and Public Participation	7,700,000	5,691,992	2,008,008	73.9	
Office of the County Secretary	County secretary	10,600,000	5,324,926	5,275,074	50.2	
Partnership Development and External Linkages	Partnership Development and External Linkages	-	-	-	-	
	Sub Total	316,063,269	113,767,123	202,296,146	36	
Finance, Economic Planning and ICT						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	767,838,924	283,095,244	484,743,680	36.9	
	Accounts and Reporting	51,326,127	5,202,701			
Public Finance Management	Budget Coordination & Management	29,484,304	13,086,169	16,398,135	44.4	
	Internal Audit	7,700,000	3,780,001	3,919,999	49.1	
	Procurement Service	6,100,000	3,418,666	2,681,334	56	
ICT Development	ICT Development	55,675,408	15,332,484	40,342,924	27.5	
Economic Planning & Coordination Services	Economic Planning & Coordination Services	10,300,000	3,890,994	6,409,006	37.8	
Fleet Management	Fleet Management	148,000,177	31,245,744	116,754,433	21.1	
	Sub Total	1,076,424,940	359,052,003	671,249,511	33.4	
Agriculture, Livestock and Fisheries						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	663,963,972	139,695,397	524,268,575	21	
Agriculture Development	Agriculture Development	19,381,111	447,837	18,933,274	2.3	
Aquaculture Development	Aquaculture Development	8,915,000	422,863	8,492,137	4.7	
Livestock Development	Livestock Development	9,249,389	2,640,106	6,609,283	28.5	
Animal Disease Management	Animal Disease Management	1,555,000	8,729	1,546,271	0.6	
County Owned Enterprise	Agricultural Training Centre	6,647,461	-	6,647,461	-	
	Agricultural Mechanization Services	1,134,625	-	1,134,625	-	
	Sub Total	710,846,558	143,214,932	567,631,626	20.1	
Water and Irrigation						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	132,507,487	46,832,445	85,675,042	35.3	
Water Resource Management	Water Resource Management	356,672,094	-	356,672,094	-	
Irrigation and drainage Infrastructure	Irrigation and drainage Infrastructure	-	-	-	-	
	Sub Total	489,179,581	46,832,445	442,347,136	9.6	
Education, Technology, Gender and Social Development						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	723,413,225	260,992,603	462,420,622	36.1	
Basic Education	Basic Education	185,674,624	4,000	185,670,624	-	
Technical & Vocational Education & Training	Technical & Vocational Education & Training	74,086,170	-	74,086,170	-	
Gender, Social Development & Children Services	Gender, Social Development & Children Services	53,895,000	1,856,399	52,038,601	3.4	
	Sub Total	1,037,069,019	262,853,002	774,216,017	25.3	
Health Service						
Preventive and Promotive	Preventive services	137,181,996	54,957,816	82,224,180	40.1	
Health Care Services	Promotive health care		-	-	-	
Curative Health	Curative health care services	815,052,444	144,601,528	670,450,916	17.7	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)	
General Administration and Planning	General Administration and Planning	2,560,007,670	1,304,851,677	1,255,155,993	51	
	Sub Total	3,512,242,110	1,504,411,022	2,007,831,088	42.8	
Lands, Physical Planning, Urban Development and Public Works						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	73,772,012	36,241,812	37,530,201	49.1	
Meru Town Municipality	Meru Town Municipality	450,634,281	2,436,550	448,197,731	0.5	
Spatial, Planning, Survey and Mapping	Spatial, Planning, Survey and Mapping	44,600,000	3,781,763	40,818,237	8.5	
Public Works	Public Works	156,462,844	5,636,620	150,826,224	-	
	Sub Total	725,469,137	48,096,745	677,372,393	6.6	
Public Service Administration and Legal Affairs						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	53,053,525	6,684,858	46,368,667	12.6	
Coordination of County Government Function	Coordination of County Government Function	11,685,270	4,154,924	7,530,346	35.6	
County Enforcement Services	County Law Enforcement Service	50,758,250	3,191,885	47,566,365	6.3	
	Conservancy Ranger Service	-	-	-	-	
Human Resource Management	Human Resource Management	810,160,338	401,921,328	408,239,010	49.6	
Legal Representation and Advisory Services	Legal Representation and Advisory Services	46,279,250	2,429,215	43,850,035	5.2	
Town Management & Administration	Town Management & Administration	4,960,000	1,358,800	3,601,200	27.4	
	Sub Total	976,896,633	419,741,009	557,155,624	43	
Road, Transport and Energy						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	73,644,479	27,725,636	45,918,843	37.6	
Electrification and Street Lighting	Electrification and Street Lighting	38,311,122	3,766,610	34,544,512	9.8	
Road Transport	Road Transport	1,181,082,360	119,437,875	1,061,644,485	-	
	Sub Total	1,293,037,961	150,930,121	1,142,107,840	11.7	
Trade, Investment, Industrialization, Tourism and Cooperative Development						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	63,175,915	25,492,633	37,683,282	40.4	
Trade Development & Promotion	Trade Development & Promotion	125,877,392	4,360,931	121,516,461	3.5	
Cooperative Development	Cooperative Development	18,000,000	2,376,045	15,623,955	13.2	
Tourism Development and Promotion	Tourism Development and Promotion	20,000,000	1,954,680	18,045,320	9.8	
Industrial Development and Investment	Industrial Development and Investment	-	-	-	-	
	Sub Total	227,053,307	34,184,289	192,869,018	15.1	
Youth, Affairs and Sport						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	30,676,932	13,627,952	17,048,980	44.4	
Youth Affairs	Youth Affairs	123,316,625	44,058,090	79,258,535	35.7	
Sport Development	Sport Development	96,959,110	4,146,108	92,813,002	4.3	
Arts & Culture Development	Arts & Culture Development	20,871,131	4,688,012	16,183,119	22.5	
	Sub Total	271,823,798	66,520,162	205,303,636	24.5	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)	
County Public Service Board						
Human Resource Management & Development	Human Resource Management & Development	43,036,736	7,952,918	35,083,818	18.5	
	Sub Total	43,036,736	7,952,918	35,083,818	18.5	
Environment, Wildlife and Natural Resource						
General Administration, Planning and Support Services	General Administration, Planning and Support Services	44,200,885	15,152,913	29,047,972	34.3	
Environmental Management and Protection	Environmental Management and Protection	37,216,301	-	37,216,301	-	
	Sub Total	81,417,186	15,152,913	66,264,273	18.6	
	Grand Total	11,783,780,235	3,580,408,684	8,157,248,125	30.4	

Source: Meru County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Research and Strategy in the Office of the Governor at 73.9 per cent, Procurement Service in the Department of Finance, Economic Planning and ICT at 56 per cent, General Administration and Planning in the Department of Health Service at 51 per cent, and Human Resource Management at 49.6 per cent of budget allocation.

3.26.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by an expenditure of Kshs.180.77 million in the first half of FY 2020/21 compared with the annual development budget allocation of Kshs.3.82 billion. The development expenditure represented 4.7 per cent of the annual development budget.
2. The under-performance of own source revenue at Kshs.152.73 million against an annual projection of Kshs.600 million, representing 25.5 per cent of the annual target.
3. Spending of revenue at source in contravention of Section 109 of the PFM Act 2012. The COB has noted, from the analysis of bank statements and expenditure returns, that the Departments of Health and the Alcohol Board did not bank all its revenue receipts into the CRF account.
4. Failure by Fund Administrators to submit financial and non-financial reports of the Meru County Assembly Car Loans & Mortgage (Members) Scheme Fund, Meru County Bursary Fund, County Emergency Fund, Meru Youth Service, Meru County Assembly Staff Mortgage Scheme and Meru County Executive staff Car Loan and Mortgage Fund. This is contrary with Section 168 of the PFM Act, 2012.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County Treasury should devise and implement strategies to enhance own source revenue collection and ensure budget is fully financed.
3. The County Treasury should ensure all departments adhere to Section 109 of the PFM Act, 2012 and bank all revenue receipts intact into the CRF account.
4. The County Executive Member of Finance should ensure Fund Administrators prepare and submit financial and non-financial reports in line with Section 168 of the PFM Act, 2012.

3.27 County Government of Migori

3.27.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.8.91 billion, comprising of Kshs. 3.52 billion (39.5 per cent) and Kshs.5.39 billion (60.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.77 billion (75.9 per cent) as the equitable share of revenue raised nationally, Kshs.902.38 million (10.1 per cent) as total conditional grants, generate Kshs.285 million (3.2 per cent) from own sources of revenue, and a cash balance of Kshs.917.41 million (10.3 per cent) from FY 2019/20. The County also expects to receive Kshs.42 million (0.5 per cent) as Appropriation-in-Aid (A-I-A).

3.27.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.27 billion as the equitable share of the revenue raised nationally, Kshs.210.89 million as conditional grants, raised Kshs.118.32 million as own-source revenue, and had a cash balance of Kshs.917.41 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.52 billion as shown in Table 3.154.

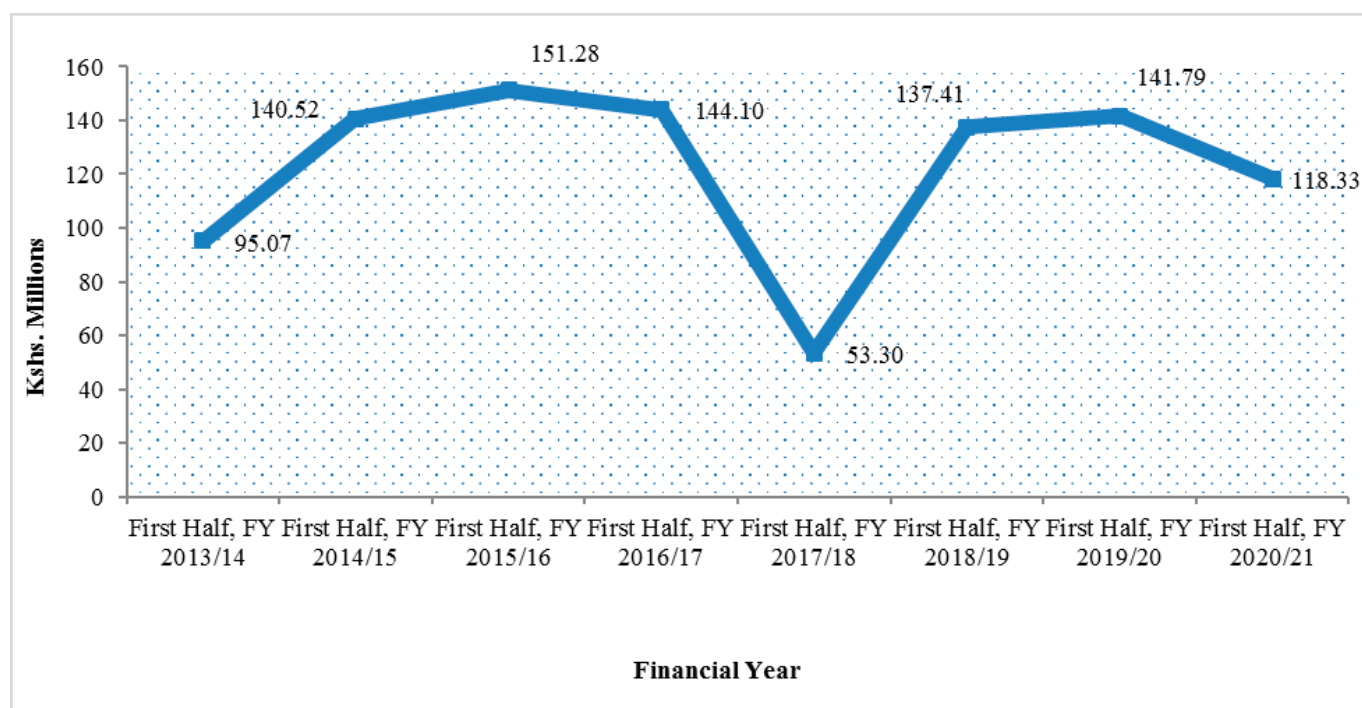
Table 3.154: Migori County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,773,100,000	6,773,100,000	2,275,761,600	33.6
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	21,655,884	21,655,884	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	204,701,864	329,128,781	51,175,466	15.5
4.	Rehabilitation of Village Polytechnics	36,439,894	36,439,894	-	-
Sub Total		394,818,919	519,245,836	51,175,466	9.8
C.	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	40,295,580	40,295,580	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,500,002	198,500,002	150,089,097	75.6
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	66,371,590	-	-
5.	DANIDA Grant	19,260,000	19,260,000	9,630,000	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,703,648	13,703,648	-	-
Sub Total		332,385,398.	383,130,819.60	159,719,097	41.7
D.	Other Sources of Revenue				
1.	Own Source Revenue	-	285,000,000	118,325,664	41.5
2.	Balance b/f from FY 2019/20	-	917,406,110	917,406,110	100
3.	Other Revenues	-	42,000,000	-	-
Sub Total		-	1,244,406,110	1,035,731,773	83.2
Grand Total		7,500,304,317	8,919,882,766	3,522,387,937	39.5

Source: Migori County Treasury

Figure 3.53 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.53: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Migori County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.118.32 million as own-source revenue. This amount represented a decrease of 16.5 per cent compared to Kshs.141.78 million realised during a similar period in FY 2019/20 and was 41.5 per cent of the annual target.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.70 billion from the CRF account during the reporting period. The amount comprised of Kshs.623.96 million (23.1 per cent) for development programmes and Kshs.2.08 billion (76.9 per cent) for recurrent programmes.

3.27.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.42 billion on development and recurrent programmes. The expenditure represented 89.7 per cent of the total funds released by the COB and comprised of Kshs.491.97 million and Kshs.1.93 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 13.9 per cent while recurrent expenditure represented 35.8 per cent of the annual recurrent budget.

3.27.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.50 billion was spent on Compensation to Employees, Kshs.425.86 million on Operations and Maintenance, and Kshs.491.97 million on development activities as shown in Table 3.155

Table 3.155: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,392,703,476	1,931,078,157	35.8
Compensation to Employees	3,073,736,964	1,505,211,827	49
Operations and Maintenance	2,318,966,512	425,866,330	18.4
Total Development Expenditure	3,527,179,290	491,979,180	13.9
Development Expenditure	3,527,179,290	491,979,180	13.9
Total	8,919,882,766	2,423,057,337	27.2

Source: Migori County Treasury

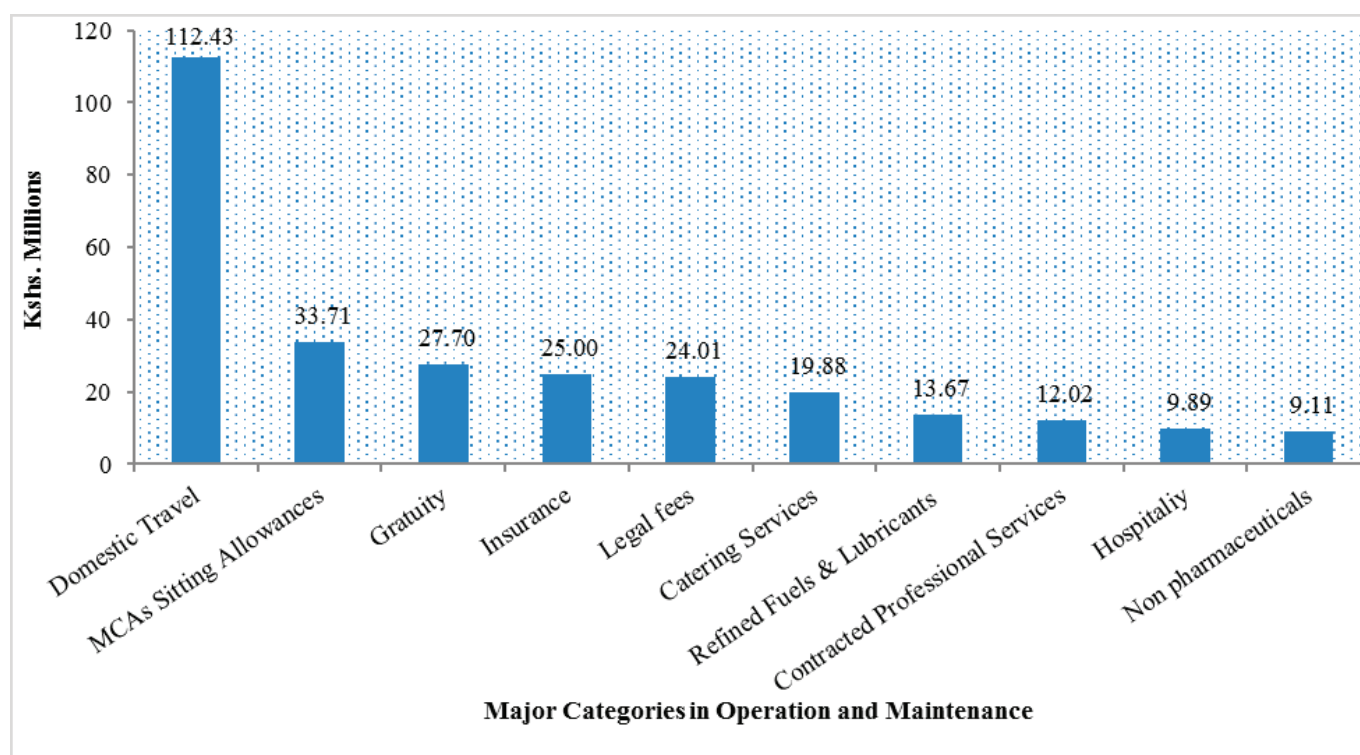
3.27.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 62 per cent of the total expenditure for the reporting period and 33.7 per cent of half year proportional revenue estimate of Kshs.4.46 billion.

3.27.7 Expenditure on Operations and Maintenance

Figure 3.54 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.54: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.33.71 million on committee sitting allowances for the 57 MCAs and Speaker against the annual budget allocation of Kshs.120.21 million. The average monthly sitting allowance was Kshs.98,576 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.112.43 million and comprised of Kshs.67.65 million spent by the County Assembly and Kshs.194.57 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.4 million incurred by the County Assembly.

3.27.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs. 89.41 million to cater for COVID-19 related expenditure while Kshs.201.24 million was brought forward from FY 2019/20. During the reporting period, the County spent a total of Kshs.201.24 million as shown in Table 3.156.

Table 3.156: COVID-19 Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1	Non-pharmaceuticals	73,740,573
2	Allowances For Front line health workers	44,835,000
3	Beddings & Linens	39,619,150
4	Domestic travel & accommodation	24,404,413
5	Transfers to health facilities	7,490,000

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
6	Medical drugs	4,471,550
7	Maintenance of motor vehicles	3,258,024
8	Refined fuel	2,000,000
9	Food and ration	1,113,487
10	Advertising & Awareness	312,961
Total		201,245,158

Source: Migori County Treasury

3.27.9 Development Expenditure

The County incurred an expenditure of Kshs.491.97 million on development programmes, which represented a decrease of 1.8 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.501.18 million. Table 3.157 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.157: Migori County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Kabwana-Ayego Road.	North Kanyamkago	111,611,381	74,314,388	66.6
2	Uriri - Ori Road Construction	North Kanyamkago	200,164,974	37,546,119	18.7
3	Maintenance Of Kababu-Magoto-Marindi-Kodule-Giribe-Mancha-Angesia-Nyalganda-Kanga Machine-Kuja-Rare Road	Wasweta II	28,189,300	28,189,300	100
4	Maintenance Of Sony Junction-Rombe-A1-Siruti-Gamba-Gada-Bondo Road	Central Sakwa	17,044,442	17,044,442	100
5	Completion of ICU Unit	Suna Central	35,800,000	15,527,160	43
6	Maintenance Of Akonjo-Pinyowacho-Mori-Kuja-Med Gisuka Road	Central Kanyamkago	13,628,803	13,628,802	100
7	Maintenance Of Adera-Kea-Sagenya-Kombe-Sagegi-Opa-si-Ngoche Road	God jope	20,066,338	11,267,456	56
8	Maintenance Of Kambogo- Konduru-Kabarnabas-Wichdhao-Karamu-Ngisiru-Rogituri-Komoregi-Tongereria-Romagucha-Muchere-Nyabikongo Road	Ntimaru West	22,683,992	10,732,373	47
9	Distribution of in calf dairy Heifers	County wide	7,650,000	7,650,000	100
10	Maintenance Of Ayego-Mukuro Road	Kakrao	6,376,961	6,376,960	100

Source: Migori County Treasury

3.27.10 Budget Performance by Department

Table 3.158 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.158: Migori County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	199.57	330.87	90.17	78.53	74.32	65.03	82.4	82.8	37.2	19.7
County Assembly	836.83	50	370	-	370	-	100	-	44.2	-
County Executive	266.38	170	36.50	-	62.09	-	170.1	-	23.3	-
Education, Youth, Sports, Culture, Gender & Social Service	279.32	219.63	108.17	5.3	98.27	10.14	90.9	192.5	35.2	4.6
Finance and Economic Planning	651.52	4.98	186.83	4.98	182.78	4.98	97.8	100	28.1	100
Health	2,056.87	504.35	933.11	51.50	734.07	48.60	78.7	94.4	35.7	9.6
Lands, Physical Planning and Housing	147.43	212.05	37.93	27.36	35.67	-	94.1	-	24.2	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Management Environment, Natural Resources and Disaster Management	75.34	23.84	26.29	17.60	27.09	-	103	-	36.0	-
Public Service Management	622.85	143.10	183.89	21.78	253.98	-	138.1	-	40.8	-
Roads, transport and Public works	102,17	1,432.63	35.18	322.72	29.80	277.79	84.7	86.1	29.2	19.4
Trade, Tourism and Cooperatives	62.29	138.77	34.14	8.76	31.83	15.36	93.3%	175.4	51.1	11.1
Water and Energy	92.08	296.93	35.34	85.44	31.13	70.05	88.1%	82.0	33.8	23.6
	5,392.70	3,527.17	2,077.57	623.95	1,931.07	491.97	92.9	78.8	35.8	13.9

Source: Migori County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 100 per cent. The Department of Trade, Tourism and Cooperatives had the highest percentage of recurrent expenditure to recurrent budget at 51.1 per cent while the Department of County Executive had the lowest 23.3 per cent.

3.27.11 Budget Execution by Programmes and Sub-Programmes

Table 3.159 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.159: Migori County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
Agriculture, Livestock and Fisheries Development					
Policy, Planning, General Administration and Support Services (Agriculture)	General administration	156,658,939	72,852,210	83,806,728	46.5
	Field Extension Services and support programme	6,370,000	87,300	6,282,700	1.3
	Sub-total	163,028,939	72,939,510	90,089,428.89	44.7
Pending bills	Pending bills	4,103,000	-	4,103,000	-
	Sub-total	4,103,000	-	4,103,000	-
Policy, Planning, General Administration and Support Services (Livestock Development)	General administration	4,806,000	-	4,806,000	-
	Sub-total	4,806,000	-	4,806,000	-
Livestock production and management	Enterprise Development And Value Addition	3,687,640	460,920	3,226,720	12.5
	Sub-total	3,687,640	460,920	3,226,720	12.5
Pending Bills	Pending Bills	1,303,760	-	1,303,760	-
	Sub-total	1,303,760	-	1,303,760	-
Policy, Planning, General Administration and Support Services (Fisheries Development)	General administration	5,502,140	130,000	5,372,140	2.3
	Field Extension Services and support programme	3,610,500	575,400	3,035,100	15.9
	Sub-total	9,112,640	705,400	8,407,240	7.7
Pending Bills	Pending Bills	1,296,000	-	1,296,000	-
	Sub-total	1,296,000	-	1,296,000	-
Policy, Planning, General Administration and Support Services (Veterinary Services Department)	General administration	6,884,000	-	6,884,000	-
	Field Extension Services and support programme	700,000	-	700,000	-
	Sub-total	7,584,000	-	7,584,000	-
Veterinary services	Livestock disease control & management	1,750,000	-	1,750,000	-
	Veterinary public health management	986,000	-	986,000	-
	Livestock breeding services	1,030,000	219,000	811,000	21.3
	Sub-total	3,766,000	219,000	3,547,000	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
Pending Bills	Pending Bills	887,850	-	887,850	-
	Sub-total	887,850	-	887,850	-
Pending Bills	Pending bills	2,697,269.60	-	2,697,270	-
	Sub-total	2,697,269.60	-	2,697,270	-
Donor Funds	Donor Funds	293,075,239.60	57,387,908.46	235,687,331	19.6
	Sub-total	293,075,239.60	57,387,908.46	235,687,331	19.6
Livestock production and management	Enterprise Development and Value Addition	350,000	-	350,000	-
	Dairy cows distribution (Community Projects) Wiga Ward	2,000,218	-	2,000,218	-
	Breeds Improvement	1,424,600	-	1,424,600	-
	Sub-total	3,774,818	-	3,774,818	-
Pending Bills	Pending bills	8,225,400	7,650,000	575,400	93
	Sub-total	8,225,400	7,650,000	575,400	93
Fisheries Development	Aquaculture Development and Extension Services	1,851,750	-	1,851,750	-
	Fish Safely Assurance, Value Addition and Marketing	500,000	-	500,000	-
	Sub-total	2,351,750	-	2,351,750	-
Pending Bills	Pending Bills	8,553,250	-	8,553,250	-
	Sub-total	8,553,250	-	8,553,250	-
Veterinary services	Veterinary public health management	9,600,000	-	9,600,000	-
	Sub-total	9,600,000	-	9,600,000	-
Pending Bills	Pending Bills	2,600,000	-	2,600,000	-
	Sub-total	2,600,000	-	2,600,000	-
	TOTAL	530,453,556	139,362,739	391,090,817	26.3
County Assembly					
Oversight Management services	Committees Management Services	104,850,000	93,505,153.41	11,344,847	89.2
	Sub-total	104,850,000	93,505,153.41	11,344,847	89.2
Legislative services	Representation	115,712,000	25,000,000	90,712,000	21.6
	Sub-total	115,712,000	25,000,000	90,712,000	21.6
General administration and supportive service	Administrative Services	616,272,225	251,494,846.59	364,777,378	40.8
	Sub-total	616,272,225	251,494,846.59	364,777,378	40.8
General administration and supportive service	Administrative Services	50,000,000	-	50,000,000	-
	Sub-total	50,000,000	-	50,000,000	-
	TOTAL	886,834,225	370,000,000	516,834,225	42
County Executive					
Governance and Executive Management	Coordination of Devolved Ministries and Departments	12,715,405	9,000,112.80	3,715,292	70.7
	Sub-total	12,715,405	9,000,112.80	3,715,292	70.7
Strategy and service delivery	Legal Services	44,600,000	17,905,831	26,694,169	40.1
	Efficiency monitoring services	2,856,000	1,476,498	1,379,502	51.7
	Sub-total	47,456,000	19,382,329	28,073,671	40.8
Strategy and service delivery	Conflict Management And Resolution	1,141,000	280,300	860,700	24.5
	Sub-total	1,141,000	280,300	860,700	24.5
General Administration and Support Services	General Administration Services	77,598,550	23,276,332.50	54,322,218	30
	Sub-total	77,598,550	23,276,332.50	54,322,218	30

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
Cohesion And Peace Building	Peace Building, Education, Advocacy And Research	3,700,000	513,100	3,186,900	13.87
	Sub-total	3,700,000	513,100	3,186,900	13.8
General Administration and Support Services (Deputy Governor's Office)	General Administration Services	22,999,800	2,871,992	20,127,808	12.5
	Sub-total	22,999,800	2,871,992	20,127,808	12.5
Governance and Executive Management (County Secretary)	Citizen Delivery services	1,000,000	-	1,000,000	-
	Sub-total	1,000,000	-	1,000,000	-
General Administration and Support Services(County Secretary)	General Administration Services	11,200,000	4,834,560	6,365,440	43.2
	Sub-total	11,200,000	4,834,560	6,365,440	43.2
Kenya Devolution Support Programme	Key Result Area1: Public Finance Management	5,450,642	-	5,450,642	-
	Key Result Area2: Planning , Monitoring And Evaluation	10,499,276	-	10,499,276	-
	Key Result Area3: Performance Contracting And Human Resources Management	16,180,647	-	16,180,647	-
	Key Result Area4: Civic Education And Public Participation	7,482,039	-	7,482,039	-
	Key Result Area5: Environment And Social Safeguard	5,387,397	-	5,387,397	-
	Sub-total	45,000,000	0	45,000,000	-
Pending Bills - Office of the County Executive	Pending Bills	43,573,081	1,940,000	41,633,081	4.4
	Sub-total	43,573,081	1,940,000	41,633,081	4.4
Governance and Executive Management	Citizen Delivery services	170,000,000	-	170,000,000	-
	Sub-total	170,000,000	-	170,000,000	-
	TOTAL	436,383,836	62,098,726	374,285,110	14
Education, Youth, Sports, Culture, Gender and Social Services					
General Administration and supportive Services(Education)	Personal Emolument	186,954,952	94,514,438	92,440,514	50.5
	General Administration Services	9,408,710	2,343,820	7,064,890	24.9
	Staff trainings and Empowerment	1,200,000	-	1,200,000	-
	Sub-total	197,563,662	96,858,258	100,705,404	49
Education Support Services	Bursary And Scholarship	60,398,360	-	60,398,360	-
	Sub-total	60,398,360	-	60,398,360	-
Child Care Support Services	ECDE Staffing	1,000,000	-	1,000,000	-
	Sub-total	1,000,000	-	1,000,000	-
Quality Management Services	Quality Assurance And Standards Services	1,000,000	-	1,000,000	-
	Quality Assurance And Standards Services	500,000	470,000	30,000	94
	Sub County Education Office Services	500,000	-	500,000	-
	Sub-total	2,000,000	470,000	1,530,000	23.5
Pending Bills	Pending Bills	4,406,000	-	4,406,000	-
	Sub-total	4,406,000	-	4,406,000	-
General Administration and supportive Services(Sports)	General Administration Services	5,980,000	775,380	5,204,620	12.9
	Sub-total	5,980,000	775,380	5,204,620	12.9
Sports and Culture Development	Sports And Talent Development	500,000	175,400	324,600	35
	Talent Development Services	500,000	-	500,000	-
	Sub-total	1,000,000	175,400	824,600	17.5

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
Pending Bills Recurrent	Pending Bills	4,278,307	-	4,278,307	-
	Sub-total	4,278,307	-	4,278,307	-
Sports and Culture Development	Promotion of indigenous knowledge	1,000,000	-	1,000,000	-
	Sub-total	1,000,000	-	1,000,000	-
Gender and Equality Services	Women Empowerment Enterprises And Support Services	600,000	-	600,000	-
	PWDs Enterprises And Support Services	1,100,000	-	1,100,000	-
	Sub-total	1,700,000	-	1,700,000	-
Child Care Support Services	Infrastructure Development and Sanitation Improvement: Construction of ECDE classrooms (Community Projects)	58,141,472	-	58,141,472	-
	Sub-total	58,141,472	-	58,141,472	-
	Construction of VETC	53,067,165	4,175,904	48,891,261	7.8
	Sub-total	53,067,165	4,175,904	48,891,261	7.8
External Funding	Conditional Grants: Rehabilitation of village polytechnics - External Funding (grant)	36,439,894	-	36,439,894	-
	Sub-total	36,439,894	-	36,439,894	-
Pending Bills Development	Pending Bills	49,076,930	-	49,076,930	-
	Sub-total	49,076,930	-	49,076,930	-
Sports and Culture Development	Sports And Talent Development	2,293,832	-	2,293,832	-
	Sub-total	2,293,832	-	2,293,832	-
Pending Bills Development - sports	Pending Bills	13,635,459	4,767,711	8,867,748	34.9
	Sub-total	13,635,459	4,767,711	8,867,748	34.9
Sports and Culture Development	Culture And Heritage Conservation	4,000,000	-	4,000,000	-
	Sub-total	4,000,000	-	4,000,000	-
Pending Bills Development - Culture	Pending Bills	2,977,778	1,200,000	1,777,778	40.3
	Sub-total	2,977,778	1,200,000	1,777,778	40.3
	TOTAL	498,958,859	108,422,653	390,536,206	21.73
Finance and Economic planning					
General Administrative and supportive service (Accounts)	General administration planning and support services	143,801,100	31,570,122	112,230,978	21.9
	Sub-total	143,801,100	31,570,122	112,230,978	21.9
Public Financial Management	Accounting services	304,956,933	133,352,476	171,604,457	43.7
	Sub-total	304,956,933	133,352,476	171,604,457	43.7
Pending bills	Pending bills	15,695,312	720,000	14,975,312	4.5
	Sub-total	15,695,312	720,000	14,975,312	4.59
General Administrative and supportive service(Audit)	General administration planning and support services	24,232,497.52	-	24,232,498	-
	Sub-total	24,232,497.52	0	24,232,498	-
Public Financial Management	Procurement services	18,207,569.41	3,473,538	14,734,031	19
	Sub-total	18,207,569.41	3,473,538	14,734,031	19
General Administrative and supportive service(Revenue)	General administration planning and support services	2,402,966.38	-	2,402,966	-
	Sub-total	30,962,426.44	7,672,148	23,290,278	24.7
Public Financial Management	Resource mobilization	28,559,460.06	7,672,148	20,887,312	26.8
	Sub-total	28,559,460.06	7,672,148	20,887,312	26.8
Pending bills	Pending bills	16,440,000	5,990,000	10,450,000	36.4
	Sub-total	16,440,000	5,990,000	10,450,000	36.4

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
General Administrative and supportive service	General administration planning and support services	16,739,616.82	7,639,526	9,100,091	45.6
	Sub-total	16,739,616.82	7,639,526	9,100,091	45.6
Economic policy and county planning	Budget coordination and management	32,304,908.07	9,654,890	22,650,018	29.8
	Policy and plans developments	40,455,603.74	-	40,455,604	-
	County statistical information services	4,789,015.82	-	4,789,016	-
	Community development	2,936,704.74	-	2,936,705	-
	Sub-total	80,486,232.37	9,654,890	70,831,342	12
Pending Bills	Pending Bills	4,981,101	4,981,101	-	100
	Sub-total	4,981,101	4,981,101	-	100
	TOTAL	656,502,788.85	187,759,385.40	468,743,403	28.6
Health					
Planning and administrative support services(Medical services)	Health Management Informative System(Medical services)	338,052	-	338,052	-
	Administrative And Support Services(Medical services)	1,366,510,756.56	707,544,856.32	658,965,900	51.7
	Sub-total	1,366,848,808.56	707,544,856.32	659,303,952	51.7
Public health	Health Management Informative System(Public Health)	338,052	165,250	172,802	48.8
	Administrative And Support Services(Public Health)	16,283,080.09	4,446,374	11,836,706	27.3
	Sub-total	16,621,132.09	4,611,624	12,009,508	27.7
Medical services (Preventive And Promotive Health Services)	Human Nutrition And Dietetics(Medical services)	507,079	-	507,079	-
	Hiv And Aids Management(- Medical services)	236,637	-	236,637	-
	Disease Surveillance/(Medical services)	5,000,000	-	5,000,000	-
	Emergency Preparedness And Response(medical services)	1,690,268	-	1,690,268	-
	Family& Reproductive Health Medical services)	34,738,053	-	34,738,053	-
	Family Planning & Adolescent Health activities (Co funding)	7,000,000	-	7,000,000	-
	Sub-total	49,172,037	-	49,172,037	-
Public health	Community Health Services(- Public health)	24,338,053	-	24,338,053	-
	Sanitation And Environmental Health Services(Public health)	338,053	-	338,053	-
	Human Nutrition And Dietetics(Public health)	507,080	500,000	7,080	98.6
	Communicable Disease Control(Public health)	253,540	60,830	192,710	23.9
	Hiv And Aids Management(- Public health)	709,912	700,000	9,912	98.6
	Disease Surveillance/(Public health)	89,415,132	1,150,000	88,265,132	1.3
	Emergency Preparedness And Response(Public health)	1,490,268	-	1,490,268	-
	Health Promotion(Public health)	338,053	-	338,053	-
	Family& Reproductive Health(Public health)	7,938,053	-	7,938,053	-
	Family & Adolescent Health activities (Co funding)	10,600,000	-	10,600,000	-
	Sub-total	135,928,144	2,410,830	133,517,314	1.7

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
Medical services	Pharmaceutical And Non-Pharmaceutical Commodities(Medical services)	189,615,655	18,278,957.50	171,336,697	9.6
	Diagnostic Services(Medical services)	2,200,000	-	2,200,000	-
	Sub-total	191,815,655	18,278,957.50	173,536,697	9.5
Public health	Pharmaceutical And Non-Pharmaceutical Commodities(Public health)	85,291,232	2,935,700	82,355,532	3.4
	Sub-total	85,291,232	2,935,700	82,355,532	3.4
External Funding	Donor Funds	19,260,000	-	19,260,000	-
	Conditional Grants	21,655,884	-	21,655,884	-
	Sub-total	40,915,884	0	40,915,884	-
Pending Bills	Pending Bills Medical Services	152,420,410.52	19,503,042	132,917,368	12.8
	Pending Bills Public Health	17,862,301	-	17,862,301	-
	Sub-total	170,282,711.52	19,503,042	150,779,669	11.4
Planning and administrative support services	Administrative And Support Services	133,650,886.70	30,851,193.84	102,799,693	23
	Sub-total	133,650,886.70	30,851,193.84	102,799,693	23
Infrastructure Development	Infrastructure Development	82,500,000	15,527,160	66,972,840	18.8
	Dispensaries and Health Centres	5,340,681	1,523,760	3,816,921	28.5
	Face lifting of Health Canters and Dispensaries (Community Projects)	110,538,690	698,088	109,840,602	0.6
	Sub-total	198,379,371	17,749,008	180,630,363	8.9
External Funding	Donor Funds	40,295,580	-	40,295,580	-
	IDA (World Bank) credit: Transforming Health Systems for Universal Care Project	40,295,580	-	40,295,580	-
	Conditional Grants	132,021,277	-	132,021,277	-
	Allocation for leasing of medical equipment (MES GRANT)	132,021,277	-	132,021,277	-
	Sub-total	172,316,857	-	172,316,857	-
	TOTAL	2,561,222,718	782,670,554	1,778,552,165	30.5
Lands, Housing and Survey					
General Administration planning and support services(Lands)	Administration support services	36,735,331	21,544,172	15,191,159	58.6
	Sub-total	36,735,331	21,544,172	15,191,159	58.6
General Administration planning and support services (Physical Planning)	Administration support services	31,950,344.50	4,207,652.80	27,742,691	13.1
	Sub-total	31,950,344.50	4,207,652.80	27,742,691	13.1
Pending Bills	Pending Bills	17,685,841	500,000	17,185,841	2.8
	Sub-total	17,685,841	500,000	17,185,841	2.8
Administration support services)	(Migori Municipality	21,215,920	1,016,160	20,199,760	4.7
	Sub-total	21,215,920	1,016,160	20,199,760	4.7
Administration support services	Rongo Municipality	21,315,920	8,404,551	21,315,920	-
	Sub-total	21,315,920	8,404,551	21,315,920	-
Administration support services	Awendo Municipality	18,530,920	-	18,530,920	-
	Sub-total	18,530,920	-	18,530,920	-
General Administration planning and support services	Physical And Urban Planning Services	160,000,000	-	160,000,000	-
	Sub-total	160,000,000	-	160,000,000	-
Pending Bills	Pending Bills	52,050,452	-	52,050,452	-
	Sub-total	52,050,452	-	52,050,453	-
	TOTAL	212,050,452	-	212,050,453	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
Management Environment, Natural Resources and Disaster Management					
General administration and supportive services	General administration supportive services	49,175,985	23,980,804	25,195,181	48.7
	Sub-total	49,175,985	23,980,804	25,195,181	48.7
Environment Management And Protection	Solid Waste Management Services	11,500,000	-	11,500,000	-
	Sub-total	11,500,000	-	11,500,000	-
Environmental And Natural Resource Conservation And Management	Climate Change Adoption And Mitigation	100,000	-	100,000	-
	Sub-total	100,000	-	100,000	-
Disaster Management	Disaster Management Services	1,620,000	-	1,620,000	-
	Fire Fighting and rescue services	700,000	368,827	331,173	52.6
	Sub-total	2,320,000	368,827	1,951,173	15.9
Pending bills	Pending bills	12,246,463	2,744,200	9,502,263	22.4
	Sub-total	12,246,463	2,744,200	9,502,263	22.4
Environment Management and Protection	Solid waste Management	-	-	-	-
	Sub-total	-	-	-	-
Environment and Natural Resource Conservation and Management	Climate Change	1,500,000	-	1,500,000	-
	Forestry Conservation and development	126,681	-	126,681	-
	Sub-total	1,626,681	-	1,626,681	-
Disaster Management	Disaster Management	5,917,400	-	5,917,400	-
	Fire and Rescue services	-	-	-	-
	Sub-total	5,917,400	-	5,917,400	-
Pending bill	Pending bill	16,304,510	-	16,304,510	-
	Sub-total	16,304,510	-	16,304,510	-
	TOTAL	99,191,039.48	27,093,831.65	72,097,208	27.3
Public Service Management					
General Administration and Support Services(Public Service Management)	General Administration and Support Services	490,512,637	214,380,898.66	276,131,738	43.7
	Pending Bills	22,988,981	11,466,000	11,522,981	49.8
	Human Capital Strategy	2,020,000	1,417,465	602,535	70.1
	Devolved units Development services	8,300,000	3,009,220	5,290,780	36.2
	Sub-total	524,541,618	230,273,583.66	294,268,034	43.9
Civic Education And Public Participation	Civic Education	200,000	-	200,000	-
	Sub-total	200,000	-	200,000	-
County Security and Compliance Enforcement Services	Support and Administration Services	3,566,037	2,573,500	992,537	72.2
	Sub-total	3,566,037	2,573,500	992,537	72.2
General Administration and Support Services(Public Service Board)	General Administration and Support Services	62,900,000	19,923,908	42,976,092	31.6
	Sub-total	62,900,000	19,923,908	42,976,092	31.6
Human Capital Management And Development	Human Capital Strategy	3,900,000	425,820	3,474,180	10.9
	Public Service Board Services	5,400,000	643,800	4,756,200	11.9
	Information And Records Management	1,350,000	25,336	1,324,664	1.8
	Sub-total	10,650,000	1,094,956	9,555,044	10.3
General Administration and Support Services(Information Communication Technology)	General Administration Services	21,000,000	11,021,970	9,978,030	52.5
	Sub-total	21,000,000	11,021,970	9,978,030	52.5

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
General Administration and Support Services	General Administration and Support Services			-	-
	Construction/Renovation of Sub-County/Ward Admin. Offices	23,650,326	-	23,650,326	-
	Sub-total	23,650,326	-	23,650,326	-
Sub County Administration Services	Devolved units Development services	79,449,674	-	79,449,674	-
	ICT	40,000,000	-	40,000,000	-
	Sub-total	119,449,674	-	119,449,674	-
	TOTAL	765,957,655	253,983,562.66	511,974,092	33.1
Roads, Transport and Public Works					
Policy, General administration, planning & support Service	General administration, planning & support service	56,662,345	24,177,070	32,485,275	42.6
	Sub-total	56,662,345	24,177,070	32,485,275	42.6
Road Development, Maintenance And Management	Road Network Improvement	24,007,300	5,631,807	18,375,492	23.4
	Sub-total	24,007,300	5,631,807	18,375,492	23.4
Pending bills	Pending bills	21,502,960	1,859,000	19,643,960	8.6
	Sub-total	21,502,960	1,859,000	19,643,960	8.6
Road Development, Maintenance And Management	Road Network Improvement	446,286,507	88,721,585	357,564,922	19.8
	County Access Roads (Community Projects)	347,578,763		347,578,763	-
	Sub-total	793,865,270	88,721,585	705,143,685	11.1
Construction Of Bridges And Maintenance	construction of bridges	66,000,000		66,000,000	-
	purchase of road construction equipment and Trucks	32,000,000		32,000,000	-
	Sub-total	98,000,000	-	98,000,000	-
Rural Access Roads	Rural Access Roads	32,801,088		32,801,088	-
	Sub-total	32,801,088	-	32,801,088	-
Pending Bills - Roads	Pending Bills	424,961,180.04	189,074,777.80	235,886,402	44.5
	Sub-total	424,961,180.04	189,074,777.80	235,886,402	44.5
Pending bills KRB roads	Pending bills KRB roads	83,007,247.94	-	83,007,248	-
	Sub-total	83,007,247.94	-	83,007,248	--
	TOTAL	1,534,807,391	307,605,241	1,227,202,150	20
Trade, Tourism and Cooperative Development					
Policy, Planning and Administrative Support Services	Administrative Support Services	57,439,019.32	30,378,302	27,060,716.97	52.8
	Sub-total	57,439,019.32	30,378,302	27,060,716.97	52.8
Investment promotion, trade and enterprise development services	Investment promotion, trade and enterprise development services	450,000	-	450,000	-
	Sub-total	450,000	-	450,000	-
Cooperative development services	Cooperative development services	376,000	-	376,000	-
	Sub-total	376,000	-	376,000	-
Tourism Development	Tourism Promotion and Marketing	1,900,000	947,160	952,840	49.8
	Sub-total	1,900,000	947,160	952,840	49.8

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
Legal Metrology Services	Verification	100,000	-	100,000	-
	Inspection	100,000	-	100,000	-
	Calibration of Standards	140,000	-	140,000	-
	Standards and Instrumentation Equipment	492,268	-	492,268	-
	Sub-total	832,268	525,600	306,668	63.1
Alcoholic drinks and drug abuse control	Liquor licensing	800,000	510,000	290,000	63.7
	Sub-total	800,000	510,000	290,000	63.7
Pending bills	Pending bills	500,000	-	500,000	-
	Sub-total	500,000	-	500,000	-
Trade and Market Development	Trade development and promotion of SMEs services	77,251,061	2,944,076	74,306,985	3.8
	Trade Infrastructure Development Services	23,000,000	2,380,200	20,619,800	10.3
	Sub-total	100,251,061	5,324,276	94,926,785	5.3
Pending Bill(development)	Pending Bill	38,521,213	-	38,521,214	-
	Sub-total	38,521,213	10,043,546	28,477,668	26
	TOTAL	201,069,562	47,203,285	153,866,277	23.5
Water and Energy					
Water supply and management services	Urban water Supply and Management Services	23,100,000	12,420,063	10,679,937	53.7
	Rural Water Services	800,000	800,000	-	100
	Sub-total	23,900,000	13,220,063	10,679,937	55.3
General administration, planning & support Service	General Administration, Policies and Legal Framework	51,307,088	13,347,199	37,959,889	26
	Sub-total	51,307,088	13,347,199	37,959,889	26
Alternative Energy Services	Green Energy Development	5,000,000	4,096,393	903,608	81.9
	Sub-total	5,000,000	4,096,393	903,608	81.9
Pending Bills	Pending Bills	11,874,604	469,000	11,405,604	3.9
	Sub-total	11,874,604	469,000	11,405,604	3.9
Water supply and management services	Rural water Services	27,076,000	-	27,076,000	-
	Sub-total	27,076,000	-	27,076,000	-
General administration, planning & support Service	Rural Water Services	110,194,745	481,894	109,712,851	0.44
	Operation And Maintenance Of Rural Water Services	53,010,875	-	53,010,875	-
	Sub-total	163,205,620	481,894	162,723,726	0.3
Pending Bills	Pending Bills	106,653,092	69,570,275	37,082,818	65.2
	Sub-total	106,653,092	69,570,275	37,082,818	65.2
	TOTAL	389,016,404	101,184,823	287,831,581	26
Grand Total		8,919,882,766	2,423,057,337	6,496,825,429	27.2

Source: Migori County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Pending Bills in the Department of Finance and Economic Planning at 100 per cent, Pending Bills in the Department of Agriculture, Livestock and Fisheries Development at 93 per cent, Oversight Management Services in the Department of County Assembly at 89.2 per cent, and Alternative Energy Services in the Department of Water and Energy at 81.9 per cent of budget allocation.

3.27.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The complete financial returns were submitted on 25th January, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.

2. Low absorption of development funds as indicated by the expenditure of Kshs.491.97 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.52 billion. The development expenditure represented 13.9 per cent of the annual development budget.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*

3.28 County Government of Mombasa

3.28.1 Overview of the FY 2019/20 Budget

The county's approved budget for FY 2020/21 was Kshs.14.63 billion, comprising of Kshs.4.92 billion (33.7 per cent) and Kshs.9.71 billion (66.3 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expects to receive Kshs.7.44 billion (50.1 per cent) being equitable share of revenue raised nationally, Kshs.1.94 billion (13.1 per cent) as total conditional grants, and generate Kshs.5.25 billion (35.4 per cent) from own sources of revenue. The County did not budget for the cash balance of Kshs.202.26 million (1.4 per cent) from FY 2019/20.

3.28.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.23 billion as equitable share of the revenue raised nationally, Kshs.238.26 million as total conditional grants, raised Kshs.1.08 billion from own-source revenue, and had a cash balance of Kshs.202.26 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.85 billion as shown in Table 3.160.

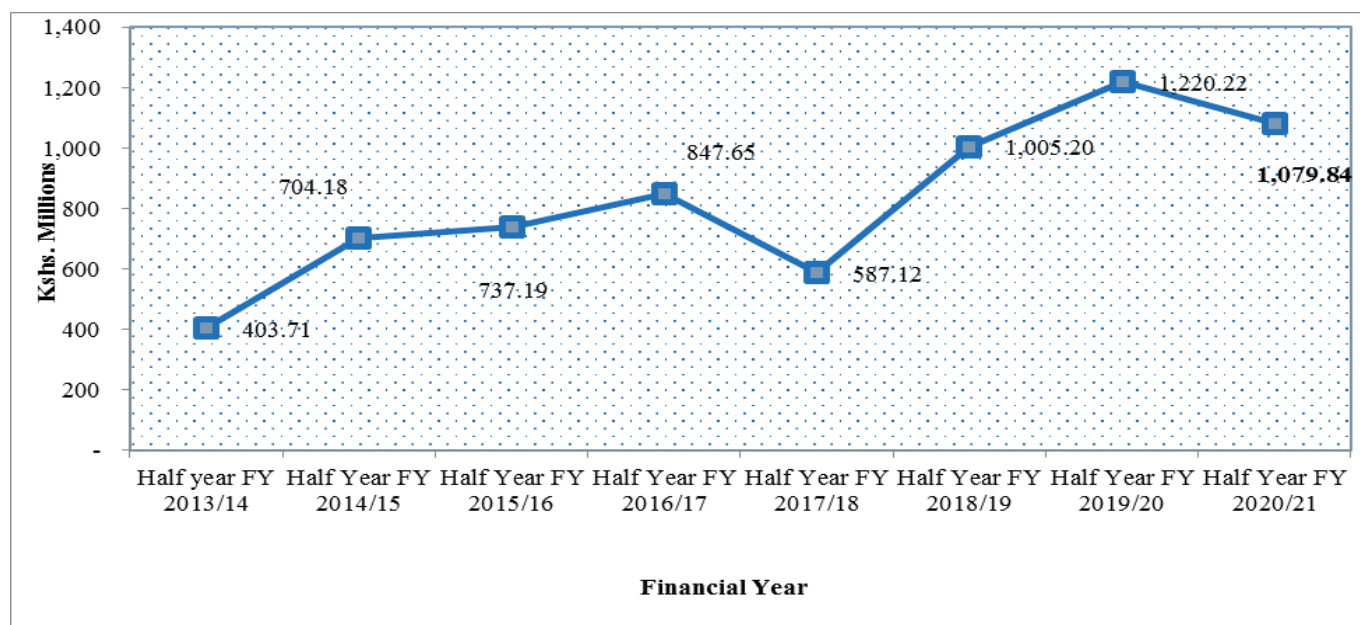
Table 3.160: Mombasa County, Revenue Performance in the First Half of FY 2019/20

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,057,950,000	7,437,750,000	2,329,123,500	31.3
B.	Conditional Grants from the National Government Revenue				
1	Conditional Grants to Level-5 Hospitals	388,439,306	388,439,306	-	-
2	Compensation for User Fee Foregone	23,385,934	23,385,934	-	-
3	Leasing of Medical Equipment	132,021,277	-	-	-
4	Road Maintenance Fuel Levy Fund	221,681,742	221,681,742	-	-
5	Rehabilitation of Village Polytechnics	18,484,894	18,484,894	-	-
Sub Total		784,013,153	651,991,876	-	-
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	114,569,473	114,569,473	-	-
2	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
3	DANIDA Grant	20,070,000	20,070,000	10,035,000	50
4	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	1,100,000,000	1,100,000,000	228,221,154	20.8
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,749,975	12,749,975	-	-
Sub Total		1,292,389,448	1,292,389,448	238,256,154	18.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	5,252,448,363	1,079,839,414	20.6
2.	Balance b/f from FY 2019/20	-	-	202,259,814	100
Sub Total		-	5,252,448,363	1,282,099,228	23.5
Grand Total		9,134,352,601	14,634,579,687	3,849,478,882	25.9

Source: Mombasa County Treasury

Figure 3.55 shows the trend in own-source revenue collection from the first half of the financial year FY 2013/14 to the first half of FY 2020/21.

Figure 3.55: Trend in Own-Source Revenue Collection on the First Half from the FY 2013/14 to FY 2020/21



Source: Mombasa County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.1.08 billion as own-source revenue. This amount represented a decrease of 11.5 per cent when compared to Kshs.1.22 billion realised during the same period in FY 2019/20, and represented 20.6 per cent of the annual target.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.30 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.661.57 million (20.1 per cent) for development programmes and Kshs.2.63 billion (79.9 per cent) for recurrent programmes.

3.28.4 Overall Expenditure Review

A total of Kshs.3.66 billion was spent on development and recurrent programmes and represented 111.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.95 billion and Kshs.708.61 million on recurrent and development activities respectively. Expenditure on development programmes represented an absorption rate of 14.4 per cent while that incurred on recurrent expenditure programmes represented 30.4 per cent of the annual recurrent budget.

3.28.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.80 billion was spent on compensation to employees, Kshs.1.15 billion on operations and maintenance, and Kshs.708.61 million on development expenditure.

Table 3.161: Summary of Expenditure by Economic Classification for the First Half of FY 2020/21

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	9,709,238,107	2,634,488,139	2,952,342,800	30.4
Compensation to Employees	5,332,449,008	1,799,229,239	1,799,229,239	33.7
Operations and Maintenance	4,376,789,099	835,258,900	1,153,113,561	26.3
Total Development Expenditure	4,925,341,580	661,568,024	708,605,376	14.4
Development Expenditure	4,925,341,580	661,568,024	708,605,376	14.4
Total	14,634,579,687	3,296,056,163	3,660,948,176	25.0

Source: Mombasa County Treasury

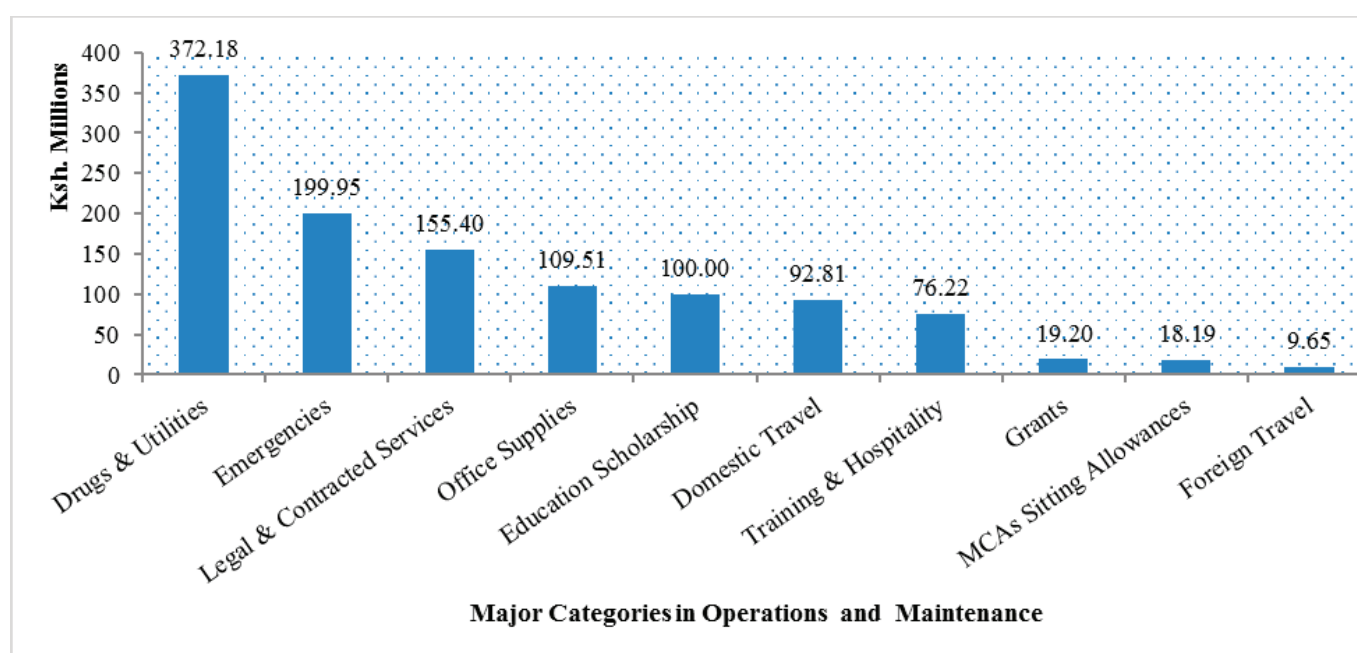
3.28.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 49.1 per cent of the total expenditure for the reporting period and 24.6 per cent of half year proportional revenue estimate of Kshs.7.32 billion.

3.28.7 Analysis of Operations and Maintenance Expenditure

Figure 3.56 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3.56: Mombasa County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2020/21



Source: Mombasa County Treasury

The County spent Kshs.18.19 million on committee sitting allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.50 million in the first half of FY 2020/21. The average monthly sitting allowance translated to Kshs.70,501 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.92.81 million and comprised of Kshs.8.12 million spent by the County Assembly and Kshs.84.68 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.9.6 million and comprised of Kshs. 4.86 million spent by the County Assembly and Kshs.4.78 million by the County Executive.

3.28.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county budgeted Kshs.200 million to cater for COVID-19 related expenditure while a total expenditure was Kshs.142.1 million during the reporting period as shown in Table 3.162

Table 3.162: COVID-19 Budget and Expenditure Summary

S/No.	Description of the Expenditure item	Annual Budget Allocation (Kshs)	Amount spent as of 30.12.2020 (Kshs)
1	Purchases of Emergency foodstuffs to Vulnerable groups in across sub-counties	80,000,000	79,663,047
2	Purchases of Personnel Protective Equipment /Gears & other emergency materials	7,500,000	6,174,765
3	Purchase of Sanitary and hand washing materials	50,000,000	27,185,069
4	Purchase of Medical Drugs	20,000,000	2,633,806
5	Purchase and Installation of Sanitizing Booths and tents	10,000,000	14,656,351
6	Purchase and Installation of Examination Booths	10,000,000	3,921,207
7	Supply of Sanitizing booths and tents sanitizing chemicals	22,500,000	7,866,000
	Total	200,000,000	142,100,245

Source: Mombasa County Treasury

3.28.9 Development Expenditure Analysis

The total development expenditure of Kshs.708.61 million represented 14.4 per cent of the annual development budget of Kshs.4.93 billion. Table 3.163 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.163: Mombasa County, List of Development Projects with the Highest Expenditure in the First Half of FY 2020/21

S/No.	Project Name/Description	Project Location	Project Budget/Contract Price (Kshs.)	Project Actual Expenditure(Kshs.)	Absorption%
1	Development of Mombasa Stadium	Tudor	1,768,183,999	211,300,798	12.0
2	Purchase of High Density Fibre Fishing Boat With Accessories	Across The County	196,000,000	152,456,218	77.8
3	Spot Gravelling of Mwakirunge Dumpsite to Kilifi Boundary Roads	Mwakirunge	12,694,905	12,516,523	98.6
4	Construction of ECD at Mwangala Primary School	Bofu	13,715,700	10,206,369	74.4
5	Construction of Cathlab at Coast General Teaching & Referral Hospital	Bondeni	25,000,000	8,037,855	32.2
6	Periodic Maintenance Of Mbuyuni Mwamba Avenue Oceanic & Mikindani Roads	Mikindani	35,137,108	7,504,742	21.4
7	Refurbishment Of Classes And Construction Of Toilets - Mtopanga Ecd	Mtopanga	7,525,650	6,321,356	84.0
8	Proposed Refurbishment Of Likoni Shika Adabu Market	Shika Adabu	3,484,883	3,484,883	100.0
9	Electrical Repair Works For High Pressure Sodium Network At Mtongwe Ward	Mtongwe	3,206,372	3,206,372	100.0
10	Drain Cleaning & Installation Of 600mm Concrete Culvert At Hamisi Estate	Changamwe	3,188,038	3,188,038	100.0

Source: Mombasa County Treasury

3.28.10 Budget Performance by Department

Table 3.164 shows a summary of the approved budget allocation and performance by department in the first half of FY 2020/21.

Table 3.164 : Mombasa County, Budget Performance by Department for the First Half of FY 2020/21

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
The Executive	355.39	20.42	22.42	-	19.75	-	88.1	-	5.6	-
Public Service Board	121.38	11.64	15.99	-	44.25	-	-	-	36.5	-
Finance and Economic Planning	1,014.01	415.54	552.44	8.18	519.90	543.34	94.1	6643.3	51.3	130.8
Energy, Environment and Waste Management	612.51	365.37	108.96	-	155.75	12.62	-	-	25.4	3.5
Education, Information Technology and Mv 2035	661.16	311.33	67.11	-	196.88	17.63	-	-	29.8	5.7
Health	3,240.66	436.64	1,030.49	100.17	1,106.40	9.21	107.4	9.2	34.1	2.1
Water, Environment and Natural Resources	128.86	1,350.23	5.23	228.22	11.00	-	-	-	8.5	-
Youth, Gender, Sports and Cultural Affairs	387.61	528.37	27.50	25.00	48.58	100.27	-	401.1	12.5	19
Trade, Tourism and Investments	458.88	350.06	74.76	-	110.81	11.93	-	-	24.1	3.4
County Planning, Land and Housing	346.78	171.33	47.39	-	52.69	-	-	-	15.2	-
Transport, Infrastructure and Public Works	558.55	668.86	158.07	300.00	121.17	3.21	76.7	1.1	21.7	0.5
Agriculture, Fisheries, Livestock and Co-Operatives	282.93	200.02	48.54	-	44.76	10.39	-	-	15.8	5.2
Devolution and Public Service Administration	856.16	95.55	285.37	-	208.96	-	73.2	-	24.4	-
County Assembly	684.38	-	190.20	-	311.43	-	-	-	45.5	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Total	9,709.24	4,925.34	2,634.49	661.57	2,952.34	708.61	112.1	107.1	30.4	14.4

Source: Mombasa County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 130.8 per cent which is an indication of a weak book keeping practice by the County Treasury. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 45.5 per cent while the Executive had the lowest at 5.6 per cent.

3.28.11 Budget Execution by Programmes and Sub-Programmes

Table 3.165 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.165 : Mombasa County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
3011 The Executive	Governor's Affairs & Advisory Services	140,500,000	9,784,239	130,715,761	7.0
	Deputy Governor's Affairs & External Relations	66,575,327	9,970,181	56,605,146	15
	Cabinet Affairs, Policy Research and Legal Services	110,300,000	-	110,300,000	-
	MV 2035 & E-Government	31,624,673	-	31,624,673	-
	Strategic Delivery Unit	26,816,961	-	26,816,961	-
3013 County Public Service Board	Administration Unit	133,015,169	44,246,273	88,768,896	33.3
3014 Finance and Economic Planning	Administration Unit	1,207,919,840	466,149,707	741,770,133	38.6
	Accounting Unit	97,050,000	34,240,448	62,809,552	35.3
	Planning and Monitoring Unit	124,574,896	562,857,255	-438,282,359	451.8
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	491,856,186	155,751,946	336,104,240	31.7
	Waste Management	125,000,000	8,261,868	116,738,132	6.6
	Environmental Compliance and Monitoring	330,372,081	4,354,194	326,017,887	1.3
	Climate Change	14,650,963	-	14,650,963	-
	Energy	16,000,000	-	16,000,000	-
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	365,848,451	101,993,823	263,854,628	27.9
	Education headquarters	190,589,894	12,521,303	178,068,591	6.6
	Childcare	17,500,000	-	17,500,000	-
	Elimu Fund	211,890,000	100,000,000	111,890,000	47.2
	Information Technology Headquarters	186,659,356	-	186,659,356	-
3017 Health Services	Administration Unit	2,695,470,096	1,114,441,116	1,581,028,980	41.3
	Curative/Clinical Health Services	200,016,500	-	200,016,500	-
	Preventive and Promotive Services Unit	703,691,515	-	703,691,515	-
	Special Programs	78,123,400	1,170,800	76,952,600	1.5
3018 Water, Sanitation & Natural Resources	Administration unit	313,331,433	10,999,069	302,332,364	3.5
	Sanitation/Sewerage Services Headquarters	463,581,812	-	463,581,812	-
	Water Supply Headquarters	697,453,892	-	697,453,892	-
	Natural Resources	4,720,000	-	4,720,000	-
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	246,279,041	147,943,338	98,335,703	60.1

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Youth Empowerment	95,480,000	-	95,480,000	-
	Gender Affairs and Disability Main-streaming	50,000,000	-	50,000,000	-
	Sports development	463,695,266	913,966	462,781,300	0.2
	Cultural Affairs	40,900,000	-	40,900,000	-
	Public Recreation and Entertainment	19,620,000	-	19,620,000	-
3020 Trade, Tourism & Investment	Administration Unit	325,174,295	101,764,110	223,410,185	31.3
	Trade Development	172,153,810	18,673,300	153,480,510	10.8
	Development of Tourism	25,158,933	2,280,000	22,878,933	9.1
	Investment Promotion and Products Headquarters	211,840,000	23,095	211,816,905	-
	Ease of Doing Business-Headquarters	74,605,082	-	74,605,082	-
3021 Lands, Housing and Physical Planning	Administration Unit	225,915,432	47,914,128	178,001,304	21.2
	Physical planning	104,930,000	-	104,930,000	-
	Land Management Unit	71,390,963	240,989	71,149,974	0.3
	Housing Development Unit	59,600,000	4,534,971	55,065,029	7.6
	Urban Renewal	56,270,000	-	56,270,000	-
3022 Transport, Infrastructure & Public Works	Administration Unit	396,043,439	118,728,086	277,315,353	30.0
	Road and Transport Unit	507,255,896	3,206,372	504,049,524	0.6
	Works Unit	40,780,298	2,446,053	38,334,245	6.0
	Transport Planning, Management and Safety	77,750,000	-	77,750,000	-
	Mechanical Services	69,375,001	-	69,375,001	-
	Safety, Risk Management and Rescue Services	136,200,000	-	136,200,000	-
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	192,009,875	44,762,383	147,247,492	23.3
	Crop Management Unit	59,407,105	-	59,407,105	-
	Livestock Unit	39,427,979	-	39,427,979	-
	Fisheries Unit-Headquarters	157,376,831	10,392,486	146,984,345	6.6
	Veterinary Services	21,060,547	-	21,060,547	-
	Cooperatives	13,663,512	-	13,663,512	-
3026 Devolution & Public Service Administration	Administration	615,238,749	203,000,251	412,238,498	33.0
	Devolution and public service administration	111,358,237	3,396,868	107,961,369	3.1
	Public Service Reforms and Delivery	26,929,118	474,138	26,454,980	1.8
	Compliance and Enforcement	105,672,976	-	105,672,976	-
	County Administration and decentralized services	92,501,914	2,086,207	90,415,707	2.3
County Assembly		684,382,942	311,425,214	372,957,728	45.5
Grand Total		14,634,579,687	3,660,948,178	10,973,631,508	25.0

Source: Mombasa County Treasury

Programmes with the highest level of implementation based on absorption were: Planning and Monitoring Unit in the Finance and Economic Planning Department at 451.8 per cent of budget allocation. This high percentage is an indication of weak financial control practice by the County Treasury.

3.28.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely

preparation of budget implementation report. The county submitted an incomplete report on 1st February 2021, which was amended and resubmitted on 15th February, 2021.

2. Weak budgeting practices by the Department of Finance & Economic Planning as shown in Table 3.1164 where the County incurred expenditure in excess of approved exchequer issues and budgetary allocations.
3. Underperformance of own source revenue at Kshs.1.08 billion against an annual projection of Kshs.5.25 billion, representing 20.6 per cent of the annual target.
4. Failure to budget for Kshs.202.26 million unspent balance from FY 2019/20.

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 in line with Section 166 of PFM Act, 2012. The County Treasury should also build its capacity to ensure statutory reports are prepared in acceptable formats and on time.*
2. *The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget.*
3. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed. Further, the County Executive Committee Member for Finance (CECM-F) should make sure the Health Department account for its revenue receipts and ensure all receipts are banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*
4. *The County should prepare a supplementary budget and provide for the unspent balance from FY 2019/20.*

3.29 County Government of Murang'a

3.29.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.8.89 billion, comprising of Kshs.3.15 billion (35.5 per cent) and Kshs.5.73 billion (64.5 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expects to receive Kshs.6.46 billion (72.7 per cent) being equitable share of revenue raised nationally, Kshs.880.61 million (9.9 per cent) as total conditional grants, generate Kshs.900 million (10.1 per cent) from own sources of revenue, and a cash balance of Kshs.540.66 million (6.1 per cent) from FY 2019/20. The County also expects to receive Kshs.107.18 million (1.2 per cent) as "other revenues" not contained in the CARA, 2020.

3.29.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.12 billion as the equitable share of the revenue raised nationally, Kshs.183.61 million as conditional grants, raised Kshs.227.70 million as own-source revenue, and had a cash balance of Kshs.540.66 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.18 billion as shown in Table 3.166.

Table 3.166: Murang'a County, Revenue Performance in the First Half of FY 2020/21

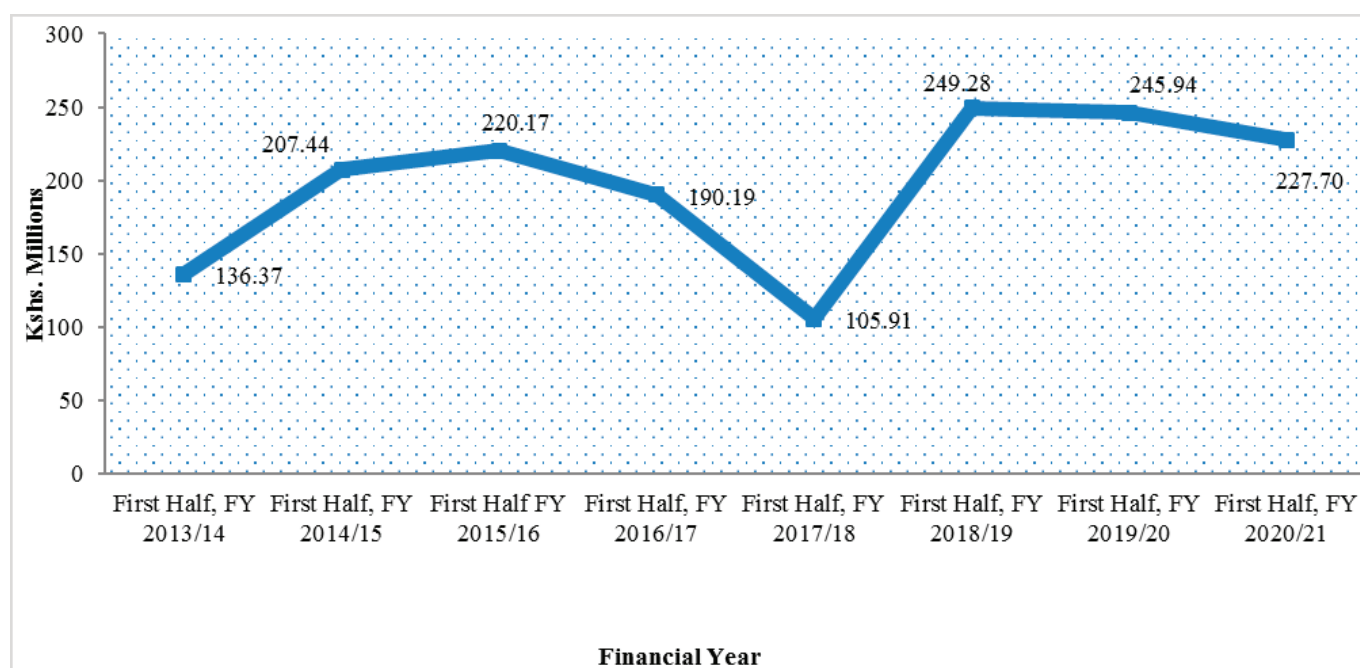
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,298,350,000	6,456,600,000	2,116,245,600	32.8
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	20,138,691	20,138,691	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	192,438,619	192,438,619	-	-
4.	Rehabilitation of Village Polytechnics	97,999,894	97,999,894	-	-
	Sub Total	442,598,481	310,577,204	-	-
C.	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	149,093,840	149,093,840	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,485,140	198,485,140	174,657,379	88

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	124,800,000	124,800,000	-	-
5.	DANIDA Grant	17,910,000	17,910,000	8,955,000	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,746,035	12,746,035	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	22,000,000	22,000,000	-	-
Sub Total		570,035,015	570,035,015	183,612,379.30	32.21
D	Other Sources of Revenue				
1.	Own Source Revenue	-	900,000,000	227,702,680	25.3
2.	Balance b/f from FY 2019/20	-	540,658,100	540,658,100	100
3.	Other Revenues	-	107,184,716	107,184,716	100
Sub Total		-	1,547,842,816	875,545,496	56.6
Grand Total		7,310,983,496	8,885,055,035	3,175,403,475	35.7

Source: Murang'a County Treasury

Figure 3.57 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.57: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Murang'a County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.227.70 million as own-source revenue. This amount represented a decrease of 7.4 per cent compared to Kshs.245.94 million realised during a similar period in FY 2019/20 and was 25.3 per cent of the annual target.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.89 billion from the CRF account during the reporting period. The amount comprised of Kshs.990.09 million (34.2 per cent) for development programmes and Kshs.1.90 billion (65.8 per cent) for recurrent programmes.

3.29.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.77 billion on development and recurrent programmes. The expenditure represented 95.7 per cent of the total funds released by the COB and comprised of Kshs.873.85 million and Kshs.1.89 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 22.7 per cent while recurrent expenditure represented 33.1 per cent of the annual recurrent budget.

3.29.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.60 billion was spent on compensation to employees, Kshs.294.75 million on Operations and Maintenance, and Kshs.873.85 million on development activities as shown in Table 3.167.

Table 3.167: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,730,893,283	1,895,263,777	33.1
Compensation to Employees	4,072,478,560	1,600,508,781	39.3
Operations and Maintenance	1,658,414,723	294,754,997	17.8
Total Development Expenditure	3,154,161,752	873,847,561	27.7
Development Expenditure	3,154,161,752	873,847,561	27.7
Total	8,885,055,035	2,769,111,338	31.2

Source: Murang'a County Treasury

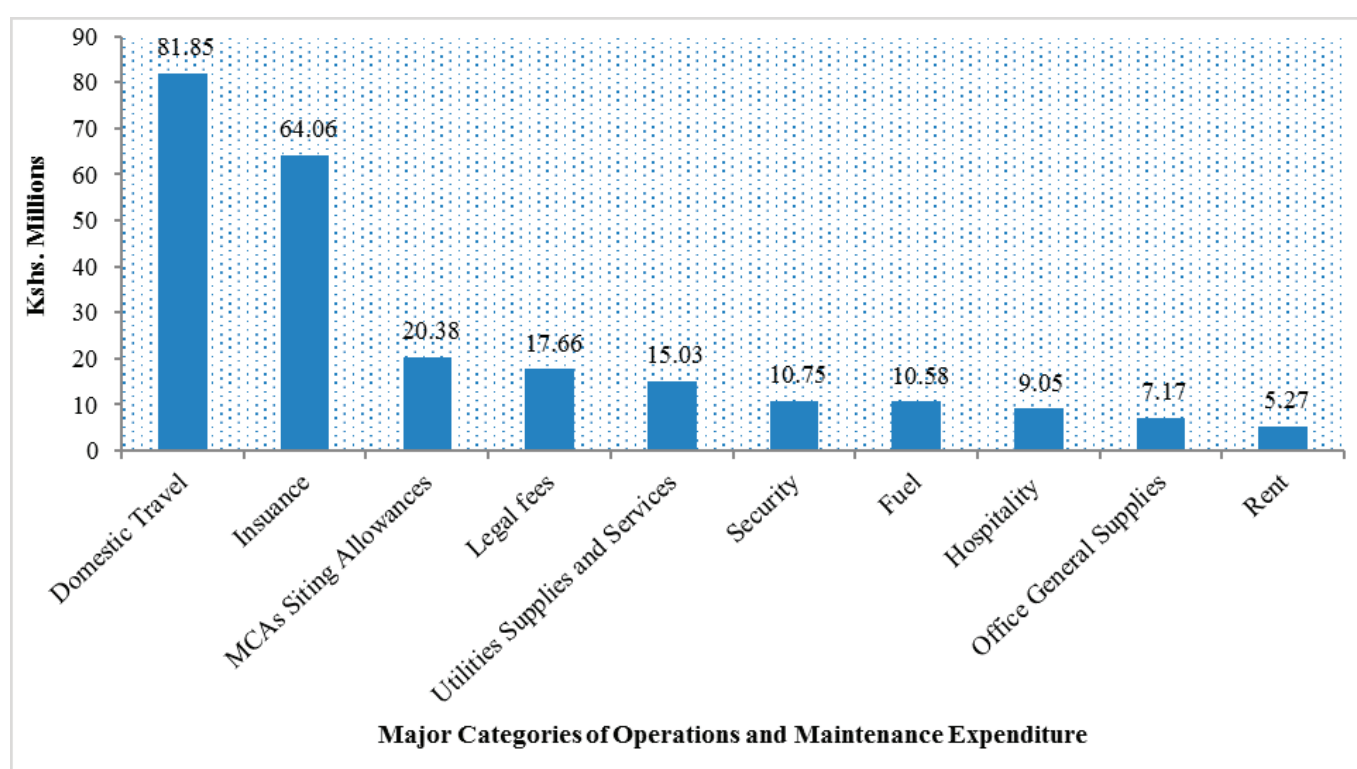
3.29.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 57.8 per cent of the total expenditure for the reporting period and 36 per cent of half year proportional revenue estimate of Kshs.4.44 billion.

3.29.7 Expenditure on Operations and Maintenance

Figure 3.56 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.58: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: Murang'a County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.20.38 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.72 million. The average monthly sitting allowance was Kshs.62,905 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.81.85 million and comprised of Kshs.61.64 million spent by the County Assembly and Kshs.20.20 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.52 million and comprised of Kshs.320,056 by the County Assembly and Kshs.1.19 million by the County Executive.

3.29.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county did not provided funds to cater for COVID-19 related expenditure. A total of Kshs 51.02 million was brought forward from FY 2019/20 while Kshs.20.24 million was spent during the reporting period as shown in Table 3.168.

Table 3.168: COVID-19 Expenditure Summary

S/No.	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1	Food	3,983,200
2	I.C.U. Beds	5,791,590
3	Isolation Wards	1,035,786
4	3ply Mask	5,706,143
5	Hydrogen Peroxide	258,000
6	Lunch Allowance	394,000
7	Ethanol	592,800
8	N 95 Mask	2,475,000
Total		20,236,519

Source: Murang'a County Treasury

3.29.9 Development Expenditure

The County incurred an expenditure of Kshs.873.85 million on development programmes, which represented a decrease of 21.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.11 billion. Table 3.169 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.169: Murang'a County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Health Pharmaceuticals and Commodities	Murang'a level V	500,000,000	245,374,698	49.1
2	Non-pharmaceuticals	Murang'a level V	80,000,000	78,939,370	98.7
3	Gravelling, Maintenance and Equipment	Kimorori, Mbiri, Makuyu, Murarandia, Kihumbu-ini, Kamahuha, Kamacharia, Wangu, Mugu-ru, Gatanga	200,000,000	77,883,264	38.9
4	Murang'a County Creameries (MCC) - production line	MCC Maragua	200,000,000	72,154,912	36.1
5	Food security (Supply of maize seeds, manure)	County wide	170,000,000	52,648,267	31
6	Urban Development Grant (UDG)	Countywide	74,880,000	44,657,794	59.6
7	Level 5 - Referral Hospital -Cancer Centre	Murang'a level V	300,000,000	34,917,914	3.5
8	Water Development	Various	210,000,000	30,188,340	
9	Revitalization of Youth Polytechnics	County Wide	123,147,008	19,147,114	17
10	Avocado upgrading	County Wide	33,000,000	6,051,340	42.7

Source: Murang'a County Treasury

3.29.10 Budget Performance by Department

Table 3.170 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.170: Murang'a County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination and Administration	270.32	-	65.07	-	65.67	-	100.9	-	24.3	-
Finance, Information Technology and Economic Planning	325	21	88.49	-	82.79	-	93.6	-	25.5	-
Agriculture, Livestock And Fisheries	250.24	566.41	71.22	240.05	71.22	123.80	100	51.6	28.5	21.9
Energy Transport and Roads	32.14	510.44	5.43	128.28	5.47	147.71	100.7	115.1	17	28.9
Commerce, Trade, Industry and Tourism	24.65	266	7.21	87.15	7.21	87.15	100	100	29.2	32.8
Health and Sanitation	2,607.63	1,120.71	1,158.29	421.80	1,163.66	421.80	100.5	100	44.6	37.6
Lands, Housing & Physical Planning	151.68	179.80	22.05	44.66	22.30	44.66	101.1	100	14.7	24.8
Education & Technical Training	443.41	186.80	96.12	29.03	96.11	29.03	100	100	21.7	15.5
Public Service	587.91	-	140.71	-	137.01	-	97.4	-	23.3	-
Youth, Culture, Gender, Social Services & Special Programs	103.71	22	12.99	8.93	12.66	8.93	97.5	100	12.2	40.6
Environment & Natural Resources	47.07	31	11.08	-	10.71	-	96.7	-	22.8	-
County Public Service Board	44.64	-	5.92	-	9.78	-	165.2	-	21.9	-
Water & Irrigation	57.35	200	9.20	30.19	9.20	10.76	100	35.6	16	5.4
County Assembly	785.14	50	209.99	-	201.47	-	95.9	-	25.7	-
TOTAL	5,730.89	3,154.16	1,903.77	990.09	1,895.26	873.85	99.6	88.3	33.1	27.7

Source: Murang'a County Treasury

Analysis of expenditure by department shows that the Department of Youth, Culture, Gender, Social Services and Special Programs recorded the highest absorption rate of development budget at 40.6 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to recurrent budget at 44.6 per cent while the Department of Youth, Culture, Gender, Social Services & Special Programs had the lowest at 12.2 per cent.

3.29.11 Budget Execution by Programmes and Sub-Programmes

Table 3.171 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.171: Murang'a County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Cash Crop Development and Management	Land and Crops Development	2,700,000	542,000	2,158,000	20.1
	Promotion Food Security	569,911,735	124,597,250	445,314,485	21.9
	Subtotal	572,611,735	125,139,250	447,472,485	21.9
Livestock and fisheries Development	Value addition and marketing of fish products	108,499,487	42,283,649	66,215,838	39
	Subtotal	108,499,487	42,283,649	66,215,838	39
Stalled and new Government buildings	Stalled and new Government buildings	33,000,000	962,374	32,037,626	2.9
	Subtotal	33,000,000	962,374	32,037,626	2.9
Land survey, housing and administration	Land Policy and Planning	11,000,000	-	11,000,000	-
	Land Survey	14,000,000	-	14,000,000	-
	Subtotal	25,000,000	-	25,000,000	-
Crop Development and Management	Quality Assurance and Monitoring of Outreach Services	4,300,000	1,472,176	2,827,824	34.2
	Subtotal	4,300,000	1,472,176	2,827,824	34.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Agribusiness and Information Management	Agribusiness and Market Development	4,200,000	100,000	4,100,000	2.4
	Subtotal	4,200,000	100,000	4,100,000	2.4
Livestock Resources Management and Development	Livestock Policy Development and capacity building Programme	3,500,000	998,000	2,502,000	28.5
	Livestock Diseases Management and Control	5,000,000	1,051,904	3,948,096	21
	Subtotal	8,500,000	2,049,904	6,450,096	24.1
Land Administration and Management	Land Administration and Management	4,319,000	120,000	4,199,000	2.8
	Subtotal	4,319,000	120,000	4,199,000	2.8
Road Transport	Construction of Roads and Bridges	27,823,060	5,346,136	22,476,924	19.2
	General Administration, Planning and Support Services	511,938,619	147,961,437	363,977,182	28.9
	Subtotal	539,761,679	153,307,573	386,454,106	28.4
ICT Infrastructure Development	ICT Infrastructure Connectivity	13,000,000	-	13,000,000	-
	Subtotal	13,000,000	-	13,000,000	-
Tourism Development and Promotion	Tourism Promotion and Marketing	2,000,000	520,000	1,480,000	26
	Subtotal	2,000,000	520,000	1,480,000	26
Trade Promotion and marketing	Domestic Trade Development	266,000,000	87,154,912	178,845,088	32.8
	Subtotal	266,000,000	87,154,912	178,845,088	32.8
Cooperative Development and Management	Governance and Accountability	3,100,000	380,540	2,719,460	12.3
	Co-operative Advisory Services	16,299,950	4,294,519	12,005,431	26.3
	Subtotal	19,399,950	4,675,059	14,724,891	24.1
Trade Development and Promotion	Domestic Trade Development	3,500,000	250,000	3,250,000	7.1
	Fair Trade and Consumer Protection	3,100,000	1,452,000	1,648,000	46.8
	Subtotal	6,600,000	1,702,000	4,898,000	25.8
Curative Health Services	Forensic and Diagnostics	3,000,000	-	3,000,000	-
	Free Primary Healthcare	551,706,290	89,425,282	462,281,008	16.2
	Subtotal	554,706,290	89,425,282	465,281,008	16.1
Education	Early Childhood Development Education	92,158,100	6,262,964	85,895,136	6.8
	Motivation of Primary and Secondary School	94,000,000	-	94,000,000	-
	Subtotal	186,158,100	6,262,964	179,895,136	3.4
Technical Vocational Education and Training	Infrastructure Development and Expansion	51,920,000	-	51,920,000	-
	Subtotal	51,920,000	-	51,920,000	-
Youth Training and Development	Revitalization of Youth Polytechnics	123,147,008	22,762,597	100,384,411	18.5
	Subtotal	123,147,008	22,762,597	100,384,411	18.5
General Administration, Planning and Support Services	County Administrative Services	194,172,371	66,961,207	127,211,164	34.5
	Subtotal	194,172,371	66,961,207	127,211,164	34.5
Public Trusts and Estates Management	Public Trusts and Estates Management	11,000,000	-	11,000,000	-
	Subtotal	11,000,000	-	11,000,000	-
Human Resource Management	Human Resource Management	13,800,000	1,401,260	12,398,740	10.2
	Subtotal	13,800,000	1,401,260	12,398,740	10.2
Budget Formulation Coordination and Management	Default - Non Programmatic	33,300,000	10,076,469	23,223,531	30.3
	Budget Formulation Coordination and Management	3,900,000	1,455,520	2,444,480	37.3
	Economic Planning and CIDP Review	7,000,000	2,648,898	4,351,102	37.8
	Subtotal	44,200,000	14,180,887	30,019,113	32.1
Public Participation	Public Participation	163,000,129	49,470,168	113,529,961	30.3
	Subtotal	163,000,129	49,470,168	113,529,961	30.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
General Administration Planning and support Services	General Administration Planning and support Services	4,665,058,180	1,842,258,544	2,822,799,636	39.5
	Subtotal	4,665,058,180	1,842,258,544	2,822,799,636	39.5
Youth Development Services	Youth Development Services	4,200,000	-	4,200,000	-
	Subtotal	4,200,000	-	4,200,000	-
Public Financial Management	Audit Services	5,000,000	261,818	4,738,182	5.2
	Public Financial Management Reforms	9,900,000	4,035,984	5,864,016	40.8
	Subtotal	14,900,000	4,297,802	10,602,198	28.8
Audit Services	County Governments Audit	4,999,999	341,215	4,658,784	6.8
	Subtotal	4,999,999	341,215	4,658,784	6.8
Control and Management of Public finances	Budget implementation and Monitoring	3,200,000	1,331,075	1,868,925	41.6
	Subtotal	3,200,000	1,331,075	1,868,925	41.6
Social Assistance to vulnerable groups	Social Assistance to vulnerable groups	66,253,038	7,200,000	59,053,038	10.9
	Persons Living With Disabilities	22,000,000	8,925,955	13,074,045	40.6
	Disaster Fund Management	9,500,000	1,984,734	7,515,266	20.9
	Subtotal	97,753,038	18,110,689	79,642,349	18.5
Development and Management of Sports Facilities	Development and Management of Sports Facilities	9,902,096	252,300	9,649,796	2.5
	Subtotal	9,902,096	252,300	9,649,796	2.5
Development And Promotion of Culture	Development And Promotion of Culture	3,251,520	420,000	2,831,520	12.9
	Subtotal	3,251,520	420,000	2,831,520	12.9
Environmental Leadership and Governance	Environmental Leadership and Governance	18,600,000	-	18,600,000	-
	Subtotal	18,600,000	-	18,600,000	-
Hazardous Waste	Hazardous Waste	21,400,000	10,713,473	10,686,527	50.1
	Subtotal	21,400,000	10,713,473	10,686,527	50.1
Water Supply Infrastructure	Water Supply Infrastructure	257,351,213	19,964,239	237,386,974	7.8
	Subtotal	257,351,213	19,964,239	237,386,974	7.8
Legislation and representation	Oversight	226,750,000	47,373,803	179,376,197	20.9
	Legislation and representation	302,400,000	107,066,677	195,333,323	35.4
	General administration and planning support	305,993,240	47,030,260	258,962,980	15.4
	Subtotal	835,143,240	201,470,739	633,672,501	24.1
Grand Total		8,885,055,035	2,769,111,338	6,115,943,697	31.2

Source: Murang'a County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Hazardous Waste Management in the Department of Environment and Natural resources at 50.1 per cent, Public Financial Management in the Department of Finance and Planning at 41.6 per cent, General Administration Planning and support Services in the Department of Public Service Administration at 39.5 per cent, and Livestock and Fisheries Development in the Department of Agriculture and Livestock Development at 39 per cent of budget allocation.

3.29.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The e financial returns were submitted on 27th January, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.873.85 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.15 billion. The development expenditure represented 27.7 per cent of the annual development budget.
3. A high wage bill, which accounted for 57.8 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.

4. The under-performance of own source revenue at Kshs. 227.70 million against an annual projection of Kshs. 900 million, representing 25.3 per cent of the annual target.
5. Over-budgeting of equitable share of revenue compared with the allocations provided for in the CARA 2020, representing a variance of Kshs.158.25 million.
6. Failure by the National Treasury to disburse the equitable share of revenue raised nationally per the approved CARA, 2020 Disbursement Schedule.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and COB Act, 2016.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should device and implement strategies to address own source revenue performance to ensure the approved budget is fully financed.*
5. *The County should prepare a supplementary budget to revise its equitable share of revenue in line with the allocations contained in the CARA, 2020.*
6. *The County Treasury should liaise with the National Treasury to ensure that allocated funds are released in a timely manner in line with the approved disbursement schedule.*

3.30 County Government of Nairobi City

3.30.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.37.70 billion, comprising of Kshs.10.84 billion (28.8 per cent) and Kshs.26.86 billion (71.2 per cent) allocation for development and recurrent programmes respectively. However, the County did not implement the approved budget during the period and operated on the Vote on Account.

To finance the budget, the County expects to receive Kshs.19.45 billion (51.6 per cent) as the equitable share of revenue raised nationally including Kshs.3.5 billion unremitted share for FY 2019/20, Kshs.1.19 billion (3.2 per cent) as total conditional grants, generate Kshs.16.46 billion (43.7 per cent) from own sources of revenue, and a cash balance of Kshs.603.68 million (1.6 per cent) from FY 2019/20.

3.30.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.63 billion as equitable share of the revenue raised nationally, raised Kshs.4.10 billion as own-source revenue including A.I.A, and had a cash balance of Kshs.603.68 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.7.33 billion as shown in Table 3.172.

Table 3.172: Nairobi City County, Revenue Performance in the First Half of FY 2020/21

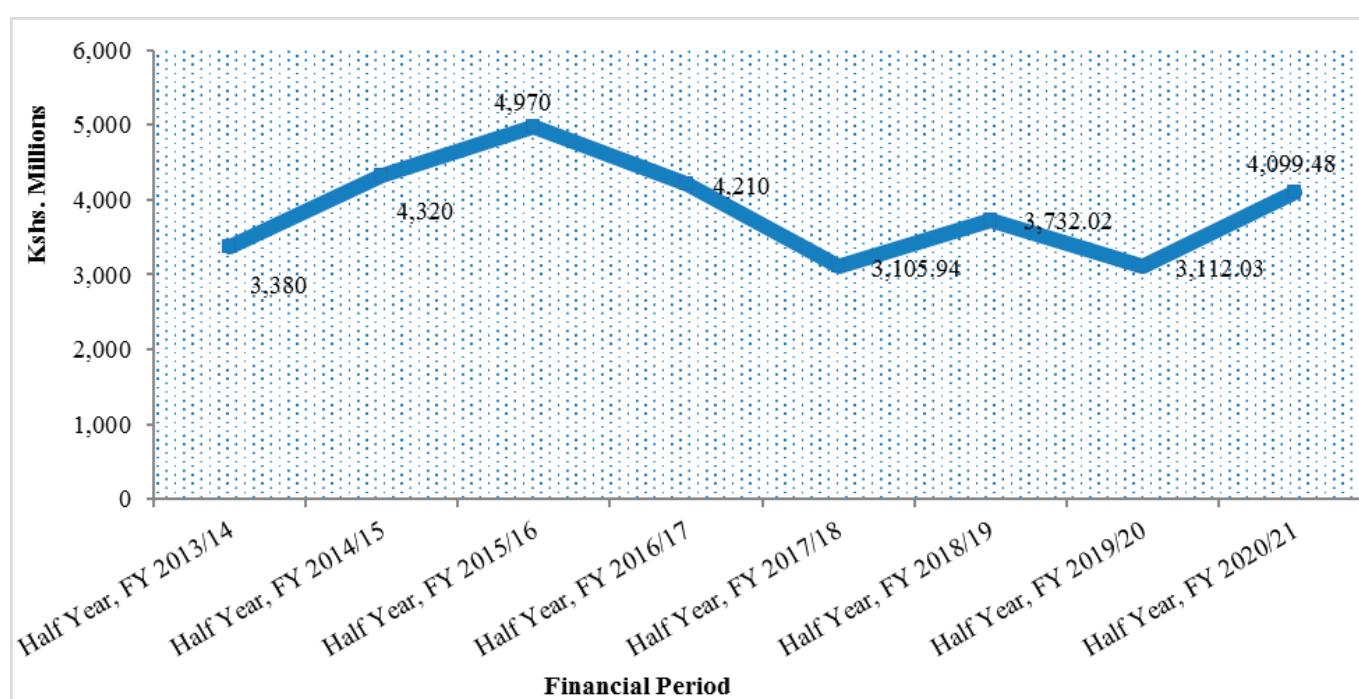
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	15,919,950,000	19,452,297,260	2,626,791,750	13.5
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	79,423,251	79,423,251	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	475,436,588	927,334,932	-	-
4.	Rehabilitation of Village Polytechnics	16,009,894	16,009,894	-	-
	Sub Total	702,891,010	1,022,768,077	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	60,494,430	60,494,430	-	-
2.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
3.	DANIDA Grant	45,270,000	45,270,000	-	-

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,955,893	15,955,893	-	-
Sub Total		166,720,323	166,720,323	-	-
D	Other Sources of Revenue				
1.	Own Source Revenue	-	16,209,511,170	3,963,262,002	24.5
2.	Balance b/f from FY2019/20	-	603,679,450	603,679,450	100
3.	A-I-A	-	250,000,000	136,213,000	54.5
Sub Total		-	17,063,190,620	4,703,154,452	27.6
Grand Total		16,789,561,333	37,704,976,280	7,329,946,202	19.4

Source: Nairobi City County Treasury

Figure 3.59 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.59: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Nairobi City County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.4.10 billion as own-source revenue. This amount represented an increase of 31.7 per cent compared to Kshs.3.11 billion realised during a similar period in FY 2019/20 and was 25.3 per cent of the annual target.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.09 billion from the CRF account during the reporting period which was entirely for recurrent programmes. There were no funds released for development programmes as the County was operating on a Vote on Account.

3.30.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.85 billion on recurrent programmes. The expenditure represented 94.1 per cent of the total funds released by the COB for recurrent programmes only. Expenditure on recurrent expenditure represented 14.3 per cent of the annual recurrent expenditure budget. The County did not report expenditure on the development budget.

3.30.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.26 billion was spent on Compensation to Employees and Kshs.593.97 million on Operations and Maintenance activities as shown in Table 3.173.

Table 3.173: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	26,862,510,285	4,090,540,532	3,849,409,955	14.3
Compensation to Employees	6,047,334,205	3,354,305,964	3,255,442,605	53.8
Operations and Maintenance	5,275,948,305	736,234,568	593,967,350	11.3
Current Transfers to Govt. Agencies (NMS)	15,539,227,775	-	-	-
Total Development Expenditure	10,842,465,995	-	-	-
Development Expenditure	10,842,465,995	-	-	-
Total	37,704,976,280	4,090,540,532	3,849,409,955	10.2

Source: Nairobi City County Treasury

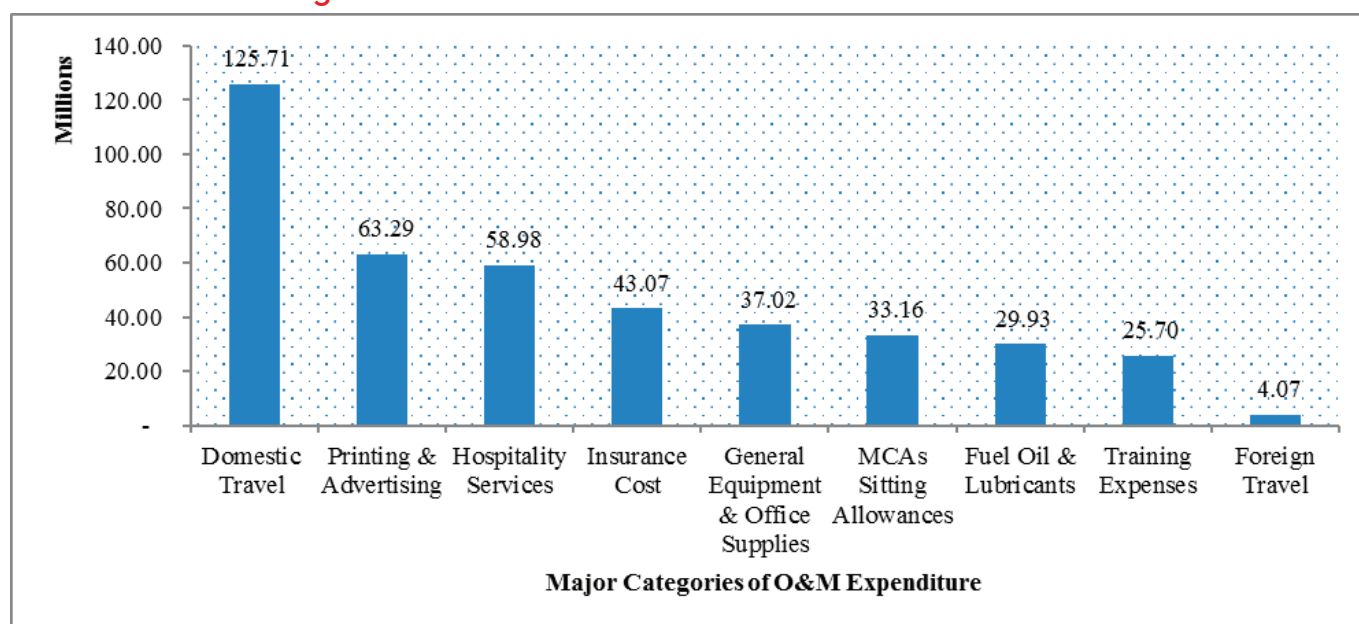
3.30.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 84.6 per cent of the total expenditure for the reporting period and 17.3 per cent of half year proportional revenue estimate of Kshs.18.85 billion.

3.30.7 Expenditure on Operations and Maintenance

Figure 3.60 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.60: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: Nairobi City County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.33.16 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.109.12 million. The average monthly sitting allowance was Kshs.44,563 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.125.71 million and comprised of Kshs.55.26 million spent by the County Assembly and Kshs.70.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.07 million and comprised of Kshs.3.8 million by the County Assembly and Kshs.0.28 million by the County Executive.

3.30.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county did not provide for any COVID-19 related expenditure while a total of Kshs.47.60 million was brought forward from FY 2019/20. This amount comprised of Kshs.17.61 million as grant from DANIDA and Kshs.30 million for Kenya Devolution Support Project (KDSP). The County did not report expenditure on COVID-19 during the reporting period.

3.30.9 Development Expenditure

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

3.30.10 Budget Performance by Department

Table 3.174 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.174: Nairobi City County, Budget Performance by Department

Department	Approved Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%) on Vote on Account	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	91.50	35	19.18	-	24.71	-	128.8	-	72.2	-
Office Of Governor & Deputy Governor	4,370.42	243.55	1,445.79	-	1,421.75	-	98.3	-	57.2	-
ICT, E-Govt & Public Communications	214.22	279	52.07	-	51.60	-	99.1	-	49.5	-
Finance & Economic Planning	1,584.05	-	709.62	-	452.64	-	63.8	-	18.3	-
Health	-	-	515.18	-	547.71	-	106.3	-	16.9	-
Urban Planning And Lands	-	-	33.38	-	30.29	-	90.8	-	14.4	-
Public Works ,Transport & Infrastructure	-	-	68.15	-	66.21	-	97.1	-	11.5	-
Education, Youth Affairs, Sports, Culture & Social Services	1,926.07	72.52	394.11	-	388.25	-	98.5	-	55.9	-
Trade, Commerce, Tourism & Cooperatives	500.53	392	98.93	-	96.89	-	97.9	-	38.6	-
Public Service Management	1,268.79	36.40	76.77	-	70.38	-	91.7	-	14.1	-
Agriculture, Livestock Development, Fisheries & Forestry	259.87	111	84.38	-	83.05	-	98.4	-	55.7	-
County Assembly	1,409.98	600	545.72	-	478.49	-	87.7	-	64.7	-
Enviroment, Water, Energy & Natural Resources	-	-	37.97	-	35.34	-	93.1	-	4.3	-
Urban Renewal And Housing	-	-	8.97	-	8.07	-	89.9	-	11.5	-
Ward Development Programmes	-	-	0.316	-	0.316	-	100.0	-	2.1	-
Emergency Fund	130	-	-	-	-	-	-	-	-	-
Liquor Licensing Board	200	50	-	-	93.76	-	-	-	93.8	-
Nairobi Metropolitan Services	14,907.08	9,023	-	-	-	-	-	-	-	-
Total	26,862.51	10,842.46	4,090.54	-	3,849.41	-	94.1	-	14.3	-

Source: Nairobi City County Treasury

Analysis of expenditure by department shows that the Department of Liquor Licensing Board had the highest percentage of recurrent expenditure to recurrent budget at 93.8 per cent while the Emergency Fund & Nairobi Metropolitan Services did not report any expenditure.

3.30.11 Budget Execution by Programmes and Sub-Programmes

Table 3.175 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.175: Nairobi City County, Budget Execution by Programmes and Sub-programmes.

VOTE CODE TITLE	Programme	Approved Estimates (Kshs)	Total Payments (Kshs)	Variances (Kshs)	Absorption Rate (%)
	0701000 P1 General Administration Planning and Support Services	126,503,677	24,711,366	101,792,311	19.53
		126,503,677	24,711,366	101,792,311	

VOTE CODE TITLE	Programme	Approved Estimates (Kshs)	Total Payments (Kshs)	Variations (Kshs)	Absorption Rate (%)
5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR		475,299,233	91,688,045	383,611,188	19.29
	0718005310 General Administrative Services	1,897,745,141	775,760,227	1,121,984,914	40.88
		359,371,304	60,857,449	298,513,855	16.93
		100,154,396	27,270,718	72,883,678	27.23
	0724005310 P 24 Security and Safety Management	797,946,791	355,502,699	442,444,092	44.55
		75,249,505	15,452,622	59,796,883	20.54
P; 0726005310:Disaster Management Coordination	190,960,863	57,719,504	133,241,359	30.23	
0725005310 P 25 management of legal affairs	717,248,233	37,503,903	679,744,330	5.23	
		4,613,975,465	1,421,755,166	3,192,220,299	
5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	0207000 P1: General Administration Planning and Support Services	110,745,897	33,154,698	77,591,198	29.94
	0208000 P2: Information And Communication Services	71,504,300	-	71,504,300	-
		16,901,300	18,394,782	(1,493,482)	108.84
	0210005310 ICT Infrastructure Development	245,177,100	-	245,177,100	-
		43,447,600	-	43,447,600	-
	5,447,600	-	5,447,600	-	
		493,223,797	51,549,480	441,674,316	
5314000000 FINANCE & ECONOMIC PLANNING	0701005310 Public Financial Management	144,958,200	-	144,958,200	-
		278,785,200	185,040,032	93,745,168	66.37
		134,654,500	10,725,475	123,929,025	7.97
		444,103,683	29,682,284	414,421,400	6.68
		9,060,000	-	9,060,000	-
		115,669,348	38,939,581	76,729,767	33.66
			-	-	
	0718005310 General Administrative Services	342,053,220	176,799,650	165,253,570	51.69
		-	-		
0719000 P3: Economic and Financial Policy Formulation and Management	114,763,900	11,452,392	103,311,508	9.98	
		1,584,048,051	452,639,413	1,131,408,638	-
5315000000 HEALTH	0401000 P1 Preventive & Promotive Health Services		-	-	-
	0402005310 Curative care		-	-	-
	0404005310 General administration, planning and support services		547,710,790	(547,710,790)	-
		-	547,710,790	(547,710,790)	-
5316000000 URBAN PLANNING AND LANDS	0106000 P 6 General Administration Planning and Support Services		18,719,782	(18,719,782)	-
	0114005310 P.8:Urban Planning, compliance & enforcement		-	-	-
			-	-	-
	0115005310 P.9:Land management		11,575,741	(11,575,741)	-
		-	-	-	
		-	30,295,522	(30,295,522)	-
5317000000 PUBLIC WORKS ,TRANSPORT & INFRASTRUCTURE	0207000 P1: General Administration Planning and Support Services		66,210,079	(66,210,079)	-
	0211005310 P5:Roads,Drainage & Bridges		-	-	-
	0212005310 P6:Road Safety Interventions		-	-	-
	0213005310 P7: Institutional Buildings & Maintenance		-	-	-
		-	66,210,079	(66,210,079)	-

VOTE CODE TITLE	Programme	Approved Estimates (Kshs)	Total Payments (Kshs)	Variations (Kshs)	Absorption Rate (%)
5318000000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	0508005310 General administration, planning and support services	1,516,771,660	318,978,882	1,197,792,778	21.03
	0509005310 P9 Education services	597,000	-	597,000	-
		101,451,995	-	101,451,995	-
		51,061,486	-	51,061,486	-
	0902005310 2.1 Social Services	169,664,857	68,950,651	100,714,205	40.64
		3,335,700	-	3,335,700	-
		45,726,600	320,950	45,405,650	0.70
		36,243,300	-	36,243,300	-
		49,531,000	-	49,531,000	-
		2,347,600	-	2,347,600	-
	21,851,000	-	21,851,000	-	
	1,998,582,198	388,250,483	1,610,331,715		
5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES	0301000 P1 General Administration Planning and Support Services	415,969,749	96,885,416	319,084,334	23.29
	0310005310 P.10 Co-operative Development and Audit Services	12,016,200	-	12,016,200	-
		3,977,000	-	3,977,000	-
	0311005310 P.11 Tourism Promotion and Marketing	13,427,500	-	13,427,500	-
	0312005310 P.12 Trade development and Market Services	139,779,500	-	139,779,500	-
		265,887,300	-	265,887,300	-
	0313005310 P.13 Licensing and Fair Trade Practices	-	-	-	-
		23,004,100	-	23,004,100	-
10,740,200		-	10,740,200	-	
	7,726,000	-	7,726,000	-	
	892,527,549	96,885,416	795,642,134		
5320000000 PUBLIC SERVICE MANAGEMENT	0701000 P1 General Administration Planning and Support Services	282,409,522	70,384,233	212,025,290	24.92
	0710000 P 5: Public Service Transformation	921,602,900	-	921,602,900	-
		66,894,600	-	66,894,600	-
	0723005310 P 23 Performance Management and Public Service Delivery	29,088,200	-	29,088,200	-
		4,113,100	-	4,113,100	-
	1,081,400	-	1,081,400	-	
	1,305,189,722	70,384,233	1,234,805,490		
5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	0106000 P 6 General Administration Planning and Support Services	229,298,081	82,304,281	146,993,800	35.89
	P;0119005310: Urban Agriculture Promotion & Regulation	6,566,619	196,800	6,369,819	3.00
		22,566,374	200,000	22,366,374	0.89
		24,998,340	198,400	24,799,940	0.79
	0116005310 P.10: Animal Health, Safety and Quality Assurance	72,753,200	125,125	72,628,075	0.17
	0117005310 P.11: Aforestation	7,343,900	-	7,343,900	-
0118015310 Food Systems and Surveillance	7,339,740	22,750	7,316,990	0.31	
	5321000801 Agricultural Development Support Project		-	-	-
		370,866,254	83,047,356	287,818,898	
5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	1001005310 P1 General Administration & Support Services		35,338,146	(35,338,146)	-
			-	(35,338,146)	-
5324000000 URBAN RENEWAL AND HOUSING	0102000 P.2 Housing Development and Human Settlement		-	-	-
			-	-	-
	0106000 P 6 General Administration Planning and Support Services		8,067,039	(8,067,039)	-
	0113005310 P.7: Building Services		-	-	-
			8,067,039	(8,067,039)	
5325000000 WARD DEVELOPMENT PROGRAMMES	0214005310 P8: Ward Development		316,000	(316,000)	-
			-	(316,000)	-
5326000000 EMERGENCY FUND	0718005310 General Administrative Services	130,000,000	-	130,000,000	-

VOTE CODE TITLE	Programme	Approved Estimates (Kshs)	Total Payments (Kshs)	Variances (Kshs)	Absorption Rate (%)
		130,000,000	-	130,000,000	-
5327000000 LIQUOR LICENSING BOARD	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	93,757,291	156,242,709	37.50
		250,000,000	93,757,291	156,242,709	-
COUNTY ASSEMBLY	07220001 Legislation, Oversight and Representation	2,009,977,879	478,492,176	1,531,485,704	23.81
		2,009,977,879	478,492,176	1,531,485,704	23.81
Total		37,704,976,281	3,849,409,955	9,925,484,638	10.21

Source: Nairobi City County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Information and Communication Services in the Department of ICT, E-Government & Public Communications at 108.8 per cent, Public Financial Management in the Department of Finance & Economic Planning at 66.4 per cent, General Administrative Services in the Department of Finance & Economic Planning at 51.7 per cent, and Security and Safety Management in the Office of Governor & Deputy Governor at 44.6 per cent of budget allocation.

3.30.12 Key Observations and Recommendations

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

1. Under performance of own source revenue at Kshs.4.1 billion against annual projection of Kshs.16.21 billion. The realised own source revenue represented 25.3 per cent of its annual target.
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
3. Failure to implement the approved development programmes during the reporting period which was caused by leadership disagreements on the approved budget estimates. The disagreements meant the approved budget could not be implemented which affected access of funds to implement planned development programmes.

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

1. The County should devise and implement strategies to address own source revenue performance so as to ensure the approved budget is fully financed.
2. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
3. The County leadership should iron out the leadership disagreements in order to allow smooth implementation of planned programmes.

3.31 County Government of Nakuru

3.31.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.20.04 billion, comprising of Kshs.10.48 billion (52.4 per cent) and Kshs.9.52 billion (47.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.9.75 billion (48.7 per cent) as the equitable share of revenue raised nationally, Kshs.1.23 billion (6.1 per cent) as total conditional grants, generate Kshs.1.8 billion (9.0 per cent) from own sources of revenue, cash balance of Kshs.5.62 billion (28.1 per cent) from FY 2019/20 and Kshs.202.94 million unspent Appropriation-In-Aid (A-I-A) from FY 2019/20. The County also budgeted to collect Kshs.1.4 billion (7 per cent) as A-I-A.

3.31.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.73 billion as the equitable share of the revenue raised nationally, Kshs.212.54 million as conditional grants, raised Kshs.294.23 million as own-source revenue, and had a

cash balance of Kshs.5.62 billion from FY 2019/20 and Kshs.202.94 million unspent A-I-A from FY 2019/20. In the period the county raised Kshs.294.29 million from A-I-A. The total funds available for budget implementation during the period amounted to Kshs.8.36 billion as shown in Table 3.176.

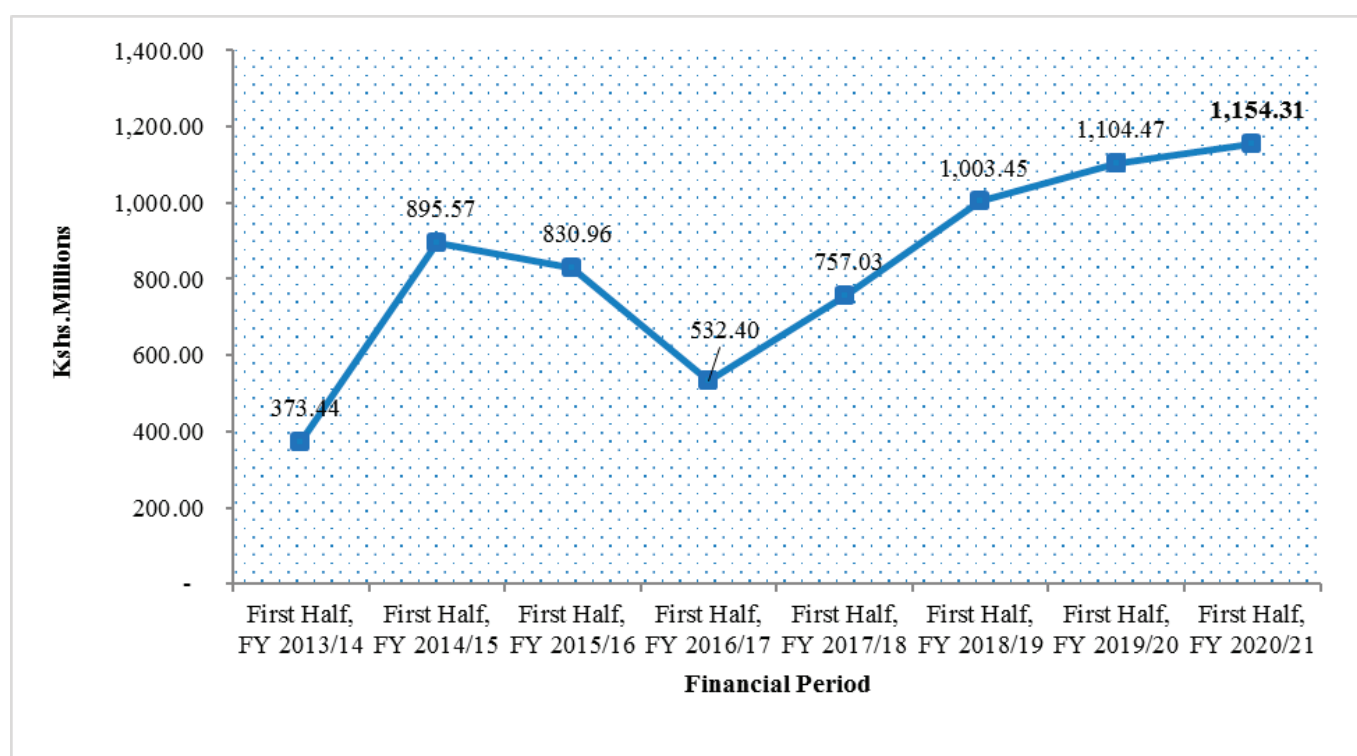
Table 3.176: Nakuru County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,261,000,000	9,748,200,000	1,728,564,750	17.7
B.	Conditional Grants from the National Government Revenue				
1	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	-	-
2	Compensation for User Fee Foregone	38,723,265	38,723,265	-	-
3	Leasing of Medical Equipment	131,914,894	132,021,277	-	-
4	Road Maintenance Fuel Levy Fund	297,372,469	290,544,581	-	-
8	Rehabilitation of Village Polytechnics	63,063,298	66,289,894	-	-
Sub Total		904,946,758	901,451,849	-	-
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	95,036,351	40,080,000	-	-
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	140,435,163	198,441,600	197,640,514	100
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	60,282,958	45,000,000	14,895,000	33.1
4	DANIDA Grant	31,083,750	29,790,000	-	-
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	21,983,635	14,171,667	-	-
6	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	1,084,843,300	-	-	-
Sub Total		1,433,665,157	327,483,267	212,535,514	64.9
D	Other Sources of Revenue				
1	Own Source Revenue	-	1,800,000,000	529,363,068	29.4
2	Balance b/f from FY 2019/20	-	5,624,403,839	5,624,403,839	100.0
3	Other Revenues	-	202,942,308	202,942,308	100.0
4	A-I-A	-	1,400,000,000	629,946,998	44.6
Sub Total		-	9,027,346,147	6,415,844,990	77.3
Grand Total		12,599,611,915	20,004,481,263	8,922,756,477.32	44.6

Source: Nakuru County Treasury

Figure 3.61 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.61: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Nakuru County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.1.15 billion as own-source revenue which comprised of Kshs.529.36 million of ordinary revenue and Kshs.629.95 million as A-I-A. This amount represented an increase of 4.5 per cent compared to Kshs.1.1 billion realised during a similar period in FY 2019/20 respectively. The own-source and A-I-A revenues raised was 36 per cent of the annual target respectively.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.77 billion from the CRF account during the reporting period. The amount comprised of Kshs.728.80 million (15.2 per cent) for development programmes and Kshs.4.03 billion (84.8 per cent) for recurrent programmes.

3.31.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.4.64 billion on development and recurrent programmes. The expenditure represented 93.2 per cent of the total funds released by the COB and comprised of Kshs.865.21 million and Kshs.3.78 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 9.1 per cent while recurrent expenditure represented 36 per cent of the annual recurrent expenditure budget.

3.31.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.13 billion was spent on Compensation to Employees, Kshs.648.98 million on Operations and Maintenance, and Kshs.874.85 million on development activities as shown in Table 3.177.

Table 3.177: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	10,482,048,690	4,031,802,383	3,777,141,528	36.0
Compensation to Employees	6,928,317,971	3,127,438,413	3,128,160,143	45.2
Operations and Maintenance	3,553,730,719	919,363,970	648,981,385	18.3
Total Development Expenditure	9,522,432,574	728,796,398	865,205,643	9.1
Development Expenditure	9,522,432,574	728,796,398	865,205,643	9.1

Expenditure Classification	Budget (Kshs.)	Exchequer (Kshs.)	Issues	Expenditure (Kshs)	Absorption (%)
Total	20,004,481,264	4,760,598,781		4,642,347,171	23.2

Source: Nakuru County Treasury

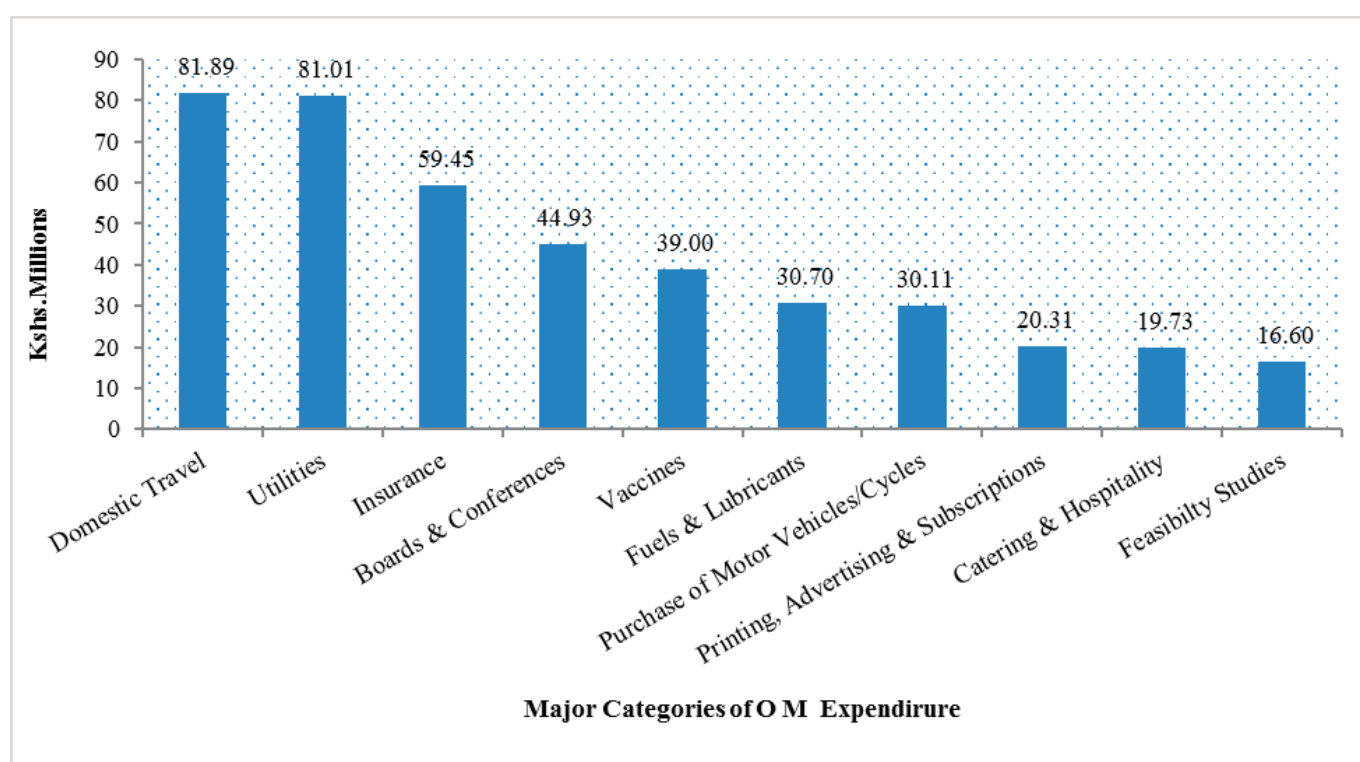
3.31.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 67.4 per cent of the total expenditure for the reporting period and 31.3 per cent of half year proportional revenue estimate of Kshs.10.0 billion.

3.31.7 Expenditure on Operations and Maintenance

Figure 3.62 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.62: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: Nakuru County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.20.3 million on committee sitting allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.100 million. The average monthly sitting allowance was Kshs.42,839 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.81.89 million and comprised of Kshs.43.65 million spent by the County Assembly and Kshs.38.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.68 million and comprised of Kshs.1.94 million by the County Assembly and Kshs.5.74 million by the County Executive.

3.31.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county budgeted for Kshs.150 million to cater for COVID-19 related expenditure while Kshs.292.1 million was brought forward from FY 2019/20. In the reporting period, a total of Kshs.116.05 million was spent as shown in Table 3.178

Table 3.178: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
1	Contractual Employees	13,100,000	-
2	Domestic Travel and Subs. – Others	10,000,000	10,000,000
3	Medical Drugs	48,000,000	48,000,000
4	Dressings and Other Non-Pharmaceutical Medical Items	40,000,000	39,827,675
5	Food and Rations	15,504,500	15,070,610
6	Refined Fuels and Lubricants for Transport (P3)	3,845,020	3,151,200
7	Non-Financial Assets	19,550,480	-
Total		150,000,000	116,049,485

Source: Nakuru County Treasury

3.31.9 Development Expenditure

The County incurred an expenditure of Kshs.865.2 million on development programmes, which represented a decrease of 12.5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.988.7 million. Table 3.179 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.179: Nakuru County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
1	Construction of buildings - Outpatients complex (PGH)	Headquarters	155,372,832	86,160,595	86,160,595	55.5
2	purchase of land for lanet umoja health centre	Lanet/Umoja	23,015,405	20,000,000	20,000,000	86.9
3	Construction and rehabilitation of roads - Boresha Barabara	Headquarters	20,181,765	19,127,790	19,127,790	94.8
4	Laying of water pipes in Kiamunyi / ngata bridge	Headquarters	20,000,000	12,926,104	12,926,104	64.6
5	Beautification and rehabilitation of Nyayo Gardens	Headquarters	20,000,000	12,401,617	12,401,617	62.0
6	Opening of Industrial Park roads	Headquarters	20,000,000	9,999,980	9,999,980	50.0
7	Construction of Githioro dispensary	Dundori	9,847,120	8,238,064	8,238,064	83.7
8	Purchase of milk pasteurizers, cooling system and dispensers (1000lts system) Mangu Tomato, Lare Njoro, Kamarus, Kamugendo Dairy Farmers Co-operatives	Headquarters	8,191,456	8,191,456	8,191,456	100.0
9	Purchase of Skip Loader (Truck)	Headquarters	7,849,770	7,849,770	7,849,770	100.0
10	Completion of outpatient block at Elburgon Sub County hospital	Headquarters	12,336,169	6,646,074	6,646,074	53.9

Source: Nakuru County Treasury

3.31.10 Budget Performance by Department

Table 3.180 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.180: Nakuru County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	983.22	271.19	398.70	34.12	387.60	27.29	97.2	80.0	39.4	10.1
County Treasury	876.15	667.05	394.10	106.58	367.03	5.61	93.1	5.3	41.9	0.8
Public Service, Training and Devolution	705.20	51.89	297.74		299.29	-	100.5	-	42.4	-
Agriculture, Livestock and Fisheries	541.12	469.40	228.91	155.91	275.05	157.74	120.2	101.2	50.8	33.6
Lands, Physical Planning and Housing	135.44	1,162.84	51.53		48.30	34.87	93.7	-	35.7	3.0
Office of the Governor and Deputy Governor	314.91	98.95	146.10		71.01	-	48.6	-	22.5	-
Education, Vocational Training, ICT and E-Government	504.73	720.74	165.59	33.55	97.85	67.66	59.1	201.7	19.4	9.4

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, Industry, Marketing and Tourism	137.28	225.59	50.31	14.19	41.73	14.23	82.9	100.3	30.4	6.3
Youth, Culture, Gender, Sports and Social Services	241.23	167.05	33.89	6.40	62.48	14.70	184.4	229.7	25.9	8.8
Infrastructure (Roads, Public Works and Transport)	365.04	2,240.63	127.45	101.28	142.46	224.68	111.8	221.8	39.0	10.0
Environment, Water, Energy and Natural Resources	279.46	1,125.33	109.52	175.70	111.36	194.13	101.7	110.5	39.8	17.3
Health Services	5,278.85	1,544.03	2,005.93	101.06	1,856.91	124.29	92.6	123.0	35.2	8.0
County Public Service Board	68.14	1.81	15.74		13.61	-	86.5	-	20.0	-
Nakuru Municipality	27.41	529.83	3.90		1.68	-	43.1	-	6.1	-
Naivasha Municipality	23.88	246.10	2.39		0.76	-	31.8	-	3.2	-
Total	10,482.05	9,522.43	4,031.80	728.80	3,777.13	865.20	93.7	118.7	36.0	9.1

Source: Nakuru County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of both the development and recurrent budget at 33.6 per cent and 50.8 per cent respectively.

3.31.11 Budget Execution by Programmes and Sub-Programmes

Table 3.181 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.181: Nakuru County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption
101003000			86,792,994	70,420,115	16,372,879	81.1
	101014560	Promotion of Dairy Production, Breeding and Disease Control	78,792,994	70,420,115	8,372,879	89.4
	101024560	Promotion of Value Addition of Livestock and Livestock Products	8,000,000	-	8,000,000	-
	101034560	Promotion of Non-ruminants and Emerging livestock Enterprises	-	-	-	-
	101044560	Promotion of Apiculture	-	-	-	-
102003000			4,343,115	354,590	3,988,525	8.2
	102014560	Aquaculture development	4,343,115	354,590	3,988,525	8.2
	102024560	Development of capture fisheries resources	-	-	-	-
	102034560	Fish quality assurance, value addition and marketing	-	-	-	-
103003000			479,778,843	159,059,186	320,719,657	33.2
	103014560	Extension, Research and Training	-	-	-	-
	103024560	Crop Production and Food Security	479,778,843	159,059,186	320,719,657	33.2
	103034560	Farm land utilization, Conservation and Mechanization	-	-	-	-
	103044560	Agribusiness Development and Marketing	-	-	-	-
104003000			1,699,878,933	284,152,661	1,415,726,272	16.7
	104014560	Administration Services	557,686,294	249,281,320	308,404,974	44.7
	104054560	Infrastructure for Land	1,142,192,639	34,871,341	1,107,321,298	3.1
105003000			12,440,000	1,357,634	11,082,366	10.9
	105014560	Develop County Spatial Plan	7,050,000	894,369	6,155,631	12.7
	105024560	GIS Data Base creation	-	-	-	-
	105034560	Survey and Mapping	5,390,000	463,265	4,926,735	8.6
201003000			2,299,393,628	243,584,553	2,055,809,075	10.6
	201014560	Rehabilitation of Roads, Drainage and Bridges	2,291,793,628	243,101,658	2,048,691,970	10.6
	201024560	Rehabilitation and construction of Transport terminals	100,000	-	100,000	0.0

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption
	201034560	Design, Supervision and Rehabilitation of County Buildings	2,750,000	-	2,750,000	0.0
	201044560	Firefighting and Emergency Services	4,750,000	482,895	4,267,105	10.2
202003000			95,050,000	47,500,000	47,550,000	50.0
	202014560	Installation, Maintenance and Rehabilitation of lighting	95,050,000	47,500,000	47,550,000	50.0
203003000			492,269,093	142,985,807	349,283,286	29.0
	203014560	Administration & Personnel	492,269,093	142,985,807	349,283,286	29.0
	203024560	System Support	-	-	-	
204003000			14,892,500	437,401	14,455,099	2.9
	204024560	Functional & Technical Support Centre-Help Desk	14,892,500	437,401	14,455,099	2.9
205003000			16,600,000	121,100	16,478,900	0.7
	205014560	Networking Infrastructure	16,600,000	121,100	16,478,900	0.7
	205024560	Hardware & Software Platforms	-	-	-	
206003000			-	-	-	
	206014560	Administration and Support Services	-	-	-	
207003000			10,000,000	-	10,000,000	0.0
	207034560	Construction & Maintenance of Non Residential County Buildings	10,000,000	-	10,000,000	0.0
	207044560	Installation, Rehabilitation & Maintenance of Lighting Facilities	-	-	-	
208003000			10,000,000	-	10,000,000	0.0
	208014560	Fire Fighting	10,000,000	-	10,000,000	0.0
209003000			-	-	-	
	209034560	E-Government Services	-	-	-	
210003000			10,000,000	1,012,800	8,987,200	10.1
	210034560	Education Developments	10,000,000	1,012,800	8,987,200	10.1
211003000			85,152,126	15,474,520	69,677,606	18.2
	211024560	Revitalization of Youth Programme	85,152,126	15,474,520	69,677,606	18.2
301003000			96,307,999	32,137,773	64,170,226	33.4
	301014560	Administration Services	96,307,999	32,137,773	64,170,226	33.4
302003000			13,840,000	1,027,200	12,812,800	7.4
	302014560	Enhance Marketing Co-operatives	13,840,000	1,027,200	12,812,800	7.4
	302024560	SACCO members' empowerment	-	-	-	
303003000			12,410,000	311,000	12,099,000	2.5
	303014560	Business Development Services for MSE's	10,980,000	211,000	10,769,000	1.9
	303024560	Producer Business Groups	-	-	-	
	303034560	Consumer protection	1,430,000	100,000	1,330,000	7.0
304003000			239,590,748	22,478,160	217,112,588	9.4
	304014560	Rehabilitation of existing markets	239,590,748	20,984,903	218,605,845	8.8
	304024560	Development of Retail and Wholesale Market in Nakuru	-	1,493,256	(1,493,256)	
305003000			720,000	1,995	718,005	0.3
	305014560	Establish & Management of County Tourism Information Centre	720,000	1,995	718,005	0.3
401003000			451,484,867	25,920,950	425,563,917	5.7
	401014560	Community Health Strategy	-	-	-	
	401024560	Environmental Health and Sanitation Program	2,300,000	-	2,300,000	0.0
	401044560	Health Promotive Services	449,184,867	25,920,950	423,263,917	5.8
402003000			2,602,690,878	127,147,199	2,475,543,679	4.9
	402014560	Provision of Essential Health Services in all the Levels.	2,602,690,878	127,147,199	2,475,543,679	4.9
403003000			3,768,702,475	1,828,137,766	1,940,564,709	48.5
	403014560	Health Infrastructure Development	2,000,000	-	2,000,000	0.0
	403044560	Human Resources for health	3,766,702,475	1,828,137,766	1,938,564,709	48.5
	403054560	Research and Development	-	-	-	
501003000			900,568,153	123,857,368	776,710,785	13.8
	501014560	Administration	900,568,153	123,857,368	776,710,785	13.8
502003000			117,308,408	690,371	116,618,037	0.6
	502014560	Promotion of Early Childhood Education	92,361,886	403,471	91,958,415	0.4
	502024560	Bursaries	-	-	-	

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption
	502034560	Promotion of Quality Youth Empow- erment	24,946,522	286,900	24,659,622	1.2
503003000			10,414,075	-	10,414,075	0.0
	503054560	Education Emergency Kitty	10,414,075	-	10,414,075	0.0
504003000			20,000,000	-	20,000,000	0.0
	504014560	Infrastructure Improvement	20,000,000	-	20,000,000	0.0
505003000			79,835,808	29,958,975	49,876,833	37.5
	505014560	ICT Infrastructure and Connectivity	79,835,808	29,958,975	49,876,833	37.5
701003000			544,683,611	56,606,995	488,076,616	10.4
	701014560	Budget Formulation Coordination and management	45,431,751	15,159,875	30,271,876	33.4
	701024560	Resource Mobilization	68,979,717	20,860,300	48,119,417	30.2
	701034560	Internal Audit	35,189,523	11,246,460	23,943,063	32.0
	701044560	Procurement	13,610,497	4,930,320	8,680,177	36.2
	701054560	Public finance and Accounting	16,669,300	4,221,040	12,448,260	25.3
	701064560	Debt Management	364,802,823	189,000	364,613,823	0.1
702003000			198,711,833	36,064,827	162,647,006	18.1
	702014560	Fiscal Planning	192,256,477	34,868,327	157,388,150	18.1
	702024560	Monitoring & Evaluation /Statistical Data Management	6,455,356	1,196,500	5,258,856	18.5
704003000			1,533,429,096	585,020,522	948,408,574	38.2
	704014560	Administration Services	1,533,429,096	585,020,522	948,408,574	38.2
	704034560	Financial Services	-	-	-	
	704044560	Co-Ordination of Public and Special Community Programmes	-	-	-	
	704064560	ICT Support Services	-	-	-	
705003000			72,176,746	4,400,933	67,775,813	6.1
	705014560	Legal Service to County Government & Public	20,288,457	4,400,933	15,887,524	21.7
	705024560	Rehabilitation of Sub-County Offices	51,888,289	-	51,888,289	0.0
707003000			21,250,000	3,448,316	17,801,685	16.2
	707014560	Public Sector Management	21,250,000	3,448,316	17,801,685	16.2
708003000			654,569,247	132,494,269	522,074,978	20.2
	708014560	Procedures and Committee Services	654,569,247	132,494,269	522,074,978	20.2
	708024560	County Ward Offices	-	-	-	
	708034560	Hansard Services	-	-	-	
709003000			599,839,279	95,302,498	504,536,781	15.9
	709014560	Finance and Budget	599,839,279	95,302,498	504,536,781	15.9
710003000			299,361,442	66,896,312	232,465,130	22.3
	710014560	Administration and Coordination of County Affairs	299,361,442	66,896,312	232,465,130	22.3
711003000			33,522,400	847,700	32,674,700	2.5
	711005060	County Planning and Development Coordination Services	-	-	-	
	711014560	Organisation of County Business	33,522,400	847,700	32,674,700	2.5
712003000			80,976,716	3,270,430	77,706,286	4.0
714024560	714024560	Administration services	827,210,209	-	827,210,209	0.0
		Administration services	827,210,209	-	827,210,209	0.0
	712014560	Economic, Social and Political Advi- sory Services	80,976,716	3,270,430	77,706,286	4.0
901003000			252,071,636	108,156,944	143,914,692	42.9
	901014560	Administration	252,071,636	108,156,944	143,914,692	42.9
902003000			14,457,014	1,910,063	12,546,951	13.2
	902014560	Pollution Control & Monitoring	14,457,014	1,910,063	12,546,951	13.2
903003000			4,450,000	425,879	4,024,121	9.6
	903014560	Forest Resources Management & Cli- mate Change	4,450,000	425,879	4,024,121	9.6
904003000			1,123,805,502	195,005,740	928,799,762	17.4
	904014560	Water Provision & Drilling of Bore- holes	1,123,805,502	195,005,740	928,799,762	17.4
	904024560	Water Resources & Sewerage Services	-	-	-	
905003000			25,561,890	616,765	24,945,125	2.4
	905014560	Rehabilitation of Council Houses	15,561,890	616,765	14,945,125	4.0
	905024560	Housing Technology Transfer	10,000,000	-	10,000,000	-
906003000			77,940,000	4,204,922	73,735,078	5.4

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption
	906014560	Cultural Development Services	-	-	-	
	906024560	Promotion of Culture, Arts and Talents	11,180,000	2,153,795	9,026,205	19.3
	906034560	Social Development Programs	33,880,000	817,764	33,062,236	2.4
	906054560	Rehabilitation of Social Halls, Libraries, Parks and Academies	32,880,000	1,233,363	31,646,637	3.8
907003000						
	907014560	Rehabilitation of Stadia	-	-	-	
1003003000			10,000,000	-	10,000,000	-
	1003034560	Strategic Project Monitoring and intervention(Ending Drought Emergency	10,000,000	-	10,000,000	-
1004003000			-	-	-	
	1004014560	Electric Fence Installation Initiative	-	-	-	
Grand Total			20,004,481,264	4,452,802,238	15,551,679,026	22.3

Source: Nakuru County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Production of Dairy Products Breeding and disease control in the Department of Agriculture, Livestock and Fisheries at 89.4 per cent, Installation and Maintenance and Rehabilitation of Light under the Infrastructure Department at 50 per cent and Health Resources for Health under Health Department at 48.5 per cent of budget allocation.

3.31.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were submitted on 28th January, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.865.2 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.9.53 billion. The development expenditure represented 9.1 per cent of the annual development budget. This is despite the County carrying a unspent balance from FY 2019/20 of Kshs.5.62 billion.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.
2. The County leadership should identify and address issues causing delays in the implementation of development projects.

3.32 County Government of Nandi

3.32.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.7.61 billion, comprising of Kshs.5.02 billion (66 per cent) and Kshs.2.59 billion (34 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expected to receive Kshs.5.38 billion (70.7 per cent) being equitable share of revenue raised nationally, Kshs.676.14 million (8.9 per cent) as total conditional grants, generate Kshs.405.41 million (5.3 per cent) from own sources of revenue, and the cash balance of Kshs.1.01 billion (13.3 per cent) from FY 2019/20. The County also expects to receive Kshs.135.56 million (1.8 per cent) as "other revenues" not contained in the CARA, 2020. The "other revenues" include Kshs.126.76 million for Urban Development Grant (UDG) and Kshs.8.8 million for Urban Institutional Grants (UIG).

3.32.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.77 billion as the equitable share of the revenue raised nationally, Kshs.231.75 million as conditional grants, raised Kshs.108.89 million as own-source revenue, and had a cash balance of Kshs.460 million from FY 2019/20. The County also received Kshs.135.56 million from other revenues. The total funds available for budget implementation during the period amounted to Kshs.2.70 billion as shown in Table 3.182:

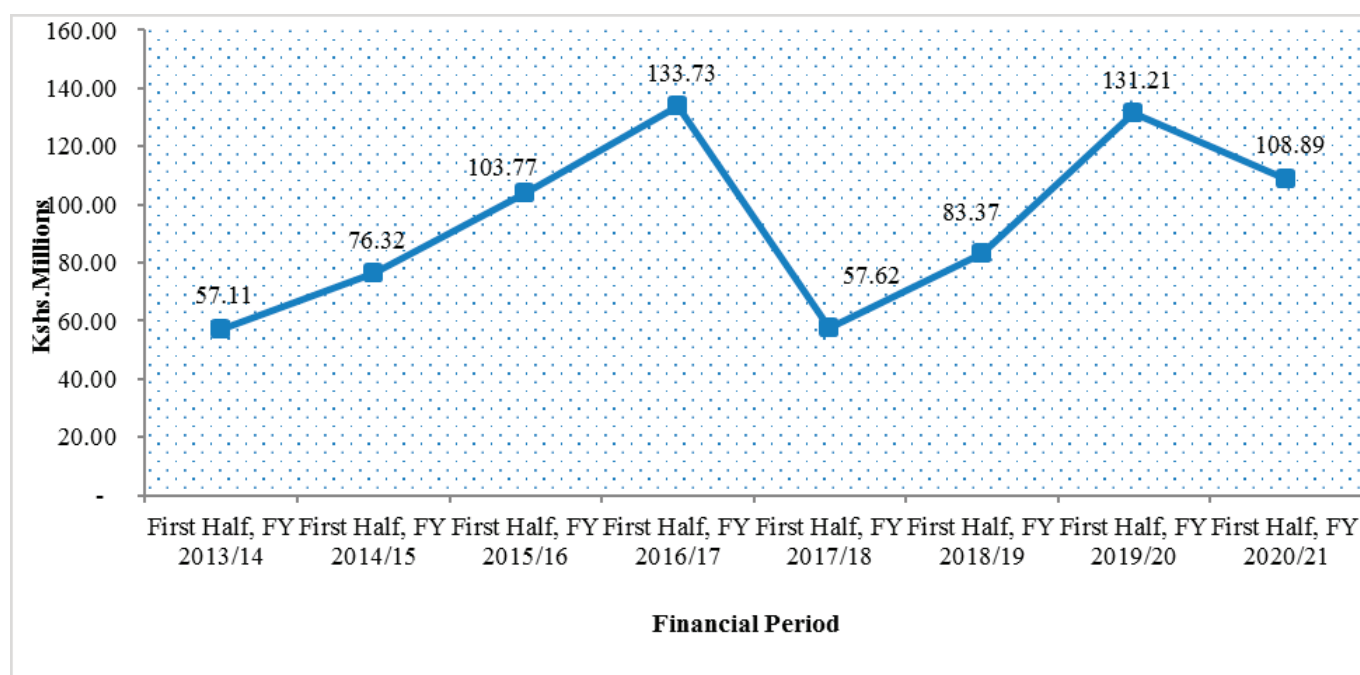
Table 3.182: Nandi County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,348,850,000	5,380,500,000	1,765,120,500	32.8
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	18,086,363	18,086,363	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	160,365,516	160,365,516	-	-
4.	Rehabilitation of Village Polytechnics	27,919,894	27,919,894	-	-
	Sub Total	338,393,050	206,371,773	-	-
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	102,150,272	102,150,272	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	197,907,900	197,907,900	188,158,702	95.1
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	75,000,000	30,000,000	40.0
4.	DANIDA Grant	15,210,000	21,195,000	13,590,000	64.1
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,838,123	12,838,123	-	-
6.	EU-Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	60,669,094	60,669,094	-	-
	Sub Total	433,775,389	469,760,389	231,748,702	49.3
D.	Other Sources of Revenue				
7.	Own Source Revenue	-	405,408,260	108,888,344	26.9
8.	Balance b/f from FY 2019/20	-	1,013,914,458	460,001,100	45.4
	Other Revenues	-	135,562,988	135,562,988	100
	Sub Total	-	1,554,885,706	704,52,432	45.3
	Grand Total	6,121,018,439	7,611,517,868	2,701,321,634	35.5

Source: Nandi County Treasury

Figure 3.63 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.63: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Nandi County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.108.89 million as own-source revenue. This amount represented a decrease of 17 per cent compared to Kshs.131.21 million realised during a similar period in FY 2019/20 and was 26.9 per cent of the annual target.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.55 billion from the CRF account during the reporting period. The amount comprised of Kshs.388.81 million (15.3 per cent) for development programmes and Kshs.2.16 billion (84.7 per cent) for recurrent programmes.

3.32.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.92 billion on development and recurrent programmes. The expenditure represented 114.7 per cent of the total funds released by the COB and comprised of Kshs.613.99 million and Kshs.2.31 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 23.7 per cent while recurrent expenditure represented 45.9 per cent of the annual recurrent expenditure budget.

3.32.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.89 billion was spent on Compensation to Employees, Kshs.420.86 million on Operations and Maintenance, and Kshs.613.99 million on development activities as shown in Table 3.183.

Table 3.183: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,022,021,592	2,156,668,370	2,306,204,637	45.9
Compensation to Employees	3,845,956,683	1,788,966,183	1,885,347,662	49.0
Operations and Maintenance	1,176,064,909	367,702,187	420,856,975	35.8
Total Development Expenditure	2,589,496,276	388,809,935	613,994,045	23.7
Development Expenditure	2,589,496,276	388,809,935	613,994,045	23.7
Total	7,611,517,868	2,545,478,305	2,920,198,682	38.4

Source: Nandi County Treasury

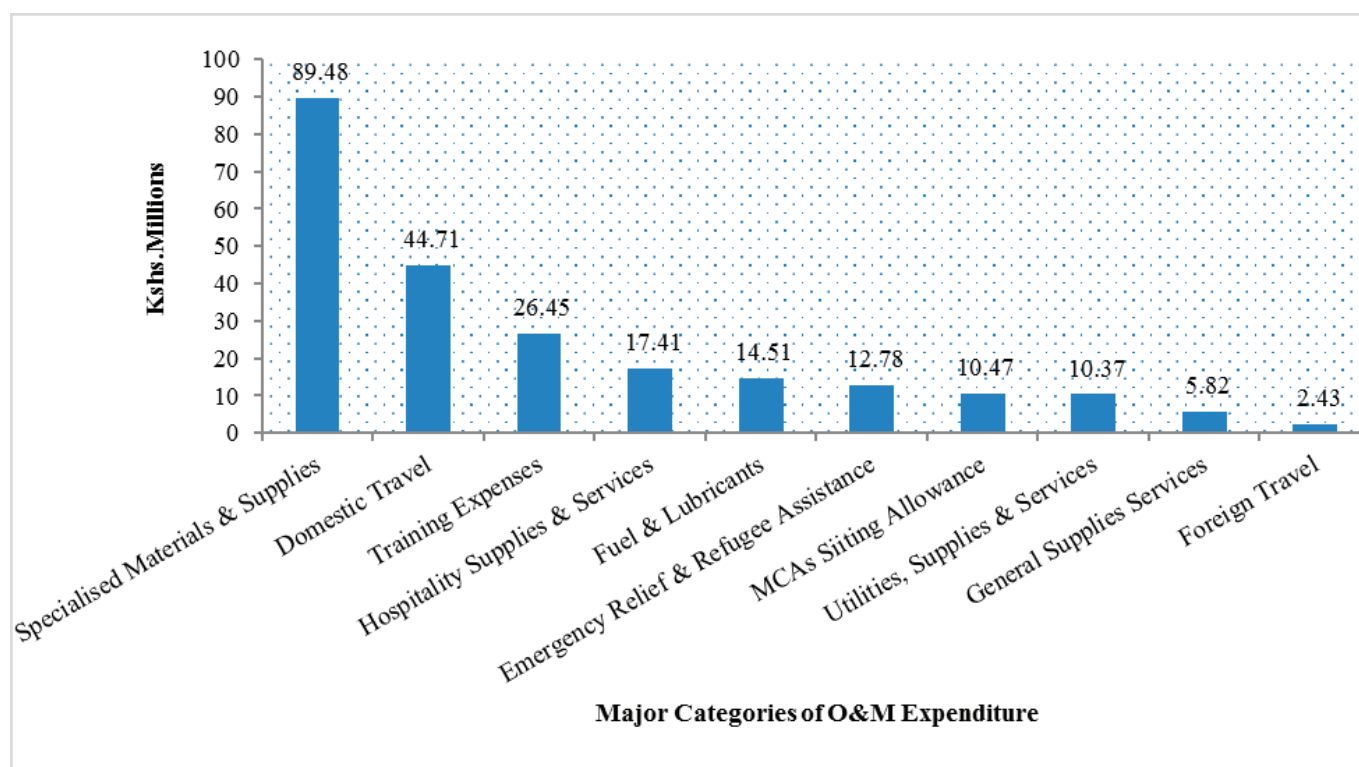
3.32.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 64.6 per cent of the total expenditure for the reporting period and 49.5 per cent of half year proportional revenue estimate of Kshs.4.09 billion.

3.32.7 Expenditure on Operations and Maintenance

Figure 3.64 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.64: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.10.47 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.53.56 million. The average monthly sitting allowance was Kshs.43,604 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.44.71 million and comprised of Kshs.27.29 million spent by the County Assembly and Kshs.17.42 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.43 million incurred by the County Executive.

3.32.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.10 million to cater for COVID-19 related expenditure while a total of Kshs.182.78 million was brought forward from FY 2019/20. A total of Kshs.224.99 million was spent during the reporting period as shown in Table 3.184.

Table 3.184: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
1.	Training and allowances for health care workers	72,567,283	77,443,747
2.	Purchase of ICU Beds and Medical Equipment	114,228,717	122,492,290
3.	Level I and II Grants	5,985,000	5,985,000
Total		192,781,000	224,994,927

Source: Nandi County Treasury

3.32.9 Development Expenditure

The County incurred an expenditure of Kshs.613.99 million on development programmes, which represented an increase of 64.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.372.77 million. Table 3.185 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.185: Nandi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of ECDE	County Wide	23,000,000	15,774,679	68.6
2	Hire of Machinery	County Wide	30,000,000	17,271,606	57.6
3	Construction of MCRH	Kapsabet	119,996,289	42,874,138	35.7
4	Spot Improvement of Roads	County Wide	160,365,516	40,561,812	25.3
5	Construction of Cooling Plants	County Wide	36,898,973	8,458,844	22.9
6	Construction of Water Projects	County Wide	95,000,000	12,925,072	13.6
9	Construction and Renovation of Dispensaries	County Wide	292,772,918	26,974,266	9.2

Source: Nandi County Treasury

3.32.10 Budget Performance by Department

Table 3.186 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.186: Nandi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	332.98	30.00	149.41	-	140.54	-	109.9	-	49.3	-
Finance and Economic Planning	407.38	10.00	170.70	-	46.56	-	114.0	-	47.7	-
Devolved Units and Special programmes	474.47	191.35	204.78	-	206.40	-	107.5	-	46.4	70.8
Health and Sanitation	2,307.86	462.77	1,035.17	80.64	798.30	-	106.7	118.6	47.8	26.7
Agriculture, Livestock and Fisheries	287.32	521.46	115.81	194.17	112.47	-	117.3	89.6	47.3	33.4
Tourism, Culture and Co-operative Development	32.57	32.90	12.60	3.03	2.38	-	100.5	105.0	38.9	9.7
Youth, Gender and Social Services	86.43	73.90	36.90	-	4.65	-	66.3	-	28.3	1.9
Education Research and Vocational Training	213.67	196.29	75.00	28.89	48.98	-	123.3	134.0	43.3	19.7
Lands, Environment and Natural Resources	68.19	423.44	27.17	23.84	15.92	2.50	93.9	77.0	37.4	4.3
Roads, Transport and Public Works	95.09	443.99	31.51	39.47	15.11	-	124.7	241.8	41.3	21.5
Trade and Industrial Development	39.95	103.40	15.64	3.77	4.98	-	112.2	184.3	43.9	6.7
Public Service and Labour	26.34	-	10.77	-	7.37	-	110.1	-	45.0	-
County Assembly	649.76	100.00	271.21	15.00	160.44	21.14	97.3	298.5	40.6	44.8
Grand Total	5,022.02	2,589.50	2,156.67	388.81	1,564.10	23.64	106.9	157.9	45.9	23.7

Source: Nandi County Treasury

Analysis of expenditure by department shows that the Department of Devolved Units and Special Programmes recorded the highest absorption rate of development budget at 70.8 per cent while the County Executive and the Department of Finance and Economic Planning and Public Service did not report any expenditure on development activities. The County Executive had the highest percentage of recurrent expenditure to recurrent budget at 49.3 per cent while the Department of Youth, Gender and Social Services had the lowest at 28.3 per cent.

3.32.11 Budget Execution by Programmes and Sub-Programmes

Table 3.187 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.187: Nandi County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Executive					
General Administration and Planning	General Administration and Planning	332,983,927	164,146,778	168,837,149	49.3
	Sub total	332,983,927	164,146,778	168,837,149	49.3
Physical Infrastructure	Construction of Governor's Offices	30,000,000	-	30,000,000	0.0
	Sub total	30,000,000	-	30,000,000	0.0
Finance and Economic Planning					
General Administration and Planning	General Administration and Planning	407,381,387	194,515,985	212,865,402	47.7
	Sub total	407,381,387	194,515,985	212,865,402	47.7
Revenue Enhancement and Infrastructure	Revenue Collection and Management Phase 1	10,000,000	-	10,000,000	0.0
	Sub total	10,000,000	-	10,000,000	0.0
Devolved Units and Special Programmes					
Administration and Support of Human Resources	Administrative Support Services	460,971,378	220,043,043	240,928,335	47.7
	ICT Support Services	13,500,000	-	13,500,000	0.0
	Sub total	474,471,378	220,043,043	254,428,335	46.4
County Administrative Services	Urban Planning, Investment and Research	191,346,920	-	191,346,920	0.0
	Sub total	191,346,920	-	191,346,920	0.0
Health and Sanitation					
Health Service Delivery Administration Services	Health Service Delivery Administration Services	1,897,509,456	930,659,871	966,849,585	49.0
	Construction of building	335,976,629	57,399,500	278,577,129	17.1
	Sub total	2,233,486,085	988,059,371	1,245,426,714	44.2
Preventive & Promotive Health Services	Community Health Services	391,537,664	164,176,256	227,361,408	41.9
	Sub total	391,537,664	164,176,256	227,361,408	41.9
Curative Health Services	Curative Health Management Services	126,796,289	38,215,410	88,580,879	30.1
	Sub total	126,796,289	38,215,410	88,580,879	30.1
Health Sector Programme Support (DANIDA FUNDS)	County Health Facilities Support (DANI-DA)	18,808,500	9,189,550	9,618,950	48.9
	Sub total	18,808,500	18,808,500	9,189,550	48.9
Agriculture, Livestock and Fisheries					
Administration and general services	Administration and support services	287,319,034	135,825,028	151,494,006	47.3
	Sub total	287,319,034	135,825,028	151,494,006	47.3
Crop Development and Management	Land and Crops Development	232,246,023	157,805,955	74,440,068	67.9
	Value addition to Agricultural Products	-	-	-	-
	Sub total	232,246,023	157,805,955	74,440,068	67.9
Livestock Resources Management and Development	Livestock Production and Management	289,214,130	16,218,354	272,995,776	5.6
	Sub total	289,214,130	16,218,354	272,995,776	5.6
Tourism, Culture and Co-operative Development					
General Administration and Planning	General Administration and Planning	32,574,072	12,660,067	19,914,005	38.9
	Sub total	32,574,072	12,660,067	19,914,005	38.9
Culture	Development and Promotion of Culture	32,898,000	3,176,780	29,721,220	9.7
	Sub total	32,898,000	3,176,780	29,721,220	9.7
Youth, Gender and Social Services					
General Administration and Planning	General Administration and Planning	86,425,001	24,473,198	61,951,803	28.3
	Sub total	86,425,001	24,473,198	61,951,803	28.3
Sports Development	Sports Activities and Programs	73,902,912	1,389,500	72,513,412	1.9
	Sub total	73,902,912	1,389,500	72,513,412	1.9
Education, Research and Vocational Training					
General Administration and Planning	General Administration and Planning	213,674,617	92,460,581	121,214,036	43.3
	Sub total	213,674,617	92,460,581	121,214,036	43.3
Education	Early Child Development and Education.	161,868,483	38,721,946	123,146,537	23.9
	Sub total	161,868,483	38,721,946	123,146,537	23.9
Youth Training and Development	Revitalization of Youth Polytechnics	34,419,894	-	34,419,894	0.0
	Sub total	34,419,894	-	34,419,894	0.0
Lands, Environment and Natural Resources					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General Administration and Planning	General Administration and Planning	68,189,811	25,520,286	42,669,525	37.4
	Sub total	68,189,811	25,520,286	42,669,525	37.4
Land Adjudication	Demarcation and Survey of Community Land	15,000,000	-	15,000,000	0.0
	Sub total	15,000,000	-	15,000,000	0.0
Environmental Conservation & Protection	Forests Protection and Conservation of Swamps and Wetlands	2,739,278	-	2,739,278	0.0
	Sub total	2,739,278	-	2,739,278	0.0
Water Supply	Development of Water Catchment Areas and Distribution of Water	405,696,934	18,346,650	387,350,284	4.5
	Sub total	405,696,934	18,346,650	387,350,284	4.5
Roads, Transport and Public Works					
General Administration and Planning	General Administration and Planning	95,094,019	39,299,377	55,794,642	41.3
	Sub total	95,094,019	39,299,377	55,794,642	41.3
Road Transport	Bridges and Foot Bridges	-	-	-	0.0
	Road-Works	443,993,552	95,424,846	348,568,706	21.5
	Sub total	443,993,552	95,424,846	348,568,706	21.5
Trade and Industrial Development					
General Administration and Planning	General Administration and Planning	39,948,285	17,544,781	22,403,504	43.9
	Sub total	39,948,285	17,544,781	22,403,504	43.9
Trade Development	Trade Development and Promotion	103,397,232	6,949,970	96,447,262	6.7
	Sub total	103,397,232	6,949,970	96,447,262	6.7
Public Service and Labour					
General Administration and Planning	General Administration and Planning	26,344,189	11,857,470	14,486,719	45.0
	Sub total	26,344,189	11,857,470	14,486,719	45.0
County Assembly					
General Administration and Support Services	Administration and support Services	100,000,000	44,782,147	55,217,853	44.8
	Sub total	100,000,000	44,782,147	55,217,853	44.8
County Assembly Service Board	Personnel services	649,760,252	263,832,366	385,927,886	40.6
	Sub total	649,760,252	263,832,366	385,927,886	40.6
Funds received at the beginning of the FY 2020/21 from Donors which belonged to FY 2019/20 (UDG and UIG) thus the reason for variance as per IFMIS report		-	135,562,987	-	
Default- Non-Programmatic		-	14,734,328		
Grand Total		7,611,517,868	2,934,933,010	4,826,882,173	38.4

Source: Nandi County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Land and Crop Development in the Department of Agriculture, Livestock and Fisheries at 67.9 per cent, Health Service Delivery Administration Services in the Department of Health and Sanitation at 49 per cent, General Administration and Planning in the Department of County Executive at 49 per cent, and County Health Facilities Support (DANIDA) at 48.9 per cent of budget allocation.

3.32.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The complete financial returns were submitted on 25th January, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.613.99 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.59 billion. The development expenditure represented 23.7 per cent of the annual development budget.
3. A high wage bill, which accounted for 64.6 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.

4. Underperformance of own revenue at Kshs.108.89 million against an annual projection of Kshs.405.41 million, representing 26.9 per cent of the annual target.
5. Poor budgeting practice by the County Treasury as shown in Table 3.186 where the County incurred expenditure over approved exchequer issues.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*
5. *The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.*

3.33 County Government of Narok

3.33.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.11.26 billion, comprising of Kshs.3.62 billion (32.2 per cent) and Kshs.7.64 billion (67.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.12 billion (63.3 per cent) as the equitable share of revenue raised nationally, Kshs.1.0 billion (8.9 per cent) as total conditional grants, and generate Kshs.3.13 billion (27.8 per cent) from own sources of revenue.

3.33.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.3.34 billion as the equitable share of the revenue raised nationally, Kshs.205.78 million as conditional grants, and raised Kshs.334.40 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.3.88 billion as shown in Table 3.188.

Table 3.188: Narok County, Revenue Performance in the First Half of FY 2020/21

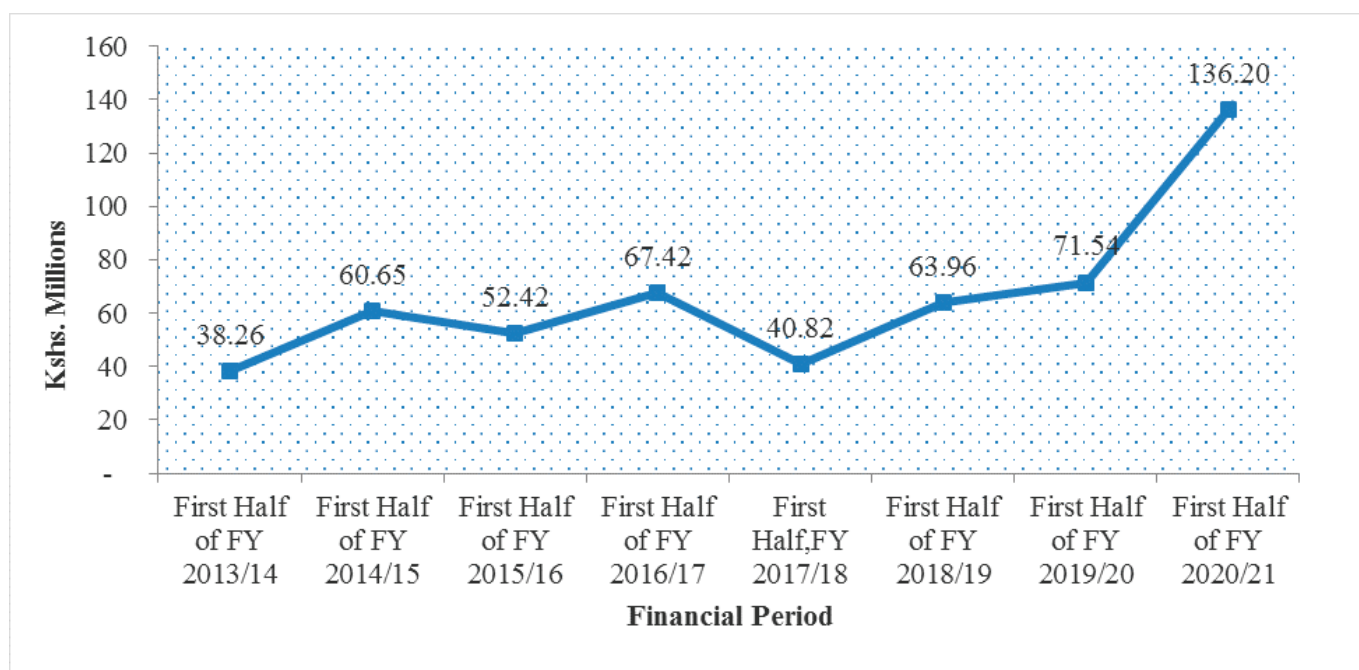
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,121,250,000	7,121,250,000	3,344,265,600	47
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	20,595,297	20,595,297	-	-
2	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3	Road Maintenance Fuel Levy Fund	212,248,477	212,248,477	-	-
4	Rehabilitation of Village Polytechnics	16,084,894	16,084,894	-	-
Sub Total		380,949,945	380,949,945	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	104,265,416	104,265,416	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	218,575,646	218,575,646	194,355,162	89%
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	74,500,000	74,500,000	-	-
5	DANIDA Grant	22,860,000	22,860,000	11,430,000	50
6	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	141,000,000	141,000,000	-	-
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,695,490	13,695,490	-	-
Sub Total		619,896,552	619,896,552	205,785,161	33
D	Other Sources of Revenue				

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Own Source Revenue	-	3,133,923,503	334,402,339	11
Sub Total		-	3,133,923,503	334,402,339	11
Grand Total		8,122,096,497	11,256,020,000	3,884,453,101	35

Source: Narok County Treasury

Figure 3.65 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.65: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Narok County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.334.40 million as own-source revenue. This amount represented a decrease of 82.5 per cent compared to Kshs.1,897.05 million realised during a similar period in FY 2019/20 and was 11 per cent of the annual target

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.82 billion from the CRF account during the reporting period. The amount comprised of Kshs.739.86 million (19 per cent) for development programmes and Kshs.3.08 billion (81 per cent) for recurrent programmes.

3.33.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.41 billion on development and recurrent programmes. The expenditure represented 89 per cent of the total funds released by the COB and comprised of Kshs.471.75 million and Kshs.2.94 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 13 per cent while recurrent expenditure represented 38.5 per cent of the annual recurrent expenditure budget.

3.33.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.79 billion was spent on compensation to employees, Kshs.1.16 billion on operations and maintenance, and Kshs.471.75 million on development activities as shown in Table 3.189.

Table 3.189: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption(%)
Total Recurrent Expenditure	7,636,220,000	3,079,430,000	2,942,058,003	38.5
Compensation to Employees	3,930,844,895	1,679,655,514	1,786,597,326	45.5
Operations and Maintenance	3,705,375,105	1,399,774,486	1,155,460,678	31.2
Total Development Expenditure	3,619,800,000	739,855,162	471,749,608	13.0
Development Expenditure	3,619,800,000	739,855,162	471,749,608	13.0
Total	11,256,020,000	3,819,285,162	3,413,807,611	30.3

Source: Narok County Treasury

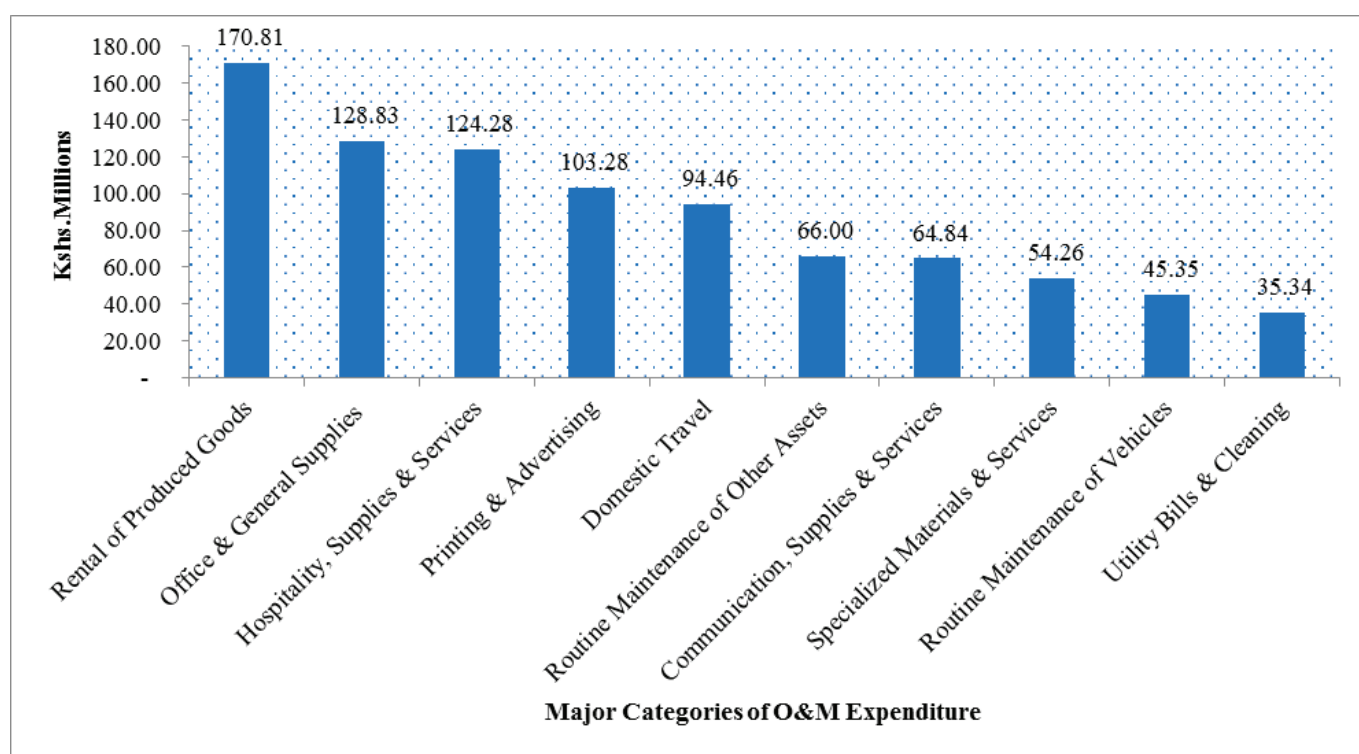
3.33.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 52.3 per cent of the total expenditure for the reporting period 31.7 per cent of half year proportional revenue estimate of Kshs.5.63 billion.

3.33.7 Expenditure on Operations and Maintenance

Figure 3.66 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.66: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: Narok County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.16.35 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.58.81 million. The average monthly sitting allowance was Kshs.56,760 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.94.46 million and comprised of Kshs.51.45 million spent by the County Assembly and Kshs.43.03 million by the County Executive.

3.33.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.195.24 million to cater for COVID-19 related expenditure which was entirely spent during the reporting period as shown in Table 3.190.

Table 3.190: COVID-19 Expenditure Summary

S/No.	Description of the expenditure item	Actual Expenditure (Kshs.)
1	Construction of Narok County 300 beds Isolation Centre at Ololulunga	95,500,000
2	Allowances to health workers under COVID-19 unit	34,800,000
3	Purchase of Isolation and quarantine Equipment and Accessories	11,660,121
4	Purchase of PPEs	9,166,733
5	Supply of Linen	8,850,000
6	Establishment of 4 quarantine centres, renovation (Separate entry) of ICU and improvement amenity into Isolation Unit	6,392,600
7	Administration & Coordination	4,221,300
8	Fumigation	3,937,196
9	Training of Health care workers	3,482,800
10	Supply of Beds	2,400,000
11	Accommodation for Health Care Workers under Isolation	2,196,500
12	Surveillance 7 boarder points (POEs)	1,920,350
13	Pharmaceuticals and None- Pharmaceutical	1,729,000
14	Disease surveillance and response	1,548,000
15	Motor vehicle repair & maintenance	1,329,400
16	ACSM(Advocacy Communication and Social Mobilization)	1,313,400
17	Maasai Mara assessment (Maasai Mara camps & lodges) and training of workers	849,500
18	COVID 19 enforcement	698,000
19	Sample Collection and transportation	605,100
20	Fuel	603,000
22	Purchase of COVID 19 test kits	450,000
23	Purchase of COVID patient food rations	300,000
24	COVID-19 Nutrition surveillance	297,000
	Total	194,250,000.00

Source: Narok County Treasury

3.33.9 Development Expenditure

The County incurred an expenditure of Kshs.471.75 million on development programmes, which represented a decrease of 36 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.737 million. Table 3.191 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.191: Narok County, List of Development Projects with the Highest Expenditure

No.	Project Name	(Location of the Project)	Annual Budget (Kshs.)	Exchequer Issues as of 31st December, 2020 (Kshs.)	Actual Expenditure as of 31st December, 2020 (Kshs.)	Absorption (%)
1	Upgrading of Lolgorian Health Centre	Transmara West	160,383,602	36,000,000	36,000,000	22.4
2	100 Beds Inpatient Wards	Nairegie Enkare	48,678,280	26,775,775	26,775,775	55.0
3	Ololunga Covid 19 Isolation Centre	Narok South	99,655,497	20,592,800	20,592,800	20.7
4	Ilikirragarien Health Centre	Narok East	21,625,000	20,502,890	20,502,890	94.8
5	Supply of Earthmoving Vehicle Equipment	County Headquarters	153,000,000	20,000,000	20,000,000	13.1
6	Delivery of Drilling Machines	County Headquarters	18,430,357	18,430,357	18,430,357	100.0
7	Lelongo-Enoosupukia-Mpeuti Ranke	Narok East	16,125,000	16,125,000	16,125,000	100.0
8	Nambao-Sekerot Noone	Narok East	19,749,000	13,949,000	13,949,000	70.6
9	Ntulele-Ilkiremisho	Narok East	12,135,000	12,135,000	12,135,000	100.0
10	Nkoilale-Empoongi Oloosokon-Aitong	And Narok West	11,324,817	11,315,640	11,315,640	99.9

Source: Narok County Treasury

3.33.10 Budget Performance by Department

Table 3.192 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.192: Narok County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	709.60	215.27	246.80	-	221.28	-	89.7	-	31.2	-
County Executive	155.23	-	57.00	-	49.86	-	87.5	-	32.1	-
Finance and Economic Planning	771.76	442.40	283.72	4.00	234.02	3.90	82.5	97.5	30.3	0.9
Transport, Public Works and Infrastructure	291.87	800.77	99.08	265.30	90.24	237.83	91.1	89.6	30.9	29.7
Education, Youth Affairs, Sports, Culture and Social Services	1,124.04	450.92	377.00	50.00	374.90	49.17	99.4	98.3	33.4	10.9
Environment and Natural Resources	210.01	124.21	86.20	-	85.95	-	99.7	-	40.9	-
County Public Service Board	86.64	-	26.10	-	23.04	-	88.3	-	26.6	-
Agriculture, Livestock and Fisheries	317.51	334.26	130.40	212.86	126.97	28.90	97.4	13.6	40.0	8.6
Health and Sanitation	2,527.00	864.72	1,068.33	180.70	1,040.56	125.00	97.4	69.2	41.2	14.5
Lands, Housing, Physical Planning and Urban Development	153.25	146.50	79.00	10.00	76.09	9.99	96.3	99.9	49.7	6.8
Tourism and Wildlife	391.05	99.37	139.30	15.00	133.66	14.96	96.0	99.7	34.2	15.1
Administration and Public Service Management	788.59	100.83	452.20	-	451.54	-	99.9	-	57.3	-
Trade and Industrialization	109.67	40.55	34.30	2.00	33.94	2.00	99.0	100.0	31.0	4.9
Total	7,636.22	3,619.80	3,079.43	739.86	2,942.06	471.75	95.5	63.8	38.5	13.0

Source: Narok County Treasury

Analysis of expenditure by department shows that the Department of Transport, Public Works and Infrastructure recorded the highest absorption rate of development budget at 30 per cent. The Department of Administration and Public Service Management had the highest percentage of recurrent expenditure to recurrent budget at 57 per cent while the Department of Finance and Economic Planning had the lowest at 30 per cent.

3.33.11 Budget Execution by Programmes and Sub-Programmes

Table 3.193 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.193: Narok County, Budget Execution by Programmes and Sub-programmes

Programme	Approved Estimates FY 2020/21 (Kshs.)	Actual Expenditure FY 2020/21 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Default - Non Programmatic	-	627,000	(627,000)	-
Default - Non Programmatic	-	627,000	(627,000)	-
Land Policy and Planning	-	-	-	-
Land Information Management	-	-	-	-
Housing Development and Human Settlement	-	-	-	-
Housing Development	-	-	-	-
Crop Development and management	416,346,682	124,533,229	291,813,453	29.9
Crop Productivity Improvement	416,346,682	124,533,229	291,813,453	29.9
Livestock Resources management and development	204,917,623	31,237,946	173,679,677	15.2
Livestock Pests & Disease Management & Control	72,802,607	-	72,802,607	-
Livestock Information Management	132,115,016	31,237,946	100,877,070	23.6
Fisheries development and management	30,505,695	4,000,000	26,505,695	13.1
Fish Products Production	30,505,695	4,000,000	26,505,695	13.1
Urban and Metropolitan Development	-	-	-	-
Metropolitan Planning & Infrastructure Development	-	-	-	-
Land Policy and Planning	41,413,459	12,605,659	28,807,800	30.4

Programme	Approved Estimates FY 2020/21 (Kshs.)	Actual Expenditure FY 2020/21 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Development Planning and Land Reforms	41,413,459	12,605,659	28,807,800	30.4
Housing Development and Human Settlement	100,366,687	2,481,500	97,885,187	2.4
Housing Development	100,366,687	2,481,500	97,885,187	2.4
Urban Mobility and Transport	157,969,854	20,535,860	137,433,994	13.0
Metropolitan Planning & Infrastructure Development	157,969,854	20,535,860	137,433,994	13.0
Crop Development and Management	-	-	-	-
Food Security Initiatives	-	-	-	-
Fisheries Development and Management	-	-	-	-
Aquaculture Development Marketing & Research	-	-	-	-
Livestock Resources Management and Development	-	-	-	-
Livestock Production and Management	-	-	-	-
Roads Transport and Public Works	1,092,636,745	268,227,609	824,409,136	24.5
General Administration, Planning and Support Services	61,549,884	9,319,832	52,230,051	15.1
Construction of Roads and Bridges	943,589,270	247,091,250	696,498,021	26.1
Maintenance of Roads	87,497,592	11,816,527	75,681,064	13.5
Road Transport	-	-	-	-
Construction of Roads and Bridges	-	-	-	-
Maintenance of Roads	-	-	-	-
ICT Services	52,744,534	2,071,803	50,672,731	3.9
ICT Infrastructure Development	52,744,534	2,071,803	50,672,731	3.9
ICT Infrastructure Development	-	-	-	-
ICT Infrastructure Connectivity	-	-	-	-
General Administration and Support Services	150,220,000	21,044,903	129,175,097	14.0
Administrative Services	3,908,004	-	3,908,004	-
Cooperative Development & Management	23,845,870	500,000	23,345,870	2.1
Trade Development and Promotion	122,466,126	20,544,903	101,921,223	16.7
Industrial Development and Investments	-	-	-	-
Promotion of Industrial Development and Investments	-	-	-	-
Tourism Development and Promotion	490,420,000	126,732,975	363,687,024	25.8
Tourism Promotion and Marketing	490,420,000	126,732,975	363,687,024	25.8
Tourism Development and Promotion	-	-	-	-
Tourism Promotion and Marketing	-	-	-	-
Preventive & Promotive Health Services	-	-	-	-
Health Promotion	-	-	-	-
Preventive & Promotive Health Services	864,720,000	464,245,567	400,474,433	53.7
Health Promotion	864,720,000	464,245,567	400,474,433	53.7
Curative Health Services	325,874,301	44,003,968	281,870,334	13.5
Referral Services	325,874,301	44,003,968	281,870,334	13.5
General Administration, Planning & Support Services	2,201,127,501	694,132,601	1,506,994,900	31.5
Health Policy, Planning and Financing	2,201,127,501	694,132,601	1,506,994,900	31.5
General Administration, Planning & Support Services	-	-	-	-
Health Policy, Planning & Financing	-	-	-	-
Primary Education	-	-	-	-
Early Child Development and Education	-	-	-	-
Manpower Development, Employment and Productivity Management	1,275,802,307	478,348,737	797,453,571	37.4
Early Child Development and Education	1,015,802,307	353,348,737	662,453,571	34.7
Infrastructure Development and Expansion	260,000,000	125,000,000	135,000,000	48.0
General Administration, Planning and Support Services	1,455,268,548	428,445,019	1,026,823,529	29.4
Administrative Services	550,596,129	168,688,480	381,907,649	30.6
Information Communication Services	-	-	-	-

Programme	Approved Estimates FY 2020/21 (Kshs.)	Actual Expenditure FY 2020/21 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Coordination and Administrative Services	317,438,631	58,761,207	258,677,424	18.5
Public service and Field Administrative Services	430,601,788	151,769,305	278,832,483	35.2
Board Management Services	156,632,000	49,226,027	107,405,974	31.4
Legal and Public Affairs	-	-	-	
Public Finance Management	369,377,906	86,173,832	283,204,075	23.3
Accounting services	36,697,725	2,340,600	34,357,125	6.3
Resource Mobilization	164,004,654	71,963,016	92,041,638	43.8
Budget Formulation, Coordination and Management	43,685,860	2,025,666	41,660,195	4.64
Supply Chain Management Services	71,061,565	9,124,550	61,937,015	12.8
Internal Audit Services	53,928,102	720,000	53,208,102	1.3
Economic Policy and County Planning	792,041,032	281,237,605	510,803,427	35.5
Economic Planning Coordination	760,515,691	277,813,605	482,702,086	36.5
Monitoring and Evaluation Services	31,525,341	3,424,000	28,101,341	10.8
Legislation and Representation	600,891,577	139,968,644	460,922,933	23.2
Legislative Oversight	463,101,034	83,837,624	379,263,410	18.1
County Co-ordination Services	131,190,000	53,531,220	77,658,781	40.8
Research and Policy	6,600,543	2,599,800	4,000,743	39.3
Economic Policy and National Planning	-	-	-	-
Economic Planning Coordination services	-	-	-	-
Legislative Oversight	-	-	-	-
Legislation and Representation	-	-	-	-
Inter-Governmental Revenue and Financial Matters	-	-	-	-
Research and Policy	-	-	-	-
General Administration, Planning and Support Services	-	-	-	-
Administration	-	-	-	-
Board Management Service	-	-	-	-
Audit Services	-	-	-	-
County Governments Audit	-	-	-	-
Sports	-	-	-	-
Sports Training and competitions	-	-	-	-
Social Development and Children Services	299,157,353	77,739,400	221,417,953	25.9
Gender and Youth Development	18,927,420	-	18,927,420	-
Social Assistance to Vulnerable Groups	21,136,920	1,139,400	19,997,520	5.3
Development and Promotion of culture	8,770,391	-	8,770,391	0.0
Development and Management of sports facilities	150,000,000	71,600,000	78,400,000	47.7
Sports Services	-	-	-	-
Voluntary Training Services	100,322,622	5,000,000	95,322,622	4.9
Manpower Development, Employment and Productivity Management	-	-	-	-
Human Resource Planning & Development	-	-	-	-
General Administration, Planning and Support Services	-	-	-	-
Environmental Policy Management	-	-	-	-
Environment Management and Protection	334,218,198	105,413,756	228,804,442	31.5
Forests Conservation and Management	334,218,198	105,413,756	228,804,442	31.5
Natural Resources Conservation and Management	-	-	-	-
Wildlife Conservation and Security	-	-	-	-
Grand Total	11,256,020,000	3,413,807,611	7,842,212,389	30.3

Source: Narok County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Preventive and Promotive Health Services in the Department of Health and sanitation at 53.7 per cent, followed by Infrastructure Development and Expansion in the Department of Education, Gender and Youth Affairs at 48 per cent of budget allocation.

3.33.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.471.749 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.619 billion. The development expenditure represented 13 per cent of the annual development budget.
2. Under-performance of own revenue at Kshs.334.40 million against an annual projection of Kshs.3,133.92 million, representing 11 per cent of the annual target.
3. Failure by the Fund Administrators for the 19% of Masai Mara Fund, and, Bursary and Education Fund to submit financial and non-financial reports as required under Section 168 of the PFM Act, 2012.

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

1. *The County should identify and address issues causing delays in the implementation of development projects*
2. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Executive Member for Finance should ensure Fund Administrators prepare and submit quarterly financial and non-financial reports as required by law.*

3.34 County Government of Nyamira

3.34.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.6.9 billion, comprising of Kshs.2.28 billion (33 per cent) and Kshs.4.62 billion (67 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.91 billion (71.1per cent) as the equitable share of revenue raised nationally, Kshs.883.76 million (12.8 per cent) as total conditional grants, generate Kshs.250 million (3.6 per cent) from own sources of revenue, and a cash balance of Kshs.855.78 million (12.4 per cent) from FY 2019/20.

3.34.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.2.11 billion as the equitable share of the revenue raised nationally, Kshs.56.8 million as conditional grants, raised Kshs.74.14 million as own-source revenue, and had a cash balance of Kshs.855.78 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.10 billion as shown in Table 3.194.

Table 3.194: Nyamira County, Revenue Performance in the First Half of FY 2020/21

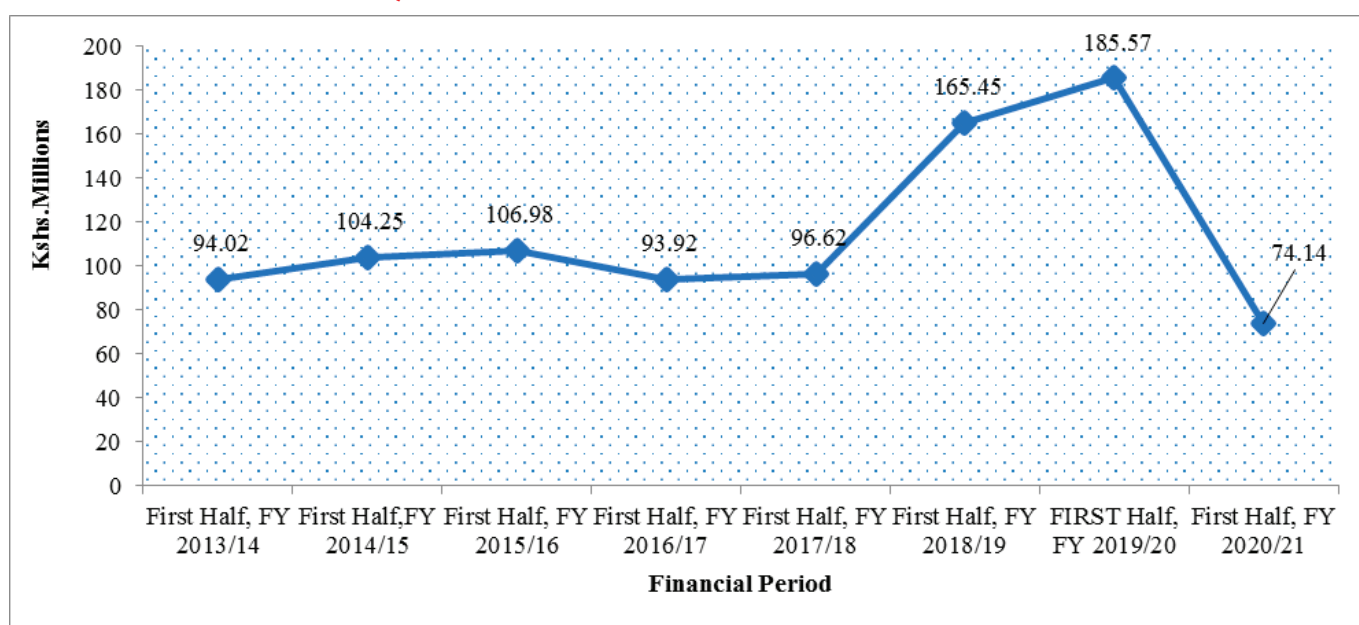
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,905,750,000	4,905,750,000	2,108,489,412	43.0
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	45,000,000	45,000,000	-	-
2	Compensation for User Fee Foregone	13,175,221	13,175,221	-	-
3	Road Maintenance Fuel Levy Fund	146,215,617	146,215,617	-	-
4	Rehabilitation of Village Polytechnics	60,409,894	60,409,894	-	-
Sub Total		264,800,732	264,800,732	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB THSUC)	278,847,760	278,847,760	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,509,110	198,509,110	49,963,218	25.2
3	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	114,705,300	114,705,300	-	-
4	DANIDA Grant	13,680,000	13,680,000	6,840,000	50.0
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,125,036	13,125,036	-	-
Sub Total		618,867,206	618,867,206	56,803,218	9.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	250,000,000	74,140,009	29.7

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2.	Balance b/f from FY 2019/20	-	855,779,664	855,779,664	100.0
Sub Total		-	1,105,779,664	929,919,673	84.1
Grand Total		5,789,417,938	6,895,197,602	3,095,212,303	44.9

Source: Nyamira County Treasury

Figure 3.67 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.67: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



During the first half of FY 2020/21, the County generated a total of Kshs.74.14 million as own-source revenue. This amount represented an increase of 30.5 per cent compared to Kshs.56.82 million realised during a similar period in FY 2019/20 and was 29.7 per cent of the annual target.

3.34.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.12 billion from the CRF account during the reporting period. The amount comprised of Kshs.144.21 million (6.8 per cent) for development programmes and Kshs.1.98 billion (93.2 per cent) for recurrent programmes.

3.34.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.21 billion on development and recurrent programmes. The expenditure represented 104.3 per cent of the total funds released by the COB and comprised of Kshs.353.89 million and Kshs.1.86 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 15.5 per cent while recurrent expenditure represented 40.2 per cent of the annual recurrent budget.

3.34.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.50 billion was spent on Compensation to Employees, Kshs.353.92 million on Operations and Maintenance, and Kshs.353.89 million on development activities as shown in Table 3.195.

Table 3.195: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,619,075,596	1,977,072,851	1,858,781,572	40.2
Compensation to Employees	3,252,812,015	1,560,865,090	1,504,865,090	46.3
Operations and Maintenance	1,366,263,581	416,207,761	353,916,482	25.9

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Development Expenditure	2,276,122,006	144,205,681	353,889,027	15.5
Development Expenditure	2,276,122,006	144,205,681	353,889,027	15.5
Total	6,895,197,602	2,121,278,532	2,212,670,599	32.1

Source: Nyamira County Treasury

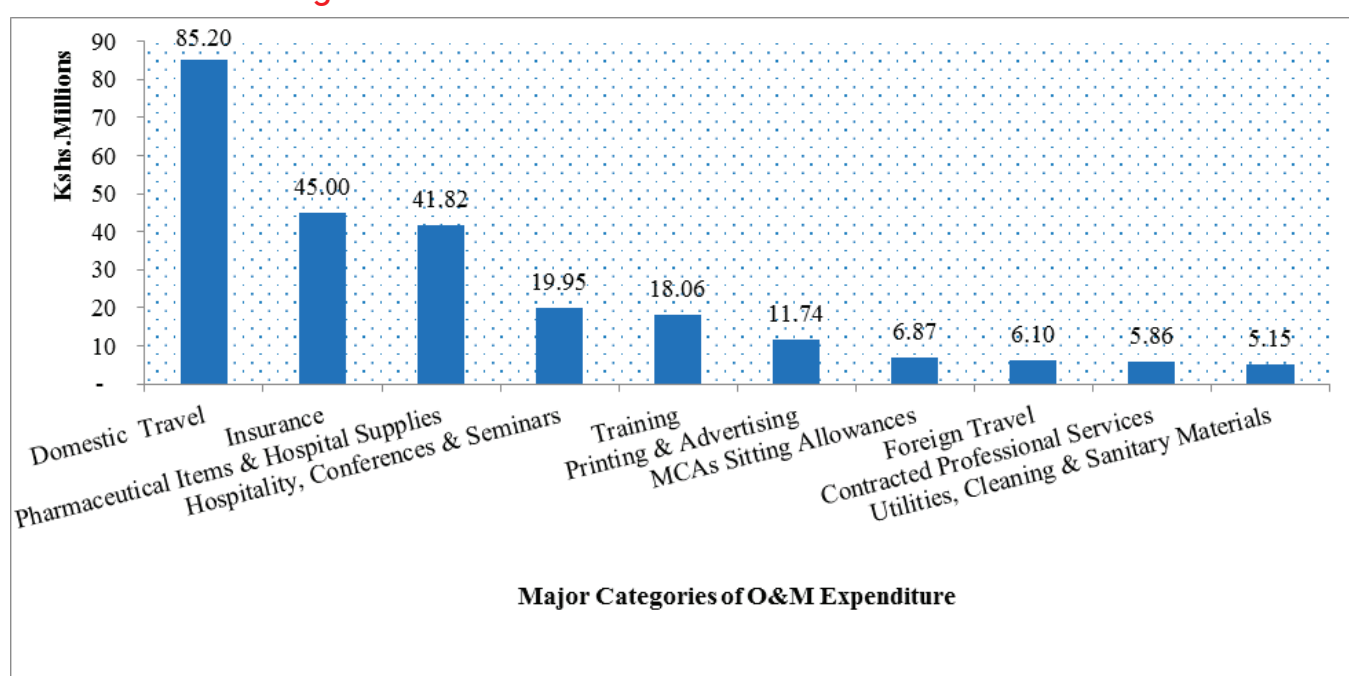
3.34.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 68 per cent of the total expenditure for the reporting period and 43.6 per cent of half year proportional revenue estimate of Kshs.3.45 billion.

3.34.7 Expenditure on Operations and Maintenance

Figure 3.68 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.68: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.31.3 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.55.44 million. The average monthly sitting allowance was Kshs.140,972 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.85.20 million and comprised of Kshs.31.49 million spent by the County Assembly and Kshs.53.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.1 million by the County Executive.

3.34.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.251.82 million to cater for COVID-19 related expenditure. A total of Kshs.153.84 million was spent during the reporting period as shown in Table 3.196.

Table 3.196: COVID-19 Budget and Expenditure Summary

Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
County own revenue allocated to COVID-19	100,000,000	101,722,983
2 DANIDA Grant for COVID -19	-	5,320,000

	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
3	The grant from the National Government for COVID -19 (Kshs.)	89,702,000	-
4	The grant from the National Government for Allowances for frontline Health Care Workers	46,800,000	46,800,000
Total		251,822,000	153,842,983

Source: Nyamira County Treasury

3.34.9 Development Expenditure

The County incurred an expenditure of Kshs.353.89 on development programmes, which represented an increase of 11.88 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.316.32 million. Table 3.197 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.197: Nyamira County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Kebuse-Esise Pri Sch-Manga DEB Pri Sch-Manga Mkt	Esise	4,244,326	3,795,949	89.4
2	Nyaronde Mkt-Nyaronde Pri Sch-Milimani-Ribaita	Nyansiongo	4,087,777	4,198,678	102.7
3	Laying of water ways in County for connectivity of Households with water	County-wide	5,260,000	4,679,236	89.0
4	construction and completion of county Headquarters	Township	31,554,823	5,703,290	18.1
5	Geographical information system of spacial plan , pre-feasibility	countywide	15,000,000	6,647,600	44.3
6	proposed Erection and completion of Manga Stadium Pavilion	Manga	83,721,866	12,980,603	15.5
7	Rehabilitation of Municipal Roads	Township	104,000,000	77,000,000	74.0
8	Being expenditure / transfer for the infrastructure development of village Polytechnic	County wide	127,832,293	66,498,300	52.0
9	expenditure on NARIG project for capacity building and funding of county farmers to improve communities food security, income generation and poverty reduction	County wide	280,292,920	85,590,000	30.5

Source: Nyamira County Treasury

3.34.10 Budget Performance by Department

Table 3.198 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.198: Nyamira County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
	County Assembly	606.11	128.68	257.50	-	301.57	-	117.1	-	49.8
Governor's Office	469.16	-	96.75	-	143.52	-	148.3	-	30.6	-
Finance And Economic Planning	473.08	24.97	121.40	-	137.72	-	113.4	-	29.1	-
Agriculture, Livestock And Fisheries	160.75	306.10	69.59	31.97	65.40	85.58	94.0	267.7	40.7	28.0
Environment, Water, Mining & Natural Resources	116.13	196.35	35.46	3.19	33.43	19.27	94.3	604.1	28.8	9.8
Education & Vocational Training	278.73	223.34	139.00	-	123.18	83.48	88.6	-	44.2	37.4
Health Services	1,757.99	410.86	909.58	-	725.79	3.09	79.8	-	41.3	0.8
Land, Housing, Physical Planning & Urban Development	85.78	124.55	42.32	1.00	48.11	12.35	113.7	1,235.1	56.1	9.9
Transport, Roads And Public Works	138.20	426.97	56.16	26.00	38.51	49.91	68.6	192.0	27.9	11.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Tourism, Industrialization & Cooperatives Development	37.93	56.78	18.27	-	17.41	7.45	95.3	-	45.9	13.1
Youths, Sports, Gender, Culture & Social Services	64.19	51.84	27.07	-	20.96	15.75	77.4	-	32.6	30.4
Public Service Board	66.11	-	23.97	-	17.08	-	71.3	-	25.8	-
Public Service Management	308.40	-	167.31	-	175.70	-	105.0	-	57.0	-
Municipality	56.50	325.69	12.70	82.04	10.40	77.00	81.9	93.9	18.4	23.6
TOTAL	4,619.08	2,276.12	1,977.07	144.21	1,858.78	353.89	94.0	245.4	40.2	15.5

Source: Nyamira County Treasury

Analysis of expenditure by department shows that the Department of Education & Vocational Training recorded the highest absorption rate of development budget at 37.4 per cent. The Department of Public Service Management had the highest percentage of recurrent expenditure to budget at 57.0 per cent while the Municipality of had the lowest at 18.4 per cent.

3.34.11 Budget Execution by Programmes and Sub-Programmes

Table 3.199 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.199: Nyamira County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Office of The Governor					
General Administration and Support Services	General administration support services	247,287,605.00	89,378,826.55	157,908,778.45	36.1
	Executive management and liaison services	181,024,920.00	4,539,356.00	176,485,564.00	2.5
	Legislation	20,850,000.00	2,217,400.00	18,632,600.00	10.6
	Subtotal	449,162,525.00	152,397,799.80	296,764,725.20	33.9
Finance and Economic Planning					
Information and Communication Technology Services	ICT infrastructural services	82,008,375.00	47,178,134.15	34,830,240.85	57.5
	General administration support services	21,415,297.00	4,745,669.45	16,669,627.55	22.2
General Administration and Support Services	Policy development and support services	3,276,000.00	1,389,500.00	1,886,500.00	42.4
	Supply chain management	24,311,548.00	11,130,920.00	13,180,628.00	45.8
	Economic planning and coordination	29,001,703.00	10,012,440.10	18,989,262.90	34.5
Economic Planning, Budgeting and Coordination Services	Budget formulation and management	19,293,755.00	6,701,160.00	12,592,595.00	34.7
	Accounting and financial services	72,323,155.00	13,069,600.00	59,253,555.00	18.1
County Financial Management and Control	Audit services	15,335,487.00	6,968,224.95	8,367,262.05	45.4
	external Resource mobilization	75,000,000.00	188,000.00	74,812,000.00	0.3
Resource Mobilization	internal Resource mobilization	131,116,623.00	44,393,332.70	86,723,290.30	33.9
	Subtotal	473,081,943.00	145,776,981.35	327,304,961.65	30.8
Agriculture, Livestock and Fisheries					
Policy Planning, General Administration and Support Services	General administration and support services	44,437,664.00	14,838,321.15	29,599,342.85	33.4
	Policy and planning	5,978,614.00	1,070,100.00	4,908,514.00	17.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Crop, Agribusiness and Land Management Services	Crop Development Services	28,939,124.00	10,399,787.25	18,539,336.75	35.9
	Agribusiness	24,901,616.00	10,846,451.00	14,055,165.00	43.6
Fisheries Development and Promotion Services	Aquaculture Promotion Services	26,269,140.00	13,134,404.50	13,134,735.50	50.0
Livestock Promotion and Development	Livestock Products Value Addition and Marketing	30,227,884.00	15,109,987.85	15,117,896.15	50.0
	Subtotal	160,754,042.00	65,399,051.75	95,354,990.25	40.7
Department of Environment, Water, Mining & Natural resource					
Policy Planning, General Administration and Support Services	General administration and support services	73,149,946.00	17,450,179.60	55,699,766.40	23.9
	Policy and planning	8,109,590.00	2,093,540.00	6,016,050.00	25.8
Energy and Mineral Resources Services	Other energy sources promotion	2,715,460.00	1,255,680.00	1,459,780.00	46.2
Water Supply and Management Services	Major towns water services	15,635,520.00	7,960,360.00	7,675,160.00	50.9
	Rural water services	16,520,089.00	4,742,697.25	11,777,391.75	28.7
	Subtotal	116,130,605.00	33,502,456.85	82,628,148.15	28.8
Department Education & Vocational Training					
General Administration, Policy Planning and Support Services	General administration	34,876,832.00	5,944,730.00	28,932,102.00	17.0
	Planning policy	6,762,500.00	4,067,300.00	2,695,200.00	60.1
ECDE and CCC Development Services	ECDE and CCC management services	174,340,650.00	90,999,596.20	83,341,053.80	52.2
Vocational Development and Training Services	Vocational management services	62,754,281.00	25,753,912.30	37,000,368.70	41.0
	Subtotal	278,734,263.00	126,765,538.50	151,968,724.50	45.5
Department Health					
Preventive and Promotive Health Services	Health Promotion	532,504,808.00	265,882,841.25	266,621,966.75	49.9
	Communicable Disease Control	7,720,514.00	2,143,540.00	5,576,974.00	27.8
General Administration, Planning and Support Services	Administration support services	141,936,735.00	33,283,680.65	108,653,054.35	23.4
Curative Health Services	Medical services	1,075,832,648.00	427,266,275.65	648,566,372.35	39.7
	Subtotal	1,757,994,705.00	728,576,337.55	1,029,418,367.45	41.4
Department Lands Physical Planning & Urban Development					
Policy Planning, General Administration and Support Services	General administration and support services	78,872,158.00	44,677,163.30	34,194,994.70	56.6
	Policy and planning	1,679,441.00	958,200.00	721,241.00	57.1
Physical Planning and Surveying Services	Physical Planning	4,610,898.00	2,305,400.00	2,305,498.00	50.0
	Surveying services	617,082.00	308,540.00	308,542.00	50.0
	Subtotal	85,779,579.00	48,249,303.30	37,530,275.70	56.2
Department Transport, Roads & Public Works					
General Administration, Planning and Support Services	Administration and support services	87,987,002.00	22,828,004.25	65,158,997.75	25.9
	Policy and planning	4,763,653.00	1,344,300.00	3,419,353.00	28.2
Roads Development and Management	Construction of roads and bridges	25,565,342.00	7,913,017.00	17,652,325.00	31.0
	Infrastructural development and fire safety	19,882,634.00	6,742,380.00	13,140,254.00	33.9
	Subtotal	138,198,631.00	38,827,701.25	99,370,929.75	28.1
Department Trade, Tourism, Industrialization & Cooperative Development					
Policy Planning, General Administration and Support Services	General administration and support services	15,736,185.00	4,859,588.25	10,876,596.75	30.9
	Policy and planning services	1,729,652.00	612,800.00	1,116,852.00	35.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Trade, Cooperative and Investment Development and Promotion	Cooperative promotion	16,899,606.00	10,995,005.25	5,904,600.75	65.1
	Trade promotion	1,672,000.00	676,500.00	995,500.00	40.5
Tourism Development and Promotion	Tourism promotion and management	1,889,000.00	886,200.00	1,002,800.00	46.9
	Subtotal	37,926,443.00	18,030,093.50	19,896,349.50	47.5
Department Youths, Sports Gender & Cultural Services					
General Administration and Support Services	General administration support services	42,165,960.00	16,768,915.00	25,397,045.00	39.8
	Policy development and support services	2,306,545.00	1,248,304.00	1,058,241.00	54.1
Promotion and Management of Sports	Community Development	3,751,978.00	1,685,479.00	2,066,499.00	44.9
	Cultural promotion heritage	15,967,737.00	2,904,880.00	13,062,857.00	18.2
	Subtotal	64,192,220.00	22,607,578.00	41,584,642.00	35.2
Department Public Service Board					
Policy Planning, General Administration and Support Services	General administration and support services	55,025,390.00	14,783,902.10	40,241,487.90	26.9
	Policy and planning	11,087,700.00	2,739,430.00	8,348,270.00	24.7
	Subtotal	66,113,090.00	17,523,332.10	48,589,757.90	26.5
Department Public Service Management					
Policy Planning, General Administration and Support Services	General administration and support services	233,342,675.00	150,139,378.50	83,203,296.50	64.3
	Policy and planning	4,783,300.00	797,500.00	3,985,800.00	16.7
General Administration and Support Services	Communication services	2,037,000.00	151,500.00	1,885,500.00	7.4
Coordination, Strategy and Human Resource Services	Field coordination and administration	28,660,718.00	10,411,612.80	18,249,105.20	36.3
	Strategy and Advisory Services	8,600,000.00	1,499,784.00	7,100,216.00	17.4
	Human resource management	30,805,628.00	13,148,762.00	17,656,866.00	42.7
	Human resource development	166,000.00	-	166,000.00	-
	Subtotal	308,395,321.00	176,148,537.30	132,246,783.70	57.1
Department Municipality					
General Administration and Support Services	General administration and support services	364,812,114.00	80,623,114.00	284,189,000.00	22.1
	Policy and planning	17,378,019.00	6,774,775.85	10,603,243.15	39.0
	Subtotal	382,190,133.00	87,397,889.85	294,792,243.15	22.9
Department County Assembly					
General Administration and Support Services	Policy planning	349,934,488.00	139,845,765.00	210,088,723.00	40.0
	Monitoring and evaluation services(Oversight)	32,194,000.00	12,342,300.00	19,851,700.00	38.3
	general administration and support services	398,021,228.00	129,429,327.00	268,591,901.00	32.5
	Subtotal	780,149,716.00	281,617,392.00	498,532,324.00	36.1
Grand Total		6,895,197,602.00	2,212,670,599.00	4,682,527,003.00	32.09

Source: Nyamira County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Policy Planning, General Administration and Support Services in the Department of Public Service Management at 64.3 per cent, Policy and planning in the Department of Lands at 67.1 per cent, Cooperative promotion in the Department of Trade at 65.1 per cent, and Planning policy in the Department of Education at 60.1 per cent of budget allocation.

3.34.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.353.89 million in the first half of

FY 2020/21 from the annual development budget allocation of Kshs.2.28 billion. The development expenditure represented 15.5 per cent of the annual development budget.

2. A high wage bill, which accounted for 68 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.74.14 million against an annual projection of Kshs.250 million, representing 29.7 per cent of the annual target.
4. Weak budgetary control practice by the County Treasury as shown in Table 3.198 where the County incurred expenditure over approved exchequer issues.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
3. The County should devise and implement strategies to address its revenue performance to ensure the approved budget is fully financed.
4. The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.

3.35 County Government of Nyandarua

3.35.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.6.87 billion, comprising of Kshs.2.39 billion (34.8 per cent) and Kshs.4.48 billion (65.2 per cent) allocations for development and recurrent programmes respectively.

To finance the budget, the county expected to receive Kshs.4.9 billion (71.4 per cent) being equitable share of revenue raised nationally, Kshs.1.04 billion (15.2 per cent) as total conditional grants, and generate Kshs.830 million (12.1 per cent) from own sources of revenue. The County also expects to receive Kshs.89.35 million (1.3 per cent) as "other revenues" not contained in the CARA, 2020.

3.35.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.61 billion as the equitable share of the revenue raised nationally, Kshs.151.97 million as conditional grants, raised Kshs.139.42 million as own-source revenue, and had a cash balance of Kshs.419.17 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.41 billion as shown in Table 3.200.

Table 3.200: Nyandarua County, Revenue Performance in the First Half of FY 2020/21

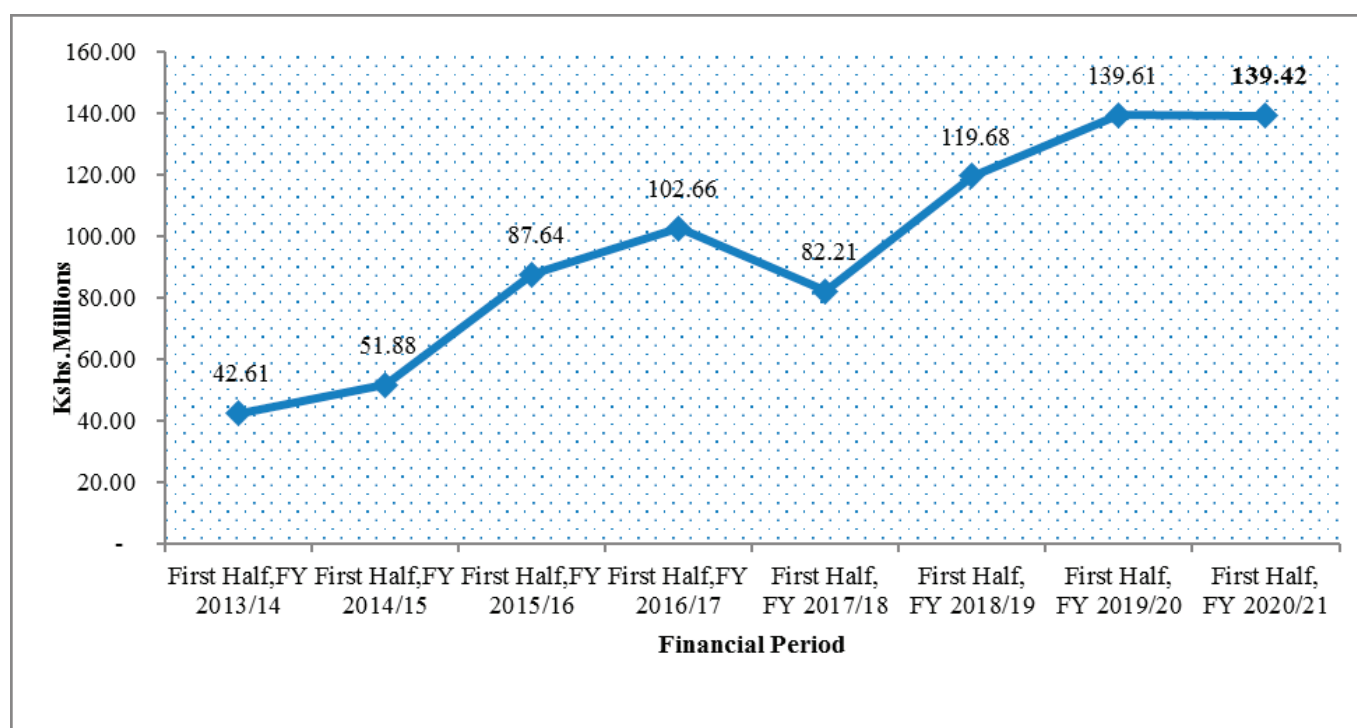
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,874,100,000	4,905,750,000	1,608,453,000	32.8
B.	Conditional Grants from the National Government Revenue				
1	Supplement for construction of county headquarters	50,000,000	50,000,000	-	-
2	Compensation for User Fee Foregone	12,735,922	12,735,922	-	-
3	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
4	Road Maintenance Fuel Levy Fund	146,215,617	146,215,617	36,553,904	25.0
5	Rehabilitation of Village Polytechnics	30,949,894	30,949,894	-	-
Sub Total		371,922,710	371,922,710	36,553,904	9.8
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	163,357,834	163,357,834	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	239,157,250	239,157,250	108,491,665	45.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	DANIDA Grant	13,860,000	13,860,000	6,930,000	50.0

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	11,000,000	11,000,000	-	-
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	184,795,683	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,491,573	12,491,573	-	-
Sub Total		484,866,657	669,662,340	115,421,664.	17.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	830,000,000	139,417,121	16.8
2.	Balance b/f from FY 2019/20	-	-	419,172,600	-
3.	Other Revenues	-	89,354,000	89,354,000	100.0
Sub Total		-	919,354,000	647,943,721.50	70.5
Grand Total		5,730,889,367	6,866,689,050	2,408,372,290.45	35.1

Source: Nyandarua County Treasury

Figure 3.69 shows the trend in own-source revenue collection for the first half of financial year from FY 2013/14 to FY 2020/21.

Figure 3.69: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Nyandarua County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.139.42 million as own-source revenue. This amount represented a slight decrease of 0.1 per cent compared to Kshs.139.61 million realised during a similar period in FY 2019/20 and was 16.8 per cent of the annual target.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.05 billion from the CRF account during the reporting period. The amount comprised of Kshs.242.6 million (11.9 per cent) for development programmes and Kshs.1.80 billion (88.1 per cent) for recurrent programmes.

3.35.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.04 billion on development and recurrent programmes. The expenditure represented 99.9 per cent of the total funds released by the COB and comprised of Kshs.241.6

million and Kshs.1.80 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 10.1 per cent while recurrent expenditure represented 40.1 per cent of the annual recurrent budget.

3.35.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.13 billion was spent on compensation to employees, Kshs.663.4 million on operations and maintenance, and Kshs.241.6 million on development activities as shown in Table 3.201.

Table 3.201: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,478,165,182	1,803,326,031	1,797,810,306	40.1
Compensation to Employees	2,304,306,775	1,162,439,581	1,134,406,527	49.2
Operations and Maintenance	2,173,858,407	640,886,450	663,403,779	30.5
Total Development Expenditure	2,388,523,868	242,600,672	241,556,280	10.1
Development Expenditure	2,388,523,868	242,600,672	241,556,280	10.1
Total	6,866,689,050	2,045,926,703	2,039,366,587	29.7

Source: Nyandarua County Treasury

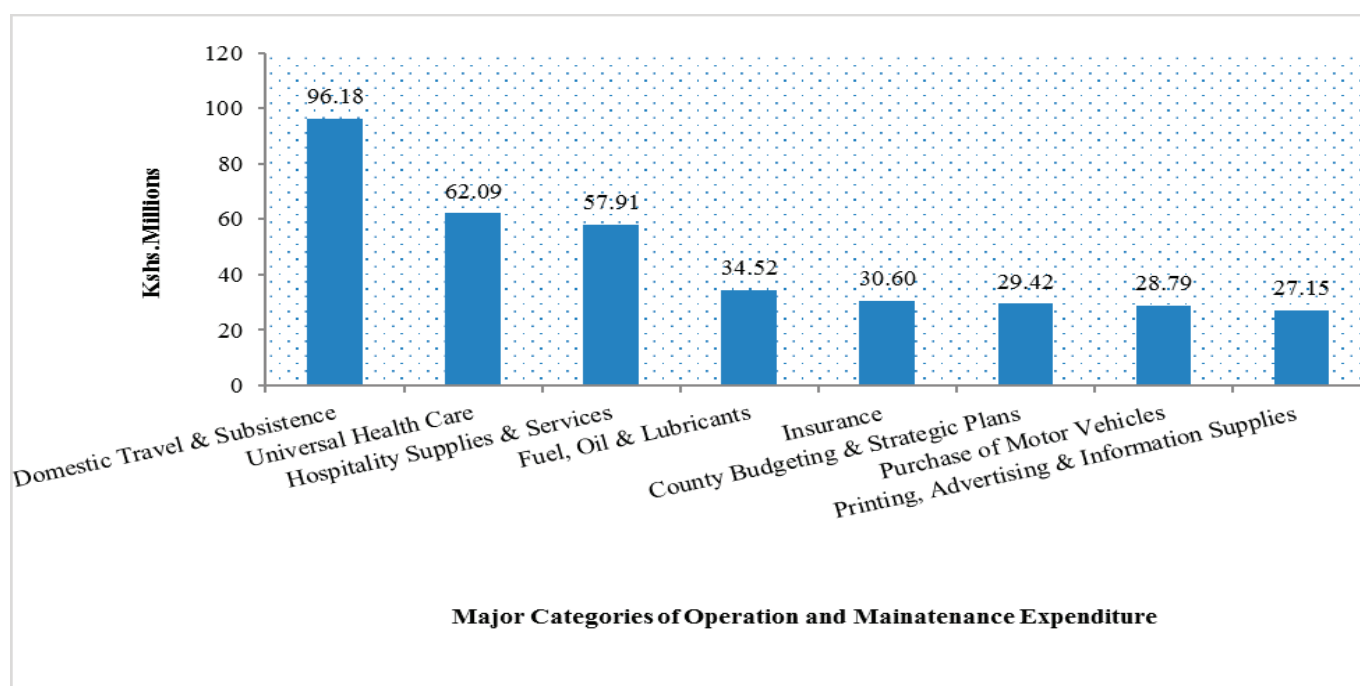
3.35.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 55.6 per cent of the total expenditure for the reporting period and 47.1 per cent of available revenue of Kshs.2.90 billion.

3.35.7 Expenditure on Operations and Maintenance

Figure 3.70 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.70: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: Nyandarua County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.19.29 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.55.77 million. The average monthly sitting allowance was Kshs.80,366 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.96.18 million and comprised of Kshs.53.25 million spent by the County Assembly and Kshs.42.93 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.01 million and comprised of Kshs.550,000 by the County Assembly and Kshs.1.46 million by the County Executive.

3.35.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.25,900,000 to cater for COVID-19 related expenditure while a total of Kshs.126,214,000 was brought forward from FY 2019/20. During the reporting period, a total of Kshs.44,114,000 was spent on COVID-19 related expenditure. Table 3.202 provides a summary of the COVID-19 budget and expenditure

Table 3.202: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1.	Allowances for Front Line Health Care Workers	31,365,000
2.	Hospital Bed with Single Crank without Side Rails and Mattresses with Mackintosh Cover	5,550,000
3.	Patient Bed Single Crank with Side Rails and Aluminium Alloy	6,300,000
4.	Heavy Duty Mattress with Mackintosh Cover	900,000
Total		44,114,000

Source: Nyandarua County Treasury

3.35.9 Development Expenditure

The County incurred an expenditure of Kshs.241.6 million on development programmes, which represented an increase of 152.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.95.74 million. Table 3.203 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.203: Nyandarua County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	County headquarters (county contribution)	Ol-Kalou	30,000,000	30,000,000	100.0
2	Construction of an Office Block	Ol-Kalou	51,029,065	17,533,401	34.4
3	Road maintenance using County Road Machinery & Equipment (At least 36KM)	All wards	15,000,000	13,371,249	89.1
4	Road maintenance using County Road Machinery & Equipment (At least 35KM)	All wards	13,000,000	11,896,000	91.5
5	Construction of Speaker's residence	Ol-kalou	29,000,000	10,066,114	34.7
6	Road maintenance using County Road Machinery & Equipment (At least 24KM)	All wards	10,000,000	4,624,000	46.2
7	Road maintenance using County Road Machinery & Equipment (At least 24KM)	All wards	10,000,000	3,295,347	33.0
8	Mercy Technology (Road Work) 2013/2014	Kinangop	1,817,600	1,817,600	100.0
9	Road maintenance using County Road Machinery & Equipment (At least 35KM)	All wards	10,000,000	1,740,000	17.4
10	Peter M Murage (Road Work) 2013/2014	Kinangop	1,257,000	1,257,000	100.0
11	Peter M Murage (Road Work) 2013/2014	Kinangop	910,000	910,000	100.0

Source: Nyandarua County Treasury

3.35.10 Budget Performance by Department

Table 3.204 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.204: Nyandarua County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office & Service Delivery	119.89	2.00	52.87	-	52.87	-	100.0	-	44.1	-
The County Secretary	2,026.34	-	1,002.06	-	1,002.06	-	100.0	-	49.5	-
County Attorney	33.33	-	2.43	-	2.43	-	100.0	-	7.3	-

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
Public Administration & ICT	36.37	10.00	13.05	-	13.05	-	100.0	-	35.9	-
County Public Service Board	18.40	-	8.67	-	8.67	-	100.0	-	47.1	-
Finance & Economic Development	439.69	102.11	125.72	3.98	127.06	3.98	101.1	100.0	28.9	3.9
Health Services	689.31	301.77	174.03	-	168.09	-	96.6	-	24.4	-
Education, Gender, Youth, Culture and Social Services	127.44	76.45	9.56	-	9.36	-	97.9	-	7.3	-
Industrialization Cooperatives, Trade & Enterprise Development	38.61	270.60	12.81	-	12.26	-	95.7	-	31.8	-
Youth, Sports and Arts	49.45	57.30	11.35	-	11.35	-	100.0	-	23.0	-
Water, Environment, Tourism & Natural resources	51.06	224.38	9.01	-	8.87	-	98.4	-	17.4	-
Transport, Energy & Public Works	41.10	899.91	30.47	101.48	30.47	101.48	100.0	100.0	74.1	11.3
Lands, Housing & Physical Planning	30.51	77.99	5.99	-	5.99	-	100.0	-	19.6	-
Agriculture Livestock & Fisheries	112.71	274.99	15.76	108.49	15.76	108.49	100.0	100.0	14.0	39.5
County Assembly	663.97	91.03	329.55	28.64	329.53	27.60	100.0	96.4	49.6	30.3
Total	4,478.17	2,388.52	1,797.83	242.60	1,803.32	241.56	99.7	99.6	40.1	10.1

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of development budget at 39.5 per cent. The Department of Transport, Energy & Public Works had the highest percentage of recurrent expenditure to recurrent budget at 74.1 per cent while the Office of the County Attorney had the lowest at 7.3 per cent.

3.35.11 Budget Execution by Programmes and Sub-Programmes

Table 3.205 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.205: Nyandarua County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
General Administration, Planning and Support Services	Service Delivery Unit	18,200,000	6,403,762	11,796,238	35.2%
	Governor's Office & Investment Promotion	81,335,058	42,685,564	38,649,494	52.5%
	Liaison and Intergovernmental Relations	13,750,000	796,629	12,953,371	5.8%
	Civic Education and Public Participation	8,600,000	2,979,900	5,620,100	34.7%
Sub Total		121,885,058	52,865,855	69,019,203	43.4%
County Secretary	County Secretary-Administration	15,655,000	4,157,665	11,497,336	26.6%
	Communication and Public Relations	2,400,000	743,100	1,656,900	31.0%
	Cabinet Affairs	700,000	246,550	453,450	35.2%
Human Resource Management	Payroll (Including Compensation to employees)	1,906,050,000	995,618,379	910,431,621	52.2%
	Human Resource Management (Including employee gratuity, pension and medical insurance)	101,530,000	1,294,990	100,235,010	1.3%
Sub Total		2,026,335,000	1,002,060,683	1,024,274,317	49.5%
County Attorney Services	Legal and public affairs	33,332,655	2,425,409	30,907,246	7.3%
Sub Total		33,332,655	2,425,409	30,907,246	7.3%
Public Administration	Public Administration	3,920,000	2,842,200	1,077,800	72.5%
	sub-county and ward administration	25,450,000	6,300,726	19,149,274	24.8%
	Enforcement and Compliance	6,000,000	2,686,535	3,313,465	44.8%
ICT and E-government Services	ICT and E-government Services	11,000,000	1,216,586	9,783,414	11.1%
Sub Total		46,370,000	13,046,047	33,323,953	28.1%
County Public Service Board	County Public Service Board	18,400,000	8,665,834	9,734,166	47.1%

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Sub Total		18,400,000	8,665,834	9,734,166	47.1%
Public Finance Management	County Funds	246,000,000	42,100,000	203,900,000	17.1%
	County Pending Bills	98,747,429	3,984,600	94,762,829	4.0%
	treasury services	71,872,978	47,863,530	24,009,447	66.6%
	Financial reporting	5,096,300	3,801,572	1,294,728	74.6%
	Revenue Collection and Administration (Including automation)	20,642,085	10,162,694	10,479,391	49.2%
	Revenue Enhancement and Monitoring	300,000		300,000	0.0%
	Supply Chain Management	6,828,407	4,252,348	2,576,059	62.3%
	Internal Audit and Risk Management	11,320,000	7,930,220	3,389,780	70.1%
Economic Planning and Development	County Budgeting	13,600,000	4,597,743	9,002,257	33.8%
	County Statistics and Data Bank	5,850,000	415,600	5,434,400	7.1%
	Monitoring and Evaluation	3,750,000	2,273,680	1,476,320	60.6%
	Economic Modelling and Research	3,700,000	757,400	2,942,600	20.5%
	Economic Development Planning (Including CEKEB)	54,093,305	2,904,490	51,188,815	5.4%
Sub Total		541,800,503	131,043,877	410,756,626	24.2%
Preventive and Promotive Services	Preventive and Promotive Services	6,271,274	3,788,163	2,483,111	60.4%
Curative Services	Curative Services (including universal health care and grants)	678,821,034	162,202,788	516,618,246	23.9%
General administration, planning and support services	Solid Waste and Cemeteries	5,219,915	2,098,175	3,121,740	40.2%
	Infrastructure and Equipment	300,774,687		300,774,687	0.0%
Sub total		991,086,910	168,089,126	822,997,784	17.0%
Primary Education	ECDE	77,040,000	3,868,495	73,171,505	5.0%
Youth Training And Development	revitization of youth polytechnics	61,934,894	984,020	60,950,874	1.6%
Gender Affairs and Social Services & youth empowerment	Gender Affairs and Social Services	54,770,000	2,953,726	51,816,274	5.4%
General administration, planning and support services	Alcohol Drinks Control and Civic Education	3,500,000	1,084,264	2,415,736	31.0%
Culture	development and promotion of culture	6,644,999	470,635	6,174,364	7.1%
Sub Total		203,889,893	9,361,140	194,528,753	4.6%
Trade Development and Promotion	Financial and Trade Services	59,320,000	3,652,960	55,667,040	6.2%
Industrial development and investment	Industrial and Enterprise Development	225,430,000	740,366	224,689,634	0.3%
	Weights & Measures	2,620,000	1,729,057	890,943	66.0%
Cooperative development and management	Cooperative advisory services	17,530,000	4,741,098	12,788,902	27.0%
	cooperative audit extension services	4,308,700	1,396,844	2,911,856	32.4%
Sub Total		309,208,700	12,260,325	296,948,375	4.0%
Sports	Sports Development	77,553,800	5,272,517	72,281,283	6.8%
Youth Affairs	Youth Affairs	23,295,000	4,012,601	19,282,399	17.2%
Arts & Theater	Arts & Theater	5,900,000	2,067,035	3,832,965	35.0%
Sub Total		106,748,800	11,352,153	95,396,647	10.6%
Water Resource Development.	Water resource conservation and protection, infrastructure and flood control	218,305,000	7,516,139	210,788,861	3.4%
Environment	Environmental support and management	27,865,000	591,063	27,273,937	2.1%
	Climate change resilience	3,500,000	-	3,500,000	0.0%
Tourism development and promotion	Tourism infrastructure development	15,310,000	271,754	15,038,246	1.8%
Irrigation and Drainage infrastructure	Promotion of irrigation and drainage development and management	10,455,000	490,970	9,964,030	4.7%
Sub Total		275,435,000	8,869,926	266,565,074	3.2%
Road transport	Transport (Including fuel level, General Administration & Support Services)	783,180,617	84,336,411	698,844,206	10.8%
	Public Works	114,389,000	33,827,250	80,561,750	29.6%
Alternative energy technologies	Alternative energy technologies	40,084,000	13,181,550	26,902,450	32.9%

Programme	Sub-Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
General administration, planning and support services	Emergency Response & Preparedness	3,350,000	605,350	2,744,650	18.1%
Sub Total		941,003,617	131,950,561	809,053,056	14.0%
Land Policy and planning	Physical Planning	26,294,798	268,850	26,025,948	1.0%
	Survey and Mapping	7,655,000	1,260,730	6,394,270	16.5%
	Land Administration and Management	35,570,000	2,948,645	32,621,355	8.3%
Housing & Urban Development	Housing & Urban Development (Kenya Urban Support Programme)	38,978,642	1,513,310	37,465,332	3.9%
Sub Total		108,498,440	5,991,535	102,506,905	5.5%
Crop Development and Management	Land and crop development	335,817,671	111,508,209	224,309,462	33.2%
Livestock Resources Management and Development	Livestock production and management	7,941,204	1,441,830	6,499,374	18.2%
	Veterinary Services	12,117,621	1,356,670	10,760,951	11.2%
Fisheries Development and Management	Fisheries policy, strategy and capacity building	3,961,871	173,700	3,788,171	4.4%
General Administration, Planning and Support Services	Institution Support (ATCs)	10,195,000	4,037,460	6,157,540	39.6%
	Agriculture Mechanization Services	7,265,044	727,500	6,537,544	10.0%
	General administration and Extension Services	5,174,382	4,354,367	820,015	84.2%
	Subsidized Artificial Insemination	5,221,681	654,000	4,567,681	12.5%
Sub Total		387,694,474	124,253,736	263,440,738	32.0%
County Assembly	legislative, oversight and representation	755,000,000	357,130,379	397,869,621	47.3%
Sub Total		755,000,000	357,130,379	397,869,621	47.3%
Grand Total		6,866,689,050	2,039,366,587	4,827,322,463	29.7%

Source: Nyandarua County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General Administration and Extension Services in the Department of Agriculture, Livestock and Fisheries at 84.2 per cent, Financial Reporting in the Department of Finance and Economic Development at 74.6 per cent, Public Administration in the Department of Public Administration and ICT at 72.5 per cent and Internal Audit and Risk Management in the Department of Finance and Economic Development at 70.1 per cent of budget allocation.

3.35.12 Key Observations and Recommendations

1. In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;
2. Low absorption of development funds as indicated by the expenditure of Kshs.241.6 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.38 billion. The development expenditure represented 10.1 per cent of the annual development budget.
3. A high wage bill, which accounted for 55.6 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
3. The County should devise and implement mechanisms to address its own source revenue performance to ensure the approved budget is fully financed.

3.36 County Government of Nyeri

3.36.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.9.03 billion, comprising of Kshs.3.18 billion (35.2per cent) and Kshs.5.85 billion (64.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.41 billion (59.9 per cent) as the equitable share of revenue raised nationally, Kshs.1.27billion (14.1 per cent) as total conditional grants, generate Kshs.1.0 billion (11.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.34billion (14.9 per cent) from FY 2019/20.

3.36.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.79 billion as the equitable share of the revenue raised nationally, Kshs.246.67 million as conditional grants, raised Kshs.317.80 million as own-source revenue, and had a cash balance of Kshs.1.34 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.69 billion as shown in Table 3.206.

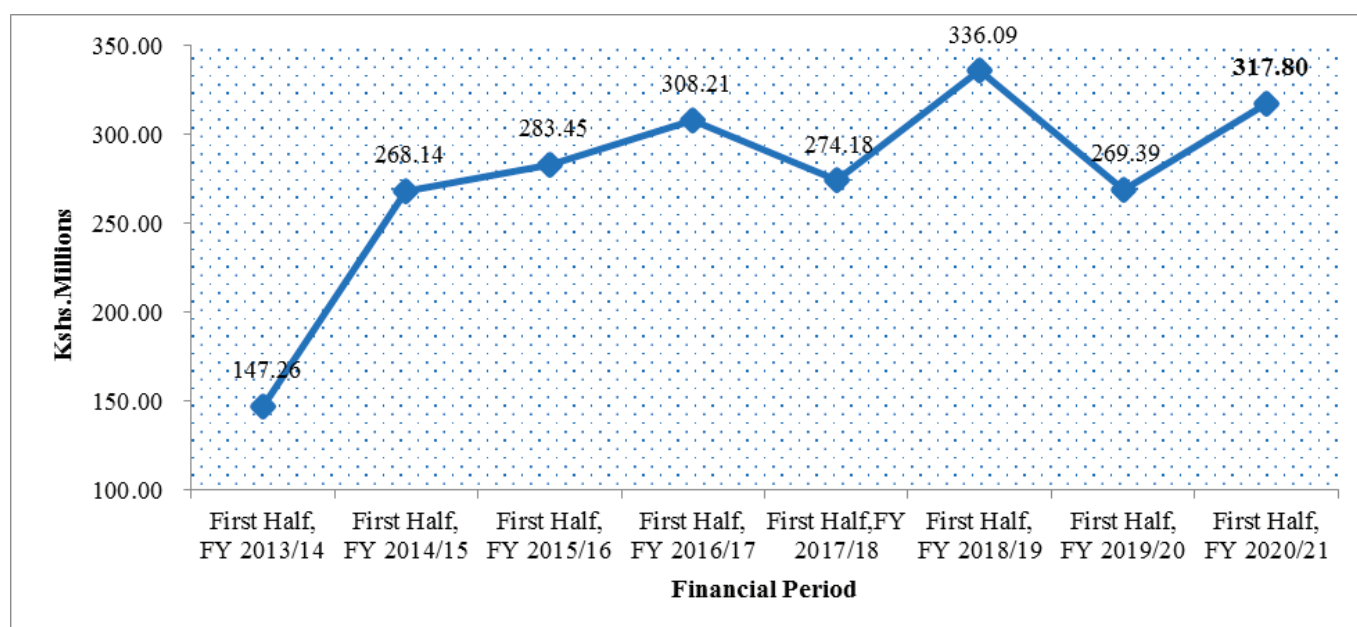
Table 3.206: Nyeri County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue Category	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,412,150,000	5,412,150,000	1,786,009,500	33.0
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	407,861,272	407,861,272	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	151,875,577	151,875,577	38,406,868	25.3
4.	Compensation for User Fee Foregone	13,701,379	13,701,379	-	-
5.	Rehabilitation of Village Polytechnics	48,949,894	48,949,894	-	-
	Sub Total	754,409,399	622,388,122	38,406,868	6.2
C.	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	28,800,000	28,800,000	-	-
2.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	236,639,100	236,639,100	67,385,635	28.5
4.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	312,177,550	312,177,550	133,182,526	42.7
5.	DANIDA Grant	15,390,000	15,390,000	7,695,000	50.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	11,958,572	11,958,572	-	-
	Sub Total	649,965,222	649,965,222	208,263,161	32
D.	Other Sources of Revenue				
1.	Own Source Revenue	-	1,000,000,000	317,796,614	31.8
2.	Balance b/f from FY 2019/20	-	1,345,146,970	1,345,146,970	100
	Sub Total		2,345,146,970	1,662,943,584	70.9
	Grand Total	6,816,524,621	9,029,650,314	3,695,623,113	40.9

Source: Nyeri County Treasury

Figure 3.71 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.71: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Nyeri County Treasury

During the first half of FY2020/21, the County generated a total of Kshs.317.80 million as own-source revenue. This amount represented an increase of 17.9 per cent compared to Kshs.269.39 million realised during a similar period in FY 2019/20 and was 31.8 per cent of the annual target.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.51 billion from the CRF account during the reporting period. The amount comprised of Kshs.256.15 million (10.2 per cent) for development programmes and Kshs.2.25 billion (89.8 per cent) for recurrent programmes.

3.36.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.71 billion on development and recurrent programmes. The expenditure represented 108 per cent of the total funds released by the COB and comprised of Kshs.308.68 million and Kshs.2.40 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 9.7 per cent while recurrent expenditure represented 41.1 per cent of the annual recurrent budget.

3.36.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.98 billion was spent on compensation to employees, Kshs.426.11 million on Operations and Maintenance, and Kshs.308.68 million on development activities as shown in Table 3.207.

Table 3.207: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,849,238,370	2,255,626,595	2,404,986,258	41.1
Compensation to Employees	3,836,232,534	1,871,975,219	1,978,870,527	51.6
Operations and Maintenance	2,013,005,836	383,651,376	426,115,731	21.2
Total Development Expenditure	3,180,411,944	256,149,962	308,682,805	9.7
Development Expenditure	3,180,411,944	256,149,962	308,682,805	9.7
Total	9,029,650,314	2,511,776,556	2,713,669,063	30.1

Source: Nyeri County Treasury

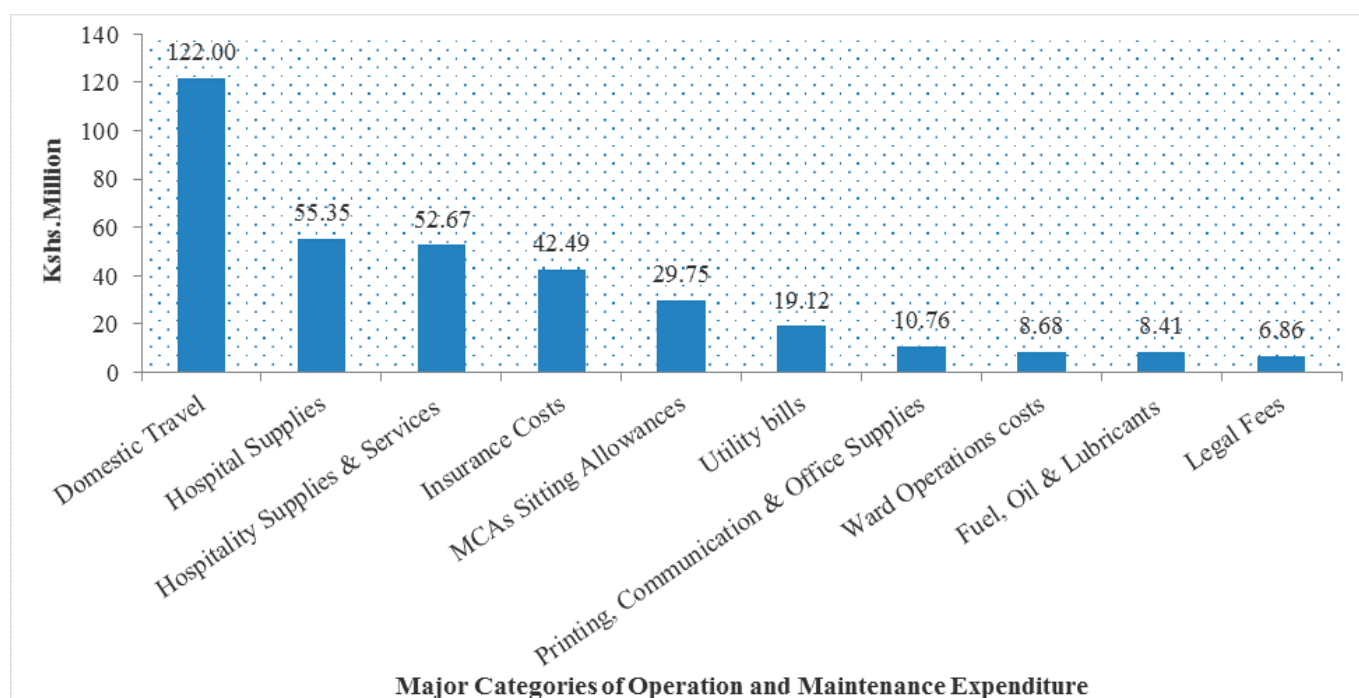
3.36.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 72.9 per cent of the total expenditure for the reporting period and 43.8 per cent of half year proportional revenue estimate of Kshs.4.51 billion.

3.36.7 Expenditure on Operations and Maintenance

Figure 3.72 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.72: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.29.75 million on committee sitting allowances for the 44 MCAs and Speaker against the annual budget allocation of Kshs.50.68 million. The average monthly sitting allowance was Kshs.110,173 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.122 million and comprised of Kshs.96.17 million spent by the County Assembly and Kshs.25.82 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.22 million which spent by the County Assembly.

3.36.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.253.2 million to cater for COVID-19 related expenditure which includes amount brought forward from FY 2019/20. A total of Kshs.96.92 million was spent during the reporting period as shown in Table 3.208.

Table 3.208: COVID-19 Budget and Expenditure Summary

Description of Expenditure Category	FY 2019/20 Balance B/F (Kshs)	FY 2020/21 Budget Allocation (Kshs)	Total Budget Allocation (Kshs)	Expenditure as of 31.12.2020 (Kshs)
Accommodation	17,890,000	-	17,890,000	1,950,000
Bedding & Linen	15,805,000	-	15,805,000	1,200,000
Food & Ration	13,500,000	-	13,500,000	-
Fuel & Lubricants	2,500,000	-	2,500,000	1,000,000
Maintenance of Building	10,686,500	-	10,686,500	-
Medical Equipments	59,062,500	17,200,000	76,462,500	18,456,250
Non Pharms	35,971,755	12,800,000	59,756,755	9,359,000

Description of Expenditure Category	FY 2019/20 Balance B/F (Kshs)	FY 2020/21 Budget Allocation (Kshs)	Total Budget Allocation (Kshs)	Expenditure as of 31.12.2020 (Kshs)
Trainings	4,636,000	-	5,772,000	2,086,800
Health Care Workers Allowances	63,150,000	-	63,150,000	62,868,000
Total	223,201,755	30,000,000	253,201,755	96,920,050

Source: Nyeri County Treasury

3.36.9 Development Expenditure

The County incurred an expenditure of Kshs.308.68 million on development programmes, which represented a decrease of 166.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.115.88 million. Table 3.209 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.209: Nyeri County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Transport Termini at Asian quarters clearance Roads construction and main works	Rware	542,562,726	86,557,279	16.0
2	Kenya Climate Smart Agriculture (KCSAP) for Sub projects, Micro projects and Producer Organisations	Mukurweini Central, Rugi, Mugunda, Gatarakwa, Thegu	260,066,162	50,450,815	19.4
3	Proposed upgrading of Kianda Road Phase II to Bitumen Standard	Rware	20,057,103	18,200,574	90.7
4	Proposed maintenance and repair works at Kibaki Road	Karatina	17,246,758	16,191,226	93.9
5	Proposed upgrading of National Library- Nyewasco road to Bitumen Standard	Rware	11,932,624	9,828,042	82.4
6	Proposed maintenance and repair works at K.K. Shiuri road	Karatina	8,886,528	8,886,528	100.0
7	Proposed upgrading of vehicle parking spaces on selected roads in Nyeri Town to Bitumen Standard	Rware	14,726,534	8,463,476	57.5
8	Provision for Covid-19	County Wide	124,390,000	8,270,215	6.6
9	Road Maintenance and Repair Works at Gakere Road and Kuku Lane	Rware	27,251,958	7,865,414	28.9
10	Proposed completion of Classic- Ngangarithi Muthaiga Estate road to Bitumen Standard	Rware	21,000,000	7,239,560	34.5

Source: Nyeri County Treasury

3.36.10 Budget Performance by Department

Table 3.210 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.210: Nyeri County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	123.35	10.00	33.71	-	35.08	0.00	104.1	-	28.4	-
Office of the County Secretary	353.49	8.20	57.50	-	62.30	0.00	108.3	-	17.6	-
Finance and Economic Planning	834.58	534.57	192.26	-	169.57	0.00	88.2	-	20.3	-
Lands, Physical Planning, Housing and Urbanization	44.27	600.96	29.24	1.00	31.18	92.72	106.6	9,272.4	70.4	15.4
Health Services	2,669.24	315.03	1,212.95	124.39	1,340.93	6.46	110.6	5.2	50.2	2.0
Gender, Youth and Social Services	65.91	60.90	19.83	-	21.59	0.00	108.9	-	32.8	-
County Public Service and Environment	106.28	41.50	74.26	2.00	77.86	4.77	104.8	238.6	73.3	11.5
Agriculture, Livestock and Fisheries	301.27	353.15	125.93	128.76	113.17	59.79	89.9	46.4	37.6	16.9

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Culture, Tourism & Co-operative Development	54.24	41.85	21.03	-	23.03	-	109.5	-	42.5	-
Education and Sports	337.63	71.12	100.29	-	106.80	-	106.5	-	31.6	-
Water and Irrigation Services	77.91	53.38	26.34	-	27.71	-	105.2	-	35.6	-
County Assembly	706.09	50.00	315.40	-	344.87	-	109.3	-	48.8	-
County Public Service Board	43.85	12.00	15.78	-	15.92	-	100.9	-	36.3	-
Transport, Public Works & Infrastructure	131.13	1,027.76	31.10	-	34.97	144.93	112.4	-	26.7	14.1
TOTAL	5,849.24	3,180.41	2,255.63	256.15	2,404.99	308.68	106.6	120.5	41.1	9.7

Source: Nyeri County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of development budget at 16.9 per cent. The Department of Lands, Physical Planning, Housing and Urbanization had the highest percentage of recurrent expenditure to recurrent budget at 70.4 per cent while the Office of the County Secretary had the lowest at 17.6 per cent.

3.36.11 Budget Execution by Programmes and Sub-Programmes

Table 3.211 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.211: Nyeri County, Budget Execution by Programmes and Sub-programmes

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Agriculture, Livestock and Fisheries	Agricultural Management	Administration and planning services	601,378,864	163,367,545	438,011,319	27.2
	Crop Management	County Agriculture Extension Program	5,229,450	689,495	4,539,955	13.2
	Wambugu ATC	Farm Development	5,762,000	2,881,000	2,881,000	50
	AMS Naromoru	Development Of Agricultural Land For Crop Production	7,929,794	964,897	6,964,897	12.2
	Livestock Production Management	Provision of Extension Services to Livestock farmers	7,526,000	520,670	7,005,330	6.9
	Fisheries development	Administrative Support Services	5,849,000	201,107	5,647,893	3.4
	Veterinary services	Administrative Support Services	20,745,000	4,335,243	16,409,757	20.9
		Sub-total	654,420,108	172,959,957	481,460,151	26.4
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	40,222,583	30,629,629	9,592,954	76.2
	Land Policy and Planning	Land Policy Formulation	604,030,757	93,205,654	510,825,103	15.4
	Housing Development and Human Settlement	Government Building	980,000	68,000	912,000	6.9
		Sub-total	645,233,340	123,903,283	521,330,057	19.2
Transport, Public Works Infrastructure and Energy	General administration and policy Development and implementation	Administration, planning and support services	82,413,822	33,651,981	48,761,841	40.8
	Energy Sector development	Street lighting programme	164,382,743	1,317,838	163,064,905	0.8
	Roads development, maintenance and management	County access and feeder roads improvement	912,094,042	144,934,067	767,159,975	15.9
		Sub-total	1,158,890,607	179,903,886	978,986,721	15.5
Trade, Culture, Tourism and Co-Operative Development	Co-operative development	Cooperative Development And Management	2,598,370	371,926	2,226,444	14.3
	Tourism Development	Promotion of Tourism	2,285,000	614,092	1,670,908	26.9
	Trade and Cooperative Development	Trade Promotion	91,205,440	22,047,427	69,158,013	24.2
		Sub-total	96,088,810	23,033,445	73,055,365	24

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,404,721,642	1,294,951,361	1,109,770,281	53.9
	Health Centers and Dispensaries	Health Services	579,552,651	52,436,637	527,116,014	9
		Sub-total	2,984,274,293	1,347,387,998	1,636,886,295	45.1
Education and Sports	General administration and policy Development and implementation	Administrative Support Services	356,560,212	105,258,440	251,301,772	29.5
	County Sports Development	Search and nurture talents	47,369,566	1,146,260	46,223,306	2.4
	ECDE Management	ECDE Management	4,817,496	399,700	4,417,796	8.3
		Sub-total	408,747,274	106,804,400	301,942,874	26.1
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	123,502,337	34,733,882	88,768,455	28.1
		Management of county affairs	9,850,000	346,042	9,503,958	3.5
		Sub-total	133,352,337	35,079,924	98,272,413	26.3
Office of the County Secretary	Coordination of County Functions and Public Service Management	Administration, planning and support services	322,108,054	51,922,953	270,185,101	16.1
		Coordination of functions of the County Executive Committee	21,557,311	172,800	21,384,511	0.8
		Coordination of county service delivery units	12,756,907	9,983,860	2,773,047	78.3
	ICT Development	ICT Infrastructure Development	4,000,000	0	4,000,000	0
	Community sensitization, education and public participation	County publicity campaign	1,270,000	217,855	1,052,145	17.2
		Sub-total	361,692,272	62,297,468	299,394,804	17.2
Finance and Economic Planning	Executive services	Administration and personnel services	1,220,897,474	154,117,974	1,066,779,500	12.6
	Revenue Mobilization	Revenue Mobilization	24,211,483	5,066,562	19,144,921	20.9
		Financial Accounting	13,051,687	2,962,380	10,089,307	22.7
	Public Finance Management	Procurement Compliance and Reporting	11,907,249	1,946,230	9,961,019	16.3
		Internal Audit	8,747,881	2,020,854	6,727,027	23.1
	Economic Planning	Budget Management	71,935,543	0	71,935,543	0
		Economic Planning and Policy Formulation	13,294,046	2,614,375	10,679,671	19.7
	Monitoring and Evaluation	5,100,000	837,700	4,262,300	16.4	
		Sub-total	1,369,145,363	169,566,075	1,199,579,288	12.4
County Assembly	General administration, Policy Development and implementation	Administration and planning services	706,085,232	344,869,301	361,215,931	48.8
		Legislation representation and oversight	50,000,000	0	50,000,000	0
		Sub-total	756,085,232	344,869,301	411,215,931	45.6
County Public Service and Environment	Human resources Management	Administration Planning and Support Services	59,277,027	38,045,429	21,231,598	64.2
	Sanitation management	Administrative Support Services	64,395,754	28,685,901	35,709,853	44.5
	Environmental Management	Environment Conservation, Protection and Management	24,105,027	15,904,476	8,200,551	66
		Sub-total	147,777,808	82,635,807	65,142,001	55.9
County Public Service Board	General Administration and Planning services	Administration and Personnel Services	55,846,848	15,921,558	39,925,290	28.5

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	54,243,436	18,826,080	35,417,356	34.7
	Social development	Administration and planning services	70,106,538	2,168,787	67,937,751	3.1
	Disaster Management	Administration and planning services	2,460,000	597,380	1,862,620	24.3
		Sub-total	126,809,974	21,592,247	105,217,727	17
Water and Irrigation Services	Water Management	Administrative Support Services	131,286,048	27,713,715	103,572,333	21.1
Total			9,029,650,314	2,713,669,063	6,315,981,251	30.1

Source: Nyeri County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Coordination of county service delivery units in the Office of the County Secretary at 78.3 per cent, Administration and personnel services in the Department of Lands, Physical Planning, Housing and Urbanisation at 76.2 per cent, and Administration Planning and Support Services in the Department of County Public Service and Environment at 64.2 per cent of budget allocation.

3.36.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.308.68 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.18 billion. The development expenditure represented 9.7 per cent of the annual development budget.
2. A high wage bill, which accounted for 72.9 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

3.37 County Government of Samburu

3.37.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.6.88 billion, comprising of Kshs. 2.64 billion (38.4 per cent) and Kshs.4.24 billion (61.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.62 billion (67.2 per cent) as the equitable share of revenue raised nationally, Kshs.602.39 million (8.8 per cent) as total conditional grants, generate Kshs.180.31 million (2.6 per cent) from own sources of revenue and a cash balance of Kshs.1.48 billion (21.5 per cent) from FY 2019/20.

3.37.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.828.22 million as the equitable share of the revenue raised nationally, Kshs.6.57 million as conditional grants (DANIDA), raised Kshs.26.32 million as own-source revenue, and had a cash balance of Kshs.561.52 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.1.42 billion as shown in Table 3.212.

Table 3.212: Samburu County, Revenue Performance in the First Half of FY 2020/21

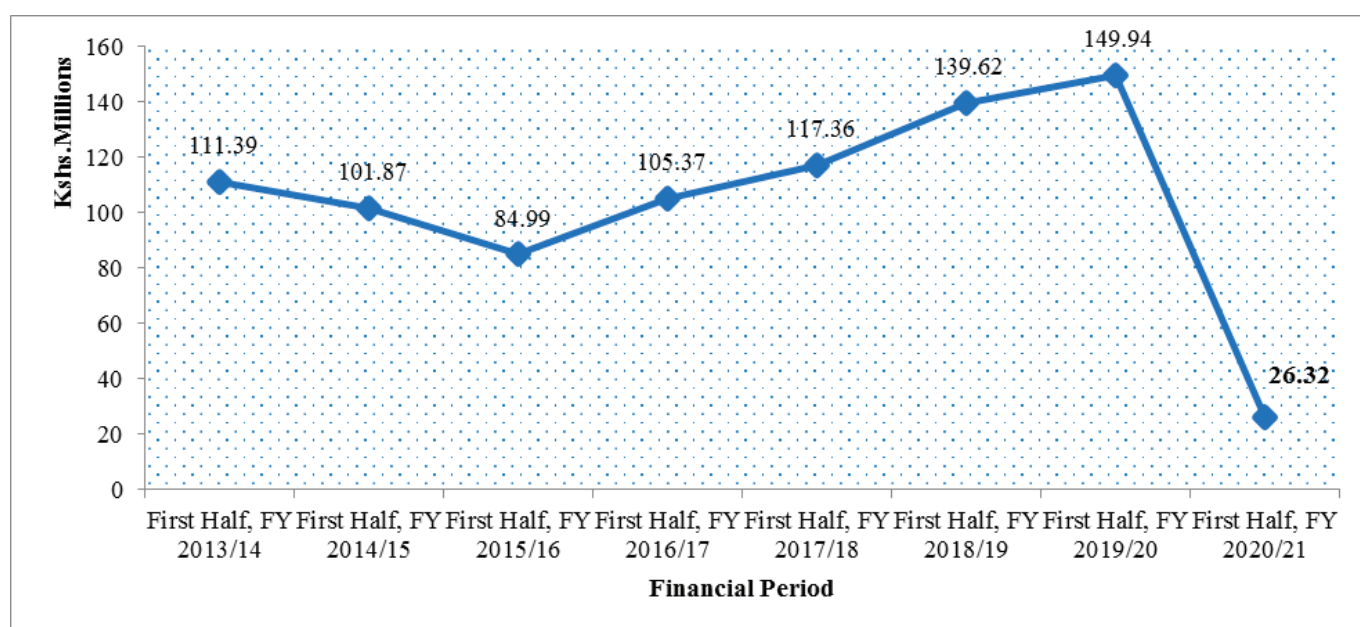
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,620,900,000	4,620,900,000	828,217,225	17.9
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	5,235,578	5,235,578	-	-

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	118,859,147	229,259,147	-	-
4.	Rehabilitation of Village Polytechnics	10,549,894	10,549,894	-	-
Sub Total		266,665,896	377,065,896	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	31,320,789	67,761,930	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	216,145,500	272,401,924	-	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	75,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)		50,000,000.00	-	-
5.	DANIDA Grant	13,140,000	18,075,000	6,570,000	36.4
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	93,220,674	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,496,213	45,318,793	-	-
8.	COVID-19 Funds b/f	-	27,402,000	-	-
Sub Total		335,728,670	649,180,321	6,570,000	1.0
D	Other Sources of Revenue				
1.	Own Source Revenue	-	180,312,319	26,315,260	14.6
2.	Balance b/f from FY 2019/20	-	1,053,199,388	561,517,185	53.3
Sub Total		-	1,233,511,707	26,315,260	47.7
Grand Total		5,223,294,566	6,880,657,924	1,422,619,670	20.7

Source: Samburu County Treasury

Figure 3.73 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.73: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Samburu County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.26.32 million as own-source revenue. This amount represented a decrease of 82.4 per cent compared to Kshs.149.94 million realised during a similar period in FY 2019/20 and was 14.6 per cent of the annual target.

The significant decrease can be attributed to the fact that the county's top revenue source over the years has been the Tourism Sector which was adversely affected by the COVID-19 pandemic. The sector contributed a paltry Kshs.2.51 million as compared to kshs.123.04 million of the own source revenue during a similar period in FY 2019/20.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.39 billion from the CRF account during the reporting period. The amount comprised of Kshs.40.36 million (2.9 per cent) for development programmes and Kshs.1.35 billion (97.1 per cent) for recurrent programmes.

3.37.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.53 billion on development and recurrent programmes. The expenditure represented 109.5 per cent of the total funds released by the COB and comprised of Kshs.104.93 million and Kshs.1.42 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 4.0 per cent while recurrent expenditure represented 33.6 per cent of the annual recurrent budget.

3.37.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.12 billion was spent on Compensation to Employees, Kshs.308.38 million on Operations and Maintenance, and Kshs.104.93 million on development activities as shown in Table 3.213.

Table 3.213: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,238,931,986	1,355,949,410	1,424,594,253	33.6
Compensation to Employees	2,255,524,101	1,146,205,470	1,116,211,697	49.5
Operations and Maintenance	1,983,407,885	209,743,941	308,382,556	15.5
Total Development Expenditure	2,641,725,938	40,355,000	104,926,609	4.0
Development Expenditure	2,641,725,938	40,355,000	104,926,609	4.0
Total	6,880,657,924	1,396,304,410	1,529,520,862	22.2

Source: Samburu County Treasury

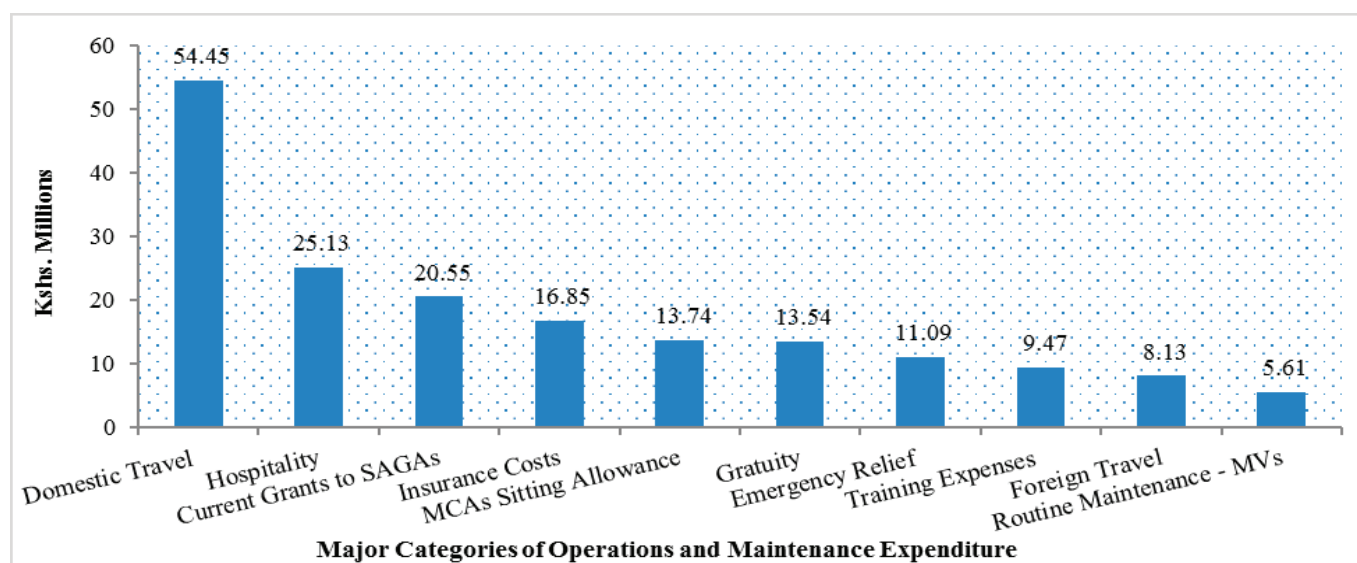
3.37.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 73 per cent of the total expenditure for the reporting period and 32.4 per cent of half year proportional revenue estimate of Kshs.3.44 billion.

3.37.7 Expenditure on Operations and Maintenance

Figure 3.74 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.74: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: Samburu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.13.74 million on committee sitting allowances for the 28 MCAs and Speaker against the annual budget allocation of Kshs.24.30 million. The average monthly sitting allowance was Kshs.81,784 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.54.45 million and comprised of Kshs.20.95 million spent by the County Assembly and Kshs.33.50 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.13 million and comprised of Kshs.7.77 million by the County Assembly and Kshs.361,000 by the County Executive.

3.37.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.25 million to cater for COVID-19 related expenditure while a total of Kshs.306.82 million was brought forward from FY 2019/20. A total of Kshs.170.39 million was spent during the reporting period as shown in Table 3.214.

Table 3.214: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 31.12.2020 (Kshs.)
1	Supply and delivery of ICU, HDU beds and Assorted Medical Equipment	63,065,150
2	Supply and delivery of PPEs	6,883,750
3	Supply and delivery of fuel	1,700,000
4	Supply and delivery of fuel	1,200,000
5	Repair and maintenance of KBW265V Motor vehicle allocated to Covid-19 Activities	392,340
6	Supply and delivery of Tyres and tubes for Ambulances	1,500,000
7	Construction of ICU & HDU at Maralal Referral Hospital	4,937,000
8	Water connection for Covid-19 Isolation Wards	2,207,700
9	Renovations and construction of Laikipia University Campus Isolation wards	3,490,400
10	Water connection for Covid-19 Isolation wards Maralal Youth Polytechnic	1,398,210
11	Modification and construction of Isolation wards Maralal Youth polytechnic	3,516,305
12	Construction of donning, doffing and Oxygen piping at Maralal Referral Hospital ICU facility	3,589,740
13	Water connection for ICU facility at Referral Hospital	1,349,304
14	Supply and delivery of fuel	5,765,662
15	Supply and delivery of submersible pump and accessories for Loijuk borehole	246,700
16	Supply and delivery of Fast-moving water spares for servicing of generators	1,497,382
17	Supply and delivery of offices surgical face masks	1,500,000
18	Supply and delivery of cleaning materials for county Headquarters	1,000,000
19	Supply and delivery of electrical spares for water supply	432,000
20	Repair and maintenance of Motor vehicle 25CG017A allocated to covid-19 Activities	302,400
21	Repair and maintenance of Motor vehicle 25CG026A allocated to covid-19 Activities	310,340
22	Repair and maintenance of Motor vehicle KBY 868C allocated to covid-19 Activities	325,900
23	Repair and maintenance of Motor vehicle KCD 942G allocated to covid-19 Activities	159,180
24	Repair and maintenance of Motor vehicle KCD 140G allocated to covid-19 Activities	223,065
25	Repair and maintenance of Motor vehicle KCC 132U allocated to covid-19 Activities	204,900
26	Repair and maintenance of Motor vehicle KBZ 388 D allocated to covid-19 Activities	362,180
27	Accommodation services for frontline health workers	3,960,000
28	Supply and delivery of cleaning materials for Health department	993,500
29	Repair and maintenance of Motor vehicle 26CG 003A Water bowser allocated to covid-19 Activities	180,960
30	Supply and delivery of Submersible water pumps and motors	1,453,000
31	Supply, delivery and Installation of Oxygen manifold at Maralal Referral Hospital ICU facility	976,387
32	Supply and delivery of PPEs	9,313,440
33	Supply and delivery of 200-seater tents, chairs and tables for health department	971,500
34	Supply and delivery of Hand sanitizers	993,500
	Sub Total	126,401,895
35	National Government grants for COVID-19	27,402,000
36	Allowances for frontline health care workers	16,485,000
	Sub Total	43,887,000

S/No	Description of Expenditure Category	Expenditure as of 31.12.2020 (Kshs.)
	Grand Total	170,288,895

Source: Samburu County Treasury

3.37.9 Development Expenditure

The County incurred an expenditure of Kshs.104.93 million on development programmes, which represented an improvement compared to a similar period in FY 2019/20 when the County did not report expenditure on development activities. Table 3.215 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.215: Samburu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of OPD Complex Samburu County Referral Hospital	Maralal	106,800,000	79,498,485	74.4
2	Abattoir Construction	Maralal	93,220,674	19,928,124	21.4
3	ASDSP Project	Countywide	50,818,793	5,500,000	10.8

Source: Samburu County Treasury

3.37.10 Budget Performance by Department

Table 3.216 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.216: Samburu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	490.30	140	220.80	-	218.60		99.0	-	44.6	-
County Executive	480.90	23.0	159.98	-	175.03		109.4	-	36.4	-
Finance, Economic Planning & ICT	737.36	76.86	170.00	-	178.73		105.1	-	24.2	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	420.07	370.96	124.22	-	116.64	25.43	93.9	-	27.8	6.9
Water, Environment, Natural Resources & Energy	160.54	501.76	48.68	-	48.13	-	98.9	-	30.1	-
Education and Vocational Training	414.03	155.98	131.08	-	137.39	-	104.8	-	33.2	-
Medical Services, Public Health & Sanitation	1,054.92	437.03	355.45	40.36	396.53	79.50	111.6	197.0	37.6	18.2
Lands, Housing, Physical Planning & Urban Development	111.66	80.00	29.73	-	34.25		115.2	-	30.7	-
Roads, Transport & Public Works	78.70	540.07	23.06	-	17.656		76.6	-	22.4	-
Tourism, Trade, Enterprise Development & Cooperatives	179.97	250.57	54.46	-	64.19		117.9	-	35.7	-
Culture, Social Services, Gender, Sports & Youth Affairs	110.88	65.48	38.47	-	37.43		97.3	-	33.8	-
Total	4,238.93	2,641.73	1,355.95	40.36	1,424.59	104.93	105.1	260.0	33.6	4.0

Source: Samburu County Treasury

Analysis of expenditure by department shows that the Department of Medical Services, Public Health & Sanitation recorded the highest absorption rate of development budget at 18.2 per cent. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 44.6 per cent while the Department of Roads, Transport & Public Works had the lowest at 22.4 per cent.

3.37.11 Budget Execution by Programmes and Sub-Programmes

Table 3.217 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.217: Samburu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
COUNTY EXECUTIVE					
0701004210 P1 Management of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	230,253,958	69,857,041	160,396,917	30.3
	0704014210 SP2 Administration of Human Resources in County Public Service	58,446,626	20,724,065	37,722,561	35.5
	0701034210 SP3 Sub County Administration	176,902,094	66,815,958	110,086,136	37.8
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	38,294,586	17,634,172	20,660,414	46.0
	Sub total	503,897,264	175,031,236	328,866,028	34.7
FINANCE, ECONOMIC PLANNING & ICT					
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	496,540,749	83,028,443	413,512,306	16.7
	0705024210 SP2 ICT Services	46,150,316	5,811,757	40,338,559	12.6
	Sub total	542,691,065	88,840,200	453,850,865	16.4
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	31,154,458	13,897,124	17,257,334	44.6
	0706024210 SP2 Resource Mobilization	85,062,231	31,926,690	53,135,541	37.5
	0706034210 SP3 Internal Audit	17,386,714	7,218,714	10,168,000	41.5
	0706044210 SP4 Supply Chain Management	19,654,266	9,193,859	10,460,407	46.8
	0706014210 SP1 Budget Formulation Coordination and Management	11,031,050	4,350,983	6,680,067	39.4
	0706064210 SP6 Fiscal Planning	82,951,670	14,777,467	68,174,203	17.8
	Sub total	247,240,389	81,364,837	165,875,552	32.9
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	6,523,997	2,281,250	4,242,747	35.0
	Sub total	6,523,997	2,281,250	4,242,747	35.0
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	17,763,776	6,246,337	11,517,439	35.2
	Sub total	17,763,776	6,246,337	11,517,439	35.2
AGRICULTURE, LIVESTOCK DEVELOPMENT, VETERINARY SERVICES & FISHERIES					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	398,359,122	72,873,327	325,485,795	18.3
	Sub total	398,359,122	72,873,327	325,485,795	18.3
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock Policy Development and Capacity Building	10,505,622	4,691,678	5,813,944	44.7
	0103024210 SP2 Livestock Production and Management	43,773,504	7,223,400	36,550,104	16.5
	0103034210 SP3 Livestock Diseases Management and Control	64,549,902	4,900,679	59,649,223	7.6
	0103044210 SP4 Livestock Marketing and Rangeland Management	135,439,535	23,883,412	111,556,123	17.6
	Sub total	254,268,563	40,699,169	213,569,394	16.0
0104004210 P4 Fisheries Development and Management	0104014210 SP1 Management and Development of Fisheries	8,468,596	3,073,798	5,394,798	36.3
	Sub total	8,468,596	3,073,798	5,394,798	36.3
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	114,718,401	18,207,991	96,510,410	15.9
	0105024210 SP2 Food Security Initiatives	15,216,436	7,212,786	8,003,650	47.4
	Sub total	129,934,837	25,420,777	104,514,060	19.6
WATER, ENVIRONMENT, NATURAL RESOURCES & ENERGY					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	17,744,171	7,329,421	10,414,750	41.3
	Sub total	17,744,171	7,329,421	10,414,750	41.3

Programme	Sub- Programme	Approved (Kshs)	Budget	Actual (Kshs)	Payments	Variance (Kshs.)	Absorption Rate (%)
1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management		17,818,420		982,610	16,835,810	5.5
	1002024210 SP2 Forests Conservation and Management		4,455,494		326,281	4,129,213	7.3
	Sub total		22,273,914		1,308,891	20,965,023	5.9
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management		3,596,174		1,585,080	2,011,094	44.1
	1003034210 SP3 Mining Services		1,756,600		645,501	1,111,099	36.7
	1003044210 SP4 Water Catchment and Protection Services		191,760,421		1,959,600	189,800,821	1.0
	Sub total		197,113,195		4,190,181	192,923,014	2.1
1004004210 P4 Water and sanitation infrastructure	1004014210 SP1 Storm Water Management		5,145,059		2,218,407	2,926,652	43.1
	1004024210 SP2 Water and Sanitation Services		419,635,121		33,087,446	386,547,675	7.9
	Sub total		424,780,180		35,305,853	389,474,327	8.3
EDUCATION AND VOCATIONAL TRAINING							
0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services		205,899,735		12,145,461	193,754,274	5.9
	Sub total		205,899,735		12,145,461	193,754,274	5.9
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalization of Youth Polytechnics		31,521,336		3,248,594	28,272,742	10.3
	Sub total		31,521,336		3,248,594	28,272,742	10.3
0502004210 P2 Early childhood development and Education	0502014210 SP1 Early Childhood Development and Education		332,585,588		121,999,694	210,585,894	36.7
	Sub total		332,585,588		121,999,694	210,585,894	36.7
MEDICAL SERVICES, PUBLIC HEALTH & SANITATION							
0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental & Health promotion		71,490,325		35,353,428	36,136,897	49.5
	0402014210 SP1 Nutrition		13,898,410		6,666,056	7,232,354	48.0
	0401054210 SP3 Communicable Disease Control		86,203,050		42,983,774	43,219,276	49.9
	0401064210 SP4 Non-communicable Disease Prevention & Control		37,877,350		17,797,329	20,080,021	47.0
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health		50,307,630		24,649,386	25,658,244	49.0
	Sub total		259,776,765		127,449,973	132,326,792	49.1
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services		487,569,378		175,333,486	312,235,892	36.0
	0402054210 SP2 Free Primary Health Services		109,362,174		3,405,268	105,956,906	3.1
	Sub total		596,931,552		178,738,754	418,192,798	29.9
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure Development		314,896,036		84,304,385	230,591,651	26.8
	0403034210 SP2 Human Resource Management and Development		73,655,826		36,123,663	37,532,163	49.0
	0403044210 SP3 Monitoring and Evaluation, Research and Development		4,934,656		1,576,058	3,358,598	31.9
	0403054210 SP4 Health Policy, Planning & Financing		23,805,221		5,331,545	18,473,676	22.4
	0403064210 SP5 Health Standards and Quality Assurance Services		217,961,521		42,502,109	175,459,412	19.5
	Sub total		635,253,260		169,837,760	465,415,500	26.7
LANDS, HOUSING, PHYSICAL PLANNING & URBAN DEVELOPMENT							
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services		60,812,492		13,398,273	47,414,219	22.0
	Sub total		60,812,492		13,398,273	47,414,219	22.0
0102004210 P2 Land policy Planning and Housing	0102014210 SP1 Land Use Planning		36,007,344		2,630,600	33,376,744	7.3
	0102034210 SP2 Land Survey and Mapping		8,571,690		3,632,100	4,939,590	42.4
	0102044210 SP3 Housing Management Services		853,340		204,881	648,459	24.0
	Sub total		45,432,374		6,467,581	38,964,793	14.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban Centre Management	85,417,925	14,385,642	71,032,283	16.8
	Sub total	85,417,925	14,385,642	71,032,283	16.8
ROADS, TRANSPORT & PUBLIC WORKS					
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	194,994,373	7,181,013	187,813,360	3.7
	0201034210 SP2 Firefighting Services	31,957,137	106,164	31,850,973	0.3
	0201044210 SP3 Design, Implementation and Supervision of Public Buildings	13,751,858	3,717,170	10,034,689	27.0
	Sub total	240,703,368	11,004,347	229,699,022	4.6
0202004210 P2 Roads and public Infrastructure Development	0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges	352,269,024	686,251	351,582,773	0.2
	0202024210 SP2 Design, supervision and rehabilitation of County Buildings	6,931,654	1,497,964	5,433,690	21.6
	0202034210 SP3 Street Lights Management	11,608,766	3,644,546	7,964,220	31.4
	0202044210 SP4 Public Road Transport and Parking	7,261,449	823,842	6,437,607	11.3
	Sub total	378,070,893	6,652,603	371,418,291	1.8
TOURISM, TRADE, ENTERPRISE DEVELOPMENT & COOPERATIVES					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	29,381,522	6,300,516	23,081,006	21.4
	Sub total	29,381,522	6,300,516	23,081,006	21.4
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	24,571,610	4,887,315	19,684,295	19.9
	Sub total	24,571,610	4,887,315	19,684,295	19.9
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	312,144,112	41,106,971	271,037,141	13.2
	Sub total	312,144,112	41,106,971	271,037,141	13.2
0305004210 P5 Trade Development and Promotion	0305014210 SP1 Domestic Trade Development	42,662,396	3,894,018	38,768,378	9.1
	Sub total	42,662,396	3,894,018	38,768,378	9.1
0306004210 P6 General Administration Planning and Support Services	0306014210 SP1 General Administration Planning and Support Services	21,781,110	8,001,391	13,779,719	36.7
	Sub total	21,781,110	8,001,391	13,779,719	36.7
CULTURE, SOCIAL SERVICES, GENDER, SPORTS & YOUTH AFFAIRS					
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	26,520,592	11,196,304	15,324,288	42.2
	Sub total	26,520,592	11,196,304	15,324,288	42.2
0902004210 P2 Culture and social Services development	0902014210 SP1 Conservation of Heritage	978,000	189,350	788,650	19.4
	0902024210 SP2 Development and Promotion of Culture	6,279,932	2,371,300	3,908,632	6.5
	0902034210 SP3 Social Welfare and Gender	27,438,000	3,218,581	24,219,419	11.7
	0902044210 SP4 Community Mobilization and Development	6,106,692	2,784,600	3,322,092	45.6
	Sub total	70,802,624	8,563,831	62,238,793	12.1
0903004210 P3 Promotion of other sports activities	0903014210 SP1 Development and Management of Sports Facilities	35,612,581	247,600	35,364,981	0.7
	Sub total	35,612,581	247,600	35,364,981	0.7
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	27,873,600	10,879,300	16,994,300	39.0
	Sub total	27,873,600	10,879,300	16,994,300	39.0
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	15,546,383	6,551,780	8,994,603	42.1
	Sub total	15,546,383	6,551,780	8,994,603	42.1
COUNTY ASSEMBLY					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0707004210 P1 County Assembly Administration	0707014210 SP1 Legislative and Oversight	52,497,492	20,665,202	31,832,290	39.4
	0707024210 SP2 County Assembly Administration	341,308,595	91,806,283	249,502,312	26.9
	0707034210 SP3 Representation	236,490,947	106,126,393	130,364,554	44.9
	Sub total	630,297,034	218,597,878	411,699,156	34.7
Grand Total		6,880,657,924	1,529,520,862	5,351,137,062	22.2

Source: Samburu County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Preventive and Promotive Health Services in the Department of Medical Services, Public Health & Sanitation at 49.1 per cent, General Administration Planning and Support Services in the Department of Culture, Social Services, Gender, Sports & Youth Affairs at 42.2 per cent, and General Administration Planning and Support Services in the Department of Water, Environment, Natural Resources & Energy at 41.3 per cent of budget allocation.

3.37.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.104.93 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.64 billion. The development expenditure represented 4 per cent of the annual development budget.
2. Underperformance of own source revenue at Kshs.26.34 million against an annual projection of Kshs.180.31 million, representing 14.6 per cent of the annual target.
3. Poor budgeting practice by the County Treasury as shown in Table 3.216 where the County incurred expenditure in excess of approved exchequer issues in some votes.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County should devise and implement strategies to address its revenue performance to ensure the approved budget is fully financed.
3. The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.

3.38 County Government of Siaya

3.38.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.8.95 billion, comprising of Kshs.3.87 billion (43.3 per cent) and Kshs.5.08 billion (56.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.86 billion (65.4 per cent) as the equitable share of revenue raised nationally, Kshs.905.19 million (10.1 per cent) as total conditional grants, generate Kshs.351 million (3.9 per cent) from own sources of revenue, and a cash balance of Kshs.1.84 billion (20.6 per cent) from FY 2019/20.

3.38.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.91 billion as the equitable share of the revenue raised nationally, Kshs.152.32 million as conditional grants, raised Kshs.136.20 million as own-source revenue, and had a cash balance of Kshs.1.84 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.4.04 billion as shown in Table 3.218.

Table 3.218: Siaya County, Revenue Performance in the First Half of FY 2020/21

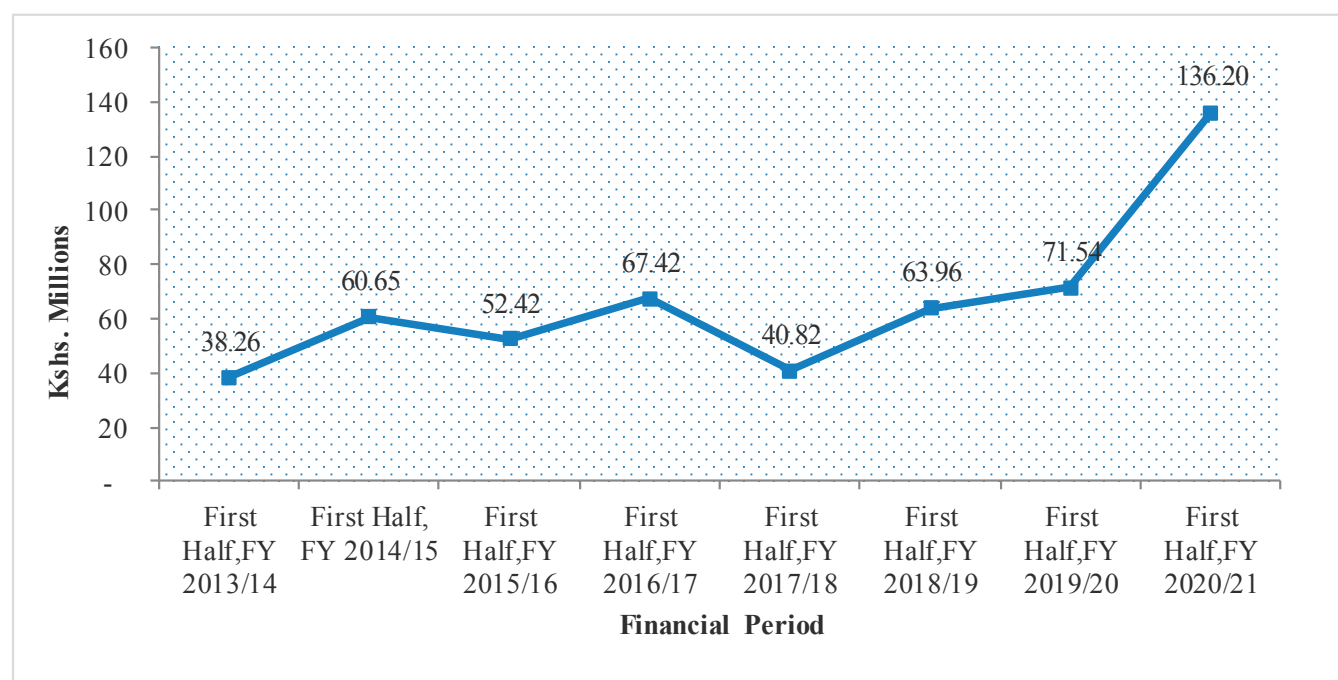
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the First Half FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,855,250,000	5,855,250,000	1,911,343,500	32.6

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the First Half FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	18,194,808	18,194,808	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	174,515,414	174,515,414	43,628,854	25.0
4.	Rehabilitation of Village Polytechnics	48,199,894	48,199,894	-	-
Sub Total		372,931,393	372,931,393	43,628,854	11.7
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	50,199,253	50,199,253	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	319,185,080	319,185,080	100,455,119	31.5
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
4.	DANIDA Grant - Universal Healthcare for Devolved System Program	16,470,000	16,470,000	8,235,000	50.0
5.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	45,000,000	45,000,000	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,874,560	12,874,560	-	-
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	38,530,664	38,530,664	-	-
Sub Total		532,259,557	532,259,557	108,690,119	20.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	351,000,000	136,204,803	38.8
2.	Balance b/f from FY 2019/20	-	1,840,119,055	1,840,119,055	100.0
Sub Total		-	2,191,119,055	1,976,323,858	90.2
Grand Total		6,760,440,950	8,951,560,005	4,039,986,331	45.1

Source: Siaya County Treasury

Figure 3.75 shows the trend in own-source revenue collection for the first half of financial year from FY 2013/14 to FY 2020/21.

Figure 3.75: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Siaya County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.136.2 million as own-source revenue. This amount represented an increase of 90.4 per cent compared to Kshs.71.54 million realised during a similar period in FY 2019/20 and was 38.8 per cent of the annual target. The increase can be attributed to increased enforcement in revenue collection.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.02 billion from the CRF account during the reporting period. The amount comprised of Kshs.661.92 million (21.9 per cent) for development programmes and Kshs.2.36 billion (78.1 per cent) for recurrent programmes.

3.38.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.49 billion on development and recurrent programmes. The expenditure represented 82.4 per cent of the total funds released by the COB and comprised of Kshs.488.29 million and Kshs.2 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 12.6 per cent while recurrent expenditure represented 39.4 per cent of the annual recurrent budget.

3.38.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.23 billion was spent on compensation to employees, Kshs.772.97 million on Operations and Maintenance, and Kshs.488.29 million on development activities as shown in Table 3.219.

Table 3.219: Summary of Expenditure by Economic Classification

Economic Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	5,078,327,048	2,357,224,464	1,998,734,853	39.4
Compensation to Employees	3,006,817,934	1,482,797,194	1,225,768,198	40.8
Operations and Maintenance	2,071,509,114	874,427,269	772,966,655	37.3
Total Development Expenditure	3,873,232,957	661,918,677	488,291,007	12.6
Development Expenditure	3,873,232,957	661,918,677	488,291,007	12.6
Total	8,951,560,005	3,019,143,141	2,487,025,860	27.8

Source: Siaya County Treasury

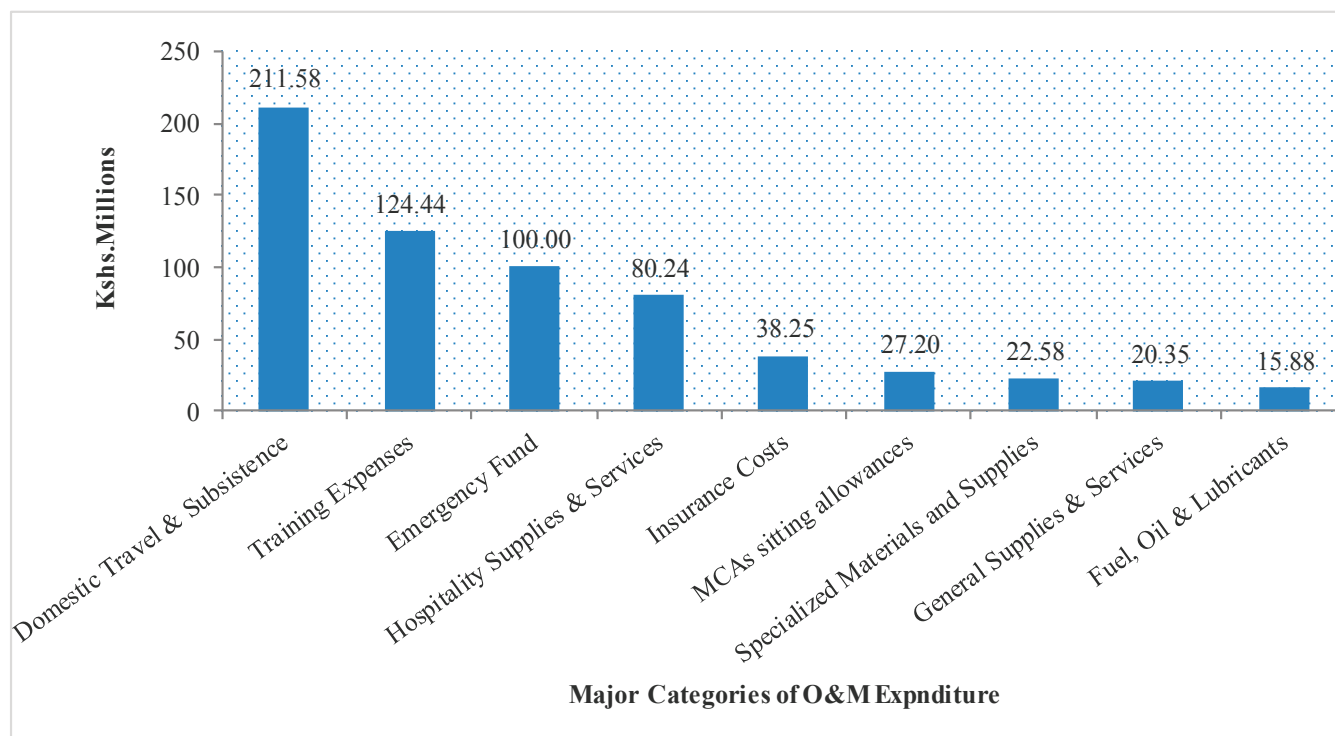
3.38.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 49.3 per cent of the total expenditure for the reporting period and 30.3 per cent of available revenue of Kshs.4.04 billion.

3.38.7 Expenditure on Operations and Maintenance

Figure 3.76 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.76: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: Siaya County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.27.2 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.48.04 million. The average monthly sitting allowance was Kshs.105,417 per MCA against the SRC's recommended monthly ceiling of Kshs. 124,800.

During the period, expenditure on domestic travel amounted to Kshs.211.58 million and comprised of Kshs.49.12 million spent by the County Assembly and Kshs.162.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.56 million spent by the County Executive.

3.38.8 COVID-19 Budget and Expenditure

In the approved budget for FY 2020/21, the county did not budget directly for COVID-19 related expenditure instead it budgeted for Kshs.100 million towards an Emergency Fund where Kshs.79.09 million was withdrawn to cater for COVID-19 expenditure during the reporting period. In addition, Kshs.140.28 million was brought forward from FY 2019/20 of which Kshs.130.08 million was spent during the reporting period. Table 3.220 provides a summary of the COVID-19 budget and expenditure

Table 3.220: COVID-19 Budget and Expenditure Summary

S/No	Description	Annual Budget Allocation (Kshs)	Expenditure as of 31.12.2020 (Kshs)	Description of Expenditure Category (Kshs.)	
1	Funding towards COVID 19 from Emergency Fund FY 2020/21	100,000,000	79,094,425	Specialized Materials and Supplies	63,962,768
				Hospitality Supplies and Services	6,328,966
				Printing , Advertising and Information Supplies and Services	2,443,138
				Other operating expenses	2,046,621
				Fuel Oil and Lubricants	4,312,933

S/No	Description	Annual Budget Allocation (Kshs)	Expenditure as of 31.12.2020 (Kshs)	Description of Expenditure Category (Kshs.)	
2	DANIDA Grant for COVID-19 B/F from FY 2019/20	6,720,000	6,720,000	Casual Labour Wages	3,350,000
				Electricity	700,000
				Water and Sewerage	402,000
				Telephone and Telex & Mobile Phone Services	268,000
				Travel Costs	134,000
				Catering Services (staff tea)	134,000
				Boards, Committees	268,000
				Dressings & Non-Pharmaceuticals	402,000
				Chemicals & Gases	160,800
				General Office Supplies	82,460
				Sanitary & Cleaning Materials	536,000
				Bank Service Commission & Charges	14,740
Maintenance of Buildings & Stations (nonresidential)	268,000				
3	National Government COVID 19 Grant for Allowances for Front Line Health Care Workers B/F from FY 2019/20	36,495,000	36,495,000	Allowances to Health Workers	36,495,000
4	National Government COVID-19 Grant B/F from FY 2019/20	97,066,000	86,868,338	Specialized Materials and Supplies	28,867,933
				Construction of Buildings	56,218,405
				Purchase of Office Furniture	1,782,000
Total		240,281,000	209,177,762		209,177,762

Source: Siaya County Treasury

3.38.9 Development Expenditure

The County incurred an expenditure of Kshs.488.29 million on development programmes, which represented an increase of 0.2 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 487.14 million. Table 3.221 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.221: Siaya County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs)	Exchequer issues (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Construction Of Siaya Stadium	Siaya Township	70,000,000	27,869,369	27,869,369	39.8
2	Tarmacking of Opoda Bondo Township Road	North Sakwa	50,000,000	23,757,743	23,757,743	47.5
3	Supply of Medical Equipment		12,000,000	11,086,000	11,086,000	92.4
4	Construction Of Modern Market At Yala	Yala Township	9,302,834	9,302,834	9,302,834	100.0
5	Drilling and Equipping of Boreholes at Ragegni Migowa And Wayaga	Bondo	9,000,000	8,569,050	8,569,050	95.2
6	Maintanance of Nyamonye Ragak Odhuro Road	Yimbo East	8,000,000	8,000,000	8,000,000	100.0
7	Construction of Rice Drying Floor In Mulwa Siriwo	Usonga	8,000,000	7,999,998	7,999,998	100.0
8	Maintenance of Oganya Kipasi Matangwe Road	South Sakwa	8,000,000	7,998,780	7,998,780	100.0
9	Consultancy Services of Construction of Siaya County Stadium	Siaya Township	70,000,000	5,499,061	5,499,061	7.9
10	Construction Of Haudinga Sheltered Workshop	Ukwala	6,500,000	5,407,305	5,407,305	83.2

Source: Siaya County Treasury

3.38.10 Budget Performance by Department

Table 3.222 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.222: Siaya County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		FY 2020/21 Exchequer Issues (Kshs.Million)		FY 2020/21 Expenditure (Kshs.Million)		FY 2020/21 Expenditure to Exchequer Issues (%)		FY 2020/21 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	746.31	641.76	282.06	33.24	276.98	33.24	98.2	100.0	37.1	5.2
Governance and Administration	569.79	31.22	282.84	-	251.62	-	89.0	-	44.2	-
Finance and Economic Planning	658.52	5.00	306.23	4.00	400.24	4.00	130.7	100.0	60.8	80.0
Agriculture, Food, Livestock & Fisheries	250.69	465.91	128.47	156.31	55.38	34.03	43.1	21.8	22.1	7.3
Water, Irrigation, Environment & Natural Resources	51.14	369.14	26.24	51.40	21.39	25.21	81.5	49.0	41.8	6.8
Education, Youth Affairs, Gender & Social Services	339.37	439.85	128.58	76.27	103.71	59.57	80.7	78.1	30.6	13.5
County Health Services	2,123.58	396.91	1,041.39	58.48	783.33	41.48	75.2	70.9	36.9	10.5
Lands, Physical Planning, Urban Development and Housing	74.75	179.50	33.60	21.40	20.83	1.98	62.0	9.2	27.9	1.1
Roads, Public Works, Energy and Transport	88.25	976.09	37.51	168.66	33.38	231.67	89.0	137.4	37.8	23.7
Enterprise and Industrial Development	99.30	177.47	50.65	58.80	28.56	23.74	56.4	40.4	28.8	13.4
Tourism, Culture, Sports and Arts	76.63	190.38	39.67	33.37	23.31	33.37	58.8	100.0	30.4	17.5
TOTAL	5,078.33	3,873.23	2,357.22	661.92	1,998.73	488.29	84.8	73.8	39.4	12.6

Source: Siaya County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 80 per cent while the Department of Governance and Administration did not report any expenditure on development activities. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to recurrent budget at 60.8 per cent while the Department of Agriculture, Food, and Livestock & Fisheries had the lowest at 22.1 per cent.

3.38.11 Budget Execution by Programmes and Sub-Programmes

Table 3.223 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.223: Siaya County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	FY 2020/21 Approved Budget (Kshs)	Actual Payments in FY 2020/21 First Half (Kshs)	Variance (Kshs.)	Absorption rate (%)
COUNTY ASSEMBLY					
Legislative and Representation	Legislative and Representation	942,053,219	130,126,952	811,926,267	13.8
	Sub total	942,053,219	130,126,952	811,926,267	13.8
Legislative Oversight	Legislative Oversight	76,657,200	38,313,216	38,343,984	50.0
	Sub total	76,657,200	38,313,216	38,343,984	50.0
General administration and planning support services	General administration and planning support services	369,361,691	141,773,505	227,588,186	38.4
	Sub total	369,361,691	141,773,505	227,588,186	38.4
GOVERNANCE AND ADMINISTRATION					
Office of the Governor and Deputy Governor	General administration and planning support services	193,559,985	110,870,944	82,689,041	57.3
	Sub total	193,559,985	110,870,944	82,689,041	57.3
County Executive Administration	County Executive Administration	288,832,165	125,470,160	163,362,005	43.4
	Sub total	288,832,165	125,470,160	163,362,005	43.4
County Public Service Board	County Public Service Board	118,609,934	15,278,122	103,331,812	12.9
	Sub total	118,609,934	15,278,122	103,331,812	12.9
FINANCE AND ECONOMIC PLANNING					
General Administration	General Administration	574,688,739	353,221,295	221,467,444	61.5
	Sub total	574,688,739	353,221,295	221,467,444	61.5

Programme	Sub- Programme	FY 2020/21 Approved Budget (Kshs)	Actual Payments in FY 2020/21 First Half (Kshs)	Variance (Kshs.)	Absorption rate (%)
Financial Services	Budget formulation, coordination and management	33,456,466	18,986,297	14,470,169	56.7
	Accounting Services	24,648,655	18,333,331	6,315,324	74.4
	Supply chain management services	5,843,344	2,917,981	2,925,363	49.9
	Audit and assurance services	8,213,672	2,092,749	6,120,923	25.5
	Sub total	72,162,137	42,330,358	29,831,779	58.7
Economic Planning Services	Economic Planning Services	16,671,189	8,693,090	7,978,099	52.1
	Sub total	16,671,189	8,693,090	7,978,099	52.1
AGRICULTURE, FOOD, LIVESTOCK AND FISHERIES					
General Administration and Planning	General Administration and Planning	523,572,888	65,467,163	458,105,725	12.5
	Sub total	523,572,888	65,467,163	458,105,725	12.5
Livestock Management and Development	Livestock Management and Development	43,181,268	2,722,603	40,458,665	6.3
	Sub total	43,181,268	2,722,603	40,458,665	6.3
Crop and Land Development	Crop and Land Development	93,928,277	14,138,244	79,790,033	15.1
	Sub total	93,928,277	14,138,244	79,790,033	15.1
Fisheries Management and Development	Fisheries Management and Development	27,801,271	2,534,821	25,266,450	9.1
	Sub total	27,801,271	2,534,821	25,266,450	9.1
Veterinary Services	Veterinary Services	28,117,196	4,546,615	23,570,581	16.2
	Sub total	28,117,196	4,546,615	23,570,581	16.2
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES					
Water Resources Development and Management	Water Resources Development and Management	11,222,441	4,610,162	6,612,279	41.1
	Sub total	11,222,441	4,610,162	6,612,279	41.1
General Administration, Planning and Support Services	General Administration, Planning and Support Services	405,949,147	41,132,476	364,816,671	10.1
	Sub total	405,949,147	41,132,476	364,816,671	10.1
Environment and Natural Resources Conservation and Management	Environment and Natural Resources Conservation and Management	3,110,930	861,900	2,249,030	27.7
	Sub total	3,110,930	861,900	2,249,030	27.7
EDUCATION, YOUTH AFFAIRS, GENDER AND SOCIAL SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	745,858,530	160,299,996	585,558,534	21.5
	Sub total	745,858,530	160,299,996	585,558,534	21.5
County Pre Primary Education	County Pre Primary Education	5,271,760	805,488	4,466,272	15.3
	Sub total	5,271,760	805,488	4,466,272	15.3
Vocational Education and Training Development	Vocational Education and Training Development	2,608,458	994,175	1,614,283	38.1
	Sub total	2,608,458	994,175	1,614,283	38.1
County Social Security and Services	County Social Security and Services	25,480,871	1,183,258	24,297,613	4.6
	Sub total	25,480,871	1,183,258	24,297,613	4.6
COUNTY HEALTH SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	2,275,592,713	734,398,834	1,541,193,879	32.3
	Sub total	2,275,592,713	734,398,834	1,541,193,879	32.3
Curative and Rehabilitative Health Care Services	Curative and Rehabilitative Health Care Services	127,047,600	68,560,219	58,487,381	54.0
	Sub total	127,047,600	68,560,219	58,487,381	54.0
Preventive and Promotive Health Services	Preventive and Promotive Health Services	117,850,000	21,856,736	95,993,264	18.5
	Sub total	117,850,000	21,856,736	95,993,264	18.5
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND HOUSING					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	230,527,256	18,140,431	212,386,825	7.9
	Sub total	230,527,256	18,140,431	212,386,825	7.9
Land Use Planning	Land Use Planning	1,960,000	703,060	1,256,940	35.9
	Sub total	1,960,000	703,060	1,256,940	35.9
County Land Administration and Surveying	County Land Administration and Surveying	2,385,000	459,100	1,925,900	19.2
	Sub total	2,385,000	459,100	1,925,900	19.2
Housing and Urban Development	Housing and Urban Development	2,650,000	588,200	2,061,800	22.2
	Sub total	2,650,000	588,200	2,061,800	22.2
Siaya Municipal Board	Siaya Municipal Board	16,718,000	2,919,800	13,798,200	17.5
	Sub total	16,718,000	2,919,800	13,798,200	17.5
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					

Programme	Sub- Programme	FY 2020/21 Approved Budget (Kshs)	Actual Payments in FY 2020/21 First Half (Kshs)	Variance (Kshs.)	Absorption rate (%)
Transport Infrastructure Development	Transport Infrastructure Development	1,062,561,322	265,049,397	797,511,925	24.9
	Sub total	1,062,561,322	265,049,397	797,511,925	24.9
County Government Building Services	County Government Building Services	627,241	-	627,241	0.0
	Sub total	627,241	-	627,241	0.0
General Administration, Planning and Support Services	General Administration, Planning and Support Services	1,159,795	-	1,159,795	0.0
	Sub total	1,159,795	-	1,159,795	0.0
ENTERPRISES AND INDUSTRIAL DEVELOPMENT					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	268,760,131	50,311,550	218,448,581	18.7
	Sub total	268,760,131	50,311,550	218,448,581	18.7
Trade Development and Promotion	Trade Development and Promotion	1,970,000	262,894	1,707,106	13.3
	Sub total	1,970,000	262,894	1,707,106	13.3
Fair Trade Practices and Consumer Protection Services	Fair Trade Practices and Consumer Protection Services	2,360,000	395,100	1,964,900	16.7
	Sub total	2,360,000	395,100	1,964,900	16.7
Alcoholic Drinks Control	Alcoholic Drinks Control	1,490,000	614,250	875,750	41.2
	Sub total	1,490,000	614,250	875,750	41.2
Co-operatives Development and Management	Co-operatives Development and Management	2,190,000	718,205	1,471,795	32.8
	Sub total	2,190,000	718,205	1,471,795	32.8
TOURISM, CULTURE SPORTS AND ARTS					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	247,172,143	53,922,815	193,249,328	21.8
	Sub total	247,172,143	53,922,815	193,249,328	21.8
Sports and Arts	Sports and Arts	7,085,000	-	7,085,000	0.0
	Sub total	7,085,000	-	7,085,000	0.0
Information, Communication Technology	Information, Communication Technology	5,890,000	986,924	4,903,076	16.8
	Sub total	5,890,000	986,924	4,903,076	16.8
Tourism development and Promotion	Tourism development and Promotion	6,864,508	1,763,802	5,100,706	25.7
	Sub total	6,864,508	1,763,802	5,100,706	25.7
Grand Total		8,951,560,005	2,487,025,860	6,464,534,145	27.8

Source: Siaya County Treasury

Programmes with highest levels of implementation based on absorption rates were: General Administration and Financial Services in the Department of Finance and Economic Planning at 61.5 per cent and 58.7 per cent respectively and General administration and planning support services in the Department of Governance and Administration at 57.3 per cent of budget allocation.

3.38.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.488.29 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.87 billion. The development expenditure represented 12.6 per cent of the annual development budget.
2. Under-performance of own revenue at Kshs.136.2 million against an annual projection of Kshs.351 million, representing 38.8 per cent of the annual target.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.

3.39 County Government of Taita Taveta

3.39.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.5.78 billion, comprising of Kshs.3.81 billion (66 per cent) and Kshs.1.97 billion (34 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.40 billion (76.1 per cent) as the equitable share of revenue raised nationally, Kshs.1.02 billion (17.6 per cent) as total conditional grants and generate Kshs.363 million (6.3 per cent) from own sources of revenue.

3.39.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.76 billion as the equitable share of the revenue raised nationally, Kshs.366.02 million as conditional grants, raised Kshs.100.54 million as own-source revenue, and Kshs.34.76 million from “other revenues”. The total funds available for budget implementation during the period amounted to Kshs.2.27 billion as shown in Table 3.224.

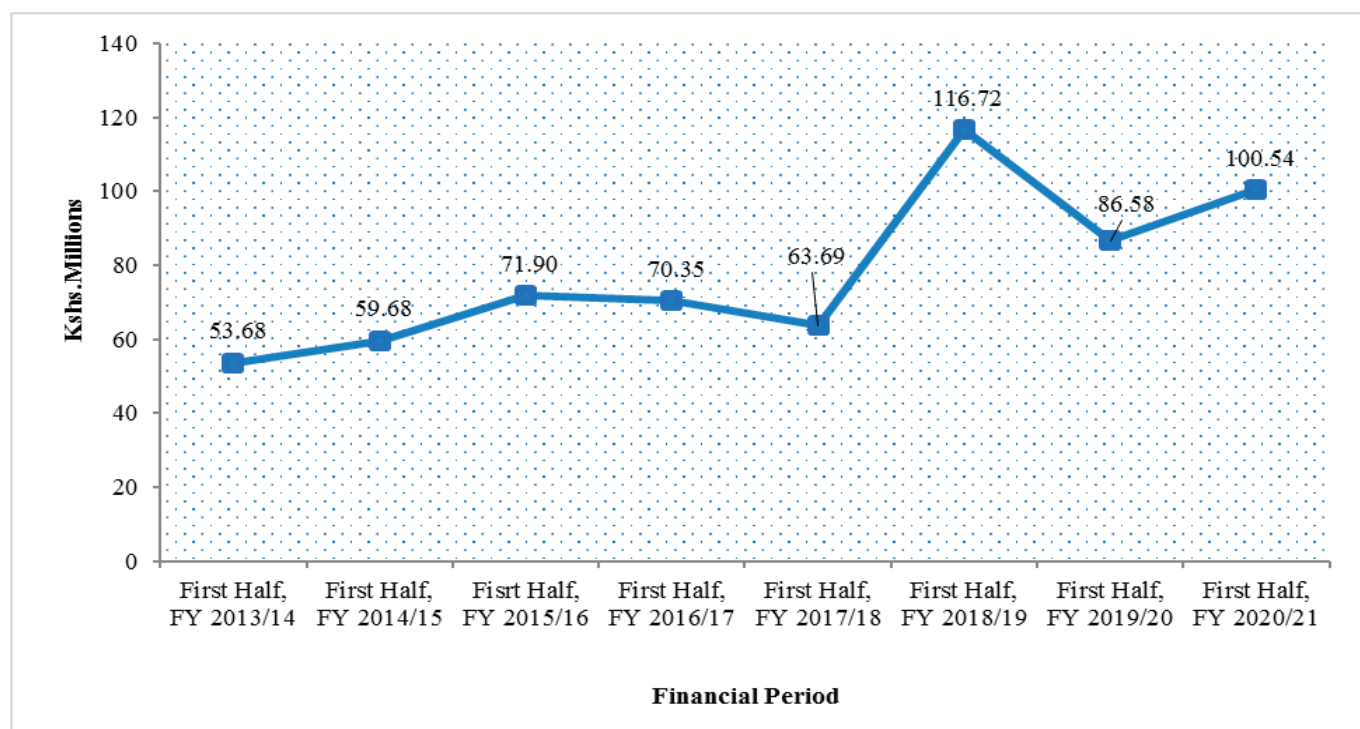
Table 3.224: Taita Taveta County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,399,350,000	1,764,297,600	40.1
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	5,296,305	5,296,305	-	-
2	Leasing of Medical Equipment	132,021,277		-	-
3	Road Maintenance Fuel Levy Fund	131,122,392	161,219,001	-	-
4	Rehabilitation of Village Polytechnics	57,634,894	57,634,894	-	-
Sub Total		326,074,868	224,150,200	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	40,679,150	40,679,150	-	-
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	317,598,320	317,598,320	120,546,485	37.9
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4	DANIDA Grant	12,060,000	12,060,000	6,030,000	50
5	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,624,929	15,624,929	-	-
6	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	350,000,000	350,000,000	239,441,312	68.4
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,206,924	13,206,924	-	-
Sub Total		794,169,323	794,169,323	366,017,797	46.0
D	Other Sources of Revenue				
	Own Source Revenue	-	363,000,000	100,539,000	27.7
	Other Revenues	-	-	34,575,000	0.00
Sub Total		-	363,000,000.00	135,114,000	37.2
Grand Total		5,361,344,191	5,780,669,523	2,265,429,397	39.2

Source: Taita Taveta County Treasury

Figure 3.77 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.77: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Taita Taveta County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.100.54 million as own-source revenue. This amount represented an increase of 16.1 per cent compared to Kshs.86.58 million realised during a similar period in FY 2019/20 and was 27.7 per cent of the annual target. This significant increase was attributed by the improved enforcement by the revenue collection team and the improved awareness by the business community on the importance to paying County levies.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.31 billion from the CRF account during the reporting period. The amount comprised of Kshs.367.41 million (15.9 per cent) for development programmes and Kshs.1.94 billion (84.1 per cent) for recurrent programmes.

3.39.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.01 billion on development and recurrent programmes. The expenditure represented 87.2 per cent of the total funds released by the COB and comprised of Kshs.335.77 million and Kshs.1.67 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 17.1 per cent while recurrent expenditure represented 43.9 per cent of the annual recurrent budget.

3.39.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.08 billion was spent on Compensation to Employees, Kshs.596.76 million on Operations and Maintenance, and Kshs.335.77 million on development activities as shown in Table 3.225.

Table 3.225: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	3,813,253,524	1,937,775,725	1,674,457,617	43.9
Compensation to Employees	2,405,213,958	1,844,641,468	1,077,696,366	44.8
Operations and Maintenance	1,408,039,566	93,134,257	596,761,251	42.4
Total Development Expenditure	1,967,415,998	367,406,658	335,765,034	17.1
Development Expenditure	1,967,415,998	367,406,658	335,765,034	17.1
Total	5,780,669,522	2,305,182,383	2,010,222,652	34.8

Source: Taita Taveta County Treasury

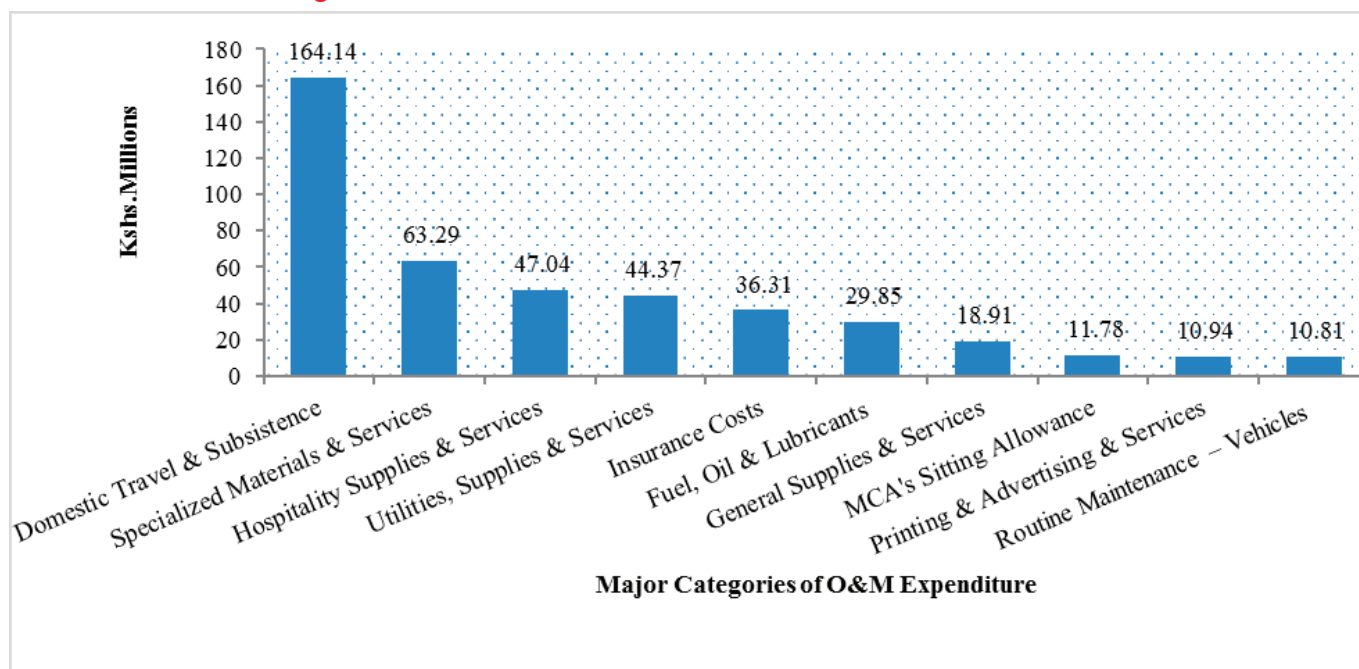
3.39.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 53.6 per cent of the total expenditure for the reporting period and 37.3 per cent of half year proportional revenue estimate of Kshs.2.89 billion.

3.39.7 Expenditure on Operations and Maintenance

Figure 3.78 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.78: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: Taita Taveta County Treasury

3.39.8 Source:Taita Taveta County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.11.78 million on committee sitting allowances for the 35 MCAs and Speaker against the annual budget allocation of Kshs. 26.20 million. The average monthly sitting allowance was Kshs.56,078 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.164.14 million and comprised of Kshs.108.35 million spent by the County Assembly and Kshs.55.79 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.08 million and comprised of Kshs.175,712 spent by the County Assembly and Kshs.1.90 million by the County Executive.

3.39.9 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county did not provide any funds to cater for COVID-19 related expenditure while a total of Kshs.82.01 million was brought forward from FY 2019/20. The County spent a total of Kshs.41.48 million was spent during the reporting period as shown in Table 3.226.

Table 3.226: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Balance from FY 2019/20 (Kshs.)	Expenditure as of 30.12.2020 (Kshs)
1	The grant from the National Government for COVID-19 FY 2019/20	37,704,000	36,256,927
2	The grant from the National Government for Allowances for Front Line Health Care Workers FY 2020/21	34,575,000	-
3	DANIDA Grant for COVID in FY 2019/20	4,515,000	-
4	FY 2019/20 County own revenue allocated to covid	5,218,325	5,218,325
Total		82,012,325	41,475,252

Source: Taita Taveta County Treasury

A breakdown of the actual COVID-19 expenditure during the period under review is provided Table 3.227.

Table 3.227: Taita Taveta County, Summary of COVID-19 Expenditure items

S/No.	Description of the expenditure item	Amount Spent (Kshs.)
1	Supply of Pharmaceuticals and Non Pharms	748,000
2	supply and delivery of Non-Contact Infra Red Thermometers	1,480,000
3	Supply of KEMRUB	700,000
4	Allowances for Staff Spraying Towns and Market	206,500
5	Covid 19 Screening 5 Point	2,472,000
6	Corona Sensitization	100,000
7	Ambulances Service	387,704
8	Supply and Delivery of face masks	600,000
9	Supply and delivery of PPEs	1,215,000
10	Facilitation for Covid-19 Activities	700,000
11	Maintenance of Motor Vehicle for Covid-19 Activiteis	500,000
12	Supply and delivery of PPEs	500,000
13	Training At KEMRI Kilifi	663,600
14	Catering Service at Njukini Screening site	60,640
15	Catering Service at Njukini Screening site	135,800
16	Catering Service at Njukini Screening site	273,000
17	Catering Service at Njukini Screening site	140,000
18	Supply and Delivery of face masks	200,000
19	Supply and delivery of food stuff for Covid-19 Isolation	164,700
20	supply and delivery of fuel for Covid-19 Activities	1,000,000
21	supply and delivery of fuel for Covid-19 Activities	1,000,000
22	Supervision of Construction Mwatate Sub county Isolation ward	676,000
23	Supply and Delivery of Fabricated beds , Mattresses and Mackintosh for Mwatate Isolation Ward	4,581,600
24	COVID 19 Screening Centers setups	7,897,000
25	Supply and delivery of PPEs	1,125,000
26	7 Pin Spo2 Probe Complete with Sensor	169,153
27	Supply Of Bolus Syringes and Contrast Media	564,050
28	Supply and delivery of Tents and Chairs for Covid-19 screening sites	1,701,000
29	Supply of Xray Supplies	1,101,840
30	Supply and delivery of PPEs	1,439,340
31	Supply of LCD Infrared Thermometer Gun	1,197,000
32	Catering at Macknon Screening Centre	247,000
33	Purchase of Incidental Goods	200,000
34	supply and delivery of fuel for Covid-19 Activities	700,000
35	supply and delivery of fuel for Covid-19 Activities	700,000
36	supply and delivery of fuel for Covid-19 Activities	500,000
37	Supply and delivery of TYRES for Covid-19 Activities	211,000
	Sub-Total	36,256,927
	County Contribution	
1	Supply of Tyres	124,800
2	Supply of Tyres	47,800
3	Non Pharmaceuticals	415,880
4	Drugs	1,321,659
5	Standing Imprest	100,000
6	Standing Imprest	100,000
7	Standing Imprest	100,000
8	Standing Imprest	100,000
9	Standing Imprest	100,000
10	Service of Vehicle 06cg005a	255,386
11	Due Diligence on Medical Supply	155,400

S/No.	Description of the expenditure item	Amount Spent (Kshs.)
12	Supply of Fuel	700,000
13	Standing Imprest	200,000
14	Reimbursement	100,000
15	Standing Imprest	100,000
16	Facilitation For Officers	1,370,000
17	Corona Sensitization	100,000
	Sub Total	5,218,325
	Grand Total	41,475,253

Source: Taita Taveta County Treasury

3.39.10 Development Expenditure

The County incurred an expenditure of Kshs.335.77 million on development programmes, which is an improvement compared to a similar period in FY 2019/20 when the County spent Kshs.30.31million. Table3.228 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.228: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Water and Sanitation Development Project (WSDP)	County Wide	350,000,000	175,000,000	50.0
2	Kenya Climate Smart Agriculture Program (KCSAP)	County Wide	317,598,320	60,920,652	19.2
3	Completion and maintainance of access roads-Roads Levy	County Wide	161,219,001	30,341,715	18.8
4	Result Based Financing (Health)	County Health Facilities	58,035,455	15,831,025	27.3

Source: Taita Taveta County Treasury

3.39.11 Budget Performance by Department

Table 3.229 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.229: Taita Taveta County, Budget Performance by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	601	52	245	-	245	2	100.1	-	40.8	3.8
Public Service And Administration	2,166	5	1,443	-	988	-	68.5	-	45.6	-
The Governor's And Deputy Governor's Office	115	12	28	30	49	-	172.6	-	42.5	-
Finance and Economic Planning	325	103	110	14	166	-	150.8	-	51.1	-
Agriculture, Livestock and Fisheries	28	433	2	65	7	185	319.6	285.0	25.7	42.6
Water and Irrigation	27	486	1	239	8	21.68	1365.7	9.1	30.6	4.5
Education and Libraries	173	117	42	16	79	3.49	186.9	22.4	45.7	3.0
Health	275	216	58	-	85	48	146.3	-	30.9	22.0
Trade, Tourism and Cooperative Development	30	60	0	-	11	8	2596.4	-	35.8	13.3
County Public Service Board	13	5	2	-	5	-	271.3	-	42.1	-
Infrastructure and Public Works	24	266	5	-	15	45	284.3	-	62.6	16.9
Lands, Environment and Natural Resources	15	8	1	3	9	4	1269.6	110.9	57.4	43.8
Youth, Gender, sports, Culture and Social Services	23	204	0	-	7	20	-	-	31.2	9.7
TOTAL	3,813	1,967	1,938	367	1,674	335.8	86.4	91.39	43.9	17.1

Source: Taita Taveta County Treasury

Analysis of expenditure by department shows that the Department of Agriculture and Irrigation recorded the highest absorption rate of development budget at 42.6 per cent. The Department of Infrastructure and Public Works had the highest percentage of recurrent expenditure to recurrent budget at 62.6 per cent while the Department of Agriculture and Irrigation had the lowest at 25.7 per cent.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3.230 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.230: TaitaTaveta County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
101003260		Administration Planning and Support Services	64,729,287	24,116,394	40,612,893	-
	101013260	Administration Planning and Support Services	64,729,287	24,116,394	40,612,893	37.3
102003260		Development programme	344,830,346	56,421,813	288,408,532	
	102013260	Development programme	344,830,346	56,421,813	288,408,532	16.4
104003260		Agricultural Development Programme	401,888,808	15,655,400	386,233,408	
	104013260	Agricultural Development Programme	401,888,808	15,655,400	386,233,408	3.9
105003260		Livestock and Fisheries Development	26,240,000	-	-	-
	105013260	Livestock and Fisheries Development	26,240,000	-	26,240,000	-
301003260		General Administration and support services programme	20,945,923	8,790,713	12,155,209	-
	301013260	General Administration and support services programme	20,945,923	8,790,713	12,155,209	42.0
302003260		Trade Development programme.	31,050,000	5,001,000	26,049,000	
	302013260	Trade Development programme.	31,050,000	5,001,000	26,049,000	16.1
401003260		Administration and Support Services	235,824,311	76,511,476	159,312,835	-
	401013260	Administration and Support Services	235,824,311	76,511,476	159,312,835	32.4
402003260		Health Development Programme	211,095,024	14,737,782	196,357,241	-
	402013260	Health Development Programme	211,095,024	14,737,782	196,357,241	7.0
501003260		General Administration, Planning and Support services	154,720,795	80,866,026	73,854,769	-
	501013260	General Administration, Planning and Support services	154,720,795	80,866,026	73,854,769	52.3
502003260		Early childhood Education and Youth Training Development Programme	132,797,100	-	132,797,100	-
	502013260	Early childhood Education & Youth Training Development Programme	132,797,100	-	132,797,100	-
701003260		General Administration support services	2,771,903,965	1,138,102,009	1,633,801,955	
	701013260	General Administration support services	2,771,903,965	1,138,102,009	1,633,801,955	41.1
702003260		County Assembly Infrastructure improvement	52,000,000	7,015,000	44,985,000	-
	702013260	County Assembly Infrastructure improvement	52,000,000	7,015,000	44,985,000	13.5
703003260		Decentralised Infrastructure development programme	5,000,000	-	5,000,000	-
	703013260	Decentralised Infrastructure development programme	5,000,000	-	5,000,000	-
704003260		General Administration and Management of County Affairs	116,088,977	41,182,507	74,906,469	-
	704013260	General Administration and Management of County Affairs	116,088,977	41,182,507	74,906,469	35.5
705003260		Leadership Development Program	10,640,000	-	10,640,000	-
	705013260	Leadership Development Program	10,640,000	-	10,640,000	-
706003260		General Administration, Planning, Internal Audit & Support Services	356,642,917	163,017,581	193,625,335	-
	706013260	General Administration, Planning, Internal Audit & Support Services	356,642,917	163,017,581	193,625,335	45.7
707003260		Treasury Development Programme	133,300,000	99,729,702	33,570,297	
	707013260	Treasury Development Programme	133,300,000	99,729,702	33,570,297	74.8
1001003260		Water and irrigation Development Programme	491,947,516	179,999,900	311,947,616	-
	1001013260	Water and irrigation Development Programme	491,947,516	179,999,900	311,947,616	36.6

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
1002003260		General Administration, Support and Support Services	15,894,925	6,052,900	9,842,025	-
	1002013260	General Administration, Support and Support Services	15,894,925	6,052,900	9,842,025	38.1
1003003260		Natural Resources Support Programme	203,129,629	-	-	-
	1003013260	Natural Resources Support Programme	203,129,629	-	-	-
		Grand Total	5,780,669,523	1,917,200,208	3,863,469,314	33.2

Source: Taita Taveta County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Treasury Development Programme at 74.8 per cent, and General Administration, Planning and Support services at 52.3 per cent of budget allocation.

3.39.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The complete financial returns were submitted on 2nd February, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.335.8 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.1.97 billion. The development expenditure represented 17.7 per cent of the annual development budget.
3. Underperformance of own source revenue at Kshs.100.54 million against an annual projection of Kshs.363 million, representing 27.7 per cent of the annual target.
4. Weak budgetary control by the County Treasury whereby the County incurred expenditure in excess of approved exchequer issues as shown in Table 3.229.
5. A high wage bill, which accounted for 53.6 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues*
5. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.40 County Government of Tana River

3.40.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.7.84 billion, comprising of Kshs.2.91 billion (37.1 per cent) and Kshs.4.93 billion (62.9 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.60 billion (71.5 per cent) as the equitable share of revenue raised nationally, Kshs.788.99 million (10.1 per cent) as total conditional grants, generate Kshs.72.60 million (0.9 per cent) from own sources of revenue, and a cash balance of Kshs.1.38 billion (17.6 per cent) from FY 2019/20.

3.40.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.97 billion as the equitable share of the revenue raised nationally, Kshs.183.23 million as conditional grants, raised Kshs.44.94 million as own-source revenue, and had a cash balance of Kshs.1.38 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.57 billion as shown in Table 3.231.

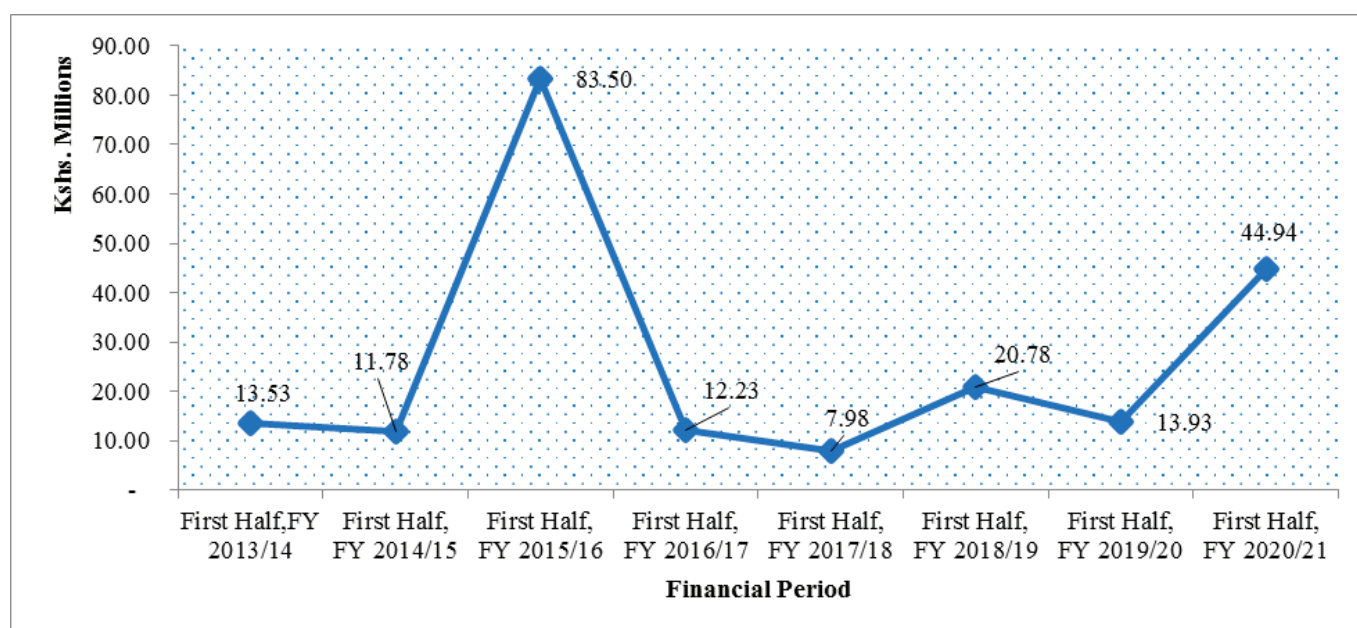
Table 3.231: Tana River County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,855,250,000	5,602,050,000	1,967,364,000	35.1
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	50,000,000	50,000,000	-	-
2.	Compensation for User Fee Foregone	5,682,537	5,682,537	-	-
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	166,968,802	166,968,802	41,555,289	24.9
5.	Rehabilitation of Village Polytechnics	14,674,894	14,674,894	-	-
	Sub Total	369,347,510.00	237,326,233	41,555,289	17.5
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	138,012,263	138,012,263	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,630,200	320,630,200	105,477,960	32.9
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	30,000,000	66.7
4.	DANIDA Grant	16,650,000	16,650,000	6,195,000	37.2
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	14,727,370	14,727,370	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,405,911	15,405,911	-	-
7.	Food and Agriculture Organization (FAO)	-	1,245,700	-	-
	Sub Total	550,425,744	551,671,444	141,672,960	25.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	72,600,000	44,944,006	61.9
2.	Balance b/f from FY 2019/20	-	1,376,297,697	1,376,297,697	100
	Sub Total	-	1,448,897,697	1,421,241,703	98.1
	Grand Total	6,775,023,254	7,839,945,374	3,571,833,952	45.6

Source: Tana River County Treasury

Figure 3.79 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.79: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Tana River County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.44.94 million as own-source revenue. This amount represented an increase of 222.7 per cent compared to Kshs.13.93 million realised during a similar period in FY 2019/20 and was 61.9 per cent of the annual target. This increase in own source revenue collection is attributed to enhanced collection strategies employed by the County Treasury.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.08 billion from the CRF account during the reporting period. The amount comprised of Kshs.493.46 million (23.7 per cent) for development programmes and Kshs.1.59 billion (76.3per cent) for recurrent programmes.

3.40.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.58 billion on development and recurrent programmes. The expenditure represented 75.8 per cent of the total funds released by the COB and comprised of Kshs.354.68 million and Kshs.1.22 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 12.2 per cent while recurrent expenditure represented 24.8 per cent of the annual recurrent budget.

3.40.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.446.57 million was spent on compensation to employees, Kshs.776.77 million on Operations and Maintenance, and Kshs.354.68 million on development activities as shown in Table 3.232.

Table 3.232: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues(Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,934,503,603	1,588,310,467	1,223,344,362	24.8
Compensation to Employees	2,108,704,525	446,570,250	446,570,250	21.2
Operations and Maintenance	2,825,799,078	1,141,740,217	776,774,112	27.5
Total Development Expenditure	2,905,441,771	493,455,287	354,679,240	12.2
Development Expenditure	2,905,441,771	493,455,287	354,679,240	12.2
Total	7,839,945,374	2,081,765,754	1,578,023,602	20.1

Source: Tana River County Treasury

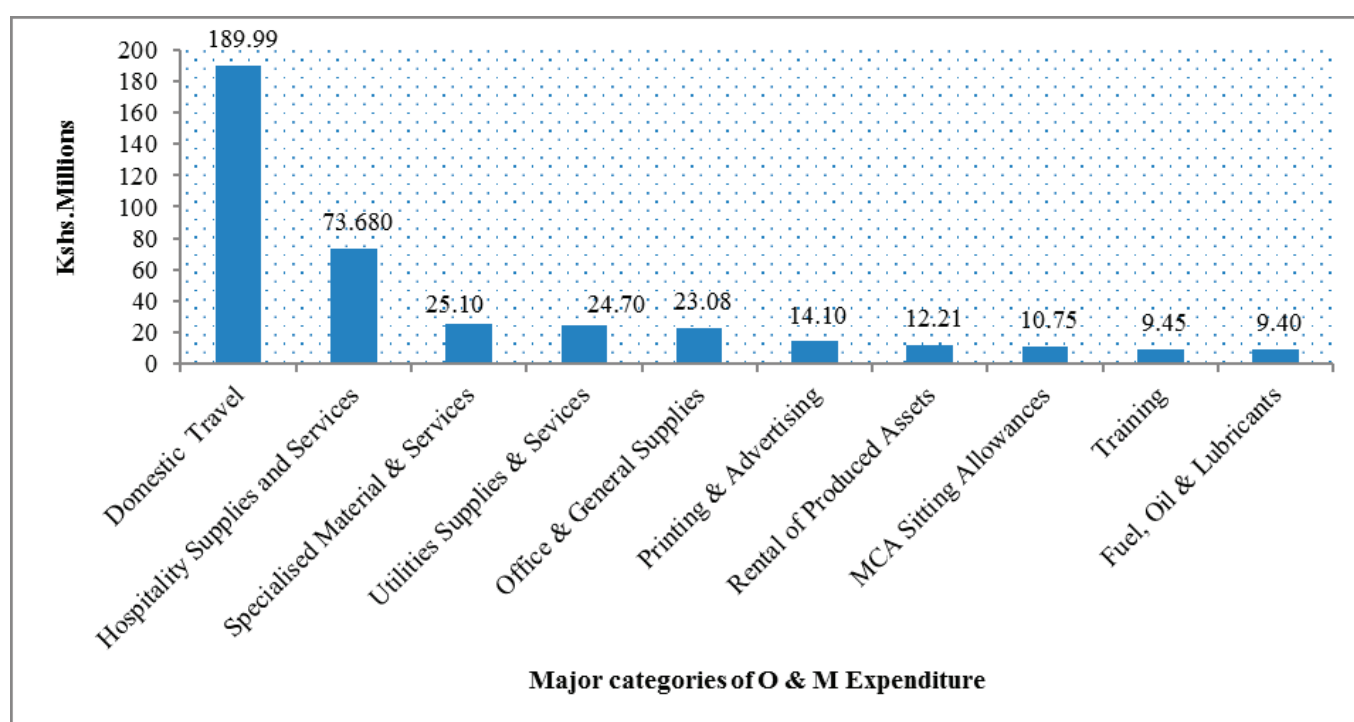
3.40.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 28.3 per cent of the total expenditure for the reporting period and 11.4 per cent of half year proportional revenue estimate of Kshs.3.92 billion.

3.40.7 Expenditure on Operations and Maintenance

Figure 3.80 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.80: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: Tana River County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.10.75 million on committee sitting allowances for the 24 MCAs and Speaker against the annual budget allocation of Kshs.49.17 million. The average monthly sitting allowance was Kshs.74,680 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.189.99 million and comprised of Kshs.100.94 million spent by the County Assembly and Kshs.89.05 million by the County Executive.

3.40.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.61.96 million to cater for COVID-19 related expenditure which was brought forward from FY 2019/20. A total of Kshs.28.34 million was spent during the reporting period. Table 3.233 provides a summary of the COVID-19 budget and expenditure

Table 3.233: COVID-19 Budget and Expenditure Summary (Create a column for B/F Balances)

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.12.2020 (Kshs)
1.	DANIDA Grant for COVID-19	6,195,000	6,195,000
2.	Grant from the national government for COVID-19	33,628,000	-
3.	Grant from the national government for allowances for front line healthcare workers	22,140,000	22,140,000
Total		61,963,000	28,335,000

Source: Tana River County Treasury

3.40.9 Development Expenditure

The County incurred an expenditure of Kshs.354.68 million on development programmes, which represented a decrease of 38.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.575.65 billion. Table 3.234 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.234: Tana River County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of County Headquarters	Wayu	103,014,730	103,014,730	103,014,730	100
2	Rehabilitation of Handampia Road to Cabros Standard	Mikinduni	53,646,959	53,646,959	53,646,959	100
3	Construction of Waldena Health Centre	Wayu	34,953,626	9,109,014	9,109,014	26.1
4	Supply of Mortuary Refrigerator	Garsen West	19,980,600	19,980,600	19,980,600	100
5	Opening of Chakamba Road	Garsen North	4,982,307	4,982,307	4,982,307	100
6	Opening of Makere Road	Kinankomba	4,700,450	4,700,450	4,700,450	100
7	Opening of Chanani Road	Mikinduni	4,672,512	4,672,512	4,672,512	100
8	Construction of Chain Links at Lands Office, Hola	Chewani	3,934,180	3,934,180	3,934,180	100
9	Renovation of Hospital Staff Quarters	Chewani	3,762,518	3,762,518	3,762,518	100
10	Opening up of Waldena Dirbu Dimtu Road	Wayu	3,017,523	3,017,523	3,017,523	100

Source: Tana River County Treasury

3.40.10 Budget Performance by Department

Table 3.235 shows a summary of the approved budget allocation and performance by department in the first half of FY 2020/21.

Table 3.235: Tana River County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	486.49	135.00	281.42	60.06	300.49	58.58	106.8	97.5	61.8	43.4
Office of the Governor	367.53		105.19		69.59	-	66.2	-	18.9	-
Finance and Planning	748.87	755.95	226.36	252.92	190.21	296.10	84.0	117.1	25.4	39.2
Public Service Board	61.31		22.85		16.96	-	74.2		27.7	-
Trade, Tourism and Industry	72.41	39.50	20.09	-	10.19	-	50.7	-	14.1	-
Agriculture and Rural Development	745.53	128.88	52.83	-	21.35	-	40.4	-	2.9	-
Gender, Social services and Youth Development	34.57	85.20	16.25	-	3.84	-	23.6	-	11.1	-
Education, Vocational Training and Sports	378.39	175.66	299.55	-	227.60	-	76.0	-	60.1	-
Health Services and Sanitation	1,291.47	122.50	315.05	-	278.69	-	88.5	-	21.6	-
Special Program and Cohesion	83.15		18.08	-	8.60	-	47.6	-	10.3	-
Roads and Public Works	98.98	1,124.24	15.46	180.47	13.57	-	87.8	-	13.7	-
Water, Environment and Natural Resources	122.87	153.50	119.63		13.08	-	10.9	-	10.6	-
Public Service, Administration and Citizen Participation	395.04	30.00	83.89	-	61.54	-	73.4	-	15.6	-
Lands and Physical Planning	34.16	55.00	10.64	-	6.96	-	65.4	-	20.4	-
Hola Municipality	13.80	100.00	1.00	-	0.67	-	67.0	-	4.9	-
TOTAL	4,934.57	2,905.43	1,588.29	493.45	1,223.34	354.68	77.0	71.9	24.8	12.2

Source: Tana River County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 43.4 per cent and had the highest percentage of recurrent expenditure to current budget at 61.8 per cent per cent.

3.40.11 Budget Execution by Programmes and Sub-Programmes

Table 3.236 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.236: Tana River County, Budget Execution by Programmes and Sub-programmes

Program	Sub-Program	Approved Budget (Kshs)	Actual Expenditure (Kshs.)	Variance (Kshs)	Absorption (%)
Administration, Planning Support Services	Administration, planning support services	144,472,855	4,474,785	139,998,070	3.1
	Administration, planning support services	144,472,855	4,474,785	139,998,070	3.1
Agricultural Development Project	Agricultural Development project	665,648,837	38,456,800	627,192,037	5.78
	Agricultural Mechanization Services (AMS Garsen station)	7,284,500	1,457,900	5,826,600	20.01
	Minor/Village irrigation schemes	60,000,000	428,150	59,571,850	0.71
	Irrigation	63,323,658	36,106,150	27,217,508	57.02
	crop husbandry	600,000	464,600	135,400	77.43
Veterinary Development	Veterinary Development	11,586,818	775,019	10,811,799	6.69
	Veterinary extension services	1,118,500	230,400	888,100	20.6
	Artificial insemination (Pilot scheme)	685,000	222,900	462,100	32.54
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	2,468,872	99,000	2,369,872	4.01
	Conduct Disease Surveillance	5,749,600	128,750	5,620,850	2.24
	Disease control	1,182,846	62,969	1,119,877	5.32
	Leather Development Service	382,000	31,000	351,000	8.12
Livestock Development	Livestock Development	5,597,500	570,700	5,026,800	10.2
	Livestock production extension services	1,292,500	330,750	961,750	25.59
	Livestock marketing	1,305,000	239,950	1,065,050	18.39
Fisheries Development	Fisheries Development	65,884,845	28,300	65,856,545	0.04
	Fisheries development	45,884,845	28,300	45,856,545	0.06
Fisheries	Fisheries	2,145,000	28,300	2,116,700	1.32
	Empowerment of Women and Youth on Fish Safety and Quality Assurance	1,520,000	28,300	1,491,700	1.86
Land Policy and Planning	Land Policy and Planning	48,144,888	5,093,980	43,050,908	10.58
	Physical Planning	41,924,782	2,037,880	39,886,902	4.86
	Land Survey and Mapping	3,820,106	2,251,800	1,568,306	58.95
	Land Administration	2,400,000	804,300	1,595,700	33.51
Administration, Planning and Support Services	Administration, Planning and Support Services	75,262,489	567,294	74,695,195	0.75
	Administration, planning, Operation and Maintenance	75,262,489	567,294	74,695,195	0.75
Public Works	Public Works	464,572,838	104,445,532	360,127,306	22.48
	County Headquarters	457,072,838	104,535,532	352,537,306	22.87
County Roads Development	County Roads Development	635,902,225	118,763,133	517,139,092	18.68
	Routine Maintenance	375,856,359	117,570,833	258,285,526	31.28
	Opening of New Roads	48,779,733	486,000	48,293,733	1
	Grading and gravelling of County Roads	75,863,333	552,300	75,311,033	0.73
	Tarmacking of County Roads	135,402,800	154,000	135,248,800	0.11
County Housing Development	County Housing Development	16,330,662	1,384,538	14,946,124	8.48
	Housing Development	3,788,662	687,500	3,101,162	18.15
	Urbanization	6,542,000	697,038	5,844,962	10.65
Urban Development	Urban Development	113,800,000	55,653,910	58,146,090	48.91
	Hola Municipality	113,800,000	55,653,910	58,146,090	48.91
Administration and Support Services	Administration and Support Services	28,049,569	399,993	27,649,576	1.43
	Administration, planning & support Services	28,049,569	399,993	27,649,576	1.43
Promotion of Trade, Tourism and Cooperative Development	Promotion of Trade, Tourism and Cooperative Development	83,863,538	4,122,944	79,740,594	4.92
	Promotion of Trade	66,672,396	2,707,094	63,965,302	4.06
	Promotion of Tourism	12,657,704	793,250	11,864,454	6.27

Program	Sub-Program	Approved Budget (Kshs)	Actual Expenditure (Kshs.)	Variance (Kshs)	Absorption (%)
	Promotion of Cooperative Development	4,533,438	622,600	3,910,838	13.73
Administration and Support Services	Administration and Support Services	1,091,230,455	39,260,386	1,051,970,069	3.6
	Administration, planning & support Services	1,091,230,455	39,260,386	1,051,970,069	3.6
Curative and Rehabilitative	Curative and Rehabilitative	287,600,000	16,708,950	270,891,050	5.81
	Medical Supplies	152,300,000	7,802,000	144,498,000	5.12
	Medical Services	78,500,000	6,257,050	72,242,950	7.97
	Ambulance Services	56,800,000	2,649,900	54,150,100	4.67
Preventive and Promotive	Preventive and Promotive	14,845,800	3,638,306	11,207,494	24.51
	Preventive and Promotive	9,050,000	2,063,606	6,986,394	22.8
	Licensing and Control of Undertaking	3,295,800	1,339,500	1,956,300	40.64
	Mobile Clinics	2,500,000	235,200	2,264,800	9.41
General Administration, Planning and Support Services	General Administration, Planning and Support services	328,043,093	77,857,600	250,185,493	23.73
	General operation, Planning and support services	328,043,093	77,857,600	250,185,493	23.73
Quality and Standard Assurance in EYE Centre	Quality and Standard Assurance in EYE Centre	153,850,000	1,193,400	152,656,600	0.78
	ECDE Learning/Teaching Materials	53,745,000	1,193,400	52,551,600	2.22
Vocational Training Centres and Adult Education	Vocational Training Centres and Adult Education	72,164,894	7,531,500	64,633,394	10.44
	Youth Polytechnic Publicity Campaigns	2,120,000	496,500	1,623,500	23.42
	Provision of Modern Tools and Equipment	380,000	35,000	345,000	9.21
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	69,664,894	7,000,000	62,664,894	10.05
Administration, Planning Support Services	Administration, planning support services	252,953,662	34,557,514	218,396,148	13.66
	Coordination and Supervisory Services	252,953,662	34,557,514	218,396,148	13.66
Administration, Planning Support Services	Administration, planning support services	921,423,250	278,265,075	643,158,175	30.2
	Administration, planning support services	921,423,250	278,265,075	643,158,175	30.2
Financial Management	Financial Management	819,894,878	416,577,894	403,316,984	50.81
	Financial management	8,242,957	2,900,950	5,342,007	35.19
	Supply Chain Managements	11,105,000	3,738,468	7,366,532	33.66
	Own Source Revenue Collection	17,250,000	3,909,000	13,341,000	22.66
	Budget and Economic Planning	8,349,306	3,427,058	4,922,248	41.05
	Accounting & Finance	756,659,006	391,629,179	365,029,827	51.76
	Internal Audit	6,531,566	3,978,440	2,553,126	60.91
	Monitoring and Evaluation	11,757,043	6,994,800	4,762,243	59.49
Board Administration, Planning and Governance	Board Administration, Planning and Governance	52,879,548	2,550,887	50,328,662	4.82
	Board Operations & Governance	52,879,548	2,550,887	50,328,662	4.82
	General administration	8,432,000	3,303,800	5,128,200	39.18
	Ethics Governance and Compliance	3,132,000	1,215,860	1,916,140	38.82
	Human Resource Management & Development	2,900,000	1,141,800	1,758,200	39.37
	Skills and Competence Development	2,400,000	946,140	1,453,860	39.42
Performance Management System	Performance Management System	4,929,000	214,500	4,714,500	4.35
	Performance Management System	2,869,416	214,500	2,654,916	7.48
	County Administration	2,129,000	1,224,889	904,111	57.53
	Citizen Participation	2,800,000	1,410,000	1,390,000	50.36

Program	Sub-Program	Approved Budget (Kshs)	Actual Expenditure (Kshs.)	Variance (Kshs)	Absorption (%)
	County Leadership & Coordination of CDAs	7,123,000	6,501,200	621,800	91.27
	County Government Advisory Service	12,200,000	10,214,608	1,985,392	83.73
	Coordination of Peace and Cohesion	10,100,000	8,162,213	1,937,787	80.81
Natural Disaster Mitigation Programme	Natural Disaster mitigation programme	54,125,000	733,000	53,392,000	1.35
	Drought management (Preparedness, Response and Recovery)	3,625,677	733,000	2,892,677	20.22
	Culture Promotion and Development	9,949,999	309,100	9,640,899	3.11
	Empowerment/Capacity Building of Cultural Practitioners	1,450,000	52,500	1,397,500	3.62
	Baseline Survey for OVC	700,000	47,800	652,200	6.83
	Women Empowerment	750,000	112,800	637,200	15.04
	County Sports Leagues	1,340,000	139,500	1,200,500	10.41
General Administration, Support and Support Services	General Administration, Support and Support Services	75,730,054	15,875,303	59,854,751	20.96
	General Administration, Support and Support Services	75,730,054	15,875,303	59,854,751	20.96
Environmental Management Programme	Environmental Management Programme	53,189,824	7,105,823	46,084,001	13.36
	General Administration	12,000,000	7,105,823	-	60
	Water Management Services	147,457,000	8,412,900	139,044,100	5.71
	Water Management Services and air pollution control	147,457,000	8,412,900	139,044,100	5.71
County Assembly Administration	General administration	621,490,000	300,497,152	320,992,848	48.35
	Grand Total	7,839,945,374	1,578,023,602	6,261,921,772	20.13

Source: Tana River County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Performance Management in the Department of Finance at 91.3 per cent, General Administration in the Department of Water, Environment and Natural Resources at 60 per cent, Land Survey and Mapping in the Department of Lands and Physical Planning at 58.9 per cent.

3.40.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were initially submitted on 26th January, 2021, but were incomplete as they did not contain disaggregated information on COVID-19 expenditure. The OCoB issued instructed Counties to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.354.68 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.91 billion. The development expenditure represented 12.2 per cent of the annual development budget.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 16 of the PFM Act, 2012 and COB Act, 2016.
2. The County should identify and address issues causing delays in the implementation of development projects.

3.41 County Government of Tharaka Nithi

3.41.1 Overview of FY 2020/21 Budget

The County's approved Supplementary budget for FY 2020/21 is Kshs.5.85 billion, comprising of Kshs.2.05 billion (35.1 per cent) and Kshs.3.80 billion (64.9 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.26 billion (72.8 per cent) as the equitable share of revenue raised nationally, Kshs.993.16 million (17 per cent) as total conditional grants, generate Kshs.350 million (6 per cent) from own sources of revenue, and a cash balance of Kshs.252.55 million (4.3 per cent) from FY 2019/20.

3.41.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.63 billion as the equitable share of the revenue raised nationally, Kshs.169.13 million as conditional grants, raised Kshs.96.30 million as own-source revenue, and had a cash balance of Kshs.252.55 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.2.15 billion as shown in Table 3.237.

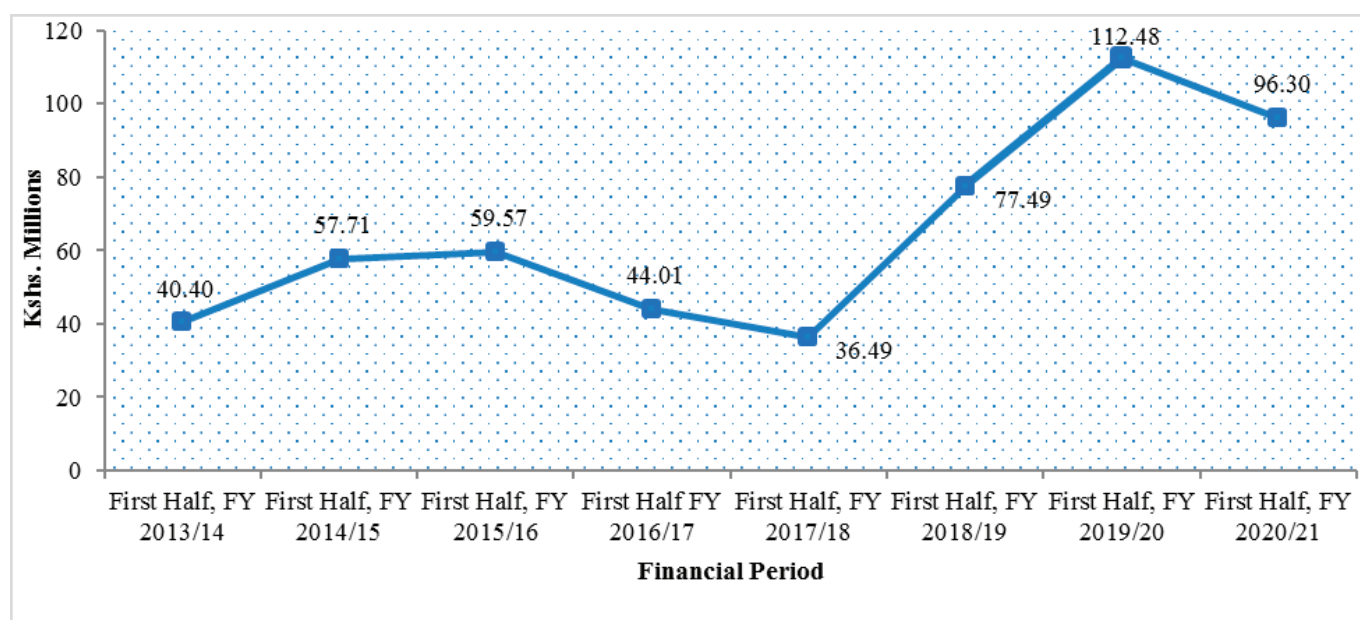
Table 3.237: Tharaka Nithi County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	3,924,600,000	4,262,115,600	1,632,633,600	38.3
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	50,000,000	-	-	-
2.	Compensation for User Fee Foregone	8,218,119	8,218,119	-	-
3.	Leasing of Medical Equipment	132,021,277	132,031,277	-	-
4.	Road Maintenance Fuel Levy Fund	115,085,841	115,085,841	28,771,460	25
5.	Rehabilitation of Village Polytechnics	60,799,894	60,799,894	-	-
Sub Total		366,125,131	316,135,131	28,771,460	9.1
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	101,448,239	101,448,239	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,000,850	320,000,850	120,546,485	37.7
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	50,000,000	14,238,060	28.5
5.	DANIDA Grant	11,160,000	11,160,000	5,580,000	50.0
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	137,242,250	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,178,726	12,178,726	-	-
Sub Total		489,787,815	677,030,065	140,364,545	20.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	350,000,000	96,302,623	28
2.	Balance b/f from FY2019/20	-	252,554,178	252,554,178	100
Sub Total		-	602,554,178	348,856,801	58
Grand Total		4,780,512,946	5,857,834,974	2,150,626,406	37

Source: Tharaka Nithi County Treasury

Figure 3.81 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.81: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Tharaka Nithi County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.96.30 million as own-source revenue. This amount represented a decrease of 14.3 per cent compared to Kshs.112.48 million realised during a similar period in FY 2019/20 and was 27.5 per cent of the annual target.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.1.88 billion from the CRF account during the reporting period. The amount comprised of Kshs.350.55 million (18.6 per cent) for development programmes and Kshs.1.53 billion (81.4 per cent) for recurrent programmes.

3.41.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.87 billion on development and recurrent programmes. The expenditure represented 99.4 per cent of the total funds released by the COB and comprised of Kshs.343.10 million and Kshs.1.52 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 16.7 per cent while recurrent expenditure represented 40.2 per cent of the annual recurrent budget.

3.41.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.10 billion was spent on compensation to employees, Kshs.424.21 million on operations and maintenance, and Kshs.343.10 million on development activities as shown in Table 3.238.

Table 3.238: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	3,801,342,007	1,531,370,434	1,528,261,990	40.2
Compensation to Employees	2,137,951,711	1,104,046,313	1,104,046,313	51.6
Operations and Maintenance	1,663,390,296	427,324,121	424,215,677	25.5
Total Development Expenditure	2,056,492,967	350,553,556	343,104,032	16.7
Development Expenditure	2,056,492,967	350,553,556	343,104,032	16.7
Total	5,857,834,974	1,881,923,990	1,871,366,022	31.9

Source: Tharaka Nithi County Treasury

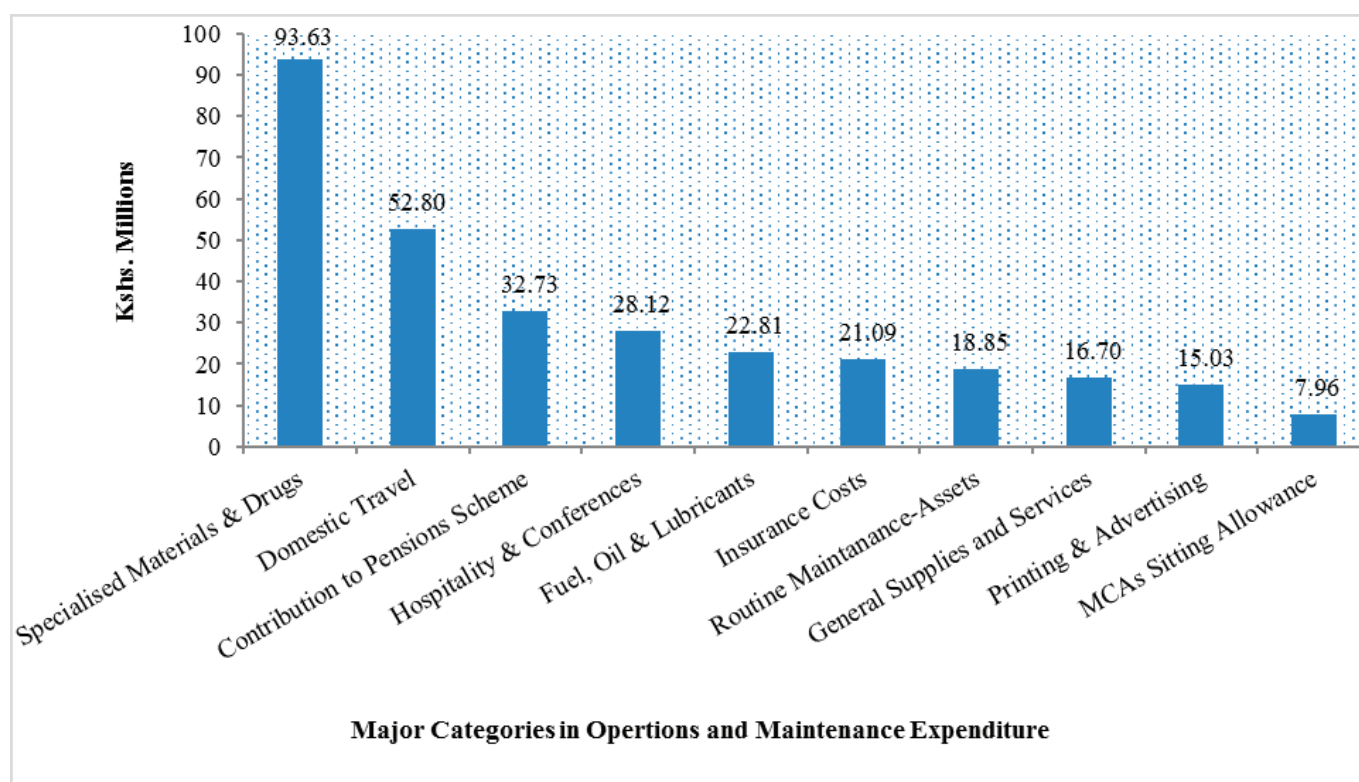
3.41.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 58.9 per cent of the total expenditure for the reporting period and 37.7 per cent of half year proportional revenue estimate of Kshs.2.93 billion.

3.41.7 Expenditure on Operations and Maintenance

Figure 3.82 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.82: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: Tharaka Nithi County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.7.96 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.31.24 million. The average monthly sitting allowance was Kshs.63,206 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.52.80 million and comprised of Kshs.25.32 million spent by the County Assembly and Kshs.27.47 million by the County Executive.

3.41.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.40 million to cater for COVID-19 related expenditure while Kshs.84.64 million was brought forward from FY 2019/20. During the period a total of Kshs 98.65 million was spent as shown in Table 3.239.

Table 3.239: COVID-19 Expenditure Summary

S/No.	Description	Amount Kshs.
1	Health Workers Covid Allowances	40,470,000
2	Donor Funds for COVID-19(DANIDA)	4,060,000
3	Branding hand wash water Tanks	56,000
4	Supply of County Branded Masks	2,970,000
5	Supply of testing booth and branded umbrellas	1,438,680
6	Supply hospital beds with metallic side drawers	8,436,000
7	Supply hospital linen and uniforms	1,296,000
8	Supply of assorted medical equipments	2,468,400

S/No.	Description	Amount Kshs.
9	Supply of Laundry Machine	528,950
10	Supply of 8 x 10-Seater Tents and Plastic Chairs	870,960
11	Conference facilities Covid meetings	68,400
12	Conference facilities Covid meetings	216,600
13	Fencing isolation wards Chuka Hospital	353,250
14	Repair of Hospital Beds	120,000
15	Isolation areas and accommodation facilities	2,760,000
16	Construction of Water tower at isolation centre	751,180
17	Construction of sluice room at isolation centre	639,080
18	Purchase of latex examination gloves and body bags	2,480,000
19	Purchase of N95 face masks	2,690,000
20	Purchase of Hospital linen	2,751,436
21	Purchase of Patient monitor and c-pap machine	2,845,554
22	Purchase of medical equipments	2,864,136
23	Purchase of assorted isolation ward equipments	2,940,907
24	Bank Charges	10,328
25	Front Line Workers Covid Risk Allowance	3,162,580
26	Supply of PPE complete kits	1,900,000
27	printing of Covid-19 IEC Publications	133,980
28	Supply of tents with seats	152,000
29	Supply of thermo guns thermometers	6,840,000
30	Supply of branded jericans	1,000,000
31	Catering and accommodation for staff manning covid-19 isolation ward	782,000
32	Catering and accommodation for staff manning covid-19 isolation ward	598,000
	Total Expenditure	98,654,421

Source: Tharaka Nithi County Treasury

3.41.9 Development Expenditure

The County incurred an expenditure of Kshs.343.10 million on development programmes, which represented a decrease of 8.5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.374.99 million. Table 3.240 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.240: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs)	Exchequer issues (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Construction of Mukothima Market	Mukothima	8,000,000	6,155,000	6,155,000	76.9
2	Tarmacking of Kambandi-Cheera-Ruguti Road	Mugwe	50,000,000	36,772,085	36,772,085	73.5
3	CHUKA L4 Hosp- Construction of OPD Block [ongoing]	Karingani	27,000,000	26,496,880	26,496,880	98.1
4	Tarmacking of Tunyai - Nthaara- Marimanti Rd	Chiakariga	50,000,000	37,390,418	37,390,418	74.8
5	Construction of BridgeS & Footbridges	Countywide	25,000,000	22,430,847	22,430,847	89.7
6	Kenya Climate Smart Agriculture Program(KCSAP)	Countywide	355,088,350	64,802,893	64,802,893	18.2
7	Development of Kathwana Municipality market(KUSP)	Igambang'ombe	50,000,000	14,238,060	14,238,060	28.5
8	Expansion of Executive block	County Headquarters	10,000,000	4,352,500	4,352,500	43.5
9	Maintenance and improvement of various Wards Access roads (7m per ward)	Countywide	105,000,000	27,050,759	27,050,759	25.8
10	Community domestic water projects	Countywide	32,500,000	10,473,145	10,473,145	32.2

Source: Tharaka Nithi County Treasury

3.41.10 Budget Performance by Department

Table 3.241 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.241: Tharaka Nithi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	423	40	166.97	2.6	166.83	2.60	99.9	100	39.4	6.5
Office Of The Governor & Deputy Governor	159.28	-	32.23	-	31.85	-	98.8	-	20	-
Finance & Economic Planning	326.94	265.36	77.03	-	77.07	-	100	-	23.6	-
Agriculture & Cooperative Development	116.42	482.96	55.36	65.47	55.43	65.43	100.1	99.9	47.6	13.5
Education & Vocational Training	280.89	68.64	91.29	5.48	90.79	5.48	99.5	100	32.3	8
Medical Services	1,371.9	144.57	664.19	34.01	664.61	33.18	100.1	97.5	48.4	23
Lands, Physical Planning, Urban Development, Housing And Environment	107.42	208.17	36.05	39.39	35.80	37.95	99.3	96.3	33.3	18.2
Roads, Infrastructure, Public Works & Industry	102.49	563.74	21.28	171.74	21.29	168.5	100.1	98.1	20.8	29.9
Administration & Public Service	254.13	-	118.69	-	118.32	-	99.7	-	46.6	-
Trade & Resource Mobilization	115.08	-	48.23	-	48.37	-	100.3	-	42	-
Water Services & Irrigation	51.56	175.24	17.91	29.02	17.41	27.13	97.2	93.5	33.8	15.5
County Public Service Board	22.76	-	7.35	-	5.83	-	79.4	-	25.6	-
Livestock, Veterinary & Fisheries Development	87.09	45.78	40.42	1.46	40.61	1.46	100.5	100	46.6	3.2
Public Health & Sanitation	328.65	-	140.36	-	140.21	-	99.9	-	42.7	-
Energy, Information, Communication & Technology	7.26	-	-	-	-	-	-	-	-	-
Youth, Sports, Culture & Tourism	46.51	62.03	13.99	1.38	13.84	1.38	98.9	100	29.8	2.2
Total	3,801.3	2,056.5	1,531.37	350.55	1,528.26	343.1	99.8	97.9	40.2	16.7

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the Department of Roads, Infrastructure & Public Works recorded the highest absorption rate of development budget at 29.9 per cent while the Department of Youth, Sports, Culture & Tourism had the lowest at 2.2 per cent. The Department of Medical Services had the highest percentage of recurrent expenditure to recurrent budget at 48.4 per cent while the Department of Energy, Information, Communication and Technology did not report any expenditure on recurrent during the reporting period.

3.41.11 Budget Execution by Programmes and Sub-Programmes

Table 3.242 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.242: Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes

Row Labels	Sum of Approved (Kshs)	Sum of Cumulative (Kshs)	Absorption rates (%)
Administration and Devolution Affairs	254,129,734	118,321,288	46.6
P: County Government Advisory Services	3,600,000	625,420	17.4
SP: Disaster Management and Coordination	3,600,000	625,420	17.4
P: General Administration, Planning and Support Services	250,529,734	117,695,868	47
SP: General Administration and Support Services	244,529,734	116,581,128	48
SP: Human Resource Management Services	1,100,000	146,700	13.3
SP: Sub-County Administration and Field Services	4,900,000	968,040	19.8
Agriculture, Industry and Cooperatives	599,380,937	120,854,027	20.2
P: Cooperative Development and Management	3,168,903	26,200	0.8
SP: Cooperative Development	3,168,903	26,200	0.8
P: Crop Development and Management	8,343,351	46,000	0.6
SP: Crops Development, Agribusiness and Market Development	8,343,351	46,000	0.6
P: General Administration Planning and Support Services	587,868,683	120,781,827	20.6
SP: Administration, Policy, Strategy and Management of Agriculture	104,909,024	55,352,972	52.8
SP: General Administration Services	482,959,659	65,428,855	13.6
County Public Service Board	22,762,798	5,833,678	25.6
P: County Government Advisory Services	2,300,000	626,800	27.3
SP: County Public Service Board	2,300,000	626,800	27.3
P: General Administration, Planning and Support Services	18,762,798	4,740,028	25.3

Row Labels	Sum of Approved (Kshs)	Sum of Cumulative (Kshs)	Absorption rates (%)
SP: General Administration and Support Services	18,662,798	4,740,028	25.4
SP: Human Resource Management Services	100,000	-	-
P: Human Resource Management and Development	1,700,000	466,850	27.5
SP: County Public Service Board Services	1,700,000	466,850	27.5
Education, Gender, Culture and Social Services	349,526,859	96,271,804	27.5
P: Education and Youth Training	197,680,450	33,490,291	16.9
SP: Promotion of Basic Education (ECDE)	94,004,660	6,920,291	7.4
SP: Youth Training and Capacity Building	103,675,790	26,570,000	25.6
P: General Administration Planning and Support Services	151,846,409	62,781,513	41.4
SP: Administration Planning and Support Services	151,846,409	62,781,513	41.4
Energy and Housing	7,257,500	-	-
P: Energy Resource Development & Management	1,758,000	-	-
SP: Energy Resource Development & Management	1,758,000	-	-
P: General Administration Planning and Support Services	5,499,500	-	-
SP: General Administration Services	5,499,500	-	-
Finance and Economic Planning	592,290,685	77,065,224	13
P: Economic Policy and County Planning	8,290,000	2,267,600	27.4
SP: County Statistics Services	2,540,000	364,947	14.4
SP: Economic Development, Planning and Coordination Services	3,110,000	1,257,703	40.4
SP: Monitoring and Evaluation Services	2,640,000	644,950	24.4
P: Financial Management Services	17,810,000	4,117,035	23.1
SP: Accounting Services	4,400,000	1,696,750	38.6
SP: Audit Services	5,000,000	468,710	9.4
SP: Budget Formulation and Cordination	5,930,000	1,287,675	21.7
SP: Supply Chain Management Services	2,480,000	663,900	26.8
P: General Administration, Planning and Support Services	364,532,742	59,128,009	16.2
SP: Human Resource Management Services	364,532,742	59,128,009	16.2
P: Kenya Devolution Support Programme	201,657,943	11,552,580	5.7
SP: Tharaka Nithi KDSP Capacity Building	201,657,943	11,552,580	5.7
Lands, Physical Planning, Urban Development, Environment and Natural Resources	315,588,712	73,747,136	23.4
P: Environment and Natural Resources Management	23,013,728	8,304,890	36.1
SP: Environment and Natural Resource	23,013,728	8,304,890	36.1
P: Kathwana Municipality Development Programme	12,469,600	-	-
SP: Kathwana Urban Area Support	12,469,600	-	-
P: Land Policy and Planning	269,462,484	64,463,746	23.9
SP: Land administration & management	214,999,174	38,074,535	17.7
SP: Physical Planning Services	54,463,310	26,389,211	48.5
P: Urban Development and Administration	10,642,900	978,500	9.2
SP: Urban Administrative Services	10,642,900	978,500	9.2
Livestock, Veterinary and Fisheries Development	132,870,290	42,075,724	31.7
P: Livestock and Fisheries Resource Management and Development	132,870,290	42,075,724	31.7
SP: Fisheries Development and Promotion	6,664,850	-	-
SP: Livestock Policy Development and Capacity Building	97,124,890	41,890,624	43
SP: Veterinary Services and Disease Prevention	29,080,550	185,100	0.6
Medical Services	1,516,436,351	697,786,199	46
P: Curative and Rehabilitative Services	92,064,480	16,175,760	17.6
SP: Primary Healthcare	92,064,480	16,175,760	17.6
P: General Administration Planning and Support Services	1,424,371,871	681,610,439	47.9
SP: General Administration Services	256,347,846	67,123,714	26.2
SP: HMIS Monitoring and Evaluation	3,149,500	500,120	15.9
SP: Human resource management	929,693,954	541,641,031	58.3
SP: Policy, Planning, Financing and Budgeting	235,180,571	72,345,574	30.8
Office of Governor and Deputy Governor	159,275,922	31,853,322	20
P: County Government Advisory Services	11,860,000	3,753,938	31.7
SP: Communication and Strategy	11,860,000	3,753,938	31.7
P: County Leadership and Coordination of MDAs	26,870,400	2,765,857	10.3
SP: Coordination of CMAs (Office of County Secretary)	18,300,000	2,311,517	12.6
SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	8,570,400	454,340	5.3
P: General Administration, Planning and Support Services	120,545,522	25,333,527	21
SP: Coordination and Supervisory Services (Deputy Governor's Office)	11,480,000	1,521,946	13.3
SP: Management of County Affairs (Office of Governor)	109,065,522	23,811,581	21.8
Public Health and Sanitation	328,651,536	140,212,852	42.7
P: Preventive and Promotive Health Services	328,651,536	140,212,852	42.7

Row Labels	Sum of Approved (Kshs)	Sum of Cumulative (Kshs)	Absorption rates (%)
SP: Disease Surveillance	1,920,000	150,000	7.8
SP: Environmental Health services	12,732,200	6,623,444	52
SP: Health Promotion and Disease Control	310,999,336	133,011,258	42.8
SP: HIV and AIDS Support Services	1,300,000	234,400	18
SP: Nutrition Services	800,000	-	-
SP: Reproductive Maternal and Childhealth Services	900,000	193,750	21
Roads, Infrastructure, Public Works and ICT	666,238,778	189,789,878	28.5
P: County Government Advisory Services	10,000,000	2,476,670	24.8
SP: Communication and Strategy	10,000,000	2,476,670	24.8
P: General Administration Planning and Support Services	28,840,600	4,175,000	14.5
SP: General Administration Services	28,840,600	4,175,000	14.5
P: ICT Infrastructure Development	28,670,000	8,501,005	29.7
SP: ICT Infrastructure Development	28,670,000	8,501,005	29.7
P: Public Works and Housing Services	2,005,000	484,950	24.2
SP: Public Works Services	2,005,000	484,950	24.2
P: Roads Transport	596,723,178	174,152,253	29.2
SP: Rural Roads Improvement and Maintenance Services	596,723,178	174,152,253	29.2
Trade and Revenue	115,080,802	48,367,193	42
P: General Administration, Planning and Support Services	90,291,802	43,575,113	48.3
SP: General Administration and Support Services	90,291,802	43,575,113	48.3
P: Industrial Development and Investment	12,348,000	3,499,650	28.3
SP: Consumer Protection & Fair Trade Practices	6,875,000	1,962,250	28.5
SP: Promotion of Industrial Products	5,473,000	1,537,400	28.1
P: Resource Mobilization	12,441,000	1,292,430	10.4
SP: Revenue Administration	12,441,000	1,292,430	10.4
Water and Irrigation	226,805,109	44,540,370	19.6
P: Water Supply Services	226,805,109	44,540,370	19.6
SP: Domestic Water Services	211,657,159	38,814,890	18.3
SP: Irrigation and Drainage Services	13,554,950	5,604,180	41
SP: Water Storage Services	1,593,000	121,300	7.6
Youth, Sports, Culture and Tourism	108,538,961	15,213,304	14.
P: Culture, Arts and Social Services	6,581,100	2,242,664	34.1
SP: Culture and Arts Promotion	4,945,975	2,100,484	42.5
SP: Gender, PWDs and Social Services	1,635,125	142,180	8.7
P: Sports Development and Promotion	98,151,861	12,791,640	13
SP: Athletics Championships and Other Games	2,976,375	52,900	1.8
SP: County Football League and Clubs Development	5,752,000	138,800	2.4
SP: Talent Search and Promotion	89,423,486	12,599,940	14.1
P: Tourism Development and Promotion	3,806,000	179,000	4.7
SP: Miss Tourism Tharaka Nithi	2,730,500	119,000	4.4
SP: Tourism Branding and Marketing	1,075,500	60,000	5.6
P: County assembly	463,000,000	169,434,023	36.6
SP: County Assembly Services	463,000,000	169,434,023	36.6
Grand Total	5,857,834,974	1,871,366,022	32

Source: Tharaka Nithi County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning & Support Services in the Department of Trade and Revenue at 48.3 per cent, General administration, Planning & Support Services in the Department of Medical Services at 47.9 per cent, General Administration, Planning & Support Services in the Department of Administration and Devolution Affairs at 47 per cent, and Preventive & Promotional Health Services in the Department of Public Health and Sanitation at 42.7 per cent of budget allocation.

3.41.12 Key Observations and Recommendations

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

Delay by the National Treasury to disburse the equitable share of revenue raised nationally.

1. Low absorption of development funds as indicated by the expenditure of Kshs.343.10 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.05 billion. The development expenditure represented 16.7 per cent of the annual development budget.
2. A high wage bill, which accounted for 58.9 per cent of the total expenditure in the first half of FY 2020/21 thus

constraining funding to other programmes.

- Under performance of own revenue at Kshs.96.30 million against annual projection of Kshs.350 million. The realised own source revenue represented 27.5 per cent of its annual target.

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

- The County should identify and address issues causing delays in the implementation of development projects.
- The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill and ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
- The County should devise and implement strategies to address own source revenue performance so as to ensure the approved budget is fully financed.

3.42 County Government of Trans Nzoia

3.42.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.8.14 billion, comprising of Kshs.3.28 billion (40.8 per cent) and Kshs.4.86 billion (59.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.79 billion (75.6 per cent) as the equitable share of revenue raised nationally, Kshs.714.79 million (9.3 per cent) as total conditional grants, generate Kshs.500 million (6.5 per cent) from own sources of revenue, and a cash balance of Kshs.495.39 million (6.5 per cent) from FY 2019/20. The County also expects to receive Kshs.160.90 million (2.1 per cent) as "other revenues" not contained in the CARA, 2020.

3.42.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.90 billion as the equitable share of the revenue raised nationally, Kshs.349.78 million as conditional grants, raised Kshs.120.88 million as own-source revenue, and had a cash balance of Kshs.495.39 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.3.03 billion as shown in Table 3.243.

Table 3.243: Trans Nzoia County, Revenue Performance in the First Half of FY 2020/21

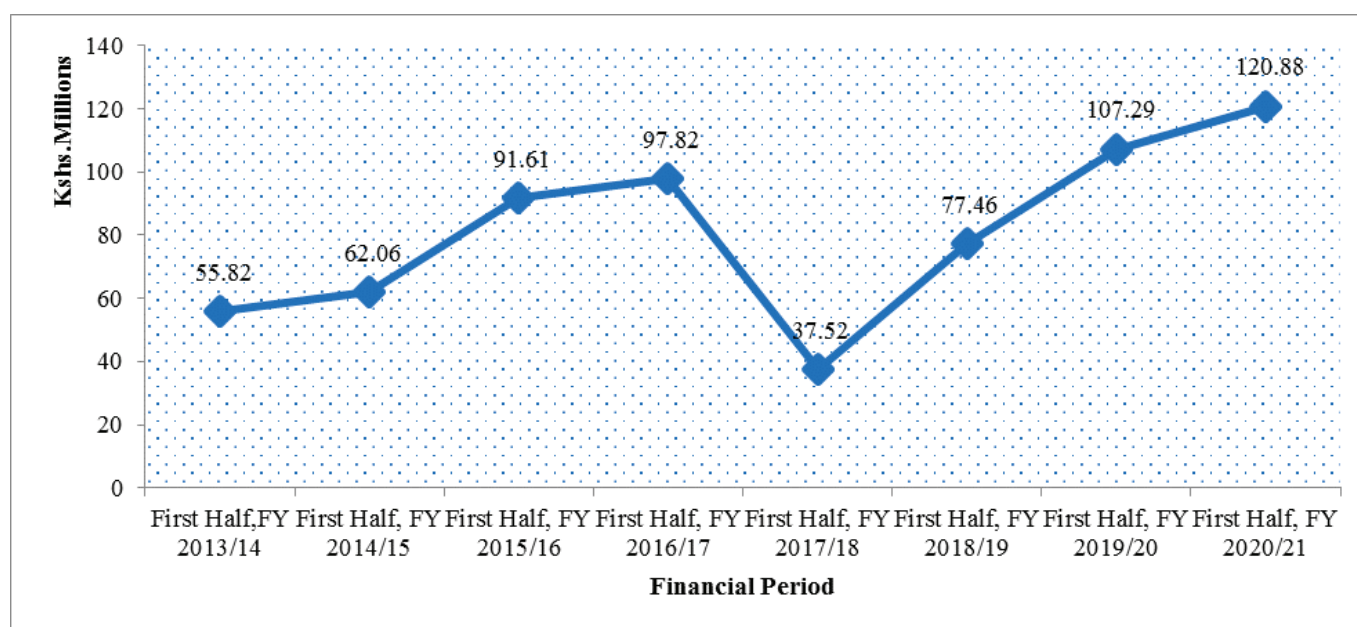
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,760,300,000	5,791,950,000	1,900,899,000	32.8
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	21,304,915.00	21,304,915.00	-	-
2.	Leasing of Medical Equipment	132,021,277.00	132,021,277.00	-	-
3.	Road Maintenance Fuel Levy Fund	172,628,761.00	254,383,730.00	81,754,969.00	32.1
4.	Rehabilitation of Village Polytechnics	43,909,894.00	74,768,711.00	-	-
Sub Total		369,864,847	482,478,633	81,754,969	16.9
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	44,386,749.00	44,386,749.00	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	199,332,120.00	199,332,120.00	152,854,024.00	76.7
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000.00	75,000,000.00	30,000,000.00	40.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	299,106,900.00	85,174,041.00	28.5
5.	DANIDA Grant	16,380,000.00	22,645,000.00	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,012,542.00	29,158,844.00	-	-
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	45,162,927.00	45,162,927.00	-	-
Sub Total		363,274,338.00	714,792,540.00	268,028,065.00	37.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	500,000,000	120,878,739	24.2
2.	Balance b/f from FY 2019/20	-	495,385,800	495,385,800	100
3.	Other Revenues	-	160,903,000	160,903,000	100

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		-	1,156,288,800	777,167,539	67.2
Grand Total		6,493,439,185	8,145,509,973	3,027,849,573	37.2

Source: Trans Nzoia County Treasury

Figure 3.83 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.83: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Trans Nzoia County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.120.88 million as own-source revenue. This amount represented an increase of 12.7 per cent compared to Kshs.107.29 million realised during a similar period in FY 2019/20 and was 24.2 per cent of the annual target.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.01 billion from the CRF account during the reporting period. The amount comprised of Kshs.840.24 million (27.9 per cent) for development programmes and Kshs.2.17 billion (72.1 per cent) for recurrent programmes.

3.42.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.746.75 million on development and Kshs.2.15 billion on recurrent programmes. The expenditure represented 96.3 per cent of the total funds released by the COB and comprised of Kshs.746.75 million and Kshs.2.15 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 22.7 per cent while recurrent expenditure represented 44.3 per cent of the annual recurrent budget.

3.42.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.48 billion was spent on Compensation to Employees, Kshs.676.31 million on Operations and Maintenance, and Kshs.746.75 million on development activities as shown in Table 3.244.

Table 3.244: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,861,244,685	2,170,819,024	2,151,872,651	44.3
Compensation to Employees	2,785,777,459	1,767,642,536	1,475,561,724	53.0
Operations and Maintenance	2,075,467,226	403,176,488	676,310,927	32.6
Total Development Expenditure	3,284,265,288	840,239,366	746,752,890	22.7
Development Expenditure	3,284,265,288	840,239,366	746,752,890	22.7
Total	8,145,509,973	3,011,058,390	2,898,625,541	35.6

Source: Trans Nzoia County Treasury

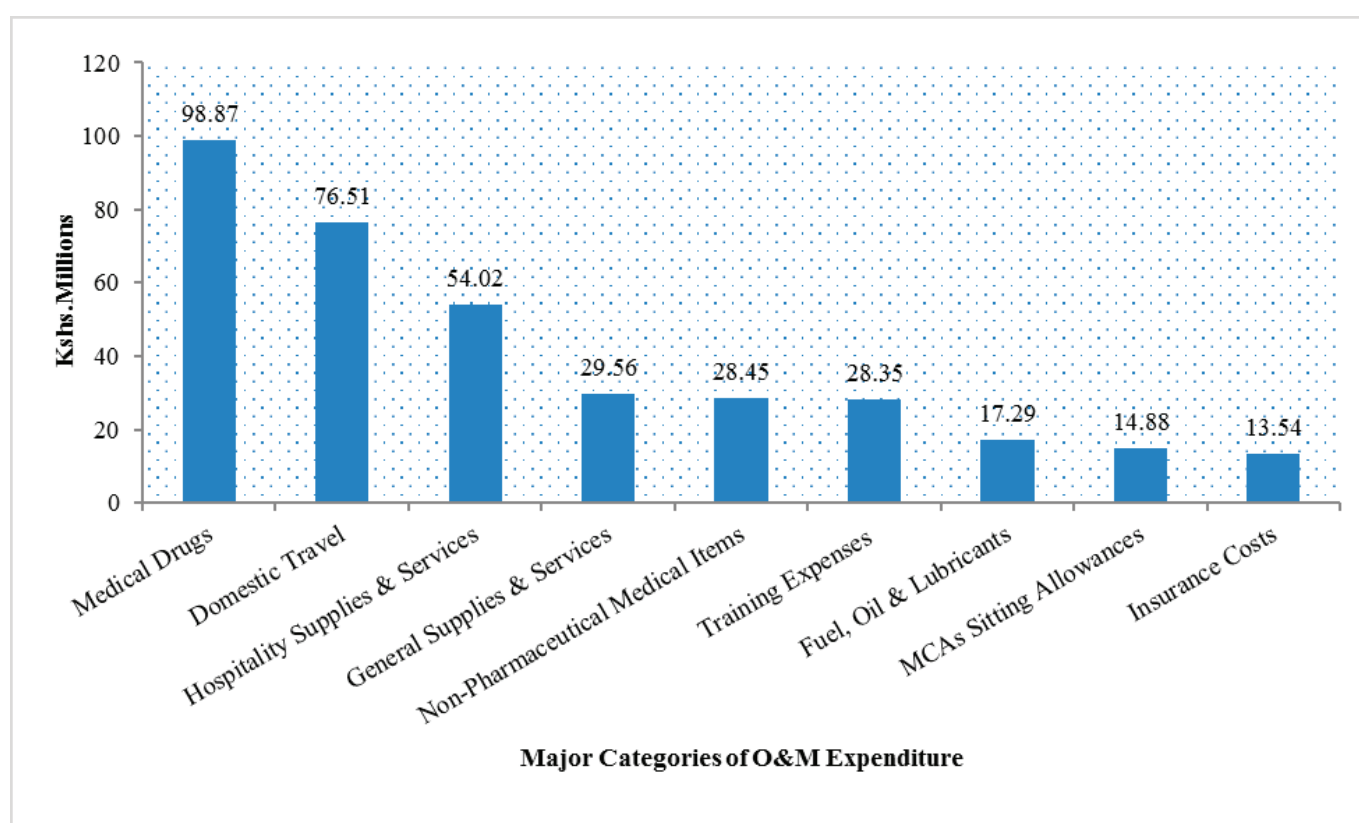
3.42.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 50.9 per cent of the total expenditure for the reporting period and 36.2 per cent of half year proportional revenue estimate of Kshs.4.07 billion.

3.42.7 Expenditure on Operations and Maintenance

Figure 3.84 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.84: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: Trans Nzoia County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.14.88 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.62.85 million. The average monthly sitting allowance was Kshs.61,981 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.76.51 million and comprised of Kshs.44.01 million spent by the County Assembly and Kshs.32.5 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.95 million incurred by the County Assembly.

3.42.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.515.39 million to cater for COVID-19 related expenditure while Kshs.162.18 million was brought forward from FY 2019/20. A total of Kshs.186.18 million was spent during the reporting period as shown in Table 3.245.

Table 3.245: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs.)
1.	Supply of Assorted Medical Equipment and Non Pharmaceuticals	102,246,988
2.	frontline Health Workers COVID Allowances	43,635,000
3.	Supply of Non pharmaceuticals	1,614,200
4.	Supply of Lestrone Microbiology ldl Cholesterol	2,019,700
5.	Supply of Gloves and Grape Bandage	1,935,800
6.	Supply of Dettol Soap and Toilet Disinfectant	1,990,000
7.	Supply of Hand Sanitizers	1,875,000
8.	Supply of Surgical Masks and PPE	1,421,600
9.	Supply of N95 Masks with Respirator	2,438,000
10.	Supply of Covid-19 items	3,306,522
11.	Supply of Surgical Masks, 3 Ply Thermometer and Infra-Red Battery	2,808,400
12.	Supply of Surgical Masks	2,380,000
13.	Supply of Surgical Masks and Thermometers	2,115,000
14.	Supply of Face Masks	1,552,250
15.	Supply of Thermo guns Latex Gloves	2,354,500
16.	Supply of Linen	3,710,000
17.	Supply of Covid-19 items	1,730,000
18.	Supply of Sterilized Gloves	1,984,500
19.	Supply of Surgical Masks	3,360,000
20.	Supply of Surgical Nose Masks	1,700,000
Total		186,177,460

Source: Trans Nzoia County Treasury

3.42.9 Development Expenditure

The County incurred an expenditure of Kshs.746.75 million on development programmes, which represented an increase of 172.2 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 274.35 million. Table 3.246 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.246: Trans Nzoia County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Other Infrastructure and Civil Works	County Wide	398,364,894	121,450,207	30.5
2	Completion and Equipping of Trans Nzoia County Teaching and Referral Hospital	Trans Nzoia County Teaching and Referral Hospital	171,826,165	77,308,230	45.0
3	Road Maintenance – Fuel Levy - KRB	County Wide	254,383,730	47,196,734	18.6
4	Fruit Trees Seedlings	Kitale	39,396,949	15,592,400	39.6
5	Borehole Drilling and Equipping	County Wide	45,000,000	13,290,514	29.5
6	Pipeline extension	County Wide	15,000,000	8,163,445	54.4
7	Construction of classrooms in ECDEs Centers	County Wide	50,000,000	6,627,846	13.3
8	Livestock Disease and Pest Control	County Wide	8,117,234	4,842,515	59.7
9	ASDSP Counterpart Funding	County Wide	6,500,000	3,903,763	60.1
10	Construction/Expansion/Completion of Health Facilities; Kwanza, Matunda and Cherangany	Kwanza & Sinyerere Ward	25,000,000	2,122,791	8.5

Source: Trans Nzoia County Treasury

3.42.10 Budget Performance by Department

Table 3.247 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.247: Trans Nzoia County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Livestock	263.08	479.91	129.18	183.62	97.79	180.78	75.7	98.5	37.2	37.7
Trade, Commerce and Industry	60.44	246.25	26.87	95.27	17.47	-	65.0	-	28.9	-
Water, Environment and Natural Resources	97.52	268.22	31.61	18.37	39.68	21.45	125.5	116.8	40.7	8.0
Public Works, Transport and Infrastructure	199.94	480.39	59.05	137.60	61.75	128.95	104.6	93.7	30.9	26.8
Health Services and Corporate Health	1,707.57	519.80	998.81	180.07	985.65	196.70	98.7	109.2	57.7	37.8
Lands, Housing and Physical Planning	66.77	40.26	23.51	-	17.18	-	73.1	-	25.7	-
Municipality Board of Kitale	10.00	309.11	-	85.17	-	85.17	0.0	100.0	-	27.6
Gender, Youth ,Sports, Culture, Social Services ,Children & Tourism	53.06	151.73	13.78	5.79	16.50	3.53	119.7	60.9	31.1	2.3
Governance and Public Service Management	573.41	20.45	261.15	-	166.44	2.09	63.7	0.0	29.0	10.2
County Public Service Board	62.85	3.82	18.65	-	17.73	-	95.0	-	28.2	-
Education ,ECDE and Vocational Training	373.03	200.23	183.25	14.46	176.48	6.63	96.3	45.8	47.3	3.3
Finance and Economic Planning	712.75	464.10	132.97	119.89	265.05	121.45	199.3	101.3	37.2	26.2
County Assembly	680.84	100.00	291.99	-	290.14	-	99.4	-	42.6	-
TOTAL	4,861.24	3,284.27	2,170.82	840.24	2,151.87	746.75	99.1	88.9	44.3	22.7

Source: Trans Nzoia County Treasury

Analysis of expenditure by department shows that the Department of Health Services and Corporate Health recorded the highest absorption rate of development budget at 37.8 per cent. The Department of Health Services and Corporate Health had the highest percentage of recurrent expenditure to budget at 57.7 per cent while the Municipality Board of Kitale did not report expenditure on recurrent budget.

3.42.11 Budget Execution by Programmes and Sub-Programmes

Table 3.248 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.248: Trans Nzoia County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agriculture and Livestock					
Administrative and Support Services	Human Resource Management	229,330,334	90,071,142	139,259,192	39.3
	Supervision and Management of Projects	259,325,441	82,818,138	176,507,303	31.9
Livestock Breeding and Genetic Improvement	Livestock Breeding and Genetic Improvement	152,183,788	30,807,135	121,376,653	20.2
Crop Diversification	Crop Diversification	101,500,000	18,989,465	82,510,535	18.7
Co-Operative Development	Modernisation of Co-Operative Societies	648,882	-	648,882	-
Sub total		742,988,444	222,685,880	520,302,564	30.0
Lands, Physical Planning and Housing					
Acquisition Of Title Deeds To Government Land and	Survey	40,258,730	-	40,258,730	-
Sub total		40,258,730		40,258,730	-
Public Works, Transport and Infrastructure					
Administrative and Support Services	Human Resource Management	199,938,484	42,621,944	157,316,540	21.3
	Machinery and Equipment	100,500,000	45,414,118	55,085,882	45.2
Road Maintenance	Maintenance of Roads	331,082,767	96,787,630	234,295,137	29.2

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Infrastructure Development	Transport Management	20,000,000	2,991,400	17,008,600	15.0
	Electrification	28,809,588	1,857,610	26,951,978	6.4
Sub total		680,330,839	189,672,703	490,658,136	27.9
Trade, Commerce and Industry					
Administrative and Support Services	Human Resource Management	60,444,644	13,802,716	46,641,928	22.8
Trade and Industry Development	Promotion of Enterprise and Entrepreneurship	229,648,317	20,056,108	209,592,209	8.7
	Trade Development and Promotion	16,600,000	500,000	16,100,000	3.0
Sub total		306,692,961	25,711,918	280,981,043	8.4
Health Services and Corporate Health					
Administrative and Support Services	Human Resource Management	1,707,565,996	985,653,904	721,912,092	57.7
Public Health	Preventive Health Care Services	519,802,191	330,787,047	189,015,144	63.6
Sub total		2,227,368,187	1,316,440,951	910,927,236	59.1
Education ,ECDE and Vocational Training					
Administrative and Support Services	Human Resource Management	373,026,371	176,476,424	196,549,947	58.4
	Supervision and Management of Projects	106,300,000	0	106,300,000	0.0
Vocational Training	Infrastructure Development	74,768,711	48,615,599	26,153,112	65.0
	Learning Materials Arid Equipment	10,000,000	2,184,706	7,815,294	21.8
Sub total		564,095,082	227,276,728	336,818,354	40.3
Finance and Economic Planning					
Administrative and Support Services	Human Resource Management	1,417,568,128	424,193,037	993,375,090	29.9
	Supervision and Management of Projects	367,790,418	2,520,041	365,270,377	0.7
	Infrastructure and Equipment	103,820,906	-	103,820,906	0.0
	Finance Management Services	374,406,632	90,151,783	284,254,848	24.1
Sub total		2,263,586,083	516,864,861	1,746,721,222	22.8
Gender, Youth ,Sports, Culture, Social Services ,Children & Tourism					
Administrative and Support Services	Human Resource Management	53,055,145	11,078,022	41,977,123	20.9
Sports	Sports Events and Competitions	20,000,000		20,000,000	0.0
Culture	Development Arid Promotion of Culture	83,400,000	9,804,750	73,595,250	11.8
	Special Programmes	17,158,774	2,700,000	14,458,774	15.7
Sub total		173,613,919	23,582,772	150,031,147	13.6
Water, Environment and Natural Resources					
Administrative and Support Services	Human Resource Management	97,519,375	25,816,902	71,702,473	26.5
	Administrative and Support Services	7,018,397	-	7,018,397	-
Water Resource Management and Storage	Water Supply Infrastructure and Sanitation	15,000,000	7,276,500	7,723,500	48.5
	Ground Water Exploitation	55,000,000	19,710,800	35,289,200	35.8
Environment Management and Protection	Waste Management	191,201,401	33,441,221	157,760,180	17.5
Sub total		365,739,173	86,245,423	279,493,750	23.6
County Assembly					
Legislative and Oversight Arm	Legislative and Oversight Arm	170,715,006	64,154,977	106,560,029	37.6
General administrative and Support Services	General administrative and Support Services	602,094,685	222,914,327	379,180,358	37.0
Security Services	Security Services	8,026,864	3,075,000	4,951,864	38.3
Sub total		780,836,555	290,144,304	490,692,251	37.2
Grand Total		8,145,509,973	2,898,625,540	5,246,884,433	35.6

Source: Trans Nzoia County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Infrastructure Development in the Department of Education, ECDE and Vocational Training at 65 per cent, Preventive Health Care Services in the Department of Health Services and Corporate Health at 63.6 per cent, and Human Resource Management in the Department of Education, ECDE and Vocational Training at 58.4 per cent of budget allocation.

3.42.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The complete financial returns were submitted on 22nd January, 2021 contrary to OCoB requirement to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.746.75 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.3.28 billion. The development expenditure represented 22.7 per cent of the annual development budget.
3. A high wage bill, which accounted for 50.9 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.43 County Government of Turkana

3.43.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.15.03 billion, comprising of Kshs.5.90 billion (39.2 per cent) and Kshs.9.13 billion (60.8 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expected to receive Kshs. 10.57 billion (70 per cent) being equitable share of revenue raised nationally, Kshs.1.32 billion (3.31 per cent) as total conditional grants, generate Kshs.150 million (0.99 per cent) from own sources of revenue, and the cash balance of Kshs.2.99 billion (19.89 per cent) from FY 2019/20.

3.43.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.3.5 billion as the equitable share of the revenue raised nationally, Kshs.123.06 million as conditional grants, raised Kshs.52.67 million as own-source revenue, and had a cash balance of Kshs.2.99 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.67 billion as shown in Table 3.249.

Table 3.249: Turkana County, Revenue Performance in the First Half of FY 2020/21

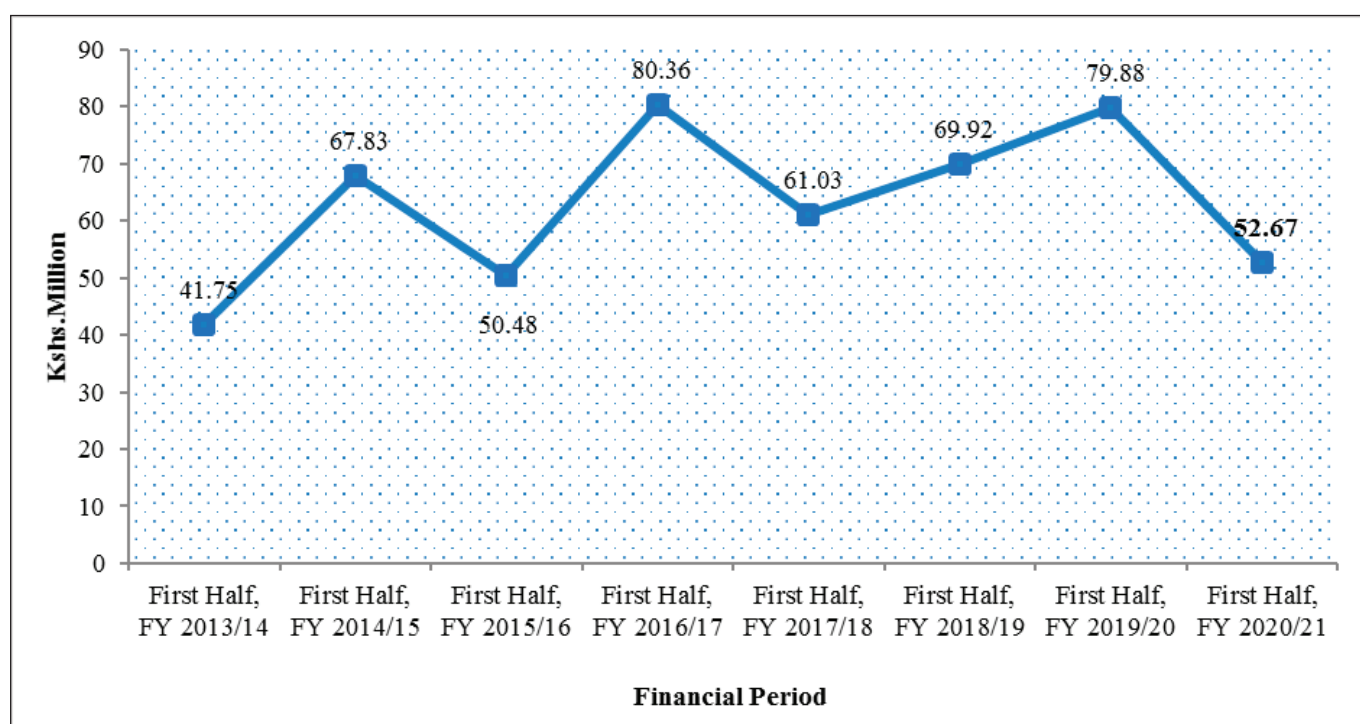
S/No.	Revenue Category	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,539,450,000	10,571,100,000	3,498,724,358	33.1
B.	Conditional Grants from the National Government				
4.	Compensation for User Fee Foregone	25,634,941	25,634,941	-	-
5.	Leasing of Medical Equipment	132,021,277	-	-	-
6.	Road Maintenance Fuel Levy Fund	315,071,072	458,530,704	-	-
1.	Rehabilitation of Village Polytechnics	1,209,894	12,709,894	-	-
Sub Total		473,937,184	496,875,539	-	-
C	Loans and Grants from Development Partners				

S/No.	Revenue Category	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
1.	Transforming Health Systems for Universal care Project (WB)	300,000,000	300,000,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	216,213,300	216,213,300	111,053,205	51.36
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	45,000,000	45,000,000	-	-
4.	DANIDA Grant	29,970,000	41,975,000	12,005,000	40.06
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,731,177	18,731,177	-	-
6.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	200,000,000	200,000,000	-	-
Sub Total		809,914,477	821,919,477	123,058,205	15
D	Other Sources of Revenue				
1.	Own Source Revenue	-	150,000,000	52,672,373	35.1
2.	Balance b/f from FY 2019/20	-	2,992,862,368	2,992,862,368	100
Sub Total		-	3,142,862,368	3,045,534,741	96.9
Grand Total		11,823,301,661	15,032,757,384	6,667,317,304	44.4

Source: Turkana County Treasury

Figure 3.85 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.85: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Turkana County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.52.67 million as own-source revenue. This amount represented a decrease of 34.1 per cent compared to Kshs.79.88 million realised during a similar period in FY 2019/20 and was 35.1 per cent of the annual target.

3.43.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.5 billion from the CRF account during the reporting period. The amount comprised of Kshs.494.06 million (13.8 per cent) for development programmes and Kshs.3.0 billion (86.2 per cent) for recurrent programmes.

3.43.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.77 billion on development and recurrent programmes. The expenditure represented 108.9 per cent of the total funds released by the COB and comprised of Kshs.497.5 million and Kshs.3.3 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 8.4 per cent while recurrent expenditure represented 35.8 per cent of the annual recurrent expenditure budget.

3.43.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.05 billion was spent on Compensation to Employees, Kshs.1.22 billion on Operations and Maintenance, and Kshs.497.5 million on development activities as shown in Table3.250.

Table 3.250: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	9,134,853,541	3,004,761,182	3,271,329,260	35.8
Compensation to Employees	4,220,716,222	2,052,290,930	2,052,290,930	48.6
Operations and Maintenance	4,914,137,319	952,470,252	1,219,038,330	24.8
Total Development Expenditure	5,897,903,743	494,064,243	497,458,889	8.4
Development Expenditure	5,897,903,743	494,064,243	497,458,889	8.4
Total	15,032,757,284	3,498,825,425	3,768,788,148	25.1

Source: Turkana County Treasury

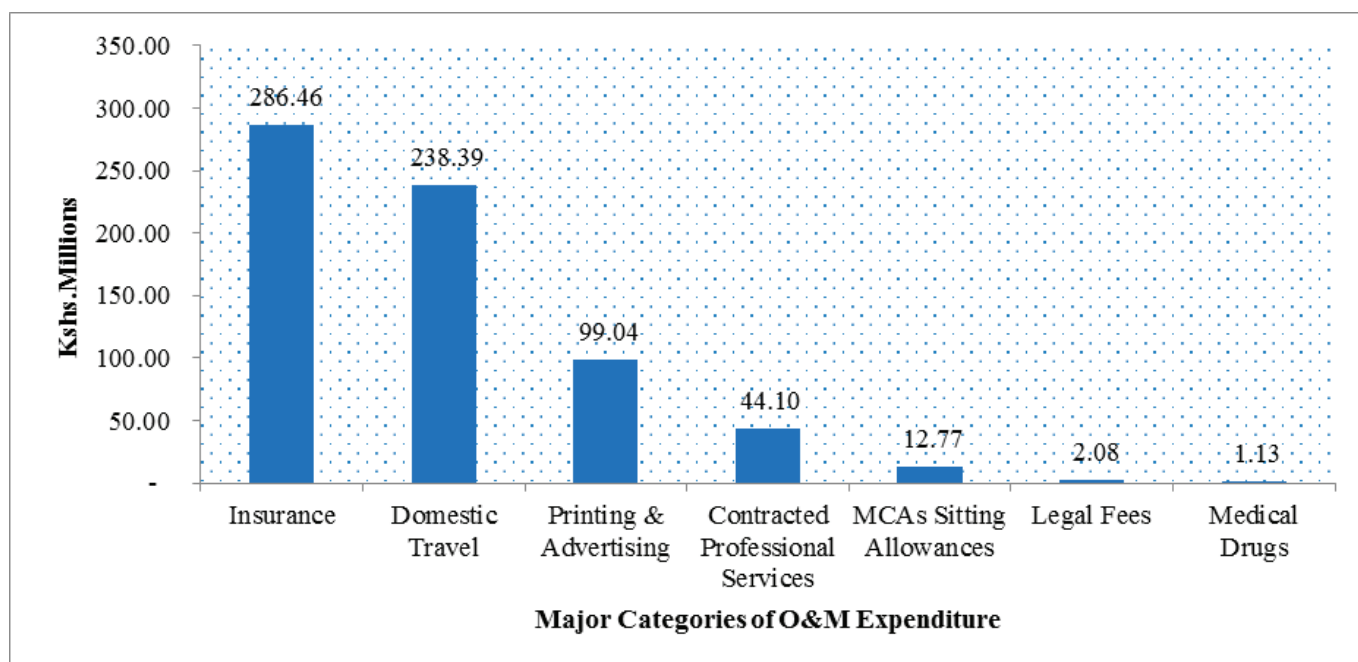
3.43.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 54.5 per cent of the total expenditure for the reporting period and 27.3 per cent of half year proportional revenue estimate of Kshs.7.52 billion.

3.43.7 Expenditure on Operations and Maintenance

Figure 3.86 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.86: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.12.77 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was Kshs.44,340 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.238.39 million and comprised of Kshs.69.6 million spent by the County Assembly and Kshs.168.8 million by the County Executive.

3.43.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county budgeted for Kshs.100 million to cater for COVID-19 related expenditure while a total of Kshs.837.6 million was brought forward from FY 2019/20. Total expenditure was Kshs.84.8 million the reporting period. The County Treasury did not provide a breakdown of this expenditure.

3.43.9 Development Expenditure

The County incurred an expenditure of Kshs.497.46 million on development programmes, which represented an increase of 60.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.197.49 million. Table 3.251 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.251: Turkana County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Construction of County Headquarters	Township	695,854,432	465,517,656	66.9
2.	Rehabilitation of Nakwamoru Surface Irrigation	Namoruputh	119,473,887	107,526,498	90.0
3.	Lokiriama Revenue Resource Centre	Lokiriama	95,894,400	83,190,308	86.8
4.	Installation of Air Conditioners and Other Mechanical at County Headquarters Building	Headquarter	82,588,770	82,588,770	100.0
5.	Rehabilitation of Kaputir Surface Irrigation	Kaputir	78,423,200	47,053,920	60.0
6.	Citizen Resource Centre-Kaeris	Kaeris	34,704,636	31,234,173	90.0
7.	Kakuma Resource Centre	Kakuma	33,494,796	30,145,316	90.0
8.	Katilu Resource Centre	Katilu	32,759,468	29,483,521	90.0
9.	UHC Ambulances Lodwar Township		29,000,000	28,590,000	98.6

Source: Turkana County Treasury

3.43.10 Budget Performance by Department

Table 3.252 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.252: Turkana County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance	302.56	297.09	73.44	2.7	125.83	45.49	171.3	168.3	41.6	15.3
Office of the Deputy Governor	25.96	31.11	12.66	-	9.2	-	72.7	-	35.5	-
County Attorney	138.98	-	29.67	-	34.65	-	116.8	-	24.9	-
Finance and Economic Planning	746.71	436.57	224.18	37.31	163.42	33.21	72.9	89.0	21.9	7.6
Water Services, Environment and Mineral Resources	257.79	597.81	45.83	34.7	105.05	34.26	229.2	98.7	40.8	5.7
Health & Sanitation Services	780.06	694.31	93.30	40.61	270.55	37.57	290.0	92.5	34.7	5.4
Trade, Gender and Youth Affairs	199.8	241.98	42.67	42.35	63.36	18.37	148.5	43.4	31.7	7.6
Education, Sports and Social Protection	546.05	702.62	163.72	21.77	265	62.15	161.9	285.5	48.5	8.8
Public Service, Administration. & Disaster Management	4,513.32	39.15	1,827.9	-	1,595.6	946.8	87.3	-	35.4	2.4
Infrastructure Transport & Public Works	107.91	616.80	16.32	1.99	24.87	46.69	150.4	2,334.5	23.0	7.6
Agriculture, Pastoral Economy & Fisheries	198.26	1,164.4	41.3	145.25	90.69	47.1	219.6	32.4	45.7	4.0
Tourism, Culture and Natural Resources	118.91	204.16	20.87	4.65	53.77	10.62	257.6	228.5	45.2	5.2

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Energy, Housing & Urban Areas Mgt.	169.96	489.3	34.23	35.1	81.73	33.41	238.7	95.2	48.1	6.8
Turkana County Assembly	875.65	349.34	356.19	127.63	356.09	127.7	100.0	100.0	40.7	36.5
Turkana County Public Service Board	115.31	2.34	17.51	-	31.42	-	179.5	-	27.2	-
Lodwar Municipality Board	37.7	30.9	4.7	-	-	-	-	-	-	-
TOTAL	9,134.9	5,897.9	3,004.7	494.06	3,271.2	497.4	108.9	100.7	35.8	8.4

Source: Turkana County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 36.5 per cent. The Department of Education, Sports and Social Protection had the highest percentage of recurrent expenditure to recurrent budget at 48.5 per cent while the Department of Lodwar Municipality Board did not report any expenditure.

3.43.11 Budget Execution by Programmes and Sub-Programmes

Table 3.253 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.253: Turkana County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
102003000			30,655,100	1,781,527	5.8
	102014110	Delineation & adjudication of community land	30,655,100	1,781,527	5.8
103003000			44,804,913	2,226,628	5.0
	103044110		44,804,913	2,226,628	5.0
104003000			62,415,161	94,960	0.2
	104024110		14,500,000	-	0.0
	104064110	Transport Parks	22,405,000	-	0.0
	104074110	Urban Centre Management	25,510,161	94,960	0.4
	104084110	Municipality Upgrade	-	-	0.0
105003000			4,185,867	544,250	13.0
	105014110	Land acquisition for public utilities	4,185,867	544,250	13.0
109003000			98,283,302	420,000	0.4
	109014110	Improvement of Moi Garden Stadia	52,783,302	420,000	0.8
	109024110	completion of recreational park	37,500,000	-	0.0
	109034110	setting up of dumping site in Lodwar	8,000,000	-	0.0
110003000			440,697,982	4,191,307	1.0
	110044110		158,875,747	4,191,307	2.6
	110054110		112,357,235	-	0.0
	110064110		77,000,000	-	0.0
	110074110	Spate Irrigation Technology	61,350,000	-	0.0
	110084110	Rehabilitation	8,170,000	-	0.0
	110094110	Soil & Water Conservation	22,945,000	-	0.0
111003000			36,434,905	1,507,700	4.1
	111014110	Fish market infrastructure/ fish value addition	2,778,795	234,240	8.4
	111024110	Fisheries livelihood support	2,704,680	648,580	24.0
	111034110	Fisheries Extension Services	3,121,280	12,600	0.4
	111044110	Fisheries resource management	7,278,949	190,400	2.6
	111054110		13,343,252	421,880	3.2
	111064110		4,258,735	-	0.0
	111084110	Fish Farming & Aquaculture	2,949,214	-	0.0
115003000			75,858,148	5,769,750	7.6

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
	115014110	Frame survey	65,924,148	3,326,910	5.0
	115024110	Fish Stock assessment	2,880,000	892,440	31.0
	115034110	Monitoring, Control and Surveillance	4,992,000	647,700	13.0
	115044110	Resource monitoring facilities	2,062,000	902,700	43.8
117003000			98,663,187	3,546,400	3.6
	117014110	Establish livestock Multiplication and breeding Centre.	3,240,000	240,420	7.4
	117034110	Provision of Livestock Extension services	6,624,000	814,850	12.3
	117054110	Livestock multiplication and breeding centre	5,940,000	700,000	11.8
	117064110	Livestock Risk Mgt	1,440,000	719,930	50.0
	117074110	Livestock Value Chain	55,339,187	1,071,200	1.9
	117084110	Skills Devt	26,080,000	-	0.0
125003000			599,201,103	115,938,791	19.3
	125014110	ral Administration	99,779,055	25,115,494	25.2
	125024110	General Administration and Support Services- Pastoral Economy and	128,177,406	20,998,151	16.4
	125034110	General Administration, Planning and Support Services – Lands General Administration, Planning and Support Services - Lands	371,244,642	69,825,146	18.8
126003000			50,875,177	7,937,250	15.6
	126044110	Agri-nutrition/Urban & peri-urban agriculture	324,000	61,250	18.9
	126064110	Smart agriculture practices (Innovations/ technologies to mitigate	5,000,000	-	0.0
	126084110	Agricultural Sector Development Support Programme (ASDSP)	23,981,177	7,500,000	31.3
	126104110	Agricultural Mechanization	9,250,000	-	0.0
	126114110	Agric market Access	720,000	61,000	8.5
	126124110	Agric Extension & Devt	1,440,000	131,120	9.1
	126134110	Subsidy & Support	6,440,000	-	0.0
	126144110	Pest Control & Mgt	3,720,000	183,880	4.9
127003000			17,640,280	21,240	0.1
	127014110	Mechanization	-	-	0.0
	127054110	Land Policies	17,640,280	21,240	0.1
129003000			222,213,200	229,294,743	103.2
	129014110	NARIGP	222,213,200	229,294,743	103.2
130003000			210,000,000	-	0.0
	130014110	DRNKP/KfW	210,000,000	-	0.0
131003000			30,000,000	-	0.0
	131014110	Land Development	30,000,000	-	0.0
201003000			499,397,989	84,599,374	16.9
	201024110	Gravel rural roads	5,000,000	-	0.0
	201044110	Road Designs system and software	2,850,547	-	0.0
	201054110	Annual Roads Inventory and Conditional Survey (ARICS)	3,016,738	-	0.0
	201064110	Roads Safety initiatives	3,500,000	830,170	23.7
	201074110	Roads maintenance levy fund(RMLF)	458,530,704	81,769,220	17.8
	201094110	Roads	26,500,000	1,999,984	7.5
203003000			53,398,455	735,000	1.4
	203134110	Machinery	3,500,000	-	0.0
	203144110	Machinery	27,898,455	-	0.0
	203154110	Feasibility & Consultancy	14,000,000	-	0.0
	203164110	Capacity Building	5,600,000	735,000	13.1
	203184110	Professional Capacity Building	2,400,000	-	0.0

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
205003000			155,468,861	42,874,315	27.6
	205014110	General Administration	128,764,604	41,681,065	32.4
	205024110	General Administration- Public works	26,704,257	1,193,250	4.5
206003000			4,100,000	1,728,800	42.2
	206014110	Mechanical Services	4,100,000	1,728,800	42.2
207003000			4,900,000	1,697,820	34.6
	207014110	Structural Services	4,900,000	1,697,820	34.6
208003000			3,100,000	-	0.0
	208014110	Electrical Services	3,100,000	-	0.0
209003000			1,700,000	-	0.0
	209014110	Building Inspectorate	1,700,000	-	0.0
210003000			2,640,000	253,000	9.6
	210014110	Architectural Services	2,640,000	253,000	9.6
302003000			145,639,014	23,502,775	16.1
	302014110	Cooperatives Development Fund	4,679,800	217,805	4.7
	302024110	Value Addition Initiatives	3,256,000	676,750	20.8
	302034110	Business Development and Training Services	1,098,000	-	0.0
	302044110	Liquor control Programme	1,134,000	432,600	38.1
	302054110	Cooperative societies development and revival programmes	3,067,000	928,000	30.3
	302064110	Legal Metrology Services	1,467,000	-	0.0
	302074110	Verification of traders equipment	1,107,000	-	0.0
	302084110	Consumer rights education	567,000	-	0.0
	302104110	Standards and Anti-Counterfeit Services	378,000	-	0.0
	302114110	Market Infrastructure Development	17,000,000	-	0.0
	302124110	Industrial Development and Investments	3,028,500	-	0.0
	302134110	Biashara Fund	30,487,980	20,325,320	66.7
	302144110	Completion of Biashara Centre	70,000,000	-	0.0
	302154110	North Rift Economic & FCDC Blocs	3,118,734	922,300	29.6
	302164110	Standardization and Metrology	3,000,000	-	0.0
	302174110	Mgt of Kakuma Biashara Centre	2,250,000	-	0.0
303003000			48,269,233	23,794,845	49.3
	303014110	Construction & Development of Modern Physical Market	3,850,755	-	0.0
	303024110	Co-operative Marketing, Value Addition, Surveys & Research	3,433,200	990,000	28.8
	303034110	Co-operative Education, Training, Exchange and Ushirika Day Celeb	3,575,710	1,875,600	52.5
	303044110	Strengthening of Key Dormant Co-operative Societies	3,811,500	-	0.0
	303054110	Formulation of Cooperative Policy and Legal Frame Work	2,204,200	-	0.0
	303064110	Cooperative Development Fund	31,393,868	20,929,245	66.7
307003000			109,377,501	4,573,189	4.2
	307014110	General Administration	109,377,501	4,573,189	4.2
308003000			10,665,500	1,756,800	16.5
	308014110	Gender Empowerment and advocacy	4,983,000	1,756,800	35.3
	308024110	Gender Mainstreaming and Coordination	2,093,500	-	0.0
	308034110	Legal Compliance and Redress	1,549,000	-	0.0
	308044110	Promotion of Gender Equality and Empowerment	2,040,000	-	0.0
309003000			48,560,000	22,080,500	45.5
	309014110	Youth Coordination and Representation	8,930,000	-	0.0
	309024110	Youth Employment Scheme	10,210,000	-	0.0

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
	309034110	Youth Rare skills	7,420,000	80,500	1.1
	309044110	Youth and Women Fund	22,000,000	22,000,000	100.0
401003000			748,622,804	220,260,506	29.4
	401014110	General Administration, Planning and support services	464,607,836	220,260,506	47.4
	401074110	Health Facilities	284,014,968	-	0.0
402003000			332,280,000	29,444,825	8.9
	402114110	Health promotion	300,000,000	18,129,085	6.0
	402134110	Emergency preparedness & disaster response	30,480,000	11,315,740	37.1
	402164110	mainstreaming	1,800,000	-	0.0
409003000			-	-	0.0
	409014110	Curative Health Services	-	-	0.0
410003000			95,920,000	1,524,520	1.6
	410024110	Blood Transfusion Services	1,800,000	-	0.0
	410044110	Referrals & Emergency Services	3,600,000	-	0.0
	410094110	Rural Health Facility Support	45,000,000	-	0.0
	410104110	Sub county Health Facilities Support	45,520,000	1,524,520	3.3
411003000			16,200,000	200,000	1.2
	411014110		7,200,000	200,000	2.8
	411024110	LCRH Development	9,000,000	-	0.0
412003000			244,440,000	5,505,360	2.3
	412014110	Medical Supplies	243,000,000	5,505,360	2.3
	412024110	Health management	1,440,000	-	0.0
413003000			31,410,000	-	0.0
	413014110	Health Information & Mgt	1,440,000	-	0.0
	413034110	Universal Health Care	29,970,000	-	0.0
414003000			5,458,000	246,960	4.5
	414014110	Rehabilitation & Treatment	4,000,000	136,200	3.4
	414034110	Liquor Licensing	1,458,000	110,760	7.6
503003000			60,402,535	6,935,100	11.5
	503024110	Construction of PWDs multi-purpose resource center	22,900,000	118,500	0.5
	503074110	Marginalized and Minority groups support	3,160,000	-	0.0
	503084110	Child Rescue Centres	12,000,000	-	0.0
	503094110	Child Care & Protection	22,342,535	6,816,600	30.5
504003000			20,281,224	198,250	1.0
	504014110	Construction of sport Stadia	14,282,668	198,250	1.4
	504044110	Stadia	5,998,556	-	0.0
506003000			691,720,440	285,395,347	41.3
	506014110	ral Administration	362,720,440	145,895,347	40.2
	506024110	Turkana Education and Skill Development Fund	279,000,000	139,500,000	50.0
	506044110	Turkana Higher Education Loans	50,000,000	-	0.0
508003000			43,376,413	2,071,600	4.8
	508014110	Youth Polytechnic Infrastructure	17,903,732	-	0.0
	508024110	Training and Development	9,467,999	2,071,600	21.9
	508034110	Co-Cirricular Activities	3,294,788	-	0.0
	508044110	Youth Polytechnics- Conditional	12,709,894	-	0.0
509003000			3,528,000	-	0.0
	509014110	Publicity	1,620,000	-	0.0
	509024110	Research and Sensitization	1,908,000	-	0.0
510003000			429,362,417	3,769,994	0.9

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
	510014110	School Feeding	116,620,000	2,770,000	2.4
	510024110	Quality Improvement	7,008,595	999,994	14.3
	510034110	Infrastructure Development	297,803,822	-	0.0
	510044110	Support to Pre-Primary Training	7,930,000	-	0.0
701003000			5,091,870,147	1,914,479,764	37.6
	701014110	General Administration Services	329,252,292	65,019,703	19.7
	701094110	General Administration - Economic planning	103,990,268	5,917,522	5.7
	701154110	General Admin Planning & Support	38,826,119	3,007,721	7.7
	701164110	General Administration, Planning and Support Services-Public Ser	4,067,891,791	1,750,133,104	43.0
	701174110	General Administration, Planning and Support Services-Administar	108,543,628	35,178,688	32.4
	701194110	General Administration, Planning and Support Services- Office of	301,356,963	44,307,648	14.7
	701204110	General Administration, Planning and Support Services- Liaison O	10,170,000	5,333,911	52.4
	701214110	General Admin Planning & Support	13,497,000	5,581,467	41.4
	701224110	Covid-19 Emergency Response Fund	118,342,087	-	0.0
702003000			5,890,940	1,130,210	19.2
	702014110	Construction of Governor's residence	1,134,296	540,310	47.6
	702024110	Documentation, communication policy and strategy	1,512,395	411,875	27.2
	702034110	Civic Education and Public Sensitization	2,331,591	178,025	7.6
	702044110	Production of County Newspaper and Newsletter	912,659	-	0.0
703003000			7,200,000	4,765,265	66.2
	703014110	Public-Private Partnership Initiatives (PPPs)	720,000	540,000	75.0
	703024110	Political and Intergovernmental Advisory Services	720,000	45,675	6.3
	703034110	Legal Advisory Services	720,000	540,000	75.0
	703044110	Security and cross border Advisory Services	720,000	591,980	82.2
	703054110	Oil And Gas Advisory Service	720,000	720,000	100.0
	703064110	Gender and Partnership Advisory Services	720,000	720,000	100.0
	703074110	Special Interest groups	720,000	190,650	26.5
	703084110	Climate Change advisory services	720,000	360,000	50.0
	703094110	Education and youth Advisory services	720,000	691,500	96.0
	703104110	Culture, Arts and Heritage advisory services	720,000	365,460	50.8
704003000			74,987,637	19,790,324	26.4
	704014110	Community Cohesion and Resettlement	5,144,400	3,917,240	76.1
	704024110	Operationalization of peace building structures and institutions	12,330,493	6,466,970	52.4
	704034110	Resettlement Infrastructural Programme	44,000,000	-	0.0
	704044110	Cross Border peace dividends programme	13,512,744	9,406,114	69.6
705003000			13,721,197	9,493,346	69.2
	705014110	Acquiring & development of communication systems/equipment	1,467,697	-	0.0
	705024110	Bills	3,000,000	-	0.0
	705034110	Policies	6,185,120	8,735,346	141.2
	705044110	Development and Implementation of ICT Policy and Regulations	1,068,380	-	0.0
	705054110	Acquisition of Information Systems and Equipment	2,000,000	758,000	37.9
706003000			18,372,862	4,163,165	22.7
	706014110	Automated Revenue Collection	2,202,197	832,700	37.8
	706024110	Feasibility Study on Revenue Base	1,096,417	815,250	74.4

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
	706034110	Awareness and Campaigns on Revenue.	1,624,547	-	0.0
	706044110	Motorbikes for Revenue Officers 30 No.	2,807,553	-	0.0
	706054110	Strengthening Revenue Systems	10,087,750	2,190,415	21.7
	706064110	Revenue Forecast and Revenue Budget Preparation	554,400	324,800	58.6
707003000			72,921,385	9,962,429	13.7
	707014110	Internal Audit	3,227,670	2,333,004	72.3
	707024110	Procurement systems	3,058,847	180,000	5.9
	707044110	IFMIS training	3,496,841	1,806,500	51.7
	707054110	Consultancy Services	4,896,808	-	0.0
	707064110	Financial Reporting/Research and Development	8,241,219	5,642,925	68.5
	707074110	Modern Fencing, Gate and Parking Yards for County Treasury Office	50,000,000	-	0.0
708003000			7,839,591	2,381,105	30.4
	708014110	Assurance and Insurance of Govt. Assets	1,530,591	684,090	44.7
	708024110	Liability and Debt Management	1,989,000	225,000	11.3
	708034110	Turkana SACCO Seed Capital	4,320,000	1,472,015	34.1
709003000			91,801,840	7,343,640	8.0
	709014110	Economic Policy formulation and Dissemination	5,782,092	1,444,670	25.0
	709024110	CIDP review and Dissemination	1,822,123	561,000	30.8
	709034110	Budget preparation and Dissemination	22,500,000	-	0.0
	709054110	County Budget and Economic Forums	54,000,000	2,325,600	4.3
	709064110	Public Participation and Access to Information	4,098,296	1,176,450	28.7
	709074110	Waste Management	1,784,750	853,840	47.8
	709104110	Sector Plans Devt	1,814,580	982,080	54.1
710003000			2,319,170	-	0.0
	710014110	Donor scan/Mapping	887,744	-	0.0
	710024110	Establishment of development committees	570,511	-	0.0
	710034110	Training of the development committees	427,055	-	0.0
	710044110	Formulation and Development of TCPSB Boardroom ICT Infrastructure	433,861	-	0.0
711003000			4,251,791	877,000	20.6
	711014110	Soft wares(E-ProMIS, GIS e.t.c)	1,061,534	468,000	44.1
	711024110	Field visits, data collection and Reporting	1,201,300	255,000	21.2
	711034110	Training and Knowledge management	1,221,032	154,000	12.6
	711044110	Devolved Monitoring and Evaluation Committees	767,926	-	0.0
712003000			18,168,263	9,242,785	50.9
	712014110	Construction of Citizen Resource Centre	2,800,000	937,350	33.5
	712024110	Web site Development	5,327,722	3,782,040	71.0
	712034110	Social Budgeting and Generation of SIR Reports	1,512,000	245,000	16.2
	712044110	Intergovernmental Relation	7,435,183	3,189,045	42.9
	712054110	Strategy Development, Review, Support and Operationalization	1,093,359	1,089,350	99.6
713003000			18,577,374	3,826,300	20.6
	713014110	Soft wares, databases and tools	12,260,897	1,832,370	14.9
	713024110	Capacity Development	3,355,477	1,079,050	32.2
	713044110	Project Mgt Information System	2,961,000	914,880	30.9
714003000			5,831,326	3,594,230	61.6
	714014110	Service Charter	1,116,000	205,120	18.4
	714024110	Development of County Filing Systems	3,326,979	2,292,205	68.9
	714034110	Procedure Manual and Training	1,388,347	1,096,905	79.0

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
715003000			18,448,623	1,266,428	6.9
	715014110	County Internship Programme	18,448,623	1,266,428	6.9
717003000			88,659,324	10,093,283	11.4
	717014110	Operationalization of Decentralized Units	10,890,000	2,520,477	23.1
	717024110	Decentralized County Policy	33,912,000	5,914,006	17.4
	717034110	Coordinated development	13,320,000	898,800	6.7
	717044110	Policy sensitization and dissemination	8,190,000	760,000	9.3
	717084110	Completion of Kibish Sub County Office	22,347,324	-	0.0
718003000			2,886,164	80,000	2.8
	718014110	Mainstream Public Sector Integrity programme & Accountability	679,413	-	0.0
	718024110	Public Evaluation on County Public Service Board Performance	781,820	-	0.0
	718034110	Human Resource Conference & Symposium	712,355	80,000	11.2
	718044110	Exit Meetings Per Department	712,577	-	0.0
719003000			1,479,789	244,530	16.5
	719034110	Assessment and stake holder capacity mapping	710,030	244,530	34.4
	719044110	Regular Assessments of Food, Flood and Conflict Security	769,759	-	0.0
720003000			6,457,034	-	0.0
	720014110	Scheme of service	698,613	-	0.0
	720024110	Performance Appraisal	1,536,234	-	0.0
	720034110	Enhancing Leadership In County Public Service	642,704	-	0.0
	720044110	Review and Development of HR Policies	781,586	-	0.0
	720054110	Human Resource Development/Career Progression	675,603	-	0.0
	720064110	Performance Management Monitoring	435,048	-	0.0
	720074110	Development of Database Filing System	573,211	-	0.0
	720084110	County Public Service Pre-Retirement Sensitization	579,388	-	0.0
	720094110	Evaluation of Different Cadres of Employees (Promotion, Re-Designation)	534,650	-	0.0
723003000			1,639,198	-	0.0
	723014110	Quality Management Systems Development & Establishment	455,500	-	0.0
	723024110	QMS Audit /Routine Inspection	531,141	-	0.0
	723034110	Documentation/Record Management For QMS	652,558	-	0.0
724003000			45,853,826	22,732,490	49.6
	724014110	Budget Formulation, Co-ordination and Management	31,300,000	12,803,240	40.9
	724024110	Public Participation in Budgeting	8,550,000	5,162,675	60.4
	724034110	County Budget and Economic Forum	6,003,826	4,766,575	79.4
725003000			3,094,027	-	0.0
	725014110	Resource Mobilization	3,094,027	-	0.0
727003000			3,429,641	2,022,100	59.0
	727014110	Governors Press support	3,429,641	2,022,100	59.0
728003000			12,150,000	1,772,000	14.6
	728014110	Civic education Programme	1,440,000	-	0.0
	728024110	Public Participation and access to information	2,970,000	-	0.0
	728034110	County Dialogue Forum	1,440,000	533,000	37.0
	728044110	National & County Holidays	5,130,000	1,239,000	24.2
	728054110	Policies Design	1,170,000	-	0.0
729003000			279,489,180	27,256,572	9.8

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
	729014110	Disaster Preparedness Programmes	2,160,000	-	0.0
	729024110	Disaster Mitigation Programmes	2,160,000	180,000	8.3
	729034110	Stakeholders coordination and Support Programme	2,160,000	-	0.0
	729044110	Humanitarian Relief Food Programme	272,289,180	27,076,572	9.9
	729064110	Disaster Risk Mgt	720,000	-	0.0
730003000			10,620,000	1,462,000	13.8
	730054110	Dispute Resolution	720,000	-	0.0
	730074110	Capacity Building	3,600,000	1,462,000	40.6
	730084110	Inspectorate Services	2,880,000	-	0.0
	730094110	Inspectorate Services Equip	3,420,000	-	0.0
731003000			20,862,000	1,449,400	6.9
	731014110	Payroll and record management	1,440,000	-	0.0
	731024110	Human Resource Development	4,410,000	90,000	2.0
	731034110	GHRIS Leave & Performance Module Implementation	2,160,000	-	0.0
	731044110	Digitization and Automation of Human Resource Registry	3,960,000	1,295,000	32.7
	731054110	Mainstreaming Public Sector Integrity Programme	3,600,000	64,400	1.8
	731074110	Public Service Week	1,692,000	-	0.0
	731094110	Records Mgt	1,440,000	-	0.0
	731104110	HRM	2,160,000	-	0.0
735003000			5,262,371	3,436,900	65.3
	735014110	Govt Programming	2,360,279	1,763,800	74.7
	735024110	Community Engagement	900,000	281,300	31.3
	735034110	Govt Stakeholder Engagement	972,000	605,500	62.3
	735044110	Govt Transformation	1,030,092	786,300	76.3
901003000			80,319,842	32,132,685	40.0
	901014110	General Administration, Planning and Support Services	80,319,842	32,132,685	40.0
902003000			13,083,772	984,065	7.5
	902014110	Tourism expos,incentives,conferences and exhibition program	4,724,203	274,050	5.8
	902024110	Community Based Tourism products	1,953,284	273,840	14.0
	902054110	Media Campaign and Promotion of Tourism Products and Programmes	6,406,285	436,175	6.8
903003000			58,509,221	73,800	0.1
	903014110	Completion and Furnishing of Eco-Lodges	52,035,000	-	0.0
	903024110	Phase II of Renovation of Tourism Infrastructure	4,184,000	-	0.0
	903034110	Tourism Products	2,290,221	73,800	3.2
904003000			133,321,943	968,504	0.7
	904014110	Ushanga Initiative	20,100,000	-	0.0
	904024110	Culture Promotion and Preservation	83,186,000	112,200	0.1
	904034110	Arts and Creativity Development	1,872,000	-	0.0
	904044110	Heritage Promotion	3,863,943	351,304	9.1
	904054110	Annual tourism and cultural festival	24,300,000	505,000	2.1
905003000			10,400,000	-	0.0
	905014110	Equipment and Infrastructure Development at Ekalees Centre	10,400,000	-	0.0
906003000			27,442,352	1,530,450	5.6
	906014110	Forestry Management and Conservation	3,773,952	1,299,450	34.4
	906024110	Community Wildlife Conservation	3,956,400	-	0.0
	906054110	Forestry Development Infrastructure	15,032,000	231,000	1.5
	906084110	Forestry Protection	2,250,000	-	0.0

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
	906094110	Prosopis Mgt	2,430,000	-	0.0
1001003000			314,572,183	9,671,524	3.1
	1001014110	General Administration, Planning and support services	45,000,000	-	0.0
	1001024110	Construction and Desilting of Water Pans/Rock Catchment	41,555,050	-	0.0
	1001034110	Rehabilitation of Water Infrastructure	103,824,212	2,446,300	2.4
	1001044110	Drilling and Equipping of Boreholes	108,919,736	5,147,924	4.7
	1001084110	Equipment of Quality Analysis Laboratory	13,000,000	-	0.0
	1001094110	Project Coordination and Management	2,273,185	2,077,300	91.4
1002003000			1,800,000	538,200	29.9
	1002014110	Technical planning and design	1,800,000	538,200	29.9
1003003000			7,720,000	851,100	11.0
	1003014110	Feasibility studies for irrigation systems development	5,220,000	851,100	16.3
	1003024110	Construction of 2 new irrigation schemes	2,500,000	-	0.0
1004003000			14,354,000	1,870,480	13.0
	1004014110	Farmers training	2,925,000	1,870,480	63.9
	1004024110	Establishment of farm demonstrations and trials	1,584,000	-	0.0
	1004034110	Organising field days show and exhibitions	8,000,000	-	0.0
	1004124110	Climate Change & Adaptation	1,845,000	-	0.0
1005003000			10,150,004	200,000	2.0
	1005014110	Construction of trapezoidal bunds, contours & micro catchment	1,359,000	-	0.0
	1005024110	Construction of rock catchments and sand dams	864,000	-	0.0
	1005034110	Sinking of shallow wells	3,528,004	200,000	5.7
	1005064110	Artisanal Mining Equipment	2,500,000	-	0.0
	1005074110	Extractive Bills & Policies	1,899,000	-	0.0
1012003000			373,248,730	150,195,450	40.2
	1012014110	General Administration and Support	373,248,730	150,195,450	40.2
1013003000			5,760,000	1,706,520	29.6
	1013014110	Oil & gas	3,870,000	358,820	9.3
	1013024110	Extractive Regulations & Strategies	1,890,000	1,347,700	71.3
701004110		General Administration, Planning and Support Services	220,965,012	3,000,000	1.4
	701044110	Infrust. Devt & Support Services	208,807,608	-	0.0
	701064110	Office of the Speaker	7,807,404	3,000,000	38.4
	701074110	County Assembly service Board	4,350,000	-	0.0
721004110		CONSTRUCTION OF NEW ASSEMBLY BUILDING	3,950,000	-	0.0
	721014110	Construction of New Assembly Building	3,950,000	-	0.0
722004110		SPEAKER'S RESIDENCE	17,750,000	14,306,012	80.6
	722014110	Construction of Speaker's Residence	17,500,000	14,306,012	81.7
	722024110	Purchase of land for construction of speaker's residence	250,000	-	0.0
726004110		General administration Assembly	544,501,605	352,757,440	64.8
	726014110	Finance and Shared Services	541,101,605	352,757,440	65.2
	726024110	Hansard Research and information services	3,400,000	-	0.0
Grand Total			13,604,080,067	3,770,074,920	27.7

Source: Turkana County Treasury

Programme with the highest levels of implementation based on absorption rates were National Agricultural and Rural Inclusive Growth Project (NARIGP) at 103.2 per cent, Youth and Women Fund at 100 per cent, and Oil and Gas Advisory Service and Gender and Partnership Advisory Services at 100 per cent of budget allocation.

3.43.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were initially submitted on 31st January, 2021. However these were incomplete as they excluded disaggregated information on COVID-19 expenditure. The OCoB issued instructed Counties to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.497.46 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.5.9 billion. The development expenditure represented 8.4 per cent of the annual development budget. This is despite the County having unspent balances of Kshs.2.99 billion from the FY 2019/20.
3. Underperformance of own revenue at Kshs.52.67 million against an annual projection of Kshs.150 million, representing 35.1 per cent of the annual target.
4. Failure to budget for the unspent balance from FY 2019/20 of Kshs.2.99 billion.
5. Discrepancy between the report on budget execution by programmes and sub-programmes which indicates approved budget of Kshs.13.60 billion compared to Kshs.15.03 billion captured in the County financial reports and approved budget documents.
6. Poor budgeting practice by the County Treasury as shown in Table 3.252 where the County incurred expenditure in excess of approved exchequer issues for some votes.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should prioritize preparation of the supplementary budget in order to include unspent balance of Kshs.2.99 billion in the FY 2020/21 budget.*
5. *The County Treasury should reconcile the budget documents with IFMIS generated reports to ensure budget implementation reports are credible.*
6. *The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues.*

3.44 County Government of Uasin Gishu

3.44.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.11.73 billion, comprising of Kshs.6.28 billion (53.5 per cent) and Kshs.5.45 billion (46.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.05 billion (51.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.42 billion (12.1 per cent) as total conditional grants, generate Kshs.991.00 million (8.5 per cent) from own sources of revenue, and a cash balance of Kshs.3.27 billion (27.9 per cent) from FY 2019/20.

3.44.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.59 billion as the equitable share of the revenue raised nationally, Kshs.290.64 million as conditional grants, raised Kshs.285.22 million as own-source revenue, and had a cash balance of Kshs.3.27 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5.43 billion as shown in Table 3.254.

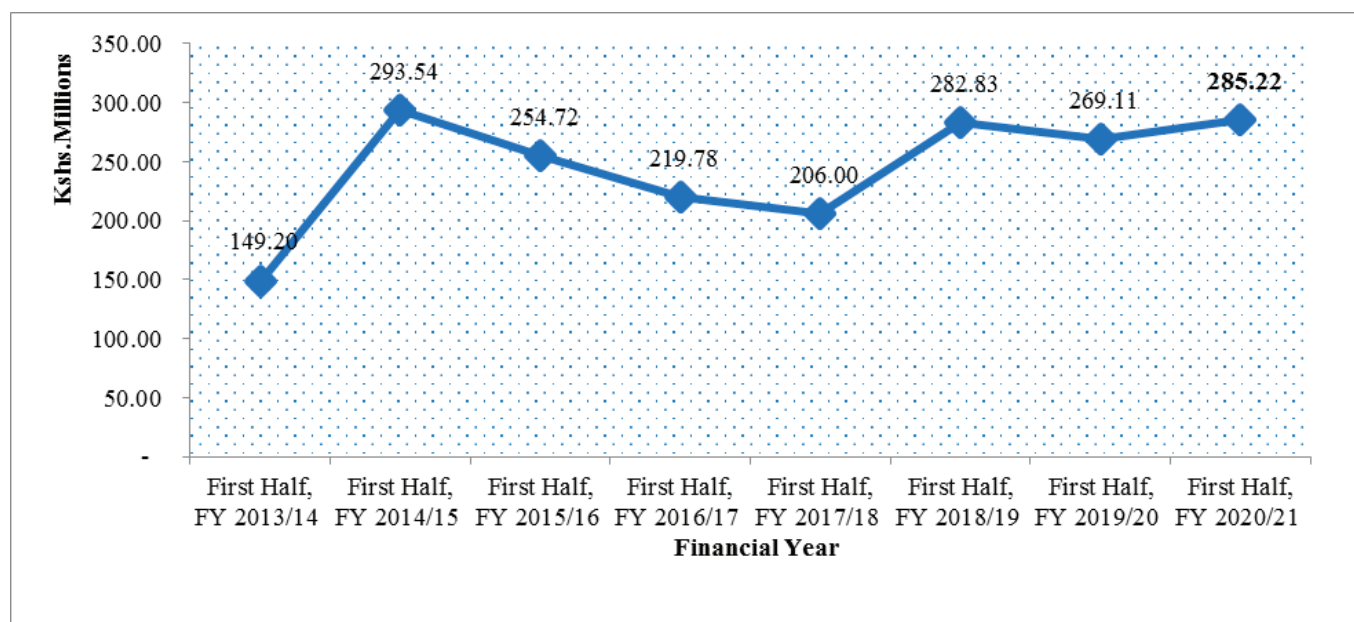
Table 3.254: Uasin Gishu County, Revenue Performance in the First Half of FY 2020/21

S/No.	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,330,000,000	6,045,150,000	1,588,830,000	26.3
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	20,813,065	20,813,065	-	-
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	180,175,373	180,175,373	-	-
4.	Rehabilitation of Village Polytechnics	40,129,894	40,129,894	-	-
Sub Total		373,139,609	241,118,332	-	-
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	114,973,599	114,973,599	-	-
6.	IDA (WB) Credit: Kenya Climate Smart Agriculture project (KCSAP)	239,984,700	239,984,700	64,802,833	27.0
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	630,147,800	179,441,646	28.5
9.	DANIDA Grant	18,000,000	18,000,000	-	-
10.	EU Grant: Instruments for Devolution Advise and Support (IDEAS)	11,000,000	11,000,000		
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,720,859	12,720,859	-	-
12.	EU –Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	62,574,758	62,574,758	-	-
13.	COVID 19 Grant	-	46,395,000	46,395,000	100.0
Sub Total		504,253,916	1,180,796,716	290,639,479	24.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	991,000,000	285,223,670	28.8
2.	Balance b/f from FY 2019/20	-	3,269,022,050	3,269,022,050	100.0
Sub Total		-	4,260,022,050	3,554,245,720	83.4
Grand Total		7,207,393,525	11,727,087,098	5,433,715,199	46.3

Source: Uasin Gishu County Treasury

Figure 3.87 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.87: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Uasin Gishu County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.285.22 million as own-source revenue. This amount represented an increase of 6 per cent compared to Kshs.269.11 million realised during a similar period in FY 2019/20 and was 28.8 per cent of the annual target.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.11 billion from the CRF account during the reporting period. The amount comprised of Kshs.622.98 million (19.9 per cent) for development programmes and Kshs.2.49 billion (80.1per cent) for recurrent programmes.

3.44.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.92 billion on development and recurrent programmes. The expenditure represented 93.9 per cent of the total funds released by the COB and comprised of Kshs.592.35 million and Kshs.2.33 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 9.4 per cent while recurrent expenditure represented 42.8 per cent of the annual expenditure budget.

3.44.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.87 billion was spent on Compensation to Employees, Kshs.461.00 million on Operations and Maintenance, and Kshs.592.35 million on development activities as shown in Table 3.255.

Table 3.255: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues(Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,452,717,885	2,488,234,765	2,331,211,480	42.8
Compensation to Employees	3,771,850,852	1,871,230,863	1,870,230,899	49.6
Operations and Maintenance	1,680,867,033	617,003,902	460,980,581	27.4
Total Development Expenditure	6,274,369,213	622,982,891	592,345,789	9.4
Development Expenditure	6,274,369,213	622,982,891	592,345,789	9.4
Total	11,727,087,098	3,111,217,656	2,923,557,269	24.9

Source: Uasin Gishu County Treasury

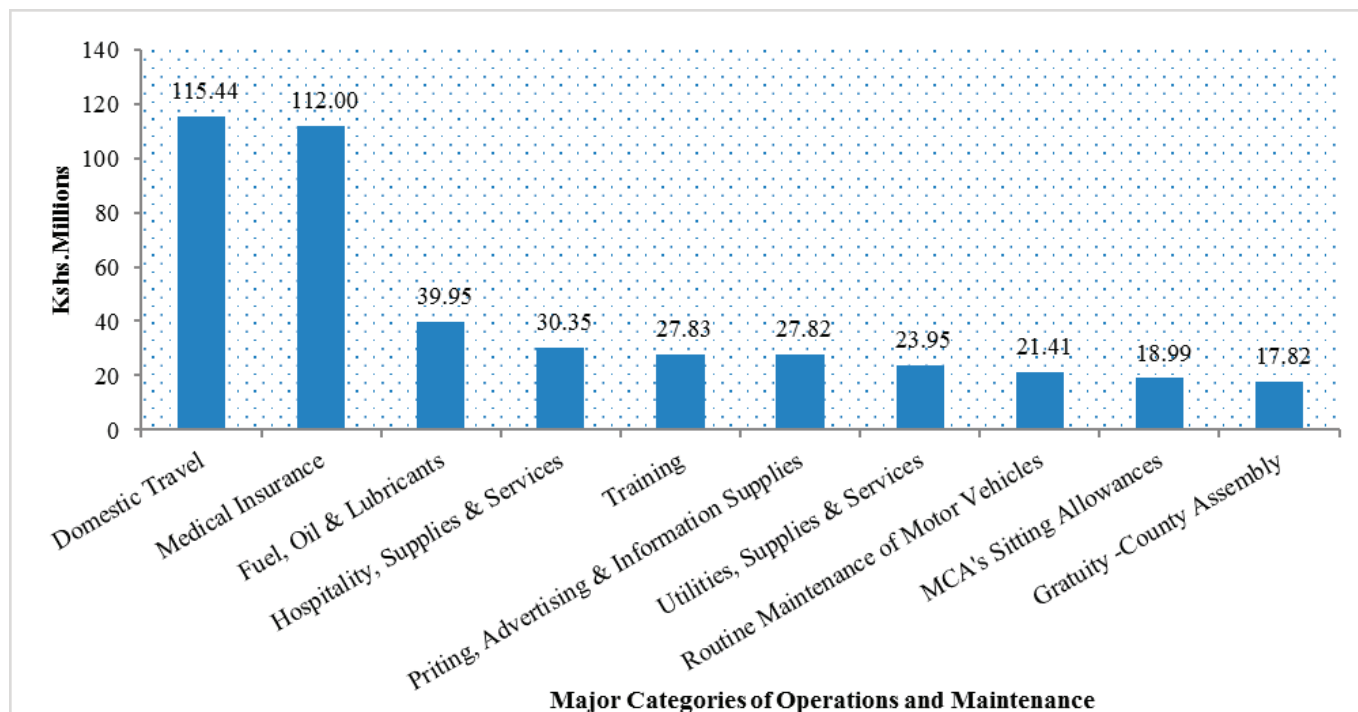
3.44.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 64 per cent of the total expenditure for the reporting period and 31.9 per cent of half year proportional revenue estimate of Kshs.5.86 billion.

3.44.7 Expenditure on Operations and Maintenance

Figure 3.88 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.88: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: Uasin Gishu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.18.99 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.36.69 million. The average monthly sitting allowance was Kshs.65,928 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.115.44 million and comprised of Kshs.67.82 million spent by the County Assembly and Kshs.47.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.35 million and comprised of Kshs.0.56 million by the County Assembly and Kshs.2.79 million by the County Executive.

3.44.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.46.40 million to cater for COVID-19 related expenditure. However, the County did not budget for Kshs.373.90 million unspent COVID-19 balances from FY2019/20. A total of Kshs.46.40 million was spent during the reporting period on allowances to the Frontline Health Care Workers.

3.44.9 Development Expenditure

The County incurred an expenditure of Kshs.592.35 million on development programmes, which represented an increase of 79.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.329.67 million. Table 3.256 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.256: Uasin Gishu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Construction of Phase II Kesses Level 4 Hospital	Tulwet/Chuiyat Ward	174,620,553	44,956,518	25.7
2.	Construction of Ziwa Level 5 Hospital	Ziwa Ward	337,527,708	39,090,451	11.6
3.	Construction of Storm Water Drainage, Town Greening, and Construction of high masts at Kipkaren	Eldoret Municipality	49,825,651	21,057,298	42.3
4.	Stage Construction of Maili Nne -Kapsaos Road Phase II	Maili Nne	17,910,006	17,450,095	97.4
5.	Construction of Cheukta -Ngeny Bridge	Barsombe Ward	17,189,300	15,589,391	90.7
6.	Youth in Agri-Business	County Wide	44,100,000	14,857,760	33.7
7.	Construction of Ainabkoi and Moiben Sub County Offices	Wournifor and Moiben Centres	55,358,355	14,598,861	26.4
8.	Construction of Chagaiya High Altitude Training Camp	Tarakwa Ward	82,698,220	13,178,454	15.9
9.	Purchase, Supply and Delivery of Refuse Compactor	County Wide	10,590,000	10,590,000	100.0
10.	Construction of 70-Bed West Maternity Hospital	Kiplombe Ward	29,672,200	9,322,270	31.4

Source: Uasin Gishu County Treasury

3.44.10 Budget Performance by Department

Table 3.257 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.257: Uasin Gishu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	83.05	-	39.97	-	37.75	-	94.4	-	45.5	-
Finance	404.61	-	161.99	-	124.09	-	76.6	-	30.7	-
Public Service Management	546.30	11.83	430.65	-	311.18	7.39	72.3	-	57.0	62.5
ICT & E-Government	41.85	38.31	22.60	-	14.71	13.12	65.1	-	35.1	34.2
Roads, Transport, Energy & Public Works	408.09	935.22	187.72	121.37	194.48	100.22	103.6	82.6	47.7	10.7
Lands and Housing	76.37	690.22	36.32	4.88	28.33	10.93	78.0	224.0	37.1	1.6
Water, Environment, Natural Resources, Tourism and Wildlife	118.20	599.69	68.08	51.52	51.55	58.22	75.7	113.0	43.6	9.7
Health Services	2,236.59	900.47	822.27	94.00	952.76	96.31	115.9	102.5	42.6	10.7
Agriculture	234.16	528.94	118.44	88.47	110.48	155.21	93.3	175.4	47.2	29.3
Trade, Investment and Industrialization	13.01	218.99	1.88	23.75	1.18	39.57	62.8	166.6	9.1	18.1
Education, Culture and Social Services	406.50	147.63	215.96	2.24	146.81	2.24	68.0	100.0	36.1	1.5
County Public Service Board	45.61	-	19.94	-	18.94	-	95.0	-	41.5	-
County Assembly	686.02	120.00	318.81	-	294.43	-	92.4	-	42.9	-
Economic Planning	68.61	-	26.04	-	24.95	-	95.8	-	36.4	-
Devolution and Public Administration	38.05	98.36	9.38	20.94	7.41	47.67	79.0	227.7	19.5	48.5
Youth Affairs, Gender and Sports Development	16.01	197.17	5.73	16.93	2.70	32.07	47.1	189.4	16.9	16.3
Cooperatives and Enterprise Development	4.15	32.39	0.73	-	1.20	0.74	164.4	-	28.9	2.3
Livestock Development and Fisheries	4.37	155.72	0.62	19.44	1.17	19.92	188.7	102.5	26.8	12.8
Physical Planning and Urban Development	4.65	50.58	0.59	-	0.99	4.30	167.8	-	21.3	8.5
Eldoret Municipality	16.52	1,548.85	0.53	179.44	6.10	4.43	1,150.9	2.5	36.9	0.3
Total	5,452.72	6,274.37	2,488.25	622.98	2,331.21	592.34	93.7	95.1	42.8	9.4

Source: Uasin Gishu County Treasury

Analysis of expenditure by department shows that the Department of Public Service Management recorded the highest absorption rate of development budget at 62.5 per cent while the County Assembly did not report expenditure on development despite having a budget allocation of Kshs.120 million. The Department of Public Service Management had the highest percentage of recurrent expenditure to recurrent budget at 57 per cent while the Department of Trade, Investment & Industrialization had the lowest at 9.1 per cent.

3.44.11 Budget Execution by Programmes and Sub-Programmes

Table 3.258 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.258: Uasin Gishu County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Programme	Sub programme	Approved Budget	Actual Payments	Variance	Absorption (%)
	Default Value (Non- Departmental)	-	92,638,313	(92,638,313)	-
		-	92,638,313	(92,638,313)	-
Administration -Governor's Office	Administration and Support Services	73,953,462	33,782,775	40,170,687	45.7
		73,953,462	33,782,775	40,170,687	45.7
Inter- Governmental Committee	Administration and Support Services	1,543,128	693,500	849,628	44.9
		1,543,128	693,500	849,628	44.9
	Administration and Support Services	7,550,000	3,275,341	4,274,659	43.4
		7,550,000	3,275,341	4,274,659	43.4
Administration	Public Finance Management	370,484,906	108,147,371	262,337,535	29.2
		370,484,906	108,147,371	262,337,535	29.2
Revenue Section	Public Finance Management	22,840,000	10,716,110	12,123,890	46.9
		22,840,000	10,716,110	12,123,890	46.9
Accounts Section	Public Finance Management	1,884,862	881,190	1,003,672	46.8
		1,884,862	881,190	1,003,672	46.8
Procurement and Supplies Section	Public Finance Management	2,250,000	1,009,300	1,240,700	44.9
		2,250,000	1,009,300	1,240,700	44.9
Internal Audit Section	Public Finance Management	7,150,000	3,337,650	3,812,350	46.7
		7,150,000	3,337,650	3,812,350	46.7
Administration	County Governance Support Services	11,830,079	7,388,000	4,442,079	62.5
	Administration and Support Services	532,108,561	309,555,285	222,553,276	58.2
		543,938,640	316,943,285	226,995,355	58.3
Communication Section	Administration And Support Services	1,380,000	407,000	973,000	29.5
		1,380,000	407,000	973,000	29.5
Legal Section	Administration and Support Services	11,743,860	980,655	10,763,205	8.4
		11,743,860	980,655	10,763,205	8.4
Registry Section	Administration and Support Services	320,000	55,000	265,000	17.2
		320,000	55,000	265,000	17.2
Human Resource Section	Administration and Support Services	750,000	183,600	566,400	24.5
		750,000	183,600	566,400	24.5
Administration	Administrative Support Services	48,088,768	19,423,945	28,664,823	40.4
	Ict Infrastructure Development	32,068,723	8,400,000	23,668,723	26.2
		80,157,491	27,823,945	52,333,546	34.7
Administration	Roads Infrastructure Development	224,553,901	110,900,000	113,653,901	49.4
		224,553,901	110,900,000	113,653,901	49.4
Roads Department	Roads Infrastructure Development	1,022,672,757	182,080,146	840,592,611	17.8
		1,022,672,757	182,080,146	840,592,611	17.8

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Fire and Emergency Respond Department	Roads Infrastructure Development	50,000	25,000	25,000	50.0
	Disaster Management	3,795,011	1,645,994	2,149,017	43.4
		3,845,011	1,670,994	2,174,017	43.5
Public Works Department	Roads Infrastructure Development	1,050,000	56,000	994,000	5.3
		1,050,000	56,000	994,000	5.3
Transport Department	Disaster Management	5,714,000	-	5,714,000	-
		5,714,000	-	5,714,000	-
	Street Lighting Services	85,487,430	-	85,487,430	-
	85,487,430	-	85,487,430	-	
Administration	Land Policy and Management	134,693,395	27,326,370	107,367,025	20.3
		134,693,395	27,326,370	107,367,025	20.3
Physical Planning Section	Land Policy and Management	16,410,725	156,600	16,254,125	1.0
		16,410,725	156,600	16,254,125	1.0
Survey Section	Land Policy and Management	14,342,039	20,000	14,322,039	0.1
		14,342,039	20,000	14,322,039	0.1
Housing Section	Land Policy and Management	601,140,095	11,755,654	589,384,441	2.0
		601,140,095	11,755,654	589,384,441	2.0
Administration	Water Supply Services	118,201,759	51,547,048	66,654,712	43.6
		118,201,759	51,547,048	66,654,712	43.6
Environment Section	Environmental Management and Protection	160,790,000	10,590,000	150,200,000	6.6
		160,790,000	10,590,000	150,200,000	6.6
Water Section	Water Supply Services	425,307,241	45,976,621	379,330,620	10.8
		425,307,241	45,976,621	379,330,620	10.8
Energy Section	Tourism Development And Marketing	13,591,390	1,657,920	11,933,470	12.2
		13,591,390	1,657,920	11,933,470	12.2
Administration	Health Infrastructure	230,494,706	57,220,262	173,274,444	24.8
	Administration and Support Services	2,394,083,995	991,730,931	1,402,353,064	41.4
	Curative Health Services	124,200,000	-	124,200,000	-
		2,748,778,701	1,048,951,193	1,699,827,508	38.2
Clinical Services	Clinical Services	248,183,873	-	248,183,873	-
	Administration and Support Services	125,653,176	115,630	125,537,546	0.1
	Health Infrastructure	13,700,000	-	13,700,000	-
		387,537,049	115,630	387,421,419	0.0
Prevention and Health Promotion	Administration and Support Services	749,785	-	749,785	-
		749,785	-	749,785	-
Administration	Administration Support Services	229,555,060	109,950,252	119,604,809	47.9
Agriculture	Crop Development And Management	467,476,539	147,849,557	319,626,982	31.6
		467,476,539	147,849,557	319,626,982	31.6
Chebororwa Training Center	Agricultural Training Services - Chebororwa	23,645,443	2,453,344	21,192,099	10.4
		23,645,443	2,453,344	21,192,099	10.4
Agricultural Machinery Service	Agricultural Mechanization Services	42,422,968	5,436,140	36,986,828	12.8
		42,422,968	5,436,140	36,986,828	12.8
Administration	Administration and Support Services	13,006,144	1,182,750	11,823,394	9.1
		13,006,144	1,182,750	11,823,394	9.1
Trade Department	Trade Development And Investment	126,587,187	20,404,191	106,182,996	16.1
	Market Services	92,400,000	19,162,332	73,237,668	20.7
		218,987,187	39,566,523	179,420,664	18.1
Administration	Administration and Support Services	384,976,008	136,643,838	248,332,170	35.5
		384,976,008	136,643,838	248,332,170	35.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Education Department	Administration and Support Services	1,548,772	301,000	1,247,772	19.4
	Basic Education	110,026,679	-	110,026,679	-
		111,575,451	301,000	111,274,451	0.3
Department of Culture	Administration and Support Services	15,300,000	7,644,480	7,655,520	50.0
		15,300,000	7,644,480	7,655,520	50.0
Social Service Department	Social Development Services	1,000,000	-	1,000,000	-
	Youth Training and Development	6,600,839	2,240,836	4,360,003	33.9
	Community Development Services	30,000,000	-	30,000,000	-
	Administration and Support Services	4,670,702	2,220,940	2,449,762	47.6
		42,271,541	4,461,776	37,809,765	10.6
Headquarters -County Public Service Board	Administration and Support Services	45,614,234	18,937,931	26,676,303	41.5
		45,614,234	18,937,931	26,676,303	41.5
Headquarters -County Assembly	County Planning and Economic Policy Management	806,014,946	294,430,140	511,584,806	36.5
		806,014,946	294,430,140	511,584,806	36.5
Headquarters -Budget and Economic Planning Services	County Planning and Economic Policy Management	58,605,271	23,217,350	35,387,921	39.6
		58,605,271	23,217,350	35,387,921	39.6
	County Planning and Economic Policy Management	10,000,000	1,730,000	8,270,000	17.3
		10,000,000	1,730,000	8,270,000	17.3
Administration of Devolution and Public Administration Services	Public Works Services	28,358,355	6,344,990	22,013,365	22.4
	Administration Support Services	70,000,000	41,329,737	28,670,263	59.0
	Administration and Support Services	38,052,103	7,412,840	30,639,263	19.5
		136,410,458	55,087,567	81,322,891	40.4
	Administration and Support Services	7,176,915	2,984,608	4,192,307	41.6
	Administration and Support Services	14,973,807	9,140,500	5,833,307	61.0
		22,150,722	12,125,108	10,025,614	54.7
Administration of youth, Culture and Gender Affairs	Administration and Support Services	8,240,000	2,019,900	6,220,100	24.5
	Youth Training and Development	62,439,724	7,172,960	55,266,764	11.5
		70,679,724	9,192,860	61,486,864	13.0
	Management and Development of Sports And Sports Facilities	73,100,000	-	73,100,000	-
	Administration and Support Services	600,000	195,050	404,950	32.5
	Tourism Development And Marketing	46,655,799	15,759,424	30,896,375	33.8
		120,355,799	15,954,474	104,401,325	13.3
Administration of cooperatives and Enterprise Development	Cooperatives Development and Marketing	18,539,098	1,936,205	16,602,893	10.4
		18,539,098	1,936,205	16,602,893	10.4
	Weights And Measurements	18,000,000	-	18,000,000	-
		18,000,000	-	18,000,000	-
Administration of Livestock Development and Fisheries	Crop Development And Management	4,374,227	1,168,751	3,205,476	26.7
	Livestock Resource Management and Development	68,542,258	-	68,542,258	-
		72,916,485	1,168,751	71,747,734	1.6
	Fisheries Development	11,028,960	1,555,760	9,473,200	14.1
		11,028,960	1,555,760	9,473,200	14.1
	Livestock Resource Management and Development	76,145,950	18,364,039	57,781,911	24.1

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
		76,145,950	18,364,039	57,781,911	24.1
Administration of Housing Development	Housing Development	4,654,065	992,140	3,661,925	21.3
		4,654,065	992,140	3,661,925	21.3
	Housing Development	50,578,104	4,299,998	46,278,106	8.5
		50,578,104	4,299,998	46,278,106	8.5
Administration of Housing Development	Housing Development	339,090,514	10,023,060	329,067,454	3.0
	Rural Electrification	37,573,900	-	37,573,900	-
	Roads Infrastructure Development	1,188,700,900	511,328	1,188,189,572	0.0
		1,565,365,314	10,534,388	1,554,830,926	0.7
	Grand Total	11,727,087,098	3,018,695,581	8,708,391,517	25.7

Source: Uasin Gishu County Treasury

Programmes with the highest levels of implementation based on absorption rates were: County Governance and Support Services in the Department of Public Service and Management at 62.5 per cent, and Administration and Support Services in the Department of Devolution and Public Administration of budget allocation.

3.44.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.592.35 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.6.27 billion. The development expenditure represented 9.4 per cent of the annual development budget.
2. Under-performance of own revenue at Kshs.285.22 million against an annual projection of Kshs. 991 million, representing 28.8 per cent of the annual target.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County should devise and implement strategies to address its own revenue performance to ensure the approved budget is fully financed.

3.45 County Government of Vihiga

3.45.1 Overview of FY 2020/21 Budget

The county's approved budget for FY 2020/21 was Kshs.5.48 billion, comprising of Kshs.3.74 billion (68.3 per cent) and Kshs.1.74 billion (31.7 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the county expected to receive Kshs.4.53 billion (82.6 per cent) being equitable share of revenue raised nationally, Kshs.737.84 billion (13.5 per cent) as total conditional grants, generate Kshs.216.10 million (3.9 per cent) from own sources of revenue.

3.45.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.1.56 billion as the equitable share of the revenue raised nationally, Kshs.227.15 million as conditional grants, raised Kshs.55.09 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.85 billion as shown in Table3.259.

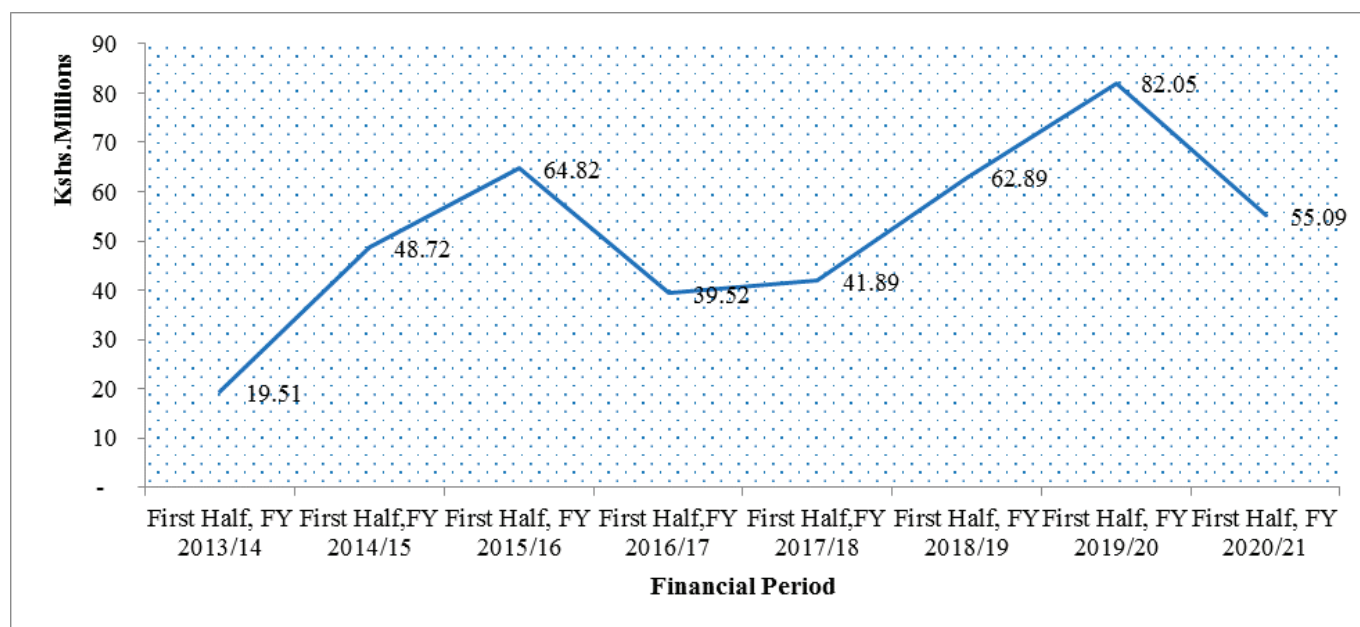
Table 3.259 : Vihiga County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,652,550,000	4,525,950,000	1,563,256,800	34.5
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	12,657,201	12,657,201	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	134,895,698	134,895,698	-	-
4.	Rehabilitation of Village Polytechnics	69,979,894	69,979,894	-	-
5.	Other Conditional Grant	-	388,286,930	-	-
Sub Total		349,554,070	737,841,000	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	93,531,471.00	-	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,457,709.00	-	155,691,947	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	-	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)		-	77,461,032	-
5.	DANIDA Grant	13,230,000	-	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,316,175	-	-	-
Sub Total		362,535,355	-	233,152,979	-
D	Other Sources of Revenue				
1.	Own Source Revenue	-	216,096,587	55,094,734	25.5
Sub Total		-	216,096,587	55,094,734	25.5
Grand Total		5,364,639,425	5,479,887,587	1,851,504,513	33.8

Source: Vihiga County Treasury

Figure 3.89 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.89: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Vihiga County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.55.09 million as own-source revenue. This amount represented a decrease of 33.2 per cent compared to Kshs.82.05 million realised during a similar period in FY 2019/20 and was 25.5 per cent of the annual target. The decrease can be attributed to effects of covid-19 pandemic to the economy, frequent strikes by medical personnel and shortage of staff in the revenue department.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.68 billion from the CRF account during the reporting period. The amount comprised of Kshs.159.72 million (9.5 per cent) for development programmes and Kshs.1.52 billion (90.5 per cent) for recurrent programmes.

3.45.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.40 billion on development and recurrent programmes. The expenditure represented 75.4 per cent of the total funds released by the COB and comprised of Kshs.21.35 million and Kshs.1.37 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 1.2 per cent while recurrent expenditure represented 36.7 per cent of the annual recurrent expenditure budget.

3.45.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.13 billion was spent on Compensation to Employees, Kshs.242.37 million on Operations and Maintenance, and Kshs.21.35 million on development activities as shown in Table 3.260.

Table 3.260: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	3,742,956,634	1,520,713,421	1,374,866,679	36.7
Compensation to Employees	2,126,725,490	1,164,166,732	1,132,501,505	53.3
Operations and Maintenance	1,616,231,144	356,546,689	242,365,174	15.0
Total Development Expenditure	1,736,930,953	159,722,263	21,350,084	1.2
Development Expenditure	1,736,930,953	159,722,263	21,350,084	1.2
Total	5,479,887,587	1,680,435,684	1,396,216,763	25.5

Source: Vihiga County Treasury

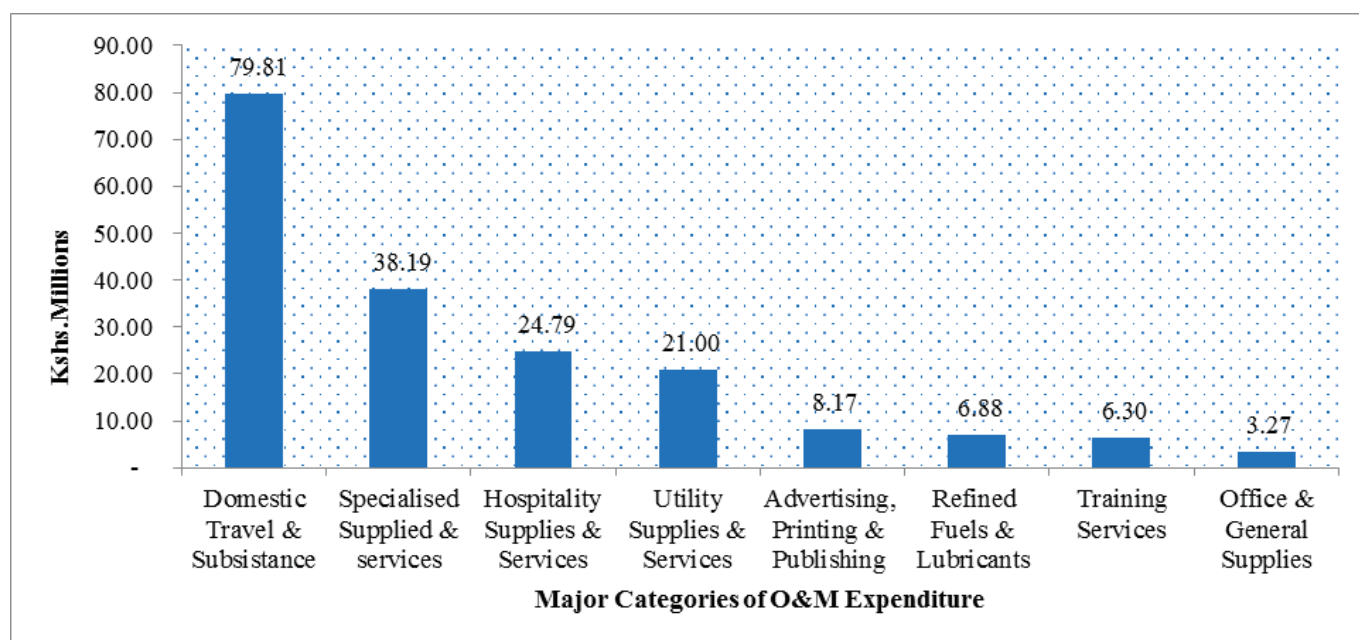
3.45.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 81.1 per cent of the total expenditure for the reporting period and 41.3 per cent of half year proportional revenue estimate of Kshs.2.74 billion.

3.45.7 Expenditure on Operations and Maintenance

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.90 : Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: Vihiga County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.25.59 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs.73.80 million. The average monthly sitting allowance was Kshs.109,359 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.79.81 million and comprised of Kshs.39.75 million spent by the County Assembly and Kshs.40.06 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.14 million and comprised of Kshs.0.06 million by the County Assembly and Kshs.3.08 million by the County Executive.

3.45.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county had a total Kshs.50.28 million to cater for COVID-19 related expenditure which was a balance from FY 2019/20. During the period, Kshs.35.91 million was spent on COVID-19 related expenditure. The County however, did not provide a disaggregated report on the expenditure items on COVID-19.

3.45.9 Development Expenditure

The County incurred an expenditure of Kshs.21.35 million on development programmes, which represented a decrease of 76.9 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.92.33 million. Table 3.261 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.261 : Vihiga County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	NARIGP Grant to Farming Groups	Across Sub-counties	20,000,000	18,578,311	18,578,311	90.0
2	Electrical Installation at Mbale Referral Hospital	Vihiga Sub-county	2,771,773	2,771,773	2,771,773	10.0

Source: Vihiga County Treasury

3.45.10 Budget Performance by Department

Table 3.262 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.262: Vihiga County, Budget Performance by Departments

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	257.97	3.00	98.30	-	67.52	-	68.7	0.0	26.2	-
Finance and Economic Planning	245.02	116.42	90.84	-	62.95	-	69.3	0.0	25.7	-
Agriculture, Livestock, Fisheries and Co-operatives	165.03	123.77	67.07	88.26	44.61	18.58	66.5	21.0	27.0	15
Health Services	1,224.97	349.98	527.48	-	601.80	2.77	114.1	0.0	49.1	0.8
Education, Science, Technical and Vocational Training	339.75	196.96	125.83	-	145.28	-	115.4	0.0	42.8	-
Gender, Culture, Youth, Sports and Social Services	115.31	78.00	40.67	-	10.61	-	26.1	0.0	9.2	-
Trade, Industry, Tourism and Entrepreneurship	77.19	59.81	19.10	-	8.97	-	46.9	0.0	11.6	-
County Public Service Board	39.13	-	15.70	-	13.18	-	83.9	0.0	33.9	-
Environment, Water, Energy and Natural Resources	115.67	132.12	47.23	-	36.69	-	77.7	0.0	31.7	-
Transport, Infrastructure and Communication	182.48	285.80	67.36	-	14.44	-	21.4	0.0	7.9	-
Physical Planning, Lands and Housing	92.65	334.95	29.84	71.46	11.95	-	40.1	0.0	12.9	-
County Assembly	621.96	30.00	279.18	-	169.90	-	60.9	0.0	27.3	-
Administration and Coordination of County Affairs	265.85	26.13	112.11	-	186.97	-	166.8	0.0	70.3	-
TOTAL	3,742.96	1,736.93	1,520.71	159.72	1,374.87	21.35	90.4	13.4	36.7	1.2

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock, Fisheries and Co-operatives recorded the highest absorption rate of development budget at 15 per cent. The Department of Administration and Coordination of County Affairs had the highest percentage of recurrent expenditure to recurrent budget at 90.4 per cent while the Department of Transport, Infrastructure and Communication had the lowest at 7.9 per cent.

3.45.11 Budget Execution by Programmes and Sub-Programmes

Table 3.263 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.263 : Vihiga County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption (%)
Administration, Planning and Support Service	Administrative Service	310,820,304	43,752,046	267,068,258	14.1
		310,820,304	43,752,046	267,068,258	14.1
Rural Planning and Community Development	Ward Development Projects	3,400,000	-	3,400,000	0.0
		3,400,000	-	3,400,000	0.0
		7,660,179	970,200	6,689,979	12.7
Livestock Development and Management	Veterinary Services and Extension	6,560,179	-	6,560,179	0.0
	Livestock Extension	1,100,000	970,200	129,800	88.2
Fisheries Development and Management	Promotion of Fish Farming	4,525,000	509,300	4,015,700	11.3
		4,525,000	509,300	4,015,700	11.3
Crop Development and Management	Crop Extension	9,661,329	557,300	9,104,029	5.8
		2,361,329	319,300	2,042,029	13.5
	Farm Input Subsidy	4,500,000	238,000	4,262,000	5.3
	Cash Crop Production and Development	2,800,000	-	2,800,000	0.0
Cooperatives Development	Cooperative Development Services	(1,025,000)	793,000	(1,818,000)	-77.4
		(1,025,000)	793,000	(1,818,000)	-77.4
Urban and Physical Planning and Housing Services	Urban and Physical Planning	199,037,761	-	199,037,761	0.0
		(2,581,504)	-	(2,581,504)	0.0
	Housing Development	10,000,000	-	10,000,000	0.0
	Vihiga Municipality {KUSP}	191,619,265	-	191,619,265	0.0
Administration, Planning and Support Service	Administrative Service	270,960,853	9,526,110	261,434,743	3.5
		270,960,853	9,526,110	261,434,743	3.5

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption (%)
Public Finance Management	Purchase of a trailer	1,500,000	-	1,500,000	0.0
		1,500,000	-	1,500,000	0.0
Transport Management	Transport System Management	8,651,200	49,200	8,602,000	0.6
		4,950,000	-	4,950,000	0.0
	Mechanical Services	3,701,200	49,200	3,652,000	1.3
Infrastructure Development	Roads Maintenance	(1,100,000)	-	(1,100,000)	0.0
		(1,100,000)	-	(1,100,000)	0.0
Administration, Planning and Support Service	Administrative Service	37,859,069	9,477,487	28,381,582	25.0
		37,859,069	9,477,487	28,381,582	25.0
Tourism Development	Tourism Promotion and Branding	988,632	-	988,632	0.0
		988,632	-	988,632	0.0
Administration, Planning and Support Service	Administrative Service	769,242,332	411,581,375	357,660,957	53.5
		103,375,277	30,137,440	73,237,837	29.2
	Human Resource Management and Development	525,542,178	376,650,211	148,891,967	71.7
	Healthcare Financing	140,324,878	4,793,724	135,531,154	3.4
Promotive and Preventive Healthcare Services	Public Health Services	7,852,642	743,400	7,109,242	9.5
		3,160,000	350,000	2,810,000	11.1
	Community Health Strategy	3,160,000	100,000	3,060,000	3.2
	Health Promotion	1,087,642	100,000	987,642	9.2
	Reproductive Healthcare	160,000	93,400	66,600	58.4
	Disease Surveillance and Emergency	285,000	100,000	185,000	35.1
Curative And Rehabilitative Health Services	Medical services	230,579,449	135,383,344	95,196,105	58.7
		228,989,449	62,228,772	166,760,677	27.2
	County referral services	70,000	-	70,000	0.0
	Drugs and Other Medical Supplies	1,520,000	73,154,572	(71,634,572)	4812.8
Child and Maternal Health Care	Antenatal and Post Natal healthcare	42,737,120	3,946,606	38,790,514	9.2
		800,000	-	800,000	0.0
	Antenatal and Post Natal Healthcare	13,041,547	2,442,406	10,599,141	18.7
	Maternity Services	21,349,396	-	21,349,396	0.0
	Newborne, Child and Adolescent Health	20,000	-	20,000	0.0
	Nutrition Services	7,526,177	1,504,200	6,021,977	20.0
Administration, Planning and Support Service	Administrative Service	212,226,833	13,453,510	198,773,323	6.3
		212,226,833	13,453,510	198,773,323	6.3
Vocational Education and Training		26,438,000	1,140,400	25,297,600	4.3
	Youth Polytechnic Development	26,438,000	1,140,400	25,297,600	4.3
Early Childhood Development		91,503,403	1,020,850	90,482,553	1.1
	ECD Development	91,503,403	1,020,850	90,482,553	1.1
Administration, Planning and Support Service		916,849,760	667,857,737	248,992,023	72.8
	Administrative Service	899,079,760	665,207,268	233,872,492	74.0
	County Administration	6,395,000	1,839,869	4,555,131	28.8
	County Radio Information Services	11,375,000	810,600	10,564,400	7.1
Public Finance Management		33,085,000	13,182,670	19,902,330	39.8
	Public Finance Management	5,900,000	2,127,200	3,772,800	36.1
	Accounting Services	3,500,000	1,530,200	1,969,800	43.7
	Audit Services	5,825,000	3,392,770	2,432,230	58.2
	Budget Formulation Coordination	9,000,000	2,424,600	6,575,400	26.9
	Resource Mobilization	4,255,000	1,341,900	2,913,100	31.5
	Budget Expenditure Management	4,605,000	2,366,000	2,239,000	51.4
County Planning Services		80,250,000	1,972,870	78,277,130	2.5
	Monitoring and Evaluation	77,450,000	1,220,670	76,229,330	1.6
	Coordination of Policy Formulation and Plans	2,800,000	752,200	2,047,800	26.9
Management and Administration of County Services		18,355,000	5,423,486	12,931,514	29.5
	County Secretary	10,855,000	4,033,586	6,821,414	37.2
	Legal Services	7,500,000	1,389,900	6,110,100	18.5

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption (%)
Administration, Planning and Support Service		14,607,215	45,475,686	(30,868,472)	311.3
	Administrative Service	14,382,215	45,356,686	(30,974,472)	315.4
	Technical Conferences	125,000	119,000	6,000	95.2
	Elderly Fund	100,000	-	100,000	0.0
		32,275,000	1,480,600	30,794,400	4.6
	Promotion of Sports	28,850,000	315,000	28,535,000	1.1
	Promotion of Culture and Heritage	3,425,000	1,165,600	2,259,400	34.0
		4,975,000	552,200	4,422,800	11.1
	Social Protection	75,000	-	75,000	0.0
	Gender, Children, Youth and People with Disability	4,900,000	552,200	4,347,800	11.3
Administration, Planning and Support Service		134,143,324	27,367,386	106,775,938	20.4
	Administrative Service	134,143,324	27,367,386	106,775,938	20.4
		(1,800,000)	-	(1,800,000)	0.0
	Water Supply Management	(1,800,000)	-	(1,800,000)	0.0
		13,650,039	-	13,650,039	0.0
	Environmental Protection and Conservation	13,650,039	-	13,650,039	0.0
		7,000,000	-	7,000,000	0.0
	Farm Forest Management	7,000,000	-	7,000,000	0.0
Grand Total		3,486,909,441	1,396,216,763	2,994,232,141	40.0

Source: Vihiga County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Administration, Planning and Support Service in the Department of Administration and Coordination of County Affairs at 311.3 per cent, Curative and Rehabilitative Health Services in the Department of Health Services at 58.7 per cent, Public Finance Management in the Department of Finance and Economic Planning at 39.8 per cent, and Fisheries Development and Management in the Department of Agriculture, Livestock, Fisheries and Co-operatives at 11.3 per cent of budget allocation.

3.45.12 Key Observations and Recommendations

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

1. A high wage bill, which accounted for 81.1 per cent of the total expenditure in the reporting period FY 2020/21 thus constraining funding to other programmes.
2. Underperformance of own revenue at Kshs.55.09 million against an annual projection of Kshs.216.10 million, representing 25.5 per cent of the annual target.
3. Low absorption of development funds as indicated by the expenditure of Kshs.21.35 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.1.74 billion. The development expenditure represented 1.2 per cent of the annual development budget. This is despite the county receiving exchequer issues of Kshs.159.72 million during the period.
4. Failure by the County to reconcile the approved budget amounts in the Programme Based Reports which shows an overall budget figure of Kshs.3.49 billion as shown in Table 3.257 compared with the Appropriation Act which provided the budget as Kshs.5.48 billion.
5. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The complete financial returns were submitted on 27th January, 2021. The OCoB issued instructed Counties to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.

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

1. The County should identify and address issues causing delays in the implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

3. The County should devise and implement strategies to address own source revenue performance to ensure the approved budget is fully financed.
4. The County Treasury should liaise with Directorate of IFMIS at the National Treasury to ensure that the County's approved budget is accurately uploaded and any variances are addressed accordingly.
5. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.

3.46 County Government of Wajir

3.46.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.10.94 billion, comprising of Kshs.4.3 billion (39.3per cent) and Kshs.6.65 billion (60.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.55 billion (78.1 per cent) as the equitable share of revenue raised nationally, Kshs.1.8 billion (16.5 per cent) as total conditional grants, generate Kshs.150 million (1.4 per cent) from own sources of revenue, and a cash balance of Kshs.445.1 million (4.1 per cent) from FY 2019/20.

3.46.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.3.59 billion as the equitable share of the revenue raised nationally, Kshs.697.36 million as conditional grants, raised Kshs.24.96 million as own-source revenue, and had a cash balance of Kshs.445.1 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.4.75 billion as shown in Table 3.264.

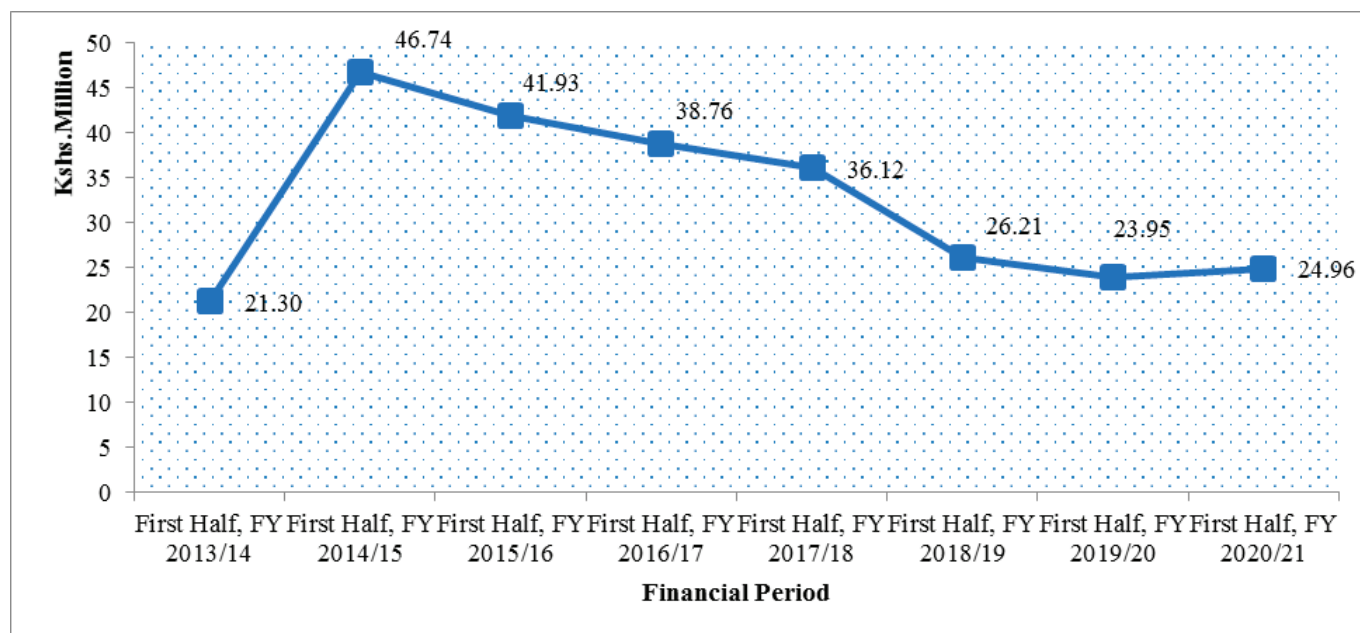
Table 3.264: Wajir County, Revenue Performance in the First Half of FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs.)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,545,500,000	8,545,500,000	3,585,602,755	41.5
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	15,784,997	15,784,997	-	-
2	Road Maintenance Fuel Levy Fund and b/f 2019/20	497,267,860	497,267,860	242,569,685	48.8
3	Rehabilitation of Village Polytechnics	14,074,894	14,074,894	-	-
	Sub Total	527,127,751	527,127,751	242,569,685	46
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	98,763,532	98,763,532	38,268,000	-
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,674,320	320,674,320	89,851,323	28.0
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	-	-
4	DANIDA Grant FY 2019/20 and FY 2020/21	33,750,000	33,750,000	9,450,000	-
5	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	15,626,168	-	-
6	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	350,000,000	350,000,000	162,214,525	46.4
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	84,169,093	84,169,093	-	-
8	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	38,580,823	38,580,823	36,534,840	1.0
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	289,812,407	289,812,407	118,474,653	-
	Sub Total	1,276,376,343	1,276,376,343	454,793,341	35.6
D.	Other Sources of Revenue				
1.	Own Source Revenue	-	150,000,000	24,955,722	16.6
2.	Balance b/f from FY 2019/20	-	445,100,593	445,100,593	100.0
	Sub Total	-	595,100,593	470,056,315	79.0
	Grand Total	10,349,004,094	10,944,104,687	4,753,022,096	43.4

Source: Wajir County Treasury

Figure 3.91 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.91: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: Wajir County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.24.96 million as own-source revenue. This amount represented an increase of 4.2 per cent compared to Kshs.23.95 million realised during a similar period in FY 2019/20 and was 16.6 per cent of the annual target.

3.46.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.91 billion from the CRF account during the reporting period. The amount comprised of Kshs.817.36 million (20.9 per cent) for development programmes and Kshs.3.09 billion (79.1 per cent) for recurrent programmes.

3.46.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.3.89 billion on development and recurrent programmes. The expenditure represented 99.5 per cent of the total funds released by the COB and comprised of Kshs.817.36 million and Kshs.3.07 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 19 per cent while recurrent expenditure represented 46.3 per cent of the annual recurrent expenditure budget.

3.46.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.14 billion was spent on Compensation to Employees, Kshs.949.65 million on Operations and Maintenance, and Kshs.817.36 million on development activities as shown in Table 3.265

Table 3.265: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	6,645,593,500	3,094,209,587	3,074,209,587	46.3
Compensation to Employees	4,263,237,680	2,144,558,870	2,144,558,870	50.3
Operations and Maintenance	2,382,355,820	949,650,717	949,650,717	39.9
Total Development Expenditure	4,298,511,187	817,363,026	817,363,026	19.0
Development Expenditure	4,298,511,187	817,363,026	817,363,026	19.0
Total	10,944,104,687	3,911,572,613	3,891,572,613	35.6

Source: Wajir County Treasury

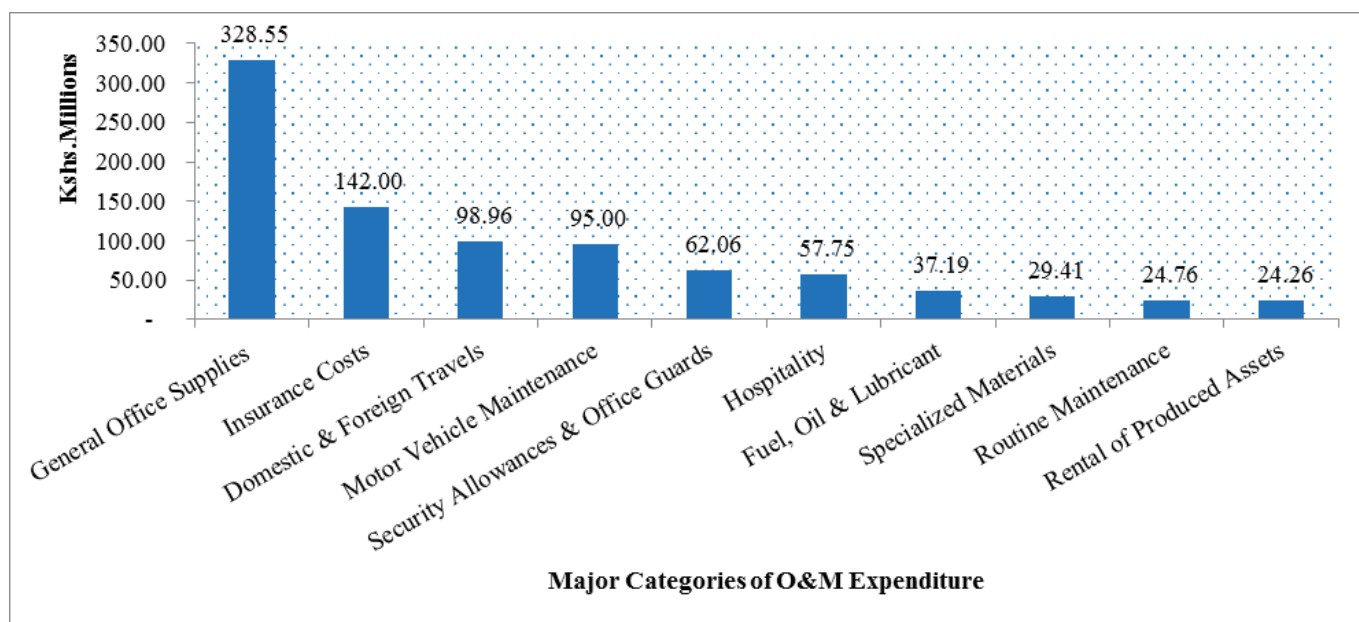
3.46.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 55.1 per cent of the total expenditure for the reporting period and 39.2 per cent of half year proportional revenue estimate of Kshs.5.47 billion.

3.46.7 Expenditure on Operations and Maintenance

Figure 3.92 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.92: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: Wajir County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.7.42 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.37.86 million. The average monthly sitting allowance was Kshs.25,146 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.81.17 million and comprised of Kshs.25.66 million spent by the County Assembly and Kshs.55.51 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.79 million spent by the County Executive.

3.46.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.35.07 million to cater for COVID-19 related expenditure which was entirely spent during the reporting period on special allowance for Front Line Health Workers.

3.46.9 Development Expenditure

The County incurred an expenditure of Kshs.817.36 million on development programmes, which represented an increase of 218.9 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.256.34 million. However, the County did not provide a report on the projects implemented in the period under review.

3.46.10 Budget Performance by Department

Table 3.266 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.266: Wajir County, Budget Performance by Department

Department	Approved Budget Allocation (Kshs. Million)		Exchequer (Kshs. Million) Issues		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%) on Vote on Account	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	410.63	-	222.43	-	222.43	-	100.0	-	54.2	-
County Assembly	830.19	40.00	465.39	-	465.39	-	100.0	-	56.1	-
Finance and Economic Planning	620.32	-	210.43	-	210.43	-	100.0	-	33.9	-
Public Health, Medical Services and Sanitation	2,101.15	827.29	1,029.57	9.45	1,009.57	9.45	98.1	100.0	48.0	1.1
Water Resources Development	333.73	527.34	108.47	20.00	108.47	20.00	100.0	100.0	32.5	3.8
Public Works, Housing, Lands and Physical Planning	95.92	75.10	16.04	-	16.04	-	100.0	-	16.7	-
Roads and Transport Dept.	141.16	907.66	62.86	242.57	62.86	242.57	100.0	100.0	44.5	26.7
Agriculture and Livestock Development	194.74	583.87	97.16	254.65	97.16	254.65	100.0	100.0	49.9	43.6
Education, Youth, Gender and Social Services	516.54	271.40	196.52	-	196.52	-	100.0	-	38.0	-
Information, Communication, E-Government, Trade, Industrialization and Cooperative Dev.	181.71	41.28	55.50	-	55.50	-	100.0	-	30.5	-
Public Service, Special Programs, Decentralized Units and Town Administration	725.77	102.80	426.29	-	426.29	-	100.0	-	58.7	-
Energy, Environment and Natural Resources	62.59	260.80	26.01	-	26.01	-	100.0	-	41.6	-
County Public Service Board	84.97	-	30.02	-	30.02	-	100.0	-	35.3	-
WAJWASCO	137.82	437.00	73.75	162.21	73.75	162.21	100.0	100.0	53.5	37.1
Municipality	208.35	224.64	73.76	128.47	73.76	128.47	100.0	100.0	35.4	57.2
Total	6,645.59	4,299.17	3,094.21	817.36	3,074.21	817.36	99.4	100.0	46.3	19.0

Source: Wajir County Treasury

Analysis of expenditure by department shows that the Department of Municipality recorded the highest absorption rate of development budget at 57 per cent. The Departments of Public Service and Decentralized Unit and County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 58.7 per cent and 56.1 per cent respectively while the Department of Public Works, Housing, Lands and Physical Planning had the lowest at 16.7 per cent.

3.46.11 Budget Execution by Programmes and Sub-Programmes

Table 3.267 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.267: Wajir County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes							
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)		
THE EXECUTIVE OFFICE							
0701003360 P1 County Executive Services	0701003360 P1 County Executive Services	410,625,059	222,429,028	188,196,031	54.2		
	Sub total	410,625,059	222,429,028	188,196,031	54.2		
THE COUNTY ASSEMBLY							
General admin & support services(0701003710)	0715003360 P15 County Legislative Services	870,194,403	465,393,089	404,801,314	53.5		
	Sub total	870,194,403	465,393,089	404,801,314	53.5		
FINANCE AND ECONOMIC PLANNING							!
0701003360 P1Kenya Devolution Support programme	0701003360 P1Kenya Devolution Support programme	125,000,000	-	125,000,000	-		
0707003360 P7 Public Finance Management	0707003360 P7 Public Finance Management	25,428,123	-	25,428,123	-		

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)	
0708003360 P8 Economic Planning Services	0708003360 P8 Economic Planning Services	14,571,877	-	14,571,877	-	
0717003360 P17 General Administration and Support Services	0717003360 P17 General Administration and Support Services	455,320,641	210,428,911	244,891,730	46.2	
	Sub total	620,320,641	210,428,911	409,891,730	33.9	
ROADS TRANSPORT AND PUBLIC WORKS						
0201003360 P1 Road Transport Services	0201003360 P1 Road Transport Services	907,655,024	242,569,685	665,085,339	26.7	
0202003360 P2 Public Works and Transport Services	0202003360 P2 Public Works and Transport Services	42,925,805	20,000,940	22,924,865	46.6	
0208003360 P8 General Administration and Support Services	0208003360 P8 General Administration and Support Services	91,732,455	42,863,000	48,869,455	46.7	
	Sub total	1,042,313,284	305,433,625	736,879,659	29.3	
AGRICULTURE AND LIVESTOCK DEVELOPMENT						
1001003360 P1	1001003360 P1 ,General Administration	164,309,058	77,163,100	87,145,958	47.0	
1001003361 P2	Livestock Resource management	57,588,600	20,000,000	37,588,600	34.7	
1001003360 P3	Veterinary Support Services	54,348,209	-	54,348,209	-	
1001003360 P4	Crop Development and Management	27,658,600	-	27,658,600	-	
1001003360 P5	Fisheries Development and Management	-	-	-	-	
1001003360 P6	Irrigation Management Service	124,000,000	-	124,000,000	-	
1001003360 P7	Kenya Climate Smart Agriculture	320,674,320	254,654,160	66,020,160	79.4	
1001003360 P8	Agriculture Sector Development support prog	17,532,329	-	17,532,329	-	
1001003360 P9	Agriculture Sector Development support prog					
	Sub total	766,111,116	351,817,260	414,293,856	45.9	
PUBLIC HEALTH , MEDICAL SERVICE AND SANITATION						
0401003360 P1 Curative, Rehabilitative and Referral Services	0401003360 P1 Curative, Rehabilitative and Referral Services	468,971,124	74,000,000		15.8	
0402003360 P2 Preventive and promotive services	0402003360 P2 Preventive and promotive services	157,575,000			-	
3360 Covid -19 special allowance	3360 Covid -19 special allowance	35,070,000	35,070,000	-	100.0	
0406003360 P6 RMNCH	0406003360 P6 RMNCH	295,732,057			-	
0407003360 P7 TB & HIV-AIDS	Danida	33,750,000	9,450,000	24,300,000	28.0	
0408003360 P8 Health Research Services	0408003360 P8 Health Research Services	258,110,000			-	
0403003360 P3 General Administration and Support Services	0403003360 P3 General Administration and Support Services	1,683,031,985	900,498,572	782,533,413	53.5	
	Sub total	2,932,240,166	1,009,568,572	1,922,671,594	34.4	
WATER						
1001003360 P1 Water Services	1001003360 P1 Water Services	988,868,965	128,465,110	860,403,855	13.0	
	Sub total	988,868,965	128,465,110	860,403,855	13.0	
ENERGY , ENVIRONMENT & NATURAL RESOURCES						
0206003360 P6 Energy Services	0206003360 P6 Energy Services	16,938,100	-	16,938,100	-	

Budget Execution by Programmes and Sub-Programmes							
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)		
0207003360 P7 Environment & Natural Resource Services	0207003360 P7 Environment & Natural Resource Services	128,753,050	-	128,753,050	-		
1002003360 P2 General Administration and Support Services	1002003360 P2 General Administration and Support Services	146,217,078	26,013,180	120,203,898	17.8		
1004003360 P4 Wildlife and Tourism	1004003360 P4 Wildlife and Tourism	27,722,800		27,722,800	-		
	Sub total	319,631,028	26,013,180	293,617,848	8.1		
PUBLIC SERVICES, SPECIAL PROGRAM AND TOWN ADM							
0210003360 P10 Public Participation Services	0210003360 P10 Public Participation Services	31,700,000	-	31,700,000	-		
0701003360 P1 County Executive Services	0701003360 P1 County Executive Services	1,270,000	-	1,270,000	-		
662,752,2970704003360 P4 Human Resources Management and decentralised services	662,752,2970704003360 P4 Human Resources Management and decentralised services	511,136,180	326,292,949	184,843,231	63.8		
0716003360 P16 Special Programs	0716003360 P16 Special Programs	163,210,000	100,000,000	63,210,000	61.3		
0713003360 P13 Environment, Beautification and Sanitation services	0713003360 P13 Environment, Beautification and Sanitation services	15,484,000	-	15,484,000	-		
0714003360 P14 Engineering, Maintenance and Physical infrastructure services	0714003360 P14 Engineering, Maintenance and Physical infrastructure services	35,500,000	-	35,500,000	-		
0720003360 P20 Service Delivery and Performance Management	0720003360 P20 Service Delivery and Performance Management	5,400,000	-	5,400,000	-		
0721003360 P21 Governance and Ethics	0721003360 P21 Governance and Ethics	1,870,000	-	1,870,000	-		
	Sub total	765,570,180	426,292,949	339,277,231	55.7		
EDUCATION , YOUTH ,GENDER AND SOCIAL SERVICE							
0501003360 P1 Sports promotion and development	0501003360 P1 Sports promotion and development	80,108,700	-	80,108,700	-		
0502003360 P2 Early Childhood Education Development Services	0502003360 P2 Early Childhood Education Development Services	110,186,600	40,000,000	70,186,600	36.3		
0503003360 P3 Gender, Culture and Social services	0503003360 P3 Gender, Culture and Social services	85,251,000	-	-	-		
0504003360 P4 Youth polytechnics	0504003360 P4 Youth polytechnics	31,289,797	-	-	-		
0507003360 P6 School Support and Development Services	0507003360 P6 School Support and Development Services	116,000,000	-	-	-		
0505003360 P5 General Administration and Support Services	0505003360 P5 General Administration and Support Services	319,204,154	156,515,986	162,688,168	49.0		
	Sub total	742,040,251	196,515,986	545,524,265	26.5		
ICT ,TRADE, INDUSTRIALIZATION AND COOPERATIVE DEVELOPMENT							
0209003360 P9 ICT Infrastructure Services	0209003360 P9 ICT Infrastructure Services	48,576,000		48,576,000	-		
0301003360 P1 General administration, Planning and Support Services	0301003360 P1 General administration, Planning and Support Services	107,715,689	45,504,745	62,210,944	42.2		

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)	
0302003360 P2 Trade Services	0302003360 P2 Trade Services	43,249,700	10,000,000	33,249,700	23.1	
0304003360 P4 Co-operatives Services	0304003360 P4 Co-operatives Services	22,846,000	-	22,846,000	-	
	Sub total	222,387,389	55,504,745	166,882,644	25.0	
PUBLIC WORK ,LAND AND HOUSING						
0101003360 P1 General Administration and Support Services	0101003360 P1 General Administration and Support Services	39,656,400	16,042,950	23,613,450	40.5	
0109003360 P9 Government Building Services	0109003360 P9 Government Building Services	6,000,000	-	6,000,000	-	
0111003360 P11 Land Policy and Physical Planning	0111003360 P11 Land Policy and Physical Planning	75,100,000	-	75,100,000	-	
0202003360 P2 Public Works and Transport Services	0202003360 P2 Public Works and Transport Services	50,259,558	-	50,259,558	-	
	Sub total	171,015,958	16,042,950	154,973,008	9.4	
WAJWASCO						
1003003360 P3 WAJWASCO	1003003360 P3 WAJWASCO	574,822,868	235,965,158	338,857,710	41.1	
	Sub total	574,822,868	235,965,158	338,857,710	41.1	
COUNTY PUBLIC SERVICE BOARD						
0718003360 P18 County Public Service Board Services	0718003360 P18 County Public Service Board Services	84,969,616	30,016,762	54,952,854	35.3	
		84,969,616	30,016,762	54,952,854	35.3	
MUNICIPALITY						
0719003360 P19 Urban Development Services	0719003360 P19 Urban Development Services	432,993,763	202,235,289	230,758,474	46.7	
	Sub total	432,993,763	202,235,289	230,758,474	46.7	
GRAND TOTAL		10,944,104,687	3,882,122,614	7,085,595,523	35.5	

Source: Wajir County Treasury

Programmes with the highest levels of implementation based on absorption rates were: COVID 19 special allowance is in the Department of Health at 100 per cent, Climate Smart in the Department of Agriculture at 79.4 per cent of budget allocation.

3.46.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were initially submitted on 1st February, 2021. However which these were incomplete as they excluded information on projects implemented in the period under review. The OCoB issued instructed Counties to provide financial reports by 15th January, 2021 in line with Section 16 of the COB Act, 2016.
2. Low absorption of development funds as indicated by the expenditure of Kshs.817.36 million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.4.3 billion. The development expenditure represented 19 per cent of the annual development budget.
3. A high wage bill, which accounted for 55.1 per cent of the total expenditure in the first half of FY 2020/21 thus constraining funding to other programmes.
4. Underperformance of own source revenue at Kshs.24.96 million against an annual projection of Kshs.150 million, representing 16.6 per cent of the annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012 and the COB Act, 2016.
2. The County should identify and address issues causing delays in the implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
4. The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.

3.47 County Government of West Pokot

3.47.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.7.02 billion, comprising of Kshs. 2.66 billion (37.8 per cent) and Kshs.4.36 billion (62.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.00 billion (71.3 per cent) as the equitable share of revenue raised nationally, Kshs.820.63 million (11.7 per cent) as total conditional grants, generate Kshs.168.35 million (2.4 per cent) from own sources of revenue, and a cash balance of Kshs.914.09 million (13.0 per cent) from FY 2019/20. The County also expects to receive Kshs.114.40 million (1.6 per cent) as "other revenues" not contained in the CARA, 2020. "Other revenues" consist of Kshs.75.29 million for COVID-19 grant from National Government, Kshs.5.5 million COVID-19 grants from DANIDA and Kshs.33.60 million for Frontline Healthcare Workers Allowances.

3.47.2 Revenue Performance

During the first half of FY 2020/21, the County received Kshs.889.92 million as the equitable share of the revenue raised nationally, Kshs.100.12 million as conditional grants, raised Kshs.44.61 million as own-source revenue, had a cash balance of Kshs.914.09 million from FY 2019/20 and "other revenues" for COVID 19 support programme of Kshs114.4 million. The total funds available for budget implementation during the period amounted to Kshs.2.04 billion as shown in Table 3.268

Table 3.268: West Pokot County, Revenue Performance in the First Half of FY 2020/21

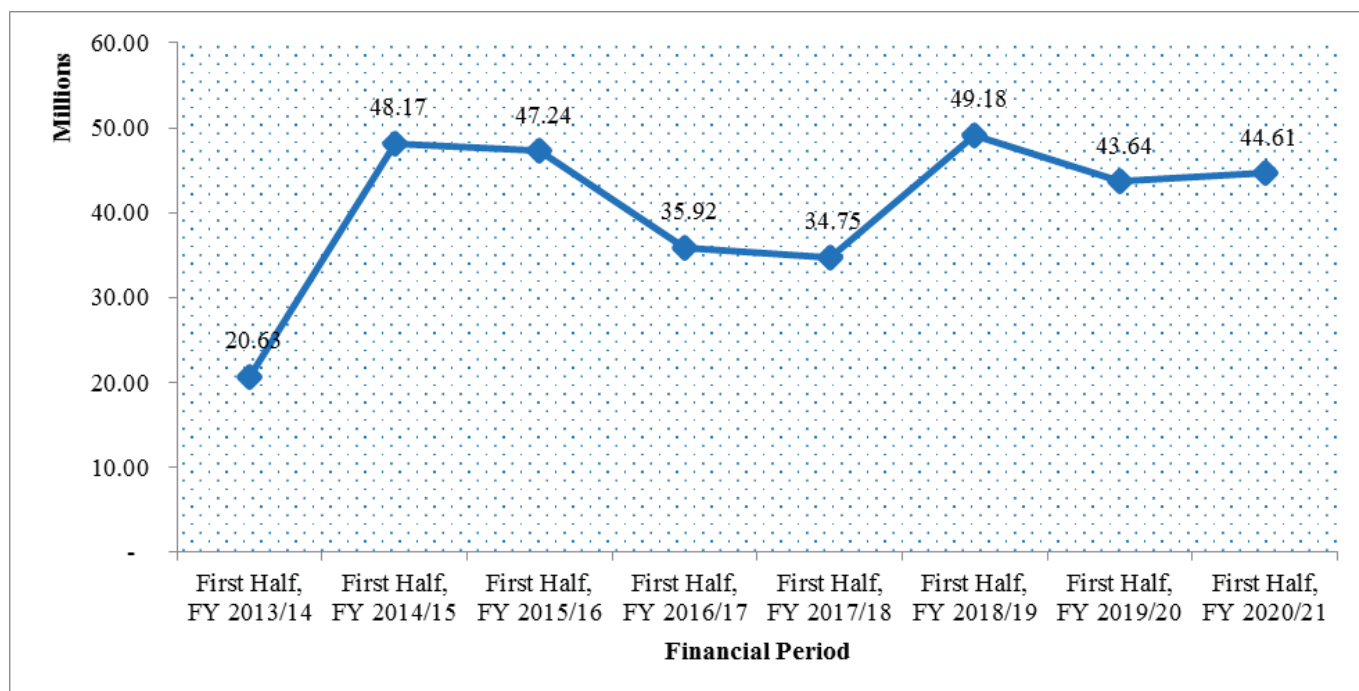
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,000,700,000	5,000,700,000	889,918,332	17.8
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	12,128,484	12,128,484	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	149,045,597	149,045,597	37,261,399	25.0
4.	Rehabilitation of Village Polytechnics	17,749,894	17,749,894	-	-
	Sub Total	310,945,252	310,945,252	37,261,399	12.0
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	32,237,369	32,237,369	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,000,420	320,000,420	55,743,652	17.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level I Grant	45,000,000	45,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	-	-	-
5.	DANIDA Grant	14,220,000	14,220,000	7,110,000	50.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	11,000,000	11,000,000	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,224,205	14,224,205	-	-
8.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	65,952,437	-	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	73,000,000	73,000,000	-	-
	Sub Total	575,634,431	509,681,994	62,853,652	12.3
D	Other Sources of Revenue				
1.	Own Source Revenue	-	168,352,202	44,612,371	26.5

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	Balance b/f from FY 2019/20	-	914,088,958	914,088,958	100.0
3.	Other Revenues	-	114,400,000	114,400,000	100.00
Sub Total			1,196,841,160	1,073,101,329	89.7
Grand Total		5,887,279,683	7,018,168,406	2,035,593,737	29.4

Source: West Pokot County Treasury

Table 3.93 shows the trend in own-source revenue collection for the first half of the financial year from FY 2013/14 to FY 2020/21.

Figure 3.93: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2020/21



Source: West Pokot County Treasury

During the first half of FY 2020/21, the County generated a total of Kshs.44.61 million as own-source revenue. This amount represented an increase of 2.2 per cent compared to Kshs.43.64 million realised during a similar period in FY 2019/20 and was 26.5 per cent of the annual target.

3.47.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.59 billion from the CRF account during the reporting period. The amount comprised of Kshs.212.59 million (13.4 per cent) for development programmes and Kshs.1.38 billion (86.6 per cent) for recurrent programmes.

3.47.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.1.86 billion on development and recurrent programmes. The expenditure represented 116.9 per cent of the total funds released by the COB and comprised of Kshs.168.31 million and Kshs.1.69 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 6.3 per cent while recurrent expenditure represented 38.8 per cent of the annual recurrent budget.

3.47.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.34 billion was spent on Compensation to Employees, Kshs.356.09 million on Operations and Maintenance, and Kshs.168.31 million on development activities as shown in Table 3.269.

Table 3.269: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,362,672,168	1,379,435,312	1,692,303,269	38.8
Compensation to Employees	2,723,628,656	1,111,544,023	1,336,211,284	49.1
Operations and Maintenance	1,639,043,512	267,891,289	356,091,985	21.7
Total Development Expenditure	2,655,496,238	212,592,833	168,314,470	6.3
Development Expenditure	2,655,496,238	212,592,833	168,314,470	6.3
Total	7,018,168,406	1,592,028,145	1,860,617,739	26.5

Source: West Pokot County Treasury

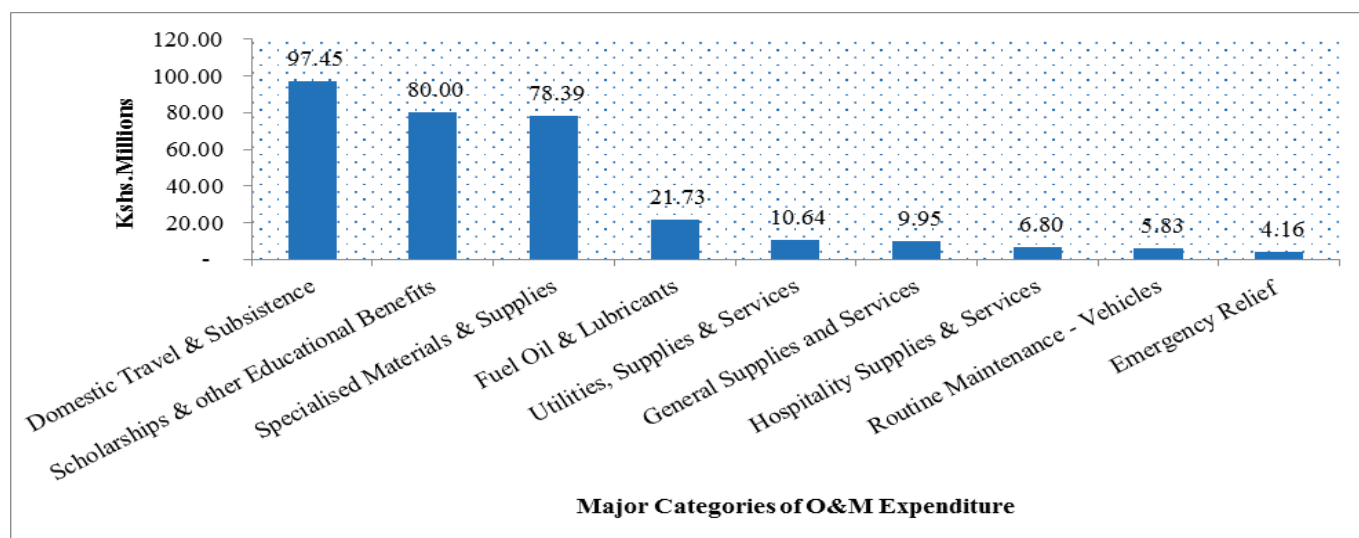
3.47.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 71.8 per cent of the total expenditure for the reporting period and 38.1 per cent of half year proportional revenue estimate of Kshs.3.51 billion.

3.47.7 Expenditure on Operations and Maintenance

Figure 3.94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.94: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: West Pokot County Treasury

The County Assembly did not report expenditure on Committee Sitting Allowances during the period under review. Expenditure on domestic travel amounted to Kshs.97.45 million and comprised of Kshs.41.56 million spent by the County Assembly and Kshs.55.89 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.77 million spent by the County Executive.

3.47.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.114.40 million to cater for COVID-19 related expenditure which was a balance brought forward from FY 2019/20. A total of Kshs.21.18 million was spent during the reporting period as shown in Table 3.270.

Table 3.270: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.12.2020 (Kshs)
1.	Medical Equipment for COVID - 19 Isolation Centre	9,186,500
2.	Fabrication of Hospital beds and Supply and delivery of associated accessories	11,990,400
Total		21,176,900

Source: West Pokot County Treasury

3.47.9 Development Expenditure

The County incurred an expenditure of Kshs.168.31million on development programmes, which represented a decrease of 33.6 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 253.58 million. Table 3.271 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.271: West Pokot County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Infrastructure Development in primary Schools throughout the County	Countywide	40,000,000	20,000,000	50.0
2.	Infrastructure Development in Secondary Schools throughout the County	Countywide	40,000,000	20,000,000	50.0
3.	Proposed Construction of Governors Office Complex at Kapenguria	Kapenguria	35,000,000	17,500,000	50.0
4.	Construction of County Commissioner's Office	Kapenguria	30,000,000	15,000,000	50.0

Source: West Pokot County Treasury

3.47.10 Budget Performance by Department

Table 3.272 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2020/21.

Table 3.272: West Pokot County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	428.86	123.10	99.54	32.50	152.03	32.50	152.7	100.0	35.5	26.4
Finance and Economic Planning	318.16	8.41	57.98	-	89.68	-	154.7	-	28.2	-
Public Works , Transport and Infrastructure	78.19	359.23	24.24	-	31.50	-	130.0	-	40.3	-
Health, Sanitation and Emergencies	1,548.30	394.61	595.94	75.29	742.58	43.52	124.6	57.8	48.0	11.0
Education and Technical Training	489.77	373.66	212.18	40.00	208.84	40.00	98.4	100.0	42.6	10.7
Agriculture and Irrigation	110.45	419.12	36.80	64.80	48.81	52.29	132.6	80.7	44.2	12.5
Pastoral Economy	99.92	148.65	45.80	-	43.34	-	94.6	-	43.4	-
Trade, Industrialization, Investment and Cooperative Development	120.01	146.03	52.75	-	53.24	-	100.9	-	44.4	-
Land, Housing ,Physical Planning and Urban Development	106.09	188.34	30.09	-	43.65	-	145.1	-	41.1	-
Water development, Environment and Natural Resources	85.57	289.12	23.09	-	25.21	-	109.2	-	29.5	-
Youths, Sports, Tourism, Gender and Social services	75.53	55.17	19.49	-	16.13	-	82.7	-	21.4	-
Public Service ,ICT and Decentralized Units	259.31	50.00	36.96	-	58.91	-	159.4	-	22.7	-
Special programmes and Directorates	42.06	1.40	18.88	-	11.81	-	62.5	-	28.1	-
County Assembly	600.45	98.67	125.69	-	166.58	-	132.5	-	27.7	-
	4,362.67	2,655.50	1,379.43	21.59	1,692.30	168.31	122.7	79.2	38.8	6.3

Source: West Pokot County Treasury

Analysis of expenditure by department shows that the Department of Agriculture and Irrigation recorded the highest absorption rate of development budget at 12.5 per cent. The Department of Health, Sanitation and Emergencies had the highest percentage of recurrent expenditure to recurrent budget at 48 per cent while the Department of Youths, Sports, Tourism, Gender and Social services had the lowest at 21.4 per cent.

3.47.11 Budget Execution by Programmes and Sub-Programmes

Table 3.273 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2020/21.

Table 3.273: West Pokot County, Budget Execution by Programmes and Sub-programmes

Pro-gramme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
County Executive					
	SP 1 - (General Administration, planning and Support Services)	502,019,030	174,245,017	327,774,013	34.7
	SP 2 - (County Executive affairs)	9,493,120	1,583,902	7,909,218	16.7
	SP 3 - (County Public service Board)	29,715,400	5,154,638	24,560,762	17.3
	SP 4 - (Field Administration service)	-	-	-	-
	SP 5- (Liaison and Intergovernmental service)	10,733,816	3,606,100	7,127,716	33.6
	Sub total	551,961,366	184,589,657	367,371,709	33.4
Finance and Economic Planning					
	SP 1 (General Administration, planning and Support Services)	198,966,087	76,059,056	122,907,031	38.2
	SP 2- (Treasury Accounting Services)	2,373,440	526,400	1,847,040	22.2
	SP 3- (Supply Chain Management services)	3,142,816	782,848	2,359,968	24.9
	SP 4- (Resource Mobilization)	11,606,632	1,961,350	9,645,282	16.9
	SP 5- (Internal Audit services)	4,133,600	1,337,200	2,796,400	32.3
	SP 6- (Budget Formulation services)	15,806,721	3,094,600	12,712,121	19.6
	SP 7- (Economic Planning)	83,953,932	4,892,582	79,061,350	5.8
	SP 8-(Project Management)	-	-	-	-
	SP 9- (Monitoring and Evaluation)	6,587,000	1,027,000	5,560,000	15.6
	Sub total	326,570,228	89,681,036	236,889,192	27.5
Public Works, Transport and Infrastructure					
	SP 1 (General Administration, planning and Support Services)	726,594,080	30,767,120	41,892,288	42.3
	SP 2 (Road Transport)	7,837,840	288,520	7,549,320	3.7
	SP 3 (KRB)	186,588,369	-	186,588,369	-
	SP 4 (Public works)	15,188,500	448,600	14,739,900	3.0
	SP 5- (Ward Specific Projects)	155,139,992	-	155,139,992	-
	Sub total	1,091,348,781	31,504,240	405,909,869	2.9
Health, Sanitation and Emergencies					
	SP 1 (General Administration, planning and Support Services)	1,313,835,246	650,049,176	663,786,070	49.5
	SP 2- (Preventive Health Services)	300,791,260	69,529,032	231,262,228	23.1
	SP 3- (Kapenguria Referral Hospital)	72,494,287	35,072,820	37,421,467	48.4
	SP 4- (Kacheliba Sub county hospital)	14,615,000	6,348,837	8,266,163	43.4
	SP 5- (Sigor Sub county hospital)	15,620,000	6,353,162	9,266,838	40.7
	SP 6- (Chepareria Sub county hospital)	48,260,000	6,230,252	42,029,748	12.9
	SP 7 (Facility Improvement Fund)	39,500,000	12,514,551	26,985,449	31.7
	SP 8 (Ward Specific)	137,787,403	-	137,787,403	-
	Sub total	1,942,903,196	786,097,830	1,156,805,366	40.5
Education and Technical training					
	SP 1 (General Administration, planning and Support Services)	303,268,553	168,402,560	134,865,993	55.5
	SP 2 - (ECD Services)	15,247,253	20,973	15,226,280	0.1
	SP 3- (Youth Vocational training)	36,805,196	413,400	36,391,796	1.1
	SP 4- (Bursary Fund)	299,000,000	80,000,000	219,000,000	26.8
	SP 5 - (Ward specific)	209,100,791	-	209,100,791	-
	Sub total	863,421,793	248,836,933	614,584,860	28.8
Agriculture and Irrigation					
	SP 1- (General Administration, Planning and Support Services)	104,857,776	99,471,301	5,386,475	94.9
	SP 2- (Crop Development and Management)	406,727,420	-	406,727,420	-
	SP 3- (Cash Crop Production (Special Programs)	4,546,000	1,631,790	2,914,210	35.9
	SP 4 - (Ward specific)	13,435,900	-	13,435,900	-
	Sub total	529,567,096	101,103,091	428,464,005	19.1
Pastoral Economy					
	SP 1- (General Administration, Planning and Support Services)	142,512,425	41,728,387	100,784,038	29.3
	SP 2 - (Livestock production and Range Management)	39,709,009	232,900	39,476,109	0.6

Pro-gramme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	SP 3- (Livestock Disease management)	5,718,400	669,100	5,049,300	11.7
	SP 4- (Fisheries Development)	434,400	192,000	242,400	44.2
	SP 5- (Nasukuta Livestock Improvement Centre)	2,128,000	215,500	1,912,500	10.1
	SP 6 - (Ward specific)	58,069,111	300,000	57,769,111	0.5
	SP 7 - Dairy Development (Special Programmes)	-	-	-	-
	Sub total	248,571,345	43,337,887	205,233,458	17.4
Trade, Industrialization, Investment and Cooperative Development					
	SP 1- (General Administration, Planning and Support Services)	72,223,346	29,029,241	43,194,105	40.2
	SP 2- (Cooperative Development)	173,015,691	23,404,626	149,611,065	13.5
	SP 3 - (Trade, License and Market Development)	3,877,073	804,725	3,072,348	20.8
	SP 4- (Ward specific)	16,928,554	-	16,928,554	-
	Sub total	266,044,664	53,238,592	212,806,072	20.0
Land, Housing, Physical Planning and Urban Development					
	SP 1- (General Administration, Planning and Support Services)	78,077,589	34,496,233	43,581,356	44.2
	SP 2 - (Land Policy and Physical Planning)	58,448,854	6,222,645	52,226,209	10.6
	SP 3- (Housing Development)	912,000	222,500	689,500	24.4
	SP 4- (Urban Development)	151,749,537	2,063,043	149,686,494	1.4
	SP 5- (Kapenguria Municipality)	2,348,800	647,486	1,701,314	27.6
	SP 6- (Ward specific)	2,900,000	-	2,900,000	-
	Sub total	294,436,780	43,651,907	250,784,873	14.8
Water development, Environment and Natural Resources					
	SP 1- (General Administration, Planning and Support Services)	65,010,892	22,476,273	42,534,619	34.6
	SP 2 - (Water Supply Services)	136,526,968	2,667,900	133,859,068	2.0
	SP 3 - (Environment & Natural Resource Development)	12,581,280	63,700	12,517,580	0.5
	SP 4 - (Ward Specific)	160,571,261	-	160,571,261	-
	Sub total	374,690,401	25,207,873	349,482,528	6.7
Youths, Sports, tourism, Gender and Social services					
	SP 1- (General Administration, Planning and Support Services)	36,388,416	13,436,926	22,951,490	36.9
	SP 2- (Tourism Development)	3,521,214	1,114,400	2,406,814	31.6
	SP 3- (Gender, Youths and sports Development)	85,574,300	1,361,400	84,212,900	1.6
	SP 4- (Culture and Social Development)	2,089,719	212,300	1,877,419	10.2
	SP 5- (Ward Specific)	3,125,000	-	3,125,000	-
	Sub total	130,698,649	16,125,026	114,573,623	12.3
Public Service, ICT and Decentralized Units					
	SP 1- (General Administration, Planning and Support Services)	291,136,416	51,593,572	239,542,844	17.7
	SP 2- (Human Resource)	1,404,000	363,974	1,040,026	25.9
	SP 3- (Legal Services)	1,836,000	624,276	1,211,724	34.0
	SP 4 - (Records Management)	384,000	179,982	204,018	46.9
	SP 5- (Communication Services)	720,000	287,985	432,015	40.0
	SP 6 - (ICT Infrastructure Connectivity)	2,116,423	347,300	1,769,123	16.4
	SP 7 - (Field Administration)	11,715,680	5,511,300	6,204,380	47.0
	Sub total	309,312,519	58,908,389	250,404,130	19.0
Special programmes and Directorates					
	SP 1- (General Administration, Planning and Support Services)	18,821,548	5,938,431	12,883,117	31.6
	SP 2 - (Dairy Development)	-	-	-	-
	SP 3- (Cash crop production)	-	-	-	-
	SP 4- (Investment and Cooperative development)	575,900	249,000	326,900	43.2
	SP 5 - (Emergency and disaster response)	7,705,000	330,000	7,375,000	4.3
	SP 6 - (Peace building and reconciliation)	5,818,000	2,297,450	3,520,550	39.5
	SP 7- (Resource mobilization and Coordination)	1,350,000	572,700	777,300	42.4
	SP 8(Gender and special needs)	9,190,000	2,420,325	6,769,675	26.3
	Sub total	43,460,448	11,807,906	31,652,542	27.2
County Assembly					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	SP 1- (General Administration, Planning and Support Services)	470,286,760	114,452,294	355,834,466	24.3
	SP 2 - (Legislation and Representation)	180,029,053	46,621,780	133,407,273	25.9
	SP 3- (Staff Affairs and development)	48,800,000	5,510,300	43,289,700	11.3
	Sub total	699,115,813	166,584,374	532,531,439	-
Grand Total		7,018,168,407	1,860,617,739	5,157,550,668	26.5

Source: West Pokot County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support Services in the Department of Agriculture and Irrigation at 94.9 per cent, General Administration, planning and Support Services in the Department of Education and Technical training at 55.5 per cent, General Administration, planning and Support Services in the Department of Health, Sanitation and Emergencies at 49.5 per cent, and Field Administration at Public Service, ICT and Decentralized Units at 47.0 per cent of budget allocation.

3.47.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.168.31million in the first half of FY 2020/21 from the annual development budget allocation of Kshs.2.66 billion. The development expenditure represented 6.3 per cent of the annual development budget.
3. A high wage bill, which accounted for 71.8 per cent of the total expenditure in the first half of FY 2020/21thus constraining funding to other programmes.
4. Under-performance of own revenue at Kshs.44.61 million against an annual projection of Kshs.168.35 million, representing 26.5 per cent of the annual target
5. Impasse between the County Executive and County Assembly which lead to low spending in the County Assembly.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should devise and implement strategies to address its own source revenue performance to ensure the approved budget is fully financed.*
5. *The arms of county government should solve the impasse observed in County Assembly in order to improve budget implementation.*

4.1 Introduction

This section highlights the cross-cutting issues that affected budget implementation in the first half of FY 2020/21. It also contains appropriate recommendations aimed at addressing the challenges to ensure effective budget execution in the future. The cross-cutting challenges included:

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to impose by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.12.72 billion, which was 23.4 per cent of the annual target of Kshs.54.41 billion. This was a decrease compared to Kshs.15.33 billion generated in a similar period of FY 2019/20. Under performance in own source revenue collection implies that some planned activities may not be implemented. There is also a risk that completed projects may remain unpaid thereby, leading to accumulation of pending bills.

We recommend that counties should develop and implement strategies to enhance own- source revenue collection in order to ensure the budget is fully financed. Further, counties are urged to monitor the performance of own source revenue with a view of making appropriate budget adjustments during the supplementary budget process.

4.3 Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012 provides that over the medium term, a minimum of thirty per cent of the County Governments budget shall be spent on development programmes.

In the reporting period, County Governments incurred of Kshs.25.19 billion representing an absorption rate of 13.7 per cent of their combined annual development expenditure budget of Kshs.184.16 billion. This performance was a slight improvement from 11.6 per cent, reported in a similar period of FY 2019/20 when development expenditure was Kshs.22.77 billion. The low expenditure on the development budget was also affected by delays in approval of CARA, 2020.

We recommend that counties prioritize implementation of development projects in order to improve the standard of living for their citizens. Further, county governments should put measures in place to ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets.

4.4 Delays in the Submission of Financial Reports to the Controller of Budget

County Governments are required to prepare and submit financial reports in line with Section 166 (4) and Section 168 (3) of the PFM Act, 2012 not later than one month after the end of each quarter.

In the reporting period, we noted delays in submission of quarterly financial and non-financial reports by County Treasuries, while others submitted incomplete reports, which led to late preparation of this report. Quarterly financial reports should be prepared in compliance with the reporting templates prescribed by the Public Sector Accounting Standards Board and those provided by the Controller of Budget in line with the COB Act, 2016. Counties which did not comply with the reporting requirements were;- Mombasa, Wajir, Garissa, Tana River, Turkana, Taita Taveta, Isiolo, Kajiado, Kakamega and Murang'a.

We recommend that County Treasuries should ensure timely preparation and submission of financial reports in line with the Law. Further, County Treasuries should build capacity in the area of reporting on budget implementation to improve quality of reports.

4.5 Failure to Timely Remit Pension Contributions

Pension deductions form statutory payments which Counties are required to remit to the relevant retirement benefit schemes on a monthly basis. Delays and failure to remit pension contributions attract penalties which are borne by the County and affects the ability of the retirement schemes to pay members upon retirement. The major retirement benefit schemes serving county governments are the Local Authorities Provident Fund (LAPFUND) and the County Pension Fund (CPF).

The OCoB noted that unremitted pension contributions to CPF stood at Kshs.26.02 billion as of 31st December, 2020 while outstanding remittances to LAPFUND amounted to Kshs.14.57 billion as of 30th November, 2020. These amounts were known by County Governments at the point of budgeting and should be a first charge on the Budget in line with Regulation 41 (2) and 55 (2)(b) of the Public Finance Management (County Governments) Regulations, 2015.

The OCoB therefore advises counties to immediately settle this statutory obligation and thereafter carry out regular reconciliation with the pension institutions.

The OCoB prepared this County Governments Budget Implementation Review Report in fulfilment of Article 228(6) of the Constitution of Kenya 2010, and Section 9 of the Controller of Budget Act, 2016. The report provides information on the progress made in budget implementation during the first half of the FY 2020/21 by the County Governments and covers the period July to December, 2020.

The aggregate budget estimates for the 47 County governments in the FY 2020/21 amounted to Kshs.485.47 billion and comprised of Kshs.301.31 billion (62.1 per cent) allocation towards recurrent expenditure and Kshs.184.16 billion (37.9 per cent) for development expenditure. The development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget must be allocated for development programs. However, during the period under review, actual development expenditure was Kshs.25.19 billion or 18.7 per cent of total expenditure, and therefore below the statutory limit.

The total funds available to the County Governments during the reporting period amounted to Kshs.182.97 billion and consisted of Kshs.26.22 billion balance from the FY 2019/20 equitable share of revenue raised nationally which was disbursed in August, 2020, Kshs.88.79 billion as equitable share for the FY 2020/21, Kshs.8.95 billion as conditional grants from Development Partners, Kshs.46.3 billion cash balance from FY 2019/20, and Kshs.12.72 billion raised from own sources. The own source revenue of Kshs.12.72 billion was 23.4 per cent of annual target of Kshs.54.41 billion and was an under performance compared to Kshs.15.33 billion reported in a similar period of FY 2019/20.

During the reporting period, County Governments spent a total of Kshs.134.9 billion which translates to an overall absorption of 27.8 per cent of the total annual County Governments' Budgets. This was a decrease from an absorption rate of 29.5 per cent attained in a similar period of FY 2019/20 where total expenditure was Kshs.143.27 billion. A total of Kshs.109.71 billion was spent on recurrent expenditure and Kshs.25.19 billion on development activities. Development expenditure translated to an absorption rate of 13.7 per cent while recurrent expenditure was 36.4 per cent of the annual budget for recurrent expenditure.

This report has also identified the challenges which hampered effective budget execution. They included; under-performance in own source revenue collection, low expenditure on the development budget, delays in the submission of financial reports to the Controller of Budget, and failure to remit pension contribution to LAPFUND and CPF. The report contains appropriate recommendations on how to address the challenges and to enhance smooth execution of the budget in future.

The OCoB is focussed on ensuring there is reasonable and effective use of public funds by all public entities and will continue to provide regular budget implementation reports to stakeholders. The OCoB is optimistic that this will promote openness and accountability in budget execution and ultimately enhance prudent use of public funds.

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