



THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET

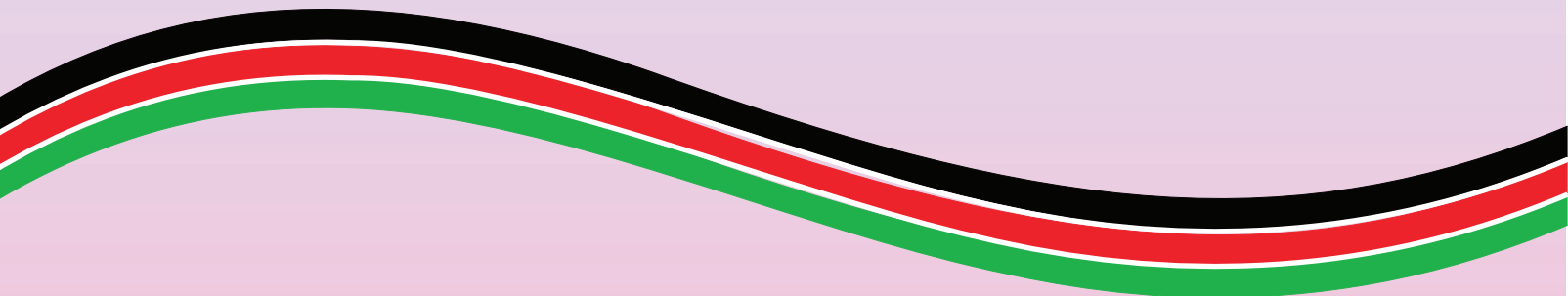


COUNTY GOVERNMENTS
BUDGET IMPLEMENTATION REVIEW
REPORT

FOR THE FIRST HALF

FY 2021/22

FEBRUARY, 2022





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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) 2021/22. 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 COB to ensure members of the public access information on budget implementation of the National and County Governments.

This report presents the forty-seven county governments' budget performance for July to December 2021. It is based on an analysis of financial and non-financial performance submissions 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 expenditure and budget absorption rates of the County Governments during the reporting period.

Preparation of this report was made possible through the concerted efforts of staff from County Governments and the OCoB, to whom I am highly grateful for their dedication. I urge all readers to constructively engage county governments on budget implementation matters to promote prudent use of public resources.



Dr. Margaret Nyakang'o

CONTROLLER OF BUDGET

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EXECUTIVE SUMMARY

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

The aggregate budget estimates for the 47 County governments in the first half of FY 2021/22 amounted to Kshs.517.65 billion and comprised of Kshs.192.29 billion (37.1 per cent) allocated to development and Kshs.325.37 billion (62.9 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programmes. To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.57.80 billion from own revenue sources and utilise Kshs.36.66 billion cash balance from FY 2020/21. As of 31st December 2021, Parliament had not approved the County Governments Grants Bill, 2021, which provides additional allocation by the National Government as conditional grants and other grants from development partners.

The total funds available to the County Governments in the first half FY 2021/22 amounted to Kshs.195.70 billion. This amount consisted of Kshs.144.98 billion equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.36.66 billion cash balance from FY 2020/21, and Kshs.14.06 billion raised from own sources. County governments generated a total of Kshs.14.06 billion from their own source revenue, which was 24.3 per cent of the annual target of Kshs.57.80 billion. This was an improvement compared to Kshs.12.72 billion generated in a similar period of FY 2020/21. Analysis of own-source revenue as a proportion of the annual revenue target indicates that only Homa Bay and Migori counties achieved performance above 50 per cent at 56.3 per cent and 50.8 per cent, respectively.

To implement the county government budgets, the Controller of Budget authorised the withdrawal of Kshs.169.92 billion from the County Revenue Funds to County Operational Accounts during the reporting period. The authorised withdrawal comprised Kshs.26.78 billion (15.8 per cent) for development expenditure and Kshs.143.14 billion (84.2 per cent) for recurrent expenditure. Detailed analysis of the funds released to each County is provided in chapter three of this report.

In the first half of FY 2021/22, County Governments reported expenditure of Kshs.159.52 billion representing an absorption rate of 30.8 per cent of the total annual County Government's Budgets. This increased from an absorption rate of 27.8 per cent attained in a similar period of FY 2020/21, where total expenditure was Kshs.134.9 billion. Recurrent expenditure was Kshs.133.59 billion, representing 41.1 per cent of the annual recurrent budget, and an improvement from 36.4 per cent reported in a similar period of FY 2020/21. Development expenditure amounted to Kshs.25.93 billion, representing an absorption rate of 13.5 per cent and a slight decline from 13.7 per cent attained in the first half of FY 2020/21 when total development expenditure was Kshs.25.19 billion. A review of cumulative expenditure by economic classification showed that Kshs.90.73 billion (56.9 per cent) was spent on Personnel Emoluments, Kshs.42.86 billion (26.9 per cent) on Operations and Maintenance, and Kshs.25.93 billion (16.3 per cent) on Development Expenditure.

County Governments which reported the highest development expenditure as a proportion of approved annual development budget were Marsabit, Kitui and Mandera Counties at 35.5 per cent, 31.7 per cent, and 31.7 per cent, respectively. Counties that reported the lowest absorption rates for the development budget were; Samburu at 2.6 per cent, Taita Taveta at 1.6 per cent, and Vihiga at 0.7 per cent. An analysis of the development projects implemented by Counties is provided in chapter three.

This report has identified challenges that hampered effective budget execution during the reporting period. They included; under-performance in own-source revenue collection, which was Kshs.14.06 billion compared to the annual target of Kshs.57.80 billion, low expenditure on development budget, which was Kshs.25.93 billion and represented an absorption rate of 13.5 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.192.29 billion, high expenditure on personnel emoluments at Kshs.90.73 billion which accounted for 56.9 per cent of the total spending of Kshs.159.52 billion and 35 per

cent of first-half proportional revenue of Kshs.258.83 billion, and high outstanding pending bills which stood at Kshs.128.94 billion as of 31st December 2021. Further, during the period, the OCoB conducted a monitoring and evaluation exercise in the Counties and among cross-cutting issues noted during the exercise were; ineffective supervision of projects resulting in poor quality during the implementation phase; poor records management practices as evidenced by the failure to submit project files; delays in the development of an updated valuation roll to enhance revenue collection from rateable properties, lack of regular monitoring and evaluation of projects resulting in poor workmanship, and delays in paying contractors, which affected the implementation of projects within the contract period.

To address the identified challenges, the Controller of Budget advises Counties to review the revenue targets to confirm that they are realistic and implement strategies to mobilise their own source revenue collection. On low development expenditure, county governments should prioritise implementation of development projects during the remaining period of the FY 2021/22 to improve the standard of living for their citizens and ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets. The Controller of Budget recommends that Counties should ensure that spending on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015. County governments are required to settle pending bills on time as specified in contract agreements to avoid the accumulation of arrears. Failure to make payments when due constitutes a severe material breach of public finance principles as provided under Article 201 of the Constitution and violates the Public Finance Management Act, 2012. In order to improve the impact of programmes and projects in the Counties, the COB recommends strengthening project supervision to ensure projects are implemented as per the contract agreements; improving record management practices to provide timely project information; developing an updated valuation roll to enhance revenue collection from rateable properties; strengthen the Monitoring and Evaluation Department to regularly monitor the progress of implementation of programmes and projects so that emerging issues are identified and addressed on time.

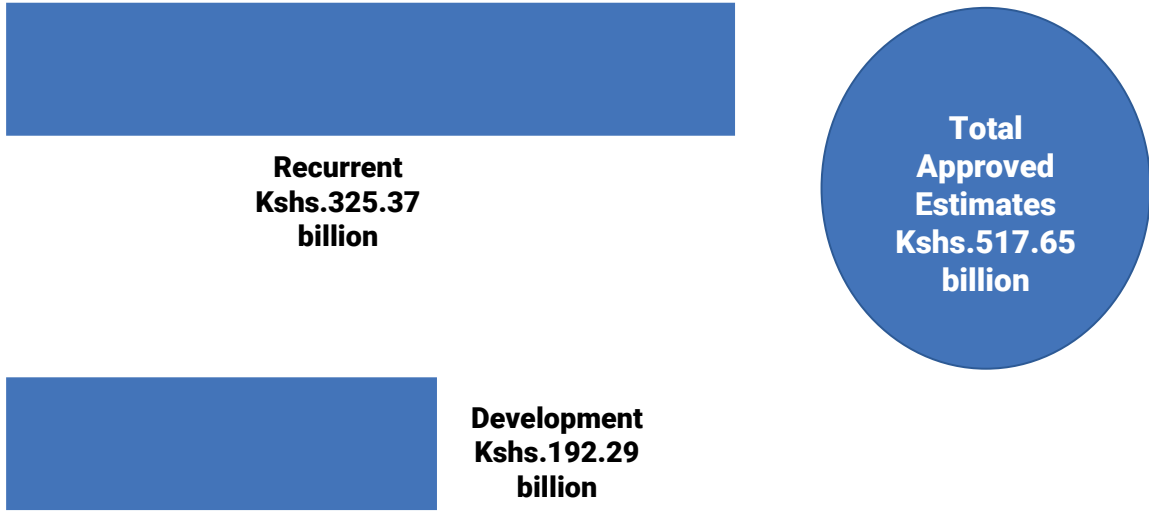
The Controller of Budget encourages the relevant oversight institutions and officers of county governments to ensure the recommendations contained in this report are implemented without delay..

ACRONYMS

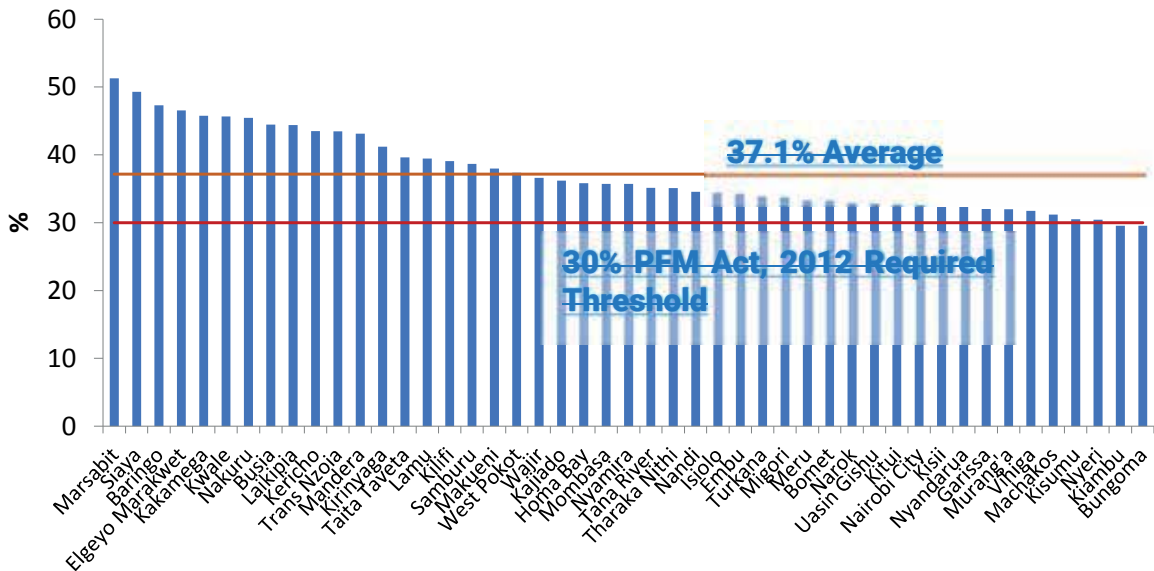
A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
CARA	County Allocation of Revenue Act
CBEF	County Budget and Economic Forum
CBIRR	County Budget Implementation Review Report
CBK	Central Bank of Kenya
CECM-F	County Executive Committee Member for Finance
COB	Controller of Budget
COVID-19	Coronavirus Disease 2019
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DRPNK	Drought Resilience Programme in Northern Kenya
ECDE	Early Childhood Development Education
EU	European Union
FIF	Facility Improvement Fund
FY	Financial Year
ICT	Information Communication Technology
IDA	International Development Association
IDEAS	Instruments for Devolution Advice and Support
IFMIS	Integrated Financial Management Information System
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project
O&M	Operations and Maintenance
OCob	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
RMLF	Road Maintenance Levy Fund

SME	Small and Medium Enterprise
SRC	Salaries and Remuneration Commission
UHC	Universal Health Care
UIG	Urban Institutional Grants
WB	World Bank
WSDP	Water & Sanitation Development Project

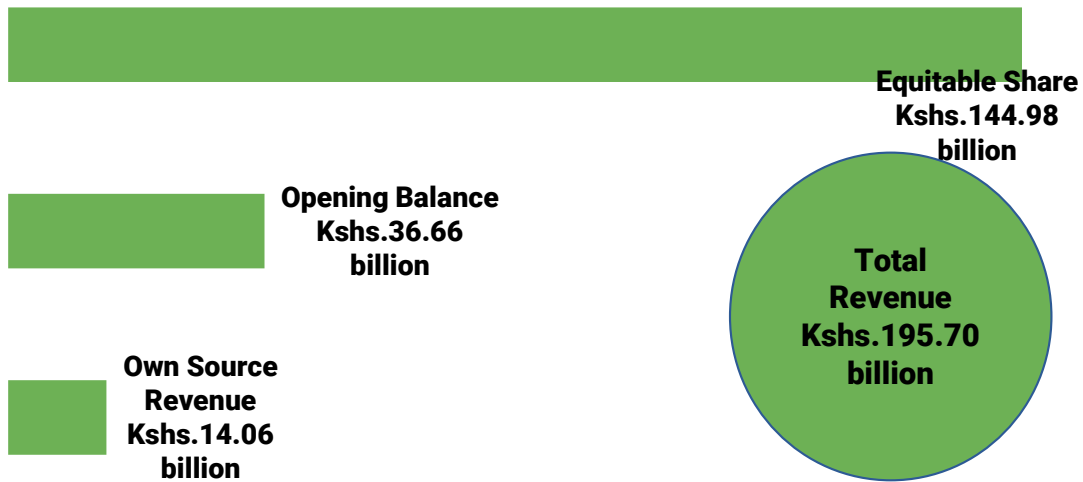
FY 2021/22 County Governments' Approved Budget Estimates (Kshs billion)



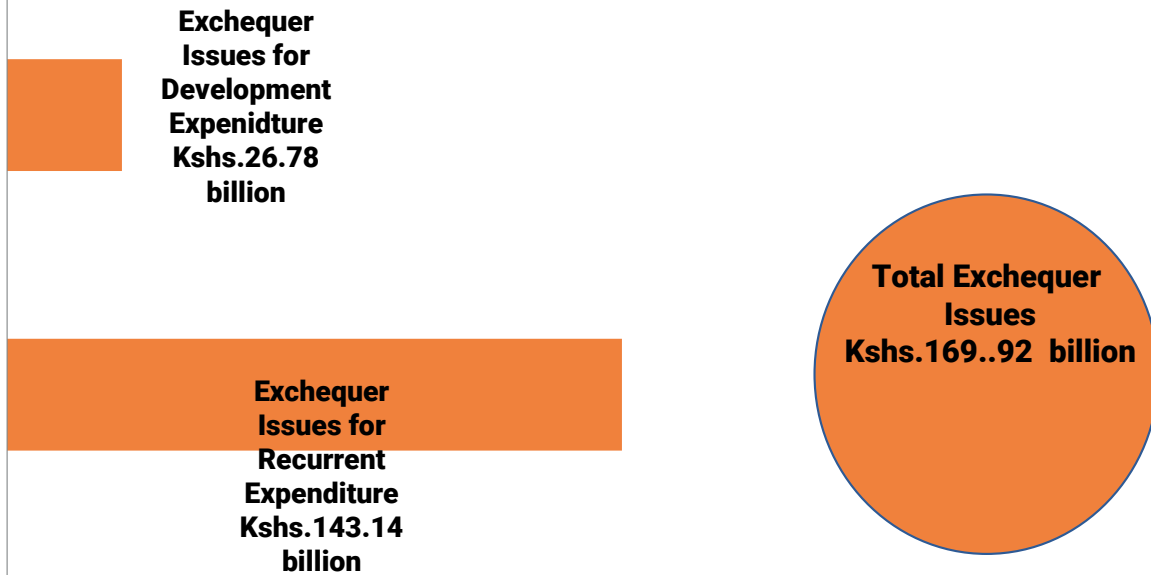
FY 2021/22 County Governments' Development Budget Allocation as a Percentage of Total Budget



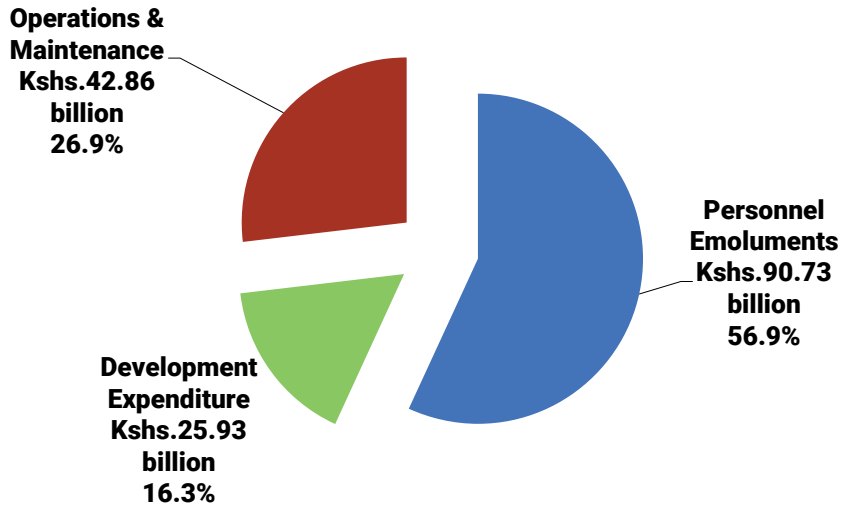
Total Revenue Available in the First Half FY 2021/22



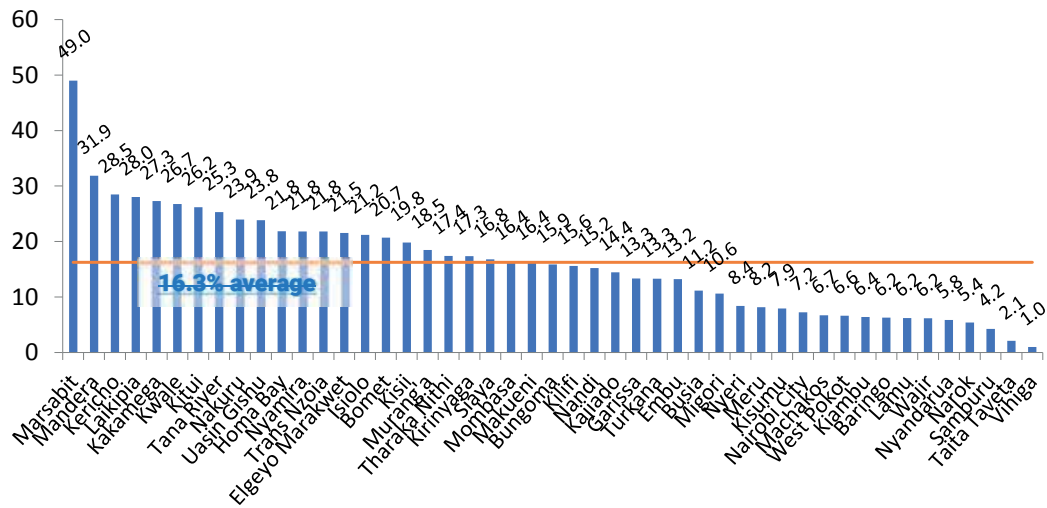
Exchequer Issues in the First Half of FY 2021/22



Expenditure by Economic Classification in the First Half FY 2021/22



Half Year FY 2021/22 Development Expenditure as a Percentage of Total Expenditure



1 INTRODUCTION

This is the half-year County Budget Implementation Review Report (CBIRR) by the Office of the Controller of Budget (OCoB) for the FY 2021/22. It covers the period July 2021 to December 2021. 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 require the Controller of Budget (COB) to submit quarterly budget implementation reports to Parliament and also ensure members of the public have access to information on budget implementation of the National and County Governments.

The report presents the status of budget execution by the 47 county governments. It contains information on own-source revenue raised by counties, disbursement of the equitable share of revenue raised nationally by the National Treasury, disbursement of conditional grants from both the National Government and Development Partners, actual expenditure and absorption rates reported by each county as of 31st December 2021. 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 offers 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 each county government at a cumulative 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 measures performance and is computed as a percentage of actual expenditure against the approved annual budget estimates.

Chapter three presents individual county government budget performance and highlights budget allocation for recurrent and development expenditure, budget financing, exchequer issues and actual spending. A report on budget execution by programme and sub-programmes and on budget performance by the department for each County is also captured in this chapter. Further, the chapter contains a list of development projects with the highest actual expenditure in the reporting period.

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 and includes observations made by the COB during a monitoring and evaluation exercise in the County Governments during the reporting period. Chapter five provides the conclusion.

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

2.1 Introduction

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

2.2 Revenue Analysis

In the first half of FY 2021/22, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.517.65 billion that comprised Kshs.192.29 billion (37.1 per cent) allocated to development expenditure and Kshs.325.37 billion (62.9 per cent) for recurrent expenditure.

To finance the budgets, County Governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.57.80 billion from own revenue sources and utilise Kshs.36.66 billion cash balance from FY 2020/21. As of 31st December 2021, Parliament had not approved the County Governments Grants Bill, 2021, which provides additional allocation by the National Government as conditional grants and other grants from development partners.

2.2.1 Revenue Out-turn

The total funds available to the County Governments in the first half FY 2021/22 amounted to Kshs.195.70 billion. This amount consisted of Kshs.144.98 billion equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.36.66 billion cash balance from FY 2020/21, and Kshs.14.06 billion raised from own sources.

2.2.2 Own- Source Revenue

During the reporting period, County Governments generated a total of Kshs.14.06 billion from their own source revenue (OSR), which was 24.3 per cent of the annual target of Kshs.57.80 billion. This was an improvement compared to Kshs.12.72 billion generated in a similar period of FY 2020/21. Analysis of half own source revenue collection for July to December 2021 is shown in Table 2.2.

Table 2.2: Own Source Revenue Collection for the Period July to December 2021 of FY 2021/22

County	Annual Own Source Revenue (OSR) Target for FY 2021/22 (Kshs.)	First Half of FY 2021/22 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	258,546,935	121,836,862	47.1
Bomet	300,000,000	74,278,130	24.8
Bungoma	500,000,000	123,443,890	24.7
Busia	976,108,322	138,229,665	14.2
Elgeyo Marakwet	166,100,000	75,427,645	45.4
Embu	900,000,000	172,785,814	19.2
Garissa	150,000,000	32,722,000	21.8
Homa Bay	143,811,399	80,966,200	56.3
Isiolo	113,686,337	51,470,413	45.3
Kajiado	1,605,355,500	221,376,303	13.8
Kakamega	2,113,000,000	403,126,001	19.1
Kericho	494,054,000	228,484,650	46.2
Kiambu	3,883,303,882	1,302,250,932	33.5
Kilifi	925,000,000	187,328,656	20.3
Kirinyaga	485,000,000	168,382,602	34.7
Kisii	700,000,000	131,988,620	18.9
Kisumu	1,984,000,003	439,188,814	22.1
Kitui	850,000,000	167,221,867	19.7
Kwale	315,000,000	107,996,563	34.3
Laikipia	1,006,000,000	385,925,656	38.4

County	Annual Own Source Revenue (OSR) Target for FY 2021/22 (Kshs.)	First Half of FY 2021/22 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Lamu	120,000,000	50,884,663	42.4
Machakos	1,682,894,197	336,139,164	20.0
Makueni	1,091,306,710	300,345,138	27.5
Mandera	200,037,792	67,347,667	33.7
Marsabit	170,000,000	48,581,254	28.6
Meru	689,061,600	143,711,959	20.9
Migori	300,000,000	152,538,560	50.8
Mombasa	4,966,330,107	1,176,323,387	23.7
Murang'a	1,500,000,000	172,801,753	11.5
Nairobi City	19,610,744,671	3,811,260,214	19.4
Nakuru	1,712,133,447	559,949,767	32.7
Nandi	387,106,430	76,426,932	19.7
Narok	1,869,402,102	732,286,226	39.2
Nyamira	400,000,000	70,166,098	17.5
Nyandarua	590,000,000	188,298,489	31.9
Nyeri	1,000,000,000	398,309,446	39.8
Samburu	150,000,000	56,838,761	37.9
Siaya	445,445,551	188,010,251	42.2
Taita Taveta	406,282,421	140,336,150	34.5
Tana River	79,860,000	29,516,473	37.0
Tharaka Nithi	350,000,000	103,683,338	29.6
Trans Nzoia	529,500,000	128,661,714	24.3
Turkana	180,000,000	85,533,725	47.5
Uasin Gishu	1,000,000,000	303,893,936	30.4
Vihiga	232,658,877	52,273,078	22.5
Wajir	100,000,000	15,500,000	15.5
West Pokot	170,000,000	58,491,200	34.4
Total	57,801,730,282	14,062,540,626	24.3

Source: County Treasuries

Analysis of own-source revenue as a proportion of the annual revenue target indicates that Homa Bay and Migori counties achieved performance above 50 per cent at 56.3 per cent and 50.8 per cent, respectively. Conversely, counties that recorded the lowest proportion of own-source revenue against annual targets were Murang'a at 11.5 per cent, Kajiado at 13.8 per cent, and Busia at 14.2 per cent.

2.3 Funds Released to the Counties

2.3.1 Funds released from the Consolidated Fund to the Counties

In the first half of the FY 2021/22, the Controller of Budget (COB) approved the transfer of Kshs.144.98 billion as an equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206 (4) of the Constitution. The transferred amount represented 39.2 per cent of the approved equitable share of Kshs.370 billion as contained in the County Allocation of Revenue Act, 2021. Chapter three provides a detailed analysis of the equitable share of revenue raised nationally and conditional grants disbursed to each county.

2.3.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.169.92 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.26.78 billion (15.8 per cent) for development expenditure and Kshs.143.14 billion (84.2 per cent) for recurrent expenditure. Chapter three provides a detailed analysis of the funds released to each county.

The total expenditure by County governments in the first half of the FY 2021/22 is Kshs.159.52 billion, representing an absorption rate of 30.8 per cent of the total annual County Governments' Budgets. This was an increase from an absorption rate of 27.8 per cent reported in a similar period in FY 2020/21, where total expenditure was Kshs.134.9 billion.

Recurrent expenditure was Kshs.133.59 billion, representing 41.1 per cent of the annual recurrent budget, and an improvement from 36.4 per cent reported in a similar period of FY 2020/21. Development expenditure amounted to Kshs.25.93 billion, representing an absorption rate of 13.5 per cent and a slight decline from 13.7 per cent attained in the first half of FY 2020/21 when total development expenditure was Kshs.25.19 billion. The analysis of expenditure by economic classification in the first half of FY 2021/22 is provided in Table 2.1.

Table 2.1: Expenditure by Major Economic Classification - First Half of FY 2021/22

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	1,643,785,651	525,922,745	2,169,708,396	144,622,379	2,314,330,775
Bomet	1,617,833,511	918,620,593	2,536,454,104	660,781,957	3,197,236,061
Bungoma	2,582,612,192	1,104,731,893	3,687,344,086	696,072,795	4,383,416,881
Busia	1,812,147,411	710,597,993	2,522,745,405	316,863,808	2,839,609,213
Elgeyo Marakwet	1,288,305,306	269,755,248	1,558,060,554	427,344,638	1,985,405,192
Embu	1,577,478,063	380,898,302	1,958,376,365	298,159,841	2,256,536,206
Garissa	1,885,567,874	1,041,643,342	2,927,211,216	450,343,241	3,377,554,457
Homa Bay	1,850,723,006	813,161,632	2,663,884,638	744,616,803	3,408,501,441
Isiolo	612,353,667	418,992,854	1,031,346,521	277,087,464	1,308,433,985
Kajiado	1,933,317,766	1,079,154,654	3,012,472,420	508,650,175	3,521,122,595
Kakamega	2,451,219,774	1,116,734,281	3,567,954,055	1,339,087,911	4,907,041,966
Kericho	1,263,469,054	688,528,309	1,951,997,363	776,898,173	2,728,895,536
Kiambu	3,096,385,399	1,175,331,537	4,271,716,936	291,235,870	4,562,952,806
Kilifi	2,206,756,315	1,556,293,996	3,763,050,311	695,192,363	4,458,242,674
Kirinyaga	1,377,207,268	760,788,380	2,137,995,647	448,597,348	2,586,592,995
Kisii	2,892,211,548	891,237,635	3,783,449,183	934,368,239	4,717,817,422
Kisumu	2,674,856,073	1,056,722,302	3,731,578,375	321,632,562	4,053,210,937
Kitui	2,384,439,037	1,286,134,490	3,670,573,527	1,301,724,697	4,972,298,224
Kwale	1,570,268,134	862,168,087	2,432,436,221	888,027,024	3,320,463,245
Laikipia	1,262,129,054	641,058,655	1,903,187,709	740,985,181	2,644,172,890
Lamu	618,101,651	475,373,034	1,093,474,685	72,285,798	1,165,760,483
Machakos	3,855,546,371	640,627,240	4,496,173,612	322,431,670	4,818,605,282
Makueni	1,654,607,240	930,012,543	2,584,619,784	506,401,964	3,091,021,748
Mandera	2,418,043,125	1,450,993,240	3,869,036,365	1,809,242,082	5,678,278,447
Marsabit	1,290,452,474	403,881,655	1,694,334,129	1,625,762,105	3,320,096,234
Meru	2,912,001,126	1,239,828,029	4,151,829,154	369,004,938	4,520,834,092
Migori	1,413,098,603	761,598,044	2,174,696,647	258,196,499	2,432,893,146
Mombasa	2,057,442,012	1,149,963,054	3,207,405,066	628,634,624	3,836,039,690

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
Murang'a	1,890,085,269	1,018,654,080	2,908,739,349	658,857,439	3,567,596,788
Nairobi City	7,082,399,368	2,815,325,105	9,897,724,473	771,509,137	10,669,233,610
Nakuru	2,363,498,319	1,104,040,350	3,467,538,669	1,091,307,891	4,558,846,560
Nandi	2,100,840,319	978,570,474	3,079,410,793	552,199,367	3,631,610,160
Narok	1,589,199,553	2,248,370,794	3,837,570,347	217,585,587	4,055,155,934
Nyamira	1,554,304,007	637,429,066	2,191,733,073	611,718,965	2,803,452,038
Nyandarua	1,227,605,115	702,397,725	1,930,002,840	119,403,789	2,049,406,629
Nyeri	1,916,570,553	549,556,848	2,466,127,401	225,382,383	2,691,509,784
Samburu	1,177,140,691	501,756,550	1,678,897,241	74,500,000	1,753,397,241
Siaya	1,742,389,171	567,198,126	2,309,587,297	466,009,870	2,775,597,167
Taita Taveta	1,588,863,085	648,707,066	2,237,570,151	47,229,488	2,284,799,639
Tana River	836,576,025	398,090,103	1,234,666,128	418,170,993	1,652,837,121
Tharaka Nithi	1,164,906,863	533,325,177	1,698,232,040	357,942,364	2,056,174,404
Trans Nzoia	1,587,010,831	710,275,737	2,297,286,568	640,881,161	2,938,167,729
Turkana	2,413,186,579	1,679,973,507	4,093,160,086	627,077,311	4,720,237,397
Uasin Gishu	1,528,170,813	999,490,915	2,527,661,728	791,618,527	3,319,280,255
Vihiga	1,198,906,194	243,208,635	1,442,114,829	14,496,896	1,456,611,725
Wajir	2,239,827,249	1,294,545,004	3,534,372,253	232,301,436	3,766,673,689
West Pokot	1,322,860,250	879,224,277	2,202,084,527	155,982,126	2,358,066,653
Total	90,726,698,959	42,860,893,306	133,587,592,267	25,928,426,879	159,516,019,146

Source: OCoB and County Treasuries

The Counties that attained the highest expenditure in absolute terms were; Nairobi City at Kshs.10.67 billion, Mandera at Kshs.5.68 billion, and Kitui at Kshs.4.97 billion. Vihiga, Isiolo and Lamu recorded the lowest expenditure at Kshs.1.46 billion, Kshs.1.31 billion and Kshs.1.17 billion, respectively.

A review of cumulative expenditure by economic classification showed that Kshs.90.73 billion (56.9 per cent) was spent on Personnel Emoluments, Kshs.42.86 billion (26.9 per cent) on Operations and Maintenance, and Kshs.25.93 billion (16.3 per cent) on Development Expenditure.

2.3.3 Development Expenditure

The County governments spent Kshs.25.93 billion on development activities, representing an absorption rate of 13.5 per cent of the annual development budget, which is a slight decrease from 13.7 per cent, reported in a similar period of FY 2020/21 when development expenditure was Kshs.25.19 billion. Analysis of county budgets and expenditure in the first half of the FY 2021/22 is provided in Table 2.2.

Table 2.2: County Budget Allocation, Expenditure and Absorption Rate for First Half FY 2021/22

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Baringo	5,241.84	4,705.50	9,947	2,169.71	144.62	2,314.33	41.4	3.1	23.3
Bomet	5,561.31	2,785.46	8,347	2,536.45	660.78	3,197.24	45.6	23.7	38.3
Bungoma	8,989.91	3,770.67	12,761	3,687.34	696.07	4,383.42	41.0	18.5	34.4
Busia	5,681.53	4,548.85	10,230	2,522.75	316.86	2,839.61	44.4	7.0	27.8
Elgeyo/Marakwet	3,556.87	3,095.35	6,652	1,558.06	427.34	1,985.41	43.8	13.8	29.8
Embu	4,539.39	2,379.72	6,919	1,958.38	298.16	2,256.54	43.1	12.5	32.6
Garissa	7,096.95	3,343.79	10,441	2,927.21	450.34	3,377.55	41.2	13.5	32.3
Homa Bay	5,573.81	3,109.80	8,684	2,663.88	744.62	3,408.50	47.8	23.9	39.3
Isiolo	4,169.53	2,198.31	6,368	1,031.35	277.09	1,308.43	24.7	12.6	20.5
Kajiado	7,183.07	4,073.15	11,256	3,012.47	508.65	3,521.12	41.9	12.5	31.3
Kakamega	8,930.73	7,537.80	16,469	3,567.95	1,339.09	4,907.04	40.0	17.8	29.8
Kericho	5,003.84	3,853.09	8,857	1,952.00	776.90	2,728.90	39.0	20.2	30.8
Kiambu	11,424.59	4,791.88	16,216	4,271.72	291.24	4,562.95	37.4	6.1	28.1
Kilifi	9,060.78	5,813.12	14,874	3,763.05	695.19	4,458.24	41.5	12.0	30.0
Kirinyaga	4,531.06	3,174.27	7,705	2,138.00	448.60	2,586.59	47.2	14.1	33.6
Kisii	8,519.13	4,071.57	12,591	3,783.45	934.37	4,717.82	44.4	22.9	37.5
Kisumu	8,439.31	3,706.87	12,146	3,731.58	321.63	4,053.21	44.2	8.7	33.4
Kitui	8,398.58	4,101.20	12,500	3,670.57	1,301.72	4,972.30	43.7	31.7	39.8
Kwale	6,732.57	5,655.58	12,388	2,432.44	888.03	3,320.46	36.1	15.7	26.8
Laikipia	4,765.64	3,805.11	8,571	1,903.19	740.99	2,644.17	39.9	19.5	30.9
Lamu	3,025.13	1,972.25	4,997	1,093.47	72.29	1,165.76	36.1	3.7	23.3
Machakos	8,417.08	3,818.75	12,236	4,496.17	322.43	4,818.61	53.4	8.4	39.4
Makueni	6,979.64	4,271.40	11,251	2,584.62	506.40	3,091.02	37.0	11.9	27.5
Mandera	7,541.26	5,713.72	13,255	3,869.04	1,809.24	5,678.28	51.3	31.7	42.8
Marsabit	4,359.29	4,586.03	8,945	1,694.33	1,625.76	3,320.10	38.9	35.5	37.1
Meru	8,326.61	4,172.89	12,500	4,151.83	369.00	4,520.83	49.9	8.8	36.2
Migori	6,897.99	3,532.97	10,431	2,174.70	258.20	2,432.89	31.5	7.3	23.3
Mombasa	9,317.50	5,182.50	14,500	3,207.41	628.63	3,836.04	34.4	12.1	26.5
Murang'a	7,245.82	3,410.85	10,657	2,908.74	658.86	3,567.60	40.1	19.3	33.5
Nairobi City	26,665.70	12,961.84	39,628	9,897.72	771.51	10,669.23	37.1	6.0	26.9
Nakuru	12,672.55	10,573.57	23,246	3,467.54	1,091.31	4,558.85	27.4	10.3	19.6
Nandi	5,868.07	3,097.47	8,966	3,079.41	552.20	3,631.61	52.5	17.8	40.5
Narok	8,618.70	4,248.39	12,867	3,837.57	217.59	4,055.16	44.5	5.1	31.5
Nyamira	4,458.49	2,479.13	6,938	2,191.73	611.72	2,803.45	49.2	24.7	40.4
Nyandarua	4,885.10	2,332.53	7,218	1,930.00	119.40	2,049.41	39.5	5.1	28.4
Nyeri	6,086.66	2,664.66	8,751	2,466.13	225.38	2,691.51	40.5	8.5	30.8
Samburu	4,472.27	2,817.83	7,290	1,678.90	74.50	1,753.40	37.5	2.6	24.1
Siaya	5,151.40	5,005.86	10,157	2,309.59	466.01	2,775.60	44.8	9.3	27.3
Taita/Taveta	4,474.94	2,937.86	7,413	2,237.57	47.23	2,284.80	50.0	1.6	30.8
Tana River	5,267.06	2,850.89	8,118	1,234.67	418.17	1,652.84	23.4	14.7	20.4

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Tharaka-Nithi	3,766.16	2,035.74	5,802	1,698.23	357.94	2,056.17	45.1	17.6	35.4
Trans Nzoia	5,232.46	4,020.71	9,253	2,297.29	640.88	2,938.17	43.9	15.9	31.8
Turkana	9,261.76	4,765.84	14,028	4,093.16	627.08	4,720.24	44.2	13.2	33.6
Uasin Gishu	6,487.38	3,190.34	9,678	2,527.66	791.62	3,319.28	39.0	24.8	34.3
Vihiga	4,374.70	2,034.17	6,409	1,442.11	14.50	1,456.61	33.0	0.7	22.7
Wajir	7,341.86	4,243.70	11,586	3,534.37	232.30	3,766.67	48.1	5.5	32.5
West Pokot	4,769.98	2,843.97	7,614	2,202.08	155.98	2,358.07	46.2	5.5	31.0
Total	325,366.00	192,286.93	517,652.93	133,587.59	25,928.43	159,516.02	41.1	13.5	30.8

Source: OCoB and County Treasuries

Analysis of development expenditure as a proportion of approved annual development budget shows that Marsabit, Kitui and Mandera Counties attained the highest absorption rate at 35.5 per cent, 31.7 per cent, and 31.7 per cent, respectively. Counties that reported the lowest absorption rate for the development budget were; Samburu at 2.6 per cent, Taita Taveta at 1.6 per cent, and Vihiga at 0.7 per cent. An analysis of the development projects implemented by counties is provided in chapter three.

2.3.4 Recurrent Expenditure

The Counties spent an aggregate of Kshs.133.59 billion or 83.7 per cent of the total expenditure on recurrent activities. This expenditure represents 41.1 per cent of the annual county government's budget for recurrent activities - an improvement from 36.4 per cent recorded in the first half of the FY 2020/21 when expenditure stood at Kshs.109.71 billion.

The recurrent expenditure comprised of Kshs.90.73 billion (67.9 per cent) on Personnel Emoluments and Kshs.42.86 billion (32.1 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by counties is provided in chapter three.

2.3.5 Review of MCA Sitting Allowances

The county Assemblies spent Kshs.1.08 billion on MCAs Sitting allowances against an approved budget allocation of Kshs.2.69 billion during the reporting period. This expenditure translates to 40 per cent of the approved MCAs sitting allowance budget, and an increase from 36.4 per cent attained in a similar period of FY 2020/21 when Kshs.1.06 billion was spent. Table 2.3 shows the budgetary allocation and expenditure on MCAs and Speakers sitting allowances in the first half of the FY 2021/22.

Table 2.3: MCAs Budget Allocation, Expenditure and Absorption Rate in First Half FY 2021/22

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100		D
Baringo	63,364,274	17,381,000	27.4	46	62,975
Bomet	31,630,578	14,471,600	45.8	37	65,187
Bungoma	26,121,600	15,650,187	59.9	61	42,760
Busia	75,593,600	42,043,600	55.6	54	129,764
Elgeyo Marakwet	45,000,000	22,494,964	50.0	34	110,269
Embu	29,000,000	14,877,200	51.3	35	70,844
Garissa	63,240,000	18,177,588	28.7	51	59,404
Homa Bay	117,715,200	39,557,244	33.6	61	108,080

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
Isiolo	34,340,361	5,803,900	16.9	18	53,740
Kajiado	40,000,000	-	-		-
Kakamega	133,286,400	46,321,600	34.8	90	85,781
Kericho	73,174,608	16,133,756	22.0	48	56,020
Kiambu	120,000,000	21,979,100	18.3	93	39,389
Kilifi	72,965,066	32,595,300	44.7	55	98,774
Kirinyaga	61,846,400	21,678,600	35.1	34	106,268
Kisii	114,420,000	53,492,200	46.8	71	125,569
Kisumu	83,672,800	28,900,983	34.5	49	98,303
Kitui	59,771,200	27,974,160	46.8	55	84,770
Kwale	48,864,000	9,905,832	20.3	34	48,558
Laikipia	32,565,600	10,302,500	31.6	25	68,683
Lamu	21,952,000	9,186,400	41.8	19	80,582
Machakos	50,000,000	30,677,900	61.4	61	83,819
Makueni	52,000,000	21,949,800	42.2	49	74,659
Mandera	44,000,000	11,527,800	26.2	49	39,210
Marsabit	35,000,000	11,562,000	33.0	31	62,161
Meru	104,476,926	33,080,800	31.7	69	79,905
Migori	97,161,600	71,766,870	73.9	57	209,845
Mombasa	40,000,000	20,626,200	51.6	43	79,947
Murang'a	72,000,000	35,909,270	49.9	54	110,831
Nairobi City	100,120,000	60,323,900	60.3	124	81,081
Nakuru	68,000,000	48,448,387	71.2	79	102,212
Nandi	53,557,481	14,235,000	26.6	40	59,313
Narok	57,614,000	12,715,900	22.1	47	45,092
Nyamira	60,892,800	30,446,002	50.0	37	137,144
Nyandarua	55,773,600	11,102,300	19.9	40	46,260
Nyeri	50,668,800	21,916,700	43.3	45	81,173
Samburu	26,400,000	8,172,008	31.0	28	48,643
Siaya	52,405,000	22,175,500	42.3	43	85,952
Taita Taveta	20,000,000	13,020,800	65.1	34	63,827

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
Tana River	49,171,200	9,504,000	19.3	24	66,000
Tharaka Nithi	21,644,000	7,052,500	32.6	21	55,972
Trans Nzoia	50,853,610	19,085,500	37.5	40	79,523
Turkana	36,000,000	14,084,300	39.1	48	48,904
Uasin Gishu	36,689,000	27,644,900	75.3	48	95,989
Vihiga	66,643,200	27,044,100	40.6	39	115,573
Wajir	12,776,400	7,611,200	59.6	50	25,371
West Pokot	31,788,328	17,055,764	53.7	34	83,607
Total	2,694,159,632	1,077,667,115	40.0	2204	81,493

Source: OCoB and County Treasuries

County Assemblies of Busia, Kisii, Migori and Nyamira reported higher expenditure on sitting allowance than the recommended monthly ceiling of Kshs.124,800 by the Salaries and Remuneration Commission (SRC). Kajiado County Assemblies did not report spending on MCAs' sitting allowance during the reporting period.

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

3.1 Introduction

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

3.2 County Government of Baringo

3.2.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.95 billion, comprising Kshs.4.71 billion (47.3 per cent) and Kshs.5.24 billion (52.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.52 billion (65.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.258.55 million (2.6 per cent) from own sources of revenue, and a cash balance of Kshs.2.50 billion (25.1 per cent) from FY 2020/21. The County also expects to receive Kshs.667.34 million (6.7 per cent) as conditional grants, which consists of Kshs.300 million for Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.142.16 million for Transforming Health Systems for Universal care Project (WB), Kshs.75.82 million for Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.48.30 million for Kenya Devolution Support Project (KDSP) Level 1 Grant, Kshs.36.74 million for Instruments for Devolution Advise and Support (IDEAS), Kshs.27.91 million for Emergency Locusts Project, Kshs.25.12 million for Agricultural Sector Development Support Programme (ASDSP) II, and Kshs.11.29 million for DANIDA Primary Health Care.

3.2.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.10 billion as the equitable share of the revenue raised nationally, raised Kshs.121.84 million as own-source revenue, Kshs.75.82 million as conditional grants, and had a cash balance of Kshs.2.50 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.80 billion, as shown in Table 3.1.

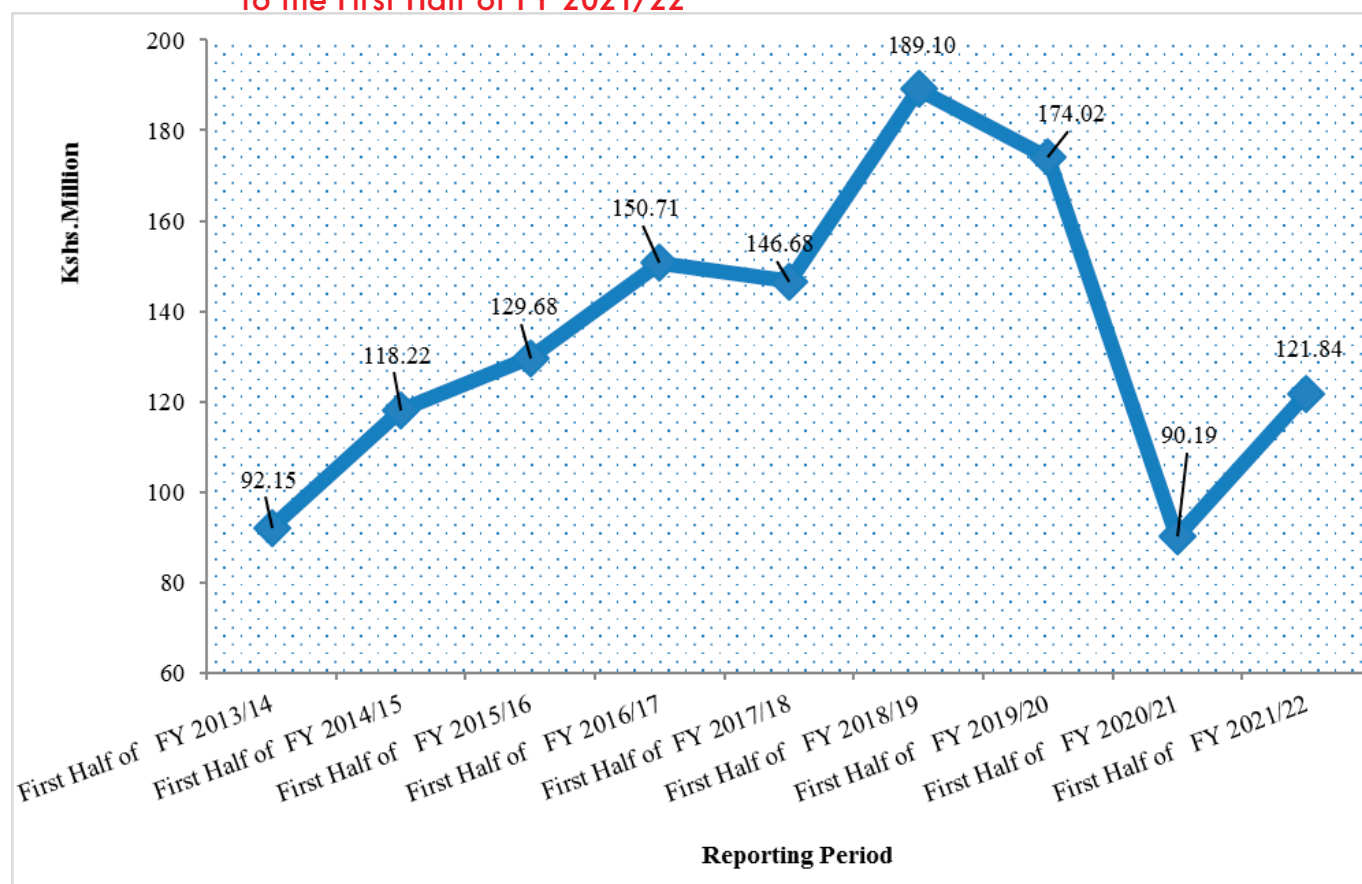
Table 3.1: Baringo County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts in FY 2021/22 (in Kshs)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,522,692,464	2,101,900,213	32.2
Sub Total		6,522,692,464	2,101,900,213	32.2
B	Other Sources of Revenue			
1.	Own Source Revenue	258,546,935	121,836,862	47.1
2.	Conditional Grants	667,338,025	75,822,876	11.4
3.	Balance b/f from FY 2020/21	2,498,762,283	2,498,762,283	100.0
Sub Total		3,424,647,243	2,696,422,021	78.7
Grand Total		9,947,339,707	4,798,322,234	48.2

Source: Baringo County Treasury

Figure 3.1 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.1: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Baringo County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.121.84 million as own-source revenue. This amount represented an increase of 35.1 per cent compared to Kshs.90.19 million realised during a similar period in the first half of FY 2020/21 and was 47.1 per cent of the annual target. The increase is primarily attributed to the opening up of the economy and return of normalcy in business and trading operations across the country after the lifting of lockdown and curfew occasioned by the COVID-19 pandemic and protocols. Resumption of tourism and game park activities led to improvement in revenue collection in conjunction with hospital services.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.43 billion from the CRF account during the reporting period. The amount comprised Kshs.218.67 million (9 per cent) for development programmes and Kshs.2.22 billion (91 per cent) for recurrent programmes.

3.2.4 Overall Expenditure Review

The County spent Kshs.2.31 billion on development and recurrent programmes during the reporting period. This expenditure represented 95.1 per cent of the total funds released by the Controller of Budget and comprised Kshs.144.62 million and Kshs.2.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.1 per cent, while recurrent expenditure represented 41.4 per cent of the annual recurrent expenditure budget.

3.2.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.195.27 million and comprised of Kshs.19.93 million for recurrent expenditure and Kshs.175.34 million for development expenditure. At the beginning of the FY 2021/22, the County had prepared and submitted a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.191.47 million were settled, consisting of Kshs.19.91 million for recurrent expenditure and Kshs.171.55 million for development programmes. Outstanding pending bills as of 31st December 2021 were worth Kshs.3.8 million.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.64 billion was spent on employee compensation, Kshs.525.92 million on operations and maintenance, and Kshs.144.62 million on development activities, as shown in Table 3.2.

Table 3.2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,495,821,652	746,019,020	1,877,580,031	292,128,364	41.8	39.2
Compensation to Employees	3,021,863,149	420,828,638	1,435,391,197	208,394,454	47.5	49.5
Operations and Maintenance	1,473,958,503	325,190,382	442,188,835	83,733,910	30.0	25.7
Development Expenditure	4,603,999,035	101,500,000	144,622,379	-	3.1	-
Total	9,099,820,687	847,519,020	2,022,202,410	292,128,364	22.2	34.4

Source: Baringo County Treasury

3.2.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 33 per cent of the first half proportional revenue of Kshs.4.97 billion. The wage bill of Kshs.1.64 billion includes Kshs.878.61 million attributable to the health sector, which translates to 53.5 per cent of the total wage bill in the reporting period.

3.2.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.101.15 million to county established funds in FY 2021/22, which constituted 1.0 per cent of the County's overall budget for the year. Table 3.3 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.3: County Established Fund Performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Baringo County Car Loan & House Mortgage Scheme	7,648,040	16,000,000	-	-	-	No
2.	Baringo County Bursary Fund	30,000,000	-	-	-	-	No
3.	Baringo County Emergency Fund	30,000,000	-	-	-	-	No
4.	Baringo County Small & Medium Enterprise Fund	3,000,000	-	-	-	-	No
5.	Baringo County Co-operative Development Fund	3,500,000	-	-	-	-	No
6.	Baringo County Community Wildlife Conservation Fund	11,000,000	-	-	-	-	No
7.	Baringo County Assembly Members Car & Mortgage Fund	-	-	-	-	Yes	-
Total		85,148,040	16,000,000	-	-	-	-

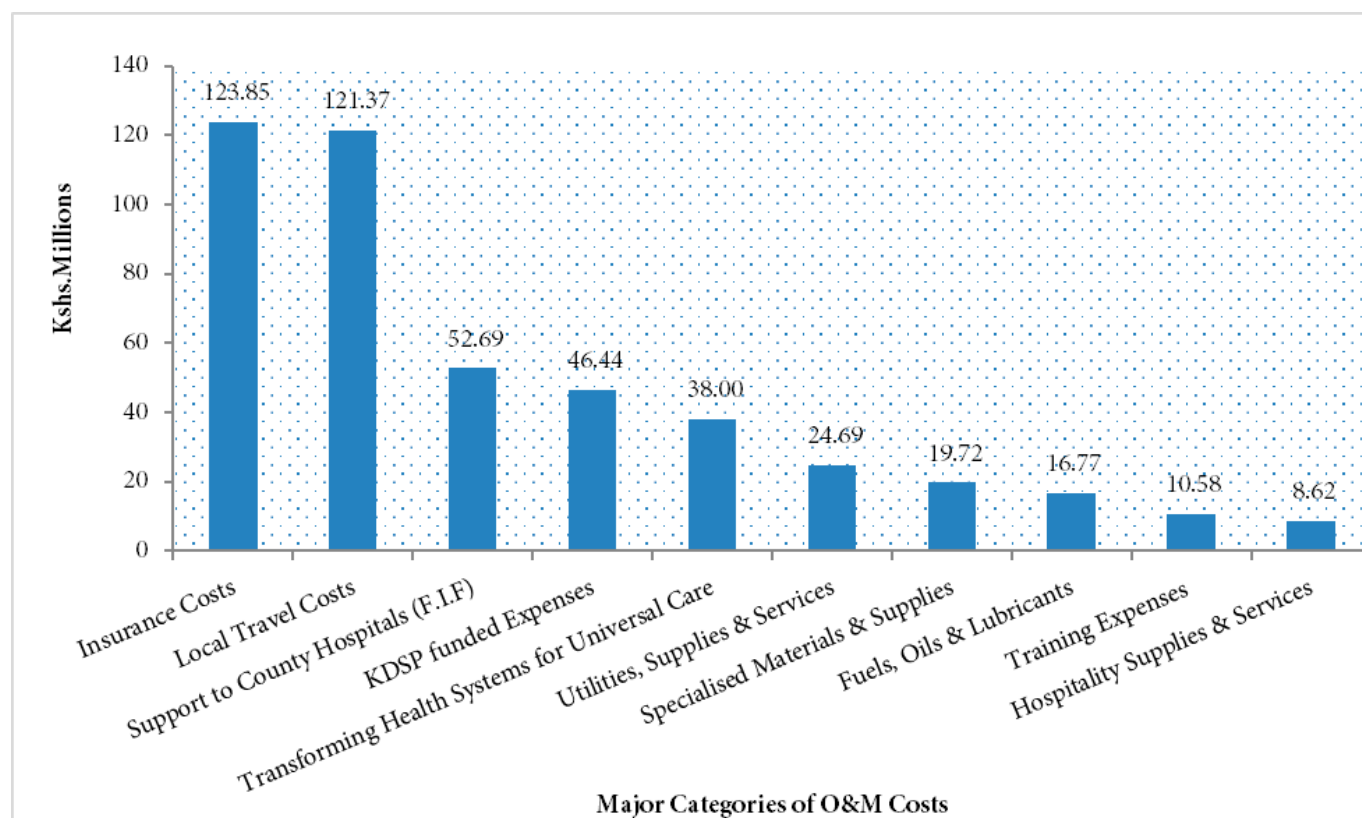
Source: Baringo County Treasury

From the seven county-established public funds, the Office of Controller of Budget received quarterly financial returns from ONLY the Administrator of Baringo County Assembly Members and Staff Car loans and Mortgage Funds as indicated in Table 3.3.

3.2.9 Expenditure on Operations and Maintenance

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

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



Source: Baringo County Treasury

The County spent Kshs.17.38 million on committee sitting allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.63.36 million. The average monthly sitting allowance was Kshs.62,975 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.121.37 million and comprised Kshs.55.01 million spent by the County Assembly and Kshs.66.36 million by the County Executive. Spending on foreign travel amounted to Kshs.6.94 million and consisted of Kshs.4.50 million by the County Assembly and Kshs.2.44 million by the County Executive.

3.2.10 Development Expenditure

The County incurred Kshs.144.62 million on development programmes, which represented an increase of 100 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.72.31 million. Table 3.4 summarises development projects with the highest expenditure in the reporting period.

Table 3.4: Baringo County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Purchase of fruit seedlings and distribution	Baringo Central	30,000,000	18,200,000	60.7
2	Improvement of Livestock in the county	Baringo Central	30,000,000	10,200,000	34.0
3	Torokole-Rugus Road Dozing, grading and murraming	Mikutani	5,900,000	5,900,000	100.0
4	Proposed Erection and Completion of Casualty Block at Marigat Sub-county Hospital	Marigat	5,648,878	5,648,878	100.0
5	Completion of Sogon-Kebtogoi Road	Marigat	4,500,000	4,000,000	88.9

Source: Baringo County Treasury

3.2.11 Budget Performance by Department

Table 3.5 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.5: Baringo 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	746.02	101.50	332.45	-	292.13	-	87.9	-	39.2	-
Governor/County Executive Services	3,391.17	93.83	1,632.21	-	1,605.36	-	98.4	-	47.3	-
County Treasury Services	249.39	244.47	65.01	1.43	91.24	-	140.3	-	36.6	-
Lands, Housing & Urban Development	31.24	139.49	5.00	-	6.92	-	138.5	-	22.2	-
Education and ICT	75.09	231.88	3.70	19.96	3.88	16.60	104.7	83.2	5.2	7.2
Industrialization, Commerce and Tourism	17.25	138.84	6.18	2.70	2.28	2.70	36.9	100.0	13.2	1.9
Water & Irrigation	59.92	883.64	13.80	25.70	23.94	19.99	173.5	77.8	39.9	2.3
Environment & Natural Resources	23.93	87.23	-	-	2.50	-	0.0	-	10.4	-
Health Services	536.83	543.60	126.87	13.14	121.26	12.81	95.6	97.6	22.6	2.4
Agriculture, Livestock, Fisheries & Marketing	51.08	770.95	-	112.17	6.13	26.88	-	24.0	12.0	3.5
Transport and Infrastructure	35.06	1315.71	21.32	24.07	8.37	48.83	39.3	202.9	23.9	3.7
Youth, Gender & Social Security Services	24.87	154.35	8.77	19.52	5.71	16.80	65.1	86.1	23.0	10.9
Total	5,241.84	4,705.50	2,215.30	218.67	2,169.71	144.62	97.9	66.1	41.4	3.1

Source: Baringo County Treasury

Analysis of expenditure by the departments shows that the Department of Youth, Gender & Social Security Services recorded the highest absorption rate of development budget at 10.9 per cent while three departments and an entity namely; Governor/County Executive services, County Treasury Services, Lands, Housing & Urban Development, Environment & Natural Resources and County Assembly Entity did not report any expenditure on development activities.

The Department of Governor/County Executive services had the highest percentage of recurrent expenditure to budget at 47.3 per cent, while the Department of Education and ICT reported the lowest at 5.2 per cent.

3.2.12 Budget Execution by Programmes and Sub-Programmes

Table 3.6 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.6: Baringo County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption Rates (%)
Default Value (Non- Departmental)	Default Value (Non- Departmental)	-	17,648,130	- 17,648,130	-
		-	17,648,130	- 17,648,130	-
County Assembly		468,474,573	90,457,331	378,017,242	19.3
	P1 OFFICE OF THE CLERK	-	-	-	-
		8,200,000	3,110,868	5,089,132	37.9
	General Administration, Planning and Support Services	460,274,573	87,346,463	372,928,110	19.0
	General administration	-	-	-	-
Office of the Speaker		9,004,000	3,764,630	5,239,370	41.8
		9,004,000	3,764,630	5,239,370	41.8
	General Administration, Planning and Support Services	-	-	-	-
County Assembly Administration		370,040,447	98,665,679	271,374,768	26.7
		370,040,447	98,665,679	271,374,768	26.7
Office of the Governor and Deputy Governor		151,060,107	29,634,628	121,425,479	19.6
		57,229,600	29,450,411	27,779,189	51.5
		93,830,507	184,217	93,646,290	0.2
	P3 GOVERNORS OFFICE	-	-	-	-
	P4 DEPUTY GOVERNOR	-	-	-	-

Programme	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption Rates (%)
County Executive Administration		3,074,066,167	1,449,697,103	1,624,369,064	47.2
		-	-	-	-
	Civic Education Development Services	700,000	349,500	350,500	49.9
	General administration	-	-	-	-
	Inter and intra -governmental Relations services	7,000,000	3,185,600	3,814,400	45.5
		3,066,366,167	1,446,162,003	1,620,204,164	47.2
County Secretary		173,540,370	129,008,767	44,531,603	74.3
	County Secretary	-	-	-	-
		173,540,370	129,008,767	44,531,603	74.3
County Public Service Board		-	-	-	-
	County Public Service Board	-	-	-	-
		5,278,159	1,797,500	3,480,659	34.1
	Tiaty sub-county (Administration)	-	-	-	-
		5,278,159	1,797,500	3,480,659	34.1
		5,086,222	2,625,904	2,460,318	51.6
		5,086,222	2,625,904	2,460,318	51.6
	Baringo North sub-county	-	-	-	-
		4,758,027	1,201,929	3,556,098	25.3
		4,758,027	1,201,929	3,556,098	25.3
	Baringo Central sub-county	-	-	-	-
		5,144,000	1,682,336	3,461,664	32.7
	Baringo South sub-county	-	-	-	-
		5,144,000	1,682,336	3,461,664	32.7
		4,362,377	1,855,900	2,506,477	42.5
		4,362,377	1,855,900	2,506,477	42.5
	Mogotio sub-county	-	-	-	-
		4,852,412	2,174,140	2,678,272	44.8
		4,852,412	2,174,140	2,678,272	44.8
	Eldama Ravine sub-county	-	-	-	-
Office of the Deputy Governor		17,586,339	5,423,810	12,162,529	30.8
	P4 DEPUTY GOVERNOR	-	-	-	-
		17,586,339	5,423,810	12,162,529	30.8
	P3 GOVERNORS OFFICE	-	-	-	-
Headquarters		-	-	-	-
	Treasury Accounts	-	-	-	-
	Civic Education Development Services	-	-	-	-
Finance & Economic Planning		392,209,024	81,839,565	310,369,459	20.9
	General Administration, Planning and Support Services	5,963,263	1,936,330	4,026,933	32.5
	Revenue Services Development Services	238,508,107	10,651,760	227,856,347	4.5
	General administration	147,737,654	69,251,475	78,486,179	46.9
	Treasury Accounts	-	-	-	-
	KDS Programme	-	-	-	-
	Early Childhood Development Education	-	-	-	-
	Economic Planning, Budget, Monitoring and Evaluation Services	-	-	-	-
Fiscal Planning		-	-	-	-
	Tiaty sub-county (Administration)	-	-	-	-
Budget		-	-	-	-
	Baringo North sub-county	-	-	-	-
Accounting		-	-	-	-
	Baringo Central sub-county	-	-	-	-

Programme	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption Rates (%)
	Tiaty sub-county (Administration)	-	-	-	-
	Baringo South sub-county	-	-	-	-
	Eldama Ravine sub-county	-	-	-	-
	Mogotio sub-county	-	-	-	-
	Baringo North sub-county	-	-	-	-
Procurement		-	-	-	-
	Baringo South sub-county	-	-	-	-
Internal Audit		-	-	-	-
	Mogotio sub-county	-	-	-	-
Revenue Management Services		-	-	-	-
	Eldama Ravine sub-county	-	-	-	-
Monitoring and Evaluation		101,650,000	42,918,898	58,731,102	42.2
	Economic Planning, Budget, Monitoring and Evaluation Services	101,650,000	42,918,898	58,731,102	42.2
Plant disease control		-	-	-	-
	KDS Programme	-	-	-	-
Transport		1,350,773,292	76,577,643	1,274,195,649	5.7
	General administration	35,059,993	11,657,201	23,402,792	33.2
	Rural Infrastructure Development	1,305,713,299	64,920,442	1,240,792,857	5.0
	Urban Infrastructure Development	10,000,000	-	10,000,000	-
County Roads		-	2,815,118	- 2,815,118	-
	General Administration, Planning and support services	-	-	-	-
	Development and Rehabilitation of rural roads and structures	-	2,815,118	- 2,815,118	-
Industrial Development Services		138,835,959	4,258,548	134,577,411	3.1
	Co-operative services Dev	92,285,959	4,258,548	88,027,411	4.6
	Tourism Dev & Marketing	-	-	-	-
	Industrial Dev services	20,000,000	-	20,000,000	-
	Trade Development	26,550,000	-	26,550,000	-
Trade Development and Management Services		17,250,000	3,369,290	13,880,710	19.5
	Trade Development	-	-	-	-
	General administration	17,250,000	3,369,290	13,880,710	19.5
Education		306,974,664	38,550,048	268,424,616	12.6
	Early Childhood Development Education	230,084,664	28,516,337	201,568,327	12.4
	General administration services	75,090,000	10,033,711	65,056,289	13.4
	General Administration, Planning and support services	1,800,000	-	1,800,000	-
	Special Programmes	-	-	-	-
ICT		-	-	-	-
	Vocational Training	-	-	-	-
Youth Polytechnics		-	-	-	-
	Vocational Training	-	-	-	-
County Health Services		1,080,429,081	170,856,434	909,572,647	15.8
	General administration	536,829,113	150,188,624	386,640,489	28.0
	Preventive and Promotive Health Services	390,302,096	19,323,810	370,978,286	5.0
	Curative and Rehabilitative Services	153,297,872	1,344,000	151,953,872	0.9
	Health/preventive services	-	-	-	-

Programme	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption Rates (%)
Promotion of primary health care		-	-	-	-
	General administration	-	-	-	-
Lands		149,802,238	6,003,612	143,798,626	4.0
	General administration	10,310,420	3,182,912	7,127,508	30.9
	Land Use Planning	20,200,000	-	20,200,000	-
		1,600,000	-	1,600,000	-
	Land Administration	36,073,200	2,820,700	33,252,500	7.8
	Urban Development-Kabar-net	-	-	-	-
	Other Urban Infrastructure development and management	80,818,618	-	80,818,618	-
	Livestock Development and Management	800,000	-	800,000	-
Land Survey and Mapping		8,806,568	2,422,119	6,384,449	27.5
	General administration	8,806,568	2,422,119	6,384,449	27.5
	Civic Education Development Services	-	-	-	-
	Urban Development-Eldama ravine	-	-	-	-
Housing		12,119,157	4,594,007	7,525,150	37.9
	General administration	12,119,157	4,594,007	7,525,150	37.9
	Other Urban Infrastructure development and management	-	-	-	-
	Inter and Intra Governmental Relations Services	-	-	-	-
Agricultural Services		822,027,087	116,620,775	705,406,312	14.2
	Livestock Development and Management	49,111,392	500,000	48,611,392	1.0
	Improved livestock Production	345,651,719	31,599,911	314,051,808	9.1
	Agricultural mechanization services	363,459,668	78,679,961	284,779,707	21.6
	General administration	51,075,333	5,840,903	45,234,430	11.4
	Fisheries Development and Management	-	-	-	-
	Agricultural Development	-	-	-	-
	Agricultural training services	7,028,975	-	7,028,975	-
	Crop Production and Management	5,700,000	-	5,700,000	-
Culture Services		179,215,995	28,816,927	150,399,068	16.1
		3,500,000	-	3,500,000	-
	Sports Development	7,175,571	-	7,175,571	-
		24,867,453	7,445,670	17,421,783	29.9
		143,672,971	21,371,257	122,301,714	14.9
Sports Development and Management Services		-	1,134,880	- 1,134,880	-
	General administration	-	-	-	-
	Sports Development	-	-	-	-
		-	1,134,880	- 1,134,880	-
Water Management Services		943,555,669	68,602,798	874,952,871	7.3
		878,463,790	43,554,741	834,909,049	5.0
		59,916,879	25,048,057	34,868,822	41.8
		5,175,000	-	5,175,000	-
Environment Administration and planning		23,934,809	3,869,953	20,064,856	16.2
		23,934,809	3,869,953	20,064,856	16.2
		-	-	-	-

Programme	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption Rates (%)
Environmental and Natural resource protection Management		87,232,364	1,032,262	86,200,102	1.2
		2,800,000	-	2,800,000	-
		37,658,442	1,032,262	36,626,180	2.7
		43,946,822	-	43,946,822	-
		1,677,500	-	1,677,500	-
		-	-	-	-
		1,149,600	-	1,149,600	-
Headquarters		-	-	-	-
	Inter and Intra Governmental Relations Services				-
Headquarters		39,270,600	12,556,287	26,714,313	32.0
		-	-	-	-
		39,270,600	12,556,287	26,714,313	32.0
	Grand Total	9,947,339,707	2,502,476,953	7,444,862,754	25.2

Source: Baringo County Treasury

Programmes with high levels of implementation based on absorption rates were: County Secretary-General Administrative, Planning and Support Services recorded the highest absorption rate at 74.3 per cent, followed by Tiaty Sub-County Town Administration at 51.6 per cent, County Executive Administration at 47.2 per cent, fourthly by Eldama Ravine Sub-County Administration at 44.8 per cent, and finally Economic Planning, Budget, Monitoring and Evaluation Services at 42.2 per cent of their budgetary allocation respectively.

3.2.13 Monitoring and Evaluation

The Controller of Budget selected a total of 27 projects that were implemented in FY 2018/19 and FY2019/20 for the monitoring and evaluation exercise. The objective of the exercise was to, among other things, assess the status of implementation and ascertain if the objectives of the projects were achieved. During the exercise, the M&E team observed that some projects were well implemented. These included: Upgrading of Torongo Town Center Road to bitumen standard; Youth Empowerment Centre in Eldama Ravine Town; Kipcherere Dispensary in Sai Moi Ward; and drilling and equipping of Chesirimion Borehole in Loyamorok.

However, some projects had issues that could delay the achievement of the intended objectives. These included inadequate staffing and equipping of healthcare and ECDE centres such as Casualty Block at Chemolingot Sub County Hospital and Shimoni ECDE classroom in Eldama Ravine; poor project supervision during the implementation phase, resulting in poor workmanship such as Kailer Dispensary in Ilchamus area; and non-payment of contractors resulting in stalled projects.

To address these challenges and improve budget implementation, the Controller of Budget recommends adequate staffing and equipping newly constructed facilities in the Health and Education sectors; enhance project supervision during the implementation phase to ensure projects are implemented well and to the desired standards; and settle outstanding payments to contractors to ensure stalled and ongoing projects are completed.

3.2.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.144.62 million in the First Half of FY 2021/22 from the annual development budget allocation of Kshs.4.71 billion. The development expenditure represented a meagre 3.1 per cent of the annual development budget.
2. Use of revenue at source and poor budgeting practice by the County Treasury as shown in Table 3.5 where the County incurred expenditure amounting to Kshs.17.65 million without approved budgetary allocations under default - non-programmatic programme. Table 3.6 shows a number of departments reported expenditure above exchequer issues.
3. Non-conformity to Section 168 of the PFM Act, 2012. The Fund Administrators did not submit the quarterly financial reports to the OCoB for the Car Loans and House Mortgage Fund Scheme, Bursary Fund, Co-operative Development Fund, Wildlife Conservation Fund and SMEs Enterprise Fund despite the funds being

effectively in operation

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Frequent reconciliations should be undertaken to confirm the IFMIS loaded budget is reconciled with the approved physical budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.
- iii. The County Executive Committee Member for Finance should ensure that financial reports for the County operationalized funds should be submitted to the OCoB by Fund Administrators in compliance with Section 168 of the PFM Act, 2012, every quarter.

3.3 County Government of Bomet

3.3.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.35 billion, comprising Kshs.2.79 billion (33.4 per cent) and Kshs.5.56 billion (66.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.69 billion (80.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.300 million (3.6 per cent) from own sources of revenue, and a cash balance of Kshs.333.19 million (4 per cent) from FY 2020/21. The County also expects to receive Kshs.1.02 billion (12.3 per cent) as conditional grants, which consists of; Kshs.153.30 million for Leasing of Medical Equipment; Kshs.98.74 million from World Bank loan for transforming health systems for Universal Care Project; Kshs.168 million for Kenya Urban Support Programme; Kshs.215.35 million for Kenya Devolution Support Programme (Level 1 & 2 Grant); Kshs.12.20 million for HSSF DANIDA; Kshs.350 million for IDA Kenya Climate-Smart Programme; and Kshs.24.89 million for Agriculture Sector Development Support Programme.

3.3.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.78 billion as the equitable share of the revenue raised nationally, raised Kshs.74.28 million as own-source revenue, Kshs.5 million as conditional grants, and had a cash balance of Kshs.676.57 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.53 billion, as shown in Table 3.7.

Table 3.7: Bomet County, Revenue Performance in the First Half of FY 2021/22

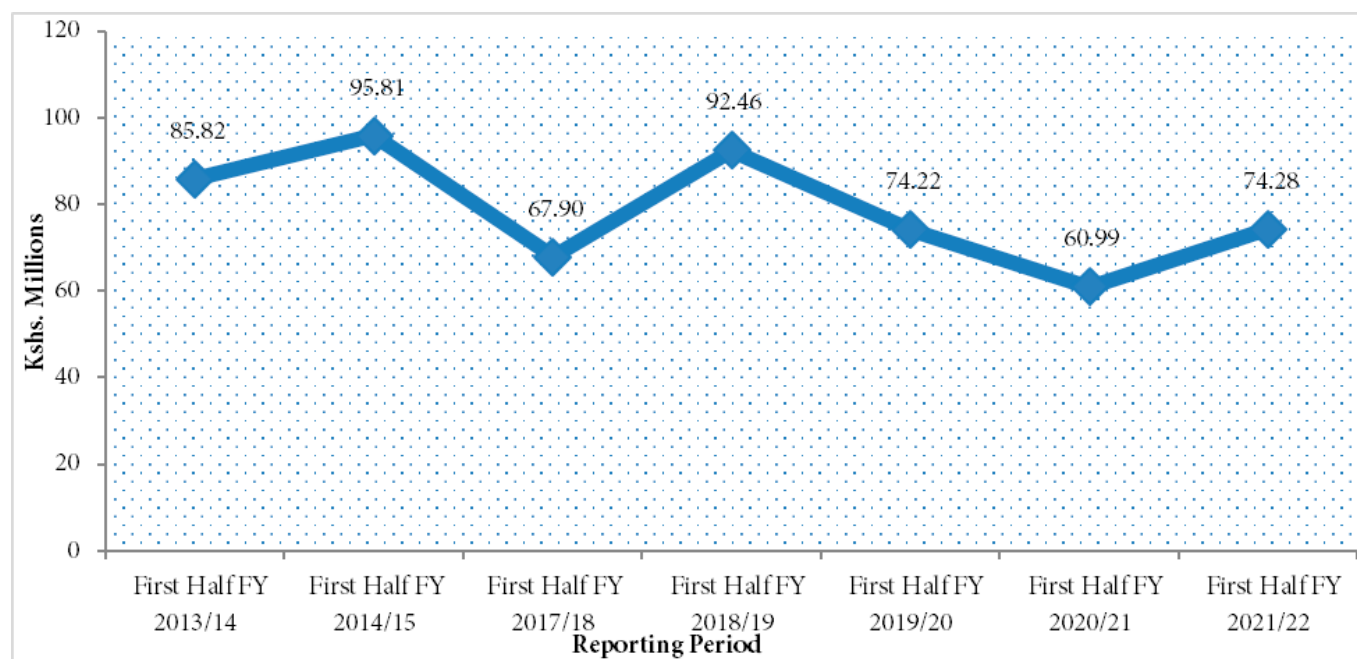
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,691,099,118	2,776,806,135	41.5
	Sub Total	6,691,099,118	2,776,806,135	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	300,000,000	74,278,130	24.8
2.	Balance b/f from FY 2020/21	333,187,684	676,567,128	203.1
3.	Other Revenues (Conditional Grants)	1,022,479,530	4,999,400	0.5
	Sub Total	1,655,667,214	755,844,658	45.7
	Grand Total	8,346,766,332	3,532,650,793	42.3

Source: Bomet County Treasury

**It is worth noting that the actual balance of Kshs.676.57 million from FY 2020/21 exceeded the estimated balance brought forward of Kshs.333.18 million. The county must prepare a supplementary budget to appropriate the correct balance from the previous year.*

Figure 3.3 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.3: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Bomet County Treasury

In the first half of FY 2021/22, the county generated a total of Kshs.74.28 million as own-source revenue. This amount represented an increase of 21.8 per cent compared to Kshs.60.99 million realised during a similar period in the first half of FY 2020/21 and was 24.8 per cent of the annual target.

In FY 2018/19, the County implemented an automated revenue management system referred to as JamboPay. The County attributed the increase in own-sources of revenue to:

- *Change in the leadership of the Revenue Directorate through the appointment of a new Director of Revenue. The current leadership credited their success to the implementation of the following strategies:*
 - *Strict controls on staff performance through regular reconciliation, weekly reporting on performance, and online monitoring of performance,*
 - *Staff motivation and empowerment of supervisors,*
 - *Worked on the organisation structure to ensure proper flow of work and information,*
 - *Improvement in communication through regular meetings especially zoom meetings,*
 - *Reallocation of staff based on their capacity, staff reshuffles, and proper handing over,*
 - *Acknowledgement of top revenue clients.*
- *Improvement of the revenue automation system, JamboPay system, allows cashless transactions by introducing mobile payment (pay bill).*
- *Full automation of the JamboPay system to all revenue collection streams.*
- *Capacity building of revenue staff on the JamboPay system.*
- *Sensitisation of the public on the cashless method of payment of revenue transactions.*
- *Mapping of all revenue sources across the County.*

- The Revenue Directorate took over the management of Tractors from the Department of Agriculture and instituted new controls that led to an increase in revenue.

3.3.3 Exchequer Issues

The Controller of Budget approved Kshs.3.52 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.831.88 million (23.6 per cent) for development programmes and Kshs.2.69 billion (76.4 per cent) for recurrent programmes.

3.3.4 Overall Expenditure Review

The County spent Kshs.3.2 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.9 per cent of the total funds released by the CoB and comprised of Kshs.660.78 million and Kshs.2.54 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 23.7 per cent, while recurrent expenditure represented 45.6 per cent of the annual recurrent expenditure budget.

3.3.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.520.73 million and comprised of Kshs.68.4 million for recurrent expenditure and Kshs.452.33 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.316.01 million were settled, consisting of Kshs.34.24 million for recurrent expenditure and Kshs.281.78 million for development programmes. Outstanding pending bills as of 31st December, 2021 were worth Kshs.204.71 million.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.62 billion was spent on employee compensation, Kshs.918.62 million on operations and maintenance, and Kshs.660.78 million on development activities, as shown in Table 3.8.

Table 3.8: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,838,240,694	723,066,449	2,257,536,536	278,917,568	46.7	38.6
Compensation to Employees	3,143,064,243	276,569,422	1,501,583,341	116,250,169	47.8	42.0
Operations and Maintenance	1,695,176,451	446,497,027	755,953,194	162,667,399	44.6	36.4
Development Expenditure	2,572,804,112	212,655,077	660,781,957	-	25.7	-
Total	7,411,044,806	935,721,526	2,918,318,493	278,917,568	39.4	29.8

Source: Bomet County Treasury

3.3.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 38.8 per cent of the first half proportional revenue of Kshs.4.17 billion.

The wage bill of Kshs.1.62 billion includes Kshs.596.8 million attributable to the health sector, which translates to 36.9 per cent of the total wage bill in the reporting period.

3.3.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs. 270.07 million to county established funds in FY 2021/22, which constituted 3.2 per cent of the County's overall budget for the year. Table 3.9 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.9: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	Bomet County Assembly Car Loan and Mortgage (Members) Scheme Fund	-	75,000,000	-	-		No
2	Housing Loans to Public Servants – Department of Finance	6,300,000	-	3,100,000	-		No
3	Car loans to public servants – Department of Finance	7,875,000	-	1,700,000	-		No
4	Enterprise Development Fund – Department Cooperatives and Enterprise Development	40,500,000	-		-		No
5	Bursaries and Support Services - Department of Education and Vocational Training	56,496,660	-	32,310,698	-		No
6	Revolving Fund - Department of Education and Vocational Training	20,000,000	-	-	-		No
7	Emergency Fund – Department of Finance	1,337,122	-	1,000,000	-		No
	Total	195,071,982	75,000,000	53,662,398	-		

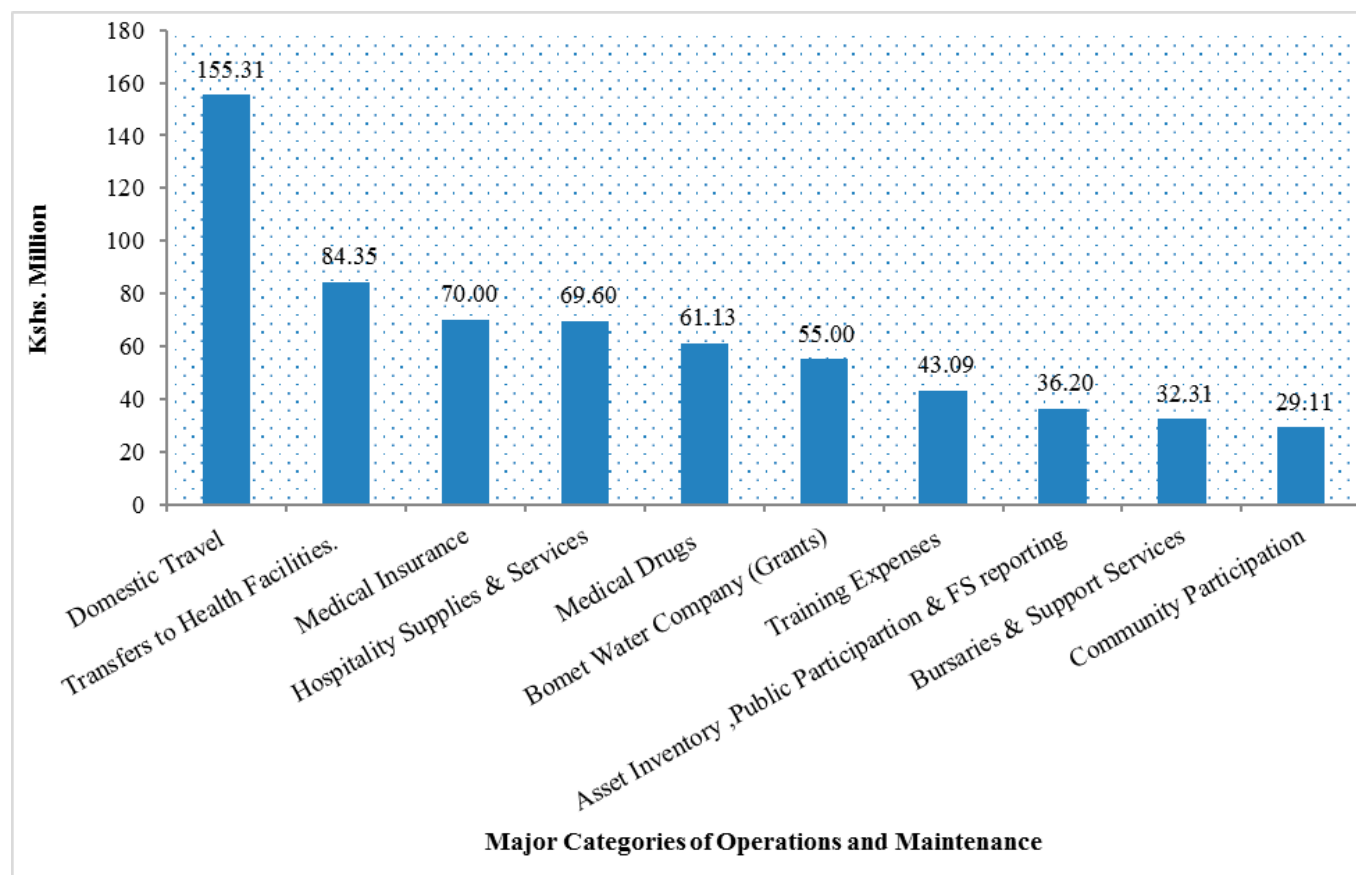
Source: Bomet County Treasury

Reports from the seven county-established public funds were yet to be submitted to OCoB at the time of finalisation of this report, as indicated in Table 3.9.

3.3.9 Expenditure on Operations and Maintenance

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

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



Source: Bomet County Treasury

The County spent Kshs.14.47 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.31.63 million. The average monthly sitting allowance was Kshs.65,187 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.155.31 million and comprised Kshs.59.65 million spent by the County Assembly and Kshs.95.67 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.35 million and was incurred by County Executive.

3.3.10 Development Expenditure

The County incurred Kshs.660.78 million on development programmes, which represented an increase of 75.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.377.43 million. Table 3.10 summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Land Purchase	25 Wards	35,000,000	12,500,000	35.7
2	Purchase of Vehicles & Other	All Wards/THS-WB	10,983,937	10,500,000	95.5
3	Purchase of Ambulance	All Wards	10,983,937	9,530,000	86.7
4	Curative services (Specialised materials & supplies – Renal, CT- Scan, Ophthalmic, Oncology, HDU, theatre consumables)	Longisa, Embomos, Sigor, Ndanai/Abosi Wards	10,000,000	9,145,630	91.4
5	Medical and Dental Equipment	All Wards	8,728,514	8,569,800	98.1
6	Procurement of County Integrated Hospital Management Information System (CIHMIS)	Longisa County Referral Hospital	6,000,000	6,709,546	111.8
7	Routine Maintenance of Kenyagoro Tbc-Kip-raisi-Kenyagoro Day-Kiboro Tbc	Boito	6,276,412	6,276,412	100
8	Routine Maintenance of Kimenderit - Kotoibek - Olbutyo Bridge Road	Nyangores	5,939,604	5,939,604	100
9	Routine Maintenance of Taprire-Chepngungul And Kamaget-Kapngetuny Road	Chebunyo	5,907,561	5,907,561	100
10	Routine Maintenance of Cheplakwet- Koroitik Road	Embomos	5,827,492	5,827,492	100

Source: Bomet County Treasury

Remarks given by the County Treasury on the above-listed development projects hinted that the procurement of the County Integrated Hospital Management Information System (CIHMIS) was 90 per cent completed, with the last payment amounting to Kshs.3,090,454 still pending. Land purchase in twenty-five wards was processed up to the internet banking level. Purchase of vehicles and purchase of ambulance were awaiting delivery and payments.

3.3.11 Budget Performance by Department

Table 3.11 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.11: Bomet County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	185.00	-	100.81	-	116.66	-	115.7	-	63.1	-
County Public Service Board	34.41	6.00	18.06	-	17.87	-	98.9	-	51.9	-
Administration	32.04	24.00	14.23	-	8.25	-	58.0	-	25.7	-
Public Service	2,056.93		1,071.94	-	979.37	-	91.4	-	47.6	-
Information, Communication, & Technology	23.21	12.00	8.20	-	7.35	1.73	89.5	-	31.7	14.4
Finance	109.01	123.96	56.76		81.12	116.78	142.9	-	74.4	94.2

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
Economic Planning	109.02	167.35	28.76	118.52	48.85	-	169.9	-	44.8	-
Lands, Housing and Urban Planning	72.20	225.80	9.50	167.35	11.21	3.30	118.0	2.0	15.5	1.5
Youth, Sports, Gender, & Culture	39.18	39.00	28.05	2.38	27.66	-	98.6	-	70.6	-
Medical Services and Public Health	1,791.22	240.41	814.89	17.06	798.53	14.02	98.0	82.2	44.6	5.8
Education & Vocational Training	132.36	206.51	63.68	69.42	40.61	33.63	63.8	48.4	30.7	16.3
Water Sanitation & Environment	119.80	280.49	87.43	55.28	64.32	100.02	73.6	180.9	53.7	35.7
Agriculture, Livestock & Veterinary Services	16.59	462.80	2.01	-	11.28	-	561.6	-	68.0	-
Roads, Public Works, and Transport	83.67	660.10	34.55	383.23	40.03	381.34	115.9	99.5	47.8	57.8
Trade, Energy, Tourism, Industry, and Investment	12.12	38.03	5.64	18.63	4.44	9.96	78.8	53.5	36.6	26.2
Co-operatives & Enterprise Development	21.49	86.35	5.77	-	-	-	-	-	-	-
County Assembly	723.07	212.66	336.11	-	278.92	-	83.0	-	38.6	-
TOTAL	5,561.31	2,785.46	2,686.38	831.88	2,536.45	660.78	94.4	79.4	45.6	23.7

Source: Bomet County Treasury

Analysis of expenditure by the departments shows that the Department of Finance recorded the highest absorption rate of development budget at 94.2 per cent while several departments did not report any expenditure on development activities, i.e. Department of Administration; County Public Service Board; Economic Planning; Youth, Sports, Gender and Culture; Agriculture, Livestock and Veterinary Services; Co-operatives and Enterprise Development; and County Assembly of Bomet. The Department of Finance had the highest percentage of recurrent expenditure to budget at 74.4 per cent, while the Department of Co-operatives and Enterprise Development did not report any expenditure during the reporting period.

3.3.12 Budget Execution by Programmes and Sub-Programmes

Table 3.12 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

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

Programme	Sub-program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Department of Public Service		2,056,933,665	979,369,816	1,077,563,849	47.6
Operations and Maintenance		205,000,000	75,182,900	129,817,100	36.7
	Use of Goods and Services	205,000,000	75,182,900	129,817,100	36.7
Salaries and Wages		1,851,933,665	904,186,916	947,746,749	48.8
	Personnel Emoluments	1,851,933,665	904,186,916	947,746,749	48.8
Department of Medical Services and Public Health		2,031,628,666	812,552,626	1,219,076,040	40.0
Curative Services		183,391,102	72,644,134	110,746,968	39.6
	Curative Services	183,391,102	72,644,134	110,746,968	39.6
Health Care Financing		184,408,000	92,175,000	92,233,000	50.0
	Cash Transfers to Health Facilities.	152,034,644	84,345,000	67,689,644	55.5
	DANIDA Funds disbursements	15,660,000	7,830,000	7,830,000	50.0

Programme	Sub-program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	User fees forgone disbursements	16,713,356	-	16,713,356	-
Health Infrastructure		240,407,763	14,020,972	226,386,791	5.8
	Health Infrastructure	240,407,763	14,020,972	226,386,791	5.8
Human Resources for Health Services		1,252,531,842	611,324,830	641,207,012	48.8
	Administrative Service	-	-	-	
	Administrative Services - Use of Goods and Services	30,031,842	14,508,004	15,523,838	48.3
	Personnel Emoluments	1,219,500,000	596,802,826	622,697,174	48.9
	Policy Development	3,000,000	14,000	2,986,000	0.5
Preventing and Promotive Services		88,129,352	3,053,750	85,075,602	3.5
	Communicable disease prevention and Control	5,000,000	2,300,000	2,700,000	46.0
	Community and health facility-based interventions (support to UHC Vulnerable HH)	60,329,352	-	60,329,352	-
	Community maternal and child health (Inclusive of Cus operationalisation)	2,300,000	-	2,300,000	-
	Nutrition services	10,000,000	-	10,000,000	-
	Sanitation programmes (including BIDP)	10,500,000	753,750	9,746,250	7.2
Reproductive Health Services		82,760,607	19,333,940	63,426,667	23.4
	Transformative Health Care systems - Family planning services	3,458,952	-	3,458,952	-
	Transformative Health Care systems - Immunization services	3,458,952	-	3,458,952	-
	Transformative Health Care systems - Maternal, new-born and child health services	75,842,704	19,333,940	56,508,764	25.5
Department of Roads Public Works and Transport		743,774,836	421,379,162	322,395,674	56.7
County Transport Infrastructure		16,500,000	-	16,500,000	-
	Construction of buildings (Service Bay)	10,000,000	-	10,000,000	-
	Equipping of County Mechanical Workshop	3,000,000	-	3,000,000	-
	Operationalisation of a Fleet management system and construction of a control room	2,000,000	-	2,000,000	-
	Road safety	1,500,000	-	1,500,000	-
Development and Maintenance of other Public works		188,000,000	44,225,028	143,774,972	23.5
	Construction and equipping of Material Testing Lab	6,000,000	-	6,000,000	-

Programme	Sub-program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Construction and Maintenance of Motorised Bridge	105,000,000	44,225,028	60,774,972	42.1
	Consultancy services for Construction works	3,000,000	-	3,000,000	-
	Culvert Installation	25,000,000	-	25,000,000	-
	Foot Bridge construction	45,000,000	-	45,000,000	-
	Purchase of software's	4,000,000	-	4,000,000	-
Operations and Maintenance		83,673,772	40,034,733	43,639,039	47.8
	Other Recurrent Expenditure	52,500,000	20,886,799	31,613,201	39.8
	Use of Goods and Services	31,173,772	19,147,934	12,025,838	61.4
Roads Construction & Maintenance		455,601,064	337,119,401	118,481,663	74.0
	Construction of Roads	455,601,064	337,119,401	118,481,663	74.0
	Overhaul of Roads (RMLF)	-	-	-	-
Department of Agriculture, Livestock and Veterinary Services		479,388,692	11,276,119	468,112,573	2.4
Crop Development and Management		412,822,372	-	412,822,372	-
	Crop Management	379,822,372	-	379,822,372	-
	Food & Nutrition Security	33,000,000	-	33,000,000	-
Livestock, Fisheries & Veterinary Services		49,976,320	-	49,976,320	-
	Fisheries Development	2,500,000	-	2,500,000	-
	Livestock Development	19,500,000	-	19,500,000	-
	Veterinary Services	27,976,320	-	27,976,320	-
Operations and Maintenance		16,590,000	11,276,119	5,313,881	68.0
	Other Recurrent Expenditure	2,000,000	1,961,356	38,644	98.1
	Use of Goods and Services	14,590,000	9,314,763	5,275,237	63.8
Department of Water, Sanitation and Environment		400,285,106	164,341,373	235,943,734	41.1
Development of Water Supply for Domestic and Commercial purposes		264,785,106	100,018,073	164,767,034	37.8
	Cash Transfer (BIDP Programme)	60,000,000	-	60,000,000	-
	Hydrogeological Surveys, Drilling and Equipping of boreholes and other civil works	4,185,106	2,913,750	1,271,356	69.6
	Spring protection	1,000,000	-	1,000,000	-
	water harvesting and storage	91,000,000	7,926,000	83,074,000	8.7
	Water supply infrastructure	108,600,000	89,178,323	19,421,678	82.1
Environment and Natural Resources		19,860,000	-	19,860,000	-
	Environmental and natural resources protection and conservation	9,100,000	-	9,100,000	-
	Other Recurrent Expenditure	1,525,000	-	1,525,000	-
	Policy planning and administrative services	1,000,000	-	1,000,000	-
	Use of Goods and Services	8,235,000	-	8,235,000	-

Programme	Sub-program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Irrigation Development		1,000,000	-	1,000,000	-
	Irrigation infrastructure	1,000,000	-	1,000,000	-
Operations and Maintenance		110,040,000	64,323,300	45,716,700	58.5
	Other Recurrent Expenditure	89,500,000	55,000,000	34,500,000	61.5
	Use of Goods and Services	20,540,000	9,323,300	11,216,700	45.4
Policy planning and administrative services		4,500,000	-	4,500,000	-
	County Water Master Plan documentation	3,500,000	-	3,500,000	-
	Consultancy services for the design of water supply infrastructure	-	-	-	-
	County water policy and bill	1,000,000	-	1,000,000	-
Wastewater management		100,000	-	100,000	-
	Resource mobilisation for proposed Sotik sewerage project	100,000	-	100,000	-
Department of Education and Vocational Training		338,866,704	74,236,147	264,630,558	21.9
Early Childhood Development and Education		206,510,454	33,628,658	172,881,797	16.3
	Ancillary Education Support	15,000,000	10,058,350	4,941,651	67.1
	Construction of ECD Classrooms	75,810,454	23,570,308	52,240,146	31.1
	Feeding Programme	109,000,000	-	109,000,000	-
	Furniture in ECD	4,200,000	-	4,200,000	-
	Teaching/ Learning Materials	2,500,000	-	2,500,000	-
Operations and Maintenance		8,859,590	8,296,791	562,799	93.6
	Use of Goods and Services	8,859,590	8,296,791	562,799	93.6
Policy, Planning and General Administrative Services		123,496,660	32,310,698	91,185,962	26.2
	Bursaries and Support Services	56,496,660	32,310,698	24,185,962	57.2
	Other Transfers (Support to Polytechnic)	47,000,000	-	47,000,000	-
	Revolving Fund	20,000,000	-	20,000,000	-
Department of Lands, Housing and Urban Planning		298,000,000	14,508,066	283,491,934	4.9
Housing Development		6,150,000	1,188,300	4,961,700	19.3
	Maintenance of Buildings and Stations -- Non-Residential, i.e. offices	2,800,000	-	2,800,000	-
	Use of Goods and Services	3,350,000	1,188,300	2,161,700	35.5
Lands Development		35,000,000	1,410,000	33,590,000	4.0
	Acquisition of land -EPZ	10,000,000	-	10,000,000	-
	Land Purchase-Wards	25,000,000	1,410,000	23,590,000	5.6
Municipality		213,000,000	1,455,600	211,544,400	0.7
	KUSP (Municipal infrastructure)	168,000,000	-	168,000,000	-
	Personnel Emoluments	40,000,000	593,600	39,406,400	1.5
	Use of Goods and Services	5,000,000	862,000	4,138,000	17.2
Operations and Maintenance		8,615,000	2,775,280	5,839,720	32.2

Programme	Sub-program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Land title deeds acquisition	4,000,000	-	4,000,000	-
	Use of Goods and Services	4,615,000	2,775,280	1,839,720	60.1
Urban Management		35,235,000	7,678,886	27,556,114	21.8
	Urban Infrastructure -Development of public utilities-Public toilets, Stormwater drains, and other urban public infrastructure in 20 wards outside the Municipality.	20,000,000	1,888,196	18,111,804	9.4
	Use of Goods and Services	15,235,000	5,790,690	9,444,310	38.0
Department of Economic Planning		276,372,939	48,845,123	227,527,816	17.7
Budget Preparation and Management		7,000,000	5,565,300	1,434,700	79.5
	Preparation of Budget Documents	6,000,000	5,462,500	537,500	91.0
	Training	1,000,000	102,800	897,200	10.3
KDSP (Level 1 Grant)		48,000,000	8,946,855	39,053,145	18.6
	KDSP (Level 1 Grant)	48,000,000	8,946,855	39,053,145	18.6
KDSP (Level 2 Grant)		167,353,974	-	167,353,974	-
	KDSP (Level 2 Grant) - Development	167,353,974	-	167,353,974	-
Monitoring and Evaluation Services		4,000,000	-	4,000,000	-
	Awareness and Publicity Campaigns	-	-	-	-
	Monitoring services	2,000,000	-	2,000,000	-
	Policy Development	2,000,000	-	2,000,000	-
Operations and Maintenance		36,831,091	29,842,568	6,988,523	81.0
	Use of Goods and Services	36,831,091	29,842,568	6,988,523	81.0
Planning and Statistics		13,187,874	4,490,400	8,697,474	34.0
	County Plans and review of the CIDP	12,000,000	4,490,400	7,509,600	37.4
	County Statistics	1,187,874	-	1,187,874	-
Department of Finance		232,969,289	197,898,845	35,070,444	84.9
Financial Management Services		123,963,859	116,779,763	7,184,097	94.2
	Financial Management Services	123,963,859	116,779,763	7,184,097	94.2
Operations and Maintenance		109,005,430	81,119,083	27,886,347	74.4
	Other Recurrent	15,750,000	4,800,000	10,950,000	30.5
	Use of Goods and Services	93,255,430	76,319,083	16,936,347	81.8
Department of County Executive		185,000,000	116,658,474	68,341,526	63.1
Operations and Maintenance		185,000,000	116,658,474	68,341,526	63.1
	Use of Goods and Services	185,000,000	116,658,474	68,341,526	63.1
Department of Cooperatives and Enterprise Development		107,843,230	-	107,843,230	-
Agribusiness Development and Marketing		45,600,000	-	45,600,000	-
	Cooperative development	38,500,000	-	38,500,000	-
	Market Development	1,100,000	-	1,100,000	-
	Value addition	6,000,000	-	6,000,000	-

Programme	Sub-program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Enterprise Development Fund		40,500,000	-	40,500,000	-
	Revolving Fund	40,500,000	-	40,500,000	-
Operations and Maintenance		21,490,030	-	21,490,030	-
	Other Recurrent Expenditure	1,800,000	-	1,800,000	-
	Use of Goods and Services	19,690,030	-	19,690,030	-
Policy Formulation, Review, and Administration		253,200	-	253,200	-
	Legal and Institutional framework	53,200	-	53,200	-
	Policy formulation, review, and implementation	100,000	-	100,000	-
	Strategies and Plans	100,000	-	100,000	-
Department of Youth, Sports, Gender and Culture		78,180,777	27,657,940	50,522,837	35.4
Culture and library services		9,600,000	1,980,700	7,619,300	20.6
	Cultural Development (Other Infrastructure and Civil Works)	4,000,000	-	4,000,000	-
	Public Records and Archives Management	600,000	-	600,000	-
	Public Records and Archives Management (Other Infrastructure and Civil Works)	3,000,000	-	3,000,000	-
	Training	2,000,000	1,980,700	19,300	99.0
Gender, Children Services, and Social Protection		17,500,000	8,979,700	8,520,300	51.3
	Foods and ratio – (Other)	3,000,000	3,000,000	-	100.0
	Social Protection and Children Services (Other Infrastructure and Civil Works) Rescue Centre	8,000,000	-	8,000,000	-
	Social Protection -Other Operating Expenses – Other	2,500,000	2,474,700	25,300	99.0
	Training and gender empowerment (gender mainstreaming)	4,000,000	3,505,000	495,000	87.6
Operations and Maintenance		8,180,777	2,972,800	5,207,977	36.3
	Use of Goods and Services	8,180,777	2,972,800	5,207,977	36.3
Policy Development and Administrative Services		3,000,000	2,999,620	380	100.0
	Policy Development	3,000,000	2,999,620	380	100.0
	Purchase of Uniform and Clothing-Staff	-	-	-	-
	Transfer to Lake region economic block	-	-	-	-
Youth and Sports Development		39,900,000	10,725,120	29,174,880	26.9
	Development of sporting facilities (Overhaul of Other Infrastructure and Civil Works)	17,000,000	-	17,000,000	-

Programme	Sub-program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Establishment of Youth Empowerment facilities and equipment	4,700,000	633,920	4,066,080	13.5
	Other Infrastructure and Civil Works Sports Academy	4,000,000	-	4,000,000	-
	Overhaul of Other Infrastructure and Civil Works)	3,000,000	-	3,000,000	-
	Sports Enhancement	11,200,000	10,091,200	1,108,800	90.1
Department of Administration		56,035,461	8,245,650	47,789,811	14.7
Centre for Devolved Governance		200,000	-	200,000	-
	Centre for Devolved Governance	200,000	-	200,000	-
Infrastructure Development and Equipment		24,000,000	-	24,000,000	-
	Infrastructure Development and Equipment	24,000,000	-	24,000,000	-
Operations and Maintenance		31,835,461	8,245,650	23,589,811	25.9
	Use of Goods and Services	31,835,461	8,245,650	23,589,811	25.9
Department of Trade, Energy, Tourism and Industry and Investment		50,153,901	14,406,423	35,747,478	28.7
Industry Development		5,540,000	1,965,619	3,574,381	35.5
	Equipping of Jua Kali sheds	1,140,000	-	1,140,000	-
	Industrial Development and Support	4,400,000	1,965,619	2,434,381	44.7
Energy Development		12,000,000	1,517,620	10,482,380	12.6
	Installation and Maintenance of Floodlight and street lights	11,200,000	1,517,620	9,682,380	13.6
	Low-Cost Energy Services	800,000	-	800,000	-
Operations and Maintenance		12,123,901	4,442,955	7,680,946	36.6
	Other Recurrent Expenditure	2,050,000	945,175	1,104,825	46.1
	Use of Goods and Services	10,073,901	3,497,780	6,576,121	34.7
Tourism Development		5,490,000	-	5,490,000	-
	Development of The Tourism Niche Products	5,000,000	-	5,000,000	-
	Tourism promotion and exhibition	490,000	-	490,000	-
Trade Development		15,000,000	6,480,229	8,519,771	43.2
	Fair Trade and Consumer Protection Practices	700,000	-	700,000	-
	Market Development	14,300,000	6,480,229	7,819,771	45.3
Department of County Public Service Board		40,406,540	17,869,262	22,537,278	44.2
Development		6,000,000	-	6,000,000	-
	Development	6,000,000	-	6,000,000	-
Operations and Maintenance		34,406,540	17,869,262	16,537,278	51.9
	Use of Goods and Services	34,406,540	17,869,262	16,537,278	51.9
Department of ICT		35,205,000	9,073,468	26,131,532	25.8
Information Communication Technology (ICT) Services		12,000,000	1,728,400	10,271,600	14.4

Programme	Sub-program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Development of ICT Infrastructure	4,000,000	-	4,000,000	-
	E-Government Services	6,000,000	1,728,400	4,271,600	28.8
	ICT Connectivity Enhancement	2,000,000	-	2,000,000	-
Operations and Maintenance		23,205,000	7,345,068	15,859,932	31.7
	Use of Goods and Services	23,205,000	7,345,068	15,859,932	31.7
County Assembly of Bomet		935,721,526	278,917,568	656,803,958	29.8
Legislative Services	1:1 legislative service	171,002,040	82,189,450	88,812,590	48.1
	1:2 Committee Services and House Proceedings	74,697,980	27,891,120	46,806,860	37.3
	1:3 Office of the Speaker	7,066,575	3,126,600	3,939,975	44.2
Oversight and Representation	2:1 Decentralization of Services	30,416,400	12,785,000	17,631,400	42.0
	2:2 Public Participation	64,076,400	31,200,042	32,876,358	48.7
	2:3 Site Visits	987,815	-	987,815	-
General Administration, Human Resource and Administrative Services	3:1 County Assembly Service Board	111,501,000	47,896,200	63,604,800	43.0
	3:2 Human Resource and Administrative Services	202,282,491	60,987,432	141,295,059	30.1
	3:3 Financial Management Services	2,624,600	987,245	1,637,355	37.6
	3:4 Information Services and E- Assembly	58,411,148	11,854,479	46,556,669	20.3
	3:5 Infrastructure Development	212,655,077	-	212,655,077	-
Grand Total		8,346,766,332	3,197,236,061	5,149,530,271	38.3

Source: Bomet County Treasury

Programmes with high levels of implementation based on absorption rates were: Policy Development and Administrative Services in the Department of Youth, Sports, Gender and Culture at 99.9 per cent, Financial Management Services in the Department of Finance at 94.2 per cent, Budget Preparation and Management in the Department of Economic Planning at 79.5 per cent, and Roads Construction & Maintenance in the Department of Roads, Public Works and Transport at 73.99 per cent of budget allocation.

3.3.13 Monitoring and Evaluation

The Controller of Budget selected a total of 21 projects that were implemented in FY 2018/19 and FY2019/20 for the monitoring and evaluation exercise. The objective of the exercise was to, among other things, assess the status of implementation and ascertain if the objectives of the projects were achieved. During the exercise, the M&E noted that some projects were exceptionally implemented and had achieved the intended objectives. These included: Targambe-Siomo Bridge that is complete and has improved connectivity in Embomos Ward; Routine maintenance of Mabwaita –Kapkriset, Simbi- Kamusa & Chilgotwet – Kisabei Road in Rongena Ward; and Construction of Iria Maina Tourism Site in Boito Ward.

However, some projects had issues that could affect the achievement of the intended objectives. These included noticeable defects in some projects such as poorly fitted doors and floor tiles in the newly constructed Njerian Laboratory in Bomet Central Sub-County. Other issues included delays in completion of some projects attributed to nonpayment of work completed; inadequate staffing and equipping of new ECDE centres; and failure by County Treasury to submit project files due to poor record keeping practices.

To address these challenges and improve budget implementation, the Controller of Budget recommends strengthening the monitoring and evaluation function and project supervision during the implementation phase; ensuring prompt

payments to contractors so that projects are completed within the contract period; ensure that ECDE centres are adequately staffed and equipped to enhance learning environments for learners, and County Treasury and project managers should ensure project information is properly documented and available during the M&E exercise.

3.3.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation reports.
2. Failure to budget for the part of the balance brought forward from FY 2020/21 of Kshs.676.38 million. Instead, the County budgeted for only Kshs.343.38 million as the balance brought forward from FY 2020/21.
3. Low absorption of development funds as indicated by the expenditure of Kshs.660.78 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.79 billion. The development expenditure represented 23.7 per cent of the annual development budget.
4. A high wage bill accounted for 45.8 per cent of the total expenditure in the first half of FY 2021/22, thus constraining funding to other programmes.
5. The underperformance of own-source revenue at Kshs.74.29 million against an annual projection of Kshs.300 million, representing 24.8 per cent of the annual target.
6. Lack of adherence to the exchequer work plans as observed in Table 3.11 where several departments exceeded their exchequer approvals while others did not absorb any funds despite exchequer and budgetary allocation such as Department of Co-operatives and Enterprise Development.

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

- i. 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.
- ii. The County should prepare a supplementary budget to include the additional FY 2020/21 balance not captured in the printed estimates.
- iii. The County should identify and address issues causing delays in implementing development projects.
- iv. 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.
- v. The County should address its revenue performance to ensure the approved budget is fully financed.
- vi. The County Treasury should improve the Exchequer and budgetary control to ensure that expenditure is within the exchequer work plans and approved budget. Further, the Treasury should investigate why the Department of Co-operatives and Enterprise Development did not report any expenditure during the period under review.

3.4 County Government of Bungoma

3.4.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.76 billion, comprising Kshs.3.77 billion (29.5 per cent) and Kshs.8.99 billion (70.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.10.70 billion (83.5 per cent) as the equitable share of revenue raised nationally, and generate Kshs.500 million (3.9 per cent) from own sources of revenue, generate Kshs.591.52 million (4.6 per cent) from own sources of revenue. The County also expects to receive Kshs.1.01 billion (7.9 per cent) as conditional grants, consisting of the Leasing of Medical Equipment at Kshs.153.30 million, UNICEF at Kshs.1.57 million, Universal Health Care Projects at Kshs.52.97 million, DANIDA at Kshs.19.71 million, World Bank Agricultural and Rural growth Projects at Kshs.280.53 million, ASDSP II at Kshs.26.75 million, Kenya Devolution Support Programme- Level 11 at Kshs.112.82 million, Urban Support Programme (Development) at Kshs.300.98 million, Urban Support Programme (Recurrent) at Kshs.11 million, and KISP II (Kenya Informal Settlement Improvement Project) at Kshs.50 million.

3.4.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.4.42 billion as the equitable share of the revenue raised nationally, raised Kshs.123.44 million as own-source revenue, and Kshs.2.5 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.4.85 billion, as shown in Table 3.13 .

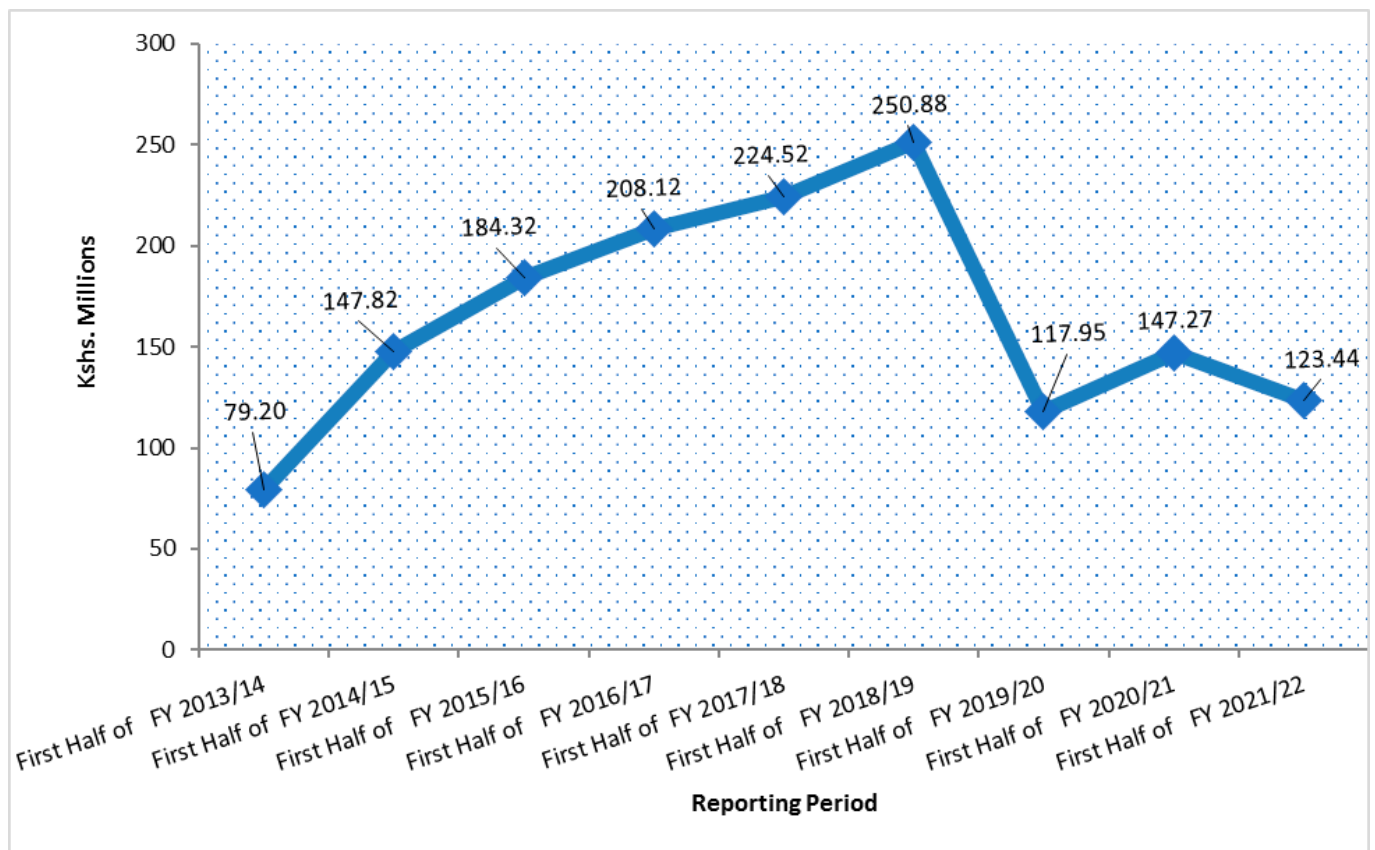
Table 3.13: Bungoma County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,659,435,192	4,421,155,603	41.5
Sub Total		10,659,435,192	4,421,155,603	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	500,000,000	123,443,890	24.7
2	Conditional Grants	1,009,618,168	2,500,000	0.2
3	Other Revenues	591,524,892	305,723,060	51.7
Sub Total		2,101,143,060	431,666,950	20.5
Grand Total		12,760,578,252	4,852,822,553	38.0

Source: Bungoma County Treasury

Figure 3.5 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.5: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Bungoma County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.123.44 million as own-source revenue. This amount represented a decrease of 16.2 per cent compared to Kshs.147.27 million realised during a similar period in the first half of FY 2020/21 and was 24.7 per cent of the annual target.

In the FY 2016/17, the County implemented an automated revenue management system called Bungoma Automated Revenue Management System (BARMS).

Exchequer Issues

The Controller of Budget approved Kshs.4.36 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.595.09 million (13.6 per cent) for development programmes and Kshs.3.77 billion (86.4 per cent) for recurrent programmes.

3.4.3 Overall Expenditure Review

The County spent Kshs.4.38 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.49 per cent of the total funds released by the CoB and comprised of Kshs.696.07 million and Kshs.3.69 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.5 per cent, while recurrent expenditure represented 41.0 per cent of the annual recurrent expenditure budget.

3.4.4 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.978.77 million and comprised of Kshs.392.30 million for recurrent expenditure and Kshs.586.46 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.349.75 million were settled, consisting of Kshs.89.55 million for recurrent expenditure and Kshs.260.20 million for development programmes.

3.4.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.58 billion was spent on employee compensation, Kshs.1.10 billion on operations and maintenance, and Kshs.696.07 million on development activities, as shown in Table 3.14.

Table 3.14: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,068,731,378	921,179,505	3,333,940,996	353,403,090	41.3	38.4
Compensation to Employees	5,248,536,363	412,263,468	2,430,312,602	152,299,590	46.3	36.9
Operations and Maintenance	2,820,195,015	508,916,037	903,628,394	201,103,499	32.0	39.5
Development Expenditure	3,750,667,365	20,000,000	696,072,795	-	18.6	-
Total	11,819,398,743	941,179,505	4,030,013,791	353,403,090	34.1	37.5

Source: Bungoma 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 40.5 per cent of the first half proportional revenue of Kshs.6.38 billion.

The wage bill of Kshs.2.58 billion includes Kshs.1.097 billion attributable to the Health Sector, which translates to 42.5 per cent of the total wage bill in the reporting period.

3.4.7 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.420 million to county established funds in FY 2021/22, which constituted 3.3 per cent of the County's overall budget for the year. Table 3.15 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.15: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Bursary and Scholarship Fund	350,000,000		175,000,000		Yes	
2.	Emergency Fund	70,000,000		-		N/a	No
Total		420,000,000		175,000,000			

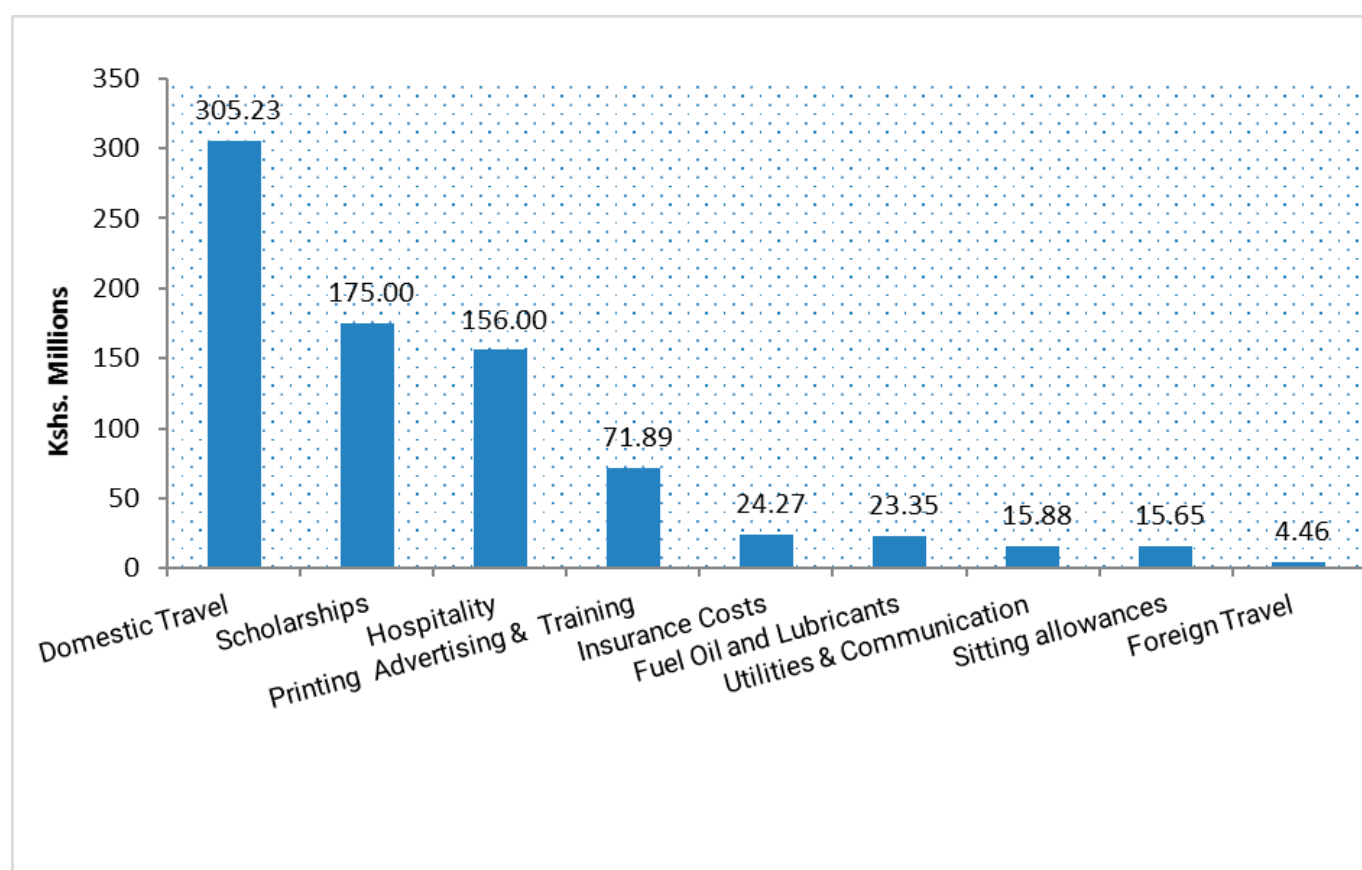
Source: Bungoma County Treasury

The OCoB received quarterly financial returns from the Fund Administrator of the Bursary and Scholarship Fund, as indicated in Table 3.15.

3.4.8 Expenditure on Operations and Maintenance

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

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



Source: Bungoma County Treasury

The County spent Kshs.15.65 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.26.12 million. The average monthly sitting allowance was Kshs.42,760 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.305.23 million and comprised Kshs.112.36million spent by the County Assembly and Kshs.192.88 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.46 million and comprised Kshs.872,080 by the County Assembly and Kshs.3.58 million by the County Executive.

3.4.9 Development Expenditure

The County incurred Kshs.696.07 million on development programmes, which represented an increase of 1.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.688.61 million. Table 3.16 summarises 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/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Upgrading of Kanduyi - Sang'alo Jnctn Dual Carriage	Kanduyi - Sang'alo Junction	350,000,000	212,156,395	60.6
2	Maintenance of Rural Roads (CEF)	45 wards	451,195,500	170,388,649	37.8
3	Unconditional grants for VTCs	45 wards	350,000,000	175,000,000	50.0
4	Construction and modernisation of Masinde Muliro stadium	Kanduyi s/c	189,116,354	139,936,716	74.0

3.4.10 Budget Performance by Department

Table 3.17 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

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 and Fisheries and Cooperative Development	442.67	675.51	210.26	51.3	193.45	46.84	92.0	91.3	43.7	6.9
Tourism, Forestry, Environment and Natural Resource	216.66	30.59	123.68	-	124.98	-	101.1	-	57.7	-
Water	102.76	287.57	38.83	-	32.37	-	83.4	-	31.5	-
Roads and Public works	180.74	1,414.13	55.83	390.14	61.86	423.96	110.8	108.7	34.2	30.0
Education, Health and Sanitation	1,425.18	229.83	676.18	-	669.91	33.25	99.1	-	47.0	14.5
Trade, energy and Industrialization	3,229.36	262.71	1,185.21	11.31	1,179.06	5.41	99.5	47.8	36.5	2.1
Land, Urban and Physical Planning	58.49	82.4	24.84	-	31.71	-	127.7	-	54.2	-
Housing	90.38	322.68	37.4	-	33.94	-	90.7	-	37.6	-
Gender, Culture	26.44	60.18	13.21	-	11.95	-	90.5	-	45.2	-
County Assembly	127.83	225.4	62.6	142.35	61.11	139.94	97.6	98.3	47.8	62.1
Finance and Planning	921.18	20	386.77	-	353.4	-	91.4	-	38.4	-
County Public Service	1,117.98	-	591.43	-	493.38	-	83.4	-	44.1	-
Governors	33.71	-	13.08	-	13.33	-	101.9	-	39.5	-
D/G3overnor's office	499.1	-	155.59	-	211.49	-	135.9	-	42.4	-
Public Administration	14.62	-	0.61	-	0.61	-	100.0	-	4.2	-
County Secretary	295.89	17	137.8	-	153.35	46.67	111.3	-	51.8	274.5
Total	8,989.91	3,770.67	3,766.79	595.1	3,687	696.07	97.9	117.0	41.0	18.5

Source: Bungoma County Treasury

Analysis of expenditure by the departments shows that the Department of Public Administration recorded the highest absorption rate of development budget at 274.6 per cent. The Department of Tourism, Forestry, Environment and Natural Resource had the highest percentage of recurrent expenditure to budget at 57.7 per cent, while the Department of D/Governor's office had the lowest at 4.2 per cent.

The Department of Public Administration had the highest expenditure due to the Kshh.46 million spent from the unspent balance in the Special Purpose Account from the previous financial year. This should be regularised before the end of the financial year through the supplementary budget process.

3.4.11 Budget Execution by Programmes and Sub-Programmes

Table 3.18 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

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

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Cooperative and Livestock					
Programme 1: General Administration, planning and support services					
S.P 1.1 Administrative and Support Services	S.P 1.1 Administrative and Support Services	47,998,105	34,085,049	13,913,057	71.0%
S.P 1.2 Human Resource Management and Development.	S.P 1.2 Human Resource Management and Development.	314,666,000	159,367,224	155,298,776	50.6%
S.P 1.3: Policy, Legal and Regulatory Framework	S.P 1.3: Policy, Legal and Regulatory Framework	7,600,000	-	7,600,000	0.0%
S.P 1.4: Planning and financial Management	S.P 1.4: Planning and Financial management	11,615,043	-	11,615,043	0.0%
S.P 1.5 Sector Coordination	S.P 1.5 Sector Coordination	4,000,000	-	4,000,000	0.0%
S.P 1.7: Leadership and Governance	S.P 1.7: Leadership and Governance	2,000,000	-	2,000,000	0.0%
Programme 2: Land and Crop Development and Management					
S.P 2.1: Agricultural extension and training services	S.P 2.1: Agricultural extension and training services	4,746,821.00	-	4,746,821	0.0%
S.P 2.2: Crop production and productivity	S.P 2.2: Crop production and productivity	157,023,942.00	29,172,000	127,851,942	18.6%
SP 2.7 Irrigation Extension and training	SP 2.7 Irrigation Extension and training	2,540,000.00	-	2,540,000	0.0%
SP 2.8 Irrigation infrastructure development and agricultural water storage	SP 2.8 Irrigation infrastructure development and agricultural water storage	-	-	-	-
Programme 3: Livestock development and management					
SP 3.1 Livestock production extension, Training and Information Services	SP 3.1 Livestock production extension, Training and Information Services	13,890,000	-	13,890,000	0.0%
SP 3.2 Value addition and processing	SP 3.2 Value addition and processing	96,300,000	17,663,477	78,636,524	18.3%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Pay- Variance (Kshs.)	Absorption (%)
SP 3.3 Livestock production value chain development (Dairy, Poultry, Honey & Rabbit value chains)	SP 3.3 Livestock production value chain development (Dairy, Poultry, Honey & Rabbit value chains)	-	-	-	-
SP 3.4 Disease and Vector Control	SP 3.4 Disease and Vector Control	7,000,000	-	7,000,000	0.0%
SP 3.5 Food Safety And Quality Control	SP 3.5 Food Safety And Quality Control	5,500,000	-	5,500,000	0.0%
SP 3.6 Leather development	SP 3.6 Leather development			-	-
SP 3.7 Veterinary Extension Services	SP 3.7 Veterinary Extension Services	3,600,000	-	3,600,000	0.0%
SP 3.8 Breeding and AI Subsidy programme	SP 3.8 Breeding and AI Subsidy programme	3,000,000	-	3,000,000	0.0%
Programme 4: Fisheries development and management	Programme 4: Fisheries development and management			-	-
SP 4.1 Fisheries extension service and training	SP 4.1 Fisheries extension service and training	3,000,000	-	3,000,000	0.0%
SP 4.2 Fisheries product value-chain development	SP 4.2 Fisheries product value-chain development	3,500,000	-	3,500,000	0.0%
Programme 5: Cooperatives Development and Management	Programme 5: Cooperatives Development and Management			-	-
SP 5.1 Cooperatives extension service and training (Co-operative Governance (Training))	SP 5.1 Cooperatives extension service and training (Co-operative Governance (Training))	9,800,000	-	9,800,000	0.0%
SP 5.2 Cooperatives Audit Services	SP 5.2 Cooperatives Audit Services	1,500,000	-	1,500,000	0.0%
SP 5.3 Production, Agro processing, value addition & Marketing (Input and Infrastructural Support to Cooperatives)	SP 5.3 Production, Agro-processing, value addition & Marketing (Input and Infrastructural Support to Cooperatives)	5,800,000	-	5,800,000	0.0%
Programme 6: Institutional Development and Management	Programme 6: Institutional Development and Management				
SP 6.1 Mabanga ATC Administration management services	SP 6.1 Mabanga ATC Administration management services			-	-
SP 6.2 Agricultural Enterprise Development (ATC)	SP 6.2 Agricultural Enterprise Development (ATC)	5,000,000	-	5,000,000	0.0%
SP 6.3 Infrastructural development (ATC)	SP 6.3 Infrastructural development (ATC)	24,500,000	-	24,500,000	0.0%
SP 6.4 Agricultural mechanization extension	SP 6.4 Agricultural mechanization extension	-	-	-	-
SP 6.5 Tractor hire services	SP 6.5 Tractor hire services	5,000,000	-	5,000,000	0.0%
SP 6.6 General administrative services (CFF)	SP 6.6 General administrative services (CFF)			-	-
SP 6.7 Technology transfer (CFF)	SP 6.7 Technology transfer (CFF)	-	-	-	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP 6.8 Operational development (CFF)	SP 6.8 Operational development (CFF)	3,800,000	-	3,800,000	0.0%
SP 6.9 Infrastructural development (CFF)	SP 6.9 Infrastructural development (CFF)	4,050,000	-	4,050,000	0.0%
NARIGP	NARIGP	280,530,114	-	280,530,114	0.0%
ASDSP II	ASDSP II	30,756,000	-	30,756,000	0.0%
Ward Based Projects	Ward Based Projects	59,461,000	-	59,461,000	0.0%
Total Expenditure	Total Expenditure	1,118,177,025	240,287,749	877,889,276	21.5%
HEALTH & SANITATION					
Programme1: General Administration and Planning, and Support Services	Programme1: General Administration and Planning, and Support Services			-	
SP 1: Health Administration Planning and support services	SP 1: Health Administration Planning and support services	332,856,809	81,389,568	251,467,241	24.5%
Human resources	Human resources	2,294,141,122	1,097,666,530	1,196,474,592	47.8%
SP3.Health Infrastructure	SP3.Health Infrastructure	262,710,027	5,410,906	257,299,121	2.1%
Programme 2: Preventive Promotive and Rehabilitative	Programme 2: Preventive Promotive and Rehabilitative			-	
SP 2:Communicable and non-communicable	SP 2:Communicable and non-communicable	18,005,084	-	18,005,084	0.0%
SP 2: Health Promotion services	SP 2: Health Promotion services	6,000,000	-	6,000,000	0.0%
SP 3: Disease surveillance	SP 3: Disease surveillance	2,746,938	-	2,746,938	0.0%
SP 4: Community health services	SP 4: Community health services	78,072,000	-	78,072,000	0.0%
Programme 3: Curative & health Services	Programme 3: Curative & health Services			-	
SP 3: Routine Medical Services	SP 3: Routine Medical Services	424,865,820	-	424,865,820	0.0%
SP 3: Blood Bank Services	SP 3: Blood Bank Services	10,000,000	-	10,000,000	0.0%
Programme 4: Health Research	Programme 4: Health Research	8,200,000		8,200,000	0.0%
SP 4: Capacity Development	SP 4: Capacity Development	8,200,000	-	8,200,000	0.0%
Programme 5: Maternal and Child Health	Programme 5: Maternal and Child Health			-	
SP 5: Maternity Services	SP 5: Maternity Services	52,969,787	-	52,969,787	0.0%
SP 5: Immunization Services	SP 5: Immunization Services	1,500,000	-	1,500,000	0.0%
Total Expenditure	Total Expenditure	3,500,267,587	1,184,467,004	2,315,800,583	33.8%
ROADS & PUBLIC WORKS					
Transport infrastructure development and management	Transport infrastructure development and management	1,276,068,343.05	423,964,171	852,104,173	33.2%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public safety and transport operations	Public safety and transport operations	10,440,000.00	-	10,440,000	0.0%
Building standards and other civil works	Building standards and other civil works	3,537,534.00	-	3,537,534	0.0%
General administration, planning and support services	General administration, planning and support services	304,822,645.95	61,862,426	242,960,220	20.3%
Total Expenditure	Total Expenditure	1,594,868,523.00	485,826,597	1,109,041,926	30.5%
WATER & TOURISM			-	-	
Programme 1: General Administration Planning and support Services	Programme 1: General Administration Planning and support Services			-	
SP. Human Resources Management	SP. Human Resources Management	71,513,750	25,296,086	46,217,664	35.4%
SP. Policy and Legal Framework formulation	SP. Policy and Legal Framework formulation	1,000,000	-	1,000,000	0.0%
SP. Marking of international/national events	SP. Marking of international/national events	4,800,000	2,389,995	2,410,005	49.8%
SP. Annual devolution conference	SP. Annual devolution conference	3,000,000	-	3,000,000	0.0%
Programme 2: Water and Sewerage Services Management	Programme 2: Water and Sewerage Services Management			-	
SP Water Services Provision	SP Water Services Provision	223,750,387	-	223,750,387	0.0%
SP. Rig operation and maintenance	SP. Rig operation and maintenance	12,706,110	-	12,706,110	0.0%
SP. Stakeholders engagement (water users association)	SP. Stakeholders engagement (water users association)	4,800,000	-	4,800,000	0.0%
SP. KOICA counterpart funding	SP. KOICA counterpart funding	16,553,051	-	16,553,051	0.0%
SP. Sub- County operations	SP. Sub- County operations	3,200,000	-	3,200,000	0.0%
SP. Routine Maintenance of water supplies	SP. Routine Maintenance of water supplies	2,400,000	-	2,400,000	0.0%
SP. Office operation and maintenance	SP. Office operation and maintenance	128,284,669	24,671,501	103,613,168	19.2%
Programme 3: Integrated Solid Waste Management	Programme 3: Integrated Solid Waste Management			-	
SP. Dumpsite Management	SP. Dumpsite Management	12,850,705	-	12,850,705	0.0%
SP. Garbage collection and transportation	SP. Garbage collection and transportation	152,729,272	105,000,594	47,728,678	68.7%
TOTAL Expenditure	TOTAL Expenditure	637,587,944.00	157,358,176	480,229,768	24.7%
EDUCATION AND VOCATIONAL TRAINING			-	-	
Programme 1: General Administration, Planning and Support Services				-	

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP 1: Salaries and allowances	SP 1: Salaries and allowances	1,025,278,219.00	476,241,603	549,036,616	46.4%
SP 2: Policy formulation	SP 2: Policy formulation	1,600,000.00	-	1,600,000	0.0%
SP3: Administration and support services	SP3: Administration and support services	9,600,000.00	18,670,250	(9,070,250)	194.5%
Sp4: Capacity building and stakeholders forum	Sp4: Capacity building and stakeholders forum	6,800,000.00	-	6,800,000	0.0%
Sp5: Planning and financial management	Sp5: Planning and financial management	3,800,000.00	-	3,800,000	0.0%
SP7:Monitoring and Evaluation, feasibility studies	SP7:Monitoring and Evaluation, feasibility studies	1,800,000.00	-	1,800,000	0.0%
SP8:Good Governance	SP8:Good Governance	2,500,000.00	-	2,500,000	0.0%
SP9:Other expenses	SP9:Other expenses	8,283,956.80	-	8,283,957	0.0%
Programme 2: Early Childhood Education Development				-	
Sp1: Quality Assurance and Standards	Sp1: Quality Assurance and Standards	800,000.00	-	800,000	0.0%
Sp2: Curriculum implementation	Sp2: Curriculum implementation	1,000,000.00	-	1,000,000	0.0%
Sp3: learning materials	Sp3: learning materials	1,600,000.00	-	1,600,000	0.0%
SP4:Annual conference for Education stakeholders	SP4:Annual conference for Education stakeholders	1,520,043.00	-	1,520,043	0.0%
SP4:Annual conference for ECDE teachers	SP4:Annual conference for ECDE teachers	1,800,000.00	-	1,800,000	0.0%
SP5:Monitoring and evaluation	SP5:Monitoring and evaluation	800,000.00	-	800,000	0.0%
SP6:Commisioning of ECDE classrooms	SP6:Commisioning of ECDE classrooms	1,400,000.00	-	1,400,000	0.0%
SP6 : Infrastructure development	SP6 : Infrastructure development	115,430,000.00	-	115,430,000	0.0%
SP9:Pending bills	SP9:Pending bills	2,537,714.00	-	2,537,714	0.0%
PROGRAMME 3: VOCATIONAL TRAINING CENTRES				-	
Sp1: Tuition support grant	Sp1: Tuition support grant	60,525,266.00	29,900,000	30,625,266	49.4%
Sp2:Tools and equipment for VTC	Sp2:Tools and equipment for VTC	4,337,378.00	-	4,337,378	0.0%
Sp3:Construction of Centre of Excellence	Sp3:Construction of Centre of Excellence	47,000,000.00	3,351,421	43,648,579	7.1%
Sp4: Quality assurance and standards	Sp4: Quality assurance and standards	1,000,000.00	-	1,000,000	0.0%
SP5: Joint Vocational Training Graduation	SP5: Joint Vocational Training Graduation	1,600,000.00	-	1,600,000	0.0%
SP6: VTC instructor annual conference	SP6: VTC instructor annual conference	2,000,000.00	-	2,000,000	0.0%
SP7:Community sensitization	SP7:Community sensitization	1,000,000.00	-	1,000,000	0.0%
SP8:Monitoring and Evaluation	SP8:Monitoring and Evaluation	1,000,000.00	-	1,000,000	0.0%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
PROGRAMME 4: EDUCATIONAL SUPPORT SCHEME				-	
Sp1: Education support and bursary scheme	Sp1: Education support and bursary scheme	350,000,000.00	175,000,000	175,000,000	50.0%
TOTAL Education	TOTAL Education	1,655,012,576.80	703,163,274	951,849,303	42.5%
Trade, Energy & Industrialisation.	Trade, Energy & Industrialisation.		-	-	
Trade and Enterprise Development	Trade and Enterprise Development	1,900,000	-	1,900,000	0.0%
Market Infrastructure Development	Market Infrastructure Development	25,541,750	-	25,541,750	0.0%
Energy Development and Management	Energy Development and Management	22,780,506	-	22,780,506	0.0%
Salaries and emoluments	Salaries and emoluments	25,063,211	12,282,504	12,780,707	49.0%
General Administration, Planning and Support Services	General Administration, Planning and Support Services	31,523,605	19,423,650	12,099,955	61.6%
CEF	CEF	30,846,000	-	30,846,000	0.0%
Supplier's Credit	Supplier's Credit	3,235,741	-	3,235,741	0.0%
Total Expenditure Trade	Total Expenditure Trade	140,890,813	31,706,154	109,184,659	22.5%
LANDS AND URBAN PLANNING			-	-	
Programme 1: General Administration, Planning and Support services	Programme 1: General Administration, Planning and Support services			-	
SP 1: Institutional accountability, efficiency and effectiveness in service delivery	SP 1: Institutional accountability, efficiency and effectiveness in service delivery	52,944,141	24,353,599	28,590,542	46.0%
SP 2: Human resource development and management	SP 2: Human resource development and management	5,745,622	-	5,745,622	0.0%
Programme 2: Land Resource Survey/Mapping and Management	Programme 2: Land Resource Survey/Mapping and Management		-	-	
SP 1: Land acquisition	SP 1: Land acquisition	17,700,000	-	17,700,000	0.0%
SP 2: Survey of government land quality control of survey activities	SP 2: Survey of government land quality control of survey activities	4,000,000	-	4,000,000	0.0%
Programme 3: County Physical Planning and Infrastructure	Programme 3: County Physical Planning and Infrastructure		-	-	
SP 1: Physical Planning and Urban Development	SP 1: Physical Planning and Urban Development	-	-	-	
SP 2: Infrastructural development	SP 2: Infrastructural development	-	-	-	
Total Land	Total Land	80,389,763	24,353,599	56,036,164	30.3%
HOUSING DEPARTMENT			-	-	

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 1 General Administration, Planning and Support services	Programme 1 General Administration, Planning and Support services			-	
SP 1: salaries and emoluments	SP 1: salaries and emoluments	8,054,246	4,132,722	3,921,524	51.3%
SP 2: Administrative Services	SP 2: Administrative Services	11,189,854	7,818,640	3,371,214	69.9%
SP 3: Research and Development	SP 3: Research and Development	6,260,298	-	6,260,298	0.0%
SP 4: Human resource development and management	SP 4: Human resource development and management	939,045	-	939,045	0.0%
Programme 2 Housing development and Human Settlement	Programme 2 Housing development and Human Settlement			-	
SP 1: Estate Management	SP 1: Estate Management	2,175,650	-	2,175,650	0.0%
SP 2: Housing Development	SP 2: Housing Development	8,000,000	-	8,000,000	0.0%
sp3: Housing Grant	sp3: Housing Grant	50,000,000		50,000,000	0.0%
Total Housing	Total Housing	86,619,093	11,951,362	74,667,731	13.8%
BUNGOMA MUNICIPALITY			-	-	
Programme I: Urban Economy, General Administration, Planning and Support services	Programme I: Urban Economy, General Administration, Planning and Support services			-	
SP 1.1: Human Resource Capacity Development and Management	SP 1.1: Human Resource Capacity Development and Management	3,898,202	-	3,898,202	0.0%
SP 1.2: General Administration and Support Services	SP 1.2: General Administration and Support Services	5,091,815	5,669,160	(577,345)	111.3%
SP 1.3: Planning and Financial Management	SP 1.3: Planning and Financial Management	2,178,239	-	2,178,239	0.0%
SP 1.4: Institutional Accountability, Leadership, Efficiency and Effectiveness	SP 1.4: Institutional Accountability, Leadership, Efficiency and Effectiveness	2,430,000	-	2,430,000	0.0%
SP 1.5: Public Participation and Outreach Services	SP 1.5: Public Participation and Outreach Services	2,940,000	-	2,940,000	0.0%
Programme III: Urban Infrastructure Development and Management	Programme III: Urban Infrastructure Development and Management			-	
SP 3.1: Urban Transport and Infrastructure	SP 3.1: Urban Transport and Infrastructure	109,887,700	-	109,887,700	0.0%
Total Expenditure	Total Expenditure	126,425,956.00	5,669,160	120,756,796	4.5%
Kimilili Municipality			-	-	
Programme 1: General Administration, Planning and Support services	Programme 1: General Administration, Planning and Support services			-	

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP1:General Adm planning and support services	SP1:General Adm planning and support services	13,410,066	3,921,685	9,488,381	29.2%
SP2:Administration and HR Services	SP2:Administration and HR Services	1,745,987	-	1,745,987	0.0%
Programme 2:Urban Infrastructure Development and management	Programme 2:Urban Infrastructure Development and management				
Infrastructure. Housing and public works	Infrastructure. Housing and public works	191,089,400	-	191,089,400	0.0%
Total Expenditure	Total Expenditure	206,245,453	3,921,685	202,323,768	1.9%
Grand Total Lands, Housing & municipality	Grand Total Lands, Housing & municipality	499,680,265	45,895,807	453,784,458	9.2%
			-	-	
FINANCE AND ECONOMIC PLANNING					
Economic development planning and coordination services	Economic development planning and coordination services	20,855,973	31,940,155	(11,084,182)	153.1%
Monitoring and evaluation services	Monitoring and evaluation services	27,737,494	8,817,560	18,919,934	31.8%
Public finance management	Public finance management	156,243,550	-	156,243,550	0.0%
Human Resources Management	Human Resources Management	701,815,431	337,261,458	364,553,973	48.1%
General administration, planning, policy coordination and support services	General administration, planning, policy coordination and support services	211,323,836	115,359,332	95,964,504	54.6%
Total Expenditure	Total Expenditure	1,117,976,284.00	493,378,504	624,597,780	44.1%
PUBLIC ADMINISTRATION					
Public service Management and Administration	Public service Management and Administration				
General administration, planning and support services	General administration, planning and support services	290,495,281	153,350,799	137,144,482	52.8%
Public Participation, Civic Education and outreach services	Public Participation, Civic Education and outreach services	7,400,000	-	7,400,000	0.0%
Service Delivery and Organizational Transformation	Service Delivery and Organizational Transformation	17,000,000	-	17,000,000	0.0%
Office of the County Secretary, ICT and County Attorney	Office of the County Secretary, ICT and County Attorney				
General administration, planning and support services	General administration, planning and support services	204,918,153	61,424,291	143,493,862	30.0%
Kenya Devolution Support Programme	Kenya Devolution Support Programme	112,815,048	46,674,105	66,140,943	41.4%
ICT and information management services	ICT and information management services	29,847,901	-	29,847,901	0.0%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Total Expenditure	Total Expenditure	662,476,383	261,449,195	401,027,188	39.5%
GENDER AND YOUTHS			-	-	
Programme 1: General Administration, Planning and Support services	Programme 1: General Administration, Planning and Support services			-	
Sp 1.2 Administrative services	Sp 1.2 Administrative services	35,184,006	38,762,689	(3,578,683)	110.2%
SP 1. 2.Compansation to employees	SP 1. 2.Compansation to employees	49,731,362	22,349,977	27,381,385	44.9%
1.3 Staff training	1.3 Staff training	2,000,000	-	2,000,000	0.0%
Sp1.4 DHRC Meeting	Sp1.4 DHRC Meeting	1,000,000	-	1,000,000	0.0%
Sp1.5staff bonding	Sp1.5staff bonding	1,200,000	-	1,200,000	0.0%
1.7 Planning and Budgeting	1.7 Planning and Budgeting	2,500,000	-	2,500,000	0.0%
Programme 2: Cultural Development and Management	Programme 2: Cultural Development and Management			-	
SP 2. 1Development Historical and cultural sites	SP 2. 1Development Historical and cultural sites	8,579,874	-	8,579,874	0.0%
SP 2. 2. Promotion of communities culture	SP 2. 2. Promotion of communities culture	6,500,000	-	6,500,000	0.0%
SP 2.3 Sports and cultural association	SP 2.3 Sports and cultural association	12,000,000	-	12,000,000	0.0%
SP2.4 Liquor and Licensing	SP2.4 Liquor and Licensing	2,500,000	-	2,500,000	0.0%
Programme:3.0 Gender Equality And Empowerment Of Vulnerable Groups	Programme:3.0 Gender Equality And Empowerment Of Vulnerable Groups			-	
Sp3.1 Gender equality framework	Sp3.1 Gender equality framework	5,500,000	-	5,500,000	0.0%
Sp3.2 Gender empowerment	Sp3.2 Gender empowerment	4,000,000	-	4,000,000	0.0%
Sp3.3 Gender mainstreaming	Sp3.3 Gender mainstreaming	2,000,000	-	2,000,000	0.0%
Sp3.4 Disability mainstreaming	Sp3.4 Disability mainstreaming	2,000,000	-	2,000,000	0.0%
Programme4.0 Sports Facility Development and Management	Programme4.0 Sports Facility Development and Management			-	
Sp 4.1Development of sports facility	Sp 4.1Development of sports facility	216,887,354	139,936,716	76,950,638	64.5%
Programme5.0 Sports talent development and management	Programme5.0 Sports talent development and management	1,649,000		1,649,000	0.0%
5.1Sports and talent development established	5.1Sports and talent development established	1,649,000	-	1,649,000	0.0%
Total Expenditure	Total Expenditure	354,880,596	201,049,382	153,831,214	56.7%
PUBLIC SERVICE					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 1: General Administration, Planning and Support services	Programme 1: General Administration, Planning and Support services				
SP 1. 1 Administrative service	SP 1. 1 Administrative service	17,511,117	10,205,308	7,305,809	58.3%
Programme 2: (Human Resource Management and Development)	Programme 2: (Human Resource Management and Development)		3,127,706	(3,127,706)	0.0%
SP 2. 1 Human Resource Management	SP 2. 1 Human Resource Management	4,305,949	3,127,706	1,178,243	72.6%
SP 2. 2. Human Resource Development	SP 2. 2. Human Resource Development	4,000,000	-	4,000,000	0.0%
Programme 3:(Governors and National Values	Programme 3:(Governors and National Values			-	-
SP 3. 1Quality Assurance	SP 3. 1Quality Assurance	2,702,854	-	2,702,854	0.0%
SP 3. 2 ethics governors and national	SP 3. 2 ethics governors and national	5,195,000	-	5,195,000	0.0%
Total Expenditure	Total Expenditure	33,714,920	16,460,720	17,254,200	48.8%
GOVERNORS & D.GOVERNORS				-	-
Programme 1: General Administration planning & support	Programme 1: General Administration planning & support	513,714,827	212,098,934	301,615,893	41.3%
Programme 2: County Executive Committee Affairs	Programme 2: County Executive Committee Affairs	-	-	-	-
Programme 3: County Strategic and Service Delivery.	Programme 3: County Strategic and Service Delivery.	-	-	-	-
Total Expenditure	Total Expenditure	513,714,827	212,098,934	301,615,893	41.3%
COUNTY ASSEMBLY				-	-
General Administration and Support Services	General Administration and Support Services	674,764,545.00	189,486,251	485,278,294	28.1%
Legislation services	Legislation services	18,377,800.00	217,796	18,160,004	1.2%
Oversight	Oversight	41,656,284.00	22,459,668	19,196,616	53.9%
Representation and outreach services	Representation and outreach services	186,380,876.00	141,239,375	45,141,501	75.8%
General Infrastructure	General Infrastructure	20,000,000.00	-	20,000,000	0.0%
		941,179,505	353,403,090	587,776,415	37.5%
Grand Total		12,770,427,249	4,386,544,587	8,383,882,662	34.3%

Source: Bungoma County Treasury

Programmes with high levels of implementation based on absorption rates were: Representation and outreach services in the County Assembly at 75.8 per cent, Human Resource Management in the Department of CPSB at 27.6 per cent, Human Resource Management in the Department of CPSB at 27.6 per cent, Administrative Services in the Department of Gender and Culture at 110.2 per cent, General Administration and Support Services in the Department of Lands at 111.3 per cent, and Garbage collection and transportation in the Department of Tourism at 68.7 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
2. Low absorption of development funds as indicated by the expenditure of Kshs.595.10 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.3.77 billion. The development expenditure represented 18.5 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.123.44 million against an annual projection of Kshs.591.52 million, representing 24.7 per cent of the annual target.
4. A high wage bill. Expenditure on compensation to employees was 40.5 per cent of the first half proportional revenue of Kshs.6.38 billion, thus constraining funding to other programmes.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. 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.

3.5 County Government of Busia

3.5.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.10.23 billion, comprising Kshs.4.55 billion (44.5 per cent) and Kshs.5.68 billion (55.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.17 billion (70.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.976.11 million (9.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.39 billion (13.6 per cent) from FY 2020/21. The County also expects to receive Kshs.695.31 million (6.8 per cent) as conditional grants, consisting of universal Health Care Kshs.42.2 million, Kenya climate-smart Agriculture project Kshs.295.79 million, DANIDA Kshs.13.3 million, Agriculture sector Development support programme 11(ASDSP 11) Kshs.26 million, Water Tower protection and climate change mitigation and adoption project Kshs.106 million, Kenya urban support programme Kshs.202 million and Nutritional International Kshs.10 million.

3.5.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.98 billion as the equitable share of the revenue raised nationally, raised Kshs.138.23 million as own-source revenue, did not receive any conditional grants, and had a cash balance of Kshs.1.39 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.11 billion, as shown in Table 3.19.

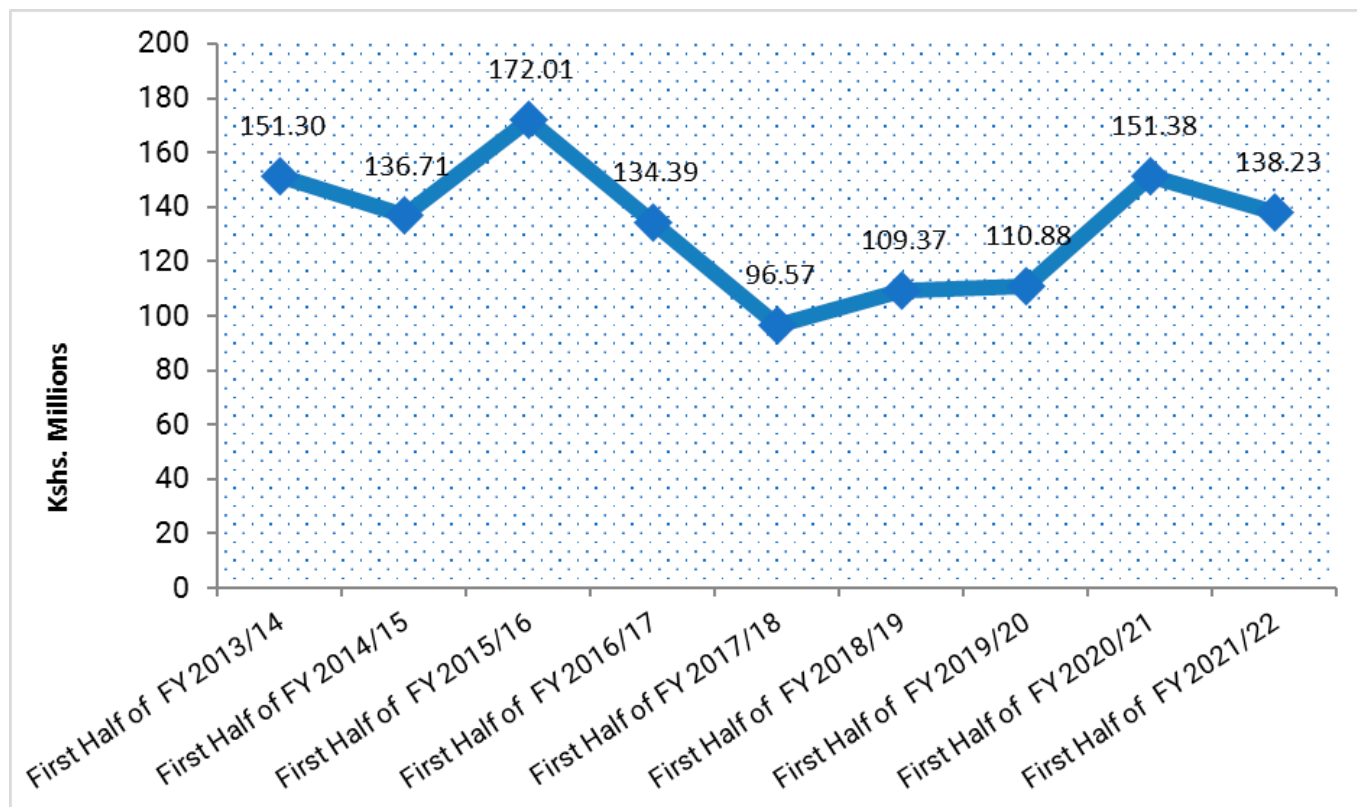
Table 3.19: Busia County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,172,162,009	2,976,447,235	41.5
Sub Total		7,172,162,009	2,976,447,235	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	976,108,322	138,229,665	14.2
2.	Conditional Grants	695,308,068	-	-
3.	Balance b/f from FY2020/21	1,386,799,236	-	-
Sub Total		3,058,215,626	138,229,665	4.5
Grand Total		10,230,377,635	3,114,676,900	30.4

Source: Busia County Treasury

Figure 3.7 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.7: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Busia County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.138.23 million as own-source revenue. This amount represented a decrease of 9.5 per cent compared to Kshs.151.34 million realised during a similar period in the first half of FY 2020/21 and was 14.2 per cent of the annual target.

In the FY 2021/22, the County implemented an automated revenue management system called the County PRO Automated Management System.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.92 billion from the CRF account during the reporting period. The amount comprised Kshs.317 million (11 per cent) for development programmes and Kshs.2.6 billion (89 per cent) for recurrent programmes.

3.5.4 Overall Expenditure Review

The County spent Kshs.2.84 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.1 per cent of the total funds released by the CoB and comprised of Kshs.316.86 million and Kshs.2.52 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7 per cent while recurrent expenditure represented 44.3 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.799.79 million and comprised of Kshs.59.13 million for recurrent expenditure and Kshs.740.65 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.107.67 million were settled, consisting of Kshs.29.22 million for recurrent expenditure and Kshs.78.45 million for development programmes.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.81 billion was spent on employee compensation, Kshs.710.60 million on operations and maintenance, and Kshs.316.86 million on development activities, as shown in Table 3.20.

Table 3.20: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,880,120,791	801,409,679	2,184,233,493	338,511,911	44.8	42.2
Compensation to Employees	2,898,231,787	522,684,651	1,634,282,901	177,864,510	56.4	34.0
Operations and Maintenance	1,981,889,004	278,725,028	549,950,592	160,647,401	27.7	57.6
Development Expenditure	4,443,847,164	105,000,000	316,863,808	-	7.1	-
Total	9,323,967,955	906,409,679	2,501,097,301	338,511,911	26.8	37.3

Source: Busia County Treasury

3.5.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 35.4 per cent of the first half proportional revenue of Kshs.5.15 billion.

The wage bill of Kshs.1.81 billion includes Kshs.1.10 billion attributable to the health sector, which translates to 60.9 per cent of the total wage bill in the reporting period.

3.5.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.34.07 million to county established funds in FY 2021/22, which constituted 0.33 per cent of the County's overall budget for the year. Table 3.21 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.21: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	Busia County Trade Development Fund	6,000,000	-	-	-	-	No
2	Busia County Health Services Fund	23,070,935	-	-	-	-	No
3	Revolving Fund (Operations refund)	-	5,000,000	-	-	-	No
	Total	29,070,935.00	5,000,000	-	-		

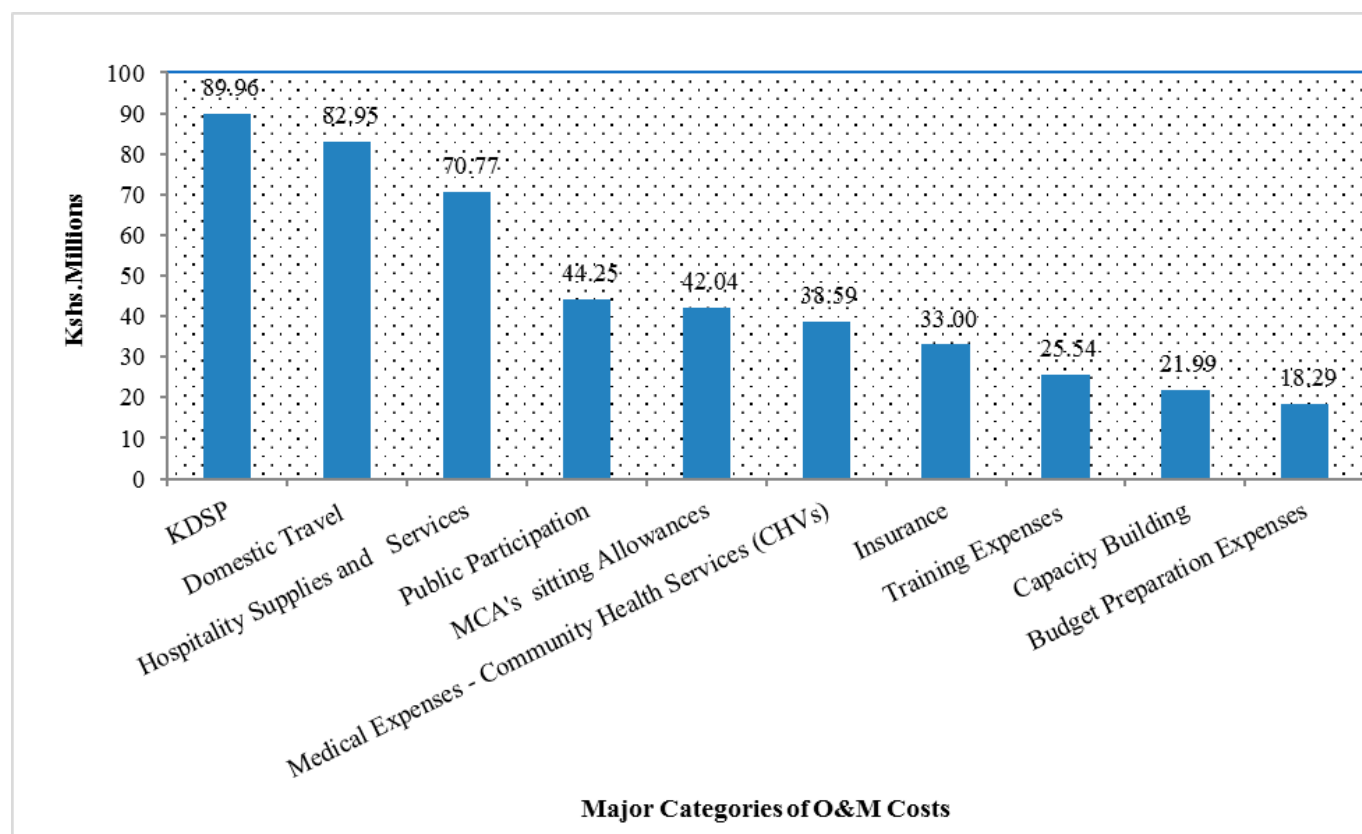
Source: Busia County Treasury

The CoB did not receive quarterly financial returns from Fund Administrators of the three established funds, as indicated in Table 3.21.

3.5.9 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

The County spent Kshs.42.04 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.75.59 million. The average monthly sitting allowance was Kshs.129,764 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.82.95 million and comprised Kshs.37.48 million spent by the County Assembly and Kshs.45.47 million by the County Executive. Spending on foreign travel amounted to Kshs.708 Thousand and was only incurred by the County Executive.

3.5.10 Development Expenditure

The County incurred Kshs.316.86 million on development programmes, which represented a decrease of 18.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.374.75 million. Table 3.22 summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
1	Construction and refurbishment of Amukura HC	Amukura	69,825,044	63,183,027	90.5
2	KUSP- Transfer to UDG Account	Busia	212,531,513	40,802,535	19.2
3	Construction of Mother and Child Specialist Hospital	Alupe Hospital	51,682,234	22,500,540	43.5
4	Routine Maintenance of roads	Hqs	17,644,493	17,644,493	100
5	Routine maintenance Of B13 Junction Adungosi - E9025 Ojaamong Road	Hqs	8,564,005	8,403,906	98.1
6	Construction of Border point Fish Market	Hqs	7,083,634	7,083,634	100
7	Completion of theatre block at Matayos Health Centre	Matayos	10,305,120	5,683,695	55.2
8	Pipeline extension	Nambale	4,906,992	4,906,992	100
9	Routine Maintenance of Namwendwa -Busembe Catholic - Nakharila Bumble Road	Hqs	4,996,400	4,996,280	100

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
10	Routine Maintenance and Spot Improvement of B12 Junction Apostolic Church - PEFA Church	Hqs	4,813,050	4,813,050	100

Source: Busia County Treasury

3.5.11 Budget Performance by Department

Table 3.23 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.23: Busia 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 Animal Resources	238.05	995.17	135.57	35.67	34.05	43.68	25.1	122.4	14.3	4.4
Trade, Cooperatives and Industrialisation	71.73	247.21	32.99	19.60	12.45	5.10	37.7	26.0	17.4	2.1
Education and Vocational Training	425.92	277.21	212.46	25.15	5.49	0.69	2.6	2.7	1.3	0.2
Finance, Economic Planning and ICT	918.54	26.90	407.36	1.10	699.35	-	171.7	-	76.1	-
Youth, Culture, sports, Tourism and Social Services	95.44	121.79	44.58	6.40	3.16	5.59	7.1	87.4	3.3	4.6
Roads, Public Works, Energy and Transport	128.58	1,096.73	70.81	33.50	50.77	90.83	71.7	271.1	39.5	8.3
Public Service Management	391.22	-	83.09	-	54.60	-	65.7	-	14.0	-
Lands, Housing and Urban Development	130.91	355.15	69.97	6.99	7.39	45.49	10.6	651.0	5.6	12.8
Water Environment and Natural Resources	142.60	536.54	67.88	36.87	38.85	27.51	57.2	74.6	27.2	5.1
Health and Sanitation	1,813.30	691.59	834.72	151.01	1,244.64	97.97	149.1	64.9	68.6	14.2
County Public Service Board	100.04	-	47.66	-	5.83	-	12.2	-	5.8	-
The Governorship	423.79	95.55	173.63	0.95	27.66	-	15.9	-	6.5	-
County Assembly	801.41	105.00	423.12	-	338.51	-	80.0	-	42.2	-
Total	5,681.53	4,548.85	2,603.84	317.24	2,522.75	316.86	96.9	99.9	44.4	7.0

Source: Busia County Treasury

Analysis of expenditure by the departments shows that the Department of Health and Sanitation recorded the highest absorption rate of development budget at 14.2 per cent while the Department of Finance and Economic Planning, Public Service Management and Public Service Board did not report any expenditure on development activities. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 76.1 per cent while the Department of Education and Vocational training had the lowest at 1.3 per cent.

3.5.12 Budget Execution by Programmes and Sub-Programmes

Table 3.24 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

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

Programme	Sub0 Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture					
CP 1: General Administration and support services	Administrative support service	238,051,956	34,050,628	204,001,328	14.3

Programme	Sub0 Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 2: Crop Production and management	CSP 2.1 Input support services	2,000,000	-	2,000,000	-
	CSP 2.2: Crop development	3,000,000	-	3,000,000	-
	CSP 2.3: Crop protection	2,000,000	-	2,000,000	-
CP 3: Land Use and Management	CSP 3.1: Agricultural mechanization	2,000,000	-	2,000,000	-
CP 4: Agricultural Training and Extension services	CSP 4.1: Agriculture extension services	2,000,000	-	2,000,000	-
	CSP 4.2: Agricultural Training services	80,236,573	9,476,729	70,759,844	11.8
CP 5: Agribusiness and agricultural value chain Development	CSP 5.1: Value addition	12,000,000	-	12,000,000	-
CP 6: Agricultural financial support services	CSP 6.1: Agricultural credit support services	3,000,000	-	3,000,000	-
CP 7: Kenya Climate Smart Agriculture Programme	CSP 7.1: Kenya Climate SMART	403,428,590	-	403,428,590	-
CP 8: Fisheries and Aquaculture Resources Development	CSP 8.1: Aquaculture development	16,000,000	-	16,000,000	-
	CSP 8.2: Fisheries training infrastructure development	5,000,000	-	5,000,000	-
	CSP 8.3: Fish value addition and marketing	4,000,000	-	4,000,000	-
	CSP 8.4: Lake-based aquaculture parks	5,000,000	-	5,000,000	-
CP 9: Veterinary Health Services	CSP 9.1: Veterinary Disease control	11,138,104	-	11,138,104	-
	CSP 9.2: AI services	3,500,000	-	3,500,000	-
	CSP 9.3 Meat inspection services	3,000,000	-	3,000,000	-
	CSP 9.4 Veterinary Extension	6,000,000	-	6,000,000	-
CP 10: Livestock production & Development	CSP 10.1: Livestock production improvement	14,650,000	-	14,650,000	-
	CSP 10.2: Livestock Extension	3,428,986	-	3,428,986	-
CP 11: Other Development Projects	CSP 11.1: Other Development projects	413,783,059	34,200,668	379,582,391	8.3
Total for Vote		1,233,217,268	77,728,026	1,155,489,242	6.3
Trade					-
CP 12: General Administration and Support services	CSP 12.1: Administrative support service	71,728,843	12,448,403	59,280,441	17.4
CP 13: Trade Developments and Investment	CSP 13.1: Busia county trade development fund	6,000,000	-	6,000,000	-
	CSP 13.2: Market modernization and development	105,070,250	-	105,070,250	-
CP 14: Fair Trade Practices	CSP 14.1: Weights and measures.	3,000,000	-	3,000,000	-

Programme	Sub0 Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 15: Cooperative development	CSP 15.1 Busia county cooperative enterprise development fund	-	-	-	-
	CSP 15.2: Revitalization of cotton ginneries	11,750,000	-	11,750,000	-
	CSP 15.3: Value addition	-	-	-	-
CP 16: Other Development Projects	CSP 16.1. Other Development projects	121,394,516	5,100,000	116,294,516	4.2
Total for Vote		318,943,609	17,548,403	301,395,207	5.5
Finance					-
CP 22: General Administration and Support services	CSP 22.1: Administrative support service	918,537,365	699,345,138	219,192,227	76.1
CP 23: Financial management, Control and Development services	CSP 23.1: Revenue generation services	2,000,000	-	2,000,000	-
CP 24: Information and Communication Services	CSP 24.1: ICT support services	2,500,000	-	2,500,000	-
CP 25: Other Development Projects	CSP 25.1: Other Development projects	22,400,000	-	22,400,000	-
Total for Vote		945,437,365	699,345,138	246,092,227	74.0
Education					-
CP 17: General Administration and Support services	CSP 17.1: Administrative support service	425,919,138	5,488,480	420,430,658	1.3
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of the infrastructure in E.C.D.E Centers	51,502,000	-	51,502,000	-
	CSP 18.2 E.C.D.E Capitation	-	-	-	-
	CSP 18.3: Child nutrition	-	-	-	-
CP 19: Tertiary/Vocational Training Development	CSP 19.1: Infrastructure development	23,582,126	-	23,582,126	-
CP 20: Education support	CSP 20.1: Education support scheme	52,097,410	-	52,097,410	-
CP 21: Other Development Projects	CSP 21.1 Other Development Projects	150,023,826	687,685	149,336,141	0.5
Total for Vote		703,124,500	6,176,165	696,948,335	0.9
Culture					-
CP 26: General Administration and Support services	CSP 26.1: Administrative support service	95,440,030	3,161,394	92,278,636	3.3
CP 27: Social services	CSP 27.1: Infrastructural development	3,500,000	-	3,500,000	-
	CSP 27.2: Community Support	15,400,000	-	15,400,000	-
CP 28: Youth and Empowerment Development	CSP 28.1 Equipping and Operationalization of youth empowerment	3,950,000	-	3,950,000	-
CP 29: Promotion and development of sports	CSP 29.1: Infrastructural development	6,000,000	-	6,000,000	-
	CSP 29.2: Sports promotion	-	-	-	-
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	5,000,000	-	5,000,000	-
CP 31: Culture Promotion and Development	CSP 31.1: Cultural infrastructural development	-	-	-	-

Programme	Sub0 Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
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	87,939,982	5,593,174	82,346,808	6.4
Total for Vote		217,230,012	8,754,568	208,475,444	4.0
PUBLIC WORKS					
CP 35: General Administration and support services	CSP 35.1: Administrative support service	128,583,786	50,770,165	77,813,620	39.5
CP 36: Development and Maintenance of Roads	CSP 36.1: Routine maintenance of roads	385,000,000	22,049,637	362,950,363	5.7
	CSP 36.2: Development of Roads	112,489,285	29,215,276	83,274,009	26.0
CP 37: Building Infrastructure Development	CSP 37.1: Infrastructure Development	2,923,010	-	2,923,010	-
CP 38: Energy Development	CSP 38.1 Energy Services	9,200,000	-	9,200,000	-
	CSP 38.2: Solar Energy Exploration	16,500,000	-	16,500,000	-
	CSP 38.3: Renewable energy	-	-	-	-
CP 39: Alternative Transport infrastructure Development	CSP 39.1: Road safety campaign	1,000,000	-	1,000,000	-
CP 40: Other Development Projects	CSP 40.1: Other Development Projects	569,619,323	39,564,021	530,055,302	6.9
Total for Vote		1,225,315,404	141,599,099	1,083,716,304	11.6
Public Service Management					
CP 41: General Administration and support services	CSP 41.1: Administrative support services	391,221,340	54,602,351	336,618,989	14.0
Total for Vote		391,221,340	54,602,351	336,618,989	14.0
Public Service Board					
CP 41: General Administration and support services	CSP 41.1: Administrative support services	100,036,203	5,827,040	94,209,163	5.8
Total for Vote		100,036,203	5,827,040	94,209,163	5.8
Lands					
CP 42: General Administration and support services	CSP 42.1: Administrative support services	130,911,619	7,388,014	123,523,604	5.6
CP 43: County Land Administration and planning	CSP 43.1: Land use planning	5,503,212	-	5,503,212	-
CP 44: Housing development and management	CSP 44.1: Housing Development	46,770,752	-	46,770,752	-
CP 45: County Urban management and Development	CSP 45.1: Urban management	56,298,859	2,481,658	53,817,201	4.4
	CSP 45.2: Urban Development (Malaba Municipalities)	212,531,513	40,802,535	171,728,978	19.2
	CSP 45.3: Urban Development (Busia Municipality)	15,000,000	-	15,000,000	-
CP 46: Other Development Projects	CSP 46.1: Other Development Projects	19,049,760	2,205,788	16,843,972	11.6
Total for Vote		486,065,715	52,877,995	433,187,719	10.9
WATER					

Programme	Sub0 Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 47: General Administration and support services	CSP 47.1: Administrative support services	142,603,493	38,853,983	103,749,511	27.2
CP 48: Water Supply Services	CSP 48.1: Urban water supply and sewerage	77,970,555	-	77,970,555	-
	CSP 48.2: Rural water supply	100,920,218	27,513,783	73,406,435	27.3
CP 49: Environment Management and Protection	CSP 49.1 Environmental management	17,500,000	-	17,500,000	-
CP 50: Small Holder Irrigation and Drainage	CSP 50.1: Irrigation infrastructure development	-	-	-	-
CP 51: Forest development and management	CSP 51.1: Rehabilitation and Restoration degraded landscape	10,000,000	-	10,000,000	-
CP 52: Water Tower Protection and Climate Change Mitigation	CSP 52.1: Water Tower Protection and Climate Change Mitigation	-	-	-	-
CP53: Other Development Projects	CSP 53.1 Other Development Projects	330,150,442	-	330,150,442	-
Total for Vote		679,144,708	66,367,766	612,776,943	9.8
Health					-
CP 54: General Administration and support services	CSP 54.1: Administrative support service	1,813,298,517	1,244,637,691	568,660,826	68.6
CP 55: Curative Health Services	CSP 55.1: Infrastructure development	303,680,901	95,726,212	207,954,689	31.5
	CSP 55.2: Hospital equipment	46,625,360	-	46,625,360	-
CP 56: Preventive and Promotive Health services	CSP 56.1: Infrastructure development	105,838,637	-	105,838,637	-
	CSP 56.2: Lower level hospital equipment	1,345,360	-	1,345,360	-
	CSP 56.3: Preventive Services	12,000,000	-	12,000,000	-
	CSP 56.4: Health promotion unit	129,133,623	-	129,133,623	-
CP 57: Other Development Projects	CSP 57.1: Other Development projects	92,970,932	2,246,641	90,724,291	2.4
Total for Vote		2,504,893,329	1,342,610,544	1,162,282,785	53.6
Governors					-
CP 59: General Administration and support services	CSP 59.1: Administrative support service	423,788,503	27,660,206	396,128,297	6.5
CP 60: Disaster Risk Management	CSP 60.1: Disaster preparedness	74,579,000	-	74,579,000	-
CP 61: Information dissemination and knowledge management	CSP 61.1: Communication Services	18,471,000	-	18,471,000	-
CP 62: Other Development Projects	CSP 62.1: Other Development projects	2,500,000	-	2,500,000	-
Total for Vote		519,338,503	27,660,206	491,678,297	5.3
The County Assembly					-
CP 63: Administrative support service	CSP 63.1: Administrative support service	801,409,679	338,511,911	462,897,768	42.2
CP 64: County Assembly Infrastructural Development	ICSP 64.1: Infrastructural Development	105,000,000	-	105,000,000	-

Programme	Sub0 Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub0totals		906,409,679	338,511,911	567,897,768	37.3
Grand Total		10,230,377,635	2,839,609,212	7,390,768,423	27.8

Source: Busia County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Finance and Economic planning at 76 per cent, General Administration and support services in the Department of Health at 69 per cent, Administrative support service in the County Assembly at 42 per cent, and General Administration and support services in the Department of Works at 39 per cent of budget allocation.

3.5.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.316.86 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.4.55 billion. The development expenditure represented 7.0 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.138.23 million against an annual projection of Kshs.976 million, representing 14.2 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

3.6 County Government of Elgeyo Marakwet

3.6.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.6.65 billion, comprising Kshs.3.10 billion (46.5 per cent) and Kshs.3.56 billion (53.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.61 billion (62.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.166.1 million (2.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.28 billion (19.2 per cent) from FY 2020/21. The County also expects to receive Kshs.604.22 million (9.1 per cent) as conditional grants, which consists of:-

DANIDA Universal Health Care Kshs.8,555,250

World Bank-Transforming Health Systems Kshs.37,021,153

World Bank-Kenya Climate Smart Agriculture Project(KCSAP) Kshs.350,000,000

Sweden-Agriculture Sector Development Support Programme (ASDSP) Kshs.23,843,630

World Bank-Kenya Development Support Programme(KDSP) Level 2 Kshs.184,795,683

3.6.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.1.91 billion as the equitable share of the revenue raised nationally, raised Kshs.75.43 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.1.20 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.18 billion, as shown in Table 3.25.

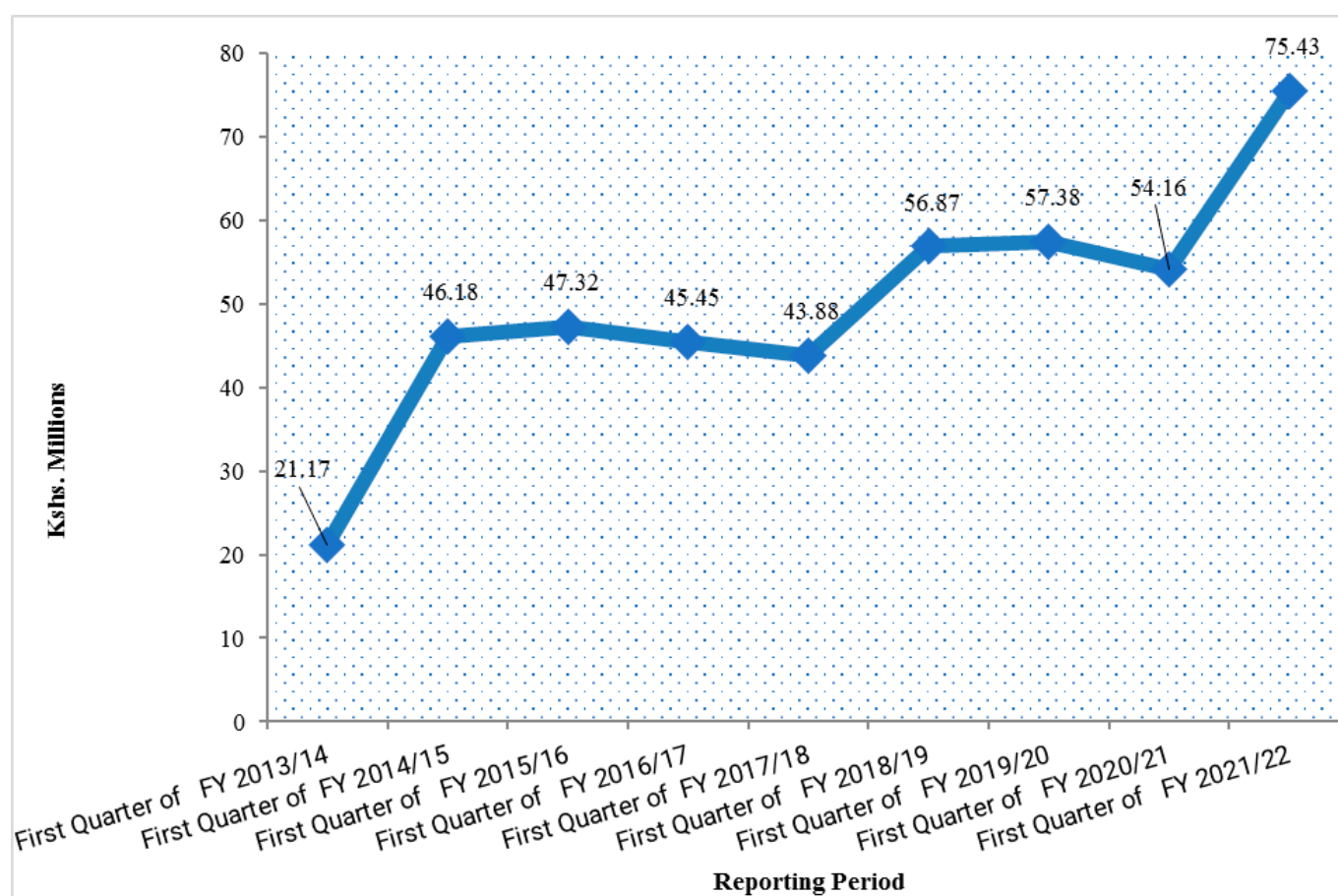
Table 3.25: Elgeyo Marakwet County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,606,532,480	1,911,710,980	41.5
Sub Total		4,606,532,480	1,911,710,980	41.5
B - Conditional Grants				
1.	DANIDA Universal Health Care	8,555,250	-	-
2.	World Bank-Transforming Health Systems	37,021,153	-	-
3.	Kenya Climate-Smart Agriculture Project (KCSAP)	350,000,000	-	-
4.	Agriculture Sector Development Support Program. (ASDSP)	23,843,630	2,500,000	10.5
5.	Kenya Development Support Prog (KDSP) Level 3	184,795,683	-	-
Sub Total		604,215,716	2,500,000	0.4
C - Other Revenues				
1	Own Source Revenue	166,100,000	75,427,645	45.4
2	Balance b/f from FY2020/21	1,275,368,624	1,196,097,904	93.8
Sub Total		1,441,468,624	1,271,525,549	88.2
Grand Total		6,652,216,820	3,183,236,529	47.9

Source: Elgeyo Marakwet County Treasury

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

Figure 3.9: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Elgeyo Marakwet County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.75.43 million as own-source revenue. This amount represented an increase of 33.4 per cent compared to Kshs.56.52 million realised during a similar period in the first half of FY 2020/21 and was 45.4 per cent of the annual target.

3.6.3 Exchequer Issues

The Controller of Budget approved Kshs.2.06 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.499.75 million (24.3 per cent) for development programmes and Kshs.1.56 billion (75.7 per cent) for recurrent programmes.

3.6.4 Overall Expenditure Review

The County spent Kshs.1.99 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.6 per cent of the total funds released by the CoB and comprised of Kshs.427.34 million and Kshs.1.56 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.8 per cent, while recurrent expenditure represented 43.8 per cent of the annual recurrent expenditure budget.

3.6.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.52.87 million and comprised of Kshs.5.74 million for recurrent expenditure and Kshs.47.13 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.39.16 million were settled, consisting of Kshs.2.80 million for recurrent expenditure and Kshs.36.37 million for development programmes.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.29 billion was spent on employee compensation, Kshs.269.76 million on operations and maintenance, and Kshs.427.34 million on development activities, as shown in Table 3.26.

Table 3.26: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,963,613,441	593,254,970	1,228,740,189	329,320,365	41.5	55.5
Compensation to Employees	2,423,057,100	338,353,716	1,122,101,202	166,204,104	46.3	49.1
Operations and Maintenance	540,556,341	254,901,254	106,638,987	163,116,261	19.7	64.0
Development Expenditure	3,095,348,408	-	427,344,638	-	13.8	-
Total	6,058,961,849	593,254,970	1,656,084,827	329,320,365	27.3	55.5

Source: Elgeyo Marakwet County Treasury

3.6.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 38.7 per cent of the first half proportional revenue of Kshs.3.33 billion.

The wage bill of Kshs.1.29 billion includes Kshs.649.67 million attributable to the health sector, which translates to 50.4 per cent of the total wage bill in the reporting period.

3.6.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.43.0 million to county established funds in FY 2021/22, which constituted 0.6 per cent of the County's overall budget for the year. Table 3.27 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.27: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	County Alcoholic Drinks Control Fund	4,000,000	N/A	1,452,197	N/A	Yes	
2.	County Education Fund	32,000,000	N/A	16,128	N/A	Yes	
3.	County Executive Car and Mortgage Fund	-	N/A	2,800,000	N/A	Yes	
4.	County Assembly Car and Mortgage Revolving Fund	N/A	7,000,000	-	-	Yes	
5.	County Assembly Catering Services Revolving Fund	N/A	0.00	-	-	Yes	
6.	Total	36,000,000	7,000,000				

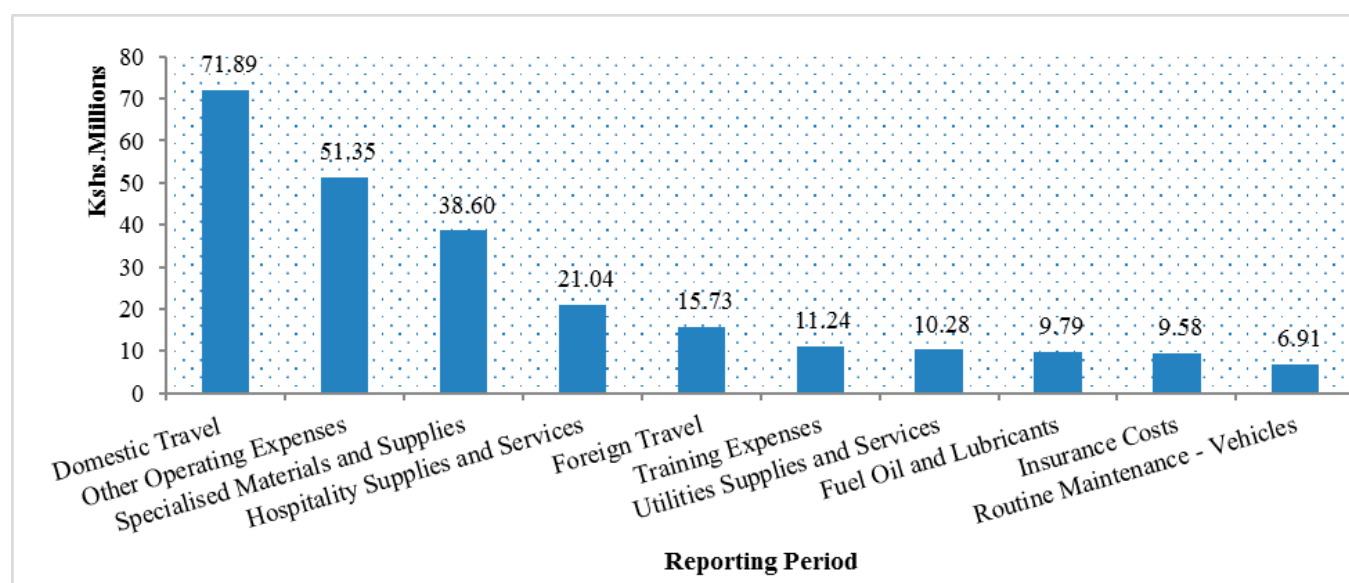
Source: Elgeyo Marakwet County Treasury

The OCoB received quarterly financial returns from the Fund Administrators of all the county established funds, as indicated in Table 3.27. The revenue financing the County Executive Car and Mortgage Fund expenditure of Kshs.2.8 million is from beneficiary collections, i.e. it's a revolving fund

3.6.9 Expenditure on Operations and Maintenance

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

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



Source: Elgeyo Marakwet County Treasury

The County spent Kshs.22.49 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.45.00 million. The average monthly sitting allowance was Kshs.110,269 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.71.89 million and comprised Kshs.50.41 million spent by the County Assembly and Kshs.21.48 million by the County Executive. Spending on foreign travel amounted to Kshs.15.73 million and consisted of Kshs.15.67 million by the County Assembly and Kshs.67,440 by the County Executive.

3.6.10 Development Expenditure

The County incurred Kshs.427.34 million on development programmes, which represented an increase of 116 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.198.22 million. Table 3.28 summarises development projects with the highest expenditure in the reporting period.

Table 3.28: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum	Payments to Date	Absorption Rate (%)
			(Kshs.)	(Kshs.)	
1	World Bank-Transforming Health Systems	Head Quarters	37,021,153	22,047,478	59.6
2	Mother and Baby Wing at Iten County Referral Hospital (KDSP)	Iten	62,085,000	20,513,997	33.0
3	Kenya Urban Support Programme	Countywide	78,728,024	17,245,450	21.9
4	Transforming Health Care Systems Universal Care Project	Head Quarters	17,262,893	16,020,437	92.8
5	Ainabyat Water Project (KDSP)	County	34,500,000	9,540,600	27.7
6	Chegilet HC	Emsoo	9,530,000	9,400,000	98.6
7	Abolishment of User Fees	Head Quarters	8,788,917	8,788,917	100.0
8	Kosich water project	Embobut/Embolot Ward	7,000,000	6,970,550	99.6
9	Potato seed multiplication (KDSP New)	County	27,558,345	5,812,489	21.1
10	Kakimiti-Lemeiywo-Meuno		4,999,900	4,999,900	100.0

Source: Elgeyo Marakwet County Treasury

3.6.11 Budget Performance by Department

Table 3.29 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.29: 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	593.25	-	320.63	-	329.32	-	102.7	-	55.5
Office of the Governor	194.34	-	69.49	-	66.66	-	95.9	-	34.3	-
Finance and Economic Planning	213.58	-	87.30	-	85.36	-	97.8	-	40.0	-
Agriculture and Irrigation	95.80	795.24	43.30	61.75	43.46	66.64	100.4	107.9	45.4	8.4
Education and Technical Training	256.27	266.56	95.93	19.52	95.85	26.18	99.9	134.1	37.4	9.8
Health and Sanitation	1,553.78	432.27	711.25	137.59	710.08	60.24	99.8	43.8	45.7	13.9
Water, Lands, Environment & Climate Change	96.18	486.93	37.64	101.68	37.21	106.14	98.9	104.4	38.7	21.8
Roads, Public Works & Transport	113.73	690.06	44.87	70.94	44.36	85.46	98.9	120.5	39.0	12.4
Tourism, Culture, Wildlife, Trade & Industry	37.89	82.76	16.69	61.87	16.60	3.14	99.5	5.1	43.8	3.8
Youth Affairs, Sports, ICT & Social Services	43.42	106.31	18.95	2.93	18.66	18.39	98.4	628.4	43.0	17.3
Public Service Management & County Administration	216.50	46.06	43.27	5.54	43.40	5.61	100.3	101.3	20.0	12.2
County Public Service Board	48.65	2.50	22.17	-	22.12	-	99.7	-	45.5	-
Livestock Production, Fisheries & Co-op Development	93.46	186.66	44.50	37.94	44.99	55.55	101.1	146.4	48.1	29.8
Total	3,556.87	3,095.35	1,555.99	499.75	1,558.06	427.34	100.1	85.5	43.8	13.8

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by the departments shows that the Department of Livestock Production, Fisheries & Co-Op Development recorded the highest absorption rate of development budget at 29.9 per cent while The County Public

Service Board did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 55.5 per cent, while the Department of Public Service Management & County Administration had the lowest at 20.0 per cent.

3.6.12 Budget Execution by Programmes and Sub-Programmes

Table 3.30 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.30: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
County Assembly					
General administration, planning and support services		354,591,122.00	92,958,457.00	261,632,665.00	26
	General administration, planning and support services	354,591,122.00	92,958,457.00	261,632,665.00	26
Legislation and representation		129,484,400.00	32,396,916.00	97,087,484.00	25
	Legislation and representation	129,484,400.00	32,396,916.00	97,087,484.00	25
Legislative oversight		109,179,450.00	26,401,403.00	82,778,047.00	24
	Legislative oversight	109,179,450.00	26,401,403.00	82,778,047.00	24
Sub Total for County Assembly		593,254,972.00	151,756,776.00	441,498,196.00	26
Office Of The Governor					
General administration and support services		119,625,732	57,728,325.00	61,897,407	48
	General administration and support services	119,625,732	57,728,325.00	61,897,407	48
Governance		74,717,982.00	13,056,353.00	61,661,629.00	17
	Governance	74,717,982	13,056,353.00	61,661,629	17
Sub Total for Office of the Governor		194,343,714.00	70,784,678.00	123,559,036.00	36
Finance & Economic Planning					
General administration and support services		94,336,718.00	36,888,711.55	57,448,006.45	39
	General administration and support services	94,336,718	36,888,711.55	57,448,006	39
Financial Management		119,246,575.00	48,468,019.25	70,778,555.75	41
	Monitoring, Evaluation and reporting	1,290,000	370,460.00	919,540	29
	Economic Planning & Budgeting	105,463,340	45,061,955.60	60,401,384	43
	Accounting services	5,464,411	2,703,063.65	2,761,347	49
	Supply Chain Management	1,724,412	182,540.00	1,541,872	11
	Revenue Management Services	5,304,412	150,000.00	5,154,412	3
Sub Total for Finance and Economic Planning		213,583,293.00	85,356,730.80	128,226,562.20	40
Agriculture and Irrigation					
General administration and support services		95,797,320.00	43,456,043.50	52,341,276.50	45
	General administration and support services	95,797,320	43,456,043.50	52,341,277	45
Crop Development		646,359,803.00	30,889,925.55	615,469,877.45	5
	Cash Crops Development	65,512,604	4,258,440.00	61,254,164	7
	Agricultural Extension and Training Services	580,847,199	26,631,485.55	554,215,713	5
Soil Conservation		9,479,345.00	4,554,821.85	4,924,523.15	48
	Soil Conservation	9,479,345	4,554,821.85	4,924,523	48
Irrigation Development		139,399,798.00	30,516,338.00	108,883,460.00	22
	Irrigation Development	139,399,798	30,516,338.00	108,883,460	22
Sub Total for Agriculture and Irrigation		891,036,266.00	109,417,128.90	781,619,137.10	12

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Education & Technical Training					
General administration and support services		256,268,616.00	95,849,169.15	160,419,446.85	37
	General administration and support services	256,268,616.00	95,849,169.15	160,419,446.85	37
Technical Vocational Education & Training		67,519,311.00	0.00	67,519,311.00	0
	Technical Vocational Education & Training	67,519,311.00	0.00	67,519,311.00	0
Pre-Primary Education		199,043,495.00	26,183,510.45	172,859,984.55	13
	Pre-Primary Education	199,043,495.00	26,183,510.45	172,859,984.55	13
Sub Total for Education and Technical Training		522,831,422.00	122,032,679.60	400,798,742.40	23
Health And Sanitation					
General administration and support services		1,553,784,098.00	759,115,253.00	794,668,845.00	49
	Default - Non Programmatic	1,553,784,098	759,115,253	794,668,845	49
Preventive and Promotive Health		72,793,446.00	0.00	72,793,446.00	0
	Community and Environmental Health	72,734,046	0.00	72,734,046	0
	Communicable & Non-Communicable Disease Prevention & Control	59,400	0.00	59,400	0
Curative and Rehabilitative Health		359,475,971.00	97,510,928.00	261,965,043.00	27
	Commodity management	500,000	0.00	500,000	0
	County Hospitals	78,097,163	0.00	78,097,163	0
	Primary Care Units	244,498,808	97,510,928	146,987,880	40
	Emergency Medical Services	36,380,000	0.00	36,380,000	0
Sub-Total For Health and Sanitation		1,986,053,515.00	856,626,181.00	1,129,427,334.00	43
Water, Lands & Physical Planning					
General administration and support services		96,178,512.00	37,210,920.65	58,967,591.35	39
	General administration and support services	96,178,512.00	37,210,921	58,967,591.35	39
Water & Sanitation Management		387,341,912.00	87,429,356.35	299,912,555.65	23
	Water Services	387,341,912.00	87,429,356	299,912,555.65	23
Environmental Management & Protection		1,299,950.00	699,950.00	600,000.00	54
	Environmental conservation	1,299,950.00	699,950	600,000.00	54
Solid waste management		500,000.00	0.00	500,000.00	0
	Solid waste management	500,000.00	0.00	500,000.00	0
Lands, Physical Planning and Urban Development		97,784,996.00	18,011,000.50	79,773,995.50	18
	Lands, Physical planning and Urban Development	97,784,996.00	18,011,001	79,773,995.50	18
Sub Total for Water, Lands and Physical Planning		583,105,370.00	143,351,227.50	439,754,142.50	25
Roads, Public Works & Transport					
General administration and support services		105,668,668.00	40,801,900.40	64,866,767.60	39
	General administration and support services	105,668,668	40,801,900.40	64,866,768	39
Rural road Works		663,598,381.00	85,461,157.50	578,137,223.50	13
	Rural road Works	663,598,381	85,461,157.50	578,137,224	13
Public Works		19,717,010.00	74,160.00	19,642,850.00	0
	Public Works	19,717,010	74,160.00	19,642,850	0
Energy		14,800,000.00	691,434.75	14,108,565.25	5
	Energy	14,800,000	691,434.75	14,108,565	5
Sub Total Roads, Public Works and Transport		803,784,059.00	127,028,652.65	676,755,406.35	16

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Sports, Youth And Gender Affairs					
General administration and support services		43,421,119.00	19,224,014.00	24,197,105.00	44
	General administration and support services	43,421,119	19,224,014.00	24,197,105	44
Sports Development		28,897,335.00	8,674,566.00	20,222,769.00	30
	Sports Infrastructure Development	14,495,017	8,113,674.00	6,381,343	56
	Sports Talent Development	14,402,318	560,892.00	13,841,426	4
Social Empowerment		66,848,338.00	24,287,320.00	42,561,018.00	36
	Social Empowerment	66,848,338	24,287,320.00	42,561,018	36
Social Protection		6,061,000.00	5,566,000.00	495,000.00	92
	Social Protection	6,061,000	5,566,000.00	495,000	92
ICT Services		4,505,438.00	0.00	4,505,438.00	0
	ICT Services	4,505,438	0.00	4,505,438	0
Sub Total for Sports, Youth and Gender Affairs		149,733,230.00	57,751,900.00	91,981,330.00	39
Trade And Tourism					
General administration and support services		37,889,225.00	16,601,023.50	21,288,201.50	44
	General administration and support services	37,889,225	16,601,023.50	21,288,202	44
Tourism Development		66,844,549.00	175,234.10	66,669,314.90	0
	Tourism Development	66,844,549	175,234.10	66,669,315	0
Trade and enterprise development		12,636,724.00	2,366,110.00	10,270,614.00	19
	Trade and enterprise development	12,636,724	2,366,110.00	10,270,614	19
Culture and Heritage Preservation		3,282,000.00	600,000.00	2,682,000.00	18
	Culture and Heritage Preservation	3,282,000	600,000.00	2,682,000	18
Sub Total for Trade and Tourism		120,652,498.00	19,742,367.60	100,910,130.40	16
County Public Service Board					
General administration and support services		51,152,913.00	22,118,013.30	29,034,899.70	43
	General administration and support services	51,152,913.00	22,118,013.30	29,034,899.70	43
Sub Total for CPSB		51,152,913.00	22,118,013.30	29,034,899.70	43
Livestock Production, Fisheries & Co-Op Development					
General administration and support services		93,464,981.00	44,750,549.60	48,714,431.40	48
	General administration and support services	93,464,981.00	44,750,549.60	48,714,431.40	48
Livestock Development		98,590,077.00	17,571,380.00	81,018,697.00	18
	Livestock Production	93,800,719.00	17,272,880.00	76,527,839.00	18
	Livestock Extension and Training Services	4,789,358.00	298,500.00	4,490,858.00	6
Cooperatives development		19,283,384.00	3,501,270.00	15,782,114.00	18
	Cooperatives development	19,283,384.00	3,501,270.00	15,782,114.00	18
Veterinary Services		68,783,980.00	33,150,595.25	35,633,384.75	48
	Disease Surveillance and control	56,097,780.00	24,484,172.00	31,613,608.00	44
	A I Services	12,686,200.00	8,666,423.25	4,019,776.75	68
Livestock Resources Management and Development		0.00	39,990.00	-39,990.00	-
	Livestock Production and Management	0	39,990.00	-39,990.00	-
Sub Total for Livestock and Fisheries		280,122,422.00	99,013,784.85	181,108,637.15	35
Public Service Management					
General administration and support services		214,635,980.00	42,563,604.15	172,072,375.85	20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
	General administration and support services	214,635,980.00	42,563,604.15	172,072,375.85	20
Public Service Management		47,927,166.00	6,235,547.00	41,691,619.00	13
	SP 4.1 Human Resource Management	495,000.00	146,960.00	348,040.00	30
	Coordination of government functions	47,057,166.00	6,088,587.00	40,968,579.00	13
	Citizen participation and Civic Education	375,000.00	0.00	375,000.00	0
Sub Total for Public Service Management		262,563,146.00	48,799,151.15	213,763,994.85	19
Grand Total		6,652,216,820.00	1,913,779,271.35	4,738,437,548.65	29

Source: Elgeyo Marakwet County Treasury

Programmes with high levels of implementation based on absorption rates were: Social Protection in the Department of Youth, Sports and Gender Affairs at 92 per cent, General administration and support services in the Department of Health and Sanitation at 49 per cent of the budget allocation. The following two programmes, Veterinary Services and General Administration & Support Services, both in the Department of Livestock Production, Fisheries & Co-op Development, had an absorption rate of 48 per cent of the budget allocation.

3.6.13 Monitoring and Evaluation

The office of the Controller of Budget selected 24 projects implemented in FY 2018/19 and FY 2019/20 2021 to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. Some projects were well implemented and have achieved the desired objectives. These included; ECDE Classroom at Sitoton Primary School, which has resulted in increased enrolment rate by 50 per cent; construction of Kondabilet Harambee Dam that provides water for livestock in Cherangany Ward; and Upgrading of Chepkorio Health Centre to County Level to enhance its capacity to handle referral cases from other healthcare facilities.

However, some challenges were observed during the M&E exercise that may have affected project implementation. These included: Passion Fruit Factory at Kapchemutwa Ward, which was not equipped and hence not operational; Construction and Equipping of Maternity at Anin Dispensary in Tambach, which is complete but lacks adequate staff to operate effectively; and Construction of Chesoi Sub County Office, which has stalled because the contractor has not been paid. Other issues that were noted included inadequate staff and learning materials in ECDE centres; and non-submission of project files to the OCoB team, an indication of weak record management practices.

Given the above issues, the Controller of Budget recommends that adequate funds be appropriated towards equipping and staffing new projects in the Health and Education sectors. Further, project managers should adopt record management practices and ensure that project files are updated regularly and available upon request for perusal.

3.6.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County 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.427.34 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.3.10 billion. The development expenditure represented 13.8 per cent of the annual development budget.
3. A high wage bill, which accounted for 38.7 per cent of the first half proportional revenue of Kshs.3.33 billion, thus constraining funding to other programmes.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on

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

3.7 County Government of Embu

3.7.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.6.92 billion, comprising Kshs.2.32 billion (34.4 per cent) and Kshs.4.54 billion (65.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.12 billion (74.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.900 million (13 per cent) from own sources of revenue, and a cash balance of Kshs.265.75 million (3.8 per cent) from FY 2020/21. The County also expects to receive Kshs.628.12 million (9.1 per cent) as conditional grants, which consists of Leasing of Medical Equipment (Kshs.153.30 million), Transforming Health Systems for Universal care Project (Kshs.5.71 million), National Agricultural and Rural Inclusive Growth Project (NARIGP) (Kshs.387.95 million), DANIDA Grant (Kshs.9.54 million), Sweden - Agricultural Sector Development Support Programme (ASDSP) II (Kshs.22.22 million), Emergency Locust Response Project (ELRP) (Kshs.28.40 million), and Kenya Nutrition Support Grant (Kshs.21 million).

3.7.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.13 billion as the equitable share of the revenue raised nationally, raised Kshs.172.79 million as own-source revenue, did not receive any amount as conditional grants, and had a cash balance of Kshs.265.75 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.57 billion, as shown in Table 3.31.

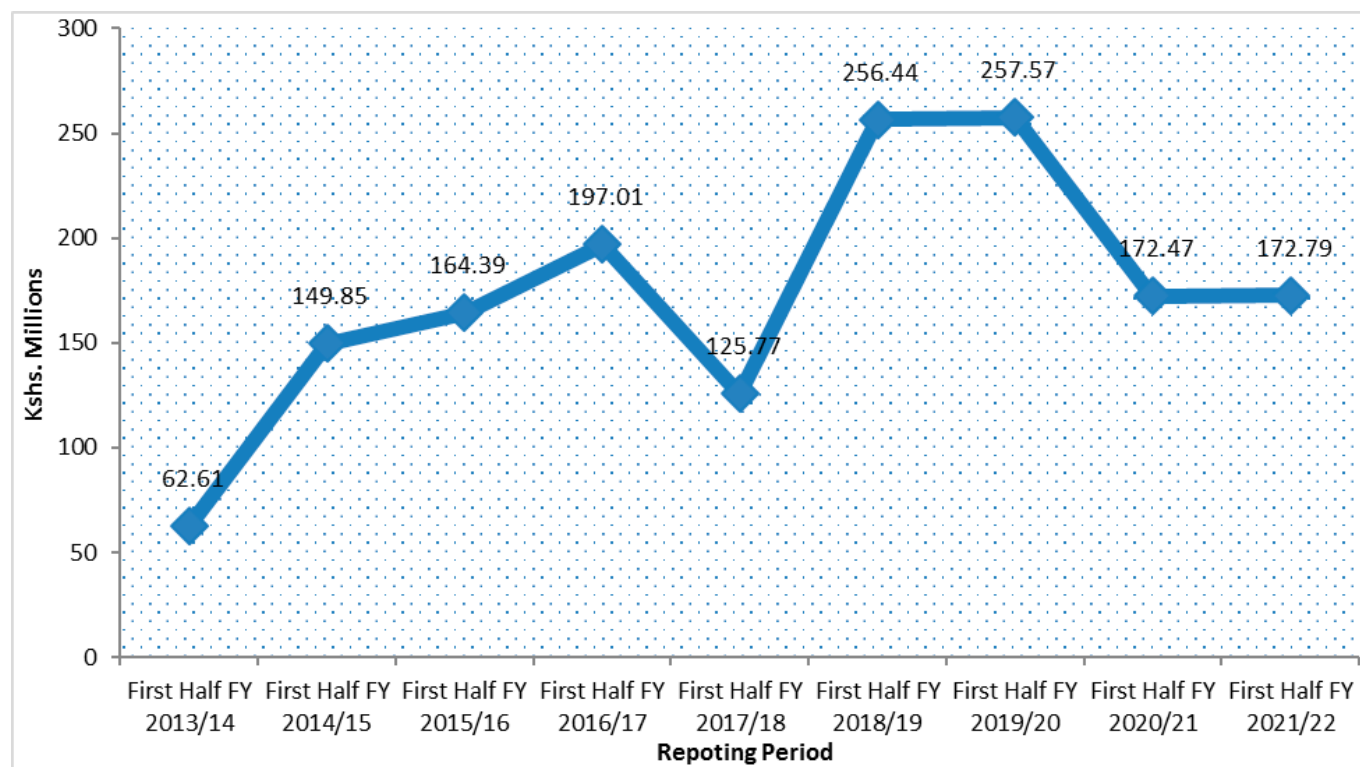
Table 3.31: Embu County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,125,243,762	2,126,976,162	41.5
	Sub Total	5,125,243,762	2,126,976,162	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	900,000,000	172,785,814	19.2
2.	Conditional Grants	628,119,396	-	-
3.	Balance b/f from FY 2020/21	265,751,342	265,751,342	100
	Sub Total	1,793,870,738	438,537,156	24.4
	Grand Total	6,919,114,500	2,565,513,318	37.1

Source: Embu County Treasury

Figure 3.11 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.11: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Embu County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.172.79 million as own-source revenue. This amount represented an increase of 0.2 per cent compared to Kshs.172.47 million realised during a similar period in the first half of FY 2020/21 and was 19.2 per cent of the annual target.

In the FY 2017/18, the County implemented an automated revenue management system called Embu pay.

3.7.3 Exchequer Issues

The Controller of Budget approved Kshs.2.26 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.301.52 million (13.3 per cent) for development programmes and Kshs.1.96 billion (86.7 per cent) for recurrent programmes.

3.7.4 Overall Expenditure Review

The County spent Kshs.2.26 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.298.16 million and Kshs.1.96 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.5 per cent, while recurrent expenditure represented 43.1 per cent of the annual recurrent expenditure budget.

3.7.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.05 billion and comprised of Kshs.1.21 billion for recurrent expenditure and Kshs.838.99 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.681.20 million were settled, consisting of Kshs.429.25 million for recurrent expenditure and Kshs.251.95 million for development programmes.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.58 billion was spent on employee compensation, Kshs.380.90 million on operations and maintenance, and Kshs.298.16 million on development activities, as shown in Table 3.32

Table 3.32: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,840,322,109	699,069,773	1,695,573,068	262,803,297	44.2	37.6
Compensation to Employees	2,830,104,897	299,282,948	1,474,335,273	103,142,790	52.1	34.5
Operations and Maintenance	1,010,217,212	399,786,825	221,237,795	159,660,507	21.9	39.9
Development Expenditure	2,319,722,618	60,000,000	285,076,841	13,083,000	12.3	21.8
Total	6,160,044,727	759,069,773	1,980,649,909	275,886,297	32.2	36.3

Source: Embu County Treasury

3.7.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 30.2 per cent of the first half proportional revenue of Kshs.5.22 billion.

The wage bill of Kshs.1.58 billion includes Kshs.834.18 million attributable to the health sector, which translates to 52.9 per cent of the total wage bill in the reporting period.

3.7.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.148.45 million to county established funds in FY 2021/22, which constituted 2.1 per cent of the County's overall budget for the year. Table 3.33 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.33: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Embu County Assembly Mortgage Members Scheme Fund		-			Yes	
2.	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund		20,000,000				No.
3.	Embu County Education Support Fund	117,450,000					No.
4.	Embu County Executive Car & Mortgage Fund	-					No.
5.	Embu County Emergency Fund	11,000,000					No.
6.	Embu County Youth Trust Fund						No.
	Total	128,450,000	20,000,000	-	-		

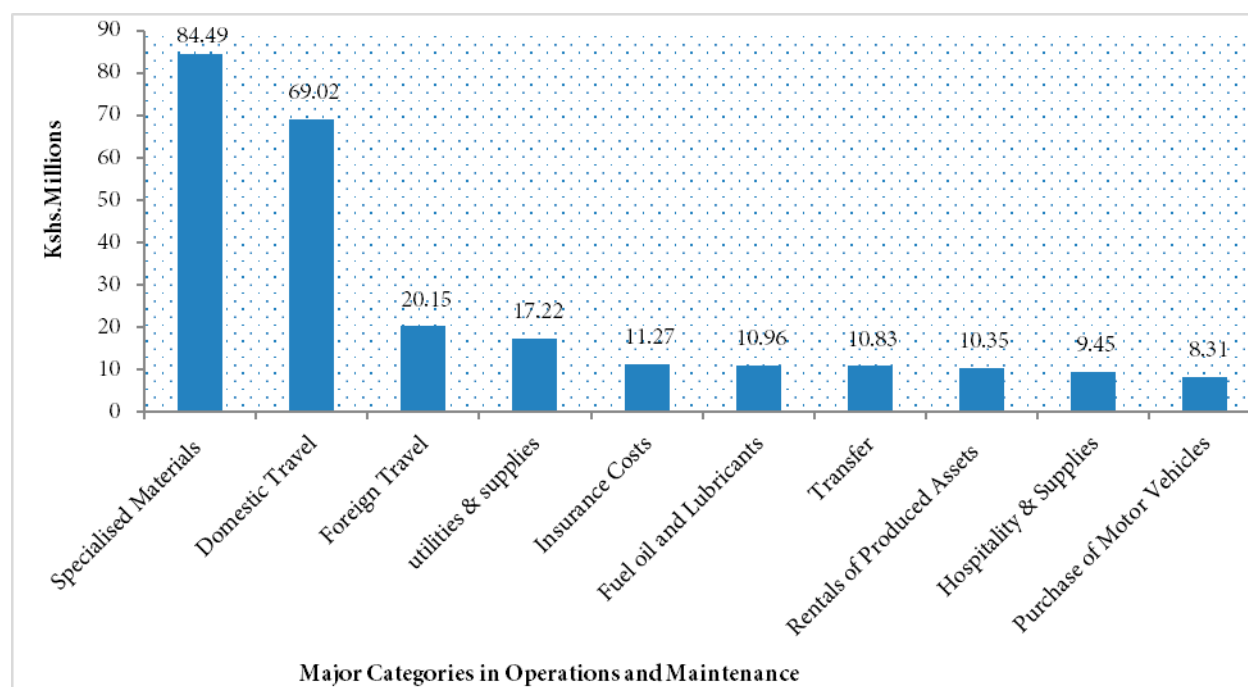
Source: Embu County Treasury

From the Embu county established public funds, the OCoB received quarterly financial returns from the Fund Administrator of only the Embu County Assembly Mortgage Members Scheme Fund, as indicated in Table 3.33.

3.7.9 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

The County spent Kshs.14.88 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.29 million. The average monthly sitting allowance was Kshs.70,844 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.69.02 million and comprised Kshs.57.57 million spent by the County Assembly and Kshs.11.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.20.15 million and consisted of Kshs.19.97 million by the County Assembly and Kshs.0.18 million by the County Executive.

3.7.10 Development Expenditure

The County incurred Kshs.298.16 million on development programmes, which represented an increase of 23.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.241.40 million. Table 3.34 summarises development projects with the highest expenditure in the reporting period.

Table 3.34: Embu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Mukuuri-Kanja Road-Phase 2	Kagaari North	27,425,648	23,023,157	84
2	Mufu Market Road-Phase 1	Kyeni North	16,359,532	13,223,072	81
3	Office complex	County Assembly of Embu	349,707,101	13,083,000	3.7
4	Mukuuri-Kirimiri Road-Phase 1	Kagaari North	16,557,223	12,512,050	76
5	Completion of Kithimu Grain Store	Kithimu	10,000,000	8,499,000	85
6	Kivwe-Kithimu Road-Phase 2	Kithimu	25,908,845	7,816,950	30
7	Kivue-Karingari-Phase 1	Kithimu	25,197,645	6,290,125	25
8	Maintenance Of Gichugu Jaft, Maintenance of Mutira Road, Maintenance Of Muthageri Kavutiri Primary(Opening Of Roads In Gaturi North)	Gaturi North	4,497,586	4,497,587	100
9	Maintenance Of Kigaa Gicagi-Gacuki Road,Ki-aragana,Kiang'ombe B Road	Runyenjes Central	3,998,806	3,998,806	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
10	Maintenance Of Beato To Karuga Mutitu Road	Runyenjes Central	3,998,798	3,998,798	100

Source: Embu County Treasury

3.7.11 Budget Performance by Department

Table 3.35 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.35: 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	233.8	-	92.4	-	102.1	-	110.5	-	43.7	-
County Public Service Board	33.3	-	15.3	-	14.5	-	94.7	-	43.5	-
Public Service and Administration	400.5	25.0	223.9	-	204.0	-	91.1	-	50.9	-
County Assembly	699.1	60.0	245.8	13.1	262.8	13.1	106.9	100	37.6	21.8
Gender, Culture, Children and Social Services	10.3	46.0	2.7	14.9	3.5	16	132.2	107.3	34.4	34.8
Finance and Economic Planning	88.4	3.2	30.8	-	44.3	1.1	144.1	-	50.1	34.4
Trade Tourism Investment and Industrialization	23.3	64.3	10.3	-	9.1	-	88.6	-	39.1	-
Agriculture, Livestock, Fisheries & Co-Operative Development	408.2	362.7	125.3	3.5	117.0	8.5	93.4	242.9	28.7	2.3
Health	1,832.5	164.1	946.8	2.5	899.4	3.1	95	125.2	49.1	1.9
Embu Level 5 Hospital	163.4	85.3	34.8	-	75.1	-	215.7	-	45.9	-
Infrastructure, Public Works and Housing.	51.7	1,287.6	15.4	241.7	23.9	228.8	155	94.7	46.2	17.8
Education, Science and Technology	458.0	73.4	170.3	3.7	161.9	5.8	95.1	158.1	-	-
Lands, Physical Planning and Urban Development & Water	86.2	153.8	36.5	11.1	34.4	2.1	94.5	19.3	-	-
Youth Empowerment and Sports	35.7	39.3	8.4	11.1	4.1	19.6	49.3	176.6	-	-
Embu County Revenue Authority (ECRA)	15	15	1.5	-	2.1	-	144.5	-	-	-
TOTAL	4,539.4	2,379.7	1,960.1	301.5	1,958.4	298.2	99.9	98.9	43.1	12.5

Source: Embu County Treasury

Analysis of expenditure by the departments shows that the Department of Youth Empowerment and Sports recorded the highest absorption rate of development budget at 49.8 per cent. The Department of Health had the highest percentage of recurrent expenditure to budget at 49.1 per cent.

3.7.12 Budget Execution by Programmes and Sub-Programmes

Table 3.36 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.36: Embu County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)	
OFFICE OF GOVERNOR						
P1: General Administration Planning and Support Services	SP1.1: Management of County Affairs (Office of Governor)	140,307,538.20	61,263,903.87	79,043,634.33	43.7	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
P2: County Leadership and Coordination	SP2.1: Sub-County Administration and Field Services	46,769,179.40	20,421,301.29	26,347,878.11	43.7
	SP2.2: Management of County Executive Services (Office of County Secretary)	28,061,507.64	12,252,780.77	15,808,726.87	43.7
P3: County Leadership and Coordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Economic Advisors)	18,707,671.76	8,168,520.52	10,539,151.24	43.7
Sub Total		233,845,897.00	102,106,506.45	131,739,390.55	43.7
COUNTY PUBLIC SERVICE BOARD					
P1: Administration of Human Resources in Public Service	SP1.1: Performance Management & Discipline	2,833,126.80	1,232,548.49	1,600,578.31	43.5
	SP1.2: Administration of board programmes	4,166,362.78	1,812,571.23	2,353,791.54	43.5
	SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit	5,832,908.04	2,537,599.80	3,295,308.25	43.5
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	3,833,053.88	1,667,565.59	2,165,488.29	43.5
Administration of Human Resources in Public Service	SP2.1 Recruitment and Selection, Career Management, HR Policy & Audit	5,555,150.50	2,416,761.70	3,138,388.80	43.5
	SP2.2 Administration of Board programmes/ Agenda	5,555,150.50	2,416,761.70	3,138,388.80	43.5
	SP2.3 Performance Management & Discipline	5,555,150.50	2,416,761.70	3,138,388.80	43.5
Sub Total		33,330,903.00	14,500,570.21	18,830,332.79	43.5
PUBLIC SERVICE AND ADMINISTRATION					
P1: General Administration Planning and Support Services	SP1.1: Service Delivery and Management of County Affairs	183,306,847.24	87,894,705.10	95,412,142.14	47.9
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	145,853,870.37	69,936,192.33	75,917,678.04	47.9
	SP2.2: Office Infrastructure Expansion	96,294,743.39	46,172,841.88	50,121,901.51	47.9
Sub Total		425,455,461.00	204,003,739.31	221,451,721.69	47.9
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
P1: Policy and General Administrative Services	SP1.1: General Administrative Unit	8,434,384.05	2,928,333.82	5,506,050.23	34.7
P2: Gender and Social Development	SP2.1: Communication Mobilization and Development	11,245,845.40	3,904,445.09	7,341,400.31	34.7
	SP2.2: Social Welfare Services	8,434,384.05	2,928,333.82	5,506,050.23	34.7
	SP2.3: Vocational Rehabilitation and Training	5,622,922.70	1,952,222.54	3,670,700.16	34.7
	SP2.4: Gender Mainstreaming and Development	8,434,384.05	2,928,333.82	5,506,050.23	34.7
P3: Children Services	SP3.1: Child Rehabilitation and Custody	8,434,384.05	2,928,333.82	5,506,050.23	34.7
P4: Culture and Cultural Preservation	SP 4.1 Cultural Preservation	5,622,922.70	1,952,222.54	3,670,700.16	34.7
Sub Total		56,229,227.00	19,522,225.44	36,707,001.56	34.7
FINANCE AND ECONOMIC PLANNING					
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	16,265,401.48	8,067,091.47	8,198,310.01	49.6
P2: Economic Policy and County Planning	SP 2.1: Economic Development Planning and Coordination	22,771,562.18	11,293,928.12	11,477,634.06	49.6
P3: Financial Management Services	SP3.1: Control and Management of Public Finances	10,566,005.57	5,240,383.00	5,325,622.57	49.6
P4: Monitoring and Evaluation	SP 4.1: Monitoring and Evaluation of projects	21,815,149.27	10,819,579.52	10,995,569.76	49.6
P5: Research and Statistics	SP5.1: County database and profile	20,188,609.50	10,012,870.56	10,175,738.95	49.6
Sub Total		91,606,728.00	45,433,852.66	46,172,875.34	49.6
TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION					
P1: Administrative Support Services	P1.1: Administrative Support Services	10,405,337.36	1,083,495.02	9,321,842.34	10.4
P2: Trade development and Promotion	P2.1: Trade development and Promotion	42,137,132.96	4,387,687.98	37,749,444.99	10.4
P3: Industrial Development and Investment	P3.1: Industrial Development and Investment	19,265,572.23	2,006,100.41	17,259,471.82	10.4
P4: Tourism Development	P4.1: Tourism Development	15,762,740.44	1,641,354.83	14,121,385.61	10.4
Sub Total		87,570,783.00	9,118,638.24	78,452,144.76	10.4
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT					
P1: Administrative Support Services	P1.1: Administrative Support Services	100,627,730.38	16,379,208.55	84,248,521.83	16.3
P2: Crop Development and Management	P2.1: Crop Development and Management	359,527,418.01	58,520,395.29	301,007,022.71	16.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
P3: Agribusiness and Information Management	P3.1: Agribusiness and Information Management	100,228,254.73	16,314,185.77	83,914,068.96	16.3
P4: Livestock Resources Management and Development	P4.1: Livestock Resources Management and Development	133,504,513.91	21,730,573.35	111,773,940.56	16.3
P5: Fisheries Development	P5.1: Fisheries Development	77,098,657.97	12,549,373.75	64,549,284.22	16.3
Sub Total		770,986,575.00	125,493,736.71	645,492,838.29	16.3
HEALTH					
P1: Curative Health Services	SP1.1: Primary Health Care	1,149,888,197.55	519,772,733.42	630,115,464.13	45.2
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	473,285,649.00	213,934,690.34	259,350,958.66	45.2
P3: General Administration Planning and Support Services	SP3.1: General Administration services	373,454,244.45	168,808,875.38	204,645,369.07	45.2
Sub Total		1,996,628,091.00	902,516,299.15	1,094,111,791.85	45.2
EMBU LEVEL 5 HOSPITAL					
P1: Curative Health Services	SP1.1: Primary Health Care	167,360,410.97	50,520,165.96	116,840,245.01	30.2
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	46,894,578.32	14,155,808.21	32,738,770.11	30.2
P3: General Administration Planning and Support Services	SP3.1: General Administration services	34,458,884.72	10,401,913.84	24,056,970.88	30.2
Sub Total		248,713,874.00	75,077,888.00	173,635,986.00	30.2
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING.					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	133,927,706.30	25,265,623.47	108,662,082.83	18.9
P2: Roads Transport	SP2.1: Road Infrastructure and Public Works	1,004,457,797.25	189,492,176.03	814,965,621.22	18.9
P3: Energy and housing	SP3.1: Energy and Housing	200,891,559.45	37,898,435.21	162,993,124.24	18.9
Sub Total		1,339,277,063.00	252,656,234.71	1,086,620,828.29	18.9
EDUCATION, SCIENCE AND TECHNOLOGY					
P1: General Administration, Planning and Support Services	SP1.1: General Administration and Support Services	212,558,632.80	67,112,659.99	145,445,972.81	31.6
P2: Quality Assurance and Standards	SP2.1: Quality Assurance and standards	106,279,316.40	33,556,329.99	72,722,986.41	31.6
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	212,558,632.80	67,112,659.99	145,445,972.81	31.6
Sub Total		531,396,582.00	167,781,649.97	363,614,932.03	31.6
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
P1: Physical Planning and Urban Development	SP1.1: Physical Planning Services	11,499,570.27	1,818,790.92	9,680,779.35	15.8
	SP1.2: Establishment and Promotion of Land Policy	16,099,397.20	2,546,307.10	13,553,090.10	15.8
	SP1.3: Environmental conservation	11,499,570.27	1,818,790.92	9,680,779.35	15.8
P2: General Administration, Planning and Support Services	SP2.1 General Administration and Support Services	22,999,139.36	3,637,581.66	19,361,557.71	15.8
P3: Water Supply and sewerage Services	SP3.1: Domestic water supply	103,496,127.73	16,369,117.54	87,127,010.18	15.8
P4: Irrigation and civil works	SP4.1: Irrigation and civil works	64,397,591.16	10,185,228.78	54,212,362.38	15.8
Sub Total		229,991,396.00	36,375,816.93	193,615,579.07	15.8
EMBU MUNICIPAL BOARD					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	1,800,000.00	38,261.70	1,761,738.30	2.1
P2: Roads Transport	SP2.1: Road Infrastructure and Public Works	8,200,000.00	174,303.30	8,025,696.70	2.1
Sub Total		10,000,000.00	212,565.00	9,787,435.00	2.1
YOUTH EMPOWERMENT AND SPORTS					
P1: Youth Development and Empowerment Services	SP5.1: Youth Development and Empowerment Services	37,506,073.50	11,860,043.00	25,646,030.50	31.6
P2: Management and development of Sport and Sport facilities	SP5.1: Community Sports programme	30,004,858.80	9,488,034.40	20,516,824.40	31.6
P3: General Administration Planning and Support Services	SP3.1: General Administration services	7,501,214.70	2,372,008.60	5,129,206.10	31.6
Sub Total		75,012,147.00	23,720,086.01	51,292,060.99	31.6
EMBU COUNTY REVENUE AUTHORITY (ECRA)					
P1: Financial Management Services	SP1.1: Revenue Management Services	5,472,056.87	388,534.28	5,083,522.59	7.1
	SP1.2: Revenue Management Services	24,527,943.13	1,741,565.72	22,786,377.41	7.1
Sub Total		30,000,000.00	2,130,100.00	27,869,900.00	7.1
COUNTY ASSEMBLY					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	580,268,083.00	188,896,752.00	391,371,331.00	32.6
P: 1: Legislation	SP: 1: Legislation	178,801,690.00	86,989,545.00	91,812,145.00	48.7
Sub Total		759,069,773.00	275,886,297.00	483,183,476.00	36.3
Grand Total		6,919,114,500	2,256,536,206	4,662,578,294	32.6

Source: Embu County Treasury

Programmes with high levels of implementation based on absorption rates were: P1: General Administration Planning and Support Services; P2: Economic Policy and County Planning; P3: Financial Management Services; P4: Monitoring

and Evaluation; and P5: Research and Statistics in the Department of Finance and Economic Planning at 49.6 per cent, P: 1: Legislation in the Department of County Assembly at 48.7 per cent, P1: General Administration Planning and Support Services; and P2: Public Service in the Department of Public Service and Administration at 47.3 per cent, and P1: Curative Health Services; P2: Preventive and Promotive Health Services; and P3: General Administration Planning and Support Services in the Department of Health at 45.2 per cent of budget allocation.

3.7.13 Monitoring and Evaluation

The Office of the Controller of Budget selected 28 projects implemented in FY 2018/19 and FY2019/20 for the monitoring and evaluation exercise. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team established that some projects were exceptionally implemented and had achieved the desired objectives. These included: Upgrading of 1.8KM Kangaru-Kairuri road (phase one) and Upgrading of Old B6 Junction (KSG)- Kamiu (Part) Road to Bitumen Standards thereby reducing transportation time of goods which was a problem especial during the rainy season; construction and equipping of a new oxygen plant at Embu Level 5 Hospital; and Kathenge Borehole that serves an estimated 100 households in Mwea Ward.

The M&E team also observed that some projects were not well implemented and could delay the achievement of the intended objectives. These included: Milk Processing Plant in Kagaari South Ward that had stalled at the foundation level; Makima Social Hall in Makima Ward, which has stalled yet the contractor has been paid the total contract amount; and lack of sanitation facilities at Mutuobare Market in Karimari Ward. Other issues that were noted include the inadequate capacity of the Monitoring and Evaluation Unit to assess the progress of project implementation regularly; non-submission of project information which is partly attributed to poor record management; and lack of an implementation plan for stalled projects such as Construction of Staff Houses at Kithimu Health Centre; Construction of Male Ward at Makima Dispensary; Construction of Milk Processing Plant; and Construction of Makima Social Hall.

To address these challenges and improve budget implementation, the County Government should: strengthen the capacity of the monitoring and evaluation department to regularly assess projects during the implementation phase; improve record management for projects; and develop an implementation plan for stalled projects to ensure they are completed and commissioned for use.

3.7.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.298.16 million in the First Half of FY 2021/22 from the annual development budget allocation of Kshs.2.38 billion. The development expenditure represented 12.5 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.172.79 million against an annual projection of Kshs.900 million, representing 19.2 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

3.8 County Government of Garissa

3.8.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.7.93 billion (75.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.150 million (1.4 per cent) from own sources of revenue, and a cash balance of Kshs.597.24 million (5.7 per cent) from FY 2020/21. The County also expects to receive Kshs.1.77 billion (16.9 per cent) as conditional grants, which consists of Kshs.153.30 million as a grant for Leasing of Medical Equipment, Kshs.1.09

billion as loan and grants, Kshs.112.63 million as Kenya urban Support Program, Kshs.228 million as Water and Sanitation Development program, Kshs.16.02 million as Transforming Health System World Bank, Kshs.104 million as Road Maintenance Levy Fund and Kshs.64.16 million as Kenya Development Support Program.

3.8.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.29 billion as the equitable share of the revenue raised nationally, raised Kshs.32.72 million as own-source revenue, Kshs.421.26 million as conditional grants, and had a cash balance of Kshs.608.09 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.35 billion, as shown in Table 3.37.

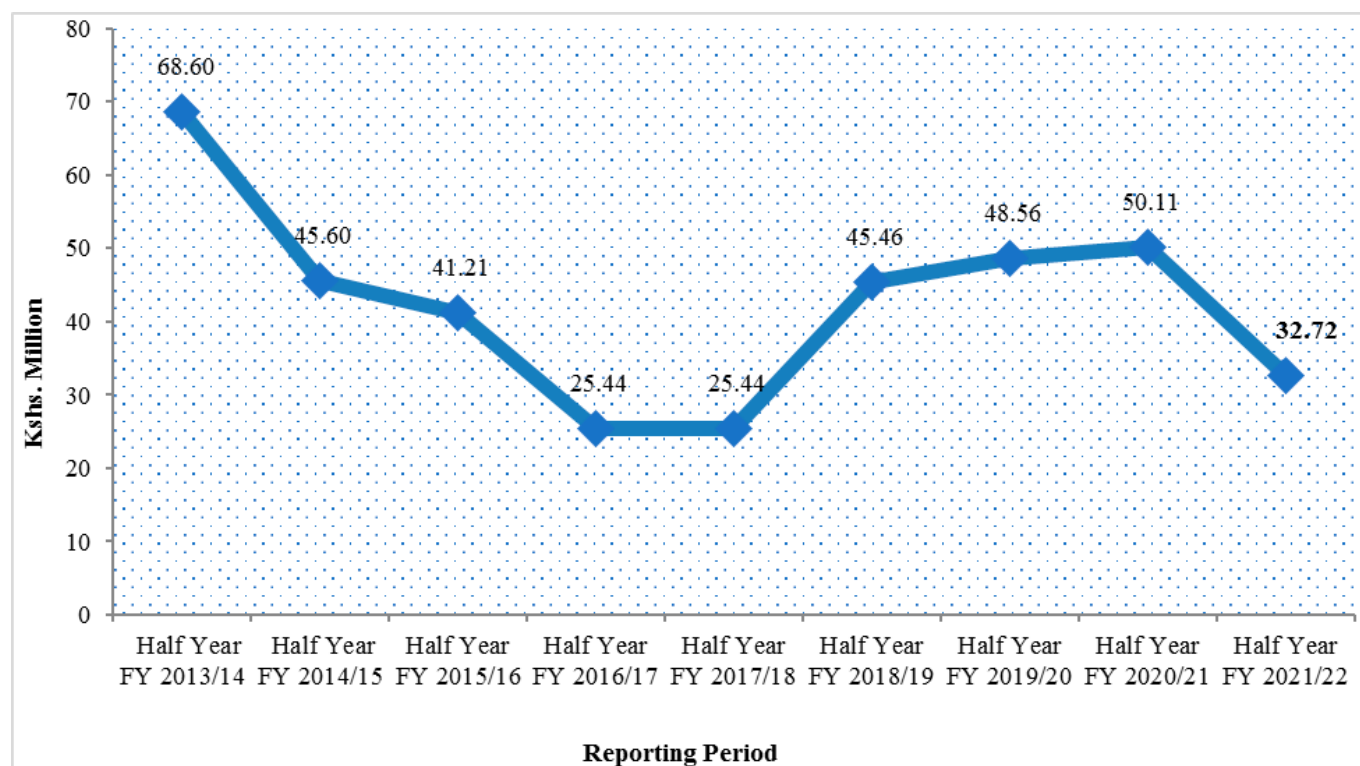
Table 3.37: Garissa County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,927,212,254	3,289,793,087	42
Sub Total		7,927,212,254	3,289,793,087	42
B	Other Sources of Revenue			
1.	Own Source Revenue	150,000,000	32,722,000	21.8
2.	Conditional Grants	1,766,290,377	421,264,720	23.9
3.	Balance b/f from FY 2020/21	597,235,000	608,092,586	101.8
Sub Total		2,513,525,877	1,062,079,306	42.8
Grand Total		10,440,738,131	4,351,872,393	41.7

Source: Garissa County Treasury

Figure 3.13 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.13: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Garissa County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.32.72 million as own-source revenue. This amount represented a decrease of 34.7 per cent compared to Kshs.50.11 million realised during a similar period in the first half of FY 2020/21 and was 21.8 per cent of the annual target. The County Government of Garissa has no automated a revenue management system.

3.8.3 Exchequer Issues

The Controller of Budget approved Kshs.3.73 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.746.12 million (20.1 per cent) for development programmes and Kshs.2.98 billion (79.9 per cent) for recurrent programmes.

3.8.4 Overall Expenditure Review

The County spent Kshs.3.38 billion on development and recurrent programmes during the reporting period. This expenditure represented 91.4 per cent of the total funds released by the CoB and comprised of Kshs.450.34 million and Kshs.2.98 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.5 per cent while recurrent expenditure represented 41.2 per cent of the annual recurrent expenditure budget.

3.8.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.24 billion and comprised of Kshs.145.91 million for recurrent expenditure and Kshs.1.14 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle part of the bills in the financial year.

During the period under review, pending bills amounting to Kshs.306.47 million were settled, which were entirely for development programmes.

3.8.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.89 billion was spent on employee compensation, Kshs.1.04 billion on operations and maintenance, and Kshs.450.34 million on development activities, as shown in Table 3.38.

Table 3.38: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,157,943,296	939,003,881	2,515,371,600	411,839,616	0.4	0.4
Compensation to Employees	4,238,206,980	540,296,322	1,650,470,267	235,097,607	38.9	43.5
Operations and Maintenance	1,919,736,316	398,707,559	864,901,333	176,742,009	45.1	44.3
Development Expenditure	3,278,790,954	65,000,000	435,186,729	15,156,512	13.3	23.3
Total	9,436,734,250	1,004,003,881	2,950,558,329	426,996,128	31.3	0.4

Source: Garissa County Treasury

3.8.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 36.1 per cent of the first half proportional revenue of Kshs.5.22 billion.

The wage bill of Kshs.1.89 billion includes Kshs.796.09 million attributed to the Health Sector which translates to 42.1 per cent of the total wage bill in the reporting period.

3.8.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.244 million to county established funds in FY 2021/22, which constituted 2.3 per cent of the County's overall budget for the year. Table 3.39 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.39: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	MCA's Car grants	-	84,000,000		80,000,000	Yes	-
2.	Bursaries	60,000,000	-	-	-	-	No
3.	Disaster Management fund	100,000,000	-	-	-	-	No
Total		160,000,000	84,000,000		80,000,000		

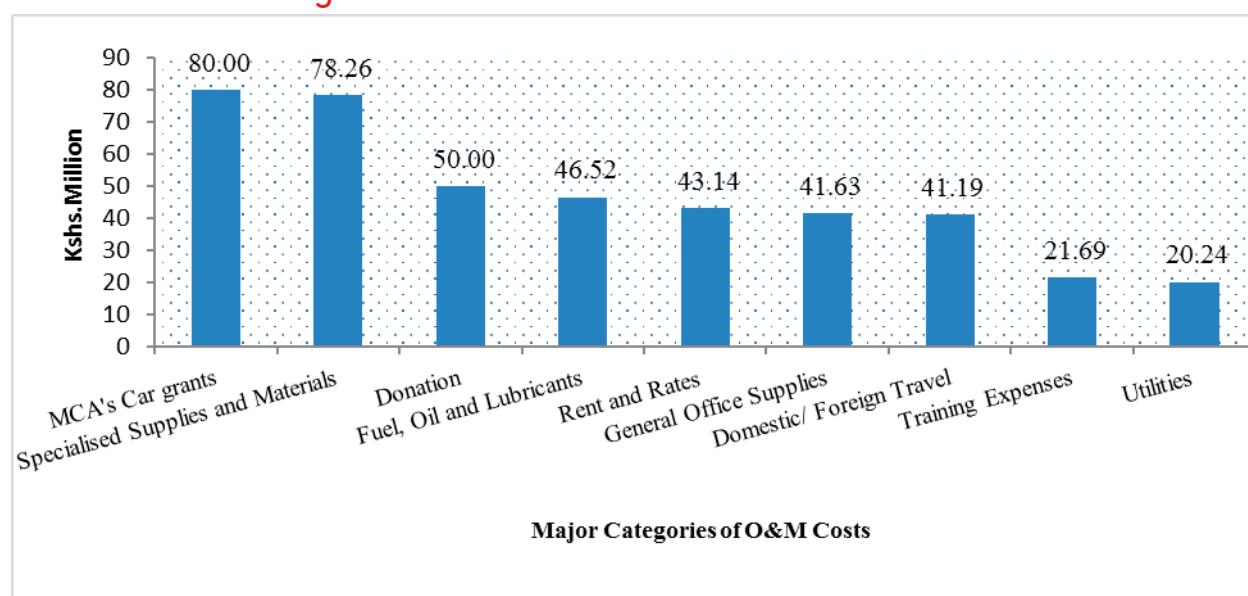
Source: Garissa County Treasury

From the three county established public funds, the OCoB received quarterly financial returns from only the Fund Administrator of MCA's car grants funds as indicated in Table 3.39.

3.8.9 Expenditure on Operations and Maintenance

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

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



Source: Garissa County Treasury

The County spent Kshs.18.18 million on committee sitting allowances for the 51 MCAs and Speaker against the annual budget allocation of Kshs.63.02 million. The average monthly sitting allowance was Kshs.59,404 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.38.19 million and was entirely spent by the County Assembly. Expenditure on foreign travel amounted to Kshs.3 million and was also entirely for the County Assembly.

3.8.10 Development Expenditure

The County incurred Kshs.450.34 million on development programmes, which represented an increase of 25.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.360.07 million. Table 3.40 summarises development projects with the highest expenditure in the reporting period.

Table 3.40: Garissa County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Proposed Construction of Sub County Administration offices	Countywide	92,459,479	92,459,479	100
2	Proposed Construction of Dogob Orphanage Centre	Balambala	98,765,000	28,033,786	28.4
3	Construction of new water pan at Dogob	Balambala	28,654,300	17,796,481	62.1
4	Supply of collapsible water pumps	Countywide	17,320,210	17,320,210	100
5	Supply of agriculture machinery to ANS	Garissa Township	13,680,000	13,680,000	100
6	Supply and delivery of medical records materials	Garissa Township	12,659,800	12,659,800	100
7	Proposed Construction of Health Headquarter in Garissa	Garissa Township	46,563,339.60	11,450,039	24.6
8	Construction of Irrigation infrastructure at Mansabubu Farm	Fafi	19,360,400	11,035,900	57
9	Supply and delivery of pumps	Countywide	21,930,550	10,835,000	49.4
10	Supply of Pipes, Control Panels pumps and its accessories and tanks in Fafahjim, Banane KoraKora Water	Lagdera	9,500,562	9,500,562	100

Source: Garissa County Treasury

3.8.11 Budget Performance by Department

Table 3.41 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.41: 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 &, Cooperative	171.20	524.18	62.80	-	62.80	17.27	100	-	36.7	3.3
Environment, Energy, Natural Resource and Wildlife Management	63.15	80	23.09	-	23.09	-	100	-	36.6	-
Roads and Transport	40.32	304	19.67	-	19.67	-	100	-	48.8	-
Trade, Tourism and Enterprise	90	100	35.10	-	35.10	-	100	-	39.0	-
Health and Sanitation	2,571.36	453.03	979.15	-	963.13	46.57	98.4	-	37.5	10.3
Education and Labour	859.41	40	327.98	-	287.98	-	87.8	-	33.5	-
County Assembly	939	65	411.84	15.16	-	-	100.0	100	43.9	23.3
Office of the Governor	349.80	-	139.25	-	139.24	-	100.0	-	39.8	-
Finance, Revenue, Economic Planning and County Affairs	1,331.30	557.33	698.55	306.47	698.55	92.46	100.0	30.2	52.5	16.6
Gender, Culture, Social Service and Sport	66.20	40	37.96	23.87	37.96	51.90	100.0	217.5	57.3	129.7
Water and Irrigation	198.56	1,004.3	99.39	288	99.39	207.83	100.0	72.2	50.1	20.7

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
Lands, Housing and Urban Planning	298.78	63.34	107.29	-	107.29	19.15	100.0	-	35.9	30.2
Public Service Board	37.07	-	18.10	-	17.92	-	99.0	-	48.3	-
Garissa Municipality	80.80	112.63	23.26	112.63	23.26	-	100.0	-	28.8	-
Total	7,096.95	3,343.79	2,983.43	746.19	2,927.21	450.34	98.1	60.4	41.2	13.5

Source: Garissa County Treasury

Analysis of expenditure by the departments shows that the Department of Gender, Culture, Social Service and Sport recorded the highest absorption rate of development budget at 129.7 per cent. The Department of Gender, Culture, Social Service and Sport was allocated Kshs.40 million for development expenditure during the current financial year but it reported Kshs.51.90 million as an actual expenditure while they had not requested any funding for the development during the reporting period. This is an indication of a weak internal control and diversion of funds between votes by the County Treasury.

The Department of Gender, Culture, Social Service and Sport had the highest percentage of recurrent expenditure to budget at 57.3 per cent while the Department of Garissa Municipality had the lowest at 28.8 per cent.

3.8.12 Budget Execution by Programmes and Sub-Programmes

Table 3.42 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.42: Garissa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative					
Agriculture Service	Agriculture Extension and Exhibition	1,200,000	400,000	800,000	33.3
Livestock Service	Livestock	96,224,397	25,800,000	70,424,397	26.8
	Livestock Production	5,550,000	350,000	5,200,000	6.3
Veterinary Service	Veterinary	33,350,000	500,000	32,850,000	1.5
Fisheries Services	Fisheries	200,000	-	200,000	-
General Administration and Support Services	General Administration and Support Services	558,257,309	52,719,960	505,537,349	9.4
Cooperative Services	Cooperative	600,000	300,000	300,000	50
	Sub Total	695,381,706	80,069,960	615,311,746	11.5
Energy, Environment and Natural Resource					
Energy Service	Energy	81,205,000	505,000	80,700,000	0.6
Environment	Environment	1,100,000	-	1,100,000	-
Natural Resource	Natural Resource	1,600,000	1,000,000	600,000	62.5
General Administration and Support Services	General Administration and Support Services	59,243,025	21,580,000	37,663,025	36.4
	Sub Total	143,148,025	23,085,000	120,063,025	16.1
Road and Transport					
Road Service	Road	306,417,200	1,400,000	305,017,200	0.5
General Administration and Support Services	General Administration and Support Services	37,906,400	18,270,000	19,636,400	48.2
	Sub Total	344,323,600	19,670,000	324,653,600	5.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade, Tourism and Enterprise					
Trade Service	Trade	102,400,000	600,000	101,800,000	0.6
Weight and Measure	Weight and Measure	1,350,000	-	1,350,000	-
General Administration and Support Services	General Administration and Support Services	85,447,996	34,500,000	50,947,996	40.4
Tourism Service	Tourism	802,259	-	802,259	-
	Sub Total	190,000,255	35,100,000	154,900,255	18.5
Health and Sanitation					
Preventive and Promotive	Preventive	497,297,872	33,000,000	464,297,872	6.6
Curative	Curative	207,997,156	77,000,000	130,997,156	37
General Administration and Support Services	General Administration and Support Services	2,319,087,436	899,698,939	1,419,388,497	38.8
	Sub Total	3,024,382,464	1,009,698,939	2,014,683,525	33.4
Education and Labour					
General Administration and Support Services	General Administration and Support Services	574,889,663	164,444,000	410,445,663	28.6
Vocational Services	Vocational Training Centres	12,601,200	666,000	11,935,200	5.3
ECD	ECD	44,412,400	6,401,000	38,011,400	14.4
Human Resource	Human Resource	244,219,292	99,383,906	144,835,386	40.7
Information and ICT	Information and ICT	23,282,733	17,083,000	6,199,733	73.4
	Sub Total	899,405,288	287,977,906	611,427,382	32.0
County Assembly					
General Administration and Support Services	General Administration and Support Services	1,004,003,881	426,996,128	577,007,753	42.5
	Sub Total	1,004,003,881	426,996,128	577,007,753	42.5
Office of the Governor					
Governor's Office	Governor	105,400,000	22,450,000	82,950,000	21.3
Deputy Governor	Deputy Governor	36,120,000	18,287,500	17,832,500	-
General Administration and Support Services	General Administration and Support Services	120,810,000	56,660,000	64,150,000	46.9
Street Lighting	Street Lighting	48,656,215	18,550,000	30,106,215	38.1
Intergovernmental and Institutional	Intergovernmental	18,812,430	12,680,000	6,132,430	67.4
County Attorney	County Attorney	20,000,000	10,610,000	9,390,000	53.1
	Sub Total	349,798,645	139,237,500	210,561,145	39.8
Finance, Revenue, Economic Planning and County Affairs					
Accounting Service	Accounting	3,713,739	660,000	3,053,739	17.8
Budget Service	Budget	6,780,000	800,000	5,980,000	11.8
Revenue Service	Revenue	208,927,781	80,908,000	128,019,781	38.7
Economic and Statistic	Economic Planning	34,086,000	13,370,000	20,716,000	39.2
Supply Chain Service	Procurement	5,630,000	750,000	4,880,000	13.3
Internal Audit	Internal Audit	3,862,600	500,000	3,362,600	12.9
Special Program	Special Program	170,940,000	54,450,090	116,489,910	31.9
General Administration and Support Services	General Administration and Support Services	1,437,914,215	633,241,316	804,672,899	44.0
Donor Coordination	Donor Coordination	16,780,548	6,330,000	10,450,548	37.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Sub Total	1,888,634,883	791,009,406	1,097,625,477	41.9
Gender, Social Service and Sport					
General Administration and Support Services	General Administration and Support Services	101,411,832	89,359,676	12,052,156	88.1
Social Protection	Social Protection	1,025,000	-	1,025,000	-
Cinemas	Cinemas	3,763,600	500,000	3,263,600	13.3
	Sub Total	106,200,432	89,859,676	16,340,756	84.6
Water and Irrigation					
General Administration and Support Services	General Administration and Support Services	289,834,613	98,692,335	191,142,278	34.1
Irrigation Schemes	Irrigation Scheme	35,000,000	700,000	34,300,000	2
Water Supply Service	Water Infrastructure	878,000,000	207,834,228	670,165,772	
	Sub Total	1,202,834,613	307,226,563	895,608,050	25.5
Lands, Housing and Urban Planning					
Urban Sanitation and Development	Urban Sanitation and Development	900,000	700,000	200,000	77.8
Urban Planning and Disaster Management	Urban Planning and Disaster Management	11,614,626	7,914,000	3,700,626	68.1
General Administration and Support Services	General Administration and Support Services	293,036,738	103,726,379	189,310,359	35.4
Lands	Lands	34,000,000	2,400,000	31,600,000	7.1
Housing	Housing	22,574,997	11,700,000	10,874,997	51.8
	Sub Total	362,126,361	126,440,379	235,685,982	34.9
County Public Service Board					
General Administration and Support Services	General Administration and Support Services	37,072,000	17,923,000	19,149,000	48.3
	Sub Total	37,072,000	17,923,000	19,149,000	48.3
Town Municipality					
General Administration and Support Services	General Administration and Support Services	193,425,978	23,260,000	170,165,978	12
	Sub Total	193,425,978	23,260,000	170,165,978	12
Grand Total		10,440,738,131	3,377,554,456	7,063,183,675	32.3

Source: Garissa County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and support service in the Department of Gender, Culture, Social Service and Sport at 88.1 per cent, Urban sanitation and development in the Department of Lands, Housing and Urban Development at 77.8 per cent, Information and ICT in the Department of Education and Labour at 73.4 per cent, and Intergovernmental and Institutional in the Office of the Governor at 67.4 per cent of budget allocation.

3.8.13 Monitoring and Evaluation

The Office of the Controller of Budget selected 22 projects that were implemented in FY 2018/19 and FY2019/20 for the monitoring and evaluation exercise. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team identified some projects that were implemented well and are likely to meet the desired objectives. These include: Upgrading of Irrigation infrastructure of Qolothey Farmers Irrigation Scheme in Iftin Ward which has promoted the cultivation of watermelon, mangoes, maize, bananas, animal feeds and various vegetables on the farms; Construction of Modern ECD at Bulla College Primary School; and ICT Centre at Mikono Vocational Training Center School in Iftin Ward.

However, some projects were not well implemented and could delay the achievement of the intended objectives. These include: Construction of Lecture Hall for ECD Training Center, Administration Block and Toilets at Mikono Vocational

Training Center; and Construction of Dispensary Block at Utawala which has stalled and foundation phase. Other issues noted during the M&E exercise were: delays in making payments to contractors resulting in stalled projects; weak monitoring and evaluation function; poor record management practices.

To address these challenges and improve budget implementation, the County Government should: ensure prompt payment to contractors for completed work; strengthen the M&E function and project supervision during the implementation phase, and improve record management and ensure each project has a comprehensive file.

3.8.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.450.34 million in the First Half of FY 2021/22 from the annual development budget allocation of Kshs.3.34 billion. The development expenditure represented 13.5 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.32.72 million against an annual projection of Kshs.150 million, representing 21.8 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB which is against the requirement of Section 168 of the PFM Act, 2012.
4. A weak internal budgetary control as shown in Table 3.41 where the Department of Gender, Culture, Social Service and Sport reported a development expenditure of Kshs.51.90 million against a budget allocation of Kshs.40 million while they had not requested any funding for the development during the reporting period.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
- iv. The County Treasury should improve its internal control systems to ensure payments are within approved work plans. Further, the County ensure expenditure is within budget to avoid cases of misappropriation of funds.

3.9 County Government of Homa Bay

3.9.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.68 billion, comprising Kshs.3.11 billion (35.8 per cent) and Kshs.5.57 billion (64.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.81 billion (89.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.143.81 million (1.7 per cent) from own sources of revenue, and Kshs.126.82 million (1.5 per cent) as Appropriations-in -Aid. The County, however, did not budget for the cash balance from FY 2020/21, which amounted to Kshs.417.95 million. The County also expects to receive Kshs.607.76 million (7.0 per cent) as conditional grants, which consist of Kshs.279.12 million from National Agriculture and Rural Inclusive Growth Project (NARIGP), Kshs.153.30 million for Leasing of Medical Equipment, Kshs.70.45 for Transforming Health Systems for Universal Health Care Project, Kshs.31.09 million For Agricultural Sector Development Support Programme (ASDSP), Kshs.14.94 million from the DANIDA grant, and Kshs.8.85 million for a UNFPA Project.

3.9.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.24 billion as the equitable share of the revenue raised nationally, raised Kshs.80.97 million as own-source revenue, Kshs.77.35 million as Appropriations -in -Aid, the County did not receive conditional grants and had a cash balance of Kshs.417.95 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.82 billion, as shown in Table 3.43.

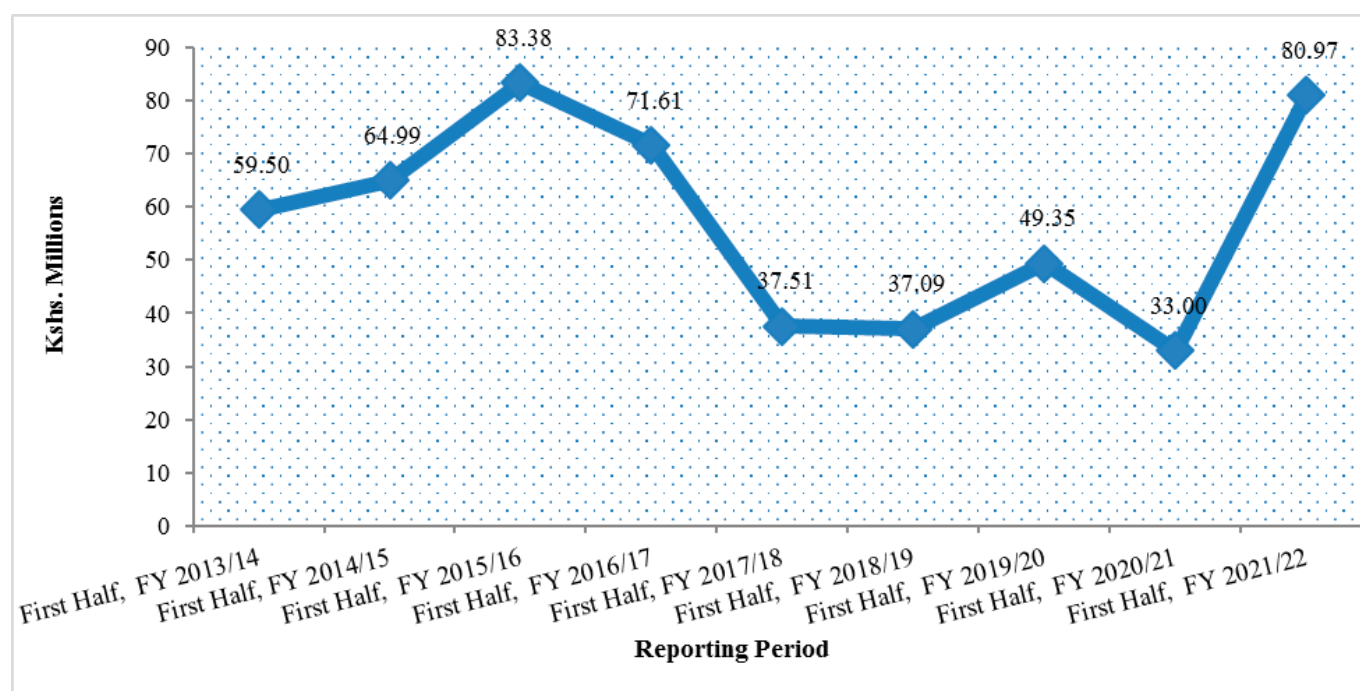
Table 3.43: Homa Bay County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,805,353,300	3,239,221,621	41.5
Sub Total		7,805,353,300	3,239,221,621	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	143,811,399	80,966,200	56.3
2.	Conditional Grants	607,761,293	-	-
3.	Balance b/f from FY 2020/21	-	417,947,391	-
4.	Other Revenues	126,682,193	77,345,476	61.1
Sub Total		878,254,885	576,259,067	65.6
Grand Total		8,683,608,185	3,815,480,688	43.9

Source: Homa Bay County Treasury

Figure 3.15 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.15: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Homa Bay County Treasury

In the first half of FY 2021/22, the County generated Kshs.80.97 million as own-source revenue. This amount represented an increase of 142.8 per cent compared to Kshs.33.0 million realised during a similar period in the first half of FY 2020/21 and was 56.3 per cent of the annual target. The increase can be attributed to the sealing of leakages in own-source revenue and improved infrastructure within the open-air markets within the County.

In the FY 2016/17, the County implemented an automated revenue management system referred to Zizi Software Solutions.

3.9.3 Exchequer Issues

The Controller of Budget approved Kshs.3.41 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.750 million (22per cent) for development programmes and Kshs.2.66 billion (78 per cent) for recurrent programmes.

3.9.4 Overall Expenditure Review

The County spent Kshs.3.41 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs.744.62 million and Kshs.2.66 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 23.9 per cent, while recurrent expenditure represented 47.8 per cent of the annual recurrent expenditure budget.

3.9.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.575.57 million and comprised of Kshs.16.97 million for recurrent expenditure and Kshs.558.60 million for development expenditure. At the beginning of the second quarter of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.554.61 million were settled, consisting of Kshs.16.97 million for recurrent expenditure and Kshs.537.64 million for development programmes. Outstanding pending bills as of 31st December 2021 were worth Kshs.20.96 million.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.85 billion was spent on employee compensation, Kshs.813.16 million on operations and maintenance, and Kshs.744.62 million on development activities, as shown in Table 3.44.

Table 3.44: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,544,418,217	1,029,394,205	2,163,884,638	500,000,000	47.6	48.6
Compensation to Employees	3,291,657,312	552,699,132	1,641,519,962	209,203,044	49.9	37.9
Operations and Maintenance	1,252,760,905	476,695,073	522,364,676	290,796,956	41.7	61.0
Development Expenditure	2,987,511,963	122,283,800	744,616,803	-	24.9	-
Total	7,531,930,180	1,151,678,005	2,908,501,441	500,000,000	38.6	43.4

Source: Homa Bay County Treasury

3.9.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 42.6 per cent of the first half proportional revenue of Kshs.4.34 billion.

The wage bill of Kshs.1.85 billion includes Kshs.1.03 billion attributable to the health sector, which translates to 55.7 per cent of the total wage bill in the reporting period.

3.9.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.300.53 million to county established funds in FY 2021/22, which constituted 3.5 per cent of the County's overall budget for the year. Table 3.45 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.45: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Homa Bay County car loan and mortgage fund account	-		-			No
2.	Homa Bay County Education Bursary Fund Account	103,000,000		-			No

3.	Homa Bay County Emergency Fund Account	100,000,000		-		No
4.	Homa Bay County Trade Fund Account	-		-		No
5.	Homa Bay County Assembly Car Loan and Mortgage Fund		97,525,627		-	No
Total		203,000,000	97,525,627			

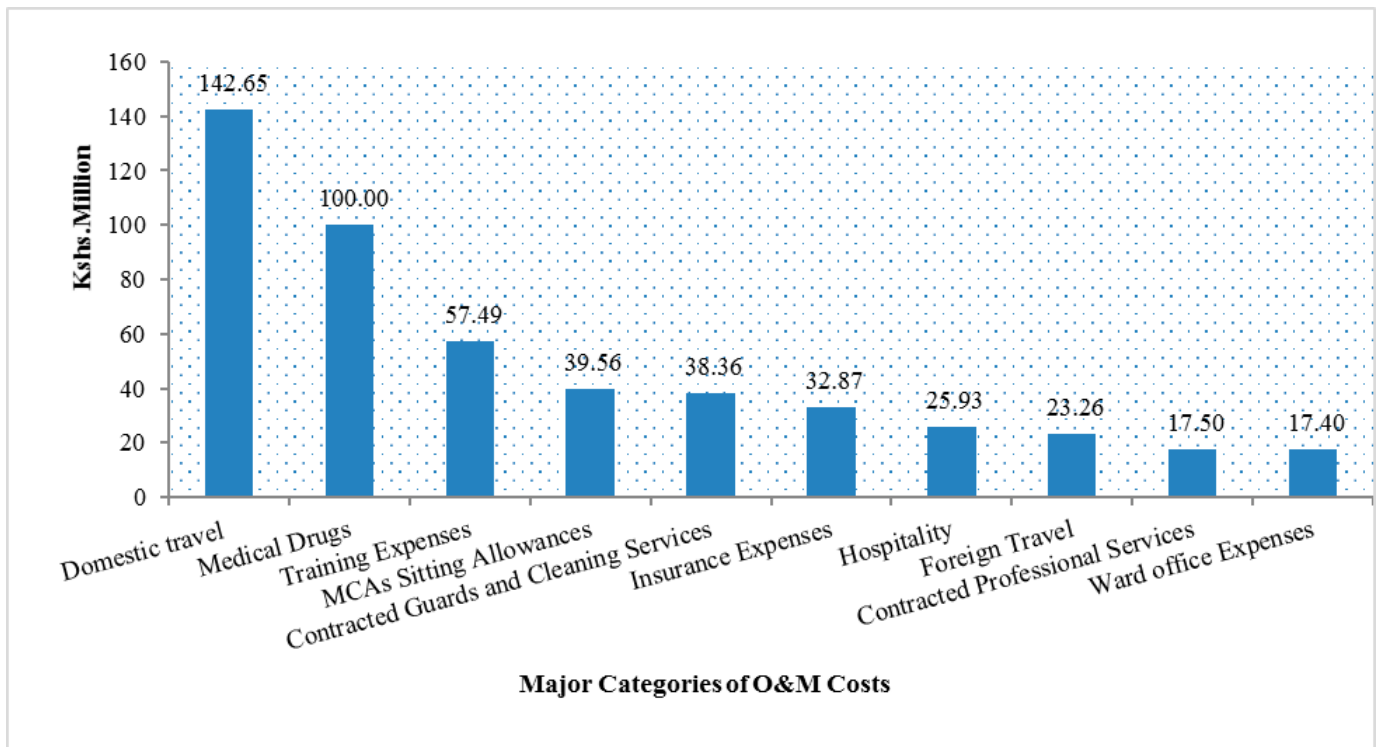
Source: Homa Bay County Treasury

The OCoB did not receive the quarterly financial returns from Fund Administrators of the established funds, as reflected in Table 3.45.

3.9.9 Expenditure on Operations and Maintenance

Figure 3.15 shows a summary of operations and maintenance expenditure by major categories.

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



Source: Homa Bay County Treasury

The County spent Kshs.39.56 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.108,080 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.142.65 million and comprised Kshs.81.3 million spent by the County Assembly and Kshs.61.35 million by the County Executive. Spending on foreign travel amounted to Kshs.23.26 million and was incurred by the County Assembly

3.9.10 Development Expenditure

The County incurred Kshs.744.62 million on development programmes, which represented a decrease of 0.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.745.49 million. Table 3.46 summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Homa bay County Stadium	Tourism, Sports, Youth, Gender and Social Services	Homa Bay Town	141,300,000	15,698,147	11.1
2	Kabunde -Ogande Road	Roads, Transport and Public Works	Homa Bay Central	8,322,570	8,322,570	100.0
3	Achuodho-Gungu Junction	Roads, Transport and Public Works	Wangchieng Ward	8,345,997	7,111,029	85.2
4	Rehabilitation of Nyamune Water pan	Water, Environment and Natural Resources	Gem West Ward	7,045,687	7,045,687	100
5	Construction of FOSA Block at Magunga	Trade, Industry, Cooperatives and Enterprise Development	Magunga	8,236,000	4,996,000	60.7
6	Ringa - Catholic Bugo Road	Roads, Transport and Public Works	Kojwach Ward	5,002,263	4,930,936	98.6
7	Rehabilitation of Rapora Water pan	Water, Environment and Natural Resources	Lambwe	4,078,351	4,078,351	100.0
9	Construction of Ward Admin office at Litare	Office of the Governor	Suba North	4,620,003.	3,780,138	81.8
10	Rehabilitation and desilting of Kodundo Water pan	Water, Environment and Natural Resources	Ndhiwa	3,007,895	3,007,895	100.0
11	Extension of Rota Community water project	Water, Environment and Natural Resources	Ndhiwa	2,140,000	1,140,000	53.3

Source: Homa Bay County Treasury

3.9.11 Budget Performance by Department

Table 3.47 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.47: 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	155.13	414.30	75.75	2.99	75.75	2.99	100.0	100.0	48.8	0.7
Tourism, Sports, Youth Gender, Culture and Social Services	78.84	156.30	8.00	15.70	8.00	15.70	100.0	100.0	10.1	10.0
Roads, Transport and Public Works	49.30	921.36	8.00	146.11	8.00	146.11	100.	100.0	16.2	15.9
Energy and Mining	21.68	76.90	5.00	10.97	5.00	10.93	100.0	99.6	23.1	14.2
Education and ICT	544.91	130.10	289.07	49.45	289.07	49.45	100.0	100.0	53.0	38.0
Health Services	2,252.07	433.30	1,254.49	188.18	1,254.04	188.18	100.0	100.0	55.7	43.4
Lands, Housing, Urban Development and Physical Planning	51.68	119.67	6.40	58.44	6.40	58.44	100.0	100.0	12.4	48.8

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Industry, Cooperatives and Enterprise Development	132.53	83.90	69.53	83.89	69.50	78.30	100.0	93.3	52.4	93.3
Water, Environment and Natural Resources	120.10	316.30	45.50	190.48	45.09	190.48	99.1	100.0	37.5	60.2
Finance, Economic Planning and Service Delivery	433.12	104.25	103.18	-	103.20	-	100.0	-	23.8	-
Office of the Governor	604.30	100.00	291.28	3.78	292.14	3.78	100.3	100.0	48.3	3.8
County Public Service Board	78.70	5.00	7.72	-	3.20	0.25	41.5	-	4.1	5.0
County Assembly	1,029.39	122.28	500.00	-	500.00	-	100.0	-	48.6	-
Municipal Board	22.06	126.14	-	-	4.50	-	-	-	20.4	-
TOTAL	5,573.81	3,109.80	2,663.90	750.00	2,663.88	744.62	100.0	99.3	47.8	23.9

Source: Homa Bay County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Industry, Cooperatives and Enterprise Development recorded the highest absorption rate of development budget at 93.3 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 55.7 per cent, while the Department of Tourism, Sports, Youth Gender, Culture and Social Services had the lowest at 10.1 per cent.

3.9.12 Budget Execution by Programmes and Sub-Programmes

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

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

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (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	151,127,711	75,747,699	75,380,012	50.1
	Sub total	155,127,711	75,747,699	79,380,012	48.8
Crop, Land and Agribusiness Development Services	Crop Development Services	7,272,161	2,986,652	4,285,509	41.1
	Agribusiness Development Services	14,000,000	-	14,000,000	-
	National Agriculture Rural Inclusive Growth	279,115,289	-	279,115,289	-
	Agriculture Sector Development Support Programme	31,096,673	-	31,096,673	-
	Sub total	331,484,123	2,986,652	328,497,471	0.9
Food Security Enhancement Services	Farm Input Access Services	20,000,000	-	20,000,000	-
	Sub Sector Infrastructure Development Services	10,815,877	-	10,815,877	-
	Subtotal	30,815,877	-	30,815,877	-
Fisheries Resources Development Services	Capture Fisheries	12,000,000	-	12,000,000	-
	Farmed Fish Production	8,000,000	-	8,000,000	-
	Sub total	20,000,000	-	20,000,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Livestock Development Programme	Livestock Improvement and Development	2,939,000	-	2,939,000	-
	Livestock Products Value Addition and Marketing	19,910,000	-	19,910,000	-
	Livestock Health and Disease Management	9,151,000	-	9,151,000	-
	Subtotal	32,000,000	-	32,000,000	-
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	40,204,628	8,000,000	32,204,628	19.9
	Policy and Planning Services	19,632,110	-	19,632,110	-
	Sub total	59,836,738	8,000,000	51,836,738	13.4
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	19,000,000	-	19,000,000	-
	Subtotal	19,000,000	-	19,000,000	-
Social Development and Empowerment Services	Gender and Women Empowerment	2,000,000	-	2,000,000	-
	Youth Empowerment	9,000,000	-	9,000,000	-
	Sub total	11,000,000	-	11,000,000	-
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	130,300,000	15,698,147	114,601,853	12.0
	Sports Management and Talent Development	15,000,000	-	15,000,000	-
	Sub total	145,300,000	15,698,147	129,601,853	10.8
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	35,581,848	8,000,000	27,581,848	22.5
	Roads and Transport Services Operations	9,623,712	-	9,623,712	-
	Sub total	45,205,560	8,000,000	37,205,560	17.7
Public works and maintenance services	Quality control and Enforcement	567,470	-	567,470	-
	Plant and Machinery maintenance	3,523,540	-	3,523,540	-
	Subtotal	4,091,010	-	4,091,010	-
Road Development and Maintenance Services	Road Development and Rehabilitation services	599,499,400	146,109,697	453,389,703	24.4
	Road maintenance	230,000,006	-	230,000,006	-
	Plant and Machinery Purchase and maintenance	80,000,000	-	80,000,000	-
	Sub total	909,499,406	146,109,697	763,389,709	16.1
Transport Services	Development of Jetties	11,862,940	-	11,862,940	-
	Subtotal	11,862,940	-	11,862,940	-
Department of Energy and Mining					
Energy Services	Electrical Power Services	23,000,000	-	23,000,000	-
	Solar Power Services	48,900,000	10,933,500	37,966,500	22.4
	Low-Cost energy Technologies promotion Services	5,000,000	-	5,000,000	-
	Sub total	76,900,000	10,933,500	65,966,500	14.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Mineral Resource Development and Marketing Services	Construction mineral development and marketing services	3,800,000	-	3,800,000	-
	Sub total	3,800,000	-	3,800,000	-
General Administration, Planning and Support Services	Administrative Support Services	17,884,228	5,000,000	12,884,228	28.0
	Development of Policies, Plans, Regulations and Legislations	-	-	-	-
	Sub total	17,884,228	5,000,000	12,884,228	28.0
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	33,446,350	-	33,446,350	-
	Quality Assurance Services	511,468,564	289,066,202	222,402,362	56.5
	Sub total	544,914,914	289,066,202	255,848,712	53.0
ECDE and Vocational Training Services	EYE Services	65,000,000	49,453,077	15,546,923	76.1
	Vocational Training Services	39,100,000	-	39,100,000	-
	Sub total	104,100,000	49,453,077	54,646,923	47.5
ICT Services	Information Services	-	-	-	-
	ICT Infrastructure Development	26,000,000	-	26,000,000	-
	Subtotal	26,000,000	-	26,000,000	-
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	3,771,000	-	3,771,000	-
	Administrative Support Services	1,923,223,195	1,199,333,343	723,889,852	62.4
	Sub total	1,926,994,195	1,199,333,343	727,660,852	62.2
Preventive and promotive health services	Community health services	63,650,000	54,708,168	8,941,832	86.0
	Disease control services	47,250,000	-	47,250,000	-
	Facility infrastructure improvement services	117,000,000	58,435,899	58,564,101	49.9
	Sub total	227,900,000	113,144,067	114,755,933	49.6
Curative and rehabilitative health services	Routine medical health services	224,173,731	-	224,173,731	-
	Medical emergency response services	18,000,000	-	18,000,000	-
	Facility infrastructure improvement services	283,300,000	129,747,097	153,552,903	45.8
	Sub total	525,473,731	129,747,097	395,726,634	24.7
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	36,675,033	6,400,000	30,275,033	17.5
	General office operations	-	-	-	-
	Sub total	36,675,033	6,400,000	30,275,033	17.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Lands and Physical planning	Spatial planning Services	35,000,000	14,881,138	20,118,862	42.5
	Survey and Valuation Services	17,999,978	4,632,011	13,367,967	25.7
	Land Banking and Inventorization Services	-	-	-	-
	Sub total	52,999,978	19,513,149	33,486,829	36.8
Housing and Urban Development	Housing improvement services	5,857,914	-	5,857,914	-
	Urban Development Services	75,809,978	38,922,750	36,887,228	51.3
	Sub total	81,667,892	38,922,750	42,745,142	47.7
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	126,008,571	69,500,000	56,508,571	55.2
	Policy Development and Implementation Services	6,519,327	-	6,519,327	-
	Sub total	132,527,898	69,500,000	63,027,898	52.4
Trade, Cooperative and Entrepreneurship Development Service	Cooperative Development Services	-	-	-	-
	Enterprise Development and Promotion Services	12,700,000	12,700,000	-	100
	Trade Infrastructure Development Services	40,000,000	34,402,535	5,597,465	86.0
	Sub total	52,700,000	47,102,535	5,597,465	89.4
Industrial Development and Investment Services	Value Chain Development Services	31,200,000	31,200,000	-	100.0
	Financial and Investment Services	-	-	-	-
	Sub total	31,200,000	31,200,000	-	100.0
Department of Water, Environment and Natural Resources					
General Administrative Services	Administrative Support Services	58,420,102	45,088,872	13,331,230	77.2
	Policy and Planning Services	55,680,308	-	55,680,308	-
	Sub total	114,100,410	45,088,872	69,011,538	39.5
Water Supply and Management Services	Urban Water Supply Services	19,980,000	-	19,980,000	-
	Rural Water Supply Services	251,320,000	190,484,162	60,835,838	75.8
	Industrial water Supply services	-	-	-	-
	Maintenance of Water Supply Services	6,000,000	-	6,000,000	0.0
	Sub total	277,300,000	190,484,162	86,815,838	68.7
Environmental Protection and Management Services	Pollution and Waste Management services	21,000,000	-	21,000,000	-
	Forestry Development Services	13,500,000	-	13,500,000	-
	Climate Change Services	10,500,000	-	10,500,000	-
	Sub total	45,000,000	-	45,000,000	-
Department of Finance, Economic Planning and Service Delivery					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General administration and support services	Staff Remuneration and Welfare Support Services	224,042,613	82,499,090	141,543,523	36.8
	General Logistics, Coordination and Asset Management Services	16,177,300	-	16,177,300	-
	Devolution and Service Delivery Support Services	15,975,642	-	15,975,642	-
	Sub total	256,195,555	82,499,090	173,696,465	32.2
Planning, budgeting and development coordination services	Economic planning and development services	14,914,518	-	14,914,518	-
	Resource Allocation Services	11,989,000	-	11,989,000	-
	Public Participation Facilitation Services	33,934,700	-	33,934,700	-
	Subtotal	60,838,218	-	60,838,218	-
Strategy and service delivery management services	Monitoring and evaluation services	4,687,200	-	4,687,200	-
	Strategy and service delivery improvement services	14,711,911	-	14,711,911	-
	Sub total	19,399,111	-	19,399,111	-
Resource mobilisation services	External Resources Mobilisation Services	18,232,248	-	18,232,248	-
	Internal Revenue Generation Services	53,221,280	-	53,221,280	-
	Subtotal	71,453,528	-	71,453,528	-
Financial management services	Accounting and Financial Reporting Services	20,524,530	-	20,524,530	-
	Audit and Advisory Services	8,956,997	-	8,956,997	-
	Emergency Management Services	100,000,000	20,700,000	79,300,000	20.7
	Sub total	129,481,527	20,700,000	108,781,527	16.0
Executive Services (Office of the Governor)					
Public service administration support services	Human resource management and development services	495,883,030	231,756,399	264,126,631	46.7
	Legal Services	5,150,000	-	5,150,000	-
	Sub total	501,033,030	231,756,399	269,276,631	46.3
Governance and coordination services	Executive management and liaison services	89,820,108	60,384,865	29,435,243	67.2
	Field coordination and administration services	77,285,900	-	77,285,900	-
	Sub total	167,106,008	60,384,865	106,721,143	36.1
Strategy and service delivery improvement services	Strategy and advisory services	1,283,730	-	1,283,730	-
	Efficiency monitoring services	15,600,550	-	15,600,550	-
	Information and communication services	9,185,000	-	9,185,000	-
	Disaster management services	10,090,100	3,780,138	6,309,962	37.5
	Sub total	36,159,380	3,780,138	32,379,242	10.5
County Public Service Board					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Policy, Planning and Administration Services	Policy and Planning Services	2,533,400	-	2,533,400	-
	Administrative Support Services	50,022,100	3,200,000	46,822,100	6.4
	Facility Improvement & Capacity Strengthening Services	5,000,000	-	5,000,000	-
	Sub total	57,555,500	3,200,000	54,355,500	5.6
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	12,906,736	-	12,906,736	-
	Human Resource Advisory Services	8,275,000	-	8,275,000	-
	Capacity Development Services	4,182,500	250,000	3,932,500	6.0
	Sub total	25,364,236	250,000	25,114,236	1.0
Performance Management Services	Performance Contracting and Appraisal Services	785,000	-	785,000	-
	Subtotal	785,000	-	785,000	-
County Assembly Service Board					
Legislative Services	Members' welfare Support services	300,212,940	160,668,279	139,544,661	53.5
	Legislative development and approval services	105,545,286	51,252,430	54,292,856	48.6
	Sub total	405,758,226	211,920,709	193,837,517	52.2
Oversight and Control Services	Capacity building services	8,000,000	7,380,000	620,000	92.3
	Report writing services	25,000,000	25,000,000	-	100.0
	Public participation and education services	14,000,000	13,800,000	200,000	98.6
	Sub total	47,000,000	46,180,000	820,000	98.3
Ward Representation Services	Staff welfare support services	66,628,836	-	66,628,836	-
	Ward operations and maintenance	19,661,760	17,400,000	2,261,760	88.5
	Sub total	86,290,596	17,400,000	68,890,596	20.2
Policy, Planning and Administrative	Administrative support services	292,382,983	64,189,540	228,193,443	22.0
	Financial management Services	197,962,400	160,309,751	37,652,649	81.0
	Assembly infrastructure development Services	122,283,800	-	122,283,800	-
	Sub total	612,629,183	224,499,291	388,129,892	36.6%
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	4,013,000	-	4,013,000	-
	Administration and Support Services	18,049,013	4,500,000	13,549,013	24.9
	Sub total	22,062,013	4,500,000	17,562,013	20.4
Urban development services	Land Use Planning and Management	43,216,000	-	43,216,000	-
	Infrastructure Development Services	56,784,000	-	56,784,000	-
	Environmental Management Services	26,135,430	-	26,135,430	-
	Subtotal	126,135,430	-	126,135,430	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Grand Total		8,683,608,185	3,408,501,441	5,275,106,744	39.3%

Source: Homa Bay County Treasury

Programmes with high levels of implementation based on absorption rates were: Industrial Development and Investment Services in the Department of Trade, Industrialization, Co-operatives and Enterprise Development at 100 per cent, Oversight and Control Services in the County Assembly Service Board at 98.3 per cent, Trade, Cooperative and Entrepreneurship Development Service in the of Department of Trade, Industrialization, Co-operatives and Enterprise Development at 89.4 per cent, and Water Supply and Management Services at 68.7 per cent of budget allocation.

3.9.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.744.62 million in the First Half of FY 2021/22 from the annual development budget allocation of Kshs.3.11 billion. The development expenditure represented 23.9 per cent of the annual development budget.
2. A high wage bill, which accounted for was 42.6 per cent of the first half proportional revenue of Kshs.4.34 billion, thus constraining funding to other programmes.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
4. Delay in preparation of a supplementary budget to capture the unspent balance from the previous financial year, which amounts to Kshs.417.95 million.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
- iv. The County Treasury should prioritise preparing a supplementary budget to appropriate the unspent cash balance from the previous financial year.

3.10 County Government of Isiolo

3.10.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.4.71 billion (74 per cent) as the equitable share of revenue raised nationally, generate Kshs.113.69 million (7.0 per cent) from own sources of revenue, and a cash balance of Kshs.878.48 million (13.8 per cent) from FY 2020/21. The county also expects to receive Kshs.665.29 million, which consists of Kshs.68 million for Supplement for Construction of County Headquarters, Kshs.9.40 million for DANIDA, Kshs.8.86 million for UNFPA, Kshs.76.03 million for Emergency locust response, Kshs.25.53 million for Transforming Health Systems for Universal Care Project, Kshs.330.70 million for Kenya Climate-Smart Agriculture Project, Kshs.120.37 million for the Kenya Devolution Support project and Kshs.26.39 million for Agricultural Sector Development Support Programme.

3.10.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.1.95 billion as the equitable share of the revenue raised nationally, raised Kshs.51.47 million as own-source revenue and had a cash balance of Kshs.878.48 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.88 billion, as shown in Table 3.49.

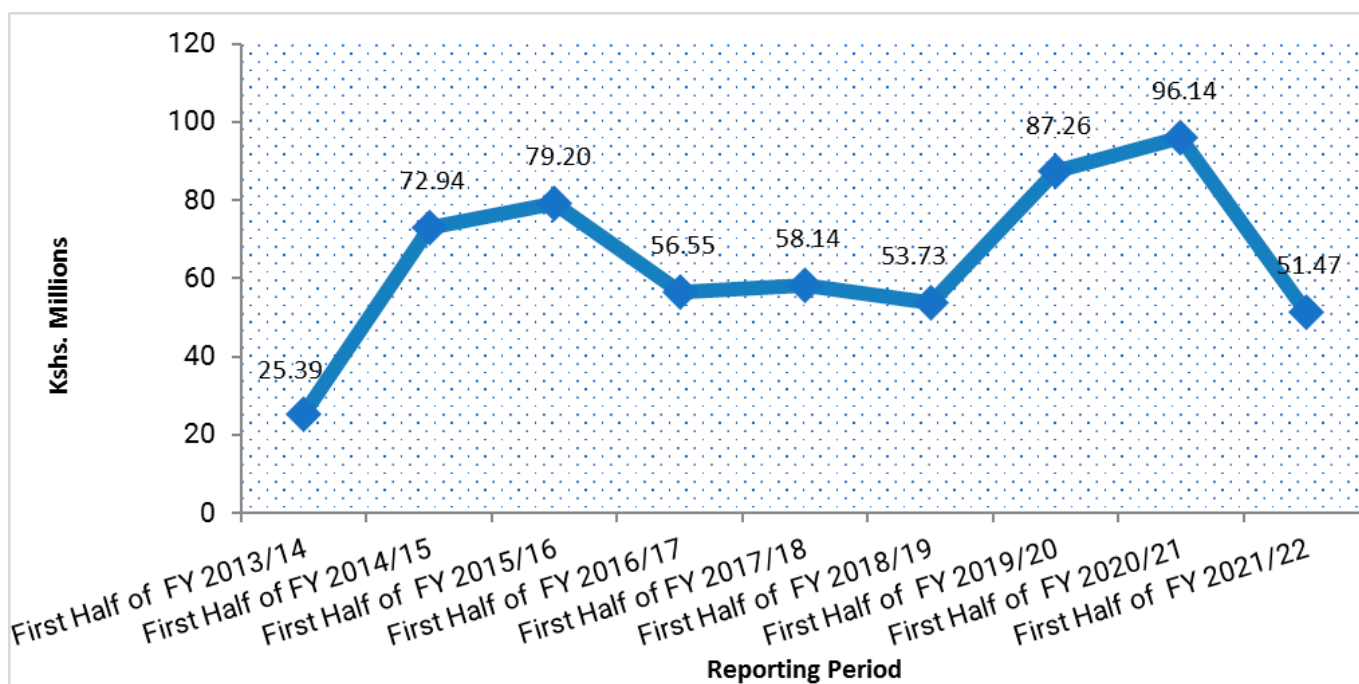
Table 3.49: Isiolo County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,710,388,265	1,954,811,131	41.5
Sub Total		4,710,388,265	1,954,811,131	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	113,686,337	51,470,413	45.3
2.	Conditional Grants	665,286,901	-	-
3.	Balance b/f from FY 2020/21	878,478,632	878,478,632	100.0
Sub Total		1,657,451,870	51,470,413	3.1
Grand Total		6,367,840,135	2,884,706,176	45.3

Source: Isiolo County Treasury

Figure 3.16 shows the trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.16: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Isiolo County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.51.47 million as own-source revenue. This amount represented a decrease of 46.5 per cent compared to Kshs.96.14 million realized during a similar period in the first half of FY 2020/21 and was 45.3 per cent of the annual target.

The decrease of own-source revenue can be attributed to low tourism activities, diversion of sand harvesting activities to neighbouring counties due to insecurity and poor collection from the markets due to drought.

3.10.3 Exchequer Issues

The Controller of Budget approved Kshs.2.03 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.253.19 million (12.4 per cent) for development programmes and Kshs.1.78 billion (87.6 per cent) for recurrent programmes.

3.10.4 Overall Expenditure Review

The County spent Kshs.1.31 billion on development and recurrent programmes during the reporting period. This expenditure represented 77.5 per cent of the total funds released by the CoB and comprised of Kshs.277.09 million and Kshs.1.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.6 per cent, while recurrent expenditure represented 24.7 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

The outstanding pending bills as of 31st December 2021 amounted to Kshs.1.26 billion and comprised of Kshs.529.45 million for recurrent expenditure and Kshs.727.42 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.66.40 million were settled, entirely for development programmes.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.612.35 million was spent on employee compensation, Kshs.418.99 million on operations and maintenance, and Kshs.277.09 million on development activities, as shown in Table 3.50.

Table 3.50: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,721,278,400	448,252,680	843,992,132	187,354,389	22.7	41.8
Compensation to Employees	1,646,117,074	291,253,563	495,868,804	116,484,863	30.1	40.0
Operations and Maintenance	2,075,161,326	156,999,117	348,123,328	70,869,526	16.8	45.1
Development Expenditure	2,096,309,055	102,000,000	277,087,464	-	13.2	-
Total	5,817,587,455	550,252,680	1,121,079,596	187,354,389	19.3	34.0

Source: Isiolo County Treasury

3.10.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 19.2 per cent of the first half proportional revenue of Kshs.3.18 billion.

The wage bill of Kshs.612.35 million includes Kshs.289.85 million attributable to the health sector, which translates to 47 per cent of the total wage bill in the reporting period.

3.10.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.200 million to county established funds in FY 2021/22, which constituted 3 per cent of the County's overall budget for the year. Table 3.51 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.51: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	Isiolo County Assembly Car loan Fund	-	-	-	-		No
2	Isiolo County Youth, Women & People With Disability Fund.	20,000,000	-	-	-		No
3	Emergency fund	110,000,000	-	-	-		No
4	Bursary / Education	70,000,000	-	-	-	Yes	
	Total	200,000,000	-	-	-		

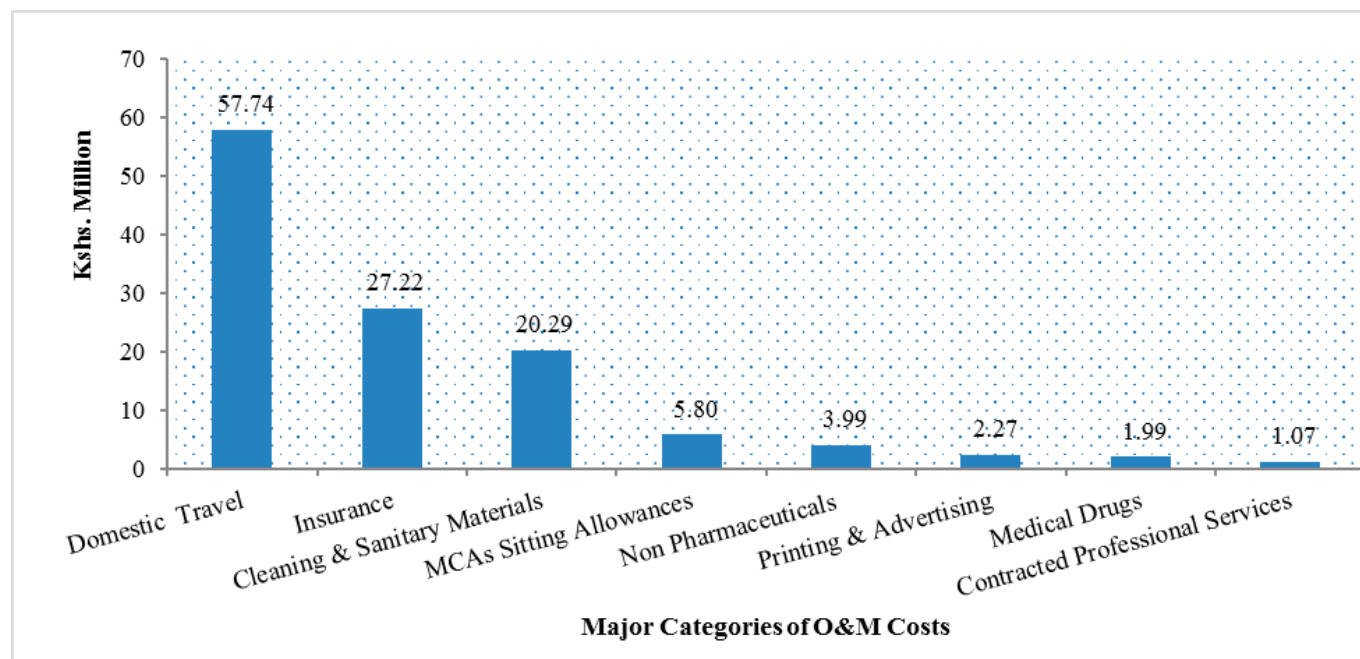
Source: Isiolo County Treasury

From the four county-established public funds, the OCoB received quarterly financial returns from only the Bursary/ Education Fund Administrator, which indicated no expenditure as of 31st December 2021, as shown in Table 3.51.

3.10.9 Expenditure on Operations and Maintenance

Figure 3.17 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.17: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: Isiolo County Treasury

The County Assembly spent Kshs.5.8 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.34.34 million. The average monthly sitting allowance was Kshs.53,740 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.57.74 million and comprised Kshs.30.28 million spent by the County Assembly and Kshs.27.58 million by the County Executive.

3.10.10 Development Expenditure

The County incurred Kshs.277.09 million on development programmes, which represented an increase of 16.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.237.69 million. Table 3.52 summarises development projects with the highest expenditure in the reporting period.

Table 3.52: Isiolo County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Borehole repairs -kula mawe,mogore	Kula Mawe	2,887,050	2,887,050	100
2	Borehole repairs-Bisan Biliqo	Bisan Biliqo	3,018,150	3,018,150	100
3	Routine maintenance and spot improvement kiwanjani-from MCK nursery- Isiolo airport	Isiolo Municipality	3,170,304	3,170,304	100
4	Routine maintenance and spot improvement Kambi juu-Mabatini road	Isiolo Municipality	3,170,304	3,170,304	100
5	Routine maintenance and spot improvement camp ranger-to water tank Kambi Garba	Kambi Garba	3,170,304	3,170,304	100
6	Construction of community office at Bisan Biliqo	Bisan Biliqo	3,844,383	3,844,383	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
7	Payment for construction of record office at Treasury	Isiolo Municipality	3,890,113	3,890,113	100
8	Spot improvement Chechelesi road from Loreto pri School to destiny school sign board	Chechelesi	4,011,140	4,011,140	100
9	Provision of concrete mixers to youth in Wabera, Chari And Cherab Ward	Wabera/Chari and Cherab wards	4,127,586	4,127,586	100
10	Provision of assorted machines to youth groups engaged in farming at Kinna ward	Kinna ward	4,766,379	4,766,379	100

Source: Isiolo County Treasury

3.10.11 Budget Performance by Department

Table 3.53 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.53: 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	448.3	102.0	187.4	-	187.0	-	99.8	-	41.7	-
Office of the Governor	307.6	-	101.4	-	103.4	-	101.9	-	33.6	-
County Public Service Board	59.7	-	35.1	-	22.9	-	108.4	-	38.3	-
Deputy governor	25.0	-	3.0	-	1.2	-	61.7	-	4.9	-
County Secretary	31.1	-	8.4	-	8.4	-	100.0	-	27.1	-
Administration and PSM	254.3	12.2	56.9	4.1	31.5	-	55.4	-	12.4	-
Delivery Unit	19.7	-	5.3	-	7.2	-	135.9	-	36.6	-
Finance and Economic Planning	70.1	459.4	35.4	66.4	23.4	112.8	66.1	169.8	33.3	24.6
Special Programmes and ICT	259.1	110.0	81.7	-	4.0	11.5	4.9	-	1.6	10.4
Cohesion	254.3	-	13.5	-	15.0	-	111.3	-	5.9	-
Economic Planning	65.3	-	22.5	-	12.1	-	53.6	-	18.5	-
Lands and Physical Planning	28.8	22.8	17.2	10.0	3.2	6.1	18.5	61.1	11.1	26.8
Roads and Infrastructure	18.3	118.8	7.3	40.1	2.0	36.8	27.4	91.9	10.9	31.0
Public Works and Housing	24.1	-	7.2	-	0.8	-	11.3	-	3.4	-
Municipal Administration	71.0	177.1	25.2	45.5	6.8	-	27.1	-	9.6	-
Agriculture	50.7	587.7	35.1	-	1.5	77.1	4.2	-	3.0	13.1
Livestock, Veterinary and Fisheries	141.2	70.1	65.2	20.0	2.6	15.5	4.0	77.4	1.9	22.1
Education and Vocational Training	239.6	26.3	87.1	5.0	67.8	3.3	77.8	66.3	28.3	12.6

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
Youth and Sports	35.0	135.0	33.5	-	13.8	31.3	41.1	-	39.3	23.2
Culture and Social Services	21.4	31.7	17.6	-	1.4	1.9	8.0	-	6.6	6.0
Tourism and Wildlife Management	233.6	10.0	76.9	8.4	10.7	-	14.0	-	4.6	-
Trade, Industries, Co-operatives	60.9	2.5	29.4	2.5	3.4	-	11.6	-	5.6	-
Water and Irrigation	101.6	152.2	51.6	19.9	20.3	84.3	39.3	423.5	20.0	55.4
Environment and Natural Resources	39.8	43.8	22.1	6.4	0.7	-	3.3	-	1.8	-
Health Services	1,308.9	136.7	696.9	25.0	573.7	70.9	82.3	283.7	43.8	51.9
Total	4,169.5	2,198.3	1,708.72	253.2	1,124.9	451.6	65.8	178.4	27.0	20.5

Source: Isiolo County Treasury

Analysis of expenditure by the departments shows that the Department of Water and Irrigation recorded the highest absorption rate of development budget at 55.4 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 43.8 per cent, while the Department of Special Programmes and ICT had the lowest at 1.6 per cent.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 3.54 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.54: Isiolo County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Description	Final Budget	Actual	Absorption
			Kshs	Kshs	Kshs
101003510		Livestock resource management and development	99,111,357.50	18,093,102.00	18.3
	101023510	Livestock Production	99,111,357.50	18,093,102.00	18.3
102003510		Fisheries development	27,000,000.00	0	0.0
	102033510	capacity building	27,000,000.00	0	0.0
103003510		Administrative, planning, and support services	25,741,849.00	1,514,808.00	5.9
	103013510	Administration and Support Services	25,741,849.00	1,514,808.00	5.9
104003510		Crop Productivity Improvement	367,158,388.50	77,110,983.00	21.0
	104013510	Increase food productivity & output by 30%.	-4,000,000.00	0	0.0
	104043510	Establishment of Demo Farms	30,304,658.00	0	0.0
	104053510	Administration Climate Change Mitigation	340,853,730.50	77,110,983.00	22.6
105003510		Value Addition	13,686,381.00	0	0.0
	105013510	Veterinary Support Services	13,686,381.00	0	0.0
107003510		Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)	11,006,654.00	809,815.00	7.4
	107013510	Administration and Planning Services	11,006,654.00	809,815.00	7.4
109003510		Land Survey and land use planning	32,884,044.50	9,291,595.00	28.3
	109013510	County land planning and spatial development	16,330,221.50	3,185,795.00	19.5

Program	Sub Program	Description	Final Budget	Actual	Absorption
	109023510	County Land Survey and Mapping	16,553,823.00	6,105,800.00	36.9
204003510		Public Works.	51,277,515.00	38,825,916.60	75.7
	204013510	Road Improvement	10,242,840.00	1,989,800.00	19.4
	204023510	Estate Floodlighting facilities.	41,034,675.00	36,836,116.60	89.8
206003510		KUSP	0	0	
	206023510	Urban Development	0	0	
207003510		Municipal Administration	144,887,835.00	7,598,095.00	5.2
	207013510	General Administration and Planning	42,284,968.00	7,598,095.00	18.0
	207023510	Infrastructural Development	102,602,867.00	0	0.0
301003510		Trade development and promotion	48,131,878.50	3,514,730.00	7.3
	301013510	Entrepreneurship and business management training	48,131,878.50	3,514,730.00	7.3
304003510		Tourism Promotion	172,465,279.00	8,687,300.00	5.0
	304023510	Tourism Development	169,965,279.00	8,687,300.00	5.1
	304033510	Protection of endangered wildlife animals.	2,500,000.00	0	0.0
401003510		Health Preventive and Promotive Services	90,837,943.50	37,674,735.80	41.5
	401023510	Preventive and Promotive Health Services	87,307,943.50	37,674,735.80	43.2
	401033510	Disease Surveillance And Epidemic preparedness	6,030,000.00	0	0.0
	401053510		-2,500,000.00	0	0.0
402003510		Health Curative Services	652,256,038.00	481,265,869.80	73.8
	402013510	Provision Of Essential Health products In all The Level	6,775,000.00	66,700.00	1.0
	402033510	Administration Support Services	645,481,038.00	481,199,169.80	74.5
403003510		Administration and Planning	123,268,266.50	38,622,320.00	31.3
	403013510	Curative and Rehabilitative Health Services	123,268,266.50	38,622,320.00	31.3
501003510		Administration, Planning and Support Services.	138,657,442.00	68,809,588.00	49.6
	501013510	Administration	86,157,442.00	68,809,588.00	79.9
	501033510	Contracted Services	52,500,000.00	0	0.0
502003510		Provision of education and training services	11,363,760.00	918,840.00	8.1
	502013510	ECDE Classroom Infrastructure	9,363,760.00	918,840.00	9.8
	502043510	Promotion of Quality Youth empowerment	2,000,000.00	0	0.0
503003510		Cultural and Arts Empowerment	3,392,403.00	0	0.0
	503053510		3,392,403.00	0	0.0
504003510		Management and development of Sports and sports facilities	107,953,995.50	10,193,386.85	9.4
	504013510	Sports Academy Centre	107,953,995.50	10,193,386.85	9.4
505003510		Culture and Social Services	10,932,159.50	1,413,503.00	12.9
	505013510	Culture Development	10,932,159.50	1,413,503.00	12.9
701003510		Management of County Affairs	156,626,650.00	88,357,364.10	56.4
	701013510	Personnel Services	156,626,650.00	88,357,364.10	56.4
708003510		Prudent use of Financial Resources	8,602,441.00	7,205,392.00	83.8
	708013510	Governors Delivery Unit	8,602,441.00	7,205,392.00	83.8
709003510		Administration and support services	271,080,328.00	132,486,123.90	48.9
	709013510	Personnel Services	47,182,434.00	4,566,240.15	9.7
	709023510	Support Services	130,221,152.50	15,505,813.00	11.9
	709083510	Administrative Infrastructure support	47,936,741.50	714,760.00	1.5

Program	Sub Program	Description	Final Budget	Actual	Absorption
	709133510	Public Financial Management Services	45,740,000.00	111,699,310.75	244.2
710003510		Public financial management	3,652,500.00	2,538,000.00	69.5
	710013510	Administrative Services	0	538,000.00	
	710043510	Audit Services	3,652,500.00	2,000,000.00	54.8
711003510		Economic Planning and Coordination	37,345,846.50	11,880,790.00	31.8
	711013510	Monitoring and Evaluation	23,277,721.00	3,323,000.00	14.3
	711023510	Economic Policy and County Development Plans	5,023,125.50	3,240,100.00	64.5
	711043510	County Development Stakeholders Forums	5,450,000.00	3,376,690.00	62.0
	711053510	County Baseline Surveys on County Development Indicators	3,500,000.00	1,394,000.00	39.8
	711073510	Capacity building and Support to Departments	95,000.00	547,000.00	575.8
712003510		Cohesion and Peace Building	25,892,555.50	10,195,800.00	39.4
	712013510	Administrative and Civic Education Services	25,892,555.50	10,195,800.00	39.4
713003510		County Governance and Coordination Affairs	12,500,000.00	1,218,168.00	9.7
	713013510	County Governance	0	0	
	713033510	Intergovernmental Services (Deputy Governor Services)	12,500,000.00	1,218,168.00	9.7
716003510		County Devolved Administrative Affairs	18,781,788.00	5,121,089.00	27.3
	716013510	Devolved Administrative Affairs	18,781,788.00	5,121,089.00	27.3
719003510		Town administration, planning and support services	154,976,966.00	30,076,657.40	19.4
	719023510	General Administration Support Services	154,976,966.00	30,076,657.40	19.4
723003510		County Public Service	30,387,017.50	24,204,132.00	79.7
	723023510	Administration Support Services	30,387,017.50	24,204,132.00	79.7
725003510		Special programmes	287,306,860.00	9,074,500.00	3.2
	725023510	Disaster management	287,306,860.00	9,074,500.00	3.2
726003510		KDSP(Kenya Devolution Support Programme) Conditional Grant	60,187,094.50	-156,000.00	-0.3
	726013510	Kenya Devolution Support	60,187,094.50	-156,000.00	-0.3
902003510			24,700,000.00	1,903,000.00	7.7
	902023510	Marginalized Group Empowerment support services	15,700,000.00	1,903,000.00	12.1
	902033510	Empowerment Support Services	9,000,000.00	0	0.0
1001003510		Provision & Management of domestic & livestock rural water supply	80,969,004.00	6,451,214.00	8.0
	1001013510	Administration and Planning Support Services	80,969,004.00	6,451,214.00	8.0
1002003510		Water Supply and Storage Services	154,225,167.00	23,709,338.70	15.4
	1002023510	Water Supply and Storage	154,225,167.00	23,709,338.70	15.4
	1002043510	Civil Works-Establishment of Dams & Pans	0	0	
1003003510		Conservation of Environment & Natural Resources	52,042,302.50	719,100.00	1.4
	1003013510	Administration and Support Services	28,139,055.00	719,100.00	2.6
	1003023510	Environmental Conservation	23,903,247.50	0	0.0

Program	Sub Program	Description	Final Budget	Actual	Absorption
1003003511		Administration Support Services	267,433,086	113,180,210	42.3%
	1003003511		267,433,086.00	113,180,210	42.3%
		Legislative service	180,819,594	74,174,179	41.0%
	1003003511		180,819,594.00	74,174,179	41.0%
		Infrastructure support	102,000,000.00	0	0.0%
	1003003511		102,000,000.00	0	0.0%
		Grand Total	4,061,542,390.50	1,346,683,646.15	33.2

Source: Isiolo County Treasury

Programmes with high levels of implementation based on absorption rates were: Capacity building and support to departments in the Department of Economic planning and coordination at 575.8 per cent, Public financial management services in the Department of Finance at 244.2 per cent, Estate floodlighting facilities in the Department of Public works at 89.8 per cent of budget allocation.

3.10.13 Monitoring and Evaluation

The office of the Controller of Budget visited the County Government of Isiolo in November 2021 to assess the progress made towards the implementation of programmes/projects. The exercise covered 30 projects implemented in FY 2018/19 and FY 2019/20. From the sample of projects selected from the exercise, the office noted that some were well executed and have achieved the desired objectives. These include: Oxygen plant at Isiolo County Referral Hospital; and Kulamawe Water Supply in Kina Ward, which has benefited an estimated 1,100 households in Dabasiti, Olla Gana and Olla Garr Villages.

During the exercise, the office Controller of the budget identified some issues that may have affected the implementation of projects. These included: Lack of an updated valuation roll to enhance revenue collection from rateable properties and the COVID-19 containment measures, which affected revenue collection from the tourism sector and Miraa cess; weak monitoring and evaluation of programmes and projects resulting in poor quality; and Lack of adequate and qualified instructors in some ECDE centres.

To address these challenges and improve budget implementation, the Controller of Budget makes the following recommendations: Develop a new valuation roll to enhance revenue collection from rateable properties; Strengthen the M&E Department to monitor the progress of implementation of all programmes so that emerging issues are identified and addressed on time, and Ensure ECDE have qualified instructors.

3.10.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County 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.451.56 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.2 billion. The development expenditure represented 12.6 per cent of the annual development budget.
3. The County Treasuries use of revenue at source and poor budgeting practice as shown in Table 3.5 and Table 3.6 where the County incurred expenditure over approved budgetary allocations.
4. As per the planning documents, the supplementary budget is Kshs.6.37 billion, while the uploaded supplementary budget is Kshs.4.1 billion.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB is against the requirement of Section 168 of the PFM Act, 2012.
6. High level of pending bills. The County prepared a payment plan to settle the entire bills in the financial year, which amounted to Kshs.1.26 billion. However, it is noted that the County Treasury reported payments for bills worth Kshs.66.40 million, which is not significant compared to the stock of pending bills.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.
- iv. The county should rectify the anomaly from the subsequent supplementary budget.
- v. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
- vi. The County Treasury should adhere to the pending bills payment plan to ensure all eligible bills are settled without delay.

3.11 County Government of Kajiado

3.11.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.26 billion, comprising Kshs.4.07 billion (36.2 per cent) and Kshs.7.18 billion (63.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.95 billion (70.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.61 billion (14.3 per cent) from own sources of revenue, and a cash balance of Kshs.283.40 million (2.5 per cent) from FY 2020/21. The County also expects to receive Kshs.1.41 billion (12.6 per cent) as conditional grants, consisting of Kshs.448.98 million as Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.265.95 million as Kenya Urban Support Programme (KUSP) (UDG), Kshs.224.29 million as Roads Maintenance Levy Fund (RMLF), and Kshs.132.80 million as Kenya Development Support Program (KDSP) Level II.

3.11.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.3 billion as the equitable share of the revenue raised nationally and raised Kshs.221.38 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.3.53 billion, as shown in Table 3.55.

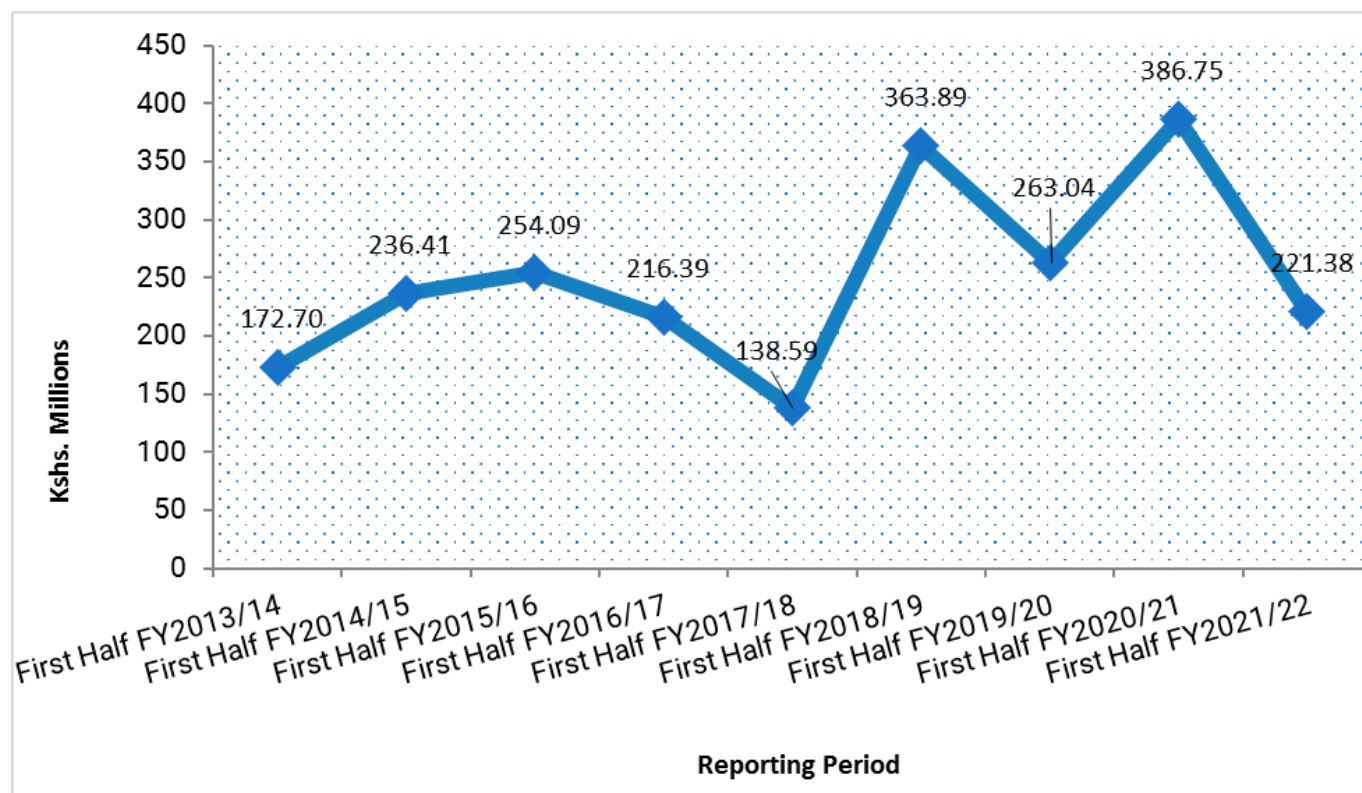
Table 3.55: Kajiado County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,954,768,229	3,304,408,263	41.5
	Sub Total	7,954,768,229	3,304,408,263	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,605,355,500	221,376,303	13.8
2.	Conditional Grants	1,412,701,247	-	-
3.	Balance b/f from FY 2020/21	283,399,846	-	-
	Sub Total	3,301,456,593	221,376,303	6.7
	Grand Total	11,256,224,822	3,525,784,566	31.3

Source: Kajiado County Treasury

Figure 3.18 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.18: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kajiado County Treasury

In the first half of FY 2021/22, the County generated Kshs.221.38 million as own-source revenue. This amount represented a decrease of 42.8 per cent compared to Kshs.386.75 million realised in the first half of FY 2020/21 and was 13.8 per cent of the annual target.

3.11.3 Exchequer Issues

The Controller of Budget approved Kshs.3.26 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.528.06 million (16.2 per cent) for development programmes and Kshs.2.74 billion (83.8 per cent) for recurrent programmes.

3.11.4 Overall Expenditure Review

The County spent Kshs.3.52 billion on development and recurrent programmes during the reporting period. This expenditure represented 107.9 per cent of the total funds released by the CoB and comprised of Kshs.508.65 million and Kshs.3.01 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.5 per cent, while recurrent expenditure represented 41.9 per cent of the annual recurrent expenditure budget.

3.11.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.45 billion and comprised of Kshs.188.09 million for recurrent expenditure and Kshs.1.26 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in 2019/2020.

During the period under review, pending bills amounting to Kshs.288.11 million were settled, consisting of Kshs.12.26 million for recurrent expenditure and Kshs.275.85million for development programmes. Outstanding pending bills as of 31st December 2021 were valued at Kshs.1.16 billion.

3.11.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.93 billion was spent on employee compensation, Kshs.1.08 billion on operations and maintenance, and Kshs.508.65 million on development activities, as shown in Table 3.56.

Table 3.56: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,307,669,032	875,404,523	2,687,768,266	324,704,154	42.6	37.1
Compensation to Employees	3,596,307,999	314,287,789	1,804,074,304	129,243,462	50.2	41.1
Operations and Maintenance	2,711,361,033	561,116,734	883,693,962	195,460,692	32.6	34.8
Development Expenditure	3,787,851,267	285,300,000	508,650,175	-	13.4	-
Total	10,095,520,299	1,160,704,523	3,196,418,441	324,704,154	31.7	28.0

Source: Kajiado County Treasury

3.11.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 34.4 per cent of the first half proportional revenue of Kshs.5.63 billion.

3.11.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.877.32 million to county established funds in FY 2021/22, which constituted 7.8 per cent of the County's overall budget for the year. Table 3.57 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.57: County Established Fund performance as of 31st December 2021

No.	Name of the Fund	Budget Estimates 2021/2022		Expenditure for as at 31.12.2022 F.Y 2021/2022		Submission of Financial Statement	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No.
1.	Kajiado Alcoholic Drinks Control Fund	41,025,290		-			No
2.	Bursary Fund - Scholarships and other Educational Benefits	150,000,000		75,000,000		Yes	
3.	Microfinance -Disability Fund programme	10,000,000		5,000,000		Yes	
4.	County Executive Car Loans & Mortgage Fund	23,500,000		15,500,000		Yes	
5.	Microfinance - Youth & Women Enterprise Fund	10,000,000		-		Yes	
6.	County Empowerment Fund	40,000,000		-			No.
7.	Covid-19 Response Fund	1,499,045		-			No
8.	Grants for Management of Natural Disasters (Emergency Fund)	200,000,000		100,000,000		Yes	
9.	County Assembly Car Loan & Mortgage Fund	-	110,000,000			Yes	
Total		767,319,842	110,000,000	200,500,000			

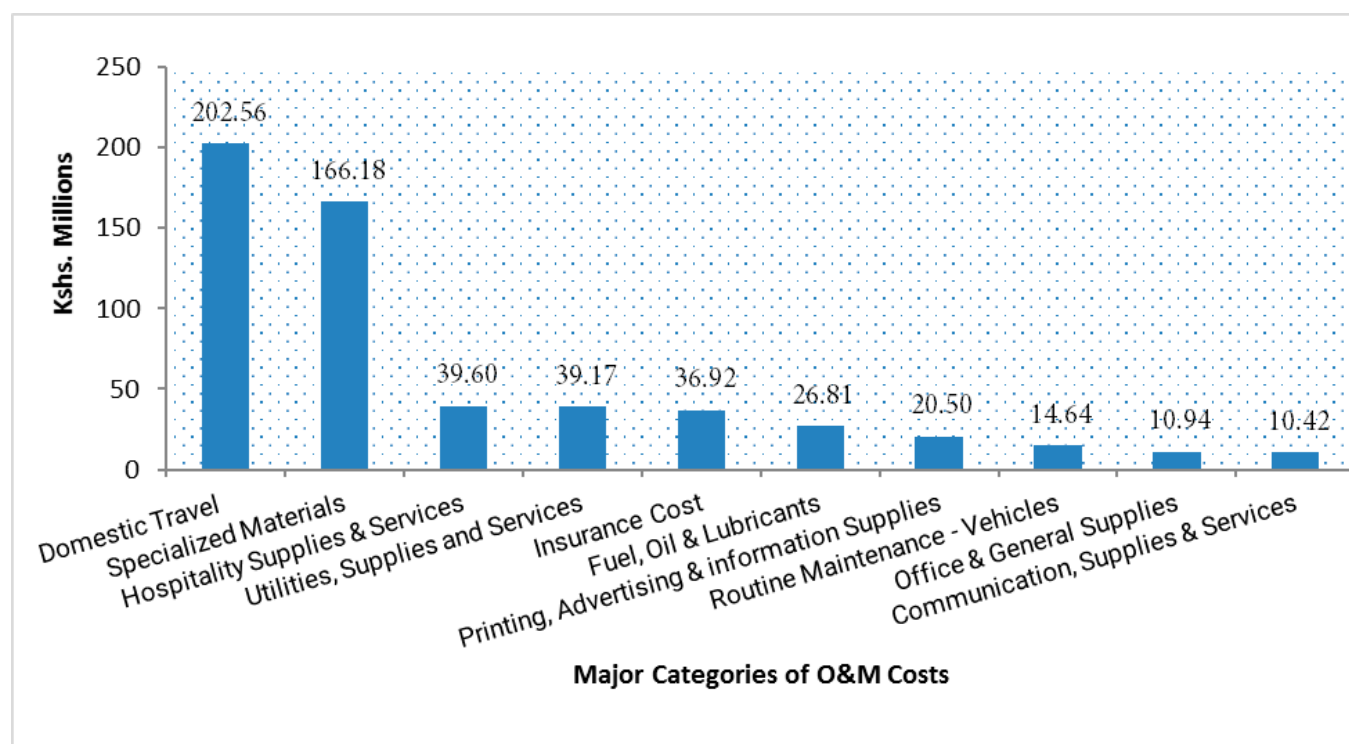
Source: Kajiado County Treasury

The OCoB did not receive quarterly financial returns from Fund Administrators of the Covid-19 Response Fund, County Empowerment Fund, and Kajiado Alcoholic Drinks Control Fund, as indicated in Table 3.57.

3.11.9 Expenditure on Operations and Maintenance

Figure 3.19 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.19: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: Kajiado County Treasury

The County Assembly did not report expenditure on committee sitting allowances for the 42 MCAs and Speaker during the reporting period. Expenditure on domestic travel amounted to Kshs.202.56 million and comprised Kshs.91.140 million spent by the County Assembly and Kshs.202.56 million by the County Executive. Spending on foreign travel amounted to Kshs.37.114 million and consisted of Kshs.1.43 million by the County Assembly and Kshs.35.68 million by the County Executive.

3.11.10 Development Expenditure

The County incurred Kshs.508.65 million on development programmes, which represented an increase of 0.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.506.92 million. Table 3.58 summarises development projects with the highest expenditure in the reporting period.

Table 3.58: Kajiado County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Paii Bridge Kajiado South	Rombo	112,234,408	55,682,320	49.6
2.	JCN Namanga Road Isinya - Isinya Hospital Tarmac	Keekonyokie	49,819,912	24,646,694	49.5
3.	Decommissioning Of Ngong Dumpsite Phase II	Ngong	169,906,940	20,277,550	11.9
4.	Kiserian Health Centre	Keekonyokie	29,604,476	12,172,727	41.1
5.	Staff House, Fencing & Other Works at Olooltepesi Dispensary	Imaroro	10,223,418	10,223,418	100
6.	Olchoro Rongai Road	Entonet/lenkism	9,630,622	9,630,436	100
7.	Drilling & Equipping Of Ilderkes Borehole	Kenyawa/poka	6,983,432	6,983,432	100
8.	Oiti Road	Kenyawa/poka	6,300,000	6,300,000	100
9.	St Clare Mailitisa Matepes Road	Matapato south	9,481,428	5,664,560	59.7
10.	Fencing Works at Ngong Sub County Hospital	Ngong	4,999,542	4,999,542	100

Source: Kajiado County Treasury

3.11.11 Budget Performance by Department

Table 3.59 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.59: Kajiado 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	875.40	285.30	442.41	19.41	324.70	-	73.4	-	37.1	-
Office of the Governor & Deputy Governor	238.68	-	99.09	-	82.63	-	83.4	-	34.6	-
County Public Service Board	107.90	-	38.58	-	35.39	-	91.7	-	32.8	-
Medical Services and Public Health	2,390.62	202.33	895.00	-	1,126.18	-	125.8	-	47.1	-
Water, Environment & Natural Resources	218.92	312.60	78.55	-	93.39	-	118.9	-	42.7	-
Roads, Transport, Public Works, and Energy	182.11	852.89	80.80	-	84.28	-	104.3	-	46.3	-
Public Service, Administration Social Services & Inspectorate Services	622.94	48.00	224.04	-	248.69	-	111.0	-	39.9	-
Finance, Economic Planning & ICT	810.84	1,052.29	208.66	508.65	326.07	508.65	156.3	100	40.2	48.3
Lands, Physical Planning & Urban Development	115.12	51.50	36.85	-	31.37	-	85.1	-	27.3	-
Education, Vocational Training, Culture & Citizen Participation	698.07	335.31	300.42	-	330.74	-	110.1	-	47.4	-
Gender, Youth, Sports, Tourism and Wildlife	139.94	4.00	59.22	-	58.67	-	99.1	-	41.9	-
Agriculture, Livestock & Fisheries	329.48	556.98	100.61	-	105.14	-	104.5	-	31.9	-
Trade, Cooperative Development and Enterprise Development	128.29	106.00	62.29	-	47.48	-	76.2	-	37.0	-
Kajiado Municipality	59.18	50.00	22.13	-	19.80	-	89.5	-	33.4	-
Ngong Municipality	87.70	215.95	30.51	-	29.84	-	97.8	-	34.0	-
Office of The County Attorney	177.88	-	57.41	-	68.10	-	118.6	-	38.3	-
TOTAL	7,183.07	4,073.15	2,736.56	528.06	3,012.47	508.65	110.1	96.3	41.9	12.5

Source: Kajiado County Treasury

Analysis of expenditure by the departments shows that the Department of Finance, Economic Planning & ICT recorded the highest absorption rate of development budget at 48.3 per cent while other Departments did not report any expenditure on development activities. The Department of Education, Vocational Training, Culture & Citizen Participation had the highest percentage of recurrent expenditure to budget at 47.4 per cent while the Department of Lands, Physical Planning & Urban Development had the lowest at 27.3 per cent.

3.11.12 Budget Execution by Programmes and Sub-Programmes

Table 3.60 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.60: Kajiado County, Budget Execution by Programmes and Sub-programmes

Programme	Description	Final Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
COUNTY EXECUTIVE RECURRENT PROGRAMMES				

Programme	Description	Final Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
	General Administration, Planning and Support Services	141,286,749	107,872,901	76.4
101024660	General Administration and Support Services	141,286,749	107,872,901	76.4
	Livestock Resources Management and Development	1,770,841	346,700	19.6
103034660	Veterinary Services	1,770,841	346,700	19.6
	Fisheries Development and Management	1,372,857	308,000	22.4
104024660	Fisheries	1,372,857	308,000	22.4
	Land Policy and Planning	28,559,219	8,865,435	31.0
106034660	Physical Planning	7,356,000	2,236,986	30.4
106044660	Land Survey and Mapping	3,959,919	944,300	23.8
106054660	Housing	2,672,800	1,385,599	51.8
106064660		3,270,500	2,419,550	74.0
106074660		11,300,000	1,879,000	16.6
	Animal Husbandry Livestock Resource Management and Development	31,246,693	15,890,035	50.9
107014660	Animal Husbandry	4,730,950	1,210,840	25.6
107024660	County Abattoirs	1,511,586	319,000	21.1
107034660	Animal Disease Control	24,537,945	14,360,195	58.5
107044660	Livestock Sale Yards	466,213	0	0.0
	Agricultural Development	18,065,759	3,178,730	17.6
108014660	Crop Husbandry	6,088,572	1,016,600	16.7
108024660	Plant Disease Control	1,550,009	137,200	8.9
108034660	Agricultural Mechanization Services	2,216,829	0	0.0
108044660	Demonstration Farm	311,072	9,000	2.9
108054660	Agricultural Training Centre	937,507	0	0.0
108064660	Irrigation	6,961,770	2,015,930	29.0
	Environment Management	26,173,616	20,485,987	78.3
109014660	Environmental Protection	22,688,616	18,731,137	82.6
109024660	Noise Pollution Management	1,325,000	444,250	33.5
109034660	Control of Air Pollution	435,000	187,200	43.0
109044660		1,725,000	1,123,400	65.1
	General Administration, Planning and Support Services	87,054,174	79,833,587	91.7
201014660	Headquarters Administrative Services	56,804,174	55,352,130	97.4
201024660	Roads	4,250,000	4,177,000	98.3
201034660	Energy	10,000,000	9,587,400	95.9
201044660	Fire Fighting	6,000,000	5,099,457	85.0
201054660	Transport	10,000,000	5,617,600	56.2
	Citizen Participation	8,192,978	2,277,950	27.8
205034660	Citizen Participation	8,192,978	2,277,950	27.8
	Roads and Public Works	4,000,000	3,808,900	95.2
206014660	Public Works	4,000,000	3,808,900	95.2
	General Administration, Planning and Support Services	42,047,232	39,358,171	93.6
301014660	General Administration, Planning and Support Services	42,047,232	39,358,171	93.6
	Trade Development	22,097,551	8,124,731	36.8
304014660	Trade Licensing	4,401,200	2,854,531	64.9
304024660	Trade Development	9,584,117	1,811,900	18.9

Programme	Description	Final Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
304034660	Cooperative Services and Development	6,664,783	2,957,800	44.4
304044660	Enterprise Development	1,447,451	500,500	34.6
	Culture And Local Tourism Promotion	1,604,644	1,434,000	89.4
307024660	Local Tourism Promotion	1,604,644	1,434,000	89.4
	General Administration, Planning and Support Services	942,465,883	908,679,892	96.4
401024660	General Administration and Support Services	942,465,883	908,679,892	96.4
	Curative Health Services	143,436,970	138,889,974	96.8
403024660	Medical Services	143,436,970	138,889,974	96.8
	Curative and Rehabilitative	2,753,800	1,180,794	42.9
404024660	Ambulance services	2,753,800	1,180,794	42.9
	Public Health and Sanitation	106,654,178	77,215,207	72.4
405014660	Preventive and Promotive	96,360,775	72,168,687	74.9
405024660	Licensing and control of the undertaking	4,111,658	2,537,920	61.7
405034660	Sanitation	1,332,500	354,200	26.6
405044660	Mobile Clinics	2,629,925	628,600	23.9
405054660		2,219,320	1,525,800	68.8
	General Administration, Planning and Support Services	225,121,327	220,609,250	98.0
501014660	Headquarters Administrative Services	225,121,327	220,609,250	98.0
	Social Protection, Culture and Recreation	1,050,000	495,200	47.2
503014660	Home craft Centres Development	1,050,000	495,200	47.2
	Education Support	111,039,564	104,998,378	94.6
504014660	Pre-Primary Education	92,459,564	88,038,000	95.2
504024660	Home Craft Centres	18,580,000	16,960,378	91.3
	Social Protection and Recreation	26,287,280	11,975,738	45.6
505014660	Control of Drugs and Pornography	13,339,300	299,900	2.2
505024660	Liquor Licensing	1,462,730	777,500	53.2
505034660	Betting and Casinos	694,000	517,020	74.5
505054660	Disability Mainstreaming	10,791,250	10,381,318	96.2
	General Administration and Policy Coordination	652,323,709	549,681,249	84.3
701014660	Headquarters Administrative Services	640,125,986	542,712,294	84.8
701054660	County Executive Committee	6,290,000	3,082,505	49.0
701074660	County Inspectorate	5,907,723	3,886,450	65.8
	Public Services Coordination and Management	72,325,000	47,428,100	65.6
703014660	Human Resource Management	72,325,000	47,428,100	65.6
	Public Financial Management	72,241,227	42,183,864	58.4
705054660	Supply Chain Management Services	29,615,500	13,150,850	44.4
705064660	Fiscal and Economic Planning	7,800,000	6,204,400	79.5
705074660	Budget	8,790,000	5,717,030	65.0
705084660	Accounting	7,281,000	4,757,129	65.3
705104660	Internal Audit	5,898,500	3,030,800	51.4
705114660	Revenue Collection	12,856,227	9,323,655	72.5
	Economic Policy Coordination and Supervision	8,119,000	4,119,400	50.7

Programme	Description	Final Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
706034660	Monitoring and Evaluation Services	8,119,000	4,119,400	50.7
	Devolution Services	26,952,000	14,561,812	54.0
707014660	Coordination Of Devolution Services	11,633,000	5,091,050	43.8
707024660	Intergovernmental Relations	11,294,000	8,127,200	72.0
707034660	County Government Advisory Service	4,025,000	1,343,562	33.4
	Public Service, Administration and Citizen Participation	12,125,000	8,254,050	68.1
708034660	County administration	12,125,000	8,254,050	68.1
708054660	Citizen participation	-	-	-
	ICT, Special Programmes and Service Delivery	19,803,001	14,125,351	71.3
710014660	Information, Communication and Technology	14,713,201	11,306,806	76.8
710024660	Special Programmes	5,089,800	2,818,545	55.4
		3,632,928	3,070,700	84.5
901024660	Cultural Activities	2,437,928	2,217,900	91.0
901034660	County Parks	345,000	194,400	56.3
901044660	County Museums	850,000	658,400	77.5
		162,383,088	117,735,122	72.5
	Kajiado Municipality	29,592,348	19,796,652	66.9
	Ngong Municipality	43,852,408	29,840,058	68.0
	Office of the County Attorney	88,938,332	68,098,412	76.6
		56,398,641	50,146,177	88.9
902014660	Gender	56,398,641	50,146,177	88.9
		11,964,605	7,091,817	59.3
903024660	Sports Training and Competitions	9,345,685	5,361,192	57.4
903034660	Gender Mainstreaming	2,618,920	1,730,624	66.1
	General Administration, Planning and Support Services	63,440,122	57,095,592	90.0
1001024660	Storm Water Management Services	5,779,818	1,589,625	27.5
1001034660	General Administration, Policy and Coordination	57,660,304	55,505,967	96.3
1003014660	Water	20,044,885	15,811,226	78.9
	Sub Total	3,154,034,516	2,687,134,018	85.2
COUNTY EXECUTIVE DEVELOPMENT PROGRAMMES				
	General Administration, Planning and Support Services	224,490,030	-	-
101024660	General Administration and Support Services	224,490,030	-	-
	Land Policy and Planning	750,000	-	-
106034660	Physical Planning	750,000	-	-
	Animal Husbandry Livestock Resource Management and Development	39,000,000	-	-
107014660	Animal Husbandry	39,000,000	-	-
	Agricultural Development	15,000,000	-	-
108014660	Crop Husbandry	7,500,000	-	-
108064660	Irrigation	7,500,000	-	-
	Environment Management	35,000,000	-	-
109014660	Environmental Protection	35,000,000	-	-
110014660	Urban Development	25,000,000	-	-

Programme	Description	Final Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
	General Administration, Planning and Support Services	426,442,860	-	-
201024660	Roads	426,442,860	-	-
304024660	Trade Development	53,000,000	-	-
	General Administration, Planning and Support Services	101,165,781	-	-
401024660	General Administration and Support Services	101,165,781	-	-
	General Administration, Planning and Support Services	12,500,000	-	-
501014660	Headquarters Administrative Services	12,500,000	-	-
	Social Protection, Culture and Recreation	20,500,000	-	-
503024660	Control of Drugs and Pornography	20,500,000	-	-
	Education Support	155,154,894	-	-
504014660	Pre-Primary Education	126,650,000	-	-
504024660	Home Craft Centres	28,504,894	-	-
	General Administration and Policy Coordination	512,398,817	508,650,175	99.3
701014660	Headquarters Administrative Services	512,398,817	508,650,175	99.3
	Public Financial Management	12,248,103	-	-
705114660	Revenue Collection	12,248,103	-	-
	ICT, Special Programmes and Service Delivery	5,000,000	-	-
710014660	Information, Communication and Technology	5,000,000	-	-
		2,000,000	-	-
903024660	Sports Training and Competitions	2,000,000	-	-
1003014660	Water	121,300,000	-	-
	Sub Total	1,760,950,484	508,650,175	28.9
COUNTY ASSEMBLY PROGRAMMES				
	Legislation, Representation and Oversight	293,475,734	146,597,262	50.0
	General administration, policy and coordination	471,928,789	178,106,892	37.7
	Total	5,680,389,522	3,520,488,347	62.0

Source: Kajiado County Treasury

The Budget Execution by Programmes and Sub-programmes Report in Table 3.60 is based on the half-year budget and not the annual approved budget.

Programmes with high levels of implementation based on absorption rates were: Roads and Public Works at 95.2 per cent, Curative Health Services in the Department of Medical Services and Public Health at 96.8 per cent, and Culture and Local Tourism Promotion at 89.4 per cent of budget allocation.

3.11.13 Key Observations and Recommendations

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

1. 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.508.65 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.4.07 billion. The development expenditure represented 12.5 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.221.38 million against an annual projection of Kshs.1.61billion, representing 13.8 per cent of the annual target.

4. High level of pending bills which amounted to Kshs.1.45 billion at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.288.11 million were settled during the reporting period, which is not substantial compared with the stock of outstanding bills.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
- v. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

3.12 County Government of Kakamega

3.12.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.16.47 billion, comprising Kshs.8.93 billion (54 per cent) and Kshs.7.54 billion (46 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.12.39 billion (75.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.2.11 billion (12.8 per cent) from own sources of revenue, and a cash balance of Kshs.965.40 million (5.9 per cent) from FY 2020/21. The County also expects to receive Kshs.691.09 million (4.20 per cent) as conditional grants, which consists of World Bank Universal Health Care Fund at Kshs.73.14 million, KCSAP-Kenya Climate-Smart Agriculture Project at Kshs.338.78 million, ASDSP (Agricultural Sector Development Support Programme) at Kshs.28.08 million, DANIDA Grant at Kshs.23.07 million, Kenya Devolution Support Programme-Level at Kshs.2.78 billion and Kenya Informal Settlement Improvement Project- (KISIP II) at Kshs.150 million. Also included in the budget for conditional grants is the cash balance from FY 2020/21 of Kshs.309.63 million.

3.12.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.4.08 billion as the equitable share of the revenue raised nationally, raised Kshs.403.13 million as own-source revenue, Kshs.686.64 million as conditional grants/other revenues, and had a cash balance of Kshs.997.95 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.18 billion, as shown in Table 3.61.

Table 3.61: Kakamega County, Revenue Performance in the Half Year of FY 2021/22

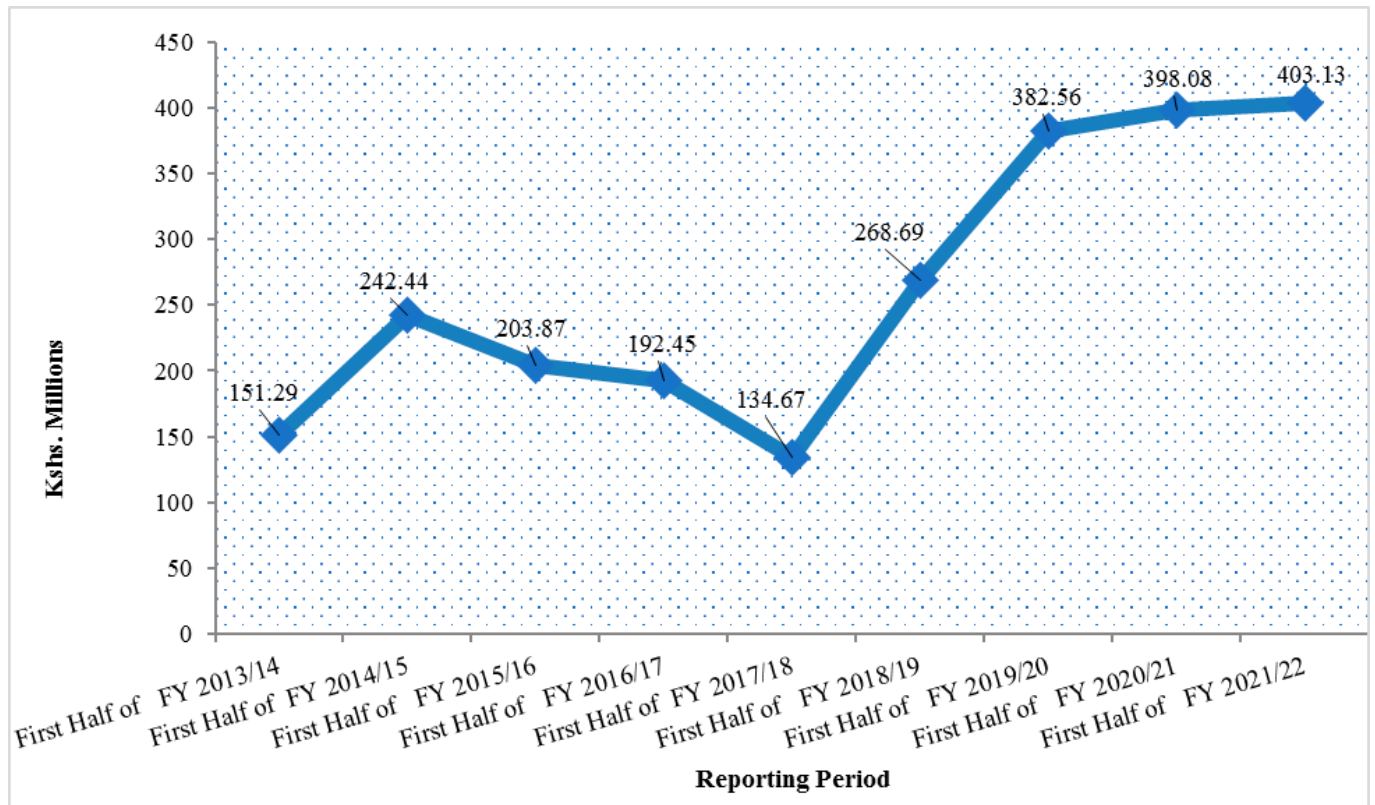
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	12,389,412,168	4,088,506,014	33
Sub Total		12,389,412,168	4,088,506,014	33
B	Other Sources of Revenue			
1	Own Source Revenue	2,113,000,000	403,126,001	19.1
2	Balance b/f from FY2020/21	965,400,461	997,946,634	103.4
3	Other Revenues/Conditional Grants	1,000,717,159	686,635,938	68.6
Sub Total		4,079,117,620	2,087,708,573	51.2
Grand Total		16,468,529,788	6,176,214,587	37.5

Source: Kakamega County Treasury

Note that the actual balance from FY 2020/21 was above 100 per cent because what was budgeted was an estimate based spending trend at the end of the financial year.

Figure 3.20 shows the annual trend in own-source revenue collection for the first half from FY 2013/14 to the first half of FY 2021/22.

Figure 3.20: Annual Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2021/22



Source: Kakamega County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.403.13 million as own-source revenue. This amount represented an increase of 1.96 per cent compared to Kshs.398.08 million realised during a similar period in the first half of FY 2020/21 and was 19.1 per cent of the annual target.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.38 billion from the CRF account during the reporting period. The amount comprised of Kshs.1.38 billion (25.6 per cent) for development programmes and Kshs.3.99 billion (74.4 per cent) for recurrent programmes.

3.12.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.4.92 billion on development and recurrent programmes. This expenditure represented 91.3 per cent of the total funds released by the CoB and comprised of Kshs.1.34 billion and Kshs.3.57 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.8 per cent while recurrent expenditure represented 40 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.588.70 million and comprised of Kshs.239.99 million for recurrent expenditure (County Executive), Kshs.133.57 million for the County Assembly and Kshs.348.72 million for development expenditure. At the beginning of the FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year 2021/2022.

Current outstanding Pending bills outstanding are Kshs.138.85 million comprising of Kshs.34.76 million and Kshs.104.09 million for recurrent and development respectively.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.45 billion was spent on employee compensation, Kshs.1.12 billion on operations and maintenance, and Kshs.1.34 billion on development activities as shown in Table 3.62.

Table 3.62: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,740,761,594	1,189,967,209	3,139,129,444	428,824,611	40.6	36.0
Compensation to Employees	5,059,140,952	521,376,784	2,213,717,651	239,702,123	43.8	46.0
Operations and Maintenance	2,681,620,642	668,590,425	925,411,793	189,122,488	34.5	28.3
Development Expenditure	7,487,800,985	50,000,000	1,339,087,911	-	17.9	-
Total	15,228,562,579	1,239,967,209	4,478,217,355	428,824,611	29.4	34.6

Source: Kakamega County Treasury

3.12.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 29.8 per cent of the first half proportional revenue of Kshs.8.23 billion.

The wage bill of Kshs.2.45 billion includes Kshs.1.40 billion attributable to the health sector which translates to 57 per cent of the total wage bill in the reporting period.

3.12.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.600 million to county established funds in FY 2021/22, which constituted 3.6 per cent of the County's overall budget for the year. Table 3.63 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.63: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Emergency Fund	100,000,000	-	9,324,781	-	Yes	-
2.	Disaster Fund	50,000,000	-	-	-		No
3.	Farm Input Fund	450,000,000	-	-	-		No
Total		600,000,000	-	9,324,781	-		No

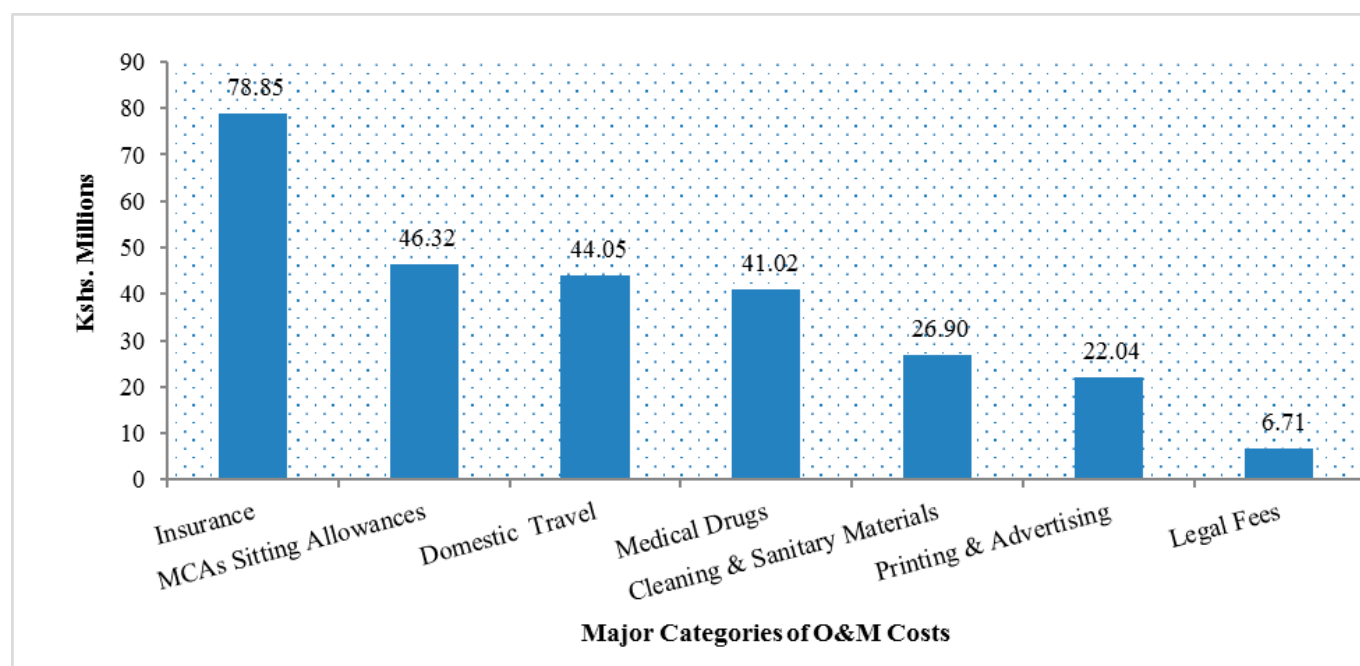
Source: Kakamega County Treasury

The OCoB did not receive quarterly financial returns from the Fund Administrators of Disaster Fund and the Farm Input Fund as indicated in Table 3.63.

3.12.9 Expenditure on Operations and Maintenance

Figure 3.21 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.21: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: Kakamega County Treasury

The County spent Kshs.46.32 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.85,781 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.44.05 million and comprised of Kshs.23.9 million spent by the County Assembly and Kshs.20.15 million by the County Executive. There was no expenditure on foreign travel.

3.12.10 Development Expenditure

The County incurred an expenditure of Kshs.1.34 billion on development programmes, which represented a decrease of 10.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.50 billion. Table 3.64 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.64: Kakamega County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Bukhungu Stadium Phase II- 4th Interim Cert.	Lurambi-Kakamega town	725,484,656	327,229,861	45.1
2	Supply Of Fertilizer	County wide	450,000,000	131,832,600	29.3
3	Upgrading Ogalo/Matungu Rd To Bitumen Stds.	Matungu	140,000,000	85,715,196	61.2
4	Rostaman Dumpsite	Kakamega-Lurambi	13,689,177	13,689,177	100.0
5	Supply And Delivery Of Fire Engine	Lurambi- Kakamega	58,000,000	11,780,000	20.3
6	10 Km road programme	Mumias West & Matungu	300,000,000	7,854,707	2.6
7	Completion and Construction of Mumias West Hospital	Mumias West- Mumias Town	10,000,000	6,949,734	69.5
8	Sabatia resource centre	Sabatia	12,885,640	5,779,230	44.9
9	Spatial Planning	Butere	10,000,000	4,247,990	42.5
10	Prop. Maint of Makhwabuye-Malava road	Malava	4,199,965	4,130,366	98.3

Source: Kakamega County Treasury

3.12.11 Budget Performance by Department

Table 3.65 summarizes the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.65: 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, Livestock and Fisheries	76.02	1,228.01	6.02	180.73	5.49	172.99	91.2	95.7	7.2	14.1
Cooperative Development Trade and Tourism	31.74	375.00	10.66	41.69	10.05	32.07	94.3	76.9	31.7	8.6
County Assembly	1,189.97	50.00	528.80	-	428.82	-	81.1	-	36.0	-
County Executive-Office of the Governor	145.35	33.95	69.38	-	67.13	-	96.8	-	46.2	-
Education	209.18	581.11	162.99	29.04	170.65	29.79	104.7	102.6	81.6	5.1
Environment and Natural Resources	42.36	742.22	13.38	103.36	12.22	46.35	91.3	44.8	28.8	6.2
Finance and Economic Planning	294.85	168.00	83.54	31.34	82.59	45.79	98.9	146.1	28.0	27.3
Public Service	5,599.00	211.00	2,792.39	49.41	2,437.64	11.41	87.3	23.1	43.5	5.4
Medical Services and Public Health	717.95	1,331.01	202.99	194.85	223.6	202.97	110.2	104.2	31.1	15.2
Physical Planning and Housing	199.13	648.95	73.34	33.55	78.75	134.01	107.4	399.4	39.5	20.7
Sports Culture and Social Services	59.18	919.48	29.37	348.20	24.29	342.98	82.7	98.5	41.0	37.3
Transport and Infrastructure	366.20	1,249.06	24.85	365.68	26.72	320.71	107.5	87.7	7.3	25.7
Total	8,930.93	7,537.80	3,997.70	1,377.85	3,567.95	1,339.09	89.3	97.2	40.0	17.8

Source: Kakamega County Treasury

Analysis of expenditure by the departments shows that the Department of Sports Culture and Social Services recorded the highest absorption rate of development budget at 37.3 per cent followed by the Department of Finance and Economic Planning at 27.3 per cent. The Department of Education recorded the highest percentage of expenditure to recurrent budget at 81.6 per cent while the Department of Agriculture, Livestock and Fisheries recorded the lowest at 7.2 per cent.

3.12.12 Budget Execution by Programmes and Sub-Programmes

Table 3.66 summarizes the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.66: Kakamega County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-programme	Approved Budget	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Livestock development			35,845,330.00	13,055,530.00	36.42
	101014810	Dairy Development	26,883,753.00	12,736,230.00	47.38
	101034810	Livestock disease and pest prevention	8,961,577.00	319,300.00	3.56
Fish Farming Productivity Programme			0	50,630.00	0.00
	102024810	Promotion of Fish Farming	0	50,630.00	0.00
Crop Production and Management Services			34,337,131.00	9,913,987.30	28.87
	103024810	Food crop production	34,337,131.00	9,913,987.30	28.87
Agricultural Extension and Research			3,105,093.00	0	0.00
	105014810	Training and demonstration	3,105,093.00	0	0.00
Cooperative Development			4,908,912.00	2,196,995.50	44.76

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Budget	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	106014810	Marketing and value addition	4,908,912.00	2,196,995.50	44.76
Land Management Services			20,983,951.00	6,848,056.60	32.63
	107014810	Land use policy and planning	2,328,924.00	654,287.95	28.09
	107024810	Land Administration and Planning	14,353,486.00	5,492,400.00	38.27
	107034810	Survey Services	4,301,541.00	701,368.65	16.31
Housing Management Services			3,038,611.00	1,215,626.90	40.01
	108014810	Housing Infrastructure development	3,038,611.00	1,215,626.90	40.01
Urban Development Service			175,108,945.00	68,571,302.25	39.16
	110024810	Social Amenities and Sanitary Services	175,108,945.00	68,571,302.25	39.16
Irrigation and Drainage Development			1,953,780.00	44,800.00	2.29
	120014810	Small Holder Irrigation and Drainage	1,953,780.00	44,800.00	2.29
Road Infrastructure Development			264,119,466.00	25,480,230.95	9.65
	201034810	Road construction	264,119,466.00	25,480,230.95	9.65
Public works Management			2,077,102.00	740,100.00	35.63
	204014810	Public works Management	2,077,102.00	740,100.00	35.63
Promotion of tourism and marketing			8,568,000.00	1,782,628.25	20.81
	304014810	Promotion of tourism and marketing	8,568,000.00	1,782,628.25	20.81
Administration, Planning and support services			9,304,800.00	3,797,587.20	40.81
	306014810	Administration Support Services	9,304,800.00	3,797,587.20	40.81
Trade Development and Investment			11,638,800.00	3,047,100.00	26.18
	307014810	Modern Market infrastructure development	3,028,800.00	1,047,100.00	34.57
	307024810	Micro and small enterprises development	8,610,000.00	2,000,000.00	23.23
Industrial development and investment			2,232,000.00	1,003,295.00	44.95
	309014810	Industrial Development and Promotion	2,232,000.00	1,003,295.00	44.95
Preventive and promotive services			67,000,000.00	4,013,397.00	5.99
	401024810	Community Health Strategy	53,900,000.00	963,630.00	1.79
	401034810	Diseases surveillance & Emergency response	5,400,000.00	1,181,800.00	21.89
	401044810	Nutrition service Promotion	600,000.00	450,000.00	75.00
	401054810	HIV /AIDS Control	1,200,000.00	43,500.00	3.63
	401064810	Maternal and child healthcare promotion	2,100,000.00	731,650.00	34.84
	401074810	TB Control	1,200,000.00	0	0.00
	401084810	Malaria control	1,100,000.00	201,317.00	18.30
	401094810	Promotion of family planning	1,500,000.00	441,500.00	29.43
Promotion of Curative health services			666,596,794.00	169,523,321.00	25.43
	402024810	Primary medical health services	666,596,794.00	169,523,321.00	25.43
General Administrative and Support services			37,866,033.00	8,052,045.00	21.26
	403014810	Administrative and Human Resources management	27,966,033.00	7,278,445.00	26.03
	403024810	Disability mainstreaming	480,000.00	0	0.00
	403034810	Health Data and Information Management	9,420,000.00	773,600.00	8.21

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Budget	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Vocational Education and Training development			53,884,780.00	24,085,535.00	44.70
	503014810	Polytechnic Support and Development	53,884,780.00	24,085,535.00	44.70
Early Childhood Development Education (ECDE)			8,146,565.00	3,206,768.00	39.36
	504024810	Childcare and development	8,146,565.00	3,206,768.00	39.36
Education Support Programme			339,040,841.00	141,345,403.00	41.69
	505024810	Non Tertiary Education Support	339,040,841.00	141,345,403.00	41.69
Management and administration of County Functions			120,592,000.00	46,294,954.85	38.39
	703024810	County executive services	120,592,000.00	46,294,954.85	38.39
Support, Coordination and Advisory Services			9,244,800.00	3,167,478.00	34.26
	704014810	Legal Services	9,244,800.00	3,167,478.00	34.26
Information and communication services			23,845,020.00	9,518,639.00	39.92
	705014810	Information and communication services	23,845,020.00	9,518,639.00	39.92
Economic and policy formulation and management planning			30,037,895.00	8,050,036.00	26.80
	706014810	Economic policy formulation	30,037,895.00	8,050,036.00	26.80
Public finance management			288,920,158.00	62,131,800.15	21.50
	707014810	Accounting and Financial services	65,468,500.00	30,127,612.80	46.02
	707024810	Financial Accounting and Reporting	134,297,426.00	7,484,608.35	5.57
	707034810	Budget Formulation and management	80,942,800.00	22,781,396.00	28.15
	707044810	Procurement services	8,211,432.00	1,738,183.00	21.17
Support, Co-ordination and Advisory services			74,111,105.00	16,734,011.90	22.58
	709014810	Support and Advisory services	61,707,756.00	12,566,073.00	20.36
	709024810	County Internal Audit services	12,403,349.00	4,469,069.70	36.03
County Public service and Administrative services			5,309,075,378.00	2,458,523,149.50	46.31
	712014810	County Administration	431,214,530.00	122,204,418.40	28.34
	712024810	Human Resource Management	4,877,860,848.00	2,336,318,731.10	47.90
General Administration and Support services			6,822,120.00	2,945,468.80	43.18
	713014810	Administrative Services	6,822,120.00	2,945,468.80	43.18
Alcoholics and Drinks Control			3,905,328.00	1,506,204.30	38.57
	716014810	Alcohol and Drug Rehabilitation Program	3,905,328.00	1,506,204.30	38.57
Investment promotion			19,300,965.00	9,498,180.60	49.21
	718014810	Investment promotion	19,300,965.00	9,498,180.60	49.21
Administration, Planning and Support services			21,308,600.00	8,725,366.65	40.95
	901014810	Administrative Services	21,308,600.00	8,725,366.65	40.95
Culture and Arts Development			14,152,000.00	5,758,942.00	40.69
	902014810	Culture and Heritage Conservation	14,152,000.00	5,758,942.00	40.69
Management And Development Of Sports And Sports Facilities			9,539,000.00	3,430,258.00	35.96
	903024810	Promotion and Development of Sports and Talent	9,539,000.00	3,430,258.00	35.96
Youth & Gender Development And Promotion Services			3,948,600.00	1,082,370.00	27.41

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Budget	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	904014810	Youth, Disability and Gender Empowerment and mainstreaming	3,948,600.00	1,082,370.00	27.41
Social Development And Promotions			8,701,800.00	3,875,390.30	44.54
	906014810	Social Development and Social Protection	4,789,800.00	2,471,152.30	51.59
	906024810	Child Welfare Services	3,912,000.00	1,404,238.00	35.90
Development of Library services			1,532,458.00	460,000.00	30.02
	908014810	Library services	1,532,458.00	460,000.00	30.02
Natural Resource Management			6,862,061.00	1,596,149.00	23.26
	1005014810	Afforestation and Re-afforestation	4,396,137.00	856,300.00	19.48
	1005024810	Protection of natural resources and environmental processes	2,465,924.00	739,849.00	30.00
Water and Sanitation Services			33,937,435.00	5,468,179.00	16.11
	1006014810	Water Resource Supply and management	33,937,435.00	5,468,179.00	16.11
Environmental conservation			7,599,937.00	3,442,452.00	45.30
	1007014810	Environmental Protection	7,599,937.00	3,442,452.00	45.30
County Assembly services			1,189,967,209.00	428,824,611.00	36.04
County Assembly services			1,189,967,209.00	428,824,611.00	36.04
Grand Total			8,930,928,803.00	3,567,954,055.00	39.95
Development Expenditure					
Livestock development			205,000,000	28,936,817	14.12
	101014810	Dairy Development	130,000,000	16,130,612	12.41
	101024810	Poultry development	10,000,000	-	-
	101034810	Livestock disease and pest prevention	35,000,000	9,884,675	28.24
	101044810	Livestock Market infrastructure Improvement	30,000,000	2,921,530	9.74
Fish Farming Productivity Programme			100,000,000	-	-
	102024810	Promotion of Fish Farming	100,000,000	-	-
Crop Production and Management Services			885,865,594	144,605,000	16.32
	103014810	Cash crop development	59,000,000	1,364,700	2.31
	103024810	Food crop production	450,000,000	131,654,300	29.26
	103034810	Crop pest and disease management	10,000,000	3,086,000	30.86
	103044810	Agricultural Extension and Research	366,865,594	8,500,000	2.32
Agricultural Extension and Research			10,000,000	4,958,478	49.58
	105014810	Training and demonstration	10,000,000	4,958,478	49.58
Cooperative Development			20,000,000	-	-
	106014810	Marketing and value addition	20,000,000	-	-
Land Management Services			116,000,000	19,540,992	16.85
	107014810	Land use policy and planning	75,000,000	12,148,336	16.20
	107024810	Land Administration and Planning	35,000,000	4,392,656	12.55
	107034810	Survey Services	6,000,000	3,000,000	50.00
Housing Management Services			159,000,000	-	-
	108014810	Housing Infrastructure development	9,000,000	-	-
	108024810	Slum Upgrading	150,000,000	-	-
Urban Development Service			285,478,457	20,012,531	7.01

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Budget	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	110014810	Urban Infrastructure Services	162,478,457	10,935,231	6.73
	110024810	Social Amenities and Sanitary Services	123,000,000	9,077,300	7.38
Road Infrastructure Development			1,009,063,965	347,931,577	34.48
	201014810	Road Maintenance	141,991,869	18,372,324	12.94
	201024810	Bridges Culverts Construction	42,072,096	5,618,415	13.35
	201034810	Road construction	825,000,000	323,940,838	39.27
Energy Reticulation			140,000,000	14,871,665	10.62
	203014810	Electrification.	90,000,000	14,871,665	16.52
	203024810	Renewable Energy	50,000,000	-	-
Trade Development and Investment			215,000,000	30,074,737	13.99
	307014810	Modern Market infrastructure development	215,000,000	30,074,737	13.99
Industrial development and investment			160,000,000	1,998,680	1.25
	309014810	Industrial Development and Promotion	160,000,000	1,998,680	1.25
Preventive and promotive services			110,000,000	-	-
	401064810	Maternal and child healthcare promotion	110,000,000	-	-
Promotion of Curative health services			1,221,007,606	170,541,200	13.97
	402014810	Health Infrastructure Development	1,096,007,606	141,820,926	12.94
	402024810	Primary medical health services	110,000,000	28,720,274	26.11
	402034810	Blood Transfusion Services	15,000,000	-	-
Vocational Education and Training development			319,950,930	7,022,950	2.20
	503014810	Polytechnic Support and Development	310,950,930	7,022,950	2.26
	503024810	Training Promotion and Development	9,000,000	-	-
Early Childhood Development Education (ECDE)			323,250,000	19,216,918	5.94
	504014810	ECD Infrastructure Development	261,000,000	19,216,918	7.36
	504024810	Childcare and development	62,250,000	-	-
Education Support Programme			14,000,000	3,547,505	25.34
	505024810	Non Tertiary Education Support	14,000,000	3,547,505	25.34
Polytechnic Improvement			143,385,000	-	-
	506014810	Polytechnic Tuition Subsidy	143,385,000	-	-
Support, Coordination and Advisory Services			4,950,000	-	-
	704014810	Legal Services	4,950,000	-	-
Information and communication services			199,000,000	45,903,737	23.07
	705014810	Information and communication services	199,000,000	45,903,737	23.07
Support, Co-ordination and Advisory services			19,000,000	-	-
	709014810	Support and Advisory services	17,000,000	-	-
	709024810	County Internal Audit services	2,000,000	-	-
County Public service and Administrative services			231,000,000	69,848,509	30.24
	712014810	County Administration	191,000,000	63,314,523	33.15
	712024810	Human Resource Management	40,000,000	6,533,986	16.33

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Budget	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Investment promotion			15,000,000	2,790,000	18.60
	718014810	Investment promotion	15,000,000	2,790,000	18.60
Administration, Planning and Support services			7,140,370	-	-
	901014810	Administrative Services	7,140,370	-	-
Culture and Arts Development			16,000,000	2,010,291	12.56
	902014810	Culture and Heritage Conservation	16,000,000	2,010,291	12.56
Management And Development Of Sports And Sports Facilities			765,484,656	345,639,475	45.15
	903014810	Development of Sports facilities	725,484,656	332,632,055	45.85
	903024810	Promotion and Development of Sports and Talent	40,000,000	13,007,421	32.52
Youth & Gender Development And Promotion Services			30,000,000	1,809,000	6.03
	904014810	Youth, Disability and Gender Empowerment and mainstreaming	30,000,000	1,809,000	6.03
Social Development And Promotions			121,000,000	11,475,617	9.48
	906014810	Social Development and Social Protection	121,000,000	11,475,617	9.48
Natural Resource Management			26,000,000	1,694,500	6.52
	1005014810	Afforestation and Re-afforestation	10,000,000	1,694,500	16.95
	1005024810	Protection of natural resources and environmental processes	16,000,000	-	-
Water and Sanitation Services			584,009,928	40,871,053	7.00
	1006014810	Water Resource Supply and management	584,009,928	40,871,053	7.00
Environmental conservation			32,214,479	3,786,680	11.75
	1007014810	Environmental Protection	32,214,479	3,786,680	11.75
County Assembly services			50,000,000	-	-
Grand Total			7,537,800,985	1,339,087,912	17.76
Total for Development and Recurrent			16,468,729,788	4,907,041,967	28.26

Source: Kakamega County Treasury

Programmes with high levels of implementation based on absorption rates were: Nutrition service Promotion at 75 per cent, Polytechnic Support and Development at 44.7 per cent, and Investment promotion at 49.2 per cent of the annual allocation.

3.12.13 Monitoring and Evaluation

The Office of the Controller of Budget (OCoB) sampled 26 projects from a list of projects implemented in FY 2018/19 and FY2019/20. The aim was to find out the status of implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, it was established that some project projects had achieved their intended objectives. These included: construction of dormitories in secondary schools which have reduced congestions; construction to Bitumen Standards of 13KM Soy-Kogo Road that currently serves several schools in the area and facilitate transportation of farm produce to Likuyani Market; construction of Mumias West Sub County Hospital; construction of Kambi Somali Market in Lurambi Sub-County; and construction of Bukhungu Stadium Phase II.

However, some challenges were observed that affected project implementation: These include: delays in completion of projects caused by non-payment of certificates raised by the contractors; budgeting and implementation of national government functions such as the construction of dormitory block at Musingu High School; inconsistent documentation of the project files; and Failure by the County Governments to pay wages and salaries for casual staffs for over 2 months especially in the health sector.

To address these challenges and improve budget implementation, the County Government should: ensure prompt payment to contractors to avoid the accumulation of pending bills; Ensure compliance with laws that govern implementation of national government functions; and ensure prompt payment for salaries for casual works to ensure seamless delivery of services, particularly in the Health Sector.

3.12.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs1.34 billion in the first half of FY 2021/22 from the annual development budget allocation of Kshs.7.54 billion. The development expenditure represented 17.8 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.402.13 million against an annual projection of Kshs.2.11 billion represents 19.1 per cent of the annual target.

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

- i. The County should identify and address issues causing delays in the implementation of development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.

3.13 County Government of Kericho

3.13.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.86 billion, comprising Kshs.3.85 billion (43.5 per cent) and Kshs.5.0 billion (56.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.43 billion (72.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.494.05 million (5.6 per cent) from own sources of revenue, and a cash balance of Kshs.1.22 billion (13.8 per cent) from FY 2020/21. The County also expects to receive Kshs.714.31 million (8.1 per cent) as conditional grants.

3.13.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.67 billion as the equitable share of the revenue raised nationally, raised Kshs.228.48 million as own-source revenue, Kshs.168.89 million as conditional grants, and had a cash balance of Kshs.453.65 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.28 billion, as shown in Table 3.67.

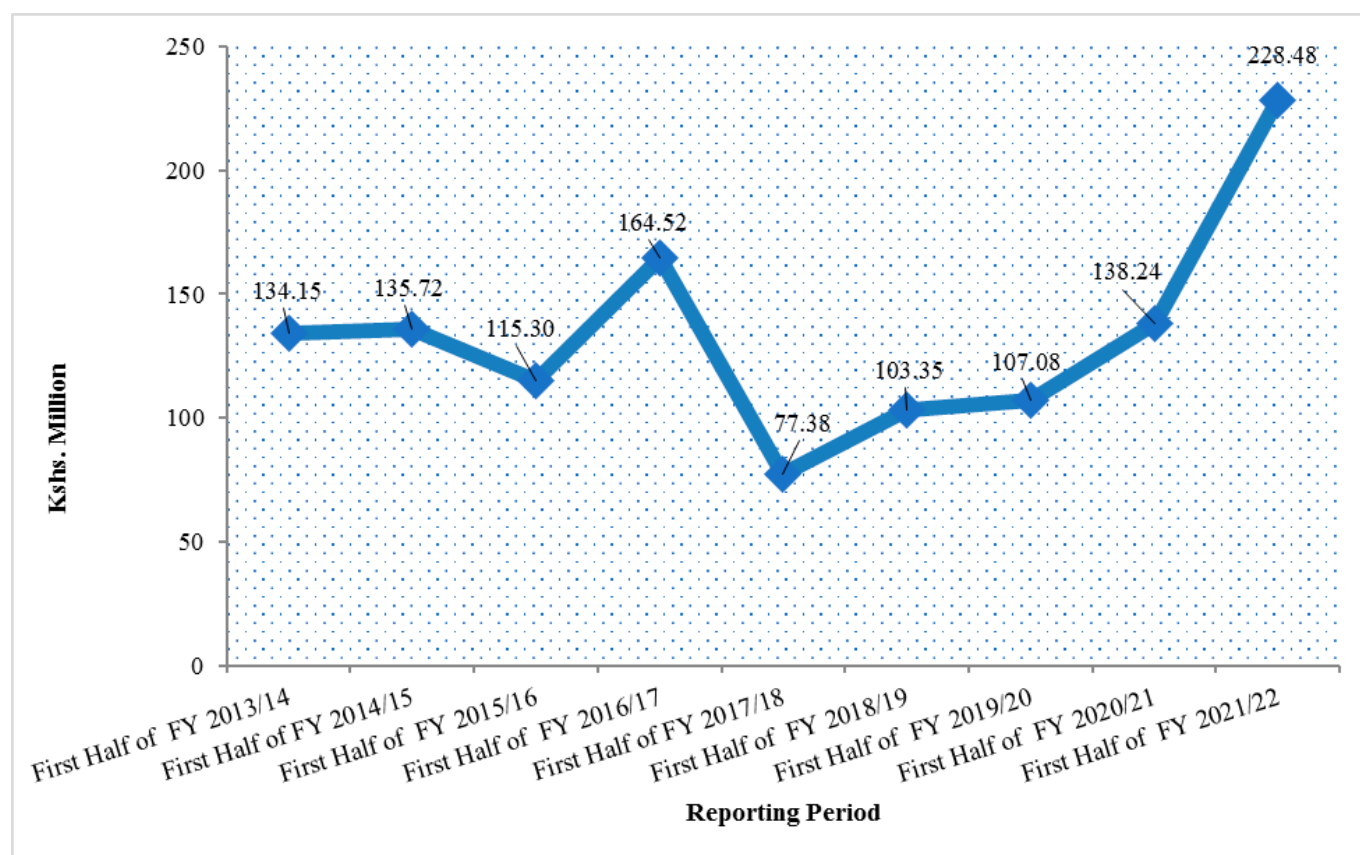
Table 3.67: Kericho County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,430,664,924	2,668,725,945	41.5
	Sub Total	6,430,664,924	2,668,725,945	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	494,054,000	228,484,650	46.2
2	Conditional Grants	714,305,960	168,886,445	23.6
3	Balance b/f from FY 2020/21	1,217,913,597	453,650,962	37.2
	Sub Total	2,426,273,557	851,022,057	35.1
	Grand Total	8,856,938,481	3,519,748,002	39.7

Source: Kericho County Treasury

Figure 3.22 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.22: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kericho County Treasury

In the first half of FY 2021/22, the County generated Kshs.228.48 million as own-source revenue. This amount represented an increase of 65.3 per cent compared to Kshs.138.24 million realised during a similar period in the first half of FY 2020/21 and was 46.2 per cent of the annual target. The increase is attributed to the full remission of revenues to the CRF compared to the previous period when the county spent at the source.

3.13.3 Exchequer Issues

The Controller of Budget approved Kshs.2.76 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.778.92 million (28.5 per cent) for development programmes and Kshs.1.97 billion (71.7 per cent) for recurrent programmes.

3.13.4 Overall Expenditure Review

The County spent Kshs.2.73 billion on development and recurrent programmes during the reporting period. This expenditure represented 99 per cent of the total funds released by the CoB and comprised of Kshs.776.90 million and Kshs.1.95 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.2 per cent, while recurrent expenditure represented 39 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.284.76 million and comprised of Kshs.213.52 million for recurrent expenditure and Kshs.71.24 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.137.89 million were settled, consisting of Kshs.66.65 million for recurrent expenditure and Kshs.71.24 million for development programmes.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.26 billion was spent on employee compensation, Kshs.688.53 million on operations and maintenance, and Kshs. 776.90 million on development activities, as shown in Table 3.68.

Table 3.68: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,284,113,686	719,729,804	1,644,063,814	307,933,549	38.4	42.8
Compensation to Employees	3,103,295,554	368,129,298	1,116,689,120	146,779,934	36	39.9
Operations and Maintenance	1,180,818,132	351,600,506	527,374,694	161,153,615	44.7	45.8
Development Expenditure	3,843,113,063	9,981,929	776,898,173	-	20.2	-
Total	8,127,226,749	729,711,732	2,420,961,987	307,933,549	29.8	42.2

Source: Kericho County Treasury

3.13.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 28.5 per cent of the first half proportional revenue of Kshs.4.43 billion.

The wage bill of Kshs.1.26 billion includes Kshs.707.78 million attributable to the health sector, which translates to 56.0 per cent of the total wage bill in the reporting period.

3.13.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.45 million to county established funds in FY 2021/22, which constituted 0.5 per cent of the County's overall budget for the year. Table 3.69 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.69: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Kericho County Emergency Fund	20,000,000	-	50,659,712	-	-	√
2.	Kericho County Exe Staff Mortgage Fund	10,000,000	-	8,648,891	-	-	√
3.	Kericho County Exe Staff Car Loan Fund	-	-	-	-	-	√
4.	Kericho County Enterprise Fund	-	-	-	-	-	√
5.	Kericho County Alcoholic Drinks Control Fund	-	-	-	-	-	√
6.	Kericho County Assembly Car Loan and Mortgage Fund	-	15,000,000	-	-	-	√
7.	Agricultural Development Fund (ADF)	-	-	-	-	-	√
Total		30,000,000	15,000,000	59,308,603			

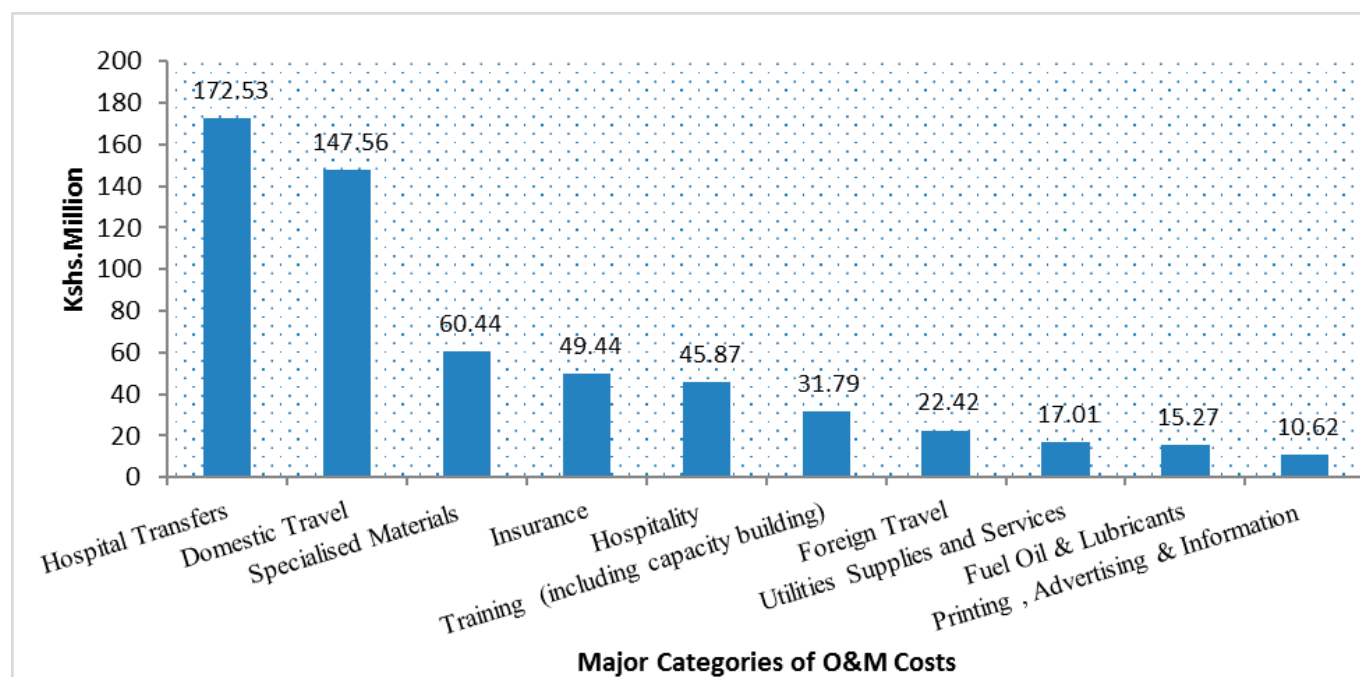
Source: Kericho County Treasury

The OCoB did not receive any quarterly financial returns from the Fund Administrators of all established funds, as indicated in Table 3.69.

3.13.9 Expenditure on Operations and Maintenance

Figure 3.23 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.23: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: Kericho County Treasury

The County spent Kshs.16.13 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.73.17 million. The average monthly sitting allowance was Kshs.56,020 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.147.56 million and comprised Kshs.82.20 million spent by the County Assembly and Kshs.65.36 million by the County Executive. Expenditure on foreign travel amounted to Kshs.22.56 million and comprised of Kshs.22.42 million by the County Assembly and Kshs.136,171 by the County Executive.

3.13.10 Development Expenditure

The County incurred Kshs.776.90 million on development programmes, which represented an increase of 78.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.434.92 million. Table 3.70 summarises development projects with the highest expenditure in the reporting period.

Table 3.70: Kericho County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Rehabilitation and Construction of Kimologit Water Supply Project	Kamasian	186,289,133	44,234,554	23.7
2	Rehabilitation and Construction of Kapkures Water Supply Project	Chilchila	87,417,116	40,365,191	46.2
3	Supply and Delivery Of 3 Fully Equipped Ambulances	Kericho County Referral Hospital	28,590,000	28,590,000	100.0
4	Proposed erection and completion of a modern market is at Sondu trading Centre	Kaplelartet	128,945,229	15,676,219	12.2
5	Construction of Kipkobob Water Supply Project	Chemosot Ward	11,868,160	11,868,160	100.0
6	Rehabilitation and extension of Kiptunoi water supply project	Kapsoit	35,787,775	11,753,932	32.8
7	Excavation, grading, gravelling and compaction of Kapkurin-Kabirong -Chesonoi-Kapkwen rd 6km	Kunyak	8,578,680	8,578,680	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
8	Excavation, grading, gravelling and compaction of Barno-Kimout primary school-Kimout centre road 3km, Sudan Kapraplino rd 0.3km, Kiplangat-Chepkoiyo-Kapkiondo rd 1.3km, Kapsenda Dispensary-Kerich -Kutu road 1.7km, Marindany-Lalangbek primary school road 1.6km	Londiani	8,172,396	8,172,396	100
9	Excavation, grading, gravelling and compaction of Free Pentecost church-Kiprengwe-Kapchelu-le road; Cattle dip-Miti Moja road	Kidowa/Kimugul Ward	7,602,908	7,602,908	100
10	Excavation, grading, gravelling and compaction of Chepsir-Kipkeremwo rd 5.7km, Monori-Sailo rd 2km	Chepseon	7,475,676	7,475,676	100

Source: Kericho County Treasury

3.13.11 Budget Performance by Department

Table 3.71 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.71: 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 Services	719.73	9.98	308	-	307.93	-	100	-	42.8	-
Public Service & Administration	395.34	29.75	148.37	-	147.37	-	99.3	-	37.3	-
Office of the Governor & Deputy governor	119.14	-	59.69	-	56.69	-	95	-	47.6	-
County Public Service Board	57.39	-	24.49	-	24.29	-	99.2	-	42.3	-
Finance & Economic Planning	322.26	771.05	112.01	107.34	112.01	107.34	100	100	34.8	13.9
Health Services	2,238.78	433.37	962.21	61.99	952.21	57.53	99	92.8	42.5	13.3
Agriculture, Livestock & Fisheries	168.54	469.1	64.98	34.71	64.98	35.07	100	101	38.6	7.5
Education, Youth Affairs, Culture & Social Services	541.63	144.95	111.49	42.35	105.49	45.41	94.6	107.2	19.5	31.3
Public Works, Roads & Transport	91.06	1,304.01	40.99	336.96	39.99	322.21	97.6	95.6	43.9	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
Trade, Industrialization, Tourism, Cooperative Management & Wildlife	70.96	71.1	25.95	1.89	25.95	1.89	100	100	36.6	2.7
Water, Energy, Natural Resources & Environment	123.49	423.02	53.93	190.97	51.93	194.71	96.3	102	42.1	46
Land, Housing & Physical Planning	92.2	158.17	49.31	2.72	46.31	12.74	93.9	468.4	50.2	8.1
Information, Communication & E-Government	63.32	38.59	16.84	-	16.84	-	100	-	26.6	-
Total	5,003.84	3,853.09	1,978.27	778.93	1,952	776.9	98.7	99.7	39	20.2

Source: Kericho County Treasury

Analysis of expenditure by the departments shows that the Department of Water, Energy, Natural Resources & Environment recorded the highest absorption rate of development budget at 46.0 per cent while the Department of Information, Communication & E-Government did not report any expenditure on development activities. The Department of Land, Housing & Physical Planning had the highest percentage of recurrent expenditure to budget at 50.2 per cent, while the Department of Education, Youth Affairs, Culture & Social Services had the lowest at 19.5 per cent.

3.13.12 Budget Execution by Programmes and Sub-Programmes

Table 3.72 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

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

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
County Coordination Services	County Coordination Services	119,141,040	56,686,127	62,454,913	47.58%
Public Sector Advisory Services	Economic And Social Advisory Service	-	-	-	0.00%
Total		119,141,040	56,686,127	62,454,913	47.58%
Department: Finance And Economic Planning					
Administration, Planning And Support Services.	Administration Services.	456,119,990	151,740,473	304,379,518	33.27%
Administration, Planning And Support Services.	Monitoring Budget Implementation And Reporting	36,325,639	20,582,031	15,743,609	56.66%
Public Finance Management	Budget Formulation Co-ordination And Management	590,919,010	57,344,021	533,574,989	9.70%
Audit Services	County Audit	9,950,000	4,081,797	5,868,204	41.02%
Total		1,093,314,639	233,748,321	859,566,318	21.38%
Department: Agriculture, Livestock And Fisheries					
Policy, Strategy And Management Of Agriculture	Development Of Agricultural Policy, Legal & Regulatory Framework.	31,611,814	13,415,877	18,195,937	42.44%
Crop Development And Management	Agriculture Extension Services	526,206,615	125,121,898	401,084,717	23.78%
Livestock Resource Management And Development	Livestock Disease Management And Control.	15,322,657	6,400,137	8,922,520	41.77%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Livestock Resource Management And Development	Livestock Production And Extension Services	57,012,363	32,576,467	24,435,896	57.14%
Fisheries Development	Management And Development Of Capture Fisheries	7,486,760	2,036,320	5,450,440	27.20%
Total		637,640,209	179,550,698	458,089,511	28.16%
Department: Water, Energy, Natural Resources And Environment					
Environment Policy Development And Coordination	Planning Coordination Policy And Administrative Services	116,175,687	51,926,855	64,248,832	44.70%
Water Supply Services	Rural Water Supply	430,331,606	194,711,436	235,620,170	45.25%
Total		546,507,293	246,638,291	299,869,002	45.13%
Department: Education, Youth Affairs, Culture And Social Services					
General Administration & Planning Services.	Policy Development And Administration	327,616,091	65,633,203	261,982,888	20.03%
Basic Education	Early Childhood Development Education	280,822,145	80,641,480	200,180,665	28.72%
Gender And Social Development	Social Welfare Services/Social Infrastructure Development	22,234,999	1,665,420	20,569,579	7.49%
Youth Development And Empowerment Services	Youth Development (Yp) Training	55,909,040	14,396,451	41,512,589	25.75%
Total		686,582,275	162,336,554	524,245,721	23.64%
Department: Health Services					
Curative Health	Administration And Planning	1,357,416,458	465,382,522	892,033,936	34.28%
Curative Health	Hospital (Curative)Services				
Preventive And Promotive Health	Preventive Medicine And Promotive Health	1,314,727,818	561,830,457	752,897,361	42.73%
Total		2,672,144,276	1,027,212,979	1,644,931,297	38.44%
Department: Lands, Housing And Physical Planning					
Administration And Support Services	General Administration And Planning	47,218,786	18,009,314	29,209,472	38.14%
Housing Development And Human Resource	Housing Development	72,308,710	11,265,500	61,043,210	15.58%
Land Policy And Planning	Development Planning And Land Reforms	123,741,319	26,753,406	96,987,913	21.62%
Land Policy And Planning	Land Use Planning	7,102,443	3,020,141	4,082,302	42.52%
Total		250,371,258	59,048,361	191,322,897	23.58%
Department: Public Works, Roads And Transport					
Transport Management And Safety	General Administration Planning And Support Services	73,750,000	30,204,539	43,545,461	40.96%
Infrastructure, Roads And Transport	Rehabilitation Of Road	1,294,274,529	351,354,842	942,919,687	27.15%
Infrastructure, Roads And Transport	Maintenance Of Roads And Bridges/Periodic Maintenance	27,040,317	9,790,404	17,249,913	36.21%
Total		1,395,064,846	391,349,785	1,003,715,061	28.05%
Department: Trade, Industrialisation, Tourism, Wildlife And Cooperative Management					
Trade Development And Investment	Fair Trade Practices And Consumer Protection (Weight & Measures)	83,419,391	12,238,699	71,180,692	14.67%
Trade Development And Investment	Administrative And Support Services.	16,125,061	8,642,689	7,482,372	53.60%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Cooperative Development And Management	Cooperative Advisory & Extension Services.	32,516,870	6,959,616	25,557,254	21.40%
Tourism Development And Marketing	Local Tourism Development.	10,000,000	-	10,000,000	0.00%
Total		142,061,322	27,841,005	114,220,317	19.60%
Department: ICT And E-Government					
Information & Communication Service	News And Information Services	63,324,799	12,284,457	51,040,342	19.40%
Information & Communication Service	ICT And BPO Development Services	38,593,934	4,560,295	34,033,639	11.82%
Total		101,918,733	16,844,752	85,073,981	16.53%
Department: County Public Service Board					
Administration Of Human Resources And Public Service	Establishment, Appointment, Discipline And Board Management.	57,386,254	24,287,952	33,098,302	42.32%
Total		57,386,254	24,287,952	33,098,302	42.32%
Department: Public Service Management					
Administration Of Human Resources And Public Service	General Administration, Planning And Support Services	309,331,290	99,935,180	209,396,110	32.31%
Administration Of Human Resources And Public Service	Human Resource Development	115,763,313	47,432,153	68,331,160	40.97%
Total		425,094,603	147,367,333	277,727,270	34.67%
Department: County Assembly					
Administration Of Human Resources And Public Service	General Administration, Planning And Support Services	407,091,170	204,807,302	202,283,868	50.31%
Legislative Services		309,716,706	100,150,375		
Administration Of Human Resources And Public Service	Human Resource Development	12,903,857	2,975,872	9,927,985	23.06%
Total		729,711,733	307,933,549	212,211,853	42.20%
County Executive Grand Total		8,856,938,481	2,880,845,706	5,766,526,444	32.53%

Source: Kericho County Treasury

Programmes with high levels of implementation based on absorption rates were: Livestock Resource Management and Development in the Department of Agriculture, Livestock and Fisheries at 57.1 per cent, Administration, Planning and Support Services in the Department of Finance and Economic Planning at 56.7 per cent, and Trade Development and Investment in the Department of Trade at 53.6 per cent budget allocation.

3.13.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered 27 projects that were implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team identified some projects that were well implemented and have achieved the desired objectives. These include: Sosiot Water Supply Project that serves an estimated 560 households in Waldai Ward; and oxygen piping for the new maternity and newborn unit at Kapkatet Sub County Hospital.

However, some projects have not achieved the intended objectives because they are either incomplete, stalled or had other challenges. These include: Kipsitet Maternal Child Health Centre, which has stalled due to un-procedural changes to the scope of work during the implementation phase; delayed completion of Kapkures Water Project in Kipkelion West Sub-County due to land disputes and poor project feasibility; and evidence of poor quality on the Agriculture Office Block in Londiani. Other issues of concern that were noted included stalled projects attributed to delays in making interim payments for completed work; and the slow pace of implementation occasioned by the decision of the County Government to initiate new projects against a backdrop of limited budgetary resources.

To address these challenges and improve budget implementation, the Controller of Budget recommends that proper feasibility studies should be carried out before commencement of a project to ensure prudent use of resources; strengthen project supervision during the implementation phase; ensure prompt payment to the contractor for completed work, and ensure ongoing projects are completed before embarking on new ones.

3.13.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County 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.776.90 million in the First Half of FY 2021/22 from the annual development budget allocation of Kshs.3.85 billion. The development expenditure represented 20.2 per cent of the annual development budget.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

3.14 County Government of Kiambu

3.14.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.16.22 billion, comprising Kshs.4.79 billion (29.5 per cent) and Kshs.11.42 billion (70.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.72 billion (72.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.3.88 billion (23.9 per cent) from its own sources of revenue. The County expects to also receive Kshs.615.64 million (3.8 per cent) as conditional grants, which consists of Transforming Health Systems for Universal Care Project (WB) Kshs.11.43 million, National Agricultural and Rural Inclusive Growth Project (NAGRIP) Kshs.402.84 million, Kenya Devolution Support Project (KDSP) Level 2 Grant Kshs.73.73 million, DANIDA Grant Kshs.20.90 million, Sweden - Agricultural Sector Development Support Programme (ASDSP) II Kshs.30.34 million, Kenya Informal Settlement Improvement Project (KISIP II) Kshs.50 million, and Kshs.26.40 million from the MSF Belgium.

3.14.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.4.86 billion as the equitable share of the revenue raised nationally, raised Kshs.1.30 billion as own-source revenue, and Kshs.73.73 million as conditional grants. The County had no cash balances from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.24 billion, as shown in Table 3.73.

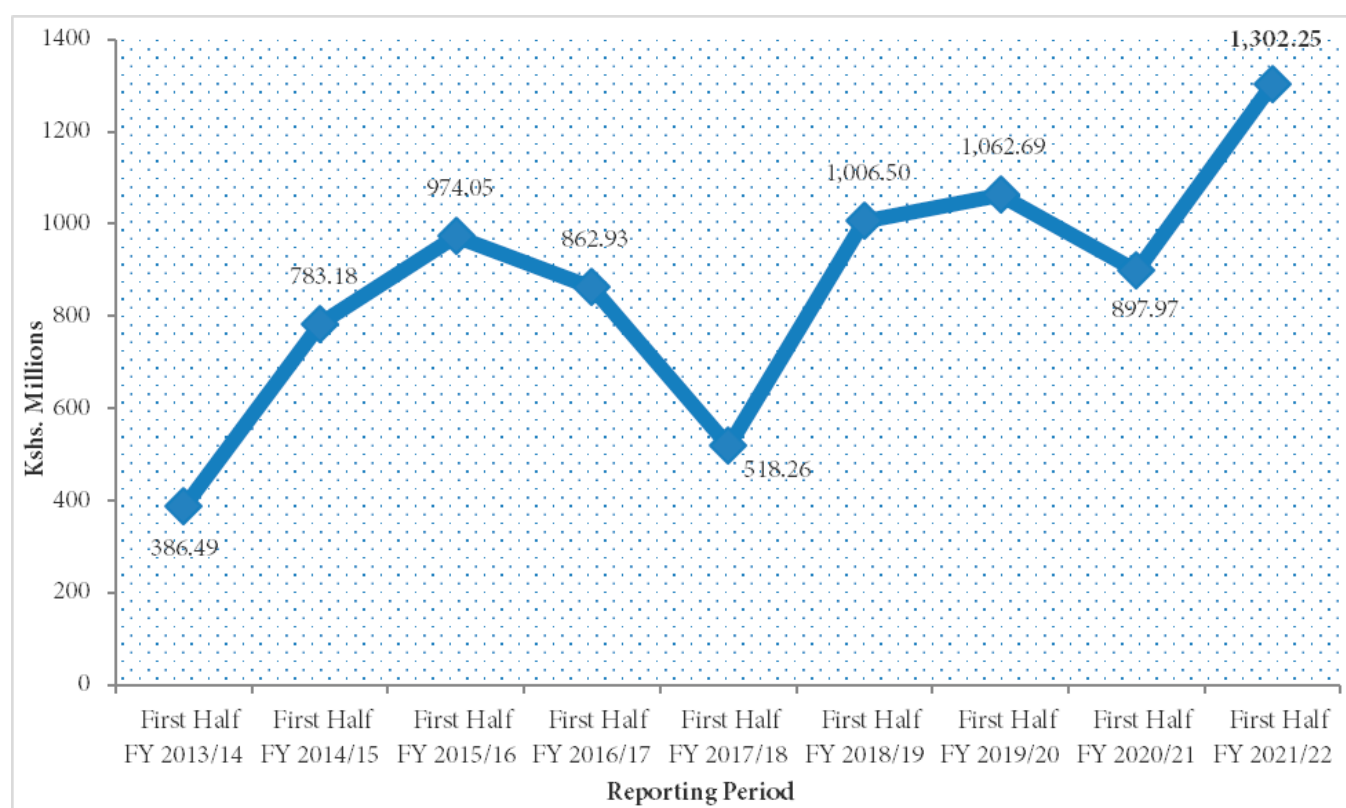
Table 3.73: Kiambu County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,717,525,720	4,862,773,174	41.5
Sub Total		11,717,525,720	4,862,773,174	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	3,883,303,882	1,302,250,932	33.5
2.	Conditional Grants	589,239,254	73,731,600	12.5
3.	Other Revenues	26,400,000	-	-
Sub Total		4,498,943,136	1,375,982,532	30.6
Grand Total		16,216,468,856	6,238,755,706	38.5

Source: Kiambu County Treasury

Figure 3.24 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.24: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kiambu County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.1.30 billion as own-source revenue. This amount represented an increase of 45 per cent compared to Kshs.897.97 million realised during a similar period in the first half of FY 2020/21 and was 33.5 per cent of the annual target.

The County has implemented an automated revenue management system referred to as Kiambu-Pay. The significant increase in revenue performance is attributed to the introduction of cashless methods of payment that helped in sealing loopholes at both sub-counties and hospitals, emphasis on the principal revenue collection streams, e.g. physical planning, land rates, vehicle parking, hospital fees, and/or business permits etc., creation of various task forces in supervising, analysing and reporting on revenue collection processes, and public sensitisation on the importance of revenue payment including reminders through sending of bulk SMS.

3.14.3 Exchequer Issues

The Controller of Budget approved Kshs.6.98 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.339.64 million (4.9 per cent) for development programmes and Kshs.6.64 billion (95.1 per cent) for recurrent programmes.

3.14.4 Overall Expenditure Review

The County spent Kshs.4.56 billion on development and recurrent programmes during the reporting period. This expenditure represented 65.3 per cent of the total funds released by the CoB and comprised of Kshs.291.24 million and Kshs.4.27 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.1 per cent while recurrent expenditure represented 37.4 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.5.53 billion and comprised of Kshs.2.96 billion for recurrent expenditure and Kshs.2.67 billion for development expenditure.

During the period under review, pending bills amounting to Kshs.408.80 million were settled, consisting of Kshs.199.83 million for recurrent expenditure and Kshs.208.96 million for development programmes. Outstanding pending bills as of 31st December 2021 amounted to Kshs.5,117.80 million.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.10 billion was spent on employee compensation, Kshs.1.18 billion on operations and maintenance, and Kshs.291.24 million on development activities, as shown in Table 3.74.

Table 3.74: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,424,591,743	1,256,180,907	3,645,793,168	625,923,768	0.36	0.50
Compensation to Employees	7,323,042,355	513,852,971	2,787,938,778	308,446,621	38.1	60
Operations and Maintenance	4,101,549,388	742,327,936	857,854,390	317,477,147	30.2	42.8
Development Expenditure	4,791,877,113	90,000,000	291,235,870	-	6.2	-
Total	16,216,468,856	1,346,180,907	3,937,029,038	625,923,768	26.5	0.5

Source: Kiambu County Treasury

3.14.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 38.2 per cent of the first half proportional revenue of Kshs.8.11 billion.

The wage bill of Kshs.3.10 billion includes Kshs.1.85 billion attributable to the health sector, which translates to 59.7 per cent of the total wage bill in the reporting period.

3.14.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.273.80 million to county established funds in FY 2021/22, which constituted 1.7 per cent of the County's overall budget for the year. Table 3.75 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.75: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Kiambu County Assembly Car loan & Mortgage Scheme Fund	-	-	-	44,400	Yes	-
2.	Kiambu County Assembly Staff Mortgage Scheme Fund	-	50,000,000	-	180,665	Yes	-

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
3.	Kiambu Alcoholic Drinks Control Fund	31,300,000	-	-	-	Yes	-
4.	Kiambu County Education Bursary Fund	150,000,000	-	91,967,208	-	Yes	-
5.	Kiambu County Emergency Fund	30,000,000	-	-	-	Yes	-
6.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	12,500,000	-	168,120	-	Yes	-
Total		223,800,000	50,000,000	92,135,328	225,065		

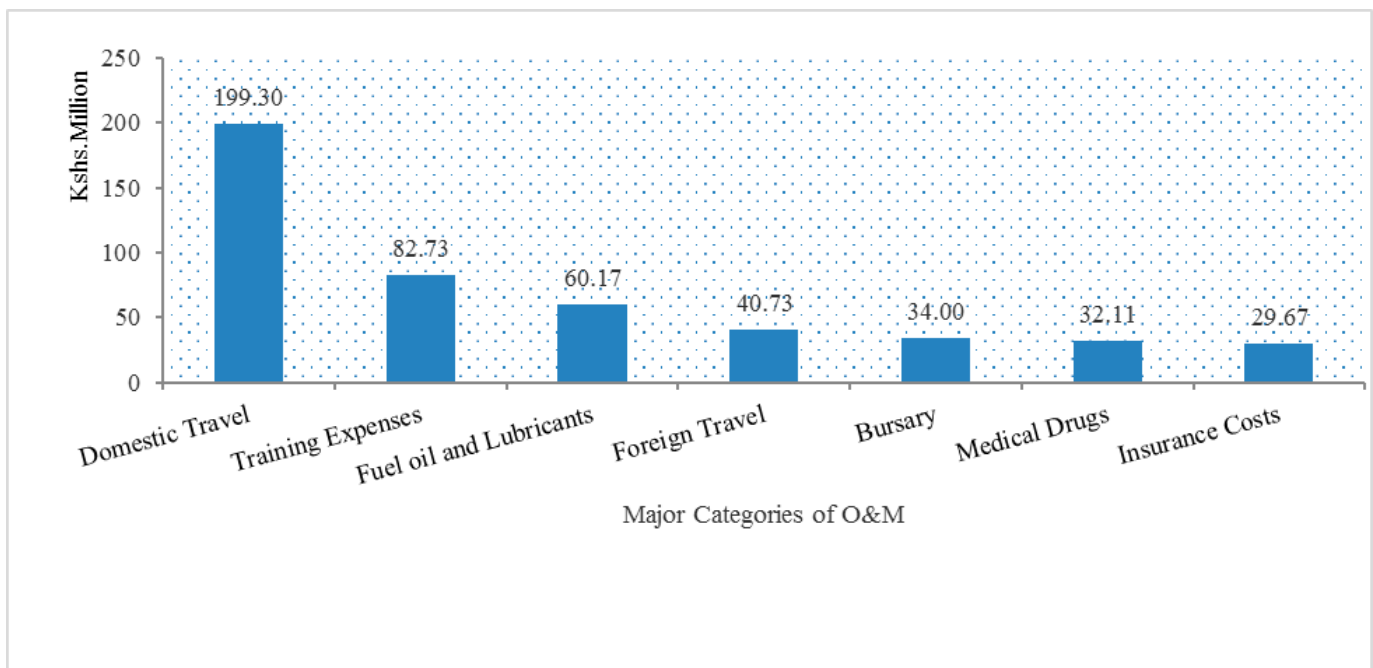
Source: Kiambu County Treasury

From the six-county established public funds, the OCoB received quarterly financial returns from administrators of 6 funds, as indicated in Table 3.75.

3.14.9 Expenditure on Operations and Maintenance

Figure 3.25 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.25: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: Kiambu County Treasury

The County spent Kshs.21.98 million on committee sitting allowances for the 93 MCAs and Speaker against the annual budget allocation of Kshs.120 million. The average monthly sitting allowance was Kshs.39,389 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.199.30 million and comprised Kshs.156.01 million spent by the County Assembly and Kshs.43.29 million by the County Executive. Spending on foreign travel amounted to Kshs.40.73 million and consisted of Kshs.40.58 million by the County Assembly and Kshs.0.15 million by the County Executive.

3.14.10 Development Expenditure

The County incurred Kshs.291.24 million on development programmes, which represented a significant decrease of 68.7 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.929.29 million. Table 3.76 summarises development projects with the highest expenditure in the reporting period.

Table 3.76: Kiambu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Rehabilitation of Rural Access Roads(195.7KM)	All wards	426,000,000	34,162,267	8.02
2	Purchase and distribution of Certified Sunflower Seeds, Canola Seeds, Maize, Beans & Potato Minitubers,	All wards	70,000,000	26,300,000	37.57
3	Construction of Juja sub-county offices	Juja	49,459,500	25,355,890	51.27
4	Construction of level 4 hospital at Bibirioni	Limuru	285,999,364	23,366,324	8.17
5	Street lighting installation (1134 No)	All wards	161,024,000	10,532,176	6.54
6	Thogoto -Ndaire Road	Kikuyu	181,452,510	10,000,000	5.51
7	Construction of Market Shed, Office Ablution Block	Ririoni	12,700,000	9,200,511	72.44
8	Construction of Kiambu Sub-County Offices	Kiambu	15,356,330	7,177,673	46.74
9	Proposed Rehabilitation Kirigiti Talent Academy	Kiambu	18,000,000	6,000,000	33.33
10	Construction of Toilet block in Juja Farm	Juja	4,782,679	4,782,679	100.00

Source: Kiambu County Treasury

3.14.11 Budget Performance by Department

Table 3.77 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.77: 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	1,256.18	90.00	625.92	-	625.92	-	100	-	49.8	-
County Executive	341.58	-	181.20	-	112.93	-	62.3	-	33.1	-
County Public Service Board	62.10	-	36.09	-	14.14	-	39.2	-	22.8	-
Finance & Economic Planning & ICT	1,412.25	203.73	808.12	73.73	407.83	-	50.5	-	28.9	-
Administration & Public Service	835.99	31.00	441.08	3,756.24	258.16	3.76	58.5	100	30.9	12.1
Agriculture, Livestock and Fisheries	463.16	837.53	277.64	53.74	99.52	63.67	35.8	118.5	21.5	7.6
Water, Environment & Natural Resources	341.52	293.00	196.98	44.04	94.75	22.99	48.1	52.2	27.7	7.8
Health Services	4,874.44	821.64	2,994.69	74.08	2,117.14	75.37	70.7	101.7	43.4	9.2
Education, Culture & Social Services	971.20	233.97	518.58	0.90	299.36	0.50	57.7	55.4	30.8	0.2
Youth & Sports	111.25	175.54	86.18	6.57	41.31	-	47.9	-	37.1	-
Lands, Physical Planning & Housing	214.66	280.00	126.06	11.30	48.21	11.30	38.2	100	22.5	4.0
Trade, Tourism, Industry & Co-Operative	145.50	386.10	89.12	23.99	39.53	24.74	44.4	103.1	27.2	6.4
Roads, Transport & Public Works	394.76	1,439.37	261.19	47.53	112.89	15.19	43.2	32.0	28.6	1.1
TOTALS	11,424.59	4,791.88	6,642.87	339.64	4,271.72	291.24	64.3	85.7	37.4	6.1

Source: Kiambu County Treasury

Analysis of expenditure by the departments shows that the Department of Administration and Public Service recorded the highest absorption rate of development budget at 12.1 per cent while the Department of Finance and Economic Planning; Youth and Sports; and County Assembly did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 49.8 per cent, while the Department of Agriculture, Livestock and Fisheries had the lowest at 21.5 per cent.

3.14.12 Budget Execution by Programmes and Sub-Programmes

Table 3.78 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.78: Kiambu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
County Assembly					
Legislation and Oversight services		670,400,000	379,626,392	290,773,608	56.63
	Legislation and Oversight services	670,400,000	379,626,392	290,773,608	56.63
Representation services		152,250,000	72,685,298	79,564,702	47.74
	Representation services	152,250,000	72,685,298	79,564,702	47.74
General Administration and support services		523,530,907	173,612,078	349,918,829	33.16
	General Administration and support services	523,530,907	173,612,078	349,918,829	33.16
	Sub-Total	1,346,180,907	625,923,768	720,257,139	46.50
County Executive					
General Administration and Support Services		282,967,488	100,662,048	182,305,440	35.57
	Administration	282,967,488	100,662,048	182,305,440	35.57
	County attorney	58,613,503	12,270,371	46,343,132	20.93
	County attorney	58,613,503	12,270,371	46,343,132	20.93
	Sub-Total	341,580,991	112,932,419	228,648,572	33.06
County Public Service Board					
Leadership and Admin of HR mgmt. and dev in County Public Service		62,096,211	14,142,201	47,954,010	22.77
	Human Resource development and management services	62,096,211	14,142,201	47,954,010	22.77
	Sub-Total	62,096,211	14,142,201	47,954,010	22.77
Finance & Economic Planning and ICT					
Public Finance Management and Economic Policy and Strategy		1,615,986,168	481,557,227	1,134,428,941	29.80
	General Administration and support services	1,442,721,545	331,951,462	1,110,770,083	23.01
	financial management services	165,264,623	147,653,594	17,611,029	89.34
	Economic planning services	8,000,000	1,952,171	6,047,829	24.40
	Sub-Total	1,615,986,168	481,557,227	1,134,428,941	29.80
Administration and Public Service					
Admin & Co-ord of county affairs, HR Dev, Mngt, Capacity Building		19,121,529	3,756,241	15,365,288	19.64
	Human resource development and management	19,121,529	3,756,241	15,365,288	19.64
General Administration Planning and Support Services		847,866,812	258,162,415	589,704,397	30.45
	Economic Planning Co-ordination services	847,866,812	258,162,415	589,704,397	30.45
	Sub-Total	866,988,341	261,918,656	605,069,685	30.21
Agriculture, Livestock and Fisheries					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Crop, Livestock and Fisheries Development and Management		1,300,689,749	163,188,843	1,137,500,906	12.55
	Crop production and management	440,662,497	63,667,189	376,995,308	14.45
	Livestock resource management and development	73,000,000	0	73,000,000	-
	Fisheries Development	15,000,000	0	15,000,000	-
	Administrative and Planning services	772,027,252	99,521,654	672,505,598	12.89
	Sub-Total		1,300,689,749	163,188,843	1,137,500,906
Water, Environment and Natural Resources					
Water Resources Mngt, Environment Protection and Conservation		293,000,000	22,990,078	270,009,922	7.85
	Environmental management	59,000,000	9,000,000	50,000,000	15.25
	Water provision and management	224,000,000	12,270,078	211,729,922	5.48
	Natural Resources conservation and Management	5,000,000	1,720,000	3,280,000	34.40
	Renewable Energy and Climate Change	5,000,000	0	5,000,000	-
General Administration and Support Services		341,523,466	94,753,108	246,770,358	27.74
	General Administration and Support Services	341,523,466	94,753,108	246,770,358	27.74
	Sub-Total	634,523,466	117,743,186	516,780,280	18.56
Health Services					
Curative and preventive health care services		821,636,481	0	821,636,481	-
	Health curative services	821,636,481	0	821,636,481	-
	Administration, Planning and Support Services	4,212,282,316	1,905,720,350	2,306,561,966	45.24
	General Administration and Support Services	4,212,282,316	1,905,720,350	2,306,561,966	45.24
Preventive Health Services		46,333,390	1,467,251	44,866,139	3.17
	Community Health Services	46,333,390	1,467,251	44,866,139	3.17
Curative and Rehabilitative Health Services		535,824,221	254,154,694	281,669,527	47.43
	County Hospital Infrastructure	535,824,221	254,154,694	281,669,527	47.43
County Pharmaceutical Services		80,000,000	31,168,472	48,831,528	38.96
	Pharmaceutical and Non-Pharmaceutical supplies	80,000,000	31,168,472	48,831,528	38.96
	Sub-Total	5,696,076,408	2,192,510,767	3,503,565,641	38.49
Education, Culture and Social Services					
Pre-primary Education, Promotion of Culture; ICT and social Services		233,969,788	498,190	233,471,598	0.21
	Pre-primary education and youth polytechnics services	233,969,788	498,190	233,471,598	0.21
General Administration and Support Services		730,202,219	262,916,701	467,285,518	36.01
	General Administration and support Services	730,202,219	262,916,701	467,285,518	36.01
Pre-primary Education, Vocational Education and Training		235,000,000	35,904,596	199,095,404	15.28

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	Early Childhood Development	235,000,000	35,904,596	199,095,404	15.28
	Sub-Total	1,205,172,007	299,862,287	905,309,720	24.88
Youth and Sports					
Promotion and Development of Sports; Youth services		275,267,814	41,312,698	233,955,116	15.01
	General administration and support services	275,267,814	41,312,698	233,955,116	15.01
ICT Services		11,526,320	0	11,526,320	-
	ICT Services	11,526,320	0	11,526,320	-
	Sub-Total	286,794,134	41,312,698	245,481,436	14.41
Lands, Physical Planning and Housing					
Land Management and Physical Planning; & Housing Development		472,070,216	48,214,802	423,855,414	10.21
	Land Management and Physical Planning	342,070,216	36,564,916	305,505,300	10.69
	Housing Development	130,000,000	11,649,886	118,350,114	8.96
Municipal Administration & Urban Development		22,589,438	11,298,648	11,290,790	50.02
	Municipal Administration and Urban Development	22,589,438	11,298,648	11,290,790	50.02
	Sub-Total	494,659,654	59,513,450	435,146,204	12.03
Trade, Tourism, Industry and Co-operatives					
Industrial, Investments, Tourism, Trade and Cooperative Development		531,600,912	64,266,546	385,915,176	12.09
	Trade Administration	113,750,000	32,330,810	0	28.42
	Trade, Industrial Development and Investments	294,705,000	28,342,541	266,362,459	9.62
	Tourism Development and Promotion	16,500,000	0	16,500,000	-
	Cooperative Development and promotion	66,547,334	3,593,195	62,954,139	5.40
	Enterprise Development	35,000,000	0	35,000,000	-
	Investment Development	5,098,578	0	5,098,578	-
	Sub-Total	531,600,912	64,266,546	385,915,176	12.09
Roads, Transport and Public Works					
Administration, planning & support Services		394,755,348	112,892,856	281,862,492	28.60
	General Administration and Support services	394,755,348	112,892,856	281,862,492	28.60
Road Transport		1,439,374,561	15,187,903	1,424,186,658	1.06
	Construction of Roads and Bridges	1,439,374,561	15,187,903	1,424,186,658	1.06
	Sub-Total	1,834,129,909	128,080,759	1,706,049,150	6.98
Grand-Total		16,216,478,857	4,562,952,807	11,572,106,860	28.1

Source: Kiambu County Treasury

Programmes with high levels of implementation based on absorption rates were: Legislative and oversight Services in the County Assembly at 56.6 per cent, Municipal administration and Urban development in the Department of Lands, Physical Planning and Housing at 50.0, Representation Services in the County Assembly at 47.7 per cent, and Curative and Rehabilitative Health services in the Department of Health Services at 47.4 per cent.

3.14.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.291.24 million in the first half of

FY 2021/22 from the annual development budget allocation of Kshs.4.79 billion. The development expenditure represented 6.1 per cent of the annual development budget.

2. High wage bill. Expenditure on employee compensation was 38.2 per cent of the first half proportional revenue of Kshs.8.11 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.1.30 billion against an annual projection of Kshs.3.88 billion, representing 33.5 per cent of the annual target.
4. High pending bills. The County settled pending bills worth only Kshs.408.80 million out of the total reported outstanding pending bills as of 30th June 2021 of Kshs.5.53 billion. The unpaid pending bills as of 31st December 2021 amounted to Kshs.5.12 billion, which accounts for 31.6 per cent of the FY 2021/22 approved budget.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. The County should prioritise settlement of pending bills in the remaining period of the financial year. Further, the County Leadership should finalise the internal verification process of pending bills to ensure all eligible bills are cleared without delay.

3.15 County Government of Kilifi

3.15.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.14.87 billion, comprising Kshs.5.81 billion (39.1 per cent) and Kshs.9.06 billion (60.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.64 billion (78.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.925 million (6.2 per cent) from own sources of revenue, Kshs.153.3 million (1 per cent) as other revenues, and receive Kshs.2.15 billion (14.5 per cent) as conditional grants. The conditional grants consist of Universal Health Project, National Agricultural and Rural Inclusive Growth Project (NARIGP), Kenya Devolution Support Programme (KDSP) Level 1 Grant, Kenya Urban Support Programme (KUSP)-Urban Development Grant, DANIDA, Water & Sanitation Development Programme (WSDP), Kenya Devolution Support Programme (KDSP) Level II Grant and Agricultural Sector Development Support Programme (ASDSP) II.

3.15.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.91 billion as the equitable share of the revenue raised nationally and generated Kshs.187.33 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.3.10 billion, as shown in Table 3.79.

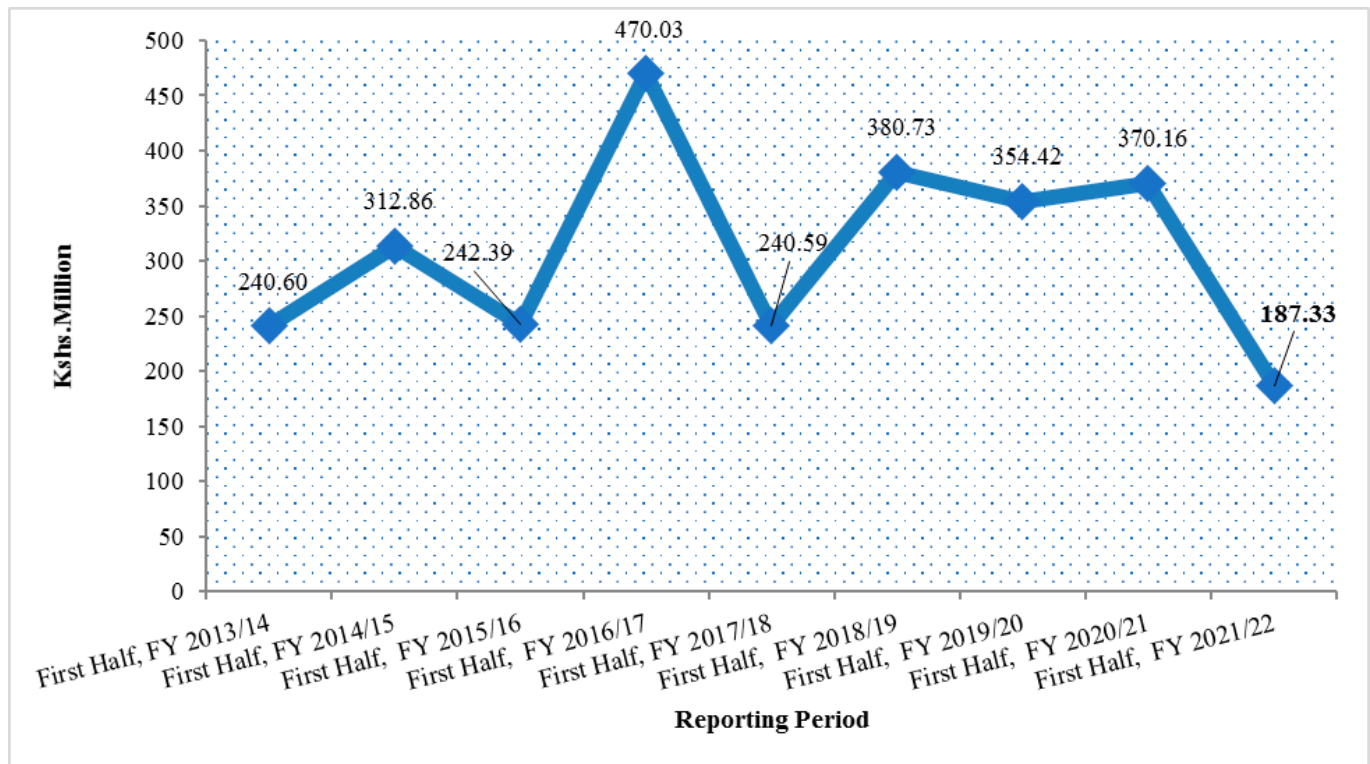
Table 3.79: Kilifi County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,641,592,941	2,910,398,235	25
Sub Total		11,641,592,941	2,910,398,235	25
B	Other Sources of Revenue			
1	Own Source Revenue	925,000,000	187,328,656	20.3
2	Conditional Grants	2,154,008,617	-	-
3	Other Revenues	153,297,872	-	-
Sub Total		3,232,306,489	187,328,656	5.8
Grand Total		14,873,899,430	3,097,726,891	20.8

Source: Kilifi County Treasury

Figure 3.26 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.26: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kilifi County Treasury

In the first half of FY 2021/22, the County generated Kshs.187.33 million as own-source revenue. This amount represented a decrease of 50.6 per cent compared to Kshs.370.16 million realised during a similar period in the first half of FY 2020/21 and was 20.3 per cent of the annual target.

In FY 2021/22, the County implemented an automated revenue management system referred to as County Pro which has been in existence since FY 2018/19.

3.15.3 Exchequer Issues

The Controller of Budget approved Kshs.4.61 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.819.9 million (17.8 per cent) for development programmes and Kshs.3.79 billion (82.2 per cent) for recurrent programmes.

3.15.4 Overall Expenditure Review

The County spent Kshs.4.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 94.6 per cent of the total funds released by the CoB and comprised of Kshs.695.19 million and Kshs.3.76 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12 per cent, while recurrent expenditure represented 40.5 per cent of the annual recurrent expenditure budget.

3.15.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.99 billion and comprised of Kshs.1.19 billion for recurrent expenditure and Kshs.795.37 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle Kshs.973.84 million of the pending bills in the financial year.

During the period under review, pending bills amounting to Kshs.526.4 million were settled, consisting of Kshs.423.88 million for recurrent expenditure and Kshs.102.52 million for development programmes. Outstanding pending bills as of 31st December 2021 amounted to Kshs.1.46 billion.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.21 billion was spent on employee compensation, Kshs.1.55 billion on operations and maintenance, and Kshs.695.19 million on development activities, as shown in Table 3.80.

Table 3.80: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,060,783,423	901,500,000	3,351,639,943	411,410,368	41.6	45.6
Compensation to Employees	4,640,626,456	473,084,357	1,985,897,413	220,858,902	42.8	46.7
Operations and Maintenance	3,420,156,967	428,415,643	1,365,742,530	190,551,466	39.9	44.5
Development Expenditure	5,813,116,007	98,500,000	692,692,363	2,500,000	11.9	2.5
Total	13,873,899,430	1,000,000,000	4,044,332,306	413,910,368	29.2	41.4

Source: Kilifi County Treasury

3.15.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 29.7 per cent of the first half proportional revenue of Kshs.2.21 billion.

The wage bill of Kshs.2.21 billion includes Kshs.1.07 billion attributable to the health sector, which translates to 48.6 per cent of the total wage bill in the reporting period.

3.15.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.884.42 million to county established funds in FY 2021/22, which constituted 5.9 per cent of the County's overall budget for the year. Table 3.81 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.81: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Scholarship Fund	350,000,000		175,000,000			NO
2.	Mbegu Fund	116,000,000		-			NO
3.	Emergency Fund	150,000,000		75,000,000			NO
4.	Assembly Car & Mortgage Fund		105,900,000				NO
5.	NHIF Fund	162,517,034					NO
Total		778,517,034	105,900,000	250,000,000			

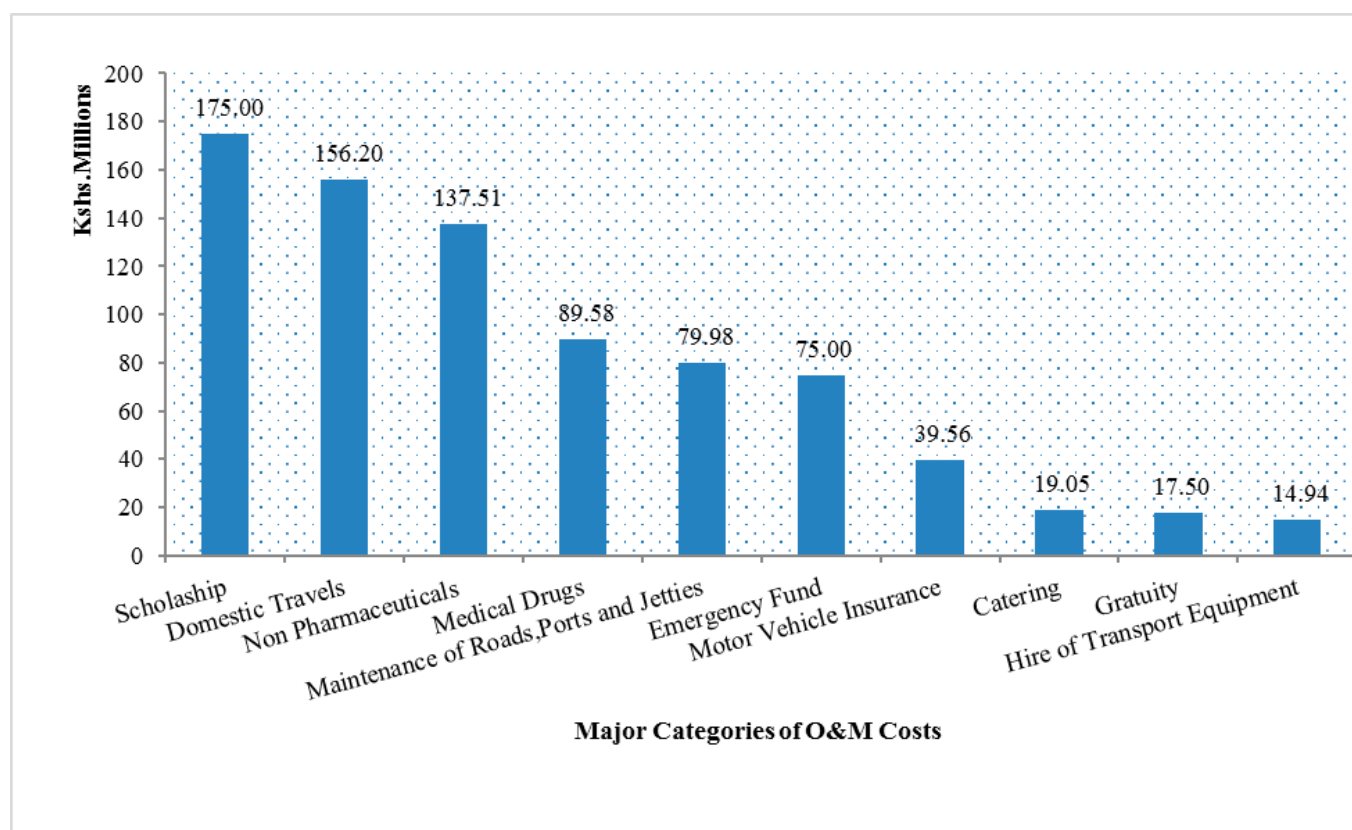
Source: Kilifi County Treasury

The OCoB did not receive the quarterly financial returns from Fund Administrators of the funds, as reflected in Table 3.81.

3.15.9 Expenditure on Operations and Maintenance

Figure 3.27 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.27: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: Kilifi County Treasury

The County spent Kshs.32.59 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.72.96 million. The average monthly sitting allowance was Kshs.98,774 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.156.2 million and comprised Kshs.69.11 million spent by the County Assembly and Kshs.87.08 million by the County Executive.

3.15.10 Development Expenditure

The County incurred Kshs.695.19 million on development programmes in the first half of FY 2021/22, which represented an increase of 143.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.285.71 million. Table 3.82 summarises development projects with the highest expenditure in the reporting period.

Table 3.82: Kilifi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Water & Sanitation Development Programme	Across the County	341,150,756	341,150,756	100.0
2	Kilifi County Health Complex (phase II)	Kilifi	175,000,000	118,781,920	67.9
3	Upgrading of Adu health facility	Adu	68,435,001	29,892,976	43.7
4	Construction of 2 No. wards at Marafa health center	Marafa	50,697,877	29,249,919	57.7
5	Equipment of Health Complex	Kilifi	200,000,000	27,663,613	13.8
6	Acquisition of Other Intangible	Kilifi	65,946,000	15,855,832	24.0

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
7	Resettlement action plan (RAP) for Malindi pipelines	Malindi	15,000,000	13,966,750	93.1
8	Construction of Pavement & toilet at Gongoni market	Gongoni	20,000,000	13,598,146	68.0
9	Completion of Karimboni to Pumwani pipeline	Magarini	8,000,000	5,914,368	73.9
10	Construction of X-ray block at Marafa	Marafa	8,000,000	5,000,268	62.5

Source: Kilifi County Treasury

3.15.11 Budget Performance by Department

Table 3.83 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.83: Kilifi 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	901.5	98.5	435.8	2.5	411.4	2.5	94.4	100.0	45.6	2.5
Office of the Governor	196.9		92.6		10.4		11.2	-	5.3	-
County Attorney	129.2	-	21.9	-	31.7		144.7	-	24.5	-
Finance	420.4	2,173.00	116	443.6	108.8	341.2	93.8	76.9	25.9	15.7
Economic Planning	110.6	-	9.8	-	27.6		281.6	-	25.0	-
Agriculture	60.4	59.3	37.6	12.8	30.3	12.8	80.6	100.0	50.2	21.6
Livestock	28.2	23.8	2.9	2	4.5	2	155.2	100.0	16.0	8.4
Fisheries	31.4	99.8	5.7	-	8.6		150.9	-	27.4	0.0
Water And Sanitation	13.1	359.8	42.4	35.3	3.1	34.3	7.3	97.2	23.7	9.5
Environment & Natural Resources	152.8	-	35.3		52.2	-	147.9	-	34.2	-
Education (Sports & Youth Affairs)	426.3	83.5	200.1	9.7	195.6	7.6	97.8	78.4	45.9	9.1
ICT	28.2		-		4.9		-	-	17.4	-
Medical Services	918.9	1,069.80	344.4	236.8	273.6	228.9	79.4	96.7	29.8	21.4
Public Health	89.1	20.5	-		20.9		-	-	23.5	0.0
Roads & Public Works	270.2	1,251.80	117.7	27	151.2	12	128.5	44.4	56.0	1.0
Lands and energy	254.1	213.3	86.8	12.1	84.8	15.9	97.7	131.4	33.4	7.5
Physical Planning & Urban Development	19.7	81.1	8.4	9.8	7.2	9.8	85.7	100.0	36.5	12.1
Gender, Culture & Social Services	80.4	55.5	8.2	1.1	12.2	1.1	148.8	100.0	15.2	2.0
Trade and Tourism	76.6	206.5	14.6	27.3	6.2	27.3	42.5	100.0	8.1	13.2
Cooperatives Development	14.1	-	-	-	-	-	-	-	-	-
Public Service Board	35.5	-	6	-	4.7	-	78.3	-	13.2	-
Devolution & Disaster Service	162.4	17	84.2	-	101.4	-	120.4	-	62.4	-
Public Service management	4,640.60	-	2,123.80	-	2,118.00	-	99.7	-	45.6	-
TOTAL	9,060.60	5,813.20	3,794.20	820.00	3,669.30	695.40	96.7	84.8	40.5	12.0

Source: Kilifi County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture recorded the highest absorption rate of development budget at 21.6 per cent while the Department of Devolution and Disaster Service did not report any expenditure on development activities. The Department of Devolution and Disaster had the highest percentage of recurrent expenditure to budget at 62.4 per cent, while the Department of Cooperative Development did not report any spending.

3.15.12 Budget Execution by Programmes and Sub-Programmes

Table 3.84 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.84: Kilifi County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Assembly	Legislation	482,874,928	135,858,094	347,016,834	28.1
	Oversight	129,050,000	6,272,300	122,777,700	4.9
	Administration	289,575,072	269,279,976	20,295,096	93.0
	Development	98,500,000	2,500,000	96,000,000	2.5
	Sub Totals	1,000,000,000	413,910,370	586,089,630	41.4
Office of the Governor	Intergovernmental relations	17,800,000	10,320,395	7,479,605	58.0
	Administration, planning and support services	179,130,782	93,836,919	85,293,863	52.4
	Sub Totals	196,930,782	104,157,314	92,773,468	52.9
County Attorney	Administration Planning and Support Services	129,193,400	31,741,692	97,451,708	24.6
	Sub Totals	129,193,400	31,741,692	97,451,708	24.6
Finance	Administration, Planning and Support Services	260,400,000	102,396,645	158,003,355	39.3
	Budget Formulation, Coordination and Management	47,912,336	3,805,363	44,106,973	7.9
	Audit Services	9,030,000	1,054,286	7,975,714	11.7
	Accounting Services	9,800,000	960,577	8,839,423	9.8
	Supply Chain Management Services	8,444,000	244,796	8,199,204	2.9
	Resource Mobilisation/Debt Management	84,831,001	343,565	84,487,436	0.4
	Development	2,173,008,617	341,150,756	1,831,857,861	15.7
	Sub Totals	2,593,425,954	449,955,988	2,143,469,966	17.3
Economic Planning	County Fiscal Planning	47,100,000	7,956,882	39,143,118	16.9
	Statistical Information Services/Monitoring	63,493,608	19,690,618	43,802,990	31.0
	Sub Totals	110,593,608	27,647,500	82,946,108	25.0
Agriculture	General Administration, Planning and Support Services	60,411,065	12,384,301	48,026,764	20.5
	Crop Production and Management	19,153,135	6,650,740	12,502,395	34.7
	Agribusiness and Information Management	28,292,811	14,242,080	14,050,731	50.3
	Irrigation and Drainage Infrastructure	11,831,678	9,764,485	2,067,193	82.5
	Sub Totals	119,688,689	43,041,605	76,647,084	36.0
Livestock	Administration, Planning and Support services	16,592,695	1,586,627	15,006,068	9.6
	Livestock Policy and Capacity Development	3,360,000	693,480	2,666,520	20.6
	Livestock Production and Management	6,090,000	484,460	5,605,540	8.0
	Livestock Value Addition and Marketing	10,309,188	2,613,500	7,695,688	25.4
	Food Safety and Animal Products Development	9,345,000	787,465	8,557,535	8.4

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)	
	Livestock Disease Management and Control	6,270,000	310,800	5,959,200	5.0	
	Sub Totals	51,966,883	6,476,332	45,490,551	12.5	
Fisheries	Fisheries Policy and Capacity Development	13,428,132	3,796,053	9,632,079	28.3	
	Sustainable Fisheries Production and Management	8,610,184	3,853,149	4,757,035	44.8	
	Assurance of Fish Safety, Value Addition and Marketing	106,076,111	953,250	105,122,861	0.9	
	Marine Fisheries Production & blue economy	3,000,000	-	-	-	
	Sub Totals	131,114,426	8,602,452	122,511,974	6.6	
Water & Sanitation	General Administration, Planning and Support Services	13,091,348	3,142,855	9,948,493	24.0	
	Water Supply Infrastructure	359,828,875	34,349,759	325,479,116	9.5	
	Sub Totals	372,920,223	37,492,614	335,427,609	10.1	
Environment	County Environment Management	147,578,466	49,559,682	98,018,784	33.6	
	Forest conservation and management	5,250,000	2,602,551	2,647,449	49.6	
	Sub Totals	152,828,466	52,162,233	100,666,233	34.1	
Education	General administration, planning and support services	59,741,148	18,054,829	41,686,319	30.2	
	Early Childhood development education	109,049,544	10,101,576	98,947,968	9.3	
	Education support services	259,500,000	175,000,000	84,500,000	67.4	
	Education and training	81,547,485	-	-	-	
	Sub Totals	509,838,177	203,156,405	306,681,772	39.8	
ICT	Information Communication Technology	28,182,695	4,889,946	23,292,749	17.4	
	Sub Totals	28,182,695	4,889,946	23,292,749	17.4	
Health	Rehabilitative Services(Mental Health, Orthopaedic, Physio and Occupational therapy)	360,000	-	-	-	
	General & specialised medical & surgical services	50,583,270	-	50,583,270	0.0	
	Diagnostic services	500,583,270	273,563,535	227,019,735	54.6	
	County Referral Services Total	7,510,000	-	7,510,000	0.0	
	Capacity Building & Training	9,000,000	-	9,000,000	0.0	
	Health Policy & Financing	3,163,393	-	3,163,393	0.0	
	Administration for Health	1,416,236,289	228,867,796	1,187,368,493	16.2	
	Immunization	1,200,000	-	-	-	
Sub Totals	1,988,636,222	502,431,331	1,486,204,891	25.3		
Public Health	Communicable Disease Control	109,629,238	20,862,953	88,766,285	19.0	
	Sub Totals	109,629,238	20,862,953	88,766,285	19.0	
Roads & Public Works	General administration, planning and support services	270,184,625	151,185,014	118,999,611	56.0	
	Road Transport	1,251,800,000	11,967,256	1,239,832,744	1.0	
	Sub Totals	1,521,984,625	163,152,270	1,358,832,355	10.7	
Lands	General Administration	254,129,238	84,797,016	169,332,222	33.4	
	Development	213,300,000	15,855,832	197,444,168	7.4	
	Sub Totals	467,429,238	100,652,848	366,776,390	21.5	
Physical Planning & Urban Development	General Administration	19,727,887	7,220,491	12,507,396	36.6	
	Development	81,108,000	9,808,956	71,299,044	12.1	
	Sub Totals	100,835,887	17,029,447	83,806,440	16.9	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Gender, Culture & Social Services	General Administration	80,407,643	12,179,529	68,228,114	15.1
	Development	55,500,000	1,051,052	54,448,948	1.9
	Sub Totals	135,907,643	13,230,581	122,677,062	9.7
Trade And Tourism	General Administration	76,637,504	6,230,513	70,406,991	8.1
	Development	206,500,000	27,319,287	179,180,713	13.2
	Co-operatives	14,091,348	44,800	14,046,548	0.3
	Sub Totals	297,228,852	33,594,600	263,634,252	11.3
Public Service Board	General Administration	35,546,156	4,662,393	30,883,763	13.1
	Sub Totals	35,546,156	4,662,393	30,883,763	13.1
Devolution & Disaster Service	General Administration	162,391,810	101,413,381	60,978,429	62.4
	Development	17,000,000		17,000,000	0.0
	Sub Totals	179,391,810	101,413,381	77,978,429	56.5
Public Service management	General Administration	4,640,626,456	2,117,978,421	2,522,648,035	45.6
	Sub Totals	4,640,626,456	2,117,978,421	2,522,648,035	45.6
Grand Total		14,873,899,430	4,458,242,676	10,415,656,754	30.0

Source: Kilifi County Treasury

Programmes with high levels of implementation based on absorption rates were: Administration in the County Assembly at 93 per cent of budget allocation, Education support services in the Department of Education at 67.4 per cent, General Administration in the Department of Devolution & Disaster Service at 62.4 per cent, and General Administration in the Department of Roads at 56 per cent.

3.15.13 Monitoring and Evaluation

The Office of the Controller of Budget (OCoB) conducted a monitoring and evaluation exercise in Kilifi County from 26th September 2021 to 2nd October 2021.. The exercise covered 25 projects to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team identified some projects that were well implemented and had reached the desired objectives. These include: Construction of Kilifi Complex Hospital in Kilifi Town; Murya Chakwe – Bofu Pipeline Water Supply Project that serves about 200 households in Sokoke Ward; and Kilifi County Hospital Mortuary with an increased holding capacity from the previous 14 bodies to 60.

However, some projects have not achieved the intended objectives because they are either incomplete, stalled or had other challenges. These include: Construction of cassava processing plant in Kilifi North Sub- County; and Malindi Water Front Public Park and Tourism Infrastructure. Other issues that were noted include: Poorly developed bill of quantities resulted in significant variation in project costs as well as the scope of work that subsequently delayed implementation of some projects; weak project supervision during the implementation phase; and failure by implementing departments to submit comprehensive project files.

To address these challenges and improve project implementation, the Controller of Budget recommends that Public Works Department should ensure bill of quantities are appropriately developed to avert cost variations during the project implementation phase; strengthen the M&E function and project supervision during the implementation phase, and improve records management practices and ensure each project file has comprehensive information and readily available for perusal during the M&E exercise.

3.15.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. The underperformance of own-source revenue at Kshs.187.33 million against an annual projection of Kshs.925 million, representing 20.3 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.1.99 billion at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.526.4 million were settled during the

reporting period, which is not substantial compared with the stock of outstanding bills.

4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.

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

- i. 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.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
- iv. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

3.16 County Government of Kirinyaga

3.16.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.5.20 billion (67.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.485 million (4.9 per cent) from own sources of revenue, and a cash balance of Kshs.1.08 billion (31.8 per cent) from FY 2020/21. The County also expects to receive Kshs.573.63 million (7.4 per cent) as conditional grants, which consists of Kshs.344.61 million as IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP), Kshs.146.61 million as IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.47.49 million as Transforming Health Systems for Universal care Project (WB), Kshs.22.52 million as Sweden - Agricultural Sector Development Support Programme (ASDSP) II and Kshs.9.39 million as DANIDA Grant. The County has also budgeted for other revenues, namely delayed Exchequer May/June 2020 (FY 2021/2022 Estimated delayed Exchequer May 2021 and June 2021 at Kshs.360 million for each Month).

3.16.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.16 billion as the equitable share of the revenue raised nationally, raised Kshs.168.38 million as own-source revenue, and had a cash balance of Kshs.1.08 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.41 billion, as shown in Table 3.85.

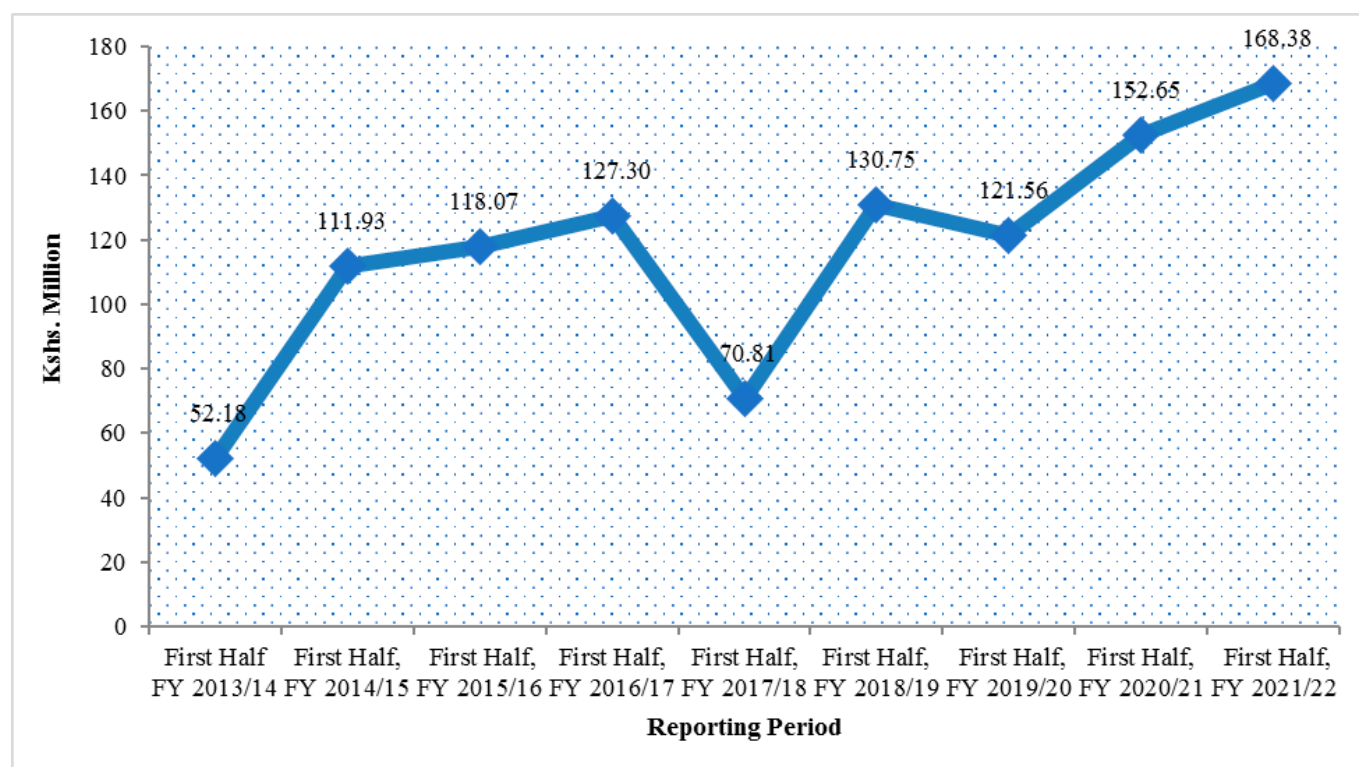
Table 3.85: Kirinyaga County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percent- age of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,196,177,952	2,156,413,850	41.5
Sub Total		5,196,177,952	2,156,413,850	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	485,000,000	168,382,602	34.7
2.	Conditional Grants	573,638,600	-	-
3.	Balance b/f from FY2020/21	1,085,780,955	1,085,780,955	100.0
4.	Other Revenues	364,734,600	-	-
Sub Total		2,509,154,155.00	1,254,163,557	50.0
Grand Total		7,705,332,107	3,410,577,407	44.3

Source: Kirinyaga County Treasury

Figure 3.28 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.28: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kirinyaga County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.168.38 million as own-source revenue. This amount represented an increase of 9.3 per cent compared to Kshs.152.65 million realised during a similar period in the first half of FY 2020/21 and was 34.7 per cent of the annual target.

In the FY 2021/22, the County implemented Phase 2 of their Automated Revenue Management system, referred to as County Pro Automated Revenue Management System, which brings all land-based revenues on board.

3.16.3 Exchequer Issues

The Controller of Budget approved Kshs.2.59 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.448.59 million (17.3 per cent) for development programmes and Kshs.2.14 billion (82.7 per cent) for recurrent programmes.

3.16.4 Overall Expenditure Review

The County spent Kshs.2.57 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.448.59 million and Kshs.2.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.1 per cent, while recurrent expenditure represented 47.2 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.402.12 million and comprised of Kshs.231.37 million for recurrent expenditure and Kshs.170.74 million for development expenditure. During the period under review, pending bills amounting to Kshs.10.14 million were paid entirely for recurrent expenditure.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.38 billion was spent on employee compensation, Kshs.760.79 million on operations and maintenance, and Kshs.448.59 million on development activities, as shown in Table 3.86.

Table 3.86: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assem- bly	County Executive	County Assem- bly	County Executive	County Assem- bly
Total Recurrent Expenditure	3,893,665,788	637,393,333	1,784,620,364	353,375,284	45.8	55.4
Compensation to Employees	2,369,844,138	318,163,728	1,227,076,081	150,131,186	51.8	47.2
Operations and Maintenance	1,523,821,650	319,229,605	557,544,282	203,244,097	36.6	63.7
Development Expenditure	2,804,704,761	369,568,225	293,468,853	155,128,495	10.5	42.0
Total	6,698,370,549	1,006,961,558	2,078,089,217	508,503,778	31.0	50.5

Source: Kirinyaga County Treasury

3.16.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 35.7 per cent of the first half proportional revenue of Kshs.3.85 billion. The wage bill of Kshs.1.38 billion includes Kshs.704.89 million attributable to the health sector, which translates to 51.2 per cent of the total wage bill in the reporting period.

3.16.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.168.22 million to county established funds in FY 2021/22, which constituted 2.2 per cent of the County's overall budget for the year. Table 3.87 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.87: County Established Fund performance as of 31st December 2021

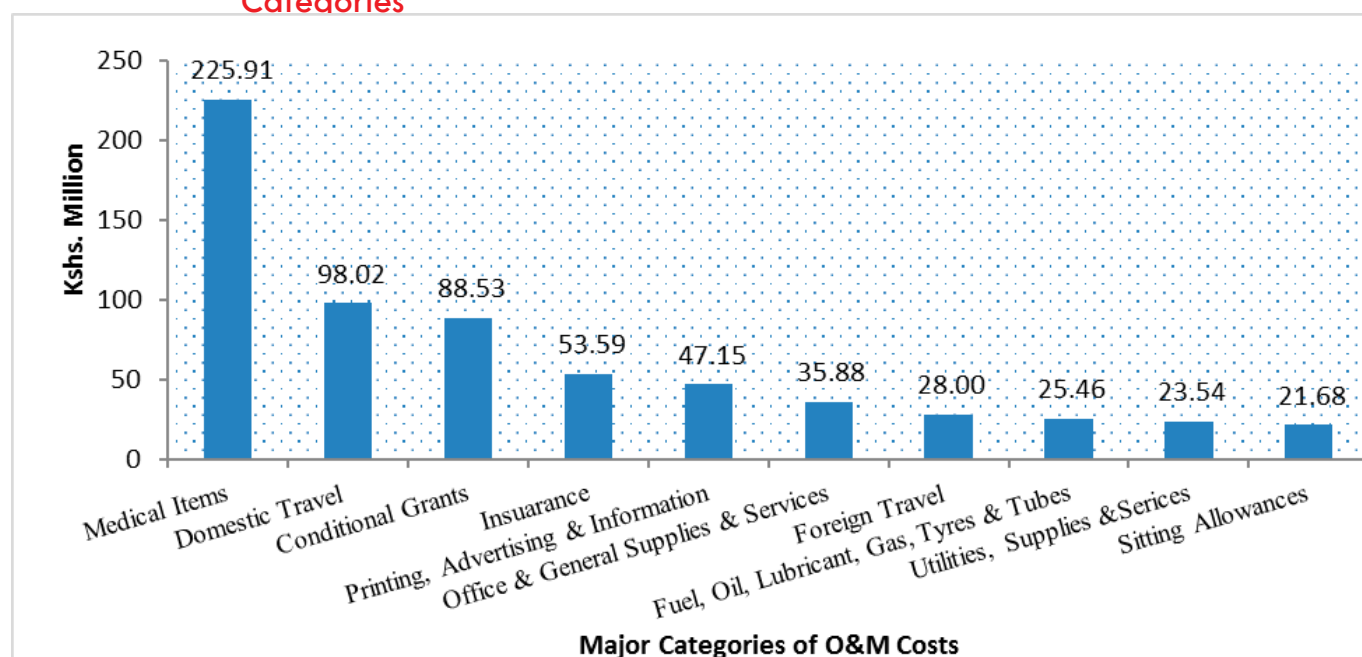
S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County As- sembly	County Exec- utive	County As- sembly	Yes	No
1.	County Bursary Fund	125,600,000	-	2,205,886	-	Yes	
2.	Executive Car Loan and Mortgage Fund	31,300,000	-	32,406,204	-	Yes	
3.	County Emergency Fund	8,000,000	-	-	-	Yes	
4.	County Assembly Staff Car Loans and Mortgage Fund	-	3,327,408	-	38,597,179	Yes	
Total		164,900,000	3,327,408	34,612,090	38,597,179		

Source: Kirinyaga County Treasury

3.16.9 Expenditure on Operations and Maintenance

Figure 3.29 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.29: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: Kirinyaga County Treasury

The County spent Kshs.21.68 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.61.85 million. The average monthly sitting allowance was Kshs.106,268 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.98.02 million and comprised Kshs.67.75 million spent by the County Assembly and Kshs.30.27 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28 million by the County Assembly.

3.16.10 Development Expenditure

The County incurred Kshs.448.59 million on development programmes, which represented an increase of 31.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.307.28 million. Table 3.88 summarises development projects with the highest expenditure in the reporting period.

Table 3.88: Kirinyaga County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction and equipping of Ward Offices, Drilling & Equipping of Boreholes in Various Wards	Kerugoya	167,799,880	150,364,789	89.6
2	IDA-(World Bank) Kenya Devolution Support Programme Grant (KDSP) Level 2 Grant (Purchase & Installation of ICU and HDU equipment for the Newly constructed hospital complex)	Kerugoya	146,608,512	146,608,512	100.0
3	Construction of the Kerugoya Hospital Complex	Kerugoya	415,346,032	122,742,254	29.6
4	Construction of Gachuria Moyo Bridge phase 2	Tebere	12,047,464	12,047,464	100.0
5	Construction of Kahuho-ini Bridge	Mukure	12,000,000	10,005,623	83.4
6	Construction of a powerhouse and renovation of a canteen	Kerugoya	11,401,290	4,763,705	41.8
7	Intensification of eggs production (Provision of affordable poultry Housing) Construction of buildings WEZE-SHA	County Wide	13,500,000	2,065,000	15.3

Source: Kirinyaga County Treasury

3.16.11 Budget Performance by Department

Table 3.89 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.89: 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
Agriculture, Livestock and Fisheries	251.71	795.88	87.42	2.07	87.42	2.07	100	100	34.7	0.3
Cooperative Development Trade and Tourism	42.84	19.47	14.78	-	14.78	-	100	-	34.5	-
County Assembly	637.39	369.57	353.38	155.13	353.38	155.13	100	100	55.4	42.0
County Executive	459.74	143.63	165.54	-	165.53	-	100	-	36.0	-
Education	299.81	22.01	115.87	-	115.87	-	100	-	38.6	-
Environment and Natural Resources	102.59	126.68	56.91	-	56.91	-	100	-	55.5	-
Finance and Economic Planning	599.77	2.08	259.17	-	259.17	-	100	-	43.2	-
Gender and Youth	46.17	5.00	16.20	-	16.20	-	100	-	35.1	-
Medical Services and Public Health	1,962.28	958.75	1,004.24	269.35	1,004.24	269.35	100	100	51.2	28.1
Physical Planning and Housing	28.97	99.19	14.82	-	14.82	-	100	-	51.2	-
Sports Culture and Social Services	22.71	19.94	8.46	-	8.46	-	100	-	37.3	-
Transport and Infrastructure	77.08	612.08	41.23	22.05	41.23	22.05	100	100	53.5	3.6
Total	4,531.06	3,174.27	2,138.01	448.60	2,138.00	448.60	100	100	47.2	14.1

Source: Kirinyaga County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 42.0 per cent while the Departments of Cooperative Development Trade and Tourism, County Executive, Education, Environment and Natural Resources, Finance and Economic Planning, Gender and Youth, Physical Planning and Housing, Physical Planning and Housing did not report any expenditure on development activities. The Department of Environment and Natural Resources had the highest percentage of recurrent expenditure to budget at 55.5 per cent while the Department of Cooperative Development Trade and Tourism had the lowest at 34.5 per cent.

3.16.12 Budget Execution by Programmes and Sub-Programmes

Table 3.90 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.90: Kirinyaga County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)	
Legislation and Oversight	Legislation and Oversight	1,006,961,558	508,503,778	498,457,780	50.5	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Sub Total		1,006,961,558	508,503,778	498,457,780	50.5
Office of the Governor and Deputy Governor	070601 County Executive Services	303,048,284	125,168,100.58	177,880,183	41.3
County Executive Administration	070701 County Executive Services	143,630,336	0	143,630,336	0.0
Management of County Affairs	070801 Coordination of County Functions	121,452,000	28,136,292.00	93,315,708	23.2
County Executive Committee Affairs	070901 Organization of County Business	6,200,000	1,989,900.00	4,210,100	32.1
County Public Service Board	071001 Human Resource Management	12,906,040	2,846,986.00	10,059,054	22.1
Administrative Support Services	020202 ICT Governance	3,480,000	1,433,000.00	2,047,000	41.2
	020701 Government Buildings Services	2,567,000	774,945.00	1,792,055	30.2
	070411 Audit Committee	1,919,000	1,436,800.00	482,200	74.9
	070412 County Enforcement Activities	4,185,000	1,375,100.00	2,809,900	32.9
	070413 ICT Infrastructure Development Management	2,458,800	2,081,200.00	377,600	84.6
	070414 ICT Systems Development Management	1,522,000	283,800.00	1,238,200	18.6
Sub Total		603,368,460	165,526,124	437,842,336	27.4
Public Finance Management	070401 Finance Services	560,294,675	231,198,022.06	329,096,653	41.3
	070402 Revenue Services	16,800,000	11,612,476.00	5,187,524	69.1
	070404 Procurement and Supply Services	6,446,500	3,747,600.00	2,698,900	58.1
	070405 Internal Audit Services	1,318,200	716,300.00	601,900	54.3
	070408 Budget Formulation, Coordination and Management	7,914,520	4,666,790.00	3,247,730	59.0
	070409 Accounting Services	5,477,500	4,553,360.00	924,140	83.1
County Planning and Economic Policy Management	070501 Economic Planning Services	3,599,000	2,670,500.00	928,500	74.2
Sub Total		601,850,395.00	259,165,048.06	342,685,347	43.1
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,921,022,278	1,273,586,953.35	1,647,435,325	43.6
Sub Total		2,921,022,278	1,273,586,953	1,647,435,325	43.6
Basic Education	050101 General Administration	264,796,229	88,240,726.95	176,555,502	33.3
	050102 Free Pre- Primary Education	19,840,000	587,745.00	19,252,255	3.0
State Education Function Support	050203 Tertiary Education	0	0	0	0.0
Technical and Vocational Training	050301 Village Polytechnique	37,186,304	27,039,594.00	10,146,710	72.7
Sub Total		321,822,533	115,868,066	205,954,467	36.0
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	42,200.00	262,800	13.8
	010105 Livestock Production Management	2,480,000	746,000.00	1,734,000	30.1
	010106 Livestock Disease Management & Control	1,200,000	179,000.00	1,021,000	14.9
Crop Development and Management	010202 Agricultural Extension Services	1,500,000	682,828.00	817,172	45.5
	010203 Agribusiness and Market Development	320,000	32,455.00	287,545	10.1
	010206 Land and Crop Development	1,331,000	394,356.00	936,644	29.6
	010207 Food Security Initiatives	400,000	226,300.00	173,700	56.6
Kamweti Agricultural Training Centre	Extension and Training			-	0.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Fisheries Development	010402 Aquaculture Development	200,000	-	200,000	0.0
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	2,543,000		2,543,000	0.0
	011001 General Administration and Planning	1,037,317,762	87,179,532.46	950,138,230	8.4
Sub Total		1,047,596,762	89,482,671	958,114,091	8.5
Culture	090702 Social Welfare Services	10,687,000	228,100.00	10,458,900	2.1
	091201 Gender Administration Services	30,821,210	15,369,730.55	15,451,479	49.9
	091301 Gender and Social Development	8,990,000	355,305.00	8,634,695	4.0
Youth	090901 Youth Development and Empowerment Services	670,000	245,195.00	424,805	36.6
Sub Total		51,168,210	16,198,331	34,969,879	31.7
Sports	090701 General Administration	12,221,217	6,301,845.95	5,919,371	51.6
	090801 Development of Sports and Sports Facilities	19,937,353		19,937,353	0.0
	091401 Management & Development of Sports and Sports Facilities	2,925,000	200,500.00	2,724,500	6.9
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	772,000.00	777,000	49.8
	091701 Preservation & Promotion of Heritage and Culture	248,800	100,000.00	148,800	40.2
Children Services	091101 Child Community Support Services	5,764,000	1,089,515.00	4,674,485	18.9
Sub Total		42,645,370	8,463,861	34,181,509	19.8
Trade Development and Investment	030401 General Administration and Planning	37,773,441	14,009,572.60	23,763,868	37.1
	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	77,400.00	276,600	21.9
	030105 Fair Trade Practises and Consumer Protection	205,000	96,500.00	108,500	47.1
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	19,900.00	175,600	10.2
	030304 International Tourism Promotion and Marketing	310,000	147,400.00	162,600	47.5
	030305 Promotion of Industrial Development	1,268,500	21,000.00	1,247,500	1.7
	030306 Provision of Industrial Training	140,000	-	140,000	0.0
Cooperative Development and Marketing	030101 General Administration & Planning	19,471,788	-	19,471,788	0.0
	030405 Cooperative Advisory and Extension Services	295,000	135,900.00	159,100	46.1
	030406 Cooperative Education and Training	542,000	151,700.00	390,300	28.0
	030407 Cooperative Governance and Accountability	159,000	69,900.00	89,100	44.0
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	-	70,000	0.0
Sub Total		62,311,229	14,779,273	47,531,956	23.7
Water Supply Services	090101 Water and Irrigation	126,675,566		126,675,566	0.0
Energy Programme	090301 Energy Services	405,000	5,000.00	400,000	1.2
Cleaning and Waste Management	090502 Environment Management and Protection	675,800	409,800.00	266,000	60.6

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Nema	090401 Waste Management Services	101,508,439	56,499,441.75	45,008,997	55.7
Sub Total		229,264,805	56,914,242	172,350,563	24.8
Land and Physical Planning	010601 General Administration and Planning	26,533,028	14,410,131.75	12,122,896	54.3
	010604 County Spatial Planning	1,510,000	136,560.00	1,373,440	9.0
	010605 Town Zoning and Mapping	99,192,631		99,192,631	0.0
	010607 Survey and Mapping	505,000	126,500.00	378,500	25.0
Housing Development	010701 Improvement and Development of Human Settlements	420,000	144,000.00	276,000	34.3
Sub Total		128,160,659	14,817,192	113,343,467	11.6
Transport Management	020301 General Administration and Planning	61,571,285	33,264,803.75	28,306,481	54.0
Disaster Management	020401 Fire Fighting and Emergency Services	4,507,000	2,235,165.00	2,271,835	49.6
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	613,381,564	22,322,187.00	591,059,377	3.6
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	5,465,301.00	4,234,699	56.3
Sub Total		689,159,849	63,287,457	625,872,392	9.2
Grand Total		7,705,332,108	2,586,592,995	5,118,739,112	33.6

Source: Kirinyaga County Treasury

Programmes with high levels of implementation based on absorption rates were: Infrastructure Development Management in the Department of County Executive at 84.6 per cent, Accounting Services in the Department of Finance and Economic Planning at 83.1 per cent, Audit Committee in the Department of County Executive at 74.9 per cent, and Economic Planning Services in the Department of Finance and Economic Planning at 74.2 per cent of budget allocation.

3.16.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered a total of 28 projects that were implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team identified some projects that were well implemented and are likely to meet the desired objectives. These include: Construction of 220 Bed Capacity Medical Complex at Kerugoya Level 4 Hospital; Installation and Commissioning of Revenue Management System; and Supply of poultry feed and chicks to Common Interest Groups, a project that was initiated under the National Agricultural and Rural Inclusive Growth Project (NARIGP) and supported by the County Government under the Wezesha Program.

However, some projects have not achieved the intended objectives because they are either incomplete, stalled or had other challenges. These include: Integrated ward at Sagana health Centre; lack of a treatment plant to treat salty water from Kamoro Market Borehole in Kariti Ward; and leeway problems that have delayed the Supply and Delivery of Assorted Water Pipes to various Wards. Other issues that were noted during the exercise included: inadequate staff and equipment for ECDEs and healthcare facilities; failure to erect project information boards adjacent to projects; and low OSR collection partly attributed to the usage of old valuation roll to collect revenue from rateable properties.

To address these challenges and improve project implementation, the Controller of Budget recommends that ensure ECDEs and healthcare facilities are staffed and equipped adequately; erect project information boards to enhance transparency; and develop a new valuation roll to enhance revenue collection from rateable properties that have appreciated over the years.

3.16.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.448.59 million in the first half of

FY 2021/22 from the annual development budget allocation of Kshs.3.17 billion. The development expenditure represented 14.1 per cent of the annual development budget.

2. A high wage bill, which accounted for 40.4 per cent of the total expenditure in the first half of FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.168.38 million against an annual projection of Kshs.485 million, representing 34.7 per cent of the annual target.
4. Failure to prioritise settlement of pending bills. The County settled pending bills worth Kshs.10.14 million compared to the total outstanding pending bills of Kshs.402.12 million.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. The County Treasury should prioritise settlement of pending bills on a First in First Out (FIFO) method in the remaining financial year period.

3.17 County Government of Kisii

3.17.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.59 billion, comprising Kshs.4.07 billion (32.3 per cent) and Kshs.8.52 billion (67.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.89 billion (76 per cent) as the equitable share of revenue raised nationally, generate Kshs.700 million (6 per cent) from own sources of revenue, and a cash balance of Kshs.2.10 billion (18 per cent) from FY 2020/21. The County also expects to receive Kshs.893 million (7.1 per cent) as conditional grants, which consists of Leasing of Medical Equipment, KDSP 'Starter Pack'-(Level 11), NAGRIP, ASDSP-SIDA, Conditional Allocation-Health Systems for Universal Care, DANIDA, European union Instruments for Devolution Advice and Support and Urban Development Grant.

3.17.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.69 billion as the equitable share of the revenue raised nationally, raised Kshs.131.99 million as own-source revenue, Kshs.230.22 million as conditional grants, and had a cash balance of Kshs.783.03 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.84 billion, as shown in Table 3.91.

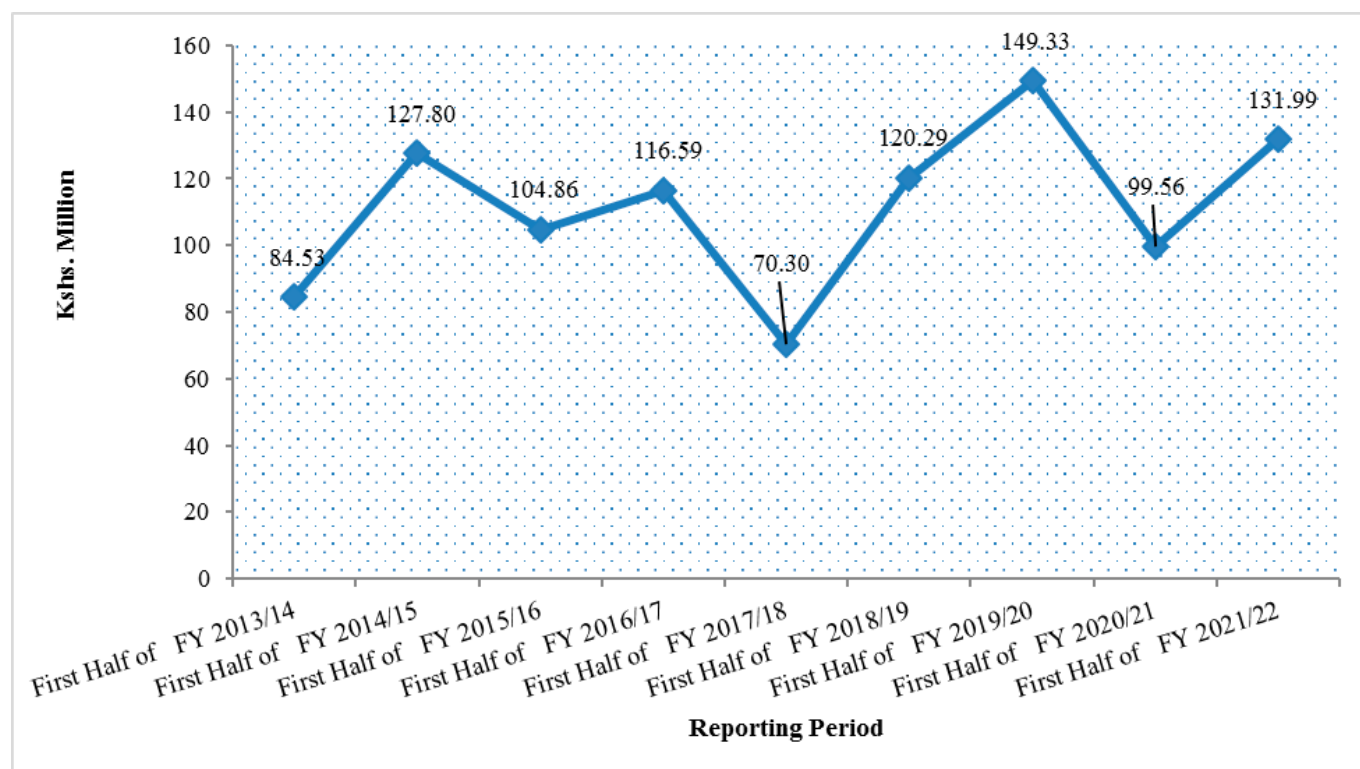
Table 3.91: Kisii County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,894,274,509	3,691,123,920	41.5
	Sub Total	8,894,274,509	3,691,123,920	41.5
B	Other Sources of Revenue			
	Own Source Revenue	700,000,000	131,988,620	18.9
	Conditional Grants	892,995,249	230,223,021	25.8
	Balance b/f from FY 2020/21	2,103,425,220	783,025,743	37.2
	Sub Total	3,696,420,469	1,145,237,384	31
	Grand Total	12,590,694,978	4,836,361,304	38.4

Source: Kisii County Treasury

Figure 3.30 shows the trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.30: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kisii County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.131.99 million as own-source revenue. This amount represented an increase of 32.6 per cent compared to Kshs.99.56 million realised during a similar period in the first half of FY 2020/21 and was 18.9 per cent of the annual target. The increase can be attributed to the relaxation of COVID-19 measures on businesses and the measures taken by the County to improve on its own source revenue.

In the FY 2018/19, the County implemented an automated revenue management system referred to as ZIZI.

3.17.3 Exchequer Issues

The Controller of Budget approved Kshs.4.70 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.855.66 million (18.2 per cent) for development programmes and Kshs.3.84 billion (81.8 per cent) for recurrent programmes.

3.17.4 Overall Expenditure Review

The County spent Kshs.4.72 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.4 per cent of the total funds released by the CoB and comprised of Kshs.934.4 million and Kshs.3.78 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 22.9 per cent while recurrent expenditure represented 44.4 per cent of the annual recurrent expenditure budget.

3.17.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.688.46 million and comprised of Kshs.267.73 million for recurrent expenditure and Kshs.420.73 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.351.12 million were settled, consisting of Kshs.120.12 million for recurrent expenditure and Kshs.231 million for development programmes.

3.17.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.90 billion was spent on employee compensation, Kshs.891.24 million on operations and maintenance, and Kshs.934.37 million on development activities, as shown in Table 3.92.

Table 3.92: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,569,603,782	949,524,697	3,324,380,422	459,068,761	43.9	48.3
Compensation to Employees	5,064,955,459	605,204,622	2,582,718,959	309,492,589	51.0	51.1
Operations and Maintenance	2,504,648,323	344,320,075	741,661,463	149,576,172	29.6	43.4
Development Expenditure	3,965,349,588	106,216,911	919,368,239	15,000,000	23.2	14.1
Total	11,534,953,370	1,055,741,608	4,243,748,661	474,068,761	36.8	44.9

Source: Kisii County Treasury

3.17.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 45.9 per cent of the first half proportional revenue of Kshs.6.3 billion.

The wage bill of Kshs.2.90 billion includes Kshs.1.51 billion attributable to the health sector which translates to 52.1 per cent of the total wage bill in the reporting period.

3.17.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.210 million to county established funds in FY 2021/22, which constituted 1.7 per cent of the County's overall budget for the year. Table 3.93 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.93: County Established Fund Performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	Kisii County Executive Car and Mortgage Fund	-	-	2,121,056	-	Yes	
2	Kisii County Assembly Mortgage and Car Loan Fund	-	-	-	22,369,638	Yes	
3	Kisii County Alcoholic Drinks Control Fund	-	-	9,324,410	-	Yes	
4	Kisii County Emergency Fund Account Report	25,000,000	-	220,130	-	Yes	
5	Kisii County Climate Change Fund	50,000,000	-	-	-		No
6	Kisii County Bursary Fund	135,000,000	-	3,805,493	-	Yes	
	Total	210,000,000	-	3,805,493	22,369,638		

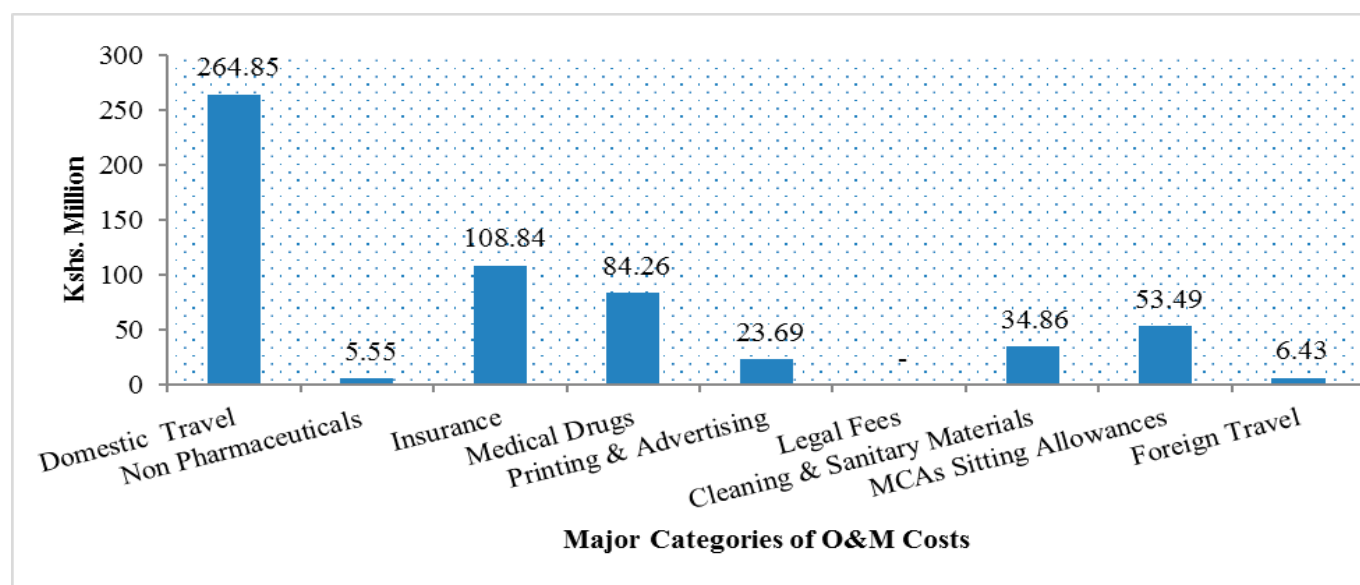
Source: Kisii County Treasury

From the six county established public funds, the OCoB received quarterly financial returns from Fund Administrators of 5 funds as indicated in Table 3.93.

3.17.9 Expenditure on Operations and Maintenance

Figure 3.31 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.31: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: Kisii County Treasury

The County spent Kshs.53.49 million on committee sitting allowances for the 70 MCAs and Speaker against the annual budget allocation of Kshs.114.42 million. The average monthly sitting allowance was Kshs.125,569 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.264.85 million and comprised of Kshs.125.55 million spent by the County Assembly and Kshs.139.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.43 million spent entirely by the County Executive.

3.17.10 Development Expenditure

The County incurred Kshs.934.4 million on development programmes, which represented an increase of 85.4 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.503.85 million. Table 3.94 summarises development projects with the highest expenditure in the reporting period.

Table 3.94: Kisii County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Proposed Construction of Tartan Track Phase 1 In Gusii Stadium	Gusii Stadium	58,071,870	16,894,900	29.1
2	Proposed Construction of Reproductive Health Unit	Kisii Central	175,987,487	10,000,000	5.7
3	Proposed Construction of Reproductive Health Unit	Kisii Teaching and Referral Hospital	94,372,652	9,160,651	9.7
4	Construction of Perimeter Wall at Nyatieko Waste Management Site	Nyatieko	17,575,000	7,000,000	39.8
5	Construction of Marani Level 4 Theatre Lock	Marani	7,502,710	5,000,000	66.6
6	Proposed Cabro Parking to Marani Level 4 Hospital	Marani	5,000,000	4,999,850	100
7	Last Mile Connectivity - Water/GWASCO -Rehabilitation of Connectivity Lines	Kisii Town	20,000,000	3,999,935	20
8	Construction of Riatenya Foot Bridge	Riatenya	4,000,000	3,944,330	98.6
9	Construction of Nyagancha-Keombe Road-Etaracha Road	Nyagancha	4,000,000	3,927,760	98.2
10	Repair And Maintenance Isema Sec JCTN-Nyamuya-Mochengo-Riakarasi-Ebiosi JCTN Road	Nyacheiki	3,724,760	3,712,812	99.7

Source: Kisii County Treasury

3.17.11 Budget Performance by Department

Table 3.95 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.95: 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 Executive and Public Service board	474.97	35.30	202.32	-	189.56	-	93.7	-	39.9	-
Administration and Stakeholder Management	548.03	84.34	237.86	3.66	233.00	3.66	98.0	100.0	42.5	4.3
Finance and Economic Planning	1,245.76	86.84	490.78	4.91	461.28	4.91	94.0	100.0	37.0	5.7
Agriculture and Co-operative Development	494.43	707.01	220.32	245.78	228.95	295.44	103.9	120.2	46.3	33.1
Energy, Water, Environment and Natural Resources	196.27	214.81	56.09	44.50	54.94	41.36	98.0	92.9	28.0	19.3
Education, Youth Affairs and Social Development	623.52	153.89	224.99	19.59	226.32	3.71	100.6	18.9	36.3	2.4
County Health Services	3,100.66	1,098.78	1,676.70	87.19	1,655.67	87.19	98.8	100.0	53.4	7.9
Lands, Physical Planning and Urban Development	200.26	105.60	70.24	22.87	68.84	22.87	98.0	100.0	34.4	21.7
Roads, Public Works and Transport	271.50	983.48	68.05	317.18	66.45	344.64	97.7	108.7	24.5	35.0
Trade Development, Industry and Tourism	136.68	93.24	41.85	13.76	48.40	13.76	115.7	100.0	35.4	14.8
Culture and Social Services	106.58	140.92	49.37	29.41	47.00	29.41	95.2	100.0	44.1	20.9
Kisii Municipality	170.94	261.14	42.66	35.89	43.98	72.41	103.1	201.8	25.7	27.7
County Assembly	949.52	106.22	460.43	30.90	459.07	15.00	99.7	48.5	48.4	14.1
Total	8,519.13	4,071.57	3,841.67	855.66	3,783.45	934.37	98.5	109.2	44.4	22.9

Source: Kisii County Treasury

Analysis of expenditure by the departments shows that the Department of Roads, Public Works & Transport recorded the highest absorption rate of development budget at 35 per cent. The Department of County Health Services had the highest percentage of recurrent expenditure to budget at 53.4 per cent while the Department of Roads, Public Works & Transport had the lowest at 24.5 per cent.

3.17.12 Budget Execution by Programmes and Sub-Programmes

Table 3.96 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.96: Kisii County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	Office of the speaker	6,355,200	424,000	5,931,200	6.7%
	Representation, legislative and oversight services	225,855,824	108,916,395	116,939,429	48.2%
	County Assembly service board	823,530,584	364,728,366	458,802,218	44.3%
	Sub total	1,055,741,608	474,068,761	581,672,847	44.9%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Executive	Administration, planning and support services	377,737,952	150,846,686	226,891,266	39.9%
	office of the county secretary	24,640,000	7,245,079	17,394,921	29.4%
	legal services	13,820,000	2,016,300	11,803,700	14.6%
	communication services	25,570,000	9,260,986	16,309,014	36.2%
	Special programmes	8,150,000	3,563,100	4,586,900	43.7%
	public private partnership	6,900,000	1,829,710	5,070,290	26.5%
	Advisory services	6,750,000	1,213,103	5,536,897	18.0%
	Chief of staff	4,700,000	1,709,200	2,990,800	36.4%
	County public service Board	42,000,000	11,877,034	30,122,966	28.3%
	Sub total	510,267,952	189,561,198	320,706,754	37.1%
Administration and Stakeholder management	Administration, planning and support services	475,085,448	212,814,761	262,270,687	44.8%
	Devolved units services	58,343,694	5,562,756	52,780,938	9.5%
	Human Resource development	10,610,000	683,000	9,927,000	6.4%
	Enforcement services	8,800,000	3,647,700	5,152,300	41.5%
	Stakeholder management	49,809,602	4,347,000	45,462,602	8.7%
	Public participation and civic Education	11,800,000	1,999,000	9,801,000	16.9%
	Disaster management	10,926,255	3,052,142	7,874,113	27.9%
	Fleet Management	7,000,000	4,550,918	2,449,082	65.0%
	Sub total	632,374,999	236,657,277	395,717,722	37.4%
Finance & Economic planning	Administration, coordination and support services	1,007,264,503	387,321,054	619,943,449	38.5%
	Public financial management services	82,025,000	22,640,265	59,384,735	27.6%
	County planning services	243,315,695	56,226,183	187,089,512	23.1%
	Sub total	1,332,605,198	466,187,502	866,417,696	35.0%
Agriculture, Livestock, Veterinary & Fisheries	Administrative and support services	424,861,335	70,819,300	354,042,035	16.7%
	Crop development and value addition	410,473,675	203,452,026	207,021,649	49.6%
	Livestock development	52,200,000	27,861,880	24,338,120	53.4%
	Veterinary services	240,998,980	203,388,801	37,610,179	84.4%
	Co-operative development and management	3,100,000	850,000	2,250,000	27.4%
	Fisheries development	44,133,870	13,543,685	30,590,185	30.7%
	Kisii agricultural training center	25,672,220	4,474,718	21,197,502	17.4%
	Sub total	1,201,440,080	524,390,410	677,049,670	43.6%
Energy, Environment And Natural Resources	Administration and planning services	60,156,331	20,007,375	40,148,956	33.3%
	Water and sanitation services	327,087,867	76,296,142	250,791,725	23.3%
	Environment management	18,000,000	2,698,000	15,302,000	15.0%
	Energy services	5,841,809	438,050	5,403,759	7.5%
	Sub total	411,086,007	99,439,567	311,646,440	24.2%
Education, Youth Affairs & Social Development	General administration and planning services	623,517,045	226,318,430	397,198,615	36.3%
	Early childhood development education	86,707,636	1,400,106	85,307,530	1.6%
	Vocational training	67,179,898	2,308,009	64,871,889	3.4%
	Sub total	777,404,579	230,026,545	547,378,034	29.6%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Health Services	Medical services	4,148,724,480	1,740,819,142	2,407,905,338	42.0%
	Public health	50,720,000	2,045,460	48,674,540	4.0%
	Sub total	4,199,444,480	1,742,864,602	2,456,579,878	41.5%
Lands, Physical Planning and Urban Development	Administration, planning and support services	182,125,000	63,715,740	118,409,260	35.0%
	Land use services	37,799,078	12,786,651	25,012,427	33.8%
	Urban development	85,931,284	15,206,183	70,725,101	17.7%
	Sub total	305,855,362	91,708,574	214,146,788	30.0%
Roads, Public Works, Transport and Housing	General administration and planning services	102,820,000	40,817,060	62,002,940	39.7%
	Roads development	938,984,248	339,750,153	599,234,095	36.2%
	Public works	202,171,474	28,472,356	173,699,118	14.1%
	Housing services	11,000,000	-	11,000,000	0.0%
	Sub total	1,254,975,722	409,039,569	845,936,153	32.6%
Trade, Tourism, Cooperatives and Enterprise Development	Administration and planning services	86,266,639	36,860,372	49,406,267	42.7%
	Tourism development	8,520,000	1,525,000	6,995,000	17.9%
	Weights and measures	4,050,000	600,000	3,450,000	14.8%
	Liquor licensing	1,150,000	350,000	800,000	30.4%
	Markets development	126,735,153	-	126,735,153	0.0%
	Betting and gaming	3,200,000	1,150,000	2,050,000	35.9%
	Sub total	229,921,792	40,485,372	189,436,420	17.6%
Culture and Social Services	Administration and planning services	80,817,361	31,694,506	49,122,855	39.2%
	Sports development	130,137,091	39,425,512	90,711,579	30.3%
	Cultural services	33,048,677	4,148,503	28,900,174	12.6%
	Social development	3,500,000	1,142,650	2,357,350	32.6%
	Sub total	247,503,129	76,411,171	171,091,958	30.9%
Kisii Municipality	General administration, planning and support services	170,937,287	43,975,130	126,962,157	25.7%
	Infrastructure development	261,136,783	72,405,268	188,731,515	27.7%
	Sub total	432,074,070	116,380,398	315,693,672	26.9%
Grand Total		12,590,694,978	4,697,220,946	7,893,474,032	37.3%

Source: Kisii County Treasury

Programmes with high levels of implementation based on absorption rates were: Veterinary Services in the Department of Agriculture, Livestock & Veterinary at 84.4 per cent, Fleet Management in the Department of Administration, Cooperate Services and Stakeholder management at 65 per cent, Livestock development in the Department of Agriculture, Livestock & Veterinary at 53.4 per cent, and crop development and value addition at 49.4 per cent of budget allocation.

3.17.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered a total of 31 projects that were implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team identified some projects that were well implemented and are likely to benefit the targeted beneficiaries. These include: Construction of Doctors Plaza at Kisii Teaching and Referral Hospital; upgrading of Nduru Level 4 Hospital in Nduru Sub County; and Farmers Resource Centre at Agricultural Training Centre in Kisii Town.

However, some projects have not achieved the intended objectives for a number of reasons. These include: Poor workmanship observed on Nyabitunwa Typical Mama Mboga Market Shade in Nyabitunwa Ward; dilapidated sections of Jumbo-Equity Parking located in Kisii Town; and lack of toilets, drainage system and poor roofing observed at the new Magenche Market Shade in Bomachoge Borabu. Other issues of concerns that we noted were inadequate project

supervision resulting in poor workmanship observed in some selected projects; equipment and staff shortage in some healthcare facilities that hampered service delivery; Stalled projects attributed to non-payment of outstanding dues to contractors;

To address these challenges and improve project implementation, the Controller of Budget recommends that strengthen project supervision and M&E function to monitor the progress of project implementation on regular basis and identify areas of concerns that require redress; ensure healthcare facilities have adequate equipment and staff; and make prompt payment to contractors for work completed to ensure that projects are implemented within the contract period.

3.17.14 Key Observations and Recommendations

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

1. A high wage bill, which accounted for 45.9 per cent of the first half proportional revenue of Kshs.6.3 billion thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.131.99 million against an annual projection of Kshs.700 million, representing 18.9 per cent of the annual target.
3. Failure by the Fund Administrator of the Kisii County Climate Change Fund to submit a financial report for the period under review as required under Section 168 of the PFM Act, 2012.

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

- i. 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.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The CECM-F should ensure Fund Administrators submit financial and non-financial reports in line with the law.

3.18 County Government of Kisumu

3.18.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.15 billion, comprising Kshs.3.71 billion (30.5 per cent) and Kshs.8.44 billion (69.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.44 billion (77.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.98 billion (16.3 per cent) from own sources of revenue, and a cash balance of Kshs.719.50 million (5.9 per cent) from FY 2020/21.

3.18.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.45 billion as the equitable share of the revenue raised nationally, raised Kshs.439.19 million as own-source revenue, and had a cash balance of Kshs.719.5 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.60 billion, as shown in Table 3.97.

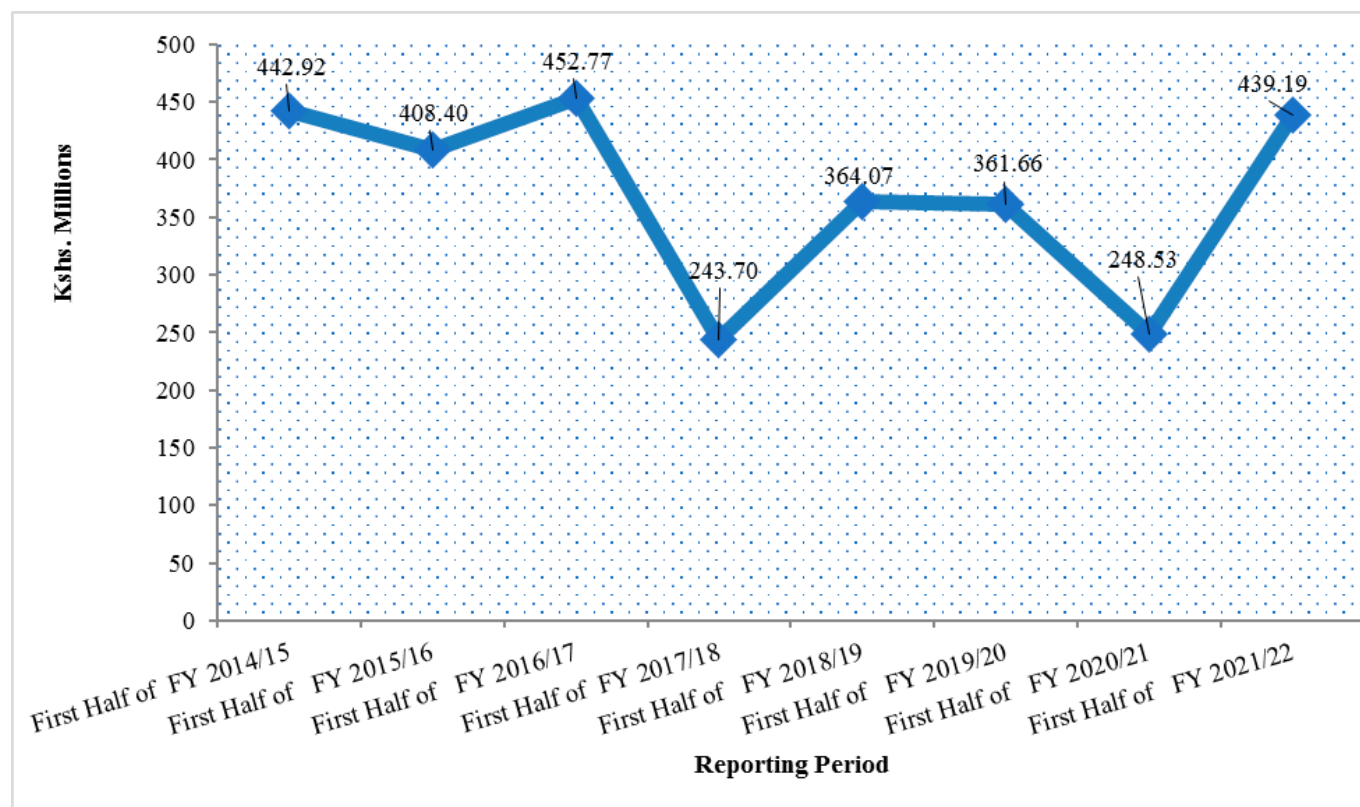
Table 3.97: Kisumu County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,442,676,974	3,447,706,803	36.5
Sub Total		9,442,676,974	3,447,706,803	36.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,984,000,003	439,188,814	22.1
2.	Balance b/f from FY 2020/21	719,499,320	719,499,320	100
Sub Total		2,703,499,323	1,158,688,134	42.9
Grand Total		12,146,176,297	4,606,394,937	37.9

Source: Kisumu County Treasury

Figure 3.32 shows the trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.32: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kisumu County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.439.19 million as own-source revenue. This amount represented a 76.7 per cent increase compared to Kshs.248.53 million realised during a similar period in the first half of FY 2020/21 and was 22.1 per cent of the annual target.

3.18.3 Exchequer Issues

The Controller of Budget approved Kshs.4.21 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.352.10 million (8.4 per cent) for development programmes and Kshs.3.86 billion (91.6 per cent) for recurrent programmes.

3.18.4 Overall Expenditure Review

The County spent Kshs.4.01 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.2 per cent of the total funds released by the CoB and comprised of Kshs.321.63 million and Kshs.3.72 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.7 per cent, while recurrent expenditure represented 44.2 per cent of the annual recurrent expenditure budget.

3.18.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.17 billion and comprised of Kshs.464.81 million for recurrent expenditure and Kshs.1.71 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle bills amounting to Kshs.648.75 million in the current financial year.

During the period under review, pending bills amounting to Kshs.379.06 million were settled, consisting of Kshs.20.67 million for recurrent expenditure and Kshs.358.39 million for development programmes.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.67 billion was spent on employee compensation, Kshs.1.06 billion on operations and maintenance, and Kshs.321.63 million on development activities, as shown in Table 3.98.

Table 3.98: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,659,992,724	779,317,456	3,394,641,632	336,936,743	44.3	43.2
Compensation to Employees	4,507,947,847	348,995,660	2,517,189,750	157,666,323	55.8	45.2
Operations and Maintenance	3,152,044,877	430,321,796	877,451,882	179,270,420	27.8	41.7
Development Expenditure	3,556,866,117	150,000,000	321,632,562	-	9.0	-
Total	11,216,858,841	929,317,456	3,716,274,194	336,936,743	33.1	36.3

Source: Kisumu County Treasury

3.18.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 44 per cent of the first half proportional revenue of Kshs.6.07 billion.

The wage bill of Kshs.2.67 billion includes Kshs.1.81 billion attributable to the health sector which translates to 67.8 per cent of the total wage bill in the reporting period.

3.18.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.520 million to county established funds in FY 2021/22, which constituted 4.3 per cent of the County's overall budget for the year. Table 3.99 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.99: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Bursary / Education	205,000,000	-	102,500,000	-	Yes	
2.	Kisumu County Social Health Insurance Fund.	140,000,000	-	-	-		No.
3.	Kisumu County Emergency Fund	100,000,000	-	50,000,000		Yes	
4.	COVID -19 Response	50,000,000		20,000,000		Yes	
5.	Kisumu County Assembly Loan Mortgage Fund	-	25,000,000	-	3,000,000	yes	
Total		495,000,000	25,000,000	172,500,000	3,000,000		

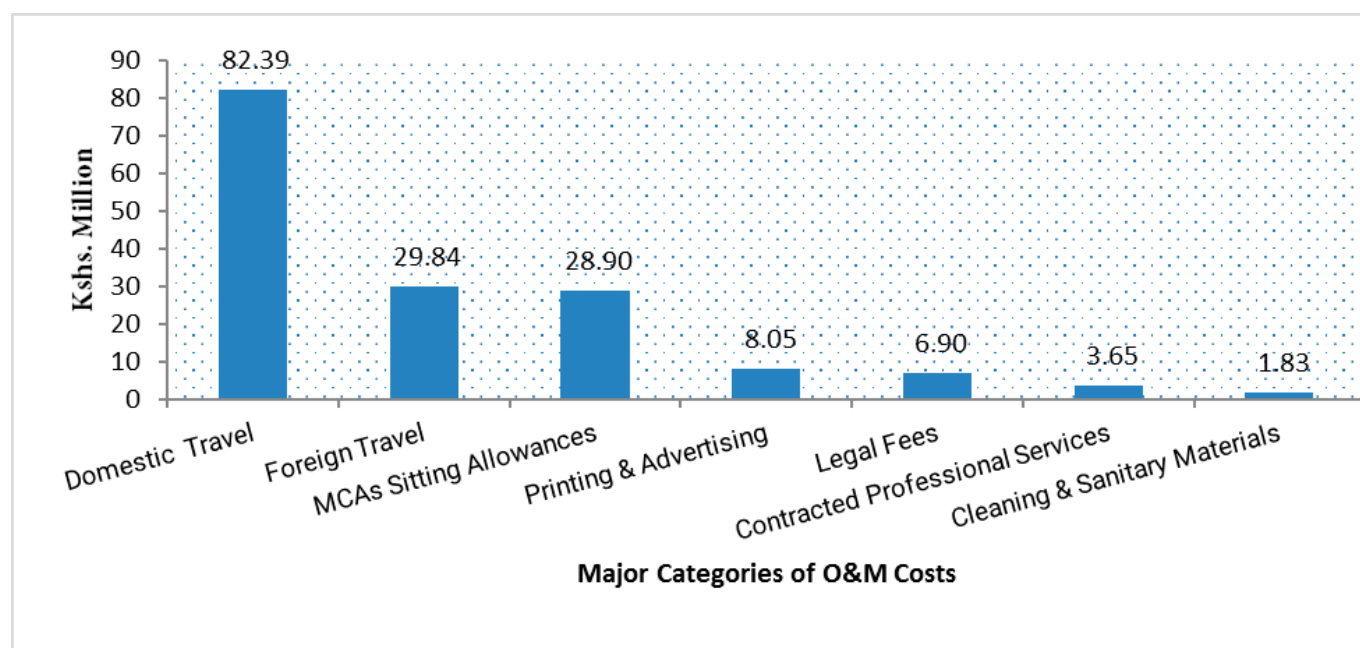
Source: Kisumu County Treasury

The OCoB received quarterly financial returns from Fund Administrators of 4 county-established public funds, as indicated in Table 3.99..

3.18.9 Expenditure on Operations and Maintenance

Figure 3.33 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.33: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: Kisumu County Treasury

The County spent Kshs.28.9 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.83.67 million. The average monthly sitting allowance was Kshs.98,303 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.82.39 million and comprised Kshs.71.90 million spent by the County Assembly and Kshs.10.49 million by the County Executive. Spending on foreign travel amounted to Kshs.29.84 million, all spent by the County Assembly.

3.18.10 Development Expenditure

The County incurred Kshs.321.63 million on development programmes, which represented a decrease of 66.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.993.81 million. Table 3.100 summarises development projects with the highest expenditure in the reporting period.

Table 3.100: Kisumu County, List of Development Projects with the Highest Expenditure

Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
Supply & Delivery of Motor Grader 180-200hp	Headquarters	36,894,960	31,806,000	86.2
Stabilization of Parking Areas for Madaraka Celebration At Mamboleo Show Ground	Mamboleo Show Ground	31,758,937	26,688,182	84.0
Construction of Internal Road Within Mamboleo Show Ground	Mamboleo Show Ground	29,040,855	24,404,080	84.0
Construction Of Ring Road Within Mamboleo Show Ground	Mamboleo Show Ground	25,200,832	21,177,170	84.0
Construction & Renovation of Outer Perimeter Fence At Mamboleo Show Ground	Mamboleo Show Ground	21,415,288	17,996,040	84.0
Supply, Installation, Testing & Commissioning Of Automated Asset Verification, Tagging & Management System	Headquarters	14,229,972	11,957,960	84.0
Proposed Paving of Katito Open Air Market And Drains	Katito	8,742,325	7,346,492	84.0
Construction of Kolewe Box Culvert	Kolowe	5,941,595	4,992,937	84.0
Construction of Kombewa Market Ring Road	Kombewa	5,912,184	4,968,222	84.0
Construction of Esuvaru Water Project	Esuvaru	5,772,722	4,851,027	84.0

Source: Kisumu County Treasury

3.18.11 Budget Performance by Department

Table 3.101 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.101: Kisumu County, Budget Performance by Departments

Departments	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	198.49	609.49	142.62	19	85.85	88	60.2	465	43.3	14.5
Trade, energy and industry	100.6	354.3	54.82	31.68	40.61	24	74.1	77.2	40.4	6.9
Kisumu City	355.43	155.9	195.45	-	143.33	-	73.3	-	40.3	-
Governance and Administration	682.21	75	363.23	-	202.87	-	55.9	-	29.7	-
Education	592.44	260.1	399.98	35.5	286.87	35	71.7	99.5	48.4	13.6
Environment and Natural Resources	101.63	79.95	72.65	-	40.3	-	55.5	-	39.7	-
Finance and Economic Planning	1,414.44	806.75	710.19	265.9	1,070.25	172	150.7	64.6	75.7	21.3
Tourism, Culture and Sports	65.68	144.55	23.04	-	17.87	-	77.6	-	27.2	-
Medical Services and Public Health	3,804.37	213.8	1,406.55	-	1,367.65	-	97.2	-	35.9	-
Physical Planning and Housing	73.51	345.6	41.04	-	32.47	-	79.1	-	44.2	-
CPSB	75.03		16.91	-	31.96	-	189	-	42.6	-
Transport and Infrastructure	196.17	511.42	94.6	-	74.62	2	78.9	-	38.0	0.3
County Assembly	779.32	150	336.94		333.29	-	98.9	-	42.8	-
Sub Totals	8,439.31	3,706.87	3,858.03	352.07	3,727.93	321.63	96.6	91.4	44.2	8.7

Source: Kisumu County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of development budget at 14.5 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 75.7 per cent while the Department of Tourism, Culture and Sports had the lowest at 27.2 per cent.

3.18.12 Budget Execution by Programmes and Sub-Programmes

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

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

Programme	Sub-Programmes	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Office of the Governor and County Administration	759,846,382	175,587,292	584,259,091	76.9
206005060	Mining Efficiency	76,950,000	486,500	76,463,500	99.4
307005060	Industrial Development	605,384	72,000	533,384	88.1
205005060	Energy Production	72,222,514	3,543,271	68,679,243	95.1
306005060	Enterprise Development	100,910,000	217,322	100,692,678	99.8
305005060	Co-Operative Development and Management	12,780,000	6,071,875	6,708,125	52.5
508005060	Alcoholic Drinks	1,600,000	301,600	1,298,400	81.2
302005060	Regulation and Verification of Weights	7,795,000	92,040	7,702,960	98.8
301005060	General Administration and Policy making Services	68,150,000	6,111,309	62,038,691	91
504005060	Gender and Social Dev.	1,620,000	146,000	1,474,000	91

Programme	Sub-Programmes	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
704005060	County Public Service Board	112,270,532	68,680,522	43,590,010	38.8
704005060	County Public Service Board	210,303,000	59,549,160	150,753,840	71.7
206005060	Mining Efficiency	23,500,000	18,458,816	5,041,184	21.5
702005060	Management of County affairs and Special Programmes	8,100,000	1,193,041	6,906,959	85.3
701005060	General Administration and Planning services	28,360,000	4,080,331	24,279,669	85.6
101005060	General Administration and Planning Services	300,000	7,000	293,000	97.7
706005060	County Planning and Development Coordination Services	14,770,000	2,758,305	12,011,695	81.3
703005060	Inter-Governmental relations, Communication and Protocol	19,609,952	3,818,200	15,791,752	80.5
	Medical Services and Public Health	4,018,172,321	2,599,713,201	1,418,459,120	35.3
407005060	Jaramogi Oginga Odinga Teaching and Referral Hospital	296,334,964	96,334,964	200,000,000	67.5
403005060	General Administration, Operational Research and Planning	2,899,479,396	2,247,203,472	652,275,924	22.5
405005060	Health Sector support Program (DANIDA)	160,792,947	47,453,779	113,339,169	70.5
408005060	Kisumu County Referral Hospital	60,000,000	47,895,155	12,104,845	20.2
402005060	Health Curative Services	141,315,014	29,720,989	111,594,025	79
401005060	Preventive & Promotive Health Services	156,450,000	44,000,000	112,450,000	71.9
409005060	Medical and Bio-Medical Services	303,800,000	87,104,843	216,695,157	71.3
	Tourism, Culture and Sport	210,226,963	21,771,715	188,455,248	89.6
401005060	Preventive & Promotive Health Services	100,000,000	-	100,000,000	100
507005060	Sports Stadia Development	4,970,000	1,010,000	3,960,000	79.7
303005060	Tourism Development and Management	15,745,000	3,149,790	12,595,210	80
907005060		4,015,000	343,950	3,671,050	91.4
101005060	General Administration and Planning Services	37,486,963	16,757,975	20,728,988	55.3
506005060	Sports Management and Development	48,010,000	510,000	47,500,000	98.9
	Transport and Infrastructure	707,594,265	140,289,242	567,305,023	80.2
101005060	General Administration and Planning Services	91,948,538	85,410,600	6,537,938	7.1
201005060	County Roads and Public Works Management	502,424,662	13,792,425	488,632,237	97.3
207005060	Roads General Administration and Planning	47,089,048	10,540,850	36,548,198	77.6
304005060	Administration Planning and Support	66,132,017	30,545,367	35,586,650	53.8
	Physical Planning & Housing	419,112,176	17,644,447	401,467,729	95.8
102005060	County Survey Services	1,290,000	180,000	1,110,000	86
103005060	Physical Planning & Housing	13,350,000	314,500	13,035,500	97.6
109005060	Urban Planning & Development Control	1,800,000	106,900	1,693,100	94.1
201005060	County Roads and Public Works Management	367,122,176	17,034,847	350,087,329	95.4
304005060	Administration Planning and Support	35,550,000	8,200	35,541,800	100
	Agriculture, Livestock and Fisheries	807,980,095	179,004,503	628,975,592	77.8
106005060	Agricultural Productivity Improvement	10,300,000	50,000	10,250,000	99.5
707005060	County Communication & ICT Services	650,000	163,100	486,900	74.9
107005060	Promotion of market access and products development	12,700,000	1,149,400	11,550,600	90.9

Programme	Sub-Programmes	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
104005060	Promotion of sustainable land use	700,000	217,555	482,445	68.9
105005060	Agriculture Productivity Improvement	102,461,872	6,144,698	96,317,174	94
701005060	General Administration and Planning services	450,000	150,000	300,000	66.7
101005060	General Administration and Planning Services	680,718,223	171,129,750	509,588,473	74.9
	Education	852,536,870	271,140,683	581,396,187	68.2
208005060	ICT Services	2,465,000	510,205	1,954,795	79.3
504005060	Gender and Social Dev.	8,320,000	1,072,700	7,247,300	87.1
101005060	General Administration and Planning Services	366,901,976	183,649,048	183,252,928	49.9
502005060	Youth Training and Development	30,000,000	1,768,810	28,231,190	94.1
505005060	Early Child Education Management	364,100,000	48,067,700	316,032,300	86.8
517005060	Youth Training and Legislation	79,799,894	35,813,720	43,986,174	55.1
701005060	General Administration and Planning services	950,000	258,500	691,500	72.8
	Environment and Natural Resources	181,578,186	44,654,701	136,923,485	75.4
205005060	Energy Production	2,100,000	20,000	2,080,000	99
206005060	Mining Efficiency	2,000,000	90,000	1,910,000	95.5
301005060	General Administration and Policy making Services	4,553,963	2,126,977	2,426,986	53.3
906005060		3,041,920	1,808,870	1,233,050	40.5
904005060	Environmental Planning And Management	6,484,559	1,835,000	4,649,559	71.7
902005060	Conservation and management of natural ecosystem	128,386,715	21,880,490	106,506,225	83
101005060	General Administration and Planning Services	35,011,029	16,893,363	18,117,666	51.7
	Kisumu City	511,326,844	179,250,245	332,076,599	64.9
109005060	Urban Planning \$ Development Control	29,182,514	14,590,492	14,592,022	50
501005060	Early Childhood Development.	38,578,941	19,288,098	19,290,843	50
704005060	County Public Service Board	324,686,836	85,932,610	238,754,226	73.5
401005060	Preventive & Promotive Health Services	93,229,322	46,614,546	46,614,776	50
108005060	Revenue Generation and Management	25,649,231	12,824,500	12,824,732	50
	County Assembly Service	929,317,456	443,006,523	486,310,933	52.3
701005060	General Administration and Planning services	419,074,012	160,333,392	258,740,620	61.7
705005060	Public Financial Management	7,081,800	3,524,639	3,557,161	50.2
203005060	Administration, Planning and Support Services	35,900,780	10,451,929	25,448,851	70.9
708005060	Legislation & Oversight, services	193,519,904	94,949,889	98,570,015	50.9
710005060	County Assembly Service Board	273,740,960	173,746,674	99,994,286	36.5
	County Public Service Board	75,031,463	32,604,623	42,426,840	56.5
704005060	County Public Service Board	75,031,463	32,604,623	42,426,840	56.5
	Finance and Economic Planning	2,221,190,649	1,064,344,424	1,156,846,225	52.1
109005060	Urban Planning \$ Development Control	22,485,000	7,516,820	14,968,180	66.6
203005060	Administration, Planning and Support Services	1,680,452,563	930,407,367	750,045,196	44.6
703005060	Inter-Governmental relations, Communication and Protocol	8,618,508	3,354,575	5,263,933	61.1
705005060	Public Financial Management	245,103,929	41,664,316	203,439,613	83
305005060	Co-Operative Development and Management	10,000,000	6,022,000	3,978,000	39.8

Programme	Sub-Programmes	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
201005060	County Roads and Public Works	208,294,000	60,904,282	147,389,718	70.8
	Management				
706005060	County Planning and Development	46,236,649	14,475,064	31,761,585	68.7
	Coordination Services				
Trade, Energy and Industry		452,262,627	134,177,906	318,084,721	70.3
711005060	County Planning and Development	7,450,000	1,650,000	5,800,000	77.9
	Co-ordination Services				
704005060	County Public Service Board	143,661,891	18,018,146	125,643,745	87.5
515005060	Pre-Primary Policy and Legislation	25,160,000	6,127,200	19,032,800	75.6
709005060	Representation services & public participation	7,500,000	570,970	6,929,030	92.4
	General Administration and Planning services				
701005060	General Administration and Planning services	268,490,736	107,811,590	160,679,146	59.8
Grand Total		12,146,176,297	5,303,189,505	6,842,986,792	56.3

Source: Kisumu County Treasury

Programmes with high levels of implementation based on absorption rates were: Urban Planning Development in the Department of Lands, Physical Planning and Housing at 95.8 per cent, Tourism Development in the Department of Tourism at 89.6 per cent, Agricultural productivity and improvement in the Department of Agriculture, Livestock and Fisheries at 77.8 per cent of budget allocation.

3.18.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.321.63 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.3.71 billion. The development expenditure represented 8.7 per cent of the annual development budget.
2. A high wage bill. Expenditure on compensation to employees was 44 per cent of the first half proportional revenue of Kshs.6.07 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.439.19 million against an annual projection of Kshs.1.98 billion, representing 22.1 per cent of the annual target.
4. High outstanding pending bills. The County Treasury reported payment of bills worth Kshs.379.06 million during the period under review against the outstanding bills of Kshs.2.17 billion as of 30th June 2021.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. The County Treasury is advised to ensure a robust internal mechanism to ensure pending bills do not accumulate. In addition, plans should be put in place to ensure all genuine pending bills are settled in the remaining period of the financial year.

3.19 County Government of Kitui

3.19.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.50 billion, comprising Kshs.4.10 billion (32.8 per cent) and Kshs.8.40 billion (67.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.10.39 billion (83.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.850 million (6.8 per cent) from own sources of revenue, and a cash balance of Kshs.750.60 million (4.0 per cent) from FY 2020/21. The County also expects to receive Kshs.505.23 million (4 per

cent) as conditional grants, which consists of Kshs.14.55 million IDA (WB) Transforming Health Systems for Universal care Project, Kshs.283.09 million IDA (WB) Credit (National Agricultural & Rural Inclusive Growth Project NAGRIP), Kshs.19.56 million DANIDA Grant - Primary Health Care in Devolved Context Kshs.112.82 million IDA (WB) Credit: Kenya Devolution Support Project Level 2 Grant, Kshs.28.86 million Sweden - Agricultural Sector Development Support Programme II, Kshs.38.96 million IDA (WB) Emergency Locust Response Project, and, Kshs.7.39 million UNFPA- 9th Country Programme Implementation

3.19.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.4.31 billion as the equitable share of the revenue raised nationally, raised Kshs.167.22 million as own-source revenue, Kshs.2.50 million as conditional grants, and had a cash balance of Kshs.1.08 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.57 billion, as shown in Table 3.103.

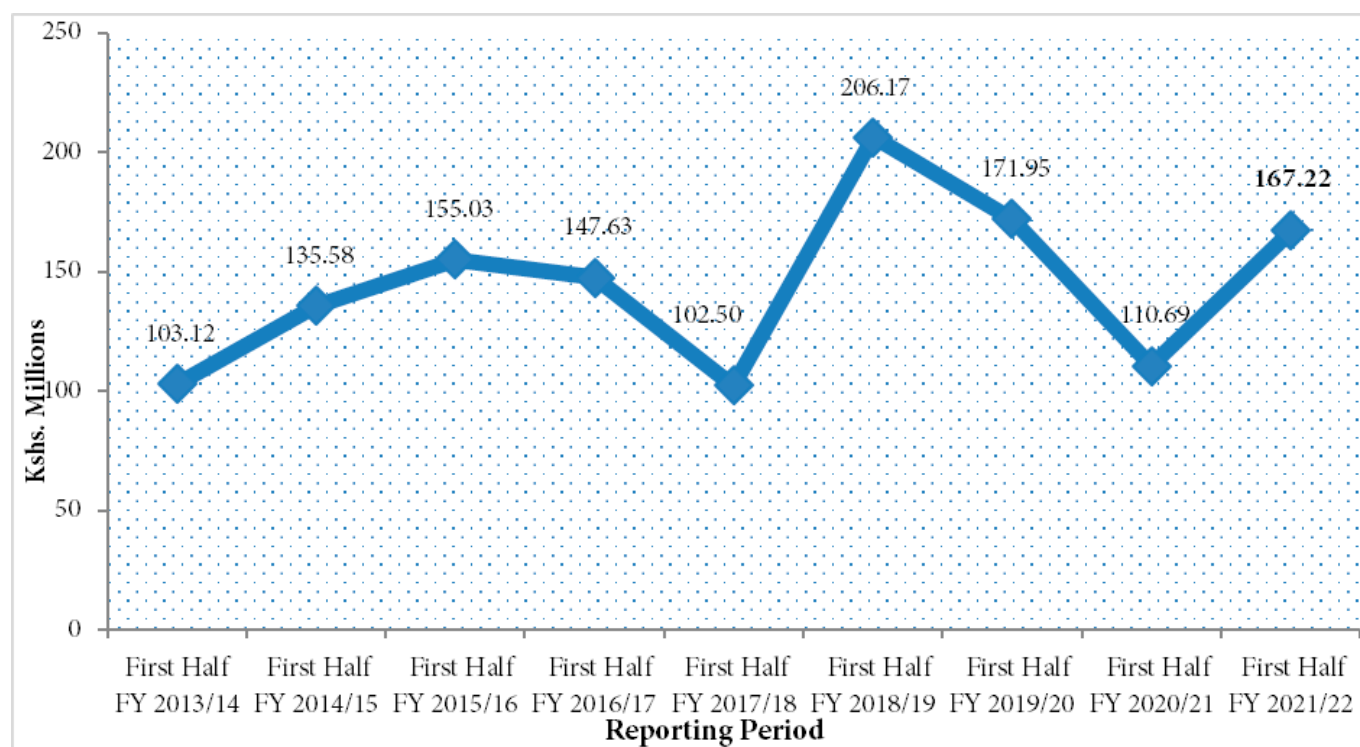
Table 3.103: Kitui County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,393,970,413	4,313,497,851	41.5
Sub Total		10,393,970,413	4,313,497,851	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	850,000,000	167,221,867	19.7
2.	Conditional Grants	505,225,111	2,500,000	0.5
3.	Balance b/f from FY 2020/21	750,579,751	1,084,840,353	144.5
Sub Total		2,105,804,862	1,254,562,220	59.6
Grand Total		12,499,775,275	5,568,060,071	44.5

Source: Kitui County Treasury

Figure 3.34 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.34: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kitui County Treasury

In the first half of FY 2021/22, the County generated Kshs.167.22 million as own-source revenue. This amount represented an increase of 28.9 per cent compared to Kshs.110.69 million realised during a similar period in the first half of FY

2020/21 and was 19.7 per cent of the annual target. The increase can be attributed to cash received from the NHIF that relates to outstanding bills of the previous financial year and the new revenue stream on county investments in the sale of cabros and interlocking bricks.

In the FY 2018/19, the County implemented an automated revenue management system called “zizi”.

3.19.3 Exchequer Issues

The Controller of Budget approved Kshs.3.95 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.659.63 million (16.7 per cent) for development programmes and Kshs.3.29 billion (83.3 per cent) for recurrent programmes.

3.19.4 Overall Expenditure Review

The County spent Kshs.4.97 billion on development and recurrent programmes during the reporting period. This expenditure represented 125.8 per cent of the total funds released by the CoB and comprised of Kshs.1.30 billion and Kshs.3.67 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 31.7 per cent, while recurrent expenditure represented 43.7 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.09 billion and comprised of Kshs.237.67 million for recurrent expenditure and Kshs.852.06 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle eligible bills in the financial year.

During the period under review, pending bills amounting to Kshs.350.40 million were settled, consisting of Kshs.97.90 million for recurrent expenditure and Kshs.252.50 million for development programmes.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.38 billion was spent on employee compensation, Kshs.1.29 billion on operations and maintenance, and Kshs.1.30 billion on development activities, as shown in Table 3.2.

Table 3.104: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,461,963,751	936,616,229	3,288,138,885	382,434,642	44.1	40.8
Compensation to Employees	4,733,971,569	421,757,422	2,182,115,561	202,323,476	51.0	44.2
Operations and Maintenance	2,727,992,182	514,858,807	1,106,023,324	180,111,166	34.8	37.6
Development Expenditure	4,030,412,462	70,782,833	1,301,724,697	0	32.3	0
Total	11,492,376,213	1,007,399,062	4,589,863,582	382,434,642	39.9	38.0

Source: Kitui County Treasury

3.19.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 38.2 per cent of the first half proportional revenue of Kshs.6.25 billion.

The wage bill of Kshs.2.38 billion includes Kshs.1.25 billion attributable to the health sector, which translates to 52.4 per cent of the total wage bill in the reporting period.

3.19.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.75 million to county established funds in FY 2021/22, which constituted 0.6 per cent of the County’s overall budget for the year. Table 3.105 below summarises each established fund’s budget allocation and performance during the reporting period.

Table 3.105: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Kitui County Assembly Service Board employees' car & mortgage fund schemes		50,000,000		214,349	Yes	
2.	Kitui County Assembly Car & mortgage (members) scheme fund		-		2,364,088	Yes	
3.	Kitui County Empowerment Fund *		-				No
4.	Climate Change Fund **	20,000,000					No
5.	Emergency Fund **	5,000,000					No
6.	Total	25,000,000	50,000,000		2,578,437		

Source: Kitui County Treasury

* The Kitui County Empowerment Fund was operationalised in the last FY, and an exchequer of Ksh.100 million was released to the fund. However, the fund administrator has not been providing quarterly FY to COB, contrary to section 168 of PFM Act 2012

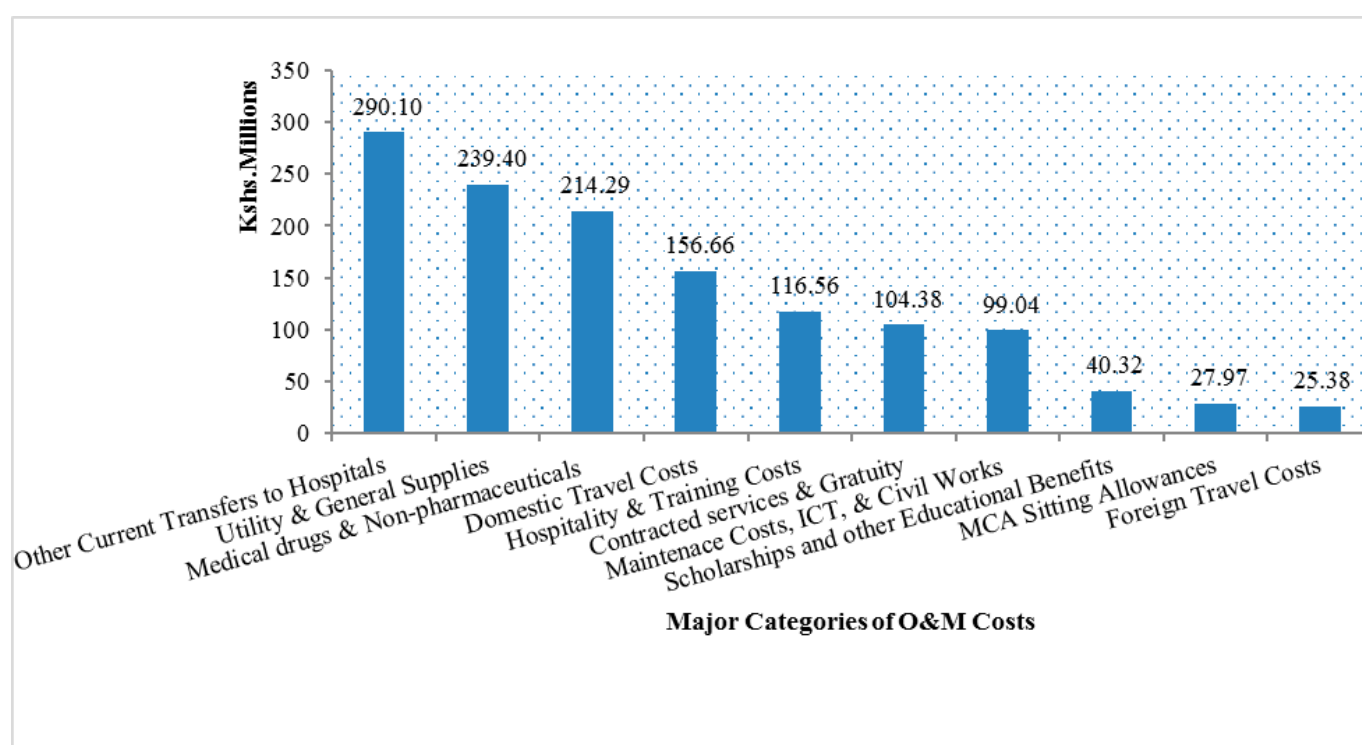
** Though both the Climate Change Fund and Climate Change Fund are budgeted for in the FY 2021/22, they are not yet operational

The administrator of the two Public funds in the County Assembly has been submitting regular quarterly reports to the COB, as indicated in Table 3.105.

3.19.9 Expenditure on Operations and Maintenance

Figure 3.35 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.35: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: Kitui County Treasury

The County spent Kshs.214.29 pharmaceuticals, Kshs.27.97 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.84,770 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.156.66 million and comprised Kshs.54.23 million spent by the County Assembly and Kshs.102.43 million by the County Executive. Expenditure on foreign travel amounted to Kshs.25.38 million and comprised Kshs.24.28 million by the County Assembly and Kshs.1.10 million by the County Executive.

3.19.10 Development Expenditure

The County incurred Kshs.1.30 billion on development programmes, which represented an increase of 1.8 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.23 billion. Table 3.106 summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Supply of power to Masinga treatment works for July	Kitui Central	10,451,862	10,451,862	100.0
2	Implementation of climate proofed infrastructure programme	Kitui Central	10,431,449	10,431,449	100.0
3	Kunda kindu bus park improvement	Kitui Central	9,712,680	9,712,680	100.0
4	Supply of fuel for road grading using county machinery	Kitui	6,000,000	6,000,000	100.0
5	Supply of fuel for road grading using county machinery	Kitui	6,000,000	6,000,000	100.0
6	Construction of Mwinga Kithumula drift	Kitui West	9,638,931	5,983,879	62.1
7	Perimeter fencing of Kitui County Referral Hospital	Kitui Central	7,511,210	5,257,867	70.0
8	Spot improvement of St. Mary's Miambani-Kombuyu road	Kitui Central	4,986,477	4,986,296	100.0
9	Payment for construction of lab store and pharm at Chuluni Health Centre	Kitui East	4,973,227	4,973,227	100.0
10	Construction of Katulani hospital steel water tank	Kitui Central	4,969,634	4,969,634	100.0

Source: Kitui County Treasury

3.19.11 Budget Performance by Department

Table 3.107 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.107: 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	667.22	1,129.66	313.89	128.41	225.66	255.11	71.9	198.7	33.8	22.6
Public Service Management and Administration	530.91	12.00	283.40	1.08	200.80	1.08	70.9	100.0	37.8	9.0
Agriculture water and irrigation	486.45	898.92	245.70	157.30	252.84	218.90	102.9	139.2	52.0	24.4
Basic Education, ICT, and Youth Development	550.28	206.18	284.41	22.90	260.98	61.73	91.8	269.6	47.4	29.9
Infrastructure, Housing and Urban development	280.48	672.86	124.38	196.56	96.02	521.01	77.2	265.1	34.2	77.4
Health and Sanitation	3,496.64	162.43	1,265.87	20.86	1,846.65	37.84	145.9	181.4	52.8	23.3
Trade, Cooperatives and Investments	185.46	240.96	65.19	9.06	49.44	80.06	75.8	883.5	26.7	33.2
Environment Tourism and Natural Resources	135.87	130.24	36.95	3.68	26.30	16.35	71.2	444.7	19.4	12.6
Gender sports and culture	104.50	94.69	35.96	6.21	12.30	15.88	34.2	255.5	11.8	16.8

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Treasury	631.04	136.53	217.33	112.82	237.36	4.50	109.2	4.0	37.6	3.3
County Public Service Board	37.99		7.01	-	8.08		115.4	∞	21.3	∞
County Assembly	936.62	70.78	341.80	-	382.43	-	111.9	∞	40.8	0.0
Kitui Municipality	118.72	186.95	39.72	-	32.07	71.57	80.7	∞	27.0	38.3
Mwingi Town Administration	69.68	43.60	19.35	0.76	15.33	5.10	79.2	∞	22.0	11.7
Apiculture, Fisheries and Livestock	77.48	52.98	4.83	-	6.46	8.81	133.8	∞	8.3	16.6
Lands and physical planning	89.25	62.41	7.29	-	17.84	3.78	244.8	∞	20.0	6.0
Total	8,398.58	4,101.20	3,293.08	659.64	3,670.57	1,301.72	111.5	197.3	43.7	31.7

Source: Kitui County Treasury

Analysis of expenditure by the departments shows that the Department of Infrastructure, Housing and Urban Development recorded the highest absorption rate of development budget at 77.4 per cent while the County Assembly did not report any expenditure on development activities. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 52.8 per cent, while the Department of Apiculture, Fisheries and Livestock had the lowest at 8.3 per cent.

3.19.12 Budget Execution by Programmes and Sub-Programmes

Table 3.108 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.108: Kitui County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Office of the Governor					
General Administration And Planning	701013710	383,078,395	110,328,309	272,750,086	28.8
General Administration And Planning	702013710	56,400,000	44,485,221	11,914,779	78.9
Office of the County secretary	703013710	132,200,000	28,089,208	104,110,792	21.2
Office of The Governor	701013710	1,115,659,572	240,146,430	875,513,142	21.5
Office of The Governor	702013710	14,000,000	14,960,000	(960,000)	106.9
Procurement	704023710	95,544,000	42,761,804	52,782,196	44.8
Sub-total Office of The Governor		1,796,881,967	480,770,972	1,316,110,995	26.8
Public Service Management and Administration					
Coordination And Administrative Services	705013710	150,068,009	57,789,599	92,278,410	38.5
Coordination And Administrative Services	706013710	218,449,123	71,309,065	147,140,058	32.6
Coordination And Programmes Tracking	707013710	14,000,000	4,089,111	9,910,889	29.2
General Administration And Planning	701013710	160,388,712	68,686,442	91,702,270	42.8
Sub-total Public Service Management and Administration		542,905,844	201,874,217	341,031,627	37.2
Agriculture Water and Livestock Development					
Agriculture	102013710	362,927,849	12,218,852	350,708,997	3.4
Agriculture	103013710	41,960,325	10,897,211	31,063,114	26.0
Agriculture	103023710	105,809,162	18,058,693	87,750,469	17.1
Agriculture	104013710	4,833,763	685,585	4,148,178	14.2

Programme	Sub-Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Agriculture	111013710	380,313,900	148,180,741	232,133,159	39.0
Agriculture	111023710	85,254,730	57,780,682	27,474,048	67.8
General Administration And Planning	101013710	306,562,728	152,522,182	154,040,546	49.8
Water	101013710	75,865,747	66,497,347	9,368,400	87.7
Water	111013710	11,103,796	2,905,206	8,198,590	26.2
Water	111023710	10,736,195	1,989,891	8,746,304	18.5
Sub-total Agriculture Water and Live-stock Development		1,385,368,195	471,736,390	913,631,805	34.1
Basic Education, ICT, and Youth Development					
Basic Education	502013710	422,467,179	172,174,685	250,292,494	40.8
Basic Education	503013710	94,073,660	45,871,461	48,202,199	48.8
Basic Education	504013710	4,618,279	778,400	3,839,879	16.9
General Administration And Planning	501013710	144,585,934	68,290,644	76,295,290	47.2
ICT	505013710	9,400,000	2,164,873	7,235,127	23.0
Training And Skills Development	503013710	18,764,000	4,410,450	14,353,550	23.5
Training And Skills Development	506013710	62,547,998	29,025,680	33,522,318	46.4
Sub-total Basic Education, ICT, and Youth Development		756,457,050	322,716,193	433,740,857	42.7
Infrastructure, Housing and Urban Development					
General Administration And Planning	101013710	124,816,908	57,245,173	67,571,735	45.9
Housing	107013710	12,757,160	1,222,618	11,534,542	9.6
Housing	109013710	26,744,509	1,304,406	25,440,103	4.9
Roads, Transport And Mechanical Services	107013710	21,000,000	9,325,890	11,674,110	44.4
Roads, Transport And Mechanical Services	109013710	11,841,535	4,473,981	7,367,554	37.8
Roads, Transport And Mechanical Services	110013710	717,775,374	541,048,849	176,726,525	75.4
Roads, Transport And Mechanical Services	203013710	38,403,760	2,411,830	35,991,930	6.3
Sub-total Infrastructure, Housing and Urban Development		953,339,246	617,032,747	336,306,499	64.7
Health and Sanitation					
General Administration And Planning	401013710	136,314,135	95,593,392	40,720,743	70.1
General Administration And Planning	401023710	74,322,752	37,984,750	36,338,002	51.1
General Administration And Planning	401033710	4,844,081	2,362,040	2,482,041	48.8
Health Promotion and Disease Control	404013710	3,677,301	697,350	2,979,951	19.0
Medical Services	402013710	2,856,757,385	1,352,694,219	1,504,063,166	47.4
Medical Services	402023710	28,800,000	9,337,706	19,462,294	32.4
Medical Services	403023710	133,042,972	66,148,079	66,894,893	49.7
Medical Services	404023710	0	(369,600)	369,600	∞
Medical Services	404033710	61,129,233	16,998,510	44,130,723	27.8
Public Health	403013710	17,125,686	9,237,648	7,888,038	53.9
Public Health	403023710	1,700,000	797,600	902,400	46.9
Public Health	403033710	2,150,000	974,316	1,175,684	45.3
Rural Health Services	402033710	322,746,480	287,946,124	34,800,356	89.2
Rural Health Services	404023710	13,901,500	3,307,001	10,594,499	23.8
Rural Health Services	404033710	2,562,793	781,396	1,781,397	30.5
Sub-total Health and Sanitation		3,659,074,318	1,884,490,531	1,774,583,787	51.5%
Trade, Cooperatives and Investments					

Programme	Sub-Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
cooperatives	304013710	11,479,709	4,387,015	7,092,694	38.2
cooperatives	304023710	42,870,317	10,974,509	31,895,808	25.6
General Administration And Planning	301013710	97,571,378	23,406,606	74,164,772	24.0
Trade And Markets	301013710	267,383,927	90,113,796	177,270,131	33.7
Trade And Markets	303023710	7,116,675	620,610	6,496,065	8.7
Sub-total Trade, Cooperatives and Investments		426,422,006	129,502,536	296,919,470	30.4
Environment Tourism and Natural Resources					
Energy	1005013710	19,638,302	450,100	19,188,202	2.3
Energy	1006013710	90,390,027	8,477,518	81,912,509	9.4
Environment	1002013710	12,994,238	2,035,903	10,958,335	15.7
Environment	1003013710	21,294,036	10,586,200	10,707,836	49.7
Environment	1004013710	1,418,942	285,500	1,133,442	20.1
General Administration And Planning	1001013710	47,315,510	11,341,451	35,974,059	24.0
Mineral Resources	1003013710	4,795,218	1,936,080	2,859,138	40.4
Mineral Resources	1003023710	9,981,288	4,200,674	5,780,614	42.1
Mineral Resources	1003043710	10,676,631	2,297,645	8,378,986	21.5
Mineral Resources	1007013710	1,750,548	262,600	1,487,948	15.0
Mineral Resources	1008013710	9,117,236	310,700	8,806,536	3.4
Tourism	305013710	4,209,922	152,000	4,057,922	3.6
Tourism	305033710	9,570,571	36,000	9,534,571	0.4
Tourism	1003023710	22,957,893	280,000	22,677,893	1.2
Sub-total Environment Tourism and Natural Resources		266,110,362	42,652,371	223,457,991	16.0
Sports Gender and Culture					
Gender, Culture and Social Services Headquarters	307013710	37,278,231	3,348,620	33,929,611	9.0
Gender, Culture and Social Services Headquarters	307023710	19,046,259	1,298,249	17,748,010	6.8
Gender, Culture and Social Services Headquarters	308013710	9,863,054	296,400	9,566,654	3.0
Gender, Culture and Social Services Headquarters	308023710	1,580,000	451,500	1,128,500	28.6
General Administration And Planning	301013710	37,271,703	5,076,336	32,195,367	13.6
Sports	306013710	15,000,000	4,979,470	10,020,530	33.2
Sports	306023710	59,086,759	10,898,327	48,188,432	18.4
Sports	306013710	7,895,927	454,800	7,441,127	5.8
Sports	306023710	12,164,801	1,377,200	10,787,601	11.3
Sub-total Sports Gender and Culture		199,186,734	28,180,902	171,005,832	14.1
County Treasury					
Accounts	704013710	55,777,755	27,843,923	27,933,832	49.9
Accounts	712053710	14,723,824	6,535,893	8,187,931	44.4
Budgetary Supplies	712013710	173,370,546	68,989,365	104,381,181	39.8
Economic Affairs	710013710	90,036,301	37,880,770	52,155,531	42.1
Economic Affairs	710023710	14,241,471	3,464,498	10,776,973	24.3
Economic Affairs	712023710	13,387,930	4,697,316	8,690,614	35.1
General Administration And Planning	701013710	397,758,378	89,888,197	307,870,181	22.6
Internal Audit	712033710	8,274,100	2,565,508	5,708,592	31.0
Sub-total County Treasury		767,570,305	241,865,470	525,704,835	31.5
County Public Service Board					

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Board	713013710	7,759,284	750,925	7,008,359	9.7
Board	713023710	6,605,268	948,138	5,657,130	14.4
Board	714013710	5,033,615	696,196	4,337,419	13.8
General Administration And Planning	701013710	18,591,540	5,687,656	12,903,884	30.6
Sub-total County Public Service Board		37,989,707	8,082,915	29,906,792	21.3
County Assembly					
General Administration And Planning	701013710	384,862,315	108,830,456	264,854,356	28.3
Legislative Department	715013710	622,536,747	273,604,186	365,508,444	43.9
Sub-total County Assembly		1,007,399,062	382,434,642	630,362,800	38.0
Kitui Municipality					
Environment, Culture, Recreation and Community Development	207013710	36,394,963	9,044,919	27,350,044	24.9
Finance	207023710	34,065,000	6,824,108	27,240,892	20.0
General Administration And Planning	201013710	49,757,428	13,368,377	36,389,051	26.9
Planning, Development Control, Transport and Infrastructure	207013710	18,835,000	4,343,447	14,491,553	23.1
Planning, Development Control, Transport and Infrastructure	209013710	151,882,398	68,202,886	83,679,512	44.9
Trade, Commerce and Industrialisation	207033710	14,734,842	1,861,499	12,873,343	12.6
Sub-total Kitui Municipality		305,669,631	103,645,236	202,024,395	33.9
Mwingi Town Administration					
Environment, Culture, Recreation and Community Development	1001013710	11,008,845	1,709,994	9,298,851	15.5
General Administration And Planning	109013710	12,846,242	1,047,820	11,798,422	8.2
General Administration And Planning	201013710	62,650,500	12,199,050	50,451,450	19.5
General Administration And Planning	706013710	4,816,250	2,336,454	2,479,796	48.5
Planning, Development Control, Transport and Infrastructure	207013710	15,826,800	1,318,258	14,508,542	8.3
Planning, Development Control, Transport and Infrastructure	207023710	940,400	278,550	661,850	29.6
Planning, Development Control, Transport and Infrastructure	207033710	5,195,100	1,542,633	3,652,467	29.7
Sub-total Mwingi Town Administration		113,284,137	20,432,759	92,851,378	18.0
Livestock Apiculture and Fisheries					
Aquaculture Development	105013710	2,630,349	319,611	2,310,738	12.2
General Administration	101013710	63,782,775	3,704,570	60,078,205	5.8
Livestock Development	106013710	31,605,884	5,265,150	26,340,734	16.7
Livestock Development	106023710	32,440,440	5,978,336	26,462,104	18.4
Sub-total Livestock Apiculture and Fisheries		130,459,448	15,267,667	115,191,781	11.7
Lands and physical planning					
General Administration	101013710	53,096,842	10,219,594	42,877,248	19.2
Land Adjudication	108023710	21,416,451	2,153,118	19,263,333	10.1
Land Information & management	108013710	53,105,873	4,771,054	48,334,819	9.0
Land Survey	108023710	4,000,000	-	4,000,000	0.0
Lands survey	108023710	20,038,097	4,468,910	15,569,187	22.3
Sub-total Lands and physical planning		151,657,263	21,612,676	130,044,587	14.3
Grand Total		12,499,775,275	4,972,298,224	7,532,875,431	39.8

Source: Kitui County Treasury

Programmes with high levels of implementation based on absorption rates were: 702013710 Office of the Governor in the Department of the office of the Governor at 106 per cent, 402033710 Rural Health Services in the Department of Health and Sanitation at 89.2 per cent, 101013710 Water in the Department of Agriculture Water and Irrigation at 87.7 per cent, and 702013710 General Administration and Planning at 78.9 per cent of respective budget allocation.

3.19.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered a total of 27 projects that were implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. Some projects were well implemented and have achieved the desired objectives. These include: installation of solar panels at Ngomano Water Borehole in Ngomeni Ward that serves Kyululu, Mwitika and Kalinga villages; ECDE class at Mulang'a Primary School in Mwingi North Constituency that has seen enrolment rate increased from 10 to 28 students; and upgrading of National Oil Road - Naivas Road to bitumen standard.

During the exercise, the office identified several challenges that hampered budget implementation during the period under review. These included; Delay in completion of stalled projects attributed to non-payment of outstanding contract sums due to contractors; Inadequate staff at newly constructed health facilities; and lack of project information boards at the project site making it difficult to identify and ascertain ownership.

To address these challenges and improve budget implementation, the County Government should: Prioritize payment of pending bills so that stalled and ongoing projects are completed; ensure adequate staffing, and equipping of newly constructed healthcare facilities; and erect a project information board adjacent to each project to enhance transparency and accountability.

3.19.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. The Kitui County Empowerment Fund administrator has not submitted quarterly reports to COB since this Public Fund was operationalised in April 2021, contrary to Section 168 of the PFM Act 2012.
3. A high wage bill, which accounted for 48 per cent of the total expenditure in the First Half of FY 2021/22, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.167.22 million against an annual projection of Kshs.850 million, representing 19.7 per cent of the annual target.
5. Failure to reconcile IFMIS vote book expenditure with actual expenditure paid, leading to overstating of expenditure to approved exchequer release as shown in Table 3.5, where the County incurred expenditure over approved exchequer releases.

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

- i. 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.
- ii. The Kitui County Empowerment Fund Administrator should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 168 of the PFM Act, 2012
- iii. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
- iv. The County should address its revenue performance to ensure the approved budget is fully financed.
- v. The county treasury should routinely reconcile IFMIS expenditure with actual payments to ensure accurate reporting.

3.20 County Government of Kwale

3.20.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.34 billion, comprising Kshs.5.66 billion (45.7 per cent) and Kshs.6.73 billion (54.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.27 billion (66.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.315 million (2.5 per cent) from own sources of revenue, and a cash balance of Kshs.2.63 billion (21.2 per cent) from FY 2020/21. The County also expects to receive Kshs.1.18 billion (9.5 per cent) as conditional grants, which consist of Kshs.14.81 million for Compensation for User Fees Foregone, Kshs.153.30 million for Leasing of Medical Equipment, Kshs.228.29 million for Road Maintenance Fuel Levy, and Kshs.54.84 million for Development of Youth Polytechnics. Other conditional grants include Kshs.73.05 million from World Bank Grant on Kenya Devolution Support Programme, Kshs.21.57 million from DANIDA grant to supplement the financing of County Health Facilities, Kshs.34.29 million from World Bank Grant for Universal Health Care Project, Kshs.194.46 million for National Agricultural and Rural Inclusive Growth Project NARIGP, Kshs.389.61 million for Water and Sanitation Development Project (WSDP) and Kshs.14.35 million for Agricultural Sector Development Support Programme-ASDSP.

3.20.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.73 billion as the equitable share of the revenue raised nationally, raised Kshs.108 million as own-source revenue, and had a cash balance of Kshs.2.63 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.57 billion, as shown in Table 3.109.

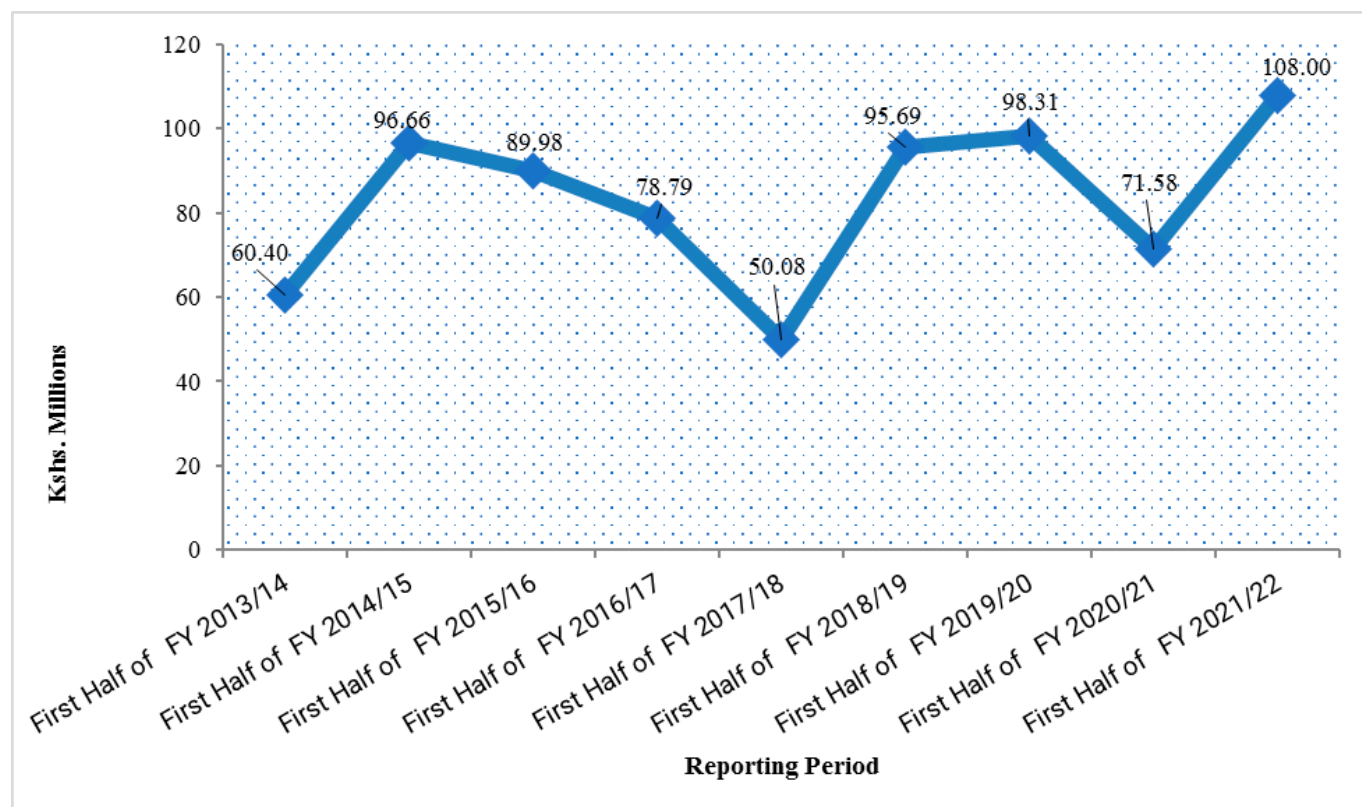
Table 3.109: Kwale County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,265,585,516	2,727,643,220	33
Sub Total				
B	Other Sources of Revenue			
1.	Own Source Revenue	315,000,000	107,996,563	34.3
2.	Balance b/f from FY 2020/21	2,629,027,981	2,629,027,981	100
3.	Other Revenues / Conditional grants	1,178,555,997	107,996,563	9.2
Sub Total				
Grand Total				
		12,388,169,494	5,572,664,327	45

Source: Kwale County Treasury

Figure 3.36 shows the trend in own-source revenue collection for the first half from FY 2013/14 to the first half of FY 2021/22.

Figure 3.36: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Kwale County Treasury

In the first half of FY 2021/22, the County generated Kshs.108 million as own-source revenue. This amount represented an increase of 50.9 per cent compared to Kshs.71.58 million realised during a similar period in the first half of FY 2020/21 and was 34.3 per cent of the annual target. The increase can be attributed to an improved economic environment due to the relaxation of restrictions imposed to control the spread of the COVID-19 disease.

The County implemented an automated revenue management system called Kwale Revenue Management System.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.8 billion from the CRF account during the reporting period. The amount comprised Kshs.868.84 million (18.1 per cent) for development programmes and Kshs.3.93 billion (81.9 per cent) for recurrent programmes.

3.20.4 Overall Expenditure Review

The county spent Kshs.3.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 69.2 per cent of the total funds released by the CoB and comprised of Kshs.888.03 million and Kshs.2.43 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 15.7 per cent, while recurrent expenditure represented 36.1 per cent of the annual recurrent expenditure budget.

3.20.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.55 billion. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. However, the County Treasury did not provide a report on payment of pending bills in the reporting period.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.57 billion was spent on employee compensation, Kshs.862.17 million on operations and maintenance, and Kshs.888.03 million on development activities, as shown in Table 3.110.

Table 3.110: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,984,126,964	748,445,792	2,271,516,452	160,919,769	38.0	21.5
Compensation to Employees	3,227,411,088	167,034,660	1,540,766,459	29,501,675	47.7	17.7
Operations and Maintenance	2,756,715,876	581,411,132	730,749,993	131,418,094	26.5	22.6
Development Expenditure	5,375,735,917	229,840,821	815,727,415	72,299,608	15.2	31.5
Total	11,359,862,881	978,286,613	3,087,243,867	233,219,377	27.2	23.8

Source: Kwale County Treasury

3.20.7 Expenditure on Personnel Emoluments

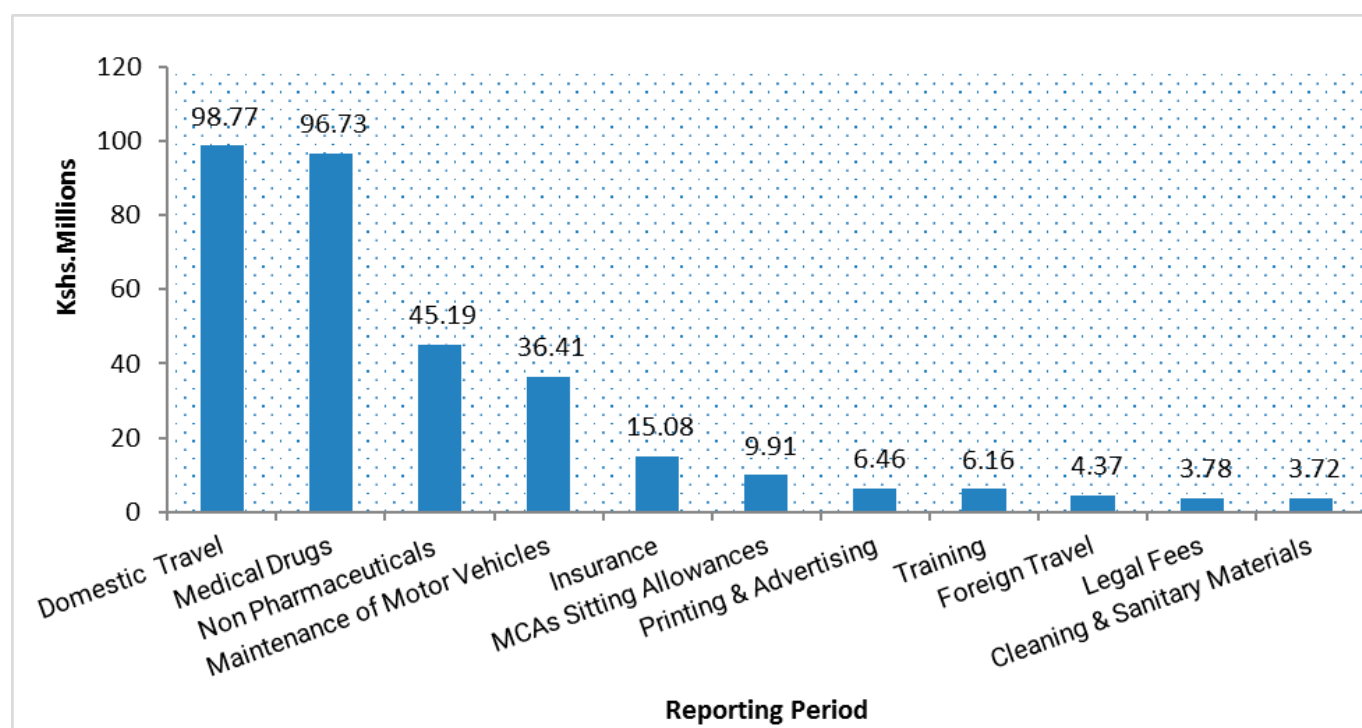
Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 25.5 per cent of the first half proportional revenue of Kshs.6.17 billion.

The wage bill of Kshs.1.57 billion includes Kshs.837.13 million attributable to the health sector, which translates to 53.3 per cent of the total wage bill in the reporting period.

3.20.8 Expenditure on Operations and Maintenance

Figure 3.37 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.37: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: Kwale County Treasury

The County spent Kshs.9.91 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.48.86 million. The average monthly sitting allowance was Kshs.48,558 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.98.77 million and comprised Kshs.12.09 million spent by the County Assembly and Kshs.86.67 million by the County Executive. Spending on foreign travel amounted to Kshs.4.37 million and consisted of Kshs.3.99 million by the County Assembly and Kshs.371,936 by the County Executive.

3.20.9 Development Expenditure

The County incurred an expenditure of Kshs.888.03 million on development programmes, which represented a decrease of 23.4 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.15 billion. Table 3.111 summarises development projects with the highest expenditure in the reporting period.

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

Project Name	(Location of the Project)	Budget (Kshs.)	Expenditure (Kshs.)	Absorption
Construction of Stadium	Kwale	119,259,841	88,036,917	73.8
Support to Community Water Projects (Pumps/motors, Dam embankment/spillway, pipes & pipe fittings/accessories), Power bills and water Treatment chemicals for Community Managed Schemes	All wards	17,272,723	17,272,723	100
Expansion of the new COVID-19 unit	Ramisi Ward	21,381,060	16,551,156	77.4
Construction of Recording Studio	Kwale	14,862,945	12,318,771	82.9
Acquisition of land	County	15,000,000	11,900,000	79.3
Kizingo dam Phase 2: in Mackinon Road Ward	M a c k i n o n Road	11,461,235	11,461,235	100
County Flagship Project 2 Construction of Dziweni dam- Phase 2: Treatment Works in Ndavaya ward	Ndavaya ward	9,822,100	8,406,300	85.6
Equipping of recording studio	Kwale	7,452,000	7,452,000	100
Construction of social hall with a toilet at Majimboni.	Majimboni	7,175,519	7,175,519	100
Proposed construction of social hall at pemba-kibani in at	Kibaoni	7,131,133	7,131,133	100

Source: Kwale County Treasury

3.20.10 Budget Performance by Department

Table 3.112 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.112: Kwale 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
Finance and Economic Planning	908.69	44.99	769.82	-	157.32	-	20.4	-	17.3	61.3
Agriculture, Livestock and Fisheries	196.98	558.61	105.88	46.97	87.68	27.56	82.8	58.7	44.5	-
Environment and Natural Resources	174.05	160.89	62.30	-	36.29	35.47	58.2	-	20.8	22.0
Medical and Public Health Services	2,678.35	1,062.96	1,368.50	187.58	1,130.80	198.00	82.6	105.6	42.2	18.6
County Assembly	748.45	279.84	360.69	72.30	131.42	72.30	36.4	100.0	17.6	25.8
Trade and Cooperative Development	78.20	228.58	45.19	40.49	30.72	35.01	68.0	86.5	39.3	15.3
Social Services and Talent Management	123.77	241.74	105.02	33.02	42.85	81.36	40.8	246.4	34.6	33.7
County Executive Services	125.66	36.00	74.34	-	41.71	-	56.1	-	33.2	-
Education, Research and HR Development	981.14	811.60	604.19	166.26	442.44	120.19	73.2	72.3	45.1	14.8
Water Services	80.98	1,166.92	48.79	157.64	33.48	148.45	68.6	94.2	41.3	12.7
Roads and Public Works	209.69	898.11	137.68	126.87	86.15	136.68	62.6	107.7	41.1	15.2
Tourism and ICT	46.93	77.47	26.54	22.11	16.50	17.41	62.1	78.7	35.2	22.5
County Public Service Board	57.80	-	27.24	-	16.71	-	61.3	-	28.9	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service and Administration	311.68	49.95	189.59	15.59	177.92	15.60	93.8	100.0	57.1	31.2
Kwale Municipality	4.03	14.24	0.91	-	0.24	-	26.4	-	6.0	-
Diani Municipality	6.18	23.68	1.04	-	0.22	-	21.2	-	3.6	-
Total	6,732.57	5,655.58	3,927.71	868.84	2,432.44	888.03	61.9	102.2	36.1	15.7

Source: Kwale County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 61.3 per cent, followed by the Department of Social Services and Talent Management at 33.7 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 57.1 per cent, while the Department of Diani Municipality had the lowest at 3.6 per cent.

3.20.11 Budget Execution by Programmes and Sub-Programmes

Table 3.113 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

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

Name of The Programme	Approved Estimates FY 2021/22 (Kshs.)	Total Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Department of Finance and Economic Planning				
Budget Formulation, Coordination and Management (0703023060)	2,140,000	1,219,098	920,902	57.0
General Administration (0704043060)	282,171,327	9,180,448	272,990,879	3.3
Revenue Collection Management (0710013060)	54,334,800	22,447,048	31,887,752	41.3
Public Finance and Accounting Services (0711013060)	1,084,206	27,115	1,057,091	2.5
Risk Assurance Services (0711033060)	72,413,210	28,448,443	43,964,767	39.3
Personal Services (0704013060)	105,031,442	96,001,549	9,029,893	91.4
Totals	517,174,985	157,323,701	359,851,284	30.4
Agriculture, Livestock and Fisheries				
General Administration and Support Services {0102053060}	220,787,755	25,665,336	195,122,419	11.6
102063060	84,506,661	79,341,675	5,164,986	93.9
Crop Production & Food Security {0107013060}	120,607,835	2,893,000	117,714,835	2.4
108023060	16,329,652	-	-	-
Fish Production Management {0109013060}	14,069,110	7,291,638	6,777,472	51.8
Livestock Disease Control {0108033060}	13,601,574	-	-	-
Farm Land Utilization, Mechanization & Crop Storage {0107033060}	11,396,930	-	-	-
109023060	6,720,000	-	-	-
Agricultural Extension, Research & Training. {0107023060}	3,690,000	56,000	3,634,000	1.5
Total	491,709,517	115,247,649	376,461,868	23.4
Land, Environment, Mining and Natural Resources				
0102053060 (General Administration and Support Services	122,521,845	38,823,899	83,697,946	31.7
0102063060 (Personnel Services)	17,270,678	14,961,508	2,309,170	86.6
0102073060 ()	19,985,649	729,900	19,255,749	3.7
0104013060 (Physical Development Plans)	10,822,835	4,682,000	6,140,835	43.3
0105013060 (Establishment of Squatter Settlement Schemes	11,950,000	5,337,710	6,612,290	44.7
0106023060 (County Environmental Awareness Initiative)	42,740,000	-	-	-
0901023060 ()	13,801,580	7,219,160	6,582,420	52.3
Total	239,092,587	71,754,177	167,338,410	30.0
Kwale Health Services				
General Administration (0403013060)	628,197,576	283,306,538	344,891,038	45.1
Personnel Services (0403053060)	934,542,276	837,129,715	97,412,561	89.6
Msambweni Hospital (0405013060)	5,150,000	3,750	5,146,250	0.1
Kinango Hospital (0406013060)	5,000,000	-	-	-

Name of The Programme	Approved Estimates FY 2021/22 (Kshs.)	Total Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Kwale Hospital (0407013060)	15,000,000	-	-	-
Tiwi Rural Health Facility (0408013060)	5,299,277	-	-	-
Samburu Hospital (0409013060)	10,000,000	-	-	-
Lungalunga Hospital (0410013060)	218,005,597	115,720,809	102,284,788	53.1
Rural Health Facilities (0412013060)	339,210,006	18,100,297	321,109,709	5.3
Diani Health Centre (0413013060)	86,368,250	74,537,717	11,830,533	86.3
Total	2,246,772,982	1,328,798,826	917,974,156	59.1
County Assembly			-	-
704013060	308,596,321	52,782,169	255,814,152	17.1
704043060	434,912,324	82,274,037	352,638,287	18.9
705013060	234,777,968	68,661,495	166,116,473	29.2
Total	978,286,613	203,717,701	774,568,912	20.8
Industry, Trade and Investments			-	-
Administration Services (0305023060)	104,826,082	34,440,825	70,385,257	32.9
Construction of New Markets (0306023060)	28,337,738	-	-	-
301013060	2,285,000	1,702,200	582,800	74.5
301043060	1,500,000	-	-	-
302023060	3,791,333	9,450	3,781,883	0.2
305013060	20,595,082	17,846,376	2,748,706	86.7
306013060	4,103,750	3,304,667	799,083	80.5
307013060	34,989,019	8,421,937	26,567,082	24.1
Total	200,428,004	65,725,455	134,702,549	32.8
Community Development, Youth and Women Empowerment and Social Services			-	-
903013060	25,312,490	-	-	-
903033060	1,794,232	1,349,500	444,732	75.2
904013060	100,000	-	-	-
905013060	750,000	449,000	301,000	59.9
905023060	32,875,000	-	-	-
905033060	27,407,983	14,146,765	13,261,218	51.6
906013060	19,408,526	17,404,689	2,003,837	89.7
906023060	139,373,552	90,860,041	48,513,511	65.2
Total	247,021,783	124,209,995	122,811,788	50.3
Office of the Governor and The Deputy Governor			-	-
Audit Services704013060	36,368,134	31,729,504	4,638,630	87.2
General Administration704043060	49,543,995	3,299,209	46,244,786	6.7
Media and Communication Services707033060	16,440,725	6,686,097	9,754,628	40.7
Total	102,352,854	41,714,810	60,638,044	40.8
Education			-	-
Personnel Services (0502023060)	254,357,964	226,194,810	28,163,154	88.9
Scholarship and Bursary (0504013060)	200,000,000	200,000,000	-	100.0
Administration Planning Support Service (0502013060)	348,205,577	109,084,831	239,120,746	31.3
Infrastructure Development (0503023060)	53,734,228	2,012,288	51,721,940	3.7
Youth Training Development(0503013060)	24,527,500	15,442,596	9,084,904	63.0
501013060	10,000,000	-	-	-
Early Childhood Development (0501043060)	184,151,611	9,892,897	174,258,714	5.4
Total	1,074,976,880	562,627,422	512,349,458	52.3
Water and Urban Planning and Decentralized Units			-	-
Construction & Maintenance of Water Pipeline Supply Systems (1001023060)	46,180,944	4,921,821	41,259,123	10.7
Development of Borehole Water Supply System (1001033060)	75,370,612	-	-	-

Name of The Programme	Approved Estimates FY 2021/22 (Kshs.)	Total Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Development/Construction of Surface Water Supply Systems (1001043060)	84,675,292	4,313,463	80,361,829	5.1
Community Water Project (001063060)	20,138,112	9,980,198	10,157,914	49.6
Personnel Services (1002013060)	22,710,090	16,345,591	6,364,499	72.0
Administration Services (1002023060)	515,303,525	146,364,659	368,938,866	28.4
Total	764,378,575	181,925,732	582,452,843	23.8
Infrastructure and Public Works			-	-
Administration Services (0305023060)	43,094,518	31,694,723	11,399,795	73.5
Rehabilitations of Roads, Drainage and Bridges (0202013060)	304,667,524	13,295,848	291,371,676	4.4
Personnel Services (0305013060)	295,495,314	176,430,379	119,064,935	59.7
Installation of Street Lighting Facilities (0203013060)	33,595,000	1,408,742	32,186,258	4.2
Total	676,852,356	222,829,692	454,022,664	32.9
ICT and Tourism			-	-
Personnel Services {0305013060}	13,411,724	11,433,745	1,977,979	85.3
Administration Services {0305023060}	33,948,212	18,249,278	15,698,934	53.8
Local Area Network Installation and ICT Support {0308013060}	19,009,408	4,177,094	14,832,314	22.0
Tourism Promotion {0304013060}	12,778,750	44,160	12,734,590	0.3
Total	79,148,094	33,904,277	45,243,817	42.8
County Public Service Board			-	-
Human Resource Planning (706013060)	4,751,000	1,421,849	3,329,151	29.9
Transformation of Service Delivery in Public Service (706023060)	450,000	74,135	375,865	16.5
Compensation to Employees (706043060)	18,781,306	11,265,945	7,515,361	60.0
Staff Rationalization (706063060)	6,453,063	3,947,450	2,505,613	61.2
Total	30,435,369	16,709,379	13,725,990	54.9
Public Service and Administration			-	-
Audit Services 0704013060	108,288,481	126,136,140	- 17,847,659	116.5
General Administration 0704043060	39,794,989	18,120,968	21,674,021	45.5
County Compliance and Enforcement 0708033060	5,508,256	5,500,000	8,256	99.9
Sub County Admin Kinango 0712043060	11,625,000	15,726,847	- 4,101,847	135.3
County Garbage and Cleaning Services 0713013060	15,467,567	18,664,895	- 3,197,328	120.7
Human Resource and Planning, 0714013060	19,735,068	9,365,383	10,369,685	47.5
	200,419,361	193,514,233	6,905,128	96.6
Municipality of Kwale			-	-
0102063060 (Personnel)	1,133,000	-	-	-
0111013060 (Kwale Municipality)	15,571,189	239,900	15,331,289	1.5
Total	16,704,189	239,900	16,464,289	1.4
Municipality of Diani			-	-
0102063060 (Personnel)	1,359,600	-	-	-
0112013060 (Diani Municipality)	20,687,883	220,300	20,467,583	1.1
	22,047,483	220,300	21,827,183	1.0
Grand Total	7,887,801,632	3,320,463,249	4,567,338,383	42.1

Source: Kwale County Treasury

The Budget Execution by Programmes and Sub-programmes Report in Table 3.113 is based on the half-year budget and not the annual approved budget.

Programmes with high levels of implementation based on absorption rates were: Sub County Admin Kinango at 135.3 per cent and County Garbage and Cleaning Services at 120.7 per cent of budget allocation both under the Department of Public Service and Administration. The County is advised to regularise any expenditure above the approved budget before the close of the financial year.

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. 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.888.03 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.5.66 billion. The development expenditure represented 15.7 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.108 million against an annual projection of Kshs.315 million, representing 34.3 per cent of the annual target..
4. High level of pending bills reported at Kshs.1.55 billion as of 30th June 2021 and failure by the County Treasury to provide a report on payments done as of 31st December 2021.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
- v. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

3.21 County Government of Laikipia

3.21.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.57 billion, comprising Kshs.3.81 billion (44.4 per cent) and Kshs.4.77 billion (55.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.14 billion (59.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.01 billion (11.7 per cent) from own sources of revenue, and a cash balance of Kshs.432.75 million (5.0 per cent) from FY 2020/21. The County also expects to raise Kshs.1.25 billion (14.6 per cent) through the issuance of an Infrastructure Bond and receive Kshs.748.11 million (8.7 per cent) as conditional grants, which consists of Kenya Devolution Support Programme, DANIDA grant, EU-IDEAS and Kenya Climate Smart.

3.21.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.13 billion as the equitable share of the revenue raised nationally, raised Kshs.385.93 million as own-source revenue, Kshs.29.97 million as conditional grants, and had a cash balance of Kshs.432.75 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.98 billion, as shown in Table 3.114.

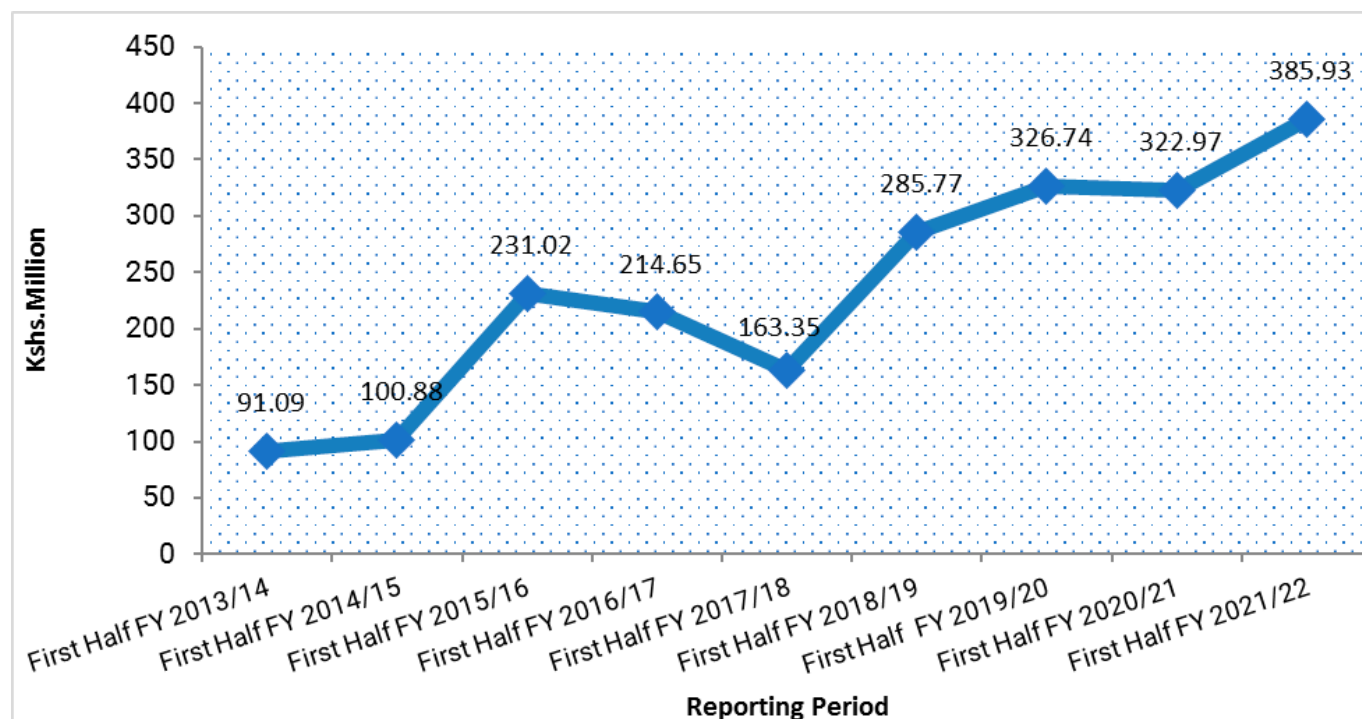
Table 3.114: Laikipia County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,136,265,679	2,131,550,258	41.5
	Sub Total	5,136,265,679	2,131,550,258	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,006,000,000	385,925,656	38.4
2.	Conditional Grants	748,106,376	29,974,152	4
3.	Balance b/f from FY 2020/21	432,747,990	432,747,990	100
4.	Other Revenues (Infrastructure Bond)	1,247,627,355	-	-
	Sub Total	3,434,481,721	848,647,798	24.7
	Grand Total	8,570,747,400	2,980,198,056	34.8

Source: Laikipia County Treasury

Figure 3.38 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.38: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Laikipia County Treasury

In the first half of FY 2021/22, the County generated Kshs.385.93 million as own-source revenue. This amount represented an increase of 16.3 per cent compared to Kshs.322.97 million realised during a similar period in the first half of FY 2020/21 and was 38.4 per cent of the annual target.

3.21.3 Exchequer Issues

The Controller of Budget approved Kshs.2.33 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.449.04 million (19.2 per cent) for development programmes and Kshs.1.88 billion (80.8 per cent) for recurrent programmes.

3.21.4 Overall Expenditure Review

The County spent Kshs.2.64 billion on development and recurrent programmes during the reporting period. This expenditure represented 113.4 per cent of the total funds released by the CoB and comprised of Kshs.740.99 million and Kshs.1.90 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 19.5 per cent, while recurrent expenditure represented 39.9 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.949.12 million and comprised of Kshs.195.63 million for recurrent expenditure and Kshs.753.49 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.228.62 million were settled, consisting of Kshs.12.13 million for recurrent expenditure and Kshs.216.49 million for development programmes.

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.26 billion was spent on employee compensation, Kshs.641.06 million on operations and maintenance, and Kshs.740.99 million on development activities, as shown in Table 3.115.

Table 3.115: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)			Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	
Total Recurrent Expenditure	4,295,532,587	470,108,195	1,658,162,923	245,024,786	38.6	52.1	
Compensation to Employees	2,861,408,552	257,926,965	1,131,517,562	130,611,492	39.5	50.6	
Operations and Maintenance	1,434,124,035	212,181,230	526,645,361	114,413,294	36.7	53.9	
Development Expenditure	3,755,106,618	50,000,000	740,985,181	-	19.5	0.0	
Total	8,050,639,205	520,108,195	2,399,148,104	245,024,786	29.8	47.1	

Source: Laikipia County Treasury

3.21.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 29.5 per cent of the first half proportional revenue of Kshs.4.29 billion.

The wage bill of Kshs.1.26 billion includes Kshs.740.85 million attributable to the health sector, which translates to 58.7 per cent of the total wage bill in the reporting period.

3.21.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.240.65 million to county established funds in FY 2021/22, which constituted 2.8 per cent of the County's overall budget for the year. Table 3.116 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.116: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)			Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No	
1.	Leasing Fund	160,000,000		137,500,000	-		No	
2.	Co-operative Fund	10,000,000		-	-		No	
3.	Enterprise Fund	10,000,000		-	-	Yes		
4.	Emergency Fund	18,892,400		10,758,229	-		No	
5.	Bursary Fund	25,000,000		25,000,000	-	Yes		
6.	Laikipia county Executive Car & Mortgage	-		-	-		No	
7.	Laikipia County Assembly Staff Car & Mortgage Fund	16,760,883		-	-		No	
		240,653,283		173,258,229	-			

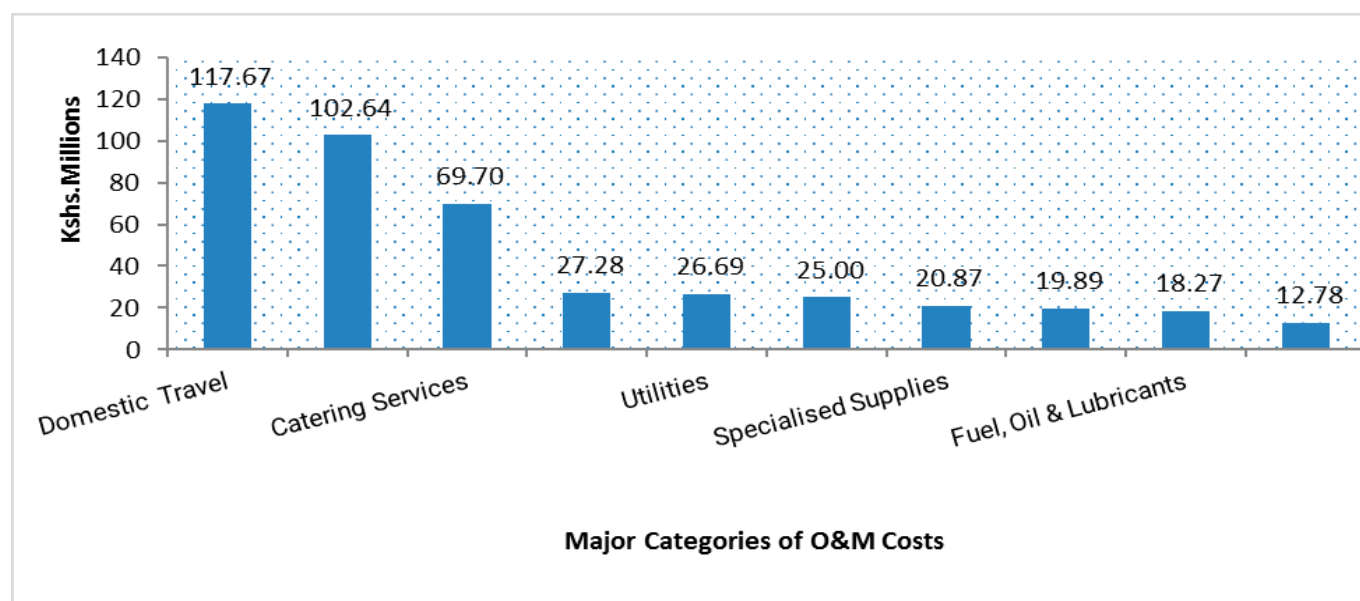
Source: Laikipia County Treasury

From the nine County established public funds, the OCoB received quarterly financial returns from Fund Administrators of only two funds, as indicated in Table 3.116.

3.21.9 Expenditure on Operations and Maintenance

Figure 3.39 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.39: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: Laikipia County Treasury

The County spent Kshs.10.3 million on committee sitting allowances for the 25 MCAs and Speaker against the annual budget allocation of Kshs.32.57 million. The average monthly sitting allowance was Kshs.68,683 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.117.67 million and comprised Kshs.35.22 million spent by the County Assembly and Kshs.82.45 million by the County Executive. Spending on foreign travel amounted to Kshs.11.23 million and consisted of Kshs.10.8 million by the County Assembly and Kshs.0.43 million by the County Executive.

3.21.10 Development Expenditure

The County incurred Kshs.740.99 million on development programmes, which represented an increase of 40.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.441.1 million. Table 3.117 summarises 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/Description	Project Location	Contract Sum (Kshs)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Supply & Delivery of 5000L and 10,00L tanks to ECDE Centres Countywide	Countywide	9,999,950	9,999,950	100
2	Periodic maintenance of C77-Liberty Petrol station-Nyaki Hotel Aga Khan walk hospital road	Igwamiti Ward	6,331,393	6,331,393	100
3	Construction of ward administration offices at Muwarak	Sosian Ward	6,225,720	6,225,720	100
4	Rehabilitation of Loisheki dam		3,777,060	3,777,060	100
5	Grading and gravelling works at forest to Kenya fibre road	Nanyuki town	3,618,620	3,618,620	100
6	Construction of motor vehicle workshop with service pit at Nyahururu VTC	Igwamiti Ward	3,208,014	3,208,014	100
7	Supply & Delivery of ECDE textbooks and learning materials to all wards	Countywide	3,154,716	3,154,716	100
8	Proposed Market Stalls in Kahuruko In Olmoron	Olmoran	3,076,030	3,012,682	98
9	Equipping of Kandoro Springs	Salama Ward	2,353,698	2,353,698	100
10	Drilling, development and test-pumping of Mu-thenger borehole	Igwamiti Ward	1,920,000	1,920,000	100

Source: Laikipia County Treasury

3.21.11 Budget Performance by Department

Table 3.118 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.118: Laikipia 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 Administration Services	3,328.09	292.18	1,273.12	18.28	1,272.73	132.00	100.0	722.0	38.2	45.2
Finance & Economic Planning	250.70	235.38	110.29	38.82	125.54	41.00	113.8	105.6	50.1	17.4
Health & Sanitation	520.59	204.66	230.51	25.52	180.97	66.58	78.5	260.9	34.8	32.5
Agriculture, Livestock & Fisheries	28.94	751.95	8.56	26.27	5.76	80.83	67.3	307.7	19.9	10.7
Infrastructure & Public Works	21.04	1,746.32	6.62	251.19	5.88	307.39	89.0	122.4	28.0	17.6
Education, Youth & Sports	85.18	131.40	48.60	45.48	46.71	39.38	96.1	86.6	54.8	30.0
Trade, Tourism & Enterprise Development	16.22	54.00	6.40	7.58	6.40	7.58	100.0	100.0	39.5	14.0
Water Services	23.02	295.26	8.54	35.90	9.17	38.27	107.3	106.6	39.8	13.0
Rumuruti Municipality	5.00	43.96	5.00	-	5.00	27.96	100.0	-	100.0	63.6
County Assembly	486.87	50.00	190.74	-	245.02	-	128.5	-	50.3	0.0
TOTAL	4,765.64	3,805.11	1,888.37	449.04	1,903.19	740.99	100.8	165.0	39.9	19.5

Source: Laikipia County Treasury

Analysis of expenditure by departments shows that Rumuruti Municipality recorded the highest absorption rate of development budget at 63.6 per cent while the County Assembly did not report any spending on development activities. Rumuruti Municipality had the highest percentage of recurrent expenditure to budget at 100 per cent while the Department of Agriculture, Livestock & Fisheries had the lowest at 19.9 per cent.

3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 3.119 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.119: Laikipia County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education					
General Administration & Planning services	Personnel services	71,265,456	24,812,678	46,452,778	34.8
	Administration Services	12,269,490	4,734,690	7,534,800	38.6
Vocational Training Institutes.	Vocational Training Institutes.	48,213,048	17,536,594	30,676,454	36.4
Collaboration with Stakeholders	Collaboration with Stakeholders.	4,000,000	817,487	3,182,513	20.4
Gender Culture and Social Services.	Gender Culture and Social Services.	23,959,755	3,617,141	20,342,614	15.1
Youth and Sports.	Youth & Sports	8,204,700	1,522,550	6,682,150	18.6
Education & Library Services	Education and Library Services.	43,184,875	30,909,740	12,275,135	71.6
Talent Development Services	Talent Development	5,484,112	2,141,795	3,342,317	39.1
				-	
Sub-total		216,581,436	86,092,675	130,488,761	39.8
County Assembly					
General Administration & Planning Services	Administration services	292,121,447	147,014,872	145,106,575	50.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Legislative & Oversight	Legislation & Oversight Services	194,747,631	98,009,914	96,737,717	50.3
Infrastructure improvement services	County Assembly Infrastructure improvement	50,000,000	-	50,000,000	-
Sub-total		536,869,078	245,024,786	291,844,292	45.6
County Health Services					
Curative & Rehabilitative Health	Health Infrastructure Development	24,000,000	1,771,978	11,771,978	50.95
	Health Products & Technologies Support	236,736,402	61,549,028	171,597,274	27.52
	Emergency Referral & Rehabilitative Service	99,548,177	40,868,021	37,277,921	62.55
General Administration & Planning Services	Essential Health Institutions & Services	126,629,882	51,522,839	51,522,839	59.31
	Administrative, Project Planning & Implementation Services	137,877,133	59,133,736	59,133,736	57.11
	Human Resource Development	2,000,000	512,200	512,200	74.39
	Health Policy, Governance, Planning & Financing	9,500,000	4,531,242	4,531,242	52.30
	Health Information Standards & Quality Assurance	1,500,000	-	-	100.00
	Community Health Strategy, Advocacy & Surveillance	11,056,500	932,400	932,400	91.57
Preventive Health Services	Family Planning, Maternal & Child Health Services	4,300,000	837,700	837,700	80.52
	Non-Communicable Diseases Control & Prevention	1,800,000	900,000	900,000	50.00
	Public Health Promotion & Nutrition Services	7,300,000	4,467,694	4,467,694	38.80
	Social Health Insurance scheme	63,000,000	20,522,120	20,522,120	67.43
				-	
Sub-total		725,248,094	247,548,958	364,007,104	49.81
Infrastructure, Physical Planning & Lands					
General Administration and Planning Services	Administration Services	9,399,080	2,439,776	6,959,304	26.0
	Planning and Financial Management	2,900,920	934,500	1,966,420	32.2
Financial Services	County Treasury administrative services	254,090,282	112,475,495	141,614,787	44.3
Land and Housing Management	Housing Policy Development	4,700,000	1,583,700	3,116,300	33.7
Public Works Service Delivery Improvement	County Building Construction Standard	3,000,000	755,900	2,244,100	25.2
Renewable /Green Energy Services	County renewable/green energy services	19,678,268	1,843,770	17,834,498	9.4
Roads Network Improvement Housing and Urban Development	Road Network improvement	120,000,000	63,779,675	56,220,325	53.1
	Road network maintenance	55,007,257	28,703,602	26,303,655	52.2
	Heavy Equipment Maintenance	10,000,000	0	10,000,000	0.0
	Urban Development	1,073,759,248	0	1,073,759,248	0.0
Critical Infrastructure rehabilitation and Construction	Inter ward bridge construction program	20,057,111	0	20,057,111	0.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration and Support Services	Managed Specialised equipment and Vehicles	160,000,000	100,761,238	59,238,762	63.0
Physical Planning and Survey	Survey and Planning services	24,760,000	0	24,760,000	0.0
	Land Management services	10,000,000	0	10,000,000	0.0
Sub-total		1,767,352,166	313,277,656	1,454,074,510	17.7
Trade, Tourism & Cooperatives					
General Administration & Planning services	Administration Services	6,000,000	2,713,590	3,286,410	45.2
	Personnel Services	1,215,450	444,500	770,950	36.6
	Policy Development	1,000,000	263,500	736,500	26.4
Co-operative Development and promotion	Co-operative Development and promotion	2,000,000	806,051	1,193,949	40.3
	Research & Development	500,000	136,000	364,000	27.2
	Market Infrastructure Development		-	-	0.0
	Revolving Fund	11,000,000	-	11,000,000	0.0
Trade & Investments	Market Infrastructure Development/Trade Promotion Services	500,000	162,179	337,821	32.4
	Market Infrastructure Development	33,963,180	7,576,969	26,386,211	22.3
	Metrological Lab-weights and measures	1,000,000	500,000	500,000	50.0
Tourism Development & Promotion	Tourism Promotion and Marketing	3,000,000	1,375,860	1,624,140	45.9
	Tourism Infrastructural Development	10,036,820	-	10,036,820	0.0
Sub-total		70,215,450	13,978,649	56,236,801	19.9
County Administration Services					
Human Capital Management & Development	Compensation to employees	3,060,408,552	1,135,879,814	1,924,528,738	37.1
	County Public Service Board	18,500,000	3,076,806	15,423,194	16.6
County Administration Services	Headquarter Administration Services	28,296,931	14,763,715	13,533,216	52.2
	ICT Infrastructure & Connectivity	10,000,000	4,785,750	5,214,250	47.9
	County Administration Services	21,497,766	7,104,200	14,393,566	33.0
	County services delivery and result reporting	5,500,000	630,000	4,870,000	11.5
	Car & Mortgage	-	-	-	0.0
	Decentralized Services	28,142,860	18,176,937	9,965,923	64.6
	Executive Support Service	70,000,000	50,068,932	19,931,068	71.5
	Grants & Transfers	242,430,576	118,917,171	123,513,405	49.1
	Urban Facilities Management	20,000,000	8,445,551	11,554,449	42.2
	Legal Services	47,000,000	13,163,056	33,836,944	28.0
Security & Policing Services	Disaster Reduction Management	8,000,000	5,275,546	2,724,454	65.9
	Enforcement And Disaster Management	5,000,000	2,367,500	2,632,500	47.4
	Alcohol Control Committee	6,500,000	1,460,700	5,039,300	22.5
	Intergovernmental & Donor Relations	24,000,000	8,221,346	15,778,654	34.3
	Fire Services	7,000,000	2,480,400	4,519,600	35.4
Public Participation & Civic Education	Public participation	18,000,000	9,909,600	8,090,400	55.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-total		3,620,276,685	1,404,727,023	2,215,549,662	38.8
Water, Environment & Natural Resources					
Water Development	Rural water supply and sanitation	276,629,876	34,292,205	242,337,671	12.4
General Administration & Support Services	Administrative and Planning Services	12,019,587	5,477,496	6,542,091	45.6
	Motor vehicle maintenance and fuel provision	11,000,000	3,687,932	7,312,068	33.5
	Development of water management policies	2,000,000	0	2,000,000	-
Environment & Natural Resources	Solid Waste Management	7,000,000	170,909	6,829,091	2.4
	Human-Wildlife Conflict Prevention	3,000,000	928,200	2,071,800	30.9
	Natural Resources Management	3,000,000	1,575,000	1,425,000	52.5
	Climate Change Adaptation & Mitigation	1,000,000	0	1,000,000	-
	Integrated land rehabilitation	2,631,320	1,300,000	1,331,320	49.4
Sub-total		318,280,783	47,431,742	270,849,041	14.9
Agriculture, Livestock & Veterinary					
Headquarter Services	Headquarter Administration Services	61,218,816	5,672,124	55,546,692	9.27
	Agriculture Sector Extension Management	34,065,350	-	34,065,350	-
Livestock Production	Livestock Resource Development and Management	4,200,000	587,000.00	3,613,000	13.98
	Livestock Marketing and Value Addition	200,000	-	200,000	-
Crop production & Horticulture	Land and Crop Productivity Enhancement and Management	3,000,000	632,100	2,367,900	21.07
	Strategic Food Security Service	97,421,200	3,628,056	93,793,144	3.72
	Agribusiness and Information Management	55,000	0	55,000	-
	Standards and Quality Assurance	600,000	300,000	300,000	50.00
	Climate Change Adaptation & Mitigation	571,396,178	74,875,634.90	496,520,543	13.10
Veterinary Services	Animal Health and Disease Management	4,200,000	537,200.00	3,662,800	12.79
Fisheries Services	Fisheries Development and Management	4,532,504	359,737.80	4,172,766	7.94
Sub-total		780,889,048	86,591,853	694,297,195	11.09
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	59,075,442	19,583,464	39,491,978	33.1
Administration, Planning & Support Services	Personnel Services	1,000,000	1,009,531	-9,531	101.0
	General Administration Support	112,419,000	31,304,483	81,114,517	27.8
	Infrastructural Services	94,328,375	18,562,140	75,766,235	19.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Finance Management Services	Internal Audit Services	8,400,000	5,805,350	2,594,650	69.1
	County Treasury Administrative Services	13,450,270	9,046,277	4,403,993	67.3
	Revenue collection services	139,705,897	39,183,255	100,522,642	28.0
	Laikipia County Development Authority	20,500,000	5,470,087	15,029,913	26.7
	Supply chain management services	7,000,000	2,300,560	4,699,440	32.9
Development Planning Services	Monitoring and Evaluation Services	5,500,000	4,993,800	506,200	90.8
	Strategic Partnership & Collaboration	6,800,000	6,546,629	253,371	96.3
	Research, Statistics & Documentation	6,900,000	6,128,495	771,505	88.8
Innovation & Enterprise Services	Innovation & Enterprise Development	13,159,108	13,159,108	0	100.0
	Participatory Budgeting	11,000,000	3,450,692	7,549,308	31.4
Sub-total		499,238,092	166,543,871	332,694,221	33.4
Rumuruti Municipality					
General Administration and Planning Services	Administration Services	5,000,000	5,000,000	-	100
Roads Network Improvement Housing and Urban Development	Road Network improvement	43,955,676	27,955,676	16,000,000	63.6
Sub-Total		48,955,676	32,955,676	16,000,000	67.3
Grand Total		8,583,906,508	2,644,172,890	5,826,041,588	32.1

Source: Laikipia County Treasury

Programmes with high levels of implementation based on absorption rates were: Health Information Standards and quality assurance in the Department of Health Services and Innovation & Enterprise in the Department of Innovation, both at 100 per cent of budget allocation.

3.21.13 Monitoring and Evaluation

The office of the Controller of Budget selected 33 projects implemented in FY 2018/19 and FY 2019/20 2021 to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. Some projects were well implemented and have achieved the desired objectives. These include: Construction of Dispensary at Seria that serves approximately 1,800 residents in Seria, Marmanent Ward; Construction of Gashwero Bridge in Mukuri, Umande Ward; and Limunga-Baraka Borehole that serves an estimated 60 households in Limunga Baraka area.

During the exercise, the monitoring team from the office Controller of Budget identified some issues that may have affected the implementation of projects. These included: Lack of an updated valuation roll to enhance revenue collection from rateable properties and the COVID-19 containment measures which affected revenue collection from the tourism sector; Failure by County Treasury to submit project files; Lack of regular monitoring and evaluation of projects; failure to equip some ECDE centres with qualified teachers and learning materials; and delay in equipping boreholes.

To address these challenges and improve budget implementation, the County Government should: Develop a new valuation roll to enhance revenue collection from rateable properties: Ensure project records are correctly kept. Project file should contain information such as bill of quantities, copies of payment vouchers, progress reports, and any information relating to the project; Enhance the capacity of the M&E Department to monitor the progress of implementation of all programmes so that emerging issues are identified and addressed on time; Equip ECDE centres with qualified staff, instructional materials and appropriate furniture to enhance the learning of pupils, and Ensure all boreholes are equipped to provide water to targeted residents.

3.21.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.740.99 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.3.81 billion. The development expenditure represented 19.5 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.385.93 million against an annual projection of Kshs.1.01 billion, representing 38.4 per cent of the annual target.
3. Weak budgeting practices as shown in Table 3.118, where actually reported expenditure was more than exchequer issues. This was caused by the utilisation of cash balances from the previous financial year in the Special Purpose Accounts (SPAs) before approval of the Supplementary Budget.
4. Failure by Fund Administrators to submit financial and non-financial reports for the established county funds to the Controller of Budget, which is against the requirement in Section 168 of the PFM Act, 2012.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The County Treasury should only utilise SPA accounts balances after they are provided in the approved budget.
- iv. The CECMF should ensure all Fund Administrators prepare and submit financial and non-financial reports in line with the law.

3.22 County Government of Lamu

3.22.1 Overview of FY 2021/22 Budget

The County's approved Supplementary Budget for FY 2021/22 is Kshs.5 billion, comprising Kshs.1.97 billion (39.5 per cent) and Kshs.3.03 billion (60.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.3.11 billion (62.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.120 million (2.4 per cent) from own sources of revenue and a cash balance of Kshs.1 billion (20 per cent) from FY 2020/21. The County also expects to receive Kshs.771.38 million (15.4 per cent) as conditional grants.

3.22.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.1.02 billion as the equitable share of the revenue raised nationally, raised Kshs.50.88 million as own-source revenue, and had a cash balance of Kshs.1 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.08 billion, as shown in Table 3.120.

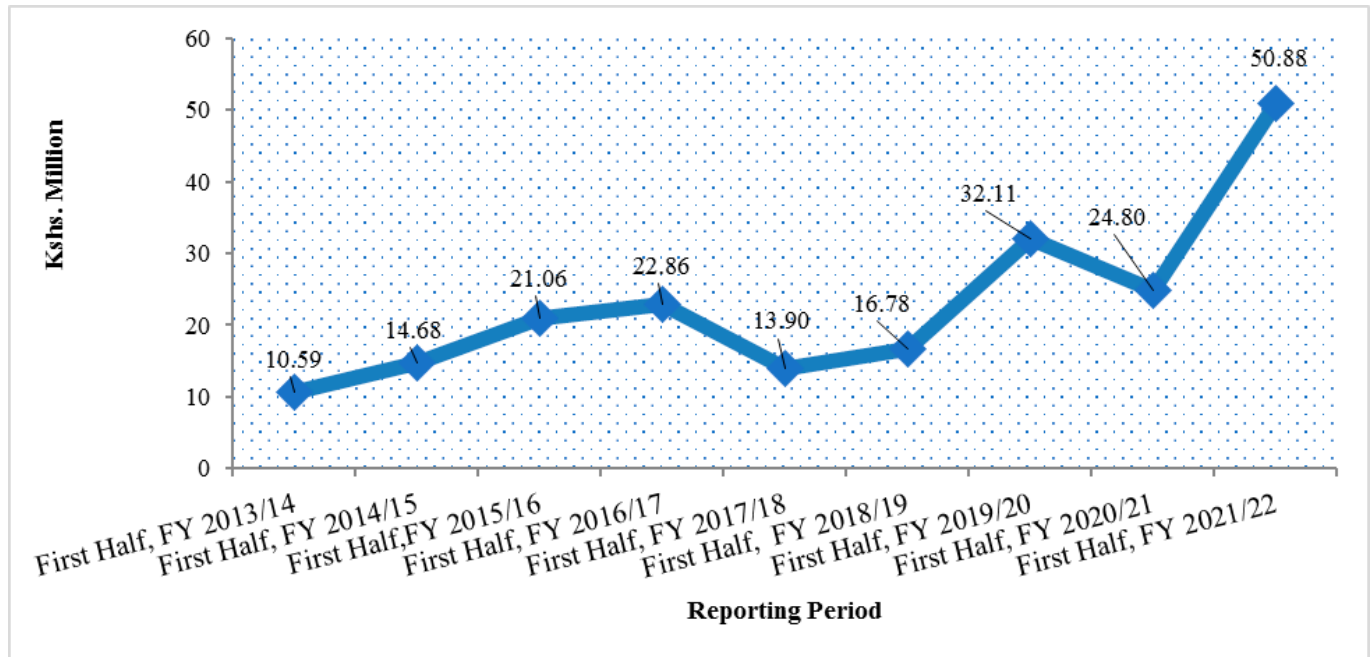
Table 3.120: Lamu County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	3,105,649,643	1,024,864,383	33
Sub Total		3,105,649,643	1,024,864,383	33
B	Other Sources of Revenue			
1.	Own Source Revenue	120,000,000	50,884,663	42.4
2.	Conditional Grants	771,378,597	-	-
3.	Balance b/f from FY 2020/21	1,000,348,097	1,000,348,097	100
Sub Total		1,891,726,694	1,051,232,760	55.6
Grand Total		4,997,376,337	2,076,097,143	41.5

Source: Lamu County Treasury

Figure 3.40 shows the trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.40: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Lamu County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.50.88 million as own-source revenue. This amount represented an increase of 105.2 per cent compared to Kshs.24.80 million realised during a similar period in the first half of FY 2020/21 and was 42.4 per cent of the annual target.

The significant increase in revenue was due to the rise in revenue collection in the Health Department. The NHIF claims and capitation for half-year amounted to Kshs.24.64 million, which was 48.4 per cent of the total County generated own income.

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.26 billion from the CRF account during the reporting period. The amount comprised Kshs.36.18 million (2.9 per cent) for development programmes and Kshs.1.22 billion (97.1 per cent) for recurrent programmes.

3.22.4 Overall Expenditure Review

The County spent Kshs.1.17 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.8 per cent of the total funds released by the CoB and comprised of Kshs.72.29 million and Kshs.1.09 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.7 per cent, while recurrent expenditure represented 36.1 per cent of the annual recurrent expenditure budget.

3.22.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.97.17 million and comprised of Kshs.76.52 million for recurrent expenditure and Kshs.20.64 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.17.07 million were settled; all the amount was for recurrent expenditure.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.618.10 million was spent on employee compensation, Kshs.475.37 million on operations and maintenance, and Kshs.72.29 million on development activities, as shown in Table 3.121.

Table 3.121: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,607,128,626	418,000,000	997,977,927	95,496,758	38.3	22.8
Compensation to Employees	1,465,723,883	196,731,710	562,107,959	55,993,693	38.4	28.5
Operations and Maintenance	1,141,404,743	221,268,290	435,869,968	39,503,065	38.2	17.9
Development Expenditure	1,812,247,711	160,000,000	72,285,798	-	4.0	-
Total	4,419,376,337	578,000,000	1,070,263,725	95,496,758	24.2	16.5

Source: Lamu County Treasury

3.22.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 24.7 per cent of the first half proportional revenue of Kshs.2.49 billion.

The wage bill of Kshs.618.1 million includes Kshs.334 million attributable to the health sector, which translates to 54 per cent of the total wage bill in the reporting period.

3.22.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.165 million to county established funds in FY 2021/22, which constituted 3.3 per cent of the County's overall budget for the year. Table 3.122 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.122: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Lamu County Bursary Fund	125,000,000	-	125,000,000	-	Yes	
2.	Lamu County Emergency Fund	7,000,000	-	5,000,000	-	Yes	
3.	Lamu County Persons with Disabilities Fund	2,000,000	-	Nil		Yes	
4.	Lamu County Gender and Social Development Fund	2,000,000	-	Nil	-	Yes	
5.	Lamu County Youth Development Fund	2,000,000	-	Nil	-	Yes	
6.	County grant to TVET	27,000,000	-	27,000,000	-	Yes	
Total		165,000,000		157,000,000	-		

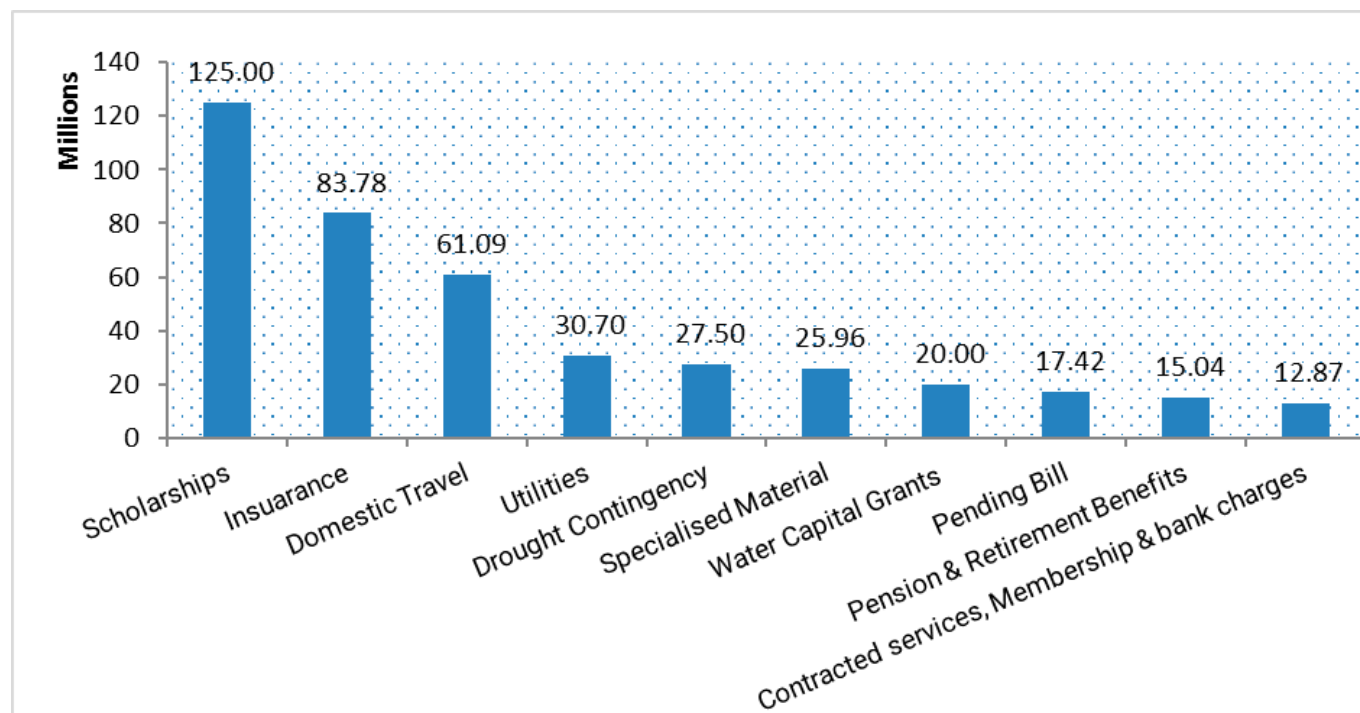
Source: Lamu County Treasury

From the six county-established public Funds, the OCoB received quarterly financial returns from administrators of all the six Funds, as indicated in Table 3.122.

3.22.9 Expenditure on Operations and Maintenance

Figure 3.41 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.41: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: Lamu County Treasury

The County spent Kshs.9.19 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.21.95 million. The average monthly sitting allowance was Kshs.80,582 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.61.09 million and comprised Kshs.16.54 million spent by the County Assembly and Kshs.44.54 million by the County Executive. Spending on foreign travel amounted to Kshs.8.13 million, all utilised only by the County Assembly.

3.22.10 Development Expenditure

The County incurred Kshs.72.29 million on development programmes, which represented an increase of 27.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.56.64 billion. Table 3.123 summarises 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	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of Lamu & Mokowe Market	Lamu Island & Mokowe	65,000,000	36,108,483	55.6
2	County grant to TVET	All Polytechnics	27,000,000	27,000,000	100
3	Completion of Kizingitini Ice Plant	Kizingitini - Faza	9,000,000	7,247,182	80.5
4	Construction of Mtangawanda fishermen camp	Mtangawanda	2,500,001	1,023,612	100
5	Completion of Wiyoni Dispensary	Wiyoni	2,000,000	346,225	17.3
6	Completion of Kashmir Dispensary	Lamu Island	2,122,000	341,583	16.1
7	Renovation of Lamu County Hospital Intensive Care Unit	Lamu Island	230,000	218,713	95.1

Source: Lamu County Treasury

3.22.11 Budget Performance by Department

Table 3.124 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

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	418.00	160.00	140.30	-	95.50	-	68.1	-	22.8	-
County Executive & PSM	467.31	80.75	235.59	-	215.74	-	91.6	-	46.2	-
Finance	195.66	-	47.06	-	42.94	-	91.2	-	21.9	-
Agriculture & Irrigation	122.30	379.72	23.05	-	24.02	-	104.2	-	19.6	-
Land and Physical Planning	29.51	99.87	10.31	-	9.05	-	87.8	-	30.7	-
Education and Vocational Training	242.93	141.05	160.36	27.00	159.56	27.00	99.5	100	65.7	19.1
Medical Services	1,115.20	284.00	429.55	0.91	374.84	0.91	87.3	100	33.6	0.3
Trade, Tourism & Investment Development	30.47	84.63	8.97	-	9.52	-	106.1	-	31.2	-
Livestock, Veterinary & Cooperative Development	38.01	27.62	18.02	-	15.42	-	85.6	-	40.6%	-
County Public Service Board	55.86	-	24.88	-	20.03	-	80.5	-	35.9	-
Water Management & Conservation	52.48	260.52	27.49	-	36.72	-	133.6	-	70.0	-
Youth, Gender, Culture, Sports, & Social services	15.99	99.34	5.79	-	4.57	-	78.9	-	28.6	-
Public Health Sanitation and Environment	65.71	30.78	29.55	-	24.55	-	83.1	-	37.4	-
Fisheries Development	31.83	12.83	13.57	8.27	10.69	8.27	78.7	100	33.6	64.4
Budget and Economic Planning	23.67	-	7.25	-	6.59	-	90.8	-	27.8	-
Infrastructure and Energy	42.82	215.62	20.95	-	19.22	-	91.8	-	44.9	-
Lamu Municipality	77.39	95.50	17.16	-	24.53	36.11	143		31.7	37.8
TOTAL	3,025.13	1,972.25	1,219.82	36.18	1,093.47	72.29	89.6	199.8	36.1	3.7

Source: Lamu County Treasury

Analysis of expenditure by the departments shows that the Department of Fisheries Development recorded the highest absorption rate of development budget at 64.4 per cent while the Department of Infrastructure & Energy, Public Health Sanitation & Environment, Youth, Gender, Culture, Sports, & Social among others did not report any expenditure on development activities. Only four departments had spent on development expenditure. They include; Education & Vocational Training, Medical Services, Fisheries Development and Lamu Municipality. The Department of Water Management & Conservation had the highest percentage of recurrent expenditure to budget at 70 per cent while the Department of Agriculture & Irrigation had the lowest at 19.6 per cent.

3.22.12 Budget Execution by Programmes and Sub-Programmes

Table 3.125 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.125: Lamu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Assembly	P.1 Administration, planning and support services.	222,467,120	48,480,596	173,986,524	21.8
	P.2 Legislation and Oversight	195,532,880	47,016,162	148,516,718	24
	P 3: Development	160,000,000		160,000,000	-
	Subtotal	578,000,000	95,496,758	482,503,242	16.5
County Executive & PSM	P 1. administration	425,036,323	204,607,444	220,428,879	48.1
	P 2. Executive Services Governor	42,269,700	11,133,452	31,136,248	26.3
	P3. Development	80,746,867		80,746,867	-
	Subtotal	548,052,890	215,740,896	332,311,995	39.4
Finance	P1. Administration, planning support services	92,583,614	37,169,100	55,414,514	40.1
	P2. Accounting Standards & Reporting	8,056,515	2,410,013	5,646,502	29.9
	P3. Procurement & Supply Chain Management	4,623,909	1,103,202	3,520,707	23.9
	P4. Resource Mobilization	9,835,409	1,184,830	8,650,579	12
	P5. Internal Audit	4,020,909	1,069,510	2,951,399	26.6
	P6. KDSP Headquarters	76,534,906	-	76,534,906	-
	Subtotal	195,655,262	42,936,655	144,068,028	21.9
Agriculture & Irrigation	P1. Directorate of Agriculture & Extension Services	52,330,716	19,289,088	33,041,628	36.9
	P7. Crop Productivity and Output	17,596,440	40,000	17,556,440	0.2
	P9. Conditional Grants (KCSAP & ASDSP)	52,368,686	4,689,470	47,679,216	9
	P 4: Development	379,722,943		379,722,943	-
	Subtotal	502,018,785	24,018,557	478,000,228	4.8
Land, Physical Planning	P1. Headquarters	29,512,018	9,051,061	20,460,957	30.7
	P 2: Land Development Management	99,870,369		99,870,369	-
	Subtotal	129,382,387	9,051,061	120,331,326	7.
Education and Vocational Training	P1. General Administration & Planning	117,930,500	34,559,832	83,370,668	29.3
	P2. Education and Training Programme	125,000,000	125,000,000	-	100.
	P3. Development	141,046,894	26,999,999.95	114,046,894	19.1
	Subtotal	383,977,395	186,559,832	197,417,562	48.6
Medical Services	P1 Administration, planning & support Services	823,527,182	324,722,582	498,804,600	39.4
	P2. Curative & Rehabilitative Health	118,188,376	42,397,347	75,791,029	35.9
	P3. Preventive & Promotive Health	173,486,163	7,716,549	165,769,614	4.4
	P 4: Development	284,002,144	906,521	283,095,623	0.3
	Subtotal	1,399,203,865	375,742,999	1,023,460,866	26.9

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Trade, Investment, Culture & Tourism	P 1: Administration, planning & support Services	23,813,168	7,574,037	16,239,131	31.8
	P 2: Tourism Promotion	4,186,865	1,281,932	2,904,933	30.6
	P 4: Trade & Industrialization	2,465,500	660,000	1,805,500	26.8
	P5: Development	84,632,772		84,632,772	-
	Subtotal	115,098,305	9,515,969	105,582,336	8.3
Livestock, Veterinary & Co-operative Development	P 1: Headquarters	34,961,698	14,511,967	20,449,731	41.5
	P 3: Livestock Production	976,764	315,990	660,774	32.4
	P 4: Veterinary Services	1,464,613	400,339	1,064,274	27.3
	P 5: Cooperative development	605,478	189,840	415,638	31.4
	P6: Development	27,621,975		27,621,975	-
	Subtotal	65,630,528	15,418,136	50,212,392	23.5
Public Service Board	P1. Administration, planning and support services.	44,331,946	15,272,461	29,059,485	34.5
	P2. Human Resource Management & Development	11,531,300	4,755,043	6,776,257	41.2
	Subtotal	55,863,246	20,027,504	35,835,742	35.9
Water Management & Conservation	P 1: Headquarters	15,802,878	8,141,532	7,661,346	51.5
	P 2: Water Management, Conservation & Provision	36,679,785	28,582,261	8,097,524	77.9
	P3: Development	260,516,917		260,516,917	-
	Subtotal	312,999,580	36,723,793	276,275,787	11.7
Gender, Sports, Youth Affairs, & Social Services	P 1: Headquarters	15,990,988	4,568,236	11,422,752	28.6
	P3: Development	99,344,080		99,344,080	-
	Subtotal	115,335,068	4,568,236	110,766,832	4
Public Health Environment & Sanitation	P 1: Headquarters	60,704,412	24,190,182	36,514,230	39.8
	P 2: Public Health and Sanitation	5,010,000	364,250	4,645,750	7.3
	P3: Development	30,783,571		30,783,571	-
	Subtotal	96,497,983	24,554,432	71,943,552	25.4
Fisheries	P 1. General Administration, Planning and Support services	31,825,280	10,685,153	21,140,127	33.6
	P2: Development	12,833,424	8,270,794	4,562,630	64.4
Budget & Economic Planning	Subtotal	44,658,704	18,955,948	25,702,757	42.4
	P1. Headquarters	16,290,399	4,834,146	11,456,253	29.7
	P2. Economic Planning & Budgeting	7,375,600	1,751,375	5,624,225	23.7
	Subtotal	23,665,999	6,585,521	17,080,478	27.8
Infrastructure, Urban Development & Energy	P 1: Administration Headquarters	42,816,607	19,221,078	23,595,529	44.9
	P2: Development	215,621,993		215,621,993	-
	Subtotal	258,438,600	19,221,078	239,217,523	7.4
Lamu Municipality	P1. Administration, planning and support services.	35,614,290	14,003,629	21,610,662	39.3
	P2. Kenya Urban Support Programme (KUSP)	41,779,689	10,531,000	31,248,689	25.2
	P3. Development (KISSP)	95,503,760	36,108,483		
	Subtotal	172,897,739	60,643,111	52,859,351	35.1
Grand Total		4,997,376,337	1,165,760,483	3,763,569,998	23.3

Source: Lamu County Treasury

Programmes with high levels of implementation based on absorption rates were: Education and Training Programme in the Department of Education and Vocational Training at 100 per cent, Water Management, Conservation & Provision Programme in the Department of Water at 77.9 per cent, Development programme in the Department of Fisheries at 64.4 per cent and Administration Headquarters in the Department of Infrastructure, Urban Development & Energy at 44.9 per cent of budget allocation.

3.22.13 Monitoring and Evaluation

The Office of the Controller of Budget (OCoB) sampled 20 projects from a list of projects implemented in FY 2018/19 and FY2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired objectives were achieved. During the exercise, we identified some projects that were well implemented and are likely to benefit the targeted beneficiaries. These include: Construction of Outpatient Department Wing at the Mpeketoni Sub-County Hospital; and installation of Desalination Plant for Kiunga, Ndau and Kizingitini Villages.

However, some projects have not achieved the intended objectives for a number of reasons. These include: Construction of Enforcement and Training Centre; and Construction of 7-Aside Field at Lamu Boys Primary School, which has been abandoned due to non-payment of certificate raised by contractors. Other issues noted during the M&E exercise included: failure by the implementing departments to provide comprehensive project files; stalled projects attributed to non-payment to contractors; and lack of equipment and medical staff for newly constructed facilities such as the Outpatient Department Wing at the Mpeketoni Sub-County Hospital.

To address these challenges and improve project implementation, the Controller of Budget recommends that project managers should ensure project files are appropriately maintained and availed to the M&E team for perusal; County Treasury should ensure contractors are paid in time so that projects are implemented within the contract period and commissioned for use, and ensure that adequate funds are set aside for equipping newly constructed healthcare facilities.

3.22.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.72.29 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.1.97 billion. The development expenditure represented 3.7 per cent of the annual development budget.
2. High outstanding pending bills. The County Treasury reported payment of pending bills worth Kshs.17.07 million compared to the outstanding balance as of 30th June 2021, which was Kshs.97.17 million.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County Treasury should prioritise settlement of pending bills in the remaining period of the financial year.

3.23 County Government of Machakos

3.23.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.235 billion, comprising Kshs.3.82 billion (31.2 per cent) and Kshs.8.42 billion (68.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.16 billion (74.9 per cent) as the equitable share of revenue raised nationally and generate Kshs.1.68 billion (13.8 per cent) from its own sources of revenue. The County also expects to receive Kshs.1.39 billion (11.4 per cent) as conditional grants, which consists of: Kshs.152.29 million for Leasing of Medical Equipment, Kshs.321.47 million for Kenya Climate Smart Agriculture World Bank Project, Kshs.161.91 million for Devolution Support World Bank Project, Kshs.1.50 million for Kenya Urban Support Project UIG, Kshs.672.00 million for Kenya Urban Support Project (UDG), Kshs.17.18 million for DANIDA, Kshs.9.40 million for Transforming Health Systems for Universal Care World Bank Project, Kshs.25.49 million for Agriculture Sector Development Support Program and Kshs.28.38 million for Emergency Locust Response World Bank Project. The County did not budget for the cash balance brought down from FY 2020/21.

3.23.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.80 billion as the equitable share of the revenue raised nationally, raised Kshs.336.14 million as own-source revenue and Kshs.2.5 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.4.14 billion, as shown in Table 3.126.

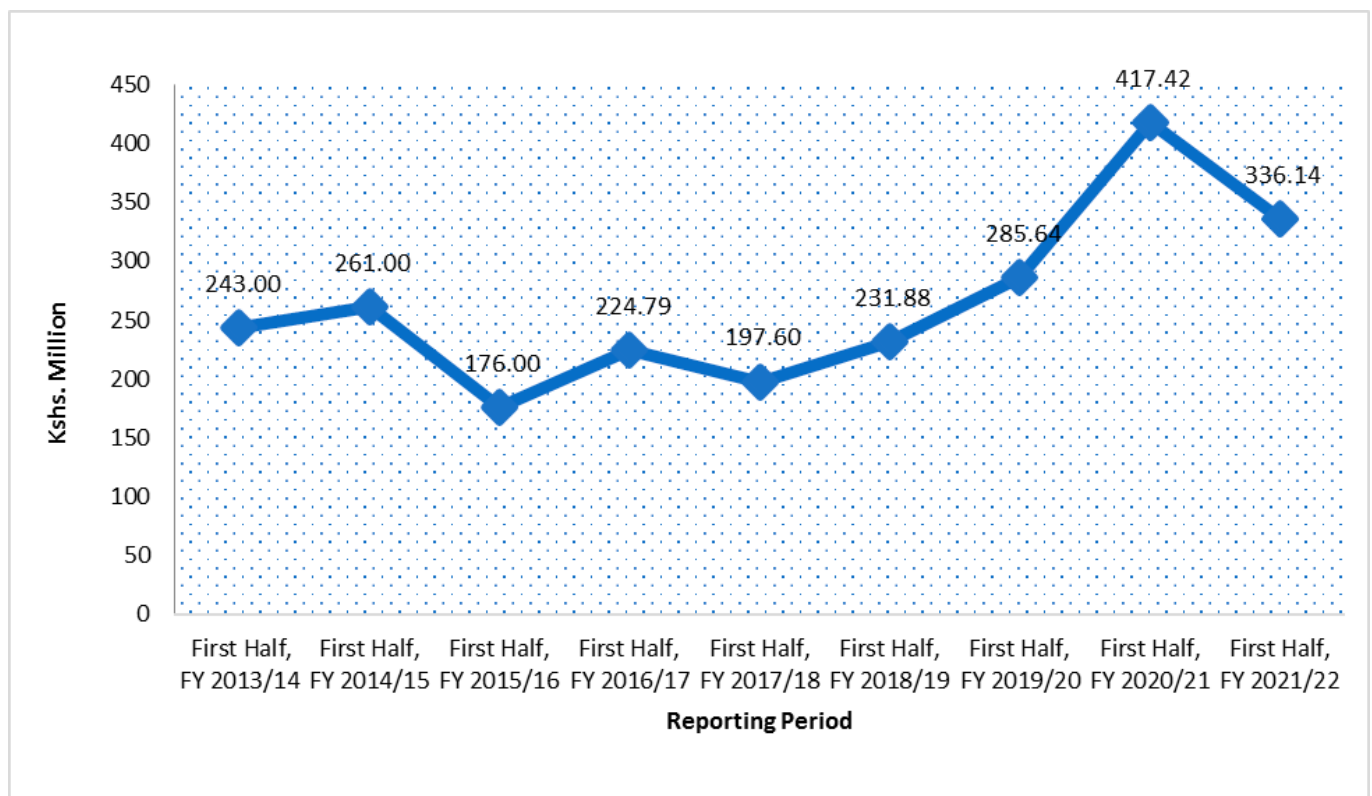
Table 3.126: Machakos County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,162,304,232	3,802,356,258	41.5
Sub Total		9,162,304,232	3,802,356,258	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,682,894,196	336,139,164	19.9
2.	Conditional Grants	1,390,629,796	2,500,000	0.18
Sub Total		3,073,523,992	338,639,164	11.0
Grand Total		12,235,828,224	4,140,995,422	33.8

Source: Machakos County Treasury

Figure 3.42 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.42: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Machakos County Treasury

In the first half of FY 2021/22, the County generated Kshs.336.14 million as own-source revenue. This amount represented a decrease of 19.9 per cent compared to Kshs.417.42 million realised during a similar period in the first half of FY 2020/21 and was 20 per cent of the annual target.

In the FY 2020/21, the County implemented an automated revenue management system called Machakos County Integrated Financial Operations Management System (CIFOMS).

3.23.3 Exchequer Issues

The Controller of Budget approved Kshs.4.94 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.340.21 million (6.9 per cent) for development programmes and Kshs.4.60 billion (93.1 per cent) for recurrent programmes.

3.23.4 Overall Expenditure Review

The County spent Kshs.4.82 billion on development and recurrent programmes during the reporting period. This Expenditure represented 97.5 per cent of the total funds released by the CoB and comprised of Kshs.322.43 million and Kshs.4.49 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.4 per cent, while recurrent Expenditure represented 53.4 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.80 billion and comprised of Kshs.1.89 billion for recurrent Expenditure and Kshs.915.12 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. The County did not pay for any pending bills during the period under review.

3.23.6 Expenditure by Economic Classification

Analysis of Expenditure by economic classification indicates that Kshs.3.86 billion was spent on employee compensation, Kshs.640.63 million on operations and maintenance, and Kshs.322.43 million on development activities, as shown in Table 3.127.

Table 3.127: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,417,075,356	977,790,391	4,017,626,431	478,547,181	47.7	48.9
Compensation to Employees	5,655,570,468	434,092,034	3,676,123,848	179,422,523	65.0	41.3
Operations and Maintenance	2,761,504,888	543,698,357	341,502,583	299,124,658	12.4	55.0
Development Expenditure	3,818,752,869	295,000,000	287,806,364	34,625,305	7.5	11.7
Total	12,235,828,225	1,272,790,391	4,305,432,795	513,172,486	35.2	40.3

Source: Machakos County Treasury

3.23.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's Expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 57.1 per cent of the first half proportional revenue of Kshs.6.75 billion.

The wage bill of Kshs.3.86 billion includes Kshs.1.71 billion attributable to the health sector, which translates to 44.4 per cent of the total wage bill in the reporting period.

3.23.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.180.39 million towards county established funds in FY 2021/22, which constituted 1.5 per cent of the County's overall budget for the year. Table 3.128 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.128: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Department	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31st December 2021 (Kshs.)	Submission of quarterly financial statements
					Yes/No
1	Staff Car loans	County Assembly	5,000,000	Not Provided	No
2	MCA Car loans	County Assembly	50,000,000	Not Provided	No

S/No.	Name of the Fund	Department	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 st December 2021 (Kshs.)	Submission of quarterly financial statements Yes/No
3	Staff Mortgages	County Assembly	15,000,000	Not Provided	No
4	Bursary Fund	Education, Skills Training and Social Welfare	80,389,996	40,362,000	Yes
5	Emergency Fund	Finance and Economic Planning	30,000,000	0	Not Operational
Total			180,389,996	40,362,000	

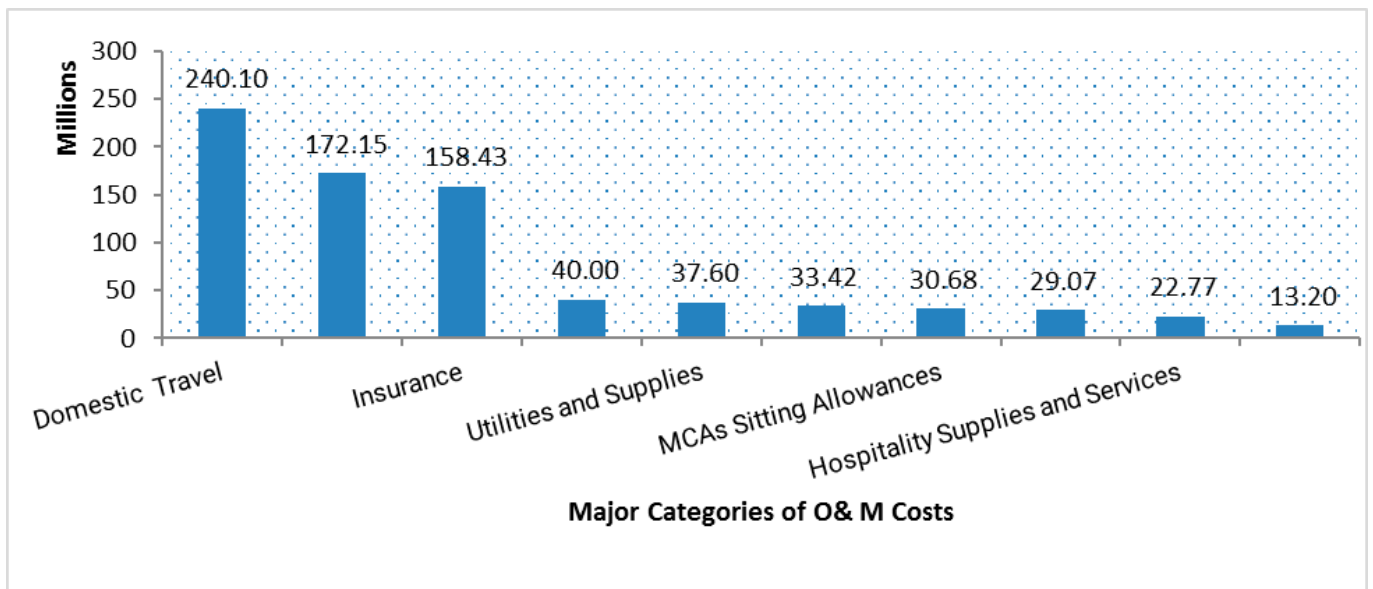
Source: Machakos County Treasury

From the five county-established public funds, the OCoB received quarterly financial returns from the Fund Administrator of only the Bursary Fund, as indicated in Table 3.128.

3.23.9 Expenditure on Operations and Maintenance

Figure 3.43 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.43: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos County Treasury

The County spent Kshs.30.68 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.50.00 million. The average monthly sitting allowance was Kshs.83,819 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.240.10 million and comprised Kshs.144.98 million spent by the County Assembly and Kshs.95.12 million by the County Executive. Expenditure on foreign travel amounted to Kshs.33.42 million and consisted of Kshs.7.26 million by the County Assembly and Kshs.26.16 million by the County Executive.

3.23.10 Development Expenditure

The County incurred Kshs.322.43 million on development programmes, which represented a decrease of 58.7 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.781.03 million. summarises development projects with the highest Expenditure in the reporting period.

Table 3.129: Machakos County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading of Kincar-Githunguri-Zebra Airways Road	Transport	Mavoko	50,357,963	29,189,498	58.0
2	Construction of Buildings -New Chamber	County Assembly	Headquarters	156,000,000	23,218,971	14.9
3	Construction of ICU Ward at Kangundo Level 4	Health	Kangundo	20,858,817	11,294,831	54.1
4	Purchase of Communication Equipment ;(Installation Of Hansard Equipment in Committee Rooms)	County Assembly	Headquarters	14,000,000	7,322,060	52.3
5	Construction of Kithyoko Community Hospital	Health	Masinga	15,858,817	5,393,069	34.0
6	Supply of Seeds and Chicks	Agriculture	Various Sub counties	9,000,000	4,748,730	52.8
7	Construction of Buildings (Ward offices)	County Assembly	Headquarters	50,000,000	4,084,274	8.2

Source: Machakos County Treasury

3.23.11 Budget Performance by Department

Table 3.130 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.130: 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	562.11	3.08	213.77	-	258.19	-	120.8	-	45.9	0.0
County Public Service Board	39.76	10.00	20.23	-	2.17	-	10.7	-	5.5	0.0
Roads, Transport and Public Works.	197.28	890.82	112.23	106.14	100.08	91.23	89.2	-	50.7	10.2
Health Services and Emergency Services	3,970.25	453.51	2,197.57	22.54	2,360.06	23.42	107.4	-	59.4	5.2
Water, Irrigation, Environment and Natural Resources	104.07	319.25	56.61	5.70	9.65	5.00	17.0	-	9.3	1.6
Agriculture, Food Security and Co-operative Development.	410.54	400.76	114.62	4.75	116.25	3.75	101.4	-	28.3	0.9
Finance and Economic Planning.	487.79	57.56	193.03	-	293.47	-	152.0	-	60.2	0.0
Public Service, Quality Management and ICT	407.35	9.33	328.63	-	223.47	-	68.0	-	54.9	-
Tourism, Youth, Sports and Culture.	114.37	90.99	50.17	-	2.46	-	4.9	-	2.2	-
Trade, Industrialization and Innovation.	114.52	289.91	38.98	161.91	18.81	164.41	48.3	-	16.4	56.7
Education, Skills Training and Social Welfare	399.04	142.10	216.75	-	142.81	-	65.9	-	35.8	-
Energy, Lands, Housing and Urban Development.	113.69	841.50	71.56	-	24.61	-	34.4	-	21.6	-
County Administration and Decentralized Units.	518.50	14.94	418.08	-	465.60	-	111.4	-	89.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs..Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	977.79	295.00	569.35	39.18	478.55	34.63	84.1	-	48.9	11.7
Total	8,417.08	3,818.75	4,601.59	340.21	4,496.17	322.43	97.7	94.8	53.4	8.4

Source: Machakos County Treasury

Analysis of Expenditure by the departments shows that the Department of Trade, Industrialization and Innovation recorded the highest absorption rate of development budget at 56.7 per cent while eight Departments did not report any expenditure on development activities. The Department of County Administration and Decentralised units had the highest percentage of recurrent Expenditure to budget at 89.8 per cent while the Department of Tourism, Youth, Sports and Culture had the lowest at 2.2 per cent.

3.23.12 Budget Execution by Programmes and Sub-Programmes

Table 3.131 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.131: Machakos County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)	
OFFICE OF THE GOVERNOR						
Sub-programme 1	Office of the Governor	350,581,992	184,447,837	166,134,155	52.6%	
Sub-programme 2	Transport Services	28,492,459	12,347,010	16,145,449	43.3%	
Sub-programme 3	Human Resource and Administration Section	84,050,981	35,208,115	48,842,866	41.9%	
Sub-programme 4	ICT Section	13,387,204	2,093,928	11,293,276	15.6%	
Sub-programme 5	Hospitality Services Section	14,580,000	5,860,959	8,719,041	40.2%	
Sub-programme 6	Cabinet Office	6,493,175	2,801,180	3,691,995	43.1%	
Sub-programme 7	Office of the Deputy Governor	36,000,000	7,562,945	28,437,055	21.0%	
Sub-programme 8	Directorate of Projects Delivery, Monitoring and Evaluation	13,759,080	2,400,000	11,359,080	17.4%	
Sub-programme 9	Office of the County Secretary	8,889,914	1,173,114	7,716,800	13.2%	
Sub-programme 10	Office of the County Advisors	8,954,060	4,297,806	4,656,254	48.0%	
TOTAL		565,188,865	258,192,894	306,995,971	45.7%	
COUNTY PUBLIC SERVICE BOARD						
Sub-programme 1	Human Resource and Administration	49,763,200	2,169,200	47,594,000	4.4%	
TOTAL		49,763,200	2,169,200	47,594,000	4.4%	
ROADS, TRANSPORT AND PUBLIC WORKS						
Sub-programme 1	Head quarter Administrative services	299,163,881	72,734,079	226,429,802	24.3%	
Sub-programme 2	Road Development and Management	535,727,222	47,730,990	487,996,232	8.9%	
Sub-programme 3	County Government Buildings	160,203,238	39,996,790	120,206,448	25.0%	
Sub-programme 4	County Fleet Management	93,000,000	30,855,074	62,144,926	33.2%	
TOTAL		1,088,094,341	191,316,933	896,777,408	17.6%	
HEALTH AND EMERGENCY SERVICES						
Sub-programme 1	General Administration and support services	3,606,276,998	2,151,726,013	1,454,550,985	59.7%	
Sub-programme 2	Machakos Level 5	299,179,767	167,751,033	131,428,734	56.1%	
Sub-programme 3	Kangundo Level 4	62,737,223	5,750,000	56,987,223	9.2%	
Sub-programme 4	Matuu Level 4	53,879,413	3,944,965	49,934,448	7.3%	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)	
Sub-programme 5	Kathiani Level 4	42,986,275	5,429,595	37,556,680	12.6%	
Sub-programme 6	Mwala Level 4	29,716,422	1,530,000	28,186,422	5.1%	
Sub-programme 7	Kimiti Level 4	14,446,569	-	14,446,569	0.0%	
Sub-programme 8	Masinga Level 4	14,546,569	-	14,546,569	0.0%	
Sub-programme 9	Athi River Level 4	14,446,569	-	14,446,569	0.0%	
Sub-programme 10	Mutituni Level 4	14,446,569	-	14,446,569	0.0%	
Sub-programme 11	Ndithini Level 4	14,446,569	-	14,446,569	0.0%	
Sub-programme 12	Kalama Level 4	14,396,569	-	14,396,569	0.0%	
Sub-programme 13	Public Health and Community Outreach	230,761,382	47,341,884	183,419,498	20.5%	
Sub-programme 14	Emergency Services	11,495,381	-	11,495,381	0.0%	
TOTAL		4,423,762,274	2,383,473,490	2,040,288,784	53.9%	
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES						
Sub-programme 1	Water Supply and Sewerage	189,616,575	10,020,277	179,596,298	5.3%	
Sub-programme 2	Irrigation Schemes, Development and Promotion	66,538,486	-	66,538,486	0.0%	
Sub-programme 3	Development and Promotion of Irrigation Schemes	85,585,853	3,103,372	82,482,481	3.6%	
Sub-programme 4	Environment and Natural Resources	81,586,368	1,526,235	80,060,133	1.9%	
TOTAL		423,327,282	14,649,884	408,677,398	3.5%	
AGRICULTURE, FOOD SECURITY AND CO-OPERATIVE DEVELOPMENT						
Sub-programme 1	General Administration and support services	663,991,187	112,925,359	551,065,828	17.0%	
Sub-programme 2	Crop Development and Management	53,150,000	2,502,421	50,647,579	4.7%	
Sub-programme 3	Livestock Resources Management and Development	13,810,000	2,798,730	11,011,270	20.3%	
Sub-programme 4	Fisheries Development	5,050,000	-	5,050,000	0.0%	
Sub-programme 5	Veterinary Services	13,469,664	88,400	13,381,264	0.7%	
Sub-programme 6	Agriculture Training Centre	5,550,000	-	5,550,000	0.0%	
Sub-programme 7	Co-operative Development and Marketing	4,153,251	-	4,153,251	0.0%	
Sub-programme 8	Capacity Building to Co-operative Societies	2,692,000	998,400	1,693,600	37.1%	
Sub-programme 7	Promotion of Co-operative Marketing and Value Chain	38,561,000	515,000	38,046,000	1.3%	
Sub-programme 8	Co-operative Financial Services	3,324,000	-	3,324,000	0.0%	
Sub-programme 9	Promotion and growth of Co-operative Societies	3,630,000	-	3,630,000	0.0%	
Sub-programme 10	Co-operative Audit Support Services	3,916,000	175,000	3,741,000	4.5%	
TOTAL		811,297,102	120,003,310	691,293,792	14.8%	
FINANCE AND ECONOMIC PLANNING						
Sub-programme 1	Revenue Management	84,235,160	10,099,280	74,135,880	12.0%	
Sub-programme 2	Budget formulation, Coordination and Implementation Section	20,449,479	2,876,000	17,573,479	14.1%	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)	
Sub-programme 3	Supply Chain Management Section	7,687,354	1,930,075	5,757,279	25.1%	
Sub-programme 4	Accounts Services	9,329,209	3,858,890	5,470,319	41.4%	
Sub-programme 5	Audit Section	8,758,779	4,720,350	4,038,429	53.9%	
Sub-programme 6	Human Resource Management and Support Services	392,919,205	265,786,469	127,132,736	67.6%	
Sub-programme 7	Economic Planning and Statistical Services	21,025,974	4,201,225	16,824,749	20.0%	
Sub-programme 8	External Resource Mobilization	950,000	-	950,000	0.0%	
TOTAL		545,355,160	293,472,289	251,882,871	53.8%	
PUBLIC SERVICE, QUALITY MANAGEMENT AND ICT						
Sub-programme 1	General Administration and support services	388,694,074	223,007,082	165,686,992	57.4%	
Sub-programme 2	Quality Management	625,000	-	625,000	0.0%	
Sub-programme 3	Training, Research and Development	5,009,500	460,400	4,549,100	9.2%	
Sub-programme 4	ICT General Administration and support services	7,975,000	-	7,975,000	0.0%	
Sub-programme 5	ICT Infrastructure	5,647,000	-	5,647,000	0.0%	
Sub-programme 6	Closed Circuit Television	8,729,343	-	8,729,343	0.0%	
TOTAL		416,679,917	223,467,482	193,212,435	53.6%	
TOURISM, CULTURE, YOUTH AND SPORTS						
Sub-programme 1	General administrative and Support Services	95,546,573	2,059,868	93,486,705	2.2%	
Sub-programme 2	Heritage & Culture	1,740,919	-	1,740,919	0.0%	
Sub-programme 3	Liquor Management	807,867	-	807,867	0.0%	
Sub-programme 4	Tourism Development and Marketing	8,157,888	-	8,157,888	0.0%	
Sub-programme 5	Management of Recreational Services	2,158,750	-	2,158,750	0.0%	
Sub-programme 6	Machawood	3,196,115	231,000	2,965,115	7.2%	
Sub-programme 7	County Image Directorate	3,166,000	-	3,166,000	0.0%	
Sub-programme 8	Youth Development	2,495,799	-	2,495,799	0.0%	
Sub-programme 9	Stadium Management	73,307,031	-	73,307,031	0.0%	
Sub-programme 10	Youth Empowerment	6,864,765	170,000	6,694,765	2.5%	
Sub-programme 11	Sports Promotion	7,920,000	-	7,920,000	0.0%	
TOTAL		205,361,707	2,460,868	202,900,839	1.2%	
TRADE, INDUSTRIALIZATION AND INNOVATION						
Sub-programme 1	Headquarter Administration Services	59,545,491	9,970,317	49,575,174	16.7%	
Sub-programme 2	Trade Development	221,906,472	164,406,472	57,500,000	74.1%	
Sub-programme 3	Business and Enterprise Development	13,297,300	652,790	12,644,510	4.9%	
Sub-programme 4	Industrialization and Innovation	56,000,000	-	56,000,000	0.0%	
Sub-programme 5	Investment Facilitation and Support	3,333,000	80,000	3,253,000	2.4%	
Sub-programme 6	Hygiene and Sanitation	5,340,000	450,088	4,889,912	8.4%	
Sub-programme 7	Legal Services	45,007,076	7,655,318	37,351,758	17.0%	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
TOTAL		404,429,339	183,214,985	221,214,354	45.3%
EDUCATION, YOUTH AND SOCIAL WELFARE					
Sub-programme 1	Head quarter Administrative services	471,224,476	137,820,467	333,404,009	29.2%
Sub-programme 2	Gender and Social Services	69,922,269	4,988,618	64,933,651	7.1%
TOTAL		541,146,745	142,809,085	398,337,660	26.4%
ENERGY, LANDS, HOUSING AND URBAN DEVELOPMENT					
Sub-programme 1	Head quarter Administrative services	61,807,195	2,153,600	796,675,320	3.5%
Sub-programme 2	County Electrification	91,883,648	15,438,311		
Sub-programme 3	Housing and Urban Development	777,500,000	306,497	777,193,503	0.0%
Sub-programme 4	Machakos Municipality	8,000,000	813,000	7,187,000	10.2%
Sub-programme 5	Mavoko Municipality	8,000,000	5,893,880	2,106,120	73.7%
Sub-programme 6	Kangundo Tala Municipality	8,000,000	-	8,000,000	0.0%
TOTAL		955,190,843	24,605,288	930,585,555	2.6%
COUNTY ADMINISTRATION AND DECENTRALIZED UNITS					
Sub-programme 1	General Administration and support services	509,467,120	459,352,183	50,114,937	
Sub-programme 2	Civic Engagement	500,000	-	500,000	0.0%
Sub-programme 3	Administration and Co-ordination Services	2,550,000	216,400	2,333,600	
Sub-programme 4	Solid Waste Management	10,698,339	4,028,505	6,669,834	37.7%
Sub-programme 5	Inspectorate Services and Management	10,225,600	2,000,000	8,225,600	19.6%
TOTAL		533,441,059	465,597,088	67,843,971	87.3%
COUNTY ASSEMBLY					
Sub-Programme	Legislation and Oversight	1,272,790,391	513,172,486	759,617,905	40.3%
Total		1,272,790,391	513,172,486	759,617,905	40.3%
Grand Total		12,235,828,225	4,818,605,282	14,735,404,368	39.38

Source: Machakos County Treasury

Programmes with high levels of implementation based on absorption rates were: Trade Development in the Department of Trade, Industrialization and Innovation at 74.1 per cent; Mavoko Municipality in the Department of Energy, Lands, Housing and Urban Development at 73.7 per cent; Human Resource Management and Support Services in the Department of Finance and Economic Planning at 67.6 per cent; and General Administration and Support Services in the Department of Health and Emergency Services at 59.7 per cent of budget allocation.

3.23.13 Monitoring and Evaluation

During the field visit, the M&E team visited a total of 28 projects comprising of 23 projects from the County Executive and 5 projects from the County Assembly. Generally, the county government has made positive progress in ensuring public participation by members of the public in the selection and implementation of projects. This was evidenced by the equity in the distribution of projects across the sub-counties. Some of the completed projects that have had a positive impact on residents include: Construction of County Assembly building in Machakos Town that is currently in use; construction of Syathani ECDE Classroom in Mwala that has resulted in 100 per cent increase in enrolment rate; and construction of steel elevated tanks at Makutano Market.

While the county government has made positive progress in the implementation of projects and programmes, there are still areas that need the intervention of the county government to ensure the targeted outcomes are realized. For instance, a majority of the newly constructed health dispensaries are understaffed hence cannot provide adequate services to the public. There is evidence of poor workmanship as some projects were poorly implemented. These include:

Mukunike Dispensary in Kangundo; ECDE classroom at Kinanie Primary School in Mavoko; and Athi River Kwa Nzomo Foot Bridge. Further, the M&E team noted the existence of stalled projects spread across the County mainly as a result of non-payment of the outstanding contract sum to contractors.

To address these challenges and improve budget implementation, the County Government should: Ensure newly constructed health facilities are staffed and equipped to adequately serve patients; ensure proper project supervision during the implementation phase to ensure that the contractor meets the conditions set in the bill of quantities; and make prompt payments to contractors commensurate to work done to ensure that projects are implemented within the contract period.

3.23.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Assembly to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.322.43 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.3.82 billion. The development expenditure represented 8.4 per cent of the annual development budget.
3. A high wage bill, which accounted for 57.1 per cent of the first half proportional revenue of Kshs.6.75 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.336.14 million against an annual projection of Kshs.1.68 billion, representing 20 per cent of the annual target.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.

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

- i. The County Assembly should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County Public Service Board should establish an optimal staffing structure to ensure Expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
- iv. The County should address its revenue performance to ensure the approved budget is fully financed.
- v. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.24 County Government of Makueni

3.24.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.11.25 billion, comprising Kshs.4.27 billion (38 per cent) and Kshs.6.98 billion (62 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.13 billion (72.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.09 billion (9.7 per cent) from own sources of revenue, and a cash balance of Kshs.1.22 billion (10.8 per cent) from FY 2020/21. The County also expects to receive Kshs.808.07 million (7.2 per cent) as conditional grants, which consists of Kenya Urban Support Project(KUSP) Kshs.36.06 million, Transforming Health Systems for Universal Care Project Kshs.87.59 million, National Agriculture and Rural Inclusive Growth Project (NARIGP) Kshs.284.35 million, DANIDA Grant Primary Health Care in Devolved Context Kshs.16.41 million, Kenya Devolution Support Program (KDSP) Kshs.184.80 million, Agriculture Sector Development Support Programme(ASDSP) Kshs.35.57 million, Conditional Allocation for Leasing of Medical Equipment Kshs.153.30 million and Nutrition International Donor funding Kshs.10 million.

3.24.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.38 billion as the equitable share of the revenue raised nationally, raised Kshs.300.35 million as own-source revenue, Kshs.5 million as conditional grants, and had a cash balance of Kshs.1.22 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.90 billion, as shown in Table 3.132.

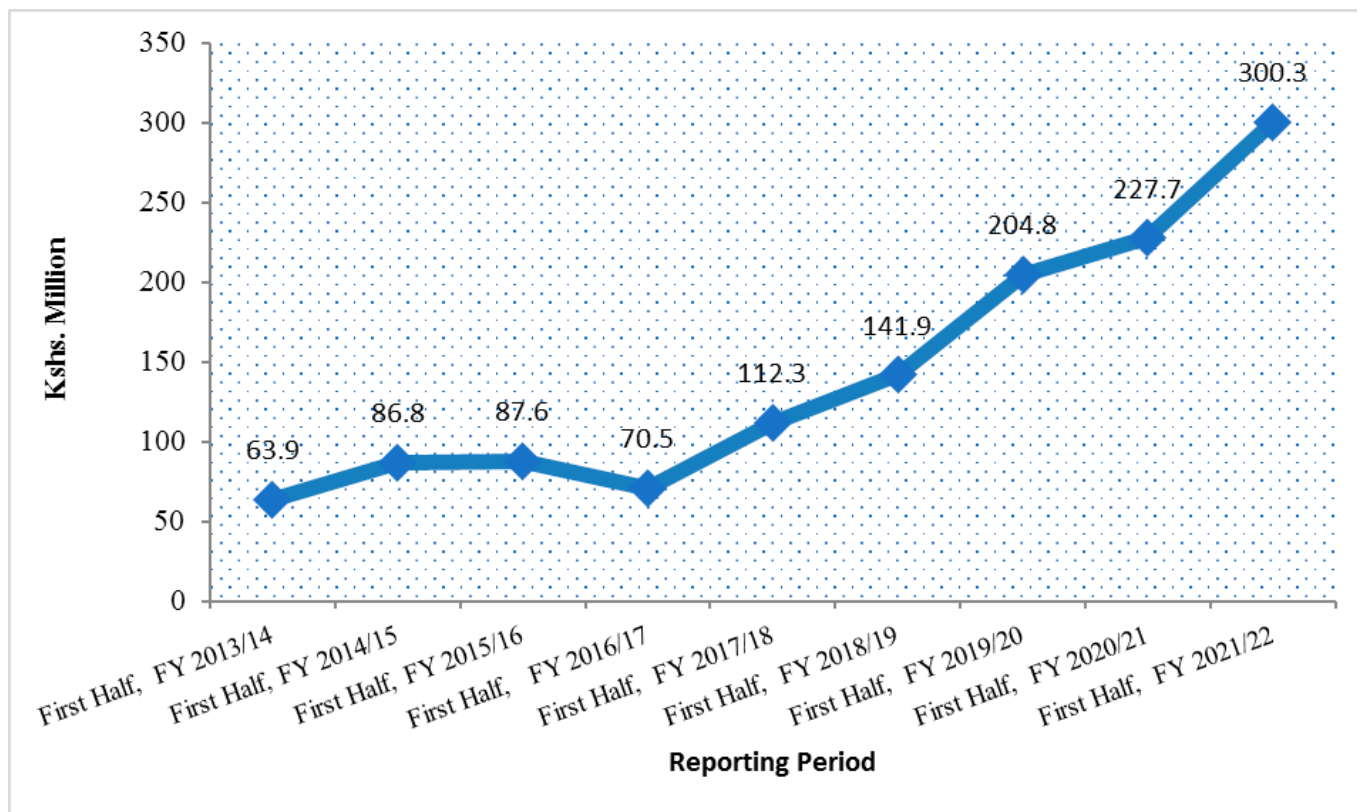
Table 3.132: Makueni County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,132,783,562	3,375,104,639	41.5
Sub Total		8,132,783,562	3,375,104,639	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	1,091,306,710	300,345,138	27.5
2	Conditional Grants	808,073,194	5,000,000	0.6
3	Balance B/F from FY2020/21	1,218,876,238	1,218,876,238	100.0
Sub Total		3,118,256,142	1,524,221,376	48.9
Grand Total		11,251,039,704	4,899,326,015	43.5

Source: Makueni County Treasury

Figure 3.44 shows the trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.44: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Makueni County Treasury

In the first half of FY 2021/22, the County generated Kshs.300.35 million as own-source revenue. This amount represented an increase of 31.9 per cent compared to Kshs.227.70 million realised during a similar period in the first half of FY 2020/21 and was 27.5 per cent of the annual target.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.22 billion from the CRF account during the reporting period. The amount comprised Kshs.613.01 million (19 per cent) for development programmes and Kshs.2.61 billion (81 per cent) for recurrent programmes.

3.24.4 Overall Expenditure Review

The County spent Kshs.3.09 billion on development and recurrent programmes during the reporting period. This expenditure represented 95.8 per cent of the total funds released by the CoB and comprised of Kshs.506.40 million and Kshs.2.58 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.9 per cent, while recurrent expenditure represented 37.0 per cent of the annual recurrent expenditure budget.

3.24.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.58.14 million and comprised of Kshs.44.47 million for recurrent expenditure and Kshs.13.68 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills within the financial year.

During the period under review, pending bills amounting to Kshs.51.77 million were settled, consisting of Kshs.41.68 million for recurrent expenditure and Kshs.10.09 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.6.37 million.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.65 billion was spent on employee compensation, Kshs.930.01 million on operations and maintenance and Kshs.506.41 million on development activities, as shown in Table 3.133.

Table 3.133: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,222,995,485	756,641,539	2,216,021,875	368,597,909	35.6	48.7
Compensation to Employees	3,993,532,191	363,744,904	1,547,969,544	106,637,697	38.8	29.3
Operations and Maintenance	2,229,463,293	392,896,635	668,052,331	261,960,212	30.0	66.7
Development Expenditure	4,250,932,539	20,470,142	506,401,964	-	11.9	-
Total	10,473,928,023	777,111,681	2,722,423,839	368,597,909	26.0	47.4

Source: Makueni County Treasury

3.24.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 29.4 per cent of the first half proportional revenue of Kshs.5.63 billion.

The wage bill of Kshs.1.65 billion includes Kshs.956.58 million attributable to the health sector which translates to 57.8 per cent of the total wage bill in the reporting period.

3.24.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.194.69 million to county established funds in FY 2021/22, which constituted 1.7 per cent of the County's overall budget for the year. Table 3.134 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.134: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements
		County Executive	County Assembly	County Executive	County Assembly	Yes or No
1.	Bursary Fund	113,718,011		26,500,000		No
2.	Emergency Fund	50,970,037		26,301,046		No
3.	Makueni County Assembly Car and Mortgage		30,000,000	0	0	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements
		County Executive	County Assembly	County Executive	County Assembly	Yes or No
	Total	164,688,048	30,000,000	52,801,046	-	

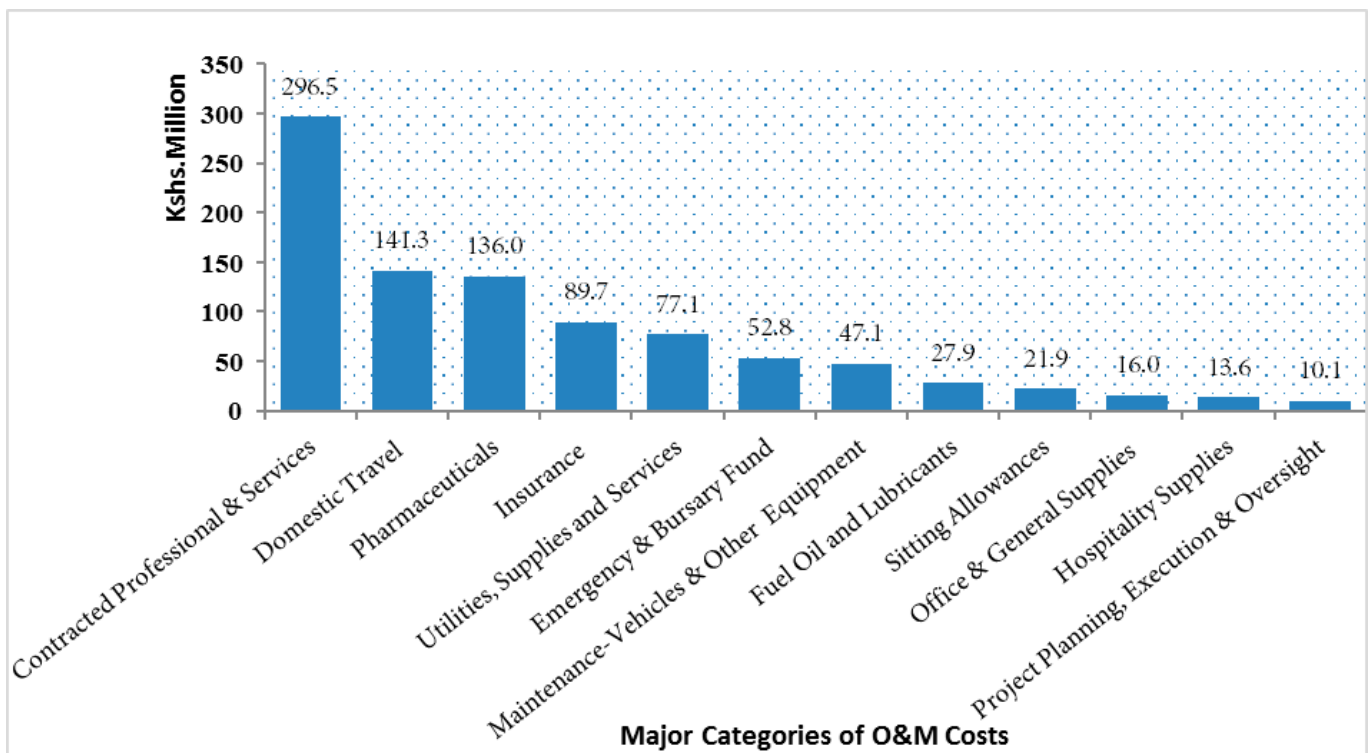
Source: Makueni County Treasury

From the three-county established public funds, the OCoB received quarterly financial returns from only the Administrator of Makueni County Assembly Car and Mortgage funds, as indicated in Table 3.134.

3.24.9 Expenditure on Operations and Maintenance

Figure 3.45 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.45: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

The County spent Kshs.21.95 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.52 million. The average monthly sitting allowance was Kshs.74,659 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.141.32 million and comprised Kshs.98.77 million spent by the County Assembly and Kshs.42.18 million by the County Executive. Expenditure on foreign travel amounted to Kshs.374,000 spent by the County Assembly.

3.24.10 Development Expenditure

The County incurred Kshs.506.40 million on development programmes, which represented a decrease of 45.4 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 928.18 million. Table 3.135 summarises development projects with the highest expenditure in the reporting period.

Table 3.135: Makueni County, List of Top Ten Development Projects with the Highest Expenditure

No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Universal Health Care	County Wide	270,290,975	101,951,750	37.7
2	CTTI Capitation	County Wide	40,000,000	39,710,226	99.3
3	Conditional Grant for COVID 19 Emergency Response	County Wide	80,219,797	36,355,573	45.3
4	Rural Electrification Programme - REREC Matching grant	County Wide	30,000,000	30,000,000	100
5	Kenya Urban Support Project (KUSP)	County Wide	330,433,848	27,423,821	8.3
6	Health Systems for Universal Care Project	County Wide	142,427,633	21,106,580	14.8
7	Community Economic Empowerment- 30 wards Agricultural extension service	All	38,356,336	17,292,372	45.1
8	Devolution Support Project (KDSP) " Level 2 grant."	All	281,929,774	16,850,388	6
9	Nutrition International Matching Grant	County Wide	29,991,753	13,782,670	46
10	Kenya Devolution Support Project (KDSP) " Level 1 grant."	County Wide	53,135,015	9,570,300	18

Source: Makueni County Treasury

The County should include specific projects implemented under each conditional grant for accurate and transparent reporting. This would assist in verifying whether the expenditures classified as development are development in nature or otherwise and the distribution of these grants across the county.

3.24.11 Budget Performance by Department

Table 3.136 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

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 Attorney Office	33.4	-	3.2	-	2.1	-	65.9	-	6.4	-
County Public Service Board	50.9	24.8	20.7	1.6	17.0	-	82.1	0.0	33.4	0.0
Lands, Urban Development, Environment and Climate Change	144.2	275.3	60.9	16.9	57.5	30.0	94.4	177.6	39.9	10.9
Governorship - Office of Governor and Deputy Governor	196.6	-	95.6	-	83.1	-	86.9	-	42.3	-
Trade, Industry, Marketing, Tourism & Cooperatives Development	56.4	54.7	20.7	5.6	17.0	10.6	82.2	191.3	30.2	19.4
Gender, Children, Culture and Social Services	101.0	53.3	34.3	6.6	35.7	8.6	103.9	129.9	35.3	16.1
Office of the County Secretary	457.2	-	128.8	-	90.2	-	70.0	-	19.7	-
Finance and Social Economic Planning	509.9	372.0	203.9	139.8	192.9	33.2	94.6	23.7	37.8	8.9
Education, Sports & ICT	485.4	322.8	281.6	46.8	165.1	42.3	58.6	90.4	34.0	13.1
Transport, Roads, Public Works and Energy	181.7	821.7	106.2	129.7	80.7	96.0	76.0	74.0	44.4	11.7
Agriculture, Irrigation, Livestock & Fisheries Development	271.5	735.6	119.6	28.2	110.4	20.6	92.3	73.1	40.7	2.8
Water and Sanitation (Includes Sand Authority)	208.2	546.9	62.4	113.9	78.8	75.6	126.2	66.3	37.8	13.8

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	3,185.6	963.9	1,003.0	118.0	1,156.5	181.3	115.3	153.6	36.3	18.8
Devolution, County Administration, Participatory Development, Youth & Public Service	341.0	79.7	141.1	6.0	129.0	8.3	91.4	138.3	37.8	10.4
County Assembly	756.6	20.5	329.7	-	368.6	-	111.8	-	48.7	-
Total	6,979.6	4,271.4	2,611.9	613.0	2,584.6	506.4	99.0	82.6	37.0	11.9

Source: *Makueni County Treasury*

Analysis of expenditure by the departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 18.8 per cent while the Department of County Public Service Board and County Assembly did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 48.7 per cent, while the Department of County Attorney's Office had the lowest at 6.4 per cent.

3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 3.137 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.137: Makueni County, Budget Execution by Programmes and Sub-programmes

Department	Programme/ Sub Programme	FY 2021/22 Revised Budget Estimates (Kshs.)	Expenditures Half Year 2021/22 (Kshs.)	Variance (Kshs.)	Absorption rate (%)
Agriculture, Live-stock & Fisheries	SP1. 1 General administration & planning	639,910,018	125,066,369	514,843,649	19.5
	SP2. 1 Land, Crop development & productivity	80,840,433	3,841,052	76,999,381	4.8
	SP3. 1 Agribusiness and information management	213,499,782	16,132,024	197,367,758	7.6
	SP4. 1 Livestock Production, Management and Development	72,877,930	3,438,907	69,439,023	4.7
	Total Budget	1,007,128,162	148,478,352	858,649,810	14.7
Transport & Infrastructure	SP1. 1 General administration & planning	149,403,453	52,017,908	97,385,545	34.8
	SP2. 1 Road transport	669,980,150	61,848,658	608,131,492	9.2
	SP3. 1 Infrastructure development	28,533,785	500,000	28,033,785	1.8
	SP4. 1 Energy Infrastructure & development	155,464,224	11,984,160	143,480,064	7.7
	Total Budget	1,003,381,612	126,350,726	877,030,886	12.6
Trade, Industry & Cooperatives	SP1. 1 General administration & planning	45,127,893	17,476,537	27,651,356	38.7
	SP2.1; Trade marketing & promotion	46,770,181	4,848,900	41,921,281	10.4
	SP3. 1 Industrial development and promotion	4,237,700	2,624,491	1,613,209	61.9
	SP4. 1 Tourism development & promotion	5,415,500	919,100	4,496,400	17.0
	SP5. 1 Cooperative development and management	9,565,000	4,257,325	5,307,676	44.5
	Total Budget	111,116,274	30,126,353	80,989,921	27.1
Land, Physical Planning & Mining	SP1. 1 General administration & planning	45,157,168	17,978,665	27,178,503	39.8
	SP2. 1: Land Survey & Mapping	36,793,738	5,953,044	30,840,693	16.2
	SP3. 1 Urban planning	238,998,429	34,146,354	204,852,075	14.3

Department	Programme/ Sub Programme	FY 2021/22 Revised Budget Estimates (Kshs.)	Expenditures Half Year 2021/22 (Kshs.)	Variance (Kshs.)	Absorption rate (%)
	SP4. 1 Mining mapping & development	1,100,000	681,000	419,000	61.9
	SP4. 1 Environment management and protection	97,475,985	31,198,561	66,277,424	32.0
	Total Budget	419,525,320	89,957,624	329,567,696	21.4
Water, Irrigation & Environment	SP1. 1 General administration & planning	137,010,138	52,948,074	84,062,064	38.6
	SP 2.1 Water harvesting and storage	112,843,887	19,890,902	92,952,986	17.6
	SP 2.2. Piped water supply infrastructure	265,703,711	42,641,901	223,061,810	16.0
	SP2.3 Ground water development	155,740,537	18,077,145	137,663,392	11.6
	Total Budget	671,298,273	133,558,022	537,740,251	19.9
Sand Authority	SP1. 1 General administration & planning	83,828,840	11,287,061	72,541,779	13.5
	Total Budget	83,828,840	11,287,061	72,541,779	13.5
Education & ICT	SP1. 1 General administration & planning	346,916,833	40,173,881	306,742,952	11.6
	SP1. 1 Early childhood education	147,586,055	5,519,740	142,066,315	3.7
	SP1. 1 Technical training & non-formal education	75,808,762	39,810,226	35,998,536	52.5
	SP1. 1 Support to education	118,420,486	26,600,000	91,820,486	22.5
	SP3. 1 ICT Infrastructure & Systems Development	41,530,586	418,000	41,112,586	1.0
	SP6. 1 Sports Development	77,931,972	437,046	77,494,927	0.6
	Total Budget	808,194,695	112,958,893	695,235,802	14.0
Health Services	SP1. 1 General administration & planning	3,024,710,650	1,015,491,283	2,009,219,367	33.6
	SP2. 1: Curative health care services	768,343,805	259,109,447	509,234,358	33.7
	SP3. 1 Preventive and promotive health care services	356,522,428	63,147,199	293,375,229	17.7
	Total Budget	4,149,576,883	1,337,747,929	2,811,828,954	32.2
Youth, Gender & Social Services	SP1. 1 General administration & planning	80,494,875	21,470,961	59,023,914	26.7
	SP2. 1 Gender & Social Development	73,740,158	12,852,720	60,887,438	17.4
	Total Budget	154,235,033	34,323,681	119,911,352	22.3
County Attorney	SP1. 1 Legal & advisory services	33,440,152	2,134,443	31,305,709	6.4
	Total Budget	33,440,152	2,134,443	31,305,709	6.4
County Secretary	SP1. 1 Leadership and coordination of departments.	457,152,607	126,468,151	330,684,457	27.7
	Total Budget	457,152,607	126,468,151	330,684,457	27.7
Governorship	SP1. 1 General administration & planning	196,590,027	86,997,382	109,592,644	44.3
	Total Budget	196,590,027	86,997,382	109,592,644	44.3
Devolution & Public Service	SP1. 1 General administration & planning	275,015,452	109,322,801	165,692,651	39.8
	SP2. 1: Public Participation & Civic Education	56,052,534	34,603,200	21,449,334	61.7
	SP3. 1 Information and communication	5,150,000	150,000	5,000,000	2.9
	SP4. 1 Enforcement and compliance	42,550,000	14,468,804	28,081,196	34.0
	SP5. 1 Youth Development	42,003,049	7,430,960	34,572,089	17.7
	Total Budget	420,771,035	165,975,765	254,795,269	39.4

Department	Programme/ Sub Programme	FY 2021/22 Revised Budget Estimates (Kshs.)	Expenditures Half Year 2021/22 (Kshs.)	Variance (Kshs.)	Absorption rate (%)
County Public Service Board	SP1.1: General Administration and Planning	75,722,843	17,007,439	58,715,405	22.5
	Total Budget	75,722,843	17,007,439	58,715,405	22.5
Finance & Socio-Economic Planning	SP1. 1 General administration & planning	713,376,268	166,216,337	547,159,930	23.3
	SP2.1 Accounting services	12,540,000	6,106,485	6,433,515	48.7
	SP2.2; Budget formulation, coordination and management	48,090,000	19,197,375	28,892,625	39.9
	SP2.3; Internal audit services	8,040,000	2,366,118	5,673,882	29.4
	SP2.4; Resource mobilisation	45,840,000	12,780,399	33,059,601	27.9
	SP2.5; Supply chain management services	7,040,000	5,157,640	1,882,360	73.3
	SP2.6; Economic planning	47,040,000	14,227,447	32,812,553	30.2
	Total Budget	881,966,268	226,051,802	655,914,466	25.6
County Assembly	Legislation & Oversight	777,111,681	361,155,148	415,956,533	46.5
Total County Budget		11,251,039,704	3,010,578,769	8,240,460,935	26.8

Source: Makueni County Treasury

Programmes with high levels of implementation based on absorption rates were: Finance & Socio-Economic Planning at 73.0 per cent, Trade, Industry & Cooperatives Industrial development and promotion at 62.0 per cent, Land, Physical Planning & Mining, mapping & development at 62 per cent, Devolution & Public Service Public Participation & Civic Education at 62 per cent and Education and ICT Technical training and non-formal education at 53 per cent of budget allocation.

3.24.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered a total of 46 projects comprising of 40 projects from the County Executive and 6 projects from the County Assembly that were implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. Generally, it was observed that the county government has made positive progress in ensuring there is public participation by members of the public in the selection and implementation of projects. This was evidenced by the equity in the distribution of projects across the 6 sub-counties. Further, the M&E noted that Makueni County has a robust system of Project Implementation Committees (PMCs or PICs) which promotes participation of the public in the coordination, selection and monitoring of the projects.

During the monitoring visit, we identified some projects that were well implemented and had achieved the desired objectives. These include: Kyakithuku Water Project that serves three villages in Kyakithuku Ward; Supply and installation of Poultry Feed Formulation plant that serves poultry farmers; Promotion of Avocado and Macadamia Plantation in Mukaa area; and Kathonzweni Market Shed that serves about 75 traders.

While the county government has made positive progress in the implementation of projects and programmes, there are still areas that need the intervention of the county government to ensure the targeted outcomes are realized. These include inadequate medical personnel in newly constructed health facilities; failure to erect information boards alongside projects; and delayed completion of ongoing projects which is attributed to the initiation of too many new projects against limited budgetary resources.

In view of the above, the Controller of Budget recommends that appropriate strategies should be adopted to ensure that new healthcare facilities are adequately staffed and equipped; erect project information boards to enhance transparency and accountability; and ensure ongoing projects are completed before embarking on new ones.

3.24.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.506.40 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.4.27 billion. The development expenditure represented 11.9 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.300.35 million against an annual projection of Kshs.1.09

billion, representing 27.5 per cent of the annual target.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.

3.25 County Government of Mandera

3.25.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.13.25 billion, comprising Kshs.5.71 billion (43.1 per cent) and Kshs.7.54 billion (56.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.19 billion (84.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.200.04 million (1.5 per cent) from own sources of revenue, and a cash balance of Kshs.789.27 million (6 per cent) from FY 2020/21. The County also expects to receive Kshs.1.08 billion (8.1 per cent) as conditional grants, which consists of Kshs.298.88 million as Kenya Climate-Smart Agriculture Project (NEDI), Kshs.218.12 million as Kenya Climate-Smart Agriculture Project (NEDI) - Conditional Grant B/F 2020/21, Kshs.143 million as Kenya Devolution Support Program b/f 2020/21, and Kshs.54.59 million as World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health.

3.25.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.4.66 billion as the equitable share of the revenue raised nationally, raised Kshs.67.35 million as own-source revenue, Kshs.190.66 million as conditional grants, and had a cash balance of Kshs.789.27 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.71 billion, as shown in Table 3.138.

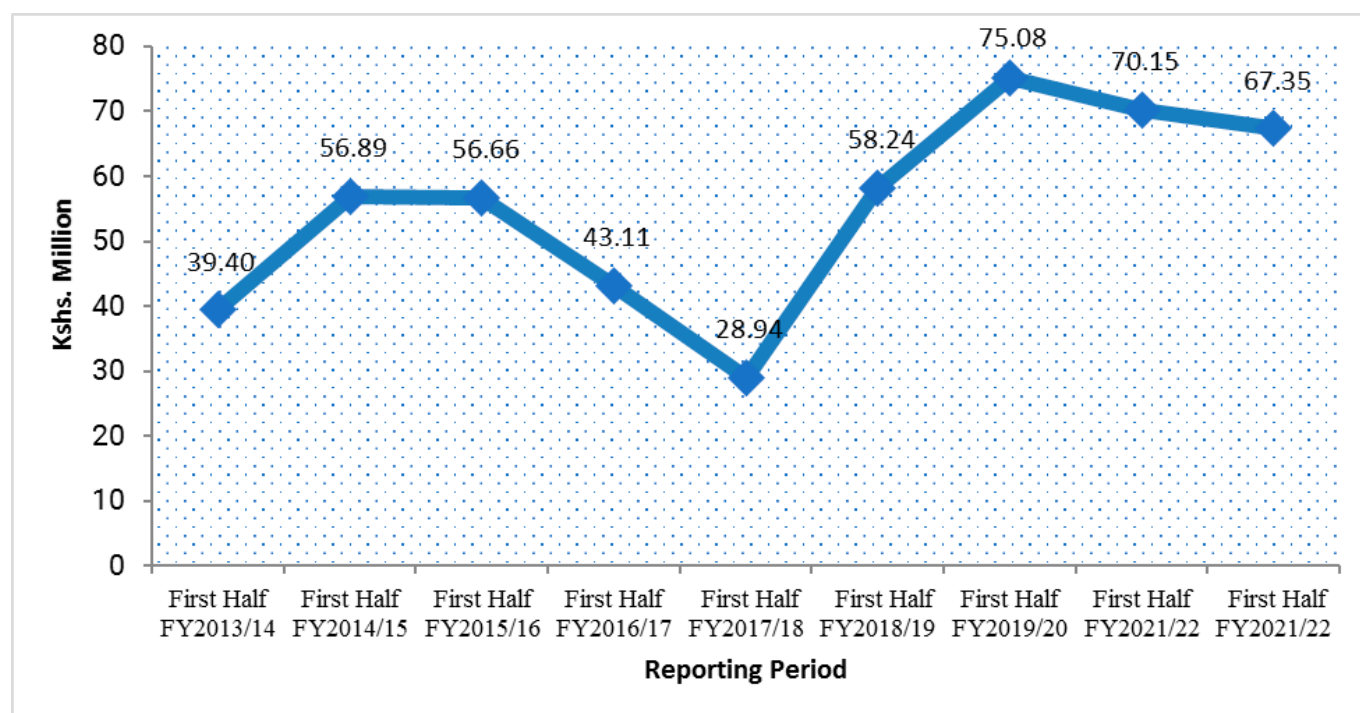
Table 3.138: Mandera County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,190,382,598	4,660,320,555	41.6
	Sub Total	11,190,382,598	4,660,320,555	41.6
B	Other Sources of Revenue			
1.	Own Source Revenue	200,037,792	67,347,667	33.7
2.	Conditional Grants	1,075,282,933	190,656,020	17.7
3.	Balance b/f from FY2020/21	789,267,722	789,267,722	100.0
	Sub Total	2,064,588,447	1,047,271,409	50.7
	Grand Total	13,254,971,045	5,707,591,964	43.1

Source: Mandera County Treasury

Figure 3.46 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.46: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Mandera County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.67.35 million as own-source revenue. This amount represented a decrease of 4 per cent compared to Kshs.70.15 million realised in the first half of FY 2020/21 and was 33.7 per cent of the annual target.

3.25.3 Exchequer Issues

The Controller of Budget approved Kshs.5.69 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.81 billion (31.8 per cent) for development programmes and Kshs.3.88 billion (68.2 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

The County spent Kshs.5.68 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs.1.81 billion and Kshs.3.47 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 31.7 per cent, while recurrent expenditure represented 51.3 per cent of the annual recurrent expenditure budget.

3.25.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.42 billion was spent on employee compensation, Kshs.1.45 billion on operations and maintenance, and Kshs.1.81 billion on development activities, as shown in Table 3.139.

Table 3.139: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	6,630,207,047	911,048,184	3,470,692,697	398,343,668	52.3	43.7
Compensation to Employees	3,680,972,444	493,731,819	2,212,695,209	205,347,916	60.1	41.6
Operations and Maintenance	2,949,234,602	417,316,365	1,257,997,488	192,995,752	42.7	46.2
Development Expenditure	5,541,462,259	172,253,555	1,809,242,082	-	32.6	0.0
Total	12,171,669,306	1,083,301,739	5,279,934,779	398,343,668	43.4	36.8

Source: Mandera 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 36.5 per cent of the first half proportional revenue of Kshs.6.63 billion. The wage bill of Kshs.2.42 billion includes Kshs.878.61 million attributable to the health sector, which translates to 53.5 per cent of the total wage bill in the reporting period.

3.25.7 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.120 million to a Bursary Program established in FY 2021/22, which constituted 0.9 per cent of the County's overall budget for the year. Table 3.140 below summarises the fund's budget allocation and performance during the reporting period.

Table 3.140: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Bursary Program	120,000,000	-	-	-	-	No
2.	MCA's Car Grant	-	100,000,000		100,000,000	Yes	
3.	Total	120,000,000	100,000,000	-	100,000,000-		

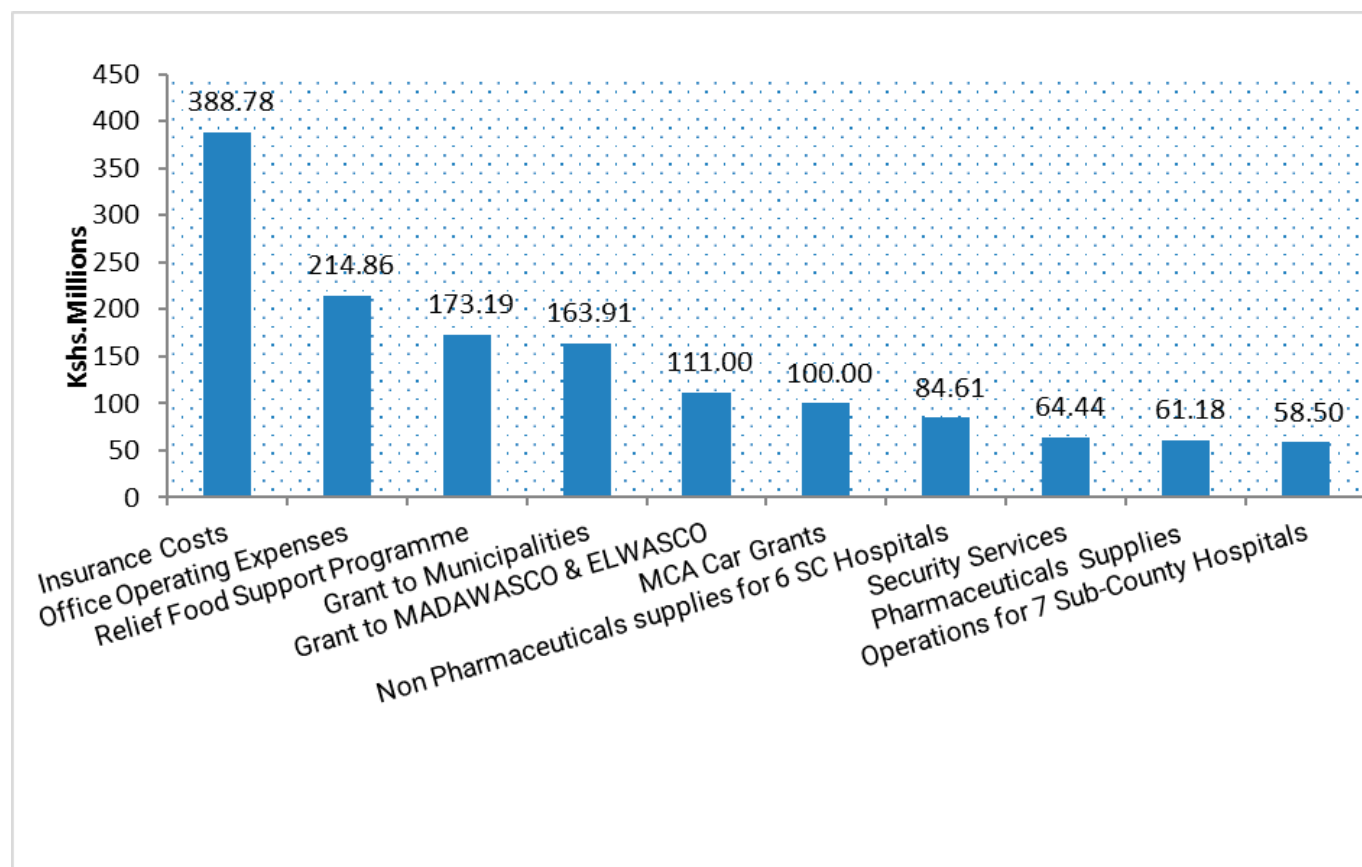
Source: Mandera County Treasury

The OCoB did not receive detailed quarterly financial returns from the Administrator of the Bursary Programme.

3.25.8 Expenditure on Operations and Maintenance

Figure 3.47 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.47: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: Mandera County Treasury

The County spent Kshs.11.53 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.44 million. The average monthly sitting allowance was Kshs.39,210 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.30.99 million and comprised Kshs.17.62 million spent by the County Assembly and Kshs.13.37 million by the County Executive. The County Assembly spent Kshs.2.49 million on foreign travel.

3.25.9 Development Expenditure

The County incurred Kshs.1.81 billion on development programmes, which represented an increase of 35.8 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.33 billion. Table 3.4 summarises development projects with the highest expenditure in the reporting period.

Table 3.141: Mandera County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Construction and opening up of Awacho Sambur - Kiliwehiri Road	Banisa	68,500,000	63,500,000	92.7
2.	Construction of Dandu - Ires Teno - Gaga-ba - Sake - RMLF	Mandera West	100,000,000	60,000,000	60.0
3.	Opening up and light grading of Mandera bypass road	Mandera East	57,000,000	57,000,000	100.0
4.	Construction of Rhamu Sub County Head Quarters	Mandera North Sub County	78,993,535	50,600,000	64.1
5.	Construction of a box culvert at livestock market road- (KUSP)	Mandera East	55,819,500	46,311,274	83.0
6.	Construction of County Public Service Board office	Mandera East	50,000,000	41,391,186	82.8

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
7.	Proposed construction of KMTC in Mandera East	Mandera East	62,623,508	40,554,004	64.8
8.	Construction of Koromey Irrigation Project	Mandera East	33,246,005	30,000,000	90.2
	Construction of Box culvert/Celled drifts on Khalalio Road at Hareri (RMLF)	Mandera East	30,000,000	30,000,000	100.0

Source: Mandera County Treasury

3.25.10 Budget Performance by Department

Table 3.142 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.142: 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	911.05	172.25	409.34	-	398.34	-	97.3	-	43.7	-
Agriculture and livestock	222.91	945.02	95.67	128.97	95.67	128.97	100	100	42.9	13.6
Education, Culture and Sports	433.99	319.69	150.86	92.63	150.86	92.63	100	100	34.8	29.0
Genders, Social Services and Youth Affairs	69.52	105.00	24.85	13.87	24.85	13.87	100	100	35.7	13.2
Finance and Economic Planning and ICT	603.27	430.30	364.09	233.41	364.09	233.41	100	100	60.4	54.2
Health Services	1,957.90	687.58	991.10	308.55	991.10	308.55	100	100	50.6	44.9
Trade, Investments, Industrialisation, and Cooperative Development	68.65	77.79	36.78	17.84	36.78	17.84	100	100	53.6	22.9
Lands, Housing Developments and Physical Planning	457.17	24.41	192.48	15.00	192.48	15.00	100	100	42.1	61.4
Office of the Governor and Deputy Governor	502.21	-	272.48	-	272.48	-	100	-	54.3	-
County Public Service Board	84.76	62.00	42.08	33.19	42.08	33.19	100	100	49.6	53.5
Public Service Management and Devolved Units	1,451.16	103.19	897.43	46.90	897.43	46.90	112.1	100	61.8	45.4
Public Works Roads and Transport	138.40	1,388.26	73.54	573.50	73.54	573.50	100	100	53.1	41.3
Water, Energy, Environment and Natural Resources	640.24	1,398.22	329.35	345.37	329.35	345.37	100	100	51.4	24.7
TOTAL	7,541.26	5,713.72	3,880.03	1,809.24	3,869.04	1,809.24	99.7	100	51.3	31.7

Source: Mandera County Treasury

Analysis of expenditure by the departments shows that the Department of Lands, Housing Developments and Physical Planning recorded the highest absorption rate of development budget at 61.4 per cent while the County Assembly did not report any expenditure on development activities. The Department of Public Service Management and Devolved Units had the highest percentage of recurrent expenditure to budget at 61.8 per cent, while the Department of Education, Culture and Sports had the lowest at 34.8 per cent.

3.25.11 Budget Execution by Programmes and Sub-Programmes

Table 3.143 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.143: Mandera County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agricultural and Livestock Sector Support	Agricultural Infrastructure, Conservation and Research	801,955,500	120,945,007	681,010,493	15.1
	Livestock Agricultural Sector Support	245,450,158	128,386,185	117,063,973	52.3
	Sub Total	1,047,405,658	249,331,192	798,074,466	23.8
Cooperatives Development Programmes	Cooperatives Agricultural Support	7,200,000	2,200,000	5,000,000	30.6
	Sub Total	7,200,000	2,200,000	5,000,000	30.6
Trade Development	Trade development &Promotion	139,247,936	49,797,370	89,450,566	35.8
	Sub Total	139,247,936	49,797,370	89,450,566	35.8
Physical Infrastructure Development	Infrastructure & Equipment	24,410,211	14,994,274	9,415,937	61.4
	Infrastructure Construction, Expansion and Maintenance	687,575,394	228,957,481	458,617,913	33.3
	Infrastructure Development and Expansion	103,193,187	63,769,580	39,423,607	61.8
	Infrastructure Development and Expansion	1,388,257,226	650,159,747	738,097,479	46.8
	Sub Total	2,203,436,018	957,881,082	1,245,554,936	43.5
Youth Rehabilitation and Development	Youth Development Programmes and Policy	105,000,000	13,870,000	91,130,000	13.2
	Sub Total	105,000,000	13,870,000	91,130,000	13.2
Administration, Planning and Support Services	General Administration & Support Services	2,391,897,091	1,174,307,379	1,217,589,712	49.1
	General Administration & Support Services	716,098,903	487,931,934	228,166,969	68.1
	Sub Total	3,107,995,994	1,662,239,314	1,445,756,680	53.5
ECDE and Sports Development Services	ECDE Infrastructure.	319,692,015	92,693,699	226,998,316	29.0
	Sub Total	319,692,015	92,693,699	226,998,316	29.0
Legislation and Oversight Services	County Assembly Administration offices	172,253,556	0	172,253,556	0.0
	Sub Total	172,253,556	0	172,253,556	0.0
Financial Services	Procurement Services	430,300,000	233,314,152	196,985,848	54.2
	Sub Total	430,300,000	233,314,152	196,985,848	54.2
Administration and Compensation	Administration Services	3,467,690,856	1,325,989,545	2,141,701,311	38.2
	Administration and Support Services	216,284,891	25,766,373	190,518,518	11.9
	Sub Total	3,683,975,747	1,351,755,918	2,332,219,829	36.7
Water Provision Services	Water Storage Structures	1,304,518,191	633,290,491	671,227,700	48.5
	Water provision services	616,020,707	93,151,669	522,869,038	15.1
	Sub Total	1,920,538,898	726,442,161	1,194,096,737	37.8
Solar Energy and Environmental Services	Street lighting	93,701,231	46,845,872	46,855,359	50.0
	Environmental Protection	24,223,992	2,200,000	22,023,992	9.1
	Sub Total	117,925,223	49,045,872	68,879,351	41.6
	Grand Total	13,254,971,045	5,388,570,760	7,866,400,285	40.7

Source: Mandera County Treasury

Programmes with high levels of implementation based on absorption rates were: Financial Services at 54.2 per cent, Administration, Planning and Support Services at 53.5 per cent, and Physical Infrastructure Development at 43.5 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. The underperformance of own-source revenue at Kshs.67.35 million against an annual projection of Kshs. 200.04 million, representing 33.7 per cent of the annual target.
2. Failure by Fund Administrator to submit the Bursary Fund's quarterly financial and non-financial report.

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

- i. The County should address its revenue performance to ensure the approved budget is fully financed.
- ii. Fund Administrators should ensure they prepare and submit financial and non-financial reports in line with Section 168 of the PFM Act, 2012.

3.26 County Government of Marsabit

3.26.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.95 billion, comprising Kshs.4.59 billion (51.3 per cent) and Kshs.4.36 billion (48.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.28 billion (81.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (1.9 per cent) from own sources of revenue, and a cash balance of Kshs.541 million (6 per cent) from FY 2020/21. The County also expects to receive Kshs.957.31 million (10.7 per cent) as conditional grants, consisting of Kshs.204 million for Road Maintenance Fuel Levy and Kshs.753.31 million from other loans and grants from development partners.

3.26.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.02 billion as the equitable share of the revenue raised nationally, raised Kshs.48.58 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.541 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.61 billion, as shown in Table 3.144.

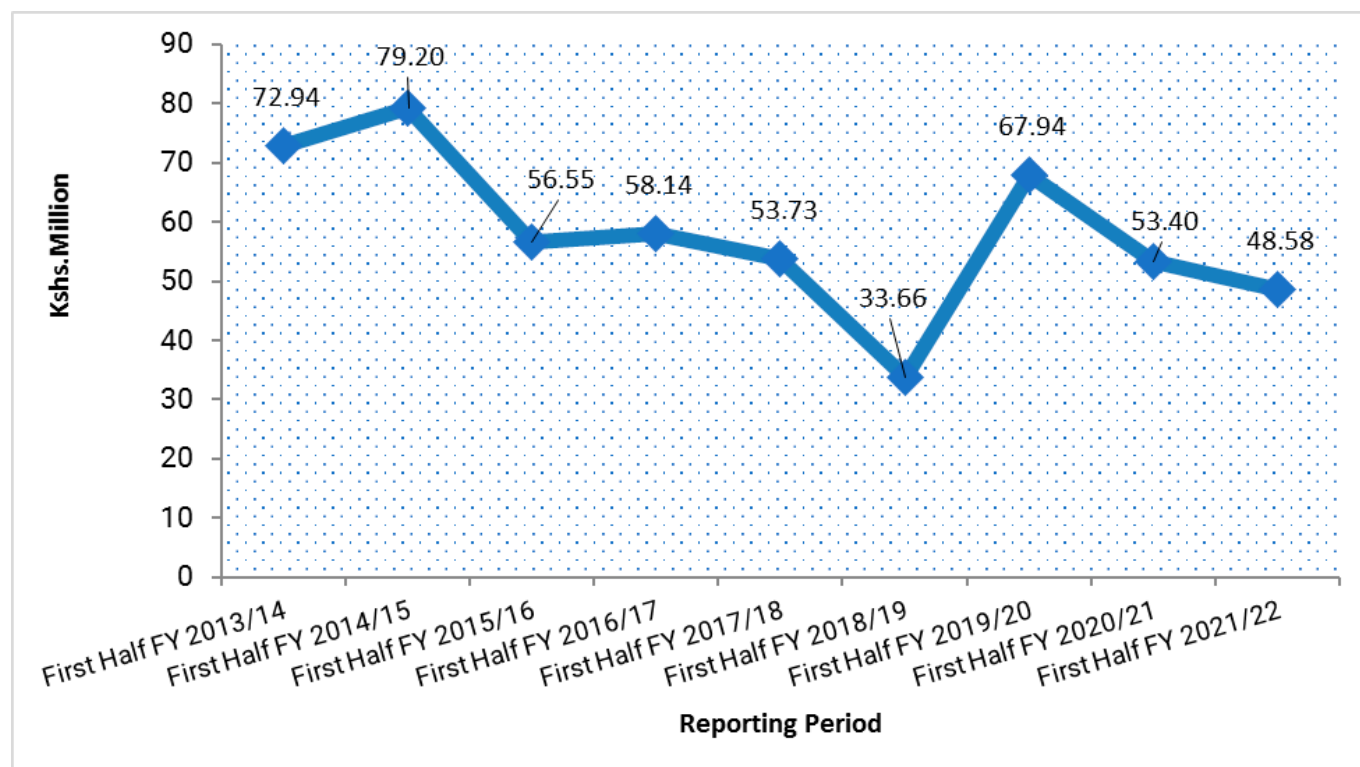
Table 3.144: Marsabit County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,277,004,032	3,019,956,675	41.5
Sub Total		7,277,004,032	3,019,956,675	41.5
D	Other Sources of Revenue			
1.	Own Source Revenue	170,000,000	48,581,254	28.6
2.	Conditional Grants	957,314,489	2,500,000	0.26
3.	Balance b/f from FY2020/21	541,000,000	541,000,000	100
Sub Total		1,668,314,489	592,081,254	35.5
Grand Total		8,945,318,521	3,612,037,929	40.4

Source: Marsabit County Treasury

Figure 3.48 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.48: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Marsabit County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.48.58 million as own-source revenue. This amount represented a decrease of 9 per cent compared to Kshs.53.4 million realised during a similar period in the first half of FY 2020/21 and was 28.6 per cent of the annual target.

In the FY 2017/18, the county partially implemented an automated revenue management system called Sense Networks Revenue Automation System for the unstructured revenue streams.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.55 billion from the CRF account during the reporting period. The amount comprised Kshs.1.43 billion (40.3 per cent) for development programmes and Kshs.2.12 billion (59.7 per cent) for recurrent programmes.

3.26.4 Overall Expenditure Review

The County spent Kshs.3.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 93.5 per cent of the total funds released by the CoB and comprised of Kshs.1.63 billion and Kshs.1.69 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 35.5 per cent, while recurrent expenditure represented 38.9 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.72 billion for both recurrent and development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.794.16 million were settled for both recurrent expenditure and development programmes. Outstanding pending bills as of 31st December 2021 amounted to Kshs.925.84 million.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.29 billion was spent on employee compensation, Kshs.403.88 million on operations and maintenance, and Kshs.1.63 billion on development activities, as shown in Table 3.145.

Table 3.145: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,600,126,036	759,162,996	1,458,964,217	235,369,912	40.5	31.0
Compensation to Employees	2,398,742,284	224,678,668	1,185,735,111	104,717,363	49.4	46.6
Operations and Maintenance	1,201,383,752	534,484,328	273,229,106	130,652,549	22.7	24.4
Development Expenditure	4,475,779,489	110,250,000	1,625,762,105	-	36.3	-
Total	8,075,905,525	869,412,996	3,084,726,322	235,369,912	38.2	27.1

Source: Marsabit County Treasury

3.26.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 28.9 per cent of the first half proportional revenue of Kshs.4.47 billion.

The wage bill of Kshs.1.29 billion includes Kshs.631.17 million attributable to the health sector, which translates to 48.9 per cent of the total wage bill in the reporting period.

3.26.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.244.16 million to county established funds in FY 2021/22, which constituted 2.7 per cent of the County's overall budget for the year. Table 3.146 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.146: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Scholarships and Other Educational Benefits Fund	70,000,000	-	-	-		NO
2.	Emergency Fund	130,000,000	-	-	-		NO
3.	Car loan and mortgage	-	44,162,996		-		NO
	Total	200,000,000	44,162,996	-	-		

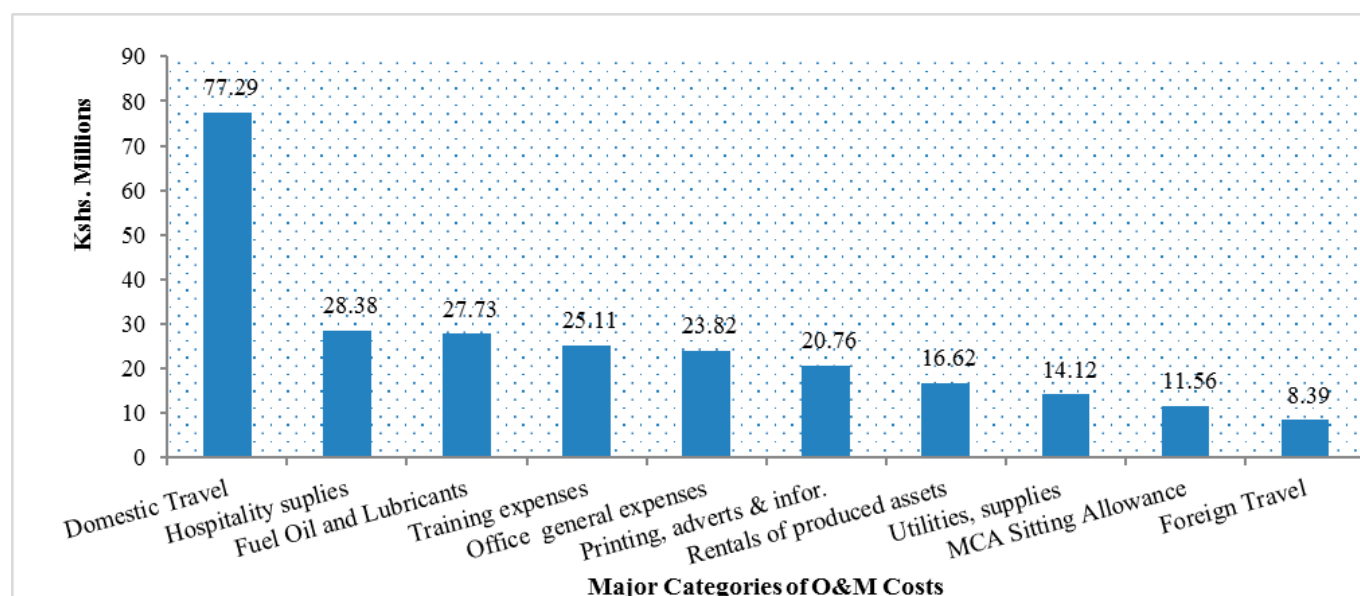
Source: Marsabit County Treasury

The OCoB did not receive the quarterly financial returns from Fund Administrators of the established funds, as shown in Table 3.146.

3.26.9 Expenditure on Operations and Maintenance

Figure 3.49 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.49: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: Marsabit County Treasury

The County spent Kshs.11.56 million on committee sitting allowances for the 31 MCAs and Speaker against the annual budget allocation of Kshs.35 million. The average monthly sitting allowance was Kshs.62,161 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.77.29 million and comprised Kshs.30.14 million spent by the County Assembly and Kshs.47.15 million by the County Executive. Spending on foreign travel amounted to Kshs.8.39 million and consisted of Kshs.3.93 million by the County Assembly and Kshs.4.46 million by the County Executive.

3.26.10 Development Expenditure

The County incurred Kshs.1.63 billion on development programmes, which represented an increase of 71 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.950.84 million. The development expenditure included Kshs.Kshs.794.16 million, which was spent on settling pending bills, was budgeted for under the development vote. Table 3.147 summarises development projects with the highest expenditure in the reporting period.

Table 3.147: Marsabit County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Drought Mitigation Programme	Countywide	400,000,000	323,446,127	80.9
2	Construction and completion of Sololo Level IV Hospital	Sololo	120,000,000	66,060,288	55.1
3	Upgrading of Moyale Town Roads to Bitumen Standard	Moyale	120,000,000	60,000,000	50.0
4	Supply of medical drugs	Countywide	90,000,000	35,233,922	39.1
5	Purchase of Fire Engine	Marsabit	41,000,000	22,000,000	53.7
6	Construction and completion of KMTC	Marsabit	35,000,000	17,496,435	50
7	Construction of Oxygen Plant at Marsabit Referral Hospital	Marsabit	11,000,000	11,000,000	100
8	Supply and delivery of Perkins Genset for Bubisa	North Horr	2,500,000	2,500,000	100
9	Supply and delivery of assorted mortars and pumps	County Wide	2,000,000	1,965,000	98.3

Source: Marsabit County Treasury

3.26.11 Budget Performance by Department

Table 3.148 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.148: 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	759.16	110.25	324.97	-	235.37	-	72.4	-	31	-
County Executive Services	535.00	550.00	251.69	371.17	219.08	206.01	87	55.5	41	37.5
Finance Management Services	369.07	1,692.61	147.03	757.67	110.53	987.97	75.2	130.4	29.9	58.4
Agriculture, Livestock, Fisheries	199.14	93.35	93.23	2.50	77.51	-	83.1	-	38.9	-
County Public Service	95.87	7.00	32.79	-	24.20	-	73.8	-	25.2	-
Education Youth Affairs	329.71	299.55	145.51	21.91	144.62	36.84	99.4	168.1	43.9	12.3
County Health Services	1,295.47	550.37	862.71	119.60	640.04	160.04	74.2	133.8	49.4	29.1
Administration and ICT	263.90	46.00	103.88	-	52.86	-	50.9	-	20.0	-
Physical Planning and Development, Energy, Lands, Municipality	123.64	149.40	56.91	45.20	50.17	57.30	88.2	126.8	40.6	38.4
Public Works, Roads	89.39	465.30	32.97	64.97	32.64	72.04	99.0	110.9	36.5	15.5
Water, Environment	134.32	525.50	62.31	49.26	54.52	86.64	87.5	175.9	40.6	16.5
Trade and Industry	81.85	23.00	36.51	-	29.11	4.95	79.7	-	35.6	21.5
Tourism, Culture & Social Services	82.77	73.70	27.95	-	23.69	13.98	84.7	-	28.6	19.0
Total	4,359.29	4,586.03	2,178.45	1,432.28	1,694.33	1,625.76	77.8	113.5	38.9	35.5

Source: Marsabit County Treasury

Analysis of expenditure by the departments shows that the Department of Finance Management Services recorded the highest absorption rate of development budget at 58.4 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 49.4 per cent, while the Administration and ICT had the lowest at 20 per cent.

3.26.12 Budget Execution by Programmes and Sub-Programmes

Table 3.149 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.149: Marsabit County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
A. County Assembly					
1: General Administration Support Services	SP 1.1 salaries and allowances for employees and M.C.As	224,678,668	104,717,363	119,961,305	46.6
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conference and seminars	51,400,000	12,585,253	38,814,747	24.5
Total Expenditure For Programme 1		276,078,668	117,302,615	158,776,053	42.5
Programme 2: Legislature And Oversight	SP 2.1 Domestic and foreign accommodation, air travels and daily subsistence allowance	103,257,475	34,068,700	69,188,775	33.0
	SP 2.2 ICT, Hansard and Communication equipment	10,500,000	3,232,000	7,268,000	30.8

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	SP 2.3 Mortgage & Car Loans and tax	46,987,786		46,987,786	-
	SP 2.4 Staff Trainings and Development and Tuitions	34,950,000	12,903,400	22,046,600	36.9
	SP 2.5 Public Participation				
Total Expenditure For Programme 2		195,695,261	50,204,100	145,491,161	25.7
Programme 3: County Assembly Infrastructure Improvement	SP 3.11 Equipping of library				
	SP 3.12 Maintenance of motor vehicle	9,000,000	1,871,000	7,129,000	20.8
	SP 3.13 Purchase of furniture and general equipment	7,366,678		7,366,678	-
	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for speakers residence, construction and equipping of ward offices	110,250,000	-	110,250,000	-
	SP 3.15 Improvement of ICT services				
	SP 3.16 Maintenance of plants, machinery & other assets	10,016,760	97,000	9,919,760	1.0
	SP 3.17 Electricity, water and sewerage and other utility charges	13,428,878	6,369,500	7,059,378	47.4
	SP 3.18 Printing, advertisement and information supplies and services	43,321,371	16,266,100	27,055,271	37.5
	SP 3.19 Rental of approved assets and hire of motor vehicles	13,200,000	150,000	13,050,000	1.1
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	28,937,645	81,381	28,856,264	0.3
	SP 3.21 Purchase of computers, printers and general office supplies and accessories and sanitary cleaning materials	37,500,000	15,640,450	21,859,550	41.7
	SP 3.22 Fuel, oil, lubricants and tyres	9,000,000	-	9,000,000	-
	SP 3.23 Bank service commission and charges, legal fees, management fees and contracted professional charges and other operating expenses	21,500,000	4,260,000	17,240,000	19.8
	SP 3.24 Ward office	28,400,000	9,446,664	18,953,336	33.3
	SP 3.25 Uniform, Specialized materials and supplies	11,000,000	5,500,000	5,500,000	50.0
	-SP 3.26 Membership fees and dues and subscription for international organisations	5,500,000	750,000	4,750,000	13.6
	SP 3.28 Refurbishment of buildings	4,000,000	-	4,000,000	-
	SP 3.29 Gratuity/pension	33,217,735	7,431,102	25,786,633	22.4

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	SP 3.30 Purchase of motor vehicle	12,000,000	-	12,000,000	-
	SP 3.31 Research, Feasibility Studies, Project and Preparation and Design, Projects				
	Total expenditure for Programme 3	397,639,067	67,863,197	329,775,870	17.1
		869,412,996	235,369,912	634,043,084	27.1
County Executive Services					
Physical Planning And Development	Urban Development Services	72,900,000	26,439,305	46,460,695	36.3
	Lands and Physical Planning Services	76,900,000	30,862,100	46,037,900	40.1
	General administration planning and Support Services	123,637,768	50,171,479	73,466,289	40.6
	Sub total	273,437,768	107,472,884	165,964,884	39.3
Education	General Administration, Planning and Support Services	329,673,491	144,615,400	185,058,091	43.9
	Pre – Primary Education	121,400,000	5,610,500	115,789,500	4.6
	Youth Development	109,950,000	27,395,600	82,554,400	24.9
	Vocational Education and Training	7,000,000	891,800	6,108,200	12.7
	Sports	61,200,000	2,941,100	58,258,900	4.8
	Sub total	629,223,491	181,454,400	447,769,091	28.8
Executive Services	General Administration, Planning and Support Services	1,085,000,000	425,096,970	659,903,030	39.2
	Management of County Affairs				
	Public Sector Advisory Services				
	Inter/Intra Governmental				
	County Legal Services				
	Sub total	1,085,000,000	425,096,970	659,903,030	39.2
Administration And ICT	General administration planning and Support Services	306,400,000	52,858,766	253,541,234	17.3
	ICT infrastructure	3,500,000	-	3,500,000	-
	Coordination of functions of devolved Units	-	-	-	-
	Public Participation and Civic Education	-	-	-	-
	Sub total	309,900,000	52,858,766	257,041,234	17.1
Agriculture And Livestock Development	General Administration, Planning and Support Services	189,029,716	37,605,795	151,423,921	19.9
	Livestock Resources Management and Development	34,108,838	34,108,838	-	100.0
	Fisheries Development and Management	56,750,000	5,792,166	50,957,834	10.2
	Crop Development and Management	46,713,970	-	46,713,970	-
	Sub total	292,493,686	77,506,799	214,986,887	26.5
Health Services	Curative Health Services	180,815,000	57,097,131	123,717,869	31.6
	General Administration, Planning and Support Services	1,655,019,330	737,996,440	917,022,890	44.6
	Maternal and child health	10,000,000	4,991,012	5,008,988	49.9
	Sub total	1,845,834,330	800,084,583	1,045,749,747	43.3
County Public Service Board	General administration planning and Support Services	95,868,570	24,199,658	71,668,912	25.2

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Human Resource Management and Development	7,000,000	-	7,000,000	-
	Sub total	102,868,570	24,199,658	78,668,912	23.5
Culture And Social Services	Youth Development	9,000,000	4,043,700	4,956,300	44.9
	Culture Services	23,300,000	7,933,200	15,366,800	34.0
	Social Services	41,400,000	2,000,000	39,400,000	4.8
	General administration, planning and support services	82,770,872	23,688,477	59,082,395	28.6
	Subtotal	156,470,872	37,665,377	118,805,495	24.1
Finance And Economic Planning	General administration planning and Support Services	2,028,019,640	1,082,070,169	945,949,471	53.4
	Public Finance Management	19,300,000	9,496,000	9,804,000	49.2
	Economic and financial policy Formulation	14,000,000	6,927,000	7,073,000	49.5
	Sub total	2,061,319,640	1,098,493,169	962,826,471	53.3
Roads, Housing And Public Works	Road Transport Infrastructure Development	465,300,000	72,039,508	393,260,492	15.5
	Housing Development	42,900,758	15,665,217	27,235,541	36.5
	General administration planning and Support Services	46,489,380	16,978,762	29,510,618	36.5
	Sub total	554,690,138	104,683,487	450,006,651	18.9
Trade, Industry & Enterprise Development	General administration planning and Support Services	102,850,000	34,057,113	68,792,887	33.1
	Trade and Industrial Development				
	Enterprise Development	2,000,000	-	2,000,000	-
	Sub total	104,850,000	34,057,113	70,792,887	32.5
Water	Water Resources Management	505,500,000	72,836,143	54,624,099	14.4
	General administration planning and Support Services	93,147,470	38,139,120	209,600	40.9
	Natural Resources Conservation and Management	61,169,560	30,177,853	475,900	49.3
	Sub total	659,817,030	141,153,116	55,309,599	21.4
Grand Total		8,945,318,521	3,320,096,234	4,527,824,888	37.1

Source: Marsabit County Treasury

Programmes with high levels of implementation based on absorption rates were: General administration and Planning in the County Assembly at 76 per cent, in the Department of Finance at 53 per cent and Maternal Health Services in the Department of Health at 50 per cent, and Economic and Financial Policy formulation in Finance department at 49 per cent of budget allocation.

3.26.13 Monitoring and Evaluation

The office of the Controller of Budget visited the County Government of Marsabit in November 2021 to assess the progress made towards the implementation of programmes/projects. The exercise covered 15 projects that were implemented in FY 2018/19 and FY 2019/20. Some projects were well executed and have achieved the desired objectives. These include: Marsabit Modern Market in Marsabit Town; and Construction of Concrete Masonry Water Tank at Elman Duresa that serves approximately 400 households.

During the M&E exercise, some issues were identified that could have affected the implementation of projects. These included: Insecurity in most parts of the County that limited the coverage of the monitoring and evaluation exercise; Delays in the development of an updated valuation roll to enhance revenue collection from rateable properties; Lack of regular monitoring and evaluation of projects resulting in poor quality; and Lack of adequate and qualified instructors and learning materials in some ECDE centres.

To address these challenges and improve budget implementation, the Controller of Budget makes the following recommendations: The County Government should liaise with the National Government to take appropriate measures to address the insecurity in the affected areas; Develop an updated valuation roll to improve revenue collection from

rateable properties; Strengthen the Monitoring and Evaluation Department to regularly monitor the progress of implementation of programmes and projects so that emerging issues are identified and addressed on time, and ensure that ECDE Centre are equipped with adequate/qualified teachers and instructional materials to enhance the learning experience of pupils.

3.26.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. The underperformance of own-source revenue at Kshs.48.58 million against an annual projection of Kshs.170 million, representing 28.6 per cent of the annual target. Further, there was the failure to report performance by stream.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
4. High level of pending bills which amounted to Kshs.1.72 billion at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.794.16 million were settled during the reporting period, which is not substantial compared with the stock of outstanding bills.

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

- i. 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.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
- iv. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.27 County Government of Meru

3.27.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.5 billion, comprising Kshs.4.17 billion (33.4 per cent) and Kshs.8.33 billion (66.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.79 billion (70.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.689.06 million (5.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.09 billion (8.7 per cent) from FY 2020/21. The County also expects to receive Kshs.1.67 billion (13.3 per cent) as conditional grants.

3.27.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.94 billion as the equitable share of the revenue raised nationally, raised Kshs.143.71 million as own-source revenue, Kshs.141.84 million as conditional grants, and had a cash balance of Kshs.1.09 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.31 billion, as shown in Table 3.150.

Table 3.150: Meru County, Revenue Performance in the First Half of FY 2021/22

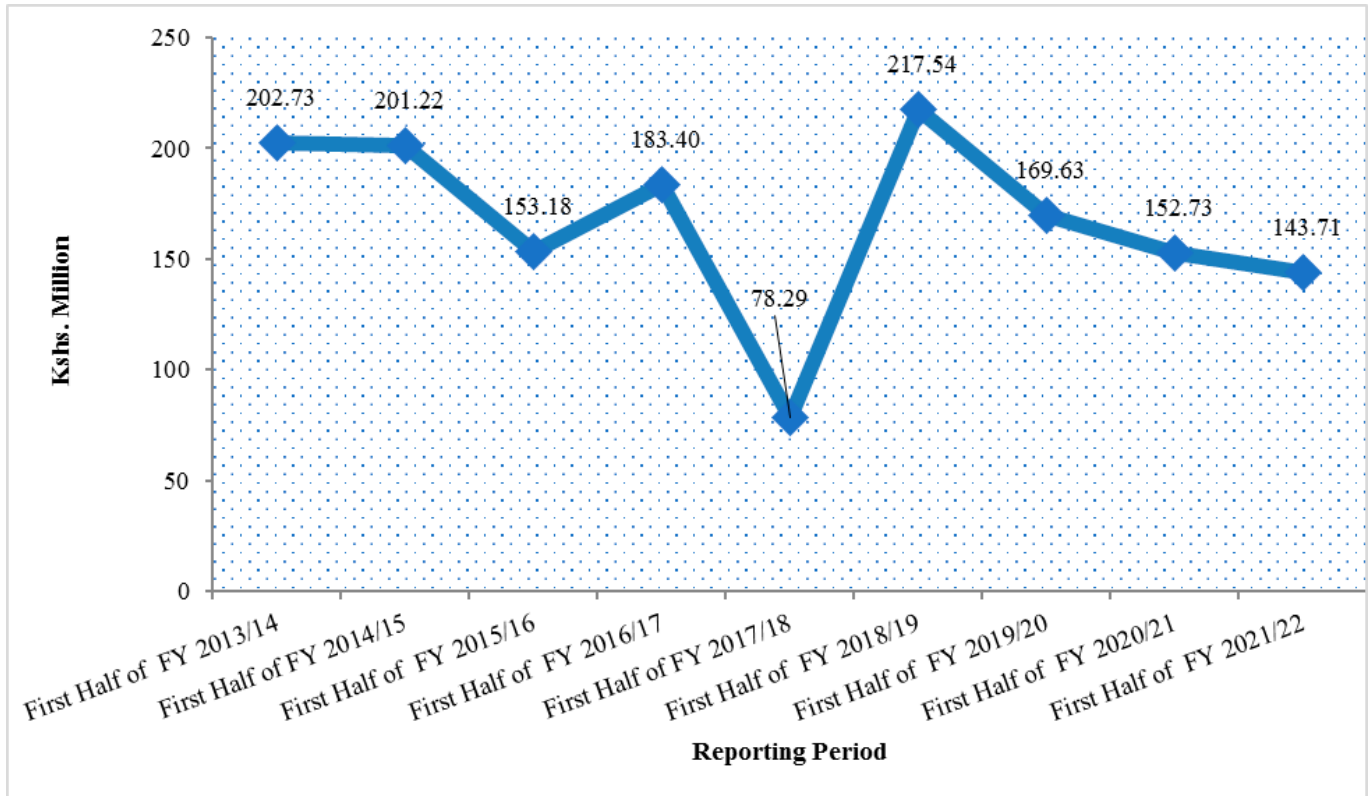
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,788,594,074	3,939,950,796	44.8
Sub Total		8,788,594,074	3,939,950,796	44.8
B	Other Sources of Revenue			
1	Own Source Revenue	689,061,600	143,711,959	20.9
2	Balance b/f from FY2020/21	1,089,355,021	1,089,355,021	100

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	Other Revenues	1,662,489,483	141,844,646	8.5
4	A-I-A	270,000,000	-	-
Sub Total		3,710,906,104	1,233,066,980	33.2
Grand Total		12,499,500,178	5,314,862,422	42.5

Source: Meru County Treasury

Figure 3.50 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.50: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Meru County Treasury

In the first half of FY 2021/22, the County generated Kshs.143.71 million as own-source revenue. This amount represented a decrease of 5.9 per cent compared to Kshs.152.73 million realised during a similar period in the first half of FY 2020/21 and was 20.9 per cent of the annual target.

In the FY 2021/22, the County implemented an automated revenue management system called Jambo Pay.

3.27.3 Exchequer Issues

The Controller of Budget approved Kshs.4.54 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.369 million (9.6 per cent) for development programmes and Kshs.4.18 billion (90.4 per cent) for recurrent programmes.

3.27.4 Overall Expenditure Review

The County spent Kshs.4.52 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.369 million and Kshs.4.15 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.8 per cent, while recurrent expenditure represented 49.8 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.01 billion and comprised of Kshs.215.85 million for recurrent expenditure and Kshs.790.61 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the current financial year.

During the period under review, pending bills amounting to Kshs.252.62 million were settled, consisting of Kshs.36.35 million for recurrent expenditure and Kshs.216.27 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.757.38 million.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.91 billion was spent on employee compensation, Kshs.1.24 billion on operations and maintenance, and Kshs.369 million on development activities, as shown in Table 3.151.

Table 3.151: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,317,952,921	1,008,660,369	3,778,829,154	373,000,000	51.6	37.0
Compensation to Employees	4,579,078,502	521,143,139	2,742,116,404	169,884,722	59.9	32.6
Operations and Maintenance	2,738,874,419	487,517,230	1,036,712,751	203,115,278	37.9	41.7
Development Expenditure	4,104,886,888	68,000,000	369,004,938	-	9.0	-
Total	11,422,839,809	1,076,660,369	4,147,834,092	373,000,000	36.3	34.6

Source: Meru County Treasury

3.27.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 46.6 per cent of the first half proportional revenue of Kshs.6.25billion.

The wage bill of Kshs.2.91 billion includes Kshs.1.63 billion attributable to the health sector, which translates to 56 per cent of the total wage bill in the reporting period.

3.27.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.308.4 million to county established funds in FY 2021/22, which constituted 2.5 per cent of the County's overall budget for the year. Table 3.152 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.152: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Bursary	128,344,362	-	-	-	Yes	
2.	Investment and Development Corporations	54,803,972	-	42,101,239.25	-		No
3.	Micro-Finance Corporation	81,230,864	-	46,000,000	-		No
4.	Meru Youth Service	44,000,000	-	20,000,000	-		No
	Total	308,379,198		108,101,239.25			

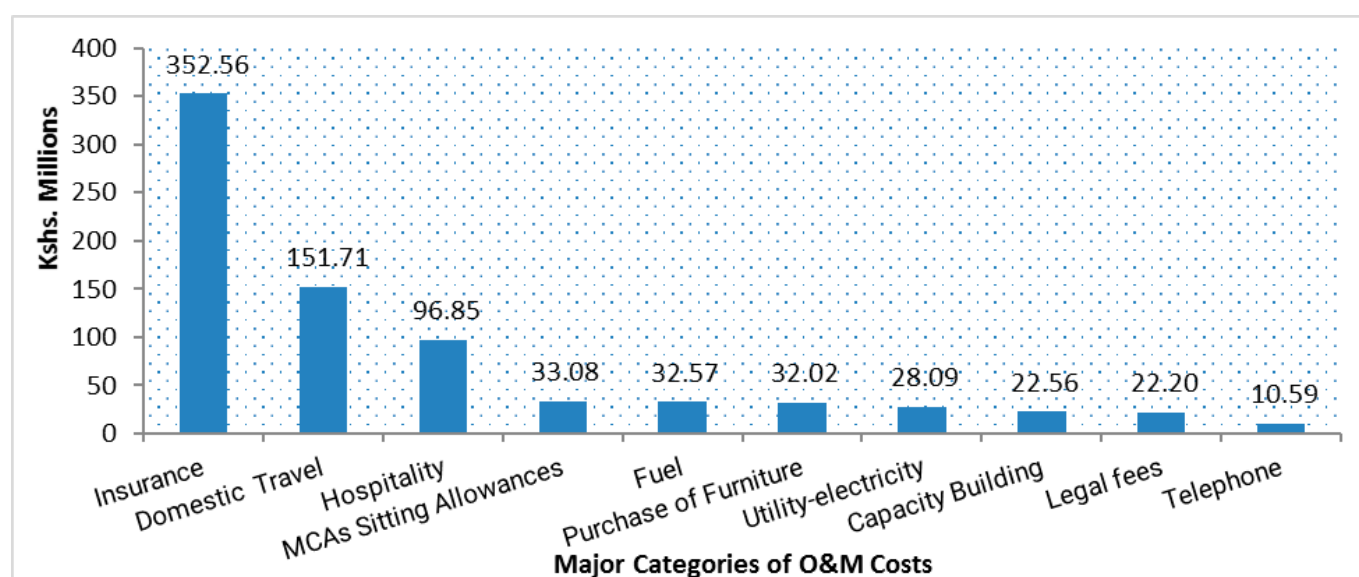
Source: Meru County Treasury

The OCoB received quarterly financial returns from Fund Administrators of only the Bursary Fund from the four county-established public funds, as indicated in Table 3.152.

3.27.9 Expenditure on Operations and Maintenance

Figure 3.51 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.51: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: Meru County Treasury

The County spent Kshs.33.08 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.104.48 million. The average monthly sitting allowance was Kshs.79,905 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.113.64 million and comprised Kshs.81.64 million spent by the County Assembly and Kshs.32 million by the County Executive. Spending on foreign travel amounted to Kshs.37.57 million entirely by the County Assembly.

3.27.10 Development Expenditure

The County incurred Kshs.369 million on development programmes, which represented an increase of 33.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.276.74 million. Table 3.153 summarises development projects with the highest expenditure in the reporting period.

Table 3.153: Meru County, List of Development Projects with the Highest Expenditure

S / No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to date (Kshs.)	Absorption Rate (%)
1	Improvement and Maintenance of the Roads	Countywide	405,750,000	102,552,464	25.3
2	Finishing off the County Headquarter Office Block	Municipality	45,000,000	15,000,000	33.3
3	Construction of Ward in Meru Teaching And Referral Hospital	Municipality	379,975,046	30,140,007	7.9
4	Construction of The Governor's and Deputy Governor's Residence	Municipality	75,000,000	50,000,000	66.7
5	Drilling of Boreholes	Various Wards	520,624,206	4,467,821	0.9
6	Purchase of Lighting Equipment	Municipality	45,000,000	25,000,000	55.6
7	Kenya Devolution Support Programme (KDSP)	Various Wards	141,844,646	141,844,646	100

Source: Meru County Treasury

3.27.11 Budget Performance by Department

Table 3.154 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.154: 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	1,008.66	68.00	457.00	-	373.00	-	81.6	-	37.0	-
Office of the Governor	340.90	-	139.56	-	141.20	-	101.2	-	41.4	-
Finance, Economic Planning and ICT	975.93	58.00	489.78	-	501.93	-	102.5	-	51.4	-
Agriculture, Livestock and Fisheries Development	310.90	593.99	162.95	3.83	164.63	3.83	101.0	100	53.0	0.6
Water Service and Irrigation	125.51	510.92	51.86	4.47	53.50	4.47	103.2	100	42.6	0.9
Education, Technology, Gender and Social Development	828.47	226.41	403.67	1.02	404.25	1.02	100.1	100	48.8	0.5
Health Service	3,148.49	386.98	1,677.32	30.14	1,694.07	30.14	101.0	100	53.8	7.8
Lands, Physical Planning, Urban Development and Public Works	170.46	564.49	67.57	47.09	68.91	47.09	102.0	100	40.4	8.3
Public Service Administration and Legal Affairs	853.78	141.84	530.09	141.84	553.53	141.84	104.4	100	64.8	100.0
Road, Transport and Energy	131.40	1,418.52	42.55	127.93	43.28	127.93	101.7	100	32.9	9.0
Trade, Investment, Industrialization, Tourism and Cooperative Development	139.02	152.63	44.64	12.67	45.17	12.67	101.2	100	32.5	8.3
Youth Affairs and Sport	178.31	39.51	57.50	-	57.50	-	100.0	-	32.2	-
County Public Service Board	45.20	-	18.30	-	18.39	-	100.5	-	40.7	-
Environment, Wildlife and Natural Resource	69.60	11.60	25.00	-	28.48	-	113.9	-	40.9	-
Total	8,326.61	4,172.89	4,167.78	369.00	4,147.83	369.00	99.5	100	49.8	8.8

Source: Meru County Treasury

Analysis of expenditure by the departments shows that the Department of Public Service Administration and Legal Affairs recorded the highest absorption rate of development budget at 100 per cent. The Department of Public Service Administration and Legal Affairs had the highest percentage of recurrent expenditure to budget at 64.8 per cent, while the Department of Youth Affairs and Sport had the lowest at 32.2 per cent.

3.27.12 Budget Execution by Programmes and Sub-Programmes

Table 3.155 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.155: Meru County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
COUNTY ASSEMBLY					
Legislation and Representation	Legislation	456,774,801.06	152,336,458.50	304,438,342.56	33.35%
legislative Oversight	Oversight	247,715,982.34	50,778,819.50	196,937,162.84	20.50%
General Admin, Planning and Support	General Administration	304,169,585.60	169,884,722.00	134,284,863.60	55.85%
Development		68,000,000.00	-	-	0.00%
Total		1,076,660,369.00	373,000,000.00	703,660,369.00	34.64%
DEPARTMENT: OFFICE OF THE GOVERNOR					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration	General Administration	234,665,560.00	110,737,708.40	123,927,851.60	47.19%
Governor Press/Communication and Events	Governor Press/Communication and Events	28,620,000.00	3,643,200.00	24,976,800.00	12.73%
Efficiency Monitoring	Efficiency Monitoring	13,077,280.00	6,742,188.00	6,335,092.00	51.56%
Research and Strategy	Research and Strategy	13,350,000.00	4,537,650.00	8,812,350.00	33.99%
Disaster Management, Rescue & Emergency Services	Disaster Management, Rescue & Emergency Services	18,866,780.50	4,448,200.00	14,418,580.50	23.58%
External Linkages & Partnership	External Linkages & Partnership	18,700,000.00	3,867,780.00	14,832,220.00	20.68%
County Secretary	County Secretary	13,118,766.46	7,223,790.00	5,894,976.46	55.06%
Total		340,398,386.96	141,200,516.40	199,197,870.56	41.48%
DEPARTMENT: FINANCE ECONOMIC PLANNING & ICT					
General Administration	Administration	165,784,741.00	111,353,237.64	54,431,503.36	67.17%
Deputy Governor's Office	Office Affairs	18,540,000.00	7,817,859.00	10,722,141.00	42.17%
Procurement	Procurement	11,070,000.00	6,760,387.00	4,309,613.00	61.07%
Internal Audit	Internal Audit	10,215,000.00	4,377,918.00	5,837,082.00	42.86%
Budget and Policy	Budget and Policy	25,951,707.90	9,892,120.00	16,059,587.90	38.12%
Accounts	Accounts	88,778,396.11	26,112,550.80	62,665,845.31	29.41%
Semi-Autonomous Agencies: Investment Corporation	Meru Investment Corporation	84,803,972.00	42,101,239.25	42,702,732.75	49.65%
Microfinance Corporation	Meru Micro Finance Corporation	81,230,864.00	46,000,000.00	35,230,864.00	56.63%
Revenue Board	Meru Revenue Board	332,144,000.00	184,334,254.58	147,809,745.42	55.50%
ICT Development	ICT Development	36,170,000.00	5,850,269.10	30,319,730.90	16.17%
Economic Planning and Coordination Services	Economic Planning and Coordination Services	10,494,200.00	5,843,800.00	4,650,400.00	55.69%
Fleet Management	Fleet Management	166,743,760.00	51,486,585.00	115,257,175.00	30.88%
Total		1,033,926,641.01	501,930,220.37	531,996,420.64	48.55%
DEPARTMENT: AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES					
General Administration	General Administration	805,165,554.98	164,103,981.10	641,061,573.88	20.38%
Livestock	Livestock	21,050,566.70	1,213,050.00	19,837,516.70	5.76%
Fisheries	Fisheries	6,792,500.00	747,750.00	6,044,750.00	11.01%
Agricultural Services	Agricultural Services	28,436,425.60	2,069,090.00	26,367,335.60	7.28%
Animal Disease Management	Animal Disease Management	3,040,000.00	327,000.00	2,713,000.00	10.76%
Agricultural Training Centre (ATC)	Agricultural Training Centre (ATC)	43,948,485.80		43,948,485.80	0.00%
Agricultural Mechanization Services (AMS)	Agricultural Mechanization Services (AMS)			-	0%
Total		908,433,533.08	168,460,871.10	739,972,661.98	18.54%
DEPARTMENT: WATER, & IRRIGATION					
General Administration	Administration Services	636,434,807.46	57,972,473.59	578,462,333.87	9.11%
Total		636,434,807.46	57,972,473.59	578,462,333.87	9.11%
DEPARTMENT: EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT					
General Administration	General Administration	724,887,948.00	393,544,701.28	331,343,246.72	54.29%
Early Childhood Development Education (ECDE)	Early Childhood Development Education (ECDE)	202,171,921.00	4,946,691.20	197,225,229.80	2.45%
Technical and Vocation Education	Technical and Vocation Education	61,887,374.00	723,000.00	61,164,374.00	1.17%
Gender Mainstreaming and Social Services	Gender Mainstreaming and Social Services	57,131,600.00	6,053,700.00	51,077,900.00	10.60%
PWD Empowerment	PWD Empowerment	5,000,000.00		5,000,000.00	0.00%
Total		1,051,078,843.00	405,268,092.48	645,810,750.52	38.56%
DEPARTMENT: HEALTH SERVICES					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration	General Administration	2,587,582,239.00	1,627,492,356.86	960,089,882.14	62.90%
Curative Health	Curative Health	742,705,226.70	90,892,429.30	651,812,797.40	12.24%
Preventive and Promotive Health	Preventive and Promotive Health	205,175,614.36	9,817,004.00	195,358,610.36	4.78%
Total		3,535,463,080.06	1,728,201,790.16	1,807,261,289.90	48.88%
DEPARTMENT: LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS					
General Administration	General Administration	66,218,847.00	39,845,700.83	26,373,146.17	60.17%
Lands & Public Works	Lands & Public Works	189,969,732.00	58,542,965.50	131,426,766.50	30.82%
Physical Planning, House & Urban Development	Physical Planning, House & Urban Development	418,448,362.05	12,516,500.00	405,931,862.05	2.99%
Meru Municipality	Meru Municipality	60,809,000.00	5,099,350.00	55,709,650.00	8.39%
Total		735,445,941.05	116,004,516.33	619,441,424.72	15.77%
DEPARTMENT: PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS					
General Administration	General Administration	20,179,291.19	7,530,045.80	12,649,245.39	37.32%
Coordination of County Government Functions Sub County	Coordination of County Government Functions Sub County	21,801,708.23	8,644,800.00	13,156,908.23	39.65%
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	82,269,668.76	6,058,375.00	76,211,293.76	7.36%
Human Resource	Human Resource	794,216,132.05	645,536,201.99	148,679,930.06	81.28%
Office of the County Attorney	Office of the County Attorney	73,891,658.00	27,602,654.65	46,289,003.35	37.36%
Towns Management & Administration	Towns Management & Administration	3,269,854.00		3,269,854.00	0.00%
Total		995,628,312.23	695,372,077.44	300,256,234.79	69.84%
DEPARTMENT: 'ROADS, TRANSPORT & ENERGY					
General Administration-Roads	General Administration-Roads	1,399,321,642.10	125,344,678.63	1,273,976,963.47	8.96%
Energy	Energy	150,595,163.90	45,873,465.25	104,721,698.65	30.46%
Total		1,549,916,806.00	171,218,143.88	1,378,698,662.12	11.05%
DEPARTMENT: 'TRADE, TOURISM & COOPERATIVES DEVELOPMENT					
Headquarters	Headquarters	62,893,762.00	34,127,050.70	28,766,711.30	54.26%
Co-operatives Development	Co-operatives Development	37,800,000.00	4,596,510.00	33,203,490.00	12.16%
Tourism Development	Tourism Development	47,500,000.00	2,056,700.00	45,443,300.00	4.33%
Trade Development	Trade Development	142,958,097.00	17,058,895.00	125,899,202.00	11.93%
Total		291,151,859.00	57,839,155.70	233,312,703.30	19.87%
DEPARTMENT: 'YOUTH AFFAIRS & SPORTS					
General Administration	General Administration	37,869,071.00	21,141,388.26	16,727,682.74	55.83%
Youth Affairs	Youth Affairs	76,843,191.84	24,581,190.00	52,262,001.84	31.99%
Sports Development	Sports Development	78,172,393.49	4,688,400.00	73,483,993.49	6.00%
Arts and Culture Development	Arts and Culture Development	25,683,590.15	7,089,950.00	18,593,640.15	27.60%
Total		218,568,246.48	57,500,928.26	161,067,318.22	26.31%
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Human Resource Management	Human Resource Management	45,198,021.68	18,386,197.57	26,811,824.11	40.68%
Total		45,198,021.68	18,386,197.57	26,811,824.11	40.68%
DEPARTMENT: ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE					
General Administration	General Administration	69,595,331	28,479,108.71	41,116,222.29	40.92%
Environmental Management and climate change mitigation plans	Environmental Management and climate change mitigation plans	11,600,000	-	11,600,000.	0.00%
Total		81,195,331.00	28,479,108.71	52,716,222.29	35.07%
Grand Total		12,499,500,178.00	4,520,834,091.99	7,978,666,086.01	36.17%

Source: Meru County Treasury

Programmes with high levels of implementation based on absorption rates were: Human resources in the Department of Public Service, Administration and Legal affairs at 81.3 per cent, General Administration in the Department of Health at 62.9 per cent, Procurement in the Department of Finance at 66 per cent, and Revenue Board at 55.5 per cent of budget allocation.

3.27.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered a total of 26 projects that were implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired objectives were achieved. During the M&E field visit, we noted that some projects were well implemented and have achieved the desired objectives. These include: Oxygen Production Plant house at Meru Level 5 Hospital; Rumanthi Water Supply that serves Rumanthi Primary and Secondary schools as well as the neighboring community in Muthara Ward; Upgrading of 3.5km Nkubu-Mujwa Road to Bitumen Standards; and pavement and drainage works at Gakomone Market that serves approximately 1,000 traders who sell their fresh farm produce.

However, some projects have not achieved the intended objectives for a number of reasons. These include: Marinya Dispensary in Marinya Ward that has noticeable cracks on the walls and floor; Gatimbi Market Sheds in Imenti Central Sub County; incomplete Construction of Antubochiu Maternity in Igembe South; and poor sanitation conditions and incomplete floor at Gatimbi Market in Imenti Central Sub County. Other issues that were noted include: evidence of poor workmanship in some of the projects; and failure to erect information boards adjacent to projects.

To address these challenges and improve project implementation, the Controller of Budget recommends strengthening of M&E unit and project supervision during the implementation phase to alleviate the incidence of poor workmanship; enhance sanitation conditions in the affected fresh produce markets; and erect an information board adjacent to each project to enhance transparency and accountability.

3.27.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.369 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.4.17 billion. The development expenditure represented 8.8 per cent of the annual development budget.
2. A high wage bill, which accounted for 46.6 per cent of the first half proportional revenue of Kshs.6.25 billion. This constrained expenditure to other core programmes.
3. The underperformance of own-source revenue at Kshs.143.71 million against an annual projection of Kshs. 689 million, representing 20.9 per cent of the annual target.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.

3.28 County Government of Migori

3.28.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.10.43 billion, comprising Kshs.3.53 billion (33.1 per cent) and Kshs.6.90 billion (66.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8 billion (76.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.300 million (2.9 per cent) from own sources of revenue, and a cash balance of Kshs.1.30 billion (12.4 per cent) from FY 2020/21. The County also expects to receive Kshs.827.81 million (7.9 per cent) as conditional grants.

3.28.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.64 billion as the equitable share of the revenue raised nationally, raised Kshs.152.54 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.1.30 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.09 billion, as shown in Table 3.156.

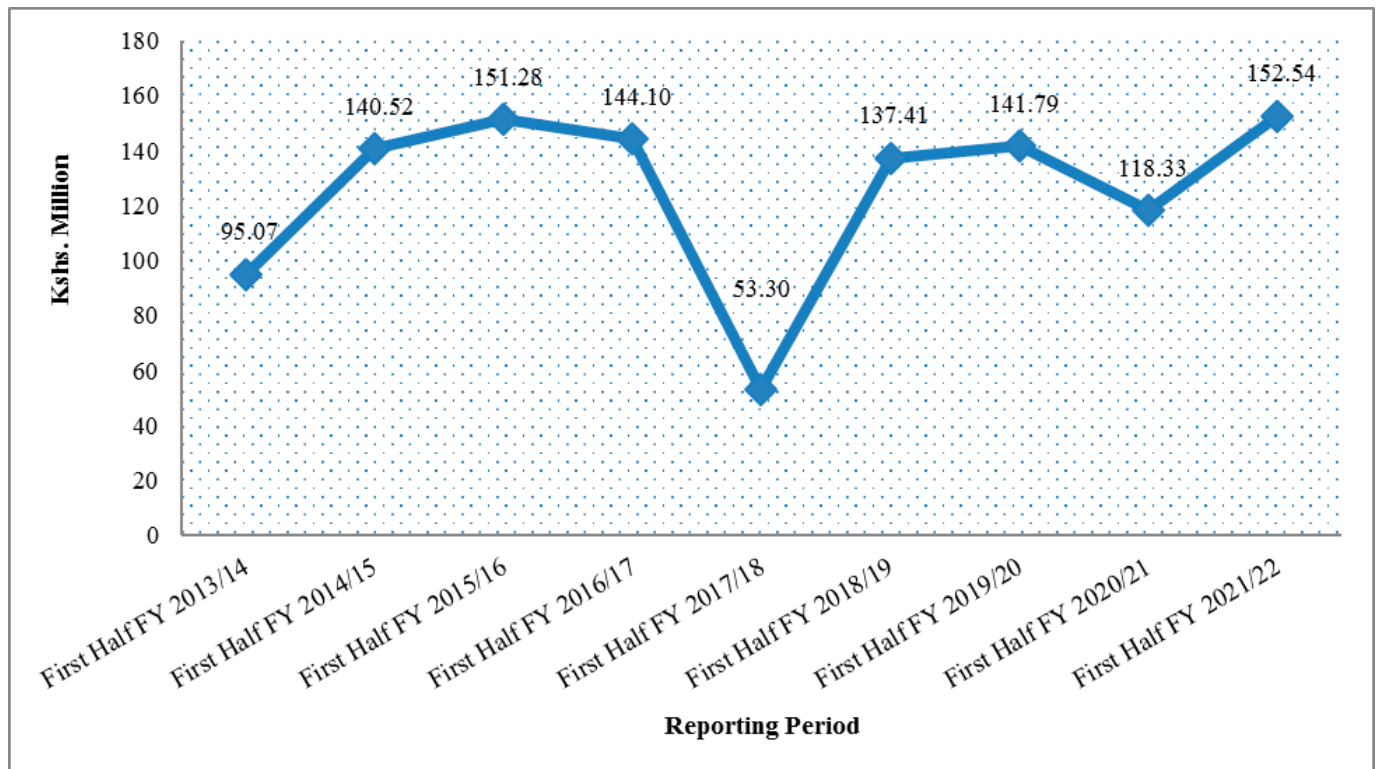
Table 3.156: Migori County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,005,020,448	2,641,656,748	33
Sub Total		8,005,020,448	641,656,748	33
B	Other Sources of Revenue			
1.	Own Source Revenue	300,000,000	152,538,559	50.8
2.	Conditional Grants	827,813,952	2,500,000	0.3
3.	Balance b/f from FY 2020/21	1,298,132,522	1,298,132,522	100
Sub Total		2,425,946,474	1,453,171,081	59.90
Grand Total		10,430,966,922	4,094,827,829	39.2

Source: Migori County Treasury

Figure 3.52 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.52: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Migori County Treasury

In the first half of FY 2021/22, the County generated Kshs.152.53 million as own-source revenue. This amount represented an increase of 22.4 per cent compared to Kshs.118.32 million realised during a similar period in the first half of FY 2020/21 and was 50.8 per cent of the annual target. The County is yet to implement an automated revenue management system.

3.28.3 Exchequer Issues

The Controller of Budget approved Kshs.2.83 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.266.31 million (9.4 per cent) for development programmes and Kshs.2.57 billion (90.6 per cent) for recurrent programmes.

3.28.4 Overall Expenditure Review

The County spent Kshs.2.43 billion on development and recurrent programmes during the reporting period. This expenditure represented 85.8 per cent of the total funds released by the CoB and comprised of Kshs.258.19 million and Kshs.2.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.3 per cent, while recurrent expenditure represented 31.5 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.28 billion and comprised of Kshs.650.43 million for recurrent expenditure and Kshs.628.69 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.472.12 million were settled, consisting of Kshs.205.84 million for recurrent expenditure and Kshs.266.27 million for development programmes. Outstanding pending bills as of 31st December, 2021 were worth Kshs.807.0 million.

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.41 billion was spent on employee compensation, Kshs.761.59 million on operations and maintenance, and Kshs.258.19 million on development activities, as shown in Table 3.157.

Table 3.157: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,034,484,351	863,510,576	1,839,871,867	334,824,780	30.5	38.8
Compensation to Employees	2,664,754,324	431,651,078	1,193,789,165	219,309,438	44.8	50.8
Operations and Maintenance	3,369,730,027	431,859,498	646,082,702	115,515,342	19.2	26.7
Development Expenditure	3,451,334,741	81,637,254	258,196,499	-	7.5	-
Total	9,485,819,092	945,147,830	2,098,068,366	334,824,780	22.1	35.4

Source: Migori County Treasury

3.28.7 Expenditure on Personnel Emolument

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 27.1 per cent of the first half proportional revenue of Kshs.5.22 billion.

The wage bill of Kshs.141 billion includes Kshs.605.84 million attributable to the health sector, which translates to 42.8 per cent of the total wage bill in the reporting period.

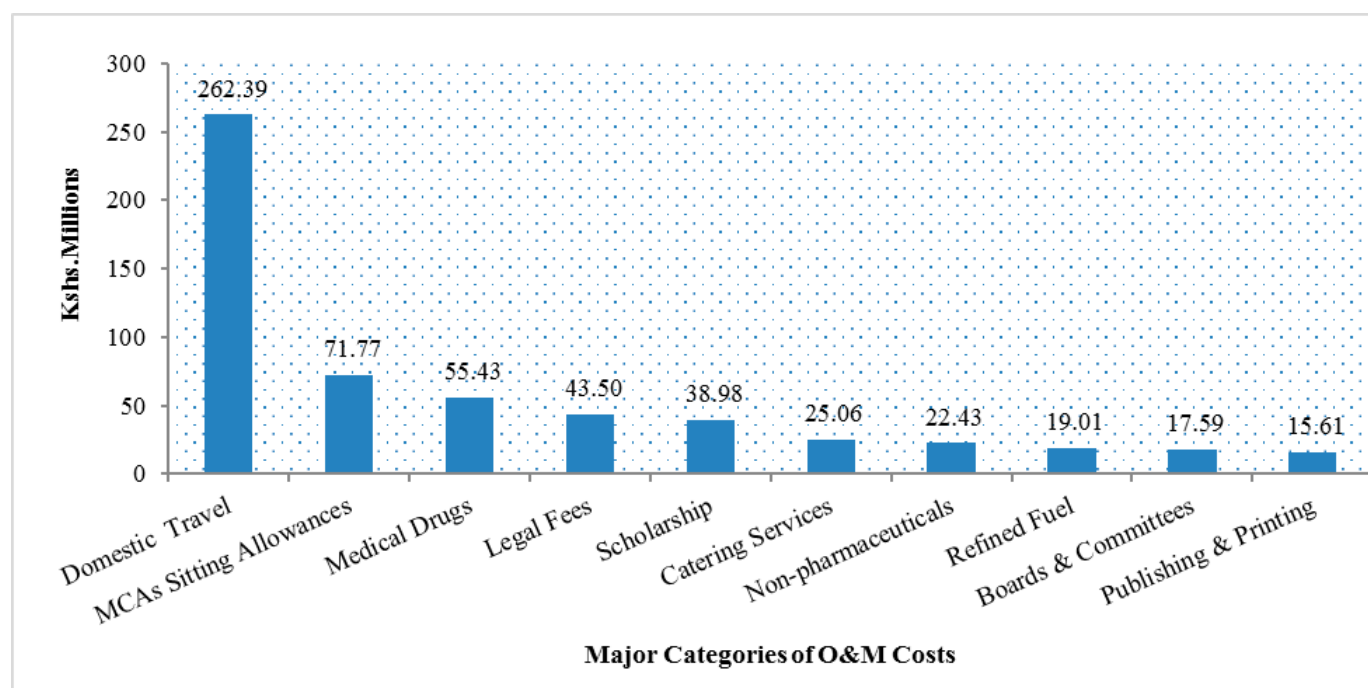
3.28.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County did not allocate funds to any county-established fund in FY 2021/22. Further, there was the failure by Fund Administrators of the Migori County Executive Car and Mortgage Loan Fund, Migori County Alcoholic Drink Fund, and Migori Car loan and Mortgage Fund to submit quarterly financial and non-financial reports in line with Section 168 of the PFM Act, 2012.

3.28.9 Expenditure on Operations and Maintenance

Figure 3.53 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.53: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury

The County spent Kshs.71.76 million on committee sitting allowances for the 57 MCAs and Speaker against the annual budget allocation of Kshs.97.16 million. The average monthly sitting allowance was Kshs.209,845 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.262.39 million and comprised Kshs.103.85 million spent by the County Assembly and Kshs.158.54 million by the County Executive.

3.28.10 Development Expenditure

The County incurred Kshs.258.19 on development programmes, which represented a decrease of 90.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.491.97 million. Table 3.158 summarises development projects with the highest expenditure in the reporting period.

Table 3.158: Migori County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Purchase of land for a solid waste disposal site for Migori town	Suna Central	19,820,000	19,820,000	100
2	Access Box culvert To Ondoche	Kaler	16,975,631	16,975,631	100
3	Opening/Spot Improvement of Othoro-Kamboro-Andingo Junction-Oriama Bridge-Hon Omamba-Masoge-Obama Primary-Nyangweso-Achama Road	North Kanyamkago	13,999,173	13,999,173	100
4	Construction of bongu raga water supply	Kachieng	13,850,000	13,850,000	100
5	Spot improvement of olasi - giribe road	Kachieng	10,086,136	10,086,136	100
6	purchase of land for expansion of Dede market	Ntitaru East	9,793,300	9,793,300	100
7	Supply and delivery of medical equipment	Suna Central	9,278,000	9,278,000	100
8	Opening and spot improvement of wath remo , wang neno, and wang rota road	Kachieng	9,199,229	9,199,229	100
9	Opening - spot improvement of nyambona - nyambema road	Wiga	8,609,993	8,609,993	100
10	Opening and spot improvement of ogwedhi ya korondo mosque stella road	South Kanyamkago	7,245,230	7,245,230	100

Source: Migori County Treasury

3.28.11 Budget Performance by Department

Table 3.159 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.159: 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 Production, Fisheries, Veterinary Services	561.12	116.845	109.45	2.7	80.77	-	73.8	-	14.4	-
County Assembly	863.51	81.64	334.82	-	334.824	-	100	-	38.8	-
County Attorney	172.15	-	56.65	-	45.59	-	80.5	-	26.5	-
County Executive	190.03	108.40	69.63	4.9	65.260	4.9	93.7	100	34.3	4.6
Education, Youth Sports, Culture and Social Development	334.63	586.49	202.26	8.4	164.40	9.83	81.3	116.5	49.1	1.7
Environment and Disaster Management	105.03	10.66	39.70	-	33.14	-	83.5	-	31.6	-
Finance and Economic Planning	899.79	7.0	279.69	-	228.12	-	81.	-	25.4	-
Medical Services	1,775.36,	157.10	910.090	10.42	725.82	10.42	79.8	100	40.9	6.6
Public Health	415.45	362.98	50.397	21.76	28.77	23.26	57.1	106.9	6.9	6.4
Lands, Housing, Physical Planning and Survey	119.42	446.65	64.62	30.94	45.16	30.94	69.9	100	37.8	6.9
Public Service Management	1,023.13	97.79	297.94	12.14	335.75	14.84	112.7	122.2	32.8	15.2
Roads, Public Works Transport	250.53	1,035.27	64.054	88.89	25.76	88.89	40.2	100	10.3	8.6
Trade Development and Regulation	88.00	172.45	49.62	32.74	29.50	31.34	59.5	95.7	33.5	18.2
Water and Energy	99.81	349.67	39.24	53.25	31.79	43.66	81	82	31.9	12.5
Total	6,897.99	3,532.97	2,568.19	266.30	2,174.69	258.19	84.7	97	31.5	7.3

Source: Migori County Treasury

Analysis of expenditure by the departments shows that the Department of Trade Development and Regulation recorded the highest absorption rate of development budget at 18.2 per cent while the Departments of Agriculture, Livestock Production, Fisheries, Veterinary Services, County Assembly, Environment and Disaster Management and Finance and Economic Planning did not report any expenditure on development activities. The Department of Education, Youth Sports, Culture and Social Development had the highest percentage of recurrent expenditure to budget at 49.1 per cent while the Department of Public Health had the lowest at 6.9 per cent.

3.28.12 Budget Execution by Programmes and Sub-Programmes

Table 3.6 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.160: Migori County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock Development and Fisheries Development					
Agriculture Mechanisation Services	Agriculture Mechanisation Services	1,700,000	-	1,700,000	-
Crop Development	Crop Development	3,820,400	-	3,820,400	-
	Crop Development	49,420,000	-	49,420,000	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Fisheries Development	Fisheries Development	1,860,000	-	1,860,000	-
	Fisheries Development and Management	6,212,000	-	6,212,000	-
	Aquaculture Development and Extension Services	22,714,000	-	22,714,000	-
General administration, planning & support service	General administration	151,011,774	52,745,277	98,266,497	35
	capacity building and training	2,419,790	-	2,419,790	-
	Field Extension Services and Support Programme	9,947,800	8,826,084	1,121,716	89
	Field Extension Services and Support Programme	9,691,300	1,196,840	8,494,460	12
	Field Extension Services and Support Programme	9,243,150	1,366,000	7,877,150	15
	Field Extension Services and Support Programme	9,296,044	424,491	8,871,553	5
	Field Extension Services and Support Programme	320,000	-	320,000	-
	Field Extension Services and Support Programme	500,000	-	500,000	-
	Donor Fund	342,397,464	16,213,710	326,183,754	5
	Donor Fund	2,596,660	-	2,596,660	-
Livestock Resources Management and Development	Disease control	1,750,000	-	1,750,000	-
	Feed & livestock products	4,390,000	-	4,390,000	-
	Livestock Breeds Improvement & Upgrading	29,514,414	-	29,514,414	-
Veterinary services	Veterinary Public Health management	1,186,000	-	1,186,000	-
	Livestock Breeding and Livestock Products	5,378,500	-	5,378,500	-
	Livestock Disease Control and Management	8,600,000	-	8,600,000	-
	Veterinary Public Health management	4,000,000	-	4,000,000	-
Total	Total	677,969,296	80,772,402	597,196,894	12
County Assembly					
General administration and support services	General Administration & supportive services	701,155,331	230,972,765	470,182,566	33
Oversight management services	Committee management services	50,738,280	4,982,367	45,755,913	10
Legislative services	legislation development & approval services	193,254,219	98,869,648	94,384,571	51
	Total	945,147,830	334,824,780	610,323,050	35
County Attorney					
Management and administration	General administration	172,151,962	45,592,500	126,559,462	26
	Total	172,151,962	45,592,500	126,559,462	26
County Executive					
Enhanced Management, Coordination & Supervision.	Peace Building Initiatives	3,715,000	-	3,715,000	-
General Administration	General Administration(Deputy Governors)	20,485,000	8,018,900	12,466,100	39
Governance and Executive Management	Citizen Delivery Services	108,400,000	4,996,427	103,403,573	5
	Citizen Delivery Services	25,000,000	10,733,211	14,266,789	43
	Governance and Executive management	53,993,880	36,410,928	17,582,952	67

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Strategy and service delivery	Strategy and advisory	86,832,464	10,097,460	76,735,004	12
Total	Total	298,426,344	70,256,926	228,169,418	24
Education, Gender, Sports, Youth Development and Culture					
Culture Development Promotion and Arts	Culture and Heritage Conservation	1,000,000	397,400	602,600	40
ECDE Services	Child Care Services	97,225,416	-	97,225,416	-
Education Support Services	Bursaries	40,000,000	38,982,267	1,017,733	97
External Funding	Conditional Grants	17,984,692	-	17,984,692	-
Gender and Equality Services	Women Empowerment	1,000,000	-	1,000,000	-
	General administration	94,227,969	55,032,054	39,195,915	58
	General administration	262,144,649	69,619,010	192,525,639	27
National Arts and cultural services	Construction of Cultural Central and Cultural Activities	500,000	-	500,000	-
Sports and Talent Development	Sports and Talent Development	3,500,000	1,736,230	1,763,770	50
	Vocational Training Services	5,000,000	4,971,947	28,053	99
	Sports Development	374,045,454	3,000,000	371,045,454	1
	Sports Development	3,500,000	498,950	3,001,050	14
Youth development and empowerment services	Vocational Training Services	21,000,000	-	21,000,000	-
	Total	921,128,180	174,237,858	746,890,322	19
Environment, Natural Resource and Disaster Management					
Disaster Management Services	Disaster Management Services	2,000,000	1,163,600	836,400	58
	Disaster Management Services	18,202,736	-	18,202,736	-
Forestry Conservation and Development	Forestry Conservation and Development	4,660,000	-	4,660,000	-
	Forestry Conservation and Development	7,200,000	-	7,200,000	-
General Administration Support Services	General Administration Support Services	61,396,171	24,614,763	36,781,408	40
Solid Waste Management	Solid Waste Management	4,000,000	-	4,000,000	-
	Solid Waste Management	18,240,864	7,364,780	10,876,084	40
	Total	115,699,771	33,143,143	82,556,628	29
Finance and Economic Planning					
Financial management services	Resource mobilization	70,253,148	23,817,129	46,436,019	34
	Accounting Services	219,598,214	62,952,616	156,645,598	29
	Procurement Services	18,207,570	-	18,207,570	-
	Audit Services	17,140,000	809,066	16,330,934	5
Economic policy and county planning	Budget Coordination and Management	9,275,000	-	9,275,000	-
	Policy and Plans Developments	71,455,604	12,852,689	58,602,915	18
	Community Development	2,936,705	-	2,936,705	-
General Administration	General Administration(Accounts)	467,710,563	122,559,099	345,151,464	26
	General Administration(Planning)	23,215,449	5,129,307	18,086,142	22
	General Administration(Planning)	7,000,000	-	7,000,000	-
	Total	906,792,253	228,119,906	678,672,347	25
Health-Medical services					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General administration	General administration	22,313,762	-	22,313,762	-
	Infrastructure and Health facility management	134,790,610	14,528,000	120,262,610	11
	Purchase of Non-pharmaceuticals	209,192,500	39,366,427	169,826,073	19
	General administration	1,535,588,719	682,298,117	853,290,602	44
	Health standards, quality assurance and standards	2,592,000	56,000	2,536,000	2
	Policy Formulation, Planning, Implementation, Monitoring	6,888,000	-	6,888,000	-
Maternal Health Services	Maternal Health Services	2,900,000	-	2,900,000	-
Preventive, promotive Health services and Disease Control	Human Nutrition and Dietetics	2,200,000	-	2,200,000	-
	Malaria	1,390,000	-	1,390,000	-
	Disease surveillance /Emergency preparedness& response	6,276,000	-	6,276,000	-
	Health promotion & education	5,300,000	-	5,300,000	-
	Non-Communicable Diseases, Violence and Injuries	3,040,000	-	3,040,000	-
	Total	1,932,471,590	736,248,544	1,196,223,047	38
Health - Public health					
Planning and administrative support services	Administrative and support services	531,940,039	50,448,714	481,491,325	9
Preventive and promotive health services	Community health services	70,960,000	1,584,900	69,375,100	2
Curative, rehabilitative and referral services	Pharmaceutical and non-pharmaceutical commodities	115,840,164	-	115,840,164	-
External funding	Donor funds	59,698,750	-	59,698,750	-
	Total	778,438,953	52,033,614	726,405,339	7
Lands, Housing and Physical Planning					
Land development services	Survey Services	68,623,600	30,940,000	37,683,600	45
General administration	General administration	299,024,836	1,598,016	297,426,820	1
	General administration	119,421,416	43,569,911	75,851,505	36
Physical planning services	General administration	79,000,000	-	79,000,000	-
	Total	566,069,852	76,107,927	489,961,925	13
Public Service Management					
Enhanced Management, Coordination & Supervision.	Enhanced Management, Coordination & Supervision.	43,450,000	3,245,810	40,204,190	7
General administration	General administration(PSM)	87,790,791	9,793,300	77,997,491	11
	General administration(PSB)	10,000,000	-	10,000,000	-
	General Administration(ICT)	40,558,596	1,240,000	39,318,596	3
	General administration(PSM)	779,070,026	311,114,410	467,955,616	40
	General administration(PSB)	59,840,094	2,398,000	57,442,094	4
Human resources management and Development	Personnel Services	23,296,967	1,600,000	21,696,967	7
ICT Infrastructure	ICT Infrastructure	27,160,000	11,487,540	15,672,460	42
	Technical Support	6,500,000	2,210,000	4,290,000	34
	Co-ordination of policy formulation implementing of vision 2030 and CIDP	1,300,000	999,000	301,000	77
Personnel management	Human Resource Management	12,100,000	1,595,875	10,504,125	13
	Budget Formulation coordination and Management	17,706,706	4,498,980	13,207,726	25

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Sub County Administration Services	Devolved Units Development Services	12,150,000	410,350	11,739,650	3
	Total	1,120,923,180	350,593,265	770,329,915	31
Roads, Transport and Public Works					
General administration	General administration	110,365,434	31,312,192	79,053,242	28
Road management services	Road management services	140,170,000	5,968,350	134,201,651	4
	Road management services	1,035,271,341	77,383,512	957,887,830	7
	Total	1,285,806,775	114,664,053	1,171,142,722	9
Trade Tourism and Cooperative Development					
General administration	General administration	86,200,926	9,740,280	76,460,646	11
	General administration	66,998,476	20,659,039	46,339,437	31
	Verification	1,800,000	-	1,800,000	-
	Trade Development and Promotion SME	72,767,000	28,345,407	44,421,593	39
	Trade Infrastructure Development Services	32,689,402	2,099,440	30,589,962	6
	Total	260,455,804	60,844,165	199,611,639	23
Water and Energy					
Water Supply and Management Services	Rural Water Services	203,724,597	20,466,827	183,257,770	10
	Urban Water Services	94,651,327	13,850,000	80,801,327	15
	maintenance	70,850,167	5,762,153	65,088,014	8
Alternative Energy Services	Alternative Energy Technologies	51,299,040	24,622,938	26,676,102	48
Urban Water Supply & Management	Urban Water Supply & Management	28,960,000	10,752,143	18,207,857	37
	Total	449,485,131	75,454,060	374,031,071	17
Grand Total		10,430,966,922	2,432,893,146	7,998,073,777	23

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Programmes with high levels of implementation based on absorption rates were: Sports and Talent Development in the Department of Education, Gender, Sports, Youth Development and Culture at 99 per cent, Education Support Services in the Department of Education, Gender, Sports, Youth Development and Culture at 97 per cent, Field Extension Services and Support Programme in the department Agriculture, Livestock Development and Fisheries Development at 89 per cent and Co-ordination of policy formulation implementing of Vision 2030 and CIDP in the Department of Public Service Management at 77 per cent of budget allocation.

3.28.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered 24 projects that were implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired objectives were achieved. During the M&E field visit, we noted that some projects were well implemented and have achieved the desired objectives. These include; Maternal, Child and Amenity Complex at Migori County Referral Hospital; Installation of Oxygen Plant at Migori County Referral Hospital; and Construction of Kiringi Bridge and Approach Roads.

However, some projects have not achieved the intended objectives for some reasons. These include: noticeable defects on Kikongo Dispensary in North Kadem Ward; unutilised Market Shed and Stalls at Nyabohanse Market; and broken doors and crack observed in the newly constructed Theatre at Macalder Sub-County Hospital. Other issues of concern included: poor project supervision resulting in poor quality of work; inadequate involvement of public members in project selections, particularly in the construction of Ombo Modern Market Stalls; and use of an old valuation roll to collect revenue from rateable properties.

To address these challenges and improve project implementation, the Controller of Budget recommends strengthening M&E function and project supervision to identify and address emerging issues during the implementation phase; ensure adequate public participation in project selection to enhance ownership and usage, and develop a new valuation roll to improve revenue collection from rateable properties that have since appreciated.

3.28.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County 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.258.19 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.3.53 billion. The development expenditure represented 7.3 per cent of the annual development budget.
3. The County Assembly's average monthly sitting allowance was Kshs.209,844 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.
4. Failure by Fund Administrators to submit financial and non-financial reports for the established county funds to the Controller of Budget, which is against the requirement in Section 168 of the PFM Act, 2012.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County should ensure the budget is approved on time in line with Section 131 of the PFM Act, 2012.
- iv. The County assembly should ensure the monthly sitting allowance is within SRC's recommended monthly ceiling.
- v. The CECMF should ensure all Fund Administrators prepare and submit financial and non-financial reports in line with the law.

3.29 County Government of Mombasa

3.29.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.14.50 billion, comprising Kshs.5.18 billion (35.7 per cent) and Kshs.9.31 billion (64.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.57 billion (52.2 per cent) as the equitable share of revenue raised nationally, and generate Kshs.4.97 billion (34.3 per cent) from its own sources of revenue. The County also expects to receive Kshs.1.97 billion (13.6 per cent) as conditional grants, consisting of Kshs.156.63 million for Kenya Devolution Support Program II, Kshs.221.68 million for Fuel Levy Fund, Kshs.23.50 million for Agricultural Sector Program II, Kshs.18.91 million for Youth Polytechnic grant, Kshs.23.39 million for User Fees Forgone, Kshs.388.44 million for level 5 Hospital grant, Kshs.18.13 million for Transformation Health Services Care Project, Kshs.300.0 million for Kenya Informal Settlement Improvement Project and Kshs.800 million for Water and Sanitation Development Project.

3.29.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.14 billion as the equitable share of the revenue raised nationally, raised Kshs.1.18 billion as own-source revenue, and had a cash balance of Kshs.64.05 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.38 billion, as shown in Table 3.161.

Table 3.161: Mombasa County, Revenue Performance in the First Half of FY 2021/22

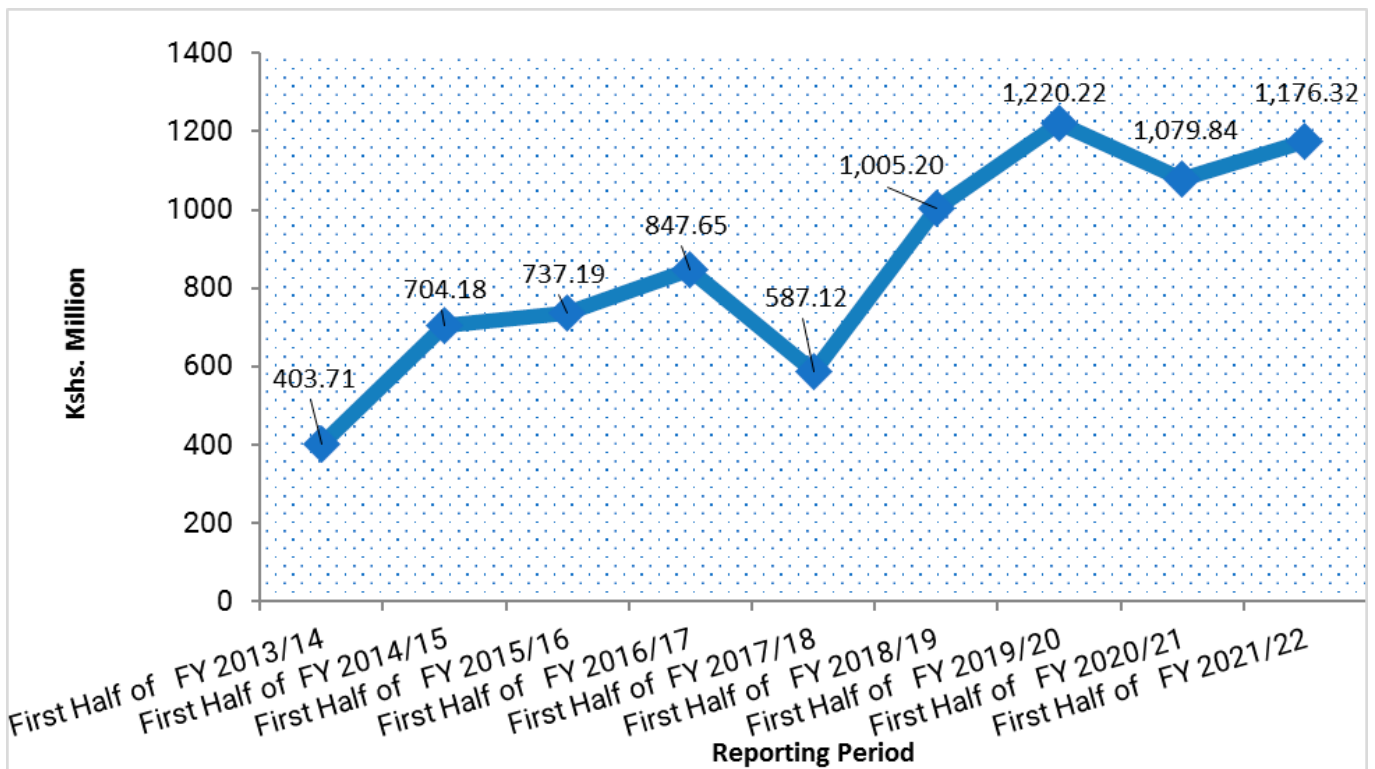
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,567,354,061	3,140,451,935	41.5
Sub Total		7,567,354,061	3,140,451,935	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	4,966,330,107	1,176,323,387	23.7
2	Conditional Grants	1,966,315,832	-	-
3	Balance b/f from FY2020/21	-	64,047,704	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	Sub Total	6,932,645,939	1,240,371,091	17.89
	Grand Total	14,500,000,000	4,380,823,026	30.21

Source: Mombasa County Treasury

Figure 3.54 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.54: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Mombasa County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.1.18 billion as own-source revenue. This amount represented an increase of 8.9 per cent compared to Kshs.1.08 billion realised during a similar period in the first half of FY 2020/21 and was 23.7 per cent of the annual target.

In the FY 2019/20, the County implemented an automated revenue management system referred to Mombasa County e-services Services System.

3.29.3 Exchequer Issues

The Controller of Budget approved Kshs.4.69 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.706.11 million (15.1 per cent) for development programmes and Kshs.3.98 billion (84.9 per cent) for recurrent programmes.

3.29.4 Overall Expenditure Review

The County spent Kshs.3.84 billion on development and recurrent programmes during the reporting period. This expenditure represented 81.8 per cent of the total funds released by the CoB and comprised of Kshs.628.63 million and Kshs.3.21 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.1 per cent, while recurrent expenditure represented 34.4 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.4.47 billion and comprised of Kshs.1.80 billion for recurrent expenditure and Kshs.2.66 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle Kshs.451.0 million of the outstanding pending bills of Kshs.4.47 billion.

During the period under review, pending bills amounting to Kshs.177.61 million were settled, consisting of Kshs.175.91 million for recurrent expenditure and Kshs.1.70 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.4,287.66 million.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.06 billion was spent on employee compensation, Kshs.1.15 billion on operations and maintenance, and Kshs.628.63 million on development activities, as shown in Table 3.162.

Table 3.162: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,538,245,559	779,254,392	2,903,783,836	303,621,230	34.0	39.0
Compensation to Employees	4,945,936,362	393,619,597	1,903,774,478	153,667,534	38.5	39.0
Operations and Maintenance	3,592,309,197	385,634,795	1,000,009,358	149,953,696	27.8	38.9
Development Expenditure	4,982,500,049	200,000,000	628,634,624	-	12.6	-
Total	13,520,745,608	979,254,392	3,532,418,460	303,621,230	26.1	31.0

Source: Mombasa County Treasury

3.29.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 28.4 per cent of the first half proportional revenue of Kshs.7.25 billion.

The wage bill of Kshs.2.06 billion includes Kshs.927.12 million attributable to the health sector, which translates to 45.1 per cent of the total wage bill in the reporting period.

3.29.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.293.18 million to county established funds in FY 2021/22, which constituted 2.0 per cent of the County's overall budget for the year. Table 3.163 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.163: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Mombasa County Scholarship and Other Educational Benefits	163,179,538	163,179,538	-	-		
2.	Mombasa County Assembly Members & Staff Car Loan & Mortgage Fund	100,000,000	100,000,000	-	-		

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
3.	Mombasa County Grant for Management of Natural Disasters	30,000,000	30,000,000	-	-		
	Total	293,179,538	293,179,538				

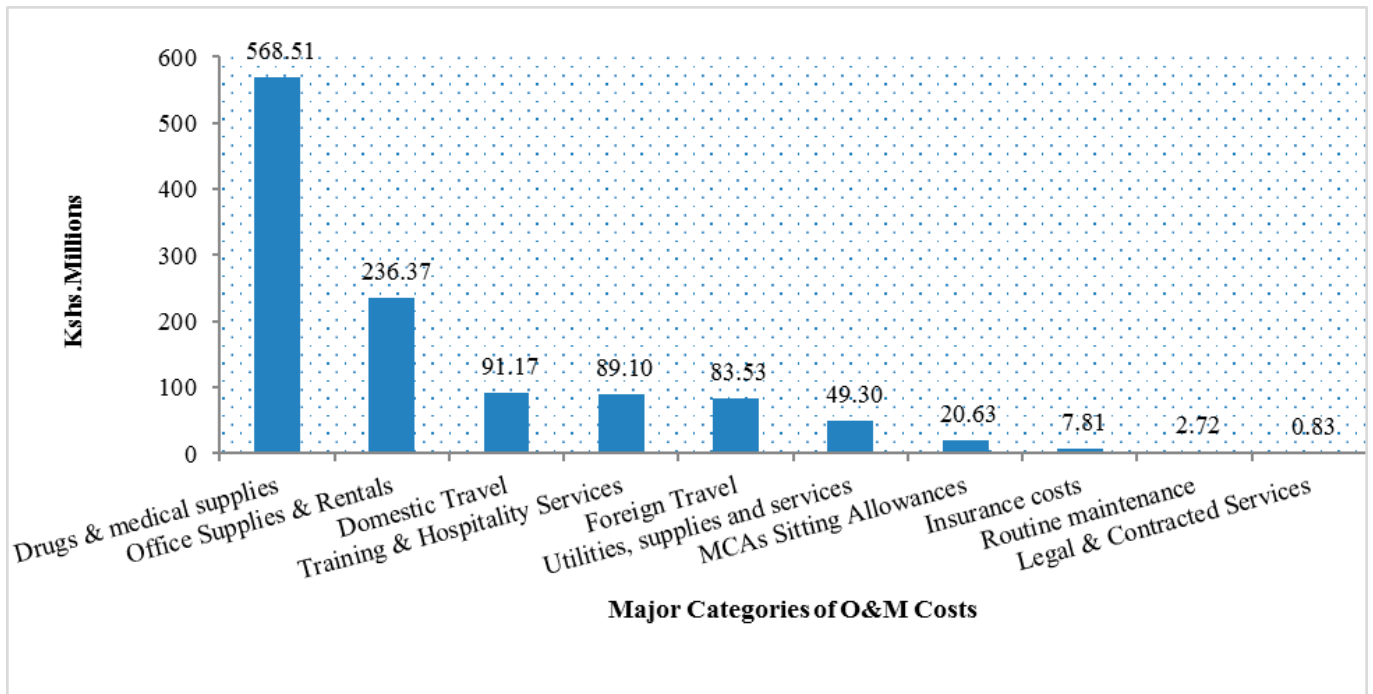
Source: Mombasa County Treasury

The Fund Administrators for the above three established funds did not submit financial and non-financial returns to the OCoB, as indicated in Table 3.163.

3.29.9 Expenditure on Operations and Maintenance

Figure 3.55 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.55: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: Mombasa County Treasury

The County spent Kshs.20.63 million on committee sitting allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.40.0 million. The average monthly sitting allowance was Kshs.79,947 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.91.17 million and comprised of Kshs.21.52 million spent by the County Assembly and Kshs.69.65 million by the County Executive. Spending on foreign travel amounted to Kshs.83.53 million and consisted of Kshs.62.42 million by the County Assembly and Kshs.21.10 million by the County Executive.

3.29.10 Development Expenditure

The County incurred Kshs.628.63 million on development programmes, which represented a decrease of 11.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.708.61 million. Table 3.164 summarises development projects with the highest expenditure in the reporting period.

Table 3.164: Mombasa County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Recarpeting Emergency Works Periodic Maintenance of Kinyozi Majengo Salim Mwamunga And K Keino Roads	Mvita	31,842,269	16,494,898	51.8
2	Proposed Improvement of Mt Kenya Road	Nyali	66,618,200	12,549,853	18.8
3	Storm Water Drainage Improvement Table Crossing and Walkway Construction Along Railway Round About	Mvita	31,431,047	9,023,360	28.7
4	Mombasa City Cbd Restoration Project-New Nyali Fidel Odinga Road	Nyali	29,974,017	8,877,477	29.6
5	Closed Culvert Strom Water Drainage from Umoja To Tamarind Hotel	Nyali	91,770,596	7,834,085	8.5
6	Construction of Jcc Church-Afro Estate Utange Old Malindi Road Access Road	Kisauni	49,867,257	7,775,167	15.6
7	Recarpeting Emergency Works Periodic Maintenance of Liwatoni And Sauti Ya Kenya Roads	Mvita	29,357,372	7,374,396	25.1
8	Construction to Cabro Standard of Access Road to Kadzandani Primary School	Nyali	31,126,127	6,981,628	22.4
9	Recarpeting Emergency Works Periodic Maintenance of Mji Mpya And Msanifu Kombo Roads	Mvita	35,137,108	5,964,132	17.0

Source: Mombasa County Treasury

3.29.11 Budget Performance by Department

Table 3.165 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.165: Mombasa 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	356.49	30	106.97	-	78.67	-	73.5	-	22.1	-
Public Service Board	130	20	78.61	-	28.85	1.86	36.7	-	22.2	9.3
Finance & Economic Planning	634.13	326.5	433.21	300.33	370.93	161.3	85.6	53.71	58.5	49.4
Environment, Waste Management and Energy	612	305	439.43	70.89	198.9	130.79	45.3	184.50	32.5	42.9
Education, Information Technology & MV 2035	596	431	248.07	23.23	104.03	-	41.9	-	17.5	-
Health Services	3,271.79	370	1,025.50	17.73	1,317.18	2.5	128.4	14.10	40.3	0.7
Water, Sanitation & Natural Resources	130	1,100.00	24.37	50	13.93	-	57.2	-	10.7	-
Youth, Gender, Sports and Cultural Affairs	400	500	149.8	108.95	84.68	57.77	56.5	53.02	21.2	11.6
Trade, Tourism & Investment	445.16	400	265.8	40.99	146.89	-	55.3	-	33.0	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Land, Planning, Housing and Urban Renewal	273	480	63.03	8.84	56.63	38.88	89.8	439.82	20.7	8.1
Transport, Infrastructure & Public Works	510	680	222.85	85.14	150.82	234.83	67.7	275.82	29.6	34.5
Agriculture, Fisheries, Livestock and Co-operatives	273.5	230	145.72	-	50.18	-	34.4	-	18.3	-
Devolution & Public Service Administration	906.18	110	428.68	-	302.09	0.71	70.5	-	33.3	0.6
County Assembly	779.25	200	351.62	-	303.62	-	86.3	-	39.0	-
Total	9,317.50	5,182.5	3,983.67	706.11	3,207.41	628.63	80.5	89.03	34.4	12.1

Source: Mombasa County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 49.4 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 58.5 per cent, while the Department of Water and Sanitation and Natural Resources had the lowest at 10.6 per cent.

3.29.12 Budget Execution by Programmes and Sub-Programmes

Table 3.166 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.166: Mombasa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
3011 The Executive	Governor's Affairs & Advisory Services	161,624,673	18,455,460	143,169,213	11.4
	Deputy Governor's Affairs & External Relations	61,274,828	6,188,653	55,086,175	10.1
	Cabinet Affairs, Policy Research and Legal Services	107,875,327	49,112,880	58,762,447	45.5
	MV 2035 & E-Government	37,000,000	982,759	36,017,241	2.7
	Strategic Delivery Unit	17,716,961	3,934,706	13,782,255	22.2
3013 County Public Service Board	Administration Unit	150,000,000	30,710,059	119,289,941	20.5
3014 Finance and Economic Planning	Administration Unit	849,967,947	491,747,041	358,220,906	57.9
	Accounting Unit	52,650,000	19,070,455	33,579,545	36.2
	Planning and Monitoring Unit	58,010,653	21,409,038	36,601,615	36.9
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	566,234,748	312,929,896	253,304,852	55.3
	Waste Management	93,327,252	5,505,500	87,821,752	5.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
	Environmental Compliance and Monitoring	126,960,000	10,106,947	116,853,053	8.0
	Climate Change	55,239,000	-	55,239,000	-
	Energy	75,239,000	1,147,000	74,092,000	1.5
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	483,739,474	104,034,287	379,705,187	21.5
	Education headquarters	189,211,170	-	189,211,170	-
	Childcare	8,500,000	-	8,500,000	-
	Elimu Fund	161,890,000	-	161,890,000	-
	Information Technology Headquarters	183,659,356	-	183,659,356	-
3017 Health Services	Administration Unit	2,833,061,316	1,317,177,866	1,515,883,450	46.5
	Curative/Clinical Health Services	158,249,239	2,500,000	155,749,239	1.6
	Preventive and Promotive Services Unit	582,354,159	-	582,354,159	-
	Special Programmes	68,123,140	-	68,123,140	-
3018 Water, Sanitation & Natural Resources	Administration unit	917,570,000	13,932,317	903,637,683	1.5
	Sanitation/Sewerage Services Headquarters	57,750,000	-	57,750,000	-
	Water Supply Headquarters	170,450,000	-	170,450,000	-
	Natural Resources	84,230,000	-	84,230,000	-
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	228,620,000	121,216,153	107,403,847	53.0
	Youth Empowerment	95,480,000	2,447,099	93,032,901	2.6
	Gender Affairs and Disability Mainstreaming	35,000,000	2,285,900	32,714,100	6.5
	Sports development	-	-	-	-
	Cultural Affairs	510,000,000	13,499,756	496,500,244	2.6
	Public Recreation and Entertainment	30,900,000	2,997,807	27,902,193	9.7
3020 Trade, Tourism & Investment	Administration Unit	327,085,886	120,590,528	206,495,358	36.9
	Trade Development	163,787,810	7,159,050	156,628,760	4.4
	Development of Tourism	92,101,997	1,588,500	90,513,497	1.7
	Investment Promotion and Products Headquarters	189,080,000	12,249,000	176,831,000	6.5
	Development of County Industrial Parks	-	-	-	-
	Ease of Doing Business-Headquarters	73,105,082	5,300,000	67,805,082	7.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
3021 Lands, Housing and Physical Planning	Administration Unit	219,083,825	54,417,231	164,666,594	24.8
	Physical planning	170,000,000	36,913,871	133,086,129	21.7
	Land Management Unit	23,566,175	2,252,974	21,313,201	9.6
	Housing Development Unit	308,000,000	1,092,241	306,907,758	0.4
	Urban Renewal	32,350,000	831,414	31,518,586	2.6
3022 Transport, Infrastructure & Public Works	Administration Unit	347,494,701	150,007,434	197,487,267	43.2
	Road and Transport Unit	576,400,000	234,831,283	341,568,717	40.7
	Works Unit	40,780,299	-	40,780,299	-
	Transport Planning, Management and Safety	19,750,000	-	19,750,000	-
	Mechanical Services	69,375,000	810,579	68,564,421	1.2
	Safety, Risk Management and Rescue Services	136,200,000	-	136,200,000	-
3023 Agriculture, Fisheries, Live-stock and Co-operatives	Administration Unit-Headquarters	169,219,199	50,177,437	119,041,762	29.7
	Crop Management Unit	110,398,491	-	110,398,491	-
	Livestock Unit	72,656,206	-	72,656,206	-
	Fisheries Unit-Headquarters	71,699,045	-	71,699,045	-
	Veterinary Services	53,414,916	-	53,414,916	-
	Cooperatives	26,112,093	-	26,112,093	-
3026 Devolution & Public Service Administration	Administration	744,058,253	294,483,573	449,574,680	39.6
	Devolution and public service administration	73,909,194	4,307,039	69,602,155	5.8
	Public Service Reforms and Delivery	21,636,398	474,138	21,162,260	2.2
	Compliance and Enforcement	68,600,000	831,107	67,768,893	1.2
	County Administration and decentralized services	107,972,796	2,709,483	105,263,313	2.5
3012 County Assembly	Human Resources Management	850,584,072	229,084,573	546,962,841	26.9
	Legal Services	129,670,321	74,536,658	129,670,321	57.5
Grand Total		14,500,000,000	3,836,039,690	10,663,960,310	26.5

Source: Mombasa County Treasury

Programmes with high levels of implementation based on absorption rates were: Administration program in the Department of Finance and Economic Planning 57.3 per cent, Administration program in the Department of Energy, Environment and Waste Management at 55.3 per cent of budget allocation.

3.29.13 Key Observations and Recommendations

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

1. 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.628.63 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.5.18 billion. The development expenditure represented 12.1 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.1.18 billion against an annual projection of Kshs.4.97 billion, representing 23.7 per cent of the annual target.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
5. Delay in preparation of a supplementary budget to capture the unspent balance from the previous financial year, which amounts to Kshs.64.05 million.
6. High level of pending bills which amounted to Kshs.4.47 billion at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.177.61 million were settled during the reporting period, which is not substantial compared with the stock of outstanding bills.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
- v. The County Treasury should prioritise the preparation of a supplementary budget to appropriate the unspent cash balance from the previous financial year.
- vi. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.30 County Government of Murang'a

3.30.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.10.66 billion, comprising Kshs.3.41 billion (32 per cent) and Kshs.7.25 billion (68 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.18 billion (67.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.5 billion (14.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.04 billion (9.8 per cent) from FY 2020/21. The County also expects to receive Kshs.937.29 million (8.8 per cent) as conditional grants, which consists of Kshs.335.68 million for National Agricultural and Rural Inclusive Growth Project (NAGRIP), DANIDA grant amounting to Kshs.13.95 million, Transforming Health Systems for Universal care grant amounting to Kshs.81.80 million, Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG) amounting to Kshs.62.44 million, Agricultural Sector Deepening Support Program amounting to Kshs.23.49 million, Kshs.153.29 million for Leasing of Medical Equipment's, Kenya Devolution Support Program - Level 1 grant amounting to Kshs.60 million.

3.30.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.98 billion as the equitable share of the revenue raised nationally, raised Kshs.172.80 million as own-source revenue, and had a cash balance of Kshs.1.04 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.19 billion, as shown in Table 3.167.

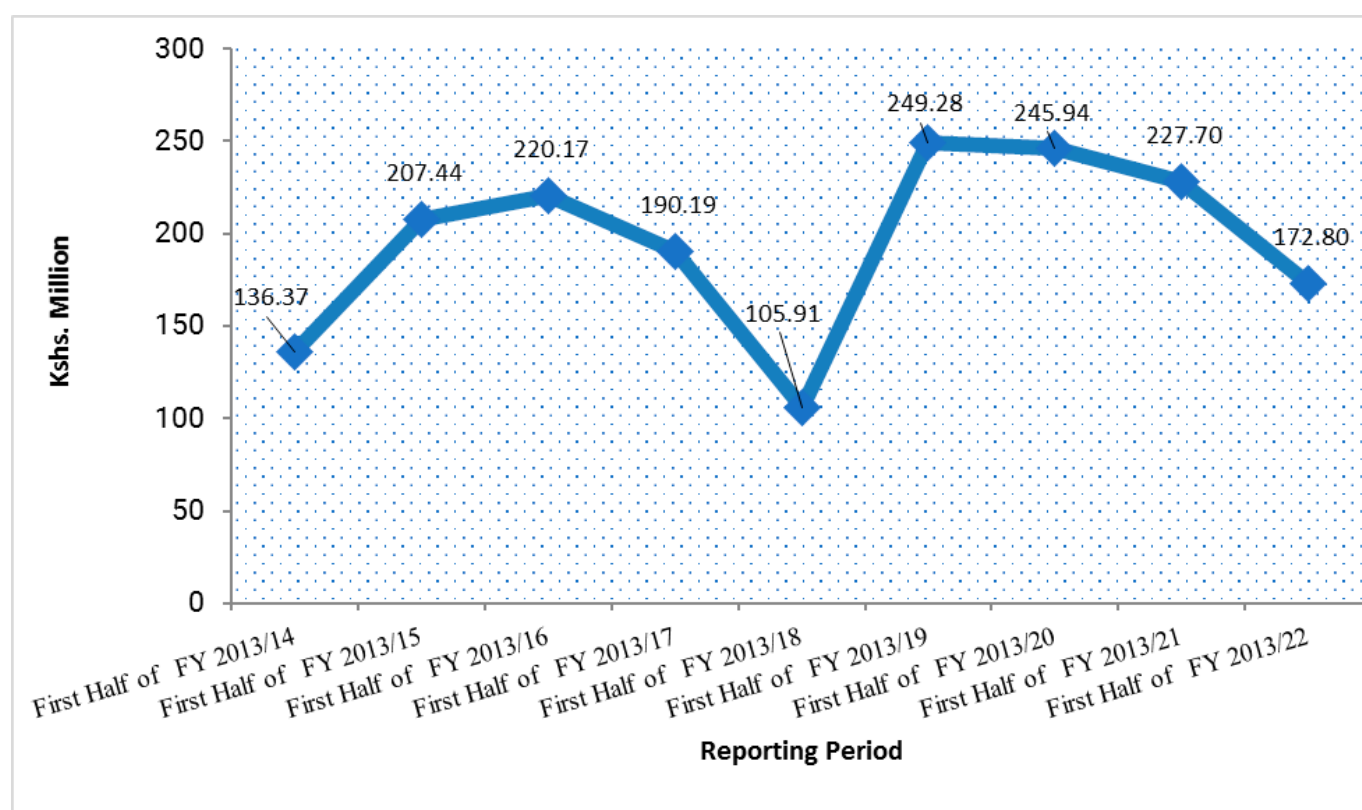
Table 3.167: Murang'a County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,180,155,855	2,979,764,681	41.5
Sub Total		7,180,155,855	2,979,764,681	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	1,500,000,000	172,801,753	11.5
2	Conditional Grants	937,292,640	-	-
3	Balance b/f from FY 2020/21	1,039,222,750	1,039,222,750	100
Sub Total		3,476,515,390	1,212,024,503	34.9
Grand Total		10,656,671,245	4,191,789,184	39.3

Source: Murang'a County Treasury

Figure 3.56 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.56: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Murang'a County Treasury

In the first half of FY 2021/22, the County generated Kshs.172.80 million as own-source revenue. This amount represented a decrease of 24.1 per cent compared to Kshs.227.70 million realised during a similar period in the first half of FY 2020/21 and was 11.5 per cent of the annual target. The County has not implemented any automated revenue management system.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.13 billion from the CRF account during the reporting period. The amount comprised Kshs.698.17 million (16.9 per cent) for development programmes and Kshs.3.43 billion (83.1 per cent) for recurrent programmes.

3.30.4 Overall Expenditure Review

The County spent Kshs.3.57 billion on development and recurrent programmes during the reporting period. This expenditure represented 86.4 per cent of the total funds released by the CoB and comprised of Kshs.658.86 million and

Kshs.2.91 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 40.1 per cent, while recurrent expenditure represented 19.3 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.91 billion and comprised of Kshs.521.05 million for recurrent expenditure and Kshs.1.39 billion for development expenditure. At the beginning of the FY 2021/22, the County prepared a payment plan to settle the entire bills in the 2021-22 Financial year and 2022-2023 financial years.

During the period under review, pending bills amounting to Kshs.362.36 million were settled, consisting of Kshs.192.38 million for recurrent expenditure and Kshs.169.98 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.1,546.28 million.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.89 billion was spent on employee compensation, Kshs.1.02 billion on operations and maintenance, and Kshs.658.86 million on development activities, as shown in Table 3.168.

Table 3.168: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Execu- tive	County As- sembly	C o u n t y Executive	County As- sembly
Total Recurrent Expenditure	6,264,078,854	981,743,240	2,550,264,143	358,475,206	40.7	36.5
Compensation to Employees	3,737,443,517	332,200,000	1,763,139,076	126,946,193	47.2	38.2
Operations and Maintenance	2,526,635,337	649,543,240	787,125,067	231,529,013	31.2	35.6
Development Expenditure	3,321,285,377	89,563,774	656,637,153	2,220,286	19.8	2.5
Total	9,585,364,231	1,071,307,014	3,206,901,296	360,695,492	33.5	33.7

Source: Murang'a County Treasury

3.30.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 35.5 per cent of the first half proportional revenue of Kshs.5.33 billion.

The wage bill of Kshs.1.89 billion includes Kshs.1.01 billion attributable to the health sector, which translates to 53.3 per cent of the total wage bill in the reporting period.

3.30.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.344.60 million to county established funds in FY 2021/22, which constituted 3.2 per cent of the County's overall budget for the year. Table 3.169 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.169: Murang'a County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Execu- tive	County Assem- bly	County Execu- tive	County Assem- bly	Yes	No
1.	Murang'a County Assembly Car Loan and Mortgage Scheme Fund		104,600,000	-	35,000,000	Yes	
2.	Murang'a County Education Scholarship Fund - Bursary	140,000,000	-	37,931,189	-	Yes	
3.	Small Traders Empowerment Program	100,000,000	-	10,010,150	-	Yes	
Total		240,000,000	104,600,000	479,941,339	35,000,000		

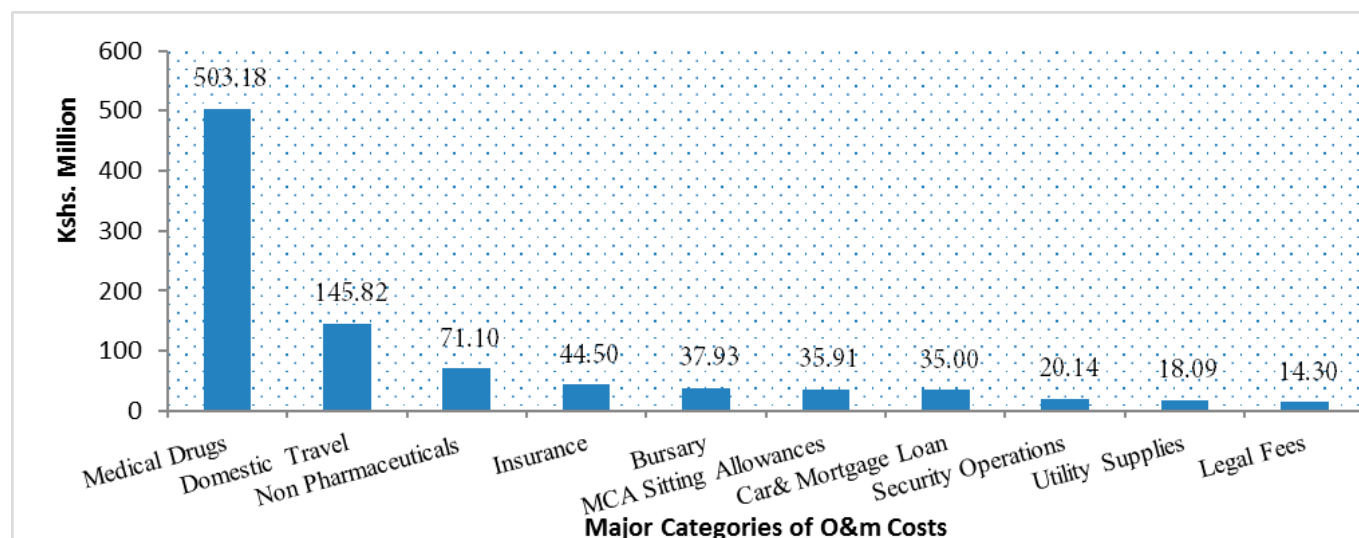
Source: Murang'a County Treasury

The OCoB received quarterly financial returns from Fund Administrators of the three funds, as indicated in Table 3.169 above.

3.30.9 Expenditure on Operations and Maintenance

Figure 3.57 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.57: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: Murang'a County Treasury

The County spent Kshs.35.91 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.110,831 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.145.82 million and comprised Kshs.124.56 million spent by the County Assembly and Kshs.21.26 million by the County Executive. Spending on foreign travel amounted to Kshs.3.44 million and consisted of Kshs.1.53 million by the County Assembly and Kshs.1.91 million by the County Executive.

3.30.10 Development Expenditure

The County incurred Kshs.658.86 million on development programmes, which represented a decrease of 24.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.873.85 million. Table 3.170 summarises development projects with the highest expenditure in the reporting period.

Table 3.170: Murang'a County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Supply of ICU Equipment's	Murang'a Level 5 Hospital	52,500,000	52,000,000	100
2	Supply of Maize Seeds	County Wide	75,000,000	50,000,000	66.7
3	Supply of Fertilizers	County Wide	75,000,000	40,000,000	53.3
4	Milk Support for MCC	Murang'a County Creameries-Maragua	100,000,000	36,000,000	36.3
5	Supply Of Avocado Seedlings	Countywide	19,500,000	19,500,000	100
6	Supply of Renal Equipment's	Murang'a Level 5 Referral Hospital	153,666,400	15,666,400	10.2
7	Supply of Lab Reagents	Murang'a Level 5 Referral Hospital	20,000,000	9,986,203	49.3
8	Supply of Building Materials At MCC	Murang'a County Creameries	7,751,088	7,751,088	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
9	Supply of Milk Packaging Materials	Murang'a County Creameries	7,606,551	7,606,551	100
10	Supply of Milk Solutions	Murang'a County Creameries	7,527,700	7,527,700	100

Source: Murang'a County Treasury

3.30.11 Budget Performance by Department

Table 3.171 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.171: Murang'a County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex-chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination and Administration	285.36	25	146.37	-	70.37	-	48.1	-	24.7	-
Finance, Information Technology and Economic Plan.	450.83	38	221.05	-	272.21	-	123.1	-	60.4	-
Agriculture, Livestock and Fisheries	266.44	996.71	113.01	152.27	90.42	132.27	80.0	86.9	33.9	13.3
Energy Transport and Roads	27.42	873	4.76	144.52	5.67	144.19	119.1	99.8	20.7	16.5
Commerce, Trade, Industry and Tourism	39.26	493.89	5.65	132.79	5.65	119.17	100	89.7	14.4	24.1
Health and Sanitation	3,666.99	511.37	1,888.35	172.23	1,593.78	172.07	84.4	99.9	43.5	33.6
Lands, Housing & Physical Planning	43.74	11	2.19	-	2.19	-	100	-	5.0	-
Education & Technical Training	509.76	27	156.72	11.11	124.49	11.12	79.4	100.1	24.4	41.2
Public Service Adm.	661.46	-	372.76	-	329.59	-	88.4	-	49.8	-
Youth, Culture, Gender, Social Services & Special Programmes	107.44	100	27.86	11.42	27.86	11.41	100	99.9	25.9	11.4
Environment & Natural Resources	19.24	33	67.35	10.39	1.03	1.99	1.5	19.2	5.4	6.0
County Public Service Board	67.32	-	30.35	-	10.35	-	34.1	-	15.4	-
Water & Irrigation	54.72	65	11.48	35.64	4.83	38.93	42.1	109.2	8.8	59.9
Murang'a Municipality	64.1	147.32	17.37	25.49	11.81	25.49	68.0	100.0	18.4	17.3
County Assembly	981.74	89.56	367.69	2.31	358.48	2.22	97.5	96.1	36.5	2.5
Total	7,245.82	3,410.85	3,432.96	698.17	2,908.73	658.86	84.7	94.4	40.1	19.3

Source: Murang'a County Treasury

Analysis of expenditure by the departments shows that the Department of Water & Irrigation recorded the highest absorption rate of development budget at 59.9 per cent while the Departments of Finance, Information Technology and Economic Planning, Lands, Housing and Physical Planning, Governorship, County Coordination and Administration did not report any expenditure on development activities. The Department of Finance, Information Technology and Economic Planning had the highest percentage of recurrent expenditure to budget at 60.4 per cent while the Department of Lands, Housing and Physical Planning had the lowest at 5.0 per cent.

3.30.12 Budget Execution by Programmes and Sub-Programmes

Table 3.172 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.172: Murang'a County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
GOVERNORSHIP, COUNTY COORDINATION AND ADMINISTRATION					
Project Coordination and Monitoring	Project Coordination and Monitoring	4,500,000	1,436,000	3,064,000	31.9
Office Administration and Support Services	Public Participation	9,160,000	376,000	8,784,000	4.1
General Administration Planning and support Services	General Administration Planning and support Services	268,600,810	66,740,336	201,860,474	24.8
Audit Services	Audit Services	11,046,700	802,395	10,244,305	7.3
Disaster Fund Management	Disaster Fund Management	17,055,000	1,015,500	16,039,500	6.0
	Sub total	310,362,510	70,370,231	239,992,279	22.7
FINANCE, IT AND ECONOMIC PLANNING -					
Information Communication and Technology	Information Communication and Technology	5,000,000	300,000	4,700,000	6.0
Local Revenue Mobilisation	Local Revenue Mobilisation	27,300,000	8,621,629	18,678,371	31.6
Economic Planning and CIDP Review	Economic Planning and CIDP Review	14,500,000	-	14,500,000	-
Public Participation	Public Participation	11,500,000	4,501,821	6,998,179	39.1
General Administration Planning and support Services	General Administration Planning and support Services	417,530,060	256,053,219	161,476,841	61.3
Corporate Governance	Corporate Governance	4,900,000	1,401,320	3,498,680	28.6
Budget Implementation and Monitoring	Budget Implementation and Monitoring	8,100,000	1,333,825	6,766,175	16.5
	Sub total	488,830,060	272,211,814	216,618,246	55.7
AGRICULTURE LIVESTOCK AND VETERINARY SERVICES					
Land and Crops Development	Land and Crops Development	250,186,766	88,644,112	161,542,654	35.4
Promotion Food Security	Promotion Food Security	3,500,000	620,000	2,880,000	17.7
Promotion Food Security - DEV	Promotion Food Security - DEV	856,607,759	78,084,996	778,522,763	9.1
Capacity development, Mechanization and Innovation	Capacity development, Mechanization and Innovation	3,500,000	500,000	3,000,000	14.3
Promotion Food Security	Promotion Food Security	6,000,000	1,303,680	4,696,320	21.7
Value addition and marketing of fish products	Value addition and marketing of fish products	2,700,000	252,600	2,447,400	9.4
Local Poultry Development	Local Poultry Development	-	-	-	-
Veterinary Services DEV	Veterinary Services DEV	134,100,000	52,876,700	81,223,300	39.4
Veterinary Services - REC	Veterinary Services - REC	5,000,000	-	5,000,000	-
Livestock and Fisheries Development	Livestock and Fisheries Development	1,550,000	400,000	1,150,000	25.8
	Sub total	1,263,144,525	222,682,088	1,040,462,437	17.6
ENERGY, TRANSPORT AND INFRASTRUCTURE -					

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Construction of Roads and Bridges	Construction of Roads and Bridges	27,418,911	5,670,331	21,748,580	20.7
Infrastructure Devt	Infrastructure Devt	873,000,000	144,184,867	728,815,133	16.5
	Sub total	900,418,911	149,855,198	750,563,713	16.6
COMMERCE, TRADE, INDUSTRY AND TOURISM -					
Domestic Trade Development REC	Domestic Trade Development REC	39,261,000	5,654,325	33,606,675	14.4
Domestic Trade Development DEV	Domestic Trade Development DEV	493,890,269	119,165,523	374,724,746	24.1
	Sub total	533,151,269	124,819,848	408,331,421	23.4
EDUCATION AND TECHNICAL TRAINING					
Curriculum Implementation	Curriculum Implementation	11,000,000	2,000,795	8,999,205	18.2
Revitalisation of Youth Polytechnics REC	Revitalisation of Youth Polytechnics REC	36,000,000	833,000	35,167,000	2.3
Revitalisation of Youth Polytechnics DEV	Revitalisation of Youth Polytechnics DEV	27,000,000	11,114,899	15,885,101	41.2
Early Child Development and Education	Early Child Development and Education	313,756,877	81,048,228	232,708,649	25.8
Motivation of Primary and Secondary Schools	Motivation of Primary and Secondary Schools	149,000,000	40,610,499	108,389,501	27.3
	Sub total	536,756,877	135,607,421	401,149,456	25.3
HEALTH AND SANITATION -					
Prevention Curriculum Development	Prevention Curriculum Development	2,708,890,528	1,013,802,159	1,695,088,369	37.4
Treatment Protocols and Service Provider	Treatment Protocols and Service Provider	3,300,000	811,061	2,488,939	24.6
Community Screening, Early Identification and Interventions	Community Screening, Early Identification and Interventions	3,300,000	196,000	3,104,000	5.9
Free Primary HealthCare REC	Free Primary HealthCare REC	951,500,000	578,970,393	372,529,607	60.8
Free Primary HealthCare DEV	Free Primary HealthCare DEV	511,369,943	172,066,068	339,303,875	33.6
	Sub total	4,178,360,471	1,765,845,681	2,412,514,790	42.3
LANDS HOUSING AND URBAN DEVELOPMENT					
Land Policy and Planning	Land Policy and Planning	43,740,871	2,197,611	41,543,260	5.00%
Digital Mapping	Digital Mapping	11,000,000	-	11,000,000	0.00%
	Sub total	54,740,871	2,197,611	52,543,260	4.00%
PUBLIC SERVICE -					
General Administration Planning and Support Services	General Administration Planning and support Services	67,317,945	10,346,095	56,971,850	15.4
	Sub total	67,317,945	10,346,095	56,971,850	15.4
MINISTRY OF YOUTH, CULTURE AND SOCIAL SERVICE					
Social Welfare and Vocational Rehabilitation	Social Welfare and Vocational Rehabilitation	78,699,377	26,406,249	52,293,128	33.6
Development and Promotion of Culture - REC	Development and Promotion of Culture - REC	28,738,652	1,454,500	27,284,152	5.1
Development and Promotion of Culture - DEV	Development and Promotion of Culture - DEV	100,000,000	11,412,696	88,587,304	11.4
	Sub total	207,438,029	39,273,445	168,164,584	18.9
MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES					
Environmental Leadership and Governance	Environmental Leadership and Governance	13,840,793	680,361	13,160,432	4.9
Hazardous Waste	Hazardous Waste	5,400,000	350,000	5,050,000	6.5

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Environmental Management	Environmental Management	33,000,000	1,998,999	31,001,001	6.1
	Sub total	52,240,793	3,029,360	49,211,433	5.8
PUBLIC SERVICE ADMINISTRATION					
General Administration Planning and support Services	General Administration Planning and support Services	661,462,989	329,599,439	331,863,550	49.8
	Sub total	661,462,989	329,599,439	331,863,550	49.8
WATER AND IRRIGATION					
Promotion of Irrigation and Drainage, Development and Management	Promotion of Irrigation and Drainage, Development and Management	1,300,000	-	1,300,000	-
Water Supply Infrastructure - REC	Water Supply Infrastructure - REC	53,418,686	4,826,912	48,591,774	9.0
Water Supply Infrastructure - DEV	Water Supply Infrastructure - DEV	65,000,000	38,930,241	26,069,759	59.9
	Sub total	119,718,686	43,757,153	75,961,533	36.5
MUNICIPALITY					
Policy Planning and General Administration Services	Policy Planning and General Administration Services	2,000,000	-	2,000,000	-
Urban Development and Support	Urban Development and Support	139,717,406	25,498,484	114,218,922	18.3
Local Revenue Mobilisation	Local Revenue Mobilisation	5,600,000	-	5,600,000	-
General Administration Planning and support Services	General Administration Planning and support Services	64,102,889	11,807,428	52,295,461	18.4
	Sub total	211,420,295	37,305,912	174,114,383	17.6
COUNTY ASSEMBLY					
Legislation and representation	Legislation and representation	386,900,000	160,275,998	226,624,002	41.4
Oversight	Oversight	321,850,000	108,314,281	213,535,719	33.7
Administration planning and support	Administration planning and support	362,557,016	92,105,213	270,451,803	25.4
	Sub total	1,071,307,016	360,695,492	710,611,524	33.7
Grand Total		10,656,671,247	3,567,596,788	7,089,074,459	33.5

Source Murang'a County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration planning and support services in the Department of Finance and Planning at 61.3 per cent, Free Primary Health in the Department of Health and Sanitation at 60.2 per cent, Water Supply Infrastructure in the Department of Water and Irrigation at 59.9 per cent, and General Administration Planning and Support Services in the Department of Public Service Administration at 49.8 per cent of budget allocation.

3.30.13 Key Observations and Recommendations

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

1. 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.658.86 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.3.41 billion. The development expenditure represented 19.3 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.172.80 million against an annual projection of Kshs. 1.50 billion, representing 11.5 per cent of the annual target.
4. High pending bills amounting to Kshs.1.55 billion inclusive of staff statutory deductions at the end of the reporting period.

5. The county Treasury has weak budgeting and implementation practices as they do not undertake regular IFMIS vote book reconciliations. Consequently, the County incurred expenditures in areas where funds had not been approved by the Controller of Budget.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed. Further, the County Treasury should implement expenditure austerity measures to ensure pending bills do not accumulate.
- iv. Pending bills should be the first charge in the FY 2021/22 budget. The county should enhance the payment of all pending bills and adhere to the payment plan to clear the pending bills.
- v. The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within approved exchequer issues by the Office of Controller of Budget.

3.31 County Government of Nairobi City

3.31.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.39.63 billion, comprising Kshs.12.96 billion (32.7 per cent) and Kshs.26.67 billion (67.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.19.25 billion (48.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.19.61 billion (49.5 per cent) from own sources of revenue, and a cash balance of Kshs.600 million (1.5 per cent) from FY 2020/21. The County also expects to receive Kshs.166.79 million (0.4 per cent) as conditional grants, which consist of Kshs.87.49 million from Transforming Health Systems for Universal care Project (WB), Kshs.35.27 million from DANIDA Grant, Kshs.36.64 million from Sweden - Agricultural Sector Development Support Programme (ASDSP) II and Kshs.7.39 million from UNFPA.

3.31.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.7.99 billion as the equitable share of the revenue raised nationally and raised Kshs.3.81 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.11.80 billion, as shown in Table 3.173.

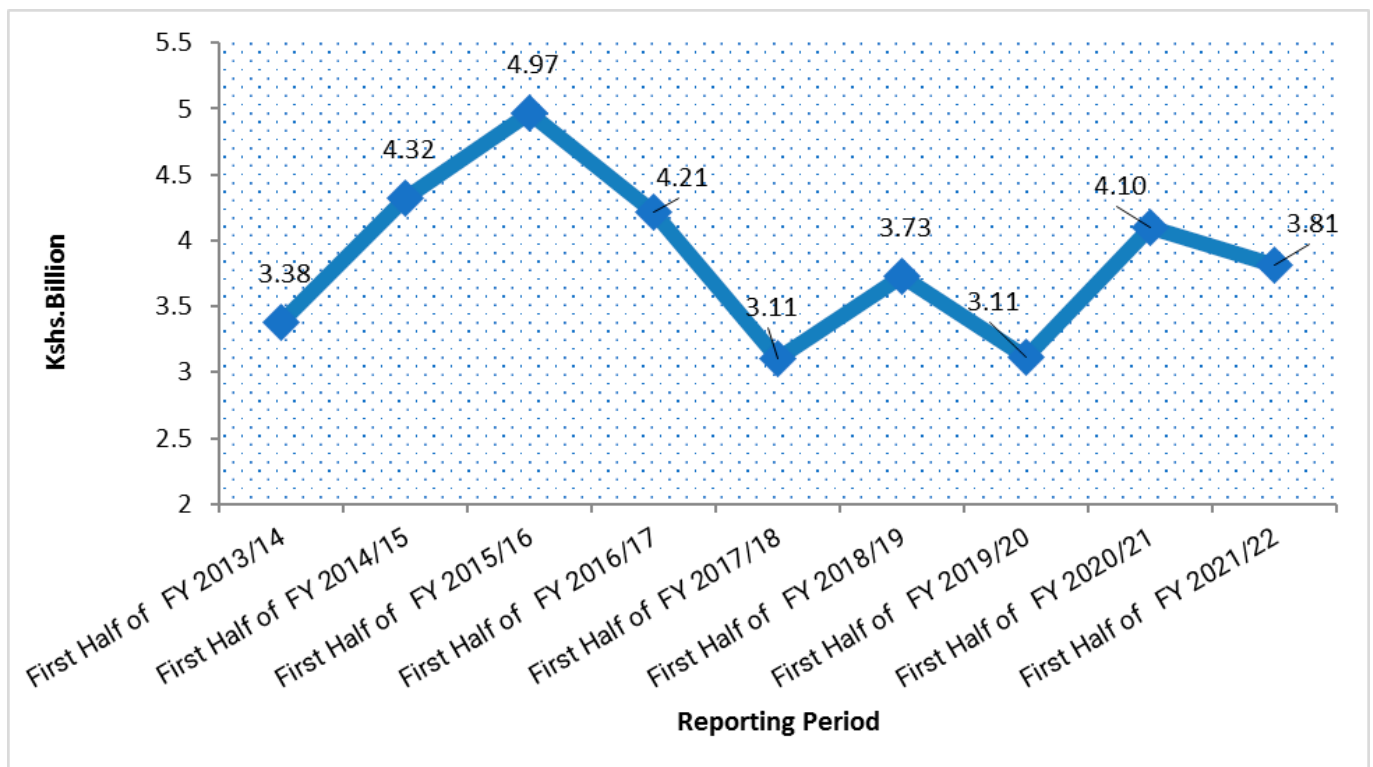
Table 3.173: Nairobi City County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	19,250,000,000	7,988,616,126	41.5
Sub Total		19,250,000,000	7,988,616,126	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	19,360,744,671	3,672,808,674	19
2	Conditional Grants	166,791,329	-	-
3	Balance b/f from FY 2020/21	600,000,000	-	-
4	A.I.A	250,000,000	138,451,540	55.4
Sub Total		20,377,536,000	3,811,260,214	18.7
Grand Total		39,627,536,000	11,799,876,340	29.8

Source: Nairobi City County Treasury

Figure 3.58 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.58: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Nairobi City County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.3.81 billion as own-source revenue, which includes Kshs.138.45 million as Appropriation In Aid (A-I-A). This amount represented a decrease of 7 per cent compared to Kshs.4.10 billion realised during a similar period in the first half of FY 2020/21 and was 19.7 per cent of the annual target.

In the FY 2017/18, the County implemented an automated revenue management system called Revenue Sure of NBK and Nairobi Revenue Service (NRS) of KRA.

3.31.3 Exchequer Issues

The Controller of Budget approved Kshs.10.58 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.771.51 million (7.3 per cent) for development programmes and Kshs.9.81 billion (92.7 per cent) for recurrent programmes.

3.31.4 Overall Expenditure Review

The County spent Kshs.10.67 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.8 per cent of the total funds released by the CoB and comprised of Kshs.771.51 million and Kshs.9.90 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6 per cent, while recurrent expenditure represented 37.1 per cent of the annual recurrent expenditure budget.

3.31.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.85.12 billion and comprised of Kshs.82.87 billion for recurrent expenditure and Kshs.2.25 billion for development expenditure. At the beginning of the FY 2021/22, the County failed to prepare a satisfactory payment plan on how the pending bills will be settled in the current financial year. The financial report from the County Treasury indicates that bills worth Kshs.1.11 billion was paid as of 31st December 2021. However, a schedule of the paid pending bills was not provided for verification.

Outstanding pending bills as of 31st December, 2021 amounted to Kshs.84.01 billion.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.7.08 billion was spent on employee compensation, Kshs.2.82 billion on operations and maintenance, and Kshs.771.51 million on development activities, as shown in Table 3.174.

Table 3.174: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	25,159,696,684	1,506,000,000	9,168,906,914	728,817,559	0.4	0.5
Compensation to Employees	17,033,622,938	893,996,178	6,649,518,555	432,880,813	39.0	48.4
Operations and Maintenance	8,086,201,659	651,875,909	2,519,388,359	295,936,746	31.2	45.4
Development Expenditure	11,415,967,229	1,545,872,087	771,509,137	-	6.8	0.0
Total	36,575,663,913	3,051,872,087	9,940,416,051	728,817,559	27.2	0.2

Source: Nairobi City County Treasury

3.31.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 35.7 per cent of the first half proportional revenue of Kshs.19.81 billion.

The wage bill of Kshs.7.08 billion includes Kshs.2.75 billion attributable to the health sector, which translates to 38.9 per cent of the total wage bill in the reporting period.

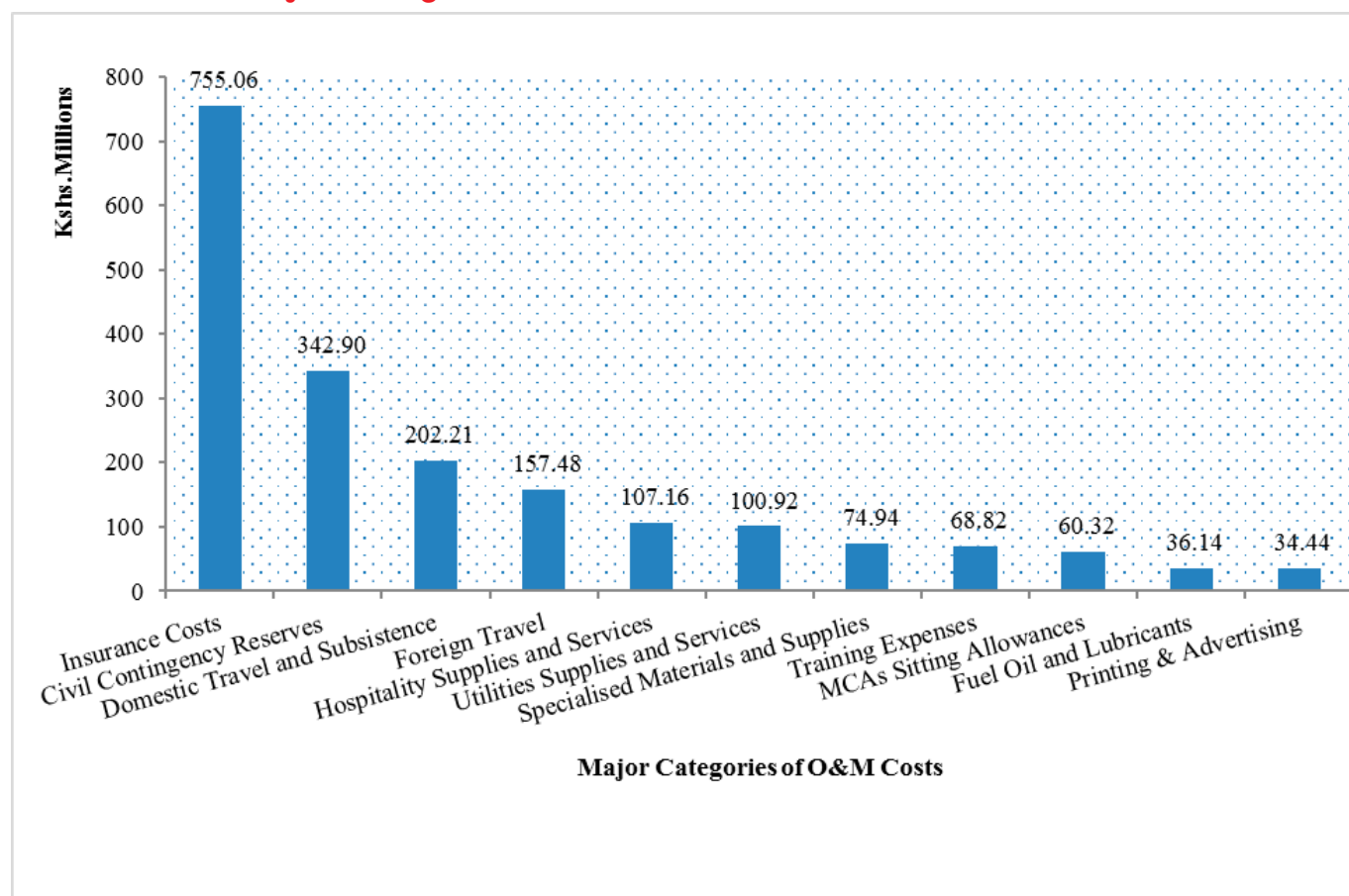
3.31.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The Fund Administrator of the Car Loan & Mortgage Fund for the County Assembly, which is in operation, did not submit the quarterly financial returns to the Controller of Budget.

3.31.9 Expenditure on Operations and Maintenance

Figure 3.59 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.59: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: Nairobi City County Treasury

The County spent Kshs.60.32 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.100.12 million. The average monthly sitting allowance was Kshs.81,081 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.202.21 million and comprised Kshs.102.29 million spent by the County Assembly and Kshs.99.91 million by the County Executive. Spending on foreign travel amounted to Kshs.157.48 million and consisted of Kshs.38.55 million by the County Assembly and Kshs.118.93 million by the County Executive.

3.31.10 Development Expenditure

The County incurred Kshs.771.51 million on development programmes, compared to a similar period in FY 2020/21 when the County did not report any development expenditure. Table 3.175 summarises development projects with the highest spending in the reporting period.

Table 3.175: Nairobi City County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Being payment for delivery of 5 no of vehicles as per the LPO no.0011646. REF; NCC/ADM/DIR/DMO/082/2021	City Hall	36,000,000	36,000,000	100
2	Being payment for supply and delivery of trucks	City Hall	30,914,538	16,457,000	53.2

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
3	Being payment for construction and completion of street children rehabilitation Centre		180,000,000	5,516,094	3.1
4	Being payment of construction 40 ECD Centre in Embakasi primary and Komarock schools	Embakasi		6,599,207	-
5	Being payment of construction of 17 no ECD centres for Nairobi county			14,565,444	-
6	Being payment for rehabilitation and refurbishment of 3rd-floor offices city hall annexe	City Hall	35,600,000	11,925,348	33.5
7	Being payment of supply delivery installation of weights and measures equipment		44,036,580	17,206,000	39.1
8	Supply, delivery and installation of apparel and garment making equipment for Jogoo road.	Jogoo road	35,500,000	28,357,500	79.9

Source: Nairobi City County Treasury

3.31.11 Budget Performance by Department

Table 3.176 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.176: Nairobi City 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 Public Service Board	81.51	48.77	20.76	-	20.76	-	25.5	-	25.5	-
Office of Governor & Deputy Governor	5,011.40	380.21	1,852.10	52.46	1,852.10	52.46	37.0	13.8	37.0	13.8
ICT, E-Govt & Public Communications	307.64	419.15	43.26	-	43.26	-	14.1	-	14.1	-
Finance & Economic Planning	2,155.25	53.00	960.19	-	960.19	-	44.6	-	44.6	-
Health	69.52	-	29.61	-	29.61	-	42.6	-	42.6	-
Urban Planning and Lands	51.68	-	3.21	-	3.21	-	6.2	-	6.2	-
Public Works, Transport & Infrastructure	51.40	-	0.63	-	0.63	-	1.2	-	1.2	-
Education, Youth Affairs, Sports, Culture & Social Services	1,842.46	545.85	462.16	38.61	462.16	38.61	25.1	7.1	25.1	7.1
Trade, Commerce, Tourism & Cooperatives	737.65	324.34	211.98	45.56	211.98	45.56	28.7	14.0	28.7	14.0
Public Service Management	1,903.16	25.00	800.81	-	800.81	-	42.1	-	42.1	-
Agriculture, Livestock Development, Fisheries & Forestry	332.29	84.68	84.59	-	84.59	-	25.5	-	25.5	-
County Assembly	1,545.88	1,506.00	728.82	-	728.82	-	47.1	-	47.1	-
Environment, Water, Energy & Natural Resources	53.61	-	5.79	-	5.79	-	10.8	-	10.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Ward Development Programmes	76.21	1,492.78	1.03	-	1.03	-	1.4	-	1.4	-
Emergency Fund	140.00	-	342.90	-	342.90	-	100	-	244.9	-
Liquor Board	200.00	50.00	-	-	88.63	-	44.3	-	44.3	-
Nairobi Metropolitan Services	12,106.04	8,032.07	4,261.26	634.88	4,261.26	634.88	35.2	7.9	35.2	7.9
Total	26,666.00	12,962.00	9,809.00	772.00	9,898.00	772.00	36.8	6.0	37.1	6.0

Source: Nairobi City County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Commerce, and Tourism & Cooperatives recorded the highest absorption rate of development budget at 14.0 per cent while most of the Departments did not report any expenditure on development activities. The Emergency Fund had the highest percentage of recurrent expenditure to budget at 244.9 per cent, which was due to utilisation of Section 135 of the PFM Act, 2012, while the Public Works, Transport & Infrastructure had the lowest at 1.2 per cent.

3.31.12 Budget Execution by Programmes and Sub-Programmes

Table 3.177 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.177: Nairobi City County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
0701000 P1 General Administration Planning and Support Services	0701010 SP1.1 General Administration Planning and Support Services	130,276,670.00	20,764,754.70	109,511,915.30	15.9
	Total 5311000000 COUNTY PUBLIC SERVICE BOARD	130,276,670.00	20,764,754.70	109,511,915.30	15.9
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	677,648,844.10	223,930,403.50	453,718,440.60	33.0
	0718025310 Sp2 Sub County Administration	1,795,986,053.30	759,319,420.75	1,036,666,632.55	42.3
	0718075310 Sp7 County Executive	216,659,348.28	33,050,119.00	183,609,229.28	15.3
	0718095310 Sp9 Audit	119,979,555.70	26,844,202.10	93,135,353.60	22.4
0724005310 P 24 Security and Safety Management	072405310 Inspectorate	1,279,810,755.52	472,273,123.55	807,537,631.97	36.9
	0724015310 sp 24.1 investigative Services	89,112,540.73	10,802,140.25	78,310,400.48	12.1
P; 0726005310: Disaster Management Coordination	072601510: Fire & Disaster Management	573,846,845.45	195,086,105.80	378,760,739.65	34.0
0725005310 P 25 management of legal affairs	0725015310 sp 25.1 legal services	638,564,439.48	183,247,169.75	455,317,269.73	28.7
	Total 5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	5,391,608,382.55	1,904,552,684.70	3,487,055,697.85	35.3
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning and Support Services	162,049,683.41	41,166,294.25	120,883,389.16	25.4

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
0208000 P2: Information And Communication Services	0208010 SP 2.1: News And Information Services	86,423,012.00	1,102,500.00	85,320,512.00	1.3
	0208030 SP 2.3: ICT and Media Regulatory Services	14,231,192.00	134,000.00	14,097,192.00	0.9
	0208040 SP 2.4 E-Government Services	344,129,700.00	859,200.00	343,270,500.00	0.2
0210005310 ICT Infrastructure Development	0210010 SP1: ICT Infrastructure Connectivity	96,447,600.00	-	96,447,600.00	0.0
	0210035310 sp 3: Information Security	23,505,500.00	-	23,505,500.00	0.0
	Total 5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	726,786,687.41	43,261,994.25	683,524,693.16	6.0
0701005310 Public Financial Management	0701015310 Assets Management Services	285,650,000.00	8,890,524.00	276,759,476.00	3.1
	0701065310 sp1.6 Accounting Services	406,819,081.00	104,135,880.00	302,683,201.00	25.6
	0701075310 sp1.7 Budget Formulation Coordination and mgt	174,533,760.00	66,837,498.00	107,696,262.00	38.3
	0701085310 sp1.8 Resource Mobilisation	597,800,000.00	471,082,930.00	126,717,070.00	78.8
	070115310 Debt Management Services	111,850,000.00	117,788,856.00	(5,938,856.00)	105.3
	0718085310 Sp8 Supply Chain Management	126,279,326.00	49,690,975.65	76,588,350.35	39.4
0718015310 Sp1 General Administration & Support Services	0718015310 Sp1 General Administration & Support Services	387,923,892.35	113,507,415.80	274,416,476.55	29.3
0719000 P3: Economic and Financial Policy Formulation and Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	117,390,993.00	28,255,158.00	89,135,835.00	24.1
	Total 5314000000 FINANCE & ECONOMIC PLANNING	2,208,247,052.35	960,189,237.45	1,248,057,814.90	43.5
0404005310 General administration, planning and support services	0404015310 Sp4.1 Administration/Human Resource for Health	69,518,949.66	29,614,171.00	39,904,778.66	42.6
	Total 5315000000 HEALTH	69,518,949.66	29,614,171.00	39,904,778.66	42.6
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	51,680,314.16	3,206,915.25	48,473,398.91	6.2
	Total 5316000000 URBAN PLANNING AND LANDS	51,680,314.16	3,206,915.25	48,473,398.91	6.2
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	51,398,928.98	628,674.50	50,770,254.48	1.2
	Total 5317000000 PUBLIC WORKS, TRANSPORT & INFRASTRUCTURE	51,398,928.98	628,674.50	50,770,254.48	1.2
0508005310 General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,460,926,346.09	386,404,319.40	1,074,522,026.69	26.4

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
0509005310 P9 Education services	0509015310 sp 9.1 Quality Assurance and Co-curriculum	1,597,000.00	-	1,597,000.00	0.0
	0509025310 sp 9.2 Early Childhood Development Centres	309,270,000.00	26,680,745.00	282,589,255.00	8.6
	0509035310 sp 9.3 Technical and Vocational Training	70,103,300.00	59,000.00	70,044,300.00	0.1
0902005310 2.1 Social Services	0902015310 General Administration & Support Services	178,856,577.13	71,873,194.30	106,983,382.83	40.2
	0902025310 Sp.2.2 Gender and Community Empowerment	91,535,700.00	2,969,400.00	88,566,300.00	3.2
	0902045310 Sp.2.4 Development and promotion of sports	85,226,600.00	707,000.00	84,519,600.00	0.8
	0902055310 Sp.2.5 Youth Empowerment and Promotion	169,072,000.00	12,077,038.00	156,994,962.00	7.1
	0902065310 Sp 2.6 Social welfare and care for the Aged	9,604,100.00	-	9,604,100.00	0.0
	0902075310 Sp 2.7 Promotion of Library and Information Services	2,088,100.00	-	2,088,100.00	0.0
	0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	10,035,200.00	-	10,035,200.00	0.0
	Total 5318000000 Education, Youth Affairs, Sports, Culture & Social Services	2,388,314,923.22	500,770,696.70	1,887,544,226.52	21.0
0301000 P.1 General Administration Planning and Support Services	0301010 SP1 General Administration Planning and Support Services	304,527,154.91	110,722,775.95	193,804,378.96	36.4
0310005310 P.10 Co-operative Development and Audit Services	0310015310 sp 10.1 Co-operative Development Services	28,457,320.00	456,500.00	28,000,820.00	1.6
	0310025310 sp 10.2 Co-operative Audit Services	6,950,400.00	153,000.00	6,797,400.00	2.2
0311005310 P.11 Tourism Promotion and Marketing	0311015310 sp 11.1 Tourism Development	88,728,688.00	16,282,200.00	72,446,488.00	18.4
0312005310 P.12 Trade development and Market Services	0312015310 sp 12.1 Trade Development	332,500,819.00	109,126,900.00	223,373,919.00	32.8
	0312025310 sp 12.2 Market Services	172,256,999.00	-	172,256,999.00	0.0
	0313025310 sp 13.2 Weights & Measures Services	61,179,543.95	19,806,000.00	41,373,543.95	32.4
	0313035310 sp 13.3 Trade Licensing Services	40,648,077.00	-	40,648,077.00	0.0
	0313045310 sp 13.4 Betting & Gaming Services	26,742,595.00	1,000,000.00	25,742,595.00	3.7
	Total 5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES	1,061,991,596.86	257,547,375.95	804,444,220.91	24.3
0701000 P1 General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	785,763,596.18	99,629,405.55	686,134,190.63	12.7
0710000 P 5: Public Service Transformation	0710010 S.P.5.1 Human Resource Management	794,732,948.00	697,358,345.00	97,374,603.00	87.7

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
	0710020 S.P.5.2 Human Resource Development	316,446,607.00	2,236,084.10	314,210,522.90	0.7
0723005310 P 23 Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	14,069,964.00	1,137,200.00	12,932,764.00	8.1
	0723025310 sp 23.2 Governance Monitoring and Evaluation	12,325,361.00	447,500.00	11,877,861.00	3.6
	0723035310 sp 23.3 Quality Management Systems and ISO certification	4,823,028.00	-	4,823,028.00	0.0
	Total 5320000000 PUBLIC SERVICE MANAGEMENT	1,928,161,504.18	800,808,534.65	1,127,352,969.53	41.5
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	232,436,526.95	83,170,878.55	149,265,648.40	35.8
P;0119005310: Urban Agriculture Promotion & Regulation	019015310: Crop Development and Management	34,980,000.00	117,400.00	34,862,600.00	0.3
	0119025310: Fisheries Development and management	22,880,968.00	142,600.00	22,738,368.00	0.6
	0119035310: Livestock Resources management and development	39,311,180.00	324,400.00	38,986,780.00	0.8
0116005310 P.10: Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	38,310,000.00	237,800.00	38,072,200.00	0.6
0117005310 P.11: Afforestation	0117015310 sp 11.1 Forestry Services	17,202,575.00	117,400.00	17,085,175.00	0.7
0118015310 Food Systems and Surveillance	0118015310 sp18:1 Food Systems and Surveillance Services	31,848,037.00	477,000.00	31,371,037.00	1.5
	Total 5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	416,969,286.95	84,587,478.55	332,381,808.40	20.3
1001005310 P1 General Administration & Support Services	1001015310 Sp1 General Administration & Support Services	53,606,355.18	5,789,298.00	47,817,057.18	10.8
	Total 5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	53,606,355.18	5,789,298.00	47,817,057.18	10.8
0214005310 P8: Ward Development	0214015310 sp 8.1 Ward Development & Administration	1,568,992,681.00	1,027,607.00	1,567,965,074.00	0.1
	Total 5325000000 WARD DEVELOPMENT FUND	1,568,992,681.00	1,027,607.00	1,567,965,074.00	0.1
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	140,000,000.00	342,899,000.00	(202,899,000.00)	244.9
	5326000000 EMERGENCY FUNDS	140,000,000.00	342,899,000.00	(202,899,000.00)	244.9
0313015310 sp 13.1 Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000.00	88,625,152.00	161,374,848.00	35.5
	Total 5327000000 LIQUOR LICENSING BOARD	250,000,000.00	88,625,152.00	161,374,848.00	35.5
Legislation & Representation	Office of the Speaker	11,116,150.00	1,225,600.00	9,890,550.00	11.0
	County Legislature	727,434,381.41	360,509,501.08	366,924,880.33	49.6

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Oversight	Committees Services	154,098,597.50	79,180,966.12	74,917,631.38	51.4
General Administration and Support Services	County Assembly Service Board	24,691,204.90	9,673,990.00	15,017,214.90	39.2
	Office of the Clerk	2,134,531,753.40	278,227,501.60	1,856,304,251.80	13.0
	Total COUNTY ASSEMBLY	3,051,872,087.21	728,817,558.80	2,323,054,528.41	23.9
	5328000100 Nairobi Metropolitan Services	20,138,110,580.00	4,896,142,476.00	15,241,968,104.00	24.3
	TOTAL NAIROBI METROPOLITAN SERVICES	20,138,110,580.00	4,896,142,476.00	15,241,968,104.00	24.3
			-	-	
Total Voted Expenditure KShs.		39,627,535,999.72	10,669,233,609.50	28,958,302,390.22	26.9

Source: Nairobi City County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Emergency Fund at 244.9 per cent, Public Financial Management in the Department of Finance & Economic Planning at 105.3 per cent, Public Service Transformation in the Department of Public Service Management at 87.7 per cent, and Oversight & Committee services of County Assembly at 51.4 per cent of budget allocation.

3.31.13 Key Observations and Recommendations

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

1. 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.771.51 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.12.96 billion. The development expenditure represented 6 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.3.81 billion against an annual projection of Kshs.19.6 billion, representing 19.7 per cent of the annual target.
4. High level of pending bills and failure by the County to prepare a payment plan on settlement of the bills. The reported outstanding pending bills were worth Kshs.85.12 billion at the beginning of the financial year.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year. Further, the County Treasury is urged to ensure monitoring and reporting of the status of pending bills is done in line with the reporting requirements in the law.

3.32 County Government of Nakuru

3.32.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.23.25 billion, comprising Kshs.10.57 billion (45.5 per cent) and Kshs.12.67 billion (54.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.13.03 billion (56 per cent) as the equitable share of revenue raised nationally, generate Kshs.3.14 billion (13.4 per cent) from own sources of revenue, Kshs.1.47

billion as A-I-A, and a cash balance of Kshs.5.7 billion (24.5 per cent) from FY 2020/21. The County also expects to receive Kshs.1.4 billion (6.1 per cent) as conditional grants, which consists of; Kshs.23.2 million DANIDA, Kshs.120.37 million Kenya Devolution Support Program II, Kshs.269.56 million from National Agriculture and Rural Inclusive Growth Projects, Kshs.26.34 million from Agricultural Sector Development Support Projects II, Kshs.429.74 million Kenya Urban Support Project – UDG, Kshs.300 million for Kenya Informal Settlement Improvement Project II, Kshs.153.3 million conditional funding for Leasing of Medical Equipment, Kshs.10 million Nutrition International Grant and Kshs.79.79 million for World Bank THS-UC.

3.32.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.4.3 billion as the equitable share of the revenue raised nationally, raised Kshs.1.34 billion as own-source revenue (inclusive of Kshs.781.37 million as A-I-A), and had a cash balance of Kshs.5.7 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.11.34 billion, as shown in Table 3.178.

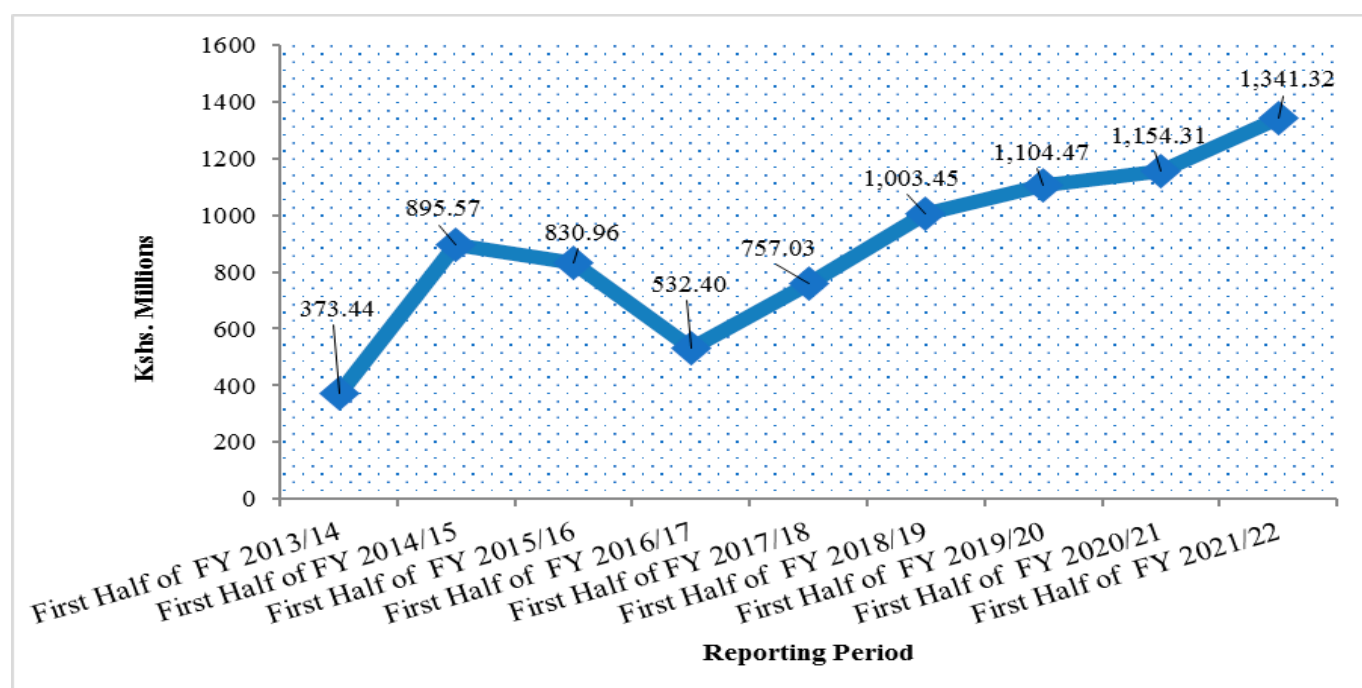
Table 3.178: Nakuru County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	13,026,116,323	4,298,618,386	33
Sub Total		13,026,116,323	4,298,618,386	33
B	Other Sources of Revenue			
1.	Own Source Revenue	1,712,133,447	559,949,767	32.7
2.	Balance b/f from FY2020/21	5,695,548,026	5,695,548,026	100
3.	Other Revenues	1,342,322,231	-	-
4.	A-I-A	1,470,000,000	781,368,810	53.2
Sub Total		10,220,003,704	7,036,866,604	68.9
Grand Total		23,246,120,027	11,335,484,990	48.8

Source: Nakuru County Treasury

Figure 3.60 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.60: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Nakuru County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.1.34 billion as own-source revenue. This amount represented an increase of 16.2 per cent compared to Kshs.1.15 billion realised during a similar period in the first half of FY 2020/21 and was 43 per cent of the annual target.

In the FY 2020/21, the County implemented an automated revenue management system called CIFOMS.

3.32.3 Exchequer Issues

The Controller of Budget approved Kshs.6.06 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.74 billion (28.8 per cent) for development programmes and Kshs.4.31 billion (71.2 per cent) for recurrent programmes.

3.32.4 Overall Expenditure Review

The County spent Kshs.4.56 billion on development and recurrent programmes during the reporting period. This expenditure represented 75.2 per cent of the total funds released by the CoB and comprised of Kshs.1.09 billion and Kshs.3.47 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 10.3 per cent, while recurrent expenditure represented 27.4 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.840.355 million. At the beginning of the FY 2021/22, the County prepared a payment plan to settle Kshs.17 million in the financial year, which had been captured in the budget with a commitment to pay the balance in a supplementary budget.

During the period under review, pending bills amounting to Kshs14.69 million were settled, consisting of Kshs.1 million for recurrent expenditure and Kshs.13.69 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.825.67 million.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.36 billion was spent on employee compensation, Kshs.1.1 billion on operations and maintenance, and Kshs.1.09 billion on development activities, as shown in Table 3.179.

Table 3.179: Summary of Budget and Expenditure by Economic Classification

Details	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,470,332,984	1,202,212,204	3,024,164,945	443,373,725	26.4	36.9
Compensation to Employees	7,116,201,551	411,183,585	2,198,018,713	165,479,607	30.9	40.2
Operations and Maintenance	4,354,131,433	791,028,619	826,146,232	277,894,118	19.0	35.1
Development Expenditure	10,189,179,637	384,395,202	1,031,066,414	60,241,477	10.1	15.7
Total	21,659,512,621	1,586,607,406	4,055,231,358	503,615,202	18.7	31.7

Source: Nakuru County Treasury

3.32.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 20.3 per cent of the first half proportional revenue of Kshs.11.62 billion.

The wage bill of Kshs.2.36 billion includes Kshs.1.56 billion attributable to the health sector, which translates to 66.1 per cent of the total wage bill in the reporting period.

3.32.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.506.53 million to county established funds in FY 2021/22, which constituted 2.18 per cent of the County's overall budget for the year. Table 3.180 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.180: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	Emergency Fund	70,000,000				No	
2	Nakuru County Persons Living with disability Fund	53,034,886				No	
3	Bursary Fund	243,492,567				No	
4	Nakuru County Assembly MCA Car and Mortgage Loan		100,000,000				No
5	Nakuru County Executive Car and Mortgage Loan	40,000,000				No	
	Total	406,527,453	100,000,000				

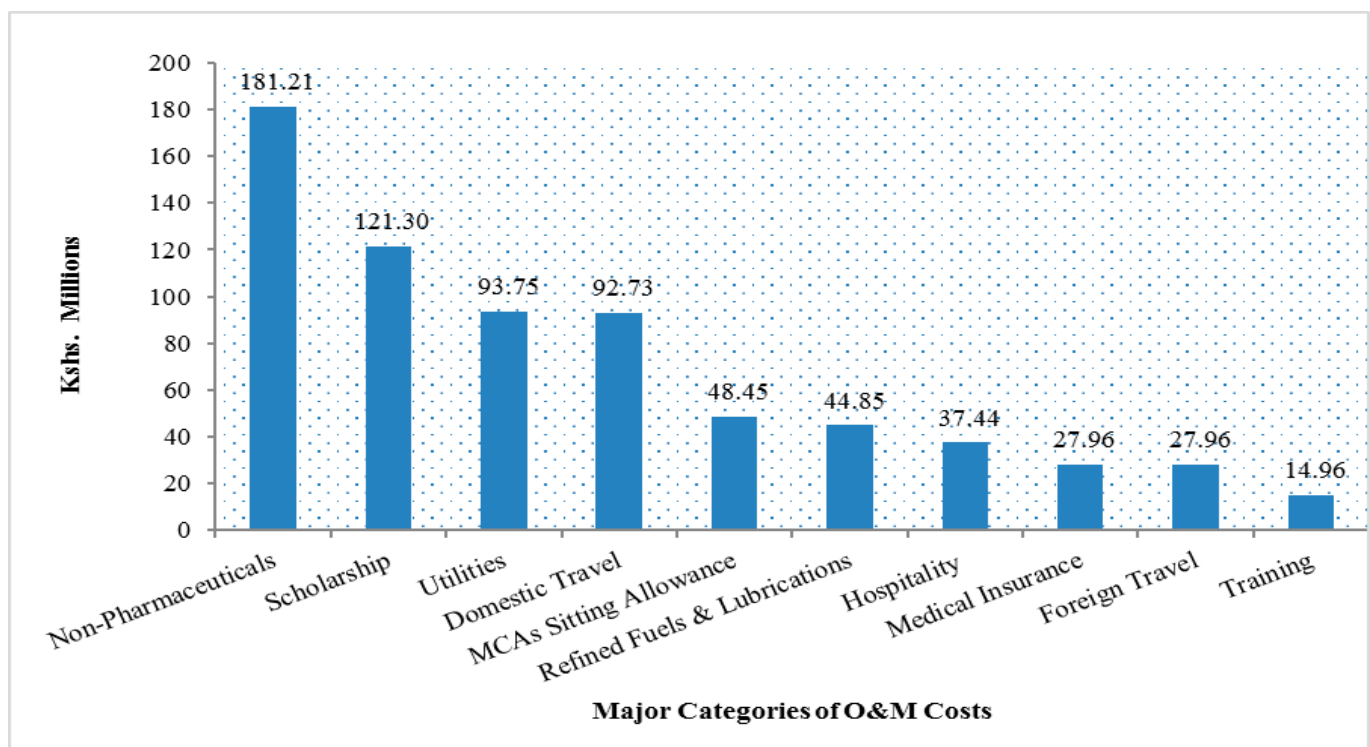
Source: Nakuru County Treasury

The Fund Administrators did not submit the quarterly financial and non-financial reports to the Controller of Budget for the period ending 31st December 2021.

3.32.9 Expenditure on Operations and Maintenance

Figure 3.61 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.61: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: Nakuru County Treasury

The County spent Kshs.48.45 million on committee sitting allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.68 million. The average monthly sitting allowance was Kshs.102,211 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.92.73 million and comprised Kshs.54.73 million spent by the County Assembly and Kshs.38 million by the County Executive. Spending on foreign travel amounted to Kshs.28 million and consisted of Kshs.22.35 million by the County Assembly and Kshs.5.6 million by the County Executive.

3.32.10 Development Expenditure

The County incurred Kshs.1.09 billion on development programmes, which represented an increase of 26 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.865.25 million. Table 3.181 summarises development projects with the highest expenditure in the reporting period.

Table 3.181 Nakuru County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of County Treasury	Hq	886,000,000	90,877,279	10.3
2	Construction of a new stadium at the existing Afraha Stadium -Phase 1 (Nakuru UDG)	Hq	303,924,500	49,028,964	16.1
3	Construction of Naivasha Market Phase 2	Naivasha	260,000,000	40,084,194	15.4
4	Purchase of medical and medical equipment (PGH) (FIF)	Hq	40,000,000	32,016,860	80.0
5	Purchase of Land For Lanet Umoja Health Centre	Hq	30,000,000	30,000,000	100.0
6	Construction Of Non-Residential Building In Milimani	Hq	286,000,000	23,034,863	8.1
7	Construction of Level 4 Hospital in Maai Mahiu	Naivasha	154,528,397	20,971,803	13.6
8	Partial construction of Naivasha market (Naivasha UDG)	Naivasha	31,632,333	20,955,307	66.2
9	Upgrading of Molo Sub County Hospital	Molo	150,095,777	20,000,000	13.3
10	Purchase of Fire Engines for Disaster Management	Hq	34,400,000	13,000,000	37.8

Source: Nakuru County Treasury

3.32.11 Budget Performance by Department

Table 3.182 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.182: Nakuru County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,202.21	384.40	528.20	99.48	443.37	60.24	83.9	60.6	36.9	15.7
County Treasury	1,036.81	503.77	359.19	251.94	55.31	128.89	15.4	51.2	5.3	25.6
Public Service, Training and Devolution	854.01	85.12	281.14	28.77	287.84	29.57	102.4	102.8	33.7	34.7
Agriculture, Livestock and Fisheries	627.31	773.46	212.97	47.70	40.19	27.50	18.9	57.7	6.4	3.6

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning and Housing	153.68	1,144.94	49.29	37.12	49.91	119.75	101.3	322.6	32.5	10.5
Office of the Governor and Deputy Governor	344.02	106.29	172.74	26.20	49.27	25.42	28.5	97.0	14.3	23.9
Education, Vocational training, ICT and E-Government	844.16	670.87	272.78	39.60	225.08	17.81	82.5	45.0	26.7	2.7
Trade, Industry, Marketing and Tourism	256.63	338.63	52.33	27.40	18.52	16.60	35.4	60.6	7.2	4.9
Youth, Culture, Gender, Sports and Social Services	405.71	242.56	60.83	67.88	11.88	65.19	19.5	96.0	2.9	26.9
Infrastructure	350.33	2,347.41	132.41	351.24	89.86	338.71	67.9	96.4	25.6	14.4
Water, Environment, Energy and Natural Resources	364.34	1,114.23	122.73	119.33	109.75	116.12	89.4	97.3	30.1	10.4
Health Services	6,047.33	1,537.13	2,033.17	56.16	2,072.95	99.14	102.0	176.5	34.3	6.4
County Public Service Board	98.29	11.18	25.12	-	6.39	-	25.4	-	6.5	-
Nakuru Municipality	49.27	840.38	6.50	402.84	5.74	-	88.3	-	11.7	-
Naivasha Municipality	38.47	473.21	4.85	187.11	1.46	46.36	30.2	24.8	3.8	9.8
Total	12,673	10,573	4,314	1,743	3,467	1,091	80.4	62.6	27.4	10.3

Source: Nakuru County Treasury

Analysis of expenditure by the departments shows that the Department of Public Service, Training and Devolution recorded the highest absorption rate of development budget at 34.7 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 36.9 per cent, while the Department of Youth, Culture, Gender and Social Services had the lowest at 2.9 per cent.

3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 3.183 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.183: Nakuru County, Budget Execution by Programmes and Sub-programmes

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Health	Programme 1: Administration and Planning					
		SP 1.1: Health Information System	111,970,436	467,765	111,502,671	-
		SP 1.2: Governance and Leadership	425,760,541	99,354,119	326,406,422	23

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		SP 1.3: Human Resource Management	194,729,016	26,936,163	167,792,853	14
		SP 1.4: Research and Development	2,500,000		2,500,000	-
		SP 1.5: Health Infrastructure and Development	29,400,000	152,040	29,247,960	1
Programme 2: Health Preventive and Promotive Services						
		SP 2.1: Primary Health Care	477,563,074	55,308,833	422,254,241	12%
		SP 2.2: Environmental Health and Sanitation	3,150,000		3,150,000	0%
		SP 2.3: Human Resource	1,510,739,524		1,510,739,524	0%
		SP 2.4: Disease Surveillance and Emergency Response	1,997,550		1,997,550	0%
		SP 2.5: Health Promotive	1,740,000		1,740,000	0%
		SP 2.6: HIV Programme	2,300,000		2,300,000	0%
		SP 2.7: Nutrition	20,000,000		20,000,000	0%
		SP 2.8 Reproductive Health	1,750,000		1,750,000	0%
		SP 2.9 Immunization	2,500,000		2,500,000	0%
Programme 3: Health Curative and Rehabilitative Services						
		SP 3.1: Provision of Essential Health Services in all levels	2,222,537,135	470,817,617	1,751,719,518	21%
		SP 3.2: Elimination of communicable and non-communicable diseases	2,200,000		2,200,000	0%
		SP 3.3: Human Resource	2,573,622,163	132,739,681	2,440,882,482	5%
Infra-structure	PROGRAM 1. Administration, Planning and Support Services.	PROGRAM 1. Administration, Planning and Support Services.				
		SP 1.1. Administrative services.	50,976,207	9,618,679	41,357,528	19%
		SP 1.2: Personnel services.	159,342,630	7,173,913	152,168,717	5%
		SP 1.3: Financial Services.	-			
	PROGRAM 2. Infrastructure, Development & Maintenance.	PROGRAM 2. Infrastructure, Development & Maintenance.				
		S.P 2.1-Construction rehabilitation & maintenance of Roads, Drainage & Bridges.	1,066,312,898	357,797,897	708,515,001	34%
		S.P 2.2-Rehabilitation & Maintenance of Transport Terminus.	3,160,000	-	3,160,000	0%

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		S.P 2.3-Construction & Maintenance of non-residential County Buildings.	13,260,000	2,000,000	11,260,000	15%
		S.P 2.4-Installation, Rehabilitation & Maintenance of Lighting facilities.	103,610,000	50,279,600	53,330,400	49%
	PROGRAM 3. Firefighting & Disaster Management.	PROGRAM 3. Firefighting & Disaster Management.				
		S.P 3.1 Firefighting And Emergency Services	7,660,000	1,700,000	5,960,000	22%
Education, Vocational Training, ICT & E-Government	Programme 1: Administration, Planning and Support Services					
		S.P. 1:1 Personnel services	422,041,593	98,855,150	323,186,443	23%
		S.P. 1:2 Administration and Support Services	601,113,503	32,523,337	568,590,166	5%
		S.P. 1.3: Financial services				
		Programme 2: Promotion of Early Childhood Education and Development			-	
		S.P. 2.1: Promotion of early childhood	32,889,846	561,830	32,328,016	2%
		S.P. 2.2: Bursaries	243,492,567	119,667,422	123,825,145	49%
		S.P. 2.3: Education development	19,311,176	-	19,311,176	0%
	Programme 3: Vocational Training				-	
		S.P. 3.1: Vocational training	76,690,400	968,600	75,721,800	1%
		S.P. 3.2: Revitalisation of the youth programme	77,049,914	-	77,049,914	0%
	Programme 4: Information and Communication Service				-	
		S.P. 4.1: Public Communication and Media Services	15,291,437	2,725,804	12,565,633	18%
	Programme 5: ICT Infrastructure Development and e-Government Services				-	
		S.P. 5.1: Network Infrastructure	6,800,000	-	6,800,000	0%
		S.P. 5.2: Hardware and Software platforms	5,000,000	-	5,000,000	0%
		S.P. 5.3: e-Government Services	15,352,000	-	15,352,000	0%

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agriculture Livestock & Fisheries						
		Programme 1: Administration, Planning and Support Services				
		SP 1.1: Human Resources Services	336,085,782		336,085,782	0%
		SP 1.2: Administration, Planning and Support Services	378,075,953	30,715,442	347,360,511	8%
		Programme 2: Livestock Resource Management and Development				
		SP 2.1: Livestock Production and Management	151,346,882	276,200	151,070,682	0%
		SP 2.2: Promotion of Value Addition of Livestock and Livestock Products	29,203,118		29,203,118	0%
		SP 2.3: Livestock Extension Service Delivery	29,230,295		29,230,295	0%
		SP 2.4: Food Safety and Livestock Products Development	9,050,000		9,050,000	0%
		SP 2.5: Livestock Disease Management and Control	50,383,413	32,499,650	17,883,763	65%
		Programme 3: Fisheries Development				
		SP 3.1: Aquaculture development	10,500,000	2,057,670	8,442,330	20%
		SP 3.2: Development of capture fisheries resources	3,871,070		3,871,070	0%
		SP 3.3: Fish quality assurance, value addition and marketing	2,562,140		2,562,140	0%
	Programme 4: Crop Development and Management					
	SP 4.1: Extension, Research and Training	6,308,006		6,308,006	0%	
	SP 4.2: Crop Production and Food Security	383,601,617	2,148,898	381,452,719	1%	
	SP 4.3: Farm land utilization, Conservation and Mechanization	5,775,287		387,760,725	0%	
	SP 4.4: Agribusiness Development and Marketing	4,020,230		4,020,230	0%	
	SP 4.5: Agri-nutrition	755,057		755,057	0%	
Finance & Economic Planning						
		PROGRAMME 1: ADMINISTRATION, PLANNING AND SUPPORT SERVICES				
	SP 1.1: Administration Services	381,694,096	121,882,707	259,811,389	32%	

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		SP 1.2: Personnel Services	552,772,189	1,482,604	551,289,585	0%
		SP 1.3: Financial Services	-	-	-	
		PROGRAMME 2: PUBLIC FINANCE MANAGEMENT			-	
		SP 2.1: Budget Formulation Coordination And Management	64,407,062	10,364,979	54,042,083	16%
		SP 2.2: Resource Mobilization	82,630,120	13,852,716	68,777,404	17%
		SP 2.3: Internal Audit	34,644,521	3,238,590	31,405,931	9%
		SP 2.4: Procurement	18,120,293	1,734,700	16,385,593	10%
		SP 2.5: Public Finance And Accounting	26,536,381	1,305,070	25,231,311	5%
		SP 2.6: Debt Management	97,542,906	23,133,891	74,409,015	24%
		SP 2.7: External Resource Mobilization	11,923,988	1,357,100	10,566,888	11%
		PROGRAMME 3: ECONOMIC AND FINANCIAL POLICY FORMULATION AND MANAGEMENT			-	
		SP 3.1: Fiscal Planning	27,960,301	4,151,469	23,808,832	15%
		SP 3.2: Monitoring & Evaluation / Statistical Data Management	9,626,747	1,698,523	7,928,224	18%
		SP 3.3: KDSP Programme	232,715,207		232,715,207	0%
Office of the Governor and Deputy Governor	ADMINISTRATION, PLANNING & SUPPORT	ADMINISTRATION & PLANNING	259,804,704	41,664,697	218,140,007	16%
		PERSONNEL SERVICES	94,514,968	2,542,745	91,972,223	3%
	MANAGEMENT OF COUNTY AFFAIRS	COUNTY EXECUTIVE SERVICES	14,352,112	-	14,352,112	0%
		POLICY DIRECTION & COORDINATION	82,176,056	-	82,176,056	0%
		COUNTY POLICING SERVICES	4,305,633	-	4,305,633	0%
		LEADERSHIP & GOVERNANCE	2,870,422	2,384,430	485,992	83%
	COORDINATION & SUPERVISORY SERVICES	ORGANIZATION OF COUNTY BUSINESS	21,528,167	926,500	20,601,667	4%

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		SPECIAL PROGRAMMES	7,176,056	-	7,176,056	0%
Naivasha Municipality	PROGRAMME 1: ADMINISTRATION PLANNING AND SUPPORT SERVICES					
		SP 1.1 Administration and planning	25,711,622		25,711,622	0%
		SP 1.2 Personnel Services	8,447,760	1,463,300	6,984,460	17%
		SP 1.3 Financial Services	600,000	-	600,000	0%
	PROGRAMME 2: NAIVASHA MUNICIPAL SERVICES	S.P 2.1: Planning and Infrastructure	474,615,032	46,360,445	428,254,587	10%
		S.P 2.2: Environmental Management and Sanitation	900,000	-	900,000	0%
		S.P 2.3: Naivasha Social Services	400,000	-	400,000	0%
		S.P 2.4: Tourism, Investment and Trade	1,000,000	-	1,000,000	0%
Lands Housing and Physical Planning	Programme 1: Administration, Planning, Management and Support Services	SP 1.1 Administration and financial service	120,086,278	3,100,225	116,986,053	3%
	Programme 2: Land Use Planning and Survey	SP 2.1 Nakuru County Land use plan	95,780,964	34,893,888	60,887,076	36%
		SP 2.2 Land Information Management System (LIM)	500,000		500,000	0%
		SP 2.3 Surveying and Mapping of county	33,735,888		33,735,888	0%
		SP 2.4 Urban Plan and Development	1,301,615		1,301,615	0%
		SP 2.5 Surveying of Urban Centres	1,000,000		1,000,000	0%
		SP 2.6 Surveying of County Estate and facilitation of Lease processing	1,500,000		1,500,000	0%
		SP 2.7 Establishment of a survey Centre and Mapping Centre's	1,058,385		1,058,385	0%
	Programme 3: Housing Development and Management	SP 3.1 Maintenance of County Houses	3,500,000		3,500,000	0%

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		SP 3.2 Housing Technology Establishment of five Constituency Building Technology Centres	13,097,454	300,000	12,797,454	2%
		SP 3.3 Development of Housing Infrastructure	39,478,226		39,478,226	0%
Nakuru Municipality	SP 1.1 Administration and Planning	SP 1.1 Administration and Planning	23,381,482	5,361,614	18,019,868	23%
		SP 1.2 Personnel Services	16,668,432	200,000	16,468,432	1%
		SP 1.3 Financial Services	600,000	80,000	520,000	13%
	Programme 2: Nakuru Municipality Urban Planning and Development	Programme 2: Nakuru Municipality Urban Planning and Development				
		SP 2.1 Infrastructure Development and Urban Planning	841,805,592	-		0%
		SP 2.2 Nakuru Municipality Environmental Management	1,500,000	-		0%
		SP 2.3 Trade Markets and Investments	2,000,000	-		0%
		SP 2.4 Nakuru Municipality Social Services	3,688,664	-		0%
Public Service Training and Devolution	Programme 1: Administration, Planning and Support Service	SP 1.1 Administration Services	202,357,877	40,602,749	161,755,129	20%
		SP 1.2. Personnel Services	543,295,896	245,937,281	297,358,615	45%
		SP 1.3. Financial Services	500,000	-	500,000	0%
		SP 1.4. Co-Ordination Of Public And Special Community Programmes	3,550,000	-	3,550,000	0%
		SP 1.5. Workplace HIV Mainstreaming In All Ministries	2,000,000	1,304,760	695,240	65%
		SP 1.6. Construction And Rehabilitation Of Sub-County And Ward Offices	85,119,295	14,783,573	70,335,722	17%
	Programme 2: Legal Services	SP 2.1. Legal Services And Policies Formulation	10,575,000	-	10,575,000	0%

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		SP 2..2. Co-Ordination Of County Compliance & Enforcement Agents	5,625,000	-	5,625,000	0%
	Programme 3: Human Resource Management and Development	SP 3.1 Staff Development Through Capacity Building & Training	70,603,631	-	70,603,631	0%
	Programme 4: Performance Management	SP 4.1 Performance Contracting	5,000,000	-	5,000,000	0%
		SP 4.2 Performance Appraisal System	5,000,000	-	5,000,000	0%
Trade, Cooperatives, Industrialisation and Tourism	PROGRAMME 1: ADMINISTRATION, PLANNING AND SUPPORT SERVICES					
		SP 1.1: Administration, Planning and Support Services	43,252,574	7,180,640	36,071,934	17%
		SP 1.2: Personnel Services	90,703,348	21,805,929	68,897,419	24%
		SP 1.3: Financial Services	-	-	-	
Programme 2: Cooperative Development and Management						
		SP 2.1: Enhance Marketing Cooperatives	24,700,000		24,700,000	0%
		SP 2.2: Sacco Member Empowerment	5,646,036	191,669	5,454,367	3%
		SP 2.3: Enforcement of Compliance in Cooperatives	1,863,964		1,863,964	0%
		SP 2.4: Extension Services	2,600,000		2,600,000	0%
Programme 3: Commerce and Enterprise						
		SP.3:1 Business Development Services for SME's	12,000,000		12,000,000	0%
		SP 3.2: Facilitating Producer Business Groups (PBGs)	3,840,000	552,244	3,287,756	14%
		SP 3.3: SME Funding	52,000,000		52,000,000	0%
		SP 3.4: Trade Licensing	2,800,000		2,800,000	0%
		SP 3.5: Consumer Protection	4,455,000	122,000	4,333,000	3%
Programme 4: Market Rehabilitation and Development						
		SP 4.1: Rehabilitation and Renovation of Existing Markets	280,434,558	16,600,224	263,834,334	6%

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		SP 4.2: Development of Retail and Wholesale Markets in Nakuru	10,500,000		10,500,000	0%
		SP 4.3: Market Users Delivery Services	28,950,000	9,326,408	19,623,592	32%
Programme 5: Promotion Of Tourism And Markets						
		SP 5.1: Promotion of Local Tourism	4,750,000	502,000	4,248,000	11%
		SP 5.2: Establishment and Management of County Tourism Information Centre	12,000,000		12,000,000	0%
Programme 6: Alcoholics Drinks Control						
Programme 1: Administration Planning And Support Services						
		SP 1.2 Administration	141,734,295	34,271,370	107,462,925	24%
		SP 1.3 Personnel services	114,639,196	1,225,929	113,413,267	1%
		SP 1.4 Financial services	2,100,000		2,100,000	0%
Programme 2: Development of Socio-Cultural Diversity, Economic Empowerment and Responsible Gaming						
		SP 2.2 Cultural development activities	17,900,000	2,089,218	15,810,782	12%
		SP 2.3 Gender development activities	6,500,000	2,839,000	3,661,000	44%
		SP 2.4 Promotion of responsible gaming.	1,800,000	200,000	1,600,000	11%
		SP 2.5 Social Development activities	13,557,866	2,391,090	11,166,776	18%
		SP 2.6 Social-Cultural Development	14,640,737	-	14,640,737	0%
Programme 3: Management and Development of Sports, Recreation and Sports Facilities						
		SP 3.2 Development of Sports Infrastructure	93,000,000	-	93,000,000	0%
		SP 3.3 Sporting Tournament	11,485,866	6,252,490	5,233,376	54%
		SP 3.4 Sports Funding.	53,034,886	5,214,000	47,820,886	10%
Programme 4: Youth Empowerment and Participation						
		SP 4.2 Youth empowerment and participation	177,868,962	2,800,050	175,068,912	2%
Water Environment Energy and Natural Resources	PROGRAMME 1: Administration	S.P 1.1: Administrative services				
		Current Expenditure:				
		Compensation Of Employees			-	

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		Use Of Goods And Services	33,035,288	3,919,489	29,115,799	12%
		Compensation Of Employees	236,363,541	97,012,029	139,351,513	41%
	PROGRAMME 2:Water and Sewerage management	SP 2.1 Provision of Water				
		Use Of Goods And Services	8,750,000	775,000	7,975,000	9%
		Acquisition Of Non-Financial Assets	1,062,991,665	116,117,353	946,874,312	11%
		S.P 2.2 Provision of sewerage			-	
	PROGRAMME 3:Environmental Management	S.P 3:1 Pollution control			-	
		Compensation Of Employees	35,500,000		35,500,000	0%
		Use Of Goods And Services	42,391,276	5,862,311	36,528,965	14%
		Acquisition Of Non-Financial Assets	17,000,000		17,000,000	0%
		S.P 3:3 Greening and Beautification			-	
		Use Of Goods And Services	8,300,000	734,065	7,565,935	9%
		Acquisition Of Non-Financial Assets	32,240,723		32,240,723	0%
		SUBTOTAL	40,540,723	734,065	39,806,658	2%
		TOTAL PROGRAMME 3	135,431,999		135,431,999	0%
Programme 4: County Energy, Planning, Regulate, Operation & Development						
		Acquisition of Non-Financial Assets	2,000,000		2,000,000	0%
	Total		20,356,939,928	4,069,993,090	16,286,946,838	20%

Source: Nakuru County Treasury

Programmes with high levels of implementation based on absorption rates were: Management of county affairs at 83 per cent in the Office of the Governor and Deputy Governor, Administration, Planning and Support service in Public Service Management and Livestock Resource Management and Devolution in the department of Agriculture at 65 per cent each and Management and Development of Sports, Recreation and Sports Facilities in the Department of Trade at 54 per cent.

3.32.13 Monitoring and Evaluation

The monitoring and evaluation team from the Office of the Controller of Budget selected 27 projects implemented in FY 2018/19 and FY2019/20 for the monitoring and evaluation exercise. The M&E team observed that some projects were exceptionally implemented, and the quality of work was satisfactory. These included: Erection and Completion of Outpatient Department Block at Rift Valley Provincial General Hospital in Nakuru Town; Supply of Milk Pasteurizers, cooling systems and Dispensers at Starlight, Lare Njoro, Kamarus, Rongai Acacia Dairy Farmers Co-operatives; and drilling and equipping Borehole at Unity Primary School.

However, the M&E team noted that some projects had issues that could affect the achievement of the intended objectives. These include: inadequate medical personnel at the newly constructed Maternity Wing at Bahati Rural Health Centre in Bahati Ward; lack of electricity connection at the freshly installed Milk Bulking and Cooling Plant at Biashara Wakulima Dairy in Biashara Ward; and poor floor finishes and incomplete perimeter wall on newly constructed market sheds at Olengurone Market in Amalo Ward.

To address these challenges and improve budget implementation, the County Government should: ensure that new health centres are adequately staffed to ensure seamless delivery of healthcare services to residents; ensure milk processing and cooling plants are connected to the power grid to benefit dairy farmers and strengthen project supervision during the implementation phase to ensure that they are implemented well and according to the bill of quantities.

3.32.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County 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.1.09 billion in the First Half of FY 2021/22 from the annual development budget allocation of Kshs.10.57 billion. The development expenditure represented 10.3 per cent of the annual development budget.
3. Failure by Fund Administrators to submit financial and non-financial reports for the established county funds to the Controller of Budget, which is against the requirement in Section 168 of the PFM Act, 2012.

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

- i. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget and address issues causing delays in implementing development projects.
- ii. The CECMF should ensure all Fund Administrators prepare and submit financial and non-financial reports in line with the law.

3.33 County Government of Nandi

3.33.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.97 billion, comprising Kshs.3.1 billion (34.5 per cent) and Kshs.5.87 billion (65.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.99 billion (78.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.387.11 million (4.3 per cent) from own sources of revenue, and a cash balance of Kshs.989.36 million (11.0 per cent) from FY 2020/21. The County also expects to receive Kshs.598.21 million (6.7 per cent) as conditional grants, which consist of DANIDA, Kenya Development Support Programme (KDSP), Transforming Health Care System and National Agriculture and Rural Growth Project (NARGP).

3.33.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.90 billion as the equitable share of the revenue raised nationally, raised Kshs.76.43 million as own-source revenue, nil as conditional grants, and had a cash balance of Kshs.327.65 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.31 billion, as shown in Table 3.184.

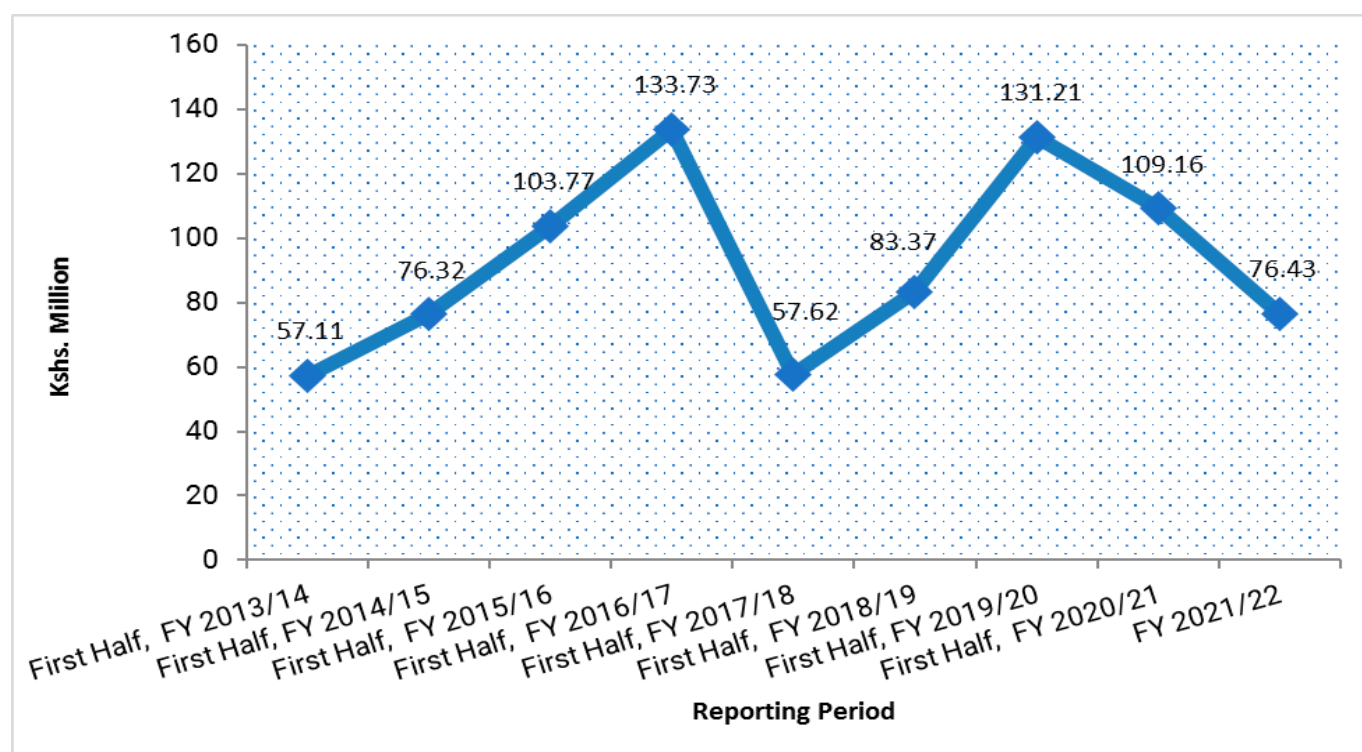
Table 3.184: Nandi County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,990,869,041	2,901,210,650	41.5
Sub Total		6,990,869,041	2,901,210,650	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	387,106,430	76,426,932	19.7
2	Conditional Grants	598,211,166	-	-
3	Balance b/f from FY 2020/21	989,363,172	327,650,621	33.1
Sub Total		1,974,682,768	404,077,553	20.5
Grand Total		8,965,549,809	3,305,288,203	36.9

Source: Nandi County Treasury

Figure 3.62 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.62: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Nandi County Treasury

In the first half of FY 2021/22, the County generated Kshs.76.43 million as own-source revenue. This amount represented a decrease of 30 per cent compared to Kshs.109.16 million realised during a similar period in the first half of FY 2020/21 and was 19.7 per cent of the annual target. The decrease in own-source revenue is attributed to green tea production and price reduction. In addition, collection from health and sanitation has significantly dropped, indicating the possible use of revenue at source and receipts not banked into the County Revenue Fund Account.

In the FY 2015/16, the County implemented an automated revenue management system referred to Nandi County Revenue Collection and Management System.

3.33.3 Exchequer Issues

The Controller of Budget approved Kshs.3.36 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.476.15 million (14.1 per cent) for development programmes and Kshs.2.89 billion (85.9 per cent) for recurrent programmes.

3.33.4 Overall Expenditure Review

The County spent Kshs.3.63 billion on development and recurrent programmes during the reporting period. This expenditure represented 108 per cent of the total funds released by the CoB and comprised of Kshs.552.20 million and Kshs.3.08 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.8 per cent, while recurrent expenditure represented 52.5 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.794.31 million and comprised of Kshs.254.75 million for recurrent expenditure and Kshs.539.56 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in FY 2021/22.

During the period under review, pending bills amounting to Kshs.111.74 million were settled, consisting of Kshs.39.88 million for recurrent expenditure and Kshs.71.86 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.682.57 million.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.10 billion was spent on employee compensation, Kshs.978.54 million on operations and maintenance, and Kshs.552.20 million on development activities, as shown in Table 3.185.

Table 3.185: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,198,621,851	669,452,972	2,715,906,779	363,504,014	0.5	0.5
Compensation to Employees	3,503,751,888	361,928,343	1,887,325,483	213,514,836	53.9	59.0
Operations and Maintenance	1,694,869,963	307,524,629	828,581,296	149,989,178	48.9	48.8
Development Expenditure	2,992,474,986	105,000,000	531,439,754	20,759,613	17.8	19.8
Total	8,191,096,837	774,452,972	3,247,346,533	384,263,627	39.6	0.5

Source: Nandi County Treasury

3.33.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 46.9 per cent of the first half proportional revenue of Kshs.4.48 billion.

The wage bill of Kshs.2.10 billion includes Kshs.1.02 billion attributable to the health sector, which translates to 48.7 per cent of the total wage bill in the reporting period.

3.33.8 County Established Funds

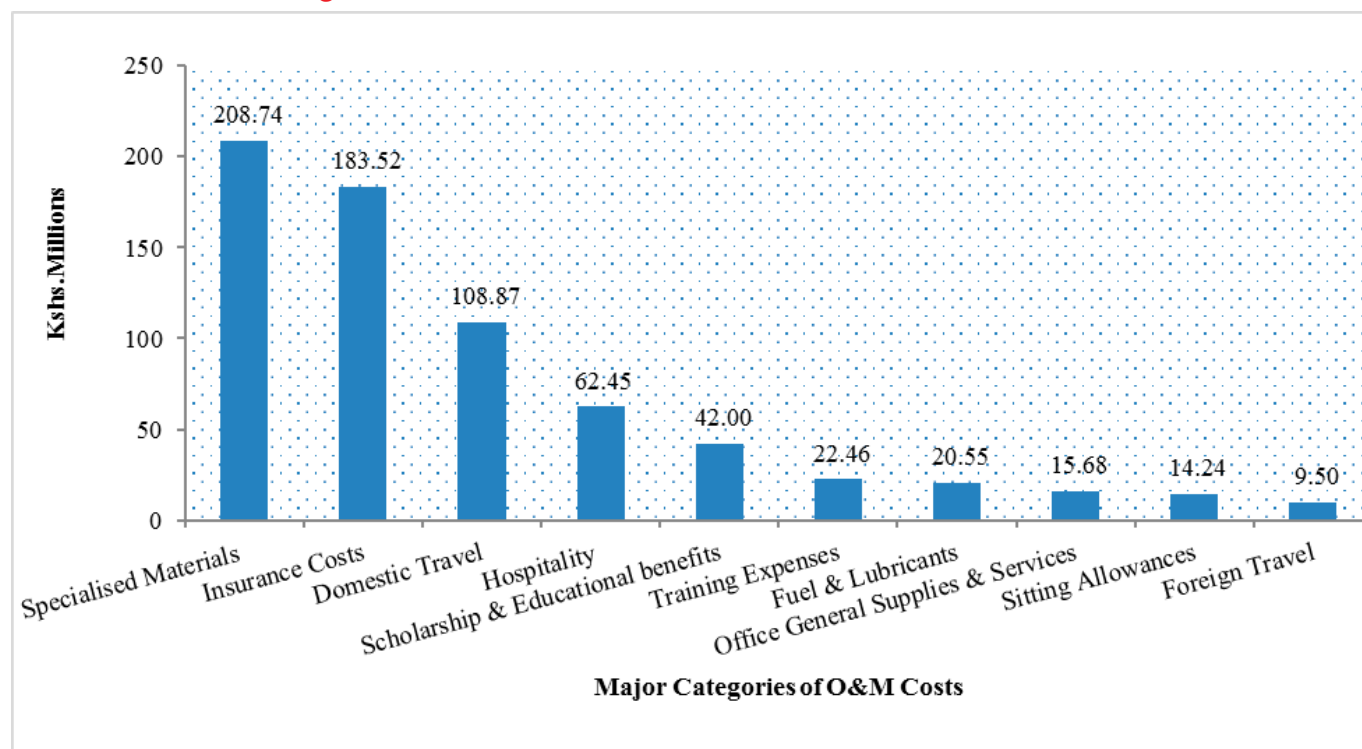
Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.85 million to

the Nandi County Education Fund in FY 2021/22, which constituted 0.01 per cent of the County's overall budget for the year. In the reporting period, the Fund Administrator for the Education Fund reported an expenditure of Kshs.27.64 million.

3.33.9 Expenditure on Operations and Maintenance

Figure 3.63 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.63: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

The County spent Kshs.14.24 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.59,313 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.108.87 million and comprised Kshs.60.28 million spent by the County Assembly and Kshs.48.60 million by the County Executive. Spending on foreign travel amounted to Kshs.9.50 million and consisted of Kshs.4.41 million by the County Assembly and Kshs.5.09 million by the County Executive.

3.33.10 Development Expenditure

The County incurred Kshs.552.20 million on development programmes, which represented a decrease of 10.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.613.99 million. Table 3.186 summarises development projects with the highest expenditure in the reporting period.

Table 3.186: Nandi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Spot Improvement of Roads	Countywide	24,000,000	19,844,938	82.7
2	Construction of ECD Classrooms	Countywide	49,981,600	28,079,905	56.2
3	Hire and Lease of Equipment and Machinery	Countywide	222,345,041	103,692,148	46.6

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
4	Supply of Fuel for Road works	Countywide	60,000,000	27,399,962	45.7
5	Construction of Boda Boda Sheds	Countywide	3,500,000	1,574,005	45
6	Construction of Nandi Cooperative Creameries	Kabiyet	72,650,000	14,291,379	19.7
7	Construction of Youth Market Stalls	Countywide	19,708,298	2,318,433	11.8
8	Construction of Kapsabet County Referral Hospital	Kapsabet	132,996,289	13,935,617	10.5
9	Renovation of Dispensaries	Countywide	289,049,985	25,409,432	8.8
10	Construction of Water Projects	Countywide	242,847,634	8,609,308	3.5

Source: Nandi County Treasury

3.33.11 Budget Performance by Department

Table 3.187 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.187: 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	668.43	71.3	350.96	1.21	331.03	1.23	94.3	101.8	49.5	1.7
Finance and Economic Planning	552.62	12.56	330.27	-	359.46	1.83	108.8	0	65	14.6
Devolved Units and Special Programmes	72.98	204.82	23.45	10.97	23.82	7.72	101.6	70.4	32.6	3.8
Health and Sanitation	2,693.68	602.45	1,217.85	86.7	1,426.55	94.21	117.1	108.7	53	15.6
Agriculture, Livestock and Fisheries	279.25	688.93	132.61	15.71	149.8	21.85	113	139.1	53.6	3.2
Tourism, Culture and Co-operative Development	50.84	37.3	23	4.29	18.71	4.73	81.4	110.4	36.8	12.7
Youth, Gender and Social Services	115.28	138.28	56.89	6.92	60.85	8.93	107	129.1	52.8	6.5
Education Research and Vocational Training	349.53	228.38	234	52.61	205.06	82.92	87.6	157.6	58.7	36.3
Lands, Environment and Natural Resources	102.97	379.45	41.5	97.8	43.55	51.94	105	53.1	42.3	13.7
Roads Transport and Public Works	216.38	574.05	61.62	179.58	59.89	252.74	97.2	140.7	27.7	44
Trade and Industrial Development	54.24	54.97	32.5	-	10.4	3.34	59.7	-	35.8	6.1
Public Service and Labour	42.42	-	17.9	-	17.78	-	99.3	-	41.9	0
County Assembly	669.45	105	364.18	20.37	363.5	20.76	99.8	101.9	54.3	19.8
Total	5,868.08	3,097.47	2,886.73	476.15	3,079.41	552.2	106.7	116	52.5	17.8

Source: Nandi County Treasury

Analysis of expenditure by the departments shows that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 44 per cent while the County Executive reported the lowest rate at 1.7 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 65 per cent while the Department of Roads, Transport and Public Works had the lowest at 27.7 per cent.

3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 3.188 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.188: 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 Support services	681,732,130	331,029,099	350,703,031	48.6
	Sub total	681,732,130	331,029,099	350,703,031	48.6
Physical Infrastructure	Physical Infrastructure	58,000,000	1,229,988	56,770,012	2.1
	Subtotal	58,000,000	1,229,988	56,770,012	2.1
Finance and Economic Planning					
Finance and Accounting	General Administration and Support services	552,618,378	359,459,931	193,158,447	65
	Sub total	552,618,378	359,459,931	193,158,447	65
Revenue	Revenue Collection and Management	12,560,000	1,833,493	10,726,507	14.6
	Sub total	12,560,000	1,833,493	10,726,507	14.6
Devolved Units and Special Programmes					
Sub-County Administration	Administrative & Support of Human Resources	72,975,905	23,819,722	49,156,183	32.6
	Sub total	72,975,905	23,819,722	49,156,183	32.6
Town Administration Section	Administration and Support of Human Services	204,821,516	-	204,821,516	-
	Sub total	204,821,516	-	204,821,516	-
Health and Sanitation					
Public Health and Sanitation	Health Service Delivery Administration Services	2,693,677,874	1,426,546,071	1,267,131,803	53.0
	Sub total	2,693,677,874	1,426,546,071	1,267,131,803	53.0
Curative Health Services	Physical Planning	602,446,273	94,209,964	508,236,309	15.6
	Sub total	602,446,273	94,209,964	508,236,309	15.6
Agriculture, Livestock and Fisheries					
Agriculture and Crop Production	Administration and General Support services	279,248,844	149,795,150	129,453,694	53.6
	Sub total	279,248,844	149,795,150	129,453,694	53.6
Livestock and Veterinary	Livestock Resources Management	688,929,847	21,849,550	667,080,297	3.2
	Sub total	688,929,847	21,849,550	667,080,297	3.2
Tourism, Culture and Cooperative Development					
Tourism	General Administration and Support Services	50,844,650	18,714,214	32,130,436	36.8
	Sub total	50,844,650	18,714,214	32,130,436	36.8
Culture	Development and Promotion of Culture	37,299,290	4,732,000	32,567,290	12.7
	Subtotal	37,299,290	4,732,000	32,567,290	12.7
Youth, Gender and Social Services					
Youth Affairs	General Administration and Support Services	115,279,747	60,854,495	54,425,252	52.8
	Sub total	115,279,747	60,854,495	54,425,252	52.8
Sports	Sports Development	138,277,558	8,927,400	129,350,158	6.5
	Sub total	138,277,558	8,927,400	129,350,158	6.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education, Research and Vocational Training					
Pre-education and Care Services	General Administration and Support Services	349,532,223	205,062,936	144,469,287	58.7
	Education	228,378,974	82,921,373	145,457,601	36.3
	Sub total	577,911,197	287,984,309	289,926,888	49.8
Lands, Environment and Natural Resources					
Natural Resources and Mining	General Administration and Support Services	102,969,652	43,558,658	59,410,994	42.3
	Sub total	102,969,652	43,558,658	59,410,994	42.3
Lands	Lands Adjudication	2,600,000	-	2,600,000	0.0
	Sub total	2,600,000	-	2,600,000	0.0
Water	Water Supply	376,847,634	51,936,990	324,910,644	13.8
	Sub total	376,847,634	51,936,990	324,910,644	13.8
Roads, Transport and Public Works					
Public Works	General Administration and Support Services	216,379,793	59,885,834	156,493,959	27.7
	Sub total	216,379,793	59,885,834	156,493,959	27.7
Roads and Infrastructure	Roads Transport	574,045,041	252,736,050	321,308,991	44.0
	Sub total	574,045,041	252,736,050	321,308,991	44.0
Trade and Industrial Development					
Markets	General Administration and Support Services	54,241,161	19,403,669	34,837,492	35.8
	Sub total	54,241,161	19,403,669	34,837,492	35.8
Industrial, SME Development	Trade Development	54,968,853	3,342,770	51,626,083	6.1
	Sub total	54,968,853	3,342,770	51,626,083	6.1
Public Service and Labour					
General Administration and Planning	Administration and Support of Human Resources	42,421,494	17,777,000	24,644,494	41.9
	Sub total	42,421,494	17,777,000	24,644,494	41.9
County Assembly					
Administrative Section	Administration and support Services	105,000,000	20,759,613	84,240,387	19.8
	Sub total	105,000,000	20,759,613	84,240,387	19.8
County Assembly Service Board	County Assembly Service Board	669,452,972	363,504,014	305,948,958	54.3
	Sub total	669,452,972	363,504,014	305,948,958	54.3
Grand Total		8,965,549,809	3,631,610,160	5,333,939,649	40.5

Source: Nandi County Treasury

Programmes with high levels of implementation based on absorption rates were: Finance and Accounting in the Department of Finance and Economic Planning at 65 per cent, Pre-education and Care Services in the Department of Education, Research and Vocational Training at 58.7 per cent, Agriculture and Crop Production in the Department of Agriculture, Livestock and Fisheries at 53.6 per cent, and Public Health and Sanitation at 53 per cent in the Department of Health and Sanitation of budget allocation.

3.33.13 Monitoring and Evaluation

The monitoring exercise covered a total of 24 projects that were sampled from sectors. The sampling criterion was limited to programmes and projects implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges and assess whether the desired objectives were met. During the M&E field visit, it was noted that some projects were well implemented and had achieved the desired goals. These include: establishment of a data centre at Kapsabet County Referral Hospital to handle

matters such as emergency service and disaster response, Covid-19 response and public participation budgeting process; Construction of Eliud Kipchoge Sports Complex in Kapsabet Town to promote sports and talent among the youths; and Kapserton Water Project that serves about 30 households in Kapserton thus reducing the distance travelled to the nearest water points.

However, some projects have not achieved the intended objectives for some reasons. These include: Kobujoi Sub-County Hospital, which is about 50 per cent complete and exhibit signs of poor quality; and Magoi Foot Bridge in Chemase Ward which has a weak foundation and poses a threat to users. Other issues that were noted during the exercise were: ineffective supervision of projects resulting in poor quality during the implementation phase; poor records management practices as evidenced by the failure by the County Treasury to submit project files; and delays in paying contractors, which affected the implementation of projects within the contract period.

To address these challenges and improve project implementation, the Controller of Budget recommends strengthening project supervision and M&E function to ensure projects are implemented as per the contract agreements; adopting sound record- management practices and providing timely submission of project information during the M&E exercise as well as ensuring contractors are paid in time so that projects are implemented well within the contract duration.

3.33.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.552.20 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.3.1 billion. The development expenditure represented 17.8 per cent of the annual development budget.
2. A high wage bill, which accounted for 46.9 per cent of the first half proportional revenue of Kshs.4.48 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.76.43 million against an annual projection of Kshs.387.11 million, representing 19.7 per cent of the annual target.
4. Possible use of revenue at source as actual expenditure represented 108 per cent of the total funds released by the CoB during the reporting period.
5. High level of pending bills which amounted to Kshs.793.31 million at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.111.74 million were settled during the reporting period which is not substantial compared with the stock of outstanding bills.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed. Further, the Revenue Department should address the drop in collection from Health and Sanitation Sector.
- iv. The County Treasury should ensure all revenues are banked in the CRF according to Section 109 (2) of the PFM Act, 2012. Further, the County should improve budgetary control to ensure that expenditure is within the approved budget.
- v. The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.34 County Government of Narok

3.34.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.87 billion, comprising Kshs.4.25 billion (33 per cent) and Kshs.8.62 billion (67 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.85 billion (68.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.87 billion (14.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.35 billion (10.5 per cent) from FY 2020/21. The County also expects to receive Kshs.799.24 million (6.2 per cent) as conditional grants, which consists of Transforming Health Systems for Universal Care Project, (National Agricultural and Rural Inclusive Growth Project NAGRIP), Kenya Devolution Support Project (KDSP) Level 2 Grant, Sweden - Agricultural Sector Development Support Programme (ASDSP), DANIDA grant, Leasing of Medical Equipment and UNFPA-9th County Programme Implementation.

3.34.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.67 billion as the equitable share of the revenue raised nationally, raised Kshs.732.29 million as own-source revenue and had a cash balance of Kshs.1.35 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.76 billion, as shown in Table 3.189.

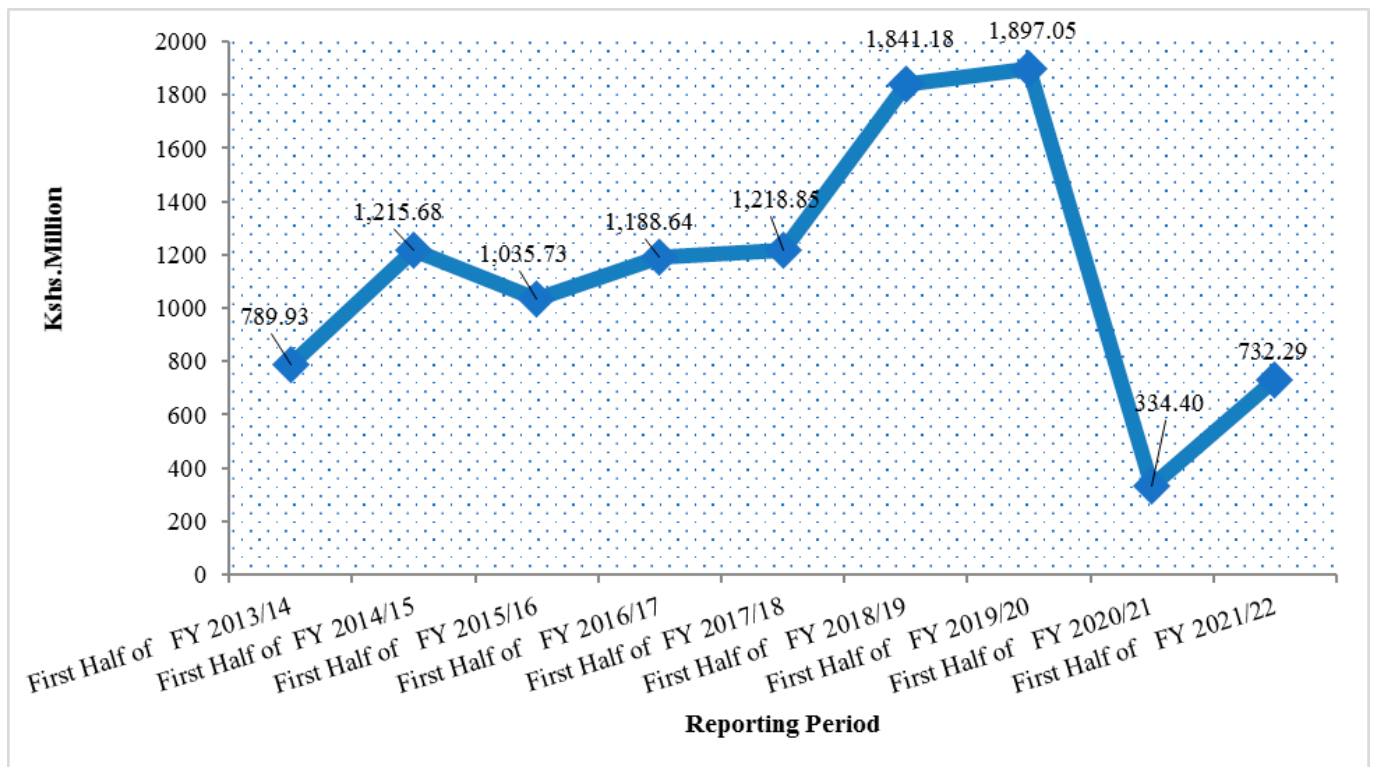
Table 3.189: Narok County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000	3,670,587,625	41.5
Sub Total		8,844,790,000	3,670,587,625	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	1,869,402,102	732,286,226	39.2
2	Conditional Grants	638,579,284	-	-
3	Balance b/f from FY2020/21	1,353,634,986	1,353,634,986	100.0
4	Other Revenues	160,686,704	-	-
Sub Total		4,022,303,076	2,085,921,211	51.9
Grand Total		12,867,093,076	5,756,508,836	44.7

Source: Narok County Treasury

Figure 3.64 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.64: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Narok County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.732.29 million as own-source revenue. This amount represented an increase of 119 per cent compared to Kshs.334.40 million realised during a similar period in the first half of FY 2020/21 and was 39 per cent of the annual target.

The significant increase can be attributed to the uplifting of the restrictions imposed generally in the country following the global COVID 19 Pandemic that affected the tourism sector, the county's primary revenue stream. Beyond the tourism sector, the pandemic also impacted other revenue streams due to the restrictions to combat the pandemic.

3.34.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.32 billion from the CRF account during the reporting period. The amount comprised Kshs.264.67 million (6.1 per cent) for development programmes and Kshs.4.05 billion (93.9 per cent) for recurrent programmes.

3.34.4 Overall Expenditure Review

The County spent Kshs.4.12 billion on development and recurrent programmes during the reporting period. This expenditure represented 95.3 per cent of the total funds released by the CoB and comprised of Kshs.284.51 million and Kshs.3.84 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.7 per cent, while recurrent expenditure represented 44.5 per cent of the annual recurrent expenditure budget.

3.34.5 Settlement of Pending Bills

At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. The pending bills amounted to Kshs.1.50 billion and consisted of Kshs.928.41 million for recurrent expenditure and Kshs.534.6 million for development programmes.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.59 billion was spent on employee compensation, Kshs.2.25 billion on operations and maintenance, and Kshs.217.59 million on development activities, as shown in Table 3.190.

Table 3.190: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,849,188,141	769,510,518	3,525,380,871	312,189,476	44.9	40.6
Compensation to Employees	3,693,766,788	453,919,162	1,385,230,376	203,969,177	37.5	44.9
Operations and Maintenance	4,155,421,353	315,591,356	2,140,150,495	108,220,299	51.5	34.3
Development Expenditure	4,177,700,935	70,693,482	217,585,587	-	5.2	-
Total	12,026,889,076	840,204,000	3,742,966,458	312,189,476	31.1	37.2

Source: Narok County Treasury

3.34.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 24.7 per cent of the first half proportional revenue of Kshs.6.43 billion.

The wage bill of Kshs.1.59 billion includes Kshs.534.01 million attributable to the health sector, which translates to 33.5 per cent of the total wage bill in the reporting period.

3.34.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.496.56 million to county established funds in FY 2021/22, which constituted 3.9 per cent of the County's overall budget for the year. Table 3.191 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.191: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Maasai Mara Community Support Fund	200,460,764	-	-	-		No.
2.	Bursary	260,094,929		-	-		No.
3.	Narok County Assembly staff Loan	-	1,000,000	-	-		No.
4.	Narok County Alcohol Drinks (Regulation)	5,000,000	-	-	-		No.
5.	Narok and Kajiado Economic Block	30,000,000	-	-	-		No.
Total		495,555,693	1,000,000	-	-		

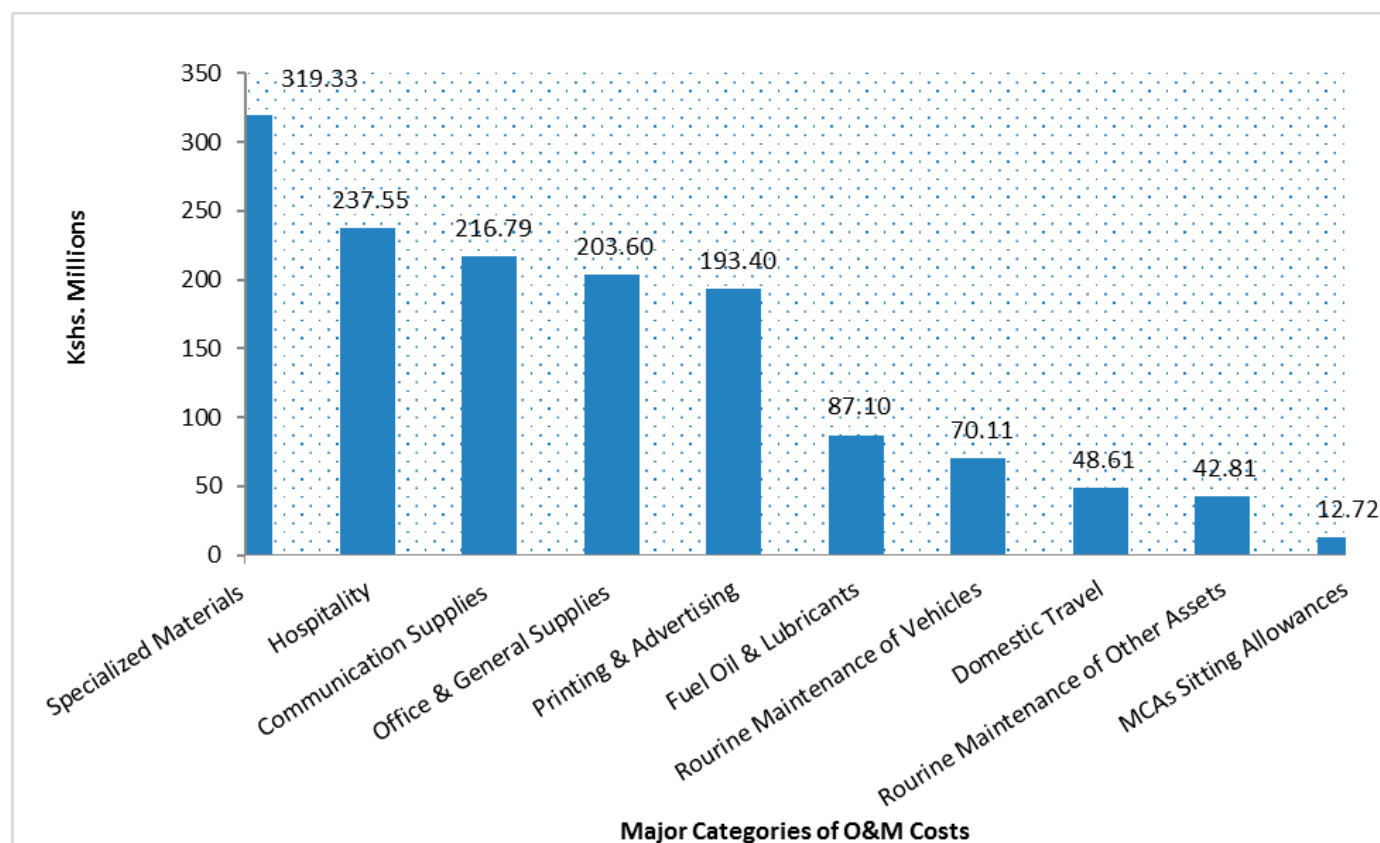
Source: Narok County Treasury

The Fund Administrators for the above five established funds did not submit financial and non-financial returns to the OCoB as indicated in Table 3.191.

3.34.9 Expenditure on Operations and Maintenance

Figure 3.65 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.65: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: Narok County Treasury

The County spent Kshs.12.72 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.57.61 million. The average monthly sitting allowance was Kshs.45,092 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.48.61 million and comprised Kshs.21.25 million spent by the County Assembly and Kshs.27.36 million by the County Executive. Both the County Executive and the County Assembly did not report any expenditure on foreign travel for the period ended 31st December 2021.

3.34.10 Development Expenditure

The County incurred Kshs.284.51 million on development programmes, which represented a decrease of 39.7 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.471.75 million. Table 3.192 summarises development projects with the highest expenditure in the reporting period.

Table 3.192: Narok County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of New Mortuary at Narok Referral	558,795,432	77,676,509	13.9
2	Construction of A New Medical School	288,850,043	56,524,676	19.6
3	Construction of Schools	55,320,000	55,320,000	100.0
4	Upgrading of Nairegie -Enkare Health Centre	48,678,280	30,764,987	63.2

S/No.	Project Name	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
5	Construction of Isolation Centre at Ololulunga	95,817,258	23,178,210	24.2
6	Construction of Twin Theater	19,521,594	18,756,831	96.1
7	Construction of New Health Centre at Eor-Ekule	33,161,118	10,000,000	30.2
8	Construction of Nairagie Enkare Market	42,624,000	8,637,407	20.3
9	Construction of Oletukat Bridge	33,161,118	3,600,000	10.9
10	Construction of Dormitories in Model Pry School	3,972,014	1,462,708	36.8

Source: Narok County Treasury

3.34.11 Budget Performance by Department

Table 3.193 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.193: 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	769.51	70.69	326.69	-	312.19	-	95.6	-	40.6	-
Office of the Governor and Deputy Governor	137.45	-	63.27	-	56.88	-	89.9	-	41.4	-
Treasury, Economic Planning & ICT	766.84	257.66	362.82	-	354.15	-	97.6	-	46.2	-
Roads, County transport Public Works and infrastructure	642.67	654.98	262.15	32.65	242.15	32.35	92.4	99.08	37.7	4.9
Education, Youth affairs, Sport Culture and social services	1,374.08	151.65	528.43	-	511.43	-	96.8	-	37.2	-
Department of environment & Natural resources	219.49	140.74	142.26	-	131.82	-	92.7	-	60.1	-
County public service Board	77.01	-	45.60	-	38.84	-	85.2	-	50.4	-
Agriculture, Livestock and Fisheries	267.01	497.01	144.13	-	139.56	-	96.8	-	52.3	-
County Health and sanitation	2,297.96	1,936.00	1,316.31	197.01	1,251.57	217.59	95.1	110.45	54.5	11.2
Lands, Housing, Physical Planning & Urban development	301.47	224.53	158.51	13.44	155.01	13.30	97.8	98.96	51.4	5.9
Tourism & Wildlife	380.61	62.50	197.80	-	192.65	-	97.4	-	50.6	-
County administrative and public service management	1,285.19	172.08	480.69	-	427.69	-	89.0	-	33.3	-
Trade & Industrialization	99.41	80.55	23.77	21.57	23.63	21.27	99.4	98.61	23.8	26.4
Total	8,618.70	4,248.39	4,052.41	264.67	3,837.57	284.51	94.7	107.50	44.5	6.7

Source: Narok County Treasury

Analysis of expenditure by the departments shows that the Department of Trade and Industrialization recorded the highest absorption rate of development budget at 26.4 per cent. The Department of Environment & Natural resources had the highest percentage of recurrent expenditure to budget at 60.1 per cent while the Department of Trade & industrialisation had the lowest at 23.8 per cent.

3.34.12 Budget Execution by Programmes and Sub-Programmes

Table 3.194 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.194: Narok County, Budget Execution by Programmes and Sub-programmes

Programme	Sub Programme	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
4610		Default - Non-Programmatic	-	-	-	-
	0	Default - Non-Programmatic	-	-	-	-
101000000		Land Policy and Planning	-	-	-	-
	101029999	Land Information Management	-	-	-	-
102000000		Housing Development and Human Settlement	-	-	-	-
	102019999	Housing Development	-	-	-	-
102004610		Crop Development and management	601,988,764	63,939,234	628,493,312	10.6
	102024610	Crop Productivity Improvement	601,988,764	63,939,234	628,493,312	10.6
103004610		Livestock Resources management and development	132,347,982	-	132,347,982	-
	103014610	Livestock Pests & Disease Management & Control	61,596,366	-	61,596,366	-
	103074610	Livestock Information Management	70,751,616	-	70,751,616	-
104004610		Fisheries development and management	29,678,706	-	29,678,706	-
	104014610	Fish Products Production	29,678,706	-	29,678,706	-
105000000		Urban and Metropolitan Development	-	-	-	-
	105029999	Metropolitan Planning & Infrastructure Development	-	-	-	-
105004610		Land Policy and Planning	73,262,143	65,000	53,197,143	0.1
	105014610	Development Planning and Land Reforms	73,262,143	65,000	53,197,143	0.1
	105024610		-	-	-	-
106004610		Housing Development and Human Settlement	192,067,540	-	164,806,691	-
	106014610	Housing Development	192,067,540	-	164,806,691	-
107004610		Urban Mobility and Transport	260,671,166	5,000,000	245,671,166	1.9
	107014610	Metropolitan Planning & Infrastructure Development	260,671,166	5,000,000	245,671,166	1.9
108000000		Crop Development and Management	-	-	-	-
	108029999	Food Security Initiatives	-	-	-	-
111000000		Fisheries Development and Management	-	-	-	-
	111029999	Aquaculture Development Marketing & Research	-	-	-	-

Programme	Sub Programme	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
112000000		Livestock Resources Management and Development	-	-	-	-
	112029999	Livestock Production and Management	-	-	-	-
201004610		Roads Transport and Public Works	1,297,651,132	144,374,601	1,153,276,531	11.1
	201014610	General Administration, Planning and Support Services	172,703,471	16,181	172,687,290	0.0
	201024610	Construction of Roads and Bridges	906,554,174	144,358,420	762,195,754	15.9
	201034610	Maintenance of Roads	218,393,487	-	218,393,487	-
202000000		Road Transport	-	-	-	-
	202019999	Construction of Roads and Bridges	-	-	-	-
	202039999	Maintenance of Roads	-	-	-	-
202004610		ICT Services	47,923,165	22,488,363	25,434,802	46.9
	202014610	ICT Infrastructure Development	47,923,165	22,488,363	25,434,802	46.9
210000000		ICT Infrastructure Development	-	-	-	-
	210019999	ICT Infrastructure Connectivity	-	-	-	-
301004610		General Administration and Support Services	179,962,356	48,927,389	131,034,967	27.2
	301014610	Administrative Services	7,588,775	-	7,588,775	-
	301024610	Cooperative Development & Management	23,446,192	-	23,446,192	-
	301034610	Trade Development and Promotion	148,927,389	48,927,389	100,000,000	32.9
302000000		Industrial Development and Investments	-	-	-	-
	302019999	Promotion of Industrial Development and Investments	-	-	-	-
303004610		Tourism Development and Promotion	443,107,293	93,107,293	350,000,000	21.0
	303014610	Tourism Promotion and Marketing	443,107,293	93,107,293	350,000,000	21.0
306000000		Tourism Development and Promotion	-	-	-	-
	306019999	Tourism Promotion and Marketing	-	-	-	-
401000000		Preventive & Promotive Health Services	-	-	-	-
	401019999	Health Promotion	-	-	-	-
401004610		Preventive & Promotive Health Services	1,589,000,000	425,000,000	1,164,000,000	26.7
	401014610	Health Promotion	1,589,000,000	425,000,000	1,164,000,000	26.7
402004610		Curative Health Services	331,034,233	7,984,050	323,050,183	2.4
	402014610	Referral Services	331,034,233	7,984,050	323,050,183	2.4
403004610		General Administration, Planning & Support Services	2,313,922,140	486,260,560	1,827,661,580	21.0
	403014610	Health Policy, Planning and Financing	2,313,922,140	486,260,560	1,827,661,580	21.0
404000000		General Administration, Planning & Support Services	-	-	-	-
	404019999	Health Policy, Planning & Financing	-	-	-	-

Programme	Sub Programme	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
501000000		Primary Education	-	-	-	-
	501049999	Early Child Development and Education	-	-	-	-
502004610		Manpower Development, Employment and Productivity Management	1,224,941,270	524,150,000	700,791,270	42.8
	502014610	Early Child Development and Education	1,224,941,270	524,150,000	700,791,270	42.8
	502024610	Infrastructure Development and Expansion	-	-	-	-
701004610		General Administration, Planning and Support Services	1,671,738,425	769,653,789	902,084,636	46.0
	701014610	Administrative Services	769,697,099	451,708,655	317,988,444	58.7
	701024610	Information Communication Services	-	-	-	-
	701044610	Coordination and Administrative Services	323,846,234	123,460,000	200,386,234	38.1
	701054610	Public service and Field Administrative Services	413,589,984	113,589,984	300,000,000	27.5
	701084610	Board Management Services	164,605,108	80,895,150	83,709,958	49.1
	701104610	Legal and Public Affairs	-	-	-	-
702004610		Public Finance Management	335,677,978	187,984,149	147,693,829	56.0
	702014610	Accounting services	30,796,221	15,000,000	15,796,221	48.7
	702024610	Resource Mobilization	145,522,112	92,178,000	53,344,112	63.3
	702034610	Budget Formulation, Coordination and Management	35,932,873	24,932,873	11,000,000	69.4
	702044610	Supply Chain Management Services	69,038,396	31,484,900	37,553,496	45.6
	702054610	Internal Audit Services	54,388,376	24,388,376	30,000,000	44.8
703004610		Economic Policy and County Planning	640,899,071	457,763,478	183,135,593	71.4
	703014610	Economic Planning Coordination	616,340,482	443,553,878	172,786,604	72.0
	703024610	Monitoring and Evaluation Services	24,558,589	14,209,600	10,348,989	57.9
704004610		Legislation and Representation	840,204,000	464,840,400	375,363,600	55.3
	704014610	Legislative Oversight	492,522,712	211,750,000	280,772,712	43.0
	704024610	County Co-ordination Services	307,540,000	241,090,400	66,449,600	78.4
	704034610	Research and Policy	40,141,288	12,000,000	28,141,288	29.9
706000000		Economic Policy and National Planning	-	-	-	-
	706019999	Economic Planning Coordination services	-	-	-	-
722000000		Legislative Oversight	-	-	-	-
	722019999	Legislation and Representation	-	-	-	-
724000000		Inter-Governmental Revenue and Financial Matters	-	-	-	-
	724029999	Research and Policy	-	-	-	-
725000000		General Administration, Planning and Support Services	-	-	-	-
	725019999	Administration	-	-	-	-
	725029999	Board Management Service	-	-	-	-
729000000		Audit Services	-	-	-	-

Programme	Sub Programme	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	729029999	County Governments Audit	-	-	-	-
901000000		Sports	-	-	-	-
	901019999	Sports Training and competitions	-	-	-	-
901004610		Social Development and Children Services	300,789,292	140,540,148	160,249,144	46.7
	901014610	Gender and Youth Development	29,739,090	21,000,000	8,739,090	70.6
	901024610	Social Assistance to Vulnerable Groups	21,646,436	10,000,000	11,646,436	46.2
	901034610	Development and Promotion of culture	19,710,027	15,138,000	4,572,027	76.8
	901044610	Development and Management of sports facilities	103,900,562	94,402,148	9,498,414	90.9
	901054610	Sports Services	-	-	-	-
	901064610	Voluntary Training Services	125,793,177	-	125,793,177	-
907000000		Manpower Development, Employment and Productivity Management	-	-	-	-
	907019999	Human Resource Planning & Development	-	-	-	-
1.001E+09		General Administration, Planning and Support Services	-	-	-	-
	1.001E+09	Environmental Policy Management	-	-	-	-
1.002E+09		Environment Management and Protection	360,226,420	280,000,000	80,226,420	77.7
	1.002E+09	Forests Conservation and Management	360,226,420	280,000,000	80,226,420	77.7
1.003E+09		Natural Resources Conservation and Management	-	-	-	-
	1.003E+09	Wildlife Conservation and Security	-	-	-	-
Grand Total			12,867,093,076	4,122,078,453	8,745,014,622	32.0

Source: Narok County Treasury

Programmes with high levels of implementation based on absorption rates were: Development and management of sports facilities in the Department of Education, youth affairs sport culture & social services at 91 per cent, County Coordination services in the Department of Treasury, Economic planning & ICT at 78 per cent, Environment management protection and Forest conservation & management in the Department of Environment and Natural services at 78 per cent of budget allocation respectively.

3.34.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered 23 projects that were implemented in FY 2018/19 and FY 2019/20. The objective was to establish the status of project implementation, identify challenges experienced and assess whether the desired objectives were achieved. During the M&E field visit, we noted that some projects were well implemented and have achieved the desired objectives. These include: Construction of Olulunga COVID-19 Isolation Wards in Narok South Olulunga; Construction of Nairegie Enkare Barter Market in Narok East Sub-County; and Construction of Ilkirragarian Health Centre that serves residents in Suswa and Ildamat Wards.

However, some projects have not achieved the intended objectives for several reasons. These include: variation in scope of work that delayed completion of mega projects within the contract period such as Oletukat Bridge in Ololunga, Narok East; Narok Town Bus Terminus & Associated Works; upgrading and construction of Cemented Roads to Bitumen Standards in Narok Township.

To address these challenges and improve project implementation, the Controller of Budget recommends that Public Works Department should ensure that bill of quantities is adequately developed to reduce incidences of variations in the scope of work during the project implementation phase. Further, strengthen project supervision and M&E function to identify emerging issues and address them quickly.

3.34.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.284.51 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.4.25 billion. The development expenditure represented 6.7 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.732.29 million against an annual projection of Kshs.1.87 billion, representing 41.5 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
4. Failure to settle pending bills. The County prepared a payment plan to settle the entire bills in the financial year, which amounted to Kshs.1.50 billion. However, it is noted that the County Treasury did not provide a report on the settlement of the pending bills as of 31st December 2021.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
- iv. The County Treasury should adhere to the pending bills payment plan to ensure all eligible bills are settled without delay.

3.35 County Government of Nyamira

3.35.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.6.94 billion, comprising Kshs.2.48 billion (35.7 per cent) and Kshs.4.46 billion (64.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.14 billion (74.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.400 million (5.8 per cent) from own sources of revenue, and a cash balance of Kshs.838.91 million (12.1 per cent) from FY 2020/21. The County also expects to receive Kshs.563.37 million (8.1 per cent) as conditional grants, which consists of World Bank loan – National Agriculture Rural Inclusive Growth Project of Kshs.275.42 million, World Bank Grant – Transforming Health Sector Universal Coverage of Kshs.90.23 million, DANIDA of Kshs.10.67 million, Agricultural Sector Development Support Program Kshs.24.25million, Kenya Devolution Support Program II of Kshs.112.82 million, Kenya Informal Settlement Improvement 2 of Kshs.50 million.

3.35.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.13 billion as the equitable share of the revenue raised nationally, raised Kshs.70.16 million as own-source revenue, and had a cash balance of Kshs.838.91 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.04 billion, as shown in Table 3.173: Nairobi City County, Revenue Performance in the First Half of FY 2021/22.

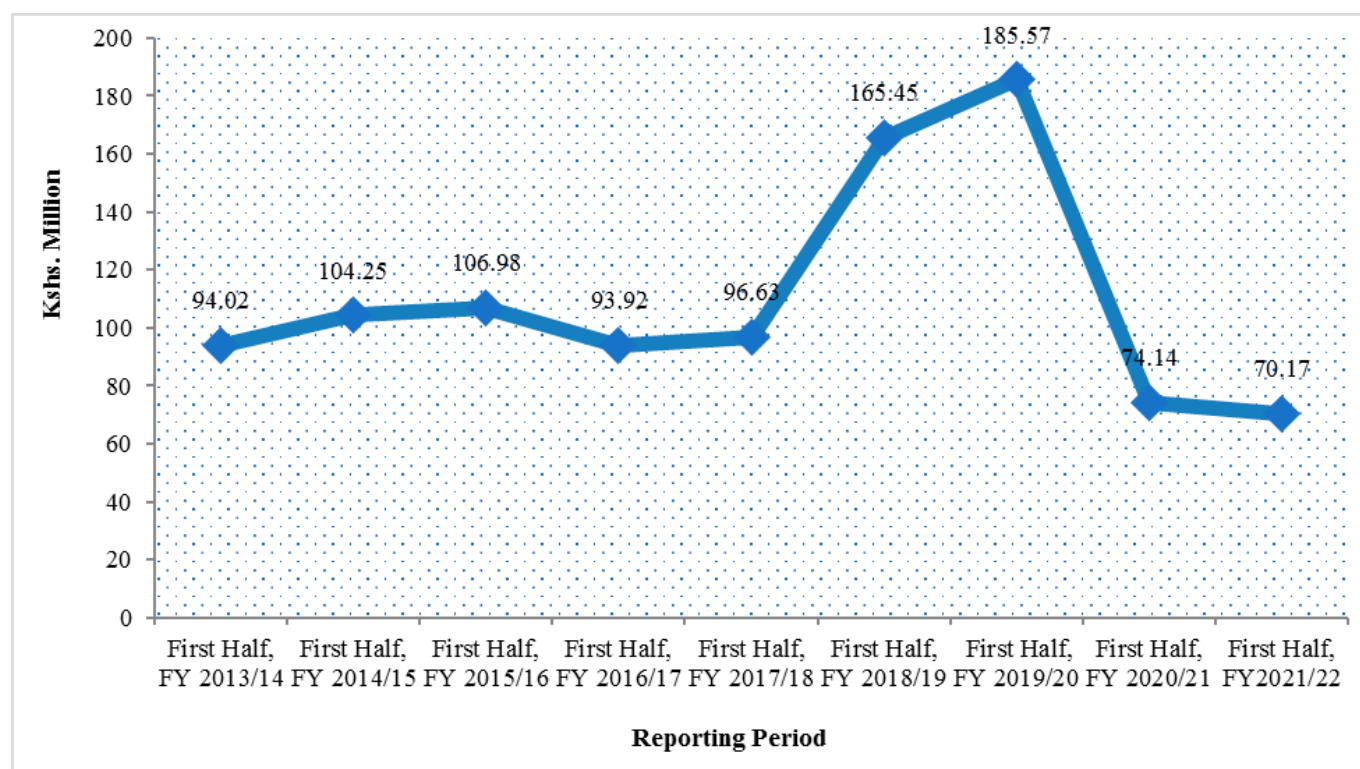
Table 3.195: Nyamira County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,135,340,036	2,131,166,155	41.5
Sub Total		5,135,340,036	2,131,166,155	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	400,000,000	70,166,098	17.5
2.	Conditional Grants	563,367,518	0	0.00
3.	Balance b/f from FY 2020/21	838,910,105	838,910,105	100
Sub Total		1,802,277,623	909,076,203	50.4
Grand Total		6,937,617,659	3,040,242,358	43.8

Source: Nyamira County Treasury

Figure 3.66 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.66: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Nyamira County Treasury

In the first half of FY 2021/22, the County generated Kshs.70.17 million as own-source revenue. This amount represented a decrease of 5.4 per cent compared to Kshs.74.14 million realised during a similar period in the first half of FY 2020/21 and was 17.5 per cent of the annual target.

3.35.3 Exchequer Issues

The Controller of Budget approved Kshs.2.58 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.508.51 million (19.7 per cent) for development programmes and Kshs.2.07 billion (80.3 per cent) for recurrent programmes.

3.35.4 Overall Expenditure Review

The County spent Kshs.2.81 billion on development and recurrent programmes during the reporting period. This expenditure represented 108.7 per cent of the total funds released by the CoB and comprised of Kshs.611.72 million and Kshs.2.19 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 24.7 per cent, while recurrent expenditure represented 49.2 per cent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.344.55 million and comprised of Kshs.121.35 million for recurrent expenditure and Kshs.223.22 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.160.74 million were settled, consisting of Kshs.45.85 million for recurrent expenditure and Kshs.114.89 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.183.84 million.

Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.55 billion was spent on employee compensation, Kshs.637.43 million on operations and maintenance, and Kshs.611.72 million on development activities, as shown in Table 3.196.

Table 3.196: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,846,047,875	612,444,433	1,884,888,769	306,844,304	49.0	50.1
Compensation to Employees	2,736,346,812	364,739,306	1,374,083,888	180,220,119	50.2	49.4
Operations and Maintenance	1,109,701,063	247,705,127	510,804,881	126,624,185	46.0	51.1
Development Expenditure	2,285,447,025	193,678,206	549,876,222	61,842,743	24.1	31.9
Total	6,131,494,900	806,122,639	2,434,764,991	368,687,047	39.7	45.7

Source: Nyamira 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 44.8 per cent of the first half proportional revenue of Kshs.3.47 billion.

The wage bill of Kshs.1.55 billion includes Kshs.672.26 million attributable to the health sector, which translates to 43.3 per cent of the total wage bill in the reporting period.

3.35.7 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.190.71 million to county established funds in FY 2021/22, which constituted 2.7 per cent of the County's overall budget for the year. Table 3.197 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.197: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Bursary Fund	110,706,801	0	110,706,800	0	Yes	
2.	Car loan & Mortgage – executive	20,000,000	30,000,000	0	0	Yes	
3.	Emergency	30,000,000	0	0	0	Yes	
Total		160,706,801	30,000,000	110,706,801			

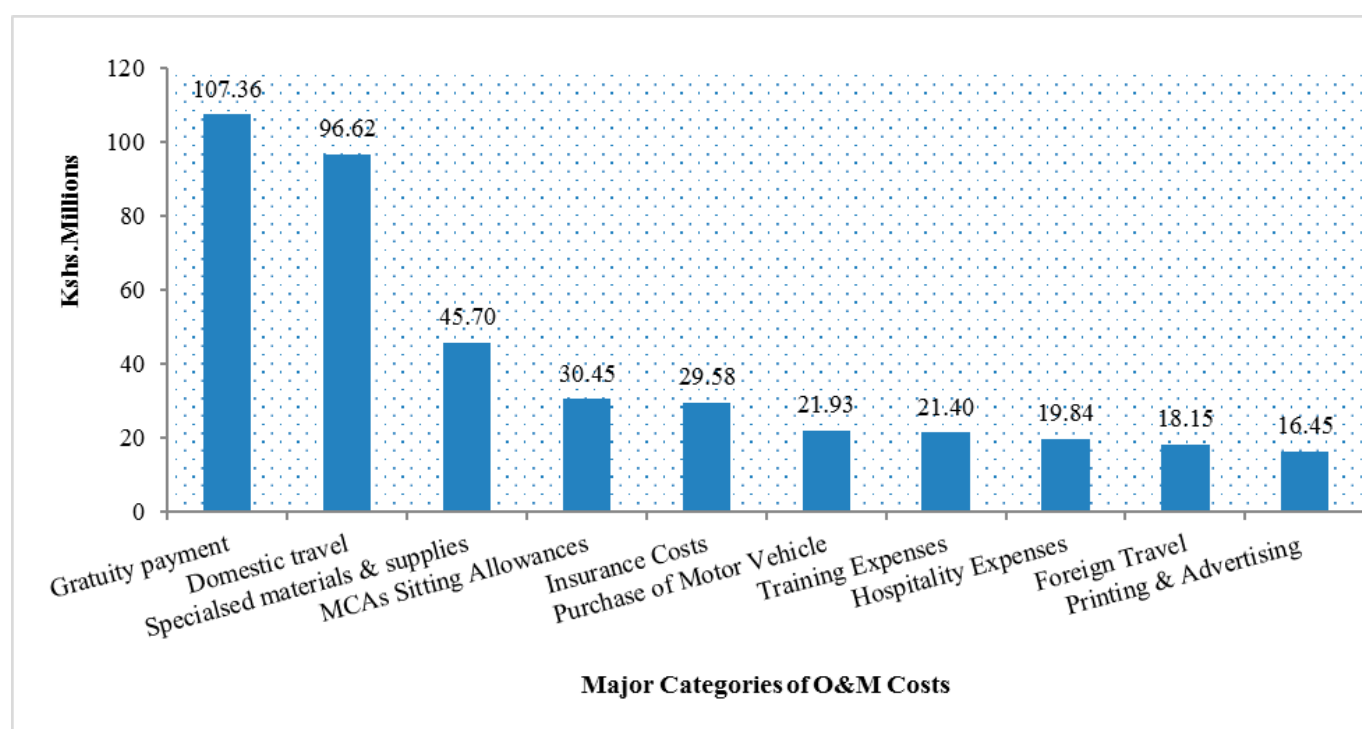
Source: Nyamira County Treasury

The OCoB received quarterly financial returns from Fund Administrators of four established funds, as indicated in Table 3.197.

3.35.8 Expenditure on Operations and Maintenance

Figure 3.67 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.67: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

The County spent Kshs.30.45 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.60.89 million. The average monthly sitting allowance was Kshs.137,144 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.96.62 million and comprised Kshs.42.49 million spent by the County Assembly and Kshs.54.13 million by the County Executive. Spending on foreign travel amounted to Kshs.18.15 million and consisted of Kshs.3.02 million by the County Assembly and Kshs.15.13 million by the County Executive.

3.35.9 Development Expenditure

The County incurred Kshs.611.72 million on development programmes, which represented an increase of 72.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.353.89 million. Table 3.198 summarises development projects with the highest expenditure in the reporting period.

Table 3.198: Nyamira County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Installation of a container office block	County HQ	3,969,149	3,969,149	100
2	Construction of Nyambaria water supply	Magambo	21,511,338	21,511,338	100
3	Construction of Kiabonyoru water supply	Kiabonyoru	12,054,500	3,763,350	31
4	Construction of 3 ECDE classrooms at Omoyo Primary	Gachuba	3,353,760	3,353,760	100
5	Construction of 3 ECDE classrooms & pit latrine at Kura Pny.	Manga	3,600,000	3,600,000	100
6	Construction of inpatient ward at Magwagwa H. Centre	Magwagwa	64,551,980	9,149,280	42
7	Construction of 80-bed amenity with doctors' plaza	Nyamira CRH	142,319,154	127,018,652	89
8	Construction of Manga stadium	Manga	83,721,866	65,340,150	78
9	Construction of Nyarode market	Nyansiongo	4,103,840	4,103,840	100
10	Construction of Box culvert at Riamatibu – Iywero Road	Mgwagwa	3,600,350	3,600,350	100

Source: Nyamira County Treasury

3.35.10 Budget Performance by Department

Table 3.199 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.199: 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	612.44	193.68	286.13	57.292	306.84	61.84	107.2	107.9	50.1	31.9
County Executive	469.16	0.00	215.77	116.78	182.56	0.00	84.6	0.0	38.9	0.0
Finance, ICT & Economic Planning	351.07	200.78	148.75	36.16	166.79	3.92	112.1	10.9	47.5	2.0
Agriculture & Livestock	156.55	325.39	80.99	33.73	73.89	49.63	91.2	147.1	47.2	15.3
Environment & Energy	92.65	196.70	50.36	36.12	44.58	43.91	88.5	121.6	48.1	22.3
Education & Vocational Training	405.72	78.82	189.70	112.92	257.77	30.13	135.9	26.7	63.5	38.2
Health Services	1,687.43	509.78	795.48	17.17	811.01	269.43	102.0	1568	48.1	52.9
Lands, Housing & Urban development	68.21	230.55	26.46	60.46	32.01	30.10	121.0	49.8	46.9	13.1
Roads, Transport & Public Works	104.63	374.20	42.44	10.25	38.05	81.75	89.7	797.4	36.4	21.8
Trade, Tourism & Industrialization	32.81	37.68	13.85	27.63	14.76	19.02	106.6	68.8	45.0	50.5
Youths, Sports, Gender & Culture	49.14	107.08	21.54	0.00	23.34	22.00	108.4	0.0	47.5	0.0
County Public Service Board	66.11	0.00	31.56	0.00	25.70	0.00	81.4	0.0	38.9	0.0
Public Service Management	321.17	60.00	140.24	0.00	194.12	0.00	138.4	0.0	60.4	0.0
Nyamira Municipality	41.41	164.46	26.61	0.00	20.31	0.00	76.4	0.0	49.1	0.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
	4,458.49	2,479.13	2,069.87	508.51	2,191.73	611.72	105.9	120.3	49.2	24.7

Source: Nyamira County Treasury

Analysis of expenditure by the departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 52.9 per cent. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 63.5 per cent while the Department of Roads, Transport and Public Works had the lowest at 36.4 per cent.

3.35.11 Budget Execution by Programmes and Sub-Programmes

Table 3.200 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.200: Nyamira County, Budget Execution by Programmes and Sub-programmes

Programme		Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Department of the County Assembly					
Subtotal		531, 604, 399	234, 973, 083	296, 631, 316	44.3
010100	Policy planning, general administration	337, 926, 193	173, 130, 340	164, 795, 853	51.4
070900	Legislation and representation services	193, 678, 206	61, 842, 743	131, 835, 463	31.9
Sub total		274, 516, 240	133, 713, 963	140, 804, 277	48.7
070800	Committee management services	23, 959, 000	11, 278, 395	12, 680, 605	47.1
070900	Legislation and representation services	250, 559, 240	122, 435, 569	128, 123, 671	48.9
Department of County executive					
070100	General administration and support services	396,649,855	161, 759,647	234, 890,208	40.8
subtotal		396, 649, 855	161, 759, 647	234,890,208	40.8
070100	General administration and support services	18, 489, 700	3, 239, 100	15,250,600	17.5
070600	Governance and coordination services	54, 022, 770	17, 564, 900	36, 457, 870	32.5
subtotal		72, 512, 470	20, 804, 000	51, 708, 470	28.7
Department of Finance and economic planning					
050400	ICT Services	3, 000, 000	1, 320, 900	1, 679, 100	44.0
070100	General administration and support services	211, 908, 939	110, 770, 956	101, 137, 983	52.3
070500	Resource mobilisation	26, 999, 964	1, 961, 580	25, 038, 384	7.3
Sub total		241, 908, 903	114, 053, 436	127, 855, 467	47.1
050400	ICT Services	7, 000,0000	2, 123, 104	4, 876, 896	30.3
070200	Budget formulation and management	3, 000, 010	1, 304, 000	1, 696, 010	43.5
Sub total		10, 000, 010	3, 427, 104	6, 572, 906	34.3
070200	Budget formulation and management	53, 126, 841	27, 374, 185	25, 752, 656	51.5
Subtotal		53, 126, 841	27, 374, 185	25, 752, 656	51.5
070400	County financial management & control	3, 000, 000	1, 282, 500	1, 717, 500	42.8
Sub total		3, 000, 000	1, 282, 500	1, 717, 500	42.8
070100	General administration and support services	3, 000, 002	1, 223, 400	1, 776, 620	40.8
Sub total		3, 000, 002	1, 223, 400	1, 776, 620	40.8
070400	County financial management & control	3, 000, 006	1, 221, 170	1, 778, 836	40.7
Sub total		3, 000, 006	1, 221, 170	1, 778, 836	40.7

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
050400	ICT services	112, 815, 048	0.00	112, 815, 048	0.0
070200	Budget formulation and management	125, 000, 000	22, 130, 325	102, 869, 675	17.7
Sub total		237, 815, 048	22, 130, 325	215, 684, 723	9.3
Department of Agriculture, livestock and fisheries development					
010100	Policy planning, general administration and support services	155, 439, 700	73, 330, 835	82, 108, 865	47.2
Sub total		155, 439, 700	73, 330, 835	82, 108, 865	47.2
010400	Livestock promotion and development	3, 800, 000	1, 500, 000	2, 300, 000	39.5
Sub total		3, 800, 000	1, 500, 000	2, 300, 000	39.5
010200	Crop, agribusiness & land management services	321, 592, 845	48, 128, 242	273, 464, 603	15.0
Sub total		321, 592, 845	48, 128, 242	273, 464, 603	15.0
010300	Fisheries development & promotion services	1, 113, 000	556, 000	557, 000	50.0
Sub total		1, 113, 000	556, 000	557, 000	50.0
Environment, water and natural resources					
100100	Policy planning, general administration and support services	72, 647, 959	34, 946, 639	37, 701, 320	48.1
Subtotal		72, 647, 959	34, 946, 639	37, 701, 320	48.1
100200		22, 550, 000	9, 630, 676	12, 919, 324	42.7
Sub total		22, 550, 000	9, 630, 676	12, 919, 324	42.7
100300	Water supply and management services	194, 150, 000	43, 913, 924	150, 236, 076	22.6
Subtotal		194, 150, 000	43, 913, 924	150, 236, 076	22.6
Department of Education and vocational training					
050100	General administration, policy planning & support services	288, 913, 277	144, 424, 486	144, 488, 791	50.0
Sub total		288, 913, 277	144, 424, 486	144, 488, 791	50.0
050200	ECDE and CCC development services	80, 938, 630	31, 056, 399	49, 882, 231	38.4
Subtotal		80, 938, 630	31, 056, 399	49, 882, 231	38.4
050300	Vocational training and development services	114, 680, 842	112, 416, 600	2, 264, 242	98.0
Subtotal		114, 680, 842	112, 416, 600	2, 264, 242	98.0
Department of Health services					
040100	General administration, planning and support services	1,546,018,174	750, 658, 254	795, 539, 920	48.6
040200	Curative health services	8, 829, 561	4, 045, 377	4, 784, 184	45.8
Subtotal		1,544,847,735	754, 703, 632	800, 144,103	48.9
040200	Curative health services	642, 359, 724	325, 728, 173	316, 631, 551	50.7
Subtotal		642, 359, 724	325, 728, 173	316, 631, 551	50.7
Department of Lands, housing and urban development					
010100	Policy planning, general administration and support services	68, 210, 790	32, 012, 613	36, 198, 177	46.9
010500	Physical planning and surveying services	79, 000, 000	22, 217, 500	56, 782, 500	28.1
010700	Management and development of towns	61, 554, 023	6, 955, 795	54, 598, 228	11.3
Subtotal		208, 764, 813	61, 185, 907	147, 578, 905	29.3
010600	Housing improvement development	90, 000, 000	922, 500	89, 077, 500	1.0
Subtotal		90, 000, 000	922, 500	89, 077, 500	1.0
Department of roads, transport and public works					
010100	Policy planning, general administration and support services	8, 500, 000	0.00	8, 500, 000	0.0
020100	General administration and support services	95, 679, 190	37, 900, 307	57, 778, 882	39.6

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Subtotal		104,179,190	37,900,307	66,278,883	36.4
020200	Roads development and management	374,199,206	81,746,401	292,452,805	21.8
Subtotal		374,199,206	81,746,401	292,452,805	21.8
020200	Roads development and management	450,000	150,000	300,000	33.3
Subtotal		450,000	150,000	300,000	33.3
Department of trade, tourism, industrialisation and cooperative development					
030100	Policy planning, general administration and support services	29,032,754	12,684,623	16,348,131	43.7
030300	Tourism development and promotion	896,000	365,109	530,891	40.7
Subtotal		29,032,754	13,049,732	16,879,022	44.9
030200	Trade, cooperative, investment development promotion	40,563,192	20,727,074	19,836,118	51.1
Subtotal		40,563,192	20,727,074	19,836,118	51.1
Department of youths, sports, gender, culture social services					
070100	General administration and support services	47,161,056	22,850,653	24,310,403	48.5
Subtotal		47,161,056	22,850,653	24,310,403	48.5
090200	Promotion and management of sports	4,725,000	484,600	4,240,400	10.3
Subtotal		4,725,000	484,600	4,240,400	10.3
090200	Promotion and management of sports	104,329,370	21,998,052	82,331,318	21.1
Subtotal		104,329,370	21,998,052	82,331,318	21.1
Department of County public service board					
070100	General administration and support services	5,381,500	2,185,000	3,196,500	40.6
100100	Policy planning, general administration and support services	60,731,790	23,518,471	37,213,319	38.7
Subtotal		66,113,290	25,703,471	40,409,819	38.9
Department of public service management					
010100	Policy planning, general administration and support services	317,638,378	192,974,442	142,663,936	60.8
070100	General administration and support services	654,000	275,200	378,800	42.1
071000	Coordination, strategy and HR Services	62,876,500	870,650	62,005,850	1.4
Subtotal		381,168,878	194,120,292	187,048,586	50.9
Department of Nyamira Municipality					
010100	Policy planning, general administration and support services	41,405,052	20,314,628	21,090,424	49.1
020200	Roads development and management	164,460,354	0.00	164,460,354	0.0
Sub total		205,865,406	20,314,628	185,550,778	9.9
Grand Total		6,937,617,659	2,803,452,038	4,134,165,621	40.4

Source: Nyamira County Treasury

Programmes with high levels of implementation based on absorption rates were: vocational training and development services in the Department of Education and Vocational Training at 98.0 per cent, policy planning, general administration and support services in the Department of Public Service Management at 60.8 per cent, general administration and support services in the Department of Finance, ICT and Economic Planning at 52.3 per cent, and budget formulation and management in the Department of Finance, ICT and Economic Planning at 51.5 per cent of budget allocation.

3.35.12 Monitoring and Evaluation

The office of the Controller of Budget visited the County Government of Nyamira in September/October 2021 to assess the progress made towards the implementation of programmes/projects. The exercise covered

20 projects implemented in FY 2018/19 and FY 2019/20. Some projects were well executed and have achieved the desired objectives. These include: Oxygen Generating Plant at Nyamira County Referral Hospital that is complete and currently operational; and Manga Community Water Project that will improve access to safe and clean water for households and learning institutions in the Manga Ward.

However, some projects have not achieved the intended objectives for some reasons. These include: Completion of Inpatient Wards at Nyamusi Sub-County Hospital and Inpatient wards with Operating Theatre at Magwagwa Health Center, which have stalled due to non-payment issues; and Nyamira County Assembly Office Block, which has structural defects. Other issues that were noted included inadequate staff and equipment for new health facilities, poor costing of bills of quantities resulting in significant variations in the scope of work, and poor project supervision.

Given the above, the Controller of Budget recommends that the County Treasury should prioritise payment of pending bills to ensure ongoing and stalled projects are completed and commissioned for use. The County Government should strengthen M&E and project supervision during the implementation phase to avert incidences of poor quality as observed in the Nyamira County Assembly Office Block. Further, ensure new health facilities have adequate staff and equipment. The Public Works Department should ensure that bill of quantities for each project is appropriately costed to reduce variations during the implementation phase.

3.35.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.611.72 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.45 billion. The development expenditure represented 24.7 per cent of the annual development budget.
2. A high wage bill, which accounted for 44.8 per cent of the first half proportional revenue of Kshs.3.47 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.70.17 million against an annual projection of Kshs.400 million, representing 17.5 per cent of the annual target.
4. Possible use of revenue at source as actual expenditure represented 108.7 per cent of the total funds released by the CoB during the reporting period.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iv. The County Treasury should ensure all revenues are banked in the CRF according to Section 109 (2) of the PFM Act, 2012. Further, the County should improve budgetary control to ensure that expenditure is within the approved budget.

3.36 County Government of Nyandarua

3.36.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.7.22 billion, comprising of Kshs.2.33 billion (32.3 per cent) and Kshs.4.88 billion (67.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.67 billion (78.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.590 million (8.2 per cent) from own sources of revenue, and a cash balance of Kshs.45 million (0.6 per cent) from FY 2020/21. The County also expects to receive Kshs.912.87

million (12.6 per cent) as conditional grants, which consists of Supplement for construction of county headquarters, Leasing of Medical Equipment, Transforming Health Systems for Universal care Project (WB), Kenya Climate-Smart Agriculture Project (KCSAP), DANIDA Grant, EU Grant (Instruments for Devolution Advise and Support IDEAS), Kenya Devolution Support Project (KDSP) Level 2 Grant, Kenya Informal Settlement Improvement Project- KISIP II and the Agricultural Sector Development Support Programme (ASDSP) II.

3.36.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.35 billion as the equitable share of the revenue raised nationally, raised Kshs.188.29 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.45 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.59 billion, as shown in Table 3.201.

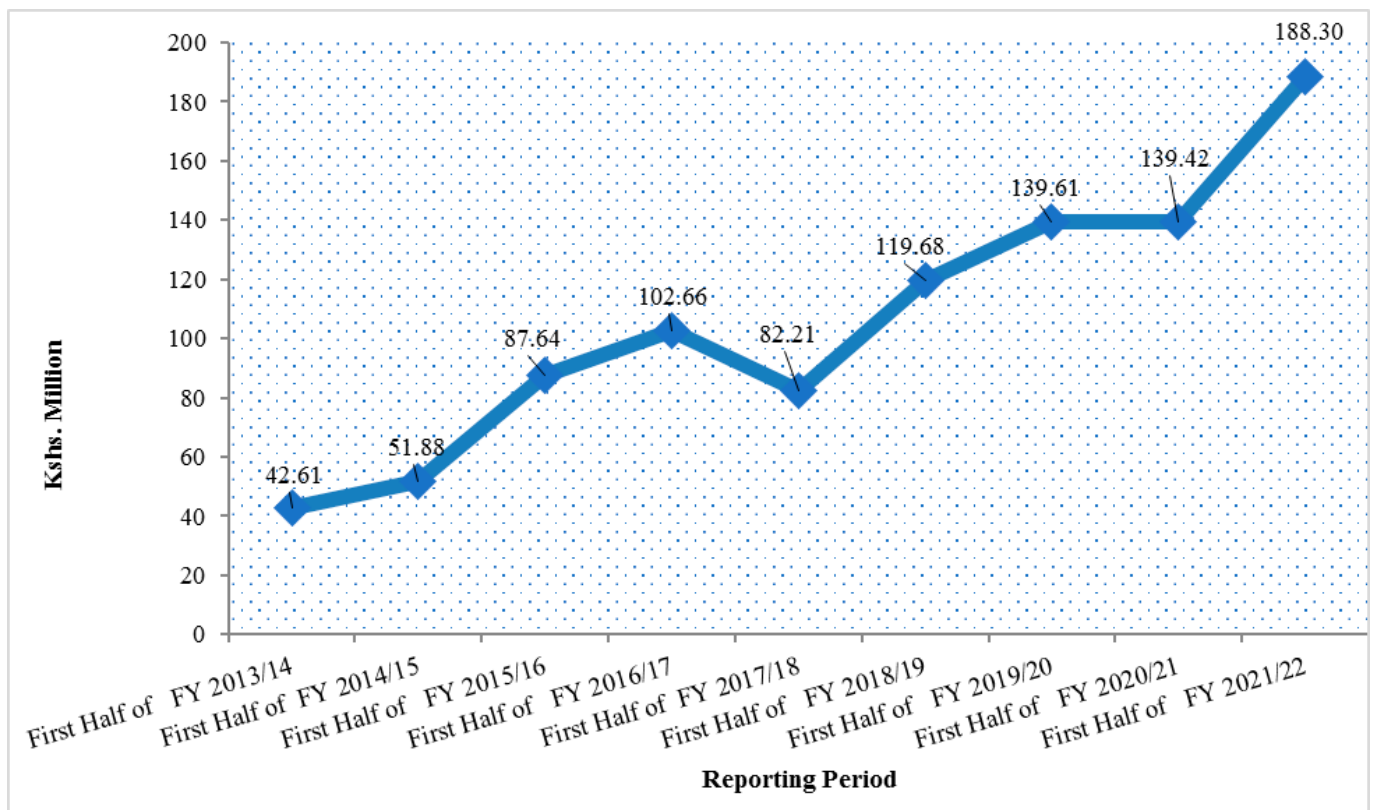
Table 3.201: Nyandarua County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,670,444,228	2,353,234,353	41.5
Sub Total		5,670,444,228	2,353,234,353	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	590,000,000	188,298,489	31.9
2	Conditional Grants	912,187,561	2,500,000	0.3
3	Balance b/f from FY2020/21	45,000,000	45,000,000	100
Sub Total		1,547,187,561	235,798,489	15.2
Grand Total		7,217,631,789	2,589,032,842	35.9

Source: Nyandarua County Treasury

Figure 3.68 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.68: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Nyandarua County Treasury

In the first half of FY 2021/22, the County generated Kshs.188.29 million as own-source revenue. This amount represented an increase of 26 per cent compared to Kshs.139.41 million realised during a similar period in the first half of FY 2020/21 and was 31.9 per cent of the annual target.

In the FY 2018/19, the County implemented an automated revenue management system called Nyandarua County Automated Revenue Management System.

3.36.3 Exchequer Issues

The Controller of Budget approved Kshs.2.06 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.119.40 million (5.8 per cent) for development programmes and Kshs.1.94 billion (94.2 per cent) for recurrent programmes.

3.36.4 Overall Expenditure Review

The County spent Kshs.2.04 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.1 per cent of the total funds released by the CoB and comprised of Kshs.119.40 million and Kshs.1.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.1 per cent, while recurrent expenditure represented 39.5 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.882.66 million and comprised of Kshs.181.48 million for recurrent expenditure and Kshs.701.18 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.16.14 million were settled for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.866.52 million.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.22 billion was spent on employee compensation, Kshs.702.39 million on operations and maintenance, and Kshs.119.40 million on development activities, as shown in Table 3.202.

Table 3.202: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,155,458,963	729,643,697	1,744,167,940	185,834,900	42.0	25.5
Compensation to Employees	2,170,350,000	326,259,943	1,062,610,236	164,994,879	49.0	50.6
Operations and Maintenance	1,985,108,963	403,383,754	681,557,704	20,840,021	34.3	5.2
Development Expenditure	2,247,529,129	85,000,000	119,403,789	-	5.3	-
Total	6,402,988,092	814,643,697	1,863,571,729	185,834,900	29.1	22.8

Source: Nyandarua County Treasury

3.36.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 34 per cent of the first half proportional revenue of Kshs.3.61 billion. The wage bill of Kshs.1.22 billion includes Kshs.489.68 million attributable to the health sector, which translates to 39.9 per cent of the total wage bill in the reporting period.

3.36.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.354.00 million to county established funds in FY 2021/22, which constituted 4.9 per cent of the County's overall budget for the year. Table 3.203 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.203: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	County Bursary Fund	147,500,000	-	122,476,988	-	Yes	
2	County Mortgage Fund- Civil Servants	66,000,000	-	29,619,300	-	Yes	
3	County Mortgage Fund- Executive Committee Members	-	-	1,025,300	-	Yes	
4	County Emergency Fund	40,000,000	-	21,122,781	-	Yes	
5	County Assembly Staff Car Loans and Mortgage Fund	-	40,000,000	-	21,861,329	Yes	
6	County Assembly Members Car Loans and Mortgage Fund	-	25,000,000	-	2,000,000	Yes	
7	Nyandarua County Trade Fund	35,500,000	-	-	-	N/A	No Regulations in Place
	Total	289,000,000.	65,000,000	174,244,369.14	23,861,329.00		

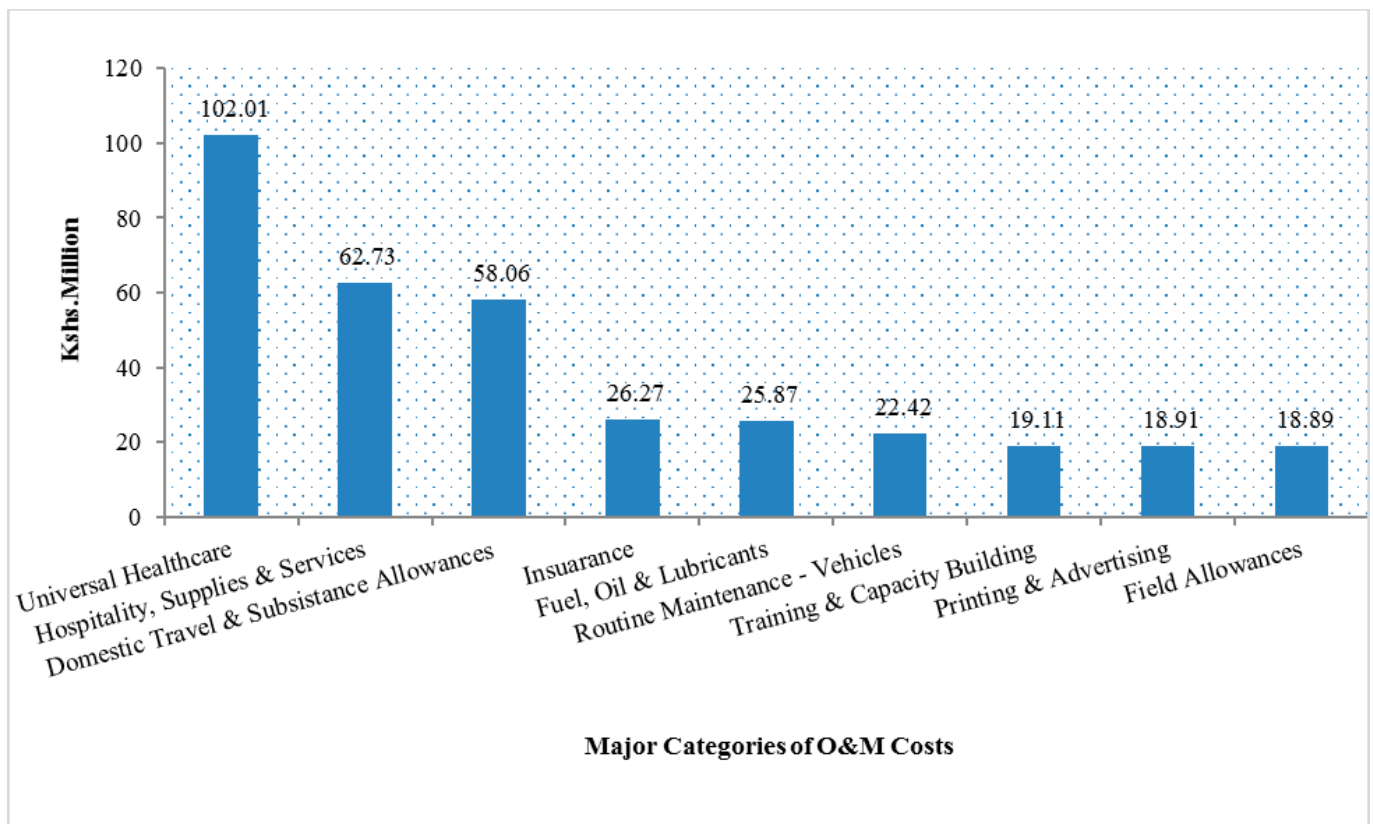
Source: Nyandarua County Treasury

From the seven county-established public funds, the OCoB received quarterly financial returns from administrators of six funds. The Nyandarua County Trade Fund has no supporting legislation and is yet to be operationalised, as reflected in Table 3.203.

3.36.9 Expenditure on Operations and Maintenance

Figure 3.69 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.69 : Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: Nyandarua County Treasury

The County spent Kshs.11.1 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. 46,260 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.58.06 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.348,880.00 spent by the County Executive.

3.36.10 Development Expenditure

The County incurred Kshs.119.40 million on development programmes, which represented a decrease of 102.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.241.55 million. Table 3.204 summarises development projects with the highest expenditure in the reporting period.

Table 3.204: Nyandarua County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	County Headquarters (County Contribution)	Kaimbaga ward (County headquarter offices)	617,644,564	33,924,802	5.5
2	Road maintenance using County's in-house Road Machinery & Equipment	Ndaragwa Central	9,999,700	9,999,700	100.0

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
3	Ol'kalou Arboretum- Phase 2 Completion of solar heated swimming pool and septic tank -Kaimbaga ward	Kaimbaga ward	27,759,043	9,675,471	34.9
4	Olkalou Stadium - VIP dais	Kaimbaga ward	34,728,935	6,052,369	17.4
5	Road maintenance using County's in-house Road Machinery & Equipment	Magumu	5,000,000	5,000,000	100.0
6	Road maintenance using County's in-house Road Machinery & Equipment	Githabai ward	5,000,000	5,000,000	100.0
7	Road maintenance using County's in-house Road Machinery & Equipment	Mirangine	5,000,000	5,000,000	100.0
8	Road maintenance using County's in-house Road Machinery & Equipment	Gathanji	5,000,000	5,000,000	100.0
9	Road maintenance using County's in-house Road Machinery & Equipment	Gatimu	5,000,000	5,000,000	100.0
10	Road maintenance using County's in-house Road Machinery & Equipment	Kiriita	5,000,000	5,000,000	100.0

Source: Nyandarua County Treasury

3.36.11 Budget Performance by Department

Table 3.205 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.205: 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	120.89	-	70.17	-	70.17	-	100	-	58.0	-
The County Secretary	2,273.82	-	1,105.58	-	1,105.58	-	100	-	48.6	-
County Attorney	60.35	-	16.86	-	16.86	-	100	-	27.9	-
Public Administration & ICT	64.29	2.70	18.41	-	18.41	-	100	-	28.6	-
County Public Service Board	22.79	-	6.38	-	6.33	-	99.2	-	27.8	-
Finance & Economic Development	418.46	35.50	264.14	-	264.14	-	100	-	63.1	-
Health Services	539.01	301.97	118.91	7.58	118.91	7.58	100	100	22.1	2.5
Education, Gender, Youth, Culture and Social Services	39.35	87.47	9.38	4.16	9.38	4.16	100	100	23.8	4.8
Industrialization Cooperatives, Trade & Enterprise Development	47.18	199.01	20.48	-	20.48	-	100	-	43.4	-
Ol-Kalou Municipality	15.96	50.00	2.38	-	2.38	-	100	-	14.9	-
Youth, Sports and Arts	191.44	68.30	21.54	6.05	21.54	6.05	100	100	11.3	8.9
Water, Environment, Tourism & Natural resources	79.80	283.60	26.39	14.86	26.39	14.86	100	100	33.1	5.2
Transport, Energy & Public Works	120.65	828.07	37.55	86.75	37.55	86.75	100	100	31.1	10.5

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
Lands, Housing & Physical Planning	27.86	48.66	7.46	-	7.46	-	100	-	26.8	-
Agriculture Livestock & Fisheries	133.63	342.25	18.58	-	18.58	-	100	-	13.9	-
County Assembly	729.64	85.00	204.28	-	185.83	-	91.0	-	25.5	-
Total	4,885.10	2,332.53	1,948.50	119.40	1,930.00	119.40	99.1	100	39.5	5.1

Source: Nyandarua County Treasury

Analysis of expenditure by the departments shows that the Department of Transport, Energy & Public Works recorded the highest absorption rate of development budget at 10.5 per cent while the Departments of Public Administration & ICT, Finance & Economic Development, Industrialisation Cooperatives, Trade & Enterprise Development, Ol-Kalou Municipality, Lands, Housing & Physical Planning, Agriculture Livestock & Fisheries and the County Assembly did not report any expenditure on development activities.

The Department of Finance & Economic Development had the highest percentage of recurrent expenditure to budget at 63.1 per cent while the Department of Youth, Sports and Arts had the lowest at 11.3 per cent.

3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 3.206 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.206: Nyandarua County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
General administration, planning and support services	Service Delivery Unit	27,600,000	12,505,458	15,094,542	45.3
	Governor's Office & Investment Promotion	65,920,000	46,050,644	19,869,356	69.9
	Liaison and Intergovernmental Relations	16,186,000	6,485,920	9,700,080	40.1
	Civic Education and Public Participation	11,180,997	5,128,445	6,052,552	45.9
Sub Total		120,886,997	70,170,467	50,716,530	58
County Secretary	County Secretary-Administration	50,470,000	21,835,358	28,634,642	43.3
	Cabinet Affairs	830,000	388,443	441,557	46.8
Human Resource Management	Payroll (Including Compensation to employees)	2,068,000,000	1,062,826,386	1,005,173,614	51.4
	Human Resource Management (Including employee gratuity, pension and medical insurance)	154,520,000	20,534,017	133,985,983	13.3
Sub Total		2,273,820,000	1,105,584,204	1,168,235,796	48.6
County Attorney Services	legal and public affairs	60,350,000	16,855,627	43,494,373	27.9
Sub Total		60,350,000	16,855,627	43,494,373	27.9
Public administration	Public Administration	8,700,000	3,833,105	4,866,895	44.1
	sub-county and ward administration	23,090,000	8,331,446	14,758,554	36.1
	Communication and Public Relations	7,600,000	930,187	6,669,813	12.2
	Enforcement and Compliance	17,600,000	3,594,206	14,005,794	20.4
ICT and E-government Services	ICT and E-government Services	10,000,000	1,723,182	8,276,818	17.2
Sub Total		66,990,000	18,412,126	48,577,874	27.5
County Public Service Board	County Public Service Board	22,789,000	6,325,634	16,463,366	27.8
Sub Total		22,789,000	6,325,634	16,463,366	27.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Public Finance Management	County Funds	289,000,000	200,500,000	88,500,000	69.4
	treasury services	16,903,117	6,843,365	10,059,752	40.5
	Financial reporting	5,315,000	2,615,377	2,699,623	49.2
	Revenue Collection and Administration (Including automation)	20,150,000	13,608,496	6,541,504	67.5
	Revenue Enhancement and Monitoring	16,700,000	8,331,844	8,368,156	49.9
	Supply Chain Management	6,880,000	4,072,521	2,807,479	20.2
	Internal Audit and Risk Management	8,000,000	4,136,687	3,863,313	51.7
	Internal Audit committee	3,000,000	1,870,174	1,129,826	62.3
Economic planning and development	County Budgeting	13,898,750	7,606,541	6,292,209	54.7
	County Statistics and Data Bank	4,950,000	2,727,670	2,222,330	55.1
	Monitoring and Evaluation	9,365,260	2,545,865	6,819,395	27.2
	Economic Modelling and Research	3,051,700	2,118,061	933,639	69.4
	Economic Development Planning	56,750,000	7,163,190	49,586,810	12.6
Sub Total		453,963,827	264,139,791	189,824,036	58.2
Preventive and Promotive Services	Preventive and Promotive Services	6,271,274	3,172,780	3,098,494	50.6
Curative Services	Curative Services	218,199,497	79,917,560	138,281,937	36.6
	universal health care and grants	309,636,578	34,485,564	275,151,014	11.1
General administration, planning and support services	Solid Waste and Cemeteries	4,900,000	1,331,810	3,568,190	27.2
	Infrastructure and Equipment	301,971,038	7,576,433	294,394,605	2.5
Sub total		840,978,387	126,484,147	714,494,240	15
Primary education	ECDE	83,652,219	8,342,980	75,309,239	10
Youth training and development	revitalization of youth polytechnics	6,050,106	1,539,346	4,510,760	25.4
Culture	development and promotion of culture	7,830,000	1,065,420	6,764,580	13.6
Arts & Theatre	Arts & Theatre	29,288,954	2,594,050	26,694,904	8.9
Sub Total		126,821,279	13,541,796	113,279,483	10.7
Trade development and promotion	Financial and Trade Services	43,910,000	6,465,839	37,444,161	14.7
Industrial development and investment	Industrial and Enterprise Development	134,825,000	1,206,662	133,618,338	0.9
	Weights & Measures	2,920,000	1,724,377	1,195,623	59.1
Cooperative development and management	Cooperative advisory services	16,530,000	5,377,349	11,152,651	32.5
	cooperative audit extension services	5,240,458	2,487,117	2,753,341	47.5
Urban development	Urban development	42,759,912	3,220,263	39,539,649	7.5
Ol'kalou municipality	Ol'kalou municipality	65,956,600	2,382,290	63,574,310	3.6
Sub Total		312,141,970	22,863,897	289,278,073	7.3
Sports	Sports Development	92,725,000	9,525,988	83,199,012	10.3
Youth Affairs	Youth Affairs	30,950,000	4,333,796	26,616,204	14
Gender Affairs and Social Services & youth empowerment	Social Services	125,360,000	7,133,240	118,226,760	5.7
	Gender Affairs and Social Services	3,950,000	1,159,703	2,790,297	29.4
General administration, planning and support services	Alcohol Drinks Control and Civic Education	6,750,000	5,438,808	1,311,192	80.6
Sub Total		259,735,000	27,591,535	232,143,465	10.6
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	224,521,789	9,061,526	215,460,263	4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Environment	environmental support and management	26,850,000	5,418,917	21,431,083	20.2
	climate change resilience	24,600,000	4,287,005		17.4
	natural resource	1,800,000	589,380		
Tourism development and promotion	tourism infrastructure development	77,226,469	21,085,894	56,140,575	27.3
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	8,400,000	809,975	7,590,025	9.6
Sub Total		363,398,258	41,252,697	300,621,946	11.4
Road transport	Transport (Including fuel level, General Administration & Support Services)	636,046,261	65,574,391	570,471,870	10.3
	Public Works	233,363,199	46,900,967	186,462,232	20.1
Alternative energy technologies	alternative energy technologies	75,210,000	10,741,628	64,468,372	14.3
General administration, planning and support services	Emergency Response & Preparedness	4,100,000	1,086,420	3,013,580	26.5
Sub Total		948,719,460	124,303,406	824,416,054	13.1
Land policy and planning	Physical Planning	9,510,455	1,728,788	7,781,667	18.2
	Survey and Mapping	8,988,000	2,416,747	6,571,253	26.9
	Land Administration and Management	49,851,545	2,599,575	47,251,970	5.2
Housing	Housing	8,170,000	718,280	7,451,720	8.8
Sub Total		76,520,000	7,463,390	69,056,610	9.8
Crop development and management	land and crop development	386,597,035	5,001,645	381,595,390	1.3
	Seed Potato Production Unit (SPPU Lab)	12,095,937	548,361	505,355,690	4.5
Livestock resources management and development	livestock production and management	11,185,618	1,699,650	9,485,968	15.2
	Veterinary Services	16,195,000	2,112,717	14,082,283	13
Fisheries Development and management	fisheries policy, strategy and capacity building	5,300,000	334,750	4,965,250	6.3
General administration, planning and support services	Institution Support (ATCs)	13,185,000	2,003,235	11,181,765	15.2
	Agriculture Mechanization Services	6,635,000	884,770	5,750,230	13.3
	General administration and Extension Services	11,950,324	4,202,884	7,747,440	35.2
	Subsidized Artificial Insemination	12,730,000	1,795,000	10,935,000	14.1
Sub Total		475,873,914	18,583,012	951,099,016	3.9
County Assembly	legislative, oversight and representation	814,643,697	185,834,900	628,808,797	22.8
Sub Total		814,643,697	185,834,900	628,808,797	22.8
Grand Total		7,217,631,789	2,049,406,629	5,640,509,659	28.4

Source: Nyandarua County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Alcohol Drinks Control and Civic Education in the Department of Youth, Sports and Arts at 80.6 per cent, Governor's Office & Investment Promotion in the Department of Governor's Office & Service Delivery at 69.9 per cent, County Established Funds in the Department of Finance & Economic Development at 69.4 per cent, and Economic Modelling and Research in the Department of Finance & Economic Development at 69.4 per cent of budget allocation.

3.36.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.119.40 million in the first half of

FY 2021/22 from the annual development budget allocation of Kshs.2.33 billion. The development expenditure represented 5.1 per cent of the annual development budget.

2. The underperformance of own-source revenue at Kshs.188.29 million against an annual projection of Kshs.590.00 million, representing 31.9 per cent of the annual target.
3. Failure to settle pending bills. The County reported payment of Kshs.16.14 million towards the settlement of the pending bill compared to the outstanding amount as of 30th June 2021 of Kshs.882.66 million.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The County Treasury should prioritise settlement of pending bills in the remaining period of the current financial year.

3.37 County Government of Nyeri

3.37.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.8.75 billion, comprising Kshs.2.66 billion (30.4 per cent) and Kshs.6.09 billion (69.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.22 billion (71.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.0 billion (11.4 per cent) from own sources of revenue, and a cash balance of Kshs.810.51 million (9.3 per cent) from FY 2020/21. The County also expects to receive Kshs.712.08 million (8.4 per cent) as conditional grants.

Conditional grants consist of Kshs.352.82 million from IDA (World Bank) for Kenya Climate-Smart Agriculture Project, Kshs.29.07 million from IDA (World Bank) for Agriculture Sector Development Support Programme, Kshs.184.79 million from IDA (World Bank) as credit for Kenya Devolution Support Programme "Level 2 grant", Kshs.60.0 million from IDA (World Bank) as credit for Kenya Informal Sector Settlement Programme, Kshs.48.73 million for Transforming Health Systems for Universal Care, Kshs.11.99 million as a grant from DANIDA for Universal Healthcare to Devolved System and Kshs.24.66 million as a grant from CDC for HIV Programme.

3.37.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.05 billion as the equitable share of the revenue raised nationally, raised Kshs.398.31 million as own-source revenue, Kshs.6.57 million as conditional grants, and had a cash balance of Kshs.810.51 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.27 billion, as shown in Table 3.207.

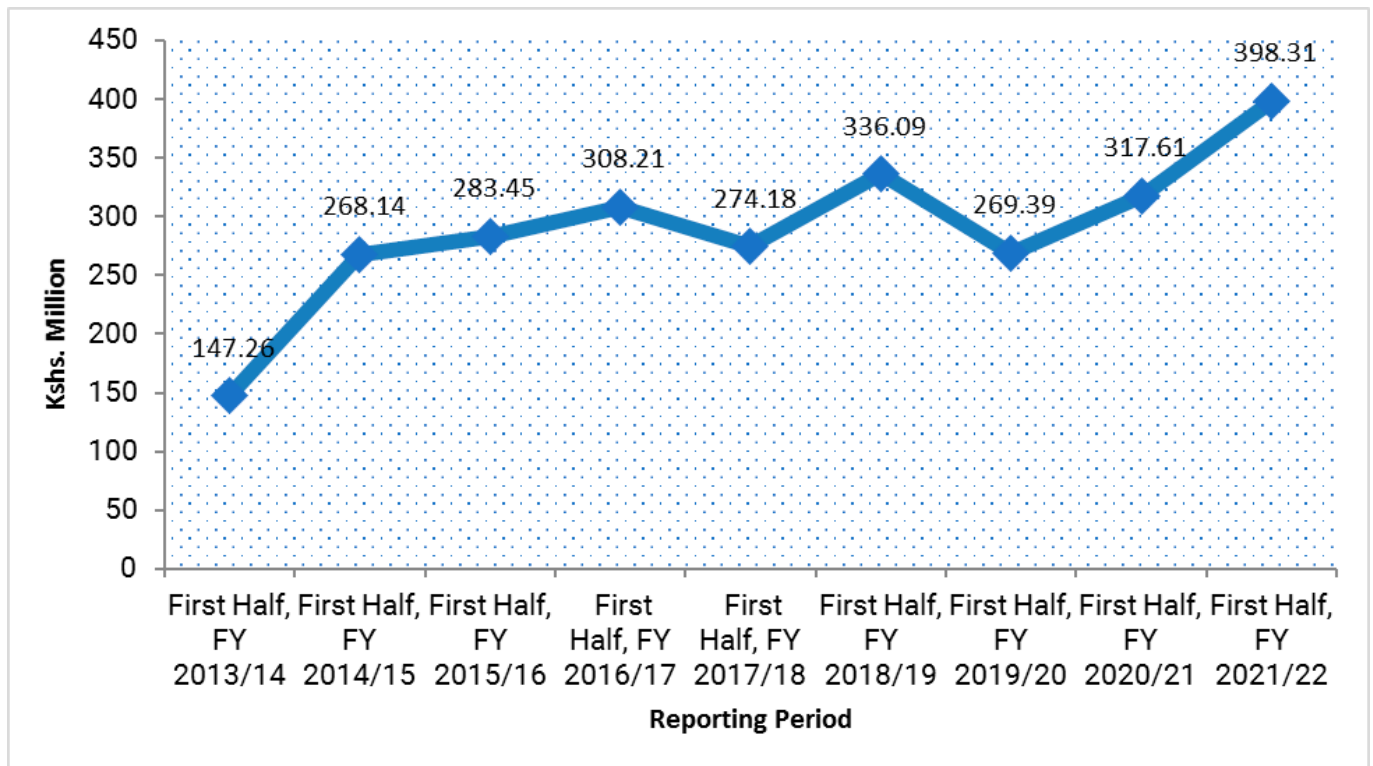
Table 3.207: Nyeri County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,228,728,555	2,055,480,422	33.0
Sub Total		6,228,728,555	2,055,480,422	33.0
B	Other Sources of Revenue			
1.	Own Source Revenue	1,000,000,000	398,309,445	39.8
2.	Conditional Grants	712,084,198	6,570,000	0.9
3.	Balance b/f from FY 2020/21	810,515,428	810,515,428	100.0
Sub Total		2,522,599,626	1,215,394,873	48.2
Grand Total		8,751,328,181	3,270,875,295	37.4

Source: Nyeri County Treasury

Figure 3.70 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.70: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Nyeri County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.398.31 million as own-source revenue. This amount represented an increase of 25.4 per cent compared to Kshs.317.61 million realised during a similar period in the first half of FY 2020/21 and was 39.8 per cent of the annual target. The increase in revenue collection during the period under consideration is mainly attributable to leveraging on revenue automation coupled with enhanced collection enforcement.

In the FY 2019/20, the County implemented an automated revenue management system referred to as Nyeri Pay.

3.37.3 Exchequer Issues

The Controller of Budget approved Kshs.2.63 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.262.1 million (9.9 per cent) for development programmes and Kshs.2.37 billion (90.1 per cent) for recurrent programmes.

3.37.4 Overall Expenditure Review

The County spent Kshs.2.69 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.1 per cent of the total funds released by the CoB and comprised of Kshs.225.38 million and Kshs.2.46 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.5 per cent, while recurrent expenditure represented 40.5 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.110.95 million and comprised of Kshs.79.71 million for recurrent expenditure and Kshs.31.24 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.84.36 million were settled, consisting of Kshs.77.22 million for recurrent expenditure and Kshs.7.14 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.26.59 million.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.92 billion was spent on employee compensation, Kshs.549.56 million on operations and maintenance, and Kshs.225.38 million on development activities, as shown in Table 3.208.

Table 3.208: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,086,664,070	734,500,292	2,157,699,996	308,427,405	35.4	42.0
Compensation to Employees	3,919,249,467	247,204,576	1,794,293,250	122,277,303	45.8	49.5
Operations and Maintenance	2,167,414,603	487,295,716	363,406,746	186,150,102	16.8	38.2
Development Expenditure	2,664,664,111	50,000,000	225,382,383	-	8.5	0.0
Total	8,751,328,181	784,500,292	2,383,082,379	308,427,405	27.2	39.3

Source: Nyeri County Treasury

3.37.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 43.8 per cent of the first half proportional revenue of Kshs.4.38 billion.

The wage bill of Kshs.1.92 billion includes Kshs.1.09 billion attributable to the health sector, which translates to 56.8 per cent of the total wage bill in the reporting period.

3.37.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.160 million to county established funds in FY 2021/22, which constituted 1.8 per cent of the County's overall budget for the year. Table 3.209 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.209: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund	-	-	62,280	-	-	No
2.	Nyeri County Elimu Fund	160,000,000	-	-	-	Yes	-
3.	Nyeri County Enterprise Development Fund	-	-	267,483	-	Yes	-
Total		160,000,000		329,763			

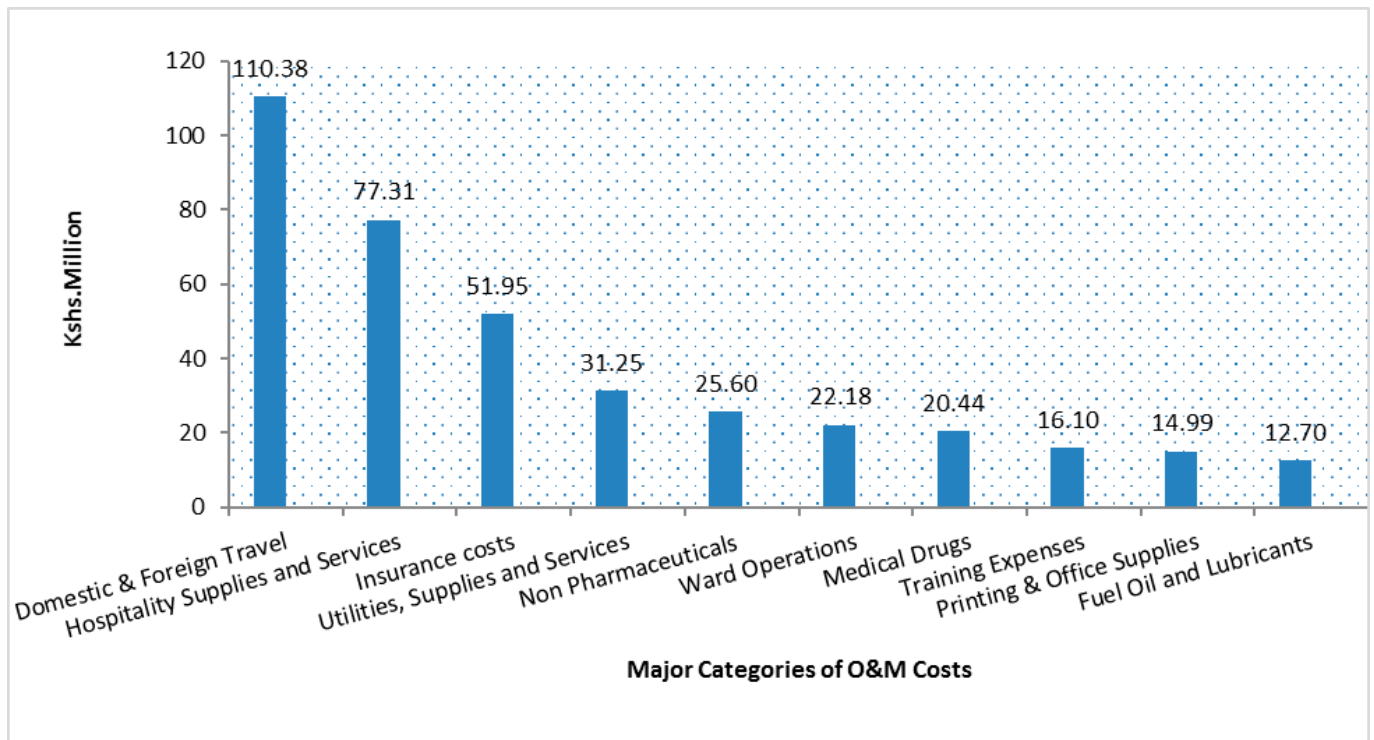
Source: Nyeri County Treasury

The OCoB did not receive the quarterly financial returns from the Fund Administrator of the Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund, as indicated in Table 3.209.

3.37.9 Expenditure on Operations and Maintenance

Figure 3.71 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.71: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri County Treasury

The County spent Kshs.21.92 million on committee sitting allowances for the 44 MCAs and Speaker against the annual budget allocation of Kshs.50.67 million. The average monthly sitting allowance was Kshs.81,173 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.102.92 million and comprised Kshs.71.08 million spent by the County Assembly and Kshs.31.84 million by the County Executive. Spending on foreign travel amounted to Kshs.7.46 million and consisted of Kshs.4.98 million by the County Assembly and Kshs.2.48 million by the County Executive.

3.37.10 Development Expenditure

The County incurred Kshs.225.38 million on development programmes, which represented a decrease of 27.0 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.308.68 million. Table 3.210 summarises development projects with the highest expenditure in the reporting period.

Table 3.210: Nyeri County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of buildings - Non-residential	Naromoru - level IV Hosp	215,252,577	59,543,472	27.66
2	Completion of the perimeter wall and pedestrian walkways.	Rware ward	80,162,735	56,495,102	70.48
3	Capital Transfers to Non-Profit Organisations and Associations (Micro Projects)-KCSAP	Gakawa, Thegu, Mugunda, Gataragwa, Mukurweini Central, Rugi	173,000,000	10,388,300	6.00
4	Access roads Programme-Purchase of Fuel	Countywide	41,050,000	7,801,300	19.00

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
5	Fuel for solid waste management	Nyeri HQ	12,000,000	6,000,000	50.00
6	Purchase of 2 No. of specialised enforcement vehicle.	County Hqrt	12,400,000	5,840,000	47.10
7	Installation of Streetlights at Kariki, Mairo, Mucharage Junction, Mucharage Shopping Center, Rurii, Mitai TBC, Gatundu And Muirungi	Chinga	3,841,920	3,841,920	100.00
8	Upgrading of Josphat Gitumbi Road and Matiraini Kwa Koje Road	Konyu	3,699,989	3,699,989	100.00
9	Upgrading of Kiganjo, kwa Kabura Road and Kiangima Kagongo-Kumu Road	Chinga	3,599,860	3,599,860	100.00
10	Other Capital Transfers-THUS	Countywide	61,481,745	3,471,787	5.65

Source: Nyeri County Treasury

3.37.11 Budget Performance by Department

Table 3.211 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.211: 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 and Deputy Governor	152.08	5.00	61.96	0.00	56.09	0.00	90.5	0.0	36.9	0.0
Office of the County Secretary	328.70	24.50	63.57	0.00	52.15	0.00	82.0	0.0	15.9	0.0
Finance and Economic Planning	998.24	273.25	376.05	190.64	404.70	72.02	107.6	37.8	40.5	26.4
Lands, Physical Planning, Housing and Urbanization	59.38	346.08	17.47	2.00	16.33	58.50	93.5	2924.8	27.5	16.9
Health Services	2,615.08	354.75	1,161.60	6.61	1,207.91	4.25	104.0	64.4	46.2	1.2
Gender, Youth and Social Services	65.16	68.65	26.08	0.00	25.83	0.00	99.0	0.0	39.6	0.0
County Public Service and Solid Waste Management	113.19	69.00	48.35	6.00	50.48	6.41	104.4	106.9	44.6	9.3
Agriculture, Livestock and Fisheries	244.77	488.82	118.69	3.00	116.81	3.43	98.4	114.2	47.7	0.7
Trade, Culture, Tourism and Co-Operative Development	58.25	76.98	22.83	2.26	22.01	2.26	96.4	100.0	37.8	2.9
Education and Sports	441.45	83.15	116.06	0.00	118.91	2.41	102.5	0.0	26.9	2.9
Water, Irrigation, Environment and Climate Change	75.93	142.77	35.42	0.65	34.93	3.94	98.6	610.6	46.0	2.8
County Assembly	734.50	50.00	279.24	0.00	308.43	0.00	110.5	0.0	42.0	0.0
County Public Service Board	43.55	5.00	14.33	0.00	16.63	0.00	116.1	0.0	38.2	0.0
Transport, Public Works Infrastructure and Energy	115.16	676.73	31.93	50.95	34.92	72.17	109.4	141.6	30.3	10.7
Office of the County Attorney	41.23	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0
TOTAL	6,086.66	2,664.66	2,373.58	262.10	2,466.13	225.38	103.9	86.0	40.5	8.5

Source: Nyeri County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 26.4 per cent while five departments did not report any expenditure on development activities. The Department of Agriculture, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 47.7 per cent, while the Office of County Attorney did not incur any expenditure.

3.37.12 Budget Execution by Programmes and Sub-Programmes

Table 3.212 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.212: 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	664,320,743	111,843,853	552,476,890	16.8
	Crop Management	County Agriculture Extension Program	7,623,500	512,708	7,110,792	6.7
	Wambugu ATC	Farm Development	6,851,500	2,875,750	3,975,750	42.0
	AMS Naromoru	Development of Agricultural Land For Crop Production	7,710,500	855,250	6,855,250	11.1
	Livestock Production Management	Provision of Extension Services to Livestock farmers	17,571,100	201,690	17,369,410	1.1
	Fisheries development	Administrative Support Services	7,209,500	250,467	6,959,033	3.5
	Veterinary services	Administrative Support Services	21,296,340	3,700,190	17,596,150	17.4
			732,583,183	120,239,908	612,343,275	16.4
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	390,667,381	72,607,812	318,059,569	18.6
	Land Policy and Planning	Land Policy Formulation	14,350,250	1,960,760	12,389,490	13.7
	Housing Development and Human Settlement	Government Building	1,440,000	256,590	1,183,410	17.8
			406,457,631	74,825,162	331,632,469	18.4
Transport, Public Works Infrastructure and Energy	General administration and policy development and implementation	Administration, planning and support services	73,425,887	34,555,233	38,870,654	47.1
	Energy Sector development	Street lighting programme	218,930,000	18,823,238	200,106,762	8.6
	Roads development, maintenance and management	County access and feeder roads improvement	499,525,159	53,709,470	445,815,689	10.8
			791,881,046	107,087,941	684,793,105	13.5
Trade, Culture, Tourism and Co-Operative Development	Tourism Development	Promotion of Tourism	6,514,585	416,770	6,097,815	6.4
	Trade and Co-operative Development	Trade Promotion	118,237,395	23,138,908	95,098,487	19.6
	Co-operatives	Cooperative Development And Management	10,470,000	708,535	9,761,465	6.8
			135,221,980	24,264,213	110,957,767	17.9
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,843,119,594	1,164,125,052	1,678,994,542	40.9
		Health Services	126,706,488	48,040,312	78,666,176	37.9
			2,969,826,082	1,212,165,363	1,757,660,719	40.8

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
Education and Sports	General administration and policy development and implementation	Administrative Support Services	463,547,431	116,455,487	347,091,944	25.1
	County Sports Development	Search and nurture talents	41,631,000	1,793,000	39,838,000	4.3
	Youth Training and Development	Youth Training and Development	13,000,000	1,963,965	11,036,036	15.1
	ECDE Management	ECDE Management	6,417,496	1,105,884	5,311,612	17.2
			524,595,927	121,318,335	403,277,592	23.1
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	151,769,436	53,428,310	98,341,126	35.2
		Management of county affairs	5,314,526	2,664,966	2,649,560	50.1
			157,083,962	56,093,276	100,990,686	35.7
Office of the County Secretary	Coordination of County Functions and Public Service Management	Administration, planning and support services	343,929,168	51,620,286	292,308,882	15.0
		ICT Infrastructure Development	8,100,000	310,400	7,789,600	3.8
		County publicity campaign	1,170,000	214,740	955,260	18.4
			353,199,168	52,145,426	301,053,742	14.8
Finance and Economic Planning	Executive services	Administration and personnel services	1,199,119,514	458,993,351	740,126,163	38.3
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	13,790,401	4,013,190	9,777,211	29.1
	Public Finance Management	Financial Accounting	11,901,000	2,800,026	9,100,974	23.5
		Procurement Compliance and Reporting	11,100,000	2,252,112	8,847,888	20.3
		Internal Audit	7,859,800	2,501,440	5,358,360	31.8
	Revenue Mobilization	Revenue Mobilization	21,400,000	4,816,857	16,583,143	22.5
	Economic Planning and Policy Formulation	Monitoring and Evaluation	6,326,372	1,340,700	4,985,672	21.2
			1,271,497,087	476,717,676	794,779,411	37.5
County Assembly	General administration, Policy Development and implementation	Administration and Personnel Services	784,500,292	308,427,405	476,072,887	39.3
			784,500,292	308,427,405	476,072,887	39.3
County Public Service and Solid Waste Management	Human resources management	Administration Planning and Support Services	107,285,107	48,718,732	58,566,375	45.4
	Sanitation management	Sanitation management	74,900,000	8,172,564	66,727,436	10.9
			182,185,107	56,891,296	125,293,811	31.2
County Public Service Board	General Administration and Planning services	Administration and Personnel Services	48,548,187	16,634,262	31,913,926	34.3
			48,548,187	16,634,262	31,913,926	34.3
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	57,252,024	24,585,019	32,667,005	42.9
	Social development	Administration and planning services	73,150,000	544,728	72,605,272	0.7
		County children's home management	3,412,000	696,910	2,715,090	20.4

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
			133,814,024	25,826,657	107,987,367	19.3
Water and Irrigation Services	Water Management	Administrative Support Services	202,698,948	38,126,407	164,572,541	18.8
	Environment Services	Environment Conservation, Protection and Management	14,524,324	573,289	13,951,035	3.9
	Climate Change	Climate Change	1,477,753	173,168	1,304,585	11.7
			218,701,025	38,872,864	179,828,161	17.8
Office of the County Attorney	General Administration and Planning services	Administrative Support Services	41,233,480	0	41,233,480	0.0
			41,233,480	0	41,233,480	0.0
		Grand Total	8,751,328,181	2,691,509,784	6,059,818,397	30.8

Source: Nyeri County Treasury

Programmes with high levels of implementation based on absorption rates were: Management of county affairs under the Office of the Governor and Deputy Governor at 50.1 per cent, Farm Development under the Department of Agriculture, Livestock and Fisheries at 42 per cent, Administration, Planning and General Support Services under the Health Department at 40.8 per cent of budget allocation.

3.37.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.225.38 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.66 billion. The development expenditure represented 8.5 per cent of the annual development budget.
2. A high wage bill, which accounted for 43.8 per cent of the first half proportional revenue of Kshs.4.38 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs. 398.31 million against an annual projection of Kshs. 1.0 billion, representing 39.8 per cent of the annual target.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.

3.38 County Government of Samburu

3.38.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.7.29 billion, comprising Kshs.2.82 billion (38.7 per cent) and Kshs.4.47 billion (61.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.37 billion (73.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.150 million (2.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.14 billion (15.7 per cent) from FY 2020/21. The County also expects to receive Kshs.624.24 million (8.6 per cent) as conditional grants, which consists of Kshs.153.29 million Leasing of Medical Equipment, Kshs.102.49 million Kenya Devolution Support Program, Kshs.212.28 million National Agricultural and Rural Inclusive Growth Project, Kshs.15.6 million EU Grant for Instrument for Devolution Advice and Support

(Abattoir Construction), Kshs.32.99 million Agriculture Sector Development Support Programme (ASDSP), Kshs.5.6 million for Transforming Health Systems for Universal Care Project, Kshs.91.71 for Emergency Locust Response Project and Kshs.10.24 million DANIDA Health Support funds.

3.38.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.1.77 billion as the equitable share of the revenue raised nationally, raised Kshs.56.84 million as own-source revenue, Kshs.2.50 million as conditional grants, and had a cash balance of Kshs.1.26 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.09 billion, as shown in Table 3.213.

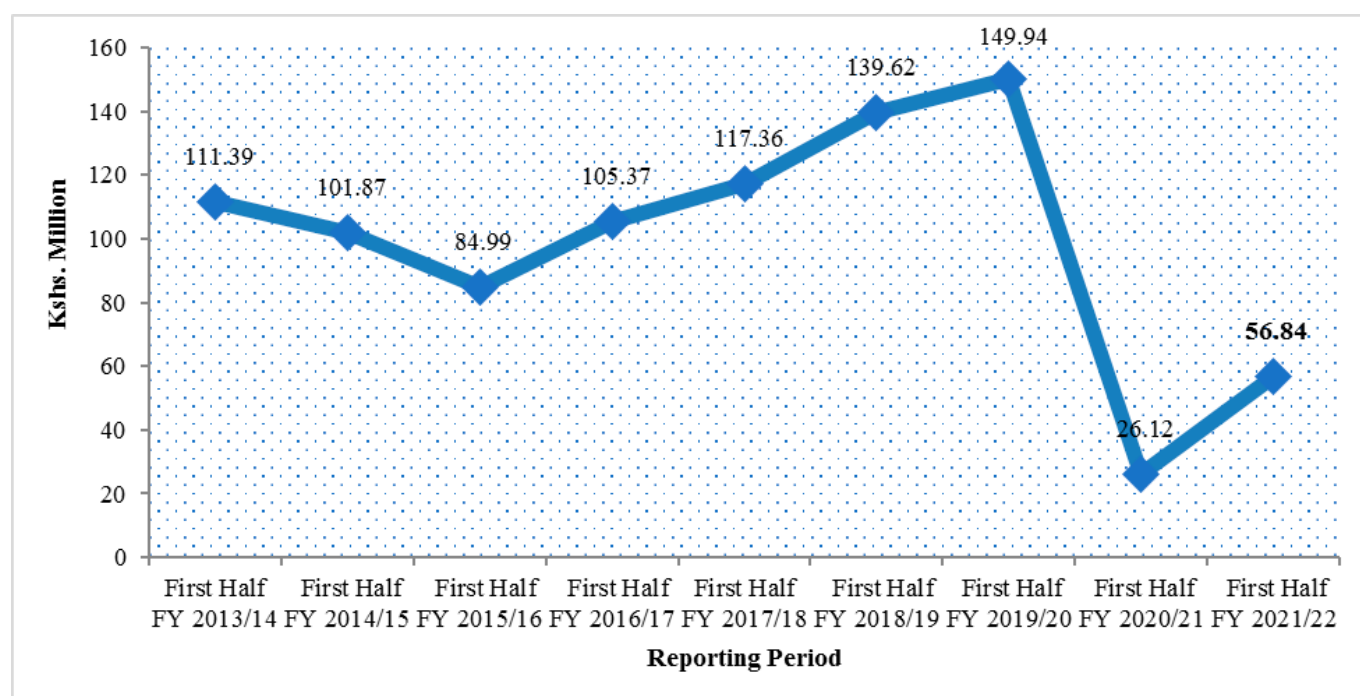
Table 3.213: Samburu County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,371,346,037	1,772,544,192	33.0
Sub Total				
B	Other Sources of Revenue			
1.	Own Source Revenue	150,000,000	56,838,761	37.9
2.	Conditional Grants	624,237,223	2,500,000	0.4
3.	Balance b/f from FY 2020/21	1,144,507,509	1,261,395,561	110.2
Sub Total				
Grand Total				
		7,290,090,769	3,093,278,513	42.4

Source: Samburu County Treasury

Figure 3.72 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.72: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Samburu County Treasury

In the first half of FY 2021/22, the County generated Kshs.56.84 million as own-source revenue. This amount represented an increase of 117.64 per cent compared to Kshs.26.12 million realised during a similar period in the first half of FY 2020/21 and was 37.9 per cent of the annual target.

The increase can be attributed to the recovery observed in the tourism sector that contributed 61 per cent of the total collections for the period under review (Kshs.34 million).

3.38.3 Exchequer Issues

The Controller of Budget approved Kshs.1.56 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.74.50 million (4.8 per cent) for development programmes and Kshs.1.49 billion (95.2 per cent) for recurrent programmes.

3.38.4 Overall Expenditure Review

The County spent Kshs.1.75 billion on development and recurrent programmes during the reporting period. This expenditure represented 112.1 per cent of the total funds released by the CoB and comprised of Kshs.74.5 million and Kshs.1.68 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.6 per cent, while recurrent expenditure represented 37.5 per cent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.634.24 million and comprised of Kshs.88.83 million for recurrent expenditure and Kshs.545.41 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in 2021/22. No payment was made to pay pending bills during the reporting period.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.18 billion was spent on employee compensation, Kshs.501.76 million on operations and maintenance, and Kshs.74.50 million on development activities, as shown in Table 3.214.

Table 3.214: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,954,256,206	518,009,215	1,424,175,013	254,722,228	36.0	49.2
Compensation to Employees	2,051,203,379	304,779,215	1,012,051,012	165,089,679	49.3	54.2
Operations and Maintenance	1,903,052,827	213,230,000	412,124,001	89,632,549	21.7	42.0
Development Expenditure	2,662,660,533	155,164,815	74,500,000	-	2.8	-
Total	6,616,916,739	673,174,030	1,498,675,013	254,722,228	22.6	37.8

Source: Samburu County Treasury

3.38.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 32.3 per cent of the first half proportional revenue of Kshs.3.65 billion.

The wage bill of Kshs.1.18 billion includes Kshs.444.49 million attributable to the health sector, which translates to 37.8 per cent of the total wage bill in the reporting period.

3.38.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.414.3 million to county established funds in FY 2021/22, which constituted 5.7 per cent of the County's overall budget for the year. Table 3.215 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.215: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Conservancies Fund	149,000,000	74,500,000	-	-	-	No
2.	Bursary Fund	114,100,000	0	-	-	-	No
3.	Emergency Fund	62,500,313	0	-	-	-	No
4.	Youth & Women Fund	8,200,000	0	-	-	-	No
5.	Covid-19 Fund	6,000,000	0	-	-	-	No
Total		339,800,313	74,500,000	-	-	-	

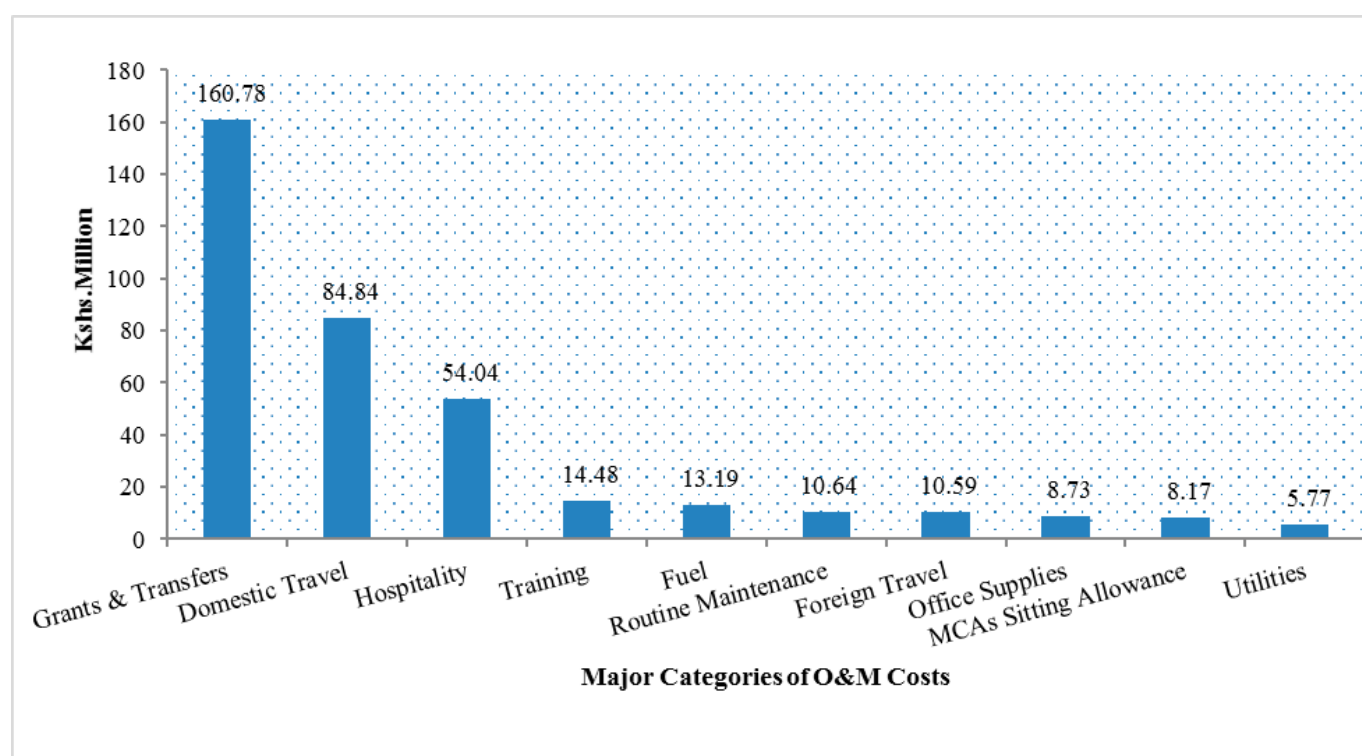
Source: Samburu County Treasury

The OCoB did not receive the quarterly financial return from the Fund Administrators of the five funds, as indicated in Table 3.215 above.

3.38.9 Expenditure on Operations and Maintenance

Figure 3.73 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.73: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: Samburu County Treasury

The County spent Kshs.8.17 million on committee sitting allowances for the 28 MCAs and Speaker against the annual budget allocation of Kshs.26.40 million. The average monthly sitting allowance was Kshs.48,643 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.84.84 million and comprised Kshs.35.26 million spent by the County Assembly and Kshs.49.58 million by the County Executive. Spending on foreign travel amounted to Kshs.10.59 million and consisted of Kshs.9.59 million by the County Assembly and Kshs.999,100 by the County Executive.

3.38.10 Development Expenditure

The County incurred Kshs.74.50 million on development programmes, which represented an increase of 84.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.40.36 million. The expenditure of Kshs.74.50 million was on the Samburu County Community Conservancies Fund Grant.

3.38.11 Budget Performance by Department

Table 3.216 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

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	518.01	155.16	249.72	0.00	254.72	0.00	102.0	0.0	49.2	0.0
County Executive	480.92	43.00	148.79	0.00	221.62	0.00	148.9	0.0	46.1	0.0
Finance, Economic Planning & ICT	616.25	48.88	167.99	0.00	151.16	0.00	90.0	0.0	24.5	0.0
Agriculture, Livestock Development, Veterinary Services & Fisheries	285.58	558.99	99.75	0.00	67.35	0.00	67.5	0.0	23.6	0.0
Water, Environment, Natural Resources & Energy	196.50	458.27	76.07	0.00	37.93	0.00	49.9	0.0	19.3	0.0
Education and Vocational Training	497.22	205.55	150.47	0.00	293.25	0.00	194.9	0.0	59.0	0.0
Medical Services, Public Health & Sanitation	1,221.61	551.39	313.76	0.00	508.87	0.00	162.2	0.0	41.7	0.0
Lands, Housing, Physical Planning & Urban Development	185.16	104.98	69.54	0.00	51.29	0.00	73.8	0.0	27.7	0.0
Roads, Transport & Public Works	110.94	411.32	60.43	0.00	19.33	0.00	32.0	0.0	17.4	0.0
Tourism, Trade, Enterprise Development & Cooperatives	207.93	217.60	83.71	74.50	43.54	74.50	52.0	100.0	20.9	34.2
Culture, Social Services, Gender, Sports & Youth Affairs	152.14	62.66	69.71	0.00	29.84	0.00	42.8	0.0	19.6	0.0
Total	4,472.27	2,817.83	1,489.94	74.50	1,678.90	74.50	112.7	100.0	37.5	2.6

Source: Samburu County Treasury

Analysis of expenditure by the departments shows that the only the Department of Tourism, Trade, Enterprise Development & Cooperatives recorded expenditure on development budget at an absorption rate of 34.2 per cent. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 59 per cent while the Department of Roads, Transport & Public Works had the lowest at 17.4 per cent.

3.38.12 Budget Execution by Programmes and Sub-Programmes

Table 3.217 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

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 (%)
The County Assembly					
	0707014210 SP1 Legislative and Oversight	64,934,400	39,969,625	24,964,775	61.6
	0707024210 SP2 County Assembly Administration	376,661,595	94,421,076	282,240,519	25.1
	0707034210 SP3 Representation	231,578,035	120,331,527	111,246,508	52.0
	Subtotal	673,174,030	254,722,228	418,451,802	37.8
The County Executive					
0701004210 P1 Management of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	239,215,344	103,397,086	135,818,258	43.2
	0704014210 SP2 Administration of Human Resources in County Public Service	69,487,568	22,136,640	47,350,928	31.9
	0701034210 SP3 Sub County Administration	175,747,707	79,004,847	96,742,860	45.0
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	39,472,837	17,078,260	22,394,577	43.3
	Subtotal	523,923,456	221,616,833	302,306,623	42.3
Department of Finance, Economic Planning & ICT					
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	367,427,417	73,788,987	293,638,430	20.1
	0705024210 SP2 ICT Services	58,815,474	5,909,190	52,906,284	10.0
	Subtotal	426,242,891	79,698,177	346,544,714	18.7
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	42,811,010	5,998,892	36,812,118	14.0
	0706024210 SP2 Resource Mobilization	68,034,838	31,706,397	36,328,441	46.6
	0706034210 SP3 Internal Audit	19,713,870	5,183,941	14,529,929	26.3
	0706044210 SP4 Supply Chain Management	21,618,886	7,795,686	13,823,200	36.1
	0706014210 SP1 Budget Formulation Coordination and Management	13,242,800	4,722,047	8,520,753	35.7
	0706064210 SP6 Fiscal Planning	40,767,280	8,721,528	32,045,752	21.4
	Subtotal	206,188,684	64,128,491	142,060,193	31.1
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	7,551,952	1,311,274	6,240,678	17.4
	Subtotal	7,551,952	1,311,274	6,240,678	17.4
0712004210 P4 Special Programmes	0712014210 SP 1 Special Programmes	25,142,922	6,025,291	19,117,631	24.0
	Subtotal	25,142,922	6,025,291	19,117,631	24.0
Department Agriculture, Livestock Development, Veterinary Services & Fisheries					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	566,282,323	28,710,262	537,572,061	5.1
	Subtotal	566,282,323	28,710,262	537,572,061	5.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock Policy Development and Capacity Building	12,748,584	3,797,662	8,950,922	29.8
	0103024210 SP2 Livestock Production and Management	70,867,032	5,861,309	65,005,723	8.3
	0103034210 SP3 Livestock Diseases Management and Control	25,799,666	5,287,948	20,511,718	20.5
	0103044210 SP4 Livestock Marketing and Rangeland Management	83,003,983	2,080,780	80,923,203	2.5
	Subtotal	192,419,265	17,027,699	175,391,566	8.8
0104004210 P4 Fisheries Development and Management	0104014210 SP1 Management and Development of Fisheries	11,149,552	1,727,942	9,421,610	15.5
	Subtotal	11,149,552	1,727,942	9,421,610	15.5
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	53,738,776	11,132,192	42,606,584	20.7
	0105024210 SP2 Food Security Initiatives	20,987,190	8,747,001	12,240,189	41.7
	Subtotal	74,725,966	19,879,193	54,846,773	26.6
Department Water, Environment, Natural Resources & Energy					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	20,301,883	4,830,247	15,471,636	23.8
	Subtotal	20,301,883	4,830,247	15,471,636	23.8
1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management	27,565,922	564,398	27,001,524	2.0
	1002024210 SP2 Forests Conservation and Management	14,683,286	1,592,600	13,090,686	10.8
	Subtotal	42,249,208	2,156,998	40,092,210	5.1
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	5,015,494	193,770	4,821,724	3.9
	1003034210 SP3 Mining Services	2,198,573	-	2,198,573	0.0
	1003044210 SP4 Water Catchment and Protection Services	8,976,184	629,206	8,346,978	7.0
	Subtotal	16,190,251	822,976	15,367,275	5.1
1004004210 P4 Water and Sanitation Infrastructure	1004014210 SP1 Storm Water Management	5,419,985	-	5,419,985	0.0
	1004024210 SP2 Water and Sanitation Services	570,614,349	30,122,847	540,491,502	5.3
	Subtotal	576,034,334	30,122,847	545,911,487	5.2
Department Education and Vocational Training					
0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services	206,613,119	119,692,835	86,920,284	57.9
	Subtotal	206,613,119	119,692,835	86,920,284	57.9
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalisation of Youth Polytechnics	21,736,692	2,837,135	18,899,557	13.1
	Subtotal	21,736,692	2,837,135	18,899,557	13.1
0502004210 P2 Early Childhood Development and Education	0502014210 SP1 Early Childhood Development and Education	474,424,842	170,720,094	303,704,748	36.0
	Subtotal	474,424,842	170,720,094	303,704,748	36.0
Department Medical Services, Public Health & Sanitation					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental & Health promotion	105,699,435	42,506,747	63,192,688	40.2
	0402014210 SP1 Nutrition	15,014,900	5,129,745	9,885,155	34.2
	0401054210 SP3 Communicable Disease Control	94,936,472	40,543,427	54,393,045	42.7
	0401064210 SP4 Non-communicable Disease Prevention & Control	37,972,158	10,611,526	27,360,632	27.9
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health	59,730,924	15,667,534	44,063,390	26.2
	Subtotal	313,353,889	114,458,979	198,894,910	36.5
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	608,243,935	276,231,782	332,012,153	45.4
	0402054210 SP2 Free Primary Health Services	330,414,139	49,165,062	281,249,077	14.9
	Subtotal	938,658,074	325,396,844	613,261,230	34.7
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure Development	321,551,018	741,098	320,809,920	0.2
	0403034210 SP2 Human Resource Management and Development	72,050,220	28,425,277	43,624,943	39.5
	0403044210 SP3 Monitoring and Evaluation, Research and Development	5,137,284	188,001	4,949,283	3.7
	0403054210 SP4 Health Policy, Planning & Financing	31,260,403	5,345,000	25,915,403	17.1
	0403064210 SP5 Health Standards and Quality Assurance Services	90,987,595	34,313,524	56,674,071	37.7
	Subtotal	520,986,520	69,012,900	451,973,620	13.2
Department Lands, Housing, Physical Planning and Urban Development					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	129,742,626	18,859,748	110,882,878	14.5
	Subtotal	129,742,626	18,859,748	110,882,878	14.5
0102004210 P2 Land policy Planning and Housing	0102014210 SP1 Land Use Planning	6,021,006	1,548,700	4,472,306	25.7
	0102034210 SP2 Land Survey and Mapping	8,826,752	2,302,780	6,523,972	26.1
	0102044210 SP3 Housing Management Services	882,166	20,000	862,166	2.3
	Subtotal	15,729,924	3,871,480	11,858,444	24.6
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban Centre Management	144,670,091	28,559,575	116,110,516	19.7
	Subtotal	144,670,091	28,559,575	116,110,516	19.7
Department Roads, Transport and Public works					
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	197,164,601	4,180,956	192,983,645	2.1
	0201034210 SP2 Firefighting Services	70,287,226	662,600	69,624,626	0.9
	0201044210 SP3 Design, Implementation and Supervision of Public Buildings	11,325,634	4,606,790	6,718,844	40.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0202004210 P2 Roads and public Infrastructure Development	Subtotal	278,777,461	9,450,346	269,327,115	3.4
	0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges	179,649,542	1,990,765	177,658,777	1.1
	0202024210 SP2 Design, supervision and rehabilitation of County Buildings	10,354,650	2,355,418	7,999,232	22.7
	0202034210 SP3 Street Lights Management	46,039,954	3,891,652	42,148,302	8.5
	0202044210 SP4 Public Road Transport and Parking	7,438,882	1,640,751	5,798,131	22.1
	Subtotal	243,483,028	9,878,586	233,604,442	4.1
Department Tourism, Trade, Enterprise Development and Cooperatives					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	25,937,923	565,370	25,372,553	2.2
	Subtotal	25,937,923	565,370	25,372,553	2.2
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	51,552,461	997,145	50,555,316	1.9
	Subtotal	51,552,461	997,145	50,555,316	1.9
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	292,980,616	113,410,937	179,569,679	38.7
	Subtotal	292,980,616	113,410,937	179,569,679	38.7
0305004210 P5 Trade Development and Promotion	0305014210 SP1 Domestic Trade Development	26,420,775	247,576	26,173,199	0.9
	Subtotal	26,420,775	247,576	26,173,199	0.9
0306004210 P6 P1 General Administration Planning and Support Services	0306014210 SP1 General Administration Planning and Support Services	28,644,226	2,822,054	25,822,172	9.9
	Subtotal	28,644,226	2,822,054	25,822,172	9.9
Department Culture, Social Services, Gender, Sports and Youth Affairs					
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	82,515,085	7,070,640	75,444,445	8.6
	Subtotal	82,515,085	7,070,640	75,444,445	8.6
0902004210 P2 Culture and Social Services Development	0902014210 SP1 Conservation of Heritage	978,000	171,000	807,000	17.5
	0902024210 SP2 Development and Promotion of Culture	7,932,448	2,915,127	5,017,321	36.7
	0902034210 SP3 Social Welfare and Gender	32,438,000	3,644,680	28,793,320	11.2
	0902044210 SP4 Community Mobilization and Development	6,206,880	839,265	5,367,615	13.5
	Subtotal	47,555,328	7,570,072	39,985,256	15.9
0903004210 P3 Promotion of other Sports Activities	0903014210 SP1 Development and Management of Sports Facilities	18,325,000	223,608	18,101,392	1.2
	Subtotal	18,325,000	223,608	18,101,392	1.2
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	49,070,000	11,489,042	37,580,958	23.4
	Subtotal	49,070,000	11,489,042	37,580,958	23.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	17,336,372	3,481,817	13,854,555	20.1
	Subtotal	17,336,372	3,481,817	13,854,555	20.1
Grand Total		7,290,090,769	1,753,397,241	5,536,693,528	24.1

Source: Samburu County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration Planning and Support Services in the Department of Education and Vocational Training at 57.9 per cent, Management of County Affairs in the Department of County Executive at 42.3 per cent, Tourism Development and Promotion in the Department of Tourism, Trade, Enterprise Development and Cooperatives at 38.7 per cent, and Preventive and Promotive Health Services at 36.5 per cent of budget allocation.

3.38.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.74.5 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.82 billion. The development expenditure represented 2.6 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.56.84 million against an annual projection of Kshs.150 million, representing 37.9 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
4. High level of pending bills, which amounted to Kshs.634.24 million at the beginning of the financial year. The County Treasury did not report any expenditure towards pending bills in the reporting period.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
- iv. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.39 County Government of Siaya

3.39.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.10.16 billion, comprising Kshs.5.01 billion (49.3 per cent) and Kshs.5.15 billion (50.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.97 billion (68.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.445.45 million (4.4 per cent) from own sources of revenue, and a cash balance of Kshs.2.05 billion (20.2 per cent) from FY 2020/21. The County also expects to receive Kshs.693.45 million (6.8 per cent) as conditional grants, which consists of; KDSP Level 2 grant (Kshs.112.82 million), Leasing of Medical Equipment (Kshs.153.30 million), Transforming Health Systems for Universal HealthCare (Kshs.76.12 million), Kenya Climate-Smart Agriculture Project (Kshs.314.64 million), DANIDA (Kshs.12.83 million), Agricultural Sector Development Support Project (Kshs.23.75 million).

3.39.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.96 billion as the equitable share of the revenue raised nationally, raised Kshs.188.01 million as own-source revenue, and had a cash balance of Kshs.2.05 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.20 billion, as shown in Table 3.218.

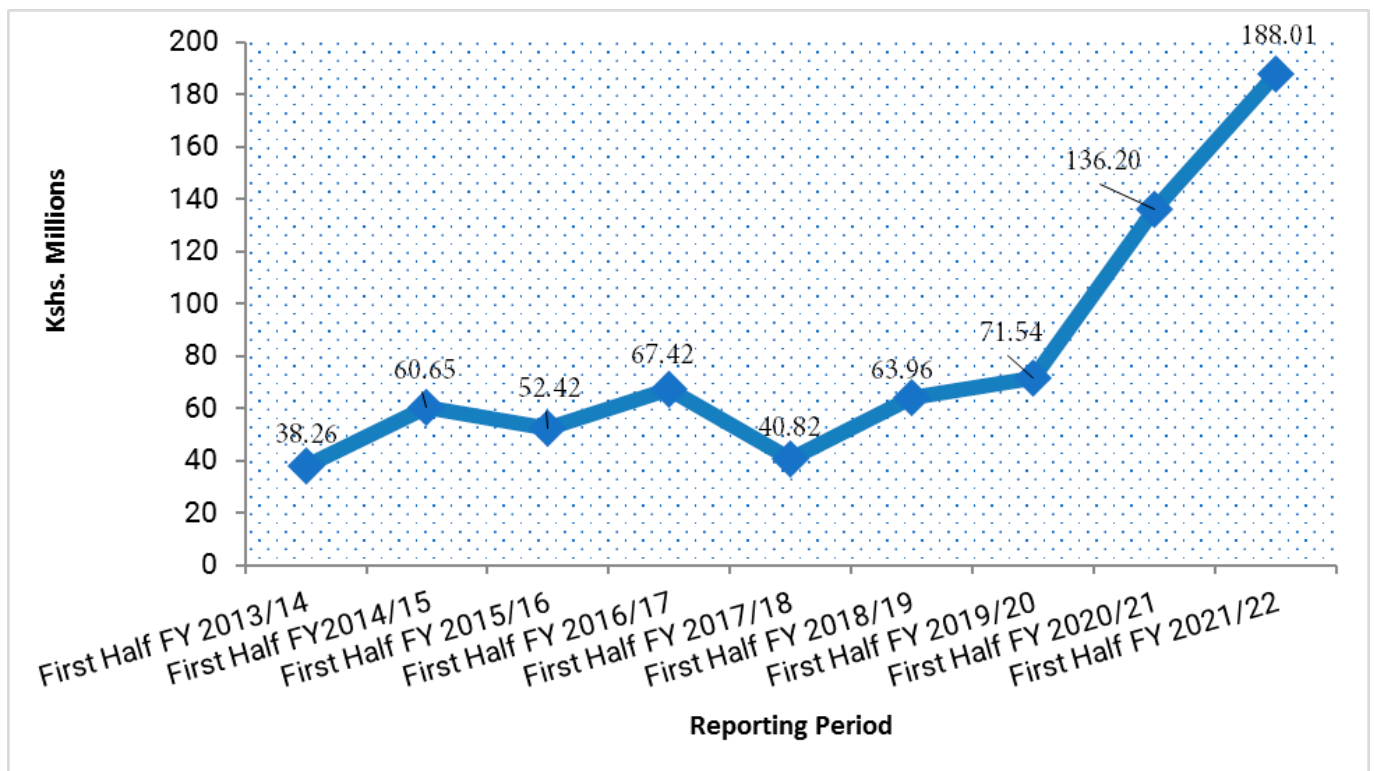
Table 3.218: Siaya County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,966,507,531	2,963,117,892	42.5
Sub Total		6,966,507,531	2,963,117,892	42.5
B	Other Sources of Revenue			
1.	Own Source Revenue	445,445,551	188,010,251	42.2
2.	Conditional Grants	693,450,547	-	-
3.	Balance b/f from FY 2020/21	2,051,854,088	2,051,854,088	100.00
Sub Total		3,190,750,186	2,239,864,339	70.2
Grand Total		10,157,257,717	5,202,982,231	51.2

Source: Siaya County Treasury

Figure 3.74 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.74: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Siaya County Treasury

In the first half of FY 2021/22, the County generated Kshs.188.01 million as own-source revenue. This amount represented an increase of 38.0 per cent compared to Kshs.136.20 million realised during a similar period in the first half of FY 2020/21 and was 42.2 per cent of the annual target. The increase can be attributed to the re-opening of markets after the COVID 19 pandemic restrictions were lifted, reorganisation of revenue enforcement units, and availability of revenue vehicles for mobility and supervision. The County is yet to implement an automated revenue management system.

3.39.3 Exchequer Issues

The Controller of Budget approved Kshs.3.17 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.662.29 million (20.8 per cent) for development programmes and Kshs.2.51 billion (79.2 per cent) for recurrent programmes.

3.39.4 Overall Expenditure Review

The County spent Kshs.2.78 billion on development and recurrent programmes during the reporting period. This expenditure represented 87.7 per cent of the total funds released by the CoB and comprised of Kshs.466.01 million and Kshs.2.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.3 per cent, while recurrent expenditure represented 44.8 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.919.13 million and comprised of Kshs.567.55 million for recurrent expenditure and Kshs.351.58 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.620.94 million were settled, consisting of Kshs.387.52 million for recurrent expenditure and Kshs.233.42 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.298.19 million.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.74 billion was spent on employee compensation, Kshs.567.20 million on operations and maintenance, and Kshs.466.01 million on development activities, as shown in Table 3.219.

Table 3.219: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,364,733,255	786,663,318	2,022,697,210	286,890,087	46.3	36.5
Compensation to Employees	2,572,499,089	388,975,511	1,578,037,381	164,351,790	61.3	42.3
Operations and Maintenance	1,792,234,166	397,687,807	444,659,829	122,538,297	24.8	30.8
Development Expenditure	4,245,250,455	760,610,689	438,274,362	27,735,508	10.3	3.6
Total	8,609,983,710	1,547,274,007	2,460,971,572	314,625,595	28.6	20.3

Source: Siaya County Treasury

3.39.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 34.3 per cent of the first half proportional revenue of Kshs.5.08 billion.

The wage bill of Kshs.1.74 billion includes Kshs.733.90 million attributable to the health sector, which translates to 42.1 per cent of the total wage bill in the reporting period.

3.39.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.240 million to county established funds in FY 2021/22, which constituted 2.4 per cent of the County's overall budget for the year. Table 3.220 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.220: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Siaya County Bursary Fund	80,000,000	-	77,500,000	-	Yes	.
2.	Siaya County Emergency Fund	80,000,000	-	-	-	Yes	-
3.	Siaya County Assembly Car Loan and Mortgage Fund	-	80,000,000	-	-	Yes	-
Total		160,000,000	80,000,000	77,500,000	-		

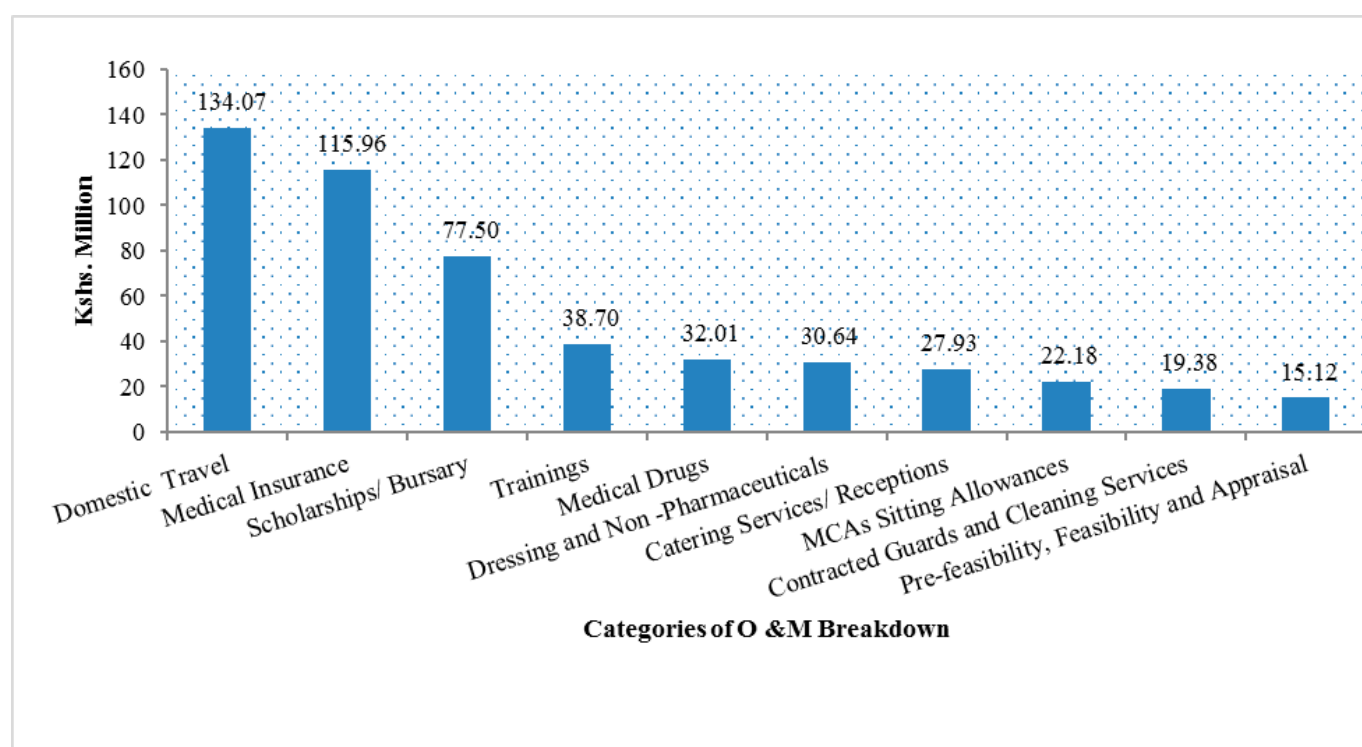
Source: Siaya County Treasury

The OCoB received quarterly financial returns from the Fund Administrators of the three established funds, as indicated in Table 3.216.

3.39.9 Expenditure on Operations and Maintenance

Figure 3.75 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.75: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: Siaya County Treasury

The County spent Kshs.22.18 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.52.42 million. The average monthly sitting allowance was Kshs.85,952 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.134.07 million and comprised Kshs.64.65 million spent by the County Assembly and Kshs.69.43 million by the County Executive. Spending on foreign travel amounted to Kshs.9.19 million and consisted of Kshs.0.00 million by the County Assembly and Kshs.9.19 million by the County Executive.

3.39.10 Development Expenditure

The County incurred Kshs.465.61 million on development programmes, which represented a decrease of 4.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.488.29 million. Table 3.221 summarises 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/Description	Project Location	Contract Sum	Payments to Date	Absorption Rate
			(Kshs.)	(Kshs.)	(%)
1	Construction of Siaya Stadium	Siaya Municipality	80,000,000	67,093,742	83.9
2	Tarmacking of Opondo road in Bondo Township	Bondo Township	60,990,033	17,692,949	29.0
3	Purchase of ICT networking and communication equipment	Siaya Municipality	97,915,271	17,037,479	17.4
4	Construction of Modern Market at Sigomere	Sigomere Ward	12,000,000	11,765,952	98.0
5	Construction of Bus Park in Siaya Town	Siaya Municipality	11,500,000	6,353,714	55.2
6	Supply, Delivery, Installation and Commissioning of ICU Equipment at Siaya County Referral Hospital	Siaya Municipality	7,000,000	5,766,000	82.4
7	Maintenance of Kajaoko- Kamungu- Ogare- Ulongi-Othach-Kodiech Road in Yimbo East	Yimbo East Ward	5,550,843	5,550,843	100.0
8	Maintenance of Boro -Segere Road	Alego West Ward	10,000,000	4,747,217	47.5
9	Rehabilitation of Abem -Asigo-Nyangoye-Ndunya Road	Yimbo East Ward	4,747,217	4,747,217	100.0
10	Maintenance of Ndai-Kanyaboli-Kubar Primary school and Obambo Primary School Road	Alego West Ward	6,000,000	4,794,796	79.9

Source: Siaya County Treasury

3.39.11 Budget Performance by Department

Table 3.222 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.222: Siaya 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	786.66	760.61	304.15	27.74	286.89	27.74	93.3	100.0	36.5	3.6
Governance and Administration	569.79	83.75	351.88	16.70	336.64	16.97	95.7	101.6	59.1	20.3
Finance and Economic Planning	685.47	23.83	364.50	-	324.27	1.79	89.0	-	47.3	7.5
Agriculture, Irrigation, Food, Livestock and Fisheries	240.41	444.26	129.29	23.58	113.38	26.38	87.7	111.9	47.2	5.9
Water, Environment and Natural Resources	52.70	467.81	23.65	67.81	28.42	41.70	120.2	61.5	53.9	8.9
Education, Youth Affairs, Gender and Social Services	369.66	589.82	163.40	190.40	104.99	104.85	64.2	55.1	28.4	17.8
County Health Services	2,137.22	391.93	1,025.55	56.24	964.86	47.17	94.1	83.9	45.1	12.0
Lands, Physical Planning, Housing and Urban Development	73.36	190.28	31.54	6.81	36.50	8.43	115.7	123.7	49.8	4.4
Roads, Public Works, Energy and Transport	77.81	1,723.70	26.50	247.75	35.77	158.44	135.0	64.0	46.0	9.2
Enterprise and Industrial Development	97.40	295.89	56.66	25.26	51.16	31.49	90.3	124.7	52.5	10.6
Tourism, Culture, Sports, ICT and Arts	60.90	33.98	28.96	-	26.71	1.05	92.2	-	43.9	3.1
Total	5,151.40	5,005.86	2,506.08	662.29	2,309.59	466.01	92.2	70.4	44.8	9.3

Source: Siaya County Treasury

Analysis of expenditure by the departments shows that the Department of Governance and Administration recorded the highest absorption rate of development budget at 20.3 per cent while the Department of Tourism, Culture, Sports, ICT and Arts recorded the lowest at 3.1 per cent on development activities. The Department of Governance and Administration had the highest percentage of recurrent expenditure to budget at 59.1 per cent, while the Department of Education, Youth Affairs, Gender and Social Services had the lowest at 28.4 per cent.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3.223 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.223: Siaya County, Budget Execution by Programmes and Sub-programmes

Programme	Sub Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Default - Non-Programmatic	Default - Non Programmatic				
Land Policy and Planning	Development Planning and Land Reforms	111,788,336.00	19,244,138.60	92,544,197.40	17.2
101030000	Land Survey	46,542,108.00	9,847,334.80	36,694,773.20	21.2
101040000	Land Use	461,337,924.00	20,221,330.00	441,116,594.00	4.4
101050000	Land Settlement	65,005,277.00	10,121,526.40	54,883,750.60	15.6
		684,673,645.00	59,434,329.80	625,239,315.20	8.7
Housing Development and Human Settlement	Housing Development	75,559,336.00	5,403,453.10	70,155,882.90	7.2
102030000		43,765,655.00	7,965,577.00	35,800,078.00	18.2
102050000		2,025,452.00	839,512.00	1,185,940.00	41.4
102060000		142,286,106.00	7,104,295.00	135,181,811.00	5.0
		263,636,549.00	21,312,837.10	242,323,711.90	8.1
General Administration, Planning and Support Services	General Administration, Planning and Support Services	7,159,795.00	73,365.00	7,086,430.00	1.0
201020000	Human Resources and Support Services	1,739,976,795.00	257,519,443.55	1,482,457,351.45	14.8
201030000	Financial Management Services	54,377,241.00	2,141,634.90	52,235,606.10	3.9
		1,801,513,831.00	259,734,443.45	1,541,779,387.55	14.4
General Administration Planning and Support Services		97,015,187.00	30,553,920.00	66,461,267.00	31.5
301020000		1,670,000.00	359,700.00	1,310,300.00	21.5
301030000		2,089,533.00	759,206.00	1,330,327.00	36.3
301050000		31,690,000.00	858,354.20	30,831,645.80	2.7
301060000		260,834,907.00	31,176,435.20	229,658,471.80	12.0
		393,299,627.00	63,707,615.40	329,592,011.60	16.2
Industrial Development and Investments	Promotion of Industrial Development and Investments	18,030,000.00	1,147,977.00	16,882,023.00	6.4
302020000	Promotion of Industrial Property Rights and arbitration	18,000,000.00	2,099,136.00	15,900,864.00	11.7
302030000	Promotion of Industrial Training	50,895,494.00	4,712,621.95	46,182,872.05	9.3
302040000		5,975,000.00	1,544,100.00	4,430,900.00	25.8
		92,900,494.00	9,503,834.95	83,396,659.05	10.2
Preventive & Promotive Health Services	Communicable Disease Control	1,562,411,745.00	715,190,645.75	847,221,099.25	45.8

Programme	Sub Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
401020000	Health Promotion	297,008,538.00	59,420,251.95	237,588,286.05	20.0
401030000	Non-communicable Disease Prevention & Control	295,562,669.00	75,941,813.65	219,620,855.35	25.7
401050000	Radiation Protection	126,607,445.00	23,622,906.00	102,984,539.00	18.7
401060000		12,832,875.00	3,637,125.00	9,195,750.00	28.3
401070000		18,194,808.00	0	18,194,808.00	-
401080000		105,795,258.00	18,766,251.00	87,029,007.00	17.7
401090000		60,578,536.00	10,041,497.00	50,537,039.00	16.6
401100000		50,158,116.00	6,732,265.00	43,425,851.00	13.4
		2,529,149,990.00	913,352,755.35	1,615,797,234.65	36.1
Primary Education	Free Primary Education	320,775,900.00	92,086,717.60	228,689,182.40	28.7
501020000	Special Needs Education	309,004,193.00	40,383,629.70	268,620,563.30	13.1
501030000	Alternative provision of Basic Education	98,197,825.00	24,038,106.00	74,159,719.00	24.5
501050000	Primary Teachers Training and In-servicing	180,444,630.00	79,861,621.65	100,583,008.35	44.3
501060000	Alternative Basic Adult & Continuing Education	1,981,968.00	0	1,981,968.00	-
501070000	School Health, Nutrition and Meals	51,052,868.00	4,004,500.00	47,048,368.00	7.8
		961,457,384.00	240,374,574.95	721,082,809.05	25.0
General Administration Planning and Support Services		356,010,564.00	123,525,722.15	232,484,841.85	34.7
701030000		60,343,140.00	33,119,300.00	27,223,840.00	54.9
701040000		1,130,920,303.00	145,533,345.70	985,386,957.30	12.9
		1,547,274,007.00	302,178,367.85	1,245,095,639.15	19.5
Cabinet Affairs		348,414,683.00	53,481,649.75	294,933,033.25	15.3
702020000		73,782,936.00	13,554,497.80	60,228,438.20	18.4
702040000		62,911,711.00	7,148,095.10	55,763,615.90	11.4
702050000		21,266,212.00	5,502,501.50	15,763,710.50	25.9
702060000		47,194,849.00	3,700,263.00	43,494,586.00	7.8
702070000		99,970,701.00	18,560,789.40	81,409,911.60	18.6
		653,541,092.00	101,947,796.55	551,593,295.45	15.6
Government Advisory Services	State Corporations Advisory Services	20,922,552.00	6,821,468.50	14,101,083.50	32.6
703020000	Kenya-South Sudan Advisory Services	567,558,518.00	72,703,435.35	494,855,082.65	12.8
703030000	Power of Mercy Advisory Services	13,169,503.00	4,471,524.00	8,697,979.00	34.0
703040000	Liaison, Parliament and Commission Advisory Services	41,170,859.00	17,737,310.00	23,433,549.00	43.1
703050000		10,511,292.00	3,209,183.00	7,302,109.00	30.5
703060000		32,923,696.00	13,826,186.00	19,097,510.00	42.0
703070000		23,042,563.00	14,745,220.00	8,297,343.00	64.0
		709,298,983.00	133,514,326.85	575,784,656.15	18.8
Sports	Sports Training and competitions	40,322,903.00	3,593,269.60	36,729,633.40	8.9
901020000	Development and Management of Sports Facilities	472,727,266.00	70,188,386.00	402,538,880.00	14.8
901030000		7,461,946.00	529,294.00	6,932,652.00	7.1
		520,512,115.00	74,310,949.60	446,201,165.40	14.3
	Grand Total	10,157,257,717.00	2,179,371,831.85	7,977,885,885.15	21.5

Source: Siaya County Treasury

Programmes with high levels of implementation based on absorption rates were: Preventive and Promotive Health Services in the Department of County Health Services at 36.1 per cent; Primary Education in the

Department of Education, Youth Affairs, Gender and Social Services at 25.0 per cent; General Administration, Planning and Support Services in the Department of Governance and Administration at 19.5 per cent; Government Advisory Services in the Department of Governance and Administration at 18.8 per cent; Cabinet Affairs in the Department of Governance and Administration at 15.6 per cent and Sports in the Education, Youth Affairs, Gender and Social Services at 14.3 per cent of budget allocation.

3.39.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered 32 projects that were implemented in FY 2018/19 and FY 2019/20. The objective was to establish the status of project implementation, identify challenges experienced and assess whether the desired goals were achieved. During the M&E field visit, we noted that some projects were well implemented and have reached the desired objectives. These include: Construction of County Headquarters Annex that is complete and is currently host the Governor and other county staff; Modern Ramba Market in Township Ward that generate about Kshs.75,000 every week from market fees; and Drilling and Equipping of Uduma Borehole in Ukwala Ward.

However, some projects have not achieved the intended objectives for some reasons. These include: Evidence of poor workmanship observed on the floor and roof of one of the Twin Staff House at Sigomere Health Centre; and lack of office equipment and electricity connection to Ward Office at South East Alego. Other issues include poor records management practices; and delays in the completion of projects attributed to failure to pay contractors on time.

Given the above, the Controller of Budget recommends strengthening project supervision during the implementation phase to ensure proper work is done; equipping newly constructed Ward Offices to ensure they serve the intended purpose; adhering to sound record management practices and ensuring project files are updated regularly and available upon request by OCoB staff; and prioritise settlement of pending bills so that stalled/delayed projects are completed and commissioned for use.

3.39.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was received on 26th January 2021.
2. Low absorption of development funds as indicated by the expenditure of Kshs.466.01 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.5.01 billion. The development expenditure represented 9.3 per cent of the annual development budget.
3. Use of revenue at source and weak budgeting practice by the County Treasury as shown in Table 3.222 where the County incurred expenditure above approved exchequer issues.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved exchequer issues and the budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.

3.40 County Government of Taita Taveta

3.40.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.7.41 billion, comprising Kshs.2.94 billion (39.6 per cent) and Kshs.4.47 billion (60.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.63 billion (62.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.406.28 million (5.5 per cent) from own sources of revenue, other revenues of Kshs.62 million (0.8 per cent) and a cash balance of Kshs.0.69 billion (9.3 per cent) from FY 2020/21. The County also expects to receive Kshs.1.62 billion (22.0 per cent) as conditional grants, which consists of Kshs.5.30 million for Compensation of User Fees Forgone, Kshs.193.64 million for the Road Maintenance Fuel Levy Fund, Kshs.42 million for Rehabilitation of Village Polytechnics, Kshs.47.72 million for Transforming Health Systems for Universal Care Project, Kshs.317.60 for Kenya Climate-Smart Agriculture Project, Kshs.45 million for the Kenya Devolution Support project, Kshs.50.49 million for Instruments for Devolution Advice, Kshs.889.66 million as aggregated funding from development partners, and Kshs.29.22 million for the Agricultural Sector Development Support Programme.

3.40.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.01 billion as the equitable share of the revenue raised nationally, raised Kshs.140.34 million as own-source revenue and had a cash balance of Kshs.159.09 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.31 billion, as shown in Table 3.224.

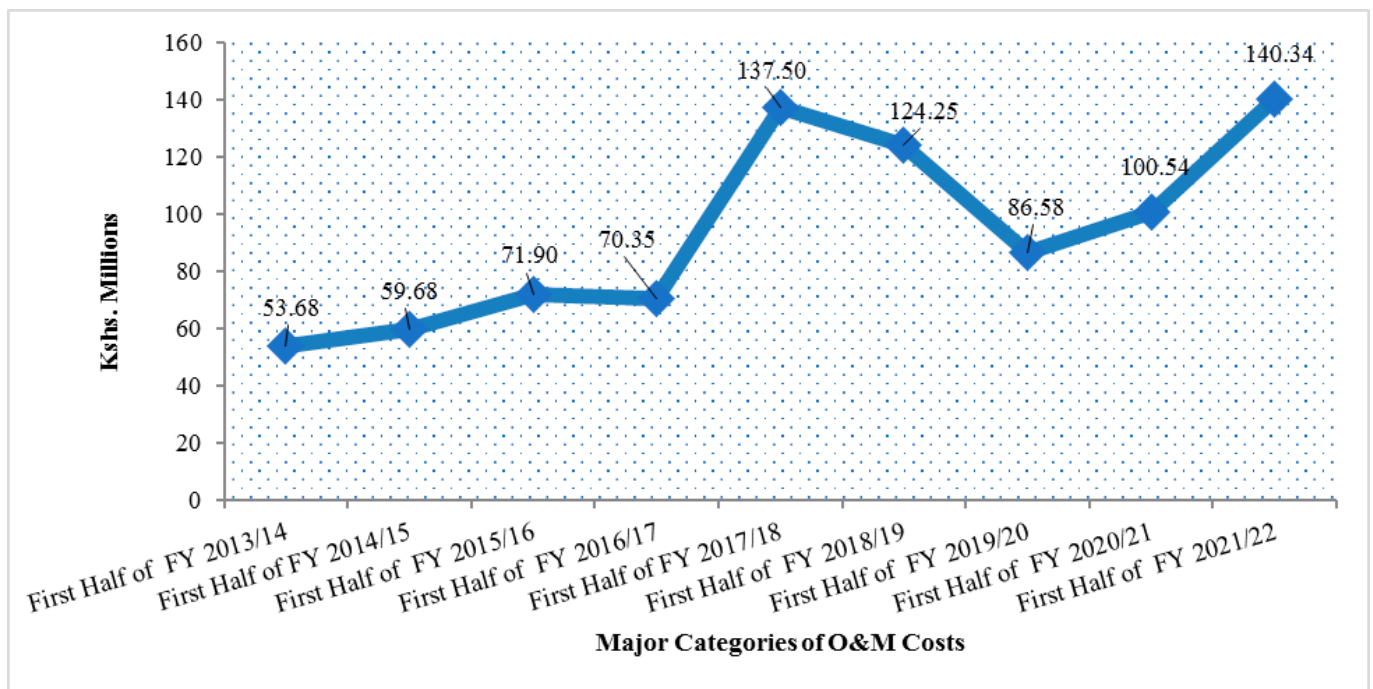
Table 3.224: Taita Taveta County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,633,878,393	2,009,502,499	43.4
Sub Total		4,633,878,393	2,009,502,499	43.4
B	Other Sources of Revenue			
1.	Own Source Revenue	406,282,421	140,336,150	34.5
2.	Conditional Grants	1,620,633,446	-	0.0
3.	Balance b/f from FY 2020/21	690,000,000	159,094,225	23.1
4.	Other Revenues	62,000,000	-	-
Sub Total		2,748,633,446	299,430,375	10.9
Grand Total		7,412,794,260	2,308,932,874	31.1

Source: Taita Taveta County Treasury

Figure 3.76 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.76: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Taita Taveta County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.140.34 million as own-source revenue. This amount represented an increase of 39.6 per cent compared to Kshs.100.54 million realised during a similar period in the first half of FY 2020/21 and was 34.5 per cent of the annual target.

In the FY 2019/20, the County implemented an automated revenue management system referred to Taita Taveta LAIFOM system that attributed to the increase in revenue collection.

3.40.3 Exchequer Issues

The Controller of Budget approved Kshs.2.29 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.51.36 million (2.2 per cent) for development programmes and Kshs.2.24 billion (97.8 per cent) for recurrent programmes.

3.40.4 Overall Expenditure Review

The County spent Kshs.2.28 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs.47.23 million and Kshs.2.24 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.6 per cent while recurrent expenditure represented 50.3 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.744.06 million and comprised of Kshs.259.42 million for recurrent expenditure and Kshs.484.64 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, Kshs.86.92 million was paid towards pending bills which consisted of Kshs.7.01 million for recurrent expenditure and Kshs.79.91 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.657.14 million.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.59 billion was spent on employee compensation, Kshs.648.71 million on operations and maintenance, and Kshs.47.23 million on development activities, as shown in Table 3.225.

Table 3.225: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,843,656,167	601,000,000	1,953,655,365	283,914,786	50.8	47.2
Compensation to Employees	2,301,017,137	294,340,000	1,431,234,362	157,628,722	62.2	53.6
Operations and Maintenance	1,542,639,030	306,660,000	522,421,003	126,286,064	33.9	41.2
Development Expenditure	2,881,365,915	56,489,757	30,700,989	16,528,499	1.1	29.3
Total	6,725,022,082	657,489,757	1,984,356,354	300,443,285	29.5	45.7

Source: Taita Taveta County Treasury

3.40.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 42.9 per cent of the first half proportional revenue of Kshs.3.71 billion.

The wage bill of Kshs.1.59 billion includes Kshs.815.36 million attributable to the health sector, which translates to 51.3 per cent of the total wage bill in the reporting period.

3.40.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.255.6 million to county established funds in FY 2021/22, which constituted 3.4 per cent of the County's overall budget for the year. Table 3.226 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.226: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Education Fund	170,000,000		20,000,000	-		No
2.	County Emergency Fund	30,000,000		-	-		No
3.	Liquor Control and Licensing Fund	5,600,000		-	-		No
4.	County Executive Car Loan & Mortgage	40,000,000		-	-		No
5.	Taita Taveta Mortgage Scheme Fund	-	10,000,000	-	-	Yes	
	Total	255,600,000	10,000,000	20,000,000	-		

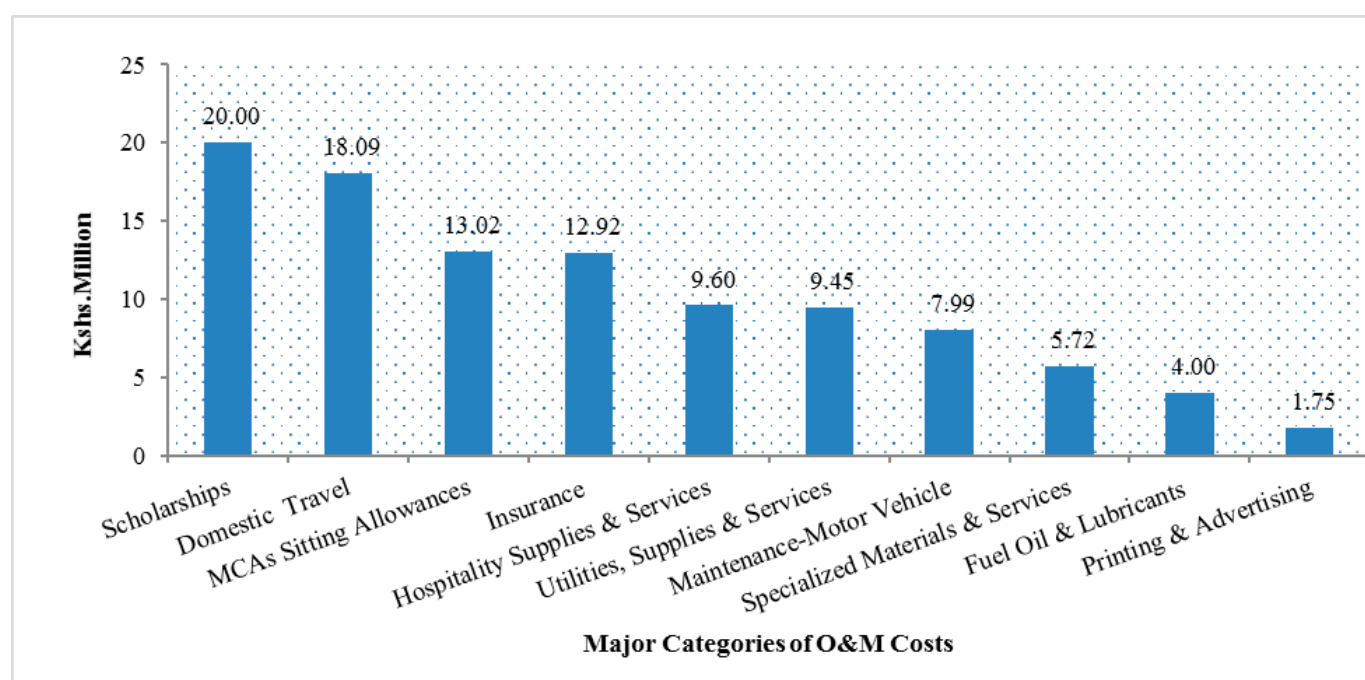
Source: Taita Taveta County Treasury

The OCoB received quarterly financial returns from the Fund Administrator of the Taita Taveta Mortgage Scheme Fund under the County Assembly from the five county established public funds, as indicated in table 3.

3.40.9 Expenditure on Operations and Maintenance

Figure 3.77 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.77: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: Taita Taveta County Treasury

The County spent Kshs.13.02 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.20 million. The average monthly sitting allowance was Kshs.63,827 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.18.09 million and comprised Kshs.8.60 million spent by the County Assembly and Kshs.9.49 million by the County Executive.

3.40.10 Development Expenditure

The County incurred Kshs.47.23 million on development programmes, which represented a decrease of 85.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.335.77 billion. Table 3.227 summarises development projects with the highest expenditure in the reporting period.

Table 3.227: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum	Payments to Date (Kshs.)	Absorption Rate (%)
			(Kshs.)		
1	Refurbishment of County Assembly Chamber s and installation of Hansard System	Wundanyi	35,000,000	16,528,499	47.2
2	Maintenance of Roads (Pending Bills)	Countywide	32,654,823	6,305,303	19.3
3	Supply and Delivery of Two fire engines trucks. (Pending Bill)	Voi	25,000,000	14,448,000	57.8

Source: Taita Taveta County Treasury

3.40.11 Budget Performance by Department

Table 3.228 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.228: 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	601.00	56.49	284.38	20.06	283.91	16.53	99.8	82.4	47.2	29.3
Public Service and Administration	2,565.78	6.28	1,439.22	-	1,439.15	-	100.0	-	56.1	0.0
Office of The Governor	151.86	5.14	51.79	-	51.79	-	100.0	-	34.1	0.0
Finance and Planning	438.36	1,102.73	98.70	6.31	98.70	6.31	100.0	100.0	22.5	0.6
Agriculture Livestock and Fisheries	16.60	541.72	8.63	-	8.63	-	100.0	-	52.0	0.0
Water and Irrigation	15.13	141.98	13.42	25.00	13.42	24.40	100.0	97.6	88.7	17.2
Education and Libraries	210.30	126.30	47.46	-	47.46	-	100.0	-	22.6	-
Health	319.42	295.37	248.87	-	248.87	-	100.0	-	77.9	-
Trade, Tourism and Cooperative Development	25.10	38.79	9.88	-	9.88	-	100.0	-	39.3	-
County Public Service Board	17.58	6.57	4.03	-	4.03	-	100.0	-	22.9	-
Infrastructure and Public Works	24.46	345.84	6.06	-	6.06	-	100.0	-	24.8	-
Land, Environment and Natural Resources	43.91	29.10	25.69	-	25.69	-	-	-	-	-
Youth, Gender, Sports, Culture and Social Services	15.16	241.55	-	-	-	-	-	-	-	-
Total	4,474.94	2,937.86	2,238.11	51.36	2,237.57	47.23	100	92.0	50.3	1.6

Source: Taita Taveta County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 29.3 per cent while eight Departments did not report any spending on development activities. The Department of Water and Irrigation had the highest percentage of recurrent expenditure to budget at 88.7 per cent while the Departments of Land, Environment and Natural Resources and Youth, Gender, Sports, Culture and Social Services did report any expenditure.

3.40.12 Budget Execution by Programmes and Sub-Programmes

Table 3.229 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.229: Taita Taveta County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
101013260	Administration Planning and Support Services	84,968,590	24,268,357	60,700,234	28.6%
	Administration Planning and Support Services	84,968,590	24,268,357	60,700,234	28.6%
102013260	Development programme	374,943,825	91,080,735	283,863,090	24.3%
	Development programme	374,943,825	91,080,735	283,863,090	24.3%
104013260	Agricultural Development Programme	515,608,014	8,000,000	507,608,014	1.6%
	Agricultural Development Programme	515,608,014	8,000,000	507,608,014	1.6%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
105013260	Livestock and Fisheries Development	26,114,201	-	26,114,201	0.0%
	Livestock and Fisheries Development	26,114,201	-	26,114,201	0.0%
301013260	General Administration and support services programme	25,098,799	3,468,540	21,630,259	13.8%
	General Administration and support services programme	25,098,799	3,468,540	21,630,259	13.8%
302013260	Trade Development programme.	38,790,468	-	38,790,468	0.0%
	Trade Development programme.	38,790,468	-	38,790,468	0.0%
401013260	Administration and Support Services	319,424,626	84,542,103	234,882,524	26.5%
	Administration and Support Services	319,424,626	84,542,103	234,882,524	26.5%
402013260	Health Development Programme	295,368,189	59,463,899	235,904,290	20.1%
	Health Development Programme	295,368,189	59,463,899	235,904,290	20.1%
501013260	General Administration, Planning and Support services	210,298,500	27,538,690	182,759,810	13.1%
	General Administration, Planning and Support services	210,298,500	27,538,690	182,759,810	13.1%
502013260	Early childhood Education and Youth Training Development Programme	126,300,000	1,407,202	124,892,798	1.1%
	Early childhood Education & Youth Training Development Programme	126,300,000	1,407,202	124,892,798	1.1%
701013260	General Administration support services	2,583,359,159	1,426,070,140	1,157,289,019	55.2%
	General Administration support services	2,583,359,159	1,426,070,140	1,157,289,019	55.2%
702013260	County Assembly Infrastructure improvement	687,772,178	300,443,285	387,328,893	43.7%
	County Assembly Infrastructure improvement	687,772,178	300,443,285	387,328,893	43.7%
703013260	Decentralised infrastructure development programme	6,569,047	-	6,569,047	0.0%
	Decentralised infrastructure development programme	6,569,047	-	6,569,047	0.0%
704013260	General Administration and Management of County Affairs	151,863,787	65,566,527	86,297,260	43.2%
	General Administration and Management of County Affairs	151,863,787	65,566,527	86,297,260	43.2%
705013260	Leadership Development Programme	11,414,281	-	11,414,281	0.0%
	Leadership Development Programme	11,414,281	-	11,414,281	0.0%
706013260	General Administration, Planning, Internal Audit & Support Services	438,357,914	91,829,361	346,528,553	20.9%
	General Administration, Planning, Internal Audit & Support Services	438,357,914	91,829,361	346,528,553	20.9%
707013260	Treasury Development Programme	1,102,726,856	75,530,661	1,027,196,195	6.8%
	Treasury Development Programme	1,102,726,856	75,530,661	1,027,196,195	6.8%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
1001013260	Water and irrigation Development Programme	141,981,034	20,479,966	121,501,068	14.4%
	Water and irrigation Development Programme	141,981,034	20,479,966	121,501,068	14.4%
1002013260	General Administration, Support and Support Services	15,126,133	5,110,175	10,015,958	33.8%
	General Administration, Support and Support Services	15,126,133	5,110,175	10,015,958	33.8%
1003013260	Natural Resources Support Programme	256,708,659	-	256,708,659	0.0%
	Natural Resources Support Programme	256,708,659	-	256,708,659	0.0%
Grand Total		7,412,794,260	2,284,799,639	5,097,712,200	30.8%

Source: Taita Taveta County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration support services in the Department of Health at 55.2 per cent, Infrastructure improvement in the Department of County Assembly at 43.7 per cent, General Administration and Management of County Affairs in the Office of the Governor at 43.2 per cent, and General Administration, Support and Support Services in the County Public Service Board at 33.8 per cent of budget allocation.

3.40.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the 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.47.23 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.94 billion. The development expenditure represented 1.6 per cent of the annual development budget.
3. A high wage bill, which accounted for 42.9 per cent of the first half proportional revenue of Kshs.3.71 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.140.34 million against an annual projection of Kshs.406.28 million, representing 34.5 per cent of the annual target.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
6. High level of pending bills which amounted to Kshs.744.06 million at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.86.92 million were settled during the reporting period, which is not substantial compared with the stock of outstanding bills.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
- iv. The County should address its revenue performance to ensure the approved budget is fully financed.
- v. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

- vi. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.41 County Government of Tana River

3.41.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.12 billion, comprising Kshs.2.85 billion (35.1 per cent) and Kshs.5.27 billion (64.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.53 billion (80.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.79.86 million (1 per cent) from own sources of revenue, and a cash balance of Kshs.966.12 million (11.9 per cent) from FY 2020/21. The County also expects to receive Kshs.543.56 million (6.7 per cent) as conditional grants, which consists of: construction of county headquarters Kshs.75.0 million, Transforming Health care System for Universal Care Project (THSUCP) Kshs.57.52 million, Kenya Climate Smart Agricultural Project (KCSAP) Kshs.350.27 million, DANIDA (Universal Health Care in Devolved System Program) Kshs.12.97million, IDEAS (Instruments for Devolution Advice & Support) Kshs.27.97 million, Agricultural Sector Development Support Programme (ASDPPII) Kshs.19.82 million.

3.41.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.15 billion as the equitable share of the revenue raised nationally, raised Kshs.29.52 million as own-source revenue and had a cash balance of Kshs.966.12 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.15 billion, as shown in Table 3.230.

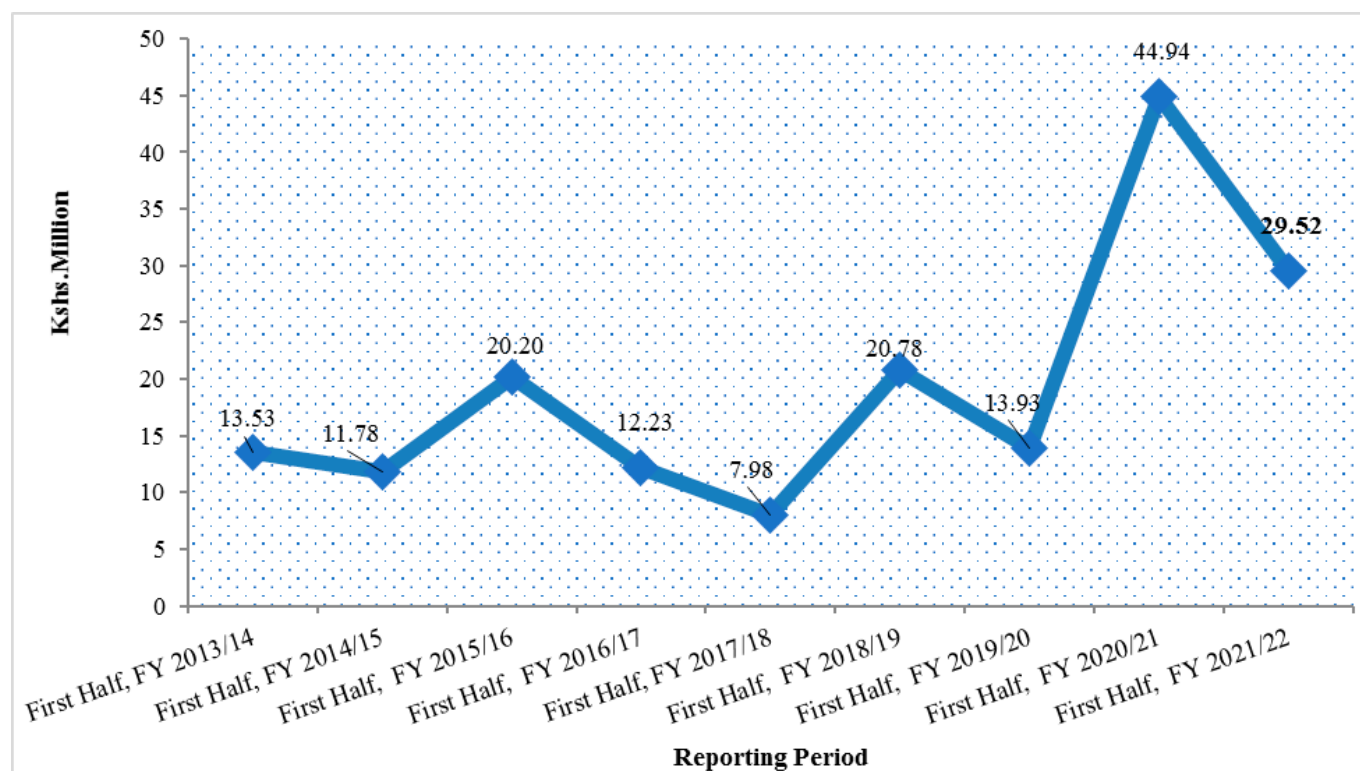
Table 3.230: Tana River County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,528,408,765	2,154,374,891	33.0
Sub Total		6,528,408,765	2,154,374,891	33.0
B	Other Sources of Revenue			
1.	Own Source Revenue	79,860,000	29,516,473	36.9
2.	Balance b/f from FY2020/21	966,116,250	966,116,250	100
3.	Conditional Grants	543,563,507	-	-
Sub Total		1,589,539,757	995,632,723	62.6
Grand Total		8,117,948,522	3,150,007,614	38.8

Source: Tana River County Treasury

Figure 3.78 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.78: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Tana River County Treasury

In the first half of FY 2021/22, the County generated Kshs.29.52 million as its own source revenue. This amount represented a decrease of 34.3 per cent compared to Kshs.44.94 million realised during a similar period in the first half of FY 2020/21 and was 36.9 per cent of the annual target. The County is yet to automate revenue collection.

3.41.3 Exchequer Issues

The Controller of Budget approved Kshs.2.33 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.290.95million (12.5 per cent) for development programmes and Kshs.2.04 billion (87.5 per cent) for recurrent programmes.

3.41.4 Overall Expenditure Review

The County spent Kshs.1.65 billion on development and recurrent programmes during the reporting period. This expenditure represented 70.8 per cent of the total funds released by the CoB and comprised of Kshs.418.17 million and Kshs.1.23 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 23.4 per cent, while recurrent expenditure represented 14.7 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.41 billion and comprised of Kshs.1.05 billion for recurrent expenditure and Kshs.1.35 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. The County Treasury did not report any expenditure towards pending bills in the reporting period.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.836.57 million was spent on employee compensation, Kshs.398.09 million on operations and maintenance, and Kshs.418.17 million on development activities, as shown in Table 3.231.

Table 3.231: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,267,057,697	588,396,752	935,768,181	298,897,947	17.8	50.8
Compensation to Employees	1,901,653,864	321,323,167	738,000,000	98,576,025	38.8	30.7
Operations and Maintenance	3,365,403,833	267,073,585	197,768,181	200,321,922	5.9	75.0
Development Expenditure	2,850,890,825	320,000,000	265,639,996	152,530,997	9.3	47.7
Total	8,117,948,522	908,396,752	1,201,408,177	451,428,944	14.8	49.7

Source: Tana River County Treasury

3.41.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 20.9 per cent of the first half proportional revenue of Kshs.4.06 billion.

The wage bill of Kshs.836.57 million includes Kshs.419.34 million attributable to the health sector, which translates to 50.1 per cent of the total wage bill in the reporting period.

3.41.8 County Established Fund

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.363.73 million to county established funds in FY 2021/22, which constituted 4.5 per cent of the County's overall budget for the year. Table 3.232 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.232: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Tana River County Ward Bursary Fund	150,000,000		149,498,427		Yes	
2.	Tana River County Emergency Fund	132,165,375		122,706,421		Yes	
3.	Tana River County Staff Car and Mortgage fund	81,563,009		17,190,411		Yes	
Total		363,728,384		289,395,259			

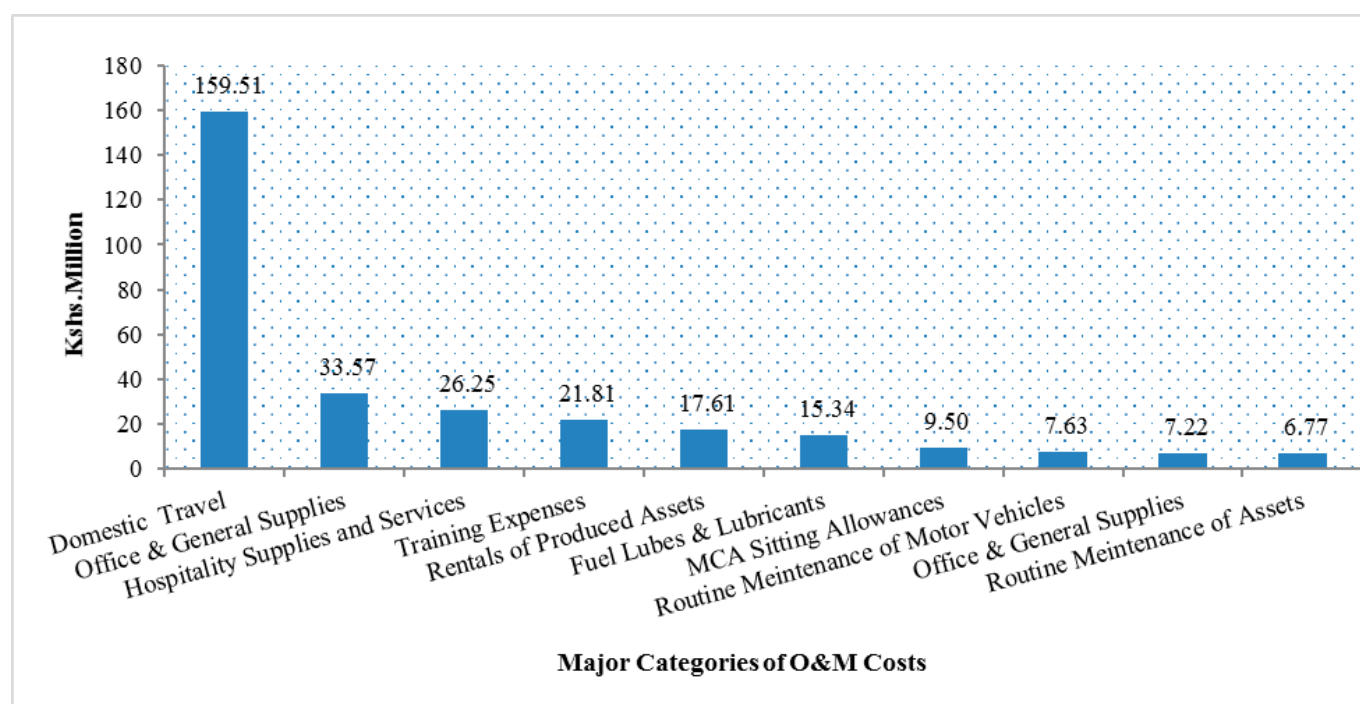
Source: Tana River County Treasury

The OCoB received quarterly financial returns from the Fund Administrator of the three established funds as indicated in Table 3.233.

3.41.9 Expenditure on Operations and Maintenance

Figure 3.79 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.79: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: Tana River County Treasury

The County spent Kshs.9.50 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.66,000 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.159.51 million and comprised of Kshs.69.80 million spent by the County Assembly and Kshs.89.71 million by the County Executive.

3.41.10 Development Expenditure

The County incurred Kshs.418.17 million on development programmes, which represented an increase of 17.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.354.68 billion. Table 3.233 summarises development projects with the highest expenditure in the reporting period.

Table 3.233: Tana River County, List of Development Projects with the Highest Expenditure

Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Proposed construction of the Speaker Residence	Hola	35,000,000	28,908,440	82.6
The proposed extension works of the Clerks offices	Hola	7,215,000	4,728,609	65.5
Proposed construction of assembly ward office in Sala ward	Sala Ward	4,995,783	4,003,323	80.1
Proposed construction of an underground water storage at the County Assembly	Hola	5,500,000	3,900,024	70.9
Proposed construction of assembly ward office in Garsen central ward	Garsen Central	4,994,191	3,822,073	76.5
Proposed construction of assembly ward office in Chewele ward	Chewele	4,996,375	3,718,382	74.4
Proposed construction of assembly ward office in Garsen South ward	Garsen South	4,995,813	3,500,347	70.1

Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
proposed landscaping works at the County Assembly	Hola	4,900,000	3,099,688	63.3
Proposed construction of assembly ward office in Mikinduni ward	Mikinduni	4,995,750	3,063,297	61.3
Proposed construction works of the County Assembly ablu-tion block	Hola	5,500,000	3,050,000	55.5

Source: Tana River County Treasury

3.41.11 Budget Performance by Department

Table 3.234 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.234: 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	588.39	320.00	350.37	117.16	298.89	152.53	85.3	130.2	50.8	47.7
Office of the Governor	568.32	-	165.35	-	51.90	-	31.4	-	9.1	-
Finance and Planning	756.99	755.95	304.84	144.12	79.08	75.99	25.9	52.7	10.4	10.1
Public Service Board	69.51	-	24.90	-	8.09	-	32.5	-	11.6	-
Trade, Tourism and Industry	38.59	39.50	5.89	-	2.67	-	45.3	-	6.9	-
Agriculture and Rural Develop-ment	173.13	128.88	7.11	-	9.69	-	136.3	-	5.6	-
Gender, Social Services and Youth Development	54.80	85.20	5.14	-	0.79	-	15.4	-	1.4	-
Education, Vocational Training and Sports	221.81	175.66	92.87	29.67	83.18	-	89.6	-	37.5	-
Health Services and Sanitation	1,159.52	122.50	481.84	-	362.00	-	75.1	-	31.2	-
Special Program and Cohesion	202.27	-	136.78	-	5.63	-	4.1	-	2.8	-
Roads and Public Works	70.15	884.24	3.73	-	3.28	189.65	87.9	-	4.7	21.4
Water, Environment and Natural Resources	89.39	153.50	8.45	-	6.03	-	71.4	-	6.7	-
Public Service, Administration and Citizen Participation	1,197.57	30.00	429.93	-	322.06	-	74.9	-	26.9	-
Lands and Physical Planning	39.59	55.00	5.53	3.67	-	-	-	-	-	-
Hola Municipality	37.00	100.00	20.45	-	1.37	-	6.7	-	3.7	-
Total	5,267.03	2,850	2,043.18	294.62	1,234.66	418.17	60.4	141.9	23.4	14.7

Source: Tana River County Treasury

Analysis of expenditure by the departments shows that the Department of County assembly recorded the highest absorption rate of development budget at 47.7 per cent while twelve other departments did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 50.8 per cent, while the Department of Gender and Social services had the lowest at 1.4 per cent.

3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 3.235 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.235: Tana River County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Approved Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture and Livestock Development	Administration, planning support services	11,894,318	4,049,300	7,845,018	34.0
	Administration, planning support services	11,894,318	4,049,300	7,845,018	34.0
	Agricultural Development project	335,729,460	5,671,538	330,057,922	1.7
	Agricultural Mechanization Services (AMS Garsen station)	4,642,250	3,270,090	1,372,160	70.4
	Minor/Village irrigation schemes	40,000,000	-	40,000,000	0.0
	Major irrigation	96,761,829	1,150,309	95,611,520	1.2
	Acquisition of certified seeds	3,369,000	1,019,139	2,349,861	30.3
	Extension services	177,635,775	-	177,635,775	0.0
	Agriculture Sector Development Support Project (ASDSP)	12,660,606	-	12,660,606	0.0
	Food and Agriculture Organization	660,000	232,000	428,000	35.2
	Veterinary Development	28,716,909	1,234,830	27,482,079	4.3
	Veterinary extension services	1,818,750	213,200	1,605,550	11.7
	Artificial insemination (Pilot scheme)	1,131,500	266,500	865,000	23.6
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	2,094,436	463,850	1,630,586	22.2
	County Housing Development	133,942,390	287,500	133,654,890	0.2
	Housing Development	3,741,390	287,500	3,453,890	7.7
	Urbanization	130,201,000	-	130,201,000	0.0
	Urban Development	18,620,000	10,016,605	8,603,396	53.8
	Hola Municipality	18,620,000	10,016,605	8,603,396	53.8
Trade & Tourism Development	Promotion of Trade, Tourism and Cooperative Development	32,795,171	5,402,278	27,392,893	16.5
	Promotion of Trade	23,147,586	2,493,540	20,654,046	10.8
	Promotion of Tourism	5,788,551	1,790,180	3,998,371	30.9
	Promotion of Cooperative Development	3,859,035	1,118,558	2,740,477	29.0
	Administration and Support Services	896,660,925	267,707,440	628,953,485	29.9
	Administration, planning & support Services	896,660,925	267,707,440	628,953,485	29.9
Medical Services	Curative and Rehabilitative	319,624,948	138,879,202	180,745,745	43.5
	Medical Supplies	72,074,948	73,434,017	(1,359,070)	101.9
	Medical Services	33,950,000	6,065,470	27,884,530	17.9
	Ambulance Services	61,600,000	54,407,625	7,192,375	88.3
	SP4 Curative Services	152,000,000	4,972,090	147,027,910	3.3
	Preventive and Promotive	11,950,000	7,270,466	4,679,534	60.8
	Preventive and Promotive	6,900,000	3,079,666	3,820,334	44.6
	Licensing and Control of Undertaking	2,550,000	2,530,150	19,850	99.2
	Mobile Clinics	2,500,000	1,660,650	839,350	66.4
Education & Vocational Training	General Administration, Planning and Support services	80,292,548	78,113,192	2,179,356	97.3
	General operation, Planning and support services	80,292,548	78,113,192	2,179,356	97.3

Program	Sub Program	Approved Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Quality and Standard Assurance in EYE Canter	45,916,657	4,335,988	41,580,669	9.4
	ECDE Learning/Teaching Materials	13,181,562	2,160,200	11,021,362	16.4
	ECDE Furniture and Equipment Support	32,735,095	2,175,788	30,559,307	6.7
	Vocational Training Canters and Adult Education	49,354,899	34,479,588	14,875,311	69.9
	Quality and Standards Assurance	4,173,188	1,379,209	2,793,979	33.1
	Provision of Modern Tools and Equipment	15,506,817	3,426,332	12,080,485	22.1
	Subsidised Youth Polytechnic Tuition Fund (SYPT)	29,674,894	29,674,047	847	100.0
	Administration, planning support services	248,433,313	81,955,095	166,478,218	33.0
	Coordination and Supervisory Services	248,433,313	81,955,095	166,478,218	33.0
	ICT Infrastructure	24,000,000	-	24,000,000	0.0
	Develop ICT infrastructure	24,000,000	-	24,000,000	0.0
Finance	Administration, planning support services	1,443,978,911	710,133,194	733,845,717	49.2
	Administration, planning support services	1,443,978,911	710,133,194	733,845,717	49.2
	Financial Management	125,311,182	60,713,393	64,597,789	48.5
	Financial management	3,114,349	2,902,020	212,329	93.2
	Supply Chain Managements	14,950,000	7,730,600	7,219,400	51.7
	Own Source Revenue Collection	23,060,000	4,767,477	18,292,523	20.7
	Budget and Economic Planning	43,365,695	23,068,380	20,297,315	53.2
	Accounting & Finance	16,600,000	9,847,206	6,752,794	59.3
	Internal Audit	8,809,695	5,217,725	3,591,970	59.2
Public Service Board	Monitoring and Evaluation	15,411,443	7,179,985	8,231,458	46.6
	Board Administration, Planning and Governance	54,585,403	15,865,230	38,720,173	29.1
	Board Operations & Governance	54,585,403	15,865,230	38,720,173	29.1
		5,834,250	3,452,090	2,382,160	59.2
	Ethics Governance and Compliance	2,684,250	1,317,190	1,367,060	49.1
	Human Resource Management & Development	1,600,000	930,800	669,200	58.2
	Skills and Competence Development	1,550,000	1,204,100	345,900	77.7
		151,583,384	845,320	150,738,064	0.6
	Performance Management System	2,600,000	480,720	2,119,280	18.5
	Human Resource Development	148,983,384	364,600	148,618,784	0.2
		64,450,000	48,148,900	16,301,100	74.7
	County Administration	50,450,000	47,505,100	2,944,900	94.2
	County Enforcement	14,000,000	643,800	13,356,200	4.6
		7,500,000	593,600	6,906,400	7.9
	Citizen Participation	7,500,000	593,600	6,906,400	7.9
		79,633,600	28,265,517	51,368,083	35.5
	County Leadership & Coordination of CDAs	26,250,000	9,592,656	16,657,344	36.5
	County Government Advisory Service	39,133,600	11,862,261	27,271,339	30.3
	Coordination of Peace and Cohesion	14,250,000	6,810,600	7,439,400	47.8
	Administration, planning support services	41,594,120	4,872,809	36,721,311	11.7

Program	Sub Program	Approved Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Administration, planning support services	41,594,120	4,872,809	36,721,311	11.7
Environment	Natural Disaster mitigation programme	138,665,375	134,374,775	4,290,600	96.9
	Drought management (Preparedness, Response and Recovery)	2,500,000	2,209,400	290,600	88.4
	Emergency Relief (food, medicine, blankets, cash grant)	136,165,375	132,165,375	4,000,000	97.1
		15,525,000	999,900	14,525,100	6.4
	Culture Promotion and Development	10,400,000	543,700	9,856,300	5.2
	Empowerment/Capacity Building of Cultural Practitioners	5,125,000	456,200	4,668,800	8.9
		2,725,000	35,000	2,690,000	1.3
	Baseline Survey for OVC	1,300,000	35,000	1,265,000	2.7
	Community Awareness Creation on Child Rights and Child Protection	975,000	-	975,000	0.0
	Enhanced Child Participation	450,000	-	450,000	0.0
		11,560,000	-	11,560,000	0.0
	Women Empowerment	850,000	-	850,000	0.0
	Gender and Leadership	10,710,000	-	10,710,000	0.0
		27,332,280	101,600	27,230,680	0.4
	County Sports Leagues	1,332,280	101,600	1,230,680	7.6
	Sports Equipment Support	26,000,000	-	26,000,000	0.0
	General Administration, Support and Support Services	17,762,228	4,848,600	12,913,628	27.3
	General Administration, Support and Support Services	17,762,228	4,848,600	12,913,628	27.3
	Environmental Management Programme	23,709,713	13,482,360	10,227,353	56.9
	Environmental Management Programme	16,705,550	11,792,360	4,913,190	70.6
	Environmental Protection	6,396,570	1,620,000	4,776,570	25.3
	Control of Air Pollution	607,593	70,000	537,593	11.5
		264,700,483	8,010,800	256,689,683	3.0
	Water Management Services	258,915,175	6,780,800	252,134,375	2.6
	Sanitation	3,948,040	200,000	3,748,040	5.1
	Storm Water Management	1,837,268	1,030,000	807,268	56.1
		1,438,400	468,400	970,000	32.6
	Irrigation Management Services	1,438,400	468,400	970,000	32.6
	Grand Total	8,117,948,522	1,652,837,121	6,465,111,401	20.4

Source: Tana River County Treasury

Programmes with high levels of implementation based on absorption rates were: Subsidised Youth Polytechnic fund in the Department of Education and Vocational Training at 100 per cent, Emergency Relief in the Department of Environment and Natural Resources at 97.4 per cent, County Administration in the Department of Public Service Board at 94.16 per cent, and Financial Management in the Department of Finance and Economic Planning at 93.18 per cent.

3.41.13 Monitoring and Evaluation

The monitoring and evaluation exercise covered 24 projects implemented in FY 2018/19 and FY 2019/20. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team identified some projects that were

well implemented and are likely to meet the desired objectives. These include: Renovation and upgrading to the solar system of JAICA II borehole at Madogo; and Completion of Ardhi House in Hola to provide additional office space in the Department of Lands.

However, some projects have not achieved the intended objectives because they are either incomplete, stalled, or had other challenges. These projects require immediate interventions by the County Government to ensure they are implemented and commissioned for use. These include: Construction of Weight Bridge at Bangale in Tana North Sub County and Emergency and Causality Unit at Hola County Referral Hospital, which has stalled due to violation of contract agreement; visible cracks on the walls of Tana North Sub County Office; and lack of staff and equipment in several Early Childhood Education Centers (ECDE) such as Chanani ECDE.

To address these challenges and improve budget implementation, the County Government should: prioritise settlement of pending bills so that stalled/delayed projects are completed and commissioned for use; strengthen project supervision during the implementation phase to alleviate incidences of poor quality; appropriate funds to equip and staff ECDEs.

3.41.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.418.17million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.85 billion. The development expenditure represented 14.7 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.29.52 million against an annual projection of Kshs.79.86 million, representing 36.9 per cent of the annual target.
3. High level of pending bills, which amounted to Kshs.2.41 billion at the beginning of the financial year. The County Treasury did not report any expenditure towards pending bills in the reporting period.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.42 County Government of Tharaka Nithi

3.42.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.5.80 billion, comprising Kshs.2.03 billion (35.1 per cent) and Kshs.3.76 billion (64.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.21 billion (72.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.350 million (6 per cent) from own sources of revenue, and a cash balance of Kshs.373.81 million (6.4 per cent) from FY 2020/21. The County also expects to receive Kshs.863.89 million (14.9 per cent) as conditional grants.

3.42.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.1.74 billion as the equitable share of the revenue raised nationally, raised Kshs.103.68 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.373.81 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.22 billion, as shown in Table 3.236.

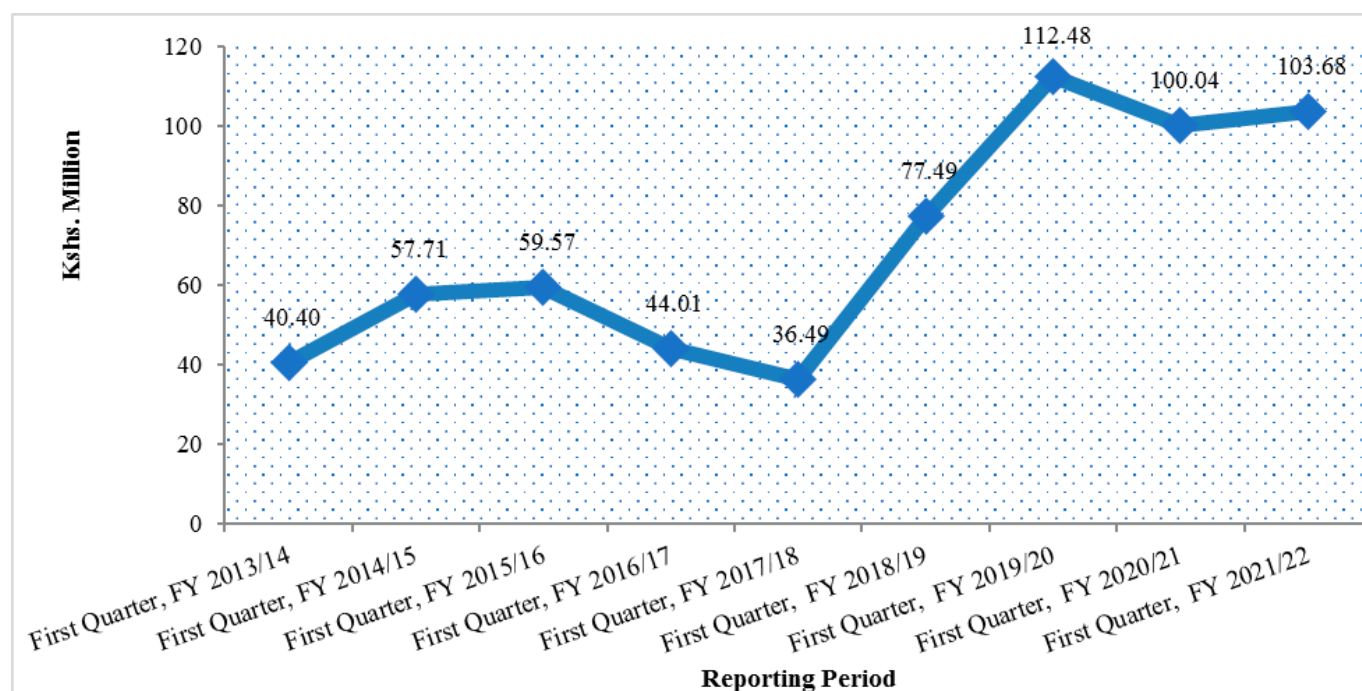
Table 3.236: Tharaka Nithi County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,214,198,393	1,748,892,415	41.2
Sub Total		4,214,198,393	1,748,892,415	41.2
B	Other Sources of Revenue			
1.	Own Source Revenue	350,000,000	103,683,338	29.6
2.	Conditional Grants	863,892,956	2,500,000	0.3
3.	Balance b/f from FY2020/21	373,811,941	373,811,941	100.0
Sub Total		1,587,704,897	479,995,279	30.2
Grand Total		5,801,903,290	2,228,887,694	38.4

Source: Tharaka Nithi County Treasury

Figure 3.80 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.80: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Tharaka Nithi County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.103.68 million as own-source revenue. This amount represented an increase of 3.6 per cent compared to Kshs.100.04 million realised during a similar period in the first half of FY 2020/21 and was 29.6 per cent of the annual target.

3.42.3 Exchequer Issues

The Controller of Budget approved Kshs.2.20 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.495.13 million (22.5 per cent) for development programmes and Kshs.1.70 billion (77.5 per cent) for recurrent programmes.

3.42.4 Overall Expenditure Review

The County spent Kshs.2.05 billion on development and recurrent programmes during the reporting period. This expenditure represented 93.3 per cent of the total funds released by the CoB and comprised of Kshs.357.94 million and Kshs.1.69 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.6 per cent, while recurrent expenditure represented 45.1 per cent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.327.38 million and comprised of Kshs.117.79 million for recurrent expenditure and Kshs.209.58 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle Kshs.30 million per month in the financial year.

During the period under review, pending bills amounting to Kshs.132.12 million were settled, consisting of Kshs.41.50 million for recurrent expenditure and Kshs.90.62 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.195.25 million.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.16 billion was spent on employee compensation, Kshs.533.32 million on operations and maintenance, and Kshs.357.94 million on development activities, as shown in Table 3.237.

Table 3.237: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,343,161,282	423,000,000	1,518,133,083	180,098,957	45.4	42.6
Compensation to Employees	2,155,622,424	191,347,687	1,079,138,028	85,768,835	50.1	44.8
Operations and Maintenance	1,187,538,858	231,652,313	438,995,055	94,330,122	37.0	40.7
Development Expenditure	2,010,742,007	25,000,000	354,134,332	3,808,032	17.6	15.2
Total	5,353,903,289	448,000,000	1,872,267,415	183,906,989	35.0	0.4

Source: Tharaka Nithi County Treasury

3.42.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 40.1 per cent of the first half proportional revenue of Kshs.2.90 billion. The wage bill of Kshs.1.16 billion includes Kshs.730 million attributable to the health sector, which translates to 62.7 per cent of the total wage bill in the reporting period.

3.42.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.25 million to county established funds in FY 2021/22, which constituted 0.4 per cent of the County's overall budget for the year. Table 3.238 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.238: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Tharaka Nithi Bursary Fund	10,000,000	-	10,000,000	-	Yes	
2.	Tharaka Nithi Youth Empowerment Fund	-	-	-	-	Yes	-
3.	Tharaka Nithi Emergency Fund	15,000,000	-	-	-	Yes	-
	Total	25,000,000	-	10,000,000	-		

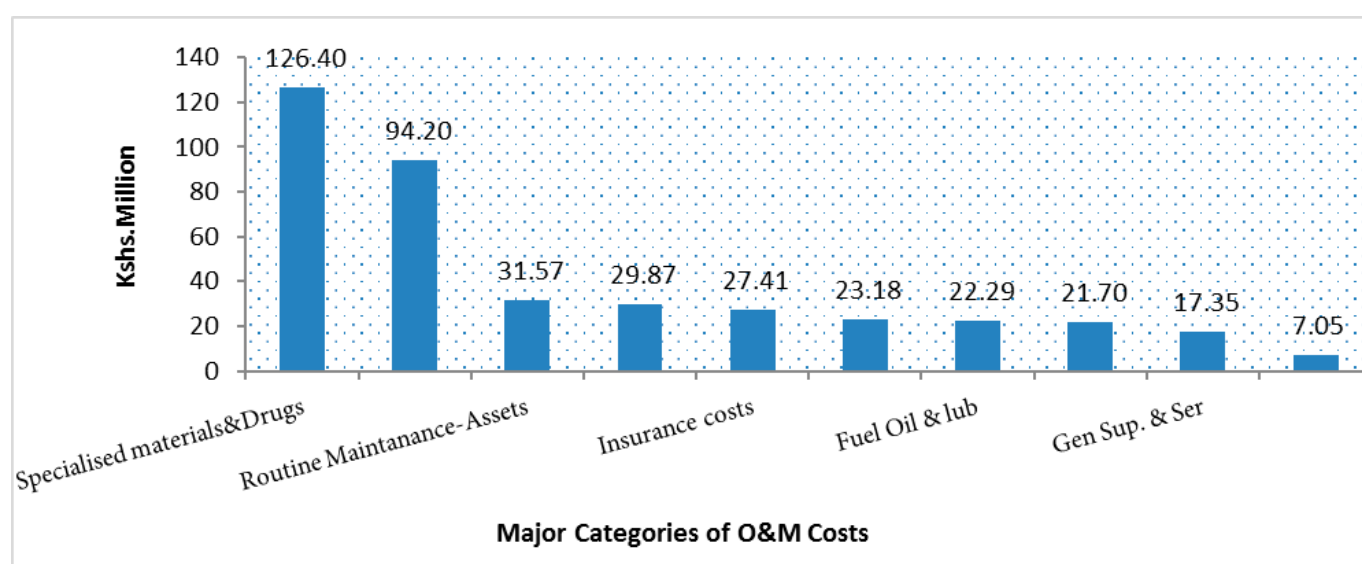
Source: Tharaka Nithi County Treasury

The OCoB received quarterly financial returns from Administrators of the three funds, as indicated in Table 3.238.

3.42.9 Expenditure on Operations and Maintenance

Figure 3.81 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.81: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: Tharaka Nithi County Treasury

The County spent Kshs.7.05 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.21.64 million. The average monthly sitting allowance was Kshs.55,972 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.94.20 million and comprised Kshs.68.54 million spent by the County Assembly and Kshs.25.66 million by the County Executive.

3.42.10 Development Expenditure

The County incurred Kshs.357.94 on development programmes, which represented an increase of 4.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.343.10 million. Table 3.239 summarises development projects with the highest expenditure in the reporting period.

Table 3.239: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Tarmacing of Major Roads (Tunyai - Nthaara - Marimanti, Cheera - Ruguti, Mitheru-Kaanwa, Karandini- Kithioroni, Mukothima Town & Katharaka Road)	Countywide	258,000,000	124,260,180	48.2
2	Youth Polytechnics Development Grant	Countywide	46,615,032	41,650,989	89.4
3	Crop Subsidy	Countywide	97,000,000	21,701,125	22.4
4	Development of Kathwana Municipality market	Igambang'ombe	16,800,000	16,717,617	99.5
5	Maintenance and improvement of various Wards Access roads (7m per ward)	Countywide	109,000,000	63,533,107	58.3
6	Construction of Bridges & Footbridges	Countywide	33,000,000	13,708,454	41.5
7	Support to Kathwana Infrastructure Development	Igambang'ombe	50,000,000	42,924,056	85.8
8	Wards and small markets improvement	Countywide	41,000,000	13,739,005	33.5
9	Construction of ECDE Classes	Countywide	34,069,585	8,842,814	26.0
10	Maintenance and improvement of various Wards Access roads (7m per ward)	Countywide	109,000,000	63,533,107	58.3

Source: Tharaka Nithi County Treasury

3.42.11 Budget Performance by Department

Table 3.240 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.240: Tharaka Nithi 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	423.00	25.00	180.17	3.81	180.10	3.81	100.0	100.0	42.6	15.2
Office of The Governor and Deputy Governor	152.28	-	59.30	-	58.32	-	98.4	0.0	38.3	0.0
Finance and Economic Planning	306.93	148.55	92.94	137.24	92.86	3.99	99.9	2.9	30.3	2.7
Agriculture, Cooperatives and Industry	103.01	525.17	52.37	26.68	52.37	26.24	100.0	98.4	50.8	5.0
Education and Vocational Training	197.10	53.07	92.82	21.35	92.71	20.84	99.9	97.6	47.0	39.3
Medical Services	1,576.47	198.25	766.76	17.12	765.88	16.63	99.9	97.1	48.6	8.4
Lands, Physical Planning, Urban Development, Environment and Natural Resources	88.27	248.00	37.14	58.68	37.45	57.30	100.8	97.6	42.4	23.1
Roads, Infrastructure, Public Works and ICT	194.89	486.61	52.86	217.92	51.18	216.90	96.8	99.5	26.3	44.6
Public Service, Urban Development and Disaster Management	139.35	-	68.87	-	67.09	-	97.4	-	48.1	0.0
Trade and Revenue	94.10	-	50.47	-	49.71	-	98.5	-	52.8	0.0
Water Services and Irrigation	37.06	110.20	15.13	3.45	14.85	3.35	98.2	96.9	40.1	3.0
County Public Service Board	23.93	-	7.73	-	7.78	-	100.7	0.0	32.5	-
Livestock, Veterinary and Fisheries Dev't	79.18	40.50	36.18	3.84	35.59	3.84	98.4	100.0	44.9	9.5

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
Public Health and Sanitation	257.37	153.30	168.13	-	167.24	-	99.5	-	65.0	-
Energy and Housing	30.71	30.90	15.05	3.20	14.33	3.20	95.2	100.0	46.7	10.4
Youth, Sports, Culture and Tourism	62.51	16.20	11.64	1.84	10.76	1.84	92.4	100.0	17.2	11.4
TOTAL	3,766.16	2,035.74	1,707.55	495.14	1,698.23	357.94	99.5	72.3	45.1	17.6

Source: Tharaka Nithi County Treasury.

Analysis of expenditure by the departments shows that the Department of Roads, Infrastructure, Public Works and ICT recorded the highest absorption rate of development budget at 44.6 per cent. The Department of Public Health and Sanitation had the highest percentage of recurrent expenditure to budget at 65 per cent, while the Department of Youth, Sports, Culture and Tourism had the lowest at 17.2 per cent.

3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 3.241 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.241: Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes

Row Labels	Sum of Printed Estimate (Kshs.)	Sum of Approved Estimates (Net)	Sum of Cumulative Expenditure (Kshs.)	Sum of Variance (Kshs.)	Sum of Absorption Rate (%)
Agriculture, Cooperatives and Industry	571,409,822	628,178,602	78,615,341	549,563,261	12.51%
P: Cooperative Development and Management	3,327,317	1,473,037	-	1,473,037	0.00%
SP: Cooperative Development	3,327,317	1,473,037	-	1,473,037	0.00%
P: Crop Development and Management	69,613,329	114,134,929	18,344,854	95,790,075	16.07%
SP: Crops Development, Agribusiness and Market Development	69,613,329	114,134,929	18,344,854	95,790,075	16.07%
P: General Administration Planning and Support Services	498,469,176	512,570,636	60,270,487	452,300,149	11.76%
SP: Administration, Policy, Strategy and Management of Agriculture	498,469,176	512,570,636	60,270,487	452,300,149	11.76%
County Public Service Board	23,933,364	23,933,364	7,781,599	16,151,765	32.51%
P: Financial Management Services	1,550,000	1,300,000	400,600	899,400	30.82%
SP: Monitoring and Evaluation Services	1,550,000	1,300,000	400,600	899,400	30.82%
P: General Administration, Planning and Support Services	17,408,364	20,058,364	6,738,110	13,320,254	33.59%
SP: General Administration and Support Services	17,408,364	20,058,364	6,738,110	13,320,254	33.59%
P: Human Resource Management and Development	4,975,000	2,575,000	642,889	1,932,111	24.97%
SP: County Public Service Board Services	4,975,000	2,575,000	642,889	1,932,111	24.97%
Education and Vocational Training	278,215,947	250,165,947	113,554,582	136,611,365	45.39%
P: Education and Youth Training	133,771,192	105,721,192	44,440,675	61,280,517	42.04%
SP: Promotion of Basic Education (ECDE)	83,569,585	64,669,585	21,993,091	42,676,494	34.01%
SP: Youth Training and Capacity Building	50,201,607	41,051,607	22,447,584	18,604,023	54.68%
P: General Administration Planning and Support Services	144,444,755	144,444,755	69,113,907	75,330,848	47.85%
SP: Administration Planning and Support Services	144,444,755	144,444,755	69,113,907	75,330,848	47.85%
Energy and Housing	146,358,980	61,608,845	17,535,099	44,073,746	28.46%
P: Energy Resource Development & Management	111,700,000	31,099,865	3,200,796	27,899,069	10.29%

Row Labels	Sum of Printed Estimate (Kshs.)	Sum of Approved Estimates (Net)	Sum of Cumulative Expenditure (Kshs.)	Sum of Variance (Kshs.)	Sum of Absorption Rate (%)
SP: Energy Resource Development & Management	111,700,000	31,099,865	3,200,796	27,899,069	10.29%
P: General Administration Planning and Support Services	34,658,980	30,508,980	14,334,303	16,174,677	46.98%
SP: General Administration Services	34,658,980	30,508,980	14,334,303	16,174,677	46.98%
Finance and Economic Planning	511,669,470	455,483,815	96,848,246	358,635,569	21.26%
P: Economic Policy and County Planning	7,900,000	15,200,000	2,452,500	12,747,500	16.13%
SP: County Statistics Services	2,400,000	5,300,000	1,030,900	4,269,100	19.45%
SP: Economic Development, Planning and Coordination Services	3,100,000	5,100,000	731,000	4,369,000	14.33%
SP: Monitoring and Evaluation Services	2,400,000	4,800,000	690,600	4,109,400	14.39%
P: Financial Management Services	15,270,000	24,620,000	7,879,180	16,740,820	32.00%
SP: Accounting Services	4,250,000	7,250,000	1,980,700	5,269,300	27.32%
SP: Audit Services	4,300,000	7,650,000	3,208,780	4,441,220	41.94%
SP: Budget Formulation and Coordination	4,350,000	6,650,000	2,003,800	4,646,200	30.13%
SP: Supply Chain Management Services	2,370,000	3,070,000	685,900	2,384,100	22.34%
P: General Administration, Planning and Support Services	297,647,920	222,312,265	77,886,921	144,425,344	35.03%
SP: Human Resource Management Services	297,647,920	222,312,265	77,886,921	144,425,344	35.03%
P: Kenya Devolution Support Programme	172,242,250	172,242,250	2,803,150	169,439,100	1.63%
SP: Tharaka Nithi KDSP Capacity Building	172,242,250	172,242,250	2,803,150	169,439,100	1.63%
P: Resource mobilisation	18,609,300	21,109,300	5,826,495	15,282,805	27.60%
SP: Revenue Administration	18,609,300	21,109,300	5,826,495	15,282,805	27.60%
Lands, Physical Planning, Urban Development, Environment and Natural Resources	293,446,836	336,272,521	94,744,639	241,527,882	28.17%
P: Environment and Natural Resources Management	6,500,000	4,150,000	292,408	3,857,592	7.05%
SP: Environment and Natural Resource	6,500,000	4,150,000	292,408	3,857,592	7.05%
P: General Administration Planning and Support Services	25,000,000	40,000,000	-	40,000,000	0.00%
SP: General Administration Services	25,000,000	40,000,000	-	40,000,000	0.00%
P: Kathwana Municipality Development Programme	87,996,660	127,396,660	981,000	126,415,660	0.77%
SP: Kathwana Urban Area Support	87,996,660	127,396,660	981,000	126,415,660	0.77%
P: Land Policy and Planning	90,773,988	83,338,838	33,480,776	49,858,062	40.17%
SP: Land administration & management	15,015,688	11,156,938	1,956,161	9,200,777	17.53%
SP: Physical Planning Services	75,758,300	72,181,900	31,524,615	40,657,285	43.67%
P: Urban Development and Administration	83,176,188	81,387,023	59,990,455	21,396,568	73.71%
SP: Urban Administrative Services	83,176,188	81,387,023	59,990,455	21,396,568	73.71%
Livestock, Veterinary and Fisheries Development	144,442,716	119,682,676	39,429,565	80,253,111	32.95%
P: Livestock and Fisheries Resource Management and Development	144,442,716	119,682,676	39,429,565	80,253,111	32.95%
SP: Fisheries Development and Promotion	21,938,915	13,938,915	-	13,938,915	0.00%
SP: Livestock Policy Development and Capacity Building	92,749,205	83,578,820	37,706,815	45,872,005	45.12%
SP: Veterinary Services and Disease Prevention	29,754,596	22,164,941	1,722,750	20,442,191	7.77%
Medical Services	1,545,710,207	1,774,714,757	782,516,119	992,198,638	44.09%
P: Curative and Rehabilitative Services	164,000,000	254,000,000	105,175,484	148,824,516	41.41%
SP: Laboratory Services	37,000,000	47,000,000	14,569,860	32,430,140	31.00%

Row Labels	Sum of Printed Estimate (Kshs.)	Sum of Approved Estimates (Net)	Sum of Cumulative Expenditure (Kshs.)	Sum of Variance (Kshs.)	Sum of Absorption Rate (%)
SP: Medical Supplies	127,000,000	207,000,000	90,605,624	116,394,376	43.77%
P: General Administration Planning and Support Services	1,381,710,207	1,520,714,757	677,340,635	843,374,122	44.54%
SP: General Administration Services	302,114,207	347,654,207	108,373,764	239,280,443	31.17%
SP: Health sector planning, budgeting Monitoring and Evaluation	11,196,000	11,196,000	-	11,196,000	0.00%
SP: Human resource management	1,068,400,000	1,161,864,550	568,966,871	592,897,679	48.97%
Office of Governor and Deputy Governor	144,275,972	152,275,972	58,317,762	93,958,210	38.30%
P: County Government Advisory Services	8,158,661	9,158,661	6,067,200	3,091,461	66.25%
SP: Communication and Strategy	8,158,661	9,158,661	6,067,200	3,091,461	66.25%
P: County Leadership and Coordination of MDAs	33,070,400	39,020,400	22,501,225	16,519,175	57.67%
SP: Coordination of CMAs (Office of County Secretary)	21,250,000	29,250,000	21,720,925	7,529,075	74.26%
SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	11,820,400	9,770,400	780,300	8,990,100	7.99%
P: General Administration, Planning and Support Services	103,046,911	104,096,911	29,749,337	74,347,574	28.58%
SP: Coordination and Supervisory Services (Deputy Governor's Office)	16,480,000	16,480,000	2,060,600	14,419,400	12.50%
SP: Management of County Affairs (Office of Governor)	86,566,911	87,616,911	27,688,737	59,928,174	31.60%
Public Administration and Devolution Affairs	137,954,880	139,354,880	67,088,173	72,266,707	48.14%
P: County Government Advisory Services	2,400,000	1,200,000	61,700	1,138,300	5.14%
SP: Disaster Management and Coordination	2,400,000	1,200,000	61,700	1,138,300	5.14%
P: General Administration, Planning and Support Services	135,554,880	138,154,880	67,026,473	71,128,407	48.52%
SP: General Administration and Support Services	125,094,880	132,894,880	65,604,273	67,290,607	49.37%
SP: Human Resource Management Services	4,100,000	1,700,000	216,600	1,483,400	12.74%
SP: Sub-County Administration and Field Services	6,360,000	3,560,000	1,205,600	2,354,400	33.87%
Public Health and Sanitation	431,202,402	410,664,402	167,240,154	243,424,248	40.72%
P: Preventive and Promotive Health Services	431,202,402	410,664,402	167,240,154	243,424,248	40.72%
SP: Disease Surveillance	1,981,115	1,281,115	-	1,281,115	0.00%
SP: Environmental Health services	33,638,000	15,300,000	6,198,575	9,101,425	40.51%
SP: Health Promotion and Disease Control	390,583,287	389,883,287	161,041,579	228,841,708	41.31%
SP: HIV and AIDS Support Services	3,200,000	2,700,000	-	2,700,000	0.00%
SP: Reproductive Maternal and Child-health Services	1,800,000	1,500,000	-	1,500,000	0.00%
Roads, Infrastructure, Public Works and ICT	482,028,324	681,498,324	268,083,511	413,414,813	39.34%
P: General Administration Planning and Support Services	27,439,324	27,439,324	1,447,942	25,991,382	5.28%
SP: General Administration Services	27,439,324	27,439,324	1,447,942	25,991,382	5.28%
P: ICT Infrastructure Development	19,500,000	16,600,000	10,872,183	5,727,817	65.50%
SP: ICT Infrastructure Development	19,500,000	16,600,000	10,872,183	5,727,817	65.50%
P: Public Works and Housing Services	1,890,750	16,335,500	11,048,386	5,287,114	67.63%
SP: Public Works Services	1,890,750	16,335,500	11,048,386	5,287,114	67.63%
P: Roads Transport	433,198,250	621,123,500	244,715,000	376,408,500	39.40%

Row Labels	Sum of Printed Estimate (Kshs.)	Sum of Approved Estimates (Net)	Sum of Cumulative Expenditure (Kshs.)	Sum of Variance (Kshs.)	Sum of Absorption Rate (%)
SP: Rural Roads Improvement and Maintenance Services	433,198,250	621,123,500	244,715,000	376,408,500	39.40%
Trade and Revenue	99,002,200	94,102,200	49,710,510	44,391,690	52.83%
P: General Administration, Planning and Support Services	90,802,200	87,402,200	49,385,260	38,016,940	56.50%
SP: General Administration and Support Services	90,802,200	87,402,200	49,385,260	38,016,940	56.50%
P: Industrial Development and Investment	4,500,000	3,300,000	280,850	3,019,150	8.51%
SP: Industrial Development	4,500,000	3,300,000	280,850	3,019,150	8.51%
P: Trade Development and promotion	3,700,000	3,400,000	44,400	3,355,600	1.31%
SP: Consumer Protection & Fair Trade Practices	3,700,000	3,400,000	44,400	3,355,600	1.31%
Water Services and Irrigation	162,399,756	147,259,656	18,197,994	129,061,662	12.36%
P: Water Supply Services	162,399,756	147,259,656	18,197,994	129,061,662	12.36%
SP: Domestic Water Services	150,320,800	143,820,800	14,888,794	128,932,006	10.35%
SP: Irrigation and Drainage Services	10,781,650	2,199,350	3,238,600	(1,039,250)	147.25%
SP: Water Storage Services	1,297,306	1,239,506	70,600	1,168,906	5.70%
Youth, Sports, Culture and Tourism	85,026,128	78,707,328	12,604,121	66,103,207	16.01%
P: Culture, Arts and Social Services	22,246,900	27,735,200	1,516,652	26,218,548	5.47%
SP: Culture and Arts Promotion	11,580,000	13,478,000	620,900	12,857,100	4.61%
SP: Gender, PWDs and Social Services	10,666,900	14,257,200	895,752	13,361,448	6.28%
P: General Administration Planning and Support Services	20,200,000	3,200,000	-	3,200,000	0.00%
SP: Administration, Policy, Strategy and Management of Agriculture	20,200,000	3,200,000	-	3,200,000	0.00%
P: Sports Development and Promotion	38,382,953	36,941,353	10,980,229	25,961,124	29.72%
SP: Athletics Championships and Other Games	6,110,550	5,012,050	103,200	4,908,850	2.06%
SP: County Football League and Clubs Development	2,654,550	2,433,000	-	2,433,000	0.00%
SP: Talent Search and Promotion	29,617,853	29,496,303	10,877,029	18,619,274	36.88%
P: Tourism Development and Promotion	4,196,275	10,830,775	107,240	10,723,535	0.99%
SP: Miss Tourism Tharaka Nithi	2,477,000	10,277,000	107,240	10,169,760	1.04%
SP: Tourism Branding and Marketing	1,719,275	553,775	-	553,775	0.00%
P: County Assembly	473,000,000	448,000,000	183,906,989	264,093,011	41%
SP: County Assembly Services	473,000,000	448,000,000	183,906,989	264,093,011	41%
Grand Total	5,530,077,004	5,801,903,289	2,056,174,404	3,745,728,885	35.44%

Source: Tharaka Nithi County Treasury

Programmes with high levels of implementation based on absorption rates were: Urban Development and Administration in the Department of Lands, Physical Planning, Urban Development, Environment and Natural Resources at 73.7 per cent, Public Works & Housing Services in the Department of Roads, Infrastructure, Public Works and ICT at 67.6 per cent, County Government Advisory Services in the Office of Governor and Deputy Governor at 66.2 per cent, and ICT Infrastructure Development in the Department of Roads, Infrastructure, Public Works and ICT at 65.5 per cent of budget allocation.

3.42.13 Monitoring and Evaluation

The Office of the Controller of Budget selected 27 projects that were implemented in the FY 2018/19 and FY2019/20 for the monitoring and evaluation exercise. The aim was to establish the status of project implementation, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team established that some projects were exceptionally implemented and had achieved the desired objectives. These included: Artificial Insemination (AI) Program that has significantly

reduced cost of a single insemination service from Kshs. 7,000 to Kshs.400 and increased milk production from an average of 4 litres to 8 per cow; Oxygen Plant at Chuka County Referral Hospital; Construction of a Modern Garage in Karingani Ward that is utilized by about 100 mechanics and apprentices; and Purchase of Rig that has drilled over 19 boreholes thus benefiting over 5 primary and secondary schools and approximately residents in 14 communities.

However, some projects have not achieved the intended objectives for a number of reasons. These include: Faulty distribution pipes at Chiakamakama Water Project that has denied water supply to residents in Chiakariga area; poor sanitation conditions at Kaare Market; and inadequate learning material and teachers at Rubate Primary School ECDE. Other issues that were noted include lack of an updated valuation roll which has affected revenue collection from rateable properties; and lack of an M&E unit to monitor projects.

In view of the above, the Controller of Budget recommends urgent repairs on the affected water infrastructures to resume water supply to residents; appropriate funds to equip and staff ECDE centers; develop and implement a new valuation roll to enhance revenue collection from rateable properties that have appreciate in value over years; and strengthen project supervision and establish a robust M&E unit to monitor progress of project implementation.

3.42.14 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.357.94 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.03 billion. The development expenditure represented 17.6 per cent of the annual development budget.
2. A high wage bill that accounted for 56.6 per cent of the total expenditure in the first half of FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.103.68 million against an annual projection of Kshs.350 million, representing 29.6 per cent of the annual target.

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

- i. The County should identify and address issues causing delays in implementing development projects.
- ii. 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.
- iii. The County should address its revenue performance to ensure the approved budget is fully financed.

3.43 County Government of Trans Nzoia

3.43.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.25 billion, comprising Kshs.4.02 billion (43.5 per cent) and Kshs.5.23 billion (56.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.19 billion (77.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.529.50 million (5.7 per cent) from own sources of revenue, and a cash balance of Kshs.812.53 million (8.8 per cent) from FY 2020/21. The County also expects to receive Kshs.724.98 million (7.8 per cent) as conditional grants, which consists of NARIGP Kshs.298.66 million, THUSP Kshs.80.44 million, DANIDA Kshs.12.76 million, Leasing of Medical Equipment Kshs.153.30 million, ASDSP Kshs.24.03 million, KDSP level 2 Kshs.105.80 million and KISIP II Kshs.50 million.

3.43.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.98 billion as the equitable share of the revenue raised nationally, raised Kshs.128.66 million as own-source revenue, 108.30 million as conditional grants, and had a cash balance of Kshs.812.53 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.03 billion, as shown in Table 3.173: Nairobi City County, Revenue Performance in the First Half of FY 2021/22.

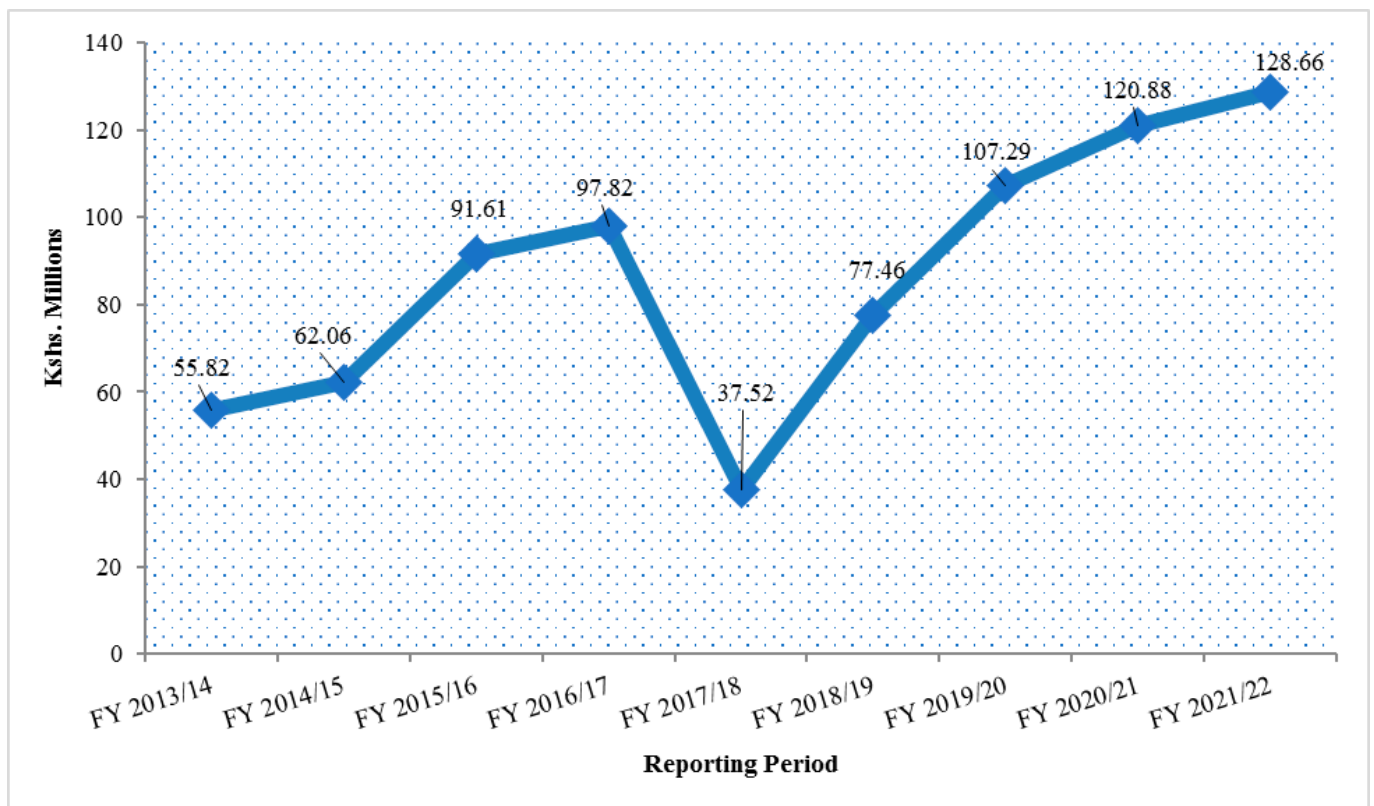
Table 3.242: Trans Nzoia County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,186,157,670	2,982,255,434	41.5
Sub Total		7,186,157,670	2,982,255,434	41.5
B	Other Sources of Revenue			
1	Own Source Revenue	529,500,000	128,661,714	24.3
2	Conditional Grants	724,984,356	108,302,077	14.9
3	Balance b/f from FY2020/21	812,528,323	812,528,323	100.0
Sub Total		2,067,012,679	1,049,492,114	50.8
Grand Total		9,253,170,349	4,031,747,548	43.6

Source: Trans Nzoia County Treasury

Figure 3.82 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.82: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Trans Nzoia County Treasury

In the first half of FY 2021/22, the County generated Kshs.128.66 million as own-source revenue. This amount represented an increase of 6.4 per cent compared to Kshs.120.88 million realised during a similar period in the first half of FY 2020/21 and was 24.3 per cent of the annual target.

3.43.3 Exchequer Issues

The Controller of Budget approved Kshs.2.99 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.649.17 million (21.7 per cent) for development programmes and Kshs.2.34 billion (78.3 per cent) for recurrent programmes.

3.43.4 Overall Expenditure Review

The County spent Kshs.2.94 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.1 per cent of the total funds released by the COB and comprised Kshs.640.88 million and Kshs.2.30 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 15.9 per cent, while recurrent expenditure represented 43.9 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.10 billion and comprised of Kshs.791.96 million for recurrent expenditure and Kshs.1.31 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.588.23 million were settled, consisting of Kshs.204.85 million for recurrent expenditure and Kshs.383.38 million for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.1,510.56 million.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.59 billion was spent on employee compensation, Kshs.710.28 million on operations and maintenance, and Kshs.640.88 million on development activities, as shown in Table 3.243.

Table 3.243: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,555,813,683	676,650,593	1,956,893,220	340,393,348	43	50.3
Compensation to Employees	2,575,648,059	316,500,310	1,443,398,421	143,612,410	56	45.4
Operations and Maintenance	1,980,165,624	360,150,283	513,494,799	196,780,938	25.9	54.6
Development Expenditure	3,648,435,001	372,271,072	631,549,726	9,331,435	17.3	2.5
Total	8,204,248,684	1,048,921,665	2,588,442,946	349,724,783	31.6	33.3

Source: Trans Nzoia County Treasury

3.43.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit 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 34.3 per cent of the first half proportional revenue of Kshs.4.63 billion.

The wage bill of Kshs.1.59 billion includes Kshs.373.30 million attributable to the health sector, which translates to 23.5 per cent of the total wage bill in the reporting period.

3.43.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.93.83 million to county established funds in FY 2021/22, which constituted 1.0 per cent of the County's overall budget for the year. Table 3.244 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.244: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Trans-Nzoia County Elimu Bursary Fund	50,000,000	-	-	-		No
2.	Trans Nzoia County Car and Mortgage Fund	40,828,099	-	10,000,000	-		No
3.	Trans Nzoia Women and Youth Fund	3,000,000	-	-	-		No
Total		93,828,099		10,000,000			

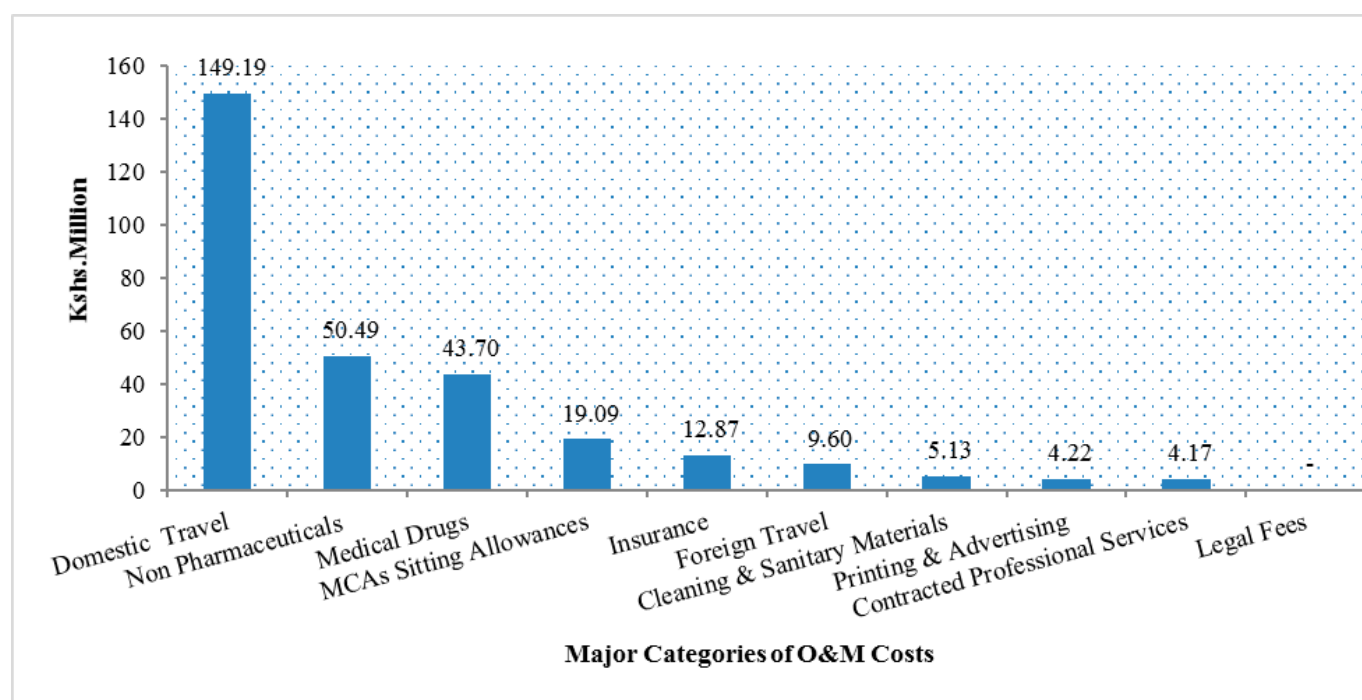
Source: Trans Nzoia County Treasury

As indicated in Table 3.244, the OCoB did not receive quarterly financial returns from the Fund Administrators of Trans-Nzoia County Elimu Bursary, Trans Nzoia County Car and Mortgage, and Trans Nzoia Women and Youth Fund.

3.43.9 Expenditure on Operations and Maintenance

Figure 3.83 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.83: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: Trans Nzoia County Treasury

The County spent Kshs.19.09 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs.50.85million. The average monthly sitting allowance was Kshs.79,523 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.149.19 million and comprised Kshs.59.01 million spent by the County Assembly and Kshs.90.18 million by the County Executive. Spending on foreign travel amounted to Kshs.9.60 million and consisted of Kshs.8.03 million by the County Assembly and Kshs.1.57 million by the County Executive.

3.43.10 Development Expenditure

The County incurred Kshs.640.88 million on development programmes, which represented an increase of 107 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.309.70 million. Table 3.245 summarises development projects with the highest expenditure in the reporting period.

Table 3.245: Trans Nzoia County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Access roads; Spot Improvement Services	County Wide	122,113,286	71,470,140	58.5
2	Construction of Trans Nzoia County Referral Hospital	Trans Nzoia County Referral Hospital	283,156,751	66,693,530	23.6
3	Water Supply Services	County Wide	105,300,000	65,895,600	62.6
4	Construction of ECD classes	County Wide	66,487,773	12,376,849	18.6
5	Supply of Pipes	County Headquarters	13,000,000	10,290,466	79.2
6	Installation and Customize of Revenue Collection Software	County Headquarters	7,134,828	7,134,828	100.0
7	Supply of Kenpoly plastic chairs and Tents	Motosiet Ward	3,924,524	3,924,524	100.0
8	Supply of Plain and Screen Cazings	County Headquarters	3,734,483	3,734,483	100.0
9	Supply of Acaricides	County Wide	8,500,000	2,941,000	34.6
10	Installation and Maintenance of borehole	Chepchoina ward	1,620,241	1,620,241	100.0

Source: Trans Nzoia County Treasury

3.43.11 Budget Performance by Department

Table 3.246 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.246: 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	243.28	531.02	92.53	58.44	155.54	33.36	168.1	57.1	63.9	6.3
Livestock	32.95	73.52	5.83	16.83	5.26	15.73	90.2	93.5	16.0	21.4
Trade, Commerce and Industry	63.47	89.26	19.05	1.14	24.85	-	130.4	-	39.1	-
Water, Environment and Natural Resources	98.49	260.07	31.71	109.21	34.47	97.73	108.7	89.5	35.0	37.6
Public Works, Roads and Infrastructure	201.94	417.88	55.92	194.16	37.66	144.70	67.3	74.5	18.6	34.6
Health Corporate	1,793.10	654.52	1,136.04	81.92	819.67	64.34	72.2	78.5	45.7	9.8
Lands, Housing and Urban Planning	67.54	130.48	17.21	1.30	17.97	-	104.5	-	26.6	-
Municipality Board of Kitale	70.50	221.91	31.04	-	-	-	-	-	-	-
Gender, Sports, Culture and Tourism	55.71	221.59	18.58	1.67	29.77	4.64	160.2	278.2	53.4	2.1
Governance	188.32	52.33	30.93	-	30.64	2.99	99.1	-	16.3	5.7
Public Service Management	504.63	243.39	117.32	-	167.91	-	143.1	-	33.3	-
County Public Service Board	78.15	8.47	21.96	-	21.95	-	99.9	-	28.1	-

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
Education and ICT	393.03	164.40	160.12	9.51	175.74	11.21	109.8	117.9	44.7	6.8
Finance	718.01	137.74	259.73	68.52	416.11	123.44	160.2	180.2	58.0	89.6
Economic Planning	46.69	441.87	6.21	97.15	19.35	133.41	311.5	137.3	41.4	30.2
County Assembly	676.65	372.27	340.39	9.33	340.39	9.33	100	100.0	50.3	2.5
Total	5,232.46	4,020.71	2,344.58	649.17	2,297.29	640.88	98	98.7	43.9	15.9

Source: Trans Nzoia County Treasury

Analysis of expenditure by the departments shows that the Department of Finance recorded the highest absorption rate of development budget at 89.6 per cent while the Department of Public Service Management, County Public Service Board, Municipal Board of Kitale and Lands and Housing did not report any expenditure on development activities. The Department of Agriculture had the highest percentage of recurrent expenditure to budget at 63.9 per cent, while the Department of Municipal Board of Kitale did not report any spending.

3.43.12 Budget Execution by Programmes and Sub-Programmes

Table 3.247 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.247: Trans Nzoia County, Budget Execution by Programmes and Sub-programmes

	Budget Execution by Program FY 2021/22	Approved Budget FY 2021/22	Actual Expenditure Half Year FY 2021/22	Variance (Kshs.)	Absorption %
4261	Agriculture, Livestock	880,763,980	209,894,803	670,869,177	23.8
P1	Crop Development	604,532,234	49,090,484	555,441,750	8.1
Sp1.1	Crop Diversification	531,017,155	49,090,484	481,926,671	9.2
Sp1.2	Post-Harvest Management and Value Addition	73,515,079	-	73,515,079	-
P2	Administrative and Support Services	276,231,746	160,804,319	115,427,427	58.2
Sp2.1	Administrative and Support Services	276,231,746	160,804,319	115,427,427	58.2
4262	Trade, Commerce and Industry	152,723,901	24,845,099	127,878,802	16.3
P1	Medium and Small Enterprises	89,257,025	-	89,257,025	-
Sp1.1	Medium and Small Enterprises	89,257,025	-	89,257,025	-
P2	Administrative and Support Services	63,466,876	24,845,099	38,621,777	39.2
Sp2.1	Administrative and Support Services	63,466,876	24,845,099	38,621,777	39.2
4263	Water, Environment and Natural Resources	358,563,684	132,204,788	226,358,896	36.9
P1	Environment Management and Protection	260,069,115	97,733,953	162,335,162	37.6
Sp1.1	Waste Management	260,069,115	97,733,953	162,335,162	37.6
P2	Administrative and Support Services	98,494,569	34,470,835	64,023,735	35.0
Sp2.1	Administrative and Support Services	98,494,569	34,470,835	64,023,735	35.0
4264	Public Works, Roads and Infrastructure	619,817,302	182,352,235	437,465,067	29.4
P1	Road Construction and Road Maintenance	417,879,433	144,695,113	273,184,320	34.6
Sp1.1	Maintenance of Roads	417,879,433	144,695,113	273,184,320	34.6
P2	Administrative and Support Services	201,937,869	37,657,122	164,280,747	18.7
Sp2.1	Administrative and Support Services	201,937,869	37,657,122	164,280,747	18.7
4266	Lands, Housing and Urban Planning	198,021,203	17,971,485	180,049,718	9.1
P1	Administrative and Support Services	198,021,203	17,971,485	180,049,718	9.1
Sp1.1	Administrative and Support Services	198,021,203	17,971,485	180,049,718	9.1
4267	Gender, Sports, Culture and Tourism	277,299,082	34,411,656	242,887,426	12.4
P1	Culture Development and Promotion	221,591,180	4,637,884	216,953,296	2.1

	Budget Execution by Program FY 2021/22	Approved Budget FY 2021/22	Actual Expenditure Half Year FY 2021/22	Variance (Kshs.)	Absorption %
Sp1.1	Culture Development	221,591,180	4,637,884	216,953,296	2.1
P2	Administrative and Support Services	55,707,902	29,773,773	25,934,129	53.5
Sp2.1	Administrative and Support Services	55,707,902	29,773,773	25,934,129	53.5
4268	Public Service Management	748,026,738	167,913,673	580,113,065	22.5
P1	Infrastructure Development	243,393,837	-	243,393,837	-
Sp1.1	Supervision and Management of Projects	243,393,837	-	243,393,837	-
P2	Administrative and Support Services	504,632,901	167,913,673	336,719,228	33.3
Sp2.1	Administrative and Support Services	504,632,901	167,913,673	336,719,228	33.3
4269	Education and ICT	557,427,865	186,951,765	370,476,100	33.5
P1	Vocational Training Development	164,401,494	11,210,044	153,191,450	6.8
Sp1.1	Vocational Training Development	164,401,494	11,210,044	153,191,450	6.8
P2	Administrative and Support Services	393,026,371	175,741,721	217,284,650	44.7
Sp2.1	Administrative and Support Services	393,026,371	175,741,721	217,284,650	44.7
4270	Finance	855,743,917	539,548,488	316,195,429	63.1
P1	Administrative and Support Services	855,743,917	539,548,488	316,195,429	63.1
Sp1.1	Supervision and Management of Projects	137,738,318	123,442,400	14,295,919	89.6
Sp1.2	Administrative and Support Services	718,005,599	416,106,089	301,899,510	58.0
4272	Governance	240,649,246	33,630,117	207,019,129	14.0
P1	Infrastructure Development	52,325,000	2,991,000	49,334,000	5.7
Sp1.1	Supervision and Management of Projects	52,325,000	2,991,000	49,334,000	5.7
P2	Administrative and Support Services	188,324,246	30,639,117	157,685,129	16.3
Sp2.1	Administrative and Support Services	188,324,246	30,639,117	157,685,129	16.3
4273	County Public Service Board	86,615,170	21,949,941	64,665,229	25.3
P1	Governance and County Values	8,465,000	-	8,465,000	-
Sp1.1	Infrastructure Development	8,465,000	-	8,465,000	-
P2	Administrative and Support Services	78,150,170	21,949,941	56,200,229	28.1
Sp2.1	Administrative and Support Services	78,150,170	21,949,941	56,200,229	28.1
4275	Health Corporate	2,447,614,453	884,006,839	1,563,607,614	36.1
P1	Administrative and Support Services	2,447,614,453	884,006,839	1,563,607,614	36.1
Sp1.1	Preventive Health Services	654,517,568	64,340,934	590,176,634	9.8
Sp1.2	Administrative and Support Services	1,793,096,885	819,665,905	973,430,980	45.7
4277	Economic Planning	488,569,184	152,762,057	335,807,127	31.3
P1	County Research and Development Planning	441,874,451	133,407,914	308,466,537	30.2
Sp1.1	County Development Planning Services	441,874,451	133,407,914	308,466,537	30.2
P2	Administrative and Support Services	46,694,733	19,354,143	27,340,590	41.5
Sp2.1	Administrative and Support Services	46,694,733	19,354,143	27,340,590	41.5
4278	Municipality Board of Kitale	292,412,959	-	292,412,959	-
P1	Administrative and Support Services	292,412,959	-	292,412,959	-
Sp1.1	Administrative and Support Services	292,412,959	-	292,412,959	-
4279	County Assembly	1,048,921,665	349,724,783	699,196,882	33.3
P1	Legislative and Oversight Arm	215,720,000	95,602,242	120,117,758	44.3
Sp1.1	General Administrative and Support Services	825,251,665	247,001,569	578,250,096	29.9
Sp2.1	Security Services	7,950,000	7,120,972	829,028	89.6
Grand Total		9,253,170,349	2,938,167,729	6,315,002,620	31.8

Source: Trans Nzoia County Treasury

Programmes with high levels of implementation based on absorption rates were: Security Services and Supervision and Management of Projects in the County Assembly and Department of Finance at 89.6 per cent, Administrative and Support Services in the Department of Agriculture at 58.2 per cent, Administrative and Support Services in the Department of Gender at 53.4 per cent, and Administrative and Support Services at 44.7 per cent in the department of Education against the annual budget allocation.

3.43.13 Monitoring and Evaluation

The monitoring and evaluation team from the Office of the Controller of Budget selected 27 projects implemented in FY 2018/19 and FY2019/20 for the monitoring and evaluation exercise. The aim was to find out the implementation status, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the M&E team observed that some projects were exceptionally implemented, and the quality of work was satisfactory. These included: ongoing construction of Trans Nzoia Teaching & Referral Hospital that was estimated to be 90 per cent complete at the time; Construction of Kitale Modern Bus Park that serves about 10,000 vehicles per day; and ongoing construction of the Multi-Storey Business Complex in Kitale Town.

However, some challenges were observed during the exercise that affected project implementation. These included: evidence of poor quality in some projects such as ECDE classroom at Chepirirbei Primary, construction of outpatient department at Kipkeikei Dispensary in Suwerwa Ward, and construction of a reception area and male ward in Saboti Ward. It was also noted that the County Treasury had paid the contract sum in full for some projects that were not completed. These include; ECDE classroom at Chepirirbei Primary; the construction of the outpatient department at Kipkeikei Dispensary and Reception; the construction of a reception area and male ward in Saboti Ward.

To address these challenges and improve budget implementation, the Controller of Budget recommends that the monitoring and evaluation function be strengthened to assess the progress of project implementation regularly. A special investigation should also be undertaken to establish the circumstance under which the County Treasury paid the total amount of the contract sum for projects that were not completed and some exhibited poor quality.

3.43.14 Key Observations and Recommendations

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

Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation

1. Low absorption of development funds as indicated by the expenditure of Kshs.640.88 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.4.02 billion. The development expenditure represented 15.9 per cent of the annual development budget.
2. A high wage bill, which accounted for 34.3 per cent of the total expenditure in the First Half of FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.128.66 million against an annual projection of Kshs. 529.50 million, representing 24.3 per cent of the annual target.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
5. High level of pending bills, which amounted to Kshs.2.1 billion at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.588.23 million were settled during the reporting period, which is not substantial compared with the stock of outstanding bills.

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

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

- iv. The County should address its revenue performance to ensure the approved budget is fully financed.
- v. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
- vi. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.44 County Government of Turkana

3.44.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.14.02 billion, comprising Kshs.4.77 billion (34 per cent) and Kshs.9.26 billion (66 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.12.61 billion (89.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.180 million (1.23 per cent) from own sources of revenue, and a cash balance of Kshs.452.05 million (3.2 per cent) from FY 2020/21. The County also expects to receive Kshs.786.25 million (5.6 per cent) as conditional grants, which consist of Transforming Health Systems for Universal Care Project (WB) at Kshs.12.78 million, Universal Health Care in Devolved System Programme at Kshs.23.35 million, UNFPA- 9th Country Programme Implementation at Kshs.2.95 million, Kenya Devolution Support Project (KDSP) Level II Grant at Kshs.112.82 million, National Agricultural and Rural Inclusive Growth Project (NARIGP) at Kshs.270.57 million, Agricultural Sector Development Support Programme (ASDSP) II at Kshs.43.58 million, Drought Resilience Programme in Northern Kenya (DRPNK) at Kshs.200 million, Emergency Locust Response Project (ELRP) at Kshs.120.21 million.

3.44.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.4.23 billion as the equitable share of the revenue raised nationally, raised Kshs.85.53 million as own-source revenue, Kshs.115.32 million as other revenues, and had a cash balance of Kshs.452.01 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.89 billion, as shown in Table 3.248.

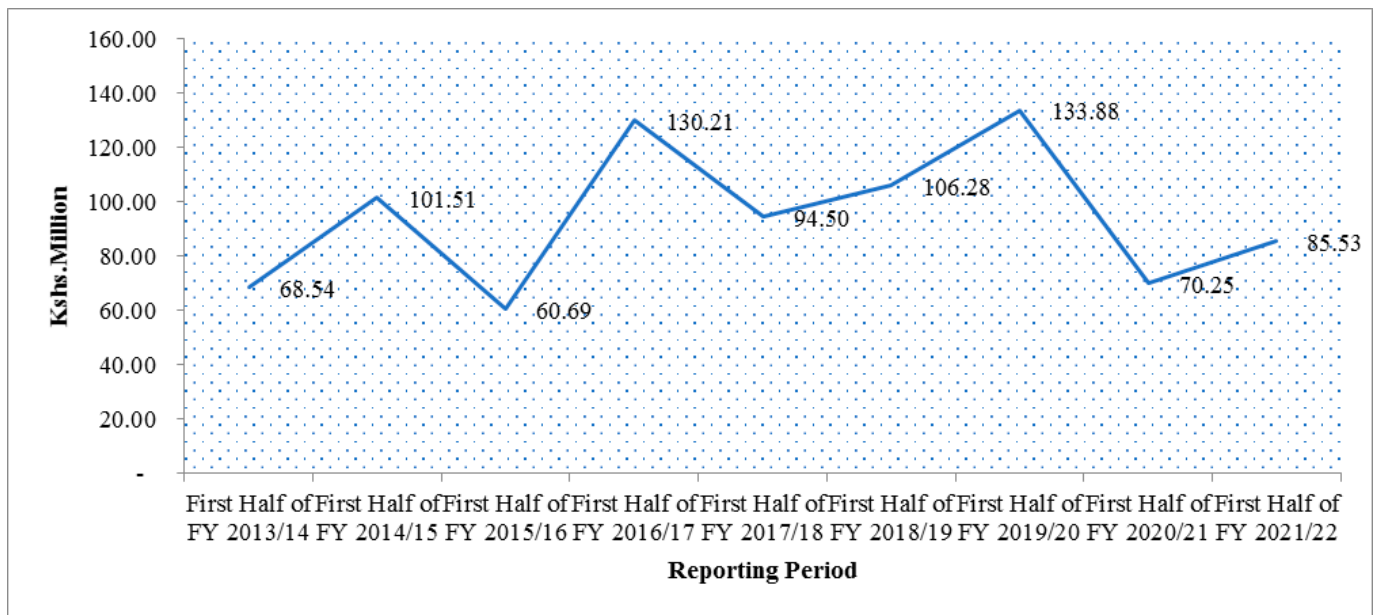
Table 3.248: Turkana County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,609,305,994	4,233,189,577	33.6
	Sub Total	12,609,305,994	4,233,189,577	33.6
B	Other Sources of Revenue			
1.	Own Source Revenue	180,000,000	85,533,725	47.5
2.	Balance b/f from FY 2020/21	452,052,239	452,052,239	100.0
3.	Other Revenues/ Conditional Grants	786,247,615	115,315,048	14.7
	Sub Total	1,418,299,854	652,901,012	46.0
	Grand Total	14,027,605,848	4,886,090,589	34.8

Source: Turkana County Treasury

Figure 3.84 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.84: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021



Source: Turkana County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.85.53 million as own-source revenue. This amount represented an increase of 17.87 per cent compared to Kshs.70.25 million realised during a similar period in the first half of FY 2020/21 and was 47.5 per cent of the annual target. The County is yet to implement any automated revenue management system.

3.44.3 Exchequer Issues

The Controller of Budget approved Kshs.4.23 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.554.9 million (13.1 per cent) for development programmes and Kshs.3.68 billion (86.9 per cent) for recurrent programmes.

3.44.4 Overall Expenditure Review

The County spent Kshs.4.72 billion on development and recurrent programmes during the reporting period. This expenditure represented 111.5 per cent of the total funds released by the CoB and comprised of Kshs.627.08 million and Kshs.4.09 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.2 per cent, while recurrent expenditure represented 44.2 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.972.23 million and comprised of Kshs.278.8 million for recurrent expenditure and Kshs.693.4 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.73.20 million were settled, consisting of Kshs.8.70 million for recurrent expenditure and Kshs.64.50 million for development programmes. Outstanding pending bills amounted to Kshs.899.03 million as of 31st December, 2021.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.41 billion was spent on employee compensation, Kshs.1.68 million on operations and maintenance, and Kshs.627.10 million on development activities, as shown in Table 3.249.

Table 3.249: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,439,814,381	821,950,164	3,641,482,915	451,677,171	43.1	55.0
Compensation to Employees	4,007,283,028	587,044,291	2,083,251,926	329,934,653	52.0	56.2
Operations and Maintenance	4,432,531,353	234,905,873	1,558,230,989	121,742,518	35.2	51.8
Development Expenditure	4,610,841,304	155,000,000	554,007,121	73,070,191	12.0	47.1
Total	13,050,655,685	976,950,164	4,195,490,036	524,747,361	32.1	53.7

Source: Turkana County Treasury

3.44.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 34.4 per cent of the first half proportional revenue of Kshs.7.01 billion.

The wage bill of Kshs.2.41 billion includes Kshs.993.5 million attributable to the health sector, which translates to 41.24 per cent of the total wage bill in the reporting period.

3.44.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.834 million to county established funds in FY 2021/22, which constituted 5.9 per cent of the County's overall budget for the year. Table 3.250 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.250: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Emergency Funds	100,000,000	-	182,314,054	-	Yes	
2.	Education and Skills Development Funds	374,000,000	-	187,641,255	-	Yes	
3.	Youth and Women Empowerment Fund	100,000,000	-	3,060,737	-	Yes	
4.	Biashara Fund	140,000,000	-	6,546,319	-	Yes	
5.	Covid-19 Emergency Response	50,000,000	-	-	-	Yes	
6.	Cooperative and Enterprise Development Fund	30,000,000	-	504	-	Yes	
7.	Car Loan and Mortgage Fund Executive	40,000,000	-	-	-		No
Total		834,000,000		379,562,869			

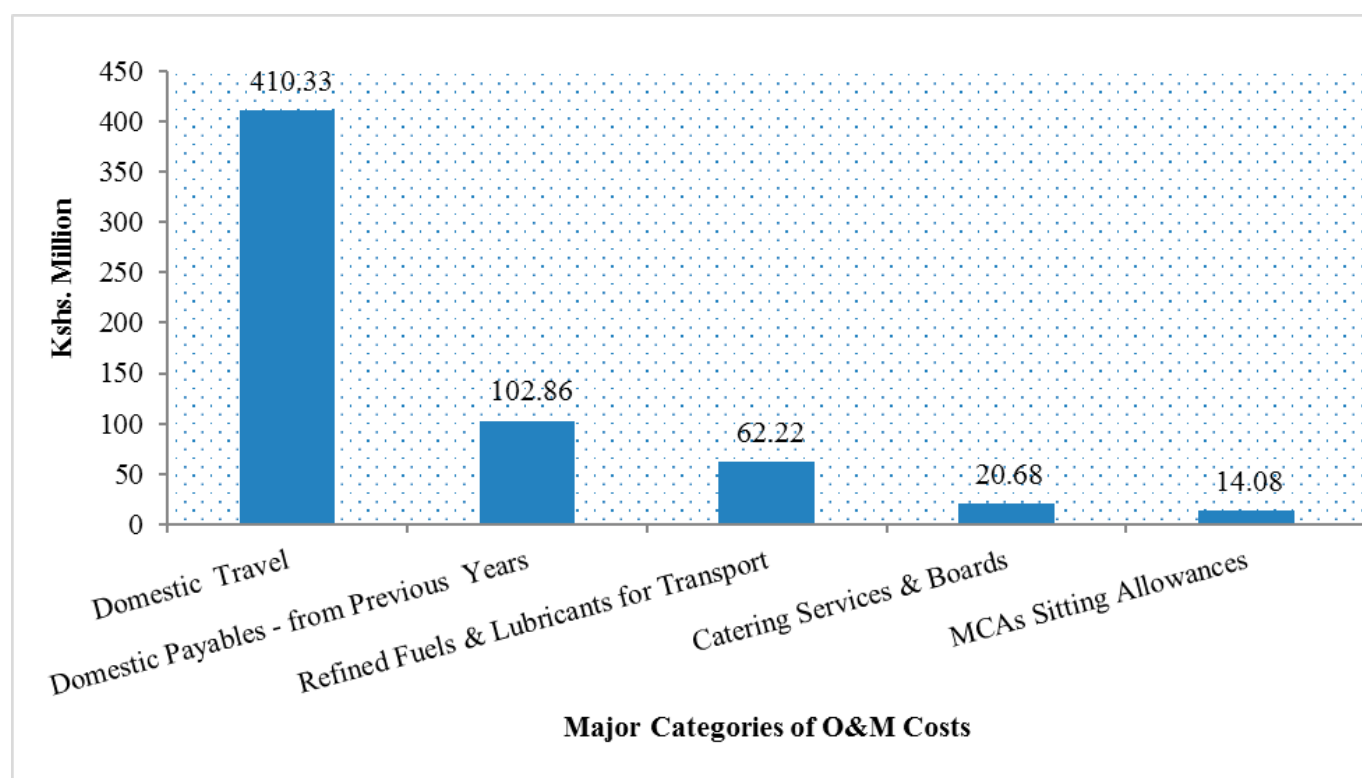
Source: Turkana County Treasury

The OCoB did not receive the quarterly financial returns from the Fund Administrator of the Car Loan and Mortgage Fund, as indicated in Table 3.250. The expenditure of Kshs.504 by the Cooperative and Enterprise Development Fund was on bank charges.

3.44.9 Expenditure on Operations and Maintenance

Figure 3.85 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.85: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana County Treasury

The County spent Kshs.14.08 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.48,904 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.410.33 million and comprised Kshs.79.7 million spent by the County Assembly and Kshs.330.63 million by the County Executive.

3.44.10 Development Expenditure

The County incurred Kshs.627.1 million on development programmes, which represented an increase of 20.7 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.497.5 million. Table 3.251 summarises 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	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Nawountos irrigation scheme	Nawountos	9,750,528	9,750,528	100
2	Makutano dispensary	Makutano	9,257,189	9,257,189	100
3	Completion of Nasikilele drip irrigation	Nasikilele	5,870,556	5,870,556	100
4	Final Payment For Nangitony Irrigation Scheme	Nangitony	31,559,771	31,559,771	100
5	Final Payment For Construction Of Kachoda Irrigation Scheme	kachoda	14,569,269	14,569,269	100
6	1st Payment Of Construction Of Lokitoe A Ng'aber Disp	Lokitoe Ng'aberu	9,804,940	4,616,980	47
7	Kalemnyang' Dispensary 1st Payment	Kalemnyang	10,936,182	9,436,182	86
8	Lomunyen kirion Dispensary	Lomunyenkirion	8,120,551	8,120,551	100
9	1st Payment Of Eliye Dispensary Staff House And Fencing	Eliye	9,887,840	3,982,757	40

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
10	Morulem Outpatient Block And Pit Latrine	Morulem	3,794,841	3,794,841	100

Source: Turkana County Treasury

3.44.11 Budget Performance by Department

Table 3.252 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

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	386.93	157.96	148.73	0	108.65	0	73.1	0	28.1	0.0
Office of the Deputy Governor	35.42	6.0	6.8	0	5.0	0	73.1	0	14.0	0.0
County Attorney	137.09	0	46.73	0	47.95	0	102.6	0	35.0	0
Finance and Economic Planning	741.24	621.24	216.35	112.82	233.26	6.22	107.8	5.5	31.5	1.0
Water Services, Environment and Mineral Resources	148.81	461.36	15.10	4.66	25.56	5.68	169.3	122.0	17.2	1.2
Health & Sanitation Services	353.76	666.12	59.63	26.26	84.75	14.61	142.1	55.6	24.0	2.2
Trade, Gender and Youth Affairs	184.06	321.17	17.81	270.00	37.88	270.00	212.7	100.0	20.6	84.1
Education, Sports and Social Protection	672.90	408.32	487.65	4.40	490.21	63.20	100	1434.9	72.9	15.5
Public Service, Administration. & Disaster Mgt	5,077.90	73.78	2,124.51	0	2,531.78	0	119.2	0	49.9	0.0
Infrastructure Transport & Public Works	131.32	417.78	8.70	0	11.74	14.79	135.0	0	8.9	3.5
Agriculture, Pastoral Economy & Fisheries	139.02	1,063.90	31.69	37.73	27.42	137.3	86.5	363.9	19.7	12.9
Tourism, Culture and Natural Resources	85.78	174.41	11.18	25.99	5.71	28.22	51.1	108.6	6.7	16.2
Lands, Energy, Housing & Urban Areas Mgt.	121.47	198.54	12.49	0	7.52	7.76	60.2	0	6.2	3.9
Turkana County Assembly	821.95	155.00	449.94	73.07	451.68	73.07	100.4	100.0	55.0	47.1
Turkana County Public Service Board	118.45	1.20	35.67	0	18.77	0	52.6	0	15.8	0.0
Lodwar Municipality Board	105.63	39.07	5.29	0	5.31	0	100.5	0	5.0	0.0
TOTAL	9,261.7	4,765.8	3,678.2	554.93	4,093.2	627.1	111.3	111.9	44.2	13.0

Source: Turkana County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Gender and Youth Affairs recorded the highest absorption rate of development budget at 84.1 per cent. The Department of Education, Sports and Social Protection had the highest percentage of recurrent expenditure to budget at 72.9 per cent while the Department of Lodwar Municipality Board had the lowest at 5 per cent.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3.253 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.253: Turkana County, Budget Execution by Programmes and Sub-programmes

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Adjudication, registry and settlement	28,970,100	1,113,000	27,857,100	3.8%
Delineation & adjudication of community land	28,970,100	1,113,000	27,857,100	3.8%
Spatial Planning	29,996,681	833,000	29,163,681	2.8%
Spatial Planning	29,996,681	833,000	29,163,681	2.8%
Formulation of community land policy and regulations	18,306,895	231,000	18,075,895	1.3%
Urban Centre Mgt	2,818,000	-	-	-
Urban Centre Mgt	15,488,895	231,000	15,257,895	1.5%
Compulsory land acquisition for public utilities	9,915,561	336,000	9,579,561	3.4%
Land acquisition for public utilities	9,915,561	336,000	9,579,561	3.4%
Establishment and rehabilitation of public utilities in Lodwar	15,427,500	49,000	15,378,500	0.3%
Improvement of Moi Garden Stadia	15,427,500	49,000	15,378,500	0.3%
Revival of Turkana Fishermen Co-op. society	70,100,000	2,940,400	67,159,600	4.2%
Revival of Turkana Fishermen Co-op. society	27,900,000	-	-	-
Revival of Turkana Fishermen Co-op. society	2,400,000	276,900	2,123,100	11.5%
Revival of Turkana Fishermen Co-op. society	20,000,000	-	-	-
Spate Irrigation Technology	14,300,000	669,200	13,630,800	4.7%
Rehabilitation	3,000,000	744,300	2,255,700	24.8%
Soil & Water Conservation	2,500,000	1,250,000	1,250,000	50.0%
Fish market infrastructure/ fish value addition	62,581,789	1,031,940	61,549,849	1.6%
Fish market infrastructure/ fish value addition	1,286,707	165,465	1,121,242	12.9%
Fisheries livelihood support	49,604,051	224,470	49,379,581	0.5%
Fisheries Extension Services	1,408,941	10,950	1,397,991	0.8%
Fisheries resource management	4,090,000	423,160	3,666,840	10.3%
Fisheries resource management	1,200,000	-	-	-
Fisheries resource management	2,432,000	207,895	2,224,105	8.5%
Fish Farming & Aquaculture	2,560,090	-	-	-
Sustainable management of fisheries resources	55,362,229	-	-	-
Frame survey	34,562,229	-	-	-
Fish Stock assessment	5,800,000	-	-	-
Monitoring, Control and Surveillance	4,800,000	-	-	-
Resource monitoring facilities	10,200,000	-	-	-
Livestock breed improvement	113,309,625	2,026,745	111,282,880	1.8%
Establish livestock Multiplication and breeding Centre.	22,189,972	441,515	21,748,457	2.0%
Provision of Livestock Extension services	4,819,653	296,340	4,523,313	6.1%
Livestock multiplication and breeding centre	38,100,000	490,200	37,609,800	1.3%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Livestock Value Chain	39,700,000	437,890	39,262,110	1.1%
Skills Devt	8,500,000	360,800	8,139,200	4.2%
General Administration	299,113,718	171,570,457	127,543,261	57.4%
General Administration	152,985,184	98,890,664	54,094,520	64.6%
General Administration and Support Services- Pastoral Economy and	53,614,199	23,476,174	30,138,025	43.8%
General Administration, Planning and Support Services – Lands General Administration, Planning and Support Services - Lands	92,514,335	49,203,619	43,310,716	53.2%
Agriculture Programme	91,695,571	19,545,003	72,150,568	21.3%
Agri-nutrition/Urban & peri-urban agriculture	6,117,628	497,000	5,620,628	8.1%
Agricultural Sector Development Support Programme (ASDSP)	49,077,943	18,306,003	30,771,940	37.3%
Agricultural Mechanization	5,700,000	-	-	-
Agriculture market Access	1,800,000	301,000	1,499,000	16.7%
Agriculture Extension & Development	22,000,000	-	-	-
Subsidy & Support	4,000,000	441,000	3,559,000	11.0%
Pest Control & Management	3,000,000	-	-	-
Land Governance	124,884,371	-	-	-
Land Policies	124,884,371	-	-	-
	277,065,502	6,500,000	270,565,502	2.3%
NARIGP	277,065,502	6,500,000	270,565,502	2.3%
	206,000,000	-	-	-
DRNKP/KfW	206,000,000	-	-	-
	120,206,667	-	-	-
Emergency Locust Response Project	120,206,667	-	-	-
Develop and maintain roads	306,625,681	15,992,540	290,633,141	5.2%
Annual Roads Inventory and Conditional Survey (ARICS)	2,500,000	335,540	2,164,460	13.4%
Roads maintenance levy fund (RMLF)	297,125,681	14,787,000	282,338,681	5.0%
Roads	7,000,000	870,000	6,130,000	12.4%
Develop and maintain staff housing and public offices	5,000,000	-	-	-
Protection and gabion works of lokichar river	5,000,000	-	-	-
Develop and maintain other public works	4,150,000	1,431,600	2,718,400	34.5%
Capacity Building	1,800,000	900,000	900,000	50.0%
Professional Capacity Building	2,350,000	531,600	1,818,400	22.6%
General Administration	217,728,312	38,148,971	179,579,341	17.5%
General Administration	178,935,299	37,875,971	141,059,328	21.2%
General Administration- Public works	38,793,013	273,000	38,520,013	0.7%
	1,800,000	-	-	-
Mechanical Services	1,800,000	-	-	-

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	1,800,000	-	-	-
Structural Services	1,800,000	-	-	-
	1,500,000	-	-	-
Electrical Services	1,500,000	-	-	-
	9,000,000	1,180,500	7,819,500	13.1%
Building Inspectorate	9,000,000	1,180,500	7,819,500	13.1%
	1,500,000	231,600	1,268,400	15.4%
Architectural Services	1,500,000	231,600	1,268,400	15.4%
Cooperative Societies Development & Performance Improvement	216,803,800	151,166,727	65,637,073	69.7%
Cooperatives Development Fund	4,300,000	1,860,750	2,439,250	43.3%
Value Addition Initiatives	9,000,000	3,288,825	5,711,175	36.5%
Business Development and Training Services	3,500,000	717,500	2,782,500	20.5%
Liquor control Programme	2,500,000	614,000	1,886,000	24.6%
Cooperative societies development and revival programmes	2,500,000	575,952	1,924,048	23.0%
Legal Metrology Services	2,400,000	731,500	1,668,500	30.5%
Verification of traders equipment	5,900,000	1,945,000	3,955,000	33.0%
Consumer rights education	2,270,000	583,200	1,686,800	25.7%
Standards and Anti-Counterfeit Services	2,000,000	-	-	-
Market Infrastructure Development	32,433,800	-	-	-
Industrial Development and Investments	10,000,000	850,000	9,150,000	8.5%
Biashara Fund	140,000,000	140,000,000	-	100.0%
Modern Physical Markets Infrastructure	66,450,000	30,967,300	35,482,700	46.6%
Construction & Development of Modern Physical Market	4,800,000	-	-	-
Co-operative Marketing, Value Addition, Surveys & Research	7,885,000	-	-	-
Co-operative Education, Training, Exchange and Ushirika Day Celeb	8,365,000	967,300	7,397,700	11.6%
Strengthening of Key Dormant Co-operative Societies	8,700,000	-	-	-
Formulation of Cooperative Policy and Legal Frame Work	6,700,000	-	-	-
Cooperative Development Fund	30,000,000	30,000,000	-	100.0%
General Administration	86,596,636	22,720,288	63,876,348	26.2%
General Administration	86,596,636	22,720,288	63,876,348	26.2%
Gender Promotion	21,286,000	2,179,916	19,106,084	10.2%
Gender Empowerment and advocacy	7,686,000	339,948	7,346,052	4.4%
Gender Mainstreaming and Coordination	3,387,000	-	-	-
Legal Compliance and Redress	7,213,000	1,839,968	5,373,032	25.5%
Promotion of Gender Equality and Empowerment	3,000,000	-	-	-

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Youth Affairs Development	114,100,000	100,849,870	13,250,130	88.4%
Youth Coordination and Representation	5,600,000	599,886	5,000,114	10.7%
Youth Employment Scheme	4,000,000	-	--	-
Youth Rare skills	4,500,000	249,984	4,250,016	5.6%
Youth and Women Fund	100,000,000	100,000,000	-	100.0%
General Administration, Planning and support services	614,264,886	92,950,894	521,313,992	15.1%
General Administration, Planning and support services	149,143,394	38,274,979	110,868,415	25.7%
Health Facilities	465,121,492	54,675,914	410,445,578	11.8%
Support to Health Programmes	58,830,831	24,883,235	33,947,596	42.3%
HIV & AIDS including community based HIV interventions	500,000	-	-	-
TB & Leprosy	500,000	-	-	-
Malaria	600,000	-	-	-
NTDs(neglected tropical diseases)	500,000	-	-	-
Nutrition	3,000,000	880,400	2,119,600	29.3%
Reproductive health	4,954,593	-	-	-
Disease surveillance	1,100,000	-	-	-
EPI/outreaches	1,400,000	-	-	-
Health promotion	13,776,238	5,950,865	7,825,373	43.2%
Environmental health services	1,500,000	-	-	-
Emergency preparedness & disaster response	1,500,000	-	-	-
mainstreaming	500,000	-	-	-
Community Health Services	29,000,000	18,051,970	10,948,030	62.2%
	91,420,000	22,500,000	68,920,000	24.6%
Laboratory Services	1,300,000	-	-	-
Blood Transfusion Services	2,800,000	-	-	-
Rehabilitative Services	1,000,000	-	-	-
Referrals & Emergency Services	1,400,000	-	-	-
Radiology Services	950,000	-	-	-
Dental Services	600,000	-	-	-
Clinical Services	1,000,000	-	-	-
Nursing Services	1,000,000	-	-	-
Rural Health Facility Support	51,618,375	22,500,000	29,118,375	43.6%
Sub county Health Facilities Support	4,000,000	-	-	-
UHC Turkana	25,751,625	-	-	-
	8,170,863	-	-	-

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Medical Supplies	8,170,863	-	-	-
	221,000,000	5,467,340	215,532,660	2.5%
Medical Supplies	218,000,000	5,172,500	212,827,500	2.4%
Health management	3,000,000	294,840	2,705,160	9.8%
	7,000,000	-	-	-
Health Information & Management	2,500,000	-	-	-
Quality Assurance	1,000,000	-	-	-
Electronic Medical Records	500,000	-	-	-
Monitoring & Evaluation Health	1,500,000	-	-	-
Research & Development	1,000,000	-	-	-
Policy & Planning Services	500,000	-	-	-
	19,200,000	-	-	-
Rehabilitation & Treatment	4,500,000	-	-	-
Public Education & Awareness	5,800,000	-	-	-
Liquor Licensing	7,400,000	-	-	-
Training & Capacity Building	1,500,000	-	-	-
Social protection programmes/ Affirmative Action	83,302,535	11,861,510	71,441,025	14.2%
Construction of PWDs multi-purpose resource center	23,982,535	5,933,014	18,049,521	24.7%
Marginalized and Minority groups support	4,520,000	296,470	4,223,530	6.6%
Child Rescue Centres	27,000,000	-	-	-
Child Care & Protection	27,800,000	5,632,026	22,167,974	20.3%
Sports and arts programme	48,380,822	599,450	47,781,372	1.2%
Construction of sport Stadia	21,382,266	599,450	20,782,816	2.8%
Stadia	26,998,556	-	-	-
General Administration	531,417,954	439,761,878	91,656,076	82.8%
General Administration	157,417,954	65,761,878	91,656,076	41.8%
Turkana Education and Skill Development Fund	374,000,000	374,000,000	-	100.0%
Vocational Training	57,476,413	2,932,260	54,544,153	5.1%
Youth Polytechnic Infrastructure	24,500,000	1,765,900	22,734,100	7.2%
Training and Development	10,110,000	618,560	9,491,440	6.1%
Co-Curricular Activities	10,156,519	547,800	9,608,719	5.4%
Youth Polytechnics- Conditional	12,709,894	-	-	-
Public Relations	3,528,000	617,000	2,911,000	17.5%
Publicity	1,620,000	617,000	1,003,000	38.1%
Research and Sensitization	1,908,000	-	-	-
Early Childhood Education	357,111,277	97,342,884	259,768,393	27.3%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
School Feeding	131,600,000	96,336,709	35,263,291	73.2%
Quality Improvement	8,006,980	1,006,175	7,000,805	12.6%
Infrastructure Development	201,552,682	-	-	-
Support to Pre-Primary Training	15,951,615	-	-	-
General Administration, Planning and Support Services	5,475,586,095	2,425,802,004	3,049,784,091	44.3%
General Administration Services	494,828,484	103,191,364	391,637,120	20.9%
General Administration - Economic planning	78,606,690	33,732,687	44,874,003	42.9%
Security Access Installation	4,000,000	-	-	-
General Admin Planning & Support	18,692,000	2,922,439	15,769,561	15.6%
General Administration, Planning and Support Services-Public Service	4,562,405,630	2,227,175,652	2,335,229,978	48.8%
General Administration, Planning and Support Services	50,869,594	9,484,179	41,385,415	18.6%
General Administration, Planning and Support Services- Office of	170,230,697	33,462,437	136,768,260	19.7%
General Administration, Planning and Support Services- Liaison O	21,699,000	10,015,334	11,683,666	46.2%
General Admin Planning & Support	24,254,000	5,817,912	18,436,088	24.0%
Covid-19 Emergency Response Fund	50,000,000	-	-	-
Governor Residence	10,370,527	2,933,757	7,436,770	28.3%
Construction of Governor's residence	1,996,836	392,585	1,604,251	19.7%
Documentation, communication policy and strategy	2,662,450	387,940	2,274,510	14.6%
Civic Education and Public Sensitization	4,104,579	2,153,232	1,951,347	52.5%
Production of County Newspaper and Newsletter	1,606,662	-	-	-
Donor/ Investor engagement	13,275,924	6,119,035	7,156,889	46.1%
Public-Private Partnership Initiatives (PPPs)	1,248,200	992,360	255,840	79.5%
Political and Intergovernmental Advisory Services	2,042,124	618,500	1,423,624	30.3%
Legal Advisory Services	1,248,200	623,320	624,880	49.9%
Security and cross border Advisory Services	1,248,200	580,140	668,060	46.5%
Oil And Gas Advisory Service	1,248,200	621,790	626,410	49.8%
Gender and Partnership Advisory Services	1,248,200	824,100	424,100	66.0%
Special Interest groups	1,248,200	501,140	747,060	40.1%
Climate Change advisory services	1,248,200	559,845	688,355	44.9%
Education and youth Advisory services	1,248,200	661,760	586,440	53.0%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Culture, Arts and Heritage advisory services	1,248,200	136,080	1,112,120	10.9%
Security and Peace Building	242,737,460	36,854,350	205,883,110	15.2%
Community Cohesion and Resettlement	20,260,751	11,239,580	9,021,171	55.5%
Operationalization of peace building structures and institutions	65,679,345	21,671,181	44,008,164	33.0%
Resettlement Infrastructural Programme	118,664,912	-	-	-
Cross Border peace dividends programme	38,132,452	3,943,589	34,188,863	10.3%
Government Communication and Media relations	70,923,767	9,258,472	61,665,295	13.1%
Acquiring & development of communication systems/equipment	10,450,000	4,637,265	5,812,735	44.4%
Bills	33,000,000	-	-	-
Policies	10,870,000	3,182,047	7,687,953	29.3%
Development and Implementation of ICT Policy and Regulations	4,603,767	1,439,160	3,164,607	31.3%
Acquisition of Information Systems and Equipment	12,000,000	-	-	-
Revenue Collection Systems	147,079,652	15,975,840	131,103,812	10.9%
Feasibility Study on Revenue Base	8,000,774	3,354,980	4,645,794	41.9%
Awareness and Campaigns on Revenue.	7,074,000	3,448,270	3,625,730	48.7%
Motorbikes for Revenue Officers 30 No.	13,900,000	-	-	-
Strengthening Revenue Systems	43,866,048	8,244,590	35,621,458	18.8%
Revenue Forecast and Revenue Budget Preparation	4,238,830	928,000	3,310,830	21.9%
Completion of Lokiriama Revenue Centre	70,000,000	-	-	-
Accountability and Transparency	166,495,001	48,370,970	118,124,031	29.1%
Internal Audit	7,500,000	4,664,130	2,835,870	62.2%
Procurement systems	5,000,000	2,354,370	2,645,630	47.1%
IFMIS training	8,495,001	4,483,825	4,011,176	52.8%
Financial Reporting/Research and Development	45,500,000	36,868,645	8,631,355	81.0%
Modern Fencing, Gate and Parking Yards for County Treasury Office	100,000,000	-	-	-
Social and Financial Security	12,514,655	5,061,869	7,452,786	40.4%
Assurance and Insurance of Govt. Assets	2,367,783	355,550	2,012,233	15.0%
Liability and Debt Management	3,541,858	824,140	2,717,718	23.3%
Turkana SACCO Seed Capital	6,605,014	3,882,179	2,722,835	58.8%
Planning and Policy formulation	182,757,038	27,570,300	155,186,738	15.1%
Economic Policy formulation and Dissemination	12,909,537	3,121,400	9,788,137	24.2%
CIDP review and Dissemination	1,782,877	837,900	944,977	47.0%
Budget preparation and Dissemination	112,815,048	21,114,000	91,701,048	18.7%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Budget and Economic Forums	41,335,165	-	-	-
Public Participation and Access to Information	9,800,000	1,958,700	7,841,300	20.0%
Waste Management	2,040,156	245,000	1,795,156	12.0%
Sector Plans Development	2,074,255	293,300	1,780,955	14.1%
Development coordination Programme	10,908,765	888,556	10,020,209	8.1%
Donor scan/Mapping	3,750,749	713,556	3,037,193	19.0%
Establishment of development committees	3,205,208	175,000	3,030,208	5.5%
Training of the development committees	1,984,446	-	-	-
Formulation and Development of TCPSB Boardroom ICT Infrastructure	1,968,362	-	-	-
Monitoring and Evaluation	18,776,748	9,458,750	9,317,998	50.4%
Soft wares(E-ProMIS, GIS e.t.c)	12,192,598	3,638,200	8,554,398	29.8%
Field visits, data collection and Reporting	2,349,621	2,134,450	215,171	90.8%
Training and Knowledge management	2,371,789	2,230,800	140,989	94.1%
Devolved Monitoring and Evaluation Committees	1,862,740	1,455,300	407,440	78.1%
Public Participation and Access to Information	29,656,119	7,105,408	22,550,711	24.0%
Construction of Citizen Resource Centre	4,986,024	1,383,600	3,602,424	27.7%
Web site Development	8,370,674	3,230,798	5,139,876	38.6%
Social Budgeting and Generation of SIR Reports	2,492,453	537,300	1,955,153	21.6%
Intergovernmental Relation	11,860,000	1,455,790	10,404,210	12.3%
Strategy Development, Review, Support and Operationalization	1,946,968	497,920	1,449,048	25.6%
County Statistical Unit	31,130,995	9,446,990	21,684,005	30.3%
Soft wares, databases and tools	19,080,995	5,338,900	13,742,095	28.0%
Capacity Development	6,107,460	831,300	5,276,160	13.6%
Project Mgt Information System	5,942,540	3,276,790	2,665,750	55.1%
Service Delivery- ISO Certification	12,765,582	1,689,460	11,076,122	13.2%
Service Charter	4,964,629	1,630,240	3,334,389	32.8%
Development of County Filing Systems	5,356,880	-	-	-
Procedure Manual and Training	2,444,073	59,220	2,384,853	2.4%
County Internship Programme	21,160,099	1,450,300	19,709,799	6.9%
County Internship Programme	21,160,099	1,450,300	19,709,799	6.9%
Operationalization of Decentralized Units	133,022,394	21,815,980	111,206,414	16.4%
Operationalization of Decentralized Units	15,105,000	3,280,340	11,824,660	21.7%
Decentralized County Policy	70,417,394	8,182,576	62,234,818	11.6%
Coordinated development	15,000,000	3,630,350	11,369,650	24.2%
Policy sensitization and dissemination	32,500,000	6,722,714	25,777,286	20.7%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Mainstream Public Sector Integrity programme & Accountability	6,572,328	1,677,025	4,895,303	25.5%
Mainstream Public Sector Integrity programme & Accountability	1,358,825	439,500	919,325	32.3%
Public Evaluation on County Public Service Board Performance	2,063,640	403,000	1,660,640	19.5%
Human Resource Conference & Symposium	1,724,709	634,525	1,090,184	36.8%
Exit Meetings Per Department	1,425,154	200,000	1,225,154	14.0%
Disaster Risk Reduction	11,667,654	3,699,460	7,968,194	31.7%
Turkana County Drought and Disaster Contingency Fund (CDDCF)	2,417,341	763,060	1,654,281	31.6%
Turkana Multi hazard/Risk	1,600,000	563,000	1,037,000	35.2%
Assessment and stake holder capacity mapping	5,519,959	1,996,200	3,523,759	36.2%
Regular Assessments of Food, Flood and Conflict Security	2,130,354	377,200	1,753,154	17.7%
Human resource	12,487,654	2,411,175	10,076,479	19.3%
Scheme of service	1,697,226	386,800	1,310,426	22.8%
Performance Appraisal	2,923,266	406,000	2,517,266	13.9%
Enhancing Leadership In County Public Service	1,285,407	290,200	995,207	22.6%
Review and Development of HR Policies	1,263,171	308,000	955,171	24.4%
Human Resource Development/Career Progression	1,351,206	303,675	1,047,531	22.5%
Performance Management Monitoring	870,096	189,950	680,146	21.8%
Development of Database Filing System	1,046,421	196,375	850,046	18.8%
County Public Service Pre-Retirement Sensitization	981,562	-	-	-
Evaluation of Different Cadres of Employees(Promotion, Re-Designation)	1,069,299	330,175	739,124	30.9%
Quality management system programming	5,590,876	1,182,700	4,408,176	21.2%
Quality Management Systems Development & Establishment	2,323,475	582,100	1,741,375	25.1%
QMS Audit /Routine Inspection	1,562,286	378,000	1,184,286	24.2%
Documentation/Record Management For QMS	1,705,115	222,600	1,482,515	13.1%
Budgetary Supply	112,185,942	18,481,160	93,704,782	16.5%
Budget Formulation, Co-ordination and Management	69,679,889	13,347,360	56,332,529	19.2%
Public Participation in Budgeting	34,100,000	4,837,700	29,262,300	14.2%
County Budget and Economic Forum	8,406,053	296,100	8,109,953	3.5%
Resource Mobilisation	6,188,053	1,865,960	4,322,093	30.2%
Resource Mobilisation	6,188,053	1,865,960	4,322,093	30.2%
Governors Press Service	7,392,958	35,000	7,357,958	0.5%
Governors Press support	7,392,958	35,000	7,357,958	0.5%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Governance and Public participation	74,961,363	5,523,597	69,437,766	7.4%
Civic education Programme	2,000,000	-	-	-
Public Participation and access to information	65,461,363	3,811,417	61,649,946	5.8%
County Dialogue Forum	2,000,000	-	-	-
National & County Holidays	4,000,000	1,712,180	2,287,820	42.8%
Policies Design	1,500,000	-	-	-
Disaster risk management	308,500,000	3,875,040	304,624,960	1.3%
Disaster Preparedness Programmes	2,500,000	-	-	-
Disaster Mitigation Programmes	2,500,000	750,080	1,749,920	30.0%
Stakeholders coordination and Support Programme	2,500,000	-	-	-
Humanitarian Relief Food Programme	300,000,000	3,124,960	296,875,040	1.0%
Disaster Risk Mgt	1,000,000	-	-	-
Inspectorate services	35,046,442	735,650	34,310,792	2.1%
Establishment and Mainstreaming of the county Inspectorate				
Inspectorate Training Institute	19,989,269	-	-	-
Dispute Resolution	2,557,173	-	-	-
Capacity Building	3,300,000	295,050	3,004,950	8.9%
Inspectorate Services	5,000,000	440,600	4,559,400	8.8%
Inspectorate Services Equip	4,200,000	-	-	-
Human resource management	37,636,000	2,731,716	34,904,284	7.3%
Payroll and record management	3,600,000	298,150	3,301,850	8.3%
Human Resource Development	8,936,000	410,940	8,525,060	4.6%
GHRIS Leave & Performance Module Implementation	2,800,000	538,400	2,261,600	19.2%
Digitization and Automation of Human Resource Registry	5,000,000	409,406	4,590,594	8.2%
Mainstreaming Public Sector Integrity Programme	7,800,000	405,000	7,395,000	5.2%
County performance management	2,700,000	-	-	-
Public Service Week	1,800,000	234,930	1,565,070	13.1%
Records Mgt	2,000,000	434,890	1,565,110	21.7%
HRM	3,000,000	-	-	-
	22,732,423	2,040,524	20,691,899	9.0%
Govt Programming	7,400,000	1,540,524	5,859,476	20.8%
Community Engagement	5,200,000	-	-	-
Govt Stakeholder Engagement	5,420,000	500,000	4,920,000	9.2%
Govt Transformation	4,712,423	-	-	-
General Administration	71,516,164	30,843,527	40,672,637	43.1%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration, Planning and Support Services	71,516,164	30,843,527	40,672,637	43.1%
Tourism destination marketing and promotion	24,500,000	102,420	24,397,580	0.4%
Tourism expos, incentives, conferences and exhibition program	1,000,000	-	-	-
Community Based Tourism products	2,800,000	102,420	2,697,580	3.7%
Tourism Market Research (Baseline Survey & Mapping)	15,500,000	-	-	-
Media Campaign and Promotion of Tourism Products and Programmes	5,200,000	-	-	-
Tourism development and Promotion	58,845,172	-	-	-
Completion and Furnishing of Eco-Lodges	58,845,172	-	-	-
Culture, arts, heritage development, promotion and preservation	78,780,400	1,727,825	77,052,575	2.2%
Ushanga Initiative	17,300,000	235,000	17,065,000	1.4%
Culture Promotion and Preservation	27,880,400	-	-	-
Arts and Creativity Development	2,200,000	-	-	-
Heritage Promotion	3,000,000	426,275	2,573,725	14.2%
Annual tourism and cultural festival	28,400,000	1,066,550	27,333,450	3.8%
Culture development and preservation infrastructure	2,500,000	-	-	-
Equipment and Infrastructure Development at Ekalees Centre	2,500,000	-	-	-
Forestry and wildlife management development and management	24,053,104	1,255,290	22,797,814	5.2%
Forestry Management and Conservation	5,400,000	1,173,150	4,226,850	21.7%
Community Wildlife Conservation	3,100,000	-	-	-
Forest Nature-Based Development	2,153,104	-	-	-
Forestry Development Infrastructure	11,400,000	-	-	-
Forestry Protection	600,000	-	-	-
Prosopis Mgt	1,400,000	82,140	1,317,860	5.9%
Turkana Water Programme	332,421,056	7,360,100	325,060,956	2.2%
General Administration, Planning and support services	12,000,000	1,550,000	10,450,000	12.9%
Construction and Desilting of Water Pans/ Rock Catchment	82,898,707	-	-	-
Rehabilitation of Water Infrastructure	106,845,789	3,742,000	103,103,789	3.5%
Drilling and Equipping of Boreholes	122,163,068	1,350,800	120,812,268	1.1%
Equipment of Quality Analysis Laboratory	6,000,000	-	-	-
Project Coordination and Management	2,513,492	717,300	1,796,192	28.5%
Joint planning with stakeholders	45,231,510	550,960	44,680,550	1.2%
Technical planning and design	45,231,510	550,960	44,680,550	1.2%
IRRIGATION AND SCHEMES DEVELOPMENT PROGRAMME	6,299,545	240,000	6,059,545	3.8%
Feasibility studies for irrigation systems development	6,299,545	240,000	6,059,545	3.8%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
TURKANA AGRICULTURE PROGRAMME	19,500,000	1,122,520	18,377,480	5.8%
Farmers training	4,000,000	445,100	3,554,900	11.1%
Establishment of farm demonstrations and trials	5,200,000	133,000	5,067,000	2.6%
Organising field days show and exhibitions	1,500,000	70,000	1,430,000	4.7%
Climate Change & Adaptation	8,800,000	474,420	8,325,580	5.4%
TURKANA REHABILITATION PROGRAMME	14,071,178	1,552,620	12,518,558	11.0%
Construction of trapezoidal bunds, contours & micro catchment	2,718,000	327,000	2,391,000	12.0%
Construction of rock catchments and sand dams	1,728,000	611,900	1,116,100	35.4%
Sinking of shallow wells	5,625,178	238,720	5,386,458	4.2%
Artisanal Mining Equipment	2,000,000	-	-	-
Extractive Bills & Policies	2,000,000	375,000	1,625,000	18.8%
General Administration and Support	189,588,777	68,332,524	121,256,253	36.0%
General Administration and Support	189,588,777	68,332,524	121,256,253	36.0%
	3,056,732	106,000	2,950,732	3.5%
Oil & gas	1,600,000	54,000	1,546,000	3.4%
Extractive Regulations & Strategies	1,456,732	52,000	1,404,732	3.6%
Municipality operations	144,694,910	4,849,700	139,845,210	3.4%
General Admin Planning and Support Services	45,566,997	3,971,340	41,595,657	8.7%
Municipal Planning	11,051,110	227,160	10,823,950	2.1%
Municipal Services	88,076,803	651,200	87,425,603	0.7%
County Attorney	137,094,404	9,862,867	127,231,537	7.2%
	16,629,600	7,472,860	9,156,740	44.9%
General Administration, Planning and Support Services- County Attorney	16,629,600	7,472,860	9,156,740	44.9%
	89,514,590	2,390,007	87,124,583	2.7%
Litigation	75,062,800	1,443,137	73,619,663	1.9%
Govt Agreements & Contracts	7,854,800	479,950	7,374,850	6.1%
Legal Audit & Compliance	6,596,990	466,920	6,130,070	7.1%
	26,466,214		26,466,214	0.0%
Legislation	18,562,214		18,562,214	0.0%
Policy & Legal Briefs	7,904,000		7,904,000	0.0%
	4,484,000	123,560,329	(119,076,329)	2755.6%
Training of Legal Counsel	1,630,000		1,630,000	0.0%
Legal Training & Awareness	2,854,000		2,854,000	0.0%
COUNTY ASSEMBLY OF TURKANA	976,950,164	524,747,363	452,202,801	53.7%
General Administration, Planning and Support Services- County At	909,552,162	524,747,363	384,804,799	57.7%

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Legislation	27,873,059		27,873,059	0.0%
Oversight	39,524,943		39,524,943	0.0%
TOTALS	14,027,605,849	4,720,237,399	9,307,368,450	33.6%

Source: Turkana County Treasury

Programmes with high levels of implementation based on absorption rates were: Biashara Fund, Turkana Education and Skill Development Fund, Youth and Women Fund, and Cooperative Development Fund at 100 per cent of budget allocation.

3.44.13 Key Observations and Recommendations

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

1. 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.627.1 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.4.77 billion. The development expenditure represented 13.2 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.85.53 million against an annual projection of Kshs.180 million, representing 47.5 per cent of the annual target.
4. Use of revenue at source and poor budgeting practice as expenditure represented 111.5 per cent of the total funds released by the Controller of Budget during the period.
5. High level of pending bills which amounted to Kshs.972.23 million at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.73.20 million were settled during the reporting period, which is not substantial compared with the stock of outstanding bills.

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

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

3.45 County Government of Uasin Gishu

3.45.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.68 billion, comprising Kshs.3.19 billion (33 per cent) and Kshs.6.49 billion (67 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.07 billion (83.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.1 billion (10.3 per cent) from its own sources of revenue. The County also expects to receive Kshs.608.85 million (6.3 per cent) as conditional grants, which consists of Kshs.354.49 million IDA (World Bank) credit - Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.60 million IDA (World Bank) credit - Kenya Urban Support Project (KUSP), Kshs.33.08 million IDA (World Bank) credit - Transforming Health Systems for Universal Care Project, Kshs.112.82 million IDA (World Bank) credit - Kenya

Devolution Support Project (KDSP) - Level 1, Kshs.14.03 million DANIDA Grant - Universal Healthcare for Devolved System Program, Kshs.11 million Conditional Grant - Rehabilitation of Youth Polytechnics and Kshs.23.44 million Sweden- Agricultural Sector Development Support Programme (ASDSP).

The County did not budget for the cash balance of Kshs.1.4 billion in the approved budget.

3.45.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.66 billion as the equitable share of the revenue raised nationally, raised Kshs.303.89 million as own-source revenue and had a cash balance of Kshs.1.4 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.37 billion, as shown in Table 3.254.

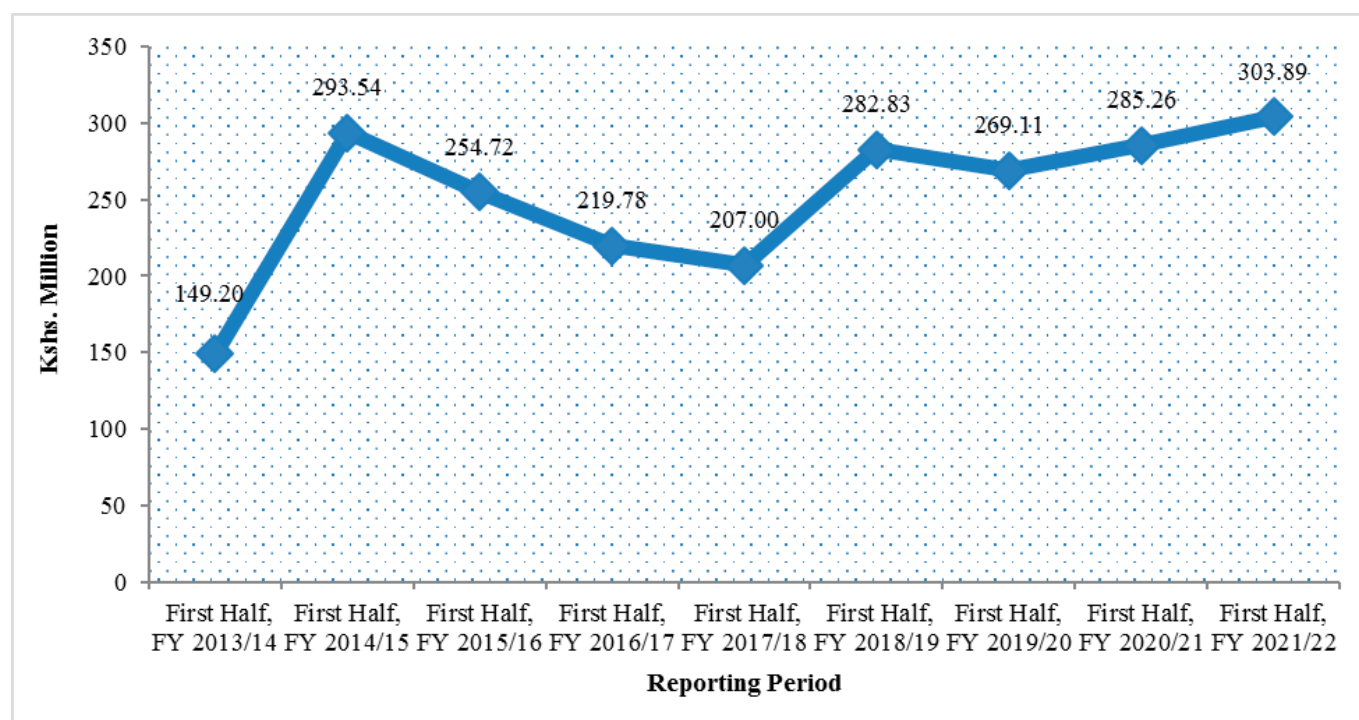
Table 3.254: Uasin Gishu County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,068,858,318	2,662,723,244	33.0
Sub Total		8,068,858,318	2,662,723,244	33.0
B	Other Sources of Revenue			
1.	Own Source Revenue	1,000,000,000	303,893,936	30.4
2.	Conditional Grants	608,853,967	-	-
3.	Balance b/f from FY2020/21	-	1,402,319,123	-
Sub Total		1,608,853,967	1,706,213,059	106.1
Grand Total		9,677,712,285	4,368,936,303	45.1

Source: Uasin Gishu County Treasury

Figure 3.86 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.86: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Uasin Gishu County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.303.89 million as own-source revenue. This amount represented an increase of 6.5 per cent compared to Kshs.285.26 million realised during a similar period in the first half of FY 2020/21 and was 30.4 per cent of the annual target.

In the FY 2016/17, the county partially implemented an automated revenue management system called UG PAY.

3.45.3 Exchequer Issues

The Controller of Budget approved Kshs.3.67 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.626.98 million (17.1 per cent) for development programmes and Kshs.3.05 billion (82.9 per cent) for recurrent programmes.

3.45.4 Overall Expenditure Review

The County spent Kshs.3.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.3 per cent of the total funds released by the CoB and comprised of Kshs.791.62 million and Kshs.2.53 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 24.8 per cent, while recurrent expenditure represented 39.0 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.116.3 million and comprised of Kshs.25.66 million for recurrent expenditure and Kshs.90.64 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in 2021/22.

During the period under review, pending bills amounting to Kshs.51.02 million were settled for development programmes. Outstanding pending bills as of 31st December, 2021 amounted to Kshs.65.28 million.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.53 billion was spent on employee compensation, Kshs.999.49 million on operations and maintenance, and Kshs.791.62 million on development activities, as shown in Table 3.255.

Table 3.255: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,779,584,980	707,791,808	2,111,331,186	416,330,542	36.5	58.8
Compensation to Employees	3,984,900,120	350,654,059	1,357,325,301	170,845,512	34.1	48.7
Operations and Maintenance	1,794,684,860	357,137,749	754,005,885	245,485,030	42.0	68.7
Development Expenditure	3,090,335,497	100,000,000	777,466,873	14,151,654	25.2	14.2
Total	8,869,920,477	807,791,808	2,888,798,059	430,482,196	32.6	53.3

Source: Uasin Gishu County Treasury

3.45.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 31.6 per cent of the first half proportional revenue of Kshs.4.84 billion.

The wage bill of Kshs.1.53 billion includes Kshs.740.06 million attributable to the health sector, which translates to 48.8 per cent of the total wage bill in the reporting period.

3.45.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.205.4 million

to county established funds in FY 2021/22, which constituted 2.1 per cent of the County’s overall budget for the year. Table 3.255 below summarises each established fund’s budget allocation and performance during the reporting period.

Table 3.256: County Established Fund performance as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	County Assembly Car Loan and Mortgage	-	-	-	-	Yes	-
2.	County Executive Car Loan and Mortgage	-	-	-	-	Yes	-
3.	Uasin Gishu Inua Biashara Fund	31,400,000	-	-	-	Yes	-
4.	Uasin Gishu County Bursary and Skills Development Support Fund	124,000,000	-	-	-	Yes	-
5.	Uasin Gishu TVET Fund	50,000,000	-	-	-	Yes	-
	Total	205,400,000	-	-	-		

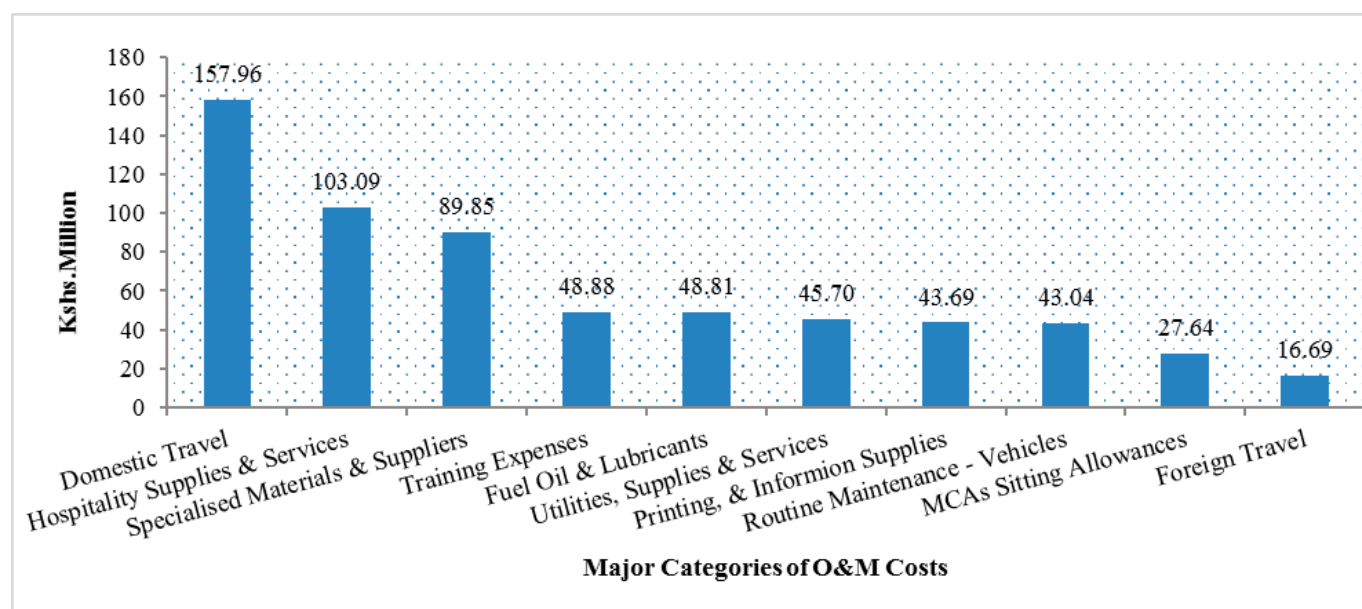
Source: Uasin Gishu County Treasury

The OCoB received quarterly financial returns from the Fund Administrators of the established funds as indicated in Table 3.256.

3.45.9 Expenditure on Operations and Maintenance

Figure 3.87 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.87: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: Uasin Gishu County Treasury

The County spent Kshs.27.64 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.95,989 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.157.96 million and comprised Kshs.85 million spent by the County Assembly and Kshs.72.96 million by the County Executive. Spending on foreign travel amounted to Kshs.16.69 million and consisted of Kshs.6.5 million by the County Assembly and Kshs.10.19 million by the County Executive.

3.45.10 Development Expenditure

The County incurred Kshs.791.62 million on development programmes, which represented an increase of 33.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.592.35 million. Table 3.257 summarises development projects with the highest expenditure in the reporting period.

Table 3.257: Uasin Gishu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Erection and completion of model sub-county hospital phase II (OPD block, maternity block, family planning block, ANC block, dental block, incinerator, kitchen, laundry and morgue)	Kesses Health Centre	119,000,000	119,000,000	100%
2	Land banking	Across all the 30 Wards	94,053,760	48,211,000	51%
3	Construction of Ziwa level 5 Hospital (OPD block, X-ray block, Pharmacy block, Maternity block)	Ziwa Sub County Hospital	125,020,555	45,654,942	37%
4	Purchase of assorted sports gear and equipment	Across all the 30 Wards	31,200,000	30,000,000	96%
5	Purchase of assorted tools, equipment and machinery for youth empowerment	Across all the 30 Wards	26,650,000	20,819,320	78%
6	Consultancy service for 64 stadium	Eldoret Municipality	20,000,000	20,000,000	100%
7	Purchase of dorper	Sergoit, Cheptiret, Kipkenyo, Kamagut, Tapsagoi, Kimumu, Ngenyilel, Simat, ,Moi'S Bridge	16,800,000	9,940,000	59%
8	Kaptuli (Lower Moiben) water project	Segero/Barsombe	9,000,000	9,000,000	100%
9	Facilitation of community Projects	Across all the 30 Wards	354,491,402	8,710,112	2%
10	Hire Of Construction Equipment For Rongai-Matharu-Kahuiyo – Tilolwa-Chirchir- Lorian-Kipkaren, Bayete –Kapyemit,-Kapranga-Cheboror – Ndungulu, Cherus – Kamuyu, Kitingia –Chagaiya– Kcc Total In Tarakwa Ward	Tarakwa	8,000,000	8,000,000	100%

Source: Uasin Gishu County Treasury

3.45.11 Budget Performance by Department

Table 3.258 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.258: Uasin Gishu County, Budget Performance by Department

DEPARTMENT	Budget Allocation (Kshs. Million)		FY 2021/22 Exchequer Issues (Kshs. Million)		FY 2021/22 Expenditure (Kshs. Million)		FY 2021/22 Expenditure to Exchequer Issues (%)		FY 2021/22 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	122.40	-	49.84	-	52.96	-	106.3	-	43.3	-
Finance	283.99	-	136.29	-	112.15	-	82.3	-	39.5	-
Public Service Management	812.84	10.42	314.66	-	266.24	-	84.6	-	32.8	-
ICT and E-Government	62.65	20.62	18.35	2.00	7.46	2.00	40.7	-	11.9	9.7

DEPARTMENT	Budget Allocation (Kshs. Million)		FY 2021/22 Exchequer Issues (Kshs. Million)		FY 2021/22 Expenditure (Kshs. Million)		FY 2021/22 Expenditure to Exchequer Issues (%)		FY 2021/22 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Roads, Transport, Energy and Public Works	442.15	657.04	255.16	93.93	164.23	186.89	64.4	-	37.1	28.4
Lands and Housing	78.72	433.01	34.00	48.80	23.66	48.80	69.6	-	30.1	11.3
Water, Environment, Natural Resources, Tourism and Wildlife Management	182.95	353.32	87.07	107.37	55.57	132.43	63.8	-	30.4	37.5
Health Services	2,117.02	355.88	939.53	175.49	817.89	192.95	87.1	-	38.6	54.2
Agriculture	239.19	483.67	112.57	5.25	68.39	14.29	60.8	-	28.6	3.0
Trade, Investment and Industrialisation	90.08	74.12	16.78	7.53	43.20	7.53	-	-	48.0	10.2
Education, Culture and Social Services	438.70	191.39	277.25	81.85	209.24	90.24	75.5	-	47.7	47.2
County Public Service Board	66.05	-	30.12	-	17.09	-	56.7	-	25.9	-
County Assembly	707.79	100.00	416.33	14.15	416.33	14.15	100.0	100.0	58.8	14.2
Budget and Economic Planning	150.91	-	62.74	-	56.05	-	89.3	-	37.1	-
Devolution and Public Administration	126.24	152.51	42.88	3.31	44.67	3.86	104.2	-	35.4	2.5
Youth and Sports Development	257.38	138.55	147.75	60.62	110.39	60.62	74.7	-	42.9	43.8
Cooperatives and Enterprise Development	81.20	7.73	20.24	-	14.02	1.23	69.3	-	17.3	15.9
Livestock Development and Fisheries	63.79	121.54	20.00	1.51	13.20	11.45	66.0	-	20.7	9.4
Physical Planning and Urban Development	50.98	50.01	29.87	2.48	11.96	2.48	40.0	-	23.5	5.0
Eldoret Municipality	112.33	40.51	36.45	22.68	22.96	22.68	63.0	-	20.4	56.0
TOTAL	6,487.38	3,190.34	3,047.87	626.98	2,527.66	791.62	82.9	126.3	39.0	24.8

Source: Uasin Gishu County Treasury

Analysis of expenditure by the departments shows that the Eldoret Municipality recorded the highest absorption rate of development budget at 56 per cent while the Department of Public Service Management did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 58.8 per cent, while the Department of ICT and E-Government had the lowest at 11.9 per cent.

3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 3.259 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.259: Uasin Gishu County, Budget Execution by Programmes and Sub-programmes

Department / Programme / Sub- Programme	Approved Budget	Actual Payments	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Governor's Office	122,399,629	52,962,870	69,436,759	43.3%
Administration	108,215,739	45,475,544	62,740,196	42.0%

Department / Programme / Sub- Programme	Approved Budget	Actual Payments	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Administration And Support Services	108,215,739	45,475,544	62,740,196	42.0%
Inter-Governmental Committee	500,000	479,851	20,149	96.0%
Administration And Support Services	500,000	479,851	20,149	96.0%
	9,183,890	3,644,690	5,539,200	39.7%
Administration And Support Services	9,183,890	3,644,690	5,539,200	39.7%
	4,500,000	3,362,786	1,137,215	74.7%
Administration And Support Services	4,500,000	3,362,786	1,137,215	74.7%
Finance And Economic Planning	283,994,959	112,147,534	171,847,425	39.5%
Administration	244,644,959	85,348,637	159,296,323	34.9%
Public Finance Management	244,644,959	85,348,637	159,296,323	34.9%
Revenue Section	29,500,000	22,547,118	6,952,882	76.4%
Public Finance Management	29,500,000	22,547,118	6,952,882	76.4%
Accounts Section	4,350,000	2,155,525	2,194,475	49.6%
Public Finance Management	4,350,000	2,155,525	2,194,475	49.6%
Procurement And Supplies Section	3,500,000	1,237,050	2,262,950	35.3%
Public Finance Management	3,500,000	1,237,050	2,262,950	35.3%
Internal Audit Section	2,000,000	859,205	1,140,796	43.0%
Public Finance Management	2,000,000	859,205	1,140,796	43.0%
Public Service Management	823,260,230	266,238,346	557,021,884	32.3%
Administration	748,990,499	230,321,588	518,668,911	30.8%
Administration And Support Services	738,575,231	230,321,588	508,253,643	31.2%
Human Resource Management And Development	2,000,000	-	2,000,000	0.0%
County Governance Support Services	8,415,268	-	8,415,268	0.0%
Communication Section	13,170,000	2,325,360	10,844,640	17.7%
Administration And Support Services	13,170,000	2,325,360	10,844,640	17.7%
Legal Section	54,304,731	31,192,055	23,112,676	57.4%
Administration And Support Services	54,304,731	31,192,055	23,112,676	57.4%
Registry Section	405,000	60,000	345,000	14.8%
Administration And Support Services	405,000	60,000	345,000	14.8%
Human Resource Section	6,390,000	2,339,343	4,050,657	36.6%
Administration And Support Services	6,390,000	2,339,343	4,050,657	36.6%
ICT And E-Government	83,271,842	9,460,534	73,811,308	11.4%
Administration- ICT And E-Government	83,271,842	9,460,534	73,811,308	11.4%
ICT Infrastructure Development	20,622,902	7,464,884	13,158,018	36.2%
Administrative Support Services	62,648,940	1,995,650	60,653,290	3.2%
Roads, Transport And Infrastructure	1,099,191,298	351,117,485	748,073,813	31.9%
Administration	210,118,213	99,006,823	111,111,390	47.1%
Roads Infrastructure Development	210,118,213	99,006,823	111,111,390	47.1%
Roads Department	776,623,085	236,833,024	539,790,061	30.5%
Roads Infrastructure Development	776,623,085	236,833,024	539,790,061	30.5%
Public Works Department	12,250,000	461,241	11,788,759	3.8%
Roads Infrastructure Development	2,250,000	461,241	1,788,759	20.5%
Administration Support Services	10,000,000	-	10,000,000	0.0%
Transport Department	10,250,000	-	10,250,000	0.0%
Disaster Management	10,250,000	-	10,250,000	0.0%
	89,950,000	14,816,397	75,133,603	16.5%
Street Lighting Services	89,950,000	14,816,397	75,133,603	16.5%
Lands, Housing And Physical Planning	511,729,804	72,459,617	439,270,187	14.2%
Administration	134,716,241	23,658,817	111,057,424	17.6%
Land Policy And Management	134,716,241	23,658,817	111,057,424	17.6%
Physical Planning Section	376,013,563	48,800,800	327,212,763	13.0%
Crop Development And Management	277,959,803	589,800	277,370,003	0.2%
Land Policy And Management	98,053,760	48,211,000	49,842,760	49.2%
Survey Section	1,000,000	-	1,000,000	0.0%
Land Policy And Management	1,000,000	-	1,000,000	0.0%

Department / Programme / Sub- Programme	Approved Budget	Actual Payments	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Water, Environment, Energy And Natural Resources	536,273,379	188,009,330	348,264,049	35.1%
Administration	182,952,491	55,574,523	127,377,968	30.4%
Water Supply Services	182,952,491	55,574,523	127,377,968	30.4%
Environment Section	46,100,000	-	46,100,000	0.0%
Rural Electrification	28,100,000	-	28,100,000	0.0%
Environmental Management And Protection	18,000,000	-	18,000,000	0.0%
Water Section	297,220,888	132,434,807	164,786,081	44.6%
Water Supply Services	297,220,888	132,434,807	164,786,081	44.6%
Energy Section	10,000,000	-	10,000,000	0.0%
Tourism Development And Marketing	10,000,000	-	10,000,000	0.0%
Health Services	2,472,896,621	1,010,843,470	1,462,053,151	40.9%
Administration	2,253,837,616	976,056,648	1,277,780,968	43.3%
Administration And Support Services	2,001,837,616	811,401,706	1,190,435,910	40.5%
Health Infrastructure	3,000,000	-	3,000,000	0.0%
Curative Health Services	249,000,000	164,654,942	84,345,058	66.1%
Clinical Services	214,059,005	34,129,222	179,929,783	15.9%
Clinical Services	214,059,005	34,129,222	179,929,783	15.9%
Prevention And Health Promotion	5,000,000	657,600	4,342,400	13.2%
Public Health Services	5,000,000	657,600	4,342,400	13.2%
Agriculture, Livestock And Fisheries	722,865,965	82,685,674	640,180,291	11.4%
Administration-	238,250,651	67,564,012	170,686,639	28.4%
Crop Development And Management	3,600,000	-	3,600,000	0.0%
Administration Support Services	234,650,651	67,564,012	167,086,639	28.8%
Livestock	5,000,000	-	5,000,000	0.0%
Crop Development And Management	5,000,000	-	5,000,000	0.0%
Agriculture	442,072,377	14,293,999	427,778,378	3.2%
Livestock Resource Management And Development	2,500,000	1,361,920	1,138,080	54.5%
Crop Development And Management	439,572,377	12,932,079	426,640,298	2.9%
Chebororwa Training Center	991,238	6,000	985,238	0.6%
Agricultural Training Services - Chebororwa	991,238	6,000	985,238	0.6%
Agricultural Machinery Service	36,551,699	821,663	35,730,036	2.2%
Agricultural Mechanization Services	36,551,699	821,663	35,730,036	2.2%
Trade, Cooperatives, Tourism And Wildlife	164,197,467	50,730,056	113,467,411	30.9%
Administration-	90,075,353	43,199,582	46,875,771	48.0%
Administration And Support Services	90,075,353	43,199,582	46,875,771	48.0%
Trade Department	74,122,114	7,530,474	66,591,640	10.2%
Trade Development And Investment	29,850,000	-	29,850,000	0.0%
Market Services	44,272,114	7,530,474	36,741,640	17.0%
Education, Social Cultural, Youth And Sports	630,091,552	299,479,291	330,612,261	47.5%
Administration	272,474,665	134,503,965	137,970,700	49.4%
Administration And Support Services	267,474,665	130,503,965	136,970,700	48.8%
Basic Education	5,000,000	4,000,000	1,000,000	80.0%
Education Department	253,900,000	148,805,566	105,094,434	58.6%
Basic Education	241,900,000	148,805,566	93,094,434	61.5%
Early Childhood Education And Training	12,000,000	-	12,000,000	0.0%
Department Of Culture	21,986,715	14,833,280	7,153,435	67.5%
Administration And Support Services	16,000,000	14,833,280	1,166,720	92.7%
Community Development Services	5,986,715	-	5,986,715	0.0%
Social Service Department	76,230,172	858,980	75,371,192	1.1%
Social Development Services	76,230,172	858,980	75,371,192	1.1%
	5,500,000	477,500	5,022,500	8.7%

Department / Programme / Sub- Programme	Approved Budget	Actual Payments	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Social Development Services	5,500,000	477,500	5,022,500	8.7%
County Public Service Board	66,049,506	17,086,463	48,963,043	25.9%
Headquarters	66,049,506	17,086,463	48,963,043	25.9%
Administration And Support Services	66,049,506	17,086,463	48,963,043	25.9%
County Assembly	807,791,808	430,482,196	377,309,612	53.3%
Headquarters	807,791,808	430,482,196	377,309,612	53.3%
County Planning And Economic Policy Management	807,791,808	430,482,196	377,309,612	53.3%
Budget And Economic Planning	150,913,087	56,051,004	94,862,083	37.1%
	83,163,087	28,862,484	54,300,603	34.7%
County Planning And Economic Policy Management	83,163,087	28,862,484	54,300,603	34.7%
	10,600,000	5,084,600	5,515,400	48.0%
County Planning And Economic Policy Management	10,600,000	5,084,600	5,515,400	48.0%
	15,000,000	8,502,480	6,497,520	56.7%
County Planning And Economic Policy Management	15,000,000	8,502,480	6,497,520	56.7%
	42,150,000	13,601,440	28,548,560	32.3%
County Planning And Economic Policy Management	42,150,000	13,601,440	28,548,560	32.3%
Devolution And Public Administration	278,754,666	48,530,299	230,224,367	17.4%
	278,754,666	48,530,299	230,224,367	17.4%
Administration Support Services	152,513,277	3,864,649	148,648,628	2.5%
Administration And Support Services	126,241,389	44,665,650	81,575,739	35.4%
Youth And Sports Development	395,932,258	171,009,489	224,922,769	43.2%
Administration	174,554,023	38,328,972	136,225,051	22.0%
Administration And Support Services	174,454,023	38,328,972	136,125,051	22.0%
Management And Development Of Sports And Sports Facilities	100,000	-	100,000	0.0%
	119,954,597	101,471,520	18,483,077	84.6%
Administration And Support Services	51,900,000	50,819,320	1,080,680	97.9%
Youth Training And Development	68,054,597	50,652,200	17,402,397	74.4%
	101,423,638	31,208,997	70,214,641	30.8%
Tourism Development And Marketing	64,000,000	9,343,582	54,656,418	14.6%
Administration And Support Services	31,023,638	21,407,315	9,616,323	69.0%
Management And Development Of Sports And Sports Facilities	6,400,000	458,100	5,941,900	7.2%
Cooperatives And Enterprise Development	88,935,077	15,248,372	73,686,705	17.1%
Administration	48,535,077	10,712,892	37,822,185	22.1%
Weights And Measurements	1,000,000	-	1,000,000	0.0%
Cooperatives Development And Marketing	47,535,077	10,712,892	36,822,185	22.5%
	40,400,000	4,535,480	35,864,520	11.2%
Weights And Measurements	40,400,000	4,535,480	35,864,520	11.2%
Livestock Development And Fisheries	185,327,687	24,654,963	160,672,724	13.3%
Administration	61,790,589	23,954,963	37,835,626	38.8%
Crop Development And Management	61,790,589	23,954,963	37,835,626	38.8%
	7,000,000	-	7,000,000	0.0%
Fisheries Development	7,000,000	-	7,000,000	0.0%
	116,537,098	700,000	115,837,098	0.6%
Livestock Resource Management And Development	103,340,000	-	103,340,000	0.0%
Agribusiness Development	13,197,098	700,000	12,497,098	5.3%
Physical Planning And Urban Development	100,995,452	14,444,514	86,550,938	59.6%
Administration	36,551,322	7,914,286	28,637,036	21.7%

Department / Programme / Sub- Programme	Approved Budget	Actual Payments	Variance	Absorption
	Kshs.	Kshs.	Kshs.	Percentage
Housing Development	36,551,322	7,914,286	28,637,036	21.7%
	10,890,000	3,513,828	7,376,172	32.3%
Housing Development	10,890,000	3,513,828	7,376,172	32.3%
	53,554,130	3,016,400	50,537,730	5.6%
Housing Development	53,554,130	3,016,400	50,537,730	5.6%
Eldoret Municipality	152,839,998	45,638,748	107,201,250	41.9%
Administration	152,789,998	45,632,748	107,157,250	29.9%
Housing Development	152,789,998	45,632,748	107,157,250	29.9%
	50,000	6,000	44,000	12.0%
Disaster Management	50,000	6,000	44,000	12.0%
Grand Total	9,677,712,285	3,319,280,255	6,358,432,030	34.3%

Source: Uasin Gishu County Treasury

Programmes with high levels of implementation based on absorption rates were: Inter-Governmental Committee in the Department of Office of the Governor at 96 per cent, Youth Training and Development in the Department of Youth and Sports Development at 84.6 per cent, Revenue Section in the Department of Finance and Economic Planning at 76.4 per cent of budget allocation.

3.45.13 Monitoring and Evaluation

The Office of the Controller of Budget selected 30 projects implemented in FY 2018/19 and FY2019/20 for the monitoring and evaluation exercise. The aim was to find out the implementation status, identify challenges experienced and assess whether the desired outcomes were achieved. During the exercise, the OCoB team established that some projects were exceptionally implemented and had achieved the desired objectives. These included: construction of Kaprorio-Kapchesogor Bridge in Segoit; construction of buildings in Ngenyilel Vocational Training Centre; construction of Huruma Reference Laboratory in Huruma; and construction of market shades at Kuinet Market.

However, some challenges were observed during the M&E exercise that may have affected project implementation. These included: lack of equipment and personnel in healthcare centres and some ward offices; weak project recording keeping practises; the prevalence of stalled/incomplete projects partly caused by non-payment of completed work.

To address these challenges and improve budget implementation, the County Government should: ensure that health centres and ward offices are fully equipped so that they can serve residents in targeted areas; County Treasury and implementing departments should adhere to proper record-keeping practices and ensure project files have both financial and non-financial information such as bill of quantities; certificates of payments and project reports; and ensure prompt payment for completed work.

3.45.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation reports.
2. The underperformance of own-source revenue at Kshs.303.89 million against an annual projection of Kshs.1 billion, representing 30.4 per cent of the annual target.
3. Poor budgeting practice by the County Treasury as shown in Table 3.54 where the County incurred expenditure over approved exchequer requests.
4. Delay in preparation of a supplementary budget to capture the unspent balance from the previous financial year, which amounts to Kshs.1.4 billion.

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

- i. 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.
- ii. The County should address its revenue performance to ensure the approved budget is fully financed.
- iii. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.
- iv. The County should prepare a supplementary budget and appropriate the opening cash balances of Kshs.1.4 billion.

3.46 County Government of Vihiga

3.46.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.6.41 billion, comprising Kshs.2.03 billion (31.7 per cent) and Kshs.4.37 billion (68.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.07 billion (79.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.232.66 million (3.6 per cent) from own sources of revenue, and a cash balance of Kshs.90.57 million (1.4 per cent) from FY 2020/21. The County also expects to receive Kshs.1.02 million (15.9 per cent) as conditional grants.

3.46.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.2.10 billion as the equitable share of the revenue raised nationally, raised Kshs.52.27 million as own-source revenue, Kshs.95.81 million as conditional grants, and had a cash balance of Kshs.90.57 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.34 billion, as shown in Table 3.260.

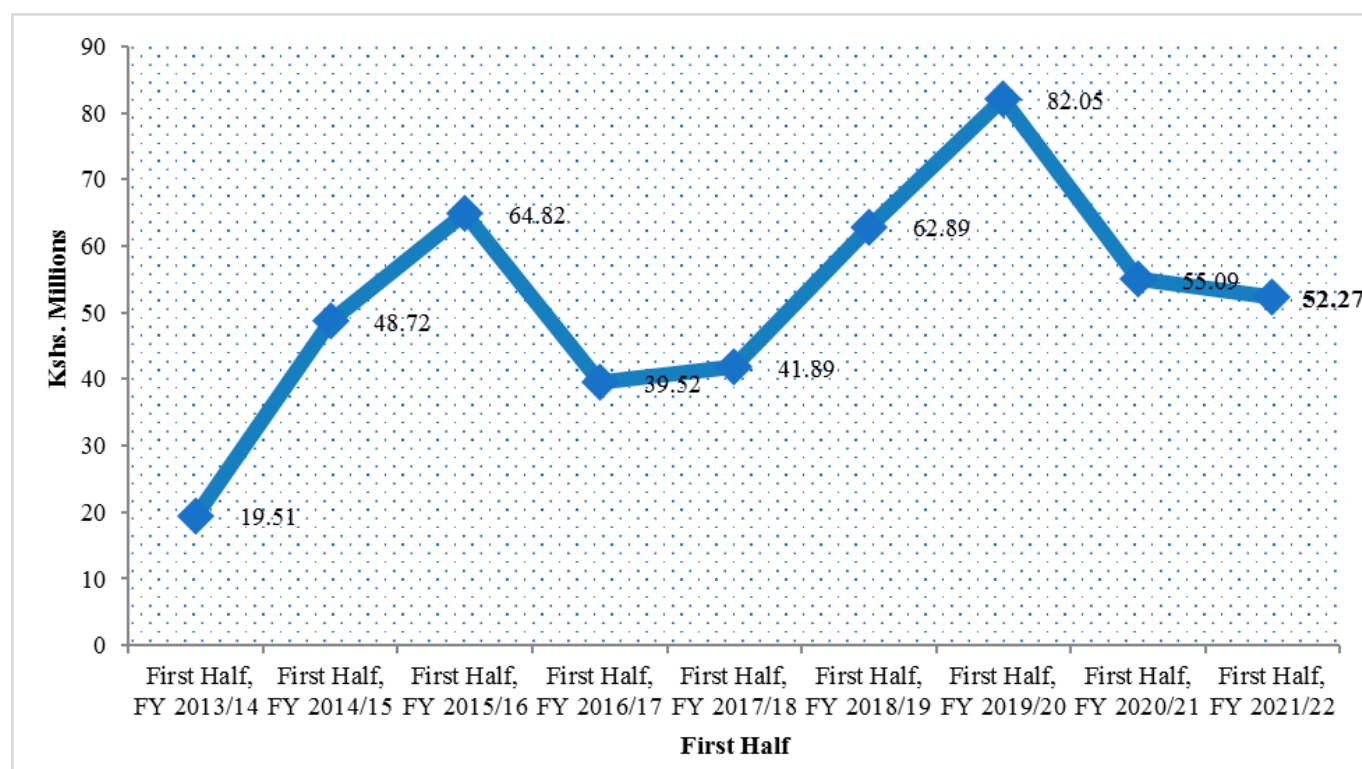
Table 3.260: Vihiga County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,067,356,827	2,102,953,082	41.5
	Sub Total	5,067,356,827	2,102,953,082	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	232,658,878	52,273,078	22.5
2.	Conditional Grants	1,018,293,939	95,807,470	9.4
3.	Balance b/f from FY2020/21	90,568,796	90,568,796	100.0
	Sub Total	1,341,521,613	238,649,344	17.8
	Grand Total	6,408,878,440	2,341,602,426	36.5

Source: Vihiga County Treasury

Figure 3.88 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.88: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Vihiga County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.52.27 million as own-source revenue. This amount represented a decrease of 5.4 per cent compared to Kshs.55.09 million realised during a similar period in the first half of FY 2020/21 and was 22.5 per cent of the annual target. The County is yet to implement an automated revenue management system.

3.46.3 Exchequer Issues

The Controller of Budget approved Kshs.2.26 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.209.76 million (9.3 per cent) for development programmes and Kshs.2.05 billion (90.7 per cent) for recurrent programmes.

3.46.4 Overall Expenditure Review

The County spent Kshs.1.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 64.6 per cent of the total funds released by the CoB and comprised of Kshs.14.45 million and Kshs.1.44 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.7 per cent, while recurrent expenditure represented 33.0 per cent of the annual recurrent expenditure budget.

3.46.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.690.58 million and comprised of Kshs.105.62 million for recurrent expenditure and Kshs.584.96 million for development expenditure. During the period under review, the County Treasury did not report any payments to settle pending bills.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.20 billion was spent on employee compensation, Kshs.243.21 million on operations and maintenance, and Kshs.14.5 million on development activities, as shown in Table 3.261.

Table 3.261: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County As-sembly	County Executive	County As-sembly	County Executive	County Assembly
Total Recurrent Expenditure	3,715,094,236	659,609,764	1,313,454,490	128,660,339	35.4	19.5
Compensation to Employees	2,215,201,714	383,180,981	1,082,286,724	116,619,470	48.9	30.4
Operations and Maintenance	1,499,892,522	276,428,783	231,167,766	12,040,869	15.4	4.4
Development Expenditure	2,004,174,440	30,000,000	14,496,896	-	0.7	-
Total	5,719,268,676	689,609,764	1,327,951,386	128,660,339	23.2	18.7

Source: Vihiga County Treasury

3.46.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 37.4 per cent of the first half proportional revenue of Kshs.3.20 billion.

The wage bill of Kshs.1.2 billion includes Kshs.452.02 million attributable to the health sector, which translates to 37.7 per cent of the total wage bill in the reporting period.

3.46.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.95 million to county established funds in FY 2021/22, which constituted 1.5 per cent of the County's overall budget for the year. Table 3.262 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.262: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assem-bly	County Executive	County As-sembly	Yes	No
1.	Trade and Enterprise Fund	-	-	-	-	-	No
2.	Education Fund	95,000,000	-	-	-	-	No
3.	Loan and Mortgage	-	-	-	-	-	No
Total		95,000,000	-		-	-	

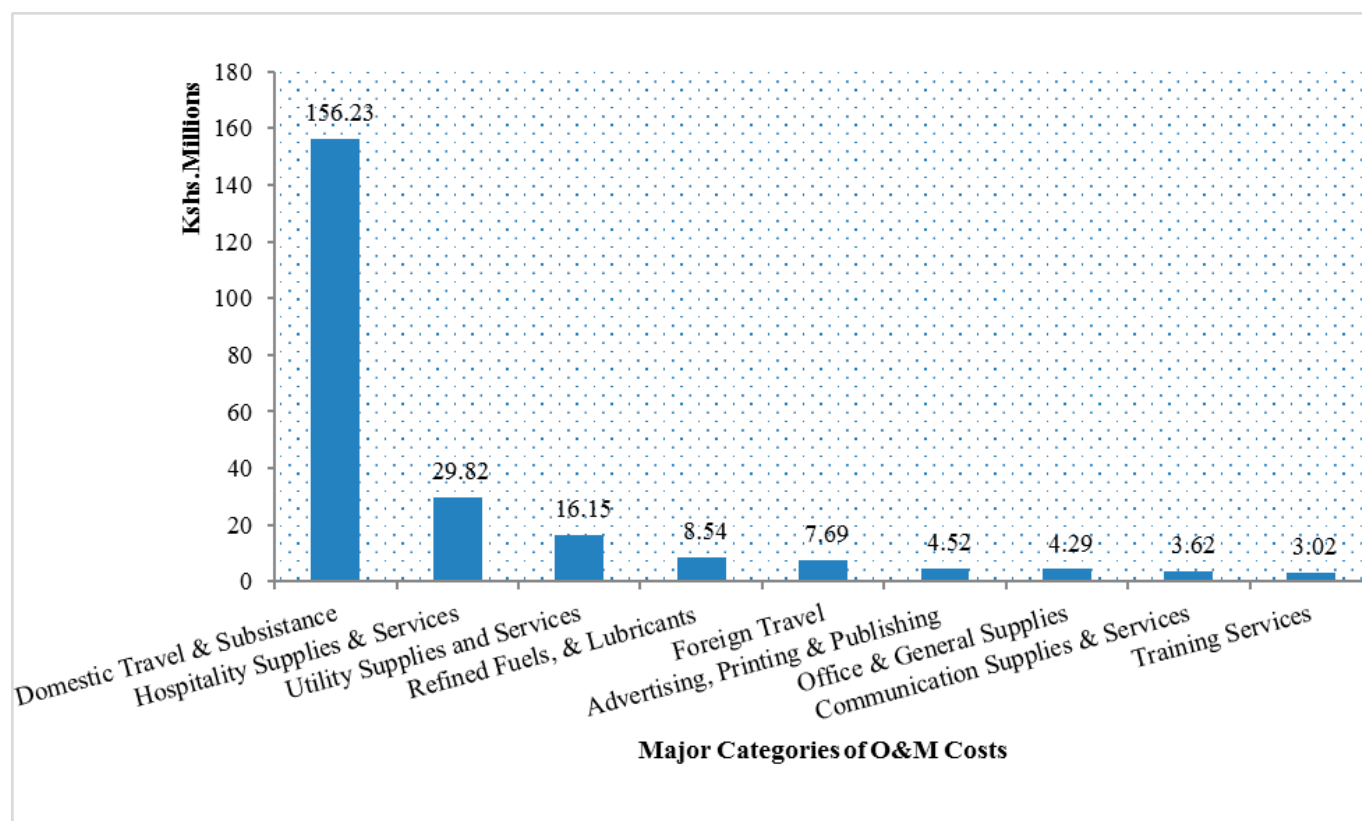
Source: Vihiga County Treasury

The OCoB did not receive the quarterly financial returns from Fund Administrators of established funds, as indicated in Table 3.262.

3.46.9 Expenditure on Operations and Maintenance

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.90: Vihiga County, Summary of Operations and Maintenance Expenditure By Major Categories



Source: Vihiga County Treasury

The County spent Kshs.27.04 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs.66.64 million. The average monthly sitting allowance was Kshs.115,573 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.156.23 million and comprised Kshs.56.98 million spent by the County Assembly and Kshs.156.25 million by the County Executive. Spending on foreign travel amounted to Kshs.7.69 million and consisted of Kshs.5.60 million by the County Assembly and Kshs.2.09 million by the County Executive.

3.46.10 Development Expenditure

The County incurred Kshs.14.45 million on development programmes, which represented a decrease of 32.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.21.35 million. The development expenditure of Kshs.14.45 was incurred on the construction of Market Stalls at Vihiga.

3.46.11 Budget Performance by Department

Table 3.263 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.263: Vihiga 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	248.60	6.28	123.04	-	58.68	0.0	47.7	0.0	23.6	0.0
Finance and Economic Planning	345.86	328.36	120.91	157.27	87.98	0.0	72.8	0.0	25.4	0.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock, Fisheries and Co-operatives	200.50	437.15	89.99	8.00	52.38	0.0	58.2	0.0	26.1	0.0
Health Services	1,450.25	278.63	692.32	-	504.86	0.0	72.9	0.0	34.8	0.0
Education, Science, Technical and Vocational Training	373.94	135.19	256.63	-	118.31	0.0	46.1	0.0	31.6	0.0
Gender, Culture, Youth, Sports and Social Services	87.50	9.78	46.53	-	12.39	0.0	26.6	0.0	14.2	0.0
Trade, Industry, Tourism and Entrepreneurship	92.11	32.53	30.49	14.50	20.38	14.50	66.8	100.0	22.1	44.6
County Public Service Board	48.72	-	24.40	-	18.95	0.0	77.6	0.0	38.9	0.0
Environment, Water, Energy and Natural Resources	140.78	126.03	59.32	30.00	41.69	0.0	70.3	0.0	29.0	0.0
Transport, Infrastructure and Communication	134.35	506.06	64.25	-	18.94	0.0	29.5	0.0	14.1	0.0
Physical Planning, Lands and Housing	105.61	144.17	40.44	-	15.73	0.0	38.9	0.0	14.9	0.0
County Assembly	659.61	30.00	335.42	-	128.66	0.0	38.4	0.0	19.5	0.0
Administration and Coordination of County Affairs	486.87	-	163.49	-	363.15	0.0	222.1	0.0	74.6	0.0
Total	4,374.70	2,034.17	2,047.23	209.77	1,442.11	14.50	70.4	6.9	33.0	0.7

Source: Vihiga County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Industry, Tourism and Entrepreneurship recorded the highest absorption rate of development budget at 44.6 per cent while other Departments did not report any expenditure on development activities. The Department of Administration and Coordination of County Affairs had the highest percentage of recurrent expenditure to budget at 74.6 per cent while the Department of Transport, Infrastructure and Communication had the lowest at 14.1 per cent.

3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 3.264 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.264: Vihiga County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
		KShs	KShs	KShs	
Administration, Planning and Support Service		863,377,009.00	239,461,841.50	623,915,167.50	27.7
	Administrative Service	863,377,009.00	239,461,841.50	623,915,167.50	27.7
Livestock Development and Management		1,470,357.00	0	1,470,357.00	0.0
	Veterinary Services and Extension	1,470,357.00	0	1,470,357.00	0.0
Fisheries Development and Management		9,700,000.00	0	9,700,000.00	0.0
	Promotion of Fish Farming	9,700,000.00	0	9,700,000.00	0.0
Crop Development and Management		7,500,000.00	0	7,500,000.00	0.0
	Crop Extension	8,800,000.00	0	8,800,000.00	0.0
	Cash Crop Production and Development	-1,300,000.00	0	-1,300,000.00	0.0

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
		KShs	KShs	KShs	
Cooperatives Development		21,850,000.00	3,480,800.00	18,369,200.00	15.9
	Cooperative Development Services	21,850,000.00	3,480,800.00	18,369,200.00	15.9
Land Survey and Mapping Services		1,500,000.00	671,300.00	828,700.00	44.8
	Land Survey and Mapping	1,500,000.00	671,300.00	828,700.00	44.8
1 Urban and Physical Planning and Housing Services		158,220,399.00	0	158,220,399.00	0.0
	Urban and Physical Planning	1,000,000.00	0	1,000,000.00	0.0
	Vihiga Municipality {KUSP}	157,220,399.00	0	157,220,399.00	0.0
Administration, Planning and Support Service		849,467,243.00	22,085,211.00	827,382,032.00	2.6
	Administrative Service	849,467,243.00	22,085,211.00	827,382,032.00	2.6
Transport Management		11,402,400.00	0	11,402,400.00	0.0
	Transport System Management	11,402,400.00	0	11,402,400.00	0.0
Infrastructure Development		800,000.00	0	800,000.00	0.0
	Roads Maintenance	800,000.00	0	800,000.00	0.0
Administration, Planning and Support Service		100,922,081.00	34,875,133.00	66,046,948.00	34.6
	Administrative Service	100,922,081.00	34,875,133.00	66,046,948.00	34.6
Trade Development and Investment		-1,000,000.00	0	-1,000,000.00	0.0
	Market Development and Management	-1,000,000.00	0	-1,000,000.00	0.0
	Business Support and Consumer Protection	0	0	0	0.0
Tourism Development		2,000,000.00	0	2,000,000.00	0.0
	Tourism Promotion and Branding	2,000,000.00	0	2,000,000.00	0.0
Administration, Planning and Support Service		1,705,426,516.00	527,451,673.60	1,177,974,842.40	30.9
	Administrative Service	974,272,429.00	310,072,245.45	664,200,183.55	31.8
	Human Resource Management and Development	734,646,886.00	217,379,428.15	517,267,457.85	29.6
	Healthcare Financing	-3,492,799.00	0	-3,492,799.00	0.0
Promotive and Preventive Healthcare Services		-9,727,750.00	431,200.00	-10,158,950.00	-4.4
	Public Health Services	1,500,000.00	0	1,500,000.00	0.0
	Community Health Strategy	-18,527,750.00	0	-18,527,750.00	0.0
	Health Promotion	3,000,000.00	0	3,000,000.00	0.0
	Reproductive Healthcare	3,500,000.00	431,200.00	3,068,800.00	12.3
	Disease Surveillance and Emergency	800,000.00	0	800,000.00	0.0
Curative And Rehabilitative Health Services		94,150,000.00	1,246,000.00	92,904,000.00	1.3
	Medical services	93,950,000.00	1,246,000.00	92,704,000.00	1.3
	County referral services	200,000.00	0	200,000.00	0.0
Child and Maternal Health Care		57,495,226.00	0	57,495,226.00	0.0
	Antenatal and Post Natal healthcare	4,000,000.00	0	4,000,000.00	0.0
	Antenatal and Post Natal Healthcare	571,000.00	0	571,000.00	0.0
	Newborn, Child and Adolescent Health	1,200,000.00	0	1,200,000.00	0.0
	Nutrition Services	51,724,226.00	0	51,724,226.00	0.0
Administration, Planning and Support Service		263,879,212.00	60,144,315.00	203,734,897.00	22.8
	Administrative Service	263,879,212.00	60,144,315.00	203,734,897.00	22.8

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
		KShs	KShs	KShs	
Vocational Education and Training		49,557,261.00	0	49,557,261.00	0.0
	Youth Polytechnic Development	49,557,261.00	0	49,557,261.00	0.0
Early Childhood Development		136,311,398.00	58,169,841.50	78,141,556.50	42.7
	ECD Development	136,311,398.00	58,169,841.50	78,141,556.50	42.7
Administration, Planning and Support Service		1,733,994,827.00	449,181,098.10	1,284,813,728.90	25.9
	Administrative Service	1,676,867,142.00	441,859,140.60	1,235,008,001.40	26.4
	County Administration	9,470,000.00	1,178,600.00	8,291,400.00	12.5
	County Radio Information Services	47,657,685.00	6,143,357.50	41,514,327.50	12.9
Public Finance Management		29,782,764.00	4,651,080.00	25,131,684.00	15.6
	Public Finance Management	3,700,000.00	1,414,000.00	2,286,000.00	38.2
	Accounting Services	3,100,000.00	1,141,780.00	1,958,220.00	36.8
	Audit Services	16,750,000.00	1,537,600.00	15,212,400.00	9.2
	Budget Formulation Coordination	8,000,000.00	0	8,000,000.00	0.0
	Resource Mobilization	-8,878,376.00	557,700.00	-9,436,076.00	-6.3
	Budget Expenditure Management	7,111,140.00	0	7,111,140.00	0.0
County Planning Services		900,000.00	46,000.00	854,000.00	5.1
	Monitoring and Evaluation	-1,200,000.00	46,000.00	-1,246,000.00	-3.8
	Coordination of Policy Formulation and Plans	2,100,000.00	0	2,100,000.00	0.0
Management and Administration of County Services		37,124,100.00	1,702,800.00	35,421,300.00	4.6
	County Secretary	4,000,000.00	0	4,000,000.00	0.0
	Legal Services	33,124,100.00	1,702,800.00	31,421,300.00	5.1
Administration, Planning and Support Service		50,861,704.00	8,743,050.00	42,118,654.00	17.2
	Administrative Service	50,861,704.00	8,743,050.00	42,118,654.00	17.2
903004860		1,456,258.00	2,833,050.00	-1,376,792.00	194.5
	Promotion of Sports	-12,050,000.00	2,833,050.00	-14,883,050.00	-23.5
	Promotion of Culture and Heritage	13,506,258.00	0	13,506,258.00	0.0
904004860		-6,282,000.00	-249,000.00	-6,033,000.00	4.0
	Social Protection	-2,850,000.00	0	-2,850,000.00	0.0
	Gender, Children, Youth and People with Disability	-3,432,000.00	-249,000.00	-3,183,000.00	7.3
Administration, Planning and Support Service		215,938,044.00	41,134,731.30	174,803,312.70	19.1
	Administrative Service	215,938,044.00	41,134,731.30	174,803,312.70	19.1
Water Supply and Administration		7,651,391.00	551,600.00	7,099,791.00	7.2
	Water Supply Management	5,348,637.00	551,600.00	4,797,037.00	10.3
	Waste Water Management	2,302,754.00	0	2,302,754.00	0.0
Environmental Management Services		8,600,000.00	0	8,600,000.00	0.0
	Environmental Protection and Conservation	8,600,000.00	0	8,600,000.00	0.0
Natural Resource Management		4,550,000.00	0	4,550,000.00	0.0
	Natural Resources management	4,550,000.00	0	4,550,000.00	0.0
Grand Total		6,408,878,440.00	1,456,611,725.00	1,848,820,836.50	22.7

Source: Vihiga County Treasury

Programmes with high levels of implementation based on absorption rates were: Land Survey and Mapping Services in the Department of Physical Planning, Lands and Housing at 44.8 per cent, Early Childhood Development in the Department of Education, Science, Technical and Vocational Training at 42.7 per cent,

Administration, Planning and Support Service in the Department of Administration and Coordination of County Affairs at 34.6 per cent, and Administration, Planning and Support Service at 30.9 per cent of budget allocation.

Further, it was noted that a number of programmes had negative vote balances which was occasioned by reductions done during the supplementary budget. The County Government is advised to correct the negative balances before the end of the financial year.

3.46.13 Key Observations and Recommendations

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

1. Failure by Fund Administrators to submit financial and non-financial statements in line with Section 168 of the PFM Act, 2012.
2. Low absorption of development funds as indicated by the expenditure of Kshs.14.50 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.03 billion. The development expenditure represented 0.7 per cent of the annual development budget.
3. A high wage bill, which accounted for was 37.4 per cent of the first half proportional revenue of Kshs.3.20 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.52.27 million against an annual projection of Kshs.232.66 million, representing 22.5 per cent of the annual target.
5. High level of pending bills which amounted to Kshs.690.58 million at the beginning of the financial year. The report from the County Treasury did not report the payment to pending bills in the first half of the financial year.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
- iv. The County should address its revenue performance to ensure the approved budget is fully financed.
- v. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.47 County Government of Wajir

3.47.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.59 billion, comprising Kshs.4.24 billion (36.6 per cent) and Kshs.7.34 billion (63.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.47 billion (81.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (0.9 per cent) from own sources of revenue, and a cash balance of Kshs.499.62 million (4.3 per cent) from FY 2020/21. The County also expects to receive Kshs.1.51 billion (13.0 per cent) as conditional grants, which consists of Kshs.33.85 million for the Transforming Health System- World Bank, Kshs.18.93 million as DANIDA grants, Kshs.346.04 million as Kenya Climate Smart Agricultural Project, Kshs.15.63 million as EU Grants, Kshs.40.58 million as ASDSP, Kshs.600 million as Water and Sanitation, Kshs.88.55 million as Emergency Locust Responses Project, Kshs.4.43 million as 9th

Country programme implementation, Kshs.90.84 million as Kenya Urban Support Programme amount brought forward from FY 2020/21, KShs.127.35 million as Kenya Road Maintenance levy fund brought down from FY 2020/21 and Kshs.95 million as Kenya Devolution Support Programme brought down from FY 2020/21.

3.47.2 Revenue Performance

In the first half of FY 2021/22, the County received Kshs.3.93 billion as the equitable share of the revenue raised nationally, raised Kshs.15.50 million as own-source revenue and had a cash balance of Kshs.722.58 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.67 billion, as shown in Table 3.265.

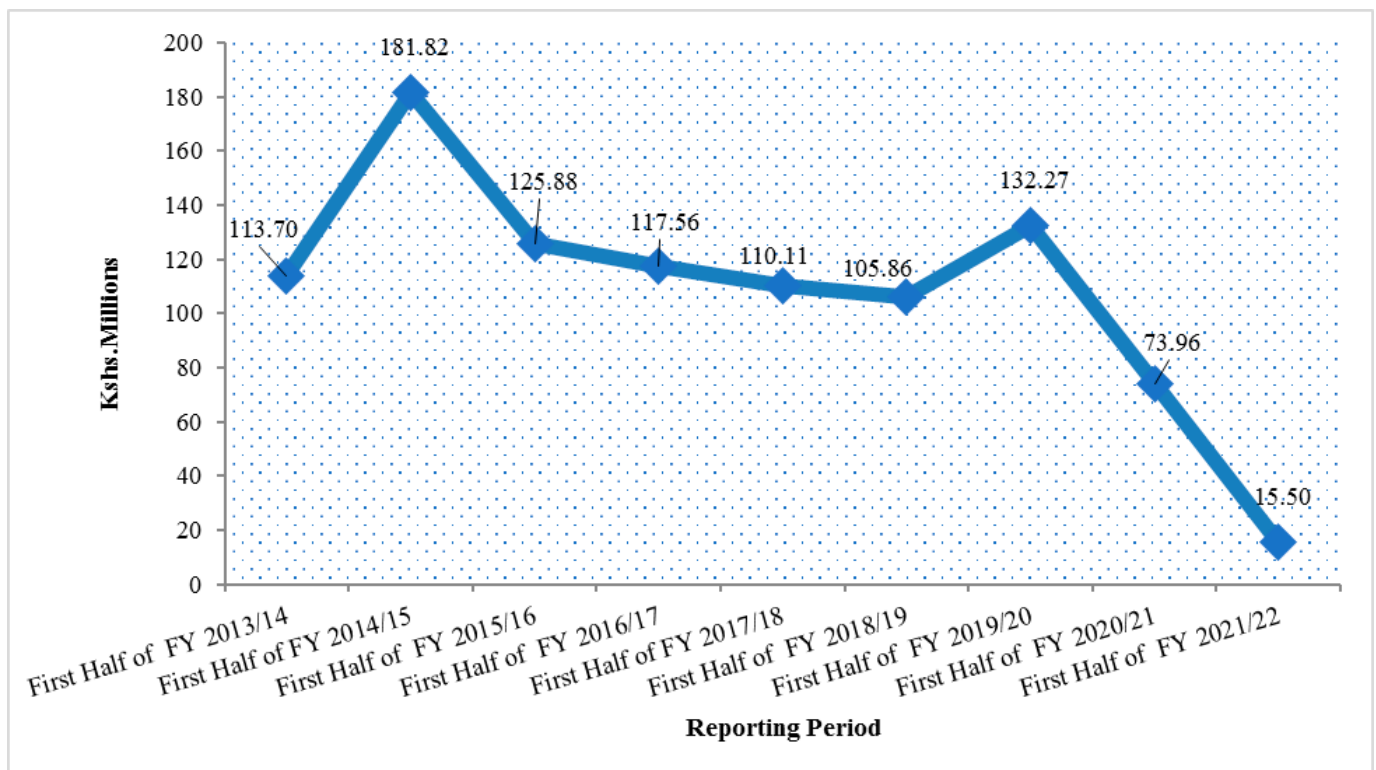
Table 3.265: Wajir County, Revenue Performance in the First Half of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,474,726,151	3,932,011,358	42.0
Sub Total		9,474,726,151	3,932,011,358	42.0
B	Other Sources of Revenue			
1.	Own Source Revenue	100,000,000	15,500,000	15.5
2.	Conditional Grants	1,511,207,274	-	-
3.	Balance b/f from FY 2020/21	499,622,360	722,577,265	144.6
Sub Total		2,110,829,634	738,077,265	35.0
Grand Total		11,585,555,785	4,670,088,623	40.3

Source: Wajir County Treasury

Figure 3.91 shows the trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 3.91: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Wajir County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.15.5 million as own-source revenue. This amount represented a decrease of 37.9 per cent compared to Kshs.24.96 million realised during a similar period in the first half of FY 2020/21 and was 15.5 per cent of the annual target. The County is yet to implement an automated revenue management system.

3.47.3 Exchequer Issues

The Controller of Budget approved Kshs.3.77 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.232.30 million (6.2 per cent) for development programmes and Kshs.3.54 billion (93.8 per cent) for recurrent programmes.

3.47.4 Overall Expenditure Review

The County spent Kshs.3.77 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.232.30 million and Kshs.3.54 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.5 per cent, while recurrent expenditure represented 48.2 per cent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.3.82 billion, and the entire amount of the pending bill was for development expenditure. At the beginning of the FY 2021/22, the County prepared a payment plan to settle the part of the bills in the financial year amounting to 1.42 billion.

During the period under review, the County Government of Wajir did not report any payment towards settlement of pending bills.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.24 billion was spent on employee compensation, Kshs.1.29 billion on operations and maintenance, and Kshs.232.30 million on development activities, as shown in Table 3.266.

Table 3.266: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,488,514,507	853,341,593	3,070,159,805	464,212,448	47.3	54.4
Compensation to Employees	4,151,824,677	421,063,504	1,987,401,373	252,425,876	47.9	59.9
Operations and Maintenance	2,336,689,830	432,278,089	1,082,758,432	211,786,572	46.3	49.0
Development Expenditure	4,203,699,685	40,000,000	232,301,436	-	5.5	-
Total	10,692,214,192	893,341,593	3,302,461,241	464,212,448	30.9	52.0

Source: Wajir County Treasury

3.47.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 38.7 per cent of the first half proportional revenue of Kshs.5.79 billion.

The wage bill of Kshs.2.24 billion includes Kshs.708.27 million attributes to the Health Sector, which translates to 31.6 per cent of the total wage bill in the reporting period.

3.47.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.310 million

to county established funds in FY 2021/22, which constituted 2.7 per cent of the County’s overall budget for the year. Table 3.267 below summarises each established fund’s budget allocation and performance during the reporting period.

Table 3.267: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Bursaries	100,000,000				N/A	No
2.	Emergency Fund	130,000,000				N/A	No
3.	Climate Change	80,000,000				N/A	No
Total		310,000,000					

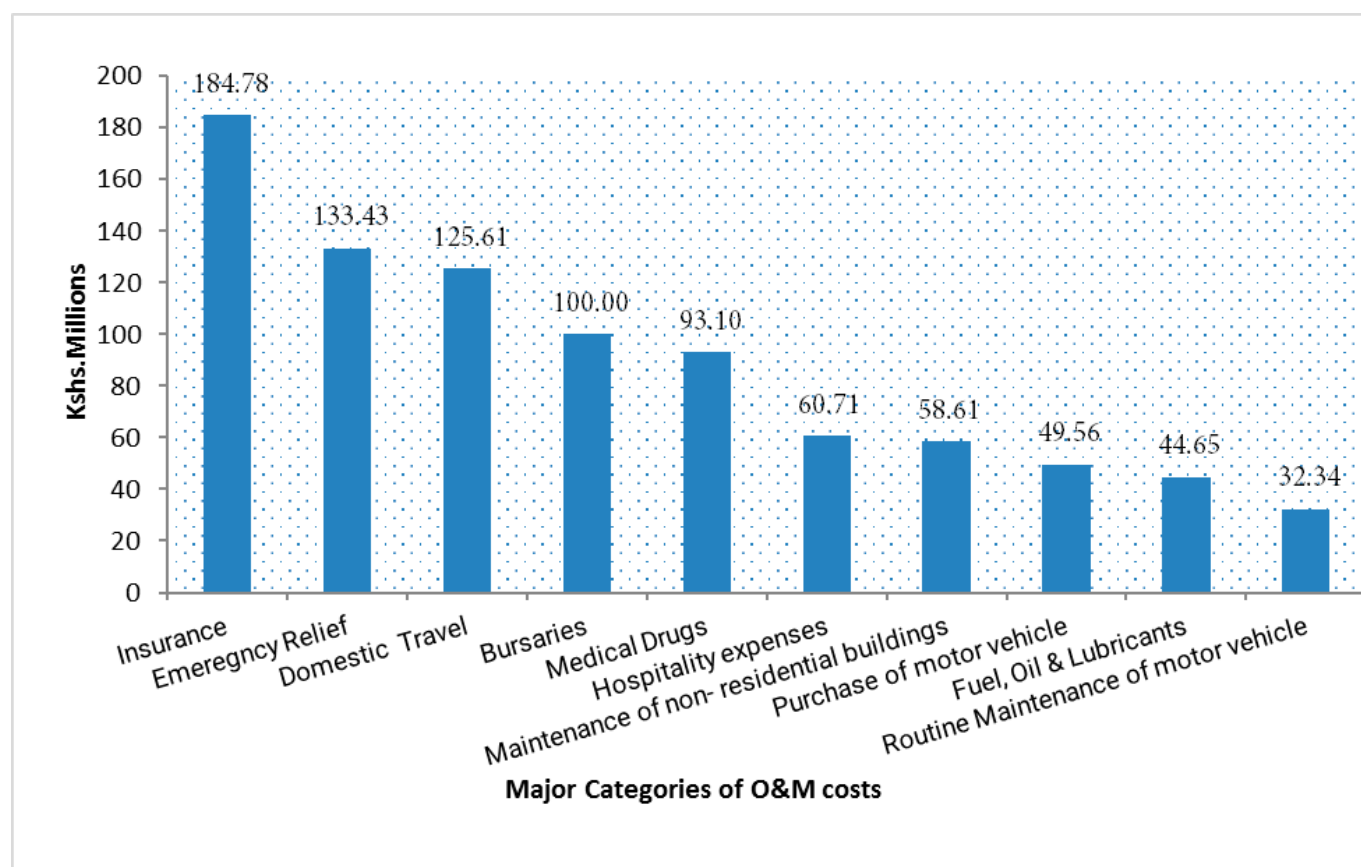
Source: Wajir County Treasury

The OCoB did not receive quarterly financial returns from Fund Administrators of the established funds, as indicated in Table 3.267.

3.47.9 Expenditure on Operations and Maintenance

Figure 3.92 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.92: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: Wajir County Treasury

The County spent Kshs.7.16 million on committee sitting allowances for the 50 MCAs and Speaker against the annual budget allocation of Kshs.12.78 million. The average monthly sitting allowance was Kshs.25,371 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.125.61 million and comprised Kshs.116.33 million spent by the County Assembly and Kshs.9.28 million by the County Executive. Spending on foreign travel amounted to Kshs.337, 600 and the County Assembly spent the entire amount.

3.47.10 Development Expenditure

The County incurred Kshs.232.30 million on development programmes, which represented a decrease of 71.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.817.36 million. Table 3.268 summarises development projects with the highest expenditure in the reporting period.

Table 3.268: Wajir County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Proposed Supply and delivery of boreholes spare parts	Countywide	43,810,000	43,810,000	100
2.	Proposed supply and delivery of genset	Countywide	25,528,000	25,528,000	100
3.	Proposed supply and delivery of heavy-duty collapsible tanks of 10,000 litre	Countywide	15,000,000	15,000,000	100
4.	Proposed Construction, Completion and operationalization of modern health centre	Banane	13,000,000	13,000,000	100
5.	Routine maintenance of Wajir high-Gulguf road	Wajir East	4,955,500	4,955,500	100
6.	Proposed beautification, bush clearing and signage at Makoror Dispensary	Wagalla	4,900,000	4,900,000	100
7.	Proposed construction of generator shed, supply and equipping of Makoror	Wagalla	4,900,000	4,900,000	100
8.	Drilling, development and test pumping of boreholes at Dardar	Diif	4,458,808	4,458,808	100
9.	Drilling, development and test pumping of boreholes at Sangow	Tarbaj	4,449,180	4,449,180	100
10.	Routine maintenance of Hathe- Kubermani Road	Sarman	3,987,196	3,987,196	100

Source: Wajir County Treasury

3.47.11 Budget Performance by Department

Table 3.269 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 3.269: Wajir 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	522.49	-	277.92	-	255.51	-	48.9	-	48.9	-
County Assembly	853.34	40.00	464.46	-	464.21	-	54.4	-	54.4	-
Finance and Economic Planning	750.05	-	356.11	-	366.41	-	48.9	-	48.9	-
Public Health, Medical Service and Sanitation	2,496.30	634.50	1,103.28	26.70	1,107.31	26.70	44.4	4.2	44.4	4.2
Water Resources	292.56	707.00	158.96	114.52	160.84	114.52	55.0	16.2	55.0	16.2
Public Works, Housing and Physical Planning	79.93	248.00	22.61	-	23.01	-	28.8	-	28.8	-
Roads and Transport	132.58	494.55	60.51	23.69	58.49	23.69	44.1	4.8	44.1	4.8
Agriculture, Livestock and Fisheries	233.35	759.17	115.96	-	118.04	-	50.6	-	50.6	-
Education, Youth, Gender and Social Services	573.19	218.58	289.15	10.19	289.18	-	50.5	-	50.5	-
ICT and E-Government, Trade, Industrialization and Cooperative Development	195.22	61.90	81.81	-	80.49	-	41.2	-	41.2	-
Public Services, Special Program and Decentralization Unit	653.21	66.40	336.33	-	341.53	-	52.3	-	52.3	-

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
Energy, Environment and Natural Resources	85.07	200.76	29.56	5.20	29.81	5.20	35.0	2.6	35.0	2.6
CPSB	83.60	-	32.96	-	33.21	-	39.7	-	39.7	-
WAJWASCO	174.11	672.00	94.67	52.00	95.08	52.00	54.6	7.7	54.6	7.7
Wajir Municipality	216.84	140.84	111.00	-	111.25	-	51.3	-	51.3	-
Total	7,341.86	4,243.70	3,535.29	232.30	3,541.37	232.30	48.2	5.5	48.2	5.5

Source: Wajir County Treasury

Analysis of expenditure by the departments shows that the Department of Water Resource recorded the highest absorption rate of development budget at 16.2 per cent. The Department of Water Resource had the highest percentage of recurrent expenditure to budget at 55.0 per cent, while the Department of Public Works, Housing and Physical Planning had the lowest at 28.8 per cent.

3.47.12 Budget Execution by Programmes and Sub-Programmes

Table 3.270 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.270: Wajir County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Executive					
Coordination and Supervisory Services	Governor	492,168,510	250,152,277	242,016,233	50.8
Coordination and Supervisory Services	Deputy Governor	20,000,000	3,000,000	17,000,000	15.0
Coordination and Supervisory Services	County Secretary	10,320,000	2,360,000	7,960,000	22.9
	Total	522,488,510	255,512,277	266,976,233	48.9
County Assembly					
General Administration and support services	General Administration and Support Services	893,341,593	464,212,448	429,129,145	52.0
	Total	893,341,593	464,212,448	429,129,145	52.0
Finance and Economic Planning					
Accounting Services	Treasury	643,190,612	334,865,193	308,325,419	52.1
County Statistics	Economic planning	32,452,200	6,213,848	26,238,352	19.1
Revenue Services	Revenue	29,813,792	5,527,424	24,286,368	18.5
Budget management services	Budget	14,796,700	7,239,600	7,557,100	48.9
Internal Audit	Internal Audit	9,520,725	2,400,000	7,120,725	25.2
Supply Chain Management	Procurement	20,276,000	10,163,396	10,112,604	50.1
	Total	750,050,029	366,409,461	383,640,568	48.9
Road and Transport					
General Administration and support services	General Administration and Support Services	205,696,574	53,860,446	151,836,128	26.2
County Transport Services	Transport	421,429,086	28,321,281	393,107,805	6.7
	Total	627,125,660	82,181,727	544,943,933	13.1
Water and Irrigation					
Water Supplies Overhaul and maintenance Services	Water Supplies Overhaul	390,000,000	114,518,824	275,481,176	29.4
Infrastructure development Services	New Infrastructure development Services	317,000,000	-	317,000,000	0.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration and support services	General Administration and Support Services	292,561,124	160,838,741	131,722,383	55.0
	Total	999,561,124	275,357,565	724,203,559	27.5
Energy, Environment and Natural Resources					
Energy Service	Energy	35,485,724	29,812,136	5,673,588	84.0
Environment Conserva-tive Services	Environment	242,383,304	5,200,009	237,183,295	2.1
Wildlife and Tourism	Natural Resources	7,954,800			
	Total	285,823,828	35,012,145	250,811,683	12.2
Public Health, Medical Service and Sanitation					
Curative, Rehabilitative and Referral Services	Curative	831,812,000	115,393,169	716,418,831	13.9
Preventive and Promo-tive Services	Preventive	151,787,000	124,764,247	27,022,753	82.2
Special Program Service	Special Programme	17,600,000	-	17,600,000	0.0
Health Research	Research	13,256,000	3,971,517	9,284,483	30.0
General Administration and support services	General Administration and Support Services	2,008,254,734	889,877,621	1,118,377,113	44.3
Family Health	Family Health	108,119,183		108,119,183	
	Total	3,130,828,917	1,134,006,554	1,996,822,363	36.2
Education , Youth, Gen-der and Social Services					
ECD Support Service	ECD	674,919,328	276,577,613	398,341,715	41.0
Infrastructure develop-ment	Vocational training and Youth Affairs	17,653,000	2,375,871	15,277,129	13.5
Social Services	Social Services	40,044,400		40,044,400	0.0
Gender/Social Services	Gender	44,484,100	19,968,621	24,515,479	44.9
Promotion of Culture and Heritage Services	Heritage and Library Services	14,667,800	448,800	14,219,000	3.1
	Total	791,768,628	299,370,905	492,397,723	37.8
Agriculture, Livestock and Fisheries					
Agriculture Services	Agriculture	218,473,480	117,790,731	100,682,749	53.9
Livestock Resources Management and Develop-ment	Livestock/Veterinary	707,873,981	150,000	707,723,981	-
Fisheries Development and Management	Fisheries	15,436,400	100,000	15,336,400	0.6
Irrigation Management Services	Irrigation	50,734,400	-	50,734,400	0.0
	Total	992,518,261	118,040,731	874,477,530	11.9
ICT and E-Govern-ment, Trade, Industrial-ization and Cooperative Development					
Trade Services	Trade	204,458,180	75,964,210	128,493,970	37.2
Industry Service	Industrialization	6,322,260	-	6,322,260	-
Cooperative Service	Cooperative	22,892,740	-	22,892,740	-
ICT Infrastructure	ICT Services	23,450,000	4,526,995	18,923,005	19.3
	Total	257,123,180	80,491,205	176,631,975	31.3
Public Works, Housing and Physical Planning					
Land Policy	Lands	69,374,621	23,009,712	46,364,909	33.2
Physical Planning	Physical Planning	162,398,600	-	162,398,600	-
Public Works	Public Works	96,155,900	-	96,155,900	-
	Total	327,929,121	23,009,712	304,919,409	7.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Services, Special Program and Decentralization Unit					
Service Delivery and Performance Management	Public Services	499,448,217	272,975,768	226,472,449	54.7
Decentralization Unit	Decentralised units	82,050,640		82,050,640	-
Public Participation Service	Public Participation	14,614,000	600,000	14,014,000	4.1
Conflict, Prevention, Management and Resolution	Conflicts Resolution	17,191,851	14,311,628	2,880,223	83.2
County Executive Services- Intergovernmental Relation	Intergovernmental	8,636,624	-	8,636,624	-
Special Program and Disaster Management	Disaster Management	75,519,800	52,293,749	23,226,051	69.2
Performance Appraisal Service	Performance Appraisal	14,808,000	500,000	14,308,000	3.4
Governance and Ethics	Governance/ ethics	7,337,600	850,000	6,487,600	11.6
	Total	719,606,732	341,531,145	378,075,587	47.5
County Public Service Board					
General Administration and support services	General Administration and Support Services	83,595,808	33,206,917	50,388,891	39.7
	Total	83,595,808	33,206,917	50,388,891	39.7
WAJWASCO					
General Administration and support services	General Administration and Support Services	846,109,130	147,082,484	699,026,646	17.4
	Total	846,109,130	147,082,484	699,026,646	17.4
Municipality					
General Administration and support services	General Administration and Support Services	357,685,264	111,248,415	246,436,849	31.1
	Total	357,685,264	111,248,415	246,436,849	31.1
Grand Total		11,585,555,785	3,766,673,690	7,818,882,095	32.5

Source: Wajir County Treasury

Programmes with high levels of implementation based on absorption rates were: Energy in the Department of Energy, Environment and Natural Resource at 84 per cent, Conflict Resolution in the Department of Public Service, Special Program and Decentralization Unit at 83.2 per cent, Preventive and Promotive Service in the Department of Public Health, Medical Service and Sanitation at 82.2 per cent, and Disaster Management in the Department of Public Service, Special Program and Decentralization Unit at 69.2 per cent of budget allocation.

3.47.13 Key Observations and Recommendations

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

1. 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.232.30 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.4.24 billion. The development expenditure represented 5.5 per cent of the annual development budget.
3. A high wage bill, which accounted for 38.7 per cent of the first half proportional revenue of Kshs.5.79 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.15.5 million against an annual projection of Kshs.100 million, representing 15.5 per cent of the annual target.

5. Failure to settle pending bills which amounted to Kshs.3.82 billion as at the beginning of the financial year.
6. Failure by Fund Administrators to submit financial and non-financial reports for the established county funds to the Controller of Budget, which is against the requirement in Section 168 of the PFM Act, 2012.

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

- i. 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.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
- iv. The County should address its revenue performance to ensure the approved budget is fully financed.
- v. The County leadership should take charge of the pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
- vi. The CECMF should ensure all Fund Administrators prepare and submit financial and non-financial reports in line with the law.

3.48 West Pokot County

3.48.1 Overview of FY 2021/22 Budget

The county's approved budget for FY 2021/22 was Kshs.7.61 billion, comprising Kshs.2.84 billion (37.4 per cent) and Kshs.4.78 billion (62.6 per cent) allocations for Development and Recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.30 billion (83.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2.2 per cent) from own sources of revenue, and a cash balance of Kshs.586.71 million (7.7 per cent) from FY 2020/21. The County also expects to receive Kshs.559.95 million (7.4 per cent) as conditional grants, which consists of Kshs.353.54 million for Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.51.22 million for Transforming Health Systems for Universal care Project (WB), Kshs.66.27 million for Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.11 million for Instruments for Devolution Advice and Support (IDEAS), Kshs.34.5 million for Emergency Locusts Project, Kshs.32.31 million for Agricultural Sector Development Support Programme (ASDSP) II, and Kshs.11.29 million for DANIDA Primary Health Care.

3.48.2 Revenue Performance

In the second quarter of FY 2021/22, the County received Kshs.1.64 billion as the equitable share of the revenue raised nationally, raised Kshs.58.49 million as own-source revenue, Kshs.83.62 million as conditional grants, and had a cash balance of Kshs.586.71 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.37 billion, as shown in Table 3.271.

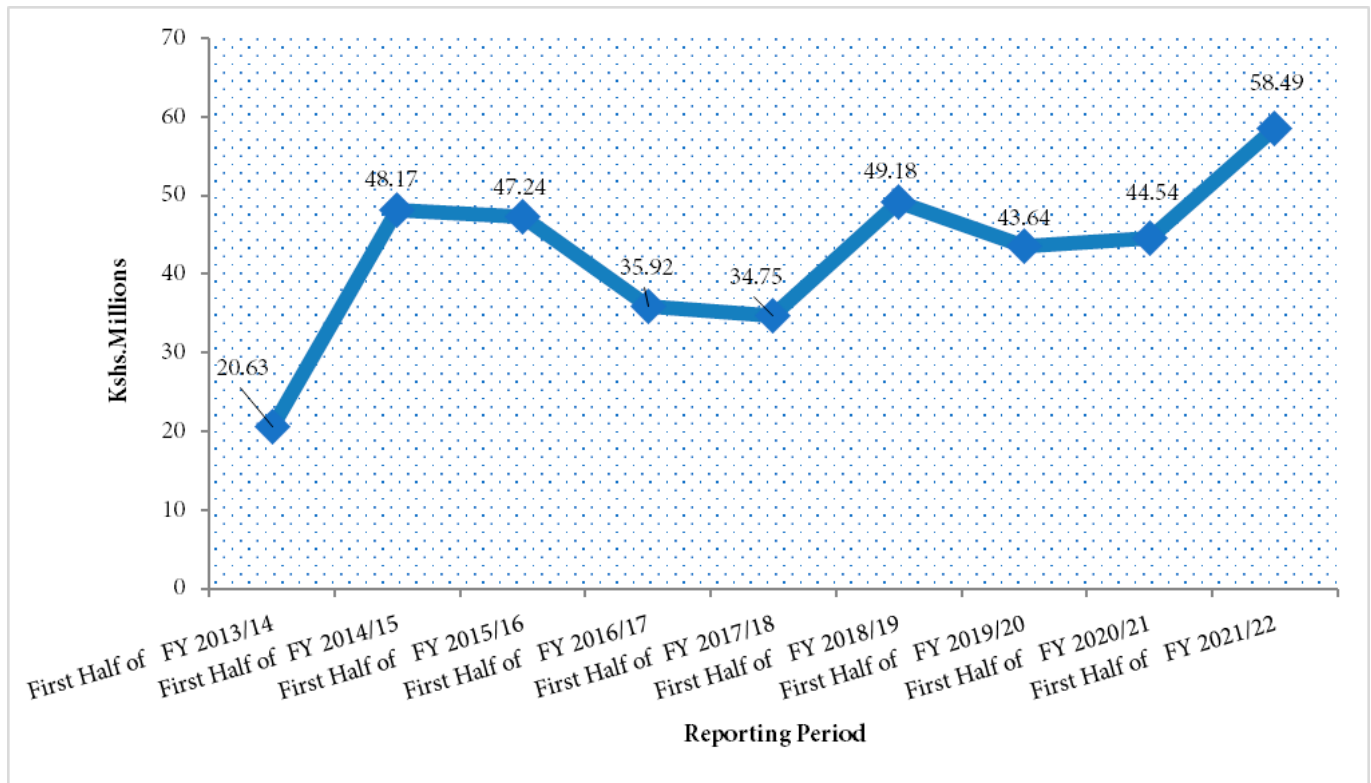
Table 3.271: West Pokot County, Revenue Performance in the Second Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,297,284,329	1,644,388,191	26.1
Sub Total		6,297,284,329	1,644,388,191	26.1
D	Other Sources of Revenue			
1	Own Source Revenue	170,000,000	58,491,200	34.4
2	Balance b/f from FY 2020/21	586,711,191	586,711,191	100.0
3	Other Revenues / Conditional Grants	559,953,126	83,615,102	14.9
Sub Total		1,316,664,317	728,817,493	55.4
Grand Total		7,613,948,646	2,373,205,684	31.2

Source: West Pokot County Treasury

Figure 3.93 shows the annual trend in own-source revenue collection for the first quarter from FY 2013/14 to the second quarter of FY 2021/22.

Figure 3.93: West Pokot County Annual Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: West Pokot County Treasury

During the first half of FY2021/22, the County generated Kshs.58.49 million as own-source revenue. This amount represented an increase of 31.1 per cent compared to Kshs.44.61 million realised during the same period in FY 2020/21 and was 34.4 per cent of the annual target. The increase is primarily attributed to improvement in collection systems installed in the period under review.

3.48.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.37 million from the CRF account during the reporting period. The amount was Kshs.2.22 million for recurrent programmes and Kshs.148.51 million for development programmes.

3.48.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.3.37 billion on development and recurrent programmes. The expenditure represented 100.3 per cent of the total funds released by the COB and comprised Kshs.155.98 million and Kshs.2.23 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.5 per cent, while recurrent expenditure represented 46.7 per cent of the annual recurrent budget.

3.48.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.162.56 million and comprised of Kshs.47.92 million for recurrent expenditure and Kshs.114.64 million for development expenditure. At the beginning of FY 2021/22, the county prepared and submitted a payment plan to settle the entire bills in the financial year.

During the period under review, the County made payments of Kshs.32.84 million towards pending bills for both recurrent expenditure and development programmes. Outstanding pending bills as of 31st December 2021 were Kshs.129.72 million.

3.48.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.32 billion was spent on employee compensation, and Kshs.879.22 million on operations and maintenance, as shown in Table 3.272.

Table 3.272: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,157,269,386	612,707,541	1,970,784,361	231,300,166	47.4	37.8
Compensation to Employees	2,591,888,242	342,314,829	1,235,468,516	87,391,734	47.7	25.5
Operations and Maintenance	1,565,381,144	270,392,712	735,315,845	143,908,432	47.0	53.2
Development Expenditure	2,678,571,720	165,400,000	133,631,450	22,350,676	5.0	13.5
Total	6,835,841,106	778,107,541	2,104,415,811	253,650,842	30.8	32.6

Source: West Pokot County Treasury

3.48.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 34.7 per cent of the proportional revenue of Kshs.3.81 billion.

The wage bill of Kshs.1.32 billion includes Kshs.616.25 million attributable to the health sector, which translates to 46.7 per cent of the total wage bill in the reporting period.

3.48.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.674 million to county established funds in FY 2021/22, which constituted 8.9 per cent of the County's overall budget for the year. Table 3.273 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.273: County Established Fund performance as of 31st December 2021

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st December 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Infrastructure Development Fund	72,500,000		-	-	N/a	No
2.	West Pokot County Bursary Fund	443,000,000	-	400,000,000	-	Yes	N/a
3.	West Pokot County Emergency Fund	5,000,000	-	-	-	N/a	No
4.	Co-operative Development Fund	40,000,000		-		N/a	No
5.	Facility Improvement Fund	79,500,000		34,534,048		Yes	N/a
6.	West Pokot County Assembly Members Car & Mortgage Fund		34,000,000	-	-	N/a	No
Total		640,000,000	34,000,000	434,534,048	-		

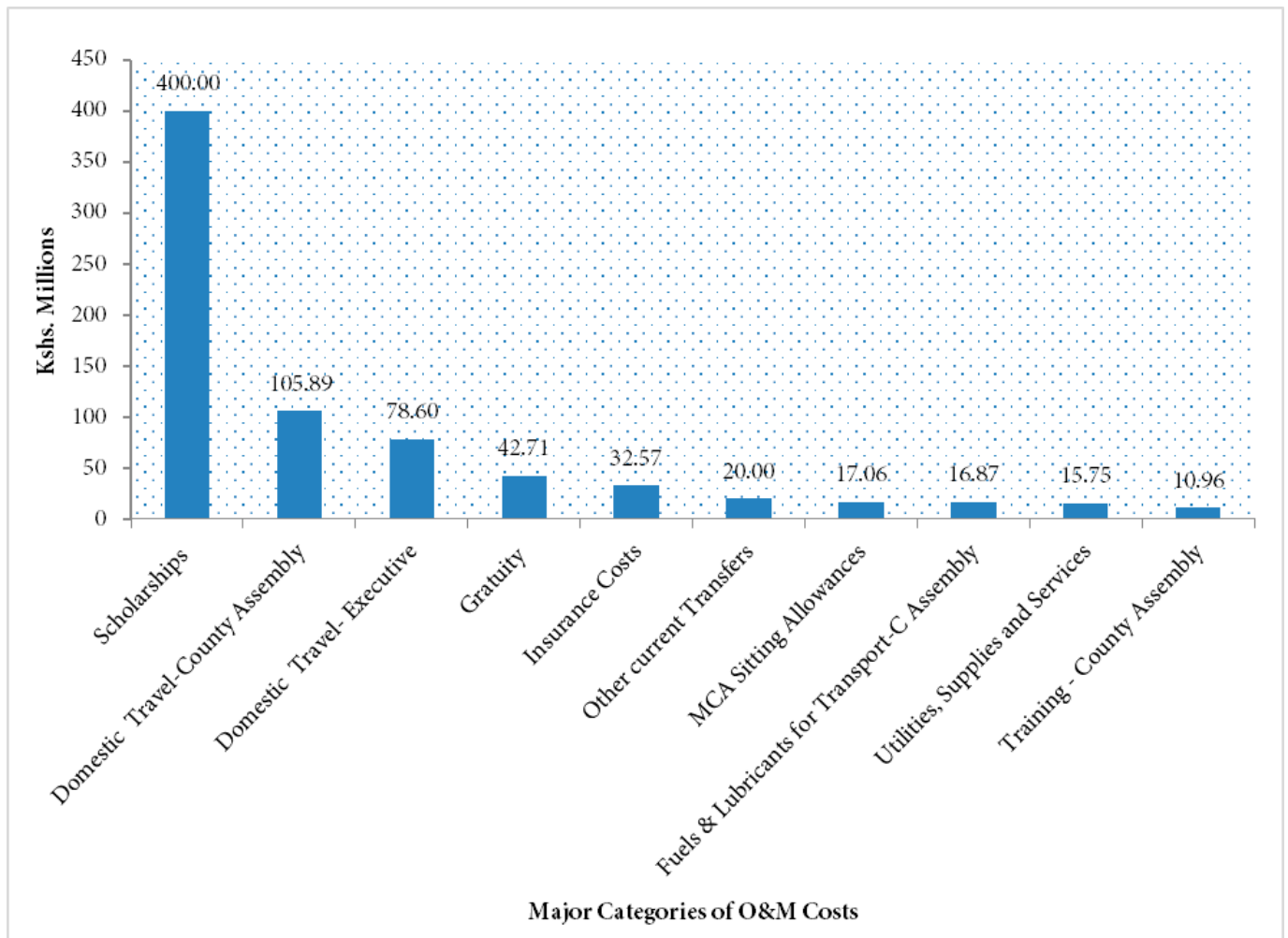
Source: West Pokot County Treasury

From the five county established public funds, the Office of Controller of Budget received quarterly financial returns from the Fund Administrators of the West Pokot County Bursary Fund and the Facility Improvement Fund, as indicated in Table 3.273.

3.48.9 Expenditure on Operations and Maintenance

Figure 3.94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.94: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: West Pokot County Treasury

The County spent Kshs.17.06 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.31.79 million. The average monthly sitting allowance was Kshs.83,607 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.184.49 million and comprised Kshs.105.89 million spent by the County Assembly and Kshs.78.6 million by the County Executive.

3.48.10 Development Expenditure

The County incurred Kshs.155.98 million on development programmes, which represented a decrease of 7.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.168.31 million. Table 3.274 summarises development projects with the highest expenditure in the reporting period.

Table 3.274: West Pokot County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Completion of Peace Border Schools (Akulo, Kanyerus, Katikomor)	Various Wars	15,000,000	15,000,000	100
2	Proposed Construction of Pediatric Ward at Sigor Hospital	Weiwei ward	4,999,475	4,999,953	100
3	Proposed Construction of Pediatric Ward at Kabichbich Hospital	Lelan Ward	4,999,760	4,999,760	100
4	Proposed Construction of Pediatric Ward at Chepareria Hospital	Chepareia ward	4,999,761	4,991,474	100
5	Perimeter Wall Mifugo House	Kapenguria ward	4,312,436	4,312,436	100
6	Proposed Construction of Renal Unit Septic Tank at Kcrh	Kapenguria Ward	4,991,953	4,192,120	84
7	Construction of Sirwach-Kapurkut Road	Endugh Ward	4,362,346	3,837,028	88
8	Construction of Sekwang-Sawayan-Kaitukum Main Road (Dozer Works)-RIWO WARD	Riwo Ward	2,491,564	2,491,564	100
9	Kacheliba Sub-County Hospital Cabling and Power Connection	Suam ward	2,400,000	2,399,402	100
10	Construction of Kosupko-Sakat Road- Lomut Ward (New	Lomut Ward	2,099,020	2,099,020	100

Source: West Pokot County Treasury

3.48.11 Budget Performance by Department

Table 3.275 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.275: 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
Office of the Governor	458.17	168.86	197.58	-	197.58	-	100.0	-	43.1	-
Finance and Economic Planning	273.83	145.80	101.94	2.00	102.62	2.00	100.7	100.0	37.5	1.4
Roads, Public Works, Transport and Infrastructure	82.25	399.02	35.75	13.33	35.75	35.80	100.0	268.6	43.5	9.0
Health, Sanitation and Emergencies	1,596.81	278.03	738.94	31.85	738.94	31.85	100.0	100.0	46.3	11.5
Education and Technical Training	833.84	273.05	541.19	17.56	541.19	2.56	100.0	14.6	64.9	0.9
Agriculture and Irrigation	98.45	489.68	43.24	-	43.84	-	101.4	-	44.5	-
Pastoral Economy	101.48	194.94	42.25	17.71	42.25	17.71	100.0	100.0	41.6	9.1
Trade, Industrialization, Investment & Cooperatives	132.99	203.25	59.44	4.99	59.44	4.99	100.0	100.0	44.7	2.5
Land, Housing, Physical Planning and Urban Dev	109.79	93.70	50.15	1.55	50.15	1.55	100.0	100.0	45.7	1.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Environment and Natural Resources	81.35	310.15	34.58	21.45	34.58	21.45	100.0	100.0	42.5	6.9
Tourism, Youth, Sports, Gender and Social Services	73.06	47.08	27.81	15.71	27.81	15.71	100.0	100.0	38.1	33.4
County Public Service, ICT & Decentralized Units	274.77	75.00	108.56	-	108.56	-	100.0	-	39.5	-
Intergovernmental, Special Programmes and Directorates	40.49	-	11.96	-	11.96	-	100.0	-	29.5	-
County Assembly	612.71	165.40	231.30	22.35	231.30	22.35	100.0	100.0	37.8	13.5
Total	4,769.98	2,843.97	2,224.70	148.51	2,225.98	155.98	100.1	105.0	46.7	5.5

Source: West Pokot County Treasury

Analysis of expenditure by the departments shows that the Department of Tourism, Youth, Sports, Gender and Social Services recorded the highest absorption rate of development budget at 33.4 per cent. The Department of Education and Technical Training had the highest percentage of recurrent expenditure to budget at 64.9 per cent while the Intergovernmental, Special programmes and Directorates reported the lowest at 29.5 per cent.

3.48.12 Budget Execution by Programmes and Sub-Programmes

Table 3.276 summarises the budget execution by programmes and sub-programmes in the first half of FY 2021/22.

Table 3.276: West Pokot County budget execution by programmes and sub-programmes

Programme	Sub- Programme	Final Budget	Actual payment	Variance	Absorption Rate
		Kshs	Kshs	Kshs	%
County Executive					
	SP 1 - (General Administration, Planning And Support Services)	559,128,314	181,606,961	377,521,353	32.5
	SP 2 -(County Public Service Board	19,097,120	3,774,498	15,322,622	19.8
	SP 3 -(County Executive Affairs)	34,337,415	8,569,595	25,767,820	25.0
	SP 4-(Liaison And Intergovernmental Service)	14,473,815	3,629,699	10,844,116	25.1
	Total	627,036,664	197,580,753	429,455,911	31.5
Finance & Economic Planning					
	SP 1(General Administration, Planning And Support Services	343,844,902	90,549,744	253,295,158	26.3
	Sp 2-(Treasury Accounting Services)	4,859,823	1,252,900	3,606,923	25.8
	SP 3-(Supply Chain Management Services)	3,068,000	854,900	2,213,100	27.9
	Sp 4-(Resource Mobilization)	7,710,000	2,145,600	5,564,400	27.8
	SP 5-(Internal Audit Services)	4,043,600	2,334,650	1,708,950	57.7
	SP 6-(Budget Formulation Services)	9,446,000	2,563,029	6,882,971	27.1

Programme	Sub- Programme	Final Budget	Actual payment	Variance	Absorption Rate
		Kshs	Kshs	Kshs	%
	Sp 7-(Economic Planning)	43,861,505	3,711,700	40,149,805	8.5
	SP 8-(Monitoring And Evaluation)	2,800,000	1,202,900	1,597,100	43.0
	Total	419,633,830	104,615,423	315,018,407	24.9
Roads, Public Works, Transport And Infrastructure					
	SP 1(General Administration, Planning And Support Services)	76,485,590	34,789,095	41,696,495	45.5
	Sp 2(Road Transport)	237,682,188	29,376,918	208,305,270	12.4
	Sp 3(Construction Of Bridges)	20,000,000	-	20,000,000	-
	SP 4(Public Works)	1,580,000	-	1,580,000	-
	Sp 5-(Ward Specific Projects)	145,522,984	7,388,510	138,134,474	5.1
	Total	481,270,762	71,554,523	409,716,239	14.9
Health And Sanitation					
	SP 1(General Administration, Planning And Support Services)	1,297,957,337	631,586,019	666,371,318	48.7
	Sp 2-(Preventive Health Services)	75,166,000	26,104,965	49,061,035	34.7
	Sp 3-(Curative Health Services)	288,286,050	61,500,375	226,785,675	21.3
	SP 4-(Kacheliba Sub County Hospital)	12,940,000	5,242,600	7,697,400	40.5
	SP 5-(Sigor Sub County Hospital)	12,860,000	1,283,385	11,576,615	10.0
	SP 6-(Chepareria Sub County Hospital)	12,860,000	273,000	12,587,000	2.1
	Sp 7(Facility Improvement Fund)	79,500,000	34,534,048	44,965,952	43.4
	Sp 8(Ward Specific)	95,264,774	10,271,667	84,993,107	10.8
	Total	1,874,834,161	770,796,059	1,104,038,102	41.1
Education And Technical Training					
	SP 1(General Administration , Planning And Support Services)	465,437,289	127,934,107	337,503,182	27.5
	Sp 2 -(ECD Services)	39,659,648	12,688,661	26,970,987	32.0
	SP 3-(Youth Vocational Training)	23,805,408	566,200	23,239,208	2.4
	Sp 4-(Bursary Fund)	443,000,000	400,000,000	43,000,000	90.3
	SP 5 - (Ward Specific)	134,986,426	2,564,546	132,421,880	1.9
	Total	1,106,888,771.00	543,753,514.91	563,135,256.09	49.1
Agriculture And Irrigation					
	SP 1 - (General Administration, Planning And Support Services)	94,658,315	41,782,459	52,875,856	44.1
	SP 2-(Crop Development And Management)	460,924,020	788,240	460,135,780	0.2
	Sp 3-(Cash Crop Production(Special Programmes)	11,142,000	666,500	10,475,500	6.0
	SP 4 -(Ward Specific)	21,400,000	-	21,400,000	-
	Total	588,124,335	43,237,199	544,887,136	7.4
Pastoral Economy					
	SP 1 - (General Administration , Planning And Support Services)	88,772,569	40,611,979	48,160,590	45.7
	SP 2 - (Livestock Production And Range Management)	132,466,492	15,900,836	116,565,656	12.0

Programme	Sub- Programme	Final Budget	Actual payment	Variance	Absorption Rate
		Kshs	Kshs	Kshs	%
	SP 3-(Livestock Disease Management)	5,718,400	697,550	5,020,850	12.2
	Sp 4-(Fisheries Development)	434,400	-	434,400	-
	Sp 5-(Nasukuta Livestock Improvement Center)	528,000	-	528,000	-
	SP 6 -(Ward Specific)	65,363,350	2,398,756	62,964,594	3.7
	Sp 7 -(Dairy Development(Special Programmes))	3,142,000	353,500	2,788,500	11.3
	Total	296,425,211	59,962,620	236,462,591	20.2
Trade, Industrialization, Investment & Cooperatives Development					
	SP 1 - (General Administration , Planning And Support Services)	83,739,786	37,605,737	46,134,049	44.9
	Sp 2-(Cooperative Development)	221,643,155	25,325,868	196,317,287	11.4
	SP 3 - (Trade, License And Market Development)	6,360,000	500,000	5,860,000	7.9
	SP 4-(Ward Specific)	24,495,615	997,362	23,498,253	4.1
	Total	336,238,556	64,428,967	271,809,589	19.2
Lands, Housing, Physical Planning And Urban Development					
	SP 1 - (General Administration ,Planning And Support Services)	78,357,393	38,425,381	39,932,012	49.0
	SP 2 -(Land Policy And Physical Planning)	2,348,800	1,200,000	1,148,800	51.1
	Sp 3-(Housing Development)	912,000	371,950	540,050	40.8
	Sp 4-(Urban Development)	12,635,400	3,460,215	9,175,185	27.4
	Sp 5-(Kapenguria Municipality)	107,134,000	8,242,989	98,891,011	7.7
	SP 6-(Ward Specific)	2,101,728	-	2,101,728	-
	Total	203,489,321	51,700,534	151,788,787	25.4
Water , Environment And Natural Resources					
	SP 1 - (General Administration, Planning And Support Services)	67,663,452	28,713,401	38,950,051	42.4
	Sp 2 -(Water Supply Services)	132,643,572	11,799,367	120,844,205	8.9
	Sp 3 -(Environment & Natural Resource Development)	14,081,280	364,700	13,716,580	2.6
	Sp 4 -(Ward Specific)	177,111,593	15,152,254	161,959,339	8.6
	Total	391,499,897	56,029,722	335,470,175	14.3
Youth, Sports, Tourism, Gender And Social Services					
	SP 1 - (General Administration, Planning And Support Services)	52,962,504.00	22,792,518.50	30,169,985.50	43.0
	Sp 2-(Tourism Development)	3,478,413.00	1,346,500.00	2,131,913.00	38.7
	SP 3-(Gender, Youths And Sports Development)	48,208,853.00	18,386,904.00	29,821,949.00	38.1
	SP 4(Culture And Social Development)	1,939,718.00	-	1,939,718.00	-
	Sp 5-(Ward Specific)	13,552,289.00	999,920.00	12,552,369.00	7.4
	Total	120,141,777.00	43,525,842.50	76,615,934.50	36.2
County Public Service, ICT And Decentralized Units					
	SP 1 - (General Administration, Planning And Support Services)	313,097,374.00	93,108,668.40	219,988,705.60	29.7

Programme	Sub- Programme	Final Budget	Actual payment	Variance	Absorption Rate
		Kshs	Kshs	Kshs	%
	Sp 2-(Human Resource)	1,544,000.00	774,800.00	769,200.00	50.2
	Sp 3-(Legal Services)	20,862,000.00	10,248,000.00	10,614,000.00	49.1
	Sp 4 - (Records Management)	644,000.00	294,000.00	350,000.00	45.7
	Sp 5- (Communication Services)	840,000.00	394,800.00	445,200.00	47.0
	Sp 6 - (Ict Infrastructure Connectivity)	1,616,422.00	336,000.00	1,280,422.00	20.8
	Sp 7 - (Field Administration)	11,167,680.00	3,401,814.47	7,765,865.53	30.5
	Total	349,771,476.00	108,558,082.87	233,447,527.60	31.0
Special Programmes And Directorates					
	SP 1 - (General Administration, Planning And Support Services)	17,844,444.00	8,513,747.50	9,330,696.50	47.7
	Sp 2 -(Dairy Development)	-	-	-	-
	SP 3-(Cash Crop Production)	-	-	-	-
	SP 4-(Investment And Co-operative Development)	575,900.00	248,500.00	327,400.00	43.1
	SP 5 - (Emergency And Disaster Response)	4,250,000.00	639,100.00	3,610,900.00	15.0
	SP 6 -(Peace Building And Reconciliation)	5,826,000.00	1,376,300.00	4,449,700.00	23.6
	SP 7- (Resource Mobilization And Coordination)	1,350,000.00	200,000.00	1,150,000.00	14.8
	SP 8(Gender And Special Needs)	10,640,000.00	987,300.00	9,652,700.00	9.3
	Total	40,486,344.00	11,964,947.50	28,521,396.50	29.6
County Assembly					
	Sp 1 - (General Administration, Planning and Support Services)	521,953,923.00	167,554,111.00	354,399,812.00	32.1
	SP 2 -(Legislation And Representation)	197,353,618.00	128,452,688.00	68,900,930.00	65.1
	SP 3-(Staff Affairs And Development)	58,800,000.00	19,672,936.00	39,127,064.00	33.5
	Total	778,107,541	315,679,735.00	462,427,806.00	40.6
	Grand Total	7,613,948,646	2,381,959,030	5,231,989,616	31.3

Source: West Pokot County Treasury

Programmes with high levels of implementation based on absorption rates were: Bursary Fund under Education and Technical Training at 90.3 per cent, Legislation and Representation under the County Assembly at 65.1 per cent, Internal Audit Services under the Finance and Economic Planning at 57.7 per cent, and Land Policy and Physical Planning under Lands, Housing, Physical Planning and Urban Development at 51.1 per cent of budget allocation.

3.48.13 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;

Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.

1. Low absorption of development funds as indicated by the expenditure of Kshs.155.98 million in the first half of FY 2021/22 from the annual development budget allocation of Kshs.2.84 billion. The development expenditure represented 5.5 per cent of the annual development budget.

2. Failure by Fund Administrators to submit financial and non-financial reports for the established county funds to the Controller of Budget, which is against the requirement in Section 168 of the PFM Act, 2012.
3. The underperformance of own-source revenue at Kshs.58.50 million against an annual projection of Kshs.170 million, representing 34.4 per cent of the annual target.
4. High level of pending bills which amounted to Kshs.162.56 million at the beginning of the financial year. The report from the County Treasury showed that pending bills worth Kshs.32.84 million were settled during the reporting period, which is not substantial compared with the stock of outstanding bills.

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

- i. The County Treasury should ensure timely preparation and submission of financial reports according to Section 166 of the PFM Act, 2012.
- ii. The County should identify and address issues causing delays in implementing development projects.
- iii. The CECMF should ensure all Fund Administrators prepare and submit financial and non-financial reports in line with the law.
- iv. The County should address its revenue performance to ensure the approved budget is fully financed.
- v. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in the first half of FY 2021/22 and include appropriate recommendations to address the challenges to enhance smooth budget execution by the County Governments. The cross-cutting challenges included:

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to charge by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.14.06 billion, which was 24.3 per cent of the annual target of Kshs.57.80 billion, against an expected performance of 50 per cent of the annual target in the first half of FY 2021/22. The under-performance of own-source revenue collection implies that some planned activities may not be implemented during the financial year as budgets will not be fully financed.

The low performance of own-source revenue collections should be addressed to avoid hidden budget deficits and reduce pending bills at year-end. The Controller of Budget advises Counties to review the revenue targets to realistic amounts during the supplementary budget process. Further, they should develop and implement strategies to mobilise their own-source revenue.

4.3 Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012, provides that over the medium term, a minimum of thirty per cent of the County Government's budget shall be spent on development programmes.

During the reporting period, County Governments incurred a total of Kshs.25.93 billion representing an absorption rate of 13.5 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.192.29 billion. This indicates that Counties did not prioritise the implementation of development projects during the period. This performance slightly decreased from an absorption rate of 13.7 per cent, reported in a similar period of FY 2020/21 when development expenditure was Kshs.25.19 billion.

The Controller of Budget recommends that counties prioritise the implementation of development projects to improve the standard of living for their citizens. Further, County Governments should ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets.

4.4 High Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

On aggregate, County Governments spent Kshs.90.73 billion on personnel emoluments (PE), which accounted for 56.9 per cent of the total expenditure of Kshs.159.52 billion and 35 per cent of the first half proportional revenue of Kshs.258.83 billion. This expenditure increased from Kshs.78.85 billion incurred in a similar period of FY 2020/21.

Analysis of percentage of personnel emoluments to first-half proportional revenue by county shows that twenty-two County Governments were above the allowable limit of 35 per cent, namely;- Machakos, Nandi, Meru, Kisii, Embu, Nyamira, Kisumu, Nyeri, Taita/Taveta, Homa Bay, Bungoma, Tharaka –Nithi, Bomet, Elgeyo/Marakwet, Wajir, Kiambu, Kitui, Vihiga, Mandera, Garissa, Kirinyaga and Nairobi City.

The OCoB recommends that County Governments should ensure that expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4.5 High Level of Pending Bills

County Governments reported outstanding pending bills of Kshs.96 billion as of 30th June 2021 and were advised to develop payment plans to ensure they are settled within the current financial year. This advisory was in line with Regulation 41 (2) of the Public Finance Management (County Governments) 2015, which states that “debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations”.

During the period under review, the County governments reported payments amounting to Kshs.11.2 billion towards pending bills out of the self-reported stock of pending bills of Kshs.140.14 billion reflected in the payment plans. Outstanding pending bills were therefore valued at Kshs.128.94 billion. Counties with the highest level of pending bills included Nairobi City, Kiambu, Mombasa, Wajir, Machakos, and Tana River at Kshs.84.01 billion, Kshs.5.12 billion, Kshs.4.29 billion, Kshs.3.82 billion, Kshs.2.80 billion, and Kshs.2.41 billion respectively.

The Controller of Budget advises County Governments to prioritise payment of pending bills as a first charge in the budget for the FY 2021/22 before embarking on new financial commitments.

4.6 Monitoring and Evaluation

During the period, the Office of the Controller of Budget conducted a monitoring and evaluation exercise in the County Governments. The sampling criterion was limited to programmes and projects implemented in FY 2018/19 and FY 2019/20.

Among the cross-cutting issues noted during the exercise were; ineffective supervision of projects resulting in poor quality during the implementation phase; poor records management practices as evidenced by the failure to submit project files; delays in the development of an updated valuation roll to enhance revenue collection from rateable properties, lack of regular monitoring and evaluation of projects resulting in poor workmanship, and delays in paying contractors, which affected the implementation of projects within the contract period.

To address these challenges and improve project implementation, the Controller of Budget recommends strengthening project supervision and M&E function to ensure projects are implemented as per the contract agreements; improving record management practices to provide timely project information; developing an updated valuation roll to enhance revenue collection from rateable properties; strengthen the Monitoring and Evaluation Department to regularly monitor the progress of implementation of programmes and projects so that emerging issues are identified and addressed on time. Further, County Governments should ensure contractors are paid in time to implement projects well within the contract duration.

5 CONCLUSION

This report sought to provide information on the status of budget implementation during the first half of the FY 2021/22 by County Governments. The report is prepared in fulfilment of Article 228(6) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act, 2016.

In the first half of FY 2021/22, the combined County Governments' budgets approved by the County Assemblies amounted to Kshs.517.65 billion. This amount comprised Kshs.192.29 billion (37.1 per cent) allocated to development expenditure and Kshs.325.37 billion (62.9 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget must be allocated for development programmes. To finance the budgets, County Governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.57.80 billion from own revenue sources and utilise a Kshs.36.66 billion cash balance from FY 2020/21. As of 31st December 2021, Parliament had not approved the County Governments Grants Bill, 2021, which provides additional allocation by the National Government as conditional grants and other grants from development partners.

The total funds available to the County Governments in the first half FY 2021/22 amounted to Kshs.195.70 billion. This amount consisted of Kshs.144.98 billion equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.36.66 billion cash balance from FY 2020/21, and Kshs.14.06 billion raised from own sources.

The total expenditure by County governments in the first half of the FY 2021/22 was Kshs.159.52 billion, representing an absorption rate of 30.8 per cent of the total annual County Governments' Budgets. This increased from an absorption rate of 27.8 per cent reported in a similar period in FY 2020/21, where total expenditure was Kshs.134.9 billion. Recurrent expenditure was Kshs.133.59 billion, representing 41.1 per cent of the annual recurrent budget, and an improvement from 36.4 per cent reported in a similar period of FY 2020/21. Development expenditure amounted to Kshs.25.93 billion, representing an absorption rate of 13.5 per cent and a slight decline from 13.7 per cent attained in the first half of FY 2020/21 when total development expenditure was Kshs.25.19 billion

The key challenges that hampered effective budget execution during the period have been identified. They included; under-performance in own-source revenue collection, low expenditure on development budget, high expenditure on personnel emoluments, and high level of pending bills. The report has provided appropriate recommendations on addressing the challenges to enhance the smooth execution of the budget in the future.

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